Financial Statements Review

January – December 2022

Metso Outotec’s Financial Statements Review January 1 – December 31, 2022

Figures in brackets refer to the corresponding period in 2021, unless otherwise stated.

Segment information for 2021 has been restated to reflect the segment structure changes that were announced in January 2022.

Fourth-quarter 2022 in brief

- Strong market activity across all businesses
- Orders received increased 21% and totaled EUR 1,590 million (EUR 1,310 million)
- Sales grew 12% to EUR 1,434 million (EUR 1,278 million)
- Adjusted EBITA increased 30% to EUR 212 million, or 14.8% of sales (EUR 164 million, or 12.8%)
- Operating profit increased to EUR 185 million, or 12.9% of sales (EUR 130 million, or 10.2%)
- Cash flow from operations totaled EUR 212 million (EUR 164 million)

2022 in brief

- Orders received increased 11% to EUR 6,024 million (EUR 5,421 million)
- Sales grew 25% to EUR 5,295 million (EUR 4,236 million)
- Adjusted EBITA increased 34% to EUR 731 million, or 13.8% of sales (EUR 547 million, or 12.9%)
- Operating profit was EUR 504 million, or 9.5% of sales (EUR 425 million, or 10.0%), including a EUR 150 million non-recurring charge related to the wind-down of the business in Russia booked in the second quarter
- Earnings per share were EUR 0.36 (EUR 0.41) and for continuing operations EUR 0.40 (EUR 0.35)
- Cash flow from operations was EUR 322 million (EUR 608 million), affected by an increase in working capital
- Board of Directors will propose a dividend of EUR 0.30 (EUR 0.24) for the financial year 2022, to be paid in two equal installments

President and CEO Pekka Vauramo:

"Looking at 2022, we are proud of the progress made across the company, despite the challenging market conditions caused by inflation and supply chain constraints."

We ended last year on a positive note, with high organic order and sales growth and profitability at the same strong level seen in the third quarter. The market activity in the fourth quarter was in line with our earlier expectations, and was boosted by a few larger orders for Minerals and Metals. Also Aggregates saw growth in equipment orders, thanks to the strong North American market and Europe holding up despite some softening. The services business in the Minerals segment continued to see healthy demand, as metal prices and customers' utilization rates remained high.

Quarterly sales increased 12%, thanks to all segments executing on their backlogs efficiently. The services business growth was 21%, reflecting the high order intake during the previous quarters and the easing of supply chain challenges. Our adjusted EBITA margin remained strong at 14.8%, which is just shy of our target of 15%.

Looking at 2022, we are proud of the progress made across the company, despite the challenging market conditions caused by inflation and supply chain constraints. In addition, we exited the Russian market and had to commence a wind-down of our contracts with Russian customers. The customer activity in other main markets was high, and we were successful in winning new orders, with several of them including a significant amount of Planet Positive products and technologies. The services business saw strong development with 25% sales growth. The impact of active cost and inflation management and other internal efficiency actions became more visible during the second half of the year and resulted in a significant profitability improvement.

The importance of sustainability in our customer industries continues to grow, and we have made progress in both our own footprint and in helping our customers to meet their targets. Sales of Planet Positive products increased 51% to EUR 1.3 billion in 2022. New Planet Positive orders included, for example, technologies for battery metals processing plants to support the global energy transition and electrification. We launched close to 30 new Planet Positive products in 2022, including Geminex™, a digital solution that simulates customers' processes safely and enables a reduced carbon footprint and more efficient use of resources. In our own footprint, we completed several energy efficiency and CO_2 savings projects that are bringing us closer to our net-zero target. We were also successful in developing our culture and saw both Employee Net Promoter Score (eNPS) and inclusion score improvement throughout the year.

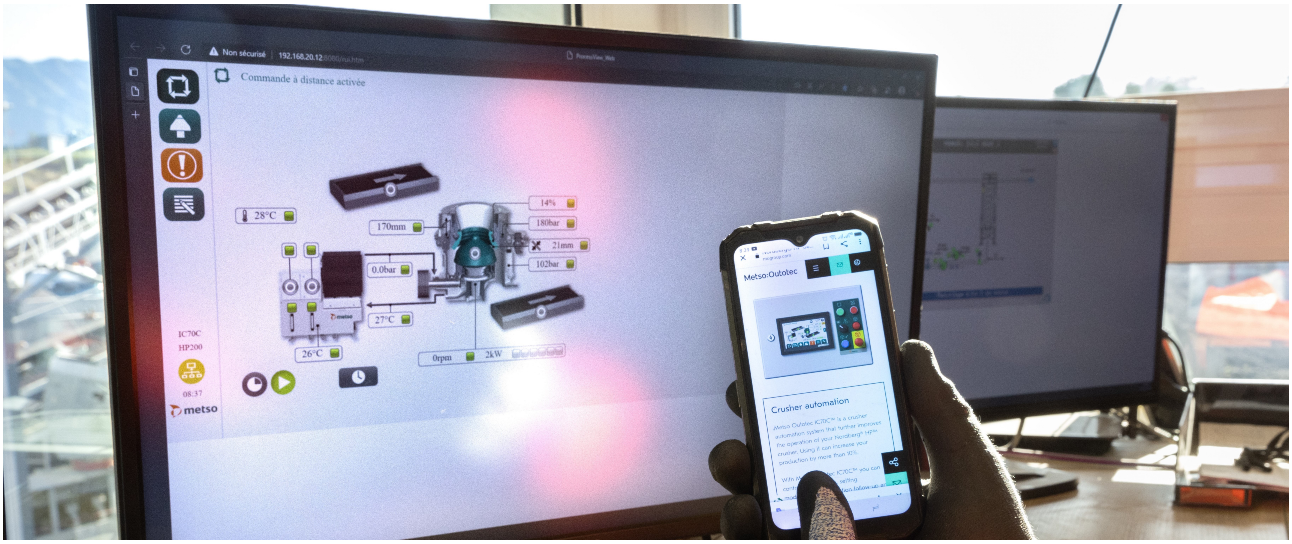
For the first half of 2023, we expect customer activity to remain at the current level, thanks to the megatrends relating to electrification and battery metals driving the demand in the minerals and metals markets. We also expect, the aggregates markets to hold up well in North America and Europe. While this outlook is dependent on the development of the global economy, I am confident that Metso Outotec is in a strong position to serve its customers and generate value to all its stakeholders in 2023. Finally, I want to say thank you to all the Metso Outotec people for their hard work and commitment and to our customers for the good cooperation during 2022.

Market outlook

According to its disclosure policy, Metso Outotec'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 Outotec has changed its outlook and expects the overall market activity to remain at the current level in both the mining and aggregates markets.

In its previously published outlook Metso Outotec expected the overall market activity to remain at the current level, with the mining market remaining strong and the aggregates market declining due to the expected softening of the European market.



Group review

Key figures

EUR million	Q4/2022	Q4/2021	Change %	2022	2021	Change %
Orders received	1,590	1,310	21	6,024	5,421	11
Orders received by services business	667	636	5	2,860	2,393	20
% of orders received	42	49	–	47	44	–
Order backlog	–	–	–	3,825	3,536	8
Sales	1,434	1,278	12	5,295	4,236	25
Sales by services business	709	585	21	2,574	2,126	21
% of sales	49	46	–	49	50	–
Adjusted EBITA	212	164	30	731	547	34
% of sales	14.8	12.8	–	13.8	12.9	–
Operating profit*	185	130	42	504	425	19
% of sales	12.9	10.2	–	9.5	10.0	–
Earnings per share, continuing operations, EUR	0.16	0.11	45	0.40	0.35	14
Cash flow from operations	212	164	29	322	608	-47
Gearing, %	–	–	–	29.1	20.9	–
Personnel at end of period	–	–	–	16,705	15,630	7

*A EUR 150 million non-recurring charge related to Russia was booked in Q2/22.

The Group's financial performance in fourth quarter 2022

Strong market activity continued across Metso Outotec's customer industries. The Group's orders received increased 21% to EUR 1,590 million compared to EUR 1,310 million in the same quarter of 2021. Comparable order intake, adjusted for the wind-down of the business in Russia, increased 30% year-on-year. Equipment orders grew 37% and services orders 5%.

The Group's sales increased 12% to EUR 1,434 million (EUR 1,278 million). Growth was double-digit in all segments. Services sales grew 21%, thanks to both pricing and volume. Equipment sales grew 5%, driven by increased deliveries from the backlog.

Adjusted EBITA increased to EUR 212 million and the adjusted EBITA margin was 14.8% (EUR 164 million and 12.8%). The result and profitability increased in all segments, supported by volume growth and successful price and cost management.

The Group's operating profit (EBIT) totaled EUR 185 million and the EBIT margin 12.9% (EUR 130 million and 10.2%). Adjustments in the quarter totaled EUR -10 million (EUR -17 million). PPA amortization was EUR -14 million. Net financing expenses totaled EUR -16 million (EUR -14 million).

Profit before taxes was EUR 169 million (EUR 116 million). Earnings per share for continuing operations were EUR 0.16 (EUR 0.11).

Cash flow from operations improved to EUR 212 million (EUR 164 million), as inventory levels stabilized.

2022 in brief

The Group's orders received grew 11% and totaled EUR 6,024 million (EUR 5,421 million). Sales increased 25% to EUR 5,295 million (EUR 4,236 million), with a strong contribution by all segments. The order backlog totaled EUR 3,825 million (EUR 3,536 million) at the end of December.

Adjusted EBITA increased to EUR 731 million (EUR 547 million) and the adjusted EBITA margin improved to 13.8% (12.9%). Negative adjustments of EUR 162 million (EUR 50 million negative) had an impact on the operating profit (EBIT), of which EUR 150 million was related to the wind-down of the business in Russia. Operating profit totaled EUR 504 million, or 9.5% of sales (EUR 425 million and 10.0%). Profit before taxes was EUR 441 million (EUR 385 million). The effective tax rate was 25% (24%). Earnings per share for continuing operations were EUR 0.40 (EUR 0.35).

Cash flow from operations was EUR 322 million (EUR 608 million), affected by an increase in net working capital. Especially inventories increased due to supply chain challenges and inflation.

Impacts of currencies and structural changes

	Orders received		Sales	
EUR million, %	Q4	Q1–Q4	Q4	Q1–Q4
2021	**1,310**	**5,421**	**1,278**	**4,236**
Organic growth in constant currencies, %	18	8	9	21
Impact of changes in exchange rates, %	2	3	2	3
Structural changes, %	1	1	1	1
Total change, %	**21**	**11**	**12**	**25**
2022	**1,590**	**6,024**	**1,434**	**5,295**

The Group’s financial position

The Group’s net interest-bearing liabilities were EUR 684 million at the end of December (Dec 31, 2021: EUR 470 million), gearing increased to 29.1% (Dec 31, 2021: 20.9%) and the debt-to-capital ratio to 33.3% (Dec 31, 2021: 26.7%). The equity-to-assets ratio was 39.2% (Dec 31, 2021: 43.2%). The Group's liquidity position is strong. Liquid funds, consisting of cash and cash equivalents, amounted to EUR 601 million (Dec 31, 2021: EUR 473 million), and there were no deposits or securities with a maturity of more than three months (Dec 31, 2021: EUR 0 million).

Metso Outotec 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 also has a EUR 600 million Finnish commercial paper program, of which EUR 80 million was utilized at the end of the year. Metso Outotec has a EUR 100 million loan from Nordic Investment Bank with a final maturity in 2029 and which includes sustainability performance targets impacting the cost of borrowing. Metso Outotec also has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 758 million at carrying value was outstanding at the end of December (Dec 31, 2021: EUR 687 million).

During 2022, the company made several funding transactions:

- Early repayment of EUR 50 million to a EUR 150 million bank term loan with maturity in June 2022.
- Repayment of matured EUR 100 million private placements.
- A EUR 100 million term loan agreement for two years with one of its relationship banks.
- A EUR 50 million research, development, and innovation (RDI) loan with European Investment Bank. The loan has a 7-year maturity, and it was undrawn at the end of the period.
- The company structured its maturity profile by purchasing EUR 103 million of the outstanding bonds maturing in 2024 through a voluntary tender offer. At the same time the company issued new bonds for EUR 300 million with a coupon of 4.875% and maturity in 2027.

In June 2022, Metso Outotec published its Sustainability-Linked Finance Framework, which can be utilized when issuing bonds or agreeing on loans or other financing agreements that include sustainability performance targets.

The average interest rate of total loans and derivatives was 3.19% on December 31, 2022. The duration of medium- and long-term interest-bearing debt was 2.0 years and the average maturity 3.9 years.

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

Aggregates

- Strong order growth
- Sales growth supported by backlog
- Record-high adj. EBITA margin of 16.2%

	Orders received		Sales	
EUR million, %	Q4	Q1–Q4	Q4	Q1–Q4
2021	**331**	**1,374**	**324**	**1,202**
Organic growth in constant currencies, %	4	3	14	16
Impact of changes in exchange rates, %	2	2	2	3
Structural changes, %	4	2	4	2
Total change, %	**10**	**8**	**20**	**20**
2022	**364**	**1,481**	**387**	**1,446**

Fourth quarter

- Strong market activity in North America; the European market was softer, albeit seeing seasonal pick-up towards the end of the year.
- Equipment orders grew 18%, driven by North American demand, pricing and the Tesab acquisition. Services orders declined 5%, due to a lower demand in Europe.
- Sales growth of 20% year-on-year was supported by a strong order backlog. Equipment sales grew 24% and services sales 11%.
- Adjusted EBITA increased to EUR 63 million (EUR 34 million), resulting in an adjusted EBITA margin of 16.2% (10.6%). The improved margin was driven by volume growth as well as successful price and cost management.

January–December in brief

- Orders received increased 8% to EUR 1,481 million.
- Sales grew 20%, thanks to a successful execution of the backlog.
- Driven by volume growth and strong overall operational performance, adjusted EBITA improved to EUR 213 million (EUR 161 million), corresponding to a margin of 14.8% (13.4%).

Key figures

EUR million	**Q4/2022**	Q4/2021	Change %	**2022**	2021	Change %
Orders received	364	331	10	1,481	1,374	8
Orders received by services business	107	113	-5	469	429	9
% of orders received	29	34	–	32	31	–
Order backlog	–	–	–	561	545	3
Sales	387	324	20	1,446	1,202	20
Sales by services business	115	104	11	477	396	20
% of sales	30	32	–	33	33	–
Adjusted EBITA	63	34	82	213	161	33
% of sales	16.2	10.6	–	14.8	13.4	–
Operating profit	53	37	42	195	148	32
% of sales	13.7	11.5	–	13.5	12.3	–

Segment review

Minerals

- **Strong market activity boosted larger equipment orders**
- **High sales growth in services**
- **Adj. EBITA margin 15.8%**

EUR million, %	Orders received Q4	Orders received Q1–Q4	Sales Q4	Sales Q1–Q4
2021	**849**	**3,437**	**847**	**2,724**
Organic growth in constant currencies, %	19	13	6	20
Impact of changes in exchange rates, %	2	3	2	4
Structural changes, %	0	0	0	0
Total change, %	**21**	**16**	**9**	**23**
2022	**1,030**	**3,993**	**921**	**3,359**

Fourth quarter

- Strong market activity in both new equipment and services business resulted in 21% order growth.
- Equipment orders grew 46% and included a few larger orders, while services orders grew 5%, supported by customers' high utilization rates and an increased need for productivity improvements and other on-site services.
- Sales increased 9% and totaled EUR 921 million (EUR 847 million). Services sales grew 21%. Sales of new equipment declined 7%, due to the wind-down of the business in Russia.
- Adjusted EBITA totaled EUR 146 million (EUR 109 million) and the adjusted EBITA margin improved to 15.8% (12.9%). The stronger result and profitability were driven by increased deliveries as well as successful mitigation of increased input costs.

January–December in brief

- Orders received increased 16% to EUR 3,993 million (3,437 million).
- Sales increased 23% to EUR 3,359 million.
- Adjusted EBITA totaled EUR 502 million and the adjusted EBITA margin was 15.0% (EUR 371 million and 13.6%), supported by volumes, final synergies coming through and a successful mitigation of increased input costs.

Key figures

EUR million	**Q4/2022**	Q4/2021	Change %	**2022**	2021	Change %
Orders received	1,030	849	21	3,993	3,437	16
Orders received by services business	536	512	5	2,303	1,914	20
% of orders received	52	60	–	58	56	–
Order backlog	–	–	–	2,589	2,330	11
Sales	921	847	9	3,359	2,724	23
Sales by services business	571	471	21	2,030	1,689	20
% of sales	62	56	–	60	62	–
Adjusted EBITA	146	109	34	502	371	35
% of sales	15.8	12.9	–	15.0	13.6	–
Operating profit [1)]	54	91	-41	372	311	19
% of sales	5.8	10.7	–	11.1	11.4	–

[1)] Including allocations of the EUR 150 million non-recurring charge related to Russia, which was allocated from Group Head Office and other to Minerals in Q4/22.

Segment review

Metals

- **Healthy market activity**
- **Deliveries from backlog increased**
- **Profitability at a good level**

	Orders received		Sales	
EUR million, %	Q4	Q1–Q4	Q4	Q1–Q4
2021	**129**	**610**	**106**	**310**
Organic growth in constant currencies, %	50	-11	16	56
Impact of changes in exchange rates, %	2	2	2	2
Structural changes, %	–	–	–	–
Total change, %	**52**	**-10**	**18**	**58**
2022	**196**	**551**	**125**	**489**

Fourth quarter

- Customer activity was healthy in all businesses and orders received grew to EUR 196 million (EUR 129 million).
- Sales increased 18% to EUR 125 million (EUR 106 million), driven by increased deliveries from the backlog.
- Volume growth and an improved cost structure resulted in adjusted EBITA of EUR 15 million (EUR 21 million) and a healthy adjusted EBITA margin of 12.4% (19.5%). The result in the comparison period included a one-off positive impact from provision releases.

January–December in brief

- The decline in orders received of 10% to EUR 551 million (EUR 610 million) was due to an exceptionally large order in August 2021.
- Thanks to increased deliveries from the backlog, sales increased 58% year-on-year.
- Volume growth and an improved cost structure supported the increase of adjusted EBITA to EUR 52 million (EUR 24 million), which corresponds to a margin of 10.7% (7.7%).

Key figures

EUR million	**Q4/2022**	Q4/2021	Change %	**2022**	2021	Change %
Orders received	196	129	52	551	610	-10
Orders received by services business	24	11	128	88	50	77
% of orders received	12	8	–	16	8	–
Order backlog	–	–	–	674	662	2
Sales	125	106	18	489	310	58
Sales by services business	22	11	107	67	41	66
% of sales	18	10	–	14	13	–
Adjusted EBITA	15	21	-25	52	24	119
% of sales	12.4	19.5	–	10.7	7.7	–
Operating profit	14	19	-25	49	13	–
% of sales	11.1	17.5	–	10.0	4.2	–

Sustainability

- **Planet Positive sales grew 51%**
- **Good progress in reducing own emissions**
- **Strong focus on people and culture**

Sustainability KPI (%)	Target	2022	2021
Lost time injury frequency rate (LTIFR)	Zero harm	1.1	1.1
Total recordable injury frequency rate (TRIFR)	Zero harm	2.8	3.3
Employee Net Promoter Score (eNPS)	In top 10% industry benchmark	top 10%	top 25%
Inclusion score	In top 10% industry benchmark	top 25%	mid-range
Planet Positive sales (EUR million) *	To grow faster than overall Group sales	1,338	886
Reduction of CO_2 emissions: own operations**	Net zero by 2030	-60%	-57%
Reduction of CO_2 emissions: logistics***	-20% by 2025	-12%	-18%
Spend with suppliers having set Science Based Targets	30% by 2025	20%	10%

*The Planet Positive sales figure reported in the 2021 Annual Report (EUR 592 million) included only equipment and consumables sales. **Scope 1 and 2, baseline 2019. *** 2021 figure updated from 97kt to 143kt CO2 due to changes in calculation methodology and in revising the 2019 baseline.

Health and safety. A program focused on preventing fatalities and severe injuries, especially in potentially high-risk environments was launched in 2022. 131 sustainability audits were implemented to improve overall safety. In addition, businesses initiated several independent safety campaigns e.g. empowering employees to decline an unsafe job at a client's site and more active risk observation reporting.

Our people and culture. Both the employee Net Promoter Score (eNPS) and inclusion score progressed well during 2022. Actions to drive diversity and inclusion included completing a fair pay analysis and implementing corrective actions, building inclusive talent acquisition practices, continuing the psychological safety training as well as launching training on Conscious inclusion and a Women´s mentoring program.

Planet Positive sales and orders. Planet Positive sales grew 51%. Several orders included a significant proportion of Planet Positive technology, including numerous smaller Life Cycle Services and engineering contracts:

- Multiple large equipment orders for battery metals processing plants supporting the global energy transition
- A number of tailings and dry stacking solutions for improved water efficiency and safety
- Orders for smelting, next-generation pelletizing and sulfuric acid plants, driving decarbonization

Planet Positive offering and innovations. Close to 30 Planet Positive products were launched in 2022, consisting of new technologies and adaptations of existing offerings for new customer segments with digitalization being strongly present in many of the launches e.g.:

- Geminex™, a digital solution that simulates customers' processes and enables a reduced carbon footprint and improved safety
- Ferroflame LowNOx burner for improving the combustion process and reducing NOx emissions in smelting
- Next-generation OKTOP® CIL Reactor for gold cyanide leaching and recovery for minimized activated carbon fines-related gold losses and improved energy efficiency
- A scalable and customizable Filtration Plant Unit offering for different types of dewatering applications to maximize operational reliability and increase water and energy efficiency
- Cloud-based Metrics remote monitoring tool with CO_2 tracking and 24/7 access to real-time data

Footprint. Several CO_2 savings projects were completed across the organization in 2022. Multiple solar panel installations brought renewable electricity generation 80% higher compared to 2021. Almost all Finnish locations moved to green district heat and several other initiatives were completed globally. During the year more than 800 suppliers committed to Science Based Targets initiative-approved CO_2 emission reductions. The Metals business has now engaged all high-volume suppliers, and Aggregates reached its 30% engagement target three years ahead of schedule.

Research, development and partnerships. 99.7% of the R&D project spend was on projects with sustainability targets supporting future Planet Positive sales growth. During the year Metso Outotec formed several partnerships to develop new sustainable technologies. These included working with Rio Tinto on the development of low-carbon iron making, a collaboration agreement with Malvern Panalytical to provide sensor-based bulk ore sorting solutions with data-driven analysis, and a magnetite concentrate study with TNG Limited using Planet Positive Circored™ technology.

A program to develop a next-generation electric Lokotrack® range and a plan for a Circulating Fluidized Bed pilot plant in Germany for hydrogen-based direct reduction of fine ore, applying the Planet Positive Circored technology, were announced in 2022.

Capital expenditure and investments

Gross capital expenditure, excluding right-of-use assets, was EUR 114 million in January–December 2022 (EUR 91 million). This consisted of various small investments in the company's foundries and manufacturing sites.

Research and development

Research and development (R&D) expenses and investments were EUR 69 million, or 1.3% of sales in January–December 2022 (EUR 70 million, or 1.6% of sales).

Personnel

Metso Outotec had 16,705 (15,630) employees at the end of December 2022.

Personnel by area on December 31, 2022

Share, %	2022
Europe	32
North and Central America	14
South America	29
Asia Pacific and Greater China	12
Africa, Middle East and India	13
Total	100

Shares and share trading

Metso Outotec has a total of 828,972,440 shares and its share capital is EUR 107,186,442.52. After the company repurchased 3,036,000 of its own shares in August, treasury shares totaled 3,336,505 at the end of December.

Share performance on Nasdaq Helsinki

EUR	January 1–December 31, 2022
Closing price	9.61
Highest share price	10.59
Lowest share price	5.92
Volume-weighted average trading price	8.09

Annual General Meeting 2022

Metso Outotec Corporation’s Annual General Meeting (AGM) was held on April 21, 2022, in Helsinki under exceptional Covid-19 meeting procedures without the presence of shareholders’ or their proxy representatives. The AGM adopted the financial statements and discharged the members of the Board of Directors and the President & CEO from liability for the financial year 2021 and adopted the company’s remuneration report for governing bodies through an advisory resolution.

The AGM resolved to approve the Board of Directors’ proposal to pay a dividend of EUR 0.24 per share in two EUR 0.12 installments for the financial year 2021. The first installment was paid on May 2, 2022, and the second on November 7, 2022.

The AGM decided to elect nine members to the Board of Directors. Kari Stadigh was re-elected as Chair, Klaus Cawén as Vice Chair, and Christer Gardell, Antti Mäkinen, Ian W. Pearce, Emanuela Speranza and Arja Talma as members of the Board. Brian Beamish and Terhi Koipijärvi were elected as new Board members. The Board's term of office will end at the closing of the Annual General Meeting 2023.

Authorized public accounting firm Ernst & Young Oy was re-elected as Auditor for a term ending at the closing of the Annual General Meeting 2023. Ernst & Young Oy 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 also approved proposals regarding the remuneration of the Board of Directors as well as authorizations to repurchase the company's own shares and to issue shares and special rights entitling to shares. More information on the AGM can be found on mogroup.com.

Other main events between January 1 and December 31, 2022

Development of the Metals business

On January 17, 2022, Metso Outotec announced that it will transfer its Hydrometallurgy business from the Metals segment to the Minerals segment and commence a strategic review in the remaining Metals business area. The target of the review is to evaluate the best environment for developing the Metals business and its strategic fit in Metso Outotec's business portfolio. Restated segment information for 2021 was published on April 6.

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

On February 9, 2022, the Board of Directors decided to convey a total of 606,847 Metso Outotec's treasury shares without consideration to 60 key persons and executives in accordance with the terms and conditions of the Performance Share Plans 2019–2021 (PSP 2019–2021), Restricted Share Plan 2019–2021 (RSP 2019–2021) and Matching Share Plan directed to the President and CEO (MSP 2018–2021). The directed share issue was based on an authorization given by the Annual General Meeting held on April 23, 2021.

On June 30, 2022, a total of 17,669 of Metso Outotec's treasury shares were conveyed without consideration to the President and CEO in the third and final matching share tranche of the Matching Share Plan originally decided by the Board of Metso Corporation in 2018. The continuation of the plan in Metso Outotec was announced on July 1, 2020.

Annual Report for 2021

On March 16, 2022, Metso Outotec published its Annual Report for 2021. The report consists of five sections: Business Overview, Financial Review, Corporate Governance Statement, Remuneration Report and GRI Supplement.

Changes in Metso Outotec Executive Team

On March 29, 2022, the following changes were made in the Metso Outotec Executive Team with immediate effect. Piia Karhu was nominated President, Metals business area. Her previous role in the Executive Team was Senior Vice President, Business Development. The previous President of the Metals business area, Jari Ålgars, resigned from Metso Outotec.

Acquisition of Tesab Engineering Ltd

On April 11, 2022, Metso Outotec signed an agreement to acquire Tesab Engineering Ltd, a Northern Ireland-based company offering mobile crushing equipment for aggregates applications, including quarrying, recycling, asphalt and concrete. Tesab's turnover in 2021 was approx. EUR 30 million, and it has more than 60 employees primarily in Europe. The acquisition was completed in May.

Divestment of Metal Recycling business

On June 2, 2022, Metso Outotec announced the completion of the divestment of its metal recycling business line to Mimir, an investment company based in Stockholm, Sweden.

Repurchase of own shares

Between August 9 and August 22, 2022, Metso Outotec repurchased a total of 3,036,000 own shares for an average price of EUR 8.2538 per share. The shares were repurchased on the basis of the authorization given by the Annual General Meeting and will be used as a part of the company's share-based incentive plans.

Composition of the Shareholders' Nomination Board and its proposals

On August 17, 2022, the four largest shareholders of Metso Outotec nominated representatives to the Shareholders' Nomination Board, which includes the Chair of the Board of Directors as the fifth member.

The company's four largest registered shareholders on August 15, 2022, were Solidium (14.9% of shares and votes), Cevian Capital Partners (7.8% of shares and votes), Ilmarinen Mutual Pension Insurance Company (3.0% of shares and votes) and Varma Mutual Pension Insurance Company (2.7% of shares and votes).

As a result, Metso Outotec's Shareholders' Nomination Board consists of:

- Annareetta Lumme-Timonen, Investment Director, Solidium
- Niko Pakalén, Partner, Cevian Capital Partners Ltd
- Mikko Mursula, Deputy CEO, Investments, Ilmarinen
- Risto Murto, President & CEO, Varma
- Kari Stadigh, Chair of Metso Outotec's Board of Directors

On December 9, 2022, the Nomination Board published its proposals to the Annual General Meeting, planned to be held on May 3, 2023. The Nomination Board proposes that the Board of Directors would have nine members and that Brian Beamish, Klaus Cawén, Terhi Koipijärvi, Ian W. Pearce, Emanuela Speranza, Kari Stadigh, and Arja Talma would be re-elected as Board members. Christer Gardell and Antti Mäkinen have informed that they will not be available for re-election. Therefore, the Nomination Board will propose that Niko Pakalén and Reima Rytsölä would be elected as new Board members. Furthermore, the Nomination Board will propose 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 proposes fixed annual remuneration to the Board members as follows (current remuneration in brackets):

- Chair EUR 164,000 (EUR 156,000)
- Vice Chair EUR 85,000 (EUR 82,500)
- Other members EUR 69,000 (EUR 67,000)

An additional remuneration 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 24,500 (EUR 23,800)
- Member of the Audit & Risk Committee EUR 10,500 (EUR 10,300)
- Chair of the Remuneration and HR Committee EUR 12,650 (EUR 12,400)
- Member of the Remuneration and HR Committee EUR 5,250 (EUR 5,150)

The Nomination Board proposes 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 Outotec 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, 2023.

The Nomination Board proposes 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 Outotec's Board of Directors will include all the above-mentioned proposals in the notice of the Annual General Meeting of 2023.

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

Acquisition of Global Physical Asset Management

On September 1, 2022, Metso Outotec closed the acquisition of Global Physical Asset Management, a technology provider based in North America. The acquisition strengthened Metso Outotec's capabilities in digital field service inspections for grinding.

Commencement of new plan periods in long-term incentive plans targeted to Metso Outotec management and key employees

On December 19, 2022, the Board of Directors approved the commencement of a new plan period 2023-2025 in the company's following share-based long-term incentive programs: The Performance Share Plan (PSP) and the Restricted Share Plan (RSP).

The establishment of the PSP and the RSP structure was originally published on July 1, 2020.

Russia business update

Metso Outotec condemns Russia's military offensive against Ukraine and is deeply saddened by the humanitarian crisis it has caused. Metso Outotec is not taking any new orders for deliveries to Russia and continued to wind-down its Russian business operations and non-sanctioned customer contracts through final deliveries or termination agreements during the fourth quarter, in line with its earlier disclosures.

In the second quarter, Metso Outotec booked a EUR 150 million provision for wind-down and restructuring of activity in Russia. Wind-down related final deliveries to non-sanctioned customers during the last three quarters of the year amounted to EUR 124 million. Wind-down-related provisions totaled EUR 65 million at the end of December.

Short-term business risks and market uncertainties

The current uncertainty in the global markets may affect Metso Outotec's market environment. Inflation has risen sharply and is increasing production costs. The tightening of monetary policy by central banks to tackle inflation has led to higher financing costs for investments. Whilst higher prices for minerals and metals typically have a positive impact on demand for Metso Outotec's products and services, volatility is challenging both for customers and suppliers. Rising cost inflation and financing costs as well as high foreign exchange rate volatility could have a negative impact on customers' capex decision-making. Even though hedging of currency exposure is linked to firm delivery and purchase agreements, exchange rate fluctuations may impact the company's financial position. There are also other market and customer-related risks that could cause on-going projects to be postponed, delayed, discontinued or terminated.

Global supply chains continue to face uncertainty, challenged by inflation and the availability of materials, components and logistics. These challenges may be further exacerbated and affect the company's ability to deliver on-time and/or on-budget. The financial position of suppliers may be at risk and 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 Outotec in various countries related to, among other things, Metso Outotec's products, projects and other operations.

Whilst Metso Outotec has made a provision for the wind-down of its customer contracts and operations in Russia, the extent to which the wind-down can be finalized is still a risk and can lead to an increased risk of claims, disputes or lawsuits.

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

Metso Outotec has identified a significant risk related to its ilmenite smelter project in Saudi Arabia, in line with earlier disclosures. In discontinued operations, the company has identified 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 Outotec has assessed 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 project execution and resulting in extra costs and/or penalties are a risk for Metso Outotec. 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 Outotec is involved in a few disputes that may lead to arbitration and court proceedings. 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 its disclosure policy, Metso Outotec'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 Outotec has changed its outlook and expects the overall market activity to remain at the current level in both the mining and aggregates markets.

In its previously published outlook Metso Outotec expected the overall market activity to remain at the current level, with the mining market remaining strong and the aggregates market declining due to the expected softening of the European market.

Board of Directors' proposal on the use of profit

The Company's distributable funds on December 31, 2022, amounted to EUR 1,035 million.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.30 per share be paid based on the balance sheet to be adopted for the financial year ended December 31, 2022, and that the remaining part of the profit for the financial year be retained and carried forward in unrestricted equity.

The dividend is proposed to be paid in two installments, i.e. EUR 0.15 in May and EUR 0.15 in November.

Corporate Governance Statement and Remuneration Report

Metso Outotec will publish a separate Corporate Governance Statement and Remuneration Report for 2022, which comply with the recommendations of the Finnish Corporate Governance Code for listed companies and cover other central areas of corporate governance. The documents will be published on our website, separately from the Board of Directors' Report, during the week commencing March 20, 2023, at the latest.

Non-financial information

Metso Outotec will publish non-financial information that complies with the Finnish Accounting Act, as part of the Board of Directors' Report, during the week commencing March 20, 2023, at the latest.

Annual General Meeting 2023

Metso Outotec Corporation's Annual General Meeting 2023 is planned to be held on May 3, 2023. The Board will convene the meeting by a separate invitation.

Helsinki, February 17, 2023
Metso Outotec Corporation's Board of Directors

Metso Outotec Financial Statements Review January 1–December 31, 2022: Tables

Contents

Consolidated statement of income, IFRS

EUR million	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Sales	1,434	1,278	5,295	4,236
Cost of sales	-1,020	-938	-3,909	-3,058
Gross profit	414	340	1,386	1,178
Selling and marketing expenses	-128	-96	-445	-348
Administrative expenses	-98	-93	-331	-321
Research and development expenses	-22	-17	-64	-66
Other operating income and expenses, net	19	-4	-41	-18
Share of results of associated companies	0	-1	-1	-1
Operating profit	185	130	504	425
Finance income	7	1	14	4
Foreign exchange gains/losses	0	-5	-14	-4
Finance expenses	-23	-10	-63	-40
Finance income and expenses, net	-16	-14	-63	-39
Profit before taxes	169	116	441	385
Income taxes	-38	-22	-112	-92
Profit for the period from continuing operations	131	94	329	294
Profit from discontinued operations	-25	26	-28	48
Profit for the period	106	120	301	342
Profit attributable to				
Shareholders of the Parent Company	104	121	301	342
Non-controlling interests	1	-1	0	0
Earnings per share, EUR	0.13	0.15	0.36	0.41
Earnings per share, diluted, EUR	0.13	0.15	0.36	0.41
Earnings per share from continuing operations, EUR	0.16	0.11	0.40	0.35

More information under "Key figures, IFRS".

Consolidated statement of comprehensive income, IFRS

EUR million	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Profit for the period	106	120	301	342
Other comprehensive income				
Cash flow hedges, net of tax	1	-1	3	-13
Currency translation on subsidiary net investment	-59	14	13	46
Items that may be reclassified to profit or loss in subsequent periods	-57	13	17	33
Defined benefit plan actuarial gains and losses, net of tax	3	0	2	5
Items that will not be reclassified to profit or loss	3	0	2	5
Other comprehensive income	-54	13	18	38
Total comprehensive income	51	133	319	380
Attributable to				
Shareholders of the Parent Company	50	134	319	380
Non-controlling interests	1	-1	0	0

Consolidated balance sheet – Assets, IFRS

EUR million	Dec 31, 2022	Dec 31, 2021
Non-current assets		
Goodwill and intangible assets		
Goodwill	1,128	1,124
Other intangible assets	844	878
Total goodwill and intangible assets	1,972	2,002
Property, plant and equipment		
Land and water areas	40	35
Buildings and structures	117	121
Machinery and equipment	193	174
Assets under construction	57	43
Total property, plant and equipment	407	373
Right-of-use assets	115	127
Other non-current assets		
Investments in associated companies	6	7
Non-current financial assets	2	4
Loan receivables	5	6
Derivative financial instruments	3	2
Deferred tax assets	225	178
Other non-current receivables	20	38
Total other non-current assets	262	234
Total non-current assets	2,756	2,737
Current assets		
Inventories	1,846	1,269
Trade receivables	799	668
Customer contract assets	354	324
Loan receivables	3	3
Derivative financial instruments	86	46
Income tax receivables	48	36
Other current receivables	263	210
Liquid funds	601	473
Total current assets	3,998	3,028
Assets held for sale	–	65
TOTAL ASSETS	6,754	5,830

Consolidated balance sheet – Equity and liabilities, IFRS

EUR million	**Dec 31, 2022**	Dec 31, 2021
Equity		
Share capital	107	107
Share premium fund	20	20
Cumulative translation adjustments	-150	-164
Fair value and other reserves	1,122	1,130
Retained earnings	1,243	1,156
Equity attributable to shareholders	2,342	2,250
Non-controlling interests	7	1
Total equity	2,350	2,251
Liabilities		
Non-current liabilities		
Borrowings	998	627
Lease liabilities	87	104
Post-employment benefit obligations	96	124
Provisions	59	45
Derivative financial instruments	33	6
Deferred tax liability	193	209
Other non-current liabilities	2	2
Total non-current liabilities	1,470	1,117
Current liabilities		
Borrowings	176	192
Lease liabilities	31	30
Trade payables	787	692
Provisions	248	178
Advances received	281	235
Customer contract liabilities	474	388
Derivative financial instruments	47	52
Income tax liabilities	138	76
Other current liabilities	752	585
Total current liabilities	2,934	2,428
Liabilities held for sale	–	35
TOTAL EQUITY AND LIABILITIES	6,754	5,830

Consolidated statement of changes in shareholders' equity, IFRS

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 period	–	–	–	–	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

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, 2021	107	20	-210	1,136	983	2,037	3	2,040
Profit for the period	–	–	–	–	342	342	0	342
Other comprehensive income								
Cash flow hedges, net of tax	–	–	–	-13	–	-13	–	-13
Currency translation on subsidiary net investments	–	–	46	–	–	46	0	46
Defined benefit plan actuarial gains (+) / losses (-), net of tax	–	–	–	–	5	5	–	5
Total comprehensive income	–	–	46	-13	347	380	0	380
Dividends	–	–	–	–	-166	-166	–	-166
Share-based payments, net of tax	–	–	–	7	-3	4	–	4
Other items	–	–	–	–	2	2	0	2
Changes in non-controlling interests	–	–	–	–	-7	-7	-2	-10
Dec 31, 2021	107	20	-164	1,130	1,156	2,250	1	2,251

Condensed consolidated statement of cash flow, IFRS

EUR million	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Operating activities				
Profit for the period	106	120	301	342
Adjustments:				
Depreciation and amortization	40	42	156	167
Financial expenses, net	16	14	63	39
Income taxes	40	22	113	92
Other items	45	-1	65	-2
Change in net working capital	-36	-33	-377	-31
Net cash flow from operating activities before financial items and taxes	212	164	322	608
Financial income and expenses paid, net	-24	-11	-73	-35
Income taxes paid	-38	-16	-121	-64
Net cash flow from operating activities	149	137	127	508
Investing activities				
Capital expenditures on non-current assets	-40	-27	-114	-91
Proceeds from sale of non-current assets	1	6	10	22
Business acquisitions, net of cash acquired	–	–	-21	–
Proceeds from sale of businesses, net of cash sold	–	51	-9	74
Proceeds from sale of associated companies	–	1	–	1
Proceeds from sale of non-current financial assets	–	–	2	–
Net cash flow from investing activities	-39	31	-132	5
Financing activities				
Dividends paid	-99	-83	-198	-166
Change in loan receivables, net	0	0	1	0
Proceeds from and repayments of non-current debt, net	296	-150	246	-350
Proceeds from and repayment of current debt, net	-153	-15	140	-37
Repayment of lease liabilities	-9	-9	-35	-38
Purchase of treasury shares	–	–	-25	–
Net cash flow from financing activities	35	-256	128	-591
Net change in liquid funds	**146**	**-89**	**122**	**-78**
Effect from changes in exchange rates	-12	5	5	14
Cash classified as assets held for sale	–	7	–	0
Liquid funds at beginning of period	467	550	473	537
Liquid funds at end of period	601	473	601	473

Key figures, IFRS

EUR million	**Dec 31, 2022**	Dec 31, 2021
Profit for the period from continuing operations	329	294
Earnings per share from continuing operations, EUR	0.40	0.35
Profit for the period	301	342
Earnings per share, EUR	0.36	0.41
Equity/share at end of period, EUR	2.84	2.72
Total number of shares at end of period (thousands)	828,972	828,972
Own shares held by Parent Company (thousands)	3,337	925
Number of outstanding shares at end of period (thousands)	825,636	828,047
Average number of outstanding shares (thousands)	827,414	828,038

EUR million	**Dec 31, 2022**	Dec 31, 2021
Net debt	684	470
Gearing, %	29.1%	20.9%
Equity-to-asset ratio, %	39.2%	43.2%
Debt to capital, %	33.3%	26.7%
Debt to equity, %	50.0%	36.4%
Net working capital (NWC)	596	254
Net debt and gearing		
Borrowings	1,174	819
Lease liabilities	118	133
Gross debt	1,293	952
Loan receivables	8	9
Liquid funds	601	473
Net debt	684	470
Gearing	29.1%	20.9%

Formulas for key figures

Earnings before financial expenses, net, taxes, and amortization, adjusted (adjusted EBITA)	=	Operating profit + adjustment items + amortization	
Earnings per share, basic	=	Profit attributable to shareholders / Average number of outstanding shares during the period	
Earnings per share, diluted	=	Profit attributable to shareholders / Average number of diluted shares during the period	
Equity/share	=	Equity attributable to shareholders / Number of outstanding shares at the end of the period	
Gearing, %	=	Net interest-bearing liabilities / Total equity	x 100
Equity-to-asset ratio, %	=	Total equity / Balance sheet total - advances received	x 100
Debt to capital, %	=	Interest-bearing liabilities – lease liabilities / Total equity + interest-bearing liabilities – lease liabilities	x 100
Debt to equity, %	=	Interest-bearing liabilities – lease liabilities / Total equity	x 100
Interest-bearing liabilities (Gross debt)	=	Interest-bearing liabilities, non-current and current + lease liabilities, non-current and current	
Net interest-bearing liabilities (Net debt)	=	Interest-bearing liabilities - non-current financial assets - loan and other interest-bearing receivables (current and non-current) - liquid funds	
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	

Alternative Performance Measures

Metso Outotec presents certain key figures (alternative performance measures) as additional information to the financial measures presented in the consolidated statements of comprehensive income and the consolidated balance sheet and cash flows prepared in accordance with IFRS. In Metso Outotec's view, alternative performance measures provide meaningful supplemental information on its operational results, financial position and cash flows and are widely used by analysts, investors and other parties.

To improve the comparability between periods, Metso Outotec presents adjusted EBITA, being earnings before interest, tax, and amortization adjusted by capacity adjustment costs, acquisition costs, gains, and losses on business disposals as well as Metso Outotec 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. Net debt, gearing, equity-to-asset ratio, debt-to-capital ratio, and debt-to-equity ratio are presented as complementing measures because, in Metso Outotec's view, they are useful measures of Metso Outotec's ability to obtain financing and to service its debts. Net working capital provides additional information concerning the cash flow needs of Metso Outotec's operations.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform manner, and therefore Metso Outotec's alternative performance measures may not be comparable with similarly named measures presented by other companies.

Notes to the Financial Statements Review

Contents

1. Basis of preparation

This Financial Statements Review has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’, applying the accounting policies of Metso Outotec, which are consistent with the accounting policies of Metso Outotec Financial Statements 2021. New accounting standards have been adopted, as described in note 2. This Financial Statements Review is unaudited. The figures in this review are based on the audited Financial Statements.

All figures presented have been rounded; consequently, the sum of individual figures might differ from the presented total figures.

On October 28, 2020, Metso Outotec announced its decision to divest the Recycling business, and it was classified as discontinued operations. The divestment of the Waste Recycling business was finalized on December 1, 2021, and the Metal Recycling business divestment completion was announced on June 2, 2022.

The balance sheet classification of the Waste-to-energy business was changed in 2022, and the assets and liabilities directly attributable to it have been 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 has been recorded in the balance sheet of continuing operations through the income statement. 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.

Reporting segments

Metso Outotec’s segment structure changed as of January 1, 2022. The Hydrometallurgy business in the Metals segment was transferred to the Minerals segment. In addition to changes in the Minerals and Metals segments, small changes were made in the Aggregates segment that relate to the McCloskey and P.J. Jonsson och Söner businesses; business that had previously been reported under the equipment business was reclassified and reported as services. Due to the segment structure change of January 1, 2022, Metso Outotec’s comparison figures for 2021 have been restated according to the new segment structure. The restatement had no impact on the Group’s total figures. More information on the segment restatement can be found in the stock exchange release published on April 6, 2022.

Metso Outotec Group is a global supplier of sustainable technologies, end-to-end solutions, and services for the minerals processing, aggregates and metals refining industries. Metso Outotec has a broad offering in terms of equipment, solutions and various types of aftermarket services. Reportable segments of Metso Outotec are based on end-customer groups, which are differentiated both by both offering and business model: Aggregates, Minerals, and Metals.

The segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, Metso Outotec’s chief operating decision-maker with responsibility 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 the segment reporting are the same as those used in preparing the consolidated financial statements.

Aggregates offers a wide range of equipment, aftermarket parts, and services for quarries, aggregates contractors and construction companies. Minerals supplies a wide portfolio of process solutions, equipment, and aftermarket services, as well as plant delivery capability for mining operations. Metals provides sustainable solutions for processing virtually all types of ores and concentrates to refined metals. The 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 global business service centers and holding companies.

Segment performance is measured with operating profit/loss (EBIT). In addition, Metso Outotec uses alternative performance measures to reflect the underlying business performance and to improve comparability between financial periods: earnings before interest, tax and amortization (EBITA), and adjusted net working capital. Alternative performance measures, however, should not be considered as a substitute for measures of performance in accordance with the IFRS.

2. New accounting standards

Metso Outotec has applied the revised IFRS Standards that have been effective since January 1, 2022. These amendments have not had a material impact on the reported figures.

3. Disaggregation of sales

Metso Outotec's segment structure changed as of January 1, 2022. Metso Outotec's comparison figures for 2021 have been restated according to the new segment structure.

SALES BY SEGMENT

EUR million	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Aggregates	387	324	1,446	1,202
Minerals	921	847	3,359	2,724
Metals	125	106	489	310
Sales	1,434	1,278	5,295	4,236

SALES BY SEGMENT

EUR million	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Sales of services	709	585	2,574	2,126
Aggregates	115	104	477	396
Minerals	571	471	2,030	1,689
Metals	22	11	67	41
Sales of projects, equipment and goods	725	693	2,721	2,111
Aggregates	272	220	970	806
Minerals	350	377	1,329	1,035
Metals	103	95	422	270
Sales	1,434	1,278	5,295	4,236

EXTERNAL SALES BY TIMING OF REVENUE RECOGNITION

EUR million	10–12/2022	10–12/2021	1–12/2022	1–12/2021
At a point in time	835	909	3,740	3,215
Over time	598	369	1,554	1,021
Sales	1,434	1,278	5,295	4,236

EXTERNAL SALES BY DESTINATION

EUR million	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Europe	294	359	1,194	1,198
North and Central America	358	248	1,211	861
South America	258	200	915	677
APAC	319	255	1,185	878
Africa, Middle East and India	204	215	790	622
Sales	1,434	1,278	5,295	4,236

4. Financial risk management

As a global company, Metso Outotec is exposed to a variety of business and financial risks. Financial risks are managed centrally by 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, centrally manages 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 Outotec's financial performance.

2022 saw high volatility in the currency markets with a strong appreciation of the US dollar and the depreciation of the euro and several key mining countries' currencies. This resulted in significant changes in the fair value of currency hedges as well as operating currency losses having a negative impact on adjusted EBITA. The change in fair value hedges is attributed to the non-hedge accounted hedges, which are typically related to product sales and purchases. There is a timing and line mismatch with the hedge and the operative underlying transaction; later, when the customer invoicing is concluded and revenue is recognized, the appreciated USD impact will flow through. The hedges related to larger projects are hedge accounted, and their fair value is not recognized in the income statement.

Liquidity and refinancing risk, 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 Outotec remained good. As of December 31, 2022, liquid funds, consisting of cash and cash equivalents, amounted to EUR 601 million (EUR 473 million on December 31, 2021), and there were no deposits or securities with a maturity of more than three months (EUR 0 million on December 31, 2021).

In addition, Metso Outotec 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 period, the facility was undrawn. The company also has a EUR 600 million Finnish commercial paper program, of which EUR 80 million was utilized at the end of the year.

Metso Outotec has a EUR 100 million loan from Nordic Investment Bank with a final maturity in 2029 and which includes sustainability performance targets impacting the cost of borrowing.

In January, Metso Outotec made an early repayment of EUR 50 million to a bank term loan, which was originally 150 million and would have matured in June 2022. In June, the company repaid EUR 100 million in private placements that had matured.

In June, Metso Outotec published its Sustainability-Linked Finance Framework, which can be utilized when issuing bonds or agreeing on loans or other financing agreements that include sustainability performance targets.

During the third quarter, Metso Outotec signed a EUR 100 million term loan agreement for two years with one of its relationship banks.

During the fourth quarter, the company signed a EUR 50 million research, development, and innovation (RDI) loan with European Investment Bank with a maturity in 2030. At the end of the year, the loan remained undrawn.

During the fourth quarter, the company structured its maturity profile by purchasing through a voluntary tender offer EUR 103 million of the outstanding bonds maturing in 2024. At the same time the company issued new bonds for EUR 300 million with a coupon of 4.875% and maturity in 2027.

Metso Outotec has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 758 million at carrying value was outstanding at the end of December (Dec 31, 2021: EUR 687 million). On December 31, 2022 the average interest rate of total loans and derivatives was 3.19%. The duration of medium- and long-term interest-bearing debt was 2.0 years and the average maturity 3.9 years.

Capital structure management in Metso Outotec comprises both equity and interest-bearing debt. As of December 31, 2022, the equity attributable to shareholders was EUR 2,342 million (EUR 2,250 million on December 31, 2021), and the amount of interest-bearing debt, excluding lease liabilities, was EUR 1,174 million (EUR 819 million on December 31, 2021).

Metso Outotec has as one of its key financial targets to maintain an investment-grade credit rating. Metso Outotec has ‘BBB-’ long-term issuer credit rating with positive outlook from S&P Global Ratings and ‘Baa2’ long-term issuer rating with stable outlook from Moody’s Investor Service.

There are no prepayment covenants in Metso Outotec'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 Outotec's credit rating was below Investment Grade, and the covenants would be related to Metso Outotec's capital structure. Metso Outotec is in compliance with all covenants and other terms of its debt instruments.

5. 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. There were no such instruments on December 31, 2022, or on December 31, 2021.

The table below presents financial assets and liabilities that are measured at fair value. There have been no transfers between fair value levels during the presented period.

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

EUR million	Dec 31, 2021 Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives not under hedge accounting	–	24	–
Financial assets at fair value through other comprehensive income			
Derivatives under hedge accounting	–	24	–
Total	–	48	–
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives not under hedge accounting	–	29	–
Financial liabilities at fair value through other comprehensive income			
Derivatives under hedge accounting	–	29	–
Total	–	58	–

The carrying value of financial assets and liabilities other than those presented in this fair value level hierarchy table approximates their fair value. Fair values of other debt are calculated as net present values.

6. Notional amounts of derivative instruments

EUR million	**Dec 31, 2022**	Dec 31, 2021
Forward exchange rate contracts	3,540	2,456
Interest-rate swaps	425	275

7. Contingent liabilities and commitments

EUR million	**Dec 31, 2022**	Dec 31, 2021
Guarantees		
External guarantees given by Parent and Group companies	1,546	1,575
Other commitments		
Repurchase commitments	–	0
Other contingencies	1	1
Total	1,547	1,577

8. Acquisitions

Metso Outotec completed the acquisition 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 approximately EUR 30 million and it employed approximately 60 people.

On September 1, 2022, Metso Outotec completed the acquisition of Global Physical Asset Management, a technology provider based in North America. The acquisition will further strengthen Metso Outotec’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. Global Physical Asset Management's sales In 2021 were approximately EUR 5 million and it employed approximately 20 people.

Assets and liabilities recognized as a result of the acquisitions

EUR million	Fair value
Fixed assets	11
Inventory	7
Other assets	8
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.

Assets and liabilities recognized as a result of the acquisitions

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

9. Business disposals

On June 2, 2022, Metso Outotec 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. Its approximately 160 employees were transferred to the new company.

The disposal of the Metal Recycling business did not have a material impact on Metso Outotec's financials. Metal Recycling related items have been reported under discontinued operations.

10. Segment information, IFRS

Metso Outotec’s segment structure changed as of January 1, 2022. Metso Outotec’s comparison figures for 2021 have been restated according to the new segment structure.

ORDERS RECEIVED

EUR million	**10–12/2022**	10–12/2021	**1–12/2022**	1–12/2021
Aggregates	364	331	1,481	1,374
Minerals	1,030	849	3,993	3,437
Metals	196	129	551	610
Metso Outotec total	1,590	1,310	6,024	5,421

ORDERS RECEIVED BY SERVICES BUSINESS

EUR million	**10–12/2022**	10–12/2021	**1–12/2022**	1–12/2021
Aggregates	107	113	469	429
% of orders received	29.4	34.1	31.7	31.3
Minerals	536	512	2,303	1,914
% of orders received	52.0	60.3	57.7	55.7
Metals	24	11	88	50
% of orders received	12.4	8.2	15.9	8.1
Metso Outotec total	667	636	2,860	2,393
% of orders received	42.0	48.5	47.5	44.1

SALES

EUR million	**10–12/2022**	10–12/2021	**1–12/2022**	1–12/2021
Aggregates	387	324	1,446	1,202
Minerals	921	847	3,359	2,724
Metals	125	106	489	310
Metso Outotec total	1,434	1,278	5,295	4,236

SALES BY SERVICES BUSINESS

EUR million	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Aggregates	115	104	477	396
% of sales	29.8	32.0	33.0	32.9
Minerals	571	471	2,030	1,689
% of sales	62.0	55.6	60.4	62.0
Metals	22	11	67	41
% of sales	17.8	10.1	13.7	13.1
Metso Outotec total	709	585	2,574	2,126
% of sales	49.4	45.8	48.6	50.2

ADJUSTED EBITA AND OPERATING PROFIT

EUR million, %	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Aggregates				
Adjusted EBITA	63	34	213	161
% of sales	16.2	10.6	14.8	13.4
Amortization of intangible assets	-4	-3	-16	-14
Adjustment items	-5	6	-2	1
Operating profit	53	37	195	148
% of sales	13.7	11.5	13.5	12.3
Minerals				
Adjusted EBITA	146	109	502	371
% of sales	15.8	12.9	15.0	13.6
Amortization of intangible assets	-11	-11	-43	-49
Adjustment items*	-81	-7	-88	-11
Operating profit	54	91	372	311
% of sales	5.8	10.7	11.1	11.4
Metals				
Adjusted EBITA	15	21	52	24
% of sales	12.1	19.8	10.7	7.7
Amortization of intangible assets	-1	-1	-5	-7
Adjustment items	0	-1	1	-4
Operating profit	14	19	49	13
% of sales	11.1	17.9	10.0	4.2
Group Head Office and other				
Adjusted EBITA	-12	-1	-37	-8
Amortization of intangible assets	-1	-1	-2	-3
Adjustment items*	76	-15	-73	-36
Operating profit	65	-17	-112	-47
Metso Outotec total				
Adjusted EBITA	212	164	732	547
% of sales	14.8	12.8	13.8	12.9
Amortization of intangible assets	-17	-16	-66	-72
Adjustment items*	-10	-17	-162	-50
Operating profit	185	130	504	425
% of sales	12.9	10.2	9.5	10.0

*Including EUR 150 million charge related to the Russian wind-down, which was booked in year 2022.

ADJUSTMENT ITEMS BY CATEGORY

EUR million, %	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Capacity adjustment costs	-8	-23	-12	-59
Acquisition costs	-2	8	–	6
Profit and loss on disposal	0	-1	0	3
Wind-down of Russian business	–	–	-150	–
Adjustment items, total	-10	-16	-162	-50

Quarterly segment information, IFRS

ORDERS RECEIVED

EUR million	10–12/2022	7–9/2022	4–6/2022	1–3/2022	10–12/2021
Aggregates	364	351	363	402	331
Minerals	1,030	907	1,176	880	849
Metals	196	143	71	141	129
Metso Outotec total	1,590	1,401	1,610	1,424	1,310

SALES

EUR million	10–12/2022	7–9/2022	4–6/2022	1–3/2022	10–12/2021
Aggregates	387	362	368	329	324
Minerals	921	896	810	731	847
Metals	125	144	117	104	106
Metso Outotec total	1,434	1,402	1,295	1,164	1,278

Adjusted EBITA

EUR million	10–12/2022	7–9/2022	4–6/2022	1–3/2022	10–12/2021
Aggregates	63	57	48	45	34
Minerals	146	146	103	108	109
Metals	15	17	11	10	21
Group Head Office and other	-12	-13	-6	-6	-1
Metso Outotec total	212	207	155	157	164

Adjusted EBITA, % OF SALES

%	10–12/2022	7–9/2022	4–6/2022	1–3/2022	10–12/2021
Aggregates	16.2	15.7	13.1	13.8	10.6
Minerals	15.8	16.3	12.7	14.7	12.9
Metals	12.1	11.7	9.3	9.2	19.8
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso Outotec total	14.8	14.8	12.0	13.5	12.8

AMORTIZATION OF INTANGIBLE ASSETS

EUR million	10–12/2022	7–9/2022	4–6/2022	1–3/2022	10–12/2021
Aggregates	-4	-4	-4	-4	-3
Minerals	-11	-11	-11	-11	-11
Metals	-1	-1	-1	-1	-1
Group Head Office and other	-1	-1	-1	-1	-1
Metso Outotec total	-17	-16	-16	-17	-16

ADJUSTMENT ITEMS

EUR million	10–12/2022	7–9/2022	4–6/2022	1–3/2022	10–12/2021
Aggregates	-5	0	0	2	6
Minerals*	-81	-5	1	-2	-7
Metals	0	1	0	0	-1
Group Head Office and other*	76	6	-154	-1	-15
Metso Outotec total	-10	2	-152	-1	-17

OPERATING PROFIT

EUR million	10–12/2022	7–9/2022	4–6/2022	1–3/2022	10–12/2021
Aggregates	53	53	45	44	37
Minerals*	54	131	93	94	91
Metals	14	17	10	8	19
Group Head Office and other*	65	-8	-160	-8	-17
Metso Outotec total	185	192	-13	139	130

*Including EUR 150 million charge related to the Russian wind-down, which was booked in year 2022.

OPERATING PROFIT, % OF SALES

%	10–12/2022	7–9/2022	4–6/2022	1–3/2022	10–12/2021
Aggregates	13.7	14.8	12.1	13.5	11.5
Minerals	5.8	14.6	11.5	12.9	10.7
Metals	11.1	11.6	8.5	7.8	17.9
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso Outotec total	12.9	13.7	-1.0	12.0	10.2

ORDER BACKLOG

EUR million	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
Aggregates	561	610	613	606	545
Minerals	2,589	2,580	2,518	2,514	2,330
Metals	675	567	624	703	662
Metso Outotec total	3,825	3,757	3,756	3,823	3,536

11. Exchange rates

Currency		1–12/2022	1–12/2021	Dec 31, 2022	Dec 31, 2021
USD	(US dollar)	1.0563	1.1851	1.0666	1.1326
SEK	(Swedish krona)	10.6258	10.1469	11.1218	10.2503
GBP	(Pound sterling)	0.8537	0.8615	0.8869	0.8403
CAD	(Canadian dollar)	1.3757	1.4868	1.4440	1.4393
BRL	(Brazilian real)	5.4748	6.3782	5.6386	6.3101
CNY	(Chinese yuan)	7.0836	7.6388	7.3582	7.1947
AUD	(Australian dollar)	1.5189	1.5792	1.5693	1.5615

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by “expects”, “estimates”, “forecasts” or similar expressions, are forward-looking statements. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties that may cause the actual results to materially differ from the results currently expected by the company.

Such factors include, but are not limited to:

(1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers and thereby the orders received by the company and their margins,

(2) the competitive situation, especially significant technological solutions developed by competitors,

(3) the company’s own operating conditions, such as the success of production, product development and project management and their continuous development and improvement,

(4) the success of pending and future acquisitions and restructuring.

Metso Outotec's financial information in 2023

Annual Report 2022 during the week commencing March 20, 2023

Annual General Meeting 2023 on May 3

Interim Review for January–March 2023 on May 3

Half-Year Review for 2023 on July 20

Interim Review for January–September 2023 on October 27

Metso Outotec Corporation, Group Head Office, Töölönlahdenkatu 2,
PO Box 1220, FIN-00101 Helsinki, Finland
Tel. +358 20 484 100 Fax +358 20 484 101 www.mogroup.com

Metso:Outotec

Partner for positive change