

January 1–June 30  
2020

# HALF-YEAR REPORT



## RAUTE CORPORATION – HALF-YEAR REPORT JANUARY 1–JUNE 30, 2020

- The Group's net sales, EUR 48.2 million (MEUR 78.3), decreased 38.5% from the comparison period. Order intake was EUR 38 million (MEUR 58).
- Operating result amounted to EUR -4.0 million (MEUR 4.9), down 182% on the comparison period. The result before taxes was EUR -3.6 million (MEUR 5.1).
- Earnings per share were EUR -0.73 (EUR 0.94), and diluted earnings per share were EUR -0.73 (EUR 0.94).
- Net sales for the second quarter were EUR 24.4 million and operating result was EUR -1.0 million. Order intake was EUR 13 million in the second quarter. The order book at the end of the reporting period stood at EUR 80 million (MEUR 72).
- Raute's net sales for 2020 are expected to decrease compared to 2019 and operating profit is expected to weaken clearly year-on-year.

### TAPANI KIISKI, PRESIDENT AND CEO: FOCUS UNCHANGED DESPITE THE PANDEMIC

Net sales for the first half of the year remained low and the result was negative. The decline in our net sales and the consequent weakened result were expected due to the timing of the order book. The impacts of the corona pandemic showed most dramatically in the second quarter in the order intake. Our Canadian, US and China locations were forced to shut down for several weeks. Our field operations were largely prevented due to the travel restrictions.

Our order book is still strong. Q1's relatively good order intake included orders that had, for the most part, been negotiated almost fully before the start of the corona crisis. In Q2, many of our customers put off their plans and orders, based on the uncertainty of their market situations. Very few actual cancellations took place, however, so when the situation settles, I anticipate that the postponed projects may restart, perhaps even at short notice.

The restrictions put in place due to the coronavirus pandemic countermeasures and the resulting increased uncertainty impacted our business in full force in the second quarter. China was the only market area in which development took a turn for the normal again. There, our plant's operations returned to normal and our customers' projects resumed. We received an order from China that gained us a foothold in the Chinese markets. In our North American locations, we were forced to

restrict our operations due to the official guidelines. As we have consolidated in our main locations the kind of expertise that is often required for special maintenance, project installation supervision and commissioning, the travel restrictions inconvenienced us and our customers globally. The impact of the coronavirus pandemic on our net sales and operating profit can be described as significant.

The impact of the corona pandemic on the outlook highlights the importance of our strategic goals – growing the emerging market share, developing the technology service business and investing in digitalization. We will thus continue to focus on product development, marketing and digitalization. Buying the majority of Hiottu Oy was one of these measures. We also initiated a significant system investment during Q2, which will improve our operations and our technical capabilities to serve our customers. Our strong balance sheet, market position and long-standing customer accounts are important competitive advantages and enablers of this type of long-term work. We will succeed when our personnel, customers and other partners work together and we will come out of this crisis as a stronger and more agile Raute.

It is clear that our original targets and predictions for net sales and operating profit for this year will not be met. We would like to repeat our estimate given on April 24th: our net sales will fall and operating profit will weaken clearly year-on-year.

## SECOND QUARTER OF 2020

### Order intake and order book

The total order intake in the second quarter, EUR 13 million (MEUR 26), was low, although adequate considering the market situation and bearing in mind that it did not include major individual new production capacity projects. The measures taken in different market areas to control the global corona pandemic have postponed the progress and decision-making of our customers' projects.

Technology services accounted for EUR 7 million (MEUR 15) of the order intake.

The order book declined during the period under review by EUR 12 million, but nevertheless ended the period at a strong EUR 80 million (MEUR 72).

### Net sales

Second-quarter net sales amounted to EUR 24.4 million (MEUR 37.0). Technology services' share of the total net sales was low, EUR 10 million (MEUR 19), due to a lack of major modernization projects. Technology services accounted for 43 percent (51%) of net sales.

### Result and profitability

Operating result for the second quarter was EUR 1.0 million negative (MEUR 2.3 positive) and accounted for -4,2 percent (6.3%) of net sales. The result was EUR 0.7 million negative (MEUR 1.9 positive), and earnings per share were EUR -0.17 (EUR +0.44).

## RAUTE CORPORATION – HALF-YEAR REPORT JANUARY 1–JUNE 30, 2020

### BUSINESS ENVIRONMENT

#### Market situation in customer industries

Raute's customers in the plywood and LVL (Laminated Veneer Lumber) industries are engaged in the manufacture of wood products used in investment projects and are thus highly affected by fluctuations in construction, housing-related consump-

tion, international trade and transportation. We expect that the trend-like growth in wood construction will create demand for our customers and indirectly for Raute, strengthening our long-term growth opportunities.

In H1, the situation and outlook in the global economy and the financial markets deteriorated significantly. As we see it, the economic situation was improving slightly, in fact, before the escalation of the uncertainty caused by the coronavirus pandemic and the impact of the measures taken to control it.

#### Demand for wood products technology and technology services

Many of Raute's established and traditional customers have invested heavily in recent years. During the past year, this traditional customer base has reduced its investments. The measures to contain the corona crisis have further slowed down the implementation and decision-making involved in the investments of this traditional customer base in particular. As a result, the demand for our technology shifted towards new and different types of customer accounts.

Overall, investment activity among Raute's customers weakened from what it has been in recent years, and the weakening was intensified by the spread of the coronavirus pandemic and its countermeasures. In the reporting period, the number of new transactions was tolerable in view of the circumstances.

In Russia, demand remained active. However, forecasting the realization and timing of projects is more difficult than before. In the emerging markets of Asia, China included, demand continued to pick up. Following the break caused by the coronavirus countermeasures, demand in China has recovered rapidly and projects already being planned have been picked up again. Interest in Raute's offering grew in these markets. This development led to a new order from China that opened doors into a new market (press release May 14, 2020).

Demand for maintenance and spare parts services remained good, which is an indication of the generally good capacity utilization rates of Raute's customers' production plants. In Finland, the lengthy industrial actions at our customers' plants caused a temporary lull in the demand for spare parts and maintenance

services at the start of the year. After this, the travel restrictions resulting from the coronavirus pandemic have prevented us from carrying out the majority of our maintenance services as planned.

### ORDER INTAKE AND ORDER BOOK

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

The uncertainty and weakening of the market situation are reflected in the volume of new orders Raute has received. The order intake during the review period was adequate in view of the situation and amounted to EUR 38 million (MEUR 58). The order intake consisted of small and medium-sized individual production line project deliveries and modernizations. No mill-scale projects were started up.

Of the new orders, 40 percent came from Russia (45%), 28 percent from Europe (16%), 13 percent from North America (21%), 13 percent from Asia-Pacific (3%) and 6 percent from South America (15%). Sometimes even strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business.

Order intake in technology services amounted to EUR 17 million (MEUR 29), 40 percent down from the comparison period due to a lack in relatively large-sized modernization orders.

The order book increased during the second quarter by EUR 8 million year on year. The order book at the end of the reporting period remained strong at EUR 80 million (MEUR 72). Part of the order book is scheduled for 2021.

## COMPETITIVE POSITION

Raute's competitive position has remained unchanged and is strong. Raute's solutions help customers in securing their delivery and service capabilities throughout the life cycle of the production process or a part thereof. In such investments, the supplier's overall expertise and extensive and diverse technology offering play a key role. The competitive edge provided by Raute plays a major role when customers select their cooperation partners. Raute's strong financial position and 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

Net sales for the reporting period totaled EUR 48.2 million (MEUR 78.3), down 38.5 percent from the comparison period. The dramatic decline in net sales was expected and caused by a low order intake, the planned timing of the order book and the impacts of the coronavirus epidemic.

Of the total net sales for the reporting period, Russia accounted for 46 percent (26%), Europe for 24 percent (44%), North America for 13 percent (16%), South America for 10 percent (8%), and Asia-Pacific for 7 percent (6%).

Technology services accounted for 42 percent (43%) of the Group's total net sales and amounted to EUR 20 million (MEUR 33).

## RESULT AND PROFITABILITY

The operating profit for the period under review was EUR 4.0 million negative (MEUR 4.9 positive) and accounted for -8.4 percent of net sales (6.3%). Operating profit fell 182 percent largely due to a decline in net sales and the already-reported investments in product development, marketing and digitalization. The limitations put in place for travel and on our Chinese plant's operations due to the coronavirus pandemic also caused our result to fall more than expected as the pandemic persisted and the impacts shifted to other market areas, in particular North America.

The profit before tax for the reporting period was EUR 3.6 million negative (MEUR 5.1 positive). The profit for the reporting period was EUR 3.1 million negative (MEUR 4.0 positive). Earnings per share (undiluted) were EUR -0.73 (EUR 0.94).

## CASH FLOW AND BALANCE SHEET

The Group's financial position remained good. At the end of the reporting period, gearing was -46 percent (-43%). At the end of the reporting period, the equity ratio was 59 percent (63%). 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.

The Group's cash and cash equivalents amounted to EUR 26.3 million (MEUR 27.3) at the end of the reporting period. Operating cash flow was EUR 12.7 million positive (MEUR 21.8 positive). Cash flow from investment activities totaled EUR 1.5 million negative (MEUR 1.4 negative). Cash flow from financing activities was EUR 6.5 million negative (MEUR 6.5 negative), including dividend payments of EUR 6.2 million.

Interest-bearing liabilities amounted to EUR 8.1 million (MEUR 8.1) at the end of the reporting period.

The parent company Raute Corporation has a EUR 10 million commercial paper program, which allows the company to issue commercial papers maturing in less than one year.

The parent company Raute Corporation is prepared for future working capital needs and has long-term credit facility agreements with four Nordic banks totaling EUR 23.0 million. The main covenants of the credit facilities are an equity ratio of >30% and gearing of <100%. Of the credit facility, EUR 23.0 million remained unused at the end of the reporting period.

## EVENTS DURING THE REPORTING PERIOD

Raute Corporation published stock exchange releases on the following events:

February 12, 2020 New plan for Raute's top management long-term incentive plan, LTI 2020-2022, commences  
April 24, 2020 Raute's profit outlook for 2020 weakened  
June 15, 2020 Raute to initiate cooperation negotiations  
June 16, 2020 Raute Corporation strengthens its knowhow in digitalization by acquiring majority holding in Hiottu Oy  
June 23, 2020 Cooperation negotiations concluded at Raute

In June, a solar power plant was started up at Raute's main production plant in Nastola, Lahti. Its electricity output is expected to supply 30% of a typical workday's electricity consumption at the Nastola plant.

## 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. Opportunities provided by digitalization are also an essential part of R&D activities.

Research and development costs in the reporting period amounted to EUR 2.2 million (MEUR 1.8), representing 4.5 percent of net sales (2.4%).

Capital expenditure during the period came to EUR 2.1 million (MEUR 1.3) and accounted for 4.3 percent (1.7%) of net sales.

## PERSONNEL

At the end of the reporting period, the Group's personnel numbered 784 (810). Group companies outside Finland accounted for 31 percent (32%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 750 (758) during the reporting period.

Occupational safety improved during the reporting period compared to 2019. The total number of lost-time injuries was four, all non-serious cases. The LTIF figure was 8 (13.6 in 2019). Two Raute employees at two separate locations came down with Covid-19 caused by the coronavirus, but the spread of the infections was prevented effectively.

## SHARES

The number of Raute Corporation's shares at the end of the reporting period totaled 4,263,194, of which 991,161 were series K shares (ordinary share, 20 votes/share) and 3,272,033 were series A shares (1 vote/share). Series K and A shares confer equal rights to dividends and company assets.

Series K shares can be converted to series A shares under the terms set out in section 3 of the Articles of Association. If an ordinary share is transferred to a new owner who has not previously held series K shares, the new owner must notify the Board of Directors of this in writing and without delay. Other holders of series K shares have the right to redeem the share under the terms specified in Article 4 of the Articles of Association.

Raute Corporation's series A shares are listed on Nasdaq Helsinki Ltd. The trading code is RAUTE.

The company's market capitalization at the end of the reporting period was EUR 81.4 million (MEUR 96.8), with series K shares valued at the closing price of series A shares for the reporting period, i.e. EUR 19.10 (EUR 22.70).

## REMUNERATION

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

### Share-based incentive plans

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

The company decided to launch a new performance-based, share-value-based, long-term incentive plan, LTI Plan 2020–2022, on February 12, 2020.

The terms and conditions of the incentive plans are available on the company's website. More detailed and up-to-date information is presented in the Remuneration Statement on the company's website.

## SHAREHOLDERS

The number of shareholders totaled 5,614 at the beginning of the year and 5,908 at the end of the reporting period. Series K shares were held by 54 private individuals (54) at the end of the reporting period. Nominee-registered shares accounted for 2.7 percent (3.4%) of shares. The company did not receive any flagging notifications during the reporting period.

The Board of Directors, the President and CEO as well as the Executive Board held altogether 259,929 company shares, equaling 6.1 percent (6.1%) of the company shares and 11.6 percent (11.6%) of the votes at the end of the reporting period.

## CORPORATE GOVERNANCE

As of January 1, 2020, Raute Corporation complies with the Finnish Corporate Governance Code 2020 for listed companies issued by the Securities Market Association on September 19, 2019.

## EXECUTIVE BOARD

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

Tapani Kiiski, President and CEO, Chairman – Sales  
Kurt Bossuyt, Group Vice President, Basic Services – Basic Services market  
Marko Hjelt, Group Vice President, Human Resources – People excellence, safety  
Mika Hyysti, Group Vice President, CTO – Innovations, products and services, and R&D  
Tarja Järvinen, Group Vice President, CFO – Finance, ICT, other business support  
Timo Kangas, Group Vice President, Power – Power market  
Jani Roivainen, Group Vice President, Metrix – Metrix market  
Jukka Siiriäinen, Group Vice President, Grow – Grow market  
Petri Strengell, Group Vice President, COO – Supply chain and quality.

## ANNUAL GENERAL MEETING 2020

Raute Corporation's Annual General Meeting was held on March 31, 2020. More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on March 31, 2020.

## DISTRIBUTION OF PROFIT FOR THE 2019 FINANCIAL YEAR

The Annual General Meeting held on March 31, 2020 decided to pay a dividend of EUR 1.45 per share for the financial year 2019. The total amount of dividends is EUR 6.2 million, with series A shares accounting for EUR 4,744,447.85 and series K shares for EUR 1,437,183.45. The dividend payment date was April 9, 2020.

## BOARD OF DIRECTORS AND BOARD COMMITTEES

At the Annual General Meeting held on March 31, 2020, Ms. Laura Raitio was elected Chair of the Board, Mr. Mika Mustakallio was elected Vice-Chair, and Mr. Joni Bask, Mr. Ari Harmaala, Mr. Pekka Suominen, and Mr. Patrick von Essen were elected as Board members. The Board of Directors' term of office will continue until the 2021 Annual General Meeting.

Based on the evaluation of independence by the Board of Directors, Chair of the Board Ms. Laura Raitio and members Mr. Joni Bask, Mr. Ari Harmaala, Mr. Pekka Suominen and Mr. Patrick von Essen are independent of the company. Vice Chair of the

Board of Directors Mr. Mika Mustakallio is not estimated to be independent of the company, as he has served on the Board of Directors for more than ten years. Chair of the Board Laura Raitio and two Board members, Mr. Ari Harmaala and Mr. Patrick von Essen, are independent of major shareholders.

Raute Corporation's Board of Directors has an Appointments Committee. The Appointments Committee is chaired by Ms. Laura Raitio and its members are Mr. Mika Mustakallio and Mr. Pekka Suominen. The Audit Committee's tasks are handled by the Board of Directors.

## EVENTS AFTER THE REPORTING PERIOD

No significant events took place after the reporting period.

## BUSINESS RISKS

Risks in the near term continue to be driven by the uncertainty relating to the global economic situation and the development of the financial markets, international political instability and the economic slowdown caused by the measures taken to combat the coronavirus pandemic. The most significant risks for Raute in the near term are related to the development of the market and demand situation.

The restrictions resulting from the coronavirus pandemic that spread across the globe from China also caused Raute's outlook to fall. The full implications are still impossible to see. The impacts of the coronavirus on customers' investment appetite and decision-making are already apparent globally. The ramifications of Finland's contentious collective agreement round carried out in spring are likely to also impact the investment appetite of Raute's customers.

## OUTLOOK FOR 2020

Regardless of the strong order book, we forecast that Raute's net sales will fall in 2020 from the previous year's level as a result of uncertainty in demand and the order intake for the remainder of the year. We expect the operating profit to clearly weaken from last year, as disclosed earlier, due to a shift in the markets and the costs for adapting to this, and due to investments in marketing, product development and digitalization and falling net sales.

## CONSOLIDATED STATEMENT OF INCOME

Raute Corporation's Board of Directors has approved this Half-year financial report for January 1 – June 30, 2020 to be published.

The figures for the financial year 2019 presented in the figures section of the Half-year financial report have been audited. The presented interim financial report figures have not been audited.

### CONSOLIDATED STATEMENT OF INCOME

EUR 1,000	1.4.– 30.6.2020	1.4.– 30.6.2019	1.1.– 30.6.2020	1.1.– 30.6.2019	1.1.– 31.12.2019
<b>NET SALES</b>	<b>24 377</b>	<b>36 981</b>	<b>48 156</b>	<b>78 291</b>	<b>151 297</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>-318</b>	<b>-1 818</b>	<b>-940</b>	<b>-928</b>	<b>-2 030</b>
<b>Other operating income</b>	<b>-19</b>	<b>109</b>	<b>66</b>	<b>221</b>	<b>343</b>
Materials and services	-11 938	-16 900	-22 225	-40 063	-76 081
Employee benefits expense	-9 441	-11 152	-20 890	-22 870	-45 793
Depreciation and amortization	-937	-938	-1 899	-1 878	-3 854
Impairments	-	-96	-	-145	-
Other operating expenses	-2 747	-3 848	-6 298	-7 689	-15 428
<b>Total operating expenses</b>	<b>-25 064</b>	<b>-32 933</b>	<b>-51 311</b>	<b>-72 645</b>	<b>-141 156</b>
<b>OPERATING PROFIT</b>	<b>-1 024</b>	<b>2 338</b>	<b>-4 030</b>	<b>4 938</b>	<b>8 454</b>
<b>% of net sales</b>	<b>-4,2</b>	<b>6,3</b>	<b>-8,4</b>	<b>6,3</b>	<b>5,6</b>
Financial income	465	109	636	315	1 099
Financial expenses	-133	-136	-187	-194	-300
<b>Financial expenses, net</b>	<b>332</b>	<b>-27</b>	<b>448</b>	<b>121</b>	<b>799</b>
<b>PROFIT BEFORE TAX</b>	<b>-692</b>	<b>2 311</b>	<b>-3 581</b>	<b>5 058</b>	<b>9 253</b>
<b>% of net sales</b>	<b>-2,8</b>	<b>6,3</b>	<b>-7,4</b>	<b>6,5</b>	<b>6,1</b>
<b>Income taxes</b>	<b>-165</b>	<b>-424</b>	<b>488</b>	<b>-1 036</b>	<b>-1 565</b>
<b>PROFIT FOR THE PERIOD</b>	<b>-857</b>	<b>1 887</b>	<b>-3 093</b>	<b>4 022</b>	<b>7 687</b>
<b>% of net sales</b>	<b>-3,5</b>	<b>5,1</b>	<b>-6,4</b>	<b>5,1</b>	<b>5,1</b>
<b>Profit for the period attributable to</b>					
Equity holders of the Parent company	-857	1 887	-3 093	4 022	7 687
<b>Earnings per share for profit attributable to Equity holders of the Parent company, EUR</b>					
Undiluted earnings per share	-0,20	0,44	-0,73	0,94	1,80
Diluted earnings per share	-0,20	0,44	-0,73	0,94	1,79

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	1.4.– 30.6.2020	1.4.– 30.6.2019	1.1.– 30.6.2020	1.1.– 30.6.2019	1.1.– 31.12.2019
<b>PROFIT FOR THE PERIOD</b>	<b>-857</b>	<b>1 887</b>	<b>-3 093</b>	<b>4 022</b>	<b>7 687</b>
<b>Other comprehensive income items:</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-	-	1 565
Hedging reserve, hedge accounting	13	65	-2	213	283
Exchange differences on translating foreign operations	-439	-2	-910	109	-66
Income taxes related to these items	-4	-21	0	-21	-178
<b>Comprehensive income items for the period, net of tax</b>	<b>-431</b>	<b>40</b>	<b>-912</b>	<b>301</b>	<b>1 604</b>
<b>COMPREHENSIVE PROFIT FOR THE PERIOD</b>	<b>-1 289</b>	<b>1 929</b>	<b>-4 005</b>	<b>4 324</b>	<b>9 291</b>
<b>Comprehensive profit for the period attributable to</b>					
Equity holders of the Parent company	-1 289	1 929	-4 005	4 324	9 291
<b>Shares, 1 000 pcs</b>					
Adjusted average number of shares	4 263	4 263	4 263	4 263	4 263
Adjusted average number of shares, diluted	4 283	4 299	4 283	4 299	4 287

## CONSOLIDATED BALANCE SHEET

### CONSOLIDATED BALANCE SHEET

EUR 1,000	30.6.2020	30.6.2019	31.12.2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1 714	1 035	1 035
Other intangible assets	2 788	2 440	2 655
Property, plant and equipment	10 052	11 662	10 854
Right of use assets	6 211	6 828	6 936
Other financial assets	2 939	1 185	2 741
Deferred tax assets	707	27	13
<b>Total non-current assets</b>	<b>24 411</b>	<b>23 177</b>	<b>24 235</b>
<b>Current assets</b>			
Inventories	16 640	13 059	12 360
Accounts receivables and other receivables	21 778	27 883	30 981
Income tax receivable	1 435	509	715
Cash and cash equivalents	26 274	27 350	22 360
<b>Total current assets</b>	<b>66 127</b>	<b>68 800</b>	<b>66 417</b>
<b>TOTAL ASSETS</b>	<b>90 539</b>	<b>91 977</b>	<b>90 651</b>

### CONSOLIDATED BALANCE SHEET

EUR 1,000	30.6.2020	30.6.2019	31.12.2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Equity holders of the Parent company</b>			
Share capital	8 256	8 256	8 256
Fair value reserve and other reserves	8 660	7 487	8 505
Exchange differences	39	1 125	949
Retained earnings	25 612	24 106	24 106
Profit for the period	-3 093	4 022	7 687
<b>Total equity</b>	<b>39 471</b>	<b>44 995</b>	<b>49 502</b>
<b>Non-current liabilities</b>			
Lease liability	4 872	5 446	5 495
Deferred tax liability	-	-	77
Provisions	468	276	543
<b>Total non-current liabilities</b>	<b>5 340</b>	<b>5 722</b>	<b>6 115</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	1 881	1 232	1 502
Lease liability	1 339	1 381	1 441
Current advance payments received	23 906	20 892	12 005
Income tax liability	423	287	903
Trade payables and other liabilities	14 742	15 667	16 597
Provisions	3 437	1 801	2 587
<b>Total current liabilities</b>	<b>45 728</b>	<b>41 260</b>	<b>35 034</b>
<b>Total liabilities</b>	<b>51 068</b>	<b>46 982</b>	<b>41 149</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>90 539</b>	<b>91 977</b>	<b>90 651</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

### CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.–30.6.2020	1.1.–30.6.2019	1.1.–31.12.2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from customers	68 242	100 651	167 313
Other operating income	-	121	248
Payments to suppliers and employees	-55 345	-77 029	-146 690
<b>Cash flow before financial items and taxes</b>	<b>12 897</b>	<b>23 743</b>	<b>20 872</b>
Interest paid from operating activities	-80	-37	-67
Dividends received from operating activities	634	293	814
Interest received from operating activities	9	14	22
Other financing items from operating activities	-7	60	-194
Income taxes paid from operating activities	-721	-2 231	-2 846
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>12 732</b>	<b>21 842</b>	<b>18 602</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	-1 084	-1 453	-3 319
Proceeds from sale of property, plant and equipment and intangible assets	68	54	68
Payment for acquisition of subsidiary, net of cash acquired	-512	-	-
Proceeds from sale of investments	-	-	88
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-1 528</b>	<b>-1 400</b>	<b>-3 162</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from current borrowings	360	148	1 506
Repayments of current borrowings	-	-	-1 087
Repayments of lease liability	-725	-685	-931
Dividends paid	-6 182	-5 968	-5 968
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-6 546</b>	<b>-6 506</b>	<b>-6 480</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>4 656</b>	<b>13 936</b>	<b>8 960</b>
increase (+)/decrease (-)			
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>22 360</b>	<b>13 375</b>	<b>13 375</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>4 656</b>	<b>13 936</b>	<b>8 960</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>-743</b>	<b>39</b>	<b>26</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>26 273</b>	<b>27 350</b>	<b>22 360</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*</b>			
Cash and cash equivalents	26 273	27 350	22 360
<b>TOTAL</b>	<b>26 273</b>	<b>27 350</b>	<b>22 360</b>

\*Cash and cash equivalents comprise cash and bank receivables, which will be due within the following three months' period.



## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the equity holders of the Parent company	TOTAL EQUITY
<b>EQUITY at Jan. 1, 2020</b>	<b>8 256</b>	<b>5 711</b>	<b>2 794</b>	<b>949</b>	<b>31 794</b>	<b>49 502</b>	<b>49 502</b>
<b>Comprehensive profit for the period</b>							
Profit for the period	-	-	-	-	-3 093	-3 093	-3 093
Other comprehensive income items:							
Hedging reserve	-	-	-2	-	-	-2	-2
Exchange differences on translating foreign operations	-	-	-	-910	-	-910	-910
Income taxes related to these items	-	-	0	-	-	0	0
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>-2</b>	<b>-910</b>	<b>-3 093</b>	<b>-4 005</b>	<b>-4 005</b>
<b>Transactions with equity holders</b>							
Equity-settled share-based transactions	-	-	157	-	-	157	157
Dividends	-	-	-	-	-6 182	-6 182	-6 182
<b>Total transactions with equity holders</b>	<b>-</b>	<b>-</b>	<b>157</b>	<b>-</b>	<b>-6 182</b>	<b>-6 025</b>	<b>-6 025</b>
<b>EQUITY at June 30, 2020</b>	<b>8 256</b>	<b>5 711</b>	<b>2 949</b>	<b>39</b>	<b>22 519</b>	<b>39 471</b>	<b>39 471</b>

### COMPARISON PERIOD

EUR 1,000	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the equity holders of the Parent company	TOTAL EQUITY
<b>EQUITY at Jan. 1, 2019</b>	<b>8 256</b>	<b>5 711</b>	<b>1 453</b>	<b>1 015</b>	<b>30 075</b>	<b>46 509</b>	<b>46 509</b>
<b>Comprehensive profit for the period</b>							
Profit for the financial period	-	-	-	-	4 022	4 022	4 022
Other comprehensive income items:							
Hedging reserve	-	-	213	-	-	213	213
Exchange differences on translating foreign operations	-	-	-	109	-	109	109
Income taxes related to these items	-	-	-21	-	-	-21	-21
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>193</b>	<b>109</b>	<b>4 022</b>	<b>4 324</b>	<b>4 324</b>
<b>Transactions with owners</b>							
Share-options exercised	-	-	-	-	-	-	-
Equity-settled share-based transactions	-	-	130	-	-	130	130
Dividends	-	-	-	-	-5 938	-5 968	-5 968
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>130</b>	<b>-</b>	<b>-5 968</b>	<b>-5 839</b>	<b>-5 839</b>
<b>EQUITY at June 30, 2019</b>	<b>8 256</b>	<b>5 711</b>	<b>1 776</b>	<b>1 125</b>	<b>28 129</b>	<b>44 995</b>	<b>44 995</b>

# NOTES

## NOTES TO THE HALF-YEAR FINANCIAL REPORT

### General information

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

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

Raute Group's Parent company, Raute Corporation, is a Finnish public limited liability company established in accordance with Finnish law (Business ID FI01490726). Its series A shares are quoted 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.

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

### Basis of preparation

Raute Corporation's Interim financial report for January 1 – March 31, 2020 has been prepared in accordance with standard IAS 34 Interim Financial Reporting.

The Interim financial report does not contain full notes and other information presented in the financial statements, and therefore the Interim financial report should be read in conjunction with the Financial statements published for 2019.

Raute Corporation's Interim financial report for January 1 – March 31, 2020 has been prepared in accordance with the International Financial Reporting Standards, IFRS, accepted for application in the European Union, including related interpretations. The Interim financial report has been drawn up according to the same accounting principles as in the consolidated financial statements for 2019.

When preparing the Interim financial report in compliance with International Financial Reporting Standards, the company management has made estimates and assumptions. In addition, the management has exercised its judgment in selecting and applying the accounting policies. The forward-looking estimates and assumptions 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.

### Acquisition of a subsidiary

Raute Corporation signed on June 30, 2020 an agreement on the acquisition of the majority of the share capital in Oulu-based Hiottu Oy. Hiottu is a company offering software services with special knowhow in various machine vision solutions and other system solutions for demanding industrial environment. Hiottu's services include software consulting and project management, machine vision programming and systems, industrial programming, and web programming. Hiottu's business will be continued as a separate limited company in Oulu and all employees will continue in the company as former employees. Hiottu Oy's financial information will be reported as part of Raute's wood products technology segment. The acquisition is carried out as a share transaction, after which Raute's holds 80 percent of the company shares. Mr. Kari Lapinlampi, one of the founders of the company, holds 20 percent of the company after this transaction and will remain with the company, too. The terms of acquiring also the minority holding through an additional agreement after a transition period have been agreed on in the terms and conditions of the agreement. During the review period the effect of the acquisition of the subsidiary on the Group's cash flow was EUR 512 thousand.



## Net sales

Raute serves the wood products industry with a full-service concept based on service that encompasses the entire life cycle of the delivered equipment. Raute's business consists of project deliveries and technology services. Project deliveries encompass projects from individual machine or production line deliveries to deliveries of all the machines and equipment belonging to a mill's production process.

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 and reconditioned machinery. Project deliveries and modernizations related to technology services include both product and service sales, making it impossible to give a reliable presentation of the breakdown of the Group's net sales into purely product and service sales.

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 10 percent. At the end of the reporting period, the Group had one customer, whose customized share of the Group's net sales temporarily exceeded ten percent.

EUR 1,000	1.1.– 30.6.2020	%	1.1.– 30.6.2019	%	1.1.– 31.12.2019	%
<b>Net sales by market area</b>						
CIS (Russia)	22 170	46	20 470	26	47 060	31
EMEA (Europe and Africa)	11 625	24	34 135	44	51 173	34
NAM (North America)	6 506	13	12 509	16	26 852	18
LAM (South America)	4 620	10	6 473	8	13 580	9
APAC (Asia-Pacific area)	3 236	7	4 704	6	12 632	8
<b>TOTAL</b>	<b>48 156</b>	<b>100</b>	<b>78 291</b>	<b>100</b>	<b>151 297</b>	<b>100</b>

Finland accounted for 6 percent (12 %) of net sales

EUR 1,000	30.6.2020	30.6.2019	31.12.2019
<b>Specification of net sales</b>			
Performance obligations to be satisfied over time	33 655	58 902	108 861
Performance obligations to be satisfied at a point in time	14 501	19 389	42 436
<b>TOTAL</b>	<b>48 156</b>	<b>78 291</b>	<b>151 297</b>
Project revenues entered as income from performance obligations to be satisfied over time currently undelivered	113 457	180 450	127 400
Amount of performance obligations to be satisfied over time not yet entered as income (order book)	72 176	64 724	84 246
<b>Balance sheet items of undelivered projects</b>			
Projects in which the value by percentage of completion exceeds advance payments invoiced			
- aggregate amount of costs incurred and recognized profits less recognized losses	87 063	118 867	89 878
- advance payments received	74 676	100 485	72 185
<b>Current customer contract assets</b>	<b>12 387</b>	<b>18 382</b>	<b>17 694</b>
<b>Projects in which advance payments invoiced exceed the value by percentage of completion</b>			
- aggregate amount of costs incurred and recognized profits less recognized losses	28 474	60 817	38 366
- advance payments received	50 548	77 262	43 253
<b>Current customer contract liabilities</b>	<b>22 074</b>	<b>16 445</b>	<b>4 887</b>
<b>Advance payments included in current liabilities in the balance sheet</b>			
Current customer contract assets	22 074	4 447	4 887
Current customer contract liabilities	1 831	16 445	7 118
<b>Total</b>	<b>23 906</b>	<b>20 892</b>	<b>12 005</b>
<b>Advance payments of the customer contracts included in inventories in the balance sheet</b>			
Advance payments paid	2 018	390	602
<b>Total</b>	<b>2 018</b>	<b>390</b>	<b>602</b>

EUR 1,000	30.6.2020	30.6.2019	31.12.2019
<b>Research and development costs</b>			
Research and development costs for the period	-2 168	-1 846	-4 419
Amortization of previously capitalized development costs	-	-	-
Development costs recognized as an asset in the balance sheet	165	145	163
Research and development costs recognized as an expense before impairments for the period	-2 004	-1 701	-4 256
Impairments of capitalized development costs	-	-145	-
Research and development costs recognized as an expense for the period	-2 004	-1 846	-4 256

EUR 1,000	30.6.2020	30.6.2019	31.12.2019
<b>Right-of-use assets</b>			
Book value, at the beginning of the period	6 936	7 391	7 391
Exchange rate differences	-125	128	191
Increases	-	-	743
Depreciation for the period	-600	-691	-1 389
<b>Book value, at the end of the period</b>	<b>6 211</b>	<b>6 828</b>	<b>6 936</b>

Right-of-use assets are included in balance sheet item Property, plant and equipment

EUR 1,000	30.6.2020	30.6.2019	31.12.2019
<b>Other intangible assets</b>			
Acquisition cost at the beginning of the period	11 229	15 384	15 384
Exchange rate differences	-13	2	2
Additions	454	302	85
Disposals	-	-	-
Reclassification between items	23	-5 772	-4 242
Acquisition cost at the end of the period	<b>11 694</b>	<b>9 916</b>	<b>11 229</b>
Accumulated depreciation and amortization at the beginning of the period	-8 574	-12 884	-12 884
Exchange rate differences	11	-1	-1
Accumulated depreciation and amortization of disposals and reclassifications	-319	5 772	-477
Impairments	-	-145	-
Depreciation and amortization for the period	-23	-218	4 787
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-8 906</b>	<b>-7 476</b>	<b>-8 574</b>
<b>Book value of Other intangible assets, at the beginning of the period</b>	<b>2 655</b>	<b>2 500</b>	<b>2 500</b>
<b>Book value of Other intangible assets, at the end of the period</b>	<b>2 788</b>	<b>2 440</b>	<b>2 655</b>
<b>Property, plant and equipment</b>			
Acquisition cost at the beginning of the period	55 188	53 391	53 391
Exchange rate differences	-393	429	611
Additions	809	1 022	2 521
Disposals	-43	-70	-779
Reclassification between items	4	2	-556
Acquisition cost at the end of the period	<b>55 564</b>	<b>54 775</b>	<b>55 188</b>
Accumulated depreciation and amortization at the beginning of the period	-44 334	-41 778	-41 778
Exchange rate differences	-284	-380	-546
Accumulated depreciation and amortization of disposals and reclassifications	-	15	17
Depreciation and amortization for the period	-894	-969	-2 026
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-45 512</b>	<b>-43 113</b>	<b>-44 334</b>
<b>Book value of Property, plant and equipment, at the beginning of the period</b>	<b>10 854</b>	<b>11 612</b>	<b>11 612</b>
<b>Book value of Property, plant and equipment, at the end of the period</b>	<b>10 052</b>	<b>11 662</b>	<b>10 854</b>



### Financial assets and liabilities

At the end of the period June 30, 2020, the fair value of the financial assets categorized at fair value hierarchy level 3 was EUR 2,741 thousand. The item includes the investments in unquoted shares which have been classified as financial assets at fair value through other comprehensive income. Derivative contracts have been classified as financial assets and liabilities at fair value through profit or loss. The fair value of these derivative contracts is based on the price available from the market data, but instruments are not traded in an active market. At the end of the period June 30, 2020, the fair value of the derivative contracts classified as financial assets was EUR 34 thousand and the fair value of the derivative contracts classified as financial liability EUR 88 thousand. The Group's interest-bearing liabilities include a lease liability amount of EUR 6,2111 due to the adoption of the standard IFRS 16 Leases, at the end of the reporting period.

EUR 1,000	30.6.2020	30.6.2019	31.12.2019
<b>Financial liabilities</b>			
<b>Non-current interest-bearing liabilities</b>			
Lease liabilities	4 872	5 446	5 495
<b>TOTAL</b>	<b>4 872</b>	<b>5 446</b>	<b>5 495</b>
<b>Current interest-bearing liabilities</b>			
Partial payments of financial loans	1 881	1 232	1 502
Lease liabilities	1 339	1 381	1 441
<b>TOTAL</b>	<b>3 220</b>	<b>2 613</b>	<b>2 943</b>

EUR 1,000	30.6.2020	30.6.2019	31.12.2019
<b>Derivatives</b>			
<b>Nominal values of forward contracts in foreign currency</b>			
Hedge accounting			
- Related to the hedging of net sales	822	2 822	1 578
Derivatives which do not meet the criteria of hedge accounting			
- Related to financing	804	791	801
- Related to the hedging of net sales	4 410	10 449	6 432
<b>Fair values of forward contracts in foreign currency</b>			
Hedge accounting			
- Related to the hedging of net sales	-24	-79	7
Derivatives which do not meet the criteria of hedge accounting			
- Related to financing	15	2	15
- Related to the hedging of net sales	-44	35	47

EUR 1,000	30.6.2020	30.6.2019	31.12.2019
<b>Pledged assets and contingent liabilities</b>			
<b>Mortgage agreements on behalf of subsidiaries</b>			
Financial loans	1 881	1 232	1 502
Other obligations	-	366	991
Other credit guarantee arrangements	1 881	-	2 493
<b>Commercial bank guarantees on behalf of the Parent company and subsidiaries</b>	30 945	6 211	17 767
<b>Off-balance sheet leases</b>			
Rental liabilities maturing within one year	94	90	95
Rental liabilities maturing in one to five years	36	58	56
<b>Total</b>	<b>130</b>	<b>147</b>	<b>151</b>

### Share-based payments

An expense of EUR 95 thousand was recognized for the share rewards to the income statement during the reporting period.

No share rewards have been paid based on the long-term performance share-based incentive plan for the Group's senior management during the reporting period.

The company decided to launch a new performance-based, share-value-based, long-term incentive plan, LTI Plan 2020–2022, on February 12, 2020.

### Distribution of the profit for the financial year 2019

Raute Corporation's Annual General Meeting was held on March 31, 2020. The Annual General Meeting decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 1.45 per share to be paid for series A and K shares, a total of EUR 6,182 thousand. The dividend payment date was April 9, 2020.

## Segment information

Continuing operations of Raute Group belong to the wood products technology segment. Raute Corporation's Board of Directors is the chief operating decision maker that is responsible for assigning resources to the operating segment and assessing its result.

Due to Raute's business model, operational nature and administrative structure, the operational segment to be reported as wood products technology segment is comprised of the whole Group and the information on the segment is consistent with that of the Group. Segment reporting follows the principles of presentation of the consolidated financial statements.

EUR 1,000	30.6.2020	30.6.2019	31.12.2019
<b>Wood products technology</b>			
Net sales	48 156	78 291	151 297
Operating profit	-4 030	4 938	8 454
Assets	90 539	91 977	90 651
Liabilities	51 068	46 982	41 149
Capital expenditure	2 124	1 324	2 956

EUR 1,000	30.6.2020	%	30.6.2019	%	31.12.2019	%
<b>Assets of the wood products technology segment by geographical location</b>						
Finland	74 334	82	79 604	87	75 882	84
North America	8 212	9	8 095	9	8 397	9
China	5 990	7	2 379	3	4 378	5
Russia	1 598	2	1 496	2	1 662	2
South America	146	0	231	0	194	0
Other	259	0	172	0	138	0
<b>Total</b>	<b>90 539</b>	<b>100</b>	<b>91 977</b>	<b>100</b>	<b>90 651</b>	<b>100</b>

EUR 1,000	30.6.2020	%	30.6.2019	%	31.12.2019	%
<b>Capital expenditure of the wood products technology segment by geographical location</b>						
Finland	2 087	98	1 224	92	2 751	93
North America	30	2	61	5	81	3
China	-	-	22	2	48	2
Russia	-	-	17	1	26	1
South America	6	0	-	-	26	1
Other	1	0	1	0	24	1
<b>Total</b>	<b>2 124</b>	<b>100</b>	<b>1 324</b>	<b>100</b>	<b>2 956</b>	<b>100</b>



	30.6.2020	30.6.2019	31.12.2019
<b>Number of personnel</b>			
Effective, on average, persons	750	758	761
On average, persons	768	781	784
In books at the end of the period, persons	784	810	778
Personnel working abroad at the end of the period	249	265	260
Personnel working abroad, %	31,8	32,7	33,4

#### Pledges on behalf of the company's management

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.

#### Exchange rates used in the consolidation of subsidiaries

	1.1.– 30.6.2020	1.1.– 30.6.2019	1.1.– 31.12.2019
<b>Income statement, euros</b>			
CNY (Chinese yuan)	7,7481	7,6670	7,7339
RUB (Russian rouble)	76,6825	73,7215	72,4593
CAD (Canadian dollar)	1,5031	1,5067	1,4857
USD (US dollar)	1,1015	1,1298	1,1196
SGD (Singapore dollar)	1,5409	1,5354	1,5272
CLP (Chilean peso)	895,0233	762,9437	786,2516
<b>Balance sheet, euros</b>			
CNY (Chinese yuan)	7,9219	7,8185	7,8205
RUB (Russian rouble)	79,6300	71,5975	69,9563
CAD (Canadian dollar)	1,5324	1,4893	1,4598
USD (US dollar)	1,1198	1,1380	1,1234
SGD (Singapore dollar)	1,5648	1,5395	1,5111
CLP (Chilean peso)	916,3300	772,9200	832,3500

## FINANCIAL DEVELOPMENT

FINANCIAL DEVELOPMENT	30.6.2020	30.6.2019	31.12.2019
Change in net sales, %	<b>-38,5</b>	-0,8	-16,4
Exported portion of net sales, %	<b>94,4</b>	85,4	88,3
Operating result, % of net sales	<b>-8,4</b>	6,3	5,6
Return on investment, (ROI), %	<b>-13,0</b>	20,9	18,1
Return on equity, (ROE), %	<b>-13,9</b>	17,6	16,0
Interest-bearing net liabilities, EUR million	<b>-18,2</b>	-19,3	-13,9
Gearing, %	<b>-46,1</b>	-42,9	-28,1
Equity ratio, %	<b>59,3</b>	63,3	62,9
Gross capital expenditure, EUR million	<b>2,1</b>	1,3	3,0
% of net sales	<b>4,3</b>	1,7	2,0
Research and development costs, EUR million	<b>2,2</b>	1,8	4,4
% of net sales	<b>4,5</b>	2,4	2,9
Order book, EUR million	<b>80</b>	72	88
Order intake, EUR million	<b>38</b>	58	148

In addition to IFRS Key ratios, Raute Group publishes some commonly used financial key ratios (alternative performance measures). Calculation of key ratios has been presented in the annual financial statements.

SHARE-RELATED DATA	30.6.2020	30.6.2019	31.12.2019
Earnings per share, (EPS), undiluted, EUR	<b>-0,73</b>	0,94	1,80
Earnings per share, (EPS), diluted, EUR	<b>-0,73</b>	0,94	1,79
Equity to share, EUR	<b>9,24</b>	10,55	11,61
Dividend per series A share, EUR	-	-	1,45
Dividend per series K share, EUR	-	-	1,45
Dividend per profit, %	-	-	80,4
Effective dividend return, %	-	-	5,8
Price/earnings ratio (P/E ratio)	-	-	13,86
<b>Development in share price (series A shares)</b>			
Lowest share price for the period, EUR	<b>17,40</b>	22,10	20,00
Highest share price for the period, EUR	<b>27,40</b>	28,70	28,70
Average share price for the period, EUR	<b>21,84</b>	25,48	24,71
Share price at the end of the period, EUR	<b>19,10</b>	22,70	25,00
<b>Market value of capital stock</b>			
- Series K shares, EUR million*	<b>18,9</b>	22,5	24,8
- Series A shares, EUR million	<b>62,5</b>	74,3	81,8
Total, EUR million	<b>81,4</b>	96,8	106,6
*Series K shares valued at the value of series A shares.			
<b>Trading of the company's shares (series A shares)</b>			
Trading of shares, pcs	<b>327 870</b>	320 657	503 305
Trading of shares, EUR million	<b>7,2</b>	8,2	12,4
Number of shares			
- Series K shares, ordinary shares (20 votes/share)	<b>991 161</b>	991 161	991 161
- Series A shares (1 vote/share)	<b>3 272 033</b>	3 272 033	3 272 033
<b>Total</b>	<b>4 263 194</b>	4 263 194	4 263 194
Number of shares, weighted average, 1 000 pcs	<b>4 263</b>	4 263	4 263
Number of shares, diluted, 1 000 pcs	<b>4 283</b>	4 299	4 287
<b>Number of shareholders</b>	<b>5 908</b>	5 535	5 614



## DEVELOPMENT OF QUARTERLY RESULTS

### DEVELOPMENT OF QUARTERLY RESULTS

EUR 1,000	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Rolling 1.7.2019– 30.6.2020	Rolling 1.7.2018– 30.6.2019
<b>NET SALES</b>	<b>33 749</b>	<b>39 258</b>	<b>23 779</b>	<b>24 377</b>	<b>121 162</b>	<b>180 345</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>-1 310</b>	<b>208</b>	<b>-622</b>	<b>-318</b>	<b>-2 042</b>	<b>-663</b>
<b>Other operating income</b>	<b>-47</b>	<b>170</b>	<b>85</b>	<b>-19</b>	<b>189</b>	<b>554</b>
Materials and services	-15 166	-20 852	-10 286	-11 938	-58 243	-99 398
Employee benefits expense	-10 751	-12 172	-11 448	-9 441	-43 812	-46 999
Depreciation, amortization and impairments	-941	-889	-962	-937	-3 751	-3 263
Other operating expenses	-3 824	-3 915	-3 550	-2 747	-14 037	-16 626
<b>Total operating expenses</b>	<b>-30 682</b>	<b>-37 829</b>	<b>-26 246</b>	<b>-25 064</b>	<b>-119 821</b>	<b>-166 286</b>
<b>OPERATING PROFIT</b>	<b>1 709</b>	<b>1 807</b>	<b>-3 005</b>	<b>-1 024</b>	<b>-513</b>	<b>13 949</b>
<b>% of net sales</b>	<b>5,1</b>	<b>4,6</b>	<b>-12,6</b>	<b>-4,2</b>	<b>-0,4</b>	<b>7,7</b>
Financial income	6	777	170	465	1 419	365
Financial expenses	-47	-59	-54	-133	-293	-379
<b>Financial expenses, net</b>	<b>-41</b>	<b>719</b>	<b>117</b>	<b>332</b>	<b>1 126</b>	<b>-14</b>
<b>PROFIT BEFORE TAX</b>	<b>1 668</b>	<b>2 526</b>	<b>-2 888</b>	<b>-692</b>	<b>613</b>	<b>13 935</b>
<b>% of net sales</b>	<b>4,9</b>	<b>6,4</b>	<b>-12,1</b>	<b>-2,8</b>	<b>0,5</b>	<b>7,7</b>
Income taxes	-263	-266	653	-165	-41	-2 705
<b>TOTAL PROFIT FOR THE PERIOD</b>	<b>1 405</b>	<b>2 260</b>	<b>-2 235</b>	<b>-857</b>	<b>572</b>	<b>11 230</b>
<b>% of net sales</b>	<b>4,2</b>	<b>5,8</b>	<b>-9,4</b>	<b>-3,5</b>	<b>0,5</b>	<b>6,2</b>
<b>Attributable to</b>						
Equity holders of the Parent company	1 405	2 260	-2 235	-857	572	11 230
<b>Earnings per share, EUR</b>						
Undiluted earnings per share	0,33	0,53	-0,52	-0,20	0,13	2,63
Diluted earnings per share	0,33	0,53	-0,52	-0,20	0,13	2,62
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares	4 263	4 263	4 263	4 263	4 263	4 263
Adjusted average number of shares, diluted	4 300	4 278	4 281	4 283	4 283	4 299
	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Rolling</b>	<b>Rolling</b>
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>	<b>2019</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>	<b>1.7.2019– 30.6.2020</b>	<b>1.7.2018– 30.6.2019</b>
Order intake during the period, EUR million	73	17	25	13	128	128
Order book at the end of the period, EUR million	109	88	92	80	80	72

## SHAREHOLDERS

### 20 LARGEST SHAREHOLDERS AT JUNE 30, 2020 BY NUMBER OF SHARES

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
1. Sundholm Göran	-	500 000	500 000	11,7	500 000	2,2
2. Mandatum Henkivakuutus-osakeyhtiö	-	138 302	138 302	3,2	138 302	0,6
3. Laakkonen Mikko Kalervo	-	119 919	119 919	2,8	119 919	0,5
4. Suominen Pekka	48 000	62 429	110 429	2,6	1 022 429	4,4
5. Siivonen Osku Pekka	50 640	53 539	104 179	2,4	1 066 339	4,6
6. Kirmo Kaisa Marketta	55 680	48 341	104 021	2,4	1 161 941	5,0
7. Suominen Tiina Sini-Maria	48 000	52 856	100 856	2,4	1 012 856	4,4
8. Keskiäho Kaija Leena	33 600	51 116	84 716	2,0	723 116	3,1
9. Mustakallio Mika Tapani	62 100	21 170	83 270	2,0	1 263 170	5,5
10. Särkijärvi Anna Riitta	60 480	22 009	82 489	1,9	1 231 609	5,3
11. Mustakallio Kari Pauli	60 480	-	60 480	1,4	1 209 600	5,2
12. Mustakallio Marja Helena	46 740	12 547	59 287	1,4	947 347	4,1
13. Särkijärvi Anu Riitta	12 000	43 256	55 256	1,3	283 256	1,2
14. Särkijärvi Timo Juha	12 000	43 256	55 256	1,3	283 256	1,2
15. Mustakallio Ulla Sinikka	47 740	7 240	54 980	1,3	962 040	4,2
16. Suominen Jukka Matias	24 960	27 964	52 924	1,2	527 164	2,3
17. Keskinäinen työeläkeva-kuutusyhtiö Varma	-	51 950	51 950	1,2	51 950	0,2
18. Relander Pär-Gustaf	-	51 000	51 000	1,2	51 000	0,2
19. Suominen Jussi	48 000	-	48 000	1,1	960 000	4,2
20. Keskiäho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
<b>Total</b>	<b>635 200</b>	<b>1 325 988</b>	<b>1 961 188</b>	<b>46,0</b>	<b>14 029 988</b>	<b>60,7</b>

### 20 LARGEST SHAREHOLDERS AT JUNE 30, 2020 BY NUMBER OF VOTES

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
1. Mustakallio Mika Tapani	62 100	21 170	83 270	2,0	1 263 170	5,5
2. Särkijärvi Anna Riitta	60 480	22 009	82 489	1,9	1 231 609	5,3
3. Mustakallio Kari Pauli	60 480	-	60 480	1,4	1 209 600	5,2
4. Kirmo Kaisa Marketta	55 680	48 341	104 021	2,4	1 161 941	5,0
5. Siivonen Osku Pekka	50 640	53 539	104 179	2,4	1 066 339	4,6
6. Suominen Pekka	48 000	62 429	110 429	2,6	1 022 429	4,4
7. Suominen Tiina Sini-Maria	48 000	52 856	100 856	2,4	1 012 856	4,4
8. Mustakallio Ulla Sinikka	47 740	7 240	54 980	1,3	962 040	4,2
9. Suominen Jussi	48 000	-	48 000	1,1	960 000	4,2
10. Mustakallio Marja Helena	46 740	12 547	59 287	1,4	947 347	4,1
11. Keskiäho Kaija Leena	33 600	51 116	84 716	2,0	723 116	3,1
12. Mustakallio Hanna Leena	32 975	5 565	38 540	0,9	665 065	2,9
13. Mustakallio Jukka Jere-mias	32 975	-	32 975	0,8	659 500	2,9
14. Keskiäho Vesa Heikki	29 680	-	29 680	0,7	593 600	2,6
15. Keskiäho Juha-Pekka	27 880	5 716	33 596	0,8	563 316	2,4
16. Suominen Jukka Matias	24 960	27 964	52 924	1,2	527 164	2,3
17. Keskiäho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
18. Sundholm Göran	-	500 000	500 000	11,7	500 000	2,2
19. Kultanen Leea Annikka	21 595	8 031	29 626	0,7	439 931	1,9
20. Piik Ari	20 855	418	21 273	0,5	417 518	1,8
<b>Total</b>	<b>777 160</b>	<b>898 035</b>	<b>1 675 195</b>	<b>39,3</b>	<b>16 441 235</b>	<b>71,2</b>

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

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
<b>Management's holding at June 30, 2020</b>						
The Board of Directors, The Group's President and CEO and Executive Board*	127 890	132 039	259 929	6,1	2 689 839	11,6
<b>Total</b>	<b>127 890</b>	<b>132 039</b>	<b>259 929</b>	<b>6,1</b>	<b>2 689 839</b>	<b>11,6</b>

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

### Nominee-registered shares at June 30, 2020

-	113 422	113 422	2,7	113 422	0,5
---	---------	---------	-----	---------	-----

RAUTE CORPORATION  
Board of Directors

**BRIEFING ON JULY 23, 2020 AT 2 P.M.:**

A briefing will be organized for analysts, investors and the media on July 23, 2020 at 2 p.m. at Scandic Simonkenttä Hotel, Tapiola cabinet, Simonkatu 9, Helsinki. The half-year report will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Tarja Järvinen, CFO.

**NEXT INTERIM REPORT:**

Raute Corporation's interim report January 1–September 30 2020 will be released on Thursday, October 29, 2020.

**FURTHER INFORMATION:**

Mr. Tapani Kiiski, President and CEO, Raute Corporation, mobile phone +358 400 814 148

Ms. Tarja Järvinen, Group Vice President, Finance, CFO, Raute Corporation, mobile phone +358 40 658 3562

**DISTRIBUTION:**

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

**RAUTE IN BRIEF:**

*Raute is a technology and service company that operates worldwide. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood, LVL (Laminated Veneer Lumber) and sawn timber. Its technology offering covers the entire production process for veneer, plywood and LVL and special measurement equipment for sawn timber. As a supplier of mill-scale projects, Raute is a global market leader both in the plywood and LVL industries. Additionally, Raute's full-service concept includes technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in the Nastola area of Lahti, Finland. The company's other production plants are located in Kajaani, Finland, the Vancouver area of Canada, the Shanghai area of China and in Pullman, Washington, USA. Raute's net sales in 2019 were EUR 151.3 million. The Group's headcount at the end of 2019 was 778. More information about the company can be found at [www.raute.com](http://www.raute.com).*





Raute Corporation  
Rautetie 2, P.O. Box 69  
FI-15551 Nastola, Finland  
Tel 03 829 11  
Fax 03 829 3200  
ir@raute.com

Follow us online:

[www.raute.com](http://www.raute.com) | Twitter: @rautemachinery, @RauteOyj | LinkedIn: Raute Oyj | Youtube: [www.youtube.com/RauteMachinery](http://www.youtube.com/RauteMachinery) | Facebook: Raute Corporation | Instagram: @rautecorporation