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Årsredovisning

för

Metsä Tissue AB

556272-3675

Räkenskapsåret

2021

Fastställelseintyg

Undertecknad verkställande direktör i Metsä Tissue AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma . Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Mariestad den 8 juni 2022

Jani Sillanpää

ank=20220617;20220623374

Årsredovisning

för

Metsä Tissue AB

556272-3675

Räkenskapsåret

2021

Innehållsförteckning

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Styrelsen och verkställande direktören för Metsä Tissue AB har upprättat följande årsredovisning för räkenskapsåret 2021.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i tusentals kronor (TSEK). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten
Bolagets verksamhetsidé är att utveckla, tillverka, marknadsföra och sälja fiber- och returfiberbaserade mjukpappersprodukter främst på den Skandinaviska marknaden även som äga och förvalta fast egendom, värdepapper och därmed förenlig verksamhet.

Bolaget bedriver tillverkning i Mariestad, Pauliström och Nyboholm i Sverige och finns representerat med försäljningskontor i Mariestad. Agentbolagen, belägna i Köpenhamn och Oslo, ägs direkt av Metsä Tissue AB.

Företaget har sitt säte i Mariestad.

Väsentliga händelser under räkenskapsåret
Rörelseresultatet år 2021 var väsentligt lägre än föregående år, vilket främst berodde på högre råvaru- och energikostnader samt lägre försäljningsvolymer. Kostnadsökningen kunde inte fullt ut kompenseras med högre försäljningspriser, vilket ledde till ett sämre resultat än förra året.

Metsä Tissue utsåg i januari 2021 BHM Engineering som konstruktionspartner för den nya utbyggnaden av bruket i Mariestad. Investeringsprojektet fortlöper som planerat. Miljötillstånd väntas tidigast under tredje kvartalet 2022, varefter det slutliga investeringsbeslutet kan tas.

Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer
Osäkerheten kring effekterna av coronapandemin avseende efterfrågan på produkter på kort sikt fortsätter. Efterfrågan på mjukpappersprodukter förväntas öka i takt med att de begränsningar som införts för pandemihantering har tagits bort helt. Metsä Group har avvecklat all sin verksamhet i Ryssland och har initierat en koncernövergripande beredskapsplanering relaterad till den Ukrainska krisen. Fokus på detta beredskapsarbete är att säkerställa tillgången på träråvara och energi i Metsäs enheter. Den totala påverkan på Metsä Tissue AB beräknas vara begränsad.

För att säkerställa lönsamheten i verksamheten kommer företaget fortsätta öka försäljningspriserna för att kompensera ökningen av råvarupriser och andra kostnader.

Företaget kommer att fortsätta att implementera den strategi som publicerades 2019 enligt plan, i syfte att förbättra lönsamhet och tillväxt på huvudmarknaderna nära kunderna.

Hållbarhetsrapport
Hållbarhetsrapport har ej upprättats med hänvisning till ÅRL 6 kap 10§ 2 stycket. Metsä Tissue AB ingår i Metsä Group och hållbarhetsrapport för koncernen har upprättats av Metsäliitto Osuuskunta (0116300-4) med säte i Esbo, Finland.

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Tillstånds- eller anmälningspliktig verksamhet enligt miljöbalken
Bolaget bedriver tillståndspliktig verksamhet enligt Miljöbalken för utsläpp till luft och vatten (100% av verksamheten). Några gränsvärden har under året ej överskridits.

Ägarförhållanden
Bolaget är ett helägt dotterbolag till Dambi Aktiebolag med organisationsnummer 556348-1935 med säte i Mariestad. Moderbolaget ägs av den finska koncernen Metsä Tissue Oyj.

Flerårsöversikt (TSEK)	**2021**	**2020**	**2019**	**2018**	**2017**
Nettoomsättning	2 731 267	2 871 565	2 896 481	2 711 716	2 588 327
Resultat efter finansiella poster	59 509	344 172	161 618	124 243	159 913
Balansomslutning	1 948 288	1 840 963	1 575 574	1 526 373	1 605 310
Avkastning på eget kap. (%)	6,2	36,6	23,1	18,8	23,5
Avkastning på totalt kap. (%)	3,4	19,1	10,7	8,6	10,4
Soliditet (%)	49,2	51,0	44,5	43,3	42,3
Antal anställda	532	538	532	545	544

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

Förändring av eget kapital (TSEK)

	Aktie-kapital	**Uppskriv-ningsfond**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	200 000	40 000	137 708	196 469	**574 177**
Disposition enligt beslut av årets årsstämma:					
Balanseras i ny räkning			196 469	-196 469	**0**
Årets resultat				15 299	**15 299**
Belopp vid årets utgång	**200 000**	**40 000**	**334 177**	**15 299**	**589 476**

Förslag till vinstdisposition
Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	334 177 178
årets vinst	15 298 914
	349 476 092
disponeras så att	
i ny räkning överföres	349 476 092
	349 476 092

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med noter.

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Resultaträkning TSEK	Not	**2021-01-01 -2021-12-31**	**2020-01-01 -2020-12-31**
Nettoomsättning	3	2 731 267	2 871 565
Förändring av lager av produkter i arbete, färdiga varor och pågående arbete för annans räkning		28 299	-9 046
Övriga rörelseintäkter	2	36 007	20 852
		2 795 573	**2 883 371**
Rörelsens kostnader			
Råvaror och förnödenheter		-1 215 695	-1 021 402
Handelsvaror		-355 183	-408 384
Övriga externa kostnader	4, 5	-723 532	-680 476
Personalkostnader	6	-384 672	-387 048
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar		-55 490	-51 736
		-2 734 573	**-2 549 047**
Rörelseresultat	7	**61 000**	**334 324**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	8	5 349	16 512
Övriga ränteintäkter och liknande resultatposter	9	387	546
Räntekostnader och liknande resultatposter	10	-7 227	-7 210
		-1 492	**9 848**
Resultat efter finansiella poster		**59 509**	**344 172**
Bokslutsdispositioner	11	-45 564	-97 764
Resultat före skatt		**13 944**	**246 409**
Skatt på årets resultat	12	1 354	-49 940
Årets resultat		**15 299**	**196 469**

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Balansräkning TSEK	**Not**	**2021-12-31**	**2020-12-31**
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Byggnader och mark	13	113 540	117 432
Maskiner och andra tekniska anläggningar	14	371 454	313 400
Inventarier, verktyg och installationer	15	16 613	21 478
Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	16	118 686	109 157
		620 292	**561 467**
Finansiella anläggningstillgångar			
Andelar i dotterföretag	17, 18	5 038	5 038
Fordringar hos koncernföretag	19	152 002	206 778
Andelar i intresseföretag	20, 21	250	250
Fordringar hos intresseföretag	22	20 950	20 950
Uppskjuten skattefordran	23	4 190	0
		182 430	**233 016**
Summa anläggningstillgångar		**802 722**	**794 483**
Omsättningstillgångar			
Varulager m m			
Råvaror och förnödenheter		90 186	86 871
Varor under tillverkning		31 930	14 497
Färdiga varor och handelsvaror		101 738	90 873
		223 855	**192 240**
Kortfristiga fordringar			
Kundfordringar		306 509	302 985
Fordringar hos koncernföretag		560 995	543 596
Aktuella skattefordringar		32 897	0
Övriga kortfristiga fordringar		15 019	2 131
Förutbetalda kostnader och upplupna intäkter	24	6 290	5 446
		921 711	**854 158**
Kassa och bank	25	0	81
Summa omsättningstillgångar		**1 145 566**	**1 046 480**
SUMMA TILLGÅNGAR		**1 948 288**	**1 840 963**

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Balansräkning
TSEK

	Not	2021-12-31	2020-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	26	200 000	200 000
Reservfond		40 000	40 000
		240 000	**240 000**
Fritt eget kapital			
Balanserad vinst eller förlust		334 177	137 708
Årets resultat		15 299	196 469
	27	**349 476**	**334 177**
Summa eget kapital		**589 476**	**574 177**
Obeskattade reserver	28	464 131	462 910
Avsättningar			
Avsatt för pensioner och likande förpliktelser enligt tryggandelagen	29	163 776	161 364
Summa avsättningar		**163 776**	**161 364**
Kortfristiga skulder			
Leverantörsskulder		216 923	194 084
Skulder till koncernföretag		201 375	107 461
Skulder till intresseföretag		3 817	3 144
Aktuella skatteskulder		0	25 455
Övriga kortfristiga skulder		110 689	82 697
Upplupna kostnader och förutbetalda intäkter	30	198 100	229 670
Summa kortfristiga skulder		**730 904**	**642 512**
SUMMA EGET KAPITAL OCH SKULDER		**1 948 288**	**1 840 963**

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Kassaflödesanalys TSEK	Not	**2021-01-01 -2021-12-31**	**2020-01-01 -2020-12-31**
Den löpande verksamheten			
Resultat efter finansiella poster		59 509	344 172
Justeringar för poster som inte ingår i kassaflödet	31	57 903	56 149
Betald skatt		-61 188	-24 740
Kassaflöde från den löpande verksamheten före förändring av rörelsekapital		**56 224**	**375 581**
Kassaflöde från förändring av rörelsekapitalet			
Förändring av varulager och pågående arbete		-31 615	-5 132
Förändring av kortfristiga fordringar		-34 655	-213 434
Förändring av kortfristiga skulder		113 847	-11 181
Kassaflöde från den löpande verksamheten		**103 801**	**145 834**
Investeringsverksamheten			
Investeringar i materiella anläggningstillgångar		-114 315	-140 948
Försäljning av finansiella anläggningstillgångar		0	34
Kassaflöde från investeringsverksamheten		**-114 315**	**-140 914**
Finansieringsverksamheten			
Utlåning till moderbolag		54 776	42 266
Utbetalt koncernbidrag		-44 343	-47 187
Kassaflöde från finansieringsverksamheten		**10 433**	**-4 921**
Årets kassaflöde		**-81**	**-1**
Likvida medel			
Likvida medel vid årets början		81	82
Likvida medel vid årets slut	25	**0**	**81**

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Noter
TSEK

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Värderingsprinciper
Fordringar har värderats till det lägsta av anskaffningsvärde och det belopp varmed de beräknas bli reglerade. Övriga tillgångar och skulder har värderats till anskaffningsvärde om annat ej anges.

Intäktsredovisning
Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Försäljning av varor redovisas vid leverans till kund. Som försäljningsintäkter redovisas fakturerad försäljning exklusive mervärdesskatt, lämnade rabatter, bonus och reklamationer.

Rapportering av segment
Bolaget har en egentlig rörelsegren; tillverkning och försäljning av mjukpappersprodukter. Intäkter, kostnader, tillgångar och skulder för hela rörelsegrenen framgår av årsredovisningens resultat- och balansräkning.

Materiella anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med avskrivningar. Avskrivningar sker systematiskt över den bedömda nyttjandeperioden. För byggnader anskaffade före 1988-12-31 baseras avskrivningarna på köpeskillingen vid bolagets bildande per 1988-12-31.

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Komponentindelning
Materiella anläggningstillgångar har delats upp på komponenter när komponenterna är betydande och när komponenterna har väsentligt olika nyttjandeperioder. När en komponent i en anläggningstillgång byts ut, utrangeras eventuell kvarvarande del av den gamla komponenten och den nya komponentens anskaffningsvärde aktiveras. Utgifter för löpande reparationer och underhåll redovisas som kostnader.

Följande avskrivningstider tillämpas:
Kontorsbyggnader, 33 år
Industribyggnader, 10-40 år
Maskiner och andra tekniska anläggningar, 7-20 år
Inventarier, verktyg och installationer, 3-10 år

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärdet. Instrumentet redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Andelar i dotterföretag
Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

Kundfordringar/kortfristiga fordringar
Kundfordringar och kortfristiga fordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

Låneskulder och leverantörsskulder
Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

Kvittning av finansiell fordran och finansiell skuld
En finansiell tillgång och en finansiell skuld kvittas och redovisas med ett nettobelopp i balansräkningen endast då legal kvittningsrätt föreligger samt då en reglering med ett nettobelopp avses ske eller då en samtida avyttring av tillgången och reglering av skulden avses ske.

Leasingavtal
Samtliga leasingavtal där företaget är leasetagare redovisas som operationell leasing (hyresavtal), oavsett om avtalen är finansiella eller operationella. Leasingavgiften redovisas som en kostnad linjärtöver leasingperioden.

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Varulager
Varulagret m.m. värderas, med tillämpning av först-in först-ut principen, till det lägsta av anskaffningsvärde och verkligt värde på balansdagen. För homogena varugrupper tillämpas kollektiv värdering. Skäligt avdrag för inkurans har gjorts efter individuell bedömning.

Inkomstskatter
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Aktuell skatt
Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

Uppskjuten skatt
Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

Avsättningar
Som avsättning har redovisats förpliktelser gentemot tredje man som är hänförliga till räkenskapsåret eller tidigare räkenskapsår och som på balansdagen antingen är säkra eller sannolika till sin förekomst men oviss till belopp eller till den tidpunkt då de ska infrias. Avsättningar för omstrukturering görs när en detaljerad och formell plan för åtaganden finns och en välgrundad förväntan har skapats hos dem som berörs.

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Obeskattade reserver
Obeskattade reserver redovisas med bruttobelopp i balansräkningen, inklusive den uppskjutna skatteskuld som är hänförlig till reserverna.

Eventualförpliktelser
Eventualförpliktelser redovisas i not när det finns:
- En möjlig förpliktelse till följd av inträffade händelser och vars förekomst endast kommer att bekräftas av att en eller flera osäkra framtida händelser, som inte helt ligger inom företagets kontroll, inträffar eller uteblir, eller
- En befintlig förpliktelse till följd av inträffade händelser, men som inte redovisas som skuld eller avsättning eftersom det inte är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen eller förpliktelsens storlek inte kan beräknas med tillräcklig tillförlitlighet.

Bokslutsdispositioner
Förändringar av obeskattade reserver redovisas som bokslutsdispositioner i resultaträkningen. Koncernbidrag redovisas som bokslutsdispositioner. Koncernbidrag som lämnas till ett dotterföretag redovisas dock som en ökning av andelens redovisade värde.

Ersättningar till anställda
Ersättningar till anställda avser alla former av ersättningar som företaget lämnar till de anställda. Kortfristiga ersättningar utgörs av bland annat löner, betald semester, betald frånvaro, bonus och ersättning efter avslutad anställning (pension). Kortfristiga ersättningar redovisas som kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning till följd av en tidigare händelse och en tillförlitlig uppskattning av beloppet kan göras.

Pensioner
I företaget finns såväl avgiftsbestämda som förmånsbestämda pensionsplaner. Utgifter för avgiftsbestämda planer redovisas som kostnad under den period de anställda utför de tjänster som ligger till grund för förpliktelsen. Företagets övriga planer klassificeras som förmånsbestämda och beräknas enligt Tryggandelagen och redovisas i enlighet med förenklingsreglerna i BFNAR 2012:1.

Uppsägning
Ersättningar vid uppsägning, i den omfattningen ersättningen inte ger företaget några framtida ekonomiska fördelar, redovisas som en skuld och en kostnad när företaget har en legal eller informell förpliktelse att lämna ersättningar till anställda som avslutar sin anställning.

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Nyckeltalsdefinitioner

Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Balansomslutning
Företagets samlade tillgångar.

Avkastning på eget kap. (%)
Resultat efter finansiella poster i procent av justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt).

Avkastning på totalt kap. (%)
Rörelseresultat plus finansiella intäkter i procent av balansomslutningen.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Antal anställda
Medelantal anställda under räkenskapsåret.

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Not 2 Exceptionella intäkter

	2021	2020
Återbetalning från Afa Sjukförsäkringsaktiebolag avseende Avtalsgruppsjukförsäkring (AGS)	10 927	0
	10 927	**0**

Not 3 Nettoomsättningens fördelning

	2021	2020
Nettoomsättningen per verksamhetsgren		
Verksamhet tissue	2 731 267	2 871 565
	2 731 267	**2 871 565**
Nettoomsättningen per geografisk marknad		
Norden	2 721 252	2 851 712
Övriga marknader	10 015	19 853
	2 731 267	**2 871 565**

Not 4 Operationella leasingavtal

Framtida leasingavgifter, för icke uppsägningsbara leasingavtal, förfaller till betalning enligt följande:

	2021	2020
Inom ett år	15 919	15 923
Senare än ett år men inom fem år	15 367	19 981
Senare än fem år	0	0
	31 286	**35 904**
Under perioden kostnadsförda leasingavgifter	18 456	18 848
	18 456	**18 848**

ank=20220621:20220621387

Not 5 Arvode till revisorer

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

	2021	2020
KPMG AB		
Revisionsuppdrag	270	274
Revisionsverksamhet utöver revisionsuppdraget	22	32
	292	**306**

Kostnader för moderbolaget Dambi Aktiebolag ingår ovan.

Not 6 Anställda och personalkostnader

	2021	2020
Medelantalet anställda		
Kvinnor	119	124
Män	413	414
	532	**538**
Löner och andra ersättningar		
Styrelse och verkställande direktör	2 716	2 686
Tantiem och liknande ersättning till styrelse och VD	0	0
Övriga anställda	257 468	260 204
	260 184	**262 890**
Sociala kostnader		
Pensionskostnader för styrelse och verkställande direktör	146	129
Pensionskostnader för övriga anställda	30 874	30 069
Övriga sociala avgifter enligt lag och avtal	93 469	93 960
	124 488	**124 158**
Totala löner, ersättningar, sociala kostnader och pensionskostnader	**384 672**	**387 048**
Könsfördelning bland ledande befattningshavare		
Andel kvinnor i styrelsen	40 %	40 %
Andel män i styrelsen	60 %	60 %
Andel kvinnor bland övriga ledande befattningshavare	20 %	20 %
Andel män bland övriga ledande befattningshavare	80 %	80 %

Avtal om avgångsvederlag

Några pensionsförpliktelser eller andra förpliktelser gentemot styrelseledamöter, VD och ledande befattningshavare föreligger inte utöver 6 månaders uppsägningslön för VD.

ank=20220617;20220602213938

Not 7 Inköp och försäljning mellan koncernföretag

	2021	2020
Andel av årets totala inköp som skett från andra företag i koncernen	28,02 %	30,46 %
Andel av årets totala försäljningar som skett till andra företag i koncernen	1,63 %	2,49 %

Not 8 Resultat från andelar i koncernföretag

	2021	2020
Erhållna utdelningar	5 349	16 512
	5 349	**16 512**

Not 9 Övriga ränteintäkter och liknande resultatposter

	2021	2020
Ränteintäkter från koncernföretag	353	514
Övriga ränteintäkter	34	32
Kursdifferenser	0	1
	387	**546**

Not 10 Räntekostnader och liknande resultatposter

	2021	2020
Övriga räntekostnader	-7 227	-7 210
	-7 227	**-7 210**

Not 11 Bokslutsdispositioner

	2021	2020
Avsättning periodiseringsfond	-4 000	-77 700
Återföring periodiseringsfond	21 300	32 000
Förändring överavskrivning	-18 521	-4 877
Koncernbidrag	-44 343	-47 187
	-45 564	**-97 764**

ank=20220617;20220620211399

Not 12 Aktuell och uppskjuten skatt

	2021	2020
Skatt på årets resultat		
Aktuell skatt	-2 680	-49 940
Justering avseende tidigare år	-156	0
Förändring av uppskjuten skatt avseende temporära skillnader	4 190	0
Totalt redovisad skatt	**1 354**	**-49 940**

Avstämning av effektiv skatt

	2021		2020	
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		13 944		246 409
Skatt enligt gällande skattesats	20,60	-2 873	21,40	-52 731
Ej avdragsgilla kostnader	2,41	-336	0,12	-303
Justering avseende skatter för föregående år	1,12	-156	0,00	0
Schablonränta på periodiseringsfond	1,70	-237	0,08	-198
Erhållen utdelning koncernföretag	-7,90	1 102	-1,43	3 534
Återförd periodiseringsfond högre skattesats vid avsättning	1,89	-263	0,08	-205
Uppskjuten skatt byggnader, ej aktiverad	0,21	-29	0,01	-36
Uppskjuten skatt skattereduktion inventarier	-28,82	4 019	0,00	0
Uppskjuten skatt avseende tidigare år	-0,92	128	0,00	0
Redovisad effektiv skatt	**-9,71**	**1 354**	**20,27**	**-49 940**

ank=20220617-20220621393

Not 13 Byggnader och mark

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	327 926	299 709
Inköp	662	34 427
Försäljningar/utrangeringar	4 482	-6 399
Omklassificeringar	1 070	189
Utgående ackumulerade anskaffningsvärden	**334 140**	**327 926**
Ingående avskrivningar	-210 494	-211 637
Försäljningar/utrangeringar	-4 570	6 399
Årets avskrivningar	-5 536	-5 256
Utgående ackumulerade avskrivningar	**-220 601**	**-210 494**
Utgående redovisat värde	**113 540**	**117 432**

Omklassificering har skett från Pågående nyanläggningar under 2020 och 2021.

Not 14 Maskiner och andra tekniska anläggningar

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	1 897 111	1 915 786
Inköp	21 901	8 024
Försäljningar/utrangeringar	-91 555	-43 113
Omklassificeringar	100 307	16 414
Utgående ackumulerade anskaffningsvärden	**1 927 764**	**1 897 111**
Ingående avskrivningar	-1 583 711	-1 585 037
Försäljningar/utrangeringar	91 526	43 113
Omklassificeringar	-18 717	
Årets avskrivningar	-45 408	-41 787
Utgående ackumulerade avskrivningar	**-1 556 310**	**-1 583 711**
Utgående redovisat värde	**371 454**	**313 400**

Omklassificering har skett från Inventarier, verktyg och installationer och Pågående nyanläggningar under 2020 och 2021.

ank=20220617;20220621393

Not 15 Inventarier, verktyg och installationer

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	116 987	115 916
Inköp	703	609
Försäljningar/utrangeringar	-2 174	0
Omklassificeringar	-19 856	462
Utgående ackumulerade anskaffningsvärden	**95 660**	**116 987**
Ingående avskrivningar	-95 509	-90 816
Försäljningar/utrangeringar	2 174	0
Omklassificeringar	18 717	
Årets avskrivningar	-4 428	-4 693
Utgående ackumulerade avskrivningar	**-79 047**	**-95 509**
Utgående redovisat värde	**16 613**	**21 478**

Omklassificering har skett från Maskiner och andra tekniska anläggningar och Pågående nyanläggningar under 2020 och 2021.

Not 16 Pågående nyanläggningar och förskott avseende materiella anläggningar

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	109 157	28 334
Inköp	91 048	97 888
Omklassificeringar	-81 520	-17 064
Utgående ackumulerade anskaffningsvärden	**118 686**	**109 157**
Utgående redovisat värde	**118 686**	**109 157**

Omklassificeringar har skett till Byggnader och mark, Maskiner och andra tekniska anläggningar samt Inventarier, verktyg och installationer under 2020 och 2021.

Not 17 Andelar i dotterföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	5 038	5 038
Utgående ackumulerade anskaffningsvärden	**5 038**	**5 038**
Utgående redovisat värde	**5 038**	**5 038**

ank=20220620:1392

Not 18 Specifikation andelar i dotterföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Metsä Tissue AS, Norge	100 %	100 %	6 020	2 995
Metsä Tissue A/S, Danmark	100 %	100 %	1 000	2 042
				5 038

	Org.nr	Säte
Metsä Tissue AS, Norge	NO913524683	Oslo
Metsä Tissue A/S, Danmark	DK50629414	Köpenhamn

Not 19 Fordringar hos koncernföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	206 778	249 044
Avgående fordringar	-54 776	-42 266
Utgående ackumulerade anskaffningsvärden	**152 002**	**206 778**
Utgående redovisat värde	**152 002**	**206 778**

Not 20 Andelar i intresseföretag och gemensamt styrda företag

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	250	372
Försäljningar	0	-122
Utgående ackumulerade anskaffningsvärden	**250**	**250**
Utgående redovisat värde	**250**	**250**

Not 21 Specifikation andelar i intresseföretag och gemensamt styrda företag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Katrinefors Kraftvärme AB	50 %	50 %	250	250
				250

	Org.nr	Säte
Katrinefors Kraftvärme AB	556533-4611	Mariestad

ank=20220621;20220621021393

Not 22 Fordringar hos intresseföretag och gemensamt styrda företag

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	20 950	20 950
Utgående ackumulerade anskaffningsvärden	**20 950**	**20 950**
Utgående redovisat värde	**20 950**	**20 950**

Not 23 Uppskjuten skatt på temporära skillnader

Uppskjuten skatt på temporära skillnader 2021-12-31

Temporära skillnader	Uppskjuten skattefordran	Netto
Avdragsgilla temporära skillnader	4 190	4 190
	4 190	**4 190**

2020-12-31

Temporära skillnader	Uppskjuten skattefordran	Netto
Avdragsgilla temporära skillnader	0	0
	0	**0**

Förändring av uppskjuten skatt

	Belopp vid årets ingång	Redovisas i resultaträk.	Belopp vid årets utgång
Avdragsgilla temporära skillnader	0	4 190	4 190
	0	**4 190**	**4 190**

Not 24 Förutbetalda kostnader och upplupna intäkter

	2021-12-31	2020-12-31
Förutbetalda hyror	1 701	1 305
Förutbetald pension	4 589	4 018
Övriga poster	0	123
	6 290	**5 446**

Not 25 Likvida medel

	2021-12-31	2020-12-31
Banktillgodohavanden	0	81

ank=20220620213947

Not 26 Aktiekapital
Bolagets aktiekapital utgörs av 2 000 000 aktier med kvotvärde 100 kronor.

Not 27 Disposition av vinst eller förlust

	2021-12-31
Förslag till vinstdisposition	
Styrelsen föreslår att till förfogande stående vinstmedel (kronor):	
balanserad vinst	334 177 178
årets vinst	15 298 914
	349 476 092
disponeras så att	
i ny räkning överföres	349 476 092
	349 476 092

Not 28 Obeskattade reserver

	2021-12-31	2020-12-31
Ackumulerade överavskrivningar	251 131	232 610
Periodiseringsfonder	213 000	230 300
	464 131	**462 910**

Not 29 Avsättningar

	2021-12-31	2020-12-31
Avsättningar enligt tryggandelagen PRI-pensioner	163 776	161 364
	163 776	**161 364**

Not 30 Upplupna kostnader och förutbetalda intäkter

	2021-12-31	2020-12-31
Upplupna bonusskulder till kunder	129 000	150 356
Upplupna löner	9 689	18 556
Upplupna semesterlöner	17 966	17 475
Upplupna sociala avgifter	13 408	16 836
Upplupna kostnader energi och energiskatt	20 115	7 989
Övriga poster	7 923	18 458
	198 100	**229 670**

ank=20220623:21395

Not 31 Justering för poster som inte ingår i kassaflödet

	2021-12-31	2020-12-31
Avskrivningar	55 490	51 736
Förändring av pensionsskuld PRI	2 413	4 323
Förlust vid försäljning av anläggningstillgångar	0	90
	57 903	**56 149**

Not 32 Ställda säkerheter

	2021-12-31	2020-12-31
Aktier i Katrinefors Kraftvärme AB	250	250
	250	**250**

Not 33 Eventualförpliktelser

	2021-12-31	2020-12-31
Garantiförbindelser	88	88
Garantiförbindelse PRI	3 276	3 227
	3 364	**3 315**

Not 34 Hållbarhetsrapport

Bolaget upprättar inte någon hållbarhetsrapport med hänvisning till 6 kap. 10 § 2 st. ÅRL.

Hållbarhetsrapport för koncernen upprättas av Metsäliitto Osuuskunta med organisationsnummer 0116300-4 med säte i Esbo, Finland. Metsä Groups hållbarhetsrapport finns publicerad på www.metsagroup.com.

Not 35 Uppgifter om moderföretag

Moderföretag i den minsta koncern där företaget ingår och som upprättar koncernredovisning är Metsä Tissue Oyj med organisationsnummer 1867831-1 med säte i Espo, Finland.

Moderföretag i den största koncern där företaget ingår och som upprättar koncernredovisning är Metsäliitto Osuuskunta med organisationsnummer 0116300-4 med säte i Espo, Finland.

Företaget är anslutet till Metsä Groups koncernkontosystem (cash pool). Det innebär att banktillgodohavanden inom koncernsystemet redovisas som fordran hos koncernföretag.

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ank=20220621396

Not 36 Koncernredovisning
Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2 § upprättas ingen egen koncernredovisning.

Not 37 Väsentliga händelser efter räkenskapsårets slut
Styrelsen för PRI Ideell förening har beslutat om förändringar i beräkningsgrunderna gällande ålderspension för ITP-planens avdelning 2, som är tryggad i egen regi. Förändringarna gäller från och med den 1 januari 2022 och avser en sänkt diskonteringsränta, ett förändrat livslängsantagande och en sänkt konsolideringsreserv. De förändrade antagandena innebär att företagets totala pensionsskuld ökar med 17 %.

Metsä Group har avvecklat all sin verksamhet i Ryssland och har initierat en koncernövergripande beredskapsplanering relaterad till den Ukrainska krisen. Fokus på detta beredskapsarbete är att säkerställa tillgången på träråvara och energi i Metsäs enheter. Den totala påverkan på Metsä Tissue AB beräknas vara begränsad.

För att säkerställa lönsamheten i verksamheten kommer företaget fortsätta öka försäljningspriserna för att kompensera ökningen av råvarupriser och andra kostnader.

ni=20220617;20220620213397

Mariestad den 25 maj 2022

Juha Pilli-Sihvola
Ordförande

Marjo Pekkala

Johanna Fägerlind

Jani Sillanpää
Verkställande direktör

Gabriel Jöngren
Arbetstagarrepresentant

Conny Bengtsson
Arbetstagarrepresentant

Vår revisionsberättelse har lämnats 2022-06-08.

KPMG AB

Mattias Eriksson
Auktoriserad revisor

ank=20220617:20521398

Revisionsberättelse

Till bolagsstämman i Metsä Tissue AB, org. nr 556272-3675

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Metsä Tissue AB för år 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Metsä Tissue ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Metsä Tissue AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- Identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla lakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

ank=20220621399

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Metsä Tissue AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Metsä Tissue AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.
Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Karlstad den 8 juni 2022

KPMG AB

Mattias Eriksson
Auktoriserad revisor

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Metsä

METSÄ TISSUE

FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT 2021

This is an unofficial translation of the original financial statements in Finnish language

Business ID 1867831-1

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BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL PERIOD 1 JANUARY – 31 DECEMBER 2021

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Overview

Metsä Tissue is one of the leading tissue paper suppliers in Europe to households and professionals and one of the leading greaseproof paper suppliers globally. The company develops sustainable high-quality toilet papers as well as household and paper hand towels, and services which make everyday life more hygienic, easy and clean in an environmentally sustainable way. The greaseproof paper products developed for cooking and baking are designed for the changing needs of the global food and packaging industry and for households.

The company's strong position in the consumer market is based on the reliable Lambi, Serla, Mola, Tento and SAGA brands. In the professional market, Metsä Tissue operates under the Katrin brand. In addition to its own brands, Metsä Tissue develops and manufactures private-label products for leading European retailers.

Metsä Tissue's value proposition is to make everyday life cleaner, and its vision is to be the preferred partner to customers in sustainable business operations. The cornerstones of the company's strategy are operating close to customers and providing them with local services by offering them the hygiene solutions of the future, based on the sustainable use of renewable northern wood. Operations are carried out alongside the continuous improvement of industrial and material efficiency, and the environmental performance of mills. The company's competitive edge lies in a unique, sustainable value chain extending from the wood raw material all the way up to the end products. It also relies on the company's own strong brands and premium products, delivery reliability and reliable customer service. Diversity and a performance-based culture rooted in equal opportunities, clear goals, competence development and motivational remuneration are advanced continuously.

Metsä Tissue's production units are located in Finland, Sweden, Germany, Poland and Slovakia. The company is part of Metsä Group, a forerunner in the circular economy and bioeconomy, which produces sustainable and recyclable products from northern wood for the needs of the global population.

Sales and result

The sales of tissue and greaseproof papers, i.e. Metsä Tissue's sales, were EUR 946.7 million (2020: 1,011.9). The comparable operating result was EUR -9.7 million (113.8). The operating result, which was clearly lower than in the previous year, was mainly due to higher raw material and energy costs as well as lower sales volumes.

The sales of tissue paper during the first half of the year lagged clearly behind the previous year, as the coronavirus restrictions reduced demand for professional products. The sales picked up during the third quarter and continued to be strong throughout the fourth quarter. The comparative figure for the previous year is higher due to the exceptional peak in demand caused by the coronavirus pandemic during the first quarter. The sales of greaseproof papers grew slightly from the previous year. Measures aiming to curb the pandemic in the company have been increased and the pandemic has not had a significant impact on the production and delivery capability. Raw material and energy costs began to increase during the first half of the year and this increase accelerated during the second half of the year. Energy prices increased particularly steeply during the fourth quarter. The company was unable to pass on the increase in costs to the prices of end products, due to which the operating result shows a loss.

No non-recurring items affecting the comparable operating result were reported during the financial period (2020: -2.0).

The comparable result after tax for the financial period was EUR -9.7 million (2020: 80.7 and 2019: 57.7).

EUR million	**2021**	2020	2019
Sales	946.7	1011.9	1060.0
Operating profit	-9.7	115.9	-63.4
Operating profit, %	-1.0	11.5	-6.0
Comparable operating profit	-9.7	113.8	73.4
Comparable operating profit, %	-1.0	11.2	6.9
Return on capital employed, %	-1.6	20.1	-10.5
Comparable return on capital employed, %	-1.6	19.8	12.3
Equity ratio, %	55.4	35.6	30.0
Return on equity, %	-3.2	27.6	-25.6
Comparable return on equity, %	-3.2	27.0	18.7

Financial position

Metsäliitto Cooperative made a EUR 225 million investment in Metsä Tissue Corporation's reserve for invested non-restricted equity with which Metsä Tissue Corporation paid back its external bank loan of EUR 150 million and the EUR 75 million debenture loan issued by Metsäliitto Cooperative in October 2021. Thanks to this investment, net interest-bearing liabilities decreased and amounted to EUR -36.1 million at the end of the year (2020: 114.1 and 2019: 205.1). The equity ratio was 55.4% (35.6 and 30.0). Net financial expenses were EUR 10.1 million (9.5 and 12.0). The sum includes EUR 2.1 million in hedging expenses related to the early repayment of loans. Metsä Tissue has also financed its investments through lease liabilities. The share of interest expenses related to lease liabilities accounted for approximately EUR 1.1 million of financial expenses in 2021.

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Investments and other important developments

Metsä Tissue continued to develop its business with the aim of improving the product portfolio of tissue and greaseproof papers and efficiency in accordance with its strategy.

As part of its strategy implementation, the company made an agreement on the engineering services of the mill's expansion with the Austrian BHM Engineering in early 2021. The Mariestad project progressed according to plan, and the company expects the environmental permit to be issued at earliest during the third quarter of 2022, after which the potential investment decision can be made.

The implementation of the Future Mill programme also continued in 2021, with the aim of world-class environmental performance in tissue paper production. The company announced its intention to invest in fresh fibre-based tissue papers targeted at the local market by renewing the tissue paper machine of the Mänttä mill. The renewal will improve the mill's energy and production efficiency considerably, in addition to increasing its production capacity. The renewal will also allow product quality to be developed, particularly along the lines of the expectations of consumer customers.

A new production line for hand paper towels aimed at professional use started up at the Raubach mill in Germany. The line produces products for the market in Western Europe. With the new line, the company aims to serve the growing professional hygiene market with sustainable tissue paper products, primarily under the Katrin brand.

Late in the year, Metsä Tissue announced that it is planning a significant investment in a new tissue paper mill to be built in the United Kingdom. The annual production capacity of the potential new tissue paper mill would be 240,000 tonnes and it would be built in several phases over the next decade.

Metsä Tissue announced the incorporation of the greaseproof papers business into separate companies in Finland and Germany, and of the establishment of a separate business unit within Metsä Tissue for the greaseproof papers business. The incorporations were completed during 2021.

Total investments in 2021, including leasing items, were EUR 63.3 million (2020: 53.1 and 2019: 29.6).

Sustainability

Sustainability and responsibility play a key role in Metsä Tissue's business. In June, Metsä Tissue achieved the highest Platinum-level recognition in EcoVadis's sustainability and corporate social responsibility assessment for the second consecutive year. Metsä Tissue is also ranked in the top 1% among the category of other paper and paperboard producers in the assessment.

In the spring of 2019, Metsä Tissue announced its new strategic sustainability targets, extending to 2030. They are in line with the Group's targets, which focus on considering forest growth, biodiversity, climate and the environment, offering sustainable alternatives, and creating well-being. Following the Group's objectives, Metsä Tissue aims to achieve a safe and accident-free working environment, fossil-free mills and raw materials, and the efficient utilisation of production side streams and process water. The company also wants to ensure the responsibility of the supply chain and the traceability of raw materials. Metsä Tissue's own sustainability targets also include fossil free packaging and reducing the emissions from logistics.

In 2021, Metsä Tissue advanced its target of fossil free mills by, among other things, abandoning the use of peat altogether at the Mänttä mill. To advance the target of fossil free raw materials, the company increased its use of recycled plastic in packaging materials. In addition, Metsä Tissue commissioned the consultancy firm Afry to review the carbon footprint of its production emissions in the spring of 2021.

In the development of safety at work, Metsä Tissue's goal is zero accidents. During 2021, all the company's mills focused particularly on the prevention of hand-related injuries and commenced a pilot project on an operating method related to the prevention of accidental start-ups (LOTO), which will be implemented at all Metsä Tissue mills in 2022. Metsä Tissue also participated in implementing the whole Group's common processes and ways of working, aiming to ensure safe working methods.

Metsä Tissue uses fresh and recycled fibre and a combination of these two for tissue paper products to meet customer needs in terms of the products' quality and functionality. In the past few years, about half of the fibre used has been fresh fibre. For greaseproof paper products, only fresh fibre is used. Most of the fresh fibre comes from Metsä Fibre, which is part of Metsä Group and, in turn, sources its wood from Metsä Forest. This ensures the close availability of a first-rate sustainable and pure raw material and makes Metsä Tissue a unique operator in the European tissue paper market. The origin of the wood we use is traceable, and it comes from sustainably managed and certified or controlled forests. The sources of recycled fibre include office wastepaper. Metsä Tissue requires its suppliers to commit themselves to Metsä Group's Supplier Code of Conduct. Going forward, Metsä Tissue will focus increasingly on fresh fibre, as the availability and quality of recycled fibre continues to deteriorate. The planned investment in the expansion of the Mariestad mill is part of this strategic goal.

Metsä Tissue's strong position as a responsible operator located close to the markets will continue to be an important success factor. The company's mills are located close to its main markets. The products are made as close to the customers as possible, decreasing the carbon dioxide emissions and transport costs. The product portfolio is also being harmonised to make storage and transportation as efficient as possible. The new paper hand towel processing line started up by Metsä Tissue at the Raubach mill in the autumn of 2021 is a good example of measures increasing efficiency.

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The main raw materials used in Metsä Tissue's tissue and greaseproof paper products are renewable. The products are biodegradable, and they can be composted or sorted into waste-to-energy containers. Tissue and greaseproof paper products are safe for people and the environment. Substances suitable with respect to the end use of the products are used in the production processes under the relevant restrictions. Metsä Tissue's products meet the EU's requirements for food contact paper, which state that the paper must not release any substances that are detrimental to human health or change the sensory properties of food. This is ensured by observing process hygiene, performing regular product tests, and verifying the acceptability of the raw materials from suppliers. Metsä Tissue only buys chemicals from responsible suppliers who comply with Metsä Group's Supplier Code of Conduct. The mill personnel have been trained to handle chemicals safely and appropriately.

Most of Metsä Tissue's products carry the Nordic Swan Ecolabel, the EU Ecolabel or the German Blauer Engel ecolabel, which are indications that the products meet strict environmental criteria throughout their life cycles. The production processes of ecolabelled products also account for any requirements the labels set for chemicals, for example.

All Metsä Tissue mills have quality, environmental and energy efficiency systems certified in accordance with the criteria of the ISO 9000, ISO 14001 and ISO 50001 standards. Most of the mills also have the occupational health and safety management system certificate OHSAS 18001 or ISO 45001. Management systems for the chain of custody of fibre raw material, certified according to the requirements of the PEFC and FSC forest certification standards, are used at all mills to ensure the traceability of wood-based raw material.

Metsä Tissue's sustainability key figures will be reported as a part of Metsä Group's Sustainability Report 2021, which will be published in English and Finnish at the end of February on Metsä Group's website at https://www.metsagroup.com/en/Sustainability/Pages/default.aspx.

Product development and marketing

Metsä Tissue's own strong brands play an important role in its strategy. In early 2021, the company launched new marketing concepts for the Lambi, Serla and Tento consumer brands and the updated marketing concept for the Katrin brand, aimed at professionals. The launch of the new marketing concepts was carried out by continuing the long-range marketing aiming to increase the value of the product brands. In consumer brands, the company invested in encountering consumers by means of media and in-store visibility, while in respect of the professional brand Katrin, it developed, in addition to the renewed Clean & Green brand message, especially digital visibility in the customer channels on both social and professional media.

The restrictions attributable to the coronavirus pandemic continued to have a negative effect on the sales development of the Katrin brand. On the other hand, the heightened significance of hand hygiene supports Katrin's aim to be among the best experts in its industry as a provider of sustainable hygiene solutions.

Lambi continued to be the most popular tissue paper brand in the Nordic countries in 2021. The brand pursued a broad group of consumers through media advertising in the Nordic and Baltic countries, and marketing communications were carried out through the new 'Natural softness' concept. The new brand communications was received very positively. The Lambi brand was also launched in Poland's consumer market. The Nordic Lambi product portfolio was complemented with a new Home Towel product, which brings a new kind of sheet-based solution for wiping hands and surfaces around the house, and a hygienic alternative for guest hand towels suitable for a pandemic.

Serla's positive development in 2021 was supported by the introduction of the new 'Smart choice' campaign theme. The relaunch of the Tento brand sold on the Czech and Slovakian markets began in 2021 and was supported on the media markets with the new 'Natural softness' marketing concept. At the same time, the quality of the brand's premium products was renewed to become fresh fibre-based.

The greaseproof paper business was separated in 2021 to a separate business unit of Metsä Tissue and into independent legal companies in Finland and Germany. The demand for greaseproof papers continued to grow worldwide and particularly the demand for products intended for professional use strengthened to an extremely high level. The strongest focus in product development was on new products of the food packaging segment. The market share of SAGA products in Finland remained at the level of previous years. Cost inflation increased to an exceptionally high level during the year, impacting profitability.

Business risks

At Metsä Tissue, risk management means systematic and proactive measures that analyse and manage opportunities and threats related to business. Strategic, operational, financial and damage risks are assessed in accordance with Metsä Group's risk management policy.

Identified risks are prepared for in the most appropriate ways. Metsä Tissue bears some of the risks itself, while the rest are covered selectively by insurance contracts and derivative instruments, for example, as well as other contractual terms, provided that the magnitude of the risks exceeds Metsä Tissue's risk-bearing capacity.

Metsä Tissue's most significant strategic risks involve the development of the competitive environment and the success of key investments. The most important operational risks relate to the availability and price of important production factors, such as raw materials and energy, and the company's ability to attract and

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retain skilled workers. The prices of raw materials and energy increased significantly in 2021. This was responded to with price increases, which were nevertheless insufficient in compensating for the cost risk.

The most notable financial risks are changes in exchange rates and interest rates, the availability of liquidity and customers' credit risks. The amount of Metsä Tissue's loans external to the Group is currently low, due to which the company's financial risks are low.

Damage risks that pose a threat to Metsä Tissue's operations include natural phenomena, fires, and safety-at-work and environmental risks as well as infectious disease risks. The coronavirus pandemic has been a significant new risk factor since 2020.

Organisation and personnel

The number of Metsä Tissue's employees in 2021 remained at the previous year's level. In 2021, Metsä Tissue employed an average of 2,541 people (2020: 2,558 and 2019: 2,834). At the end of the year, the personnel numbered 2,480 (2020: 2,504 and 2019: 2,702). The parent company had an average of 432 employees (2020: 440 and 2019: 443). At the end of the year, the parent company's personnel numbered 412 (2020: 426 and 2019: 402).

Salaries and remuneration paid to the Group's personnel totalled EUR 112.9 million (2020: 114.0 and 2019: 126.8). Salaries and remuneration paid by the parent company totalled EUR 21.7 million (2020: 21.1 and 2019: 22.3).

The coronavirus pandemic dominated the year 2021. As during the previous year, Metsä Tissue maintained strict preventive measures aiming to ensure the personnel's health and safety and secure the continuity of operations. Metsä Tissue carried out mass testing at all its mill units. During 2021, 224 people at Metsä Tissue tested positive for the coronavirus. Despite the deterioration of the coronavirus situation towards the end of the year, Metsä Tissue was able to secure the continuity of operations.

The development measures resulting from the ethics barometer conducted in 2020 and involving leadership, internal communication and equality, were carried out in 2021. In the autumn of 2021, Metsä Tissue also conducted a personnel survey with the aim of clarifying the personnel's opinion of their own work, workplace community, management and Metsä Tissue as an employer. The response rate was good, 77.3%. The overall index of the results was 74.9, clearly higher than that of the external European benchmark group. Metsä Tissue's results were also better on average than those of Metsä Group's other equivalent business areas. The key areas of development concerned employees' involvement in various development measures, the possibility to influence one's own work and workplace community, as well as the clarification of Metsä Tissue's goals and direction. The unit-specific action plans for strengthening the identified development areas will be finished by the end of February 2022.

The efforts to develop safety at work continued on the basis of previous years' work. The total recordable incident frequency (TRIF) in 2021 declined to 4.9 from the previous year's 7.5. The number of sickness absences increased (5.7%) from the previous year (5.3%).

In spite of the special circumstances, Metsä Tissue's European Works Council and Working Committee both convened twice during the year. The main themes of the meetings were the coronavirus pandemic, safety at work, Metsä Group's personnel survey and its results as well as the business situation. Metsä Group and Paperiliitto reached an agreement over a company-specific collective agreement in December 2021.

Changes in the Management Team

Timo Riikonen was appointed Senior Vice President, Greaseproof Papers, in March 2021. Due to Metsä Tissue's management structure, Riikonen left the company's Management Team at the same time. At the beginning of September, Metsä Tissue carried out the following changes in the Management Team and its members' areas of responsibility. Tobias Lüning was appointed Senior Vice President, Central Europe, and Mika Paljakka Senior Vice President, UK & Ireland. Jani Sillanpää was appointed Senior Vice President, Nordics, and Mariusz Jedrzejewski Senior Vice President, Business Development. Johanna Kesti's area of responsibility was also expanded to cover Sustainability in addition to Marketing and Communications. In other respects, the Management Team's composition remained unchanged. The Management Team's members are: Esa Kaikkonen, CEO; Jari Tiura, Senior Vice President, Operations and Technology; Jani Sillanpää, Senior Vice President, Nordics; Tobias Lüning, Senior Vice President, Central Europe; Mika Paljakka, Senior Vice President, UK & Ireland; Johanna Kesti, Senior Vice President, Marketing, Communications and Sustainability; Mariusz Jedrzejewski, Senior Vice President, Business Development; Juha Pilli-Sihvola, CFO; and Jukka Oinonen, Senior Vice President, HR.

Board of Directors and auditors

Metsä Tissue Corporation was established on 10 December 2003. The members of the company's Board of Directors are Ilkka Hämälä (Chair) and Vesa-Pekka Takala. Authorised Public Accountants KPMG Oy Ab serve as the company's auditor, with Kirsi Jantunen as the principal auditor.

Board of Directors' proposal for the distribution of profit

The company's distributable funds are EUR 383,514,393.31. The Board of Directors proposes that no dividend be distributed for the 2021 financial period.

Breakdown of Metsä Tissue Corporation's share capital	2021	2020	2019
A shares (1 vote per share)	9,118,588	9,118,588	9,118,588
B shares (1 vote per share)	0	0	0
TOTAL	9,118,588	9,118,588	9,118,588

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Outlook for 2022

Uncertainty about the impact that the pandemic will have on the short-term demand for products will continue in the countries in which Metsä Tissue operates. Demand for tissue paper products is expected to grow as restrictions imposed due to the pandemic continue to be lifted. Demand for greaseproof papers is expected to continue to grow slightly.

To ensure profitability, the company is responding to an increase in the costs of raw materials and other costs with price increases. The company continues to implement the strategy it published in 2019 with the aim of improving profitability and growing in its main markets, close to customers.

Events after the period

No events after the period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1000 EUR	Note	01.01. - 31.12.2021	01.01. - 31.12.2020
Sales	2.2, 2.3	**946 727**	**1 011 872**
Change in stocks of finished goods and work in progress		4 182	-7 840
Other operating income	2.2, 2.3	11 702	14 896
Materials and services	2.4	-663 764	-602 051
Employee costs	2.4, 3	-160 069	-158 256
Depreciation and impairment charges	2.4, 4.1, 4.2	-45 645	-44 270
Other operating expenses	2.4	-102 871	-98 471
Operating profit		**-9 738**	**115 879**
Share of profit from associated companies	7.1	241	-37
Net exchange gains / losses	5.2	-195	-21
Other financial income	5.2	59	92
Other financial expenses	5.2	-9 920	-9 523
Profit/loss before tax		**-19 552**	**106 390**
Income taxes	6	5 791	-23 881
Result for the period		**-13 761**	**82 508**
Other comprehensive income	5.1, 6		
Items that will not be reclassified to profit or loss			
Items relating to adjustments of defined benefit plans		3 349	-3 341
Income tax relating to items that will not be reclassified		-932	646
Total		2 417	-2 694
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges		16 671	-8 219
Translation differences		-3 825	3 380
Income tax relating to items that may be reclassified		-3 339	1 657
Total		9 507	-3 181
Other comprehensive income, net of tax		**11 924**	**-5 876**
Total comprehensive income for the period		**-1 837**	**76 633**
Result attributable to			
Shareholders of parent company		-13 761	82 508
		-13 761	82 508
Total comprehensive income attributable to			
Shareholders of parent company		-1 837	76 633
		-1 837	76 633

The notes are an integral part of these financial statements.

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CONSOLIDATED BALANCE SHEET

1000 EUR	Note	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Goodwill	4.1	31 504	34 076
Other intagible assets	4.1	135 550	136 039
Tangible assets	4.2	370 830	355 324
Investments in associated companies	7.1	2 445	2 216
Other investments	4.3	775	775
Other non-current financial assets	5.3	1 098	1 044
Deferred tax receivables	6	10 299	9 064
		552 501	538 538
Current assets			
Inventories	4.4	126 239	115 101
Accounts receivable and other receivables	4.5	142 066	135 466
Derivative financial instruments	5.7	9 683	5 076
Current income tax receivables		9 787	727
Cash and cash equivalent	5.4	98 805	153 548
		386 580	409 918
Total assets		939 081	948 455
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to shareholders of parent company	5.1		
Share capital		91 186	91 186
Share premium account		88 242	88 242
Translation differences		-5	3 820
Fair value and other reserves		6 014	-7 317
Reserve for invested unrestricted equity		225 000	
Retained earnings		109 772	161 232
		520 209	337 163
Shareholders' equity total		520 209	337 163
Non-current liabilities			
Deferred tax liabilities	6	40 018	42 326
Post employment benefit obligations	3.5	56 618	61 296
Provisions	4.7	2 619	4 189
Borrowings	5.5	33 152	259 177
Other liabilities	4.6	819	
Derivative financial instruments	5.7		3 612
		133 226	370 599
Current liabilities			
Provisions	4.7	1 327	730
Current borrowings	5.5	30 672	9 503
Accounts payable and other liabilities	4.6	248 668	214 395
Current income tax liabilities		2 526	5 353
Derivative financial instruments	5.7	2 453	10 712
		285 646	240 694
Liabilities total		418 872	611 293
Shareholders' equity and liabilities total		939 081	948 455

The notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Equity attributable to shareholders of parent company						
1000 EUR	Note	Shareholders' equity	Share premium account	Translation differencies	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Shareholders' equity total
Shareholders' equity 1.1.2020		91 186	88 242	440	-757		82 513	261 625
		91 186	88 242	440	-757		82 513	261 625
Result for the period							82 508	82 508
Other comprehensive income, net after tax	5.1,6			3 380	-6 561		-2 694	-5 876
Comprehensive income for the period				**3 380**	**-6 561**		**79 814**	**76 633**
Transactions with owners								
Dividends paid	5.1							
Other changes in equity	5.1							
Share-based payments	3.3						-1 094	-1 094
Shareholders' equity 31.12.2020		**91 186**	**88 242**	**3 820**	**-7 318**		**161 232**	**337 163**

		Equity attributable to shareholders of parent company						
1000 EUR	Note	Shareholders' equity	Share premium account	Translation differencies	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Shareholders' equity total
Shareholders' equity 1.1.2021		91 186	88 242	3 820	-7 318		161 232	337 163
		91 186	88 242	3 820	-7 318		161 232	337 163
Result for the period							-13 761	-13 761
Other comprehensive income, net after tax	5.1, 6			-3 825	13 332		2 417	11 924
Comprehensive income for the period				**-3 825**	**13 332**		**-11 344**	**-1 837**
Transactions with owners								
Dividends paid	5.1						-40 000	-40 000
Other changes in equity	5.1					225 000		225 000
Share-based payments	3.3						-116	-116
Shareholders' equity 31.12.2021		**91 186**	**88 242**	**-5**	**6 014**	**225 000**	**109 772**	**520 209**

The notes are an integral part of these financial statements.

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CONSOLIDATED CASH FLOW STATEMENT

1000 EUR	Note	1-12/2021	1-12/2020
Cash flow from operating activities			
Result for the period		-13 761	82 508
Adjustments to the result for the period 1)		48 172	74 146
Interest received		63	87
Interest paid		-7 864	-9 305
Other financial items, net		1 596	-36
Income taxes paid		-13 442	-14 305
Change in working capital 2)		11 292	10 120
Net cash flow from operating activities		26 056	143 215
Cash flow arising from investing activities			
Investments in tangible and intangible assets		-53 170	-45 531
Proceeds from disposal of businesses	7.2		-3 351
Proceeds from disposal of other shares			3
Proceeds from sale of tangible and intangible assets		366	942
Change in non-current receivables		-76	
Net cash flow arising from investing activities		-52 881	-47 936
Cash flow arising from financing activities			
Payments of non-current liabilities	5.5	-235 806	-17 776
Change in current liabilities	5.5	21 906	-4 039
Change in current interest-bearing liabilities	5.5	976	1 289
Other changes in equity		225 000	
Dividends paid		-40 000	
Net cash flow arising from financial activities		-27 924	-20 526
Change in cash and cash equivalents		-54 748	74 753
Cash and cash equivalents at beginning of period		153 548	78 860
Translation difference in cash and cash equivalents		5	-65
Changes in cash and cash equivalents		-54 748	74 753
Cash and cash equivalents at end of period		98 805	153 548

Notes to the consolidated cash flow statement

1000 EUR	1-12/2021	1-12/2020
1) Adjustments to the result for the period		
Taxes	-5 791	23 881
Depreciation and impairment charges	45 645	44 270
Share of result in associated and joint ventures	-241	37
Gain and losses on sale of fixed assets	56	-728
Finance costs, net	10 056	9 452
Pension liabilities and provisions	-2 312	-2 964
Other adjustments	759	197
	48 172	74 146
2) Change in working capital		
Change in inventories	-11 550	503
Change in accounts receivables and other receivables	-6 969	9 386
Change in accounts payable and other liabilities	29 811	231
	11 292	10 120

The notes are an integral part of these financial statements.

1 Accounting principles

General information

Metsä Tissue Oyj is a Finnish public company and have been owned by Metsäliitto Cooperative in the end of reporting period 31.12.2021. The company is domiciled in Helsinki.

Metsä Tissue is a growing consumer goods company that manufactures tissue and greaseproof papers for consumers and large-scale consumers. The company is the world's leading supplier of greaseproof paper products. The company enjoys a strong position on the consumer and away-from-home markets both as a supplier of its own brands – Lambi, Serla, Mola, Tento, Katrin and SAGA – and private label products. The company's production plants are based in Finland, Sweden, Germany, Poland and Slovakia.

Metsä Tissue Oyj is Group's parent company that is domiciled in Helsinki. The registered address of the company is Revontulenpuisto 2A, 02100 Espoo.

The copy of the annual report can be obtained in company's head office Revontulenpuisto 2A, 02100 Espoo Finland.

The Group consolidated financial statements were authorized for issue by the Board of Directors on 8 February 2022. According to Finnish Companies Act shareholders have possibility to accept or reject the financial statements in General Meeting of shareholders after date of publication. General Meeting of shareholders also has the possibility to decide to change financial statements.

Accounting principles

Metsä Tissue's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), applying the standards and interpretations that had been approved by the EU and were effective on 31 December 2021. The notes to the consolidated financial statements also comply with the requirements of Finnish accounting and Community legislation supplementing the IFRS rules.

The consolidated financial statements are presented in thousands of euros.

These financial statements have been prepared based on original acquisition costs, excluding financial assets recognized at fair value, hedged items in fair value hedging, assets and obligations related to defined benefit plans and share-based payments measured at fair value.

Coronavirus pandemic

The impact of the coronavirus pandemic on business has been discussed in the Report of Board of Directors. The impacts of the coronavirus pandemic on determining the impairment of sales receivables as well as cash and cash equivalents are discussed in Note 5.6 Management of financial risks, counterparty risk.

Amendments to standards applied during the 2021 financial period

Configuration or Customisation Costs in a Cloud Computing Arrangement – IAS 38 Intangible Assets (effective immediately). The agenda decision clarifies how to recognise costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement. The agenda decision address whether an intangible asset may be recognized and if not how the

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configuration or customisation costs are accounted for. The amendments will impact the definition of the acquisition cost of the Group's tangible assets.

Other amendments to the standards have no impact on the consolidated financial statements.

Adoption of new and amended standards in future financial years

Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use (effective for financial years beginning on or after 1 January 2022). Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items. The amendments will impact the definition of the acquisition cost of the Group's tangible assets and the notes to be presented.

Other amendments to the standards have no impact on the consolidated financial statements.

Transactions in foreign currency

The items included in the financial statements of Group companies are presented in the currency that is used in each company's primary operating environment. The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

Business transactions denominated in foreign currencies are recognized in the operating currency using the exchange rate on the transaction date. At the end of the financial period, open receivables and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate on the balance sheet date. Any gains or losses resulting from transactions in foreign currencies and from the translation of monetary items are recognized in financial income and expenses.

More information about currency hedging is provided in Note 5.6 Management of financial risks.

The income statements of Group companies whose functional currency is not the euro are translated into euros using the average exchange rates of the financial period, and their balance sheets are translated using the exchange rates on the balance sheet date. Changes in translation differences arising from the translation of Group companies' income statements and balance sheets and from the translation of net investments in foreign entities are recognized in the consolidated comprehensive income statement. In conjunction with divestments of Group companies, either by selling or by dissolving, translation differences accumulated by the time of the divestment are recognized in the income statement as part of the gain or loss from the divestment.

Other accounting principles

Other accounting principles are presented as part of the relevant notes.

Key estimates and judgements

The preparation of financial statements requires the use of the management's estimates, assumptions and judgement-based decisions that affect the amount of assets and liabilities, the presentation of contingent assets and liabilities in the financial statements, and the amount of income and expenses. Even though such estimates and assumptions are based on the management's best knowledge at the time they were made, it is possible that the actual values differ from those used in the financial statements. In terms of the financial statements, the key areas that involve the management's estimates and judgement-based decisions are presented in the following notes:

Key estimates and judgements	*Notes*
Pension obligations	3.5 Pension obligations
Intangible and tangible assets	4.1 Intangible rights and 4.2 Tangible rights
Leases	4.2 Tangible rights
Valuation of inventories	4.4 Inventories
Valuation of sales receivables	4.5 Accounts receivable and other receivables
Provisions	4.7 Provisions
Income taxes	6 Income taxes

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2. Profitability

2.1. Segment information

Metsä Group's operating segments are comparised of the Group's business areas. Metsä Tissue is Metsä Group's tissue and greaseproof papers operating segment.

Tissue and greaseproof papers
Metsä Tissue innovates tissue paper products and services that make everyday life a touch softer, easier and cleaner, in an environmentally sustainable manner. Metsä Tissue is one of the Europe's leading tissue paper producers catering to house-holds and away-from-home customers and the world's leading supplier of greaseproof papers used mainly in cooking and serving food. The company's brands are Lambi, Serla, Mola, Tento, Katrin and SAGA.

2.2. Sales

Accounting principles
Performance obligations arising from the Group's sales contracts are mainly order-driven customer deliveries related to the sale of forest industry goods. Services mostly have an ancillary role in the Group's business operations, or they complement deliveries of goods.

The transaction price is the amount that the Group expects to receive in exchange for a fulfilled performance obligation. This amount, less sales-based value added taxes and sales taxes, is presented as the Group's sales. The prices received by the Group are divided into a fixed part and a variable part. The variable part consists of various discounts based on, among other things, payment terms and purchased quantities, and is allocated by the Group as deductions from sales revenue in line with estimates of the extent of the discount the customer is deemed to be entitled to. The Group's sales contracts mostly include obligations solely related to deliveries of goods, to which the allocation of the transaction price is uncomplicated. The terms of payment applied in the Group's sales invoicing vary to some degree geographically and in different business areas, but the term of payment provided is nonetheless always clearly less than a year, and the transaction price does not include a financing component.

The Group recognises revenue from the sale of goods in the period during which the control of the delivered products passes to the customer, i.e. when the risks and benefits related to the sold products transfer to the customer. Services are recognised as income over time.

Control to products transfers at the point of time when the products have been delivered in accordance with the agreed term of delivery. The Incoterms 2010 delivery terms most commonly applied by the Group and the corresponding times of sales income recognition are:

D terms:	Delivery of goods to the buyer at the agreed destination at the agreed time.
C terms:	Handing over the goods to be transported to the agreed destination by a carrier arranged for by the seller.
F terms:	Handing over the goods to a carrier arranged for by the buyer.

The Group sees geographical distribution of sales as describing best the nature, amount, timing and uncertainty of sales revenue.

Sales by geographical areas

1000 EUR	2021	2020
EMEA		
Finland	105 734	114 174
Other EU countries	651 227	742 398
Other Europe countries	154 642	120 926
Middle-East and Africa	3 653	4 895
EMEA total	915 256	982 393
APAC	16 928	18 232
Americas	14 542	11 247
Sales total	946 727	1 011 872

The transition period related to the United Kingdom's withdrawal from the EU ended on 31 December 2020.

2.3. Other operating income

1000 EUR	2021	2020
Service revenue	2 652	3 124
Gains on disposals	297	793
Rental income	510	465
Government grants and compensations	5 057	8 295
Sales of scrap and waste	974	695
Others	2 212	1 523
Total	11 702	14 896

Gains on disposals

1000 EUR	2021	2020
Gain of closed paper machine in Poland		595
Others	297	198
Total	297	793

In 2020, the most significant capital gain was the gain of EUR 595 thousand from the sale of a closed paper machine in Metsä Tissue Poland unit.

The government grants and compensations relate to the compensation for training, healthcare and research costs, insurance indemnities and energy aid. In 2020, government grants and compensations include the insurance indemnity of EUR 3 922 thousand received by the Metsä Tissue Poland unit.

In 2021, other operating income includes EUR 1 077 thousand related to repayment of incurance premiums. In 2020, other operating income included EUR 1 215 thousand income related napkin business divestment.

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2.4. Other operating expenses

1000 EUR	2021	2020
Materials and services		
Raw materials and consumables		
Purchases during the financial period	574 613	507 980
Change in inventories	-7 519	-7 294
External services		
Logistics expenses	71 387	74 060
Other external services	25 284	27 306
Materials and services, total	663 764	602 051
Employee costs	160 069	158 256
Depreciations and impairment charges	45 645	44 270
Other operating expenses		
Purchased services	47 888	45 668
Rents and other property costs	6 607	6 832
Other operating expenses	48 376	45 971
Other operating expenses, total	102 871	98 471

Information on personnel costs is presented in Note 3.1 and information on depreciation and impairment charges in Notes 4.1 and 4.2.

Among other operating expenses are energy costs, marketing and advertising costs and administrative expenses.

In 2020, other operating expenses included EUR 2 136 thousand cost related to the divestment of napkin business and EUR 850 thousand cost related to insurance indeminity of Metsä Tissue Poland unit.

The Group's research and development expenses recorded as an expense in 2021 were EUR 2 111 thousand (2020, EUR 1 966 thousand).

Audit fees

The fees of the group's auditor KPMG

1000 EUR	2021	2020
Audit fees	363	299
Auditor's opinions		3
Tax services		3
Other services	136	58
Total	499	364

In 2021, fees paid to other auditors than KPMG were EUR 285 thousand (2020, EUR 505 thousand).

3. Remuneration

3.1 Personnel costs

1000 EUR	2021	2020
Wages and salaries	112 095	113 825
Share-based payments	759	197
Pension costs		
Defined benefit plans	1 298	1 177
Defined contribution plans	5 181	4 174
Other indirect employee costs	40 735	38 884
Personnel costs, total	160 069	158 256

Number of employees at the end of financial year	2 480	2 504

3.2 The management's salaries, remuneration and pension expenses

The Group's key management includes members of the Board of Directors as well as the Executive Team, including the CEO of the parent company.

The salaries, remunerations and pension expenses paid to key management

1000 EUR	2021	2020
The CEO		
Wages and salaries	559	551
Share-based payments (long-term remuneration)	313	168
Pension costs		
Defined benefit plans	134	125
Defined contribution plans	100	90
Board members and executive group		
Wages and salaries	1 474	1 334
Share-based payments (long-term remuneration)	451	604
Pension costs		
Defined benefit plans	4	
Defined contribution plans	191	171
Total	3 228	3 043

The CEO of Metsä Tissue's parent company Esa Kaikkonen has a separate defined benefit pension plan, according to which the age of retirement is 62 years. Based on the supplementary pension plan, the CEO's pension level is a maximum of 60 percent of the total salary under the Employment Pension Act calculated on the basis of the five-year period preceeding retirement. If the employment relationship with Metsä Group ends before retirement age, the CEO is entitled to a paid-up policy. In the event of termination and change of control of the company, the CEO is entitled to receive a compensation equal to his 12-month salary. The period of notice is 6 months.

The amount of the defined benefit pension is the paid pension and not the recognized IAS 19 figure.

Key management had no loans outstanding from the company and there were no guarantees given on behalf of key management.

3.3 Share-based payments

Accounting principles
Share-based incentive programmes in which the payments are made with equity instruments and cash have been established for the company's top executives. The Group's share-based incentive schemes are treated in full as arrangements to be taken care of in shares. The incentives granted are measured at fair value on the grant date, and recognised as expenses in the income statement and equity evenly over the vesting period.

The effect on profit of the incentive programmes is presented under personnel expenses.

The Group had two incentive schemes during the review period: Performance-based share incentive scheme 2017-2021 and retentive share incentive scheme which Board of Directors decided to adopt 10.1.2017 as part of key personnel's incentive and commitment arrangement. The effect of the share incentive schemes on net result 2021 was EUR 759 thousand.

Performance-based share-based incentive scheme 2017-2021
The arrangement offers the target group an opportunity to receive Metsä Board Corporation's B shares in three performance periods of three calendar years each as a reward for achieving the targets set for the periods' performance criteria. The performance periods are the calendar years 2017-2019, 2018-2020 and 2019-2021. The reward for an performance period is paid based on the achievement of the targets set for the performance criteria in March (estimate) following the performance period. In addition to the shares, the reward includes a cash portion, which covers the taxes and tax-like payments resulting from the reward to the key employees. The reward will not be paid if the person's employment is terminated before the end of the earning period. In addition, the scheme includes a two-year commitment period. If the key employee's employment ends during the commitment period, the key person must, as a rule, return the delivered shares to the company free of charge. A cap is set for total employee compensation based on each plan participant's salary and the part exceeding the cap is not paid.

Based on the fulfillment of the criteria for the earning period 2018-2020 performance period, a total of 54,555 Metsä Board Corporation's B-shares were paid, as well as a cash portion to cover the taxes and tax-like charges incurred from the reward at the time of the transfer.

Retentive share incentive scheme 2017-2021
The arrangement offers the target group key employees an opportunity to receive Metsä Board Corporation's B-shares provided that key person's employment or service is valid and the employment continues until the end of the engagement period. The system has 12-36 month engagement periods. As a rule, no reward will be paid if the key person's employment ends during the engagement period. During the year 2021 6,000 Metsä Board Corporation's B-shares as well as a cash portion were paid to cover taxes and tax-like payments arising from the reward at the time of the transfer of the shares.

Metsä Tissue's long-term remuneration system 2020-2024 is explained in Note 3.4 Other long-term remuneration.

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Basic information and events of share-based incentive schemes

31.12.2021	Share incentive scheme 2017-2021
Maximum numbers of shares	569 750
Criterias	Equity ratio, ROCE, EBIT
Number of persons (31 December 2021)	10
Determination of fair value*	
Fair value of share at grant date, EUR	5.20
Fair value at end of financial period, EUR thousand	1 679
Expense 2021, share-based payment, recognised as equity, EUR thousand	759
Unpaid portion of cash-settled share-based payments, estimate, EUR thousand	709
Amounts 1 January, 2021 **	
Outstanding at the beginning of period	389 291
Changes during the period	
Shares granted	2 500
Shares forfeited	30 375
Shares exercised	92 945
Shares expired	51 347
Amounts 31 December, 2021	
Outstanding at the end of period	217 124

*The fair value of the share-based payment at the time of transfer was the market price of Metsä Board Corporation's B-share less the amount of dividend to be distributed before the payment of the reward in accordance with the consensus estimates. The fair value of the share-based payment is recognised as an amount based on the best possible estimate of the amount of the reward to which a right is expected to be established.

**The amounts of share rewards shown in the table are net amounts, i.e. they reflect the number of shares granted on the basis of share bonuses. In addition, the reward includes a cash portion, which covers the taxes and tax-like charges resulting from the reward to the key employees at the time of payment.

3.4 Other long-term remuneration

Accounting principles
Other long-term remuneration is treated in the Group in the same manner as the bonuses included in other long-term fringe benefits.

The long-term remuneration scheme of Metsä Group for 2020–2024 is based on three-year earning periods (2020–2022, 2021–2023 and 2022–2024), each followed by a two-year restriction period. The earning criteria, the targets set for them at the beginning of each earning period and the executives covered by the scheme are decided by the Board of Directors. The attainment of the targets established for an earning period determines the proportion of the remuneration to be paid to the executives. The Board is furthermore entitled to cut, partly or in full, the remuneration based on the system, provided that certain criteria related to the development of the Group's result and equity ratio are not met, or if the amount of remuneration would exceed the maximum remuneration specified for the executive concerned. In addition to meeting the earning criteria, rewarding is based on a synthetic share, whose value is calculated on the basis of the total value of Metsä Group. The possible remuneration is paid in cash after the restriction period, and it includes all statutory taxes and any other tax-like levies. If an executive's service or employment contract terminates during the earning or restriction period, the executive forfeits, as a rule, his/her right to the remuneration.

The possible remunerations from the long-term remuneration scheme of Metsä Group for the earning periods 2020–2022 and 2021-2023 are based on the development of Metsä Group's return on capital employed (ROCE, %) as specified by the Board of Directors. Minimum levels have been established for earnings before interest and taxes (EBIT) as well as the equity ratio of Metsä Group.
The maximum level of remuneration of the CEO of Metsä Tissue is 140 % of his fixed annual salary (cutter level 180 % of fixed annual salary). The maximum level of other members of the Executive Management Team of Metsä Tissue is 100 % of fixed salary (cutter level 130 % fixed annual salary).

During the earning period of 2021-2023, Metsä Tissue's the long-term remuneration scheme covers 10 persons (December 2021), including all members of Metsä Tissue's Group Management Team and other executives in key positions of the group.
Based on the scheme, a total of 151,188 synthetic shares (gross) can be earned for the earning period 2020-2022 and a total of 158,631 synthetic shares (gross) can be earned for the earning period 2021-2023.
The value of the remuneration includes taxes and other charges at the time of payment.
The effect of the other long-term remuneration plan on the result for financial year 2021 was EUR 0,0 million.

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3.5 Pension obligations

Accounting principles
The Group's arrangements concerning benefits following the termination of employment are either defined benefit pension plans or defined contribution pension plans. A defined contribution plan is a pension arrangement in which fixed contributions are made to a separate unit, and the Group does not have legal or constructive obligations to make additional contributions if the fund has insufficient funds to pay all benefits to all employees in accordance with its obligations in the future. All arrangements that do not meet these requirements are considered to be defined benefit plans. A defined benefit plan defines the pension benefit that the employee will receive upon retiring, the amount of which depends on factors including the employee's age, years of service and salary level, for example.

With defined benefit plans, the current value of the obligations on the end date of the reporting period, less the fair value of the assets included in the arrangement, is recognised on the balance sheet as a liability. The amount of the obligation arising from the plan is based on annual calculations by independent actuaries using the projected unit credit method. The current value of the obligation is determined using the interest rate equalling the interest rate of high-quality bonds issued by the companies as the discount rate for the estimated future cash flows. The bonds used in determining the interest rate have been issued in the same currency as the benefits to be paid, and their maturity is approximately the same as that of the corresponding pension obligation.

Actuarial gains and losses from experience verifications and changes in actuarial assumptions are recognised through items of other comprehensive income as a reimbursement or charge in equity for the period during which they have been incurred. Past service costs are recognised immediately through profit and loss.

Apart from contributions related to pension insurance, the Group does not have any other payment obligations in defined contribution plans. Obligation-based payments are allocated as expenses in accordance with accrual accounting.

Key estimates and judgements
The determination of the current value of pension obligations arising from defined benefit plans and the obligation items to be recognised as expenses during the financial period is based on the use of actuarial assumptions, which involves the management's judgement. The actuarial assumptions used may differ significantly from the actual results, due to changes in economic conditions or the employment relationships of the people covered by the arrangements. Significant differences between the assumptions and actual results may affect the amount of the pension liability and the number of items to be recognised as expenses.

Post-employment benefits

1000 EUR	2021	2020
Liabilities in balance sheet		
Defined benefit pension plans	56 280	60 942
Defined contribution pension plans	338	354
Total	56 618	61 296

Defined pension plans

The Group has defined pension benefit plans in Germany and Sweden.

Sweden
The plan in Sweden concerns officials born 1978 or earlier. The arrangement grant old-age pension, complementary old-age pension, family pensions and disability pensions. The amount of pension depends on the salary in which the future salary increases, length of service and other important factors like changes in the labour market. are considered. The defined benefit plan in Sweden is unfunded. The obligation has a guarantee liability.

Germany
Metsä Tissue has several pension schemes in Germany that are treated as defined benefit pension plans. The arrangements grant old-age pensions, disability pensions and family pensions exceeding the statutory pension security for eligible employees, officials, senior management and former owners of the local entities. The retirement age is usually 65 years, and the amount of pension depends on the length of service. Officials and senior management are required to have a service history of minimum 10 years to receive a full pension. The employees are eligible for the pension after reaching the age of 35. The pension plans are closed. The defined benefit plans in Germany are unfunded.

The Group has also defined pension benefit plans in Norway and Slovakia.

Amounts recognised in balance sheet

1000 eur	2021	2020
Present value of funded obligations	10 118	8 202
Fair value of plan assets	-6 159	-5 520
Deficit (+)/surplus (-)	3 960	2 682
Present value of unfunded obligations	52 321	58 260
Net liabilities (+)/ net assets (-) of defined benefit plans	56 280	60 942
Defined benefit-based pension liabilities on the balance sheet, net	56 280	60 942

Changes in defined benefit obligations during 2021

	Present value of obligation	Fair value of plan assets	Total
1.1.2021	66 463	-5 520	60 942
Current service cost	1 354		1 354
Interest expense(+) and interest income	528	-78	451
Gains (-) / losses (+) on settlements	-56		-56
Items included in the income statement	1 826	-78	1 748
Remeasurements			
The return on plan assets, excl. amounts included in interest expense or - income		-64	-64
Gains (-) / loss from change in financial assumptions	-1 778		-1 778
Experience gains (-) /losses	-1 334		-1 334
Items included in the other comprehensive income	-3 112	-64	-3 176
Translation differences	-314	-267	-581
Contributions			
Employers		-406	-406
Payments from plans			
Benefit payments	-2 423	177	-2 247
Effect of businesss combinations and disposals			
31.12.2021	62 439	-6 159	56 280

Changes in defined benefit obligations during 2020

	Present value of obligation	Fair value of plan assets	Total
1.1.2020	63 272	-5 504	57 767
Current service cost	1 227		1 227
Interest cost (+) or Income (-)	787	-84	703
Gains (-) / losses (+) on settlements	-50		-50
Items included in the income statement	1 964	-84	1 880
Remeasurements			
The return on plan assets, excl. amounts included in interest expense or - income		-2	-2
Gains (-) / loss from change in financial assumptions	4 461		4 461
Experience gains (-) /losses	-950		-950
Items included in the other comprehensive income	3 511	-2	3 508
Translation differences	776	317	1 093
Contributions			
Employers		-365	-365
Payments from plans			
Benefit payments	-2 528	119	-2 409
Effect of businesss combinations and disposals	-532		-532
31.12.2020	66 463	-5 520	60 942

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Defined benefit pension plans and plan assets by country 2021

1000 EUR	Sweden	Germany	Other countries	Total
Present value of the obligation	32 093	19 887	10 458	62 439
Fair value of plan assets			-6 159	-6 159
Total	32 093	19 887	4 299	56 280

Defined benefit pension plans and plan assets by country 2020

1000 EUR	Sweden	Germany	Other countries	Total
Present value of the obligation	33 759	24 213	8 491	66 463
Fair value of plan assets			-5 520	-5 520
Total	33 759	24 213	2 970	60 942

Significant actuarial assumptions 2021

	Sweden	Germany	Other countries
Discount rate, %	1.91%	0.66%	1.50%
Salary growth rate, %	3.00%	3.00%	2.50%
Pension growth rate, %	2.25%	1.75%	2.25%

Significant actuarial assumptions 2020

	Sweden	Germany	Other countries
Discount rate, %	1.01%	0.23%	1.50%
Salary growth rate, %	3.00%	3.00%	2.00%
Pension growth rate, %	1.50%	1.75%	1.75%

Sensitivity of benefit obligation to changes in essential weighted assumptions 2021

		Impact on benefit obligation	
	Change of assumption	Increase	Decrease
Discount rate, %	0.5%	7.94 % decrease	8.99 % increase
Salary growth rate, %	0.5%	2.75 % increase	4.03 % decrease
Pension growth rate, %	0.5%	7.18 % increase	6.53 % decrease
		Increase in assumption in one year	Increase in assumption in one year
Life expectancy		6.23 % increase	6.13 % decrease

The afore mentioned sensitivity analyses are based on a situation where all other assumptions remain unchanged when one assumption changes. The sensitivity of a defined benefit obligation to changes in significant actuarial assumptions has been calculated using the same method as is used to calculate the pension obligation entered in the balance sheet.

Plan assets comprised as follows

1000 EUR	2021	%	2020	%
Investment funds	6 159	100 %	5 520	100 %
Total	6 159		5 520	

Defined benefit plans expose the Group to several different risks, the most considerable being as follows:

Volatility of assets
The Group works to reduce investment risk by diversifying the assets in the arrangement to different asset types such as shares, properties and government and corporate bonds. A considerable portion of the assets included in the arrangement consists of investment funds that are expected to provide a better long-term return than corporate bonds, although in the short-term range they generate volatility and risks.

Changes in the return on bonds
Liabilities arising from the arrangements have been calculated using a discount rate based on the return on high-quality bonds issued by the companies. A decline in the discount rate increases the arrangement's liabilities.

Inflation risk
The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities although, in most cases, caps on the level of inflationary increases are inplace to protect the plan against extreme inflation.

Life expectancy
The majority of the arrangement obligations is related to producing lifetime benefits for members, so the expected increase in life expectancy will increase the arrangement obligations.

The contribution made to defined benefit plans following the termination of employment is expected to be EUR 2 803 thousand in the 2022 financial period.

The weighted average duration of the defined benefit obligation is 15.9 years (15.6).

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4. Capital employed

4.1 Intangible assets

Accounting principles

Goodwill

Goodwill arising from the merging of business operations is recognised as the amount by which the sum of the consideration paid, the non-controlling interests' share in the object of the acquisition and the previous holding exceed the fair value of the acquired net assets.

Depreciation of goodwill is not recognised. Instead, it is tested annually for impairment and always when there is an indication of a decrease in value. Goodwill is therefore allocated to cash-generating units for impairment testing. Goodwill is recognised at original acquisition cost less accumulated impairment losses.

Other intangible assets

Intangible assets are initially recognised at their original acquisition cost on the balance sheet if the acquisition cost can be determined reliably and it is probable that the expected financial benefit from the asset will be to the benefit of the Group.

Intangible assets with limited useful lives are recognised as expenses over their known or estimated useful lives, using the straight-line depreciation method. Intangible assets for which a useful life cannot be determined, such as brands acquired in the context of corporate acquisitions or trademarks, are not subject to depreciation, but tested annually for impairment.

The residual value of an asset, the useful life and depreciation method are checked at least annually, at the end of each financial period, and adjustments are made when necessary to reflect changes in the expected financial benefit of the asset.

Research and development costs

Research costs are recognised as expenses at the time they are incurred. Development costs are capitalised and amortised over their useful lives if the research project is likely to generate financial benefits and the costs can be measured reliably. Research and development cost recognised as expenses are presented in Note 2.4 Other operating expenses.

Computer software

Costs related to developing and building significant new computer software are recognised as intangible assets on the balance sheet and depreciated on a straight-line basis over its estimated useful life, which is not to exceed seven years. Maintenance and operating costs related to computer software are recorded as expenses in the reporting period during which they have been incurred.

Configuration and customisation costs in the deployment of cloud services are recognised as expenses if they do not result in intangible assets. If the services received by the group are separable, the costs are recognised as expenses when the supplier modifies the application. If the services received by the group are not separable, the costs are recognised as expenses when the supplier provides access to the application during the term of the agreement.

Other

The cost of patents, licences and trademarks with finite useful lives are capitalised on the balance sheet under intangible assets and depreciated on a straight-line basis over their useful lives, over 5–20 years.

1000 EUR	Goodwill	Other capitalized expenditure	Construction in progress	Total
Acquisition costs 1.1.2021	34 076	212 601	0	246 678
Translation differences	-2 572	-7		-2 579
Increase		2 437		2 437
Decrease		-2 013		-2 013
Transfers between items				
Acquisition costs 31.12.2021	31 504	213 017	0	244 521
Accumulated depreciation and impairment charges 1.1.2021		-76 562		-76 562
Translation differences		5		5
Accumulated depreciation on deduction and transfers		2 003		2 003
Depreciation for the period		-2 913		-2 913
Accumulated depreciation and impairment charges 31.12.2021		-77 467		-77 467
Book value 1.1.2021	34 076	136 038	0	170 114
Book value 31.12.2021	31 504	135 550	0	167 054

1000 EUR	Goodwill	Other capitalized expenditure	Construction in progress	Total
Acquisition costs 1.1.2020	123 464	227 495	0	350 958
Translation differences	4 825	-67		4 757
Increase		356		356
Decrease	-94 213	-15 183		-109 396
Transfers between items				
Acquisition costs 31.12.2020	34 076	212 601	0	246 677
Accumulated depreciation and impairment charges 1.1.2020	-94 213	-88 451		-182 664
Translation differences		47		47
Accumulated depreciation on deduction and transfers	94 213	15 194		109 407
Depreciation for the period		-3 352		-3 352
Accumulated depreciation and impairment charges 31.12.2020		-76 562		-76 562
Book value 1.1.2020	29 251	139 042	0	168 294
Book value 31.12.2020	34 076	136 038	0	170 114

In 2021 and 2020, no impairments were recognized.

Other capitalized expenditures include brands and trademarks of EUR 122 648 thousand (2020, EUR 122 648 thousand) which have unlimited useful life. These are tested annually for impairment. In addition these include customer relationships of EUR 4 675 thousand (2020, EUR 6 891 thousand), computer software, patents and licences.

Impairment testing

Accounting principles
Depreciation is not recognised for assets with indefinite useful lives. Instead, such assets are tested for impairment annually. Assets that are subject to depreciation are always tested for impairment when events or changes in conditions indicate that it is possible that the monetary amount corresponding to the book value of the assets might not be recoverable.

Cash-generating units are reporting segments or smaller units for which a utility value can be defined.

The recoverable amount is the higher of the fair value of an asset less the cost of sale, and its value in use. Value in use is the estimated future net cash flows, discounted to their present value, expected to be derived from said asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of the asset is higher than its recoverable amount. If the impairment loss concerns a cash-generating unit, it is first allocated to decrease the goodwill of the cash-generating unit, and thereafter to decrease the other assets of the unit symmetrically. In connection with the recognition of the impairment loss, the useful life of the depreciated asset is re-evaluated. An impairment loss recognised for an asset other than goodwill is reversed if a change has taken place in the estimates used to determine the recoverable amount of the asset. However, the maximum reversal of an impairment loss amounts to no more than the carrying amount of the asset if no impairment loss had been recognised. An impairment loss recognised on goodwill is not reversed under any circumstances.

Key estimates and judgements
Future cash flows
The recoverable amounts of cash-generating units are based on calculations of value in use. The management's key estimates in the calculations concern the development of delivery volumes and sales prices, the development of costs related to key raw material costs and other costs, as well as the discount rate and the long-term growth rate.

Discount rate
The discount rate used is the weighted average cost of capital (WACC). When calculating the WACC, the cost of debt takes into account the market-based view of the credit risk premium. Both future cash flows and the discount rate are calculated after tax, which means that the established discounted cash flows and utility values correspond to pre-tax calculations.

Testing principles

Metsä Tissue carries out impairment testing yearly, during the fourth quarter based on the situation on 30 September, or more frequently if signs of a possible impairment are detected.

The Group did not recognise impairments based on impairment testing in 2021. In the testing carried out in 2021, a somewhat potential change in any individual key assumption would not lead to the recognition of an impairment.

The group's key impairment testing and key assumptions in the situation on 30 September 2021.

Cash-generating unit	Goodwill, (EUR million)	Brands (EUR million)	Discount rate after taxes on 30 September 2021	Discount rate after taxes on 30 September 2020	Long-term growth rate 30 September 2021	Long-term growth rate 30 September 2020
Tissue and greaseproof papers						
Tissue papers	29,2	122,7	5,49 %	5,41 %	2,00 %	1,00 %
Greaseproof papers	3,2		5,49 %	5,41 %	2,00 %	1,00 %

The recoverable amounts of the cash-generating units being tested are based on five-year forecasts and the resulting, steadily growing cash flows.
The initial value used for the key assumptions of the cash flows – prices and variable costs – after the forecast period is the average of the five-year forecast period.
The value used for delivery volumes and fixed costs is the value of the forecast period's fifth year.
The key testing assumptions are management estimates and forecasts obtained from external sources of information.

The discount rate used is the weighted average cost of capital (WACC). When calculating the WACC, the cost of debt takes into account the market-based view of the credit risk premium.

Emission allowances

Accounting principles
The Group has received emission allowances in accordance with the European Union Emissions Trading System. Allowances are treated as intangible assets and are measured at acquisition cost. The acquisition cost of emission allowances received without consideration is zero. Emission allowances are used simultaneously with the carbon dioxide emissions generated during their validity period. Earnings from emission allowances sold are recognised in other operating income. If the emission allowances received without consideration are not sufficient to cover the amount of the actual emissions, the Group purchases additional allowances from the market. The allowances purchased are recognised in intangible rights at the fair value on the acquisition date. The provision to fulfil the obligation to return the emission allowances is recognised at fair value on the closing date of the reporting period if the emission allowances received without consideration and purchased are not sufficient to cover the amount of the actual emissions.

The Group participates in the European Union Emission Trading System. In 2021, the Group received 182 thousand tonnes of emission allowances free of charge (2020, 196 thousand tonnes). In 2021, the Group has purchased 28 thousand tonnes (2020, 0) of emission allowances from the market and sold 5 thousand tonnes to the market (2020, 8 thousand tonnes).

In 2021, capital gains from the sale of emission allowances totalled EUR 171 thousand (2020, EUR 178 thousand) and the costs arising from emission allowances were EUR 2 246 thousand (2020, 0). The balance sheet at the end of the period includes EUR 0 thousand (2020, 0) in provisions related to emission allowances. At the end of the period, the market value of the emission allowances was EUR 79.61 per tonne (32.04) and their total value was EUR 17 504 thousand (2020, EUR 7 123 thousand).

4.2 Tangible assets

Accounting principles
Property, plant and equipment are measured at acquisition cost less accumulated depreciation and impairment losses.

The acquisition cost includes costs that are directly incurred in the acquisition of an item of property, plant or equipment. External capital expenses resulting directly from the acquisition, construction or manufacture of an item of property, plant or equipment that meet the conditions are activated as part of the acquisition cost of property, plant and equipment.

If a piece of property, plant or equipment consists of several parts with differing useful lives, each part is handled as a separate item. In that case, the expenses related to replacing the part are capitalised, and any book value remaining at the time of replacement is derecognised on the balance sheet.

Spare parts, spare equipment and maintenance supplies are recognised in property, plant and equipment when they are in accordance with the definition of property, plant and equipment. Otherwise, such commodities are classified as inventories.

Significant investments in renovations and improvements are capitalised on the balance sheet and depreciated over the remaining useful life of the main commodity related to such investments. Repair and maintenance costs are recognised as expenses when they are realised.

Property, plant and equipment is depreciated on a straight-line basis over the following estimated useful lives. Owned land and water areas are not subject to depreciations.

Estimated useful lives	
Buildings and constructions	20–40 years
Machinery and equipment	
Heavy power plant machinery	20–40 years
Other heavy machinery	15–20 years
Lightweight machinery and equipment	5–15 years
Other tangible assets	3–10 years

The residual value of an asset, the financial useful life and depreciation method are checked at least annually, at the end of each financial period, and adjustments are made when necessary to reflect changes in the expected financial benefit of the asset.

Gains and losses arising from the sale and decommissioning of items of property, plant and equipment are recognised in other operating income and expenses. Sales gains or losses are calculated as the difference between the sales price and the remaining acquisition cost.

Public subsidies related to the acquisition of commodities are presented as adjustments of the acquisition cost on the balance sheet and recognised as income in the form of lower depreciation during the useful life of the asset.

Leases
The Group has leased various land areas, properties, equipment and vehicles. When the leased asset is available for the Group's use, the right-of-use asset and the corresponding liability of the lease is recognised. Paid rents are divided into liabilities and finance costs. The finance cost is included in profit or loss over the lease term in such a way that the interest rate of the remaining debt balance is the same during each period. The leased right-of-use asset is subject to stralght-line depreciations over the asset's economic life or the lease term, depending on which of them is shorter.

Assets and liabilities arising from leases are initially measured at the present value. Lease liabilities include fixed payments, less any lease incentives receivable; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Leased right-of-use assets are measured at cost, which includes the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred; and any costs incurred by restoring the site on which it is located.

Some of the leases include options to extend or terminate, which are largely available only for the Group, not the lessor.

Payments related to short-term leases or leases where the value of the underlying asset is low are recognised as costs on a straight-line basis. A lease with a lease term of 12 months or less is considered a short-term lease. Assets of a low value include mainly ICT and office equipment.

Key estimates and judgements
Estimates concerning the residual value and useful life of property, plant and equipment, as well as the selection of the depreciation method, require significant management judgement.

Leases
When determining the lease term, the management accounts for all relevant facts and circumstances that create an economic incentive to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Options to extend the lease (or the time subsequent to an option to terminate) are accounted for in the lease term only if the extension of the lease (or the decision not to terminate the lease) is reasonably certain. The possible future cash flows of EUR 32,9 million have not been included in the lease liability because the extension of the lease (or the decision not to terminate it) is not reasonably certain.

The Group will conduct a reassessment upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee and affects the assessment.

Tangible assets 2021	Land and water		Buildings and constructions		Machinery and equipment	
1000 EUR	Owned	Leased	Owned	Leased	Owned	Leased
Acquisition costs 1.1.2021	17 963	124	185 916	29 595	733 887	12 856
Translation differences	-91	0	-871	-38	-5 062	-88
Increase	70	8	1 517	4 487	23 553	5 693
Decrease			-2 333	-1 244	-20 392	-3 863
Transfers between items			1 509		20 936	
Acquisition costs 31.12.2021	17 942	132	185 737	32 800	752 981	14 598
Accumulated depreciation and impairment charges 1.1.2021	-10	-77	-135 848	-8 236	-510 525	-6 454
Translation differences	0	0	612	17	3 800	43
Accumulated depreciation on deduction and transfers			1 980	1 229	20 332	3 574
Depreciation for the period		-39	-6 054	-5 377	-26 233	-4 002
Accumulated depreciation and impairment charges 31.12.2021	-10	-115	-139 308	-12 367	-512 625	-6 839
Book value 1.1.2021	17 953	47	50 069	21 359	223 362	6 402
Book value 31.12.2021	17 932	16	46 429	20 433	240 356	7 759

Tangible assets 2021	Other tangible	Contructions in			
1000 EUR	asset owned	progress, owned	Total owned	Total leased	Total
Acquisition costs 1.1.2021	11 160	32 413	981 339	42 576	1 023 915
Translation differences	-69	-246	-6 340	-126	-6 466
Increase	207	25 680	51 027	10 188	61 214
Decrease	-27	-360	-23 053	-5 107	-28 160
Transfers between items	326	-22 771	0		0
Acquisition costs 31.12.2021	11 597	34 716	1 002 973	47 530	1 050 502
Accumulated depreciation and impairment charges 1.1.2021	-7 441		-653 823	-14 767	-668 591
Translation differences	35		4 447	59	4 507
Accumulated depreciation on deduction and transfers	27		22 340	4 803	27 143
Depreciation for the period	-1 028		-33 315	-9 418	-42 732
Accumulated depreciation and impairment charges 31.12.2021	-8 407		-660 349	-19 322	-679 672
Book value 1.1.2021	3 719	32 413	327 517	27 808	355 324
Book value 31.12.2021	3 190	34 716	342 623	28 208	370 830

Tangible assets 2020	Land and water		Buildings and constructions		Machinery and equipment	
1000 EUR	Owned	Leased	Owned	Leased	Owned	Leased
Acquisition costs 1.1.2020	17 558	123	194 317	30 568	787 098	9 621
Translation differences	180	0	-2	-988	4 073	73
Increase	2 009		3 448	2 700	11 671	4 797
Decrease	-1 820		-12 678	-2 686	-76 440	-1 635
Transfers between items	37		831		7 484	
Acquisition costs 31.12.2020	17 963	124	185 916	29 595	733 887	12 856
Accumulated depreciation and impairment charges 1.1.2020	-1 782	-38	-142 040	-4 721	-556 640	-3 528
Translation differences	1	0	-536	126	-4 817	-40
Accumulated depreciation on deduction and transfers	1 771		12 481	1 310	76 327	1 234
Depreciation for the period		-39	-5 754	-4 951	-25 394	-4 120
Accumulated depreciation and impairment charges 31.12.2020	-10	-77	-135 848	-8 236	-510 525	-6 454
Book value 1.1.2020	15 776	85	52 278	25 847	230 458	6 093
Book value 31.12.2020	17 953	47	50 069	21 359	223 362	6 402

Tangible assets 2020 1000 EUR	Other tangible asset owned	Contructions in progress, owned	Total owned	Total leased	Total
Acquisition costs 1.1.2020	12 926	12 341	1 024 241	40 312	1 064 554
Translation differences	-48	351	4 554	-914	3 640
Increase	79	28 315	45 522	7 497	53 019
Decrease	-1 692	-348	-92 978	-4 320	-97 298
Transfers between items	-105	-8 247	0		0
Acquisition costs 31.12.2020	11 160	32 413	981 340	42 575	1 023 915
Accumulated depreciation and impairment charges 1.1.2020	-8 615		-709 077	-8 286	-717 364
Translation differences	30		-5 322	86	-5 236
Accumulated depreciation on deduction and transfers	1 804		92 383	2 544	94 927
Depreciation for the period	-661		-31 808	-9 110	-40 918
Accumulated depreciation and impairment charges 31.12.2020	-7 441		-653 823	-14 767	-668 591
Book value 1.1.2020	4 311	12 341	315 164	32 026	347 190
Book value 31.12.2020	3 719	32 413	327 517	27 808	355 324

In 2021 and 2020, no impairments were recognized.

In 2021, Metsä Tissue received grant of EUR 62 thousand (2020, EUR 361 thousand) from Business Finland related to energy efficiency improvement. Subsidies were recognized as a decrease in acquisition costs.

In 2021 and 2020, Metsä Tissue did not capitalize interest costs.

Lease agreements

1000 EUR	2021	2020
Costs related to short-term leases	1 028	1 161
Costs of leases in which the underlying asset is of low value	2 990	2 046
Interest expenses	1 077	1 148
Cash outflow for leases	10 375	10 082

Disclosures on lease liabilities are presented in Note 5.5 (Financial liabilities) and 5.6 (Management of financial risks).
Details of lease obligations are presented in Note 8.1 (Commitments and contingencies).

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4.3 Other investments

Accounting principles
Other investment consist of listed and unlisted equity investments. They are measured at fair value. Metsä Tissue classifies its equity financial assets as financial assets at fair value through profit and loss.

The fair values of publicly quoted shares are based on the share price on the balance sheet date. The fair values of shares other than publicly quoted shares are determined using various valuation models, such as the price levels or recent transactions and valuation methods based on the current value of discounted cash flows. As far as possible, the valuation methods are founded on market-based valuation factors.

Key estimates and judgements
Fair value measurement
The application of valuation models to measuring fair value requires judgement concerning the selection of the method to be applied, as well as valuation factors required by the chosen method that are based on the price and interest levels prevailing in the market on the end of date of each reporting period.

1000 EUR	2021	2020
Non-quoted equity investments	775	775
Total	775	775

Shares in other companies are among others housing - and real estate companies.

4.4 Inventory

Accounting principles
Inventories are measured at the lower of acquisition cost or net realisable value. In measuring inventories, the FIFO principle (first in, first out) is observed or, alternatively, the weighted average price method, depending on the nature of the inventories. The acquisition cost of finished products acquired comprises all purchase costs, including direct transport, handling and other expenses. The acquisition cost of finished and semi-finished products of own manufacture includes raw materials, direct production costs, and the systematically allocated portion of variable manufacturing overheads and fixed overheads at the normal level of operation. The cost of debt is not included in the acquisition cost.

Net realisable value is the estimated sales price in ordinary business operations less the estimated cost of production and the necessary sales costs.

Key estimates and judgements
The Group regularly reviews its inventories for situations where the inventories contain downgraded items or their net realisable value falls below the acquisition cost. When necessary, the Group reduces the book value of the inventories accordingly. This review requires the management's estimates of the sales prices of products, the cost of completion and the costs necessary to make the sale. Any changes in these estimates might lead to an adjustment in the book value of the inventories in future periods.

1000 EUR	2021	2020
Raw materials and consumables	73 815	66 481
Work in progress	17 199	13 032
Finished goods and goods for sale	35 225	35 588
Total	126 239	115 101

In 2021, EUR 1 131 thousand was recorded as a cost (2020 EUR 336 thousand) when the book value of inventories was reduced to match their net realisation value.

4.5 Accounts receivable and other receivables

Accounting principles
Accounts receivables are measured at the expected net realisable value, which is the original invoicing value less estimated impairment provisions on the receivables. The Group applies a model based on expected credit losses to the determination of the impairment of trade receivables. Provisions are furthermore set up on a case by case basis when there is a justifiable reason to assume that the Group will not receive payment for the invoiced amount according to the original terms.

Key estimates and judgements
The evaluation of the recognition criteria and the amount of impairment losses requires the management's judgement. If a customer's financial position weakens so that it affects their solvency, further impairment losses may need to be recognised for future periods. The impacts of the coronavirus pandemic on determining the impairment of sales receivables are presented in Note 5.6 Management of financial risk, counterparty risk.

1000 EUR	2021	2020
Accounts receivable from affiliated companies	263	332
Accounts receivable from associated companies and joint ventures	115	117
Accounts receivable from others		
Accounts receivables	134 120	128 323
Impairment	-288	-468
Total	133 832	127 855
Other receivables	7 242	4 699
Prepayments and accured income	10 401	3 179
Accounts receivable and other receivables, total	151 853	136 183

Receivables from affiliated companies are receivables from parent company and other companies in Metsä Group.

Case-specific impairments and impairments determined by applying the model based on expected credit losses deducted from accounts receivables.

1000 EUR	2021	2020
Book value 1.1.	-467	-460
Increase	-32	-75
Decrease	213	68
Book value 31.12.	-288	-467

Age distribution of accounts receivable less impairments

1000 EUR	2021	2020
Not overdue	129 815	122 304
Overdue		
less than 90 days	4 341	6 136
between 90-180 days	-38	22
between 181-365 days	-89	-553
over 365 days	-198	-53
31.12.	133 832	127 855

Expected credit losses of account receivable are allocated to not overdue items.

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4.6 Accounts payable and other liabilities

1000 EUR	2021	2020
Other non-current liabilities		
Accruals and deferred income	819	
Total	819	

1000 EUR	2021	2020
Advance payments	687	1 062
Accounts payable, Supply Chain Finance schemes	25 854	14 243
Other accounts payable	124 366	104 386
Other liabilities	16 414	12 967
Accruals and deferred income		
Customer discounts	25 210	30 286
Purchase related items	31 086	23 052
Employee costs	17 711	19 312
Other accruals and deferred income	9 866	14 442
Total	251 194	219 748

With financing banks, Metsä Tissue has established Supply Chain Finance (SCF) schemes aimed at a few key suppliers. In the schemes, the suppliers are offered the option of selling their Metsä Tissue receivables to a bank providing the SCF scheme. The SCF schemes partly replace the earlier advance payment arrangements, and their aim is not to cause a significant deviation from Metsä Tissue's normal payment terms.

4.7 Provisions

Accounting principles
A provision is recognised when, as a result of an earlier event, the Group has a legal or actual obligation, the realisation of a payment obligation is likely, and the amount of the obligation can be reliably estimated. Any reimbursement from a third party is presented as an asset separate from the provision if it is practically certain that reimbursement will be received.

Restructuring
A restructuring provision is recorded when the Group has incurred a legal or constructive obligation to make a payment. Termination payments are recorded when a detailed plan has been made for the restructuring and the Group has raised valid expectations in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. If the Group makes an offer to employees concerning voluntary resignation against benefits determined in the offer, the liability arising from this is recorded when the Group can no longer withdraw its offer. The liability arising from such an offer is based on the number of employees that the Group expects to accept the offer. Benefits falling due in twelve months' time or later are measured at their current value.

Environmental obligations
Costs arising from environmental remediation that do not increase present or future revenue are recorded as expenses. Environmental liabilities are measured at current value in accordance with current environmental protection regulations when it is propable that an obligation has arisen and its amount can be estimated reasonably.

Other provisions
Other provisions include mainly liabilities resulting employment affairs as well as other contractual obligations.

Key estimates and judgements
The determination of the amount of provisions and the criteria for their recognition involves the management's judgement.

1000 EUR	Closure and restructuring obligations	Environmental obligations	Other statutory obligations	Total
1.1.2021	116	2 392	2 412	4 919
Translation differences				
Increase	32	9	1 050	1 091
Decrease		-255	-1 053	-1 308
Unused provisions	-4	-753		-757
31.12.2021	144	1 392	2 409	3 946
Non-current	122	922	1 585	2 629
Current	22	470	824	1 317
Total	144	1 392	2 409	3 946
1.1.2020	485	3 890	2 599	6 975
Translation differences	-23	-24		-47
Increase	253	54	642	949
Decrease	-546	-1 528	-830	-2 904
Unused provisions	-54			-54
31.12.2020	116	2 392	2 412	4 919
Non-current	89	1 688	2 412	4 189
Current	26	703		730
Total	116	2 392	2 412	4 919

The non-current part of provisions is estimated to be released mainly by the end of 2030.

5. Capital structure

5.1 Shareholders' equity

Accounting principles
Dividends payable by the company are recognised as a decrease in equity in the financial period during which shareholders have approved the dividend for payment.

Changes in shareholders' equity

1000 EUR	2021	2020
Share capital 1.1.	91 186	91 186
Share capital 31.12.	91 186	91 186
Share premium account 1.1.	88 242	88 242
Share premium account 31.12	88 242	88 242
Shareholders' equity 31.12.	179 428	179 428

1000 EUR	Share capital A-shares	Share premium	Total
31.12.2021	91 186	88 242	179 428
Number of shares 31.12.2021	9 118 588		9 118 588

According to the Articles of Association, Metsä Tissue Corporation's minimum share capital is EUR 50 million and its maximum share capital EUR 300 million. All shares have a nominal value of EUR 10. All issued shares have been paid in full. Metsä Tissue Corporation did not own its own shares on 31 December 2021 nor on 31 December 2020.

Translation differences
Translation differences include translation differences arising on translation of subsidiaries in other currencies than euro and gains and losses arising on hedging of net investments in these subsidiaries, when requirements of hedge accounting have been fulfilled.
Hedge of net investments in foreign operations has ended.

Translation differences on the balance sheet	2021	2020
SEK	-4 643	-756
GBP	357	-130
NOK	241	311
DKK	-236	-237
PLN	-6 909	-6 490
CZK	65	-6
HUF	-27	-18
UAH	-16	-18
SKK	11 164	11 164
Total	-5	3 820

There were EUR 0 thousand posted to income stament from accumulated translation differences in 2021 (2020, EUR 0 thousand).

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Fair value reserve

The changes of the fair values of derivative instruments used as cash flow hedged less deferred tax are recognized in the fair value reserve.

Fair value reserve

1000 EUR	2021	2020
1.1.	-7 357	-796
Increase	22 422	10 394
Decrease	-9 090	-16 954
31.12.	5 974	-7 357

Other comprehensive income after taxes

1000 EUR	2021	2020
Items that will not be reclassified to profit and loss		
Remeasurements of post employment benefit obligation	2 417	-2 694
Items that may be reclassified to profit and loss		
Cash flow hedges		
Currency flow hedges		
recorded in equity	4 119	-7 622
transferred to adjust sales	1 462	-2 390
transferred to adjust purchases	1 948	4 687
Interest flow hedges		
recorded in equity	1 148	-534
transferred to adjust financial items	1 694	
Commodity hedges		
recorded in equity	6 764	-1 822
transferred to adjust purchases	-3 804	1 120
Total	13 332	-6 561
Translation differences	-3 825	3 380
Total	11 924	-5 876

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other investments in equity and the share issue price to a sum especially decided not to be recognised in the share capital.

Reserve for invested unrestricted equity

1000 EUR		
1.1.	2021	2020
Increase	225 000	
31.12.	225 000	

5.2 Financial income and expenses

Accounting principles
Interest income and costs are recognised in amortised cost with the effective interest rate method.

Dividend yield is recognised when the right to a dividend has arisen.

Borrowing costs are generally recognised as an expense in the period in which they are incurred. When an item of property, plant or equipment is involved in a major and long-term investment project, the borrowing costs directly due to the acquisition, construction or production of the asset are included in the asset's acquisition cost.

The Group presents net interest income and expenses related to defined benefit plans as financial income and expenses.

1000 EUR	2021	2020
Exchange rate differences		
Accounts receivable and payable	671	-1 305
Hedging / hedge accounting not applied	-803	1 273
Other items	-63	11
Exchange rate differences total	-195	-21
Other financial income		
Interest income on loans, other receivables and cash and cash equivalents	59	92
Dividend income		
Other financial income total	59	92
Other financial expenses		
Valuation of financial assets and liabilities		
Gains and losses on hedging instrument in cash flow hedges	-2 118	
Valuation total	-2 118	
Interest expenses on financial liabilities	-7 798	-9 507
Other financial expenses	-4	-16
Other financial expenses total	-7 802	-9 523
Financial income and expenses total	-10 056	-9 452

In 2021, the change in the value of financial items included a one-off EUR -2 118 thousand change in value from the reversal of Metsä Tissue's EUR 75 000 thousand interest rate swaps, related to the early repayment of a long-term loan.

5.3. Non-current financial assets

1000 EUR	2021	2020
Other non-current financial assets		
Loan receivables	1 022	1 044
Other receivables	76	
Total	1 098	1 044

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5.4 Cash and cash equivalents

Accounting principles

Cash and cash equivalents consist of cash and other short-term, highly liquid investments that can be easily converted into an amount of cash known in advance and that carry a minimal risk of value changes. Metsä Tissue has classified short-term money market investments and bank assets that are in line with its financial policy as cash and cash equivalents. Metsä Tissue applies a model based on expected credit losses to the determination of the impairment of cash and cash equivalents. Expected credit losses are reviewed for the following 12 months. The impacts of the coronavirus pandemic on determining the impairment of cash and cash equivalents is discussed in Note 5.6, Management of financial risks, counterparty risk.

1000 EUR	2021	2020
Cash at bank and in hand	98 805	153 548

Cash and cash equivalents include also interest bearing receivables that are in Metsä Group internal bank Metsä Group Treasury. These are immediately withdrawable. As of 31 December 2021 these receivables were EUR 97 748 thousand (2020, EUR 152 824 thousand).

5.5 Financial liabilities and net liabilities

Accounting principles
Financial liabilities are initially recognised at fair value. The Group has classified all financial liabilities as "Other liabilities". Transaction costs are included in the original book value of financial liabilities measured at amortised cost. Subsequently, all financial liabilities are measured at amortised cost using the effective interest method.

Interest-bearing financial liabilities

1000 EUR	2021	2020
Non-current interest-bearing financial liabilities		
Loans from financial institutions	10 069	161 021
Lease liabilities	23 083	23 156
Other liabilities to group companies		75 000
Total	33 152	259 177
Current interest-bearing financial liabilities		
Current portion of long-term liabilities	8 659	9 399
Loans from financial institutions	37	104
Other liabilities to group companies	21 975	
Total	30 672	9 503
Interest-bearing financial liabilities, total	63 824	268 680

Interest-bearing financial assets

1000 EUR	2021	2020
Non-current interest-bearing financial assets		
Loan receivables	1 022	1 044
Other receivables	76	
Current interest-bearing financial assets		
Other receivables	2	
Cash at bank and in hand	98 805	153 548
Interest-bearing financial asset, total	99 905	154 591
Interest-bearing net liabilities, total	-36 081	114 088

Changes in cash and non-cash effects of financial liabilities 2021

1000 EUR	1.1.2021	Cash flows	Non-cash effect: Aquisitions/ disvestments	Non-cash effect: Foreign exchange	Non-cash effect: Changes in leases	Non-cash effect: Other changes	31.12.2021
Non-current interest bearing liabilities including current financial liabilities							
Loans from financial institutions	163 293	-152 328		-247		278	10 996
Pension loans	0						0
Lease liabilities	30 283	-9 297		-71	9 886	16	30 816
Other liabilities							
Other liabilities, internal	75 000	-75 000					
Total	268 576	-236 625		-318	9 886	293	41 812
Non-current non interest bearing liabilities		819					819
Current interest bearing liabilities							
Short term liabilities	104	-65		-2			37
Other liabilities							
Other liabilities, internal	0	21 971		4			21 975
Total	104	21 906		2			22 012
Current interest bearing receivables		-1 730		1 733			2
Total	268 680	-215 630		1 417	9 886	293	64 646

Changes in cash and non-cash effects of financial liabilities 2020

1000 EUR	1.1.2020	Cash flows	Non-cash effect: Aquisitions/ disvestments	Non-cash effect: Foreign exchange	Non-cash effect: Changes in leases	Non-cash effect: Other changes	31.12.2020
Non-current interest bearing liabilities including current financial liabilities							
Loans from financial institutions	170 297	-7 615		477		134	163 293
Pension loans	1 226	-1 226					0
Lease liabilities	34 318	-8 935		-860	5 680	80	30 283
Other liabilities							
Other liabilities, internal	75 000						75 000
Total	280 841	-17 776		-382	5 680	214	268 576
Non-current non interest bearing liabilities							
Current interest bearing liabilities							
Short term liabilities	0	99		5			104
Other liabilities							
Other liabilities, internal	4 170	-4 138		-32			0
Total	4 170	-4 039		-28			104
Current interest bearing receivables							
Total	285 011	-21 815		-410	5 680	214	268 680

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5.6 Management of financial risks

The financial risks associated with business operations of Metsä Tissue Group are managed in accordance with the financial policy endorsed by the Board of Directors and the senior management of the Group. The policy defines focal instructions on the management of foreign currency, interest rate, liquidity and counterparty risks, and for the use of derivative financial instruments. Correspondingly, commodity risks are managed according to the Group's commodity risk policy. The purpose is to protect the company against major financial and commodity risks, to balance the cash flow and to allow the business units time to adjust their operations to changing conditions.

Metsä Group Treasury Oy is specialized in finance and functions as Metsä Group's internal bank. Metsä Tissue's financial operations have been centralised to Metsä Group Treasury, which is in charge of managing Metsä Tissue's financial positions according to the strategy and financial policy, providing necessary financial services in Metsä Tissue Group and acting as an advisor in financial matters.

Foreign currency risk
The Group's foreign currency exposure consists of the risks associated with foreign currency flows, translation risk of net investments in foreign entities and economic currency exposure. Large portion of the Group's costs are incurred in the euro zone and in Sweden, but a significant part of the sales is in other currencies. Sales revenue may therefore vary because of changes in exchange rates, while production costs remain unchanged. Product and raw material prices are also often quoted in currencies other than the home currency. The exposure is including foreign currency denominated balance sheet exposure consisting of accounts receivable and accounts payable and 50 per cent share of the annual contracted or estimated net currency cash flow.
The main currencies of the Group's foreign currency transaction exposure are the US dollar, the British pound and the Norwegian, Danish and Swedish krona. A strengthening of the pound and NOK and DKK has a positive impact on the financial result and a weakening a negative impact. A weakening of the dollar and the Swedish krona has a positive impact on the result. The hedging policy is to keep an amount corresponding to the balance sheet exposure and 50 per cent of the annual cash flows of contracted or estimated currency flows consistently hedged. The amount of hedging may deviate from the normal level by 40 per cent in either direction. The Board of Directors of Metsä Tissue is deciding on hedging levels significantly deviating from the norm set out in the financial policy. The amount of currency-specific hedging depends on current exchange rates and market expectations, on the interest rate differences between the currencies and the significance of the exchange rate risk for the financial result The transaction exposure is mainly hedged by forward transactions but also by the use of foreign currency loans and currency options.

At the end of the reporting period, the foreign exchange transaction exposure had been hedged 5.4 months on average (7.0) being 85 per cent of the hedging norm (103). During the reporting period, the hedging level has varied between 5 and 7 months (6-7). The dollar's hedging level was 5.1 months (6.9) being 86 per cent of the norm (120). Norwegian krona's hedging level was 6.9 months (6.9) being 101 per cent of the norm (94). Hedge accounting in accordance with IFRS 9 has been applied to hedging of transaction exposure and forwards allocated to hedge accounting have been used to hedge the portion of highly probable forecast sales of the currency transaction exposure. Metsä Tissue does not apply hedging the translation risk of a net investment in a foreign entity.

The Group has applied the Value-at-Risk method to assess the risk of its open foreign currency positions. The VaR is calculated on the deviation from balance sheet exposure plus 50 % of annual foreign currency exposure hedge norm defined in the financial policy. A 99% confidence level on one month period is applied to the VaR risk figure. The risk mandates regarding hedging decisions have been defined by restricting the company management's powers by linking them to maximum currency-specific hedging level changes and to a VaR limit. Possible strategic decisions which exceed the policy risk limits are made by the Board of Directors. The limit set for the Metsä Tissue Group's foreign currency risk is EUR 2.0 million (4.4) and the VaR is at the end of the reporting period EUR 0.8 million (0.6) and average during the period EUR 0.5 million (0.6).

Interest rate risk
The interest rate risk is related to interest bearing receivables and loans and currency hedging. The most significant currencies in risk management are the euro, the US dollar and the Swedish krona. The objective of the interest rate risk policy is to minimise the negative impact of interest rate changes on the result and the financial position, and to optimise financing costs within the framework of risk limits. The effect of interest rate changes on financial costs depends on the average interest fixing time of interest bearing assets and liabilities, which is measured in the Group by duration. As duration diminishes the rise of interest rates affects more quickly the interest expenses of financial liabilities. The maturity of the loan portfolio can be influenced by adjusting between floating-rate and fixed-rate loans and by using interest rate swaps.

The average interest duration norm based on the Group's financial policy is 24 months since 2021. Earlier norm was 12 months average duration. The duration can, however, deviate between 6 to 36 months from the hedging policy norm so that the decision of a larger deviation has to be made by the Board of Directors. The average duration of loans was 12.5 months (24.7) at the end of the year. During the reporting period duration has varied between 12 and 25 months (24–28). Of interest-bearing liabilities 64 per cent (49) is subjected to variable rates and the rest to fixed rates and the average interest rate at the end of 2021 was 3.0 per cent (2.1). At the end of 2021, an increase of one per cent in interest rates would decrease interest rate costs of the next 12 months by EUR 0.43 million (decrease 0.65).

The Group has applied cash flow hedge accounting in accordance with IFRS 9 to interest rate swaps by which floating-rate financing has been converted to fixed-rate financing. The gross nominal volume of interest rate derivatives at the time of financial statements is EUR 0.0 million (75.0).

Commodity risk
In the hedging of commodity risks the Group applies separately defined risk management policy. According to the policy, the management of commodity risks with regard to financial hedges is accomplished centralized by Metsä Group Treasury based on the strategy approved by Board of Directors of Metsä Tissue. According to the commodity hedging policy an 80 per cent hedge level of the estimated net position during the first 12 month period has been set as a hedging norm and the hedge ratio can vary by 20 per cent in either direction. Metsä Tissue has decided in 2021 to abandon the price risk hedging of natural gas, LNG and propane and earlier electricity hedging as financial hedging. Hedges based on previous policy are gradually maturing. Hedging of natural gas in Central Europe is continued through physical hedging.

Liquidity risk
Liquidity risk is defined as the risk that funds and available funding become insufficient to meet business needs, or that extra costs are incurred in arranging the necessary financing. Liquidity risk is monitored by estimating the need for liquidity needs 12 - 24 months ahead and ensuring that the total liquidity available will cover a main part of this need. According to the financial policy, the liquidity reserve must at all times cover 100% of the Group's liquidity requirement for the first 12 months and 50–100% of the following 12–24 months liquidity requirement. The objective is that at the most 20 per cent of the Group's loans, including committed credit facilities, is allowed to mature within the next 12 months and at least 25 per cent of the total debt must have a maturity in excess of four years. Another target is to avoid keeping extra liquidity as liquid funds and instead maintain a liquidity reserve as committed credit facilities outside the balance sheet.

The cornerstone of liquidity risk management is to manage the Group's operative decisions in such a way that targets concerning indebtedness and sufficient liquidity reserve can be secured in all economic conditions. Liquidity risk is also managed by diversifying the use of capital and money markets to decrease dependency on any single financing source and the optimisation of the maturity structure of loans is also emphasized in financial decisions.

Liquidity is on a good level, as the share capital of the company has been strengthened and long term loans have been repaid during 2021. The available liquidity at the end of the reporting period consists of liquid funds and investments EUR 98.8 million (153.5). Metsä Tissue liquidity reserve is supplemented by Metsä Group Internal EUR 50.0 million unused short-term funding limit (50.0) and undrawn pension premium (TyEL) funds of EUR 43.7 million (41.6). The liquidity reserve covers fully the forecasted financing needs for the two coming years.

Counterparty risk
Financial instruments carry the risk that the Group may incur losses should the counterparty be unable to meet its commitments. The Group is managing this risk by entering into financial transactions only with most creditworthy counterparties and within pre-determined limits. During the reporting period, credit risks of financial instruments did not result in any losses. The financial counterparty risk is limited by the fact that the liquidity reserve is partially maintained in the form of committed credit facilities. Cash and cash equivalents and other investments have been spread to several banks and commercial papers of several institutions. Counterparty limits have been revised during the year by taking into account the needs of the company and the view on the financial position of the used counterparties. Derivatives trading is regulated by the standardised ISDA contracts made with the counterparties. The Group has applied expected credit loss model in accordance with IFRS 9 to calculate the impairment of financial assets.

The Group's sales receivables carry a counterparty risk that the Group may incur losses should the counterparty be unable to meet its commitments. Credit risk attached to sales receivables is managed on the basis of the credit risk management policies approved by operative management. Credit quality of customers is assessed at regular intervals based on the customers' financial statements, payment behaviour, credit agencies and credit ratings agencies. Individual credit limits are reviewed at least annually. From time to time, as deemed necessary by management, Letters of Credits, bank and parent company guarantees and Credit insurance are used to mitigate credit risk. Credit limits are approved according to credit risk management policy with approval limits of varying values across the Group. Credit Control reviews and sets all major credit limits which are not supported by credit insurance and/ or other security. Expected credit losses on accounts receivables are calculated by using a provision matrix. Expected credit loss expense is recognized by applying expected credit loss percentages based on five-year historic losses on accounts receivables from external debtors outstanding at period end. Despite the continuation of the COVID-19 pandemic, credit risk proved to be at a normal level. The expected credit loss percentages are business area specific.

Managing the capital
Terms capital and capital structure are used to describe investments made in the company by its owners and retained earnings (together equity) and debt capital (liabilities) as well as the relation between them. In managing its capital structure, the Group aims at maintaining an efficient capital structure that ensures the Group's operational conditions in financial and capital markets in all circumstances despite the fluctuations typical to the sector. Certain central target values, which correspond to standard requirements set by financing and capital markets, have been defined for the capital structure. The Group's capital structure is regularly assessed by the Group's Board of Directors. The Group monitors the development of its capital structure through a key ratio that describes net gearing and equity ratio.

In Group's certain financial contracts financial covenants had been set regarding financial performance and capital structure. Other covenants in the Group's loan agreements are customary terms and conditions including for example a negative pledge, restrictions on major asset disposals, limitations on subsidiary indebtedness, restrictions on changes of business and mandatory prepayment obligations upon a change of control of the Group. The Group has been in compliance with its covenants during the accounting periods 2021 and 2020 and there are no financial agreements including covenants existing at the end of year 2021.

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Market risk scenarios 31.12.2021

1000 EUR	2021	2020
	Impact on financial assets and liabilities	Impact on financial assets and liabilities
Interest rate risk (100 bp rise in interest rates)		
Effect on profit		
Effect on other change in equity		3 045
Commodity risk (electricity price + 20 %)		
Effect on profit		
Effect on other change in equity	378	409
FX risk (USD - 10 %)		
Effect on profit	-158	-223
Effect on other change in equity	-9 490	-9 086
FX risk (GBP - 10 %)		
Effect on profit	163	89
Effect on other change in equity	1 564	1 772
FX risk (SEK - 10 %)		
Effect on profit	323	61
Effect on other change in equity	-358	-1 626

Items with + sign = positive effect = increase of asset / decrease of liabilities
Items with - sign = negative effect = decrease of assets / increase of liabilities

Maturity of repayment and interest payment of financial liabilities 2021

1000 EUR 31.12.2021	2022	2023	2024	2025	2026	2027-	Totals
Loans from financial institutions	927	927	927	927	927	6 362	10 996
Other liabilities, internal							
Lease liabilities *)	8 623	6 621	5 158	4 133	3 265	6 030	33 830
Non-current interest-bearing borrowings, total	9 550	7 548	6 085	5 060	4 192	12 391	44 826
Short-term interest-bearing liabilities	37						37
Financial liabilities, total	9 587	7 548	6 085	5 060	4 192	12 391	44 863
Finance costs, total	237	216	196	174	153	48	1 024
Guarantee agreements	10		278	79		39	406
Derivatives							
Currency derivatives, liability	329 412						329 412
Currency derivatives, receivable	-332 500						-332 500
Interest rate swaps, liability							
Commodity derivatives, liability							
Commodity derivatives, receivable	-4 141						-4 141
Derivative receivable and -liability, net	-7 230						-7 230

Maturity of repayment and interest payment of financial liabilities 2020

1000 EUR 31.12.2020	2021	2022	2023	2024	2025	2026-	Totals
Loans from financial institutions	2 272	1 013	150 669	947	947	7 445	163 293
Pension loans							
Other liabilities, internal			75 000				75 000
Finance leasing *)	8 115	5 691	4 381	3 453	3 158	9 338	34 137
Non-current interest-bearing borrowings, total	10 387	6 704	230 051	4 400	4 105	16 783	272 430
Short-term interest-bearing liabilities	104						104
Financial liabilities, total	10 491	6 704	230 051	4 400	4 105	16 783	272 534
Finance costs, total	6 449	6 416	5 271	200	178	205	18 718
Guarantee agreements	15	17			113	39	184
Derivatives							
Currency derivatives, liability	367 716						367 716
Currency derivatives, receivable	-361 586						-361 586
Interest rate swaps, liability	840	774	774	779	387		3 554
Commodity derivatives, liability	38	58					96
Commodity derivatives, receivable	-531						-531
Derivative receivable and -liability, net	6 477	832	774	779	387		9 248

*) The cash flows of lease liabilities include both payments and the finance costs.

On 31 December 2021, the balance of lease liabilities were EUR 30 816 thousand (2020, EUR 30 283 thousand). On 31 December 2021, the balance of currency derivative liabilities were EUR 2 453 thousand (2020, 10 674) and currency derivative receivables EUR 5 542 thousand (2020, 4 545).

5.7 Financial assets and liabilities classification and fair values

Financial assets and liabilities classification and fair values 2021

1000 EUR	Note	Fair value through profit & loss	Fair value through other comprehensive income	Amortised cost	Book value total
Financial assets					
Non-current investments	4.3	775			775
Other non-current financial assets	5.3			1 098	1 098
Accounts receivables and other receivables	4.5			141 441	141 441
Cash and cash equivalent	5.4			98 805	98 805
Derivative financial instruments	5.7		9 683		9 683
Book value total		775	9 683	241 345	251 803
Fair value total		775	9 683	241 349	251 807
Financial liabilities					
Non-current interest-bearing financial liabilities	5.5			33 152	33 152
Other non-current financial liabilities	4.6			819	819
Current interest-bearing financial liabilities	5.5			30 672	30 672
Accounts payable and other financial liabilities	4.6			230 270	230 270
Derivative financial instruments	5.7	247	2 207		2 453
Book value total		247	2 207	294 913	297 366
Fair value total		247	2 207	294 926	297 379

Financial assets and liabilities classification and fair values 2020

1000 EUR	Note	Fair value through profit & loss	Fair value through other comprehensive income	Amortised cost	Book value total
Financial assets					
Non-current investments	4.3	775			775
Other non-current financial assets	5.3			1 055	1 055
Accounts receivables and other receivables	4.5			133 004	133 004
Cash and cash equivalent	5.4			153 548	153 548
Derivative financial instruments	5.7	276	4 800		5 076
Book value total		1 051	4 800	287 606	293 457
Fair value total		1 051	4 800	287 589	293 440
Financial liabilities					
Non-current interest-bearing financial liabilities	5.5			259 177	259 177
Other non-current financial liabilities	4.6				
Current interest-bearing financial liabilities	5.5			9 503	9 503
Accounts payable and other financial liabilities	4.6			194 021	194 021
Derivative financial instruments	5.7	329	13 995		14 324
Book value total		329	13 995	462 701	477 025
Fair value total		329	13 995	462 510	476 834

Accounts receivables and other receivables do not include advance payments, deferred tax receivable and periodisation of employee costs (Note 4.5). Accounts payable and other financial liabilities do not include advance payments, deferred tax liability and periodisation of employee costs (Note 4.6).

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Fair value hierarchy of financial assets and liabilities

Accounting principles
Financial assets and financial liabilities measured at fair value are classified as follows:

Level 1: Fair value is based on quoted prices in active markets.
Level 2: Fair value is based on inputs observable for the asset either directly or indirectly.
Level 3 Fair value is based on company estimates and not on market data.

The fair values of electricity-, natural gas- and propane derivatives are measured based on publicly quoted market prices (Level 1). The fair values of currency forwards and currency options are determined based on market prices on the closing date of the reporting period. The fair values of interest rate swaps are measured applying a method based on the current value of future cash flows, supported by market interest rates on the closing date of the reporting period and other market inputs (Level 2). The fair value of financial instruments not traded in an active market is determined using various measurement methods. Discretion is used in choosing the methods and making assumptions based primarily on the market conditions prevailing on the closing date of the reporting period (Level 3).

Fair value hierarchy of financial assets and liabilities 2021

1000 EUR	Note	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Other investments	4.3			775	775
Derivative financial receivables	5.7	4 141	5 542		9 683
Financial liabilities measured at fair value					
Derivative financial liabilities	5.5		2 453		2 453
Financial assets not measured at fair value					
Cash and cash equivalent	5.4		98 800		98 800
Financial liabilities not measured at fair value					
Non-current interest-bearing financial liabilities			33 164		33 164
Current interest-bearing financial liabilities			30 673		30 673

Fair value hierarchy of financial assets and liabilities 2020

1000 EUR	Note	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Other investments	4.3			775	775
Derivative financial receivables	5.7	531	4 545		5 076
Financial liabilities measured at fair value					
Derivative financial liabilities	5.5	96	14 228		14 324
Financial assets not measured at fair value					
Cash and cash equivalent	5.4		153 531		153 531
Financial liabilities not measured at fair value					
Non-current interest-bearing financial liabilities			258 964		258 964
Current interest-bearing financial liabilities			9 524		9 524

Financial assets and liabilities measured at fair value based on Level 3

1000 EUR	2021 Level 3	2020 Level 3
Value 1.1.	775	775
Total gains and losses in profit or loss		
Total gains and losses in other comprehensive income		
Purchases		
Settlements		
Transfers out of Level 3		
Value 31.12.	775	775

Financial derivatives and hedge accounting

Accounting principles
Derivative contracts are initially recognised on the balance sheet at fair value at cost, and thereafter during their term-to-maturity revalued at their fair value at each reporting date. The fair value of derivatives is presented in non-interest-bearing receivable or liabilities. Gains and losses resulting from recognition at fair value are treated in accounting as required with regard to the intended use of the derivative contract in question. Derivatives are initially classified as either 1) Hedges of the exposure to changes in fair value of receivables, liabilities or firm commitments; 2) Hedges of the cash flow from a highly probable forecast transaction; 3) Hedges of a net investment in a foreign entity; or 4) Derivatives to which has been decided not to apply hedge accounting.

Metsä Tissue currently applies hedge accounting only to cash flows. When applying hedge accounting at the inception of a hedging relationship, the Group has documented the relationship between the hedged item and the hedging instruments, as well as the hedging strategy observed. To meet the requirements of hedge accounting, the Group has also continuously carried out effectiveness testing to verify that changes in the fair value of the hedging instrument for each hedging relationship cover any changes in the fair value of the hedged item effectively enough, with respect to the hedged risk. Changes in the fair value of the effective portion of derivative instruments that meet the criteria for cash flow hedging are recognised in other items of comprehensive income. The gains and losses recognised in equity are transferred to the income statement when the forecast sale or purchase is realised, and are recognised as an adjustment to the hedged item. If the forecast transaction is no longer expected to occur, the gain or loss accrued in equity is recognised immediately in the income statement. Derivatives not subject to hedge accounting, as well as the ineffective portion of derivatives subject to hedge accounting, are measured at fair value, and changes in the value of interest rate and currency derivatives are recognised in financial items and changes in the value of commodity derivatives are recognised in other income and expenses.

Hedge accounting is applied as cash flow hedging to highly probable cash flows from sales denominated in foreign currencies and contractual cash flows from floating interest rates of loans. In the management of price risks related to commodities, hedge accounting is applied to cash flows from highly probable purchases of electricity, natural gas and propane. The fair values of forward foreign exchange contracts are based on the forward prices prevailing on the balance sheet date, and currency options are measured at fair value in accordance with the Black–Scholes model. Interest rate swaps are measured at the current value of cash flows, with the calculation being based on the market interest rate yield curve. The fair values of commodity derivatives are measured on the basis of publicly quoted market prices.

Management of financial risks and effectiveness of hedging
The management of the Group's currency, interest rate and commodity risks is described in more detail in Note 5.6, Management of financial risks. Note 5.7, Fair values of financial assets and liabilities, includes the fair values and grouping of derivatives. Note 5.1, Equity, includes itemisations of hedge accounting entries in the fair value reserve.

The hedging of the currency flow position is effective, given that there is a direct financial relationship between the hedged sale and the hedging derivative. The spot rate component of a forward contract or the reference value component of a currency option has been determined as the hedged item, and the forward points or the option's time value are treated as hedging costs subject to amortisation based on the period. Currency flow forecasts are fairly stable, invoicing steady within quarters and months, and forward deals are allocated to each month, due to which the ineffectiveness of hedging usually remains very low. Changes in production or the structure of sales may sometimes lead to ineffectiveness during the validity of a hedging relationship, in which case the hedging is adjusted accordingly.

The hedge accounting of the cash flow from interest rates is primarily effective, given that there is a direct financial relationship between the long-term loans subject to hedging and the hedging interest rate swaps. Ineffectiveness in the hedge relationship derives from any possible differences between the loans and the swaps' interest rate periods as well as from differences in the reference rates of contract terms. The ineffective portion of interest rate hedging is recognised through profit and loss. The premature repayment of loans may result in a state of ineffectiveness, in which case the hedging interest rate swaps are reversed or derecognised from hedge accounting, and the change in fair value is recognised in financial items under income.

The hedging of commodity purchases is effective, given that, in lieu of the total purchase price, the hedged item is the same, identical risk component of pricing applied in the hedging derivative. In the hedging of the price risk of electricity, the hedged item is what is referred to as the portion of the system price and the hedging takes place with a system-priced electricity swap. Correspondingly, the price components of the purchases and the hedging derivative in the hedging of natural gas and propane are identical. Commodity purchases are fairly steady and hedges are allocated to each month, due to which the ineffectiveness of the hedging usually remains low. Changes in the use of various commodities may sometimes lead to ineffectiveness during the validity of a hedging relationship, in which case the hedging is adjusted accordingly.

Derivatives 31.12.2021

1000 EUR	Nominal value	Fair value			Fair value	
		Derivative assets	Derivative liabilities	Fair value total	Fair value through profit and loss	Fair value throught other comprehensive income
Interest rate swaps						
Interest rate derivatives total						
Currency forward agreements	326 958	5 542	2 453	3 089	-247	3 335
Currency option agreements						
Currency derivatives total	326 958	5 542	2 453	3 089	-247	3 335
Electricity derivatives	963	925		925		925
Other commodity derivatives	3 299	3 216		3 216		3 216
Commodity derivatives total	4 262	4 141		4 141		4 141
Derivatives total	331 220	9 683	2 453	7 230	-247	7 477

Derivatives 31.12.2020

1000 EUR	Nominal value	Fair value			Fair value	
		Derivative assets	Derivative liabilities	Fair value total	Fair value through profit and loss	Fair value throught other comprehensive income
Interest rate swaps	75 000		3 554	-3 554		-3 554
Interest rate derivatives total	75 000		3 554	-3 554		-3 554
Currency forward agreements	357 042	4 545	10 674	-6 130	-54	-6 076
Currency option agreements						
Currency derivatives total	357 042	4 545	10 674	-6 130	-54	-6 076
Electricity derivatives	2 272	33	96	-63		-63
Other commodity derivatives	2 617	498		498		498
Commodity derivatives total	4 889	531	96	435		435
Derivatives total	436 930	5 076	14 324	-9 248	-54	-9 195

The changes in the value of hedge accounting and profit and loss are presented in Note 5.1 Equity

Financial impact of the offsetting of instruments linked to executory master netting arrangements in 2021

	Derivative instruments on the balance sheet	Related to master netting agreements	Net risk
Derivative assets	9 683		9 683
Derivative liabilities	-2 453		-2 453

Financial impact of the offsetting of instruments linked to executory master netting arrangements in 2020

	Derivative instruments on the balance sheet	Related to master netting agreements	Net risk
Derivative assets	5 076		5 076
Derivative liabilities	-14 324		-14 324

The derivative arrangements made by the Group with each counterparty are subject to master netting arrangements. In the event of an unlikely credit event all transactions based on the arrangement are cancelled and only one net sum will fall due in terms of all transactions for each counterparty. The items have not been offset on the balance sheet.

Maturity of derivatives 2021

1000 EUR	1-6 months	6-12 months	1-5 years	Over 5 years	Hedged cash flow total
Interest rate swaps, hedge accounting					
Interest rate swaps, non hedge accounting					
Currency derivatives, hedge accounting	94 771	86 992			181 764
Currency derivatives, non hedge accounting	19 126				19 126
Commodity derivatives, hedge accounting	2 131	2 131			4 262
Commodity derivatives, non hedge accounting					

Maturity of derivatives 2020

1000 EUR	1-6 months	6-12 months	1-5 years	Over 5 years	Hedged cash flow total
Interest rate swaps, hedge accounting			75 000		75 000
Interest rate swaps, non hedge accounting					
Currency derivatives, hedge accounting	100 944	96 151			197 096
Currency derivatives, non hedge accounting	38 178				38 178
Commodity derivatives, hedge accounting	1 960	1 960	973		4 894
Commodity derivatives, non hedge accounting					

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6. Income taxes

Accounting principles

Tax expense in the income statement consist of taxes based on the taxable income for the period, taxes for previous periods, and deferred tax assets and liabilities. The tax effect related to the items recorded in the comprehensive income statement is recognised in the comprehensive income statement. Taxes based on the taxable income for the period are calculated based on taxable income in accordance with the tax rate as it stands in each country at that time. Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amount and the tax base in accordance with the tax rates issued as at the balance sheet date.

No deferred taxes are recognised for non-deductible goodwill, and no deferred taxes are recognised for subsidiaries' undistributed profits to the extent that the difference will not likely realise in the predictable future. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilised.

Deferred income tax assets and liabilities can be offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes are related to the same taxation authority.

The most significant temporary differences arise from depreciation of property, plant and equipment; the measurement of other investments and derivatives contracts at fair value; defined benefit plans; unused tax losses; and measurement at fair value in conjunction with acquisitions of business operations.

Key estimates and judgements

The management's judgement is required for determining the taxes based on the result for the period, deferred tax assets and liabilities, and the extent to which deferred tax assets are recorded. The Group is subject to income taxation in several countries, and the final amount of tax is uncertain for several business operations and calculations. The Group forecasts future tax audits and recognises liabilities based on estimates of whether further taxes will need to be paid. If the associated final tax differs from the originally recorded amounts, the difference has an effect on both the taxes based on the taxable income for the period, and on deferred tax receivables and liabilities.

1000 EUR	2021	2020
Income tax for the financial period	-1 498	-17 380
Income taxes for previous periods	-106	189
Change in deferred taxes	7 429	-6 653
Other taxes	-34	-38
Total	5 791	-23 881

Income tax reconciliation

1000 EUR	2021	2020
Result before taxes	-19 552	106 390
Computed tax at Finnish statutory rate	-3 910	21 278
Difference between Finnish and foreign rates	-3 365	3 251
Tax exempt income	-1 257	-1 988
Non-deductible expenses	2 118	1 771
Restatement of deferred taxes from previous years	430	582
Utilisation of previous years' unrecognised tax losses		-487
Unrecognised deferred tax receivables from tax losses	121	-95
Share of profit from associated companies	-48	-7
Income taxes for previous periods	106	-189
Other	14	-235
Taxes in the Group's income statement	-5 791	23 881
Effective tax rate, %	29,6	22,4

Taxes included in other comprehensive income 2021

1000 EUR	Before taxes	Tax effect	After taxes
Items that will not be reclassified to profit and loss			
Items relating to adjustments of defined benefit plans	3 349	-932	2 417
Total	3 349	-932	2 417
Items that may be reclassified subsequently to profit and loss			
Cash flow hedges	16 671	-3 339	13 332
Translation differences	-3 825		-3 825
Total	16 196	-4 272	11 924

Taxes included in other comprehensive income 2020

1000 EUR	Before taxes	Tax effect	After taxes
Items that will not be reclassified to profit and loss			
Items relating to adjustments of defined benefit plans	-3 341	646	-2 694
Total	-3 341	646	-2 694
Items that may be reclassified subsequently to profit and loss			
Cash flow hedges	-8 219	1 657	-6 561
Translation differences	3 380		3 380
Total	-8 179	2 304	-5 876

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Deferred taxes

Deferred tax assets and liabilities 2021

1000 EUR	1.1.2021	Charged in income statement	Charged in other items of comprehensive income	Translation differences and others	31.12.2021
Deferred tax assets in balance sheet					
Pension obligations and other provisions	7 982	176	-932	-46	7 179
Intercompany margins	422	183		-2	603
Unused tax losses and tax credits	3 342	8 325		-5	11 662
Financial instruments	8 836		-2 352	-128	6 356
Other temporary differences	2 471	847		-3	3 315
Total	23 054	9 531	-3 284	-184	29 116
Offset from deferred tax liabilities	-13 991	-4 827			-18 818
Deferred tax assets on the balance sheet	9 064	4 704	-3 284	-184	10 299
Deferred tax liabilities in balance sheet					
Appropriations and untaxed provisions	47 876	2 289		-213	49 953
Acquired net assets recognised at fair value	6 897	-442			6 455
Financial instruments	956		987		1 944
Hedge of net investments in foreign operations		354		-354	
Other temporary differences	587	-99		-3	484
Total	56 316	2 102	987	-570	58 836
Offset from deferred tax assets	-13 991	-4 827			-18 818
Deferred tax liabilities on the balance sheet	42 325	-2 725	987	-570	40 018

Deferred tax assets and liabilities 2020

1000 EUR	1.1.2020	Charged in income statement	Charged in other items of comprehensive income	Translation differences and others	31.12.2020
Deferred tax assets in balance sheet					
Pension obligations and other provisions	7 847	-594	646	83	7 982
Intercompany margins	458	-21		-15	422
Unused tax losses and tax credits	7 517	-4 162		-13	3 342
Financial instruments	7 062		1 535	239	8 836
Other temporary differences	4 999	-2 524		-3	2 471
Total	27 883	-7 301	2 182	291	23 054
Offset from deferred tax liabilities	-19 529	5 539			-13 991
Deferred tax assets on the balance sheet	8 353	-1 763	2 182	291	9 064
Deferred tax liabilities in balance sheet					
Appropriations and untaxed provisions	45 149	2 324		404	47 876
Acquired net assets recognised at fair value	7 338	-442			6 897
Financial instruments	1 079		-122		956
Hedge of net investments in foreign operations		114		-114	
Other temporary differences	3 231	-2 644			587
Total	56 797	-649	-122	290	56 316
Offset from deferred tax assets	-19 529	5 539			-13 991
Deferred tax liabilities on the balance sheet	37 267	4 890	-122	290	42 325

On 31 December 2021 the tax loss carry-forwards amounted EUR 71 591 thousand (2020, EUR 20 574 thousand), for which EUR 11 662 thousand (2020, EUR 3 342 thousand) deferred tax assets have been recognised. These tax loss carry-forwards have mainly incurred in Germany and Poland. The management estimates that the entities will have enough taxable income in the coming years to utilise the losses.

The operating loss carry-forwards for which deferred tax assets have not been recognised due to uncertainty of the utilization of these loss carry-forwards amounted EUR 3 496 thousand (2020, EUR 3 352 thousand). The unrecognised deferred tax assets for these losses amounted EUR 610 thousand (2020, EUR 594 thousand).

7. Group structure

7.1 Group companies

Subsidiaries and joint operations

Accounting principles

Subsidiaries

In addition to the parent company, Metsä Tissue Oyj, the financial statements include all of the companies controlled by the Group. Intra-Group shareholding is eliminated using the acquisition method. Intra-Group business transactions, receivables, liabilities and unrealized gains, as well as internal distribution of profits, are eliminated on consolidation. Unrealized gains arising from impairment are not eliminated. When necessary, the accounting principles applied by subsidiaries have been adjusted to comply with the Group's principles.

The parent company's owners' and non-controlling interests' shares of the result for the period and comprehensive income are presented in the comprehensive income statement.

Joint operations

A joint operation is a joint arrangement in which parties who have joint control in the arrangement have rights concerning the assets related to the arrangement and obligations concerning liabilities. The Group consolidates its proportion of the assets, liabilities, income and expenses of the joint operation in its financial statements.

Name	Country	Ownership-%
Subsidiaries		
Owned by Metsä Tissue Corp.		
Dambi AB	Sweden	100.00
Metsä Tissue GmbH	Germany	100.00
Metsa Tissue Poland Sp z.o.o.	Poland	100.00
Metsa Tissue Slovakia s.r.o.	Slovakia	100.00
Metsa Tissue Ukraine LCC	Ukraine	100.00
Metsä Tissue Ltd	Great Britain	100.00
Metsä Tissue Hungary Kft	Hungary	100.00
Metsa Tissue Krapkowice Sp. Z.o.o.	Poland	100.00
Metsa Tissue Czech s.r.o.	Czech Republic	100.00
Metsä Greaseproof Papers Oy	Finland	100.00
Owned by Metsä Tissue GmbH		
Metsä Greaseproof Papers GmbH	Germany	100.00
Owned by Dambi AB		
Metsä Tissue AB	Sweden	100.00
Metsä Tissue Immobilienverwaltungs GmbH	Germany	100.00
Owned by Metsä Tissue AB		
Metsä Tissue A/S	Denmark	100.00
Metsä Tissue AS	Norway	100.00
Joint operations		
Owned by Metsä Tissue AB		
Katrinefors Kraftvärme AB *)	Sweden	50.00

*) The primary goal for the arrangement is to produce energy to the parties and the liabilities of the arrangement are actually paid from the cash flow arising from the produced energy bought.

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Joint ventures and associates

Accounting priciples
Associated companies include all companies over which the Group has considerable influence but no control. Significant influence is usually based on a shareholding conferring 20–50% of the voting rights. A joint venture is a joint arrangement in which the parties that have joint control of the arrangement have rights to its net assets.

Investments in associated companies and joint ventures are processed using the equity method, and they are initially recognised at cost. The Group's shares in associated companies and joint ventures also include the goodwill measured at the time of acquisition, less any impairment. The Group's share of the profits or losses of associated companies and joint ventures is recognised in the income statement after the operating profit, which reflects the operative nature of these companies. Correspondingly, the Group's share of changes in equity in associated companies and joint ventures is recognised in its items of other comprehensive income. A proportion corresponding to the Group's shareholding is eliminated from unrealised profits between the Group and its associated companies and joint ventures. Unrealised gains arising from impairment are not eliminated. When necessary, the accounting principles applied by associated companies and joint ventures have been adjusted to comply with the Group's principles.

Joint ventures

Owned by Metsä Tissue Corp.		
Mäntän Energia Oy	Finland	70.00
Mäntän Puhdistamo Oy	Finland	54.00
Owned by Metsä Tissue S.A.		
Biokrap Sp. z.o.o	Poland	50.00

In year 2020 Metsä Tissue AB has sold its share of joint venture Pappersåtervinnings AB.

Shares in associates and joint ventures

Shares in associates and joint ventures 1000 EUR	2021	2020
At the beginning of the financial period	2 216	2 361
Share of result for the period	241	-37
Increase		
Decrease		-12
Translation differences	-12	-96
At the end of the financial period	2 445	2 216

Associated and joint venture companies' book value in 2021 includes goodwill of EUR 32 thousand (2020 EUR 33 thousand).

Material joint ventures

1000 EUR	Industry	Country	Ownership 2021	2020
Mäntän Energia Oy	Electricity and heat distribution	Finland	70 %	70 %

Financial information for material joint ventures

1000 EUR	2021	2020
Revenue	14 503	14 199
Profit from continuing operations	192	-193
Non-current assets	2 020	2 225
Current assets	1 030	489
Non-current liabilties		
Current liabilites	1 787	1 794
Net assets	1 263	920

Reconciliation of financial information against book value in group balance sheet:

Group's share of net assets	952	796
Book value of joint venture in balance sheet	952	796

Mäntän Energia Oy has been consolidated to Group's financial statements by using equity method.
The summarised financial information is based on financial statements prepared in accordance with IFRS.
The Group's share of Mantän Energia Oy is based on the shareholders' agreement.

The Group does not have other major joint ventures.

Summary of financial information for the Group's immaterial joint ventures

1000 EUR	2021	2020
Group's share of result	85	71
Book value in group balance sheet	1 492	1 419

Transactions between the Group and joint ventures

1000 EUR	2021	2020
Revenue	528	549
Purchases	13 288	13 359
Interest income	17	17
Receivables		
Current	115	117
Non-current	1 022	1 044
Liabilities	2 441	1 615

Associates

The Group does not have material associates.

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7.2 Acquired business activities and divestments

Accounting principles
Acquired business operations are consolidated from the time when control is transferred to the Group, and divested operations are consolidated until the time when control is transferred away from the Group.

The consideration paid, including the contingent sales price and the identifiable assets and liabilities of the acquired business operations, are measured at fair value at the time of acquisition. Expenses related to acquisition are recognised at costs. Depending on the acquistion, the non-controlling interest's share in the object of the acquisition is recognised at fair value or the amount that corresponds to the non-controlling interest's proportion of the net assets of the object of the acquisition.

The amount of which the sum of the consideration paid, the fair value of the non-controlling interest's share and the fair value of the assets previously owned in the object of the acquistion exceed the fair value of the identifiable net assets is recognised as goodwill.

Assets held for sale are recognised at the lower of the book value or fair value less expenses arising from the divestment. Depreciation is not recognised on assets held for sale after classification.

Metsä Tissue announced in 23 of December 2019 that it has agreed on sale of its napkin business to Keeper Group which is part of Mutares Group. Sale includes Stotzheim factory property, machinery and equipments which are located in Germany as well as inventories and Fasana and Mondial trademarks. Sale were executed in 29 of February 2020. There were EUR 3,4 million negative cash flow effect realized in year 2020.

7.3 Related party transactions

The related parties of Metsä Tissue include Metsäliitto Cooperative which owns 100% of shares and voting rights. The related parties also include Metsäliitto Cooperative's subsidiaries and associated companies, Metsä Tissue's Board of Directors and management team and their family members.

Metsä Tissue's finance agreements are handled by Metsä Group Treasury Oy, which is the Group's internal bank. Metsä Group Group Treasury Oy's interest rates are market based.

Metsä Tissue buys pulp from Metsä Fibre and Metsä Board at market prices, from which the defined transportation costs and other costs are deducted.

1000 EUR	2021	2020
Sales	767	677
Other operating income	2 303	2 463
Materials and services	218 556	160 714
Interest income	35	62
Interest expenses	4 283	5 183
Receivables		
Current	9 946	5 418
Cash and cash equivalents	97 748	152 824
Liabilities		
Non-current		75 000
Current	57 572	33 205

There are no doubtful receivables in the receivables from group companies. No bad debt was recognized during the period. The parent company has no commitments on behalf of the management nor receivables from the management.

Transactions with associates and joint ventures are presented in the Note 7.1.

8. Other notes

8.1 Contingent liabilities

During the year 2019 business belonging to Metsä Tissue has acted as seller in asset sale transaction giving normal seller's securities. It is not impossible that demands against the company are made regarding the given securities and that these securities could result in extra costs for the company.

Contingent liabilities

1000 EUR	2021	2020
Own liabilities for which collateral has been provided	9 974	11 135
Real estate mortgages	488	498
Total collateral provided for own liabilities	488	498
Other commitments given on own behalf	703	443
Commitments given on the behalf of associated companies and joint ventures	87	127
Total	1 277	1 068

Metsä Tissue's Mariestad mill in Sweden has a commitment until the year 2029 to purchase process steam from the local energy-generating plant Katrinefors Kraftvärme AB, of which Metsä Tissue owns 50 %.

Investments commitments

1000 EUR	2021	2020
Under 12 months	5 822	
Later	1 865	
Total	7 687	

8.2 Events occurring after the closing of the accounts

The group management is not aware of any material subsequents events.

METSÄ TISSUE OYJ

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PARENT COMPANY INCOME STATEMENT	note	01.01.-31.12.2021 EUR	01.01.-31.12.2020 EUR
SALES	2	177 745 646,48	206 265 830,74
Change in stocks of finished and unfinished products		1 420 623,81	-1 857 621,50
Other operating income	4	36 592 954,33	31 547 632,85
Materials and services			
Materials, consumables and goods			
Purchases during the financial period		-105 257 015,06	-101 249 587,58
Changes in stocks		749 456,70	1 210 049,64
External services	5	-15 321 396,88	-16 575 855,29
Employee costs	5	-35 133 446,89	-33 486 601,65
Depreciations and impairment charges	6	-6 105 042,51	-6 372 321,86
Other operating expenses	5	-45 257 930,28	-41 855 482,64
		-206 325 374,92	-198 329 799,38
OPERATING PROFIT/LOSS		9 433 849,70	37 626 042,71
Financial income and expenses	7		
Income from investments in other non-current assets		2 309 197,04	2 631 055,37
Other interest and financial income		2 429 632,26	2 790 064,30
Exchange rate differences		-2 559 163,54	569 604,19
Write-downs on non-current investments		-2 117 975,00	-15 663 512,71
Interest expenses and other financial expenses		-5 665 834,71	-7 077 791,48
		-5 604 143,95	-16 750 580,33
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		3 829 705,75	20 875 462,38
Appropriations			
Change in depreciation differences	6	-2 678 233,49	-2 218 954,89
		-2 678 233,49	-2 218 954,89
Income taxes	8	-264 868,22	-6 916 744,94
PROFIT/LOSS FOR THE FINANCIAL PERIOD		886 604,04	11 739 762,55

METSÄ TISSUE OYJ

PARENT COMPANY BALANCE SHEET

ASSETS	note	31.12.2021 EUR	31.12.2020 EUR
NON-CURRENT ASSETS			
Intangible assets	9		
Intangible assets		18 504,91	344 604,94
Goodwill		1 665 038,05	2 876 156,16
Other intangible assets		430 922,28	557 099,89
		2 114 465,24	3 777 860,99
Tangible assets	9		
Land and water areas		2 428 994,42	2 427 391,42
Buildings and constructions		5 187 917,88	5 329 738,72
Machinery and equipment		31 250 935,37	30 658 791,26
Other tangible assets		821 425,07	1 172 293,86
Advance payment and construction in progress		13 843 699,72	8 487 602,55
		53 532 972,46	48 075 817,81
Investments	10		
Shares in Group companies		285 676 455,25	281 052 163,78
Receivables from Group companies		107 495 017,21	109 630 362,00
Shares in associated companies		908 256,89	908 256,89
Other shares and holdings		774 342,09	774 342,09
		394 854 071,44	392 365 124,76
Total non-current assets		**450 501 509,14**	**444 218 803,56**
CURRENT ASSETS			
Inventories			
Materials and consumables		11 639 453,10	11 982 141,36
Unfinished products		2 033 366,81	1 815 504,88
Finished products		5 049 429,83	7 208 141,01
		18 722 249,74	21 005 787,25
Non-current receivables	11		
Receivables from Group companies		96 705 000,00	131 000 000,00
Deferred tax receivables	8,14	0,00	1 988 084,77
		96 705 000,00	132 988 084,77
Current receivables	11		
Accounts receivables		15 034 792,04	17 003 421,39
Receivables from Group companies		63 428 113,81	59 834 186,87
Receivables from associated companies		108 442,44	110 920,96
Other receivables		2 290 881,09	1 771 260,22
Prepayments and accrued income		5 480 683,48	2 424 289,40
		86 342 912,86	81 144 078,84
Total receivables		**183 047 912,86**	**214 132 163,61**
Total current assets		**201 770 162,60**	**235 137 950,86**
TOTAL ASSETS		**652 271 671,74**	**679 356 754,42**

METSÄ TISSUE OYJ

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PARENT COMPANY BALANCE SHEET

EQUITY AND LIABILITIES	note	31.12.2021 EUR	31.12.2020 EUR
SHAREHOLDERS' EQUITY	12		
Share capital		91 185 880,00	91 185 880,00
Share premium account		88 241 531,97	88 241 531,97
Other reserves			
Reserve for invested unrestricted equity		225 000 000,00	0,00
Value adjustment reserve		5 033 715,19	-7 607 231,56
Profit/loss for previous financial year		157 627 789,27	185 888 026,72
Profit/loss for the period		886 604,04	11 739 762,55
		567 975 520,47	**369 447 969,68**
APPROPRIATIONS			
Accumulated depreciation difference	6	**14 941 640,63**	**14 411 027,45**
PROVISIONS	13	**1 177 857,07**	**2 142 145,95**
LIABILITIES			
Non-current liabilities	15		
Loans from financial institutions		0,00	150 000 000,00
Liabilities to Group companies		0,00	78 584 616,71
Deferred tax liability	8,14	1 163 915,74	0,00
		1 163 915,74	228 584 616,71
Current liabilities	16		
Loans from financial institutions		0,01	0,00
Advance payments		98 134,92	175 533,05
Accounts payable		34 036 391,32	33 247 060,92
Liabilities to Group companies, interest bearing		5 896 921,87	0,00
Liabilities to Group companies		14 730 961,54	19 122 159,60
Liabilities to participating companies		2 058 600,73	1 301 488,01
Other liabilities		893 144,99	948 971,98
Accruals and deferred income	16	9 298 582,45	9 975 781,07
		67 012 737,83	64 770 994,63
Total liabilities		**68 176 653,57**	**293 355 611,34**
TOTAL SHAREHOLDES' EQUITY AND LIABILITIES		**652 271 671,74**	**679 356 754,42**

METSÄ TISSUE OYJ

PARENT COMPANY CASH FLOW STATEMENT	31.12.2021 EUR	31.12.2020 EUR
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/loss before appropriations and taxes	3 829 705,75	20 875 462,38
Adjustments to profit/loss a)	9 620 436,14	20 384 720,73
Interest received	4 738 829,30	5 421 119,67
Interest paid	-6 010 078,04	-6 974 373,02
Other financial items, net	-2 563 253,54	919 632,01
Income taxes paid	-4 256 943,43	-8 133 199,36
Change in net working capital b)	-5 496 599,20	3 568 123,49
	-137 903,02	36 061 485,90
INVESTMENTS		
Investments in tangible and intangible assets	-20 186 011,01	-12 137 558,83
Prodeeds from sale of tangible and intangible assets	6 396 524,96	3 317 500,00
Increase and decrease of non-current receivables, net	43 135 344,79	-131 000 000,01
	29 345 858,74	-139 820 058,84
CASH FLOW BEFORE FINANCIAL ACTIVITIES	**29 207 955,72**	**-103 758 572,94**
CASH FLOW FROM FINANCIAL ACTIVITIES		
Dividends paid	-40 000 000,00	0,00
Decrease in non-current liabilities	-225 000 000,00	-6 610 756,59
Increase or decrease in interest bearing current liabilities, net	5 896 921,88	0,00
Increase or decrease in interest bearing current receivables, net	4 895 122,40	110 369 329,53
Changes in equity	225 000 000,00	0,00
	-29 207 955,72	103 758 572,94
CHANGES IN CASH AND CASH EQUIVALENTS	**0,00**	**0,00**
Cash and cash equivalents opening balance	0,00	0,00
Change in cash and cash equivalents	0,00	0,00
Cash and cash equivalents closing balance	**0,00**	**0,00**

a)	Adjustments to profit/loss		
	Depreciations and impairment charges	6 105 042,51	6 372 321,86
	Financial income and expenses	5 604 143,95	16 750 580,33
	Gains or losses on sale of fixed assets	-1 124 461,44	-1 263 837,89
	Change in provisions	-964 288,88	-1 474 343,57
	Total	9 620 436,14	20 384 720,73
b)	Change in net working capital		
	Inventories	-2 170 080,51	672 247,94
	Change in current receivables, non-interest bearing	-11 612 823,49	-302 476,69
	Change in current liabilities, non-interest bearing	8 286 304,80	3 198 352,24
	Total	-5 496 599,20	3 568 123,49

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METSÄ TISSUE OYJ

PARENT COMPANY FINANCIAL STATEMENT NOTES

1. Accounting policies, parent company

Metsä Tissue Oyj belongs to Metsä Group, whose parent company is Metsäliitto Cooperative. Metsäliitto Cooperative's registered office is in Helsinki. Metsä Group prepares consolidated financial statements which are available at the Group's main office at Revontulenpuisto 2 A, FIN-02100 Espoo, Finland.

Metsä Tissue Oyj financial statements have been prepared in accordance with Finnish Accounting Standards (FAS).

Metsä Tissue Oyj has business transactions with other companies within the same Group. More information about these transactions can be found in the Group's Note 7.3. Business transactions with other companies in the same Group are based on the market price.

Metsä Tissue Oyj's greaseproof paper business was separated 1.5.2021 to its own individual business unit and to separate legal company. Due to this, fiscal year 2021 is not completely comparable with other previous fiscal years.

Foreign currency transactions
Foreign currency transactions have been recognised at the exchange rate on the day of the transaction. At the balance sheet date, receivables and liabilities denominated in foreign currency have been translated into euros at the exchange rate quoted by the European Central Bank at the balance sheet date. Net exchange gains/losses have been recognised to financial income and expenses in the income statement.

Derivative financial instruments
The company uses derivatives only for hedging against currency, interest rate and commodity risks. As of 2018, derivatives have been measured at fair value pursuant to the alternative method permitted by Chapter 2, section 2a of the Accounting Act. The management of financial risks and the principles applied to derivatives are explained in Notes 5.6 and 5.7 of the consolidated financial statements.

Sales
Sales are calculated after deduction of indirect sales taxes, trade discounts and other items adjusting sales

Long-term premiums
Share-based payments and other long-term premiums have been posted to fiscal year, where the employee has acquired an irreversible right to the granted shares.

Pensions and pension funding
Statutory pension security is handled by pension insurance companies outside the Group.
Pension insurance premiums have been accrued to correspond to the accrual-based wages and salaries given in the financial statements.

Leasing
Lease payments are treated as rental expenses.

Income taxes
Tax expenses in the income statement consists of taxes based on the taxable income for the period, taxes for the previous periods and deferred tax assets and liabilities. Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amount and the tax base in accordance with the tax rate issued as at the balance sheet date. Deferred taxes are calculated on the basis of the established tax rate.

Property, plant and equipment and depreciation
The carrying values of property, plant and equipment are based on original acquisition costs less depreciation according to plan and impairment losses.

Depreciation according to plan is based on the estimated useful life of the asset as follows:

Goodwill	20 years
Buildings and constructions	20-40 years
Machinery and equipment	3-20 years
Other tangible assets	3-10 years

Depreciation is not recorded on the purchase cost of land and water areas.

Inventories
Inventories are measured at the lower of cost or net realizable value. FIFO principle is observed in measuring inventories or, alternatively, the weighted average cost method. Value of finished and semi-finished goods comprises raw materials, direct wages and salaries, depreciation and amortisation and other direct cost as well as a reasonable share of variable and fixed production overhead cost calculated at normal level of production. Net realizable value is the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.

Change in inventories between profit and loss statement and balance sheet does not match in fiscal year 2021, due to the separation of the greaseproof paper business, that took place during 2021. In this separation, a part of Metsä Tissue Oyj's inventories was transferred from balance sheet to the new legal company's balance sheet. This transfer did not impact to profit and loss statement.

Provisions
Contingent costs and losses that are no longer generate similar income and for which the parent company is obliged or committed and whose monetary value can be reasonably estimated are recognized in the income statement in the nature of the expense item and in the mandatory provisions of the balance sheet.

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	2021 EUR	2020 EUR
2. Sales		
Sales by geographical areas		
Finland	100 168 225,22	113 281 443,12
Other EU-countries	57 199 845,94	63 815 409,98
Other European countries	6 515 658,02	827 327,02
Other countries	13 861 917,30	28 341 650,62
	177 745 646,48	206 265 830,74
3. Extraordinary items		
Other operating expenses		
Cost reserve related to divestment of napkin business	0,00	107 487,00
	0,00	107 487,00
Value adjustments of financial investments		
Metsä Tissue Krapkowice Sp z.o.o shares value adjustment	0,00	15 663 512,71
	0,00	15 663 512,71
Other value adjustments		
Value adjustment of interest rate derivatives related to syndicate loan	2 117 975,00	0,00
	2 117 975,00	0,00
Extraordinary items in Income Statement	2 117 975,00	15 770 999,71
4. Other operating income		
Rental income	252 354,63	144 600,76
Service revenue	34 499 247,34	28 150 827,20
Other operating income	1 841 352,36	3 252 204,89
	36 592 954,33	31 547 632,85

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	2021 EUR	2020 EUR

5. Operating expenses

External services

Distribution costs	10 979 521,07	12 150 377,43
Other external services	4 341 875,81	4 425 477,86
	15 321 396,88	16 575 855,29

Employee costs

Wages and salaries for working hours	20 328 741,77	20 860 718,31
Share-based payments	818 883,76	194 214,15
Other long-term premiums	600 490,46	0,00
Social security expenses		
Pension expenses	5 122 435,86	4 416 387,15
Other social security expenses	8 262 895,04	8 015 282,04
	35 133 446,89	33 486 601,65

Salaries and fees paid to management		
Managing director	872 236,35	718 523,09
Board members and executive group	0,00	3 040,00
	872 236,35	721 563,09

Management's salaries, wages and pension commitments are presented in Group's Note 3.2.

Additional information about share-based payments is presented in Group's Note 3.3
and about other long-term premiums in Group's Note 3.4.

The President and CEO, the members of the Board of Directors and their deputies and other similar institutions key persons have not been granted loans and no guarantees or other guarantees have been issued for them.

The average amount of personnel	432	440

Other operating expenses

Rental and other property costs	1 588 851,76	1 749 971,16
Purchases of services	37 670 398,15	34 749 110,51
Other expenses		
Voluntary social costs	1 368 043,57	885 607,36
Traveling expenses	548 220,12	565 703,85
Advertisement and marketing costs	2 293 565,34	2 382 367,09
Others	1 788 851,34	1 522 722,67
	45 257 930,28	41 855 482,64

Fees of principal auditor		
Audit fees	98 705,80	84 243,14
Auditors' statements	0,00	3 353,00
	98 705,80	87 596,14

The principal auditor is KPMG Oy Ab.

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	2021 EUR	2020 EUR
6. Depreciation and impairment charges		
Depreciation according to plan		
Intangible rights	310 624,56	546 451,75
Goodwill	874 009,34	958 718,72
Other intangible assets	126 177,61	363 489,63
Buildings and constructions	475 972,73	406 628,54
Machinery and equipment	3 967 389,48	3 746 164,42
Other tangible assets	350 868,79	350 868,80
	6 105 042,51	6 372 321,86
Depreciations and impairment charges total	6 105 042,51	6 372 321,86
Change in depreciation differences	2 678 233,49	2 218 954,89
Total depreciation	8 783 276,00	8 591 276,75
Depreciation difference at the beginning of the financial year	14 411 027,45	12 192 072,56
Change in depreciation differences	2 678 233,49	2 218 954,89
Transferred accumulated depreciation difference in greaseproof separation	-2 147 620,31	0,00
Depreciation difference at the end of the financial year	14 941 640,63	14 411 027,45
7. Financial income and expenses		
Income from non-current assets		
Interest income from non-current investments		
From Group companies	2 309 197,04	2 631 055,37
	2 309 197,04	2 631 055,37
Total income from non-current assets	2 309 197,04	2 631 055,37
Other interest and financial income		
Interest income from Group companies	2 426 961,84	2 787 104,98
Other interest income	2 670,42	2 959,32
	2 429 632,26	2 790 064,30
Exchange rate differences recognized in financial income and expenses		
Exchange rate differences on sales	28 341,36	-143 152,55
Exchange rate differences on purchases	-14 024,57	9 039,43
Exchange rate differences on financing	-2 573 480,33	703 717,31
	-2 559 163,54	569 604,19
Write-downs of non-current investments	0,00	-15 663 512,71
Write-downs of interest rate derivatives	-2 117 975,00	0,00
	-2 117 975,00	-15 663 512,71
Interest and other financial expenses		
Interest expenses for the same Group companies	-4 278 047,10	-5 180 884,77
Other interest expenses	-1 383 697,61	-1 881 428,63
Other financial expenses	-4 090,00	-15 478,08
Total interest expenses and other financial expenses	-5 665 834,71	-7 077 791,48
Financial income and expenses total	-5 604 143,95	-16 750 580,33

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	2021 EUR	2020 EUR
8. Income taxes		
Taxes for the financial year	241 103,00	6 696 046,29
Taxes for previous financial years	32 001,39	-249 056,97
Deferred taxes	-8 236,17	469 755,62
	264 868,22	6 916 744,94
9. Intangible and tangible assets		
Intangibe rights		
Acquisition costs 1.1.	29 345 895,13	29 345 895,13
Increases	5 274 720,00	1 817 100,00
Decreases	-5 274 720,00	-1 817 100,00
Transfers in business separation	-135 700,91	0,00
Acquisition costs 31.12.	29 210 194,22	29 345 895,13
Accumulated depreciation and impairment charges 1.1.	-29 001 290,19	-28 454 838,44
Accumulated depreciation transferred in business separation	120 225,44	0,00
Depreciation and write-downs for the financial year	-310 624,56	-546 451,75
Accumulated depreciation and impairment on 31.12.	-29 191 689,31	-29 001 290,19
Book value 31.12.	18 504,91	344 604,94
Goodwill		
Acquisition costs 1.1.	82 256 192,15	95 055 565,37
Transfers between items	0,00	-12 799 373,22
Transfers in business separation	-3 243 244,08	0,00
Acquisition costs 31.12.	79 012 948,07	82 256 192,15
Accumulated depreciation and impairment charges 1.1.	-79 380 035,99	-91 220 690,49
Accumulated depreciation of deductions and transfers	0,00	12 799 373,22
Accumulated depreciation transferred in business separation	2 906 135,31	0,00
Depreciation and write-downs for the financial year	-874 009,34	-958 718,72
Accumulated depreciation and impairment on 31.12.	-77 347 910,02	-79 380 035,99
Book value 31.12.	1 665 038,05	2 876 156,16
Other intangible assets		
Acquisition costs 1.1.	3 487 581,05	3 487 581,05
Acquisition costs 31.12.	3 487 581,05	3 487 581,05
Accumulated depreciation and impairment charges 1.1.	-2 930 481,16	-2 566 991,53
Depreciation and write-downs for the financial year	-126 177,61	-363 489,63
Accumulated depreciation and impairment on 31.12.	-3 056 658,77	-2 930 481,16
Book value 31.12.	430 922,28	557 099,89
Intangible assets total		
Acquisition costs 1.1.	115 089 668,33	127 889 041,55
Increases	5 274 720,00	1 817 100,00
Decreases	-5 274 720,00	-1 817 100,00
Transfers between items	0,00	-12 799 373,22
Transfers in business separation	-3 378 944,99	0,00
Acquisition costs 31.12.	111 710 723,34	115 089 668,33
Accumulated depreciation and impairment charges 1.1.	-111 311 807,34	-122 242 520,46
Accumulated depreciation of deductions and transfers	0,00	12 799 373,22
Accumulated depreciation transferred in business separation	3 026 360,75	0,00
Depreciation and write-downs for the financial year	-1 310 811,51	-1 868 660,10
Accumulated depreciation and impairment on 31.12.	-109 596 258,10	-111 311 807,34
Book value 31.12.	2 114 465,24	3 777 860,99

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Land and water areas		
Acquisition costs 1.1.	2 427 391,42	2 444 521,75
Increases	1 603,00	20 800,00
Decreases	0,00	-39 550,33
Transfers between items	0,00	1 620,00
Acquisition costs 31.12.	2 428 994,42	2 427 391,42
Book value 31.12.	2 428 994,42	2 427 391,42
Buildings and constructions		
Acquisition costs 1.1.	21 054 241,14	20 503 678,31
Increases	258 818,39	1 105 410,01
Decreases	0,00	-554 677,18
Transfers between items	75 333,50	-170,00
Acquisition costs 31.12.	21 388 393,03	21 054 241,14
Accumulated depreciation and impairment charges 1.1.	-15 724 502,42	-15 676 380,22
Accumulated depreciation of deductions and transfers	0,00	358 506,34
Depreciation and write-downs for the financial year	-475 972,73	-406 628,54
Accumulated depreciation and impairment on 31.12.	-16 200 475,15	-15 724 502,42
Book value 31.12.	5 187 917,88	5 329 738,72
Machinery and equipment		
Acquisition costs 1.1.	116 733 524,96	112 236 125,15
Increases	4 320 291,04	2 110 581,28
Decreases	-1 427 088,53	-128 650,00
Transfers between items	3 694 615,77	2 515 468,53
Transfers in business separation	-11 425 647,77	0,00
Acquisition costs 31.12.	111 895 695,47	116 733 524,96
Accumulated depreciation and impairment charges 1.1.	-86 074 733,70	-82 344 327,95
Accumulated depreciation of deductions and transfers	1 427 088,53	15 758,67
Accumulated depreciation transferred in business separation	7 970 274,55	0,00
Depreciation and write-downs for the financial year	-3 967 389,48	-3 746 164,42
Accumulated depreciation and impairment on 31.12.	-80 644 760,10	-86 074 733,70
Book value 31.12.	31 250 935,37	30 658 791,26
Other tangible assets		
Acquisition costs 1.1.	3 066 804,62	3 180 536,89
Decreases	0,00	-840,94
Transfers between items	0,00	-112 891,33
Acquisition costs 31.12.	3 066 804,62	3 066 804,62
Accumulated depreciation and impairment charges 1.1.	-1 894 510,76	-1 656 533,29
Accumulated depreciation of deductions and transfers	0,00	112 891,33
Depreciation and write-downs for the financial year	-350 868,79	-350 868,80
Accumulated depreciation and impairment on 31.12.	-2 245 379,55	-1 894 510,76
Book value 31.12.	821 425,07	1 172 293,86
Advance payments and work in progress		
Acquisition costs 1.1.	8 487 602,55	3 807 962,21
Increases	10 330 574,93	7 083 667,54
Transfers between items	-3 767 289,14	-2 404 027,20
Transfers in business separation	-1 207 188,62	0,00
Acquisition costs 31.12.	13 843 699,72	8 487 602,55
Total tangible assets		
Acquisition costs 1.1.	151 769 564,69	142 172 824,31
Increases	14 911 287,36	10 320 458,83
Decreases	-1 427 088,53	-723 718,45
Transfers between items	2 660,13	0,00
Transfers in business separation	-12 632 836,39	0,00
Acquisition costs 31.12.	152 623 587,26	151 769 564,69
Accumulated depreciation and impairment charges 1.1.	-103 693 746,88	-99 677 241,46
Accumulated depreciation of deductions and transfers	1 427 088,53	487 156,34
Accumulated depreciation transferred in business separation	7 970 274,55	0,00
Depreciation and write-downs for the financial year	-4 794 231,00	-4 503 661,76
Accumulated depreciation and impairment on 31.12.	-99 090 614,80	-103 693 746,88
Book value 31.12.	53 532 972,46	48 075 817,81

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10. Investments

	2021 EUR	2020 EUR
Shares in Group companies		
Acquisions costs 1.1.	281 052 163,78	296 715 676,49
Increases	4 624 291,47	0,00
Decreases	0,00	-15 663 512,71
Acquisions costs 31.12.	285 676 455,25	281 052 163,78
Shares in participating companies		
Acquisions costs 1.1.	908 256,89	908 256,89
Acquisions costs 31.12.	908 256,89	908 256,89
Other shares and holdings		
Acquisions costs 1.1.	774 342,09	774 342,09
Acquisions costs 31.12.	774 342,09	774 342,09
Total invesments and holdings		
Acquisions costs 1.1.	282 734 762,76	298 398 275,47
Increases	4 624 291,47	0,00
Decreases	0,00	-15 663 512,71
Acquisions costs 31.12.	287 359 054,23	282 734 762,76
Receivables from Group companies		
Acquisions costs 1.1.	109 630 362,00	110 199 170,70
Decreases	-2 135 344,79	-568 808,70
Acquisions costs 31.12.	107 495 017,21	109 630 362,00
Receivables total		
Acquisions costs 1.1.	109 630 362,00	110 199 170,70
Decreases	-2 135 344,79	-568 808,70
Acquisions costs 31.12.	107 495 017,21	109 630 362,00
Investments total		
Acquisions costs 1.1.	392 365 124,76	408 597 446,17
Increases	4 624 291,47	0,00
Decreases	-2 135 344,79	-16 232 321,41
Acquisions costs 31.12.	394 854 071,44	392 365 124,76

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	2021 EUR	2020 EUR
11. Receivables		
Non-current receivables		
Receivables from Group companies		
Loans	96 705 000,00	131 000 000,00
	96 705 000,00	131 000 000,00
Receivables from others		
Deferred tax assets	0,00	1 988 084,77
	0,00	1 988 084,77
Total non-current receivables	96 705 000,00	132 988 084,77
Current receivables		
Receivables from Group companies		
Accounts receivable	10 749 727,68	5 444 738,28
Other receivables	42 416 211,35	48 950 653,08
Accrued income	10 262 174,78	5 438 795,51
	63 428 113,81	59 834 186,87
Receivables from participating companies		
Accounts receivable	108 442,44	110 920,96
	108 442,44	110 920,96
Receivables from others		
Accounts receivable	15 034 792,04	17 003 421,39
Other receivables	2 290 881,09	1 771 260,22
Prepayments and accrued income	5 480 683,48	2 424 289,40
	22 806 356,61	21 198 971,01
Total current receivables	86 342 912,86	81 144 078,84
Accrued income from Group companies, current, specification		
Derivatives	8 498 644,13	4 734 396,71
Others	1 763 530,65	704 398,80
	10 262 174,78	5 438 795,51
Accrued income from others, current, specification		
Others	5 480 683,48	2 424 289,40
	5 480 683,48	2 424 289,40
Total receivables	183 047 912,86	214 132 163,61

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	2021 EUR	2020 EUR
12. Shareholders' equity		
Restricted equity		
Share capital 1.1.	91 185 880,00	91 185 880,00
Share capital 31.12.	91 185 880,00	91 185 880,00
Share premium 1.1.	88 241 531,97	88 241 531,97
Share premium 31.12.	88 241 531,97	88 241 531,97
Fair value reserve 1.1.	-7 607 231,56	-1 666 482,88
Change	12 640 946,75	-5 940 748,68
Fair value reserve 31.12.	5 033 715,19	-7 607 231,56
Restricted equity total	184 461 127,16	171 820 180,41
Unrestricted equity		
Reserve for invested unrestricted equity 1.1.	0,00	0,00
Change	225 000 000,00	0,00
Reserve for invested unrestricted equity 31.12.	225 000 000,00	0,00
Retained earnings 1.1.	197 627 789,27	185 888 026,72
Dividends	-40 000 000,00	0,00
Retained earnings 31.12.	157 627 789,27	185 888 026,72
Profit for the financial period	886 604,04	11 739 762,55
Unrestricted equity total	383 514 393,31	197 627 789,27
Equity total 31.12.	567 975 520,47	369 447 969,68
Distributable earnings		
Reserve for invested unrestricted equity	225 000 000,00	0,00
Profit from previous financial periods	157 627 789,27	185 888 026,72
Profit for the financial period	886 604,04	11 739 762,55
Distributable earnings	383 514 393,31	197 627 789,27

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	2021 EUR	2020 EUR

13. Provisions

Provisions for closure and restructuring obligations		
1.1.	89 339,00	89 339,00
Increase	32 457,22	0,00
31.12.	121 796,22	89 339,00
Provisions for environment		
1.1.	2 052 806,95	3 527 150,52
Increase	8 723,64	53 852,76
Decrease	-1 005 469,74	-1 528 196,33
31.12.	1 056 060,85	2 052 806,95
Total provisions		
1.1.	2 142 145,95	3 616 489,52
Increase	41 180,86	53 852,76
Decrease	-1 005 469,74	-1 528 196,33
31.12.	1 177 857,07	2 142 145,95

14. Deferred tax receivables and liabilities

Deferred tax receivables		
Provisions	94 513,05	86 276,88
Financial instruments	441 300,03	2 793 505,70
	535 813,08	2 879 782,58
Deferred tax liabilities		
Financial instruments	-1 699 728,82	-891 697,81
	-1 699 728,82	-891 697,81
Deferred tax receivables and liabilities net	-1 163 915,74	1 988 084,77

The deferred tax liability for accrued depreciation difference in year 2021 was 3,0 million euros (3,0).

15. Non-current liabilities

Liabilities to Group companies		
Other liabilities	0,00	75 000 000,00
Derivatives	0,00	3 584 616,71
	0,00	78 584 616,71
Other liabilities		
Loans from financial institutions	0,00	150 000 000,00
Deferred tax liabilities	1 163 915,74	0,00
	1 163 915,74	150 000 000,00
Non-current liabilities total	**1 163 915,74**	**228 584 616,71**

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	2021 EUR	2020 EUR
16. Current liabilities		
Liabilities from Group companies		
Accounts payable	9 545 507,52	5 740 997,36
Other liabilities, interest bearing	5 896 921,87	0,00
Other liabilities	155 660,37	0,00
Accruals and deferred income	5 029 773,65	13 381 162,24
	20 627 883,41	19 122 159,60
Liabilities from participating interests		
Accounts payable	2 058 600,73	1 301 486,01
	2 058 600,73	1 301 486,01
Liabilities from other		
Loans from financial institutions	0,01	0,00
Advance payment	98 134,92	175 533,05
Accounts payable	34 036 391,32	33 247 060,92
Other liabilities	893 144,99	948 971,98
Accruals and deferred income	9 298 582,45	9 975 781,07
	44 326 253,69	44 347 347,02
Total current liabilities	67 012 737,83	64 770 994,63
Accruals and deferred income to Group companies, current specification		
Derivatives	2 453 167,17	10 712 382,64
Others	2 576 606,48	2 668 779,60
	5 029 773,65	13 381 162,24
Accruals and deferred income, current external		
Personnel expenses	8 325 670,09	8 219 984,75
Interests	0,00	348 333,33
Others	972 912,36	1 407 462,99
	9 298 582,45	9 975 781,07

17. Financial instruments

Financial derivatives 2021

	Nominal value	Fair value			Fair value	
	(EUR)	Derivative assets	Derivative liabilities	Fair value net	Fair value through profit and loss	Fair value through other comprehensive income items
Currency forward contracts	326 958 389,33	5 541 741,81	2 453 167,17	3 088 574,64	-246 667,02	3 335 241,66
Currency derivatives	326 958 389,33	5 541 741,81	2 453 167,17	3 088 574,64	-246 667,02	3 335 241,66
Electricity derivatives	486 618,00	456 842,60		456 842,60		456 842,60
Other commodity derivatives	1 438 041,60	2 500 059,72		2 500 059,72		2 500 059,72
Commodity derivatives	1 924 659,60	2 956 902,32	0,00	2 956 902,32	0,00	2 956 902,32
Derivatives total	328 883 028,93	8 498 644,13	2 453 167,17	6 045 476,96	-246 667,02	6 292 143,98

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Financial derivatives 2020

	Nominal value	Fair value			Fair value	
	(EUR)	Derivative assets	Derivative liabilities	Fair value net	Fair value through profit and loss	Fair value through other comprehensive income items
Interest rate swaps	75 000 000,00		3 553 518,71	-3 553 518,71		-3 553 518,71
Interest rate derivatives	75 000 000,00		3 553 518,71	-3 553 518,71		-3 553 518,71
Currency forward contracts	357 041 630,45	4 544 532,34	10 674 328,74	-6 129 796,40	-53 563,19	-6 076 233,21
Currency derivatives	357 041 630,45	4 544 532,34	10 674 328,74	-6 129 796,40	-53 563,19	-6 076 233,21
Electricity derivatives	957 030,00		69 151,90	-69 151,90		-69 151,90
Other commodity derivatives	706 669,20	189 864,37		189 864,37		189 864,37
Commodity derivatives	1 663 699,20	189 864,37	69 151,90	120 712,47		120 712,47
Derivatives total	433 705 329,65	4 734 396,71	14 296 999,35	-9 562 602,64	-53 563,19	-9 509 039,45

All derivative agreements of Metsä Tissue Oyj have been made in hedging purpose and cash flow hedge accounting according to IFRS 9 has been applied in major part of the agreements. Only the part of currency derivatives that is related to hedging of accounts receivables and accounts payable is not directed to hedge accounting.
Currency derivatives have been made to hedge Metsä Tissue's currency cash flow and they mature fully during 2022.
Commodity derivatives are electricity, propane and natural gas forward agreements to hedge Metsä Tissue's purchases and they mature during 2022. More detailed description of management of financial risks and principles applied to derivatives is included in Management of financial risks in IFRS financial statements Notes 5.6 and 5.7.

Fair value EUR

Fair value hierarchy of financial assets and liabilities 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Other non-current investments			774 342,09	774 342,09
Derivative financial assets	*2 956 902,32*	*5 541 741,81*		*8 498 644,13*
Financial liabilities measured at fair value				
Derivative financial liabilities		2 453 167,17		2 453 167,17

Fair value hierarchy of financial assets and liabilities 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Other non-current investments			774 342,09	774 342,09
Derivative financial assets	189 864,37	4 544 532,34		4 734 396,71
Financial liabilities measured at fair value				
Derivative financial liabilities	69 151,90	14 227 847,45		14 296 999,35

Financial assets and liabilities and their fair values are classified according to IFRS 9.
The principles used for the classification of financial assets and liabilities at fair value are described in note 5.7 of the consolidated Group accounts.

18. Legal disbutes and commitments

Commitments and contingencies	2021 EUR	2020 EUR
For own and for Group companies		
Guarantees	39 799 165,00	44 516 391,00
For associates and joint ventures		
Guarantees	86 604,00	126 854,00
Leasing commitments		
Payments due in following 12 months	1 358 565,96	408 592,71
Payments due later than 1 year	3 086 943,80	875 442,54
Total		
Guarantees	39 885 769,00	44 643 245,00
Leasing commitments	4 445 509,76	1 284 035,25
	44 331 278,76	45 927 280,25
Investment commitments		
Payments due in following 12 months	5 821 858,20	0,00
Payments due later than 1 year	1 865 177,76	0,00
Investment commitments total	7 687 035,96	0,00

19. Shares **31.12.2021**

Name of the company	Country	Parent company ownership %	Group company ownership %	Number of shares	Book value EUR
Subsidiaries					
Dambi Ab	SE	100 %		4 501 000	91 696 071,20
Metsä Tissue Ltd	GB	100 %		1	380 181,47
Metsä Tissue Poland Sp z.o.o.	PL	100 %		98 172	5 000 000,00
Metsä Tissue Slovakia s.r.o.	SK	100 %			72 311 615,95
Metsä Tissue Hungary Kft	HU	100 %			1 622 719,25
Metsä Tissue Ukraina LLC	UA	100 %			33 200,00
Metsä Tissue GmbH	DE	100 %		1	80 000 000,00
Metsa Tissue Krapkowice sp z o.o.	PL	100 %		2 300 000	30 000 000,00
Metsa Tissue Czech s.r.o.	CZ	100 %			8 375,91
Metsä Greaseproof Papers Oy	FI	100 %		10 100	4 624 291,47
					285 676 455,25
Associated Companies					
Mäntän Energia Oy	FI	70 %		2 800	853 680,89
Mäntän Puhdistamo Oy	FI	54 %		54	54 576,00
					908 256,89
Other shares					
Paperinkeräys Oy	FI				770 615,17
MW-Kehitys Oy	FI				2 000,00
Yrke Kiinteistöt Oy	FI				1 726,92
					774 342,09

METSÄ TISSUE OYJ

The Board's proposal for the distribution of profit and possible distribution of other unrestricted equity and signatures for the financial statements

The distributable funds of the parent company are EUR 383.514.393,31 of which retained earnings constitute EUR 157.627.789,27 and profit for the period EUR 886.604,04. Reserve for invested unrestricted equity is EUR 225.000.000,00.

The Board of Directors proposes the following to the Annual General Meeting regarding the distribution of funds:

Dividend to be paid to shares	0,00
To be transferred to the retained earnings account	383 514 393,31
Distributable funds	383 514 393,31

The Board of Directors proposes that no dividend will be paid for the financial year 2021.

No material changes have been taken place in respect of the company's financial position after the balance sheet date.

Espoo 8th February 2022

Ilkka Hämälä

Vesa-Pekka Takala

Esa Kaikkonen
CEO

ank=20220621440

METSÄ TISSUE

THE AUDITOR'S NOTE

The auditor's report has been issued today

Helsinki 9th February 2022

KPMG Oy Ab

Kirsi Jantunen
Authorised Public Accountant

METSÄ TISSUE

LIST OF ACCOUNTING BOOKS AND DOCUMENT TYPES

ark=20220617-20220620214411

Accounting books

Document Journal	digital record
General Ledger	digital record
Accounts receivable	digital record
Accounts payable	digital record
List of tangible and intangible assets	digital record
Financial statement and Board of Director's report	bound book
Balance sheet specification	digital record
Note documents	digital record

The accounting records are kept in accordance with the provision of Chapter 2 Section 10 of the Finnish Accounting Act. The documents are stored electronically (digital recording).

Document types

Cash documents

SK	Cash Document
ZJ	Twin
ZP	Payment posting

General Ledger documents

AA	Asset posting
AB	Accounting document
AF	Depreciation posting
AP	Periodic Asset posting
ML	Investment settlement
S2	GL document
S4	CO document, local ERP
S6	Memo posting, local ERP
S7	External payroll system
S9	GL document
SA	G/L account document
SC	Cost control distribution
SE	G/L posting multiple profit center
SG	Cost transfer to investment
SL	G/L multiple profit center w/VAT
SU	Adjustment document
SV	Recurring entry
SX	G/L posting in FSP
V9	Forest owners cumulative posting
ZT	Valuation

Accounts receivable

D1	Customer invoice
D2	Customer credit invoice
D3	Down payment request
DA	Customer document
DG	Customer credit memo
DQ	Customer interest invoice
DR	Customer invoice
DZ	Customer payment
RB	Reserve for bad debt
RC	Rec. Transfer posting
RV	Billing document transfer
RW	Billing document transfer
RX	Billing document transfer IC credit
V6	TUPU sales invoice
ZV	Payment clearing
ZZ	VAT proforma

Accounts payable

K1	Vendor invoice
K2	Vendor credit memo
K3	Vendor DP request
K4	Internal transit invoice
K5	JIP vendor invoice
K6	JIP vendor credit memo
K7	Travel invoice
K8	Voyager document
K9	Supplier financing
KA	Vendor document
KC	Intercompany credit
KD	Intercompany debit
KG	Vendor credit memo
KR	Vendor invoice
V1	TUPU advanced payement
V2	TUPU purchase invoice
V3	Harvestin purchase invoice
V5	OTSO invoice