Metso

2023

FINANCIAL REVIEW

Metso's Annual report 2023 consists of five sections:

BUSINESS OVERVIEW

Strategy, value creation and sustainability

FINANCIAL REVIEW

Board of Directors' report, financial statements and investor information

GRI SUPPLEMENT

Externally assured sustainability information compliant with the GRI standards

CORPORATE GOVERNANCE STATEMENT

Corporate governance, internal control and risk management systems

REMUNERATION REPORT

Remuneration of the Board of Directors and the CEO

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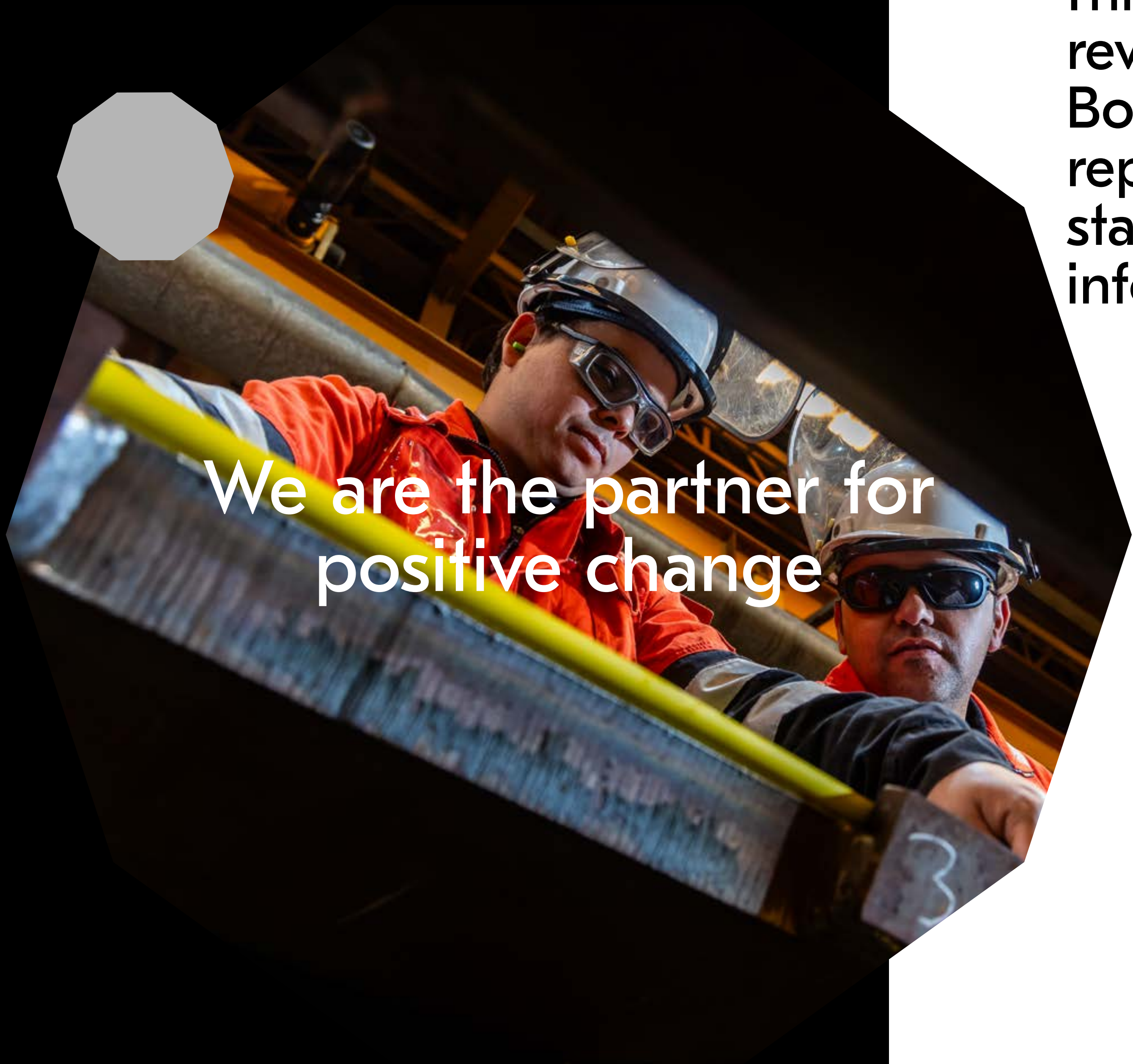
Metso

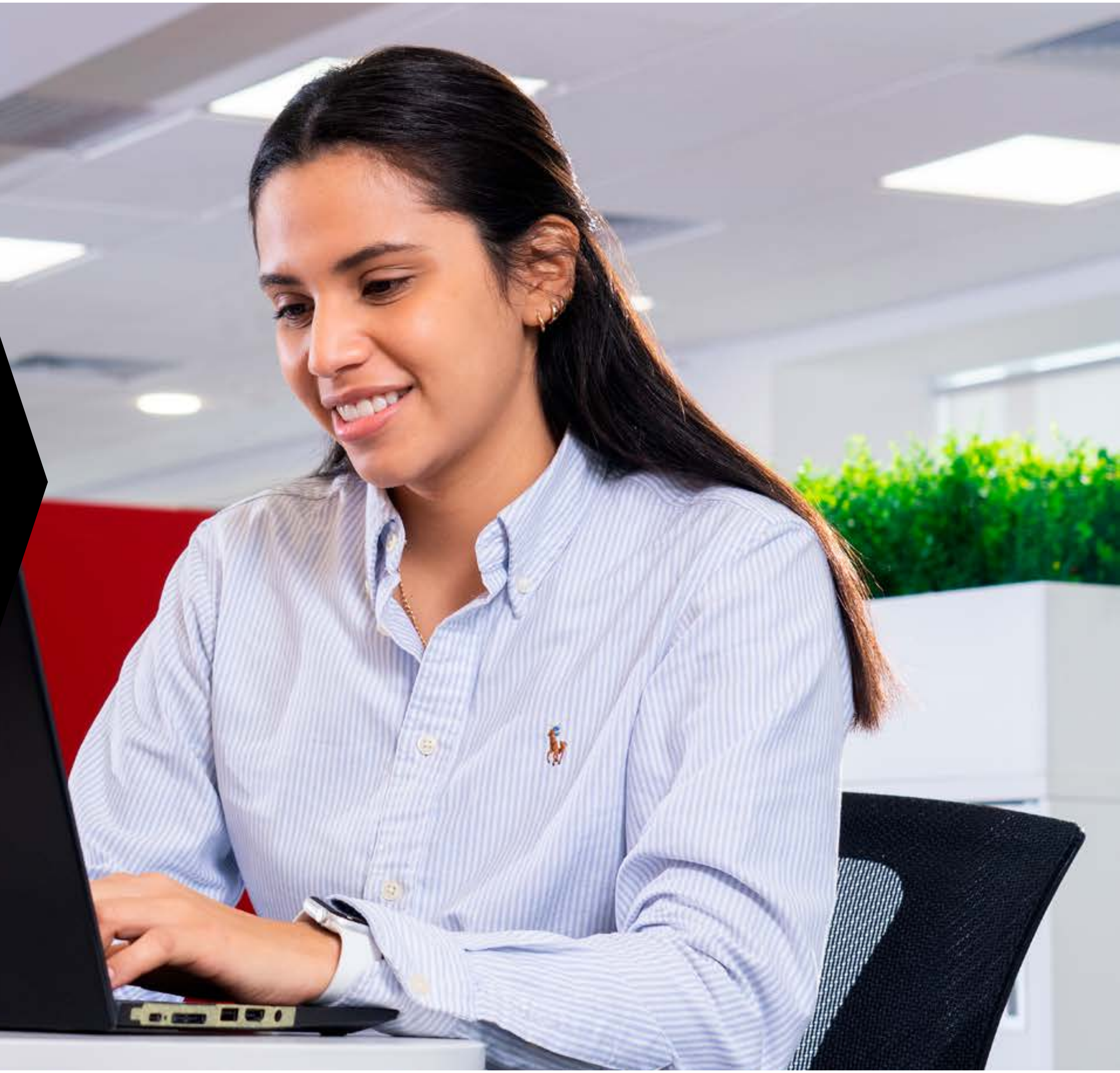
All Annual report sections are available in English and in Finnish.

They are downloadable on our Annual report website at metso.com/annualreport.
In this Annual report, we apply integrated reporting elements.



This is the Financial review, including Board of Directors' report, financial statements and investor information.

Board of Directors' report



Board of Directors' report

Financial year 2023

Metso revised its segment reporting as of September 30, 2023, by transitioning from three segments to two: Aggregates and Minerals. The Smelting business, previously reported under the Metals segment, was moved to the Minerals segment, and the Metals & Chemical Processing and Ferrous & Heat Transfer businesses from the Metals segment were classified as discontinued operations. All income statement, order intake and order backlog figures presented in this Board of Directors' report pertain to continuing operations, and the financial information for the comparison periods has been restated accordingly.

Figures in brackets refer to the corresponding period in 2022, unless otherwise stated.

Operating environment

Market activity continued strong in Metso's customer industries during the first half of 2023, while high financing costs, uncertainties related to general economic development, and challenges related to permitting, among other things, slowed down investment decisions related to new mining equipment in the second half of the year. The number of requests for proposals related to new equipment investments remained high throughout the year, supported by the predicted growth in metal consumption related to society's electrification. Activity in mining services was high throughout the year, positively influenced by high utilization rates of mines supported by metal prices, as well as the growth in demand related to the optimization of mine production and equipment rebuilds.

The beginning of the year was active in the aggregates market, especially in North America. Rising interest rates and increased inventory levels weakened the market situation from summer until the end of the year. The European market remained weak as in the previous year, while demand grew in countries such as India and Brazil.

Key figures

EUR million	2023	2022	Change %
Orders received	5,252	5,623	-7
Orders received by services business	2,955	2,833	4
% of orders received	56	50	–
Order backlog	2,951	3,303	-11
Sales	5,390	4,970	8
Sales by services business	2,891	2,558	13
% of sales	54	51	–
Adjusted EBITA	887	715	24
% of sales	16.5	14.4	–
Operating profit*	805	490	64
% of sales	14.9	9.9	–
Earnings per share, continuing operations, EUR*	0.65	0.39	67
Earnings per share, total, EUR*	0.66	0.36	83
Cash flow from operations	550	322	71
Gearing, %	33.8	29.1	–
Personnel at end of period	17,134	16,705	3

*Year 2022 includes a EUR 150 million non-recurring charge related to the wind-down of business in Russia.

Financial performance

The Group's annual orders received decreased by 7% and totaled EUR 5,252 million (EUR 5,623 million), due to weaker market activity in Aggregates and a smaller number of large equipment orders in Minerals. Service orders grew 4%. While Aggregates sales declined, Minerals reported sales growth, resulting in the Group's sales increasing by 8% to EUR 5,390 million (EUR 4,970 million). The order backlog at the end of the year was EUR 2,951 million (3,303 million).

The Group's adjusted EBITA increased to EUR 887 million up from EUR 715 million in the previous year. The adjusted EBITA margin also improved to 16.5% from 14.4%. These improved results were driven by volume growth and successful price and cost management. Operating profit was EUR 805 million, or 14.9% of sales (EUR 490 million and 9.9%) including negative adjustments of EUR 18 million (EUR 163 million negative, largely related to the wind-down of the business in Russia). Profit before taxes was EUR 724 million (EUR 426 million). The effective tax rate was 26% (25%). Earnings per share for continuing operations were EUR 0.65 (EUR 0.39).

Cash flow from operations was EUR 550 million (EUR 322 million), thanks to improved profitability while the amount of net working capital tied in the business increased, largely in the first half of 2023.

Impacts from currency and structural changes on orders received

EUR million, %	Aggregates	Minerals	Total
2022	1,481	4,143	5,623
Organic growth in constant currencies, %	-12	-1	-4
Impact of changes in exchange rates, %	-3	-3	-3
Structural changes, %	1	0	0
Total change, %	-14	-4	-7
2023	**1,274**	**3,978**	**5,252**

Impacts from currency and structural changes on sales

EUR million, %	Aggregates	Minerals	Total
2022	1,446	3,523	4,970
Organic growth in constant currencies, %	-5	19	12
Impact of changes in exchange rates, %	-3	-4	-4
Structural changes, %	1	0	1
Total change, %	-7	15	8
2023	**1,346**	**4,044**	**5,390**

Financial position

The Group's net interest-bearing liabilities were EUR 884 million at the end of December (Dec 31, 2022: EUR 684 million). The increase is attributed to the issuance of the EUR 300 million bond in November in preparation for an upcoming bond maturity in June 2024. Gearing increased to 33.8% (Dec 31, 2022: 29.1%) and the debt-to-capital ratio to 35.0% (Dec 31, 2022: 33.3%). The equity-to-assets ratio was 40.2% (Dec 31, 2022: 39.2%).

The Group's liquidity position remained strong. Liquid funds, consisting of cash and cash equivalents, amounted to EUR 638 million (Dec 31, 2022: EUR 601 million), and there were no deposits or securities with a maturity of more than three months (Dec 31, 2022: EUR 0 million).

Metso has a committed syndicated revolving credit facility of EUR 600 million with a maturity in 2026. The facility includes sustainability performance targets impacting the cost of borrowing. At the end of the year, the facility was undrawn. The company has a EUR 600 million Finnish commercial paper program, which was unutilized at the end of the year. Metso also has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 1,081 million at carrying value was outstanding at the end of December (Dec 31, 2022: EUR 758 million).

During 2023, the company made several funding transactions:

- One-year extension to an existing EUR 100 million term loan agreement and maturity in September 2025
- First Sustainability Linked Bond for EUR 300 million with a coupon of 4.375% and maturity in 2030
- Draw-down of EUR 50 million research, development, and innovation (RDI) loan with European Investment Bank and maturity in 2030

The average interest rate of total loans and derivatives was 4.3%, on December 31, 2023. The duration total interest-bearing debt was 1.8 years and the average maturity 3.9 years.

Metso has a 'BBB' long-term issuer credit rating with stable outlook from S&P Global Ratings and a 'Baa2' long-term issuer rating with stable outlook from Moody's Investor Service.

Reporting segments: Aggregates

Key figures

EUR million	2023	2022	Change %
Orders received	1,274	1,481	-14
Orders received by services business	442	469	-6
% of orders received	35	32	–
Order backlog	453	561	-19
Sales	1,346	1,446	-7
Sales by services business	434	477	-9
% of sales	32	33	–
Adjusted EBITA	232	213	9
% of sales	17.2	14.8	–
Operating profit	214	195	9
% of sales	15.9	13.5	–

Orders received decreased 14% to EUR 1,274 million, due to weaker market activity. Lower orders affected sales, which declined to EUR 1,346 million (EUR 1,446 million). Driven by a solid overall operational performance, adjusted EBITA improved to EUR 232 million (EUR 213 million), corresponding to a margin of 17.2% (14.8%).

Reporting segments: Minerals

Key figures

EUR million	2023	2022	Change %
Orders received	3,978	4,143	-4
Orders received by services business	2,513	2,364	6
% of orders received	63	57	–
Order backlog	2,498	2,742	-9
Sales	4,044	3,523	15
Sales by services business	2,458	2,081	18
% of sales	61	59	–
Adjusted EBITA	707	538	31
% of sales	17.5	15.3	–
Operating profit	627	406	54
% of sales	15.5	11.5	–

Orders received saw a 4% decline year-on-year, due to lower equipment orders, while services orders grew by 6%. Sales increased 15% to EUR 4,044 million driven by a strong order backlog. Equipment and services sales grew 10% and 18%, respectively. Adjusted EBITA increased to EUR 707 million and adjusted EBITA margin improved to 17.5% (EUR 538 million and 15.3%). Higher profitability was supported by increased deliveries and improved execution, better sales mix, and successful cost management.

Capital expenditure and investments

Gross capital expenditure excluding right-of-use assets was EUR 170 million in 2023. This consisted of various small investments at manufacturing sites as well as new service centers.

Research and development

R&D expenses including investments were EUR 73 million, or 1.4% of sales. Battery minerals play a significant role in the current R&D and customer raw material test work.

Inventions and patents

Pieces	2023	2022
Invention disclosures	235	125
Patent applications (including utility models)	2,096	1,935
Individual granted patents in force, as of December 31	7,829	7,405
Inventions protected by patents, as of December 31	1,031	1,082

Corporate governance and remuneration

Metso Annual General Meeting 2023

The Annual General Meeting (AGM) was held on May 3, 2023, in Helsinki. The AGM resolved to change the company's business name to "Metso" in accordance with the proposal of the Board of Directors. The AGM resolved to approve the Board of Directors' proposal to pay a dividend of EUR 0.30 per share from the financial year 2022 in two installments. The first dividend installment of EUR 0.15 per share was paid on May 12, 2023, and the second installment of EUR 0.15 per share was paid on November 6, 2023.

Metso Board composition and remuneration

The AGM resolved to elect nine members to the Board of Directors. The AGM resolved to re-elect the following members of the Board of Directors: Kari Stadigh was elected as the Chair, Klaus Cawén as the Vice Chair, and Brian Beamish, Terhi Koipijärvi, Ian W. Pearce, Emanuela Speranza and Arja Talma as members of the Board. Niko Pakalén and Reima Rytsölä were elected as new Board members. The term of office of the Board will expire at the end of Metso next Annual General Meeting.

The AGM resolved that the members of the Board of Directors will be paid the same fixed annual remuneration as in the previous term as follows:

- Chair: EUR 164,000
- Vice Chair: EUR 85,000
- Other members: EUR 69,000 each

and the additional remuneration to be paid for the members of the Board of Directors that are elected as members of the committees of the Board will be also unchanged as follows:

- EUR 24,500 for the Chair of the Audit & Risk Committee
- EUR 10,500 each for the other members of the Audit & Risk Committee
- EUR 12,650 for the Chair of the Remuneration and HR Committee
- EUR 5,250 each for the other members of the Remuneration and HR Committee.

As a condition for the annual remuneration, the Board members are obliged, directly based on the AGM's decision, to use 20 or 40 percent of their fixed total annual remuneration for purchasing Metso shares from the market at a price formed in public trading. These purchases were carried out on May 5, 2023.

The AGM also resolved to approve the following meeting fees, unchanged from the previous term: EUR 900 for meetings requiring travel within the Nordic countries, EUR 1,800 for meetings requiring travel within a continent, EUR 3,000 for meetings requiring intercontinental travel, and EUR 900 for meetings with remote attendance.

Authorized public accounting firm Ernst & Young Oy was re-elected as Auditor for a term ending at the closing of the Annual General Meeting 2024. Ernst & Young Oy has appointed Mikko Järventausta, APA, as the principally responsible auditor. The remuneration to the Auditor was decided to be paid against the Auditor's reasonable invoice approved by the company.

The AGM approved the Board's proposals, which related to authorizing the Board to decide on the repurchase of an aggregate maximum of 82,000,000 of Metso's own shares (corresponding to approximately 9.9 percent of all shares) and authorizing the Board to decide on the issuance of shares and the issuance of special rights entitling to shares.

Metso Executive Team

Metso's Executive Team consists of the following members:

Pekka Vauramo, President and CEO
Eeva Sipilä, CFO, Deputy CEO
Markku Simula, President, Aggregates
Markku Teräsvasara, President, Minerals, Deputy CEO
Piia Karhu, President, Metals
Sami Takaluoma, President, Services
Heikki Metsälä, President, Consumables
Nina Kiviranta, General Counsel
Carita Himberg, Chief People Officer, Human Resources

Personnel

Metso had 17,134 employees (16,705 employees) at the end of December 2023.

Personnel by area

Share, %	2023
Europe	33
North and Central America	13
South America	27
Asia Pacific and Greater China	13
Africa, Middle East and India	14
Total	**100**

Other main events in 2023

Litigation related to three waste-to-energy plants in the UK

On February 9, 2023, Metso Outotec announced that it is in legal proceedings with MW High Tech Projects UK Limited in connection with three waste-to-energy plants in the United Kingdom.

Full and final settlement agreement on ilmenite furnace project

On March 8, 2023, Metso Outotec and Advanced Metal Industries Cluster Company Limited (AMIC), a subsidiary of Tasnee, signed a full and final settlement agreement in relation to the original engineering, procurement and construction (EPC) contract, signed in May 2012, on the ilmenite furnace project in Saudi Arabia.

Conveyance of own shares based on the long-term incentive plans

On March 15, 2023, a total of 692,256 treasury shares were conveyed without consideration to 131 key persons and executives from the Performance Share Plan 2020–2022 and Deferred Share Plan 2020–2022. The Board of Directors had decided on the conveyance on February 17, and the directed share issue was based on an authorization given by the Annual General Meeting 2022.

Annual report for 2022

On March 22, 2023, the Annual Report for 2022 was published. The report consists of five sections: Business Overview, Financial Review, Corporate Governance Statement, Remuneration Report and GRI Supplement.

Strategic review of the Metals businesses

On March 29, 2023, the strategic review of the Metals businesses was completed. As a conclusion, the company decided to initiate the divestment of the Metals & Chemical Processing and Ferrous & Heat Transfer businesses, while the Smelting business will remain part of its portfolio.

S&P Global Ratings credit rating upgrade

On April 24, 2023, S&P Global Ratings upgraded Metso's credit rating to BBB with stable outlook.

Acquisition of Häggblom

On June 27, 2023, Metso signed an agreement to acquire Ab A. Häggblom Oy, a privately owned Finnish engineering and manufacturing company. The acquisition was completed in August. The transaction value was not disclosed, it has no material impact on Metso's financials.

Acquisition of Brouwer Engineering

On July 24, 2023, Metso signed an agreement to acquire Brouwer Engineering, a privately owned Australian company specializing in automation, control systems and electrical solutions for bulk material handling solutions.

Acquisition of Tedd Engineering

On October 2, 2023, Metso announced that it had signed an agreement to acquire Tedd Engineering, a privately owned company specialized in automation, control systems and electrical solutions for mobile equipment and aftermarket, primarily focusing on the aggregates business. Tedd Engineering employed approximately 70 employees and is based in Chesterfield, UK. Its sales in the financial year that ended in June 2023 were approximately GBP 15 million. The acquisition was completed on November 1.

Update of segment reporting

On October 2, 2023, Metso announced that it has updated its segment reporting by moving its two businesses currently under divestment (Metals & Chemical Processing and Ferrous & Heat Transfer), both of which have been reported under the Metals segment, into discontinued operations, and the transfer the Smelting business to the Minerals segment. The changes became effective on September 30, 2023.

Update of the Group's financial targets

On October 27, 2023, the Board of Directors decided to update Metso's financial targets. The Group's profitability target was upgraded and will call for an adjusted EBITA margin exceeding 17% over the cycle (previously exceeding 15% over the cycle). Other financial targets remained unchanged.

Composition of the Shareholders' Nomination Board and its proposals

On November 7, 2023, Metso's Shareholders' Nomination Board published its proposals to the Annual General Meeting, planned to be held on April 25, 2024. The Nomination Board proposes that the Board of Directors would have nine members and that Brian Beamish, Klaus Cawén, Terhi Koipijärvi, Niko Pakalén, Ian W. Pearce, Reima Rytsölä, Emanuela Speranza, Kari Stadigh, and Arja Talma would be re-elected as Board members. The Nomination Board also proposes that Kari Stadigh would be re-elected Chair of the Board and Klaus Cawén Vice Chair.

All the Board member candidates have given their consent to be elected and have been assessed to be independent of the company and its significant shareholders, except for Reima Rytsölä, who has been assessed to be independent of the company but not independent of its significant shareholders.

The Nomination Board will propose fixed annual remuneration to the Board members as follows (current remuneration in brackets):

- Chair EUR 171,000 (EUR 164,000)
- Vice Chair EUR 87,000 (EUR 85,000)
- Other members EUR 70,500 (EUR 69,000)

An additional remuneration will be proposed to be paid to the Board members that are elected as members of the Audit & Risk Committee and the Remuneration and HR Committee as follows (current remuneration in brackets):

- Chair of the Audit & Risk Committee EUR 25,500 (EUR 24,500)
- Members of the Audit & Risk Committee EUR 10,700 (EUR 10,500)
- Chair of the Remuneration and HR Committee EUR 13,000 (EUR 12,650)
- Member of the Remuneration and HR Committee EUR 5,350 (EUR 5,250)

The Nomination Board will propose that, as a condition for the annual remuneration, the Board members should be obliged, directly based on the Annual General Meeting's decision, to use 20% or 40% of their fixed total annual remuneration to purchase Metso shares from the market at a price formed in public trading and that the purchase be carried out within two weeks from the publication of the interim report for January 1 – March 31, 2024.

The Nomination Board will propose the following meeting fees to be paid for attending the meetings of the Board and its committees:

- EUR 900 for meetings requiring travel within the Nordic countries
- EUR 1,800 for meetings requiring travel within a continent
- EUR 3,000 for meetings requiring intercontinental travel
- EUR 900 for meetings with remote attendance

Metso's Board of Directors will include all the above-mentioned proposals in the notice of the Annual General Meeting of 2024.

Metso's Shareholders' Nomination Board consists of:

- Annareetta Lumme-Timonen (Investment Director, Solidium Oy) as Chair
- Philip Ahlgren (Partner, Cevian Capital Partners Ltd.)
- Risto Murto (President and CEO, Varma Mutual Pension Insurance Company)
- Mikko Mursula (Deputy CEO, Ilmarinen Mutual Pension Insurance Company)
- Kari Stadigh (Chair of Metso's Board of Directors)

The Shareholders' Nomination Board consists of the representatives of the four largest registered shareholders of the company based on the ownership situation as of August 15 annually, as well as the Chair of Metso's Board of Directors.

Kari Stadigh did not participate in the decision-making concerning the remuneration of the Board members.

Commencement of new plan periods in long-term incentive plans

On December 20, 2023, The Board of Directors of Metso Corporation has approved the commencement of a new plan period 2024–2026 in the following share-based long-term incentive programs of the Company: The Performance Share Plan (also "PSP") and the Restricted Share Plan (also "RSP"). Metso originally announced the establishment of the PSP and the RSP structure on July 1, 2020.

Russia business update

Metso condemns Russia's military offensive against Ukraine and is deeply saddened by the humanitarian crisis it has caused. Since the start of the offensive, Metso has not taken any new orders for deliveries to Russia and has fully complied with all applicable sanctions against Russia. The company concluded its wind-down of the orders taken before the start of the war during the first quarter of 2023. To cover the costs of the wind-down process, the company booked a non-recurring charge of EUR 150 million in the second quarter of 2022. At the end of 2023, EUR 45 million of the charge remained unused to cover any potential final expenses. Metso continues to fully comply with all applicable sanctions against Russia.

Short-term business risks and market uncertainties

The uncertainty in the global markets may affect Metso's market environment. While easing of the prevailing tight monetary policy by central banks is expected as inflation has moderated, macroeconomic risks continue to pose uncertainty on global economic growth causing challenges both for Metso's customers and suppliers. High financing costs risk having a negative impact on customers' capex decision-making. There are also other market and customer-related risks that could cause on-going projects to be postponed, delayed, discontinued or terminated.

Continued geopolitical uncertainties also impact the company's global supply chains and may affect the ability to deliver on time and/or on budget. The financial position of suppliers may be at risk, due to working capital requirements and increased funding costs, which could also lead to challenges with on-time deliveries. If suppliers are unable to deliver and the company is unable to find alternative sources in the time required, it may lead to contractual penalties and/or obligations.

Uncertain market conditions could adversely affect our customers' payment behavior and increase the risk of lawsuits, claims and disputes taken against Metso in various countries related to, among other things, Metso's products, projects and other operations.

Even though currency exposure of firm delivery and purchase agreements is hedged, exchange rate fluctuations may impact the company's financial position.

Information security and cyber threats could disturb or disrupt Metso's businesses and operations.

In discontinued operations, the company has a risk related to the UK waste-to-energy projects from 2015, where, in addition to delayed delivery and non-performance claims, the customer is claiming fraudulent misrepresentation and deliberate breach in its claims and lawsuits. Metso has assessed that it can protect itself against these claims and lawsuits. Even though provisions have been made against these risks, the possibility of additional liabilities materializing cannot be excluded.

Disputes related to delivery execution and resulting in extra costs and/or penalties are a risk for Metso. In contracts related to the delivery of major projects, the liquidated damages attributable to, for instance, delayed delivery or non-performance may be significant. Even though provisions are provided for in accordance with accounting principles, the possibility of additional liabilities materializing cannot be excluded.

Metso is involved in some disputes that may lead to or are in litigation and arbitration. Differing interpretations of international contracts and laws may cause uncertainties in estimating the outcome of these disputes. The enforceability of contracts in certain market areas may be challenging or difficult to foresee.

Market outlook

According to the company's disclosure policy, Metso's market outlook describes the expected sequential development of market activity during the following six-month period using three categories: improve, remain at the current level, or decline.

Metso expects the market activity in Minerals will remain at the current level, while the activity in Aggregates is expected to improve.

In its previously published outlook in October 2023, the company expected the overall market activity to remain at the current level in both Minerals and Aggregates.

Corporate governance statement

Metso has published a separate Corporate governance statement for 2023 that complies with the recommendations of the Finnish Corporate Governance Code for listed companies and covers other central areas of corporate governance. The statement is available on our website, separately from the Board of Directors' report.

Statement of non-financial information

Metso, headquartered in Finland, has a presence globally in close to 50 countries. The company is a leader in the development of sustainable products, end-to-end solutions and aftermarket services for the aggregates, minerals processing, and metals refining industries. Metso has defined sustainability as a strategic priority, and it has committed to contribute to limiting the global average temperature increase to 1.5 °C through its sustainability agenda.

This Statement of non-financial information contains a description of Metso's business model as well as risks, key performance indicators and other details related to Environmental responsibility, Social responsibility and employees, Human rights, and Anti-corruption and bribery, as required by the Finnish Accounting Act. This includes an overview of the targets and key performance indicators for the material topics that steer Metso's sustainability activities. In addition, this Statement of non-financial information includes information about the extent to which Metso activities are eligible and aligned with the EU Taxonomy, as required by the EU Taxonomy Regulation and the Finnish Accounting Act.

In 2023 Metso updated its sustainability agenda, which now comprises the following focus areas: Planet Positive offering and innovations for customers, Metso's people and culture, environmental efficiency in its own operations and responsible supply chain. Responsible business conduct is the foundation of Metso's sustainability approach. This updated assessment used the double materiality approach of the upcoming requirements of the EU Corporate Sustainability Reporting Directive (CSRD).

To provide investors with information on how companies are dealing with climate-related issues, the Task Force on Climate-related Financial Disclosures (TCFD) has created a voluntary framework to help businesses identify, measure and report their financial implications of climate change. This Statement of non-financial information also describes Metso's climate change-related governance, strategy, and risk management practices, aligned with the TCFD recommendations, as well as the metrics and targets to measure the impacts.

In addition to the information set out in this statement, Metso reports its economic, social, and environmental performance annually in accordance with the Global Reporting Initiative (GRI) Standards. The reporting includes the industry-specific indicators (SASB Index) identified in the Sustainability Accounting Standards Board's (SASB) Industrial Machinery & Goods Standard. The Annual report 2023, including a GRI supplement, will be published in March 2024.

Metso's business model and value creation

Metso drives profitable growth and sustainable operations across its customer industries, in line with its 1.5-degree climate commitment, to create value for its customers, shareholders and other stakeholders. Metso focuses on supporting the electrification and decarbonization of the mining and aggregates industries, while ensuring rapid increase in the production of energy transition minerals. This can be achieved through its extensive equipment and aftermarket offering for its customers. Metso's offering helps its customers to maintain and increase production, improve productivity, and reduce operating costs, risks and environmental footprint. Metso continuously develops its portfolio to meet its customers' growing needs for energy and emissions reductions, water resources management, resource efficiency, circularity and safety. Fundamental to Metso's value creation are its technological know-how, global operations and services footprint as well as its competitive product offering, strong brand and continuous innovation. Digitalization is an additional key driver of value creation at Metso. It enables the development of new business models, improving efficiency and enhancing safety. Enhancing the utilization of data and analytics enables optimization of customers' equipment, processes and full flowsheets, which can lead to significant productivity gains and cost savings.

Metso is organized into two segments: Aggregates and Minerals. Within these segments Metso operates through business and market areas. Metso has a market- and customer-specific supply chain network, with manufacturing optimized between in-house operations and purchases from suppliers. This model provides Metso with flexibility and helps it to best serve its customers across the business cycles.

Metso's business areas are accountable for their performance in terms of orders and sales, operating profit and capital employed, and they contribute to the company's profitable growth strategy, including the sustainability agenda, through business-specific initiatives. The business areas, together with market area teams, are responsible for managing customer relationships, and information on customer satisfaction is regularly gathered to further improve customer processes and relationships. Metso has a multichannel approach to its markets, with sales channels tailored for specific regions, customer industries and customer types. Metso's direct sales teams and experts provide competence in technologies and processes. In addition, Metso works with distributors to increase its local presence and has digital sales channels to support reachability and ease of doing business.

Central to Metso's value creation is its Planet Positive offering of over 100 products. This portfolio creates value both for Metso's customers as well as for other stakeholders. Its products are meaningfully more sustainable than the market benchmark or similar products of the previous generation based on factors that also drive total lifetime cost of ownership, e.g., energy and water efficiency. Planet Positive products therefore typically also offer commercial benefits to both Metso and its customers. Metso's technology strategy and R&D prioritize growth of the Planet Positive products portfolio and sales. This is driven by the deep know-how of Metso's 17,134 employees and around 30 locations with research and development capabilities, as demonstrated by 7,829 national technology patents.

Metso generates employment and wealth in local communities as an employer and a buyer of goods and services. Metso's procurement spend was approximately EUR 3.6 billion in 2023. Around 20,000 suppliers in 100 countries benefit from long-term partnerships and Metso's responsible business practices. The company also contributes to local communities through cooperation with universities and other research institutes, as well as by participating in local community corporate social responsibility initiatives. In 2023, Metso paid EUR 1,076 million in wages, EUR 187 million in taxes and EUR 248 million in dividends to its shareholders.

Sustainability governance

Sustainability is fundamental to Metso's business at all levels of the organization. Metso's Board of Directors oversees Metso's sustainability strategy and governance and follows up with management to ensure that the sustainability agenda is pursued effectively. The Audit and Risk Committee ("ARC") assists the Board in monitoring and reviewing the sustainability targets and reporting. During the 2023 strategy review, the Board of Directors reviewed the sustainability strategy and approved updated targets. The Board of Directors tracks progress of the Group's strategy implementation, including progress on sustainability targets. The Board of Directors reviews and approves Metso's Statement of non-financial information, which includes the sustainability targets and KPIs. Metso's Board has safety as a standing item in every meeting. Other topical agenda items in 2023 were overseeing preparations for the Corporate Sustainability Reporting Directive, including approving the double materiality results. The Board's Remuneration and HR committee is the expert committee focused on overseeing Metso's performance culture, succession planning and remuneration, including sustainability related target setting.

The President and CEO, assisted by the Metso Leadership Team, is responsible for the management of the company in accordance with the targets set by the Board and the applicable laws and regulations. The Leadership Team ensures the implementation of the sustainability agenda and regularly reviews sustainability targets and Metso's development of the Planet Positive product portfolio. Performance against these targets is reported to the Metso Leadership Team on a quarterly basis.

In 2023, the Metso Leadership Team focused on preparing for the new sustainability regulation and the double materiality assessment requirements. The Leadership Team's meetings have safety and people topics as a standing item in every meeting, and employee engagement is reviewed quarterly. The topical safety agenda items in 2023 were progress in Life-Saving Rules training and red flag sites. People topics in the 2023 meetings included e.g. talent pool development and increasing female talent, as well as succession planning. Also on the agenda during the year was a high level human rights impact assessment from which several topics will be prioritized for future years. Customer engagement through NPS (net promoter score) is measured continuously and reviewed by the Leadership Team regularly.

The Chief Financial Officer, who is a member of the Metso Leadership Team, has overall accountability for sustainability. The CFO and the Sustainability and QEHS team jointly steer Metso's group-level approach to material sustainability issues in cooperation with the businesses and other corporate functions. This includes the development of the overall sustainability agenda and sustainability practices and communications, as well as the implementation of corporate policies. The Sustainability and QEHS team contributes to sustainability-related training, risk assessment and management, as well as external reporting in cooperation with other corporate functions, and it is also responsible for the proactive management of internal and external stakeholders' expectations.

The Sustainability Steering Group includes leaders and subject matter experts from different business areas and corporate functions. The Sustainability Steering Group meets twice a quarter to review the overall progress of the sustainability agenda and performance against targets and to provide guidance on sustainability matters, governance and action plans.

The heads of the business areas, who are part of the Metso Leadership Team, are accountable for sustainability matters in their respective business areas. Responsibility for implementing the sustainability agenda and actions in day-to-day operations belongs to line management in each business area, market area and corporate function. Business areas have set sustainability targets for the strategy period 2024–2026.

Risks, risk management system and policies

Operating in a sustainable way and promoting sustainability throughout the value chain is a high priority for Metso, as environmental, social or governance misconduct can affect the company's reputation and have long-term financial and other consequences, including business interruptions and lost work hours. The non-financial risks in this statement have been identified in accordance with the Finnish Accounting Act and are separate from the financial risks identified in note 4.1 of the Consolidated financial statement.

The Board of Directors oversees Metso's overall enterprise risk management. Under the direction of the Board of Directors, Metso takes a systematic approach to managing non-financial matters, including implementing appropriate policies, risk management, due diligence processes and a risk-focused governance system and organization.

The assessment of sustainability-related risks is part of Metso's systematic risk management process, as set out in Metso's Enterprise Risk Management policy. The assessment includes, for example, regulatory, physical and other climate-related risks, and it covers all operations. In addition to assessing the probability and impact of these risks, opportunities are identified as well. The aim of this process is to minimize the adverse impacts of strategic, financial and operational risks, to remove or mitigate hazards and to take advantage of opportunities.

Risks are identified by a group of senior specialists across businesses and functions; potential impacts are evaluated and mitigation approaches are determined annually. Sustainability risks are then incorporated in the company's overall risk register and risk assessment. The results are reported annually to Metso's Board of Directors, the Audit and Risk Committee, and the Leadership Team.

Certain sustainability risks are assessed on a sales project level in accordance with Metso's global project risk management process. Business interruption risks are assessed, and audits of the main manufacturing sites are conducted regularly. Several climate-related risks, including natural events, are evaluated as part of these audits. Business impact plans take into account plans to mitigate possible business interruptions, and the annual risk management plan defines the activities and priorities for the coming year. Business line management is operationally accountable for managing the most relevant risks as part of its daily activities.

Metso's Code of Conduct, approved by the Board of Directors, sets out the company's expectations for business conduct. The Code of Conduct, Supplier Code of Conduct, HR Policies, Human Rights Policy, and Donation & Sponsorship Policy, as well as Quality and Environment, Health and Safety (EHS) Policies, define the basic requirements for meeting Metso's environmental, social and economic responsibilities.

Internal control practices are aligned with Metso's risk management process as approved by the Board of Directors. An audit framework is in place to support risk management by ensuring compliance and continuous business development.

Metso's integrated management system complies with the requirements of international standards. Key units of Metso are certified to ISO 9001 (quality), ISO 14001 (environment), and ISO 45001 (safety) standards.

Environmental responsibility

Planet Positive offering and innovations

Metso's most significant environmental impacts result from the use of its products and processes by customers. Metso's sustainable product offering and innovations are therefore important in managing these environmental impacts. It is important for equipment and services suppliers like Metso to support the mining industry in the transition towards more sustainable operations and decarbonization while enabling increased production of minerals, such as copper and nickel, to support global electrification. Metso's products, processes and services are designed to help customers operate safely, achieve higher productivity, and reduce their resource intensity.

The mining, metals and aggregates industries face increasing demands to reduce the use of energy and water resources, and to mitigate dust, noise and biodiversity impacts, as well as to comply with increasingly stringent environmental legislation. In particular, developing innovative solutions that are more energy efficient is one of the key priorities for the mining industry, where the comminution process, consisting of crushing and grinding, is the most energy-intensive stage of minerals production. Given the decreasing grade of orebodies, which requires even more processing of ore to achieve the same volume of metal, improving efficiency is key. Improvements in comminution efficiency can therefore result in significant energy savings, reduce plant operating costs, increase resource efficiency, and reduce greenhouse gas emissions.

Metso's Planet Positive offering, launched in 2021, is central to Metso's sustainability agenda and the 1.5 °C journey. Metso's Planet Positive portfolio includes solutions that offer significant improvements in reducing energy and carbon intensity, water use, pollution, and embedded carbon compared to an industry baseline or benchmark technology. In addition, a Planet Positive product is required to perform at the same or preferably higher level than the industry benchmark in terms of health and safety, pollution, and biodiversity impact. Electric solutions are an important part of the Planet Positive portfolio; Metso's offering for the mining and metals industries allows customers to choose renewable energy sources. Metso's offering in aggregates is currently around 40% electric and additionally includes dual power source products.

Planet Positive sales in 2023 were EUR 1,447 million, which represents 27% of total sales. Metso aims to grow its Planet Positive sales faster than overall sales and to have a Planet Positive product in every part of the customer value chain where Metso operates. To achieve this, Metso targets 80% of its R&D spend to Planet Positive by 2030 and 100% of its R&D project spend to projects with sustainability targets for energy efficiency, emissions reductions, water efficiency, circularity, or safety improvements at a yearly basis. Planet Positive sales also form part of Metso's long-term management incentive plans.

In 2023, Metso received several large-, small- and medium-sized Planet Positive orders that support future Planet Positive sales growth. These included e.g. orders for battery minerals processing plants, such as a lithium hydroxide refinery, supporting the global energy transition and electrification, a full-scope sustainable comminution circuit flowsheet concept, as well as repeat orders for filter modernizations and related services from several major mining companies. In 2023, Metso launched close to ten Planet Positive products, including new technologies, adaptations of the existing offering for new customer segments, as well as updates to existing product families. In addition, several strategic partnerships were formed with customers to develop future technologies, including green steel solutions, a full-scale hydrogen-ready anode furnace, and solutions for sustainable beneficiation and processing of battery minerals.

Environmental efficiency in own operations

Metso aims to continuously reduce the environmental impacts of its operations and has set science-based CO_2 emission reduction targets. This includes aiming to halve the emissions of its own production by 2030, reduce emissions from logistics by 20% by 2025, increase emissions avoided by customers using its products by 20% by 2025, and work with suppliers to encourage them to set their own science-based CO_2 emission targets. The Science Based Targets Initiative has validated Metso's climate targets, and all SBT targets have 2019 as their baseline. In 2021, Metso further strengthened its commitment by setting a new target to reach net zero CO_2 emissions in its own operations by 2030. Metso also aims to reduce its water consumption per employee by 15% in water-scarce locations.

Metso has calculated its scope 1, 2, and 3 greenhouse gas emissions in line with the GHG protocol methodology. Close monitoring of environment-related indicators enables Metso to continuously improve its management and environmental performance.

Metso has incorporated ESG metrics into its incentive plans to reward participants for the company's positive contributions toward sustainability. These ESG metrics have been a part of Metso's long-term incentive plans for a number of years. An ambitious, multi-year goal to reduce CO_2 emissions from its own manufacturing and logistics processes was adopted in 2021. Since then, Metso has also set a goal to support its customers in achieving their sustainability targets through Metso's Planet Positive offering. Currently, Metso does not use internal carbon pricing mechanisms in its calculations.

Climate change

Climate change affects many aspects of Metso's business and the company regularly analyzes climate change-related risks and opportunities and their potential impact on the business. Transitional and physical risks as well as opportunities resulting from climate change are reported in this Statement of non-financial information, in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

As a company with a global presence, the impacts of climate change on Metso's own operations as well as on its customers' and suppliers' operations will not be the same everywhere. Regional variations in climate change and the impacts on activities necessitate individual assessment of issues in order to address them correctly and effectively. An assessment of climate change-related risks and opportunities across various time horizons is conducted as part of Metso's regular corporate risk assessment process and is included in the strategy work. In assessing climate change impacts, Metso considers a time horizon of 0–3 years to be the most relevant for assessing the short term, 3–10 years the medium term, and 10 years and beyond the long term.

Among the significant risks and opportunities identified for Metso are the ability to develop environmentally efficient products to meet future customer needs and the ability to operate in a changing business and external environment. Additionally, environmental legislation, customer energy supply, the global regulatory environment, and political and social unrest are factors that are considered to be material. All climate change-related risks, with an estimate of their probability and possible impact relative to annual sales, are noted and assessed. The potential risks and opportunities identified based on the assessment and their estimated potential financial impacts are presented in the following tables.

Climate change related risks

Category	Description	Financial impact	Time horizon
Transitional risks			
Technology	Future sustainability-related requirements will influence market expectations and lead to completely new or alternative technology solutions and processes. Inability to meet these requirements threatens business continuity in the long term.	High	Medium – Long
	Non-optimal choices in R&D expenditure may affect the speed and quality of the development of Metso's product and services offering. Inability to develop the innovations needed for the increasing commodity supply required for the energy transition.	Intermediate	Medium
Market	Climate change will impact the physical and business environment; emerging technologies and the transition to a lower carbon economy may change business models and customer demand. Shifts in customer demand and general market requirements may challenge companies to adapt to these changes. Inability to meet the new demand is a threat to business. Increased volatility may result in supply chain challenges.	High	Short – Medium
	Metso's Planet Positive portfolio of products may be more subject to the business cycle than the overall portfolio, which may result in loss of value during industry downturns.	Intermediate	Short – Medium
	Availability of energy, especially clean energy, will become increasingly important. However, affordable access to clean energy might be restricted, particularly in remote customer locations and with significant differences between countries, and this can increase operating costs and decrease profitability.	Intermediate	Medium
Reputation	Stigmatization of the industry and a negative perception of companies may adversely affect Metso's or its' customers' reputation and social acceptance.	Intermediate	Medium
	Negative reputation (Metso's or the industry's) can adversely impact investors' decisions. This may affect industry structures and Metso's ability to serve carbon-intensive segments.	Intermediate	Medium
Policy & Legal	Climate change concerns are likely to generate new, stricter regulations and legislation. Environmental and emissions reporting obligations will increase.	Intermediate	Short

Category	Description	Financial impact	Time horizon
Physical risks			
Chronic	Customers' access to inputs, e.g. water, can be hindered by chronic changes in the environment. For some customers, this may mean reduced business and therefore decreased sales. Increasingly visible impacts of climate change may lead to social and political disruption, which may affect Metso's customers' ability to operate.	Intermediate	Medium – Long
	Chronic risks, e.g. access to water, responding to higher temperatures and heat waves, will require adaptations in Metso's own operations.	Low	Short – Medium
Acute	Increased frequency and severity of various natural hazards (floods, storms, heat waves, etc.) including the follow-on social impacts.	Low	Short

Climate change related opportunities

Category	Description	Financial impact	Time horizon
Products and services	New services and products across the value chain will help the mining and metals industries respond to a more volatile environment with increasing demand for sustainability solutions. This will create new business opportunities.	High	Medium
	Continuous development of new Planet Positive products or services and optimizing existing products and services through R&D and innovation to meet customers' future needs.	High	Short – Medium
Resilience	Global presence, with sufficient presence in all key regions, and strong business development capability enable a solid foundation to adapt to and profit from changes in the market environment.	Intermediate	Short – Medium
	Being the preferred partner with a good reputation and wide social acceptance will improve customer and investor confidence and financing opportunities.	Low	Medium
Energy source	Companies developing and offering clean energy solutions and demonstrating increased energy efficiency will have a competitive edge in countries that are still developing their green energy sectors.	Low	Short – Medium
Markets	Electrification, e.g. electric vehicles, will increase the demand for certain metals, such as copper and other battery metals, which will strengthen the demand for minerals and hence the outlook of mining and Metso's business.	High	Short – Medium
	More stringent regulatory development may increase the demand for Metso's Planet Positive solutions.	Intermediate	Medium
Resource efficiency	Environmental efficiency (for example low carbon raw materials and /or small footprint in own operations) will become increasingly important and can add to the attractiveness of Metso's solutions.	Low	Medium

To address the risks and opportunities described above, Metso is taking a proactive approach in its strategy and operations. Metso actively monitors the changing physical and business environment and has ongoing engagement with its stakeholders.

As part of the TCFD reporting, Metso analyzed the organization's strategy and resilience against different future scenarios: a future where the global average warming will be limited to 1.5 degrees, which is also its strategic target (the 'Right way' scenario), a scenario where we risk warming of 4 degrees, i.e. where little has been done to fight climate change (the 'No way' scenario), as well as a middle-of-the-road scenario describing a future between these two extremes (the 'Half way' scenario). The basis of these scenarios relies on the information and data provided by widely recognized organizations, such as the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and the World Bank.

In the 'Right way' scenario, tighter regulation favors Metso's market-leading solutions for customers, enabling them to retain their license to operate and to operate efficiently. Renewables and electrification would create strong demand for copper and battery metals, and spending on infrastructure accelerates. In addition to this being the best climate change outcome, the diversity of Metso's businesses as well as its focus on and investment in enabling technologies would likely result in increased business opportunities, and it is therefore considered to be the most desirable future outlook for Metso.

In the 'Half way' scenario, tighter regulations are still expected to create greater demand for water recycling and water efficiency solutions. Renewables and electrification would also create demand for copper and battery metals, although to a lesser extent than in the 'Right way' scenario. In addition, opportunities would arise from an increase in spending on highways, railways, and elevations for buildings and roads.

By contrast, in the 'No way' scenario, significant spending on infrastructure would be expected as a response to physical environmental hazards. Water scarcity may create difficulties, but at the same time it could also result in increased demand for water-efficient technologies. The risks set out in the 'No way' scenario are the most material for Metso, and additional measures and expenditure could be needed to ensure its resilience in this scenario. Due to the diversity of Metso's businesses, its technologies can provide solutions to tackle future challenges in these scenarios as well as maintain resilience.

Social responsibility and employees – Metso's people and culture

Building a strong performance culture is defined as one of the four top priorities for Metso, and the People and Culture agenda is embedded into the company's overall business strategy. The focus areas in the strategy period are leadership development, growth of all employees, building the right organizational capabilities, and attracting, developing, and engaging current and future employees. Central to the agenda are also promoting the wellbeing of employees, enabling a great employee experience, continuously developing teams and ways of working, and a strong focus on inclusion. Metso's Code of Conduct is the cornerstone of how it conducts business. It defines the basic principles of behavior for all Metso employees. Fair and equal treatment of every person in the company is expected from all employees. The Code also applies to contractors, suppliers, customers, and Metso's other business partners.

To measure its performance, Metso conducted four employee engagement surveys in 2023: two full surveys for all employees, and two shorter pulse surveys for white-collar workers. Metso uses the Employee Net Promoter Score (eNPS) to track employee engagement and has witnessed a positive trend throughout the years of measuring. The results are subsequently analyzed, teams discuss their respective results and make action plans to improve any areas that show concerns. With the systematic work, Metso has been able to reach the KPI target and ranks in the top 10% compared to the industry benchmark. The eNPS result in December

2023 was 54. During 2023 there was a slight improvement in the inclusion score measured in the employee engagement surveys. Metso now ranks in the top 5% of the industry benchmark cohort for Inclusion. In the long term, Metso aims to be in the top 10%.

The wellbeing of employees is a priority at Metso, and many global and local activities were initiated in 2023. On a global level, the company offers training and webinars in various physical and mental wellbeing topics such as resilience, sleeping and recovery. However, most concrete actions happen at a local level. There has been a significant improvement in the wellbeing results in Metso's employee engagement survey. In December 2023, the result was in the top 5% of the external benchmark for health & wellbeing and mental wellbeing.

Leadership development continued in 2023, with around 1,600 line managers participating in Metso's key global leadership program, Leaders4PositiveChange. In addition, a tailor-made strategic leadership program continued.

Metso recognizes that a diverse workforce is a strength that also impacts business results. The company aims to create and sustain a work environment that values diversity and inclusion as well as provides equal opportunities. Metso has an Equal Opportunity and Diversity Policy that extends the general principles of Metso's Code of Conduct. The underlying principle of this policy is Metso's commitment to promoting equal opportunities and fair treatment for all employees regardless of gender, age, race, religion or beliefs, ethnic or national origins, marital/civil partnership status, sexual orientation or disability. Employees are selected and promoted based on merit and experience.

In 2023, Metso continued to build on the 2021 and 2022 actions for fair pay in the company. In 2021, Metso collaborated with an external partner to conduct a comprehensive global fair pay analysis, and in response to the findings, a one-time investment of EUR 2.2 million was made in 2022 to rectify gender-related pay gaps. In 2023 Metso took concrete steps to refine the company's talent acquisition process, crafting a more inclusive framework for hiring. The Inclusive Talent Acquisition program also addresses one of the key findings from the fair pay analysis, which was that a significant portion of salary differences could be traced back to decisions made during the initial hiring process. Furthermore, Metso rolled out an Inclusive Talent Acquisition training program to strengthen awareness regarding biases that can influence recruitment decisions. Majority of Metso leaders completed the training during the year.

In 2023, Metso set a new long-term target to increase the proportion of women in middle and senior management positions. The target is to achieve a ratio of 30% female / 70% male for middle and senior management positions by the end of 2030. In 2023, the ratio was 17/83%. In 2023, Metso also launched a Conscious Inclusion eLearning, a Digital Inclusion Quick Guide and training on accessibility; it also launched Metso Women's Leadership Forum and hosted a Diversity and Inclusion month globally. Various D&I-themed webinars and events were also organized at Metso offices around the world.

Health and safety

Metso has an uncompromising approach to health and safety for all employees, partners, customers and other stakeholders, and it has ambitious targets to ensure a safe workplace. Metso continuously and actively mitigates the occupational health and safety risks in its operations; Metso targets zero harm.

The main focus of Metso's health and safety approach is its fatality prevention program. It includes high-level safety directives that set out detailed health and safety requirements for all businesses. The program is focused on the 10 most common risks that could cause severe injuries: chemicals, confined spaces, forklifts, hand tools, hazardous energy, lifting, machine safety, road travel, working at heights and working at customer sites. These risks are mitigated in a range of ways, including safety equipment and tools, working procedures, continuous training, and leadership involvement. A gap analysis project was started in 2023 requesting all locations to evaluate the current situation, look for gaps and make corrective action plans against the safety directives.

Ten Life-Saving Rules and actions that set out the requirements to prevent fatalities, especially in high-potential risk environments, were launched in 2022. A comprehensive training program was started the same year with front-line operations, and it continued throughout the organization in 2023 with 90% completion rate. These rules are non-negotiable, and a breach of these can result in serious consequences not only for the employee or contractor involved but also for the supervisor and manager of the persons involved. The Life-Saving Rules are focused on improving safety for operational employees and are complementary to Metso's Modus Operandi program, which sets out the expected safety behaviors for everyone working for Metso.

Employee safety, risk observations, safety conversations and safety training hours are continuously measured. Metso's key indicators for safety are lost-time injury frequency rate per million working hours (LTIFR), which was 1.2 in 2023, and total recordable injury frequency rate (TRIFR), which was 3.0 in 2023. The scope of LTIFR and TRIFR reporting covers Metso's premises, employees and contractors working under Metso's direct supervision, as well as project sites. All serious accidents are reviewed by top management to ensure proper investigations and corrective actions are completed. All employees and contractors not only have the right but also the obligation to refuse and to report any unsafe work.

Another important safety priority is making sure that products and services are safe to use and maintain; thus, the safety of operation and maintenance is considered in the early phases of product development. The Product Compliance Management process ensures that products designed and supplied by Metso worldwide meet all applicable safety requirements throughout the product life cycle.

Metso manages incidents, hazards, and development initiatives through its QEHS management and product compliance management systems, as well as through customer feedback collected after each major delivery and through customer surveys.

Human rights

Metso is committed to respecting human rights and the United Nations (UN) Guiding Principles on Business and Human Rights. Metso is also committed to the UN Global Compact Initiative and its principles, as well as to the principles of the Universal Declaration of Human Rights and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work. These commitments are incorporated in Metso's Code of Conduct and Supplier Code of Conduct, and in its Human Rights, HR, Quality and EHS policies. In addition, the Metso Modern Slavery Statement sets out practices and actions to mitigate the risk of modern slavery or human trafficking in Metso's own business and in its supply chain. Metso also supports and operates according to the principles described in the OECD Guidelines for Multinational Enterprises. Metso does not accept any form of compulsory, forced, or child labor, slavery or human trafficking, unlawful employment terms, unsafe working conditions or unlawful environmental impacts within its own operations, including investment decisions related to mergers, acquisitions, and divestments, and it has zero tolerance for any such activity in its supply chain.

All employees are entitled to be treated with respect, and there is zero tolerance for discrimination, harassment or illegal threats. Metso follows all applicable national laws and regulations regarding working hours and employee compensation. In 2023, Metso completed a high level human rights impact assessment and assessed its human rights due diligence processes and risks to identify areas for future focus. In addition, Metso is committed to regularly reviewing its due diligence practices and human rights policies and procedures. Metso requires that suppliers, business partners and other stakeholders also follow similar standards. A range of internal controls are in place, such as an anonymous whistleblower channel that is available to employees and external parties.

Human rights-related topics, including safety and labor rights, are reviewed regularly in Metso's own operations and in its supply chain.

Responsible supply chain

Due to the cyclical nature of its customer industries, Metso outsources a significant proportion of its manufacturing. Metso expects its suppliers to follow its Supplier Code of Conduct, which is based on Metso's Code of Conduct, as well as established international best practices.

Based on supplier assessments for existing and new suppliers, the need for third-party or internal supplier sustainability audits as well as any further actions are defined. New supplier assessments form part of Metso's procurement function's ongoing processes; the aim is to evaluate new direct suppliers in high-risk countries against Metso's sustainability criteria. In addition, committing to Metso Supplier Code of Conduct is part of Metso's supplier onboarding process.

Human and labor rights, environmental and safety practices, compliance with laws and regulations, and anti-bribery provisions are covered by third-party supplier audits, supplier self-assessments and Metso's internal supplier sustainability audits. Key supplier requirements are also incorporated into contract obligations, and a contract breach can result in consequences, including potential termination of a supplier relationship.

After an audit has been performed, suppliers are provided with audit findings and may be subject to possible re-audits. In 2023, 172 supplier sustainability audits including human rights topics were conducted. To further support its suppliers' sustainability actions, Metso educates and advises its suppliers regarding their performance on sustainability. Metso has created several supplier e-learning courses about its expectations for supplier sustainability, human rights and safety, as well as the Science Based Target (SBT) methodology for CO_2 emissions reduction and how its suppliers can contribute to reducing CO_2 emissions in the supply chain. One key action in 2023 was engaging with suppliers regarding setting a science-based target (SBT) for CO_2 emissions reductions. 25.6 percent of direct procurement spend in 2023 was with suppliers that have set SBTs.

In 2023, Metso started reporting according to the Carbon Border Adjustment Mechanism (CBAM) regulation and is engaging with its suppliers to initiate the collection of CO_2 emissions data per product shipped into the EU territories.

Metso strives to develop a shared understanding with suppliers in the areas of innovation, cost efficiency, quality and sustainability in order to manage risks related to outsourcing.

Business conduct – anti-corruption and bribery

Metso endorses responsible business practices and complies with national and international laws and regulations. The company has zero tolerance for corruption. Metso works against corruption in all its forms and requires its suppliers and business partners to follow the same principles and to fully comply with all applicable anti-corruption laws. Metso's Code of Conduct, Supplier Code of Conduct, and Anti-Corruption Policy are the key policies that define the anti-corruption measures required from Metso's employees, customers, agents, suppliers, distributors and other business partners.

Metso conducts compliance checks on customers, suppliers, and other business partners through third-party screening tools, data portals that are linked to Metso's customer relationship management systems, and supplier data management systems. All sales agents, distributors and other representatives are further required to confirm their compliance with the company's Code of Conduct requirements.

Metso employees have a responsibility for ensuring compliance with anti-corruption and anti-bribery measures. A range of internal controls are in place, and employees are strongly encouraged to report any suspected wrongdoing or misconduct to their supervisors, to management, or to Compliance or Internal Audit, e.g. using Metso's internally and externally available whistleblower channel. All reports are treated as confidential and anonymous, and Metso commits to ensuring that there are no negative repercussions for the reporting person. To ensure effective and efficient investigation and remediation, the roles and responsibilities regarding evaluation, investigation and remediation are defined in Metso's internal procedure.

Metso is committed to remediation and to implement relevant improvement actions to prevent re-occurrence.

To mitigate risks and to ensure compliance with the company's Code of Conduct, Metso provides regular compliance training. The latest Code of Conduct training was launched in September 2023; by the end of the year, 99.4% of employees had completed the training. Employees are required to complete the training every year. The Code of Conduct training is also a mandatory part of the induction program for new employees.

The VP, Compliance and Risk Management regularly reports to the General Counsel and to the Audit and Risk Committee of Metso's Board of Directors regarding compliance cases and corrective actions taken.

Key non-financial performance indicators

Non-financial topic	Target for 2023	Key performance indicator	2023	2022
Environmental responsibility				
CO_2 emissions: Scope 1 & 2 (market based)	Decrease CO_2 emissions by 68% compared to 2019 baseline	CO_2 emissions of own production	32,182 tCO_2 (–73% compared to 2019) [1]	44,595 tCO_2
CO_2 emissions: Logistics	Decrease CO_2 emissions by 20% compared to 2019 baseline	CO_2 emissions from logistics	163,000 tCO_2 (–7% compared to 2019)	160,000 tCO_2
Suppliers with CO_2 targets [2]	20% of direct procurement spend is with suppliers that have set an SBT CO_2 emission target	% of direct procurement spend with an SBT target	25.6%	22.3%
Planet Positive portfolio	Grow Planet Positive sales faster than overall sales	Planet Positive sales (EUR million)	1,447 [3]	1,225 [3]
Social responsibility and employees — Metso's people and culture				
Health and safety	Continuous improvement in lost-time injury frequency rate	Lost-time injuries per million hours worked (LTIFR) [4]	1.2	1.2
	Continuous improvement in total recordable injury frequency rate	Total recordable injury frequency per million hours worked (TRIFR) [4]	3.0	2.7
Metso's people and culture	Employee Net Promoter Score (eNPS) to be in top 10% of the industry benchmark	eNPS benchmark score range %	Top 10%	Top 10%
Human rights				
Responsible supply chain	117 supplier sustainability audits per year conducted in higher-risk areas	Number of supplier sustainability audits conducted	172	131
Business conduct — anti-corruption and bribery				
Code of Conduct training	All active employees, including blue-collar workers, trained in Code of Conduct. Excludes external workforce	Code of Conduct training completion rate (%)	99.4%	97.8%

[1] Compared to the original SLB bond baseline 2022 48,944 tCO_2 this is equivalent to -34%. Compared to restated 2022 figure the reduction is 28%.
[2] Figure restated due to data improvement and to include direct spend only. % of procurement spend for all suppliers that have committed to SBT or equivalent target in 2023 was 26.2% and in 2022 22.9%.
[3] Discontinued operations are not included in the Planet Positive sales 2023 and comparative figures for 2022 have been restated accordingly. Other figures in this table include discontinued operations.
[4] Includes employees and contractors.

EU Taxonomy

The EU Taxonomy is a classification system that translates the EU's climate and environmental objectives into criteria for assessing economic activities for investment purposes. Companies that fall under the scope of the Non-Financial Reporting Directive must disclose to what extent their activities meet the criteria set out in the EU Taxonomy.

The EU Taxonomy includes six environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Economic activities that make a substantial contribution to at least one of the Taxonomy's environmental objectives are recognized as green, or 'environmentally sustainable', as long as they do not significantly harm any of the other environmental objectives and they meet minimum social safeguards.

In June 2021, criteria that define which activities substantially contribute to the first two (out of the six) environmental objectives, climate change mitigation and climate change adaptation, were published. The criteria for the remaining four environmental objectives were published in June 2023. For the 2023 reporting period, the share of Taxonomy-eligible and Taxonomy-aligned activities (revenue, capex and opex) as well as qualitative information is disclosed for the climate-related environmental objectives. In addition, the share of Taxonomy-eligible activities (revenue, capex and opex) is disclosed for the other four environmental objectives.

Metso, as a technology company serving the aggregates, minerals processing and metals refining industries, aims to support customers' energy transition towards net zero and decarbonization of their industries in line with the overall Taxonomy objectives. More specifically, Metso has assessed which of its activities are included in the EU Taxonomy and have the potential to contribute to the climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems objectives.

For the eligibility assessment, Metso's products mainly fall under the Taxonomy activities for Climate mitigation '3.6 Manufacture of other low carbon technologies' (mining and aggregates machinery), '3.9 Manufacture of iron and steel' (consumables), '8.2 Data-driven solutions for GHG emissions reductions' (digital solutions) and '9.1 Close to market research, development and innovation' (test work and technical services). In addition, some of Metso's products fall under the Taxonomy activities for Circularity '3.3 Demolition and wrecking of buildings and other structures' and '5.1 Repair, refurbishment and remanufacturing'. However, some services provided by Metso, whilst enabling process optimization and lifetime extensions through modernizations and upgrades, fall outside the scope of activities included in the EU Taxonomy and are therefore classified as non-eligible. When Metso sells parts purchased from a subcontractor without altering or modifying them in any way or without owning the design of those parts, those parts also fall outside of the scope of the EU Taxonomy.

In 2023, Metso assessed whether its eligible products meet the Taxonomy alignment criteria regarding 'substantial contribution', 'do no significant harm' (DNSH) for Climate mitigation, and minimum social safeguards. Many of Metso's products have the potential to substantially contribute to the climate change mitigation objective of the EU Taxonomy. These products are considered to be enabling activities, as they enable GHG emission reductions in other sectors of the economy (mining sector) (products in activity 3.9 being transitional).

'Substantial contribution' was assessed on a product or product group level, while the DNSH criteria and 'minimum social safeguards' were assessed on a group level (with some exceptions where DNSH criteria was assessed on a product level). The 'substantial contribution' assessment of the share of taxonomy-aligned economic activities for each eligible activity was based on the Taxonomy technical screening criteria. Metso also assessed whether its eligible products that substantially contribute to 'Climate mitigation' objective meet the DNSH criteria and has concluded that its activities are in line with the criteria laid out in the EU Taxonomy. Specifically, Metso has established and implemented procedures to minimize any adverse impacts of its operations on the environment and complies with all relevant environmental requirements applicable to its operations; key units of Metso are certified to ISO 14001 (environment) standard and all required sites also have permits that comply with national legislation.

Metso has reviewed the 'minimum social safeguards' set out in the EU Taxonomy Regulation concerning human rights, corruption, taxation and fair competition, and concluded that it meets the principles of each of the EU Taxonomy's 'minimum social safeguards'. Specifically, Metso supports and operates according to the principles described in the OECD Guidelines for Multinational Enterprises. In addition, Metso is committed to respecting human rights and the United Nations (UN) Guiding Principles on Business and Human Rights. Metso is also committed to the UN Global Compact Initiative and its principles, as well as to the principles of the Universal Declaration of Human Rights and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work. Metso's Code of Conduct, Supplier Code of Conduct, Human Rights Policy and Anti-Corruption Policy are the key policies that define the required measures for Metso's employees, customers, agents, suppliers, distributors and other business partners. More information about human rights, bribery and anti-corruption is provided in other sections of this Statement of non-financial information.

Metso is awaiting further common market understanding about the taxonomy Nuclear & Gas templates and has therefore not included them in its reporting. Metso is following this development closely and will adopt new recommendations accordingly.

The alignment assessment of eligible products in activity '3.6 Manufacture of other low carbon technologies', which requires a life-cycle calculation of GHG emission savings, was completed for several Planet Positive products and will be extended in 2024 to the rest of the portfolio. The results of this assessment are shown in the tables below. In 2023, 20% of Metso's products and services in terms of revenue were assessed as EU Taxonomy-aligned activities.

Proportion of turnover from products and services associated with Taxonomy-aligned economic activities [1)]

2023				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') [4)]									
Economic activities	Code(s)	Absolute turnover (EUR million)	Proportion of turnover (%)	Climate change mitigation (Y; N; N/EL)	Climate change adaptation (Y; N; N/EL)	Water (Y; N; N/EL)	Pollution (Y; N; N/EL)	Circular economy (Y; N; N/EL)	Biodiversity (Y; N; N/EL)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Taxonomy Aligned (A.1) or Eligible (A.2) proportion of turnover, 2022 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES [2)]																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	418.6	8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	7%	E	
Manufacture of iron and steel [3)]	CCM 3.9	517.5	10%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	10%		T
Close to market research, development and innovation	CCM 9.1	161.2	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,097.4**	**20%**	**20%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**21%**		
Of which enabling		**579.8**	**11%**	**11%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**11%**	**E**	
Of which transitional		**517.5**	**10%**	**10%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**10%**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	3,630.1	67.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								68.0%		
Manufacture of iron and steel [3)]	CCM 3.9	28.5	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5%		
Close to market research, development and innovation	CCM 9.1	49.7	0.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Demolition and wrecking of buildings and other structures [5)]	CE 3.3	0.0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Repair, refurbishment and remanufacturing [5)]	CE 5.1	12.0	0.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**3,720.3**	**69.0%**	**69.0%**	**0%**	**0%**	**0%**	**0.2%**	**0%**								**69%**		
Total (A.1 + A.2)		**4,817.6**	**89.0%**	**89.0%**	**0%**	**0%**	**0%**	**0.2%**	**0%**								**90%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		572.7	11%														10%		
Total (A+B)		**5,390.3**	**100%**														**100%**		

[1) 2) 3) 4) 5)] Footnotes on next page

[1] Figures reported are in line with Metso's Consolidated financial statements 2023 and have been prepared in accordance with International Financial Reporting Standards (for further details, see note 1.2 to the Consolidated financial statements). Identification of eligible and aligned revenue was based on group-level reporting and capex and opex are allocated as % sales of that business area. In addition, revenue related to each aligned activity is based on reported external revenue and presented as relevant under single contribution criteria and taxonomy activity and therefore the risk of double counting has been avoided. Metso recognizes revenue from contracts with customers and reports under two segments: Minerals and Aggregates. Revenue for the year 2023 was EUR 5,390 million, of which EUR 4,044 million is attributable to Minerals, and EUR 1,346 million attributable to Aggregates. Metals & Chemical Processing and Ferrous & Heat Transfer businesses have been classified as discontinued operations and consequently Metso presents revenue only for continuing operations. Comparison period has been restated accordingly.

[2] Includes products where Metso owns the design of the products, although the products might be manufactured by subcontractors.

[3] In its alignment assessment of the products allocated to Taxonomy activity 3.9, Metso included products where steel was manufactured in electric arc furnaces or in induction furnaces, which is a more energy-efficient technology than an electric arc furnace, and where the steel scrap input relative to product output is not lower than 70% to produce high-alloy steel.

[4] 'Do no significant harm' was assessed for other environmental objectives: climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. With regards to outsourced products, compliance with the criteria was justified with Metso's Supplier Code of Conduct, where Metso's suppliers are encouraged to have a systematic approach to protecting the environment and continually look for ways to minimize waste, emissions and discharge of their operations, products and services. Environmental practices and compliance with laws and regulations are covered by Metso's third-party supplier audits, supplier self-assessments and internal supplier sustainability audits. Metso will continue to increase its understanding of its compliance with the DNSH criteria of outsourced products in the coming years.

[5] Details not reported due to sensitivity of information.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities [1,4]

2023				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute CapEx (EUR million)	Proportion of CapEx (%)	Climate change mitigation (Y; N; N/EL)	Climate change adaptation (Y; N; N/EL)	Water (Y; N; N/EL)	Pollution (Y; N; N/EL)	Circular economy (Y; N; N/EL)	Biodiversity (Y; N; N/EL)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Taxonomy aligned (A.1) or eligible (A.2) proportion of CapEx, 2022 (%)	Category (enab-ling activity) (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES [2]																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	3.9	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%	E	
Manufacture of iron and steel [3]	CCM 3.9	21.1	10%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	13%		T
Close to market research, development and innovation	CCM 9.1	2.5	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**27.5**	**13%**	**13%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**17%**		
Of which enabling		**6.4**	**3%**	**3%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**4%**	**E**	
Of which transitional		**21.1**	**10%**	**10%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**13%**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	90.2	43%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								50%		
Manufacture of iron and steel [3]	CCM 3.9	1.2	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Close to market research, development and innovation	CCM 9.1	0.8	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Demolition and wrecking of buildings and other structures [5]	CE3.3	0.0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Repair, refurbishment and remanufacturing [5]	CE5.1	0.2	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**92.3**	**44%**	**44%**	**0%**	**0%**	**0%**	**0.1%**	**0%**								**51%**		
Total (A.1 + A.2)		**119.8**	**57%**	**57%**	**0%**	**0%**	**0%**	**0.1%**	**0%**								**68%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		91.4	43%														32%		
Total (A+B)		**211.2**	**100%**														**100%**		

[1] [2] [3] [4] [5] Footnotes on next page

[1] Figures reported are in line with Metso's Consolidated financial statements 2023 and are based on the data prepared in accordance with International Financial Reporting Standards (for further details, see notes 3.1, 3.2, and 3.3 to the Consolidated financial statements). Metso's taxonomy interpretation regarding capital expenditure has changed during the reporting period and consequently taxonomy-non-eligible activities also include non-operative investments. Comparison period has been restated accordingly.

[2] Includes products where Metso owns the design of the products, although the products might be manufactured by a subcontractor.

[3] In its alignment assessment of the products allocated to Taxonomy activity 3.9, Metso included products where steel was manufactured in electric arc furnaces or in induction furnaces, which is a more energy-efficient technology than an electric arc furnace, and where the steel scrap input relative to product output is not lower than 70% to produce high-alloy steel.

[4] Capital expenditure (capex) includes investment in intangible assets and property, plant and equipment (EUR 170 million), as well as in right-of-use assets (EUR 41 million). Taxonomy-aligned capital expenditure for the year 2023 includes additions of EUR 2 million in intangible assets, EUR 22 million in property, plant, and equipment, as well as EUR 3 million in right-of-use assets. Various small investments in manufacturing sites and new service centers increased capital expenditure during the reporting period. For eligibility assessment, the capital expenditure of each business area is allocated according to the eligible % sales of that business area. In addition, for alignment assessment, the capital expenditure of each business area is allocated according to the aligned % sales of that business area. Metso has not identified any capital expenditure which would fall under categories c) or b) of section 1.1.2.2 in the Delegated Acts, therefore all taxonomy-eligible capital expenditure is classified as a) "investments in assets or processes associated with taxonomy-eligible or taxonomy-aligned economic activities"

[5] Details not reported due to sensitivity of information.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities [1) 4)]

2023				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute OpEx (EUR million)	Proportion of OpEx (%)	Climate change mitigation (Y; N; N/EL)	Climate change adaptation (Y; N; N/EL)	Water (Y; N; N/EL)	Pollution (Y; N; N/EL)	Circular economy (Y; N; N/EL)	Biodiversity (Y; N; N/EL)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned (A.1) or eligible (A.2) proportion of OpEx, 2022 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES [2)]																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	48.8	38%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	33%	E	
Manufacture of iron and steel [3)]	CCM 3.9	10.1	8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	7%		T
Close to market research, development and innovation	CCM 9.1	7.3	6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**66.2**	**52%**	**52%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**47%**		
Of which enabling		**56.1**	**44%**	**44%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**40%**	**E**	
Of which transitional		**10.1**	**8%**	**8%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**7%**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	53.0	42%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								47.0%		
Manufacture of iron and steel [3)]	CCM 3.9	0.4	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Close to market research, development and innovation	CCM 9.1	1.2	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Demolition and wrecking of buildings and other structures [5)]	CE3.3	0.0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Repair, refurbishment and remanufacturing [5)]	CE5.1	0.1	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**54.8**	**43%**	**43%**	**0%**	**0%**	**0%**	**0.1%**	**0%**								**47%**		
Total (A.1 + A.2)		**121.0**	**95%**	**95%**	**0%**	**0%**	**0%**	**0.1%**	**0%**								**94%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		6.5	5%														6%		
Total (A+B)		**127.5**	**100%**														**100%**		

[1) 2) 3) 4) 5)] Footnotes on next page

[1] Figures reported are in line with Metso's Consolidated financial statements 2023 and are based on the data prepared in accordance with International Financial Reporting Standards. Metals & Chemical Processing and Ferrous & Heat Transfer businesses have been classified as discontinued operations during the reporting period. Operating expenditure only considers continuing operations and comparison period has been restated accordingly.

[2] Includes products where Metso owns the design of the products, although the products might be manufactured by a subcontractor.

[3] In its alignment assessment of the products allocated to Taxonomy activity 3.9, Metso included products where steel was manufactured in electric arc furnaces or in induction furnaces, which is a more energy-efficient technology than an electric arc furnace, and where the steel scrap input relative to product output is not lower than 70% to produce high-alloy steel.

[4] Operating expenditure (opex) is defined as expenses related to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment as well as right-of-use assets, that are necessary to ensure the continued and effective functioning of such assets. All indirect costs such as oil, electricity, real estate tax, etc. have been excluded from the amount. For the eligibility assessment, the operating expenditure of each business area is allocated according to the eligible % sales of that business area. In addition, for the alignment assessment, the operating expenditure of each business area is allocated according to the aligned % sales of that business area. Taxonomy-aligned operative expenditure for the year 2023 includes EUR 50 in research and development expenditure, and EUR 17 million in other operative expenditures disclosed previously. Increased research and development costs in battery minerals mainly contributed to the change in operative expenditure during the reporting period. Metso has not identified any operative expenditure which would fall under categories c) or b) of section 1.2.3.2 in the Delegated Acts, therefore all taxonomy-eligible operative expenditure is classified as a) "expenditure related to assets or processes associated with taxonomy-eligible or taxonomy-aligned economic activities".

[5] Details not reported due to sensitivity of information.

In addition to the activities listed in the tables above, Metso also has products in Taxonomy activity '8.2 Data-driven solutions for GHG emissions reductions'. These products are often sold as part of another product, and their sales are therefore not recorded or reported separately.

Stakeholder engagement

Continuous interaction with stakeholders – entities or individuals that have an impact on Metso's business or are affected by Metso's activities, products and services – is important in defining and adapting Metso's approach to sustainability. An active dialogue with stakeholders enables the aligning of social, environmental and governmental practices and improves all parties' decision-making and accountability. Metso redefined its key stakeholders as part of a double materiality analysis conducted in 2023. Metso's engagement and most material topics with its key stakeholder groups (employees, suppliers and subcontractors) in 2023 are described in more detail in other sections of this Statement of non-financial information.

Engagement with shareholders, customers, non-governmental organizations, local communities, media, universities, vocational schools and research centers, as well as authorities, regulators and governments are summarized below. Metso's Leadership Team ensures the implementation of the sustainability agenda. Metso's CFO, supported by the Sustainability & QEHS team, is responsible for the proactive management of internal and external stakeholders' expectations.

Metso is committed to long-term value creation for its shareholders, and Metso's sustainability performance is seen as an important contributor to this. Key topics of interest to shareholders include Metso's Planet Positive offering and Metso's management of its environmental footprint impacts. Metso follows the principle of equality in its investor communications by simultaneously providing all market participants with accurate, sufficient and timely information that may affect the value of Metso's share; such market-relevant information also includes sustainability topics. Metso's disclosure policy, approved by the Board of Directors, is compliant with MAR (Market Abuse Regulation) and promotes the reliable and consistent disclosure of information.

Metso has active discussions with many of its customers to support them in reaching their sustainability targets and works with them to make improvements to processes, products and own operations. In 2023, Metso completed an extensive sustainability training program to give its customer-facing sales organization guidance on sustainability-related customer discussions that support customers in their decarbonization and other sustainability ambitions.

Metso's media strategy is to provide easy access to useful, clear and accurate information, case studies and expert views through multiple channels. Press coverage focus is with trade media, and interaction with media representatives is both local and global. Metso's experts regularly meet trade press representatives at exhibitions and conferences. Metso actively engages and has built close relationships with trade media such as Mining Magazine, Mining International and Aggregates Business.

Metso cooperates with a number of non-governmental organizations (NGOs). Metso's sponsorships and donations are focused on environmental protection and conservation, safety programs, and natural disaster relief, and its cooperation partners include e.g. Plan International. At the end of 2022, Metso launched "Metso Volunteers", a program to activate and engage people to volunteer in their local communities. In addition, Metso is a responsible corporate citizen that works closely with local communities around its operating sites. Metso creates social value to local communities by providing employment opportunities and supporting corporate social responsibility projects that bring measurable benefits to local communities. Community projects are based on local needs as defined through discussions with local communities and aim to integrate volunteer work. In addition, Metso carries out co-funded community projects in collaboration with its customers. Metso's engagement with authorities, regulators and government includes sustainable minerals and aggregates processing, green energy transition and electrification, resource efficiency, automation and digitalized process optimization, as well as safety. Metso's R&D collaboration with these stakeholders takes place mainly through the EU, Business Finland, and EIT Raw Materials Knowledge and Innovation Community research programs.

Cooperation with universities and research institutes is regarded as an important in Metso's approach to sustainability and innovation. Cooperation is applied through different projects, school visits, apprenticeship training, internships and dissertation positions.

Further information

In addition, as required by the Finnish Accounting Act and set forth in EU Directive 2014/95/EU (rules on disclosure of non-financial and diversity information by large companies), information related to non-financial matters is also available at:

- Business overview 2023, Metso's strategy and business model
- Business overview 2023, Metso's value creation model
- Corporate governance 2023, Risk management at Metso
- Corporate governance 2023, Metso's risk map

Shares and shareholders

Metso has one share series, and each share entitles its holder to one vote at a General Meeting and to an equal amount of dividend. Metso's shares are registered in the Finnish book-entry system maintained by Euroclear.

Basic share information

Listed on	Nasdaq Helsinki
Trading code	METSO
ISIN code	FI0009014575
Industry	Industrials
Number of shares on December 31, 2023	828,972,440
Share capital on December 31, 2023	EUR 107,186,442.52
Market value on December 31, 2023	EUR 7,601.7 million
Listing date	October 10, 2006

Metso shares are also traded on alternative marketplaces like BATS CXE and BATS BXE.

Metso's share and shareholders in 2023

On December 31, 2023, Metso's share capital was EUR 107,186,442.52 and the total number of shares was 828,972,440. More information on the past share capital changes is available **on our website.**

At the end of 2023, Metso had 84,488 shareholders in the book-entry system. The largest shareholder was Solidium Oy with 123,477,168 shares, equaling 14.9 percent of the Company's shares. A total of 396,469,728 Metso shares were traded on the Nasdaq Helsinki during 2023, equivalent to a turnover of EUR 3,975.6 million.

At the year-end, the members of Metso's Board of Directors and President and CEO Pekka Vauramo held a total of 567,824 Metso shares, corresponding to 0.07 percent of the total number of shares and votes. More information about management holdings is available in note 1.5.

Share key figures

	2023	2022
Share capital, at the end of year, EUR million	107	107
Number of shares, at the end of year, pcs		
Number of outstanding shares, pcs	826,328,191	825,635,935
Own shares held by the Parent Company, pcs	2,644,249	3,336,505
Total number of shares, pcs	828,972,440	828,972,440
Average number of outstanding shares, pcs	826,216,292	827,414,162
Average number of diluted shares, pcs	827,145,340	828,073,068
Earnings/share, basic, EUR	0.66	0.36
Earnings/share, diluted, EUR	0.66	0.36
Net operative cash flow/share, EUR	0.37	0.15
Dividend/share [1], EUR	0.36	0.30
Dividend [1], EUR million	297	248
Dividend/earnings [1], %	55	82
Effective dividend yield [1], %	3.9	3.1
P/E ratio	13.9	26.4
Equity/share, EUR	3.16	2.84

[1] The amount for year 2023 is Board of Directors' proposal to the Annual General Meeting.

Share performance and trading on Nasdaq Helsinki

	2023	2022
Closing price, December 31, EUR	9.17	9.61
Market capitalization, December 31, EUR million	7,601.7	7,936.0
Trading volume, NASDAQ OMX Helsinki Ltd, shares	396,469,728	504,693,506
% of shares [1]	47.83%	60.88%
Trading volume, NASDAQ OMX Helsinki Ltd, EUR million	3,975.6	4,080.4
Average daily trading volume, pieces	1,579,560	1,994,836
Relative turnover, %	0.2%	0.2%
Share performance, %	-4.6%	2.8%
Highest share price, EUR	11.61	10.59
Lowest share price, EUR	7.89	5.91
Weighted average share price, EUR	10.03	8.09

[1] Of the total amount of shares for public trading.

Largest shareholders on December 31, 2023

	Owner	Shares and votes	% of total shares and voting rights
1	Solidium Oy	123,477,168	14.90
2	Varma Mutual Pension Insurance Company	24,122,359	2.91
3	Ilmarinen Mutual Pension Insurance Company	23,414,367	2.82
4	Elo Mutual Pension Insurance Company	12,441,000	1.50
5	Nordea	9,310,001	1.12
	Nordea Pro Finland Fund	2,403,501	0.29
	Nordea Finnish Stars Fund	1,450,272	0.17
	Nordea Finnish Passive Fund	848,196	0.10
	Nordea Premium Asset Management Balanced Fund	707,647	0.09
	Nordea Premium Asset Management Moderate Fund	674,122	0.08
	Nordea Life Insurance Finland Ltd.	596,016	0.07
	Nordea Bank ABP	547,612	0.07
	Nordea Nordic Fund	507,000	0.06
	Nordea Savings 50 Fund	482,610	0.06
	Nordea Premium Asset Management Growth Fund	326,841	0.04
	Nordea Savings 30 Fund	325,685	0.04
	Nordea Savings 75 Fund	323,003	0.04
	Nordea Savings 15 Fund	33,311	0.00
	Nordea Global Passive Fund	27,908	0.00
	Nordea Premium Asset Management Conservative Fund	24,826	0.00
	Nordea World Passive Fund	15,811	0.00
	Nordea European Passive Fund	11,444	0.00
	Nordea Bank Foundation	2,868	0.00
	Nordea Nordic Small Cap Fund	1,000	0.00
	Nordea Bank Finnish Agricultural Foundation	328	0.00
6	The State Pension Fund	8,300,000	1.00
7	OP Financial Group	8,173,895	0.99
	OP Finland Fund	4,063,763	0.49
	OP-Life Insurance Ltd.	1,793,049	0.22
	OP Finland Index	1,711,908	0.21
	OP Nordic Countries Index Fund	390,124	0.05
	OP Financial Group Research Foundation	93,235	0.01
	OP Europe Index	66,727	0.01
	OP Financial Group Personnel Fund	44,875	0.01
	OP World Index Fund	10,214	0.00

	Owner	Shares and votes	% of total shares and voting rights
8	Aktia	3,731,668	0.45
	Investment Fund Aktia Capital	2,371,682	0.29
	Investment Fund Aktia Nordic	330,000	0.04
	Investment Fund Aktia Europe	325,000	0.04
	Investment Fund Aktia Nordic Small Cap	300,000	0.04
	Investment Fund Aktia Secura	300,000	0.04
	Investment Fund Aktia Solida	90,000	0.01
	Aktia Livförsäkring AB	14,986	0.00
9	Pension Insurance Company Veritas	3,500,000	0.42
10	Svenska litteratursällskapet i Finland r.f.	3,193,525	0.39
11	Metso Corporation	2,644,249	0.32
12	Evli	2,478,932	0.30
	Evli Finland Select Fund	2,353,000	0.28
	Evli Ltd.	76,132	0.01
	Evli Finland Mix Fund	49,800	0.01
13	Danske Invest Finnish Equity Fund	2,352,400	0.28
14	Samfundet folkhälsan i Svenska Finland rf	2,143,764	0.26
15	Säästöpankki Kotimaa	2,113,248	0.25
16	Mandatum Life Insurance Company	2,077,658	0.25
17	Investment Fund Seligson & Co	2,018,424	0.24
18	Oy Etra Invest Ab	2,000,000	0.24
19	The Finnish Cultural Foundation	1,984,220	0.24
20	S-Bank Fenno Equity Fund	1,756,306	0.21
	20 largest owner groups in total	241,233,184	29.10
	Nominee-registered holders	431,994,472	52.11
	Other shareholders	155,710,470	18.78
	In the joint book-entry account	34,314	0.00
	Total	**828,972,440**	**100.00**

Breakdown of share ownership on December 31, 2023

Number of shares	Shareholders	% of shareholders	Total number of shares and votes	% of total shares and voting rights
1–100	21,909	25.93	1,001,230	0.12
101–1,000	41,003	48.53	17,369,602	2.10
1,001–10,000	19,563	23.15	55,500,679	6.70
10,001–100,000	1,846	2.18	44,472,815	5.36
100,001–1,000,000	135	0.16	40,154,684	4.84
1,000,001 and above	32	0.04	238,444,730	28.76
Total	**84,488**	**100.00**	**396,943,740**	**47.88**
Nominee-registered shares	11	0.00	431,994,472	52.11
In the joint book-entry account	0	0.00	34,228	0.00
Number of shares issued			**828,972,440**	**100.00**

Breakdown by shareholder category on December 31, 2023

Share, %	2023	2022
Nominee-registered and non-Finnish holders	58%	57%
Solidium Oy	15%	15%
Private investors	13%	13%
Finnish institutions, companies, and foundations	14%	15%
Total	**100%**	**100%**

Flaggings

Under the provisions of the Finnish Securities Markets Act, shareholders of listed companies have an obligation to notify both the Finnish Financial Supervision Authority and the company of changes when their holdings reach, exceed or fall below a certain threshold. Metso is not aware of any shareholders' agreements regarding Metso shares or voting rights. All flagging notifications have been released as a stock exchange release are available **on our website**.

Incentive plans

Metso's share ownership plans are part of the management remuneration program. For further information, **see at our website** and notes 1.5. and 1.6. Any shares to be potentially rewarded are acquired through public trading, and therefore the incentive plans have no diluting effect on the share value.

Key figures

EUR million	2023	2022	2021	2020	2019
Sales	5,390	4,970	4,236	3,319	2,819
Operating profit (EBIT)	805	490	425	239	316
% of sales	14.9%	9.9%	10.0%	7.2%	11.2%
Profit before taxes	724	426	386	201	282
% of sales	13.4%	8.6%	9.1%	6.1%	10.0%
Profit for the period for continuing operations	537	318	294	149	217
% of sales	10.0%	6.4%	6.9%	4.5%	7.7%
Profit for the period for discontinued operations	8	-18	48	-11	7
Profit for the period	546	301	342	138	223
% of sales	10.1%	6.0%	8.1%	4.2%	7.9%
Profit attributable to shareholders of the company	543	301	342	138	224
Amortization of intangible assets	65	63	72	85	16
Depreciation of tangible assets	53	51	51	41	31
Depreciation of right-of-use assets	35	35	38	30	22
Depreciation and amortization, total	153	149	161	157	69
% of sales	2.8%	3.0%	3.8%	4.7%	2.4%
EBITA	869	553	498	324	332
% of sales	16.1%	11.1%	11.7%	9.8%	11.8%
EBITDA	957	643	587	396	385
% of sales	17.8%	12.9%	13.8%	11.9%	13.6%
Finance income and expenses, net	80	63	39	38	33
% of sales	1.5%	1.3%	0.9%	1.2%	1.2%
Interest expenses	78	44	23	30	32
% of sales	1.4%	0.9%	0.6%	0.9%	1.1%
Interest cover	11.9×	10.1×	14.9×	10.4×	11.5×
Gross capital expenditure	169	113	91	86	90
% of sales	3.1%	2.3%	2.1%	2.6%	3.2%
Net capital expenditure	165	104	69	83	82
% of sales	3.1%	2.1%	1.6%	2.5%	2.9%
Net cash flow from operating activities before financial items and taxes	550	322	608	587	173
Cash conversion, %	57%	50%	104%	148%	45%
Research and development	66	55	66	56	39
% of sales	1.2%	1.1%	1.6%	1.7%	1.4%

The income statement figures for years 2023 and 2022 are comparable. Key figures for the years 2019–2021 have not been restated. More information is disclosed under note 5.5 Discontinued operations.

EUR million	2023	2022	2021	2020	2019
Balance sheet total	7,156	6,754	5,830	5,567	3,457
Equity attributable to shareholders	2,608	2,342	2,250	2,037	1,252
Total equity	2,618	2,350	2,251	2,040	1,254
Interest-bearing liabilities	1,528	1,293	952	1,345	1,001
Net working capital (NWC)	990	596	254	413	853
% of sales	18.4%	12.0%	6.0%	12.5%	30.3%
Capital employed	4,078	3,643	3,173	3,437	2,255
Return on equity (ROE), %	21.8%	13.1%	16.0%	8.3%	18.4%
Return on capital employed (ROCE) before taxes, %	22.3%	13.8%	14.1%	8.6%	16.2%
Return on capital employed (ROCE) after taxes, %	17.0%	10.5%	11.7%	6.5%	12.9%
Net debt	884	684	470	799	772
Gearing, %	33.8%	29.1%	20.9%	39.2%	61.5%
Equity to asset ratio, %	40.2%	39.2%	43.2%	39.5%	39.1%
Debt to capital, %	35.0%	33.3%	26.7%	37.2%	42.1%
Debt to equity, %	53.9%	50.0%	36.4%	59.1%	72.6%
Orders received	5,252	5,623	5,605	4,340	3,009
Order backlog, December 31	3,238	3,902	3,990	2,233	1,408
Personnel at end of year	17,134	16,705	15,630	15,466	12,894

Orders received for years 2023 and 2022 are comparable and present continuing operations. Key figures for the years 2019–2021 have not been restated. The comparative figures related to the consolidated balance sheet have not been restated. More information is disclosed under note 5.5 Discontinued operations. Order backlog and personnel at end of year include continuing and discontinued operations.

Balance sheet for 2020 has been restated due to adjustments in the fair values of Outotec at the acquisition date. The adjustments have an effect to goodwill, non-current deferred tax assets and liabilities, income tax liabilities, other current liabilities and liabilities held for sale.

Key figures for 2019 are based on Metso Minerals carve-out data.

Formulas for the key figures

Earnings before finance expenses, net, taxes and amortization, adjusted (adjusted EBITA)	=	Operating profit + adjustment items + amortization
Earnings per share, basic	=	$\frac{\text{Profit attributable to shareholders}}{\text{Average number of outstanding shares during the year}}$
Earnings per share, diluted	=	$\frac{\text{Profit attributable to shareholders}}{\text{Average number of diluted shares during the year}}$
Interest cover	=	$\frac{\text{EBITDA}}{\text{Finance income and expenses, net}}$
Cash conversion, %	=	$\frac{\text{Net cash flow from operating activities before financial items and taxes}}{\text{EBITDA}} \times 100$
Return on equity (ROE), %	=	$\frac{\text{Profit for the year}}{\text{Total equity (average for the period)}} \times 100$
Return on capital employed (ROCE) before taxes, %	=	$\frac{\text{Profit before tax + finance expenses}}{\text{Capital employed (average for the period)}} \times 100$
Return on capital employed (ROCE) after taxes, %	=	$\frac{\text{Profit for the period + finance expenses}}{\text{Capital employed (average for the period)}} \times 100$
Gearing, %	=	$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$
Equity to assets ratio, %	=	$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}} \times 100$
Debt to capital, %	=	$\frac{\text{Interest-bearing liabilities – lease liabilities}}{\text{Total equity + interest-bearing liabilities – lease liabilities}} \times 100$
Debt to equity, %	=	$\frac{\text{Interest-bearing liabilities – lease liabilities}}{\text{Total equity}} \times 100$

Interest-bearing liabilities	=	Interest-bearing liabilities, non-current and current + lease liabilities, non-current and current
Net interest-bearing liabilities	=	Interest-bearing liabilities – Non-current financial assets – loan and other interest-bearing receivables (current and non-current) – liquid funds
Gross capital expenditure	=	Investments in intangible assets and property, plant, and equipment, associated companies, and joint ventures
Net capital expenditure	=	Gross capital expenditure less divestment of intangible assets and property, plant, and equipment, associated companies, and joint ventures
Net working capital (NWC)	=	Inventories + trade receivables + other non-interest-bearing receivables + customer contract assets and liabilities, net – trade payables – advances received – other non-interest-bearing liabilities
Capital employed	=	Net working capital + intangible assets and tangible assets + right-of-use assets + non-current investments + interest-bearing receivables + liquid funds + tax receivables, net + interest payables, net
Net cash flow from operating activities	=	Net income + depreciation and amortization and other non-cash items – change in net working capital – interests and other financial items paid (net) – taxes paid
Net cash flow from operating activities / share, EUR	=	$\frac{\text{Net cash flow from operating activities}}{\text{Outstanding shares at end of period}}$
Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Trading price at the end of the year}} \times 100$
Price / earnings ratio (P/E)	=	$\frac{\text{Trading price at the end of the year}}{\text{Earnings per share}}$
Equity / share	=	$\frac{\text{Equity attributable to shareholders}}{\text{Number of outstanding shares at the end of the period}}$

Board of Directors' proposal on the use of profit

On December 31, 2023, the distributable equity of Metso Corporation was:

Invested non-restricted equity fund	EUR	434,272,229.86
Own shares	EUR	-22,514,857.99
Retained earnings	EUR	381,257,274.03
Net profit for the year	EUR	349,287,508.61
Distributable equity, total	**EUR**	**1,142,302,154.51**

The Board of Directors proposes that a dividend of EUR 0.36 per share be paid based on the balance sheet to be adopted for the financial year, which ended December 31, 2023, and the remaining portion of the profit be retained and carried forward in the Company's unrestricted equity.

Dividend payment	EUR	297,478,148.76
Distributable equity after dividend payment	**EUR**	**844,824,005.75**

These financial statements were authorized for issue by the Board of Directors on February 15, 2024, after which, in accordance with Finnish Company Law, the financial statements are either approved, amended, or rejected in the Annual General Meeting.

Consolidated financial statements, IFRS

Consolidated statement of income

Year 2023 figures comprise continuing operations and year 2022 has been restated accordingly.

EUR million	Note	2023	2022
Sales	1.1, 1.2	5,390	4,970
Cost of sales	1.5, 3.4	-3,687	-3,642
Gross profit		1,703	1,328
Selling and marketing expenses	1.3, 1.5, 3.4	-438	-426
Administrative expenses	1.3, 1.5, 3.4	-372	-315
Research and development expenses	1.3, 1.5, 3.4	-66	-55
Other operating income	1.4	282	176
Other operating expenses	1.4	-306	-216
Share of results of associated companies	5.3	0	-1
Operating profit		805	490
Finance income	1.7	17	14
Foreign exchange gains/losses	1.7	4	-14
Finance expenses	1.7	-101	-63
Finance income and expenses, net		-80	-63
Profit before taxes		724	426
Income taxes	1.8	-187	-108
Profit for the year for continuing operations		537	318
Profit from discontinued operations	5.5	8	-18
Profit for the year		**546**	**301**
Profit attributable to			
Shareholders of the Parent company		543	301
Non-controlling interests		2	0
Profit from continuing operations attributable to			
Shareholders of the Parent company		535	319
Non-controlling interests		2	0
Profit from discontinued operations attributable to			
Shareholders of the Parent company		8	-18
Non-controlling interests		0	0
Earnings per share, EUR [1]	1.9	0.66	0.36
Earnings per share, continuing operations, EUR [1]	1.9	0.65	0.39
Earnings per share, discontinued operations, EUR [1]		0.01	-0.03

[1] Basic and diluted.

Consolidated statement of comprehensive income

Year 2023 figures comprise continuing operations and year 2022 has been restated accordingly.

EUR million	Note	2023	2022
Profit for the year		546	301
Other comprehensive income			
Cash flow hedges, net of tax	1.8, 4.4, 4.8	-2	3
Currency translation on subsidiary net investment	1.8, 4.4	-27	13
Items that may be reclassified to profit or loss in subsequent periods		-29	17
Defined benefit plan actuarial gains and losses, net of tax	1.8, 2.7	-4	2
Items that will not be reclassified to profit or loss		-4	2
Other comprehensive income total		-33	18
Total comprehensive income		**513**	**319**
Total comprehensive income attributable to			
Shareholders of the Parent company		510	319
Non-controlling interests		2	0
Total comprehensive income from continuing operations attributable to			
Shareholders of the Parent company		502	337
Non-controlling interests		2	0
Total comprehensive income from discontinued operations attributable to			
Shareholders of the Parent company		8	-18
Non-controlling interests		0	0

Consolidated balance sheet — Assets

EUR million	Note	2023	2022
Non-current assets			
Goodwill and intangible assets	3.1, 3.4		
Goodwill		1,097	1,128
Intangible assets		790	844
Total goodwill and intangible assets		1,886	1,972
Property, plant and equipment	3.2, 3.4		
Land and water areas		39	40
Buildings		131	117
Machinery and equipment		211	193
Assets under construction		91	57
Total property, plant and equipment		472	407
Right-of-use assets	3.3, 3.4	114	115
Other non-current assets			
Investments in associated companies	5.3	3	6
Non-current financial assets	4.2	2	2
Loan receivables	4.2	–	5
Derivative financial instruments	4.8	10	3
Deferred tax assets	1.8	234	225
Other non-current receivables	2.3, 4.2	22	20
Total other non-current assets		271	262
Total non-current assets		2,744	2,756
Current assets			
Inventories	2.4	1,951	1,846
Trade receivables	2.2	855	799
Customer contract assets	1.2	308	354
Loan receivables	4.2	6	3
Derivative financial instruments	4.8	36	86
Income tax receivables	1.8	107	48
Other current receivables	2.3	273	263
Liquid funds	4.3	638	601
Total current assets		4,175	3,998
Assets held for sale	5.5	238	–
TOTAL ASSETS		**7,156**	**6,754**

Consolidated balance sheet — Equity and liabilities

EUR million	Note	2023	2022
Equity	4.4		
Share capital		107	107
Share premium fund		20	20
Cumulative translation adjustments		-177	-150
Fair value and other reserves		1,131	1,122
Retained earnings		1,527	1,243
Equity attributable to shareholders		2,608	2,342
Non-controlling interests		10	7
Total equity		2,618	2,350
Liabilities			
Non-current liabilities			
Borrowings	4.2, 4.5	1,167	998
Lease liabilities	4.2, 4.5	86	87
Post-employment benefit obligations	2.7	90	96
Provisions	2.6	63	59
Derivative financial instruments	4.8	18	33
Deferred tax liabilities	1.8	182	193
Other non-current liabilities	2.5	7	2
Total non-current liabilities		1,614	1,470
Current liabilities			
Borrowings	4.2, 4.5	243	176
Lease liabilities	4.2	32	31
Trade payables	2.5	675	787
Provisions	2.6	235	248
Advances received	1.2	325	281
Customer contract liabilities	1.2	322	474
Derivative financial instruments	4.8	28	47
Income tax liabilities	1.8	186	138
Other current liabilities	2.5	711	752
Total current liabilities		2,756	2,934
Total non-current and current liabilities		4,369	4,404
Liabilities held for sale	5.5	169	–
TOTAL EQUITY AND LIABILITIES		**7,156**	**6,754**

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Share premium fund	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
Jan 1, 2023	107	20	-150	1,122	1,243	2,342	7	2,350
Profit for the year	–	–	–	–	543	543	2	546
Other comprehensive income								
Cash flow hedges, net of tax	–	–	–	-2	–	-2	–	-2
Currency translation on subsidiary net investments	–	–	-27	–	–	-27	–	-27
Defined benefit plan actuarial gains (+) / losses (-), net of tax	–	–	–	–	-4	-4	–	-4
Total comprehensive income	–	–	-27	-2	539	510	2	513
Dividends	–	–	–	–	-248	-248	–	-248
Share-based payments, net of tax	–	–	–	11	-7	4	–	4
Other items	–	–	–	0	0	0	0	-1
Dec 31, 2023	**107**	**20**	**-177**	**1,131**	**1,527**	**2,608**	**10**	**2,618**

EUR million	Share capital	Share premium fund	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
Jan 1, 2022	107	20	-164	1,130	1,156	2,250	1	2,251
Profit for the year	–	–	–	–	301	301	0	301
Other comprehensive income								
Cash flow hedges, net of tax	–	–	–	3	–	3	–	3
Currency translation on subsidiary net investments	–	–	13	–	–	13	–	13
Defined benefit plan actuarial gains (+) / losses (-), net of tax	–	–	–	–	2	2	–	2
Total comprehensive income	–	–	13	3	303	319	0	319
Dividends	–	–	–	–	-199	-199	–	-199
Redemption of own shares	–	–	–	-25	–	-25	–	-25
Share-based payments, net of tax	–	–	–	14	-3	11	–	11
Other items	–	–	–	0	-6	-6	–	-6
Changes in non-controlling interests	–	–	–	–	-9	-9	7	-2
Dec 31, 2022	**107**	**20**	**-150**	**1,122**	**1,243**	**2,342**	**7**	**2,350**

For more information, please see note 4.4 Equity.

Consolidated statement of cash flows

EUR million	Note	2023	2022
Operating activities			
Profit for the period, continuing operations		537	318
Profit for the period, discontinued operations		8	-18
Adjustments			
Depreciation and amortization	3.4	158	156
Finance expenses, net	1.7	80	63
Income taxes	1.8	199	113
Other items		15	65
Change in net working capital	2.1	-449	-377
Net cash flow from operating activities before financial items and taxes		550	322
Interests paid		-53	-27
Interests received		10	3
Other financing items, net		26	-49
Finance income and expenses paid, net		-17	-73
Income taxes paid	1.8	-231	-121
Net cash flow from operating activities		302	127
Investing activities			
Capital expenditures on intangible assets and property, plant, and equipment	3.1, 3.2	-170	-114
Proceeds from sale of intangible assets and property, plant, and equipment	3.1, 3.2	16	10
Proceeds from financial assets	4.6	–	2
Business acquisitions, net of cash acquired	5.4	-28	-21
Proceeds from sale of businesses, net of cash sold	5.4, 5.5	–	-9
Cash received from liquidation of associated companies	5.3	4	–
Increase in loan receivables	4.6	-3	0
Decrease in loan receivables	4.6	3	1
Net cash flow from investing activities		-178	-132

EUR million	Note	2023	2022
Financing activities			
Dividends paid		-248	-198
Proceeds from increases in non-current debt	4.6	347	499
Repayment of non-current debt	4.6	–	-253
Proceeds from and repayment of current debt, net	4.6	-139	140
Repayment of lease liabilities	4.6	-37	-35
Purchase of treasury shares	4.4	–	-25
Net cash flow from financing activities		-76	127
Net change in liquid funds		**47**	**122**
Effect from changes in exchange rates		-10	5
Liquid funds equivalents at beginning of year	4.3, 4.6	601	473
Liquid funds at end of year	4.3, 4.6	**638**	**601**

Metso

Notes to the Consolidated financial statements

Basic information

Metso Corporation (the "Parent company") with its subsidiaries ("Metso" or the "Group") is a leading global supplier of sustainable technologies, end-to-end solutions and services for the aggregates, minerals processing, and metals refining industries. The Group has two reporting segments, Aggregates and Minerals. More information about the segments is presented in note 1.1.

Metso Corporation is a publicly quoted company with its shares listed on Nasdaq Helsinki under the trading symbol METSO. Metso Corporation is domiciled in Helsinki, Finland, and the address of the Group Head Office is Rauhalanpuisto 9, 02230 Espoo, Finland.

The Annual General Meeting resolved to change the company's business to "Metso" from "Metso Outotec" by amending Article 1 of the Articles of Association in accordance with the proposal of the Board of Directors.

Metso's Consolidated financial statements were authorized for issue by Metso Corporation's Board of Directors on February 15, 2024, after which, in accordance with Finnish Companies Act, the financial statements are either approved, amended or rejected at the next Annual General Meeting.

BASIS OF PREPARATION Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adopted by the European Union. The Consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities classified as at fair value through profit and loss accounts.

Metso has classified certain businesses to be as held for sale. On March 29, 2023, Metso announced its decision to initiate the divestment of the Metals & Chemical Processing and Ferrous & Heat Transfer businesses, and these have been classified as discontinued operations. Consequently, the figures for 2023 related to the consolidated statement of income are presented separately from the continuing operations and comparative figures for 2022 have been restated accordingly. The assets and liabilities held for sale have been transferred to separate lines in the consolidated balance sheet on December 31, 2023. The comparative figures for 2022 related to the consolidated balance sheet have not been restated. More information is disclosed under note 5.5 Discontinued operations.

The financial statements are presented in euros, which is the Parent company's functional currency and Metso's presentation currency. The figures presented have been rounded; consequently, the sum of individual figures might differ from the presented total figure.

With the amendments to IAS 1 and IFRS 2 Practice Statement 2, Metso has applied materiality assessments when presenting the preparation principles in these consolidated financial statements. These changes have had no effect on the valuation, recording or presentation of the items in the consolidated financial statements. The change only concerns the presentation of accounting principles, and the change has aimed to provide more useful and company-specific information. More information about changes in accounting standards is presented in note 5.6 New accounting standards.

The detailed Metso's accounting policies are disclosed under each relevant note of the Consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS BY MANAGEMENT The preparation of financial statements, in conformity with the IFRS, requires management to make estimates and assumptions and to exercise its judgment in the process of applying the Group's accounting policies. These affect the reported amounts of balance sheet items, the presentation of contingent assets and liabilities, and the income and expenses for the financial year. Actual results may differ from the estimates made. The assets and liabilities involving a higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to Metso's Consolidated financial statements, are disclosed in the following notes:

- Note 1.2 Sales
- Note 1.6 Share-based payments
- Note 1.8 Income taxes
- Note 2.2 Trade receivables
- Note 2.3 Other receivables
- Note 2.4 Inventory
- Note 2.6 Provisions
- Note 2.7 Post-employment obligations
- Note 3.1 Goodwill and intangible assets
- Note 3.2 Property, plant, and equipment
- Note 3.3 Right-of-use assets
- Note 5.4 Acquisitions and business disposals
- Note 5.5 Discontinued operations

Metso has reviewed the estimates and assumptions used in the preparation of the Consolidated financial statements for the possible impacts of climate change. During the reporting period Metso issued Sustainability Linked Bond for EUR 300 million (Note 4.1 Financial risk management). Furthermore Metso has performance share plans which have an earning criteria based on sustainable development (Note 1.6 Share-based payments).

Abbreviations used in the Board of Directors' report and financial statements

AGM	Annual General Meeting
EGM	Extraordinary General Meeting
Capex	Capital expenditure
CGU	Cash generating unit
DNSH	Does not significantly harm
EBIT	Earnings before finance expenses, net and taxes (operating profit)
EBITA	Earnings before finance expenses net, taxes and amortization
EBITDA	Earnings before finance expenses net, taxes, amortization, and depreciation
EMTN	Euro Medium Term Note program
eNPS	Employee net promoter score
EPS	Earnings per share
FAS	Finnish accounting standards
GHG	Greenhouse gases
GRI	Global reporting initiative
HSE	Health, safety, and environment
IFRIC	Interpretations of International financial reporting standards
IFRS/IAS	International financial reporting standards
KPI	Key performance indicator
LTIFR	Lost-time injury frequency rate
NWC	Net working capital
OCI	Other comprehensive income
OpEx	Operating expenditure
OTC	Over the counter
P/E	Price/earnings ratio
PPE	Property, plant, and equipment
PSP	Performance share incentive plan
QEHS	Quality, environment, health, and safety
R&D	Research and development
RFR	Relief from royalty method
ROCE	Return on capital employed
ROE	Return on equity
RSP	Restricted share incentive plan
SASB	Sustainability Accounting Standards Board
SBT	Science-based target
TCFD	Task Force on Climate-related Financial Disclosures
TRIFR	Total recordable injury frequency rate
TSR	Total shareholder return
WACC	Weighted average cost of capital

1. Group performance

1.1. Reporting segments

MATERIAL ACCOUNTING POLICIES Reportable segments of Metso are based on end customer groups, which are differentiated by both offering and business model: Aggregates and Minerals. The segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, Metso's chief operating decision-maker responsible for allocating resources and assessing the performance of the segments, deciding on strategy, selecting key employees, as well as deciding on major development projects, business acquisitions, investments, organizational structure and financing. The accounting principles applied to segment reporting are the same as those used in preparing the Consolidated financial statements.

Segment performance is measured with operating profit/loss (EBIT). In addition, Metso uses alternative performance measures to reflect the underlying business performance and to improve comparability between financial periods: earnings before interest, tax and amortization (EBITA), adjusted and net working capital. Adjustment items comprise capacity adjustment costs, acquisition costs, gains and losses on business transactions as well as Metso transaction and integration costs. Their nature and net effect on cost of goods sold, selling, general and administrative expenses, as well as other income and expenses are presented in the segment information. Alternative performance measures, however, should not be considered as a substitute for measures of performance in accordance with the IFRS.

Corporate structure

Metso's business

Metso's extensive equipment and aftermarket offering covers a wide range of equipment, parts and services to effectively meet the needs of our customers all over the world. Metso drives profitable growth and sustainable operations across its customer industries, in line with its 1.5-degree climate commitment, to create value for its customers, shareholders and other stakeholders. Metso focuses on supporting the electrification and decarbonization of the mining and aggregates industries, while ensuring rapid increase in the production of energy transition minerals. This can be achieved through its extensive equipment and aftermarket offering for its customers. Metso's offering helps its customers to maintain and increase production, improve productivity, and reduce operating costs, risks and environmental footprint. Metso continuously develops its portfolio to meet its customers' growing needs for energy and emissions reductions, water resources management, resource efficiency, circularity and safety.

Reportable segments of Metso are Aggregates and Minerals.

- **Aggregates**, serving quarry and contractor customers by offering crushing and screening equipment to produce aggregates needed in construction and infrastructure projects.
- **Minerals**, serving mining industry customers by providing equipment, process islands and plants for minerals processing, and hydrometallurgical and pyrometallurgical solutions for the recovery of metals.
- **Group Head Office and other** is comprised of the Parent company with centralized group functions, such as treasury, tax, legal and compliance, as well as the global business services and holding companies.

Finance income and expenses as well as income taxes are not allocated to segments but included in the income statement of Group Head Office and other. The treasury activities of Metso are centralized into the Group Treasury to benefit from cost efficiency obtained from pooling arrangements, financial risk management, bargaining power, cash management, and other measures. Metso has a centralized Group tax management function. The objective of Group tax management is to ensure tax compliance and an optimized and predictable overall tax cost for Metso.

Segment net working capital assets comprises inventories and non-interest-bearing operating assets and receivables. Segment net working capital liabilities comprise non-interest-bearing operating liabilities.

Non-cash write-downs include write-offs made to the value of receivables and inventories, and impairment and other write-offs recognized to reduce the value of intangible assets or property, plant, and equipment and other assets.

Gross capital expenditure comprises investments in intangible assets as well as property, plant, and equipment, associated companies, and joint ventures.

Intra-group transactions are made on an arm's length basis.

Changes in corporate structure in year 2023

Metso revised its segment reporting as of September 30, 2023, by transitioning from three segments to two: Aggregates and Minerals. The Smelting business, previously reported under the Metals segment, was moved to the Minerals segment, and Metals & Chemical Processing and Ferrous & Heat Transfer businesses from Metals segment were classified as discontinued operations. Consequently, the figures for 2023 related to the consolidated statement of income are presented separately from the continuing operations and comparative figures for 2022 have been restated accordingly. The assets and liabilities held for sale have been transferred to separate lines in the consolidated balance sheet on December 31, 2023. The comparative figures for 2022 related to the consolidated balance sheet have not been restated. More information is disclosed under note 5.5 Discontinued operations.

Segment information

2023 EUR million	Aggregates	Minerals	Group Head Office and Other	Total
Sales, external	1,346	4,044	0	5,390
Sales, intra-group	–	–	–	–
Sales, total	1,346	4,044	0	5,390
Earnings before interest, tax and amortization (EBITA)	228	675	-34	869
% of sales	17.0	16.7	–	16.1
Adjusted EBITA	232	707	-52	887
% of sales	17.2	17.5	–	16.5
Adjustment items and amortization of intangible assets				
Adjustment items total	-4	-32	17	-18
Amortization of other intangible assets total	-15	-48	-2	-65
Operating profit / loss	214	627	-36	805
% of sales	15.9	15.5	–	14.9
Finance income and expenses, total	–	–	-80	-80
Income before taxes	214	627	-116	724
Inventories	674	1,277	–	1,951
Trade receivables	230	624	1	855
Other non-interest bearing receivables	63	203	74	340
Customer contract assets and liabilities, net	2	-15	–	-14
Trade payables	-161	-494	-20	-675
Advances received	-63	-262	–	-325
Other non-interest-bearing liabilities	-169	-798	-175	-1,143
Net working capital	576	535	-121	990

2022 EUR million	Aggregates	Minerals	Group Head Office and Other	Total
Sales, external	1,446	3,523	0	4,970
Sales, intra-group	–	–	–	–
Sales, total	1,446	3,523	0	4,970
Earnings before interest, tax and amortization (EBITA)	211	451	-109	553
% of sales	14.6	12.8		11.1
Adjusted EBITA	213	538	-37	715
% of sales	14.8	15.3		14.4
Adjustment items and amortization of intangible assets				
Adjustment items total	-2	-87	-73	-163
Amortization of other intangible assets total	-16	-45	-2	-63
Operating profit (-loss)	195	406	-112	490
% of sales	13.5	11.5		9.9
Financial income and expenses, total	–	–	-63	-63
Income before taxes	195	406	-175	426

Income statement comparison data for year 2022 has been restated to reflect the segment structure changes in 2023 as well as to present the continuing operations. The balance sheet items for year 2022 has not been restated.

2022 EUR million	Aggregates	Minerals	Metals	Group Head Office and Other	Total
Inventories	652	1,109	85	–	1,846
Trade receivables	238	516	29	16	799
Other non-interest-bearing receivables	52	135	35	149	371
Customer contract assets and liabilities, net	3	-189	65	–	-121
Trade payables	-242	-464	-55	-26	-787
Advances received	-76	-202	-3	–	-281
Other non-interest-bearing liabilities	-153	-590	-257	-231	-1,231
Net working capital	473	315	-101	-91	596

Adjustment items by category

EUR million	2023	2022
Capacity adjustment costs	-27	-12
Acquisition costs	-2	0
Profits on disposals, net	1	0
Wind down of Russian business	9	-150
Adjustments items, total	**-18**	**-163**

[1] More information available on note 2.6 Provisions.

Geographical information

MATERIAL ACCOUNTING POLICIES Metso presents the geographical distribution of the segments' sales by location of customers. Non-current assets and gross capital expenditure are presented by location of assets.

Metso's businesses are present in more than 50 countries, providing strong diversification. The main market areas are Europe, North and Central America as well as Asia-Pacific, accounting for over 60 percent of sales. Metso has a global network of production units located in key continents.

Income statement comparison data for year 2022 has been restated to present the continuing operations. The balance sheet items (non-current assets and gross capital expenditure) for year 2022 has not been restated.

Sales to unaffiliated customers by destination

EUR million	2023	2022
Finland	122	76
Europe	939	1,025
North and Central America	1,260	1,201
South America	1,142	913
APAC	1,086	1,098
Africa, Middle East & India	840	657
Sales	**5,390**	**4,970**

Metso's exports from Finland by destination, including intra-group sales

EUR million	2023	2022
Europe	566	441
North and Central America	357	394
South America	223	161
APAC	485	502
Africa, Middle East & India	382	315
Total	**2,014**	**1,813**

Non-current assets by location

EUR million	2023	2022
Finland	173	173
Europe	118	123
North and Central America	115	113
South America	97	79
APAC	127	104
Africa, Middle East & India	205	192
Non-allocated	1,665	1,740
Total	**2,500**	**2,523**

Non-current assets presented in the previous table comprise intangible assets and property, plant and equipment, investments in associated companies, joint ventures, equity investments and other non-interest-bearing non-current assets. Non-allocated assets include mainly goodwill and other assets arising from business acquisitions that have not been recorded in the subsidiaries' financial statements.

Gross capital expenditure by location

EUR million	2023	2022
Finland	36	29
Europe	16	18
North and Central America	19	21
South America	33	18
APAC	37	10
Africa, Middle East & India	29	18
Total	**169**	**114**

Gross capital expenditure comprises investments in intangible assets and property, plant, and equipment, associated companies, and joint ventures. Right-of-use assets are not included in the gross capital expenditure calculation.

1.2. Sales

MATERIAL ACCOUNTING POLICIES Metso applies IFRS 15 Revenue from Contracts with Customers. The principle is that sales are recognized at an amount that reflects the consideration which Metso expects to receive in exchange for transferring goods or services to a customer. Sales are recognized when the control of goods or services is transferred to a customer. Control is transferred either at a point in time or over time.

When Metso provides standardized equipment and wear or spare parts to customers, sales are recognized at a point in time when control for the goods is transferred, typically at the delivery of the goods or after commissioning. Sales to distributors are recognized at delivery, when the distributor is not acting as an agent. If the distributor is acting as an agent, sales are recognized only when delivered to an ultimate client.

When Metso provides customized engineered system deliveries, where the asset produced does not have alternative use and Metso has enforceable right to payment for the performance completed to date, sales are recognized over time. Sales recognition is based on estimated sales, costs and profit. Metso measures the progress using the cost-to-cost method, where sales and profits are recorded after considering the ratio of accumulated costs to estimated total costs to complete each contract. This method is considered to best reflect the satisfaction of the performance obligation. The estimated sales, costs and profit, together with the planned delivery schedule of the contract are subject to regular revisions as the contract progresses to completion. Revisions in profit estimates as well as any projected potential loss on contract are charged through the profit and loss account in the period in which they become known.

Sales from providing services are recognized when the performance obligation is satisfied. For long-term fixed price service contracts, sales are recognized over time, because the customer simultaneously receives and consumes the services provided by Metso. The measure of the progress is based on costs of actual services provided as a proportion of the costs of total services to be rendered. The estimated sales, costs and profit, together with the planned delivery schedule of the contract are subject to regular revisions as the contract progresses to completion. Revisions in contract estimates as well as any projected potential loss on contract are charged through the profit and loss account in the period in which they become known.

For short-term service contracts with hourly fee based on valid price list, sales are recognized to the extent Metso has the right to invoice the customer, and for service contracts with fixed hourly fee agreed in the contract, sales are recognized based on invoicing.

Customer contracts may include promises such as volume-based rebates and liquidated damages attributable to, for instance, delayed delivery or non-performance. The impact of these promises on the final consideration will be estimated when recognition is started and systematically during the contract period. Sales will be recognized to the extent that Metso is entitled to the consideration. Also, creditworthiness of the client and collectability of the consideration is assessed throughout the contract period. Extended warranties are treated as a separate performance obligation and an appropriate transaction price is allocated to them and recognized in sales when occurred.

Metso often requires advance payments from customers. Applying IFRS 15, advances received do not include a financing component, because the payment schedule of them follows closely the timing of performance obligations to be satisfied.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT Sales recognized at a point in time may require judgement on facts and circumstances when the control is considered to have passed to the client, affecting on timing of sales to be recognized. Transfer of the control is assessed mainly based on terms of delivery in the contract and local legislation. Customer contracts including clauses on rebates, late delivery penalties, right to return promises or extended warranties requires management judgement on the probability of such clauses to have an effect on contracts sales. Judgements are based on earlier experience and market practice when available.

Sales recognized over time is based on cost-to-cost method, which requires management to be able to estimate total sales, costs, margin, and cash flow to complete the project. The assessment of the progress and margin to be recognized as well as the total costs estimated to complete the contracts requires judgments by management throughout the contract period. The most critical judgments are needed in case of a loss-making contract when estimating the performance needed to be able to satisfy the contract. Changes in general market conditions and the possible impact on the contracts needs to be predicted as well. The credit worthiness of the customer is verified, and collectability of the consideration assessed before entering a contract. However, a risk of non-payment might arise afterwards, and it requires management judgement on the impact on final sales recognition.

Hedging of foreign currency denominated firm commitments

Metso hedging policy requires business units to hedge their foreign currency risk when they become engaged in a firm commitment denominated in a currency other than their functional currency. Treasury Policy specifies certain currencies and certain legal units, where the open exposures are left unhedged. Similarly open exposures below certain euro nominated amount are left unhedged. When a firm commitment qualifies for over time recognition, the business unit applies hedge accounting and recognizes the effect of the hedging instruments in other comprehensive income (OCI) until the commitment is recognized. Though Metso has defined the characteristics triggering a firm commitment, the final realization of the unrecognized commitment depends also on factors beyond management control, which cannot be foreseen when initiating the hedging relationship. Such factors can be a change in the market environment causing the other party to postpone or cancel the commitment. To the extent possible, management strives to include clauses in its contracts that reduce the impact of such adverse events on its results.

Disaggregation of sales

Income statement comparison data for year 2022 has been restated to reflect the segment structure changes in 2023 as well as to present the continuing operations. The balance sheet items (contract balances) for year 2022 has not been restated. More information on note 1.1 Reporting segments.

External sales by category

2023

EUR million	Aggregates	Minerals	Total
Sales of services	434	2,458	2,891
Sales of projects, equipment and goods	913	1,586	2,499
Sales total	**1,346**	**4,044**	**5,390**

2022

EUR million	Aggregates	Minerals	Total
Sales of services	477	2,081	2,558
Sales of projects, equipment and goods	970	1,443	2,412
Sales total	**1,446**	**3,523**	**4,970**

Metso's Planet Positive offering is central to Metso's sustainability agenda and the 1.5 °C journey. Planet Positive portfolio includes solutions that offer significant improvements in reducing energy and carbon intensity, water use, pollution, and embedded carbon compared to an industry baseline or benchmark technology. Planet Positive sales in 2023 were EUR 1,447 million (EUR 1,225 million in 2022).

External sales by timing of sales recognition

2023 EUR million	Aggregates	Minerals	Total
At a point in time	1,317	2,990	4,306
Over time	30	1,054	1,084
Sales total	**1,346**	**4,044**	**5,390**

2022 EUR million	Aggregates	Minerals	Total
At a point in time	1,425	2,276	3,701
Over time	21	1,248	1,269
Sales total	**1,446**	**3,523**	**4,970**

External sales by destination

2023 EUR million	Aggregates	Minerals	Total
Finland	14	108	122
Europe	381	558	939
North and Central America	539	721	1,260
South America	83	1,060	1,142
APAC	174	912	1,086
Africa, Middle East & India	156	684	840
Sales total	**1,346**	**4,044**	**5,390**

2022 EUR million	Aggregates	Minerals	Total
Finland	31	45	76
Europe	446	579	1,025
North and Central America	597	604	1,201
South America	66	847	913
APAC	164	934	1,098
Africa, Middle East & India	142	515	657
Sales total	**1,446**	**3,523**	**4,970**

Contract balances

EUR million	2023	2022
Trade receivables	855	799
Customer contract assets	308	354
Customer contract liabilities	322	474
Advances received	325	281

Customer contract liabilities and advances received are annually recognized as sales mainly during the following year.

When providing standardized equipment as well as wear and spare parts, invoicing takes place in general at the delivery or after commissioning. In engineered system deliveries, and long-term service contracts invoicing is based on the client contracts. Short-term service contracts are invoiced when service is rendered.

Trade receivables are based on the invoicing to customers and are generally on terms of 30—90 days. Information about provision for expected credit losses on trade receivables is presented in note 2.2.

Engineered system, and long-term service contracts are mainly fixed priced contracts, where customers are invoiced with fixed amounts based on contract schedule. In case the performance obligation satisfied exceeds the invoiced payment from the customer, a contract asset is recognized. In case the invoiced payment from the customer exceeds the performance obligation satisfied, a contract liability is recognized.

Advances received is the amount paid in advance to Metso by customers. Typically, Metso receives advance payments in customized large scale engineered system and equipment delivery projects.

Changes in receivables from customers or liabilities to customers and advances received is typically the result of changes in business volume in the current year compared to the previous year.

Unsatisfied performance obligations

The order backlog, amounting to EUR 3,238 million on December 31, 2023, corresponds to the aggregate amount of the transaction price allocated to the performance obligations that are fully or partly unsatisfied at the end of the reporting period. These performance obligations are expected to be materially satisfied in two years.

Performance obligations

Metso's sales consist of the sale of standardized equipment deliveries and services with wear or spare parts, customized large-scale engineered system and/or equipment deliveries. Metso's performance obligations are described below.

Equipment, wear and spare parts deliveries

When Metso provides standardized equipment and wear or spare parts to customers, revenue will be recognized at a point in time, when control of the goods is transferred, typically at the delivery of the goods or after commissioning. These contracts may include promises, such as volume-based rebates and late delivery penalties. The impact of these promises on the final consideration will be estimated and sales will be recognized to the extent that Metso is entitled. Extended warranties are treated as a separate performance obligation, and an appropriate transaction price is allocated to them and recognized in sales when occurred.

Metso cooperates with distributors especially in the aggregates business. Based on the current distributor contracts, Metso recognizes sales at the delivery to a distributor. Promises on volume-based rebates and the right to return goods are assessed and sales will be recognized to the extent that Metso is entitled.

Engineered system and equipment deliveries

With customized large-scale engineered system and equipment deliveries, where assets produced do not have an alternative use for another client, and Metso has the right to payment for the performance completed, revenue will be recognized over time. Each large-scale engineered system and equipment delivery contract is assessed separately. These contracts usually have a customer-specific, one total performance obligation agreed with the client.

These contracts may include promises, such as late delivery penalties, performance guarantees, and extended warranties. The impact of these promises on the final consideration will be estimated and sales will be recognized to the extent that Metso is entitled. Metso typically requires advance payments from clients, which in general, do not include a financing component, because the payment schedule of advances follows closely the timing of performance obligations to be satisfied.

Service contracts

Sales from providing services are recognized when the services are rendered. For long-term-fixed price contracts, sales are recognized over time. The measure of the progress is based on the costs of actual services provided as a proportion of the costs of total services to be rendered. For short-term service contracts with an hourly fee based on a valid price list, revenue is recognized to the extent Metso has right to invoice the customer, and for service contracts with a fixed hourly fee agreed in the contract, revenue is recognized based on invoicing. Typical promises in service contacts are late delivery penalties and performance guarantees.

Major customers

In 2023 nor in 2022, Metso did not have any single customer whose sales would have exceeded 10 percent of consolidated sales.

1.3. Selling, general, and administrative expenses

MATERIAL ACCOUNTING POLICIES Costs and expenses of different income statement items are assigned by the nature and relationship of the cost incurred.

Cost of goods sold are either directly or indirectly linked to recognized or expected sales. Direct cost includes e.g. materials, subcontracted engineering and logistics related to specific customer contracts. Indirect cost carries the capacity cost of delivery resources as well as manufacturing units.

Marketing and selling expenses consist of cost related to activity of generating new sales and marketing of the company and its product portfolio. As an example cost of regional sales organizations are reported under this item.

Research and development expenses arise from research and development activities related to new products and technologies. Research and development expenses comprise salaries, administration costs, digital investments, and depreciation and amortization of property, plant, and equipment and intangible assets and are mainly recognized as incurred. Grants received are netted from the costs. When material development costs meet certain capitalization criteria under IAS 38, they are capitalized and amortized over the expected useful life of the underlying technology.

Administrative expenses cover cost of company's administrative activities such as general management as well as support and group functions.

Year 2023 figures comprise continuing operations and year 2022 has been restated accordingly.

EUR million	2023	2022
Marketing and selling expenses	-438	-426
Research and development expenses, net	-66	-55
Administrative expenses	-372	-315
Selling, general and administrative expenses	**-875**	**-796**

Research and development expenses

EUR million	2023	2022
Research and development expenses, total	-62	-46
Capital expenditure	8	5
Grants received	2	4
Depreciation and amortization	-13	-18
Research and development expenses, net	**-66**	**-55**

1.4. Other operating income and expenses

MATERIAL ACCOUNTING POLICIES Other operating income and expenses comprise income and expenses that do not directly relate to the operating activity of businesses within Metso, or which arise from unrealized and realized changes in fair value of foreign currency denominated financial instruments related to operations, including forward exchange contracts. Such items include costs related to significant restructuring programs, gains and losses on disposal of assets, and foreign exchange gains and losses, excluding those qualifying for hedge accounting and those, which are reported under finance income and expenses, net. Additionally, non-recoverable foreign taxes, which are not based on taxable profits, are reported in other operating income and expenses, net. In particular, these include foreign taxes and such like payments not based on Double Taxation Treaties in force.

Year 2023 figures comprise continuing operations and year 2022 has been restated accordingly.

EUR million	2023	2022
Other operating income		
Gain on sale of intangible and tangible assets	7	5
Rental income	1	1
Foreign exchange gains [1]	264	150
Other income	10	20
Other operating income total	282	176
Other operating expenses		
Loss on disposed businesses	-2	-2
Loss on sale of intangible and tangible assets	-2	-1
Impairment of intangible and tangible assets	-4	-2
Foreign exchange losses [1]	-278	-195
Other expenses	-20	-16
Other operating expenses total	-306	-216
Other operating income and expenses, net	**-25**	**-40**

[1] Includes foreign exchange gains and losses resulting from trade receivables and payables and related derivatives.

1.5. Personnel expenses and number of personnel

Personnel expenses

Year 2023 personnel expenses comprise continuing operations and year 2022 has been restated accordingly.

EUR million	2023	2022
Salaries and wages	-894	-845
Pension costs, defined contribution plans	-38	-37
Pension costs, defined benefit plans [1]	-9	-6
Other post-employment benefits [1]	-1	-1
Share-based payments [2]	-13	-10
Other indirect employee costs	-120	-112
Total	**-1,075**	**-1,012**

[1] For more information on pension costs, see note 2.7.
[2] For more information on share-based payments, see note 1.6.

Number of personnel

	2023	2022
Personnel at end of the year	17,134	16,705
Average number of personnel during the year	16,960	16,079

Board remuneration

EUR thousand	2023	2022
Serving Board members December 31, 2023		
Kari Stadigh	-185	-182
Klaus Cawén	-109	-107
Brian Beamish	-90	-87
Terhi Koipijärvi	-93	-88
Niko Pakalén [1]	-82	—
Ian W. Pearce	-105	-109
Reima Rytsölä [1]	-91	—
Emanuela Speranza	-96	-99
Arja Talma	-107	-106
Former Board members		
Christer Gardell [2]	-4	-87
Antti Mäkinen [2]	-4	-94
Total	**-966**	**-959**

[1] Metso Board member since May 3, 2023.
[2] Metso Board member until May 3, 2023.

According to the resolution of the 2023 Annual General Meeting, the fixed annual fees paid to the Board members is as follows: Chair of the Board EUR 164,000, Vice Chair of the Board EUR 85,000, and other Board members EUR 69,000. An additional annual remuneration is paid to the member of the Board elected in the position of Chair of the Audit and Risk Committee EUR 24,500, members of the Audit and Risk Committee EUR 10,500, Chair of the Remuneration and HR Committee EUR 12,650, and members of the Remuneration and HR Committee EUR 5,250.

In addition, the Annual General Meeting resolved to approve the following meeting fees for each Board and committee meeting: EUR 900 for meetings requiring travel within the Nordic countries, EUR 1,800 for meetings requiring travel within a continent, EUR 3,000 for meetings requiring intercontinental travel, and EUR 900 for meetings with remote attendance.

Remuneration paid to Chief Executive Officer and other Leadership Team members

2023 EUR	Salary	Fringe benefits	Performance bonus paid	Share-based payment	Total
President and CEO Pekka Vauramo	897,468	3,417	773,107	2,829,126	4,503,118
Other Executive Team members	2,681,897	69,264	1,561,335	4,398,002	8,710,498
Total	**3,579,365**	**72,681**	**2,334,442**	**7,227,128**	**13,213,616**

2022 EUR	Salary	Fringe benefits	Performance bonus paid	Share-based payment	Total
President and CEO Pekka Vauramo	858,768	3,135	791,484	2,499,528	4,152,915
Other Executive Team members	2,613,926	68,736	1,211,736	4,307,306	8,201,704
Total	**3,472,694**	**71,871**	**2,003,220**	**6,806,834**	**12,354,619**

Remuneration paid to President and CEO Pekka Vauramo in 2023 is presented in the table above. Vauramo participates in remuneration programs according to respective terms and conditions decided by the Board. For more information on share-based payments, see note 1.6.

It has been agreed that Pekka Vauramo will continue as the President and CEO of Metso until the end of 2024. The President and CEO is entitled to participate in a supplementary defined contribution pension plan. The supplementary pension contribution is equivalent to 25% of the annual salary. For years ended December 31, 2023, and December 31, 2022, these pension premium payments for the supplementary defined contribution pension plan totaled approximately EUR 224 thousand and EUR 215 thousand respectively. The notice period for both parties is six months. Severance pay is full monthly salary multiplied by twelve (12) if the agreement is terminated by the company.

Metso has a subscribed supplementary pension plan for other Metso Leadership Team members in Finland. For the years ended December 31, 2023, and December 31, 2022, these pension premium payments totaled EUR 548 thousand and EUR 581 thousand, respectively.

Board share ownership in Metso

Shares (pcs)	2023
Kari Stadigh	74,671
Klaus Cawén	41,266
Brian Beamish	3,130
Terhi Koipijärvi	6,706
Niko Pakalén	1,392
Ian W. Pearce	29,481
Reima Rytsölä	3,061
Emanuela Speranza	6,690
Arja Talma	33,932
Total	**200,329**

Leadership Team share ownership in Metso

Shares (pcs)	2023
Pekka Vauramo	367,495
Markku Simula	91,851
Markku Teräsvasara	127,490
Piia Karhu	23,029
Sami Takaluoma	99,220
Heikki Metsälä	4,279
Eeva Sipilä	216,044
Nina Kiviranta	53,724
Carita Himberg	20,416
Total	**1,003,548**

1.6. Share-based payments

MATERIAL ACCOUNTING POLICIES Metso has share-based incentive plans for its key personnel.

The equity-settled share awards are valued based on the market price of the Metso share on the grant date and recognized as an employee benefit expense over the vesting period with a corresponding entry in other reserves of the equity. The historical development of the Metso shares, and the expected dividends have been taken into account when calculating the fair value. The entire share incentive, including the cash-for-taxes portion, is recognized in equity. Also the value of the cash portion is based on the grant date value. As a market condition, total shareholder return of the Performance Share Plans will be taken into account when determining the fair value at grant, and it will not be changed during the plan. The fair value of the cost estimate of the Performance Share Plans will only be changed when service or non-market conditions are concerned.

At each balance sheet date, Metso revises its estimates on the amount of share-based payments that are expected to vest. The impact of a revision to a previous estimate is accrued as an employee benefit expense with a corresponding entry to equity. The historical development of Metso share price and the expected dividends have been taken into account when calculating the fair value.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT At each balance sheet date, management reviews its estimates for the number of shares that are expected to vest. As part of this evaluation, Metso takes into account changes in the forecasted performance of the Group and its reporting segments, expected turnover of the personnel benefiting from the incentive plan, and other pertinent information impacting the number of shares to be vested.

CURRENT PLANS

Metso Performance and Restricted Share Plans

In June 2020, Metso's Board decided on long-term share-based incentive plans: Performance Share Plan (PSP) and Restricted Share Plan (RSP). The commencement of each new PSP and RSP and the earnings criteria for each new PSP plan will be subject to a separate decision by the Board. The PSP consists of an annually commencing plan, each with a three-year earning period, and the complementary RSP consists of an annually commencing plan, each with a three-year vesting period. The possible rewards are paid partly in Metso's shares and partly in cash.

If the participant's employment or service ends for reasons relating to the participant before the reward payment, no reward will be paid from the long-term incentive plans.

Performance Share Plan 2023–2025

The earning criteria for the PSP 2023–2025 is based on the total shareholder return of Metso's share, earnings per share and an ESG measure linked to sales growth of Planet Positive portfolio. At the end of 2023, there were 188 participants in the plan, and the potential reward corresponds to a maximum of 2,000,500 Metso shares, out of which the Metso Leadership Team can receive a maximum reward of 592,000 shares. The potential reward will be paid in 2026.

Performance Share Plan 2022–2024

The earning criteria for the PSP 2022–2024 is based on the total shareholder return of Metso's share, earnings per share and an ESG measure linked to sales growth of Planet Positive portfolio. At the end of 2023, there were 177 participants in the plan, and the potential reward corresponds to a maximum of 1,628,094 Metso shares, out of which the Metso Leadership Team can receive a maximum reward of 490,000 shares. The potential reward will be paid in 2025.

Restricted Share Plan 2022–2024

At the end of 2023, there were 19 participants in the RSP plan, and the potential reward corresponds to a 79,000 Metso shares. The potential reward will be paid in 2025.

Performance Share Plan 2021–2023

The earning criteria for the PSP 2021–2023 is based on the total shareholder return of Metso's share, earnings per share and an ESG measure linked to sustainable development. At the end of 2023, there were 163 participants in the plan, and the potential reward corresponds to a maximum of 2,374,374 Metso shares, out of which the Metso Leadership Team can receive a maximum reward of 756,100 shares. The potential reward will be paid in 2024.

Restricted Share Plan 2021–2023

At the end of 2023, there were 19 participants in the RSP plan, and the potential reward corresponds to a 106,420 Metso shares. The potential reward will be paid in 2024.

COMPLETED PLANS

Metso Deferred Share Plan

The Deferred Share Plan (DSP) is a long-term incentive plan that aligns and rewards the employee's performance and Metso share value development during a performance period.

Deferred Share Plan 2020–2022

For 124 participants a total of 347,141 Metso treasury shares were paid, out of which one Metso Leadership Team member received a net reward of 2,965 shares. The reward was paid in March 2023.

Metso Performance and Restricted Share Plans

The PSP consists of an annually commencing plan, each with a three-year earning period, and the complementary RSP consists of an annually commencing plan, each with a three-year vesting period.

Performance Share Plan 2020–2022

The earning criteria for the PSP 2020–2022 was based on total shareholder return of Metso's share and the achievement of the synergy targets set in connection with the combination of the businesses. A total of 345,115 Metso treasury shares were paid to 8 Metso Leadership Team members. The reward was paid in March 2023.

Performance Share Plan 2019–2021

The earning criteria for the PSP 2019–2021 was based on total shareholder return of Metso's share during 2019–2021. Plan performance was evaluated in June 2020. For 7 participants a total of 272,089 Metso treasury shares were paid, out of which Metso Leadership Team members received a net reward of 242,834 shares. The reward was paid in February 2022.

Restricted Share Plan 2019–2021

A total of 56,542 Metso treasury shares were used to pay reward to two participants belonging to Metso Leadership Team in February 2022.

Deferred Share Unit Plan

The Deferred Share Unit Plan (DSUP) is a long-term share value-based incentive plan that aligns and rewards the employee's performance and Metso share value development during a performance period. Metso Executive Team members aren't eligible to participate in the DSUP.

Deferred Share Unit Plan 2019–2021

DSUP 2019–2021 plan was paid in cash to 84 employees in June 2022.

Outotec Performance Share Plan

The earning criteria for the Outotec Performance Share Plan 2019–2021 was based on operating result (EBIT) and free cash flow. A total of 260,547 Metso treasury shares were paid to 58 participants, out of which Metso Leadership Team members received a net reward of 58,484 shares. The reward was paid in February 2022.

Matching Share Plan

Metso had one active Matching Share Plan for President and CEO Pekka Vauramo. The plan required a personal investment in Metso shares. The potential reward corresponded to a maximum of 117,075 gross Metso shares to be delivered in three installments subject to fulfilling the performance criterion of adjusted EBITA for each installment.

For the first installment, net amount of 20,742 Metso treasury shares were used to pay reward in February 2021. For the second and third installments, net amount of 17,669 each, were paid respectively in February 2022 and June 2022. There are no undue payments from the CEO's Matching Share Plan.

Beneficiaries of and granted shares under the share ownership plan

December 31, 2023	Beneficiaries total	Shares total
Plan PSP 2020–2022		
Granted 2023	8	345,115
Plan DSP 2020–2022		
Granted 2023	124	347,141

Costs recognized for the share ownership plans

EUR thousand	2023	2022
Plan PSP, DSUP and RSP 2019–2021	–	-201
Plan PSP and DSP 2020–2022	-874	-3,926
Outotec LTIP 2019	–	-286
Plan PSP and RSP 2021–2023	-5,771	-4,472
Plan PSP and RSP 2022–2024	-3,431	-1,628
Plan PSP 2023–2025	-3,319	–
Metso total	**-13,395**	**-10,513**

1.7. Finance income and expenses

Year 2023 figures comprise continuing operations and year 2022 has been restated accordingly.

EUR million	2023	2022
Finance income		
Dividends received	0	0
Interest income	11	3
Other finance income	6	11
Finance income	17	14
Foreign exchange gains/losses	4	-14
Finance expenses		
Interest expenses from financial liabilities at amortized cost	-72	-39
Interest expenses on lease liabilities	-5	-5
Other finance expenses	-25	-19
Finance expenses	-101	-63
Finance income and expenses, net	**-80**	**-63**

1.8. Income taxes

Corporate income taxes

MATERIAL ACCOUNTING POLICIES Income taxes in the consolidated income statement includes taxes of subsidiaries and the parent company based on taxable income for the current period, tax adjustments for previous periods, and the changes in deferred taxes. The other comprehensive income statement (OCI) includes taxes on items presented in the OCI. Deferred taxes are determined for temporary differences arising between the tax base of assets and liabilities and their financial statement carrying amounts, measured using substantially enacted tax rates.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT Metso is subject to income tax in its operating countries. Metso's management is required to make certain assumptions and estimates in preparing the annual tax calculations for which the ultimate tax consequence is uncertain. Annually, Metso has tax audits ongoing in several subsidiaries and recognizes tax liabilities for anticipated tax audit issues based on an estimate of whether additional taxes will be due. Where the final outcome of these issues is different from the estimated amounts, the difference will impact the income tax in the period in which such determination is made.

Year 2023 income statement figures comprise continuing operations and year 2022 has been restated accordingly. The balance sheet items for year 2022 has not been restated.

Components of income taxes

EUR million	2023	2022
Income taxes for current year	-218	-179
Income taxes for prior years	-2	6
Change in deferred tax asset and liability	33	65
Income taxes	**-187**	**-108**

Differences between income tax expense computed at the Finnish statutory rate and income tax expense provided on earnings

EUR million	2023	2022
Profit before taxes	724	426
Income tax at Finnish statutory tax rate of 20.0%	-145	-85
Effect of different tax rates in foreign subsidiaries	-27	-24
Non-deductible expenses	-15	-14
Tax exempt income or tax incentives	11	8
Foreign non-creditable withholding taxes	-13	-7
Deferred tax liability on undistributed earnings	-3	2
Income tax for prior years	-2	6
Other	7	6
Income taxes	**-187**	**-108**

Tax effects of components in other comprehensive income

	2023			2022		
EUR million	Before taxes	Deferred taxes	After taxes	Before taxes	Deferred taxes	After taxes
Cash flow hedges	-3	1	-2	3	1	3
Defined benefit plan actuarial gains (+) / losses (-)	-5	1	-4	9	-7	2
Currency translation on subsidiary net investments	-27	–	-27	13	–	13
Total comprehensive income (+) / expense (-)	**-36**	**2**	**-33**	**25**	**-7**	**18**

Pillar 2 legislation effects

Pillar 2 legislation has been enacted or substantively enacted in certain jurisdictions Metso operates. The legislation will be effective for Metso's financial year beginning 1 January 2024. Metso is in the scope of the enacted or substantively enacted legislation and has performed a high-level impact assessment of the possible exposure to Pillar 2 income taxes. The impact assessment of the potential exposure to Pillar 2 income taxes is based on country-by-country reporting and financial statements of the Group entities.

Based on the impact assessment, the Pillar 2 effective tax rates in most of the jurisdictions in which Metso operates are above 15%. There are a limited number of jurisdictions where the transitional safe harbor relief may not apply and the Pillar 2 effective tax rate may be below or close to 15%. However, Metso does not expect a material exposure to Pillar 2 income taxes in those jurisdictions.

Considering the complexity of the Pillar 2 legislation and the fact that all jurisdictions have not yet enacted the legislation, Metso will continue assessing the impact of Pillar 2 during financial year 2024.

Metso has applied the mandatory exception in IAS 12 related to recognizing and disclosing deferred tax assets and liabilities arising from Pillar 2 income taxes.

Deferred taxes

MATERIAL ACCOUNTING POLICIES The deferred tax asset or liability is determined for temporary differences arising between the tax bases of assets and liabilities and their financial statement carrying amounts using the substantially enacted tax rates expected to apply in future years. Typical temporary differences arise from provisions, depreciation and amortization expense, inter-company inventory margins, defined benefit plans, and tax loss carry-forwards. Deferred tax liabilities are recognized in the balance sheet in full, and the deferred tax assets are only recognized if it is probable there will be taxable income in the future against which deferred tax assets can be used. Deferred tax assets are offset against deferred tax liabilities if they relate to taxes levied by the same taxation authority on the same taxable entity.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT In determining deferred tax assets and liabilities, Metso is required to make certain assumptions and estimates on, in particular, future operating performance and the taxable income of subsidiaries, recoverability of tax loss carry-forwards and potential changes in tax laws in jurisdictions where Metso operates. A deferred tax liability based on foreign subsidiaries' undistributed earnings has been provided only where Metso's management has elected to distribute such earnings in the coming years and the distribution is subject to taxation. Because tax consequences are difficult to predict, deferred tax assets and liabilities may need to be adjusted in future financial years, which may have an impact in the period in which such determination is made.

Reconciliation of deferred tax balances

2023 EUR million	Jan 1	Charged to income statement	Charged to shareholders' equity	Acquisitions and disposals	Translation differences and Group items	Dec 31
Deferred tax assets						
Tax losses carried forward	2	2	0	0	1	7
Intangible assets and property, plant and equipment	31	-11	–	–	0	20
Inventory	79	12	–	–	0	91
Provisions	61	-3	–	0	0	59
Accruals	32	18	–	–	-1	49
Pension related items	6	-1	1	–	0	6
Right-of-use assets	27	0	–	0	–	28
Other	5	14	1	0	-1	18
Total deferred tax assets	**244**	**32**	**3**	**1**	**-2**	**276**
Offset against deferred tax liabilities	-19	–	–	–	-10	-28
Assets held for sale	–	3	–	–	-17	-14
Net deferred tax assets	**225**	**35**	**3**	**1**	**-29**	**234**
Deferred tax liabilities						
Purchase price allocations	166	-11	–	6	–	160
Intangible assets and property, plant and equipment	15	0	–	0	-1	16
Right-of-use assets	28	0	–	0	–	29
Other	3	28	0	0	-1	30
Total deferred tax liabilities	**212**	**17**	**0**	**6**	**-1**	**234**
Offset against deferred tax assets	-19	–	–	–	-10	-28
Liabilities held for sale	–	-15	–	–	-8	-24
Net deferred tax liabilities	**193**	**2**	**0**	**6**	**-19**	**182**
Deferred tax assets (+) / liabilities (-), net	**31**	**33**	**3**	**-6**	**-10**	**51**

2022 EUR million	Jan 1	Charged to income statement	Charged to shareholders' equity	Acquisitions and disposals	Translation differences and Group items	Dec 31
Deferred tax assets						
Tax losses carried forward	–	2	–	1	0	2
Intangible assets and property, plant and equipment	37	-6	–	0	1	31
Inventory	60	19	–	–	0	79
Provisions	31	30	–	–	1	61
Accruals	23	9	0	–	0	32
Pension related items	8	4	-7	–	0	6
Other	49	-22	0	–	5	31
Total deferred tax assets	**209**	**35**	**-7**	**1**	**6**	**244**
Offset against deferred tax liabilities	-31	–	–	–	12	-19
Net deferred tax assets	**178**	**35**	**-7**	**1**	**19**	**225**
Deferred tax liabilities						
Purchase price allocations	178	-14	–	1	–	166
Intangible assets and property, plant and equipment	12	4	–	–	0	15
Other	51	-20	1	–	0	31
Total deferred tax liabilities	**240**	**-30**	**1**	**1**	**0**	**212**
Offset against deferred tax assets	-31	–	–	–	12	-19
Net deferred tax liabilities	**209**	**-30**	**1**	**1**	**12**	**193**
Deferred tax assets (+) / liabilities (-), net	**-32**	**65**	**-8**	**0**	**6**	**31**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable to be utilized against the future taxable profit. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

In certain cases, the losses are related to subsidiaries that have losses which may neither expire nor may be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, in certain jurisdictions the Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward.

Deferred tax liability on undistributed retained earnings in subsidiaries will be recognized when the dividend distribution is probable in the future, and it will cause a tax impact. At the end of year 2023 and 2022 there were no substantial undistributed earnings in subsidiaries from which a deferred tax liability is not booked.

Year 2023 income statement figures comprise continuing operations and year 2022 has been restated accordingly. The balance sheet items for year 2022 has not been restated.

1.9. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the company by the weighted average number of shares issued and outstanding for the year, excluding own shares held by the Parent company.

Earnings per share

	2023	2022
Profit attributable to shareholders of the company, EUR million	543	301
Weighted average number of shares issued and outstanding (in thousands)	826,216	827,414
Earnings per share, basic, EUR	**0.66**	**0.36**

Earnings per share, continuing operations

	2023	2022
Profit attributable to shareholders of the company, continuing operations, EUR million	535	319
Weighted average number of shares issued and outstanding (in thousands)	826,216	827,414
Earnings per share, basic, EUR	**0.65**	**0.39**

Diluted

Shares to be potentially issued in the future are treated as outstanding shares when calculating the diluted earnings per share if they have a dilutive effect. Own shares held by Metso are reissued within the terms of the share ownership plans to key personnel, if the targets defined in the plans are met. Diluted earnings per share are calculated by increasing the weighted average number of outstanding shares by the number of shares that, would be distributed to the beneficiaries based on the results achieved, if the conditional earnings period ended at the end of the financial period in question. On December 31, 2023, Metso held 2,644,249 own shares to be used as consideration under share ownership plans.

Earnings per share, diluted

	2023	2022
Profit attributable to shareholders of the company, EUR million	543	301
Weighted average number of shares issued and outstanding (in thousands)	826,216	827,414
Adjustment for potential shares distributed (in thousands)	929	659
Weighted average number of diluted shares issued and outstanding (in thousands)	827,145	828,073
Earnings per share, diluted, EUR	**0.66**	**0.36**

2. Operational assets and liabilities

2.1. Net working capital and capital employed

Balance sheet values for year 2023 present continuing operations, and the comparison year 2022 has not been restated.

Net working capital

	Balance sheet value		Cash flow effect	
EUR million	2023	2022	2023	2022
Inventories	1,951	1,846	-192	-600
Trade receivables	855	799	-90	-126
Other non-interest-bearing receivables	340	372	-20	-18
Customer contract assets and liabilities, net	-14	-121	-129	73
Trade payables	-675	-787	-72	85
Advances received	-325	-281	57	32
Other non-interest-bearing liabilities	-1,143	-1,231	-3	178
Net working capital	**990**	**596**	**-449**	**-377**

Capital employed

EUR million	2023	2022
Net working capital	990	596
Intangible assets	1,886	1,972
Property, plant and equipment	472	407
Right-of-use assets	114	115
Non-current investments	5	8
Interest bearing receivables	6	8
Liquid funds	638	601
Tax payables and receivables, net	-27	-59
Interest payables, net	-7	-5
Capital employed	**4,078**	**3,643**

2.2. Trade receivables

MATERIAL ACCOUNTING POLICIES Trade receivables are invoiced receivables from customers related to Metso's ordinary business transactions. General payment terms are typically from 30 days to 90 days, and they are non-interest-bearing receivables. Trade receivables are initially recognized at transaction price and subsequently valued at amortized cost. If, exceptionally an over 360 day payment term was offered to a client, the invoiced amount is discounted to its fair value.

In measuring expected credit losses, Metso applies the IFRS 9 simplified approach, which uses a lifetime expected loss allowance to be assessed and recognized regularly. Credit loss risk related to customer contract assets is covered mainly by the advance payments received from the clients.

Based on an analysis of the previous year's credit losses by ageing category and nature, as well as the macroeconomic outlook in the near future, Metso recognizes a credit loss allowance from 0.1% to 5% on trade receivables undue or less than 180 days overdue. For trade receivables more than 180 days overdue, the impairment is assessed individually, but without any credit guarantee, collateral, or similar assurance on the recoverability, a minimum credit loss provision of 25% (over 180 days overdue) and 100% (over 360 days overdue) will be recognized. Trade receivables are written off when there is no reasonable expectation of recovery. Probability of bankruptcy, other financial reorganization, or a similar situation indicating insolvency of the client triggers a final write off.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT Estimates on expected credit losses and credit loss provisions to be recognized are based on management's best judgment. The judgment is based on experience with past years' credit losses, current economic outlook and client segment, and location information. Trade receivables are collected actively, and possible impairment analyzed regularly by the businesses and Metso legal units, and the necessary actions to secure receivables are made by management. When a credit loss provision of a trade receivable is assessed individually, collateral, credit guarantees, financial position of the client, and earlier payment behavior are taken into consideration.

EUR million	2023	2022
Trade receivables	845	796
Trade receivables for sale	10	2
Trade receivables	**855**	**799**
Classified as held for sale	15	–
Metso total	**870**	**799**

Provision on trade receivables by aging category

	2023		2022	
EUR million	Trade receivables, gross	of which provided	Trade receivables, gross	of which provided
Undue	616	3	566	1
Overdue 1–30 days	98	0	96	0
Overdue 31–180 days	134	3	113	4
Overdue 181–360 days	23	6	24	6
Overdue over 360 days	50	39	99	88
Total, gross	**921**	**52**	**898**	**100**
Total, net	870		799	

Realized write-offs amounted to EUR 49 million in 2023 (EUR 2 million in 2022).

Provision for impairment of trade receivables

EUR million	2023	2022
Accumulated provision, January 1	100	90
Impact of exchange rates	-2	0
Additions to reserve	2	9
Used reserve and other changes	-47	0
Accumulated provision, December 31	**52**	**100**

2.3. Other receivables

MATERIAL ACCOUNTING POLICIES Other non-interest-bearing receivables are recognized in the balance sheet at original fair value which can be subsequently written down due to impairment. The impairment is expensed under selling, general and administrative expenses.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT The group policy is to calculate an impairment loss based on the best estimate of the amounts that are potentially uncollectable at the balance sheet date. Metso management actively monitors the amount of receivables past due globally and initiates action as necessary.

Balance sheet value for year 2023 present continuing operations, and the comparison year 2022 has not been restated.

Non-interest-bearing receivables

	2023			2022		
EUR million	Non-current	Current	Total	Non-current	Current	Total
Derivative instruments	10	36	46	3	86	88
Deferred tax assets	234	–	234	225	–	225
Income tax receivables	–	107	107	–	48	48
Other receivables						
Prepaid expenses and accrued income	–	69	69	–	69	69
VAT, payroll tax and social charge receivables	–	174	174	–	152	152
Pension assets	3	–	3	2	–	2
Other receivables	20	31	50	19	42	61
Other receivables total	22	273	295	20	263	283
Non-interest-bearing receivables total	**266**	**417**	**682**	**248**	**396**	**644**

Other non-interest-bearing receivables included EUR 19 million in 2023 (EUR 17 million in 2022) of Brazilian tax credits arising from delivery of goods and transfer of services (ICMS) recognized by local subsidiaries. Of that amount EUR 3 million in 2023 (EUR 2 million in 2022) was classified as long-term.

2.4. Inventory

MATERIAL ACCOUNTING POLICIES Inventories are valued at the lower of historical cost calculated or net realizable value. Costs are measured on a weighted average cost basis and include purchase costs as well as transportation and processing costs. The costs of finished goods include direct materials, wages, and salaries plus employer social contributions, subcontracting and other direct costs, as well as a portion of production and project administration overheads. Net realizable value is the estimated amount that can be realized from the sale of the asset in the normal course of business less costs to sell.

Inventories are shown net of a provision for obsolete and slow-moving inventories. Metso's policy is to maintain a provision for slow-moving and obsolete inventory based on the best estimate of such amounts at the balance sheet date. An obsolescence provision is charged to income statement in the period in which the obsolescence is determined. Estimates are based on a systematic, on-going review and evaluation of inventory balance.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT Inventory valuation requires management to make estimates and judgments particularly relating to obsolescence and expected selling prices and sales costs in different market conditions. It also entails management's assessment of the general market trends in global markets.

EUR million	2023	2022
Materials and supplies	294	288
Work in process	615	600
Finished products	1,095	958
Metso total	**2,004**	**1,846**
Classified as held for sale	-53	–
Inventories	**1,951**	**1,846**

The cost of inventories recognized as expense for continuing operations amounted to EUR 3,599 million in 2023 (EUR 3,822 million in 2022).

Changes in provision for inventory obsolescence

EUR million	2023	2022
Balance at beginning of year	99	55
Impact of exchange rates	-2	4
Additions charged to expense	26	61
Used reserve	-2	0
Deductions / other additions	-27	-21
Classified as held for sale	0	–
Balance at end of year	**93**	**99**

2.5. Trade and other payables

MATERIAL ACCOUNTING POLICIES The fair values and carrying amounts of trade and other payables are considered to be the same, due to the short-term maturities. The maturities of the current non-interest-bearing liabilities rarely exceed six months. The maturities of trade payables are largely determined by trade practices and individual agreements between Metso and its suppliers.

Accrued personnel costs, including holiday pay, are settled in accordance with local laws and regulations.

	2023			2022		
EUR million	Non-current	Current	Total	Non-current	Current	Total
Trade payables	**–**	**675**	**675**	**–**	**787**	**787**
Classified as held for sale	–	29	29	–	–	–
Metso total	**–**	**704**	**704**	**–**	**787**	**787**
Derivative instruments	18	28	45	33	47	80
Other payables						
Accrued interests	–	8	8	–	6	6
Accrued personnel costs	–	207	207	–	203	203
Accrued project costs	–	298	298	–	358	358
VAT, payroll tax and social charge payables	–	89	89	–	64	64
Other payables	7	109	116	2	121	123
Other payables	**7**	**711**	**717**	**2**	**752**	**754**
Classified as held for sale	–	54	54	–	–	–
Metso total	**7**	**764**	**771**	**2**	**752**	**754**

Supply chain finance program

Metso has a supply chain financing program where supplier utilizes the buyer's credit rating when selling its receivables to bank on non-recourse basis. Open purchase invoices amount under the program on December 31, 2023, was 108 million euros and is reported as trade payables on the Consolidated balance sheet.

2.6. Provisions

MATERIAL ACCOUNTING POLICIES Provisions are recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that financial benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions, for which settlement is expected to occur more than one year after the initial recognition, are discounted to their present value and adjusted in subsequent closings for the time effect.

Warranty and guarantee provisions

Metso issues various types of contractual product warranties under which it generally guarantees the performance levels agreed in the sales contract, the performance of products delivered during an agreed warranty period and services rendered for a certain period or term. The provision for estimated warranty costs is based on historical realized warranty costs for deliveries of standard products and services in the past. The typical warranty period is 12 months from the accepted delivery. The adequacy of provisions is assessed periodically on a case by case basis.

Restructuring and capacity adjustment costs

A provision for restructuring and capacity adjustment costs is recognized only after management has approved, committed to and started to implement a formal plan. Employee termination benefits are recognized after the representatives of employees or individual employees have been informed of the intended measures in detail and the related compensation packages can be reliably measured. The costs included in a provision for capacity adjustment are those costs that are either incremental or incurred as a direct result of the plan or as the result of a continuing contractual obligation with no continuing economic benefit to Metso or a penalty incurred to cancel the contractual obligation. Restructuring and capacity adjustment expenses are recognized in either cost of goods sold or in selling, general and administrative expenses depending on the nature of the restructuring expenses. Restructuring costs can also include other costs, which are recorded under other operating income and expenses, net, incurred as a result of the plan, such as asset write-downs.

Environmental remediation costs

Metso recognizes provisions associated with environmental remediation obligations when there is a present obligation as a result of past events, an outflow of resources is considered probable, and the obligation can be estimated reliably. Such provisions are adjusted as further information develops or circumstances change. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed virtually certain.

Provision for loss making projects

A provision for loss making projects is booked when the costs needed to settle the performance obligations of the contract exceed the consideration to be received. Such a provision for the unrecognized portion of the loss is recognized immediately when these conditions have been met and is revised according to the progress of the project.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT Provisions booked require management to estimate the future costs needed to settle the obligations and to estimate the possible outcomes of claims or lawsuits. The outcome depends on future development and events, so the final costs needed and the timing to settle the obligation may differ from the initial provision estimated.

For larger and long-term delivery projects and sales involving new technology, additional warranty provisions can be established on a case by case basis to take into account the potentially increased risk.

Balance sheet value for year 2023 present continuing operations, and the comparison year 2022 has not been restated.

Provisions

	2023			2022		
EUR million	Non-current	Current	Total	Non-current	Current	Total
Warranty and guarantee provision	0	97	98	0	90	90
Project loss provisions [1]	27	67	94	27	84	112
Restructuring provision	1	8	9	1	3	4
Environmental remedial provision	0	1	1	0	1	1
Russia wind-down provision	–	32	32	–	46	46
Other provisions [2]	34	30	64	31	24	55
Total	**63**	**235**	**298**	**59**	**248**	**307**

[1] Including EUR 13 million project loss provision related to the Russian wind down.
[2] Includes provisions related to lawsuits and personnel liabilities.

Because of the Russia's military offensive against Ukraine, Metso has not taken any new orders for deliveries to Russia and undertook to wind-down orders taken before the start of the war. To cover the costs of the wind-down process, the company booked a non-recurring charge of EUR 150 million in year 2022. The wind-down was concluded in 2023. EUR 45 million of the charge remained unused at the end of December. Wind-down is mostly related to Minerals segment. Metso continues to fully comply with all applicable sanctions against Russia.

Changes in provisions

2023 EUR million	Warranty and guarantee provision	Project loss provisions	Restructuring provision	Environmental remediation provision	Russia wind-down provision	Total
Carrying value at January 1	90	112	4	1	46	252
Impact of exchange rates	-1	0	0	0	–	-1
Addition charged to expense	51	76	8	0	–	135
Used reserve	-29	-81	-3	0	-5	-118
Reversal of reserve / other changes	-8	-9	0	0	-9	-26
Classified as held for sale	-5	-3	–	–	–	-9
Carrying value at December 31	**98**	**94**	**9**	**1**	**32**	**234**

2.7. Post-employment obligations

MATERIAL ACCOUNTING POLICIES Metso has several different pension schemes in accordance with local regulations and practices in countries where it operates. In certain countries, the pension schemes are defined benefit plans with retirement, disability, death, and other post-retirement benefits, such as health services, and termination income benefits. The retirement benefits are usually based on the number of service years and the salary levels of the final service years. Metso has both defined contribution and defined benefit schemes. The schemes are generally funded through payments to insurance companies or to trustee-administered funds. Other arrangements are unfunded with benefits being paid directly by Metso as they fall due. All arrangements are subject to local tax and legal restrictions in their respective jurisdictions.

In the case of defined benefit plans, the liability recognized from the plan is the present value of the defined benefit obligation as of the balance sheet date less the fair value of the plan assets. Independent actuaries calculate the defined benefit obligation by applying the projected unit credit method under. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and having maturity approximating to the terms of the related pension obligation. The cost of providing retirement and other post-retirement benefits to personnel is charged to profit and loss concurrently with the service rendered by personnel. Net interest is recorded through finance income and expenses in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized through OCI in shareholders' equity in the period in which they arise. Past service costs, gains and losses on curtailments or settlements are recognized immediately in the income statement.

The contributions to defined contribution plans and multi-employer and insured plans are charged to profit and loss concurrently with the payment obligations.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT The present value of the pension obligations is based on annual actuarial calculations, which use several assumptions such as the discount rate and expected return on assets, salary and pension increases and other actuarial factors. As a result, the liability recorded on Metso's balance sheet and cash contributions to funded arrangements are sensitive to changes. Where the actuarial experience differs from those assumptions gains and losses result, which are recognized in OCI. Sensitivity analyses on the present value of the defined benefit obligation have been presented in the tables. Assets of Metso's funded arrangements are managed by external fund managers. The allocation of assets is reviewed regularly by those responsible for managing Metso's arrangements based on local legislation, professional advice and consultation with Metso, based on acceptable risk tolerances.

Metso's pension and other post-employment plans

Pension arrangements in Germany, the US, the UK and Canada together represent 82% of Metso's Defined Benefit Obligation and 75% of its pension assets. These arrangements provide retirement income, which is substantially based on salary and service at or near retirement.

The German plans are unfunded with benefits paid directly by the company as they fall due. In the US and Canada, annual valuations are carried out to determine whether cash funding contributions are required in accordance with local legislation. In the UK, Metso's defined benefit pension arrangement is closed for future accrual. Plan assets are held by a separate pension fund and are administered by a Board of Trustees. Cash contributions are determined on a triennial basis in accordance with local funding legislation, with the level of cash payments being agreed between the trustees and Metso.

Assets of Metso's funded arrangements are managed by external fund managers. The allocation of assets is reviewed regularly by those responsible for managing Metso's arrangements based on local legislation, professional advice and consultation with Metso, based on acceptable risk tolerances.

The expected contributions to plans in 2024 are EUR 9 million. Metso paid contributions of EUR 11 million to defined benefit plans in 2023.

Figures presented in this disclosure include both continuing and discontinued operations.

Amounts recognized as of December 31 in the balance sheet

	2023			2022		
EUR million	Pension benefits	Other post-employment benefits	Total	Pension benefits	Other post-employment benefits	Total
Present value of funded obligations	89	–	89	88	–	88
Fair value of plan assets	-90	–	-90	-89	–	-89
Total	0	–	0	-1	–	-1
Present value of unfunded obligations	68	30	98	66	29	95
Unrecognized asset	0	–	0	1	–	1
Total	68	30	98	67	29	96
Amounts in the balance sheet						
Liabilities	70	30	100	67	29	97
Assets	-2	–	-2	-1	–	-1
Net liability	**68**	**30**	**98**	**67**	**29**	**96**

Movements in the net liability recognized in the balance sheet (total)

EUR million	2023	2022
Net liability at beginning of year	96	107
Reclassification	–	1
Net expense recognized in the income statement	9	6
Employer contributions	-11	-11
Gain (+) / loss (–) recognized through OCI	5	-9
Translation differences	-1	2
Net liability at end of year	**98**	**96**

Amounts recognized through the income statement

	2023			2022		
EUR million	Pension benefits	Other post-employment benefits	Total	Pension benefits	Other post-employment benefits	Total
Employer's current service cost	1	3	4	2	2	3
Net interest on net surplus (+) / deficit (-)	2	1	4	0	1	2
Settlements	–	–	–	0	–	0
Gain (-) / loss (+) recognized in income statement	1	0	0	0	0	0
Administration costs paid by the scheme	1	–	1	1	–	1
Expense (+) / income (-) recognized in income statement	**5**	**4**	**9**	**3**	**3**	**6**

Amounts recognized through OCI

	2023			2022		
EUR million	Pension benefits	Other post-employment benefits	Total	Pension benefits	Other post-employment benefits	Total
Return on plan assets, excluding amounts included in interest expense (+) / income (-)	0	–	0	43	–	43
Actuarial gain (-) / loss (+) on liabilities due to change in financial assumptions	3	1	4	-58	-5	-63
Actuarial gain (-) / loss (+) on liabilities due to change in demographic assumptions	-2	–	-2	0	0	0
Actuarial gain (-) / loss (+) on liabilities due to experience	4	0	4	9	2	11
Gain (-) / loss (+) as result of asset ceiling	-1	–	-1	0	–	0
Total gain (-) / loss (+) recognized through OCI	**4**	**1**	**5**	**-5**	**-4**	**-9**

Changes in the value of the defined benefit obligation

	2023			2022		
EUR million	Pension benefits	Other post-employment benefits	Total	Pension benefits	Other post-employment benefits	Total
Defined benefit obligation at beginning of year	154	29	183	214	35	249
Other adjustment to present value	–	–	–	1	–	1
Employer's current service cost	1	3	4	2	2	3
Interest cost	6	1	7	3	1	4
Business combinations	–	–	–	-1	0	-1
Past service cost (+) / credit (-)	–	–	–	–	0	0
Actuarial gain (-) / loss (+) due to change in financial assumptions	3	1	4	-58	-5	-63
Actuarial gain (-) / loss (+) on liabilities due to change in demographic assumptions	-2	–	-2	0	0	0
Actuarial gain (-) / loss (+) due to experience	4	–	4	9	1	10
Settlements gain (-) / loss (+)	0	–	0	-2	–	-2
Benefits paid from the arrangement	-6	–	-6	-6	–	-6
Benefits paid direct by employer	-4	-4	-8	-4	-5	-9
Translation differences	1	0	1	-5	2	-4
Defined benefit obligation at end of year	**158**	**30**	**187**	**154**	**30**	**183**

Changes in the fair value of the plan assets during the year

	2023	2022
EUR million	Pension and other post-employment benefits total	
Fair value of assets at beginning of year	89	143
Interest income on assets	4	3
Return on plan assets excluding interest income	0	-43
Assets distributed on settlements	0	-2
Business combinations	–	-1
Employer contributions	11	5
Benefits paid from the arrangements	-6	-6
Benefits paid direct by employer	-8	-4
Administration expenses paid from the scheme	-1	-1
Translation differences	1	-6
Fair value of assets at end of year	**90**	**89**

Major categories of plan assets as a percentage of total plan assets as of December 31

	2023			2022		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity securities	5%	0%	5%	6%	0%	6%
Bonds	4%	0%	4%	2%	0%	2%
Cash	6%	0%	6%	6%	0%	6%
Insurance contracts	0%	63%	63%	0%	63%	63%
Other	8%	15%	23%	8%	14%	22%
Total	**23%**	**77%**	**100%**	**23%**	**77%**	**100%**

As of December 31, 2023, there were no plan assets invested in affiliated or property occupied by affiliated companies.

Principal actuarial assumptions on December 31 expressed as weighted averages

%	2023	2022
Benefit obligation		
Discount rate	4.09%	4.15%
Rate of salary increase	3.37%	3.18%
Rate of pension increase	2.49%	2.58%
Expense in income statement		
Discount rate	4.15%	1.63%
Rate of salary increase	3.18%	2.79%
Rate of pension increase	2.58%	2.37%

The calculated life expectancy of people covered by defined benefit plans is based on regularly updated local mortality tables. These are shown in the table below.

Weighted average life expectancy used for the major defined benefit plans

	2023		2022	
Life expectancy at age of 65 for a male member, who is	currently aged 65	currently aged 45	currently aged 65	currently aged 45
Germany	20.8	23.5	20.6	23.4
United States	20.7	22.2	20.7	22.2
United Kingdom	21.7	22.2	21.8	22.4
Canada	22.1	23.1	22.0	23.0

Life expectancy is allowed for in the assessment of the defined benefit obligation using mortality tables which are generally based on experience within the country in which the arrangement is located with (in many cases) an allowance made for anticipated future improvements in longevity.

Sensitivity analyses on present value of defined benefit obligation in the next table presents the present value of the defined benefit obligation when major assumptions are changed while others held constant.

Sensitivity analyses

	2023			2022		
%	Pension	Other	Total	Pension	Other	Total
Discount rate						
Increase of 0.25%	-4.5	-0.6	-5.1	-4.3	-0.6	-4.9
Decrease of 0.25%	4.7	0.6	5.3	4.5	0.7	5.2
Salary increase rate						
Increase of 0.25%	–	0.1	0.1	–	0.2	0.2
Decrease of 0.25%	–	-0.1	-0.1	–	-0.2	-0.2
Pension increase rate						
Increase of 0.25%	1.5	n/a	1.5	1.4	n/a	1.4
Decrease of 0.25%	-1.5	n/a	-1.5	-1.3	n/a	-1.3
Medical cost trend						
Increase of 1.00%	n/a	0.9	0.9	n/a	1.0	1.0
Decrease of 1.00%	n/a	-0.8	-0.8	n/a	-0.9	-0.9
Life expectancy						
Increase of one year	6.3	0.9	7.2	6.9	0.9	7.8
Decrease of one year	-6.2	-0.9	-7.1	-6.6	-0.9	-7.5

Weighted average duration of defined benefit obligation expressed in years

	2023			2022		
In years	Pension	Other	Total	Pension	Other	Total
On December 31	12.0	9.2	11.6	11.8	9.4	11.5

3. Intangible and tangible assets

3.1. Goodwill and intangible assets

MATERIAL ACCOUNTING POLICIES

Goodwill and intangible assets with an indefinite useful life

Goodwill represents the excess of acquisition costs over the fair value of net identified assets acquired and liabilities assumed and the fair values of previously owned interests and non-controlling interests. Goodwill is allocated to cash generating units (CGUs), which are the reportable segments Aggregates and Minerals. If Metso reorganizes its reporting structure, goodwill is reallocated to the cash generating units affected based on their relative fair values at the time of the reorganization. The carrying value of goodwill is tested with the CGU's value in use or the CGU's fair value less costs of disposal, when appropriate. Previously recognized impairment losses on goodwill are not reversed.

Intangible assets with an indefinite useful life, such as brand values, are not amortized. Currently, such assets are tested for impairment annually as part of the appropriate CGU tested for impairment. Previous losses on impairment are only reversed to the extent that the new carrying amount of the assets does not exceed the carrying amount the asset would have had, if the asset had not been impaired.

Intangible assets

Intangible assets with a definite useful life, mainly trademarks, patents, licenses, IT software, or acquired order backlog are measured at costs less accumulated amortization and impairment losses.

Amortization of intangible assets

Amortization of intangible assets with a definite useful life is calculated on a straight-line basis over the useful life of the assets as follows:

Patents and licenses	5–10 years
Computer software	3–5 years
Technology	3–20 years
Customer relationships	3–20 years
Other intangible assets	< 1–20 years

The probable useful lives of assets are reviewed annually. If material deviations from previous estimates arise, the useful lives are reassessed. The carrying value of intangible assets subject to amortization is reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. A previously recognized impairment loss may be reversed if there is a significant improvement of the circumstances having initially caused the impairment, but not to a higher value than the carrying amount, that would have been recorded had there been no impairment in prior years.

Research and development expenses comprise salaries, administration costs, depreciation, and amortization of property, plant, and equipment and intangible assets, and they are mainly recognized as incurred. When material development costs meet certain capitalization criteria under IAS 38, they are capitalized and amortized during the expected useful life of the underlying technology.

Goodwill and intangible assets

2023 EUR million	Goodwill	Patents and licenses	Capitalized software	Other intangible assets	Goodwill and intangible assets total
Acquisition cost at beginning of year	1,128	102	16	1,079	2,326
Translation differences	-4	-2	0	-3	-9
Business acquisitions	14	–	–	23	37
Capital expenditure	–	4	12	16	32
Reclassifications	–	0	3	-3	0
Other changes	–	-2	-2	-4	-7
Acquisition cost at end of year	1,138	103	29	1,108	2,379
Accumulated depreciation at beginning of year	–	-79	-13	-261	-353
Translation differences	–	2	0	2	4
Other changes	–	0	2	1	3
Impairment losses	–	0	0	0	0
Amortization charges for the year	–	-4	-1	-60	-65
Accumulated depreciation at end of year	–	-81	-13	-317	-411
Classified as held for sale	-41	-3	0	-37	-81
Net book value at end of year	**1,097**	**19**	**16**	**754**	**1,886**

Metso

Goodwill and intangible assets

2022 EUR million	Goodwill	Patents and licenses	Capitalized software	Other intangible assets	Goodwill and intangible assets total
Acquisition cost at beginning of year	1,124	102	20	1,057	2,321
Translation differences	-1	2	0	3	4
Business acquisitions	5	1	–	7	13
Capital expenditure	–	5	1	15	21
Reclassifications	–	0	0	0	0
Other changes	–	-9	-6	-1	-16
Acquisition cost at end of year	1,128	102	16	1,079	2,326
Accumulated depreciation at beginning of year	–	-80	-17	-203	-300
Translation differences	–	-2	0	-1	-4
Business acquisitions	–	0	–	–	0
Other changes	–	7	6	3	16
Amortization charges for the year	–	-4	-2	-60	-66
Accumulated depreciation at end of year	–	-79	-13	-261	-353
Net book value at end of year	**1,128**	**24**	**3**	**818**	**1,972**

Impairment testing

MATERIAL ACCOUNTING POLICIES Goodwill and other intangible assets with an indefinite useful life are tested for impairment annually. The testing of goodwill and other intangible assets with an indefinite useful life is performed at the cash generating unit level. If the carrying value of goodwill exceeds the recoverable value, an impairment is recognized in the income statement under depreciation and amortization. Impairment losses on goodwill are not reversed. Currently, Metso's management has defined two separate CGUs: Aggregates and Minerals, to which goodwill has been allocated.

The recoverable amounts of CGUs are based on value in use calculations, where the estimated future cash flows of CGUs are discounted to their present value. The cash flows are derived from the current year's last-quarter estimate, the following year's budget, and the approved strategy for the next four years, beyond which cash flows are calculated using the terminal value method. The terminal growth rate used is based on management's judgment of average long-term growth. Cash flows include only normal maintenance investments and exclude any potential investments that enhance the CGU's performance and acquisitions.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT Value in use calculations are inherently judgmental and highly susceptible to change from period to period because they require management to make assumptions about future supply and demand related to its individual business units, future sales prices, profit margins, and achievable efficiency savings over time. The value of benefits and savings expected from the efficiency improvement programs are inherently subjective. As part of the future business assessments, management also evaluates business risks and the possible impact on future cash flows. The possible effects of climate change on Metso's business is assessed as part of this overall risk assessment. Due to impact of uncertainties related to impact assessment, in the Board of Directors' report the possible effects of climate change on the company's operating environment and business have been described in more detail with scenarios. Metso management estimates sales growth rate and EBITDA development for the testing period as well as the discount factor used. The present value of the cash generating units is discounted using the CGU's weighted average cost of capital (WACC) calculated by Metso. WACC calculations include judgments regarding, among other things, relevant beta factors, peer companies, and capital structure to use.

Metso performs impairment testing annually, or whenever there is an indication of impairment. Typical triggering events are material deterioration in the global economy or political environment, observed significant under-performance relative to projected future performance, and significant changes in Metso's strategy.

Expected useful lives and remaining amortization periods for other intangible assets are reviewed annually by management. Acquisitions, disposals, and restructuring actions typically generate a need for reassessment of recoverable amounts and remaining useful lives of assets. When other intangible assets are measured at fair value, less costs of disposal, the selling price, incremental costs, and selling costs need to be estimated by management. Metso assesses the effects of the climate change to the future cash flows while performing the impairment calculations.

Upon initial acquisition, Metso uses readily available market values to determine the fair values of acquired net assets to be allocated. However, when this is not possible, the valuation is based on past performance of such an asset and expected future cash generating capacity, which requires management to make estimates and assumptions of the future performance and use of these assets. Any change in Metso's future business priorities may affect the recoverable amounts.

Goodwill allocation to cash generating units

EUR million	2023	2022
Balance at the beginning of year	1,128	1,124
Translation differences	-4	-1
Allocation to discontinued operations	-41	–
Acquisitions and disposals	14	5
Balance at the end of year	**1,097**	**1,128**

EUR million	Minerals	Aggregates	Total
Balance at the end of year	884	212	1,097

Annual impairment test in 2023

On December 31, 2023, goodwill totaled EUR 1,097 million. In accordance with the Metso reporting structure, goodwill is allocated to the reportable segments, Aggregates and Minerals. The cost of centralized Group services was allocated to the CGUs based on their proportional share of sales volume.

Given that the recoverable amounts of both CGUs significantly exceeded the carrying value of goodwill and other tested assets, no indication of impairment was found in 2023. The value in use calculations were derived from estimates, budgets, and strategy figures reviewed by Metso's management and approved by the Board of Directors.

The key assumptions used in assessing the recoverable amount are the profitability and growth rate in the estimate period, long-term average growth in the terminal period and discount rate. The key values used were the following:

%	Minerals	Aggregates
Sales growth in four years estimate period	7.4%	11.3%
EBITDA % range in four years estimate period	17.9%–20.5%	16.1%–17.2%
Growth rate in the terminal period	2.0%	2.0%
WACC after tax	9.5%	9.5%
WACC before tax	11.9%	11.8%

Values assigned to key assumptions reflect past experience and the management's expectations on the future sales and production volumes, which are based on the current structure and production capacity of the CGUs. The seasonality and current market situation of the cash generating units have been considered separately. In addition, data on growth, demand, and price development, provided by various research institutions, have been utilized. The growth rate of 2.0% for the terminal period is based on the long-term expectations on the growth in Metso's market environment, considering the current interest rate environment and overall financial market situation.

WACC before tax is used as a discount factor in the calculations. It takes into account the expected return on both debt and equity and has been derived from the WACC on comparable peer industry betas, capital structure, and tax rates. CGU WACCs are evaluated annually for testing, and CGU-specific risk is incorporated through individual beta factors from the market data of the segment's peer companies.

Sensitivity analysis

The sensitivity to impairment of the calculations of both cash generating units was tested in the following scenarios:

- Scenario 1: increasing WACC by 2.0 percentage points
- Scenario 2: reducing the terminal growth rate from 2.0% to 1.5%

Impact to the value in use of the CGUs in the sensitivity analysis

%	WACC increase by 2 p.p.	Terminal growth from 2% to 1.5%
Minerals	-22%	-5%
Aggregates	-23%	-5%

The sensitivity analysis also includes several cash projections on break-even levels of EBITDA %, WACC, and sales growth, based on a reasonable change in the future performance of the CGU. However, the impact on the present value obtained is limited, as long as there is no permanent weakening expected for the business, which would affect the terminal value. Based on these sensitivity analyses, management believes that no reasonably possible change of the key assumptions used would cause the carrying value of any CGU to exceed its recoverable amount. In 2023, the sensitivity analysis did not indicate risks of impairment.

3.2. Property, plant, and equipment

MATERIAL ACCOUNTING POLICIES Property, plant, and equipment (PPE) are stated at historical cost, less accumulated depreciation, and write-downs, if any. The property, plant, and equipment of acquired subsidiaries are measured at their fair value at the acquisition date.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Buildings 15–40 years
Machinery and equipment 3–20 years
Land and water areas are not depreciated.

Expected useful lives are reviewed at each balance sheet date and, if they differ significantly from previous estimates, the remaining depreciation periods are adjusted accordingly.

Subsequent improvement costs related to an asset are included in the carrying value of such asset or recognized as a separate asset, as appropriate, only when the future econ omic benefits associated with the costs are probable and the related costs can be separated from normal maintenance costs.

Metso reviews tangible assets to be held and used by the company for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Gains and losses on the disposal of property, plant, and equipment and possible impairments are recognized in other operating income and expenses. A previously recognized impairment loss may be reversed if there is a significant improvement in the circumstances having initially caused the impairment, however not to a higher value than the carrying amount that, would have been recorded had there been no impairment in prior years.

Metso reviews the climate change related matters which may affect the estimated residual value, expected useful lives of assets and the possible reflected changes in the recognized amount of depreciation or amortization.

Capitalized interests

Interest expenses of self-constructed property, plant, and equipment are capitalized in Metso's financial statements. The capitalized interest expense is amortized over the estimated useful life of the underlying asset.

Government

Government grants relating to additions to property, plant, and equipment are deducted from the acquisition cost of the asset and they reduce the depreciation charge of the related asset. Other government grants are deferred and recognized as profit and presented as a net of expenses concurrently with the costs they compensate.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT Acquisitions, disposals and restructuring actions typically generate a need for reassessment of the recoverable values and remaining useful lives of assets. When property, plant, and equipment are valued at fair value less costs of disposal, the selling price, incremental costs and selling costs need to be estimated by management.

Property, plant, and equipment

2023 EUR million	Land and water areas	Buildings	Machinery and equipment	Assets under construction	PPE total
Acquisition cost at beginning of year	40	233	624	57	954
Translation differences	-1	-4	-8	0	-12
Business acquisitions	1	4	4	–	8
Business disposals	–	0	0	–	0
Capital expenditure	–	17	57	64	138
Reclassifications	–	9	19	-28	0
Divestments and other changes	-1	-7	-37	-2	-47
Acquisition cost at end of year	39	252	658	91	1,041
Accumulated depreciation at beginning of year	–	-116	-431	–	-547
Translation differences	–	2	5	–	7
Business acquisitions	–	–	-2	–	-2
Business disposals	–	–	0	–	0
Divestments and other changes	–	6	33	–	39
Write-downs	–	-3	-8	–	-11
Depreciation charges for the year	–	-9	-45	–	-54
Accumulated depreciation at end of year	–	-121	-447	–	-568
Classified as held for sale	0	0	0	–	-1
Net book value at end of year	**39**	**131**	**211**	**91**	**472**

2022 EUR million	Land and water areas	Buildings	Machinery and equipment	Assets under construction	PPE total
Acquisition cost at beginning of year	35	235	586	43	899
Translation differences	0	0	5	0	5
Business acquisitions	–	2	3	–	5
Business disposals	0	0	-5	0	-5
Capital expenditure	8	4	38	42	93
Reclassifications	1	2	23	-27	0
Divestments and other changes	-3	-11	-27	-1	-42
Acquisition cost at end of year	40	233	624	57	954
Accumulated depreciation at beginning of year	–	-113	-410	–	-523
Translation differences	–	0	-5	–	-5
Business acquisitions	–	-1	-1	–	-2
Business disposals	–	0	5	–	5
Divestments and other changes	–	7	25	–	32
Write-downs	–	0	-1	–	-1
Depreciation charges for the year	–	-9	-43	–	-52
Accumulated depreciation at end of year	–	-116	-431	–	-547
Net book value at end of year	**40**	**117**	**193**	**57**	**407**

3.3. Right-of-use assets

MATERIAL ACCOUNTING POLICIES Metso recognizes a right-of-use asset in the balance sheet for lease agreements which give the right to use the asset during the lease period and the lease liability based on the lease payment obligation. The right-of-use assets and corresponding lease liabilities are recognized at present value. Lease liabilities include the following payments:

- fixed payments, less any lease incentives provided by the lessor;
- variable payments that depend on an index or a rate;
- expected payments under residual value guarantees;
- the exercise price of purchase options when exercise is estimated to be reasonably certain; and
- penalties for terminating the lease if the lease term reflects the exercise of a termination option.

Lease payments are discounted by using the implicit interest rate in the lease to the extent it can be readily determined. Otherwise the currency specific incremental borrowing rate is used as the discount rate. Interest expenses are recognized in the income statement as finance expense.

Right-of-use assets are measured at cost. The cost comprises the following:

- lease liability;
- lease payments made at or before the commencement of the lease, less lease incentives received;
- initial direct costs; and
- estimated dismantling and restoration costs.

Subsequently, right-of-use assets are measured at cost and depreciated over the shorter of estimated useful life and the lease term. Metso's right-of-use assets consist primarily of operative and office premises in the category of buildings, and cars, operative machinery, and equipment in the category of machinery and equipment. The depreciation of right-of-use assets are recognized in the in the income statement in cost of sales and selling and administrative expenses.

Metso uses practical expedients provided for leases. Lease payments for leases of low value assets and short-term leases (shorter than twelve months) are expensed on a straight-line basis. Low value assets comprise IT equipment and other small office items.

The lease payments are presented in the cash flow from financing activities, and the interest related to leases are presented in the cash flow from operating activities. Lease payments related to short-term leases and low-value assets are presented in the cash flow from operating activities.

Modifications to lease agreements may result in adjustments to existing right-of-use assets and lease liabilities. A gain or loss arising from a modification, or a termination of a lease agreement is recognized as other operating income or other operating expenses in the income statement.

A number of lease contracts include extension and termination options. Such options have been taken into account when determining the lease term. A period covered by Metso's option to extend the lease is included in the lease term if such option is sufficiently likely to be exercised. Further, a period covered by Metso's option to terminate the lease is included in the lease term if it is reasonably certain that such option will not be exercised.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT The most significant management judgment relates to lease agreements that include extension or early termination options for Metso. For these contracts, management needs to assess the probability of exercising such option, which may significantly affect the estimated length of the lease term, and consequently, the amounts of right-of-use asset and lease liability, as well as the related depreciation and interest expense. Management judgment is also applied in defining the incremental borrowing rate used to calculate the present value of the future lease payments.

Amounts recognized in balance sheet

2023 EUR million	Land and water areas	Buildings	Machinery and equipment	Right-of-Use assets total
Acquisition cost at beginning of year	5	167	27	199
Translation differences	0	-3	0	-3
Business acquisitions	–	2	0	2
Additions	0	25	17	41
Derecognition	0	-19	-8	-27
Acquisition cost at end of year	5	171	36	212
Accumulated depreciation at beginning of year	0	-70	-14	-84
Translation differences	–	1	0	2
Accumulated depreciation for derecognized contracts	0	15	7	22
Depreciation charges for the year	0	-28	-9	-37
Accumulated depreciation at end of year	0	-81	-15	-97
Classified as held for sale	–	-1	0	-1
Net book value at end of year	**5**	**89**	**21**	**114**

2022 EUR million	Land and water areas	Buildings	Machinery and equipment	Right-of-Use assets total
Acquisition cost at beginning of year	1	171	29	202
Translation differences	–	-1	-1	-2
Business disposals	–	-6	-1	-6
Additions	5	25	10	40
Derecognition	-2	-23	-10	-35
Acquisition cost at end of year	5	167	27	199
Accumulated depreciation at beginning of year	–	-55	-15	-70
Translation differences	–	-2	–	-2
Business disposals	–	5	1	5
Accumulated depreciation for derecognized contracts	–	12	8	21
Depreciation charges for the year	–	-29	-8	-38
Accumulated depreciation at end of year	–	-70	-14	-84
Net book value at end of year	**5**	**97**	**13**	**115**

Amounts recognized in profit and loss

EUR million	2023	2022
Operating profit		
Depreciation expense on right-of-use assets	-37	-38
Rental expense relating to leases of low-value assets	-1	-1
Rental expense relating to leases of short-term assets	-4	-3
Finance expenses		
Interest expense on lease liabilities	-5	-5
Total amount recognized in profit and loss	**-46**	**-47**

The total cash outflow for leases including short-term leases and leases of low-value assets in 2023 was EUR 47 million (EUR 44 million in 2022). A maturity analysis of lease liabilities is presented in note 4.5.

3.4. Depreciation and amortization

Year 2023 figures comprise continuing operations and year 2022 has been restated accordingly.

Depreciation and amortization by asset class

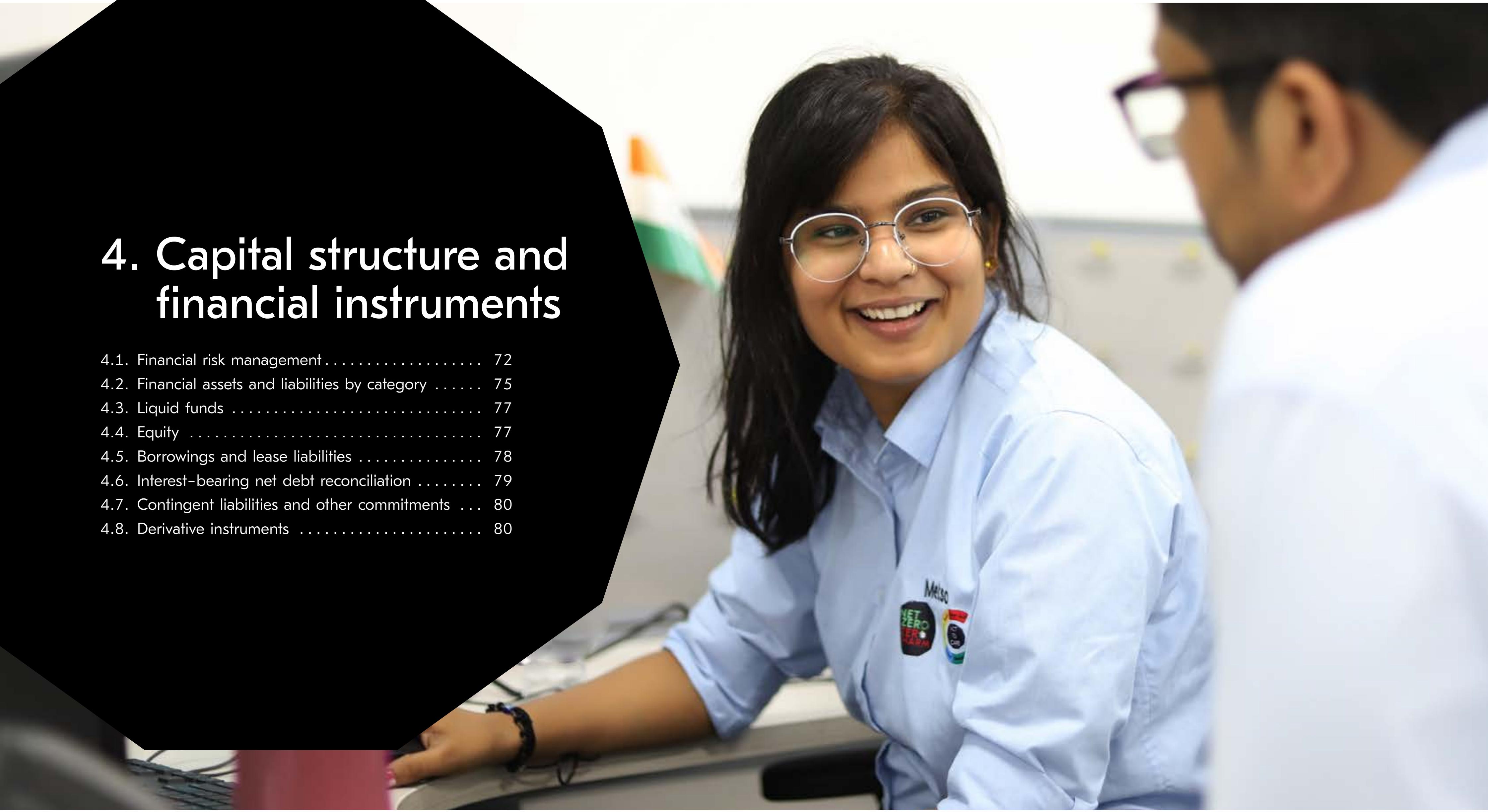
EUR million	2023	2022
Intangible assets		
Intangible assets from acquisitions	-49	-52
Other intangible assets	-15	-11
Property, plant and equipment		
Buildings	-9	-9
Machinery and equipment	-44	-42
Right-of-use assets		
Land areas	0	0
Buildings	-26	-27
Machinery and equipment	-9	-8
Total	**-153**	**-149**

Depreciation and amortization by function

EUR million	2023	2022
Cost of goods sold	-88	-85
Selling, general and administrative expenses	-64	-64
Total	**-153**	**-149**

The depreciation and amortization of discontinued operations totaled EUR 6 million in year 2023 (EUR 7 million in 2022).

4. Capital structure and financial instruments



4.1. Financial risk management

As a global company, Metso is exposed to a variety of business and financial risks. Financial risks are managed centrally by the Group Treasury under annually reviewed written policies approved by the Board of Directors. Treasury operations are monitored by the Treasury Management Team chaired by the CFO. Group Treasury identifies, evaluates, and hedges financial risks in close cooperation with the operating units. Group Treasury functions as counterparty to the operating units, manages centrally external funding, and is responsible for the management of financial assets and appropriate hedging measures. The objective of financial risk management is to minimize potential adverse effects on Metso's financial performance.

Sensitivity analysis

Sensitivity analysis figures presented in connection with different financial risks are based on the risk exposures at the balance sheet date. The sensitivity is calculated by assuming a change in one of the risk factors of a financial instrument, such as interest or currency. It is not likely that the future volatility of a risk factor will develop in accordance with the test assumptions and that only one factor would be impacted.

When calculating the sensitivity, Metso has chosen to use market conventions in assuming a one percentage point (100 basis points) variation in interest rates, and a 10 percent change in foreign exchange rates because this provides better comparability from one period to another and information on volatility to users of financial statements. Metso is aware that such assumptions may not be realistic when compared to past volatility and they are not intended to reflect the future. Metso has chosen not to use past volatility as this could mislead the users of financial statements to assume the analysis reflects management's view on future volatility of the financial instruments.

Liquidity and refinancing risk and capital structure management

Liquidity or refinancing risk arises when a company is not able to arrange funding at terms and conditions corresponding to its creditworthiness. Sufficient cash, short-term investments, and committed and uncommitted credit facilities are maintained to protect short-term liquidity. Diversification of funding among different markets and an adequate number of financial institutions is used to safeguard the availability of liquidity at all times. Group Treasury monitors bank account structures, cash balances and forecasts of the operating units, and manages the utilization of the consolidated cash resources.

The liquidity position of Metso remained strong supported by the healthy operative cash flow, maturity structure of the funding, and available back up credit facilities. Liquid funds, consisting of cash and cash equivalents, amounted to EUR 638 million (EUR 601 million in 2022), and there were no deposits or securities with a maturity more than three months (EUR 0 million in 2022).

In addition, Metso has a committed and undrawn syndicated EUR 600 million revolving credit facility with a maturity in 2026. At the end of the period the facility was undrawn. The company also has a EUR 600 million Finnish commercial paper program, which was not utilized at the end of the period.

Metso has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 1.081 million at carrying value was outstanding at the end of December (EUR 758 million at the end of December 2022).

During the third quarter, Metso signed a one-year extension to an existing EUR 100 million term loan agreement with a new maturity in September 2025.

During the fourth quarter, Metso issued its first Sustainability Linked Bond for EUR 300 million with a coupon of 4.375% and maturity in 2030. The bond has two sustainability linked step-up components tested at the end of 2025 and 2027. If Metso is not compliant with these KPI's the coupon will increase. During the period company also draw-down EUR 50 million research, development, and innovation (RDI) loan with European Investment Bank maturing in 2030.

Metso's refinancing risk is managed by balancing the proportion of short-term and long-term debt as well as the average remaining maturity of long-term debt. The tables below analyze the repayments and interests on Metso's liabilities by the remaining maturities from the balance sheet date to the contractual maturity date. The net interest payments of interest-rate swaps hedging long-term loans are included in the long-term debt repayment figures.

Maturities of debts

	Dec 31, 2023			Dec 31, 2022		
EUR million	<1 year	1–5 years	> 5 years	<1 year	1–5 years	> 5 years
Long-term debt						
Repayments	–	813	368		700	336
Interests	–	162	35		99	6
Other liabilities	–	–	–	–	–	–
Short-term debt						
Repayments	245	–	–	176	–	–
Interests	56	–	–	33	–	–
Trade payables	675	–	–	772	–	–
Other liabilities	–	–	–	–	–	–
Total	**976**	**975**	**403**	**981**	**799**	**342**

Detailed information on balance sheet items is presented in other notes to the Consolidated financial statements. Capital structure is assessed regularly by the Board of Directors and managed operationally by Group Treasury.

Capital structure management in Metso comprises both equity and interest-bearing debt. As of December 31, 2023, the equity attributable to shareholders was EUR 2,608 million (EUR 2,342 million in 2022), and the amount of interest-bearing debt excluding lease liabilities was EUR 1,410 million (EUR 1,174 million in 2022).

Metso has a target to maintain an investment-grade credit rating. Moody's Investor Service has assigned a 'Baa2' long-term issuer rating with stable outlook and S&P Global Ratings a 'BBB' long-term issuer credit rating with stable outlook to Metso.

There are no prepayment covenants in Metso's financial contracts that would be triggered by changes in the credit rating. Covenants included in some financing agreements would only become valid, if Metso's credit rating was below Investment Grade, and the covenants would be related to Metso's capital structure. Covenants are related to EUR 290 million loans from financial institutions and syndicated EUR 600 million revolving credit facility. Metso is in compliance with all covenants and other terms of its debt instruments.

Interest rate risk

Interest rate risk arises when changes in market interest rates and interest margins influence finance costs, returns on financial investments and valuation of interest-bearing balance sheet items. Interest rate risks are managed by balancing the ratio between fixed and floating interest rates and by managing the duration of debt and investment portfolios. Additionally, Metso may use derivative instruments, such as forward rate agreements, swaps, options, and futures contracts, to mitigate the risks arising from interest-bearing assets and liabilities. The interest rate risk is managed and controlled by the Group Treasury and measured using sensitivity analysis and duration of long-term debt. The duration of total interest-bearing debt was 1.8 years as of December 31, 2023 (1.7 years in 2022).

At the end of 2023, the balance sheet items exposed to interest rate risk were interest-bearing assets of EUR 644 million (EUR 609 million in 2022), and interest-bearing debt excluding lease liabilities amounted to EUR 1,410 million (EUR 1,174 million in 2022).

The basis for the interest rate sensitivity analysis is an aggregate group-level interest exposure, composed of interest-bearing assets, interest-bearing debt, and financial derivatives, such as interest rate swaps and options, which are used to hedge the underlying exposures. For all interest-bearing current debt and assets to be fixed during the next 12 months, a one percentage point move upwards or downwards in interest rates with all other variables held constant would have an effect on Metso's net interest expenses, net of taxes, of EUR –/+0.1 million (EUR –/+0.1 million in 2022).

For financial assets valued at fair value, a one percentage point change upwards or downwards in all interest rates with all other variables held constant would have the following effects, net of taxes, in the income statement and equity:

EUR million	2023	2022
Effects in		
Income statement	+/-4.4	+/-3.2
Equity	+/-0.0	+/-0.0

The effect in the income statement comprises the changes in the fair value on the financial instruments, which are measured at fair value through profit and loss. The effect in equity is comprised of the changes in the fair value on the financial instruments, which are measured at fair value through other comprehensive income, such as derivatives under hedge accounting.

Foreign exchange risk

Metso operates globally and is exposed to foreign exchange risk in several currencies, although the geographical diversity of operations decreases the significance of any individual currency. About 78 percent of Metso's sales originate from outside the euro zone; the main currencies being euro, US dollar, Australian dollar, Chilean peso and Chinese yuan.

Transaction exposure

Foreign exchange transaction exposure arises when an operating unit has commercial or financial transactions and payments in other than its own functional currency and when related cash inflow and outflow amounts are not equal or concurrent.

In accordance with the Metso Treasury Policy, operating units are required to hedge in full the foreign currency exposures on balance sheet and other firm commitments. Treasury Policy specifies certain currencies and certain legal units, where the open exposures are left unhedged. Similarly open exposures below certain euro nominated amount are left unhedged. Future cash flows denominated in a currency other than the functional currency of the unit are hedged with internal foreign exchange contracts with the Group Treasury for periods that usually do not exceed two years. Operating units also do some hedging directly with banks in countries where regulation does not allow group internal cross-border foreign exchange hedging contracts.

Group Treasury monitors the net position of each currency and decides to what extent a currency position is to be closed. Group Treasury is, however, responsible for entering into an external forward transaction whenever an operating unit applies hedge accounting. Metso Treasury Policy defines upper limits on the open currency exposures managed by the Group Treasury; limits have been calculated on the basis of their potential profit impact. To manage the foreign currency exposure, Group Treasury may use forward exchange contracts and foreign exchange options.

Total amount of foreign currency exposures

EUR million	2023	2022
Operational items	529	639
Financial items	838	761
Hedges	-1,414	-1386
Total exposure	**-47**	**14**

This aggregate group-level currency exposure is the basis for the sensitivity analysis of foreign exchange risk. This exposure, net of respective hedges, is composed of all assets and liabilities denominated in foreign currencies, projected cash flows for unrecognized firm commitments, both short- and long-term sales and purchase contracts, and anticipated operational cash flows to the extent their realization has been deemed highly probable and therefore hedged. This analysis excludes net foreign currency investments in subsidiaries together with instruments hedging these investments.

If the euro were to appreciate or depreciate ten percent against all other currencies, the impact on cash flows, net of taxes, derived from the year-end net exposure as defined above, would be EUR +/−4.0 million (EUR −/+1.3 million in 2022). Transaction exposure is spread to about 40 currencies and as of December 31, 2023, the biggest open exposures were in the US dollars, Ghanaian cedi and Indian rupee (approximately 39 percent).

A sensitivity analysis of financial instruments as required by IFRS 7, excludes the following items: projected cash flows for unrecognized firm commitments, advance payments, both short- and long-term purchase contracts, and anticipated operational cash flows. The next table presents the effects, net of taxes, of a −/+10 percent change in EUR foreign exchange rates:

				2023	2022
EUR million	USD	ZAR	Other	Total	Total
Effects in					
Income statement	+/-22.4	+/-2.1	+/-0.2	+/-24.7	+-25.6
Equity	+/-1.4	+/-1.7	+/-0.1	+/-0.3	+/-7.2

The effect in equity is the fair value change in derivatives contracts qualifying as cash flow hedges for unrecognized firm commitments. The effect in the income statement is the fair value change for all other financial instruments exposed to foreign exchange risk including derivatives, which qualify as cash flow hedges, to the extent the underlying sales transaction, recognized over time, has been recognized as revenue.

Translation or equity exposure

Foreign exchange translation exposure arises when the equity of a subsidiary is denominated in currency other than the functional currency of the Parent company. The major translation exposures are in US dollar, Chinese yuan, Canadian dollar, Brazilian real and Indian rupee, which altogether comprise approximately 64 percent of the total equity exposure. Metso is currently not hedging any equity exposure.

Credit and counterparty risk

Credit or counterparty risk is defined as the possibility of a customer or a financial counterparty not fulfilling its commitments towards Metso. The operating units of Metso are primarily responsible for credit risks pertaining to sales and procurement activities. The units assess the credit quality of their customers, by taking into account their financial position, past experience, and other relevant factors. When appropriate, advance payments, letters of credit, and third-party guarantees, or credit insurance are used to mitigate credit risks. Group Treasury provides centralized services related to customer financing and seeks to ensure that the principles of the Treasury Policy are adhered to with respect to terms of payment and required collateral. Metso has no significant concentrations of credit risks.

The maximum credit risk equals the carrying value of trade and loan receivables. The credit quality is evaluated both on the basis of aging of the trade receivables and on the basis of customer specific analysis. The aging structure of trade receivables is presented in note 2.2.

Counterparty risk arises also from financial transactions agreed upon with banks, financial institutions and corporates. The risk is managed by careful selection of banks and other counterparties, by counterparty-specific limits determined in the Treasury Policy, and netting agreements, such as ISDA (Master agreement of International Swaps and Derivatives Association). The compliance with counterparty limits is regularly monitored.

Credit risk exposure relates to the carrying value of financial assets valued at amortized cost, such as trade receivables, interest-bearing receivables, other receivables, deposits and security investments, and cash and cash equivalents, and customer contract assets.

Impairment on cash on hand, bank accounts, deposits, and interest-bearing investments is assessed regularly, but deemed minor because of their high investment grade and short duration. Group Treasury makes a financial analysis of corporate counterparties regularly. In addition, the investments are constantly monitored by Group Treasury, and Metso does not expect any future credit losses from these investments.

For trade receivables and customer contract assets, Metso applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance to be assessed and recognized regularly, see note 2.2.

Fair value estimation

For those financial assets and liabilities that have been recognized at fair value in the balance sheet, the following measurement hierarchy and valuation methods have been applied:

Level 1 Unadjusted quoted prices in active markets at the balance sheet date. The market prices are readily and regularly available from an exchange, dealer, broker, market information service system, pricing service, or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include fund investments classified as fair value through profit and loss.

Level 2 The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available from an exchange, dealer, broker, market information service system, pricing service, or regulatory agency. Level 2 financial instruments include:

- Over-the-counter derivatives classified as financial assets/liabilities at fair value through profit and loss or qualified for hedge accounting
- Debt securities classified as financial instruments at fair value through profit and loss
- Fixed-rate debt under fair value hedge accounting

Level 3 A financial instrument is categorized into Level 3 if the calculation of the fair value cannot be based on observable market data. Metso had no such instruments in 2023 nor in 2022.

Financial assets and liabilities measured at fair value

EUR million	Dec 31, 2023 Level 1	Level 2	Level 3	Dec 31, 2022 Level 1	Level 2	Level 3
Assets						
Financial assets at fair value through profit and loss						
Derivatives not under hedge accounting	–	33	–	–	68	–
Financial assets at fair value through other comprehensive income						
Derivatives under hedge accounting	–	12	–	–	21	–
Total	**–**	**46**	**–**	**–**	**88**	**–**
Liabilities						
Financial liabilities at fair value through profit and loss						
Derivatives not under hedge accounting	–	36	–	–	29	–
Financial liabilities at fair value through other comprehensive income						
Derivatives under hedge accounting	–	9	–	–	51	–
Total	**–**	**45**	**–**	**–**	**80**	**–**

4.2. Financial assets and liabilities by category

MATERIAL ACCOUNTING POLICIES Under IFRS 9, Metso classifies financial assets and liabilities in measurement categories according to contractual terms of the cash flows and Metso's business model to manage the investment at the inception. Reclassification of the categories will be made only if the business model for managing those assets changes. Financial assets and liabilities are classified as non-current items when the remaining maturity exceeds 12 months and as current items when the remaining maturity is 12 months or less. Financial assets and liabilities are classified as follows:

At amortized cost

Financial assets

Financial assets valued at amortized cost are investments in debt instruments or receivables, that are held to maturity and for the collection of contractual cash flows, where those cash flows are solely payments of principal and/or interest. These are recognized at fair value, less transaction costs, and subsequently measured at amortized cost using the effective interest method. Interest income is recognized in finance income in the income statement. Financial assets at amortized cost include deposits, commercial papers, interest-bearing loans and receivables, trade receivables, and non-interest-bearing receivables. Impairment is assessed regularly, and when the carrying value exceeds the recoverable value of discounted cash flows, the appropriate impairment is recognized in the income statement.

For trade receivables, Metso applies the IFRS 9 simplified method, which requires expected lifetime losses to be recognized from the initial recognition of the receivables. See more in note 2.2 Trade receivables.

Financial liabilities

Issued bonds and withdrawn loan facilities from financial institutions as well as trade and other liabilities are valued at fair value, net transaction costs, and subsequently measured at amortized cost using the effective interest method. Trade and other receivables are non-interest-bearing short-term unpaid debts.

The difference between the debt amount, net transaction costs of bonds and loans from financial institutions and the redemption amount is recognized in the income statement as an interest expense over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized in the income statement as other finance expenses over the period of the facility, or, if withdrawal of the loan is probable, as part of the transaction cost.

At fair value through other comprehensive income (FVOCI)

Financial assets

Financial assets valued at fair value through other comprehensive income are debt instruments or receivables, which are held for collection of contractual cash flows or held for selling the assets, and where contractual cash flows are solely payments of principal and/or interest. Interest income is recognized in the income statement using the effective interest method. Change in fair value is recognized in other comprehensive income (OCI). At derecognition, the cumulative previously booked gains and losses in OCI are released from equity to the income statement. Metso includes in this measurement category derivatives under hedge accounting, trade receivables for sale, and security investments with a maturity of less than three months.

At fair value through profit and loss (FVPL)

Financial assets

Financial assets valued at fair value through profit and loss are equity investments, investments in funds, derivatives used in fair value hedging and derivatives not under hedge accounting. Change in fair value and gain or loss at derecognition will be recognized in the income statement. The change in fair value includes the valuation of impairment risk as well.

The fair value of listed equity shares or investments in funds is the quoted market price on the balance sheet date. Unlisted shares are valued at cost less impairment, if any.

Financial liabilities

Financial liabiities valued at fair value through profit and loss include derivatives used in fair value hedging and derivatives not under hedge accounting. Change in fair value and gains or losses at derecognition are recognized in the income statement.

Financial assets and liabilities by category

2023 EUR million	At fair value through profit and loss	At fair value through other comprehen-sive income	At amortized cost	Carrying value	Fair value
Non-current financial assets					
Equity investments	2	–	–	2	2
Derivatives financial instruments	10	–	–	10	10
Other receivables	–	–	20	20	20
Total	12	–	20	31	31
Current financial assets					
Trade receivables	–	–	845	845	845
Trade receivables, for sale	–	10	–	10	10
Loan receivables	–	–	6	6	6
Derivatives financial instruments	23	12	–	36	36
Deposits and securities, maturity three months or less	–	–	194	194	194
Cash on hand and in bank accounts	–	–	445	445	445
Total	23	22	1,490	1,535	1,535
Non-current liabilities					
Bonds [1]	–	–	886	886	876
Loans from financial institutions	–	–	281	281	281
Lease liabilities	–	–	86	86	86
Derivatives financial instruments	18	–	–	18	18
Other liabilities	–	–	7	7	7
Total	18	–	1,260	1,278	1,267
Current liabilities					
Current portion of non-current debt	–	–	203	203	202
Loans from financial institutions	–	–	39	39	39
Lease liabilities	–	–	32	32	32
Trade payables	–	–	675	675	675
Derivatives financial instruments	19	9	–	28	28
Total	19	9	950	978	976

[1] The bonds have been measured at amortized cost, adjusted by the fair value to the extent of the hedged risk.

Balance sheet value for year 2023 present continuing operations, and the comparison year 2022 has not been restated.

2022 EUR million	At fair value through profit and loss	At fair value through other comprehen-sive income	At amortized cost	Carrying value	Fair value
Non-current financial assets					
Equity investments	2	–	–	2	2
Loan receivables	–	–	5	5	5
Derivatives financial instruments	3	–	–	3	3
Other receivables	–	–	19	19	19
Total	5	–	24	29	29
Current financial assets					
Trade receivables	–	–	796	796	796
Trade receivables, for sale	–	2	–	2	2
Loan receivables	–	–	3	3	3
Derivatives financial instruments	65	21	–	86	86
Deposits and securities, maturity three months or less	–	–	104	104	104
Cash on hand and in bank accounts	–	–	497	497	497
Total	65	23	1,400	1,488	1,488
Non-current liabilities					
Bonds [1]	–	–	758	758	734
Loans from financial institutions	–	–	240	240	240
Lease liabilities	–	–	87	87	87
Derivatives financial instruments	33	–	–	33	33
Other liabilities	–	–	2	2	2
Total	33	–	1,088	1,121	1,097
Current liabilities					
Loans from financial institutions	–	–	96	96	96
Commercial papers	–	–	80	80	80
Lease liabilities	–	–	31	31	31
Trade payables	–	–	787	787	787
Derivatives financial instruments	29	18	–	47	47
Total	29	18	994	1,040	1,040

For more information on derivative financial instruments, see note 4.8.

4.3. Liquid funds

MATERIAL ACCOUNTING POLICIES Cash and cash equivalents consist of cash on hand and bank accounts, deposits, and interest-bearing investments, which can be easily converted into a known amount of cash within a period of three months or less.

Cash on hand, bank accounts, deposits, and interest-bearing investments are measured at amortized cost. Impairment on cash on hand, bank accounts, deposits, and interest-bearing investments is assessed regularly, but deemed minor because of their high investment grade and short duration.

EUR million	2023	2022
Cash and cash equivalents		
Deposits and securities, maturity three months or less	194	104
Cash on hand and bank accounts	445	497
Cash and cash equivalents total	638	601
Liquid funds total	**638**	**601**

Average returns for deposits and securities

%	2023	2022
With maturity three months or less	5.19%	4.16%

4.4. Equity

MATERIAL ACCOUNTING POLICIES

Issue of new shares and own shares

Transaction costs directly attributable to the issue of new shares or options are shown net of their tax effect in equity as a deduction from the proceeds.

Own shares held by the Parent company valued at the historical acquisition price are deducted from equity. Should such shares be subsequently sold or reissued, the consider-ation received, net of any directly attributable transaction costs and related income tax, is recorded in equity.

Translation differences

The translation differences arising from subsidiary net investments and non-current subsidiary loans without agreed settlement dates are recognized through Other Comprehensive Income (OCI) to cumulative translation adjustments under equity. When Metso hedges the net investment of its foreign subsidiaries with foreign currency loans and with financial derivatives, the translation difference is adjusted by the currency effect of the hedging instruments which has been recorded, net of taxes, through OCI in equity. When a foreign entity is disposed of, the respective accumulated translation difference, including the effect from qualifying hedging instruments, is reversed through OCI and recognized in the consolidated statements of income as part of the gain or loss on the sale. If the equity of a subsidiary denominated in a foreign currency is reduced by a return of capital, the translation difference relating to the reduction is reversed through OCI and recognized in the consolidated statements of income.

Dividends

Dividends proposed by the Board of Directors are not recognized in the financial statements until they have been approved by the shareholders in the Annual General Meeting.

Share capital and number of shares

Metso Corporation's registered share capital, which is fully paid, was EUR 107,186,442.52 on December 31, 2023, and December 31, 2022. Metso's shares have no nominal value.

	2023	2022
Number of outstanding shares at beginning of year	825,635,935	828,047,419
Shares granted from share ownership plans	692,256	624,516
Redemption of own shares	–	-3,036,000
Number of outstanding shares at end of year	826,328,191	825,635,935
Own shares held by the Parent Company	2,644,249	3,336,505
Total number of shares at end of year	**828,972,440**	**828,972,440**

As of December 31, 2023, the acquisition price of 2,644,249 own shares held by the Parent company was EUR 22,514,857.99 and was recognized in treasury shares.

Dividend proposals

The Board of Directors proposes that a dividend of EUR 0.36 per share be paid based on the balance sheet to be adopted for the financial year, which ended December 31, 2023. Insofar as the dividend to be paid exceeds the net profit for the year ended December 31, 2023, the remaining amount will be paid from retained earnings from previous years. These financial statements do not reflect this dividend payable of EUR 297 million.

Fair value and other reserves

The hedge reserve includes the fair value movements of derivative financial instruments which qualify as cash flow hedges.

The fair value reserve includes the change in fair values of trade receivables for sale as well as share-based payments.

The legal reserve consists of restricted equity, which has been transferred from distrib-utable funds under the Articles of Association, local company act, or by a decision of the shareholders.

The other reserves consist of the distributable fund and the invested non-restricted equity fund held by the Parent company.

Changes in fair value and other reserves

EUR million	Treasury shares	Hedge reserve	Fair value reserve	Legal reserve	Other reserves	Total
January 1, 2023	**-28**	**-1**	**18**	**0**	**1,133**	**1,122**
Cash flow hedges						
Fair value gains (+) / losses (-), net of tax	–	-16	–	–	–	-16
Transferred to profit and loss, net of tax						
Sales	–	0	–	–	–	0
Cost of goods sold / Administrative expenses	–	14	–	–	–	14
Share-based payments, net of tax	5		4			10
Other	–	–	–	–	1	1
December 31, 2023	**-23**	**-3**	**22**	**0**	**1,134**	**1,131**

EUR million	Treasury shares	Hedge reserve	Fair value reserve	Legal reserve	Other reserves	Total
January 1, 2022	**-9**	**-4**	**9**	**0**	**1,134**	**1,130**
Cash flow hedges						
Fair value gains (+) / losses (-), net of tax	–	-27	–	–	–	-27
Transferred to profit and loss, net of tax						
Sales	–	3	–	–	–	3
Cost of goods sold / Administrative expenses	–	27	–	–	–	27
Instruments at fair value and share-based rewards						
Transferred to profit and loss, net of tax	–	–	-1	–	–	-1
Redemption of own shares	-25	–	–	–	–	-25
Share-based payments, net of tax	6	–	10	–	–	16
Other	–	–	–	0	-1	-1
December 31, 2022	**-28**	**-1**	**18**	**0**	**1,133**	**1,122**

Cumulative translation adjustments included in shareholders' equity

EUR million	2023	2022
Cumulative translation adjustment at beginning of year	-150	-164
Currency translation, change	-27	13
Cumulative translation adjustment at end of year	**-177**	**-150**

4.5. Borrowings and lease liabilities

MATERIAL ACCOUNTING POLICIES Long-term debt is initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost using the effective interest method. The difference between the debt amount recognized and the redemption amount is recognized in the income statement as an interest expense over the period of the borrowings. The fair value changes in borrowings covered by fair value hedge are, in respect of hedged risk, recognized through profit and loss. A portion of long-term debt is classified as short-term debt when the settlement of the liability is due within 12 months from the balance sheet date. Borrowings are derecognized only if the contractual obligation is discharged, cancelled, or expired.

Fees paid on the establishment of loan facilities are recognized in the income statement as other finance expenses over the period of the facility, or, if withdrawal of the loan is probable, as part of the transaction cost. Transaction costs arising from modification to debt instruments are included in the carrying value of the debt and amortized using the effective interest method over the remaining period of the modified liability, provided that the new conditions obtained through the modification do not substantially differ from those of the original debt. Modification gains or losses are recognized in the income statement at the time of non-substantial modification.

	2023		2022	
EUR million	Carrying values	Fair values	Carrying values	Fair values
Long-term interest-bearing debt				
Bonds	886	876	758	734
Loans from financial institutions	281	281	240	240
Other long-term debt	0	–	0	–
Total long-term borrowings	1,167	1,157	998	974
Lease liabilities	86	86	87	87
Total long-term interest-bearing debt	1,253	1,243	1,086	1,061
Short-term borrowings				
Bonds, current portion	194	193	–	–
Loans from financial institutions, current portion	9	9	–	–
Loans from financial institutions	39	39	96	96
Commercial papers	–	–	80	80
Total short-term borrowings	243	241	176	176
Lease liabilities	32	32	31	31
Total short-term interest-bearing debt	275	274	207	207
Total interest-bearing debt	**1,528**	**1,517**	**1,293**	**1,268**

Bonds

2023 EUR million	Nominal interest rate	Effective interest rate	Outstanding original loan amount	Outstanding carrying value
Public bond 2017–2024	1.125%	1.92%	197	194
Public bond 2020–2028	0.875%	1.04%	300	282
Public bond 2022–2027	4.875%	4.98%	300	300
Public bond 2023–2030	4.375%	4.54%	300	304
Bonds total			**1,097**	**1,081**

2022 EUR million	Nominal interest rate	Effective interest rate	Outstanding original loan amount	Outstanding carrying value
Public bond 2017–2024	1.125%	1.92%	197	190
Public bond 2020–2028	0.875%	1.04%	300	273
Public bond 2022–2027	4.875%	4.96%	300	296
Bonds total			**797**	**758**

Metso has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 1,081 million at carrying value was outstanding at the end of 2023 (EUR 758 million in 2022).

Metso had committed and undrawn syndicated EUR 600 million revolving credit facility with a maturity in 2026. Metso also has a EUR 600 million Finnish commercial paper program, which EUR was not utilized at the end of the period.

On December 31, 2023 the average interest rate of total loans and derivatives was 4.3% (3.2%), the duration of total interest-bearing debt 1.8 years (1.7 years) and the average maturity 3.9 years (3.4 years).

Short-term loans from financial institutions consist of bank loans withdrawn by Metso subsidiaries to fund local operations. The subsidiary loans are Indian rupee denominated. The weighted average interest rate applicable to the short-term borrowing on December 31, 2023, was 6.16% (3.76% in 2022). In 2024, interest amounting to EUR 0.4 million is expected to be paid concurrently with respective principals on the short-term debt.

Maturities of interest-bearing debt at nominal value

2023 EUR million	Borrowings	Repayments	Interests	Lease liabilities [1]
2024	301	245	56	36
2025	209	158	51	27
2026	63	18	45	20
2027	363	318	45	15
2028	339	318	21	10
Later	403	368	35	24
Total	**1,678**	**1,426**	**252**	**132**

2022 EUR million	Borrowings	Repayments	Interests	Lease liabilities [1]
2023	209	176	33	39
2024	336	306	30	29
2025	82	58	24	22
2026	41	18	23	18
2027	341	318	22	15
Later	342	336	6	40
Total	**1,351**	**1,213**	**138**	**162**

[1] Future lease payments at nominal value.

The maturities of derivative financial instruments are presented in note 4.8.

4.6. Interest-bearing net debt reconciliation

Net interest-bearing liabilities

EUR million	2023	2022
Borrowings, non-current [1]	1,371	998
Lease liabilities [2]	118	118
Borrowings, current	39	176
Loan receivables	-6	-8
Liquid funds	-638	-601
Net interest-bearing liabilities	**884**	**684**

[1] The amount of non-current borrowings for year 2023 includes the current portion of EUR 203 million.

[2] The amount of lease liabilities for year 2023 includes the current portion of EUR 32 million (EUR 31 million in year 2022).

Changes in net interest-bearing liabilities

2023 EUR million	Balance at beginning of year	Cash flows	Acquisitions	Translation differences	Other non-cash movements	Balance at end of year
Borrowings, non-current	998	347	–	0	25	1,371
Lease liabilities	118	-37	2	-2	37	118
Borrowings, current	176	-139	4	-2	–	39
Loan receivables	-8	5	0	0	-3	-6
Liquid funds	-601	-42	-5	10	–	-638
Net interest-bearing liabilities	**684**	**134**	**1**	**5**	**59**	**884**

2022 EUR million	Balance at beginning of year	Cash flows	Acquisitions and disposals	Translation differences	Other non-cash movements	Balance at end of year
Borrowings, non-current	777	246	2	0	-26	998
Lease liabilities	133	-35	-2	0	22	118
Borrowings, current	42	140	–	-6	–	176
Loan receivables	-9	1	0	0	–	-8
Liquid funds	-473	-113	-10	-5	–	-601
Net interest-bearing liabilities	**470**	**239**	**-10**	**-10**	**-4**	**684**

4.7. Contingent liabilities and other commitments

MATERIAL ACCOUNTING POLICIES Guarantees have been given for obligations arising in the ordinary course of business of Metso Group companies. Guarantees have been given by financial institutions or by Metso Corporation on behalf of Group companies. These guarantees have typically been given to secure a customer's advance payments or to secure commercial contractual obligations, or given as counter guarantees to banks, which have given commercial guarantees to a Group company.

The repurchase commitments represent engagements whereby Metso agrees to purchase back equipment sold to customer. The conditions triggering the buy-back obligation are specific to each sales contract.

EUR million	2023	2022
Guarantees		
External guarantees given by parent and group companies	1,608	1,546
Other commitments		
Repurchase commitments	–	–
Other contingencies	0	1
Total	**1,608**	**1,547**

More information about lawsuits and claims is presented in note 6.2.

4.8. Derivative instruments

MATERIAL ACCOUNTING POLICIES Derivatives are initially recognized in the balance sheet at fair value and subsequently measured at their fair value at each balance sheet date. Derivatives are designated at inception either as hedges of firm commitments or forecasted transactions (cash flow hedge) or as hedges of fixed-rate debt (fair value hedge), or as hedges of net investment in a foreign operation (net investment hedge), or as derivatives at fair value through profit and loss that do not meet the hedge accounting criteria.

In hedge accounting, Metso documents at inception the relationship between the hedging instruments and the hedged items in accordance with its risk management strategy and objectives. Metso also tests the effectiveness of the hedge relationships at hedge inception, and quarterly, both prospectively and retrospectively.

Derivatives are classified as non-current assets or liabilities when the remaining maturities exceed 12 months and as current assets or liabilities when the remaining maturities are less than 12 months.

Cash flow

Metso applies cash flow hedge accounting to certain interest rate swaps, foreign currency forward contracts and to electricity forwards.

Metso designates only the currency component of the foreign currency forward contracts as the hedging instrument to hedge foreign currency-denominated firm commitments. The interest component is recognized under other operating income and expenses, net. The gain or loss relating to the effective portion of the currency forward contracts is recognized in the income statement concurrently with the underlying in the same line item. The effective portion of foreign currency forwards hedging sales and purchases is recognized in the sales and the cost of goods sold, respectively. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is reversed from the hedge reserve through other comprehensive income (OCI) to the income statement within financial items concurrently with the recognition of the underlying liability. Both at hedge inception and at each balance sheet date, an assessment is performed to ensure the continued effectiveness of the designated component of the derivatives in offsetting changes in the fair values of the cash flows of hedged items.

The effective portion of the derivatives is recognized through OCI in the hedge reserve under equity and reversed through OCI to be recorded through profit and loss concurrently with the underlying transaction being hedged. The gain or loss relating to the ineffective portion of the derivatives is reported under other operating income or expenses, net or under financial items when contracted to hedge variable rate borrowings. Should a hedged transaction no longer be expected to occur, any cumulative gain or loss previously recognized under equity is reversed through OCI to profit and loss.

Fair value hedge

Metso applies fair value hedge accounting to certain fixed-rate loans. The change in fair value of the interest rate swap hedging the loan is recognized through profit and loss concurrently with the change in value of the underlying. Both at inception and quarterly, the effectiveness of the derivatives is tested by comparing their change in fair value against those of the underlying instruments.

Derivatives at fair value through profit and loss

Certain derivative instruments do not qualify for hedge accounting. These instruments, which have been contracted to mitigate risks arising from operating and financing activities, comprise foreign exchange forward contracts, currency and interest rate options and interest rate swaps.

Changes in the fair value of interest rate swaps are recognized in interest expenses. Changes in the fair value of foreign exchange forward contracts are mainly recognized in other operating income and expenses. However, when the foreign exchange forwards have been contracted to mitigate the exchange rate risks arising from foreign currency-denominated cash and from financial instruments used for cash management, the changes in fair value of the derivatives are recognized in finance income and expenses. Changes in the fair value of other derivative instruments, such as commodity instruments, are recognized in other operating income and expenses.

Fair value estimation of derivative instruments

The fair value of the foreign currency forward contracts is determined using forward exchange market rates at the balance sheet date. The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of options is determined using the Black-Scholes valuation model.

Notional amounts and fair values of derivative financial instruments on December 31

2023 EUR million	Notional amount	Fair value, assets	Fair value, liabilities	Fair value, net
Forward exchange contracts [1]	3,269	36	26	9
Interest rate swaps	605	10	19	-9
Total	**3,874**	**46**	**45**	**0**

2022 EUR million	Notional amount	Fair value, assets	Fair value, liabilities	Fair value, net
Forward exchange contracts [1]	3,540	86	47	39
Interest rate swaps	425	3	33	-31
Total	**3,965**	**88**	**80**	**8**

[1] Some 28 percent and 34 percent of the notional amount at the end of 2023 and 2022, respectively, qualified for cash flow hedge accounting.

The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Derivative financial instruments recognized in the balance sheet at the end of year

	2023		2022	
EUR million	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – fair value hedges	8	19	–	33
Interest rate swaps – non-qualifying hedges	1	–	3	–
Interest rate swaps total	10	19	3	33
Forward exchange contracts – cash flow hedges	12	9	21	18
Forward exchange contracts – non-qualifying hedges	23	17	65	29
Forward exchange contracts total	36	26	86	47
Derivatives total	**46**	**45**	**88**	**80**

In 2023 and 2022, there was no ineffectiveness related to the cash flow hedges. As of December 31, 2023, the fixed interest rates of swaps varied from −0.38 percent to 3.09 percent.

Maturities of financial derivatives on (expressed as notional amounts)

December 31, 2023

EUR million	2024	2025	2026	2027	2028 and later
Forward exchange contracts	3,252	17	–	–	–
Interest rate swaps	100	–	–	150	355

Notional and carrying amounts of financial derivatives applying hedge accounting

2023 EUR million	Notional amount	Fair value, assets	Fair value, liabilities	Fair value, net
Forward exchange contracts	911	36	26	9
Interest rate swaps	580	8	19	-11
Total	**1,491**	**44**	**45**	**-1**

2022 EUR million	Notional amount	Fair value, assets	Fair value, liabilities	Fair value, net
Forward exchange contracts	1,189	21	18	3
Interest rate swaps	400	–	33	-33
Total	**1,589**	**21**	**51**	**-30**

Forward exchange contracts hedge commercial cash flows of projects applying hedge accounting. The hedge ratio is 1:1. 99% of hedged cash flows mature in year 2024, 1% in year 2025.

Impact of cash flow hedge in the statement of financial position

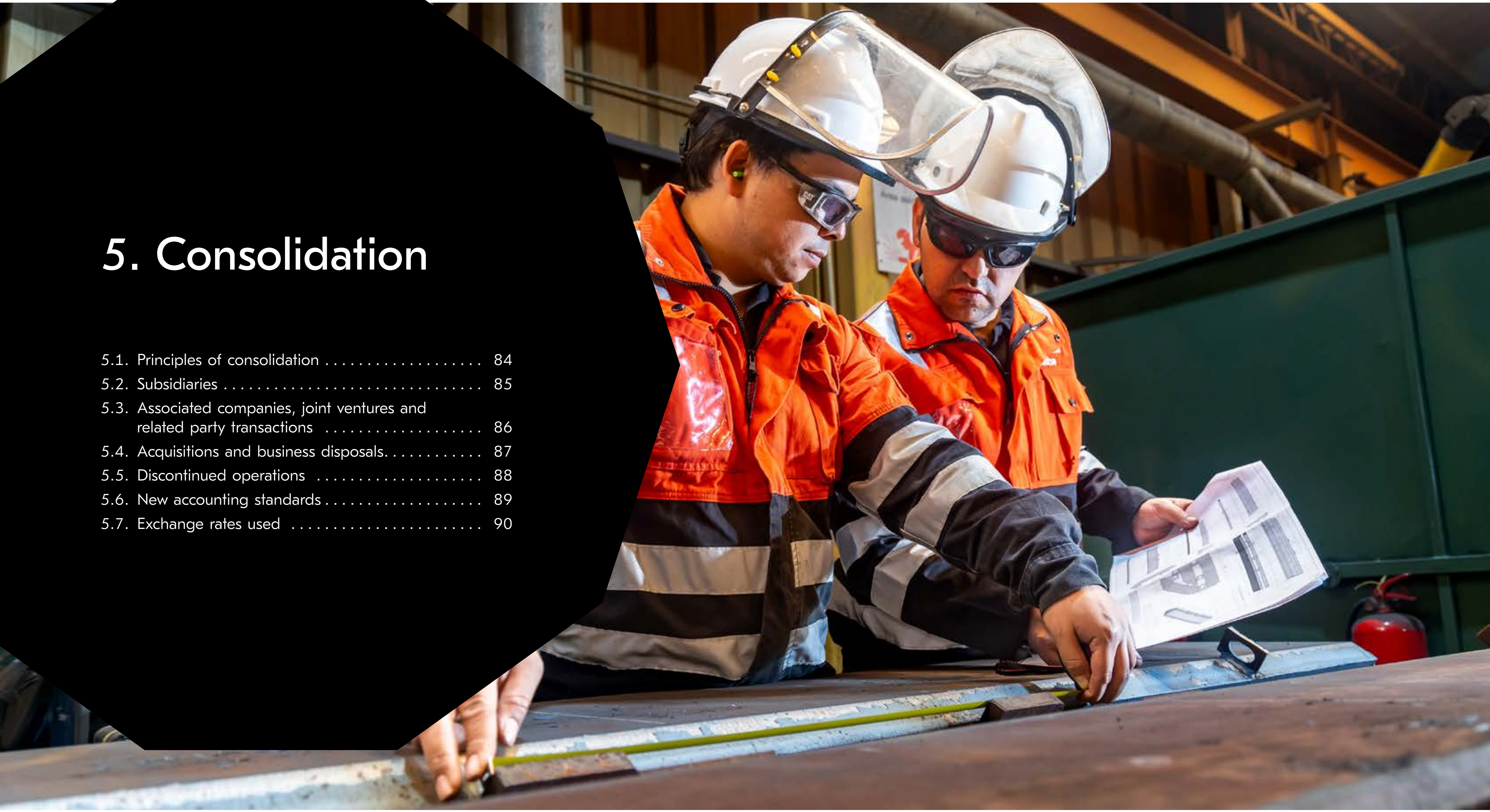
2023 EUR million	Notional amount	Hedging gain / loss recognized in OCI, net of tax	Amount reclassified from OCI to P/L	Cost of hedging recognized in P/L
	3,269	-2	0	-2

Metso applies fair value hedge accounting to the bonds maturing in 2024, 2027, 2028 and 2030. The hedge accounted total notional value is EUR 580 million (EUR 400 million in 2022). The terms of the interest rate swap match the terms of the fixed rate bonds (maturity date, interest fixing and payments dates). Fair values of cash flows of interest rate swap and bond are compared when measuring hedge accounting effectiveness. Credit margin is added to the discount curve of the bond.

Bonds applying fair value hedge accounting at end of year

Notional amount of loan, EUR million	Hedge ratio	Maturity date of loan	Fair value of loan, EUR million	Notional amount of interest rate swap	Maturity date of interest rate swap	Fair value of interest rate swap, EUR million
197	51%	June 13, 2024	1	100	June 13, 2024	-1
300	50%	December 7, 2027	-1	150	December 7, 2027	1
300	50%	May 26, 2028	16	150	May 26, 2028	-18
300	60%	November 22, 2030	-7	180	November 22, 2030	7

5. Consolidation



5.1. Principles of consolidation

Subsidiaries

The Consolidated financial statements include the financial statements of the Parent company and each of those companies over which Metso exercises control. Control is achieved when Metso is exposed, or has rights, to variable returns from the investee and has the ability to affect those returns through its power over the investee. The companies acquired during the financial period have been consolidated from the date Metso acquired control. Subsidiaries sold or distributed to the owners have been included up to their date of disposal.

All intercompany transactions, balances, and gains or losses on transactions between subsidiaries are eliminated as part of the consolidation process. Non-controlling interests are presented in the consolidated balance sheet within equity, separate from equity attributable to shareholders. Non-controlling interests are separately disclosed in the consolidated statement of income.

Acquisitions of businesses are accounted for using the acquisition method. The purchase consideration of an acquisition is measured at fair value over the assets given up, shares issued, or liabilities incurred or assumed at the date of acquisition. For each acquisition, the non-controlling interest in the acquiree, if any, can be recognized either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess acquisition price over the fair value of net assets acquired is recognized as goodwill and/or intangible assets. If the purchase consideration is less than the fair value of the Group's share of the net assets acquired, the difference is recognized directly through profit and loss.

When Metso ceases to have control, any retained interest in equity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity is accounted for as if the Group had directly disposed of the related assets or liabilities.

Non-controlling interest

Transactions with non-controlling interests are regarded as transactions with equity owners. In the case of purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets acquired in the subsidiary is recorded in shareholders' equity. Gains or losses on disposal to non-controlling interests are also recorded directly in shareholders' equity.

Non-current assets or disposal group held-for-sale

Metso classifies a non-current asset or disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets are valued at the lower of its carrying value and fair value, less costs to sell, and assets subject to depreciation or amortization are no longer amortized. Assets related to non-current assets, or a disposal group classified as held-for-sale are disclosed separately from other assets, but financial statements for prior periods are not reclassified.

Foreign currency translation

The financial statements are presented in euros, which is the Parent company's functional currency and Metso's presentation currency.

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of the transaction. At the end of the reporting period, unsettled foreign currency transaction balances are valued at the rates of exchange prevailing at the balance sheet date. Trade-related foreign currency exchange gains and losses are recorded in other operating income and expenses, unless the foreign currency-denominated transactions are subject to hedge accounting, in which case the related exchange gains and losses are recorded in the same line item as the hedged transaction. Foreign exchange gains and losses associated with financing are entered as a net amount under finance income and expenses.

The statement of income of a subsidiary with a functional currency different from the presentation currency is translated into euros at the average month end exchange rate for the financial year, and the balance sheet is translated at the exchange rate in effect on the balance sheet date. This exchange rate difference is recorded through other comprehensive income (OCI) within cumulative translation adjustments under equity.

The translation differences arising from subsidiary net investments and long-term subsidiary loans without agreed settlement dates are recognized through OCI within cumulative translation adjustments under equity. When Metso hedges the net investment of its foreign subsidiaries with foreign currency loans and financial derivatives, the translation difference is adjusted by the currency effect of hedging instruments that has been recorded, net of taxes, through OCI under equity. When a foreign entity is disposed of, the respective accumulated translation difference, including the effect from qualifying hedging instruments, is reversed through OCI and recognized in the consolidated statement of income as part of the gain or loss on the sale. If the equity of a foreign currency-denominated subsidiary is reduced by reimbursement of invested funds, the translation difference relating to the reduction is reversed through OCI and recognized in the consolidated statement of income.

Net investment hedge

The equity of subsidiaries reporting in certain currencies can be hedged mainly by foreign currency loans and foreign currency forward contracts. Both realized and unrealized exchange gains and losses measured on these instruments are recorded, net of taxes, through OCI in a separate component of equity against the translation differences arising from consolidation to the extent these hedges are effective. The interest portion of derivatives qualifying as hedges of net investment is recognized under finance income and expenses.

5.2. Subsidiaries

Country	Company name	Ownership Dec, 31 2023
Algeria	Metso Algerie EURL	100.0%
Argentina	Metso Outotec Argentina SA	100.0%
Australia	Brouwer Engineering Pty Ltd	100.0%
	Metso Australia Ltd	100.0%
	Outotec Pty. Ltd.	100.0%
Austria	Metso Austria GmbH	100.0%
Brazil	Metso Brazil Indústria e Comércio Ltda	100.0%
	Outotec Tecnologia Brazil Ltda	100.0%
Bulgaria	Metso Bulgaria EOOD	100.0%
Canada	McCloskey International Limited	100.0%
	Metso Canada Inc.	100.0%
Chile	Metso Chile SpA	100.0%
	Metso Industrial Services SpA	100.0%
	Outotec Servicios Industriales Ltda.	100.0%
China	Metso (Tianjin) Investment Co., Ltd.	100.0%
	Metso Heavy Industries (Quzhou) Co., Ltd.	100.0%
	Metso Heavy Industries (Tianjin) Co., Ltd.	100.0%
	Metso Machinery Heavy Industries (Suzhou) Co., Ltd.	100.0%
	Metso Outotec New Material Technology (Shanghai) Co., Ltd.	100.0%
	Powertrack Machinery (Jiangsu) Co., Ltd	100.0%
	Shaorui Heavy Industries (Guangdong) Co. Ltd	100.0%
	SISUPER Machinery Heavy Industry (Suzhou) Co Ltd	100.0%
Czech Republic	Metso Czech Republic s.r.o.	100.0%
Ecuador	Metso Outotec-Technology (Ecuador) S.A.	100.0%
Egypt	Metso Outotec Egypt Company LLC	100.0%
Finland	Ab A. Häggblom Oy	100.0%
	International Project Services Ltd.	100.0%
	Metso (Ceramics) Oy	100.0%
	Metso Finland Oy	100.0%
	Metso Metals Oy	100.0%
	Outotec International Holdings Oy	100.0%
	PHN Management Oy	100.0%
	Rauma Oy	100.0%
France	Metso France SAS	100.0%
Germany	Metso Germany GmbH	100.0%
	Outotec Deutschland GmbH	100.0%
	Outotec GmbH & Co KG	100.0%
	Outotec Holding GmbH	100.0%

Country	Company name	Ownership Dec, 31 2023
Ghana	Metso Ghana Ltd	100.0%
	Outotec (Ghana) Limited	100.0%
Greece	Metso Greece IKE	100.0%
India	Metso Outotec India Private Ltd	100.0%
	Metso Outotec Metals India Private Limited	100.0%
	Outotec India Private Ltd.	100.0%
Indonesia	PT Metso Outotec Indonesia [1]	99.9%
	PT. Outotec Technology Solutions	100.0%
Iran	Outotec Iranian Minerals and Metals Processing [4]	100.0%
Italy	Metso Italy Srl	100.0%
Japan	Metso Japan Godo-Kaisha	100.0%
Kazakhstan	Metso Kazakhstan LLP	100.0%
	Metso Management LLP	100.0%
Lithuania	Metso Global Business Services UAB	100.0%
	Metso Lithuania UAB	100.0%
Macedonia	Metso Dooel Skopje	100.0%
Malaysia	Metso Outotec Malaysia Sdn Bhd	100.0%
Morocco	Metso Outotec Morocco LLC	100.0%
Mexico	Metso Mexico SA de CV	100.0%
Mongolia	Metso Mongolia LLC	100.0%
Namibia	Outotec Namibia (Pty.) Ltd	100.0%
Netherlands	Metso (Netherlands) B.V.	100.0%
	Metso Outotec B.V.	100.0%
Norway	Metso Norway A/S	100.0%
Panama	Metso Central America SA	100.0%
Papua New Guinea	Metso PNG Limited	100.0%
Peru	Metso Perú SA	100.0%
Poland	Metso Poland Sp. z o.o.	100.0%
Portugal	Metso Portugal, Lda	100.0%
Qatar	Outotec Trading & Contracting WLL [3]	49.0%
Russia	OOO Metso Outotec	100.0%
Romania	Metso Romania S.R.L.	100.0%
Saudi Arabia	Metso Saudi Arabia LLC	100.0%
	Outotec Technology Saudi LLC	100.0%
Serbia	Metso d.o.o. Beograd	100.0%
Singapore	Metso Outotec Asia Pacific Pte Ltd	100.0%
South Africa	Metso South Africa Pty Ltd	74.9%
	Outotec Africa Holdings (Pty) Ltd	100.0%

Country	Company name	Ownership Dec, 31 2023
Spain	Metso Espana SA	100.0%
Sweden	AB P. J. Jonsson och Söner	100.0%
	Häggblom Sverige AB	100.0%
	Larox AB	100.0%
	Metso Outotec Metals Sweden AB	100.0%
	Metso Sweden AB	100.0%
Thailand	Metso Outotec (Thailand) Limited	100.0%
Turkey	Metso Maden Teknolojileri Anonim Sirketi	100.0%
United Arab Emirates	Metso Outotec DMCC	100.0%
	Outotec Middle East Industrial Projects Consultancy LLC [2]	49.0%
United Kingdom	McCloskey International Ltd	100.0%
	Metso Captive Insurance Limited	100.0%
	Metso UK Ltd	100.0%
	Outotec (UK) Limited	100.0%
	Tedd Engineering Ltd	100.0%
	Tesab Engineering Ltd	100.0%
United States	Metso McCloskey USA LLC	100.0%
	Metso USA Inc.	100.0%
	Outotec USA Inc.	100.0%
Uzbekistan	FE Metso LLC	100.0%
Vietnam	Metso Vietnam Co. Ltd	100.0%
Zambia	Metso Zambia Ltd	100.0%
	Outotec (Zambia) Limited	100.0%

[1] Has been 100% consolidated due to the control established.
[2] Has been 90% consolidated due to the control established.
[3] Has been 70% consolidated due to the control established.
[4] Non-operative and dormant.

5.3. Associated companies, joint ventures and related party transactions

MATERIAL ACCOUNTING POLICIES The equity method of accounting is used for investments in associated companies in which the investment provides Metso the ability to exercise significant influence over the operating and financial policies of the investee company. Such influence is presumed to exist for investments in companies in which Metso's direct or indirect shareholding is between 20 and 50 percent of the voting rights or if Metso is able to exercise significant influence. Investments in associated companies are initially recognized at cost after which Metso's share of their post-acquisition retained profits and losses is included as part of investments in associated companies in the consolidated balance sheets.

Under the equity method, the share of profits and losses of associated companies and joint ventures is presented separately in the consolidated statements of income.

A joint arrangement is an arrangement in which two or more parties have joint control. Within Metso, all the joint arrangements are joint ventures. Investments in joint ventures in which Metso has the power to jointly govern the financial and operating activities of the investee company are accounted for using the equity method. Investments in joint ventures in which Metso has control over the financial and operating activities of the investee company are fully consolidated and a non-controlling interest is recognized.

Associated companies and joint ventures

	2023		2022	
Company	Ownership	Carrying value	Ownership	Carrying value
Liugong Metso Construction Equipment (Shanghai) Co. Ltd	–	–	50.0%	4
Enefit Outotec Technology Oü	40.0%	3	40.0%	1
Sidvin Outotec Engineering Private Ltd	25.1%	1	25.1%	0
Total		**3**		**6**

Liugong Metso Construction Equipment (Shanghai) Co. Ltd was liquidated in year 2023.

Movements in the carrying value of investments in associated companies and joint ventures

EUR million	2023	2022
Investments in associated companies and joint ventures		
Acquisition cost as of January 1	10	10
Liquidation	-7	–
Acquisition cost as of December 31	2	10
Equity adjustments in investments in associated companies and joint ventures		
Equity adjustments as of January 1	-3	-2
Share of results	2	-1
Liquidation	3	–
Translation differences	–	0
Equity adjustments as of December 31	1	-3
Classified as held for sale	-1	–
Carrying value at end of year	**3**	**6**

Metso's share of the assets and liabilities, sales and results of the associated companies and joint ventures, which have been accounted for using the equity method

EUR million	2023	2022
Assets	4	8
Liabilities	0	1
Sales	2	6
Profit	2	-1

Related party transactions

Transactions carried out and related balances with associated companies and joint ventures

EUR million	2023	2022
Sales	0	0
Purchases	-1	0
Receivables	–	–
Payables	0	0

Information on remuneration of the Board as well as Chief Executive Officer and other Executive Team members can be found in note 1.5.

5.4. Acquisitions and business disposals

Acquisitions in 2023

Metso completed the acquisition of Ab A. Häggblom Oy, a Finnish engineering and manufacturing company on August 1, 2023. The acquisition will broaden Metso's offering in bodies and buckets and strengthens the company's position in the aftermarket. The acquired business was consolidated into the Minerals segment. Häggblom's sales in 2022 were approximately EUR 26 million. The company employs about 100 people. Metso's ownership in Häggblom covers 100% of the company's shares.

On August 1 2023, Metso acquired a 100% share of of Brouwer Engineering Ltd. Brouwer is an Australian company specialized in automation, control systems, and electrical solutions for bulk material handling solutions. The acquired business was consolidated into the Minerals segment. Brouwer's sales in the financial year that ended in June 2023 were approximately EUR 8 million. The company employs about 30 people.

Metso completed the acquisition of Tedd Engineering Ltd on November 1, 2023 by acquiring 100% of the company's shares. Tedd Engineering employs approximately 70 employees and it is based in Chesterfield, UK. The company is specialized in automation, control systems, and electrical solutions for mobile equipment and aftermarket, primarily focusing on the aggregates business. The acquired business was consolidated into the Aggregates segment. The company's sales in the financial year that ended in June 2023 were approximately EUR 17 million.

Assets and liabilities recognized as a result of the acquisitions

EUR million	Total 2023
Fixed assets	32
Inventory	10
Receivables	7
Liquid funds	5
Liabilities	-29
Net identifiable assets acquired at fair value	26
Goodwill	14
Purchase consideration	**40**

Goodwill is mainly attributable to synergies. The goodwill is not deductible for tax purposes. The initial calculation of goodwill generated is based on the result of the acquired company, adjusted by changes in accounting principles and effects from the fair value adjustment of acquired assets and related tax adjustments.

Net cash flow impact of the acquisitions

EUR million	Total 2023
Cash consideration paid	-34
Cash and cash equivalents acquired	5
Net cash flow for the year	-29
Contingent consideration	-6
Cash considerations, total	**-35**

Acquisition costs of EUR 1.7 million related to the acquisitions were expensed and included in administrative expenses in the income statement and in operating cash flow in the statement of cash flows.

Acquisitions in 2022

Metso acquired a 100% share of Tesab Engineering Ltd on May 3, 2022. Tesab is a Northern Ireland based company specializing mostly in mobile crushing equipment for aggregates applications, including quarrying, recycling, asphalt and concrete. The acquired business was consolidated into the Aggregates segment. Tesab's turnover in 2021 was approx. EUR 30 million and it employed about 60 people.

On September 1, 2022, Metso acquired 100% share of Global Physical Asset Management Inc, a technology provider based in North America. The acquisition will further strengthen Metso's capabilities in digital field service inspections for grinding. The company has offices in Kelowna, British Columbia, Canada and in Wisconsin, USA. The acquired business was consolidated into the Minerals segment. In 2021 the sales of Global Physical Asset Management were approximately EUR 5 million and it employed about 20 people.

Assets and liabilities recognized as a result of the acquisitions

EUR million	Total 2022
Fixed assets	11
Inventory	7
Receivables	8
Liquid funds	0
Liabilities	-10
Net identifiable assets acquired at fair value	16
Goodwill	5
Purchase consideration	**21**

Goodwill is mainly attributable to synergies. The goodwill is not deductible for tax purposes. The initial calculation of goodwill generated is based on the result of the acquired company, adjusted by changes in accounting principles and effects from the fair value adjustment of acquired assets and related tax adjustments.

Net cash flow impact of the acquisitions

EUR million	Total 2022
Cash consideration paid	-21
Cash and cash equivalents acquired	0
Net cash flow for the year	-21
Contingent consideration	–
Cash considerations, total	**-21**

Acquisition costs of EUR 0.4 million related to the acquisition of Tesab Engineering Ltd and Global Physical Asset Management Inc were expensed and included in administrative expenses in the income statement and in operating cash flow in the statement of cash flows.

Business disposals

There were no business disposals in 2023. In year 2022 Metal Recycling business was divested, and information is presented in note 5.5. Discontinued operations.

5.5. Discontinued operations

MATERIAL ACCOUNTING POLICIES Discontinued operations is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. The result from discontinued operations is shown separately in the consolidated statement of income, and the comparative figures are restated accordingly.

Non-current assets and assets and liabilities related to discontinued operations are classified as held for sale if their carrying amounts are expected to be recovered primarily through sale rather than through continuing use. Classification as held for sale requires that the following criteria are met: the sale is highly probable, the asset is available for immediate sale in its present condition – subject to usual and customary terms, the management is committed to the sale, and the sale is expected to be completed within one year from the date of classification.

Prior to classification as held for sale, the assets or assets and liabilities related to a disposal group in question are measured according to the respective IFRS standards. From the date of classification, non-current assets held for sale are measured at the lower of the carrying amount and the fair value, less costs to sell, and the recognition of depreciation and amortization is discontinued. Non-current assets held for sale are presented in the statement of financial position separately from other items. The comparative figures for statement of financial position are not restated.

Metals & Chemical Processing and Ferrous & Heat Transfer businesses

Metso has decided to initiate the divestment of the Metals & Chemical Processing and Ferrous & Heat Transfer businesses, and these businesses have been classified as discontinued operations starting from September 30, 2023. Consequently, the figures for 2023 related to the consolidated statement of income are presented separately from the continuing operations and comparative figures for year 2022 have been restated accordingly. Recording of the amortization and depreciation of intangible, tangible and right-of-use assets has been discontinued on the classification date. The assets and liabilities held for sale have been transferred to separate lines in the consolidated balance sheet on December 31, 2023. The comparative figures for 2022 related to the consolidated balance sheet have not been restated.

Recycling business

In 2020, Metso announced its decision to divest its Recycling business. The business was classified as discontinued operations. Waste Recycling business was sold in 2021 to Ahlström Capital, and in 2022, Metso announced the completion of the divestment of the Metal Recycling business line to Mimir, a Swedish investment company. The sold Metal Recycling business included the brands Lindemann and Texas Shredder. Its approximately 160 employees have been transferred to the new company.

Waste-to-energy business

At the date of the Outotec acquisition, June 30, 2020, the Waste-to-energy businesses were disclosed as discontinued operations. The balance sheet classification of Waste-to-energy business was changed in year 2022 due to prolonged divestment process, and the assets and liabilities directly attributable classified as part of continuing operations. Due to the change in classification, depreciation of fixed assets and right-of-use assets continues, and the cumulative effect of depreciation from years 2020—2021 has been recorded in the balance sheet of continuing operations through the income statement for year 2022. All the income statement items related to the Waste-to-energy business continue to be adjusted to show the discontinued operations separately from continuing operations.

Result from the discontinued operations

EUR million	2023	2022
Sales	357	392
Cost of sales	-301	-336
Sales, general and administrative expenses	-38	-54
Other income and expenses, net	2	-3
Share of results of associated companies	1	–
Operating result	21	-1
Finance income and expenses, net	–	0
Income taxes	-12	-5
Result for the period	8	-6
Gain / loss from business disposals	–	-12
Total result of period, discontinued operations	**8**	**-18**

Balance sheet of the discontinued operations

EUR million	2023	2022
Non-current assets	97	–
Inventories	53	–
Trade and other receivables	87	–
Cash and cash equivalents	–	–
Total assets	**238**	**–**
Non-current liabilities	33	–
Current liabilities	136	–
Total liabilities	**169**	**–**

Business disposals

There have been no business disposals in 2023. In 2022 Metso announced the completion of the divestment of its Metal Recycling business line to Mimir, a Swedish investment company. The sold Metal Recycling business includes the brands Lindemann and Texas Shredder. Approximately 160 employees were transferred to the new company.

EUR million	2022
Goodwill	–
Other non-current and current assets	42
Cash and cash equivalents	10
Liabilities	-35
Net assets of disposed business	17
Cash consideration	5
Net assets of disposed business	-17
Result on disposal	-12
Cost of disposals	-2
Gain / loss on disposed business	-13
Consideration received in cash	2
Cash and cash equivalents sold	-10
Net cash inflow on disposal	**-7**

5.6. New accounting standards

New and amended standards effective in 2023

The following new or revised IFRS standards have been adopted from January 1, 2023, in these Consolidated financial statements.

Amendments to IAS 8 — Definition of Accounting Estimates

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's Consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 — Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to IAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no material impact on the Group's Consolidated financial statements.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The new standard had no impact on the Group's Consolidated financial statements.

IASB and OECD Pillar 2 Global minimum taxation

Amendments to IAS 12 standard on the effects of the implementation of the Pillar 2: A mandatory temporary exception to the recognition and disclosure of deferred taxes. Mandatory temporary exemptions consist of the jurisdictional implementation of the Pillar 2 model rules and disclosure requirements for group entities. In the Consolidated financial statements, the application of the Pillar 2 Directive is disclosed in note 1.8 Income Taxes.

New and amended standards to be applied

Metso has not applied the following new and revised IFRS Standards that have been issued but are not yet effective [and (in some cases) have not yet been adopted by the EU (marked with *)]:

- Amendments to IAS 1 — Classification of Liabilities as Current or Non-current (effective date January 1, 2024)
- Amendments to IFRS 16 — Lease Liability in a Sale and Leaseback (effective date January 1, 2024)
- Amendments to IAS 7 and IFRS 7 — Supplier Finance Arrangements (IASB effective date January 1, 2024) *
- Amendments to IAS 21 — Lack of Exchangeability (IASB effective date January 1, 2025) *

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of Metso in future periods.

5.7. Exchange rates used

		Average rates		Year-end rates	
		2023	2022	2023	2022
USD	(US dollar)	1.0816	1.0563	1.1050	1.0666
SEK	(Swedish krona)	11.4563	10.6258	11.0960	11.1218
GBP	(Pound sterling)	0.8702	0.8537	0.8691	0.8869
CAD	(Canadian dollar)	1.4606	1.3757	1.4642	1.4440
BRL	(Brazilian real)	5.4128	5.4748	5.3618	5.6386
CNY	(Chinese yuan)	7.6589	7.0836	7.8509	7.3582
AUD	(Australian dollar)	1.6297	1.5189	1.6263	1.5693

6. Other notes

6.1. Audit fees

EUR million	2023	2022
Audit services	-3.8	-3.0
Tax services	0.0	-0.1
Other services	-0.1	-0.1
Total	**-3.9**	**-3.2**

The above table discloses fees to Metso's auditor Ernst & Young Oy.

6.2. Lawsuits and claims

Several lawsuits, legal claims and disputes based on various grounds are pending against Metso in various countries related, among other things, to Metso's products, projects, other operations, and customer receivables. Metso's management assesses, however, to the best of its present understanding that the outcome of these lawsuits, claims, and legal disputes would not have a material adverse effect on Metso in view of the grounds presented for them, provisions made, insurance coverage in force, and the extent of Metso's total business activities. It should be noted, however, that outcomes of pending lawsuits, legal claims, and disputes are beyond the direct influence of Metso's management and may, therefore, materially deviate from management's current assessment.

Financial statements of the Parent company, FAS

Statement of income of the Parent company

EUR	Note	2023	2022
Sales		24,754,086.88	20,611,681.12
Other operating income	2	3,493,569.16	1,233,215.11
Personnel expenses	3	-25,636,945.07	-24,823,466.91
Depreciation and amortization	4	-371,464.80	-390,638.27
Other operating expenses	5	-30,092,851.61	-24,475,623.85
Operating profit / loss		-27,853,605.44	-27,844,832.80
Financial income and expenses, net	7	160,876,187.53	142,473,505.19
Profit before appropriations and taxes		133,022,582.09	114,628,672.39
Appropriations	8	260,000,000.00	200,000,000.00
Profit before taxes		393,022,582.09	314,628,672.39
Income taxes	9		
Current tax expense		-43,473,972.16	-33,702,968.75
Change in deferred taxes		-299,040.60	-300,680.40
Profit for the year		**349,249,569.33**	**280,625,023.24**

Balance sheet of the Parent company

Assets

EUR	Note	2023	2022
Non-current assets			
Intangible assets	10	421,471.02	757,622.23
Tangible assets	10	225,904.91	261,218.50
Investments	11		
Shares in Group companies		1,245,231,528.75	1,244,704,584.34
Other investments		510,594,929.87	347,172,377.82
Total non-current assets		1,756,473,834.55	1,592,895,802.89
Current assets			
Long-term receivables	13	9,786,290.55	3,093,865.81
Short-term receivables	13	1,110,398,075.46	897,800,275.98
Securities		159,000,000.00	50,000,000.00
Bank and cash		248,911,504.97	306,992,681.25
Total current assets		1,528,095,870.98	1,257,886,823.04
Total assets		**3,284,569,705.53**	**2,850,782,625.93**

Shareholders' equity and liabilities

EUR	Note	2023	2022
Shareholders' equity	14		
Share capital		107,186,442.52	107,186,442.52
Share premium fund		20,180,000.00	20,180,000.00
Treasury shares		-22,514,857.99	-27,935,122.14
Invested non-restricted equity fund		434,272,229.86	433,376,746.22
Retained earnings		381,257,274.03	348,530,708.09
Profit for the year		349,249,569.33	280,625,023.24
Total shareholders' equity		1,269,630,657.75	1,161,963,797.93
Liabilities			
Long-term liabilities	15	1,184,800,070.66	1,034,734,095.00
Current liabilities	16	830,138,977.12	654,084,733.00
Total liabilities		2,014,939,047.78	1,688,818,828.00
Total shareholders' equity and liabilities		**3,284,569,705.53**	**2,850,782,625.93**

Cash flow statement of the Parent company

EUR thousand	2023	2022
Cash flows from operating activities		
Profit for the year	349,250	280,625
Adjustments to profit for the year		
Depreciation and amortization	370	391
Impairment	5,002	–
Unrealized exchange gains and losses	-3,741	–
Financial income and expenses	-166,076	-142,474
Gains and losses on sale	-3,197	-62
Group contributions	-260,000	-200,000
Taxes	43,773	34,004
Other non-cash items	3,194	–
Total adjustments to profit for the year	-380,674	-308,141
Increase / decrease in short-term non-interest-bearing trade receivables	25,670	-31,610
Increase / decrease in short-term non-interest-bearing debt	-45,869	137,471
Change in working capital	-20,199	105,861
Interest paid	-68,264	-36,762
Other financial expenses paid	-11,988	-50,296
Dividends received	186,118	294,017
Interest received	5,183	11,230
Income taxes paid	-54,682	-19,784
Net cash provided by operating activities	4,744	276,749

EUR thousand	2023	2022
Cash flows from investing activities		
Investments in subsidiary shares	-5,632	-14,807
Decrease in subsidiary shares	3,203	–
Long-term loans granted	-886,908	-570,102
Repayments of long-term loans	640,134	500,358
Short-term loans granted	-667,730	-342,609
Repayments of short-term loans	536,139	277,014
Withdrawals and repayments of short-term loans, net	9,112	–
Purchase of other investments	-109,000	-50,000
Divestments in other investments	–	2,000
Interest received from investments	47,632	23,167
Net cash used in investing activities	-433,049	-174,979
Cash flows from financing activities		
Purchase of treasury shares	–	-25,104
Decrease in treasury shares	–	6,001
Invested non-restricted equity fund	–	-1,123
Sales from treasury shares to subsidiaries	4,228	3,039
Changes of short term loans, net	-79,643	79,643
Withdrawal of long-term loans	347,288	499,583
Repayments of long-term loans	–	-252,692
Dividends paid	-247,748	-198,389
Change in Group pool accounts	146,100	-201,684
Group contributions	200,000	100,000
Net cash provided by / used in financing activities	370,224	9,274
Net increase / decrease in bank and cash	**-58,081**	**111,044**
Bank and cash on January 1	306,993	195,949
Bank and cash on December 31	248,912	306,993

Notes to the financial statements of the Parent company

1 Accounting principles

The Parent Company Financial Statements have been prepared in accordance with the Finnish Generally Accepted Accounting Principles. The financial statements are presented in euros.

Foreign currency translations

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of the transaction. At the end of the accounting period, monetary items are valued at the rate of exchange prevailing at the end of period.

Tangible and intangible assets

Tangible and intangible assets are valued at historical cost, less accumulated depreciation according to plan. Land and water areas are not depreciated.

Depreciation and amortization is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Computer software	3–5 years
Other intangibles	10 years
Buildings	20–25 years
Machinery and equipment	3–5 years
Other tangible assets	20 years

Financial instruments

Metso's financial risk management is carried out by a central treasury department (Group Treasury) under the policies approved by the Board of Directors. Group Treasury functions in cooperation with the operating units to minimize financial risks in both the Parent Company and the Group. Long-term debt is initially recognized at fair value, net of transaction costs incurred. In subsequent periods, they are valued at amortized cost using the effective interest rate method. The fair value changes in borrowings covered by fair value hedge are, in respect of hedged risk, recognized through financial income and expenses. Transaction costs arising from issuance of bonds are recognized over the life of the bond using the effective yield method. The unrecognized portion as of the balance sheet date is presented as a decrease in liabilities. Derivatives outside hedge accounting are valued at fair value through profit and loss according to the Finnish Accounting Act 5:2 a §. Forward exchange contracts are measured at fair value. The change in fair value is recognized as income or expense in the income statement. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. Bank and cash, as well as securities, consist of cash in bank accounts and investments of liquid funds in interest-bearing instruments. Financial assets are measured at historical cost, less possible impairment loss.

Provisions

Provisions are unrealized costs, for which the company is committed, and which will not provide any income in the future, and which are likely to occur. Provision changes are included in profit and loss.

Leases

Leases of assets, where the lessor retains all the risks and benefits of ownership, are classified as operating leases. Payments made under operating lease agreements are expensed on a straight-line basis over the lease periods.

Income taxes

Income tax expense includes taxes calculated for the financial year, adjustments to prior year taxes, and changes in the deferred taxes. Deferred tax liability or asset has been determined for all temporary differences in between the tax bases of assets and liabilities and their amounts in financial reporting, using the enacted tax rates effective for the future years. Deferred tax liabilities are recognized in the balance sheet in full, and deferred tax assets are recognized when it's probable that there will be sufficient taxable profit against which the asset can be utilized.

2 Other operating income

EUR thousand	2023	2022
Gain on disposal of subsidiary shares	3,197	–
Foreign exchange gains	–	945
Other	296	288
Total	**3,494**	**1,233**

3 Personnel expenses

EUR thousand	2023	2022
Salaries and wages	-21,615	-21,159
Pension costs	-3,507	-3,581
Other indirect employee costs	-516	-84
Total	**-25,637**	**-24,823**

Remuneration paid to Chief Executive Officer and Board members

EUR thousand	2023	2022
Chief Executive Officer	-4,503	-4,153
Board members [1]	-966	-958
Total	**-5,469**	**-5,111**

[1] Board remuneration is presented in note 1.5 of the Consolidated financial statements.

Number of personnel

	2023	2022
Personnel at end of year	143	130
Average number of personnel during the year	138	132

4 Depreciation and amortization

Depreciation and amortization expenses

EUR thousand	2023	2022
Capitalized software	-204	-204
Other intangible assets	-132	-143
Machinery and equipment	-35	-44
Total	**-371**	**-391**

5 Other operating expenses

EUR thousand	2023	2022
Foreign exchange losses	-5,568	-4,606
Other	-24,525	-19,870
Total	**-30,093**	**-24,476**

6 Audit fees

EUR thousand	2023	2022
Audit	-840	-488
Tax consulting	–	-30
Other services	-54	–
Total	**-894**	**-518**

7 Finance income and expenses

EUR thousand	2023	2022
Dividends received from		
Group companies	186,118	294,017
Total	186,118	294,017
Interest income from investments from		
Group companies	47,627	23,129
Others	5	38
Total	47,632	23,167
Other interest and financial income from		
Group companies	33,633	18,002
Others	13,550	4,285
Fair value change in derivatives	–	2,773
Interest and financial income, total	280,933	342,245
Interest expenses to		
Group companies	-15,812	-1,329
Others	-86,339	-46,103
Total	-102,151	-47,432
Other financial expenses		
Fair value change in derivatives	-720	–
Exchange rate differences	-4,710	-9,043
Impairment loss on non-current assets	-5,198	-133,628
Others	-7,278	-9,668
Interest and other financial expenses, total	-120,057	-199,772
Financial income and expenses, net	**160,876**	**142,474**

8 Appropriations

EUR thousand	2023	2022
Group contributions received	260,000	200,000

9 Income taxes

EUR thousand	2023	2022
Income taxes on operating activities	-43,125	-33,545
Income taxes for prior years	-349	-158
Change in deferred taxes	-299	-301
Total	**-43,773**	**-34,004**

10 Fixed assets

2023 EUR thousand	Patents and licenses	Capitalized software	Other intangible assets	Intangible assets total	Land areas	Buildings	Machinery and equipment	Tangible assets total	Total
Acquisition cost Jan 1	1,539	2,374	1,150	5,063	156	733	974	1,863	6,926
Decreases	–	–	-860	-860	–	–	-641	-641	-1,501
Acquisition cost Dec 31	1,539	2,374	289	4,203	156	733	334	1,223	5,425
Accumulated depreciation Jan 1	-1,539	-1,780	-986	-4,305	–	-733	-869	-1,602	-5,908
Accumulated depreciation of decreases	–	–	859	859	–	–	641	641	1,500
Depreciation for the period	–	-187	-148	-335	–	–	-35	-35	-370
Accumulated depreciation Dec 31	-1,539	-1,967	-275	-3,781	–	-733	-264	-997	-4,778
Net carrying value Dec 31	**–**	**407**	**14**	**421**	**156**	**–**	**70**	**226**	**647**

2022 EUR thousand	Patents and licenses	Capitalized software	Other intangible assets	Intangible assets total	Land areas	Buildings	Machinery and equipment	Tangible assets total	Total
Acquisition cost Jan 1	1,539	2,374	1,150	5,063	156	733	974	1,863	6,926
Acquisition cost Dec 31	1,539	2,374	1,150	5,063	156	733	974	1,863	6,926
Accumulated depreciation Jan 1	-1,539	-1,593	-826	-3,959	–	-733	-825	-1,558	-5,517
Depreciation for the period	–	-187	-160	-347	–	–	-44	-44	-391
Accumulated depreciation Dec 31	-1,539	-1,780	-986	-4,305	–	-733	-869	-1,602	-5,908
Net carrying value Dec 31	**–**	**594**	**164**	**758**	**156**	**–**	**106**	**261**	**1,019**

11 Investments

2023 EUR thousand	Shares in Group companies	Other shares	Receivables from Group companies	Receivables from other companies	Other investments total
Acquisition cost at Jan 1	1,244,705	594	346,578	0	347,172
Additions	10,632	–	803,306	–	803,306
Decreases	-10,105	–	-639,884	–	-639,884
Acquisition cost at Dec 31	**1,245,232**	**594**	**510,001**	**0**	**510,595**
Net carrying value at Dec 31	**1,245,232**	**594**	**510,001**	**0**	**510,595**

2022 EUR thousand	Shares in Group companies	Other shares	Receivables from Group companies	Receivables from other companies	Other investments total
Acquisition cost at Jan 1	1,363,526	2,532	276,584	250	279,366
Additions	14,807	–	569,602	–	569,602
Decreases	-133,628	-1,938	-499,608	-250	-501,796
Acquisition cost at Dec 31	**1,244,705**	**594**	**346,578**	**–**	**347,172**
Net carrying value at Dec 31	**1,244,705**	**594**	**346,578**	**–**	**347,172**

12 Shareholdings

Subsidiaries on December 31, 2023

Subsidiary	Domicile	Ownership, %
International Project Services Ltd. Oy	Finland	44.50
Metso Canada Inc.	Canada	100.00
Metso Captive Insurance Limited	Great Britain	100.00
Metso Chile SpA	Chile	24.75
Metso Finland Oy	Finland	100.00
Metso France SAS	France	100.00
Metso Metals Oy	Finland	100.00
Metso USA Inc	United States	100.00
Metso Mexico SA de CV	Mexico	10.10
Metso Outotec Morocco LLC	Morocco	100.00
Metso Outotec New Material Technology (Shanghai) Co., Ltd.	China	100.00
Metso Outotec-Technology (Ecuador) S.A.	Ecuador	99.90
Metso Perú SA	Peru	10.18
Metso Poland Sp. z o.o.	Poland	46.30
Metso South Africa Pty Ltd	South-Africa	15.30
Outotec Africa Holdings (Pty) Ltd	South-Africa	100.00
Outotec Holding GmbH	Germany	100.00
Outotec International Holding Oy	Finland	100.00
Outotec Tecnologia Brazil Ltda	Brazil	57.28
Rauma Oy	Finland	100.00

13 Specification of receivables

Long-term receivables

EUR thousand	2023	2022
Deferred tax asset	94	393
Derivatives	9,692	2,701
Long-term receivables total	**9,786**	**3,094**

Short-term receivables

EUR thousand	2023	2022
Trade receivables from		
Group companies	42,422	28,085
Total	42,422	28,085
Loan receivables from		
Group companies	706,173	513,648
Others	–	250
Total	706,173	513,898
Prepaid expenses and accrued income from		
Group companies	311,237	255,289
Others	50,021	100,523
Total	361,257	355,812
Other receivables		
VAT receivable	6	4
Other receivables	539	1
Total	545	5
Short-term receivables total	**1,110,398**	**897,800**

Specification of prepaid expenses and accrued income

EUR thousand	2023	2022
Prepaid expenses and accrued income from Group companies		
Group contribution receivables	260,000	200,000
Accrued interest income	22,615	8,200
Accrued derivatives	24,408	45,286
Other accrued items	4,214	1,803
Total	**311,237**	**255,289**
Prepaid expenses and accrued income from others		
Accrued interest income	627	5
Accrued derivatives	35,808	85,287
Other accrued items	13,585	15,231
Total	**50,021**	**100,523**

14 Statement of changes in shareholders' equity

EUR thousand	2023	2022
Share capital on Jan 1	107,186	107,186
Share capital on Dec 31	107,186	107,186
Share premium fund on Jan 1	20,180	20,180
Share premium fund on Dec 31	20,180	20,180
Treasury shares on Jan 1	-27,935	-8,833
Change	5,420	-19,102
Treasury change on Dec 31	-22,515	-27,935
Invested non-restricted equity fund on Jan 1	433,377	434,500
Change	895	-1,123
Invested non-restricted equity fund on Dec 31	434,272	433,377
Retained earnings on Jan 1	629,156	547,408
Dividend distribution	-247,898	-198,877
Retained earnings on Dec 31	381,257	348,531
Profit for the year	349,250	280,625
Total shareholders' equity on Dec 31	**1,269,631**	**1,161,964**

Statement of distributable funds on December 31

EUR thousand	2023	2022
Invested non-restricted equity fund	434,272	433,377
Treasury shares	-22,515	-27,935
Retained earnings	381,257	348,531
Profit for the year	349,250	280,625
Total distributable funds	**1,142,264**	**1,034,597**

At the end of the year 2023, Metso Oyj held 2,644,249 own shares, whereas at the end of the year 2022 the number of own shares was 3,336,505.

15 Long-term liabilities

EUR thousand	2023	2022
Bonds	886,344	761,317
Loans from financial institutions	280,909	240,000
Derivatives	17,547	33,417
Total	**1,184,800**	**1,034,734**

Debt maturing after more than in five years

EUR thousand	2023	2022
Bonds	300,000	300,000
Loans from financial institutions	68,182	36,364
Total	**368,182**	**336,364**

Presented at nominal value.

16 Short-term liabilities

EUR thousand	2023	2022
Current portion of long-term liabilities		
Bonds	195,349	–
Loans from financial institutions	10,465	–
Total	205,814	–
Short-term interest-bearing debt		
Loans from financial institutions	–	79,643
Group pool accounts	239,470	133,191
Total	239,470	212,834
Trade payables to		
Group companies	23,878	16,157
Others	3,123	2,175
Total	27,001	18,332
Accrued expenses and deferred income to		
Group companies	37,484	64,638
Others	51,871	78,203
Total	89,355	142,841
Other short-term non-interest-bearing debt to		
Group companies	267,148	279,233
Others	1,351	844
Total	268,499	280,077
Short-term liabilities total	**830,139**	**654,085**
Short-term liabilities to Group companies total	567,980	493,218

Specification of accrued expenses and deferred income

EUR thousand	2023	2022
Accrued expenses and deferred income to Group companies		
Accrued interest expenses	1,369	803
Accrued derivatives	35,193	63,820
Other accrued items	923	15
Total	**37,484**	**64,638**
Accrued expenses and deferred income to others		
Accrued interest expenses	7,799	5,268
Accrued derivatives	26,269	46,274
Accrued salaries, wages and social costs	6,977	6,509
Other accrued items	10,826	20,152
Total	**51,871**	**78,203**

17 Other contingencies

Guarantees and mortgages

EUR thousand	2023	2022
Guarantees on behalf of group companies	1,373,689	1,334,672

Lease commitments

EUR thousand	2023	2022
Payments in the following year	127	1,089
Payments later	133	92
Total	**260**	**1,181**

18 Derivative instruments

EUR thousand	2023	2022
Net fair values		
Contracts made with financial institutions		
Foreign exchange forward contracts	9,487	39,139
Interest rate swaps	-9,229	-30,717
Contracts made with subsidiaries		
Foreign exchange forward contracts	-10,962	-18,430
Total	**-10,704**	**-10,008**
Nominal values		
Contracts made with financial institutions		
Foreign exchange forward contracts	3,268,945	3,539,507
Interest rate swaps	605,000	400,000
Contracts made with subsidiaries		
Foreign exchange forward contracts	2,748,165	3,626,054
Total	**6,622,110**	**7,565,561**

Signatures of the Board of Directors' report and financial statements 2023

Espoo, February 15, 2024

Kari Stadigh Chair of the Board	Klaus Cawén Vice Chair of the Board	Brian Beamish Member of the Board
Terhi Koipijärvi Member of the Board	Niko Pakalén Member of the Board	Ian W. Pearce Member of the Board
Reima Rytsölä Member of the Board	Emanuela Speranza Member of the Board	Arja Talma Member of the Board

Pekka Vauramo
President and CEO

Auditor's note

Our auditor's report has been issued today.

Espoo, February 15, 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Järventausta
APA

Auditor's report

(Translation of the Finnish original)

To the Annual General Meeting of Metso Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Metso Corporation (business identity code 0828105-4, former Metso Outotec Corporation) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and its cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit and Risk Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 6.1 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition over time, including valuation of project receivables and project loss provisions *The accounting principles and disclosures about revenue, project receivables and project loss provisions are included in Note 1.2, Note 2.2 and Note 2.6.* Metso delivers to its customers customized engineered solutions, where the signing of a delivery contract and the final acceptance of a delivery by the customer may take place in different financial periods. In accordance with Metso's accounting principles, revenue from such projects is recognized over time. The recognition of revenue and the estimation of the outcome of a project require significant management judgment, in particular with respect to estimating the stage of completion and cost to complete. Significant judgment is also required to assess the recoverability of project receivables and particularly to determine the project loss provision when it is expected that the total costs will exceed the total revenues from the delivery contract. Based on above, revenue recognition over time, including valuation of project receivables and project loss provisions, was a key audit matter. This matter was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of the revenue recognition over time, including valuation of project receivables and project loss provisions, included, among others: • Assessment of the Group's accounting policies over revenue recognition over time and valuation of project receivables and project loss provisions. • Inspection of the project documentation such as contracts, legal opinions and other written communication. • Understanding of the status and specific characteristics of the significant projects being delivered to customers influenced by Russia related sanctions. • Evaluation of financial development and current status of projects by – analyzing the changes in assumptions relating to estimated revenues and costs, receipts of project payments and loss provisions, and – discussions with different levels of the organization including project management and group management. • Evaluation of the appropriateness of the Group's disclosures in respect of revenue recognition over time and valuation of projects receivables and project loss provisions.
Valuation of goodwill *The accounting principles and disclosures about goodwill are included in Note 3.1.* As of balance sheet date December 31, 2023, the value of goodwill in continuing operations amounted to 1,097 million euros representing 15% of the total assets and 42% of the total equity. The annual impairment testing of goodwill was based on the management's estimate about the value-in-use of the cash generating units. There are a number of assumptions used to determine the value-in-use of the cash generating units, including revenue growth, margins and the discount rate applied on net cash-flows. The estimated value-in-use may vary significantly when underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill. The valuation of goodwill was a key audit matter because the annual impairment testing included management judgment with respect to the key assumptions used and because of the significance of goodwill to the financial statements.	Our audit procedures in respect of valuation of goodwill included, among others: • Evaluation of the determination of cash generating units and the goodwill allocated to those units. • Involvement of our valuation specialists to assist us in evaluating the key assumptions used in impairment testing by comparing the management's assumptions to externally derived data and to our independently calculated industry averages, in particular those relating to – the forecasted revenue growth, – the forecasted margin and – the weighted average cost of capital used to discount the net cash-flows. • Testing of the accuracy of the impairment calculations prepared by the management and comparison of the sum of discounted cash flows against Metso's market capitalization. • Evaluation of the adequacy of the disclosures of the impairment testing results.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 30 June 2020 and our appointment represents a total period of uninterrupted engagement of four years.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Espoo, February 15, 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Järventausta
Authorized Public Accountant

Independent Auditor's Report on Metso Oyj's ESEF-Consolidated Financial Statements

(Translation of the Finnish original)

To the Board of Directors of Metso Oyj

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 549300R0VN9C371W0E07-2023-12-31-fi.zip of Metso Oyj (former Metso Outotec Oyj, business identity code: 0828105-4) for the financial year 1.1.–31.12.2023 to ensure that the financial statements are marked/tagged with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESESF RTS. This responsibility includes:

- Preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- Tagging the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included within the ESEF-financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- Ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of ESEF RTS.

Auditor's Independence and Quality Management

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the ESEF-financial statements are consistent with the audited financial statements.

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

Opinion

In our opinion the tagging of the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included in the ESEF financial statements 549300R0VN9C371W0E07-2023-12-31-fi.zip of Metso Oyj for the year ended 1.1.–31.12.2023 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Metso Oyj for the year ended 1.1.–31.12.2023 is included in our Independent Auditor's Report dated 15.2.2024. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki 19.3.2024

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Järventausta
Authorized Public Accountant

Investor information

Investor Relations function and policies

The main task of Investor Relations is to support the correct valuation of Metso's share by providing up-to-date information on matters concerning our operations, operating environment, strategy, objectives, financial performance, and market outlook. Our goal is to provide correct, adequate, and current information regularly and impartially to all market participants. In our work, we aim for promptness, transparency, agility, and excellent service.

Investor Relations is responsible for all investor communications, including contacts with representatives of the capital markets. All investor meeting requests are processed by Investor Relations. In addition to financial reports and actively updated webpages, our investor communications include investor meetings, as well as conferences and seminars in which corporate executives actively participate. We also arrange Capital Markets Day events. In addition, we regularly gather and analyze market information and investor feedback for the top management and the Board of Directors.

During the 21-day period prior to publication of the annual, half-year or interim financial results, we are not in contact with capital market representatives. At other times, we are happy to answer inquiries from analysts and investors by phone, email or at arranged investor meetings. Contact details are available on the following page.

Market estimates and analyst reports

We actively monitor market expectations and will review, if requested by an analyst, their model against publicly available information. However, we do not comment on or take any responsibility for estimates or forecasts published by capital market representatives, and we do not comment on the company's valuation or share price development, give preference to one analyst, or distribute analyst reports to the investment community.

We regularly maintain a list of the analysts following Metso **on our website**.

Market outlook

Metso's market outlook describes the expected sequential development of market activity during the following six-month period using three categories: improve, remain at the current level, or decline.

Current market outlook, published on February 16, 2024

Metso expects that the market activity in Minerals will remain at the current level, while the activity in Aggregates is expected to improve.

In its previously published outlook, Metso expected the overall market activity to remain at the current level in both Minerals and Aggregates.

Guidance on our financial communications

The principle of equality in our investor communications means giving all market participants simultaneous and timely access to the information they need to be able to determine the value of the Metso share in an informed manner. We follow the rules and recommendations of:

- Finnish Corporate Governance Code 2020
- Finnish Companies Act
- Accounting Act
- Finnish Securities Markets Act
- Market Abuse Regulation ((EU) N:o 596/2014 ("MAR"))
- Rules, regulations and guidelines of Nasdaq Helsinki and the Finnish Financial Supervisory Authority

Our disclosure policy has been approved by the Board of Directors and describes the main principles and practices of our stock exchange communications as well as other important disclosure practices we follow. The policy's purpose is to promote reliable and consistent disclosure of information and to describe the decision-making procedures relevant to disclosing market-relevant information. More information and our Disclosure Policy are available **on our website**.

Our releases are divided into three categories: stock exchange releases, corporate press releases and trade press releases. A release category is based on MAR demands, the materiality and relevance of the information and internal guidelines.

Stock exchange releases are used for publishing inside information according to MAR and other matters required by the rules of the stock exchange. Corporate press releases are used for communicating about business events that do not include inside information but are estimated to be newsworthy or of general interest to stakeholders. Trade press releases are used for discussing our products and technology and other topics that are of interest to our customer industries and the trade media.

Our financial reviews and our releases, as well as their email subscription, are available in Finnish and English **on our website**. We disclose information about our financial performance according to a schedule announced in advance. Financial information and key figures are disclosed on the Metso and segment level.

Financial reporting schedule 2024

Annual Report 2023	Week commencing March 18, 2024
Interim report for January–March 2024	April 25, 2024
Half-year financial report 2024	July 24, 2024
Interim report for January–September 2024	October 24, 2024

Shareholder's change of address

Shareholders are kindly asked to notify of changes in their address to the bank, brokerage firm or other account operator with which they have a book-entry account.

Annual General Meeting 2024

Metso's Annual General Meeting to be held on Thursday, April 25, 2024, at 2.00 p.m. (EEST) at Messukeskus (Siipi entrance) at the address Rautatieläisenkatu 3, 00520 Helsinki, Finland. The reception of attendees who have registered for the General Meeting and the distribution of voting tickets will commence at the meeting venue at 1.00 p.m. (EEST).

Notice of the meeting including all meeting proposals was published as a stock exchange release on February 16, 2024, and is also available **on our website**.

Important dates related to AGM 2024

Record date of AGM	April 15, 2024
Registration period ends	April 18, 2024, at 10:00 a.m. (EEST)
Annual General Meeting	April 25, 2024
Record date of dividend payment, 1st installment	May 29, 2024
Date of dividend payment, 1st installment	May 7, 2024
Minutes of the meeting available	May 9, 2024, at the latest
Dividend payment 2nd installment	November 2024 (Board of Directors to resolve on October 23, 2024)

Registration and proxies

A shareholder, who is registered in the Company's shareholders' register and who wants to participate in the General Meeting at the meeting venue, must register for the meeting no later than on April 18, 2024, at 10.00 a.m. (EEST) by giving a prior notice of participation. The notice must be received by the Company (or Innovatics Ltd) before the end of the above-mentioned registration period. Registration for the General Meeting and advance voting will commence on February 22, 2024, at 9.00 a.m. (EET). The registration can be done in the following ways:

a) **on Metso's website**, Electronic registration requires strong electronic identification of the shareholder or their legal representative or proxy representative with personal online banking codes or a mobile certificate. If shareholders that are legal persons use Suomi.fi-authorizations, registration requires the authorized person's strong electronic authentication with online banking codes or a mobile certificate.
b) by email to **agm@innovatics.fi**,
c) by telephone to +358 10 2818 909 from Monday to Friday between 9.00–12.00 a.m. and 13.00–16.00 p.m. (EET), or
When registering by telephone, a shareholder cannot vote in advance.
d) by regular mail to Innovatics Ltd, AGM/Metso Corporation, Ratamestarinkatu 13 A, 00520 Helsinki, Finland.

In connection with the registration, at least the following information is requested: the shareholder's name, personal identification number/date of birth/business ID, contact details, the name of any proxy representative or assistant as well as the date of birth of the proxy representative. The personal data given to Metso or to Innovatics Ltd by shareholders and proxy representatives is only used in connection with the General Meeting and with the processing of related necessary registrations. For further information on how Metso processes personal data, please review Metso's privacy notice regarding the General Meeting, which will be available **on our website**.

The shareholder, their legal representative or proxy representative must be able to prove their identity and/or right of representation at the meeting venue.

Further information on registration and advance voting is available by telephone during the registration period of the General Meeting by calling Innovatics Ltd at +358 10 2818 909 on weekdays from 9:00 a.m. to 12:00 p.m. and from 1:00 p.m. to 4:00 p.m.

Nominee registered shares

A holder of nominee-registered shares has the right to participate in the General Meeting by virtue of such shares, based on which the shareholder on the record date of the General Meeting, on April 15, 2024, would be entitled to be registered in the Company's shareholders' register held by Euroclear Finland Oy.

Further information will also be available on the Company's **website**.

Resolutions of the AGM

Resolutions of the AGM will be published as a stock exchange release without delay after the meeting has finished.

More information about the Annual General Meeting and the meeting proposals are available **on our website**.

IR contacts

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