



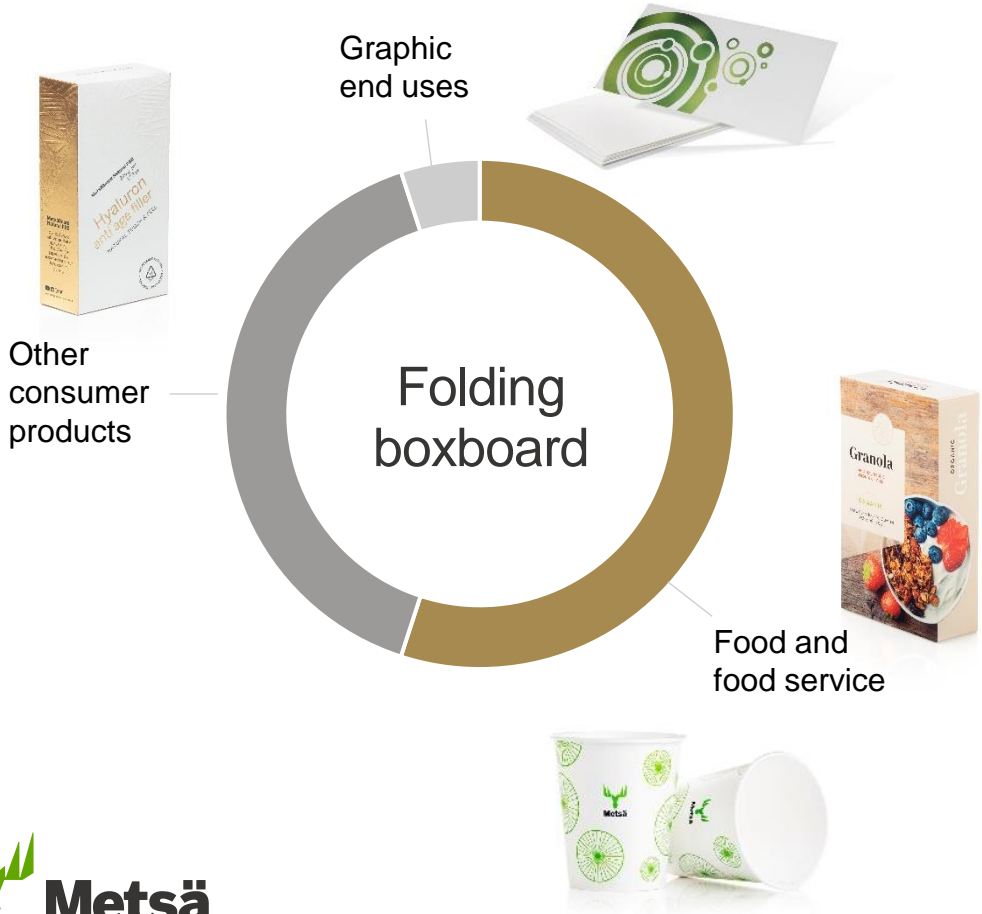
CEO's review

Mika Joukio
CEO, Metsä Board

Annual General Meeting 2024

Metsä Board today and strategy

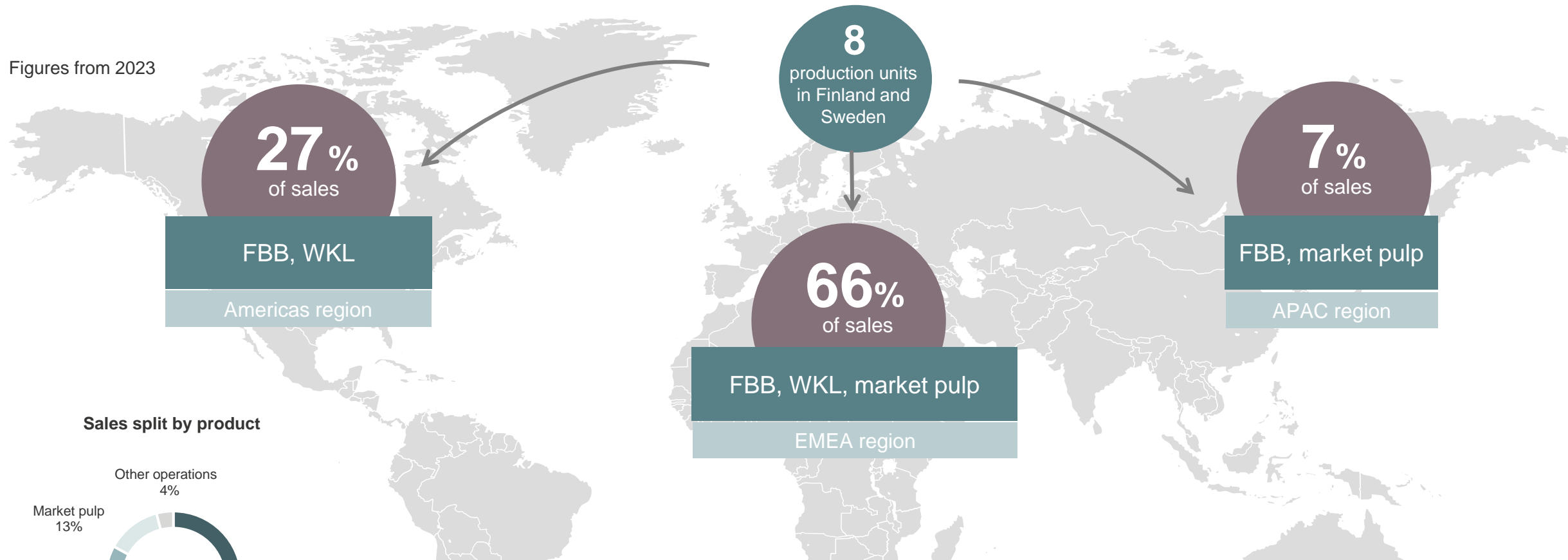
We focus on premium and recyclable fresh fibre paperboards, which are mainly used in consumer products packaging



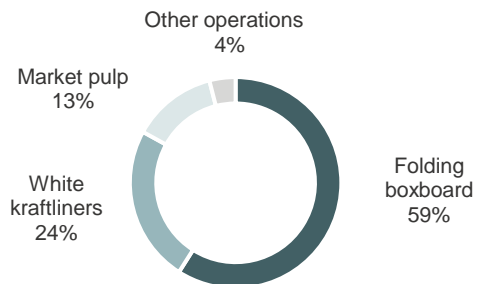
Source: Metsä Board's own estimate

Part of Metsä Group, our production is close to the main raw material, northern wood

Figures from 2023



Sales split by product



Self-sufficiency in pulp support the sustainable and profitable growth in paperboard



Paperboard capacity
2,275,000
tonnes/year

Pulp ad BCTMP capacity
1,660,000
tonnes/year

Ownership in Metsä Fibre
24.9%

Our strategy highlights sustainable growth

STRATEGY

We grow in fibre-based packaging materials and renew our industrial operations

OUR STRATEGIC PROGRAMMES

Premium supplier
Effective innovation
Safe and efficient operations and organic growth
Leader in sustainability
Motivated people

MEGATRENDS

Population growth Urbanisation Biodiversity loss Climate change Digitalisation



PURPOSE:

Advancing the bioeconomy and circular economy by sustainably and efficiently processing northern wood into first-class products.

VISION:

Preferred supplier of innovative and sustainable fibre-based packaging solutions, creating value for customers globally.

Year 2023

Challenging year 2023

- Sales and earnings were negatively impacted by the weak market for paperboard and pulp
- Production adjusted to meet demand, temporary layoffs at Finnish mills
- Efficient working capital management supported cash flow
- Annual cost inflation excluding pulp costs was around 4%



Sales

1,942

EUR million

(2022: 2,480)



Paperboard deliveries

1,373,000

tonnes

(2022: 1,817,000t)

Comparable operating result

122

EUR million

(2022: 521)

Operating cash flow

343

EUR million

(2022: 232)

Paperboard production

1,309,000

tonnes

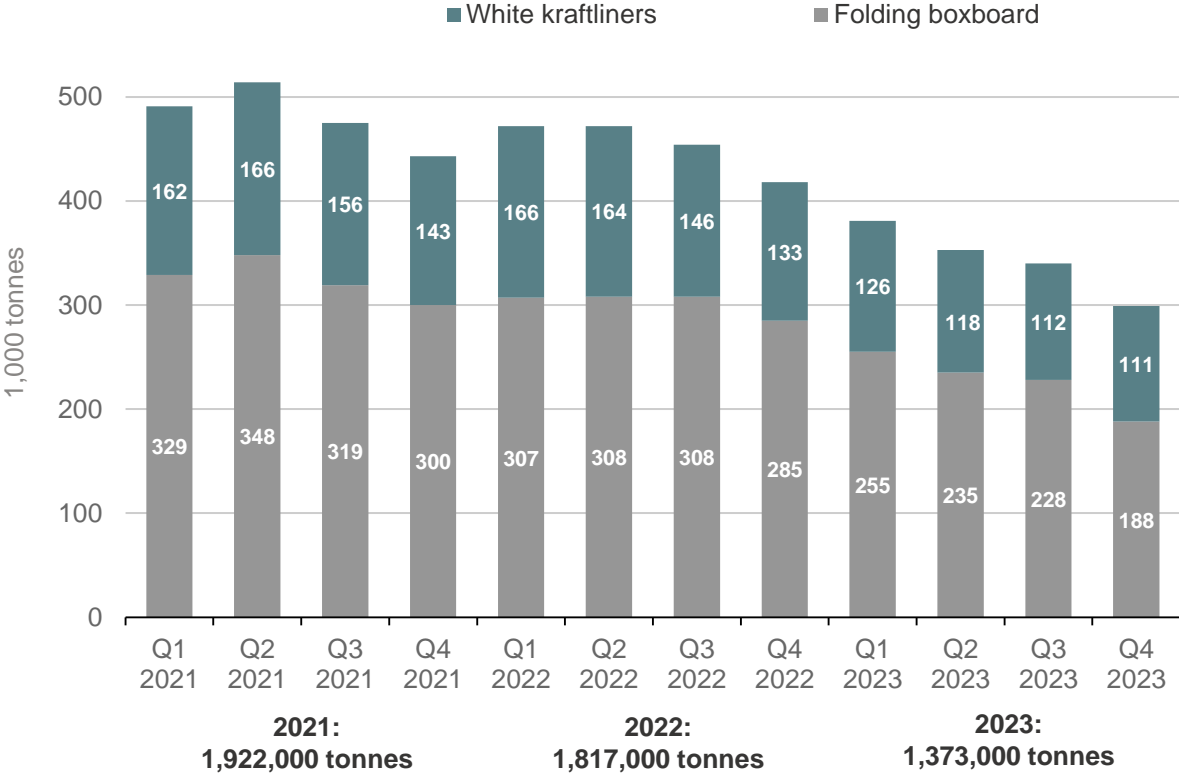
(2022: 1,877,000t)



Decreased consumer product demand reflected in paperboard delivery volumes

- Demand for paperboard reduced by lower demand for consumer products and de-stocking in value chain
- Metsä Board focuses on customers in its main market areas that benefit from the high performance of premium fresh fibre paperboards and the company's services
- Metsä Board's average paperboard prices increased in 2023 compared to the previous year

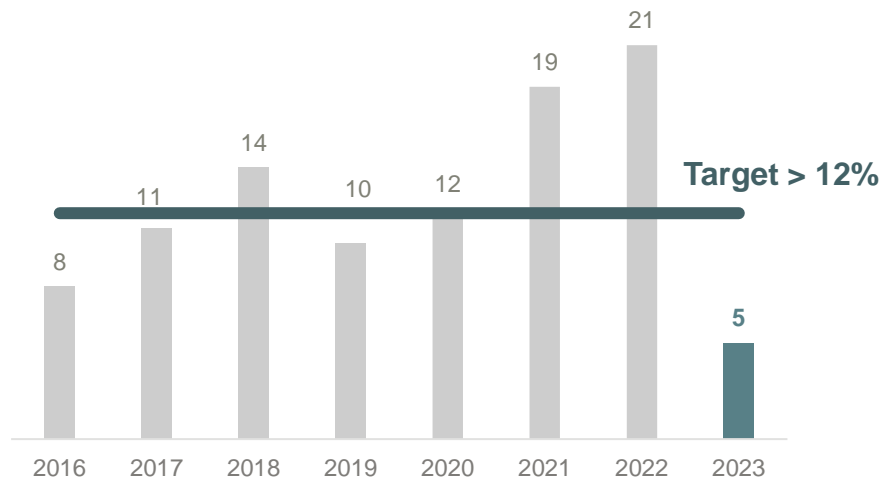
Metsä Board's paperboard deliveries, quarterly



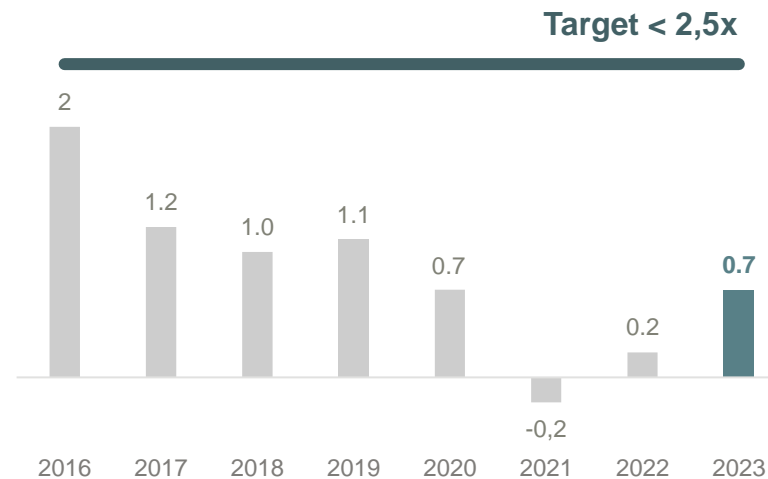
Profitability weakened, financial position remained strong

Financial targets

Comparable ROCE, %



Net debt / comparable EBITDA



Investments in Husum and Kemi completed



Husum folding boxboard capacity expansion

- Completed 11/2023
- +200 000 t/y folding boxboard
- After investment total capacity of BM1 will be 600 000 t/v, fully available on the market in 2026
- Investment value EUR 230 million

Increase in port warehouse capacity,
investment value ~EUR 20 million



Kemi mill development programme

- Completed 9/2023
- +40 000 t/y white kraftliner
- After investment total capacity will be 465 000 t/y, fully available on the market in 2025
- Decreased water and energy use
- Investment value EUR 110 million

Sustainability highlights in 2023

- The transition towards fossil-free mills continued, with 90% of all energy (scope 1 and 2) used being fossil-free
- Production adjustment measures reduced energy and water efficiency
- A-level recognition from CDP for transparency on climate change and water security
- Reporting requirements under the EU's Sustainability Reporting Directive (CSRD) guided our 2023 sustainability reporting as part of the Board of Director's report

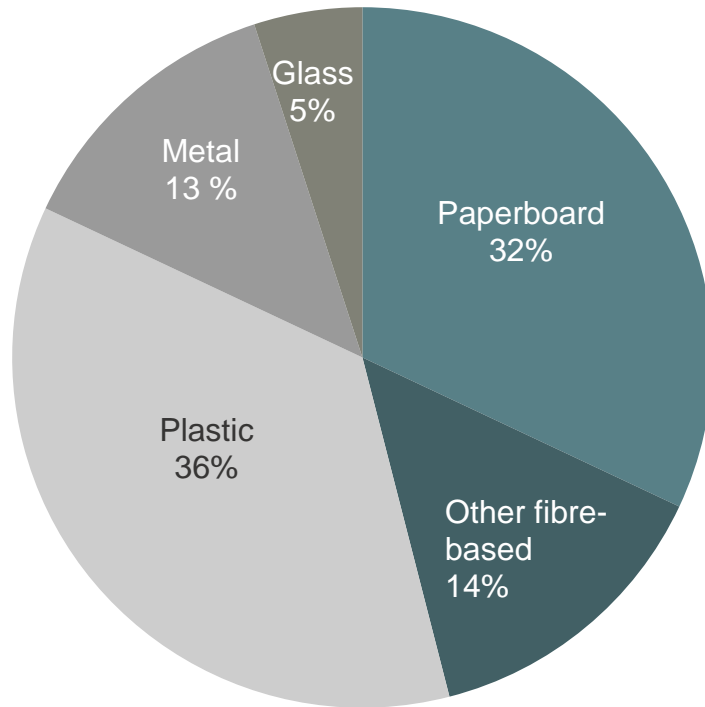


Our sustainability work focuses on mitigating climate change, enhancing biodiversity and using resources efficiently.

Market situation and future projects

Need for packaging is growing

The global packaging market is worth around USD 1 175 billion, with an annual growth rate of around 4% (2023-2028). The growth rate of demand for paperboard is slightly faster.



Long-term demand for fresh fibre paperboards is supported by:

- Population growth, urbanisation and the growth of the middle class
- Consumer preferences and regulation
- Reduced availability of recycled fibre

In cartonboards, growth rates for FBB and FSB clearly outpace other carton types*, at around 3.7% / year (2022–2035)

*) SBS +0.2%, CUK +2.0%, WLC +1.3%

Strong commitment from brand owners and retailers to improve sustainability

- Increasing the use of renewable packaging materials
- Reducing material use
- Sustainable supply chain
- Ensuring recycling
- Reducing the carbon footprint of products

Several international brand owners have set a target of

100%

reusable, recyclable or compostable packaging



Our R&D work aims to achieve world-class resource efficiency and reduce carbon footprint



1

Light and resource efficient paperboards



2

Developing barrier boards as an alternative to plastics

The carbon footprint (CO₂) of packaging material depends in particular on:

1

Energy used in production

Metsä Board uses 90 per cent **fossil-free energy** in its production

2

Material and resource efficiency

Lightweighting reduces the use of fibre, energy and water – and the **carbon footprint of packaging**

Metsä Board's folding boxboard have a lower carbon footprint compared to several corresponding grades



New investments at our current mills

Towards **improved competitiveness, fossil-free production** and **new products**
The timing and scope of the investments will be specified as the plans progress



Husum pulp mill

- Renewing the fibre line



Husum board mill, BM2

- Producing new products on the existing white kraftliner production line



Simpele board mill

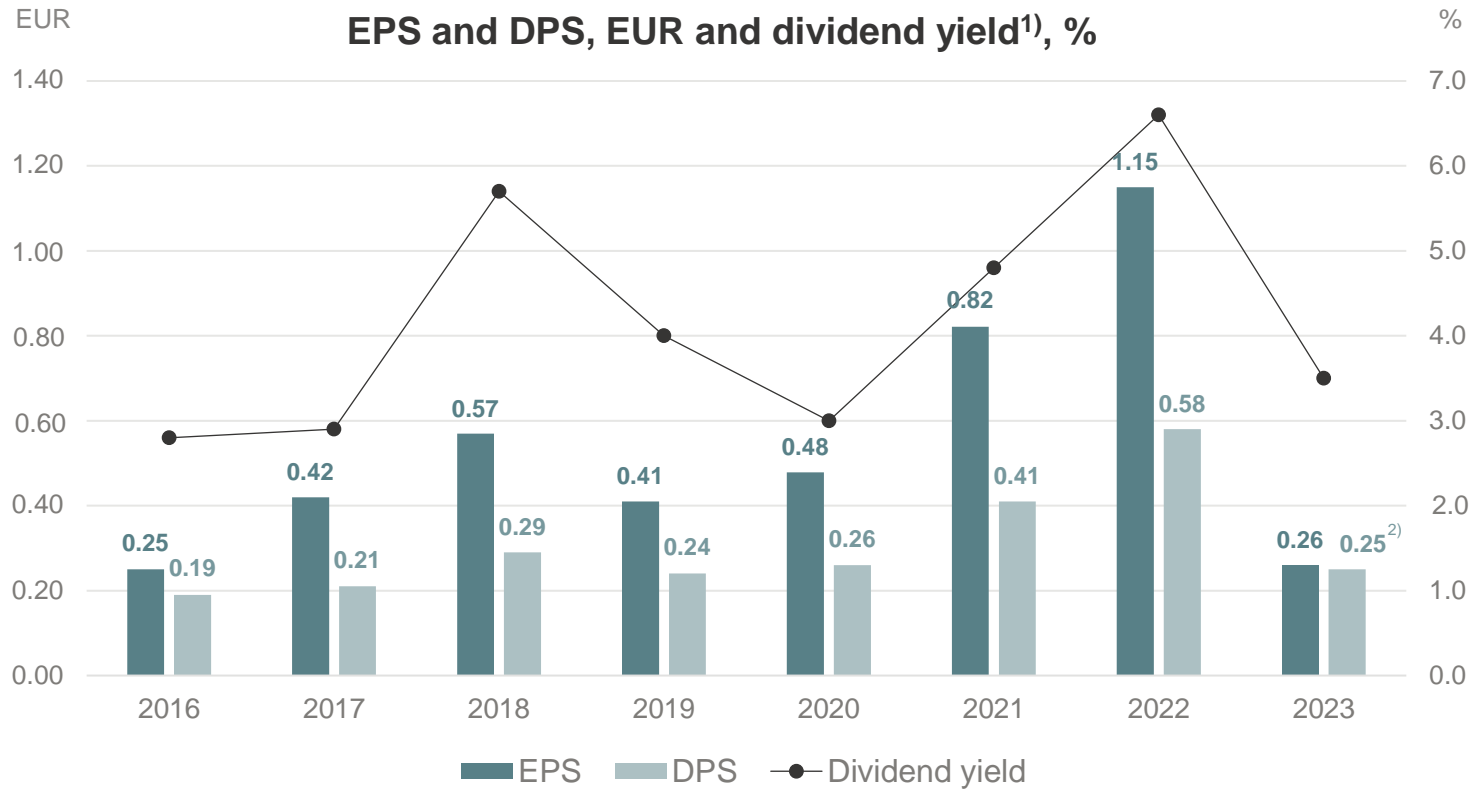
- Renewals in mechanical pulp production, paperboard machine and finishing area
- New power plant



Kyro board mill

- Improving the performance of barrier boards and expanding end-use areas

Our aim is to pay our shareholders a competitive dividend



Proposed dividend payment for 2023:

Dividend of EUR 0.25 per share, totalling EUR 89 million.

Approximately 94% of net profit for 2023.

Dividend payment date 9 April 2024.



1) calculated from the METSB year-end closing price (31.12.2023: €7.19)

2) Board's proposal to AGM

Summary

- Weak paperboard and pulp market burdened year 2023 results
- Profitability and cash flow were secured by optimising sales, temporary layoffs and efficient working capital management
- We are planning new investments aimed at improved competitiveness and new products. We are also accelerating our journey towards fossil-free production
- Long-term demand drivers for fresh fibre paperboards are unchanged





Metsä

**Together we make the
perfect package**