FINANCIAL STATEMENTS

2023

RAUTE

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REPORT OF THE BOARD OF DIRECTORS

The Group's net sales for 2023 were EUR 145.4 million (MEUR 158.3), down by 8 percent on the previous year. The Group's ope¬rating profit for 2023 was EUR 1.9 million (MEUR -14.6) and accounted for 1.3 percent (-9.2%) of the net sales. The Group's financial income and expenses totaled EUR -0.1 million (MEUR 0.8). The Group's result before taxes was EUR 1.8 million (MEUR –13.8). The result for the financial year was EUR 1.4 million (MEUR –11.5). The Group's comprehensive income was EUR 0.7 million (MEUR -11.2). Undiluted earnings per share were EUR 0.22 (EUR -2.56), and diluted earnings per share EUR 0.22 (EUR -2.56). Return on equity was 4.4 per-cent (–40.4%).

The Company publishes alternative performance measures (APMs). These performance measures are not defined in accordance with IFRS but provide complementary information to investors and company management about the company's financial position and development. In this report two new APMs are presented: Comparable EBITDA and EBITDA. The new APMs definitions can be found in the tables section of this report.

In this report, figures in parentheses refer to corresponding figu¬res for the previous financial years 2022 and 2021.

BUSINESS ENVIRONMENT

The market remained uncertain in 2023. While inflation stabilized and slowed down during the year, increased interest rates and overall uncertainty in the global economy impacted on the market outlook, which was reflected in the demand for Raute's customers' products. The raw material availability started to limit customers' production volumes, especially due to the lack of Russian birch logs, which used to be an important raw material source before 2022. However, the fundamental demand for Raute's solutions was still at a reasonable level.

The slowdown of the construction market and elevated uncertainty in the global economy reduced the demand for softwood plywood, especially in the European and North American markets, and from the second half of the year onwards, also for hardwood plywood.

Customer activity and interest in Raute's technology for mill-sized projects, modernizations and after-sales services have remained high. This trend is supported by customers' long-term capacity planning horizon, regardless of the current market situation. However, the demand for individual product lines slowed down, and the market slowdown was also visible in the demand for spare parts. During 2023, Raute received four major mill-sized orders worth about EUR 216 million in total.

The activity level of Raute's customers varied depending on the geographical location. The demand for other than mill-sized projects was modest in Europe (EMEA) and Latin America, relatively good in North America, and low in Asia-Pacific and China, which still suffered from a significantly weaker investment activity.

Customers' declining production volumes have impacted on the demand for spare parts. Also, demand for single-machine replacements or enhancements was low.

Update of the Russia 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. During 2023 Raute continued the wind-down of Russian operations. During the period all remaining deliveries to Russia were completed, but installations related to the last deliveries could not be completed. At the end of 2023, the company decided to terminate all remaining Russian project agreements. At the same time, the company decided to liquidate its Russian subsidiary Raute Service LLC at the end of 2023. As a result of this the company made a write down of receivables amounting to EUR 0.3 million. After write-down, Raute Service LLC's external assets have been materially written down at the end of 2023. According to company estimate, the liquidation of Russian subsidiary will last until the end of 2024.

ORDER INTAKE AND ORDER BOOK

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.

The order intake in 2023 amounted to EUR 315 million (138) including four mill-sized orders from Lumin, Latvijas Finieris, Thebault and Metsä Wood.

The order intake is comprised of 65 percent (47%) from Europe, 15 percent (37%) from North America, 2 percent (8%) from Asia–Pacific and 19 percent (6%) from South America. Sometimes even strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business.

Order intake in Wood Processing increased strongly against the previous year thanks to the mill-sized orders and has taken a significant relative share of the total in January–December 2023. Services and Analyzers also had a good order intake during the reporting period.

The order book at the end of the reporting period was record high of EUR 266 million (MEUR 84), of which EUR 0 (4) million was in orders from Russia.

COMPETITIVE POSITION

Raute's competitive position has remained unchanged and is strong. Raute's solutions help customers secure their delivery and service capabilities throughout the life cycle of the production process or a part thereof. Raute's solutions also offer the markets the most environmentally friendly production process, thanks to the efficient use of raw materials and additives and low energy consumption. In such investments, the supplier's overall expertise and extensive and diverse technology offering play an important role. The competitive edge provided by Raute plays a major role when customers select their cooperation partners. Raute's long-term dedication to serving selected customer industries also enhance its credibility and improve its competitive position as a company that carries out long-term investment projects.

NET SALES

The Group's net sales (IFRS) totaled EUR 145.4 million (2022: MEUR 158.3; 2021: MEUR 142.2). Net sales declined 8 percent from 2022. Sales to other markets than Russia have grown 5 percent from comparison period. The growth in net sales was strongest in Analyzers.

Net sales for Wood Processing totaled EUR 92 million (MEUR 108), decrease of 14 percent from the previous year. Services net sales amounted to EUR 33 million (MEUR 36) and Analyzers to EUR 20 million (MEUR 15).

Of the total net sales for 2023, Europe accounted for 40 percent (43%), North America for 30 percent (24%), South America for 15 percent (6%), Asia-Pacific for 6 percent (6%), and Russia for 9 percent (21%). Russia's share results from the order book in the Russian market after the adjustments from renegotiations with customers, within the limits set by the sanctions.

In 2023, net sales (FAS) of the parent company Raute Corporation totaled EUR 108.2 million (2022: 127.4 million; 2021: MEUR 117.9).

RESULT AND PROFITABILITY

Comparable EBITDA was EUR 9.3 million (MEUR -2.3), representing 6.4 percent (-1.4%) 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 Analyzers and Wood Processing, while declined in Services.

EBITDA was EUR 6.8 million (MEUR -9.7). Items affecting comparability (IACs) in EBITDA totaled EUR 2.5 million (MEUR 7.4) and mainly included costs related to the implementation of the new ERP system, the controlled wind-down of Russian operations, and changing factory location in China. IACs stemming from the ERP implementation are expected to be lower in the coming quarters as the system is now operational and has shifted to a continuous development phase at Raute's main Nastola site.

The operating profit was EUR 1.9 million (MEUR -14.6).

The result before taxes was EUR 1.8 million (MEUR -13.8). The result for the reporting period was EUR 1.4 million (MEUR -11.5). Earnings per share were EUR 0.22 (-2.56). The return on investment was 6.6 percent (-29.9%) and return on equity 4.4 percent (–40.4%).

The operating loss (FAS) of the parent company Raute Corporation was MEUR 0.0 (2022: MEUR -10.2; 2021: MEUR -3.8). The operating loss was 0.0 percent of net sales (2022 -8.4%; 2021: -3.2%). The loss for the financial year (FAS) was EUR -1.5 million (2022: MEUR -8.4; 2021: MEUR -2.7).

CASH FLOW AND BALANCE SHEET

The Group's financial position has improved in the reporting period and was 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 -102.7 percent (29.4%) and the equity ratio was 50.2 percent (36.6%). During the year, Raute raised net new equity of EUR 15.5 million in the form of a directed share issue, rights issue and convertible junior loans.

Operating cash flow in January–December 2023 was EUR 38.6 (-13.4) million. Operating cash flow was positively impacted by profitability improvement and the customer prepayments related to announced mill-sized orders. Cash flow from investment activities totaled EUR -4.4 (-6.5) million, and cash flow from financing activities was EUR 6.4 (2.9) million.

Cash and cash equivalents amounted to EUR 48.1 (7.6) million at the end of the reporting period.

The Group's balance sheet total at the end of 2023 was EUR 135.4 million (2022: MEUR 92.1; 2021: MEUR 110.7). Fluctuations in balance sheet working capital items and the key figures based on them are due to differences in the timing of customer payments and the cost accumulation from project deliveries, which is typical of the project business.

Interest-bearing net liabilities amounted to EUR -39.4 million (MEUR 6.7) 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.

At the end of the financial year, the equity ratio (FAS) of the parent company Raute Corporation was 37 percent (2022: 36%; 2021: 54%).

DIRECTED SHARE ISSUE AND RIGHTS ISSUE

On 4 April 2023 in accordance with the decision of the Annual General Meeting, the Company's Board of directors decided on a directed share issue and by issuing 839,039 new shares of the Company in deviation from the shareholders' pre-emptive subscription rights. The subscription price of the Directed Share Issue was EUR 7.68 per share. The gross proceeds of EUR 6.4 million were collected and recorded in the company's invested unrestricted equity fund. In accordance with decision of the Annual General Meeting, the Raute carried out a rights issue during the second quarter of 2023. The company issued 1,020,446 new shares with the subscription price of EUR 7.35. As a result of successful rights offering Raute collected gross proceeds of EUR 7.5 million

CONVERTIBLE JUNIOR LOANS

Raute agreed with LähiTapiola and Veritas on convertible junior loans amounting to EUR 3 million. The drawdown date for the junior loans was 21 June 2023. The loans are perpetual. The annual floating rate during the first 3-year period is 7.50 percent added with six (6) months EURIBOR. The company has an option, but no obligation, to pay the loans back after the first 3-year period in 2026. After the first 3-year period there a step-up in the interest rate of the loans. The junior loans are treated as equity in the group financial statements. The junior loans do not confer to the holders the rights of a shareholder. LähiTapiola and Veritas have the right to convert the outstanding principal amount of the junior loan into new shares of the Company in full, but not in part in accordance with the terms and conditions of the option rights related to the junior loan. The subscription price for the option rights is EUR 12.79 after the rights issue. It is possible to subscribe for a maximum of 234,558 new shares in the Company based on the option rights issued to the lenders of the junior loans.

LOANS TO RELATED PARTIES AND OTHER LIABILITIES

Other liabilities are presented in the figures section of this report, in the notes to the financial statements.

RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

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

In 2023, the Group's research and development costs amounted to EUR 5.2 million (MEUR 6.3), representing 3.6 percent of net sales (4.0%).

Capital expenditure during the period totaled EUR 4.5 million (MEUR 6.6) and accounted for 3.1 percent (4.2%) of net sales. The renewal of the ERP system continued to be the key investment during the period.

During the financial year, the research and development costs (FAS) of the parent company Raute Corporation were EUR 4.8 million, representing 4.5 percent of net sales (2022: MEUR 5.6/4.0% of net sales; 2021: MEUR 4.8/4.1% of net sales). The capital expenditure of the parent company Raute Corporation totaled EUR 3.9 million (2022: MEUR 8.0; 2021: MEUR 6.9).

DEVELOPMENT OF OPERATIONS

New strategy was updated

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 percent of the Group
- Comparable EBITDA margin 12 percent on average over cycle
- Capital structure: Equity ratio over 40 percent

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

PERSONNEL AND OCCUPATIONAL SAFETY

The Group's headcount at the end of 2023 was 754 (2022: 778; 2021: 802). Finnish Group companies accounted for 68 percent (68%) of employees, North American companies for 19 percent (16%), Chinese companies for 8 percent (10%), and other sales and maintenance companies for 5 percent (6%).

In full-time-equivalent terms ("effective headcount"), the average number of employees during the financial year was 749 (2022: 774; 2021: 780). Salaries and remunerations paid by the Group totaled EUR 44.9 million (2022: MEUR 44.0; 2021: MEUR 37.9). This figure does not include expenses resulting from the share incentive plans.

The Group is committed into investing in the competence development of its personnel to increase their engagement with the company. Approximately one percent (1%) of the payroll is invested in personnel training. Current training focuses on training for the needs of the new IT system.

Occupational safety continues to be the focus of the management, and safety-related metrics have demonstrated a longer-term downward trend. In 2023, there were 11 lost-time injuries. The accident frequency (LTIF) was 7.9, increasing slightly from the 2022 level of 6.2. Raute launched a new global multi-year safety program during the last quarter of 2023 to take the company's safety culture and performance to the next level.

Converted to full-time employees, the average number of personnel employed by the parent company Raute Corporation in 2023 was 513 (2022: 551; 2021: 531). Salaries and remunerations paid by the parent company totaled EUR 31.1 million (2022: MEUR 30.4; 2021: MEUR 28.3).

REMUNERATION

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

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

SHARE-BASED INCENTIVE PLANS FOR THE MANAGEMENT AND SELECTED KEY PERSONS VALID IN 2023

The Group management and key employees participate in the company's share-based long-term incentive plans. The purpose of the share-based incentive plans is to align the objectives of the owners and management in order to develop the company's value, and to commit management to achieving the company's strategic goals by offering a competitive long-term incentive plan. The plans are described in more detail on company's website www.raute.com.

Company's Performance Share Plan currently includes three 3-year performance periods, calendar years 2021-2023, 2022-2024 and 2023-2025. The performance targets of the plans 2021-2023 and 2022-2024 are Absolute Total Shareholder Return with a weight of 70 percent and net sales with a weight of 30 percent. The performance targets of the plan 2023-2025 are EBITDA with a weight of 60 percent and net sales with a weight of 40 percent.

The company's Board of Directors decides separately on when each plan commences, the length of its earnings period, the performance targets, the persons entitled to participate in the plan and the earnings opportunity.

In addition to the Performance Share Plan, Board of Directors of the company has established a Restricted Share Program as a complementary share-based long-term incentive scheme for the company. The program consists of annually commencing individual share plans and the on-going first individual plan covers the years 2022-2024 and the second covers years 2023-2025. The commencement of each individual plan is conditional on a separate decision of the Board of Directors.

The rewards payable based on the Performance Share Plan and on the Restricted Share Program will at the company's choice either be paid in listed shares of Raute or in cash based on the value of the share reward at the time of payment. The payment of the reward is conditional on the individual's continued employment or service relationship with Raute.

In accordance with the ownership recommendation of the company abides by, the members of the company's Executive Board are expected to accrue and, after attaining, to retain in their ownership an amount of the company's shares that equals, for the CEO, his/her gross annual fixed salary, and for the other Executive Board members, their six months' gross fixed salary. The members of the Executive Board are expected to use 50 percent of the net bonus he/she receives from the plan to accrue his/her share ownership until such ownership meets the recommended level.

SOCIETY AND THE ENVIRONMENT

Acting sustainably is one of the four values that guide Raute's operations. One of Raute's ESG goals is to innovate advanced products and services for resource efficiency and to drive climate action. This is done by enhancing positive ESG impacts through R&D and by maximizing the circularity impact and actively mitigating the environmental impacts and risks of our own activities. Raute is a is a signatory of the United Nations Global Compact supporting the same goals as the UN regarding human and labor rights, protecting the environment and fighting corruption. Raute's Code of Conduct and Corporate Governance Statement guides the everyday activities of the company by clearly describing internal standards and ethical values.

Raute aims to deliver optimal productivity for wood processing customers with its intelligent and high-tech solutions and service knowledge. We enable circularity by providing customers with efficient, long lasting, repairable, and upgradable production solutions and services while maximizing yield and minimizing production waste. Long-lasting wood-based products, such as plywood and LVL, that are made from sustainably managed forests act as an effective carbon storage reducing the carbon footprint of the built environment.

Promoting health and safety without compromise has been determined as one of Raute's ESG goals. We prioritize the health, safety and wellbeing of all individuals involved in our operations, including our employees, contractors, suppliers, and customers. Our customers are able to elevate both safety and operational efficiency by leveraging our products, solutions, and services. In 2023, there were 11 lost-time injuries. The accident frequency (LTIF) was 7.9, increasing slightly from the 2022 level of 6.2. Raute launched a new global multi-year safety program during the last quarter of 2023 to take the company's safety culture and performance to the next level.

BUSINESS RISKS AND UNCERTAINTIES

Economic cycles, legislation or other regulation and political environment

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 high interest rates and inflation may give cause to economic downturn. Such a downturn would likely impact Raute's operations and reduce underlying demand.

Raute's business and products can be affected directly or in directly by legislation or other regulation such as sanctions. It is also possible that Raute is susceptible to litigation. Raute continues to have some risk towards Russia, although the risk position has significantly reduced in 2023 as a result of controlled wind-down of operations. The remaining order book to Russia is zero. Also, external assets have been written down. However, the liquidation process of Russian subsidiary Raute Service LLC is expected to continue until end of 2024. Raute is still vulnerable to changes in regulation, sanctions, financial transactions and customer's ability to conclude the contracts. The changing legislation may result in uncertainty in finalizing the exit and liquidation process according to estimated timeline.

Operations, deliveries and technology

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 has to take risks relating to the promised performance figures and make estimates of implementation costs. Other significant short-term risks for Raute are related to the price inflation and availability of raw materials, components and freights.

Raute makes important investments in product development. The developmental phase for new technologies involves the risk that the project will not lead to a technologically or commercially acceptable solution. The functionality and capacity of new solutions produced as a result of development work cannot be fully verified until the solutions can be tested under production conditions in conjunction with the first customer deliveries.

Raute's objective is to increase its local business in the developing geographical areas, where, besides opportunities, companies face risks typical to emerging markets.

Human resources

Competence retention and development and ensuring the sufficiency of human resources are particularly important in cyclical business. Continuity is ensured by monitoring the development of the age structure, implementing systematic human resources management and investing in well-being at work. Despite the human resources work and processes, Raute is exposed to risk of losing key personnel, and difficulties in hiring new talent to address new business challenges.

Financing risks

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

The default risk relating to customers' solvency is managed through payment terms and by covering the unpaid sum with bank guarantees, letters of credit or other suitable securities. The Group's liquid assets are mainly held in banks in its largest operational countries Finland and Canada. The credit losses recognized during the 2023 financial year amounted to EUR 5 thousand (EUR 2 thousand).

The Group's main currency is the euro. The most significant currency risks result from the following currencies: Chinese yuan (CNY), Canadian dollar (CAD), and US dollar (USD). The main hedging instruments used are foreign currency forward contracts. Currency clauses are included in quotations to hedge against currency risks during the quotation period. Depending on the case, currency risks related to preliminary sales contracts are hedged with currency option contracts.

The financing risks, as well as the risk management objectives and procedures, are described in more detail on page 55 of the notes to the financial statements.

Cyber and information security, payment fraud

Raute's operations are dependent on the security and stable operation of its information and communication systems and software. Additionally, a successful management of cyber-attack risks is important. These risks are managed according to a defined information security policy.

Raute is repeatedly exposed to the risk of payment fraud. The company faces the risk of a fraud attempt bypassing the payment transaction control points and damaging the company financially.

Risks of damage or loss

Other risks of damage or loss include occupational safety risks, which are managed by means of active risk-prevention measures, such as continuous personnel training and investigation of all near-miss situations. Occupational safety and ergonomics are under continuous development.

Raute's most significant single risks concerning material damage and business interruption loss are a fire, a serious machine breakdown and an IT system breakdown or malfunction at the main production unit in Lahti, where the production, planning, financial, and ERP systems serving the Group's key technologies are centrally located. Precautions against such risks have been taken by means of back-up systems and insurance policies, but, despite precautions, the serious realization of such a risk would cause significant damage to Raute's operations.

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

Raute's production operations do not have significant direct environmental impacts. The main production unit in Lahti is situated in a groundwater zone. A chemical or fuel leak in a groundwater zone could cause environmental damage, financial costs and disturbances in production. The main unit in Lahti has an ISO-certified environmental system in place, and special attention has been paid to chemical safety. Other units also adhere to the principles of the environmental system as applicable.

The reputation of the company

Raute is at risk of being part of a business chain that involves corruption, bribery or money laundering without its knowledge, even though it regularly inspects its business partners with respect to, for example, international sanction lists and export restrictions. The realization of these risks may result in legal consequences, and the company's reputation and financial position may suffer.

It is possible that players who do not respect Raute's principles related to human rights or the basic rights of employees operate in the international supply chain. Such cases may damage the company's reputation and interrupt the supply chain if the infraction is severe enough to warrant an end to the co-operation.

SHARES AND SHAREHOLDERS

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 December 31, 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 6,275 at the end of the reporting period (5,785), according to Euroclear Finland Ltd. Raute did not hold any own shares as of December 31, 2023.

The Board of Directors, the President and CEO as well as the Executive Board held altogether 231,189 (133,541) company shares, equaling 3.8 percent (3.1%) of all the company shares and 3.8 percent (8.9%) of the votes on December 31, 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 percent. The number of voting rights of Göran Sundholm's shares in Raute Corporation is 500,000, which increased to represent 11.73 percent 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 percent. The number of voting rights of Kaisa Kirmo's shares in Raute Corporation decreased to 104,021 voting rights, representing 2.44 percent 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 percent. The number of voting rights of Kari Mustakallio's shares in Raute Corporation decreased to 60,480 voting rights, representing 1.42 percent 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 percent. The number of voting rights of Mika Mustakallio's

shares in Raute Corporation decreased to 83,270 voting rights, representing 1.95 percent 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 percent. The number of voting rights of Riitta Särkijärvi's shares in Raute Corporation decreased to 82,489 voting rights, representing 1.93 percent 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 percent. 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 percent of all voting rights carried by Raute Corporation's shares.

Share trading

Share trading volume in January–December 2023 totaled 993,127 shares, corresponding to EUR 9.4 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 9.84, and the market value based on the closing price was approximately EUR 60.2 million.

The distribution of ownership by sector and by size as well as the largest shareholders are presented in the financial state¬ments under "Shares and shareholders".

AUDITORS

At Raute Corporation's Annual General Meeting on March 30, 2023, the authorized public accounting company PricewaterhouseCoopers was chosen as auditor, with Authorized Public Accountant Mikko Nieminen as the principal auditor.

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE STATEMENT

Raute Corporation's Board of Directors has reviewed Raute Corporation's Corporate Governance Statement for 2023 drawn up in accordance with Chapter 7, Section 7 of the Finnish Securities Markets Act and the Finnish Corporate Governance Code 2021 for listed companies issued by the Securities Market Association on September 19, 2019. The statement has been drawn up se-parately from the Report of the Board of Directors.

NON-FINANCIAL STATEMENT

Raute Corporation's Board of Directors has addressed Raute Corporation's non-financial statement for 2023 (in accordan¬ce with Directive 2014/95/EU of the European Parliament and Council) as a statement separate from the Report of the Board of Directors.

REMUNERATION REPORT FOR GOVERNING BODIES

Raute Corporation's Board of Directors has addressed Raute Corporation's 2023 remuneration report for governing bodies, drawn up in accordance with Chapter 7, Section 7 of the Finnish Securities Markets Act and the Finnish Corporate Governance Code 2020 for listed companies issued by the Finnish Securities Market Association on September 19, 2019. The remuneration report is published in connection with the financial statements.

BOARD OF DIRECTORS AND PRESIDENT AND CEO

The Annual General Meeting elects the Chair and Vice-Chair for the Board of Directors, and 3–5 Board members.

Ms. Laura Raitio was elected Chair of Raute Corporation's Board at the Annual General Meeting held on March 31, 2022, while Mr. Mika Mustakallio was elected Vice-Chair, and Mr. Joni Bask, Mr. Ari Harmaala, Mr. Petri Perttula, Mr. Ari Piik, and Mr. Patrick von Essen were elected as Board members.

The Board of Directors appoints the President and CEO and confirms the terms of his or her employment, including fringe benefits.

Mr Mika Saariaho was appointed as Raute Corporation's President and CEO as of October 1, 2022. As agreed in the executive contract, the term of notice is six months, and the severance pay equals twelve months' salary.

Raute Corporation's Articles of Association do not grant any unusual authorizations to the Board of Directors, or to the President and CEO.

Any decisions on changes to the Articles of Association or an increase in share capital are made in compliance with the regulations of the effective Companies Act.

EXECUTIVE BOARD

Raute Group's Executive Board and the members' areas of responsibility as of December 31, 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 Myyryläinen, Chief Commercial Officer (CCO) – Sales & marketing, commercial excellence
Tarja Moilanen, Chief People Officer (CPO) – Human resources, people development, health & safety, as of June 1, 2023. Mia Könnilä held the position until 31st May 2023.
Ville Halttunen, Chief Financial Officer (CFO) – Finance, ICT, IR, ESG, other business support, as of May 1, 2023. Minna Yrjönmäki held the position until 30th April 2023.

On December 20, 2023, Raute announced that the following changes to the composition of the Executive Board became effective as of January 1, 2024:

Petri Strengell, Executive Vice President, Wood Processing business unit, stepped down from the Executive Board and took on a new role in Raute's Wood Processing business unit, heading project deliveries with a special focus on ensuring successful delivery of the major mill-sized orders received in 2023.

Jani Roivainen, the Executive Vice President, Analyzers, was appointed Executive Vice President, Wood Processing business unit. Jani Roivainen continued in an acting role as the Executive Vice President, Analyzers business unit, until his successor Markus Sirviö was appointed on January 26, 2024.

Raute Group's Executive Board and the members' areas of responsibility as of January 26, 2024:
Mika Saariaho, President and CEO;
Jani Roivainen, Executive Vice President, Wood Processing – Wood Processing business unit;
Markus Sirviö, Executive Vice President, Analyzers – Analyzers business unit;
Kurt Bossuyt, Executive Vice President, Services – Services business unit;
Jari Myyryläinen, 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

ANNUAL GENERAL MEETING 2023

Raute Corporation's Annual General Meeting (AGM) was held on March 30, 2023. The AGM adopted the Financial Statements for 2022, approved the Remuneration Report for Governing Bodies and discharged the members of the Board of Directors and President and CEO from liability. The Annual General Meeting decided that no dividend be distributed for the financial year 2022. The existing Board members Laura Raitio (chair), Mika Mustakallio, Joni Bask, Ari Harmaala, Petri Perttula, Ari Piik, and Patrick von Essen were re-elected. Laura Raitio was re-elected as Chair ofA the Board and Mika Mustakallio as Vice Chair of the Board. Audit firm PricewaterhouseCoopers Oy was re-elected as the auditor with Mr. Mikko Nieminen (Authorized Public Accountant) elected as the principal auditor.

Measures aiming to support the company's targeted growth and strengthen the company's capital structure The AGM approved the proposals concerning measures described in a stock exchange release published by the company on March 9, 2023, which aim to support the company's targeted growth and strengthen the company's capital structure. The AGM approved proposals concerning combination of the company's share classes, a directed share issue, authorizing the Board of Directors to decide on a rights issue and establishing a shareholders' nomination board.

The AGM decided to authorize the Board to resolve on the repurchase of a maximum of 500,000 of Raute Corporation's shares using assets from the company's non-restricted equity, which would lead to a decrease in the company's distributable funds.

The AGM decided to authorize the Board to resolve on an issue of Raute Corporation's shares and the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act in one or several instalments. The Board of Directors was authorized to resolve on all conditions of the share issue or the issuance of special rights, including the recipients and the sum of possible consideration to be paid. The aggregate maximum number of shares that can be issued is 1,000,000 shares. Any shares to be issued based on special rights entitling to shares are included in the above-mentioned aggregate number of shares.

Further details about the Annal General Meeting are available at www.raute.com/investors/governance/general-meetings/annual-general-meeting-2023/

DISTRIBUTION OF PROFIT FOR THE 2022 FINANCIAL YEAR

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

ANNUAL GENERAL MEETING 2024

Raute Corporation's Annual General Meeting 2024 will be held at Lahti's Sibelius Hall on Thursday, April 4, 2024 at 6:00 p.m.

BOARD OF DIRECTORS' PROPOSAL CONCERNING THE USE OF PROFIT AND PAYMENT OF DIVIDEND

On December 31, 2023, the parent company Raute Corporation's distributable assets totaled EUR 31,806 thousand, of which EUR 1,485 thousand represents the loss for the financial year January 1 – December 31, 2023.

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on April 4, 2024, that EUR 0.10 per share be paid dividend.

EVENTS AFTER THE REPORTING PERIOD

Proposals by the Shareholders' Nomination Board

On January 12, 2024, the Shareholders' Nomination Board proposed to the Annual General Meeting 2024 that Raute's Board of Directors would consist of seven members.

The Nomination Board proposed that Laura Raitio would continue to be elected as the Chair of the Board of Directors and Joni Bask would be elected as the Vice Chair of the Board of Directors. It is proposed that Ari Harmaala and Ari Piik be re-elected as members of the Board of Directors.

In addition, the Nomination Board proposes that Mikko Kettunen, Julius Manni and Jenni Virnes be elected as new members of the Board of Directors.

Of the current Board members, Mika Mustakallio, Patrick von Essen and Petri Perttula will leave the Board at the end of the Annual General Meeting 2024.

Raute signs a full scope service agreement with Paged Eesti

On February 2, 2024, Raute Corporation announced a service agreement with Paged Eesti OÜ, Estonia, part of Paged Group.

Under the contract, Raute will take the full maintenance responsibility for the production machinery including consumables, spare parts, and small upgrades. Paged Eesti's maintenance team of 19 people is transferred to Raute services team. Founded over 90 years ago, Paged is one of the five largest plywood manufacturers and a significant producer of wooden chairs in the European Union.

Raute receives order of EUR 20 million to Latvia

On February 20, 2024, the company announced that it had signed a contract worth EUR 20 million with AmberBirch, SIA of Latvia for the technology delivery of a birch veneer production plant expansion.

GUIDANCE STATEMENT FOR 2024

Raute's 2024 net sales are expected to be between EUR 170 - 195 million and comparable EBITDA to be between EUR 10 – 14 million.

CONSOLIDATED FINANCIAL STATEMENTS 2023

RAUTE CORPORATION
Consolidated Financial Statements
January 1–December 31, 2023

Raute Corporation's consolidated financial statements for January 1–December 31, 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by IASB and accepted for application in the EU. Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on December 31, 2023. The notes to the consolidated financial statements also comply with Finnish accounting legislation.

CONSOLIDATED STATEMENT OF INCOME

EUR 1,000	Note	1.1.-31.12.2023	1.1.-31.12.2022
Net sales	1	**145 416**	158 324
Change in inventories of finished goods and work in progress		**-1 143**	-4 501
Other operating income	6	**641**	207
Materials and services	3	**-63 029**	-91 084
Employee benefits expense	5	**-52 246**	-51 157
Depreciation and amortization	15	**-4 917**	-4 953
Other operating expenses	7	**-22 860**	-21 478
Total operating expenses		**-143 052**	-168 673
Operating result		**1 863**	-14 642
Financial income	18, 27	**940**	2 163
Financial expenses	18, 27	**-1 008**	-1 335
Financial expenses, net		**-67**	828
Result before tax		**1 795**	-13 814
Income taxes	8	-445	2 301
Result for the financial year		**1 350**	-11 513
Result for the financial year attributable to			
Equity holders of the Parent company		**1 350**	-11 513
Earnings per share for profit attributable to Equity holders of the Parent company, EUR			
Undiluted earnings per share	23	**0,22**	-2,56
Diluted earnings per share	23	**0,22**	-2,56
Shares, 1 000 pcs			
Adjusted average number of shares	23	**5 550**	4 498
Adjusted average number of shares, diluted	23	**5 597**	4 498

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1.1.–31.12.2023	1.1.–31.12.2022
Result for the financial year		**1 350**	-11 513
Other comprehensive income items			
Items that will not be reclassified to profit or loss			
Changes in the fair value of financial assets att fair value through other comprehensive income	21	**-260**	-354
Items that may be subsequently reclassified to profit or loss			
Hedging reserve, hedge accounting	21	**19**	196
Exchange differences on translating foreign operations	21	**-398**	391
Income taxes related to these items	21	**-**	72
Comprehensive income items for the period, net of tax		**-639**	305
Comprehensive result for the financial year		**711**	-11 208
Comprehensive profit for the financial year attributable to			
Equity holders of the Parent company		**711**	-11 208

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Goodwill	10	**1 714**	1 714
Other intangible assets	11	**11 035**	9 388
Property, plant and equipment	13	**9 600**	11 242
Right of use assets	13, 14	**6 482**	7 456
Other financial assets		**753**	1 072
Deferred tax assets	9	**5 566**	4 843
Total non-current assets		**35 151**	35 715
Current assets			
Inventories	16	**26 369**	16 739
Accounts receivables and other receivables	2	**25 779**	31 959
Income tax receivable	2	**1**	23
Cash and cash equivalents	25 ,26	**48 105**	7 618
Total current assets		**100 254**	56 339
TOTAL ASSETS		**135 405**	92 053

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Equity attributable to Equity holders of the Parent company			
Share capital	20, 22	**8 256**	8 256
Own shares	20	**-950**	-
Fair value reserve and other reserves	20	**19 526**	6 746
Exchange differences	20	**541**	939
Retained earnings	20	**6 678**	18 469
Result for the financial year	20	**1 350**	-11 513
Total equity attributable to Equity holders of the Parent company		**35 401**	22 897
Convertible junior loan	20	**3 000**	-
Total equity		**38 401**	22 897
Non-current liabilities			
Deferred tax liability	9	**33**	51
Lease liability	14	**5 334**	6 288
Provisions	4	**563**	119
Total non-current liabilities		**5 930**	6 458
Current liabilities			
Provisions	4	**1 783**	2 034
Current interest-bearing liabilities	24	**-**	6 729
Lease liability	14	**1 289**	1 293
Current advance payments received	17	**58 860**	29 551
Income tax liability	17	**1 974**	986
Trade payables and other liabilities	17	**27 168**	22 106
Total current liabilities		**91 074**	62 699
Total liabilities		**97 004**	69 156
TOTAL EQUITY AND LIABILITIES		**135 405**	92 053

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from customers	**179 455**	149 058
Payments to suppliers and employees	**-141 980**	-163 095
Cash flow before financial items and taxes	**37 475**	-14 037
Interest paid from operating activities	**-75**	-58
Dividends received from operating activities	**416**	676
Interest received from operating activities	**823**	88
Other financing items from operating activities	**-554**	290
Income taxes paid from operating activities	**543**	-326
Net cash flow from operating activities (A)	**38 628**	-13 367
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	**-4 486**	-6 572
Proceeds from sale of property, plant and equipment and intangible assets	**60**	57
Net cash flow from investing activities (B)	**-4 426**	-6 515
CASH FLOW FROM FINANCING ACTIVITIES		
Directed share issue and rights issue	**13 944**	-
Convertible junior loan	**3 000**	-
Expenses for share issues and junior loan	**-1 631**	-
Repurchase of own shares	**-950**	-
Proceeeds from current borrowings	**-**	6 729
Repayments of current borrowings	**-6 729**	-2 071
Repayments of lease liability	**-1 284**	-1 785
Dividends paid	**-**	-
Net cash flow from financing activities (C)	**6 350**	2 873
Net change in cash and cash equivalents (A+B+C)	**40 552**	-17 009
Cash and cash equivalents at the beginning of the financial year	**7 618**	24 357
Net change in cash and cash equivalents	**40 552**	-17 009
Effects of exvhange rate changes on cash	**-65**	270
Cash and cash equivalents at the end of the financial year	**48 105**	7 618

Basis of preparation
The cash flow statement has been generated using the direct method. The **cash flow from operating activities** includes payment from customers, other operating income as well as payments of supplies and services acquired. Cash flow from operating activities also includes payments to employees as well as interest paid and interest received from financial assets held for cash management. The cash flow from operating activities does not include accounts payable related to the investments.

The **cash flow from investing activities** includes expenses incurred for the acquisition of intangible and tangible assets and expenses for the acquisition of other assets that can be capitalized. The item also includes capital gains from sale of these assets on accrual basis.

The **cash flow from financing activities i**ncludes monetary changes in equity in cash, dividends paid to shareholders during the period as well as withdrawals and repayments of loans.

Cash and cash equivalents comprise cash and cash equivalents which fall due in less than three months.

Foreign Group companies' cash flow statements have been converted into euros according to the weighted average exchange rate of the financial year.

Repayments of lease agreements are included in the cash flow from financing activities. The payment of the interest expense on the lease agreements is included in the operating cash flow. Payments and rents related to short-term leases and low-value leases are included in operating cash flow These agreements are not taken into account when determining lease liabilities.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Invested non-restricted equity reserve	Own shares	Other reserves	Exchange differences	Retained earnings	To the equity holders of the Parent company	Convertible junior loan	TOTAL EQUITY
EQUITY AT Jan. 1, 2023	**8 256**	**5 711**	**0**	**1 034**	**939**	**6 956**	**22 897**		**22 897**
Comprehensive result for the financial year									
Result for the financial year						1 350	1 350		1 350
Other comprehensive income items:									
Changes in the fair value of financial assets at fair value through other comprehensive income				-260			-260		-260
Hedging reserve				19			19		19
Exchange differences on translating foreign operations					-398		-398		-398
Income taxes related to these items							0		0
Total comprehensive items after taxes	0	0		-241	-398	0	-639		-639
Total comprehensive result for the period	**0**	**0**		**-241**	**-398**	**1 350**	**711**		**711**
Transfer of gain on disposals of equity investments at fair value through other comprehensive income to retained earnings									
Convertible junior loan						-278	-278	3 000	2 722
Transactions with owners									
Net proceeds from directed share issue and rights issue		12 494					12 494		12 494
Share rewards				527			527		527
Repurchase of own shares			**-950**				**-950**		**-950**
Dividends paid							0		0
Total transactions with owners	**0**	**12 494**	**-950**	**527**	**0**	**-278**	**11 793**	**3 000**	**14 793**
EQUITY at Dec. 31, 2023	**8 256**	**18 205**	**-950**	**1 321**	**541**	**8 028**	**35 401**	**3 000**	**38 401**

COMPARISON PERIOD

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	TOTAL EQUITY
EQUITY AT Jan. 1, 2022	**8 256**	**5 711**	**1 080**	**548**	**18 469**	**34 064**	**34 064**
Comprehensive result for the financial year							
Result for the financial year	-	-	-	-	-11 513	-11 513	-11 513
Other comprehensive income items:							
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-354	-	-	-354	-354
Hedging reserve	-	-	196		-	196	196
Exchange differences on translating foreign operations	-	-	-	391	-	391	391
Income taxes related to these items	-	-	72	-	-	72	72
Total comprehensive items after taxes			**-86**	**391**	**-**	**305**	**305**
Total comprehensive result for the financial year	**-**	**-**	**-86**	**391**	**-11 513**	**-11 208**	**-11 208**
Transactions with owners							
Equity-settled share-based transactions	-	-	41	-	-	41	41
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners	**-**	**-**	**41**	**-**	**-**	**41**	**41**
EQUITY at Dec. 31, 2022	**8 256**	**5 711**	**1 034**	**939**	**6 956**	**22 897**	**22 897**

GENERAL INFORMATION

Approval of the Consolidated Financial Statements

On February 22, 2024, the board of Raute Oyj has approved these consolidated financial statements for the period January 1 - December 31, 2023 for publication. According to the Finnish Companies Act, shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting arranged after the statements have been issued. The Annual General Meeting also has the opportunity to make changes to the financial statements.

Business and operational segments

Raute Group ("the Group") is a technology and service company serving the wood products industry worldwide, whose core expertise is the manufacturing processes of selected wood products. Raute's customers are companies operating in the wood products industry, whose wood products include veneer, plywood, LVL and sawn timber.

Raute's full-service concept is based on product lifecycle 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.

The operations of Raute Group have belonged to new segments according to the introduced organisatiozal structure since 1st January 2023: Wood Processing, Analyzers and Services. Raute Corporation's Board of Directors is the highest operating decision maker that is responsible for assigning resources to the operating segment and assessing its result. The Board monitors profitability with the key figures EBITDA and Comparable EBITDA. Raute Corporation's Board of Directors do not monitor assets and liabilities for the segments on segment level.

Raute's head office is located in Lahti (previously the municipality of Nastola), Finland. Its other production plants are in Kajaani, in Vancouver area in Canada, in Changzhou region in China, and in Pullman, Washington state, USA. The company's sales network has a global reach.

Parent company

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

Amendments to accounting principles of consolidated financial statements and information to be presented

The consolidated financial statements have been prepared according to the same accounting principles as in 2022, except for the adoption of new and revised standards. The effects of changes in the accounting standards have been presented on on page 21. No new material standards or interpretations have been adopted.

Preparation of consolidated financial statements

The consolidated financial statements include the financial statements of the Parent company Raute Corporation and the financial statements of those subsidiaries in which the Group has control. The Group controls an entity when the group is exposed to or has rights to variable returns from its involvement with the entity. And if the Group has the ability to affect the variable return through its power over entity. The existence and effect of potential voting rights that are at the time of the review exercisable or convertible are considered when assessing whether the Group has control in the other company. In Raute Group, control is based on share ownership that represents more than 50 percent of the voting rights according to the main rule. Subsidiaries are fully consolidated in the consolidated financial statements from the date on which the Group gained over them and de-consolidated from the date that control ceases.

Preparation of consolidated financial statements

Raute Corporation's consolidated financial statements for January 1–December 31, 2023 have been prepared in accordance with the International Financial Reporting Standards, IFRS, and their interpretations approved for adoption within the European Union, and they comply with the IAS. Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on December 31, 2023. The notes to the consolidated financial statements also include compliance with Finnish accounting and corporate legislation.

All figures are presented in thousand euro, unless otherwise stated. Due to the rounding of the figures in the financial statements 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.

Raute Corporation's consolidated financial statement information is available online at www.raute.com and at the head office of the Parent company, Rautetie 2, 15550 Nastola, Finland.

Business combinations have been entered using the acquisition method. The consideration paid for the acquisition of a subsidiary is determined as the fair value of the transferred assets, liabilities incurred and equity interests issued by the Group. The consideration transferred contains the fair value of the asset or liability that results from the contingent consideration arrangement. Expenditure related to the acquisition is recognized as an expense when it is incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed by the business combination, have been measured at the acquisition-date fair value. Non-controlling interests have not been recognized in business combinations.

Business transactions, receivables and liabilities, and unrealized profits between Group companies have been eliminated. Unrealized losses have also been eliminated. Where necessary, the accounting principles of the subsidiaries have been changed to comply with the Group's accounting principles.

Group companies	**Group's ownership interest and voting power, % in 2023**	Group's ownership interest and voting power, % in 2022	**Parent company's ownership interest and voting power, % in 2023**	Parent company's ownership interest and voting power, % in 2022
Raute Corporation, Lahti, Finland (parent company)				
EAI Raute Holding Oy*		0		
Raute Canada Ltd., Delta, B.C., Canada	100	100	100	100
Raute Inc., Delaware, USA	100	100	100	100
Raute US, Inc., Monroe, Louisiana, USA	100	100	-	-
RWS-Engineering Oy, Lahti, Finland	100	100	100	100
Raute Group Asia Pte Ltd., Singapore	100	100	100	100
Raute WPM Oy, Lahti, Finland	100	100	100	100
Raute Chile Ltda., Concepción, Chile	100	100	50	50
Raute Service LLC, St. Petersburg, Russia	100	100	-	-
Raute (Shanghai) Machinery Co., Ltd, Shanghai, China	100	100	100	100
Metriguard Technologies, Inc., Pullman, Washington, USA	100	100	-	-
Hiottu Oy, Oulu, Finland	100	100	100	80
Raute (Changzhou) Machinery Co., Ltd, Changzhou, China	100	100	100	100
Raute Service Indonesia, Indonesia	100	100	99	99

*Evli Alexander Incentives has ownership and holds voting rights in EAI Raute Holding Oy. However, based on the agreement, Raute exercises actual decision-making power in the arrangement and acts as the principal, while EAI acts in the role of an agent through the holding company. Based on this control arising from the contractual features, the holding company is combined to the consolidated financial statements as a structured community.

The allocation of the profit or loss for the financial year to the equity holders of the Parent company has been presented in connection with the comprehensive income statement.

The consolidated financial statements have been presented in euros, which is the Parent company's functional and presentation currency. The figures concerning the profit or loss and financial position of the companies combined under the consolidated financial statements have been recorded in the currency of the country in which that company operates (functional currency).

Financial statements in foreign currency

The income statements of foreign subsidiaries have been translated into euro using the weighted average exchange rates the fiscal year and balance sheets have been translated at the average rate on the balance sheet date. Translation of income and comprehensive income at different exchange rates in the income statement and in the balance sheet results in translation differences which have been recognized in the balance sheet under equity, the difference of which has been recognized in the other comprehensive income items. The translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from the translation of equity items accumulated after the acquisition have been recognized in the other items of the comprehensive income. On partial or full disposal of a subsidiary, the accumulated translation differences have been recognized through profit or loss as part of the gains or losses from disposal.

The exchange rates used for the consolidation of subsidiaries have been presented in the table Exchange rates used in consolidation of subsidiaries.

EXCHANGE RATES USED IN CONSOLIDATION OF SUBSIDIARIES

Income statement Jan. 1–Dec. 31

euro	**2023**	**2022**
CNY	**7,6591**	7,0802
RUB	**92,8571**	71,1407
CAD	**1,4596**	1,3704
USD	**1,0816**	1,0539
SGD	**1,4523**	1,452
CLP	**907,9625**	917,9417
IDR	**17079,71**	16519,82

Balance sheet at Dec. 31

euro	**2023**	**2022**
CNY	**7,8509**	7,3582
RUB	**98,596**	78,43
CAD	**1,4642**	1,4444
USD	**1,105**	1,0666
SGD	**1,4591**	1,43
CLP	**979,4**	916,91
IDR	**17079,71**	16519,82

EVENTS DURING THE REPORTING PERIOD

On January 10, 2023 the company announced the appointment of Ville Halttunen as new Chief Financial Officer. Ville Halttunen started on May 1, 2023 and joined Raute's Group Executive Board.

The company decided to change its reporting segments in accordance with the new operative organization structure that has been effective since January 1, 2023. The new reporting segments are Wood Processing, Analyzers and Services.

On March 1, 2023 the company announced to initiate change negotiations in accordance with the Act on Co-operation within Undertakings concerning measures to adapt the resourcing of its production plants in Finland to the variations in workload. Raute has had an on-going development program that aims to improve competitiveness and profitability of the company. Overall, the program has been expected to reduce the annual cost base by some EUR 4–5 million and improve margins. Change negotiations about temporary layoffs were 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.

On March 9, 2023 the Board of Directors of Raute Corporation has decided to initiate measures, which aim to support the company's targeted growth and strengthen the company's capital structure. The measures consisted of strengthening of the company's capital structure through a directed share issue and a rights issue and, as supplementary to the share issues, a junior loan. The contemplated share issues thereunder, the Board of Directors of the company decided to propose to the Annual General Meeting of the company held on 30 March 2023 that also the company's share classes would be combined.

During the reporting period, the Group also signed a new financing agreement with two Nordic Banks, which replaced the previous credit facility agreements. See further in the Note 24 Financial liabilities and 26 Financing risks.

On March 16, 2023 the company announced the appointment of Tarja Moilanen as new Chief People Officer. Tarja Moilanen started on June 1, 2023 and joined Raute's Group Executive Board.

On March 22, 2023 Raute Corporation's Board of Directors announced that it 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") as the main structure and a restricted Share Plan ("RSP") as a complementary structure. PSP 2023–2025 begins at the start of 2023 and covers an earnings period of three years, with two performance indicators applied. The Restricted Share Programme consists of annually commencing individual share plans, each comprising a retention period with an overall length of three years. Each individual plan comprises an overall three-year plan period within which the company may grant fixed share rewards to individually selected key employees, including Raute Executive Board, with a retention period of up to three years.

On March 30, 2023 the Group announced to update its strategy and introduce 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. 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; and 4) Capital structure: Equity ratio over 40%. Raute aims to pay a stable and sustainable dividend over different market conditions

The Annual General Meeting held March 30, 2023 elected the Board of Directors for the next term of office ending at the end of the Annual General Meeting in 2024. Ms. Laura Raitio, Licentiate in Technology, was re-elected Chair of the Board of Directors, Mr. Mika Mustakallio, M.Sc. (Econ.), was re-elected Vice-Chair of the Board of Directors and Mr. Joni Bask, M.Sc. (Eng.), Mr. Ari Harmaala, Engineer (Construction Technology), Mr. Petri Perttula, M.Sc. (Eng.), Mr. Ari Piik, B.Sc. (Econ.), and Mr. Patrick von Essen, M.Sc. (Eng.), were re-elected members of the Board of Directors. The Annual General Meeting decided to approve the proposals of the Board of Directors concerning measures described in a stock exchange release published by the company on March 9, 2023, which aim to support the company's targeted growth and strengthen the company's capital structure. The AGM thus decided the combination of the company's share classes in a way that after the combination all shares are of the same class and carry equal rights in the company, including one (1) vote in General Meetings. In addition, the AGM thus decided on the directed share issue, too, where a maximum of 900,000 new then series A shares in the company is offered for subscription. The shares would represent a maximum of approximately 21.1 percent of all shares in the company. Also, the AGM decided to authorise the Board of Directors to decide on a share issue where a maximum of 1,750,000 new- then series A shares in the company is offered for subscription. The shares would represent a maximum of approximately 33.9 percent of all shares in the company after the directed share issue discussed above, assuming that the maximum number of shares under the decision is issued. 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.

On April 4, 2023 in accordance with the decision of the Annual General Meeting, the Company's board of directors has decided to issue 839,039 new shares of the Company in deviation from shareholders' pre-emptive subscription rights, the subscription price being EUR 7.68 per share. The directed share issue generated for the Company gross proceeds of approximately 6.44 million euros, and the number of shares issued in the directed share issue corresponded to approximately 16.44 percent of all shares after the directed share issue. The shares were registered in the trade register 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 April 25, 2023 Raute announced positive profit warning increasing its guidance for net sales for 2023. The announced new guidance was that Raute's 2023 net sales are expected to be above EUR 150 million and Comparable EBITDA margin to be above 4%. Raute has also announced multiple new significant orders during the reporting period.

The company announced on May 22, 2023 that it had agreed on convertible perpetual junior loans with Lähitapiola Yritysrahoitus I Ky and Veritas Pension Insurance Company Ltd. See further in the Note 20 Convertible perpetual loans.

Company also announced on May 22, 2023 the decision of the Board of Directors concerning the rights offering authorized by the Annual General Meeting held on March 30, 2023 where the Company would offer a maximum of total 1,020,446 new shares in the company. The company announced on June 16, 2023 that the rights offering was oversubscribed and that it had generated gross proceeds of approximately EUR 7.5 million, the subscription price being EUR 7.35 per new share. The new shares corresponded to approximately 17 percent of all shares in the Company after the completion of 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.

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.

The closure of the Shanghai office was compled by the end of June 2023.

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. During 2023 Raute continued the wind-down of Russian operations. During the period all remaining deliveries to Russia were completed, but installations related to the last deliveries could not be completed. At the end of 2023, the company decided to terminate all remaining Russian project agreements. At the same time, the company decided to liquidate its Russian subsidiary Raute Service LLC at the end of 2023. As a result of this the company made a write down of receivables amounting to EUR 0.3 million. After write-down, Raute Service LLC's external assets have been materially written down at the end of 2023. According to company estimate, the liquidation of Russian subsidiary will last until the end of 2024.

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%.

On November 10, 2023 Raute announced that it had signed with Metsä Wood belonging to Metsä Group a new agreement worth EUR 93 million concerning the supply of Kerto® LVL mill (Laminated Veneer Lumber) technology to Äänekoski.

On December 20, 2023 Raute Corporation announced the appointment of Jani Roivainen as Executive Vice President, Wood Processing business unit as of January 1, 2024. He also continues in an acting role as the Executive Vice President, Analyzers business unit, until his successor has been nominated.

EVENTS AFTER THE REPORTING PERIOD

On January 26, 2024 the company announced the appointment of Markus Sirviö as Executive Vice President, Analyzers business unit and member of the Executive Board of Raute Corporation as of January 26, 2024

On February 2, 2024, Raute Corporation announced a service agreement with Paged Eesti OÜ, Estonia, part of Paged Group. Under the contract, Raute will take the full maintenance responsibility for the production machinery including consumables, spare parts, and small upgrades. Paged Eesti's maintenance team of 19 people is transferred to Raute services team.

On February 20, 2024, the company announced that it had signed a contract worth EUR 20 million with AmberBirch, SIA of Latvia for the technology delivery of a birch veneer production plant expansion.

Critical accounting judgments of the company management and key sources of estimation uncertainty

When preparing the consolidated financial statements in compliance with International Financial Reporting Standards, the company management has made certain estimates and assumptions. In addition, the management has exercised its judgment in selecting and applying the accounting policies. These estimates and assumptions have affected the assets and liabilities in the Group's balance sheet, the disclosure of commitments and possible assets in the consolidated financial statements, and income and expenses for the financial year.

Because the estimates have been based on management's best knowledge at the reporting date, and they comprise risks and uncertainties, therefore actual results may differ from these estimates. Possible changes in estimates and assumptions have been recognized in the financial year in which the estimate or assumptions has been changed. Management has to identify the differences between changes in accounting principles and changes in accounting estimates. Identifying these differences is important due to the fact that changes in accounting estimates are adopted on non-retrospective basis for forthcoming transactions and other future events, whereas changes in accounting principles are generally adopted on retrospective basis for the past transactions and other past events or events in the financial period.

Raute's management is not aware of any key estimation uncertainty or key assumptions concerning the future until the publication date of the financial statements that would cause a significant risk for assets and liabilities carrying values being materially changed during the following financial year.

The judgments the management has used, when applying the accounting policies and which has the most significant impact on the financial statements, has been presented in the note it concerns. The management estimations have been presented in:

Notes for the financial items that typically have the greatest impact on the figures presented in the financial statements
- Reservations, page 32 Note 4
- Employment benefits, page 33
- Group goodwill, page 43, Note 10
- Other intangible assets, page 44, Note 11

Notes for the financial items that typically contain a significant risk that the book values of assets and liabilities will change substantially during the next accounting period
- Amount of performance obligations to be satisfied over time, page 24, Note 1
- Accounts receivable – Assets based on customer contracts, page 30, Note 2
- Income taxes, page 41, Note 8
- Research and development expenses, page 46, Note 12
- Financial assets, page 66, Notes 25 and 26

IFRS-standards that have been published and are valid in reported financial periods

The group has applied new and changed standards which have entered into force in the financial period that started on January 1, 2023. Improvements and changes made to existing standards have not had a significant impact on the group's financial statements. No accounting standards have been voluntarily applied in the consolidated financial statements before their entry into force. Notes to the consolidated financial statements also contain the requirements according to Finnish accounting and community legislation.

International Accounting Standard Board (IASB) has published new or revised standards and interpretations or amendments, which the Group has applied since the beginning on the date that each standard and interpretation comes into effect. If the effective date is a date other than the first day of the financial year, the Group has applied the standard at the start of the financial year following the effective date.

IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It required a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The 1 January 2023 amendments also deferred the application date of IFRS 17 to 1 January 2023.

The IASB further amended the standard in December 2021. Many insurers applied both IFRS 17 and IFRS 9 for the first time for annual reporting periods beginning on or after 1 January 2023. The transition requirements in IFRS 17 and IFRS 9 apply at different dates and result in some one-time classification differences in the comparative information presented on initial application of IFRS 17. The amendment applies when entities initially apply IFRS 17. Such entities would, for the purpose of presenting comparative information, be permitted to apply a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information.

The transition option (classification overlay) is available for:

- entities that first apply IFRS 17 and IFRS 9 at the same time and that choose to restate comparative information applying IFRS 9. These entities could apply the classification overlay to financial assets derecognised in the comparative period (that is, financial assets to which IFRS 9 is not applied).
- entities that first apply IFRS 17 and IFRS 9 at the same time and that do not restate comparative information applying IFRS 9. These entities could apply the classification overlay to any financial asset in the comparative period.
- entities that have applied IFRS 9 before they apply IFRS 17. For these entities, the classification overlay relates only to the application of paragraph C29 of IFRS 17 and can be applied only to financial assets derecognised in the comparative period.

Revised standard did not have a significant impact on Raute Corporation's consolidated financial statements.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

IAS 12 specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.

In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognize both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments was to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. Revised standard did not have a significant impact on Raute Corporation's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 and IAS 8 Accounting Policies, Changes in Accounting Policies and Errors: Disclosure of Accounting policies and Definition of Accounting Estimates

- The IASB amended IAS 1 to require companies to disclose their material accounting policy information rather than their significant accounting policies (definition and illustrative examples provided). Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.
- The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Revised standard did not have a significant impact on Raute Corporation's consolidated financial statements.

IFRS accounting standards that have been published and will be in effect in the coming financial years
Annual improvements or changes that take effect on or after January 1, 2024 are not estimated to have a significant impact on the consolidated financial statements.

IFRS-standards that have been published and will be valid in future financial periods
International Accounting Standard Board (IASB) has published new or revised standards and interpretations or amendments, which the Group will apply at the beginning on the date that each standard and interpretation comes into effect. If the effective date is a date other than the first day of the financial year, the Group applies the standard at the start of the financial year following the effective date.

Classification of Liabilities as Current or Non-current– Amendments to IAS 1 Non-Current Liabilities with Covenants –Amendments to IAS 1
In January 2020, the Board issued the amendments 'Classification of liabilities as current or non-current' to IAS 1 (2020 amendments). The Board further issued, in October 2022. amendments 'Non-Current Liabilities with Covenants' to IAS 1 (2022 amendments).

According to IAS 1, to classify a liability as non-current, an entity must have the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments clarify that:

- the classification of financial liabilities as current or non-current is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendment may affect the classification of group's liabilities which were previously classified based on management's intentions. and
- the settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of cash or other economic resources or the entity's own equity instruments unless the settlement option is classified as equity. The amendment may impact the presentation of the group's certain convertible instruments.

The right to defer the settlement of a loan by 12 months from the reporting period is commonly conditional to compliance with covenants. The 2022 amendments clarify that covenants of loan arrangements which an entity must comply with only after the reporting date do not affect the classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

The 2022 amendments introduce additional disclosure requirements on loans which contain covenants.

The amendments shall be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors standard being effective estimated at 1 January 2024. Revised standard will not be expected to have a significant impact on Raute Corporation's consolidated financial statements.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
The IASB has issued narrow-scope amendments to requirements for sale and leaseback transactions in IFRS 16 explaining how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. IFRS accounting standards that have been published and will be in effect in the coming financial years

Annual improvements or changes that take effect on or after January 1, 2024 are not estimated to have a significant impact on the consolidated financial statements.

Amendments to IFRS 7 and IAS 7: Supplier finance arrangements
The IASB has issued new amendments concerning supplier finance arrangements. These amendments bring IFRS 7 and IAS 7 two new disclosure objectives: these are disclosing information concerning supplier finance arrangements in a way that the users of financial statements are able to assess the effects of those arrangements to the entity's liabilities and cash flows, and on the other hand, for its exposure to liquidity risk. The amendments are applied when they are effective estimated at 1 January 2024. Revised standards will not be expected to have a significant impact on Raute Corporation's consolidated financial statements.

Amendments to IAS 21: Lack of exchangeability
The IASB has issued new amendments to IAS 21 concerning occasions where an entity uses a foreign exchange spot rate when translation transactions in foreign currencies. According to the amendment, the entity usually has market information available for the spot rate, but in the occasions where there is lack of exchangeability, the entity needs to assess the right useable spot rate based on current market circumstances and market participants prevailing at the date. The amendments are applied when they are effective estimated at 1 January 2025. Revised standard will not be expected to have a significant impact on Raute Corporation's consolidated financial statements.

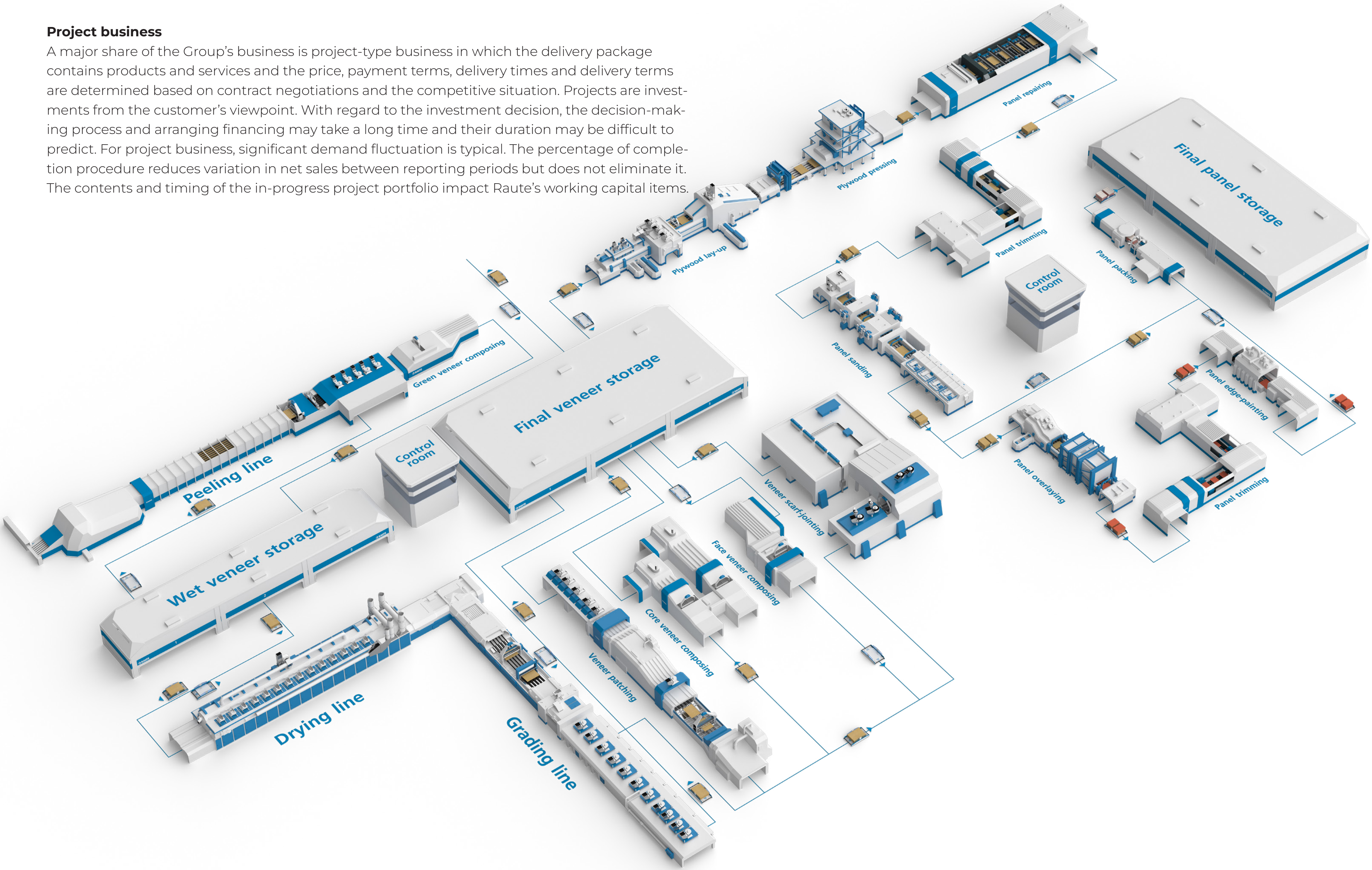
IFRS S1 General requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures
ISSB (International Sustainability Standards Board) has issued two first IFRS Sustainability Disclosure Standards. These sustainability disclosure standards aim at bringing a clear framework regarding what entities need to report for sustainability as they do for financial information. The sustainability disclosure standards provide a framework for all relevant sustainability-related topics: governance, strategy, risk management, metrics and targets. The climate-related standard provides detailed climate-related risk and opportunities reporting guidances. The amendments are applied when they are effective estimated at 1 January 2024. Implementation of the standards will cause significant disclosure requirements for Raute Corporation's consolidated financial statements, and the company is assessing those actively.

Other standards and interpretations effective during the financial year
Other published and future standards are not expected to have a significant impact on Raute Corporation's financial statements.

RAUTE

Project business

A major share of the Group's business is project-type business in which the delivery package contains products and services and the price, payment terms, delivery times and delivery terms are determined based on contract negotiations and the competitive situation. Projects are investments from the customer's viewpoint. With regard to the investment decision, the decision-making process and arranging financing may take a long time and their duration may be difficult to predict. For project business, significant demand fluctuation is typical. The percentage of completion procedure reduces variation in net sales between reporting periods but does not eliminate it. The contents and timing of the in-progress project portfolio impact Raute's working capital items.



NOTE 1

EUR 1,000	2023	%	2022	%
NET SALES				
Net sales by market area				
EMEA (Europe and Africa, excluding Finland)	**44 649**	**31**	52 050	33
EMEA (Finland)	**13 123**	**9**	16 494	10
CIS (Russia)	**13 430**	**9**	**32 601**	**21**
NAM (North America)	**43 980**	**30**	38 353	24
LAM (South America)	**21 218**	**15**	9 598	6
APAC (Asia–Pacific)	**9 015**	**6**	9 229	6
TOTAL	**145 416**	**100**	158 324	100

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	2023	2022
Specification of net sales		
Performance obligations to be satisfied over time	**103 791**	116 720
Performance obligations to be satisfied at a point in time	**41 626**	41 605
TOTAL	**145 416**	158 324

Basis of preparation

Net sales include revenues recorded from the sale of project deliveries and technology services, as well as raw materials and equipment in the amount of consideration to which the group expects to be entitled in return for the goods or services delivered to the customer. The entered compensation amount takes into account the fixed transaction price adjusted by indirect taxes and variable compensation, such as discounts and penalties expected to be realized such as late fees. All components pertaining to each contractual entity have been treated as a whole and the same revenue recognition method is applied to them.

The revenue from the sales is recognized when or as control of the transferred goods or service passes to the customer. When determining the time of revenue recognition, it is analyzed whether control of the goods or service subject to the performance obligation is transferred over time or at a point in time.

The main part of the net sales is comprised of project deliveries and modernization projects belonging to the Technology Services are classified as performance obligations to be fulfilled over time. The principles of preparation of the performance obligations to be fulfilled over time has been presented on page 26.

Project deliveries and modernizations related to technology services include both product and service sales, and the breakdown of the Group's net sales into product and service sales is not separately presented.

Revenues from service maintenance and other expert services, such as consulting, training and digital services, is recognized as net sales for the period in which the service has been provided. Performance obligation of maintenance and other expert services is fulfilled over time as the customer receives and consumes the benefit at the same time as the service is performed. Revenues from other services is recognized in net sales for the period in which the service is provided.

Performance obligations to be fulfilled at a point in time include e.g. individual standard product deliveries and spare parts. Performance obligations related to the product and spare part deliveries are recognized as income based on the delivery terms.

Revenues from the sale of spare parts and other goods, as well as from standard product deliveries, i.e. from small and short-term projects, is recognized in full after the transfer of control to the customer. The control is considered transferred when the Group no longer has the right of possession or other control related to the product. In the sale of spare parts and goods, revenue is recognized at the moment when the goods have been delivered to the customer on the agreed terms of delivery.

The delivery terms used in the Group are based on Incoterms 2010 delivery clauses, which are presented in the official rules published by the International Chamber of Commerce for the interpretation of trade terms.

For small and short-term projects, revenue is recognized when the customer has accepted the delivery.

Raute grants its customers guarantees that certify that the product or project complies with the agreed requirements. The warranty period begins when the customer has accepted the project. Raute's warranties are either 12 months or 24 months long. The estimated costs during the warranty period are presented in the warranty reservations.

Raute does not adjust the transaction price with the effect of the time value of money if the time between receiving the payment and fulfilling the performance obligation is a maximum of one year. In the financial period 2023 and the comparison period, the Group has not had customer contracts from which the effect of a significant financial component would have been adjusted.

Raute does not record sales commissions or other possible additional costs resulting from obtaining the contract as an asset in the balance sheet, if the asset would be recorded as an expense within one year at the most, but are recorded as an expense at the time of completion.

Basis of preparation

Project deliveries and modernization projects recognized by percentage of completion and customized and tailored to customer's needs, shall be determined as a performance obligation over time. These performance obligations do not have the alternative use in IFRS 15, those constitute still one performance obligation and Group has the right to receive the payment for the performance produced at the time of review. As a rule, project deliveries and modernization sized and customized to the buyer's needs form a single performance obligation, however the analyzers business deliveries form their own separate performance obligation. If one contractual entity (e.g. mill-scale delivery) includes sub-entities (e.g. production lines) from which the buyer can benefit separately and according to the terms of the contract, the sub-assemblies can be separated from the rest of the contractual entity, they have been treated as separate projects.

The company applies the percentage of completion method as a revenue recognition principle in performance obligations to be fulfilled over time, so that the fulfillment rate is determined as the ratio of the project's realized expenses to the project's estimated total expenses, including estimates of the risks included in the contracts, adjusted by typical forecast refinements for similar contracts.

The estimates are based on previous experience with similar projects, and in addition, the estimates take into account the special features of each project. If the final result of the customer contract to be recognized based on percentage of completion has not been reliably assessed, the expenses arising from the project have been recorded as expenses for the same accounting period in which they were incurred, and the income from the project has only been recorded up to the amount when the amount of money corresponding to the realized expenses is available.

When it is likely that the total costs needed to complete the project will exceed total contract revenue, the expected loss is immediately recorded as expense and provision as a loss-making project. If the net sales of performance obligation to be satisfied over time recognized by percentage of completion (incurred costs and recognized profits) is larger than the amount of advance payment received for the project, the difference has been recognized as a current customer contract asset in the balance sheet item Accounts receivables and other receivables. If the net sales of performance obligation to be satisfied over time recognized by percentage of completion (incurred costs and recognized profits) are minor than the amount of advance payment received for the project, the difference has been recognized as a current customer contract liability in the balance sheet item Short-term advance payments received. The unpaid part of the purchase price is presented in trade receivables, when only the passage of time is required for the payment to be due.

The scope and price of the contract can be changed during the project. At Raute, a contract change is typically caused by the customer increasing the scope of the contract with an additional contract. If the contract is changed and the increase cannot be separated from the partially completed and already revenue-generating part of the project, the contract change is treated as part of the existing contract so that the effect of the change increases the transaction price and total expenses.

Management judgement and key uncertainties related to estimates

The percentage of completion method is based on estimates of the expected project. Raute updates the cost forecasts of unfinished projects monthly in connection with reporting. The cost estimation is based on a project-specific calculation that identifies and defines different types of costs. The cost estimation is already prepared during the bidding phase of the project, and the estimation is updated monthly. Determining and updating the estimated total costs at the time of reporting requires estimates of the development of the total costs needed to complete the project. These estimates are based on Raute's previous experience with similar projects, and in addition, the estimates consider the special features of each project based on the best available information. Realized expenses in proportion to total estimated expenses describes, according to the management's discretion, in the most reliable and best verifiable way how Raute produces a deliverable, i.e., a project or service, when transferring it to the customer's control. If the estimates of the final result of the project have changed, the estimates related to the project have been changed in the period when the change was known or could be estimated for the first time.

The recognition of sales revenue requires the determination of the sales revenue from the customer contract, i.e. the transaction price. The variable compensation is included in the transaction price in such a way that it is very likely that a significant reversal of the recorded sales revenue will not have to be made later, when the uncertainty related to the variable compensation is resolved.

At Raute, variable compensation is typically penalty-type discounts and incentives, and in some projects, payment posts, if the conditions for their payment cannot be assessed as very likely to be met.

EUR 1,000	31.12.2023	31.12.2022
SEGMENT INFORMATION		
Wood Processing		
Net sales	**92 386**	108 024
EBITDA	**-2 289**	-16 065
Comparable EBITDA	**-450**	-10 258
Services		
Net sales	**33 024**	35 767
EBITDA	**4 440**	4 323
Comparable EBITDA	**4 863**	5 572
Analyzers		
Net sales	**20 006**	14 532
EBITDA	**4 629**	2 053
Comparable EBITDA	**4 859**	2 428
SEGMENTS TOTAL		
Net sales	**145 416**	158 323
EBITDA	**6 781**	-9 689
Comparable EBITDA	**9 273**	-2 258

Segment-related key performance indicators

The Board of Directors monitors profitability of the segments with the key figures EBITDA and comparable EBITDA. The Group has defined EBITDA as follows: EBITDA is the net sum calculated by adding other operating income to net sales; deducting purchase expenses that have been adjusted by changes in inventories of finished goods and work in progress and by expenses from production for own use; and by deducting expenses from employee benefits, as well as other operating expenses. Compared to EBIT in Income Statement, EBITDA does not include depreciation, amortization and possible impairment losses. Comparable EBITDA adjusts items affecting comparability off from the EBITDA. Reconciliation between EBIT, EBITDA and comparable EBITDA has been presented on page 28. All other income statement items are presented under operating profit before the profit for the financial year.

Basis of preparation

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 basis of determination of the new organization structure and operational segments is the scope of products and services delivered to the customers. The highest operational decision-maker responsible for allocating resources to the operating segment and evaluating its results is Raute Corporation's Board of Directors. The Board monitors profitability with the key figures EBITDA and Comparable EBITDA. Raute Corporation's Board of Directors do not monitor assets and liabilities for the segments on segment level.

Based on Raute's business model, nature of operations and the management structure, the combined data of the three operating 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 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.

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 division into operating segments is based on the Group's internal decision-making order and is consistent with the financial reports submitted to the chief operating decision maker. Segment reporting follows the principles of presentation of the 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.

Information concerning the revenues are presented on note nr 1 Revenues. Project deliveries and modernisations included in the technology services comprise of both product and service sales, so the division between Group's product and service revenues can not be reliably presented.

At the end of the reporting period 2023, the Group did not have any customer, whose customized share of the Group's net sales temporarily exceeded ten percent. (No single customer exceeded 10 percent revenue threshold during the financial year 2022.)

COMPARABLE EBITDA

	1.1.–31.12.2023				1.1.–31.12.2022			
EUR 1,000	Wood Processing	Services	Analyzers	Group total	Wood Processing	Services	Analyzers	Group total
EBITDA	**-2 289**	**4 440**	**4 629**	**6 781**	-16 065	4 323	2 053	-9 689
Items affecting comparability	**1 839**	**423**	**230**	**2 492**	5 807	1 249	375	7 431
COMPARABLE EBITDA	**-450**	**4 863**	**4 859**	**9 273**	-10 258	5 572	2 428	-2 258

COMPARABLE EBITDA

MEUR	1.1.–31.12.2023	1.1.–31.12.2022
Comparable EBITDA	**9,3**	-2,3
Items affecting comparability:		
Costs related to controlled exit of Russian business	**-0,4**	-3,5
Restructuring costs	**-0,7**	-2,0
Costs related to new ERP system	**-1,4**	-1,9
Total items affecting comparability	**-2,5**	-7,4
EBITDA	**6,8**	-9,7
Depreciations	**-4,9**	-4,9
Operating result	**1,9**	-14,6
Financing expenses, net	**-0,1**	0,8
Result before tax	**1,8**	-13,8

	1.1.-31.12.2023				1.1.-31.12.2022			
EUR 1,000	Wood Processing	Services	Analyzers	Total	Wood Processing	Services	Analyzers	Total
Net sales by market area								
EMEA (Europe and Africa, excluding Finland)	**31 834**	**8 622**	**4 193**	**44 649**	40 322	9 178	2 549	52 050
NAM (North America)	**25 175**	**12 801**	**6 004**	**43 980**	26 395	9 351	2 605	38 353
CIS (Russia)	**10 837**	**815**	**1 778**	**13 430**	26 383	3 836	2 382	32 601
EMEA (Finland)	**5 508**	**4 201**	**3 414**	**13 123**	7 996	4 675	3 823	16 494
APAC (Asia–Pacific)	**4 708**	**2 267**	**2 040**	**9 015**	5 193	2 948	1 087	9 229
LAM (South America)	**14 324**	**4 319**	**2 576**	**21 218**	1 734	5 778	2 086	9 598
TOTAL	**92 386**	**33 024**	**20 006**	**145 416**	108 024	35 767	14 532	158 324

NOTE 2

EUR 1,000	2023	2022
ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES		
Accounts receivables	**6 780**	6 579
Customer contract assets	**12 016**	16 948
Accrued income and prepaid expenses	**3 281**	3 121
Derivative contract receivables	**253**	196
Value added tax receivables	**785**	3 483
Other receivables	**2 664**	1 655
TOTAL	**25 779**	31 982
Substantial items included in accrued income and prepaid expenses		
Accrued employee related expenses	**-**	14
Income tax receivable	**1**	23
Accrued purchase invoices	**2 319**	2 007
Other accrued income and prepaid expenses	**961**	1 077
TOTAL	**3 281**	3 121

Basis of preparation

The Group's accounts receivables and other receivables include accounts receivables, customer contract assets, accrued income and prepaid expenses, derivative contract receivables and other receivables.

Information on impairments related to assets based on accounts receivables is presented in Note no. 19 Derivatives. The fair values of the receivables are presented in Note no. 25 Financial assets.

Key uncertainties related to estimates requiring management judgment

The management has assessed the ability of customers and other counterparties to meet their ability to settle the commercial receivables and payment obligations related to loans. Despite the changed market situation the management judges that the receivables do not include any significant risk concentrations.

Basis of preparation

Trade receivables are receivables that arise from products or services sold to customers in the ordinary course of business. The receivable is presented in trade receivables when only the passage of time is required for the payment to be due. Sales and other revenue is recognized in accounts receivable at the original receivable amount. Current accounts receivables are valued at the amount of the original receivable and their book value is equal with their fair value. The payment terms of customer contracts are primarily based on the percentage of completion of the project, specified in the customer contract, the service level performed, the payment schedule or the goal agreed in the contract. The payment term is 30 days on average.

Assets based on customer contracts are presented as the amount by which the revenue generated according to the stage of completion of an individual customer contract to be recognized over time exceeds the amount of the advance payment received, but for which there is still no sales invoice. The balance sheet values of accounts receivable and assets based on customer contracts are presented in note Financial assets.

The credit risk related to the accounts receivables has been estimated according to the standard IFRS 9 based on evaluation of the validity period expected for accounts receivables at the balance sheet date. Raute Group has applied the simplified approach allowed for recognition of credit losses of accounts receivables, because accounts receivables do not contain significant financing component. The accounts receivables have been grouped for determination based on age distribution and a credit risk characteristic. The expected credit loss is based on historical credit loss amounts, considering the individual estimates for each claim. Estimated impairment losses have been recognized through profit or loss. During the accounting period, the value of the accounts receivable on the balance sheet has been reduced by 200 thousand euros based on the expected credit loss.

If the amount of the impairment loss decreases in any subsequent financial year and deduction may be considered to be related to the recognition of impairment after the event, the recognized loss is reversed through profit or loss. The impact of the impairments of expected credit loss allowance on accounts receivable was EUR 61 thousand positive (EUR 176 thousand negative) due to the decrease in credit loss allowance previously recognized. Impairments are recognized to the item Other operating expenses in the income statement. The information of credit losses on the accounts receivables has been presented in Note Impairment of financial assets.

Risk management

The total value of accounts receivables and customer contract assets in the balance sheet corresponds to the amount of money that is the maximum amount of credit risk at the balance sheet date without taking into account the fair value of collateral and contractual obligations arising later in the case that the contractual parties are unable to fulfill their obligations to pay in accordance with the sales contract.

The Group's credit or counterparty risk materializes when a customer or other counterparty is unable to fulfill its commitments to the Group. Receivables related to accounts receivables and current customer contract assets are written off the balance sheet as final credit losses when the contractual payment is significantly delayed, eg. due to significant financial difficulties of counterparty.

According to the principles of credit management, the quality of receivables is assessed based on customer-specific analysis. Credit risks related to contractual counterparties of project deliveries are managed for established suppliers and customers by advance payment terms and/or by expecting bank guarantees or confirmed letters of credit for the unpaid purchase price. Credit risks related to technology services are managed by regularly monitoring the customer-specific amounts of receivables and customers' payment behavior.

The maximum credit risk relating to customers' solvency is the amount of receivables relating to binding sales contracts that are not covered by bank guarantees, letters of credit or other securities. Received bank guarantees and letters of credit covered 19.4 percent (6.3%) of the accounts receivables and the customer contract assets recorded in the balance sheet and 11.8 percent (1.3%) of the order backlog at the end of the financial year. A main part of the receivables was related to established counterparties and customers. During the financial year, a credit loss amounting to EUR 5 thousand (EUR 2 thousand) has been recognized as an expense. No significant credit risk clusters were recognized in the accounts receivables at the balance sheet date.

NOTE 3

EUR 1,000	2023	2022
MATERIALS AND SERVICES		
Purchases during the financial year	**-63 092**	-79 498
Change in inventories, materials and supplies	**8 588**	2 390
External services	**-8 526**	-13 975
TOTAL	**-63 029**	-91 084

Basis of preparation

Purchases include materials and raw materials, as well as variable costs related to purchasing and manufacturing the products. External services include variable costs of production and subcontracting costs as well as service payments to suppliers.

The change in inventory includes the change in materials and raw materials and in finished goods.

Risk management

The raw materials used by the Group are reprocessed steel products, other raw materials, components, and commodities. It is not possible to actively hedge against their market price risk with derivatives. The price risk of steel is managed by regular price variation analysis and monitoring. The price risk of components is reduced by making blanket agreements with suppliers. The price risk of the electric power used in the Group's production processes is monitored and managed with fixed-price energy supply contracts.

NOTE 4

EUR 1,000	2023	2022
PROVISIONS		
Warranty provisions		
Book value at Jan. 1	**1 771**	1 499
Additions	**3 232**	1 686
Decrease	**-2 840**	-1 414
Exchange differences	**84**	-
Book value at Dec. 31	**2 247**	1 771
Other provisions		
Book value at Jan. 1	**382**	1 340
Additions	**627**	526
Decrease	**-434**	-1 484
Exchange differences	**-477**	
Book value at Dec. 31	**98**	382
TOTAL	**2 345**	2 153
from which		
- non-current	**563**	119
- current	**1 783**	2 034

Basis of preparation

A **provision** has been recognized when the Group has had a present legal or constructive obligation based on an earlier event at the time of financial statement and it has been probable that the fulfillment of the obligation will require a later payment, and when the amount of this obligation can be reliably estimated.

A provision related to warranty obligations is recognized through profit or loss when revenue from a long-term project, service or spare part including a warranty clause is recognized. The amount of the warranty provision is estimated at the beginning of the project, and it is based on experience-based information about the realization of warranty expenses. The unused provision has been recognized as income at the end of the warranty period and expiry of the warranty obligations. The warranty provisions for customer contracts that will be realized over time are included in the projected total costs of the project. Provision for a loss-making contract has been recognized when the estimated total production costs exceed the contract value.

Other provisions consist of cost overrun and subsequent work costs known to the projects.

Typically for project business, the amount of reservations varies each year.

Management's critical accounting judgments and key sources of estimation uncertainty

In assessing the amount of warranties and other provisions, management's experience-based estimates of the warranty cost of the products, considering the specific product and contract risks.

NOTE 5

	2023	2022
NUMBER OF PERSONNEL		
Employed at Dec. 31, persons		
Workers	**249**	240
Office staff	**505**	538
TOTAL	**754**	778
Personnel working abroad	**247**	246
Effective, on average, persons		
Workers	**244**	212
Office staff	**505**	562
TOTAL	**749**	774
Personnel working abroad, effective, on average	**240**	223
On average, persons		
Workers	**246**	234
Office staff	**509**	595
TOTAL	**754**	829
Personnel working abroad, on average	**240**	270

EUR 1,000	2023	2022
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	**-44 903**	-43 993
Sharea-based benefits	**-526**	-41
Pension contributions	**-5 428**	-5 691
Other personnel costs	**-1 388**	-1 433
TOTAL	**-52 246**	-51 157

Basis of preparation

Wages and salaries include basic salaries with fringe benefits, profit and performance rewards (performance-based bonuses) and long-term incentive schemes recorded on an accrual basis during the financial year. Information on Sharea-based benefits is disclosed in page 35 Share-based incentive schemes.

Performance-based bonus systems based on annual targets

The performance-based bonus system includes bonus systems for the CEO and for the Group's Executive Board, key personnel and the other personnel. A person can receive the bonus from one of these performance bonus systems at a time. The Board of Directors annually confirms the principles, maximum amounts and calculation method for the remuneration systems. The performance bonus system is in force for one year at a time. Prerequisite for the bonus payment is positive Group's profit. The majority of the performance-based bonuses are paid once a year after the Annual General Meeting has confirmed the financial statements.

In the performance bonus systems of the CEO, the rest of the group's management team, and key personnel, the basis for payment of the bonus is the result and the personal goals set for the whole year related to the task. The CEO's maximum remuneration from the performance bonus system is 60% of the annual salary and the rest of the group's management team is 40% of the annual salary.

In the performance bonus system for other personnel, the basis for payment of the bonus is the Group's profit and targets set for the unit's performance, quality and operations.

Performance-based bonus systems based on annual targets has been recognized as a provision when the Group has a contractual obligation or when a constructive payment obligation has arisen from an earlier practice.

Management's critical accounting judgments and estimation

The expense and debt to be recorded from performance-based reward systems based on annual goals are based on calculations of rewards based on valid contracts. In evaluating the amount of performance bonuses, the management has used estimates of the achievement levels of the targets related to the results, quality and operations of individuals and different groups of individuals.

Pension plans

Pension plans have been classified as defined benefit and defined contribution plans. Under a defined contribution plan the Group pays fixed contributions to a separate insurance company, after which the Group has no other payment obligations. In addition, the Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay retirement benefits. Payments made to defined contribution pension plans are recognized in the income statement as an expense for the period in which they were due. The Finnish statutory employment pension scheme and the pension plans of foreign subsidiaries are classified as defined contribution plans.

Share-based payment plan for senior management

The Group's management and key personnel are covered by the company's share-based long-term incentive plan. The system consists of a performance-based share reward system (Performance Share Plan "PSP") as the main structure and a conditional share reward system (Restricted Share Program "RSP") as a supplementary share reward system. The purpose of the plan is to align the objectives of the owners and management to develop the company's value and to commit the management and key personnel to the company and to the achievement of the company's strategic goals by offering them a competitive long-term incentive plan. The incentive plan is described in detail on company's website www.raute.com.

The company's Board of Directors decides separately on when each plan commences, the length of the earning period, the performance targets, the persons entitled to the program and the earning opportunity.

The rewards payable based on the Performance Share Plan and on the Restricted Share Program will at the company's choice either be paid in listed shares of Raute or in cash based on the value of the share reward at the time of payment. The reward can for example be paid partly in listed shares of Raute and the rest in cash to cover the tax consequences caused for the recipients due to the receiving of the share rewards. The share part will as an assumption be transferred from company's own shares if such are possessed, where in that part no dilutation effect would take place for the shareholders' ownings. The purchase and administration of company's own shares is handled by Evli Alexander Incentives Oy (EAI) based on and according to incentive-related own shares purchase financing Finnish Company Act clauses. EAI Raute Holding Oy purchases shares according to the contract financed by Raute, which are used entirely as part of Raute's share-based incentive schemes according to its terms. At the end of the financial period, EAI Raute Holding Oy controlled by Raute possessed 96,638 Raute shares.

The board is entitled to limit the remuneration paid from the long-term incentive systems, 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.

In accordance with the ownership recommendation of the company abides by, the members of the company's Executive Board are expected to accrue and, after attaining, to retain in their ownership an amount of the company's shares that equals, for the CEO, his/her gross annual fixed salary, and for the other Executive Board members, their six months' gross fixed salary. The members of the Executive Board are expected to use 50 percent of the net bonus he/she receives from the plan to accrue his/her share ownership until such ownership meets the recommended level.

The impact of the share-based incentive plan on the result of the financial year was EUR 526 thousand (EUR 41 thousand). During the financial year, the estimate of the shares to be earned has not changed. At the end of the financial year, EUR 526 thousand (EUR 41 thousand) was allocated to the equity item "Other reserves" from the share-based incentive schemes in force.

Performance-based incentive plans in force 2023 (Performance Share Plan "PSP")

PSP Plan 2021-2023

PSP 2021-2023 started in the beginning of 2021 and it consists of three-year earning period, for which two performance indicators are adopted. Another performance indicator is Absolute Total Shareholder Return on Raute's shares (Absolute TSR) with a weight of 70 percent. The other is defined net sales targets, which is weighted 30 percent. Based on both performance indicators potentially payable incentives will be paid after the expiry of the three-year program and finalization of the financial statements during the spring 2024 provided that the performance targets set by the Board of Directors are achieved.

PSP Plan 2022-2024

PSP 2022-2024 started in the beginning of 2022 and it consists of three-year earning period, for which two performance indicators are adopted. Another performance indicator is Absolute Total Shareholder Return on Raute's shares (Absolute TSR) with a weight of 70 percent. The other is defined net sales targets, which is weighted 30 percent. Based on both performance indicators potentially payable incentives will be paid after the expiry of the three-year program and finalization of the financial statements during the spring 2025 provided that the performance targets set by the Board of Directors are achieved.

PSP Plan 2023-2025

PSP 2023-2025 started in the beginning of 2023 and it consists of three-year earning period, for which two performance indicators are adopted. Another performance indicator is defined EBITDA targets with a weight of 60 percent. The other is defined net sales targets, which is weighted 40 percent. Based on both performance indicators potentially payable incentives will be paid after the expiry of the three-year program and finalization of the financial statements during the spring 2026 provided that the performance targets set by the Board of Directors are achieved.

Conditional share bonus systems (Restricted Share Plan "RSP")

RSP 2022-2024 and RSP 2023-2025)

Conditional share bonus systems aims at committing, encouraging and rewarding separately selected Raute key personnel members and align their objectives with those of the owners by creating them a long-term shareholding objective to develop the company's value in long term. Conditional share bonus system can also include Raute's Group management team members. The length of the program is in entirety three years, during which the company can promise fixed EUR-amount share bonuses to separately selected key personnel 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. 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 Board of Directors has decided two RSPs in force: RSP 2022-2024 and RSP 2023-2025. RSP 2022-2024 started during 2022 and covers years 2022-2024. RSP 2023-2025 started during 2023 and covers years 2023-2025.

Basis of preparation

Share-based payment plans have been recognized as an expense during the earnings period in the income statement item employee benefits expense. The fair value of the benefit is the share value at the benefit's grant date. The amount to be recognized as an expense is based on an estimate of the number of shares to which the right is expected to arise during the earnings period. An estimate of the shares to be earned is evaluated on each balance sheet date. If the estimate changes in later periods, the change is adjusted to the income statement to the period in which the change is detected. The counter account for the portion of share-based reward systems that is paid in shares is the Other reserves.

Granted performance-based share bonuses

	PSP Plan 2023-2025	PSP Plan 2022–2024	PSP Plan 2021–2023
Grant date	Apr 17, 2023	Feb 10, 2022	Feb 11, 2021
Bonus shares maximum, pcs*	64,000	41,000	36,000
Indicator period starts	Jan 1, 2023	Jan 1,, 2022	Jan 1, 2021
Indicator period ends	Dec 31, 2025	Mar 31, 2025	Mar 31, 2024
Vesting period ends	Mar 31, 2026	Mar 31, 2025	Mar 31, 2024
Share fair value at grant date, EUR*	8.16	16.65	20.04
Granted bonus shares at December 31, 2023, pcs	63,816	23,331	17,164

Granted share bonuses

	RSP 2023-2025	RSP 2022–2024
Grant date	Apr 17, 2023	Oct 24, 2022
Bonus shares maximum, pcs*	72,000	76,000
Vesting period starts	Jan 1, 2023	Jan 1, 2022
Vesting period ends	Mar 15, 2026	Mar 15, 2025
Share fair value at grant date	8.42	8.86
Granted bonus shares at December 31 2023, pcs	68,690	41,910

*) based on the decision of the Board of the Directors share allocations have been increased by 5.63 percent which takes into account the share allocations being monetarily unchanged after the share issue during the financial year 2023. Similar adjustment has been made to the share fair value at grant date.

Management's accounting judgments

The management has estimated the performance level which is the basis of the bonuses and the number of people entitled to the bonuses at the end of the vesting period in PSP and RSP programs. On the balance sheet date, the management has estimated the number of shares earned from the share-based incentive plans.

Related-party transactions

Raute Group's related parties include the group's subsidiaries, group parent company's board members, group's CEO and group management. Group's related parties include also these persons' close family members and entities, which are in their control or in common control.. Compensation paid to related parties is presented in the following table:

EUR 1,000	2023	2022
Salaries and remunerations of the President and CEO Mika Saariaho, President and CEO as of Oct 1, 2022		
Salaries and other short-term employee benefits	**282**	70
Other long-term benefits	**24**	8
Post-employment benefits	**56**	-
Sharea-based benefits	**148**	-
TOTAL	**510**	78
Petri Strengell, President and CEO May 1-Sept 30, 2022		
Salaries and other short-term employee benefits	**-**	132
Other long-term benefits	**-**	6
Post-employment benefits	**-**	-
Sharea-based benefits	**-**	-
TOTAL	**-**	138
Tapani Kiiski, President and CEO until Apr 30, 2022		
Salaries and other short-term employee benefits	**-**	263
Other long-term benefits	**-**	16
Post-employment benefits	**-**	289
Sharea-based benefits	**-**	-
TOTAL	**-**	568
Remuneration of the Parent company's Board of Directors		
Members of the Board of Directors		
Raitio Laura, Chair of the Board of Directors	**48**	48
Mustakallio Mika, Vice-Chair of the Board of Directors	**24**	24
Bask Joni, Board member	**24**	24
von Essen Patrick, Board member	**24**	24
Harmaala Ari, Board member	**24**	24
Perttula Petri, Board member as of March 31, 2022	**24**	16
Piik Ari, Board member as of March 31, 2022	**24**	16
Suominen Pekka, Board member until March 31, 2022	**-**	8
TOTAL	**192**	184

The **CEO** has the option of a performance bonus, which depends on the achievement of the goals set annually and is a maximum of 60% of the basic annual salary. The CEO's notice period is six months, and an amount equivalent to twelve months' salary is paid as severance pay.

Information about the long-term share-based incentive plan for top management is presented in Note Employee benefits, page 34.

During the financial year, no share options have been granted to the management and Board of Directors.

Pension obligations of the President and CEO and the Board Members are determined according to the Employees Pensions Act. Other special conditions concerning the retirement or the amount of retirement allowance have not been agreed on. The statutory pension cost in the financial year 2023 was EUR 251 thousand (EUR 86 thousand). Remunerations paid to the Board of Directors in the financial year 2023 do not include the statutory retirement obligation.

Raute's **Remuneration report** contains information on the remuneration of the Board of Directors and the President and CEO. Up-to-date information is available on the company's website at www.raute.com.

On December 31, 2023, the **Board of Directors and the Group's President and CEO and the Group's Executive Board held** altogether 231,189 shares, which represented 3.8 percent of the company shares and the votes. The figures include the holdings of their own, close family members and control entities.

During the financial year no loans have been granted to the company's management. No pledges have been given or other commitments made on behalf of the company's management and shareholders.

EUR 1,000	2023	2022
Group Executive Board's employee benefits on an accrual basis		
Salaries and other short-term employee benefits	**1 072**	1 350
Post-employment benefits	**195**	45
Sharea-based benefits	**240**	-
TOTAL	**1 507**	1 395

During the financial year 2023, Raute had a share issue. In the table below, managers' transactions regarding the share issue have been presented.

Managers' transactions notifications in connection of the rights issue

	Primary subscriptions		Secondary subscriptions	
	Shares, total	Date of the notification	Shares, total	Date of the notification
Board members				
Raitio Laura	1 316	May 31, .2023	-	
Mustakallio Mika	16 654	May 31, .2023	3 754	June 16, 2023
Bask Joni	4 340	May 31, .2023	22 817	June 16, 2023
Bask Mikael (Joni Baskin lähipiiri)	54	May 31, .2023	-	
Bask Oliver (Joni Baskin lähipiiri)	54	May 31, .2023	-	
Harmaala Ari	-		1 360	June 16, 2023
Perttula Petri	-		680	June 16, 2023
Piik Ari	4 254	May 31, .2023	6 638	June 16, 2023
von Essen Patrick	20	June 1, 2023	1 341	June 16, 2023
Group Executive Board				
Saariaho Mika	894	May 30, .2023	4 548	June 16, 2023
Bossuyt Kurt	240	May 31, .2023	440	June 16, 2023
Halttunen Ville	700	May 31, .2023	3 396	June 16, 2023
Myyryläinen Jari	105	May 30, .2023	2 616	June 16, 2023
Roivainen Jani	176	May 31, .2023	2 500	June 16, 2023
Strengell Petri	955	May 30, .2023	2 466	June 16, 2023

Convertible perpetual loans are handled in IFRS accounting as equity as interest payments and repayments can be decided by the company and repayments can not be requested by the holders. 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 percent 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 to 12.50 percent added with six (6) months EURIBOR.

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. Conversion rights do not cover potentially unpaid interests according to the terms. 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 6

EUR 1,000	2023	2022
OTHER OPERATING INCOME		
Capital gain on sale of fixed assets	**60**	57
Other	**581**	150
TOTAL	**641**	207

NOTE 7

EUR 1,000	2023	2022
OTHER OPERATING EXPENSES		
Indirect production expenses	**-3 982**	-3 634
Renting expenses	**-941**	-697
Sales and marketing expenses	**-1 711**	-1 660
Credit losses and change in provision of credit losses	**55**	-454
Administration expenses	**-7 502**	-6 857
Loss on disposal of fixed assets	**-14**	-282
Voluntary social expenses	**-1 001**	-1 294
Premises and real estate expenses	**-1 169**	-1 351
Travel expenses	**-1 475**	-1 606
Outsourced services	**-4 340**	-2 989
Vehicle expenses	**-72**	-149
Other expenses	**-707**	-507
TOTAL	**-22 860**	-21 478
Auditors' remunerations		
Authorized Public Accountants PricewaterhouseCoopers Oy (Finland)		
Audit expenses, statutory	**-164**	-157
Audit expenses, other assignments according to the Audit Act	**-3**	-
Audit expenses, other services	**-302**	-29
Audit expenses, tax services	**-**	-
Total	**-470**	-187
Authorized Public Accountants PricewaterhouseCoopers (Global)		
Audit expenses, statutory	**-20**	-14
Audit expenses, other assignments according to the Audit Act	**-**	-
Audit expenses, other services	**-**	-
Audit expenses, tax services	**-**	-
Total	**-20**	-14

Basis of preparation

Income not included in net sales, such as rental income, insurance compensations and capital gains, is recognized in **other operating income**. Rental income is recognized in equal installments for the rental period.

Basis of preparation

In other business expenses, the profit-affecting items belonging to the business are recognized by expense category. Other individual items included in the income statement, such as direct purchases, inventory changes and personnel costs, are presented in connection with the information about the corresponding item in the income statement.

Lease agreements, which include the right to use the leased asset, are recorded in the right-of-use asset in the balance sheet. Information about lease agreements is presented in note number 13 Lease agreements. In addition, short-term and low-value lease agreements rental payments have been recorded in other business expenses.

The Parent company's **auditor** during the financial year was the Authorized Public Accountants PricewaterhouseCoopers Oy. The statutory audit fee includes the audit fees related to the audit of the current financial year. Other expert services and tax advice include fees for other services performed by the audit firm recognized on an accrual basis for the accounting period. The fees do not include travel costs and fees payable to the authorities arising from auditing or other assignments.

NOTE 8

EUR 1,000	2023	2022
INCOME TAXES		
Consolidated income statement		
Current tax based on the taxable result of the financial year	**-1 148**	-758
Current tax of previous financial years	**-23**	-57
Deferred taxes	**726**	3 116
TOTAL	**-445**	2 301
Reconciliation of the relationship between realized tax expense and theoretical accounting result using the Finnish tax rate of 20.0 percent		
Result before taxes	**1 795**	-13 814
Tax effect of the following items:		
Taxes calculated using the Finnish tax rate, 20.0 %	**-359**	2 763
Effect of differences in tax rates of foreign subsidiaries	**-92**	-325
Non-taxable income	**83**	135
Non-deductible costs in taxation	**-29**	-112
Taxes from the previous financial years	**-23**	-57
Utilization of previously unrecognized tax losses		0
Unrecognized tax assets from the losses of foreign subsidiaries	**-51**	-665
Other items	**26**	562
Income taxes in the consolidated income statement	**-445**	2 301
Effective tax rate, %	**24,8**	16,7 %

Basis of preparation

The taxes in the consolidated income statement include the current tax based on the Group companies' taxable income, as well as tax adjustments for previous years and the change in deferred taxes. Current tax based on the taxable income is calculated from the taxable income using the tax rate in force in each country. Taxes have been recognized in the income statement, except when they are related to other comprehensive income items or recognized directly in equity. In such a case, the tax has also correspondingly been recognized in other comprehensive income items or directly in equity.

The Group companies may receive special tax deductions related to certain new investments or expenses under certain conditions. These tax credits are treated as a deductible from taxes at the moment when it is highly probable that the tax deduction will be received. The tax credit reduces the tax liability and the tax expense based on the taxable income of the period.

Deferred taxes are recognized on temporary differences between the accounting and taxation value. Deferred tax has been determined using tax rates that have been enacted or substantively enacted by the balance sheet date and have been expected to apply when the related deferred tax asset shall be realized or the deferred tax liability shall be settled. The most significant temporary differences have arisen from the amortization of tangible fixed assets, fair value adjustments of available-for-sale financial assets, fair value adjustments of derivatives and unused tax losses.

The undistributed profits of foreign subsidiaries are not recognized as deferred tax liabilities. The assets are invested permanently in the countries in question. The translation differences generated by the consolidation of foreign subsidiaries are not recognized as deferred tax liabilities.

Deferred tax assets have been recognized to the extent that it is probable that taxable profits will be available in the future, against which temporary differences can be utilized. The conditions for recording a deferred tax asset have been assessed on the end date of each reporting period. Deferred tax assets and liabilities have been offset to the extent that there is an enforceable right to offset current tax liabilities based on taxable income for the financial year and tax assets based on taxable income for the finandial year, and where the deferred tax assets and liabilities relate to the same taxation authority.

Key uncertainties related to management judgement and estimation

The Group is subject to income taxes in Finland and several other countries. Management's estimation has been required in determining the amount based on the taxable income for the financial year, tax of uncertain tax positions, as well as deferred tax assets and liabilities. The recognition and the basis of preparation of the deferred tax assets has been estimated at the end of the financial year and the extent to which deferred tax assets can be recognized to the balance sheet. The management estimates how likely it is for the Group's companies to have future recoverable taxable income against which unused tax losses can be utilized. The preparation estimates used in the estimates at the end of the financial year may differ from the actual ones, in which case changes in tax assets have been recognized as expenses in the income statement.

NOTE 9

Deferred tax assets

EUR 1,000	1.1.2023	Entered through profit or loss	Entered in compre-hensive income statement	Recog-nized in share-holders' equity	31.12.2023
Intercompany inventory profit	12	24	-	-	36
Provisions	305	-52	-	-	253
Employee benefits	0	0	-	-	0
Tax losses and credits unused	3 685	403	-	-	4 089
Other temporary differences	1 037	347	0		1 384
Deferred tax assets, total	5 038	722	0	-	5 761
Offset from deferred tax liabilities	-196		-	-	-196
Deferred tax assets, net	**4 843**				**5 566**

Comparison year

EUR 1,000	1.1.2022	Entered through profit or loss	Entered in compre-hensive income statement	Recog-nized in share-holders' equity	31.12.2022
Intercompany inventory profit	34	-22	-	-	12
Provisions	160	145	-	-	305
Employee benefits	-	-	-	-	-
Tax losses and credits unused	1 567	2118	-	-	3 685
Other temporary differences	288	749	-		1 037
Deferred tax assets, total	2 048	2 990	-	-	5 038
Offset from deferred tax liabilities	-196		-	-	-196
Deferred tax assets, net	**1 853**				**4 843**

The amount of deferred tax asset recognized in Raute Group's balance sheet on December 31, 2023 was EUR 5.6 million (EUR 4.8 million). The amount consists mainly of parent company Raute Oyj's confirmed losses for the years 2020-2022 and the calculated tax receivable for the year 2023. Deferred tax assets is recognized up to the extent that future return expectations are estimated to generate taxable income against which the temporary difference can be utilized. The losses of the above-mentioned years have arisen for many reasons, e.g. write-downs related to the decline of business in Russia, restructuring of operations in Finland and China, demand changes caused by the Covid-19 pandemic and later the effects of high cost inflation on purchase prices and the costs of the ERP system project. A measure program has been launched to improve profitability. The estimates on which the amount of future taxable income is based include management's views on future cash flow, including the amount of turnover, operating expenses and financing costs. Raute Group's ability to generate taxable income also depends on the general state of the world economy as well as factors related to financing, competitiveness and regulation, which are beyond Raute Group's control.

A deferred tax asset ohas not been recognized for the EUR -256 thousans **losses of the foreign subsidiaries from the fiscal year.**

Deferred tax liabilities

EUR 1,000	1.1.2023	Entered through profit or loss	Entered in compre-hensive income statement	Recog-nized in share-holders' equity	31.12.2023
Financial assets at fair value	-112				-112
Effect of Group consolidation	317	-15			302
Other temporary differences	43	-3			40
Deferred tax liabilities, total	247	-18	-	-	229
Offset to deferred tax assets	-196				-196
Deferred tax liabilities, net	**51**				**33**

Comparison year

EUR 1,000	1.1.2022	Entered through profit or loss	Entered in compre-hensive income statement	Recog-nized in share-holders' equity	31.12.2022
Financial assets at fair value	-41	-	-	-71	-112
Effect of Group consolidation	274	43	-	-	317
Other temporary differences	192	-149	-	-	43
Deferred tax liabilities, total	424	-106	-	-71	247
Offset to deferred tax assets	-196				-196
Deferred tax liabilities, net	**228**				**51**

NOTE 10

EUR 1,000	2023	2022
GOODWILL		
Goodwill at the beginning of the year	**1 714**	1 714
Increases	**0**	0
Total	**1 714**	1 714

Basis of preparation

Goodwill is the amount by which the acquisition cost has exceeded the fair value of the group's share of the acquired company's identifiable assets and liabilities at the time of acquisition. Identifiable assets acquired in connection with the business acquisition are presented in the balance sheet item Other tangible assets. These items are depreciated during their economic life.

The Group's goodwill is valued at the original acquisition cost less impairment losses. Regular depreciation is not recorded on the Group's goodwill. The Group's goodwill is tested annually and always if any indication of impairment exists.

Impairment testing

For the impairment testing, the goodwill is allocated in accordance with the group's new operating segment structure to the cash-generating units (CGUs), where the business is located. Goodwill is allocated to CGUs according to which business unit the goodwill is monitored. Group's operating segments are the same as group's cash-generating units (CGUs). Group's goodwill is entirely belonging to the Analyzers CGU (operating segment).

The recoverable amount of the CGU is determined by using value-in-use calculations, which require the use of assumptions. The cash flows estimate in the calculations are based on the management's judgement and the budgets approved by the management. The discount rate for the calculations is based on the weighted average cost of capital (WACC) in the business area.

A possible goodwill impairment loss is immediately recognized in the income statement. The previously recorded goodwill impairment loss is not reversed.

The management has evaluated the key assumptions of impairment testing at the time of closing the financial statements. When estimating the amount of future cash flow and the discount rate, management has assessed the effects of the global situation on the operating environment. Based on these estimates, no significant changes have been made in the group due to the global situation. The recoverable amount of the cash-generating unit is based on the unit's budget and forecasts for four years approved by the management. The cash flows after the forecast period before terminal year have been defined based on the projected estimations, and after the forecast period the cash flows have been defined based on the terminal value method. The discount rate used in the calculations is 13.0% before taxes (14.4% before taxes), consisting of risk-free rate, market risk premium, company-specific risk premium, cost of debt and debt to equity ratio. The discount rate reflects the current market conditions. Terminal growth assumption is 2.0% (2.0%), whereas average net sales growth during the forecast period is 10% (2%). The assumptions used in the cash flow estimates regarding the development of future operations are based on the management's estimates at the time of the financial statements. During the current or previous fiscal year, no impairment losses have been recorded in the income statement.

NOTE 11

OTHER INTANGIBLE ASSETS

EUR 1,000	Development costs	Development costs in progress	Other intangible assets	Advance payments and assets in progress	Total
Acquisition cost at Jan. 1, 2023	**1 619**	**1 412**	**13 078**	**3 978**	**20 087**
Exchange rate differences			-156	17	-139
Deductions			-36		-36
Additions			1 953	1 312	3 265
Reclassification between items	-751	-1 412	5 915	-3 752	0
Acquisition cost at Dec. 31, 2023	**868**	**0**	**20 755**	**1 555**	**23 178**
Accumulated depreciation and amortization at Jan. 1, 2023	**-408**	**0**	**-10 291**	**0**	**-10 699**
Exchange rate differences			139		139
Accumulated depreciation of deductions and transfers					0
Depreciation and amortization for the financial year	-289		-1 294		-1 583
Impairments					0
Reclassification between items	118		-118		0
Accumulated depreciation and amortization at Dec. 31, 2023	**-579**	**0**	**-11 564**	**0**	**-12 143**
Book value at Dec. 31, 2023	**289**	**0**	**9 191**	**1 555**	**11 035**

COMPARISON YEAR

EUR 1,000	Development costs	Development costs in progress	Other intangible assets	Advance payments and assets in progress	Total
Acquisition cost at Jan. 1, 2022	**0**	**2 688**	**11 776**	**1 678**	**16 142**
Exchange rate differences	-		4		4
Additions	17	326	268	3 330	3 942
Reclassification between items	1 602	-1 602	1 030	-1 030	0
Acquisition cost at Dec. 31, 2022	**1 619**	**1 412**	**13 078**	**3 978**	**20 087**
Accumulated depreciation and amortization at Jan. 1, 2022	**0**		**-9 743**	**0**	**-9 743**
Exchange rate differences	-	-	4	-	4
Accumulated depreciation of deductions and transfers	-	-	77	-	77
Depreciation and amortization for the financial year	-408	-	-500	-	-908
Impairments	-	-	-128	-	-128
Reclassification between items	-	-	-	-	0
Accumulated depreciation and amortization at Dec. 31, 2022	**-408**	**0**	**-10 291**	**0**	**-10 699**
Book value at Dec. 31, 2022	**1 211**	**1 412**	**2 787**	**3 978**	**9 388**

Basis of preparation

Other intangible assets include software licenses, patents, capitalized development costs, and other intangible rights. Other intangible assets have been capitalized in the balance sheet when it has been probable that the expected financial benefit resulting from the asset will benefit the company over several years (depreciation period) and the acquisition cost of the asset can be determined reliably. Intangible asset acquisition cost includes purchase price, received cash and other discounts, import duties and other permanent taxes and other costs that directly relate to preparing an intangible asset for its intended purpose. Intangible assets acquired through a business combination have been recognized at fair value at the date of acquisition.

At other times, the cost of other intangible assets is recognized as an expense at the time of its occurrence. Other intangible assets have been capitalized and recognized as an expense on a straight-line basis in accordance with the plan in the income statement over their economic life as follows:

Patents	10 years
Computer software	3–5 years
Other intangible assets	3–10 years
Capitalized development costs	3–10 years

Development costs incurred in the design of new or more advanced products and experimental equipment manufactured for the purpose of testing them have been capitalized and presented in the balance sheet as intangible assets from the moment the product is technically feasible, the group intends to finalise the assets and has the ability and resources to do so, it can be commercially exploited, group can reliably define the costs during the development phase and it is expected to provide future economic benefits. Capitalized development costs include those material, labor and testing costs that are directly attributable to bringing the product to its intended use. Capitalized development costs have been valued in the balance sheet after initial recognition cost less accumulated depreciation and amortization. Development costs recognized as an expense for previous financial years are not capitalized later..

Impairment of intangible assets

Depreciable assets have been examined for impairment whenever events or changes in circumstances have suggested that the carrying amount of the assets may not be recovered. At the end of each reporting period, the group assesses are there indications of an intangible asset's impairment. Intangible assets work in progress are tested for impairment annually. Recoverable amount is the fair value of the asset less the cost of disposal or its higher value in use. Value in use is the present value of the cash flows from an asset that the asset is assumed to generate. For estimating impairment, assets are grouped at the lowest levels at which cash flows can be separately identified.

The amount by which the carrying amount of an asset exceeded its recoverable amount is recognized in the income statement as an impairment loss. The impairment loss recognized in prior periods for assets other than goodwill in intangible assets has been reassessed at each balance sheet date. An impairment loss has been reversed if there has been a change in the circumstances or in the estimates used to determine the recoverable amount of an asset. However, the impairment loss has not been reversed beyond the carrying amount of the asset without the impairment loss being recognized.

Management's accounting judgments and estimation

The expected economic useful lives of the items presented in intangible assets in the balance sheet have been reviewed on each balance sheet date. If they deviate significantly from previous estimates, the depreciation plan has been updated to reflect the new impact times.

For each asset, it has been assessed whether there are indications of impairment. If the carrying amount of the asset has exceeded the estimated recoverable fair value of the estimated assets, the impairment is recognized in the income statement. A previous write-down may be reversed if it can be demonstrated that the circumstances have significantly improved.

The valuations are sensitive to assumptions about future expected returns and discount rates. Raute has estimated future expected profits based on forecasts prepared by management and approved by Board of Directors and the related outlook. The **discount rate** reflects the estimated market-expected rate, considering the time value of money and the specific risks associated with the asset in question, for which adjustments have not been made to the estimated cash flows. The discount rate is determined based on the average weighted cost of capital, which describes the total cost of equity and debt, considering the specific risks associated with the assets. The discount rate used in the calculations is 13.0% before tax (14,4% before tax).

NOTE 12

EUR 1,000	2023	2022
RESEARCH AND DEVELOPMENT COSTS		
Research and development costs for the financial year*	**-4 567**	-5 647
Depreciation of previously capitalized research and development costs**	**-648**	-649
Development costs recognized as an asset in the balance sheet	**-**	-
Research and development costs recognized as an expense for the financial year	**-5 215**	-6 295
Impairments of capitalized development costs		
Research and development costs recognized as an expense for the financial year	**-5 215**	-6 295

* Research and development expenses consist of the expenses of numerous R&D projects that do not meet the criteria for activation.

** Depreciation in Other intangible assets is divided into two groups, Development costs and Other intangible assets

Basis of preparation

Research cost and those development costs that do not meet the capitalization criteria have been recognized as operating expenses before operating result.

Depreciation is started when the asset is ready for use, i.e. when it is in such a location and condition that it can function as intended by the management. Depending on the estimated lifetime of the product, the useful life of development costs is 3–10 years, during which time capitalized development costs are recognized as an expense on a straight-line basis.

Activated development costs are financial items that can typically bear a significant risk related to the material change in the carrying amounts of the assets during the next financial year due to the nature of those items and the future outlook assessed by the management.

NOTE 13

PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	Land and water	Buildings and structures	Buildings and structures, right-of-use	Machinery and equipment	Other tangible assets	Assets in progress	Total
Acquisition cost at Jan. 1, 2023	**386**	**12 674**	**13 814**	**38 636**	**1 053**	**793**	**67 357**
Exchange rate differences		11	-236	-221	-4		-450
Additions		24	560	493	18	125	1221
Disposals/impairments			-47	-347			-394
Reclassification between items				20		-20	0
Acquisition cost at Dec. 31, 2023	**386**	**12 708**	**14 091**	**38 582**	**1 068**	**899**	**67 733**
Accumulated depreciation and amortization at Jan. 1, 2023	**-**	**-9 737**	**-6 358**	**-31 855**	**-710**	**-**	**-48 660**
Exchange rate differences		-11	2	132	3		127
Accumulated depreciation and amortization of disposals and reclassifications							0
Depreciation and amortization for the financial year		-263	-1 253	-1 552	-51		-3 119
Accumulated depreciation and amortization at Dec. 31, 2023	**-**	**-10 010**	**-7 609**	**-33 274**	**-758**	**-**	**-51 652**
Book value at Dec. 31, 2023	**386**	**2 697**	**6 482**	**5 308**	**310**	**900**	**16 083**

COMPARISON YEAR

EUR 1,000	Land and water	Buildings and structures	Buildings and structures, right-of-use	Machinery and equipment	Other tangible assets	Assets in progress	Total
Acquisition cost at Jan. 1, 2022	**386**	**12 642**	**13 471**	**36 995**	**974**	**889**	**65 357**
Exchange rate differences	-	36	68	-67		5	43
Additions	-	6	948	2 174	44	406	3 578
Disposals/impairments	-	-11	-672	-494	-	-444	-1 621
Reclassification between items	-			28	34	-63	0
Acquisition cost at Dec. 31, 2022	**386**	**12 674**	**13 814**	**38 636**	**1 053**	**793**	**67 357**
Accumulated depreciation and amortization at Jan. 1, 2022	**-**	**-9 379**	**-4 500**	**-30 357**	**-663**	**-**	**-44 899**
Exchange rate differences	-		-6	21		-	16
Accumulated depreciation and amortization of disposals and reclassifications	-			149	-	-	149
Depreciation and amortization for the financial year	-	-358	-1 852	-1 668	-47	-	-3 925
Accumulated depreciation and amortization at Dec. 31, 2022	**-**	**-9 737**	**-6 358**	**-31 855**	**-710**	**-**	**-48 660**
Book value at Dec. 31, 2022	**386**	**2 937**	**7 456**	**6 783**	**343**	**794**	**18 698**

Basis of preparation

Tangible fixed assets are valued at acquisition cost less accumulated depreciation and impairment. The acquisition cost includes the purchase price, cash and taxes paid on them. When the tangible fixed asset has been manufactured in-house, it also includes, in addition to the items mentioned above, a share of the Group's fixed costs. Ordinary repair and maintenance costs of fixed assets are recognized through profit or loss as incurred. Any costs incurred in restoring to the original state are taken into account in IFRS accounting as part of the acquisition cost and respectively as provision.

Tangible assets have been depreciated on straight-line basis during the estimated economic life as

Buildings	25–40 years
Machinery and equipment	4–12 years
Other fixed assets	3–10 years
Land	no depreciations are made.

The right-of-use assets are depreciated during the term of lease agreement.

The residual values and economic lives of the assets are reviewed at the end of each reporting period and are changed if necessary. If the carrying amount of an asset exceeds the estimated recoverable amount, it is immediately reduced to correspond to the recoverable amount. Capital gains and losses from the disposal of tangible assets are recognized through profit or loss.

NOTE 14

EUR 1,000	2023	2022
LEASE CONTRACTS		
Right-of-use assets, changes		
Booking value at the beginning of the financial year	**7 456**	8 970
Exchange rate differences	**-234**	72
Additions	**560**	948
Disposals	**-47**	-672
Depreciations and impairments	**-1 253**	-1 862
Booking value at the end of the financial year	**6 482**	7 456
Liabilities		
Lease liability, long-term	**5 334**	6 288
Lease liability, short-term	**1 289**	1 293
Lease liability, total	**6 624**	7 581
Items recognized in the income statement		
Depreciation of the fixed assets, buildings	**-1 253**	-1 862
Interest expenses included in the financial items	**-83**	-85
Expenses related to the short-term lease contracts and low-value assets	**-941**	-697

During the financial year, the cash flow fromthe lease contracts was EUR 1,284 thousand.

Information of off-balance sheet pledges and contingent liabilities have been presented in Note no. 28 Pledged assets and contingent liabilities.

Basis of preparation
Raute Group has leased warehouse and production facilities for the use of its business. The lease agreements for the premises and production facilities leased by the Raute Group are recorded in the balance sheet.

Leases that include the right to use a leased asset are recorded in the balance sheet under **Right-of-use assets**. An asset is recognized based on the right to use the asset and a lease liability based on the obligation to make lease payments. Fixed assets related to the lease contracts are depreciated during the lease period of the lease contract. If the lease contract is valid until further notice, a contract term of 5 years has been used in the calculations.

The lease liability has been recognized as a liability based on the obligation to pay lease rent. The leases based on extension options that are relatively certain to be exercised in Raute Group have been included in the lease liability. Interest arising from the lease liability has been recognized in the income statement under financial expenses.

If the existing lease agreement changes or the estimates used in the calculation of lease liability and the right to fixed assets change, the fixed asset item and lease liability are revalued at the discount rate applicable at the time of calculation. If the lease under the agreement is index-linked, the lease liability and the fixed asset are revalued at the time of the change in rent.

Short-term leases with an expected lease term not exceeding 12 months have been treated as off-balance-sheet lease liabilities and the rent payments associated with these leases have been recognized as an expense in the income statement at the lease period.

Leases relating to low-value leases have been treated as off-balance-sheet lease liabilities, regardless of whether the lease is long-term or short-term. The operating rents based on these leases have been recognized as an expense in the income statement in accordance with the lease period.

Leases for short-term leases and low-value assets are presented as an off-balance-sheet item in lease liabilities in Note 28 Collateral and Contingent Liabilities.

The rents of short-term and low-value assets in 2022 amounted to EUR 941 thousand (EUR 697 thousand), which consisted entirely of low-value assets.

NOTE 15

EUR 1,000	2023	2022
DEPRECIATION AND AMORTIZATION		
Depreciation and amortization by class of assets		
Intangible assets		
- Capitalized development costs	**-289**	-408
- Other intangible assets	**-1 472**	-620
Property, plant and equipment		
- Buildings and structures	**-263**	-369
- Buildings, right-of-use assets	**-1 298**	-1 862
- Machinery and equipment	**-1 544**	-1 647
- Other tangible assets	**-51**	-47
Total	**-4 917**	-4 953

NOTE 16

EUR 1,000	2023	2022
INVENTORIES		
Materials and supplies	**17 199**	11 183
Work in progress	**3 570**	3 198
Other inventories	**2 131**	310
Advance payments paid	**3 469**	2 049
Total	**26 369**	16 739

During the accounting period, the book value of the inventory has been reduced to match the transfer price by recording EUR 38 thousand (EUR 1,430 thousand) as impairment.

Basis of preparation

Inventories are valued at or lower net realizable value. The valuation of the stock of materials and raw materials is made using the method of weighted average price. The cost of finished and work in progress products comprises direct material and production costs and the portion of indirect production costs such as salary costs and depreciation allocated to products at a normal operational capacity excluding financial expenses. Costs can include, in addition to acquisition costs, import duties, transportation costs and other directly acquisition related costs deducted by discounts. The net realizable value is the estimated selling price to be obtained in the ordinary course of business less the estimated cost of completion of the product and the cost of sale. The value of inventories considers impairment due to obsolescence.

Risk management

Advance payments made to suppliers and subcontractors at the balance sheet date carry the risk that the counterparty will not be able to fulfill its contractual obligations and return the advance payment. The risk is managed by examining the size of the subcontractors' risk position and the physical progress of the delivery, as well as by requiring certain suppliers to provide prepayment collateral. At the balance sheet date, unsecured advance payments amounted to EUR 3.5 million (EUR 2.0 million).

NOTE 17

EUR 1,000	2023	2022
TRADE PAYABLES AND OTHER LIABILITIES		
Current non-nterest-bearing iabilities on the balance sheet		
Advance payments received	**58 860**	29 551
Trade payables	**13 797**	12 591
Accrued expenses and prepaid income	**9 949**	7 811
Derivatives	**102**	80
Income tax liability	**1 974**	986
Other liabilities	**3 320**	1 594
TOTAL	**88 001**	52 612
Substantial items included in accrued expenses and prepaid income		
Accrued project expenses related to customer contracts	**1 151**	697
Accrued employee related expenses	**8 407**	7 381
Financial expenses	**86**	
Redemption obligation of the subsidiary acquisition	**-**	231
Other accrued expenses and prepaid income	**305**	-499
TOTAL	**9 949**	7 811

Basis of preparation

The Group's **trade payables, derivatives, income tax liabilities and other liabilities** include liabilities arising from goods and services delivered prior to the financial year-end. Liabilities are unsecured and mature for payment within 12 months of the end of the reporting period. The carrying amount of items corresponds to their fair value at the closing date.

NOTE 18

EUR 1,000	2023	2022
EXCHANGE RATE GAINS AND LOSSES (NET)		
Included in net sales	**271**	269
Included in financial income and expenses	**-422**	426
Included in other comprehensive income items	**-398**	391
TOTAL	**-549**	1 086

Basis of preparation

Foreign currency transactions in separate financial statements have been converted into functional currency at the exchange rates prevailing on the dates of the transactions. In practice, an exchange rate has been used that corresponds approximately to the exchange rate at the time of the event. Monetary items denominated in foreign currencies have been converted to the functional currency at the exchange rates prevailing at the end of the financial year. Non-monetary items denominated in foreign currencies, measured at fair values, have been converted to the functional currency at the exchange rates prevailing on the date on which the fair value is determined. Otherwise, non-monetary items are valued at the course on the day of the event.

Gains and losses arising from operations denominated in foreign currencies and changes in monetary items are recognized in the income statement. Foreign exchange gains and losses on transactions are presented on net in the corresponding items above operating result. Exchange gains and losses related to cash and cash equivalents, loans and other financial assets and liabilities are presented in the financial income and expenses of the income statement.

Comprehensive income statement items include changes in the fair value of currency derivatives that meet the conditions for cash flow hedging. In addition, this item includes the translation difference arising from a net investment in a foreign subsidiary.

NOTE 19

EUR 1,000	2023	2022
DERIVATIVES		
Nominal values of forward contracts in foreign currency		
Hedge accounting		
- Related to the hedging of net sales	**18 993**	11 926
Derivatives which do not meet the criteria of hedge accounting		
- Related to financing	**-2 715**	-
Fair values of forward contracts in foreign currency		
Hedge accounting		
- Related to the hedging of net sales	**95**	117
Derivatives which do not meet the criteria of hedge accounting		
- Related to financing	**-24**	-

EUR 1,000	2023 Nominal value	2022 Nominal value
Contractual maturities of hedge accounting derivatives		
Related to the hedging of net sales		
Under one year	**18 993**	10 881
TOTAL	**18 993**	10 881

EUR 1,000	2023	2022
Changes in hedge reserves		
Hedge reserves Jan., 1	**134**	-62
Additions to hedge accounting (through comprehensive income)	**20**	196
Transferred to profit or loss (from comprehensive income items)		-
From hedge accounting to economic hedging		-
Deferred tax at Group's tax rate 20%		-
Hedge reserve at Dec., 31	**154**	134

Basis of preparation
In accordance with its financial policy, the Group has used currency derivative contracts to hedge exchange rate risks related to future transactions of commercial transactions and financial items. At the time of the adoption of each derivative contract it is determined in which assets or liability recognized in the balance sheet, or highly probable forecasted transaction (cash flow hedge) it protects.

Hedge accounting has been applied when the derivative meets the conditions set for hedge accounting. The decision on the application of hedge accounting is made for each contract separately at the time of the contract. Each hedging derivative protects certain assets and liabilities, binding contracts, or future binding transactions. The hedging relationship between the hedging instrument and the hedged item, as well as the risk management objectives and strategy for hedging transactions, are documented when the hedging relationship arises.

The effective share of changes in the fair values of derivatives that meet the criteria for hedge accounting is recognized in equity through other comprehensive income. The gain or loss associated with the ineffective portion is recognized immediately in the income statement when the hedge is ineffective. When a derivative no longer meets the criteria for hedge accounting, gains or losses accumulated in equity has been recognized in profit or loss.

Management of financing risks

The objective of the Group's financing risk management is to minimize the negative effects of the changes in the financial markets on the Group's financial performance to ensure sufficient liquidity in all market conditions. The Group has a financing policy approved by the parent company's Board of Directors, which defines the thresholds that guide its operations, the financial and hedging instruments to be used and the acceptable counterparties. The Group's financial risks are managed by the parent company's finance function, which is responsible for identifying, assessing and hedging financial risks in cooperation with the operational units. The Group's CFO is responsible for the finance function. The Board of Directors regularly monitors the extent of financial risks through, for example, the net foreign exchange position, the age distribution and hedging rate of receivables, and cash flow forecasts.

The Group, in its operations, is exposed to financing risks which have been classified into market, counterparty and liquidity risks. Market risks include currency, interest and price risks. Currency risk is further divided into transaction and translation risks. The Group's most significant counterparty risks are customer credit risks related to contractual counterparties in the project business and counterparty risks related to the Group's investment activities. The key risk areas of the Group's international business operations have been identified as credit loss risk of the counterparty risks and currency risks from market risks. The Group is also exposed to liquidity and refinancing risks.

The supplementary information related to the financial risks is presented in the supplementary information items as follows:
- Customer credit risks, Accounts receivables and customer contract assets, page 31
- Counterparty risks, Accounts receivables and customer contract assets, page 31
- Price risks, Materials and services, page 32
- Currency risks, Risk Management – Currency risks, page 53
- Interest risks, Financial liabilities, page 62
- Liquidity risks, Liquidity risk - Covenants, page 62

During the reporting period the Group has signed a new financing agreement with two Nordic Banks, which replaced the previous credit facility agreements. According to the new agreement the amount of committed revolving credit facility (RCF) is MEUR 5.0 and a total of MEUR 40 of non-commensurable guarantee limit.

The committed MEUR 5 revolving credit facility is valid until 31.1.2025, considering that the company arranged and raised equity of MEUR 12 through a share issue by 30.6.2023. The committed revolving credit facility had conditions related to the amount of the limit, e.g., in terms of the funds received in the share issue and the significant advances received, so that the maximum amount of the revolving credit facility would decrease by MEUR 7.0, after which the available amount of the committed revolving credit facility was MEUR 5.0. At the closing date the amount available was MEUR 5.0.

The unaffiliated guarantee facility consists of two MEUR 20 guarantee limits, one of which is available for domestic projects and the other for foreign projects.

The pricing of the revolving credit facility is based on the EURIBOR rate plus the margin, which changes based on the amount of equity received in the share issue. The margin ranges from 3.5% to 10.0%, of which 3,5 % was the actualization. The portion of the credit lines used shall be renewed when the interest period expires or repaid.

Covenants in the new financing agreement

The special terms related to the financial key figures of the new financing agreement, i.e., covenants, are minimum EBITDA, minimum liquidity and equity ratio. Covenants are reported to the lender quarterly. If the covenant conditions are not met, the creditor can demand an accelerated repayment of the existing limits and terminate the financing agreement. The Group has successfully passed the covenants during the reporting period.

Risk management

The Group operates in international markets and is thus exposed to currency risks resulting from changes in currency exchange rates. The Group's currency risks consist of foreign currency denominated sales and purchases as well as assets and liabilities recognized in the balance sheet (transaction risks) and investments in foreign subsidiaries (translation risks).

The Group's main currency is the euro. The most significant currency risks results from the following currencies:
- Canadian dollar (CAD)
- US dollar (USD)
- Chinese yuan (CNY)
- Russian rouble (RUB).

The distribution of the Group's sales varies annually according to market area. In 2023, 67 percent (59%) of the Group's net sales were generated outside the euro zone. The Group uses Group company's functional currency as the primary trading currency, of which the most significant is the euro. The proportion of the net sales sold in a currency other than the Group's home currency was 10.6 percent (12%) of the group's turnover in 2023.

As a general rule, the Group's operative units hedge their foreign currency denominated payments based on binding sales contracts of more than 100 thousand euros from the moment the contracts take effect. Currency forward contracts are used to hedge operative sales payments.

As a rule, the Group hedges the internal trading of more than 100 thousand euros with forward contracts. The most significant individual currency risk related to purchasing arises from the Parent company's internal purchases from a subsidiary operating in China. The trading currency in these purchase agreements is the euro but the Group's costs are determined in Chinese yuan. Primarily, cash flows accumulating from unhedged sales payments in the same currency are used in the hedging of currency risks related to binding procurement contracts.

Future cash flows, which are not based on mutually binding contracts are generally not hedged. Currency clauses are used to hedge against currency risks during the quotation period. Currency risks related to preliminary sales contracts are hedged on case-by-case basis with currency option contracts. The nominal value of forward contracts protecting transactions at the time of closing the accounts was EUR 19.0 million (MEUR 11.9) and the fair value was EUR 95 thousand positive (EUR 117 thousand positive).

The internal loans and deposits taken out by the Group companies are mainly in the functional currency of the subsidiary in question. The currency exchange risks of the Group's internal loans are hedged with forward contracts, with the exception of equity loans or loans in fact classified as such.

At the end of the financial year 2023 there was one contract related to the hedging of the Group's financing items.

At the balance sheet date, the Group had one forward contract, which does not meet the hedge accounting criteria.

The Group applies hedge accounting to the currency derivative contracts when the change in the fair value of a contract may have a significant temporary effect on the Group's operating profit due to the change in exchange rates. The Group's Parent company enters into a derivative contract with an external counterparty which is defined as a hedging instrument in hedge accounting. Subsidiaries use internal derivatives to hedge the transactions defined as the hedged items. The total amounts of the valuation gains and losses for derivatives are presented in Note no. 18 Derivatives

The Group regularly monitors transaction risks by the main currency pairs. Net currency positions take into account the known future currency flows related to binding contracts from the balance sheet date onwards, as well as the derivative contracts intended to hedge them, regardless on which financial year the risk exposure will affect. The aim of managing currency risks is to keep the open net currency positions of each Group currency pair at less than EUR 500 thousand euros for each currency pair other than for the Russian ruble, for which the aim is to keep the net currency position at less than one million euros. The Group's net currency position and the portion of it included in the balance sheet at the reporting date (Net balance sheet risk) are presented in by currency pairs in the following table:

	Net currency position		**Net balance sheet risk**	
EUR 1,000	**2023**	**2022**	**2023**	**2022**
CNY/EUR	**-1 476**	969	**-497**	379
RUB/EUR	**107**	600	**107**	600
CAD/EUR	**850**	1 574	**4 065**	2 460
USD/EUR	**8 678**	4 868	**7 270**	5 313

Cash flows related to binding contracts included in the net currency position EUR 4,413 thousand (EUR 1,110 thousand) is hedged from the CAD/EUR currency pair and EUR 8,810 thousand (EUR 5,641 thousand) from the USD/EUR currency pair.

Net currency position includes significant amounts administrative non hedged group invoices and other invoices done at the end of the year.

The Group has foreign subsidiaries whose equity is in a currency other than the Parent company's functional currency. These investments in foreign subsidiaries expose the Group to translation risk. The currency risks related to the conversion of the foreign subsidiaries' net investments into the Group's home currency, the euro, is not hedged. The Group's subsidiaries' non-euro denominated equity was altogether EUR 13,318 thousand on December 31, 2023 (EUR 12,899 thousand euros). Non-euro-denominated equity is broken down by currency in the following table:

Subsidiaries' equity, non-euro-denominated

EUR 1,000	**2023**	**2022**
CNY	**1 680**	-74
RUB	**-342**	779
CAD	**4 371**	3 868
USD	**6 525**	7 043
Other	**1 085**	1 283
Total	**13 318**	12 899

The **sensitivity analysis** of exchange rate transaction risk, i.e. the effect of a reasonable and possible exchange rate change on the Group's profit or loss after tax on December 31, 2023 is presented in the following table:

Effect on profit after tax

EUR 1,000		2023	2022
CNY +/- 30%	+/-	**273**	15
RUB +/- 30%	+/-	**-**	2
CAD +/-30%	+/-	**195**	280
USD +/- 30%	+/-	**1 604**	-

All foreign currency receivables and liabilities as well as the currency derivative contracts, recognized in the balance sheet on the reporting date, have been taken into account in the sensitivity analysis. In the analysis, the change in exchange rate has been assumed to be +/-30 percent from the reporting date based on the prevailing uncertainty in the financial market development. Other factors have been assumed to remain unchanged.

NOTE 20

EUR 1,000	2023	2022
SHARE CAPITAL		
Share capital at Jan. 1	**8 256**	8 256
Share capital at Dec. 31	**8 256**	8 256
FAIR VALUE RESERVE AND OTHER RESERVES		
Invested non-restricted equity reserve at Jan. 1	**5 711**	5 711
Net proceeds from directed share issue and rights issue	**12 494**	-
Repurchase of own shares		-
Invested non-restricted equity reserve at Dec. 31	**18 205**	5 711
Own shares at Jan. 1	**0**	-
Repurchase of own shares	**-950**	-
Own shares at Dec. 31	**-950**	-
Other reserves at Jan. 1	**1 034**	1 080
Fair value reserve		-313
Hedging reserve, hedge accounting	**19**	196
Equity-settled share-based transactions	**527**	-
Deferred taxes related to these items	**-**	72
Transfer of gain on disposals of equity investments at fair value through other comprehensive income to retained earnings	**-260**	
Other reserves at Dec. 31	**1 321**	1 034
EXCHANGE RATE DIFFERENCES		
Exchange rate differences at Jan. 1	**939**	548
Exchange rate differences on translating foreign operations	**-398**	391
Exchange rate differences at Dec. 31	**541**	939
RETAINED EARNINGS		
Retained earnings at Jan. 1	**6 956**	18 469
Transfer of gain on disposals of equity investments at fair value through other comprehensive income to retained earnings	**-**	-
Convertible junior loan	**-278**	-
Dividends		-
Profit for the financial year	**1 350**	-11 513
Exchange differences on translating foreign operations		-
Retained earnings at Dec. 31	**8 028**	6 956
EQUITY LOAN		
Equity loan on Jan 1.	**-**	-
Convertible junior loan	**3 000**	-
Equity loan on Dec. 31	**3 000**	-
TOTAL EQUITY	**38 401**	22 897

Basis of preparation

Shares held by third parties have been presented in share capital. During the reporting period, Raute has combined its A series shares and K series shares for one A series of shares. Expenditure directly related to issuance or acquisitions of own, equity-based instruments are presented as a deduction from equity.

The **invested non-restricted equity reserve** includes other equity investments and the share subscription price to the extent that it is not subscribed to the share capital according to the specific decision, and the purchase of company's own shares.

Other reserves include a revaluation fund created from fair value appreciation, granted share-based remuneration settled in shares and a fund for hedging instruments.

Exchange rate differences include exchange differences arising from translation of foreign subsidiaries' financial statements.

Convertible junior loans include convertible junior loans and other that kind of loans that are classified as equity according to IFRS.

The dividend proposed by the Board of Directors to the Annual General Meeting has been recognized as a liability and a deduction from distributable equity for the period in during which the shareholders have approved the dividend to be distributed.

The Annual General Meeting held on March 30, 2023 decided according to the proposal of the Board of Directors that no dividend be paid for the financial year 2022 by a resolution of the Annual General Meeting and that the distributable assets be transferred to equity.

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NOTE 21

EUR 1,000	2023	2022
OTHER COMPREHENSIVE INCOME ITEMS		
Items that will not be reclassified to profit or loss		
Changes in the fair value of financial asset at fair value through other comprehensive income	**-260**	-354
Items that may be subsequently reclassified to profit or loss		
Hedging reserve, hedge accounting	**19**	196
Exchange differences on translating foreign operations	**-398**	391
Deferred taxes related to these items		72
Total	**-379**	659
TOTAL OTHER COMPREHENSIVE INCOME ITEMS	**-639**	305

Basis of preparation

Other comprehensive income items include income and expense items that are included in other comprehensive income in accordance with IFRS standards and are not recognized in profit or loss. At the balance sheet date, the other comprehensive income items of the Raute Group included exchange rate gains and losses arising from translating the financial statements of the foreign units, the share of gains and losses resulting from hedging instruments in cash flow hedges, the gains and losses recognized from the valuation of financial assets that are valued or classified as at fair value through other comprehensive income items, and the current tax effects based on the taxable income for the period and deferred taxes related to these items.

NOTE 22

Shares, 1 000 pcs		2023	2022
Series K shares (ordinary shares)	20 votes/share		991
Series A shares	1 vote/share		3 272
Combined series shares	1 vote/share	**6 123**	-
Total at Dec. 31.		**6 123**	4 263
Own shares at Jan. 1		**-**	-
Repurchase of own shares		**97**	-
Own shares at Dec. 31		**97**	-
Reconciliation of the number of shares, 1,000 pcs			
Number os shares at Jan. 1		**4 263**	4 263
Directed share issue		**839**	-
Rights issue		**1 020**	-
Total number of shares at Dec. 31		**6 123**	4 263

Changes in share capital	Share capital, euros	Series K shares, pcs	Series A shares, pcs	Combined series shares, pcs
Share capital at Jan. 1, 2023	**8 256 316**	**991 161**	**3 272 033**	**0**
Share capital at Dec. 31, 2023	**8 256 316**	**0**	**0**	**6 122 679**

In the beginning of the reporting period, Raute Corporation had two series of shares, series K and series A. During the reporting period, Raute combined these series of shares. Raute Oyj's share amount on 31 December 2023 was 6 122 679 shares. 96 638 of the shares are in control of Raute Oyj through holding of EAI Raute Holding Oy.

Share-related key figures are presented on page 97 of the financial statements.

Capital structure management

The objective of the Group's capital structure management is an efficient capital structure that secures the Group's operational preconditions in the capital market. During the financial year 2023, Raute agreed a new financing arrangement and issued new equity amounting to net EUR 15.5 million. The equity was incurred by a directed share issue, share rights issue and junior loans. These actions strengthened the balance sheet which was weakened during the comparison year 2022 due to among other things Russian projects wind-down caused impairments. The Group's capital structure is monitored by the equity ratio index, for which a strategic target level has been set. During the financial year 2023 new financial targets were set, including keeping the equity ratio at more than 40 percent level. At the end of the financial year, the equity ratio was 50.2 percent (36.6 %).

NOTE 23

	2023	2022
Undiluted earnings per share		
Share of result that belongs to the owners of the Parent company, EUR 1,000	**1 350**	-11 513
Weighted average number of shares, 1,000 pcs	**5 550**	4 498
Earnings per share, EUR	**0,22**	-2,56
Diluted earnings per share		
Share of result that belongs to the owners of the Parent company, EUR 1,000	**1 350**	-11 513
Weighted average number of shares, 1,000 pcs	**5 597**	4 498
Earnings per share, EUR	**0,22**	-2,56
The weighted average number of shares used as a divisor when calculating diluted earnings per share.		
When calculating undiluted earnings per share the weighted average of the number of shares used, 1,000 pcs	**5 550**	4 263
Share-based benefits, 1,000 pcs	**47**	-
Earnings per share adjusted for dilution weighted by the number of shares used in the calculation average, 1'000 pcs	**5 597**	4 263

The 234 558 share options related to the junior loan are not included in the diluted per-share in the calculation of the result because they are not dilutive in the financial period ending on December 31, 2023. With these the option may have a dilutive effect in the coming years.

Basis of preparation

Undiluted earnings per share is calculated by dividing the profit for the financial year attributable to the shareholders of the Parent company by the weighted average of outstanding shares during the financial year.

Diluted earnings per share have been calculated by dividing the period's profit attributable to equity holders of the Parent company by the weighted average of shares in the period, which have been adjusted by dilutive effect of the Sharea-based benefits. Sharea-based benefits have dilutive effect if the exercise price of the share benefit is lower than the fair value of the share.

Instruments that might have dilutive effect on earnings per share (e.g. junior loan) are taken into account on those financial years when they have dilutive effect on earnings per share.

For the calculation of diluted earnings per share, Sharea-based benefits calculation is done to determine the number of shares that could have been acquired at fair value (the company's share's average market price for the financial year) based on the monetary value of the subscription rights attached to outstanding share benefits. This number of shares is compared with the number of shares that would have been issued assuming the exercise of the share benefits.

FINANCIAL LIABILITIES

During the financial year, 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 December 31, 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. In addition, Group agreed a new EUR 28 million guarantee limit during the financial year which will be used for Metsä Wood LVL-mill project.

The arrangement is secured by Raute Oyj's business mortgages in the amount of 104.1 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 the financial year.

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.

NOTE 24

EUR 1,000	2023	2022
CURRENT INTEREST-BEARING LIABILITIES		
Financial liabilities recognized at amortized cost		
Partial payments of financial loans	**-**	-
Account limit used	**-**	6 729
TOTAL	**-**	6 729
Distribution of the Group's current loans by currencies		
- Euro (EUR)	**-**	100 %
The weighted averages of effective interest rates of current interest-bearing loans		
Partial payments of financial loans	**-**	3,77 %

Derivative contracts have been classified as financial 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 financial year, the fair value of the derivative contracts classified as financial liability was EUR -24 thousand (EUR 80 thousand).

The following table shows the carrying amounts of financial item which corresponds their fair value carried in the consolidated balance sheet. The Group's principles of fair value determination related to the financial instruments have been described in the note Basis of preparation.

EUR 1,000	Carrying amount 31.12.2023	Carrying amount 31.12.2022
Carrying amounts of financial liabilities		
Financial liabilities at fair value through profit or loss		
- Derivative contracts	**-24**	80
Financial liabilities recognized at amortized cost		
- Financial loans	**-**	-
- Account limit	**-**	6 729
- Trade payables and other liabilities	**11 734**	12 591
- Accrued expenses and prepaid income	**-**	231
Total	**11 710**	19 632

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

EUR 1,000	Level 1	Level 2	Level 3	Total
Hierarcy levels				
Financial liabilities at fair value through profit or loss				
- Derivative contracts	-	-24	-	-24
Total	-	-24	-	**-24**

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.

Basis of preparation

Financial liabilities have been classified as financial liabilities valued at amortized cost and financial liabilities valued at fair value through profit or loss according to the IFRS 9 standard. Financial liabilities are initially recognized in the books at fair value. Later, financial liabilities, with the exception of derivative liabilities, have been valued at amortized cost using the effective interest method. Short-term financial liabilities are debts where the Group has no unconditional right to defer the payment of the debt to for at least 12 months after the reporting date.

The installments due during the next fiscal year of the financial loan are presented in the current liabilities.

Collateral and liabilities for the Group's loans are presented in Note no. 28 Pledged assets and contingent liabilities.

In the consolidated balance sheet, a lease contract liability has been entered based on the obligation to make lease payments. The lease liability is valued at the current value of the rents which are to be paid in the future according to the contract, but which have not been paid at the at the time of valuation. The interest expense on the lease liability is recognized in the Financial expenses item in the income statement. The lease liability is separately presented in the consolidated balance sheet and is an interest-bearing item. At the balance sheet date December 31, 2023, the amount of the Group's lease liabilities was EUR 6,623 thousand (EUR 7,581 thousand), of which EUR 1,289 thousand was current lease liability (EUR 1,293 thousand) and EUR 5,334 thousand (EUR 6,288 thousand) was non-current lease liability.

Risk management

The Group's **interest rate risk** results from financial liabilities. The Group may hedge against interest rate risk of debt capital with interest rate derivative instruments, fixed-rate loans and sufficient amount of liquid assets. At the balance sheet date, the Group does not have any financial liabilities. The credit limit utilized by the Group is variable-rate, which exposes the Group to cash flow interest rate risk.

MATURITIES OF FINANCIAL LIABILITIES

EUR 1,000	2024	2025	2026	2027	2028	2029	2030–	Total cash flows based on contracts	Book value
Not included in derivative liabilities									
Bank loans								-	-
Lease liabilities	1 503	1 531	1 445	1 131	1 024	757	1 276	8 667	6 624
Accounts payable and other liabilities	11 734							11 734	11 734
Total	**13 237**	**1 531**	**1 445**	**1 131**	**1 024**	**757**	**1 276**	**20 401**	**18 357**

MATURITIES OF FINANCIAL LIABILITIES, COMPARISON YEAR

EUR 1,000	2023	2024	2025	2026	2027	2028	2029–	Total cash flows based on contracts	Book value
Not included in derivative liabilities									
Bank loans	6 842								6 729
Lease liabilities	1 507	1 395	1 424	1 420	1 165	1 055	1 340	9 306	7 581
Accounts payable and other liabilities	12 591								12 591
Total	**20 940**	**1 395**	**1 424**	**1 420**	**1 165**	**1 055**	**1 340**	**9 306**	**26 901**

FINANCIAL LOANS AND LEASE DEBT

EUR 1,000	Loans	Use of account limit	Lease agreements
Jan. 1, 2022	2 071	-	8 970
Financing cash flows	-	-	-
– Lease debt repayments	-	-	-1 785
– Use of account limit	-	6 729	-
– Repayment of loans	-2 071	-	-
Non-cash flow related changes			396
Dec. 31, 2022	-	6 729	7 581
Jan. 1, 2023	-	6 729	7 581
Financing cash flows	-	-	-
Lease debt repayments	-	-	-1 284
Use of account limit	-	-6 729	-
Repayment of loans	-	-	-
Non-cash flow related changes	-	-	327
Dec. 31, 2023	**-**	**-**	**6 623**

EUR 1,000	2023	2022
NET LIABILITIES		
Financial loans maturing within one year	**-**	6 729
Lease liability at the end of the financial year	**6 623**	7 581
Deducted: Financial assets at the end of the period	**-48 105**	-7 618
Net liabilities	**-41 482**	6 692

NOTE 25

EUR 1,000	2023	2022
FINANCIAL ASSETS		
Financial assets at the beginning of the period	**7 618**	24 357
Change in financial assets	**40 552**	-17 009
Exchange rate differences from financial assets	**-65**	270
Financial assets at the end of the period	**48 105**	7 618

EUR 1,000	2023	2022
OTHER FINANCIAL ASSETS		
Unquoted share investments	**365**	616
Total	**365**	616

At the end of the reporting period December 31, 2023, the fair value of the financial assets categorized at fair value hierarchy level 3 was EUR 365 thousand (EUR 616 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 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.

The classification, accounting and measurement of the financial assets is an area where management judgment is related to, and those typically bear a significant risk of material changes in the carrying amounts of those items during the next financial year.

EUR 1,000	Carrying amount 31.12.2023	Carrying amount 31.12.2022
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	**7 033**	6 775
- Cash and cash equivalents	**48 105**	7 618
Total	**55 503**	15 008

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

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.

Basis of preparation

Financial assets are classified in accordance with the IFRS 9 Financial Instruments standard into financial assets recognized at fair value through profit and loss, financial assets valued at fair value through other comprehensive income items, and financial assets valued at amortized costs. The classification has been made based on the purpose of the acquisition and nature of the cash flow in conjunction with the original acquisition. Financial assets have been written off the balance sheet when the contractual right to cash flows or when the risks and returns of the financial asset have been transferred to a significant outside the Group. Financial assets maturing within 12 months are included in current assets.

The fair values of derivative contracts which do not fulfill the conditions of hedge accounting have been determined using market values for corresponding contracts and maturity on the balance sheet date. Gains and losses resulting from changes in fair value are recognized in the income statement in the financial period during which they incurred. The nominal values of currency forward contracts are presented in Note No. 18 Derivatives.

Financial assets valued at amortized cost include accounts receivables, assets based on customer contracts and other receivables. Due to the short-term nature of the receivables, their original book value corresponds to their fair value of the receivable. The discounting effect is not significant considering the maturity of the receivables. At the time of closing the accounts do not include significant risk clusters.

Expected credit loss risk

Dec. 31, 2023	Not due	1–30 days	31–60 days	61–90 days	91–180 days	181–360 days	>360 days	Total
Expected loss rates, %	0,00 %	0,00 %	0,01 %	1,00 %	1,00 %	25,00 %	100,00 %	
Book value of accounts receivables	4 479	1 385	242	507	375	710	12	
Gross carrying amount of accounts receivables, EUR 1 000	12 646							
Loss allowance, EUR 1 000	**0**	**0**	**0**	**5**	**4**	**178**	**12**	**200**

Dec. 31, 2022	Not due	1–30 days	31–60 days	61–90 days	91–180 days	181–360 days	>360 days	Total
Expected loss rates, %	0 %	0	0 %	1 %	1 %	25 %	100 %	
Book value of accounts receivables	5 307	1 252	526	113	220	190	210	
Gross carrying amount of accounts receivables, EUR 1 000	16 948							
Loss allowance, EUR 1 000	**0**	**0**	**0**	**1**	**2**	**47**	**210**	**261**

EUR 1,000	**2023**	**2022**	**2021**
The reconciliation of loss allowance for the Accounts receivables			
Amounts restated through opening retained earnings			
Opening loss allowance	**261**	85	66
Change in the expected credit loss during the financial year	**-61**	176	19
Closing loss allowance at the end of the financial year	**200**	261	85

Impairment of financial assets

The credit loss risk related to the accounts receivables has been estimated according to the standard IFRS 9 based on evaluation of the validity period expected for accounts receivables at the balance sheet date. Raute Group has applied a simplified approach allowed for recognition of credit losses of accounts receivables, because accounts receivables do not contain significant financing component. According to the simplified approach, the expected credit loss for the entire validity period of the trade receivables is recognized. The risk of credit loss at the beginning of the contracts is reduced by advance payments.

The accounts receivables are grouped for determination based on aging distribution. The expected credit loss is based on historical credit loss amounts taking into account possible customer-specific individual estimates and forward-looking factors based on the used model. Information on the expected credit loss risk is presented in the table Expected credit loss risk. Anticipated impairment losses have been recognized through profit or loss.

During the accounting period, the value of trade receivables on the balance sheet has been reduced based on expected credit losses amounting to 200 thousand euros (261 thousand euros). If the amount of the impairment loss decreases in any subsequent financial year and the reduction can be considered to be related to an event after the impairment was recognized, the recognized loss is reversed through profit or loss.

The impairment model has no effect on other financial assets or on financial assets recognized at fair value through profit or loss in accordance with IFRS 9 standard, because at the time of fair value measurement the expected credit losses have already been taken into account.

NOTE 26

EUR 1,000	2023	2022
CASH AND CASH EQUIVALENTS		
Cash and bank accounts	**48 105**	7 618
TOTAL	**48 105**	7 618
Cash and cash equivalents in the cash flow statement		
Cash and cash equivalents	**48 105**	7 618
TOTAL	**48 105**	7 618

Basis of preparation

Cash and cash equivalents comprise cash in hand, current bank deposits and other liquid short-term investments with maturity of three months or less. Bank overdrafts are included in current interest-bearing liabilities. Credit accounts related to Group accounts are included in current interest-bearing liabilities and are presented net if the Group has a contractual legal set-off right to pay or otherwise eliminate the amount due to the creditor in whole or in part.

Risk management

Counterparty risk of investment activities

The financing instrument contracts that the Group has concluded with banks and financial institutions involve the risk that the counterparty will not be able to fulfill its obligations according to the contract. In investment activities and when concluding derivative contracts, only those parties with a good credit rating and who meet the other terms and conditions defined in the financing policy are accepted as counterparties. When making investments, derivative contracts and loan agreements, the Group applies counterparty-specific maximum amounts to avoid risk clusters. On the balance sheet date, the funds related to the Group's cash management were in bank accounts. Liquid assets in financial institutions outside the euro zone were EUR 9.9 million (MEUR 7.2) at the balance sheet date.

Risk management

Due to the nature of the Group's project business, required financing and the amount of liquid assets vary even in the short term. Predicting working capital requirements is made especially challenging by new orders which have individual payment terms and involve uncertainties related to delivery schedules.

The minimum amounts of cash and cash equivalents, current investments, and available credit liabilities have been defined in the Group's financing policy to secure the Group's liquidity. Good liquidity is maintained primarily through efficient working capital and cash management. In the long term, the risk related to the availability and price financing is managed by utilizing various of sources of financing. Investments are made mainly in current deposits or marketable euro-denominated investments with good credit rating. Investments are required to exhibit sufficient liquidity. The Group did not have interest-bearing net liabilities in the consolidated financial statements of December 31, 2023 (MEUR 6.7).

The Group's cash and cash equivalents totaled EUR 48.1 million (MEUR 7.6) at the end of the financial year. The Group has made preparations for fluctuating working capital requirements and possible disturbances in the availability of money with committed standby credit limit worth EUR 5.0 million and a total uncommitted guarantee limit worth EUR 40 million with two Nordic banks. At the end of the financial year, EUR 30.0 million (EUR 11.5 million) of the limits were unused. In addition, the Group has bank account limits of EUR 5.0 million, which was not used at the end of the financial year.

Covenants in the new financing agreement

The special terms related to the financial key figures of the new financing agreement, i.e., covenants, are minimum EBITDA, minimum liquidity and equity ratio.

Covenants under the new financing agreement are reported to the lender monthly for minimum liquidity and quarterly for minimum EBITDA and equity ratio. For minimum liquidity and equity ratio, the first testing date was April 30, 2023 and for minimum EBITDA June 30, 2023. If the covenant conditions are not met, the creditor can demand an accelerated repayment of the existing limits and terminate the financing agreement. The Group successfully passed the covenants during the reporting period.

The Group's financial liabilities include trade payables, derivative liabilities and interest-bearing liabilities. Trade payables are due within less than a month on average. Repayment of interest-bearing loans based on the Group's loan contracts and cash flows from financial expenses related to them and cash flows from other financial liabilities are presented in Note no. 24 Financial liabilities.

Raute Corporation did earlier have EUR 10 million domestic commercial paper program, which allowed the Group to issue commercial papers maturing in less than one year. Such program is no more used by the Group.

NOTE 27

EUR 1,000	2023	2022
FINANCIAL EXPENSES, NET		
Financial income		
Interest income	**823**	88
Dividend income	**416**	676
Capital gains	**-**	-
Exchange rate gains from financial liabilities	**-299**	1 398
Other financial income	**0**	1
Total financial income	**940**	2 163
Financial expenses		
Interest expenses on financial loans recognized at amortized cost	**-75**	-58
Exchange rate losses on other financial items	**-124**	-972
Other financial expenses	**-809**	-304
Total financial expenses	**-1 008**	-1 335
Financial expenses, net	**-67**	828

Basis of preparation

Interest income is recognized as income for the financial year in which it was generated, according to the effective interest method. **Dividend income** is recognized as income for the financial year when the right to receive the dividend payment has established.

Foreign exchange gains arise from the valuation of the Group's foreign currency cash and cash equivalents and financial liabilities.

Interest expenses from financial liabilities are recognized as an expense for the financial year in which they belong to, based on the interest liability determined in the financial loan contract. Other interest expenses are recognized as expense in the financial year in which they were incurred.

Foreign exchange rate losses arise from the valuation of the Group's foreign currency-denominated cash and cash equivalents and financial liabilities.

NOTE 28

EUR 1,000	2023	2022
Mortgage agreements		
Business and real estate mortgages as collateral for credit and guarantee limits*	**178 200**	-
Total credit guarantee arrangements	178 200	-
Mortgage agreements on behalf of Group companies		
Financial loans	**-**	**-**
Other obligations	**-**	**-**
Other credit guarantee arrangements	**-**	-
Commercial bank guarantees on behalf of the Parent company and subsidiaries	**12 047**	7 781
Other own obligations		
Rental liabilities maturing within one year	**274**	220
Rental liabilities maturing in one to five years	**307**	261
Total	**581**	481

*Related to the financing arrangement described in Note no. 22.

Commercial bank guarantees are given to a customer, if required, against an advance payment made by the customer

PARENT COMPANY'S FINANCIAL STATEMENTS, FAS

RAUTE CORPORATION
Financial statements January 1 – December 31, 2023

The accounting principles of the Parent company's financial statements have been presented only for those parts that differ from the IFRS accounting principles of the consolidated financial statements.

Basis of preparation
The Parent company's financial statements have been prepared in accordance with the Finnish Accountancy Act (FAS).

Other than euro-denominated transactions have been recognized at the exchange rate effective on the transaction date. Receivables and liabilities denominated in other than euro-based currencies have been translated into euro at the average rate of the balance sheet date, except for business operations where the associated currency risk has been hedged by a currency derivative contract. These items have been measured at the value hedged through the derivative contract. Advances paid and received have been recognized in the balance sheet at the exchange rate effective on the payment date. Exchange gains and losses related to changes in the exchange rates have been recognized through profit or loss.

PARENT COMPANY'S INCOME STATEMENT

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
NET SALES	**108 180**	127 392
Change in inventories of finished goods and work in progress	**1 148**	-2 303
Other operating income	**546**	339
Materials and supplies	**-52 174**	-81 723
Personnel expenses	**-36 746**	-33 500
Depreciation and amortization	**-3 252**	-2 522
Other operating expenses	**-17 738**	-17 842
Total operating expenses	**-109 910**	-135 586
OPERATING RESULT	**-36**	-10 157
Financial income and expenses	**-1 878**	-188
RESULT BEFORE APPROPRIATIONS AND TAXES	**-1 914**	-10 345
Appropriations	**59**	-208
Income taxes	**369**	2 140
RESULT FOR THE FINANCIAL YEAR	**-1 485**	-8 414

The comparative information for 2022 has been changed in relation to the write-down of PHP Holding Ltd shares, which totaled EUR 561 thousand. The write-down has been transferred from Other business expenses to Financial expenses. After this, the write-down in 2022 is comparable to the write-down in 2023.

PARENT COMPANY'S BALANCE SHEET, FAS

EUR 1,000	31.12.2023	31.12.2022
ASSETS		
Non-current assets		
Intangible assets	**15 718**	14 328
Tangible assets	**7 777**	8 769
Investments	**15 223**	14 122
Total non-current assets	**38 718**	37 219
Current assets		
Inventories	**22 176**	14 784
Deferred tax assets	**4 089**	3 686
Current receivables	**23 792**	27 027
Financial investments	**15 168**	0
Cash and cash equivalents	**29 999**	5 239
Total current assets	**95 225**	50 737
TOTAL ASSETS	**133 942**	87 956

PARENT COMPANY'S BALANCE SHEET, FAS

EUR 1,000	31.12.2023	31.12.2022
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	**8 256**	8 256
Fair value reserve and other reserves	**19 655**	5 711
Retained earnings	**13 636**	22 031
Profit for the financial year	**-1 485**	-8 414
Total shareholders' equity	**40 063**	27 584
Appropriations	**1 571**	1 631
Obligatory provisions	**1 227**	1 029
Liabilities		
Non-current liabilities	**3 000**	0
Current liabilities	**88 081**	57 712
Total liabilities	**91 081**	57 712
TOTAL LIABILITIES	**133 942**	87 956

PARENT COMPANY'S CASH FLOW STATEMENT

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from sales	**139 285**	111 392
Proceeds from other operating income	**489**	339
Payments of operating expenses	**-102 833**	-123 811
Cash flow before financial items and taxes	**36 941**	-12 079
Interest paid from operating activities	**-173**	-25
Dividends received from operating activities	**416**	676
Interest received from operating activities	**654**	13
Other financing items from operating activities	**-698**	-100
Income tax paid	**369**	147
Net cash flow from operating activives (A)	**37 509**	-11 368
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and quipment and intangible assets	**-3 911**	-7 951
Business transaction	**-**	-
Proceeds from sale of property, plant and equipment and intangible assets	**57**	-
Purchase of subsidiary shares	**-1 361**	-1 110
Proceeds from sale of investments	**-**	-
Proceeds from sale of investments	**-**	-
Loans granted to Group companies	**-**	-
Repayments of loan receivables form Group companies	**-**	-
Net cash flow from investing activities (B)	**-5 215**	-9 061
CASH FLOW FROM FINANCING ACTIVITIES		
Directed share issue and rights issue	**13 944**	-
Convertible junior loan	**3 000**	-
Expenses for share issues and junior loan	**-1 631**	-
Purchase of own shares*	**-950**	-
Proceeds from current borrowings	**-**	6 729
Proceeds from current borrowings	**-6 729**	-
Dividends paid	**-**	-
Net cash flow from financing activities (C)	**7 634**	6 729
Net change in cash and cash equivalents (A+B+C)	**39 928**	-13 701
increase (+)/decrease (-)		
Cash and cash equivalents at the beginning of the year	**5 239**	18 941
Net change in cash and cash equivalents	**39 928**	-13 701
Effect of exchange rate changes on cash	**-**	-
Cash and cash equivalents at the end of the year	**45 167**	5 239

*Own shares purchased through EAI Raute Holding Oy are presented in here

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

NOTE 1

EUR 1,000	2023	%	2022	%
NET SALES				
Net sales by market area				
CIS (Russia)	**14 154**	**13**	30 523	24
EMEA (Europe and Africa)	**55 854**	**51**	67 254	53
LAM (South America)	**20 234**	**19**	7 937	6
APAC (Asia–Pacific)	**2 963**	**3**	5 970	5
NAM (North America)	**14 975**	**14**	15 708	12
TOTAL	**108 180**	**100**	127 392	100

Finland accounted for 11 percent (12%) of net sales

Basis of preparation

The revenue recognition related to net sales corresponds to the accounting principles of the Group consolicated financial statements.

EUR 1,000	2023	2022
Specification of net sales		
Net sales by percentage of completion	**86 446**	99 397
Other net sales	**21 734**	27 995
TOTAL	**108 180**	127 392
Amount of performance obligations to be satisfied over time not yet entered as income (order book)	**232 603**	56 067
Balance sheet items of projects not yet delivered		
Projects where value according to the degree of fultill-ment exceed the invoiced advances		
– aggregate amount of costs incurred and recognized profits less recognized losses	**77 150**	58 374
- advance payments received	**66 896**	43 173
Current customer contract assets	**10 255**	15 201
Projects where the invoiced advances exceed the value according to the degree of completion		
– aggregate amount of costs incurred and recognized profits less recognized losses	**54 363**	149 208
- advance payments received	**79 842**	158 612
Current customer contract liabilities	**25 479**	9 404
Advance payments included in current liabilities in the balance sheet		
Current customer contract liabilities	**25 479**	9 404
Other advance payments received	**270**	15 710
Total	**25 749**	25 114

NOTE 2

CURRENT RECEIVABLES

EUR 1,000	2023	2022
Current receivables from Group companies		
Loan receivables	**950**	0
Accounts receivables	**4 294**	2 418
Other receivables	**381**	0
Total from Group companies	**5 625**	2 418
Current receivables from others		
Accounts receivables	**4 036**	3 716
Accrued income and prepaid expenses	**12 618**	17 433
Other receivables	**1 513**	3 461
Total from others	**18 168**	24 610
TOTAL	**23 792**	27 027
Substantial items included in accrued income		
Current customer contract assets according to the percentage of completion method	**10 255**	15 219
Income tax receivable	**0**	0
Other accrued income	**2 363**	2 214
TOTAL	**12 618**	17 433

Basis of preparation
Receivables in the balance sheet include accounts receivables and other receivables. Receivables have been valued at original carrying amount or at the lower disposal price. Accounts receivables in the balance sheet do not include significant credit risk clusters at the balance sheet date

NOTE 3

MATERIALS AND SERVICES

EUR 1,000	2023	2022
Purchases during the financial year	**-49 168**	-67 265
Change in inventories, materials and supplies, other inventories	**6 436**	1 081
External services	**-9 442**	-15 539
TOTAL	**-52 174**	-81 723

NOTE 4

INVENTORIES

EUR 1,000	2023	2022
Materials and supplies	**11 399**	6 296
Work in progress	**3 148**	1 995
Finished products	**2 751**	1 144
Advance payments received for long-term projects	**4 878**	5 349
TOTAL	**22 176**	14 784

During the financial year, EUR 133 thousand (EUR 293 thousand) were recognized in expenses, reducing the carrying amount of inventories to correspond to the disposal price.

The comparison figure for 2022 has been corrected in connection with the classification correction between Work in Progress and Finished products. EUR 391 thousand has been transferred from Work in Progress to Finished products.

NOTE 5

OBLIGATORY PROVISIONS

EUR 1,000	2023	2022
Warranty provisions		
Book value at Jan. 1	**834**	1 435
Additions	**1 654**	865
Decrease	**-1 271**	-1 466
Book value at Dec. 31	**1 217**	834
Other obligatory provisions		
Book value at Jan. 1	**195**	1 137
Additions	**9**	258
Decrease	**-195**	-1 200
Book value at Dec. 31	**9**	195
TOTAL	**1 227**	1 029

NOTE 6

PERSONNEL EXPENSES

EUR 1,000	2023	2022
Wages and salaries	**-31 078**	-30 389
Pension costs	**-4 644**	-4 866
Fixed share-based employee payments	**-**	0
Other personnel expenses	**-1 024**	-1 094
Capitalized personnel expenses	**-**	2 849
TOTAL	**-36 746**	-33 500

PERSONNEL		
Employed at Dec. 31, persons		
Workers	**139**	146
Office staff	**392**	386
TOTAL	**531**	532
Personnel working abroad at Dec. 31	**4**	4
Effective, on average, persons		
Workers	**138**	149
Office staff	**374**	402
TOTAL	**513**	551
Personnel working abroad, effective, on average	**3**	4
On average, persons		
Workers	**139**	150
Office staff	**378**	408
TOTAL	**518**	558
Personnel working abroad, on average	**3**	4

Basis of preparation

Statutory pension coverage of Raute Corporation has been arranged through an external pension insurance company. Pension expenses have been recognized as expenses according to accrual over time.

NOTE 7

OTHER OPERATING INCOME

EUR 1,000	2023	2022
Subsidies received		-
Other operating income from Group companies	**452**	259
Capital gain on non-current assets	**57**	56
Other operating income	**37**	36
Insurance compensations	**-**	-12
TOTAL	**546**	339

Basis of preparation

Revenue not included in net sales has been recognized in the **other operating income.** Lease income included in the other operating income has been recognized as income on a straight-line basis for the lease term.

NOTE 8

OTHER OPERATING EXPENSES

EUR 1,000	2023	2022
Indirect production costs	**-2 026**	-1 827
Sales and marketing costs	**-2 492**	-2 534
Administration costs	**-7 025**	-5 688
Other costs	**-6 195**	-7 792
TOTAL	**-17 738**	-17 842

The comparative information for 2022 has been changed in the group Sales and marketing costs and Other costs. Other expert services of the business have been transferred from the Sales and marketing costs to Other costs in the amount of 1,397 thousand euros. From Other costs, 561 thousand euros have been transferred to Financial expenses in connection with the write-down of PHP Holding Oy's shares. After the changes, the year 2023 is comparable to the year 2022.

OTHER OPERATING EXPENSES

EUR 1,000	2023	2022
Auditor's remunerations		
Authorized Public Accountants Pricewaterhouse-Coopers Oy (Finland)		
Audit expenses, statutory	**-164**	-157
Audit expenses, other assignments according to the Audit Act	**-3**	-
Audit expenses, other services	**-302**	-29
Audit expenses, tax services		-
TOTAL	**-470**	-186

The Parent company's **auditor** during the financial year was Authorized Public Accountants PricewaterhouseCoopers Oy. Statutory audit fee includes audit fees for current financial year auditing. Other services and tax services include audit fees for other services recognized on accrual basis during the financial year. The fees do not include travel or costs and fees payable to the authorities arising from auditing or other assignments.

OTHER LEASES

EUR 1,000	2023	2022
Raute Corporation as a lessee		
Minimum rents paid on the basis of other non-cancellable leases:		
- Within one year	**597**	558
- After a period of more than one year and less than five years	**733**	686
TOTAL	**1 330**	1 245

NOTE 9

INCOME TAXES

EUR 1,000	2023	2022
Income taxes from operations	**-**	-
Current tax of previous financial years	**-17**	8
Deferred tax assets	**386**	2 132
TOTAL	**369**	2 140

Basis of preparation
In the income statement, taxes for the financial year and adjustments for taxes from previous financial years are presented as **income taxes**. **The tax based on the taxable income** of the period has been calculated from the taxable income based on the current tax rate.

Deferred taxes are recorded on temporary differences between the accounting value and the tax value. The company's balance sheet includes a total of EUR 4,089 thousand deferred tax receivables (EUR 3,685 thousand) recorded from tax losses. The deferred tax receivable is recorded in the balance sheet in the amount of the estimated probable receivable.

NOTE 10

INTANGIBLE ASSETS

EUR 1,000	Development expenses	Unfinished development expenses	Intangible rights	Goodwill	Other intangible assets	Advance payments	Total
Acquisition cost at Jan. 1, 2023	**484**	**1 399**	**4 138**	**662**	**8 963**	**9 407**	**25 052**
Additions			112		1 841	1 312	3 265
Disposals					-36		-36
Reclassification between items	-484	-1 399	46		11 001	-9 164	0
Acquisition cost at Dec. 31, 2023	**0**	**0**	**4 296**	**662**	**21 770**	**1 555**	**28 282**
Accumulated amortization and depreciation at Jan. 1, 2023	**-77**	**0**	**-3 157**	**-377**	**-7 113**	**-**	**-10 724**
Write-down							0
Depreciation for the financial year			-218	-66	-1 556		-1 840
Depreciation of disposals and transfers							0
Reclassification between items	77				-77		0
Accumulated amortization and depreciation at Dec. 31, 2023	**0**	**0**	**-3 375**	**-443**	**-8 746**	**0**	**-12 564**
Book value at Dec. 31, 2023	**0**	**0**	**920**	**218**	**13 024**	**1 555**	**15 718**
Book value at Dec. 31, 2022	**407**	**1 399**	**981**	**284**	**1 850**	**9 407**	**14 328**

Basis of preparation

Research and development expenses
Research expenses are recorded as expenses on an accrual basis, i.e. at the time the expenses are incurred.

The company's development expenses have been capitalized in accordance with KPL § 5:8. The company capitalizes development costs to intangible assets on the balance sheet if they are expected to generate income in several financial years. The company has capitalized the development costs that have been incurred immediately by making the commodity ready for its intended use. The company capitalizes an intangible asset as a development expense when the completion of the asset is technically feasible in such a way that the asset is available or can be sold, the company has the ability, intention and resources to complete the asset and use it or sell it, according to the company's assessment, the asset has a probable economic benefit that can be demonstrated, and the company is able to reliably determine the expenses resulting from the intangible asset during its development phase.

There are uncertainties associated with the values related to the capitalized development expenses in the balance sheet, and it is possible that the expected return from the development projects will change as circumstances change. The value of capitalized development costs on the balance sheet may decrease if the expected financial benefit changes. If the expected yield of the commodity recorded in the balance sheet falls below the balance sheet value, i.e. the sum of the capitalized unremoved development costs, the balance sheet value of the development expenditure is adjusted with a write-down to match the expected yield.

NOTE 11

TANGIBLE ASSETS

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and assets in progress	Total
Acquisition cost at Jan. 1, 2023	**218**	**11 533**	**34 307**	**842**	**794**	**47 694**
Additions		24	479	18	125	646
Disposals			-347			-347
Reclassification between items			20		-20	0
Acquisition cost at Dec. 31, 2023	**218**	**11 557**	**34 458**	**860**	**900**	**47 993**
Accumulated depreciation and amortization at Jan. 1, 2023	**-**	**-8 993**	**-29 428**	**-503**	**-**	**-38 924**
Depreciation and amortization for the financial year		-261	-981	-49		-1 291
Depreciation of disposals and transfers						0
Reclassification between items						0
Accumulated depreciation and amortization at Dec. 31, 2023	**-**	**-9 254**	**-30 409**	**-552**	**-**	**-40 215**
Book value at Dec. 31, 2023	**218**	**2 302**	**4 050**	**308**	**900**	**7 777**
Book value at Dec. 31, 2022	**218**	**2 540**	**4 879**	**338**	**794**	**8 769**

NOTE 12

DEPRECIATION AND AMORTIZATION

EUR 1,000	2023	2022
Depreciation and amortization of intangible assets	-1 866	-882
Depreciation and amortization of tangible assets	-1 386	-1 640
TOTAL	**-3 252**	-2 522

Depreciations of tangible assets and amortizations of intangible assets according to a plan have been recorded with the straight-line method over the expected economic lives of the assets as follows:

Intagible rights	10 years
Goodwill	10 years
Other intangible assets	3-10 years
Buildings and structure	25-40 years
Machinery and equipment	4-12 years
Other tangible assets	3-10 years
Development expenses	3-10 years

Depreciations and amortizations have been recorded from the beginning of the month in which the asset has been taken into use. Residual expenditures on decommissioning and disposal of tangible assets have been presented under the item Depreciation and amortization in the income statement. **Gains and losses on disposal of tangible assets** have been presented in other operating income or expenses.

NOTE 13

NON-CURRENT INVESTMENTS

EUR 1,000	Shares, Group companies	Shares, Others	Total
Acquisition cost at Jan. 1, 2023	**18 793**	**1489**	**20 283**
Additions	1 362		1 362
Disposals			0
Acquisition cost at Dec. 31, 2023	**20 155**	**1 489**	**21 644**
Accumulated impairments at Jan. 1, 2023	**-5 297**	**-864**	**-6 161**
Impairments		-261	-261
Accumulated impairments at Dec. 31, 2023	**-5 297**	**-1125**	**-6 422**
Book value at Dec. 31, 2023	**14 858**	**365**	**15 223**
Book value at Dec. 31, 2022	13 496	626	14 122

SHARES OWNED BY THE COMPANY

	Holding and voting rights, %	Book value, EUR 1,000
Subsidiaries		
Raute Canada Ltd., Delta, B.C., Canada	100	5 751
Raute Inc., Delaware, USA	100	2 899
RWS-Engineering Oy, Lahti, Finland	100	203
Raute WPM Oy, Lahti, Finland	100	9
Raute Group Asia Pte Ltd., Singapore	100	0
Raute (Shanghai) Machinery Co., Ltd, Shanghai, China	100	0
Hiottu Oy, Oulu, Finland	100	928
Raute (Changzhou) Machinery Co.. Ltd, Changzhou, China	100	4 390
Raute Chile Ltda., Concepción, Chile	50	15
Raute Service Indonesia	100	664
TOTAL		**14 858**

Other shares	Number of shares, pcs	Book value, EUR 1,000
PHP Holding Oy	521	219
Esys Oy	600	42
DIMECC OY	50	50
Other		54
TOTAL		**365**

NOTE 14

SHAREHOLDERS' EQUITY

EUR 1,000	2023	2022
Share capital at Jan. 1	**8 256**	8 256
Share capital at Dec. 31	**8 256**	8 256
Invested non-restricted equity reserve at Jan. 1	**5 711**	5 711
Directed share issue and rights issue	**13 944**	-
Invested non-restricted equity reserve at Dec. 31	**19 655**	5 711
Retained earnings at Jan. 1	**22 031**	24 547
Changes during the financial year		
- Profit from the previous year	**-8 414**	-2 713
- Dividends	**-**	-
- Derivatives recorded in equity during the financial year	**19**	196
Retained earnings at Dec. 31	**13 636**	22 031
Result for the financial year	**-1 485**	-8 414
SHAREHOLDERS' EQUITY AT DEC. 31	**40 062**	27 584
Distributable funds		
Retained earnings at Dec. 31	**13 636**	22 031
Result for the financial year	**-1 485**	-8 414
Invested non-restricted equity reserve	**19 655**	5 711
Items deductible from distributable funds		
Development costs	**-**	-1 806
Distributable funds at Dec. 31	**31 806**	17 522
Shares of the company		
Series K shares (ordinary shares, 20 votes/share), 1,000 pcs	**-**	991
Series A shares (1 vote/shares), 1,000 pcs	**-**	3 272
Combined series shares (1 vote/share), 1,000 pcspl	**6 123**	-
Total shares, 1,000 pcs	**6 123**	4 263
Book counter value of the share	**1,35**	1,94
Total book counter value, 1 000 pcs	**8 256**	8 256

*During the financial year, a net amount of EUR 13,944 thousand was collected in the equity reserve from the directed share issue and subscription rights issue.

NOTE 15

LIABILITIES

EUR 1,000	2023	2022
Non-current liabilities		
Convertible junior loan	**3 000**	-
Current liabilities		
Current liabilities to Group companies		
- Advance payments received	**28 040**	13 011
- Accounts payable	**2 175**	3 602
- Accrued expenses and prepaid income	**-**	-
- Other current liabilities	**10 868**	5 404
Total to Group companies	**41 082**	22 017
Current liabilities to others		
- Advance payments received	**25 749**	12 103
- Accounts payable	**11 988**	8 038
- Accrued expenses and prepaid income	**7 792**	7 014
- Other liabilities	**1 471**	1 811
Total to others	**46 999**	28 966
TOTAL	**88 081**	50 983
Interest-bearing liabilities		
- Current other liabilities	**-**	6 729
TOTAL	**-**	6 729
Substantial items included in accrued expenses and prepaid income		
- Accrued personnel expenses	**7 229**	6 498
- Accrued project expenses	**-**	-
- Income tax liability	**-**	-
- Financial accruals	**188**	80
- Other accrued expenses	**375**	436
TOTAL	**7 792**	7 014

*The convertible junior loan is classified as long-term debt in the parent company (FAS), and as equity in the group (IFRS). Finnish accounting regulations do not contain similar criteria for classification as equity as IFRS.

NOTE 16

FINANCIAL INCOME AND EXPENSES

EUR 1,000	2023	2022
Dividend income		
From others	**416**	676
Total	**416**	676
Other interest and financial income		
From Group companies	**-**	-
From others	**706**	153
Total	**706**	153
Total financial income	**1 122**	829
Interest and other financial expenses		
To Group companies	**-174**	-
To others	**-2 826**	-1 017
Total	**-3 000**	-1 017
Total financial expenses	**-3 000**	-1 017
Financial income and expenses, net	**-1 878**	-188
Exchange rate losses (-) included in total financial income and expenses	**-24**	-83

NOTE 17

DERIVATIVES

EUR 1,000	2023	2022
Nominal values of forward contracts in foreign currency		
Hedge accounting		
- Related to the hedging of net sales	**18 993**	11 926
Derivatives which do not meet the criteria of hedge accounting		
- Related to financing	**-2 715**	-
- Related to the hedging of net sales	**-**	-
Fair values of forward contracts in foreign currency		
Hedge accounting		
- Related to the hedging of net sales	**95**	117
Derivatives which do not meet the criteria of hedge accounting		
- Related to financing	**-24**	0
- Related to the hedging of net sales	**-**	-

Basis of preparation

The company's **derivatives** include foreign currency derivative contracts. Currency derivatives are used to hedge against currency risks related to currency cash flow.

NOTE 18

PLEDGED ASSETS AND CONTINGENT LIABILITIES

EUR 1,000	2023	2022
Guarantees given on your own behalf		
Business mortgages given as security	**12 047**	**7 781**
Mortgage agreements on behalf of subsidiaries		
Financial loans	**-**	-
Other obligations	**-**	-
Other credit guarantee arrangements	**-**	-
Commercial bank guarantees on behalf of the Parent company and subsidiaries	**16 691**	7 781

"Letters of Guarantee" engagements have been issued on behalf of certain subsidiaries.
No pledges or other contingent liabilities have been given on behalf of the management or shareholders. No loans have been granted to the management and shareholders.

FINANCIAL STATEMENTS DECEMBER 31, 2023

Common accounting document types used	**Documents' means of storaging**
Financial statements	Separately bound, in paper
General journal and general ledger	In electronic format
Accounts payable and accounts receivable	In electronic format

Description of voucher group	**Voucher group**	**Vouchers' means of storaging**
Bank vouchers	10	In electronic format
Purchase invoices	81	In electronic format
Sales invoices	30, 31, 34, 35 and 36	In electronic format
Transactions of purchase and sales invoices	12 and 80	In electronic format
Fixed asset register		In electronic format
Salary vouchers	55, 56, 64, 65, 66, 67 and 68	In electronic format
Memo vouchers	11, 15, 16, 19, 20, 21, 22, 23, 25, 48, 49, 50, 51, 52, 53 and 54	In electronic format

THE BOARD OF DIRECTORS' PROPOSAL FOR RESULT DISTRIBUTION, SIGNATURES FOR THE REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS AND THE AUDITOR'S NOTE

The Parent company's distributable funds total EUR 31,806,472.02 of which the loss for the financial year is EUR -1,485.248.28 and the balance sheet amounts to EUR 133,942,404.21.

The Board of Directors will propose to the Annual General Meeting to be held on April 4, 2024 that the distributable funds will be used in the following way based on the total amount of shares entitled for the dividend at the date of the proposal for dividend distribution, i.e. 6,122,679 shares:.

- EUR 0.10 per share to be distributed as dividend, i.e. a total of	EUR	612,267.90
- Retained in equity	EUR	31,194,204.12
Total	EUR	31,806,472.02

No material changes have taken place in the company's financial position after the end of the financial year.
The company has good liquidity, and the proposed profit distribution does not pose a risk to solvency.

Lahti, February 22, 2024

Laura Raitio
Chair of the Board

Mika Mustakallio Joni Bask Ari Harmaala Petri Perttula Ari Piik Patrick von Essen

Mika Saariaho
President and CEO

Auditor's note

A report on the audit performed has been issued today.

Lahti, February 22, 2024

PricewaterhouseCoopers Oy
Authorized Public Accountants

Mikko Nieminen
Authorized Public Accountant

To the Annual General Meeting of Raute Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Board of Directors.

What we have audited

We have audited the financial statements of Raute Oyj (business identity code 0149072-6) for the year ended 31 December 2023. The financial statements comprise:

- the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note Other operating expenses to the Financial Statements.

Our Audit Approach

Overview

- Overall group materiality: EUR 1,45 million, which represents approximately 1% of net sales

- We have audited parent company and its subsidiary in Canada. In addition, we have performed group level procedures over specific consolidated accounts and analytical procedures to assess unusual movements across all entities.

- Revenue recognition of project deliveries and modernization projects

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	EUR 1,45 million (previous year EUR 1,6 million)
How we determined it	Approximately 1% of net sales
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, the performance of the Group is most commonly measured by using this criteria, and it is a generally accepted benchmark. We chose net sales as the benchmark as we considered that this provides us with a consistent year-on-year basis for determining materiality.

How we tailored our group audit scope

The group audit scope was tailored to take into account the structure of the Group and the size, complexity and risk of individual subsidiaries. Using this criteria we selected companies into our audit scope and at the same time ensured that we get sufficient coverage to our audit, in order to issue an audit opinion for the Group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group and parent company	How our audit addressed the key audit matter
Revenue recognition of project deliveries and modernization projecta *Refer to accounting principles of the consolidated financial statements and notes net sales and performance obligations to be satisfied over time in the consolidated financial statements* The main part of net sales is comprised of porjects deliveries and modernizations projects, which are treated as performance obligations to be staisfied over time. The group applies the percentage of completion method as a revenue recognition principle in performance obligations over time Percentage of completion has been measured on a cost basis as the relation of actual project costs to the estimated total project costs. The revenue recognition of projects deliveries and modernization projests includes significant management judgments, which have a direct impact on the revenue and profit of the financial year. The most important judgment relates to the estimated total revenues as well as estimated material, subcontracting and labour costs Our audit procedures focused on the revenue recognition of projects deliveries and modernization projects, as they include management judgment. The revenue recognition of projects deliveries and modernization projects includes management judgment in a form of estimates affecting both on the amount of revenue being recognized and profitability of the projects. This matter is a significant risk of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014.	Our revenue testing included both testing of the company's controls, as well as substantive audit procedures targeted at selected project deliveries and modernization projects. Our substantive procedures included the following but was not limited to: • We have verified, by sampling new contracts signed during the accounting period, that the revenue recognition method applied was appropriate based on the terms of the arrangement. • We have tested by sample, that estimated revenues are based on signed contracts and that new projects have been processed in accordance with Raute's decision making policy. • We have assessed reliability of the expected expenses for projects by comparing expenses of unfinished projects in the previous year-end to the final outcome. We have had discussions with relevant personnel about uncertainty relating to the estimated total expenses of the projects. We have read minutes from monthly project meetings into which the changes in expected expenses are documented by project. • We have tested the arithmetic of the spreadsheets with which the percentage of completion and revenue to be recognized for projects is calculated. • We also considered the appropriateness of the related disclosures provided in the notes to the consolidated financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company’s and the group’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Appointment

We were first appointed as auditors by the annual general meeting on 31 March 2010. Our appointment represents a total period of uninterrupted engagement of 14 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises in the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 22 February 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant (KHT)

INDEPENDENT AUDITOR'S REASONABLE ASSURANCE REPORT ON RAUTE OYJ ESEF FINANCIAL STATEMENTS (TRANSLATION OF THE FINNISH ORIGINAL)

To the Management of Raute Oyj
We have been engaged by the Management of Raute Oyj (business identity code 0149072-6) (hereinafter also "the Company") to perform a reasonable assurance engagement on the Company's consolidated IFRS financial statements for the financial year 01 January - 31 December 2023 in European Single Electronic Format ("ESEF financial statements").

Management's Responsibility for the ESEF Financial Statements
The Management of Raute Oyj is responsible for preparing the ESEF financial statements so that they comply with the requirements as specified in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF requirements"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of ESEF financial statements that are free from material noncompliance with the ESEF requirements, whether due to fraud or error.

Our Independence and Quality Management
We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility
Our responsibility is to express an opinion on the ESEF financial statements based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the ESEF financial statements are free from material noncompliance with the ESEF requirements.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the ESEF financial statements compliance with the ESEF requirements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material noncompliance of the ESEF financial statements with the ESEF requirements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's preparation of the ESEF financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, Raute Oyj ESEF financial statements for the financial year ended 31 December 2023 comply, in all material respects, with the minimum requirements as set out in the ESEF requirements.

Our reasonable assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except for Raute Oyj for our work, for this report, or for the opinion that we have formed.

Helsinki 22 February 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants
Mikko Nieminen
Authorised Public Accountant (KHT)

RAUTE

DEVELOPMENT OF GROUP RESULT

The presented interim figures have not been audited.

EUR 1,000	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
NET SALES	**45 223**	**34 041**	**29 338**	**36 815**	45 685	41 775	29 590	41 274
Change in inventories of finished goods and work in progress	**1 165**	**-1 631**	**307**	**-984**	-1 199	-3 348	663	-617
Other operating income	**363**	**46**	**3**	**229**	112	28	68	-1
Materials and services	-21 622	-13 888	-12 148	-15 371	-23 601	-19 581	-24 038	-23 864
Employee benefits expense	-15 861	-10 829	-12 047	-13 509	-13 119	-11 553	-14 388	-12 097
Depreciation an damortization	-1 329	-1 334	-1 114	-1 140	-1 212	-1 215	-1 278	-1 248
Other operating expenses	-7 282	-5 015	-5 363	-5 200	-6 154	-4 690	-5 709	-4 925
Total operating expenses	**-46 094**	**-31 066**	**-30 672**	**-35 220**	-44 086	-37 039	-45 413	-42 135
OPERATING RESULT	**656**	**1 390**	**-1 024**	**839**	512	1 416	-15 092	-1 478
% of net sales	**1,5**	**4,1**	**-3,5**	**2,3**	1,1	3,4	-51,0	-3,6
Financial income	-108	668	36	344	1 639	-175	-173	872
Financial expenses	-18	-382	-197	-411	-817	141	-107	-552
Financial expenses, net	**-125**	**286**	**-161**	**-67**	822	-34	-280	320
RESULT BEFORE TAX	**531**	**1 676**	**-1 185**	**773**	1 334	1 382	-15 372	-1 158
% of net sales	**1,2**	**4,9**	**-4,0**	**2,1**	2,9	3,3	-51,9	-2,8
Income taxes	133	-639	387	-326	34	-131	2458	-60
TOTAL RESULT FOR THE PERIOD	**666**	**1 037**	**-799**	**446**	1 368	1 251	-12 914	-1 218
% of net sales	**1,5**	**3,0**	**-2,7**	**1,2**	3,0	3,0	-43,6	-3,0
Attributable to								
Equity holders of the Parent company	666	1 037	-799	446	1 368	1 251	-12 914	-1 218
Undiluted earnings per share, euros	0,09	0,16	-0,15	0,10	0,32	0,29	-3,03	-0,29
Diluted earnings per share, euros	0,09	0,16	-0,15	0,10	0,32	0,29	-3,03	-0,29
Adjusted average number of shares, 1 000 pcs	6 123	6 123	5 375	4 498	4 263	4 263	4 263	4 263
Adjusted average number of shares, diluted, 1 000 pcs	6 172	6 123	5 375	4 498	4 263	4 263	4 263	4 263
FINANCIAL DEVELOPMENT QUARTERLY								
Order intake during the period, EUR million	118	19	112	67	28	34	40	36
Order book at the end of the period, EUR million	266	192	202	121	84	94	104	152

	2023	2022	2021	2020	2019
Net sales	**145 416**	158 324	142 212	114 994	151 297
Change in net sales, %	**-8,2**	11,3	23,7	-24,0	-16,4
Exported portion of net sales	**132 293**	141 830	130 548	108 267	133 535
% of net sales	**91,0**	89,6	91,8	94,2	88,3
EBITDA**	**6 781**	-9 689	2 071	n/a	n/a
Comparable EBITDA)**	**9 273**	-2 258	3 479	n/a	n/a
% of net sales	**6,4**	-1,4	2,4	n/a	n/a
Operating profit	**1 863**	-14 642	-2 244	-2 770	8 454
% of net sales	**1,3**	-9,2	-1,6	-2,4	5,6
Result before tax	**1 795**	-13 814	-1 772	-2 455	9 253
% of net sales	**1,2**	-8,7	-1,2	-2,1	6,1
Result for the financial year	**1 350**	-11 513	-1 775	-1 819	7 687
% of net sales	**0,9**	-7,3	-1,2	-1,6	5,1
Return on investment (ROI), %	**6,6**	-29,9	-2,7	-2,7	18,1
Return on equity (ROE), %	**4,4**	-40,4	-4,8	-4,1	16,0
Balance sheet total**	**135 405**	92 053	110 676	85 428	90 651
Interest-bearing net liabilities**	**-39 419**	6 721	-12 244	-3 863	-13 923
% of net sales	**-27,1**	4,2	-8,6	-3,4	-9,2
Non-interest-bearing liabilities	**88 317**	56 735	64 065	37 740	32 635
Equity ratio, %**	**50,2**	36,6	44,3	58,8	62,9
Gearing, %**	**-102,7**	29,4	-35,9	-9,8	-28,1
Gross capital expenditure	**4 486**	6 572	6 297	4 258	2 956
% of net sales	**3,1**	4,2	4,4	3,7	2,0
Research and development costs	**5 215**	6 295	4 919	4 260	4 419
% of net sales	**3,6**	4,0	3,5	3,7	2,9
Order book, EUR million	**266**	84	158	94	88
Order intake, EUR million	**315**	138	203	119	148
Personnel at Dec. 31	**754**	778	802	751	778
Personnel, effective, on average	**749**	774	780	743	761
Personnel, on average	**754**	829	788	760	784
Dividend	**612***	0	0	3 411	6 182
Return on equity					

* The Board of Directors' proposal to the Annual General Meeting.
** The new key figures calculated only starting from 2021.

Raute Group uses key ratios and alternative performance measures (APM's) to describe the income, operational financial result, capital structure, return on equity, financial position and cash flows. Raute Group has reported two new alternative performance measures since 2023: EBITDA and Comparable EBITDA.

The purpose of the key ratios and APMs is to give the readers an overview of the Group's financial position and help in analyzing the financial statements and evaluating the development of the operations.

The key ratios have been derived from the consolidated financial statements or are based on items presented in the financial statements which have been prepared in accordance with the accounting standards. If there is a change in the accounting principles of the Group during a certain financial year, the figures of the comparison years are restated to correspond to those accounting principles in force for the current year.

The calculation of the key figures and the alternative performance measures has been presented on page 96 and the calculation of share-related data in connection with the share-related data, on page 97.

Change in net sales, %

$$\frac{\text{Net sales of the financial year ./.net sales of the previous financial year}}{\text{Net sales}} \times 100$$

Exported portion of net sales

Exported portion of materials and services sold from Finland

Exported portion of net sales, %

$$\frac{\text{Exported portion}}{\text{Net sales of the financial year}} \times 100$$

EBITDA

EBITDA is the net amount that is formed when other revenue from business operations is added to the net sales, and the purchase costs are subtracted, adjusted by the change of the purchase costs of finished and work-in-progress products, adjusted by costs arising from manufacturing for own use, and the expenses arising from employee benefits and other business expenses subtracted. .

Comparable EBITDA

EBITDA + items affecting comparability

Comparable EBITDA, % lof net sales

$$\frac{\text{Comparable EBITDA)}}{\text{Net sales}} \times 100$$

Operating profit

Operating profit is the net sum calculated by adding other operating income to net sales, deducting purchase expenses that have been adjusted by changes in inventories of finished goods and work in progress and by expenses fom production for own use; and by deducting expenses from employee benefits, depreciation and possible impairment losses, as well as other operating expenses.

Operating profit, % of net sales

$$\frac{\text{Operating profit}}{\text{Net sales of the financial year}} \times 100$$

Profit before tax, % of net sales

$$\frac{\text{Profit before tax}}{\text{Net sales of the financial year}} \times 100$$

Profit for the financial year, % of net sales

$$\frac{\text{Profit for the financial year}}{\text{Net sales of the financial year}} \times 100$$

Return on investment (ROI), %

$$\frac{\text{Profit before tax + financial expenses}}{\text{Shareholders' equity + interest-bearing financial liabilities (average of the financial year)}} \times 100$$

Return on equty (ROE), %

$$\frac{\text{Profit/loss for the financial year}}{\text{Shareholders' equity (average of the financial year)}} \times 100$$

Interest-bearing net liabilities

Interest-bearing liabilities ./. (cash and cash equivalents + financial assets at fair value through profit or loss)

Interest-bearing net liabilities % of net sales

$$\frac{\text{Interest-bearing liabilities ./. (cash and cash equivalents + financial assets at fair value through profit or loss)}}{\text{Net sales}} \times 100$$

Non-interest-bearing liabilities

Provisions + current advance payments received + income tax liability + trade payables and other liabilities

Equity ratio, %

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total ./. advance payments received}} \times 100$$

Gearing, %

$$\frac{\text{Interest-bearing net financial liabilities}}{\text{Shareholders' equity}} \times 100$$

Gross capital expenditure

Gross capital expenditure includes additions in intangible and tangible assets.

Gross capital expenditure, % of net sales

$$\frac{\text{Gross capital expenditure}}{\text{Net sales of the financial year}} \times 100$$

Research and development costs

Research and development costs include materials and supplies, working hours and other operating costs

Research and development costs, % of net sales

$$\frac{\text{Research and development costs}}{\text{Net sales of the financial year}} \times 100$$

Order book, EUR million

Binding sales contracts received but not yet delivered as far the orders have not been recognized in net sales.

Order intake, EUR million

Binding sales contracts entered into force during the financial year according to the latest net sales estimate.

Personnel at Dec. 31

Number of employed personnel at the end of the financial year.

Personnel, average

Average of the number of employed personnel at the end of calendar months.

Personnel, effective

Effective number of employed personnel at the end of the calendar months of the financial year

Personnel, effective, average

Average of the effective number of employed personnel at the end of the calendar months of the financial year.

Dividend distribution

Dividend distribution confirmed or proposed for the financial year.

Repayment of equity

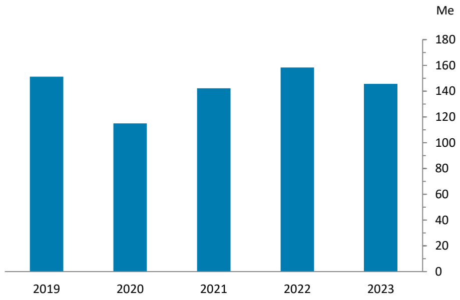
Repayment of equity from the non-restricted equity reserve confirmed or proposed for the financial year.

	2023	2022	2021	2020	2019
Earnings per share, (EPS), undiluted, EUR	**0,22**	-2,56	-0,39	-0,20	1,71
Earnings per share, (EPS), diluted, EUR	**0,22**	-2,56	-0,39	-0,20	1,70
Equity to share, EUR	**6,92**	5,09	7,69	9,01	11,01
Dividend per combined series (series A) share, EUR	**0,10***	-	-	0,76	1,37
Dividend per series K share, EUR	**-**	-	-	0,76	1,37
Dividend per profit, %	**45,45**	-	-	-176,3	76,21
Effective dividend return, %	**1,02**	-	-	-3,3	5,50
Price/earnings ratio (P/E ratio)	**44,73**	-3,06	-47,55	-107,40	13,14
Development in share price (combined series shares, series A shares until April 3, 2023)					
Lowest share price for the financial year, EUR	**8,02**	7,69	18,48	16,49	18,96
Highest share price for the financial year, EUR	**11,30**	19,33	23,60	25,97	27,20
Average share price for the financial year, EUR	**9,30**	11,64	21,12	19,50	23,42
Share price at the end of the financial year, EUR	**9,84**	7,83	18,77	21,51	23,69
Market value of capital stock at Dec. 31					
Series K shares, before combining the share series, MEUR**	**-**	8,2	19,6	22,5	24,8
Series A shares, before combining the share series, MEUR**	**-**	27,0	64,8	74,3	81,8
Shares after combining the share series and directed share issue and rights issue, MEUR	**60,2**				
Total, MEUR	**60,2**	35,2	84,4	96,8	106,6
Trading of the company's shares (combined series shares, series A shares until April 3, 2023)					
Shares traded during the financial year, pcs	**993 127**	613 077	591 208	680 073	503 305
% of the number of shares	**9,4**	7,5	13,2	14,0	12,4
Total number of share					
Series K shares (20 votes/share), adjusted number of shares***	**-**	1 045 727	1 045 727	1 045 727	1 045 727
Series A shares (1 vote/share), adjusted number of shares***	**-**	3 452 168	3 452 168	3 452 168	3 452 168
Shares after combining the share series, directed share issue and rights issue	**6 122 679**				
Total	**6 122 679**	4 497 895	4 497 895	4 497 895	4 497 895
Issue-adjusted average number of shares, 1000 pcs	**5 550**	4 498	4 498	4 498	4 498
Issue-adjusted average number of shares , diluted, 1,000 pcs	**5 597**	4 498	4 498	**4 502**	**4 523**

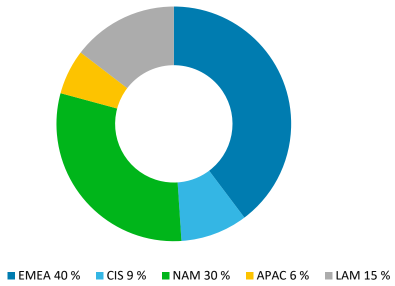
* The Board of Directors' proposal to the Annual General Meeting.
** Combination of share series registered in the trade register on April 3, 2023. Series K shares are valued at the end-of-period price of series A shares.
***Combination of share series registered in the trade register on April 3, 2023

Earnings per share, undiluted, euros	$\frac{\text{Result for the financial year}}{\text{Average number of shares during the financial year}}$	
Earnings per share, diluted, euros	$\frac{\text{Diluted profit (loss) for the financial year}}{\text{Diluted equity issue-adjusted average number of shares during the financial year}}$	
Equity to share, euros	$\frac{\text{Share of shareholders' equity belonging to the owners of the Parent company}}{\text{Number of shares at the end of the financial year}}$	
Dividend per share, euros	$\frac{\text{Distributed dividend for the financial year}}{\text{Number of shares at the end of the financial year}}$	
Dividend per profit, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Effective dividend return, %	$\frac{\text{Dividend per share}}{\text{Closing share price at the end of the financial year}}$	x 100
Price/earnings ratio (P/E ratio)	$\frac{\text{Closing share price at the end of the financial year}}{\text{Earnings per share}}$	
Average share price for the financial year, euros	$\frac{\text{Total EUR value of series A shares traded during the financial year}}{\text{Average number of series A shares traded during the financial year}}$	
Market value of capital stock at Dec. 31, EUR 1,000**	Number of shares (combined series shares / series A and series K shares) at the end of the financial year x closing price of the combined series share at the end of the financial year	
Share turnover (combined series (A series) shares during the financial yea, %	$\frac{\text{Total number of combined series (series A) shares traded during the financial year}}{\text{Average number of combined series (series A) shares during the financial year}}$	x 100
Number of shares, average	Average of the number of shares at the end of calendar months of the financial year.	
Number of shares, average, diluted	Average of the issue-adjusted number of shares at the end of calendar months (options) of the financial year.	

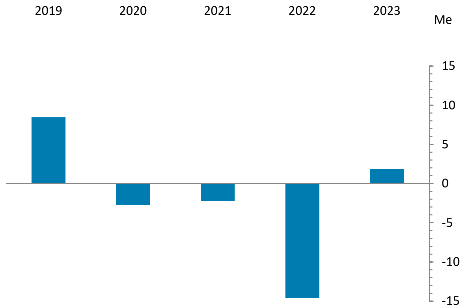
Net sales development



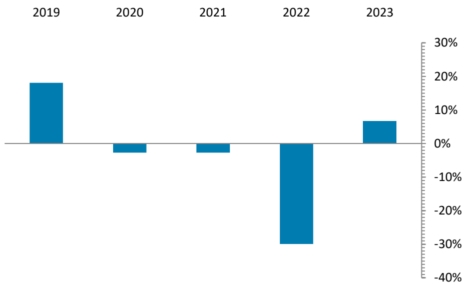
Net sales by market area



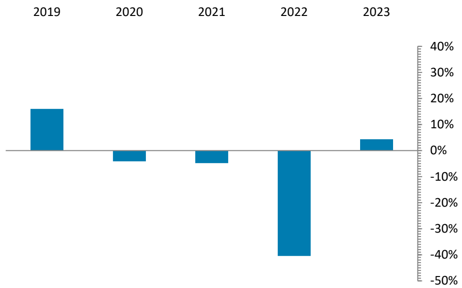
Operating profit development



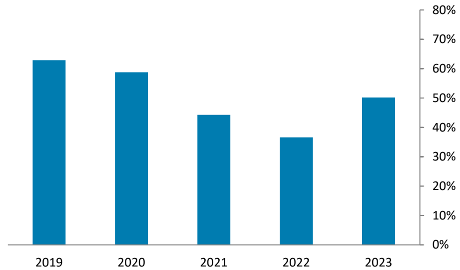
Return on investment (ROI)



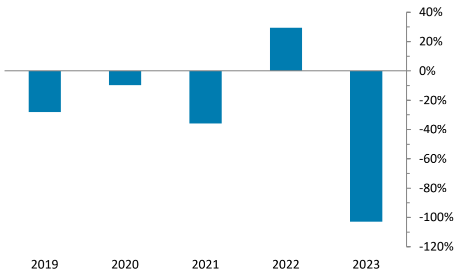
Return on equity (ROE)



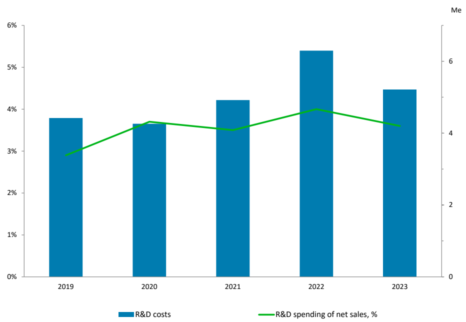
Equity ratio



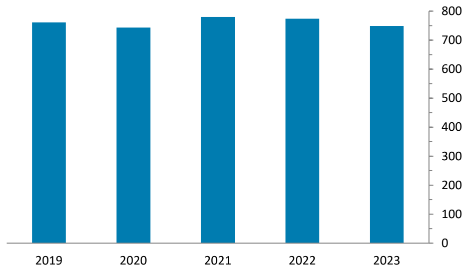
Gearing



Investment in the future



Personnel, effective, average



SHARES AND SHAREHOLDERS

Raute Corporation
Raute is a financially sound Small Cap company with a strong family background. The company's combined series shares are listed on Nasdaq Helsinki Ltd.

Raute operates globally and has a leading position in its field.

Market capitalization and trading
Raute Corporation's shares are listed on the Nasdaq Helsinki Ltd in the Industrials sector. The trading code is RAUTE.

In 2023, a total of 993,127 Raute Corporation's combined series (previously A series) shares were traded (613,077 pieces). The total value of trading was EUR 9.4 million (MEUR 7.5). The highest share price was EUR 11.30 (EUR 20.40) and the lowest EUR 8.02 (EUR 8.12). At the end of the year 2023, the share price was EUR 9.84 (EUR 8.26). The average price was EUR 9.30 (EUR 12.29). The company's market capitalization at the end of the financial year was EUR 60.2 million (MEUR 35.2 on December 31, 2023.

Board authorizations
The Annual General Meeting on March 30, 2023 authorized the Board to decide on the repurchase of a maximum of 500,000 Raute Corporation's combined series (previously A series) shares using assets from the company's non-restricted equity, which would lead to a decrease in the company's distributable assets.

The authorization entitles the Board to acquire the company's combined series shares to be used for the development of the company's capital structure, as consideration for funding or carrying out any acquisitions or other arrangements, or to be otherwise disposed of or cancelled.

The purchase consideration paid for shares purchased by virtue of the authorization shall be based on the price of the combined series share in public trading so that the minimum price of acquired shares is the lowest market price quoted in public trading during the term of validity of the authorization and the maximum price, correspondingly, the highest market price quoted in public trading during the term of validity of the authorization.

The authorization includes the right to acquire shares other than in proportion to the holdings of the shareholders. A targeted repurchase of the company's own shares can take place, for example, by acquiring shares in public trading in markets where, according to regulations, the company is permitted to engage in the trade of its own shares. Repurchasing shares in public trading as mentioned above or otherwise in a targeted way, requires that the company has a weighty financial reason to do so.

Previous series K shares could be converted to series A shares in accordance with Article 3 of Raute Corporation's Articles of Association before combination of the shares series. The conversion ratio is fixed. The Board of Directors will decide on the other conditions related to share repurchases.

By the authority granted to the Board at the Annual General Meeting on March 30, 2023 the Board can decide on an issue of Raute Corporation's combined series shares, as well as on all of the related conditions, including the recipients and the sum of consideration to be paid. The Board of Directors may decide to issue either new shares or company shares held by Raute. The maximum number of shares that can be issued is 1,000,000 series combined series shares. As proposed, the authorization can be used to fund or carry out acquisitions or other arrangements or for other purposes decided by the Board of Directors.

The authorizations are valid until the end of the next Annual General Meeting.

On December 31, 2023, the company had no valid share issues.

Share-based payment plan 2021–2025
Information is presented on page 33.

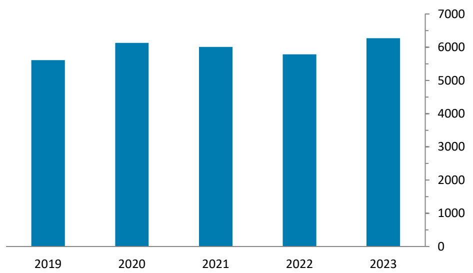
COMBINED SERIES SHARES

Holders of combined series shares by shareholder category at Dec. 31, 2023	Number of shareholders	%	Number of shares and voting rights	%
Households	5 993	95,5	4 657 710	76,1
Companies	210	3,3	834 356	13,6
Financial and insurance institutions	23	0,4	340 774	5,6
Foreign shareholders	22	0,4	12 237	0,2
Non-profit institutions	17	0,3	39 373	0,6
Public institutions	1	0,0	74 608	1,2
Nominee-registered	9	0,1	163 621	2,7
Total	**6 275**	**100,0**	**6 122 679**	**100,0**

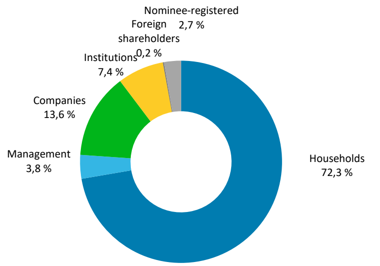
Combined series shares by number of shares at Dec. 31, 2023	Number of shareholders	%	Number of shares and voting rights	%
1–500	5 371	85,6	679 313	11,1
501–1 000	447	7,1	325 966	5,3
1 001–5 000	349	5,6	697 819	11,4
5 001–10 000	42	0,7	289 695	4,7
10 001–20 000	20	0,3	308 709	5,0
20 001–30 000	6	0,1	151 724	2,5
30 001–40 000	8	0,1	279 318	4,6
40 001–50 000	5	0,1	231 691	3,8
50 001–60 000	5	0,1	276 232	4,5
60 001–	22	0,4	2 882 212	47,1
Total	**6 275**	**100,0**	**6 122 679**	**100,0**

Due to the combination of share series implemented in the 2023 financial year, each share has equal voting rights, so there are the same number of shares and votes, and thus the shares and votes of the largest owners are equal.

Number of shareholders a December 31



Shareholding at December 31, 2023



20 LARGEST SHAREHOLDERS AT DECEMBER 31, 2023 BY NUMBER OF SHARES

	Combined series shares, pcs	% of total shares and voting rights, %
1. Sundholm Göran Wilhelm	756 250	12,4
2. Laakkonen Mikko Kalervo	172 225	2,8
3. Mandatum Life Insurance Company Ltd.	132 574	2,2
4. Stephen Industries Inc Oy	129 687	2,1
5. Relander Pär-Gustaf	123 700	2,0
6. Suominen Pekka Matias	117 329	1,9
7. Siivonen Osku Pekka	106 901	1,7
8. eQ Nordic Small Cap Mutual Fund	106 000	1,7
9. Kirmo Kaisa Marketta	105 421	1,7
10. eQ Finland Investment Fund	105 000	1,7
11. Mustakallio Mika Tapani	103 678	1,7
12. Keskiaho Kaija Leena	101 659	1,7
13. Suominen Tiina Sini-Maria	100 613	1,6
14. Särkijärvi Anna Riitta	98 986	1,6
15. EAI Raute Holding Oy*	96 638	1,6
16. Mininvest Oy	85 180	1,4
17. Suominen Jussi	74 626	1,2
18. Varma Mutual Pension Insurance Company	74 608	1,2
19. Mustakallio Marja Helena	71 144	1,2
20. Särkijärvi Timo Juha	66 307	1,1
Total	**2 728 526**	**44,6**

Due to the combination of share series implemented in the 2023 financial year, each share has equal voting rights, so there are the same number of shares and votes, and thus the shares and votes of the largest owners are equal.

*Evli Alexander Incentives has ownership and holds voting rights in EAI Raute Holding Oy. However, based on the agreement, Raute exercises actual decision-making power in the arrangement and acts as the principal, while EAI acts in the role of an agent through the holding company. Based on this control arising from the contractual features, the holding company is combined to the consolidated financial statements as a structured community.

MANAGEMENT'S SHAREHOLDING AT DECEMBER 31, 2023

The Board of Directors, the President and CEO as well as the Executive Board held altogether 231,189 combined series shares at December 31, 2023.

Management's shareholding equals 3.8 percent of the company shares and votes. The figures include the holding of their own, minor children and control entities.

NOMINEE-REGISTERED SHARES AT DECEMBER 31, 2023

Nominee-registered shares accounted for 2.7 percent (2.0%) of the total shares.

NUMBER OF SHAREHOLDERS AT DECEMBER 31, 2023

The number of shareholders totaled 6,275 (5,785) at the end of the year 2023.

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