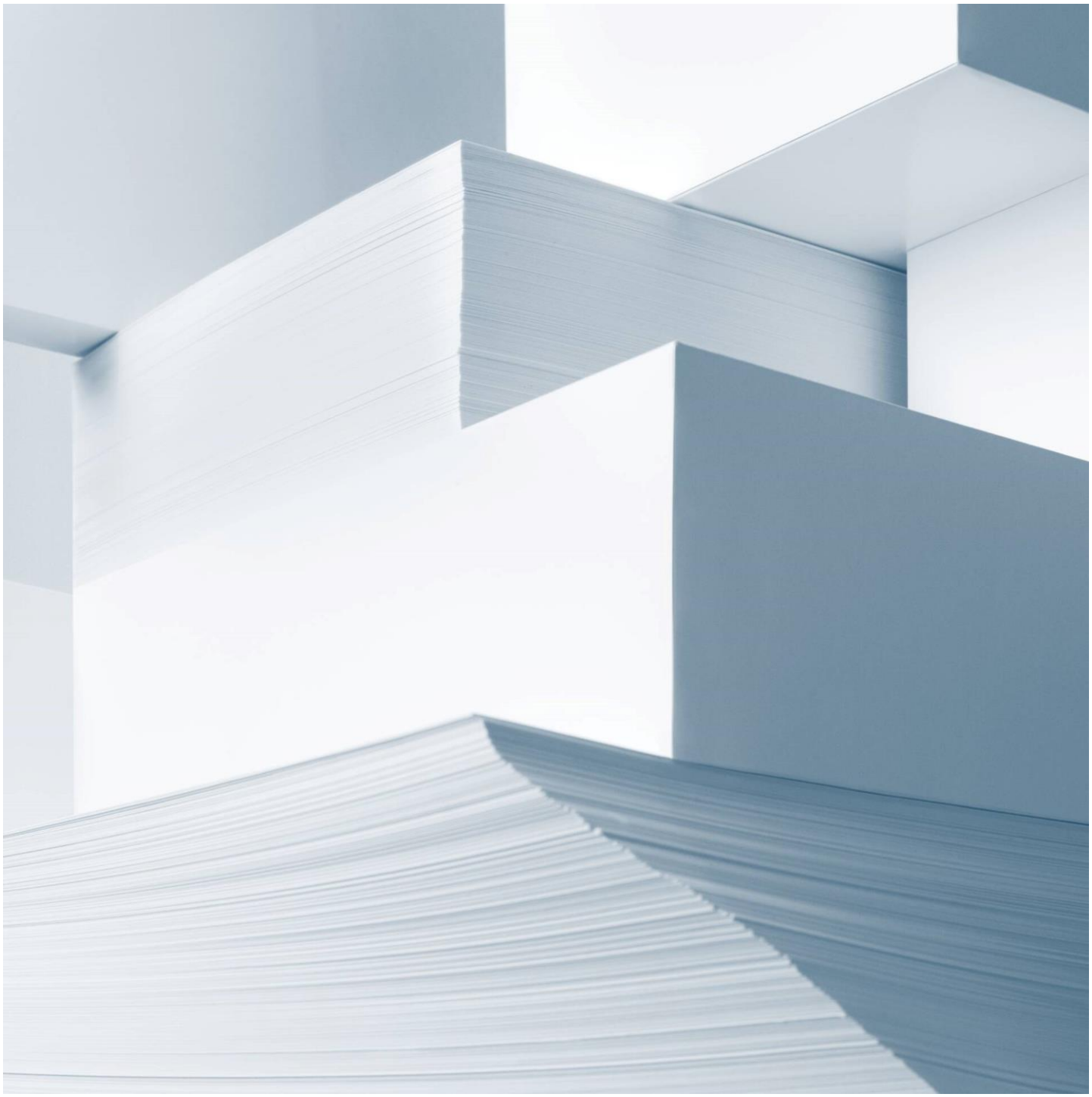
Metsä Board
Financial statements bulletin 1.1.–31.12.2023



Metsä Board's comparable operating result in 2023 January–December was EUR 122 million

January–December 2023 (compared to 1–12/2022)

- Sales were EUR 1,941.9 million (2,479.6).
- The comparable operating result was EUR 122.2 million (520.7), or 6.3% of sales (21.0). Operating result was EUR 120.8 million (531.5).
- Comparable earnings per share were EUR 0.27 (1.13), and earnings per share were EUR 0.27 (1.15).
- Comparable return on capital employed was 5.1% (20.9).
- Net cash flow from operations was EUR 342.8 million (232.0).

October–December 2023 (compared to 10–12/2022)

- Sales were EUR 422.6 million (599.8).
- The comparable operating result was EUR 0.7 million (100.8), or 0.2% (16.8) of sales. Operating result was EUR -0.2 million (94.7).
- Comparable earnings per share were EUR 0.01 (0.23), and earnings per share were EUR 0.01 (0.21).
- Comparable return on capital employed was 0.4% (15.5).
- Net cash flow from operations was EUR 124.3 million (70.2).

Events in October–December 2023

- The market situation for fresh fibre paperboards was affected by weakened demand for consumer products and increased import volumes of cartonboard from Asia. In Q4, demand was also weakened by the seasonally slower December.
- Metsä Board's folding boxboard delivery volumes and average prices decreased compared to the previous quarter. The demand and price situation for white kraftliners remained fairly stable.
- The company continued its efforts to adjust production to the low demand, and production volumes remained below capacity levels.
- Efficient working capital management supported a very strong cash flow from operations.
- Demand for market pulp remained fairly stable, and price levels improved from the previous quarter. Demand in China was stronger than in Europe, where demand was constrained by major production shutdowns by paper and board producers.
- In Husum, an investment to increase the production capacity for folding boxboard was completed. After the investment, Metsä Board's total annual production capacity for folding boxboard totals 1.6 million tonnes.
- In December, Metsä Board signed an agreement for a EUR 200 million domestic corporate commercial paper programme.

Result guidance for January–March 2024

Metsä Board's comparable operating result in January–March 2024 is expected to improve from October–December 2023.

Board of Directors' proposal for dividend

The Board of Directors proposes to the Annual General Meeting to be held on 26 March 2024 that a dividend of EUR 0.25 per share be paid for the 2023 financial period. The proposed dividend corresponds to 94% of the earnings per share for 2023.

Metsä Board's CEO Mika Joukio:

"In the last quarter, the market situation for fresh fibre paperboards remained weak, with demand further reduced by seasonally slower December. The delivery volumes of our paperboards decreased from the previous quarter to 299,000 tonnes. The decline in volumes was more pronounced for folding boxboards; while white kraftliner sales remained fairly stable. The average selling price of folding boxboard also declined slightly. Our sales amounted to EUR 423 million, and our comparable operating result was EUR 0.7 million. Cash flow from operations in October–December was excellent at EUR 124 million, and our financial position remained strong. At the end of the year, the ratio of interest-bearing net liabilities to comparable EBITDA was 0.7.

Overall, 2023 was a challenging year, with demand for both fresh fibre paperboards and market pulp weakening sharply from the peak levels of the previous year. Rising inflation and higher interest rates have eroded household purchasing power, reducing demand for consumer products and the need for packaging. The decrease in demand led to inventory adjustment measures in the value chain. In addition, the overall

market balance for paperboards, especially in Europe, has been affected by the discontinuation of sales to Russia and increased paperboard supply from Asia to Turkey, the Middle East and South America.

In 2023, Metsä Board's total paperboard deliveries amounted to 1.4 million tonnes (2022: 1.8). However, in a challenging demand situation, we managed to improve the average sale price of our paperboards. Our sales were EUR 1.9 billion (2022: 2.4), and the comparable operating result was EUR 122 million (2022: 521). Our comparable return on capital employed was 5.1%, compared to a record high of over 20% in 2022. We strongly adjusted our paperboard, pulp and BCTMP production to meet low demand. Our performance was also impacted by high cost levels and a significantly lower result from our associated company Metsä Fibre compared to the previous year.

To safeguard profitability, we focused our sales in our main market areas on customers who benefit from sustainably produced premium fresh fibre paperboards. In the second half of the year, we temporarily laid off some of our personnel. Through determined management of working capital, we supported our cash flow from operations, which amounted to EUR 343 million (2022: 232).

At the Kemi kraftliner mill, we completed a development programme to increase the production capacity of the white kraftliner and improve the mill's energy and water efficiency. Also, the renewal of the folding boxboard production line in Husum will increase our annual folding boxboard capacity and improve the mill's production efficiency. Metsä Fibre's new bioproduct mill - the largest investment in the history of the Finnish forest industry - started up in Kemi. During the year, we also implemented our strategic programmes and helped our customers reduce their use of plastics and the carbon footprint of packaging.

The long-term trends driving the growth in demand for premium lightweight fresh fibre paperboards have not changed. Consumers who value sustainability favour renewable packaging materials over fossil-based ones, and many brand owners have announced their targets for reducing the use of plastics in their packaging over the coming years. Our goal is to continue to grow in fibre-based packaging materials and to renew our industrial operations.

Despite the short-term uncertainties, I feel confident about Metsä Board's future. In our operations and development efforts, we have systematically done the right things, which will have a positive impact on our business in the future. Our strong financial position will support us in this growth."

Key figures

	2023 Q4	2022 Q4	2023 Q1–Q4	2022 Q1–Q4
Sales, EUR million	422.6	599.8	1,941.9	2,479.6
EBITDA, EUR million	25.1	111.4	214.6	614.6
comparable, EUR million	26.0	116.8	216.0	602.8
EBITDA, % of sales	5.9	18.6	11.1	24.8
comparable, % of sales	6.2	19.5	11.1	24.3
Operating result, EUR million	-0.2	94.7	120.8	531.5
comparable, EUR million	0.7	100.8	122.2	520.7
Operating result, % of sales	0.0	15.8	6.2	21.4
comparable, % of sales	0.2	16.8	6.3	21.0
Result before taxes, EUR million	1.4	93.4	120.9	524.9
comparable, EUR million	2.3	99.9	122.6	514.6
Result for the period, EUR million	0.9	89.6	101.6	461.3
comparable, EUR million	1.8	95.1	103.8	451.4
Earnings per share, EUR	0.01	0.21	0.27	1.15
comparable, EUR	0.01	0.23	0.27	1.13
Return on equity, %	0.2	16.4	4.7	22.5
comparable, %	0.3	17.4	4.8	22.0
Return on capital employed, %	0.3	14.6	5.0	21.4
comparable, %	0.4	15.5	5.1	20.9
Equity ratio 1), %	67	66	67	66
Net gearing 1), %	7	4	7	4
Interest-bearing net liabilities/comparable EBITDA, 12 months rolling	0.7	0.2	0.7	0.2
Shareholders' equity per share 1), EUR	5.35	5.86	5.35	5.86
Interest-bearing net liabilities 1), EUR million	144.0	94.5	144.0	94.5
Total investment, EUR million	71.9	77.2	228.7	304.1
Net cash flow from operations, EUR million	124.3	70.2	342.8	232.0
Personnel 1)	2,240	2,248	2,240	2,248

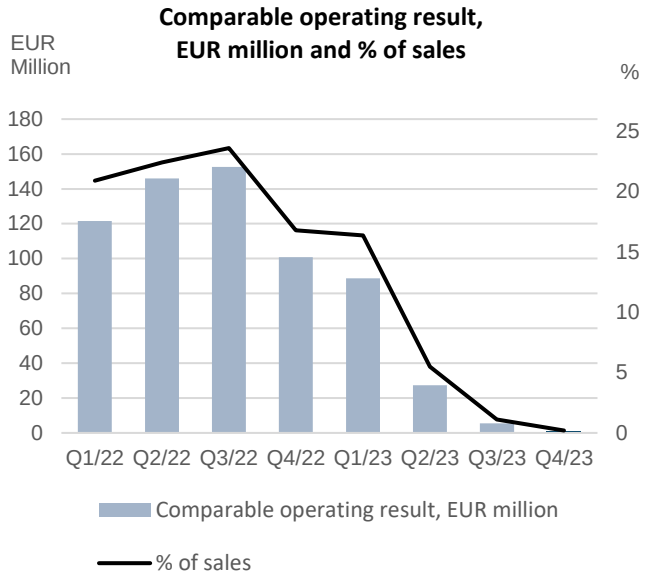
1) at the end of the period

Delivery and production volumes

1,000 tonnes	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2023 Q1–Q4	2022 Q1–Q4
Delivery volumes							
Folding boxboard	188	228	235	255	285	906	1,208
White kraftliner	111	112	118	126	133	467	609
Metsä Board's market pulp 1)	120	107	83	83	105	394	503
Metsä Fibre's market pulp 2)	191	200	132	161	162	684	717
Production volumes							
Folding boxboard	179	209	208	263	264	859	1,272
White kraftliner	133	101	104	113	133	450	605
Metsä Board's pulp 1)	235	209	254	298	319	996	1,409
Metsä Fibre's pulp 2)	201	160	140	184	190	685	731

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

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





Financial statements bulletin for 1 January–31 December 2023

Sales and result

October–December 2023 (compared to 10–12/2022)

Metsä Board's sales were EUR 422.6 million (599.8). Folding boxboard accounted for 54% (59) of sales, while 26% (24) of sales came from white kraftliner, 16% (14) from market pulp, and 5% (3) from other operations.

The comparable operating result was EUR 0.7 million (100.8), and the operating result was EUR -0.2 million (94.7). Items affecting comparability totalled EUR -0.9 million, which consisted of the translation difference from the discontinued operations of the associated company Metsä Fibre in Russia, the loss on the sale of Metsä Fibre's fixed assets and other items.

Total deliveries of paperboards were 299,000 (418,000) tonnes, of which 67% was delivered to the EMEA region, 29% to the Americas, and 4% to the APAC region. Metsä Board's deliveries of market pulp were 120,000 (105,000) tonnes, of which 60% was delivered to the EMEA region, and 40% to the APAC region.

The comparable operating result decreased particularly due to the lower price level of market pulp. The result was also affected by lower delivery volumes of folding boxboard and a slightly weaker average price of paperboard.

Metsä Board adjusted its paperboard, pulp and BCTMP production to match the low demand levels.

Exchange rate fluctuations, including hedges, had a positive impact of approximately EUR 15 million on the operating result.

Chemical and energy prices and logistics costs fell compared to the same period last year. Wood costs, on the other hand, increased due to higher stumpage prices in Finland and Sweden. Fixed costs also increased. Completions of investments increased depreciation and amortisation in the last quarter by around EUR 9 million.

The associated company Metsä Fibre's share of Metsä Board's comparable operating result in October–December was EUR -4.5 million (41.9). Metsä Fibre's result was weakened by the lower sales prices of end products, especially pulp. Profitability was also affected by higher wood costs and increased depreciation than in the same period last year.

Financial income and expenses totalled EUR 1.6 million (-1.3), including foreign exchange rate differences from accounts receivable, accounts payable, financial items and the valuation of currency hedging instruments, totalling EUR 1.8 million (-1.8).

The result before taxes was EUR 1.4 million (93.4). The comparable result before taxes was EUR 2.3 million (99.9). Income taxes amounted to EUR 0.5 million (3.8).

Earnings per share were EUR 0.01 (0.21). The return on equity was 0.2% (16.4), and the comparable return on equity was 0.3% (17.4). The return on capital employed was 0.3% (14.6), and the comparable return on capital employed was 0.4% (15.5).

January–December 2023 (compared to 1–12/2022)

Metsä Board's sales were EUR 1,941.9 million (2,479.6). Folding boxboard accounted for 59% (57) of sales, while 24% (25) of sales came from white kraftliner, 13% (15) from market pulp, and 4% (3) from other operations.

The comparable operating result was EUR 122.2 million (520.7), and the operating result was EUR 120.8 million (531.5). Items affecting comparability totalled EUR -1.4 million in the review period. 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.

Total deliveries of paperboards were 1,373,000 (1,817,000) tonnes, of which 67% was delivered to the EMEA region, 30% to the Americas, and 4% to the APAC region. Metsä Board's deliveries of market pulp were 394,000 (503,000) tonnes, of which 67% was delivered to the EMEA region and 33% to the APAC region.

The comparable operating result was weakened by the lower price level of market pulp and lower delivery volumes. The delivery volumes of paperboard also fell significantly. Metsä Board adjusted its paperboard, pulp and BCTMP production to match the low level of demand, and production volumes remained well below capacity levels.

Profitability was supported by improved average prices for paperboards, especially folding boxboard.

Exchange rate fluctuations, including hedges, had a positive impact of approximately EUR 95 million on the operating result.

The cost level was higher than in the previous year. The greatest increase during the year was in wood costs, due to higher stumpage prices in Finland and Sweden. The change in the costs of chemicals and energy was less significant. In the second half of the year, the result was affected by major annual maintenance and investment shutdowns at the Kemi and Husum paperboard mills. The completion of investments increased depreciation by around EUR 12 million from the previous year.

Unused emissions allowances were sold for approximately EUR 55 million (EUR 29 million).

The associated company Metsä Fibre's share of Metsä Board's comparable result in January–December was EUR 28.2 million (174.7). Metsä Fibre's result was weakened by the lower sales prices of end products, especially pulp. Pulp delivery volumes fell by around 5% from the previous year. The performance of the sawn timber business was also clearly weaker than in the previous year. Profitability was also impacted by higher wood costs and increased depreciation resulting from the completion of the Kemi bioproduct mill.

Financial income and expenses totalled EUR 0.1 million (-6.6), including foreign exchange rate differences from accounts receivable, accounts payable, financial items and the valuation of currency hedging instruments, totalling EUR 2.6 million (-5.0).

The result before taxes was EUR 120.9 million (524.9). The comparable result before taxes was EUR 122.6 million (514.6). Income taxes amounted to EUR 19.3 million (63.5).

Earnings per share were EUR 0.27 (1.15), and comparable earnings per share were EUR 0.27 (1.13). The return on equity was 4.7% (22.5), and the comparable return on equity was 4.8% (22.0). The return on capital employed was 5.0% (21.4), and the comparable return on capital employed was 5.1% (20.9).

Operating result in October–December 2023 in brief (compared to 7–9/2023)

The comparable operating result in October–December was EUR 0.7 million (5.5). The comparable operating result was weighed down by lower delivery volumes of folding boxboard and slightly weaker average prices. Production costs decreased, while logistics and personnel costs increased. Fewer annual maintenance and investment shutdowns took place at the mills compared to the previous quarter. Exchange rate fluctuations, including hedges, had a negative impact of around EUR 7 million on the result. Unused emissions allowances were sold for approximately EUR 10 million (5). Depreciation and amortisation increased by approximately EUR 7 million from the previous quarter. The associated company Metsä Fibre's share of Metsä Board's comparable operating result was EUR -4.5 million (-1.6). Metsä Fibre's result was weighed down by higher wood costs and increased depreciation. Profitability was supported by higher selling prices of end products.

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, CEPI Cartonboard, CEPI Containerboard.

	Q1–Q4/23 vs Q1–Q4/22	Q4/23 vs Q3/23	Q4/23 vs Q4/22
Paperboard deliveries, Cepi members			
Folding boxboard, Europe	decreased clearly	decreased clearly	decreased clearly
White kraftliner, Europe	decreased clearly	decreased clearly	stable
Market prices of paperboards in local currencies			
Folding boxboard, Europe	stable	decreased clearly	decreased clearly
White kraftliner, Europe	decreased clearly	stable	decreased clearly
Solid bleached board, USA	increased clearly	decreased	decreased clearly
Food service board, USA	increased clearly	stable	stable
Market prices of pulp, PIX, USD			
Long-fibre pulp, Europe	-10%	1%	-19%
Short-fibre pulp, Europe	-19%	9%	-34%
Long-fibre pulp, China	-19%	13%	-18%
Short-fibre pulp, China	-24%	16%	-28%

-1% < stable < +1%, increased (decreased): +1…+2% (-1%...-2%), increased clearly (decreased clearly): > +2% (< -2%)

Strategy and financial targets

Metsä Board's strategy is to grow in fibre-based packaging materials and renew its industrial operations. The company implements its strategic programmes, including growth and development investments, to improve the production and resource efficiency of its mills and to reduce the carbon footprint of its products. Metsä Board's production is located close to its most important raw material high-quality Northern wood fibre. The aim is to maintain high self-sufficiency in pulp and energy.

Decision making is guided by financial and sustainable targets, as well as long-term shareholder value creation. Metsä Board focuses on continuous cost-effectiveness improvements and on customers who benefit from the high performance of the company's products and services. The objective is to pay a competitive dividend and maintain a strong balance sheet.

Financial targets and dividend policy:

- The comparable return on capital employed (ROCE) is at least 12%.

Actual in 2023 was 5.1%

- A ratio of interest-bearing net debt to comparable EBITDA of at most 2.5.

Actual in 2023 was 0.7

- The dividend policy is to pay an annual dividend of at least 50% of the result for the financial period

The Board of Directors' proposal to the AGM on the dividend for 2023, EUR 0.25 per share, corresponds to 94% of the result for the financial period.

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 various packaging needs of the retail sector. 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 are also sold as market pulp. Metsä Board owns 24.9% of its associated company Metsä Fibre, a global leader in the production of long-fibre 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–December totalled 1,373,000 tonnes (1–12/2022: 1,817,000).

Deliveries of folding boxboard were 906,000 tonnes (1,208,000), of which 72% (71) was delivered to the EMEA region, 23% (23) to the Americas, and 5% (6) to the APAC region. Deliveries of white kraftliners were 467,000 tonnes (609,000), of which 56% (62) was delivered to the EMEA region, 43% (38) to the Americas, and 0% (0) to the APAC region.

In 2023, the decline in demand for consumer products and the adjustments to inventories in the value chain have considerably reduced the demand for fresh fibre paperboards. Weakening household purchasing power has reduced overall consumption and shifted consumption to lower-cost products. The delivery volumes of Metsä Board's paperboards declined by 24% from the previous year. The development was fairly similar in all the company's market areas.

In Europe, the balance of the paperboard market has been especially affected by increasing import volumes of cartonboard from Asia, as global logistics challenges have eased since the pandemic. Moreover, paperboard capacity has increased in Asia in recent years. The imports have mainly flowed to Turkey and the Middle East, as well as to areas outside Europe such as South America.

The average sale price of Metsä Board's paperboards improved by 5% from the previous year. The increase came mainly from the higher prices of folding boxboard.

Market pulp sales

Metsä Board's market pulp deliveries totalled 394,000 tonnes (503,000) in January–December with the EMEA region accounting for 67%, and the APAC region for 33%.

The associated company Metsä Fibre's total pulp deliveries amounted to 2,747,000 tonnes (2,880,000). Some 51% of deliveries were made to the APAC region, 46% to the EMEA region, and 3% to the Americas.

Demand for pulp decreased year-on-year, particularly in Europe and North America. In Europe, demand was constrained by major production shutdowns by paperboard and paper producers due to the weak market situation. Demand in China was higher than in Europe, especially in the second half of the year.

Average market prices for pulp (PIX) declined from the previous year. However, market prices for long-fibre pulp in China recovered after the summer, and prices in Europe strengthened in the last quarter. The global supply of long-fibre pulp was restricted by several production capacity closures, the limited availability of raw material in North America, and global production curtailments.

Paperboard, pulp and BCTMP production

The production volume of folding boxboard and white kraftliner totalled 1,309,000 tonnes (1,877,000), while the combined production volume of pulp and BCTMP amounted to 996,000 tonnes (1,409,000). Metsä Board's paperboard, BCTMP and pulp production was reduced considerably this year to match the weaker demand situation.

The annual maintenance and investment shutdowns that took place at the Kemi and Husum paperboard mills in the second year-half reduced paperboard production volumes. In Kemi, the ramp-up of new capacity began in September, and in Husum in November. The investments will increase Metsä Board's annual paperboard capacity by a total of 240,000 tonnes.

Cash flow

Net cash flow from operations in January–December 2023 was EUR 342.8 million (1–12/2022: 232.0). Working capital decreased by EUR 105.8 million (an increase of 151.4). Cash flow was supported by efficient use of working capital. Due to the weakened demand situation, the company adjusted its production to prevent an increase in inventories. In the corresponding period, working capital was increased by higher inventory levels of paperboard and higher inventory values due to cost inflation.

Balance sheet and financing

Metsä Board's equity ratio at the end of the financial period was 67% (31 December 2022: 66), and the net gearing ratio was 7% (4). The ratio of interest-bearing net liabilities to comparable EBITDA in the previous 12 months was 0.7 (0.2).

Interest-bearing liabilities totalled EUR 438.1 million (31 December 2022: 453.0). Non-euro-denominated loans accounted for 2.0% of loans, and floating-rate loans for 15.3%, the rest being fixed-rate loans. The average interest rate on liabilities was 2.6% (2.2), and the average maturity of non-current liabilities was 3.1 years (4.0). The interest rate maturity of loans was 30.6 months (36.1).

Interest-bearing net debt totalled EUR 144.0 million (31 December 2022: 94.5).

Metsä Board's liquidity is good. At the end of the financial period, the available liquidity was EUR 491.6 million (31 December 2022: 556.2), consisting of the following items: liquid assets and investments of EUR 291.6 million and a syndicated credit facility (revolving credit facility) of EUR 200.0 million. Of the liquid assets, EUR 278.4 million consisted of short-term deposits with Metsä Group Treasury, and EUR 13.2 million was cash funds and investments. Other interest-bearing receivables amounted to EUR 2.5 million. In addition to items reported as liquidity, the liquidity reserve is complemented by the EUR 200 million commercial paper programme signed in December, Metsä Group's internal undrawn short-term credit facility of EUR 150.0 million and undrawn pension premium (TyEL) funds of EUR 229.7 million.

The fair value of other non-current investments was EUR 254.4 million (31 December 2022: 345.4). The change in value was related to the change in the fair value of Pohjolan Voima Oyj's shares.

At the end of the financial period, an average of 8.6 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 financial period totalled EUR 228.7 million (1–12/2022: 304.1), with growth and development investments accounting for 74%, and maintenance investments for 26%. Of total investments, the company's own property, plant and equipment amounted to EUR 223.0 million (278.1), and leased property, plant and equipment to EUR 5.7 (26.1). In the latter, the most significant item in the previous year was the machinery and equipment for the boiler plant from the acquisition of Hämeenkyrön Voima Oy, totalling EUR 18.0 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.

Development programme of Kemi paperboard mill

In September, the Kemi paperboard mill completed a development programme launched in 2021, which will increase the mill's annual production capacity of the white kraftliner by around 40,000 tonnes. After the programme, the mill's annual production capacity will be around 465,000 tonnes, which is expected to be fully available on the market in 2025.

The programme also included a series of modernisation and bottleneck investments in the paperboard machine, which will reduce the mill's water use by 40% and energy use by 5% per tonne of paperboard produced. As part of the programme, Metsä Board will purchase a modernised unbleached pulp production line used in kraftliner production from Metsä Fibre. The production line's annual capacity is roughly 180,000 tonnes.

The total investment value is approximately EUR 110 million.

Capacity expansion of folding boxboard in Husum

In November, the investment was completed at the Husum paperboard mill that will increase the annual production capacity of folding boxboard by 200,000 tonnes. After the investment, the folding boxboard production capacity of the BM 1 will be 600,000 tonnes per year, and it is expected to be fully available on the market in 2026. The total value of the investment is approximately EUR 230 million.

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 is approximately EUR 20 million and will mainly include new warehouse capacity, with completion expected in 2024.

ERP project

As part of Metsä Group, Metsä Board is modernising its information (ERP) systems. The project will gradually improve Metsä Group's operational efficiency and ability to create new data-driven functions, primarily for business management and customer support. For Metsä Board, the design phase started in 2021, and the system is expected to be implemented by the end of 2025. In 2023, Metsä Group's common financial system was implemented. Metsä Board's share of the total project value is at least EUR 80 million, most of which will be booked as investments during 2024 and 2025.

Pre-engineering for folding boxboard mill in Kaskinen

Metsä Board has started pre-engineering for a new folding boxboard mill with an annual capacity of approximately 800,000 tonnes in Kaskinen, Finland. The pre-engineering includes technical design, infrastructure and logistics solutions, and tendering for the main equipment. The environmental impact assessment

(EIA) for the project was completed in September. The environmental permit process is ongoing. A potential investment decision could be made in 2024 at the earliest.

Metsä Fibre's Kemi bioproduct mill

Metsä Fibre's new bioproduct mill in Kemi, Finland, started up in September. The new mill will produce some 1.5 million tonnes of softwood and hardwood pulp annually, as well as other bioproducts. The pulp production capacity of 1.5 million tonnes includes the existing unbleached pulp production line for white kraftliners, which will be transferred to Metsä Board, with an annual capacity of approximately 180,000 tonnes. The new bioproduct mill replaced the old pulp mill in Kemi, with an annual capacity of 610,000 tonnes.

The bioproduct mill will not use any fossil fuels, and its electricity self-sufficiency is 250%.

The investment value of the bioproduct mill is approximately EUR 2.02 billion, composed of internal financing and debt. Metsä Board has not invested equity in Metsä Fibre to finance the project.

Personnel

At the end of December 2023, the number of personnel was 2,240 (31/12/2022: 2,248), of whom 1,234 (1,226) were based in Finland. In January–December, Metsä Board employed 2,333 people on average (1–12/2022: 2,352). Personnel expenses in January–December totalled EUR 199.5 million (217.4).

As a result of production adjustment measures, Metsä Board implemented temporary personnel layoffs at the company's paperboard and BCTMP mills in Finland. The layoffs lasted up to 90 days and were implemented in several instalments during the year. If necessary, the company will continue the layoffs in 2024.

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 the Nasdaq Helsinki.

At the end of 2023, the closing price of Metsä Board's B share on the Nasdaq Helsinki was EUR 7.19. The share's highest and lowest prices were EUR 8.96 and EUR 6.26 respectively. Correspondingly, the closing price of the A share was EUR 7.80; the share's highest and lowest prices were EUR 13.05 and EUR 7.48 respectively.

In January–December, the average daily trading volumes of the B and A shares on the Nasdaq Helsinki were around 466,200 shares and around 2,100 shares respectively. The total trading volume of the B share was EUR 874 million, and the total trading volume of the A share was EUR 5 million.

At the end of 2023, the market value of all Metsä Board shares was EUR 2.6 billion, of which the market value of the B shares and the A shares accounted for EUR 2.3 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 701,215 of the company's own shares held by Metsä Board.

International and nominee-registered investors held approximately 9% (15) 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, 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

	2023 Q4	2022 Q4	2023 Q1–Q4	2022 Q1–Q4	Target 2030
Total recordable incident frequency TRIF [1)]	6.2	4.0	6.1	6.7	0
Share of certified wood fibre, %	95	87	91	83	>90
Share of fossil free energy of total energy consumption [2)], %	-	-	90	85	100
Direct fossil-based CO_2 emissions, tonnes (Scope 1)	42,969	70,248	181,096	244,139	0
Indirect fossil-based CO_2 emissions [3)], tonnes (Scope 2)	-	-	3,617	147,081	0
Energy efficiency improvement [4)], %	-5.8	+2,7	-5.8	+2,7	+10
Reduction in process water use [4)], %	+2,0	-12.2	+2,0	-12.2	-35.0

1) Per million hours worked. The former subsidiary Hangö Stevedoring is included in the figures until February 2022.
2) Reported annually.
3) Market-based, reported annually.
4) Change from the base year of 2018, per tonne produced, rolling 12 months.
Some of the 2022 figures have been revised from the previously reported figures.

Occupational safety

Metsä Board's aim is to have zero accidents at work. All production units comply with the ISO 45001 management system, and the goal of the company's occupational safety standards is to prevent accidents. Occupational safety is developed through proactive safety work, training and investments, for example. The focus areas are personal risk assessment, improving hand safety and implementing common occupational safety standards. Despite preventive measures, a fatal accident occurred at the Simpele mill during maintenance work in 2023. The accident is under official investigation.

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, which are regenerated after felling. Metsä Group, which is responsible for Metsä Board's wood supply, has targets to promote the biodiversity of forest nature and the sustainable use of forests in accordance with the principles of regenerative forestry.

Energy and water use, and greenhouse gas emissions

Metsä Board aims to continuously improve the efficiency of energy and water use and reduce greenhouse gas emissions. The vast majority of the company's greenhouse gas emissions come from the energy generation required to produce pulp, BCTMP and paperboard. By the end of 2030, the company aims to improve energy efficiency by 10% and reduce process water use by 35% per tonne of paperboard produced, compared to 2018. In 2023, production adjustments weakened energy and water efficiency.

Metsä Board's 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. To achieve this, the company has a transition plan, which includes production unit-specific measures and the necessary investments. In 2023, production adjustments and reducing the use of peat at the Simpele power plant reduced fossil-based carbon dioxide emissions (Scope 1). Fossil-based carbon dioxide emissions from purchased energy (Scope 2) were significantly reduced by lower total electricity consumption and an increase in the share of electricity generated with nuclear power in electricity procurement.

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. For the value chain (Scope 3), Metsä Board is committed to 70% of its non-fibre

suppliers and of the logistics operators related to its customer deliveries setting themselves targets in accordance with the SBTi by 2024. In 2023, 19% of the company's suppliers belonging to the target group had done so. Metsä Board will update its Scope 3 target in 2024.

Other main events

The sustainability targets and other sustainability topics are discussed in more detail on the company's website at https://www.metsagroup.com/metsaboard/sustainability/

R&D and innovation

In the circular economy of fibre 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 in the future, the consumption of wood, energy and water per produced tonne of paperboard will be lower than in 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, whose starting point is that the solutions and polymers developed for paperboards will be based on fossil free raw materials by the end of 2030. The development of barrier solutions is also part of Fortum and Metsä Group's EUR 50 million ExpandFibre programme to promote the bio-cycle economy.

Metsä Board's R&D expenses in 2023 totalled EUR 7.3 (6.1) million, or 0.4% (0.2) of net sales. Expenditure includes direct costs, excluding depreciation and amortisation, as well as investments in operations.

Changes in corporate management team

Ari Kiviranta, SVP, Technology and a member of the Corporate Management Team, decided to leave his position at Metsä Board and retire. Kiviranta's responsibilities were transferred to Harri Pihlajaniemi, SVP, Production and a member of the Corporate Management Team. At the end of the financial period, Metsä Board's Corporate Management Team consisted of Mika Joukio, CEO; Henri Sederholm, CFO; Markku Leskelä, SVP, Development; Jussi Noponen, SVP, Sales and Supply Chain; Harri Pihlajaniemi, SVP, Production and Technology; and Camilla Wikström, SVP, HR.

Resolutions of Annual General Meeting and issue authorisations

The Annual General Meeting (AGM) of Metsä Board Corporation was held on 23 March 2023. All the proposals made by the Board of Directors to the AGM were supported.

The AGM resolved that a dividend of EUR 0.58 per share would be distributed for financial period 2022. The dividend was paid on 5 April 2023.

The AGM resolved to amend the Articles of Association to include the Board of Directors' possibility to arrange, at its discretion, a General Meeting of Shareholders as a hybrid meeting. In addition, the amendment enables arranging a General Meeting of Shareholders as a virtual meeting without a meeting venue.

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

The AGM confirmed the number of members of the Board of Directors as nine (9) and elected the following persons as members of the Board of Directors: Hannu Anttila MSc (Economics), Raija-Leena Hankonen-Nybom MSc (Economics), Erja Hyrsky MSc (Economics), Ilkka Hämälä MSc (Technology), Mari Kiviniemi MSocSc (Economics), Jussi Linnaranta, MSc (Agriculture and Forestry), Jukka Moisio M Sc (Economics), Mikko Mäkimattila, MSc (Agriculture and Forestry), and Juha Vanhainen, MSc (Process Technology). The term of office of the members of the Board of Directors expires at the end of the next AGM.

The AGM resolved to authorise the Board of Directors to decide on the issuance of shares, the transfer of treasury shares and the issuance of special rights referred to in chapter 10, section 1 of the Finnish Companies Act. The authorisation applies to Series B shares. By virtue of the authorisation the Board of Directors may issue new shares or transfer treasury shares up to a maximum of 35,000,000 shares, including shares that may be issued by virtue of special rights referred to in chapter 10, section 1 of the Finnish Companies Act. The number of shares corresponds to approximately

10% of all shares in the company. The authorisation is effective until 30 June 2024.

The AGM resolved to authorise the Board of Directors to decide on the repurchase of the company's own Series B shares. The number of the company's own shares to be repurchased under the authorisation will not exceed 1,000,000 Series B shares, which corresponds to approximately 0.3% of all shares in the company. The authorisation is effective until 30 June 2024.

Near-term risks and uncertainties

The uncertainty surrounding global development and growth continues. The higher cost level and the resulting rise in interest rates have slowed down economic growth worldwide and especially in Europe.

Consumers' low confidence in the economy and weaker purchasing power have reduced the demand for consumer products. If prolonged, the situation may further reduce the demand for fresh fibre paperboards and market pulp and negatively affect Metsä Board's profitability.

Significant or unforeseen changes in the prices of Metsä Board's most important production inputs – wood, energy and chemicals – and problems with their availability could reduce profitability, threaten business continuity and place the implementation of planned development investments at risk.

A decrease in the availability of global transport capacity or an increase in market prices may 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 ocean transport of the products of Metsä Board and Metsä Fibre and thus the company's profitability.

The discontinuation of wood imports from Russia has made the pulpwood market situation in the Baltic Sea area tighter. Difficulties in wood supply and significant price fluctuations could have a negative impact on the continuity of Metsä Board's production and the company's profitability.

An imbalance in supply and demand on the paperboard or pulp market may impact the prices of end products and Metsä Board's profitability. 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 the market situation in other market areas significant to Metsä Board.

The international sanctions imposed due to the current crises may have a direct or indirect impact on the demand for end products. Some countries have imposed import duties and other trade restrictions on each other's products. Negative developments in trade policy or world trade could, if continued, weaken Metsä Board'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.

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.

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.

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.

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.

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.

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 40 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 70 million on Metsä Board's annual operating result. Correspondingly, the Swedish krona strengthening by 10% would have a negative impact of approximately EUR 45 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 financial statements bulletin are based on current plans and estimates. For this reason, they contain risks and other uncertainties that may cause the results to differ from the statements concerning them.

Further information about long-term risks and risk management is available on pages 85–88 of Metsä Board's 2022 Annual Report.

Near-term outlook

The global market environment will remain uncertain, and the outlook for the near-term development of paperboard sales continues to be weak. Higher costs of living affect consumers' purchasing behaviour and may reduce the general demand for consumer products. The value chain is expected to follow the market situation in its inventory adjustment efforts.

Metsä Board's paperboard delivery volumes are expected to increase in the first quarter of 2024 compared with the previous quarter (10–12/2023: 299,000 tonnes). The sales prices of folding boxboard in local currencies are expected to decrease slightly, and the sales prices of white kraftliners to remain stable.

The company will continue production adjustment measures if necessary, as well as temporary layoffs at its mills in Finland, in 2024.

Less annual maintenance and investment shutdowns will take place at mills in January–March 2024 compared to the previous quarter.

In the first quarter of the year, total costs excluding pulp costs are expected to remain stable. The unstable security situation in the Red Sea may hamper the sea transport of Metsä Board and Metsä Fibre to Asia and increase logistics costs.

Demand for market pulp in China may be affected by several paper and paperboard production shutdowns during the Chinese New Year. In January–March, market prices for pulp (PIX) are expected to improve compared to the previous quarter, especially in Europe. The global supply of long-fibre market pulp is constrained by announced production capacity closures and wood raw material availability problems, especially in North America. The demand and price situation for sawn timber is expected to improve seasonally in the second quarter of 2024.

Exchange rate fluctuations in January–March 2024, including the impact of hedges, will have a neutral effect on the operating result compared to October–December 2023, and a slightly positive impact on the operating result compared to January–March 2023.

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 January–March 2024

Metsä Board's comparable operating result in January–March 2024 is expected to improve from October–December 2023.

Board of Directors proposal for dividend

The distributable funds of the parent company on 31 December 2023 were EUR 518.9 million, of which the retained earnings for the financial period are EUR 308.2 million.

The Board of Directors proposes to the Annual General Meeting to be held on 26 March 2024 that a dividend of EUR 0.25 per share be distributed for the 2023 financial period.

The proposed dividend corresponds to 94% of the earnings per share for 2023. The amount of dividend totals approximately EUR 88.7 million.

The dividend will be paid to shareholders who are registered in the company's shareholders register held by Euroclear Finland Oy on the dividend payment record date of 28 March 2024. The Board of Directors proposes 9 April 2024 as the dividend payment date.

METSÄ BOARD CORPORATION

Espoo, 8 February 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 8 February at 3:00 p.m. EET. 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/2023-q4.

Participation in the conference call requires registration through the following link: https://palvelu.flik.fi/teleconference/?id=10012119. After the registration, the participant 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.

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 is planned for Tuesday 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 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.

Condensed consolidated statement of comprehensive income

EUR million	Note	2023 Q4	2022 Q4	2023 Q1–Q4	2022 Q1–Q4
Sales	2, 6	**422.6**	**599.8**	**1,941.9**	**2,479.6**
Change in stocks of finished goods and work in progress		13.3	-1.0	-57.0	70.1
Other operating income	2, 6	20.2	22.1	79.9	79.6
Material and services	6	-336.4	-460.7	-1,429.5	-1,824.3
Employee costs		-48.1	-53.4	-199.5	-217.4
Share of result of associated company	6	-5.5	41.2	24.2	163.1
Depreciation, amortisation and impairment losses		-25.3	-16.7	-93.8	-83.1
Other operating expenses		-41.2	-36.6	-145.4	-136.1
Operating result	2	**-0.2**	**94.7**	**120.8**	**531.5**
Share of results of associated companies and joint ventures				0.0	0.0
Net exchange gains and losses		1.8	-1.8	2.6	-5.0
Other net financial items	2, 6	-0.2	0.5	-2.5	-1.7
Result before income tax		**1.4**	**93.4**	**120.9**	**524.9**
Income taxes	3	-0.5	-3.8	-19.3	-63.5
Result for the period		**0.9**	**89.6**	**101.6**	**461.3**

EUR million	Note	2023 Q4	2022 Q4	2023 Q1–Q4	2022 Q1–Q4
Other comprehensive income					
Items that will not be reclassified as profit or loss					
Actuarial gains/losses on defined pension plans		-0.9	1.5	-1.0	-4.7
Financial assets valued at fair value through other comprehensive income	8	-19.7	42.9	-87.8	178.5
Share of other comprehensive income of associated company		-1.3	1.0	-3.4	3.0
Income tax related to items that will not be reclassified		4.9	-9.1	18.5	-33.9
Total		**-17.0**	**36.3**	**-73.6**	**142.9**
Items that may be reclassified as profit or loss					
Cash flow hedges		29.3	14.6	8.2	-3.1
Translation differences		27.1	-25.2	-2.8	-56.3
Share of other comprehensive income of associated company		2.9	20.9	-5.7	28.1
Income tax relating to components of other comprehensive income		-5.9	-2.9	-1.6	0.6
Total		**53.5**	**7.5**	**-1.9**	**-30.6**
Other comprehensive income, net of tax		**36.4**	**43.8**	**-75.6**	**112.2**
Total comprehensive income for the period		**37.3**	**133.5**	**26.1**	**573.6**
Result for the period attributable to					
Shareholders of parent company		2.4	75.3	94.8	409.9
Non-controlling interests		-1.6	14.3	6.8	51.4
Total		0.9	89.6	101.6	461.3
Total comprehensive income for the period attributable to					
Shareholders of parent company		33.0	122.9	20.7	535.7
Non-controlling interests		4.3	10.6	5.4	37.8
Total		37.3	133.5	26.1	573.6
Earnings per share for result attributable to shareholders of parent company (EUR/share)		**0.01**	**0.21**	**0.27**	**1.15**

Condensed balance sheet

EUR million	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill		12.2	12.2
Other intangible assets		16.1	5.9
Tangible assets	4	1,230.4	1,107.9
Investments in associated companies and joint ventures		549.9	614.2
Other investments	8	254.4	345.4
Other non-current financial assets	6, 8	7.8	8.9
Deferred tax receivables	2	9.5	9.4
		2,080.4	2,103.9
Current assets			
Inventories		394.4	506.7
Accounts receivables and other receivables	6, 8	288.8	436.4
Cash and cash equivalents	6, 8	291.6	356.2
		974.7	1,299.3
Total assets		**3,055.1**	**3,403.2**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Equity attributable to shareholders of parent company		1,897.0	2,082.0
Non-controlling interests		155.6	173.2
Total equity		2,052.6	2,255.2
Non-current liabilities			
Deferred tax liabilities		139.2	149.5
Post-employment benefit obligations	2	10.1	10.4
Provisions	5	1.7	2.0
Borrowings	8	421.0	434.4
Other liabilities	8	8.7	3.9
		580.7	600.2
Current liabilities			
Provisions	5	1.4	4.9
Current borrowings	6, 8	17.1	18.6
Accounts payable and other liabilities	6, 8	403.4	524.4
		421.8	547.9
Total liabilities		1,002.5	1,148.1
Total shareholders' equity and liabilities		**3,055.1**	**3,403.2**

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 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						409.9	409.9	51.4	461.3
Other comprehensive income net of tax total		-36.9	165.6			-2.9	125.8	-13.6	112.2
Comprehensive income total		**-36.9**	**165.6**			**407.0**	**535.7**	**37.8**	**573.6**
Related party transactions									
Dividend						-145.8	-145.8	-10.8	-156.6
Acquisition of own shares					-7.8		-7.8		-7.8
Share based payments						0.5	0.5		0.5
Shareholders' equity 31 December 2022	**557.9**	**-64.0**	**283.9**	**208.9**	**-7.8**	**1,103.2**	**2,082.0**	**173.2**	**2,255.2**

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						94.8	94.8	6.8	101.6
Other comprehensive income net of tax total		-1.9	-74.8			2.6	-74.1	-1.4	-75.6
Comprehensive income total		**-1.9**	**-74.8**			**97.5**	**20.7**	**5.4**	**26.1**
Related party transactions									
Dividend						-205.8	-205.8	-22.9	-228.7
Disposal of own shares					2.3	-2.3			
Share based payments						0.1	0.1		0.1
Shareholders' equity 31 December 2023	**557.9**	**-66.0**	**209.1**	**208.9**	**-5.5**	**992.6**	**1,897.0**	**155.6**	**2,052.6**

Condensed consolidated cash flow statement

EUR million	Note	2023 Q1–Q4	2022 Q1–Q4	2023 Q4
Result for the period		101.6	461.3	0.9
Total adjustments	7	27.3	-63.0	18.7
Change in working capital		105.8	-151.4	88.8
Net financial items	7	84.0	51.6	0.8
Income taxes paid		24.1	-66.5	15.1
Net cash flow from operations		**342.8**	**232.0**	**124.3**
Acquisitions	7		-13.6	
Investments in intangible and tangible assets		-218.4	-274.2	-65.2
Disposals and other items	6, 7	58.6	82.4	9.7
Net cash flow from investing		**-159.7**	**-205.3**	**-55.6**
Changes in non-current loans and in other financial items	6	-14.6	-18.1	-2.6
Acquisition of treasury shares			-7.8	
Paid dividend	7	-229.7	-157.1	
Net cash flow from financing		**-244.3**	**-183.1**	**-2.6**
Changes in cash and cash equivalents		**-61.2**	**-156.5**	**66.1**
Cash and cash equivalents at beginning of period	6	356.2	524.2	221.1
Translation difference in cash and cash equivalents		-3.5	-11.6	4.4
Changes in cash and cash equivalents		-61.2	-156.5	66.1
Cash and cash equivalents at end of period	6	**291.6**	**356.2**	**291.6**

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 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 2022 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 figures in this financial statement release are based on the audited figures of the 2023 financial statements.

The same accounting policies have been applied as in the 2022 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 Refinitiv FX closing rate has been used as the EUR/RUB valuation rate representing the market rate at the time.

Amendments to standards applied during the 2023 financial period:

Amendments to IAS 12 Income taxes – Deferred tax related to assets and liabilities arising from a single transaction. The amendments narrow the scope of the initial recognition exemption and specify that the exemption does not apply to individual transactions such as leases and decommissioning obligations that give rise to equal and opposite temporary differences. The amendments have an impact on the notes presented.

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 8 February 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	2023 Q4	2022 Q4	2023 Q1–Q4	2022 Q1–Q4
EMEA	280.0	416.3	1,289.4	1,634.5
Americas	104.1	147.5	516.0	646.4
APAC	38.6	36.0	136.5	198.7
Total	**422.6**	**599.8**	**1,941.9**	**2,479.6**

Reconciliation of comparable figures

EUR million	2023 Q4	2022 Q4	2023 Q1–Q4	2022 Q1–Q4
Operating result	**-0.2**	**94.7**	**120.8**	**531.5**
Depreciation, amortisation and impairment losses	25.3	16.7	93.8	83.1
EBITDA	**25.1**	**111.4**	**214.6**	**614.6**
Items affecting comparability:				
Other operating income		0.1	-2.7	-28.6
Write down of inventory		0.0		0.0
Employee benefits		4.6		4.6
Share of results of associated companies	0.9	0.7	4.1	11.6
Other operating expenses		-0.1		0.6
Total	0.9	5.3	1.4	-11.7
EBITDA, comparable	**26.0**	**116.8**	**216.0**	**602.8**
Depreciation, amortisation and impairment losses	-25.3	-16.7	-93.8	-83.1
Items affecting comparability:				
Impairment charges and reversals of impairments		0.7		0.9
Operating result, comparable	**0.7**	**100.8**	**122.2**	**520.7**
Share of results of associated companies and joint ventures			0.0	0.0
Net financial items	1.6	-1.3	0.1	-6.6
Items affecting comparability:				
Financial items	0.0	0.4	0.3	0.5
Result before income tax, comparable	**2.3**	**99.9**	**122.6**	**514.6**
Income taxes	-0.5	-3.8	-19.3	-63.5
Income taxes related to items affecting comparability		-1.0	0.5	0.3
Result for the period, comparable	**1.8**	**95.1**	**103.8**	**451.4**

Additional information about the reconciliation

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

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.

Items affecting operating result comparability in 2022 totalled EUR 10.8 million. They comprised EUR 19.2 million from the sale of the share capital in Hangö Stevedoring Ab; a EUR 6.5 million capital gain from the sale of a land area unrelated to business operations; a EUR -5.5 million restructuring of customer service and supply chain management; a EUR 2.8 million valuation gain related to the divestment of shares; a EUR -1.0 million impairment recognised for the Russian operations; a EUR -10.5 million impairment recognised for the Russian operations of the associated company Metsä Fibre; a EUR -1.2 million impairment recognised in the assets of Metsä Fibre's Kyrö sawmill; and other items EUR 0.3 million.

Note 3 – Income taxes

EUR million	2023 Q1–Q4	2022 Q1–Q4
Taxes for the current period	-12.8	-36.4
Taxes for the prior periods	-0.1	-0.5
Change in deferred taxes	-6.4	-26.7
Total income taxes	**-19.3**	**-63.5**

Taxes for the previous year include the 7.1 million euros of tax support to be applied for in the 2022 taxation of the investments of the Swedish subsidiary.

Note 4 – Changes in property, plant and equipment

EUR million	2023 Q1–Q4	2022 Q1–Q4
Carrying value at beginning of period	1,107.9	935.0
Acquired businesses		29.6
Investments in owned property, plant and equipment	211.5	264.1
Investments in leased property, plant and equipment	5.7	8.1
Decreases	-2.5	-5.0
Depreciation, amortisation and impairment losses	-92.4	-82.1
Translation difference	0.3	-41.8
Carrying value at end of the period	**1,230.4**	**1,107.9**

Acquired businesses in January–December 2022 include the tangible assets of Hämeenkyrön Voima Oy.

In 2022, an impairment loss of EUR -0.9 million was recognised for the Russian operations.

Note 5 – Provisions

EUR million	Restructuring	Environmental obligations	Other provisions	Total
1 January 2023	4.9	2.0	0.0	6.9
Translation differences			0.0	0.0
Additions		0.0		0.0
Utilised during the year	-3.8			-3.8
31 Dec 2023	**1.1**	**2.0**	**0.0**	**3.2**
Non-current		1.7	0.0	1.7
Current	1.1	0.3		1.4
Total	**1.1**	**2.0**	**0.0**	**3.2**

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, 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	2023 Q1–Q4	2022 Q1–Q4
Sales	121.8	197.7
Other operating income	6.3	6.6
Purchases	673.8	860.8
Share of result from associated company	24.2	163.1
Dividend income	0.0	0.0
Interest income	9.4	2.3
Interest expenses	0.3	0.9
Accounts receivable and other receivables	51.4	84.6
Cash and cash equivalents	278.4	338.6
Accounts payable and other liabilities	70.4	86.3

Metsä Fibre's net result is included in the 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 82.8 million to Metsä Board in the review period (58.8).

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	2023 Q1–Q4	2022 Q1–Q4
Sales	0.5	0.7
Purchases	0.1	1.7
Accounts receivable and other receivables	0.2	0.1

Note 7 – Notes to the consolidated cash flow statement

Adjustments

EUR million	2023 Q1–Q4	2022 Q1–Q4	2023 Q4
Taxes	19.3	63.5	0.5
Depreciation, amortisation and impairment charges	93.8	83.1	25.3
Share of result from associated companies and joint ventures	-24.2	-163.1	5.5
Gains and losses on sale of fixed assets	-59.1	-59.5	-9.5
Finance costs, net	-0.1	6.6	-1.6
Pension liabilities and provisions	-4.7	3.6	-1.9
Other adjustments	2.2	2.8	0.4
Total	**27.3**	**-63.0**	**18.7**

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.

The figure for the comparison period and the entire year 2022 includes -11.6 million euros in tax payments for 2021.

Net financial items

Net financial items in the consolidated cash flow statement include a dividend of EUR 82.8 million paid by Metsä Fibre (58.8).

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 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.

Disposals and other items reported in 2022 were EUR 82.4 million in total. They consisted of proceeds amounting to EUR 29.0 million from emission right sales, EUR 24.5 million from the sale of Oy Hangö Stevedoring Ab shares, EUR 12.0 million from sale of G10 shares to Pohjolan Voima Oyj, EUR 9.2 million from the sale of non-business-related land area; a EUR 4.9 million related to the divestment of shares, a EUR 1.9 million from the sale of property ownership, and other items amounting to EUR 1.0 million.

Paid dividend

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.

The paid dividend in 2022 included dividends paid by the parent company of EUR -145.8 million, and dividends paid to non-controlling owners from the Husum pulp company of EUR -11.3 million.

Note 8 – Financial instruments

Classification of financial assets and liabilities and their fair values

Financial assets 31 December 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	253.0		254.4
Other non-current financial assets			6.3	6.3
Accounts receivable and other receivables			251.7	251.7
Cash and cash equivalents			291.6	291.6
Derivative financial instruments	1.2	30.3		31.5
Total carrying amount	**2.6**	**283.3**	**549.6**	**835.5**
Total fair value	**2.6**	**283.3**	**549.6**	**835.5**

Financial liabilities 31 December 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			421.0	421.0
Other non-current financial liabilities			0.5	0.5
Current interest-bearing financial liabilities			17.1	17.1
Accounts payable and other financial liabilities			338.9	338.9
Derivative financial instruments	0.4	9.8		10.2
Total carrying amount	**0.4**	**9.8**	**777.5**	**787.6**
Total fair value	**0.4**	**9.8**	**767.2**	**777.3**

Classification of financial assets and liabilities and their fair values

Financial assets 31 December 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	1.3	344.1		345.4
Other non-current financial assets			6.0	6.0
Accounts receivable and other receivables			354.5	354.5
Cash and cash equivalents			356.2	356.2
Derivative financial instruments	4.2	39.3		43.4
Total carrying amount	**5.5**	**383.4**	**716.8**	**1,105.6**
Total fair value	**5.5**	**383.4**	**716.7**	**1,105.6**

Financial liabilities 31 December 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			434.4	434.4
Other non-current financial liabilities			2.9	2.9
Current interest-bearing financial liabilities			18.6	18.6
Accounts payable and other financial liabilities			442.9	442.9
Derivative financial instruments	0.7	29.5		30.2
Total carrying amount	**0.7**	**29.5**	**898.8**	**929.0**
Total fair value	**0.7**	**29.5**	**878.0**	**908.2**

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 1.9 and 4.3% (2.2 and 4.6). 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	2023 Q1–Q4	2022 Q1–Q4
Carrying value at beginning of period	345.4	181.0
Total gains and losses in profit or loss		2.8
Total gains and losses in other comprehensive income	-91.1	178.5
Purchases	0.0	0.0
Disposals		-16.9
Carrying value at end of the period	**254.4**	**345.4**

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 by using valuation techniques that use market information.

Level 3
Fair value is not based on observable market data, but 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 closing date of the reporting period. 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 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. 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.

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

The WACC used in Pohjolan Voima Oyj share valuation on 31 December 2023 was 5.35% (31 December 2022: 5.42). The acquisition cost of shares in Pohjolan Voima Oyj on 31 December 2023 is EUR 28.3 million (28.3), and fair value EUR 253.0 million (344.1).

The carrying value of other investments as of 31 December 2023 is expected to change by EUR -9.9 million, and EUR 10.3 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 61.6 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 31 December 2023

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Other non-current investments			254.4	**254.4**
Derivative financial assets	0.2	31.4		**31.5**
Financial liabilities measured at fair value				
Derivative financial liabilities	4.1	6.0		**10.2**
Financial assets not measured at fair value				
Cash and cash equivalents		291.5		**291.5**
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		411.1		**411.1**
Current interest-bearing financial liabilities		16.7		**16.7**

Fair value hierarchy of financial assets and liabilities as of 31 December 2022

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Other non-current investments			345.4	**345.4**
Derivative financial assets	6.7	36.7		**43.4**
Financial liabilities measured at fair value				
Derivative financial liabilities	5.0	25.2		**30.2**
Financial assets not measured at fair value				
Cash and cash equivalents		356.2		**356.2**
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		413.6		**413.6**
Current interest-bearing financial liabilities		18.6		**18.6**

Derivatives 31 December 2023

EUR million	Nominal value	Fair value			Fair value	
		Derivative assets	Derivative labilities	Fair value net	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	50.0	1.5		1.5		1.5
Interest rate derivatives	50.0	1.5		1.5		1.5
Currency forward contracts	1,138.3	27.7	5.7	21.9	0.9	21.0
Currency option contracts	488.7	2.2	0.3	1.9		1.9
Currency derivatives	1,627.0	29.8	6.0	23.8	0.9	22.9
Oil derivatives	18.7	0.2	0.6	-0.5		-0.5
Natural gas derivatives	10.8		3.5	-3.5		-3.5
Commodity derivatives	29.5	0.2	4.1	-4.0		-4.0
Derivatives total	**1,706.4**	**31.5**	**10.2**	**21.4**	**0.9**	**20.5**

Derivatives 31 December 2022

EUR million	Nominal value	Fair value			Fair value	
		Derivative assets	Derivative labilities	Fair value net	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	100.0	3.1		3.1		3.1
Interest rate derivatives	100.0	3.1		3.1		3.1
Currency forward contracts	1,790.1	31.3	25.0	6.3	1.4	4.9
Currency option contracts	281.3	2.2	0.1	2.1		2.1
Currency derivatives	2,071.4	33.5	25.2	8.4	1.4	7.0
Oil derivatives	27.5	0.5	3.9	-3.3		-3.3
Natural gas derivatives	32.7	6.2	1.2	5.0	2.1	2.9
Commodity derivatives	60.2	6.7	5.0	1.7	2.1	-0.4
Derivatives total	**2,231.5**	**43.4**	**30.2**	**13.2**	**3.5**	**9.7**

Note 9 – Commitments and guarantees

EUR million	31 Dec 2023	31 Dec 2022
Guarantees and counter-indemnities	1.6	1.5
Other commitments		3.8
Total	**1.6**	**5.3**

Commitments related to property, plant and equipment

EUR million	31 Dec 2023	31 Dec 2022
Payments due in following 12 months	69.7	132.0
Payments due later	0.8	1.6
Total	**70.5**	**133.5**

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.