

# METSÄ GROUP

INTERIM REPORT

**JANUARY–SEPTEMBER 2021**



## METSÄ GROUP'S COMPARABLE OPERATING RESULT IN JANUARY–SEPTEMBER 2021 WAS EUR 694 MILLION

### JANUARY–SEPTEMBER 2021 (1–9/2020)

- Sales were EUR 4,457 million (3,698).
- Operating result was EUR 652 million (279). Comparable operating result was EUR 694 million (274).
- Result before taxes was EUR 616 million (242). Comparable result before taxes was EUR 658 million (236).
- Comparable return on capital employed was 16.4% (7.0).
- Net cash flow from operations was EUR 596 million (361).

### JULY–SEPTEMBER 2021 (7–9/2020)

- Sales were EUR 1,515 million (1,245).
- Operating result was EUR 273 million (116). Comparable operating result was EUR 278 million (115).
- Result before taxes was EUR 263 million (103). Comparable result before taxes was EUR 267 million (102).
- Comparable return on capital employed was 18.8% (8.8).
- Net cash flow from operations was EUR 222 million (158).

### EVENTS IN THE THIRD QUARTER OF 2021

- The dollar-denominated average market prices of long-fibre and short-fibre pulp were stable compared to the previous quarter, but at a markedly higher level than during the third quarter last year.
- Demand for Metsä Board's paperboards remained strong across all main market areas, and their average prices increased significantly.
- Metsä Board decided to invest EUR 210 million in increasing folding boxboard capacity at its Husum mill in Sweden.
- Metsä Tissue announced that it is planning a new tissue paper mill in the United Kingdom. The annual production capacity would be 240,000 tonnes.
- Metsä Wood announced that it is planning a new EUR 200 million Kerto LVL® mill to be built in the Äänekoski mill area.
- Metsä Group's innovation company, Metsä Spring, invested in the start-up company Innomost, which produces bioactive products from forest industry side streams.

### 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

On 12 October 2021, the European Commission conducted an investigation at Metsä Fibre as part of a wider EU-level antitrust investigation of companies active in the wood pulp sector concerning suspected antitrust violations.

Metsä Group launched a new programme, implemented outside commercial forests, which supports projects improving biodiversity or the state of waterways with financial contributions and expertise.

### RESULT GUIDANCE FOR OCTOBER–DECEMBER 2021

Metsä Group's comparable operating result in October–December 2021 is expected to weaken from July–September 2021.

### President and CEO Ilkka Härmälä:

*According to expectations, Metsä Group's third quarter in 2021 proved to be excellent. The good demand in the pulp business and for mechanical wood products which characterised the first half of the year continued. The price of pulp declined in the Chinese market, while prices in Europe remained stable. Demand for folding boxboard and linerboard continued to be very strong, supporting a rising trend in prices. Demand for tissue paper continued to be weaker than usual, and price increases in raw materials and energy burdened Metsä Tissue's result.*

*The ongoing investment projects are progressing according to plan and on schedule. Price increases in construction materials and steel have had an impact, especially on the cost estimate of the Kemi bioproduct mill. The planning of the Mariestad tissue paper mill and the development plan for the mechanical forest industry to be implemented in the Äänekoski mill site are progressing. Their environmental permit processes are expected to be completed during 2022. The investment in increasing the capacity of Husum's folding boxboard ma-*

chine by 200,000 tonnes is underway. When completed, the machine will be the most efficient in Europe in its field.

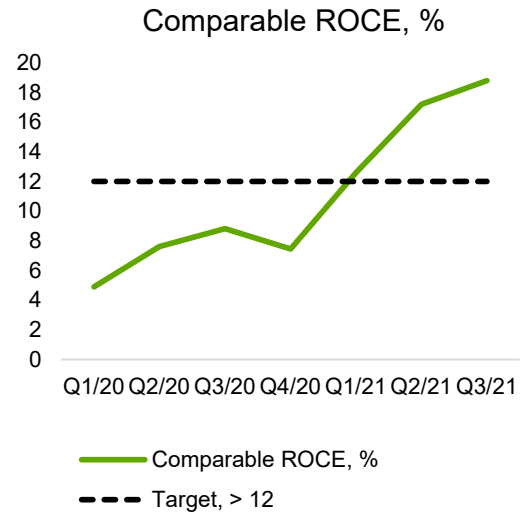
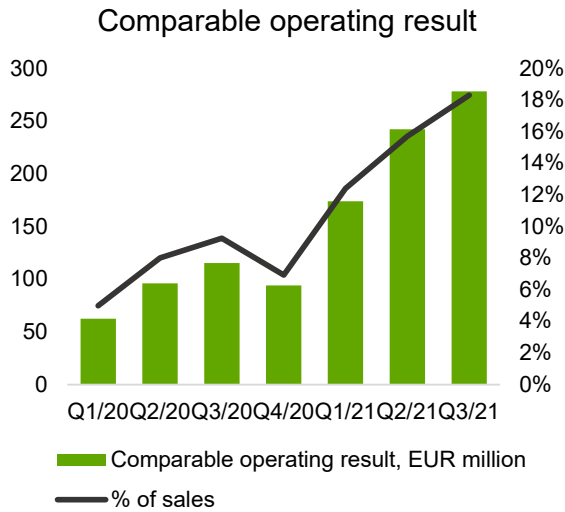
Metsä Spring continues its work to create new forest industry business opportunities. Metsä Spring's biggest projects are the demo plant for textile fibres operating in Äänekoski, and the demo plant for 3D fibre packaging, which will be completed during the second half of this year, also in Äänekoski.

During the review period, we worked to strengthen our ecological sustainability programme by developing the nature management of herb-rich forests. Outside commercial forests, we decided to launch a nature programme promoting biodiversity.

Metsä Group's work accounts for the social, ecological and economic perspectives of sustainability. We are building the future every day in our everyday work.

## KEY FIGURES

	2021	2020	2021	2020	2020
	1-9	1-9	7-9	7-9	1-12
Sales, EUR million	4,456.8	3,697.7	1,514.8	1,245.0	5,054.9
EBITDA, EUR million	925.4	515.8	353.3	191.1	679.3
Comparable, EUR million	924.3	510.5	353.3	190.5	670.9
% of sales	20.7	13.8	23.3	15.3	13.3
Operating result, EUR million	652.4	279.0	273.4	115.9	375.8
Comparable, EUR million	694.0	273.7	278.0	115.3	367.7
% of sales	15.6	7.4	18.3	9.3	7.3
Result before income tax, EUR million	616.3	241.8	262.6	103.1	330.1
Comparable, EUR million	657.9	236.5	267.2	102.5	322.0
Result for the period, EUR million	492.8	190.0	210.2	80.9	262.2
Return on capital employed, %	15.4	7.2	18.5	8.9	7.2
Comparable, %	16.4	7.0	18.8	8.8	7.1
Return on equity, %	15.3	6.7	18.5	8.6	6.8
Comparable, %	16.4	6.5	18.8	8.5	6.6
Equity ratio, %	60.5	56.6	60.5	56.6	57.2
Net gearing ratio, %	-1.4	10.1	-1.4	10.1	4.3
Interest-bearing net liabilities, EUR million	-65.9	381.4	-65.9	381.4	167.7
Total investments, EUR million	636.9	266.4	206.1	98.7	400.5
Net cash flow from operations, EUR million	596.1	361.3	222.4	158.3	667.4
Personnel at the end of the period	9,470	9,252	9,470	9,252	9,213



Sales and Operating result 1-9/2021, EUR million	Wood Supply and Forest Services	Wood Products Industry	Pulp and Sawn Timber Industry	Paperboard Industry	Tissue and Greaseproof Papers
Sales	1,520.2	438.8	1,906.6	1,565.6	687.5
Other operating income	2.6	2.2	8.7	23.0	6.8
Operating expenses	-1,488.6	-406.6	-1,351.6	-1,231.3	-647.3
Depreciation and impairment losses	-7.8	-15.1	-132.2	-72.3	-33.6
Operating result	26.5	19.2	431.5	285.0	13.5
Items affecting comparability	0.0	0.0	34.5	10.3	0.0
Comparable operating result	26.5	19.2	465.9	295.3	13.5
% of sales	1.7	4.4	24.4	18.9	2.0



## INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2021

### SALES AND RESULT

Metsä Group's sales in January–September 2021 were EUR 4,456.8 million (1–9/2020: 3,697.7). Sales increased, mainly due to the sales prices of pulp, which were higher than in the previous year.

The comparable operating result was EUR 694.0 million (273.7), or 15.6% (7.4) of sales. The increase in the operating result is explained by the rise in the sales prices of pulp, among other things. The comparable operating result in January–September 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 99 million on the operating result of the review period compared to the previous year.

Items affecting the comparability of the operating result in January–September totalled EUR -41.6 million (5.3). The items affecting comparability were related to the impairments of the existing Kemi pulp mill (-38.2); a capital gain from the sale of a land area unrelated to Metsä Board's business operations (7.0); the costs related to the chip conveyor fire at the Husum pulp mill (-5.8); and an impairment recognised in the Husum pulp mill's current paperboard production assets (-4.6).

Metsä Group's operating result (IFRS) was EUR 652.4 million (279.0). The share of the results of associated companies and joint ventures was EUR -1.4 million (-0.2), financial income was EUR 0.7 million (2.7), exchange rate differences in financing were EUR -2.8 million (-0.9), and financial expenses totalled EUR 32.5 million (38.7).

The result before taxes was EUR 616.3 million (241.8), and taxes including changes in deferred tax liabilities totalled EUR 123.6 million (51.8). The Group's effective tax rate was 20.0% (21.4). The result for the review period was EUR 492.8 million (190.0).

The return on capital employed was 15.4% (7.2), and the return on equity was 15.3% (6.7). The comparable return on capital employed was 16.4% (7.0), and the comparable return on equity was 16.4% (6.5).

### BALANCE SHEET AND FINANCING

Metsä Group's liquidity has remained strong. Total liquidity at the end of September was EUR 3,191.7 million (31 December 2020: 2,004.7). This consisted of EUR 1,399.9 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. None of these loans has been drawn yet.

Metsä Tissue decided on the repayment of a EUR 150 million external bank loan.

Net cash flow from operations was EUR 596.1 million (361.3). A total of EUR 202.4 million in working capital was tied up (89.0). The addition of EUR 199.5 million in trade and other receivables as well as the addition of EUR 73.8 million in inventories increased working capital. The addition of EUR 71.0 million in trade payables and other liabilities decreased working capital.

The Group's equity ratio at the end of September was 60.5%, and its net gearing was -1% (31 December 2020: 57.2 and 4, respectively). Net interest-bearing liabilities were EUR -66 million (31 December 2020: 168).

At the end of September, the equity ratio of the parent company Metsäliitto Cooperative was 89.3%, and net gearing was -27% (31 December 2020: 88.9 and -23, respectively).

In January–September, Metsäliitto Cooperative's members' capital increased by a total of EUR 101.1 million (91.4). The value of participation shares grew by EUR 7.7 million (7.0) and that of additional shares A by EUR 100.7 million (86.9). The value of additional B shares declined by EUR 7.3 million (-2.5).

### PERSONNEL

In January–September, Metsä Group had an average of 9,673 employees (9,454). Personnel expenses were EUR 504.4 million (451.3). At the end of September, the Group employed 9,470 people (31 December 2020: 9,213), of whom 5,252 (5,055) were based in Finland and 4,218 (4,158) abroad. The parent company Metsäliitto Cooperative employed 2,050 people at the end of September (31 December 2020: 1,973).

### MEMBERS

At the end of September, Metsäliitto Cooperative had 95,054 members (31 December 2020: 95,449). During January–September, 2,541 new members joined the Cooperative, and 2,936 members cancelled their memberships. At the end of September, the forest area owned by the members totalled 5.307 million hectares (31 December 2020: 5.257).

## INVESTMENTS

Metsä Group's total investments in January–September totalled EUR 636.9 million (266.4), of which investments in owned property, plant and equipment were EUR 618.4 million (236.2) and investments in leased property, plant and equipment were EUR 18.4 million (30.2).

Metsä Wood is planning to construct a new Kerto LVL mill in the expanding mill area at Äänekoski, Finland. The investment decision is pending the completion of a local detailed plan for the area and an environmental permit. The value of the investment would be approximately EUR 200 million. The annual Kerto LVL production capacity of the new mill, to be constructed in phases between 2022 and 2026, would be approximately 150,000 cubic metres, and the volume of log procured from Finland around 375,000 cubic metres.

In 2019, Metsä Board announced that it would begin the renewal of the Husum pulp mill in phases. The investment cost of the first phase of the renewal, comprising a new recovery boiler and turbine, is approximately EUR 360 million. The investments made in the project by the end of the review period amounted to approximately EUR 227 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 current fibre lines with a new fibre line during the second phase of the investment in the 2020s. The renewal project will enable the long-term development and growth of competitive paperboard business operations at the Husum integrated mill over the coming years. In addition, the investment aims to develop Metsä Board's pulp and energy production, and promote a shift to fossil free production.

During the first half of the year, Metsä Board initiated the development programme for the Kemi paperboard mill, which produces white-top kraftliner. The programme's investment cost is approximately EUR 67 million, and the mill's annual paperboard capacity will increase 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 development programme is a significant step towards the company's 2030 sustainability targets.

Metsä Board will increase its annual folding boxboard capacity by 200,000 tonnes at the Husum integrated mill in Sweden. After the investment, the mill's annual folding boxboard capacity will be 600,000 tonnes. The additional capacity will become available on the market in 2024–2025. The value of the investment is approximately EUR 210 million. It will take place in 2021–2024, with an emphasis on 2022 and 2023. The investment will be financed with current cash and cash equivalents as well as the cash flow from operating activities. The

investment is expected to increase Metsä Board's annual sales by approximately EUR 200 million. In addition, the investment is expected to have an approximately EUR 50 million positive impact on the company's annual comparable EBITDA. The company expects to achieve the growth and improved result in full in 2026. Husum's port concept will be reviewed separately, taking into account the growing logistics volumes in the entire integrated mill.

The construction of Metsä Fibre's new pine sawmill in Rauma began in May 2020. Production at the mill will begin during the third quarter of 2022. The value of the investment is approximately EUR 200 million, and the new unit's annual production capacity is approximately 750,000 cubic metres of pine sawn timber. The 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.

In February 2021, Metsä Fibre made the final investment decision on the construction of the Kemi bioproduct mill. The value of the investment is around EUR 1.6 billion. 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 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 has reached the end of its life-cycle. Approximately EUR 38 million impairment was recognised as an item affecting comparability 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 its production of fresh fibre-based tissue papers at the Mariestad mill in Sweden. The project is progressing according to plan, and the company expects the environmental permit to be issued during the first quarter of 2022, after which the potential investment decision could be made.

At the end of the third quarter, Metsä Tissue announced that it was planning a significant investment in a new tissue paper mill in the United Kingdom. The annual production capacity of the new tissue paper mill would be 240,000 tonnes, and it would be built during various phases over a period of roughly 10 years. These plans are part of the company's Future Mill programme, the aim of which is world-class environmental performance in tissue paper production.

Metsä Group's innovation company Metsä Spring made an equity investment in Innmost, a start-up company that converts forest industry side streams into valuable bioactive products. The ingredients produced by Innmost are used in cosmetics and hygiene products.

## RISKS AND UNCERTAINTIES

The global economy has bounced back rapidly during the current year, with vaccination programmes progressing well in many countries, and central banks implementing fiscal stimulus policies which support growth. Even so, recovery from the pandemic continues to involve uncertainties related to the efficacy of the vaccines, the differences in vaccination coverage between countries and any possible new variants of the virus. The opening up of economies in different countries nevertheless raises the growth expectations of consumers and businesses. On the other hand, the fiscal policy measures of central banks and the positive economic impact resulting from the restrictions being lifted may lead to an overheating of the economy. Its unravelling could quickly weaken the world economy and affect demand for the Group's products and its profitability.

Any deterioration of the situation because 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. To secure continuity, the Group continues to monitor the absences of personnel and the lifting of restrictions in different countries, for example. The business units have adopted measures related to health security which secure operations and development investments.

The pandemic's impact on the Group's sourcing operations and logistics has not been significant so far. While the availability of raw materials has remained at a fairly good level, the opening up of economies has led to an increase in demand for several commodities and in prices. A further increase in the price of energy, for example, could affect the Group's result. The market situation in logistics remains challenging. The turnaround times of ports, in particular, are long, in addition to which there are limitations in container traffic capacity.

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 China's economic growth trends. The effects of the new trade and cooperation agreement between the UK and the EU may also 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 appealed the decision issued by the Tax Administration, as the company believes the losses to be deductible. The Tax Administration's Adjustment Board dismissed the company's appeal in March 2018. In February 2021, the Administrative Court of Helsinki dismissed the appeal made by the company on the Adjustment Board's decision. In its decision of September 2021, the Supreme Administrative Court did not grant Metsä Board leave to appeal the matter, due to which the dismissal of the Administrative Court of Helsinki remains valid and the case is closed.

## THE CORONAVIRUS PANDEMIC

The safety of Metsä Group's employees, partners and local communities is important. 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.

Most of the Group's work occurs in production units that do not allow remote working. In respect of jobs which do allow remote working, Metsä Group's recommendation for remote working remains valid until the end of 2021. 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 any further deterioration of the pandemic.

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

## EVENTS AFTER THE REVIEW PERIOD

On 12 October 2021, the European Commission conducted an investigation at Metsä Fibre as part of a

wider EU-level antitrust investigation of companies active in the wood pulp sector. The investigation initiated by the Commission does not mean that Metsä Fibre is guilty of anticompetitive practices and is not in itself a sign of the investigation's outcome. Metsä Fibre is co-operating fully with the authorities in the investigation.

Metsä Group launched a new programme, implemented outside commercial forests, which supports projects improving biodiversity or the state of waterways with financial contributions and expertise.

## 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 for Metsä Wood's engineered wood products is expected to remain good in all product categories across the main markets. The demand for Kerto LVL is expected to remain strong in the main market, in line with the robust construction activity. The demand for spruce plywood in the main markets is expected to remain strong despite the fact that the availability of substitute products has improved to some degree. Demand for birch plywood is expected to remain strong, particularly in the transport industry. Demand at Metsä Wood's UK business is expected to experience seasonal decline over the next few months.

The annual maintenance shutdown of Metsä Fibre's Äänekoski bioproduct mill will take place during the fourth quarter. Demand for long-fibre market pulp is expected to remain good in Europe. The restrictions on energy consumption and cuts in carbon dioxide emissions imposed by the Chinese government are causing uncertainties related to the capacity utilisation rates of paper and paperboard machines, and thereby the consumption of market pulp during the rest of the year. Demand for sawn timber is expected to decline seasonally towards the winter.

The demand for Metsä Board's paperboards is expected to remain good in the company's main market areas in Europe and the United States. The order books for paperboards are at a high level. Paperboard delivery volumes in October–December are expected to decline from the delivery volumes in July–September

due to annual maintenance shutdowns in the fourth quarter, low inventory levels, and a potentially seasonally slower December. The delivery volumes of Metsä Board's market pulp, on the other hand, are expected to increase slightly. The average prices of folding box-board and white kraftliners are expected to increase in October–December, compared to the average prices in July–September. More planned annual maintenance shutdowns of mills are set to take place in October–December than in July–September. Cost inflation is expected to continue, especially in chemical and energy prices. Metsä Board expects to recognise insurance indemnities attributable to the production losses due to the fire at Husum during the fourth quarter of the year.

Uncertainty about the impact that the pandemic will have on the short-term demand for products will continue in the countries in which Metsä Tissue operates. Demand for tissue paper is expected to increase as the measures to lift the restrictions proceed. Demand for greaseproof papers is expected to continue to grow slightly. To ensure profitability, the company is responding to an increase in the costs of raw materials and other costs with price increases.

### Most significant annual maintenance and investment shutdowns 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.

## RESULT GUIDANCE FOR OCTOBER–DECEMBER 2021

Metsä Group's comparable operating result in October–December 2021 is expected to weaken from July–September 2021.



Espoo, 27 October 2021  
**BOARD OF DIRECTORS**

**Further information:**

Vesa-Pekka Takala, EVP, CFO Metsä Group, tel. +358 10 465 4260

Juha Laine, Senior Vice President, Communications, Metsä Group, tel. +358 10 465 4541

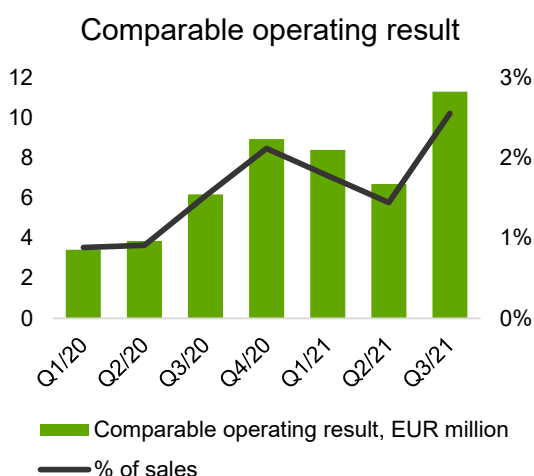
**Metsä Group will publish the following financial reports in 2022:**

Financial Statements Bulletin for 2021	10 February 2022
Interim Report for January–March 2022	28 April 2022
Half-Year Financial Report for January–June 2022	28 July 2022
Interim Report for January–September 2022	27 October 2022

## BUSINESS AREAS

### Wood Supply and Forest Services

Wood Supply and Forest Services	2021	2020	2021	2020	2020
	1-9	1-9	7-9	7-9	1-12
Sales, EUR million	1,520.2	1,350.9	497.2	449.5	1,819.9
EBITDA, EUR million	34.3	21.1	13.9	8.9	32.6
Comparable EBITDA, EUR million	34.3	21.1	13.9	8.9	32.6
Operating result, EUR million	26.5	13.5	11.3	6.2	22.4
Comparable operating result, EUR million	26.5	13.5	11.3	6.2	22.4
% of sales	1.7	1.0	2.3	1.4	1.2
Comparable ROCE, %	19.9	10.5	26.0	14.5	12.8
Total investments, EUR million	5.6	16.6	1.0	0.8	16.9
Personnel at end of period	845	850	845	850	842
Wood deliveries, 1,000 m <sup>3</sup>	26,772	24,378	8,412	8,030	32,737



The sales of Wood Supply and Forest Services, i.e. Metsä Forest, in January–September totalled EUR 1,520.2 million (1–9/2020: 1,350.9), and the comparable operating result was EUR 26.5 million (13.5).

Metsä Forest's sales in July–September were EUR 497.2 million (7–9/2020: 449.5), and the comparable operating result was EUR 11.3 million (6.2).

In Finland, wood trade by private forest owners in January–September was stronger than during the corresponding period the previous year. The demand for sawn timber increased log prices during the review period, and the prices were at a markedly higher level than in the previous year. The price of pulpwood returned to the level at the beginning of the year during the review period. The weather conditions for harvesting were good.

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

In January–September, 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 focused on crown wood. The majority of wood in Finland was purchased from members of Metsäliitto Cooperative. The sales of forest services were good.

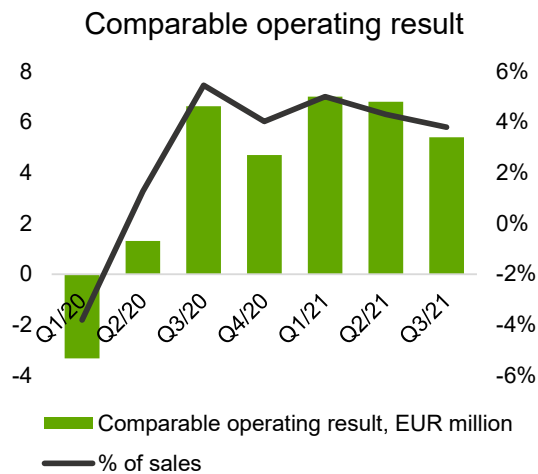
Harvesting and deliveries to customers' production units were carried out according to plan, excluding birch logs, which were in short supply. In January–September 2021, Metsä Forest delivered a total of approximately 26.8 million cubic metres (24.4) of wood to its customers. Some 86% of this amount 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.

In January–September, 53% of the wood acquired by Metsä Forest from private forest owners was purchased digitally. In the sales of forest management services, the figure was 58%. Some 34 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	1–9	1–9	7–9	7–9	1–12
Sales, EUR million	438.8	312.5	141.8	121.5	429.1
EBITDA, EUR million	34.4	20.0	10.5	12.0	30.1
Comparable EBITDA, EUR million	34.4	20.0	10.5	12.0	30.1
Operating result, EUR million	19.2	4.6	5.4	6.6	9.3
Comparable operating result, EUR million	19.2	4.6	5.4	6.6	9.3
% of sales	4.4	1.5	3.8	5.5	2.2
Comparable ROCE, %	8.1	2.0	6.8	8.3	3.1
Total investments, EUR million	17.0	16.6	6.9	1.8	21.7
Personnel at end of period	1,649	1,519	1,649	1,519	1,551
Engineered wood product deliveries, 1,000 m <sup>3</sup>	399	320	115	116	446



Metsä Wood's sales in January–September 2021 improved from the comparison period. The sales of engineered wood products increased by 28%, and the euro-denominated sales of the UK business increased by 61%. Delivery volumes increased across all product categories and in the UK business. The sales prices of spruce plywood and Kerto LVL increased, while the sales prices of birch plywood were at the previous year's level.

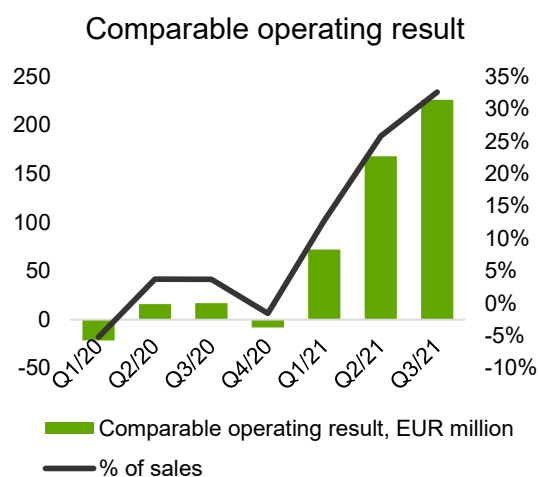
The profitability of business operations in January–September 2021 improved significantly from the comparison period, thanks to the strong demand in all product categories and across the main markets. However, increased raw material prices and challenges in the availability of birch logs affected profitability negatively. The profitability of the comparison period was weakened by the strikes at Finnish mills and the coronavirus pandemic.

The sales of the Wood Products Industry, i.e. Metsä Wood, in January–September were EUR 438.8 million (1–9/2020: 312.5), and the comparable operating result was EUR 19.2 million (4.6).

Metsä Wood's sales in July–September were EUR 141.8 million (7–9/2020: 121.5), and the comparable operating result was EUR 5.4 million (6.6).

**Pulp and Sawn Timber Industry**

	2021	2020	2021	2020	2020
Pulp and Sawn Timber Industry	1–9	1–9	7–9	7–9	1–12
Sales, EUR million	1,906.6	1,298.2	693.1	458.5	1,826.5
EBITDA, EUR million	563.7	112.6	257.5	48.8	128.2
Comparable EBITDA, EUR million	563.7	112.6	257.5	48.8	128.2
Operating result, EUR million	431.5	11.9	225.9	17.1	3.9
Comparable operating result, EUR million	465.9	11.9	225.9	17.1	3.9
% of sales	24.4	0.9	32.6	3.7	0.2
Comparable ROCE, %	32.1	0.8	45.4	3.7	0.2
Total investments, EUR million	435.7	88.7	140.6	41.1	135.2
Personnel at end of period	1,405	1,349	1,405	1,349	1,331
Pulp deliveries, 1,000 t	2,243	1,962	713	675	2,796
Sawn timber deliveries, 1,000 m <sup>3</sup>	1,278	1,149	392	465	1,583



The sales of the Pulp and Sawn Timber Industry, i.e. Metsä Fibre, in January–September totalled EUR 1,906.6 million (1–9/2020: 1,298.2), and the comparable operating result was EUR 465.9 million (11.9).

Metsä Fibre's sales in July–September were EUR 693.1 million (7–9/2020: 458.5), and the comparable operating result was EUR 225.9 million (17.1).

The pulp sales volume in January–September was 2,243,000 tonnes, representing an increase of 14% year-on-year. In Europe, the currency-denominated average market prices of long-fibre and short-fibre pulp in January–September were 38% and 42% higher, respectively, than in the corresponding period the previous year. In China, the average market prices of long-fibre pulp were roughly 55% and those of short-fibre pulp roughly 49% higher than in January–September the year before.

The strikes in Finland's chemical and mechanical forest industry had a negative impact on the result in January–September 2020. In January–September 2021, the weakening of the US dollar against the euro had a negative impact on the result compared to the corresponding period the previous year.

Demand for softwood pulp in China declined seasonally during the summer. By contrast, demand in Europe strengthened, particularly in printing and writing papers, but also in paperboard and specialty papers. The global problems in the availability of containers continue, keeping the market situation tight.

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, as opposed to USD 1,340 at the end of the review period. In January, the average price of short-fibre pulp in Europe was USD 692, as opposed to USD 1,140 at the end of the review period.

Sawn timber sales volumes in January–September were 1,278,000 cubic metres, which is approximately 11% higher than in the corresponding period the year before. Demand for sawn timber in all the main markets has been good, and the average market prices in January–September increased by 58% compared to the corresponding period the previous year.

Demand for sawn timber was good across all main markets. The global problems in the availability of containers have also tightened the situation in the sawn timber market. Sawn timber prices rose across all markets compared to the corresponding period the previous year. The annual maintenance shutdowns of the Kemi pulp mill, as well as the Lappeenranta, Vilppula and Kyrö sawmills, took place during the third quarter.



## Paperboard industry

	2021 1-9	2020 1-9	2021 7-9	2020 7-9	2020 1-12
<b>Paperboard Industry</b>					
Sales, EUR million	1,565.6	1,416.4	516.1	471.2	1,889.5
EBITDA, EUR million	357.4	236.6	125.4	84.7	321.8
Comparable EBITDA, EUR million	363.1	230.6	125.4	84.7	315.8
Operating result, EUR million	285.0	162.7	99.4	62.5	227.3
Comparable operating result, EUR million	295.3	156.7	104.0	62.5	221.2
% of sales	18.9	11.1	20.1	13.3	11.7
Comparable ROCE, %	19.4	11.8	19.1	14.3	12.2
Total investments, EUR million	133.6	117.5	35.3	44.4	166.4
Personnel at end of period	2,389	2,398	2,389	2,398	2,370
Folding boxboard deliveries, 1,000 t	996	926	319	318	1,223
White kraftliner deliveries, 1,000 t	484	443	156	144	587
Market pulp deliveries, 1,000 t	376	363	104	107	521

### Comparable operating result



The sales of the paperboard business, i.e. Metsä Board, in January–September were EUR 1,565.6 million (1–9/2020: 1,416.4). Folding boxboard accounted for 58% (60) of sales, while 25% (25) of sales were derived from white kraftliners, 13% (11) from market pulp and 5% (4) from other operations. The comparable operating result was EUR 295.3 million (156.7). Items affecting comparability totalled EUR -10.3 million.

Metsä Board's sales in July–September were EUR 516.1 million (7–9/2020: 471.2), and the comparable operating result was EUR 104.0 million (62.5).

The paper industry strike, which concerned all Metsä Board mills in Finland and all Metsä Fibre pulp mills, had a negative impact of around EUR 20 million on the comparable operating result in January–September 2020. The comparable operating result in January–September 2021 improved due to the increased average prices and delivery volumes for paperboards, and the increased average prices for market pulp.

Cost inflation during the review period was rapid. In particular, higher electricity prices increased energy costs, in addition to which the prices of some chemicals increased. Logistics and personnel expenses also increased from the comparison period. Wood costs declined slightly.

Total deliveries of paperboards were 1,480,000 (1,369,000) tonnes, of which 66% (69) was delivered to the EMEA region, 27% (26) to the Americas, and 6% (5) to the APAC region. Metsä Board's market pulp deliveries were 376,000 tonnes (363,000).

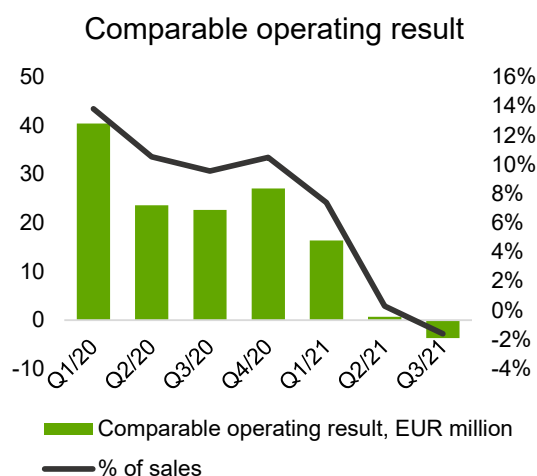
Exchange rate fluctuations, including hedges, had a negative impact of around EUR 40 million on the operating result compared to the comparison period.

Metsä Board's share of the comparable operating result of its associated company Metsä Fibre was EUR 87.7 million (-0.2).

Earnings per share were EUR 0.63 (0.34). The comparable earnings per share were EUR 0.65 (0.33). The return on equity was 19.8% (12.2), and the comparable return on equity was 20.6% (11.7). The return on capital employed was 18.7% (12.2), and the comparable return on capital employed was 19.4% (11.8).

**Tissue and Greaseproof Papers**

	2021	2020	2021	2020	2020
Tissue and Greaseproof Papers	1–9	1–9	7–9	7–9	1–12
Sales, EUR million	687.5	754.1	239.4	237.2	1,011.9
EBITDA, EUR million	47.1	118.3	8.1	34.3	160.1
Comparable EBITDA, EUR million	47.1	119.0	8.1	33.7	157.8
Operating result, EUR million	13.5	86.0	-3.7	23.3	115.9
Comparable operating result, EUR million	13.5	86.8	-3.7	22.7	113.8
% of sales	2.0	11.5	-1.6	9.6	11.2
Comparable ROCE, %	3.0	20.4	-2.5	15.4	19.8
Total investments, EUR million	32.9	24.5	16.1	9.8	53.1
Personnel at end of period	2,525	2,520	2,525	2,520	2,504
Tissue paper deliveries, 1,000 t	389	408	137	132	553



The sales of tissue and greaseproof papers, i.e. Metsä Tissue, in January–September totalled EUR 687.5 million (1–9/2020: 754.1). Metsä Tissue’s comparable operating result was EUR 13.5 million (86.8).

Metsä Tissue’s sales in July–September were EUR 239.4 million (7–9/2020: 237.2), and the comparable operating result was EUR -3.7 million (22.7).

The result, which was lower than in the previous year, was mainly attributable to lower sales volumes and significantly higher raw material and energy costs.

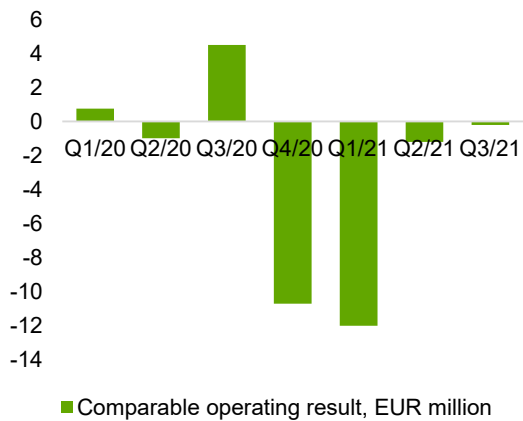
Sales of tissue papers picked up during the third quarter in respect of both consumer and professional customers as the coronavirus restrictions eased. The comparative figure for January–September last year was higher due to the exceptional peak in demand caused by the coronavirus pandemic during the first quarter, whereas this year, the pandemic’s impact on sales has been negative. Sales of greaseproof papers have also increased slightly. The prices of raw materials and energy continued to increase steeply during the third quarter, and attempts to pass on the increase in costs to end product prices have not been successful.

A new production line for tissue papers aimed at professional use started up at the Raubach mill in Germany. The line produces hygiene products for the market in Western Europe. The new production line provides the growing market for hygiene products meant for professional use with sustainable tissue paper products, primarily under the Katrin brand.

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. The incorporation has been concluded in both Finland and Germany.

**Other operations**

	2021	2020	2021	2020	2020
Other operations	1–9	1–9	7–9	7–9	1–12
Sales, EUR million	6.8	6.5	2.4	2.2	8.5
EBITDA, EUR million	-4.7	7.6	1.3	5.8	-1.1
Comparable EBITDA, EUR million	-8.8	8.3	1.3	5.8	-0.5
Operating result, EUR million	-9.3	3.6	-0.2	4.5	-7.1
Comparable operating result, EUR million	-13.3	4.2	-0.2	4.5	-6.5
Total investments, EUR million	30.1	2.8	6.2	1.1	7.3
Personnel at end of period	657	616	657	616	614

**Comparable operating result**


The sales of other operations in January–September were EUR 6.8 million (1–9/2020: 6.5), and the comparable operating result was EUR -13.3 million (4.2).

The sales of other operations in July–September were EUR 2.4 million (7–9/2020: 2.2), and the comparable operating result was EUR -0.2 million (4.5).

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 1-9	2020 1-9	2021 7-9	2020 7-9	2020 1-12
<b>Operating result (IFRS)</b>	<b>652.4</b>	<b>279.0</b>	<b>273.4</b>	<b>115.9</b>	<b>375.8</b>
Depreciation and impairment charges	273.0	236.8	79.9	75.3	303.5
<b>EBITDA</b>	<b>925.4</b>	<b>515.8</b>	<b>353.3</b>	<b>191.1</b>	<b>679.3</b>
Items affecting comparability:					
Paperboard Industry	5.7	-6.0			-6.0
Tissue and Greaseproof Papers		0.7		-0.6	-2.3
Other operations and eliminations	-6.9				
Total	-1.2	-5.3	0.0	-0.6	-8.4
<b>Comparable EBITDA</b>	<b>924.3</b>	<b>510.5</b>	<b>353.3</b>	<b>190.5</b>	<b>670.9</b>
Depreciation and impairment charges	-273.0	-236.8	-79.9	-75.3	-303.5
Items affecting comparability:					
Depreciations					
Tissue and Greaseproof Papers					0.3
Impairment charges and reversals					
Pulp and sawn timber industry	34.5				
Paperboard Industry	4.6		4.6		
Other operations and eliminations	3.7				
<b>Comparable Operating result</b>	<b>694.0</b>	<b>273.7</b>	<b>278.0</b>	<b>115.3</b>	<b>367.7</b>
Share of results from associated companies and joint ventures	-1.4	-0.2	-0.8	-1.9	3.1
Financial costs, net	-34.7	-37.0	-10.0	-10.8	-48.8
Items affecting comparability					
<b>Comparable Result before income tax</b>	<b>657.9</b>	<b>236.5</b>	<b>267.2</b>	<b>102.5</b>	<b>322.0</b>
Income tax	-123.6	-51.8	-52.4	-22.2	-67.9
Items affecting comparability:					
Paperboard Industry	-0.7	1.2	-0.9		1.2
Tissue and Greaseproof Papers		-0.3		-0.3	0.2
Pulp and sawn timber industry	-6.9				
Other operations and eliminations	-0.7				
<b>Comparable Result for the period</b>	<b>526.0</b>	<b>185.6</b>	<b>213.8</b>	<b>80.0</b>	<b>255.5</b>

**Reconciliation by expense or income**

EUR million	2021 1-9	2020 1-9	2021 7-9	2020 7-9	2020 1-12
<b>Operating result (IFRS)</b>	<b>652.4</b>	<b>279.0</b>	<b>273.4</b>	<b>115.9</b>	<b>375.8</b>
Depreciation and impairment charges	273.0	236.8	79.9	75.3	303.5
<b>EBITDA</b>	<b>925.4</b>	<b>515.8</b>	<b>353.3</b>	<b>191.1</b>	<b>679.3</b>
Items affecting comparability:					
Other operating income	-11.3	-8.0	-1.7	-0.6	-11.8
Change in inventories		0.3			0.3
Employee costs		0.1			0.1
Other operating expenses	10.1	2.4	1.7		3.0
Total	-1.2	-5.3	0.0	-0.6	-8.4
<b>Comparable EBITDA</b>	<b>924.3</b>	<b>510.5</b>	<b>353.3</b>	<b>190.5</b>	<b>670.9</b>
Depreciation and impairment charges	-273.0	-236.8	-79.9	-75.3	-303.5
Items affecting comparability:					
Depreciations					0.3
Impairment charges	42.7	0.0	4.6	0.0	
<b>Comparable Operating result</b>	<b>694.0</b>	<b>273.7</b>	<b>278.0</b>	<b>115.3</b>	<b>367.7</b>
Share of results from associated companies and joint ventures	-1.4	-0.2	-0.8	-1.9	3.1
Financial costs, net	-34.7	-37.0	-10.0	-10.8	-48.8
Items affecting comparability					
<b>Comparable Result before income tax</b>	<b>657.9</b>	<b>236.5</b>	<b>267.2</b>	<b>102.5</b>	<b>322.0</b>
Income tax	-123.6	-51.8	-52.4	-22.2	-67.9
Items affecting comparability	-8.4	0.9	-0.9	-0.3	1.4
<b>Comparable Result for the period</b>	<b>526.0</b>	<b>185.6</b>	<b>213.8</b>	<b>80.0</b>	<b>255.5</b>



Items with “+” sign = expenses affecting comparability

Items with “-” sign = income affecting comparability

Metsä Group's items affecting comparability in January–September 2021 totalled EUR -33.2 million. Of these items, EUR -30.6 million were related to the impairments of Metsä Fibre's current pulp mill, EUR 5.6 million to the disposal of a land area unrelated to Metsä Board's business operations, EUR -4.6 million to the costs arising from the the chip conveyor belt fire at Metsä Board's Husum pulp mill, and EUR -3.6 million to an impairment recognised in the Husum pulp mill's current paperboard production assets.

Items affecting comparability in January–September 2020 totalled to EUR 4.4 million. Of the most significant items, 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 7–9	2021 4–6	2021 1–3	2020 10–12	2020 7–9	2020 4–6	2020 1–3
<b>Sales</b>							
Wood Supply and Forest Services	497.2	506.6	516.5	469.0	449.5	470.8	430.6
Wood Products Industry	141.8	156.2	140.7	116.6	121.5	103.6	87.3
Pulp and Sawn Timber Industry	693.1	652.3	561.1	528.3	458.5	428.1	411.5
Paperboard Industry	516.1	555.8	493.7	473.1	471.2	473.1	472.1
Tissue and Greaseproof Papers	239.4	224.5	223.6	257.8	237.2	224.2	292.7
Other operations	2.4	2.1	2.2	2.0	2.2	1.8	2.6
Internal sales	-575.2	-555.3	-538.3	-489.8	-495.2	-502.0	-443.7
<b>Sales</b>	<b>1,514.8</b>	<b>1,542.3</b>	<b>1,399.6</b>	<b>1,357.2</b>	<b>1,245.0</b>	<b>1,199.7</b>	<b>1,253.0</b>
<b>Operating result</b>							
Wood Supply and Forest Services	11.3	6.7	8.4	8.9	6.2	3.9	3.4
Wood Products Industry	5.4	6.8	7.0	4.7	6.6	1.3	-3.3
Pulp and Sawn Timber Industry	225.9	168.0	37.6	-8.0	17.1	16.0	-21.3
Paperboard Industry	99.4	103.7	82.0	64.5	62.5	66.5	33.8
Tissue and Greaseproof Papers	-3.7	0.7	16.4	29.9	23.3	23.6	39.1
Other operations	-0.2	-1.4	-7.7	-10.7	4.5	-1.0	0.1
Eliminations	-64.7	-41.3	-8.0	7.5	-4.3	-8.3	9.3
<b>Operating result</b>	<b>273.4</b>	<b>243.2</b>	<b>135.8</b>	<b>96.8</b>	<b>115.9</b>	<b>102.1</b>	<b>61.1</b>
% of sales	18.0	15.8	9.7	7.1	9.3	8.5	4.9
Share of results from associated companies and joint ventures	-0.8	2.1	-2.7	3.3	-1.9	1.2	0.5
Exchange gains and losses	-0.1	-2.4	-0.3	-1.4	0.4	-1.0	-0.3
Other net financial items	-9.8	-10.6	-11.4	-10.4	-11.3	-9.8	-15.1
<b>Result before income tax</b>	<b>262.6</b>	<b>232.3</b>	<b>121.4</b>	<b>88.3</b>	<b>103.1</b>	<b>92.5</b>	<b>46.2</b>
Income tax	-52.4	-47.8	-23.4	-16.1	-22.2	-18.5	-11.1
<b>Result for the period</b>	<b>210.2</b>	<b>184.5</b>	<b>98.0</b>	<b>72.2</b>	<b>80.9</b>	<b>74.0</b>	<b>35.1</b>
<b>Comparable operating result</b>							
Wood Supply and Forest Services	11.3	6.7	8.4	8.9	6.2	3.9	3.4
Wood Products Industry	5.4	6.8	7.0	4.7	6.6	1.3	-3.3
Pulp and Sawn Timber Industry	225.9	168.0	72.1	-8.0	17.1	16.0	-21.3
Paperboard Industry	104.0	102.5	88.8	64.5	62.5	60.5	33.8
Tissue and Greaseproof Papers	-3.7	0.7	16.4	27.1	22.7	23.6	40.5
Other operations and eliminations	-64.9	-42.6	-18.9	-3.2	0.2	-9.3	9.4
<b>Comparable operating result</b>	<b>278.0</b>	<b>242.1</b>	<b>173.9</b>	<b>94.0</b>	<b>115.3</b>	<b>96.1</b>	<b>62.4</b>
% of sales	18.3	15.7	12.4	6.9	9.3	8.0	5.0

## CALCULATION OF KEY RATIOS

<b>Return on capital employed (%)</b> <b>ROCE</b>	=	(Result before tax + exchange gains/losses and other net financial expenses) per (Balance total – non-interest-bearing liabilities) (average))
<b>Return on equity (%)</b> <b>ROE</b>	=	(Result before tax – income tax) per (Members' funds (average))
<b>Equity ratio (%)</b>	=	(Members' funds) per (Balance total – advance payments received)
<b>Net gearing ratio (%)</b>	=	(Interest-bearing net liabilities) per (Members' funds)
<b>Interest-bearing net liabilities</b>	=	Interest-bearing liabilities – cash and cash equivalents and interest-bearing receivables
<b>EBITDA</b>	=	Operating result before depreciation, amortisation and impairment losses
<b>Operating result</b>	=	Result before income tax, financial income and -expenses, exchange gains and losses and share of results from associated companies and joint ventures
<b>Total investments</b>	=	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 1–9	2020 1–9	Change	2021 7–9	2020 7–9	2020 1–12
<b>Sales</b>	2, 3	<b>4,456.8</b>	<b>3,697.7</b>	<b>759.1</b>	<b>1,514.8</b>	<b>1,245.0</b>	<b>5,054.9</b>
Change in stocks of finished goods and work in progress		29.5	58.5	-29.1	30.4	26.2	-31.1
Other operating income		34.0	26.8	7.2	10.7	8.1	57.3
Material and services		-2,855.2	-2,567.7	-287.4	-971.4	-868.0	-3,440.1
Employee costs		-504.4	-451.3	-53.0	-157.0	-144.4	-615.0
Depreciation and impairment losses		-273.0	-236.8	-36.2	-79.9	-75.3	-303.5
Other operating expenses		-235.2	-248.1	12.8	-74.2	-75.8	-346.7
<b>Operating result</b>	2	<b>652.4</b>	<b>279.0</b>	<b>373.4</b>	<b>273.4</b>	<b>115.9</b>	<b>375.8</b>
Share of results from associated companies and joint ventures		-1.4	-0.2	-1.2	-0.8	-1.9	3.1
Exchange gains and losses		-2.8	-0.9	-1.9	-0.1	0.4	-2.3
Other net financial items	2	-31.9	-36.1	4.2	-9.8	-11.3	-46.5
<b>Result before income tax</b>		<b>616.3</b>	<b>241.8</b>	<b>374.5</b>	<b>262.6</b>	<b>103.1</b>	<b>330.1</b>
Income tax	4	-123.6	-51.8	-71.7	-52.4	-22.2	-67.9
<b>Result for the period</b>		<b>492.8</b>	<b>190.0</b>	<b>302.8</b>	<b>210.2</b>	<b>80.9</b>	<b>262.2</b>
<b>Other comprehensive income</b>							
<b>Items that will not be reclassified to profit and loss</b>							
Items relating to adjustments of defined benefit plans		3.0	1.0	2.0	-6.4	2.3	-8.9
Fair value of financial assets through other comprehensive income		6.7	-64.0	70.8	15.3	-4.8	-68.1
Income tax relating to items that will not be reclassified		-2.4	12.7	-15.1	-1.8	0.6	15.6
Total		7.3	-50.4	57.7	7.1	-1.8	-61.4
<b>Items that may be reclassified subsequently to profit and loss</b>							
Cash flow hedges		-11.7	5.8	-17.5	13.0	5.9	23.9
Currency translation differences		2.8	-31.0	33.8	-2.2	-15.2	-5.5
Other items							
Income tax relating to items that may be reclassified		2.3	-1.0	3.4	-2.6	-1.2	-4.6
Total		-6.6	-26.3	19.6	8.2	-10.5	13.7
<b>Other comprehensive income, net of tax</b>		<b>0.7</b>	<b>-76.6</b>	<b>77.3</b>	<b>15.3</b>	<b>-12.3</b>	<b>-47.7</b>
<b>Total comprehensive income for the period</b>		<b>493.5</b>	<b>113.3</b>	<b>380.1</b>	<b>225.5</b>	<b>68.5</b>	<b>214.5</b>
<b>Result for the period attributable to:</b>							
Members of parent company		289.5	128.1	161.5	122.7	54.6	177.5
Non-controlling interests		203.2	61.9	141.3	87.4	26.3	84.7
Total		492.8	190.0	302.8	210.2	80.9	262.2
<b>Total comprehensive income attributable to:</b>							
Members of parent company		296.0	83.6	212.4	130.6	45.3	149.1
Non-controlling interests		197.5	29.8	167.7	94.9	23.2	65.3
Total		493.5	113.3	380.1	225.5	68.5	214.5

The notes are an integral part of this interim financial report.

**UNAUDITED CONSOLIDATED BALANCE SHEET**

EUR million	Note	2021 30.9.	2020 30.9.	2020 31.12.
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		432.6	427.9	434.1
Other intangible assets		222.0	219.5	221.0
Tangible assets	5	3,287.7	2,836.1	2,920.7
Biological assets		3.4	3.2	3.2
Investments in associated companies and joint ventures		66.0	66.0	69.3
Other investments	9	212.1	206.7	205.5
Other non-current financial assets	9	31.4	23.6	17.7
Deferred tax receivables		36.2	26.3	27.1
		<b>4,291.3</b>	<b>3,809.3</b>	<b>3,898.6</b>
<b>Current assets</b>				
Inventories		1,044.5	1,009.6	965.9
Accounts receivables and other receivables		947.1	780.9	739.1
Tax receivables based on the taxable income for the period		12.4	14.8	2.4
Cash and cash equivalents	9	1,399.9	1,044.0	1,212.9
		<b>3,403.8</b>	<b>2,849.2</b>	<b>2,920.4</b>
Assets classified as held for sale		0.0	32.4	32.3
<b>Total assets</b>		<b>7,695.1</b>	<b>6,690.9</b>	<b>6,851.3</b>
<b>MEMBERS' FUNDS AND LIABILITIES</b>				
<b>Members' funds</b>				
Members' funds		3,477.2	2,993.4	3,091.5
Non-controlling interests		1,169.7	786.8	822.7
		<b>4,646.8</b>	<b>3,780.2</b>	<b>3,914.2</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities		300.3	283.2	289.9
Post-employment benefit obligations		79.8	80.4	85.5
Provisions	6	13.8	15.0	15.8
Borrowings	9	922.9	1,132.4	1,098.3
Other liabilities		22.5	26.2	25.1
		<b>1,339.3</b>	<b>1,537.2</b>	<b>1,514.7</b>
<b>Current liabilities</b>				
Provisions	6	3.3	2.8	2.8
Current borrowings	9	424.0	284.7	272.9
Accounts payable and other liabilities		1,250.7	1,042.8	1,122.7
Tax liabilities based on the taxable income for the period		31.0	29.0	6.3
		<b>1,709.0</b>	<b>1,359.3</b>	<b>1,404.7</b>
Liabilities classified as held for sale		0.0	14.2	17.7
<b>Total liabilities</b>		<b>3,048.3</b>	<b>2,910.8</b>	<b>2,937.1</b>
<b>Total members' funds and liabilities</b>		<b>7,695.1</b>	<b>6,690.9</b>	<b>6,851.3</b>

The notes are an integral part of this interim 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
<b>Members' funds 1.1.2020</b>	<b>1,199.0</b>	<b>-30.7</b>	<b>728.7</b>	<b>1,029.8</b>	<b>2,926.8</b>	<b>848.5</b>	<b>3,775.3</b>
Result for the period				128.1	128.1	61.9	190.0
Other comprehensive income, net after tax		-22.9	-21.5	-0.1	-44.5	-32.1	-76.6
<b>Total comprehensive income</b>		<b>-22.9</b>	<b>-21.5</b>	<b>127.9</b>	<b>83.6</b>	<b>29.8</b>	<b>113.3</b>
Transactions with owners:							
Dividends paid				-64.9	-64.9	-40.3	-105.2
Change in members' capital	91.4		0.0	-9.9	81.5		81.5
Change in the reserve for invested unrestricted equity			0.0		0.0	-25.8	-25.8
Share based payments			0.0	-10.1	-10.1	-1.4	-11.5
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
<b>Members' funds 30.9.2020</b>	<b>1,290.4</b>	<b>-53.6</b>	<b>707.5</b>	<b>1,049.1</b>	<b>2,993.4</b>	<b>786.8</b>	<b>3,780.2</b>

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
<b>Members' funds 1.1.2021</b>	<b>1,322.4</b>	<b>-35.9</b>	<b>711.3</b>	<b>1,093.7</b>	<b>3,091.5</b>	<b>822.7</b>	<b>3,914.2</b>
Result for the period				289.5	289.5	203.2	492.8
Other comprehensive income, net after tax		2.7	2.3	1.4	6.5	-5.8	0.7
<b>Total comprehensive income</b>		<b>2.7</b>	<b>2.3</b>	<b>291.0</b>	<b>296.0</b>	<b>197.5</b>	<b>493.5</b>
Transactions with owners:							
Dividends paid				-60.4	-60.4	-18.5	-78.9
Change in members' capital	101.1		0.0	-13.0	88.1		88.1
Change in the reserve for invested unrestricted equity			0.1		0.1	-29.6	-29.5
Share based payments			0.0	-2.3	-2.3	0.2	-2.1
Sold shares from non-controlling interests, which did not change the controlling right			0.0	64.3	64.3	197.4	261.6
<b>Members' funds 30.9.2021</b>	<b>1,423.5</b>	<b>-33.2</b>	<b>713.7</b>	<b>1,373.2</b>	<b>3,477.2</b>	<b>1,169.7</b>	<b>4,646.8</b>

The notes are an integral part of this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

EUR million	Note	2021 1–9	2020 1–9	2020 1–12
Result for the period	8	492.8	190.0	262.2
Total adjustments	8	426.2	317.7	405.2
Change in working capital		-202.4	-89.0	100.3
<b>Cash flow from operations</b>		<b>716.6</b>	<b>418.6</b>	<b>767.7</b>
Net financial items		-19.8	-23.8	-40.4
Income taxes paid		-100.8	-33.6	-59.9
<b>Net cash flow from operating activities</b>		<b>596.1</b>	<b>361.3</b>	<b>667.4</b>
Acquisitions		-1.3	-1.1	-4.3
Investments in tangible and intangible assets		-617.8	-244.8	-364.8
Disposals and other items	8	37.9	5.4	11.9
<b>Net cash flow from investing activities</b>		<b>-581.2</b>	<b>-240.5</b>	<b>-357.2</b>
Change in members' funds		88.2	81.6	107.2
Change in non-controlling interest		261.2	-50.4	-50.4
Change in long-term loans and other financial items		-65.4	-57.4	-105.2
Capital distribution		-29.6	-25.8	-25.8
Dividends paid		-84.7	-112.2	-112.2
<b>Net cash flow from financing activities</b>		<b>169.6</b>	<b>-164.2</b>	<b>-186.4</b>
<b>Change in cash and cash equivalents</b>		<b>184.5</b>	<b>-43.5</b>	<b>123.8</b>
Cash and cash equivalents at beginning of period		1,212.9	1,090.0	1,090.0
Translation difference		0.9	-2.1	-1.8
Change in cash and cash equivalents		184.5	-43.5	123.8
Value adjustments of investment funds included in cash and cash equivalents.		1.6	0.1	0.9
Cash and cash equivalents of assets classified as held for sale		0.0	-0.5	0.0
<b>Cash and cash equivalents at end of period</b>		<b>1,399.9</b>	<b>1,044.0</b>	<b>1,212.9</b>

The notes are an integral part of this interim financial report.

## NOTES TO UNAUDITED INTERIM 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 interim 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 interim 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 interim financial report was authorized for issue by the Board of Directors of Metsäliitto Cooperative on October 27, 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	1–9/2021	1–9/2021	1–9/2021	1–9/2020	1–9/2020	1–9/2020
	External	Internal	Total	External	Internal	Total
Wood Supply and Forest Services	380.5	1,139.8	1,520.2	323.7	1,027.2	1,350.9
Wood Products Industry	424.0	14.8	438.8	300.8	11.7	312.5
Pulp and Sawn Timber Industry	1,473.3	433.2	1,906.6	960.8	337.4	1,298.2
Paperboard Industry	1,492.1	73.5	1,565.6	1,358.8	57.6	1,416.4
Tissue and Greaseproof Papers	686.8	0.8	687.5	753.4	0.7	754.1
Other operations	0.1	6.7	6.8	0.2	6.2	6.5
Elimination of internal sales		-1,668.8	-1,668.8		-1,440.8	-1,440.8
<b>Total sales</b>	<b>4,456.8</b>	<b>0.0</b>	<b>4,456.8</b>	<b>3,697.7</b>	<b>0.0</b>	<b>3,697.7</b>

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
<b>Total sales</b>	<b>5,054.9</b>	<b>0.0</b>	<b>5,054.9</b>

## OPERATING RESULT BY SEGMENT

EUR million	2021	2020	2020
	1–9	1–9	1–12
Wood Supply and Forest Services	26.5	13.5	22.4
Wood Products Industry	19.2	4.6	9.3
Pulp and Sawn Timber Industry	431.5	11.9	3.9
Paperboard Industry	285.0	162.7	227.3
Tissue and Greaseproof Papers	13.5	86.0	115.9
Other operations	-9.3	3.6	-7.1
Eliminations	-113.9	-3.3	4.2
Operating result total	652.4	279.0	375.8
Share of results from associated companies and joint ventures	-1.4	-0.2	3.1
Financial costs, net	-34.7	-37.0	-48.8
Income taxes	-123.6	-51.8	-67.9
<b>Result for the period</b>	<b>492.8</b>	<b>190.0</b>	<b>262.2</b>

## ASSETS AND LIABILITIES BY SEGMENTS

<b>Assets</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>EUR million</b>	<b>30.9.</b>	<b>30.9.</b>	<b>31.12.</b>
Wood Supply and Forest Services	348.6	319.8	321.9
Wood Products Industry	413.2	371.4	358.3
Pulp and Sawn Timber Industry	2,466.3	2,042.0	1,996.5
Paperboard Industry	2,280.7	2,040.8	2,076.8
Tissue and Greaseproof Papers	821.8	777.3	784.1
Other operations	232.1	224.6	244.0
Assets classified as held for sale	0.0	32.4	32.3
Eliminations	-311.4	-244.1	-260.5
Unallocated assets	1,443.8	1,126.8	1,297.8
<b>Total</b>	<b>7,695.1</b>	<b>6,690.9</b>	<b>6,851.3</b>

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).

<b>Liabilities</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>EUR million</b>	<b>30.9.</b>	<b>30.9.</b>	<b>31.12.</b>
Wood Supply and Forest Services	234.6	204.5	217.4
Wood Products Industry	96.8	77.0	69.4
Pulp and Sawn Timber Industry	464.6	386.3	418.5
Paperboard Industry	419.7	344.5	366.5
Tissue and Greaseproof Papers	298.6	282.1	294.5
Other operations	134.7	105.1	134.6
Liabilities classified as held for sale	0.0	14.2	17.7
Eliminations	-311.4	-244.1	-260.5
Unallocated liabilities	1,710.7	1,741.2	1,678.9
<b>Total</b>	<b>3,048.3</b>	<b>2,910.8</b>	<b>2,937.1</b>

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

## NOTE 3 – SALES BY MARKET AREA

<b>EUR million</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>1–9</b>	<b>1–9</b>	<b>1–12</b>
EMEA	3,092.8	2,677.5	3,585.0
APAC	934.2	650.4	969.6
Americas	429.7	369.8	500.3
<b>Total</b>	<b>4,456.8</b>	<b>3,697.7</b>	<b>5,054.9</b>

## NOTE 4 – INCOME TAX

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

<b>EUR million</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>1–9</b>	<b>1–9</b>	<b>1–12</b>
Taxes for the period	122.0	49.2	64.9
Taxes for previous periods	0.8	-0.2	0.1
Change in deferred taxes	0.7	2.8	2.9
<b>Total income taxes</b>	<b>123.6</b>	<b>51.8</b>	<b>67.9</b>

**NOTE 5 – CHANGE IN PROPERTY, PLANT AND EQUIPMENT**

EUR million	2021 1–9	2020 1–9	2020 1–12
Book value at beginning of period	2,920.7	2,817.0	2,817.0
Acquired businesses			0.5
Investments in owned property, plant and equipment	600.7	227.5	346.1
Investments in leased property, plant and equipment	18.4	30.2	38.0
Decreases	-4.3	-4.7	-5.4
Assets classified as held for sale		0.0	0.0
Depreciation and impairment losses	-257.2	-220.1	-281.2
Translation differences and other changes	9.4	-13.9	5.6
<b>Book value at end of period</b>	<b>3,287.7</b>	<b>2,836.1</b>	<b>2,920.7</b>

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.

The impairments also include a EUR 4.6 million impairment recognised in the current paperboard production assets of Metsä Board's Husum, which the company plans to replace in the investment increasing the mill's folding boxboard capacity.

**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	1.1	1.3
Utilised during the year		-1.5	-1.3	-2.8
Transfers between the categories		-0.5	0.5	0.0
<b>At 30 September 2021</b>	<b>0.3</b>	<b>11.5</b>	<b>5.3</b>	<b>17.1</b>
Long term provisions	0.1	9.5	4.2	13.8
Short term provisions	0.3	2.0	1.1	3.3
<b>Total</b>	<b>0.3</b>	<b>11.5</b>	<b>5.3</b>	<b>17.1</b>

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 1–9	2020 1–9	2020 1–12
Sales	12.8	11.4	16.5
Purchases	81.6	74.5	109.8
Non-current receivables	0.8		
Accounts receivables and other receivables	4.0	4.8	3.0
Accounts payables and other liabilities	5.5	7.7	10.0



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

EUR million	2021 1–9	2020 1–9	2020 1–12
Taxes	123.6	51.8	67.9
Depreciation and impairment charges	273.0	236.8	303.5
Biological assets	-0.2	-0.3	-0.3
Share of results from associated companies	1.4	0.2	-3.1
Gains and losses on sale of non-current financial assets	-11.8	-6.0	-12.8
Financial costs, net	36.2	37.0	48.8
Pension liabilities and provisions	-4.4	-6.2	-5.1
Other adjustments	8.4	4.2	6.4
<b>Total</b>	<b>426.2</b>	<b>317.7</b>	<b>405.2</b>

**Disposals and other items**

Disposals and other items in January–September 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 15.8 million; and other items, EUR -2.4 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, the sale of Metsä Board's emission allowances EUR 5.0 million and the sale of Metsä Wood's emission allowances EUR 1.0 million.

Disposals and other items in January–September 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 9.3 million and other items of EUR -0.5 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 30.9.2021**

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying amount
Other non-current investments	0.0	212.1		212.1
Other non-current financial assets	0.0		24.1	24.1
Accounts receivables and others	3.9		895.4	899.3
Cash and cash equivalents	461.9		938.0	1,399.9
Derivative financial instruments	1.2	51.4		52.6
Assets classified as held for sale			0.0	0.0
<b>Total</b>	<b>467.0</b>	<b>263.4</b>	<b>1,857.4</b>	<b>2,587.9</b>
<b>Fair value total</b>	<b>467.0</b>	<b>263.4</b>	<b>1,857.4</b>	<b>2,587.9</b>

**Financial liabilities 30.9.2021**

<b>EUR million</b>	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying amount
Non-current interest-bearing liabilities			922.9	922.9
Other non-current liabilities			5.9	5.9
Current interest-bearing liabilities			424.0	424.0
Accounts payable and others			1,110.1	1,110.1
Derivative financial instruments	5.8	47.6		53.4
Liabilities classified as held for sale			0.0	0.0
<b>Total</b>	<b>5.8</b>	<b>47.6</b>	<b>2,463.0</b>	<b>2,516.4</b>
<b>Fair value total</b>	<b>5.8</b>	<b>47.6</b>	<b>2,495.5</b>	<b>2,549.0</b>

**Financial assets 30.9.2020**

<b>EUR million</b>	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying amount
Other non-current investments	6.3	200.4		206.7
Other non-current financial assets			23.2	23.2
Accounts receivables and others	0.1		739.7	739.9
Cash and cash equivalents	198.2		845.8	1,044.0
Derivative financial instruments	2.3	39.0		41.3
Assets classified as held for sale			0.5	0.5
<b>Total</b>	<b>206.9</b>	<b>239.4</b>	<b>1,609.3</b>	<b>2,055.6</b>
<b>Fair value total</b>	<b>206.9</b>	<b>239.4</b>	<b>1,609.3</b>	<b>2,055.6</b>

**Financial liabilities 30.9.2020**

<b>EUR million</b>	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying amount
Non-current interest-bearing liabilities			1,132.4	1,132.4
Other non-current liabilities			0.6	0.6
Current interest-bearing liabilities			284.7	284.7
Accounts payable and others			929.3	929.3
Derivative financial instruments	1.8	41.0		42.9
Liabilities classified as held for sale			14.0	14.0
<b>Total</b>	<b>1.8</b>	<b>41.0</b>	<b>2,361.0</b>	<b>2,403.8</b>
<b>Fair value total</b>	<b>1.8</b>	<b>41.0</b>	<b>2,387.3</b>	<b>2,430.2</b>

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 September, 2021

EUR million	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Other non-current investments	0.0		212.1	<b>212.1</b>
Current financial assets through profit and loss at fair value	465.8	0.0		<b>465.8</b>
Derivative financial assets	16.7	35.9		<b>52.6</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	0.3	53.1		<b>53.4</b>
<b>Financial assets not measured at fair value</b>				
Financial assets		938.0		<b>938.0</b>
<b>Financial liabilities not measured at fair value</b>				
Non-current interest-bearing liabilities		955.1		<b>955.1</b>
Current interest-bearing liabilities		424.4		<b>424.4</b>

#### Fair value hierarchy of financial assets and liabilities 30 September, 2020

EUR million	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Other non-current investments	0.0		206.7	206.7
Current financial assets through profit and loss at fair value	198.2	0.1		198.3
Derivative financial assets	1.6	39.7		41.3
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	2.2	40.7		42.9
<b>Financial assets not measured at fair value</b>				
Financial assets		845.8		845.8
<b>Financial liabilities not measured at fair value</b>				
Non-current interest-bearing liabilities		1,158.3		1,158.3
Current interest-bearing liabilities		285.1		285.1

#### Financial assets measured at fair value based on level 3

EUR million	2021 1–9	2020 1–9	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	6.7	-64.0	-68.1
Acquisitions			3.0
Settlements	-0.1	-0.2	-0.3
<b>Closing balance</b>	<b>212.1</b>	<b>206.7</b>	<b>205.5</b>

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 3.26% on 30 September 2021 (31 December 2020: 2.87), and 4.26% (3.87) for the Olkiluoto 3 power plant under construction. The acquisition cost of the Pohjolan Voima Oyj shares on 30 September 2021 is EUR 45.0 million (45.0) and their fair value is EUR 206.1 million (199.4).

The carrying amount of other long-term investments on 30 September 2021 is estimated to change by EUR -10.2 million, and by EUR 11.2 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 108.3 million should the energy prices applied in the fair value calculation differ by 10% from the rate estimated by the management.

### Derivatives 30 September 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	843.8	2.2	15.4	-13.2	-2.5	-10.7
<b>Total</b>	<b>843.8</b>	<b>2.2</b>	<b>15.4</b>	<b>-13.2</b>	<b>-2.5</b>	<b>-10.7</b>
Currency forwards	2,746.1	11.4	37.6	-26.3	-2.1	-24.1
Currency options	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>2,746.1</b>	<b>11.4</b>	<b>37.6</b>	<b>-26.3</b>	<b>-2.1</b>	<b>-24.1</b>
Electricity derivatives	6.8	6.1	0.0	6.1		6.1
Oil derivatives	17.9	5.2	0.3	5.0		5.0
Commodity derivatives	19.9	27.7	0.1	27.5		27.5
<b>Total</b>	<b>44.6</b>	<b>39.0</b>	<b>0.4</b>	<b>38.6</b>	<b>0.0</b>	<b>38.6</b>
<b>Derivatives total</b>	<b>3,634.5</b>	<b>52.6</b>	<b>53.4</b>	<b>-0.8</b>	<b>-4.6</b>	<b>3.8</b>

### Derivatives 30 September 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	489.9		23.7	-23.7	-0.1	-23.6
<b>Total</b>	<b>489.9</b>	<b>0.0</b>	<b>23.7</b>	<b>-23.7</b>	<b>-0.1</b>	<b>-23.6</b>
Currency forwards	2,218.4	39.3	16.7	22.7	0.5	22.1
Currency options	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>2,218.4</b>	<b>39.3</b>	<b>16.7</b>	<b>22.7</b>	<b>0.5</b>	<b>22.1</b>
Electricity derivatives	15.0	1.1	0.6	0.5		0.5
Oil derivatives	14.4	0.4	1.2	-0.8		-0.8
Commodity derivatives	12.2	0.5	0.7	-0.2		-0.2
<b>Total</b>	<b>41.7</b>	<b>2.0</b>	<b>2.5</b>	<b>-0.5</b>	<b>0.0</b>	<b>-0.5</b>
<b>Derivatives total</b>	<b>2,750.0</b>	<b>41.3</b>	<b>42.9</b>	<b>-1.6</b>	<b>0.5</b>	<b>-2.0</b>

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

<b>EUR million</b>	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>31.12.2020</b>
Own liabilities for which commitments granted	0.0	36.9	29.5
Pledges granted	0.0	88.4	0.0
Floating charges	2.6	2.8	3.0
<b>Real estate mortgages</b>	<b>8.7</b>	<b>267.0</b>	<b>227.9</b>
Commitments for own liabilities, total	11.2	358.2	230.9
Other commitments on own behalf	6.9	18.5	7.7
On behalf of associated companies	0.4	0.5	0.4
On behalf of others	0.0	0.0	0.0
<b>Total</b>	<b>18.5</b>	<b>377.2</b>	<b>239.0</b>

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

**COMMITMENTS RELATED TO PROPERTY, PLANT AND EQUIPMENT**

<b>EUR million</b>	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>31.12.2020</b>
Payments due under 1 year	621.2	122.5	123.3
Payments due in subsequent years	438.0	64.9	42.0
<b>Total</b>	<b>1,059.2</b>	<b>187.4</b>	<b>165.2</b>