



IIVARI

MONONEN

ANNUAL REPORT
2023

We are livari Mononen

We are a responsible, family-owned, Finnish company, now in its third generation. It is our goal to pass on the results of our hard work to the next generation, with an increased emphasis on sustainability.

We produce durable wooden poles, strong infrastructure timber for construction and fence posts. Our impregnated timber is used for building comfortable and safe yard structures.

We operate in five countries and employ approximately 200 professionals. Our products are exported all over the world.

This annual report provides an overview of the highlights of 2023. Take a look!



Group's turnover

82.9
million euros

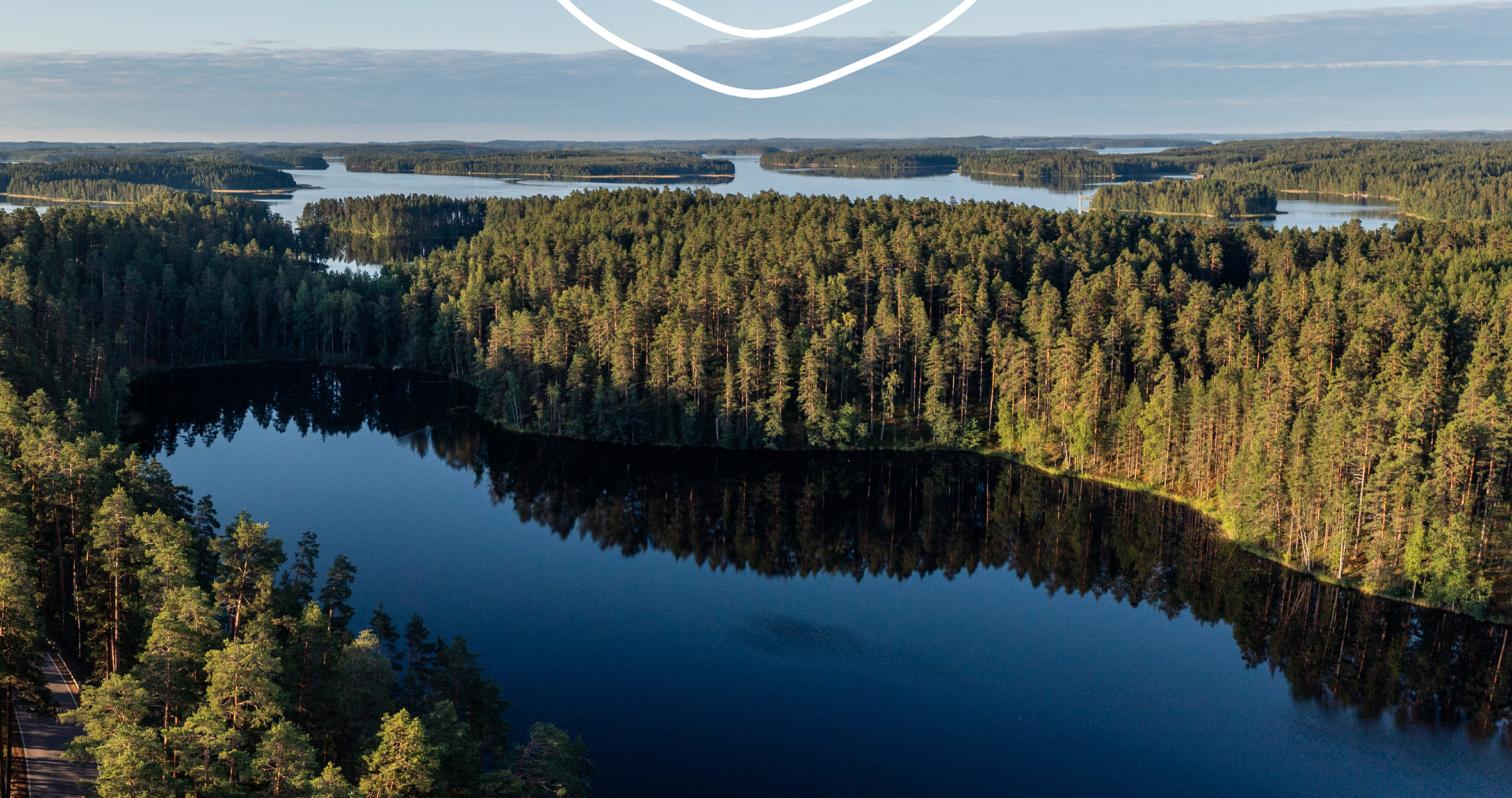
Group's EBIT

4.2
million euros

Sustainability
investments

1.3
million euros

Group's strategy





Message from the Group's CEO

The world is changing at a rapid pace, and we want to not only keep pace with such changes but also lead the way in our industry. This requires changes to the Group's operations and strategy. Therefore, early in the year, we updated the strategy in cooperation with the Board of Directors and the Management Group, starting preparations to develop the Group's operations.

The most important themes for the coming years in our new strategy are **profitability, cash flow and the green transition**. These will guide our actions during this decade. As the world changes, we need to make significant investments to lead the way in our industry. The wars on the outskirts of Europe and Asia give rise to uncertainties, increasing financial costs and challenges in different markets in particular.

Our Group's values and vision originate deep in the background of our family-owned company, and they were clarified by adding **sustainability and collaboration**, supplementing our traditional values of **trust, courage and flexibility**. During 2024, the values will be worded in the local language of each location in which we operate and also as practical statements so that every employee can incorporate them.

The removal of creosote oil from the European market by 2029 will have a significant impact on the products on the market. The next generation of Pole+ products manufactured at our Ilseng plant in Norway was launched last year.

The new product and the market change also require significant investments. We decided on a four-year investment programme with a total value of EUR 23 million. The main focus of the investments will initially be at the Finnish and Norwegian plants, which are close to the raw material reserves of our poles. Our goal is to improve product quality, streamline production and logistics, improve supply chain and warehouse management and, in line with the principles of sustainability, reduce emissions and improve occupational safety. Future investments will enable the use of new impregnation agents and their production process requirements. At the same time, we will have access to more automated and reliable technology. With these investments, we are pursuing organic growth, but we are also interested in merger and acquisition opportunities. Our most recent acquisition took place on 1 March 2024 when we acquired PDM Timber Treatment Ltd. The company provides us with an excellent foothold in the Irish market and lays the foundation for future growth. Our goal is to grow into a group with more than EUR 120 million in turnover during this decade.

In our new strategy, we decided to focus on the wood business, which is in the DNA of our family-owned business. At the end of November, we sold the shares in Exsane to HSK-Sähkö Oy, part of Habeo Group Oy. I would like to thank especially Jukka Samola and all Exsane personnel for the years together! We experienced many challenges and hardships, but we overcame them through hard work together. Exsane delivered a good positive result in 2023. Now, Exsane has a good home and the company can continue to grow and develop.

From the point of view of the business environment, 2023 was a challenging year for PrimaTimber. However, the company performed reasonably well during the year. Unfortunately, the construction cycle does not look promising for 2024 either.

For Scanpole, the year was one of growth. The company performed well during the year and demand was surprisingly strong, excluding the non-European market.

I would like to thank all of our customers, partners and especially our most important resource, our employees, for their excellent work and cooperation in this difficult environment. Let's make 2024 an even better year.

Ari Mononen
CEO
Iivari Mononen Group

Our values

Trust

We keep our promises.

Courage

We believe in our objectives and carry out all operations to the end.

Sustainability

We leave behind us sustainable operations for future generations.

Flexibility

We operate dynamically and seek the best solutions for our goals.

Collaboration

We help our colleagues and build long-term partnerships.



Corporate responsibility is a common cause



Taxation

We pay our taxes locally where our income is generated.



Local operations

We employ and offer traineeships to a large number of young people. We help them start their careers and support them in their studies.



Environment

We minimise energy consumption and use as much renewable energy as possible.



Product development

We want to be at the forefront of product development and invest in future innovation. We have successfully combined traditional physical work with digitalisation.



Products

Our goal is that, in the future, the use of wood as a renewable raw material will continue. The chemicals we use meet all regulatory requirements.



Business

We will pass on our business to future generations on a sustainable and increasingly responsible basis.



Transport

We use lower-emission rail and ship transport to the maximum extent and we are modernising our transport fleet.



FB Factor



Kalevan Rasti



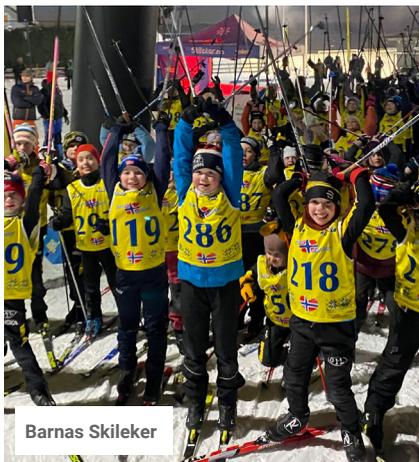
Joensuun Maila

We enable

The logos of livari Mononen, PrimaTimber or Scanpole can be seen on the high-visibility vests of schoolchildren, on the lists of event sponsors and on the apparel of individual and team athletes. For us, supporting sports is part of our corporate responsibility approach.



Joensuun Uimaseura



Barnas Skileker



Polvijärven Urheilijat



Karelia Golf



Pieni kulkija



Personnel

Our operations are guided by the Group's values, *Code of Conduct* and the policies and rules prepared together with our employees. We are aware of the current state of our company and our employees, and we have identified the future challenges and needs for our employees.

We will continue to do everything we can to ensure that we are a stable and reliable employer and that our employees are motivated, healthy and have the necessary skills to perform their jobs. We also make every effort to support the professional development of our employees.

Due to restructuring, there was a significant change in the number of employees compared to the end of the year. Following the divestment of the subsidiary Exsane Oy, the number of employees fell compared to the previous year to 199. We hired 22 new permanent employees and 28 fixed-term employees, including 12 summer employees.

199
employees in
four countries



In 2023, Iivari Mononen Group had a total of 199 employees in four countries. The distribution of employees by country was as follows:

| | |
|---------------|-----|
| Finland | 122 |
| Norway | 43 |
| Great Britain | 33 |
| Sweden | 1 |

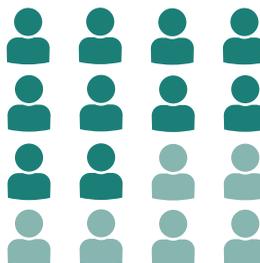
6
different
companies



Our Group employs professionals in six companies.*

| | |
|-------------------------------|----|
| Iivari Mononen Oy (Finland) | 16 |
| Scanpole Oy (Finland) | 46 |
| PrimaTimber Oy (Finland) | 18 |
| Scanpole AS (Norway) | 43 |
| Scanpole Ltd. (Great Britain) | 33 |
| Scanpole Ab (Sweden) | 1 |

101
production
employees



Our Group had a total of 124 production employees and 75 white-collar employees. Scanpole Oy (Höljäkkä impregnation plant) has the highest number of production employees, while Iivari Mononen Oy (Group head office) has the highest number of white-collar employees.

*) Does not include Exsane's 42 employees.

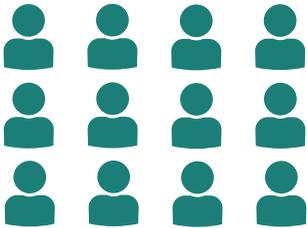
8.9

People are healthy and feel good with us! On average, employees enjoy working in our Group for nearly nine years. Many have only joined us a few years ago through recruitments related to our Group's growth.

On the other hand, we have a number of professionals who have been with us for more than thirty years.

45.35

Is the average age of the employees in our Group. The most experienced employees work at our Newport plant and the youngest are at Höljää.



In 2023, we had a total of 12 summer employees in the Group. Their duties ranged from production work to market research and marketing planning to maintaining the ERP system.

Each year, we offer summer jobs and internships, as well as thesis opportunities to students from universities and vocational institutions.



Roope Eiserbeck combines work, study and competitive sports

Working with ERP support and reporting, **Roope Eiserbeck's** life is divided between work, studying and swimming. The swimmer, who will soon graduate with a bachelor's degree in economics, joined the Group's ERP team as a summer employee in 2023 and has continued as a part-time employee throughout the year.

"Combining work and studies has been surprisingly successful. The employer has offered me the opportunity to work fewer hours during the semester, which makes it easier to schedule day-to-day life."

He finds the work in the ERP team interesting. Power BI reporting, its further development and learning about the Group's other systems also make it possible to develop his own job description. The work also gives room for his own creativity and there is something new to think about almost every day. Businesses management studies that combine business and computing support the current work. Roope also praises his colleagues and the atmosphere.

Even though Roope is a new addition to the ERP team, he has several years of experience working for the Group.

"I started in a summer job in 2016, when I worked at PrimaTimber's impregnation plant for one month. He also spent the following six summers in PrimaTimber's production before the ERP job. The previous summer jobs have provided me with a good foundation for working in the ERP team. He was already familiar with the production processes and, at the same time, knew how the systems are used in production. During his summer job, he has learned how things work in the company and got to know the people.

Roope encourages new summer employees to be proactive. It pays to be interested in things and take the initiative. I would also consider diligence and reliability to be important skills in working life.



SCANPOLE

Positive development in a changing market

Numerous external changes have put our business to the test over the past couple of years. We are in the midst of a major change affecting the industry as a whole, and decisions that are crucial for future success are continuously made, accumulating market knowledge and experience, without forgetting timely investments. However, together we have been able to find ways to overcome these challenging conditions, demonstrating resilience throughout our organisation.

The key major change in 2023 was the tightening or total ban on the use of creosote in many of our key markets. Inflationary pressures were high throughout the year and no major easing is expected in the medium term. The wood market is still in a state of intense activity, increasing the price of our main raw material, and no positive development is seen in other cost factors, either. However, we differed from many other forest industry sectors, as our demand remained good throughout the year and our plant utilisation rates remained high. Thus, our customers continued to be interested in wood in both the line construction and agriculture sectors, and the strong order book provides us with an excellent foundation for 2024.

Business development 2023

Investments in the fibre network are currently the main driver in line construction across Europe, and with strong demand in electricity networks, it is no surprise that we managed to grow our network business during 2023. The fence business, on the other hand, remained at a good level in terms of volume compared to the previous year, and demand is expected to remain stable throughout 2024. Regarding the markets, we grew in Ireland in particular, where we secured a significant deal and a good foundation for growing our business in the years to come. Even though our supply chain was under intense pressure at times, we managed to maintain or strengthen our positions and reached the Scanpole Group's turnover record of almost EUR 59 million. Our market developed positively in Norway and Great Britain, where we reached new record levels in our turnover. Our overall profitability was satisfactory, but cost pressure and the changing market are constantly challenging our market prices, so the entire supply chain must be fine-tuned all the time.

Outlook for 2024 and the future

We started 2024 driven by a strong order book and partly in a new situation as creosote was gradually replaced by copper oil in a few of our markets. Customer interest in copper oil has been

positive and we expect strong growth figures in 2024. Good overall demand will challenge our entire supply chain from forest to customer, so success in sourcing and production will be a special theme for 2024. It is still our ambition to be an industry leader and grow profitably compared to 2023, ensuring customer satisfaction even during peak demand. We are also continuing our investment plans to prepare for the changing market demands, including sustainability aspects and their growing importance. Therefore, we are in a strong position and the future business development looks positive.

At the time of writing, a new member from Ireland has joined Scanpole Group and we warmly welcome PDM Timber Treatment Ltd as part of our strong team. The acquisition at the beginning of March 2024 naturally provides our operations with a major growth leap, a new dimension and a significant foothold alongside our existing home markets. In the coming months, we will therefore invest heavily in taking over the company and in running in our systems.

Thank you!

As we are still in a good position business-wise, despite all of the external pressures, it is obvious that together we have succeeded in maintaining our current position and even extending from the past. I would like to thank all of our employees for their strong commitment. Let's continue our good cooperation.

I would also like to thank our customers, suppliers and other stakeholders for their good cooperation!

Janne Monni
CEO
Scanpole





Höljäkkä

Scanpole's plant in Finland is located in the village of Höljäkkä, Eastern Finland, close to the city of Nurmes. It has been operational for more than 60 years. The impregnation plant was established for the production of railway sleepers, but impregnated poles quickly became the main product. The Höljäkkä impregnation plant currently employs 34 professionals.

Most of the poles impregnated in Höljäkkä are sourced from the areas of North Karelia, North Savo and Kainuu. Scanpole's in-house procurement managers take care of the procurement and also stamp the raw poles at the stand marked for harvesting. When the poles are sourced from nearby areas, transport distances are short.





39 departed trains

Most of the poles impregnated in Höljäkkä are destined for export. The impregnated poles are loaded onto a train and transported via the Port of Hamina around the world. In 2023, 39 trains left our impregnation plant.



Language for personnel

We have offered English language training to our employees in Höljäkkä. A total of 12 employees, working at the impregnation plant, attended the training.

“There are more and more visitors from all over the world in Höljäkkä. Now, it is easier to communicate with them,” says Tiina Ukkonen, who participated in the training

Could there be more such training? Definitely, say the training participants with one voice.



Poles from Höljäkkä pass through Timo Kuittinen’s hands

One of the most important work phases in pole production is debarking, during which the wood bark is removed mechanically and the poles are classified. The Höljäkkä plant has its own debarking plant through which all of the poles pass. **Timo Kuittinen** is a trusted employee at the Höljäkkä debarking plant, with a career of more than 20 years at Scan-pole Group.

During his long career, he has worked as a field pole worker and as a stamper of trees. Gradually, the work moved to the debarking plant, where he has worked for more than 10 years.

“The best thing about the job is the freedom. The working atmosphere is also really good. It’s like coming home,” says Timo, summing up the best parts of his job.

Timo is currently flexibly on part-time retirement. During the peak debarking season, he spends full days at the debarking plant, training new employees in the task. His retirement days are spent outdoors. Fishing is his most important hobby throughout the year. Autumn, on the other hand, essentially involves picking mushrooms and berries.



Newport

Our most traditional production facility is located in Newport, South Wales. The plant began impregnation as early as 1848 under the name Burt Boulton & Haywood.

The Newport plant has a total of 33 employees, and it impregnates both electrical poles and fence posts for the UK and Ireland markets.

Burt Boulton & Haywood, previously a customer of Ivari Mononen, was acquired in 2015 and became part of the Scanpole Group.

Historically, most of the poles manufactured and impregnated in Newport have ended up in electrical and telecommunications use. The plant also produced some gate products for horse farms and agricultural use. Following the acquisition, Scanpole Group's increased impregnation capacity has enabled the growth of gate post products to a point where Scanpole is now the market leader in creosote-impregnated gate posts in the UK agricultural and horse market.





125 years of professional experience

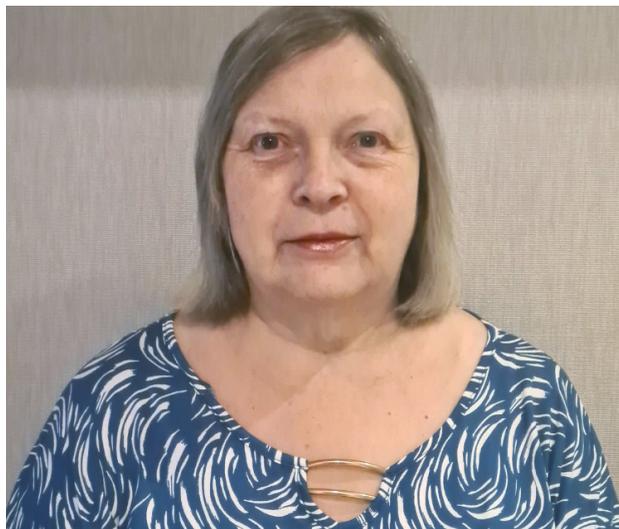
We are very proud in UK to have employees with over 25 year's service. This level of service today is rare and we have 5 of them! The knowledge and commitment they all have is an amazing achievement. We are very thankful to each and every one of them for what they bring to the business daily.



Next-generation fencing products attract interest

With creosote fencing under review by UK HSE and the need for a long life alternative the launch of Copper-oil-impregnated Pole+ (which offers a service life comparable to creosote) fence posts. Scanpole's efforts have been focused on actively promoting awareness on this new technology to both retailers and end users.

For instance, we have actively engaged in events hosted by the Association of Fencing Industries (AFI), showcasing the application of Pole+ products in fence building demonstrations by some of the best fencing professional in the UK.



Beverley Hughes likes her working community

Purchasing and warehouse coordinator Beverley Hughes has worked in several roles at our Newport plant for 16 years. Bev's diverse work includes ensuring that inventories are up-to-date and that there are enough raw poles to impregnate. At the same time, she is responsible for purchasing and customs clearance. She is also responsible for arranging travel for employees. According to her, the job requires both patience and precision.

In her work, Beverley collaborates with both production and office staff on a daily basis. She praises the good cooperation with her colleagues.

The finest memento of her long career concerns the three-day WEI conference which she organised and hosted in 2013. Even though the event required a lot of work, it was easy to be proud of the successful event afterwards.

Beverley wishes that employees have courage: "Don't be afraid to ask. There are no stupid questions, because by asking questions you learn about the business. I myself always ask when I don't know something."

For Beverley, leisure time means spending time with her children and grandchildren. Meeting friends and mini-breaks with her spouse are some of her hobbies.

"Looking forward to retirement years and winding down, would be nice to eventually reduce my hours as it approaches.," says Beverley about her plans for the coming years.



IIseng

One of our plants in Norway is located in the village of IIseng, in the municipality of Stange, about 10 kilometres east of the city of Hamar. The area is forested and a large part of the raw material for our impregnated poles in Norway is sourced close to the plant.

The plant was founded in 1935 as Hedmark Treimpregnering. In 2003, the plant started operating under the name Scanpole AS and was acquired by the livari Mononen Group in 2010.

The IIseng plant currently impregnates all of our Pole+ products. The plant currently employs 18 people.





+36% Pole+ poles

Creosote, the conventional wood preservative, is being replaced by next-generation impregnating agents, and in Norway, for example, the sale of creosote poles ended last year. Pole+ products have been a hit on the Norwegian and Swedish markets over the past year. **In 2023, as many as 48% of the poles sold to Norway and Sweden were Pole+ poles impregnated with copper oil.** In 2022, the corresponding figure was 12%.



+19% growth in turnover

Scanpole AS achieved a record-high turnover in 2023. The cooperation between our Ilseng and Kirkenær plants, which has significantly increased efficiency, has played a key role in the growth in turnover.



Ole Kristian gets carried away with work

When pole transports to Sweden, Norway or Great Britain depart from Ilseng, they have passed through **Ole Kristian Engen's** hands. Handling orders and arranging transport have always been part of Ole Kristian's job description.

"In my work, it's important to be able to see the big picture and be able to multitask. Even though the work can be stressful at times, a calm nature will help you get through."

Ole Kristian's working days are varied. Most of his days are spent in contact with customers and logistics companies. At times, he is also involved in production planning.

He considers the Ilseng working community to be his family, and still remembers how he was immediately accepted as a member of the team. Ole Kristian emphasises the importance of cooperation and everyone working towards a common goal. For new employees, he emphasises the importance of openness and humility. When working in a traditional industry, more experienced employees have a lot of knowledge to share.

The work is so engaging that it is sometimes difficult for Ole Kristian to distinguish between work and leisure.

"I like my job, sometimes even too much. I feel that the job gives me a lot. But I don't spend all of my free time at work, I spend it with my family and friends."



Kirkenær

Our plant in Kirkenær in southern Norway specialises in the production of impregnated fence posts. The plant has been operating in Kirkenær under the name Solør Agro-Tre for more than 60 years and became part of the Iivari Mononen Group in 2019.

The Kirkenær plant is located close to forest reserves, and all of the raw material used for fence posts comes from the surrounding areas.

The plant is a traditional and well-known employer in the region, and many of our employees have long careers behind them. The factory currently employs 26 professionals.





+52% bark and wood shavings sales

The bark and shavings produced in Kirkenær's production are either used at the Ilseng plant's thermal plant or sold to others. Shavings from Kirkenær are used to make chipboard for the construction industry, for example. By optimising by-product flows, we have succeeded in doubling our by-product sales.



142,519 more fence posts

The demand for our fence posts has grown steadily. Last year, 142,519 more fence posts were manufactured in Kirkenær than in 2022.



Production coordinator Lars Martin Skasberg values diversity in his work

Lars Martin Skasberg is responsible for coordinating production in Kirkenær. He has 34 years of experience at Scanpole and former Solor Agrotre. He has enjoyed his work a lot; otherwise, he hardly would have been working for three decades.

Lars values variety in his work. A typical day includes both production planning and loading trucks being sent out to customers.

Lars knows the plant's processes like the back of his hand, which is why he also considers his ability to see the future as one of his most important qualities. Calmness and good concentration are also useful in succeeding at work.

Lars' hobbies are also more or less related to nature and the forest: fishing, hunting and hiking in nature are his favourite hobbies.



PRIMATIMBER

A challenging anniversary

Our production plants started the activities for the early months of the year later than normal, towards the end of the previous year; however, after the ramp-up of the machines, we were able to get up to speed and engage in advance trading for the start of the year, which is important to us. Recent events have prompted some caution in our business environment and delivery volumes have not reached the levels of previous years.

Fortunately, our main product group, impregnated wood, outperformed many other wood products in uncertain market conditions, and overall demand was reasonable throughout the year. On the other hand, demand for spruce products fell to a record low due to the collapse of construction activity for the full year.

Unfortunately, sales of impregnated wood alone were not enough to support the company and we had to temporarily lay off employees for the second year in a row. Fortunately, the temporary layoffs were short-lived and production was restarted in November.

Commercial challenges continued

The year 2022 was the first and, so far, the only loss-making financial year in our history. The challenges continued in 2023, but overall, we managed to reach a positive financial year thanks to our efforts.

Turnover for the financial year amounted to EUR 17.6 million, which was approximately EUR 3.7 million less than the previous year. The decline in sawn timber and finished product prices was the main reason for the decrease in turnover.

Future

As we head into a new year, the expectations in our business environment are particularly cautious. Visibility into the future is short and the seasonality of our operations will play a major role this year as well. Demand in the impregnated wood market is expected to be similar to

that of last year, but the important summer trade volume will be seen later in the spring.

Sustainability is and will continue to play an important role in our industry in the years to come. Our operations are heavily governed by chemical legislation and related regulatory periods. We are therefore working closely with all of our stakeholders to further develop a more sustainable future and are therefore prepared for future changes.

Uncertainty in the market always creates uncertainty in the company's own operations as well. Our skilled employees have adapted and understood the challenging situation, for which I would like to thank all of them.

PrimaTimber celebrated its 20th anniversary last year. With our experience and professional skill, we will continue to be at the forefront of our industry with premium quality.

Our industry is traditional in many respects, but we will not settle for that, we want to be part of the change that lies ahead of us!

Joni Nousiainen
CEO
PrimaTimber

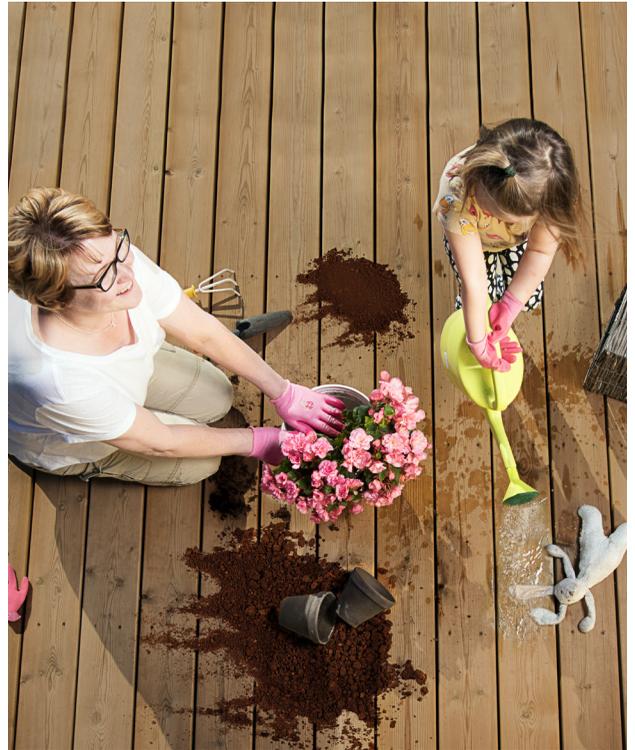


20 YEARS of prime products

Our operations started in 2003 when Iivari Mononen Oy acquired two impregnation plants in Joensuu, located in Joensuu's deep-water harbour and in Kettuvaara. Our mission was to impregnate timber for wholesalers for retail.

The company quickly changed from a subcontractor into a manufacturer of finished products. In 2004, we built new facilities in the deep-water harbour of Joensuu and impregnation operations and storage facilities were fully concentrated there. In 2018, we acquired Joensuu Höyläyspalvelu Oy in Karhunmäki, Joensuu, where the planing of timber became part of our own production chain. Today, PrimaTimber's headquarters are also located in Karhunmäki.

Over the past twenty years, PrimaTimber has grown considerably. We have developed our operations with determination and processed at best 120,000 cubic metres of sawn timber per year. Over the last twenty years, our headcount has increased fourfold, and many of us have been involved since the beginning!



GREY product line

PrimaTimber's new Grey product line charms even the most demanding patio builder. The products are pressure-impregnated and then treated in an elegant grey colour. The impregnation provides excellent protection against rot and, with proper maintenance, the colour treatment will last for years with an impressive appearance.

The roughened planks of the product line are suited for use as uprights and handrails, while the slanted strips can be used as privacy screens for patio railings and other outdoor buildings. The roughened boards of the Grey line, on the other hand, are used as decking boards for terraces and piers.



MARTTA COFFEEHOUSE was fully modernised

The traditional Martha coffeehouse at the Joensuu marketplace was completely modernised in the summer of 2023. New types of wood products were used to build the coffeehouse that is known for its Karelian pasties. Some of the walls of the coffeehouse are lined in charred Kiertopuu® timber manufactured by Hiil Oy. The circular wood raw materials used in the walls of the Martha coffeehouse originate from rejected boards from PrimaTimber's strength sorting that have been charred by burning. Charring creates a layer of carbon on the surface of the wood, protecting it against various pests.

The patio of the Martha coffeehouse is made of impregnated PrimaTimber wood products.



PRIME RIDES for impregnated timber

Our long-standing partnership with Kuljetusliike E. Mäkinen is tangible when our products are transported by a truck painted in a PrimaTimber colour scheme. The Prima truck can be seen on the road all over the country, as it transports most of our products to our dealers throughout Finland.



Humour and a good working atmosphere are important to Marko Tahvanainen

Marko Tahvanainen, who works at PrimaTimber's planing mill in Karhunmäki, Joensuu, has more than 20 years of experience as a wood plane operator.

"Over the years, I have developed a firm routine. However, it is important to be calm and careful in this work."

Marko praises his colleagues and the good team spirit at PrimaTimber.

"Here, we pull together. It is important because the construction sector is going through unstable times. Humour is also an important part of our working atmosphere."

Marko welcomes new employees to PrimaTimber and gives a few tips:
"Learning the job takes time, so don't rush. Being calm is also otherwise key in this line of work."

In his spare time, Marko enjoys nature. Fishing and hunting are the favourite hobbies of this Ilomantsi-based wood plane operator.



Annual review of wood procurement

Finland

The first half of 2023 was a time of busy timber trade in Finland. Buying and harvesting activities were running at full speed until the summer at Scanpole Oy as well. Early in the autumn, the decline in stumpage prices drastically reduced the supply of timber in the market. However, our stumpage inventories situation was good and felling was carried out at full capacity during the remainder of the year. This was very important, as the demand for finished products has been at a record-high level. Late in the autumn, signals that the industry did not have enough raw materials to meet demand began to appear, and stumpage prices rose again. Demand for wood-based products continued to be strong throughout 2023, and the situation was the same for our own products. Despite the tight competitive situation, Scanpole Oy's pole acquisition volume was the second-highest in the ten-year period in 2023. Many thanks to our skilled staff for this.

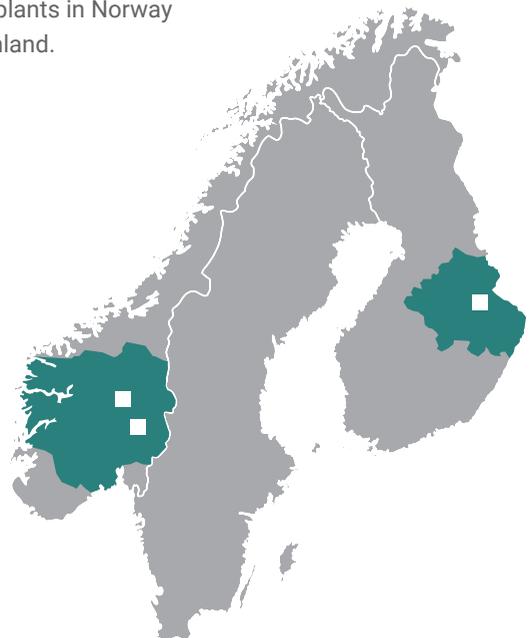
Norway

Competition for wood raw material continued to be fierce in Norway as well in 2023. In contrast to Finland, stumpage prices did not decrease at any point, but increased gradually as the year progressed. Log prices rose sharply towards the end of the year, already exceeding the 2022 prices. High demand for wood raw material led to strong price increases in Norway, as exports of roundwood were also higher than before. At Scanpole AS' plants, this was reflected in a slightly lower total wood procurement volume than the previous year. As a result, we have taken measures that we believe will help to increase the purchase volumes in Norway in the future.

Tommi Mononen
Forest Director



Our wood procurement focuses on the surroundings of our plants in Norway and Finland.



Year of plans supporting the strategy

Investments: Planning in order to implement the future strategy

In 2023, we invested in the planning of investments that are important to our strategy. Initiatives launched during the year support both growth and sustainability. Thus, we are prepared to meet the future challenges and opportunities that new products and market changes demand from us.

Environment: Green transition in collaboration with the authorities

Collaboration with stakeholders plays an important role in the green transition. One of the key measures during the year was updating the environmental permit for the Höljäkkä production plant, which will make the use of new impregnating agents possible at the production plant in the future. Close cooperation with the authorities and stakeholders will continue this year. This ensures that we have the best possible technology at all of our production plants.

Safety: Will continue to be strong this year

Our Group invests in a safe working environment. In 2023, we launched a new safety programme that will be seen as even better occupational safety this year.

Maintenance: Service software rollout continues

Maintenance is a key part of our operations, ensuring that our infrastructure remains reliable. During the year, we focused on the rollout of the maintenance software and reporting on cost tracking. The software enables more efficient and predictive maintenance, which in turn improves the performance of our equipment and reduces the risk of incidents.

I would like to thank all of our employees and partners for their contribution and commitment to the success of our Group. I am confident about the future and ready to face the opportunities and challenges presented by the market change.



Sami Lehtoranta
Technical Director

Group-wide information security year

The year 2023 was a year of information security, as planned. All Group employees underwent basic training, and we will continue to provide both training and awareness-raising in various forms on a regular basis. We strengthened the security of the telecommunications environment and it will continue to be at the core, as businesses and individuals continuously face data breaches and data leaks.

Over the past year, we modernised our equipment, including our entire data centre. In addition, we started a firewall modernisation project at the end of the year, which is planned to be completed during the first half of 2024.

We want to continuously develop our reporting to support our business and decision-making to the maximum extent. Our ERP systems play a key role in our day-to-day work and planning. We have taken the first steps in implementing the BI tool to make the data more visual and easier to analyse. These reports can already be seen on info-TV at all of our locations.

The future is full of change, innovation and challenges, but also opportunities. Technology is constantly evolving and impacting society and the economy more and more deeply.

I would like to thank our ICT team and all Group employees for their good cooperation. Let's continue forward together!



Ilona Rannikko
ICT Director



CFO's review

Despite the unstable business environment, the Group's result improved

The war of aggression launched by Russia in 2022 has already changed our operating environment for the second financial year. The impacts were particularly evident in the commodity purchasing market as rising prices and reduced material availability. However, within the framework of these challenges, the Group's result developed favourably: operating profit for the financial year increased from EUR 2.2 million to EUR 4.2 million, even though turnover decreased by 1.4% to EUR 82.9 million. Underlying the decline in turnover was the weak domestic market demand, as the Group's turnover increased by 4.6% in exports.

In addition to the changes in the operating environment, a restructuring of the Group was also launched, the divestment of Exsane Oy shares to HSK-Sähkö Oy was completed in late November and the transactions on with Saint-Gobain in Ireland and Great Britain were agreed at the end of February 2024. A new subsidiary, Scanpole ROI Ltd, was established for the transaction in Ireland in spring 2023. The overall impact of the transactions on the profit for the period was positive despite the restructuring expenses.

The Group's balance sheet position remained strong throughout the financial year. The Group's equity ratio at the end of the financial year was 46%, remaining at a good level, which will enable future progress both in mergers and acquisitions and the Group's planned investment programme. Investments for the financial year were EUR 1.7 million. Some of the investments were related to the Group's large-scale investment programme of EUR 23 million that will be implemented over the next four years. During the financial year, the Group's balance sheet total increased from EUR 54 million to EUR 57 million, with working capital components as the main drivers of growth.

For us at Iivari Mononen Group, the well-being of our employees is of paramount importance. In addition to supporting diverse hobbies, the Iivari Mononen Academy, which started last year, wants to offer tools for developing personal skills. The main objective of the Academy is to generate new ideas and solutions for the development of the Group's operations, to increase cooperation between subsidiaries and, at the same time, to deepen the skills of the members. These goals are also supported by the Summer Summit, organised for the first time in early June, which brought together employees from four different countries for a simultaneous visit to Joensuu. The plant visits, dinners and other joint activities were a great success and enhanced the already good interaction and cooperation between employees.

The upcoming financial year 2024 is exceptionally interesting due to the takeover of the mergers and acquisitions, the investment project and the general market situation. Our goal is to exceed the EUR 100 million turnover threshold and take our capabilities in technology, sustainability reporting and ways of working to the next level. This growth is facilitated by our profitable business together with our committed people.

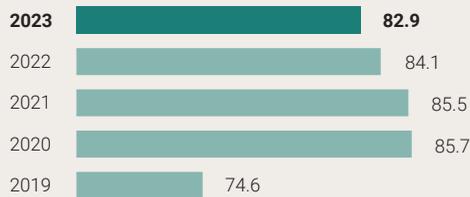
Simo Saastamoinen
Group CFO & HR



Consolidated financial statements and key figures

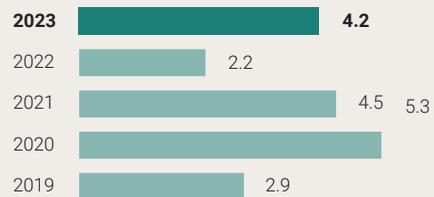
Turnover

EUR million



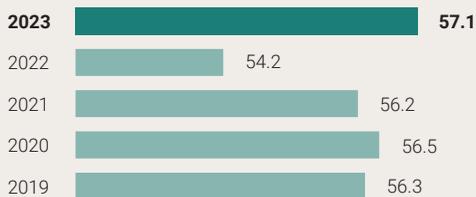
EBIT

EUR million



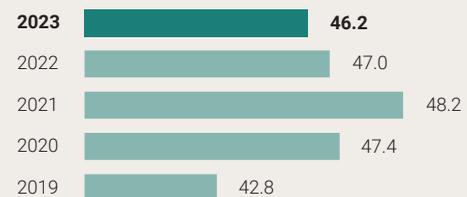
Assets

EUR million



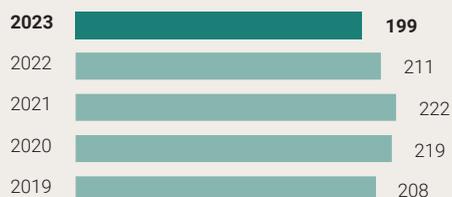
Equity ratio

Percent



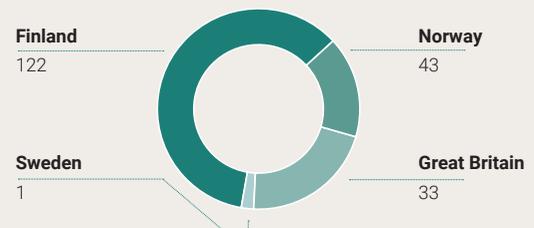
Group's employees

Persons



Employees by country

Persons



| IIVARI MONONEN GROUP, INCOME STATEMENT | | 2023 | 2022 |
|---|--|-------------------|-------------------|
| Turnover | | 82,947,541 | 84,094,748 |
| Changes in inventory of finished goods and work in progress | | 458,138 | -654,639 |
| Other operating income | | 736,772 | 406,453 |
| Materials and services | | -46,818,751 | -48,098,444 |
| Personnel expenses | | -11,595,481 | -12,413,498 |
| Depreciation, amortisation and impairment | | -2,253,560 | -2,197,651 |
| Other operating expenses | | -19,290,167 | -18,901,725 |
| Operating profit | | 4,184,491 | 2,235,244 |
| Financial income and expenses | | -1,250,108 | -1,016,328 |
| Profit/loss before appropriations and taxes | | 2,934,384 | 1,218,916 |
| Appropriations | | -6,707 | 11,286 |
| Income taxes | | -213,982 | -654,914 |
| PROFIT FOR THE PERIOD | | 2,713,695 | 575,289 |

| BALANCE SHEET, ASSETS | | 2023 | 2022 |
|------------------------------|--|-------------------|-------------------|
| Intangible assets | | 5,279,122 | 6,010,994 |
| Tangible assets | | 11,281,777 | 11,291,840 |
| Investments | | 35,622 | 35,622 |
| Non-current assets | | 16,596,522 | 17,338,456 |
| Inventories | | 24,191,238 | 23,473,719 |
| Non-current receivables | | 120,000 | 125,707 |
| Current receivables | | 16,131,376 | 13,191,872 |
| Cash in hand and at bank | | 87,008 | 85,212 |
| Current assets | | 40,529,622 | 36,876,510 |
| ASSETS | | 57,126,144 | 54,214,996 |

| BALANCE SHEET, EQUITY AND LIABILITIES | | 2023 | 2022 |
|--|--|-------------------|-------------------|
| Share capital | | 70,000 | 70,000 |
| Retained earnings | | 23,605,544 | 24,821,986 |
| Profit/loss for the financial period | | 2,713,695 | 575,289 |
| Equity | | 26,389,239 | 25,467,274 |
| Non-current liabilities | | 8,225,355 | 9,346,349 |
| Current liabilities | | 22,511,550 | 19,401,342 |
| Liabilities | | 30,736,905 | 28,747,692 |
| EQUITY AND LIABILITIES | | 57,126,144 | 54,214,996 |

Board of Directors and Management Group



Ari Mononen
CEO
Iivari Mononen
Group



Simo Saastamoinen
Group CFO & HR
Iivari Mononen
Group



Sami Lehtoranta
Technical Director
Iivari Mononen
Group



Ilona Rannikko
ICT Director
Iivari Mononen
Group



Janne Monni
CEO Scanpole



Pekka Mononen
Supply Chain Director
Scanpole



Tommi Mononen
Forest Director
Scanpole



Joni Nousiainen
CEO
PrimaTimber

Board of Directors 2023

Ari Mononen, Chair of the Board
Aino Mononen
Arvi Mononen
Dana Mononen

Ilkka Mononen
Juha Mononen
Lasse Mononen
Tommi Mononen

Boards of Directors of Scanpole Oy and PrimaTimber

Ari Mononen, Chair of the Board
Vesa Korpimies
Janne Monni
Arvi Mononen

Pekka Mononen
Tommi Mononen

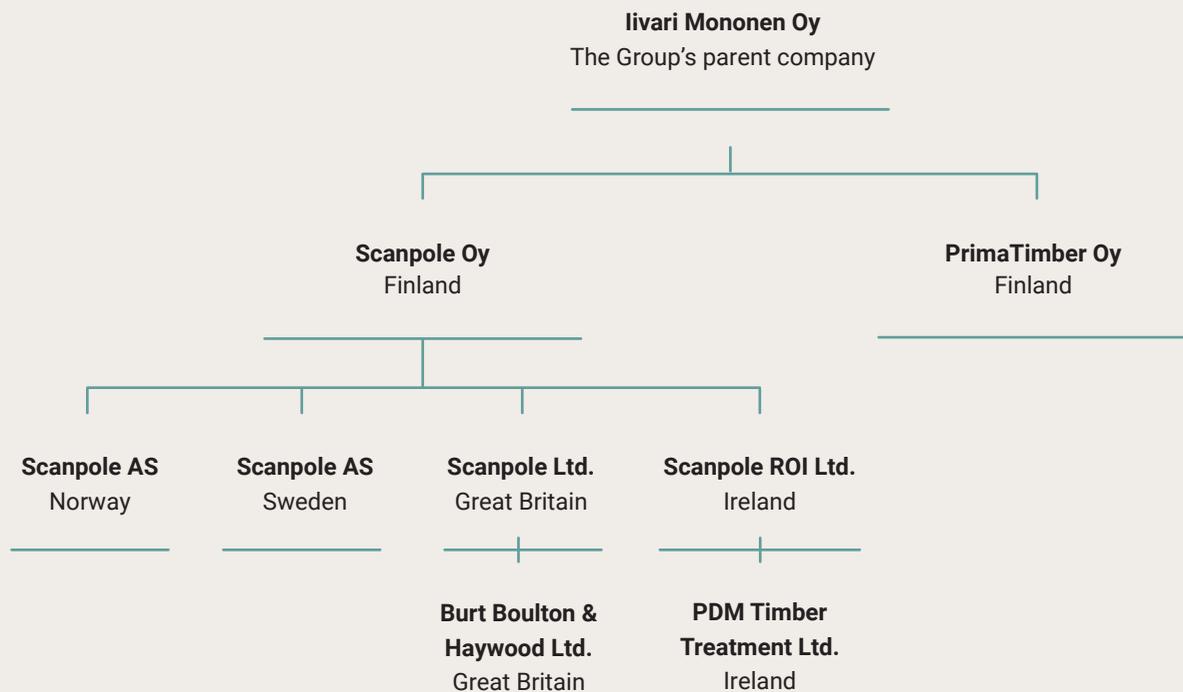
Group structure

The Group's business operations are divided into two operating companies:

Pole business (**Scanpole**)

Construction and impregnated timber business (**PrimaTimber**)

We employ close to 200 professionals at our sites in five different countries. Our sites outside Finland are located in Ireland, Great Britain, Norway and Sweden.



The subsidiaries of Scanpole Oy are: Scanpole Ab, Scanpole AS, Scanpole Ltd and Scanpole ROI Ltd. Scanpole Group's British subsidiary Scanpole Ltd. owns the pole manufacturer Burt Boulton & Haywood Ltd. and the Irish subsidiary Scanpole ROI Ltd. owns PDM Timber Treatment Ltd.

Tuotteemme toimivat osana
infrarakenteita turvaamassa
ihmisten sähkön saantia

yli 70 maassa.

Olemme osaltamme auttaneet
tuomaan hyvinvointia kehittyviin
maihiin ja pidämme huolta, että
myös harvaan asutut alueet
pysyvät elinvoimaisina.

IIVARI MONONEN

Iivari Mononen Oy

Länsikatu 15

80110 Joensuu

+358 20 733 0500

<https://www.iivarimononen.fi/en/>

[f](#) /iivarimononen

[in](#) /company/iivari-mononen-oy

Scanpole Oy

Sales and management

Länsikatu 15

80110 Joensuu

+358 20 733 0500

Impregnation plant

Höljäkäntie 69

75990 Höljäkkä

+358 20 733 0510

Scanpole Ltd

Burt Boulton &

Haywood Ltd

Alexandra Dock

Newport, South Wales

NP20 2WA

United Kingdom

+44 1633 235800

Scanpole AS

Linjevegen 47

2344 Ilseng

Norway

+47 400 01 037

Bruksveien 17

2260 Kirkenær

Norway

+47 629 46 100

Scanpole Ab

Askims Fornborgsväg 14

436 42 Askim

Sweden

+46 771 444 040

Scanpole ROI Ltd

Baggot Hall

41 Baggot Street Lower

Dublin

D02 NN67

Ireland

[f](#) /scanpole

[f](#) /scanpolefencing

[in](#) /company/scanpole

[Youtube.com/@scanpolegroup](https://www.youtube.com/@scanpolegroup)

PrimaTimber Oy

Sales and management

Länsikatu 15

80110 Joensuu

+358 20 733 0500

Impregnation plant

Kuhasalontie 31

80230 Joensuu

+358 50 341 9766

Planing mill

Susiraja 2

80230 Joensuu

+358 40 735 7038

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[in](#) /company/primatimber