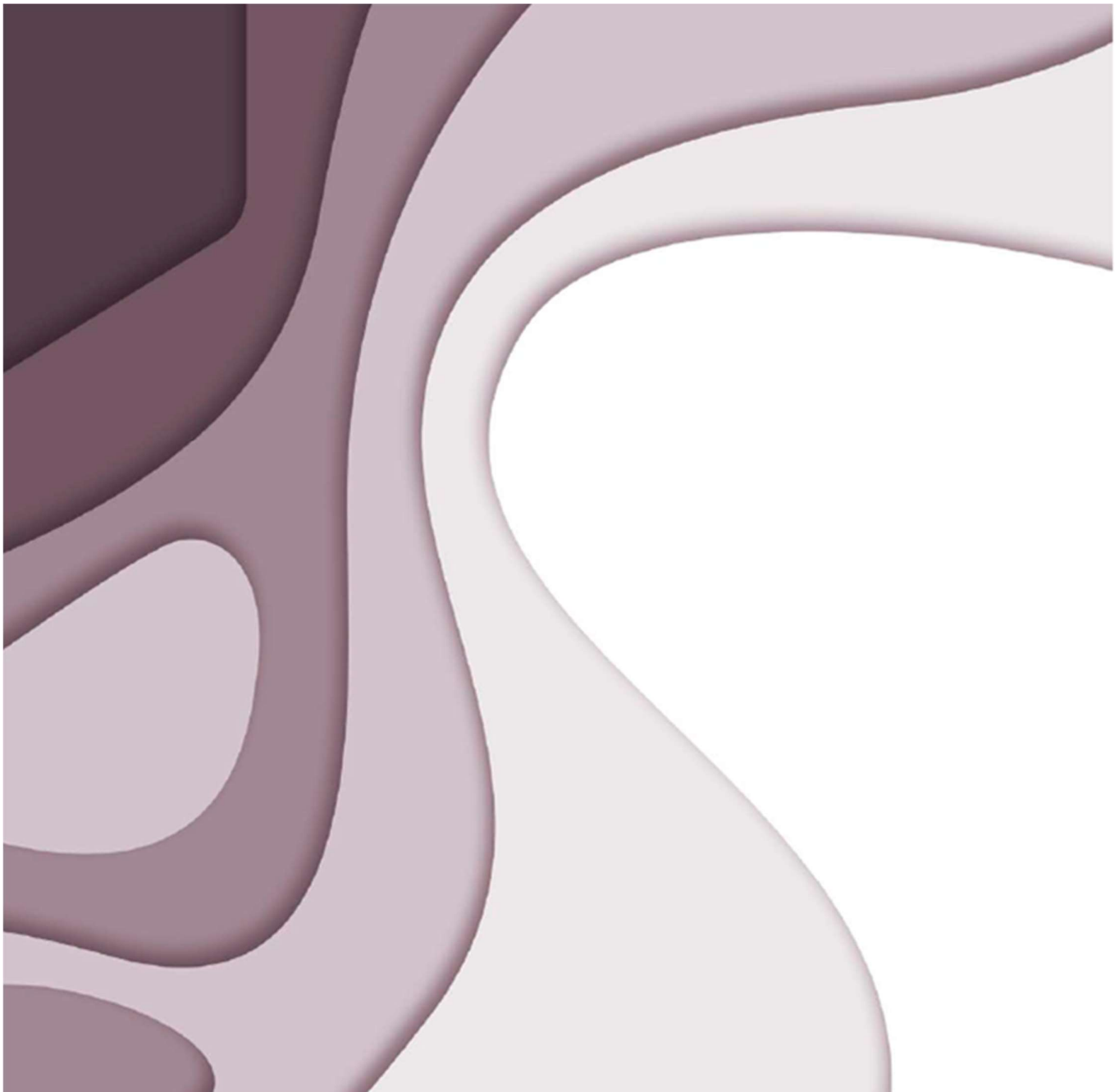




Metsä Board
Interim report 1 January–30 September 2022



Metsä Board's comparable operating result in 2022 January–September was EUR 420 million

January–September 2022 (compared to 1–9/2021)

- Sales were EUR 1,879.7 million (1,565.6).
- The comparable operating result was EUR 420.0 million (295.3), or 22.3% of sales (18.9). Operating result was EUR 436.8 million (285.0).
- Comparable earnings per share were EUR 0.90 (0.65), and earnings per share were EUR 0.94 (0.63).
- Comparable return on capital employed was 23.0 % (19.4).
- Net cash flow from operations was EUR 161.7 million (209.8).

July–September 2022 (compared to 7–9/2021)

- Sales were EUR 647.3 million (516.1).
- The comparable operating result was EUR 152.5 million (104.0), or 23.6% (20.1) of sales. Operating result was EUR 153.4 million (99.4).
- Comparable earnings per share were EUR 0.33 (0.23), and earnings per share were EUR 0.33 (0.22).
- Comparable return on capital employed was 24.7% (19.1).
- Net cash flow from operations was EUR 66.4 million (59.1).

Events in July–September 2022

- The demand for Metsä Board's folding boxboard remained stable in Europe and North America. The demand for white kraftliners slowed down slightly in Europe.
- The average prices of paperboards in euros increased from the second quarter.
- Cost inflation continued to be rapid. The rise in costs was faster than expected, especially in energy and chemicals.
- Despite the increasingly tight market situation of birch pulpwood, wood deliveries have flowed well to Metsä Board's mills.
- Russia's war in Ukraine did not have a significant impact on Metsä Board's profitability in the third quarter or on the company's financial position at the end of September.

- Metsä Board started pre-engineering for new folding boxboard mill in Kaskinen, Finland. The mill's planned annual capacity is 800,000 tonnes. A potential investment decision could be made in 2024 at the earliest.

Result guidance for October–December 2022

Metsä Board's comparable operating result in October–December 2022 is expected to be weaker than in July–September 2022.

Metsä Board's CEO Mika Joukio:

"Our result in July–September was again strong. Sales amounted to EUR 647 million, and our comparable operating result, totalling EUR 153 million, was record high. The comparable return on capital employed was 24.7%. The exceptionally strong demand for fresh fibre paperboards, which began last year, normalised towards the end of the review period, as was seen in the third quarter delivery volumes – especially in white kraftliners. However, the average prices of paperboards increased, compensating for the faster than expected cost increase especially in energy and chemicals.

Our sales in January–September totalled nearly EUR 1.9 billion, and our comparable operating result was EUR 420 million. Our profitability improved especially due to the higher prices of paperboards, our strong pulp business and a positive currency effect. The production volumes of paperboards, as well as of pulp and BCTMP were record high.

Cost inflation continued to be rapid, and we do not expect it to slow down significantly in the near future. High inflation and rising interest rates are quickly eroding households' purchasing power. Consumers' confidence in the economy is at a record low, which is reflected in purchasing behaviour. The main end uses of Metsä Board's paperboards are in food and other daily consumer goods, where demand has remained relatively stable despite the economic cycles.

Europe is dealing with an unprecedented energy crisis, which may influence the availability and prices of energy this winter. Metsä Board's high energy self-sufficiency is a clear competitive advantage, adding stability to our operations in a challenging market environment. The new recovery boiler and turbine that will shortly start up in Husum will increase our own bioenergy production, moving us closer to our goal of fossil free production by 2030.

Russia's cruel war in Ukraine has not had a marked impact on our business or financial position. Our paperboard sales previously directed to Russia have been successfully reallocated to new markets, and the supply of raw materials – mainly wood and energy – from other sources to our mills has proceeded normally. Naturally, we are most concerned about the people suffering because of the war.

In September, we started preliminary planning to substantially increase our folding boxboard capacity in Kaskinen, Finland. If completed, the investment will be in line with our strategy of growing in fibre-based materials and renewing our industrial operations. We aim to build the world's most resource-efficient paperboard mill and meet the growing demand for packaging that replaces plastic with packaging solutions that promote the circular economy."

Key figures

	2022 Q3	2021 Q3	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Sales, EUR million	647.3	516.1	1,879.7	1,565.6	2,084.1
EBITDA, EUR million	177.1	125.4	503.1	357.4	466.0
comparable, EUR million	176.1	125.4	486.1	363.1	472.2
EBITDA, % of sales	27.4	24.3	26.8	22.8	22.4
comparable, % of sales	27.2	24.3	25.9	23.2	22.7
Operating result, EUR million	153.4	99.4	436.8	285.0	375.9
comparable, EUR million	152.5	104.0	420.0	295.3	386.6
Operating result, % of sales	23.7	19.3	23.2	18.2	18.0
comparable, % of sales	23.6	20.1	22.3	18.9	18.6
Result before taxes, EUR million	152.4	96.4	431.5	275.1	365.8
comparable, EUR million	151.6	100.9	414.7	285.4	376.6
Result for the period, EUR million	132.9	85.4	371.7	235.5	314.0
comparable, EUR million	132.1	89.0	356.3	245.0	326.6
Earnings per share, EUR	0.33	0.22	0.94	0.63	0.82
comparable, EUR	0.33	0.23	0.90	0.65	0.85
Return on equity, %	26.4	19.7	24.9	19.8	19.4
comparable, %	26.3	20.6	23.9	20.6	20.2
Return on capital employed, %	24.9	18.2	23.9	18.7	18.2
comparable, %	24.7	19.1	23.0	19.4	18.7
Equity ratio 1), %	64	65	64	65	63
Net gearing 1), %	4	-1	4	-1	-4
Interest-bearing net liabilities/comparable EBITDA	0.2	-0.1	0.2	-0.1	-0.2
Shareholders' equity per share 1), EUR	5.53	4.63	5.53	4.63	4.78
Interest-bearing net liabilities 1), EUR million	91.2	-24.8	91.2	-24.8	-78.4
Total investment, EUR million	45.2	35.3	227.0	133.6	220.2
Net cash flow from operations, EUR million	66.4	59.1	161.7	209.8	329.6
Personnel 1)	2,335	2,389	2,335	2,389	2,389

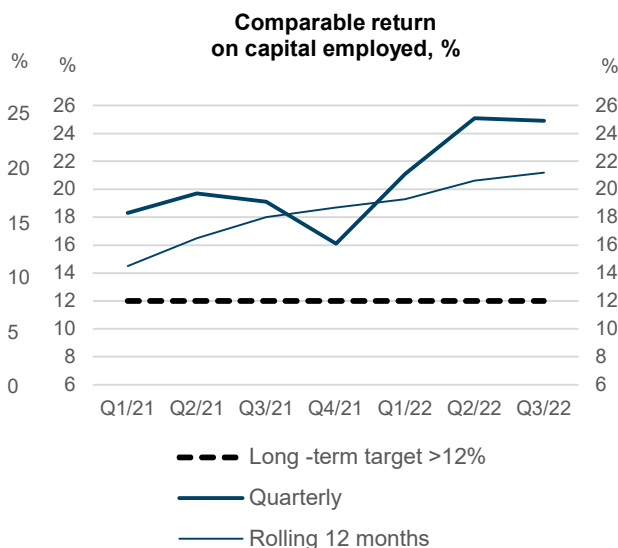
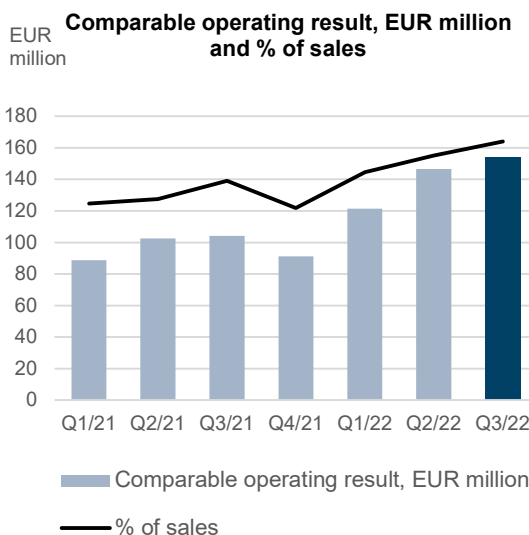
1) At the end of the period

Delivery and production volumes

EUR million	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Delivery volumes								
Folding boxboard	308	308	307	300	319	923	996	1,296
White kraftliner	146	164	166	143	156	476	484	627
Metsä Board's market pulp 1)	124	152	122	120	104	399	376	496
Metsä Fibre's market pulp 2)	177	192	187	203	178	556	558	762
Production volumes								
Folding boxboard	337	336	335	295	317	1,008	977	1,272
White kraftliner	147	164	162	155	155	472	479	634
Metsä Board's pulp 1)	360	362	368	335	335	1,091	1,027	1,362
Metsä Fibre's pulp 2)	190	171	181	183	184	541	564	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–30 September 2022

Sales and result

July–September 2022 (compared to 7–9/2021)

Metsä Board's sales totalled EUR 647.3 million (516.1). Folding boxboard accounted for 59% (58) of sales, while 24% (26) of sales came from white kraftliner, 15% (12) from market pulp, and 2% (4) from other operations. Sales increased due to the higher average prices of paperboards and market pulp.

Total deliveries of paperboards were 454,000 (475,000) 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 124,000 (104,000) tonnes, of which 77% was delivered to the EMEA region, and 23% to the APAC region.

The comparable operating result for the review period was EUR 152.5 million (104.0), and the operating result was EUR 153.4 million (99.4). Items affecting comparability totalled EUR 0.9 million in the review period. They comprised a EUR -0.1 million impairment recognised for Russian operations and a EUR 1.0 million impairment recognised for the Russian operations of the associated company Metsä Fibre.

The comparable operating result improved especially due to the higher average prices of paperboard. The higher prices of market pulp also supported profitability.

Exchange rate fluctuations, including hedges, had a positive impact of EUR 24 million on the operating result compared to the corresponding period last year.

Cost inflation continued to be rapid especially in chemicals, energy and logistics. Logistics costs increased due to higher fuel prices and the limited availability of transport capacity. In addition, wood costs increased from the corresponding quarter last year. In the paperboard business, profitability was weakened by higher pulp prices, but the overall impact of pulp on Metsä Board's result was positive. Cost inflation also increased fixed costs.

The share of associated company Metsä Fibre's result in Metsä Board's comparable operating result for July–September was EUR 56.3 million (42.8). Metsä Fibre's profitability improved thanks to higher sales prices, as well as the US dollar strengthening against the euro.

Financial income and expenses totalled EUR -1.1 million (-3.1), including foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments, totalling EUR -0.5 million (-0.3).

The result before taxes was EUR 152.4 million (96.4). The comparable result before taxes was EUR 151.6 million (100.9). Income taxes amounted to EUR 19.4 million (11.0).

Earnings per share were EUR 0.33 (0.22). The return on equity was 26.4% (19.7) and the comparable return on equity 26.3% (20.6). The return on capital employed was 24.9% (18.2) and the comparable return on capital employed 24.7% (19.1).

January–September 2022 (compared to 1–9/2021)

Metsä Board's sales were EUR 1,879.7 million (1,565.6). Folding boxboard accounted for 57% (57) of

sales, while 25% (25) of sales came from white kraft-liner, 15% (13) from market pulp, and 3% (5) from other operations. Sales increased due to the higher average prices of paperboards and market pulp.

Total deliveries of paperboards were 1,398,000 (1,480,000) tonnes, of which 67% was delivered to the EMEA region, 28% to the Americas, and 4% to the APAC region. The changes in delivery volumes were due to the planned increase in inventories and record high sales volumes in the comparison period. Deliveries of market pulp were 399,000 (376,000) tonnes, of which 70% was delivered to the EMEA region and 30% to the APAC region.

The comparable operating result was EUR 420.0 million (295.3), and the operating result was EUR 436.8 million (285.0). Items affecting comparability totalled EUR 16.8 million in the review period. They comprised EUR 19.2 million from the sale of the share capital in Hangö Stevedoring Ab to Euroports Finland Oy; a EUR 6.5 million capital gain from the sale of a land area unrelated to business operations; a EUR 2.9 million valuation gain related to the divestment of shares; a EUR -0.9 million impairment recognised for Russian operations; a EUR -10.0 million impairment recognised for the Russian operations of the associated company Metsä Fibre; and a EUR -0.9 million impairment recognised in the assets of Metsä Fibre's Kyrö sawmill.

The comparable operating result for the review period improved especially due to the higher average prices of paperboard. The higher prices of market pulp also supported profitability.

Exchange rate fluctuations, including hedges, had a positive impact of around EUR 33 million on the operating result compared to the comparison period.

Cost inflation was fast especially in chemicals, logistics and energy. The rapidly rising chemicals prices burdened the profitability of both paperboard and pulp business. Higher energy costs were compensated by the sale of emission allowances, totalling roughly EUR 19.0 million (5.0). Logistics costs increased due to higher fuels prices, limited availability of transport ca-

capacity and the rerouting of paperboard volumes released from Russia. In addition, wood costs increased from the comparison period. In the paperboard business, profitability was weakened by higher pulp prices, but the overall impact of pulp on Metsä Board's result was positive. Cost inflation also increased fixed costs.

The share of associated company Metsä Fibre's result in Metsä Board's comparable operating result for January–September was EUR 132.7 million (87.7). Metsä Fibre's profitability improved thanks to higher sales prices, as well as the US dollar strengthening against the euro.

Financial income and expenses totalled EUR -5.3 million (-10.0), including foreign exchange rate differences from accounts receivable, accounts payable, financial items and the valuation of currency hedging instruments, totalling EUR -3.2 million (-1.7).

The result before taxes was EUR 431.5 million (275.1). The comparable result before taxes was EUR 414.7 million (285.4). Income taxes amounted to EUR 59.7 million (39.6).

Earnings per share were EUR 0.94 (0.63) and the comparable earnings per share EUR 0.90 (0.65). The return on equity was 24.9% (19.8) and the comparable return on equity 23.9% (20.6). The return on capital employed was 23.9% (18.7) and the comparable return on capital employed 23.0% (19.4).

Operating result in July–September 2022 in brief (compared to 4–6/2022)

The comparable operating result in July–September was EUR 152.5 million (145.9). The operating result improved due to higher average prices of paperboards. Exchange rate fluctuations, including hedges, had a positive impact of around EUR 9 million. In turn, profitability was weakened by the continued high cost inflation, especially in energy and chemicals. Logistics costs increased due to the limited availability of transport capacity. Fixed costs were reduced by the seasonality due to the summer holidays. The share of Metsä Fibre's result in Metsä Board's comparable operating result for July–September accounted for EUR 56.3 million (45.7).

Market development

The table below shows the deliveries and market prices of paperboard grades important for Metsä Board in Europe, the market prices of paperboards in United States, and 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.

	Q3/22 vs Q3/21	Q3/22 vs Q2/22	Q1-Q3/22 vs Q1-Q3/21
Paperboard deliveries, Cepi members			
Folding boxboard, Europe	decreased clearly	decreased	stable
White kraftliners, Europe	increased	decreased clearly	increased clearly
Market prices of paperboards in local currencies			
Folding boxboard, Europe	increased clearly	increased	increased clearly
White kraftliners, Europe	increased clearly	increased	increased clearly
Solid bleached board, USA	increased clearly	increased clearly	increased clearly
Food service board, USA	increased clearly	increased clearly	increased clearly
<i>-1% < stable < +1%, increased (decreased): +1...+2% (-1%...-2%), increased clearly (decreased clearly): > +2% (< -2%)</i>			
Market prices of pulp, PIX, USD			
Long-fibre pulp, Europe	+11%	+7%	+19%
Short-fibre pulp, Europe	+20%	+10%	+29%
Long-fibre pulp, China	+14%	-1%	+6%
Short-fibre pulp, China	+31%	+7%	+13%

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 Metsä Board's white kraftliners 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 paperboard business and ensures a consistently high quality in paperboard production. Metsä Board produces chemical pulp and bleached mechanical pulp (BCTMP), which are used in own paperboard production, but also 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 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. In 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–September totalled 1,398,000 tonnes (1–9/2021: 1,480,000). In the comparison period, paperboard delivery volumes were at a record high, exceeding the production capacity. In the first half of 2022, Metsä Board increased its inventories in preparation for Husum's investment shutdown in the autumn of 2023, among other things.

Deliveries of folding boxboard were 923,000 tonnes (996,000), of which 71% (69) was delivered to the EMEA region, 23% (23) to the Americas, and 6% (9) to the APAC region. Deliveries of white kraftliners were

476,000 tonnes (484,000), of which 61% (62) was delivered to the EMEA region, 39% (37) to the Americas, and 0% (2) to the APAC region.

The extremely strong demand seen in the comparison period and in the first half of the year normalised towards the end of the review period. In the third quarter, especially kraftliner sales slowed down from the previous quarter. The folding boxboard volumes previously directed to Russia have been successfully reallocated to new markets. Paperboard delivery volumes from Asia and South America to Europe remained below normal levels.

Metsä Board's order books in folding boxboard and white kraftliners were at a normal level at the end of the review period

The prices of paperboards continued to increase in the third quarter. The average prices of Metsä Board's paperboards in euros have increased by approximately 25% from the comparison period. The strengthening of the US dollar against the euro has supported the increase.

Market pulp sales

Metsä Board's market pulp deliveries totalled 399,000 tonnes (376,000) during the review period, with the EMEA region accounting for 70% (66), and the APAC region for 30% (34).

The associated company Metsä Fibre's overall pulp deliveries totalled 2,231,000 (2,271,000) 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 softwood market pulp remained at a good level in Europe. Demand in China has also been at a good level in relation to supply. The global supply of pulp has decreased due to bottlenecks in logistics, as well as several planned and unplanned production shutdowns. The imbalance between supply and demand has kept price levels high.

Paperboard, pulp and BCTMP production

Production volumes were at a record high in the review period: the production volume of paperboard totalled 1,480,000 tonnes (1,456,000), while the combined production volume of pulp and BCTMP amounted to 1,091,000 tonnes (1,027,000). In the second and third quarters, several planned annual maintenance shutdowns took place especially at Finnish mills. They were carried out as planned.

In June 2021, a fire broke out on the chip conveyor of the Husum pulp mill, closing Husum's pulp production for four weeks. Paperboard production was run at a lower-than-normal capacity following the pulp mill's shutdown. The production losses resulting from the fire amounted to roughly 50,000 tonnes in pulp and roughly

30,000 tonnes in paperboard. Around half the total production losses were allocated to the comparison 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. During the third quarter the company was merged to the parent company. 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 January–March operating result as an item affecting comparability.

Impacts of Russia's war in Ukraine

Russia's attack on Ukraine has impacted 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 discontinued its sales to Russia. The strong demand for paperboard in the company's main markets Europe and North America has enabled the reallocation of the folding boxboard sales previously directed to Russia.

Metsä Group, responsible for Metsä Board's wood procurement, discontinued its wood procurement from Russia in March and focused it on 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. By the end of September, the market situation for birch pulpwood grew tighter in all of Metsä Group's operating areas, but wood deliveries ran normally.

In May, Russia halted natural gas supplies to Finland. Prior to this, Metsä Board's Joutseno BCTMP mill and the Tako and Kyro paperboard mills used natural gas imported from Russia in their production. Despite the halt to deliveries from Russia, the mills have been supplied with natural gas as planned. Natural gas can also be partly replaced by oil. In addition, company is preparing to use liquefied natural gas in its Kyro and Joutseno mills. Constraints in the availability of alternative energy sources could affect the continuity of Metsä Board's production. In the long term, by the end of 2030 at the latest, Metsä Board's target is that all the energy it uses will be fossil free.

Impacts of coronavirus pandemic

The coronavirus pandemic shifted consumption from services to goods and increased the consumption of products used at home. Metsä Board's paperboard product portfolio responded well to the changes in demand resulting from the pandemic, and strong cash flow supported the financial flexibility. Metsä Board's production and deliveries ran smoothly during the pandemic.

Most of the strict precautionary measures adopted at Metsä Board's production and office facilities during the pandemic have been removed, depending on the country of operations. The company continues its efforts to ensure the health of employees, prevent the spread of the virus and secure business continuity. The situation is monitored continuously, and local precautionary measures can be quickly initiated if required. A prolonged pandemic could lead to disruptions in production and/or the supply chain.

Cash flow

Net cash flow from operations in January–September 2022 was EUR 161.7 million (1–9/2021: 209.8). Working capital increased by EUR 172.4 million (increased of 21.3). The increase in working capital derived from the increase in paperboard inventories, a rise in inventory value due to cost inflation, and the increase in trade receivables resulting from the higher prices of finished products.

Balance sheet and financing

Metsä Board's equity ratio at the end of the review period was 64% (31 December 2021: 63) and the net gearing ratio was 4% (-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 464.3 million (31 December 2021: 448.6). Non-euro-denominated loans accounted for 1.8% of loans and floating-rate loans for 16.1%, the rest being fixed-rate loans. The average interest rate on liabilities was 2.2% (2.3), and the average maturity of non-current liabilities was 4.2 years (4.7). The interest rate maturity of loans was 39.9 months (45.3).

At the end of the review period, interest-bearing net debt totalled EUR 91.2 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 570.5 million (31 December 2021: 916.0), consisting of the following items: liquid assets and investments of EUR 370.5 million, a syndicated credit facility (revolving credit facility) of EUR 200.0 million. Of the liquid assets,

EUR 348.6 million consisted of short-term deposits with Metsä Group Treasury, and EUR 21.9 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 reserve 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 307.5 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 8.3 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 227.0 million (1–9/2021: 133.6), with growth and development investments accounting for approximately 75%, acquired business operations for approximately 14%, and maintenance investments for approximately 12%. Of overall investments, the company's own property, plant and equipment amounted to EUR 201.8 million (130.7), and leased property, plant and equipment to EUR 25.2 (2.9). In the latter, the most significant item was the machinery and equipment for the boiler plant from the acquisition of Hämeenkyrön Voima Oy, 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 first phase comprises a new recovery boiler and turbine. The estimated investment value of the first phase is EUR 380 million (estimation on 30 June was EUR 360 million). By the end of the review period, the investments made in the project totalled around EUR 350 million. The planned start-up of the new recovery boiler and turbine is in November 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.

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 estimated investment value of the programme is 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 reduce the mill's water use by 40% and energy use by 5% per tonne of paperboard produced.

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, mainly in 2022 and 2023.

The investment is expected to increase Metsä Board's annual sales by approximately EUR 200 million and improve annual comparable EBITDA by approximately EUR 50 million. 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.

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 owns 24.9% of Metsä Fibre.

Personnel

At the end of the review period, the number of personnel was 2,335 (30/09/2021: 2,389), of whom 1,327 (1,435) were based in Finland. In January–September, Metsä Board employed 2,389 people on average (1–9/2021: 2,486). The changes in the number of personnel were mainly caused by the sale of Oy Hangö Stevedoring Ab to Euroports Oy in the first quarter. Personnel expenses in January–September totalled EUR 164.0 million (161.2).

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 7.47. The share's highest and lowest prices were EUR 10.49 and EUR 7.09, respectively. Correspondingly, the closing price of the A share was EUR 9.32; the share's highest and lowest prices were EUR 10.50 and EUR 7.66, respectively.

In January–September, the average daily trading volumes of the B and A shares on the Nasdaq Helsinki were around 342,300 shares and around 3,700 shares respectively. The total trading volume of the B share was EUR 581 million, and the total trading volume of the A share was EUR 6.6 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 70% of total trading during the review period.

At the end of the review period, the market value of all Metsä Board shares was EUR 2.7 billion, of which the market value of the B shares and the A shares accounted for EUR 2.4 billion and EUR 0.3 billion respectively.

At the end of the review period, Metsäliitto Cooperative held 48% (30 September 2021: 48) of all shares, and the votes conferred by these shares accounted for 68% (67) of the total votes. International and nominee-registered investors held approximately 15% (15) of all shares. The company does not hold any treasury shares.

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

	2022 Q3	2021 Q3	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4	Target year 2030
Total recordable incident frequency TRIF ¹⁾	6.7	9.1	7.7	10.7	9.8	0
Lost-time accidents frequency LTA1F ¹⁾	4.5	7.1	6.3	8.1	7.0	0
Share of certified wood fibre, %	82%	82%	82%	82%	83%	>90%
Direct fossil-based CO ₂ emissions, tonnes (Scope 1)	55,847	71,986	165,816	198,541	255,467	0
Indirect fossil-based CO ₂ emissions ²⁾ , tonnes (Scope 2)	-	-	-	-	184,028	0
Energy efficiency improvement ³⁾	+5.1%	+4.2%	-	-	+4.3%	+10%
Reduction in process water use ³⁾	-13.6%	-13.1%	-	-	-12.6%	-30%

- 1) per million hours worked. The former subsidiary Hangö Stevedoring is included in the figures until February 2022. Q3/2021 TRIF has been revised due to additional data
- 2) market-based, reported annually. Year 2021 figure has been revised from previously reported 173,371 to 184,028 tonnes
- 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 review period the frequency of accidents at work decreased compared to the same period previous year. 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 13.6% and energy efficiency improved by 5.1% compared to the base year of 2018.

Some 85% of the energy used by Metsä Board is based on fossil free energy sources. The goal is to phase out 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 pack-

aging 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. Metsä Board is committed to 70% of its non-fibre suppliers and of the logistics operators related to its customer deliveries, measured as a share of the total purchase costs, setting themselves targets in accordance with the SBTi by 2024. In 2021, 16% of the company's suppliers had done so (2020: 5).

Sustainability is discussed in more detail on the company's website at <https://www.metsagroup.com/metsaboard/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 whole value chain. Company continues to develop barrier solutions and is investigating their commercial potential in food and food service applications. Metsä Board is also 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 started the production for 3D fibre products at the Äänekoski demo plant. The demo plant produces ready 3D fibre packaging from wet pulp without intermediate phases. The moulded fibre-based packaging can replace plastic in food packaging, for example. The value of the demo plant investment is approximately EUR 20 million. If the markets' interest and the product's viability can be demonstrated on a large scale, Metsä Group will consider building a bigger production unit.

Near-term risks and uncertainties

Accelerated global cost inflation may, if prolonged, weaken Metsä Board's profitability. Important production factors for the company are wood, energy and chemicals. A weakening in the availability of global transport capacity may result in additional costs or restrict paperboard and pulp deliveries altogether, thereby having a negative effect on the company's profitability. The electricity market price risk, if realised, may have a negative impact on Metsä Board's profitability or production continuity. Prolonged cost inflation may also weaken consumers' purchasing power, reducing the demand for paperboard products.

Russia's attack on Ukraine has an impact on Metsä Board's business through wood and energy supplies. 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. Reduced availability of energy sources replacing natural gas from Russia could affect the continuity of paperboard and/or BCTMP production.

There are also other major geopolitical tensions in the world, 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 have a direct or indirect impact on the demand for paperboards and, therefore, on Metsä Board's profitability. Various countries have imposed import duties and other trade restrictions on each other's products. Negative developments in world trade could, if continued, weaken Metsä Board's profitability.

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. 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.

A prolongation of the coronavirus pandemic may cause disruptions in Metsä Board's production and supply chains.

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.

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 110 million on Metsä Board's annual operating result. Correspondingly, the Swedish krona strengthening by 10% would have a negative impact of approximately EUR 70 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. They therefore 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 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 fresh fibre paperboards is expected to remain stable in the company's main market areas in Europe and North America. The slowdown in global economic growth and decrease in consumer's purchasing power create uncertainty in the operating environment.

Metsä Board's paperboard delivery volumes in October–December are expected to remain at roughly the same level as in July–September (454,000 tonnes). The seasonal decline in demand in December may affect delivery volumes to some extent. The average prices of paperboards are expected to increase slightly.

Demand for long-fibre market pulp is expected to remain stable in Europe and China. The global supply of market pulp will continue to be restricted by bottlenecks in logistics. A stronger than expected slowdown in global economic growth and especially that of China, as well as the negative impacts of the European energy crisis, are creating uncertainty about the development of the market situation.

Cost inflation continues, especially in chemicals and energy. Other variable costs are expected to remain at least at the same level as in the third quarter. The increase in wood prices seen in the first half of the year, as well as the higher harvesting and transport costs are expected to lead to higher wood costs in the second half of the year than in the first half.

The negative result impact of the mills' annual maintenance shutdowns in October–December 2022 is greater than in July–September 2022.

In October–December 2022, exchange rate fluctuations, including the impact of hedges, will have a positive impact on the result compared to July–September 2022 and a clearly positive impact compared to October–December 2021.

Annual maintenance and investment shutdowns in 2022

Husum's new recovery boiler and turbine are expected to start up in November. Due to this, the Husum inte-

grated 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 October–December 2022

Metsä Board's comparable operating result in October–December 2022 is expected to be weaker than in July–September 2022.

METSÄ BOARD CORPORATION

Espoo, 27 October 2022

BOARD OF DIRECTORS

Further information:

Henri Sederholm, CFO
tel. +358 10 465 4913
Katri Sundström, VP, Investor Relations
tel. +358 10 462 0101

Metsä Board's CEO Mika Joukio and CFO Henri Sederholm will present the interim report in a conference call and webcast held in English on 27 October 2022 at 3:00 p.m. EET.

The presentation material will be available at www.metsagroup.com/metsaboard/investors/ and at <https://metsaboard.videosync.fi/2022-q3> before the start of the conference call.

To ask questions, join the conference call by registering on the following link: <https://call.vsy.io/access-8150>.

Events in 2022

10 November 2022: Capital Markets Day

Financial reporting and Annual General Meeting in 2023

9 February 2023: Financial Statements Bulletin for 2022
27 April 2023: Interim Report for January–March 2023

27 July 2023: Half-year financial report 2023

26 October 2023: Interim Report for January–September 2023

Metsä Board's Annual and Sustainability report 2022 will be published on week 8/2022.

Metsä Board will hold its Annual General Meeting on 23 March 2023.

Calculation of key ratios

Operating result	=	Result before income tax, financial income and expenses, exchange gains and losses and 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) per (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", 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.

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.

Unaudited condensed consolidated statement of comprehensive income

EUR million	Note	2022 Q3	2021 Q3	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Sales	2, 6	647.3	516.1	1,879.7	1,565.6	2,084.1
Change in stocks of finished goods and work in progress		24.7	12.6	71.1	-2.4	11.9
Other operating income	2, 6	8.1	8.7	57.6	23.0	57.0
Material and services	6	-481.0	-376.2	-1,363.7	-1,059.9	-1,461.0
Employee costs		-51.9	-50.8	-164.0	-161.2	-216.0
Share of result of associated company	6	57.3	42.8	121.8	80.9	114.4
Depreciation, amortisation and impairment losses		-23.6	-26.0	-66.4	-72.3	-90.2
Other operating expenses		-27.4	-27.7	-99.5	-88.7	-124.4
Operating result	2	153.4	99.4	436.8	285.0	375.9
Share of results of associated companies and joint ventures			0.0	0.0	0.1	0.0
Net exchange gains and losses		-0.5	-0.3	-3.2	-1.7	-2.3
Other net financial items	2, 6	-0.6	-2.8	-2.2	-8.3	-7.7
Result before income tax		152.4	96.4	431.5	275.1	365.8
Income taxes	3	-19.4	-11.0	-59.7	-39.6	-51.8
Result for the period		132.9	85.4	371.7	235.5	314.0

EUR million	Note	2022 Q3	2021 Q3	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Other comprehensive income						
Items that will not be reclassified to profit and loss						
Actuarial gains/losses on defined pension plans		-0.6	-1.7	-6.3	1.3	3.0
Financial assets valued at fair value through other comprehensive income	8	135.6	12.6	135.6	4.0	-5.8
Share of other comprehensive income of associated company		2.2	0.1	2.0	0.1	-0.1
Income tax relating to items that will not be reclassified		-25.7	-2.2	-24.8	-1.1	-0.8
Total		111.5	8.9	106.5	4.3	-3.7
Items that may be reclassified to profit or loss						
Cash flow hedges		-4.4	9.9	-17.7	-5.1	-11.0
Translation differences		-8.4	-1.4	-31.2	-1.4	-4.8
Share of other comprehensive income of associated company		-2.1	-0.3	7.2	-3.5	-3.8
Income tax relating to items that may be reclassified		0.9	-2.0	3.6	1.0	2.2
Total		-14.0	6.2	-38.1	-8.9	-17.4
Other comprehensive income, net of tax		97.5	15.1	68.4	-4.6	-21.1
Total comprehensive income for the period		230.4	100.5	440.1	230.9	292.8
Result for the period attributable to						
Shareholders of parent company		117.5	79.1	334.6	223.1	292.1
Non-controlling interests		15.5	6.3	37.1	12.4	21.9
Total		132.9	85.4	371.7	235.5	314.0
Total comprehensive income for the period attributable to						
Shareholders of parent company		217.8	94.7	412.9	218.8	272.4
Non-controlling interests		12.6	5.7	27.3	12.2	20.4
Total		230.4	100.5	440.1	230.9	292.8
Earnings per share for result attributable to shareholders of parent company (EUR/share)		0.33	0.22	0.94	0.63	0.82

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

Unaudited condensed balance sheet

EUR million	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS				
Non-current assets				
Goodwill		12.2	12.4	12.4
Other intangible assets		5.5	5.1	6.2
Tangible assets	4	1,059.7	879.3	935.0
Investments in associated companies and joint ventures		551.0	446.5	479.0
Other investments	8	307.5	190.8	181.0
Other non-current financial assets	6, 8	18.7	16.4	15.3
Deferred tax receivables	2	12.5	7.6	8.4
		1,967.1	1,558.0	1,637.2
Current assets				
Inventories		494.5	363.6	382.6
Accounts receivable and other receivables	6, 8	497.6	374.8	366.5
Cash and cash equivalents	6, 8	370.5	473.6	524.2
		1,362.6	1,211.9	1,273.4
Assets classified as held for sale				11.0
Total assets		3,329.7	2,769.9	2,921.5
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Equity attributable to shareholders of parent company		1,966.3	1,645.2	1,699.4
Non-controlling interests		162.4	137.9	146.2
Total equity		2,128.6	1,783.0	1,845.6
Non-current liabilities				
Deferred tax liabilities		112.5	95.9	96.2
Post-employment benefit obligations	2	11.1	12.5	13.7
Provisions	5	2.0	3.1	2.0
Borrowings	8	441.2	440.7	437.0
Other liabilities	8	2.1	3.8	3.2
		569.0	556.1	552.1
Current liabilities				
Provisions	5	0.5	1.0	1.0
Current borrowings	6, 8	23.1	10.8	10.0
Accounts payable and other liabilities	6, 8	608.5	419.1	506.0
		632.1	430.8	517.0
Liabilities classified as held for sale				6.8
Total liabilities		1,201.1	986.9	1,076.0
Total shareholders' equity and liabilities		3,329.7	2,769.9	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 un-restricted 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						223.1	223.1	12.4	235.5
Other comprehensive income net of tax total			0.1	-5.4		1.0	-4.4	-0.2	-4.6
Comprehensive income total			0.1	-5.4		224.1	218.8	12.2	230.9
Share-based payments						0.6	0.6		0.6
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 30 September 2021		557.9	-24.8	131.2	208.9	772.0	1,645.2	137.9	1,783.0

EUR million	Note	Share capital	Translation differences	Fair value and other reserves	Reserve for invested un-restricted 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						334.6	334.6	37.1	371.7
Other comprehensive income net of tax total			-15.5	97.7		-4.0	78.2	-9.8	68.4
Comprehensive income total			-15.5	97.7		330.6	412.9	27.3	440.1
Share-based payments						-0.2	-0.2		-0.2
Related party transactions									
Dividend and capital distribution						-145.8	-145.8	-11.1	-156.8
Shareholders' equity 30 September 2022		557.9	-42.6	215.9	208.9	1,026.2	1,966.3	162.4	2,128.6

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

Unaudited condensed consolidated cash flow statement

EUR million	Note	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4	2022 Q3
Result for the period		371.7	235.5	314.0	132.9
Total adjustments	7	-38.0	30.6	11.8	-18.7
Change in working capital		-172.4	-21.3	49.5	-26.5
Net financial items	7	54.4	-11.2	-14.6	-6.6
Income taxes paid		-54.0	-23.8	-31.1	-14.6
Net cash flow from operations		161.7	209.8	329.6	66.4
Acquisitions	7	-13.6			
Investments in intangible and tangible assets		-194.2	-130.9	-213.7	-47.9
Disposals and other items	6, 7	65.0	14.2	30.7	4.7
Net cash flow from investing		-142.7	-116.7	-183.0	-43.1
Changes in non-controlling interests	7		261.2	261.2	
Changes in non-current loans and in other financial items	6	-8.7	-4.1	-8.0	2.6
Paid dividend and capital distribution	7	-157.2	-92.4	-92.4	0.0
Net cash flow from financing		-165.9	164.7	160.7	2.6
Changes in cash and cash equivalents		-147.0	257.8	307.3	25.9
Cash and cash equivalents at beginning of period	6	524.2	214.0	214.0	350.2
Translation difference in cash and cash equivalents		-6.7	1.8	3.0	-5.5
Changes in cash and cash equivalents		-147.0	257.8	307.3	25.9
Cash and cash equivalents at end of period	6	370.5	473.6	524.2	370.5

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.

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 27 October 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

EUR million	2022 Q3	2021 Q3	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
EMEA	426.1	349.7	1,218.1	1,046.9	1,409.3
Americas	174.0	119.0	498.9	366.8	482.2
APAC	47.2	47.4	162.7	152.0	192.7
Total	647.3	516.1	1,879.7	1,565.6	2,084.1

Reconciliation of comparable figures

EUR million	2022 Q3	2021 Q3	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Operating result	153.4	99.4	436.8	285.0	375.9
Depreciation, amortisation and impairment losses	23.6	26.0	66.4	72.3	90.2
EBITDA	177.1	125.4	503.1	357.4	466.0
Items affecting comparability:					
Other operating income	0.0	-1.7	-28.6	-11.3	-12.2
Write-down of inventories	0.0		0.0		
Share of results of associated companies	-1.0		10.9	6.9	8.7
Other operating expenses	0.0	1.7	0.7	10.1	9.7
Total	-0.9	0.0	-17.1	5.7	6.2
EBITDA, comparable	176.1	125.4	486.1	363.1	472.2
Depreciation, amortisation and impairment losses	-23.6	-26.0	-66.4	-72.3	-90.2
Items affecting comparability:					
Impairment charges and reversals of impairments	0.0	4.6	0.3	4.6	4.6
Operating result, comparable	152.5	104.0	420.0	295.3	386.6
Share of results of associated companies and joint ventures		0.0	0.0	0.1	0.0
Financial income and expenses total	-1.1	-3.1	-5.3	-10.0	-10.0
Items affecting comparability:					
Financial items	0.1		0.1		
Result before income tax, comparable	151.6	100.9	414.7	285.4	376.6
Income taxes	-19.4	-11.0	-59.7	-39.6	-51.8
Income taxes related to items affecting comparability	0.0	-0.9	1.3	-0.7	1.9
Result for the period, comparable	132.1	89.0	356.3	245.0	326.6

Additional information on the reconciliation

“+” sign items = expense affecting comparability

“-” sign items = income affecting comparability

Items affecting operating result comparability in 2022 totalled EUR 16.8 million. They comprised EUR 19.2 million from the sale of the share capital in Hangö Stevedoring Ab to Euroports Finland Oy; a EUR 6.5 million capital gain from the sale of a land area unrelated to business operations; a EUR 2.9 million valuation gain related to the divestment of shares; a EUR -0.9 million impairment recognised for the Russian operations; a EUR -10.0 million impairment recognised for the Russian operations of the associated company Metsä Fibre; and a EUR -0.9 million impairment recognised in the assets of Metsä Fibre’s Kyrö sawmill. Items affecting com-

parability in 2021 totalled EUR 10.8 million. They comprised a EUR 7.0 million capital gain from the sale of a land area unrelated 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

	2022	2021	2021
EUR million	Q1–Q3	Q1–Q3	Q1–Q4
Taxes for the current period	65.3	40.1	48.6
Taxes for the prior periods	-0.1	0.9	3.2
Change in deferred taxes	-5.5	-1.4	0.1
Total income taxes	59.7	39.6	51.8

Note 4 – Changes in property, plant and equipment

	2022	2021	2021
EUR million	Q1–Q3	Q1–Q3	Q1–Q4
Carrying value at beginning of period	935.0	824.7	824.7
Acquired businesses	29.6		
Investments in owned property, plant and equipment	188.6	130.7	214.6
Investments in leased property, plant and equipment	7.2	2.9	4.1
Decreases	-3.1	-2.7	-2.9
Depreciation, amortisation and impairment losses	-65.7	-70.7	-88.2
Translation difference	-31.8	-5.6	-8.6
Transfers to assets held for sale			-8.6
Carrying value at end of period	1,059.7	879.3	935.0

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

In 2021 there were an impairment loss of EUR -0.3 million recognised for the Russian operations. 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
Utilised during the year		-0.5	0.0	-0.5
30 September 2022	0.2	2.3	0.0	2.5
Non-current provisions		2.0	0.0	2.0
Current provisions	0.2	0.3		0.5
Total	0.2	2.3	0.0	2.5

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	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Sales	139.4	73.5	110.3
Other operating income	4.7	3.6	5.0
Purchases	640.1	510.9	697.2
Share of result of associated company	121.8	80.9	114.4
Interest income	0.6	0.0	0.0
Interest expenses	0.7	0.8	1.0
Accounts receivable and other receivables	107.4	58.5	60.7
Cash and cash equivalents	348.6	461.1	496.4
Accounts payable and other liabilities	153.2	69.6	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	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Sales	0.4	0.4	0.2
Purchases	1.2	3.1	4.2
Accounts receivable and other receivables	0.0	0.0	0.3
Accounts payable and other liabilities	0.5	0.9	0.7

Note 7 – Notes to consolidated cash flow statement

EUR million	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4	2022 Q3
Taxes	59.7	39.6	51.7	19.4
Depreciation, amortisation and impairment losses	66.4	72.3	90.2	23.6
Share of results of associated companies and joint ventures	-121.9	-80.9	-114.4	-57.3
Gains and losses on sale of fixed assets	-48.7	-12.2	-28.2	-5.6
Finance costs, net	5.3	10.0	10.0	1.1
Pension liabilities and provisions	-1.0	-0.9	-0.7	-0.5
Other adjustments	2.2	2.7	3.2	0.6
Total	-38.0	30.6	11.8	-18.7

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 65.0 million in total. They consisted of proceeds amounting to EUR 19.0 million from emission right sales, sales proceeds of EUR 24.5 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, sales proceeds of EUR 9.2 million from sale of non-business related land area and other items amounting to EUR 0.4 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.

Changes in non-controlling interests

In 2021, changes in non-controlling interests, EUR 261.2 million, include the sale of a 30 percent stake in

the Husum pulp mill to Norra Skog. The transaction was completed on January 4, 2021.

Paid dividend and capital distribution

Paid dividend and capital distribution in 2022 included dividends paid by the parent company EUR -145.8 million and dividends paid to non-controlling owners from

the Husum pulp company EUR -11.1 million. Paid dividend and capital distribution in 2021 included dividends paid by the parent company EUR -92.4 million.

Note 8 – Financial instruments

Classification of financial assets and liabilities and their fair values

Financial assets 30 September 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	6.3	301.2		307.5
Other non-current financial assets			6.6	6.6
Accounts receivable and other receivables			410.3	410.3
Cash and cash equivalents			370.5	370.5
Derivative financial instruments	1.8	72.9		74.7
Total carrying amount	8.1	374.1	787.4	1,169.6
Total fair value	8.1	374.1	787.4	1,169.6

Financial liabilities 30 September 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			441.2	441.2
Other non-current financial liabilities			0.4	0.4
Current interest-bearing financial liabilities			23.1	23.1
Accounts payable and other liabilities			435.5	435.5
Derivative financial instruments	2.3	77.5		79.7
Total carrying amount	2.3	77.5	900.3	980.0
Total fair value	2.3	77.5	875.2	954.9

Classification of financial assets and liabilities and their fair values

Financial assets 30 September 2021

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	187.4		190.8
Other non-current financial assets			11.9	11.9
Accounts receivable and other receivables			338.6	338.6
Cash and cash equivalents			473.6	473.6
Derivative financial instruments	0.2	35.7		35.9
Total carrying amount	3.6	223.1	824.0	1,050.8
Total fair value	3.6	223.1	824.0	1,050.8

Financial liabilities 30 September 2021

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			440.7	440.7
Other non-current financial liabilities			0.4	0.4
Current interest-bearing financial liabilities			10.8	10.8
Accounts payable and other liabilities			353.4	353.4
Derivative financial instruments	1.0	16.3		17.3
Total carrying amount	1.0	16.3	805.2	822.5
Total fair value	1.0	16.3	836.2	853.5

Accounts receivable 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 0.3–4.9% (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.

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

EUR million	2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Carrying value at beginning of period	181.0	186.9	186.9
Total gains and losses in profit or loss	2.9	-0.1	-0.1
Total gains and losses in other comprehensive income	135.6	4.0	-5.8
Purchases	0.0		
Disposals	-12.0	0.0	0.0
Transfers to assets held for sale			0.0
Carrying value at end of period	307.5	190.8	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 30 September 2022 was 5.26% (31 December 2021: 3.14%). The acquisition cost of shares in Pohjolan Voima Oyj on 30 September 2022 is EUR 28.3 million (40.2) and fair value EUR 301.2 million (177.6). The change in fair value was caused by updating the long-term electricity price forecast used in the share valuation model.

The carrying value of other investments as of 30 September 2022 is estimated to change by EUR -11.6 million and EUR 12.4 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 66.7 million should the energy prices used in calculating the fair value differ by 10% from the prices estimated by the management.

Fair value hierarchy of financial assets and liabilities as of 30 September 2022

EUR million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other non-current financial assets			307.5	307.5
Derivative financial assets	5.5	69.2		74.7
Financial liabilities measured at fair value				
Derivative financial liabilities	2.3	77.5		79.7
Financial assets not measured at fair value				
Financial assets		370.5		370.5
Financial liabilities not measured at fair value				
Non-current interest-bearing liabilities		416.2		416.2
Current interest-bearing financial liabilities		23.1		23.1

Fair value hierarchy of financial assets and liabilities as of 30 September 2021

EUR million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other non-current financial assets			190.8	190.8
Derivative financial assets	12.0	24.0		35.9
Financial liabilities measured at fair value				
Derivative financial liabilities	0.3	17.0		17.3
Financial assets not measured at fair value				
Financial assets		473.5		473.5
Financial liabilities not measured at fair value				
Non-current interest-bearing liabilities		471.7		471.7
Current interest-bearing financial liabilities		10.8		10.8

Derivatives 30 September 2022

EUR million	Nominal value	Fair value			Fair value	
		Derivative assets	Derivative liabilities	Total fair value	Fair value through profit or loss	Fair value through other com- prehen- sive in- come
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	1,707.5	9.8	73.2	-63.4	-0.5	-63.0
Currency option contracts	246.2	0.4	4.2	-3.8		-3.8
Currency derivatives	1,953.7	10.2	77.5	-67.3	-0.5	-66.8
Electricity derivatives	0.2	2.2		2.2		2.2
Oil derivatives	30.9	3.0	2.3	0.7		0.7
Natural gas and propane derivatives	30.8	56.3		56.3		56.3
Commodity derivatives	62.0	61.5	2.3	59.2		59.2
Derivatives total	2,115.7	74.7	79.7	-5.1	-0.5	-4.6

Derivatives 30 September 2021

EUR million	Nominal value	Fair value			Fair value	
		Derivative assets	Derivative liabilities	Total fair value	Fair value through profit or loss	Fair value through other com- prehen- sive in- come
Interest rate swaps	100.0		2.3	-2.3		-2.3
Interest rate derivatives	100.0		2.3	-2.3		-2.3
Currency forward contracts	1,066.9	1.6	14.6	-13.0	-0.9	-12.1
Currency derivatives	1,066.9	1.6	14.6	-13.0	-0.9	-12.1
Electricity derivatives	5.5	5.2		5.2		5.2
Oil derivatives	17.9	5.2	0.3	5.0		5.0
Natural gas and propane derivatives	16.0	23.9	0.1	23.8		23.8
Commodity derivatives	39.3	34.3	0.4	33.9		33.9
Derivatives total	1,206.2	35.9	17.3	18.6	-0.9	19.5

Note 9 – Commitments and guarantees

EUR million	30 Sep 2022	30 Sep 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	
Other commitments	3.8		
Total	5.3	1.8	19.5

Commitments related to property, plant and equipment

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Payments due in less than 1 year	63.4	70.4	80.6
Payments due later	1.4	2.4	1.9
Total	64.8	72.8	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.