



Annual review 2023

95 YEARS OF RENEWAL



KWH Group invests heavily in sustainable development

As expected, the first half of 2023 was challenging. However, in the latter part of the year we started to observe a gradual recovery in our manufacturing units, while an increase in volume in the logistics sector was slow to materialise.

Europe was affected politically by the ongoing war in Ukraine and concerns about a potential protracted new conflict in the Middle East. During the summer, the continent also experienced the first serious consequences of climate change, in the form of extreme heat, forest fires, heavy rainfall and flooding.

The US economy, which is the largest in the world, is expected to decelerate gently and it is predicted that the Federal Reserve (Fed) will start cutting its key interest rate in 2024. However, the political uncertainty surrounding the upcoming presidential election is causing turmoil in markets around the world.

In addition, there is a risk of the trade dispute with China escalating, and of the US returning to a more isolated position, which could mean that cooperation with Europe and NATO assumes lower priority. With its heavy reliance on foreign trade, Europe would be seriously affected by a potential trade war. As the KWH Group cannot influence global events, we have to focus on adapting our activities to the current situation.

During the past year, the entire shareholding in the joint venture Uponor Infra Oy was divested to Uponor Oyj. Uponor Infra Oy was established in 2013 with the aim of restructuring the pipe system industry. The KWH Group started its

pipe manufacturing around 70 years ago. The operations expanded and gradually became a main branch of the Group, in the KWH Pipe business division. The divestment thus marked the end of one of KWH's former core operations.

The deal freed up resources that will be used to accelerate growth and strengthen the competitiveness of our wholly owned companies. In addition, some of these resources will be used to diversify investments into new areas with future growth potential.

Despite a difficult operating environment with declining demand, we still managed to maintain our market positions, although we saw volume reductions in all our business divisions. Sales decreased marginally by 1.3% to EUR 610.8 million compared to the previous year. Operating profit was EUR 67.3 million, slightly lower than in the previous year. However, we continued our high rate of investment for the future, with total investments reaching EUR 85.7 million. Our commitment to sustainability continues to be intense and extensive. We have improved our monitoring and reporting systems to make the process more efficient and to ensure the reliability of our sustainability reporting. The aim of these measures is to ensure a sustainable future for our business areas and to show our stakeholders that we focus on responsibility, long-term thinking and sustainability in our operations.

Our strategy is to be a committed, long-term owner that helps create value in our business areas and develop successful structures. It is essential that we embed sustainability thinking throughout the group to create lasting value in our com-

panies over time. Promoting sustainable business models is essential to mitigate the effects of climate change and manage its consequences, as well as to ensure a fair and democratic society.

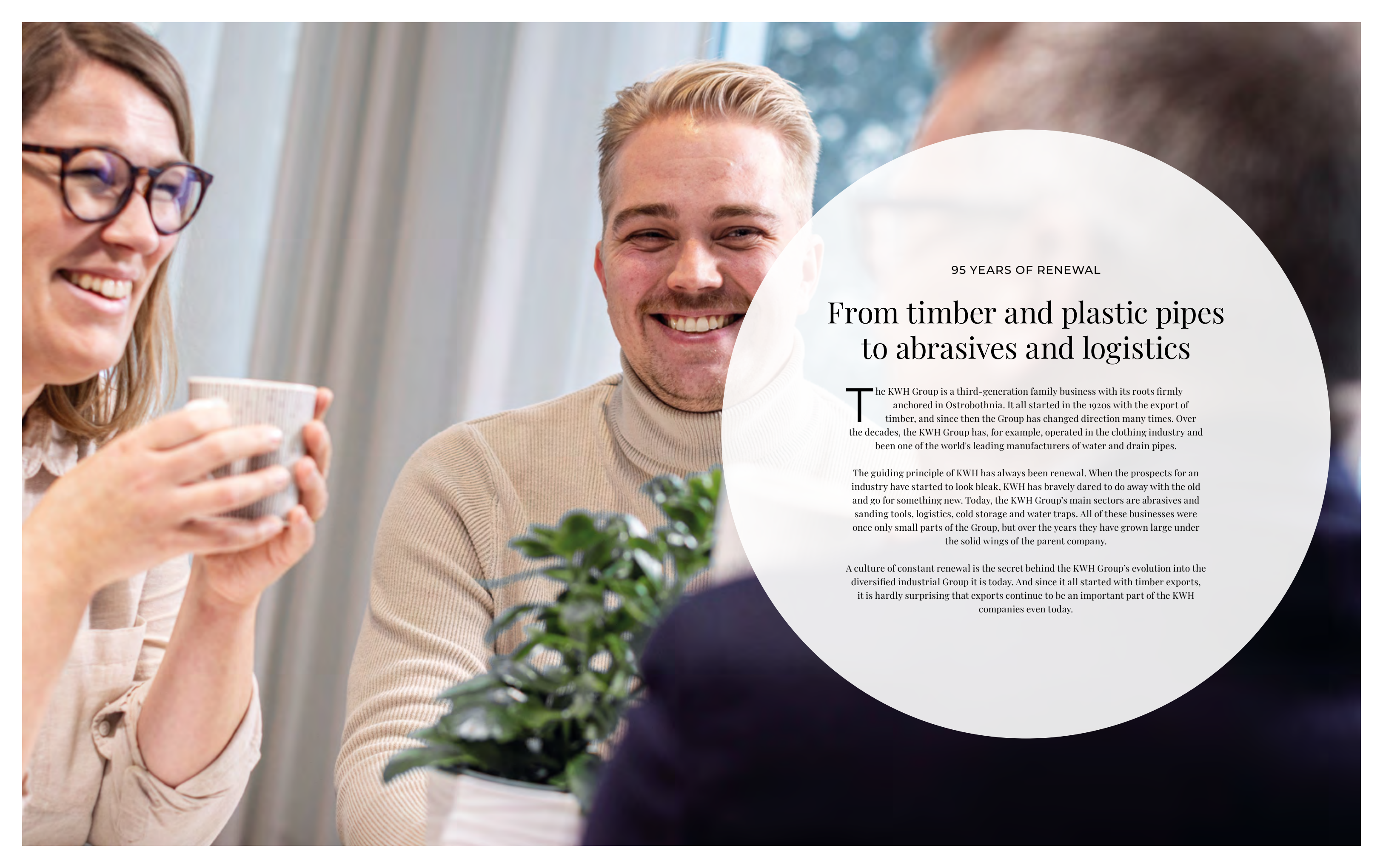
Mirka continues to lead the way for the entire abrasives industry by initiating the construction of an innovative new factory for circular abrasive grain production. The investment will reduce Mirka's carbon footprint by around 5,000 tonnes, and the first circular sanding products are planned to be launched in 2026. To support the ambitious development work towards a greener future, Business Finland has awarded Mirka co-financing of EUR 5.89 million for this project. The facility is designed to reuse industrial waste streams and abrasive waste from both manufacturing and end use to create new abrasive grains.

Looking ahead to 2024, we expect cautious economic recovery, characterised by a stable growth rate and unchanged profit levels. Despite the current market uncertainty, we have taken important decisions and launched several major investment projects, which are expected to be fully implemented in 2025 and 2026.

KJELL ANTUS
Group President, CEO



Despite declining demand, we still managed to maintain our market positions



95 YEARS OF RENEWAL

From timber and plastic pipes to abrasives and logistics

The KWH Group is a third-generation family business with its roots firmly anchored in Ostrobothnia. It all started in the 1920s with the export of timber, and since then the Group has changed direction many times. Over the decades, the KWH Group has, for example, operated in the clothing industry and been one of the world's leading manufacturers of water and drain pipes.

The guiding principle of KWH has always been renewal. When the prospects for an industry have started to look bleak, KWH has bravely dared to do away with the old and go for something new. Today, the KWH Group's main sectors are abrasives and sanding tools, logistics, cold storage and water traps. All of these businesses were once only small parts of the Group, but over the years they have grown large under the solid wings of the parent company.

A culture of constant renewal is the secret behind the KWH Group's evolution into the diversified industrial Group it is today. And since it all started with timber exports, it is hardly surprising that exports continue to be an important part of the KWH companies even today.



KWH GROUP LTD

A family-owned growth company

KWH Group operates as four divisions. Mirka is specialized in abrasives, KWH Logistics offers logistic services, KWH Freeze offers frozen storage and KWH Invest consist of strategic holdings and Prevox that manufactures water traps.

Operating principles

AN INDUSTRIAL GROWTH COMPANY

We are a knowledge company that focuses on expertise, professionalism, and quality.

We are a committed long-term owner aiming for growth in our businesses through our financial strength and industrial know-how.

RENEWAL THROUGH INNOVATION

Our subsidiaries conduct internationally competitive, knowledge-intensive, and service-oriented niche business. We achieve this through digitalization and both technical and commercial innovation.

Our business is built around unique products and processes or a unique industry position. That gives us long-term competitive advantages.

Sustainability Vision

We are a family-owned growth company that conducts our operations in a responsible, long-term, and sustainable manner.

Core values

CUSTOMER FIRST

Our goal is to create value and contribute to solutions for our customers

INNOVATIVE SOLUTIONS

Our subsidiaries are know-how leaders in their lines of business

We have the ambition to become best-in-class in our main processes

We continuously seek and develop new business opportunities

COMMITTED EMPLOYEES

We focus on well-being, motivation, and creativity

We give all employees the opportunity to fulfil their potential

SUSTAINABLE BUSINESS

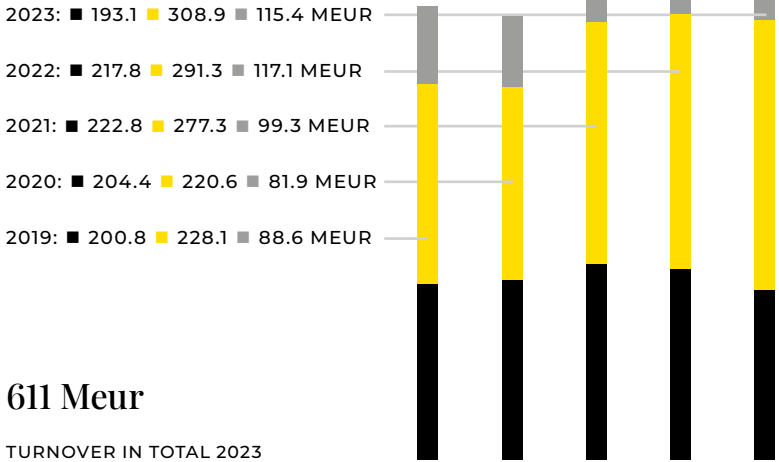
We run our businesses in a responsible, long-term, and sustainable manner

EFFECTIVE RISK MANAGEMENT

Our renewal is based on financial strength and well-balanced risks

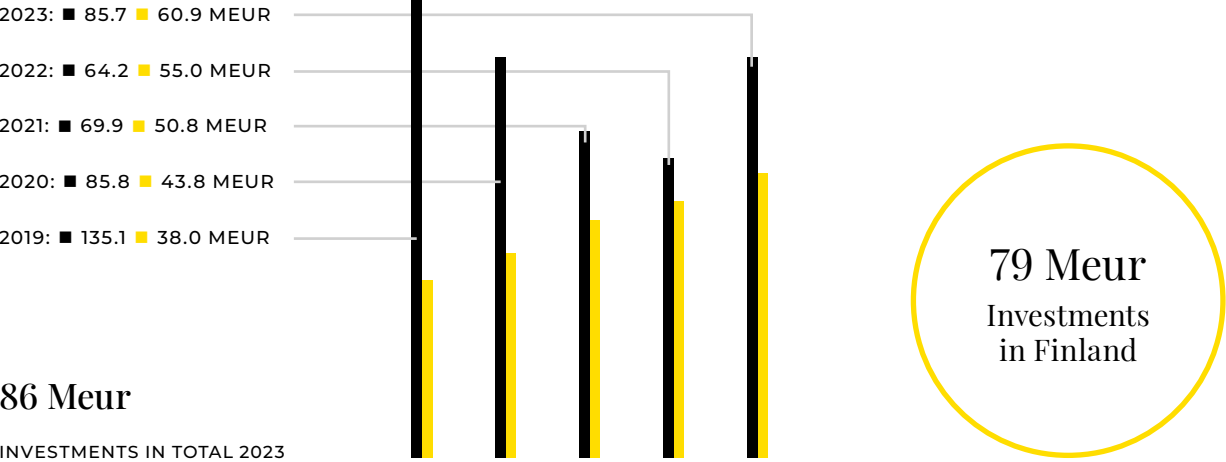
Turnover

■ FINLAND
■ EXPORTS
■ FOREIGN OPERATIONS



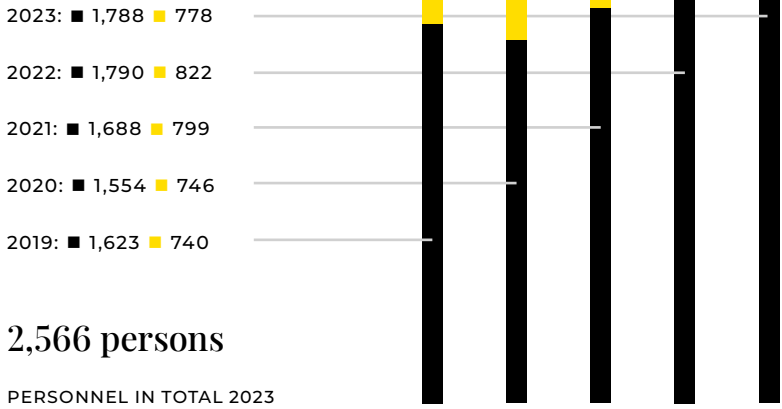
Investments and depreciation

■ INVESTMENTS
■ DEPRECIATION



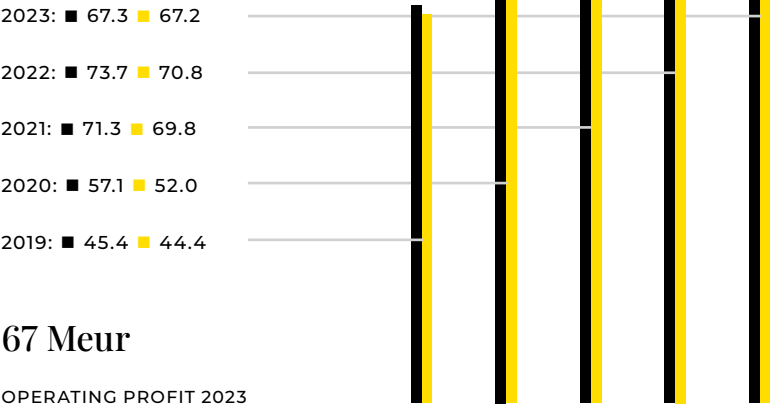
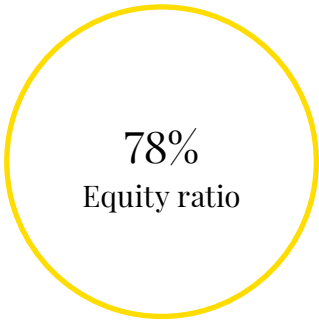
Personnel

■ FINLAND
■ ABROAD



Profit

■ OPERATING PROFIT
■ PROFIT BEFORE TAXES



Consolidated income statement, Meur	2023	2022	2021	2020	2019
Turnover					
Finland	193.1	217.8	222.8	204.4	200.8
Exports from Finland	308.9	291.3	277.3	220.6	228.1
Foreign Operations	115.4	117.1	99.3	81.9	88.6
Total	610.8	619.2	592.8	501.3	512.1
Salaries, Wages and Social Charges	173.8	169.2	157.7	137.7	141.1
Depreciation and Impairment	60.9	55.0	50.8	43.8	38.0
Operating Profit	67.3	73.7	71.3	57.1	45.4
Financing Items	0.1	2.8	1.5	5.1	1.0
Profit before Taxes	67.2	70.8	69.8	52.0	44.4
Taxes according to the Income Statement	16.0	13.3	14.4	9.2	9.1
Profit for the Financial Year	51.2	57.6	55.4	42.7	35.3

Consolidated balance sheet, Meur

Non-current Assets	463.0	526.9	508.7	485.6	439.1
Inventories	92.1	112.2	90.4	65.5	59.3
Receivables	101.7	101.2	91.8	79.9	75.4
Financial Assets	199.1	74.1	69.3	63.4	75.7
Shareholders' Equity	665.8	632.8	584.4	542.2	507.1
Liabilities	190.1	181.6	175.7	152.2	142.3
Net interest-bearing Liabilities	-127.6	-10.5	-8.0	-8.7	-25.8
Balance Sheet Total	855.9	814.4	760.1	694.4	649.4

Ratios, %	2023	2022	2021	2020	2019
Change in Turnover	-1	4	18	-2	2
Exports and Foreign Operations	69	66	64	60	62
Share of Group Turnover					
Mirka	67	63	60	57	58
KWH Logistics	24	27	30	32	32
KWH Freeze	5	4	4	5	4
KWH Invest (Prevex)	5	5	6	6	6
Return on Capital Employed	10	11	12	9	9
Return on Shareholders' Equity	8	9	10	8	7
Equity Ratio	78	78	77	78	78
Gearing	-19	-2	-1	-2	-5

Other information

Gros Investments, MEUR	85.7	64.2	69.9	85.8	135.1
Net Investments, MEUR	0.7	62.7	69.5	84.5	133.6
Average Number of Personnel	2,566	2,612	2,487	2,300	2,363
of which abroad	778	822	799	746	740
Turnover per Employee, EUR 1.000	238	237	238	218	217

Calculation of financial ratios

RETURN ON CAPITAL EMPLOYED profit before taxes + interest and other financial expenses x 100 balance sheet total - non-interest-bearing liabilities in average	EQUITY RATIO shareholders' equity x 100 balance sheet total - advances received
RETURN ON SHAREHOLDERS' EQUITY net profit x 100 shareholders' equity + minority interest in average	GEARING interest-bearing liabilities - cash in hand and at bank x 100 shareholders' equity



MIRKA

The technology leader in sanding solutions

Technology leader

Mirka offers a wide range of total solutions for surface finishing and precision sanding.

Innovator

At the turn of the millennium, Mirka launched a revolutionary method for dust-free sanding. Ever since, the company has been the technology leader in its industry, and Mirka continues to invest heavily in product development.

Winning machines

In addition to abrasives, Mirka also offers sanding machines, which have won awards for their ergonomics and innovative design.

Production in Europe

Mirka's headquarters and largest factory are in Jeppo in Ostrobothnia, and all production takes place in Finland and Italy.

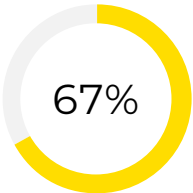
Global subsidiaries

Mirka has many sales companies in different countries, and almost half of its employees work outside Finland.

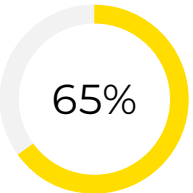
COUNTRIES IN WHICH MIRKA HAS SUBSIDIARIES

Baltic States, Belgium, Brazil, Canada, China, Finland, France, Germany, India, Italy, Mexico, Poland, Singapore, Spain, Sweden, The Netherlands, Turkey, United Arab Emirates, United Kingdom, USA

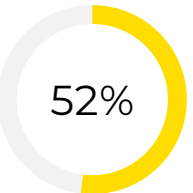
SHARE OF GROUP



TURNOVER



PERSONNEL



GROSS INVESTMENTS

Unpredictability is the new normal

In recent years, the world has been characterised by great unpredictability and 2023 was no exception. However, now that the year is over, we can see that it was ultimately a really good year for Mirka, even if the market was slow and unsteady, mainly on account of the recession in the construction industry.

As of October 2023, we have been back to normal sales levels, and since we have always known that we operate in a pre-cyclical industry, I dare to believe that this indicates a permanent turnaround. On a positive note, the disruption to supply chains caused by the coronavirus pandemic is finally coming to an end, allowing us to free up capital by holding less stock, and improving profitability.

In the area of sustainability, we made great strides last year. The new energy-efficient, environmentally friendly abrasives manufacturing process is now in full use and already accounts for a significant share of production volume. Other sustainability achievements include the factory in Jakobstad becoming

carbon neutral thanks to geothermal energy and solar panels. We also decided to build a solar farm at the factory in Jeppo.

Perhaps the most important work in the environmental field, however, is taking place in the two projects run by Mirka and co-financed by Business Finland. In the SHAPE project, we are exploring the possibilities of the circular economy, among other things. We have set a target for 70% of our products to be circular or compostable by 2035. It is a tough target, but we are working full steam ahead to achieve it.

The CIGMA project, in turn, aims to develop circular processes to produce new ceramic abrasive grains and to separate used abrasive grains from the other materials in the products to reuse them. Here, the environmental measures go hand in hand with the business benefits, as abrasive grains are the most expensive raw material we use. The plan is to commission a facility for this purpose by the end of 2025.

Sustainability is not only about environmental action. It also includes corporate social responsibility. A good example of this is the campaign we ran at the beginning of 2023, when we had surplus capacity in production for some time. Instead of starting furloughs for staff, they spent two weeks working on voluntary tasks in the third sector, such as care for the elderly. This was a real win-win situation for all parties involved, and it also generated a lot of media interest.

Mirka has been working hard on digitalisation for a long time and we are now starting to see the full effect of the investments we have made in, for example, marketing automation and e-commerce platforms. It is worth noting that all the digitalisation initiatives across the company support our sustainability efforts, as they facilitate reporting and make it easier to prioritise the right actions. I would go so far as to say that, without proper digitalisation, sustainability is impossible.

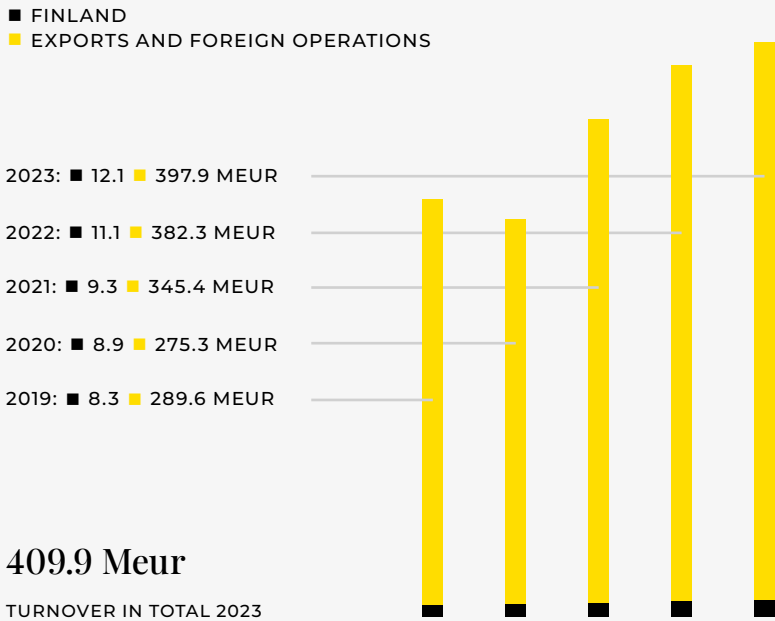
Other important events in 2023 were the addition of two new subsidiaries to Mirka, in the Benelux countries and Poland. We bought out the operations of our importers, giving us a stronger and clearer presence in these important markets. The year ended with a celebration of Mirka's 80 years in business with all our staff. Despite Mirka's considerable age, it is not time to slow down. In fact, I feel that we are only at the beginning of our journey.

Instead of starting furloughs for staff, they spent two weeks working on voluntary tasks in the third sector

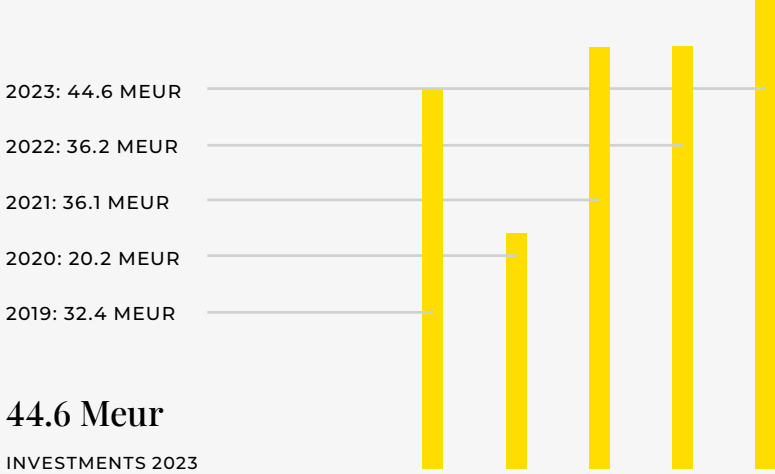
STEFAN SJÖBERG
Head of Division,
Mirka



Turnover



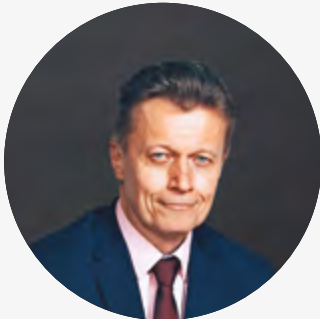
Investments



JOACHIM RÄNNAR
Operations Director



MATS SUNDELL
R&D Director,
Deputy Chief Executive



JAN TORRKULLA
Production Director

Personnel



OLAV HELLMAN
CFO



SIMON BLOXHAM
Vice President Sales



NINA NYMAN
Marketing Director

We are now starting to
see the full effect of the
investments we have
made in digitalisation

Finland's leading port operator

Wide range of services

KWH Logistics is one of Finland's leading port operators with operations in all major ports in Finland. The Group also includes several subsidiaries working in other logistics areas.

Many subsidiaries

Thanks to its many local subsidiaries, KWH Logistics works very closely with its customers. At the same time, the company is able to

offer total solutions for its customers' logistics, with its subsidiaries working together.

Strong investment capacity

One of KWH Logistics' major strengths is its good investment capacity, which allows the company to quickly start up new operations according to customer needs.

KWH Logistics' operating locations

KWH Logistics operates in all major ports in Finland. In addition, the company operates in a wide range of industrial locations.

PORTS

HaminaKotka (Kotka), Hanko, Kalajoki, Kemi, Kokkola, Koverhar (Hanko), Kristiinankaupunki, Naantali, Oulu, Tahkoluoto (Pori), Tornio, Turku, Uusikaupunki, Vaasa, Vuosaari (Helsinki)

INDUSTRIAL AREAS

Heinola, Kokkola, Kärkölä, Pello (Mikkeli), Pietarsaari, Rauma, Savonlinna, Sotkamo, Uusikaupunki, Vaasa, Äänekoski

TIMBER TERMINALS

Akaa, Haapajärvi, Hyrynsalmi, Kontiomäki, Oulainen, Pesiökylä (Suomussalmi), Seinäjoki, Ylivieska, Vuokatti (Sotkamo)

SHARE
OF GROUP

24%

TURNOVER

23%

PERSONNEL

40%

GROSS
INVESTMENTS





KWH LOGISTICS

A year of upheaval

In the KWH Group's last annual report, I predicted that abrupt changes are the new normal, and now a year later I can see that I seem to have been right on that point. 2023 was not a calm, stable year for KWH Logistics either; the fluctuations continued. Since transit traffic from Russia largely fell away in 2022, we initially managed to compensate big part of the loss with new partnerships, especially with the forestry and steel industries. However, in the second half of 2023, the forestry industry started to slow down on account of the economic situation and we saw a drop in demand.

While 2023 did not turn out as we had hoped, there are still many bright spots from the year that bode well for the future. We managed to secure several new long-term contracts with different sectors and have many promising projects in the pipeline. We also managed to sign many long-term agreements to manage import volumes of raw materials for major domestic industries. Furthermore, we took over the raw material handling at Europe's largest veneer factory, and initiated new flows of sawn goods in the ports of Oulu, Mussalo and Vuosaari.

We have strong confidence in Finnish industry and I am convinced that the current slump in the forestry industry is temporary. Since we believe in the future, we continued to invest heavily in 2023, a total of EUR 34.7 million. It is worth noting that machinery investments are now often made in hybrid and electric machines in line with our sustainability goals.

2023 also saw other interesting events. Otto Rodén's operations were merged with Rauanheimo to achieve synergies in Kokkola. In addition, we established a completely new ship customs clearance brand, Galea Shipping, which began operating in early 2024. Previously, ship customs clearance was spread across our various stevedoring companies and the company Jalander, but thanks to the new arrangement, we can share knowledge and achieve synergies. Another interesting future venture was the purchase of the port of Karhusaari in Kristiinankaupunki, given the planned investments in the area.

During the year, we worked actively on HR and health and safety issues. I am proud that we managed to double the number of proactive safety observations and reduce the accident rate. As we

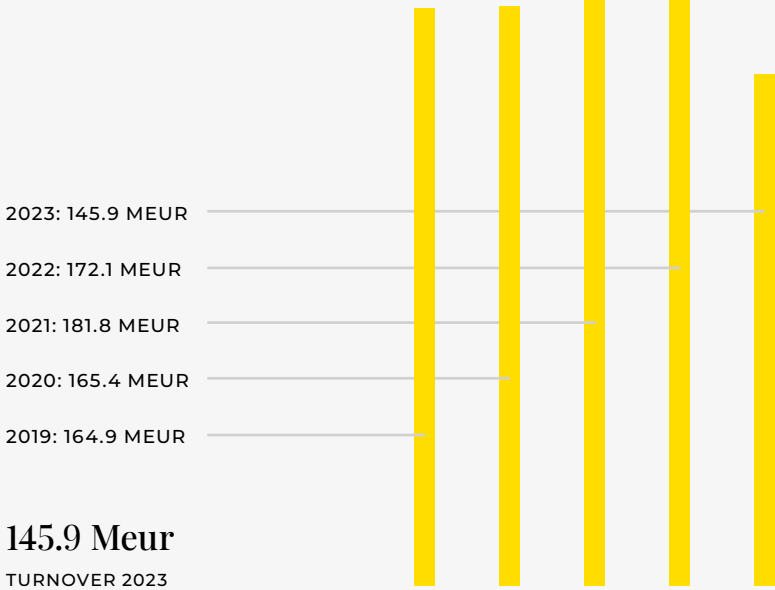
consist of several different subsidiaries, it is also important to focus on a shared corporate culture, and several efforts were made in this regard last year.

Despite the challenging market situation, we look to the future with confidence. According to a 2023 customer survey, our strengths are seamless communication, flexibility and responsiveness. We remain the leading port operator in Finland, and thanks to our broad geographical coverage we can offer customers a superior range of route options and logistics solutions.

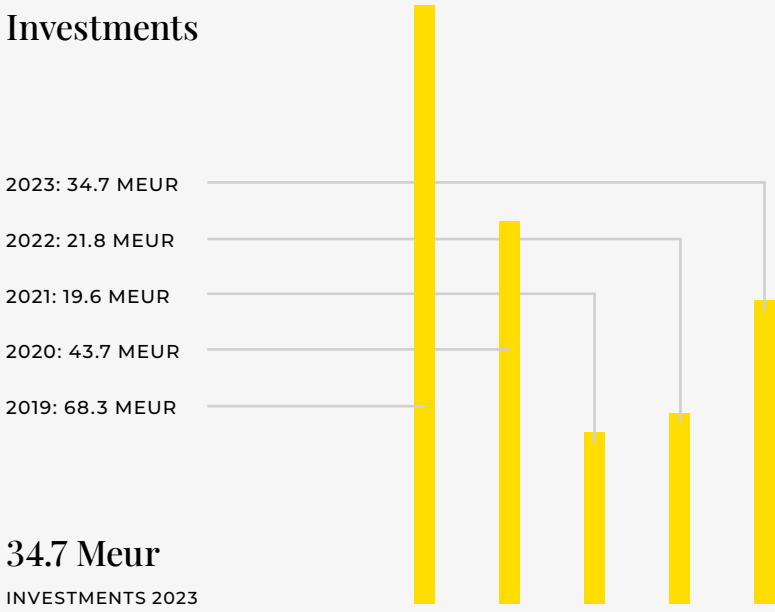
JOAKIM LAXÅBACK
Head of Division,
KWH Logistics

Since we believe
in the future,
we continued to
invest heavily

Turnover



Investments



BERNT BJÖRKHOLM
Managing Director, Blomberg Stevedoring & Blomberg Rent
Director, Freight Forwarding



ANDERS BACK
Financial Director, KWH Logistics

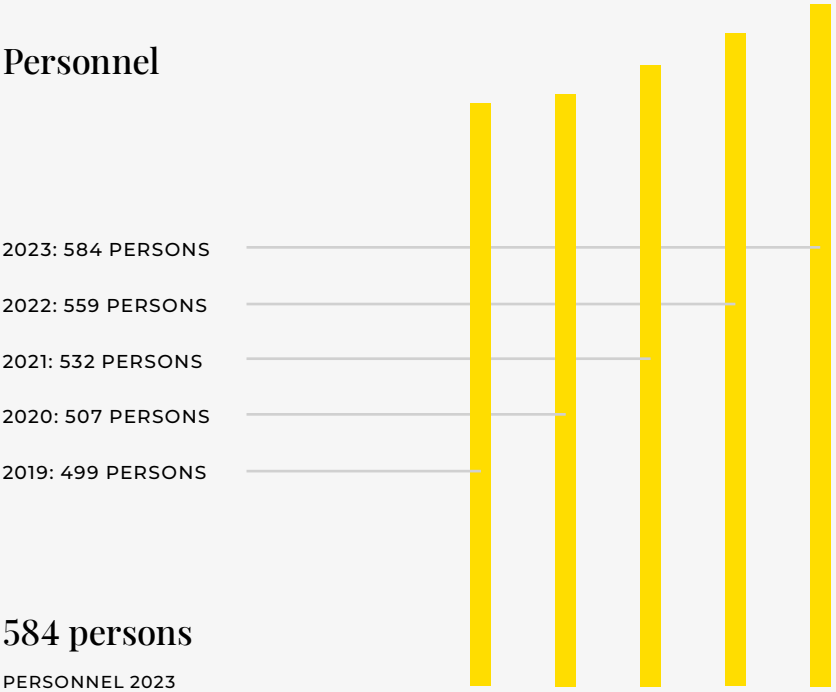


MARKKU MÄKIPERE
Managing Director, Stevena & Moonway
Marketing Director, KWH Logistics



VESA PELTOLA
ICT Director, KWH Logistics

Personnel



According to a 2023
customer survey, our
strengths are seamless
communication, flexibility
and responsiveness



MONA ANDERSSON-KUORIKOSKI
HR Director, KWH Logistics



PETRI LEHTIPUU
ESQ Director, KWH Logistics



TERO KOSONEN
Managing Director, Rauanheimo



PEKKA PÖLLÄNEN
Managing Director, Adolf Lahti



KWH Logistics’ business units

Port Logistics

Stevedoring, freight forwarding, storage, ship customs clearance and port logistics for bulk cargo, general cargo, roro-cargo and heavy project loads.

- SUBSIDIARIES
- Blomberg Stevedoring
 - Galea Shipping
 - Rauanheimo
 - Stevena

International Transports

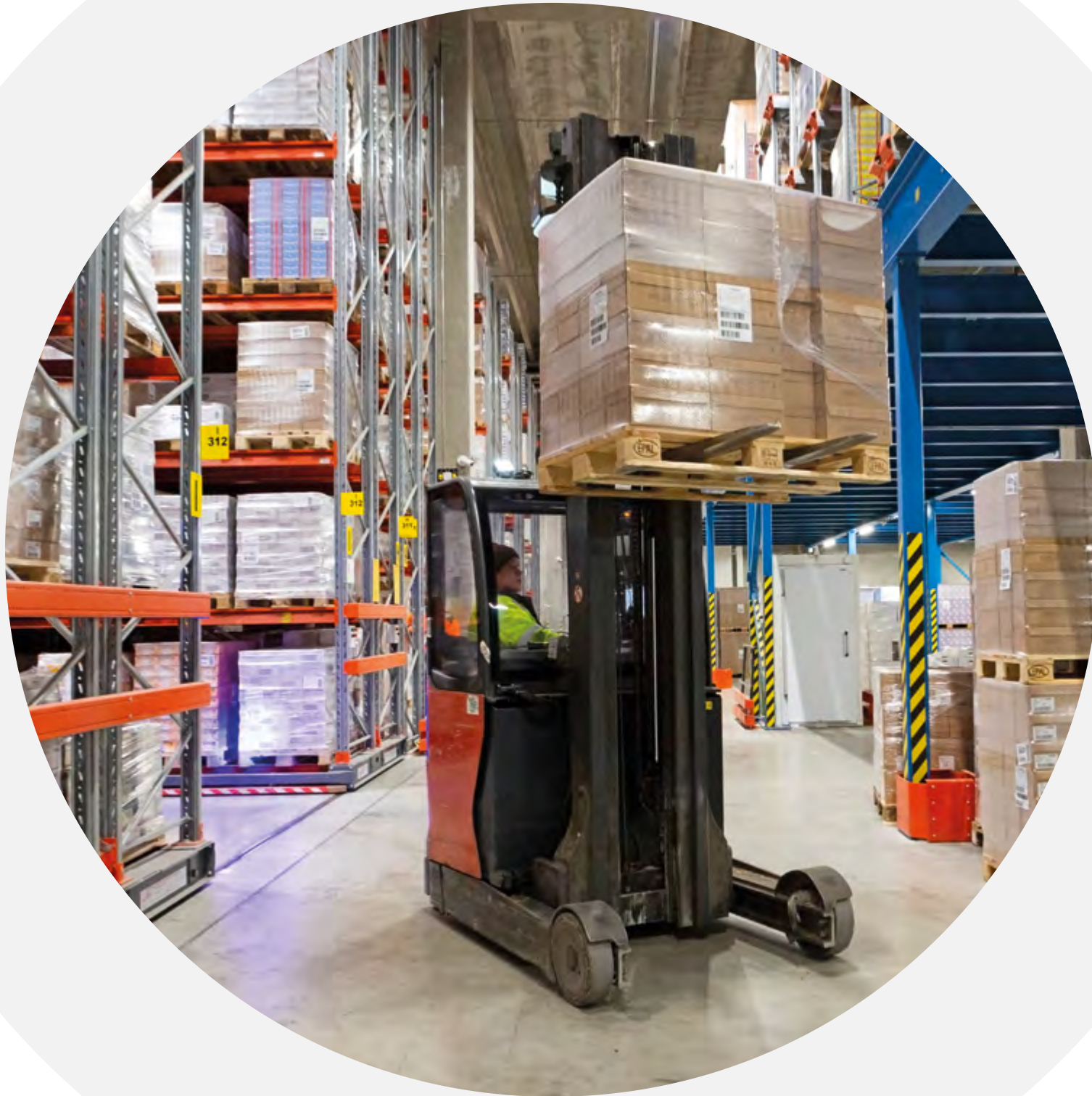
Global logistics solutions with different modes of transport.

- UNITS
- Backman-Trummer
 - (Freight Forwarding department)
 - Moonway

Industrial Services

Handling of goods in terminals and industrial areas. Hire of heavy machinery and special tools.

- SUBSIDIARIES
- Adolf Lahti
 - Blomberg Rent



KWH FREEZE

The biggest frozen storage company

Frozen giant

KWH Freeze is Finland's largest frozen storage company. Almost half of all frozen food consumed in Finland passes through the company's warehouse in Vantaa.

Big investments

Over the past five years, KWH Freeze has grown steadily thanks to major investments in expanded capacity.

Digitalisation

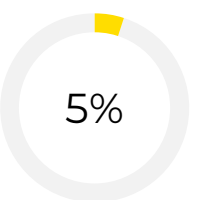
The business is highly digitised and customers' IT systems are integrated in KWH Freeze's IT system. This enables automated deliveries and real-time stock balances.

Flexibility for customers

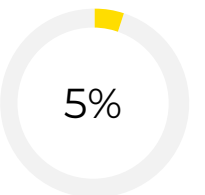
The main customer groups are the wholesale trade, various food industry operators and importers of frozen food.

Many frozen foods are typically seasonal products, which means that KWH Freeze gives its customers the opportunity for great flexibility in terms of volumes.

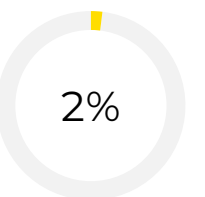
SHARE
OF GROUP



TURNOVER



PERSONNEL



GROSS
INVESTMENTS

A stable, steady year

After a few turbulent years with large investments, the pandemic and extremely high energy prices, I can say that 2023 was a stable year for KWH Freeze. We have invested heavily in our warehouses over the past five years and were able to fully capitalise on them. Volumes were steady and stable, and in 2023 energy prices also stabilised, coming down from the very high levels of the previous year. This is of course gratifying for those of us working in an exceptionally energy-intensive industry.

The big investment boom is now behind us and at present we do not have any concrete expansion plans, but we are nevertheless making long-term preparations for new investments in the future. To pave the way for future investments, we have secured certain land areas in the vicinity of our warehouse in Vantaa.

KWH Freeze has faced challenges in finding labour for a long time, especially during the spring and summer peak season. However, we were very successful in this respect last year thanks to new recruitment channels. We have also managed to keep the quality of our work high, which is reflected in satisfied customers and stable results in staff surveys. Staff skills development was a particular focus area last year.

The major sustainability issue for us at KWH Freeze relates to our energy use, and how we can harness the waste heat generated in our cooling process. We have been looking for a solution to this issue for more than ten years and I am happy to say that we took a big step forward last year. We hope to present the concrete plans in 2024. Our ultimate goal is to

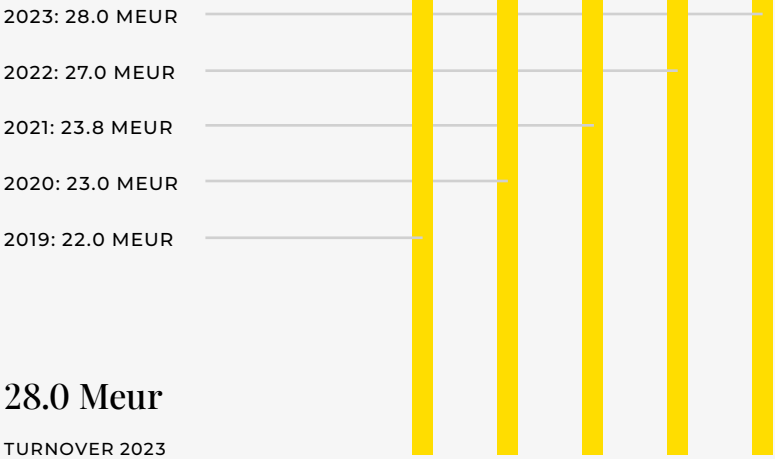
become carbon neutral and we are now closer to that goal than ever before.

PETER LÅNG
Head of Division,
KWH Freeze

We have been looking for a solution to waste heat issue for more than ten years and I am happy to say that we took a big step forward



Turnover



EIJA SAVELA
CFO



MIKA HALVORSEN
Development Manager

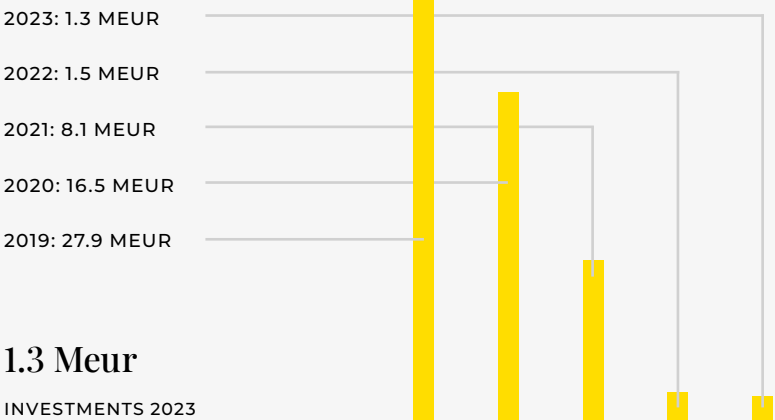


ANU SAARI
IT Manager

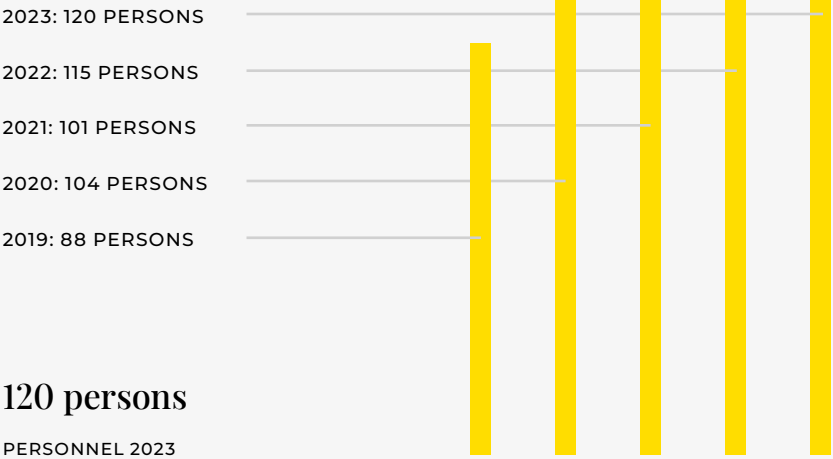


JONNE SIITARI
IT and Process Coordinator

Investments



Personnel



KIM ELONEN
Risk Management and Safety Manager



ANNE TURUNEN
Chief Accountant



JARI PAASONEN
Warehouse Manager



STEFAN THILMAN
Warehouse and Transportation Superior

We have invested heavily
in our warehouses
over the past five years
and were able to fully
capitalise on them

KWH INVEST: PREVEX

Unique, sustainable water traps

Production in Finland

Prevex is one of the few companies in the world specialising in water traps for kitchens and bathrooms. All products are manufactured in Finland.

Smart features

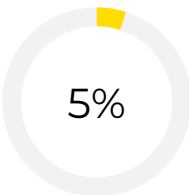
The water traps combine many smart features such as being flexible, space-saving and easy to clean. Unique customised water traps are also developed in close cooperation with customers.

Focus on sustainability

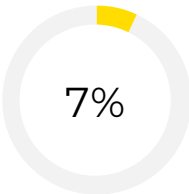
In recent years, Prevex has invested heavily in sustainability and is by far the industry leader in this area. Company's products contain 55 per cent recycled raw materials.

All the energy the company uses has long been emission-free. In 2023, Prevex achieved operational carbon neutrality.

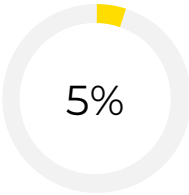
SHARE
OF GROUP



TURNOVER



PERSONNEL



GROSS
INVESTMENTS





KWH INVEST: PREVEX

The world’s most environmentally-friendly water trap

2023 was the year when the major investments we made in sustainability in recent years finally started to pay off. The response from the market was great and resulted in many customer visits and several significant new deals. It is gratifying to see that the market seems to have matured rapidly and that sustainability is in demand.

When we embarked on our sustainability journey, three things were clear from the start: we would not increase the price of our products, we would not compromise on quality and, last but not least, we would invest where it would have the greatest impact. This last aspect is the reason why we did not go for a specific green product line, but decided instead to introduce recycled plastic as a raw material in all our products. In 2023, the proportion of recycled raw materials was already 55% on average.

Our success in increasing the proportion of recycled plastic faster than we anticipated led to a greater than expected reduction in our relative carbon dioxide emissions – 37% compared to 2018. An important milestone was also reached when our operating activities (not including raw materials) became carbon neutral in 2023.

What we have learned along the way is that you need to adjust your objectives as you gain new knowledge. Our long-

term goal is to continue to increase the proportion of recycled plastic in our products, but in 2024 we are mostly focusing on phasing out lead from our production. In addition, we are investing in the development of plastic-free packaging.

Research and development, combined with a high degree of automation, has always been important to PreveX. This is one reason why, in 2023, we concentrated all production in Finland and closed our factory in Poland. Now we generate the same sales with far fewer employees. One piece of good news from last year’s production was that we managed to drastically reduce the number of accidents at work. This result was

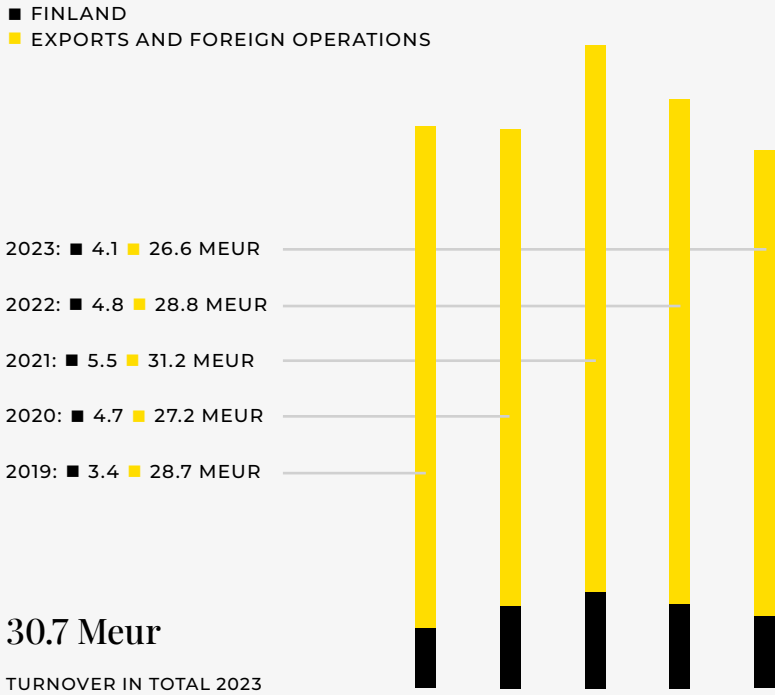
no accident itself and was due to a persistent, systematic and comprehensive approach to health and safety.

The construction industry was in a deep recession in 2023 and this naturally affected demand for water traps. But also for this reason, I am particularly pleased that we have come so far in our sustainability work, as it has brought us new customers and opportunities that we would not have had otherwise. It is easy to look to the future with confidence as we have a unique offering for the market.

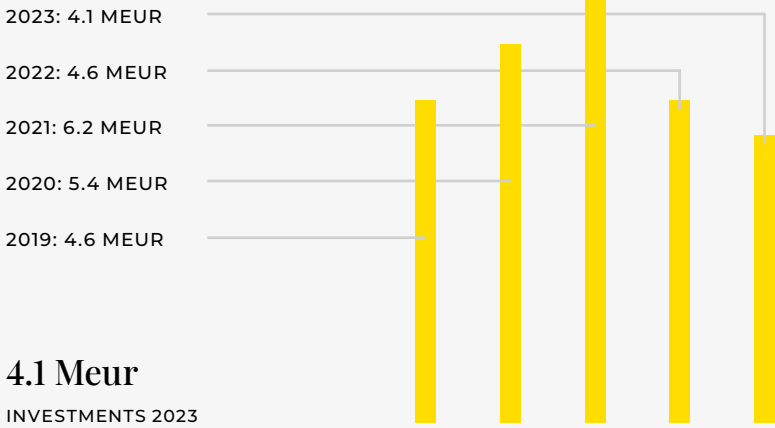
MARKO NYLUND
CEO, PreveX

One piece of good news from last year’s production was that we managed to drastically reduce the number of accidents at work

Turnover



Investments



CAMILLA WIKMAN
CMO



SASHA LAITINEN
CFO



PETER ENGSTRAND
Sales Director,
Business Development

Personnel



MIKAEL GÄDDNÄS
COO



FILIP JANKOWSKI
Sales Director

In 2023, the proportion
of recycled raw
materials was already
55% on average

KWH GROUP

Sustainability Report 2023

Over the past year, global sustainability initiatives and increased regulatory requirements continued to shape the business environment. This represents a critical challenge for industrial actors such as the KWH Group, which must navigate and adapt to the emerging sustainability landscape that now defines the global economy.

In the European arena, the regulatory requirements for companies are becoming clearer and some companies need to start reporting under the new rules of the Corporate Sustainability Reporting Directive (CSRD). Although the KWH Group is not yet subject to these new regulatory requirements, we are already preparing, which will also enhance our competitiveness.

To continue to manage the KWH Group's long-term competitiveness, we have been working to implement our action plan, which was developed with the ESG strategy in previous years. In continuation of this, and to comply with CSRD, we will carry out a double materiality analysis in 2024, and thus be able to continue working on the areas that are material to the KWH Group.

Sustainability work

For us, working sustainably means including social, environmental and economic aspects in both decision-making at strategic level and in our day-to-day work. We believe that sustainable business development is a prerequisite for long-term value creation and for building future-proof companies.

In 2022, the KWH Group carried out a materiality analysis to identify the priority sustainability issues that laid the foundation for our ESG strategy and associated ESG handbook. The strategy describes our sustainability ambitions and provides a framework and a common direction for the Group's long-term sustainability work. The handbook gives the business divisions practical guidance on how to

implement the strategy and the proposed measures. It also provides information about current and upcoming regulations, laws and standards.

In 2024, the materiality analysis will be updated to meet future regulatory requirements and to continuously evaluate our sustainability work.

We believe that
sustainable business
development is a
prerequisite for long-
term value creation

The KWH Group’s material sustainability aspects

The 2022 materiality analysis identified priority sustainability issues to which the Group should devote additional resources. To ensure that the sustainability aspects are in line with the expectations and requirements of KWH’s key stakeholders, stakeholder dialogues were held with owners, representatives of all business divisions, employees and financial advisers.

Stakeholder group	Priority areas
Owners and Board of Directors	Safe, secure, fair workplace Climate impact and energy use Circular economy and green technology
Employees within each business division	Safe, secure, fair workplace Climate impact and energy use Gender equality, diversity and equal treatment
Business division management	Circular economy and green technology Active ownership and implementation of ESG Safe, secure and fair workplace
Financial advisers	Active ownership and implementation of ESG Transparent business practices and anti-corruption Climate impact and energy use

The KWH Group’s priority sustainability issues		
Priority	Focus	Monitor
<ul style="list-style-type: none">Active ownership and implementation of ESG in Group companiesPromoting the circular economy through innovation and green technologyReducing climate impact and energy consumption	<ul style="list-style-type: none">Ensuring a safe, secure and fair workplaceIntegrating ESG in investment processesMaintaining data security and customer privacy	<ul style="list-style-type: none">Promoting gender equality, diversity and equal treatmentProactive promotion of transparent business practices and anti-corruption

The KWH Group’s ESG strategy is based on our core values and is the result of the materiality analysis. To enhance the Group’s sustainability work, the business divisions set up coordination groups during the year to share experience and lessons learned in areas such as sustainability reporting, sustainable product development, communication and internal development. The project is an important part of the work to ensure active, structured sustainability work throughout the Group.

In 2023, we monitored the progress of the ESG strategy’s targets and KPIs by

collecting a wide range of sustainability data from all business divisions. The work will continue in the coming years and data collection will be developed to create long-term value with the business groups and to meet future regulatory requirements via governance, KPIs and monitoring.

Vision		
A family-owned growth company that conducts operations in a responsible, long-term, and sustainable manner		
Overall goals		
To contribute to sustainable, innovative solutions for a better environment	To create a safe, pleasant workplace for all our employees	To integrate ESG throughout our business for long-term, responsible ownership

The cornerstones of the Group’s business model are deep commitment and an active presence in the business divisions to develop and build future-proof companies. We aim to be a responsible owner company with a long-term focus.

The goal is to be a competitive industrial group that promotes sustainable business models.

Sustainability Governance

The KWH Group’s philosophy on long-term, sustainable value creation is based on owners and employees and their shared values. The Group CEO is ultimately responsible for sustainability work in the KWH Group and leads the Group’s development work. The business division CEOs, in turn, have ultimate responsibility for promoting sustainability issues in their respective business divisions and business units.

An internal policy framework sets the guidelines for the KWH Group’s actions as a responsible company. The framework includes a number of Group-specific policies adopted by the Group Board. The Code of Conduct for employees and for business partners set the guidelines for how the KWH Group should behave as a responsible company. In addition to Group-wide policies, the different business divisions also have business-specific policies according to their needs.

Consolidated income statement

EUR 1,000	1.1–31.12.2023	1.1–31.12.2022
Turnover	610,787	618,970
Other operating income	7,146	5,760
Change in inventories of finished goods and work in progress	-11,265	10,309
Production for own use	6,413	4,699
Materials and services	-209,906	-249 748
Personnel expenses	-173,777	-169,244
Depreciation and impairment	-60,873	-55,034
Other operating expenses	-101,215	-10,512
Share of loss/profit in associate	0	9,455
Operating profit	67,308	73,655
Financial income	6,538	3,463
Financial expenses	-6,668	-6,279
Profit before taxes	67,179	70,839
Income tax expense	-15,953	-13,267
Profit for the financial year	51,226	57,572
Split:		
Equity holders of the parent company	51,230	57,575
Non-controlling interest	-4	-3
Profit for the financial year	51,226	57,572

Statement of comprehensive income

Profit for the financial year		
Items that may be reclassified to income statement:		
Share of other comprehensive income, associated companies		
- net other comprehensive income	0	-1,574
Cash flow hedging		
- net profit/loss	-5,733	-1,205
- in accounting year's result	980	6,881
Recalculation differences		
- recalculation differences in current period	-599	-397
Other comprehensive income after tax in total	-5,352	3,705
Total comprehensive income	45,874	61,277
Split:		
Parent company's shareholders	45,878	61,281
Non-controlling interest of the Group consolidation result	-4	-3
Comprehensive income in total	45,874	61,277

Consolidated balance sheet

Assets EUR 1,000	31.12.2023	31.12.2022
Non-current assets		
Intangible assets	38,118	31,294
Goodwill	8,076	8,596
Tangible assets	410,535	393,771
Investment property	1,163	1,306
Investments in associates	0	83,248
Financial assets available-for-sale	1,113	1,957
Other financial assets	774	3,330
Deferred tax assets	3,197	3,424
Non-current assets, total	462,976	526,926
Current assets		
Inventories	92,100	112,158
Trade and other receivables	101,227	99,991
Income tax receivables	450	1,221
Financial assets intended for trading	10,242	4,085
Cash and cash equivalents	188,896	69,990
Current assest, total	392,914	287,445
Assets, total	855,890	814,371
Equity and liabilities EUR 1,000	31.12.2023	31.12.2022
Equity		
Share capital	3,756	3,756
Share premium reserve	7,931	7,931
Reserve fund	144	128
Translation differences	-2,034	-1,435
Fair value reserve	1,860	6,615
Retained earnings	653,960	61,634
Non-controlling interest	167	171
Equity, total	665,787	632,800
Non-current liabilities		
Provisions	2,075	2,338
Deferred tax liabilities	30,651	29,209
Finance lease liabilities	26,813	28,896
Trade and other payables	2	0
Non-current liabilities, total	59,540	60,442
Current liabilities		
Interest-bearing liabilities	22,562	19,802
Finance lease liabilities	11,935	10,852
Trade and other payables	92,832	87,480
Income tax liabilities	3,233	2,995
Current liabilities, total	130,563	121,129
Equity and liabilities, total	855,890	814,371

Board of Directors

The KWH Group’s Board of Directors has eight members and a secretary. Many of the Board members are shareholders, so the owners have a strong position regardless of whether there are shareholders in the operational management or not. In

2023, the Board of Directors had a new chairman and a new vice-chairman.

The Board’s mission is to manage the KWH Group’s affairs on behalf of the owners. The Board is responsible for

ensuring that the Group is managed efficiently and in accordance with good business principles. The Board approves, follows and monitors the KWH Group’s business strategy, strategic goals, risk strategy and management.



SOFIA KOHTALA
Hotel and Restaurant Manager
Board Member since 2014

CHRISTIAN HÖGLUND
M Sc (Econ)
Board Member since 2023

BJÖRN HÖGLUND
M Sc (Econ)
Chairman since 2023
Board Member since 2022

PETER HÖGLUND
B A
Board Member since 1973
Chairman 1988–1997



JOHAN HEIKFOLK
LL.M.
Secretary of the
Board since 2017

CAJ-ANDERS SKOG
M Sc (Econ)
Board Member
since 2016

FREDRIC TIDSTRÖM
M Sc (Econ)
Vice Chairman
since 2023

JANNEKE VON WENDT
MSc (Econ)
Board Member
since 2016

STEFAN WIKMAN
LL.M. with court training
Board Member
since 2019

Group management and auditors

The KWH Group’s Group Management consists of Heads of Division or CEOs and the parent company’s managers. Group management members are responsible for a business division or group function and the Group President leads Group development work and supports the rest of the management.

The Group Management is a diverse team that executes the Board’s decisions and sets the framework and direction for the organization. The management is responsible for ensuring that goals and strategies are fulfilled and for structuring and leading the Group’s operations to achieve set goals.



KJELL ANTUS
M Sc (Econ)
Group President, Head of Division, KWH Invest
Employed since 1988



MARKO NYLUND
M Sc (Eng), MBA
CEO, Prevex
Employed since 2019



CARL-MAGNUS TIDSTRÖM
M Sc (Econ)
CFO
Employed since 1997



STEFAN SJÖBERG
M Sc (Econ)
Head of Division, Mirka
Employed since 2011



JOHAN HEIKFOLK
LL.M.
General Counsel
Employed since 2017



JOAKIM LAXÅBACK
Forestry Engineer, MBA
Head of Division, KWH Logistics
Employed since 2002



PETER LÅNG
Bachelor of Commerce
Head of Division, KWH Freeze
Employed since 1987

STATUTORY AUDITORS
KRISTIAN BERG OCH ANDERS SVENNAS
M Sc (Econ), APA
Ernst & Young Ab

DEPUTY AUDITORS
MARJA HUHTALA OCH TERHI MÄKINEN
M Sc (Econ), APA
Ernst & Young Ab

SUPERVISORY AUDITOR
ERNST & YOUNG OY

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THE KWH ANNUAL REPORT CONSISTS OF AN ANNUAL REVIEW AND A FINANCIAL REPORT

The Annual Review gives a picture of the Group and its Business Operations and contains the Consolidated Income Statement and the Consolidated Balance Sheet.

The Annual Review is also available for download under www.kwhgroup.com. The Annual Review is available in English, Finnish and Swedish.

The Financial Report contains the financial statements including notes and can be ordered from KWH Group Ltd by e-mail info@kwhgroup.com.

The Financial Report is available in Swedish.





95 YEARS OF RENEWAL