Stora Enso
Interim Report

January–March 2022

Q1

Our purpose:

Do good for people and the planet. Replace non-renewable materials with renewable products.

Outstanding performance in a turbulent environment

Financial highlights

- Sales increased by 23% to EUR 2,798 (2,276) million. Sales excluding Paper increased by 29%.
- Operational EBIT increased by 53% to EUR 503 (328) million. Operational EBIT excluding Paper increased to EUR 466 (362) million.
- Operational EBIT margin increased to 18.0% (14.4%).
- Operating profit (IFRS) increased to EUR 394 (161) million.
- EPS was EUR 0.37 (0.18) and EPS excl. fair valuations (FV) was EUR 0.35 (0.22).
- The value of the forest assets increased to EUR 8.0 (7.2) billion, equivalent to EUR 10.10 per share.
- Strong cash flow from operations amounted to EUR 403 (185) million. Cash flow after investing activities was EUR 224 (-9) million.
- Net debt decreased by EUR 643 million to EUR 2,593 (3,236) million.
- The net debt to operational EBITDA ratio improved to 1.1 (2.3). The target is to keep the ratio below 2.0.
- Operational ROCE excluding the Forest division almost doubled to 23.6% (12.0%), the target being >13%.

Key highlights

- Sales process initiated to divest four out of five paper production sites to focus on growth in the key strategic areas: renewable packaging, building solutions and biomaterials innovations.
- Feasibility study for the conversion of an idle paper machine at the Oulu site, Finland to explore expansion in renewable packaging board with an additional capacity of 750,000 tonnes.
- Lignode: feasibility study started at the Sunila site, Finland, to assess the first production site for local supply of fossil-free hard carbon in Europe. A pre-feasibility study to investigate the extraction of lignin has started at the Skutskär site, Sweden.
- All import and export activities from and to Russia are halted, wood supply in Russia has stopped. Mitigation and re-routing are in place to manage supply and risk. In April, Stora Enso announced that it is divesting its two sawmills in Russia to local management of the sites, including its Russian forest operation which through its harvesting, supplies wood to the sawmills. Sales in Russia represented approx. 3% of total Group revenues (2021). The impact from these initiatives on Stora Enso’s sales and operational EBIT is not material.
- A dividend of 0.55 euros per share was paid on 24 March 2022 for the full year 2021.

Sales
EUR 2,798 million
(Q1/2021: 2,276)
Driven by high sales prices in all divisions

Operational EBIT margin
18.0%
(Q1/2021: 14.4%)
All-time high

Operational ROCE
23.6%
(Q1/2021: 12.0%)
excl. the Forest division

Net debt to operational EBITDA
1.1
(Q1/2021: 2.3)

EPS (basic)
0.37
(Q1/2021: 0.18)

Cash flow from operations
EUR 403 million
(Q1/2021:185)

Outlook

Global megatrends such as an increased eco awareness, an accelerated focus on combatting climate change, and digitalisation underpin Stora Enso’s business strategy and the demand for its renewable and eco-friendly products, both short and long term.

The general macroeconomic environment and the pandemic are persisting uncertainties. However, with Russia's invasion of Ukraine risks have increased across the world.

Sustained commercial momentum is supported by the market demand for Stora Enso’s products across all divisions.

To manage volatility, measures such as pricing, flexibility in sourcing and logistics, as well as hedging are in place.

Guidance remains unchanged

Stora Enso's full-year 2022 operational EBIT is estimated to be approximately in line with the full year operational EBIT for 2021 (EUR 1,528 million).

Key figures

EUR million	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Sales	2,798	2,276	23.0%	2,719	2.9%	10,164
Operational EBITDA	662	488	35.7%	602	10.0%	2,184
Operational EBITDA margin	23.7%	21.4%		22.1%		21.5%
Operational EBIT	503	328	53.4%	426	17.9%	1,528
Operational EBIT margin	18.0%	14.4%		15.7%		15.0%
Operating profit (IFRS)	394	161	144.2%	839	-53.1%	1,568
Profit before tax excl. IAC and FV	484	292	65.5%	381	27.0%	1,380
Profit before tax (IFRS)	374	125	198.5%	793	-52.8%	1,419
Net profit for the period (IFRS)	287	145	97.2%	616	-53.5%	1,268
Cash flow from operations	403	185	117.3%	619	-35.0%	1,752
Cash flow after investing activities	224	-9	n/m	424	-47.2%	1,101
Capital expenditure	85	124	-31.5%	288	-70.4%	666
Capital expenditure excluding investments in biological assets	71	111	-36.0%	273	-73.9%	609
Depreciation and impairment charges excl. IAC	135	139	-2.8%	145	-7.4%	555
Net interest-bearing liabilities	2,593	3,236	-19.9%	2,309	12.3%	2,309
Forest assets[1]	7,965	7,179	10.9%	7,966	0.0%	7,966
Operational return on capital employed (ROCE), %	15.3%	11.1%		13.4%		12.4%
Operational ROCE excl. Forest division	23.6%	12.0%		20.4%		17.8%
Earnings per share (EPS) excl. FV, EUR	0.35	0.22	54.7%	0.32	8.8%	1.19
EPS (basic), EUR	0.37	0.18	101.1%	0.78	-53.1%	1.61
Return on equity (ROE)	10.7%	6.7%		24.1%		13.0%
Net debt/equity ratio	0.24	0.37		0.22		0.22
Net debt to last 12 months' operational EBITDA ratio	1.1	2.3		1.1		1.1
Equity per share, EUR	13.60	11.04	23.2%	13.55	0.4%	13.55
Average number of employees (FTE)	22,211	23,068	-3.7%	22,369	-0.7%	23,071
TRI rate[2]	6.5	5.8	12.1%	5.5	18.2%	6.2

Operational key figures, items affecting comparability and other non-IFRS measures: The list of Stora Enso's non-IFRS measures, and the calculation and definitions of the key figures are presented at the end of this report. See also the section *Non-IFRS measures* at the beginning of the Financials section.

[1] Total forest assets value, including leased land and Stora Enso's share of Tornator.
[2] Historical figures for TRI rate recalculated due to additional data received after the previous Interim Reports.

Production and external deliveries

	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Board deliveries[1], 1,000 tonnes	1,081	1,007	7.4%	1,081	0.0%	4,258
Board production[1], 1,000 tonnes	1,244	1,139	9.3%	1,188	4.7%	4,685
Corrugated packaging European deliveries, million m^2	224	237	-5.3%	241	-7.2%	949
Corrugated packaging European production, million m^2	236	263	-10.4%	262	-10.1%	1,049
Market pulp deliveries, 1,000 tonnes	580	636	-8.8%	660	-12.1%	2,495
Wood products deliveries, 1,000 m^3	1,219	1,192	2.3%	1,157	5.4%	4,803
Wood deliveries, 1,000 m^3	3,091	3,045	1.5%	3,158	-2.1%	12,091
Paper deliveries, 1,000 tonnes	535	742	-27.9%	615	-13.1%	2,872
Paper production, 1,000 tonnes	533	743	-28.3%	529	0.7%	2,776

[1] Includes consumer board and containerboard volumes
The comparative Q1/2021 market pulp figures have been corrected.

Total maintenance impact

Expected and historical impact as lost value of sales and maintenance costs

EUR million	Q2/2022[1]	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Total maintenance impact	113	107	146	169	136	105

[1] Estimated

CEO comment

This year has started on a very strong note for Stora Enso. We delivered record high profitability and maintained our growth momentum from last year in a very turbulent environment. Our sales reached close to EUR 2.8 billion, an increase of 29% excluding Paper. We have seen strong demand for our products with high prices and solid volumes in all our segments and regions. Our strategic positioning and investments in growth within renewable materials is paying off, with our key focus areas being our star performers. This has led to our highest quarterly operational EBIT in around 20 years, up by 53% from a year ago, and an all-time high EBIT margin of 18%.

It has undeniably been a quarter with additional geopolitical challenges on top of lingering pandemic effects and supply chain headwinds. We were early in taking a stand on supporting Ukraine by ceasing our Russian operations. At the same time, safeguarding the safety of our 1,100 people employed in Russia has been, and still is, a key priority, along with minimising the disruption for our customers. Our direct and indirect forest ownership in Sweden and Finland have enabled valuable wood sourcing alternatives to compensate for ceased Russian volumes. Overall, the impact on sales and operational EBIT is not material as Russia represented 3% of Group sales in 2021.

As the next step in our strategy implementation, we have taken the decision to streamline our business to further favour growth in our key focus areas. Paper is not a strategic growth area for us and as such, we have initiated a process to divest four of our five paper sites, retaining our site in Belgium for a possible future conversion. Since 2006, we have reduced our exposure in this segment from 70% of our sales, to around 15% in the first quarter this year. The sites that are up for sale are competitive and operate in attractive paper segments with improving market conditions. We have no deadline for the conclusion of the divestment, and I am confident we will find responsible new owners that can continue to develop the businesses further.

To further accelerate our growth within the packaging segment, we are exploring expansion in renewable consumer board. We have initiated a feasibility study for the possible conversion of an idle paper machine into a high-volume consumer board line. In this market, we target customer segments in which we already hold a leading, global market position.

Our recently revised operational model has already proven its success after having been put to test this quarter. Our more decentralised structure provides agility in decision making, bringing us closer to our customers. This enables us to quickly counteract many of the impacts we now see around the world. We foresee an increased regionalisation of goods, something we believe will benefit our opportunities for further growth in the markets we are active in.

We are fully booked, see no weakening in our markets and we continuously work to mitigate higher input costs. Beyond favourable sustainability trends, many of our products are day-to-day necessities used regardless of recession, geopolitical uncertainties, and other disruptions. Hence, at this moment in time, we do not see any potential negative spillover effects, and we feel confident in our full year guidance. We have also continued to strengthen our balance sheet and secure good liquidity, a good position to have in a case of a possible macroeconomic downturn.

Key for delivering sustainable and profitable growth is to have the right ecosystem of customers, partners and committed people. Quarter by quarter, our decisions are guided by our purpose: to do what is right for people and planet by replacing fossil-based materials with renewable ones. We will continue our efforts to help our customers become 100% climate positive and circular, creating value for all our stakeholders long-term.

The renewable future grows in the forest.

Annica Bresky

President and CEO

Market dynamics

Global megatrends such as urbanisation, digitalisation, global warming and eco and brand awareness all underpin Stora Enso's growth opportunities. Regulation promoting a circular economy further supports growth. Stora Enso creates renewable, sustainable and circular products which respond to its customers' need to substitute fossil-based materials, helping combat climate change. The global increased focus on sustainability provides us with several long-term growth opportunities and enables us to lead the green materials revolution. There is strong drive to maximise the efficient use of raw materials and to make the value chains circular. This is supported by lifecycle thinking, hand in hand with rising consumer demand for eco-friendly products that enable a reduced carbon footprint. Stora Enso foresee strong, long-term, and accelerating demand for renewable, recyclable and 'net positive' products. The Company sees significant prospects to expand its total addressable market and aim to grow by >5% (excl. Paper) per year over the cycle.

Stora Enso's strategy

Sustainability is driving Stora Enso's strategy and is a natural part of its business conduct. The Company's forest holding is a real asset which both initiates the integrated value chain and sustainability credentials throughout the whole product line. Stora Enso's products store CO_2, and substitute and displace fossil-based products. The Company creates value by focusing on growing its leading positions in: renewable packaging, building solutions and biomaterials innovations. It also ensures maximising value creation in the foundation businesses: forest, biomaterials and wood products. Stora Enso drives the green revolution by investing in innovation, helping its customers reach their sustainability targets regarding climate impact and circular solutions. Stora Enso drives a performance culture through its business-specific processes to grow profitability long term. Responsible leadership based on a diverse and inclusive culture is a top priority and the strongest driver for performance, company culture and personal well-being.

Events and product update

Paper divestment

A sales process has been initiated to divest four of the five paper production sites, there is no immediate financial or operational effect on the Group or its paper operations. Stora Enso is looking for new ownership for these high-quality assets that will provide a sustainable long-term future for the sites and their people. There is no committed deadline for the divestment process.

Feasibility study for consumer board

A feasibility study is being conducted for the possible conversion of an idle paper machine at the Oulu site, Finland for a consumer board line with an annual capacity of 750kt. An investment decision could be made by the end of 2022, with start-up in 2025. Capital expenditure is estimated to range between EUR 900–1,000 million.

Lignode update

The scale-up of production at the pilot plant in Sunila, Finland continues as planned. A feasibility study has started at Sunila for the first production site of a local supply of fossil-free hard carbon in Europe. In addition, a pre-feasibility study to investigate the extraction of lignin has started at Skutskär, Sweden. Stora Enso is also reassessing the timeline of the Lignode project as the market environment has changed rapidly since the project was first launched in 2019. The pace of JV and JD partner discussions and their immediate priorities has been impacted by current global turmoil, geopolitical disruptions and inflation. Stora Enso remains actively in close discussions and is providing potential customers and partners with Lignode samples for testing and analysis. There is strong interest in the technology, and Stora Enso believes in the EUR 1 billion sales potential with partners and other stakeholders in the battery supply chain.

Russia

Stora Enso has halted all import and export activities from and to Russia. The sourcing of wood and other materials, and the sawmills have stopped. Mitigation and re-routing are in place to manage supply and risk. In Russia, Stora Enso employs some 1,100 people across three packaging plants and two sawmills. In April, Stora Enso announced that it is divesting its two sawmills including its Russian forest operation. Wood supply from Russia to Stora Enso's Finnish sites represented ~10%. In 2021 sales in Russia were approx. 3% of total Group revenues.

Fluff pulp investment

Stora Enso is investing EUR 40 million in new technology and the restructuring of its fluff pulp production site in Skutskär, Sweden. The objective is to increase cost efficiencies and further reduce the site's climate footprint.

Cutting CO_2 emissions in production

Stora Enso invests EUR 10 million to reduce annual operational CO_2 emissions by 70,000 tonnes at its Enocell site, Finland, replacing fossil-based fuel oil with renewable pitch oil made from trees. This complements the main energy source, sawdust powder, utilising 100% bio energy.

Automated coating line for CLT

Stora Enso is building an automated CLT (cross-laminated timber) coating line at the Ybbs sawmill in Austria. The solution will shorten construction times and improve wood protection.

More formed fiber capacity

Stora Enso is doubling its production capacity of formed fiber for food packaging in Europe with a EUR 8 million investment in Hylte, Sweden. After completion, the Group's annual formed fiber capacity will grow from 50 to approx. 115 million units of product, making Stora Enso one of Europe's leading suppliers of formed fiber.

New fiber-based material for paper bags

CarrEco Brown™ by Stora Enso is a renewable, fiber-based material for paper bags, made from 100% fresh fibers. Unbleached paper bags are a good fit with the preferences of today's eco-conscious consumers.

Replacing single-use plastics

Stora Enso and Picadeli, Europe's leading take-away salad bar company, introduced renewable formed fiber lids to replace single-use plastics in take-away packaging. The lids are plastic-free, recyclable and biodegradable. The innovation will help reduce approx. 120 tonnes of plastic waste in Europe annually.

Events after the quarter

Russian operations

Stora Enso divests its two sawmills in Russia to local management, including the Russian forest operation, which supplies wood to the sawmills. Stora Enso assesses that due to the uncertainties in the Russian market, local ownership and operation can provide a more sustainable long-term solution for these business operations and the employees. The transaction is expected to be concluded during Q2/2022 and will have no material impact on Stora Enso's annual sales and operational EBIT. The Group is in a process to find a sustainable solution for the future of its three packaging plants in Russia. Read more.

Key sustainability targets and performance

Stora Enso focuses its efforts towards a sustainable future concentrating on the three areas in which it has the biggest impact and opportunities: climate change, biodiversity and circularity.

Climate change

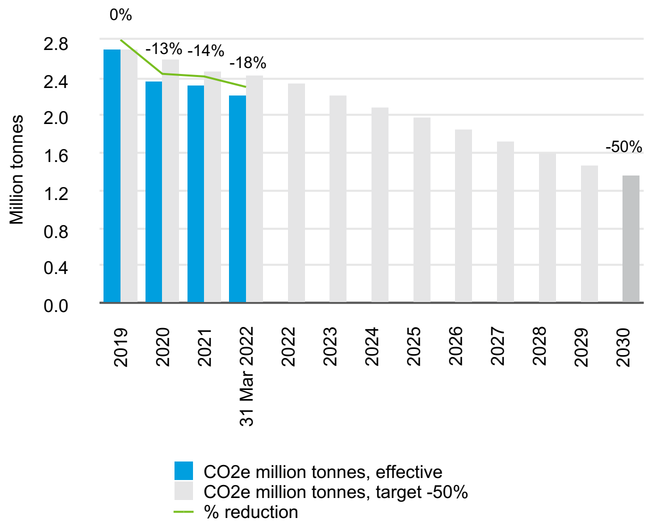
Stora Enso's science-based target is to reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions from operations by 50% by 2030 from the 2019 base year, in line with the 1.5-degree scenario.

By the end of Q1/2022 the emissions were 2.23 million tonnes or 18% less than in the base year. Several units reduced scope 1 emissions contributing to the Group-level improvement. Ceasing paper production at the Veitsiluoto site also reduced emissions.

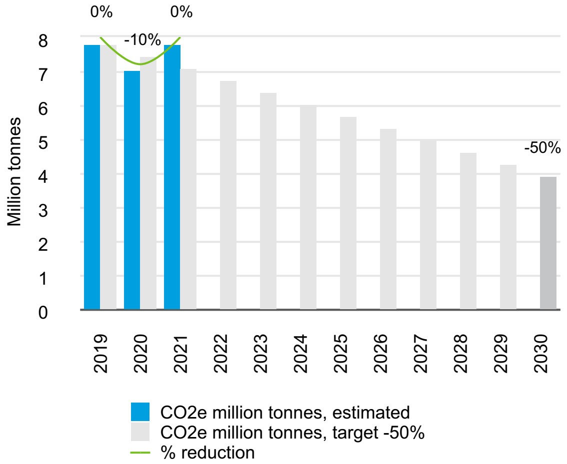
To reach the target, Stora Enso will reduce fossil carbon emissions by investing in further improving the energy efficiency of production processes, and by continuing to reduce the use of fossil fuels. The Group will use more clean energy sources, including wood-based biofuels from sustainable sources.

Stora Enso commits to reduce scope 3 GHG emissions by 50% by 2030 from the 2019 base year. In 2021, the estimated scope 3 emissions were 7.83 million tonnes or at the same level as in the base year (2020: 7.06 million tonnes or 10% less). The emissions increased year-on-year partly due to recovered production. During 2022, Stora Enso is continuing to identify emission reduction potential along the value chain and take appropriate action.

Reduction of direct and indirect GHG emissions (scope 1+2, rolling four quarters)[1]



Reduction of GHG emissions along the value chain (scope 3)[2]



[1] Direct fossil CO_2e emissions from production, indirect fossil CO_2e emissions related to purchased electricity and heat. Excl. joint operations. Rolling 4 quarters.
[2] Fossil CO_2e emissions from supply chain, transportation and customer operations estimated based on the most recent methodology. Historical figures recalculated due to additional data after the previous report.

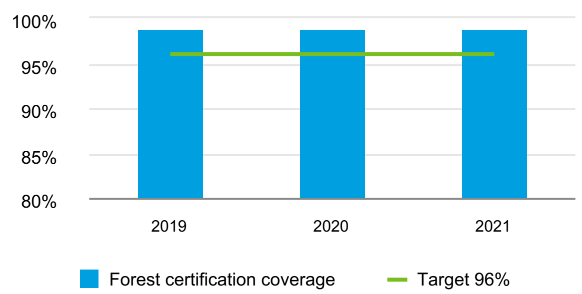
Biodiversity

Biodiversity is an integral part of forest certifications including protection of valuable ecosystems. Stora Enso is committed to achieving a net-positive impact on biodiversity in its own forests and plantations by 2050 through active biodiversity management. Stora Enso's comprehensive biodiversity programme for own forests in Sweden completed during Q1/2022, includes an action plan for 2021–2030, with measures to improve biodiversity on the species, habitat and landscape levels.

Forest certification ensures that the raw material used in wood-based products comes from responsibly managed forests. Stora Enso's target is to maintain the forest certification coverage level of at least 96% for the company's own and leased forest lands.

The forest certification coverage for Stora Enso's owned and leased lands has remained stable. In 2021, the coverage amounted to 99% (99% in 2020).

Biodiversity: forest certification coverage[1]

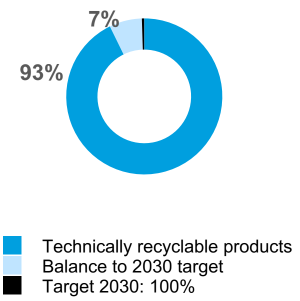


[1] For definitions, see storaenso.com

Circularity

By the end of 2021, 93% of Stora Enso's products, such as paper and packaging products, were recyclable. Going forward, the performance will be challenged by more granular testing and stricter recyclability specifications. Stora Enso will ensure the recyclability of new products through an increased focus on circularity in the innovation processes. To ensure materials are actually being recycled, Stora Enso proactively drives recycling of its products and infrastructure solutions through collaborations with its customers and other stakeholders.

Circularity: share of technically recyclable products[1,2]



[1] As of 31 December 2021
[2] For definitions, see storaenso.com

Responsible business practices

	31 Mar 2022	31 Dec 2021	31 Mar 2021	Target
Occupational safety: TRI rate, year-to-date	6.5	6.2	5.8	5.3 by the end of 2022
Water: total water withdrawal per saleable tonne (m^3/tonne)	60	60	64	Decreasing trend
Water: process water discharges per saleable tonne, (m^3/tonne)	31	31	31	Decreasing trend
Sustainable sourcing: % of supplier spend covered by the Supplier Code of Conduct (SCoC)	96%	96%	95%	95%

For definitions, see the section *Calculation fo key figures*

The safety milestone for 2022 is 5.3. The key areas for improvement are defined in Stora Enso's Strategic Safety Roadmap from 2021.

During the quarter, water performance remained stable. Stora Enso strives for constantly improving its water performance through targeted investments. Stora Enso will introduce new targets for water performance by the end of 2022.

The KPI for sustainable sourcing measures the proportion of total supplier spend covered by the SCoC. By the end of the quarter, 96% of the spend on materials, goods, and services was covered by the SCoC.

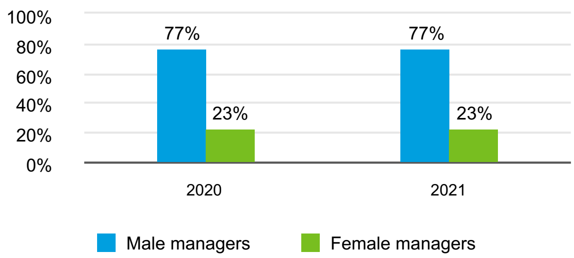
Sustainability targets included in LTIP

In order to strengthen the leadership's long-term commitment to the Company's sustainability agenda, ESG targets were added to the long-term incentive plan (LTIP). The targets represent a 20% weight: CO_2 emission reduction (10%), diversity and inclusion (10%).

Diversity and inclusion

The KPI for diversity and inclusion measures the proportion of female managers among all managers. At the end of 2021, the proportion was 23%. The target is 25% by the end of 2024. Among all employees, the proportion of female employees was 24% in 2021 (2020: 24%). In the Group's Leadership Team, 5 out of 14 members were women at the end of Q1/2022.

Gender balance of managers



ESG assessments and external recognition

Stora Enso actively participates in following ESG assessment schemes:

ESG rating	Stora Enso score	Change vs previous score	Rating against peers	Last update
CDP	Climate A- Forest A- Water B	Unchanged	Clearly above the industry average level	Q4/2021
FTSE Russell	4.2 out of 5.0	Improved from 4.1 to 4.2	Clearly above the industry average level	Q2/2021
ISS Corporate Rating	B- / A+	No change	Among highest decile rank in the industry sector	Q2/2021
ISS QualityScore	Governance 3 Social 1 Environment 1	Improved in Governance from 4 to 3*	Clearly above the industry average level	Q1/2022
MSCI	AAA / AAA	Improved from AA to AAA	Clearly above the industry average level	Q3/2021
Sustainalytics	15.9 out of 40.0	Improved from 18.0 to 15.9**	Clearly above the industry average level	Q1/2022
VigeoEiris* **	73 out of 100	Improved from 68 to 73	Highest ranked company in the industry	Q3/2021

* 1 indicating the lowest risk ** “0 risk” being the highest possible score *** V.E. part of Moody's ESG solutions

Other

In February, Stora Enso was named Supplier Engagement Leader on climate change by the Carbon Disclosure Project (CDP).

First quarter 2022 results (compared with Q1/2021)

Earnings per share	Operational EBIT increase	Average no. of employees
EUR 0.37	**53%**	**22,211**
(Q1/2021: 0.18)		(Q1/2021: 23,068)

Group sales increased by 23%, or EUR 522 million, to EUR 2,798 (2,276) million. This was the highest quarterly level since the second quarter of 2011. Group sales excluding the Paper division increased by 29%. Higher sales prices in all divisions increased the topline. Positive impact from deliveries was offset by the effect of structural changes, mainly related to paper site closures at Veitsiluoto in Finland and Kvarnsveden in Sweden.

Operational EBIT increased by 53%, or EUR 175 million to EUR 503 (328) million, despite the comparable period including a EUR 74 million land area sales gain in Sweden. This was the highest quarterly profitability since the early 2000s and the operational EBIT margin increased to an all-time high of 18.0% (14.4%). Margins improved on the back of higher sales prices, especially in Packaging Materials, Wood Products, Biomaterials and Paper. The volume impact was positive EUR 55 million, especially due to higher volumes in Packaging Materials. Variable costs had a EUR 353 million negative impact, as all input costs continued to increase. Fixed costs increased by EUR 26 million, partly due to changed annual maintenance schedule. The impact from the closed units was positive EUR 10 million and net foreign exchange rates had a positive impact of EUR 34 million on operational EBIT.

Fair valuations and non-operational items had a positive net impact on the operating profit of EUR 21 (negative 40) million. The impact came mainly from emission rights.

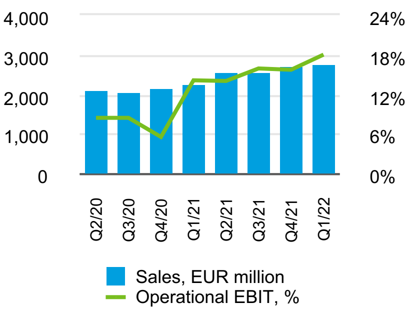
The Group recorded items affecting comparability (IAC) with a negative impact of EUR 130 (negative 126) million on its operating profit. The related tax impact was positive EUR 4 (positive 26) million. The IACs relate mainly to write downs as a result of worsened business outlook in Russia.

Net financial expenses of EUR 19 million were EUR 17 million lower than a year ago. Net interest expenses of EUR 29 million decreased by EUR 3 million, mainly as a result of lower interest-bearing liabilities. Other net financial expenses of EUR 7 million increased by EUR 2 million. The net foreign exchange impact in respect of cash equivalents, interest-bearing assets and liabilities and related foreign-currency hedges amounted to a gain of EUR 16 (gain of EUR 1) million.

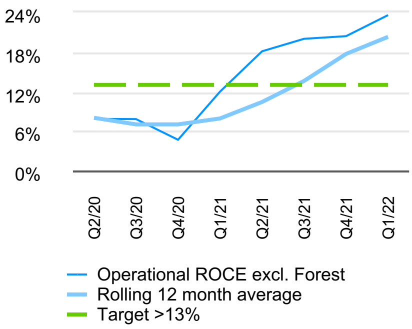
Earnings per share increased by 101% to EUR 0.37 (0.18), and earnings per share excluding fair valuations increased by 55% to EUR 0.35 (0.22).

The operational return on capital employed (ROCE) was 15.3% (11.1%). Operational ROCE excluding the Forest division was 23.6% (12.0%).

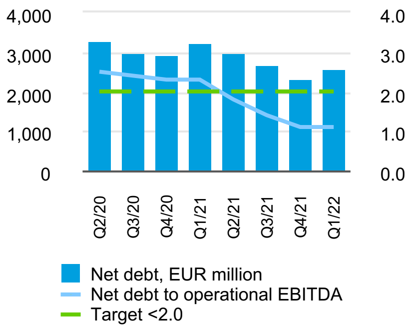
Sales and operational EBIT



ROCE excluding Forest



Net debt to operational EBITDA



Breakdown of change in sales

Sales Q1/2021, EUR million	2,276
Price and mix	21%
Currency	1%
Volume	2%
Other sales[1]	1%
Total before structural changes	26%
Structural changes[2]	-3%
Total	23%
Sales Q1/2022, EUR million	**2,798**

[1] Energy, paper for recycling (PfR), by-products etc.
[2] Asset closures, major investments, divestments and acquisitions

Breakdown of change in capital employed

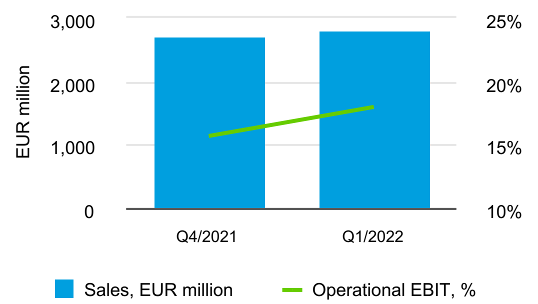
Capital employed 31 March 2021, EUR million	11,931
Capital expenditure excl. investments in biological assets less depreciation	23
Investments in biological assets less depletion of capitalised silviculture costs	-12
Impairments and reversal of impairments	-107
Fair valuation of forest assets	609
Unlisted securities (mainly PVO)	558
Equity accounted investments	129
Net liabilities in defined benefit plans	127
Operative working capital and other interest-free items, net	-114
Emission rights	156
Net tax liabilities	-171
Translation difference	212
Other changes	-41
Capital employed 31 March 2022	**13,300**

First quarter 2022 results (compared with Q4/2021)

Group sales increased by 3%, or EUR 79 million, to EUR 2,798 (2,719) million, driven by higher sales prices and improved mix across all divisions.

Operational EBIT increased by 18%, or EUR 77 million to EUR 503 (426) million. The positive impact from higher sales prices and seasonally lower fixed cost, impacted by less maintenance activity, improved operational EBIT by EUR 185 million. This was partly offset by EUR 98 million higher variable costs, especially for energy and logistics and EUR 13 million lower volumes, especially for Biomaterials.

Sales and operational EBIT



Packaging Materials

- All-time high performance driven by higher prices and added capacity at the Oulu containerboard site.
- Variable cost escalation in most categories mitigated by higher prices.

Operational ROOC

24.0%

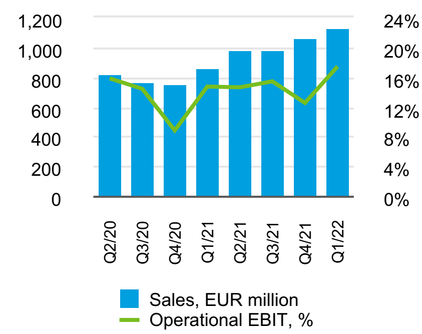
(Target: >20%)

Maintenance shutdowns

	2022	2021
Q1	Ostrołęka	–
Q2	Beihai	Beihai, Ostrołęka
Q3	Skoghall, Ingerois, Heinola, Varkaus	Imatra, Varkaus
Q4	Imatra, Fors	Skoghall, Fors, Heinola, Oulu, Ingerois

- Sales increased by 31% or EUR 270 million to an all-time high of EUR 1,132 million. The topline increase was driven by higher board prices and deliveries, supported by the containerboard site ramp-up in Oulu, Finland.
- Operational EBIT increased by EUR 69 million to a record-high level of EUR 196 million, driven by improved containerboard performance. Higher board volumes and prices more than offset higher variable costs.
- Operational ROOC improved to 24.0% (16.7%), exceeding the long-term target of >20%.

Sales and operational EBIT



EUR million	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Sales	1,132	862	31.3%	1,062	6.6%	3,898
Operational EBITDA	273	196	39.4%	210	30.1%	846
Operational EBITDA margin	24.1%	22.7%		19.8%		21.7%
Operational EBIT	196	127	54.9%	133	47.9%	556
Operational EBIT margin	17.4%	14.7%		12.5%		14.3%
Operational ROOC	24.0%	16.7%		16.8%		18.0%
Cash flow from operations	155	126	22.7%	226	-31.6%	807
Cash flow after investing activities	74	20	273.1%	128	-41.9%	459
Deliveries, 1,000 tonnes	1,160	1,097	5.7%	1,169	-0.8%	4,616
Production, 1,000 tonnes	1,244	1,139	9.3%	1,188	4.7%	4,685

Market development during Q1

Product	Market	Demand Q1/22 compared with Q1/21	Demand Q1/22 compared with Q4/21	Price Q1/22 compared with Q1/21	Price Q1/22 compared with Q4/21
Consumer board (FBB)	Europe	Slightly stronger	Slightly stronger	Significantly higher	Higher
Virgin fiber-based containerboard	Global	Stable	Stable	Significantly higher	Slightly higher
Recycled fiber based (RCP) containerboard	Europe	Slightly stronger	Significantly stronger	Significantly higher	Slightly higher

Source: Fastmarket RISI, Fastmarket FOEX, CEPI, Numera Analytics

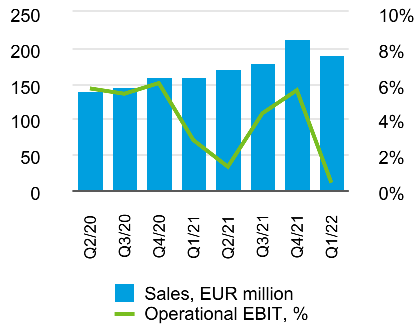
Packaging Solutions

- Low profitability impacted by Russian operations.
- Higher box prices and growing new businesses contributed to a rise in sales.

Operational ROOC	Sales increase	Operational EBIT margin
1.3%	**20%**	**0.4%**
(Target: >25%)		(Q1/2021: 2.8%)

- Sales increased by 20% to a record-high first-quarter of EUR 191 million. The negative impact from Stora Enso's Russian operations was compensated by increasing box prices and growing innovation and service-led sales.
- Operational ROOC ended up at 1.3%, below the long-term target of >25%.
- Operational EBIT decreased by EUR 3 million to EUR 1 million. The decrease is mainly due to: impact from the division's Russian operations following the war in Ukraine, cost inflation and increased investments to accelerate growth in the new businesses which require resources at build up.

Sales and operational EBIT



EUR million	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Sales	191	159	19.7%	214	-10.8%	723
Operational EBITDA	8	12	-28.8%	20	-58.6%	56
Operational EBITDA margin	4.3%	7.3%		9.3%		7.8%
Operational EBIT	1	4	-82.9%	12	-93.7%	26
Operational EBIT margin	0.4%	2.8%		5.6%		3.6%
Operational ROOC	1.3%	7.5%		19.4%		10.8%
Cash flow from operations	-6	19	-131.3%	27	-122.3%	56
Cash flow after investing activities	-14	13	-209.7%	17	-181.2%	26
Corrugated packaging European deliveries, million m^2	232	263	-11.9%	264	-12.1%	1,046
Corrugated packaging European production, million m^2	236	263	-10.4%	262	-10.1%	1,049

Market development during Q1

Product	Market	Demand Q1/22 compared with Q1/21	Demand Q1/22 compared with Q4/21	Price Q1/22 compared with Q1/21	Price Q1/22 compared with Q4/21
Corrugated packaging	Europe	Slightly stronger	Stronger	Significantly higher	Slightly higher

Source: Fastmarket RISI

Biomaterials

- Record-high first-quarter sales and operational EBIT mainly driven by high pulp prices.
- Higher sales prices compensated for increased costs.

Operational ROOC

18.2%

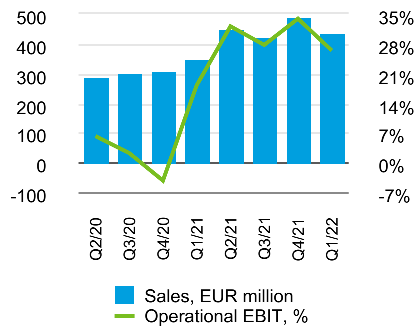
(Target: >15%)

Maintenance shutdowns

	2022	2021
Q1	Montes del Plata	–
Q2	Enocell	–
Q3	Sunila	Enocell, Skutskär, Sunila
Q4	–	Veracel

- Sales increased by 24%, or EUR 87 million, to EUR 442 million. The record-high first-quarter sales were driven by higher sales prices in pulp in Europe and China.
- Operations, market pulp sales and deliveries were impacted by lack of birch (hardwood) due to the Russian sanctions, partly compensated with higher soft wood pulp volumes.
- Operational EBIT increased by EUR 52 million to EUR 117 million, also a record high for a first quarter. Higher sales prices more than offset the negative impacts from higher costs and lower volumes. The Montes del Plata site in Uruguay had a maintenance break in March, whereas in Q1/2021, there were no maintenance breaks.
- Operational ROOC was 18.2%, above the long-term target of 15%.

Sales and operational EBIT



EUR million	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Sales	442	355	24.4%	494	-10.4%	1,728
Operational EBITDA	149	93	59.8%	204	-27.1%	618
Operational EBITDA margin	33.7%	26.2%		41.4%		35.7%
Operational EBIT	117	65	80.9%	167	-30.1%	495
Operational EBIT margin	26.4%	18.2%		33.9%		28.7%
Operational ROOC	18.2%	11.2%		27.1%		20.8%
Cash flow from operations	136	40	243.0%	152	-10.6%	490
Cash flow after investing activities	97	14	n/m	119	-18.3%	391
Pulp deliveries, 1,000 tonnes	611	641	-4.6%	678	-9.8%	2,576

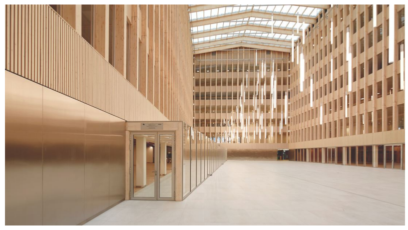
Market development during Q1

Product	Market	Demand Q1/22 compared with Q1/21	Demand Q1/22 compared with Q4/21	Price Q1/22 compared with Q1/21	Price Q1/22 compared with Q4/21
Softwood pulp	Europe	Slightly stronger	Slightly stronger	Significantly higher	Slightly higher
Hardwood pulp	Europe	Stronger	Stronger	Significantly higher	Slightly higher
Hardwood pulp	China	Stable	Stronger	Slightly higher	Significantly higher

Source: PPPC, Fastmarket FOEX, Fastmarket RISI, Stora Enso

Wood Products

- Record-high first-quarter performance in sales and operational EBIT.
- Tighter sawn wood market due to sanctioned supply as a result of the war in Ukraine.



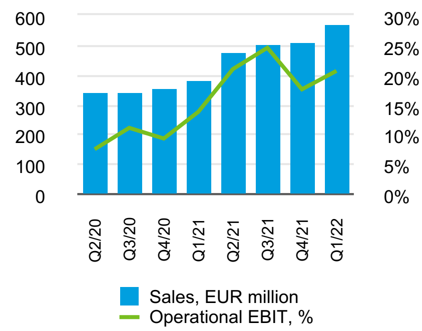
Operational ROOC
67.8%
(Target: >20%)

Sales increase
50%

Operational EBIT margin
20.6%
(Q1/2021: 13.7%)

- Sales increased by 50%, or EUR 191 million, to EUR 573 million. Higher sales prices and deliveries supported by continued solid demand.
- Operational EBIT increased by EUR 66 million to a record-high first-quarter of EUR 118 million. High profitability continued driven by higher sales prices, which more than offset increase in costs such as raw material and logistics.
- Operational ROOC remained above the long-term target of >20% at 67.8% (36.9%). This was due to record-high profitability, despite an increase in the capital base as a result of ongoing investments in growth and an increase in working capital due to higher business volume.

Sales and operational EBIT



EUR million	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Sales	573	382	50.0%	510	12.4%	1,872
Operational EBITDA	130	64	103.5%	101	28.7%	410
Operational EBITDA margin	22.7%	16.7%		19.8%		21.9%
Operational EBIT	118	52	124.9%	89	32.6%	364
Operational EBIT margin	20.6%	13.7%		17.5%		19.5%
Operational ROOC	67.8%	36.9%		53.1%		59.4%
Cash flow from operations	78	34	127.7%	105	-26.0%	313
Cash flow after investing activities	55	14	296.9%	83	-33.6%	252
Wood products deliveries, 1,000 m^3	1,178	1,113	5.8%	1,105	6.6%	4,508

Market development during Q1

Product	Market	Demand Q1/22 compared with Q1/21	Demand Q1/22 compared with Q4/21	Price Q1/22 compared with Q1/21	Price Q1/22 compared with Q4/21
Wood products	Europe	Stable	Stronger	Significantly higher	Stable

Source: Stora Enso

Forest

- Solid profitability continued, driven by higher prices for pulpwood and tight wood supply.
- Ceased wood trade with Russia and logistical challenges in Finland mitigated by redirection of wood flows.

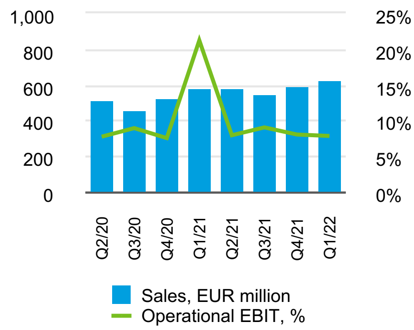
Operational ROCE
3.6%
(Target: >3.5%)

Total value of forest assets
EUR 8.0 billion
(Q1/2021: EUR 7.2 billion)

Sales increase
8%

- Sales increased by 8%, or EUR 44 million, to EUR 626 million, due to higher wood prices driven by increased demand for pulpwood and saw logs.
- Operational EBIT of EUR 49 million continued at a stable level reflecting good operational performance. Operational EBIT in Q1/2021 included a gain of EUR 74 million from a land area sales in Sweden.
- Operational ROCE remained above the 3.5% long-term target at 3.6% (9.9%) showing a stable performance despite the increasing fair value of Stora Enso's biological and forest land assets in the Nordics.
- On 2 March 2022, Stora Enso stopped all wood imports from Russia until further notice. Previously, approximately 10% of the wood used in Stora Enso's operations in Finland was sourced from Russia. Stora Enso has a wood supply contingency plan in place to change the wood mix and to procure wood from alternative sources in Finland, Sweden and the Baltic Sea area.

Sales and operational EBIT



EUR million	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Sales	626	582	7.5%	597	4.7%	2,311
Operational EBITDA	58	134	-56.5%	60	-2.9%	318
Operational EBITDA margin	9.3%	23.1%		10.1%		13.7%
Operational EBIT	49	123	-60.4%	48	2.5%	267
Operational EBIT margin	7.8%	21.2%		8.0%		11.5%
Operational ROCE	3.6%	9.9%		3.6%		5.1%
Cash flow from operations	45	11	292.5%	74	-39.5%	158
Cash flow after investing activities	34	-5	n/m	61	-43.6%	112
Wood deliveries, 1,000 m^3	10,224	10,151	0.7%	9,713	5.3%	39,652
Operational fair value change of biological assets	22	19	19.8%	20	14.2%	82

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Paper

- Financial turnaround and highest quarterly operational EBITDA% since 2009, driven by both higher prices and volumes across all grades.
- Sales from the retained businesses rose by 50% and cash flow transitioned from negative to positive.

Cash flow after investing activities to sales ratio

-3.0%

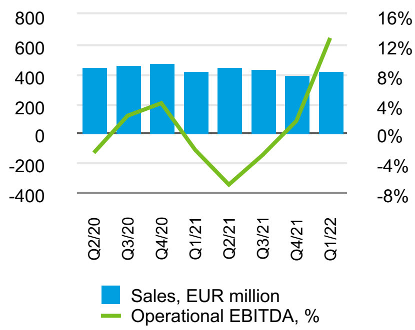
(Target: >7%)

Maintenance shutdowns

	2022	2021
Q1	–	Nymölla
Q2	Langerbrugge	–
Q3	Anjala, Nymölla	–
Q4	Maxau	Anjala, Nymölla

- Sales decreased by 3% or by EUR 12 million, to EUR 416 million, as a consequence of the closures of the Veitsiluoto site in Finland and the Kvarnsveden site in Sweden during Q3/2021. Sales from retained business increased by 50%.
- Operational EBIT increased by EUR 70 million to EUR 36 million, resulting in an EBIT margin of 8.8% (-8.0%). Higher paper prices were partly offset by higher variable costs, mainly in energy, Paper for Recycling (PfR), and chemicals. Structural changes reduced fixed costs and volumes.
- Cash flow after investing activities to sales ratio improved and stood at -3.0% (-4.6%). This was due to improved profitability and working capital efficiency. It remained, however, clearly below the long-term target due to provision payments related to the paper site closures. The cash flow to sales ratio for the retained business improved to 4.5% (-4.2%).

Sales and operational EBITDA



EUR million	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Sales	416	428	-2.8%	389	7.0%	1,703
Operational EBITDA	53	-10	n/m	6	n/m	-48
Operational EBITDA margin	12.8%	-2.3%		1.6%		-2.8%
Operational EBIT	36	-34	207.0%	-10	n/m	-124
Operational EBIT margin	8.8%	-8.0%		-2.6%		-7.3%
Operational ROOC	90.8%	-32.0%		-29.9%		-40.3%
Cash flow from operations	2	-4	150.7%	3	-29.9%	-25
Cash flow after investing activities	-12	-20	36.8%	-11	-11.0%	-77
Cash flow after investing activities to sales, %	-3.0%	-4.6%		-2.9%		-4.5%
Paper deliveries, 1,000 tonnes	535	742	-27.9%	615	-13.1%	2,872
Paper production, 1,000 tonnes	533	743	-28.3%	529	0.7%	2,776

Market development during Q1

Product	Market	Demand Q1/22 compared with Q1/21	Demand Q1/22 compared with Q4/21	Price Q1/22 compared with Q1/21	Price Q1/22 compared with Q4/21
Paper	Europe	Slightly weaker	Weaker	Significantly higher	Significantly higher

Source: PPPC

Segment Other

The segment Other includes Stora Enso's shareholding in the energy company Pohjolan Voima (PVO), and the Group's shared services and administration.

EUR million	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Sales	236	240	-1.4%	285	-17.1%	1,092
Operational EBITDA	-9	-2	-298.2%	-4	-103.5%	-9
Operational EBITDA margin	-3.8%	-0.9%		-1.5%		-0.8%
Operational EBIT	-14	-11	-30.6%	-17	17.7%	-48
Operational EBIT margin	-6.1%	-4.6%		-6.1%		-4.4%
Cash flow from operations	-7	-41	84.1%	32	-120.4%	-48
Cash flow after investing activities	-11	-45	75.9%	27	-139.9%	-62

- Sales decreased to EUR 236 million, mainly due to lower logistics service sales.
- Operational EBIT decreased by EUR 3 million to EUR -14 million. A higher energy services result driven by increased electricity prices was more than offset by higher costs.

Capital structure in the first quarter of 2022 (compared with Q4/2021)

EUR million	31 Mar 2022	31 Dec 2021	31 Mar 2021
Operative fixed assets[1]	13,800	13,696	12,444
Equity accounted investments	578	580	448
Operative working capital, net	617	448	712
Non-current interest-free items, net	-331	-417	-464
Operating Capital Total	**14,664**	**14,307**	**13,141**
Net tax liabilities	-1,364	-1,331	-1,210
Capital Employed	**13,300**	**12,976**	**11,931**
Equity attributable to owners of the Parent	10,726	10,683	8,709
Non-controlling interests	-19	-16	-14
Net interest-bearing liabilities	2,593	2,309	3,236
Financing Total	**13,300**	**12,976**	**11,931**

[1] Operative fixed assets include goodwill, other intangible assets, property, plant and equipment, right-of-use assets, forest assets, emission rights, and unlisted securities.

Cash and cash equivalents net of overdrafts decreased by EUR 503 million to EUR 977 million mainly due to dividend payments and repayments of financial liabilities. Net debt increased by EUR 284 million to EUR 2,593 (EUR 2,309) million during the first quarter. The ratio of net debt to the last 12 months' operational EBITDA was stable at 1.1 (1.1). The net debt/equity ratio on 31 March 2022 increased to 0.24 (0.22). The average interest expense rate on borrowings was at reporting date 3.1% (3.1%). In January 2022, Stora Enso repaid credit institution loans ahead of the final maturity of EUR 200 million. Stora Enso has a EUR 700 million committed fully undrawn revolving credit facility as per 31 March 2022.

Valuation of forest assets

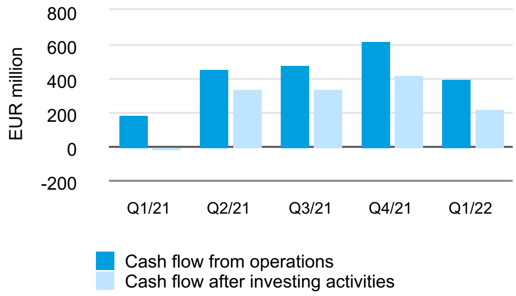
The value of total forest assets, including leased land and Stora Enso's share of Tornator's forest assets, decreased by EUR 2 million to EUR 7,965 (7,966) million. The decrease is mainly caused by foreign exchange impact and harvesting, whereas acquisitions and other additions increased the forest asset value. The fair value of biological assets, including Stora Enso's share of Tornator, increased by EUR 5 million to EUR 5,457 (5,453) million. The value of forest land, including leased land and Stora Enso's share of Tornator, decreased by EUR 7 million to EUR 2,507 (2,514) million.

Cash flow in the first quarter of 2022 (compared with Q4/2021)

Operative cash flow

EUR million	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Operational EBITDA	662	488	35.7%	602	10.0%	2,184
IAC on operational EBITDA	-61	-16	-280.5%	-13	n/m	-213
Other adjustments	13	-83	115.4%	-60	121.4%	-194
Change in working capital	-211	-203	-3.8%	90	n/m	-25
Cash flow from operations	**403**	**185**	**117.3%**	**619**	**-35.0%**	**1,752**
Cash spent on fixed and biological assets	-177	-192	7.9%	-193	8.3%	-645
Acquisitions of equity accounted investments	-2	-2	3.4%	-2	17.6%	-6
Cash flow after investing activities	**224**	**-9**	**n/m**	**424**	**-47.2%**	**1,101**

Cash flow after investing activities was at EUR 224 million. Working capital increased by EUR 211 million, mainly due to increased inventories and trade receivables. Cash spent on fixed and biological assets was EUR 177 million. Payments related to the previously announced provisions amounted to EUR 25 million.



Capital expenditure in the first quarter of 2022 (compared with Q1/2021)

Additions to fixed and biological assets totalled EUR 85 (124) million, of which EUR 71 (111) million were fixed assets and EUR 14 (13) million biological assets.

Depreciations and impairment charges excluding IACs totalled EUR 135 (139) million. Additions in fixed and biological assets had a cash outflow impact of EUR 177 (192) million.

Capital expenditure by division

EUR million	Q1/22	
Packaging Materials	30	including the wood handling upgrade at Imatra, the Skoghall board machine 8 capacity increase in Sweden and the Ostrołęka recycling solution in Poland
Packaging Solutions	3	
Biomaterials	27	including the lignin related investments at Sunila in Finland and the bleaching plant upgrade in Skutskär in Sweden.
Wood Products	14	including the cross laminated timber (CLT) investment at Ždírec in the Czech Republic
Forest	4	
Paper	5	
Total	**85**	

Capital expenditure and depreciation forecast 2022

EUR million	Forecast 2022
Capital expenditure	640–680
Depreciation and depletion of capitalised silviculture costs	610–650

Stora Enso's capital expenditure forecast includes approximately EUR 70 million for the Group's forest assets.

The depletion of capitalised silviculture costs is forecast to be EUR 65–80 million.

Short-term risks and uncertainties

Due to the rapidly changing macro-economic and geopolitical disruption caused by war in Ukraine, companies are increasingly dealing with rising complexity. The sanctions on Russia and retaliatory measures, as well as conflict-related risks to people, operations, trade credit and cyber security, could have an adverse impact on Stora Enso.

There is a risk of continuously higher cost and increased price volatility for raw materials and energy in Europe, e.g. wood and logistics. The logistical infrastructure challenges to transport wood in Finland, could cause disruptions such as delays and/or lack of wood supply to Stora Enso's production sites. The war in Ukraine has also increased the risk of a global economic downturn, higher inflation, sudden interest rate increases as well as currency fluctuations, which could affect Stora Enso's profits, cash flow and financial position.

Covid-19 and its economic and societal consequences continue to cause uncertainty in the world and Stora Enso's business environment. Global vaccine inequality and new lockdowns and restrictions in many countries increase the risk of social inequality, supply chain and logistics disruptions and slow global economic recovery and demand.

Other risks and uncertainties include, but are not limited to; general industry conditions, unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations, and related to actual or potential litigation; material process disruption at one of Stora Enso's manufacturing facilities with operational or environmental impacts; risks inherent in conducting business through joint ventures; and other factors that can be found in Stora Enso's press releases and disclosures.

Stora Enso has been granted various investment subsidies and has given certain investment commitments in several countries e.g. Finland, China and Sweden. If commitments to planning conditions are not met, local officials may pursue administrative measures to reclaim some of the formerly granted investment subsidies or to impose penalties on Stora Enso, and the outcome of such a process could result in adverse financial impact on Stora Enso.

A more detailed description of risks is included in Stora Enso's Annual Report 2021, available at storaenso.com/annualreport.

Sensitivity analysis

Energy sensitivity analysis: the direct effect of a 10% increase in electricity and fossil fuel market prices would have a negative impact of approximately EUR 29 million on operational EBIT for the next 12 months.

Wood sensitivity analysis: the direct effect of a 10% increase in wood prices would have a negative impact of approximately EUR 216 million on operational EBIT for the next 12 months.

Pulp sensitivity analysis: the direct effect of a 10% increase in pulp market prices would have a positive impact of approximately EUR 150 million on operational EBIT for the next 12 months.

Chemical and filler sensitivity analysis: the direct effect of a 10% increase in chemical and filler prices would have a negative impact of approximately EUR 53 million on operational EBIT for the next 12 months.

A decrease of energy, wood, pulp or chemical and filler prices would have the opposite impact.

Forest assets interest rate sensitivity analysis based on a total forest assets value of EUR 7,966 million (2021): A +1% change in interest rates would have a negative impact of approximately EUR 200 million on the Group's forest assets.

Foreign exchange rates transaction risk sensitivity analysis for the next twelve months: the direct effect on operational EBIT of a 10% strengthening in the value of the US dollar, Swedish krona and British pound would be approximately positive EUR 98 million, negative EUR 11 million and positive EUR 25 million annual impact, respectively. Weakening of the currencies would have the opposite impact. These numbers are net of hedges and assuming no changes occur other than a single currency exchange rate movement in an exposure currency.

The Group's consolidated income statement on operational EBIT level is exposed to a foreign-currency translation risk worth approximately EUR 111 million expense exposure in Brazilian real (BRL) and approximately EUR 83 million income exposure in Chinese Renminbi (CNY). These exposures arise from the foreign subsidiaries and joint-operations located in Brazil and China, respectively. For these exposures a 10% strengthening in the value of a foreign currency would have a negative EUR 11 million and a positive EUR 8 million impact on operational EBIT, respectively.

Legal proceedings

Contingent liabilities

Stora Enso has undertaken significant restructuring actions in recent years which have included the divestment of companies, sale of assets and mill closures. These transactions include a risk of possible environmental or other obligations the existence of which would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A provision has been recognised for obligations for which the related amount can be estimated reliably and for which the related future cost is considered to be at least probable.

Stora Enso is party to legal proceedings that arise in the ordinary course of business and which primarily involve claims arising out of commercial law. The management does not consider that liabilities related to such proceedings before insurance recoveries, if any, are likely to be material to the Group's financial condition or results of operations.

European Commission inspection

As announced in Stora Enso's stock exchange release on 12 October 2021, the European Commission has conducted unannounced inspections in locations at several member states at the premises of companies active in the wood pulp sector. Stora Enso was included in the European Commission's inspection at its headquarters in Kanavaranta, Finland.

Stora Enso is cooperating fully with the authorities. As stated by the Commission, the fact that they carry out such inspections does not mean that the companies are guilty of anti-competitive behaviour nor does it prejudge the outcome of the investigation itself.

Stora Enso is under strict confidentiality rules regarding the details of the ongoing European Commission investigation and cannot pre-empt or speculate regarding the next steps or eventual outcome of the investigation.

Legal proceedings in South America

Veracel

On 11 July 2008, Stora Enso announced that a federal judge in Brazil had issued a decision claiming that the permits issued by the State of Bahia for the operations of Stora Enso's joint operations company Veracel were not valid. The judge also ordered Veracel to take certain actions, including reforestation with native trees on part of Veracel's plantations and a possible fine of, at the time of the decision, BRL 20 (EUR 3) million. Veracel disputes the decision and has filed an appeal against it. Veracel operates in full compliance with all Brazilian laws and has obtained all the necessary environmental and operating licences for its industrial and forestry activities from the relevant authorities. In November 2008, a Federal Court suspended the effects of the decision. No provisions have been recorded in Veracel's or Stora Enso's accounts for the reforestation or the possible fine.

Changes in Group management

Teemu Salmi, CIO, Head of IT & Digitalisation and a member of the Group Leadership Team, is leaving his position at Stora Enso to take up the position of CEO at Finnish cyber-security company Nixu.

Teemu Salmi continues his employment as CIO, Head of IT & Digitalisation, with Stora Enso until 31 July 2022. As part of Stora Enso's new operating model, IT & Digitalisation will be part of the CFO organisation and report to CFO **Seppo Parvi.**

Annual General Meeting in 2022

Stora Enso's Annual General Meeting (AGM) was held on 15 March 2022 at the Company's Head Office in Helsinki, Finland. In order to prevent the spread of the Covid-19 pandemic, a shareholder or his/her proxy representative could not be present at the venue of the meeting.

The AGM approved the proposal by the Board of Directors that the Company distribute a dividend of EUR 0.55 per share for the year 2021. The dividend was paid on 24 March 2022.

Kari Jordan was elected as a new member of the Board of Directors. **Mikko Helander** had announced that he was not available for re-election to the Board of Directors.

More information about the AGM in 2022 is available in the release Stora Enso's Annual General Meeting and decisions by the Board of Directors.

This report has been prepared in English, Finnish, and Swedish. If there are any variations in the content between the versions, the English version shall govern. This report is unaudited.

Helsinki, 28 April 2022
Stora Enso Oyj
Board of Directors

Financials

Basis of Preparation

This unaudited interim financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Financial Report for 2021 with the exception of new and amended standards applied to the annual periods beginning on 1 January 2022 and changes in accounting principles described below.

All figures in this Interim Report have been rounded to the nearest million, unless otherwise stated. Therefore, percentages and figures in this report may not add up precisely to the totals presented and may vary from previously published financial information.

Accounting considerations relating to Russian operations

Stora Enso has three corrugated packaging plants, two wood products sawmills and forest operations in Russia, employing around 1,100 people. In 2021, sales in Russia represented about 3% of total Group revenues. All import and export activities from and to Russia are halted, and the sawmills and wood supply in Russia have stopped. On 25 April, Stora Enso announced that it will divest its two sawmills and forest operations in Russia to local management of the sites. As a result of the worsened business outlook, in Q1/2022 the Group recognised fixed assets impairments of EUR 69 million and write-downs in inventories and trade receivables of EUR 43 million, of which EUR 70 million relate to the wood products and forest units announced to being disposed.

The additional loss on the sale transaction under IFRS will be approximately EUR 60 million, consisting mainly of currency translation adjustments to be recorded at the closing date. The expenses are considered as items affecting comparability.

The sanctions imposed on Russia could directly affect the Group's ability to use or withdraw cash or cash equivalents. The amount of cash or cash equivalents in Russian units at the end of March 2022 was EUR 61 million.

Non-IFRS measures

The Group's key non-IFRS performance metric is operational EBIT, which is used to evaluate the performance of its operating segments and to steer allocation of resources to them.

Operational EBIT comprises the operating profit excluding items affecting comparability (IAC) and fair valuations from the segments and Stora Enso's share of the operating profit of equity accounted investments (EAI), also excluding items affecting comparability and fair valuations.

Items affecting comparability are exceptional transactions that are not related to recurring business operations. The most common IAC are capital gains and losses, impairments or impairment reversals, disposal gains and losses relating to Group companies, provisions for planned restructurings, environmental provisions, changes in depreciation due to restructuring and penalties. Items affecting comparability are normally disclosed individually if they exceed one cent per share.

Fair valuations and non-operational items include CO_2 emission rights, non-operational fair valuation changes of biological assets, adjustments for differences between fair value and acquisition cost of forest assets upon disposal and the Group's share of income tax and net financial items of EAI. Non-operational fair value changes of biological assets reflect changes made to valuation assumptions and parameters. Operational fair value changes of biological assets contain all other fair value changes, mainly due to inflation and differences in actual harvesting levels compared to the harvesting plan. The adjustments for differences between fair value and acquisition cost of forest assets upon disposal are a result of the fact that the cumulative non-operational fair valuation changes of disposed forest assets were included in previous periods in IFRS operating profit (biological assets) and other comprehensive income (forest land) and are included in operational EBIT only at the disposal date.

Cash flow after investing activities (non-IFRS) is calculated as follows: cash flow from operations (non-IFRS) excluding cash spent on intangible assets, property, plant and equipment, and biological assets and acquisitions of EAIs.

Capital expenditure on fixed assets includes investments in and acquisitions of tangible and intangible assets as well as internally generated assets and capitalised borrowing costs, net of any related subsidies. Capital expenditure on leased assets includes new capitalised leasing contracts. Capital expenditure on biological assets consists of acquisitions of biological assets and capitalisation of costs directly linked to growing trees in plantation forests. The cash flow impact of capital expenditure is presented in cash flow from investing activities, excluding lease capex, where the cash flow impact is based on paid lease liabilities and presented in cash flow from financing and operating activities.

The full list of the non-IFRS measures is presented at the end of this report.

The following new and amended standards are applied to the annual periods beginning on 1 January 2022

- Amended standards and interpretations did not have material effect on the Group.

Future standard changes endorsed by the EU but not yet effective in 2022

- No future standard changes endorsed by the EU which would have material effect on the Group.

Condensed consolidated income statement

EUR million	Q1/22	Q1/21	Q4/21	2021
Sales	**2,798**	**2,276**	**2,719**	**10,164**
Other operating income	89	78	144	345
Change in inventories of finished goods and WIP	89	56	-10	122
Materials and services	-1,682	-1,368	-1,567	-5,936
Freight and sales commissions	-245	-215	-240	-939
Personnel expenses	-324	-338	-332	-1,351
Other operating expenses	-135	-90	-170	-610
Share of results of equity accounted investments	20	8	114	143
Change in net value of biological assets	-12	2	338	328
Depreciation, amortisation and impairment charges	-204	-249	-157	-697
Operating profit	**394**	**161**	**839**	**1,568**
Net financial items	-19	-36	-46	-149
Profit before tax	**374**	**125**	**793**	**1,419**
Income tax	-88	20	-177	-151
Net profit for the period	**287**	**145**	**616**	**1,268**
Attributable to				
Owners of the Parent	289	144	615	1,266
Non-controlling interests	-2	2	1	3
Net profit for the period	**287**	**145**	**616**	**1,268**
Earnings per share				
Basic earnings per share, EUR	0.37	0.18	0.78	1.61
Diluted earnings per share, EUR	0.37	0.18	0.78	1.60

Consolidated statement of comprehensive income

EUR million	Q1/22	Q1/21	Q4/21	2021
Net profit for the period	**287**	**145**	**616**	**1,268**
Other comprehensive income (OCI)				
Items that will not be reclassified to profit and loss				
Equity instruments at fair value through OCI	68	15	195	501
Actuarial gains and losses on defined benefit plans	77	75	-16	126
Revaluation of forest land	0	0	86	225
Share of OCI of Equity accounted investments (EAI)	0	0	18	16
Income tax relating to items that will not be reclassified	-10	-12	-16	-68
	135	**77**	**267**	**800**
Items that may be reclassified subsequently to profit and loss				
Cumulative translation adjustment (CTA)	25	-43	23	56
Net investment hedges and loans	2	1	8	14
Cash flow hedges and cost of hedging	32	-50	-1	-35
Share of OCI of Non-controlling Interests (NCI)	-1	0	-3	-3
Income tax relating to items that may be reclassified	-5	12	1	9
	52	**-81**	**27**	**42**
Total comprehensive income	**474**	**142**	**911**	**2,110**
Attributable to				
Owners of the Parent	477	140	912	2,110
Non-controlling interests	-3	1	-1	0
Total comprehensive income	**474**	**142**	**911**	**2,110**

CTA = Cumulative translation adjustment
OCI = Other comprehensive income
EAI = Equity accounted investments

Condensed consolidated statement of financial position

EUR million		31 Mar 2022	31 Dec 2021	31 Mar 2021
Assets				
Goodwill	O	283	282	282
Other intangible assets	O	122	124	135
Property, plant and equipment	O	4,975	5,060	4,917
Right-of-use assets	O	437	441	458
		5,817	**5,907**	**5,792**
Forest assets	O	6,737	6,747	6,119
Biological assets	O	4,545	4,547	4,148
Forest land	O	2,192	2,201	1,972
Emission rights	O	273	137	116
Equity accounted investments	O	578	580	448
Listed securities	I	12	13	15
Unlisted securities	O	973	905	417
Non-current interest-bearing receivables	I	69	51	94
Deferred tax assets	T	123	143	128
Other non-current assets	O	40	34	29
Non-current assets		**14,621**	**14,517**	**13,159**
Inventories	O	1,619	1,478	1,343
Tax receivables	T	26	17	16
Operative receivables	O	1,543	1,449	1,317
Interest-bearing receivables	I	110	84	17
Cash and cash equivalents	I	983	1,481	1,269
Current assets		**4,280**	**4,509**	**3,962**
Total assets		**18,901**	**19,026**	**17,121**
Equity and liabilities				
Owners of the Parent		10,726	10,683	8,709
Non-controlling Interests		-19	-16	-14
Total equity		**10,706**	**10,666**	**8,695**
Post-employment benefit obligations	O	263	347	389
Provisions	O	94	91	91
Deferred tax liabilities	T	1,425	1,430	1,302
Non-current interest-bearing liabilities	I	3,082	3,313	3,621
Non-current operative liabilities	O	14	13	13
Non-current liabilities		**4,878**	**5,195**	**5,416**
Current portion of non-current debt	I	182	180	518
Interest-bearing liabilities	I	496	444	481
Bank overdrafts	I	6	1	11
Provisions	O	132	139	36
Operative liabilities	O	2,413	2,339	1,911
Tax liabilities	T	88	61	53
Current liabilities		**3,317**	**3,165**	**3,011**
Total liabilities		**8,195**	**8,360**	**8,426**
Total equity and liabilities		**18,901**	**19,026**	**17,121**

Items designated with “O” comprise Operating Capital

Items designated with “I” comprise Net Interest-bearing Liabilities

Items designated with “T” comprise Net Tax Liabilities

Condensed consolidated statement of cash flows

EUR million	Q1/22	Q1/21
Cash flow from operating activities		
Operating profit	394	161
Adjustments for non-cash items	220	227
Change in net working capital	-211	-203
Cash flow from operations	**403**	**185**
Net financial items paid	-27	-30
Income taxes paid, net	-56	-23
Net cash provided by operating activities	**319**	**132**
Cash flow from investing activities		
Acquisitions of equity accounted investments	-2	-2
Cash flow on disposal of subsidiary shares and business operations, net of disposed cash	5	3
Cash flow on disposal of forest and intangible assets and property, plant and equipment	2	95
Capital expenditure	-177	-192
Proceeds from non-current receivables, net	-5	1
Net cash used in investing activities	**-177**	**-96**
Cash flow from financing activities		
Proceeds from issue of new long-term debt	9	2
Repayment of long-term debt and lease liabilities	-259	-200
Change in short-term borrowings	-39	-24
Dividends paid	-359	-208
Purchase of own shares[1]	-1	-3
Net cash provided by financing activities	**-649**	**-433**
Net change in cash and cash equivalents	**-508**	**-397**
Translation adjustment	4	-1
Net cash and cash equivalents at the beginning of period	1,480	1,655
Net cash and cash equivalents at period end	**977**	**1,258**
Cash and cash equivalents at period end	**983**	**1,269**
Bank overdrafts at period end	**-6**	**-11**
Net cash and cash equivalents at period end	**977**	**1,258**

[1] Own shares purchased for the Group's share award programme. The Group did not hold any of its own shares on 31 March 2022.

Statement of changes in equity

					Fair Value Reserve								
EUR million	Share Capital	Share Premium and Reserve fund	Invested Non-Restricted Equity Fund	Treasury Shares	Equity instruments through OCI	Cash Flow Hedges	Revaluation reserve	OCI of Equity Accounted Investments	CTA and Net Investment Hedges and loans	Retained Earnings	Attributable to Owners of the Parent	Non-controlling Interests	Total
Balance at 1 January 2021	**1,342**	**77**	**633**	**—**	**277**	**23**	**1,195**	**12**	**-267**	**5,518**	**8,809**	**-16**	**8,793**
Net profit for the period	—	—	—	—	—	—	—	—	—	144	144	2	145
OCI before tax	—	—	—	—	15	-50	—	—	-42	75	-3	—	-3
Income tax relating to OCI	—	—	—	—	—	11	—		1	-12	—	—	—
Total Comprehensive Income	**—**	**—**	**—**	**—**	**15**	**-40**	**—**	**—**	**-41**	**206**	**140**	**1**	**142**
Dividend	—	—	—	—	—	—	—	—	—	-237	-237	—	-237
Acquisitions and disposals	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	-3	—	—	—	—	—	—	-3	—	-3
Share-based payments	—	—	—	3	—	—	—	—	—	-4	-1	—	-1
Balance at 31 March 2021	**1,342**	**77**	**633**	**—**	**291**	**-17**	**1,195**	**12**	**-308**	**5,484**	**8,709**	**-14**	**8,695**
Net profit for the period	—	—	—	—	—	—	—	—	—	1,122	1,122	1	1,123
OCI before tax	—	—	—	—	486	16	225	17	113	51	906	-3	904
Income tax relating to OCI	—	—	—	—	—	-3	-46	—	—	-10	-59	—	-59
Total Comprehensive Income	**—**	**—**	**—**	**—**	**486**	**13**	**179**	**17**	**113**	**1,162**	**1,970**	**-2**	**1,968**
Dividend	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions and disposals	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	—	4	4	—	4
Balance at 31 December 2021	**1,342**	**77**	**633**	**—**	**778**	**-4**	**1,373**	**29**	**-195**	**6,650**	**10,683**	**-16**	**10,666**
Net profit for the period	—	—	—	—	—	—	—	—	—	289	289	-2	287
OCI before tax	—	—	—	—	68	32	—	—	27	77	203	-1	202
Income tax relating to OCI	—	—	—	—	—	-5	—	—	1	-10	-15	—	-15
Total Comprehensive Income	**—**	**—**	**—**	**—**	**68**	**26**	**—**	**—**	**27**	**356**	**477**	-3	**474**
Dividend	—	—	—	—	—	—	—	—	—	-434	-434	—	-434
Acquisitions and disposals	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	-1	—	—	—	—	—	—	-1	—	-1
Share-based payments	—	—	—	1	—	—	—	—	—	—	1	—	1
Balance at 31 March 2022	**1,342**	**77**	**633**	**—**	**846**	**22**	**1,373**	**28**	**-168**	**6,572**	**10,726**	**-19**	**10,706**

CTA = Cumulative Translation Adjustment OCI = Other Comprehensive Income NCI = Non-controlling Interests

Goodwill, other intangible assets, property, plant and equipment, right-of-use assets and forest assets

EUR million	Q1/22	Q1/21	2021
Carrying value at 1 January	**12,654**	**12,130**	**12,130**
Additions in tangible and intangible assets	68	102	576
Additions in right-of-use assets	3	9	33
Additions in biological assets	14	13	58
Depletion of capitalised silviculture costs	-18	-15	-68
Disposals	0	-66	-76
Disposals of subsidiary companies	-1	-2	-30
Depreciation and impairment	-205	-249	-697
Fair valuation of forest assets	6	18	621
Translation difference and other	33	-28	108
Statement of Financial Position Total	**12,554**	**11,911**	**12,654**

Borrowings

EUR million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Bond loans	2,497	2,781	2,497
Loans from credit institutions	354	923	577
Lease liabilities	385	406	387
Long-term derivative financial liabilities	26	25	30
Other non-current liabilities	3	4	4
Non-current interest bearing liabilities including current portion	**3,264**	**4,139**	**3,493**
Short-term borrowings	426	422	372
Interest payable	34	35	34
Short-term derivative financial liabilities	37	24	38
Bank overdrafts	6	11	1
Total Interest-bearing Liabilities	**3,767**	**4,632**	**3,938**

EUR million	Q1/22	Q1/21	2021
Carrying value at 1 January	**3,938**	**4,756**	**4,756**
Proceeds of new long-term debt	9	2	19
Additions in lease liabilities	3	9	33
Repayment of long-term debt	-245	-186	-870
Repayment of lease liabilities and interest	-18	-18	-88
Change in short-term borrowings and interest payable	54	10	-42
Change in derivative financial liabilities	-6	20	38
Translation differences and other	32	40	92
Total Interest-bearing Liabilities	**3,767**	**4,632**	**3,938**

Commitments and contingencies

EUR million	31 Mar 2022	31 Dec 2021	31 Mar 2021
On Own Behalf			
Other commitments	15	15	14
On Behalf of Equity Accounted Investments			
Guarantees	5	0	2
On Behalf of Others			
Guarantees	6	6	6
Other commitments	36	36	36
Total	**61**	**57**	**58**
Guarantees	11	6	8
Other commitments	50	51	50
Total	**61**	**57**	**58**

Capital commitments

EUR million	31 Mar 2022	31 Dec 2021	31 Mar 2021
Total	**228**	**220**	**207**

The Group's direct capital expenditure contracts include the Group's share of direct capital expenditure contracts in joint operations.

Reconciliation of operational profitability

EUR million	Q1/22	Q1/21	Change % Q1/22-Q1/21	Q4/21	Change % Q1/22-Q4/21	2021
Operational EBITDA	**662**	**488**	**35.7%**	**602**	**10.0%**	**2,184**
Depreciation and silviculture costs of EAI	-2	-2	12.6%	-3	26.2%	-11
Silviculture costs[1]	-23	-19	-18.4%	-27	17.7%	-89
Depreciation and impairment excl. IAC	-135	-139	2.8%	-145	7.4%	-555
Operational EBIT	**503**	**328**	**53.4%**	**426**	**17.9%**	**1,528**
Fair valuations and non-operational items[2]	21	-40	152.0%	437	-95.2%	394
Items affecting comparability (IAC)[2]	-130	-126	-3.0%	-25	n/m	-354
Operating profit (IFRS)	**394**	**161**	**144.2%**	**839**	**-53.1%**	**1,568**

[1] Including damages to forests
[2] See section Non-IFRS measures for IAC and fair valuations and non-operational items definitions.

Sales by segment – total

EUR million	Q1/22	2021	Q4/21	Q3/21	Q2/21	Q1/21
Packaging Materials	1,132	3,898	1,062	988	987	862
Packaging Solutions	191	723	214	180	170	159
Biomaterials	442	1,728	494	427	453	355
Wood Products	573	1,872	510	503	477	382
Forest	626	2,311	597	546	586	582
Paper	416	1,703	389	441	446	428
Other	236	1,092	285	302	265	240
Inter-segment sales	-817	-3,163	-831	-809	-792	-732
Total	**2,798**	**10,164**	**2,719**	**2,577**	**2,592**	**2,276**

Sales by segment – external

EUR million	Q1/22	2021	Q4/21	Q3/21	Q2/21	Q1/21
Packaging Materials	1,078	3,715	1,006	937	945	827
Packaging Solutions	186	704	209	175	166	155
Biomaterials	370	1,499	424	364	393	318
Wood Products	540	1,766	479	481	450	355
Forest	211	781	208	180	197	196
Paper	399	1,644	373	425	431	413
Other	14	55	20	14	10	12
Total	**2,798**	**10,164**	**2,719**	**2,577**	**2,592**	**2,276**

Disaggregation of revenue

EUR million	Q1/22	2021	Q4/21	Q3/21	Q2/21	Q1/21
Product sales	2,753	10,047	2,670	2,539	2,581	2,257
Service sales	45	117	49	38	11	18
Total	**2,798**	**10,164**	**2,719**	**2,577**	**2,592**	**2,276**

Operational EBIT by segment

EUR million	Q1/22	2021	Q4/21	Q3/21	Q2/21	Q1/21
Packaging Materials	196	556	133	153	144	127
Packaging Solutions	1	26	12	8	2	4
Biomaterials	117	495	167	118	145	65
Wood Products	118	364	89	123	100	52
Forest	49	267	48	49	46	123
Paper	36	-124	-10	-31	-49	-34
Other	-14	-48	-17	-3	-16	-11
Inter-segment eliminations	0	-8	5	-7	-8	1
Operational EBIT	**503**	**1,528**	**426**	**410**	**364**	**328**
Fair valuations and non-operational items[1]	21	394	437	8	-11	-40
Items affecting comparability[1]	-130	-354	-25	-32	-171	-126
Operating Profit (IFRS)	**394**	**1,568**	**839**	**386**	**182**	**161**
Net financial items	-19	-149	-46	-37	-30	-36
Profit before Tax	**374**	**1,419**	**793**	**349**	**152**	**125**
Income tax expense	-88	-151	-177	-50	56	20
Net Profit	**287**	**1,268**	**616**	**299**	**207**	**145**

[1] See section Non-IFRS measures for IAC and fair valuations and non-operational items definitions.

Items affecting comparability (IAC), fair valuations and non-operational items

EUR million	Q1/22	2021	Q4/21	Q3/21	Q2/21	Q1/21
Impairments and impairment reversals	-111	-141	-12	0	-20	-110
Restructuring costs excluding impairments	-6	-227	-31	-30	-145	-21
Acquisitions and disposals	0	11	16	-5	0	0
Other	-13	4	2	3	-6	5
Total IAC on Operating Profit	**-130**	**-354**	**-25**	**-32**	**-171**	**-126**
Fair valuations and non-operational items	21	394	437	8	-11	-40
Total	**-109**	**40**	**413**	**-24**	**-182**	**-167**

Items affecting comparability had a negative impact on the operating profit of EUR 130 (negative EUR 126) million. The IACs relate mainly to write downs as a result of worsened business outlook in Russia. Fair valuation and non-operational items had a positive impact on the operating profit of EUR 21 (negative EUR 40) million. The impact came mainly from emission rights.

Items affecting comparability (IAC) by segment

EUR million	Q1/22	2021	Q4/21	Q3/21	Q2/21	Q1/21
Packaging Materials	-5	-12	-11	2	-3	0
Packaging Solutions	-36	-4	-2	-1	0	0
Biomaterials	-2	-5	0	1	-1	-5
Wood Products	-27	-1	-1	0	0	0
Forest	-43	17	17	0	0	0
Paper	-4	-304	-11	-31	-136	-126
Other	-14	-46	-16	-4	-31	5
IAC on Operating Profit	**-130**	**-354**	**-25**	**-32**	**-171**	**-126**
IAC on tax	4	58	2	0	31	26
IAC on Net Profit	**-126**	**-296**	**-23**	**-33**	**-139**	**-101**

Fair valuations and non-operational items by segment

EUR million	Q1/22	2021	Q4/21	Q3/21	Q2/21	Q1/21
Packaging Materials	-12	8	7	0	0	0
Packaging Solutions	0	0	0	0	0	0
Biomaterials	-2	16	16	0	0	0
Wood Products	0	0	0	0	0	0
Forest	10	338	412	-5	-21	-48
Paper	11	6	-3	7	1	1
Other	14	27	6	6	9	6
FV on Operating Profit	**21**	**394**	**437**	**8**	**-11**	**-40**
FV on tax	-4	-64	-72	-2	2	8
FV on Net Profit	**17**	**330**	**366**	**6**	**-10**	**-32**

Operating profit/loss by segment

EUR million	Q1/22	2021	Q4/21	Q3/21	Q2/21	Q1/21
Packaging Materials	179	552	129	155	141	127
Packaging Solutions	-35	23	10	7	2	4
Biomaterials	113	506	182	119	144	60
Wood Products	91	363	88	123	100	52
Forest	16	622	477	44	25	75
Paper	43	-423	-24	-55	-185	-159
Other	-13	-67	-28	-1	-38	0
Inter-segment eliminations	0	-8	5	-7	-8	1
Operating Profit (IFRS)	**394**	**1,568**	**839**	**386**	**182**	**161**
Net financial items	-19	-149	-46	-37	-30	-36
Profit before Tax	**374**	**1,419**	**793**	**349**	**152**	**125**
Income tax expense	-88	-151	-177	-50	56	20
Net Profit	**287**	**1,268**	**616**	**299**	**207**	**145**

Key exchange rates for the euro

One Euro is	Closing Rate		Average Rate (Year-to-date)	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
SEK	10.3370	10.2503	10.4794	10.1448
USD	1.1101	1.1326	1.1225	1.1835
GBP	0.8460	0.8403	0.8364	0.8600

Transaction risk and hedges in main currencies as at 31 March 2022

EUR million	EUR	USD	SEK	GBP
Estimated annual operative transaction risk exposure from cash flows for the next 12 months[1]	1,073	1,756	-206	333
Cash flow hedges for the next 12 months as at 31 March 2022	-538	-776	97	-79
Estimated annual net cash flow exposure, net of hedges[2]	534	980	-109	254
Hedge ratio for the next 12 months as at 31 March 2022	**50%**	**44%**	**47%**	**24%**
Effect of 10% currency strengthening on Operational EBIT	53	98	-11	25

[1] Cash flows are forecasted highly probable foreign exchange net operating cash flows. The exposure presented in the EUR column relates to operative transaction risk exposure from EUR denominated cash flows in Group companies located in Sweden, Czech Republic and Poland with functional currency other than EUR.

[2] The estimated annual net cash flow exposure, net of hedges calculation is based on the assumption the cash flows are hedged only with foreign currency forwards.

Fair Values of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques, for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

The valuation techniques are described in more detail in the Group's Financial Report. The instruments carried at fair value in the following tables are measured at fair value on a recurring basis.

Carrying amounts of financial assets and liabilities by measurement and fair value categories: 31 March 2022

EUR million	Amortised cost	Fair value through OCI	Fair value through income statement	Total carrying amount	Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets								
Listed securities	—	12	—	12	12	12	—	—
Unlisted securities	—	969	4	973	973	—	—	973
Non-current interest-bearing receivables	48	21	—	69	69	—	21	—
Derivative assets	—	21	—	21	21	—	21	—
Loan receivables	48	—	—	48	48	—	—	—
Trade and other operative receivables	1,220	35	—	1,256	1,256	—	35	—
Current interest-bearing receivables	53	44	12	110	110	—	56	—
Derivative assets	—	44	12	56	56	—	56	—
Other short-term receivables	53	—	—	53	53	—	—	—
Cash and cash equivalents	983	—	—	983	983	—	—	—
Total	**2,305**	**1,081**	**16**	**3,402**	**3,402**	**12**	**112**	**973**

EUR million	Amortised cost	Fair value through OCI	Fair value through income statement	Total carrying amount	Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Financial liabilities								
Non-current interest-bearing liabilities	3,057	1	25	3,082	3,246	—	26	—
Derivative liabilities	—	1	25	26	26	—	26	—
Non-current debt	3,057	—	—	3,057	3,220	—	—	—
Current portion of non-current debt	182	—	—	182	182	—	—	—
Current interest-bearing liabilities	456	35	5	496	496	—	40	—
Derivative liabilities	—	35	5	40	40	—	40	—
Current debt	456	—	—	456	456	—	—	—
Trade and other operative payables	1,941	—	—	1,941	1,941	—	—	—
Bank overdrafts	6	—	—	6	6	—	—	—
Total	**5,642**	**36**	**29**	**5,707**	**5,870**	**—**	**66**	**—**

In accordance with IFRS, derivatives are classified as fair value through income statement. In the above tables for financial assets and liabilities the cash flow hedge accounted derivatives are however presented as fair value through OCI, in line with how they are booked for the effective portion.

Carrying amounts of financial assets and liabilities by measurement and fair value categories: 31 December 2021

EUR million	Amortised cost	Fair value through OCI	Fair value through income statement	Total carrying amount	Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets								
Listed securities	—	13	—	13	13	13	—	—
Unlisted securities	—	900	5	905	905	—	—	905
Non-current interest-bearing receivables	45	6	—	51	51	—	6	—
Derivative assets	—	6	—	6	6	—	6	—
Loan receivables	45	—	—	45	45	—	—	—
Trade and other operative receivables	1,110	39	—	1,149	1,149	—	39	—
Current interest-bearing receivables	52	31	1	84	84	—	32	—
Derivative assets	—	31	1	32	32	—	32	—
Other short-term receivables	52	—	—	52	52	—	—	—
Cash and cash equivalents	1,481	—	—	1,481	1,481	—	—	—
Total	**2,687**	**990**	**6**	**3,683**	**3,683**	**13**	**77**	**905**

EUR million	Amortised cost	Fair value through OCI	Fair value through income statement	Total carrying amount	Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Financial liabilities								
Non-current interest-bearing liabilities	3,284	7	23	3,313	3,618	—	30	—
Derivative liabilities	—	7	23	30	30	—	30	—
Non-current debt	3,284	—	—	3,284	3,589	—	—	—
Current portion of non-current debt	180	—	—	180	180	—	—	—
Current interest-bearing liabilities	403	35	7	444	444	—	42	—
Derivative liabilities	—	35	7	42	42	—	42	—
Current debt	403	—	—	403	403	—	—	—
Trade and other operative payables	1,960	—	—	1,960	1,960	—	—	—
Bank overdrafts	1	—	—	1	1	—	—	—
Total	**5,827**	**42**	**29**	**5,899**	**6,204**	**—**	**71**	**—**

In accordance with IFRS, derivatives are classified as fair value through income statement. In the above tables for financial assets and liabilities the cash flow hedge accounted derivatives are however presented as fair value through OCI, in line with how they are booked for the effective portion.

Reconciliation of level 3 fair value measurement of financial assets and liabilities: 31 March 2022

EUR million	Q1/22	2021	Q1/21
Financial assets			
Opening balance at 1 January	905	401	401
Reclassifications	-1	0	0
Gains/losses recognised in other comprehensive income	69	504	16
Additions	0	1	0
Closing balance	**973**	**905**	**417**

The Group did not have level 3 financial liabilities as at 31 March 2022.

Level 3 Financial Assets

At period end, Level 3 financial assets included EUR 969 million of Pohjolan Voima Oy (PVO) shares for which the valuation method is described in more detail in the Annual Report. The valuation is most sensitive to changes in electricity prices and discount rates. The discount rate of 4.62% used in the valuation model is determined using the weighted average cost of capital method. A +/- 5% change in the electricity price used in the DCF would change the valuation by EUR +113 million and -113 million, respectively. A +/- percentage point change in the discount rate would change the valuation by EUR -80 million and +118 million, respectively.

Stora Enso shares

During the first quarter of 2022, the conversions of 1,977 A shares into R shares were recorded in the Finnish trade register.

On 31 March 2022, Stora Enso had 176,242,072 A shares and 612,377,915 R shares in issue. The company did not hold its own shares. The total number of Stora Enso shares in issue was 788,619,987 and the total number votes at least 237,479,863.

On 14 April, the conversion of 1,835 A shares into R shares was recorded in the Finnish trade register.

Trading volume

	Helsinki		Stockholm	
	A share	**R share**	**A share**	**R share**
January	135,538	38,043,711	307,005	11,127,451
February	124,266	41,790,127	345,054	12,465,962
March	190,311	58,022,203	446,364	14,885,810
Total	**450,115**	**137,856,041**	**1,098,423**	**38,479,223**

Closing price

	Helsinki, EUR		Stockholm, SEK	
	A share	**R share**	**A share**	**R share**
January	18.05	17.92	189.20	187.60
February	17.20	17.17	187.00	182.40
March	17.65	17.82	188.00	184.60

Number of shares

Million	Q1/22	Q1/21	Q4/21	2021
At period end	788.6	788.6	788.6	788.6
Average	788.6	788.6	788.6	788.6
Average, diluted	789.5	789.1	789.3	789.1

Calculation of key figures

Operational return on capital employed, operational ROCE (%)	100 x	Annualised operational EBIT / Capital employed[1 2]
Operational return on operating capital, operational ROOC (%)	100 x	Annualised operational EBIT / Operating capital[2]
Return on equity, ROE (%)	100 x	Net profit/loss for the period / Total equity[2]
Net interest-bearing liabilities		Interest-bearing liabilities – interest-bearing assets
Net debt/equity ratio		Net interest-bearing liabilities / Equity[3]
Earnings per share (EPS)		Net profit/loss for the period[3] / Average number of shares
Operational EBIT		Operating profit/loss excluding items affecting comparability (IAC) and fair valuations of the segments and Stora Enso's share of operating profit/loss excluding IAC and fair valuations of its equity accounted investments (EAI)
Operational EBITDA		Operating profit/loss excluding silviculture costs and damage to forests, fixed asset depreciation and impairment, IACs and fair valuations. The definition includes the respective items of subsidiaries, joint arrangements and equity accounted investments.
Net debt/last 12 months' operational EBITDA ratio		Net interest-bearing liabilities / LTM operational EBITDA
Fixed costs		Maintenance, personnel and other administration type of costs, excluding IAC and fair valuations
Last 12 months (LTM)		12 months prior to the end of reporting period

[1] Capital employed = Operating capital – Net tax liabilities [2] Average for the financial period [3] Attributable to the owners of the Parent

List of non-IFRS measures

Operational EBITDA
Operational EBITDA margin
Operational EBIT
Operational EBIT margin
Profit before tax excl. IAC and FV
Capital expenditure
Capital expenditure excl. investments in biological assets
Capital employed
Depreciation and impairment charges excl. IAC
Operational ROCE
Earnings per share (EPS), excl. FV
Net debt/last 12 months' operational EBITDA ratio
Fixed costs to sales
Operational ROOC
Cash flow after investing activities

Definitions

IAC = Items affecting comparability, **FV** = Fair valuations and non-operational items

TRI (Total recordable incidents) rate = number of incidents per one million hours worked. The figure represents own employees, including employees of the joint operations Veracel and Montes del Plata.

Supplier Code of Conduct (SCoC): Excludes joint operations, intellectual property rights, leasing fees, financial trading, government fees such as customs, and wood purchases from private individual forest owners.

Water KPIs: Reported as rolling four quarters for the Group's board, pulp and paper units. Excluding joint operations.

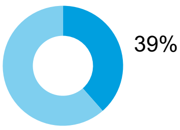
Divisions in brief

Stora Enso's diversified business portfolio creates resilience to changing market dynamics and fluctuations in demand, while enabling flexibility for evolving transformation.

Packaging Materials

Leading the development of circular packaging, providing premium packaging materials based on virgin and recycled fiber.

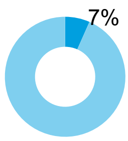
Share of Group external sales



Packaging Solutions

Developing and selling premium fiber-based packaging products and services.

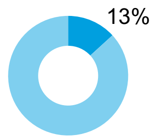
Share of Group external sales

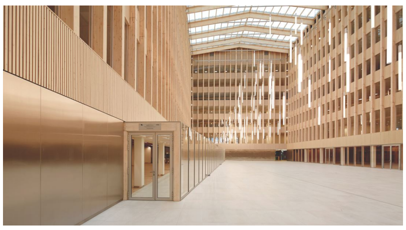


Biomaterials

Meeting the growing demand for bio-based solutions to replace fossil-based and hazardous materials.

Share of Group external sales

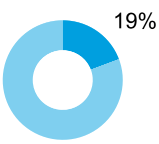




Wood Products

One of the largest sawn wood producers in Europe and a global leading provider of renewable wood-based solutions.

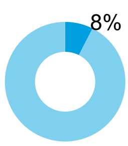
Share of Group external sales



Forest

Creating value through sustainable forest management, competitive wood supply and innovation.

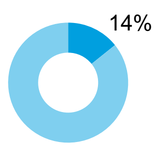
Share of Group external sales



Paper

A major paper producer in Europe with a wide product portfolio for print and office use.

Share of Group external sales



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Briefing on sustainable forest management, optimising value, and mitigating climate change

10 May 2022

at 14:00-16:00 CEST

Register here

January–June 2022 results

22 July 2022

Capital Markets Day

13 September 2022

Part of the global bioeconomy, Stora Enso is a leading provider of renewable products in packaging, biomaterials, wooden construction and paper, and one of the largest private forest owners in the world. We believe that everything that is made from fossil-based materials today can be made from a tree tomorrow. Stora Enso has approximately 22,000 employees and Group sales in 2021 of EUR 10.2 billion. Stora Enso shares are listed on Nasdaq Helsinki Oy (STEAV, STERV) and Nasdaq Stockholm AB (STE A, STE R). In addition, the shares are traded in the USA as ADRs (SEOAY). **storaenso.com/investors**

It should be noted that Stora Enso and its business are exposed to various risks and uncertainties and certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by “believes”, “expects”, “anticipates”, “foresees”, or similar expressions, are forward-looking statements. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties, which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the Group’s targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the Group’s patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the Group’s products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the Group, the potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in the Group’s principal geographic markets or fluctuations in exchange and interest rates. All statements are based on management’s best assumptions and beliefs in light of the information currently available to it and Stora Enso assumes no obligation to publicly update or revise any forward-looking statement except to the extent legally required.