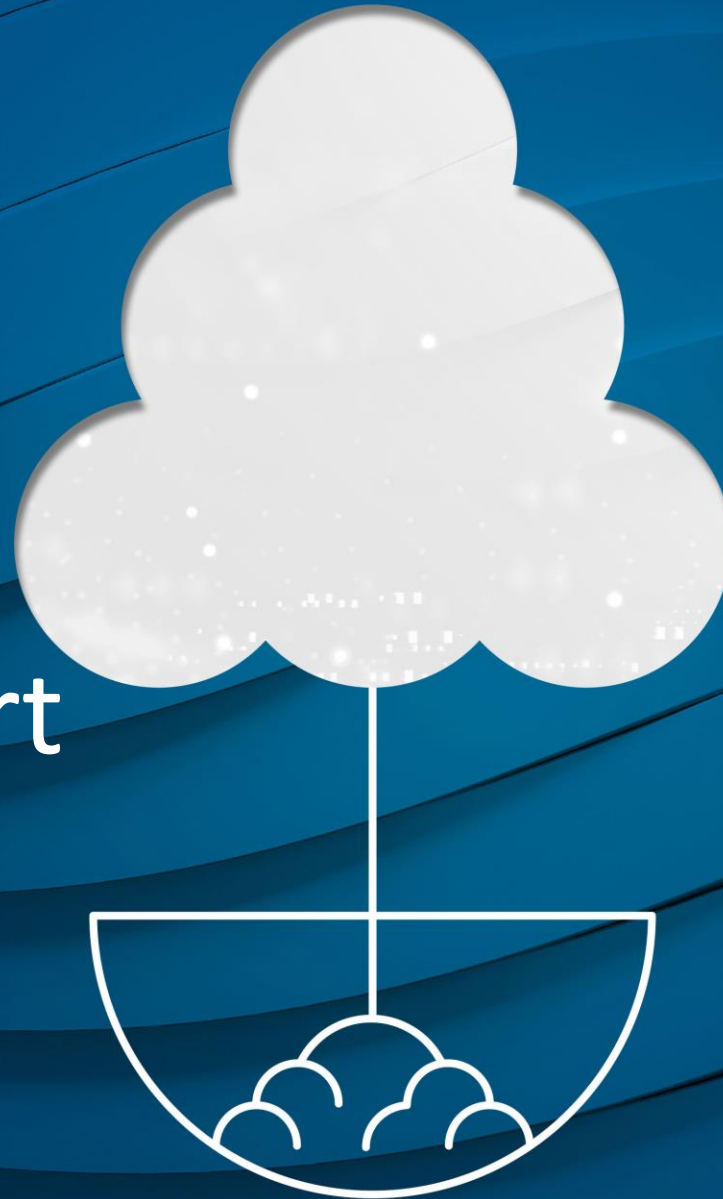


Half-year report H1 2023

Mika Saariaho, President and CEO
Ville Halttunen, CFO
25 August 2023



Content

- **Highlights and Group performance**
- **Segment performance**
- **Cash flow, financial position and key figures**
- **Outlook 2023**



Where are we now

- ✓ Strong order intake despite the market uncertainty
 - All-time high quarterly order intake of EUR 112 million in Q2, and order backlog of EUR 202 million at the end of the period
 - Complete mill-sized orders demonstrating Raute's strong competitive position
 - Demand for Analyzer solutions at a good level, but market uncertainty impacting demand for single production lines and spare parts
- ✓ Balance sheet strengthened through shares issue and junior loan arrangements
 - Equity ratio increased to 57%
 - Raute well positioned to implement the new growth strategy
- ✓ Profitability improvement work continues
 - Cost savings programme on track
 - Focus on realizing benefits of the new ERP
 - Mill orders to start generate sales and profit in H2



Highlights of H1/2023 and Q2/2023

Record high order intake and order backlog

NET SALES:
EUR 66.2m
H1/2023

-7%

-1%

Q2/2023
EUR 29.3m

COMPARABLE EBITDA:
EUR 3.6m
H1/2023

EUR
+14.5m

EUR
+11.6m

Q2/2023
EUR 0.7m

ORDER INTAKE:
EUR 179m
H1/2023

EUR
+103m

EUR
+72m

Q2/2023
EUR 112m

Equity ratio
57.3%

+23.5
%-points

Order backlog:
EUR 202 m

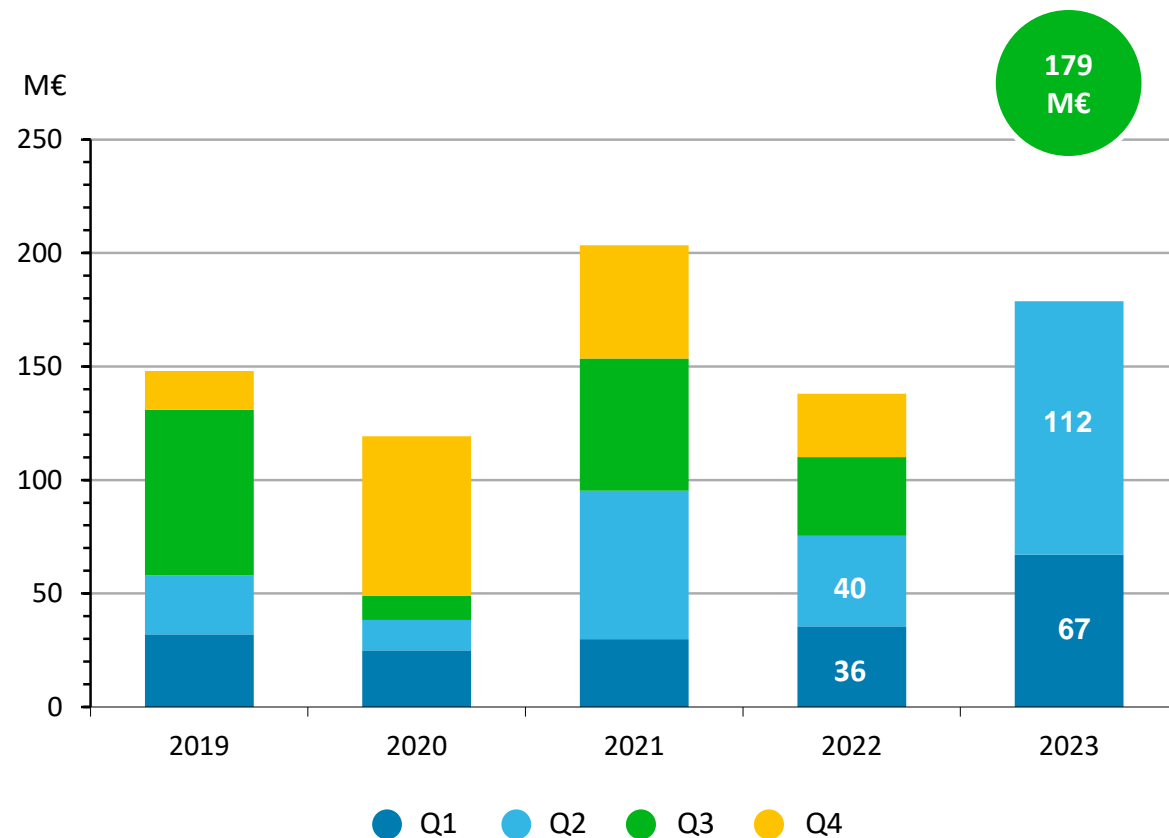
EUR
+98m

PERSONNEL:
757

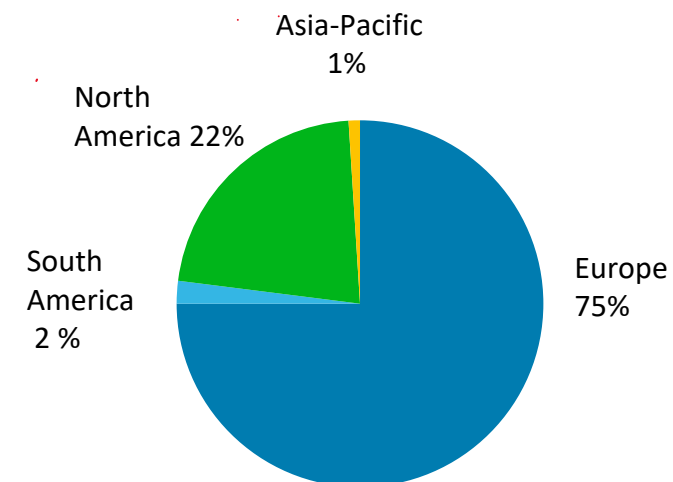
-36

Order intake

Record high order of EUR 112 million intake during Q2/2023



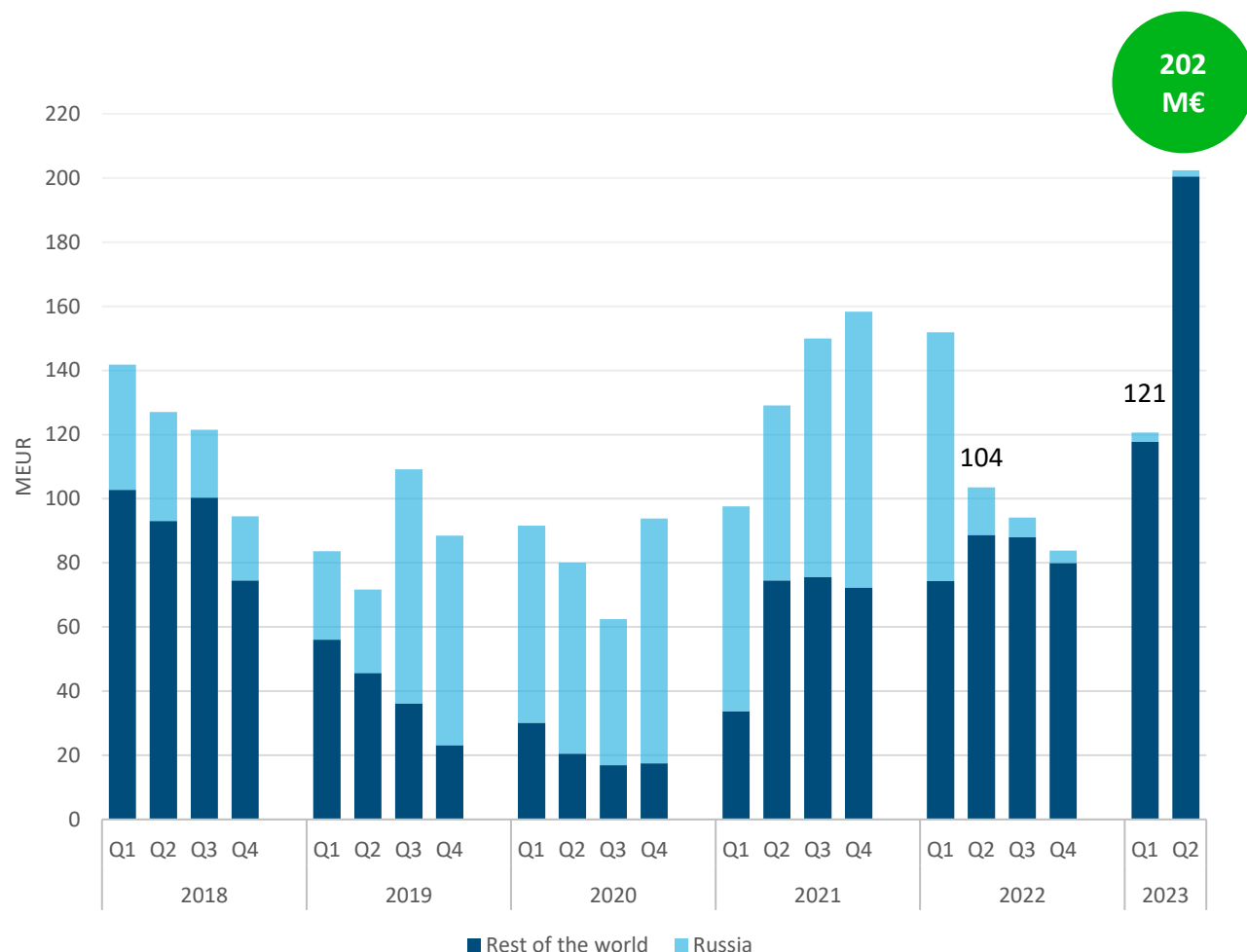
Q2/2023



- Latvijas Finieris Verems order of EUR 29 million
- Thebault LVL mill order of EUR 44.6 million
- Analyzers had also strong quarter for order intake

Order book

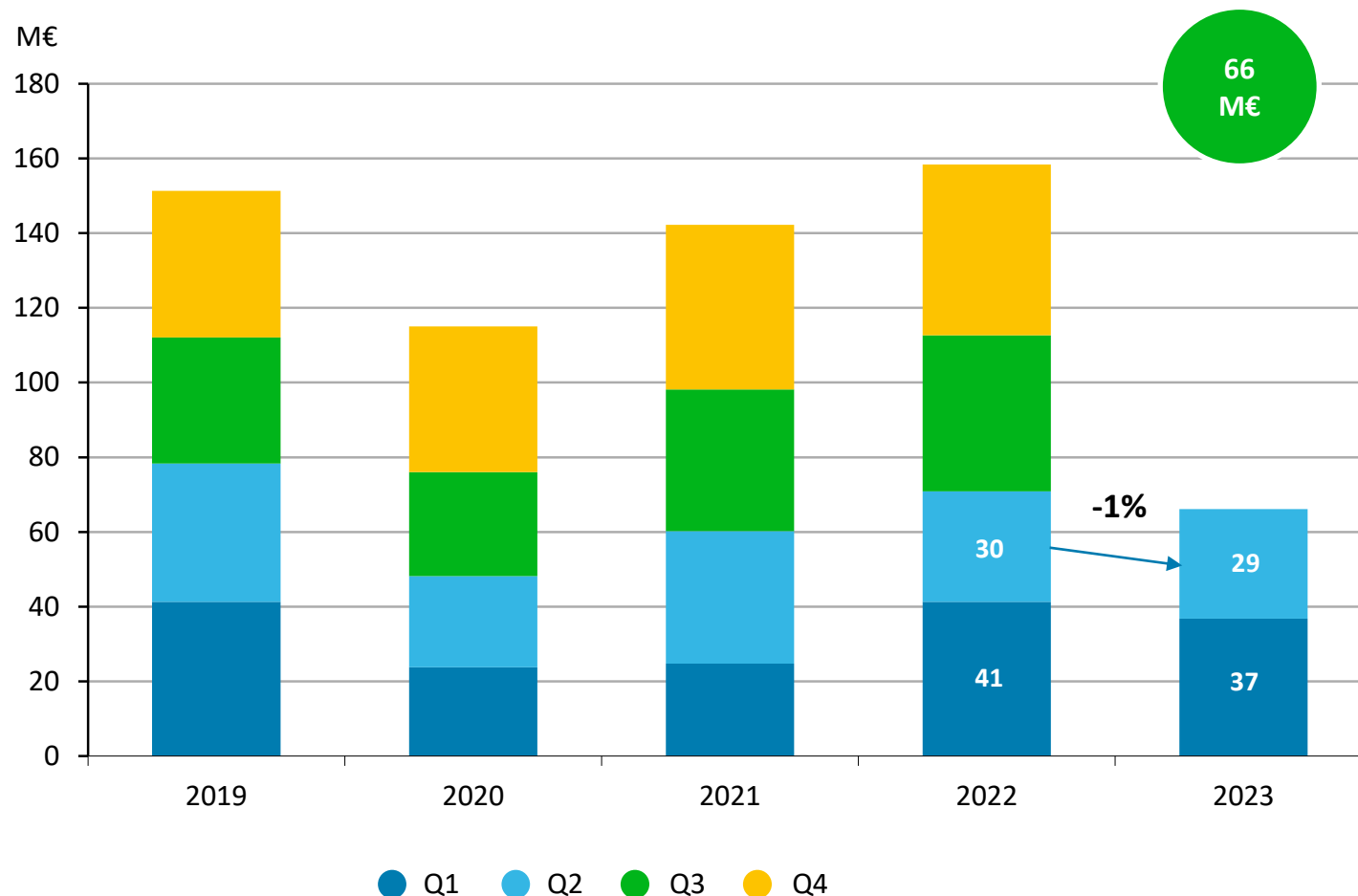
Record high order book of EUR 202 million at the end of Q2/2023



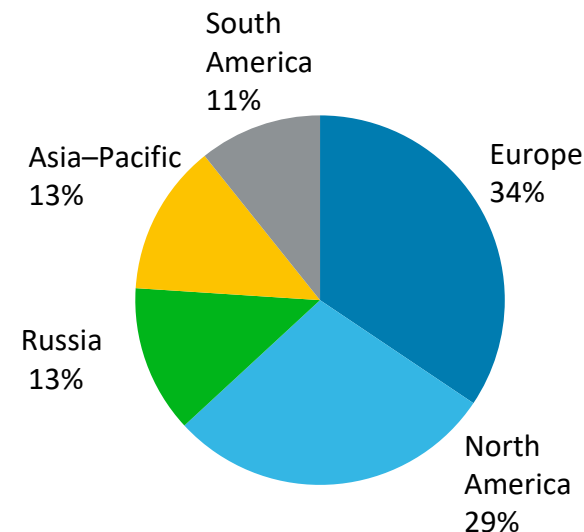
- Order book growing thanks to three mill-sized order received during H1/2023 (Lumin, Latvias Finiers and Thebault)
- Demand for Analyzer solutions at a good level, but market uncertainty impacting demand for single production lines, and for spare parts orders
- Remaining order book for Russia EUR 2 (15) million

Net sales

Q2/2023 sales EUR 29 million -1% against last year same period



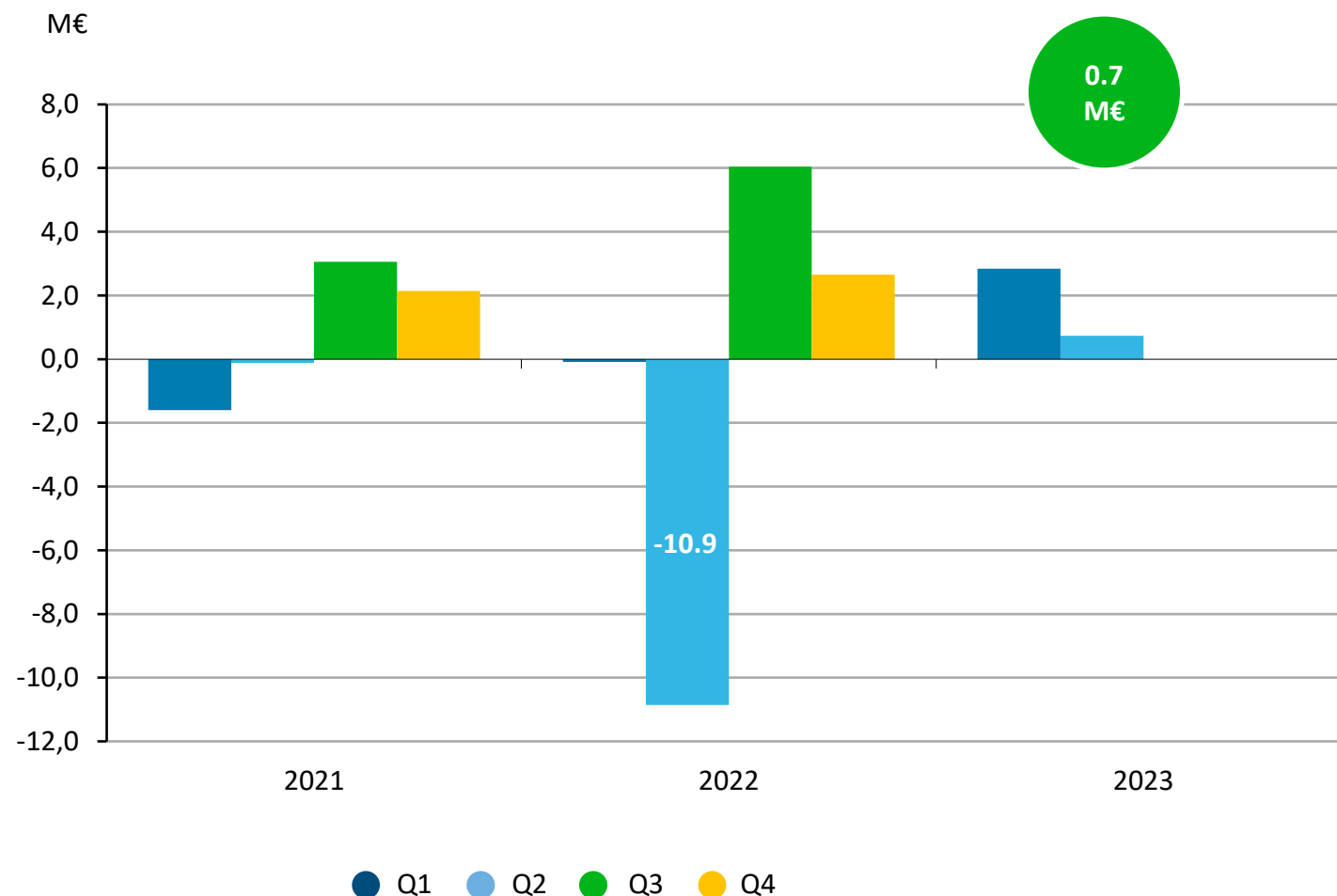
Q2/2023



- Strong sales growth +70% in Analyzers
- Wood Processing at last year level and Services declined 30%
- WP and Services sales negatively impacted by lower activity level and partly also by the inefficiencies caused by the ERP implementation.

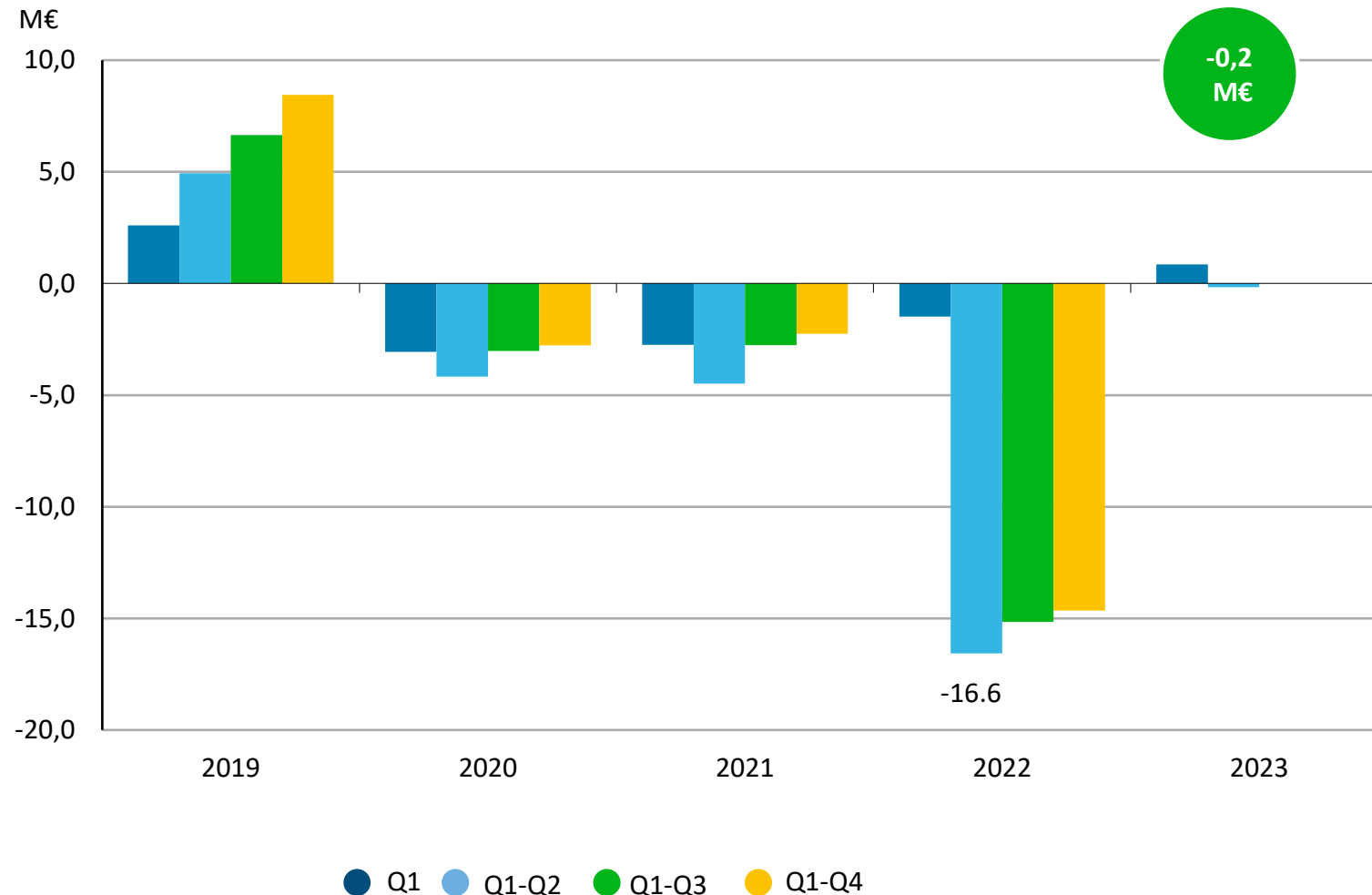
Comparable EBITDA

Q2/2023 comparable EBITDA EUR 0.7 million



- Q2 Comparable EBITDA EUR 0.7 (-10.9) million and margin 2.5%
- Negatively impacted by the lower activity level in Wood Processing and Services
- Analyzers profitability increased significantly supported by strong sales growth.
- Q2 items affecting comparable amounted to EUR -0.6 million
 - Costs related to new ERP EUR -0.5m
 - Restructuring costs EUR -0.1m

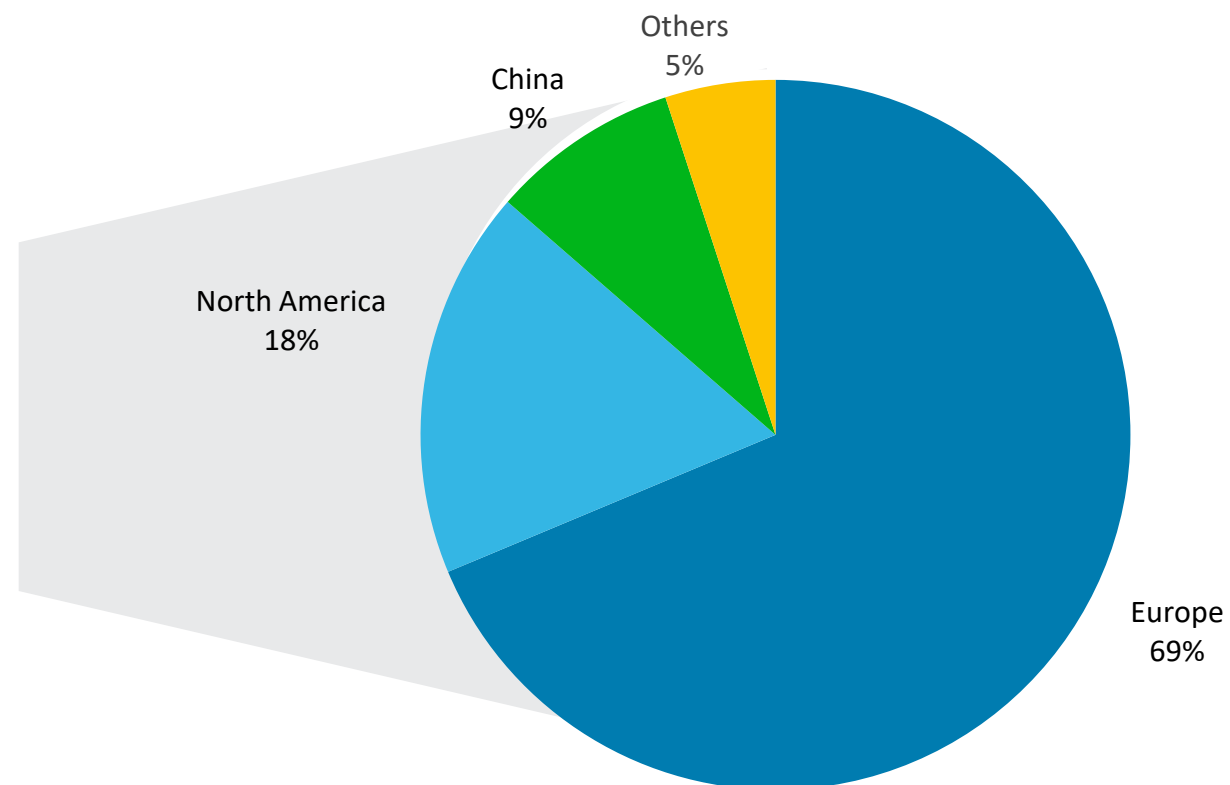
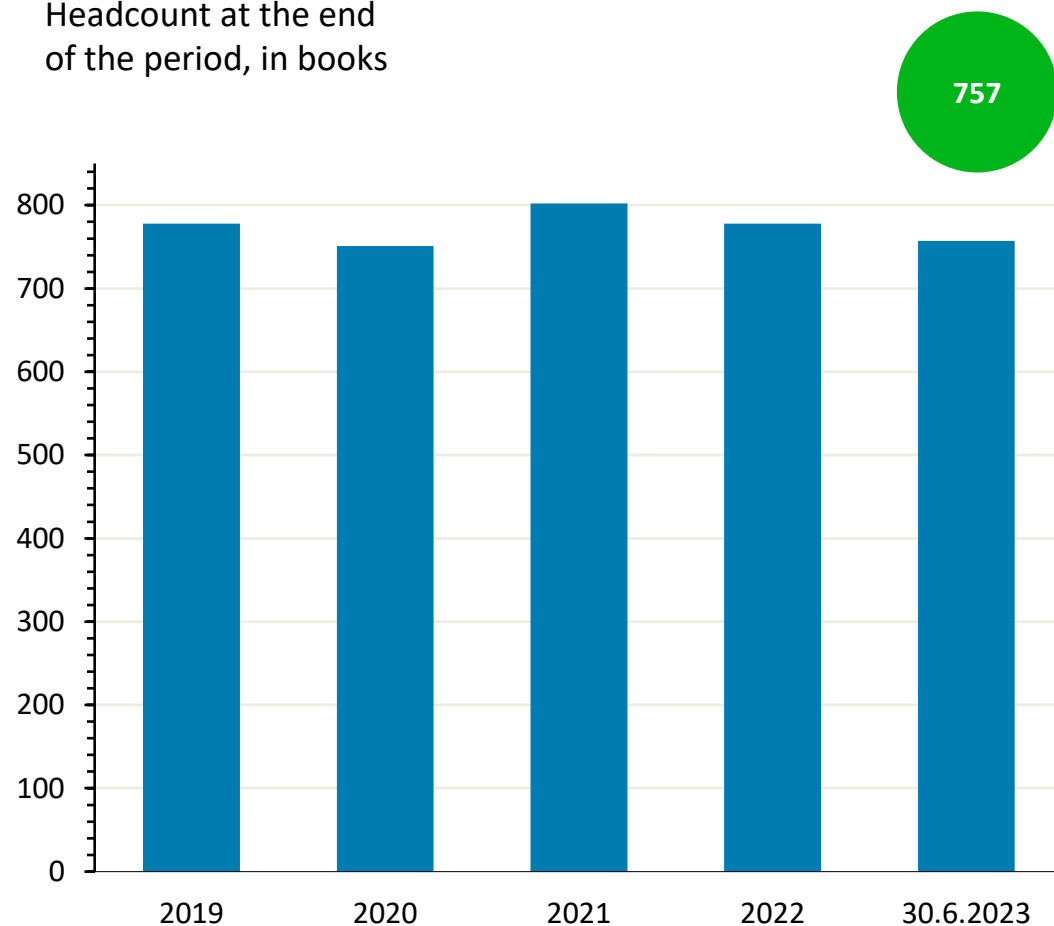
Operating profit (YTD)



- H1 operating profit EUR -0.2 million (-16.6)
- Operating profit negatively impacted by items affecting comparability EUR -1.5 (-3.1) million
- Comparison period heavily impacted the wind-down of Russian business

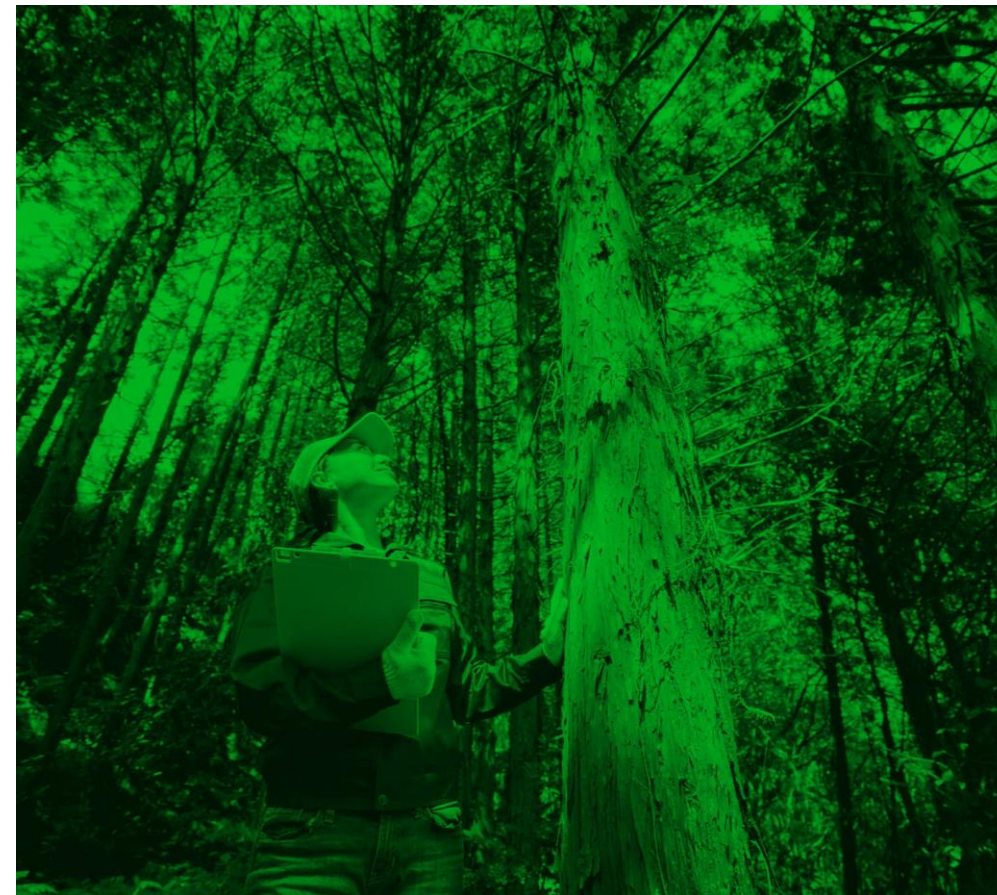
Personnel

Headcount at the end
of the period, in books



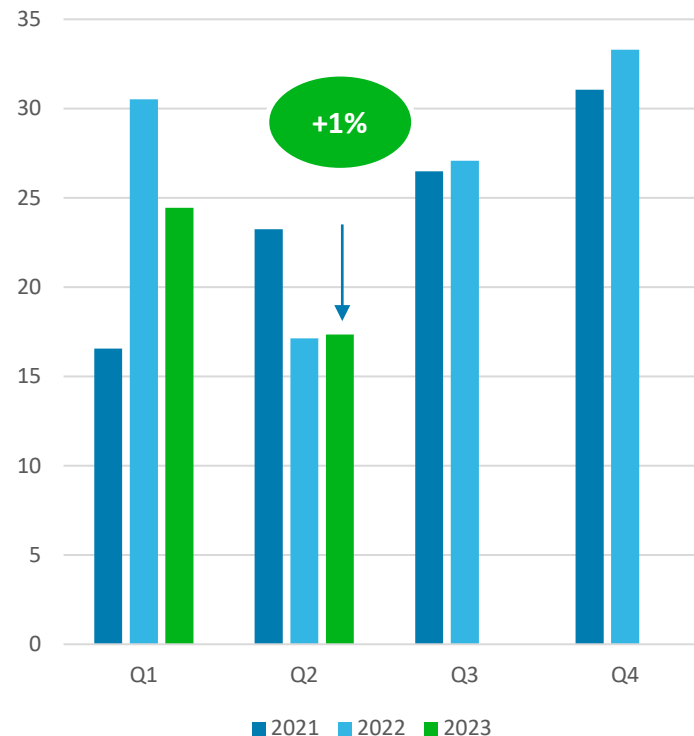
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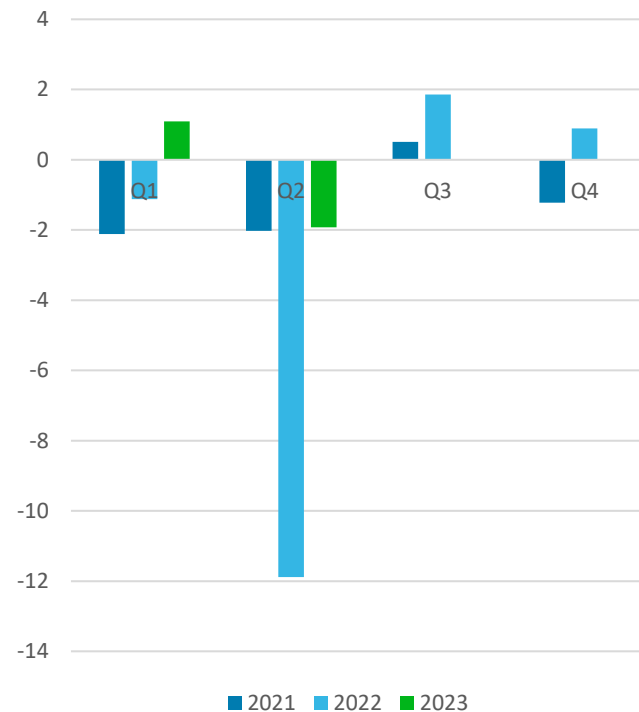


Wood processing

Net Sales



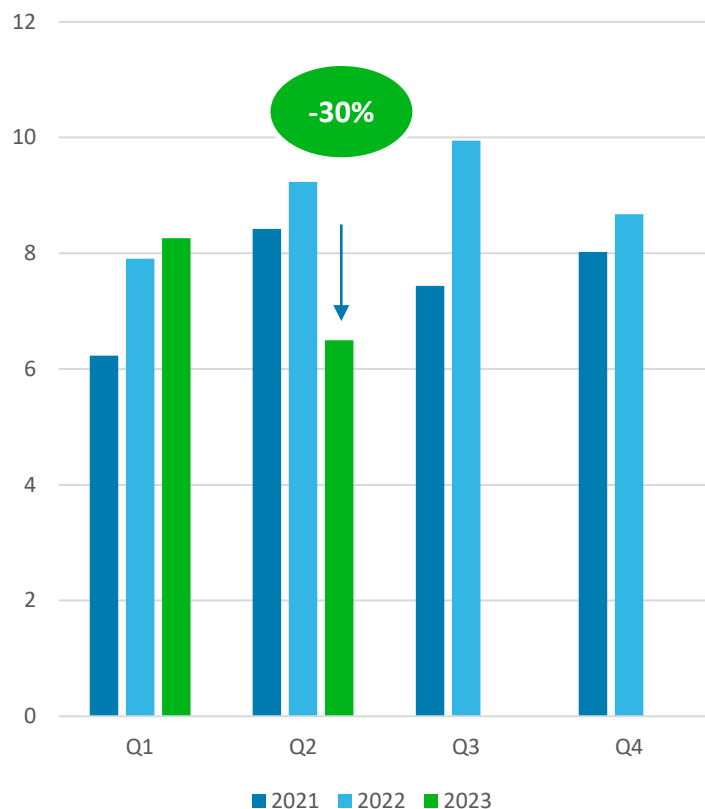
Comparable EBITDA



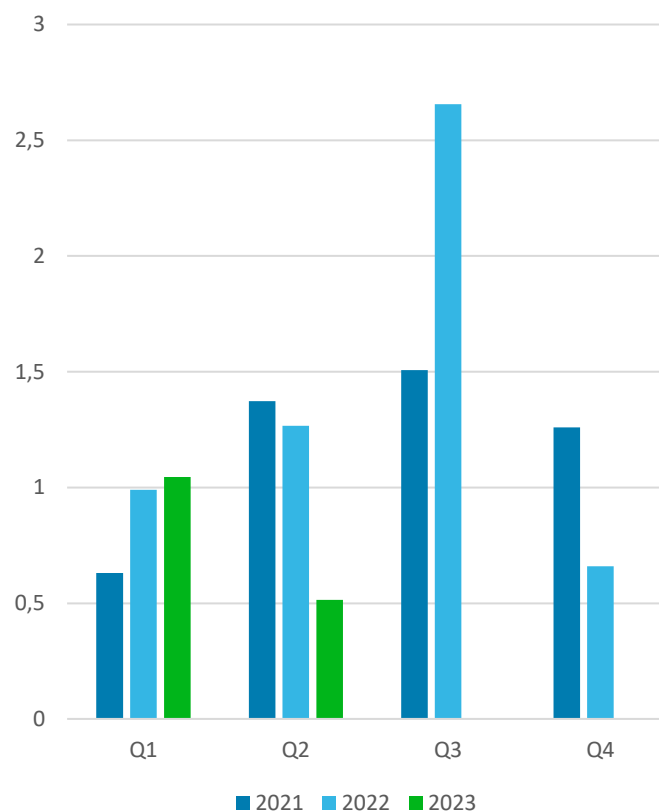
- Q2 sales €17.3m increased 1% against same period last year
- Implementation of the new ERP system had a negative impact on sales volumes due to inefficiencies experienced during the go-live phase
- Comparable EBITDA EUR -1.9 million (-11.9). The profitability was negatively impacted by low sales volumes. Comparison period was heavily impacted by the write-downs related to winding down the Russian business

Services

Net Sales



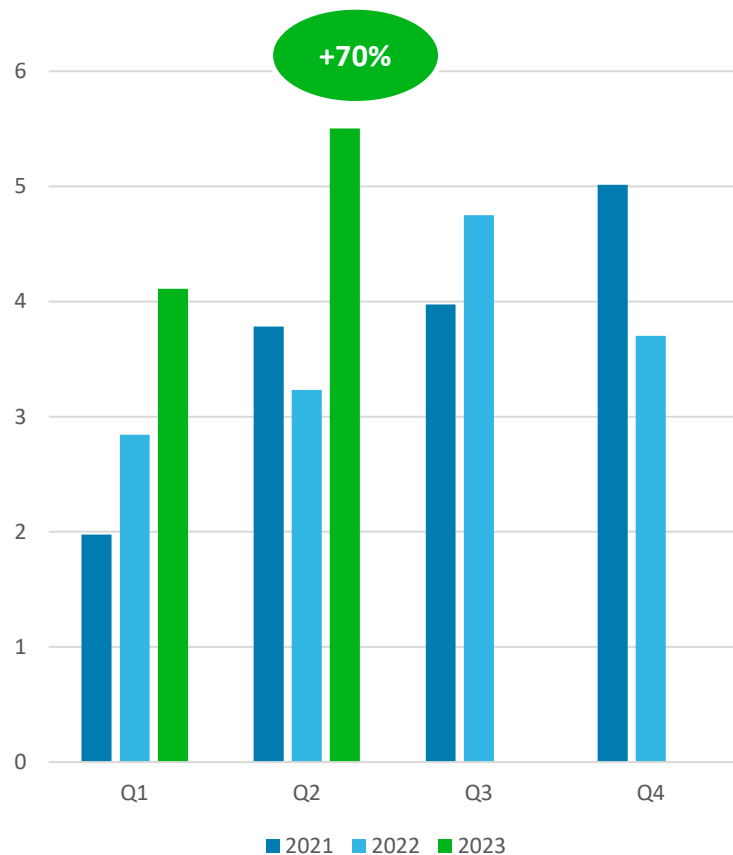
Comparable EBITDA



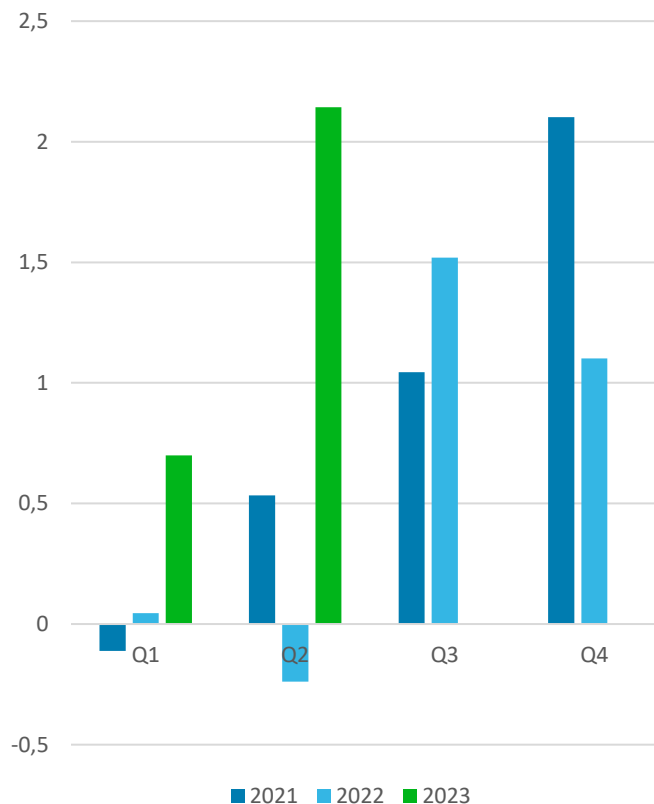
- Q2 sales €6.5m decreasing 30% against same period last year
- Lower share of Russia business and slightly lower demand for the spare parts and some delays with deliveries caused by the ERP implementation
- Q2 comparable EBITDA totaled EUR 0.5 million (1.3). Profitability was negatively impacted by the decreasing sales

Analyzers

Net Sales



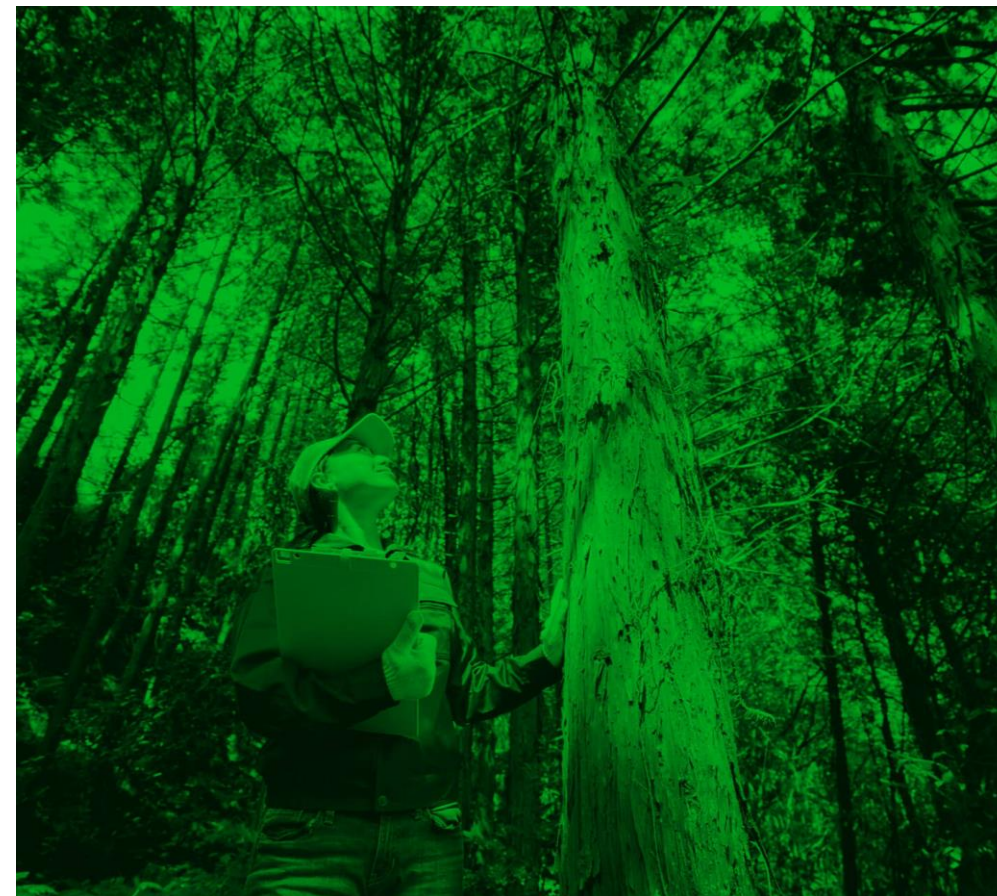
Comparable EBITDA



- Q2 sales EUR 5.5 m increased by 70% with several project completions occurring in the quarter, also partly supported by the order book wind-down related to Russian projects
- Comparable EBITDA of EUR 2.1 million (-0.2) was showing good improvement following the high level of business activity with improving margins, especially against the comparison period, which was negatively impacted by wind-down of Russian operations.

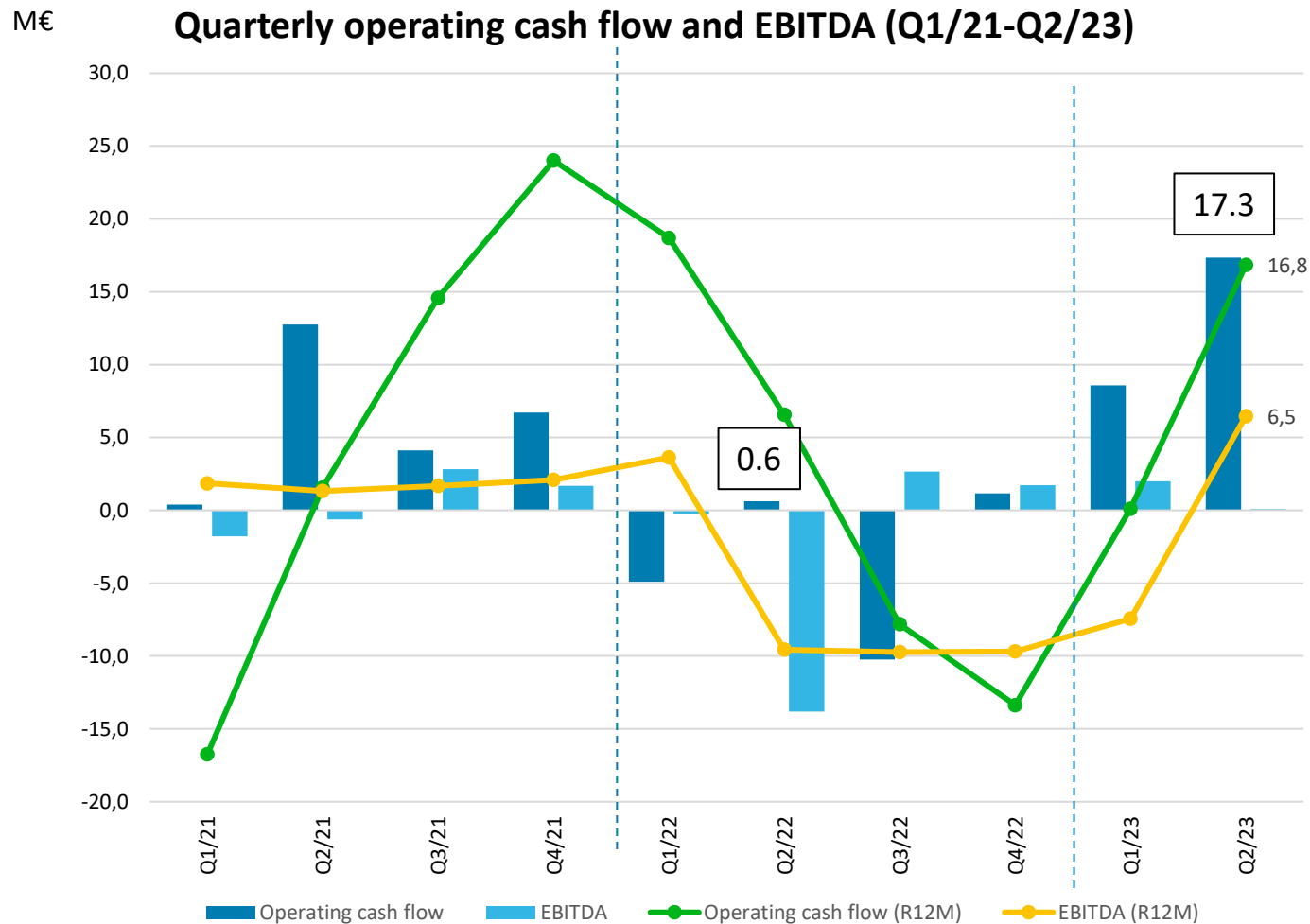
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Quarterly cash flow and EBITDA

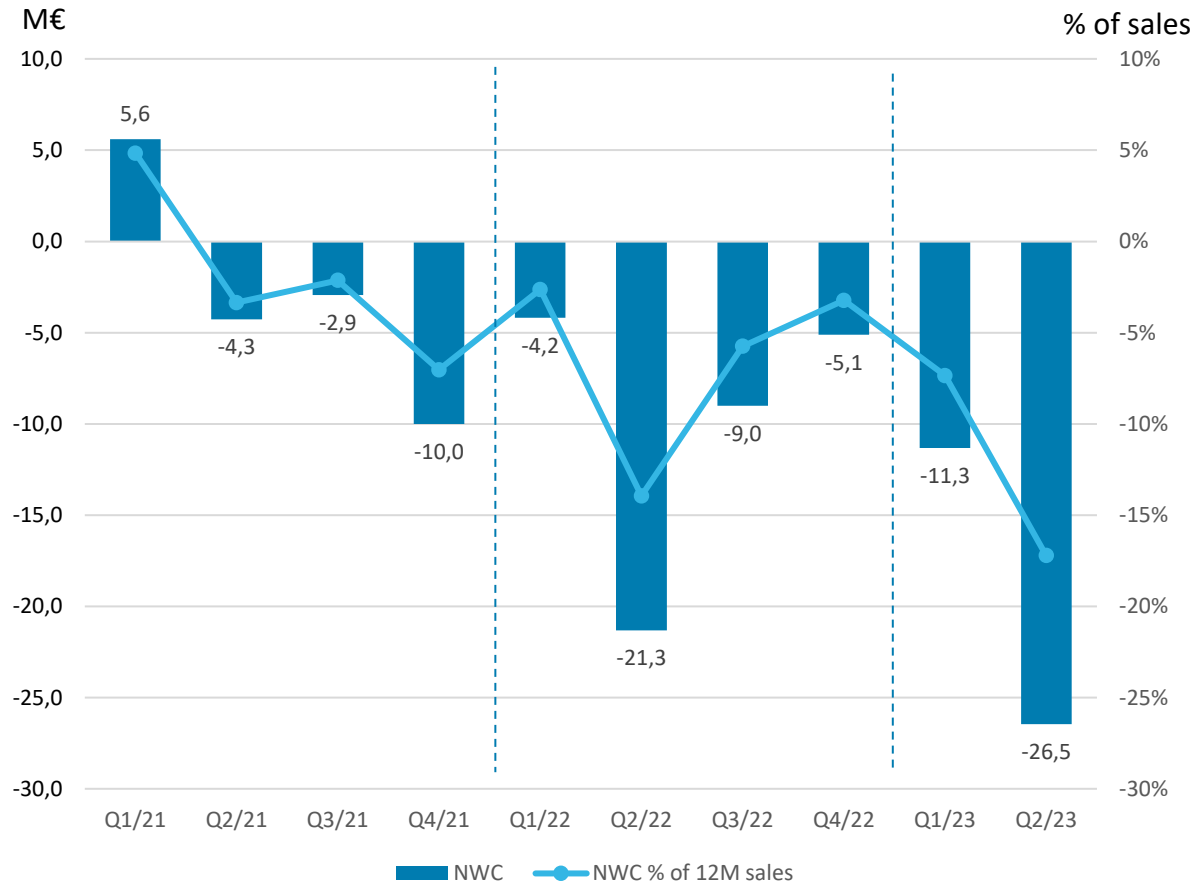
Strong operating cash flow EUR 17.3 million during Q2/2023 supported by new orders



- Q2/2023 operating cash flow EUR 17.3m (0.6)
 - EBITDA amounted to EUR 0.1m (-13.8)
 - Supported by prepayments related to order received
- H1/2023 operating cash flow EUR 25.9m (-4.3)
 - EBITDA amounted to EUR 2.1m (-14.1)
 - Supported by prepayments related to orders received
- R12M operating cash flow EUR 16.8 million
 - EBITDA EUR 6.5 million

Net working capital

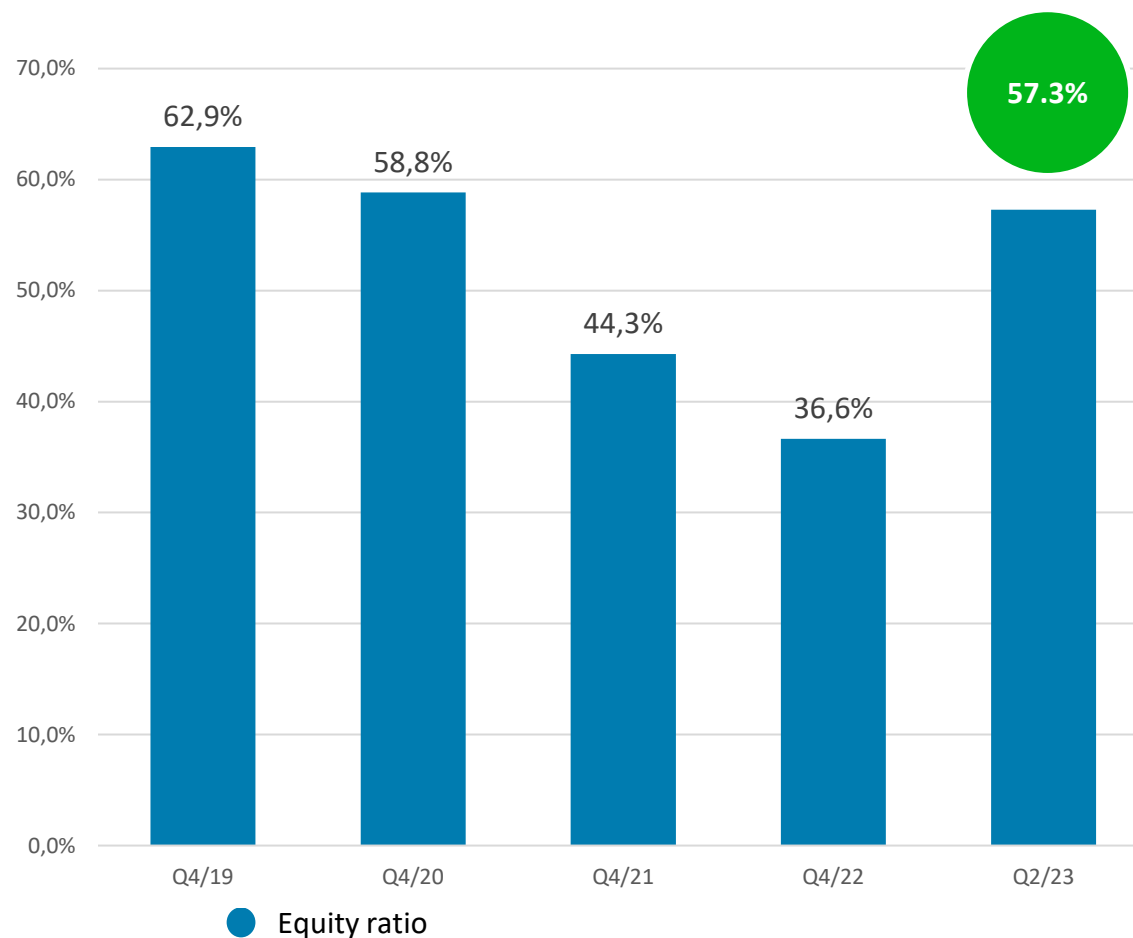
Net working capital at EUR -26.5 million at the end of Q2/2023



- Net working capital EUR -26.5 (-21.3) million at the end of Q2/2023
 - NWC change during the second quarter -15.1 (-17.1)
 - NWC improved EUR 21.2 m during H1/2023
 - Customer prepayments related to orders received during H1 improving NWC

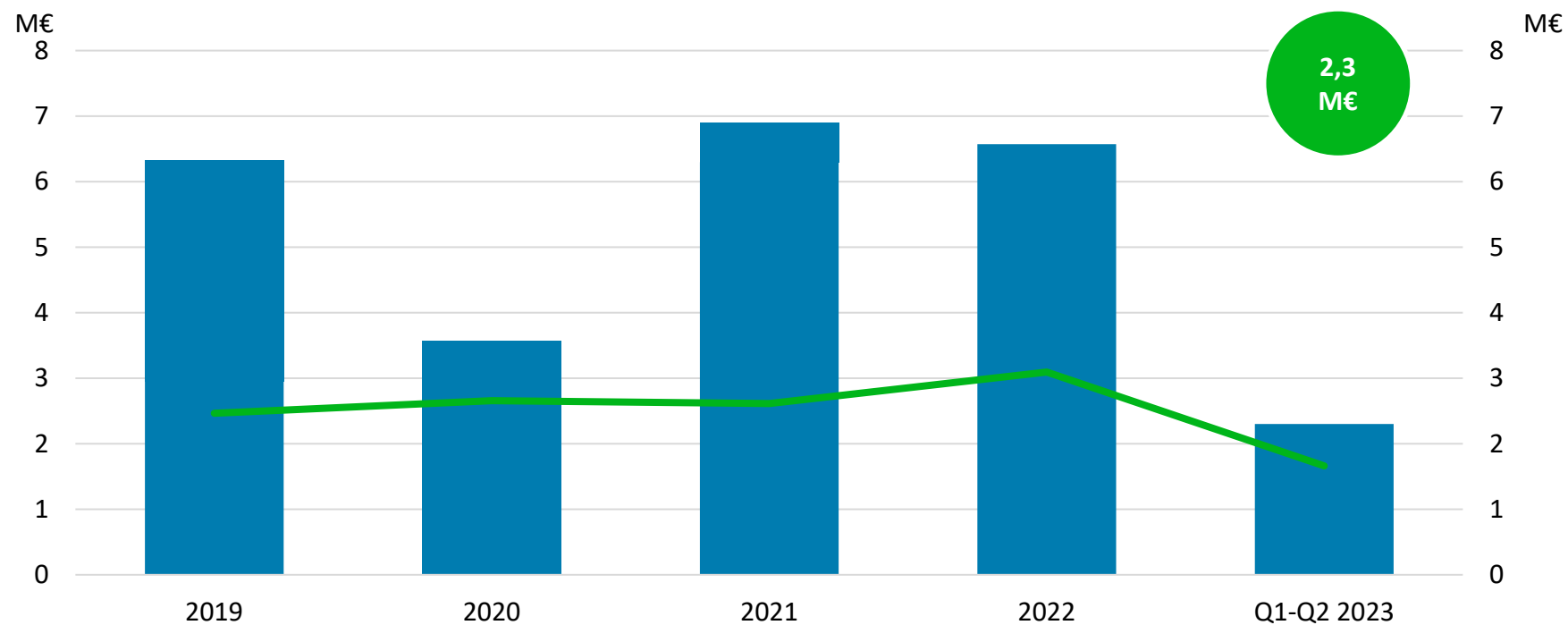
Equity ratio

Equity ratio increased to 57.3% as a result of new equity raised



- Net new equity was raised EUR 15.5 million during the second quarter according to plan
- Rights issue and directed share issue net new equity of EUR 12.5 million
- Junior convertible loans of EUR 3 million
- Strong balance sheet that enable the execution of growth strategy

Capex and depreciation and amortization

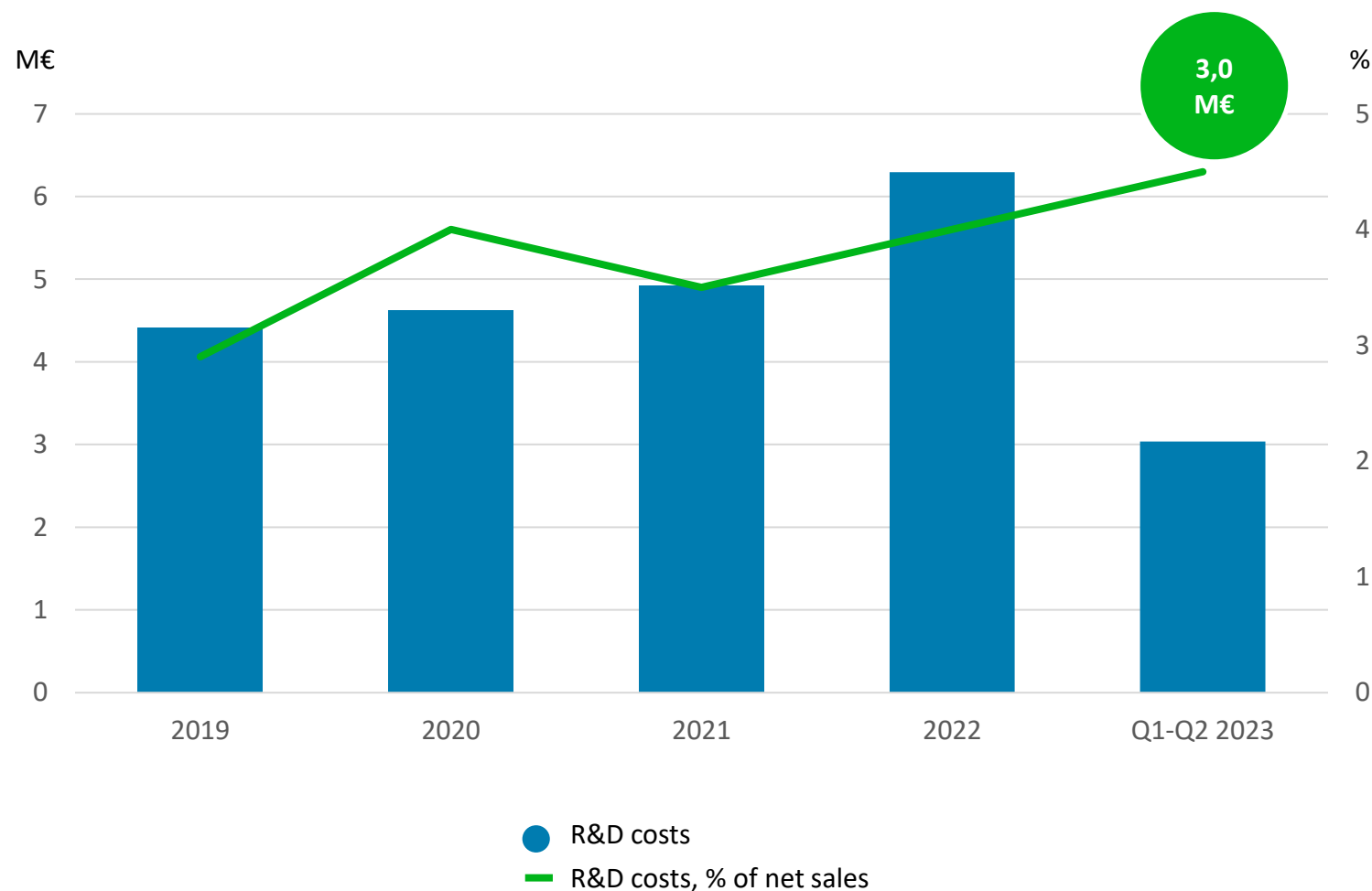


● Capital expenditure

— Depreciation and amortization, excl. depreciation from right-of-use assets

- Key items in Capex include renewal project for ICT and ERP systems

Research and Development



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Outlook for 2023

Business environment

- The global economy has remained uncertain during H1/2023; increasing interest rates and overall uncertainty are impacting the market outlook. High inflation, as experienced last year, is now smoothening out.
- The market for Raute's technology has been active in the mill-sized projects. This trend seems to continue as some of our customers have a long-term capacity planning horizon, regardless of the current market situation
- Demand has slowed for individual product lines in Europe and in Asia. Market slowdown is visible in demand for spare parts. Customer activity in North America is on a good level.

Raute

- Mill-sized orders are expected to start generate sales and profit during the latter part of the year
- Key focus is on realizing the full potential of the new ERP-system
- Our target is to finalize exit from Russia as soon as possible
- **Guidance for 2023: Raute's 2023 net sales are expected to be above M€ 150 and Comparable EBITDA margin to be above 4%**

Further information

Mika Saariaho

President and CEO

+358 40 1549393

mika.saariaho@raute.com

Ville Halttunen

CFO

+358 50 3460868

ville.halttunen@raute.com



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