



Sustainability Report 2025

Bairro Padre Cruz Market Hall, Portugal
Architect: REDO architects
Photo: emontenegro / architectural photography



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Review by the CEO



Our work in offering sustainable alternatives for modern architecture continues.

Last year, we reached an important milestone in advancing sustainable wood solutions for the North American market. Lunawood LLC was launched, and local production began in Georgia, USA.

In 2025, Lunawood Group sales increased by 15%, while gross margins strengthened slightly compared to 2024. Demand remains strong in the U.S. and other international markets. While European construction activity has shown slight improvement, market conditions remain cautious. However, regulatory developments continue to support the transition toward low-emission building materials, reinforcing positive long-term demand for sustainable solutions.

Within our sustainability program, a key achievement in 2025 was the significant reduction of our own emissions. This result demonstrates steady progress along our low-carbon roadmap toward our climate goals. By increasing the use of renewable energy and improving energy and material efficiency, we show that sustainable growth and operational excellence go hand in hand.

Looking more closely at the demand for sustainable products, we see continued interest in the carbon footprint of our products and in low-carbon building overall. As people spend more time indoors, the importance of indoor air quality, wellbeing, and healthy design continues to grow. Lunawood products are designed to bring warmth and coziness to interiors while creating a strong connection to nature.

We remain committed to advancing sustainable architecture by continuously developing durable, low-maintenance products with a low carbon footprint and a long life cycle. We provide transparent and up-to-date information about our products and make this information available on building material assessment platforms in key markets.

We thank our partners for their continued collaboration and remain committed to advancing healthier, more sustainable built environments together.

Arto Halonen
CEO
Oy Lunawood Ltd

Lunawood in Brief

2001

Founded

149

Employees

68.2 M€

Revenue 2025

93%

Share of export

50

Exporting to over 50 countries in 2025

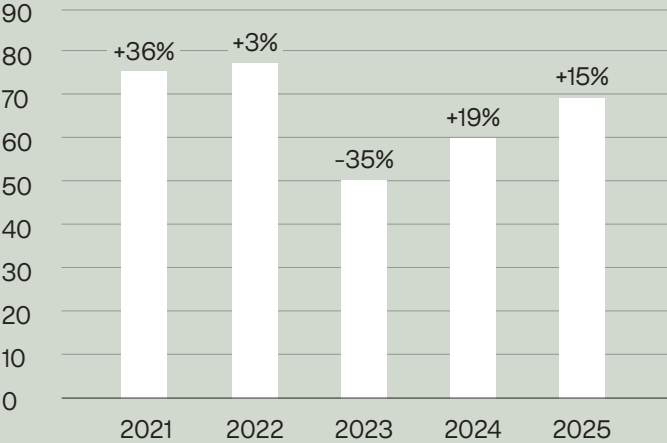
160 000 m³

Production capacity / year in Finland

10 000 m³

Production capacity / year in USA

Revenue development M€



Our production sites and headquarters



Building Sustainability in Lunawood LLC

2025 marks the first year of operations for Lunawood LLC and Lunawood's expansion to North America.

 Thermally Modified Wood
Grown and Made in USA



On September 30th, 2025, Lunawood celebrated a historic milestone: the grand opening of its new production facility in Cleveland, Georgia.



Lunawood LLC in the United States

- Established in 2025
- 8 employees
- Production site in Cleveland, Georgia

Lunawood LLC was established in the beginning of 2025 as a joint venture between Oy Lunawood Ltd and Atlanta Hardwood Corporation. During the first year of operations we took several important steps in building our production facility and product offering. Simultaneously Lunawood LLC also took the first steps in the sustainability journey and safety management. Building on Lunawood’s long-standing work in developing sustainable operations in Finland, Lunawood sustainability program will also be implemented and localized for Lunawood LLC.

The first team members of Lunawood LLC began their work during the first quarter. By the end of the year, the team had grown to eight employees. Throughout the year, the primary focus was on developing sales and building strategic partnerships. During the year, all Lunawood LLC employees received training in the updated Lunawood Code of Conduct.

Thermal modification of local wood species commenced at Cleveland site during the summer of 2025, and the second kiln was commissioned at the end of the year. Key highlights included the launch of the first North America Collection and the celebration of the production start with an opening ceremony that brought together our most important stakeholders. Lunawood’s North America Collection combines local craftsmanship with timeless Nordic design. The Collection features premium products made from thermally modified Yellow Poplar and White Ash, enhanced completely without chemicals.

In 2025, Lunawood FSC certificate was expanded to cover also Lunawood LLC, meaning that we can now serve customers with FSC certified North America Collection products. For both the Lunawood North America Collection and the Lunawood Nordic Collection, we want to ensure that all product tests required for the U.S. market are properly carried out. As a practical step forward, our rainscreen assembly has now been registered for use in High Velocity Hurricane Zones in Florida.

We continue to test our new products for fire behaviour in accordance with SFM 12-7A for California OSFM Building Materials listings, endorsing their use in Wildland-Urban Interface zones. Additionally, domestic pathways for ASTM E84 Class A fire-retardant treatment for our Nordic and U.S. products are being developed, with processes expected to be launched for several products in 2026.

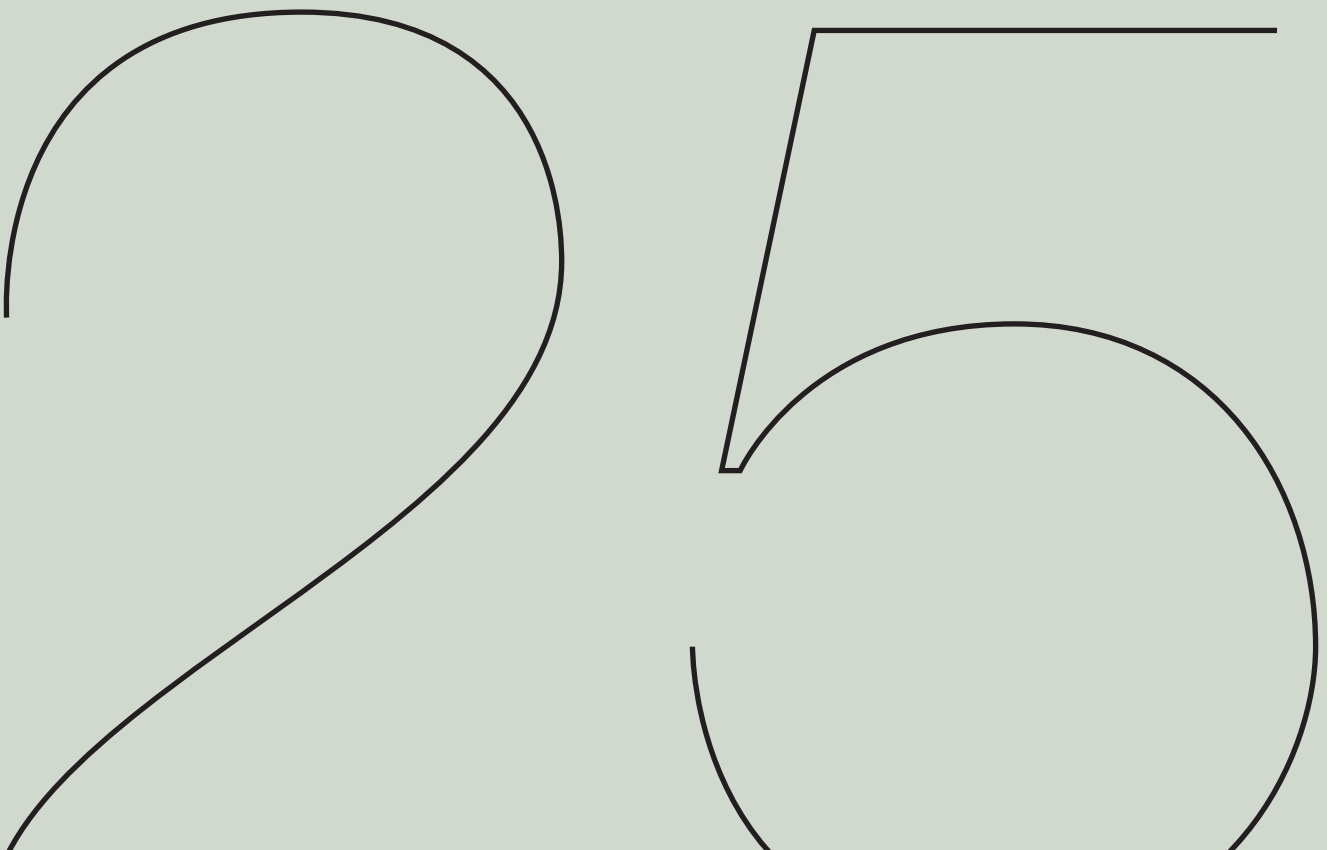
WAY FORWARD

- ▶ Implement sustainability program and KPIs for Lunawood LLC
- ▶ Continue safety management system implementation
- ▶ Continue product development and fire behaviour testing
- ▶ Continue testing to provide coating recommendations



Highlights 2025

In 2025, we made significant progress in our sustainability program. The following highlights summarize our key achievements.



44%

Lower Emissions

We succeeded in reducing the emissions of our operations (total scope 1 and 2) by 44% compared to 2021 baseline.



Renewed Code of Conduct

We have updated our Code of Conduct, which provides clear guidance to support our daily decision-making and interactions. It embodies our shared values and defines the standards of behavior expected from everyone representing Lunawood.



Luna Triple



Luna Aalto

100%

Renewable Electricity

We use only renewable electricity in our production. Renewable electricity is generated entirely from renewable energy sources—hydro, wind, and solar, with a verified origin.



Best from Dust Innovation Challenge

Together with the Bioboosters business accelerator we organized Best from Dust innovation challenge to explore new circular ideas and solutions for ThermoWood® dust. We identified several potential solutions that we will continue testing during 2026.

Lunawood wins Plus X Awards

Luna Aalto and Luna Triple were awarded for products that combine the Nordic landscape with a modern architectural vision – they have been transformed into durable surfaces that appeal with their texture, shadows, and simplicity.

As the icing on the cake, Lunawood was also awarded the title of Best Brand of the Year in the wood category.

Our Mission and Values

Lunawood's mission is reconnect nature with people by bringing the natural benefits of the sustainable forest into daily life.

We want to be a global leader and reliable business partner in sustainable wood innovations that positively impact architecture, well-being and emission reduction worldwide.

Our values

Lunawood's values are at the core of what we do. Our values guide our way of working with each other and with our stakeholders.



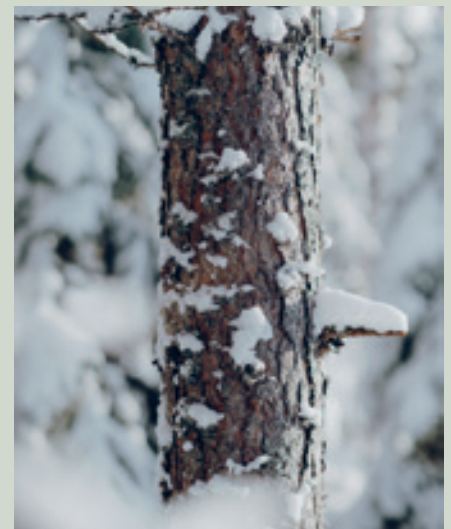
Results together

We act together as a team and trust each other. We take care of good working spirit and safety at work.



Brave innovator

We boldly develop our operations and dare to innovate. We encourage each other, our partners and stakeholders to succeed.



Forerunner in sustainability

Sustainability and high-quality guide our work and decision-making. We require sustainability from all our stakeholders throughout the value chain.

Creating Shared Value

OUR KEY RESOURCES



People

- An experienced and engaged team of professionals



Partnerships

- Close relationships with a global network of distribution partners
- Supplier collaboration



Production

- Two production sites in Finland
- One production site in Georgia, USA (Lunawood LLC)



Brand and innovation

- Lunawood brand and product development



Natural resources

- High-quality wood
- Energy and water



The financials

- Debt capacity and a good balance sheet
- A good track record in profitability
- Solid cash flow

OUR BUSINESS

As a pioneer in chemical-free ThermoWood®, we offer sustainable and long-lasting wood products for architecture, building and design

OUR MISSION

Lunawood's mission is to reconnect people with nature by bringing the natural benefits of sustainable forests into daily life.

OUR VALUES

Results together

Brave innovator

Forerunner in sustainability

CREATING VALUE FOR OUR STAKEHOLDERS

Customers

- We put the customer first and offer solutions for our customers success

Shareholders

- We build enterprise value and equity value

Society

- We design long-lasting carbon storing wood products for sustainable construction and architecture

Suppliers

- We emphasize close, long-term partnerships

Employees

- We create a safe workplace and encouraging team spirit
- We offer opportunities for development

Sustainability at Lunawood

Lunawood leads the way with comprehensive sustainability program. Sustainability is integrated into Lunawood's values, mission and strategy.



Sustainability Governance

Lunawood's sustainability governance model enables an ambitious and systematic approach to sustainability.

Board of Directors

Sustainability is included in the agenda of Lunawood's Board of Directors. The Board is responsible for setting the overall strategic direction including the direction of the sustainability work. The board reviews and approves Lunawood's ambition level regarding sustainability and the company's Code of Conduct. The board follows up on progress towards meeting Lunawood's sustainability goals and targets.

Management team

Responsibility for the company's sustainability-related activities rests with the management team. The management team makes strategic decisions related to sustainability, reviews and approves sustainability policies, commitments, roadmaps and targets, as well as monitors progress regularly. The sustainability manager is a member of the management team and is responsible for driving the sustainability agenda.

Operations and mill directors

The operations and mill directors are in charge of the site-level or operations area-level actions and targets. They are also responsible for implementation of the sustainability approach as well as instructions, practices and operating models.

Marketing and sales teams

The marketing and sales teams have an essential role as Lunawood's sustainability ambassadors globally. Through these teams, we also receive valuable input on customer expectations.

Cross-functional project teams

Cross-functional project teams are established as needed to advance specific projects on sustainability-related focus areas and to share knowledge and ensure effective use of resources. Lunawood currently has one sustainability related cross-functional team focusing on the environment and energy.

All employees

Sustainability is part of the daily work of all Lunawood employees.

WE SUPPORT



Lunawood is a signatory to the UN Global Compact and has committed to complying with its ten principles related to fundamental responsibilities in the areas of human rights, labour, the environment and anti-corruption.

Lunawood's sustainability program is guided by the UN's Sustainable Development Goals (SDGs). We report on our progress in Lunawood's annual sustainability report.



Carbon Neutrality

Combating climate change demands meaningful change in the construction industry. Lunawood plays its part by delivering durable products that lock in carbon for the long term, while staying committed to ambitious climate targets.

Our climate goals in own operations

- ▶ 42% less emissions by 2030 (SBTi validated target)
- ▶ Carbon neutrality by 2035



Approach

The building and construction sector has a vital role to play in taking climate action. Today, buildings are responsible for 39% of global energy-related carbon emissions, of which 11% are caused by materials and construction.

Lunawood ThermoWood® products can store carbon up to five times more than the emissions caused by production. For us, this is not enough, as we have raised our ambition level higher. We have set ourselves two climate goals: reduction of greenhouse gas emissions by 42% by 2030 from 2021 levels and, by 2035, we aim to be carbon neutral in our own operations (Scope 1 and 2).

Our 2030 greenhouse gas emission reduction target is validated by the Science Based Targets initiative. This means our target is in line with climate science and with limiting global warming to 1.5°C. Our major Scope 1 and 2 emissions are related to heat production and electricity we purchase.

In addition to decreasing emissions from our own operations, we are measuring our emissions in the value chain (Scope 3).

How we reduce our emissions

- ▶ We strive for continuous improvement in energy efficiency
- ▶ We transition to fossil-free energy sources

How we did in 2025

In 2025, we continued implementing the actions outlined in our low-carbon roadmap. The roadmap sets out the key measures and milestones needed to achieve our climate goals.

Last year, we reached an important milestone as all the electricity used in our production came entirely from renewable sources. In 2025, renewable sources accounted for 70% of our total production energy use, comprising both renewable biomass energy and electricity generated from renewable sources.

During the year, we also took important steps in energy efficiency, as the large energy production modernization project was finalized in January 2026. We also continued the development of energy efficiency in our operations.

As a result of the climate actions implemented, we succeeded in reaching our science-based target well ahead of time. Our total scope 1 and 2 emissions amounted to 3,813 tonnes CO_{2e} representing a significant 44% decrease compared to the 2021 baseline.

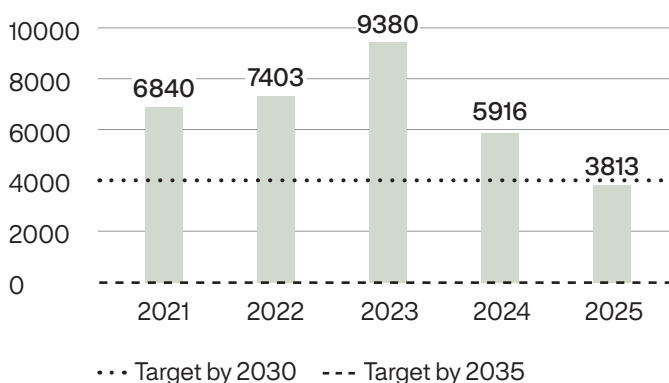
Within our value chain emissions (Scope 3), major sources include raw material sourcing and product transportation. In 2025, we launched a pilot project to explore the potential for reducing transport-related emissions by shifting to sea freight. We also saw positive progress among some of our Finnish raw material suppliers, whose ongoing emission-reduction efforts are reflected in the reduced carbon footprint of our raw materials.

Read more on our work related to energy and emissions on page 23.

44%

Reduction of scope 1 and 2 emissions from 2021

Lunawood Greenhouse Gas Scope 1 and 2 emissions: trend and target years



WAY FORWARD

- ▶ 100% green electricity
- ▶ Energy efficiency improvements in production
- ▶ Identifying fossil-free energy source alternative for heat production



Circularity – Valuing Wood throughout the Value Chain

The need for a circular transition, along with the significant impact of the building and construction industry in achieving it, is broadly recognized. Lunawood is committed to improving circularity in our processes and reinforcing the idea that wood is a valuable resource that must not be wasted at any point in the value chain.

Our circularity goals

- ▶ Continuous improvement in material efficiency
- ▶ 50% of wood side streams (planning dust & C grade) recycled as material

Allas Pool, Finland
Photo: Misa Kannos.



Approach

As the global population continues to grow, the demand for products and raw materials rises accordingly. The need for a circular transition—and the central role of the building and construction sector in achieving it—is widely acknowledged. Embracing circularity also opens the door to new opportunities. Wood, when sourced from responsibly managed forests, offers strong advantages from both circularity and sustainability perspectives, particularly when used in durable, long-lasting, low-maintenance applications.

Despite these strengths, there is still more progress to be made. At Lunawood, we are committed to advancing circularity across our operations. We produce long-lasting products using renewable, sustainable raw materials, strive for efficient production processes, and continuously explore new ways to reuse sawdust and scraps as valuable materials. In essence, we recognize and honor the full value of wood throughout the entire value chain.

How we promote material efficiency and increase circularity

Renewable materials

We use certified renewable raw materials.

Resource-efficient production

We improve material efficiency and waste recycling.

Side stream utilization and collaboration

We seek new solutions and partners to reuse or recycle our side streams.

Product development and product offering

Lunawood ThermoWood® products are durable, long-lasting, and easy to maintain. Fixing systems used with our products enable repair and reuse. We offer training and guidance on correct installation, supporting the long lifespan of products.

How we did in 2025

We already direct 100% of wood-related side streams to utilization, mostly for energy production. We want to find new ways to recycle sawdust and scrap as valuable materials.

In 2025, we conducted the Best from Dust innovation challenge for ThermoWood® planing dust in collaboration with the BioBoosters business accelerator. The aim of the challenge was to find collaboration opportunities and solutions where ThermoWood® dust generated during planing is used as a raw material instead of for energy production. Following the innovation challenge, Lunawood will continue discussions and testing with several participating teams during 2026.

In packaging, we use renewable materials, including wood and cardboard. We also use plastic hoods, of which 79% is made from recycled material.

CASE

Allas Pool

Durable, long service life products play a key role in circularity by reducing replacement and maintenance needs and waste.

Allas Pool in central Helsinki underwent a major renovation, including full replacement of the pool deck and renewal of sauna benches, to improve comfort, safety, and durability in a year-round facility with over 250,000 annual visitors.

Lunawood was selected for its thermally modified Nordic spruce, offering proven performance in marine conditions, long service life, low maintenance, and Finnish origin.

“Allas Pool is approaching its 10-year anniversary, and it was time for a major surface renovation of the decking. With such a high volume of visitors, the materials must withstand both time and heavy wear. We wanted a partner that could offer not only a high-quality Finnish product but also local service. Lunawood’s ThermoWood stood out for its low-maintenance properties and hidden fixing system, which protects the surface and extends its lifespan,” says Antti Lehto, COO of Allas Pool.

100%

100% of wood-related side streams to utilization

Read more on resource efficiency and waste management on page 24.

WAY FORWARD

- ▶ Increase material efficiency in production
- ▶ Continue to test new ways to reuse or recycle side streams through cooperation
- ▶ Circularity roadmap

Sustainability Program

Lunawood sustainability programme consists of four pillars.


Lunawood's sustainability program is based on the UN Sustainable Development Goals (SDGs), our values, and the materiality analysis summarising stakeholder expectations. The five prioritised Sustainable Development Goals that we support through our sustainability program are:

- SDG 8 Decent work and economic growth
- SDG 11 Sustainable cities and communities
- SDG 12 Responsible consumption and production
- SDG 13 Climate action
- SDG 15 Life on land

In Lunawood's sustainability program, each of the four pillars contains the key material topics for our sustainability work. Our company-level sustainability goals are related to climate and circularity. We continuously monitor the development of sustainability reporting-related regulations (CSRD, EU taxonomy) in order to comply with regulatory requirements.



Lunawood sustainability program

Carbon neutrality			
Circularity			
			
Sustainable sourcing	Responsible production	World-class sustainable company	High quality products with a long life cycle
<ul style="list-style-type: none"> ▶ Sustainable sourcing and origin of wood ▶ Supplier cooperation ▶ Biodiversity 	<ul style="list-style-type: none"> ▶ Emissions and energy ▶ Sidestreams and waste ▶ Water use ▶ Quality 	<ul style="list-style-type: none"> ▶ Strong employee engagement ▶ Safety at work ▶ Business ethics and human rights 	<ul style="list-style-type: none"> ▶ Product sustainability ▶ Customer experience and services

Stakeholder Engagement Highlights 2025

Cooperation with stakeholders is essential for sustainability. Here are some of the highlights of our stakeholder engagement.

Lunawood is one of the founding members of the International ThermoWood Association (ITWA). ThermoWood® is a registered trademark of the International ThermoWood Association. It signifies wood products produced using a patented thermal modification process developed in Finland. Only members of the International ThermoWood Association are permitted to use the term ThermoWood® for thermally modified timber, and vice versa: whenever the term ThermoWood® is used, the manufacturer must be named.

Lunawood is a signatory to the UN Global Compact. The UN Global Compact is the world's largest voluntary corporate sustainability initiative. It calls on companies to align their strategies and operations with universal principles on human rights, labour, the environment, and anti-corruption, and to take action that advances broader societal goals, including the Sustainable Development Goals.

Lunawood is a member of Finnish Business & Society (FIBS), the largest corporate responsibility network in the Nordic countries. The role of FIBS is to bring companies and business stakeholders together to share best sustainability practices and solutions.

Sustainability was actively discussed with customers during 2025. The main topics of interest included the EU Deforestation Regulation (EUDR), the carbon footprint of products, and certificates.

Lunawood participates in a circularity initiative (KiertoKasvu Pohjois-Savo -hanke) organized by Savonia University of Applied Sciences, Navitas Kehitys Oy, and the Ylä-Savo Municipal Federation of Education. The objective of the initiative is to support SMEs in the green transition.



Doris Duke Theatre
Architect: Jacobs
Pillow Mecanoo
Photo: Iwan Baan.

Sustainable Sourcing

Sustainably sourced, certified raw materials form the foundation of our products.

Our objectives

- ▶ Maintain a high share of certified raw material
- ▶ 100% of wood suppliers to sign Lunawood Third Party Code of Conduct



Our current wood raw materials are Nordic pine and spruce. Key building blocks in Lunawood's raw material sourcing are securing availability, consistent quality, and long-term cooperation with suppliers. We focus on active quality steering and improving the tools to support it. Our products build on the strengths of the wood species naturally grown in Finland, while balancing this with customer expectations and supplier capabilities.

Sustainable sourcing and origin of wood

Lunawood's sustainability approach starts with renewable, high-quality raw materials sourced from trusted suppliers. We have both PEFC-certified Chain of Custody (PEFC/02-31-114) and FSC Chain of Custody (FSC® C210428) certificates.

In 2025, all our raw materials came from certified sawmills. All wood we procured in 2025 was from certified forests or forests that meet the requirements of controlled origin. In 2025, the share of certified raw material was 98% of our total raw material purchases. In 2025, we started the purchase and sales of FSC-certified wood. While the great majority of our products are sold as PEFC-certified, we increase the share of FSC-certified products based on customer preferences. In 2025, 100% of spruce and over 99% of pine were sourced from Finland. The remaining less than 1% was from Sweden.



100%

of our wood suppliers are certified (PEFC and/or FSC)

CASE

Forests in Finland

Finland is the most forested country in Europe. Over 75% of Finland's land area is covered by forests. In Finnish forests, the dominant tree species include spruce, pine, and birch, which are all native tree species. A majority, 60% of Finnish forests, are owned by non-industrial private forest owners.

Forest legislation in Finland sets the minimum requirements for the management and use of forests. One of the key aspects of the legislation is the forest regeneration obligation.

In Finland, more than 90% of forests are certified under PEFC and FSC schemes, whereas globally only around 10% of the world's total forest area is certified.

Supplier cooperation and biodiversity

Lunawood aims to cooperate with trusted partners in the value chain. In addition to being certified (PEFC and/or FSC), our raw material suppliers are committed to the principles of the Lunawood Third Party Code of Conduct. With our key suppliers, we engage in deeper dialogue on sustainability topics.

Regulation (EU) 2023/1115 on deforestation-free products (EUDR) seeks to reduce greenhouse gas emissions and biodiversity loss by increasing the use of deforestation-free products and limiting the EU's contribution to global deforestation and forest degradation. In 2025, we prepared to meet the requirements of the EUDR. In practice, this has meant updating our due diligence process and ensuring that we are able to collect, share, and manage EUDR numbers in our ERP system. During the year, we also engaged in active discussion on EUDR implementation with our partners and suppliers. Towards the end of the year, the application of the EUDR was postponed until December 2026. Lunawood remains committed to meeting the requirements of the EUDR and providing our customers with the support needed.

WAY FORWARD

- ▶ Preparation for the Regulation (EU) 2023/1115 on deforestation-free products (EUDR)
- ▶ All new suppliers to comply with the Lunawood Third Party Code of Conduct

Responsible Production

The chemical-free thermal modification production process enhances wood's properties. Lunawood's focus areas for responsible production include energy and emissions, side streams and waste, water use and quality.

Our objectives

- ▶ Increase the share of renewable energy
- ▶ Improve energy efficiency
- ▶ Improve material efficiency and recycling of our side streams
- ▶ Maintain high and stable quality of our products



The thermal modification process improves the natural properties of wood using only heat and steam. The primary environmental impacts of our production sites relate to energy, material, and water use. We therefore focus on resource-efficient production practices while maintaining high product quality.

Energy and emissions

Lunawood's goal is to reduce absolute greenhouse gas emissions by 42% by 2030 (from 2021 level) and reach carbon neutrality in own operations (Scope 1 and 2) by 2035. Our actions towards the climate goals are defined in the low carbon roadmap.

Lunawood's key actions related to energy and emissions are improving energy efficiency and increasing the share of renewable energy. In 2025, all electricity used by Lunawood production in Finland was green electricity from renewable sources. As we move forward on our roadmap, we assess renewable alternatives to LPG used in heat production. In 2025, the energy production renewal project at Iisalmi Mill came to a finalization phase. The investment increased Lunawood's total energy production capacity and targets energy efficiency improvement. Going forward, we continue seeking ways to improve through our energy efficiency program on both sites in Finland.

In 2025, Lunawood scope 1 and 2 emissions were 3813 tonnes, meaning a significant 44% reduction from 2021 baseline. In 2025, 70% of energy used in our production was from renewable sources and this consists of wood-based energy and green electricity.

In our Sustainability report 2024, we reported on value chain related (Scope 3) emissions for the first time. Some of the biggest categories of our value chain emissions are product transportation and raw materials. In 2025, we conducted a pilot to evaluate the feasibility of increasing the use of sea freight in Europe and calculated the associated emissions to assess the potential for reducing the climate impact of product transport. The case study supports Lunawood's ongoing efforts to optimize logistics and reduce the climate impact of product transportation.

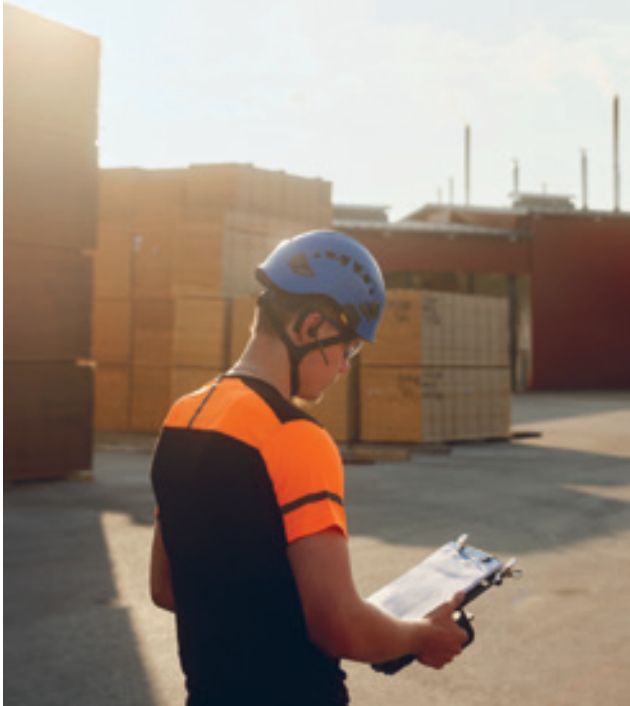
3 813 tCO_{2e}

Scope 1 and 2 emissions 2025

12 867 tCO_{2e}

Scope 3 emissions 2025





Side streams and waste

We aim for continuous improvement in resource efficiency in production. Our main side streams include planing dust, wood waste, ash and tar. In addition to resource efficiency and waste reduction, we seek to find new ways to utilize our by-products. Wood-based side streams are currently directed mainly to energy production.

All ash generated through the combustion of wood for energy at Kaskinen mill goes to forest fertilizer use. The use of ash as a fertilizer has several positive effects on the forest and the environment. Ash promotes tree growth and improves their ability to absorb carbon. Ash also helps to maintain the nutrient balance of the soil and improves soil condition overall.

For 2026, we have set specific focus areas on material efficiency on both sites in Finland and we monitor the progress against our targets.

Ekokompassi – EcoCompass environmental management system

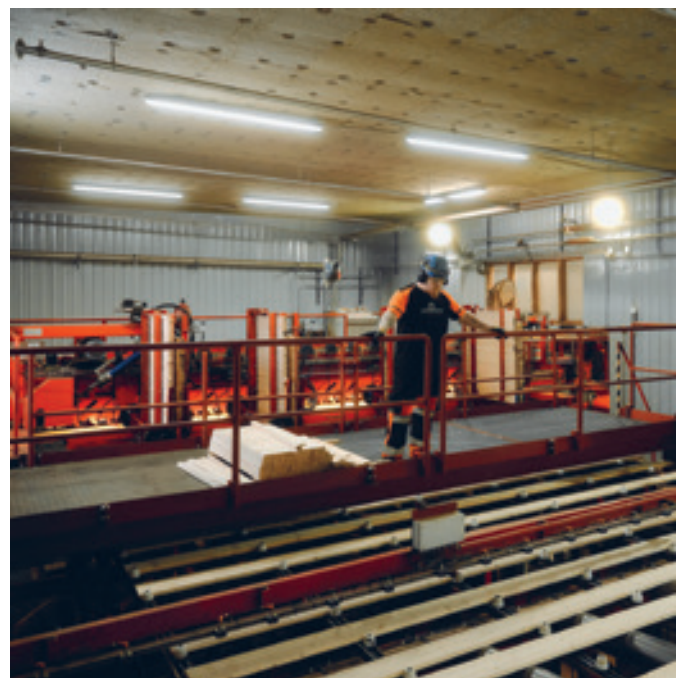
Lunawood operates according to the EcoCompass environmental management system, which is based on the international ISO 14001 standard, adapted for small and medium-sized enterprises. The EcoCompass certification demonstrates Lunawood's commitment to continuous improvement and compliance with the ten EcoCompass criteria, including areas such as responsible waste management, chemical use, and the implementation of an environmental program. The EcoCompass environmental certificate is audited by an independent expert.





Water use

Water is needed in the thermal modification process for two main reasons. First, steam is used during thermal modification to prevent the wood from burning. Second, water is required for cooling the wood after thermal treatment, which helps ensure the high quality of the final products. At the end of the process, moisture is reintroduced into the chamber to prevent cracking and to enhance the long-term performance of the product. Upon completion, the wood's moisture content is approximately 4–7%, contributing to the exceptional stability and durability of Lunawood ThermoWood® products. Our aim is to use water efficiently and seek ways to optimize its use in our production process. In 2025, our water use per produced m³ remained close to previous year level.







Quality

Quality control of Lunawood products is carried out in three stages. The first inspection takes place when incoming sawn timber is received, ensuring that the raw material meets Lunawood's requirements. These requirements are defined in Lunawood's quality documentation for sawmills.

Lunawood manufactures trademarked ThermoWood® products using a patented process that is audited annually. After thermal modification, samples are taken from each modified batch and tested in Lunawood's own laboratories at the mills. This ensures that the products meet the quality requirements set by the International ThermoWood Association and confirms the technical performance of the material.

The production process is audited three times per year by an external auditor, and the results of Lunawood's internal quality control testing are also externally audited twice per year.

The final stage of quality control is performed on the planed products. Weekly inspections are carried out to ensure consistent sorting and uniform quality across all planed product batches.

In 2025 we continued the systematic quality work at Lunawood for example by developing the utilization of AI and investing in packaging development. Read more on our packaging development on page 34.

CASE

Comparing product transportation options

Lunawood products are delivered to customers using a combination of sea and land freight. In cooperation with the logistics partners we aim for cost and energy efficiency in product transportation. This includes optimising of the routes, avoiding unnecessary loadings and aiming for full truckloads.

Sea freight has a substantially lower carbon footprint per tonne-kilometre compared to land (road) freight due to its high cargo capacity and energy efficiency.

Road freight produces higher greenhouse gas emissions, as it relies on fossil fuels and transports smaller volumes over the same distance.

As a result, long-distance transport by sea typically results in significantly lower CO₂ emissions than road transport. However, road freight remains necessary for shorter distances and last-mile delivery, where sea freight is not feasible. Reducing the carbon footprint of logistics therefore involves prioritizing sea freight where possible and optimizing road transport for efficiency.

WAY FORWARD

- ▶ 100% green electricity
- ▶ Energy efficiency as a high priority in production and included in personal bonus targets
- ▶ Continuing pilots for side stream utilization together with identified potential partners

World-class Sustainable Company

With extensive and long-standing expertise in ThermoWood®, we believe that the competence and commitment of our people are the driving forces behind our success.

Our objectives

- ▶ Building long-term commitment and engagement with our personnel
- ▶ Target oriented working culture and achieving results together with seamless collaboration
- ▶ Zero work-related accidents, focus on risk prevention



Winning culture and strong employee engagement

Lunawood's values guide the way of working with each other at Lunawood and the company's long term people strategy rests especially on one of the three values: Results together. We act as a team, set clear targets for our work and support each other in achieving them.

Aligned with our strategy, we support learning and development by organizing internal training, coaching for managers and individual learning paths to expert roles. In 2025, sales directors and management team participated in internal leadership programs. Two working days for learning were allocated to all white-collar roles.

As Lunawood moves forward and grows also internationally, we strive to maintain the essentials of the Nordic Lunawood working culture and develop together as a diverse team. We want to put focus on good teamwork and provide opportunities for professional development in the long run.

One of the ways to measure Lunawood's efforts regarding personnel is the personnel survey, conducted annually. Lunawood's goals are a high Employee Net Promoter Score (eNPS) and good results in overall work satisfaction and leadership. In the personnel survey 2025, the employee NPS was 21 and overall satisfaction rate for work was 7,9/10. According to the personnel survey conducted in September, Lunawood personnel feels that the team spirit is good and the company's vision clear. Safety at work and the sustainability work in the company got good feedback.

Lunawood has a company specific collective agreement which was renewed at the end of 2024 for the next 2 years.

Lunawood conducted change negotiations concerning all personnel groups during the last quarter of 2025. The negotiations resulted in termination of employment contracts and role changes in several teams, and affected around 10 people. Personnel participation in the change negotiations was extensive and employee representatives were involved in negotiations at both mills. To ensure that actions agreed upon in the negotiations are carried out, one of the main areas for further development is change management, which is a focus in all teams in 2026.

21

In 2025, the employee NPS was 21.

7,9

Overall satisfaction rate for work (scale 1-10)



Safety at work

Safety at work is a top priority for Lunawood. Our goal is to be the safest company in our industry in Finland. Lunawood is committed to the goal of zero work-related accidents and to preventive safety.

Lunawood has focused on safety measures for several years, and this has yielded positive results. The emphasis in the safety work has been in improving fire safety, in preventive actions and in implementing joint and standard ways of working.

Lunawood has a safety management system in place since 2022 and the results of the safety work are monitored monthly. Risk evaluations and preventive measures are the most important part of safety development activities. All employees are encouraged to report shortcomings and suspected shortcomings in safety, and over 400 notices were reported in 2025. Throughout the year, the corrective actions were finished for over 90% of the notices.

The amount of work-related risk assessments was over 700 and both own employees and external contractors made assessments regularly. The traffic and logistics on the mill area create a risk of hazard and a new collision warning system was implemented, improving traffic and pedestrians safety in the mill area.

Four work-related accidents occurred in 2025. All near-misses and work-related accidents are investigated within seven days.



Safety goals 2026

We have yearly goals for improving safety at work. Zero accidents remains our goal, and we measure preventive actions monthly.

1. Work-related accidents: 0
2. Fires: 0
3. Tidiness and order: above 90%
4. Safety observations: above 500
5. Personal assessment of work hazards: above 500

Business ethics and human rights

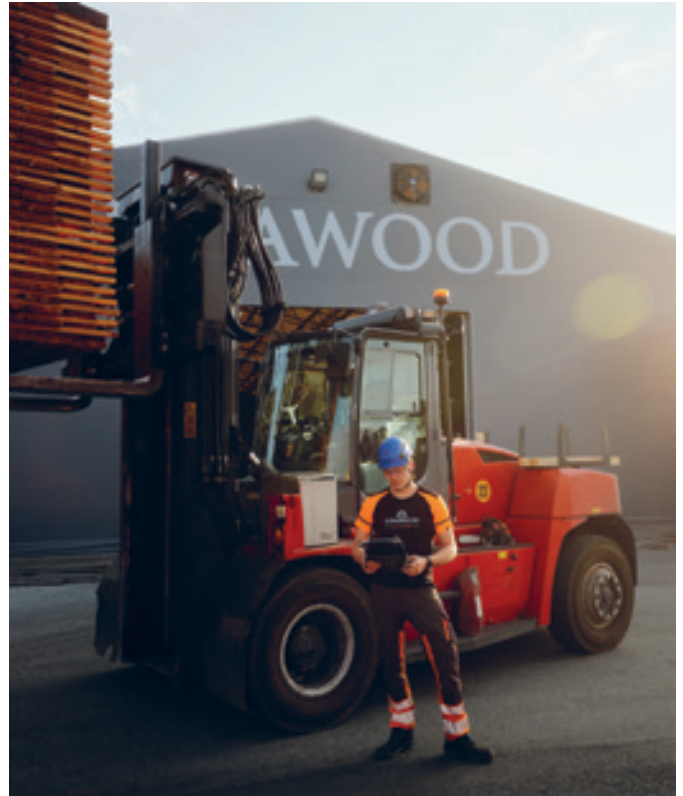
In 2025, we updated our Lunawood Code of Conduct, which remains the foundation for how we work together and how we represent the company. The code is based on the ten principles of the UN Global Compact, the world's largest global corporate sustainability initiative. The ten principles include human rights, labour, the environment and anti-corruption. Code of Conduct has been updated to be aligned with Lunawood's current values, guidelines and ways of working. Some of the areas we have revised include the human rights and working environment sections. These have been updated to be aligned with the UN Guiding Principles on Business and Human Rights. Environmental section has been revised to align with Lunawood sustainability program.

Based on our Code of Conduct, we have also drawn up a third-party Code of Conduct. This is motivated by our intent to work with partners that adhere to the same principles. Our raw material suppliers, logistics partners and key customer partners have committed to the principles of our Code of Conduct. In 2026, we will update our third-party Code of Conduct and review our supplier management process.

Whistleblowing channel to report misconduct

Lunawood has a whistleblowing channel for reporting misconduct. It is available to both employees and external parties. The whistleblowing channel provides a confidential means of reporting suspicions of possible misconduct or policy violation. Whistleblowing can be done anonymously. Lunawood whistleblowing committee is guided by Lunawood's whistleblowing policy and instructions. Lunawood encourages its employees to first raise their concerns or suspicions with their supervisor or management. If this does not seem a good option or does not work, it is always possible to use the whistleblowing channel to report the matter. The channel is provided by Juuriharja Consulting Group Oy.

No cases qualified as a whistleblowing case were reported during 2025.



50%

Share of women in top management

40%

Share of women in the Board

Equality and worklife balance

Lunawood promotes fair and equal treatment of all employees. We also want to ensure that worklife balance, career growth and leadership opportunities are accessible to all. Already now we have 50% representation of men and women in management team and 40 % women in the Board.

Equal opportunities are considered in our recruitment processes. As part of ensuring worklife balance, we are proud to see that at Lunawood both men and women utilise the opportunity to take family leave.

WAY FORWARD

- ▶ Continuous efforts in work safety, with a focus on risk management, active employee participation and systematic development of the safety management system
- ▶ A focus on learning and offering opportunities for personal development
- ▶ Equality and a work-life balance: support from external experts
- ▶ Lunawood Code of Conduct training for all employees
- ▶ Revision of the 3rd Party Code of Conduct

High-quality Products with Long Lifecycle

Lunawood stands the test of time and climate. Our chemical-free and non-toxic products are durable and safe choice for both indoor and outdoor use. With more than 25 years of experience, we are committed to delivering exceptional customer service.

Our objectives

- ▶ High customer satisfaction
- ▶ Continuous improvement in product sustainability



At Lunawood, it is at our core to offer products that are long-lasting, durable and enhanced with heat and steam only. Lunawood's offering includes ThermoWood® cladding, battens, decking and interior products. Our products can be used for facades, interiors, landscaping, mobile homes, bathrooms, saunas and furniture.

Product sustainability

We believe that renewable, recyclable, and carbon-storing wood products play an important role in advancing sustainable development within the built environment—provided that the raw material is sourced from responsibly managed forests. By reducing our carbon footprint and strengthening circularity through improved and more sustainable practices, our ambition is to continuously raise the sustainability performance of our products.

The sustainability, quality, and safety of Lunawood products are the result of careful consideration at every stage of the value chain, from raw material sourcing and production to delivery to the customer. Lunawood ThermoWood® products offer long-term carbon storage, and their compliance with stringent environmental requirements is demonstrated by the Nordic Swan Ecolabel.

Lunawood ThermoWood® products are inherently low maintenance. In response to customer demand for surface-treated solutions, we continuously evaluate suitable options in our key markets.

CASE

Lunawood products available in material assessment databases

In the construction industry, several assessment tools have emerged to help companies evaluate and choose building materials based on factors like environmental impact. Lunawood supports these efforts to make material assessment easier. Lunawood has an environmental product declaration (EPD) in place for Lunawood ThermoWood® products, which demonstrates the environmental performance of the products. Our EPD shows the low carbon footprint that our products have compared to many similar products. It also supports green building certifications.

In addition to having the EPD, our products are available in several local material assessment platforms:

- Declare (International Living Future Institute) in the USA
- DGNB Navigator in Germany
- INIES (Une Fiche de Déclaration Environnementale et Sanitaire, FDES) in France
- Rakennustieto in Finland
- Sundahus in Sweden
- Material Service by OFroom

Kindergarten, Germany Architect: Volker Müller and Diana Prediger



Fire safety

In 2025, we continued to prepare for the amended requirements of the EU regulation on fire safety for wood products. Currently, all our flat surface products (with a minimum thickness of 17 mm) are tested and classified as fire class D. In 2025, we also initiated the expansion of fire class testing to surface treated products. This work will continue in 2026.

In addition, Lunawood offers several premium ThermoWood® products with impregnated fire protection. The fire-retardant treatment enables the use of Lunawood ThermoWood® in buildings requiring a fire class B rating, designed to meet European safety standards.

D

Currently, all our flat surface products are tested and classified as fire class D.

Packaging improvement

Lunawood invested in 2025 in upgrading its packaging system to ensure products arrive in optimal condition and to enhance reliability from production to delivery. The new packaging improves durability, handling, and protection during transport and storage. Key updates include extended top corner protectors, reinforced bottom corners, higher transport supports for safer forklift access, and a newly sized branded plastic hood for improved protection and visibility. These enhancements enable smoother forklift handling, better side protection in storage, and increased stability during lifting, supporting safer and more efficient deliveries.

New regulation on construction products

The purpose of the Construction Products Regulation (EU) 2024/3110 is to harmonize the conditions for placing construction products on the market. The regulation entered into force in January 2026, but transitional provisions mean that its full application will be phased in gradually. During this time, Lunawood will actively follow the development of delegated acts and related guidance and will ensure that our products remain fully compliant with all applicable requirements.



The Wind Hill, South Korea

Lunawood products contribute to LEED and BREEAM Certifications

LEED and BREEAM are internationally recognized green building certification systems that assess and rate a building's sustainability and environmental performance. Lunawood's ThermoWood® products made from Nordic pine and spruce help architects and builders achieve their sustainability targets by supporting credit requirements in several LEED and BREEAM categories.

Lunawood ThermoWood® products contribute to LEED and BREEAM certification criteria as outlined below:

1. Available as FSC or PEFC certified
2. Covered by Type III Environmental Product Declaration (EPD)
3. Inherently non-emitting material, free from adhesives, binders, or harmful chemicals
4. Carry the KOMO quality mark for decay resistance, and independent research by BRE (UK) estimates a 30-year service life



Customer experience and services

For Lunawood, commitment to the customer comes first. We want to build long-term partnerships and provide support to our customers through different levels of our organisation. Lunawood's customer promise summarises our core strengths towards our customers: sustainability, reliability, and experience.

Commitment to Earth and You: We promise to provide sustainable branded and well commercialized Lunawood solutions for your success, delivering reliability and transparency every step of the way.

We are committed to taking action to improve sustainability in the built environment. We ensure accurate deliveries, availability, consistent quality and business stability for our customers' success. With over 25 years of experience, we are dedicated to serving our customers.

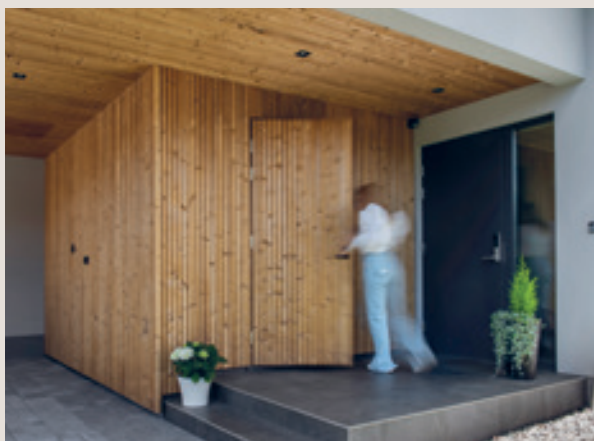
During 2025 we engaged in active discussion with our customers. Topics of interest included fire safety regulation and local requirements, EUDR and origin of wood and packaging waste. We do continuous customer trainings across our markets.

25

With over 25 years of experience, we are dedicated to serving our customers.

WAY FORWARD

- ▶ Following the development of local and international sustainability, product and quality standards
- ▶ Updating EPD for Lunawood products



Lohjan Saarenta, Finland Architect: Jukka Ulvinen

Luna Aalto and Luna Triple Honoured with Plus X Awards for Design and Sustainability Excellence

Two of Lunawood's distinctive ThermoWood® cladding products, Luna Aalto and Luna Triple, have received prestigious international recognition at the 2025 Plus X Awards in Germany. Both products were awarded in four categories: High Quality, Design, Ease of Use, and Functionality. The Plus X Award, known as the world's largest innovation prize for technology, sports and lifestyle, acknowledges brands that shape the future with pioneering quality and intelligent design.



Lunawood ThermoWood products carry Nordic Swan Ecolabel

Lunawood ThermoWood® products are Nordic Swan Ecolabel certified. This means our products fulfil strict criteria for raw materials, chemical use, and quality, while supporting circular economy principles.

Nordic Swan Ecolabel biological durable wood:

- Consists of traceable and legally harvested wood. At least 70% of the wood is sourced from certified forestry.
- Has not been impregnated with biocides or hazardous metals.
- Meets strict requirements for chemicals used in production and for surface treatment.
- Has a reduced climate impact, achieved by meeting requirements for maximum energy use and ban of fossil oil and coal in production.
- Meets requirements for documented biological durability, promoting circular economy.

In 2026, Lunawood is preparing to meet the revised criteria of Nordic Swan Ecolabel.



Our product carbon footprint

Lunawood ThermoWood® has a notably low carbon footprint of 117 kg CO₂ eq/m³. The product stores approximately five times more carbon than is emitted during its production.

The majority of the carbon footprint arises from energy consumption in the production process, while the remaining emissions primarily originate from raw materials and their transportation. Due to our active work in reducing our production related emissions, our next carbon footprint calculation in 2026 will show even lower figure.

117

kg CO₂ eq/m³

Lunawood ThermoWood® has a notably low carbon footprint



Bella Lake Resort, Finland
Architect: Lunden Architecture

Tables and figures

The scope of these tables and figures include only Oy Lunawood Ltd. Lunawood LLC not yet included.



ESG initiative	Target	Key metrics	Unit	2020	2021	2022	2023	2024	2025	
Environment and climate	1. Increasing the share of renewable energy	Production carbon intensity	kg CO ² / m ³	49,65 *	51,91	52,73	86,69	49,61	42,16	
					4837	3935	3524	3692	3808	
	2. Committing to source certified raw material from the Nordics	Scope 1: Direct emissions from operations				4837	3935	3524	3692	3808
		Scope 2: Emissions from purchased energy consumed in operations (market-based)				2003	3468	5815	2224	5
	3. Searching for circular economy solutions: considering new uses for by-products	Total emissions scope 1+2				6605	7191	9380	5916	3813
		Energy intensity (heat & electricity)	MWh/m ³	0,44	0,41	0,47	0,55	0,43	0,4	
	Waste and residuals generated	ton	4865	5609	4057	4296	4837	5322		
	Of which utilised	%	91,5	99,9	99,9	99,98	99,99	99,99		
	Of which landfilled	%	8,5	0,12	0,06	0,02	0,01	0,01		
	Hazardous waste	ton	77	62	94	7	19	13		
	Water usage	l/m ³	295 *	256	263	311	273	287		
	Share of certified raw material	%	88,7	89,8	91,04	91,7				
Energy from renewable sources	%	53,7	48,2	54,9	52,5	67	70			

* Low precision data

ESG initiative	Target	Key metrics	Unit	Measuring frequency	2020	2021	2022	2023	2024	2025
Non-discrimination and Equality	1. Equality in the workplace	1. Split of gender in the management team	absolute	annual	men 4 women 2	men 4 women 2	men 4 women 2	men 3 women 3	men 3 women 3	men 3 women 3
		2. Create an including work environment								
	3. Zero discrimination or harassment	2. Split of gender on the board	absolute	annual	men 4 women 1	men 4 women 1	men 3 women 2	men 3 women 2	men 3 women 2	men 3 women 2
		3. Split of gender in Lunaholder group, white collars	%	annual	men 65 women 35	men 67 women 33	men 67 women 33	men 67 women 33	men 66 women 34	men 68 women 32
	4. Split of gender in Lunaholder group, blue collars	%	annual	men 97 women 3	men 96 women 4	men 97 women 3	men 93 women 7	men 94 women 6	men 94 women 6	
	5. Incidents of discrimination and corrective actions taken	absolute	annual	0	0	0	0	0	0	
	6. Use of family leave *	persons / year	annual	men 1 women 2	men 4 women 1	men 10 women 0	men 11 women 1	men 9 women 1	men 7 women 3	
	7. Salary development, blue collars **	%	annual	2.3	3.1	2.2	2.0	2.1	3.5	
	8. Salary development, men, white collars	%	annual	4.3	3.2	4.0	2.4	3.8	3.5	
9. Salary development, women, white collars	%	annual	6.4	2.8	4.1	2.5	2.3	3.5		

Salary development: employees at the end of the year, incl .position changes, excl . seasonal workers.
* During the year. No earlier data available. ** Women less than 3 pers.

ESG initiative	Target	Key metrics	Unit	Measuring frequency	2020	2021	2022	2023	2024	2025
Safe and sustainable work place	1. No accidents: monitoring the safety of working areas 2. Needed actions done without delay 3. Improved fire safety 4. Good working ability in the long run, from work to home healthy and safe	1. LTA	accidents/million working hours	monthly	40.0	27.0	18.0	14.0	8.7	17.8
		2. Number of workplace accidents with at least one day of absence	%	monthly	7	6	4	3	2	4
		3. Safety hazard reports	psc	monthly	57	238	469	613	584	421
		4. Near-miss reports	psc	monthly	5	33	38	18	18	15
		5. Absence rate	%	monthly	3.7	3.7	4.1	3.3	3.3	3.2
		6. Sick leaves of over 30 days	No. of people	annual	6	6	6	9	7	5
		7. Employee satisfaction	NPS	annual	22	32	34	34	18	21
		8. Employee turnover *	%	annual	8	7	5	9	5	12
		9. Change in the number of personnel **	absolute	annual	+12	+16	+4	-5	-7	+6

* Net turnover (excl. short-term employees) ** Year average

ESG initiative	Target	Key metrics	Unit	Measuring frequency	2020	2021	2022	2023	2024	2025
Anti-corruption & conflicts of interest	1. Code of Conduct in use (internal & 3rd party) 2. External audits successfully passed and corrective actions done on time	1. Policies in place	whistle-blowing in use	annual	yes	yes	yes	yes	yes	yes
		2. Basic training and commitment to Code of Conduct (%)	%	monthly	-	100	100	100	100	100
		3. Confirmed incidents of corruption	yes/no	annual	no	no	no	no	no	no
		4. Occupational health and safety audits have been conducted	done in time	annual	yes	yes	yes	yes	yes	yes

ESG initiative	Target	Key metrics	Unit	Measuring frequency	2020	2021	2022	2023	2024	2025
Sustainable and responsible growth	1. Committing to sustainable and responsible growth 2. Committing to the promises to our customers	1. Profit development, EBITDA €M (Group figure, including Lunawood LLC)	M€	monthly	7.2	16.8	12.8	4.3	3.4	3.4
		2. Successful financial audit	clean audit report	annual	yes	yes	yes	yes	yes	yes
		3. Governance policies in place	yes/no	annual	yes	yes	yes	yes	yes	yes
		4. Client satisfaction	NPS	annual	58	22	48	71	73	Not conducted



AMEF Residence, Brazil
Architect: Patrícia Martínez,
Photo: André Nazareth.



Reconnecting Nature with People

Lunawood is a pioneer and global market leader in decorative wood solutions.
We love the forest, its untamed freedom, and its incomparable strength.

Our mission is to reconnect nature with people, by bringing the calming effect of the forest available to all. Our mills in Finland transform the the very best Finnish pine and spruce into beautiful, long-lasting Lunawood ThermoWood®. It provides an ideal foundation for building, designing, and living in a sustainable and healthy way.

Founded in 2001, Lunawood employs approximately 150 professionals at its production facilities in Iisalmi and Kaskinen, its headquarters in Lahti, as well as across key export markets and its subsidiary in the United States.
Our turnover in 2025 was EUR 68.2 million.

LUNAWOOD.COM

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