HONKA

Honkarakenne Group Half-Year Report 2025

H1 2025

Honkarakenne Oyj Half-year report 1 Jan. – 30 Jun. 2025

Net sales in growth, operating profit at the previous review period

Summary

Net sales for the first half of 2025 increased by 15% to EUR 16.7 million (H1 2024: 14.5). The operating result for the review period was EUR -2.8 million (-2.7), and the profit before taxes was EUR -2.9 million (-3.3). Order book increased by 18% from the end of December last year (H2 2024: 22.2) and amounted to EUR 26.0 million (27.0) at the end of review period.

January-June 2025

- Honkarakenne Group's net sales in January–June amounted to EUR 16.7 million (H1 2024: 14.5). Net sales increased by 15% from the corresponding period of the previous year.
- Operating profit was EUR -2.8 million (-2.7).
- Profit before taxes was EUR -2.9 million (-3.3).
- Earnings per share was EUR -0.39 (-0.46).
- The Group's financial position is strong, with equity ratio of 52.3% (55.7) and net financial liabilities of EUR -0.8 million (-3.2).

Honkarakenne's guidance for 2025 remains unchanged from the guidance updated on 12 February 2025.

According to Honkarakenne's view, the Group's net sales in 2025 will be slightly higher than in the previous guidance and amount to EUR 38-45 million. The Group's operating profit is EUR -2.6 – -0.0 million.

GROUP'S KEY FIGURES	1–6/2025	1–6/2024	1–12/2024
Net sales, EUR million	16.7	14.5	36.7
Operating profit/loss, EUR million	-2.8	-2.7	-2.4
Profit/loss before taxes, EUR million	-2.9	-3.3	-2.6
Average number of employees	158	167	157
Average number of employees in person-years	155	159	153
Earnings per share, EUR	-0.39	-0.46	-0.37
Equity ratio, %	52.3	55.7	59.7
Return on equity, %	-18.6	-18.2	-14.3
Equity per share, EUR	1.93	2.23	2.32
Gearing ratio, %	-7.4	-24.6	-3.5

Honkarakenne Oyj’s CEO Marko Saarelainen commented on the half-year report as follows:

“As the review period began, the outlook for Finland's housing and construction industry was very challenging. The order intake for the first quarter declined slightly compared to last year. In early summer, the order intake developed positively, and the order book for the review period rose to EUR 26.2 million, an 18% increase from the end of last year. Despite increased net sales and efficiency measures, the operating profit landed in the red at EUR -2.8 million. Profit before tax improved EUR 0.4 million compared to last year but remained loss-making at EUR -2.9 million. Profitability was impacted by the sales mix being weighted towards domestic sales, as the export being lower than in the comparison period. Despite of cost reductions, fixed costs remained too high relative to net sales. This was partly influenced by development projects planned to support future growth and their implementation despite the challenging market conditions.

In the domestic B2C business, consumer caution in decision-making was reflected in the order intake for the first half of the year. The domestic B2C business was able to increase net sales compared to last year, but profitability faced challenges. Overall the domestic business result was a hard-won victory in a challenging market, but looking ahead, the business requires efficiency measures to improve profitability.

The project business achieved significant percentage growth, but the volume is still quite small. The B2B business began to be actively developed early in the year, both domestically and in exports. The B2B project pipeline is growing, and the outlook in this regard is cautiously positive.

In the export business, order intake from Asia fell short of the comparison period. Uncertainties regarding Japanese regulatory requirements have slowed down business during the review period. The situation regarding Japan is likely to continue similarly in the latter half of the year. Order intake in the APAC region remained at the previous year's level, but no net sales were yet recognized during H1. Construction of the first phase of the India project progressed after the review period to a launch event held in July, where guests were able to hear about Honkarakenne's products, get acquainted with completed buildings, and the overall plan for the area development project.

The European market area was slightly below the comparison year's order intake, excluding Germany, where orders received and net sales accumulated for the period were growing. Due to the development efforts of the German team, the company expects positive growth in order intake and net sales for consumer and project customers. The outlook for the rest of Europe remains partly challenging.

Preparations for the production start of the new non-settling log, launched in May, were made during the first half of the year. After the review period, production of the new non-settling log, Honka Fusion+, started and the first deliveries to customers were made in early August.

In the challenging geopolitical situation and Finland's historically weak construction industry cycle, I believe the company's resources, such as its strong market position, robust balance sheet, good financial standing, skilled personnel, and excellent product and collection, will provide Honka with a significant competitive advantage compared to its competitors."

Net Sales

Honkarakenne Group's net sales for the first half of 2025 increased by 15% to EUR 16.7 million (14.5).

Honkarakenne presents its set sales data divided in two parts: Finland and Exports. Below we present the net sales based on this division for the first half of 2025 and the second half of 2024 with the comparison year.

Geographical distribution of net sales:

NET SALES DEVELOPMENT

Net sales distribution, %	1–6/2025	1–6/2024	1-12/2024
Finland	80%	73%	71%
Exports	20%	27%	29%
Total	100 %	100%	100%

Net sales, MEUR	1-6/2025	1-6/2024	Change	7-12/2024	1–12/2024
Finland	13.4	10.6	27%	15.6	26.2
Exports	3.3	3.9	-16%	6.6	10.5
Total	16.7	14.5	15%	22.2	36.7

Finland also includes billet sales and the sale of process by-products for recycling. Exports include all other countries except Finland.

Order Book

Group's order book was 3% lower than in the comparison year and amounted to EUR 26.0 million (27.0). The order book increased by +18% from EUR 22.2 million at the end of December last year. This was driven by higher sales in both the domestic consumer business and the project and export business compared to the first and especially the last half of last year.

Order book refers to orders with a delivery date within the next 24 months. Some orders may have a financing or building permit condition.

Trends in Profit and Profitability

Operating profit for the review period stood at EUR -2.8 million (-2.7) and the profit before taxes was EUR -2.9 million (-3.3).

The lower profitability compared to comparison period was impacted by the sales mix being weighted towards domestic business, as the share of exports remained below the comparison period. Some domestic deliveries included winter seasons installation campaigns carried out late last year, which had lower profitability than normally. In addition, fixed costs during the review period were higher than in the comparison period, even though there were cost reductions in operations and temporary layoffs.

Financing and Investment

At the end of the review period, Honkarakenne's financial position was good. The Group's equity ratio was 52.3% (55.7%) and net gearing ratio was -7.4% (-24.6%). The Group's net financial liabilities amounted to EUR -0.8 million (-3.2), so the Group's liquid assets exceeded its financial liabilities. The Group's liquid assets totalled EUR 5.0 million (6.9). The Group also has a EUR 3.0 (3.0) overdraft facility, which has not been used in the review period or the comparison period.

The Group's gross investments amounted to EUR 0.7 million (0.7), excluding right-of-use assets in accordance with the IFRS 16 standard. Investments during the period mainly related to the replacement investment in the non-settling logs production line at the Karstula mill.

Products and Market Areas

Honka's collection is being renewed and developed in a market-specific and customer-centric manner, and the design of the collections strongly focuses on the quality of living and the sustainability of buildings. Honka's convertible models are designed to enable a wide range of lifestyle variations, eliminating the need to build or buy new homes when life situations change, and ensuring there is no need to give up a natural, sustainable log house with healthy indoor air quality.

In May, the company launched a new fourth-generation non-settling log, Honka Fusion+, whose wider-than-before vertical middle lamella increases the stability of log walls, enabling the construction of even larger projects such as apartment buildings and schools. In addition, the new log features an advanced design profile and a minimal seam groove between the logs, facilitating an easier implementation of modern architecture and various interior styles, as well as the combination of the log with other building materials such as glass, stone and steel. In connection with the launch, interior design concepts supporting the design of interior decoration for Honka log homes and holiday homes, along with the related HonkaLook Book brochure, were published.

During the review period, the development of cost-effective leisure home and detached house models for the Finnish and Nordic markets continued, and new collection brochures for the Finnish market were released. In addition, larger-scale Honka Grand Design house models, featuring international architecture, were unveiled, specifically aimed at the company's international markets. Additionally, in the spring, the Pineo accommodation concept, targeted at international and domestic tourism and accommodation businesses, was launched, complete with buildings of various sizes.

After the review period, Honka was an exhibitor at the Oulu Housing Fair in Honka Kömmeli, which received great interest. The show home is an architect-designed, individually tailored log house for a young couple building their first home, which features a traditional Finnish loft sauna. The log building represents a modern interpretation of the traditional architecture of the coastal region and the classic red ochre colour.

Honka's operations are certified with the ISO 9001 quality standard and the ISO 14001 environmental standard.

In Finland, net sales were 27% higher than in the same period last year at EUR 13.4 million (10.6). The net sales growth resulted from a slightly higher order intake in the project and consumer businesses from the previous year, as well as sales from the beginning of the year that were delivered during the review period.

During the review period, domestic orders received were lower than in the comparison period for the consumer business and the project business. The domestic operating environment is still awaiting a more meaningful recovery in terms of construction and new delivery agreements. Demand and order backlog are showing moderate growth. Final decisions on construction starts are delayed or further postponed in the uncertain economic situation.

The company expects domestic demand to pick up and turn more favourable, also regarding construction starts. For the remainder of the year, new orders are estimated to reach the previous year's level or slightly higher, particularly in the project business and leisure homes.

In exports, net sales were 16% lower than in the corresponding period of the previous year at EUR 3.3 million (3.9).

The decline in revenue during the review period was primarily due to the varying delivery schedules of projects under delivery. These were individual deliveries of detached houses and holiday homes mainly to sites located in the Asian and European regions.

Received orders were at the comparison period's level, and regional variations across different export countries are significant. In the European region, demand has finally picked up, leading to larger orders as well. Demand and orders received from the Asian region have remained stable.

Exports are seeing increased demand and prospects, particularly for various-sized projects. These involve uncertainty regarding the timeframe within which demand could materialize and lead to new orders. Uncertainty regarding the operating environment outlook may weaken and curb increased demand and expected export growth.

Strategy 2025-2028

The company specified the objectives of its strategy extending to the end of 2024 to better reflect the changes in the operating environment.

Through the strategy, Honkarakenne's position as Finland's largest exporter of wooden buildings will be strengthened. With the export and customer experience strategy, the Group aims for controlled growth in net sales during the strategy period, with the focus on profitability. The performance targets are based on process efficiency, conceptualization, and management, which also improve customer and employee experience.

Honkarakenne Group's vision is to offer truly the best living. The Group’s mission is to improve the quality of people’s lives and housing.

Honkarakenne’s strategic objectives for the 2025–2028 period are:

- Strengthening customer experience
- Effectiveness in everything
- Renewable Honka spirit
- Managed international operations

To implement the strategy, development projects and focus areas supporting the strategy's progress are refined within the Group's extended management team, in accordance with the Objectives and key results model.

Honkarakenne states that it does not consider long-term targets as market guidance for any particular year of the strategy period.

Sustainability

Sustainability is a key part of Honkarakenne's strategy. Honkarakenne Group is continuously developing its production, services and selection to enable healthier, more ecological and better-quality living. Group focuses on building the future and choices are guided by human and natural vitality. Honkarakenne's sustainability programme, `We are building the future', is based on the changes we have identified in our operating environment, our ethical principles, recognised expectations of our staff and other stakeholders, and understanding the customer in our markets.

As part of Honkarakenne's sustainability programme, the parent company uses 100% electricity produced with renewable energy and certified with a guarantee of origin with carbon dioxide emissions of 0 g/kWh at all its own sites.

Honkarakenne also promotes sustainability through its various product solutions. In conjunction with the Rock and Star collection, which was launched during the period, Honka Säästö introduced a solution for safely shutting off both water and heat in living spaces. The solution allows the cottage to be kept unheated in the living areas during the winter season without the risk of freezing water pipes or damaging appliances. Logs as a breathable structure enable sustainable construction and, with the Honka Säästö solution, also electricity savings.

The Honka Brand

The core of the Honka brand is the close relationship with nature and Finnish happiness. Honka's yellow is the colour of hope and joy. Honka helps every customer realize the dreams that are important to them and Honka has the honour to convey the vitality of the northern forests.

Seasonal Nature of Our Business

Honkarakenne operates in a business that is seasonal by nature. Especially in Finland, construction mostly takes place during summer, so there are more deliveries in summer and autumn than during the winter. Considering the existing market and demand conditions, the company aims to even out this seasonality especially with export activities. During the review period, the company's market situation was challenging in all its areas.

Research and Development

Group's R&D costs in January-June were EUR 0.2 million (0.3), which was 1.0% (1.8%) of net sales.

During the review period, a new fourth-generation non-settling log, Honka Fusion+, was developed, featuring a vertical middle lamella that is wider than before, increasing the stability of log walls and enabling the construction of increasingly larger buildings such as apartment buildings and schools. The new log was launched on the market in the spring and will go into production in early autumn.

Honka's interior design concepts and related new product solutions were developed. New concepts and products, including interior panels, were launched in the spring.

During the review period, product solutions for larger buildings continued to be developed, including for the needs of the Honka MultiStorey™ building concept. In addition, the development of the Honka Healthy House™ concept was continued, and the concept was introduced to international markets early in the year.

The aim of development projects is to increase the use of wood in construction to promote climate targets. Wood is renewable raw material and wood construction is part of sustainable use of forests.

The Group has not capitalized development costs during the review period.

Personnel

The Group's average number of personnel, measured in person-years, totalled 155 (159) persons during the first half of the year. The decrease from the comparison period was 4 people. The Group's average number of personnel, measured by employment relationships was 158 (167) during the first half of the year.

During both the review period and the comparison period, the parent company's personnel were laid off varying periods due to low demand, low production and delivery volumes, as well as during a production stoppage, when the installation of a new non-settling log line was carried out.

In March 2024, the Board of Directors of the parent company decided, on a share-based incentive program for senior management for the years 2024–2026. The purpose of the plan is to align key employees with the company's objectives and to incentivise the creation of shareholder value. The Performance-Based Share Plan 2024–2026 has a three-year vesting period and the metrics for the period are net sales and operating profit margin. Five people participate in the 2024–2026 incentive program, and the rewards correspond to a maximum of 75,000 shares in total. There were no expenses related to the incentive scheme during the reporting period.

In March, a joint staff day was held at the Karstula factory for personnel and domestic representatives. In addition to spending time together, they were able to familiarize themselves with the production line for the new non-settling log, which was completed earlier this year, and learn about its operations.

Executive Group

During the review period the Executive Group consisted of: Marko Saarelainen, CEO; Eino Hekali, Vice President, Product; Maarit Jylhä, CFO; Petri Perttula, Business Vice President, Operations Global B2B; and Juhani Saukko, Business Vice President, Operations Finland B2C.

Honkarakenne Oyj's Annual General Meeting, Board of Directors and Auditors

Honkarakenne Oyj's Annual General Meeting was held at the Honkarakenne's Tuusula office on 11 April 2025. The General Meeting adopted the financial statements, approved the remuneration report, and granted discharge from liability for 2024 to the members of the Board of Directors and the President and CEO. The Annual General Meeting decided that no dividend be paid for the financial year ended 31 December 2024.

Timo Kohtamäki, Maria Ristola and Arto Halonen were re-elected as Board members and Rose-Mari Saarelainen as a new member of the Board. At the Board's organising meeting, Timo Kohtamäki was selected as the Chairman of the Board of Directors. At the same meeting, the Board of Directors decided that it would not establish committees.

Ernst & Young Oy, member of the Finnish Institute of Authorised Public Accountants, was re-appointed as auditor of the company, with Osmo Valovirta, APA, as chief auditor.

Authorisations of the Board of Directors

The Annual General Meeting authorised the Board of Directors to decide on the purchase of no more than 400.000 of the company's own B shares using funds from the company's unrestricted shareholders' equity. In addition, the Annual General Meeting authorised the Board of Directors to decide on rights issue or bonus issue and on the granting of special rights entitling to shares in one or more instalments under the terms and conditions in Chapter 10, section 1 of the Companies Act. Under the authorisation, the Board of Directors may issue a maximum of 1,500,000 new shares and/or transfer old B shares held by the company inclusive of any shares that may be issued. These two authorisations remain in force until the next Annual General Meeting, however expiring at the latest on 30 June 2026.

Shares, Share Capital and Own Shares

During the review period, Honkarakenne Oyj's shares numbered 6,211,419, of which 300,096 were class A shares and 5,911,323 class B shares. The company's share capital has not changed, remaining at EUR 9,897,936.00. Each class B share entitles to one (1) vote and a class A share to twenty (20) votes, bringing to total number of votes conferred by the shares during the review period to 11,913,243.

Honkarakenne's class B shares are listed on Nasdaq Helsinki Ltd's Small Cap list with the ticker HONBS. The highest price of the listed class B share was EUR 3.05, and the lowest price was EUR 2.37. The closing price at the balance sheet date was EUR 2.76. The market capitalisation of the stock at the end of the financial year was EUR 16.3 million. The traded class B shares was EUR 0.7 million and the trading volume was 0.3 million shares.

Honkarakenne has not acquired its own shares during the review period. At the end of the report period, the parent company held 321,052 of its own Series B shares with a total purchase price of EUR 1,186,556.34. Own shares account for 5.17% of all Honkarakenne shares and 2.69% of all votes. The acquisition cost of own shares reduces the free equity of both the parent company and the Group.

Flagging Notifications

No flagging notifications were received during the review period.

Corporate Governance

Honkarakenne Oyj complied with the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association in 2025. For more information about corporate governance, go to www.honka.fi.

Short-term Risks and Uncertainties

The main risks and uncertainties of Honkarakenne relate to negative changes in the operating environment of the company and its customers, increased costs of raw materials and components, their availability and the functioning of the overall supply chains. If demand falls sharply in the operating environment and costs remain high, it may have significant effects on the company's earnings development.

The economic uncertainty in the Group's operating environment is negatively reflected in business and consumer confidence. Economic risks continue to be driven by consumer confidence and employment concerns, inflation, interest rates and access to financing.

The uncertainty of the military aggression initiated by Russia and all its effects on business are difficult to assess. Replacing the order book lost in the Russian and Ukrainian market area with other export markets may be prolonged or uncertain in the current global market situation. If the war is further prolonged or escalates, or if the instability in the Middle East would spread more widely, this could have a material adverse effect on the Group's business, financial position and results of operations.

The valuation of items in the balance sheet is based on the management's current estimates. Any changes to these estimates may affect the company's financial performance.

Reporting

This report contains statements that relate to the future, and these statements are based on hypotheses that the company's management hold currently, and on the decisions and plans that are currently in place. Although the management believes that the hypotheses relating to the future are well-founded, there is no guarantee that the said hypotheses will prove to be correct.

The half-year report has not been audited and the figures are unaudited.

Figures in brackets refer to the corresponding period one year earlier, unless otherwise stated.

Honkarakenne complies with the Guidelines on Alternative Performance Measures (APM) issued by the European Securities and Markets Authority (ESMA). An APM is a financial measure of performance other than a financial measure defined or specified in IFRS. Therefore, instead of the previous term 'without non-recurring items', the term 'adjusted' is used. The company classifies significant business transactions that are considered to affect comparisons between different reporting periods as adjustment items. Such transactions include significant reorganisation expenses, significant impairment losses or reversals thereof, significant capital gains and losses on assets, and other significant non-customary income or expenses.

This half-year report bulletin has been prepared in accordance with IAS 34. The half-year report bulletin should be read together with the 2024 financial statements. The accounting policies used in preparing the financial statements are the same as in the financial statements for 2024, with the exception of standards and interpretations that have come into force on January 1 2025 or thereafter. The impact of the new standards and interpretations is described later in the section "New standards and interpretations".

Events After the Reporting Period

There are no significant events.

Outlook for 2025 (published on 12 February 2025)

According to Honkarakenne's view, the Group's net sales in 2025 will be slightly higher than in the previous guidance and amount to EUR 38-45 million. The Group's operating profit is EUR -2.6 – -0.0 million.

Basis For the Outlook

The company's outlook for the 2025 development is based on the existing order book, the expectation of challenges in the operating environment and on market development.

Uncertainty about the development of the economic situation in Finland, interest rates and availability of financing may negatively affect demand from consumer and professional builders and their decision-making concerning construction, thus creating uncertainty in the starts of new construction projects.

The company sees that strategic focus on export markets holds potential and supports profitable growth.

HONKARAKENNE OYJ

Board of directors

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This and previous releases can be found on the company's website at www.honka.fi/fi/sijoittajat/

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Honkarakenne Oyj manufactures high-quality, healthy and ecological log homes, holiday homes and public buildings under its Honka® brand from Finnish solid wood. The company has delivered 90,000 buildings to over 50 countries. Honka kits are manufactured in Finland, the company's own factory is located in Karstula. In 2024, Honkarakenne Group's net sales were EUR 36.7 million, of which exports accounted for 29%. www.honka.fi.

Consolidated Comprehensive Income Statement

Unaudited EUR million	1-6/2025	1-6/2024	1–12/2024
Net sales	16.7	14.5	36.7
Other operating income	0.2	0.2	0.5
Change in inventory of finished goods and work in progress	0.9	0.5	-0.7
Use of materials and goods	-12.8	-10.2	-23.5
Employee benefit expences	-4.1	-3.9	-7.6
Depreciation and impairment	-1.1	-1.1	-2.3
Other operating expences	-2.6	-2.7	-5.5
Operating profit/loss	-2.8	-2.7	-2.4
Financial income	0.0	0.0	0.1
Financial expences	-0.1	-0.6	-0.3
Share of associated companies' profit or loss	0.0	0.0	-0.1
Profit/loss before taxes	-2.9	-3.3	-2.6
Income taxes	0.6	0.6	0.4
Profit/loss for the period	-2.3	-2.7	-2.2
Other items of comprehensive income that may be re-classified subsequently to profit or loss:			
Translation differences related to foreign subsidiaries	0.1	0.1	-0.1
Total comprehensive income for the period	-2.2	-2.8	-2.3
Allocated to			
Shareholders of the parent company	-2.3	-2.7	-2.2
Non-controlling interests	-	-	-
	-2.3	-2.7	-2.2
Allocated to			
Shareholders of the parent company	-2.2	-2.8	-2.3
Non-controlling interests	-	-	-
	-2.2	-2.8	-2.3
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
undiluted earnings per share (EUR)	-0.39	-0.46	-0.37
diluted earnings per share (EUR)	-0.39	-0.46	-0.37

The company has two share series: A shares and B shares, which have different rights to dividend. Profit distribution of EUR 0.20 per share will be first paid for B shares, then EUR 0.20 per share for A shares, followed by equal distribution of remaining profit between all shares.

Consolidated Statement Of Financial Position

Unaudited EUR million	30.6.2025	30.6.2024	31.12.2024
Assets			
Non-current assets			
Property, pland and equipment	11.3	12.4	11.7
Goodwill	0.1	0.1	0.1
Other intangible assets	0.7	0.6	0.7
Shares in associated companies	0.5	0.4	0.4
Receivables	0.3	0.1	0.2
Deferred tax assets	2.1	1.7	1.5
	14.9	15.3	14.6
Current assets			
Inventories	5.4	5.7	4.5
Trade and other receivables	2.9	2.8	2.6
Tax receivables	0.0	0.0	0.0
Cash and cash equivalents	5.0	6.9	4.9
	13.3	15.4	12.1
Total assets	28.1	30.7	26.7
Shareholders' equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	9.9	9.9	9.9
Share premium fund	0.5	0.5	0.5
Reserve for invested unrestricted equity	4.2	4.2	4.2
Treasury shares	-1.2	-1.2	-1.2
Translation differences	0.1	-0.1	0.1
Retained earnings	-2.2	-0.2	0.4
	11.3	13.1	13.7
Share of non-controlling interests	-	-	-
Total equity	11.3	13.1	13.7
Non-current liabilities			
Deferred tax liability	0.0	0.0	0.0
Provisions	0.3	0.3	0.3
Financial liabilities	3.4	2.8	3.6
	3.7	3.1	3.9
Current liabilities			
Accounts payable and other liabilities	12.3	13.6	8.2
Current tax liabilities	0.0	0.0	0.0
Short-term financial liabilities	0.7	0.9	0.8
	13.1	14.4	9.0
Total liabilities	16.8	17.5	13.0
Total equity and liabilities	28.1	30.7	26.7

Consolidated Statement of Changes in Equity

Abridged
Unaudited

EUR 1,000	Shareholder's equity								
	a)	b)	c)	d)	e)	f)	Total	g)	Total equity
Total equity, 1 Jan. 2024	9 898	520	4 692	-46	-1 187	2 573	16 451	-	16 451
Profit/loss of the period	-	-	-	-	-	-2 692	-2 692	-	-2 692
Translation difference	-	-	-	-15	-	-92	-106	-	-106
Repayment of capital	-	-	-530	-	-	-	-530	-	-530
Impact of share-based bonuses	-	-	-	-	-	-	-	-	-
Total equity, 30 Jun. 2024	9 898	520	4 162	-60	-1 187	-211	13 122	-	13 122

	Shareholder's equity								
	a)	b)	c)	d)	e)	f)	Total	g)	Total equity
Total equity, 1 Jan. 2025	9 898	520	4 162	191	-1 187	85	13 669	-	13 669
Total equity	-	-	-	-	-	-2 255	-2 255	-	-2 255
Translation differences	-	-	-	-70	-	-	-70	-	-70
Impact of share-based bonuses	-	-	-	-	-	-	-	-	-
Total equity, 30 Jun. 2025	9 898	520	4 162	121	-1 187	-2 171	11 344	-	11 44

a) Share capital
b) Share premium fund
c) Reserve for invested unrestricted equity
d) Translation differences
e) Own shares
f) Retained earnings
g) Non-controlling interests

Consolidated Cash Flow Statement

Abridged Unaudited EUR million	1-6/2025	1-6/2024	1-12/2024
From operations	1.5	2.5	-0.4
From investments, net	-0.9	-0.9	-1.0
From financial activities, total	-0.4	-0.9	-0.1
Loan withdrawals	-	-	1.7
Loan repayments	-0.1	-0.2	-0.6
Repayments of lease liabilities	-0.3	-0.5	-0.5
Repayment of capital/dividend	-0.0	-0.5	-0.5
Change in liquid assets	0.2	0.7	-1.3
Impact of exchange rate fluctuations on cash assets	-0.2	-0.1	-0.1
Impact of stock exchange price changes on cash assets	-	-	0.0
Change in liquid assets	0.2	0.5	-1.4
Liquid assets at the end of period *)	5.0	6.9	5.0
Liquid assets at the beginning of period	5.0	6.4	6.3
Likvidien varojen muutos	0.2	0.5	-1.4
*) Cash and cash equivalents	5.0	6.9	5.0

Notes To the Report

Accounting Policies

This half-year report bulletin has been prepared in accordance with IAS 34. The half-year report bulletin should be read together with the 2024 financial statements. The accounting policies used in preparing the financial statements are the same as in the financial statements for 2024, with the exception of standards and interpretations that have come into force on January 1 2025 or thereafter. The impact of the new standards and interpretations is described later in the section “New stardards and interpretations”.

The Financial Statement Bulletin has not been audited and the figures are unaudited.

The figures presented in the bulletin are rounded, so the sum of individual figures may differ from the amount shown.

Figures in brackets refer to the corresponding period one year earlier, unless otherwise stated.

New Standards and Interpretations

The new standards or interpretations effective as of 1 January 2025 did not have a material impact on the figures presented for the review period.

Alternative Performance Measures

Honkarakenne complies with the Guidelines on Alternative Performance Measures (APM) issued by the European Securities and Markets Authority (ESMA). An APM is a financial measure of performance other than a financial measure defined or specified in IFRS. Therefore, instead of the previous term 'without non-recurring items', the term 'adjusted' is used. The company classifies significant business transactions that are considered to affect comparisons between different reporting periods as adjustment items. Such transactions include significant reorganisation expenses, significant impairment losses or reversals thereof, significant capital gains and losses on assets, and other significant non-customary income or expenses.

In Honkarakenne's view, Alternative Performance Measures provide significant additional information to management, investors, securities analysts and other parties on Honkarakenne's operational result, financial position and cash flows, and are frequently used by analysts, investors and other parties. Return on equity, equity ratio, net financial liabilities and gearing are presented as supplementary key figures, as in the company's view they are useful indicators for assessing Honkarakenne's ability to acquire financing and pay its debts. In addition, gross investments and R&D expenditure provide additional information on needs related to Honkarakenne's operational cash flow.

Segments

Honkarakenne has two geographical operating segments that are combined into one segment for reporting purposes. Geographically, sales are divided as follows: Finland and Exports. As management's internal reporting complies with IFRS reporting, separate reconciliations are not presented.

Other notes to the report

Related party transactions

The Group's related parties consist of subsidiaries and associated companies; the company's management and any companies in which they exert influence; and those involved in the Saarelainen share-holder agreement and any companies controlled by them. The management personnel considered to be related parties comprise the Board of Directors, President & CEO, and the company's Executive Group. The pricing of goods and services in transactions with related parties conforms to market-based pricing.

During the review period, ordinary business transactions with related parties were made as follows: sales of goods and services to related parties amounted to EUR 0.1 million (0.1) and purchases from related parties to EUR 0.2 million (0.2). Financial statement of the Group include EUR 0.0 million (0.0) liabilities to related parties and EUR 0.0 million (0.0) receivables from related parties. No bad debts were recognised from related parties in 2025 or 2024. At the time of financial statements, the parent company has claims from subsidiaries of EUR 1.5 million (1.1) and debts to subsidiaries of EUR 0.1 million (0.1).

Group's Tangible Assets

Unaudited

EUR million	30.6.2025	30.6.2024	31.12.2024
Acquisition cost, 1 Jan.	56.8	55.4	55.4
Increases	0.6	1.2	2.2
Decreases	0.0	-0.1	-0.7
Acquisition cost, 30 Jun.	57.5	56.5	56.8
Accumulated depreciation, 1 Jan.	-45.2	-43.1	-43.1
Accumulated depreciation of decreases	0.0	0.0	0.0
Depreciation for the financial period	-1.0	-1.0	-2.0
Accumulated write-downs at the end of the financial year	-46.1	-44.2	-45.2
Book value, 1 Jan.	11.7	12.2	12.2
Book value, 30 Jun.	11.3	12.4	11.7

Treasury shares

Honkarakenne has not acquired its own shares during the review period. At the end of the report period, the parent company held 321,052 of its own Series B shares with a total purchase price of EUR 1,186,556.34. Own shares account for 5.17% of all company shares and 2.69% of all votes. The purchase cost of own shares has been deducted from shareholders' equity in the consolidated financial statements.

Group’s contingent liabilities

Unaudited

EUR million	30.6.2025	30.6.2024	31.12.2024
Own liabilities			
Real estate mortgages	6.0	6.0	6.0
Business mortgages	2.2	-	2,2
Other guarantees	2.9	3.5	3,1
Off-balance sheet lease liabilities	0.1	0.1	0.1

Group's Key Figures

Unaudited		1.1.-30.6.2025	1.1.-30.6.2024	1–12/2024
Net sales	EUR million	16.7	14.5	36.7
Operating profit	EUR million	-2.8	-2.7	-2.4
	% of net sales	-16.7	-18.6	-6.5
Profit before taxes	EUR million	-2.9	-3.3	-2.6
	% of net sales	-17.1	-22.6	-7.2
Profit for the period	EUR million	-2.3	-2.7	-2.2
Earnings/share	EUR	-0.39	-0.46	-0.37
ROE	%	-18.6	-18.2	-14.3
ROI	%	-13.2	-11.5	-9.7
Equity ratio	%	52.3	55.7	59.7
Equity / share	EUR	1.93	2.23	2.32
Net financial liabilities	EUR million	-0.8	-3.23	-0.5
Net gearing	%	-7.4	-24.6	-3.5
Gross investments	EUR million	0.7	0.7	1.4
	% of net sales	4.1	4.8	3.8
Order book	EUR million	26.2	27.0	22.2
Average number of employees	White-collar	107	109	105
	Blue-collar	51	59	52
	Total	158	167	157
Average number of personnel in person-years	White-collar	105	106	103
	Blue-collar	50	54	51
	Total	155	159	153
Adjusted number of shares (1,000)	At end of period	5 882	5 882	5 890
	Average during period	5 882	5 882	5 890

Gross investments are presented excluding right-of-use assets and investment grants received in accordance with the IFRS 16 standard. During the period there were no investment grants. In 2024 0.2 Me grants were allocated to investments.

Own shares held by the Group are excluded from the number of shares.

Formulas for Key Indicator Calculation

Earnings/share:

$$\frac{\text{Profit/loss for the period attributable to owners of parent}}{\text{Average number of outstanding shares}}$$

Return on equity -%:

$$\frac{\text{Profit/loss for the period under review}}{\text{Total equity, average}} \times 100$$

Equity/share:

$$\frac{\text{Shareholder's equity}}{\text{Number of outstanding shares at the end of the period}}$$

Equity ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}} \times 100$$

Net financial liabilities: Interest-bearing financial liabilities – cash assets

Gearing, %:

$$\frac{\text{Interest-bearing financial liabilities – cash assets}}{\text{Total equity}} \times 100$$