Metsä Board
Half-year financial report 1.1.–30.6.2024



Metsä Board's comparable operating result in 2024 January–June was EUR 31 million

January–June 2024 (compared to 1–6/2023)

- Sales were EUR 993.6 million (1,040.2).
- The comparable operating result was EUR 30.7 million (116.0), or 3.1% of sales (11.2). Operating result was EUR 22.3 million (117.9).
- Comparable earnings per share were EUR 0.03 (0.24), and earnings per share were EUR 0.01 (0.25).
- Comparable return on capital employed was 2.9% (9.3).
- Net cash flow from operations was EUR -16.5 million (142.0).

April–June 2024 (compared to 4–6/2023)

- Sales were EUR 509.8 million (498.2).
- The comparable operating result was EUR -0.8 million (27.3), or -0.2% (5.5) of sales. Operating result was EUR -0.7 million (29.5).
- Comparable earnings per share were EUR -0.03 (0.05), and earnings per share were EUR -0.03 (0.06).
- Comparable return on capital employed was 0.3% (4.6).
- Net cash flow from operations was EUR -8.6 million (15.6).

Events in April–June 2024

- The demand and price situation for Metsä Board's fresh fibre paperboards remained stable compared to the previous quarter. Delivery volumes increased slightly.
- The average prices of market pulp increased, especially in Europe.
- Metsä Board made an investment decision to renew the Simpele folding boxboard machine. The value of the investment is approximately EUR 60 million.
- On 21 March 2024, a gas explosion occurred at the evaporation plant of the associated company Metsä Fibre's Kemi bioproduct mill, which also affected production at Metsä Board's paperboard mill. The explosion's negative impact on the operating result was around EUR 40 million, including the impact through Metsä Fibre's share of the result. The claim settlement process to compensate financial losses has been initiated with the insurance consortium.
- Due to trade union strikes, Metsä Board's paperboard and BCTMP production had to be halted for 2–3 weeks in March–April at all the mills in Finland. In the second quarter, the strikes' negative impact on the operating result was approximately EUR 15 million (H1/2024: EUR 25 million), including the impact through Metsä Fibre's share of the result.
- Interest-bearing net liabilities/comparable EBITDA was 2.2 at the end of the review period. The ratio was affected especially by the result development of the previous 12 months. Interest-bearing net liabilities increased due to the payment of dividends, which totalled EUR 89 million (EUR 0.25 per share).
- Metsä Board achieved Platinum level in the Ecovadis sustainability assessment. The company has achieved the highest level every year since 2017.

Result guidance for July–September 2024

Metsä Board's comparable operating result in July–September 2024 is expected to improve from April–June 2024 (4–6/2024: EUR -0.8 million).

Metsä Board's CEO Mika Joukio:

"In 2024, the demand for fresh fibre paperboards has clearly improved from last year's record low level. The demand for paperboards has been supported by restocking in the value chain. The strengthening of overall consumer product demand has been somewhat slower than expected, as consumers' purchasing power continues to be eroded by higher living costs and persistently high interest rates.

Metsä Board's paperboard deliveries increased markedly in January–March, and the increase continued in the second quarter. In January–June, delivery volumes totalled 742,000 tonnes (H1/2023: 734,000, H2/2023: 639,000). Despite this increase, delivery volumes remained clearly below capacity levels.

The first half of the year was overshadowed by several setbacks unrelated to Metsä Board. In March–April, political strikes in Finland stopped operations at all our Finnish mills, and port closures broadly prevented our customer deliveries. The gas explosion at Metsä Fibre's Kemi bioproduct mill in late March stopped pulp produc-

tion at the integrated mill for three months. It also affected Metsä Board's kraftliner production. However, we were able to continue our kraftliner production under special arrangements, thus securing our customer deliveries. The strikes and gas explosion had a total negative impact of roughly EUR 65 million on Metsä Board's operating result, including the impact through Metsä Fibre's share of the result. A significant part of this focused on the second quarter's comparable operating result, which decreased to EUR -0.8 million.

In January–June, our sales amounted to EUR 994 million, and our comparable operating result to EUR 30.7 million (H1/2023: 1,040; 116). Profitability was weakened especially by the lower price level of folding boxboard. On the other hand, operating result was supported by lower production costs and the pulp business, which has benefited especially from the positive demand and price situation in Europe. At the end of the period, the ratio of interest-bearing net liabilities to comparable EBITDA was 2.2, which is clearly higher than in previous years. The increase is mainly due to the weak profit development of the last few months.

In line with our strategy, we aim to grow in fibre-based packaging materials and renew our industrial operations. In March, we announced our planned new investment programmes for the Simpele and Kyro paperboard mills and the Husum integrated mill. In April, we made the first investment decision in our Simpele programme – the renewal of the mill's folding boxboard machine. The investment will improve the quality of folding boxboard, increase production efficiency and enable the replacement of fossil fuels in paperboard production. The value of the investment is EUR 60 million, and we expect the investment to be completed in the second half of 2025.

Last year, we completed two significant investments in Kemi and Husum, which will further strengthen our leading position in folding boxboard and white kraftliners. We will continue to ramp up additional capacity and focus on its full-scale use in our main market areas in Europe and North America."

Key figures

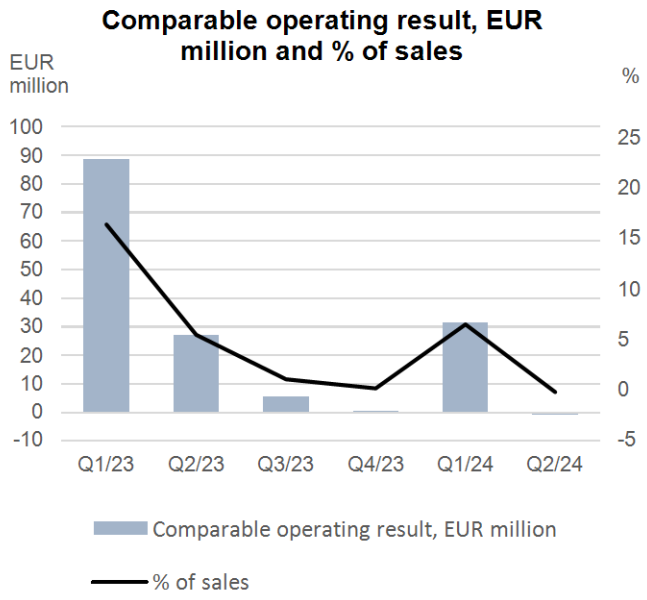
	2024 Q2	2023 Q2	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4
Sales, EUR million	509.8	498.2	993.6	1,040.2	1,941.9
EBITDA, EUR million	26.4	55.0	83.4	168.4	214.6
comparable, EUR million	26.3	52.7	84.1	166.4	216.0
EBITDA, % of sales	5.2	11.0	8.4	16.2	11.1
comparable, % of sales	5.2	10.6	8.5	16.0	11.1
Operating result, EUR million	-0.7	29.5	22.3	117.9	120.8
comparable, EUR million	-0.8	27.3	30.7	116.0	122.2
Operating result, % of sales	-0.1	5.9	2.2	11.3	6.2
comparable, % of sales	-0.2	5.5	3.1	11.2	6.3
Result before taxes, EUR million	-2.5	27.5	17.6	115.3	120.9
comparable, EUR million	-2.6	25.4	25.9	113.5	122.6
Result for the period, EUR million	-5.0	22.6	9.7	98.0	101.6
comparable, EUR million	-5.2	21.0	16.5	96.8	103.8
Earnings per share, EUR	-0.03	0.06	0.01	0.25	0.27
comparable, EUR	-0.03	0.05	0.03	0.24	0.27
Return on equity, %	-1.1	4.3	1.0	9.1	4.7
comparable, %	-1.1	4.0	1.7	9.0	4.8
Return on capital employed, %	0.3	5.0	2.3	9.5	5.0
comparable, %	0.3	4.6	2.9	9.3	5.1
Equity ratio [1], %	65	67	65	67	67
Net gearing [1], %	15	12	15	12	7
Interest-bearing net liabilities/comparable EBITDA, 12 months rolling	2.2	0.6	2.2	0.6	0.7
Shareholders' equity per share [1], EUR	4.90	5.37	4.90	5.37	5.35
Interest-bearing net liabilities [1], EUR million	293.6	257.0	293.6	257.0	144.0
Total investment, EUR million	29.4	50.2	53.3	107.6	228.7
Net cash flow from operations, EUR million	-8.6	15.6	-16.5	142.0	342.8
Personnel [1]	2,446	2,466	2,446	2,466	2,240

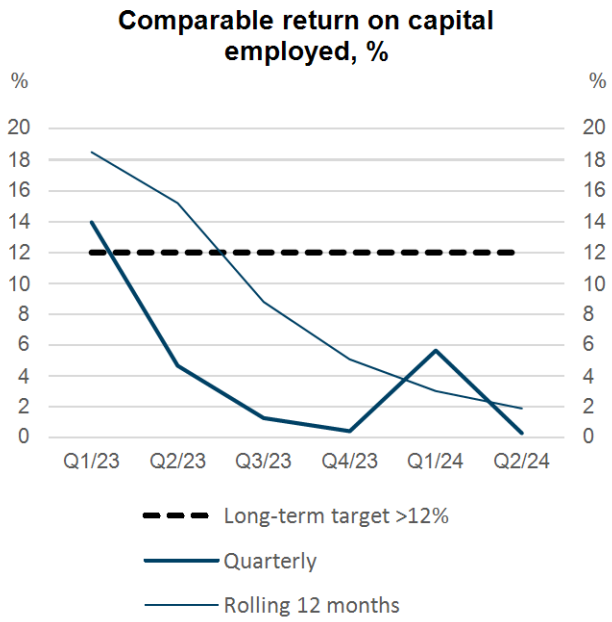
[1] at the end of the period

Delivery and production volumes

1,000 tonnes	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1–Q4
Delivery volumes						
Folding boxboard	260	242	188	228	235	906
White kraftliner	117	123	111	112	118	467
Metsä Board's market pulp [1]	117	115	120	107	83	394
Metsä Fibre's market pulp [2]	151	171	191	200	132	684
Production volumes						
Folding boxboard	262	279	179	209	208	859
White kraftliner	95	121	133	101	104	450
Metsä Board's pulp [1]	300	318	235	209	254	996
Metsä Fibre's pulp [2]	130	177	201	160	140	685

[1] Includes chemical pulp and high-yield pulp (BCTMP).
[2] Equal to Metsä Board's 24.9% holding in Metsä Fibre.





Half-year financial report 1 January–30 June 2024

Sales and result

April–June 2024 (compared to 4–6/2023)

Metsä Board's sales were EUR 509.8 million (498.2). Folding boxboard accounted for 57% (61) of sales, while 23% (24) of sales came from white kraftliner, 16% (11) from market pulp, and 4% (3) from other operations.

The comparable operating result was EUR -0.8 million (27.3), and the operating result was EUR -0.7 million (29.5). Items affecting comparability totalled EUR 0.1 million, comprising EUR -0.5 million for the sale of the discontinued sales company in Russia and EUR 0.6 million for items related to Metsä Fibre's business.

Total deliveries of paperboards were 377,000 (354,000) tonnes, of which 66% was delivered to the EMEA region, 30% to the Americas, and 4% to the APAC region. Metsä Board's deliveries of market pulp were 117,000 (83,000) tonnes, of which 75% was delivered to the EMEA region, and 25% to the APAC region.

Metsä Fibre's Kemi bioproduct mill's gas explosion had roughly EUR 40 million negative impact, and the political strikes in Finland roughly EUR 15 million negative impact on Metsä Board's operating result, both including the impact from Metsä Fibre's share of the result.

The comparable operating result was weakened by lower average prices of paperboards, especially folding boxboard. The average prices of market pulp increased. Delivery volumes increased in both paperboards and pulp.

Exchange rate fluctuations, including hedges, had a positive impact of around EUR 5 million on the operating result compared to the corresponding period in the previous year.

Total costs remained quite stable. Regarding production costs, the price of chemicals decreased notably, while wood costs increased due to higher stumpage prices.

Unused emissions allowances were sold for a total of approximately EUR 10 million (20).

The associated company Metsä Fibre accounted for EUR -12.6 million (5.7) of Metsä Board's comparable operating result in April–June. The delivery volumes and average prices of Metsä Fibre's market pulp increased. In addition to the strikes and the gas explosion in Kemi, the result was weakened by higher wood costs and increased depreciation.

Financial income and expenses totalled EUR -1.8 million (-2.0), including foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments, totalling EUR 0.5 million (-0.6).

The result before taxes was EUR -2.5 million (27.5). The comparable result before taxes was EUR -2.6 million (25.4). Income taxes amounted to EUR -2.5 million (-5.0).

Earnings per share were EUR -0.03 (0.06). The return on equity was -1.1% (4.3), and the comparable return

on equity was -1.1% (4.0). The return on capital employed was 0.3% (5.0), and the comparable return on capital employed was 0.3% (4.6).

January–June 2024 (compared to 1–6/2023)

Metsä Board's sales were EUR 993.6 million (1,040.2). Folding boxboard accounted for 56% (61) of sales, while 24% (24) of sales came from white kraftliner, 15% (12) from market pulp, and 4% (3) from other operations.

The comparable operating result was EUR 30.7 million (116.0), and the operating result was EUR 22.3 million (117.9). Items affecting comparability totalled EUR -8.3 million in the financial period. They comprised a write-down of EUR -7.6 million for the prefeasibility study of the Kaskinen folding boxboard mill, EUR -0.5 million for the sale of the discontinued sales company in Russia and EUR -0.3 million for items related to the business of the associated company Metsä Fibre.

Total deliveries of paperboards were 741,000 (734,000) tonnes, of which 66% was delivered to the EMEA region, 30% to the Americas, and 4% to the APAC region. Metsä Board's deliveries of market pulp were 231,000 (166,000) tonnes, of which 75% was delivered to the EMEA region and 25% to the APAC region.

Metsä Fibre's Kemi bioproduct mill's gas explosion had roughly EUR 40 million negative impact, and the political strikes in Finland roughly EUR 25 million negative impact on Metsä Board's operating result, both including the impact from Metsä Fibre's share of the result.

The comparable operating result was weakened by lower average prices of paperboards, especially folding boxboard. The average prices of market pulp also decreased. Delivery volumes increased in both paperboards and pulp.

Exchange rate fluctuations, including hedges, had a positive impact of around EUR 11 million on the operating result compared to the comparison period.

Production costs decreased from the comparison period. Chemicals costs decreased especially due to the lower prices of caustic soda and starch. Energy costs also decreased. In turn, higher stumpage prices increased wood costs.

Unused emissions allowances were sold for approximately EUR 15 million (40) in the review period.

The associated company Metsä Fibre's share of Metsä Board's comparable result in January–June was EUR -18.1 million (34.3). The delivery volumes of Metsä Fibre's market pulp increased. In addition to the strikes and the gas explosion in Kemi, the result was weakened by lower sales prices of market pulp, higher wood costs and increased depreciation.

Financial income and expenses totalled EUR -4.7 million (-2.7), including foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments, totalling EUR -1.6 million (-1.4).

The result before taxes was EUR 17.6 million (115.3). The comparable result before taxes was EUR 25.9 million (113.5). Income taxes amounted to EUR -7.9 million (-17.2).

Earnings per share were EUR 0.01 (0.25), and comparable earnings per share were EUR 0.03 (0.24). The return on equity was 1.0% (9.1), and the comparable return on equity was 1.7% (9.0). The return on capital employed was 2.3% (9.5), and the comparable return on capital employed was 2.9% (9.3).

Operating result in April–June 2024 in brief (compared to 1–3/2024)

The comparable operating result in April–June was EUR -0.8 million (31.5).

Paperboard delivery volumes increased, and average prices remained quite stable. The average prices of market pulp increased notably. The result was weakened by annual maintenance shutdowns at mills, hardly any of which took place in the first quarter. Production costs remained quite stable, and personnel expenses increased seasonally. Unused emissions allowances were sold for approximately EUR 10 million (5).

Metsä Fibre accounted for EUR -12.6 million (-5.5) of Metsä Board's comparable operating result in April–June. Profitability was supported by higher average prices of market pulp and by the sawn timber business. In addition to the gas explosion in Kemi, the result was weakened by the lower average prices of other end products and higher wood costs.

In April–June, the Kemi bioproduct mill's gas explosion had a negative impact of roughly EUR 40 million on Metsä Board's operating result, including the impact through Metsä Fibre's share of the result.

Gas explosion at the Kemi bioproduct mill

On 21 March 2024, a gas explosion occurred at the evaporation plant of Metsä Board's associated company Metsä Fibre's Kemi bioproduct mill, shutting down the mill's production. The explosion did not cause any human injuries. Repair work on the evaporation plant's damaged units was completed on 20 June 2024, after which the mill's production was restarted. Metsä Board's Kemi paperboard mill, which produces white kraftliner, is part of the Kemi integrated mill. The production of unbleached pulp used in kraftliner production depends on the bioproduct mill's chemical cycle. During the repair work, kraftliner was produced using dried unbleached pulp and at a lower than normal production level.

In the second quarter, the gas explosion had a negative impact of roughly EUR 40 million on Metsä Board's operating result, including the impact from Metsä Fibre's share of the result.

Metsä Board and Metsä Fibre have property damage and business interruption insurance policies in accordance with established practice. The claim settlement process to compensate financial losses has been initiated with the insurance consortium. Compensation is not included in the reported financial losses caused by the explosion.

To secure the evaporation plant's original capacity and life-cycle, the damaged units will be replaced with new units, the installation of which is expected to take place in the second quarter of 2025. The installation work is expected to take approximately two months.

Delivery and production volumes

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 average prices of the period under review. Sources: Fastmarkets FOEX, Fastmarkets RISI, Pro Carton, CEPI Containerboard.

	H1/24 vs H1/23	Q2/24 vs Q1/24	Q2/24 vs Q2/23
Paperboard deliveries, Cepi members			
Folding boxboard, Europe	increased clearly	increased clearly	increased clearly
White kraftliner, Europe	increased clearly	increased clearly	increased clearly
Market prices of paperboards in local currencies			
Folding boxboard, Europe	decreased clearly	stable	decreased clearly
White kraftliner, Europe	decreased clearly	increased	decreased clearly
Solid bleached board, USA	decreased clearly	decreased	decreased clearly
Food service board, USA	decreased	stable	decreased

-1% < stable < +1%, increased (decreased): +1…+3% (-1%...-3%), increased clearly (decreased clearly): > +3% (< -3%)

Market prices of pulp, PIX, USD			
Long-fibre pulp, Europe, %	5	13	15
Short-fibre pulp, Europe, %	2	21	24
Long-fibre pulp, China, %	-4	9	14
Short-fibre pulp, China, %	8	9	39

Business operations and their development

Metsä Board produces recyclable and premium 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 such as food and pharmaceutical packaging. The end uses of white kraftliners are mainly related to the retail sector's various packaging needs. The total annual paperboard capacity is approximately 2.3 million tonnes. Metsä Board's main market areas are Europe and North America.

In addition to paperboard, Metsä Board produces chemical pulp and bleached mechanical pulp (BCTMP), which are used in the company's own paperboard production but also sold as market pulp. Metsä Board owns 24.9% of its associated company Metsä Fibre, a global leader in the production of softwood market pulp.

Metsä Board covers its energy consumption with its own production and supplementary purchases from the market. Most of the 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.

Paperboard sales

Metsä Board's paperboard deliveries in January–June totalled 741,000 tonnes (1–6/2023: 734,000).

Deliveries of folding boxboard were 502,000 tonnes (490,000), of which 72% (72) was delivered to the EMEA region, 23% (23) to the Americas, and 5% (5) to the APAC region. Deliveries of white kraftliners were

239,000 tonnes (244,000), of which 53% (57) was delivered to the EMEA region, 46% (43) to the Americas, and 1% (0) to the APAC region.

In 2023, the decline in demand for consumer products and the adjustments to inventories in the value chain considerably reduced the demand for fresh fibre paperboards. In the EMEA region, the paperboard market balance was also affected by the increased paperboard imports from China.

In 2024, demand for fresh fibre paperboards has picked up clearly from the low levels in 2023. Demand has increased especially by restocking in the value chain.

In the review period, Metsä Board's paperboard deliveries were restricted by trade unions' political strikes, which stopped goods transports and halted export ports. Moreover, the gas explosion at the Kemi bioproduct mill reduced kraftliner deliveries slightly.

Because of the bridge collapse in Baltimore, Metsä Board's North American paperboard deliveries had to be rerouted. No significant delays were caused to customer deliveries.

The average price of Metsä Board's folding boxboard decreased in the first half of the year compared to the average price in 2023. The average price of white kraftliners remained quite stable.

Market pulp sales

Metsä Board's market pulp deliveries totalled 231,000 tonnes (166,000) in January–June, with the EMEA region accounting for 75%, and the APAC region for 25%.

The associated company Metsä Fibre's total pulp deliveries amounted to 1,291,000 tonnes (1,179,000). Metsä Fibre's pulp deliveries are allocated approximately 50/50 between the APAC and EMEA regions.

Demand for pulp has been at a good level this year, especially in Europe, thanks to the higher utilisation rates of paper and paperboard producers. Demand in China has been affected by production curtailments at paper and paperboard mills. Market pulp prices (PIX) have increased steeply in Europe. In China, prices have increased more moderately.

In the first half of the year, the supply of softwood market pulp has been restricted by the political strikes in Finland, the gas explosion at the Kemi bioproduct mill, global bottlenecks in logistics, and the capacity shutdowns carried out in 2023.

Paperboard, pulp and BCTMP production

The production volume of folding boxboard and white kraftliner totalled 757,000 tonnes (688,000), while the combined production volume of pulp and BCTMP amounted to 618,000 tonnes (552,000).

In the comparison period, Metsä Board's paperboard, BCTMP and pulp production was reduced to match the weaker demand situation.

The political strikes organised in Finland during 11 March–8 April 2024 halted raw material transports to mills and product transports to ports. The strikes forced Metsä Board to stop production at all its paperboard and BCTMP mills in Finland for 2–3 weeks. The company estimates that the production losses caused by the strikes totalled around 50,000 tonnes of paperboard and 30,000 tonnes of BCTMP.

The gas explosion at Metsä Fibre's Kemi bioproduct mill in March affected the production of Metsä Board's white kraftliner. During the repair work, kraftliner was produced using dried unbleached pulp and at a lower than normal production level.

Cash flow

Net cash flow from operations in January–June 2024 was EUR -16.5 million (1–6/2023: 142.0). Working capital increased by EUR 100.6 million (increase of 43.0). In the comparison period, cash flow was supported by the production adjustments made to prevent an increase in inventories. Cash flow for the review period includes a dividend of EUR 9.8 million (1–3/2023: EUR 83 million) from the associated company Metsä Fibre.

Balance sheet and financing

Metsä Board's equity ratio at the end of the review period was 65% (31 December 2023: 67), and the net gearing ratio was 15% (7). The ratio of interest-bearing net liabilities to comparable EBITDA in the previous 12 months was 2.2 (0.7).

At the end of the review period, interest-bearing liabilities totalled EUR 480.8 million (31 December 2023: 438.1). Non-euro-denominated loans accounted for 1.8% of loans, and floating-rate loans for 23.7%, the rest being fixed-rate loans. The average interest rate on liabilities was 2.7% (2.6), and the average maturity of non-current liabilities was 2.7 years (3.1). The interest rate maturity of loans was 24.3 months (30.6).

Interest-bearing net liabilities totalled EUR 293.6 million (31 December 2023: 144.0).

The available liquidity was EUR 387.2 million (31 December 2023: 491.6), consisting of the following items: liquid assets and investments of EUR 187.2 million; and a syndicated credit facility (revolving credit facility) of EUR 200.0 million. Of the liquid assets, EUR 185.3 million consisted of short-term deposits with Metsä Group Treasury, and EUR 1.9 million consisted of cash funds and investments. In addition to items reported as liquidity, the liquidity reserve is complemented by Metsä Group's internal short-term credit facility of EUR 150

million and a EUR 200 million commercial paper programme, of which EUR 30 million was issued at the end of the review period.

The fair value of other non-current investments was EUR 207.3 million (31 December 2023: 254.4). The change in value was related to the change in the fair value of Pohjolan Voima Oyj's shares.

An average of 9.0 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 from S&P Global and Moody's Investor Service. Metsä Board's rating by S&P Global is BBB-, with a stable outlook. The company's rating by Moody's is Baa2, with a stable outlook.

Investments

Investments during the review period totalled EUR 53.3 million (1–6/2023: 107.6), with growth and development investments accounting for 70%, and maintenance investments for 30%. Of total investments, the company's own property, plant and equipment amounted to EUR 48.3 million (106.8), and leased property, plant and equipment to EUR 5.0 (0.8).

In 2023, two significant investments were completed at the Kemi and Husum paperboard mills, which will increase Metsä Board's annual paperboard capacity by approximately 240,000 tonnes. As part of the Kemi investment programme, Metsä Board will purchase a modernised production line for unbleached pulp from Metsä Fibre for use in paperboard production. The production line's annual capacity is roughly 180,000 tonnes. The total value of the Kemi and Husum investments is EUR 340 million.

Metsä Board Group companies are parties to legal proceedings concerning disputes related to obligations and liabilities under delivery contracts for major investment projects. In addition, these investment projects involve outstanding disputes, which may also lead to the initiation of new arbitration or litigation.

Renewal of the Simpele paperboard mill

Metsä Board is renewing the folding boxboard machine at its Simpele mill to improve the quality of folding boxboard, increase production efficiency and enable the replacement of fossil fuels in paperboard production. The renewal will also increase the mill's annual production capacity by around 10,000 tonnes. The value of the investment is approximately EUR 60 million. It will be divided in 2024–2026. The investment is expected to be completed in the second half of 2025.

Renewal of the Husum port concept

Due to the growing logistics volumes of the Husum integrated mill, the Husum port concept will also be renewed. The value of the investment, mainly consisting of new warehouse capacity, is around EUR 20 million. The investment is expected to be completed in 2024.

ERP investment

As part of Metsä Group, Metsä Board is modernising its ERP system. The investment will gradually improve Metsä Group's operational efficiency and ability to create new data-driven functions in areas such as business management and customer support. At Metsä Board, the design phase started in 2021, and it is expected that the system will be deployed by the end of 2025. In 2023, Metsä Group's common financial system was deployed. Metsä Board's share of the total investment value is at least EUR 80 million, most of which will be recorded as investments during 2024 and 2025.

Planned investments

Metsä Board is planning development investments at its current mills to further improve the competitiveness of its mills and products and support its target of fossil-free production by the end of 2030.

The next phases of the investment programme for the modernisation of the Simpele paperboard mill involve renewals to mechanical pulp production and paperboard finishing, as well as a new power plant. At the Kyro board mill, an investment programme will be launched to improve the performance of barrier boards and expand end use areas. The total cost of investments in the Simpele and Kyro paperboard mills is estimated at EUR 250 million in the next ten years. Metsä Board is also continuing plans for the renewal of the Husum pulp mill's fibre line.

At the Husum integrated mill in Sweden, a programme will be launched to introduce new products on the current white kraftliner production line (BM 2). The goal is to find innovative solutions for the growing food and food service packaging segment.

Metsä Board will regularly report on the progress of the investments in its interim reports and in separate releases if required.

Personnel

At the end of June 2024, the number of personnel was 2,446 (30/06/2023: 2,466), of whom 1,400 (1,414) were based in Finland. In January–June, Metsä Board employed 2,320 people on average (1–6/2023: 2,342). Personnel expenses in January–June totalled EUR 104.1 million (108.2).

In November 2023, Metsä Board conducted change negotiations on possible temporary layoffs at the company's paperboard and BCTMP mills in Finland. The possible layoffs would last a maximum of 90 days, and they could be implemented in several sets during 2024. Temporary layoffs will be implemented if production has to be adjusted to match low delivery volumes. No layoffs took place in the review period.

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. Metsä Board's shares are listed on Nasdaq Helsinki.

At the end of June 2024, the closing price of Metsä Board's B share on the Nasdaq Helsinki was EUR 7.33. The share's highest and lowest prices were EUR 8.11 and EUR 6.57 respectively. Correspondingly, the closing price of the A share was EUR 8.68; the share's highest and lowest prices were EUR 9.62 and EUR 7.42 respectively.

In January–June, the average daily trading volumes of the B and A shares on the Nasdaq Helsinki were around 396,500 shares and around 2,400 shares respectively. The total trading volume of the B share was EUR 357 million, and the total trading volume of the A share was EUR 2 million.

At the end of June 2024, 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.

Metsä Board's major shareholder Metsäliitto Cooperative holds approximately 52% of Metsä Board's shares and approximately 69% of votes. As Metsä Board is an entity controlled by Metsäliitto Cooperative, Metsäliitto Cooperative's ownership also includes the 477,890 shares held by Metsä Board.

International and nominee-registered investors held approximately 9% (11) of all shares (source: Euroland).

Sustainability

Climate change mitigation and adapting the business to a low-carbon future are at the core of Metsä Board's strategy and operational business. 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, generating as little waste and emissions as possible, and keeping materials in circulation for extended periods. Resource efficiently produced lightweight, recyclable and/or compostable products also provide alternatives to plastic.

Key sustainability figures

	2024 Q2	2023 Q2	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4	Target 2030
Total recordable incident frequency TRIF[1)]	3.0	7.9	2.6	6.1	6.1	0
Women in management positions[2)], %	23	21	23	21	21	>30
Share of certified wood fibre, %	91	89	92	90	91	>90
Share of fossil free energy of total energy consumption [3)], %	-	-	-	-	90	100
Direct fossil-based CO_2 emissions, tonnes (Scope 1)	46,373	41,277	95,155	100,643	181,339	0
Indirect fossil-based CO_2 emissions[4)], tonnes (Scope 2)	-	-	-	-	2,261	0
Energy efficiency improvement[5)], %	-0.9	-3.7	-	-	-5.8	+10
Reduction in process water use[5)], %	-5.4	-3.0	-	-	+3.5	-35

1) Per million hours worked.

2) Management level VP, SVP, CEO, and management IPE level .

3) Reported annually.

4) Market-based, reported annually.

4) Change from the base year of 2018, per tonne produced, rolling 12 months.

The following figures have been revised from the previously reported figures: TRIF Q1–Q2/2023, Scope 1 2023, Process water use Q2/2023.

Occupational safety and equality

Metsä Board aims for zero accidents at work. All Metsä Board production units comply with the ISO 45001 management system and common occupational safety standards. Occupational safety is developed through proactive safety work, training and investments, for example. The focus areas are personal risk assessment, improving hand safety and the operational safety of cranes.

Diversity, equality and inclusion are promoted through the *Metsä for All* vision and measured with the set targets. One of the targets is to increase the share of women at management level to at least 30%. The aim is also to increase the share of women at all organisational levels.

Share of certified wood fibre

Metsä Board's target is that at least 90% of the wood fibre it uses is certified. All the wood used by Metsä Board comes from Northern European forests. All the countries from which wood is procured impose a statutory obligation to renew forests after regeneration felling. Metsä Group, which is responsible for Metsä Board's wood supply, targets the promotion of the biodiversity of forest nature and the sustainable use of forests in accordance with the principles of regenerative forestry.

Greenhouse gas emissions, and energy and water use

Metsä Board's goal is to completely phase out the use of fossil-based energy by the end of 2030, at which point the company's direct and indirect fossil-based carbon dioxide emissions (Scopes 1 and 2) will drop to zero. To achieve this, the company has a plan that includes production unit-specific measures and the necessary investments. The vast majority of the company's greenhouse gas emissions comes from the energy generation required to produce pulp, BCTMP and paperboard. 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 will update its target for the value chain (Scope 3) in 2024.

By the end of 2030, the company also aims to improve energy efficiency by 10% and reduce process water use by 35% per tonne produced compared to 2018.

Other main events

Metsä Board achieved a Platinum sustainability rating from EcoVadis. With a total score of 91/100, Metsä Board is among the top 1% of companies assessed in the paper, paperboard and packaging manufacturers category. In the environmental evaluation, the company scored 100/100.

R&D and innovation

In the circular economy of fibre-based packaging materials, Metsä Board's mission is to produce high-quality fresh fibre paperboards in the most resource-efficient way possible, help replace fossil-based materials and reduce the carbon footprint of packaging.

One of the focus areas in Metsä Board's R&D work is to further reduce the weight of paperboards without compromising other properties and to develop barrier solutions.

In addition to the fossil-free energy used in production, the resource efficiency and lightness of paperboard plays an important role in reducing the carbon footprint. Metsä Board's goal is that the future consumption of wood, energy and water per produced tonne of paperboard will be lower than that of current production.

Another focus area for product development is the development of bio-based barrier coatings, especially for food packaging. Metsä Board has an ongoing biobarrier programme, the starting point of which is that the solutions and polymers developed for paperboards will be based on fossil free raw materials by the end of 2030.

Near-term risks and uncertainties

The uncertainty surrounding global development and growth continues. The cost level has remained high, and the decrease in interest rates has been slower than expected. Especially in the euro area, economic growth remains low. Consumers' low confidence in their own economy and weaker purchasing power affect the general demand for consumer products. If prolonged, the situation may reduce the demand for fresh fibre paperboards and market pulp, and negatively affect Metsä Board's profitability.

An imbalance in demand and supply on the paperboard or pulp market could influence the demand and pricing of Metsä Board's products. Paperboard imports from Asia have increased, especially to Turkey, the Middle East and South America, and if they increase faster than demand, they could also cause an imbalance in other market areas significant to Metsä Board.

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.

Most of Metsä Board's production is in Finland. Finland has a history of labour disputes in both the forest industry and the logistics 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.

The continuity of the mills' production and the company's other operations could be affected by serious accidents, cyberattacks and malware, for example. If such interruptions continue for a long time, the resulting financial losses may be substantial and result in the permanent loss of customers. The amount and costs of property damage and business interruption, as well as the approval of related compensation, may involve uncertainties.

Business is also being developed by modernising production technology, running efficiency programmes and conducting product development. If the costs of development projects and investments are significantly exceeded, their completion is delayed, or their productive or commercial objectives are not met, this could negatively affect the company's profitability.

Difficulties in wood supply and significant price fluctuations could have an adverse impact on the continuity of production and Metsä Board's profitability. Significant or unforeseen fluctuation in the prices of other important production inputs such as energy and chemicals, and problems related to their availability, could erode profitability, threaten business continuity or pose a risk to the implementation of development investments.

Disruptions in global transport chains, a decrease in the availability of transport capacity or an increase in market prices could have a negative impact on the company's profitability. The prolongation of the conflict in the Middle East and the unstable security situation in the Red Sea could have a negative impact on the transport of Metsä Board's and Metsä Fibre's products and thus the company's profitability.

Negative developments in trade policy or global trade – including sanctions, import duties and other trade restrictions between countries – could directly or indirectly affect demand for Metsä Board's products and the company's profitability. In particular, deteriorating relations between China and the EU could have a negative impact on the demand for Metsä Board's and its associated company Metsä Fibre's products in China, thus weakening the companies' profitability.

Climate risks mainly concern forests and the use of energy and water. Regulation may steer the future use of

forests. Climate change may increase extreme weather phenomena such as storms, floods and droughts, causing interruptions in the mills' production, or limit the availability of wood raw material.

The weaker cash position or slower payments of Metsä Board's customers may have an impact on the company's cash flow and lead to credit losses.

Changes in the market price of pulp have a significant impact on Metsä Board's profitability. A 10% decrease (increase) in the price of market pulp would have a negative (positive) impact of approximately EUR 50 million on the company's annual operating result.

The US dollar strengthening by 10% against the euro would have a positive impact of approximately EUR 80 million on Metsä Board's annual operating result. Correspondingly, the Swedish krona strengthening by 10% would have a negative impact of approximately EUR 60 million. The British pound strengthening by 10% would have a positive impact of approximately EUR 15 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 half-year financial 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.

Further information about long-term risks and risk management is available in the 2023 Report of the Board Directors and on pages 16–18 of Metsä Board's 2023 Annual Review.

Near-term outlook

The demand situation for fresh fibre paperboards is expected to remain stable in the third quarter. The overall demand for consumer products will continue to be influenced by the trend in consumers' purchasing power and general purchasing behaviour.

Metsä Board's paperboard delivery volumes are expected to increase slightly in July–September compared to the previous quarter (4–6/2024: 377,000 tonnes). The sales prices in local currencies are expected to remain stable.

More annual maintenance shutdowns will take place at the mills in July–September than in the previous quarter.

Total costs, excluding pulp costs, are expected to remain stable.

Total demand for softwood market pulp is expected to remain stable in Europe and North America. In China, demand for market pulp remains weak. The demand and price situation for sawn timber is expected to remain at its current level.

In July–September 2024, exchange rate fluctuations, including the impact of hedges, will have a negative impact on the operating result compared to April–June 2024 and a negative impact compared to July–September 2023.

The claim settlement process to compensate Metsä Board's financial losses from the gas explosion at Metsä Fibre's Kemi bioproduct mill has been initiated with the insurance consortium. Compensation is not included in the previously reported financial losses caused by the explosion. The progress of the discussions as well as the amount and timing of the compensation will be reported in the company's interim reports or, if necessary, in a separate releases.

Annual maintenance shutdowns in 2024

The main annual maintenance shutdowns expected in 2024. Changes to plans are possible.

Main annual maintenance shutdowns	
Q1/2024	-
Q2/2024	Kemi integrated mill: Metsä Board and Metsä Fibre
Q3/2024	Husum integrated mill
Q4/2024	-

Result guidance for July–September 2024

Metsä Board's comparable operating result in July–September 2024 is expected to improve from April–June 2024 (4–6/2024: EUR -0.8 million).

METSÄ BOARD CORPORATION

Espoo, 1 August 2024

BOARD OF DIRECTORS

Further information:

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

A webcast and a conference call for analysts and investors in English will be held on the same day at 3:00 p.m. EEST. CEO **Mika Joukio** and CFO **Henri Sederholm** will present the results. The webcast and conference call can be followed online on the company's website at https://metsaboard.videosync.fi/q2-2024.

Participation in the conference call requires registration through the following link: https://palvelu.flik.fi/teleconference/?id=50047148. After registration, participants will be provided with a phone number, a User ID and a Conference ID to access the conference. By participating in the conference call, the participant agrees that personal information such as name and company name can be collected.

The webcast presentation and conference call will be recorded and archived on the company's website, where it can be viewed afterwards at: https://www.metsagroup.com/metsaboard/investors/reports-and-presentations/webcasts-and-conference-calls/.

Financial reporting in 2024

Interim Report for January–March 2024: 25 April 2024

Half-year financial report for January–July 2024: 1 August 2024

Interim Report for January–September 2024: 24 October 2024

Metsä Board Corporation's Annual General Meeting was held on 26 March 2024.

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 the 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 is a key figure used in IFRS reporting, and they cannot be compared to 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 outside normal business operations.

Unaudited condensed consolidated statement of comprehensive income

EUR million	Note	2024 Q2	2023 Q2	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4
Sales	2, 6	**509.8**	**498.2**	**993.6**	**1,040.2**	**1,941.9**
Change in stocks of finished goods and work in progress		-36.8	-41.8	18.1	-19.4	-57.0
Other operating income	2, 6	16.0	27.2	25.8	52.0	79.9
Material and services	6	-354.5	-343.0	-751.3	-759.8	-1,429.5
Employee costs		-54.0	-54.5	-104.1	-108.2	-199.5
Share of result of associated company	6	-12.0	5.3	-18.4	33.6	24.2
Depreciation, amortisation and impairment losses		-27.1	-25.4	-61.0	-50.4	-93.8
Other operating expenses		-42.1	-36.4	-80.4	-70.1	-145.4
Operating result	2	**-0.7**	**29.5**	**22.3**	**117.9**	**120.8**
Share of results of associated companies and joint ventures				0.0	0.0	0.0
Net exchange gains and losses		0.5	-0.6	-1.6	-1.4	2.6
Other net financial items	2, 6	-2.2	-1.5	-3.1	-1.3	-2.5
Result before income tax		**-2.5**	**27.5**	**17.6**	**115.3**	**120.9**
Income taxes	3	-2.5	-5.0	-7.9	-17.2	-19.3
Result for the period		**-5.0**	**22.6**	**9.7**	**98.0**	**101.6**

EUR million	Note	2024 Q2	2023 Q2	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gains/losses on defined pension plans		-0.7	0.6	-0.7	0.3	-1.0
Financial assets valued at fair value through other comprehensive income	8	-8.4	-8.7	-47.8	1.1	-87.8
Share of other comprehensive income of associated company			-0.8		-0.6	-3.4
Income tax relating to items that will not be reclassified		1.8	1.5	9.6	-0.4	18.5
Total		**-7.3**	**-7.4**	**-38.9**	**0.4**	**-73.6**
Items that may be reclassified to profit or loss						
Cash flow hedges		-2.0	-20.2	-22.7	-18.2	8.2
Translation differences		13.6	-7.9	-14.0	-50.9	-2.8
Share of other comprehensive income of associated company		-2.5	-3.2	-5.3	-1.9	-5.7
Income tax relating to components of other comprehensive income		0.4	4.0	4.5	3.6	-1.6
Total		**9.4**	**-27.3**	**-37.4**	**-67.3**	**-1.9**
Other comprehensive income, net of tax		**2.1**	**-34.7**	**-76.3**	**-66.9**	**-75.6**
Total comprehensive income for the period		**-2.9**	**-12.2**	**-66.6**	**31.1**	**26.1**
Result for the period attributable to						
Shareholders of parent company		-9.1	19.8	4.0	87.7	94.8
Non-controlling interests		4.0	2.8	5.7	10.3	6.8
Total		-5.0	22.6	9.7	98.0	101.6
Total comprehensive income for the period attributable to						
Shareholders of parent company		-9.2	-7.3	-68.7	30.9	20.7
Non-controlling interests		6.3	-4.9	2.1	0.2	5.4
Total		-2.9	-12.2	-66.6	31.1	26.1
Earnings per share for result attributable to shareholders of parent company (EUR/share)		**-0.03**	**0.06**	**0.01**	**0.25**	**0.27**

Unaudited condensed balance sheet

EUR million	Note	30 Jun 2024	30 Jun 2023	31 Dec 2023
ASSETS				
Non-current assets				
Goodwill		12.2	12.2	12.2
Other intangible assets		11.6	12.3	16.1
Tangible assets	4	1,208.9	1,119.1	1,230.4
Investments in associated companies and joint ventures		516.5	562.6	549.9
Other investments	8	207.3	346.6	254.4
Other non-current financial assets	6, 8	3.6	9.4	7.8
Deferred tax receivables	2	7.0	10.1	9.5
		1,967.1	2,072.3	2,080.4
Current assets				
Inventories		444.0	487.6	394.4
Accounts receivables and other receivables	6, 8	348.7	332.3	288.8
Cash and cash equivalents	6, 8	187.2	193.9	291.6
		979.8	1,013.8	974.7
Total assets		**2,947.0**	**3,086.1**	**3,055.1**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Equity attributable to shareholders of parent company		1,739.1	1,906.3	1,897.0
Non-controlling interests		157.7	150.5	155.6
Total equity		1,896.8	2,056.8	2,052.6
Non-current liabilities				
Deferred tax liabilities		120.3	143.1	139.2
Post-employment benefit obligations	2	6.8	10.3	10.1
Provisions	5	1.7	2.0	1.7
Borrowings	8	416.5	426.4	421.0
Other liabilities	8	7.4	4.3	8.7
		552.7	586.2	580.7
Current liabilities				
Provisions	5	0.2	3.2	1.4
Current borrowings	6, 8	64.3	26.8	17.1
Accounts payable and other liabilities	6, 8	432.8	413.2	403.4
		497.4	443.1	421.8
Total liabilities		1,050.2	1,029.3	1,002.5
Total shareholders' equity and liabilities		**2,947.0**	**3,086.1**	**3,055.1**

Unaudited consolidated statement of changes in shareholders' equity

EUR million	Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Own shares	Retained earnings	Total	Non-controlling interests	Equity total
Shareholders' equity 1 January 2023	557.9	-64.0	283.9	208.9	-7.8	1,103.2	2,082.0	173.2	2,255.2
Comprehensive income for the period									
Result for the period						87.7	87.7	10.3	98.0
Other comprehensive income net of tax total		-40.5	-16.4			0.1	-56.8	-10.1	-66.9
Comprehensive income total		**-40.5**	**-16.4**			**87.8**	**30.9**	**0.2**	**31.1**
Related party transactions									
Dividend						-205.8	-205.8	-22.9	-228.7
Disposal of own shares					2.3	-2.3			
Share based payments						-0.8	-0.8		-0.8
Shareholders' equity 30 June 2023	**557.9**	**-104.5**	**267.5**	**208.9**	**-5.5**	**982.1**	**1,906.3**	**150.5**	**2,056.8**

EUR million	Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Own shares	Retained earnings	Total	Non-controlling interests	Equity total
Shareholders' equity 1 January 2024	557.9	-66.0	209.1	208.9	-5.5	992.6	1,897.0	155.6	2,052.6
Comprehensive income for the period									
Result for the period						4.0	4.0	5.7	9.7
Other comprehensive income net of tax total		-10.4	-59.9			-2.4	-72.7	-3.6	-76.3
Comprehensive income total		**-10.4**	**-59.9**			**1.6**	**-68.7**	**2.1**	**-66.6**
Related party transactions									
Dividend						-88.8	-88.8		-88.8
Disposal of own shares					1.8	-1.8			
Share based payments						-0.4	-0.4		-0.4
Shareholders' equity 30 June 2024	**557.9**	**-76.4**	**149.2**	**208.9**	**-3.7**	**903.3**	**1,739.1**	**157.7**	**1,896.8**

Unaudited condensed consolidated cash flow statement

EUR million	Note	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4	2024 Q2
Result for the period		9.7	98.0	101.6	-5.0
Total adjustments	7	78.5	-7.5	27.3	34.2
Change in working capital		-100.6	-43.0	105.8	-30.3
Net financial items	7	10.7	87.4	84.0	-1.1
Income taxes paid		-14.9	7.2	24.1	-6.5
Net cash flow from operations		**-16.5**	**142.0**	**342.8**	**-8.6**
Investments in intangible and tangible assets		-48.3	-109.6	-218.4	-26.6
Disposals and other items	6, 7	15.1	44.0	58.6	10.2
Net cash flow from investing		**-33.2**	**-65.6**	**-159.7**	**-16.4**
Changes in non-current loans and in other financial items	6	35.5	-0.4	-14.6	35.2
Paid dividend	7	-88.8	-229.7	-229.7	-88.8
Net cash flow from financing		**-53.2**	**-230.1**	**-244.3**	**-53.6**
Changes in cash and cash equivalents		**-103.0**	**-153.8**	**-61.2**	**-78.6**
Cash and cash equivalents at beginning of period	6	291.6	356.2	356.2	265.3
Translation difference in cash and cash equivalents		-1.4	-8.5	-3.5	0.4
Changes in cash and cash equivalents		-103.0	-153.8	-61.2	-78.6
Cash and cash equivalents at end of period	6	**187.2**	**193.9**	**291.6**	**187.2**

Appendices to unaudited 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 company's registered address 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 2023 IFRS financial statements. The effects of foreign exchange changes on the review period operating result vis-à-vis the comparison period result have been calculated based on estimated review period net cash flows in relevant currencies and taking the realised effects of foreign exchange hedges into account.

The same accounting policies have been applied as in the 2023 IFRS financial statements with the following exception:

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

The standard changes applied in the 2024 financial year will not have a significant impact on the group's financial statements.

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 1 August 2024.

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 the 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	2024 Q2	2023 Q2	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4
EMEA	347.0	331.6	672.7	702.1	1,289.4
Americas	129.7	136.6	259.8	279.9	516.0
APAC	33.1	30.0	61.0	58.2	136.5
Total	**509.8**	**498.2**	**993.6**	**1,040.2**	**1,941.9**

Reconciliation of comparable figures

EUR million	2024 Q2	2023 Q2	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4
Operating result	**-0.7**	**29.5**	**22.3**	**117.9**	**120.8**
Depreciation, amortisation and impairment losses	27.1	25.4	61.0	50.4	93.8
EBITDA	**26.4**	**55.0**	**83.4**	**168.4**	**214.6**
Items affecting comparability:					
Other operating income	0.0	-2.7	0.0	-2.7	-2.7
Share of results of associated companies	-0.6	0.5	0.3	0.8	4.1
Other operating expenses	0.5		0.5		
Total	-0.1	-2.3	0.7	-1.9	1.4
EBITDA, comparable	**26.3**	**52.7**	**84.1**	**166.4**	**216.0**
Depreciation, amortisation and impairment losses	-27.1	-25.4	-61.0	-50.4	-93.8
Items affecting comparability:					
Impairment charges and reversals of impairments			7.6		
Operating result, comparable	**-0.8**	**27.3**	**30.7**	**116.0**	**122.2**
Share of results of associated companies and joint ventures			0.0	0.0	0.0
Net financial items	-1.8	-2.0	-4.7	-2.7	0.1
Items affecting comparability:					
Financial items	0.0	0.1	0.0	0.2	0.3
Result before income tax, comparable	**-2.6**	**25.4**	**25.9**	**113.5**	**122.6**
Income taxes	-2.5	-5.0	-7.9	-17.2	-19.3
Income taxes related to items affecting comparability		0.5	-1.5	0.5	0.5
Result for the period, comparable	**-5.2**	**21.0**	**16.5**	**96.8**	**103.8**

Additional information about the reconciliation

"+" sign items = expense affecting comparability
"-" sign items = income affecting comparability

Items affecting operating result comparability in 2024 totalled EUR -8.3 million. They comprised a write-down of EUR -7.6 million for the prefeasibility study of the Kaskinen folding boxboard mill, EUR -0.5 million for the sale of the discontinued sales company in Russia and EUR -0.3 million for items related to the business of the associated company Metsä Fibre.

Items affecting operating result comparability in 2023 totalled EUR -1.4 million. They comprised Metsä Board's capital gains of EUR 2.7 million from the sale of a land area unrelated to business operations, and items related to the business of the associated company Metsä Fibre: a write-down related to the closure of the old Kemi pulp mill; translation differences from discontinued operations in Russia; the loss on sale of fixed asset items, and other items, totalling EUR -4.1 million.

Note 3 – Income taxes

EUR million	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4
Taxes for the current period	-8.0	-15.0	-12.8
Taxes for the prior periods	-0.1	-0.4	-0.1
Change in deferred taxes	0.2	-1.8	-6.4
Total income taxes	**-7.9**	**-17.2**	**-19.3**

Note 4 – Changes in property, plant and equipment

EUR million	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4
Carrying value at beginning of period	1,230.4	1,107.9	1,107.9
Investments in owned property, plant and equipment	44.8	99.8	211.5
Investments in leased property, plant and equipment	5.0	0.8	5.7
Decreases	-0.6	-1.5	-2.5
Depreciation, amortisation and impairment losses	-52.6	-49.8	-92.4
Translation difference	-18.0	-38.0	0.3
Carrying value at end of the period	**1,208.9**	**1,119.1**	**1,230.4**

Note 5 – Provisions

EUR million	Restructuring	Environmental obligations	Other provisions	Total
1 January 2024	1.1	2.0	0.0	3.2
Translation differences			0.0	0.0
Utilised during the year	-1.1	-0.1		-1.2
30 Jun 2024		**1.9**	**0.0**	**2.0**
Non-current		1.7	0.0	1.7
Current		0.2		0.2
Total		**1.9**	**0.0**	**2.0**

Non-current provisions are expected to be utilised within five years.

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 and 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	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4
Sales	60.2	64.8	121.8
Other operating income	3.1	3.2	6.3
Purchases	406.7	370.0	673.8
Share of result from associated company	-18.4	33.6	24.2
Dividend income	0.0		0.0
Interest income	4.8	5.4	9.4
Interest expenses	0.2	0.3	0.3
Accounts receivable and other receivables	38.7	57.1	51.4
Cash and cash equivalents	185.3	181.5	278.4
Accounts payable and other liabilities	117.2	121.9	70.4

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

Metsä Fibre paid a dividend of EUR 9.8 million to Metsä Board in the review period (82.8).

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	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4
Sales	0.4		0.5
Purchases		0.1	0.1
Accounts receivable and other receivables	0.1	0.0	0.2

Note 7 - Notes to the consolidated cash flow statement

Adjustments

EUR million	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4	2024 Q2
Taxes	7.9	17.2	19.3	2.5
Depreciation, amortisation and impairment charges	61.0	50.4	93.8	27.1
Share of result from associated companies and joint ventures	18.4	-33.6	-24.2	12.0
Gains and losses on sale of fixed assets	-13.2	-43.9	-59.1	-9.6
Finance costs, net	4.7	2.7	-0.1	1.8
Pension liabilities and provisions	-1.2	-1.7	-4.7	-0.1
Other adjustments	0.9	1.4	2.2	0.5
Total	**78.5**	**-7.5**	**27.3**	**34.2**

Income taxes paid

Income taxes paid in 2023 include Metsä Board Oyj's advance tax refund of 34.7 million euros for the 2022 financial year.

Net financial items

Net financial items in the consolidated cash flow statement include a dividend of EUR 9.8 million paid by Metsä Fibre (82.8).

Disposals and other items

Disposals and other items reported in 2024 were EUR 15.1 million in total. They consisted of proceeds amounting to EUR 15.0 million from emission right sales and other items amounting to EUR 0.1 million.

Disposals and other items reported in 2023 were EUR 58.6 million in total. They consisted of proceeds amounting to EUR 55.0 million from emission right sales; EUR 3.7 million from the sale of non-business related land area and other items amounting to EUR -0.1 million.

Paid dividend

The paid dividend in 2024 included dividends paid by the parent company of EUR -88.8 million. The paid dividend in 2023 included dividends paid by the parent company of EUR -205.8 million and dividends paid to non-controlling owners from the Husum pulp company of EUR -22.9 million.

Note 8 - Financial instruments

Classification of financial assets and liabilities and their fair values

Financial assets 30 June 2024

EUR million	Fair value through profit and loss	Fair value through other comprehen-sive income	Amortised cost	Total carrying amount
Other non-current investments	1.3	206.0		207.3
Other non-current financial assets			3.1	3.1
Accounts receivable and other receivables			329.4	329.4
Cash and cash equivalents			187.2	187.2
Derivative financial instruments	0.5	10.4		10.9
Total carrying amount	**1.8**	**216.4**	**519.7**	**737.9**
Total fair value	**1.8**	**216.4**	**519.7**	**737.9**

Financial liabilities 30 June 2024

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			416.5	416.5
Other non-current financial liabilities			0.5	0.5
Current interest-bearing financial liabilities			64.3	64.3
Accounts payable and other financial liabilities			381.7	381.7
Derivative financial instruments	0.9	12.6		13.6
Total carrying amount	**0.9**	**12.6**	**863.0**	**876.6**
Total fair value	**0.9**	**12.6**	**852.0**	**865.6**

Classification of financial assets and liabilities and their fair values

Financial assets 30 June 2023

EUR million	Fair value through profit and loss	Fair value through other comprehen-sive income	Amortised cost	Total carrying amount
Other non-current investments	1.4	345.2		346.6
Other non-current financial assets			6.7	6.7
Accounts receivable and other receivables			287.0	287.0
Cash and cash equivalents			194.0	194.0
Derivative financial instruments	2.3	37.0		39.2
Total carrying amount	**3.6**	**382.2**	**487.6**	**873.4**
Total fair value	**3.6**	**382.2**	**487.6**	**873.4**

Financial liabilities 30 June 2023

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			426.4	426.4
Other non-current financial liabilities			0.5	0.5
Current interest-bearing financial liabilities			26.8	26.8
Accounts payable and other financial liabilities			326.2	326.2
Derivative financial instruments	1.3	47.6		48.9
Total carrying amount	**1.3**	**47.6**	**779.8**	**828.7**
Total fair value	**1.3**	**47.6**	**767.0**	**815.8**

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 the effective interest method.

Fair values in the table are based on the present value of the cash flow of each liability or assets calculated by market rate. The discount rates applied are between 1.5 and 4.0% (1.0 and 4.0). 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	2024 Q1–Q2	2023 Q1–Q2	2023 Q1–Q4
Carrying value at beginning of period	254.4	345.4	345.4
Total gains and losses in other comprehensive income	-47.0	1.1	-91.1
Purchases	0.0	0.0	0.0
Disposals	-0.1		
Carrying value at end of the period	**207.3**	**346.6**	**254.4**

Financial assets and liabilities measured at fair value have been categorised in accordance with IFRS 7 Financial Instruments: Disclosures.

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

Level 2
Fair value is determined using valuation techniques that use market information.

Level 3
Fair value is not based on observable market data but on the company's own assumptions.

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

The fair values of currency forwards and options are determined using the market prices of the reporting period's closing date. The fair values of interest rate swaps are determined using the present value of expected payments, discounted using a risk-adjusted discount rate, supported by market interest rates and other market data on 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. Judgement is used when choosing the different techniques and making assumptions, which are mainly based on the circumstances prevailing in the markets on each closing date of the reporting period (Level 3).

The valuation and measurement principles 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.

The WACC used in Pohjolan Voima Oyj share valuation was 5.64% (31 December 2023: 5.35). The acquisition cost of shares in Pohjolan Voima Oyj is EUR 28.2 million (28.3), and fair value EUR 206.0 million (253.0).

The carrying value of other investments is expected to change by EUR -8.1 million and EUR 8.5 million should the rate used for discounting the cash flows change by 0.5 percentage points from the rate estimated by management. The carrying value of other investments is expected to change by EUR 55.7 million should the energy prices used in calculating the fair value differ by 10% from the prices estimated by management.

Fair value hierarchy of financial assets and liabilities as of 30 June 2024

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Other non-current investments			207.3	**207.3**
Derivative financial assets	2.4	8.5		**10.9**
Financial liabilities measured at fair value				
Derivative financial liabilities	1.6	11.9		**13.6**
Financial assets not measured at fair value				
Cash and cash equivalent		187.2		**187.2**
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		406.2		**406.2**
Current interest-bearing financial liabilities		63.6		**63.6**

Fair value hierarchy of financial assets and liabilities as of 30 June 2023

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Other non-current investments			346.6	**346.6**
Derivative financial assets	2.1	37.2		**39.2**
Financial liabilities measured at fair value				
Derivative financial liabilities	9.8	39.1		**48.9**
Financial assets not measured at fair value				
Cash and cash equivalent		193.9		**193.9**
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		413.5		**413.5**
Current interest-bearing financial liabilities		26.8		**26.8**

Derivatives 30 June 2024

EUR million	Nominal value	Fair value			Fair value	
		Derivative assets	Derivative liabilities	Fair value net	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	50.0	1.1		1.1		1.1
Interest rate derivatives	50.0	1.1		1.1		1.1
Currency forward contracts	1,185.5	6.5	10.4	-3.9	-0.5	-3.4
Currency option contracts	497.3	0.9	1.5	-0.6		-0.6
Currency derivatives	1,682.8	7.4	11.9	-4.5	-0.5	-4.1
Oil derivatives	20.9	1.7		1.7		1.7
Natural gas derivatives	11.5	0.6	1.6	-1.0		-1.0
Commodity derivatives	32.4	2.4	1.6	0.7		0.7
Derivatives total	**1,765.2**	**10.9**	**13.6**	**-2.7**	**-0.5**	**-2.2**

Derivatives 30 June 2023

EUR million	Nominal value	Fair value			Fair value	
		Derivative assets	Derivative liabilities	Fair value net	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	50.0	2.7		2.7		2.7
Interest rate derivatives	50.0	2.7		2.7		2.7
Currency forward contracts	2,041.3	33.3	38.5	-5.3	-0.1	-5.2
Currency option contracts	499.3	1.2	0.5	0.7		0.7
Currency derivatives	2,540.6	34.5	39.1	-4.6	-0.1	-4.5
Oil derivatives	25.3	0.2	3.0	-2.8		-2.8
Natural gas derivatives	22.5	1.9	6.9	-5.0	1.1	-6.0
Commodity derivatives	47.7	2.1	9.8	-7.8	1.1	-8.8
Derivatives total	**2,638.3**	**39.2**	**48.9**	**-9.7**	**1.0**	**-10.6**

Note 9 - Commitments and guarantees

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Guarantees and counter-indemnities	0.5	1.6	1.6
Other commitments		3.8	
Total	**0.5**	**5.4**	**1.6**

Commitments related to property, plant and equipment

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Payments due in following 12 months	53.1	96.0	69.7
Payments due later	0.5	1.5	0.8
Total	**53.6**	**97.5**	**70.5**

Commitments related to property, plant and equipment mainly concern the development programme of the Kemi mill and an investment to increase Husum's folding boxboard capacity.