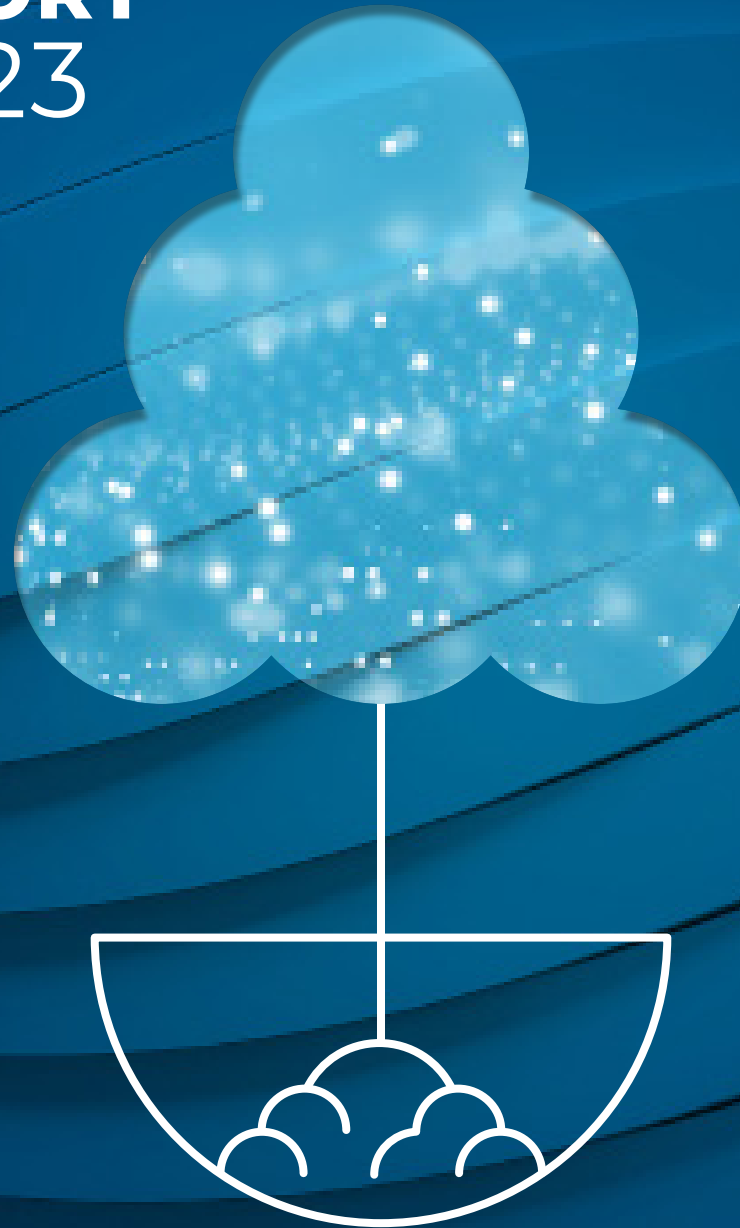


# INTERIM REPORT

1.1.–30.9.2023



## PROFITABILITY IMPROVEMENT CONTINUED IN THE THIRD QUARTER

### July–September 2023

- Order intake was EUR 19 million (35)
- Order book was EUR 192 million (94) at the end of the reporting period
- Net sales decreased by 18.5% to EUR 34.0 million (41.8)
- Comparable EBITDA was EUR 3.0 million (6.0), representing 8.8% (14.5) of net sales
- Operating profit was EUR 1.4 million (1.4)
- Earnings per share were EUR 0.16 (0.28)
- Equity ratio was 55.4% (35.7)

### January–September 2023

- Order intake was EUR 197 million (110)
- Net sales decreased by 11.0% to EUR 100.2 million (112.6)
- Comparable EBITDA was EUR 6.6 million (-4.9), representing 6.6 % (-4.4%) of net sales
- Operating profit was EUR 1.2 million (-15.2)
- Earnings per share were EUR 0.11 (-2.86)

### CEO's REVIEW: On track with profitability turnaround and building foundation for future growth

We had a good quarter in terms of profitability development as our comparable EBITDA was EUR 3.0 million, representing a margin of 8.8%. This was supported by the good progress of the profitability improvement program. I'm pleased that all our three business units – Wood Processing, Analyzers and Services – were able to show black figures on the comparable EBITDA level. The comparison figure of Q3/2022 was exceptionally high due to the release of some provisions related to the wind-down of the Russian operations.

Our order intake of EUR 19 million in the third quarter was rather low after a record high order intake in the previous quarter. The order intake mainly consisted of after-sales services and modernization projects, while some orders were postponed to the fourth quarter. The order book at the end of the reporting period was still at a near record-high level of EUR 192 million, thanks to the complete mill-sized orders received earlier in the year.

The fundamental demand for Raute's solutions was still at a reasonable level, even if the short-term market uncertainty has increased, impacting on the demand for single production lines and spare parts. We have a strong position in complete mill-sized projects and there is continued customer interest in these solutions over the business cycle, driven by sustainability needs.

Net sales decreased by 18.5% to EUR 34 million in the third quarter and were somewhat below our expectations. As the structure of our order backlog is more weighted towards mill-sized projects, revenue recognition takes place later than in equipment deliveries and the service business. In addition, the implementation of the ERP system has also caused slowness, but the learning curve is constantly improving.

We are now in a good position to proceed with our growth strategy implementation at full speed, including driving our ESG agenda and expanding our portfolio into new wood product segments. Our profitability improvement program is moving ahead as planned, and we expect to achieve the previously announced annual cost savings of EUR 4–5 million by the end of 2023. These savings were already partly visible in our third-quarter result. Also, we do not have any remaining equipment deliveries to Russia, and our target remains to finalize the exit from Russia as soon as possible.

Earlier this month, we updated 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 high order book, we are in a good position for further business development.

Mika Saariaho  
President & CEO

### GUIDANCE STATEMENT FOR 2023 (updated on October 19, 2023)

Raute's 2023 net sales are expected to be in the range of EUR 140–150 million and comparable EBITDA margin to be above 6%.

### Previous guidance

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

## JULY–SEPTEMBER 2023

### Order intake and order book

The total order intake was EUR 19 million (35) and mainly consisted of after-sales services and modernization projects. The order book decreased during the quarter by EUR 9 million from the record high EUR 201 million at the end of the second quarter and amounted to EUR 192 million (94) at the end of the period. The order book includes EUR 1.4 million (6) in orders from Russia after reservations.

Order intake is comprised of 48% (48%) from Europe, 33% (46%) from North America, 5% (2%) from Asia–Pacific and 14% (4%) from South America. Strong fluctuations in the distribution of new orders between the various markets and quarters are typical for project-focused business. Services had a relatively strong order intake during the quarter.

### Net sales

Net sales amounted to EUR 34.0 million (41.8), showing a decrease of 18.5% from the comparison period. This was mainly driven by the structure of the order backlog being more weighted towards mill-sized projects, causing revenue recognition to take place later than in equipment deliveries and the service business. In addition, inefficiencies caused by the implementation of the new ERP system had a negative impact on net sales.

Net sales included EUR 3.5 (5.7) million from the remaining Russian order book.

The implementation of the new ERP system particularly affected sales in the Wood Processing and Services business units.

### Result and profitability

Comparable EBITDA was EUR 3.0 million (6.0) and comparable EBITDA margin was 8.8% (14.5%). The result was supported by the profitability improvement program. The comparison figure of Q3/ 2022 was positively impacted by the release of some provisions related to the winding down of the Russian operations.

EBITDA was EUR 2.7 million (2.6). Items affecting comparability (IACs) in EBITDA totaled EUR -0.3 million (-3.4) and included mainly costs related to the implementation of the new ERP system.

The operating profit was EUR 1.4 million (1.4).

The result before taxes was EUR 1.7 million (1.4). The result for the reporting period was EUR 1.0 million (1.3) and earnings per share were EUR 0.16 (0.28).

## JANUARY – SEPTEMBER 2023

### Business environment

The market situation continued to be uncertain in January–September 2023. 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, which is visible in the demand for Raute's customers' products. The raw material availability has started to limit 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 elevated uncertainty in the global economy have reduced the demand for softwood plywood, especially in the European and North American markets, and from the third quarter onwards, also for hardwood plywood.

Customer activity and interest in Raute's technology for mill-sized projects and modernizations have continued to be active. This trend is supported by customers' long-term capacity planning horizon, regardless of the current market situation. However, the demand has slowed for individual product lines and the market slowdown is also visible in the demand for spare parts.

Raute is encouraged by the development of its high-end technology offering and its capability to offer mill-size solutions. During January–September 2023, Raute received three major orders. In March, the company signed a plywood mill machinery order with Lumin and in April with Latvijas Finieris. In May, Raute signed an LVLmill machinery order with the French company Thebault. All these orders are good examples of a complete mill-size solution, combining the modern automated R7/R5-Series technology 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 birch plywood production capacity to compensate for lost Russian volumes.

### Order intake and order book

The order intake in January–September 2023 amounted to EUR 197 million (110) and consisted of three mill-sized orders from Lumin, Latvijas Finieris and Thebault.

The order intake is comprised of 52% (52%) from Europe, 17% (33%) from North America, 2% (9%) from Asia–Pacific and 29% (5) from South America. 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 January–September 2023. Services and Analyzers also had good order intake during the reporting period.

## Net sales

Net sales in January–September totaled EUR 100.2 million (112.6), showing a decrease of 11.0 percent from the comparison period. The decline was mainly driven by the structure of the order backlog being more weighted towards mill-sized projects, causing revenue recognition to take place later than in equipment deliveries and the service business. In addition, inefficiencies caused by the implementation of the new ERP system had a negative impact on net sales. Sales grew strongly in Analyzers by +31.0%, while decreased by 15.3% in Wood Processing and by 16.1% in Services. Net sales include EUR 12.7 (21.8) million from the remaining Russian order book.

Europe accounted for 41% (45) of net sales, North America for 29% (24), South America for 10% (6), Asia–Pacific for 7% (6) and Russia for 13% (19). Russia's share of sales is based on the adjustments from renegotiations with customers and the limits set by the sanctions..

## Result and profitability

Comparable EBITDA was EUR 6.6 million (-4.9), representing 6.6% (-4.4) of net sales. The result was supported by the profitability improvement program. The comparison figure includes provisions related to the winding down of the Russian operations.

Comparable EBITDA improved in Wood Processing and Analyzers, while decreased in Services.

EBITDA was EUR 4.8 million (-11.4). Items affecting comparability (IACs) in EBITDA totaled EUR -1.8 million (-6.5) and mainly included costs related to the implementation of the new ERP system and changing factory location inside China.

The operating profit was EUR 1.2 million (-15.2).

The result before taxes was EUR 1.3 million (-15.1). The result for the reporting period was EUR 0.7 million (-12.9). Earnings per share were EUR 0.11 (-2.86).

## BUSINESS UNIT REVIEWS

### Wood Processing

MEUR	7-9/23	7-9/22	Change, %	1-9/23	1-9/22	Change, %	2022
Net sales	<b>21.5</b>	27.1	-20.6%	<b>63.3</b>	74.7	-15.3%	108.0
Comparable EBITDA	<b>0.5</b>	1.9	-74.5%	<b>-0.3</b>	-11.1		-10.3
Comparable EBITDA-%	<b>2.2%</b>	6.9%		<b>-0.5%</b>	-14.9%		-9.5%

### Q3/2023 compared with Q3/2022

Net sales decreased by 20.6% to EUR 21.5 million (27.1). The decline was mainly driven by the structure of the order backlog being more weighted towards mill-sized projects, causing revenue recognition to take place later than in equipment deliveries and the service business. In addition, inefficiencies caused by the implementation of the new ERP system had a negative impact on sales volumes.

Comparable EBITDA amounted to EUR 0.5 million (1.9). The decline was mainly due to lower sales. The comparison figure was positively impacted by the release of some provisions related to the winding down of the Russian operations.

### 1-9/2023 compared with 1-9/2022

Net sales decreased by 15.3% to EUR 63.3 million (74.7). Inefficiencies caused by the implementation of the new ERP system had a negative impact on sales volumes. Sales decreased especially in EMEA and were flat in North America and APAC, but increased in Latin America.

Comparable EBITDA was EUR -0.3 (-11.1) million. The improvement was driven by the profitability improvement program. The controlled wind-down of the Russian order book had a positive impact on comparable EBITDA. The comparison period was heavily impacted by the provisions related to the winding down of the Russian operations.

## Services

MEUR	7-9/23	7-9/22	Change, %	1-9/23	1-9/22	Change, %	2022
Net sales	<b>8.0</b>	9.9	-19.9%	<b>22.7</b>	27.1	-16.1%	35.8
Comparable EBITDA	<b>1.8</b>	2.7	-32.9%	<b>3.3</b>	4.9	-31.9%	5.6
Comparable EBITDA-%	<b>22.4%</b>	26.7%		<b>14.7%</b>	18.1%		15.6%

### Q3/2023 compared with Q3/2022

Net sales decreased by 19.9% to EUR 8.0 million (9.9). The decline was due to lower demand and some delays in deliveries caused by the ERP implementation.

Comparable EBITDA was EUR 1.8 million (2.7). Profitability was negatively impacted by lower sales.

### 1-9/2023 compared with 1-9/2022

Net sales decreased by 16.1% to EUR 22.7 million (27.1). The decline was due to lower demand and some delays in deliveries caused by the ERP implementation.

Comparable EBITDA was EUR 3.3 million (4.9). Profitability was negatively impacted by lower sales.

## Analysts

MEUR	7-9/23	7-9/22	Change, %	1-9/23	1-9/22	Change, %	2022
Net sales	<b>4.6</b>	4.8	-3.9%	<b>14.2</b>	10.8	31.0%	14.5
Comparable EBITDA	<b>0.7</b>	1.5		<b>3.6</b>	1.3		2.4
Comparable EBITDA-%	<b>15.8%</b>	32.0%		<b>25.1%</b>	12.2%		16.7%

### Q3/2023 compared with Q3/2022

Net sales decreased by 3.9% to EUR 4.6 million (4.8) and were in line with the company's expectations after a record-high sales in Q2/2023. Demand was good in EMEA and good activity continued also in North America.

Comparable EBITDA was EUR 0.7 million (1.5). The decline was partially due to product mix variations. The comparison figure was positively impacted by the release of some provisions related to the winding down of the Russian operations.

### 1-9/2023 compared with 1-9/2022

Net sales increased by 31% to EUR 14.2 million (10.8). The increase was driven by a large number of project deliveries with better component availability and shorter lead times.

Comparable EBITDA was EUR 3.6 million (1.3). The increase was driven by the high number of projects completed.

## CASH FLOW AND BALANCE SHEET

Operating cash flow in January–September 2023 was EUR 28.8 (-14.5) million. Operating cash flow was positively impacted by the customer prepayments related to announced mill-sized orders. Cash flow from investment activities totaled EUR -3.6 (-5.7) million, and cash flow from financing activities was EUR 7.7 (3.0) million. Cash and cash equivalents amounted to EUR 40.5 (7.4) million at the end of the reporting period.

The Group's financial position has improved in the reporting period supported by the new orders and new equity raised, resulting in a strong net cash situation. At the end of the reporting period, gearing was -80.3 % (22.5 %) and the equity ratio was 55.4% (35.7%). During the second quarter, Raute raised net new equity of EUR 15.5 million in the form of a directed share issue, rights issue and convertible junior loans.

Interest-bearing net liabilities amounted to EUR -30.7 million (4.7) at the end of the reporting period.

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 April 4, 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 the decision of the Annual General Meeting, 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 per share. As a result of the successful rights offering, Raute raised 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 June 21, 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 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.

## Capital expenditure

Capital expenditure during the period totaled EUR 3.4 million (5.7) and accounted for 3.4% (5.0 %) of net sales. The renewal of the ERP system continued to be the key investment during the period.

## EVENTS DURING JULY-SEPTEMBER 2023

On August 1, 2023, Raute announced 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. Laura Raitio, the Chair of the Board of Directors of Raute, serves as an expert in the nomination board without being a member.

## RESEARCH AND DEVELOPMENT COSTS

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 3.8 million (4.5), representing 3.8 % of net sales (4.0%).

## PERSONNEL AND OCCUPATIONAL SAFETY

At the end of the reporting period, the Group's headcount was 745 (812). Personnel outside of Finland accounted for 32% (31%) of all employees. In full-time-equivalent terms, the average number of employees during the reporting period was 695 (787). The decline was due to the personnel reductions carried out in late 2022 as part of the profitability improvement program.

Occupational safety continues to be the focus of the management, and safety-related metrics have demonstrated a longer-term downward trend. During January–September 2023, there were 7 lost-time injuries. The accident frequency (LTIF) on a rolling 12-month basis was 7.1, slightly increasing from the 2022 level of 6.2.

## EXECUTIVE BOARD

Raute Group's Executive Board and the members' areas of responsibility as of Sept. 30, 2023:

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

Ville Halttunen, Chief Financial Officer (CFO) – Finance, ICT, IR, ESG, other business support

## 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 AND SHARE CAPITAL

Raute Corporation's shares are listed on Nasdaq Helsinki Ltd. The trading code is RAUTE. All shares carry one vote and have equal voting rights in General Meetings.

On September 30, 2023, Raute's share capital amounted to EUR 8.3 million and the total number of shares totaled 6,122,679 (4,263,194 at the beginning of the year). The number of shares increased by 839,039 because of the directed share issue and by 1,020,446 because of the rights issue carried out during the second quarter of 2023.

The number of shareholders totaled 6,271 at the end of the reporting period (5,785 at the beginning of the year), according to Euroclear Finland Ltd. Raute did not hold any own shares as of September 30, 2023.

## The combination of share classes

The Annual General Meeting held on March 30, 2023, decided on the combination of share classes. The combination was registered with the trade register maintained by the Finnish Patent and Registration Office on April 3, 2023. The total number of shares did not change because of the combination of the share classes as the previous ordinary shares, which were not subject to trading on Nasdaq Helsinki, were converted at a conversion rate of 1:1.

Raute 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 rights, 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 rights, 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 rights, 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.

## Share trading

Share trading volume in January–September 2023 totaled 705,363 shares, corresponding to EUR 6.62 million. The highest trading price was EUR 11.30 and the lowest was EUR 8.02. The closing price at the end of the review period was EUR 9.06, and the market value based on the closing price was approximately EUR 55.5 million.

## Share-based incentive plans

Raute has 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.

## ANNUAL GENERAL MEETING 2023

Raute Corporation's Annual General Meeting was held on March 30, 2023. The AGM resolved that no dividend be distributed for the financial year 2022 in accordance with the proposal of the Board of Directors and that the loss for the financial year be transferred to retained earnings.

Further details and the full release on resolutions are available at <https://www.raute.com/investors/governance/general-meetings/annual-general-meeting-2023/>

## EVENTS AFTER THE REPORTING PERIOD

On October 19, 2023, Raute updated its guidance regarding net sales and profitability.

New guidance for 2023:

Raute's 2023 net sales are expected to be in the range of EUR 140–150 million and comparable EBITDA margin to be above 6%.

Previous guidance:

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

## 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 the 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 relationships.

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 January–September 2023, 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.

The company's IT systems may be affected by malfunctions, outages, failures, or cyber security attacks. These can lead to significant disruptions in its business, have a material adverse effect on the company's reputation, and can cause unexpected costs.

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 not 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.

RAUTE CORPORATION  
Board of Directors

## FURTHER INFORMATION

Mr. Mika Saariaho, President and CEO, tel. +358 40 154 9393

Mr. Ville Halttunen, CFO, tel. +358 50 346 0868

## BRIEFING

A briefing will be organized for analysts, investors and the media on October 26, 2023, at 2:00 p.m. at Scandic Simonkenttä Hotel, Simonkatu 9, Helsinki, Finland. The 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 at [www.raute.com](http://www.raute.com) at the latest on October 27, 2023.

## 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).*



## CONSOLIDATED STATEMENT OF INCOME

Raute Corporation's Board of Directors has approved this interim report for January 1–September 30, 2023 to be published.

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

### CONSOLIDATED STATEMENT OF INCOME

EUR 1,000	Note	1.7.– 30.9.2023	1.7.– 30.9.2022	1.1.– 30.9.2023	1.1.– 30.9.2022	1.1.– 31.12.2022
<b>NET SALES</b>	4	<b>34 041</b>	41 775	<b>100 193</b>	112 639	158 324
<b>Change in inventories of finished goods and work in progress</b>		<b>-1 631</b>	-3 348	<b>-2 309</b>	-3 303	-4 501
<b>Other operating income</b>		<b>46</b>	28	<b>278</b>	95	207
Materials and services		-13 888	-19 581	-41 406	-67 483	-91 084
Employee benefits expense		-10 829	-11 553	-36 384	-38 038	-51 157
Depreciation and amortization		-1 334	-1 215	-3 588	-3 741	-4 953
Other operating expenses		-5 015	-4 690	-15 562	-15 324	-21 478
<b>Total operating expenses</b>		<b>-31 066</b>	-37 038	<b>-96 940</b>	-124 586	-168 673
<b>OPERATING RESULT</b>		<b>1 390</b>	1 416	<b>1 222</b>	-15 154	-14 642
Financial income		668	-175	1 048	524	2 163
Financial expenses		-382	141	-990	-518	-1 335
<b>Financial expenses, net</b>		<b>286</b>	-34	<b>58</b>	6	828
<b>RESULT BEFORE TAX</b>		<b>1 676</b>	1 382	<b>1 279</b>	-15 148	-13 814
Income taxes		-639	-131	-595	2 267	2 301
<b>RESULT FOR THE PERIOD</b>		<b>1 037</b>	1 251	<b>684</b>	-12 881	-11 513
<b>Result for the period attributable to</b>						
Equity holders of the Parent company		<b>1 037</b>	1 251	<b>684</b>	-12 881	-11 513
<b>Earnings per share for profit attributable to Equity holders of the Parent company, EUR</b>						
Undiluted earnings per share		<b>0,16</b>	0,28	<b>0,11</b>	-2,86	-2,56
Diluted earnings per share		<b>0,16</b>	0,28	<b>0,11</b>	-2,86	-2,56

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	1.7.– 30.9.2023	1.7.– 30.9.2022	1.1.– 30.9.2023	1.1.– 30.9.2022	1.1.– 31.12.2022
<b>RESULT FOR THE PERIOD</b>	<b>1 037</b>	1 251	<b>684</b>	-12 881	-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	-354
<b>Items that may be subsequently reclassified to profit or loss</b>					
Hedging reserve, hedge accounting	-518	-279	-354	-594	196
Exchange differences on translating foreign operations	-144	3	-390	712	391
Income taxes related to these items	-	-	-	51	72
<b>Comprehensive income items for the period, net of tax</b>	<b>-622</b>	-276	<b>-1 004</b>	-91	305
<b>COMPREHENSIVE RESULT FOR THE PERIOD</b>	<b>415</b>	975	<b>-320</b>	-12 972	-11 208
<b>Comprehensive profit for the period attributable to</b>					
Equity holders of the Parent company	415	975	-320	-12 972	-11 208

# CONSOLIDATED BALANCE SHEET

## CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	30.9.2023	30.9.2022	31.12.2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	6	1 714	1 714	1 714
Other intangible assets	7, 8	10 745	9 005	9 388
Property, plant and equipment	7, 8	9 774	11 999	11 242
Right of use assets		6 636	7 622	7 456
Other financial assets		1 022	789	1 072
Deferred tax assets		5 185	3 997	4 843
<b>Total non-current assets</b>		<b>35 076</b>	35 127	35 715
<b>Current assets</b>				
Inventories		21 726	21 527	16 739
Accounts receivables and other receivables		31 258	40 450	31 959
Income tax receivable		37	21	23
Cash and cash equivalents		40 528	7 383	7 618
<b>Total current assets</b>		<b>93 548</b>	69 381	56 339
<b>TOTAL ASSETS</b>		<b>128 624</b>	104 508	92 053

## CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	30.9.2023	30.9.2022	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		18 927	5 988	6 746
Exchange differences		793	2 325	939
Retained earnings		6 615	17 403	18 469
Result for the period		684	-12 881	-11 513
<b>Total equity attributable to Equity holders of the Parent company</b>		<b>35 276</b>	21 092	22 897
Convertible junior loan		3 000	-	-
<b>Total equity</b>		<b>38 276</b>	21 092	22 897
<b>Non-current liabilities</b>				
Deferred tax liability		46	8	51
Lease liability	9, 6	5 754	6 414	6 288
Provisions		39	-	119
<b>Total non-current liabilities</b>		<b>5 840</b>	6 422	6 458
<b>Current liabilities</b>				
Current interest-bearing liabilities		-	4 407	6 729
Lease liability		1 320	1 305	1 293
Current advance payments received		59 481	45 469	29 551
Income tax liability		1 613	292	986
Trade payables and other liabilities		20 448	21 742	22 106
Provisions		1 646	3 778	2 034
<b>Total current liabilities</b>		<b>84 509</b>	76 993	62 699
<b>Total liabilities</b>		<b>90 348</b>	83 415	69 156
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>128 624</b>	104 508	92 053

# CONSOLIDATED STATEMENT OF CASH FLOWS

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.–30.9.2023	1.1.–30.9.2022	1.1.–31.12.2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from customers	128 260	112 945	149 058
Other operating income	14	95	-
Payments to suppliers and employees	-100 070	-128 167	-163 095
<b>Cash flow before financial items and taxes</b>	<b>28 204</b>	-15 127	-14 037
Interest paid from operating activities	-69	-53	-58
Dividends received from operating activities	280	676	676
Interest received from operating activities	480	34	88
Other financing items from operating activities	-115	-989	290
Income taxes paid from operating activities	34	924	-326
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>28 814</b>	-14 535	-13 367
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	-3 367	-5 683	-6 572
Proceeds from sale of property, plant and equipment and intangible assets	30	28	57
Payment for acquisition of subsidiary, net of cash acquired	-231	-	-
Proceeds from sale of investments	-	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-3 568</b>	-5 655	-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	-1 545	-	-
Proceeds from current borrowings	-	4 407	6 729
Repayments of current borrowings	-6 729	-	-2 071
Repayments of lease liability	-956	-1 418	-1 785
Dividends paid	-	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>7 714</b>	2 989	2 873
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>32 960</b>	-17 201	-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>	32 960	-17 201	-17 009
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	-50	227	270
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	<b>40 528</b>	7 383	7 618
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD</b>			
Cash and cash equivalents	40 528	7 383	7 618
<b>TOTAL</b>	<b>40 528</b>	7 383	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>22 897</b>
<b>Comprehensive result for the period</b>								
Result for the period	-	-	-	-	684	684		684
Other comprehensive income items:								
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-260	-	-	-260		-260
Hedging reserve	-	-	-354			-354		-354
Exchange differences on translating foreign operations	-	-	-	-390	-	-390		-390
Income taxes related to these items	-	-	0	-	-	-		-
<b>Total comprehensive result for the period</b>	<b>0</b>	<b>0</b>	<b>-614</b>	<b>-390</b>	<b>684</b>	<b>-320</b>		<b>-320</b>
Transfer of gain on disposals of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-		-
Convertible junior loan					-229	-229	3 000	2 771
<b>Transactions with owners</b>								
Net proceeds from directed share issue and rights issue	-	12 531		-	-	12 531		12 531
Share rewards			397			397		397
Dividends paid	-	-	-	-	-	-		-
<b>Total transactions with owners</b>	<b>0</b>	<b>12 531</b>	<b>397</b>	<b>0</b>	<b>-229</b>	<b>12 699</b>		<b>15 699</b>
<b>EQUITY at September 30, 2023</b>	<b>8 256</b>	<b>18 242</b>	<b>817</b>	<b>549</b>	<b>7 411</b>	<b>35 276</b>	<b>3 000</b>	<b>38 276</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 6.5 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	-	-	-	-	-12 881	-12 881	-12 881
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	-	-	-594			-594	-594
Exchange differences on translating foreign operations	-	-	-	1 777	-1 065	712	712
Income taxes related to these items	-	-	51	-	-	51	51
<b>Total comprehensive result for the period</b>	<b>0</b>	<b>0</b>	<b>-803</b>	<b>1 777</b>	<b>-13 946</b>	<b>-12 972</b>	<b>-12 972</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 September 30 2022</b>	<b>8 256</b>	<b>5 711</b>	<b>277</b>	<b>2 325</b>	<b>4 523</b>	<b>21 092</b>	<b>21 092</b>

## NOTES TO THE INTERIM 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 Interim report for January 1–September 30, 2023 has been prepared in accordance with standard IAS 34 Interim Financial Reporting.

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

Raute Corporation's Interim report for January 1–September 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 interim 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 interim 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 interim 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.

On August 1, 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.

#### **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 September 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 12.7 million in the period ending September 30, 2023. Raute's assets in Russia on September 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 September 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 interim report for the period ending September 30, 2023 has been prepared based on the continuity of operations.

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

On October 19, 2023 Raute Corporation updated its guidance regarding net sales and profitability. New guidance for 2023: Raute's 2023 net sales are expected to be in the range of EUR 140–150 million and Comparable EBITDA margin to be above 6%.

## NOTE 1 RELATED-PARTY TRANSACTIONS

Raute Group's related parties include the Group companies, members of the Group's Board of Directors, the President and CEO of the company, and members of the Group's Executive Board. In addition, the related parties also include the family members or other close relatives of one of the above-mentioned persons, entities or foundation under the control of one of the above-mentioned persons. Compensation paid to related parties is presented in the following table:

EUR 1,000	1.1.–30.9.2023	1.1.–30.9.2022	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	227	-	70
Other long-term benefits	-	-	8
Post-employment benefits	46	-	13
Share-based payments	154	-	-
<b>TOTAL</b>	<b>427</b>	<b>-</b>	<b>91</b>
<b>Petri Strengell, President and CEO May 1-Sept 30, 2022</b>			
Salaries and other short-term employee benefits	-	132	132
Other long-term benefits	-	6	6
Post-employment benefits	-	24	24
Share-based payments	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>162</b>	<b>162</b>
<b>Tapani Kiiski, President and CEO until Apr 30, 2022</b>			
Salaries and other short-term employee benefits	-	263	263
Other long-term benefits	-	16	16
Post-employment benefits	-	289	289
Benefits related to termination of employment	-	47	47
Share-based payments	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>615</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	36	36	48
Mustakallio Mika, Vice-Chair of the Board of Directors	18	18	24
Bask Joni, Board member	18	18	24
von Essen Patrick, Board member	18	18	24
Harmaala Ari, Board member	18	18	24
Perttula Petri, Board member as of March 31, 2022	18	10	16
Piik Ari, Board member as of March 31, 2022	18	10	16
Suominen Pekka, Board member until March 31, 2022	-	8	8
<b>TOTAL</b>	<b>144</b>	<b>136</b>	<b>184</b>

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

On September 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.–30.9.2023	1.1.–30.9.2022	1.1.–31.12.2022
<b>Group Executive Board's employee benefits on an accrual basis</b>			
Salaries and other short-term employee benefits	830	1 023	1350
Post-employment benefits	170	34	45
Share-based payments	155	-	-
<b>TOTAL</b>	<b>1 155</b>	<b>1 057</b>	<b>1 395</b>

## NOTE 2 SHARE-BASED PAYMENTS

There are five 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 64,000 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 69,000 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 398 thousand. At the end of the reporting period, EUR 440 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	1.7.– 30.9.2023	%	1.7.– 30.9.2022	%	1.1.– 30.9.2023	%	1.1.– 30.9.2022	%	1.1.– 31.12.2022	%
<b>Net sales by market area</b>										
EMEA (Europe and Africa, excluding Finland)	10 401	31	15 175	36	31 913	32	39 785	35	52 050	33
EMEA (Finland)	3 033	9	5 895	14	9 149	9	10 738	10	16 494	10
NAM (North America)	10 684	31	9 087	22	28 869	29	27 068	24	38 353	24
CIS (Russia)	3 455	10	5 714	14	12 714	13	21 788	19	32 601	21
LAM (South America)	5 607	16	2 711	6	10 277	10	6 749	6	9 598	6
APAC (Asia-Pacific)	861	3	3 192	8	7 272	7	6 510	6	9 229	6
<b>TOTAL</b>	<b>34 041</b>	<b>100</b>	41 775	100	<b>100 193</b>	<b>100</b>	112 639	100	158 324	100

EUR 1,000	1.7.– 30.9.2023	1.7.– 30.9.2022	1.1.– 30.9.2023	1.1.– 30.9.2022	1.1.– 31.12.2022
<b>Specification of net sales</b>					
Performance obligations to be satisfied over time	24 591	31 829	72 524	81 742	116 720
Performance obligations to be satisfied at a point in time	9 450	9 945	27 669	30 897	41 605
<b>TOTAL</b>	<b>34 041</b>	41 775	<b>100 193</b>	112 639	158 324

**NOTE 5**

EUR 1,000	<b>1.7.– 30.9.2023</b>	1.7.– 30.9.2022	<b>1.1.– 30.9.2023</b>	1.1.– 30.9.2022	1.1.– 31.12.2022
<b>RESEARCH AND DEVELOPMENT COSTS</b>					
Research and development costs for the period	<b>-576</b>	-2 551	<b>-3 290</b>	-4 311	-5 647
Depreciations of previously capitalized development costs	<b>-162</b>	-217	<b>-485</b>	-217	-649
Development costs recognized as an asset in the balance sheet	-	-	-	-	-
Research and development costs recognized as an expense for period	<b>-738</b>	-2 768	<b>-3 775</b>	-4 528	-6 295

**NOTE 6**

EUR 1,000	30.9.2023	30.9.2022	31.12.2022
<b>OTHER INTANGIBLE ASSETS</b>			
<b>Acquisition cost at the beginning of the period</b>	<b>19 959</b>	16 144	16 144
Exchange rate differences	-9	7	4
Additions	2 446	3 284	3 942
Disposals	-36	-	-
Transfers between items	-	-	-
<b>Acquisition cost at the end of the period</b>	<b>22 361</b>	19 435	20 088
<b>Accumulated depreciation and amortization at the beginning of the period</b>	<b>-10 571</b>	-9 743	-9 743
Exchange rate differences	9	-7	4
Accumulated depreciation of deductions and transfers	-	-	77
Value decrease	-	-	-128
Depreciation and amortization for the period	-1 053	-679	-908
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-11 616</b>	-10 429	-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>10 745</b>	9 005	9 388

**NOTE 7**

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

EUR 1,000	30.9.2023	30.9.2022	31.12.2022
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Acquisition cost at the beginning of the period</b>	<b>67 369</b>	66 456	65 357
Changes	-	-1 078	-
Exchange rate differences	-550	767	43
Additions	902	2 399	3 578
Disposals	-291	-893	-1 621
<b>Acquisition cost at the end of the period</b>	<b>67 431</b>	67 652	67 357
<b>Accumulated depreciation and amortization at the beginning of the period</b>	<b>-48 671</b>	-44 905	-44 899
Changes	-	7	-
Exchange rate differences	76	-175	16
Accumulated depreciation of deductions and transfers	-	-	149
Depreciation and amortization for the period	-2 426	-2 957	-3 925
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-51 021</b>	-48 030	-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>16 409</b>	19 621	18 698

**NOTE 8**

EUR 1,000	30.9.2023	30.9.2022	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	-409	488	72
Additions	560	284	948
Deductions	-47	-672	-672
Depreciation and amortization for the period	-924	-1 484	-1 862
<b>Book value at the end of the period</b>	<b>6 636</b>	7 622	7 456

## NOTE 9

### FINANCIAL ASSETS AND LIABILITIES

During Q2, 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 September 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 September 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 173 thousand. The Group's interest-bearing liabilities include a lease liability amount of EUR 7,074 thousand at the end of the period.

	Carrying amount 30.9.2023	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 **4 846** 6 775

- Cash and cash equivalents **40 528** 7 618

**Total** **45 738** 15 008

	Level 1	Level 2	Level 3	Total
EUR 1,000				
<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.

	30.9.2023	31.12.2022
EUR 1,000		
<b>OTHER FINANCIAL ASSETS</b>		
Unquoted share investments	<b>365</b>	616
<b>Total</b>	<b>365</b>	616



**NOTE 10**

EUR 1,000	30.9.2023	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 30.9.2023	Carrying amount 31.12.2022
<b>Carrying amounts of financial liabilities</b>		
Financial liabilities at fair value through profit or loss		
- Derivative contracts	173	80
Financial liabilities recognized at amortized cost		
- Financial loans	-	-
- Account limit	-	6 729
- Trade payables and other liabilities	7 769	12 591
- Accrued expenses and prepaid income	-	231
<b>Total</b>	<b>7 941</b>	19 632

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		173		173
<b>Total</b>		173		173

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	30.9.2023	30.9.2022	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	22 328	12 868	11 926
Derivatives which do not meet the criteria of hedge accounting			
- Related to financing	-2 832	-	-
<b>Fair values of forward contracts in foreign currency</b>			
Hedge accounting			
- Related to the hedging of net sales	-344	-584	117
Derivatives which do not meet the criteria of hedge accounting			
- Related to financing	87	-	-

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

**NOTE 12**

EUR 1,000	30.9.2023	30.9.2022	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>	11 424	16 519	7 781
<b>Off-balance sheet leases</b>			
Rental liabilities maturing within one year	277	256	220
Rental liabilities maturing in one to five years	335	312	261
<b>Total</b>	<b>612</b>	<b>568</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	1.7.-30.09.2023	1.7.-30.9.2022	1.1.-30.9.2023	1.1.-30.9.2022
<b>SEGMENT INFORMATION</b>				
<b>Wood Processing</b>				
Net sales	21 502	27 075	63 285	74 719
EBITDA	311	-879	-1 677	-16 262
Comparable EBITDA	474	1 862	-319	-11 149
<b>Services</b>				
Net sales	7 973	9 949	22 727	27 092
EBITDA	1 724	2 041	3 070	3 779
Comparable EBITDA	1 783	2 656	3 346	4 912
<b>Analyzers</b>				
Net sales	4 566	4 751	14 181	10 828
EBITDA	690	1 469	3 418	1 070
Comparable EBITDA	722	1 520	3 571	1 326
<b>SEGMENTS TOTAL</b>				
Net sales	34 041	41 775	100 193	112 639
EBITDA	2 725	2 630	4 811	-11 413
Comparable EBITDA	2 979	6 038	6 598	-4 911

## COMPARABLE EBITDA ACCORDING TO THE NEW SEGMENT SPLIT

	1.7.-30.9.2023				1.7.-30.9.2022			
EUR 1,000	Wood Processing	Services	Analyzers	Group total	Wood Processing	Services	Analyzers	Group total
<b>EBITDA</b>	<b>311</b>	<b>1 724</b>	<b>690</b>	<b>2 725</b>	-879	2 041	1 469	2 630
Items affecting comparability	<b>163</b>	<b>59</b>	<b>32</b>	<b>254</b>	2 741	615	51	3 407
<b>COMPARABLE EBITDA</b>	<b>474</b>	<b>1 783</b>	<b>722</b>	<b>2 979</b>	1 862	2 656	1 520	6 038

	1.1.-30.9.2023				1.1.-30.9.2022			
EUR 1,000	Wood Processing	Services	Analyzers	Group total	Wood Processing	Services	Analyzers	Group total
<b>EBITDA</b>	<b>-1 677</b>	<b>3 070</b>	<b>3 418</b>	<b>4 811</b>	-16 262	3 779	1 070	-11 413
Items affecting comparability	<b>1 358</b>	<b>276</b>	<b>153</b>	<b>1 787</b>	5 113	1 133	256	6 502
<b>COMPARABLE EBITDA</b>	<b>-319</b>	<b>3 346</b>	<b>3 571</b>	<b>6 598</b>	-11 149	4 912	1 326	-4 911

## COMPARABLE EBITDA

EUR 1,000	1.7.-30.9.2023	1.7.-30.9.2022	1.1.-30.9.2023	1.1.-30.9.2022
<b>Comparable EBITDA</b>	<b>2 979</b>	6 038	<b>6 598</b>	-4 911
<b>Items affecting comparability:</b>				
Costs related to controlled wind-down from Russia	-52	-2 844	-81	-3 650
Restructuring costs	-	-20	-722	-1 384
Costs related to new ERP system	-202	-543	-984	-1 469
<b>Total items affecting comparability</b>	<b>-254</b>	-3 408	<b>-1 787</b>	-6 502
<b>EBITDA</b>	<b>2 725</b>	2 631	<b>4 811</b>	-11 413
Depreciations	-1 335	-1 215	-3 588	-3 741
<b>Operating result</b>	<b>1 390</b>	1 416	<b>1 222</b>	-15 154
Financial expenses, net	286	-34	58	6
<b>Result before taxes</b>	<b>1 675</b>	1 382	<b>1 279</b>	-15 148

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

EUR 1,000	1.7.-30.9.2023				1.7.-30.9.2022			
	Wood processing	Services	Analyzers	Total	Wood Processing	Services	Analyzers	Total
<b>Net sales by market area</b>								
EMEA (Europe and Africa, excluding Finland)	7 004	1 933	1 464	10 401	11 668	2 645	863	15 175
NAM (North America)	6 628	3 043	1 014	10 684	5 626	2 455	1 006	9 087
CIS (Russia)	3 070	288	97	3 455	4 024	1 025	665	5 714
EMEA (Finland)	1 157	969	907	3 033	3 079	1 415	1 400	5 895
APAC (Asia-Pacific)	-61	315	607	861	1 945	1 089	158	3 192
LAM (South America)	3 705	1 426	477	5 607	732	1 321	658	2 711
<b>TOTAL</b>	<b>21 502</b>	<b>7 973</b>	<b>4 566</b>	<b>34 041</b>	<b>27 075</b>	<b>9 949</b>	<b>4 751</b>	<b>41 775</b>

EUR 1,000	1.1.-30.9.2023				1.1.-30.9.2022			
	Wood processing	Services	Analyzers	Total	Wood Processing	Services	Analyzers	Total
<b>Net sales by market area</b>								
EMEA (Europe and Africa, excluding Finland)	22 840	5 954	3 119	31 913	31 273	6 572	1 939	39 785
NAM (North America)	16 839	8 592	3 438	28 869	17 510	7 538	2 019	27 068
CIS (Russia)	10 735	687	1 292	12 714	16 472	3 417	1 899	21 788
EMEA (Finland)	3 449	2 994	2 705	9 149	4 461	3 439	2 837	10 738
APAC (Asia-Pacific)	3 734	1 578	1 960	7 272	3 689	2 139	682	6 510
LAM (South America)	5 688	2 922	1 667	10 277	1 312	3 986	1 451	6 749
<b>TOTAL</b>	<b>63 285</b>	<b>22 727</b>	<b>14 181</b>	<b>100 193</b>	<b>74 719</b>	<b>27 092</b>	<b>10 828</b>	<b>112 639</b>

## NUMBER OF PERSONNEL

	1.1.–30.9.2023	1.1.–30.9.2022	1.1.–31.12.2022
<b>Employed at Sept 30, persons</b>			
Workers	243	239	240
Office staff	502	573	538
<b>TOTAL</b>	<b>745</b>	812	778
Personnel working abroad	240	254	246
<b>Effective, on average, persons</b>			
Workers	214	212	212
Office staff	481	575	562
<b>TOTAL</b>	<b>695</b>	787	774
Personnel working abroad, effective, on average	188	233	223
<b>On average, persons</b>			
Workers	242	231	234
Office staff	506	610	595
<b>TOTAL</b>	<b>748</b>	841	829
Personnel working abroad, on average	236	277	270

## EXCHANGE RATES USED IN THE CONSOLIDATION OF SUBSIDIARIES

	1.1.–30.9.2023	1.1.–30.9.2022	1.1.–31.12.2022
<b>Income statement, euros</b>			
CNY (Chinese yuan)	<b>7,6215</b>	7,0212	7,0802
RUB (Russian rouble)	<b>90,9858</b>	72,3072	71,1407
CAD (Canadian dollar)	<b>1,4577</b>	1,3653	1,3704
USD (US dollar)	<b>1,0835</b>	1,065	1,0539
SGD (Singapore dollar)	<b>1,4523</b>	1,4642	1,452
CLP (Chilean peso)	<b>889,36</b>	912,5878	917,9417
IDR (Indonesian rupiah)	<b>16383,62</b>	14863,26	16219,82
<b>Balance sheet, euros</b>	<b>30.9.2023</b>	30.9.2022	31.12.2022
CNY (Chinese yuan)	<b>7,7352</b>	6,9368	7,3582
RUB (Russian rouble)	<b>102,029</b>	58,97	78,43
CAD (Canadian dollar)	<b>1,4227</b>	1,3401	1,4444
USD (US dollar)	<b>1,0594</b>	0,9748	1,0666
SGD (Singapore dollar)	<b>1,4443</b>	1,4001	1,43
CLP (Chilean peso)	<b>957,29</b>	945,21	916,91
IDR (Indonesian rupiah)	<b>16838,62</b>	14863,26	16519,82

## KEY FIGURES

KEY FIGURES	30.9.2023	30.9.2022	31.12.2022	SHARE-RELATED DATA	30.9.2023	30.9.2022	31.12.2022
Change in net sales, %	-11,0	14,8	11,3	Earnings per share, (EPS), undiluted, EUR	0,11	-2,86	-2,56
EBITDA	4,8	-11,4	-9,7	Earnings per share, (EPS), diluted, EUR	0,11	-2,86	-2,56
EBITDA-%	4,8	-10,1	-6,1	Equity to share, EUR	6,25	4,95	5,09
Comparable EBITDA EUR million	6,6	-4,9	-2,3	Dividend per series A share, EUR	-	-	_*
Comparable EBITDA-%	6,6	-4,4	-1,4	Dividend per series K share, EUR	-	-	_*
Operating profit, EUR million	1,2	-15,2	-14,6	Dividend per profit, %	-	-	_*
Operating profit, % of net sales	1,2	-13,5	-9,2	Effective dividend return, %	-	-	_*
Return on investment, (ROI), %	6,3	-49,1	-29,9	Price/earnings ratio (P/E ratio)	-	-	-3,06
Return on equity, (ROE), %	3,0	-62,3	-40,4	<b>Development in share price</b>			
Interest-bearing net liabilities, EUR million	-30,7	4,7	6,7	Lowest share price for the period, EUR	8,02	8,12	7,69
Gearing, %	-80,3	22,5	29,4	Highest share price for the period, EUR	11,30	20,40	19,33
Equity ratio, %	55,4	35,7	36,6	Average share price for the period, EUR	9,17	14,10	11,64
Gross capital expenditure, EUR million	3,4	5,7	6,6	Share price at the end of the period, EUR	9,06	8,40	7,83
% of net sales	3,4	5,0	4,2	<b>Market value of capital stock</b>			
Research and development costs, EUR million	3,8	4,5	6,3	Series K shares, before combination of share classes, MEUR*		8,3	8,2
% of net sales	3,8	4,0	4,0	Series A shares, before combination of share classes, MEUR		27,5	27,0
Order book, EUR million	192	94	84	Shares after combination of share classes, directed share issue and rights offering	55,5	-	-
Order intake, EUR million	197	110	138	<b>Total, EUR million</b>	55,5	35,8	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	705 363	392 118	613 077
				Trading of shares, EUR million	6,6	5,5	7,5
				<b>Number of shares</b>			
				Series K shares, ordinary shares (20 votes/share), adjusted number of shares**		1 045 727	1 045 727
				Series A shares (1 vote/share), adjusted number of shares**		3 452 168	3 452 168
				Shares after combination of share classes, directed share issue and rights offering	6 122 679	-	-
				<b>Total</b>	6 122 679	4 497 896	4 497 896
				**Combination of share classes registered with Trade Register on April 3, 2023.			
				Number of shares, weighted average, 1 000 pcs	5 357	4 498	4 498
				Number of shares, diluted, 1 000 pcs	5 392	4 498	4 498
				<b>Number of shareholders</b>	6 271	5 837	5 785



## DEVELOPMENT OF QUARTERLY RESULTS

### DEVELOPMENT OF QUARTERLY RESULTS

EUR 1,000	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Rolling 1.10.2022– 30.9.2023	Rolling 1.10.2021– 30.9.2022
<b>NET SALES</b>	<b>45 685</b>	<b>36 815</b>	<b>29 338</b>	<b>34 041</b>	<b>145 878</b>	<b>156 739</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>-1 199</b>	<b>-984</b>	<b>307</b>	<b>-1 631</b>	<b>-3 507</b>	<b>-3 645</b>
<b>Other operating income</b>	<b>112</b>	<b>229</b>	<b>3</b>	<b>46</b>	<b>390</b>	<b>331</b>
Materials and services	-23 601	-15 371	-12 148	-13 888	-65 008	-91 349
Employee benefits expense	-13 119	-13 509	-12 047	-10 829	-49 504	-50 462
Depreciation, amortization and impairments	-1 212	-1 140	-1 114	-1 334	-4 800	-4 877
Other operating expenses	-6 154	-5 200	-5 363	-5 015	-21 732	-21 375
<b>Total operating expenses</b>	<b>-44 086</b>	<b>-35 220</b>	<b>-30 672</b>	<b>-31 066</b>	<b>-109 978</b>	<b>-168 066</b>
<b>OPERATING RESULT</b>	<b>512</b>	<b>839</b>	<b>-1 024</b>	<b>1 390</b>	<b>1 717</b>	<b>-14 638</b>
<b>% of net sales</b>	<b>1,1</b>	<b>2,3</b>	<b>-3,5</b>	<b>4,1</b>	<b>1,2</b>	<b>-9,3</b>
Financial income	1 639	344	36	668	2 687	700
Financial expenses	-817	-411	-197	-382	-1 807	-629
<b>Financial expenses, net</b>	<b>822</b>	<b>-67</b>	<b>-161</b>	<b>286</b>	<b>880</b>	<b>71</b>
<b>RESULT BEFORE TAX</b>	<b>1 334</b>	<b>773</b>	<b>-1 185</b>	<b>1 676</b>	<b>2 597</b>	<b>-14 567</b>
<b>% of net sales</b>	<b>2,9</b>	<b>2,1</b>	<b>-4,0</b>	<b>4,9</b>	<b>1,8</b>	<b>-9,3</b>
Income taxes	34	-326	387	-639	-544	2 436
<b>TOTAL RESULT FOR THE PERIOD</b>	<b>1 368</b>	<b>446</b>	<b>-799</b>	<b>1 037</b>	<b>2 053</b>	<b>-12 131</b>
<b>% of net sales</b>	<b>3,0</b>	<b>1,2</b>	<b>-2,7</b>	<b>3,0</b>	<b>1,4</b>	<b>-7,7</b>

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Rolling 1.10.2022– 30.9.2023	Rolling 1.10.2021– 30.9.2022
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>						
Order intake during the period, EUR million	28	67	112	19	225	161
Order book at the end of the period, EUR million	84	121	202	192	192	94

## SHAREHOLDERS

### 20 LARGEST SHAREHOLDERS AT SEPTEMBER 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	132 574	132 574	2,2
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>2 730 888</b>	<b>2 730 888</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 September 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 September 30, 2023</b>	<b>164 298</b>	<b>164 298</b>	<b>2,7</b>
--	----------------	----------------	------------



RAUTE CORPORATION

Rautetie 2, P.O BOX 69  
15551 Nastola, Finland  
Tel. +358 3 829 11

firstname.lastname@raute.com  
ir@raute.com

**[www.raute.com](http://www.raute.com)**