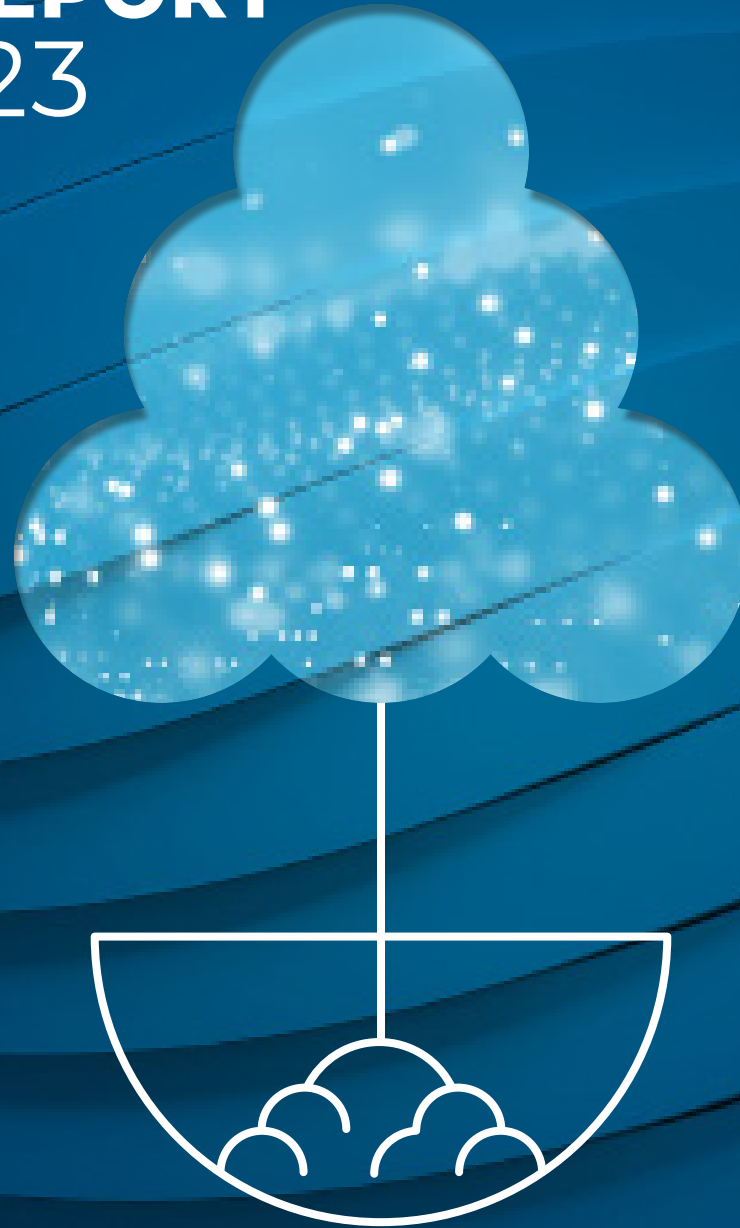


# HALF-YEAR REPORT

1.1.–30.6.2023



**April-June 2023**

- Net sales were EUR 29.3 million (29.6), 1% below comparison period.
- Comparable EBITDA was EUR 0.7 million (-10.9)
- Operating profit was EUR -1.0 million (-15.1)
- Earnings per share were EUR -0.15 ( -2.87), and diluted earnings per share EUR -0.15 (-2.87).
- Order intake was EUR 112 (40) million.
- Equity ratio 57% (34%)

**January- June 2023**

- The Group's H1 net sales amounted to EUR 66.2 million (70.9), 7% below the comparison period.
- Comparable EBITDA was EUR 3.6 million (-10.9), 5.4 % (-15.5%) of net sales.
- Operating profit was EUR -0.2 million (-16.6), -0.3 % (-23.4%) of net sales.
- Earnings per share were EUR -0.07 ( -3.14).
- Order intake was EUR 179 million (75) and the order book at the end of the reporting period EUR 202 million (104). The order book includes EUR 2 million (15) in orders from Russia after reservations.

**Guidance statement for 2023:**

Raute's 2023 net sales are expected to be above EUR 150 million and Comparable EBITDA margin to be above 4%.

**Mika Saariaho, President and CEO: Record order intake in Q2 and order book at the end of Q2 following the new mill-size orders**

Raute's order intake of EUR 112 million during the second quarter was the highest ever quarterly order intake in Raute's history. Order intake was supported by a plywood mill order from Latvijas Finieris and an LVL-mill order from French company Thebault. These orders are good examples of Raute's strong position in the complete mill-sized solutions. Demand for Analyzer solutions has also remained at a good level. However, increased market uncertainty has impacted the customer demand for single production lines, and demand for spare parts. Following the strong order intake during the first half of the year, the order book ended at a record high level of EUR 202 million at the end of Q2.

Second quarter net sales were EUR 29.3 million, showing 1% reduction against comparison period. Analyzers sales increased strongly by 70%, Wood Processing sales were at last year level and Services sales declined 30% against the comparison period. Sales in both Wood Processing and Services were negatively impacted by the lower activity level in our production and partly also by the inefficiencies caused by the ERP implementation in our main unit in Nastola. We have now completed all the remaining equipment deliveries to Russian customers and have recognized EUR 3.8 million of sales in Q2 related to orders received before the war in Ukraine. Our target is to finalize exit from Russia as soon as possible.

Our comparable EBITDA of EUR 0.7 million (-10.9) and comparable EBITDA margin of 2.5% (-36.7%) were negatively impacted by the lower activity level in Wood Processing and Services. Analyzers profitability increased significantly supported by strong sales growth.

Our main unit in Nastola had a go-live of our renewed ERP system during Q2. As we anticipated, we have experienced inefficiencies and minor disturbances on business operations during the go-live phase. These inefficiencies have especially impacted the Wood Processing and Services business units which have major delivery operations in Nastola. We believe that our new ERP-system will bring clear process and efficiency improvements as the learning curve is now settling.

We have continued to follow through the profitability improvement program as announced last year and we are on track to reach the targeted cost savings. Cost inflation has been smoothening out, and we are now also better prepared to offset the impacts of inflation. Based on the record high order book, we have stopped the temporary layoffs concerning the hourly workers at the production plants in Finland.

During Q2 we completed a directed share issue, rights issue and issued junior loans to strengthen our balance sheet. As a result of these actions our equity ratio increased to 57%. We now have a strong balance sheet that enables us to implement our new growth strategy. Raute has a sustainable foundation to be the partner to future-proof the wood industry.

We are reiterating our full year guidance for 2023. Our short-term priority remains on further profitability improvements and realizing the full benefits of the new ERP system. Thanks to the new mill-size orders and record high order book, we expect our sales and profitability to increase during the latter part of the year as the new mill orders start to generate sales and profit. The order book towards next year is strong and gives an excellent basis for further business development.

## SECOND QUARTER OF 2023

### Order intake and order book

The total order intake in the second quarter, EUR 112 million (40), was record high. Order intake included plywood mill machinery order from Latvijas Finieris amounting to EUR 29 million and LVL-mill order amounting to EUR 45 million from French company Thebault.

The order book increased during the second quarter by EUR 81 million and amounted to EUR 202 million at the end of the period (104). The order book was record high. The order book includes EUR 2 million (15) orders from Russia after reservations.

Order intake comprises of 75% (65%) from Europe, 22% (14%) from North America, 1% (17%) from Asia-Pacific and 2% (4%) from South America. Sometimes even strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business. Order intake in Wood Processing increased strongly against the previous year thanks to the mill-sized orders. Analyzers had also strong quarter for order intake.

### Net sales

Second quarter net sales amounted to EUR 29.3 million (29.6), showing a decrease of 1% against the comparison period. Sales included EUR 3.8 million from remaining Russian order book. Sales increased strongly in Analyzers by 70% against last year, Wood Processing sales were at last year level and Services sales declined 30% over the comparison period. Sales in both Wood Processing and Services were negatively impacted by the lower activity level in our production and partly also by the inefficiencies caused by the ERP implementation in our main unit in Nastola.

### Result and profitability

Second quarter comparable EBITDA of EUR 0.7 million (-10.9) and comparable EBITDA margin of 2.5% (-36.7%) were negatively impacted by the lower activity level in Wood Processing and Services. Analyzers profitability increased significantly supported by strong sales growth. Operating profit for the second quarter was EUR -1.0 million (-15.1) and accounted for -3.5 % (-51.0) of net sales. The operating profit was impacted by items effecting comparability amounting to EUR 0.6 million, including costs of EUR 0.5 million related to the ERP renewal project, restructuring costs of EUR 0.1 million from exit from market area operations in Russia and changing factory location inside China.. The result before taxes was EUR -1.2 million (-15.4), and earnings per share were EUR -0.15 (-2.87).

## JANUARY – JUNE 2023

### BUSINESS ENVIRONMENT

Market situation in the global economy has continued to be uncertain during the first half of this year. High inflation, as experienced last year, has been smoothening out. However, increasing interest rates and overall uncertainty in the global economy are impacting the market outlook. These impacts are visible in demand for Raute's customers' products. The raw material availability

has started to limit our customers' production volumes, especially due to the lack of the Russian birch logs which used to be an important raw material source before 2022. The slowdown of the construction market and reduction in housing starts have reduced the demand for softwood plywood especially in Europe and North American markets.

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. However, demand has slowed for individual product lines in Europe and in Asia. Market slowdown is also visible in demand for spare parts. Customer activity in North America has continued to be on a good level. In Latin America demand is stable.

We are encouraged by the development of our high-end technology offerings and our capability to offer mill-size solutions. During H1/2023 Raute received three major orders. In March we signed a plywood mill machinery order with Lumin and in April with Latvijas Finieris. In May we signed an LVL-mill machinery order with French company Thebault. All these orders are good examples of a complete mill-size solution where technology of the production lines is of the modern automated R7/R5-Series technology equipped with analyzers for grading and MillsIGHTS software for data capturing and dynamic reporting.

There is an increasing interest in Europe also for Services, as well as possibilities to increase the birch plywood production capacity to compensate supply of lost Russian volumes.

Raute continues its controlled wind-down of activities in Russia, and the remaining order book for Russian customers after reservations was EUR 2 million (15) at the end of the reporting period.

### ORDER INTAKE AND ORDER BOOK

The order intake in H1 2023 amounted to EUR 179 million (75) consisting of three mill-sized orders to customers: Lumin, AS Latvijas Finieris and Thebault.

Order intake comprises of 53% (52%) from Europe, 15% (27%) from North America, 1% (13%) from Asia-Pacific and 31% (5) from South America. Sometimes even strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business. Order intake in Wood Processing increased strongly against the previous year thanks to the mill-sized orders and has taken a significant relative share of the total in H1/2023. Analyzers had again also good order intake throughout H1/2023.

The order book increased during the second quarter by EUR 81 million. The order book at the end of the reporting period was record high EUR 202 million (104), of which EUR 2 million remains from the Russian order book after reservations.

### NET SALES

Net sales for the first half of the year totaled EUR 66.2 million (MEUR 70.9), 6.6 percent below the comparison period of 2022. Sales include EUR 9.3 million from remaining Russian order book.

The sales grew strongly in Analyzers by +58%, but in Services sales decreased by 14% and in Wood Processing sales decreased by 12% below the comparison period.

Of the net sales during the reporting period, Europe accounted for 42% (42), North America for 27% (25), South America for 7% (6), Asia-Pacific for 10% (4) and Russia for 14% (23). Russia's share results from the order book in the Russian market after the adjustments from renegotiations with customers, within the limits set by the sanctions.

## RESULT AND PROFITABILITY

Comparable EBITDA for the Group amounted to EUR 3.6 million (-10.9) during the first half of the year. Comparable EBITDA improved in Wood processing and Analyzers but decreased in Services compared to same period last year. Comparison period was heavily impacted by the write-downs related to winding down the Russian business. The operating profit was EUR -0.2 million (-16.6) and accounted for -0.3% (-23.4) of net sales. The operating profit was impacted by items effecting comparability amounting to EUR 1.5 million, including costs of EUR 0.8 million related to the ERP renewal project, restructuring costs of EUR 0.7 million from exit from market area operations in Russia and changing factory location inside China.

The result before taxes for the reporting period was EUR -0.4 million (-16.5). The result for the reporting period was EUR -0.4 million (-14.1). Undiluted earnings per share were EUR -0.07 (-3.14).

## REVIEW BY BUSINESS UNIT

### Wood Processing

MEUR	Q2/23	Q2/22	Change-%	H1/23	H1/22	Change-%	2022
Net sales	<b>17,3</b>	17,1	1,3%	<b>41,8</b>	47,6	-12,3%	108,0
Comparable EBITDA	<b>-1,9</b>	-11,9		<b>-0,8</b>	-13,0		-10,3
Comparable EBITDA-%	<b>-11,1%</b>	-69,4%		<b>-2,0%</b>	-27,3%		-9,5%

### Q2/2023 compared with Q2/2022

Net sales in the second quarter amounted to EUR 17.3 million (17.1), increasing by 1% against the same period last year. Sales increased in APAC and Latin America, but decreased in EMEA and North America. As we anticipated, implementation of the new ERP system had a negative impact on sales volumes due to inefficiencies experienced during the go-live phase.

Comparable EBITDA amounted to EUR -1.9 million (-11.9) during the second quarter. 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.

### H1/2023 compared with H1/2022

Net sales totaled EUR 41.8 million (47.6), a decrease of 12 percent from the comparison period that still included 26% (18%) of sales from Russia. Sales decreased also in EMEA and North America but increased in Latin America and APAC.

Comparable EBITDA of EUR -0.8 (-13.0) million was strongly ahead of comparison period, driven by improved margins with less cost pressure and better mix. The controlled wind-down of Russian order book had a positive impact on our financial performance. The comparison period was heavily impacted by the write-downs related to winding down the Russian business.

## Services

MEUR	Q2/23	Q2/22	Change-%	H1/23	H1/22	Change-%	2022
Net sales	<b>6,5</b>	9,2	-29,7%	<b>14,8</b>	17,1	-13,9%	35,8
Comparable EBITDA	<b>0,5</b>	1,3	-59,3%	<b>1,6</b>	2,3	-30,9%	5,6
Comparable EBITDA-%	<b>7,9%</b>	13,7%		<b>10,6%</b>	13,2%		15,6%

### Q2/2023 compared with Q2/2022

Net sales in the second quarter amounted to EUR 6.5 million (9.2), decreasing by 30% over the same period last year, which still included EUR 1.2 million or 13% (3%) of BU sales to Russia. Additionally, sales decreased due to 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.

### H1/2023 compared with H1/2022

Net sales amounted to EUR 14.8 million (17.1), decreasing by 14%. It should be noted that comparable period still included EUR 2.4 million or 14% of the BU sales to Russia. Sales decrease was caused by lower sales during the second quarter.

Comparable EBITDA of EUR 1.6 million (2.3) decreased from last year. Profitability was negatively impacted by the decreasing sales.

## Analysts

MEUR	Q2/23	Q2/22	Change-%	H1/23	H1/22	Change-%	2022
Net sales	<b>5,5</b>	3,2	70,2%	<b>9,6</b>	6,1	58,2%	14,5
Comparable EBITDA	<b>2,1</b>	-0,2		<b>2,8</b>	-0,2		2,4
Comparable EBITDA-%	<b>38,9%</b>	-7,4%		<b>29,6%</b>	-3,2%		16,7%

### Q2/2023 compared with Q2/2022

Net sales increased by 70% from the comparison period to EUR 5.5 million (3.2), with several project completions occurring in the quarter, also partly supported by the order book wind-down related to Russian projects. Demand was especially good in EMEA e.g. good activity was also seen in North America.

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.

### H1/2023 compared with H1/2022

Net sales increased by 58% from the comparison period to EUR 9.6 million (6.1) due to a large number of project deliveries during the first half with better component availability and shorter lead times.

Comparable EBITDA of EUR 2.8 million (-0.2) improved due to high level projects completed during the first half.

## CASH FLOW AND BALANCE SHEET

The Group's financial position has improved in the quarter supported by the new orders and new equity raised, resulting in strong net cash situation. At the end of the reporting period, gearing was -78.1 % (-33.2 %), and the equity ratio was 57.3 % (33.8 %). During the second quarter Raute collected net new equity of EUR 15.5 million in form of directed share issue, rights issue and convertible junior loans.

The Group's cash and cash equivalents amounted to EUR 39.3 (15.4) million at the end of the reporting period. Operating cash flow was EUR 25.9 (-4.3) million. Operating cash flow was positively impacted by the customer prepayments related to announced mill-sized orders. Cash flow from investment activities totaled EUR -2.2 (-3.7) million. Cash flow from financing activities was EUR 8.1 (-1.0) million.

Interest-bearing liabilities amounted to EUR 9.7 million (8.7) at the end of the reporting period, consisting of liabilities for right-of-use assets.

On March 6, 2023, the parent company Raute Corporation signed an agreement with their main banks about renewing and replacing their earlier credit limit agreements and on determining the company's new credit limits. The company has a credit facility of EUR 5 million. At the end of the reporting period the new facility was not in use.

## DIRECTED SHARE ISSUE AND RIGHTS ISSUE

On 4 April 2023 in accordance with the decision of the Annual General Meeting, the Company's Board of directors decided on a directed share issue and by issuing 839,039 new shares of the Company in deviation from the shareholders' pre-emptive subscription rights. The subscription price of the Directed Share Issue was EUR 7.68 per share. The gross proceeds of EUR 6.4 million were collected and recorded in the company's invested unrestricted equity fund.

In accordance with decision of the Annual General Meeting, the Raute carried out a rights issue during the second quarter of 2023. The company issued 1,020,446 new shares with the subscription price of EUR 7.35. As a result of successful rights offering Raute collected gross proceeds of EUR 7.5 million

## CONVERTIBLE JUNIOR LOANS

Raute agreed with LähiTapiola and Veritas on convertible junior loans amounting to EUR 3 million. The drawdown date for the junior loans was 21 June 2023. The loans are perpetual. The annual floating rate during the first 3-year period is 7.50 per cent added with six (6) months EURIBOR. The company has an option, but no obligation, to pay the loans back after the first 3-year period in 2026. After the first 3-year period there a step-up in the interest rate of the loans.

The junior loans are treated as equity in the group financial statements. The junior loans do not confer to the holders the rights of a shareholder.

LähiTapiola and Veritas have the right to convert the outstanding principal amount of the junior loan into new shares of the Company in full, but not in part in accordance with the terms and conditions of the option rights related to the junior loan. The subscription price for the option rights is EUR 12.79 after the rights issue. It is possible to subscribe for a maximum of 234,558 new shares in the Company based on the option rights issued to the lenders of the junior loans.

## EVENTS DURING THE REPORTING PERIOD

Raute Corporation published stock exchange releases on the following events during H1/2023:  
 January 10, 2023: Raute Corporation appoints Ville Halttunen as new Chief Financial Officer  
 March 9, 2023: Inside information: Raute plans directed share issue, rights issue and junior loan to support targeted growth and strengthening of capital structure and proposes combination of share classes  
 March 16, 2023: Raute Corporation appoints Tarja Moilanen as Chief People Officer  
 March 17, 2023: Raute receives order of EUR 49.6 million to Uruguay

March 22, 2023: Long-term incentive plan established for Raute's senior management and selected key persons

March 30, 2023: Raute updates its strategy and introduces new financial targets

March 30, 2023: Decisions of Raute Corporation's Annual General Meeting 2023

April 3, 2023: The combination of Raute Corporation's share classes and amendment of Articles of Association have been registered with the Trade register

April 4, 2023: Raute Corporation's Board of Directors has decided on the completion of a directed share issue in accordance with advance subscription commitments

April 5, 2023: New shares issued in Raute Corporation's directed share issue have been registered with the Trade register

April 25, 2023: Insider information: Raute announces the receipt of an order of EUR 29 million to Latvia and provides update concerning earlier announced customer project negotiations

April 25, 2023: Inside information: Positive profit warning, Raute to increase its net sales guidance for 2023

May 10, 2023: Raute receives order of EUR 44.6 million to France

May 22, 2023: Raute has agreed on convertible perpetual junior loans in the aggregate amount of up to four (4) million euro

May 22, 2023: Raute's Board of Directors has made a decision on a rights offering and filed a listing application to list shares and subscription rights

May 23, 2023: Raute publishes prospectus on rights offering and listing of shares

June 14, 2023: The preliminary result of Raute Corporation's oversubscribed rights offering

June 16, 2023: Final result of Raute's rights offering, amendments to the terms and conditions of option rights and the issuing of new option rights as a result of the offering and drawdown of junior loans

June 20, 2023: Raute Corporation's new shares issued in the rights offering have been registered with the Trade register

## RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

Raute is a leading technology supplier for the plywood and LVL industries and focuses strongly on the development of increasingly efficient, productive, safe and environmentally friendly manufacturing technology and supporting measurement and machine vision applications. New opportunities provided by digitalization are also an essential part of R&D activities.

Research and development costs in the reporting period amounted to EUR 3.0 million (3.2), representing 4.5 % of net sales (4.5 %).

The Group's capital expenditure during the period totaled EUR 2.3 million (3.7) and accounted for 3.4% (5.2 %) of net sales. The renewal of ERP-system continued to be the key investment for the period.

## PERSONNEL AND OCCUPATIONAL SAFETY

At the end of the reporting period, the Group's headcount was 757 (793). Personnel outside of Finland accounted for 31% (32%) of all employees.

In full-time-equivalent terms ("effective headcount"), the average number of employees during the reporting period was 685 (799).

Occupational safety continues to be the focus of the management and safety related metrics have demonstrated a longer-term downward trend. During the half of the year we had in total 6 lost-time injuries. The accident frequency (LTIF) on a rolling 12-month basis was 8.5, increasing from the 2022 level of 6.2.

## NEW STRATEGY AND FINANCIAL TARGETS

Raute updated its strategy on March 30, 2023 and introduced new financial targets for the five-year strategy period to support its ambition for sustainable growth. According to the new strategy, Raute is the partner to future-proof the wood industry. With our unique solutions, we drive change and promote resource-efficient society.

### Raute – Making Wood Matter

Raute aims to grow Services concept and strengthen offering in Analyzers and Wood Processing with innovative production solutions and models, as well as data and digital tools in the global market for veneer, plywood and LVL production technologies.

Our aim is to accelerate growth by expanding Raute's portfolio into new wood products segments, especially through digital and analytical solutions and new service concepts. Our commitment is to lead the industry towards a more sustainable future in engineered wood products.

We have integrated sustainability as a fundamental aspect into our operations, balancing economic, social, and environmental considerations in our decision-making processes. Our unwavering principles of safety, ethical conduct, and diversity and inclusion guide us on our journey to generate growth for all our stakeholders with high ESG standards and deliver a lasting positive impact on nature and society.

Raute's new financial targets for 2028 aligned with the strategy are:

- Net sales 250 MEUR, including both organic and inorganic growth
- Services and Analyzers relative share of net sales 40% of the Group
- Comparable EBITDA margin 12% on average over cycle
- Capital structure: Equity ratio over 40%

Raute aims to pay a stable and sustainable dividend over different market conditions.

## SHARES

The number of Raute Corporation's shares at the end of the reporting period totaled 6,122,679 (4,263,194). All of the company's shares are of the same class and carry equal rights in the company, including one (1) vote in General Meetings. Raute Corporation's shares are listed on Nasdaq Helsinki Ltd. The trading code is RAUTE.

The number shares increased by 839,039 as a result of directed share issue and by 1,020,446 as a result of rights issue carried during the second quarter of 2023.

The company's market capitalization at the end of the reporting period was EUR 55.1 million (48.6). The closing price of the shares for the reporting period was EUR 9.00 (11.40).

The Annual General Meeting held on March 30, 2023 decided on the combination of share classes by amending the Articles of Association by removing Articles concerning the different share classes. The amendments to the Articles of Association were registered with the trade register maintained by the Finnish Patent and Registration Office on April 3, 2023, in accordance with the decision of the Annual General Meeting held on March 30, 2023, and the combination of the share classes has thereby entered into force.

After the completion of the combination of the share classes, all of the Company's shares are of the same class and carry equal rights in the company, including one (1) vote in General Meetings. The total number of the Company's shares did not change as result of the combination of the share classes, but the previous ordinary shares, which were not subject to trading on the official list of Nasdaq Helsinki Ltd's stock exchange (the "Helsinki Stock Exchange"), were converted to shares in the only share class of the Company at conversion rate of 1:1 (the "Conversion Shares"). After the registration of the amendment to the Articles of Association, the total number of the Company's shares is 4,263,194 and the total number of votes is 4,263,194.

## REMUNERATION

The Annual General Meeting approved, on March 30, 2023, the Remuneration Report for Governing Bodies proposed by the Board of Directors. The resolution is advisory.

The Group has remuneration systems in place that cover the entire personnel.

### Share-based incentive plans

The Group has valid long-term share-based incentive plans based on performance.

On March 22, 2023, the Board of Directors decided on the commencement of a long-term incentive plan for the Group's senior management and selected key persons. The decision includes a Performance Share Plan ("PSP 2023–2025") as the main structure and a Restricted Share Plan ("RSP 2023–2025") as a complementary structure.

## SHAREHOLDERS

The number of shareholders totaled 5,785 at the beginning of the year and 6,223 at the end of the reporting period. Nominee-registered shares accounted for 2.7 percent (2.0) of shares.

The Board of Directors, the President and CEO as well as the Executive Board held altogether 231,189 company shares, equaling 3.8 percent (3.3) of the company shares and 3.8% (8.9) of the votes at the end of the reporting period.

The company has received the following flagging notifications in connection with the combination of the share classes:

The total voting rights of shares held in Raute Corporation by Göran Wilhelm Sundholm exceeded the level of 10%. The number of voting rights of Göran Sundholm's shares in Raute Corporation is 500 000, which increased to represent 11.73 % of all voting rights carried by Raute Corporation's shares.

The total voting rights of shares held in Raute Corporation by Kaisa Marketta Kirmo fell below the level of 5%. The number of voting rights of Kaisa Kirmo's shares in Raute Corporation decreased to 104 021 voting right, representing 2.44 % of all voting rights carried by Raute Corporation's shares.

The total voting rights of shares held in Raute Corporation by Kari Pauli Mustakallio fell below the level of 5%. The number of voting rights of Kari Mustakallio's shares in Raute Corporation decreased to 60 480 voting right, representing 1.42 % of all voting rights carried by Raute Corporation's shares.

The total voting rights of shares held in Raute Corporation by Mika Tapani Mustakallio fell below the level of 5%. The number of voting rights of Mika Mustakallio's shares in Raute Corporation decreased to 83 270 voting right, representing 1.95 % of all voting rights carried by Raute Corporation's shares.

The total voting rights of shares held in Raute Corporation by Anna Riitta Särkijärvi fell below the level of 5%. The number of voting rights of Riitta Särkijärvi's shares in Raute Corporation decreased to 82 489 voting right, representing 1.93 % of all voting rights carried by Raute Corporation's shares.

On June 26, 2023, the company received a flagging notification from Pekka Matias Suominen. According to the notification, the total voting rights of shares held in Raute Corporation by Pekka Suominen exceeded the level of 25%. The person subject to notification obligation uses voting rights by a proxy. The voting rights are used at the discretion of the person subject to this notification obligation. The number of voting rights of Pekka Matias Suominen's shares in Raute Corporation, directly or indirectly by proxies, is 1,688,422, which increased to represent 27.58% of all voting rights carried by Raute Corporation's shares.

## CORPORATE GOVERNANCE

Raute Corporation complies with the Finnish Corporate Governance Code 2020 for listed companies issued by the Securities Market Association on September 19, 2019.



## EXECUTIVE BOARD

Raute Group's Executive Board and the members' areas of responsibility:

Mika Saariaho, President and CEO

Petri Strengell, Executive Vice President, Wood Processing – Wood Processing business unit

Jani Roivainen, Executive Vice President, Analyzers – Analyzers business unit

Kurt Bossuyt, Executive Vice President, Services – Services business unit

Jari Myrskyläinen, Chief Commercial Officer (CCO) – Sales & marketing, commercial excellence

Tarja Moilanen, Chief People Officer (CPO) – Human resources, people development, health & safety, as of 1 of June 2023. Mia Könnilä held the position until 31st May 2023.

Ville Halttunen, Chief Financial Officer (CFO) – Finance, ICT, IR, ESG, other business support, as of 1 of May 2023. Minna Yrjönmäki held the position until 30th April 2023.

## ANNUAL GENERAL MEETING 2023

Raute Corporation's Annual General Meeting was held on March 30, 2023. More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on March 30, 2023.

Further details about the Annual General Meeting are available at <https://www.raute.com/investors/governance/general-meetings/annual-general-meeting-2023/>

## DISTRIBUTION OF PROFIT FOR THE 2022 FINANCIAL YEAR

The Annual General Meeting on March 30, 2023 decided that no dividend be distributed for the financial year 2022 and that the loss for the financial year be transferred to retained earnings.

## EVENTS AFTER THE REPORTING PERIOD

On 1 August 2023 Raute Corporation announced about the composition of the first shareholders' nomination board. Pekka Suominen (directly and indirectly by proxies), Göran Sundholm and Kustaa Poutiainen (appointed by Stephen Industries Inc.) were appointed to Raute Corporation's shareholders' Nomination board.

## BOARD OF DIRECTORS AND BOARD COMMITTEES

The Board of Directors elected by Raute Corporation's Annual General Meeting on March 30, 2023, held a constitutive meeting.

Based on the evaluation of independence by the Board of Directors, Chair of the Board Laura Raitio and members Ari Harmaala, Petri Perttula, Ari Piik and Patrick von Essen are independent of the company. Vice-Chairman of the Board of Directors Mika Mustakallio and member Joni Bask are not estimated to be independent of the company, as they have served on the Board

of Directors for more than ten years. All members of the Board are independent of major shareholders.

The Audit Committee's tasks are handled by the Board of Directors.

## SHAREHOLDERS' NOMINATION BOARD

The Annual General Meeting on March 30, 2023 decided to establish a permanent shareholders' nomination board to prepare the election and remuneration of the Board of Directors (the "Nomination Board") and to confirm the charter for the Nomination Board. The Nomination Board has three members who are appointed by the three largest shareholders, each of whom has the right to appoint one member.

## KEY BUSINESS RISKS

Changes in the global economy and financial markets may have a negative impact on Raute's operations, performance, financial position and sources of capital.

Raute is subject to geopolitical and macroeconomic conditions, where significant cost fluctuations and increasing interest rates may give cause to economic downturn. Such a downturn would likely impact Raute's operations and reduce underlying demand.

The most important short-term risk relates to the implementation of the new company-wide ERP-system, which has a direct impact on Raute's daily operations and financial management. Delays in implementation and roll-out of the system or possible challenges in migrating data to new ERP systems could result in significant cost overruns for the ERP system implementation, as well as disruptions in the customer delivery projects, also resulting in deteriorating customer relationship.

Raute's business and products can be affected directly or indirectly by legislation or other regulation such as sanctions. It is also possible that Raute is susceptible to litigation. Raute continues to have risks related to exposure to Russian customers. The controlled wind-down of the remaining order book has progressed well during H1, however the remaining order book is still vulnerable to changes in regulation, sanctions, financial transactions and customers' ability to conclude the contracts. The changing sanctions result in uncertainty in our ability to operate in line with our contracts and recognize revenue from our order book in progress. A material part of Raute's technology and services has fallen under the scope of the sanctions.

The bulk of Raute's business operations consists of project deliveries, which expose the company to risks caused by customer-specific customized solutions related to each customer's end product, production methods or raw materials. At the quotation and negotiation phase, the company takes risk relating to the promised performance and estimates of implementation costs. Other significant short-term risks for Raute are related to the price inflation and availability of raw materials, components and freight.



Raute's investments in product development for new technologies are significant and involve the risk that the project will not lead to a technologically or commercially acceptable solution.

Raute is executing a development program to improve end-to-end operational competitiveness and profitability and the aim is to achieve annual savings of some EUR 4–5 million by the end of 2023. The company is exposed to the risk of capturing the savings within the planned timeline. Raute has announced a new strategy and related financial targets that aim for significant growth and profitability improvement over the coming five-year period. The company faces a risk that the strategy execution is not successful within the set timeline or that the set targets cannot be met.

The most significant financing risks in the Group's business operations are default risks and currency risks related to counterparties. The Group is also exposed to liquidity, refinancing, interest rate and price risks.

#### **GUIDANCE STATEMENT FOR 2023**

Raute's 2023 net sales are expected to be above EUR 150 million and Comparable EBITDA margin to be above 4%.

## CONSOLIDATED STATEMENT OF INCOME

Raute Corporation's Board of Directors has approved this half-year financial report for January 1–June 30, 2023 to be published.

The figures for the financial year 2022 presented in the figures section of the half-year financial report have been audited. The presented interim financial report figures have not been audited.

### CONSOLIDATED STATEMENT OF INCOME

EUR 1,000	Note	1.4.– 30.6.2023	1.4.– 30.6.2022	1.1.– 30.6.2023	1.1.– 30.6.2022	1.1.– 31.12.2022
<b>NET SALES</b>	4	<b>29 338</b>	29 590	<b>66 152</b>	70 865	158 324
<b>Change in inventories of finished goods and work in progress</b>		<b>307</b>	663	<b>-678</b>	46	-4 501
<b>Other operating income</b>		<b>3</b>	68	<b>232</b>	68	207
Materials and services		-12 148	-24 038	-27 518	-47 902	-91 084
Employee benefits expense		-12 047	-14 388	-25 556	-26 486	-51 157
Depreciation and amortization		-1 114	-1 278	-2 254	-2 526	-4 953
Other operating expenses		-5 363	-5 709	-10 546	-10 634	-21 478
<b>Total operating expenses</b>		<b>-30 671</b>	-45 413	<b>-65 875</b>	-87 548	-168 673
<b>OPERATING RESULT</b>		<b>-1 024</b>	-15 092	<b>-168</b>	-16 570	-14 642
Financial income		36	-173	380	699	2 163
Financial expenses		-197	-107	-608	-659	-1 335
<b>Financial expenses, net</b>		<b>-161</b>	-280	<b>-228</b>	40	828
<b>RESULT BEFORE TAX</b>		<b>-1 185</b>	-15 372	<b>-396</b>	-16 530	-13 814
Income taxes		387	2 458	44	2 398	2 301
<b>RESULT FOR THE PERIOD</b>		<b>-799</b>	-12 914	<b>-353</b>	-14 132	-11 513
<b>Result for the period attributable to</b>						
Equity holders of the Parent company		<b>-799</b>	-12 914	<b>-353</b>	-14 132	-11 513
<b>Earnings per share for profit attributable to Equity holders of the Parent company, EUR</b>						
Undiluted earnings per share		<b>-0,15</b>	-2,87	<b>-0,07</b>	-3,14	-2,56
Diluted earnings per share		<b>-0,15</b>	-2,87	<b>-0,07</b>	-3,14	-2,56

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	1.4.– 30.6.2023	1.4.– 30.6.2022	1.1.– 30.6.2023	1.1.– 30.6.2022	1.1.– 31.12.2022
<b>RESULT FOR THE PERIOD</b>	<b>-799</b>	-12 914	<b>-353</b>	-14 132	-11 513
<b>Other comprehensive income items</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Changes in the fair value of financial assets at fair value through other comprehensive income	-260	-260	-260	-260	-354
<b>Items that may be subsequently reclassified to profit or loss</b>					
Hedging reserve, hedge accounting	110	-110	164	-315	196
Exchange differences on translating foreign operations	-301	485	-246	709	391
Income taxes related to these items	-	51	-	51	72
<b>Comprehensive income items for the period, net of tax</b>	<b>-451</b>	166	<b>-342</b>	185	305
<b>COMPREHENSIVE RESULT FOR THE PERIOD</b>	<b>-1 250</b>	-12 748	<b>-695</b>	-13 947	-11 208
<b>Comprehensive profit for the period attributable to</b>					
Equity holders of the Parent company	-1 250	-12 748	-695	-13 947	-11 208

# CONSOLIDATED BALANCE SHEET

## CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	30.6.2023	30.6.2022	31.12.2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		1 714	1 714	1 714
Other intangible assets	6	10 593	8 460	9 388
Property, plant and equipment	7, 8	10 044	11 684	11 242
Right of use assets	7, 8	7 461	8 344	7 456
Other financial assets		800	791	1 072
Deferred tax assets		5 306	4 242	4 843
<b>Total non-current assets</b>		<b>35 918</b>	<b>35 235</b>	<b>35 715</b>
<b>Current assets</b>				
Inventories		20 489	23 354	16 739
Accounts receivables and other receivables		37 883	34 905	31 959
Income tax receivable		35	28	23
Cash and cash equivalents		39 330	15 366	7 618
<b>Total current assets</b>		<b>97 738</b>	<b>73 653</b>	<b>56 339</b>
<b>TOTAL ASSETS</b>		<b>133 656</b>	<b>108 887</b>	<b>92 053</b>

## CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	30.6.2023	30.6.2022	31.12.2022
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to Equity holders of the Parent company</b>				
Share capital		8 256	8 256	8 256
Fair value reserve and other reserves		19 382	6 267	6 746
Exchange differences		426	1 822	939
Retained earnings		7 224	17 904	18 469
Result for the period		-353	-14 132	-11 513
<b>Total equity attributable to Equity holders of the Parent company</b>		<b>34 936</b>	<b>20 118</b>	<b>22 897</b>
Convertible junior loan		3 000	-	-
<b>Total equity</b>		<b>37 936</b>	<b>20 118</b>	<b>22 897</b>
<b>Non-current liabilities</b>				
Deferred tax liability		42	19	51
Lease liability	9, 10	6 265	7 238	6 288
Provisions		248	-	119
<b>Total non-current liabilities</b>		<b>6 555</b>	<b>7 257</b>	<b>6 458</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities		-	-	6 729
Lease liability		3 455	1 448	1 293
Current advance payments received		67 414	49 340	29 551
Income tax liability		1 133	491	986
Trade payables and other liabilities		15 701	27 479	22 106
Provisions		1 463	2 752	2 034
<b>Total current liabilities</b>		<b>89 165</b>	<b>81 511</b>	<b>62 699</b>
<b>Total liabilities</b>		<b>95 720</b>	<b>88 769</b>	<b>69 156</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>133 656</b>	<b>108 887</b>	<b>92 053</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from customers	95 858	84 993	149 058
Other operating income	13	51	-
Payments to suppliers and employees	-70 228	-89 585	-163 095
<b>Cash flow before financial items and taxes</b>	<b>25 643</b>	-4 541	-14 037
Interest paid from operating activities	-65	-43	-58
Dividends received from operating activities	280	676	676
Interest received from operating activities	187	14	88
Other financing items from operating activities	-187	-795	290
Income taxes paid from operating activities	59	403	-326
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>25 917</b>	-4 286	-13 367
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	-2 265	-3679	-6 572
Proceeds from sale of property, plant and equipment and intangible assets	18	6	57
Payment for acquisition of subsidiary, net of cash acquired	-	-	-
Proceeds from sale of investments	-	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-2 247</b>	-3 673	-6 515
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Directed share issue and rights issue	13 944	-	-
Convertible junior loan	3 000	-	-
Expenses for share issues and junior loan	-1 467	-	-
Proceeds from current borrowings	-	-	6 729
Repayments of current borrowings	-6 729	-	-2 071
Repayments of lease liability	-633	-1 013	-1 785
Dividends paid	-	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>8 115</b>	-1 013	2 873
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>31 785</b>	-8 972	-17 009
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD</b>	<b>7 618</b>	24 357	24 357
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	31 785	-8 972	-17 009
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	-73	-19	270
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	<b>39 330</b>	15 366	7 618
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD</b>			
Cash and cash equivalents	39 330	15 366	7 618
<b>TOTAL</b>	<b>39 330</b>	15 366	7 618

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the equity holders of the Parent company	Convertible junior loan	TOTAL EQUITY
<b>EQUITY AT Jan. 1, 2023</b>	<b>8 256</b>	<b>5 711</b>	<b>1 034</b>	<b>939</b>	<b>6 956</b>	<b>22 897</b>	<b>-</b>	<b>22 897</b>
<b>Comprehensive result for the period</b>								
Result for the period	-	-	-	-	-353	-353		-353
Other comprehensive income items:								
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-260	-	-	-260	-	-260
Hedging reserve	-	-	164	-	-	164	-	164
Exchange differences on translating foreign operations	-	-	-	-246	-	-246	-	-246
Income taxes related to these items	-	-	-	-	-	-	-	-
<b>Total comprehensive result for the period</b>	<b>0</b>	<b>0</b>	<b>-96</b>	<b>-246</b>	<b>-353</b>	<b>-695</b>		<b>-695</b>
Transfer of gain on disposals of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	-	-
Convertible junior loan					-132	-132	3 000	2 868
<b>Transactions with owners</b>								
Net proceeds from directed share issue and rights issue	-	12 610	-	-	-	12 610	-	12 610
Share rewards	-	-	256	-	-	256	-	256
Dividends paid	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>0</b>	<b>12 610</b>	<b>256</b>	<b>0</b>	<b>-132</b>	<b>12 734</b>		<b>15 734</b>
<b>EQUITY at June 30, 2023</b>	<b>8 256</b>	<b>18 321</b>	<b>1 194</b>	<b>693</b>	<b>6 471</b>	<b>34 936</b>	<b>3 000</b>	<b>37 936</b>

839,039 new shares raising 6.0 million euros (net) were subscribed in the directed share issue. The new shares were registered in the trade register maintained by the Finnish Patent and Registration Office on April 5, 2023.

On 16 June 2023 the Board of Directors of the Company, decided on the approval of the subscriptions made in the Offering. The Offering increased the number of shares in the Company by 1,020,446 shares from 5,102,233 to 6,122,679 shares and generated net proceeds of EUR 6.6 million.

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (COMPARISON PERIOD)

## COMPARISON PERIOD

EUR 1,000	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the equity holders of the Parent company	TOTAL EQUITY
<b>EQUITY AT Jan. 1, 2022</b>	<b>8 256</b>	<b>5 711</b>	<b>1 080</b>	<b>548</b>	<b>18 469</b>	<b>34 064</b>	<b>34 064</b>
<b>Comprehensive result for the period</b>							
Result for the period	-	-	-	-	-14 132	-14 132	-14 132
Other comprehensive income items:						0	
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-260	-	-	-260	-260
Hedging reserve	-	-	-315			-315	-315
Exchange differences on translating foreign operations	-	-	-	1 274	-565	709	709
Income taxes related to these items	-	-	51	-	-	51	51
<b>Total comprehensive result for the period</b>	<b>0</b>	<b>0</b>	<b>-524</b>	<b>1 274</b>	<b>-14 697</b>	<b>-13 947</b>	<b>-13 947</b>
Transfer of gain on disposals of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	-
<b>Transactions with owners</b>							
Equity-settled share-based transactions	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EQUITY at June 30 2022</b>	<b>8 256</b>	<b>5 711</b>	<b>556</b>	<b>1 822</b>	<b>3 772</b>	<b>20 119</b>	<b>20 119</b>

## NOTES TO THE HALF-YEAR REPORT

Raute Group is a globally operating technology and service company serving the wood products industry, with core competence in selected wood products manufacturing processes. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood, LVL and sawn timber.

Raute's full-service concept is based on product life-cycle management and includes project deliveries and technology services. Raute's technology offering covers machinery and equipment for the customer's entire production process. In addition to a broad range of machines and equipment, Raute's solutions cover technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations as well as consulting, training, reconditioned machinery and digital services.

Raute Group's Parent company, Raute Corporation, is a Finnish public limited liability company established in accordance with Finnish law (Business ID FI01490726). Its shares are quoted on Nasdaq Helsinki Ltd, under Industrials. Raute Corporation is domiciled in Lahti. The address of its registered office is Rautetie 2, 15550 Nastola, Finland, and its postal address is P.O. Box 69, 15551 Nastola, Finland.

All of the figures presented in the release are in thousand euro, unless otherwise stated. Due to the rounding of the figures in the financial statement tables, the sums of figures may deviate from the sum total presented in the table. Figures in parentheses refer to the corresponding figures in the comparison period.

### Accounting principles

Raute Corporation's Half-year report for January 1–June 30, 2023 has been prepared in accordance with standard IAS 34 Interim Financial Reporting.

The half-year report does not contain full notes and other information presented in the financial statements, and therefore the half-year report should be read in conjunction with the Financial statements published for 2022.

Raute Corporation's Half-year report for January 1–June 30, 2023 has been prepared in accordance with the International

Financial Reporting Standards (IFRS) and the interpretations released accepted for application in the European Union. The half-year report has been drawn up according to the same accounting principles as in the Consolidated financial statements for 2022 excluding standards and amendments to standards that entered into force on January 1, 2023. The new standards and standard amendments had no significant impact on Raute Corporation's consolidated financial statements.

When preparing the half-year report in compliance with International Financial Reporting Standards, the company management has made estimates and assumptions. In addition, the management has used discretion in selection and application of accounting principles for the reporting period. The management's estimates have been based on the best view at the time of the half-year report, and they comprise risks and uncertainties, therefore actual results may differ from these estimates.

### IFRS standards that have been published and will be valid in future financial periods

Standards for future periods will not be expected to have a significant impact on Raute Corporation's Consolidated financial statements.

### Significant events of the reporting period period

Raute's new organizational structure has been operative since January 1, 2023. The reportable segments from the beginning of the year 2023 are: Wood Processing, Analyzers and Services. See the note Segment reporting for more information.

On January 10, 2023, Raute announced the appointment of Ville Halttunen as the new Chief Financial Officer and on March 16, 2023, the appointment of Tarja Moilanen as the new Chief People Officer. Ville Halttunen started on May 1, 2023 and Tarja Moilanen started on June 1, 2023 and they both joined Raute's Group Executive Board.

Raute started change negotiations regarding temporary layoffs on March 1, 2023. The adjustment measures concern Finnish production employees, a total of 147 people. When starting the change negotiations, Raute estimated that the negotiations that have been started will concern temporary layoffs of a maximum of 90 days. The company is running a development program that aims to improve competitiveness and profitability. The overall goal of the program is to reduce annual costs by

approximately EUR 4-5 million and to improve margins. Change negotiations about temporary layoffs are a part of this overall improvement of competitiveness and profitability. Information about the program was first announced in June 2022. The temporary layoffs were ended on July 7, 2023.

Raute announced on March 9, 2023 that the Board of Directors proposes to organize a directed issue and a rights issue and to negotiate a junior loan in order to support the growth goals and strengthen the capital structure. At the same time, Raute announced that the Board is proposing to combine the share classes. The Annual General Meeting on March 30, 2023 made decisions on share issues and combining share classes in accordance with the proposals.

The merger of share classes was registered in the trade register on April 3, 2023. After the merger of share classes, Raute has one share class (A shares). After the registration of the amendment to the articles of association, the total number of A shares in the Company was 4,263,194, and the number of votes produced by the Company's stock was 4,263,194.

Raute implemented a directed share issue and raised 6.4 million euros. The subscription price of the directed share issue was EUR 7.68 per share, and 839,039 new shares were subscribed in the directed share issue, which were registered in the trade register maintained by the Finnish Patent and Registration Office on April 5, 2023. The total number of the company's shares after the registration of new shares was 5,102,233 shares. The share subscription prices were recorded in the Company's invested unrestricted equity fund.

On March 17, 2023, Raute announced that it had received a 49.6 MEUR order in Uruguay. The ordered machines and equipment will be delivered in the period between February 2024 and June 2025. They are manufactured in Raute's production units in Lahti and Kajaani, as well as in the company's partner network. The new plant will be in full operation in 2026. The order includes liquidated damages conditions if the machines and equipment do not reach the agreed production capacity. Raute has estimated that the agreed production capacity will be reached and therefore has not limited the transaction price due to liquidated damages conditions.



On March 22, 2023, Raute's Board of Directors decided on a share-based long-term incentive system for top management and selected key personnel. The system consists of a performance-based share reward system ("PSP") as the main structure and a conditional share reward system ("RSP") as a complementary share reward system.

The system consists of a performance-based share incentive system and a conditional share incentive system. The conditions for the system's rights to arise were agreed at the beginning of April 2023 thus the first entries for the system were made during the second quarter of 2023. More info of the latest incentive program on note 2.

On March 30, 2023 Raute decided on the strategy update and set new financial targets. Raute's new financial targets for 2028 aligned with the strategy are:

1. Net sales 250 MEUR, including both organic and inorganic growth
2. Services and Analyzers relative share of net sales 40% of the Group
3. Comparable EBITDA margin 12% on average over cycle
4. Capital structure: Equity ratio over 40%

Raute aims to pay a stable and sustainable dividend over different market conditions.

On April 24, 2023 Raute announced on the receipt of an order of EUR 29 million to Latvijas Finiers regarding delivery of technology to a plywood mill expansion.

On April 24, 2023 Raute gave a positive profit warning and increased its net sales guidance for 2023. The new guidance is: Raute's 2023 net sales are expected to be above EUR 150 million and Comparable EBITDA margin to be above 4%.

On May 10, 2023 Raute announced that Raute Corporation has signed a contract worth EUR 44.6 million with the THEBAULT Group, France for the technology delivery of a new greenfield LVL (Laminated Veneer Lumber) production plant. Following the terms of the contract, the project became effective by the signing of a delivery contract.

On May 22, 2023 Raute announced that it has agreed on an up to EUR two (2) million perpetual junior loan with LähiTapiola Yri-

tysrahoitus I Ky ("LocalTapiola") and an up to EUR two (2) million perpetual junior loan with Veritas Pension Insurance Company Ltd ("Veritas") (each alone "Junior Loan" and together "Junior Loans"). The Junior Loans have substantially same terms and conditions. The Junior Loans were available to be drawn down until 27 June 2023 provided that the company has by then been able to raise equity in the aggregate gross amount of EUR 10 million (into which the gross amount of equity of approximately EUR 6.440 million already raised by the Company by a directed share issue in the beginning of April is included). The Company has a right, but not an obligation, to repay the Junior Loans on the date falling 36 months from the date of the drawdown of the Junior Loans or any interest payment date thereafter. Prior to this date the Company may repay the Junior Loans in only certain specific events specified in the terms and conditions of the Junior Loans; for example in an event where a person or group of persons acting in concert acquires or establishes a control over shares representing more than 50 per cent. of the capital and voting rights in the Company. LähiTapiola and Veritas have right to convert the outstanding principal amount of the Junior Loan into new shares of the Company in full, but not in part in accordance with the terms and conditions of the option rights related to the Junior Loan (the "Conversion Right").

In order to execute the Conversion Right related to the Junior Loans, the Company's Board of Directors decided on 22 May 2023, pursuant to the authorization of the Company's Annual General Meeting of 30 March 2023, to issue up to 296 296 option rights, split equally between LocalTapiola and Veritas. The decision to issue option rights was conditional on the drawdown of the Junior Loans by the Company. Each option right entitles to subscribe one new share by offsetting the principal of the Junior Loan against the subscription price. The subscription price of one share is EUR 12.79, which corresponds to the volume-weighted average price (VWAP) of the Company's share on the stock exchange list maintained by Nasdaq Helsinki Ltd during the 30 days preceding the signing date of the loan agreements plus premium of 30 per cent. The subscription discount given in the share issue has been taken into account in the subscription price. The subscription price may be adjusted in certain situations in accordance with the terms and conditions of the option rights. The Conversion Right under each of the Junior Loans is available from the drawdown date until four (4) years has passed from the date of signing of the loan agreement.

Each Junior Loan is a capital loan within the meaning of Chapter 12 of the Companies Act. The Junior Loans are intended to be applied for general corporate purposes of Raute group. In accordance with the provisions of the Companies Act, the principal and interest of the Junior Loans are subordinate to all other debts in the liquidation and bankruptcy of the Company. The principal may be otherwise repaid and interest paid only in so far as the sum total of the unrestricted equity and all of the capital loans of the company at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period or the loss on the balance sheet from more recent financial statements. Junior Loans are treated as equity in the group's IFRS financial statements. Junior Loans are perpetual, but the Company may redeem the Junior Loans in accordance with terms and conditions of the Junior Loans.

The first interest period of Junior Loans begins on the date of drawdown of the loan (the "Drawdown Date") and ends on the date prior to the date on which three (3) years has passed from the Drawdown Date. The second interest period shall begin from the date on which three (3) years has passed from the Drawdown Date to the date preceding the date on which the principal amount of the loan and the interest accrued on the loan have been repaid in full. The annual floating rate during the first interest period is 7.50 per cent added with six (6) months EURIBOR. The annual floating rate during the second interest period is 12.50 per cent added with six (6) months EURIBOR. On June 16, the Board of Directors decided to withdraw three (3) million euros of the junior loans.

On June 16, 2023 Raute announced the final result of Raute Corporation's (the "Company" or "Raute") rights offering (the "Offering"), a total of 1,381,061 new shares in the Company were subscribed for in the Offering, which corresponds to approximately 135 per cent of the 1,020,446 new shares in the Company offered in the Offering. Consequently, the Offering was oversubscribed. In the Offering, a total of 911,387 new shares, corresponding to approximately 89 per cent of the shares offered, were subscribed for with subscription rights and a total of 469,674 new shares were subscribed for without subscription rights. The subscription price was EUR 7.35 per new share. The Offering generated for the Company gross proceeds of approximately EUR 7.5 million and, after the fees and expenses related to the Offering, net proceeds of EUR 6.6 million.

On June 16, 2023 the Board of Directors of the Company decided on the approval of the subscriptions made in the Offering in accordance with the terms and conditions of the Offering, including without limitation the allocation principles set out therein. In accordance with the terms and conditions of the Offering, the offer shares remaining after primary subscriptions were allocated first to those subscribers who had given a subscription commitment and subscribed for offer shares in the secondary subscription in accordance with their advance subscription commitment and second to those subscribers who had subscribed for offer shares in the secondary subscription. The Offering increased the number of shares in the Company by 1,020,446 shares from 5,102,233 to 6,122,679 shares. The new shares correspond to approximately 17 per cent of all shares in the Company after the completion of the Offering.

#### **Adjustment measures in China**

The closure of the Shanghai office has been accomplished during Q2.

#### **Russian business wind-down**

Russia invaded Ukraine in February 2022, causing great damage to the world economy. The attack and the sanctions imposed as a result have had a significant impact on Raute's business in Russia, as Raute had ongoing projects for several different customers in Russia. After the end of February 2022, Raute has not entered into new contracts with Russian operators and has performed controlled wind-down of its contracts with non-sanctioned customers and deliveries by completing deliveries, changing the scope or by terminating the contract.

In the period ending June 30, 2023, Raute continued the wind-down of Russian operations. All remaining deliveries to Russia were completed. Installations related to the last deliveries could not be completed. The company has also applied to the Ministry of Foreign Affairs of Finland for permission to divest its Russian subsidiary Raute Service LLC.

In the Raute Group, turnover related to Russia was recorded at EUR 9.3 million in the period ending June 30, 2023. Raute's assets in Russia on June 30, 2023 are mainly related to maintenance business in Russia. Raute has a subsidiary in Russia

and the subsidiary has approximately 19 employees. Raute's ruble-denominated assets in Russia were less than one million euros on June 30, 2023, including cash assets of EUR 0.2 million (EUR 0.2 million on December 31, 2022), leased premises and tangible assets such as tools and computers.

#### **New financing agreement**

Information about the new financing agreement is given in the note number 9.

#### **Business continuity**

The future development of the group's operations is influenced by, for example, result and profitability as well as availability of financing. The group's management has made estimates of future turnover, results and profitability, investments, financing situation and working capital needs, taking into account the standby credit limit agreement agreed during the interim period. During the interim period, the company has implemented a directed share issue of 6.4 million euros and a rights issue which generated for the Company gross proceeds of approximately EUR 7.5 million. In addition to that the capital structure has been strengthened by EUR 3 million convertible junior loan. According to the judgment of Raute's management, there is no significant uncertainty related to the continuity of operations, so the half-year report for the period ending June 30, 2023 has been prepared based on the continuity of operations.

#### **Significant events following the end of the interim period**

On 1 August 2023 Raute Corporation announced about the composition of the first shareholders' nomination board. Pekka Suominen (directly and indirectly by proxies), Göran Sundholm and Kustaa Poutiainen (appointed by Stephen Industries Inc.) were appointed to Raute Corporation's shareholders' Nomination board.

## NOTE 1 RELATED-PARTY TRANSACTIONS

Raute Group's related parties include the group's management with their family members. Raute Group's management consists of the Board of Directors, the CEO and the Group's Executive Board. Compensation paid to related parties is presented in the following table:

EUR 1,000	1.1.–30.6.2023	1.1.–31.12.2022
<b>Salaries and remunerations of the President and CEO Mika Saariaho, President and CEO as of Oct 1, 2022</b>		
Salaries and other short-term employee benefits	147	70
Other long-term benefits	-	8
Post-employment benefits	28	13
Share-based payments	79	-
<b>TOTAL</b>	<b>254</b>	<b>91</b>
<b>Petri Strengell, President and CEO May 1-Sept 30, 2022</b>		
Salaries and other short-term employee benefits	-	132
Other long-term benefits	-	6
Post-employment benefits	-	24
Share-based payments	-	-
<b>TOTAL</b>	<b>-</b>	<b>162</b>
<b>Tapani Kiiski, President and CEO until Apr 30, 2022</b>		
Salaries and other short-term employee benefits	-	263
Other long-term benefits	-	16
Post-employment benefits	-	57
Benefits related to termination of employment	-	289
Share-based payments	-	-
<b>TOTAL</b>	<b>-</b>	<b>615</b>
<b>Remuneration of the Parent company's Board of Directors</b>		
<b>Members of the Board of Directors</b>		
Raitio Laura, Chair of the Board of Directors	24	48
Mustakallio Mika, Vice-Chair of the Board of Directors	12	24
Bask Joni, Board member	12	24
von Essen Patrick, Board member	12	24
Harmaala Ari, Board member	12	24
Perttula Petri, Board member as of March 31, 2022	12	16
Piik Ari, Board member as of March 31, 2022	12	16
Suominen Pekka, Board member until March 31, 2022	-	8
<b>TOTAL</b>	<b>96</b>	<b>184</b>

### Shareholding of the Board of Directors, President and CEO and the Group's Executive Board

On June 30, 2023, the Board of Directors and the Group's President and CEO and the Group's Executive Board held altogether 231,189 Raute shares. The management's holding represents 3.8 percent of the company shares and votes. The figures include the holdings of their own, minor children and control entities.

No loans have been granted to the company's management or their family members during the period. No pledges have been given or other commitments made on behalf of the company's management and shareholders.

### Managers' transactions notifications in connection of the rights offering

	Primary subscriptions		Secondary subscriptions	
	Shares, total	Date of the notification	Shares, total	Date of the notification
<b>Board members</b>				
Raitio Laura	1 316	31.5.2023	-	
Mustakallio Mika	16 654	31.5.2023	3 754	16.6.2023
Bask Joni	4 340	31.5.2023	22 817	16.6.2023
Bask Mikael (Joni Baskin lähipiiri)	54	31.5.2023	-	
Bask Oliver (Joni Baskin lähipiiri)	54	31.5.2023	-	
Harmaala Ari	-		1 360	16.6.2023
Perttula Petri	-		680	16.6.2023
Piik Ari	4 254	31.5.2023	6 638	16.6.2023
von Essen Patrick	20	1.6.2023	1 341	16.6.2023
<b>Group Executive Board</b>				
Saariaho Mika	894	30.5.2023	4 548	16.6.2023
Bossuyt Kurt	240	31.5.2023	440	16.6.2023
Halttunen Ville	700	31.5.2023	3 396	16.6.2023
Myrskyläinen Jari	105	30.5.2023	2 616	16.6.2023
Roivainen Jani	176	31.5.2023	2 500	16.6.2023
Strengell Petri	955	30.5.2023	2 466	16.6.2023

EUR 1,000	1.1.–30.6.2023	1.1.–31.12.2022
<b>Group Executive Board's employee benefits on an accrual basis</b>		
Salaries and other short-term employee benefits	573	1 350
Post-employment benefits	114	45
Share-based payments	110	-
<b>TOTAL</b>	<b>797</b>	<b>1 395</b>

## NOTE 2 SHARE-BASED PAYMENTS

There are four valid long-term performance-based incentive plans for the Group's top management. The company decided on the launch of the latest share value based long-term performance incentive program for the Group's top management and selected key persons on March 22, 2023. The decision includes a Performance Share Plan ("PSP") as the main structure and a restricted Share Plan ("RSP") as a complementary structure. The system consists of a performance-based share reward system ("PSP") as the main structure and a conditional share reward system ("RSP") as a complementary share reward system. The purpose of the system is to align the goals of the owners and management to generate the company's value in the long term and to commit the company's management and key personnel to the company and to the achievement of the company's strategic goals.

The performance-based share reward system PSP 2023-2025 started at the beginning of 2023 and consists of a three-year earning period, to which two performance metrics are applied. The performance indicators are the operating margin (EBITDA) with a weight of 60 percent and the turnover targets with a 40 percent weight. The bonuses will be paid after the end of the three-year program and after the financial statements are completed in the spring of 2026, provided that the performance targets set by the board are achieved, either in Raute's shares or in cash, or a combination of these. The members of the Group's management team are entitled to participate in the PSP 2023-2025 program. The board is entitled to limit the remuneration paid from the long-term incentive system, if the remuneration exceeds the threshold value proportional to the key person's fixed gross annual salary. If the participant's employment or business relationship ends before the reward is paid, the reward will not be paid as a general rule. The maximum reward paid under the program corresponds to the value of approximately 60,000 of the company's shares.

The conditional reward system RSP consists of individual conditional share reward programs that start every year, each of which can include a commitment period of three years in total. During the program, the company can promise fixed-amount share bonuses to separately selected key personnel, including members of the Raute Group's management team, applying a commitment period of a maximum of three years. The share bonus is paid after the commitment period applicable to the respective individual share bonus offer. The company can, according to its choice, pay the promised share bonuses either as a one-time payment or in several installments within the three-year total duration of the program. According to the company's choice, the bonuses can be paid either in Raute's shares or in cash based on the value of the share bonus at the time of payment. Payment of the bonus requires that the recipient's employment or business relationship with Raute still continues at the time of payment of the bonus. Under the RSP, the amount of remuneration paid to participants is limited by a maximum value, which is linked to the development of Raute's share price based on the coefficient set by the company. The conditional share bonus system program RSP 2023-2025 starts at the beginning of 2023 and the maximum number of share bonuses is approximately 67,000 shares.

During the reporting period, the estimate of the shares to be earned has increased. The impact of share-based incentive plans on the reporting period's result was EUR 255 thousand. At the end of the reporting period, EUR 296 thousand was allocated to the equity item from the share-based incentive plans in force. The comparison period did not include material impacts on the period's result or equity.

## NOTE 3 EQUITY FINANCING INSTRUMENT

Convertible perpetual loans are handled in IFRS accounting as equity as interest payments and repayments can be decided by the company. The related transaction costs are deducted from the equity. The loans are shown as a separate item in the equity. The junior loans do not confer to the holders the rights of a shareholder.

Raute agreed with LähiTapiola and Veritas on convertible junior loans amounting to EUR 3 million. The drawdown date for the junior loans was 16 June 2023. The loans are perpetual. The annual floating rate during the first 3-year period is 7.50 per cent added with six (6) months EURIBOR. The company has an option, but no obligation, to pay the loans back after the first 3-year period in 2026. After the first 3-year period there is a step-up in the interest rate of the loans.

The lenders have the right to convert the outstanding principal amount of the Junior Loan into new shares of the Company in full, but not in part in accordance with the terms and conditions of the option rights related to the Junior Loan. The subscription price for the option rights is EUR 12.79 after the rights issue. The withdrawn amounts give right to the lenders to subscribe a maximum amount of 234,558 new shares in the company.

## NOTE 4 NET SALES

Raute serves the wood products industry with a full-service concept based on technology solutions that cover the customer's entire production process and services. Raute's business consists of project deliveries and technology services. Project deliveries encompass projects from individual machine or production line deliveries to the deliveries of entire mill production process, covering all the required machines and equipment.

Additionally, Raute's full-service concept includes comprehensive technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations, as well as consulting, training, reconditioned machinery and digital services. Project deliveries and technology services related modernizations include sales of both products and services, therefore the split of group's net sales into purely product and service sales cannot be presented reliably.

Large mill or production line scale delivery projects can temporarily increase the share of an individual customer of the Group's net sales to more than ten percent. At the end of the reporting period, the Group did not have any customer, whose customized share of the Group's net sales temporarily exceeded ten percent.

EUR 1,000	1.4.– 30.6.2023	%	1.4.– 30.6.2022	%	1.1.– 30.6.2023	%	1.1.– 30.6.2022	%	1.1.– 31.12.2022	%
<b>Net sales by market area</b>										
EMEA (Europe and Africa, excluding Finland)	7 418	25	11 231	38	21 512	33	24 492	35	52 050	33
EMEA (Finland)	2 678	9	3 265	11	6 116	9	4 961	7	16 494	10
NAM (North America)	8 423	29	9 366	31	18 185	27	17 981	25	38 353	24
CIS (Russia)	3 787	13	1 656	5	9 259	14	16 074	23	32 601	21
LAM (South America)	3 151	11	2 318	9	4 670	7	4 038	6	9 598	6
APAC (Asia-Pacific)	3 880	13	1 755	6	6 411	10	3 318	4	9 229	6
<b>TOTAL</b>	<b>29 338</b>	<b>100</b>	29 590	100	<b>66 152</b>	<b>100</b>	70 865	100	158 324	100

EUR 1,000	1.4.– 30.6.2023	1.4.– 30.6.2022	1.1.– 30.6.2023	1.1.– 30.6.2022	1.1.– 31.12.2022
<b>Specification of net sales</b>					
Performance obligations to be satisfied over time	21 656	17 480	47 933	49 913	116 720
Performance obligations to be satisfied at a point in time	7 681	12 111	18 219	20 952	41 605
<b>TOTAL</b>	<b>29 338</b>	29 590	<b>66 152</b>	70 865	158 324

**NOTE 5**

	1.4.– 30.6.2023	1.4.– 30.6.2022	1.1.– 30.6.2023	1.1.– 30.6.2022	1.1.– 31.12.2022
EUR 1,000					
<b>RESEARCH AND DEVELOPMENT COSTS</b>					
Research and development costs for the period	<b>-1 531</b>	-1 760	<b>-2 714</b>	-3 213	-5 647
Depreciations of previously capitalized development costs	<b>-233</b>	-	<b>-323</b>	-	-649
Development costs recognized as an asset in the balance sheet	-	-	-	-	-
Research and development costs recognized as an expense for period	<b>-1 764</b>	-1 760	<b>-3 037</b>	-3 213	-6 295

**NOTE 6**

EUR 1,000	30.6.2023	30.6.2022	31.12.2022
<b>OTHER INTANGIBLE ASSETS</b>			
<b>Acquisition cost at the beginning of the period</b>	<b>20 088</b>	16 144	16 144
Exchange rate differences	-12	7	4
Additions	1 662	2 462	3 942
<b>Acquisition cost at the end of the period</b>	<b>21 739</b>	18 612	20 088
<b>Accumulated depreciation and amortization at the beginning of the period</b>	<b>-10 699</b>	-9 743	-9 743
Exchange rate differences	12	-7	4
Accumulated depreciation of deductions and transfers	-36	-	77
Value decrease	-	-	-128
Depreciation and amortization for the period	-422	-402	-908
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-11 145</b>	-10 152	-10 699
<b>Book value of Other intangible assets, at the beginning of the period</b>	<b>9 388</b>	6 400	6 400
<b>Book value of Other intangible assets, at the end of the period</b>	<b>10 593</b>	8 460	9 388

**NOTE 7**

In the following table, right-of-use assets are included in Property, plant and equipment.

EUR 1,000	30.6.2023	30.6.2022	31.12.2022
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Acquisition cost at the beginning of the period</b>	<b>67 357</b>	66 456	65 357
Changes		-1 078	-
Exchange rate differences	-418	638	43
Additions	1 030	1 217	3 578
Disposals	-264	-	-1 621
<b>Acquisition cost at the end of the period</b>	<b>67 705</b>	67 232	67 357
<b>Accumulated depreciation and amortization at the beginning of the period</b>	<b>-48 660</b>	-44 905	-44 899
Changes		7	
Exchange rate differences	118	-151	16
Accumulated depreciation of deductions and transfers	-	-64	149
Depreciation and amortization for the period	-1 659	-2 091	-3 925
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-50 201</b>	-47 204	-48 660
<b>Book value of Property, plant and equipment, at the beginning of the period</b>	<b>18 698</b>	21 552	20 457
<b>Book value of Property, plant and equipment, at the end of the period</b>	<b>17 505</b>	20 028	18 698

**NOTE 8**

EUR 1,000	30.6.2023	30.6.2022	31.12.2022
<b>RIGHT-OF-USE ASSETS</b>			
<b>Book value at the beginning of the period</b>	<b>7 456</b>	10 063	8 970
Changes	-	-1 057	-
Exchange rate differences	-212	383	72
Additions	858	24	948
Deductions	-47	-	-672
Depreciation and amortization for the period	-594	-1 069	-1 862
<b>Book value at the end of the period</b>	<b>7 461</b>	8 343	7 456



## NOTE 9

### FINANCIAL ASSETS AND LIABILITIES

In the interim period, Raute has agreed with two Nordic banks on a new financing agreement, which replaced the previously valid credit limit agreements. According to the new agreement, the group has a committed standby credit limit of 5,0 million euros and a total uncommitted guarantee limit of 40 million euros.

The overdraft limit is valid until January 31, 2025. The overdraft limit was not used in the period ending June 30, 2023

The uncommitted guarantee limit consists of two guarantee limits of 20 million euros, one of which is available for domestic and the other for foreign projects.

The arrangement is secured by Raute Oyj's business mortgages in the amount of 74.1 million euros and real estate mortgages in the amount of 74.1 million euros. As collateral for the financing arrangement, Raute Corporation pledged the shares of its Canadian subsidiary Raute Canada Ltd. during Q2.

#### Covenants

The special conditions or covenants related to the financial indicators of the financing agreement are the minimum operating margin (minimum EBITDA), minimum liquidity and equity ratio. The covenants are reported to the lender quarterly. If the covenant conditions are not met, the creditor can demand accelerated repayment of the limits in use, and terminate the financing agreement.

At the end of the reporting period June 30, 2023, the fair value of the financial assets categorized at fair value hierarchy level 3 was EUR 365 thousand. The item includes the investments in unquoted shares which have been classified as financial assets at fair value through other comprehensive income. Derivative contracts have been classified as financial assets and liabilities at fair value through profit or loss. The fair value of these derivative contracts is based on the price available from the market data, but instruments are not traded in an active market. At the end of the period, financial assets did not include derivative contracts and the fair value of the derivative contracts classified as financial liability was EUR 94 thousand. The Group's interest-bearing liabilities include a lease liability amount of EUR 9,720 thousand at the end of the period.

	Carrying amount 30.6.2023	Carrying amount 31.12.2022
EUR 1,000		

#### Carrying amounts of financial assets

Financial assets at fair value through profit or loss

- Derivative contracts

Financial assets at fair value through other comprehensive income

- Unquoted share investments **365** 616

Financial assets at amortized cost

- Account receivables and other receivables **6 625** 6 775

- Cash and cash equivalents **39 330** 7 618

**Total** **46 321** 15 008

EUR 1,000	Level 1	Level 2	Level 3	Total
<b>Hierarchy levels</b>				
Financial assets at fair value through other comprehensive income				
- Unquoted share investments	-	-	365	<b>365</b>
Financial assets at fair value through profit or loss				
- Derivative contracts	-	-	-	-
<b>Total</b>	-	-	365	<b>365</b>

Financial instruments at fair value are categorized according to standard. Instruments included in level 1 are traded in active markets. The fair values of these instruments are based on the quoted market prices at the balance sheet date. The fair value of the instruments included in level 2 is based on the price available from the market data but instruments are not traded in an active market. The fair value of the instruments included in level 3 is not based on the observable market data but is based on the estimates from the management.

EUR 1,000	30.6.2023	31.12.2022
<b>OTHER FINANCIAL ASSETS</b>		
Unquoted share investments	<b>365</b>	616
<b>Total</b>	<b>365</b>	616

**NOTE 10**

EUR 1,000	30.6.2023	31.12.2022
<b>CURRENT INTEREST-BEARING LIABILITIES</b>		
<b>Financial liabilities recognized at amortized cost</b>		
Account limit used	-	6 729
<b>TOTAL</b>	-	6 729
<b>Distribution of the Group's current loans by currencies</b>		
- Euro (EUR)	-	100
<b>The weighted averages of effective interest rates of current interest-bearing loans</b>		
Partial payments of financial loans	-	3,77%

The following table shows the carrying amounts of financial item which corresponds their fair value carried in the consolidated balance sheet.

EUR 1,000	Carrying amount 30.6.2023	Carrying amount 31.12.2022
<b>Carrying amounts of financial liabilities</b>		
Financial liabilities at fair value through profit or loss		
- Derivative contracts	94	80
Financial liabilities recognized at amortized cost		
- Financial loans	-	-
- Account limit	-	6 729
- Trade payables and other liabilities	8 784	12 591
- Accrued expenses and prepaid income	231	231
<b>Total</b>	<b>9 016</b>	<b>19 632</b>

EUR 1,000	Level 1	Level 2	Level 3	Total
<b>Hierarchy levels</b>				
Financial liabilities at fair value through profit or loss				
- Derivative contracts	-	94	-	94
<b>Total</b>	-	94	-	94

The fair value of the instruments included in the hierarchy level 2 is based on the price available from the market data but instruments are not traded in an active market.

**NOTE 11**

EUR 1,000	30.6.2023	30.6.2022	31.12.2022
<b>DERIVATIVES</b>			
<b>Nominal values of forward contracts in foreign currency</b>			
Hedge accounting			
- Related to the hedging of net sales	21 502	7 650	11 926
Derivatives which do not meet the criteria of hedge accounting			
- Related to financing	-2 761*	-	-
<b>Fair values of forward contracts in foreign currency</b>			
Hedge accounting			
- Related to the hedging of net sales	254	-310	117
Derivatives which do not meet the criteria of hedge accounting			
- Related to financing	-7	-	-

\*The company has hedged items related to the group's internal financing

**NOTE 12**

EUR 1,000	30.6.2023	30.6.2022	31.12.2022
<b>PLEDGED ASSETS AND CONTINGENT LIABILITIES</b>			
<b>Mortgage agreements</b>			
Business and real estate mortgages as collateral for credit and guarantee limits	148 200*	-	-
Total credit guarantee arrangements	148 200	-	-
<b>Commercial bank guarantees on behalf of the Parent company and subsidiaries</b>			
	10 441	19 364	7 781
<b>Off-balance sheet leases</b>			
Rental liabilities maturing within one year	202	79	220
Rental liabilities maturing in one to five years	224	88	261
<b>Total</b>	<b>425</b>	<b>168</b>	<b>481</b>

\*Relates to the finance arrangement described in note 9.

## NOTE 13 SEGMENT REPORTING

From the beginning of 2023 Raute Group reports according to the new segment model. Raute Group's operations fall into three segments: Wood Processing, Services and Analyzers. The highest operational decision-maker responsible for allocating resources to the operating segment and evaluating its results is Raute Corporation's Board of Directors.

Based on Raute's business model, nature of operations and management structure, the combined data of the three segments is consistent with the data of the entire group. Raute Corporation's Board of Directors does not monitor the assets and liabilities on the segment level, therefore investments, assets and liabilities are presented only at the group level. In segment reporting, the principles of preparation of consolidated financial statements are followed. Raute Group's segments do not have inter-segment sales.

From the beginning of 2023 Raute Group reports according to the new segment model based on the new organization structure. Raute Group's operations fall into three segments: Wood Processing, Services and Analyzers. The basis of determination of the new organization structure and operational segments is the scope of products and services delivered to the customers.

Wood Processing business unit includes Raute's core technology offering for veneer, plywood and LVL production. Delivery scope includes separate production equipment, modernizations, as well as full mill-scale projects, where Raute is a global market leader both in the plywood and LVL industries.

Analyzers business unit serves customers with Raute's latest measurement technology for sorting veneer, plywood and LVL, and special measurement equipment for sawn timber.

Services business unit focuses on Raute's full-service concept ranging from spare parts deliveries to regular maintenance, digital services and equipment upgrades.

The highest operational decision-maker, responsible for allocating resources to operating segments and evaluating its results, is Raute Corporation's Board of Directors. Based on Raute's business model, nature of operations and management structure, the combined data of the three segments coincides with the entire group's data, i.e. the income statement items from revenue to comparable EBITDA are allocated to the reportable segments. Raute considers items that affect comparability to be material and items that differ from normal business, related to restructuring costs and ERP renewal costs, costs related to the controlled wind-down of operations in Russia, impairments, gains and losses on the sale of assets, transaction costs related to combining business operations, litigation and arbitration costs. Raute Corporation's Board of Directors does not monitor the assets and liabilities of the segments on a segment-by-segment basis, so investments, assets and liabilities are presented only at the group level.

Segment reporting follows the principles of preparing consolidated financial statements. Allocation keys are used for the allocation of common costs between the reported segments, which are generally based on annual budgeted sales or expenses. The Raute Group's segments do not have inter-segment sales, but the turnover is entirely from external customers.

EUR 1,000	Q2 2023	Q2 2022	H1 2023	H1 2022
<b>SEGMENT INFORMATION</b>				
<b>Wood Processing</b>				
Net sales	17 340	17 123	41 783	47 644
EBITDA	-2 350	-14 158	-1 998	-15 383
Comparable EBITDA	-1 925	-11 886	-831	-13 011
<b>Services</b>				
Net sales	6 494	9 234	14 755	17 143
EBITDA	374	775	1 354	1 738
Comparable EBITDA	515	1 266	1 560	2 256
<b>Analyzers</b>				
Net sales	5 504	3 233	9 615	6 077
EBITDA	2 065	-431	2 728	-399
Comparable EBITDA	2 144	-239	2 843	-194
<b>SEGMENTS TOTAL</b>				
Net sales	29 338	29 590	66 152	70 864
EBITDA	90	-13 814	2 086	-14 044
Comparable EBITDA	735	-10 859	3 574	-10 950

## COMPARABLE EBITDA ACCORDING TO THE NEW SEGMENT SPLIT

EUR 1,000	Q2 2023				Q2 2022			
	Wood Processing	Services	Analyzers	Group total	Wood Processing	Services	Analyzers	Group total
<b>EBITDA</b>	<b>-2 350</b>	<b>374</b>	<b>2 065</b>	<b>90</b>	-14 158	775	-431	-13 814
Items affecting comparability	<b>425</b>	<b>141</b>	<b>79</b>	<b>645</b>	2 272	491	191	2 955
<b>COMPARABLE EBITDA</b>	<b>-1 925</b>	<b>515</b>	<b>2 144</b>	<b>735</b>	-11 886	1 266	-239	-10 859

EUR 1,000	H1 2023				H1 2022			
	Wood Processing	Services	Analyzers	Group total	Wood Processing	Services	Analyzers	Group total
<b>EBITDA</b>	<b>-1 996</b>	<b>1 354</b>	<b>2 728</b>	<b>2 086</b>	-15 383	1 738	-399	-14 044
Items affecting comparability	<b>1 167</b>	<b>206</b>	<b>115</b>	<b>1 488</b>	2 372	518	204	3 094
<b>COMPARABLE EBITDA</b>	<b>-831</b>	<b>1 560</b>	<b>2 843</b>	<b>3 574</b>	-13 011	2 256	-194	-10 950

## COMPARABLE EBITDA

EUR 1,000	Q2 2023	Q2 2022	H1 2023	H1 2022
<b>Comparable EBITDA</b>	<b>735</b>	-10 859	<b>3 574</b>	-10 950
<b>Items affecting comparability:</b>				
Costs related to controlled wind-down from Russia	-29	-805	-29	-805
Restructuring costs	-111	-1 364	-677	-1 364
Costs related to new ERP system	-505	-786	-782	-926
<b>Total items affecting comparability</b>	<b>-645</b>	-2 955	<b>-1 488</b>	-3 095
<b>EBITDA</b>	<b>90</b>	-13 814	<b>2 086</b>	-14 044
Depreciations	-1 114	-1 278	-2 253	-2 526
<b>Operating result</b>	<b>-1 023</b>	-15 092	<b>-167</b>	-16 570
Financial expenses, net	-423	-280	-490	40
<b>Result before taxes</b>	<b>-1 446</b>	-15 372	<b>-657</b>	-16 530

## NET SALES BY MARKET AREA ACCORING TO THE NEW SEGMENT SPILT

EUR 1,000	Q2 2023				Q2 2022			
	Wood processing	Services	Analyzers	Total	Wood Processing	Services	Analyzers	Total
<b>Net sales by market area</b>								
EMEA (Europe and Africa, excluding Finland)	4 541	2 146	731	7 418	8 457	2 035	740	11 232
NAM (North America)	5 238	2 158	1 027	8 423	6 110	2 754	501	9 365
CIS (Russia)	2 697	226	864	3 787	687	1 179	-211	1 655
EMEA (Finland)	712	913	1 052	2 677	1 180	1 109	976	3 265
APAC (Asia-Pacific)	2 550	519	812	3 881	556	679	520	1 755
LAM (South America)	1 602	531	1 018	3 151	175	1 438	705	2 318
<b>TOTAL</b>	<b>17 340</b>	<b>6 493</b>	<b>5 505</b>	<b>29 338</b>	<b>17 165</b>	<b>9 194</b>	<b>3 231</b>	<b>29 590</b>

EUR 1,000	H1 2023				H1 2022			
	Wood processing	Services	Analyzers	Total	Wood Processing	Services	Analyzers	Total
<b>Net sales by market area</b>								
EMEA (Europe and Africa, excluding Finland)	15 836	4 020	1 655	21 512	19 602	3 932	1 075	24 610
NAM (North America)	10 211	5 549	2 425	18 185	11 892	5 090	1 000	17 981
CIS (Russia)	7 665	400	1 195	9 259	12 427	2 395	1 252	16 074
EMEA (Finland)	2 292	2 026	1 797	6 116	1 396	2 026	1 420	4 843
APAC (Asia-Pacific)	3 795	1 263	1 353	6 411	17 27	1051	539	3 318
LAM (South America)	1 983	1 497	1 190	4 670	579	2 669	790	4 038
<b>TOTAL</b>	<b>41 783</b>	<b>14 755</b>	<b>9 615</b>	<b>66 152</b>	<b>47 623</b>	<b>17 164</b>	<b>6 077</b>	<b>70 864</b>

## NUMBER OF PERSONNEL

	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
<b>Employed at June 30, persons</b>			
Workers	258	218	240
Office staff	499	575	538
<b>TOTAL</b>	<b>757</b>	<b>793</b>	<b>778</b>
Personnel working abroad	237	214	246
<b>Effective, on average, persons</b>			
Workers	217	213	212
Office staff	468	586	562
<b>TOTAL</b>	<b>685</b>	<b>799</b>	<b>774</b>
Personnel working abroad, effective, on average	191	247	223
<b>On average, persons</b>			
Workers	242	217	234
Office staff	502	592	595
<b>TOTAL</b>	<b>744</b>	<b>810</b>	<b>829</b>
Personnel working abroad, on average	230	250	270

## EXCHANGE RATES USED IN THE CONSOLIDATION OF SUBSIDIARIES

	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
<b>Income statement, euros</b>			
CNY (Chinese yuan)	<b>7,5926</b>	7,083	7,0802
RUB (Russian rouble)	<b>85,322</b>	77,7054	71,1407
CAD (Canadian dollar)	<b>1,4569</b>	1,3906	1,3704
USD (US dollar)	<b>1,0811</b>	1,094	1,0539
SGD (Singapore dollar)	<b>1,4443</b>	1,4925	1,452
CLP (Chilean peso)	<b>871,0133</b>	902,3767	917,9417
IDR (Indonesian rupiah)	<b>16384,54</b>		16519,82
<b>Balance sheet, euros</b>	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>31.12.2022</b>
CNY (Chinese yuan)	<b>7,8983</b>	6,9624	7,3582
RUB (Russian rouble)	<b>97,595</b>	56,999	78,43
CAD (Canadian dollar)	<b>1,4415</b>	1,3425	1,4444
USD (US dollar)	<b>1,0866</b>	1,0387	1,0666
SGD (Singapore dollar)	<b>1,4732</b>	1,4483	1,43
CLP (Chilean peso)	<b>874,79</b>	960,9	916,9100
IDR (Indonesian rupiah)	<b>16384,54</b>		16519,82



# KEY FIGURES

KEY FIGURES	30.6.2023	30.6.2022	31.12.2022	SHARE-RELATED DATA	30.6.2023	30.6.2022	31.12.2022
Change in net sales, %	-6,6	17,7	11,3	Earnings per share, (EPS), undiluted, EUR	-0,07	-3,14	-2,56
EBITDA	2,1	-14,0	-9,7	Earnings per share, (EPS), diluted, EUR	-0,07	-3,14	-2,56
EBITDA-%	3,2	-19,8	-6,1	Equity to share, EUR	6,16	4,47	5,09
Comparable EBITDA EUR million	3,6	-10,9	-2,3	Dividend per series A share, EUR	-	-	-
Comparable EBITDA-%	5,4	-15,5	-1,4	Dividend per series K share, EUR	-	-	-
Operating profit, EUR million	-0,2	-16,6	-14,6	Dividend per profit, %	-	-	-
Operating profit, % of net sales	-0,3	-23,4	-9,2	Effective dividend return, %	-	-	-
Return on investment, (ROI), %	1,0	-84,7	-29,9	Price/earnings ratio (P/E ratio)	-	-	-3,06
Return on equity, (ROE), %	-2,3	-104,3	-40,4	<b>Development in share price</b>			
Interest-bearing net liabilities, EUR million	-29,6	-6,7	6,7	Lowest share price for the period, EUR	8,02	10,80	7,69
Gearing, %	-78,1	-33,2	29,4	Highest share price for the period, EUR	11,30	19,33	19,33
Equity ratio, %	57,3	33,8	36,6	Average share price for the period, EUR	9,67	14,72	11,64
Gross capital expenditure, EUR million	2,3	3,7	6,6	Share price at the end of the period, EUR	9,00	10,80	7,83
% of net sales	3,5	5,2	4,2	<b>Market value of capital stock</b>			
Research and development costs, EUR million	3,0	3,2	6,3	Series K shares, before combination of share classes, MEUR*		11,3	8,2
% of net sales	4,5	4,5	4,0	Series A shares, before combination of share classes, MEUR		37,3	27,0
Order book, EUR million	202	104	84	Shares after combination of share classes, directed share issue and rights offering	55,1	-	-
Order intake, EUR million	179	75	138	<b>Total, EUR million</b>	55,1	48,6	35,2
				*Combination of share classes registered with Trade Register on April 3, 2023. Series K shares valued at the value of series A shares.			
				<b>Trading of the company's shares</b>			
				Trading of shares, pcs	515 406	293 476	613 077
				Trading of shares, EUR million	4,92	4,55	7,5
				<b>Number of shares</b>			
				Series K shares, ordinary shares (20 votes/share), adjusted number of shares**		1 046 182	1 046 182
				Series A shares (1 vote/share), adjusted number of shares**		3 453 670	3 453 670
				Shares after combination of share classes, directed share issue and rights offering	6 122 679	-	-
				<b>Total</b>	6 122 679	4 499 852	4 499 852
				**Combination of share classes registered with Trade Register on April 3, 2023.			
				Number of shares, weighted average, 1 000 pcs	4 969	4 498	4 498
				Number of shares, diluted, 1 000 pcs	4 969	4 498	4 498
				<b>Number of shareholders</b>	6 223	5 914	5 785

## DEVELOPMENT OF QUARTERLY RESULTS

### DEVELOPMENT OF QUARTERLY RESULTS

EUR 1,000	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Rolling 1.7.2022– 30.6.2023	Rolling 1.7.2021– 30.6.2022
<b>NET SALES</b>	<b>41 775</b>	<b>45 685</b>	<b>36 815</b>	<b>29 338</b>	<b>153 612</b>	<b>152 864</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>-3 348</b>	<b>-1 199</b>	<b>-984</b>	<b>307</b>	<b>-5 224</b>	<b>-4 084</b>
<b>Other operating income</b>	<b>28</b>	<b>112</b>	<b>229</b>	<b>3</b>	<b>372</b>	<b>325</b>
Materials and services	-19 581	-23 601	-15 371	-12 148	-70 701	-89 955
Employee benefits expense	-11 553	-13 119	-13 509	-12 047	-50 228	-47 344
Depreciation, amortization and impairments	-1 215	-1 212	-1 140	-1 114	-4 681	-4 758
Other operating expenses	-4 690	-6 154	-5 200	-5 363	-21 407	-21 376
<b>Total operating expenses</b>	<b>-37 039</b>	<b>-44 086</b>	<b>-35 220</b>	<b>-30 672</b>	<b>-147 017</b>	<b>-163 437</b>
<b>OPERATING RESULT</b>	<b>1 416</b>	<b>512</b>	<b>839</b>	<b>-1 024</b>	<b>1 743</b>	<b>-14 328</b>
<b>% of net sales</b>	<b>3,4</b>	<b>1,1</b>	<b>2,3</b>	<b>-3,5</b>	<b>1,1</b>	<b>-9,4</b>
Financial income	-175	1 639	344	36	1 844	949
Financial expenses	141	-817	-411	-197	-1 284	-842
<b>Financial expenses, net</b>	<b>-34</b>	<b>822</b>	<b>-67</b>	<b>-161</b>	<b>560</b>	<b>107</b>
<b>RESULT BEFORE TAX</b>	<b>1 382</b>	<b>1 334</b>	<b>773</b>	<b>-1 185</b>	<b>2 303</b>	<b>-14 221</b>
<b>% of net sales</b>	<b>3,3</b>	<b>2,9</b>	<b>2,1</b>	<b>-4,0</b>	<b>1,5</b>	<b>-9,3</b>
Income taxes	-131	34	-326	387	-36	2 041
<b>TOTAL RESULT FOR THE PERIOD</b>	<b>1 251</b>	<b>1 368</b>	<b>446</b>	<b>-799</b>	<b>2 267</b>	<b>-12 180</b>
<b>% of net sales</b>	<b>3,0</b>	<b>3,0</b>	<b>1,2</b>	<b>-2,7</b>	<b>1,5</b>	<b>-8,0</b>

	Q3 2022	Q4 2022	Q1 2023	Q1 2023	Rolling 1.7.2022– 30.6.2023	Rolling 1.7.2021– 30.6.2022
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>						
Order intake during the period, EUR million	34	28	67	112	241	184
Order book at the end of the period, EUR million	94	84	121	202	202	104

## SHAREHOLDERS

### 20 LARGEST SHAREHOLDERS AT JUNE 30, 2023

	Total number of shares	Total number of votes	% of total shares and voting rights
1. Sundholm Göran	756 250	756 250	12,4 %
2. Laakkonen Mikko Kalervo	172 225	172 225	2,8 %
3. eQ Pohjoismaat Pienyhtiö	138 000	138 000	2,3 %
4. Mandatum Henkivakuutusosakeyhtiö	130 105	130 105	2,1 %
5. Stephen Industries Inc Oy	129 687	129 687	2,1 %
6. Relander Pär-Gustaf	123 700	123 700	2,0 %
7. Suominen Pekka Matias	117 329	117 329	1,9 %
8. Siivonen Osku Pekka	106 901	106 901	1,7 %
9. Kirmo Kaisa Marketta	105 421	105 421	1,7 %
10. Sijoitusrahasto eQ Suomi	105 000	105 000	1,7 %
11. Mustakallio Mika Tapani	103 678	103 678	1,7 %
12. Keskiaho Kaija Leena	101 659	101 659	1,7 %
13. Suominen Tiina Sini-Maria	101 213	101 213	1,7 %
14. Särkijärvi Anna Riitta	98 986	98 986	1,6 %
15. Mininvest Oy	85 180	85 180	1,4 %
16. Suominen Jussi Matias	74 626	74 626	1,2 %
17. Keskinäinen työeläkevakuutusyhtiö Varma	74 608	74 608	1,2 %
18. Mustakallio Marja Helena	71 144	71 144	1,2 %
19. UB Metsä Global Erikoissijoitusrahasto	66 400	66 400	1,1 %
20. Särkijärvi Timo Juha	66 307	66 307	1,1 %
<b>TOTAL</b>	<b>2 728 419</b>	<b>2 728 419</b>	<b>44,6 %</b>

### MANAGEMENT'S SHAREHOLDING AND NOMINEE-REGISTERED SHARES

	Total number of shares	Total number of votes	% of total shares and voting rights
<b>Management's holding at June 30, 2023</b>			
The Board of Directors, The Group's President and CEO and Executive Board*	231 189	231 189	3,8 %
<b>TOTAL</b>	<b>231 189</b>	<b>231 189</b>	<b>3,8 %</b>

\*The figures include the holdings of their own, minor children and control entities.

<b>Nominee-registered shares at June 30, 2023</b>	<b>165 466</b>	<b>165 466</b>	<b>2,7 %</b>
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RAUTE CORPORATION  
Board of Directors

BRIEFING ON AUGUST 25, 2023 AT 2:00-3:00 P.M.:

A briefing will be organized for analysts, investors and the media on August 25, 2023 at 2:00-3:00 p.m. at Scandic Simonkenttä Hotel, Simonkatu 9, Helsinki. The half-year report will be presented by President and CEO Mika Saariaho and CFO Ville Halttunen. The presentation will be in Finnish. The event can also be followed online via Teams. We will send a Teams link to those who have registered by email; registrations at [ir@raute.com](mailto:ir@raute.com). The event will be recorded, and the recording can be viewed on Raute's website [www.raute.com](http://www.raute.com) at the latest on August 28, 2023.

NEXT INTERIM REPORT:

Raute Corporation's interim report January 1–September 30, 2023 will be published on Thursday October 26, 2023.

FURTHER INFORMATION:

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Mr. Ville Halttunen, CFO, tel. +358 50 3460868

DISTRIBUTION:

Nasdaq Helsinki Ltd, main media, [www.raute.com](http://www.raute.com)

RAUTE IN BRIEF – Making Wood Matter

*Raute is the partner to future-proof the wood industry. Our technologies cover different production processes with supporting digital and analytics solutions for engineered wood products. Additionally, we offer full-scale service concept ranging from spare parts to regular maintenance and modernizations. Our innovative hardware and software solutions are designed to support our customers' efficient consumption of natural resources. In mill-scale projects, Raute is a global market leader both in the plywood and LVL industries. Raute's head office and main production is located in Lahti, Finland. The company's other production plants are located in Kajaani, Finland, the Vancouver area of Canada, Changzhou, China, and in Pullman, WA, USA. Raute's net sales in 2022 were EUR 158.3 million. The Group's headcount at the end of 2022 was 778. More information about the company can be found at [www.raute.com](http://www.raute.com).*



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