

ANNUAL REPORT 2022

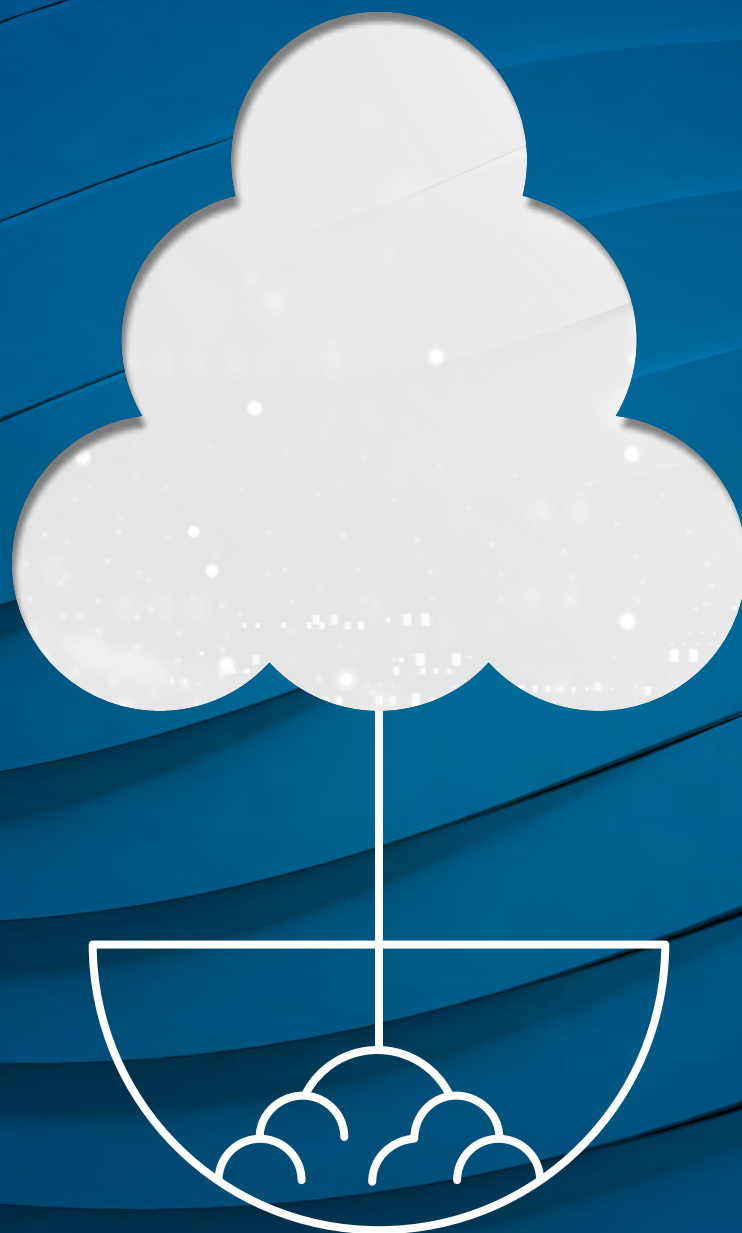




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RAUTE'S REPORTS 2022



Annual Report 2022

This report describes Raute's operating environment, strategy, solutions and corporate responsibility in 2022.



Financial Statements 2022

This report includes Raute's Financial Statements for 2022 as well as information about Raute's shares and shareholders.



Corporate Governance Statement 2022

This report describes Raute's corporate governance and internal control and risk management principles related to financial reporting process as well as procedures for insider management and auditing.



Non-financial Information Statement 2022

This report presents information concerning Raute's environmental, social and employee matters, respect for human rights, as well as anti-corruption and bribery.



Remuneration Report 2022

This report illustrates Raute's remuneration principles and the remuneration paid to Raute's Board of Directors, President and CEO and the Deputy to President and CEO in 2022.

We believe in smarter wood economy

Year 2022 was characterized by Russia's attack on Ukraine and the turmoil it caused to the global economy. As an outcome of the war, Raute withdrew from the Russian market, which had a big negative impact on the company's financials in 2022. However, our businesses in North America, Latin America and EMEA, as well as the technology services business performed well in 2022, helping to mitigate the impact of lost Russian business. This highlighted our agility and capability to adapt to such dramatic changes in our business environment. In 2022, we accelerated the digitalization of our operating model and customer offering, further strengthening our position as a leading technology provider in the wood processing industry.

MARCH

Signing an agreement with PT Kutai Timber Indonesia

PT Kutai Timber Indonesia (PT KTI) is an integrated wood manufacturing company that constantly wants to improve the efficiency of their operations. In 2022, they made their third re-order of Veneer Patcher R3s from Raute to replace the existing old machines and reduce manual operations.

MAY

Green Veneer Composing Line R7 sold to Tolko Industries

Raute and Tolko have been doing business together for over 25 years. In 2022, the relationship developed further when Tolko Industries ordered a new Green Veneer Composing Line R7, the first in North America, from Raute.

Mika Saariaho appointed as Raute's President and CEO

Raute's Board of Directors appointed Mika Saariaho as the company's new President and CEO as of October 1, 2022. Saariaho joined Raute from Metso Outotec Corporation.

MAY

Raute wins Best Investor Website

The Finnish Foundation for Share Promotion and the Finnish Society of Financial Analysts awarded Raute with the title of the Best Investor Website in the small listed companies' category. The criteria are strict, and the sites are evaluated based on their usability, layout, and how key financial information is illustrated.

JUNE

Modernization of Stiga RM's birch plywood mill

Raute and Stiga RM signed an agreement on a significant modernization package to Stiga RM's birch plywood mill in Latvia. Modernizations will cover Stiga RM's veneer peeling line, veneer scarf-jointing line, plywood lay-up line, and panel overlaying line, originally provided by Raute. In addition to the modernizations, the order includes a new Raute Veneer Peeling Line R7 and a dry veneer grading line.

Opening a service hub in Indonesia

In the summer of 2022, Raute established a new service hub in Indonesia to strengthen its presence and serve its customers even better and faster in the Asia-Pacific region. The service hub's operations were launched over the course of Q4.

OCTOBER

Opening the Raute Changzhou mill

The moving of Raute's Shanghai operations was completed in October when the new Changzhou mill was officially opened in Changzhou National Hi-tech District (CND). As the previous mill in Shanghai, Raute's mill in Changzhou will offer R3-Series products and related services for existing and new customers.

NOVEMBER

Changes in Raute's Executive Board and new organizational structure

Raute announced the changing of its organization structure. As of January 1, 2023, Raute has three business units: Wood Processing, Analyzers, and Services, each with a clear focus and accountability for its respective business operations.

DECEMBER

Opening a service hub in Italy

Raute established a local service hub in Italy. With an experienced local service team, Raute helps customers in Italy and Spain to take full advantage of Raute's products during their whole lifecycle. Local service presence complements Raute's existing sales force in Italy.



158

NET SALES

EUR million

2021 | 142 MEUR



778

EMPLOYEES

at the end of 2022

2021 | 802



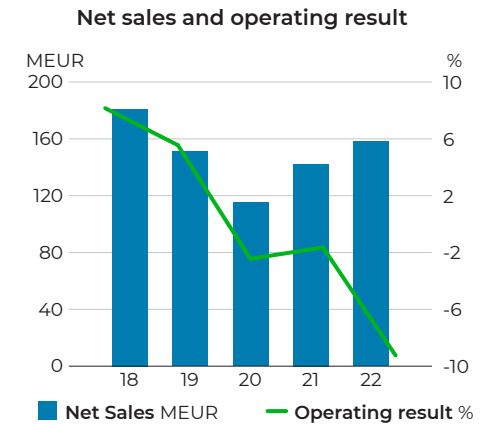
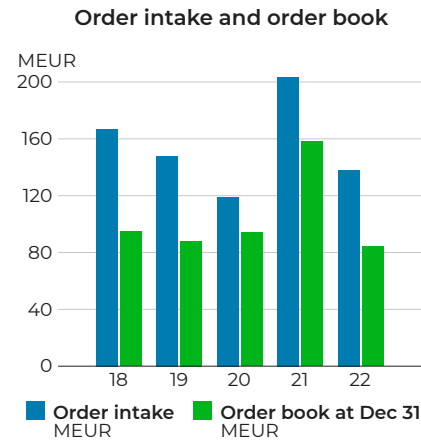
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**OPERATING
COUNTRIES**

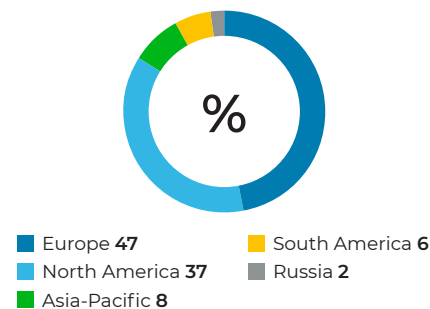
2021 | 10

2022 in numbers

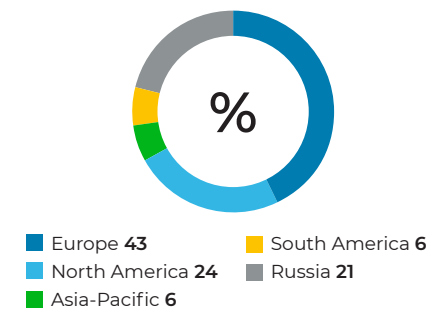
In 2022, Raute's net sales were EUR 158.3 million (EUR 142.2 million in 2021). At the same time, Raute's order intake was EUR 138 million (EUR 203 million) and operating loss EUR 14.6 million (EUR -2.2 million). Comparable EBITDA was EUR -2.3 million (EUR 3.5 million).



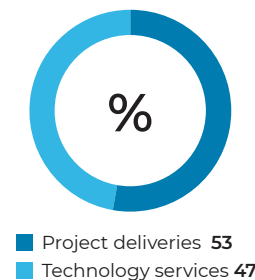
Order intake by market area



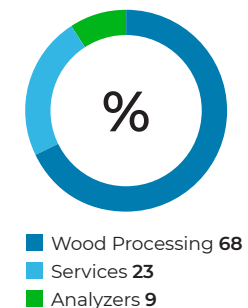
Net sales by market area



Order intake by product area



Net sales by segment





 RAUTE  Sales agent

COMPARABLE EBITDA

EUR million

-2.3

2021 | 3.5 MEUR

OPERATING RESULT

EUR million

-14.6

2021 | -2.2 MEUR

ORDER INTAKE

EUR million

138

2021 | 203 MEUR

ORDER BOOK

Dec 31, EUR million

84

2021 | 158 MEUR

Showing the way and driving change

Year 2022 will be remembered as the year when Russia attacked Ukraine, causing severe negative consequences also to the world economy. When the war began in February, over half of our order book for 2022 consisted of projects in Russia. Since the end of February, we have not made any new agreements with Russian operators and our Russian business is being gradually scaled down.

The impact of withdrawing from the Russian market, combined with the increased prices and limited availability of components and logistics, had a significant negative effect on our financials in 2022. To mitigate this impact, we strengthened our development program to improve competitiveness and profitability. Overall, the program is expected to reduce our annual cost base by some EUR 4–5 million and improve margins. We were able to show positive comparable EBITDA in all new business units in the third and fourth quarter

in 2022, which demonstrates that we are taking steps in the right direction and our actions to improve our profitability are bearing fruit.

Strong market demand especially in North America, Latin America and Europe

While we were winding down our Russian operations, our businesses in North America, Latin America and EMEA were performing very well, helping to mitigate the impact of lost Russian business. This is an important proof of our agility and capability to adjust our business to cope even with such a dramatic change in our business environment.

While the activity in Asian markets and in China continued to recover from COVID-19-related downturn, business activity in these markets did not yet reach the pre-pandemic levels. Additionally, the restrictions imposed in China due to the pandemic continued to burden our profitability in 2022.

Towards technology services company

I'm very proud of the strong development of our technology services sales. A good example was the significant modernization deal regarding Stiga RM's birch plywood mill in Latvia. Thanks to Raute's wide service offering combined with the latest generation of production equipment, the customer can improve the capacity, recovery, and quality of their birch plywood production, as well as increase the automation level of their mill.

Another important customer win in 2022 was the sale of the first Raute Green Veneer Composing Line R7 in North America to Tolko Industries Ltd. in Canada. In this case, automation plays a big part in improving yield and profitability. In addition, Tolko Industries' new R7 lay-up line will replace existing labor-intensive lines and improve the efficiency of their operations.

Overall, our focus in 2022 has been on customer efficiency improvements

and releasing production bottlenecks. We are seeing customers investing more and more in data platforms and automation. MillsIGHTS, our industry leading platform, provides the necessary information to enable concrete optimization work.

In order to further strengthen our local performance services closer to customers, we now have permanent service operations also in Italy, and we are in progress of opening an additional Service Center in Southeast Asia.

Three top priorities

At the moment, the top priorities for Raute can be summarized in three points: profitability, operational model clarification and growth initiatives. It is clear that our highest priority in the short term is to improve our profitability. We made good progress in the second half of 2022 and the work continues in 2023.

In November, we announced a change to our organization structure. As of January 1, 2023, Raute has

“For a company like Raute, sustainability is an inseparable part of our strategy”

had three business units: Wood Processing, Analyzers, and Services. The change is also reflected in the Executive Board composition and responsibility areas. The new structure will streamline our internal operations, put the customer in the center of everything we do and strengthen our ability to service customers more directly. In order to improve visibility to our business, we will also start externally reporting financial key figures for the new business units.

At the moment, we are carrying out a strategic development project to crystallize the growth strategy and development path for Raute going forward. At the same time, we are developing our ESG (Environmental, Social, Governance) agenda. We believe that for a company like Raute, sustainability is an inseparable part of our core strategy and should be integrated into everything we do. We also know that sustainability and sustainable manufacturing is becoming more important for our customers. We are in a good position

to help our customers in executing their sustainability agendas and reaching their sustainability goals.

Taking a bigger role in the industry

I started as President and CEO of Raute on October 1, 2022. It has been a pleasure to see with my own eyes the high level of expertise that Raute is globally renowned for. Our thorough understanding of the whole plywood and LVL processing value chain puts us in a unique position. Thanks to our strong, world-class technology and service expertise, we have, together with our customers, a unique opportunity to take a bigger role by showing the way and driving change in the whole industry.

Achieving together

In many ways, year 2022 has been an eventful year for Raute. To ensure viable business also in the future, we have also had to make some hard decisions and let people go. This is never easy, and those decisions are not made lightly. But these challenging times have also highlighted the best characteristics

of our personnel: teamwork, creativity, and can-do attitude! I want to express my appreciation for the dedication and hard work of all Rauteans during these most exceptional of times.

I also want to thank our customers and shareholders for the great collaboration during this challenging year. I'm confident that together we can make the year 2023 a good year for us all.

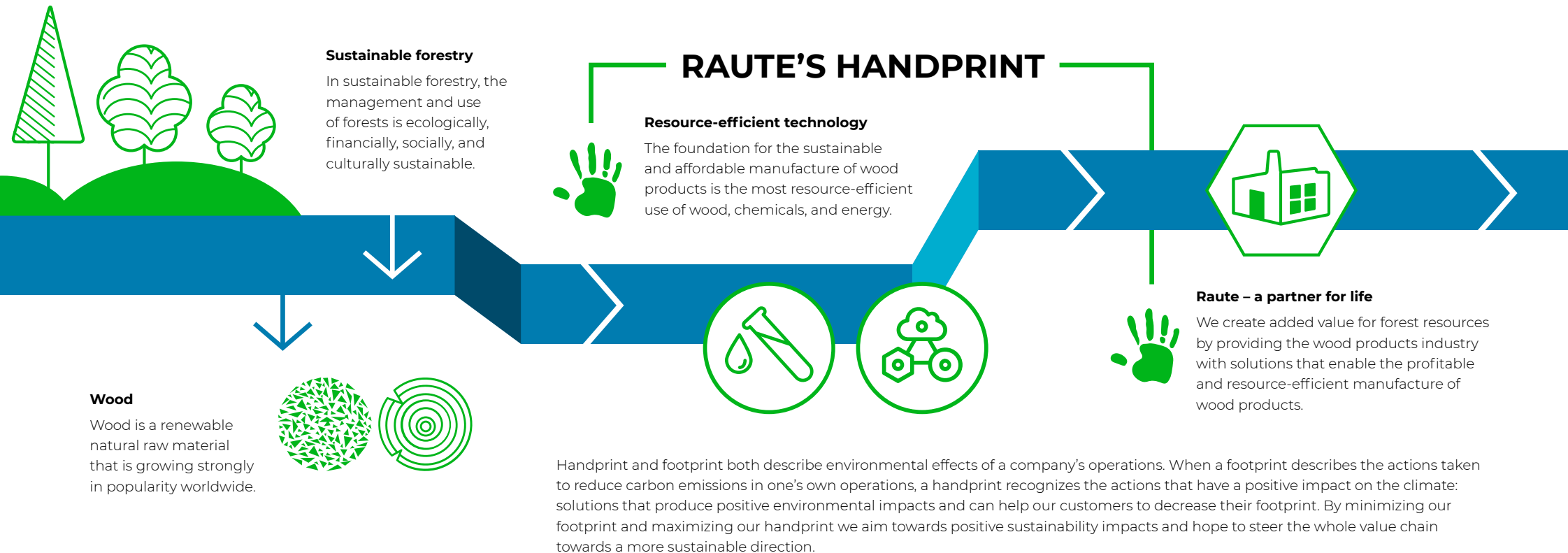
Mika Saariaho
President and CEO



Photo: Raute Corporation

Sustainability is key in the wood processing value chain

Raute creates value by supplying solutions for the profitable and environmentally sustainable production of wood products.



SUSTAINABLE MEGATRENDS

Source: Sitra

1 Urbanization and smart infrastructure

2 Mitigating climate change

3 Depletion of natural resources

4 Digitalization and automation



Long-lasting wood products

Thanks to our new innovations and state-of-the-art technology, our customers in the wood products industry can boost their production and improve end-product quality. Our customers manufacture long-lasting wood-based panel products: veneer, plywood and LVL.

Veneer is a thin wood panel manufactured by peeling from a log.

Plywood is a panel of wood consisting of thin, cross-bonded veneers.

LVL (Laminated Veneer Lumber) is a beam made of veneers glued with their grains parallel and then hot pressed; it is used in load-bearing structures

End uses

Veneer, plywood and LVL products are used mainly in construction and furniture-making as well as in transport vehicle and packaging industries. The use of different wooden structures and components is growing dramatically especially in construction.

Renewability, recyclability, and eco-friendliness are sustainable trends that increase the demand for and use of wood products worldwide.

Circular economy

The circular economy tries to keep products in use for as long as possible and to reuse their materials efficiently while maintaining the raw materials' value.

Wood-based panel products are long-lasting wood products. After their original life is over, they can be reused, recycled, or used as raw material in energy production. In the future, an increasing proportion of wood products will be recycled.

IMPLICATIONS FOR THE WOOD PROCESSING VALUE CHAIN

In a carbon-neutral future, the winners will be clean technologies, products and solutions that enable customers and other parties in the value chain to reduce their emissions or even act as carbon sinks.

The popularity of wood as a raw material is growing and its use in construction is increasing.

Construction is constantly subject to new speed and efficiency requirements. New solutions based on engineered wood products are arriving to the market.

Safety and resource-efficiency requirements for production processes are becoming tighter.

New digital solutions based on automation are becoming more common, enabling new types of business models and services.

OPERATING ENVIRONMENT

Steady base to build on

Raute is operating in a new business environment, leveraging the good market demand especially in EMEA, and North and Latin America. In 2022, Raute – as many other global companies – witnessed the end of an era when operating in Russia needed to be re-evaluated. At the same time, wood construction and veneer-based products continued to grow in popularity globally. Investment activity among Raute's customers continued steady. The company's order book remained on a reasonable level, and demand for technology and maintenance services was good.

Market situation in the global economy remained uncertain due to the Russian invasion, difficulties in component availability, and higher inflation. Still, Raute succeeded in increasing the sales of mid-sized single production line modernizations and technology services during the year. This followed the customer trend of improving the performance of existing production solutions.

In traditional markets, there was active search for new solutions to improve profitability and resource-efficiency. EMEA demand was good, and customers continued their efforts to increase capacity to fill the gap left by declined imports. North America remained active in regard to the overall Raute offering, and demand for new process automation, modernizations, and services was especially good.

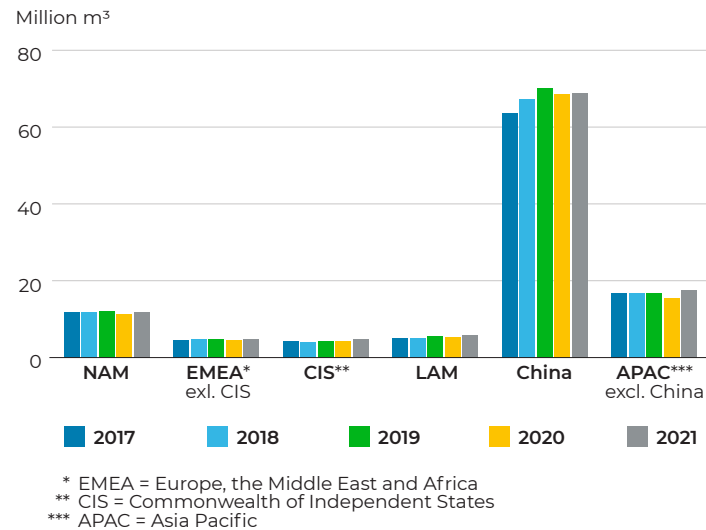
In emerging markets, the continued fast urbanization increased the demand for sustainable solutions made of wood. Markets in Latin America developed positively thanks to good raw material availability. Activity in Asian markets and China continued to recover from the extended downturn caused by COVID-19.

Russia's attack on Ukraine and the resulting sanctions have had a significant impact on Raute's business operations, as Raute had ongoing projects for several different Russian customers. In March 2022, Raute announced it had stopped entering into new contracts with Russian parties and started a controlled wind-down of Russian operations which continues into 2023 with remaining final deliveries. In the end of 2022, the remaining order book for Russia was 4 MEUR.

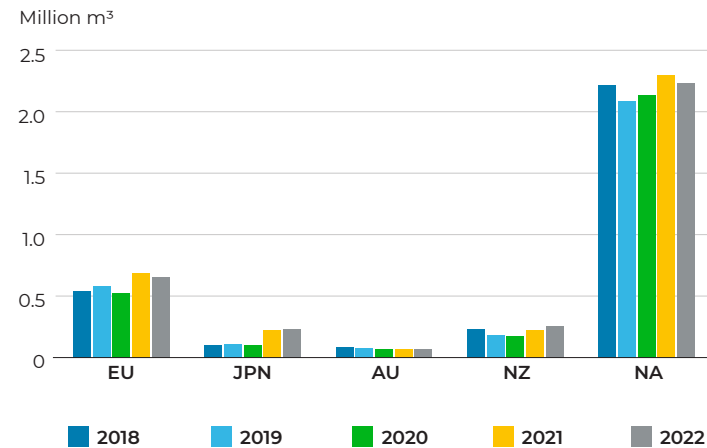
Plywood and LVL industry's market
close to EUR 50 billion a year

Investments in veneer, plywood and LVL production
 technology under normal market conditions
close to EUR 1 billion a year

Plywood production per region 2017–2021

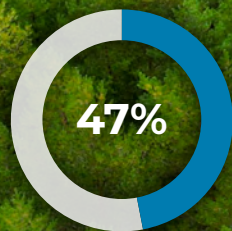


Structural LVL production (global) 2018–2022

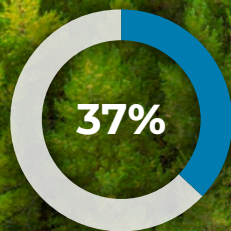


Plywood production source: Indufor | LVL source: Raute

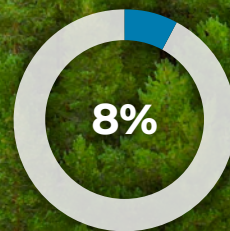
Market area's share of Raute's new orders 2022



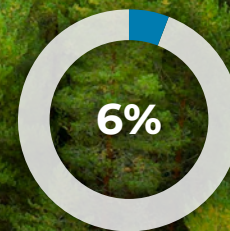
EMEA



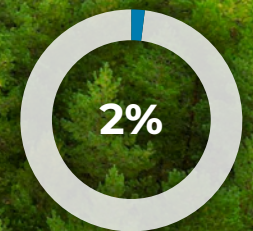
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APAC



LAM



CIS

Photo: Raute Corporation

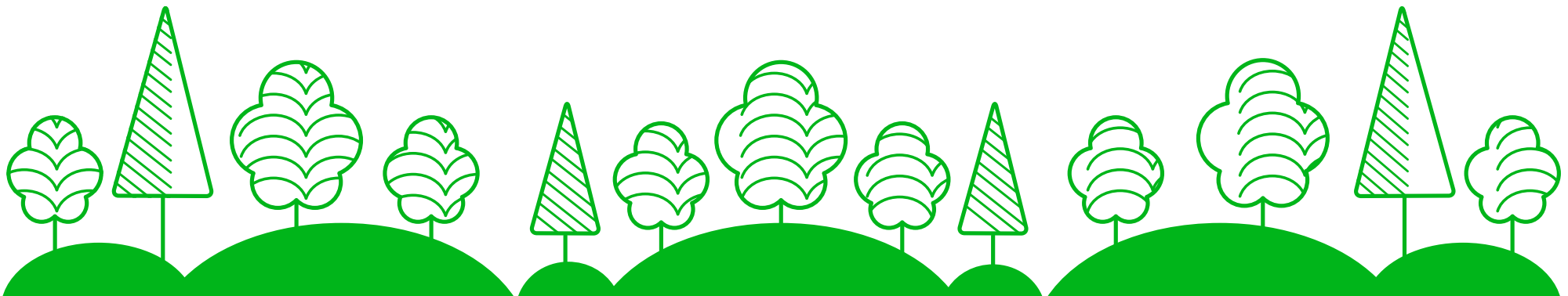
IMPLEMENTATION OF STRATEGY

We enable our customers to create value in forest assets by supplying solutions for profitable and sustainable production of veneer, plywood and LVL.

Raute is renewing its strategy.
The new strategy, including e.g. new mission, value proposition and long term strategic goals will be announced during the first half of 2023.

Our **values** guide our operations

Customer success
Trust in people
Achieving together
Responsibility

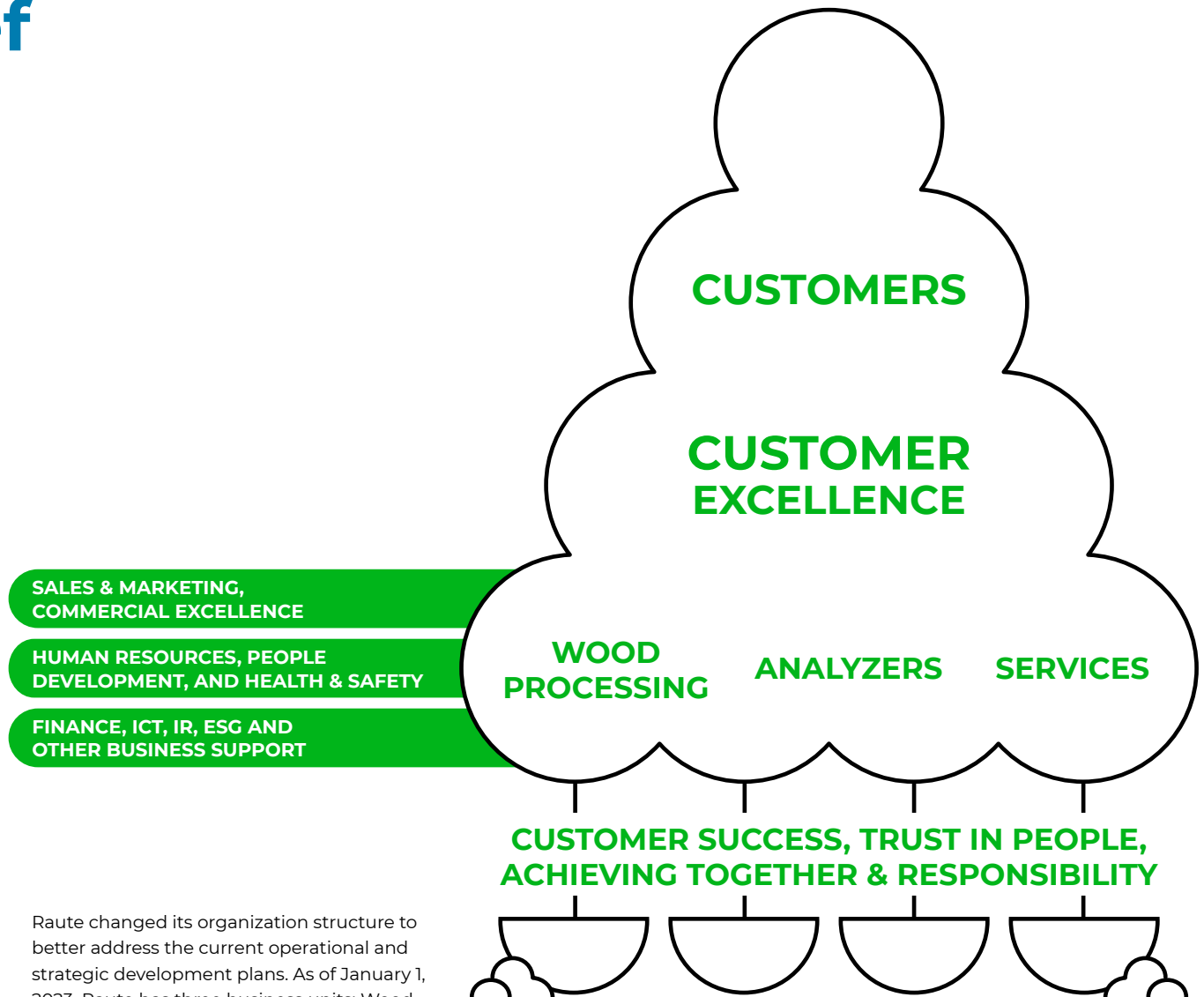


Strategy in brief

Profitability with digitalization and sustainability

Profitability is essential both for us and our customers to continue and develop operations. Our solutions integrate the technology, equipment, and services necessary for our customers to improve their operational efficiency and sustainability. With our digital solutions, our customers receive accurate information about e.g. the raw material yield in different process phases, and can focus on improving the most relevant parts of the process. That can lead to significant cost savings, quality improvements, or increased production capacity.

Market focus is shifting towards North America and emerging markets. Thus, we must be able to offer solutions based on state-of-the-art technology but also solutions for situations where automation is not yet the decisive factor in creating a competitive edge, or where a very large investment is not an option. By understanding our customers' needs, we can translate our extensive understanding into solutions that truly help customers to gain a competitive edge against their rivals. All this is supported by our active research work and cooperation with other leading companies and research institutes.



Raute changed its organization structure to better address the current operational and strategic development plans. As of January 1, 2023, Raute has three business units: Wood Processing, Analyzers, and Services, each with a clear focus and accountability for its respective business operations. The change is also reflected in the Executive Board composition and responsibility areas.

Long term strategic goals*

Key actions in achieving these goals 2022

Grow faster than the market

- Increasing interest for the R3-Series globally, including established countries
 - Order of 40 Veneer Patcher R3 machines received from Indonesia
 - Miraluz to be the first in Brazil to utilize one-sided gluing with Raute Plywood Lay-up Line R3
 - PT Sumber Graha Sejahtera in Indonesia invests in R3-Series technology
 - Koskisen to increase raw material utilization with the new Raute Veneer Peeling Line R3 in Finland
- The first Raute Green Veneer Composing Line R7 sold to Tolko Industries Ltd. in Canada
- Growing demand for services among Raute's customers
 - Delivery of a significant modernization package to Stiga RM in Latvia
- Renewal of services offering to match customers' evolving needs even better
- Two new Service Centers opened in Indonesia and Italy to be close to customers
- Continued investments in product development, digitalization, and marketing
- Launch of the new organization structure to strengthen our ability to service customers and streamline our internal operations.

Improve profitability**

- Developing internal processes and the way of working e.g. with the help of a major process and IT system development project
- Active pricing management to mitigate rapid cost inflation related to raw materials, components, and freight
- Launch of a competitiveness and profitability program to achieve 4–5 MEUR savings
 - Change negotiations to adapt the company's operations to the new market environment.

Maintain strong balance sheet**

- Equity ratio 36.6% (44.3)

Competitive returns to investors**

- The Board of Directors proposes to the Annual General Meeting that no dividend be paid for financial year 2022.

* Raute is renewing its strategy. The new strategy, including e.g. new mission, value proposition and long term strategic goals will be announced during the first half of 2023.

** Performance impacted by controlled wind-down of Russian operations.

RAUTE'S SOLUTIONS

A global market leader in veneer, plywood and LVL production technologies

Raute has been a preferred partner for small private family companies as well as major global forest groups for over 110 years

Raute is the only company in the world to provide solutions covering the entire production process of veneer, plywood, and LVL (Laminated Veneer Lumber). Today, more than half of the world's LVL is manufactured with machines supplied by Raute.

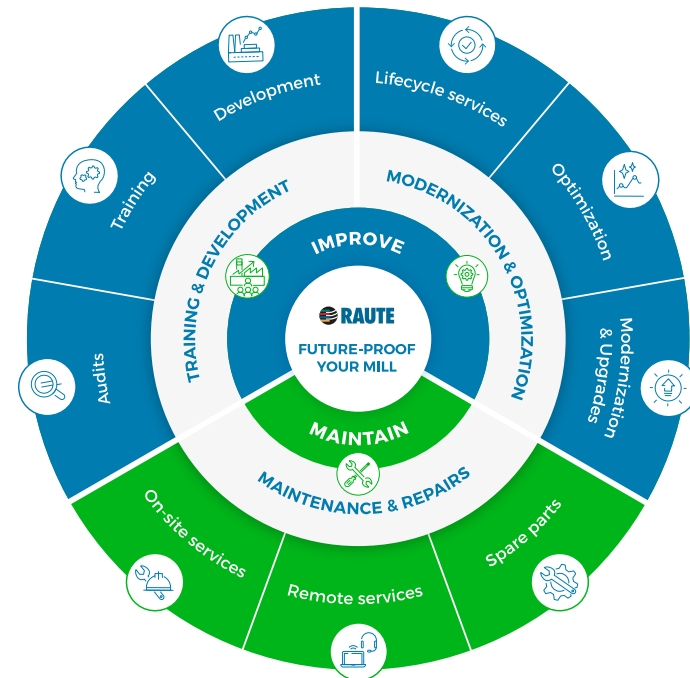
We actively seize digital opportunities and innovate production solutions that maximize yield and optimize the use of by-products. Starting from our customers' needs, we combine technology, software, and services to excel in performance across the lifecycle of the investment. Raute's solutions include all key subprocesses of veneer, plywood and LVL production; log handling, peeling, drying, veneer handling, plywood layup and pressing, panel handling and repairing, LVL lay-up

and pressing, LVL billet handling, and grading. Analyzers compose one of the main product areas and are part of the automation, machine vision, and measuring technology solutions in our smart mills. With our lifecycle services, we support our customers across their mill's lifetime, from investment consultation to mill audits, modernizations, and know-how development. Our solutions apply ergonomics and advanced safety automation that improve wellbeing at work, occupational

safety, and productivity. This makes us a unique one-stop-shop in the veneer-based product manufacturing industry.

Services to future-proof your mill

Demand for Raute's services is steady. To match the evolving needs of our customers even better, we analyzed all our services-related capabilities and knowledge in 2022. Based on the insights, we renewed our services approach and rebranded it under Maintain and Improve offerings.



Raute has Service Centers in four continents to service our clients locally wherever they are

From now on, our customers find all remote and on-site services as well as spare parts under Maintenance & Repairs. Our Improve offering covers both technologies and people. Modernization and optimization services aim to improve and optimize customers' production efficiency and quality based on real-time data. We help our customers to get the most value out of their production with line and machine modernizations, upgrades, optimizations, and tailored lifecycle services.

Another part of our Improve offering focuses on developing customers' business and personnel to answer current and future needs. We offer training and development services to the entire production process – from audits and training to business studies analyses.

Performance at the spotlight

Year 2022 was the year of improved production performance and efficiency. With the rising glue, repair

material and energy costs around the world, producers were looking for more profitable solutions in their veneer-based businesses. To answer to this need, Raute introduced the Plywood Lay-up Line R3, which uses one-sided gluing technology. It saves glue, energy, and labor, resulting in fast payback time. Demand for panel repairing solutions such as the compact Panel Repair Station R5 and the fully automated Panel Repairing Line R7 increased significantly.

The appeal of the R3-Series has also been good, even in established countries. For example, a Veneer Peeling Line R3 was sold to Finland for the first time, and the interest for automated and affordable Veneer Patcher R3 has remained steady.

Safer and more unified experience

In 2022, user-centricity and user-friendliness of Raute products took significant steps forward. Raute's machinery and lines have been refreshed visually to enhance the

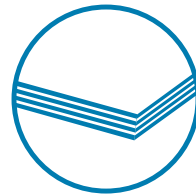
recognition of the Raute brand and the visibility of state-of-the-art parts. The updates also improve users' safety. With the new product design, we removed unnecessary visual noise from the working environment to direct the user's attention to critical details, such as moving parts that might cause dangerous situations. The roll-out of the new product design will start gradually in new deliveries and products.

In the latter part of the year, we started to redesign the user interfaces of our production lines, and the first new designs were tested by our customers. Our aim is to improve the consistency of our user interfaces and user experience, which then enhances intuitive use and learning. Compatibility with different technologies in modernizations, for example, has been one of the main design principles. Next, we continue the redesign with the user interfaces of Raute Analyzers.

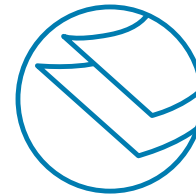


Photo: Raute Corporation

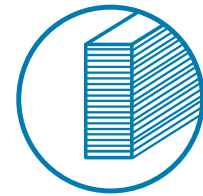
Our main customer segments



Plywood industry



Veneer industry supplying veneer to plywood and LVL producers



LVL industry

Technologies

Project deliveries make up a large part of Raute's business, and in mill-scale projects Raute is a global market leader both in the plywood and LVL industries. Depending on customer needs, we provide them with different production subprocesses and lines, machines and automation as well as software, measuring systems, and analyzers for production management and quality control. In 2022, interest was high in veneer, plywood and LVL production solutions in Europe, North America and Latin America. Single production line orders increased.

Services

Both changes in the market and the development of technology and digitalization accelerated the services business. The new, constantly developing technology demands know-how and skills which, for many customers, are not worthwhile investing in themselves. Technology development makes it possible to extend the lifecycle of basic equipment through modernization and service agreements. Online services create new ways of working and cooperating with positive impact on product quality, efficiency, and profitability.

Data

Data-led and digitalized production is gaining more and more interest among veneer, plywood, and LVL producers. Market changes especially in global veneer production have led the producers to consider how the products can be sold despite increased production costs and decreased price per product. As a result, producers are seeking ways to enhance cost structure, but also the processing value of the product. Raute Audits with MillSIGHTS analyze production from the perspectives of raw material usage, workforce efficiency and automation. Analysis is based on real time data collected from production lines with Raute Analyzers.



Photo: Raute Corporation

Wood Processing

Raute's core technology offering for veneer, plywood and LVL production.

Analyzers

Raute's latest measurement technology for sorting veneer, plywood and LVL, and special measurement equipment for sawn timber.

Services

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

Full scope
solution
partner

Raute is the only company in the world to provide a mill-wide range of technologies for the production of veneer, plywood and LVL.

We are the one-stop-shop – a powerful combination of equipment, software, as well as online and on-site services for our customer industries. We are a partner for the entire investment lifecycle, maintaining and improving our customers' production across its lifetime.

CUSTOMER CASE

PT Kutai Timber Indonesia

PT Kutai Timber Indonesia (PT KTI), a part of Sumitomo Forestry Group, is an integrated wood manufacturing company with more than forty years of experience.

In 2019, PT KTI wanted to improve the efficiency of their operations and bought three Veneer Patcher R3s from Raute to replace the existing old machines and manual operations. Over the years, as PT KTI's plantation wood needs have grown, they have ordered more patching machines from Raute. In 2022, PT KTI made its third re-order for the patching machines and is planning to make the next order already in 2023.

"With our six Veneer Patcher R3s, we have been able to increase efficiency and accuracy by automating processes that were earlier done by hand. The patching machines allow us to reallocate manpower to more value-adding tasks, which is improving the profitability of our business," says Mr. Angga, Engineering Manager at PT KTI. "Raute is a famous brand in the wood industry, and one of the companies in the SFC Group had already used Raute's machines for many years. Raute was able to fulfil our requirements and support us when we began using more plantation wood and improve our processes," Mr. Angga continues.

CUSTOMER CASE

Stiga RM

Stiga RM is a family-owned, Latvian company that was founded in 1994 with the goal of promoting the welfare of Latvia by sustainably managing its forest areas.

In June 2022, Raute and Stiga RM signed an agreement on a significant modernization package to Stiga RM's birch plywood mill in Latvia. Modernizations will cover Stiga RM's veneer peeling line, veneer scarf-jointing line, plywood lay-up line, and panel overlaying line, originally provided by Raute. In addition to the modernizations, the order includes a new Raute Veneer Peeling Line R7 and a dry veneer grading line. The delivery is expected to take place by summer 2023.

"Thanks to this modernization, we can improve the capacity and quality of our birch plywood production. In addition to that, the aim is to increase the automation level and production efficiency of our mill," says Andris Ramoliņš, CEO of Stiga RM. "Raute has been our trusted partner for many years, so we were happy to continue our good cooperation with this important modernization project," Ramoliņš concludes.

CUSTOMER CASE

Tolko

Tolko Industries Ltd. is a privately owned Canadian forest products company, manufacturing a wide range of sustainable forest products from lumber to plywood, veneer, and oriented strand board.

Raute and Tolko have been doing business together for over 25 years. More recently, the relationship has developed further with a lathe build and modernization project at Tolko's facility near Kamloops, British Columbia. The delivery was followed by another successful project, where Raute delivered a dryer outfeed system and modernized the clipper area with a new scanner and controls, culminating in the most recent order of a green composer, the first in North America.

"We chose Raute, because they have a history with Tolko based on reliability, knowledge, and professionalism. Raute was the best fit for us, knowing that we would have the support we needed to ensure that this project and the products that we use work how we need them to work," says Gaileen Galuska, Green End Superintendent, Tolko Industries. "It's also nice having people who are local and who can support us here at our local sites in North America," Galuska continues.

Get more out of your existing mill

Our innovations and expertise allow our customers to elevate the resource efficiency and product quality of their current mills to a level corresponding with new mills. We offer a range of modernizations from targeted line improvements to the modernizations of complete mills.

700 modernizations completed in 2022

350 Raute has some 350* customers

*excluding Russian customers

MILL SCALE MODERNIZATIONS

- Increase capacity to a new level
- Lift performance of existing machinery to a new level
- Fastest way to new capacity
- Based on mill-scale audit resulting to optimal solution
- Get more with your money

VENEER PEELING LINE R7-HYBRID

- Maximized recovery from raw material
- Reach smallest core
- High quality veneer from soft- and hardwoods
- 30% savings in energy consumption compared to traditional peeling
- 8% better raw material utilization compared to traditional peeling

LIFECYCLE SUPPORT

- Real-time mill data collection
- Smart reporting and analyzing
- Condition monitoring
- 24/7 support

PERFORMANCE BASED MAINTENANCE

- Revolutionary concept with shared benefits and minimized risk for the customer
- Based on Raute's proven, long-time experience and know-how of the industry

ONE-SIDED GLUING in plywood lay-up

- Liquid Extrusion Gluing / Curtain Coater
 - accurate glue spreading
 - reduced glue consumption
- Up to 25% savings in glue consumption
 - fully automatic lay-up for maximum productivity

PANEL REPAIRING

- For multiple types and sizes of wood panels
 - high-capacity fully automatic panel repairing
 - fully automatic line or stand-alone station as alternatives
 - smart defect recognition

UPGRADING VENEER QUALITY

- Composer modernization
- Patching optimization
- Operator training

BLOCK CENTERING ANALYZER R7

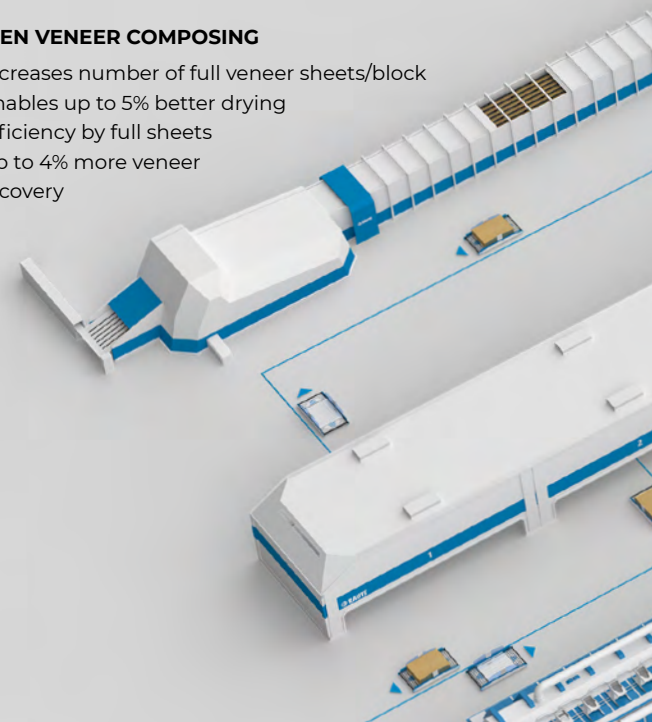
- Recovery improvement 2–5%
- Full sheet recovery improved up to 15%
- Maximized face veneer recovery

MORE ACCURATE GRADING

- Data based grading and analyzing solutions
- Combined visual, moisture and strength grading
- Optimized raw material utilization
- Increase quality of end products

GREEN VENEER COMPOSING

- Increases number of full veneer sheets/block
- Enables up to 5% better drying efficiency by full sheets
- Up to 4% more veneer recovery



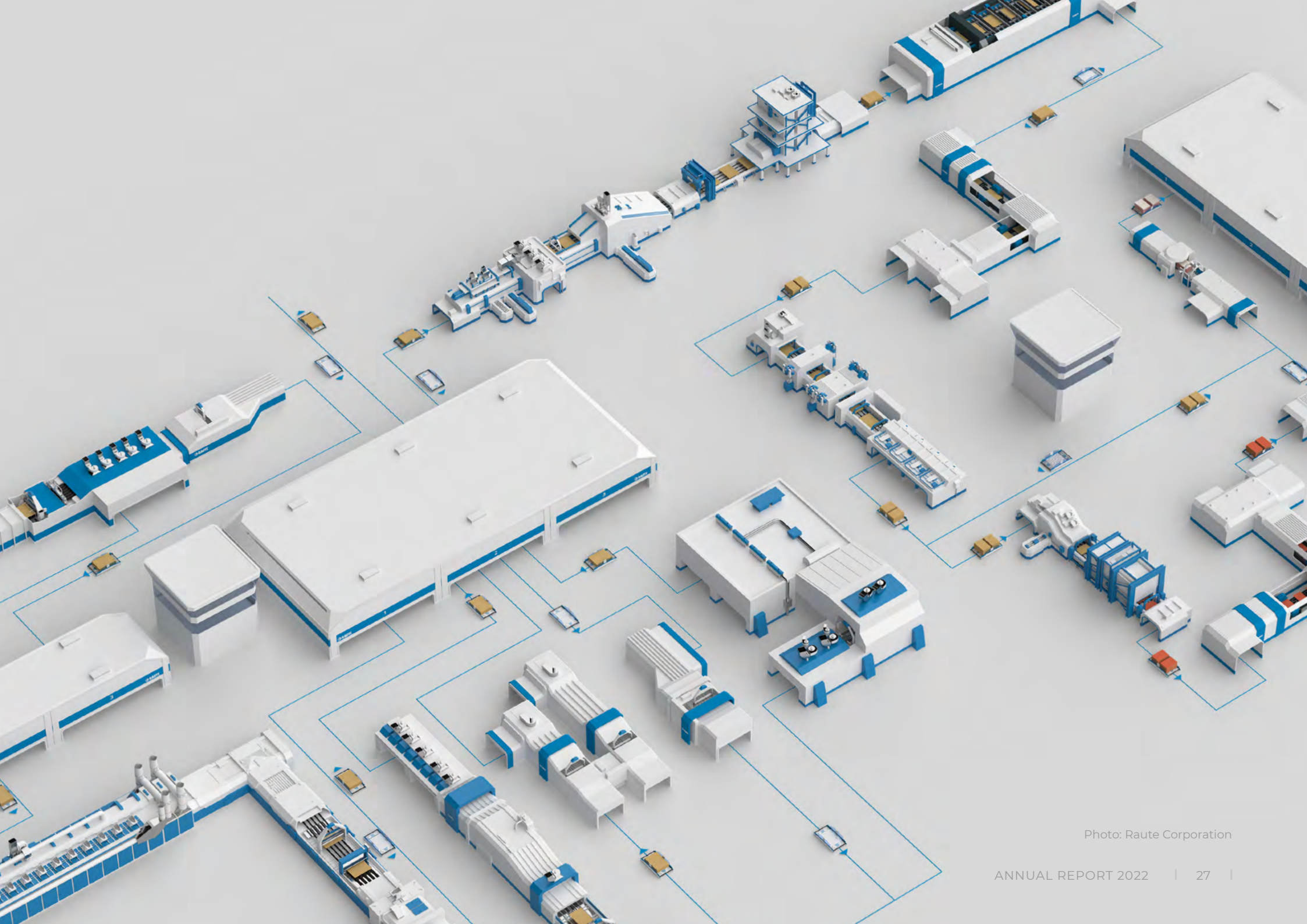


Photo: Raute Corporation

PERSONNEL

A year of changes

The year 2022 was, in many ways, a year that tested our ability to adapt to change. This meant that many of the plans and targets we had set the previous year had to be postponed. In August 2022, due to the deteriorated market situation, we had to initiate change negotiations in compliance with the Act on Co-operation within Undertakings, concerning Raute's salaried and senior salaried employees in Finland. The negotiations concluded in the termination of employment contracts of 17 salaried and senior salaried employees in our Finnish units, as well as transferring seven people to another company as a result of a business transfer.

In addition to the changes brought on by the negotiations, Raute's number of personnel decreased due to the termination of fixed-term employment contracts, retirements, and resignations during the negotiations. Overall, our personnel totaled 778 (802) at the end of

the year. The average age of our personnel was 38.6, decreasing from previous year (37.9). The share of women remained on the same level as previous year at 12 percent.

Introducing a new way of working

At the beginning of 2022, we implemented our new remote-working policy based on the feedback we had received from our personnel. Now our white-collar employees can work remotely one to four days a week based on their own wishes. Remote working has been more popular than before the pandemic, but during the year we also saw many people returning to the office. This initiated our work environment development project, which included changing the office spaces at our Lahti unit. Instead of everybody having their own workstation, there are now more shared workstations which employees can reserve, as well as so called "home bases" for different teams.

Supporting our personnel's wellbeing and development

Over the year, we implemented a new tool for early support with our healthcare provider. The virtual tool is meant both for managers and HR, allowing them to react faster than before if an employee is in need of support. In addition, we expanded our HR system by increasing the number of user rights at our North American units, thus eliminating a lot of manual work. We also improved our onboarding process through developing the online learning environment and implementing a new system for the induction of external employees.

Investing in future talents

Attracting new talent and developing our employer image are some of the core elements of our HR strategy. During 2022, we published new employer branding materials with the help of our marketing team. We also made some important recruitments in Indonesia, where we opened a new service center.

Over the course of the year, we continued our active cooperation with Salpaus Further Education in the form of internship rotations in production. The TAT Yrityskylä learning environment for middle-schoolers in the Häme region also introduced a Raute simulation game, where pupils can experience working at Raute for a day by doing business, solving problems, and mitigating risks. Cooperating with educational institutions at different levels is key to introducing our work to potential future talents.



Photo: Raute Corporation

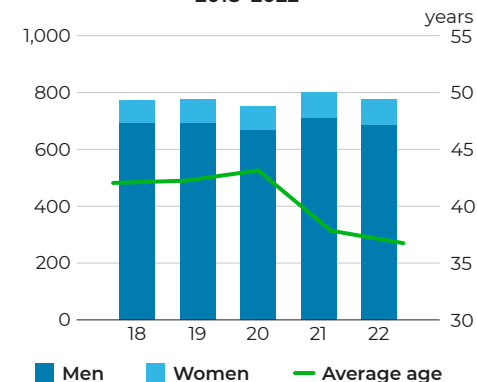
Raute's personnel in figures

YEARS IN SERVICE

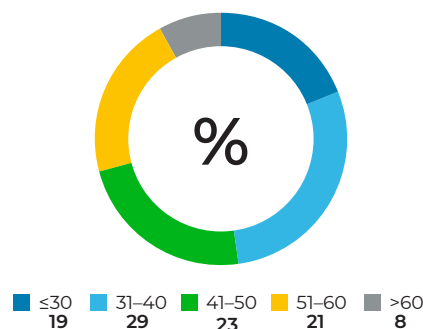
8.2



Number of personnel and average age
2018–2022



Age distribution (years)



TURNOVER

22.3%

Employee contracts

Work time



Contract



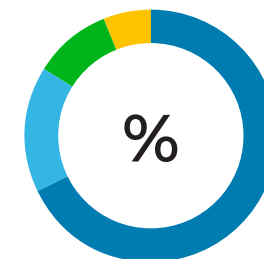
- Full-time 98%
- Part-time 2%
- Indefinite 99%
- Fixed term 1%

NUMBER OF PERSONNEL

778



Personnel geographically



- Europe 68
- North America 16
- China 10
- Others 6

“Raute has a great way of making your work multi-disciplinary and interesting”

I started my career at Raute 11 years ago as a Chief Design Engineer. Before that I had worked as an electrician trainee and product development designer. My current position as Product Manager, Veneer patching, offers an excellent vantage point into Raute's business and operations. I get to be involved in many different phases throughout the project, all the way from supporting sales to designing screw threads and seeing the final product being installed at the customer's site.

As a Product Manager, I am basically the face of the product and an important contact for the customer. Since I have been part of the project from the very beginning, I know how to respond to most of the customers' questions and concerns.

My background was originally in mechatronics and machine automation, but over the years I have learned a lot about wood and wood products. I've been able to expand my role to managing smaller projects in Canada, for example, and I'm also in charge of giving customers product training in our machinery. Raute has a great way of making your work multi-disciplinary and interesting, and I'm sure that's one of the key reasons why people have such long careers here.

Hanna Mäkinen
Product Manager



Photo: Raute Corporation

“The people and culture at Raute Canada made me want to work here.”

My journey at Raute started as a Junior Estimator responsible for compiling quotations for the North American market. After about a year I expanded my role into doing preliminary engineering work for those quotations. Two and a half years ago, I was promoted to Regional Sales Manager for Canada & the Pacific Northwest. My current responsibilities include managing approximately 50 customers and their sales inquiries, along with making sure they get the parts and service they need to operate effectively.

Before joining Raute, I worked at a pressure vessel design company. Due to the economic downturn of the oil and gas sector, I was laid off. However, I ended up having three new job offers to choose from. In the end, the global

reach of Raute, its position as a world leader in plywood machinery and the people and culture at the Raute Canada office made me want to work here. Now I have enjoyed my time at Raute for over 8 years.

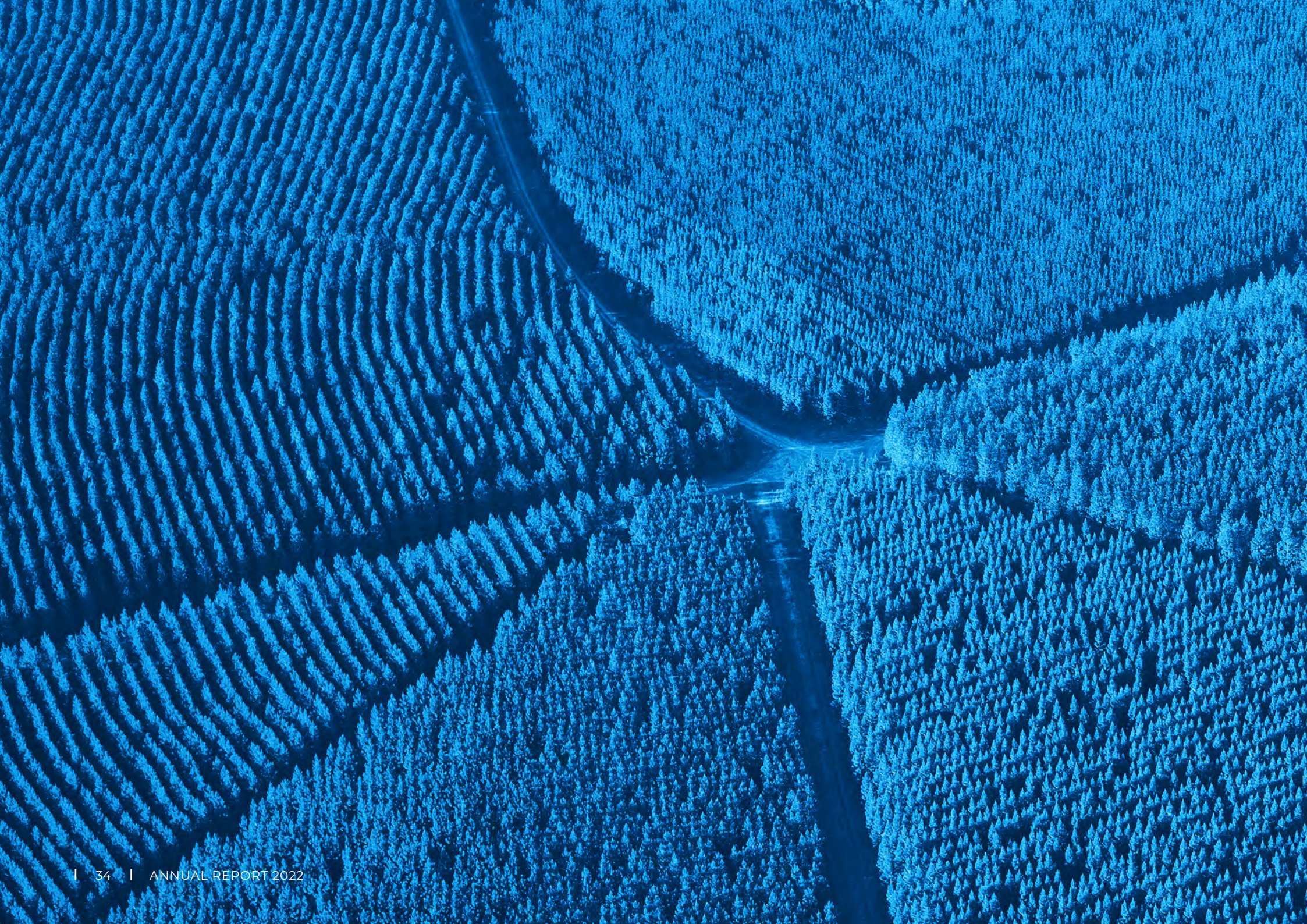
Learning new things is what keeps the work interesting. In the future, I would like to expand my knowledge of veneer itself. In North America, companies deal with Douglas fir, spruce, hemlock, southern yellow pine and many other species that all have their own characteristics that impact the design of our equipment, so there's much to learn about.

Spencer Pringle

Key Account/Sales Manager
Canada & Pacific Northwest



Photo: Raute Corporation





CORPORATE GOVERNANCE

Governance

Raute Group's parent company is the Finnish public limited liability company Raute Corporation, which was established in 1908. Our Finnish units include our head office and main production unit in Lahti, our production and development unit specializing in machine vision and moisture analyzing technology in Kajaani, and machine software service provider in Oulu.

The Group includes ten foreign subsidiaries. Our production units are located in the Vancouver area of Canada, Changzhou in the Jiangsu province of China, and in Pullman, Washington, USA. In order to further strengthen our local performance services closer to customers, we are also continuously developing our service network. Our agent network and local service centers are located close to our customers.

Our parent company abides several laws and guidelines in its decision making and corporate governance – the Finnish Companies Act, the Securities Markets Act,

Nasdaq Helsinki Ltd's rules, other regulations concerning publicly listed companies and the Articles of Association. Raute Corporation's Board of Directors has also approved the Group's Code of Conduct.

Our Group's most important identified risks relate to the nature of the project business, geopolitical and macroeconomic conditions, human resources, information security, financing, and damage or loss. According to our analysis, the most significant risks facing the Group at the moment are fluctuations in investment demand resulting from the developments of the global economy and geopolitics, risk related to renewal of the group's information technology systems, retention of key people, refinancing and liquidity risk and cyber security risk.

The foundation of our Group's internal control is management in accordance with our values and Code of Conduct. There is no separate internal control organization in the Group.

For more information on Raute's corporate governance, responsibility and investor relations, visit

www.raute.com

Raute Corporation's Articles of Association

Code of Conduct

Report of the Board of Directors

Consolidated Financial Statements

Corporate Governance Statement

Remuneration Report

Non-financial Information Statement

Board of Directors

Board of Directors

The term of office of the company's Board of Directors begins at the Annual General Meeting and ends at the following Annual General Meeting. The Board of Directors convenes an average of ten times during the term of office. The Board oversees the duties of the Audit Committee. The Board's tasks and charter are described in the company's Corporate Governance Statement, which can be found on the company's website at www.raute.com.

Election of Board members

The Annual General Meeting appoints the Chair, the Vice Chair and the members of the Board of Directors. The Nomination Committee prepares and presents to the Annual General Meeting a proposal on the number of Board members and the Board's

composition. It strives to achieve a diverse Board composition that supports the achievement of strategic targets and development of business in the best possible way. Diversity of the Board is examined through the members' age and gender distribution, educational and professional backgrounds, experience that is significant in terms of the position and personal characteristics. The purpose of the principles concerning diversity is to ensure that the competence and experience of the Board as well as the diversity of its composition are sufficient to meet the needs of the company's business model and ownership structure. In terms of gender distribution, the goal is to have at least one member of each gender represented on the Board. The Board of Directors assesses the achievement of diversity in its self-evaluation.

During the year 2022, the composition of the Board of Directors has changed as one member was no longer available for re-election and two new members were elected to the Board of Directors.

Auditor

The authorized public accounting company PricewaterhouseCoopers acts as the company's auditor, with Authorized Public Accountant Markkus Launis as the principal auditor for the financial year 2022. PricewaterhouseCoopers has been Raute Corporation's auditor since the financial year 2010.



Laura Raitio

b. 1962
Licentiate in Technology
Chair of the Board of Directors 2019 –
Member of the Board 2017 –
Chair of the Board's Nomination
Committee 2019 –



Mika Mustakallio

b. 1964
M.Sc. (Econ.), CEFA
Vice-Chairman of the Board 2012 –
Member of the Board 2004 –
Member of the Nomination Committee 2022 –
Principal occupation: Chairman of the Board,
MORS Software Oy 2021 –



Joni Bask

b. 1975
M.Sc. (Eng.)
Member of the Board 2012 –
Principal occupation: Sr. Manager,
Varian Medical Systems Finland Oy 2020 –



Patrick von Essen

b. 1963
M.Sc. (Eng.)
Member of the Board 2016 –
Principal occupation: Managing Director,
Neste Engineering Solutions Oy 2018 –



Ari Harmaala

b. 1961
Engineer (Construction Technology)
Member of the Board 2019 –
Principal occupation: Senior Vice President,
Sales and Customership,
Metsä Fibre Oy 2011 –



Petri Perttula

b. 1971
M.Sc. (Eng.)
Member of the Board 2022 –
Principal occupation: Vice President,
Operations Finland,
Honkarakenne Oyj, 2021 –



Ari Piik

b. 1993
B. Sc. (Econ.)
Member of the Board 2022 –
Principal occupation: Head of Strategy
and Business Operations,
Wolt Enterprises Oy 2020 –

Photos: Raute Corporation

Group Executive Board

as of January 1, 2023

President and CEO

The President and CEO is responsible for the management of the company's business according to the Finnish Companies Act and the decisions and instructions of the Board of Directors. The President and CEO reports to the Board of Directors on the business environment, such as on the development of customer relationships and the competitive and market situation. The President and CEO's tasks also include keeping the Board of Directors up to date on the company's financial position and other significant business-related issues. The President and CEO serves as the Chairman of the Executive Board, represents the Group at the shareholders' meetings of subsidiaries and associates and acts as Chairman of the subsidiaries' Boards of Directors, unless the Board has decided otherwise in individual cases. The Board evaluates the President and CEO's work annually.

Executive Board

Raute Executive Board consists of the President and CEO and a variable number of members appointed by Raute Corporation's Board of Directors. The Executive Board prepares the Group's business strategy, oversees its implementation, and addresses all major operational issues. The President and CEO confirms the Executive Board's decisions.

During the 2022 term, there were changes in the Group Executive Board. Former members of the Executive Board include Tapani Kiiski (Mar 16, 2004–Apr 30, 2022), Tarja Järvinen (Feb 1, 2019–May 5, 2022), Marko Hjelt (Oct 1, 2013–Dec 19, 2022), Mika Hyysti (Oct 1, 2013–Nov 28, 2022), Timo Kangas (Oct 1, 2004–Nov 28, 2022) and Jukka Siiriäinen (Sept 1, 2019–Nov 28, 2022). Petri Strengell acted as interim CEO from May 1 to Sept 30, 2022.



Mika Saariaho

b. 1973
 Doctor of Science (Technology)
 President and CEO, October 1, 2022–
 Member of the Executive Board since 2022
 With the company since 2022



Kurt Bossuyt

b. 1975
 Engineer
 Executive Vice President, Services,
 January 1, 2023–
 Member of the Executive Board since 2019
 With the company since 2016



Mia Könnilä

b. 1974
 BBA (Bachelor of Business Administration)
 Chief People Officer, December 19, 2022–
 Member of the Executive Board since 2022
 With the company since 2021



Jari Myyryläinen

b. 1968
 M.Sc. (Eng.)
 Chief Commercial Officer (CCO),
 January 1, 2023–
 Member of the Executive Board since 2023
 With the company since 2020



Jani Roivainen

b. 1974
 B.Sc. (Eng.)
 Executive Vice President, Analyzers,
 January 1, 2023–
 Member of the Executive Board since 2019
 With the company since 2011



Petri Strengell

b. 1962
 M.Sc. (Eng.)
 Executive Vice President, Wood Processing,
 January 1, 2023–
 Member of the Executive Board since 2004
 With the company since 1987



Minna Yrjönmäki

b. 1967
 M.Sc. (Econ.)
 Executive Vice President, CFO, May 9, 2022–
 Member of the Executive Board since 2022
 With the company since 2022

Photos: Raute Corporation

FINANCIAL REVIEW 2022

Key financial figures	2022	2021	2020	2019	2018
Net sales	158,324	142,212	114,994	151,297	180,993
Change in net sales, %	11.3	23.7	-24.0	-16.4	22.2
Exported portion (outside Finland) of net sales	141,830 (89.6)	130,548 (91.8)	108,267 (94.2)	133,535 (88.3)	153,180 (84.6)
EBITDA***	-9,689	2,071			
Comparable EBITDA***	-2,258, (-1.4)	,3,479, (2.4)			
Operating profit	-14,642 (-9.2)	-2,245 (-1.6)	-2,770 (-2.4)	8,454 (5.6)	14,922 (8.2)
Result before tax	-13,814 (-8.7)	-1,772 (-1.2)	-2,455 (-2.1)	9,253 (6.1)	14,912 (8.2)
Result for the financial year	-11,513 (-7.3)	-1,775 (-1.2)	-1,819 (-1.6)	7,687 (5.1)	11,836 (6.5)
Return on investment (ROI), %	-29.9	-2.7	-2.7	18.1	34.6
Return on equity (ROE), %	-40.4	-4.8	-4.1	16.0	27.6
Balance sheet total**	92,053	110,676	85,428	90,651	96,382
Interest-bearing net liabilities**	6,721 (4.2)	-12,244 (-8.6)	-3,863 (-3.4)	-13,923 (-9.2)	-12,295 (-6.8)
Non-interest-bearing liabilities	56,735	64,065	37,740	32,635	48,793
Equity ratio, %**	36.6	44.3	58.8	62.9	61.7
Gearing, %**	29.4	-35.9	-9.8	-28.1	-26.4
Gross capital expenditure	6,572 (4.2)	6,297 (4.4)	4,258 (3.7)	2,956 (2.0)	4,384 (2.4)
Research and development costs	6,295 (4.0)	4,919 (3.5)	4,260 (3.7)	4,419 (2.9)	3,735 (2.1)
Order book, EUR million	84	158	94	88	95
Order intake, EUR million	138	203	119	148	167
Personnel at Dec. 31	778	802	751	778	772
Personnel, effective, on average	774	780	743	761	725
Personnel, on average	829	788	760	784	748
Dividend	0*	0	3,411	6,182	5,968

* The Board of Directors' proposal to the Annual General Meeting.

** Raute Group has adopted IFRS 16 standard as of the financial year 2019. The figures for the comparison year 2018 have not been restated.

*** Raute has adopted two new key figures: EBITDA and Comparable EBITDA. The formula of these key figures is presented in the Financial Statements.

Presented figures are in thousand euros, unless otherwise stated.

Figures in brackets () are respective key figure's percentage of Raute's net sales.

Share-related key figures	2022	2021	2020	2019	2018
Earnings per share (EPS), undiluted, EUR	-2.70	-0.42	-0.43	1.80	2.78
Earnings per share (EPS), diluted, EUR	-2.70	-0.42	-0.43	1.79	2.76
Equity to share, EUR	5.12	8.12	9.29	11.61	10.82
Dividend per series A share, EUR	0*	0	0.80	1.45	1.40
Dividend per series K share, EUR	0*	0	0.80	1.45	1.40
Dividend per profit, %	0*	0	-186.0	80.4	50.4
Effective dividend return, %	0*	0	3.5	5.8	6.6
Price/earnings ratio (P/E ratio)	-3.06	-47.14	-52.79	13.86	7.67
Development in share price (series A shares)					
Lowest shared price for the financial year, EUR	8.12	19.50	17.40	20.00	20.50
Highest share price for the financial year, EUR	20.40	24.90	27.40	28.70	34.90
Average share price for the financial year, EUR	12.29	22.28	20.57	24.71	28.58
Share price at the end of the financial year, EUR	8.26	19.80	22.70	25.00	21.30
Market value of capital stock at Dec. 31, EUR thousand**	35,214	84,411	96,775	106,580	90,806
Trading of the company's shares (series A shares)					
Shares traded during the financial year, 1 000 pcs	613	591	680	503	880
% of the number of series A shares	19	18	21	15	27
Total number of shares (undiluted)					
Issue-adjusted weighted average number of shares	4,263,194	4,263,194	4,263,194	4,263,194	4,259,525
Issue-adjusted number of shares at the end of the financial year	4,263,194	4,263,194	4,266,933	4,286,991	4,290,433

The deferred tax liabilities have been included in the calculation of the key ratios.

* Board of Directors' proposal to the Annual General Meeting.

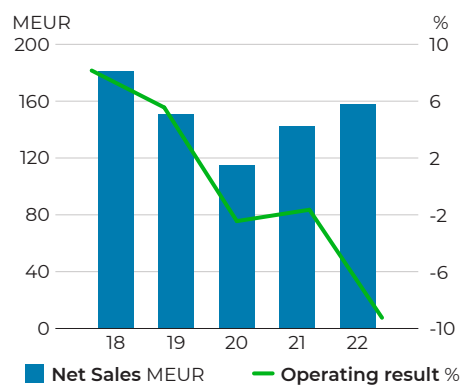
** Series K shares valued at the value of series A shares.

Raute share series

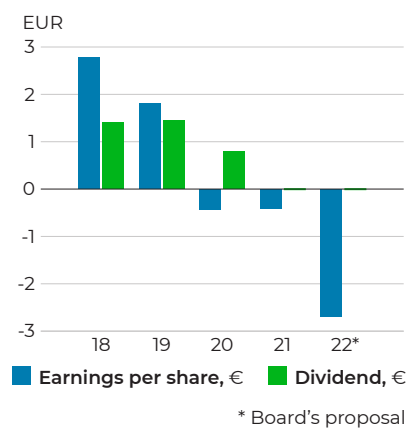
	Series A share RAUTE	Series K share RAUTEK	Total
Number of shares at Dec. 31, 2022	3,272,033	991,161	4,263,194
Votes/share	1	20	
Total votes	3,272,033	19,823,220	23,095,253

Share quotations can be followed online at www.raute.com

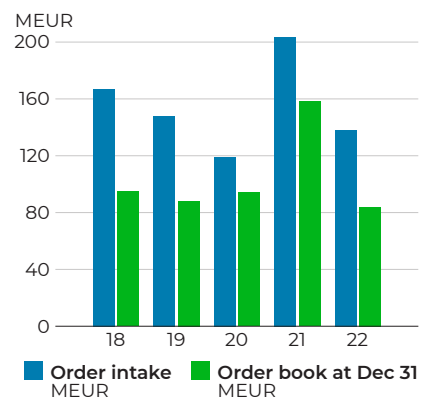
Net sales and operating result



Earnings per share and dividend



Order intake and order book



Research and development

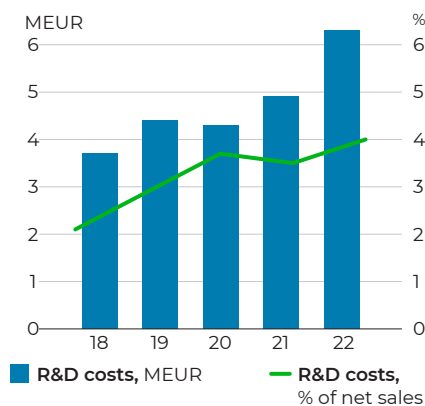


Photo: Raute Corporation

A photograph of a modern, light-colored wooden chair with a curved back and four legs, positioned in a minimalist interior. To the right of the chair is a tall, slender potted plant with long, thin leaves and small brown seed heads. The background is a plain white wall with a circular mirror and a small framed picture. The floor is made of light-colored wooden planks.

Further information for shareholders

Annual General Meeting

Raute Corporation's Annual General Meeting will be held on Thursday, March 30, 2023 at 6 p.m. at Sibelius Hall, Ankkurikatu 7, Lahti. To be entitled to attend the Annual General Meeting, shareholders must be registered in the shareholders' register maintained by Euroclear Finland Ltd on March 20, 2023.

Shareholders who wish to participate in the Annual General Meeting should register for the meeting by no later than 4:00 p.m. on March 24, 2023.

Registration for the meeting can take place:

- via the company's website (Annual General Meeting 2023);
- in writing to Raute Corporation, P.O. Box 69, 15551 Lahti, Finland;
- by email to eija.salminen@raute.com or
- by calling Eija Salminen at +358 50 3801517.

A person holding a shareholder's proxy must be in possession of a dated letter of proxy or otherwise be able to reliably show that he or she is entitled to act in this capacity on behalf of a shareholder.

The notice of the Annual General Meeting and further information is provided on the Company's website and in a stock exchange release.

Raute's shares

Raute Corporation has two series of shares. The amount of series A shares is 3,272,033 and series K shares 991,161. The A shares are quoted on Nasdaq Helsinki Ltd since 1994. The trading code is RAUTE.

At General Meetings, one series K share entitle the holder to twenty (20) votes and one series A share allows to one (1) vote.

Dividend policy

Raute aims for competitive returns for its investors, abiding by an active dividend policy. Due to the nature of the project business, the dividend is not directly tied to the Company's result. For the financial year 2022, Raute's Board of Directors proposes that the company does not distribute dividend due to the operating loss in 2022.

Raute's Financial Reporting in 2023

In 2023, Raute Corporation will publish a half-year report and two interim reports as follows:

- January–March
on Friday April 28, 2023
- January–June
on Thursday July 27, 2023
- January–September
on Thursday October 26, 2023

Contact information for investors and analysts

Mika Saariaho, President and CEO
tel. +358 3 82911
email: ir@raute.com

Entities monitoring Raute

Inderes Oy
Evli Research

Other entities also occasionally draw up reports on the company. The company is not responsible for the estimates presented in analyses or reports.

Raute will publish a separate sustainability review 2022 by the end of March.

RAUTE CORPORATION
Head Office and main production plant



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Instagram: [@rautecorporation](https://www.instagram.com/rautecorporation)



YouTube: www.youtube.com/RauteMachinery

ANNUAL REPORT 2022

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