

METSÄ GROUP

HALF-YEAR FINANCIAL REPORT

JANUARY–JUNE 2021



METSÄ GROUP'S COMPARABLE OPERATING RESULT IN JANUARY–JUNE 2021 WAS EUR 416 MILLION

JANUARY–JUNE 2021 (1–6/2020)

- Sales were EUR 2,942 million (2,453).
- Operating result was EUR 379 million (163). Comparable operating result was EUR 416 million (158).
- Result before taxes was EUR 354 million (139). Comparable result before taxes was EUR 391 million (134).
- Comparable return on capital employed was 15.0% (6.2).
- Net cash flow from operations was EUR 374 million (203).

APRIL–JUNE 2021 (4–6/2020)

- Sales were EUR 1,542 million (1,200).
- Operating result was EUR 243 million (102). Comparable operating result was EUR 242 million (96).
- Result before taxes was EUR 232 million (93). Comparable result before taxes was EUR 231 million (86).
- Comparable return on capital employed was 17.2% (7.6).
- Net cash flow from operations was EUR 279 million (167).

EVENTS DURING THE SECOND QUARTER OF 2021

- The dollar-denominated average market prices of long-fibre and short-fibre pulp increased compared to the previous quarter.
- The delivery volumes of paperboards were record high and demand remained strong.
- The fire on the chip conveyor of the Husum pulp mill stopped pulp production for four weeks.
- Metsä Group initiated a planning process with the City of Äänekoski for expanding the production of mechanical wood products in the Äänekoski mill site.

THE CORONAVIRUS PANDEMIC

Metsä Group has three key priorities in its operations when it comes to stopping the coronavirus pandemic: personnel safety, full participation in combating the pandemic as part of society and ensuring business continuity. Metsä Group follows and complies with the guidelines issued by the authorities with regard to the coronavirus. Minimising physical contact is the most important precautionary measure.

Metsä Group's resources have remained normal during the coronavirus pandemic. Production and deliveries have run normally, barring a few exceptions.

EVENTS AFTER THE REVIEW PERIOD

Metsä Board decided to increase annual folding box-board production capacity by 200,000 tonnes in Husum, Sweden.

RESULT GUIDANCE FOR JULY–SEPTEMBER 2021

Metsä Group's comparable operating result is in July–September 2021 expected to improve from April–June 2021.

President and CEO Ilkka Härmälä:

The first half of 2021 turned out to be altogether excellent for Metsä Group. The growth in demand as well as the increase in prices in the pulp business and mechanical wood products, which began during the fourth quarter in 2020, continued throughout the period. The paperboard business also continued its strong performance and there, too, the already robust demand continued to improve, due to which price levels in different market areas also took an upward turn. Demand for consumer products in tissue paper was on a significantly lower level than in the previous year, and the intermittent easing of the pandemic did not yet figure greatly in the demand for professional products.

Metsä Group kicked off significant investment projects in 2019–2020 at Rauma, Husum and Kemi. These projects are progressing as planned towards the start-ups of the new units, set to take place in 2022 and 2023. The pick-up in the construction sector and the steep increase in steel prices have placed cost pressures on the projects.

A major investment decision to increase annual folding boxboard production capacity by 200,000 tonnes at the Husum mill was made in July. The Group continues to develop its core business operations with the planning phase of the Mariestad tissue paper mill and the development plan for the mechanical wood processing business, to be implemented in the area of the Äänekoski mill site. The earliest date at which the related investment decision considerations will become topical is in 2022, when the projects' environmental permit and detailed planning processes will be completed.

Metsä Spring continues its work in developing new forest industry business opportunities. Since the establishment of the innovation company, we have invested in five projects related to the value chains of our raw materials and products. The goal of these projects is to bring about value creation through new operations, functioning alongside the Group's strong basic industry units.

Metsä Spring's biggest projects are the demo plant for textile fibres operating in Äänekoski, and the demo plant for 3D fibre packaging, which will be completed during the second half of this year, also in Äänekoski.

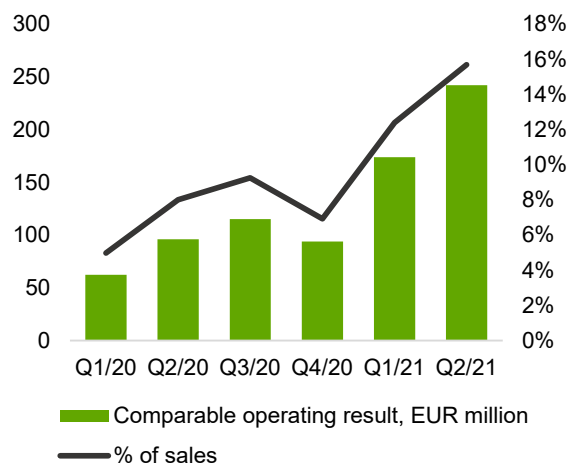
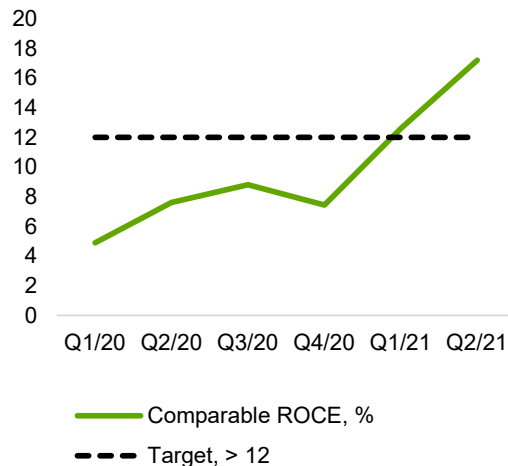
Climate change and the loss of biodiversity are issues of a global scale, the combating of which must be taken into account in all decision-making. Finnish forests are a significant primary source for the global market's need for products made from renewable raw materials. We make products for people's everyday life and well-

being. These products must be made as material-efficiently as possible and without fossil fuels. This requires the long-term development of our industry and a readiness to invest in our business.

The forestry operations require further development both for greater wood production, and thereby greater carbon binding, and, simultaneously, for methods that better maintain biodiversity. We need more measures to protect valuable forest ecosystems and, at the same time, continuously renewing methods for wood production in commercial forests that are increasingly sound in both economic and ecological terms. It is important to take into account – in EU-level legislation and strategies as well as in national decisions – the significance that the forest industry's entire value chain has in terms of both climate and environmental issues and national economic success. We are ready to contribute to the development work. The industry needs predictable and a stable operating environment.

KEY FIGURES

	2021	2020	2021	2020	2020
	1–6	1–6	4–6	4–6	1–12
Sales, EUR million	2,941.9	2,452.7	1,542.3	1,199.7	5,054.9
EBITDA, EUR million	572.1	324.7	318.3	183.3	679.3
Comparable, EUR million	570.9	320.0	317.2	177.2	670.9
% of sales	19.4	13.0	20.6	14.8	13.3
Operating result, EUR million	379.0	163.2	243.2	102.1	375.8
Comparable, EUR million	416.0	158.5	242.1	96.1	367.7
% of sales	14.1	6.5	15.7	8.0	7.3
Result before income tax, EUR million	353.7	138.7	232.3	92.5	330.1
Comparable, EUR million	390.7	134.0	231.2	86.5	322.0
Result for the period, EUR million	282.6	109.1	184.5	74.0	262.2
Return on capital employed, %	13.7	6.4	17.2	8.1	7.2
Comparable, %	15.0	6.2	17.2	7.6	7.1
Return on equity, %	13.5	5.8	17.1	8.0	6.8
Comparable, %	15.0	5.6	17.0	7.5	6.6
Equity ratio, %	59.5	56.4	59.5	56.4	57.2
Net gearing ratio, %	-1.3	11.4	-1.3	11.4	4.3
Interest-bearing net liabilities, EUR million	-59.5	422.8	-59.5	422.8	167.7
Total investments, EUR million	430.8	167.7	257.2	105.9	400.5
Net cash flow from operations, EUR million	373.6	203.0	278.7	167.3	667.4
Personnel at the end of the period	10,070	9,854	10,070	9,854	9,213

Comparable operating result

Comparable ROCE, %


Sales and Operating result 1–6/2021, EUR million	Wood Supply and Forest Services	Wood Products Industry	Pulp and Sawn Timber Industry	Paperboard Industry	Tissue and Greaseproof Papers
Sales	1,023.1	297.0	1,213.5	1,049.5	448.1
Other operating income	2.0	0.5	8.2	14.3	4.1
Operating expenses	-1,004.8	-273.6	-915.5	-831.9	-413.3
Depreciation and impairment losses	-5.2	-10.1	-100.6	-46.3	-21.7
Operating result	15.2	13.8	205.6	185.6	17.2
Items affecting comparability	0.0	0.0	34.5	5.7	0.0
Comparable operating result	15.2	13.8	240.1	191.3	17.2
% of sales	1.5	4.7	19.8	18.2	3.8

HALF-YEAR FINANCIAL REPORT 1 January – 30 June 2021

SALES AND RESULT

Metsä Group's sales in January–June 2021 were EUR 2,941.9 million (1–6/2020: 2,452.7). Sales increased due to the higher sales prices of pulp compared with the previous year, among other factors.

The comparable operating result was EUR 416.0 million (158.5), or 14.1% (6.5) of sales. The increase in the operating result is explained by the rise in the sales prices of pulp, for example. The comparable operating result in the comparison period, January–June 2020, was weakened by the strikes at Finnish mills, which had a negative impact of roughly EUR 50 million.

Exchange rate fluctuations after hedging had a negative effect of approximately EUR 63 million on the operating result of the review period compared to the previous year.

Items affecting the comparability of the operating result in January–June totalled EUR -37.0 million (4.7). The items relate to the impairments of the existing Kemi pulp mill (-38.2), the sale of a land area not related to Metsä Board's business operations (7.0), and the costs of the fire on the chip conveyor at Metsä Board's Husum pulp mill (-5.8).

Metsä Group's operating result (IFRS) was EUR 379.0 million (163.2). The share of the results of associated companies and joint ventures was EUR -0.6 million (1.7), financial income was EUR 0.3 million (1.7), exchange rate differences in financing were EUR -2.7 million (-1.4), and financial expenses totalled EUR 22.3 million (26.5).

The result before taxes was EUR 353.7 million (138.7), and taxes including changes in deferred tax liabilities totalled EUR 71.2 million (29.6). The Group's effective

tax rate was 20.1% (21.3). The result for the review period was EUR 282.6 million (109.1).

The return on capital employed was 13.7% (6.4), and the return on equity was 13.5% (5.8). The comparable return on capital employed was 15.0% (6.2), and the comparable return on equity was 15.0% (5.6).

BALANCE SHEET AND FINANCING

Metsä Group's liquidity has remained strong. Total liquidity at the end of June was EUR 3,199.6 million (31 December 2020: 2,004.7). This consisted of EUR 1,407.8 million (1,212.9) in liquid assets and investments, and EUR 1,791.8 million (791.8) in off-balance sheet committed credit facility agreements.

The Group's liquidity reserve is complemented by uncommitted commercial paper programmes and credit facilities amounting to EUR 161.5 million (31 December 2020: 161.5) and by undrawn pension premium (TyEL) funds in the amount of EUR 356.9 million (31 December 2020: 356.9).

The EUR 1,000 million debt financing of Metsä Fibre's Kemi investment is composed of a EUR 500 million 10-year loan of which 80% is guaranteed by Finnvera; a EUR 200 million 10-year loan of which 95% is guaranteed by the Swedish Export Credit Agency EKN; a EUR 200 million 15-year loan granted by the EIB; and a EUR 100 million five-year green loan agreed on with eight banks.

Net cash flow from operations was EUR 373.6 million (203.0). A total of EUR 128.0 million in working capital was tied up (77.7). The addition of EUR 145.2 million in trade and other receivables as well as the addition of EUR 24.4 million in inventories increased working capital. The addition of EUR 41.7 million in trade payables and other liabilities decreased working capital.

The Group's equity ratio at the end of June was 59.5%, and its net gearing was -1% (31 December 2020: 57.2 and 4, respectively). Net interest-bearing liabilities were EUR -59 million (31 December 2020: 168).

At the end of June, the equity ratio of the parent company Metsäliitto Cooperative was 89.6%, and net gearing was -27% (31 December 2020: 88.9 and -23, respectively).

In January–June, Metsäliitto Cooperative's members' capital increased by a total of EUR 118.5 million (101.6). The value of participation shares grew by EUR 5.6 million (6.2), that of the additional shares A by EUR 110.4 million (91.9), and that of the additional shares B by EUR 2.4 million (3.5).

PERSONNEL

In January–June, Metsä Group had an average of 9,613 employees (9,416). Personnel expenses were EUR 347.4 million (306.9). At the end of June, the Group had 10,070 employees (31 December 2020: 9,213) of whom 5,743 (5,055) were based in Finland

and 4,327 (4,158) abroad. The number of summer employees was about 600. The parent company Metsäliitto Cooperative had 2,199 employees at the end of June (31 December 2020: 1,973).

MEMBERS

At the end of June, Metsäliitto Cooperative had 95,714 members (31 December 2020: 95,449). During January–June, 1,661 new members joined the Cooperative, and 1,396 members cancelled their membership. At the end of June, the forest area owned by the members totalled 5.316 million hectares (31 December 2020: 5.257).

INVESTMENTS

Metsä Group's total investments in January–June totalled EUR 430.8 million (167.7), of which investments in owned property, plant and equipment were EUR 418.8 million (147.8) and investments in leased property, plant and equipment were EUR 11.9 million (19.9).

On 27 July 2021, Metsä Board made an investment decision on increasing annual folding boxboard capacity by 200,000 tonnes at its Husum mill in Sweden. The investment project is covered in more detail under section "Events after the review period".

In 2019, Metsä Board announced that it would begin the renewal of the Husum pulp mill in phases. The first phase comprises a new recovery boiler and turbine, and its investment cost is approximately EUR 360 million. The investments made in the project by the end of the review period totalled approximately EUR 198 million. According to estimates, the new recovery boiler and turbine will be taken into use during the first half of 2022. The plan is to replace the existing fibre lines with a new fibre line during the 2020s; this would constitute the second phase of the investment. The renewal project will enable the long-term development and growth of competitive paperboard business operations at the Husum integrated mill. In addition, the investment aims to develop Metsä Board's pulp and energy production and promote a shift towards fossil free mills.

During the first half of the year, Metsä Board initiated a programme for the development of the Kemi paperboard mill, which produces white-top kraftliner. The programme's investment cost is approximately EUR 67 million. The investment increases the mill's annual paperboard capacity by around 40,000 tonnes. The programme includes a series of renewal and bottleneck investments in the paperboard production line. As part of the programme, Metsä Board will also buy a modernised production line for unbleached pulp from Metsä Fibre. The production line's annual capacity is roughly 180,000 tonnes a year. The investments will take place in 2021–2023, with an emphasis on 2023.

The construction work of Metsä Fibre's new pine sawmill in Rauma began in May 2020. The production

is set to begin during the third quarter of 2022. The value of the investment is approximately EUR 200 million, and the mill's annual production capacity is 750,000 cubic metres of pine sawn timber. The mill's annual use of logs sourced in Finland will amount to 1.5 million cubic metres. The new sawn timber production will be sold primarily to Europe and Asia.

Metsä Fibre made the investment decision on the Kemi bioproduct mill in February 2021. The investment's value is EUR 1.6 billion, and it is the biggest investment made by the Finnish forest industry in Finland. The construction of the mill has progressed according to plan. The construction phase will take roughly two and a half years, and the mill should be completed during the third quarter of 2023. The mill will use approximately 7.6 million cubic metres of pulpwood a year. The plan is for a majority of the wood to be sourced from Finland. The mill will produce some 1.5 million tonnes of softwood and hardwood pulp a year as well as numerous other bioproducts. The new mill will replace the current pulp mill in Kemi, which is reaching the end of its life-cycle. Approximately EUR 38 million impairment was recognised as an item affecting comparability of operating result in the assets of the current pulp mill in Kemi during the first quarter of 2021.

In May 2020, Metsä Tissue filed an environmental permit application with the Vänersborg Land and Environment Court pertaining to the company's plan to increase the production of fresh fibre-based tissue papers at the Mariestad mill in Sweden. The expansion would double the annual tissue paper production capacity from the current 70,000 tonnes to 145,000 tonnes. The company expects the environmental permit to be issued during the first quarter of 2022, after which the potential investment decision could be made.

In June 2021, Metsä Group initiated a planning process with the City of Äänekoski for expanding the production of mechanical wood products, which store carbon for a long time, at the Äänekoski integrated mill. The planning process is expected to continue until early 2022.

RISKS AND UNCERTAINTIES

The outlook for the development of the world economy has gained strength as the situation concerning the pandemic has gradually improved and vaccination programmes have progressed. The more transmissible variants of the coronavirus and the effectiveness of the vaccinations on a global scale nevertheless give rise to uncertainty. The end of restrictions and lockdowns, and the opening of the economies in different countries, have improved the growth expectations of consumers and businesses. On the other hand, the large-scale expansionary fiscal policy measures of central banks and the positive economic impact of the evolution of the pandemic situation may lead to an overheating of the economy. Its unravelling could quickly weaken the world economy and impact demand for the Group's products and its profitability.

Lengthening of the pandemic could also cause disruptions in the Group's business operations and threaten their continuity. In addition, customers' weaker cash position or slower payment behaviour could have an impact on Metsä Group's cash flow and lead to credit losses. The pandemic's long-term effects on the world economy and the Group's business will only become visible over a longer period of time.

The Group's resource situation and business operations have remained normal during the pandemic. The Group continues to monitor the development in infections, changes in restriction and lockdown measures, and the personnel's absences. A high number of absences could impact the continuity of production and other operations. The business areas are keeping an eye on the pandemic's impact and carrying out measures that ensure operations and the progress of development investments.

The pandemic's impact on the Group's sourcing operations and logistics has not been significant so far. The availability of raw materials has remained on a fairly good level. Scarcity in raw materials and growth in demand will change the market situation and increase prices. Metsä Group's container shipments have experienced extensive delays due to the weaker availability of containers and slower port operations.

Besides the coronavirus pandemic, the world economy in 2021 will be impacted by the continuing tensions and trade war between the United States and China, tensions in the internal affairs of the United States, and by any changes to the accommodative monetary policies of central banks as well as the return of the Chinese economy's growth forecasts to pre-pandemic levels. The effects of the new trade and cooperation agreement between the UK and the EU may furthermore be visible in international trade flows.

The estimates and statements in this bulletin are based on current plans and estimates. They involve risks and uncertainties that may cause the results to differ from those expressed in such statements. In the short term, the results of Metsä Group are affected particularly by the price of and demand for end products, the availability and costs of principal raw materials, energy prices and the exchange rate development of the euro. The risks related to Metsä Group's business are explained in more detail in Metsä Group's 2020 Annual Review.

PENDING DISPUTES

In the autumn of 2015, the Finnish Tax Administration, in its assessment of the 2014 taxation, refused the deductibility of certain losses related to the cross-border merger of a French subsidiary in Metsä Board Corporation's 2014 taxation. Metsä Board has appealed the decision issued by the Tax Administration, as the company believes the losses are deductible. The Tax Administration's Adjustment Board dismissed the com-

pany's appeal in March 2018. In February 2021, the Administrative Court of Helsinki dismissed the appeal made by the company on the Board of Adjustment's decision. Metsä Board has applied for a leave to appeal the decision of the Administrative Court of Helsinki from the Supreme Administrative Court.

THE CORONAVIRUS PANDEMIC

The safety of Metsä Group's employees, partners and local communities is of primary importance. Metsä Group keeps a close eye on the development of the coronavirus pandemic and is updating its policies and instructions on the basis of the guidelines issued by the authorities.

When the work allows it, Metsä Group's employees work remotely, in accordance with authorities' recommendations. Most of the Group's work occurs in production units that do not allow for remote working. The measures by which the virus is prevented from spreading in workplaces are extremely important. These include thorough hand washing, staying at home when exhibiting any symptoms, maintaining a distance between oneself and other people as well as effective cleaning. No one who is even the slightest degree ill may come to work. Only visits to Metsä Group's locations that are essential and necessary for business continuity – such as visits related to maintenance and investment work – are possible. Personnel and investment project personnel located in areas where the virus is spreading are tested regularly. All external employees are tested before they begin working at the mills.

Metsä Group's products include pulp, paperboard and tissue papers. These products are important for a functioning society, given that they promote hygiene and consumer safety, and protect consumer goods. To ensure the continuity of operations, Metsä Group's various business areas have drawn up contingency plans for the eventuality of any further spreading of the virus.

Metsä Group's resources have remained normal throughout the coronavirus pandemic. Production and deliveries have run normally, barring a few exceptions.

CHANGES IN MANAGEMENT

Sari Pajari-Sederholm was appointed EVP, Strategy, of Metsä Group as of 1 May 2021. She has worked at Metsä Group since 2007, in the position of the Group's CIO, for example, and in various management duties at Metsä Board. She transferred to her new role from her role as Metsä Board's SVP, Sales and Marketing. As EVP, Strategy, Pajari-Sederholm is responsible for the planning and preparation of Metsä Group's strategy, and for supporting its implementation, as well as for various business development programmes.

EVENTS AFTER THE REVIEW PERIOD

A major investment decision to increase annual folding boxboard production capacity by 200,000 tonnes at the Husum mill was made in July. The value of the investment is approximately EUR 210 million, and it strengthens Metsä Board's position as the leading producer of folding boxboard in Europe. Preparatory work for construction will begin in October 2021 in connection with the planned annual maintenance shutdown of the Husum integrated mill. The ramp-up of additional capacity is expected to start in autumn 2023 and full production capacity to be reached by the end of 2025. The additional capacity will be directed mainly to the North American and European markets, where the demand growth for Metsä Board's paperboards is expected to continue. Metsä Board's operating result for July–September 2021 will include an impairment loss of approximately EUR 5 million related to the paperboard machine, and it will be reported as an item affecting comparability.

NEAR-TERM OUTLOOK

The demand for wood focuses on stands to be harvested when the ground is unfrozen. Both crown wood and energy wood trunks are purchased as energy wood. The demand for forest management services remains good.

Demand at Metsä Wood is expected to remain very good in all product categories across its main markets. The demand for Kerto® LVL is expected to remain strong in all the main markets, in line with the robust construction sector. Demand for spruce plywood is expected to remain very good in the main markets due to the limited availability of substitute products. Demand for birch plywood is expected to remain exceptionally strong, particularly in the transport industry. Demand at Metsä Wood's UK business is expected to remain strong over the next few months.

Demand for softwood market pulp is expected to remain good in Europe and to strengthen in China as demand for paper and paperboard grows seasonally after a period of lower demand. Demand for sawn timber is expected to remain strong in all major markets as construction activity continues. The annual maintenance shutdown of Metsä Fibre's Kemi pulp mill will take place during the third quarter.

The delivery volumes of Metsä Board's paperboards in July–September are expected to decline from the record-high delivery volumes in April–June and January–March. The decline is partly due to the fire of the Husum pulp mill's chip conveyor in June, which resulted in production losses of some 26,000 tonnes in paperboard and 55,000 tonnes in pulp. Market pulp deliveries are also expected to decline. The average prices of Metsä Board's folding boxboard and white kraftliners in local currencies are expected to improve in July–September, compared to the average prices in April–June.

Uncertainty about the impact that the coronavirus pandemic will have on the short-term demand for products will continue in the countries in which Metsä Tissue operates. Demand for tissue paper products is expected to increase as the restrictions resulting from the pandemic are lifted. Demand for greaseproof papers is expected to continue to grow slightly. To ensure profitability, the company is responding to a rise in the costs of raw materials and other costs through the active steering of its pricing.

RESULT GUIDANCE FOR JULY–SEPTEMBER 2021

Metsä Group's comparable operating result is in July–September 2021 expected to improve from April–June 2021.

Most significant planned annual maintenance and investment shutdowns at mills in 2021

Q1/2021	No large-scale maintenance activities
Q2/2021	Metsä Fibre's Rauma pulp mill
Q3/2021	Metsä Fibre's pulp mill and Metsä Board's paperboard mill in Kemi
Q4/2021	Metsä Fibre's Äänekoski bioproduct mill Metsä Board's Husum mills and the Kyro paperboard mill

Espoo, 28 July 2021

BOARD OF DIRECTORS

Further information:

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Metsä Group will publish the following financial reports in 2021:

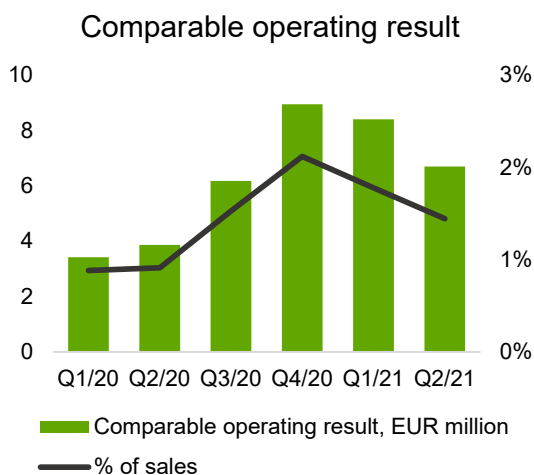
Interim Report January–September 2021

27 October 2021

BUSINESS AREAS

Wood Supply and Forest Services

	2021	2020	2021	2020	2020
Wood Supply and Forest Services	1–6	1–6	4–6	4–6	1–12
Sales, EUR million	1,023.1	901.4	506.6	470.8	1,819.9
EBITDA, EUR million	20.4	12.2	9.3	6.4	32.6
Comparable EBITDA, EUR million	20.4	12.2	9.3	6.4	32.6
Operating result, EUR million	15.2	7.3	6.7	3.9	22.4
Comparable operating result, EUR million	15.2	7.3	6.7	3.9	22.4
% of sales	1.5	0.8	1.3	0.8	1.2
Comparable ROCE, %	17.6	8.4	16.2	9.4	12.8
Total investments, EUR million	4.5	15.8	3.0	8.2	16.9
Personnel at end of period	886	893	886	893	842
Wood deliveries, 1,000 m ³	18,359	16,348	8,794	8,412	32,737



The sales of Wood Supply and Forest Services, i.e. from Metsä Forest, in January–June totalled EUR 1,023.1 million (1–6/2020: 901.4), and the comparable operating result was EUR 15.2 million (7.3).

Metsä Forest's sales in April–June were EUR 506.6 million (4–6/2020: 470.8), and the comparable operating result was EUR 6.7 million (3.9).

In Finland, wood trade by private forest owners during the first half of the year was markedly stronger than during the corresponding period the year before. The demand for sawn timber increased log prices throughout the review period, and the prices were on a higher level than in the previous year. The price of pulpwood also increased.

A proper winter and good wood harvesting and transport conditions in the Baltic Sea area during the first quarter of the year created a good basis for operations during the second quarter. The area's wood market situation is fairly balanced.

During the first half of the year, Metsä Forest bought all grades of wood through both standing and delivery sales across Finland. Metsä Forest's wood purchases clearly exceeded its wood purchases in the corresponding period the year before. Demand focused particularly on felling sites to be harvested when the ground is unfrozen. The purchasing of energy wood continued to focus on crown wood. The majority of wood in Finland was purchased from members of Metsäliitto Cooperative. The sales of forest services were good.

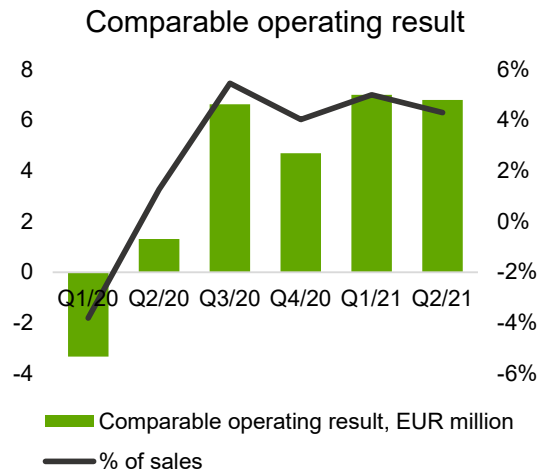
Harvesting and deliveries to customers' production units were carried out according to plan. In January–June 2021, Metsä Forest delivered a total of approximately 18.4 million cubic metres (16.3) of wood to its customers. Approximately 85% of this amount went to the Finnish industrial sector. Delivery volumes returned to their normal levels. The volumes of the comparison period were impacted by the strikes in Finland and a weak market situation.

During the review period, Metsä Forest began applying a new log pricing method at the thinning sites of four supply districts. In January–June, 56% of the wood acquired by Metsä Forest from private forest owners was purchased digitally. In the sales of forest management services, the figure was 59%. Some 32 million seedlings were delivered to forest owners in Finland.

The coronavirus pandemic did not have a significant impact on Metsä Forest's business during the review period.

Wood Products Industry

	2021	2020	2021	2020	2020
Wood Products Industry	1-6	1-6	4-6	4-6	1-12
Sales, EUR million	297.0	191.0	156.2	103.6	429.1
EBITDA, EUR million	23.9	8.0	11.8	6.4	30.1
Comparable EBITDA, EUR million	23.9	8.0	11.8	6.4	30.1
Operating result, EUR million	13.8	-2.0	6.8	1.3	9.3
Comparable operating result, EUR million	13.8	-2.0	6.8	1.3	9.3
% of sales	4.7	-1.1	4.3	1.3	2.2
Comparable ROCE, %	8.8	-1.3	8.4	1.7	3.1
Total investments, EUR million	10.1	14.8	6.0	10.2	21.7
Personnel at end of period	1,739	1,596	1,739	1,596	1,551
Engineered wood product deliveries, 1,000 m ³	285	203	147	124	446



The sales of the Wood Products Industry, i.e. Metsä Wood, in January–June were EUR 297.0 million (1–6/2020: 191.0), and the comparable operating result was EUR 13.8 million (-2.0).

Metsä Wood's sales in April–June were EUR 156.2 million (4–6/2020: 103.6), and the comparable operating result was EUR 6.8 million (1.3).

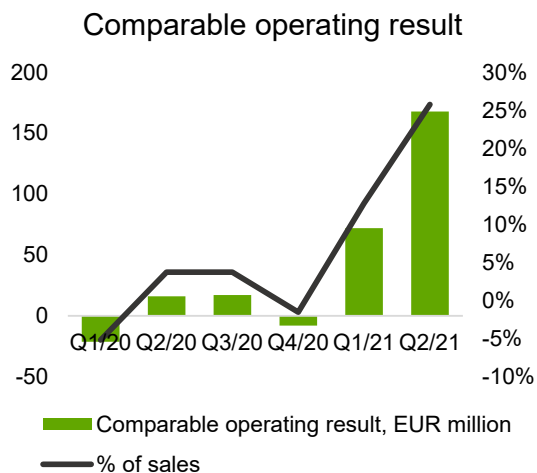
Metsä Wood's sales during the first half of 2021 improved by 55% from the comparison period. The sales of engineered wood products increased by 39%, and the euro-denominated sales of the UK business increased by 85%. The delivery volumes of engineered wood products increased across all product categories. The sales prices of spruce plywood rose, while the sales prices of Kerto LVL and birch plywood were close to the level the previous year. The delivery volumes of the UK business increased clearly from the previous year.

The profitability of business operations improved significantly from the comparison period, thanks to strong demand in all product categories and across the main markets. The rise in raw material prices nevertheless had a negative impact on profitability. The profitability of the comparison period was weakened by the labour market action at Finnish mills and the pandemic. The pandemic did not have a significant impact on production or the supply chain during the first half of 2021. The Punkaharju Kerto LVL mill achieved record-high total production figures in April and May.

A new manufacturing execution system was rolled out at the Kerto LVL mills in both Lohja and Punkaharju.

Pulp and Sawn Timber Industry

	2021	2020	2021	2020	2020
Pulp and Sawn Timber Industry	1–6	1–6	4–6	4–6	1–12
Sales, EUR million	1,213.5	839.6	652.3	428.1	1,826.5
EBITDA, EUR million	306.2	63.8	199.0	50.6	128.2
Comparable EBITDA, EUR million	306.2	63.8	199.0	50.6	128.2
Operating result, EUR million	205.6	-5.3	168.0	16.0	3.9
Comparable operating result, EUR million	240.1	-5.3	168.0	16.0	3.9
% of sales	19.8	-0.6	25.8	3.7	0.2
Comparable ROCE, %	26.0	-0.6	36.4	3.5	0.2
Total investments, EUR million	295.2	47.6	167.0	33.4	135.2
Personnel at end of period	1,516	1,462	1,516	1,462	1,331
Pulp deliveries, 1,000 t	1,529	1,288	742	626	2,796
Sawn timber deliveries, 1,000 m ³	886	684	476	383	1,583



The sales of the Pulp and Sawn Timber Industry, i.e. Metsä Fibre, in January–June totalled EUR 1,213.5 million (1–6/2020: 839.6), and the comparable operating result was EUR 240.1 million (-5.3).

Metsä Fibre's sales in April–June were EUR 652.3 million (4–6/2020: 428.1), and the comparable operating result was EUR 168.0 million (16.0).

The sales volume of pulp in January–June was 1,529,500 tonnes, representing an increase of 19% year-on-year. In Europe, the currency-denominated average market prices of long-fibre and short-fibre pulp in January–June were approximately 28% and 30% higher, respectively, than in the corresponding period in the previous year. In China, the average market prices of long-fibre pulp were roughly 58% and those of short-

fibre pulp roughly 50% higher than in January–June the year before.

The comparable operating result of the comparison period showed a loss due to the strikes in Finland's chemical and mechanical forest industry. The weakening of the US dollar by about 9% against the euro in January–June compared to the corresponding period in the previous year had a negative impact on the operating result. An annual maintenance shutdown at the Rauma pulp mill took place during the review period, in early June.

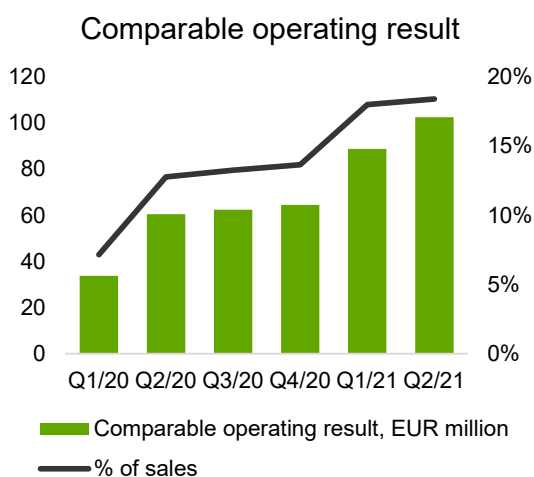
Demand for softwood pulp has grown, particularly in China, and consumption has also increased in Europe. The market situation has remained tight due to the numerous maintenance shutdowns of different operators which took place during the second quarter and the continuing global problems in the availability of containers.

The price level of pulp rose during the first half of the year. In January, the average price of long-fibre pulp in Europe was USD 902, and USD 1,277 at the end of the review period. In January, the average price of short-fibre pulp in Europe was USD 692, and USD 1,083 at the end of the review period. The price difference between long and short-fibre pulp at the beginning of the year was USD 210, and at the end of the second quarter, USD 194.

The sales volumes of sawn timber were 886,000 cubic metres, which is 29% higher than in the corresponding period in the previous year. Demand for sawn timber in all the main markets has been good, and the average market prices in January–June increased by 30% compared to the corresponding period the year before. The global problems in the availability of containers has also tightened the situation in the sawn timber market.

Paperboard Industry

	2021	2020	2021	2020	2020
Paperboard Industry	1–6	1–6	4–6	4–6	1–12
Sales, EUR million	1,049.5	945.2	555.8	473.1	1,889.5
EBITDA, EUR million	231.9	151.9	126.3	92.6	321.8
Comparable EBITDA, EUR million	237.6	145.9	125.2	86.6	315.8
Operating result, EUR million	185.6	100.3	103.7	66.5	227.3
Comparable operating result, EUR million	191.3	94.2	102.5	60.5	221.2
% of sales	18.2	10.0	18.4	12.8	11.7
Comparable ROCE, %	19.3	10.7	19.7	13.9	12.2
Total investments, EUR million	98.3	73.1	63.4	43.3	166.4
Personnel at end of period	2,623	2,662	2,623	2,662	2,370
Folding boxboard deliveries, 1,000 t	678	608	348	310	1,223
White kraftliner deliveries, 1,000 t	328	300	166	148	587
Market pulp deliveries, 1,000 t	272	256	156	126	521



The sales of the Paperboard Industry, i.e. Metsä Board, in January–June were EUR 1,049.5 million (1–6/2020: 945.2). Folding boxboard accounted for 57% (59) of sales, while 25% (25) of sales derived from white kraftliner, 13% (12) from market pulp and 5% (3) from other operations. The comparable operating result was EUR 191.3 million (94.2). Items affecting comparability totalled EUR -5.7 million.

Metsä Board's sales in April–June were EUR 555.8 million (4–6/2020: 473.1), and the comparable operating result was EUR 102.5 million (60.5).

The paper industry strike, which concerned all Metsä Board's mills in Finland and all Metsä Fibre's pulp mills, had a negative impact of around EUR 20 million on the comparable operating result in January–June 2020. The comparable operating result in January–June 2021 was improved particularly by the increased average prices of market pulp and the record-high deliveries of paperboards.

Cost inflation accelerated during the review period. Energy costs increased particularly due to the higher price of electricity. In addition, the prices of some chemicals, including latex, increased. Logistics and personnel expenses also increased from the comparison period.

Total deliveries of paperboards were 1,005,000 (908,000) tonnes, of which 66% (69) was delivered to the EMEA region, 28% (26) to the Americas, and 6% (5) to the APAC region. Metsä Board's market pulp deliveries were 272,000 tonnes (256,000).

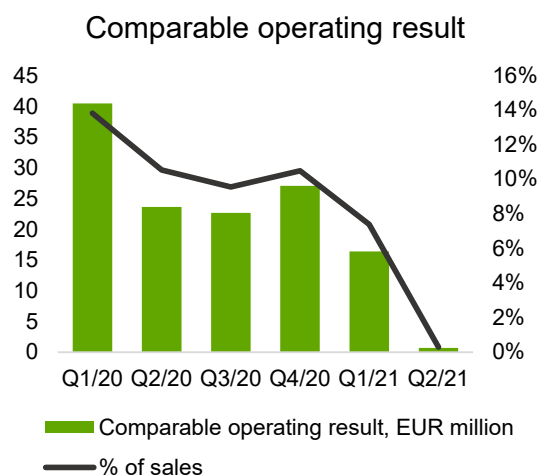
Exchange rate fluctuations, including hedges, had a negative impact of around EUR 23 million on the operating result compared to the comparison period.

Metsä Board's share of the comparable operating result of its associated company Metsä Fibre was EUR 44.9 million (-2.6).

Earnings per share were EUR 0.41 (0.21). The comparable earnings per share were EUR 0.42 (0.19). The return on equity was 19.6% (11.3), and the comparable return on equity was 20.4% (10.6). The return on capital employed was 18.7% (11.4), and the comparable return on capital employed was 19.3% (10.7).

Tissue and Greaseproof Papers

Tissue and Greaseproof Papers	2021	2020	2021	2020	2020
	1–6	1–6	4–6	4–6	1–12
Sales, EUR million	448.1	516.9	224.5	224.2	1,011.9
EBITDA, EUR million	38.9	84.0	11.8	34.2	160.1
Comparable EBITDA, EUR million	38.9	85.3	11.8	34.2	157.8
Operating result, EUR million	17.2	62.7	0.7	23.6	115.9
Comparable operating result, EUR million	17.2	64.1	0.7	23.6	113.8
% of sales	3.8	12.4	0.3	10.5	11.2
Comparable ROCE, %	5.6	22.9	0.3	16.5	19.8
Total investments, EUR million	16.8	14.8	11.3	9.5	53.1
Personnel at end of period	2,636	2,634	2,636	2,634	2,504
Tissue paper deliveries, 1,000 t	252	277	128	119	553



The sales of Tissue and Greaseproof Papers, i.e. Metsä Tissue, in January–June were EUR 448.1 million (1–6/2020: 516.9). Metsä Tissue's comparable operating result was EUR 17.2 million (64.1).

Metsä Tissue's sales in April–June were EUR 224.5 million (4–6/2020: 224.2), and the comparable operating result was EUR 0.7 million (23.6).

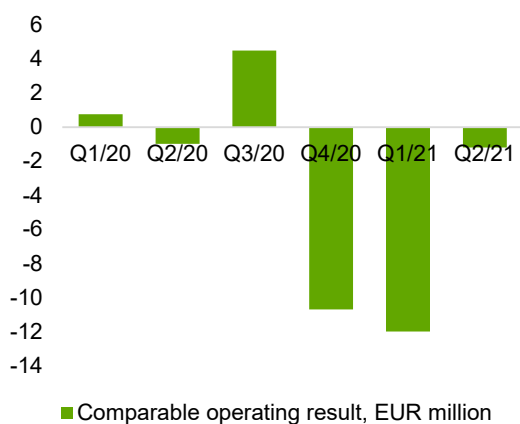
The operating result, smaller than in January–June the year before, is mainly the result of lower sales volumes as well as higher raw material and energy costs, the increase of which accelerated during the second quarter.

The sales of tissue papers remained stable during the second quarter in Finland and the other Nordic countries, but were lower in Central and Eastern Europe, in terms of both consumer and professional customers. Sales in the comparison period increased due to the exceptional peak in demand caused by the pandemic, but the pandemic's impact on sales during the current year has been negative. The sales picked up slightly towards the end of the second quarter, as restrictions on movement began to be reduced. The sales of greaseproof papers have remained steady. Measures to curb the pandemic have continued at Metsä Tissue and the pandemic has not had a significant impact on the production and delivery capability.

During the first half of the year, Metsä Tissue announced the incorporation of the Greaseproof Papers business into separate companies in Finland and Germany, and that a separate business unit within Metsä Tissue would be established for the Greaseproof Papers business. In Finland, the incorporation took place in May, and in Germany, it will take place during the third quarter.

Other operations

	2021	2020	2021	2020	2020
Other operations	1-6	1-6	4-6	4-6	1-12
Sales, EUR million	4.4	4.3	2.1	1.8	8.5
EBITDA, EUR million	-6.0	1.9	0.1	0.4	-1.1
Comparable EBITDA, EUR million	-10.1	2.5	0.3	0.4	-0.5
Operating result, EUR million	-9.1	-0.9	-1.4	-1.0	-7.1
Comparable operating result, EUR million	-13.2	-0.2	-1.2	-1.0	-6.5
Total investments, EUR million	23.9	1.7	6.5	1.2	7.3
Personnel at end of period	669	606	669	606	614

Comparable operating result


The sales of other operations in January–June were EUR 4.4 million (1–6/2020: 4.3), and the comparable operating result was EUR -13.2 million (-0.2).

The sales of other operations in April–June were EUR 2.1 million (4–6/2020: 1.8), and the comparable operating result was EUR -1.2 million (-1.0).

Other operations include the service unit operations of Metsä Group, Metsäliitto Cooperative's holding operations, Metsä Group Treasury Oy and Metsä Spring Oy.

RECONCILIATION OF ITEMS AFFECTING COMPARABILITY
Reconciliation by segment

EUR million	2021 1-6	2020 1-6	2021 4-6	2020 4-6	2020 1-12
Operating result (IFRS)	379.0	163.2	243.2	102.1	375.8
Depreciation and impairment charges	193.1	161.5	75.1	81.2	303.5
EBITDA	572.1	324.7	318.3	183.3	679.3
Items affecting comparability:					
Paperboard Industry	5.7	-6.0	-1.2	-6.0	-6.0
Tissue and Greaseproof Papers		1.3			-2.3
Other operations and eliminations	-6.9				
Total	-1.2	-4.7	-1.2	-6.0	-8.4
Comparable EBITDA	570.9	320.0	317.2	177.2	670.9
Depreciation and impairment charges	-193.1	-161.5	-75.1	-81.2	-303.5
Items affecting comparability:					
Depreciations					
Tissue and Greaseproof Papers					0.3
Impairment charges and reversals					
Pulp and sawn timber industry	34.5				
Other operations and eliminations	3.7				
Comparable Operating result	416.0	158.5	242.1	96.1	367.7
Share of results from associated companies and joint ventures	-0.6	1.7	2.1	1.2	3.1
Financial costs, net	-24.7	-26.2	-13.1	-10.8	-48.8
Items affecting comparability					
Comparable Result before income tax	390.7	134.0	231.2	86.5	322.0
Income tax	-71.2	-29.6	-47.8	-18.5	-67.9
Items affecting comparability:					
Paperboard Industry	0.2	1.2	0.2	1.2	1.2
Tissue and Greaseproof Papers					0.2
Pulp and sawn timber industry	-6.9				
Other operations and eliminations	-0.7				
Comparable Result for the period	312.1	105.6	183.6	69.2	255.5

Reconciliation by expense or income

EUR million	2021 1-6	2020 1-6	2021 4-6	2020 4-6	2020 1-12
Operating result (IFRS)	379.0	163.2	243.2	102.1	375.8
Depreciation and impairment charges	193.1	161.5	75.1	81.2	303.5
EBITDA	572.1	324.7	318.3	183.3	679.3
Items affecting comparability:					
Other operating income	-9.6	-7.4	-9.6	-6.0	-11.8
Change in inventories		0.3			0.3
Employee costs		0.1			0.1
Other operating expenses	8.5	2.4	8.5	0.0	3.0
Total	-1.2	-4.7	-1.2	-6.0	-8.4
Comparable EBITDA	570.9	320.0	317.2	177.2	670.9
Depreciation and impairment charges	-193.1	-161.5	-75.1	-81.2	-303.5
Items affecting comparability:					
Depreciations					0.3
Impairment charges	38.2				
Comparable Operating result	416.0	158.5	242.1	96.1	367.7
Share of results from associated companies and joint ventures	-0.6	1.7	2.1	1.2	3.1
Financial costs, net	-24.7	-26.2	-13.1	-10.8	-48.8
Items affecting comparability					
Comparable Result before income tax	390.7	134.0	231.2	86.5	322.0
Income tax	-71.2	-29.6	-47.8	-18.5	-67.9
Items affecting comparability	-7.4	1.2	0.2	1.2	1.4
Comparable Result for the period	312.1	105.6	183.6	69.2	255.5

Items with “+” sign = expenses affecting comparability
Items with “-” sign = income affecting comparability

Metsä Group's items affecting comparability in January–June 2021 totalled EUR -29.6 million. Of these items, EUR -30.6 million relate to the impairments of Metsä Fibre's current pulp mill, EUR 5.6 million to the disposal of a land area not related to Metsä Board's business operations and EUR -4.6 million to the costs arising from the fire on the chip conveyor at Metsä Board's Husum pulp mill.

Items affecting comparability in January–June 2020 totalled to EUR 3.5 million. Items are related to divestment of Metsä Tissue's napkin business. EUR -1.3 million are related to divestment of Metsä Tissue's napkin business and EUR 4.8 million to Metsä Board's disposal gains from sold non-business related land area.

QUARTERLY DATA

EUR million	2021 4–6	2021 1–3	2020 10–12	2020 7–9	2020 4–6	2020 1–3
Sales						
Wood Supply and Forest Services	506.6	516.5	469.0	449.5	470.8	430.6
Wood Products Industry	156.2	140.7	116.6	121.5	103.6	87.3
Pulp and Sawn Timber Industry	652.3	561.1	528.3	458.5	428.1	411.5
Paperboard Industry	555.8	493.7	473.1	471.2	473.1	472.1
Tissue and Greaseproof Papers	224.5	223.6	257.8	237.2	224.2	292.7
Other operations	2.1	2.2	2.0	2.2	1.8	2.6
Internal sales	-555.3	-538.3	-489.8	-495.2	-502.0	-443.7
Sales	1,542.3	1,399.6	1,357.2	1,245.0	1,199.7	1,253.0
Operating result						
Wood Supply and Forest Services	6.7	8.4	8.9	6.2	3.9	3.4
Wood Products Industry	6.8	7.0	4.7	6.6	1.3	-3.3
Pulp and Sawn Timber Industry	168.0	37.6	-8.0	17.1	16.0	-21.3
Paperboard Industry	103.7	82.0	64.5	62.5	66.5	33.8
Tissue and Greaseproof Papers	0.7	16.4	29.9	23.3	23.6	39.1
Other operations	-1.4	-7.7	-10.7	4.5	-1.0	0.1
Eliminations	-41.3	-8.0	7.5	-4.3	-8.3	9.3
Operating result	243.2	135.8	96.8	115.9	102.1	61.1
% of sales	15.8	9.7	7.1	9.3	8.5	4.9
Share of results from associated companies and joint ventures	2.1	-2.7	3.3	-1.9	1.2	0.5
Exchange gains and losses	-2.4	-0.3	-1.4	0.4	-1.0	-0.3
Other net financial items	-10.6	-11.4	-10.4	-11.3	-9.8	-15.1
Result before income tax	232.3	121.4	88.3	103.1	92.5	46.2
Income tax	-47.8	-23.4	-16.1	-22.2	-18.5	-11.1
Result for the period	184.5	98.0	72.2	80.9	74.0	35.1
Comparable operating result						
Wood Supply and Forest Services	6.7	8.4	8.9	6.2	3.9	3.4
Wood Products Industry	6.8	7.0	4.7	6.6	1.3	-3.3
Pulp and Sawn Timber Industry	168.0	72.1	-8.0	17.1	16.0	-21.3
Paperboard Industry	102.5	88.8	64.5	62.5	60.5	33.8
Tissue and Greaseproof Papers	0.7	16.4	27.1	22.7	23.6	40.5
Other operations and eliminations	-42.6	-18.9	-3.2	0.2	-9.3	9.4
Comparable operating result	242.1	173.9	94.0	115.3	96.1	62.4
% of sales	15.7	12.4	6.9	9.3	8.0	5.0

CALCULATION OF KEY RATIOS

Return on capital employed (%)	=	(Result before tax + exchange gains/losses and other net financial expenses) per
ROCE		(Balance total – non-interest-bearing liabilities) (average))
Return on equity (%)	=	(Result before tax – income tax)
ROE		per (Members' funds (average))
Equity ratio (%)	=	(Members' funds) per (Balance total – advance payments received)
Net gearing ratio (%)	=	(Interest-bearing net liabilities) per (Members' funds)
Interest-bearing net liabilities	=	Interest-bearing liabilities – cash and cash equivalents and interest-bearing receivables
EBITDA	=	Operating result before depreciation, amortisation and impairment losses
Operating result	=	Result before income tax, financial income and -expenses, exchange gains and losses and share of results from associated companies and joint ventures
Total investments	=	Investments in owned and leased fixed assets and investments in business combinations

COMPARABLE KEY RATIOS

European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures define alternative performance measures as a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined in the applicable financial reporting framework, in Metsä Group's case International Financial Reporting Standards as adopted in the EU pursuant to Regulation (EC) No 1606/2002. Performance measures presented in this report qualify as alternative performance measures under the ESMA guidelines.

Metsä Group sees the presentation of alternative performance measures as providing users of financial statements with an improved view of the company's financial performance and position, including among other things the efficiency of its capital utilization, operational profitability and debt servicing capabilities.

Reconciliation of operating result under IFRS and comparable operating result as well as EBITDA and comparative EBITDA is presented in this report. Comparable return on capital employed has been calculated using the same adjustments as the comparable operating result, and it has been further adjusted with financial items affecting comparability when applicable. Metsä Group considers the key figures derived in this manner to improve the comparability between reporting periods.

None of these key figures with items affecting comparability eliminated are key figures used in IFRS reporting, and they cannot be compared with other companies' key figures identified with the same names. Items affecting comparability include material gains and losses on disposals of assets, impairment and impairment reversals in accordance with IAS 36 "Impairment of Assets", corporate divestments and acquisitions, adjustment measures and other restructuring measures and their adjustments, costs arising from extensive and unforeseeable interruptions in production and the compensation received for them as well as items arising from legal proceedings. In Metsä Group's view, comparable performance measures better reflect the underlying operational performance of the company by eliminating the result effect arising from items and transactions outside ordinary course of business.

FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	2021 1–6	2020 1–6	Change	2021 4–6	2020 4–6	2020 1–12
Sales	2, 3	2,941.9	2,452.7	489.2	1,542.3	1,199.7	5,054.9
Change in stocks of finished goods and work in progress		-0.9	32.3	-33.3	-20.5	89.9	-31.1
Other operating income		23.3	18.6	4.7	17.6	12.2	57.3
Material and services		-1,883.8	-1,699.7	-184.0	-957.0	-874.6	-3,440.1
Employee costs		-347.4	-306.9	-40.4	-179.5	-161.4	-615.0
Depreciation and impairment losses		-193.1	-161.5	-31.5	-75.1	-81.2	-303.5
Other operating expenses		-161.0	-172.3	11.3	-84.5	-82.5	-346.7
Operating result	2	379.0	163.2	215.9	243.2	102.1	375.8
Share of results from associated companies and joint ventures		-0.6	1.7	-2.3	2.1	1.2	3.1
Exchange gains and losses		-2.7	-1.4	-1.3	-2.4	-1.0	-2.3
Other net financial items	2	-22.0	-24.8	2.8	-10.6	-9.8	-46.5
Result before income tax		353.7	138.7	215.0	232.3	92.5	330.1
Income tax	4	-71.2	-29.6	-41.6	-47.8	-18.5	-67.9
Result for the period		282.6	109.1	173.5	184.5	74.0	262.2
Other comprehensive income							
Items that will not be reclassified to profit and loss							
Items relating to adjustments of defined benefit plans		9.4	-1.3	10.7	-4.0	-9.3	-8.9
Fair value of financial assets through other comprehensive income		-8.5	-59.3	50.7	-0.8	-66.3	-68.1
Income tax relating to items that will not be reclassified		-0.6	12.1	-12.7	0.6	15.2	15.6
Total		0.3	-48.5	48.8	-4.2	-60.4	-61.4
Items that may be reclassified subsequently to profit and loss							
Cash flow hedges		-24.7	-0.1	-24.6	25.5	38.8	23.9
Currency translation differences		5.0	-15.8	20.8	11.6	25.8	-5.5
Other items							
Income tax relating to items that may be reclassified		4.9	0.2	4.8	-5.4	-7.8	-4.6
Total		-14.8	-15.8	0.9	31.6	56.8	13.7
Other comprehensive income, net of tax		-14.6	-64.3	49.7	27.4	-3.5	-47.7
Total comprehensive income for the period		268.0	44.8	223.2	212.0	70.5	214.5
Result for the period attributable to:							
Members of parent company		166.8	73.5	93.3	107.3	46.5	177.5
Non-controlling interests		115.8	35.6	80.1	77.3	27.5	84.7
Total		282.6	109.1	173.5	184.5	74.0	262.2
Total comprehensive income attributable to:							
Members of parent company		165.4	38.2	127.2	123.5	46.5	149.1
Non-controlling interests		102.6	6.6	96.0	88.4	24.0	65.3
Total		268.0	44.8	223.2	212.0	70.5	214.5

The notes are an integral part of this half year financial report.

UNAUDITED CONSOLIDATED BALANCE SHEET

EUR million	Note	2021 30.6.	2020 30.6.	2020 31.12.
ASSETS				
Non-current assets				
Goodwill		433.2	428.8	434.1
Other intangible assets		220.4	221.9	221.0
Tangible assets	5	3,166.7	2,811.0	2,920.7
Biological assets		3.4	3.1	3.2
Investments in associated companies and joint ventures		66.9	67.9	69.3
Other investments	9	196.9	211.5	205.5
Other non-current financial assets	9	28.6	19.0	17.7
Deferred tax receivables		34.6	27.6	27.1
		4,150.7	3,790.8	3,898.6
Current assets				
Inventories		993.9	1,011.9	965.9
Accounts receivables and other receivables		898.7	749.6	739.1
Tax receivables based on the taxable income for the period		16.3	14.0	2.4
Cash and cash equivalents	9	1,407.8	1,012.4	1,212.9
		3,316.6	2,787.8	2,920.4
Assets classified as held for sale		0.0	32.5	32.3
Total assets		7,467.3	6,611.1	6,851.3
MEMBERS' FUNDS AND LIABILITIES				
Members' funds				
Members' funds		3,362.7	2,956.6	3,091.5
Non-controlling interests		1,074.2	763.2	822.7
		4,437.0	3,719.8	3,914.2
Non-current liabilities				
Deferred tax liabilities		302.9	280.9	289.9
Post-employment benefit obligations		77.8	79.6	85.5
Provisions	6	14.5	16.2	15.8
Borrowings	9	1,080.6	1,138.8	1,098.3
Other liabilities		22.8	26.5	25.1
		1,498.5	1,542.1	1,514.7
Current liabilities				
Provisions	6	3.2	2.7	2.8
Current borrowings	9	276.4	287.3	272.9
Accounts payable and other liabilities		1,237.2	1,025.1	1,122.7
Tax liabilities based on the taxable income for the period		15.0	19.8	6.3
		1,531.9	1,334.8	1,404.7
Liabilities classified as held for sale		0.0	14.4	17.7
Total liabilities		3,030.4	2,891.3	2,937.1
Total members' funds and liabilities		7,467.3	6,611.1	6,851.3

The notes are an integral part of this half year financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS

EUR million	Equity attributable to members of parent company						
	Members' capital	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total
Members' funds 1.1.2020	1,199.0	-30.7	728.7	1,029.8	2,926.8	848.5	3,775.3
Result for the period				73.5	73.5	35.6	109.1
Other comprehensive income, net after tax		-12.5	-21.4	-1.3	-35.2	-29.1	-64.3
Total comprehensive income		-12.5	-21.4	72.1	38.2	6.6	44.8
Transactions with owners:							
Dividends paid				-67.2	-67.2	-40.3	-107.6
Change in members' capital	101.6		0.0	-7.9	93.7		93.7
Change in the reserve for invested unrestricted equity			0.0		0.0	-25.8	-25.8
Share based payments			0.0	-11.4	-11.4	-1.7	-13.1
Acquired shares from non-controlling interests, which did not change the controlling right			0.2	-23.4	-23.2	-27.1	-50.3
Sold shares from non-controlling interests, which did not change the controlling right			0.0	-0.4	-0.4	3.1	2.7
Members' funds 30.6.2020	1,300.6	-43.2	707.6	991.7	2,956.6	763.2	3,719.8

EUR million	Equity attributable to members of parent company						
	Members' capital	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total
Members' funds 1.1.2021	1,322.4	-35.9	711.3	1,093.7	3,091.5	822.7	3,914.2
Result for the period				166.8	166.8	115.8	282.6
Other comprehensive income, net after tax		4.4	-11.6	5.8	-1.4	-13.2	-14.6
Total comprehensive income		4.4	-11.6	172.6	165.4	102.6	268.0
Transactions with owners:							
Dividends paid				-62.4	-62.4	-18.5	-80.9
Change in members' capital	118.5		0.0	-10.4	108.1		108.1
Change in the reserve for invested unrestricted equity	0.0		0.0		0.0	-29.6	-29.6
Share based payments			0.0	-4.1	-4.1	-0.4	-4.5
Sold shares from non-controlling interests, which did not change the controlling right			0.0	64.3	64.2	197.4	261.6
Members' funds 30.6.2021	1,440.9	-31.6	699.7	1,253.7	3,362.7	1,074.2	4,437.0

The notes are an integral part of this half year financial report.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	2021	2020	2020
		1–6	1–6	1–12
Result for the period	8	282.6	109.1	262.2
Total adjustments	8	286.3	208.4	405.2
Change in working capital		-128.0	-77.7	100.3
Cash flow from operations		440.9	239.8	767.7
Net financial items		-7.6	-12.9	-40.4
Income taxes paid		-59.6	-23.9	-59.9
Net cash flow from operating activities		373.6	203.0	667.4
Acquisitions		-1.3	-1.1	-4.3
Investments in tangible and intangible assets		-418.6	-146.9	-364.8
Disposals and other items	8	32.9	4.9	11.9
Net cash flow from investing activities		-386.9	-143.1	-357.2
Change in members' funds		108.1	93.7	107.2
Change in non-controlling interest		261.2	-50.4	-50.4
Change in long-term loans and other financial items		-48.3	-40.9	-105.2
Capital distribution		-29.6	-25.8	-25.8
Dividends paid		-84.7	-112.2	-112.2
Net cash flow from financing activities		206.6	-135.5	-186.4
Change in cash and cash equivalents		193.3	-75.7	123.8
Cash and cash equivalents at beginning of period		1,212.9	1,090.0	1,090.0
Translation difference		0.4	-0.8	-1.8
Change in cash and cash equivalents		193.3	-75.7	123.8
Value adjustments of investment funds included in cash and cash equivalents.		1.1	-1.0	0.9
Cash and cash equivalents of assets classified as held for sale		0.0	-0.2	0.0
Cash and cash equivalents at end of period		1,407.8	1,012.4	1,212.9

The notes are an integral part of this half year financial report.

NOTES TO UNAUDITED HALF YEAR FINANCIAL REPORT

NOTE 1 – BACKGROUND AND ACCOUNTING POLICIES

Metsäliitto Cooperative and its subsidiaries comprise a forest industry group (“Metsä Group” or “Group”), which operations are organized into five business segments: Wood Supply and Forest Services, Wood Products Industry, Pulp and Sawn Timber Industry, Paperboard Industry and Tissue and Greaseproof Papers. Metsä Group’s parent company is Metsäliitto Cooperative. The parent company is domiciled in Helsinki and the registered address is Revontulenpuisto 2, 02100 Espoo, Finland.

This unaudited half year financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the 2020 IFRS financial statements. The effects of foreign exchange changes on review period operating result vs. comparison period have been calculated based on estimated review period net cash flows in relevant currencies and taking into account the realized effects of foreign ex-change hedges.

The same accounting policies have been applied as in the 2020 IFRS financial statements with the following exception:

Depreciation of machinery and equipment during the financial year has been specified further between the quarters where applicable in order to correspond with the allocation of the use of the economic benefit of the asset.

The amendments to the standards that came into force at the beginning of 2021 will not have a material effect on the Group’s half year financial report.

The impact of the coronavirus on Metsä Group’s business is described in more detailed in “Coronavirus pandemic” and “Risks and uncertainties” parts.

All amounts are presented in millions of euros, unless otherwise stated.

This half year financial report was authorized for issue by the Board of Directors of Metsäliitto Cooperative on 28 July , 2021.

NOTE 2 – SEGMENT INFORMATION

The Group's operating segments are comprised of the Group's business areas. The business areas produce different products and services, and they are managed as separate units. The operating segments are reported uniformly with internal reporting submitted to the chief operational decision-maker.

The President and CEO has been appointed as the chief operational decision-maker in charge of allocating resources to the operating segments and evaluating their performance.

The same accounting policies are applied in segment reporting as for the Group as a whole. Transactions between segments are based on market prices.

SALES BY SEGMENT

EUR million	1–6/2021	1–6/2021	1–6/2021	1–6/2020	1–6/2020	1–6/2020
	External	Internal	Total	External	Internal	Total
Wood Supply and Forest Services	251.6	771.5	1,023.1	221.6	679.8	901.4
Wood Products Industry	286.8	10.2	297.0	183.6	7.4	191.0
Pulp and Sawn Timber Industry	950.9	262.6	1,213.5	623.8	215.8	839.6
Paperboard Industry	1,005.1	44.5	1,049.5	907.2	38.0	945.2
Tissue and Greaseproof Papers	447.6	0.5	448.1	516.4	0.5	516.9
Other operations	0.0	4.3	4.4	0.1	4.2	4.3
Elimination of internal sales		-1,093.6	-1,093.6		-945.7	-945.7
Total sales	2,941.9	0.0	2,941.9	2,452.7	0.0	2,452.7

EUR million	1–12/2020	1–12/2020	1–12/2020
	External	Internal	Total
Wood Supply and Forest Services	441.8	1,378.1	1,819.9
Wood Products Industry	412.6	16.5	429.1
Pulp and Sawn Timber Industry	1,374.9	451.6	1,826.5
Paperboard Industry	1,814.1	75.4	1,889.5
Tissue and Greaseproof Papers	1,011.2	0.7	1,011.9
Other operations	0.3	8.2	8.5
Elimination of internal sales		-1,930.6	-1,930.6
Total sales	5,054.9	0.0	5,054.9

OPERATING RESULT BY SEGMENT

EUR million	2021	2020	2020
	1–6	1–6	1–12
Wood Supply and Forest Services	15.2	7.3	22.4
Wood Products Industry	13.8	-2.0	9.3
Pulp and Sawn Timber Industry	205.6	-5.3	3.9
Paperboard Industry	185.6	100.3	227.3
Tissue and Greaseproof Papers	17.2	62.7	115.9
Other operations	-9.1	-0.9	-7.1
Eliminations	-49.3	1.0	4.2
Operating result total	379.0	163.2	375.8
Share of results from associated companies and joint ventures	-0.6	1.7	3.1
Financial costs, net	-24.7	-26.2	-48.8
Income taxes	-71.2	-29.6	-67.9
Result for the period	282.6	109.1	262.2

ASSETS AND LIABILITIES BY SEGMENTS

Assets	2021	2020	2020
EUR million	30.6.	30.6.	31.12.
Wood Supply and Forest Services	341.2	332.3	321.9
Wood Products Industry	394.5	375.9	358.3
Pulp and Sawn Timber Industry	2,280.9	1,984.0	1,996.5
Paperboard Industry	2,219.9	2,035.4	2,076.8
Tissue and Greaseproof Papers	801.0	768.9	784.1
Other operations	196.6	199.7	244.0
Assets classified as held for sale	0.0	32.5	32.3
Eliminations	-280.6	-217.8	-260.5
Unallocated assets	1,513.9	1,100.3	1,297.8
Total	7,467.3	6,611.1	6,851.3

Assets = intangible and tangible assets, investments in associated companies and joint ventures, inventories, accounts receivables and other non-interest-bearing receivables (excl. interest and tax items).

Liabilities	2021	2020	2020
EUR million	30.6.	30.6.	31.12.
Wood Supply and Forest Services	214.1	172.9	217.4
Wood Products Industry	94.9	72.2	69.4
Pulp and Sawn Timber Industry	480.3	371.0	418.5
Paperboard Industry	429.1	355.5	366.5
Tissue and Greaseproof Papers	268.3	281.6	294.5
Other operations	111.0	101.0	134.6
Liabilities classified as held for sale	0.0	14.4	17.7
Eliminations	-280.6	-217.8	-260.5
Unallocated liabilities	1,713.3	1,740.5	1,678.9
Total	3,030.4	2,891.3	2,937.1

Liabilities = accounts payable, advance payments and other non-interest-bearing liabilities (excl. interest and tax items)

NOTE 3 – SALES BY MARKET AREA

EUR million	2021	2020	2020
	1–6	1–6	1–12
EMEA	2,015.2	1,782.2	3,585.0
APAC	637.4	426.1	969.6
Americas	289.3	244.4	500.3
Total	2,941.9	2,452.7	5,054.9

NOTE 4 – INCOME TAX

Tax expense in the income statement is comprised of the current tax and deferred taxes.

EUR million	2021	2020	2020
	1–6	1–6	1–12
Taxes for the period	61.6	31.1	64.9
Taxes for previous periods	0.8	-0.1	0.1
Change in deferred taxes	8.7	-1.5	2.9
Total income taxes	71.2	29.6	67.9

NOTE 5 – CHANGE IN PROPERTY, PLANT AND EQUIPMENT

EUR million	2021 1–6	2020 1–6	2020 1–12
Book value at beginning of period	2,920.7	2,817.0	2,817.0
Acquired businesses	0.0	0.0	0.5
Investments in owned property, plant and equipment	407.9	142.7	346.1
Investments in leased property, plant and equipment	11.9	19.9	38.0
Decreases	-4.3	-9.6	-5.4
Assets classified as held for sale		0.0	0.0
Depreciation and impairment losses	-182.5	-150.4	-281.2
Translation differences and other changes	13.0	-8.5	5.6
Book value at end of period	3,166.7	2,811.0	2,920.7

A decision to build a new bioproduct mill in Kemi was made in February 2021. Metsä Group recognised a EUR 38,2 million impairment in the first half in relation to the assets of Kemi's existing pulp mill.

The Nordic real estate investment company NREP bought Metsä Group's head office in Tapiola, Espoo, in January 2021. In connection with the transaction, Metsäliitto Cooperative concluded a long-term lease agreement for the site. The head office property was classified as an asset held for sale on 31 December 2020.

NOTE 6 – PROVISIONS

EUR million	Restructuring	Environmental obligations	Other provisions	Total
At 1 January 2021	0.3	13.4	4.8	18.6
Translation differences	0.0	0.0	0.1	0.1
Increases		0.1	0.7	0.8
Utilised during the year		-0.6	-1.0	-1.7
Transfers between the categories		-0.5	0.5	0.0
At 30 June 2021	0.3	12.3	5.1	17.8
Long term provisions	0.1	10.4	4.0	14.5
Short term provisions	0.3	1.9	1.1	3.2
Total	0.3	12.3	5.1	17.8

The environmental provisions and other provisions are primarily expected to be released by 2030.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Group's related parties include its associated companies and joint ventures. Related parties also include the members of the Board of Directors and Executive Management Team as well as their close family members. Related party transactions with related parties are based on market prices.

Transactions with associated companies and joint ventures

EUR million	2021 1–6	2020 1–6	2020 1–12
Sales	8.1	6.8	16.5
Purchases	54.4	45.7	109.8
Non-current receivables	0.8		
Accounts receivables and other receivables	3.0	3.9	3.0
Accounts payables and other liabilities	8.2	7.2	10.0

NOTE 8 – NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Adjustments to the result for the financial period

EUR million	2021 1–6	2020 1–6	2020 1–12
Taxes	71.2	29.6	67.9
Depreciation and impairment charges	193.1	161.5	303.5
Biological assets	-0.1	-0.1	-0.3
Share of results from associated companies	0.6	-1.7	-3.1
Gains and losses on sale of non-current financial assets	-5.4	-5.2	-12.8
Financial costs, net	24.7	26.2	48.8
Pension liabilities and provisions	-3.3	-4.4	-5.1
Other adjustments	5.6	2.5	6.4
Total	286.3	208.4	405.2

Disposals and other items

Disposals and other items in January–June 2021 include the transaction price related to the divestment of Metsä Group's head office property located in Tapiola, Espoo, EUR 24.5 million; sales of tangible and intangible assets, EUR 9.3 million; and other items, EUR -0.8 million. The most significant divestment of fixed assets was the sale of Metsä Board's land area not related to business operations, EUR 8.7 million.

Disposals and other items in January–June 2020 include an item of EUR -3.4 million related to divestment of Metsä Tissue's napkin business, sales of intangible and tangible assets of EUR 8.5 million and other items of EUR -0.2 million. The most significant item was Metsä Board's EUR 7.1 million sale of non-business related land area.

Change in non-controlling interest

The changes in non-controlling interest in January–June 2021 include the sale of a 30% share in Metsä Board's Husum pulp mill to Norra Skog, EUR 261.2 million. The transaction was executed on 4 January 2021.

In January–March 2020, Metsäliitto Cooperative acquired from the market, based on an authorization by the Board of Directors, series B shares in Metsä Board corporation to the value of EUR 50.4 million, respectively, at an average price of EUR 5.03 per share.

NOTE 9 – FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities and fair values.

Financial assets 30.6.2021

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying amount
Other non-current investments	0.0	196.9		196.9
Other non-current financial assets	0.0		24.4	24.4
Accounts receivables and others	3.8		866.8	870.7
Cash and cash equivalents	394.4		1,013.4	1,407.8
Derivative financial instruments	1.1	31.1		32.2
Assets classified as held for sale			0.0	0.0
Total	399.3	228.0	1,904.6	2,531.9
Fair value total	399.3	228.0	1,904.6	2,531.9

Financial liabilities 30.6.2021

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying amount
Non-current interest-bearing liabilities			1,080.6	1,080.6
Other non-current liabilities			4.4	4.4
Current interest-bearing liabilities			276.4	276.4
Accounts payable and others			1,101.3	1,101.3
Derivative financial instruments	3.3	40.2		43.5
Liabilities classified as held for sale			0.0	0.0
Total	3.3	40.2	2,462.7	2,506.2
Fair value total	3.3	40.2	2,497.0	2,540.5

Financial assets 30.6.2020

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying amount
Other non-current investments	6.3	205.2		211.5
Other non-current financial assets			18.7	18.7
Accounts receivables and others	0.1		719.8	719.9
Cash and cash equivalents	187.1		825.3	1,012.4
Derivative financial instruments	1.3	28.7		30.0
Assets classified as held for sale			0.6	0.6
Total	194.9	233.8	1,564.3	1,993.1
Fair value total	194.9	233.8	1,564.3	1,993.1

Financial liabilities 30.6.2020

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying amount
Non-current interest-bearing liabilities			1,138.8	1,138.8
Other non-current liabilities			0.6	0.6
Current interest-bearing liabilities			287.3	287.3
Accounts payable and others			912.6	912.6
Derivative financial instruments	1.6	36.6		38.2
Liabilities classified as held for sale			14.2	14.2
Total	1.6	36.6	2,353.5	2,391.7
Fair value total	1.6	36.6	2,371.2	2,409.4

Accounts receivables and other receivables do not include advance payments, accrued tax receivables and periodisations of employee costs.

Accounts payable and other financial liabilities do not include advance payments, accrued tax liabilities and periodisations of employee costs.

In Metsä Group, all interest-bearing liabilities are valued in the balance sheet at amortised cost based on effective interest method. Fair values in the table are based on present value of cash flow of each liability or assets calculated by market rate. The discount rates applied are between 0.0–6.0% (0.0–6.0). The fair values of accounts and other non-interest bearing receivables and accounts payable and other liabilities do not materially deviate from their carrying amounts in the balance sheet.

Fair value hierarchy of financial assets and liabilities 30 June, 2021

EUR million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other non-current investments	0.0		196.9	196.9
Current financial assets through profit and loss at fair value	398.3	0.0		398.3
Derivative financial assets	12.4	19.7		32.2
Financial liabilities measured at fair value				
Derivative financial liabilities	0.4	43.1		43.5
Financial assets not measured at fair value				
Financial assets		1,013.4		1,013.4
Financial liabilities not measured at fair value				
Non-current interest-bearing liabilities		1,114.5		1,114.5
Current interest-bearing liabilities		276.7		276.7

Fair value hierarchy of financial assets and liabilities 30 June, 2020

EUR million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other non-current investments	0.0		211.5	211.5
Current financial assets through profit and loss at fair value	187.1	0.1		187.2
Derivative financial assets	1.5	28.5		30.0
Financial liabilities measured at fair value				
Derivative financial liabilities	4.1	34.1		38.2
Financial assets not measured at fair value				
Financial assets		825.3		825.3
Financial liabilities not measured at fair value				
Non-current interest-bearing liabilities		1,156.0		1,156.0
Current interest-bearing liabilities		287.8		287.8

Financial assets measured at fair value based on level 3

EUR million	2021 1–6	2020 1–6	2020 1–12
Opening balance	205.5	271.1	271.1
Gains and losses in income statement	-0.1	-0.1	-0.2
Gains and losses in other comprehensive income	-8.5	-59.3	-68.1
Acquisitions			3.0
Settlements	0.0	-0.2	-0.3
Closing balance	196.9	211.5	205.5

Fair value of financial assets and liabilities have been categorised according to IFRS 7 Financial Instruments: Disclosures.

Level 1: Fair value is based on quoted prices in active markets.

Level 2: Fair value is based on inputs observable for the asset either directly or indirectly.

Level 3: Fair value is based on company estimates and not on market data.

The fair values of electric power, natural gas, propane, gas and oil derivatives are measured on the basis of publicly quoted market prices (Level 1). The fair values of currency forwards and options are determined on the basis of market prices at the closing date of the reporting period. The fair values of interest rate swaps are

measured applying a method based on the present value of future cash flows, supported by market interest rates at the closing date of the reporting period and other market inputs (Level 2). The fair value of financial instruments not traded in an active market is determined using various measurement methods. Discretion is used in choosing the methods and making assumptions based primarily on the market conditions prevailing at the closing date of the reporting period (Level 3).

The accounting policies applied in preparing the financial statements include a more detailed description of the recognition and measurement principles applied.

The most significant asset at fair value not traded on an active market is the investment in Pohjolan Voima Oyj shares classified as a financial asset at fair value through other comprehensive income. The value of the

investment is measured as the current value of discounted cash flows.

The average weighed capital cost applied in the calculation was 3.29% on 30 June 2021 (31 December 2020: 2.87), and 4.29% (3.87) for the Olkiluoto 3 power plant under construction. The acquisition cost of the Pohjolan Voima Oyj shares on 30 June 2021 is EUR 45.0 million (45.0) and their fair value is EUR 190.8 million (199.4).

The carrying amount of other long-term investments on 30 June 2021 is estimated to change by EUR -9.6 million, and by EUR 10.5 million should the rate used for discounting the cash flows change by 0.5 percentage points from the rate estimated by the management. The carrying amount of other long-term investments is estimated to change by EUR 97.0 million should the energy prices applied in the fair value calculation differ by 10% from the rate estimated by the management.

Derivatives 30 June 2021

EUR million	Nominal value	Assets	Liabilities	Fair value total	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	865.5	1.6	17.2	-15.6	0.0	-15.6
Total	865.5	1.6	17.2	-15.6	0.0	-15.6
Currency forwards	2,471.5	10.8	26.0	-15.2	-2.2	-13.0
Currency options	0.0	0.0	0.0	0.0	0.0	0.0
Total	2,471.5	10.8	26.0	-15.2	-2.2	-13.0
Electricity derivatives	8.9	4.5	0.0	4.4		4.4
Oil derivatives	19.6	5.0	0.3	4.7		4.7
Commodity derivatives	14.4	10.3	0.0	10.3		10.3
Total	42.9	19.8	0.4	19.4	0.0	19.4
Derivatives total	3,379.8	32.2	43.5	-11.3	-2.2	-9.1

Derivatives 30 June 2020

EUR million	Nominal value	Assets	Liabilities	Fair value total	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	509.6		23.9	-23.9	-0.1	-23.8
Total	509.6	0.0	23.9	-23.9	-0.1	-23.8
Currency forwards	2,312.0	28.3	8.5	19.8	-0.2	20.0
Currency options	323.6	0.2	0.1	0.1		0.1
Total	2,635.6	28.5	8.6	19.9	-0.2	20.1
Electricity derivatives	17.7	0.7	2.1	-1.4		-1.4
Oil derivatives	15.3	0.7	0.9	-0.2		-0.2
Commodity derivatives	12.0	0.1	2.7	-2.6		-2.6
Total	45.0	1.5	5.7	-4.2	0.0	-4.2
Derivatives total	3,190.2	30.0	38.2	-8.3	-0.3	-8.0

NOTE 10 – COMMITMENTS AND CONTINGENCIES

EUR million	30.6.2021	30.6.2020	31.12.2020
Own liabilities for which commitments granted	15.0	37.4	29.5
Pledges granted	0.0	88.1	0.0
Floating charges	3.0	2.8	3.0
Real estate mortgages	8.7	267.0	227.9
Chattels mortgage	0.0	0.0	0.0
Commitments for own liabilities, total	11.7	357.9	230.9
Leases not yet commenced to which Metsä Group is committed	0.0	0.0	0.0
Other commitments on own behalf	6.7	18.9	7.7
On behalf of associated companies	0.4	0.5	0.4
On behalf of others	0.0	0.0	0.0
Total	18.8	377.3	239.0

Securities and guarantees include pledges, floating charges, real estate mortgages, chattels mortgage and guarantee liabilities.

COMMITMENTS RELATED TO PROPERTY, PLANT AND EQUIPMENT

EUR million	30.6.2021	30.6.2020	31.12.2020
Payments due under 1 year	487.7	131.3	123.3
Payments due in subsequent years	515.7	92.4	42.0
Total	1,003.4	223.7	165.2