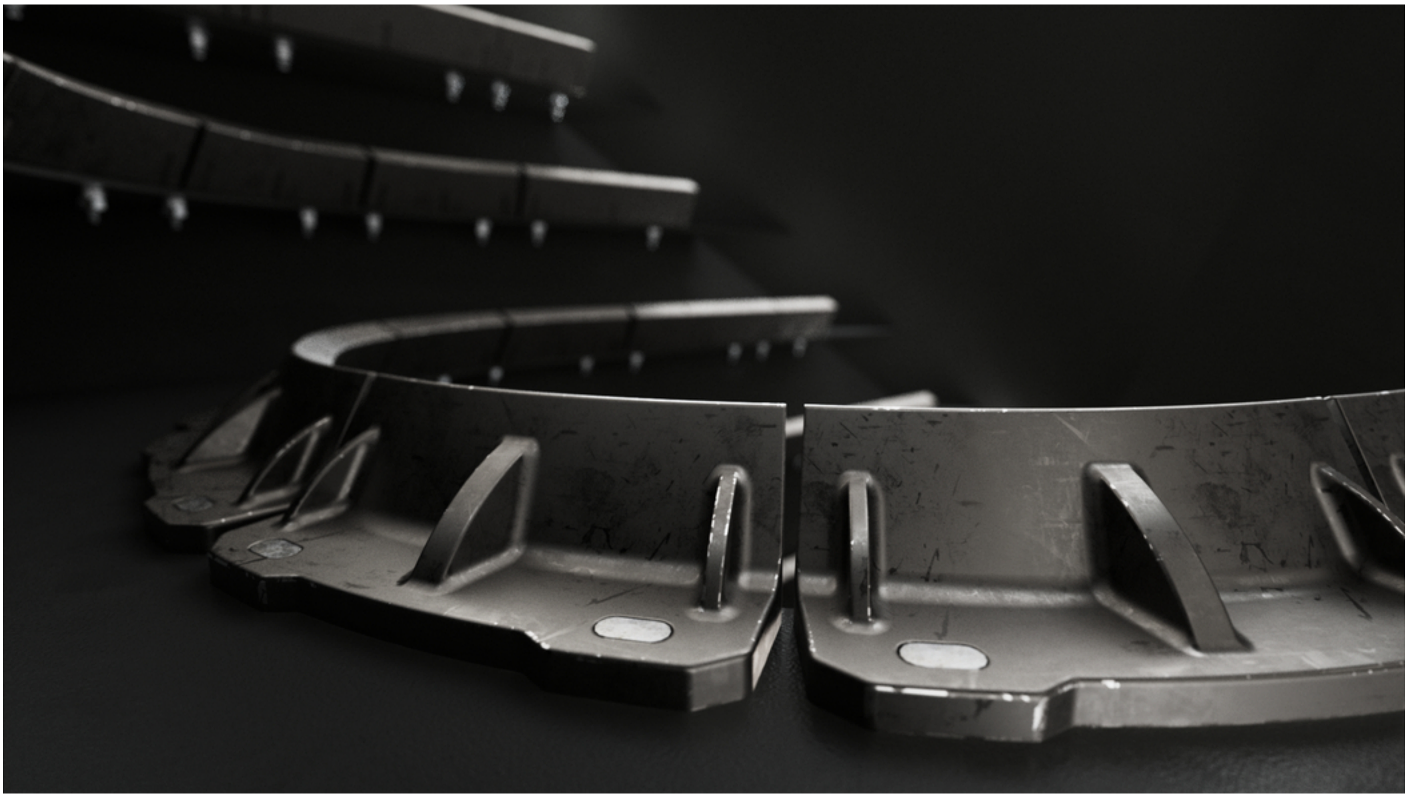
Metso



Q3

Interim Report

January – September 2024

Metso’s Interim Report January 1 – September 30, 2024

Figures in brackets refer to the corresponding period in 2023, unless otherwise stated.

Third quarter 2024 in brief

- Overall market activity remained at the previous quarter's level; a few large mining projects were initiated
- Orders received increased 3% to EUR 1,226 million (EUR 1,191 million); equipment +9% and services -1%
- Sales declined 12% to EUR 1,160 million (EUR 1,319 million); equipment -20% and services -5%
- Adjusted EBITA was EUR 196 million, or 16.9% of sales (EUR 213 million, or 16.1%)
- Operating profit was EUR 178 million, or 15.3% of sales (EUR 189 million, or 14.3%)
- Discontinued operations' result included a one-off charge of EUR 250 million related to the termination of the waste-to-energy business
- Cash flow from operations was EUR -19 million (EUR 161 million), including EUR 275 million negative impact related to the waste-to-energy business

January-September 2024 in brief

- Orders received declined 7% to EUR 3,749 million (EUR 4,020 million)
- Sales declined 11% to EUR 3,591 million (EUR 4,049 million)
- Adjusted EBITA declined 9% to EUR 601 million, or 16.7% of sales (EUR 662 million, or 16.4%)
- Operating profit declined to EUR 561 million, or 15.6% of sales (EUR 604 million, or 14.9%)
- For continuing operations, earnings per share were EUR 0.46 (EUR 0.49). Earnings per share were EUR 0.21 (EUR 0.49), including the one-off impact from discontinued operations.
- Cash flow from operations was EUR 290 million (EUR 333 million), including the one-off EUR 275 million negative impact.

President and CEO Pekka Vauramo:

"Our dedicated efforts to enhance profitability over the past years are reflected in a resilient adjusted EBITA margin of 16.9 percent"

The third quarter saw market activity similar to that of the second quarter. Lower order intake in previous periods resulted in a decline in the Group's sales. However, our dedicated efforts to improve profitability over the past years are reflected in the resilient adjusted EBITA margin of 16.9 percent.

During the quarter, a couple of large mining projects progressed as expected, and we booked approximately EUR 170 million worth of new equipment orders related to these projects. As a result, orders in the Minerals segment grew by 5 percent, and total orders for the Group increased by 3 percent compared to the same period last year. The Minerals segment's services orders also grew when excluding the impact of currency fluctuations. In the Aggregates segment, demand remained subdued, and orders were slightly below the comparison period.

Sales in the Aggregates segment decreased by 8 percent from the comparison period. Nevertheless, the segment's adjusted EBITA margin remained robust at 16.1 percent. In the Minerals segment, sales decreased by 13 percent from the previous year, while the segment's profitability remained strong, with an adjusted EBITA margin rising to 18.3 percent of sales.

During the quarter, we continued to be active with bolt-on acquisitions, signing agreements to acquire Jindex, as well as Diamond Z and Screen Machine Industries. Jindex is a valve and process flow control specialist and it will further strengthen our capacity to provide more comprehensive slurry handling solutions for the mining industry. The acquisition of Diamond Z enhances our mobile aggregates equipment offerings for the infrastructure recycling markets, while Screen Machine Industries expands our portfolio in the North American mobile crushing and screening markets. In early October, we also agreed to acquire the remaining shares of our long-term partner, Swiss Tower Mills Minerals AG (STM), in which we previously held a 15% minority stake. This acquisition represents an investment in energy-efficient comminution technology; vertical grinding mill solutions is a segment with promising future trends.

Moving forward, we expect market activity to remain stable in the short term. In Aggregates, the North American mobile equipment market continues to be challenging. In the Minerals segment, we expect the activity related to copper to gradually improve.

As this is my final earnings report at Metso, it's time to thank all my colleagues, our customers, and shareholders for the excellent cooperation and support over the past six years. I am confident that this great company will continue to develop and reach new heights. I wish my successor Sami and all Metsonites continued success and prosperity in the years to come.

Market outlook

Metso expects that the market activity in both Minerals and Aggregates will remain at the current level.

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

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

Group review

Key figures

EUR million	Q3/2024	Q3/2023	Change %	Q1–Q3/2024	Q1–Q3/2023	Change %	2023
Orders received	1,226	1,191	3	3,749	4,020	-7	5,252
Orders received by services business	668	677	-1	2,184	2,274	-4	2,955
% of orders received	54	57	–	58	57	–	56
Order backlog				3,007	3,179	-5	2,951
Sales	1,160	1,319	-12	3,591	4,049	-11	5,390
Sales by services business	674	710	-5	2,092	2,133	-2	2,891
% of sales	58	54	–	58	53	–	54
Adjusted EBITA	196	213	-8	601	662	-9	887
% of sales	16.9	16.1	–	16.7	16.4	–	16.5
Operating profit	178	189	-6	561	604	-7	805
% of sales	15.3	14.3	–	15.6	14.9	–	14.9
Earnings per share, continuing operations, EUR	0.15	0.14	7	0.46	0.49	-6	0.65
Cash flow from operations	-19	161	–	290	333	-13	550
Gearing, %	47.2	32.6	–	47.2	32.6	–	33.8
Personnel at end of period				17,061	17,069	0	17,134

The Group’s third-quarter financial performance

Market activity remained steady in both the Aggregates and Minerals segments compared to the previous quarter. However, the initiation of a few large mining projects and the resulting bookings of sizable orders during the quarter led to a year-on-year increase in Minerals' order intake. In contrast, orders in the Aggregates segment continued to decline compared to the previous year. Overall, the Group’s orders received increased by 3% year-on-year, totaling EUR 1,226 million (EUR 1,191 million). Equipment orders increased 9%, while services orders declined by 1%.

Sales amounted to EUR 1,160 million (EUR 1,319 million), primarily impacted by a decline in the equipment business across both segments, due to reduced orders in previous periods. Equipment sales dropped 20%, while services sales decreased 5% year-on-year.

Adjusted EBITA was EUR 196 million and the adjusted EBITA margin was 16.9% (EUR 213 million and 16.1%). Both segments maintained strong profitability despite lower sales. The sales decline was partially mitigated by robust gross margins, bolstered by efficiency and cost-saving measures, as well as an increased proportion of services in the sales mix. Adjusted EBITA of Group items was EUR -10 million (EUR -15 million).

Operating profit (EBIT) was EUR 178 million and the EBIT margin 15.3% (EUR 189 million and 14.3%). Adjustments in the quarter were EUR -2 million (EUR -8 million). PPA amortization was EUR -14 million. Net financing expenses amounted to EUR -18 million (EUR -23 million).

Profit before taxes was EUR 160 million (EUR 165 million). Earnings per share for continuing operations were EUR 0.15 (EUR 0.14). The results from discontinued operations included a one-off charge of EUR 250 million resulting from the termination of the waste-to-energy business leading to earnings per share of EUR -0.09.

Cash flow from operations was EUR -19 million (EUR 161 million), including the one-off cash outflow of EUR 275 million in discontinued operations.

January–September in brief

The Group’s orders received decreased by 7% to EUR 3,749 million (EUR 4,020 million), largely due to weaker market activity in Aggregates and lower equipment orders in Minerals. Services orders declined 4%. Due to lower order backlogs, sales declined in both segments, resulting in the Group's sales declining 11% to EUR 3,591 million (EUR 4,049 million). The order backlog at the end of September was EUR 3,007 million (EUR 3,179 million).

The Group's adjusted EBITA declined to EUR 601 million from EUR 662 million in the comparison period. The adjusted EBITA margin improved to 16.7% from 16.4%. The improvement was attributable to cost management and sales mix. Operating profit was EUR 561 million, or 15.6% of sales (EUR 604 million and 14.9%), including adjustments of EUR 8 million (EUR 11 million negative). Profit before taxes was EUR 505 million (EUR 549 million). The effective tax rate was 24% (26%). Earnings per share for continuing operations were EUR 0.46 (EUR 0.49).

Cash flow from operations was EUR 290 million (EUR 333 million), impacted by the one-off cash outflow of EUR 275 million in the third quarter.

Impacts of currencies and structural changes

	Orders received		Sales	
EUR million, %	Q3	Q1–Q3	Q3	Q1–Q3
2023	**1,191**	**4,020**	**1,319**	**4,049**
Organic growth in constant currencies, %	6	-5	-9	-9
Impact of changes in exchange rates, %	-4	-3	-4	-2
Structural changes, %	0	1	0	0
Total change, %	**3**	**-7**	**-12**	**-11**
2024	**1,226**	**3,749**	**1,160**	**3,591**

The Group’s financial position

At the end of September, the Group’s net interest-bearing liabilities were EUR 1,156 million (Dec 31, 2023: EUR 884 million). The Group's gearing was 47.2% (Dec 31, 2023: 33.8%) and debt-to-capital ratio 38.1% (Dec 31, 2023: 35.0%). The equity-to-assets ratio was 38.6% (Dec 31, 2023: 40.2%).

The Group's liquidity position remained solid. Liquid funds, consisting of cash and cash equivalents, amounted to EUR 467 million (Dec 31, 2023: EUR 638 million). There were no deposits or securities with a maturity of more than three months (Dec 31, 2023: EUR 0 million).

Metso maintains a committed syndicated revolving credit facility of EUR 600 million, maturing in 2026. This facility incorporates sustainability performance targets that influence borrowing costs. As of the end of the quarter, the facility remained undrawn. Additionally, the company operates a EUR 600 million Finnish commercial paper program, with EUR 60 million issued at the end of September.

During the third quarter, Metso signed and drew a EUR 250 million two-year term loan. The company also signed a EUR 50 million term loan for two years, which was undrawn at the end of the period.

Metso has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 893 million at carrying value was outstanding at the end of September (Dec 31, 2023: EUR 1,081 million).

The average interest rate of total loans and derivatives was 4.3% on September 30, 2024. The duration of total interest-bearing debt was 1.4 years and the average maturity 3.4 years.

At the end of September, Metso had a ‘BBB’ long-term issuer credit rating with stable outlook from S&P Global Ratings and a ‘Baa2’ long-term issuer rating with stable outlook from Moody’s Investor Service.

Aggregates

- **Challenging mobile equipment market**
- **Sales continued to decline**
- **Resilient profitability**

	Orders received		Sales	
EUR million, %	Q3	Q1–Q3	Q3	Q1–Q3
2023	**269**	**977**	**308**	**1,057**
Organic growth in constant currencies, %	-2	-4	-7	-14
Impact of changes in exchange rates, %	-2	-1	-2	-1
Structural changes, %	1	1	1	1
Total change, %	**-4**	**-4**	**-8**	**-13**
2024	**259**	**938**	**283**	**917**

Third quarter

- Market activity experienced a typical seasonal slowdown compared to the second quarter and was slightly lower than in the same period last year. This downturn is due to persistently weak demand in the North American and European mobile equipment market. Orders for new equipment declined by 1% year-on-year, while services orders decreased by 8%.

- The sales decline of 8% year-on-year was attributed to lower order intake during the previous quarters. Equipment sales declined 8% and services sales declined 8%.

- The adjusted EBITA amounted to EUR 45 million (EUR 53 million), with an adjusted EBITA margin of 16.1% (17.3%). Active cost management partially offset the impact of lower sales.

January–September in brief

- Market activity was lower year-on-year and orders received declined 4% to EUR 938 million. The largest declines were seen in North America and Europe; growth was seen in other parts of the world.

- Low order backlog resulted in a 13% decline in sales. Equipment sales were 17% lower and services sales 5% lower year-on-year.

- Adjusted EBITA was EUR 152 million (EUR 185 million), corresponding to a margin of 16.6% (17.5%).

Key figures

EUR million	**Q3/2024**	Q3/2023	Change %	**Q1–Q3/2024**	Q1–Q3/2023	Change %	2023
Orders received	259	269	-4	938	977	-4	1,274
Orders received by services business	96	104	-8	321	332	-3	442
% of orders received	37	39	–	34	34	–	35
Order backlog				438	451	-3	453
Sales	283	308	-8	917	1,057	-13	1,346
Sales by services business	99	108	-8	316	332	-5	434
% of sales	35	35	–	35	31	–	32
Adjusted EBITA	45	53	-15	152	185	-18	232
% of sales	16.1	17.3	–	16.6	17.5	–	17.2
Operating profit	40	49	-19	139	173	-20	214
% of sales	14.2	16.1	–	15.1	16.4	–	15.9

Segment review

Minerals

- **Equipment orders increased**
- **Sales impacted by phasing of backlog**
- **Strong profitability**

	Orders received		Sales	
EUR million, %	Q3	Q1–Q3	Q3	Q1–Q3
2023	**922**	**3,043**	**1,011**	**2,992**
Organic growth in constant currencies, %	9	-5	-9	-8
Impact of changes in exchange rates, %	-4	-3	-4	-3
Structural changes, %	0	0	0	0
Total change, %	**5**	**-8**	**-13**	**-11**
2024	**968**	**2,811**	**877**	**2,674**

Third quarter

- Market activity remained steady compared to the second quarter. A few large equipment contracts were secured, resulting in approximately EUR 170 million in associated orders. The activity was focused on copper and gold, which in the case of copper, is driven by healthy prices and the anticipated demand growth due to the energy transition. In the services business, demand for spare parts and consumables was robust, although slow decision-making affected rebuilds and modernizations.
- Equipment orders increased 13% and services orders were flat year-on-year, including a negative currency impact.
- Equipment sales declined 26% year-on-year as a result of the timing of deliveries from the lower order backlog. Services sales declined 4% and represented 66% (60%) of the segment's sales. The segment's total sales declined 13% to EUR 877 million (EUR 1,011 million).
- Adjusted EBITA totaled EUR 161 million (EUR 174 million). The adjusted EBITA margin improved to 18.3% (17.2%), driven by improved execution, cost management and sales mix.

January–September in brief

- Orders received saw an 8% decline year-on-year, due to lower equipment orders, while services orders declined 4%.
- Sales declined 11% to EUR 2,674 million, due to a lower order backlog. Equipment sales declined 25% and services sales were flat year-on-year.
- Adjusted EBITA was EUR 473 million with the adjusted EBITA margin slightly improving to 17.7% (EUR 528 million and 17.6%).

Key figures

EUR million	**Q3/2024**	Q3/2023	Change %	**Q1–Q3/2024**	Q1–Q3/2023	Change %	2023
Orders received	968	922	5	2,811	3,043	-8	3,978
Orders received by services business	572	573	0	1,863	1,942	-4	2,513
% of orders received	59	62	–	66	64	–	63
Order backlog				2,569	2,728	-6	2,498
Sales	877	1,011	-13	2,674	2,992	-11	4,044
Sales by services business	575	602	-4	1,775	1,801	-1	2,458
% of sales	66	60	–	66	60	–	61
Adjusted EBITA	161	174	-8	473	528	-10	707
% of sales	18.3	17.2	–	17.7	17.6	–	17.5
Operating profit	141	160	-12	415	484	-14	627
% of sales	16.1	15.8	–	15.5	16.2	–	15.5

Sustainability

- **Two significant Planet Positive orders and healthy overall pipeline**
- **Good engagement and positive trend on inclusion**
- **Foundry and rubber factory in Sorocaba, Brazil, certified as carbon neutral**

Sustainability KPI	Target	Q3/2024	FY 2023
Lost time injury frequency rate (LTIFR)	Zero harm	1.7	1.2
Total recordable injury frequency rate (TRIFR)	Zero harm	3.1	3.0
Employee Net Promoter Score (eNPS)*	Top 10% of industry benchmark	N/A	Top 10%
Inclusion score*	Top 10% of industry benchmark	N/A	Top 5%
Planet Positive sales (EUR million)**	To grow faster than overall Group sales	1,261	1,447
Reduction of CO_2 emissions: own operations (scope 1 and 2)***	Net zero by 2030	-76%	-73%
Reduction of CO_2 emissions: logistics****	-20% by 2025	-14%	-7%
Spend with direct suppliers having set Science Based Targets*****	30% by 2025	28%	26%

*Measured for all employees in June and in December. **Rolling 12 months as of end of August 2024. Discontinued operations excluded. ***Rolling 12 months as of end of September 2024 with approx. 10% estimated based on previous months' actual data. Baseline 2019. ****Baseline 2019 *****Calculated from direct procurement spend excluding equivalent targets validated by Metso.

Health and safety. The Group's overall safety performance is lagging behind the target. A significant incident resulting in injuries to eleven people occurred in March at the Irapuato plant in Mexico. This incident has adversely affected the Lost Time Injury Frequency Rate (LTIFR). Safety remains a key focus area for management. As part of the 2024 safety program and objectives, a new training course on safety conversations for management was introduced, while lifting and hand safety continue as ongoing focus areas.

People and culture. Metso's engagement score (eNPS) maintained its positive trend compared to the last pulse survey. The Q3 survey focused on white-collar employees similar to the first quarter whereas the Q2 survey was for all employees. The overall engagement score of the latest pulse survey was 60, increasing by 2 points compared to the first-quarter result of 58. This result places Metso within the 5% industry benchmark for white-collar employees. The global participation rate for the survey was 82%. The inclusion score remained high at 73, and Metso retained its position in the top 5% of the industry benchmark for white-collar employees.

Planet Positive. Planet Positive sales totaled EUR 1,261 million during the 12-month period to the end of August. During the third quarter, Metso received two major Planet Positive orders: a EUR 200 million frame agreement for crushing and grinding equipment deliveries to a copper-gold project in Pakistan (of which EUR 100 million was booked in the third quarter) and a EUR 70 million order for the supply of copper concentrator plant equipment to Zambia. Other orders were small- or medium-sized and included grinding mills to a copper project in Africa. During the quarter, Metso launched several Planet Positive product family expansions, including filters for battery minerals processes, flotation mixing offerings and hydrocyclone technology for classification processes. In addition, Metso expanded the availability of its mill liner recycling service to the North American market.

Footprint. Renewable energy generation from solar panels grew by approximately 4.5% year-on-year, and around 15 energy savings and/or CO_2 reduction projects were completed. This included the installation of sensor-activated LED lights for warehouses, process surplus heat recirculation to heat water and indoor facilities, as well as a change from diesel to electric forklifts in several locations. Several Metso locations switched to local electricity and district heat contracts from renewable energy sources. Metso's foundry and rubber factory in Sorocaba, Brazil, was certified as carbon neutral by the British Standards Institution (BSI).

The supplier engagement program continued with good results. Close to 40 new suppliers committed to science-based emissions targets during the third quarter. 30.3% of direct procurement spend was with suppliers who have validated their emission reduction targets through the Science-Based Targets initiative (SBTi) or have equivalent ambitious climate targets that have been validated by Metso. More broadly, 29.9% of total procurement spend was with suppliers committed to SBTi or equivalent ambitious climate targets validated by Metso.

Capital expenditure and investments

Gross capital expenditure, excluding right-of-use assets, was EUR 153 million in January–September 2024 (EUR 122 million). This consisted of various investments at manufacturing sites as well as new service centers.

Research and development

Research and development (R&D) expenses and investments were EUR 82 million, or 2.3% of sales, in January–September 2024 (EUR 53 million, or 1.3% of sales). Copper and battery minerals play a significant role in the current R&D and customer raw material test work.

Personnel

Metso had 17,061 (17,069) employees at the end of September 2024.

Personnel by area on September 30, 2024

	Share, %
Europe	33
North and Central America	12
South America	27
Asia Pacific and Greater China	14
Africa, Middle East and India	14
Total	100

Shares and share trading

Metso has a total of 828,972,440 shares and its share capital is EUR 107,186,442.52. On March 20, 2024, a total of 984,288 treasury shares were conveyed to participants of the company's long-term incentive plans. Treasury shares totaled 1,659,961 at the end of September.

Share performance on Nasdaq Helsinki

EUR	January 1–September 30, 2024
Closing price	9.60
Highest share price	11.95
Lowest share price	8.25
Volume-weighted average trading price	9.93

Other main events between January 1 and September 30, 2024

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

On March 20, 2024, a total of 984,288 treasury shares were conveyed without consideration to 144 key persons and executives from the Performance Share Plan 2021–2023. The Board of Directors had decided on the conveyance on February 15, and the directed share issue was based on an authorization given by the Annual General Meeting 2023.

Annual report 2023

On March 20, 2024, Metso published its Annual Report for 2023. The report consists of five sections: Business Overview, Financial Review, Corporate Governance Statement, Remuneration Report and GRI Supplement.

Largest service center opened in Australia

On March 21, 2024, Metso opened its largest service center globally in Karratha, Western Australia. The center supports the growing demand from mining and aggregates customers by delivering more sustainable, state-of-the-art services. Located in Pilbara, a region that is a very significant global supplier of iron ore and lithium, the center provides comprehensive maintenance and repair solutions.

Frame agreement for major copper smelter delivery

On April 2, 2024, Metso and JSC Almalyk Mining and Metallurgical company (Almalyk MMC) signed a frame agreement for significant process technology deliveries for Almalyk MMC's new copper smelter investment in Uzbekistan. Equipment package contracts under the framework agreement will be booked once they have been signed and become effective.

Annual General Meeting 2024

The Annual General Meeting (AGM) was held on April 25, 2024, in Helsinki. The AGM decided to pay a dividend of EUR 0.36 per share in two EUR 0.18 installments for the financial year 2023. The first payment was made on May 7 and its record date was April 29, 2024. The second installment of EUR 0.18 per share will be paid on November 1, 2024.

In addition, the AGM agreed on all other items on the agenda in line with the proposals made by the Board of Directors and the Shareholders' Nomination Board. More information on the AGM can be found on metso.com.

Metso's Lokotrack® EC range

On May 16, 2024, Metso launched the first diesel-electric Lokotrack EC range units. Metso's Lokotrack® EC range brings a new diesel-electric power line to the aggregates market. All the process functions of the range are electric, significantly reducing the use of hydraulic oil needed in crushing operations. All Lokotrack EC range units can be powered with external electricity.

Aggregates technology center investment

On June 3, 2024, Metso announced an estimated EUR 150 million investment in a modern aggregates technology center in Tampere, Finland. Metso plans to gradually move its current operations in Tampere to this new Lokomotion technology center.

Acquisition of Jindex

On July 22, 2024, Metso announced it will to acquire Jindex Pty Ltd, a privately owned Australian company specializing in valves and process flow control. Combining Metso's extensive experience and offering in slurry handling, hydrocyclones and minerals processing equipment solutions with Jindex's valve offering will further strengthen Metso's capacity to provide more comprehensive slurry handling solutions for the mining industry. The acquisition was completed on August 1, 2024.

Termination of waste-to-energy business and related settlement

On September 4, 2024, Metso completed the termination of its waste-to-energy business and settled the related legal processes concerning historic Outotec projects. As a result, Metso booked a one-time expense of EUR 250 million in the third-quarter results of its discontinued operations.

Acquisition of Diamond Z and Screen Machine Industries

On September 25, 2024, Metso signed an agreement to acquire Diamond Z and Screen Machine Industries from Crane Group, a family-owned investment company based in Ohio, USA. Diamond Z increases Metso's offering in mobile equipment for the organic recycling markets. Screen Machine Industries broadens Metso's portfolio in the North American mobile crushing and screening markets. The acquisition was closed on October 1, 2024.

Events after the reporting period

On October 2, 2024, Metso signed an agreement to acquire the outstanding shares of its long-term partner Swiss Tower Mills Minerals AG (STM). Previously, Metso had a 15% minority ownership in the company.

On October 24, 2024, Metso's Board of Directors appointed Sami Takaluoma (b.1973, M.Sc. (Eng.)) President and CEO of Metso Corporation as of November 1, 2024. Takaluoma joined Metso in 1997, has been a member of the Leadership Team since 2017, and since 2021 he has led the Services Business Area. Metso's current President and CEO, Pekka Vauramo, will continue in the company as per his contract until the end of 2024.

Short-term business risks and market uncertainties

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

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

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

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

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

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

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

Market outlook

Metso expects that the market activity in both Minerals and Aggregates will remain at the current level.

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

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

Helsinki, October 24, 2024

Metso Corporation's Board of Directors

Metso Interim Report January 1–September 30, 2024: Tables

Consolidated statement of income, IFRS

EUR million	**7–9/2024**	7–9/2023	**1–9/2024**	1–9/2023	1–12/2023
Sales	1,160	1,319	3,591	4,049	5,390
Cost of sales	-789	-904	-2,380	-2,761	-3,687
Gross profit	371	415	1,211	1,288	1,703
Selling and marketing expenses	-101	-101	-317	-325	-438
Administrative expenses	-87	-82	-261	-275	-372
Research and development expenses	-25	-15	-74	-48	-66
Other operating income and expenses, net	19	-29	1	-36	-25
Share of results of associated companies	0	0	0	0	0
Operating profit	178	189	561	604	805
Finance income	5	3	16	12	17
Foreign exchange gains/losses	2	1	5	8	4
Finance expenses	-25	-28	-77	-75	-101
Finance income and expenses, net	-18	-23	-56	-55	-80
Profit before taxes	160	165	505	549	724
Income taxes	-37	-46	-123	-142	-187
Profit for the period from continuing operations	123	119	382	407	537
Profit from discontinued operations	-202	4	-210	3	8
Profit for the period	-79	124	172	410	546
Profit attributable to					
Shareholders of the Parent company	-78	123	171	406	543
Non-controlling interests	0	0	1	4	2
Profit from continuing operations attributable to					
Shareholders of the Parent company	123	119	381	403	535
Non-controlling interests	0	1	1	4	2
Profit from discontinued operations attributable to					
Parent company shareholders	-202	4	-210	3	8
Non-controlling interest	0	0	0	0	0
Earnings per share, EUR	-0.09	0.15	0.21	0.49	0.66
Earnings per share, diluted, EUR	-0.09	0.15	0.21	0.49	0.66
Earnings per share, continuing operations, EUR	0.15	0.14	0.46	0.49	0.65
Earnings per share, discontinued operations, EUR	-0.24	0.01	-0.25	0.00	0.01

More information under "Key figures, IFRS".

Consolidated statement of comprehensive income, IFRS

EUR million	**7–9/2024**	7–9/2023	**1–9/2024**	1–9/2023	1–12/2023
Profit for the period	-79	124	172	410	546
Other comprehensive income					
Cash flow hedges, net of tax	-2	-3	2	-4	-2
Currency translation on subsidiary net investment	-25	9	-38	-8	-27
Items that may be reclassified to profit or loss in subsequent periods	-27	6	-36	-13	-29
Defined benefit plan actuarial gains and losses, net of tax	–	-1	–	-1	-4
Items that will not be reclassified to profit or loss	–	-1	–	-1	-4
Other comprehensive income	-27	6	-36	-13	-33
Total comprehensive income	-105	129	135	397	513
Total comprehensive income attributable to					
Parent company shareholders	-105	129	134	393	510
Non-controlling interest	0	0	1	4	2
Total comprehensive income attributable to, continuing operations					
Parent company shareholders	97	124	345	390	502
Non-controlling interest	0	1	1	4	2
Total comprehensive income attributable to, discontinued operations					
Parent company shareholders	-202	4	-210	3	8
Non-controlling interest	0	0	0	0	0

Consolidated balance sheet – Assets, IFRS

EUR million	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Non-current assets			
Goodwill and intangible assets			
Goodwill	1,098	1,089	1,097
Other intangible assets	772	793	790
Total goodwill and intangible assets	1,869	1,882	1,886
Property, plant and equipment			
Land and water areas	38	40	39
Buildings and structures	137	120	131
Machinery and equipment	214	196	211
Assets under construction	136	102	91
Total property, plant and equipment	525	458	472
Right-of-use assets	110	115	114
Other non-current assets			
Investments in associated companies	3	5	3
Non-current financial assets	2	2	2
Derivative financial instruments	12	3	10
Deferred tax assets	215	261	234
Other non-current receivables	25	23	22
Total other non-current assets	256	294	271
Total non-current assets	2,761	2,749	2,744
Current assets			
Inventories	1,974	1,998	1,951
Trade receivables	838	786	855
Customer contract assets	327	300	308
Loan receivables	3	8	6
Derivative financial instruments	44	37	36
Income tax receivables	167	130	107
Other current receivables	249	327	273
Liquid funds	467	359	638
Total current assets	4,070	3,946	4,175
Assets held for sale	226	271	238
TOTAL ASSETS	7,056	6,966	7,156

Consolidated balance sheet – Equity and liabilities, IFRS

EUR million	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Equity			
Share capital	107	107	107
Share premium fund	20	20	20
Cumulative translation adjustments	-216	-158	-177
Fair value and other reserves	1,136	1,125	1,131
Retained earnings	1,394	1,393	1,527
Equity attributable to shareholders	2,442	2,488	2,608
Non-controlling interests	10	11	10
Total equity	2,451	2,499	2,618
Liabilities			
Non-current liabilities			
Borrowings	1,280	809	1,167
Lease liabilities	82	88	86
Post-employment benefit obligations	88	95	90
Provisions	65	66	63
Derivative financial instruments	14	28	18
Deferred tax liability	179	208	182
Other non-current liabilities	8	2	7
Total non-current liabilities	1,715	1,295	1,614
Current liabilities			
Borrowings	232	255	243
Lease liabilities	33	31	32
Trade payables	567	684	675
Provisions	176	228	235
Advances received	363	331	325
Customer contract liabilities	339	356	322
Derivative financial instruments	34	61	28
Income tax liabilities	140	218	186
Other current liabilities	835	842	711
Total current liabilities	2,720	3,006	2,756
Liabilities held for sale	171	166	169
TOTAL EQUITY AND LIABILITIES	7,056	6,966	7,156

Consolidated statement of changes in shareholders' equity, IFRS

EUR million	Share capital	Share premium fund	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
Jan 1, 2024	107	20	-177	1,131	1,527	2,608	10	2,618
Profit for the period	–	–	–	–	171	171	1	172
Other comprehensive income								
Cash flow hedges, net of tax	–	–	–	2	–	2	–	2
Currency translation on subsidiary net investments	–	–	-38	–	–	-38	–	-38
Total comprehensive income	–	–	-38	2	171	134	1	135
Dividends	–	–	–	–	-298	-298	0	-298
Share-based payments, net of tax	–	–	–	4	-8	-4	–	-4
Other items	–	–	–	–	0	0	1	1
Changes in non-controlling interests	–	–	–	–	1	1	-1	–
Sep 30, 2024	107	20	-216	1,136	1,394	2,442	10	2,451

EUR million	Share capital	Share premium fund	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
Jan 1, 2023	107	20	-150	1,122	1,243	2,342	7	2,350
Profit for the period	–	–	–	–	406	406	4	410
Other comprehensive income								
Cash flow hedges, net of tax	–	–	–	-4	–	-4	–	-4
Currency translation on subsidiary net investments	–	–	-8	–	–	-8	–	-8
Defined benefit plan actuarial gains (+) / losses (-), net of tax	–	–	–	–	-1	-1	–	-1
Total comprehensive income	–	–	-8	-4	405	393	4	397
Dividends	–	–	–	–	-248	-248	–	-248
Share-based payments, net of tax	–	–	–	7	-7	1	–	1
Other items	–	–	–	0	0	0	0	0
Sep 30, 2023	107	20	-158	1,125	1,393	2,488	11	2,499

Condensed consolidated statement of cash flow, IFRS

EUR million	**7–9/2024**	7–9/2023	**1–9/2024**	1–9/2023	1–12/2023
Operating activities					
Profit for the period	-79	124	172	410	546
Continuing operations	123	119	382	407	537
Discontinued operations	-202	4	-210	3	8
Adjustments:					
Depreciation and amortization	41	39	122	117	158
Financial expenses, net	18	23	56	55	80
Income taxes	-10	47	81	145	199
Other items	6	-47	21	-25	15
Change in net working capital	4	-25	-162	-369	-449
Net cash flow from operating activities before financial items and taxes	-19	161	290	333	550
Financial income and expenses paid, net	7	-1	-40	-6	-17
Income taxes paid	-51	-52	-169	-162	-231
Net cash flow from operating activities	-64	108	81	166	302
Investing activities					
Capital expenditures on non-current assets	-53	-49	-153	-122	-170
Proceeds from sale of non-current assets	4	3	11	10	16
Business acquisitions, net of cash acquired	-8	-18	-8	-18	-28
Cash received from liquidation of associated companies	–	–	–	–	4
Change in loan receivables, net	0	0	0	-3	0
Net cash flow from investing activities	-57	-65	-150	-132	-178
Financing activities					
Dividends paid	0	–	-149	-124	-248
Proceeds from and repayments of non-current debt, net	250	0	53	–	347
Proceeds from and repayments of current debt, net	10	-39	35	-120	-139
Repayment of lease liabilities	-10	-9	-29	-26	-37
Net cash flow from financing activities	250	-48	-91	-270	-76
Net change in liquid funds	129	-4	-160	-236	47
Effect from changes in exchange rates	-10	-2	-11	-6	-10
Liquid funds at beginning of period	348	365	638	601	601
Liquid funds at end of period	467	359	467	359	638

Key figures, IFRS

EUR million	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Profit for the period from continuing operations	382	407	537
Earnings per share from continuing operations, EUR	0.46	0.49	0.65
Profit for the period from discontinued operations	-210	3	8
Earnings per share from discontinued operations, EUR	-0.25	0.00	0.01
Profit for the period	172	410	546
Earnings per share, EUR	0.21	0.49	0.66
Equity/share at end of period, EUR	2.95	3.01	3.16
Total number of shares at end of period (thousands)	828,972	828,972	828,972
Own shares held by Parent Company (thousands)	1,660	2,644	2,644
Number of outstanding shares at end of period (thousands)	827,312	826,328	826,328
Average number of outstanding shares (thousands)	827,025	826,179	826,216

EUR million	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Net debt	1,156	815	884
Gearing, %	47.2%	32.6%	33.8%
Equity-to-asset ratio, %	38.6%	39.8%	40.2%
Debt to capital, %	38.1%	29.9%	35.0%
Debt to equity, %	61.7%	42.6%	53.9%
Net working capital (NWC)	1,156	926	990
Net debt and gearing			
Borrowings	1,512	1,064	1,410
Lease liabilities	115	119	118
Gross debt	1,626	1,182	1,528
Loan receivables	3	8	6
Liquid funds	467	359	638
Net debt	1,156	815	884
Gearing, %	47.2%	32.6%	33.8%

Formulas for key figures

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

Alternative performance measures

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

To improve the comparability between periods, Metso presents adjusted EBITA, being earnings before interest, tax, and amortization, adjusted by capacity adjustment costs, acquisition costs, gains and losses on business disposals, as well as Metso transaction and integration costs. Their nature and net effect on cost of goods sold, selling, general and administrative expenses, as well as other income and expenses are presented in the segment information. Net debt, gearing, equity-to-asset ratio, debt-to-capital ratio, and debt-to-equity ratio are presented as complementing measures because, in Metso’s view, they are useful measures of Metso’s ability to obtain financing and to service its debts. Net working capital provides additional information concerning the cash flow needs of Metso’s operations.

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

Notes to the Interim Report

Contents

1. Basis of preparation

This Interim Report has been prepared in accordance with IAS 34 'Interim Financial Reporting', applying the accounting policies of Metso, which are consistent with the accounting policies of Metso Financial Statements 2023. New accounting standards have been adopted, as described in Note 2. This Interim Report is unaudited.

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

On March 29, 2023, Metso announced its decision to initiate the divestment of the Metals & Chemical Processing and Ferrous & Heat Transfer businesses. Starting from September 30, 2023, these businesses have been classified as discontinued operations. Consequently, both the 2024 figures as well as the comparative figures for 2023 related to the consolidated statement of income are presented separately from continuing operations. The assets and liabilities held for sale have been transferred to separate lines in the consolidated balance sheet. More information is disclosed under Note 10. Discontinued operations.

In 2022, the balance sheet classification of the Waste-to-energy business was changed, and the assets and liabilities directly attributable to it have been classified as part of continuing operations. Due to the change in classification, depreciation of fixed assets and right-of-use assets continues, and the cumulative effect of depreciation has been recorded in the balance sheet of continuing operations through the income statement. All the income statement items related to the Waste-to-energy business continue to be adjusted to show the discontinued operations separately from continuing operations.

Reporting segments

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

On September 30, 2023, Metso updated its segment reporting by moving its two businesses currently under divestment (Metals & Chemical Processing and Ferrous & Heat Transfer), both of which have been reported under the Metals segment, into discontinued operations, and transferring the Smelting business to the Minerals segment. As a result, and in line with the Group's strategy, Metso's segment reporting consists of two segments: Aggregates and Minerals. Metso's restated segment information based on the new reporting structure for the financial year 2022 and for January–June 2023 was published on October 2, 2023.

The segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, Metso's chief operating decision-maker with responsibility for allocating resources and assessing the performance of the segments, deciding on strategy, selecting key employees, as well as deciding on major development projects, business acquisitions, investments, organizational structure, and financing. The accounting principles applied to the segment reporting are the same as those used in preparing the consolidated financial statements.

Aggregates offers a wide range of equipment, aftermarket parts, and services for quarries, aggregates contractors and construction companies. Minerals supplies a wide portfolio of process solutions, equipment, and aftermarket services, as well as plant delivery capability for minerals operations. The Group Head Office and other is comprised of the Parent Company with centralized Group functions, such as treasury, tax, legal and compliance, as well as global business service center and holding companies.

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

2. New accounting standards

Metso has applied the IFRS revisions that have been effective since January 1, 2024. These amendments have not had a material impact on the reported figures.

3. Disaggregation of sales

SALES BY SEGMENT

EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Aggregates	283	308	917	1,057	1,346
Minerals	877	1,011	2,674	2,992	4,044
Sales, continuing operations	**1,160**	**1,319**	**3,591**	**4,049**	**5,390**

SALES BY SEGMENT

EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Services	**674**	**710**	**2,092**	**2,133**	**2,891**
Aggregates	99	108	316	332	434
Minerals	575	602	1,775	1,801	2,458
Projects, equipment and goods	**486**	**609**	**1,499**	**1,916**	**2,499**
Aggregates	183	200	601	725	913
Minerals	302	410	898	1,191	1,586
Sales, continuing operations	**1,160**	**1,319**	**3,591**	**4,049**	**5,390**

EXTERNAL SALES BY TIMING OF REVENUE RECOGNITION

EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
At a point in time	888	1,188	2,880	3,376	4,306
Over time	272	131	711	672	1,084
Sales, continuing operations	**1,160**	**1,319**	**3,591**	**4,049**	**5,390**

EXTERNAL SALES BY DESTINATION

EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Europe	176	248	636	798	1,061
North and Central America	246	284	806	995	1,260
South America	283	293	824	849	1,142
APAC	283	258	771	805	1,086
Africa, Middle East and India	172	236	553	601	840
Sales, continuing operations	**1,160**	**1,319**	**3,591**	**4,049**	**5,390**

4. Financial risk management

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

Liquidity and refinancing risk, capital structure management

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

The Group's liquidity position remained strong. As of September 30, 2024, liquid funds, consisting of cash and cash equivalents, amounted to EUR 467 million (EUR 638 million on December 31, 2023). There were no deposits or securities with a maturity of more than three months (EUR 0 million on December 31, 2023).

The Group has a committed syndicated revolving credit facility of EUR 600 million with a maturity in 2026. The facility includes sustainability performance targets impacting the cost of borrowing. At the end of the quarter, the facility was undrawn. The company also has a EUR 600 million Finnish commercial paper program, under which EUR 60 million was issued at the end of September.

During the third quarter, Metso signed and drew a EUR 250 million two-year term loan. The company also signed a EUR 50 million term loan for two years, which was undrawn at the end of the period.

Metso has a Euro Medium Term Note Program (EMTN) of EUR 2 billion, under which EUR 893 million at carrying value was outstanding at the end of September (Dec 31, 2023: EUR 1,081 million).

The average interest rate of total loans and derivatives was 4.3% on September 30, 2024. The duration of total interest-bearing debt was 1.4 years and the average maturity 3.4 years.

Capital structure management in Metso comprises both equity and interest-bearing debt. As of September 30, 2024, the equity attributable to shareholders was EUR 2,442 million (EUR 2,608 million on December 31, 2023), and the amount of interest-bearing debt, excluding lease liabilities, was EUR 1,512 million (EUR 1,410 million on December 31, 2023).

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

There are no prepayment covenants in Metso’s financial contracts that would be triggered by changes in the credit rating. Covenants included in some financing agreements would only become valid if Metso's credit rating was below investment-grade, and the covenants would be related to Metso’s capital structure. Metso is in compliance with all covenants and other terms of its debt instruments.

5. Fair value estimation

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

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

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

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

Level 3 A financial instrument is categorized into Level 3 if the calculation of the fair value cannot be based on observable market data. There were no such instruments on September 30, 2024, or on December 31, 2023.

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

	Sep 30, 2024		
EUR million	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Derivatives not under hedge accounting	–	34	–
Financial assets at fair value through other comprehensive income			
Derivatives under hedge accounting	–	21	–
Total	–	56	–
Liabilities			
Financial liabilities at fair value through profit and loss			
Derivatives not under hedge accounting	–	22	–
Financial liabilities at fair value through other comprehensive income			
Derivatives under hedge accounting	–	25	–
Total	–	47	–

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

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

6. Notional amounts of derivative instruments

EUR million	**Sep 30, 2024**	Sep 30, 2023	Dec 31, 2023
Forward exchange rate contracts	3,213	3,561	3,269
Interest-rate swaps	505	425	605

7. Contingent liabilities and commitments

EUR million	**Sep 30, 2024**	Sep 30, 2023	Dec 31, 2023
Guarantees			
External guarantees given by Parent and Group companies	1,532	1,668	1,608
Other commitments			
Other contingencies	0	1	0
Total	1,533	1,669	1,608

8. Acquisitions

Acquisitions 2024

Metso acquired a 100% share of Jindex Pty Ltd on August 1, 2024. Jindex is an Australian company with extensive expertise in valve technology and control equipment, as well as in many types of slurry valve projects. The acquired business was consolidated into the Minerals segment. Jindex's sales in the financial year that ended in June 2024 were approximately EUR 9 million. The company employs about 25 people.

Assets and liabilities recognized as a result of the acquisitions

EUR million	Fair value
Fixed assets	4
Inventory	1
Other assets	2
Liabilities	-2
Net identifiable assets acquired at fair value	5
Goodwill (provisional)	4
Purchase consideration	9

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

Cash flow impact of the acquisitions

EUR million	
Cash consideration paid	-9
Cash and cash equivalents acquired	1
Net cash flow for the year	-8
Cash consideration, total	-8

Acquisitions 2023

Metso acquired a 100% share of Ab A. Häggblom Oy, a Finnish engineering and manufacturing company, on August 1, 2023. The acquisition broadens Metso's offering in mining truck bodies and buckets and strengthens its position in the aftermarket. The acquired business was consolidated into the Minerals segment. In 2022 Häggblom had about 100 employees and sales were approximately EUR 25 million.

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

Metso acquired a 100% share of Tedd Engineering Ltd on November 1, 2023, a company employing approximately 70 people and based in Chesterfield, UK. The company specializes in automation, control systems, and electrical solutions for mobile equipment and aftermarket, primarily focusing on the aggregates business. The acquired business was consolidated into the Aggregates segment. The company's sales in the financial year that ended in June 2023 were approximately EUR 17 million.

9. Business disposals

There have been no business disposals during years 2024 and 2023.

10. Discontinued operations

On March 29, 2023, Metso announced its decision to initiate the divestment of the Metals & Chemical Processing and the Ferrous & Heat Transfer businesses. These businesses have been reported under the Metals segment. Starting from September 30, 2023, these businesses have been classified as discontinued operations, including the transfer of assets and liabilities held for sale on separate lines in the consolidated balance sheet. The comparative figures in the consolidated balance sheet on March 31, 2023, and on June 30, 2023, have not been restated. The figures in the consolidated statement of income have been adjusted to show the discontinued operations separately from continuing operations.

In addition, the result of discontinued operations includes the income statement items related to the Waste-to-energy business, which has been reported as part of discontinued operations in Outotec since December 2019 and in Metso since 2020, following the merger of Metso Minerals and Outotec. On September 4, 2024, Metso announced the termination of its waste-to-energy business and settled remaining legal processes concerning historic projects. As a result, Metso booked a one-time expense of EUR 250 million in the results of its discontinued operations in the third quarter. The impact of this expense on the net cash flow from operating activities in Q3/2024 was EUR 275 million.

The result from discontinued operations was EUR -210 million for January 1–September 30, 2024 (EUR 3 million for January 1–September 30, 2023). Assets held for sale totaled EUR 226 million and liabilities EUR 171 million on September 30, 2024.

Consolidated statement of income		**1–9/2024**	
EUR million	Continuing operations	Discontinued operations	**Metso total**
Sales	3,591	168	3,759
Cost of sales	-2,380	-136	-2,516
Gross profit	1,211	32	1,243
Selling and marketing expenses	-317	-17	-334
Administrative expenses	-261	-7	-268
Research and development expenses	-74	-6	-80
Other operating income and expenses, net	1	-253	-252
Share of results of associated companies	0	–	0
Operating profit	561	-252	309
Finance income and expenses, net	-56	–	-56
Profit before taxes	505	-252	253
Income taxes	-123	41	-81
Profit for the period	382	-210	172
Profit attributable to			
Shareholders of the Parent Company	381	-210	171
Non-controlling interests	1	0	1
Earnings per share, EUR	0.46	-0.25	0.21

Consolidated balance sheet		**Sep 30, 2024**	
EUR million	Continuing operations	Discontinued operations	**Metso total**
Non-current assets	2,761	105	2,865
Inventories	1,974	3	1,977
Trade and other receivables	1,628	118	1,746
Liquid funds	467	–	467
Assets total	6,830	226	7,056
Non-current liabilities	1,715	60	1,775
Short-term liabilities	2,720	111	2,830
Liabilities total	4,434	171	4,605

Condensed consolidated statement of cash flows		1–9/2024	
EUR million	Continuing operations	Discontinued operations	**Metso total**
Operating activities			
Profit for the period	382	-210	172
Adjustments to profit for the period	323	-42	281
Change in net working capital	-151	-11	-162
Cash flow from operations	553	-263	290
Financing items, net	-40	–	-40
Income taxes paid	-165	-4	-169
Net cash flow from operating activities	349	-268	81
Investing activities			
Net cash flow from investing activities	-152	2	-150
Financing activities			
Net cash flow from financing activities	-91	–	-91
Net change in liquid funds	106	-266	-160

Consolidated statement of income		1–9/2023	
EUR million	Continuing operations	Discontinued operations	**Metso total**
Sales	4,049	256	4,305
Cost of sales	-2,761	-216	-2,977
Gross profit	1,288	40	1,328
Selling and marketing expenses	-325	-13	-338
Administrative expenses	-275	-12	-287
Research and development expenses	-48	-9	-57
Other operating income and expenses, net	-36	0	-36
Share of results of associated companies	0	–	0
Operating profit	604	6	610
Finance income and expenses, net	-55	–	-55
Profit before taxes	549	6	555
Income taxes	-142	-4	-145
Profit for the period	407	3	410
Profit attributable to			
Shareholders of the Parent Company	403	3	406
Non-controlling interests	4	0	4
Earnings per share, EUR	0.49	0.00	0.49

Consolidated balance sheet		Sep 30, 2023	
EUR million	Continuing operations	Discontinued operations	**Metso total**
Non-current assets	2,749	86	2,834
Inventories	1,998	72	2,070
Trade and other receivables	1,589	114	1,703
Liquid funds	359	–	359
Assets total	6,695	271	6,966
Non-current liabilities	1,295	1	1,297
Short-term liabilities	3,006	165	3,171
Liabilities total	4,301	166	4,467

Condensed consolidated statement of cash flows		**1–9/2023**	
EUR million	Continuing operations	Discontinued operations	**Metso total**
Operating activities			
Profit for the period	407	3	410
Adjustments to profit for the period	283	9	292
Change in net working capital	-291	-78	-369
Cash flow from operations	400	-66	333
Financing items, net	-6	–	-6
Income taxes paid	-157	-5	-162
Net cash flow from operating activities	237	-71	166
Investing activities			
Net cash flow from investing activities	-133	1	-132
Financing activities			
Net cash flow from financing activities	-270	–	-270
Net change in liquid funds	-166	-70	-236

11. Segment information, IFRS

ORDERS RECEIVED

EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Aggregates	259	269	938	977	1,274
Minerals	968	922	2,811	3,043	3,978
Metso total, continuing operations	1,226	1,191	3,749	4,020	5,252

ORDERS RECEIVED BY SERVICES BUSINESS

EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Aggregates	96	104	321	332	442
% of orders received	37.1	38.9	34.2	34.0	34.7
Minerals	572	573	1,863	1,942	2,513
% of orders received	59.2	62.1	66.3	63.8	63.2
Metso total, continuing operations	668	677	2,184	2,274	2,955
% of orders received	54.5	56.9	58.3	56.6	56.3

SALES

EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Aggregates	283	308	917	1,057	1,346
Minerals	877	1,011	2,674	2,992	4,044
Metso total, continuing operations	1,160	1,319	3,591	4,049	5,390

SALES BY SERVICES BUSINESS

EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Aggregates	99	108	316	332	434
% of sales	35.1	35.2	34.5	31.4	32.2
Minerals	575	602	1,775	1,801	2,458
% of sales	65.6	59.5	66.4	60.2	60.8
Metso total, continuing operations	674	710	2,092	2,133	2,891
% of sales	58.1	53.8	58.3	52.7	53.6

ADJUSTED EBITA AND OPERATING PROFIT, CONTINUING OPERATIONS

EUR million, %	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Aggregates					
Adjusted EBITA	45	53	152	185	232
% of sales	16.1	17.3	16.6	17.5	17.2
Amortization of intangible assets	-4	-4	-11	-11	-15
Adjustment items	-2	0	-2	-1	-4
Operating profit	40	49	139	173	214
% of sales	14.2	16.1	15.1	16.4	15.9
Minerals					
Adjusted EBITA	161	174	473	528	707
% of sales	18.3	17.2	17.7	17.6	17.5
Amortization of intangible assets	-12	-12	-36	-35	-48
Adjustment items	-7	-2	-22	-9	-32
Operating profit	141	160	415	484	627
% of sales	16.1	15.8	15.5	16.2	15.5
Group Head Office and other					
Adjusted EBITA	-10	-15	-24	-50	-52
Amortization of intangible assets	-1	0	-2	-1	-2
Adjustment items	7	-6	32	-1	17
Operating profit	-4	-21	7	-52	-36
Metso total, continuing operations					
Adjusted EBITA	196	213	601	662	887
% of sales	16.9	16.1	16.7	16.4	16.5
Amortization of intangible assets	-16	-16	-49	-47	-65
Adjustment items	-2	-8	8	-11	-18
Operating profit	178	189	561	604	805
% of sales	15.3	14.3	15.6	14.9	14.9

ADJUSTMENT ITEMS BY CATEGORY

EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Capacity adjustment costs	-11	-6	-22	-10	-27
Acquisition costs	0	–	0	–	-2
Profits on disposals, net	–	-2	–	-1	1
Wind-down of Russian business	9	–	30	–	9
Adjustment items, total	-2	-8	8	-11	-18

Quarterly segment information, IFRS

ORDERS RECEIVED

EUR million	7–9/2024	4–6/2024	1–3/2024	10–12/2023	7–9/2023
Aggregates	259	314	365	297	269
Minerals	968	847	997	935	922
Metso total, continuing operations	1,226	1,162	1,361	1,232	1,191

SALES

EUR million	7–9/2024	4–6/2024	1–3/2024	10–12/2023	7–9/2023
Aggregates	283	331	303	289	308
Minerals	877	883	914	1,052	1,011
Metso total, continuing operations	1,160	1,214	1,217	1,342	1,319

Adjusted EBITA

EUR million	7–9/2024	4–6/2024	1–3/2024	10–12/2023	7–9/2023
Aggregates	45	55	52	47	53
Minerals	161	152	160	179	174
Group Head Office and other	-10	-3	-11	-1	-15
Metso total, continuing operations	196	205	200	225	213

Adjusted EBITA, % OF SALES

%	7–9/2024	4–6/2024	1–3/2024	10–12/2023	7–9/2023
Aggregates	16.1	16.6	17.0	16.2	17.3
Minerals	18.3	17.3	17.5	17.0	17.2
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso total, continuing operations	16.9	16.9	16.5	16.8	16.1

AMORTIZATION OF INTANGIBLE ASSETS

EUR million	7–9/2024	4–6/2024	1–3/2024	10–12/2023	7–9/2023
Aggregates	-4	-3	-4	-4	-4
Minerals	-12	-11	-13	-13	-12
Group Head Office and other	-1	-1	-1	0	0
Metso total, continuing operations	-16	-15	-17	-17	-16

ADJUSTMENT ITEMS

EUR million	7–9/2024	4–6/2024	1–3/2024	10–12/2023	7–9/2023
Aggregates	-2	0	-1	-3	0
Minerals	-7	-8	-6	-23	-2
Group Head Office and other	7	14	11	18	-6
Metso total, continuing operations	-2	6	4	-8	-8

OPERATING PROFIT

EUR million	7–9/2024	4–6/2024	1–3/2024	10–12/2023	7–9/2023
Aggregates	40	51	47	41	49
Minerals	141	133	141	143	160
Group Head Office and other	-4	11	0	16	-21
Metso total, continuing operations	178	195	188	200	189

OPERATING PROFIT, % OF SALES

%	7–9/2024	4–6/2024	1–3/2024	10–12/2023	7–9/2023
Aggregates	14.2	15.5	15.5	14.0	16.1
Minerals	16.1	15.1	15.4	13.6	15.8
Group Head Office and other	n/a	n/a	n/a	n/a	n/a
Metso total, continuing operations	15.3	16.1	15.4	14.9	14.3

ORDER BACKLOG

EUR million	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
Aggregates	438	471	499	453	451
Minerals	2,569	2,620	2,499	2,498	2,728
Metso total, continuing operations	3,007	3,091	2,998	2,951	3,179
Discontinued operations	199	241	251	287	452
Metso total	3,206	3,333	3,249	3,238	3,632

12. Exchange rates

Currency		1–9/2024	1–9/2023	1–12/2023	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
USD	(US dollar)	1.0891	1.0801	1.0816	1.1196	1.0594	1.1050
SEK	(Swedish krona)	11.3886	11.4578	11.4563	11.3000	11.5325	11.0960
GBP	(Pound sterling)	0.8510	0.8706	0.8702	0.8354	0.8646	0.8691
CAD	(Canadian dollar)	1.4779	1.4565	1.4606	1.5133	1.4227	1.4642
BRL	(Brazilian real)	5.6925	5.4232	5.4128	6.0504	5.3065	5.3618
CNY	(Chinese yuan)	7.8155	7.6145	7.6589	7.8511	7.7352	7.8509
AUD	(Australian dollar)	1.6394	1.6232	1.6297	1.6166	1.6339	1.6263

13. Events after the reporting period

On September 25, 2024, Metso announced that it has signed an agreement to acquire Diamond Z and Screen Machine Industries from Crane Group, a family-owned investment company based in Ohio, USA. Diamond Z increases Metso's offering in mobile equipment for the organic recycling markets. Screen Machine Industries broadens Metso's portfolio in the North American mobile crushing and screening markets. Together, the companies employ approximately 190 people with locations in US in Caldwell, Idaho and Etna, Ohio. The acquisition was completed on October 1, 2024, and it will not have a material impact on Metso's financials.

On October 2, 2024, Metso signed an agreement to acquire all the shares of its long-term partner Swiss Tower Mills Minerals AG (STM). Metso decided to exercise its right of first refusal following the divestment decision of STM's other shareholders. Swiss Tower Mills Minerals, based in Baden, Switzerland, specializes in vertical grinding mill solutions. It is best known for the HIGmill™ grinding mill, which has been exclusively sold and serviced by Metso. As a result of the transaction, Metso's ownership will increase to 100%. Metso has reported its previous 15% shareholding as a non-current financial asset. The acquisition, which is subject to the approvals of anti-trust authorities, is expected to be closed by early 2025.

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

Such factors include, but are not limited to:

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

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

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

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

Metso's financial information

Financial Statement Review for 2024 on February 13, 2025

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Metso

Partner for positive change