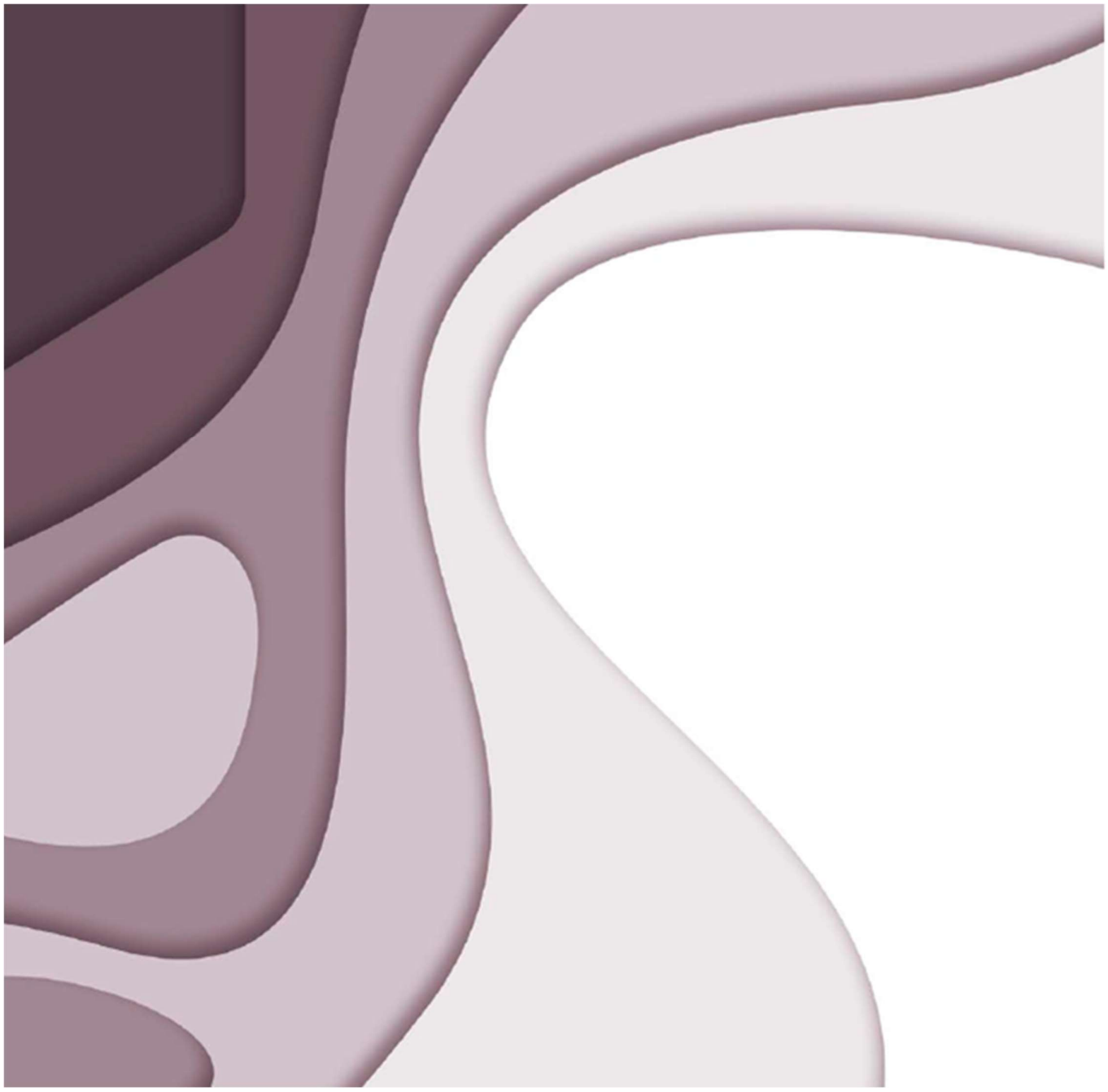
Metsä Board
Financial statements bulletin 1.1.–31.12.2022



Metsä Board's comparable operating result in January–December 2022 was EUR 521 million

January–December 2022 (compared to 1–12/2021)

- Sales were EUR 2,479.6 million (2,084.1).
- The comparable operating result was EUR 520.7 million 386.6), or 21.0% of sales (18.6). Operating result was EUR 531.5 million (375.9).
- Comparable earnings per share were EUR 1.13 (0.85), and earnings per share were EUR 1.15 (0.82).
- Comparable return on capital employed was 20.9 % (18.7).
- Net cash flow from operations was EUR 232.0 million (329.6).

October–December 2022 (compared to 10–12/2021)

- Sales were EUR 599.8 million (518.5).
- The comparable operating result was EUR 100.8 million (91.3), or 16.8% (17.6) of sales. Operating result was EUR 94.7 million (90.8).
- Comparable earnings per share were EUR 0.23 (0.20), and earnings per share were EUR 0.21 (0.19).
- Comparable return on capital employed was 15.5% (16.1).
- Net cash flow from operations was EUR 70.2 million (119.7).

Events in October–December 2022

- The delivery volumes of Metsä Board's paperboards decreased compared with the corresponding period in the previous year. This was due to the general decline in demand for consumer products and the adjustments made to inventories in the value chain.
- The average prices of Metsä Board's paperboards in euros continued to increase.
- Paperboard production was adjusted to meet the demand situation.
- Costs in chemicals, energy and wood continued to increase
- The new recovery boiler and turbine started up at the Husum pulp mill.
- For the second consecutive year, Metsä Board made it into the highest A list in CDP's three focus areas: climate change mitigation; water security; and forest protection.
- Moody's raised Metsä Board's credit rating to Baa2.
- Metsäliitto Cooperative's holding in Metsä Board exceeded 50%.
- Metsä Board organised a Capital Markets Day on 10 November. The related recording and materials are available on the company's website.

Result guidance for January–March 2023

Metsä Board's comparable operating result in January–March 2023 is expected to be roughly at the same level as in October–December 2022.

Board of Directors' proposal for dividend

The Board of Directors proposes to the Annual General Meeting to be held on 23 March 2023 that a dividend of EUR 0.58 per share be paid for the 2022 financial period. The proposed dividend corresponds to 50% of the earnings per share for 2022.

Metsä Board's CEO Mika Joukio:

"Metsä Board had a strong year in 2022. We achieved a record profitability in an operating environment that proved difficult to predict. Our sales amounted to EUR 2,480 million, and our comparable operating result totalled EUR 521 million. Our comparable return on capital employed exceeded 20%, and the ratio of interest-bearing net liabilities to comparable EBITDA, which was 0.2 at the end of the year, reflects our strong financial position. Our result improved especially thanks to the higher prices of fresh fibre paperboards, supported by a favourable currency effect. Successful price increases compensated the rapid cost inflation. Higher sales prices and a strong US dollar boosted also the result of Metsä Fibre, our associated company, to record figures. In addition, we achieved an annual all-time high in the production volumes of pulp and BCTMP.

In the first half of the year, demand for paperboards was strong in all our market areas. We used the folding boxboard volumes freed up from Russian sales to support our key customers' growth in Europe and North America. In the second half of the year, paperboard sales normalised, as high inflation and rising interest rates quickly eroded households' purchasing power and weakened general consumer demand. In addition, during the last quarter, adjustments to inventories in the

value chain affected our sales, and we adjusted our paperboard production to meet the demand. Nevertheless, our sales in October–December totalled EUR 600 million, and our comparable operating result EUR 101 million. This was an excellent achievement, given that raw material and energy prices continued to rise throughout the period.

The past year has been overshadowed by Russia's war against Ukraine. In addition to human suffering, Russia's military operations have triggered the most severe energy crisis in Europe's recent history, making energy self-sufficiency a significant competitive factor. The new recovery boiler and turbine that started up at the Husum integrated mill at the end of the year will increase the pulp mill's bioenergy production and further improve our energy self-sufficiency.

For the second year in a row, we achieved a place in the A List in CDP's three environmental focus areas: climate change mitigation; water security; and forest protection. This is something of which we can be proud, as only 12 out of 15,000 companies achieved the same excellent result. We are continuing our long-term efforts to combat climate change and reduce water consumption, and we aim for fully fossil free production and products by the end of 2030. Furthermore, our resource-efficient lightweight paperboards made of renewable raw material have a smaller carbon footprint than many other packaging materials, and they are an excellent match for circular economy needs. Packaging design carried out in cooperation with our customers helps us continuously reduce the amount of packaging material and waste.

Our strategy has proved itself in a rapidly changing market environment. We continue to grow in fibre-based packaging materials and to renew our industrial operations. In 2023, our paperboard capacity will increase by a tenth, when the Kemi kraftliner and the Husum folding boxboard investments are completed. We have also launched pre-engineering for a new folding boxboard mill in Kaskinen, where we aim for the world's most resource-efficient paperboard mill, world-class competitiveness and a product concept that enables a lower carbon footprint.

Our strong financial position creates a firm foundation for our growth investments, contributing to the long-term increase in shareholder value. As further proof of the confidence in our future success, the Board proposes a dividend of EUR 0.58 per share to be paid in 2022 in accordance with our dividend policy."

Key figures

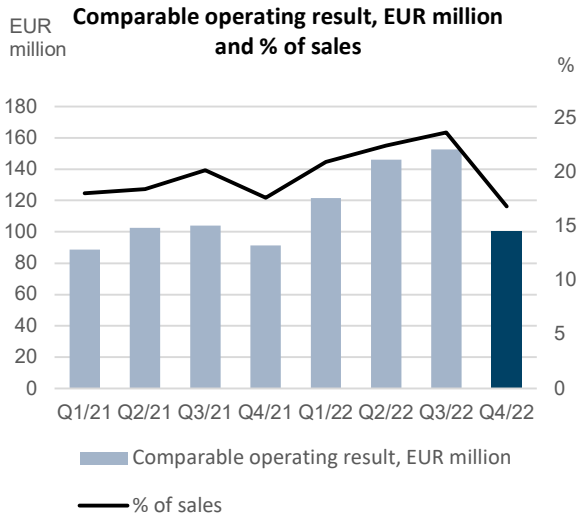
	2022 Q4	2021 Q4	2022 Q1-Q4	2021 Q1–Q4
Sales, EUR million	599.8	518.5	2,479.6	2,084.1
EBITDA, EUR million	111.4	108.7	614.6	466.0
comparable, EUR million	116.8	109.1	602.8	472.2
EBITDA, % of sales	18.6	21.0	24.8	22.4
comparable, % of sales	19.5	21.0	24.3	22.7
Operating result, EUR million	94.7	90.8	531.5	375.9
comparable, EUR million	100.8	91.3	520.7	386.6
Operating result, % of sales	15.8	17.5	21.4	18.0
comparable, % of sales	16.8	17.6	21.0	18.6
Result before taxes, EUR million	93.4	90.7	524.9	365.8
comparable, EUR million	99.9	91.2	514.6	376.6
Result for the period, EUR million	89.6	78.5	461.3	314.0
comparable, EUR million	95.1	81.5	451.4	326.6
Earnings per share, EUR	0.21	0.19	1.15	0.82
comparable, EUR	0.23	0.20	1.13	0.85
Return on equity, %	16.4	17.3	22.5	19.4
comparable, %	17.4	18.0	22.0	20.2
Return on capital employed, %	14.6	16.0	21.4	18.2
comparable, %	15.5	16.1	20.9	18.7
Equity ratio [1)], %	66	63	66	63
Net gearing [1)], %	4	-4	4	-4
Interest-bearing net liabilities/comparable EBITDA	0.2	-0.2	0.2	-0.2
Shareholders' equity per share [1)], EUR	5.86	4.78	5.86	4.78
Interest-bearing net liabilities [1)], EUR million	94.5	-78.4	94.5	-78.4
Total investment, EUR million	77.2	86.6	304.1	220.2
Net cash flow from operations, EUR million	70.2	119.7	232.0	329.6
Personnel [1)]	2,248	2,389	2,248	2,389

[1)] at the end of the period

Delivery and production volumes

EUR million	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2022 Q1-Q4	2021 Q1-Q4
Delivery volumes							
Folding boxboard	285	308	308	307	300	1,208	1,296
White kraftliner	133	146	164	166	143	609	627
Metsä Board's market pulp [1)]	105	124	152	122	120	503	496
Metsä Fibre's market pulp [2)]	162	177	192	187	203	717	762
Production volumes							
Folding boxboard	264	337	336	335	295	1,272	1,272
White kraftliner	133	147	164	162	155	605	634
Metsä Board's pulp [1)]	319	360	362	368	335	1,409	1,362
Metsä Fibre's pulp [2)]	190	190	171	181	183	731	747

[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 2022

Sales and result

October–December 2022 (compared to 10–12/2021)

Metsä Board's sales were EUR 599.8 million (518.5). Folding boxboard accounted for 59% (56) of sales, while 24% (24) of sales came from white kraftliner, 14% (14) from market pulp, and 3% (5) from other operations. Sales increased due to the higher average prices of paperboards and market pulp.

Total deliveries of paperboards were 418.000 (442.000) tonnes, of which 71% was delivered to the EMEA region, 25% to the Americas, and 4% to the APAC region. Metsä Board's deliveries of market pulp were 105.000 (120.000) tonnes, of which 80% was delivered to the EMEA region, and 20% to the APAC region.

The comparable operating result for October–December was EUR 100.8 million (91.3), and the operating result was EUR 94.7 million (90.8). Items affecting comparability in October–December totalled EUR -6.0 million. The items consisted of the restructuring of customer service and supply chain management (EUR -5.5 million), the impairments recognised for the Russian operations of Metsä Fibre, our associated company (EUR -0.7 million) and other items (EUR 0.2 million).

The comparable operating result improved especially due to the higher average prices of paperboard. Higher market pulp prices and the sales of by-products from pulp production also improved the operating result. On the other hand, the lower delivery volumes of paperboard and market pulp weakened the operating result.

Exchange rate fluctuations, including hedges, had a positive impact of EUR 25 million on the operating result compared to the corresponding period last year.

Costs increased rapidly especially in chemicals, energy and logistics. In chemicals, the price increase was particularly notable in caustic soda, peroxides and starch. Energy expenses increased due to higher electricity prices. Wood expenses also increased. The profitability of the paperboard business was weakened by higher pulp prices, but the overall impact of pulp on Metsä Board's result was stable. In contrast to previous years, no major annual maintenance shutdowns occurred at the Husum integrated mill in 2022. This reduced the mills' maintenance costs compared with the corresponding period in the previous year.

Unused emissions allowances were sold for a total of approximately EUR 10 million (10–12/2021: EUR 16 million).

The associated company Metsä Fibre's share of Metsä Board's comparable operating result in October–December was EUR 41.9 million (35.3). Metsä Fibre's operating result improved thanks to higher sales prices, as well as the US dollar strengthening against the euro. Correspondingly, the operating result decreased due to the lower profitability of the sawn timber business, lower delivery volumes of market pulp and cost inflation.

Financial income and expenses totalled EUR -1.3 million (0.0), including foreign exchange rate differences from accounts receivable, accounts payable, financial items and the valuation of currency hedging instruments, totalling EUR -1.8 million (-0.6).

The result before taxes was EUR 93.4 million (90.7). The comparable result before taxes was EUR 99.9 million (91.2). Income taxes amounted to EUR 3.8 million (12.3).

Earnings per share were EUR 0.21 (0.19). The return on equity was 16.4% (17.3), and the comparable return on equity was 17.4% (18.0). The return on capital employed was 14.6% (16.0), and the comparable return on capital employed was 15.5% (16.1).

January–December 2022 (compared to 1–12/2021)

Metsä Board's sales were EUR 2,479.6 million (2,084.1). Folding boxboard accounted for 57% (57) of sales, while 25% (25) of sales came from white kraftliner, 15% (13) from market pulp, and 3% (5) from other operations. Sales increased due to the higher average prices of paperboards and market pulp.

Total deliveries of paperboards were 1,817,000 (1,922,000) tonnes, of which 68% was delivered to the EMEA region, 28% to the Americas, and 4% to the APAC region. The changes in delivery volumes were due to the record sales volumes in the comparison period, the planned increase in inventories in the early part of the year, and the decrease in demand for consumer products in the second half of the year. Metsä Board's deliveries of market pulp were 503,000 (496,000) tonnes, of which 72% was delivered to the EMEA region and 28% to the APAC region.

The comparable operating result was EUR 520.7 million (386.6), and the operating result was EUR 531.5 million (375.9). Items affecting comparability totalled EUR 10.8 million in the financial period. 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; EUR -5.5 million from the restructuring of customer service and supply chain management; a EUR 2.8 million capital gain related to the divestment of shares; a EUR -1.0 million impairment recognised for 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 EUR 0.3 million for other items.

The comparable operating result improved especially due to the higher average prices of paperboard. Higher market pulp prices and the sales of by-products from pulp production also improved the operating result. On the other hand, the lower paperboard delivery volumes weakened the operating result.

Exchange rate fluctuations, including hedges, had a positive impact of EUR 57 million on the operating result compared to the comparison period.

Costs increased rapidly especially in chemicals, energy and logistics. In chemicals, price increases were particularly notable for caustic soda, peroxides, starch and latexes. Energy costs were driven especially by higher electricity prices. Logistics costs increased due to the limited availability of transport capacity and higher fuel prices. Wood costs increased because of the rise in wood prices and harvesting and transport costs. In the paperboard business, profitability was weakened by higher pulp prices, but the overall impact of pulp on Metsä Board's result was markedly positive. The general cost inflation also affected fixed costs. In 2022, inflation accounted for approximately 20% of Metsä Board's overall costs.

Unused emissions allowances were sold for a total of approximately EUR 29 million during the year (1–12/2021: EUR 21 million).

The associated company Metsä Fibre's share of Metsä Board's comparable result in January–December was EUR 174.7 million (123.0). Metsä Fibre's profitability improved thanks to higher sales prices and the US dollar strengthening against the euro, which also compensated for the strongly increased production costs.

Financial income and expenses totalled EUR -6.6 million (-10.0), including foreign exchange rate differences from accounts receivable, accounts payable, financial items and the valuation of currency hedging instruments, totalling EUR -5.0 million (-2.3). A total of EUR 8.2 million of interest expenses for ongoing investments were capitalised in investment costs.

The result before taxes was EUR 524.9 million (365.8). The comparable result before taxes was EUR 514.6 million (376.6). Income taxes amounted to EUR 63.5 million (51.8).

Earnings per share were EUR 1.15 (0.82), and comparable earnings per share were EUR 1.13 (0.85). The return on equity was 22.5% (19.4), and the comparable return on equity was 22.0% (20.2). The return on capital employed was 21.4% (18.2), and the comparable return on capital employed was 20.9% (18.7).

Operating result in October–December 2022 in brief (compared to 7–9/2022)

The comparable operating result in October–December was EUR 100.8 million (152.5). The operating result improved due to higher average prices of paperboards and market pulp. Exchange rate fluctuations, including hedges, had a positive impact of around EUR 6 million. The operating result was weakened by the decrease in paperboard and market pulp delivery volumes. Cost inflation continued to be rapid especially in chemicals and energy. Wood costs also increased. Higher pulp costs burdened the paperboard business. In addition, the maintenance costs of mills increased from the previous quarter. Unused emissions allowances were sold for

approximately EUR 10 million (EUR 5 million). The associated company Metsä Fibre's share of Metsä Board's comparable operating result in October–December was EUR 41.9 million (56.3). Metsä Fibre's operating result decreased due to the lower profitability of the sawn timber business, lower delivery volumes of market pulp and increased production costs.

Market development

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

	Q4/22 vs. Q4/21	Q4/22 vs. Q3/22	Q1-Q4/22 vs. Q1-Q4/21
Paperboard deliveries, Cepi members			
Folding boxboard, Europe	Decreased clearly	Decreased clearly	Decreased clearly
White kraftliners, Europe	Decreased clearly	Decreased clearly	Stable
Market prices of paperboards in local currencies			
Folding boxboard, Europe	Increased clearly	Increased clearly	Increased clearly
White kraftliners, Europe	Increased clearly	Stable	Increased clearly
Solid bleached board, USA	Increased clearly	Increased clearly	Increased clearly
Food service board, USA	Increased clearly	Increased clearly	Increased clearly
-1% < stable < +1%, increased (decreased): +1…+2% (-1%...-2%), increased clearly (decreased clearly): > +2% (< -2%)			
Market prices of pulp, PIX, USD			
Long-fibre pulp, Europe	+12%	-1%	+17%
Short-fibre pulp, Europe	+21%	+1%	+27%
Long-fibre pulp, China	+23%	-6%	+10%
Short-fibre pulp, China	+51%	0%	+21%

Strategy and financial targets

Metsä Board's strategy is to grow in fibre-based packaging materials and renew its industrial operations. To implement this strategy, the company has significant growth and development investments ongoing and planned to meet the rapidly growing demand for recyclable and plastic-replacing packaging materials in Europe and North America. Metsä Board's production is located close to its most important raw material, the high-quality Northern wood fibre. The company aims to maintain high self-sufficiency in pulp and energy.

Metsä Board's decision-making is guided by financial and sustainability targets, as well as long-term shareholder value growth. The company focuses on continuous cost efficiency 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. In 2022, Metsä Board's financial targets and dividend policy remain unchanged.

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

Actual in 2022 was 20.9%.

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

Actual in 2022 was 0.2.

- In line with dividend policy, Metsä Board aims to distribute at least 50% of the result for the financial period in dividends every year.

The Board of Directors' proposal to the AGM on the dividend for the 2022 financial year, EUR 0.58 per share, corresponds to 50% of the result for the financial period.

Business operations and their development

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

Metsä Board's main market areas are Europe and North America.

In addition, Metsä Board produces chemical pulp and bleached mechanical pulp (BCTMP), which are used in own paperboard production, but also sold as market pulp. The annual capacity for pulp and BCTMP is nearly 1.5 million tonnes. In addition, Metsä Board owns 24.9% of its associated company Metsä Fibre, a global leader in the production of softwood market pulp. Metsä Fibre's annual capacity for pulp is roughly 3.3 million tonnes.

Metsä Board covers its energy consumption with its own production and supplementary purchases from the market. Majority of electricity consumption is covered by the company's own production and by electricity purchased from Pohjolan Voima and Metsä Fibre. Metsä Board has a 2.6% holding in Pohjolan Voima, from which it purchases electricity at cost price.

Paperboard sales

Metsä Board's paperboard deliveries in January–December totalled 1,817,000 tonnes (1–12/2021: 1,922,000).

In 2022, folding boxboard deliveries were 1,208,000 tonnes (1,296,000), of which 71% (70) was delivered to the EMEA region, 23% (22) to the Americas, and 6% (7) to the APAC region. Deliveries of white kraftliners were 609,000 tonnes (627,000), of which 62% (61) was delivered to the EMEA region, 38% (37) to the Americas, and 0% (1) to the APAC region.

In the comparison year 2021, paperboard delivery volumes were at a record high and occasionally exceeded Metsä Board's production capacity. The demand for paperboards remained exceptionally high in the first half of 2022, but normalised in the second half of the year. The change in demand for paperboards in the latter part of the year was driven by the decreasing demand for consumer products and the inventory adjustments in the value chain.

In the first half of the year, Metsä Board intentionally increased its very low inventories, partly in preparation for the investment shutdown of Husum folding boxboard in the autumn 2023.

The folding boxboard volumes previously directed to Russia were successfully reallocated to new markets. In 2021, around 130,000 tonnes of folding boxboard were delivered to Russia.

The sales of dispersion coated barrier board, produced in Kyro folding boxboard mill, has been rapid. Metsä Board estimates that in 2023 roughly half of the mill's production volume will be dispersion coated barrier board.

The volumes of paperboard imported from Asia to Europe increased towards the end of the year as the global challenges in logistics eased.

The prices of paperboards continued to increase in the fourth quarter. In 2022, the average prices of Metsä Board's paperboards in euros increased by approximately 25% from the previous year. The strengthening of the US dollar against the euro contributed to the increase.

Market pulp sales

Metsä Board's market pulp deliveries totalled 503,000 tonnes (496,000) in January–December. the EMEA region accounting for 72% (66), and the APAC region for 28% (34).

The associated company Metsä Fibre's overall paperboard deliveries totalled 2,880,000 (3,058,000) tonnes, of which 54% was delivered to the EMEA region, 43% to the APAC region, and 3% to the Americas. Metsä Board holds 24.9% of Metsä Fibre.

In 2022, the demand for long-fibre market pulp was mainly at a good level in Europe. In China, overall economic activity was weakened by the strict coronavirus measures, but the demand for pulp remained at a good level in relation to supply. In the last quarter, demand for market pulp declined in both Europe and China. The global supply for long-fibre market pulp decreased due to several planned and unplanned production shutdowns, as well as bottlenecks in logistics, which began to ease towards the end of the year. The prices of market pulp (PIX) increased from the previous year in both Europe and China.

Paperboard, pulp and BCTMP production

The production volume of paperboard totalled 1,877,000 tonnes (1,906,000), while the combined production volume of pulp and BCTMP amounted to 1,409,000 tonnes (1,362,000). Paperboard production was restricted in the latter part of the year to match demand. The combined production volume of pulp and BCTMP was at a record high in 2022.

In 2021, a fire broke out on the chip conveyor of the Husum pulp mill, closing Husum's pulp production for around four weeks. Paperboard production was run at a lower-than-normal capacity following the pulp mill's shutdown. The production losses resulting from the fire amounted to roughly 50,000 tonnes in pulp and roughly 30,000 tonnes in paperboard.

Corporate transactions

On 1 January 2022, Metsä Board acquired all the shares in Hämeenkyrön Voima Oy held by Pohjolan Voima Oyj and DL Power Oy, part of Leppäkoski Group. The company was merged with the parent company in the third quarter. The arrangement will not have

a significant impact on Metsä Board's key financial figures.

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

Impacts of Russia's war in Ukraine

Russia's attack on Ukraine has had an impact on Metsä Board's business operations. In 2021, Russia accounted for 5.6%, and Ukraine for 0.7%, of Metsä Board's sales. Folding boxboard deliveries to Russia were approximately 130,000 tonnes in 2021, mainly to multinational brand owners. In March 2022, Metsä Board discontinued its sales to Russia, and reallocated the delivery volumes to its main markets Europe and North America.

Metsä Group, responsible for Metsä Board's wood procurement, discontinued its wood procurement from Russia in March and focused it on Finland and Sweden. In 2021, Russian wood accounted for approximately 9% of Metsä Board's wood supply. Imports from Russia have been mainly birch wood, for which the market situation has tightened throughout Metsä Group's operating area.

In May, Russia halted natural gas supplies to Finland. Prior to this, Metsä Board's Joutseno BCTMP mill and the Tako and Kyro paperboard mills used natural gas imported from Russia in their production. Despite the halt to deliveries from Russia, the mills have been supplied with natural gas without disruption. Natural gas has also been replaced by oil, and during the first quarter in 2023, the company will have the readiness to use LNG in its Kyro and Joutseno mills. Constraints in the availability of alternative energy sources could affect the continuity of Metsä Board's production. In the long term, by the end of 2030 at the latest, Metsä Board's target is that all the energy it uses will be fossil free.

Impacts of COVID-19

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

Most of the strict precautionary measures adopted at Metsä Board's production and office units during the pandemic were mainly completely lifted during the second half of the year. The company continues its efforts to ensure the health of employees, prevent the spread of the virus and secure business continuity. The situation is monitored continuously, and local precautionary measures can be quickly initiated if required. From 2023 onwards, the development of the COVID-19 and its effects will only be reported if they have a material impact on Metsä Board's business or financial situation.

Cash flow

Net cash flow from operations in January–December 2022 was EUR 232.0 million (1–12/2021: 329.6). Working capital increased by EUR 151.4 million (decreased of 49.5). The increase in working capital derived from the increase in paperboard inventories, a rise in inventory value due to cost inflation, and the increase in trade receivables resulting from the higher prices of finished products.

Balance sheet and financing

Metsä Board's equity ratio at the end of the financial period was 66% (31 December 2021: 63) and the net gearing ratio was 4% (-4). The ratio of interest-bearing net liabilities to comparable EBITDA in the previous 12 months was 0,2 (-0,2).

At the end of the financial period, interest-bearing liabilities totalled EUR 453.0 million (31 December 2021: 448.6). Non-euro-denominated loans accounted for 2.0% of loans and floating-rate loans for 13.9%, the rest being fixed-rate loans. The average interest rate on liabilities was 2.2% (2.3), and the average maturity of non-current liabilities was 4.0 years (4.7). The interest rate maturity of loans was 36.1 months (45.3).

At the end of the financial period, interest-bearing net debt totalled EUR 94.5 million (31 December 2021: -78.4).

Metsä Board's liquidity has remained strong. At the end of the financial period, the available liquidity was EUR 556.0 million (31 December 2021: 916.0), consisting of the following items: liquid assets and investments of EUR 356.2 million and a syndicated credit facility (revolving credit facility) of EUR 200.0 million. Of the liquid assets, EUR 338.6 million consisted of short-term deposits with Metsä Group Treasury, and EUR 17.6 million were cash funds and investments. Other interest-bearing receivables amounted to EUR 2.4 million. In addition to items reported as liquidity, the liquidity reserve is complemented by Metsä Group's internal undrawn short-term credit facility of EUR 150.0 million and undrawn pension premium (TyEL) funds of EUR 227.6 million.

The fair value of other non-current investments was EUR 345.4 million at the end of the financial period (31 December 2021: 181.0). The change in value was related to the increase in the fair value of Pohjolan Voima Oyj's shares, which was caused by updating the long-

term electricity price forecast used in the share valuation model.

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

Metsä Board has investment grade credit ratings by S&P Global and Moody's Investor Service. In December 2022 Moody's upgraded Metsä Board's rating to Baa2 (was Baa3), with stable outlook (was positive). The company's rating by S&P Global is BBB-, with a stable outlook.

Investments

Investments during the financial period totalled EUR 304.1 million (1–12/2021: 220.2), with growth and development investments accounting for 74%, acquired business operations for 10%, and maintenance investments for 16%. Out of total investments, the company's own property, plant and equipment amounted to EUR 278.1 million (216.1), and leased property, plant and equipment to EUR 26.1 (4.1). In the latter, the most significant item was the machinery and equipment for the boiler plant from the acquisition of Hämeenkyrön Voima Oy, totalling EUR 18.0 million.

Renewal of the Husum pulp mill

Metsä Board initiated the first phase of the renewal of the Husum pulp mill in 2019. The first phase included a new recovery boiler and turbine. By the end of the financial period, the investments made in the project totalled EUR 370 million. The total investment value of the first phase is estimated to be EUR 380 million.

The new recovery boiler and turbine will increase the pulp mill's electricity production, which will improve the energy self-sufficiency of the integrated mill and bring Metsä Board closer to its goal of completely fossil-free production by 2030. The new recovery boiler and turbine will also reduce the energy and maintenance costs of the integrated mill, improve production efficiency and shorten the duration of annual maintenance works. The investment is expected to improve Metsä Board's annual cash flow by approximately EUR 35 million, of which at least half is expected to be realised by 2023.

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

Development programme of the Kemi paperboard mill

In 2021, Metsä Board initiated the development programme for the Kemi paperboard mill, which will increase the mill's annual white-top kraftliner capacity by around 40,000 tonnes. The company estimates that investment value of the programme, originally EUR 67 million, will be higher due to, among other things, rapid cost inflation. The investments will take place in 2021-2023.

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

Increasing the production capacity of folding boxboard in Husum

Metsä Board will increase its annual production capacity of folding boxboard by 200,000 tonnes at the Husum integrated mill in Sweden. Following the investment, the production capacity of folding boxboard of the BM1 will be 600,000 tonnes per year. The value of the investment is approximately EUR 210 million. It will take place in 2021–2024, mainly in 2022 and 2023.

The investment is expected to increase Metsä Board's annual sales by approximately EUR 200 million and improve annual comparable EBITDA by approximately EUR 50 million. The company expects to achieve the growth and improved result in full in 2026.

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

Pre-engineering for new folding boxboard mill in Kaskinen

In autumn 2022, Metsä Board launched pre-engineering for a new folding boxboard mill with an annual capacity of approximately 800 000 tonnes in Kaskinen. The pre-engineering includes technical design, infrastructure and logistics solutions, and tendering for the main equipment. In addition, an environmental impact assessment (EIA) and an environmental permit process are ongoing. A potential investment decision could be made in 2024 at the earliest.

Metsä Fibre's Kemi bioproduct mill

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

The pulp production capacity includes the existing pulp production line for unbleached pulp used in the production of white kraftliner, with an annual capacity of roughly 180,000 tonnes. The new mill will replace the

current pulp mill in Kemi, with an annual capacity of about 610,000 tonnes.

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

The estimated investment value of Metsä Fibre's bioproduct mill is EUR 2.02 billion (Interim report for January–September 2022: EUR 1.85 billion). The financing of bioproduct mill is composed of internal financing and debt. Metsä Board will not invest equity in Metsä Fibre to finance the project.

Personnel

At the end of 2022, the number of personnel was 2,248 (2,389), of whom 1,226 (1,416) were based in Finland. In January–December, Metsä Board employed 2,352 people on average (1–12/2021: 2,461). The changes in the number of personnel were mainly caused by the sale of Oy Hangö Stevedoring Ab in the first quarter. Personnel expenses in January–December totalled EUR 217.4 million (216.0).

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.

The year end closing price of Metsä Board's B share on the Nasdaq Helsinki was EUR 8.77. The share's highest and lowest prices were EUR 10.49 and EUR 7.09, respectively. Correspondingly, the closing price of the A share was EUR 10.15; the share's highest and lowest prices were EUR 10.50 and EUR 7.66, respectively.

In January–December, the average daily trading volumes of the B and A shares on the Nasdaq Helsinki were around 347,200 shares and around 3,400 shares respectively. The total trading volume of the B share was EUR 767 million, and the total trading volume of the A share was EUR 8 million.

At the end of 2022, the market value of all Metsä Board shares was EUR 3.2 billion, of which the market value of the B shares and the A shares accounted for EUR 2.8 billion and EUR 0.3 billion respectively.

On 27 October 2022, the Board of Directors of Metsä Board decided to launch a share buyback of company's own shares. The acquisition of the company's own shares started on 28 October 2022 and ended on 11 November 2022. During this period, Metsä Board acquired 1,000,000 B shares for an average price of EUR 7.8225 per share. The own shares were acquired for payment of the Board fees or to implement the company's share-based incentive systems.

On 30 December 2022, Metsäliitto Cooperative announced that its ownership in Metsä Board had exceeded the 50% threshold, and that its holding in Metsä Board was 50.16% of shares and 68.24% of votes. As Metsä Board is an entity controlled by Metsäliitto Cooperative, Metsäliitto Cooperative's ownership also includes the 1,000,000 own shares held by Metsä Board.

Foreign and nominee-registered investors held approximately 14% (14) of all shares.

Sustainability

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

Key sustainability figures

	2022 Q4	2021 Q4	2022 Q1–Q4	2021 Q1–Q4	Target year 2030
Total recordable incident frequency TRIF[1)]	4.0	7.3	6.7	9.8	0
Lost-time accidents frequency LTA1F[1)]	3.0	3.7	5.4	7.0	0
Share of certified wood fibre, %	87%	84%	83%	83%	>90%
Direct fossil-based CO_2 emissions, tonnes (Scope 1)	66,945	56,925	236,037	255,467	0
Indirect fossil-based CO_2 emissions[2)], tonnes (Scope 2)	-	-	139,746	184,028	0
Energy efficiency improvement[3)]	-	-	+2.7%	+4.3%	+10%
Reduction in process water use[3)]	-	-	-12.2%	-12.6%	-30%

1) per million hours worked. The former subsidiary Hangö Stevedoring is included in the figures until February 2022.
2) market-based, reported annually. Year 2021 figure has been revised from previously reported 173,371 to 184,028 tonnes.
3) change from the base year of 2018, per tonne produced, rolling 12 months.

Safety at work

Metsä Board aims for zero accidents. In 2022 the frequency of accidents at work decreased compared to the previous year. All Metsä Board production units comply with the ISO 45001 management system, and the goal of the company's safety-at-work standards is to prevent accidents. Safety at work is developed through proactive safety work, training and investments, for example. The focus areas are personal risk assessment, improving hand safety and implementing common safety standards.

Share of certified wood fibre

All the wood used by Metsä Board comes from Northern European forests, which are regenerated after felling and where biodiversity is respected. The target is for at least 90% of the wood fibre used by Metsä Board to be certified by the end of 2030.

Energy and water use, and CO_2 emissions

In 2022, the use of process water per tonne produced reduced by 12.2% and energy efficiency improved by 2.7% compared to the base year of 2018.

Some 88% of the energy used by Metsä Board is based on fossil free energy sources. The goal is to phase out the use of fossil-based energy altogether by the end of 2030, at which point the company's direct and indirect fossil-based carbon dioxide emissions (Scope 1 and 2) will drop to zero. By then, the raw materials and packaging materials used by the company must also be fossil free.

Metsä Board's reduction targets for greenhouse gas emissions have been approved by the Science Based Targets initiative and they meet the strictest requirements of the Paris Agreement, which aim to limit global warming to 1.5°C degrees. 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, measured as a share of the total purchase costs, setting themselves targets in accordance with the SBTi by 2024. In 2022, 15% of the company's suppliers belonging to the target group had done so (2021: 16).

Other important events

During the review period, Metsä Board again achieved a place on CDP's A-list in climate change mitigation, water security and forests – all three of CDP's environmental assessments. Only 12 companies out of nearly 15,000 made it to all three A-lists.

The company also achieved a Platinum level rating in the EcoVadis Sustainability Assessment and, for the first time, achieved a full 100/100 score in the environmental section of the assessment.

The EU Taxonomy

The Taxonomy is a classification system for the financial market based on Regulation (EU) 2020/852, valid as of the beginning of 2022, which lists economic activities that qualify as sustainable in terms of the climate and the environment. The goal of the Taxonomy is to channel money to sustainable investments so that the EU can achieve the ambitious emissions reduction targets it has set for itself.

The Taxonomy defines six sustainable environmental objectives against which different economic activities are assessed. These environmental objectives are: (a) climate change mitigation, (b) climate change adaption, (c) sustainable use and protection of water and marine resources, (d) transition to a circular economy, (e) pollution prevention and control, and (f) protection and restoration of biodiversity and ecosystems. For 2022, Metsä Board will disclose information on its Taxonomy-eligible and Taxonomy-aligned business operations in terms of the climate objectives, that is, climate change mitigation and climate change adaptation.

Out of its business operations, Metsä Board reports the share of sales, capital expenditure and operating expenses. Metsä Board's main business operations, the paperboard and market pulp businesses, are not currently included in the taxonomy's classification criteria.

Therefore, the taxonomy-eligible and taxonomy-aligned economic activities, especially in sales and operating expenses, account for only a minor shares. The share of taxonomy-aligned capital expenditure, 39% of total capital expenditure, consists mainly of the Husum pulp mill renewal.

Metsä Board's Taxonomy eligibility and Taxonomy alignment in 2022 in terms of the climate objectives

	Turnover	CapEx	OpEx
Taxonomy-aligned activities, %	0%	39%	4%
Taxonomy-non-aligned, that are taxonomy-eligible, activities, %	0%	1%	4%
Taxonomy-non-eligible activities, %	100%	60%	92%
Total	100%	100%	100%

R&D and innovation

Key themes in Metsä Board's R&D work include further lightweighting of paperboards without compromising on other properties, as well as developing barrier solutions.

Lightweighting plays a key role in the pre-engineering of new folding boxboard mill in Kaskinen, with the aim of achieving world-class resource efficiency and a product that enables a lower carbon footprint. The mill will be based on fossil-free production and significantly lower consumption of wood, energy and water per tonne of folding boxboard produced, compared to existing production facilities.

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

In 2022, Metsä Board's 360 Services was used extensively to strengthen customer relationships. A total of 45 packaging development workshops were held at the Excellence Centre in Äänekoski.

Metsä Group's innovation company Metsä Spring and Valmet Oyj started the production for 3D fibre products at the Äänekoski demo plant. The demo plant produces ready 3D fibre packaging from wet pulp without intermediate phases. The value of the demo plant investment is approximately EUR 20 million.

Metsä Board's R&D expenditure in 2022 totalled EUR 6.1 (6.0) million, or 0.2 (0.3) per cent of sales. Expenditure includes direct costs excluding depreciation and investments in operations.

Resolutions of 2022 Annual General Meeting

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

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

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

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

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

The Annual General Meeting resolved to authorise the Board to decide on the acquisition of the company's own shares. The number of shares to be acquired based on the authorisation shall not exceed 1,000,000 B-shares, which corresponds to approximately 0.3% of all current shares. This authorisation is effective until 30 June 2023.

Near-term risks and uncertainties

The uncertainty surrounding global development and growth has increased considerably. Russia's war in Ukraine, the European energy crisis, rapid inflation and the rise in interest rates are undermining economic growth worldwide and especially in Europe. A notable decrease in economic growth and decline in consumers' purchasing power may reduce the demand for packaging material and erode Metsä Board's profitability.

If prolonged, cost inflation may affect the prices of Metsä Board's important production factors – wood, energy and chemicals. Metsä Board's main raw material, wood, accounts for more than a quarter of the company's overall costs. A sudden price increase in wood raw material or individual chemicals would have a negative impact on Metsä Board's profitability. If realised, the electricity market price risk may have a negative impact on Metsä Board's profitability or production continuity. Reduced availability of global freight capacity may result in additional costs or restrict paperboard and pulp deliveries, thereby negatively affecting the company's profitability.

Russia's attack on Ukraine has a direct impact on Metsä Board's business through wood and energy supplies. Reduced availability of energy sources replacing natural gas from Russia could affect the continuity of paperboard and/or BCTMP production. Discontinued wood imports from Russia has tightened the pulpwood market situation in Metsä Group's procurement areas. The limited availability of wood could have a negative impact on the continuity of Metsä Board's production.

The world is also witnessing other geopolitical tensions, and if these are aggravated, they may have a negative impact on the company's business. International sanctions have been imposed in relation to these crises, and they may have a direct or indirect impact on the demand for paperboards and therefore on profitability. Some countries have imposed import duties and other trade restrictions on each other's products. Negative developments in world trade could, if continued, weaken Metsä Board's profitability.

There are also other considerable uncertainties in the global economy. If realised, they may result in weakened demand and reduced prices for paperboard and pulp products. An imbalance in supply and demand may impact the prices of end products and Metsä Board's profitability. If paperboard imports from Asia and the Americas to Europe increase faster than demand, this may lead to an imbalance in the market situation. In addition, customers' weaker cash position or slower payment behaviour may have an impact on Metsä Board's cash flow and lead to credit losses.

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

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

product development and harmonising business processes. 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.

Metsä Board's climate risks mainly concern forests and the use of energy and water. Regulation may steer the future use of forests. Moreover, increased regulation aimed at mitigating climate change and reducing greenhouse gas emissions may increase costs and result in substantial change requirements in production technology. The supply and demand of products in a low-carbon economy may differ from the current situation. Climate change may cause an increasing number of extreme weather phenomena, such as storms, floods and drought, and weaken the availability of the process water and electricity required by mills and result in breaks in production. Extreme weather conditions may also limit the availability of the wood raw material. Should they materialise, climate risks could have a negative impact on Metsä Board's profitability.

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

The US dollar strengthening by 10% against the euro would have a positive impact of approximately EUR 100 million on Metsä Board's annual operating result. Correspondingly, the Swedish krona strengthening by 10% would have a negative impact of approximately EUR 50 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. In the short term, Metsä Board's result will be particularly affected by the price of and demand for finished products, raw material costs, the price of energy, and the exchange rate development of the euro compared to the company's other main currencies.

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

Near-term outlook

The decline in global economic growth and consumers' purchasing power is causing uncertainty in the market. The visibility of paperboard sales development is weak.

Metsä Board's paperboard delivery volumes in January–March are expected to remain at roughly the same level as in October–December (418,000 tonnes). The average prices for folding boxboard are expected to increase.

The demand outlook for market pulp is uncertain due to global economic developments. In the first quarter, market pulp prices are slightly lower than in the previous quarter. Global supply of long-fibre pulp will be reduced due to the limited availability of raw material in North America. Demand for sawmill products is expected to pick up in the second quarter.

Cost pressure will continue. Following the increase in wood prices and harvesting and transport costs last year, wood costs are expected to increase in the beginning of the year.

With the start-up of the new recovery boiler and turbine in Husum, depreciation in January-March is about EUR 10 million higher than in the previous quarter.

No major annual maintenance shutdowns have been planned at the mills in the first quarter.

Exchange rate fluctuations in January–March 2023, including the impact of hedges, will have a positive impact on the operating result compared to October–December 2022, and a notably positive impact on the operating result compared to January–March 2022.

Annual maintenance and investment shutdowns in 2023

The main annual maintenance and investment shutdowns expected in 2023. Changes are possible.

The main annual maintenance and investment shutdowns

Q1/2023	-
Q2/2023	Metsä Fibre's Äänekoski bioproduct mill and Rauma pulp mill
Q3/2023	Investment shutdown for folding boxboard in Husum, investment shutdown for white kraftliner in Kemi, start-up of Metsä Fibre's new bioproduct mill in Kemi

	Metsä Fibre's Joutseno pulp mill
Q4/2023	-

An investment shutdown of around 45 days will take place on the BM1 in Husum, when the annual capacity of folding boxboard will be increased from 400,000 tonnes to 600,000 tonnes. The investment shutdown is expected to take place from the end of August to the beginning of October.

In the third quarter, Metsä Fibre's new bioproduct mill, with an annual capacity of 1.5 million tonnes of pulp, is expected to start up in Kemi. The new mill will replace the old pulp mill with an annual capacity of 610,000 tonnes. At the same time, an investment shutdown will take place on the paperboard production line in Kemi to increase the annual capacity of white kraftliner from 425,000 tonnes to 465,000 tonnes.

Result guidance for January–March 2023

Metsä Board's comparable operating result in January–March 2023 is expected to be roughly at the same level as in October–December 2022.

Board of Directors' proposal for dividend

The distributable funds of the parent company on 31 December 2022 were EUR 609.3 million, of which the retained earnings for the financial year are EUR 398.6 million.

The Board of Directors proposes to the Annual General Meeting to be held on 23 March 2023 that a dividend of EUR 0.58 per share be distributed for the 2022 financial period.

The proposed dividend corresponds to 50% of the earnings per share for 2022. The amount of dividend totals approximately EUR 206 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 27 March 2023. The Board of Directors proposes 5 April 2023 as the dividend payment date.

METSÄ BOARD CORPORATION

Espoo, 9 February 2023

BOARD OF DIRECTORS

Further information:

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CEO Mika Joukio and CFO Henri Sederholm will present the 2022 results in a conference call and webcast held in English on 9 February 2023 at 3:00 p.m. EET.

The presentation material will be available at www.metsagroup.com/metsaboard/investors/ and at https://metsaboard.videosync.fi/2022-q4 before the start of the conference call.

To ask questions, join the conference call by registering on the following link: http://palvelu.flik.fi/teleconference/?id=10010166

Financial reporting and Annual General Meeting in 2023

27 April 2023: Interim Report for January–March 2023
27 July 2023: Half-year financial report 2023
26 October 2023: Interim Report for January–September 2023

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

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

Calculation of key Ratios

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

Comparable key ratios

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

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

The reconciliation of the comparable key figures is presented in this financial report. Metsä Board considers that the key figures derived in this manner improve the comparability of reporting periods.

None of these key figures with items affecting comparability eliminated are key figures used in IFRS reporting, and they cannot be compared with other companies' key figures identified by the same names. Items affecting comparability include material gains and losses on disposals of assets, impairment and impairment reversals in accordance with IAS 36 "Impairment of Assets", corporate divestments and acquisitions, adjustment measures and other restructuring measures and their adjustments, costs arising from extensive and unforeseeable interruptions in production and the compensation received for them as well as items arising from legal proceedings.

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

Condensed consolidated statement of comprehensive income

EUR million	Note	2022 Q4	2021 Q4	2022 Q1-Q4	2021 Q1-Q4
Sales	2, 6	**599.8**	**518.5**	**2,479.6**	**2,084.1**
Change in stocks of finished goods and work in progress		-1.0	14.3	70.1	11.9
Other operating income	2, 6	22.1	34.0	79.6	57.0
Material and services	6	-460.7	-401.2	-1,824.3	-1,461.0
Employee costs		-53.4	-54.8	-217.4	-216.0
Share of result of associated company	6	41.2	33.5	163.1	114.4
Depreciation, amortisation and impairment losses		-16.7	-17.8	-83.1	-90.2
Other operating expenses		-36.6	-35.6	-136.1	-124.4
Operating result	2	**94.7**	**90.8**	**531.5**	**375.9**
Share of results of associated companies and joint ventures			-0.1	0.0	0.0
Net exchange gains and losses		-1.8	-0.6	-5.0	-2.3
Other net financial items	2, 6	0.5	0.6	-1.7	-7.7
Result before income tax		**93.4**	**90.7**	**524.9**	**365.8**
Income taxes	3	-3.8	-12.3	-63.5	-51.8
Result for the period		**89.6**	**78.5**	**461.3**	**314.0**

EUR million	Note	2022 Q4	2021 Q4	2022 Q1-Q4	2021 Q1-Q4
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains/losses on defined pension plans		1.5	1.7	-4.7	3.0
Financial assets valued at fair value through other comprehensive income	8	42.9	-9.8	178.5	-5.8
Share of other comprehensive income of associated company		1.0	-0.2	3.0	-0.1
Income tax relating to items that will not be reclassified		-9.1	0.3	-33.9	-0.8
Total		**36.3**	**-8.1**	**142.9**	**-3.7**
Items that may be reclassified to profit or loss					
Cash flow hedges		14.6	-5.9	-3.1	-11.0
Translation differences		-25.2	-3.5	-56.3	-4.8
Share of other comprehensive income of associated company		20.9	-0.3	28.1	-3.8
Income tax relating to components of other comprehensive income		-2.9	1.2	0.6	2.2
Total		**7.5**	**-8.4**	**-30.6**	**-17.4**
Other comprehensive income, net of tax		**43.8**	**-16.5**	**112.2**	**-21.1**
Total comprehensive income for the period		**133.5**	**61.9**	**573.6**	**292.8**
Result for the period attributable to					
Shareholders of parent company		75.3	68.9	409.9	292.1
Non-controlling interests		14.3	9.5	51.4	21.9
Total		89.6	78.5	461.3	314.0
Total comprehensive income for the period attributable to					
Shareholders of parent company		122.9	53.6	535.7	272.4
Non-controlling interests		10.6	8.3	37.8	20.4
Total		133.5	61.9	573.6	292.8
Earnings per share for result attributable to shareholders of parent company (EUR/share)		**0.21**	**0.19**	**1.15**	**0.82**

The notes are an integral part of the financial report.

Condensed balance sheet

EUR million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Goodwill		12.2	12.4
Other intangible assets		5.9	6.2
Tangible assets	4	1,107.9	935.0
Investments in associated companies and joint ventures		614.2	479.0
Other investments	8	345.4	181.0
Other non-current financial assets	6, 8	8.9	15.3
Deferred tax receivables	2	9.4	8.4
		2,103.9	1,637.2
Current assets			
Inventories		506.7	382.6
Accounts receivables and other receivables	6, 8	436.4	366.5
Cash and cash equivalents	6, 8	356.2	524.2
		1,299.3	1,273.4
Assets classified as held for sale			11.0
Total assets		**3,403.2**	**2,921.5**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Equity attributable to shareholders of parent company		2,082.0	1,699.4
Non-controlling interests		173.2	146.2
Total equity		2,255.2	1,845.6
Non-current liabilities			
Deferred tax liabilities		149.5	96.2
Post-employment benefit obligations	2	10.4	13.7
Provisions	5	2.0	2.0
Borrowings	8	434.4	437.0
Other liabilities	8	3.9	3.2
		600.2	552.1
Current liabilities			
Provisions	5	4.9	1.0
Current borrowings	6, 8	18.6	10.0
Accounts payable and other liabilities	6, 8	524.4	506.0
		547.9	517.0
Liabilities classified as held for sale			6.8
Total liabilities		1,148.1	1,076.0
Total shareholders' equity and liabilities		**3,403.2**	**2,921.5**

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

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 2021	557.9	-24.9	136.6	265.8		448.4	1,383.8		1,383.8
Comprehensive income for the period									
Result for the period						292.1	292.1	21.9	314.0
Other comprehensive income net of tax total		-2.3	-18.3			1.0	-19.7	-1.5	-21.1
Comprehensive income total		**-2.3**	**-18.3**			**293.1**	**272.4**	**20.4**	**292.8**
Transactions with non-controlling interests						134.4	134.4	125.7	260.2
Related party transactions									
Dividend and capital distribution				-56.9		-35.6	-92.4		-92.4
Share based payments						1.1	1.1		1.1
Shareholders' equity 31 December 2021	**557.9**	**-27.2**	**118.3**	**208.9**		**841.5**	**1,699.4**	**146.2**	**1,845.6**

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 and capital distribution						-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**

The notes are an integral part of the financial report.

Condensed consolidated cash flow statement

EUR million	Note	2022 Q1-Q4	2021 Q1-Q4	2022 Q4
Result for the period		461.3	314.0	89.6
Total adjustments	7	-63.0	11.8	-25.0
Change in working capital		-151.4	49.5	21.0
Net financial items	7	51.6	-14.6	-2.9
Income taxes paid		-66.5	-31.1	-12.5
Net cash flow from operations		**232.0**	**329.6**	**70.2**
Acquisitions	7	-13.6		
Investments in intangible and tangible assets		-274.2	-213.7	-80.0
Disposals and other items	6, 7	82.4	30.7	17.4
Net cash flow from investing		**-205.3**	**-183.0**	**-62.6**
Changes in non-controlling interests	7		261.2	
Changes in non-current loans and in other financial items	6	-18.1	-8.0	-9.4
Acquisition of own shares		-7.8		-7.8
Paid dividend and capital distribution	7	-157.1	-92.4	0.1
Net cash flow from financing		**-183.1**	**160.7**	**-17.2**
Changes in cash and cash equivalents		**-156.5**	**307.3**	**-9.5**
Cash and cash equivalents at beginning of period	6	524.2	214.0	370.5
Translation difference in cash and cash equivalents		-11.6	3.0	-4.8
Changes in cash and cash equivalents		-156.5	307.3	-9.5
Cash and cash equivalents at end of period	6	**356.2**	**524.2**	**356.2**

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

Appendices to the financial statement bulletin

Note 1 – Background and basis of preparation

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

This financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the 2021 IFRS financial statements. The effects of foreign exchange changes on review period operating result vis-à-vis comparison period result have been calculated based on estimated review period net cash flows in relevant currencies and taking into account the realized effects of foreign exchange hedges. The figures in this financial statement release are based on the audited figures of the 2022 financial statements.

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

Depreciation of machinery and equipment during the financial year has been adjusted between the quarters when applicable in order to correspond with the distribution of the economic benefit of the asset between quarters. Refinitiv FX closing rate has been used as EUR/RUB valuation rate representing market rate at the time.

Amendments to standards applied during the 2022 financial period:

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

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

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

This financial report was authorised for issue by the Board of Directors of Metsä Board on 8 February 2023.

Note 2 – Segment information

The Corporate Management Team is the chief operational decision-maker monitoring business operations performance based on the operating segments. Metsä Board's business operations consist solely of folding boxboard, fresh fibre linerboard and market pulp businesses. Metsä Board reports on its financial performance in one reporting segment.

Geographical distribution of sales

EUR million	2022 Q4	2021 Q4	2022 Q1-Q4	2021 Q1-Q4
EMEA	416.3	362.4	1,634.5	1,409.3
Americas	147.5	115.4	646.4	482.2
APAC	36.0	40.7	198.7	192.7
Total	**599.8**	**518.5**	**2,479.6**	**2,084.1**

Reconciliation of comparable figures

EUR million	2022 Q4	2021 Q4	2022 Q1-Q4	2021 Q1-Q4
Operating result	**94.7**	**90.8**	**531.5**	**375.9**
Depreciation, amortisation and impairment losses	16.7	17.8	83.1	90.2
EBITDA	**111.4**	**108.7**	**614.6**	**466.0**
Items affecting comparability:				
Other operating income	0.1	-0.9	-28.6	-12.2
Write down of Inventory	0.0		0.0	
Employee benefits	4.6		4.6	
Share of results of associated companies	0.7	1.8	11.6	8.7
Other operating expense	-0.1	-0.5	0.6	9.7
Total	5.3	0.5	-11.7	6.2
EBITDA, comparable	**116.8**	**109.1**	**602.8**	**472.2**
Depreciation, amortisation and impairment losses	-16.7	-17.8	-83.1	-90.2
Items affecting comparability:				
Impairment charges and reversals of impairments	0.7	0.0	0.9	4.6
Operating result, comparable	**100.8**	**91.3**	**520.7**	**386.6**
Share of results of associated companies and joint ventures		-0.1	0.0	0.0
Net financial items	-1.3	0.0	-6.6	-10.0
Items affecting comparability:				
Financial items	0.4		0.5	
Result before income tax, comparable	**99.9**	**91.2**	**514.6**	**376.6**
Income taxes	-3.8	-12.3	-63.5	-51.8
Income taxes related to items affecting comparability	-1.0	2.6	0.3	1.9
Result for the period, comparable	**95.1**	**81.5**	**451.4**	**326.6**

Additional information on the reconciliation

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

Items affecting operating result comparability in 2022 totalled EUR 10.8 million. They comprised EUR 19.2 million from the sale of the share capital in Hangö Stevedoring Ab to Euroports Finland Oy; a EUR 6.5 million capital gain from the sale of a land area unrelated to business operations; a EUR -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.

Items affecting comparability in 2021 totalled EUR 10.8 million. They comprised a EUR 7.0 million capital gain from the sale of a land area unrelated to business operations; a EUR -6.9 million impairment recognised in the assets of Metsä Fibre's Kemi pulp mill; EUR -1.8 million recognised in taxes as a result of the tax audit in Metsä Fibre's subsidiary in Italy; a EUR -4.6 million impairment recognised in the current paperboard production assets in Husum; and EUR -4.5 million in costs related to the chip conveyor fire at the Husum pulp mill. In addition, EUR -2.3 million of taxes affecting comparability are reported in the taxes of previous financial years based on the tax audit of the Italian subsidiary.

Note 3 - Income taxes

EUR million	2022 Q1-Q4	2021 Q1-Q4
Taxes for the current period	-36.4	-48.6
Taxes for the prior periods	-0.5	-3.2
Change in deferred taxes	-26.7	-0.1
Total income taxes	**-63.5**	**-51.8**

Taxes for the current period include the 7.1 million euros of tax support to be applied for in the 2022 taxation of the investments of the Swedish subsidiary. The taxes for the prior periods in 2021 EUR -2.3 million in taxes recorded on the basis of a tax audit of an Italian subsidiary.

Note 4 – Changes in property, plant and equipment

EUR million	2022 Q1-Q4	2021 Q1-Q4
Carrying value at beginning of period	935.0	824.7
Acquired businesses	29.6	
Investments to owned property, plant and equipment	264.1	214.6
Investments to leased property, plant and equipment	8.1	4.1
Decreases	-5.0	-2.9
Depreciation, amortization and impairment losses	-82.1	-88.2
Translation difference	-41.8	-8.6
Transfers to assets held for sale		-8.6
Carrying value at end of the period	**1,107.9**	**935.0**

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

In 2021 there were an impairment loss of EUR -0.9 million recognised for the Russian operations.

In 2021 there were an impairment loss of EUR -4.6 million recognised in the current paperboard production assets in Husum, which the company plans to replace in the investment increasing the mill's folding boxboard capacity.

Note 5 - Provisions

EUR million	Restructuring	Environmental obligations	Other provisions	Total
1 January 2022	0.2	2.7	0.0	3.0
Translation differences	0.0		0.0	0.0
Additions	4.9			4.9
Utilised during the year		-0.7	0.0	-0.7
Unused amounts reversed	-0.2	-0.1		-0.3
31 Dec 2022	**4.9**	**2.0**	**0.0**	**6.9**
Non-Current		2.0	0.0	2.0
Current	4.9		0.0	4.9
Total	**4.9**	**2.0**	**0.0**	**6.9**

Half of non-current provisions are estimated to be utilised by the end of 2025 and the rest in 2030s. The increases in provisions are related to the reorganization of customer service and supply chain management.

Note 6 – Related party transactions

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

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

Transactions with parent and sister companies

EUR million	2022 Q1-Q4	2021 Q1-Q4
Sales	197.7	110.3
Other operating income	6.6	5.0
Purchases	860.8	697.2
Share of result from associated company	163.1	114.4
Dividend income	0.0	
Interest income	2.3	
Interest expenses	0.9	1.0
Accounts receivable and other receivables	84.6	60.7
Cash and cash equivalents	338.6	496.4
Accounts payable and other liabilities	86.3	83.8

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

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

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

Transactions with associated companies and joint ventures

EUR million	2022 Q1-Q4	2021 Q1-Q4
Sales	0.7	0.2
Purchases	1.7	4.2
Accounts receivable and other receivables	0.1	0.3
Accounts payable and other liabilities		0.7

Note 7 - Notes to the consolidated cash flow statement

Adjustments

EUR million	2022 Q1-Q4	2021 Q1-Q4	2022 Q4
Taxes	63.5	51.7	3.8
Depreciation, amortization and impairment charges	83.1	90.2	16.7
Share of result from associated companies and joint ventures	-163.1	-114.4	-41.2
Gains and losses on sale of fixed assets	-59.5	-28.2	-10.8
Finance costs, net	6.6	10.0	1.3
Pension liabilities and provisions	3.6	-0.7	4.6
Other adjustments	2.8	3.2	0.6
Total	**-63.0**	**11.8**	**-25.0**

Net financial items

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

Acquisitions

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

Disposals and other items

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

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

Changes in non-controlling interests

In 2021, changes in non-controlling interests, EUR 261.2 million, include the sale of a 30 percent stake in the Husum pulp mill to Norra Skog. The transaction was completed on January 4, 2021.

Paid dividend and capital distribution

Paid dividend and capital distribution in 2022 included dividends paid by the parent company EUR -145.8 million and dividends paid to non-controlling owners from the Husum pulp company EUR -11.3 million. Paid dividend and capital distribution in 2021 included dividends paid by the parent company EUR -92.4 million.

Note 8 - Financial instruments

Classification of financial assets and liabilities and their fair values

Financial assets 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 equivalent			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**

Classification of financial assets and liabilities and their fair values

Financial assets 31 December 2021

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
Other non-current investments	3.4	177.6		181.0
Other non-current financial assets			15.3	15.3
Accounts receivable and other receivables			331.5	331.5
Cash and cash equivalent			524.2	524.2
Derivative financial instruments	0.5	33.5		34.0
Financial assets related to assets held for sale			2.1	2.1
Total carrying amount	**3.9**	**211.1**	**873.1**	**1,088.1**
Total fair value	**3.9**	**211.1**	**873.1**	**1,088.1**

Financial liabilities 31 December 2021

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
Non-current interest-bearing financial liabilities			437.0	437.0
Other non-current financial liabilities			0.5	0.5
Current interest-bearing financial liabilities			10.0	10.0
Accounts payable and other financial liabilities			430.9	430.9
Derivative financial instruments	0.6	19.6		20.3
Financial liabilities related to assets held for sale			5.5	5.5
Total carrying amount	**0.6**	**19.6**	**883.9**	**904.1**
Total fair value	**0.6**	**19.6**	**913.1**	**933.4**

Accounts receivable and other receivables do not include advance payments, accrued tax receivables and periodisations of employee costs.

Accounts payable and other financial liabilities do not include advance payments, accrued tax liabilities and periodisations of employee costs.

In Metsä Board, all interest-bearing liabilities are valued in the balance sheet at amortised cost based on effective interest method.

Fair values in the table are based on present value of cash flow of each liability or assets calculated by market rate. The discount rates applied are between 2.2–4.6% (0.3–1.4). The fair values of accounts and other receivables and accounts payable and other liabilities do not materially deviate from their carrying amounts in the balance sheet.

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

EUR million	2022 Q1-Q4	2021 Q1-Q4
Carrying value at beginning of period	181.0	186.9
Total gains and losses in profit or loss	2.8	-0.1
Total gains and losses in other comprehensive income	178.5	-5.8
Purchases	0.0	
Disposals	-16.9	0.0
Transfers to assets held for sale		0.0
Carrying value at end of the period	**345.4**	**181.0**

Financial assets and liabilities measured at fair value have been categorised according to IFRS 7 Financial Instruments: Disclosures.

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

Level 2
Fair value is determined by using valuation techniques that use observable price information from market.

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

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

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

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

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

The most significant asset at fair value not traded on an active market is the investment in Pohjolan Voima Oyj shares classified as a financial asset at fair value through other comprehensive income. The value of investment is determined based on the present value of discounted cash flows.

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

The WACC used in Pohjolan Voima Oyj share valuation on 31 December 2022 was 5.42% (31 December 2021: 3.14). The acquisition cost of shares in Pohjolan Voima Oyj on 31 December 2022 is EUR 28.3 million (40.2) and fair value EUR 344.1 million (177.6). The change in fair value was caused by updating the long-term electricity price forecast used in the share valuation model.

The carrying value of other investments as of 31 December 2022 is estimated to change by EUR -12.3 million and EUR 13.0 million should the rate used for discounting the cash flows change by 0.5 percentage points from the rate estimated by the management. The carrying value of other investments is estimated to change by EUR 71.5 million should the energy prices used in calculating the fair value differ by 10% from the prices estimated by the management.

Fair value hierarchy of financial assets and liabilities as of 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 equivalent		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**

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

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Other non-current investments			181.0	**181.0**
Derivative financial assets	32.0	2.0		**34.0**
Financial liabilities measured at fair value				
Derivative financial liabilities	0.1	20.2		**20.3**
Financial assets not measured at fair value				
Cash and cash equivalent		524.2		**524.2**
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		466.3		**466.3**
Current interest-bearing financial liabilities		10.0		**10.0**

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**

Derivatives 31 December 2021

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		1.7	-1.7		-1.7
Interest rate derivatives	100.0		1.7	-1.7		-1.7
Currency forward contracts	1,205.4	2.0	18.5	-16.5	-0.2	-16.3
Currency derivatives	1,205.4	2.0	18.5	-16.5	-0.2	-16.3
Electricity derivatives	4.4	4.9		4.9		4.9
Oil derivatives	17.1	3.7	0.0	3.7		3.7
Natural gas and propane derivatives	14.6	23.5	0.1	23.4		23.4
Commodity derivatives	36.1	32.0	0.1	31.9		31.9
Derivatives total	**1,341.5**	**34.0**	**20.3**	**13.7**	**-0.2**	**13.9**

Note 9 - Commitments and guarantees

EUR million	31 Dec 2022	31 Dec 2021
Leases not yet commenced to which the Group is committed		18.0
Guarantees and counter-indemnities	1.5	1.5
Other Commitments	3.8	
Total	**5.3**	**19.5**

Commitments related to property, plant and equipment

EUR million	31 Dec 2022	31 Dec 2021
Payments due in following 12 months	132.0	80.6
Payments due later	1.6	1.9
Total	**133.5**	**82.4**

Commitments related to property, plant and equipment concern mainly the first phase completion of the modernisation of the Husum pulp mill, an investment to increase Husum's folding boxboard capacity and a development program of the Kemi factory.