

The challenging construction market affected the volume and profitability of operations

LapWall plc Company release 29 April 2025 at 9.00 am

The figures in brackets refer to the corresponding period in the previous year unless otherwise stated.

January–March in brief and key events

- Net sales were EUR 9,145 (10,138) thousand, with a change of -10%.
- The operating profit before the amortisation of goodwill was EUR 587 (1,019) thousand, with a change of -42%.
- The operating profit was EUR 365 (797) thousand, with a change of -54%.
- The order backlog increased by EUR 2.2 million from the turn of the year to EUR 14.5 million at the end of March.
- The level of completion of the Pyhäntä investment was 66% at the end of March. The production and storage facilities have been completed, and the commissioning and final inspection will be carried out in May. The installation of production machinery and equipment will begin in June.
- On 28 February 2025, LapWall announced the decision of the Oulu District Court in a dispute between LapWall and Svenska Hem Entreprenad Ab. The Oulu District Court ordered LapWall to pay the required payment of SEK 21,053,498 based on a default judgment issued by the Solna District Court against LapWall's Swedish subsidiary. The decision made by the two district court judges was a vote. The case will continue in the Rovaniemi Court of Appeal.
- LapWall launched its spearhead project for the strategy period, the aim of which is to enhance the procurement and production operations of the new Pyhäntä plant by developing digitalisation and artificial intelligence solutions. In addition, the project is developing new kinds of prefabricated products and studying the use of recyclable materials as part of sustainable, extensively applicable element construction. The project is financed partly by the North Ostrobothnia ELY Centre (Centre for Economic Development, Transport and the Environment).

KEY FIGURES

(EUR 1,000 unless otherwise stated)

	1–3/2025	1–3/2024	Change, %	1–12/2024
Net sales	9,145	10,138	-9.8	43.3
EBITDA	916	1,345	-31.8	6,361
% of net sales	10.0	13.3		14.7
Operating profit before the amortisation of goodwill (EBITA)	587	1,019	-42.3	5,084
% of net sales	6.4	10.1		11.7
Operating profit (EBIT)	365	797	-54.2	4,194
% of net sales	4.0	7.9		9.7
Equity ratio, %	46.8	64.9	-27.9	60.0
Order backlog	14,488	18,080	-19.9	12,325

CEO Jarmo Pekkarinen:

Our net sales for January–March 2025 were EUR 9.1 million, which is around 10% less than in the previous year. The decrease in net sales arises from the challenging market situation in construction, which is also affecting public and commercial construction. Despite the market situation, we maintained our satisfactory profitability during the early part of the year: our operating profit before the amortisation of goodwill (EBITA) was EUR 0.6 million, or 6.4% of net sales. However, we are dissatisfied with our result for the early part of the year: the decrease in net sales, the lower than expected volume and the tight competitive situation led to a weaker sales margin and a decrease in the sales margin percentage.

According to our view, the lowest point of the cycle in construction was reached in late 2024. The difficult market situation was particularly visible as a decline in sales prices and volume. We were able to adapt our operations effectively: strict cost control, our flexible operating model and the strong commitment of our personnel ensured that our profitability remained at a reasonable level. In January–March, our order backlog developed favourably and was EUR 14.5 million at the end of the review period. The good commercial momentum continued in April. Investments in the development of our sales process and personnel have produced results and increased operational efficiency.

Although the general market situation remains difficult, we see the outlook for the rest of the year as cautiously positive. Our offer base has grown strong and was EUR 61.0 million at the end of March. Our visibility into the next few months is clear, which is why we announced our financial guidance for this year. We believe that delayed projects will gradually be launched, and in public and industrial construction, there are projects in sight that will compensate for the fact that residential construction activity has been low so far. This year, we are aiming for net sales of EUR 40–45 million and a profit (EBITA) of EUR 3.0–4.0 million for business operations.

We are preparing for changes in the market through careful planning; cost management is part of LapWall's risk management. Even if uncertainty in the market continues, we rely on our strategy and the flexibility of our operations. We maintain adjustment measures when necessary, but at the same time, we take care of our ability to serve our customers as demand increases. Fine-tuned processes, a wide product range and our skilled personnel give us confidence that we will be able to make effective use of the opportunities to increase delivery volumes and improve margins.

The largest investment in our history – our new plant in Pyhäntä – is progressing as planned on schedule and budget, and the commissioning and final inspection will mark the completion of the construction work. The installation of the production lines will begin in June, and the plant and its equipment will be ready for commissioning towards the end of 2025. The investment enables a significant growth leap for LapWall: the new plant will triple the production capacity of the Pyhäntä unit and give us the capability of increasing our net sales in line with our strategic targets.

The new plant's modern production lines and technologies will make our operations more efficient and improve our competitiveness. The larger scale and highly automated processes will reduce unit costs and lead to shorter delivery times, which will benefit our customers and strengthen our position in the market. Our investment is strong proof of our company's commitment to future growth, even in challenging times, and its impacts will begin to be fully visible from 2026, but our competitiveness will already strengthen during this year.

LapWall's Strategy 2030 is based on clear and ambitious growth targets: we are aiming for annual net sales of around EUR 100 million and a profit (EBITA) of 15–20% from business operations by the end of 2030. These long-term goals are based on our confidence in the company's ability to grow profitably and sustainably, leading the way in proven carbon-negative wood construction. At the core of our strategy is the continuous improvement of competitiveness, as well as improving the efficiency of production and product development and providing customers with value-creating and sustainable solutions.

To achieve our strategic targets, we proceed in stages and systematically. Significant investments have been made in our roof element business, and the capacity, expertise and cost-effectiveness of our units have been brought to an excellent level. Product development and testing in the roof element business have continued actively, and we have carried out extensive fire, joint and operating conditions tests to ensure the technical and functional performance of our products in all conditions. This enables us to offer the most competitive solution on the market for roof structures in hall-like buildings.

Support for digitalisation and planning is also key to the implementation of our strategy. We have made all our structure types available to designers as digital BIM objects that facilitate design work, thus strengthening our role as part of the digital solutions for the built environment. We will also continue to invest in other parts of the organisation by developing design, project management and production. Automation, digitalisation and the continuous development of expertise enable us to improve productivity and increase cost-effectiveness – all key factors for the success of our strategy.

The operating environment in construction remains challenging, but we are confident and enthusiastic about the future. LapWall is making determined progress towards its Strategy 2030 goals. We have the right tools, committed personnel and a clear direction. Our investments and strategic choices create excellent conditions for growth, both organically and through mergers and acquisitions. We strongly believe that our long-term development, adaptability and innovation will

bear fruit in the years to come. These pave the way to sustainable growth and value creation for our customers and owners alike.

LapWall's strategic direction is clear: we are determinedly moving towards net sales of EUR 100 million and an EBITA level of 15–20% by 2030.

FINANCIAL GUIDANCE

LapWall plc issued its financial guidance for 2025 as a company release on 29 April 2025. The company estimates that its net sales for 2025 will be EUR 40–45 million, and the profit (EBITA) from business operations EUR 3.0–4.0 million.

FURTHER INFORMATION:

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LapWall plc leads the way in element construction

LapWall, a Finnish growth company in construction, has transferred a significant part of traditional onsite construction work to manufacturing under factory conditions. This reduces the lead time of the construction project, improves construction productivity, and creates a continuous dry chain and durable structures. The roof and wall elements manufactured by LapWall are certified carbon negative. The company's plants are in Pyhäntä, Pälkäne and Veteli, and the company employs around 120 people in the design and manufacture of elements and in sales and administration. LapWall's net sales for 2024 were EUR 43.3 million, and its operating profit before the amortisation of goodwill (EBITA) was EUR 5.1 million.