Outokumpu financial statements release 2023

Contents

Outokumpu financial statement release 2023

Solid adjusted EBITDA in 2023 in a weaker stainless steel market

Highlights in Q4 2023

- Stainless steel deliveries were 450,000 tonnes (450,000 tonnes)*.
- Adjusted EBITDA amounted to EUR 72 million (EUR 110 million).
- EBITDA was EUR 15 million (EUR 103 million).
- ROCE amounted to -2.1% (22.6%).
- Operating cash flow was EUR 236 million (EUR 289 million incl. discontinued operations).
- Net debt amounted to EUR -60 million (September 30, 2023: EUR 29 million).
- Gearing was -1.6% (September 30, 2023: 0.7%).
- Earnings per share was EUR -0.56 (EUR 0.69).
- Share buyback program of EUR 50 million and a maximum of 11 million shares was launched on November 29, 2023. Outokumpu repurchased a total of 2,642,455 shares during the fourth quarter.
- Impairment booking related to the renegotiated hot rolling agreement in business area Americas had EUR 264 million negative impact on EBIT and the net result.

Highlights in January–December 2023

- Stainless steel deliveries were 1,906,000 tonnes (2,106,000 tonnes).
- Adjusted EBITDA amounted to EUR 517 million (EUR 1,256 million).
- EBITDA was EUR 416 million (EUR 1,248 million).
- Operating cash flow amounted to EUR 325 million (EUR 778 million incl. discontinued operations).
- Earnings per share was EUR -0.26 (EUR 2.40).
- Dividend of EUR 152 million for 2022 was paid in April.
- EUR 70 million repurchase of 13,903,534 own shares.
- Divestment of the majority of the Long Products business was completed on January 3, 2023. Since September 2022, these businesses were classified as assets held for sale and reported as discontinued operations. Comparative figures include discontinued operations if separately stated. Divestment of the remaining units was completed on August 1, 2023.
- The Board of Directors proposes a dividend of EUR 0.26 per share be paid for year 2023.

Key figures, continuing operations		Q4/23	Q4/22	Q3/23	2023	2022
Sales	EUR million	**1,513**	1,895	1,531	**6,961**	9,494
EBITDA	EUR million	**15**	103	18	**416**	1,248
Adjusted EBITDA [1)]	EUR million	**72**	110	51	**517**	1,256
EBIT	EUR million	**-314**	31	-45	**-100**	992
Adjusted EBIT [1)]	EUR million	**13**	48	-12	**274**	1,010
Result before taxes	EUR million	**-320**	13	-60	**-133**	933
Net result for the period	EUR million	**-242**	312	-55	**-111**	1,086
Earnings per share	EUR	**-0.56**	0.69	-0.13	**-0.26**	2.40
Diluted earnings per share	EUR	**-0.51**	0.64	-0.11	**-0.22**	2.22
Return on capital employed, rolling 12 months (ROCE) [2)]	%	**-2.1**	22.6	5.3	**-2.1**	22.6
Capital expenditure	EUR million	**86**	60	31	**170**	158
Stainless steel deliveries	1,000 tonnes	**450**	450	449	**1,906**	2,106
Personnel at the end of period, full-time equivalent		**8,469**	8,357	8,512	**8,469**	8,357

Key figures, including discontinued operations		Q4/23	Q4/22	Q3/23	2023	2022
Net result for the period	EUR million	**-242**	315	-56	**-106**	1,140
Earnings per share	EUR	**-0.56**	0.70	-0.13	**-0.24**	2.52
Diluted earnings per share	EUR	**-0.51**	0.64	-0.11	**-0.21**	2.33
Return on capital employed, rolling 12 months (ROCE)	%	**-2.0**	24.5	5.8	**-2.0**	24.5
Net cash generated from operating activities	EUR million	**236**	289	-11	**325**	778
Net debt at the end of period	EUR million	**-60**	-10	29	**-60**	-10
Debt-to-equity ratio at the end of period (gearing)	%	**-1.6**	-0.3	0.7	**-1.6**	-0.3

[1)] Adjusted EBITDA or EBIT = EBITDA or EBIT – Items classified as adjustments.

[2)] The balance sheet component in 2022 includes the equity component of discontinued operations.

*Figures in parentheses refer to the corresponding period for 2022, unless otherwise stated.

President & CEO Heikki Malinen

Our performance in 2023 was solid and our adjusted EBITDA amounted to EUR 517 million. During the year, we saw a shift in the market environment, and the second half of the year was challenging. Distributor de-stocking came close to its end in the second quarter, but the stainless steel market remained muted still in the last quarter. In 2023, our stainless steel deliveries declined by 9% from the previous year reflecting a weaker market. We have taken prompt, preventative measures to restore our profitability across the company.

The European market clearly declined in the second quarter, and the third quarter was the lowest point for business area Europe. Since then, market recovery has been slow. For business area Europe, our annual adjusted EBITDA amounted to EUR 148 million and stainless steel deliveries decreased by 4% from the previous year. Profitability was negatively impacted by substantially lower stainless steel prices and our result decreased from the exceptionally high levels in 2021 and 2022.

In the Americas, the market environment remained relatively strong in 2023 and started to weaken only toward the end of the year. The year was solid for business area Americas, and we generated EUR 285 million of adjusted EBITDA even though our stainless steel deliveries declined by 16% from the previous year. I am proud that we have managed to establish our position in the Americas market and our geographically diversified asset portfolio makes us more resilient.

For business area Ferrochrome, annual adjusted EBITDA amounted to EUR 96 million. The Ferrochrome market weakened in the second half of the year and, therefore, in January 2024, we took the decision to adjust our ferrochrome production to match the lower demand. We also proceeded towards our target of carbon neutrality at the Kemi mine. This is an important aim for us as our in-house produced ferrochrome enables us to produce stainless steel with the lowest carbon footprint in the industry.

Throughout the year, we diligently executed our strategy and announced four key focus areas for the upcoming third phase of the strategy: Americas expansion, European competitiveness, value-chain integration, and sustainability, including the possible biocoke investment.

As part of the Americas expansion, we evaluated building of our own hot rolling mill in Calvert, Alabama, but decided that continuing with the current hot rolling partnership is the best solution for Outokumpu and its shareholders. We will continue to assess the cold rolling capacity expansion, which would allow us to increase our deliveries in the attractive North American market, and foresee decisions within a year.

In 2023, we announced many great Outokumpu Circle Green® partnerships with our customers, who want to reduce their emissions. The carbon footprint of Outokumpu Circle Green® is up to 93% lower than the global industry average representing the lowest carbon footprint ever achieved in commercial stainless steel production. Strong customer interest in this product proves that we are taking our business in the right direction.

In 2023, we formed new partnerships with junior mining and development company FPX Nickel, biocarbon producer Envigas and scrap supplier CRONIMET to ensure a sufficient future supply of critical raw materials with a low carbon footprint.

The strong focus on energy efficiency continued throughout the year. It is clear already now that we will exceed our 8% energy efficiency improvement target but with a longer timeframe than originally anticipated. So far, our actions have resulted in savings of EUR 10 million. In 2023, our emissions were reduced successfully in line with the SBTi climate target.

The year 2023 reflects our great co-operation as a team full of resilience and dedication. I am especially proud of our world-class safety performance which achieved a new record of TRIFR 1.5. Although market conditions shifted, we took immediate actions to restore our profitability while also keeping safety as our top priority. In 2023, we kept the company net debt free, and our business delivered solid cash flow. With the strongest balance sheet in the industry, we are ready to face more challenging market conditions which are a natural part of the cyclical stainless steel industry.

I am happy to say that our Board of Directors has today proposed a dividend of EUR 0.26 per share to be paid for the year 2023. Together with our ongoing share buyback program, this reflects our strong commitment to shareholder returns.

I want to thank all our employees and stakeholders for the good collaboration and teamwork in 2023. Let's continue the good work also in 2024!

Outlook for Q1 2024

Group stainless steel deliveries in the first quarter are expected to increase by 5–15% compared to the fourth quarter.

Market environment started to weaken at the end of the fourth quarter for business area Americas, and in Europe, a slow recovery is expected to continue. Also, scrap market has recently tightened.

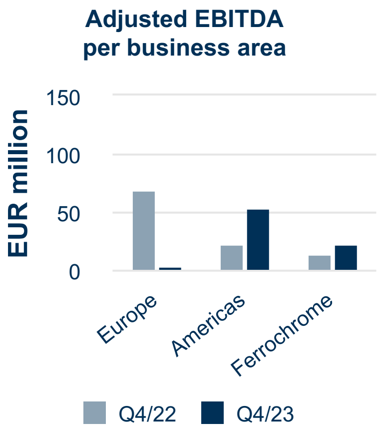
Ferrochrome production is running at 80% of its full capacity as one of the three ferrochrome furnaces and one of the two sintering plants were closed in January 2024 due to weak ferrochrome market conditions.

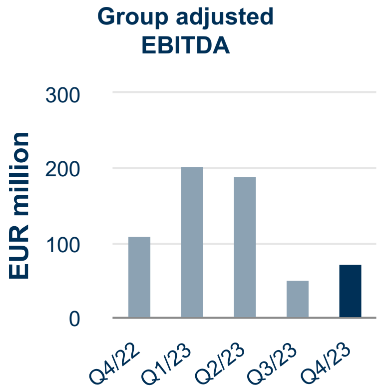
Maintenance costs in the first quarter are expected to decrease by approximately EUR 20 million compared to the fourth quarter.

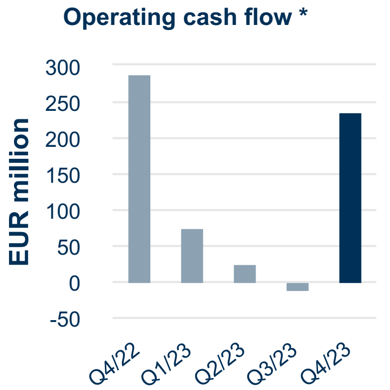
With current raw material prices, some raw material related inventory and metal derivative losses are expected to be realized in the first quarter.

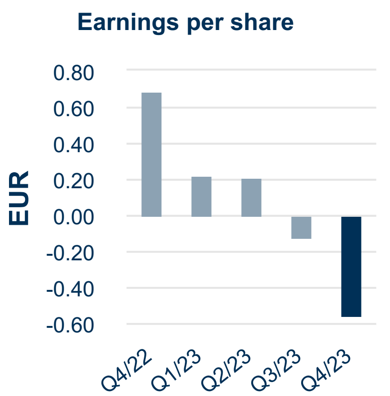
Guidance for Q1 2024:

Adjusted EBITDA in the first quarter of 2024 is expected to be at a similar level compared to the fourth quarter.









*2022 figures include discontinued operations

Results

Q4 2023 compared to Q4 2022

Outokumpu's sales in the fourth quarter of 2023 decreased to EUR 1,513 million (EUR 1,895 million) while adjusted EBITDA amounted to EUR 72 million (EUR 110 million). The decrease compared to the reference period was mainly driven by a significantly more challenging market environment in Europe. ROCE for the rolling 12 months was -2.1% (22.6%), mainly due to lower profitability during the past 12 months but also the EUR 264 million impairment booking related to the renegotiated hot rolling agreement in business area Americas and other adjustment items.

In the fourth quarter of 2023, the total stainless steel deliveries remained stable (change 0%) compared to the reference period. Realized prices for stainless steel were at a significantly lower level in Europe but declined also in the Americas. Profitability in business area Ferrochrome was better compared to the reference period due to higher deliveries and lower fixed costs. Maintenance costs for the group increased while lower consumable prices, especially for electricity and ferrosilicon, supported profitability. Raw material-related inventory and metal derivative gains amounted to EUR 0 million (losses of EUR 47 million). Other operations and intra-group items' adjusted EBITDA totaled EUR -8 million (EUR 4 million).

Net result was EUR -242 million in the fourth quarter of 2023 (EUR 312 million). The decrease in net result was driven by a weaker EBITDA development as well as the notable adjustment items totaling EUR -327 million and related mainly to impairments and restructuring. Net result in the reference period was positively impacted by the recognition of the EUR 297 million deferred tax asset.

Q4 2023 compared to Q3 2023

Outokumpu's sales amounted to EUR 1,513 million in the fourth quarter of 2023 (Q3/2023: EUR 1,531 million) while adjusted EBITDA increased to EUR 72 million (Q3/2023: EUR 51 million). Improvement in adjusted EBITDA from the previous quarter was mainly driven by a gradual market recovery in Europe. As a result of lower profitability in the past 12 months and the EUR 264 million impairment booking related to the renegotiated hot rolling agreement in business area Americas and other adjustment items, ROCE for the rolling 12 months was -2.1% (5.3%).

In the fourth quarter, total stainless steel deliveries remained almost stable (change 0%) compared to the third quarter. Realized prices for stainless steel slightly increased in Europe, while they remained relatively stable in the Americas. Costs were at a higher level, mainly as a result of increased maintenance work in business areas Europe and Ferrochrome. Raw material-related inventory and metal derivative gains amounted to EUR 0 million in the fourth quarter (Q3/2023: losses of EUR 27 million). Other operations and intra-group items' adjusted EBITDA totaled EUR -8 million (Q3/2023: EUR 5 million).

Net result in the fourth quarter was EUR -242 million and was impacted by notable adjustment items related mainly to impairments and restructuring (Q3/2023: EUR -55 million).

January–December 2023 compared to January–December 2022

During January–December 2023, Outokumpu's sales decreased to EUR 6,961 million (EUR 9,494 million) and adjusted EBITDA amounted to EUR 517 million (EUR 1,256 million). The decrease in adjusted EBITDA was mainly driven by a substantially weaker market environment in Europe. The previous year was exceptionally strong and in 2023 the market shifted. Due to the same reason as well as the impairment booking in business area Americas and other adjustment items, ROCE for the rolling 12 months was -2.1% (22.6%).

In January–December 2023 total stainless steel deliveries were 9% lower compared to the previous year. Realized prices for stainless steel were at a significantly lower level in Europe, but also declined in the Americas. Lower profitability in business area Ferrochrome negatively impacted the group result and costs in business area Europe increased compared to the previous year. Raw material-related inventory and metal derivative losses amounted to EUR 44 million in January–December 2023 (losses of EUR 131 million). Other operations and intra-group items' adjusted EBITDA totaled EUR -12 million (EUR -28 million).

EBIT amounted to EUR -100 million (EUR 992 million) and net result declined to EUR -111 million (EUR 1,086 million) in 2023. Negative development was mainly driven by a lower profitability as well as notable adjustment items related mainly to impairment, divestments and restructuring. Net result in 2022 was positively impacted by the recognition of the EUR 297 million deferred tax asset.

Strategy execution

Outokumpu launched its three-phase strategy in November 2020. In the first phase, the aim was to de-risk the company by the end of 2022. This was completed six months ahead of schedule. As a result, Outokumpu started the second phase in July 2022, and this phase will run until the end of 2025.

In the second phase of the strategy, the aim is to strengthen Outokumpu's core. The company aims to improve its EBITDA run-rate by an additional EUR 200 million and maintain a net debt to adjusted EBITDA ratio below 1.0 in normal market conditions.

The second phase is focused on three key priorities: sustainability, growth from productivity, and customer-focused steering. Outokumpu remains committed to capital discipline, limiting its capital expenditure to EUR 600 million for years 2023-2025, while also increasing its focus on shareholder returns.

For the second phase, Outokumpu launched two customer-differentiated strategies for business area Europe. The company aims to strengthen cost leadership in high-volume stainless steel products and global market leadership in advanced products. In business area Americas, the initial aim is to improve capacity by 80 kilotons with small investments as announced in June 2022. In business area Ferrochrome, carbon neutrality is a strategic priority.

At the end of the year 2023, Outokumpu had completed a total of 475 projects towards the EBITDA run-rate improvement target of EUR 200 million since the start of the second phase. 98 of these projects were completed in the fourth quarter of 2023. The company has a continuous improvement pipeline of more than 1,200 projects in the second phase, with more than 300 projects in the implementation stage at the end of the year. Outokumpu improved its EBITDA run-rate by EUR 54 million in the fourth quarter of 2023, which translates into a cumulative improvement of EUR 186 million.

In the third quarter, Outokumpu reported it had improved its EBITDA run-rate by EUR 70 million. However, during the fourth quarter it became apparent that one of the biggest projects included in the above mentioned figure was not realized as expected. As a result, the EBITDA run-rate improvement for the third quarter was revised and decreased to EUR 50 million.

In business area Americas, Outokumpu's target is to increase its cold rolling capacity by 80kt in the second phase of the strategy. At the end of 2023, the company was ahead of its target and had increased its cold rolling capacity by 55 kilotons in total. In San Luis Potosi, Mexico a significant number of actions had been implemented, allowing Outokumpu to offer to the market 32 kilotons of additional capacity of cold rolled prime product. In Calvert, Alabama, Outokumpu increased its cold rolling capacity by 23 kilotons through yield improvements and de-bottlenecking. Projects to turn this increased capacity into revenue are ongoing.

In the fourth quarter, on November 29, Outokumpu announced it had negotiated a long-term extension to its hot rolling partnership with AM/NS in business area Americas until 2051. The contract is subject to four years prior written notice with the earliest effective termination date being October 1, 2042. Outokumpu had been evaluating different options for its hot rolling arrangements to achieve its commercial ambitions in the attractive North American market. One option under consideration was to build its own hot rolling mill, however, as a result of the evaluation, continuing with the partnership was considered the best solution. Outokumpu aims to strengthen its position in North America and is evaluating a possible cold rolling capacity expansion, which would enable the company to grow in North America. Decisions regarding the cold rolling capacity expansion are foreseen within a year.

In business area Europe, in the middle of the challenging market conditions, the focus has been on improving profitability and competitiveness. On November 7, Outokumpu announced restructuring plans for its German operations in order to ensure its competitiveness in Europe and strengthen global market leadership in advanced materials. The company is planning to transfer precision strip operations from Dahlerbrück to Dillenburg and to centralize production. The intended change would both consolidate underutilized capacity and create significant synergies. In addition, Outokumpu is also closing the service center in Hockenheim and will transfer volumes to other locations.

Throughout the second phase of the strategy a strong focus has been on the steering model in business area Europe. Especially in the commodity business, Outokumpu has been able to improve steering and thereby benefit from being more agile while facing challenging market conditions. This, combined with the ongoing focus on improving the digital customer experience and continuing efficiencies in scrap utilization, business area Europe contributed strongly to the EBITDA run-rate improvement throughout 2023.

In business area Ferrochrome, Outokumpu is targeting significant emissions reductions for the Kemi mine to become carbon neutral by 2025. In October, the company took a significant step forward in reaching this target by replacing fossil fuels with renewable solutions provided by Neste, the world’s leading producer of renewable diesel. With renewable fuels, the annual greenhouse gas emissions of the Kemi mine will be cut by almost 11.3 million kilos, which corresponds to the removal of approximately 4,000 passenger cars from Finnish traffic for a year.

Outokumpu is a significant user of energy which impacts both costs and emissions. As part of the sustainability journey, the company has set an ambitious target to improve energy efficiency by 8% across the group by the end of 2024 compared to the January–September 2022 level. This corresponds to energy consumption of around 600 GWh. At the end of the year 2023, Outokumpu had achieved a run-rate improvement of 215 GWh in context of energy consumption, resulting in savings of more than EUR 10 million.

During 2023, Outokumpu took significant actions to strengthen its supply of sustainable raw materials. In the fourth quarter, Outokumpu announced it has signed an agreement to become a shareholder in Envigas AB, a leading European producer of biocarbon, with an ownership share of 20%. The company also announced it is expanding collaboration with CRONIMET to take circularity to new heights and to secure access to high-quality scrap near Outokumpu's sites in Europe. The company signed an agreement to acquire a 10% minority interest in CRONIMET North-East GmbH, the holding company for CRONIMET's Northeastern business in Europe and the partnership agreement was completed after the reporting period on January 24, 2024. In the fourth quarter, Outokumpu also signed a letter of intent with Greenland Resources Inc. to strengthen the future supply chain of low-emission high-quality molybdenum and in the second quarter, the company acquired a 9.9% share of FPX Nickel to strengthen the supply chain of sustainable nickel.

In 2023, Outokumpu announced it has begun preparations for the third phase of its strategy, which will start in 2026 and will most likely require new investments. The company's focus in the third phase will be to strengthen its market position further and to develop more globally diversified operations including Americas expansion, European competitiveness, value-chain integration and sustainability leadership along with the possible biocoke investment.

On December 18, Outokumpu announced that it is investing EUR 30 million in a pelletizing plant for biocoke in Tornio, Finland to accelerate the reduction of direct emissions. The company also continues to plan for further investments to capacity for a biocoke production in the future. Further investment decisions are expected during 2024 provided that the financial feasibility is proven.

Divestment of the Long Products business

In 2023, Outokumpu successfully exited the Long Products business as it was considered non-core. The majority of the Long Products business was divested already at the beginning of the year and the exit was finalized in the third quarter when the divestment of the remaining units was completed.

On July 12, 2022, Outokumpu signed an agreement to divest the majority of its Long Products business operations to Marcegaglia Steel Group, a leading global industrial group in the steel processing sector.

The prerequisites for the completion of the transaction were, among other things, the necessary approvals by the competition authorities. Outokumpu announced the approvals on December 14, 2022.

On January 3, 2023, Outokumpu completed the divestment of the majority of the Long Products business. The transaction was carried out as a share sale and, as a result of the transaction, melting, rod, and bar operations in Sheffield, the UK, bar operations in Richburg, the US, and wire rod mill in Fagersta, Sweden, were sold to Marcegaglia. The transaction excluded Outokumpu Long Products AB units in Degerfors and Storfors, Sweden.

The total consideration for the transaction on a debt and cash-free basis was EUR 228 million. Provisional cash proceeds for the equity and net debt item were EUR 214 million, with EUR 5 million paid into an escrow account.

The transaction costs in total were EUR 8 million and are presented in the net result for the period from discontinued operations.

The received proceeds, net of cash disposed, were EUR 94 million. The gain on divestment reported in the net result from discontinued operations was EUR 5 million, mainly as the accumulated translation differences were reclassified into net result at the time of the divestment. The consideration is still subject to the release of the escrow account. In 2022, Outokumpu recognized in the net result from the discontinued operations an impairment loss of EUR 33 million.

On April 1, 2023, Outokumpu signed an agreement to divest the remaining Long Products operations in Degerfors and Storfors, Sweden to Cogne Acciai Speciali, a world leader in the production of long stainless steels and nickel alloys based in Italy. On August 1, 2023, Outokumpu completed the divestment. The company's plate operations in Degerfors were not affected by the divestment. The enterprise value of the transaction was EUR 12 million and it had a positive cash impact for Outokumpu. Outokumpu booked a loss of EUR 26 million in the third quarter.

Financial position and cash flow

Operating cash flow in the fourth quarter of 2023 amounted to EUR 236 million (EUR 289 million, incl. discontinued operations). Operating cash flow for full-year 2023 was EUR 325 million (EUR 778 million, incl. discontinued operations). The decrease in the annual operating cash flow compared to the previous year was mainly driven by weaker profitability, partly offset by positive development in net working capital.

In the fourth quarter, net working capital decreased by EUR 197 million, in line with the seasonal pattern (decrease of EUR 229 million, incl. discontinued operations). During full-year of 2023, net working capital decreased by EUR 54 million, while there was an increase of EUR 587 million in the previous year. The difference in net working capital development compared to the previous year was mainly driven by lower metal prices as inventory volumes remained relatively stable.

Inventories continued to decrease also during the fourth quarter and stood at EUR 1,581 million at the end of December (September 30, 2023: EUR 1,722 million, December 31, 2022: EUR 1,783 million). The inventory decrease in the fourth quarter was EUR 142 million and was mainly driven by lower production volumes. The inventory decrease in full-year of 2023 was EUR 202 million.

Capital expenditure amounted to EUR 86 million in the fourth quarter (EUR 60 million) and EUR 170 million in the full-year of 2023 (EUR 158 million).

Net debt amounted to EUR -60 million at the end of December (September 30, 2023: EUR 29 million, December 31, 2022: EUR -10 million, incl. discontinued operations). The completion of the divestment of the majority of the Long Products business had a EUR 94 million positive impact on net debt, while the dividend payment of EUR 152 million for the year 2022 had a negative impact on net debt. In the fourth quarter, the impact of the announced EUR 50 million share buyback program is included in net debt. This comprises of EUR 12 million cash impact and EUR 38 million financial liability. Gearing amounted to -1.6% at the end of December (September 30, 2023: 0.7%, December 31, 2022: -0.3%, incl. discontinued operations).

Net financial expenses in the fourth quarter amounted to EUR 6 million (EUR 18 million) and interest expenses EUR 14 million (EUR 12 million).

Net financial expenses in full-year 2023 decreased to EUR 37 million (EUR 71 million) and were driven by higher interest income, lower loan-related fees and market price impact. Interest expenses increased to EUR 60 million (EUR 44 million), mainly due to an overall higher interest rate environment.

Cash and cash equivalents amounted to EUR 502 million at the end of December (September 30, 2023: EUR 367 million, December 31, 2022: EUR 644 million, incl. discontinued operations) and overall liquidity reserves were EUR 1.3 billion (September 30, 2023: 1.2 billion, December 31, 2022: EUR 1.4 billion). In the second quarter of 2023, Outokumpu prepaid EUR 141 million of the remaining outstanding pension loans.

On December 31, 2023, Outokumpu had a total of EUR 800 million of outstanding committed credit facilities, which were fully unutilized. In 2023, Outokumpu extended its current EUR 700 million multicurrency revolving credit facility by one year and it will mature in February 2027.

In 2021, Outokumpu signed a deal on three cargo vessels with Langh Ship to reduce CO_2 emissions in transports. The company will take these cargo vessels into use during the first half of 2024. The net debt impact is expected to be approximately EUR 38 million in the first half of 2024, of which approximately EUR 25 million in the first quarter.

Market development

CRU adjusted downwards the expectations concerning global apparent consumption and estimates that total global apparent consumption of stainless steel flat products in 2023 will remain at the previous year's level, showing only a very minor increase of 0.1%. However, in EMEA apparent consumption of stainless steel flat products is estimated to decrease by 18.3% in 2023 compared to the previous year.

According to CRU’s latest estimates, global apparent consumption of stainless steel flat products decreased by 2.2% in the fourth quarter of 2023 compared to the same period last year. While demand in EMEA remained stable at +0.2%, demand in the Americas increased by 0.9%. On the other hand, demand in APAC decreased by 2.9%.

Compared to the third quarter of 2023, global apparent consumption of stainless steel flat products decreased by 5.0% in the fourth quarter of 2023. The main part of this negative development was to be reported for APAC, with a decrease of 7.3%, whereas the Americas was stable at -0.2% and EMEA increased by 8.5%.

After a short restocking phase towards the end of the third quarter to avoid potential inventory gaps, demand weakened again in the fourth quarter and remained subdued. End-users and distributors were missing clear signs of a demand recovery and placed orders only to the amount of their sales. Holding a bearish outlook, buyers did not want to take risks on prices or demand development.

Also, in the US, the market remained soft during the last quarter of the year, with many investments on hold or even cancelled due to elevated interest rates. Over-capacities in the Chinese market and a bearish market sentiment led to production cuts at several producers. The economy was suffering from the poorly performing real estate sector and there were no clear signs of a recovery in underlying demand.

In 2024, global markets may become more regionalized as macro-headwinds and geopolitical risks may intensify. Buyers are likely to hold a bearish sentiment, with demand recovery to materialize only in the second half of the year.

According to CRU's latest estimates, global apparent consumption of stainless steel flat products is expected to increase in the first quarter of 2024 by 1.5% compared to the previous quarter. This is driven by an increase of 6.9% in EMEA and 0.8% in APAC, while the Americas is likely to decrease by 0.8%. The first quarter of 2024 is expected to show an increase of 7.1% compared to the first quarter of the previous year.

While the European market is likely to undergo production optimization in the first quarter of 2024, reflecting weak demand, the US market is expected to show a slowdown in demand. The Chinese market may experience a seasonal slowdown due to New Year festivities during the first quarter.

In 2024, global apparent consumption of stainless steel flat products is expected to increase by 4.5% compared to 2023. This is mainly driven by an increase of 7.2% in EMEA and 4.2% in APAC, while the market in the Americas is expected to grow only by 2.9%.

(Source: CRU Stainless Steel Flat Products Market Outlook November 2023)

Business area Europe

Europe key figures		Q4/23	Q4/22	Q3/23	2023	2022
Stainless steel deliveries	1,000 tonnes	**327**	322	322	**1,367**	1,423
Sales	EUR million	**1,066**	1,350	1,034	**4,818**	6,266
Adjusted EBITDA	EUR million	**4**	69	-29	**148**	680
Adjustments to EBITDA	EUR million	**-46**	—	—	**-52**	—
EBITDA	EUR million	**-42**	69	-29	**96**	680
Operating capital	EUR million	**1,850**	1,864	1,974	**1,850**	1,864
ROOC, rolling 12 months	%	**1.5**	28.9	4.6	**1.5**	28.9

Results

Q4 2023 compared to Q4 2022

Sales decreased to EUR 1,066 million (EUR 1,350 million).

Adjusted EBITDA amounted to EUR 4 million (EUR 69 million)

- Stainless steel deliveries were 2% higher.
- Profitability was negatively impacted by substantially lower realized prices for stainless steel.
- Variable costs decreased as a result of lower consumable prices, especially in electricity and ferrosilicon.
- Maintenance costs increased.
- Raw material-related inventory and metal derivative gains amounted to EUR 6 million (losses of EUR 30 million in Q4 2022).
- Adjustments to EBITDA include the impact from restructuring plans in Germany.

ROOC was 1.5% (28.9%).

Q4 2023 compared to Q3 2023

Sales increased to EUR 1,066 million (EUR 1,034 million).

Adjusted EBITDA amounted to EUR 4 million (EUR -29 million).

- Stainless steel deliveries increased by 1%.
- Realized prices for stainless steel slightly increased reflecting a moderate market recovery.
- Maintenance costs were higher while variable costs slightly decreased mainly due to lower electricity and ferrosilicon prices.
- Raw material-related inventory and metal derivative gains amounted to EUR 6 million (losses of EUR 16 million in Q3 2023).
- Adjustments to EBITDA include the impact from restructuring plans in Germany.

ROOC was 1.5% (4.6%).

2023 compared to 2022

Sales decreased to EUR 4,818 million (EUR 6,266 million).

Adjusted EBITDA amounted to EUR 148 million (EUR 680 million)

- Stainless steel deliveries were 4% lower.
- Weaker profitability was driven by remarkably lower realized prices for stainless steel.
- Variable costs increased as a result of higher consumable and energy prices, and also fixed costs were slightly higher.
- Raw material-related inventory and metal derivative losses amounted to EUR 27 million (losses of EUR 135 million in 2022).
- Adjustments to EBITDA include the impact from restructuring plans in Germany.

ROOC was 1.5% (28.9%).

Market

- In Q4 2023, apparent consumption in EMEA increased by 0.2% from Q4 2022 and by 8.5% from Q3 2023. In 2023, apparent consumption decreased by 18% compared to 2022. (Source: CRU Stainless Steel Flat Products Market Outlook November 2023)
- With high interest rates and uncertainties related to demand and price development, distributors ordered only small volumes to keep inventory levels low before seasonally slow year-end. Distributor inventories were below the average at the end of 2023.
- The share of EU cold-rolled imports from third countries was 12% in Q4 2023 and 19% in 2023 compared to 35% in 2022. In addition to long lead times, the ongoing anti-circumvention investigations and the start of the CBAM registrations prevented buyers from ordering foreign material. (Source: EUROFER January 2024).

Business area Americas

Americas key figures		Q4/23	Q4/22	Q3/23	2023	2022
Stainless steel deliveries	1,000 tonnes	**130**	125	132	**552**	654
Sales	EUR million	**423**	471	441	**1,892**	2,695
Adjusted EBITDA	EUR million	**54**	23	53	**285**	384
Adjustments to EBITDA	EUR million	**-7**	2	-5	**-16**	2
EBITDA	EUR million	**46**	25	48	**270**	387
Operating capital	EUR million	**594**	990	944	**594**	990
ROOC, rolling 12 months	%	**25.8**	32.4	19.3	**25.8**	32.4

Results

Q4 2023 compared to Q4 2022

Sales decreased to EUR 423 million (EUR 471 million).

Adjusted EBITDA amounted to EUR 54 million (EUR 23 million).

- Stainless steel deliveries increased by 4%.
- Realized prices for stainless steel were at a lower level while positive raw material related impacts supported profitability.
- Variable costs remained stable.
- Raw material-related inventory and metal derivative losses amounted to EUR 6 million (losses of EUR 29 million in Q4 2022).

ROOC was 25.8% (32.4%), and was negatively impacted by EUR 264 million impairment booking related to the renegotiated hot rolling agreement.

Q4 2023 compared to Q3 2023

Sales decreased to EUR 423 million (EUR 441 million).

Adjusted EBITDA amounted to EUR 54 million (EUR 53 million).

- Stainless steel deliveries decreased by 2%.
- Realized prices for stainless steel remained relatively stable.
- Profitability was slightly burdened by negative raw material related impacts while costs remained stable.
- Raw material-related inventory and metal derivative losses amounted to EUR 6 million (loss of EUR 11 million in Q3 2023).

ROOC was 25.8% (19.3%), and was negatively impacted by the impairment booking.

2023 compared to 2022

Sales decreased to EUR 1,892 million (EUR 2,695 million).

Adjusted EBITDA amounted to EUR 285 million (EUR 384 million)

- Stainless steel deliveries decreased by 16%.
- Negative effect on profitability from lower realized prices for stainless steel was offset by positive raw material related impacts.
- Variable costs remained relatively stable and fixed costs slightly decreased.
- Raw material-related inventory and metal derivative losses amounted to EUR 1 million (losses of EUR 36 million in 2022).
- Adjustments to EBITDA include costs related to the strategic hot rolling assessment.

ROOC was 25.8% (32.4%), and was negatively impacted by the impairment booking.

Market

- During Q4 2023, apparent consumption in Americas for cold-rolled flat products decreased by 9% compared to Q3 2023 and by 5% compared to Q4 2022. In 2023, apparent consumption decreased by 23% compared to 2022. (Source: American Iron and Steel Institute, AISI)
- The share of cold-rolled imports into the US increased from a level of 24% in Q3 2023 to a level of 26% in Q4 2023. In 2023, share of imports decreased to 22% compared to 26% in 2022. (Source: AISI)
- US cold-rolled distributors continued to maintain lean inventory levels in Q4 2023 and inventories remained below the average levels at the end of 2023.

Business area Ferrochrome

Ferrochrome key figures		Q4/23	Q4/22	Q3/23	2023	2022
Ferrochrome production	1,000 tonnes	**76**	69	125	**390**	430
Sales	EUR million	**123**	110	117	**467**	633
Adjusted EBITDA	EUR million	**23**	14	21	**96**	220
Adjustments to EBITDA	EUR million	**-3**	—	—	**-3**	—
EBITDA	EUR million	**20**	14	21	**93**	220
Operating capital	EUR million	**894**	867	893	**894**	867
ROOC, rolling 12 months	%	**5.0**	20.7	4.7	**5.0**	20.7

Results

Q4 2023 compared to Q4 2022

Sales increased to EUR 123 million (EUR 110 million).

Adjusted EBITDA amounted to EUR 23 million (EUR 14 million).

- Ferrochrome production was 11% higher mainly because the reference period was negatively affected by the optimization of the ferrochrome production due to exceptionally high electricity price.
- Profitability was negatively impacted by a weaker ferrochrome sales price, which was affected by a stronger EUR/USD foreign exchange rate.
- Higher electricity price increased variable costs while there was an offsetting impact from lower reductant prices.
- Fixed costs decreased.

ROOC was 5.0% (20.7%).

Q4 2023 compared to Q3 2023

Sales increased to EUR 123 million (EUR 117 million).

Adjusted EBITDA amounted to EUR 23 million (EUR 21 million).

- Production was 39% lower mainly due to a major maintenance break in one of the ferrochrome furnaces.
- Profitability was positively impacted by a higher ferrochrome sales price, which was supported by a weaker EUR/USD foreign exchange rate.
- Variable costs decreased as a result of lower reductant price and electrification aid.
- Fixed costs increased, and were impacted by higher maintenance costs.

ROOC was 5.0% (4.7%).

2023 compared to 2022

Sales decreased to EUR 467 million (EUR 633 million).

Adjusted EBITDA amounted to EUR 96 million (EUR 220 million)

- Ferrochrome production was 9% lower mainly due to weak market conditions and a major maintenance break in one of the ferrochrome furnaces.
- Profitability was negatively impacted by a significantly lower ferrochrome sales price.
- Variable costs increased due to higher electricity price.
- Fixed costs decreased and were positively affected by lower maintenance costs.

ROOC was 5.0% (20.7%).

Market

- Ferrochrome market was weak already in Q3 2023 and continued to slow down further during Q4 2023.

Other

- Outokumpu's ferrochrome inventories increased during the second half of the year due to weaker ferrochrome demand and the company decided to restrict its ferrochrome production. After the reporting period, in January, Outokumpu closed one of its three ferrochrome furnaces and one of the two sintering plants and ferrochrome production is expected to continue at 80% of the full capacity until fall 2024.

Sustainability

Outokumpu's vision is to be the customer's first choice in sustainable stainless steel, and the company's purpose is working towards a world that lasts forever. Sustainability at Outokumpu is founded on good governance and three pillars—environmental, economic, and social—which all work as a basis for our business. The company is a signatory to the United Nations Global Compact. Outokumpu is committed to the United Nations' Sustainable Development Goals, with a focus on the following six objectives: affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; responsible consumption and production; climate action; and partnerships for the goals. These goals were the result of a materiality analysis that was conducted in 2021. Outokumpu updated a double materiality analysis in the fourth quarter of 2023 and will communicate it in early 2024.

In the past, Outokumpu has operated mines both in Finland and elsewhere. At the beginning of the 2000s, the company decided to focus on stainless steel. Currently, Outokumpu has only one active mine, the Kemi chrome mine, which is an integral part of our stainless steel production. The Kemi mine is the only chrome mine in the European Union, and the carbon footprint of Outokumpu's ferrochrome operations is estimated to be 67% lower than the global industry average. Outokumpu has set a target to reach carbon neutrality in Kemi mine by 2025. The European Commission has announced its pivotal instrument, Carbon Border Adjustment Mechanism (CBAM), to combat carbon leakage of goods, including steel, with significant emission intensity being imported into the EU. Currently CBAM is planning to cover Scope 1 emissions and partially Scope 3 emissions (such as ferronickel, ferrochrome, and ferromanganese).

Outokumpu has ambitious climate targets approved by the Science-Based Target initiative aligned with 1.5 °C degrees. Outokumpu is committed to reducing its direct (Scope 1), indirect (Scope 2) and supply chain (Scope 3) emission intensity by 42% by 2030 compared to the 2016 baseline. Outokumpu's sustainability targets also include an increased recycling rate and energy efficiency, improved safety and organizational health, diversity, equity and inclusion, supply chain sustainability and zero environmental incidents.

Outokumpu took part in the UN climate conference COP28 held in December in Dubai, UAE, to advocate for the crucial role of stainless steel in accelerating the green transition. During the fourth quarter, Outokumpu partnered with Envigas to develop future biobased materials in the production of stainless steel. Outokumpu also made an investment decision on a pelletizing plant for biocoke in Tornio, Finland to reduce direct emissions. The company continues to plan for further investments to capacity for biocoke production in the future. Further investment decisions are expected in 2024 provided that the financial feasibility is proven. During 2023, Circle Green supported several customers, including Siemens, Alfa Laval and ZWILLING and STAHL KREBS, in reducing their emissions.

In 2023, Outokumpu was also ranked by EcoVadis among the top 1% companies in sustainability, receiving a Platinum rating during the fourth quarter. This is not the first time Outokumpu has received Platinum rating, however, this year, Outokumpu scored its all time high points. Outokumpu has also finalized the ResponsibleSteel audit process, and is waiting for the confirmation for certification for all of its European sites.

Outokumpu has an ambitious energy efficiency program, in which the target is to improve energy efficiency by 8% by the end of 2024 across Outokumpu's operations from the January–September 2022 baseline. This effort would correspond to energy savings equivalent to the annual electricity usage of 15,000 households. During the fourth quarter, three additional investment projects were approved to improve energy efficiency.

Outokumpu accomplished improvements in recovering and re-utilizing excess heat at its mills and continues to identify additional potential improvements. The company continues its efforts to implement over 35 investment initiatives.

In 2023, Outokumpu reduced its emission intensity aligned with its climate target. The company met the set targets for sustainability key performance indicators (KPIs) also in the fourth quarter for material recycling. Recycled material content remained high and was 95% for the rolling 12 months for the entire group. During the fourth quarter, there were six environmental incidents with three permit breaches. These were reported to the relevant authorities.

Strong safety performance continued throughout the year and even improved further during the last quarter. In the fourth quarter, safety performance measured as the total recordable incident frequency rate (TRIFR) amounted to 1.3 (Q3/2023: 1.7; Q4/2022: 1.3). In 2023, TRIFR was 1.5 which is a significant improvement compared to last year and shows the company's commitment to safety (2022: 1.8).

In 2023, the safety network accomplished second phase of a cross-assessment program with the focus on standards and guidelines. To reduce the exposure of employees to safety risks two AI-enabled robots were deployed at two sites. Also, the scope of investigations and a structured sharing was enlarged to minor incidents to focus on preventive actions. The roll-out of a harmonized reporting tool to four pilot sites was finalized.

Personnel

On December 31, 2023, Outokumpu's full-time equivalent number of personnel totaled 8,469 (September 30, 2023: 8,512, December 31, 2022: 8,357).

Shares

On December 31, 2023, Outokumpu's share capital was EUR 311 million and the total number of shares was 456,874,448. At the end of December, Outokumpu held 25,683,745 treasury shares. The average number of shares outstanding was 433,396,662 in the fourth quarter of 2023 and 435,090,240 in full-year 2023. The closing share price at the end of the period, on December 29, was EUR 4.48.

The Annual General Meeting authorized the Board of Directors on March 30, 2023, to resolve to repurchase the company's own shares, to decide on the issuance of shares as well as special rights entitling to shares.

The Board of Directors is authorized to resolve to purchase a maximum of 45,000,000 of Outokumpu's own shares and to issue a maximum of 45,000,000 shares. The authorizations are in force until the end of the next Annual General Meeting, however, expiring at the latest on May 31, 2024.

Resolutions of the Annual General Meeting 2023 were published as a stock exchange release on March 30, 2023, and are available on Outokumpu's website.

Share buyback program

On March 24, 2023, Outokumpu completed its share buyback program of up to EUR 100 million and repurchased a total of 19,836,205 shares.

On November 29, 2023, Outokumpu launched a share buyback program of up to EUR 50 million under the authorization of the Annual General Meeting. The maximum number of shares to be repurchased under the program is 11 million, representing approximately 2.4% of the company's total number of shares. The program commenced on December 1, 2023, and ends no later than on March 21, 2024.

Through the share buyback program, Outokumpu seeks to mitigate and manage the dilutive impact of the company's outstanding convertible bonds. The repurchased shares will be initially held by Outokumpu as treasury shares and may be used to meet its obligations under the convertible bonds. Alternatively, Outokumpu may decide to cancel any or all of the repurchased shares and reduce its capital accordingly. The share repurchases will be funded by using funds from the unrestricted equity. Prior to the announcement, Outokumpu held 23,041,290 treasury shares, representing approximately 5.0% of the company's total number of shares.

During the year 2023, Outokumpu purchased a total of 13,903,534 of its own shares with EUR 70 million. 2,642,455 shares were repurchased under the new 2023 share buyback program and 11,261,079 under the 2022 program that ended on March 24, 2023. On December 31, 2023, Outokumpu held 25,683,745 treasury shares.

Risks and uncertainties

Outokumpu is exposed to various risks and uncertainties that may have an adverse impact on its business and operations. The adverse development of the global economy, geopolitical conflicts including the Israel-Hamas war, the recent tension in the Red Sea and the continued war in Ukraine have increased the risks and uncertainties to which Outokumpu is exposed. However, the company has taken prompt measures to manage and control these risks.

The main uncertainties relate to inflation, slow growth in China, geopolitical conflicts that could disrupt global supply chains, energy prices and the slowdown of the global economic growth. All these adverse consequences could impact Outokumpu's operating environment, business, and stainless steel demand.

Throughout 2023, electricity prices have declined but the uncertainties in volatility and price peaks remain and may expose Outokumpu to increased energy costs. During the fourth quarter, the main driver of the volatility in the electricity prices in the Nordics was the cold weather and the limited wind and hydro balance availability. Possible increases in the price of electricity would mainly affect business area Ferrochrome, due to the high amount of electricity needed in ferrochrome production. The activities implemented in relation to electricity optimization are enabling mitigation of peaks in spot market electricity prices and for 2024, Outokumpu’s energy portfolio has been hedged with roughly two thirds of the estimated consumption.The nuclear power plant Olkiluoto-3 in Finland continued to balance the electricity market in Finland with good electricity availability.

Gas availability in Germany remained sufficient during the fourth quarter with limited uncertainties for the remaining winter period. The uncertainties over gas are mainly related to increased energy price sensitivity to adverse events in the geopolitical situation, especially developments in the Middle East. Any severe disruption or possible further sanctions in the natural gas supply could affect the prices or availability of gas for Outokumpu’s operations in Europe. Outokumpu acquires energy gases from the European market, for which Russia is one of the indirect suppliers.

Outokumpu does not purchase any scrap or nickel of Russian origin for its operations. The risk of possible disruptions in its raw material supply chain due to sanctions is considered to be limited. At the end of 2023, indirect supply from Russia still exists for a very limited amount of raw material, and the company is demanding that its supplier finds alternative sources globally.

The company remains exposed to risks related to volatile metal prices, especially nickel. Volatile metal prices may impact Outokumpu’s result, among other financial risks.

In addition, cyber security threats and dependencies on critical suppliers expose Outokumpu to the risk of operational disruptions and additional costs. In the fourth quarter, Outokumpu announced that with respect to its critical supplier dependency in the US it has successfully extended the existing hot rolling agreement with its current partner AM/NS on mutually acceptable terms until October 1, 2051. The contract is subject to prior written notice of four years, with the earliest effective termination date being October 1, 2042.

The EU safeguard measures, renewed in June 2023 by the European Commission, are in place until June 2024 which decreases the risk of a sudden import surge. In August 2023, the anti-circumvention investigation on cold rolled stainless steel from Indonesia was initiated and this has decreased the risk of imports from Taiwan, Turkey, and Vietnam.

Outokumpu Oyj has been joined in arbitration proceedings over a dispute between Fennovoima and Rosatom entities related to the termination of the EPC (Engineering, Procurement and Construction) contract. Outokumpu disputes the existence of any contractual relationship, obligation, or arbitration agreement between Outokumpu and any Rosatom entity.

For more information on Outokumpu’s risks, please refer to the Annual Report for 2022 and the Notes to the 2022 Financial Statements, until the Annual Report for 2023 and the Notes to the 2023 Financial Statements are published during week 9.

Board of Directors' proposal for profit distribution

According to the dividend policy, Outokumpu aims to distribute a stable and growing dividend, to be paid annually. According to the parent company´s financial statements on December 31, 2023, distributable funds totaled EUR 2,589 million, of which retained earnings were EUR 369 million.

The Board of Directors proposes to the Annual General Meeting to be held on April 4, 2024, that a dividend of EUR 0.26 per share, be paid for the year 2023.

Last year, the Board stated that the base dividend amount of EUR 0.25 was the basis for future dividend distributions in accordance with the policy. The extra dividend of EUR 0.10 per share was a one-time extra dividend that was proposed to be distributed to the shareholders for the exceptionally good result of the financial year 2022.

Changes in management and Board of Directors

On June 7, 2023, it was announced that Marc-Simon Schaar has been appointed as Chief Procurement Officer and member of Outokumpu Leadership Team. Marc-Simon Schaar has worked at Outokumpu since 2011 in senior roles in finance, M&A, and raw materials procurement, most recently as SVP, Raw Materials Procurement. Chief Procurement Officer is a new role in the company and reports to CEO Heikki Malinen.

On March 30, 2023, Vesa-Pekka Takala left the Board of Directors and the Annual General Meeting 2023 elected Jyrki Mäki-Kala as a new member, for a term of office ending at the end of the next Annual General Meeting.

Events after the reporting period

After the reporting period, Outokumpu repurchased 6,297,563 shares under the share buyback program, which ends no later than on March 21, 2024. By February 7, 2024, Outokumpu had repurchased a total of 8,940,018 shares under the share buyback program. After the disclosed transactions, the company held a total of 31,981,308 treasury shares.

After the reporting period, on January 24, 2024, Outokumpu announced it has completed the partnership agreement to accelerate circularity and becomes a minority shareholder in CRONIMET North-East GmbH.

After the reporting period, on January 3, 2024, Outokumpu announced that it plans to temporarily restrict its ferrochrome production due to weak ferrochrome market conditions.

Helsinki, February 8, 2024

Outokumpu Oyj
Board of Directors

Financial information

Condensed statement of income (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Continuing operations				
Sales	**1,513**	1,895	**6,961**	9,494
Cost of sales	**-1,484**	-1,741	**-6,474**	-8,147
Gross margin	**29**	154	**486**	1,346
Other operating income	**26**	6	**62**	18
Sales, general and administrative costs	**-93**	-88	**-346**	-313
Other operating expenses	**-276**	-42	**-302**	-60
EBIT	**-314**	31	**-100**	992
Share of results in associated companies	**0**	-1	**4**	11
Interest expenses	**-14**	-12	**-60**	-44
Net other financial income and expenses	**8**	-5	**23**	-26
Total financial income and expenses	**-6**	-18	**-37**	-71
Result before taxes	**-320**	13	**-133**	933
Income taxes	**79**	299	**22**	154
Net result for the period from continuing operations	**-242**	312	**-111**	1,086
Discontinued operations				
Net result for the period from discontinued operations	**—**	3	**5**	54
Net result for the period	**-242**	315	**-106**	1,140
Earnings per share for result from continuing operations attributable to the equity holders of the parent company				
Earnings per share, EUR	**-0.56**	0.69	**-0.26**	2.40
Diluted earnings per share, EUR	**-0.51**	0.64	**-0.22**	2.22
Earnings per share for result attributable to the equity holders of the parent company				
Earnings per share, EUR	**-0.56**	0.70	**-0.24**	2.52
Diluted earnings per share, EUR	**-0.51**	0.64	**-0.21**	2.33

Statement of comprehensive income (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net result for the period	**-242**	315	**-106**	1,140
Other comprehensive income, continuing operations				
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations				
Change in exchange differences	**-65**	-159	**-58**	17
Cash flow hedges				
Fair value changes during the financial year	**12**	-72	**71**	-43
Reclassification to profit or loss	**-19**	3	**-15**	28
Income taxes	**1**	7	**-6**	-1
Items that will not be reclassified to profit or loss:				
Remeasurements on defined benefit plans				
Changes during the accounting period	**-15**	-4	**-15**	65
Income taxes	**5**	-1	**5**	-24
Equity investments at fair value through other comprehensive income	**-5**	-18	**-23**	-4
Share of other comprehensive income in associated companies	**0**	0	**1**	0
Other comprehensive income, continuing operations, net of tax	**-85**	-243	**-41**	38
Other comprehensive income, discontinued operations, net of tax	**—**	-7	**-12**	8
Other comprehensive income, net of tax	**-85**	-251	**-53**	46
Total comprehensive income for the period	**-327**	64	**-159**	1,186

Net result for the period and total comprehensive income for the period are fully attributable to the equity holders of the parent company.

Condensed statement of financial position (EUR million)	Dec 31 2023	Dec 31 2022
ASSETS		
Non-current assets		
Intangible assets	**556**	547
Property, plant, and equipment	**2,052**	2,406
Investments in associated companies	**62**	51
Other financial assets	**12**	25
Deferred tax assets	**454**	390
Trade and other receivables	**12**	6
Total non-current assets	**3,148**	3,425
Current assets		
Inventories	**1,581**	1,783
Other financial assets	**60**	63
Trade and other receivables	**636**	767
Cash and cash equivalents	**502**	526
Total current assets	**2,779**	3,139
Assets held for sale	**—**	419
TOTAL ASSETS	**5,927**	6,983
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent company	**3,762**	4,119
Non-current liabilities		
Non-current debt	**359**	491
Other financial liabilities	**8**	11
Deferred tax liabilities	**31**	0
Employee benefit obligations	**212**	216
Provisions	**73**	49
Trade and other payables	**16**	20
Total non-current liabilities	**700**	787
Current liabilities		
Current debt	**82**	141
Other financial liabilities	**40**	120
Provisions	**37**	32
Trade and other payables	**1,307**	1,581
Total current liabilities	**1,465**	1,874
Liabilities related to assets held for sale	**—**	204
TOTAL EQUITY AND LIABILITIES	**5,927**	6,983

In the second quarter of 2023, the process for netting the deferred tax assets and liabilities was redefined.

Condensed statement of cash flows (EUR million)[1]	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net result for the period	**-242**	315	**-106**	1,140
Adjustments				
Depreciation, amortization, and impairments	**329**	70	**516**	297
Other non-cash adjustments	**-89**	-295	**-25**	33
Change in working capital	**197**	229	**54**	-587
Provisions and employee benefit obligations	**35**	-19	**6**	-53
Interests and dividends received	**4**	6	**19**	7
Interests paid	**-8**	-7	**-47**	-39
Other financial items	**-7**	0	**-9**	0
Income taxes paid	**17**	-9	**-84**	-21
Net cash from operating activities	**236**	289	**325**	778
Purchases of assets	**-86**	-60	**-170**	-160
Proceeds from the disposal of shares in Group companies and businesses, net of cash	**-8**	-5	**97**	-1
Proceeds from the sale of assets	**14**	0	**37**	2
Other investing cash flow	**-1**	0	**1**	0
Net cash from investing activities	**-80**	-65	**-35**	-159
Cash flow before financing activities	**156**	225	**290**	619
Dividends paid	**—**	—	**-152**	-68
Repurchase of treasury shares	**-12**	-42	**-70**	-42
Repayment of non-current debt	**-10**	-8	**-208**	-105
Change in current debt	**0**	-83	**0**	-58
Net cash from financing activities	**-22**	-133	**-430**	-272
Net change in cash and cash equivalents	**135**	91	**-140**	346
Cash and cash equivalents at the beginning of the period	**367**	558	**644**	300
Net change in cash and cash equivalents	**135**	91	**-140**	346
Foreign exchange rate effect	**0**	-5	**-2**	-3
Cash and cash equivalents at the end of the period[2]	**502**	644	**502**	644

[1] In the second quarter of 2023, cash flow presentation within the net cash from operating activities was changed. The impact is not material.

[2] Year 2022 includes cash and cash equivalents of discontinued operations amounting to EUR 117 million.

Statement of changes in equity (EUR million)	Attributable to the equity holders of the parent company										
	Share capital	Premium fund	Other restricted reserves	Invested unrestricted equity reserve	Treasury shares	Fair value reserve from equity investments	Fair value reserve from derivatives	Cumulative translation differences	Remeasurements of defined benefit plans	Other retained earnings	Total equity
Equity on January 1, 2022	**311**	**714**	**3**	**2,308**	**-30**	**-89**	**-7**	**-22**	**-169**	**101**	**3,120**
Net result for the period	—	—	—	—	—	—	—	—	—	1,140	1,140
Other comprehensive income	—	—	—	—	—	-4	-15	24	41	0	46
Total comprehensive income for the period	—	—	—	—	—	-4	-15	24	41	1,140	1,186
Transactions with equity holders of the parent company											
Contributions and distributions											
Dividend distribution	—	—	—	—	—	—	—	—	—	-68	-68
Repurchase of treasury shares[1)]	—	—	—	—	-100	—	—	—	—	—	-100
Share-based payments	—	—	—	—	1	—	—	—	—	6	7
Fair value transfer to inventory	—	—	—	—	—	—	-26	—	—	—	-26
Equity on December 31, 2022	**311**	**714**	**3**	**2,308**	**-129**	**-93**	**-48**	**3**	**-128**	**1,179**	**4,119**
Equity on January 1, 2023	**311**	**714**	**3**	**2,308**	**-129**	**-93**	**-48**	**3**	**-128**	**1,179**	**4,119**
Net result for the period	—	—	—	—	—	—	—	—	—	-106	-106
Other comprehensive income	—	—	—	—	—	-23	49	-68	-11	1	-53
Total comprehensive income for the period	—	—	—	—	—	-23	49	-68	-11	-105	-159
Transactions with equity holders of the parent company											
Contributions and distributions											
Dividend distribution	—	—	—	—	—	—	—	—	—	-152	-152
Repurchase of treasury shares[2)]	—	—	—	—	-50	—	—	—	—	—	-50
Convertible bond	—	—	—	0	1	—	—	—	—	—	0
Share-based payments	—	—	—	—	9	—	—	—	—	-10	-2
Fair value transfer to inventory	—	—	—	—	—	—	5	—	—	—	5
Other[3)]	—	—	-3	—	—	117	—	28	—	-142	—
Equity on December 31, 2023	**311**	**714**	**0**	**2,307**	**-169**	**1**	**5**	**-38**	**-139**	**770**	**3,762**

[1)] Outokumpu announced on November 3, 2022, a share buyback program and completed the program on March 24, 2023. Due to the nature of the contract with the third party, Outokumpu recognized a EUR 58 million financial liability in December 2022 related to the share buyback program and the maximum amount of EUR 100 million already impacted Group equity in 2022. The outstanding EUR 58 million share purchases were realized by the end of the program.

[2)] Treasury shares were acquired as part of the share buyback program announced on November 29, 2023. Shares are repurchased using funds in the Invested unrestricted equity reserve. Because of the nature of the contract with the third party, Outokumpu has recognized EUR 38 million financial liability related to the share buyback program and the maximum amount of EUR 50 million is impacting Group equity already in 2023.

[3)] Other is related to reclassification of cumulative translation differences amounting to EUR 28 million and reclassification of investment to Voimaosakeyhtiö SF from equity investments at fair value through other comprehensive income to associated company amounting to EUR 117 million. These changes did not have an impact on total equity.

Adjustments to EBITDA and EBIT (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Continuing operations				
Loss on disposal of shares in Group companies and businesses	**—**	-10	**-26**	-10
Onerous contracts provisions	**—**	—	**-7**	—
Litigation provisions	**—**	2	**—**	2
Restructuring costs	**-38**	—	**-50**	—
Inventory write-down	**-20**	—	**-20**	—
Adjustments to EBITDA	**-58**	-7	**-102**	-7
Impairments on non-current assets	**-270**	-10	**-272**	-10
Adjustments to EBIT	**-327**	-17	**-374**	-17

In 2023, Outokumpu recognized adjustments relating to the sale of the remaining Long Products business in Degerfors and Storfors, Sweden, with a loss of EUR 26 million, an onerous contracts provision of EUR 7 million related to the metal powder plant in Germany, restructuring costs total of EUR 50 million of which EUR 26 million is related to restructuring in Germany and EUR 16 million to the renegotiated hot rolling agreement in business area Americas, regarding these two items impairments of EUR 5 million and EUR 264 million were also booked respectively. Adjustment item was also recognized for a propane-related inventory write-down of EUR 20 million.

In 2022, Outokumpu recognized adjustments relating mainly to divestment in the Netherlands, Italy, and Argentina, amounting to EUR 10 million loss and impairment related to Group's ERP systems of EUR 10 million.

Group key figures		Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Continuing operations					
Scope of activity					
Capital expenditure	EUR million	**86**	60	**170**	158
Depreciation and amortization	EUR million	**-57**	-62	**-242**	-245
Impairments	EUR million	**-272**	-10	**-274**	-11
Personnel at the end of period, full-time equivalent		**8,469**	8,357	**8,469**	8,357
- average for the period		**8,495**	8,468	**8,624**	8,683
Personnel at the end of period, headcount		**8,750**	8,591	**8,750**	8,591
Profitability					
Adjusted EBITDA	EUR million	**72**	110	**517**	1,256
Adjustments to EBITDA	EUR million	**-58**	-7	**-102**	-7
EBITDA	EUR million	**15**	103	**416**	1,248
Earnings per share	EUR	**-0.56**	0.69	**-0.26**	2.40
Diluted earnings per share	EUR	**-0.51**	0.64	**-0.22**	2.22
Return on capital employed, rolling 12 months (ROCE) [1]	%	**-2.1**	22.6	**-2.1**	22.6
Including discontinued operations					
Scope of activity					
Capital employed at the end of period	EUR million	**4,204**	4,752	**4,204**	4,752
Profitability					
Earnings per share	EUR	**-0.56**	0.70	**-0.24**	2.52
Diluted earnings per share	EUR	**-0.51**	0.64	**-0.21**	2.33
Adjusted weighted average number of shares [2]	1,000 shares	**433,397**	449,701	**435,090**	451,933
Return on equity, rolling 12 months (ROE)	%	**-2.6**	30.6	**-2.6**	30.6
Return on capital employed, rolling 12 months (ROCE)	%	**-2.0**	24.5	**-2.0**	24.5
Financing and financial position					
Non-current debt	EUR million	**359**	492	**359**	492
Current debt	EUR million	**82**	141	**82**	141
Cash and cash equivalents	EUR million	**502**	644	**502**	644
Net debt at the end of period	EUR million	**-60**	-10	**-60**	-10
Net debt to Adjusted EBITDA		**-0.1**	0.0	**-0.1**	0.0
Equity-to-assets ratio at the end of period	%	**63.8**	59.2	**63.8**	59.2
Debt-to-equity ratio at the end of period (gearing)	%	**-1.6**	-0.3	**-1.6**	-0.3
Equity per share at the end of period [2]	EUR	**8.73**	9.27	**8.73**	9.27

[1] The balance sheet component includes equity component of discontinued operations in 2022.

[2] Excluding treasury shares.

Sales by segment (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Europe total	**1,066**	1,350	**4,818**	6,266
of which intra-group [1]	**-15**	-17	**-69**	-42
Americas total	**423**	471	**1,892**	2,695
of which intra-group	**—**	0	**-8**	-9
Ferrochrome total	**123**	110	**467**	633
of which intra-group [1]	**-87**	-72	**-260**	-412
Other operations total	**65**	155	**408**	720
of which intra-group [1]	**-62**	-125	**-287**	-462
Intra-group sales to discontinued operations	**—**	23	**—**	104
Total sales, continuing operations	**1,513**	1,895	**6,961**	9,494

[1] In comparison periods includes Long Products businesses related sales

Adjusted EBITDA by segment (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Europe	**4**	69	**148**	680
Americas	**54**	23	**285**	384
Ferrochrome	**23**	14	**96**	220
Other operations and intra-group items	**-8**	4	**-12**	-28
Total adjusted EBITDA, continuing operations	**72**	110	**517**	1,256

Adjustments to EBITDA and EBIT by segment (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Europe	**-46**	—	**-52**	—
Americas	**-7**	2	**-16**	2
Ferrochrome	**-3**	—	**-3**	—
Other operations	**-1**	-10	**-31**	-10
Total adjustments in EBITDA, continuing operations	**-58**	-7	**-102**	-7
Europe	**-6**	—	**-8**	—
Americas	**-264**	—	**-264**	—
Other operations	**—**	-10	**—**	-10
Total adjustments in EBIT, continuing operations	**-327**	-17	**-374**	-17

EBITDA by segment (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Europe	**-42**	69	**96**	680
Americas	**46**	25	**270**	387
Ferrochrome	**20**	14	**93**	220
Other operations and intra-group items	**-9**	-6	**-43**	-38
Total EBITDA, continuing operations	**15**	103	**416**	1,248

Adjusted EBIT by segment (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Europe	**-26**	37	**29**	550
Americas	**43**	6	**225**	317
Ferrochrome	**7**	4	**44**	177
Other operations and intra-group items	**-11**	2	**-26**	-34
Total adjusted EBIT, continuing operations	**13**	48	**274**	1,010

EBIT by segment (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Europe	**-77**	37	**-31**	550
Americas	**-229**	8	**-54**	320
Ferrochrome	**4**	4	**41**	177
Other operations and intra-group items	**-13**	-18	**-56**	-54
Total EBIT, continuing operations	**-314**	31	**-100**	992

Depreciation and amortization by segment (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Europe	**-30**	-32	**-119**	-130
Americas	**-11**	-17	**-60**	-67
Ferrochrome	**-14**	-10	**-50**	-42
Other operations	**-3**	-2	**-14**	-6
Total depreciation and amortization, continuing operations	**-57**	-62	**-242**	-245

Capital expenditure by segment (EUR million)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Europe	**33**	15	**64**	35
Americas	**18**	17	**32**	25
Ferrochrome	**15**	24	**32**	85
Other operations	**19**	3	**41**	13
Total capital expenditure, continuing operations	**86**	60	**170**	158

Personnel at the end of period by segment, full-time equivalent	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Europe	**5,805**	5,718	**5,805**	5,718
Americas	**1,808**	1,785	**1,808**	1,785
Ferrochrome	**462**	409	**462**	409
Other operations	**394**	445	**394**	445
Total personnel at the end of period, continuing operations	**8,469**	8,357	**8,469**	8,357

Geographical information – Sales by destination (EUR million)	Jan-Dec 2023	Jan-Dec 2022
Finland	**243**	384
Other Europe	**4,263**	5,455
North America	**1,995**	2,843
Asia and Oceania	**368**	597
Other countries	**91**	214
Total sales, continuing operations	**6,961**	9,494
Total external sales by segment		
Europe	**4,749**	6,229
of which to Finland	**222**	366
of which to other Europe	**4,035**	5,014
of which to North America	**105**	149
of which to Asia and Oceania	**318**	565
of which to other countries	**70**	134
Americas	**1,883**	2,686
of which to other Europe	**0**	0
of which to North America	**1,856**	2,603
of which to Asia and Oceania	**5**	2
of which to other countries	**22**	80
Ferrochrome	**207**	247
of which to Finland	**13**	16
of which to other Europe	**130**	163
of which to North America	**21**	40
of which to Asia and Oceania	**44**	28
of which to other countries	**0**	—
Other operations	**121**	331
of which to Finland	**8**	2
of which to other Europe	**98**	278
of which to North America	**13**	51
of which to Asia and Oceania	**2**	1
Total sales, continuing operations	**6,961**	9,494

In 2022 figures by operating segment include intra-group sales to discontinued operations amounting to EUR 104 million.

Property, plant, and equipment (EUR million)	Jan-Dec 2023	Jan-Dec 2022
Carrying value at the beginning of the period	**2,406**	2,573
Translation differences	**-18**	29
Additions	**165**	111
Disposals	**-7**	-8
Reclassifications	**-3**	-88
Depreciation and impairments	**-504**	-231
Other	**13**	20
Carrying value at the end of the period	**2,052**	2,406

Reclassifications in Jan-Dec 2022 also include transfers to assets classified as held for sale. Change in other mainly comes from extensions in the lease contracts.

Impairment in business area Americas

At the end of the year 2023, Outokumpu conducted an impairment test of business area Americas’ fixed assets as the new extended hot rolling agreement is expected to decrease business area Americas’ normalized annual EBITDA run-rate from USD 200 million to USD 170 million. The Value-in-use method was used in the calculations with a growth rate of 0.5% and a post-tax weighted average cost of capital (WACC) of 10.58%. As the result of the impairment test calculation, Outokumpu recognized an impairment loss of EUR 264 million related to property, plant and equipment of business area Americas.

Commitments (EUR million)	Dec 31 2023	Dec 31 2022
Mortgages	**156**	546
Other pledges	**13**	13
Guarantees		
On behalf of subsidiaries for commercial and other commitments	**51**	51
On behalf of associated companies for financing	**—**	1
On behalf of discontinued operations for other commitments[1)]	**—**	5
Other commitments for financing	**2**	4

1) Since September 2022 Long Product businesses were classified as assets held for sale and reported as discontinued operations. The divestment was completed on January 3, 2023.

Outokumpu has issued business mortgages over movable assets in Kemi to secure an outstanding project loan. In June 2023, Outokumpu prepaid all outstanding pension loans and the mortgages in real property provided as security for the loans were returned.

Outokumpu is liable for its associated company Manga LNG Oy's certain liabilities amounting to EUR 12 million at the end of the reporting period (December 31, 2022: EUR 16 million). In the table above, this commitment is reported as other pledges (Outokumpu's shares in Manga LNG Oy).

Other commitments for financing include Outokumpu's liabilities for the net debt in Tornion Voima Oy.

Outokumpu is a minority shareholder in its associated company Voimaosakeyhtiö SF, which is the majority shareholder of Fennovoima Oy. The role of Fennovoima Oy has changed from a nuclear power plant project company into an asset and litigation management company after it terminated the EPC (Engineering, Procurement and Construction) contract with RAOS Project Oy for supplier-related reasons in May 2022. Several legal proceedings are ongoing among various parties. Outokumpu Oyj has been joined in arbitration proceedings over a dispute between Fennovoima Oy and Rosatom entities related to the termination of the EPC contract. Outokumpu disputes the existence of any contractual relationship, obligation, or arbitration agreement between Outokumpu and any Rosatom entity, and accordingly has not made a provision in its accounting for the matter.

Originally, Outokumpu's commitment to Voimaosakeyhtiö SF for participation in the planned nuclear power plant project amounted to approximately EUR 250 million, of which EUR 117 million has been paid. Further payments related to the original commitment, if any, are not expected to occur in the foreseeable future. In June 2023 Outokumpu Oyj agreed to participate in a convertible loan offered by Voimaosakeyhtiö SF to its shareholders. Outokumpu's share of the convertible loan is EUR 14 million. The first call of the loan was in August 2023 and amounted to EUR 5 million. The loan is valued at EUR 0 million at the end of December 2023.

The Group's other off-balance sheet investment commitments totaled EUR 46 million on December 31, 2023 (December 31, 2022: EUR 27 million).

Outokumpu has a long-term energy supply contract that includes a minimum purchase quantity. There is uncertainty as to whether the company will be able to utilize this minimum purchase quantity in full by the end of 2028 or whether there will be additional costs to the company from this contract.

Related party transactions (EUR million)	Jan-Dec 2023	Jan-Dec 2022
Transactions and balances with related companies		
Sales and other operating income	**99**	115
Purchases	**-51**	-66
Dividend income	**3**	11
Trade and other receivables	**35**	26
Trade and other payables	**5**	7

Fair values and nominal amounts of derivative instruments (EUR million)	Dec 31 2023 Net fair value	Dec 31 2022 Net fair value	Dec 31 2023 Nominal amounts	Dec 31 2022 Nominal amounts
Currency and interest rate derivatives				
Currency forwards	**-17**	-15	**1,972**	1,982
Interest rate swaps	**-7**	-11	**125**	125
			Tonnes	Tonnes
Metal derivatives				
Forward nickel contracts, hedge accounted	**7**	-53	**22,823**	21,612
Forward nickel contracts	**3**	-12	**10,720**	13,289
	-14	-91		

Hierarchy of financial assets and liabilities measured at fair value on December 31, 2023 (EUR million)	Level 1	Level 2	Level 3	Total
Assets				
Equity investments at fair value through OCI	5	—	7	12
Investments at fair value through profit or loss	27	—	0	27
Derivatives	—	34	—	34
	32	34	7	73
Liabilities				
Derivatives	—	47	—	47

Reconciliation of changes on level 3 (EUR million)	Investments at fair value through profit or loss	Equity Investments at fair value through other comprehensive income
Carrying value on Jan 1, 2023	—	25
Additions	5	3
Disposals	—	0
Fair value changes	-5	-20
Carrying value at the end of the period	0	7

Equity investments at fair value through other comprehensive income include mainly unlisted strategic holdings in energy producing companies. Outokumpu invested in a further stake in the Rajakiiri wind farm in Tornio, Finland. Outokumpu's ownership in Tornio rose to a level of close to 9MW and 19.9% of the shares. On May 30,2023 Outokumpu acquired an ownership share of 9.9% of the Canadian company FPX Nickel Corp. The FXP Nickel Corp ownership is reported on level 1.

In previous financial statements investment to Voimaosakeyhtiö SF for participation in the planned nuclear power plant project (previously referred as Fennovoima investment) was treated as equity investment at fair value through other comprehensive income due to Mankala principle. It has been concluded recently that the role of Fennovoima Oy has turned from a nuclear power plant project company into an asset and litigation management company, and it will never operate according to Mankala principle. Consequently, Voimaosakeyhtiö SF Group (including Fennovoima Oy subsidiary) where Outokumpu has a significant influence due to 22 % of voting rights was reclassified as an associated company in accordance with IAS 28. Outokumpu has invested in total EUR 117 million in Voimaosakeyhtiö SF and the value of the investment in Voimaosakeyhtiö SF is EUR 0 million at the end of December 2023 (Dec 31, 2022: EUR 0 million). As a consequence of reclassification EUR 117 million was reclassified from fair value reserve in equity to other retained earnings within equity.

The fair value of non-current debt is EUR 443 million (carrying amount EUR 359 million). The fair value of non-current debt is determined by using quoted prices for listed instruments. The fair value of loans is determined using the discounted cash flow method, which uses the yields observed on the reporting date. The fair value of the convertible bonds includes the value of the conversion rights.

Discontinued operations

On July 12, 2022, Outokumpu announced that it had signed an agreement to divest the majority of the Long Products business operations to Marcegaglia Steel Group. The transaction includes melting, rod, and bar operations in Sheffield, the UK, bar operations in Richburg, the US, and wire rod mill in Fagersta, Sweden. The transaction excludes Outokumpu Long Products AB units in Degerfors and Storfors, Sweden. Long products activities that remained in Outokumpu until completion of disposal on August 1, 2023, are included in Other operations.

During 2022, Outokumpu reclassified its Long Products businesses to be divested assets held for sale and discontinued operations. Outokumpu booked an impairment loss of EUR 33 million. The impairment was allocated to goodwill, other intangible assets and property, plant and equipment.

The divestment was completed on January 3, 2023, and the transaction was carried out as a share sale. The total consideration for the transaction on a debt and cash-free basis was EUR 228 million. Provisional cash proceeds for the equity and net debt item were EUR 214 million, with EUR 5 million paid into an escrow account. The transaction costs in total are EUR 8 million and are presented in the net result for the period from discontinued operations.

The received proceeds, net of cash disposed, were EUR 94 million. The gain on divestment reported in the net result from discontinued operations was EUR 5 million, mainly as the accumulated translation differences were reclassified into net result at the time of the divestment. The consideration is still subject to the release of the escrow account.

Provisional gain on sale (EUR million)	Jan-Dec 2023
Total net assets sold as of Jan 3, 2023	**-215**
Provisional sale consideration	**214**
Other	**-4**
Gain on sale of discontinued operations before reclassification of accumulated translation differences	**-5**
Reclassification of accumulated translation differences	**10**
Gain on sale	**5**

Cash flow on sale (EUR million)	Jan-Dec 2023
Provisional cash consideration	**214**
Cash and cash equivalents	**-117**
Escrow account receivable	**-3**
Consideration received	**94**

Condensed statement of income, discontinued operations (EUR million)[1)]	Jan-Dec 2022
Discontinued operations	
Sales and operating income	795
Expenses[2)]	-709
Net financial expenses	2
Result before taxes	88
Income tax[3)]	-35
Net result for the period from discontinued operations	54
Other comprehensive income, discontinued operations, net of tax	8
Total comprehensive income for the period from discontinued operations	62

1) As the Long Product businesses were sold on January 3, 2023, the net result for the period from discontinued operations in 2023 EUR 5 million is mainly related to the gain on sale presented in line sales and operating income. Other comprehensive for the same period was EUR -12 million.

2) Including EUR 33 million of impairment loss

3) Due to the disposal of the Long Products businesses in the UK a related deferred tax asset was reduced, increasing the tax expense with EUR 13 million.

Condensed statement of financial position, discontinued operations (EUR million)	Dec 31 2022
Assets held for sale	
Total non-current assets	60
Total current assets	359
Total Assets held for sale	419
Liabilities related to assets held for sale	
Total non-current liabilities	18
Total current liabilities	186
Total liabilities related to assets held for sale	204
Net assets	215

Condensed statement of cash flows, discontinued operations (EUR million)	Jan-Dec 2022
Discontinued operations	
Net cash from operating activities	91
Net cash from investing activities	-2
Net cash from financing activities	-2
Net change in cash and cash equivalents from discontinued operations	87

As the Long Product businesses were sold on January 3, 2023, cash flows in 2023 are related to received proceeds, net of cash disposed of amounting to EUR 94 million.

Business disposals

2023

On January 3rd, 2023, Outokumpu completed the divestment of the majority of the Long Products business operations to Marcegaglia Steel Group. See more information in the section Discontinued operations.

During the year 2023 Outokumpu divested its remaining Long Products operations in Degerfors and Storfors, Sweden to Cogne Acciai Speciali, a world leader in the production of long stainless steels and nickel alloys based in Italy. The enterprise value of the transaction was EUR 12 million and it had a positive cash impact for Outokumpu amounting to EUR 2 million. Outokumpu booked a loss of EUR 26 million on the disposal.

Loss on sale (EUR million)	2023
Total net assets sold	-32
Sale consideration	5
Loss on sale	-26

During the year 2023 Outokumpu has completed disposals of 2022 with no material impact on financial statements. Relating to the sale of Outokumpu Fortinox S.A. EUR 1 million was received as cash proceeds.

2022

During the year 2022, Outokumpu divested its plate service center in Aalten, the Netherlands, plated services business in Castelleone, Italy, and Outokumpu Fortinox S.A. in Argentina.

The total book value of sold net assets including a cumulative translation adjustment release was EUR 22 million, the provisional loss on sale was EUR 9 million and the net cash received was EUR -1 million. A receivable of EUR 2 million related to the sale consideration of the subsidiary Fortinox S.A. is recognized in the trade and other receivables. Related transaction costs amounted to EUR 1 million.

These transactions did not have a significant impact on the Group.

Provisional loss on sale (EUR million)	Jan-Dec 2022
Total net assets sold	-22
Provisional sale consideration	13
Provisional loss on sale	-9

Cash flow (EUR million)	Jan-Dec 2022
Provisional cash consideration, net of cash acquired	1
Receivable related to sale consideration	-2
Consideration received	-1

EBITDA	=	EBIT before depreciation, amortization and impairments	
Adjustments to EBITDA or EBIT	=	Material income and expense items which affect the comparability between periods because of their unusual nature, size or incidence resulting for example from group-wide restructuring programs or disposals of assets or businesses.	
Adjusted EBITDA or EBIT	=	EBITDA or EBIT – items classified as adjustments	
Capital employed	=	Total equity + non-current debt + current debt	
Operating capital (segment reporting)	=	Capital employed – cash and cash equivalents – investments in associated companies – investments in equity at fair value through other comprehensive income – investments at fair value through profit or loss – net deferred tax asset – net asset held for sale + net employee benefit obligations	
Capital expenditure	=	Purchases of property, plant and equipment and intangible assets, other than emission allowances; and investments in equity at fair value through other comprehensive income and in associated companies and acquisitions of businesses	
Return on capital employed, rolling 12 months (ROCE)	=	EBIT + Share of results in associated companies (4-quarter rolling) / Capital employed (4-quarter rolling average)	× 100
Return on operating capital, rolling 12 months (ROOC) (segment reporting)	=	Adjusted EBIT (4-quarter rolling) / Operating capital (4-quarter rolling average)	× 100
Return on equity (ROE)	=	Net result for the financial period (4-quarter rolling) / Total equity (4-quarter rolling average)	× 100
Net debt	=	Non-current debt + current debt – cash and cash equivalents	
Equity-to-assets ratio	=	Total equity / Total assets – advances received	× 100
Debt-to-equity ratio (gearing)	=	Net debt / Total equity	× 100
Net debt to adjusted EBITDA	=	Net debt / Adjusted EBITDA (4-quarter rolling)	
Earnings per share	=	Net result for the financial period attributable to the equity holders / Adjusted weighted average number of shares during the period	
Diluted earnings per share	=	Net result for the financial period attributable to the equity holders + interest expenses on convertible bond, net of tax / Adjusted diluted weighted average number of shares during the period	
Equity per share	=	Equity attributable to the equity holders / Adjusted number of shares at the end of the period	
Personnel, full-time equivalent	=	Headcount adjusted to full-time equivalent number of personnel, excluding personnel on sick leave or parental leave of more than 6 months and excluding personnel whose employment has been terminated and who are on notice period without requirement to work	

Basis of preparation

This financial statement release is prepared in accordance with IAS 34 Interim Financial Reporting and the annual financial information in this release is based on audited IFRS figures. The same accounting policies and methods of computation have been followed when preparing the financial information as in the financial statements for 2022, with the exception of new and amended standards applied from the beginning of 2023. These amendments did not have a material impact on Outokumpu's consolidated financial statements.

All presented figures in this report have been rounded and, consequently, the sum of individual figures can deviate from the presented figure. Key figures have been calculated using exact figures.

The sales, earnings, and working capital of Outokumpu are subject to seasonal variations as a result of, for example, industry demand, the number of working days, and vacation periods.

Management judgment and the use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments as well as estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and contingent liabilities at the reporting date, as well as the reported amounts of income and expenses during the reporting period.

Although these estimates are based on management's best knowledge of the circumstances at the end of the reporting period, actual outcomes may differ from the estimates and assumptions.

Acquisition of FPX Nickel and Envigas

In May 2023, Outokumpu signed an agreement to become a shareholder in the Canadian company, FPX Nickel Corp. with an ownership share of 9.9%. The amount of the investment is EUR 11 million. This equity investment is classified as fair value through other comprehensive income. The ownership is reported on level 1. The premium paid over the share's market price at the acquisition date has been treated as part of the inventory and will be released at the time of the nickel purchase.

In 2023 Outokumpu acquired 20 % of Envigas AB amounting to EUR 10 million. Envigas is a leading European producer of biocarbon. With the investment, Outokumpu secures a right to 50% of Envigas' production. As Outokumpu holds 20% of voting rights and has a place in the Board of Directors, Outokumpu has significant influence in Envigas and will report the investment as associated company.

Share buyback program

On March 24, 2023, Outokumpu completed its share buyback program of up to EUR 100 million and repurchased a total of 19,836,205 shares.

On November 29, 2023, Outokumpu launched a share buyback program of up to EUR 50 million under the authorization of the Annual General Meeting. The maximum number of shares to be repurchased under the program is 11 million, representing approximately 2.4% of the company's total number of shares. The program commenced on December 1, 2023, and ends no later than on March 21, 2024.

Through the share buyback program, Outokumpu seeks to mitigate and manage the dilutive impact of the company's outstanding convertible bonds. The repurchased shares will be initially held by Outokumpu as treasury shares and may be used to meet its obligations under the convertible bonds. Alternatively, Outokumpu may decide to cancel any or all of the repurchased shares and reduce its capital accordingly. The share repurchases will be funded by using funds from the unrestricted equity. Prior to the announcement, Outokumpu held 23,041,290 treasury shares, representing approximately 5.0% of the company's total number of shares.

During the year 2023, Outokumpu purchased a total of 13,903,534 of its own shares with EUR 70 million. 2,642,455 shares were repurchased under the new 2023 share buyback program and 11,261,079 under the 2022 program that ended on March 24, 2023. On December 31, 2023, Outokumpu held 25,683,745 treasury shares.

Share-based payments

During 2023, Outokumpu's share-based payment programs include Performance Share Plan (periods 2021–2023, 2022–2024 and 2023–2025) and Restricted Share Pool (periods 2021–2023, 2022–2024 and 2023–2025).

In 2023, the Performance Share Plan 2020–2022 ended with the targets met in full, and after deduction for the applicable taxes, a total of 732,495 shares were delivered to the participants. Regarding the Restricted Share Pool period 2020–2022, after deductions for the applicable taxes, a total of 90,545 shares were delivered to 33 participants based on the conditions of the plan. From the Restricted Share Pool 2021–2023, after deductions for applicable taxes as second installment of three, in total 41,577 shares were delivered to the 56 participants. From the Restricted Share Pool 2022–2024, after deductions for applicable taxes as first installment of three, in total 27,093 shares were delivered to the 56 participants. Shares were delivered in February 2023, and Outokumpu used its treasury shares for the reward payments.

In December 2022, the Board of Directors approved the commencement of plan 2023–2025 of the Performance Share Plan and the Restricted Share Pool from the beginning of 2023. At the end of December 2023, the maximum number of gross shares (taxes included) that can be delivered from the Performance Share Plan 2023–2025 is 2,465,400 and 183 key employees participated in the plan. The maximum number of gross shares (tax included) that can be allocated from the Restricted Share Pool 2023–2025 is 180,200 and, at the end of the reporting period, 57 key employees participated in the plan.

In December 2023, the Board of Directors has approved the commencement of Outokumpu's share-based programs, Performance Share Plan and Restricted Share Pool, for the period 2024–2026. The plans commence at the beginning of 2024.

Events after the reporting period

After the reporting period, Outokumpu repurchased 6,297,563 shares under the share buyback program, which ends no later than on March 21, 2024. By February 7, 2024, Outokumpu had repurchased a total of 8,940,018 shares under the share buyback program. After the disclosed transactions, the company held a total of 31,981,308 treasury shares.

After the reporting period, on January 24, 2024, Outokumpu announced it has completed the partnership agreement to accelerate circularity and becomes a minority shareholder in CRONIMET North-East GmbH.

After the reporting period, on January 3, 2024, Outokumpu announced that it plans to temporarily restrict its ferrochrome production due to weak ferrochrome market conditions.