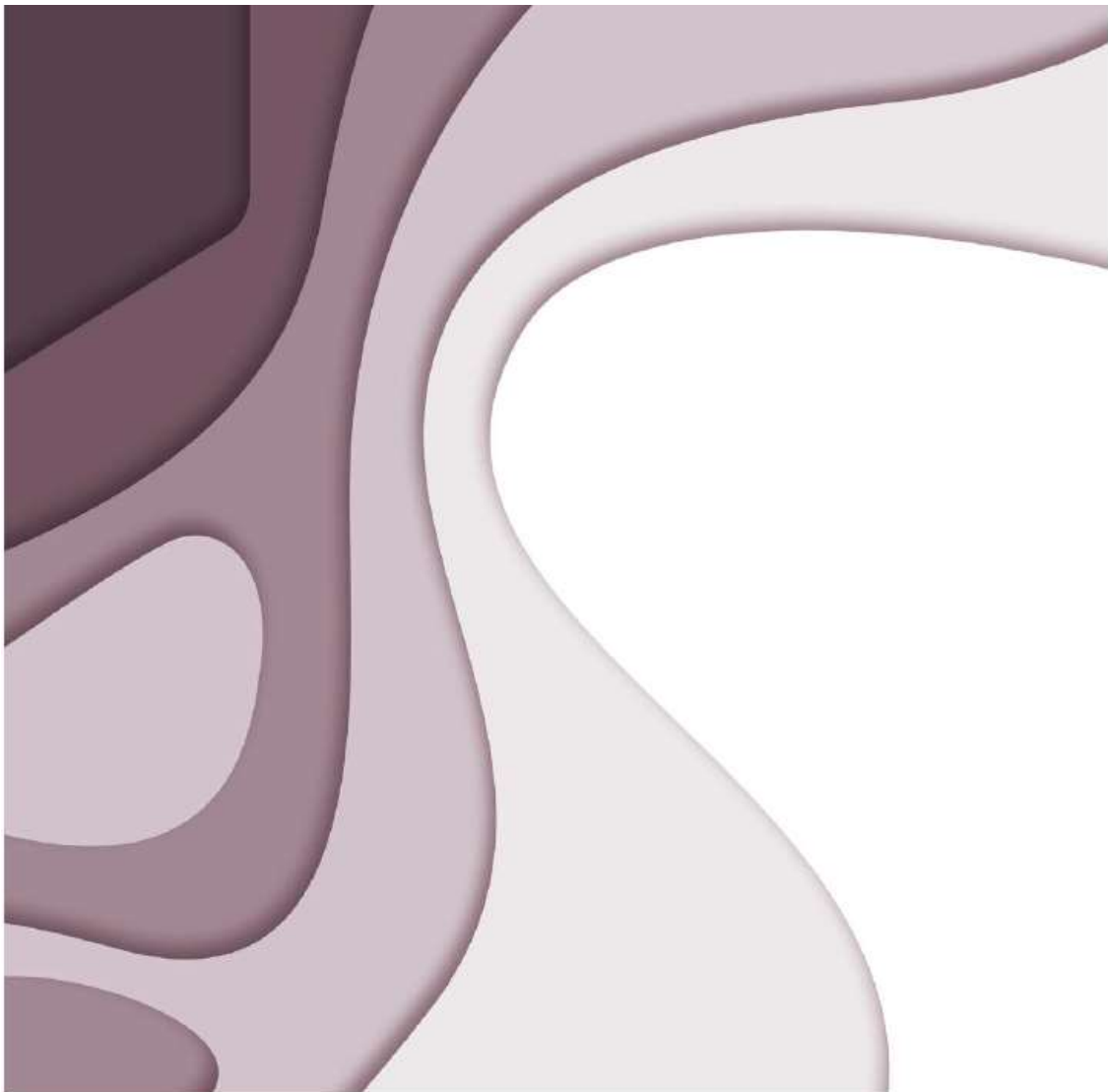


METSÄ BOARD

INTERIM REPORT

JANUARY–MARCH 2022



METSÄ BOARD'S COMPARABLE OPERATING RESULT IN JANUARY–MARCH 2022 WAS EUR 121 MILLION

JANUARY–MARCH 2022

(Compared to 1–3/2021)

- Sales were EUR 582.0 million (493.7).
- Comparable operating result was EUR 121.5 million (88.8), or 20.9% (18.0) of sales. Operating result was EUR 140.7 million (82.0).
- Comparable earnings per share were EUR 0.26 (0.20), and earnings per share were EUR 0.31 (0.18).
- Comparable return on capital employed was 21.1% (18.3).
- Net cash flow from operations was EUR 92.6 million (16.8).

EVENTS IN JANUARY–MARCH 2022

- The demand for Metsä Board's fresh fibre paperboards remained strong in the company's main market areas in Europe and North America. The euro-denominated average prices of paperboards increased by approximately 20% year-on-year.
- No significant annual maintenance shutdowns took place during the review period. The total production volume was 497,000 tonnes of paperboard, and 368,000 tonnes of pulp and BCTMP.
- At the end of the review period, interest-bearing net debt totalled EUR -99.7 million. Strong financial position supports ongoing investments.
- The share capital of Metsä Board's subsidiary Oy Hangö Stevedoring Ab was sold to Euroports Finland Oy on 31 March 2022. The company will recognise a capital gain of EUR 19.2 million in its operating result as an item affecting comparability.
- The 2022 Annual General Meeting was held on 24 March 2022 in accordance with exceptional procedures. The General Meeting decided to distribute a dividend of EUR 0.41 per share for financial year 2021. The dividend payment date was 7 April 2022.

RUSSIA'S ATTACK ON UKRAINE AND ITS IMPACTS

Russia's attack on Ukraine has an impact on Metsä Board's business operations. In 2021, Russia accounted for 5.6% and Ukraine for 0.7% of Metsä

Board's sales. Russian sales have mainly consisted of folding boxboard sales to multinational brand owners. In 2021, folding boxboard deliveries to Russia were approximately 130,000 tonnes. In March 2022, Metsä Board announced that it will discontinue its paperboard sales to Russia. In addition, new EU sanctions announced in April also ban exports of paperboard products to Russia. The strong demand for paperboard in Metsä Board's main markets Europe and North America supports the reallocation of the folding boxboard sales previously directed to Russia.

Metsä Group, responsible for Metsä Board's wood procurement, has discontinued wood procurement from Russia. Procurement has been focused on the existing sourcing areas in Finland, Sweden and the Baltic countries. In 2021, Russian wood accounted for approximately 9% of Metsä Board's wood supply. Most of the wood imports from Russia have been birch.

Metsä Board's Joutseno BCTMP mill as well as Tako and Kyro paperboard mills use natural gas imported from Russia in their production. In the short term, the company is looking into ways to replace natural gas with alternative energy forms such as liquefied gas, liquefied natural gas or oil. A sudden halt of natural gas from Russia could affect the continuity of production. By the end of 2030 at the latest, Metsä Board's goal is that all the energy it uses will be fossil free.

Metsä Board is continuing to monitor the development of sanctions and their impact on the company's business. The compliance of customers, payment /transactions and the supply chain will be ensured whenever new requirements are set.

Russia's attack on Ukraine did not have a significant impact on Metsä Board's first quarter profitability nor its financial position at the end of March.

THE CORONAVIRUS PANDEMIC AND ITS IMPACTS

The coronavirus pandemic shifted consumption from services to goods and increased the consumption of products used at home. This increased the demand for packaging materials, especially in food and other daily consumer goods – the main end uses for Metsä Board's paperboards. The pandemic also accelerated sales in e-commerce, which increased the demand for white kraftliners. The demand for Metsä Board's fresh fibre paperboards has been at a record high in all end uses throughout the pandemic.

Metsä Board's production and deliveries have run smoothly during the pandemic. There have been numerous individual infections at the beginning of the year, but thanks to restrictions, chains of transmission have been avoided.

The company continues to employ precautionary measures that aim to ensure the health of employees and the continuity of business operations, and to prevent the spread of the virus. Despite the precautionary measures, a prolonged pandemic could lead to disruptions in production or the supply chain.

Metsä Board's financial position is very good. The maturity structure of the loans is healthy, and the company has adequate liquidity. Metsä Board's paperboard product portfolio has responded to the changes in demand resulting from the pandemic, and the cash flow, which has remained strong, supports financial flexibility.

RESULT GUIDANCE FOR APRIL–JUNE 2022

Metsä Board's comparable operating result in April–June 2022 is expected to improve compared to January–March 2022.

METSÄ BOARD'S CEO MIKA JOUKIO:

"Metsä Board's profitability remained very good in the first quarter of 2022. Our sales amounted to EUR 582 million, and our comparable operating result to EUR 121 million. The comparable return on capital employed exceeded 21%. No significant annual maintenance shutdowns took place in the first quarter, and production volumes were high – a new quarterly record was achieved in pulp and BCTMP production. Paperboard delivery volumes increased over the previous quarter, and the order backlog remained high.

The euro-denominated average prices of our paperboards have increased by approximately 20% year-on-year. Successful price increases have offset rapid cost inflation, especially in logistics, chemicals and energy. In logistics, costs are rising due to higher fuel prices and problems related to the availability of transport capacity, which we expect to continue in the near future.

The demand for market pulp was at a good level in both Europe and China. Market pulp prices have been rising since the end of last year, as global bottlenecks in logistics and unplanned production shutdowns have reduced market pulp supply.

At the end of the period, our net debt was approximately EUR -100 million, ensuring a solid foundation for our ongoing investments. The new recovery boiler and turbine in Husum will start up in the autumn, increasing our energy self-sufficiency. With an eye on the investment to expand our folding boxboard capacity in

Husum, we have gradually begun to increase our inventories.

Russia's attack on Ukraine creates uncertainty in the global economy and is reflected in Metsä Board's business. Paperboard sales to Russia have been discontinued, and wood is no longer imported from Russia. We plan to reallocate paperboard sales to other market areas and we are exploring alternatives to replace natural gas imported from Russia in our production. Naturally, we are very concerned about the people suffering because of the war and their survival.

The demand for sustainably produced paperboards currently exceeds supply, and in the long term, demand will be supported by the resource efficiency of materials and the reduction of plastic use. Our operations highlight the principles of the circular economy, and we are systematically continuing our measures to mitigate climate change. We aim for entirely fossil free mills and products by the end of 2030. Although Russia's military operations, the coronavirus situation, and global bottlenecks in logistics reduce visibility of business operations, I feel confident about the future."

KEY FIGURES

	2022	2021	2021	2021
	Q1	Q1	Q4	Q1–Q4
Sales, EUR million	582.0	493.7	518.5	2,084.1
EBITDA, EUR million	161.9	105.6	108.7	466.0
comparable, EUR million	142.7	112.5	109.1	472.2
EBITDA, % of sales	27.8	21.4	21.0	22.4
comparable, % of sales	24.5	22.8	21.0	22.7
Operating result, EUR million	140.7	82.0	90.8	375.9
comparable, EUR million	121.5	88.8	91.3	386.6
Operating result, % of sales	24.2	16.6	17.5	18.0
comparable, % of sales	20.9	18.0	17.6	18.6
Result before taxes, EUR million	139.1	78.9	90.7	365.8
comparable, EUR million	119.9	85.7	91.2	376.6
Result for the period, EUR million	120.7	64.2	78.5	314.0
comparable, EUR million	101.5	71.1	81.5	326.6
Earnings per share, EUR	0.31	0.18	0.19	0.82
comparable, EUR	0.26	0.20	0.20	0.85
Return on equity, %	26.1	17.3	17.3	19.4
comparable, %	22.0	19.2	18.0	20.2
Return on capital employed, %	24.4	16.9	16.0	18.2
comparable, %	21.1	18.3	16.1	18.7
Equity ratio ¹⁾ , %	60	60	63	63
Net gearing ¹⁾ , %	-5	0	-4	-4
Interest-bearing net liabilities/comparable EBITDA	-0.2	0.0	-0.2	-0.2
Shareholders' equity per share ¹⁾ , EUR	4.76	4.09	4.78	4.78
Interest-bearing net liabilities ¹⁾ , EUR million	-99.7	-6.6	-78.4	-78.4
Total investment, EUR million	107.1	35.0	86.6	220.2
Net cash flow from operations, EUR million	92.6	16.8	119.7	329.6
Personnel ¹⁾	2,235	2,390	2,389	2,389

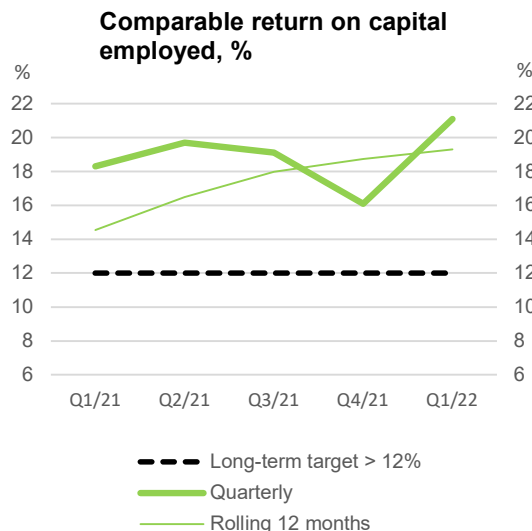
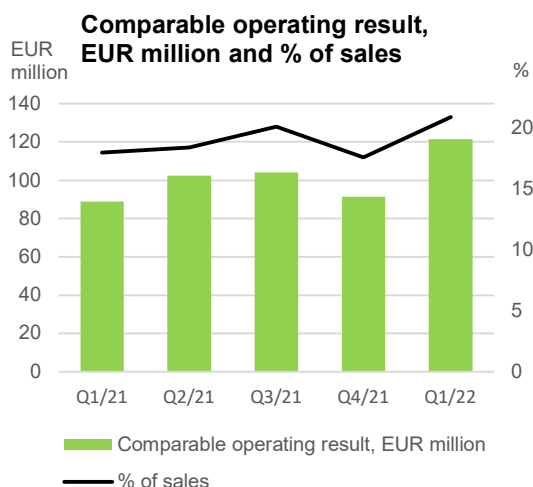
1) At the end of the period

DELIVERY AND PRODUCTION VOLUMES

	2022	2021	2021	2021	2021	2021
1,000 tonnes	Q1	Q4	Q3	Q2	Q1	Q1–Q4
Delivery volumes						
Folding boxboard	307	300	319	348	329	1,296
White kraftliner	166	143	156	166	162	627
Metsä Board's market pulp ¹⁾	122	120	104	156	116	496
Metsä Fibre's market pulp ²⁾	187	203	178	185	196	762
Production volumes						
Folding boxboard	335	295	317	318	342	1,272
White kraftliner	162	155	155	160	164	634
Metsä Board's pulp ¹⁾	368	335	335	329	362	1,362
Metsä Fibre's pulp ²⁾	181	183	184	194	186	747

¹⁾ Includes chemical pulp and high-yield pulp (BCTMP).

²⁾ Equal to Metsä Board's 24.9% holding in Metsä Fibre.



INTERIM REPORT 1 JANUARY–31 MARCH 2022

SALES AND RESULT

January–March 2022 (compared to 1–3/2021)

Metsä Board's sales totalled EUR 582.0 million (493.7). Folding boxboard accounted for 57% of sales, while 27% of sales came from white kraftliners, 13% from market pulp, and 4% from other operations.

The comparable operating result for the review period was EUR 121.5 million (88.8), and the operating result was EUR 140.7 million (82.0). Items affecting comparability totalled EUR 19.2 million and were related to the sale of the share capital of Oy Hangö Stevedoring Ab to Euroports Finland Oy.

Total deliveries of paperboards were 473,000 (491,000) tonnes, of which 68% was delivered to the EMEA region, 28% to the Americas, and 4% to the APAC region. Metsä Board's deliveries of market pulp were 122,000 (116,000) tonnes, of which 71% was delivered to the EMEA region, and 29% to the APAC region.

The comparable operating result improved especially due to the rise in paperboard prices. The euro-denominated average prices of folding boxboard and white kraftliners increased by approximately 20% compared to the corresponding period last year.

The associated company Metsä Fibre's share of Metsä Board's comparable operating result in January–March was EUR 30.8 million (13.2). In addition to the increased price of market pulp, Metsä Fibre's result benefited from the improved profitability of the sawn timber business.

Cost inflation continued, and profitability was negatively impacted by the rising prices of raw materials, especially chemicals, and energy. Higher energy costs were offset by the sale of emission allowances, totalling roughly EUR 7 million (0). Logistics costs increased due to the rapidly rising fuel prices. Other bottlenecks in logistics include problems related to the availability of containers and a shortage of truck drivers. The profitability of our paperboard business was weakened by the higher price of purchased pulp. However, overall impact of pulp on the result was positive compared to the comparison period.

Exchange rate fluctuations, including hedges, had a negative impact of EUR 3.5 million on the operating result compared to the corresponding period last year.

Financial income and expenses totalled EUR -1.6 million (-3.1), including foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments, totalling EUR -0.4 million (-0.4).

The result before taxes was EUR 139.1 million (78.9). The comparable result before taxes was EUR 119.9 million (85.7). Income taxes amounted to EUR 18.4 million (14.6).

Earnings per share were EUR 0.31 (0.18). The return on equity was 26.1% (17.3), and the comparable return on equity was 22.0% (19.2). The return on capital employed was 24.4% (16.9), and the comparable return on capital employed was 21.1% (18.3).

Operating result in January–March 2022 in brief (compared to 10–12/2021)

The comparable operating result in January–March was EUR 121.5 million (91.3). The operating result improved due to higher paperboard prices and delivery volumes, as well as smaller amount of annual maintenance

works compared to the previous quarter. Likewise, profitability was weakened by the higher logistics, raw material and energy costs. Emission allowances were sold for a total of approximately EUR 7 million (16). Exchange rate fluctuations, including hedges, had a positive impact of EUR 3.8 million. Metsä Fibre's share of

Metsä Board's comparable operating result in January–March was EUR 30.8 million (35.3). The operating result in October–December 2021 included approximately EUR 10 million in insurance claims received for the fire that broke out at the Husum pulp mill in June.

MARKET DEVELOPMENT

The table below shows the market situation of paperboard grades important for Metsä Board in Europe and the United States, as well as the development of the PIX market prices of pulp in Europe and China. The changes in market prices have been calculated from the review period's average prices. Sources: Fastmarkets FOEX, Fastmarkets RISI, CEPI Cartonboard, CEPI Containerboard.

	Q1/22 vs Q1/21	Q1/22 vs Q4/21
Paperboard deliveries		
Folding boxboard, Europe	increased clearly	stable
White kraftliners, Europe	stable	increased clearly
Market prices of paperboards in local currencies		
Folding boxboard, Europe	increased clearly	increased clearly
White kraftliners, Europe	increased clearly	increased clearly
Solid boxboard, USA	increased clearly	increased clearly
Food service board, USA	increased clearly	increased clearly
-1% < stable < +1%, increased (decreased): +1...+2% (-1%...-2%), increased clearly (decreased clearly): > +2% (< -2%)		
Market prices of pulp, PIX, USD		
Long-fibre pulp, Europe	34%	-1%
Short-fibre pulp, Europe	50%	1%
Long-fibre pulp, China	4%	14%
Short-fibre pulp, China	5%	13%

METSÄ BOARD'S BUSINESS DEVELOPMENT

Metsä Board produces high-quality, sustainable fresh fibre paperboards, and is Europe's largest producer of folding boxboard and white kraftliners. Metsä Board's folding boxboard is mainly used in consumer product packaging like food and pharmaceutical packaging. Correspondingly, the end uses of white kraftliners are mainly related to the various packaging needs of the retail sector. More than half of the white kraftliners made by Metsä Board are coated. The total annual paperboard capacity is approximately 2 million tonnes, and it is sold to more than 100 countries. Metsä Board's main market areas are Europe and North America.

Metsä Board aims to be self-sufficient in pulp, which enables the development of its paperboard business and ensures a consistently high quality in paperboard production. Metsä Board produces chemical pulp and bleached high-yield pulp (BCTMP), which are used in

its own paperboard production, with some sold as market pulp. The annual capacity for pulp and BCTMP is nearly 1.5 million tonnes. In addition, Metsä Board owns 24.9% of its associated company Metsä Fibre, a global leader in the production of softwood market pulp. Metsä Fibre's annual capacity for pulp is roughly 3.3 million tonnes.

Metsä Board covers its energy consumption with its own production and supplementary purchases from the market. Around 60% of its electricity consumption is covered by the company's own production and by electricity purchased from Pohjolan Voima and Metsä Fibre. Metsä Board has a 2.6% holding in Pohjolan Voima, from which it purchases electricity at cost price. During the year 2022, Metsä Board's electricity self-sufficiency is expected to rise to approximately 85%, when the Olkiluoto 3 power plant and the new recovery boiler and turbine in Husum come online.

Paperboard sales

Metsä Board's paperboard deliveries in January–March totalled 473,000 tonnes (1–3/2021: 491,000). The change in delivery volumes was due to inventory levels, which were lower than in the previous year.

Deliveries of folding boxboard were 307,000 tonnes (329,000), of which 72% (68) was delivered to the EMEA region, 22% (24) to the Americas, and 6% (8) to the APAC region. Deliveries of white kraftliners were 166,000 tonnes (162,000), of which 60% (63) was delivered to the EMEA region, 39% (36) to the Americas, and 1% (1) to the APAC region.

Demand for paperboards remained strong in Metsä Board's main market areas in Europe and North America. In Europe, the market situation continues to be tight due to the lower than normal paperboard volumes imported from Asia and South America.

The average prices of paperboards increased over the previous quarter, especially in Europe, following the price increases that took effect at the beginning of the year. Compared with the corresponding period last year, the average euro-denominated prices of paperboards have increased by approximately 20%.

Market pulp sales

Metsä Board's market pulp deliveries totalled 122,000 tonnes (116,000) during the review period, with the EMEA region accounting for 71% (74), and the APAC region for 29% (26).

The associated company Metsä Fibre's overall paperboard deliveries totalled 749,000 (787,000) tonnes, of which 58% was delivered to the EMEA region, 40% to the APAC region, and 2% to the Americas. Metsä Board holds 24.9% of Metsä Fibre.

The demand for market pulp was good in both Europe and China. Changes in Metsä Fibre's delivery volumes were due to variations in the timing of deliveries: a large number of deliveries took place in the last quarter of 2021. Global pulp supply has been reduced by bottlenecks in logistics, the cost inflation in energy and chemicals as well as unplanned production shutdowns. The imbalance between supply and demand has kept price levels high.

Paperboard, pulp and BCTMP production

The production volume of paperboards during the review period totalled 497,000 tonnes (506,000), while the combined production volume of pulp and BCTMP amounted to 368,000 tonnes (362,000). A new quarterly record was achieved in the production volume of pulp and BCTMP. No significant annual maintenance shutdowns took place during the review period.

Corporate transactions

On 1 January 2022, Metsä Board acquired all the shares in Hämeenkyrön Voima Oy held by Pohjolan Voima Oyj and DL Power Oy, part of Leppäkoski Group. Following the transaction, Metsä Board owns 100% of Hämeenkyrön Voima Oy. The arrangement will not have a significant impact on Metsä Board's key financial figures.

The share capital of Metsä Board's subsidiary Oy Hangö Stevedoring Ab was sold to Euroports Finland Oy on 31 March 2022. The company recognised a capital gain of EUR 19.2 million in its operating result as an item affecting comparability.

CASH FLOW

Net cash flow from operations in January–March 2022 was EUR 92.6 million (1–3/2021: 16.8). Cash flow for the review period includes a dividend of EUR 58.8 million (0) from the associated company Metsä Fibre. Working capital increased by EUR 42.9 million (increase of 79.6).

BALANCE SHEET AND FINANCING

Metsä Board's equity ratio at the end of the review period was 60% (31 December 2021: 63), and the net gearing ratio was -5% (-4). The ratio of interest-bearing net liabilities to comparable EBITDA in the previous 12 months was -0.2 (-0.2).

At the end of the review period, interest-bearing liabilities totalled EUR 467.9 million (31 December 2021: 448.6). Non-euro-denominated loans accounted for 1.9% of loans and floating-rate loans for 10.6%, the rest being fixed-rate loans. The average interest rate on liabilities was 2.3% (2.3), and the average maturity of non-current liabilities was 4.5 years (4.7). The interest rate maturity of loans was 42.6 months (45.3).

At the end of the review period, interest-bearing net debt totalled EUR -99.7 million (31 December 2021: -78.4).

Metsä Board's liquidity has remained strong. At the end of the review period, the available liquidity was EUR 956.7 million (31 December 2021: 916.0), consisting of the following items: liquid assets and investments of EUR 565.0 million, a syndicated credit facility (revolving credit facility) of EUR 200.0 million, and other committed credit facilities of EUR 191.8 million. Of the liquid assets, EUR 548.7 million consisted of short-term deposits with Metsä Group Treasury, and EUR 16.2 million were cash funds and investments. Other interest-bearing receivables amounted to EUR 2.7 million. In addition to items reported as liquidity, the liquidity re-

serve is complemented by Metsä Group's internal undrawn short-term credit facility of EUR 150.0 million and undrawn pension premium (TyEL) funds of EUR 209.7 million

The fair value of other non-current investments was EUR 177.7 million at the end of the review period (31 December 2021: 181.0). The change in the fair value is related to the decrease in the fair value of Pohjolan Voima Oyj's shares.

At the end of the review period, an average of 8.5 months of the net foreign currency exposure was hedged, including the hedging of the balance sheet position of trade receivables and trade payables.

Metsä Board has investment grade credit ratings by S&P Global and Moody's Investor Service. The company's rating by S&P Global is BBB-, with a stable outlook. The company's rating by Moody's is Baa3, with a positive outlook.

INVESTMENTS

Investments during the review period totalled EUR 107.1 million (1–3/2021: 35.0), with maintenance investments accounting for 12%, growth and development investments for 59%, and acquired business operations for 29%. Of overall investments, the company's own property, plant and equipment amounted to EUR 84.2 million (33.4) and leased property, plant and equipment to EUR 22.9 (1.5). In the latter, the most significant item was the machinery and equipment for the boiler plant from the acquisition of Hämeenkyrön Voima, totalling EUR 18.0 million.

Renewal of the Husum pulp mill

Metsä Board initiated the first phase of the renewal of the Husum pulp mill in 2019. The phase comprises a new recovery boiler and turbine. The investment value of the first phase is approximately EUR 360 million. At the end of the review period, the investments made in the project totalled EUR 306 million. The company expects the recovery boiler and turbine to start up in September 2022.

The first phase of the renewal will reduce energy costs, improve energy efficiency and reduce the duration of annual maintenance shutdowns at the Husum integrated mill. The mill's bioenergy production will increase, and its electricity self-sufficiency will rise from 40% to 80%. The investments are expected to improve Metsä Board's annual cash flow by some EUR 35 million as of 2023.

The plan is to replace the current fibre lines with a new fibre line during the second phase of the investment, later in the 2020s.

The pulp mill's renewal will enable the long-term development and growth of competitive paperboard business

operations at the Husum integrated mill. The investment will develop Metsä Board's energy production and will have a major impact on the company's goal of transitioning to fossil free mills.

Development programme of the Kemi paperboard mill

In 2021, Metsä Board initiated the development programme for the Kemi paperboard mill, which produces white-top kraftliner. The programme's investment value is approximately EUR 67 million, and the mill's annual paperboard capacity will increase by around 40,000 tonnes. The investments will take place in 2021–2023.

The programme includes a series of modernisation and bottleneck investments in the paperboard machine. 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. The development programme will also reduce water use by 40% and energy use by 5% per tonne of paperboard produced and represents a significant step towards the company's sustainability targets set for 2030.

Increasing the paperboard capacity at Husum

Metsä Board will increase its annual folding boxboard capacity by 200,000 tonnes at the Husum integrated mill in Sweden. Following the investment, the folding boxboard capacity of paperboard machine BM1 will be 600,000 tonnes per year. 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 is expected to increase Metsä Board's annual sales by approximately EUR 200 million. In addition, the investment is expected to have a positive impact of approximately EUR 50 million on the company's annual comparable EBITDA. The company expects to achieve the growth and improved result in full in 2026.

Due to the growing logistics volumes of the Husum integrated mill, the port concept will also be renewed. The value of the investments, still partly being planned, is EUR 20–30 million. The investments mainly target new warehouse capacity, expected to be completed in 2023.

Associated company Metsä Fibre's Kemi bioproduct mill

Metsä Board's associated company Metsä Fibre is building a new bioproduct mill in Kemi. The new bioproduct mill will produce annually some 1.5 million tonnes of softwood and hardwood pulp as well as other bioproducts. The estimated value of the bioproduct mill investment is approximately EUR 1.85 billion, and the mill is expected to be completed in 2023.

The bioproduct mill will not use any fossil fuels, and its electricity self-sufficiency will be 250%. The pulp production capacity includes the existing pulp production line for unbleached pulp used in the production of white kraftliner, with an annual capacity of roughly 180,000 tonnes. The new mill will replace the current pulp mill in Kemi, with an annual capacity of about 620,000 tonnes.

The financing of Metsä Fibre's bioproduct mill is composed of internal financing and debt. Metsä Board will not invest equity in Metsä Fibre to finance the project.

Metsä Board holds 24.9% of Metsä Fibre.

PERSONNEL

At the end of the review period, the number of personnel was 2,235 (31 March 2021: 2,390), of whom 1,246 (1,444) were based in Finland. In January–March, Metsä Board employed an average of 2,347 people (1–3/2021: 2,386). Personnel expenses in January–March totalled EUR 55.0 million (53.4).

SUSTAINABILITY

Metsä Board is a forerunner in sustainability and advances the bio- and circular economy. Climate change mitigation and adapting the business to a low-carbon future are at the core of Metsä Board's objectives. The company aims for entirely fossil free production and products by the end of 2030. In accordance with the principles of the circular economy, the company focuses on the sustainable use of forests and the resource efficiency of processes, and in generating as little waste and emissions as possible, and keeping materials in circulation for extended periods of time. Resource-efficiently produced lightweight, recyclable and/or compostable products also provide alternatives to plastic.

KEY SUSTAINABILITY FIGURES

	Q1 2022	Q1 2021	Q4 2021	Q1–Q4 2021	Target year 2030
Total recordable incident frequency TRIF ¹⁾	7.1	11.9	7.3	9.8	0
Lost-time accidents frequency LTA1F ¹⁾	5.1	9.0	3.7	7.0	0
Share of certified wood fibre, %	87%	83%	84%	83%	> 90%
Direct fossil-based CO ₂ emissions, tonnes (Scope 1)	54,537	63,409	56,925	255,467	0
Indirect fossil-based CO ₂ emissions ²⁾ , tonnes (Scope 2)				173,371	0
Energy efficiency improvement ³⁾	+4.8%	+4.8%	+4.3%	+4.3%	+10%
Reduction in process water use ³⁾	-11.9%	-11.7%	-12.6%	-12.6%	-30%

1) per million hours worked

2) market-based, reported annually

3) change from the base year of 2018, per tonne produced, rolling 12 months

Safety at work

Metsä Board aims for zero accidents. In the first quarter of 2022, the frequency of occupational accidents was lower than in 2021. All Metsä Board production units comply with the ISO 45001 management system, and the goal of the company's safety-at-work standards is to prevent accidents. Safety at work is developed through proactive safety work, training and investments, for example.

Share of certified wood fibre

All the wood used by Metsä Board comes from sustainably managed Northern European forests. The target is for at least 90% of the wood fibre used by Metsä Board to be certified by the end of 2030. The cooperation

agreement concluded in 2021 with the Swedish forest-owner cooperative Norra Skog will increase the proportion of certified wood fibre.

Energy and water use, and CO₂ emissions

During the last 12-month period, the use of process water per tonne produced reduced by 11.9% and energy efficiency improved by 4.8% compared to the base year of 2018. Metsä Board has revised its energy consumption for 2018, as well as the tonnes of paperboard produced, which are used in environmental accounting. The revisions had a retroactive impact on the key figures related to the improvement of energy efficiency and reduction in process water use.

Some 85% of the energy used by Metsä Board is based on fossil free energy sources. The goal is to abandon the use of fossil-based energy altogether by the end of 2030, at which point the company's direct and indirect fossil-based carbon dioxide emissions (Scope 1 and 2) will drop to zero. By then, the raw materials and packaging materials used by the company must also be fossil free.

Metsä Board's reduction targets for greenhouse gas emissions have been approved by the Science Based Targets initiative and they meet the strictest requirements of the Paris Agreement, which aim to limit global warming to 1.5°C degrees. The company's reduction targets for the emissions of its value chain (Scope 3) also meet SBTi's strictest criteria and accord with current best practices. Metsä Board is committed to 70% of its non-fibre suppliers and of the logistics operators related to our customer deliveries, measured as a share of total purchases, setting themselves targets in accordance with the SBTi by 2024. In 2021, 16% of company's suppliers had set these targets (2020: 5).

Other important events

During the review period, Metsä Board was again included on CDP's Supplier Engagement Leaderboard in recognition of its efforts to curb climate change in cooperation with goods and service suppliers. The recognition follows CDP's assessments published in December 2021, in which Metsä Board secured a place on the best A list in all of CDP's three environmental focus areas: the mitigation of climate change; the sustainable use of water; and the sustainable use of forests. Sustainability is discussed in more detail on the company's website at www.metsaboard.com/sustainability.

R&D AND INNOVATION

Key themes in Metsä Board's development work include further reducing the weight of paperboards without compromising on other properties, as well as developing barrier solutions. Lightweight paperboards are resource-efficient and help reduce the carbon footprint of packaging throughout the value chain.

Metsä Board also continues to develop barrier solutions and is investigating their commercial potential in food and food service applications. The company is running a biobarrier programme, which aims to ensure that the solutions and polymers developed for paperboards are based on fossil free raw materials by the end of 2030. The development of barrier solutions is also part of the ExpandFibre programme, Fortum and Metsä Group's EUR 50 million programme promoting the circular bioeconomy.

Metsä Group's innovation company Metsä Spring and Valmet Oyj are building a demo plant in Äänekoski. The

plant will produce new kinds of 3D fibre products directly from wood fibre pulp, without intermediate phases. End uses will include food packaging. The first test runs have been launched.

RESOLUTIONS OF THE 2022 ANNUAL GENERAL MEETING

The 2022 Annual General Meeting was held on 24 March 2022 in accordance with exceptional procedures. The General Meeting decided to distribute a dividend of EUR 0.41 per share. The dividend payment date was 7 April 2022.

The general meeting resolved that the annual remuneration of the members of the Board of Directors be increased such that the Chair will be paid EUR 99,000, the Vice Chair EUR 85,000 and ordinary members EUR 67,000 per year. In addition, it was decided to keep the meeting fees unchanged at EUR 800 for each attended meeting of the Board of Directors and its Committees. The general meeting resolved that approximately one half of the remuneration is paid in the company's B-series shares to be acquired from public trading. The transfer of such shares is restricted for a period of two years. Further, the Chair of the Audit Committee is paid an additional monthly remuneration of EUR 900.

The General Meeting resolved to approve the Remuneration Report in an advisory vote.

The general meeting fixed the number of Board members to nine (9) members and elected the following persons as members of the Board of Directors: Hannu Anttila, M.Sc (Economics), Raija-Leena Hankonen-Nyblom M.Sc (Economics), Erja Hyrsky M.Sc (Economics), Ilkka Hämälä, M.Sc. (Technology), Mari Kiviniemi M.Sc.Sc. (Econ.), Jussi Linnaranta, M.Sc (Agriculture), Jukka Moisio M.Sc (Economics), Timo Saukkonen M.Sc (Agriculture) and Veli Sundbäck, LL.M. The term of office of the Board members continues until the end of the next Annual General Meeting.

The Annual General Meeting resolved to authorise the Board to decide on a share issue and the issue of special rights entitling to shares as defined in 1§ of Chapter 10 of the Companies Act. The authorisation applies to B-shares. By virtue of the authorisation the Board is entitled to issue up to 35,000,000 new B-series shares, including shares to be issued pursuant to rights entitling to shares. The number of shares corresponds to approximately 10% of all current shares. This authorisation is effective until 30 June 2023.

The Annual General Meeting resolved to authorise the Board to decide on the acquisition of the company's own shares. The number of shares to be acquired based on the authorisation shall not exceed 1,000,000 B-shares, which corresponds to approximately 0.3% of

all current shares. This authorisation is effective until 30 June 2023.

Further information about the decisions made by the Annual General Meeting and materials related to the meeting are available on the company's website at www.metsaboard.com/AGM2022.

SHARES AND TRADING

Metsä Board has two series of shares. Each series A share entitles its holder to twenty (20) votes at a General Meeting of Shareholders, and each series B share entitles the holder to one (1) vote. All shares carry the same right to receive a dividend.

At the end of the review period, the price for Metsä Board's B share on the Nasdaq Helsinki was EUR 9.18. The share's highest and lowest prices were EUR 10.19 and EUR 7.58, respectively. Correspondingly, the closing price of the A share was EUR 9.90; the share's highest and lowest prices were EUR 10.30 and EUR 7.66, respectively. In January–March, the average daily trading volumes of the B and A shares on the Nasdaq Helsinki were 423,321 shares and 4,759 shares, respectively. The total trading volume of the B share was EUR 241 million and the total trading volume of the A share was EUR 3 million.

In addition to the Nasdaq Helsinki, Metsä Board's shares are also traded on other marketplaces. The Nasdaq Helsinki stock exchange accounted for around 75% of total trading during the review period.

At the end of the review period, the market value of all Metsä Board shares was EUR 3.3 billion, of which the market value of the B shares and the A shares accounted for EUR 3.0 billion and EUR 0.3 billion, respectively.

At the end of the review period, Metsäliitto Cooperative held 48% (31 March 2021: 48) of all shares, and the votes conferred by these shares accounted for 67% (67) of the total votes. International and nominee-registered investors held approximately 13% (15) of all shares. The company does not hold any treasury shares.

NEAR-TERM RISKS AND UNCERTAINTIES

If the cost inflation that picked up in 2021 escalates, it may weaken Metsä Board's profitability and affect the continuity of operations. Wood, energy and chemicals are important production factors. A weakening in the availability of global freight capacity may result in additional costs or restrict paperboard and pulp deliveries altogether, thereby having a negative effect on the company's profitability. Prolonged cost inflation may also

erode consumers' purchasing power, reducing the demand for paperboard products.

The world is witnessing major geopolitical tensions, and if these are aggravated, they may have a negative impact on Metsä Board's business. There have been, and will continue to be, international sanctions related to these crises, and they may also have a direct or indirect impact on the demand for paperboards and, therefore, on Metsä Board's profitability. Russia's military attack on Ukraine has an impact on Metsä Board's business through paperboard sales, as well as wood and energy supplies.

A prolongation of the coronavirus pandemic may cause disruptions in Metsä Board's production and supply chains. In addition, customers' weaker cash position or slower payment behaviour may have an impact on Metsä Board's cash flow and lead to credit losses.

There are also other considerable uncertainties in the global economy. If realised, they may result in weakened demand and reduced prices for paperboard and pulp products. An imbalance in supply and demand may impact the prices of end products and Metsä Board's profitability.

Various countries have imposed import duties and other trade restrictions on each other's products, but these have not had a direct impact on Metsä Board's business operations so far. Negative developments in world trade could, if continued, weaken Metsä Board's profitability.

Metsä Board is focusing on the active development and growth of its paperboard business. The growth of the paperboard business and the introduction of new products to the markets depend on the success of sales. Increasing sales on a global scale also involves cost and exchange rate risks. In addition, the acceptability and taxation of various packaging materials involve regulatory risks.

A majority of Metsä Board's production is located in Finland. Finland has a history of labour disputes in both the forest industry and the distribution chain of forest industry products. These may have a negative impact on production volumes and customer deliveries and weaken the company's competitiveness and profitability.

Wood accounts for more than a quarter of Metsä Board's total costs. The availability of the wood raw material becoming more difficult or a sudden increase in prices would have a weakening effect on Metsä Board's result.

Metsä Board's climate risks mainly concern forests and the use of energy and water. Regulation may steer the future use of forests. Increased regulation aiming to mitigate climate change and reduce greenhouse gas emissions may, furthermore, increase costs and result in

substantial change requirements applicable to production technology. The supply and demand of products in a low-carbon economy may differ from the current situation. Climate change may cause an increasing number of extreme weather phenomena, such as storms, floods and drought, and weaken the availability of the process water and electricity required by mills and result in breaks in production. Extreme weather conditions may also limit the availability of the wood raw material. Should they materialise, climate risks could have a negative impact on Metsä Board's profitability.

Changes in the market price of pulp have a significant impact on Metsä Board's profitability. A 10% decline (increase) in the price of market pulp would have an approximately EUR 30 million negative (positive) impact on the company's annual operating result.

The US dollar strengthening by 10% against the euro would have a positive impact of approximately EUR 86 million on Metsä Board's annual operating result. Correspondingly, the Swedish krona strengthening by 10% would have a negative impact of approximately EUR 54 million. The British pound strengthening by 10% would have a positive impact of approximately EUR 10 million. The impact of weakened exchange rates would be the opposite. The sensitivities do not include the impact of hedging.

The forward-looking estimates and statements in this interim report are based on current plans and estimates. For this reason, they contain risks and other uncertainties that may cause the results to differ from the statements concerning them. In the short term, Metsä Board's result will be particularly affected by the price of and demand for finished products, raw material costs, the price of energy, and the exchange rate development of the euro compared to the company's other main currencies.

Further information on long-term risks and risk management is available on pages 76-79 of Metsä Board's 2021 Annual Report.

NEAR-TERM OUTLOOK

Demand for paperboards is expected to remain good in the company's main market areas in Europe and North America.

Metsä Board's paperboard delivery volumes in April–June are expected to remain at the same level as in January–March (473,000 tonnes). The average prices of folding boxboard and white kraftliners are expected to increase.

Demand for long-fibre market pulp is expected to remain good in Europe and China. The global supply of market pulp is restricted by various factors, including bottlenecks in logistics and unplanned production shutdowns. The impacts of the Covid-19 situation in China

create uncertainty in the development of the market situation in the long term.

There will be more planned maintenance shutdowns in April–June 2022 than in the previous quarter.

Cost inflation is expected to continue. Global problems in the availability of transport equipment and higher fuel prices will increase logistics costs. Other production costs are driven up especially by rising prices in energy and certain chemicals.

Exchange rate fluctuations in April–June 2022, including the impact of hedges, will have a slightly positive impact on the operating result compared to January–March 2022 and April–June 2021.

ANNUAL MAINTENANCE AND INVESTMENT SHUTDOWNS IN 2022

The annual maintenance shutdowns of paperboard and BCTMP mills in Finland will be spread fairly evenly over the second, third and fourth quarters of 2022.

Husum's new recovery boiler and turbine are expected to start up in September. Due to this, the Husum integrated mill will not have a large-scale annual maintenance shutdown like those in previous years during 2022.

Major planned annual maintenance and investment shutdowns at mills in 2022

Q1/2022	No large-scale maintenance activities
Q2/2022	Metsä Fibre's Joutseno and Rauma pulp mills
Q3/2022	The Kemi integrated mill
Q4/2022	Metsä Fibre's Äänekoski bioproduct mill.

The Kemi integrated mill includes Metsä Board's paperboard mill and Metsä Fibre's pulp mill

RESULT GUIDANCE FOR APRIL–JUNE 2022

Metsä Board's comparable operating result in April–June 2022 is expected to improve compared to January–March 2022.

METSÄ BOARD CORPORATION

Espoo 28 April 2022
BOARD OF DIRECTORS

Further information:

Henri Sederholm, CFO,
tel. +358 10 465 4913

Katri Sundström, VP, Investor Relations,
tel. +358 10 462 0101

A conference call held for investors and analysts will begin on 28 April at 3 p.m. Conference call participants are requested to dial in and register a few minutes earlier on the following numbers:

Finland: +358 981710310
Sweden: +46 856642651

United Kingdom: +44 3333000804
United States: +1 6319131422

The conference call ID is 18042887#.

The presentation material will be available before the start of the conference call at
<https://www.metsaboard.com/Investors/Pages/default.aspx> and <https://metsaboard.videosync.fi/2022-q1>.

Metsä Board's financial reporting in 2022:

28 July 2022: Half-year Financial Report for January–June 2022
27 October 2022: Interim Report for January–September 2022

CALCULATION OF KEY RATIOS

Operating result	=	Result before income tax, financial income and expenses, exchange gains and losses share of results from associated companies and joint ventures
EBITDA	=	Operating result before depreciation, amortisation and impairment losses
Return on equity (%)	=	(Result before income tax - income taxes) per (Shareholder's equity (average))
Return on capital employed (%)	=	(Result before income taxes + net exchange differences and other financial expenses) (Balance total + non-interest bearing liabilities (average))
Equity ratio (%)	=	(Shareholder's equity) per (Balance total - advance payments received)
Net gearing ratio (%)	=	(Interest-bearing net liabilities) per (Shareholder's equity)
Interest-bearing net liabilities	=	Interest-bearing liabilities – cash and cash equivalents and interest-bearing receivables
Total investments	=	Investments in owned and leased fixed assets and investments in business combinations
Earnings per share	=	(Profit attributable to shareholders of parent company) per (Adjusted number of shares (average))
Shareholders' equity per share	=	(Equity attributable to shareholders of parent company) per (Adjusted number of shares at the end of the period)
Adjusted average share price	=	(Total traded volume per share (EUR)) per (Average adjusted number of shares traded during the financial year)
Market capitalisation	=	(Number of shares) x (market price at the end of period)

COMPARABLE KEY RATIOS

According to the guidelines of the European Securities and Markets Authority (ESMA), alternative performance measures are key figures concerning historical or future financial performance, financial standing or cash flows that are not determined by the financial reporting framework applied by the company. Metsä Board's financial reporting framework consists of the IFRS standards in the form in which they were adopted by the EU in line with Regulation (EC) No. 1606/2002. With the exception of earnings per share, which have been defined in standard IAS 33 (Earnings per Share), the key figures presented in this financial report meet ESMA's criteria for alternative performance measures.

Metsä Board believes that the presentation of alternative performance measures provides users of financial statements with a better understanding of the company's financial performance and standing, including its use of equity, operational profitability and ability to service debt.

The reconciliation of the comparable key figures is presented in this financial report. Metsä Board considers

that the key figures derived in this manner improve the comparability of 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 by 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", costs arising from acquisitions and divestments, adjustment measures and other restructuring, as well as adjustments thereof as well as items arising from legal proceedings.

Metsä Board considers comparable key figures to better reflect its operational performance, as they eliminate the effect on the result of items and business transactions arising from outside normal business operations.

FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	Q1 2022	Q1 2021	Q1–Q4 2021
Sales	2, 6	582.0	493.7	2,084.1
Change in stocks of finished goods and work in progress		18.8	22.3	11.9
Other operating income	2, 6	29.6	2.2	57.0
Material and services	6	-410.0	-338.2	-1,461.0
Employee costs		-55.0	-53.4	-216.0
Share of result of associated company	6	30.8	6.4	114.4
Depreciation, amortisation and impairment losses		-21.2	-23.6	-90.2
Other operating expenses		-34.3	-27.4	-124.4
Operating result	2	140.7	82.0	375.9
Share of results of associated companies and joint ventures		0.0	0.0	0.0
Net exchange gains and losses		-0.4	-0.4	-2.3
Other net financial items	2, 6	-1.2	-2.7	-7.7
Result before income tax		139.1	78.9	365.8
Income taxes	3	-18.4	-14.6	-51.8
Result for the period		120.7	64.2	314.0

EUR million	Note	Q1 2022	Q1 2021	Q1–Q4 2021
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gains/losses on defined pension plans		3.2	3.9	3.0
Financial assets valued at fair value through other comprehensive income	8	8.7	-7.4	-5.8
Share of other comprehensive income of associated company		-0.5	-0.1	-0.1
Income tax relating to items that will not be reclassified		-2.4	0.7	-0.8
Total		9.0	-2.9	-3.7
Items that may be reclassified to profit or loss				
Cash flow hedges		23.3	-28.1	-11.0
Translation differences		-3.7	-6.8	-4.8
Share of other comprehensive income of associated company		4.7	-4.8	-3.8
Income tax relating to components of other comprehensive income		-4.7	5.9	2.2
Total		19.6	-33.7	-17.4
Other comprehensive income, net of tax		28.6	-36.6	-21.1
Total comprehensive income for the period		149.3	27.6	292.8
Result for the period attributable to				
Shareholders of parent company		110.7	62.9	292.1
Non-controlling interests		10.0	1.3	21.9
Total		120.7	64.2	314.0
Total comprehensive income for the period attributable to				
Shareholders of parent company		140.3	27.3	272.4
Non-controlling interests		9.0	0.3	20.4
Total		149.3	27.6	292.8
Earnings per share for result attributable to shareholders of parent company (EUR/share)		0.31	0.18	0.82

The notes are an integral part of the condensed financial report.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS				
Non-current assets				
Goodwill		12.2	12.4	12.4
Other intangible assets		7.3	6.1	6.2
Tangible assets	4	1,014.8	827.7	935.0
Investments in associated companies and joint ventures		454.9	370.3	479.0
Other investments	8	177.7	179.5	181.0
Other non-current financial assets	6, 8	19.9	14.8	15.3
Deferred tax receivables	2	9.1	6.9	8.4
		1,695.9	1,417.7	1,637.2
Current assets				
Inventories		413.5	384.1	382.6
Accounts receivables and other receivables	6, 8	435.2	347.0	366.5
Cash and cash equivalents	6, 8	565.0	467.8	524.2
		1,413.7	1,198.8	1,273.4
Assets classified as held for sale				11.0
Total assets		3,109.6	2,616.5	2,921.5
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Equity attributable to shareholders of parent company		1,692.3	1,452.3	1,699.4
Non-controlling interests		155.2	126.0	146.2
Total equity		1,847.4	1,578.3	1,845.6
Non-current liabilities				
Deferred tax liabilities		103.7	90.4	96.2
Post-employment benefit obligations	2	13.0	12.8	13.7
Provisions	5	3.0	3.7	2.0
Borrowings	8	455.8	444.3	437.0
Other liabilities	8	2.1	4.8	3.2
		577.6	556.0	552.1
Current liabilities				
Provisions	5	1.0	1.0	1.0
Current borrowings	6, 8	12.1	19.6	10.0
Accounts payable and other liabilities	6, 8	672.4	461.6	506.0
		685.5	482.2	517.0
Liabilities classified as held for sale				6.8
Total liabilities		1,263.1	1,038.2	1,076.0
Total shareholders' equity and liabilities		3,109.6	2,616.5	2,921.5

The notes are an integral part of the condensed financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR million	Note	Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Equity Total
Shareholders' equity, 1 January 2021		557.9	-24.9	136.6	265.8	448.4	1,383.8		1,383.8
Comprehensive income for the period									
Result for the period						62.9	62.9	1.3	64.2
Other comprehensive income net of tax total			-5.0	-33.7		3.1	-35.6	-1.0	-36.6
Comprehensive income total			-5.0	-33.7		66.0	27.3	0.3	27.6
Share based payments						-0.8	-0.8		-0.8
Transactions with non-controlling interests						134.4	134.4	125.7	260.2
Related party transactions									
Dividend and capital distribution					-56.9	-35.6	-92.4		-92.4
Shareholders' equity, 31 March 2021		557.9	-29.9	102.9	208.9	612.5	1,452.3	126.0	1,578.3

EUR million	Note	Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Equity Total
Shareholders' equity, 1 January 2022		557.9	-27.2	118.3	208.9	841.5	1,699.4	146.2	1,845.6
Comprehensive income for the period									
Result for the period						110.7	110.7	10.0	120.7
Other comprehensive income net of tax total			-2.6	29.7		2.5	29.6	-1.0	28.6
Comprehensive income total			-2.6	29.7		113.2	140.3	9.0	149.3
Share based payments						-1.6	-1.6		-1.6
Related party transactions									
Dividend and capital distribution						-145.8	-145.8		-145.8
Shareholders' equity, 31 March 2022		557.9	-29.8	148.0	208.9	807.3	1,692.3	155.2	1,847.4

The notes are an integral part of the condensed financial report.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	Q1 2022	Q1 2021	Q1-Q4 2021
Result for the period		120.7	64.2	314.0
Total adjustments	7	-15.6	36.0	11.8
Change in working capital		-42.9	-79.6	49.5
Net financial items	7	58.3	0.3	-14.6
Income taxes paid		-27.9	-4.2	-31.1
Net cash flow from operations		92.6	16.8	329.6
Acquisitions		-13.6		
Investments in intangible and tangible assets		-70.4	-33.8	-213.7
Disposals and other items	6, 7	35.1	0.1	30.7
Net cash flow from investing		-48.8	-33.6	-183.0
Changes in non-controlling interests	7		261.2	261.2
Changes in non-current loans and in other financial items	6	-2.6	10.1	-8.0
Paid dividend and capital distribution				-92.4
Net cash flow from financing		-2.6	271.2	160.7
Changes in cash and cash equivalents		41.1	254.3	307.3
Cash and cash equivalents at beginning of period	6	524.2	214.0	214.0
Translation difference in cash and cash equivalents		-0.4	-0.6	3.0
Changes in cash and cash equivalents		41.1	254.3	307.3
Cash and cash equivalents at end of period	6	565.0	467.8	524.2

The notes are an integral part of the condensed financial report.

NOTES TO THE UNAUDITED FINANCIAL REPORT

NOTE 1 – BACKGROUND AND BASIS OF PREPARATION

Metsä Board Corporation and its subsidiaries comprise a forest industry group whose main product areas are fresh fibre cartonboards and linerboards. Metsä Board Corporation, the parent company, is domiciled in Helsinki and the registered address of the company is Revontulenpuisto 2, 02100 Espoo, Finland. Metsä Board's ultimate parent company is Metsäliitto Cooperative.

This financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the 2021 IFRS financial statements. The effects of foreign exchange changes on review period operating result vis-à-vis comparison period result have been calculated based on estimated review period net cash flows in relevant currencies and taking into account the realized effects of foreign exchange hedges.

The same accounting policies have been applied as in the 2021 IFRS financial statements with the following exception:

Depreciation of machinery and equipment during the financial year has been adjusted between the quarters when applicable in order to correspond with the distribution of the economic benefit of the asset between

quarters. Refinitiv FX closing rate has been used as EUR/RUB valuation rate representing market rate at the time.

Amendments to standards applied during the 2022 financial period:

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use. According to the amendments, the revenue accumulated from the sales of products created by the use of an unfinished tangible asset must be recognised through profit and loss. The amendments have an impact on the determination of the acquisition cost of the Group's tangible assets.

Other amendments to the standards do not have a material effect on the Group's financial report.

The impact of the coronavirus on Metsä Board's business is described in more detail in the explanatory part of this financial report.

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

This financial report was authorised for issue by the Board of Directors of Metsä Board on 28 April 2022.

NOTE 2 – SEGMENT INFORMATION

The Corporate Management Team is the chief operational decision-maker monitoring business operations performance based on the operating segments. Metsä

Board's business operations consist solely of folding boxboard, fresh fibre linerboard and market pulp businesses. Metsä Board reports on its financial performance in one reporting segment.

GEOGRAPHICAL DISTRIBUTION OF SALES

	Q1	Q1	Q1–Q4
EUR million	2022	2021	2021
EMEA	390.0	337.7	1,409.3
Americas	148.6	119.0	482.2
APAC	43.4	37.0	192.7
Total	582.0	493.7	2,084.1

RECONCILIATION OF COMPARABLE FIGURES

EUR million	Q1 2022	Q1 2021	Q1–Q4 2021
Operating result	140.7	82.0	375.9
Depreciation, amortisation and impairment losses	21.2	23.6	90.2
EBITDA	161.9	105.6	466.0
Items affecting comparability:			
Other operating income	-19.2		-12.2
Share of results of associated companies		6.9	8.7
Other operating expense			9.7
Total	-19.2	6.9	6.2
EBITDA, comparable	142.7	112.5	472.2
Depreciation, amortisation and impairment losses	-21.2	-23.6	-90.2
Items affecting comparability:			
Impairment charges and reversals of impairments			4.6
Operating result, comparable	121.5	88.8	386.6
Share of results of associated companies and joint ventures	0.0	0.0	0.0
Net financial items	-1.6	-3.1	-10.0
Result before income tax, comparable	119.9	85.7	376.6
Income taxes	-18.4	-14.6	-51.8
Income taxes related to items affecting comparability			1.9
Result for the period, comparable	101.5	71.1	326.6

"+" sign items = expense affecting comparability

"-" sign items = income affecting comparability

Items affecting comparability in 2022 totalled EUR 19.2 million and were related to the sale of the share capital of Oy Hangö Stevedoring Ab to Euroports Finland Oy.

Items affecting comparability in 2021 totalled EUR 10.8 million and comprised the following items: a EUR 7.0 million capital gain from the sale of a land area unre-

lated to business operations; a EUR -6.9 million impairment recognised in the assets of Metsä Fibre's Kemi pulp mill; EUR -1.8 million recognised in taxes as a result of the tax audit in Metsä Fibre's subsidiary in Italy; a EUR -4.6 million impairment recognised in the current paperboard production assets in Husum; and EUR -4.5 million in costs related to the chip conveyor fire at the Husum pulp mill. In addition, EUR -2.3 million of taxes affecting comparability are reported in the taxes of previous financial years based on the tax audit of the Italian subsidiary.

NOTE 3 – INCOME TAXES

EUR million	Q1 2022	Q1 2021	Q1–Q4 2021
Taxes for the current period	18.1	12.5	48.6
Taxes for the prior periods	0.0	0.9	3.2
Change in deferred taxes	0.2	1.3	0.1
Total income taxes	18.4	14.6	51.8

NOTE 4 – CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	Q1 2022	Q1 2021	Q1–Q4 2021
Carrying value at beginning of period	935.0	824.7	824.7
Acquired businesses	29.6		
Investments to owned property, plant and equipment	71.2	33.4	214.6
Investments to leased property, plant and equipment	5.0	1.5	4.1
Decreases	-0.1	-0.4	-2.9
Depreciation, amortization and impairment losses	-21.2	-23.1	-88.2
Translation difference	-4.7	-8.4	-8.6
Transfers to assets held for sale (Oy Hangö Stevedoring Ab)			-8.6
Carrying value at end of the period	1,014.8	827.7	935.0

Acquired businesses in January-March 2022 include the tangible assets of Hämeenkyrön Voima Oy.

There were no impairment losses recognised in 2022. In 2021 there were an impairment loss of EUR -4.6 million recognised in the current paperboard production

assets in Husum, which the company plans to replace in the investment increasing the mill's folding boxboard capacity.

NOTE 5 – PROVISIONS

EUR million	Restructuring	Environmental obligations	Other provisions	Total
1 January 2022	0.2	2.7	0.0	3.0
Translation differences	0.0		0.0	0.0
Additions				
Utilised during the year				0.0
31 March 2022	0.2	2.7	0.0	3.0
Non-Current Provisions	0.0	2.0	0.0	2.0
Current Provisions	0.2	0.8	0.0	1.0
Total	0.2	2.7	0.0	3.0

Half of non-current provisions are estimated to be utilised by the end of 2025 and the rest in 2030s.

NOTE 6 – RELATED PARTY TRANSACTIONS

Related parties include Metsä Board's ultimate parent company Finnish Metsäliitto Cooperative, other subsidiaries of Metsäliitto, associated companies and joint ventures. The members of The Board of Directors and Metsä Group's Executive Management Team and Metsä Board's Corporate Management Team as well as their close family members are also included in related parties.

Metsä Board enters into a significant number of transactions with related parties for the purchases of inventories, sale of goods, corporate services as well as financial transactions. Arm's length pricing has been followed in product and service transactions undertaken and interest rates set between Metsä Board and the related parties.

Transactions with parent and sister companies

EUR million	Q1 2022	Q1 2021	Q1–Q4 2021
Sales	42.3	21.9	110.3
Other operating income	1.9	1.0	5.0
Purchases	204.3	161.7	697.2
Share of result from associated company	30.8	6.4	114.4
Interest income	0.0	0.0	0.0
Interest expenses	0.3	0.3	1.0
Accounts receivables and other receivables	91.6	30.8	60.7
Cash and cash equivalents	548.7	457.4	496.4
Accounts payable and other liabilities	153.7	130.4	83.8

Metsä Fibre's net result is included within operating result line item "Share of result from associated company" and transactions with Metsä Fibre are included in transactions with sister companies.

Metsä Fibre paid a dividend of EUR 58.8 million to Metsä Board in the review period (0.0).

Cash and cash equivalents include interest-bearing receivables comparable to cash funds and available from Metsä Group's internal bank Metsä Group Treasury Oy.

Transactions with associated companies and joint ventures

EUR million	Q1 2022	Q1 2021	Q1–Q4 2021
Sales	0.2	0.2	0.2
Purchases	0.5	1.0	4.2
Other non-current financial assets			
Accounts receivables and other receivables	0.1	0.1	0.3
Accounts payable and other liabilities	0.6	0.6	0.7

NOTE 7 – NOTES TO CONSOLIDATED CASH FLOW STATEMENT

ADJUSTMENTS TO THE RESULT FOR THE PERIOD

	Q1	Q1	Q1-Q4
EUR million	2022	2021	2021
Taxes	18.4	14.6	51.7
Depreciation, amortization and impairment charges	21.2	23.7	90.2
Share of result from associated companies and joint ventures	-30.8	-6.4	-114.4
Gains and losses on sale of fixed assets	-26.5	-0.1	-28.2
Finance costs, net	1.6	3.1	10.0
Pension liabilities and provisions	-0.3	-0.1	-0.7
Other adjustments	0.8	1.2	3.2
Total	-15.6	36.0	11.8

Net financial items

Net financial items in consolidated cash flow statement include a dividend of EUR 58.8 million paid by Metsä Fibre (0.0).

Acquisitions

Acquisitions include EUR -13.6 million for the shares of Hämeenkyrön Voima Oy, acquired in January–March 2022.

Disposals and other items

Disposals and other items reported in 2022 were EUR 35.1 million in total. They consisted of proceeds amounting to EUR 7.0 million from emission right sales,

sales proceeds of EUR 15.9 million from sale of Oy Hangö Stevedoring Ab shares, sales proceeds of EUR 12.0 million from sale of G10 shares to Pohjolan Voima Oyj and other items amounting to EUR 0.2 million.

Disposals and other items reported in 2021 were EUR 30.7 million in total. They consisted of proceeds amounting to EUR 21.3 million from emission right sales, sales proceeds of EUR 8.7 million from sale of non-business related land area as well as other sale proceeds and other items amounting to EUR 0.7 million.

NOTE 8 – FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities and their fair values

Financial assets 31 March 2022

EUR million	Fair value through profit and loss	Fair value through other comprehen- sive income	Amortised cost	Total carrying amount
Other non-current investments	3.4	174.3		177.7
Other non-current financial assets			18.0	18.0
Accounts receivables and other receivables			369.1	369.1
Cash and cash equivalent	0.0		565.0	565.0
Derivative financial instruments	1.5	56.6		58.0
Total carrying amount	4.8	230.9	952.1	1,187.8
Total fair value	4.8	230.9	952.1	1,187.8

Financial liabilities 31 March 2022

EUR million	Fair value through profit and loss	Fair value through other comprehen- sive income	Amortised cost	Total carrying amount
Non-current interest-bearing financial liabilities			455.8	455.8
Other non-current financial liabilities			0.5	0.5
Current interest-bearing financial liabilities			12.1	12.1
Accounts payable and other financial liabilities			594.0	594.0
Derivative financial instruments	0.5	19.9		20.4
Total carrying amount	0.5	19.9	1,062.4	1,082.8
Total fair value	0.5	19.9	1,070.6	1,091.0

Classification of financial assets and liabilities and their fair values

Financial assets 31 March 2021

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
Other non-current investments	3.5	176.0		179.5
Other non-current financial assets			14.6	14.6
Accounts receivables and other receivables			335.1	335.1
Cash and cash equivalent	0.0		467.8	467.8
Derivative financial instruments	0.4	11.7		12.1
Total carrying amount	3.9	187.7	817.4	1,009.0
Total fair value	3.9	187.7	817.4	1,009.0

Financial liabilities 31 March 2021

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
Non-current interest-bearing financial liabilities			444.3	444.3
Other non-current financial liabilities			0.4	0.4
Current interest-bearing financial liabilities			19.6	19.6
Accounts payable and other financial liabilities			402.9	402.9
Derivative financial instruments	2.3	15.8		18.1
Total carrying amount	2.3	15.8	867.2	885.3
Total fair value	2.3	15.8	900.5	918.6

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 Board, 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 0.3–1.4% (0.3–1.5). The fair values of accounts and other 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 as of 31 March 2022

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Other non-current investments			177.7	177.7
Derivative financial assets	16.8	41.2		58.0
Financial liabilities measured at fair value				
Derivative financial liabilities		20.4		20.4
Financial assets not measured at fair value				
Cash and cash equivalent		564.9		564.9
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		463.9		463.9
Current interest-bearing financial liabilities		12.2		12.2

Fair value hierarchy of financial assets and liabilities as of 31 March 2021

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Other non-current investments			179.5	179.5
Derivative financial assets	6.0	6.1		12.1
Financial liabilities measured at fair value				
Derivative financial liabilities	0.3	17.8		18.1
Financial assets not measured at fair value				
Cash and cash equivalent		467.7		467.7
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		477.6		477.6
Current interest-bearing financial liabilities		19.6		19.6

Other non-current investments at fair value based on Level 3

EUR million	Q1 2022	Q1 2021	Q1–Q4 2021
Carrying value at beginning of period	181.0	186.9	186.9
Total gains and losses in profit or loss			-0.1
Total gains and losses in other comprehensive income	8.7	-7.4	-5.8
Purchases			
Disposals	-12.0		0.0
Transfers to assets held for sale (Oy Hangö Stevedoring Ab)			0.0
Carrying value at end of the period	177.7	179.5	181.0

Financial assets and liabilities measured at fair value 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 determined by using valuation techniques that use observable price information from market.

Level 3

Fair value are not based on observable market data, but company's own assumptions.

The fair values of electricity, natural gas, propane, fuel oil derivatives are determined by using public price quotations in an active market (Level 1).

The fair values of currency forwards and options are determined by using the market prices of the closing date of the reporting period. The fair values of interest rate swaps are determined by using the present value of expected payments, discounted using a risk adjusted discount rate, supported by market interest rates and other market data of the closing date of the reporting period (Level 2).

For financial instruments not traded on an active market, the fair value is determined by valuation techniques. Judgment is used when choosing the different techniques and making assumptions, which are mainly based on circumstances prevailing in the markets on each closing date of the reporting period (Level 3).

The valuation techniques are described in more detail in the Annual report.

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 investment is determined based on the present value of discounted cash flows.

On 1 January 2022, Metsä Board acquired the entire share capital of Hämeenkyrön Voima Oy from Pohjolan Voima Oyj (84%) and from DL Power Oy, part of Leppäkoski group (16%). In this connection, Metsä Board sold its series G10 shares, which corresponded to an 84% holding in Hämeenkyrön Voima Oy, to Pohjolan Voima Oyj for EUR 12.0 million.

The WACC used in Pohjolan Voima Oyj share valuation on 31 March 2022 was 3.75% (31 December 2021: 3.14). The acquisition cost of shares in Pohjolan Voima Oyj on 31 March 2022 is EUR 28.3 million (40.2) and fair value EUR 174.3 million (177.6).

The carrying value of other investments as of 31 March 2022 is estimated to change by EUR -8.1 million and EUR 8.9 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 value of other investments is estimated to change by EUR 65.3 million should the energy prices used in calculating the fair value differ by 10% from the prices estimated by the management.

Derivatives 31 March 2022

EUR million	Nominal value	Fair value			Fair value	
		Derivative Assets	Liab.	Fair value Net	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	100.0	0.2	0.2	0.0		0.0
Interest rate derivatives	100.0	0.2	0.2	0.0		0.0
Currency forward contracts	1,324.2	6.3	19.4	-13.1	1.0	-14.1
Currency option contracts	109.4	0.4	0.1	0.3		0.3
Currency derivatives	1,433.6	6.7	19.6	-12.9	1.0	-13.8
Electricity derivatives	3.0	6.2		6.2		6.2
Oil derivatives	21.8	9.3		9.3		9.3
Natural gas and propane derivatives	24.5	35.6	0.6	34.9		34.9
Commodity derivatives	49.3	51.1	0.6	50.4		50.4
Derivatives total	1,582.9	58.0	20.4	37.6	1.0	36.6

Derivatives 31 March 2021

EUR million	Nominal value	Fair value			Fair value	
		Derivative Assets	Liab.	Fair value Net	Fair value through profit and loss	Fair value through other comprehensive income Assets
Interest rate swaps	100.0		3.0	-3.0		-3.0
Interest rate derivatives	100.0		3.0	-3.0		-3.0
Currency forward contracts	1,025.1	3.8	14.8	-11.0	-1.9	-9.2
Currency derivatives	1,025.1	3.8	14.8	-11.0	-1.9	-9.2
Electricity derivatives	8.0	1.8	0.2	1.5		1.5
Oil derivatives	17.2	3.5	0.0	3.5		3.5
Natural gas and propane derivatives	10.6	3.0	0.1	3.0		3.0
Commodity derivatives	35.7	8.3	0.3	8.0		8.0
Derivatives total	1,160.9	12.1	18.1	-6.0	-1.9	-4.1

NOTE 9 – COMMITMENTS AND GUARANTEES

EUR million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Leases not yet commenced to which the Group is committed			18.0
Guarantees and counter-indemnities	1.5	1.7	1.5
Commitments on behalf of associated companies and joint ventures		0.1	
Total	1.5	1.8	19.5

COMMITMENTS RELATED TO PROPERTY, PLANT AND EQUIPMENT

EUR million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Payments due in following 12 months	58.2	55.1	80.6
Payments due later	2.4	5.3	1.9
Total	60.7	60.4	82.4

Commitments related to property, plant and equipment concern mainly the first phase of the modernisation of

the Husum pulp mill and an investment to increase Husum's folding boxboard capacity.