

**Kemira**

# January-March Interim Report 2021



## GOOD START TO THE YEAR WITH STRONG PROFITABILITY

### First quarter:

- Revenue decreased by 6% to EUR 606.1 million (642.0) mainly due to negative currency impact. Revenue in local currencies, excluding acquisitions and divestments, decreased by 2% following lower sales prices.
- Operative EBITDA decreased by 4% to EUR 104.6 million (108.5). The operative EBITDA margin increased to 17.3% (16.9%). It was supported by good cost management and slightly higher sales volumes. EBITDA decreased by 5% to EUR 103.0 million (108.4).
- Operative EBIT decreased by 8% to EUR 55.7 million (60.8). EBIT decreased by 11% to EUR 54.2 million (60.7). The differences between operative and reported figures are explained by items affecting comparability.
- Cash flow from operating activities was EUR 13.8 million (50.2).
- EPS (diluted) was positively impacted by lower net finance costs and was EUR 0.25 (0.25).

### Outlook for 2021 (unchanged)

#### Revenue

Kemira's revenue in local currencies, excluding acquisitions and divestments, is expected to increase from 2020 (EUR 2,427 million).

#### Operative EBITDA

Kemira's operative EBITDA is expected to be at the same or at a slightly (less than 5%) lower level than in 2020 (EUR 435 million).

### Assumptions behind outlook (unchanged)

The COVID-19 pandemic continues to cause uncertainty in 2021, but Kemira's end market demand is expected to recover gradually from 2020 in line with forecasted economic growth. Demand, particularly in the oil and gas market, is expected to recover. The outlook assumes no significant disruptions to Kemira's operations. Currencies are expected to have a negative impact on operative EBITDA.

### Kemira's President and CEO Jari Rosendal:

"Demand continued to recover sequentially during Q1 2021 despite the on-going COVID-19 pandemic and global supply chain disruptions, and logistics issues in North America. Kemira's revenue declined by 6% to EUR 606 million mainly due to negative currency impact. Excluding the more volatile Oil & Gas business and negative currency impacts, revenue was stable. Profitability remained strong: operative EBITDA was EUR 105 million and the operative EBITDA margin was 17.3% thanks to good cost management and recovery in demand.

In Pulp & Paper, revenue declined by 2%. Excluding the negative currency impact, revenue grew by 2% thanks to higher sales volumes, which surpassed pre-pandemic Q1 2020 levels. We also saw strong revenue growth in APAC, a key strategic growth area for us. Segment profitability improved, and the operative EBITDA margin was strong at 17.0%.

In Industry & Water, revenue declined by 10%, mainly due to the Oil & Gas business. Shale demand continued to recover sequentially. In terms of profitability, the segment operative EBITDA margin was strong at 17.6%.

During the quarter, Kemira issued a EUR 200 million bond maturing in 2028 with a fixed coupon of 1.0 percent and successfully tendered part of its notes outstanding in 2022. The new bond's low coupon demonstrates Kemira's strong credit profile.

Looking ahead, we have kept our outlook for 2021 unchanged. We see pressure towards higher input costs and some raw material availability issues, but we will continue our active work to mitigate this impact in the coming quarters. We expect revenue in local currencies, excluding acquisitions and divestments, to increase from 2020 (EUR 2,427 million). In terms of profitability, we expect operative EBITDA to be at the same or at a slightly (less than 5%) lower level than in 2020 (EUR 435 million)."

## KEY FIGURES AND RATIOS

EUR million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Revenue	606.1	642.0	2,427.2
Operative EBITDA	104.6	108.5	435.1
Operative EBITDA, %	17.3	16.9	17.9
EBITDA	103.0	108.4	413.2
EBITDA, %	17.0	16.9	17.0
Operative EBIT	55.7	60.8	237.7
Operative EBIT, %	9.2	9.5	9.8
EBIT	54.2	60.7	215.9
EBIT, %	8.9	9.5	8.9
Net profit for the period	40.8	39.6	138.0
Earnings per share, diluted, EUR	0.25	0.25	0.86
Capital employed*	1,958.8	1,995.7	1,964.9
Operative ROCE*, %	11.9	11.8	12.1
ROCE*, %	10.7	10.4	11.0
Cash flow from operating activities	13.8	50.2	374.7
Capital expenditure excl. acquisition	26.6	36.1	195.6
Capital expenditure	26.6	38.7	198.2
Cash flow after investing activities	-13.1	11.5	173.3
Equity ratio, % at period-end	40	42	43
Equity per share, EUR	7.53	7.82	7.80
Gearing, % at period-end	67	67	63

\*12-month rolling average

Unless otherwise stated, all comparisons in this Interim Report are compared to the corresponding period in 2020.

Kemira provides certain financial performance measures (alternative performance measures) that are not defined by IFRS. Kemira believes that alternative performance measures followed by capital markets and Kemira management, such as revenue growth in local currencies, excluding acquisitions and divestments (=organic growth), EBITDA, operative EBITDA, operative EBIT, cash flow after investing activities, and gearing, provide useful information about Kemira's comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation from the equivalent IFRS measures, and alternative performance measures should be read in conjunction with the most directly comparable IFRS measures. Definitions of the alternative performance measures can be found in the definitions of the key figures in this report, as well as at [www.kemira.com](http://www.kemira.com) > Investors > Financial information. All the figures in this Interim Report have been individually rounded, and consequently the sum of the individual figures may deviate slightly from the total figure presented.

## FINANCIAL PERFORMANCE IN Q1 2021

**Revenue** decreased by 6% due to a negative currency impact and lower sales prices. Sales volumes increased slightly. Revenue in local currencies, excluding acquisitions and divestments, decreased by 2%.

Revenue	Jan-Mar 2021 EUR million	Jan-Mar 2020 EUR million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	369.5	378.5	-2	2	-4	0
Industry & Water	236.6	263.6	-10	-7	-3	0
<b>Total</b>	<b>606.1</b>	<b>642.0</b>	<b>-6</b>	<b>-2</b>	<b>-4</b>	<b>0</b>

\* Revenue growth in local currencies, excluding acquisitions and divestments

**Operative EBITDA** decreased by 4% to EUR 104.6 million (108.5) due to lower sales prices and negative currencies, which were partly compensated by good cost management and higher sales volumes.

Variance analysis, EUR million	Jan-Mar
<b>Operative EBITDA, 2020</b>	<b>108.5</b>
Sales volumes	+2.5
Sales prices	-13.0
Variable costs	+3.8
Fixed costs	+7.9
Currency exchange	-2.3
Others	-2.8
<b>Operative EBITDA, 2021</b>	<b>104.6</b>

Operative EBITDA	Jan-Mar 2021 EUR million	Jan-Mar 2020 EUR million	Δ%	Jan-Mar 2021 %-margin	Jan-Mar 2020 %-margin
Pulp & Paper	62.9	60.2	4	17.0	15.9
Industry & Water	41.7	48.2	-14	17.6	18.3
<b>Total</b>	<b>104.6</b>	<b>108.5</b>	<b>-4</b>	<b>17.3</b>	<b>16.9</b>

**EBITDA** decreased by 5% to EUR 103.0 million (108.4). The difference between it and operative EBITDA is explained by **items affecting comparability**, which were mainly related to organizational restructuring.

Items affecting comparability, EUR million	Jan-Mar 2021	Jan-Mar 2020
<b>Within EBITDA</b>	<b>-1.6</b>	<b>-0.1</b>
Pulp & Paper	-0.8	0.0
Industry & Water	-0.8	-0.1
<b>Within depreciation, amortization and impairments</b>	<b>0.0</b>	<b>0.0</b>
Pulp & Paper	0.0	0.0
Industry & Water	0.0	0.0
<b>Total items affecting comparability in EBIT</b>	<b>-1.6</b>	<b>-0.1</b>

**Depreciation, amortization and impairments** were EUR 48.9 million (47.7), including EUR 3.0 million (4.6) in amortization of the purchase price allocation.

**Operative EBIT** decreased by 8% due to lower EBITDA and higher depreciation. **EBIT** decreased by 11%, and the difference between the two is explained by items affecting comparability, which were mainly related to organizational restructuring.

**Net finance costs** totaled EUR -1.6 million (-8.9) including a gain of EUR 5.6 million arising from bond liability management in March 2021, when EUR 97 million of outstanding notes maturing in 2022 were exchanged for a EUR 200 million issuance of new senior unsecured notes. **Income taxes** were EUR -11.8 million (-12.3), with the reported tax rate being 22% (24%). **Net profit for the period** increased by 3% mainly due to lower net finance costs.

## FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in January-March 2021 decreased to EUR 13.8 million (50.2) mainly due to changes in net working capital. Cash flow after investing activities was EUR -13.1 million (11.5). Kemira's supplementary pension fund in Finland, Neliapila, returned excess capital totaling EUR 3 million to Kemira during Q1 2021.

At the end of the period, interest-bearing liabilities totaled EUR 980 million (986), including lease liabilities of EUR 122 million (133). The average interest rate of the Group's interest-bearing loan portfolio (excluding leases) was 1.7% (1.9%), and the duration was 34 months (23). Fixed-rate loans accounted for 86% (86%) of net interest-bearing liabilities, including lease liabilities.

Short-term liabilities maturing in the next 12 months amounted to EUR 161 million. On March 31, 2021, cash and cash equivalents totaled EUR 203 million (170). In March 2021, EUR 97 million of outstanding notes maturing in 2022 were exchanged for a EUR 200 million issuance of new senior unsecured notes. The new bond will mature on March 30, 2028 and it carries a fixed annual interest of 1.0 percent. The Group has a EUR 400 million undrawn committed credit facility, which was extended in April by one year to 2026 in accordance with the extension option of the loan agreement.

At the end of the period, Kemira Group's net debt was EUR 777 million (816), including lease liabilities. The equity ratio was 40% (42%), while gearing was 67% (67%).

## CAPITAL EXPENDITURE

In January-March 2021, capital expenditure excluding acquisitions decreased by 26% to EUR 26.6 million (36.1). Capital expenditure can be broken down as follows: expansion capex 28% (57%), improvement capex 22% (19%), and maintenance capex 50% (24%).

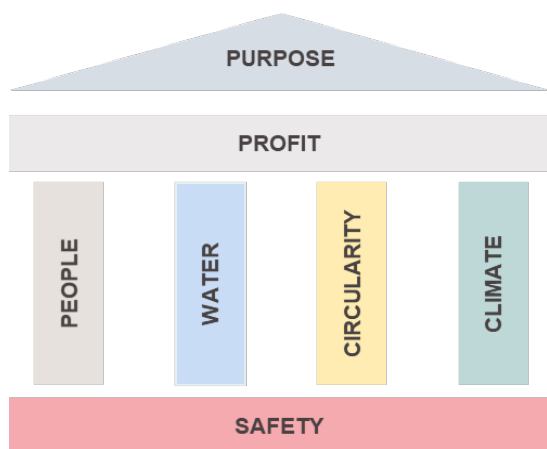
## RESEARCH AND DEVELOPMENT

In January-March 2021, total research and development expenses were EUR 7.3 million (7.8), representing 1.2% (1.2%) of the Group's revenue.

## HUMAN RESOURCES

At the end of the period, Kemira Group had 4,926 employees (5,075). Kemira had 767 (773) employees in Finland, 1,755 (1,781) employees elsewhere in EMEA, 1,472 (1,575) in the Americas, and 932 (946) in APAC.

## CORPORATE SUSTAINABILITY



Kemira sustainability work is guided by the UN Sustainable Development Goals (SDG's).

Our focus is on:



Safety always comes first at Kemira, that is our foundation. To be able to reduce climate impacts, accelerate the circular economy and be the world leader in water management, we focus on empowering our people. We strive for profitable and sustainable growth.

**Kemira has renewed its non-financial KPI's in 2021. This is the first quarterly report where these are incorporated.**

Sustainability	KPI	Performance and target	Q1 performance
<p><b>SAFETY</b></p> <p>High safety performance fundamental to business</p> <p><b>IN PROGRESS</b></p>	<p>TRIF* 1.5 by 2025 and 1.1 by 2030</p> <p>*TRIF = total recordable injury frequency per million hours, Kemira + contractors, year-to-date</p>	<p>TRIF*</p> <p>● Target</p>	<p>In Q1 2021 incident rate was over our target (TRIF* 2.4 vs. 1.9) and slightly over the 2020 result (2.2). We have a roadmap in place for this year and several improvement items are already under implementation.</p> <p>We are continuing our Behavior Based Safety (BBS) program in all our manufacturing sites to help us to identify risks in our operations.</p>
<p><b>PEOPLE</b></p> <p>Foster strong company culture and commitment to people</p> <p><b>IN PROGRESS</b></p>	<p>Reach top 10% cross industry norm for Diversity &amp; Inclusion by 2025</p>	<p><b>TOP 10% by 2025</b></p>	<p>Measured as employees' perception of Diversity and Inclusion (D&amp;I) from selected employee survey items compared to top 10% cross industry norm. Dynamic target.</p> <p>Diversity &amp; Inclusion related analytics and roadmap work for 2021-2023 under construction.</p> <p>Recruitment process being reviewed with new KPI.</p>
<p><b>WATER</b></p> <p>Mitigate water related risks, grasp water related opportunities</p> <p><b>IN PROGRESS</b></p>	<p>Continuously improve freshwater use intensity</p>	<p>FRESHWATER USE INTENSITY</p> <p>● Target</p>	<p>Freshwater Use Intensity KPI was 1.9 m3/ton of production in 2020. Level in baseline year 2019 was 1.9 m3/ton of production. Target is to continuously improve freshwater intensity.</p> <p>Discussions to be started in Q2 2021 to develop long term quantitative freshwater use intensity target.</p> <p>We will begin preparations for CDP Water Security reporting in Q2 2021.</p>



<p><b>CIRCULARITY</b></p> <p>Reduce waste and increase renewable raw material use</p> <p><b>IN PROGRESS</b></p>	<p>Reduce waste intensity by 15% by 2030 Biobased products &gt;500 million EUR revenue by 2030</p>	<p><b>WASTE INTENSITY</b> REFERENCE YEAR 2019</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Waste Intensity</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>4.6</td> </tr> <tr> <td>2020</td> <td>4.2</td> </tr> <tr> <td>2030 (Target)</td> <td>-15%</td> </tr> </tbody> </table>	Year	Waste Intensity	2019	4.6	2020	4.2	2030 (Target)	-15%	<p>Collection of quarterly waste data will be developed during 2021.</p> <p>Further development of site-specific programs to reduce routine disposed waste at top 10 sites to be started during Q2 2021.</p> <p>Implementation of new GRI standard on waste to the new sustainability reporting tool prepared during Q1 2021.</p>		
Year	Waste Intensity												
2019	4.6												
2020	4.2												
2030 (Target)	-15%												
<p><b>CLIMATE</b></p> <p>Reduce climate impact throughout the value chain</p> <p><b>IN PROGRESS</b></p>	<p>Scope 1&amp;2 emissions -30% by 2030</p>	<p><b>GHG EMISSIONS</b> REFERENCE YEAR 2018</p> <table border="1"> <thead> <tr> <th>Year</th> <th>GHG Emissions (kton CO2eq)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>930</td> </tr> <tr> <td>2019</td> <td>918</td> </tr> <tr> <td>2020</td> <td>888</td> </tr> <tr> <td>2030 (Target)</td> <td>-30%</td> </tr> </tbody> </table>	Year	GHG Emissions (kton CO2eq)	2018	930	2019	918	2020	888	2030 (Target)	-30%	<p>2020 Scope 1&amp;2 emissions were 886 kton CO2eq. Our target to reduce emissions by 30% by 2030 from 2018 level is progressing as planned.</p> <p>New reporting tool introduced during Q1 and Q2 2021. The first quarterly results available in June 2021.</p> <p>Preparations for CDP reporting. EcoVadis score published 26th of March. 73/100 = Platinum level.</p> <p>Kemira has signed a ten-year wind power purchase agreement of 5MW in Q1 2021.</p>
Year	GHG Emissions (kton CO2eq)												
2018	930												
2019	918												
2020	888												
2030 (Target)	-30%												

## SEGMENTS

### PULP & PAPER

Pulp & Paper has unique expertise in applying chemicals and in supporting pulp and paper producers in innovating and constantly improving their operational efficiency. The segment develops and commercializes new products to fulfill customer needs, ensuring the leading portfolio of products and services for bleaching of pulp as well as paper wet-end, focusing on packaging, board and tissue. Pulp & Paper is leveraging its strong application portfolio in North America and EMEA, while also building a strong position in the emerging Asian and South American markets.

EUR million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Revenue	369.5	378.5	1,457.6
Operative EBITDA	62.9	60.2	260.2
Operative EBITDA, %	17.0	15.9	17.9
EBITDA	62.2	60.2	240.2
EBITDA, %	16.8	15.9	16.5
Operative EBIT	33.2	30.1	138.0
Operative EBIT, %	9.0	8.0	9.5
EBIT	32.4	30.1	118.0
EBIT, %	8.8	7.9	8.1
Capital employed*	1,235.2	1,278.6	1,246.7
Operative ROCE*, %	11.4	8.5	11.1
ROCE*, %	9.7	6.6	9.5
Capital expenditure excl. M&A	11.1	14.3	91.9
Capital expenditure incl. M&A	11.1	16.9	94.6
Cash flow after investing activities	26.1	26.1	162.2

\* 12-month rolling average

### First quarter

The segment's **revenue** decreased by 2%. Revenue in local currencies, excluding acquisitions and divestments, increased by 2%. Sales volumes increased, particularly in bleaching and sizing chemicals. Sales prices decreased mainly due to lower sales prices for caustic soda (mainly a trading product). Currencies had a negative impact of 4%.

In **EMEA**, revenue increased by 3% due to higher sales volumes, particularly in bleaching and sizing chemicals. Sales prices decreased mainly due to lower sales prices of caustic soda (mainly a trading product). In the **Americas**, revenue decreased by 16%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 6% due to lower sales volumes, particularly in process and functional chemicals. In **APAC**, revenue increased by 11%. Revenue in local currencies, excluding acquisitions and divestments, increased by 15% due to higher sales volumes, particularly in sizing chemicals.

**Operative EBITDA** increased by 4% due to higher sales volumes and good management of fixed and variable costs. **EBITDA** increased by 3%. The difference from operative EBITDA is explained by items affecting comparability, which mainly consisted of organizational restructuring.

## INDUSTRY & WATER

Industry & Water supports municipalities and water-intensive industries in the efficient and sustainable use of resources. In water treatment, Kemira provides assistance in optimizing various stages of the water cycle. In oil and gas applications, our chemistries enable improved yield from existing reserves, reduced water and energy use, as well as efficiency of oil sands tailings treatment.

EUR million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Revenue	236.6	263.6	969.5
Operative EBITDA	41.7	48.2	174.8
Operative EBITDA, %	17.6	18.3	18.0
EBITDA	40.8	48.2	173.0
EBITDA, %	17.3	18.3	17.8
Operative EBIT	22.5	30.7	99.7
Operative EBIT, %	9.5	11.7	10.3
EBIT	21.7	30.7	97.8
EBIT, %	9.2	11.6	10.1
Capital employed*	723.1	716.3	717.5
Operative ROCE*, %	12.6	17.6	13.9
ROCE*, %	12.3	17.2	13.6
Capital expenditure excl. M&A	15.5	21.8	103.6
Capital expenditure incl. M&A	15.5	21.8	103.6
Cash flow after investing activities	0.8	12.6	69.8

\* 12-month rolling average

### First quarter

The segment's **revenue** decreased by 10%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 7% due to lower sales prices and sales volumes.

In the water treatment business, revenue decreased by 7%. Water treatment revenue was relatively stable. Lower volumes of caustic soda (mainly a trading product) and a business model change for a customer had a negative impact on revenue, but without a corresponding negative impact on margin. Currencies had a clear negative impact. The revenue of the Oil & Gas business decreased by 24% to EUR 39.9 million (52.3). Revenue in shale continued to recover sequentially, but remained below Q1 2020.

In **EMEA**, revenue decreased by 9%. Water treatment revenue was relatively stable. Above-mentioned lower volumes of caustic soda and a business model change for a customer had a negative impact. In the **Americas**, revenue decreased by 13%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 6%. Water treatment volumes declined. In Oil & Gas, sales prices declined, which was partly compensated by higher sales volumes. In **APAC**, revenue increased by 33%, albeit from a low base.

**Operative EBITDA** decreased by 14% due to lower sales prices and volumes. Good cost management contributed positively. **EBITDA** decreased by 15%, and the difference from operative EBITDA is explained by items affecting comparability, which mainly consisted of previous organizational restructuring.

## KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On March 31, 2021, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles the holder to one vote at the Annual General Meeting.

At the end of March 2021, Kemira Oyj had 46,778 registered shareholders (44,311 on December 31, 2020). Non-Finnish shareholders held 28.6% of the shares (28.6% on December 31, 2020), including nominee-registered holdings. Households owned 19.4% of the shares (18.6% on December 31, 2020). Kemira held 2,223,221 treasury shares (2,418,440 on December 31, 2020), representing 1.4% (1.6% on December 31, 2020) of all company shares.

Kemira Oyj's share price increased by 1% from the beginning of the year and closed at EUR 13.09 on the Nasdaq Helsinki at the end of March 2021 (12.94 on December 31, 2020). The shares registered a high of EUR 14.55 and a low of EUR 12.64 in January-March 2021, and the average share price was EUR 13.71. The company's market capitalization, excluding treasury shares, was EUR 2,004 million at the end of March 2021 (1,979 December 31, 2020).

In January-March 2021, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 248 million (EUR 325 million in January-March 2020). The average daily trading volume was 291,537 shares (453,370 in January-March 2020). The total volume of Kemira Oyj's share trading in January-March 2021 was 19 million shares (35 million shares in January-March 2020), 6% (18% in January-March 2020) of which was executed on other trading platform (e.g. Turquoise). Source: Nasdaq and Kemira.com.

## DECISIONS BY THE ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting, held on March 24, 2021, approved the financial statements and remuneration report, and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2020.

The Annual General Meeting elected seven members to the Board of Directors. The Annual General Meeting re-elected Wolfgang Büchele, Shirley Cunningham, Werner Fuhrmann, Timo Lappalainen, Jari Paasikivi, and elected Matti Kähkönen and Kristian Pullola as new members. Jari Paasikivi was re-elected as the Chairman of the Board and Matti Kähkönen was elected as the Vice Chairman.

The Annual General Meeting decided that the remuneration paid to the members of the Board of Directors will remain unchanged: The Chairman will receive EUR 92,000 per year, the Vice Chairman and the Chairman of the Audit Committee EUR 55,000 per year and the other members EUR 44,000 per year. A fee payable for each meeting of the Board of Directors and the Board Committees will be EUR 600 for the members residing in Finland, EUR 1,200 for the members residing in rest of Europe and EUR 2,400 for the members residing outside Europe. Travel expenses are paid according to Kemira's travel policy. In addition, the Annual General Meeting decided that the annual fee be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% is paid in cash. The meeting fees are to be paid in cash.

The Annual General Meeting approved the Board of Directors' proposal of EUR 0.58 per share for the financial year 2020. The dividend will be paid in two installments. The first installment of EUR 0.29 per share was paid to a shareholder who was registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date for the dividend payment, March 26, 2021. The first installment of the dividend was paid on April 8, 2021. The second installment EUR 0.29 per share will be paid in November 2021. The second installment will be paid to a shareholder who is registered in the company's

shareholder register maintained by Euroclear Finland Ltd on the record date for the dividend payment. The Board of Directors will decide the record date and the payment date for the second installment at its meeting in October 2021. The record date is planned to be October 28, 2021, and the dividend payment date November 4, 2021, at the earliest. Kemira will announce the resolution of the Board of Directors separately and confirm the relevant record and payment dates in such announcement.

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase of a maximum of 5,600,000 the company's own shares ("Share repurchase authorization"). Shares shall be repurchased by using unrestricted equity either through a tender offer with equal terms to all shareholders at a price determined by the Board of Directors or in proportion to the existing shareholdings of the company's shareholders in public trading on the Nasdaq Helsinki Ltd (the "Helsinki Stock Exchange") at the market price quoted at the time of the repurchase. The price paid for the shares repurchased through a tender offer under the authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period. Shares shall be acquired and paid for in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Oy as well as any other applicable regulations. Shares may be repurchased to be used in implementing or financing mergers and acquisitions, developing the company's capital structure, improving the liquidity of the company's shares or to be used for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. In order to realize the aforementioned purposes, the shares acquired may be retained, transferred further or cancelled by the company. The Board of Directors shall decide upon the other terms related to the share repurchase. The Share repurchase authorization is valid until the end of the next Annual General Meeting.

The Annual General Meeting authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 company's own shares held by the company ("Share issue authorization"). The new shares may be issued and the company's own shares held by the company may be transferred either for consideration or without consideration. The new shares may be issued and the company's own shares held by the company may be transferred to the company's shareholders in proportion to their current shareholdings in the company, or by disapplying the shareholders' pre-emption right, through a directed share issue, if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the capital structure of the company, improving the liquidity of the company's shares or, if it is justified, for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the implementation of the company's share-based incentive plans. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for the company's own shares shall be recorded in the invested unrestricted equity reserves. The Board of Directors shall decide upon the other terms related to the share issues. The Share issue authorization is valid until May 31, 2022.

Ernst & Young Oy was elected as the company's auditor with Mikko Ryttilahti, APA, acting as the principal auditor. The Auditor's fees will be paid against an invoice approved by Kemira.

The Annual General Meeting decided that the four shareholders holding the most voting rights on May 31 (instead of August 31) prior to the following Annual General Meeting according to the company's shareholders' register maintained by Euroclear Finland Ltd shall each have the right to become a member or to appoint a member, as the case may be, to the Nomination Board.

## BOARD COMMITTEES

On March 24, 2021, the Board of Directors of Kemira Oyj elected members among themselves for the Audit Committee and the Personnel and Remuneration Committee. The Board's Audit Committee members are Timo Lappalainen, Jari Paasikivi and Kristian Pullola. The Audit Committee is chaired by Timo Lappalainen. The Board's Personnel and Remuneration Committee members are Matti Kähkönen, Timo Lappalainen and Jari Paasikivi. The Personnel and Remuneration Committee is chaired by Jari Paasikivi.

## SHORT-TERM RISKS AND UNCERTAINTIES

There have been no significant changes in Kemira's short-term risks and uncertainties compared to the situation on December 31, 2020.

A detailed description of Kemira's risk management principles is available on the company's website at [www.kemira.com](http://www.kemira.com). Financial risks are described in the Notes to the Financial Statements for the year 2020.

## IMPACT OF COVID-19 PANDEMIC AND RELATED ECONOMIC SLOWDOWN ON KEMIRA

The COVID-19 pandemic and the related economic slowdown have had a limited impact on Kemira's operations. In several countries with government-imposed restrictions on economic activity, the chemical industry and Kemira's customer industries were almost always classified as essential industries and, as a consequence, were exempt from government lockdown restrictions. In Q1 2021, Kemira's manufacturing facilities and supply chain operated without significant COVID-19-related disruptions. Global supply chain disruptions and logistics issues in North America resulted in some shortages in raw material availability during the quarter.

The impact of COVID-19 on customer demand has varied by segment. During Q1 2021, Kemira's end-market demand continued to recover sequentially. In Pulp & Paper, demand for chemicals improved in pulp, board and tissue, while demand for printing and writing chemicals showed some signs of stabilization in Q1 2021. In Industry & Water, demand in municipal water treatment was solid, while industrial water treatment was somewhat impacted by the economic slowdown. Shale market activity continued to recover sequentially in Q1 2021.

The final impacts on Kemira's end markets will depend on the pace of economic recovery, the development of the pandemic and the speed of vaccinations globally. New COVID-19 variants could result in further deterioration of the situation and result in additional or prolonged restrictions on economic activity before the vaccines are rolled out more broadly globally or they are modified to respond to new virus variants. A possible deterioration in the pandemic situation could lead to a widespread decline in customer demand. For Kemira's 2021 outlook, including assumptions behind the outlook, please refer to the section "Outlook" on page 16.

Kemira has set up regional crisis management teams to monitor the COVID-19 situation regionally, as the development of the COVID-19 pandemic varies by region. The aim of the crisis management teams is to mitigate the impact on Kemira in order to ensure our and our customers' business continuity. Regional crisis management teams continued to convene regularly in Q1 2021. Business travel remains restricted, and Kemira has taken several steps to ensure employee safety at its locations. To mitigate the impact on its supply chain, Kemira reviews alternative suppliers on a continuous basis to ensure smooth operations in all circumstances.

Kemira has strongly recommended remote working for employees for whom it is possible since March 2020, and the transition to remote working has been smooth. As government-imposed lockdown restrictions on economic activity will gradually be relaxed and recommendations for remote working will be lifted, Kemira

has taken steps to ensure a gradual and safe return to offices, while also complying with social distancing measures and local government recommendations. Kemira has supported leaders and employees in the adoption of remote working during the COVID-19 pandemic.

In Q1 2021, Kemira has assessed the impact of the uncertainty caused by the COVID-19 pandemic on its financial position and considered the values of assets and liabilities that contain significant accounting estimates that require judgment or that may have been particularly affected by the COVID-19 pandemic. Based on these analysis, no indications of goodwill impairment were identified, the fair value of Pohjolan Voima Group's shares did not change, and realized credit losses on trade receivables did not increase during Q1 2021.

Kemira had ample liquidity and a EUR 400 million undrawn committed credit facility at the end of March 2021. Kemira issued a EUR 200 million, 7-year-bond in March 2021 and has no imminent financing needs.

## OUTLOOK FOR 2021 (UNCHANGED)

### Revenue

Kemira's revenue in local currencies, excluding acquisitions and divestments, is expected to increase from 2020 (EUR 2,427 million).

### Operative EBITDA

Kemira's operative EBITDA is expected to be at the same or at a slightly (less than 5%) lower level than in 2020 (EUR 435 million).

### Assumptions behind outlook (unchanged)

The COVID-19 pandemic continues to cause uncertainty in 2021, but Kemira's end market demand is expected to recover gradually from 2020 in line with forecasted economic growth. Demand, particularly in the oil and gas market, is expected to recover. The outlook assumes no significant disruptions to Kemira's operations. Currencies are expected to have a negative impact on operative EBITDA.

## FINANCIAL TARGETS

Kemira aims for above-market revenue growth with an operative EBITDA margin of 15-18%. The target for gearing is below 75%.

Helsinki, April 26, 2021

Kemira Oyj

Board of Directors

All forward-looking statements in this review are based on the management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

## FINANCIAL REPORTING SCHEDULE 2021

Half-year Financial Report January-June 2021

July 16, 2021

Interim Report January-September 2021

October 26, 2021

## WEBCAST AND CONFERENCE CALL FOR PRESS AND ANALYSTS

Kemira will arrange a webcast for analysts, investors, and media on Tuesday, April 27, 2021, starting at 10:30 am EEST (8:30 am UK time). During the webcast, Kemira's President and CEO, Jari Rosendal, and CFO, Petri Castrén, will present the results. The webcast will be held in English and can be followed at [www.kemira.com/company/investors](http://www.kemira.com/company/investors). The presentation material and a recording of the webcast will be available on the above-mentioned company website.

You can attend the Q&A session via a conference call. In order to participate in the conference call, please call in ten minutes before the conference begins:

FI +358 (0)9 81710 310 SE +46 (0)8 56642 651 UK +44 (0)333 300 0804 US +1 631 913 1422

Conference ID: 72834553#



## KEMIRA GROUP

### CONSOLIDATED INCOME STATEMENT

EUR million	1-3/2021	1-3/2020	1-12/2020
<b>Revenue</b>	<b>606.1</b>	642.0	2,427.2
Other operating income	0.5	0.9	4.0
Operating expenses	-503.5	-534.5	-2,017.9
Share of profit or loss of associates	0.0	0.0	0.0
<b>EBITDA</b>	<b>103.0</b>	108.4	413.2
Depreciation, amortization and impairments	-48.9	-47.7	-197.4
<b>Operating profit (EBIT)</b>	<b>54.2</b>	60.7	215.9
Finance costs, net	-1.6	-8.9	-34.9
<b>Profit before taxes</b>	<b>52.6</b>	51.9	181.0
Income taxes	-11.8	-12.3	-43.0
<b>Net profit for the period</b>	<b>40.8</b>	39.6	138.0
<b>Net profit attributable to</b>			
Equity owners of the parent company	39.0	37.8	131.3
Non-controlling interests	1.8	1.8	6.7
<b>Net profit for the period</b>	<b>40.8</b>	39.6	138.0
Earnings per share, basic, EUR	0.25	0.25	0.86
Earnings per share, diluted, EUR	0.25	0.25	0.86

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/2021	1-3/2020	1-12/2020
<b>Net profit for the period</b>	<b>40.8</b>	39.6	138.0
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations	14.7	-15.6	-47.1
Cash flow hedges	-4.1	-18.5	-0.8
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Other shares	—	-26.1	-26.3
Remeasurements of defined benefit plans	—	—	-1.2
<b>Other comprehensive income for the period, net of tax</b>	<b>10.5</b>	-60.3	-75.3
<b>Total comprehensive income for the period</b>	<b>51.4</b>	-20.7	62.6
<b>Total comprehensive income attributable to</b>			
Equity owners of the parent company	49.7	-21.6	56.7
Non-controlling interests	1.6	0.9	5.9
<b>Total comprehensive income for the period</b>	<b>51.4</b>	-20.7	62.6

## CONSOLIDATED BALANCE SHEET

EUR million	3/31/2021	3/31/2020	12/31/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	510.3	518.1	504.1
Other intangible assets	74.8	91.7	78.0
Property, plant and equipment	1,018.1	991.8	1,011.4
Right-of-use assets	121.2	133.4	121.0
Investments in associates	5.3	5.4	5.3
Other shares	212.3	212.6	212.3
Deferred tax assets	32.4	30.8	27.5
Other investments	7.5	2.0	7.3
Receivables of defined benefit plans	48.0	51.7	51.1
<b>Total non-current assets</b>	<b>2,030.0</b>	<b>2,037.3</b>	<b>2,018.0</b>
<b>Current assets</b>			
Inventories	268.8	265.2	242.3
Interest-bearing receivables	0.4	0.1	0.4
Trade receivables and other receivables	378.0	386.6	362.0
Current income tax assets	19.6	16.4	13.4
Cash and cash equivalents	203.0	169.8	159.5
<b>Total current assets</b>	<b>869.8</b>	<b>838.1</b>	<b>777.7</b>
<b>Total assets</b>	<b>2,899.7</b>	<b>2,875.4</b>	<b>2,795.7</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity owners of the parent company	1,152.9	1,195.5	1,192.1
Non-controlling interests	14.8	14.2	13.2
<b>Total equity</b>	<b>1,167.7</b>	<b>1,209.8</b>	<b>1,205.3</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	819.1	738.1	724.1
Other liabilities	8.5	8.3	8.1
Deferred tax liabilities	57.7	51.7	52.0
Liabilities of defined benefit plans	96.3	90.5	96.3
Provisions	35.0	28.0	35.6
<b>Total non-current liabilities</b>	<b>1,016.6</b>	<b>916.5</b>	<b>916.1</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	160.8	247.8	194.7
Trade payables and other liabilities	505.0	456.2	422.2
Current income tax liabilities	18.3	22.6	25.7
Provisions	31.4	22.5	31.7
<b>Total current liabilities</b>	<b>715.5</b>	<b>749.1</b>	<b>674.3</b>
<b>Total liabilities</b>	<b>1,732.1</b>	<b>1,665.6</b>	<b>1,590.4</b>
<b>Total equity and liabilities</b>	<b>2,899.7</b>	<b>2,875.4</b>	<b>2,795.7</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-3/2021	1-3/2020	1-12/2020
<b>Cash flow from operating activities</b>			
Net profit for the period	40.8	39.6	138.0
Total adjustments	64.5	68.5	298.3
Cash flow before change in net working capital	105.4	108.1	436.2
Change in net working capital	-51.5	-30.8	-2.9
Cash generated from operations before financing items and taxes	53.8	77.4	433.3
Finance expenses, net and dividends received	-14.3	-9.1	-22.1
Income taxes paid	-25.7	-18.1	-36.5
<b>Net cash generated from operating activities</b>	<b>13.8</b>	<b>50.2</b>	<b>374.7</b>
<b>Cash flow from investing activities</b>			
Capital expenditure in associated company	—	-2.6	-2.6
Other capital expenditure	-26.6	-36.1	-195.6
Proceeds from sale of assets	—	—	2.5
Decrease (+) / increase (-) in loan receivables	-0.3	—	-5.6
<b>Net cash used in investing activities</b>	<b>-26.9</b>	<b>-38.7</b>	<b>-201.4</b>
<b>Cash flow from financing activities</b>			
Proceeds from non-current interest-bearing liabilities	200.0	—	—
Repayments of non-current liabilities	-97.3	-5.4	-65.7
Short-term financing, net increase (+) / decrease (-)	-40.0	30.9	37.2
Repayments of lease liabilities	-8.0	-7.6	-30.6
Dividends paid	—	—	-91.8
<b>Net cash used in financing activities</b>	<b>54.8</b>	<b>17.9</b>	<b>-150.9</b>
<b>Net decrease (-) / increase (+) in cash and cash equivalents</b>	<b>41.7</b>	<b>29.5</b>	<b>22.4</b>
Cash and cash equivalents at end of period	203.0	169.8	159.5
Exchange gains (+) / losses (-) on cash and cash equivalents	1.7	-2.8	-6.0
Cash and cash equivalents at beginning of period	159.5	143.1	143.1
<b>Net decrease (-) / increase (+) in cash and cash equivalents</b>	<b>41.7</b>	<b>29.5</b>	<b>22.4</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR million	Equity attributable to equity owners of the parent company								Non-controlling interests	Total Equity
	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total		
<b>Equity on January 1, 2021</b>	<b>221.8</b>	<b>257.9</b>	<b>81.1</b>	<b>196.3</b>	<b>-85.8</b>	<b>-16.3</b>	<b>537.1</b>	<b>1,192.1</b>	<b>13.2</b>	<b>1,205.3</b>
<b>Net profit for the period</b>	—	—	—	—	—	—	<b>39.0</b>	<b>39.0</b>	<b>1.8</b>	<b>40.8</b>
Other comprehensive income, net of tax	—	—	<b>-4.1</b>	—	<b>14.9</b>	—	—	<b>10.7</b>	<b>-0.2</b>	<b>10.5</b>
<b>Total comprehensive income</b>	—	—	<b>-4.1</b>	—	<b>14.9</b>	—	<b>39.0</b>	<b>49.7</b>	<b>1.6</b>	<b>51.4</b>
<b>Transactions with owners</b>										
Dividends paid	—	—	—	—	—	—	<b>-88.8</b> <sup>1)</sup>	<b>-88.8</b>	—	<b>-88.8</b>
Treasury shares issued to the target group of a share-based incentive plan	—	—	—	—	—	<b>1.3</b>	—	<b>1.3</b>	—	<b>1.3</b>
Share-based payments	—	—	—	—	—	—	<b>-1.5</b>	<b>-1.5</b>	—	<b>-1.5</b>
Transfers in equity	—	—	<b>0.5</b>	—	—	—	<b>-0.5</b>	<b>0.0</b>	—	<b>0.0</b>
<b>Total transactions with owners</b>	—	—	<b>0.5</b>	—	—	<b>1.3</b>	<b>-90.8</b>	<b>-89.0</b>	—	<b>-89.0</b>
<b>Equity on March 31, 2021</b>	<b>221.8</b>	<b>257.9</b>	<b>77.5</b>	<b>196.3</b>	<b>-70.9</b>	<b>-15.0</b>	<b>485.3</b>	<b>1,152.8</b>	<b>14.8</b>	<b>1,167.7</b>

<sup>1)</sup> On March 24, 2021, the Annual General Meeting approved a dividend of EUR 0.58 per share. The dividend will be paid in two installments. The record date for the first installment of the dividend was March 26, 2021, and a dividend of EUR 0.29 will be paid on April 8, 2021. The record date for the second installment of the dividend is October 28, 2021, and the dividend of EUR 0.29 per share will be paid no earlier than November 4, 2021.

Kemira had in its possession 2,223,221 of its treasury shares on March 31, 2021. The average share price of treasury shares was EUR 6.73, and they represented 1.4% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 3.2 million.

The share premium is a reserve accumulated through subscriptions entitled by the management stock option program 2001. This reserve is based on the old Finnish Companies Act (734/1978), and the value of reserve will no longer change. The fair value reserve is a reserve accumulating based on other shares measured at fair value and hedge accounting. Other reserves originate from local requirements of subsidiaries. The unrestricted equity reserve includes other equity-type investments and the subscription price of shares to the extent that they will not, based on a specific decision, be recognized in share capital.

EUR million	Equity attributable to equity owners of the parent company								Non-controlling interests	Total Equity
	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total		
<b>Equity on January 1, 2020</b>	<b>221.8</b>	<b>257.9</b>	<b>108.5</b>	<b>196.3</b>	<b>-39.5</b>	<b>-18.1</b>	<b>490.9</b>	<b>1,217.7</b>	<b>13.3</b>	<b>1,231.0</b>
<b>Net profit for the period</b>	—	—	—	—	—	—	<b>37.8</b>	<b>37.8</b>	<b>1.8</b>	<b>39.6</b>
Other comprehensive income, net of tax	—	—	<b>-44.7</b>	—	<b>-14.7</b>	—	—	<b>-59.4</b>	<b>-0.9</b>	<b>-60.3</b>
<b>Total comprehensive income</b>	—	—	<b>-44.7</b>	—	<b>-14.7</b>	—	<b>37.8</b>	<b>-21.6</b>	<b>0.9</b>	<b>-20.7</b>
<b>Transactions with owners</b>										
Treasury shares issued to the target group of a share-based incentive plan	—	—	—	—	—	<b>1.8</b>	—	<b>1.8</b>	—	<b>1.8</b>
Treasury shares returned	—	—	—	—	—	<b>0.0</b>	—	<b>0.0</b>	—	<b>0.0</b>
Share-based payments	—	—	—	—	—	—	<b>-2.3</b>	<b>-2.3</b>	—	<b>-2.3</b>
<b>Total transactions with owners</b>	—	—	—	—	—	<b>1.8</b>	<b>-2.3</b>	<b>-0.5</b>	—	<b>-0.5</b>
<b>Equity on March 31, 2020</b>	<b>221.8</b>	<b>257.9</b>	<b>63.8</b>	<b>196.3</b>	<b>-54.2</b>	<b>-16.3</b>	<b>526.4</b>	<b>1,195.5</b>	<b>14.2</b>	<b>1,209.8</b>

## GROUP KEY FIGURES

Kemira provides certain financial performance measures (alternative performance measures) that are not defined by IFRS. Kemira believes that alternative performance measures followed by capital markets and Kemira management, such as organic growth\*, EBITDA, operative EBITDA, operative EBIT, cash flow after investing activities as well as gearing, provide useful information about Kemira's comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation from the equivalent IFRS measures, and alternative performance measures should be read in conjunction with the most directly comparable IFRS measures. Definitions of the alternative performance measures can be found in the definitions of the key figures in this report, as well as at [www.kemira.com](http://www.kemira.com) > Investors > Financial information.

\* Revenue growth in local currencies, excluding acquisitions and divestments

	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2020 1-12
<b>Income statement and profitability</b>						
Revenue, EUR million	606.1	605.6	596.7	582.9	642.0	2,427.2
Operative EBITDA, EUR million	104.6	107.9	113.0	105.7	108.5	435.1
Operative EBITDA, %	17.3	17.8	18.9	18.1	16.9	17.9
EBITDA, EUR million	103.0	91.2	109.8	103.8	108.4	413.2
EBITDA, %	17.0	15.1	18.4	17.8	16.9	17.0
Items affecting comparability in EBITDA, EUR million	-1.6	-16.7	-3.2	-1.9	-0.1	-21.8
Operative EBIT, EUR million	55.7	57.0	62.3	57.6	60.8	237.7
Operative EBIT, %	9.2	9.4	10.4	9.9	9.5	9.8
Operating profit (EBIT), EUR million	54.2	40.3	59.1	55.7	60.7	215.9
Operating profit (EBIT), %	8.9	6.7	9.9	9.6	9.5	8.9
Items affecting comparability in EBIT, EUR million	-1.6	-16.7	-3.2	-1.9	-0.1	-21.8
Amortization and impairments of Intangible assets	-6.2	-6.8	-7.4	-6.9	-7.6	-28.6
Of which purchase price allocation (PPA) related	-3.0	-3.2	-3.3	-3.8	-4.6	-14.8
Depreciations and impairments of Property, plant and equipment	-34.4	-36.1	-35.4	-33.2	-32.1	-136.8
Depreciations of right-of-use assets	-8.2	-8.0	-8.0	-8.0	-8.0	-31.9
Return on investment (ROI), %	10.1	6.7	9.9	9.2	10.1	9.1
Capital employed, EUR million <sup>1)</sup>	1,958.8	1,964.9	1,977.2	1,993.5	1,995.7	1,964.9
Operative ROCE, %	11.9	12.1	11.3	11.6	11.8	12.1
ROCE, %	10.7	11.0	10.0	10.4	10.4	11.0

	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2020 1-12
<b>Cash flow</b>						
Net cash generated from operating activities, EUR million	13.8	146.4	117.3	60.8	50.2	374.7
Capital expenditure, EUR million	26.6	66.0	49.4	44.1	38.7	198.2
Capital expenditure excl. acquisitions, EUR million	26.6	66.0	49.4	44.1	36.1	195.6
Capital expenditure excl. acquisitions / revenue, %	4.4	10.9	8.3	7.6	5.6	8.1
Cash flow after investing activities, EUR million	-13.1	76.6	68.6	16.6	11.5	173.3
<b>Balance sheet and solvency</b>						
Equity ratio, %	40.4	43.2	43.7	43.2	42.1	43.2
Gearing, %	66.5	63.0	64.1	69.9	67.5	63.0
Interest-bearing net liabilities, EUR million	776.9	759.3	786.1	843.8	816.0	759.3
<b>Personnel</b>						
Personnel at end of period	4,926	4,921	4,999	5,106	5,075	4,921
Personnel (average)	4,919	4,999	5,037	5,093	5,074	5,038
<b>Key exchange rates at end of period</b>						
USD	1.173	1.227	1.171	1.120	1.096	1.227
CAD	1.478	1.563	1.568	1.532	1.562	1.563
SEK	10.238	10.034	10.571	10.495	11.061	10.034
CNY	7.681	8.023	7.972	7.922	7.778	8.023
BRL	6.741	6.374	6.631	6.112	5.700	6.374
<b>Per share figures, EUR</b>						
Earnings per share (EPS), basic <sup>2)</sup>	0.25	0.14	0.24	0.22	0.25	0.86
Earnings per share (EPS), diluted <sup>2)</sup>	0.25	0.14	0.24	0.22	0.25	0.86
Net cash generated from operating activities per share <sup>2)</sup>	0.09	0.96	0.77	0.40	0.33	2.45
Equity per share <sup>2)</sup>	7.53	7.80	7.94	7.80	7.82	7.80
<b>Number of shares (1,000,000)</b>						
Average number of shares, basic <sup>2)</sup>	153.0	152.9	152.9	152.9	152.7	152.9
Average number of shares, diluted <sup>2)</sup>	153.7	153.4	153.3	153.3	153.4	153.4
Number of shares at end of period, basic <sup>2)</sup>	153.1	152.9	152.9	152.9	152.9	152.9
Number of shares at end of period, diluted <sup>2)</sup>	153.7	153.7	153.3	153.3	153.4	153.7

<sup>1)</sup> 12-month rolling average

<sup>2)</sup> Number of shares outstanding, excluding the number of treasury shares.

## DEFINITIONS OF KEY FIGURES

### Operative EBITDA

Operating profit (EBIT) + depreciation and amortization + impairments +/- items affecting comparability

### Items affecting comparability <sup>1)</sup>

Restructuring and streamlining programs + transaction and integration expenses in acquisitions + divestment of businesses and other disposals + other items

### Operative EBIT

Operating profit (EBIT) +/- items affecting comparability

### Return on investment (ROI), %

(Profit before taxes + interest expenses + other financial expenses) x 100

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Total assets - non-interest-bearing liabilities <sup>2)</sup>

### Operative return on capital employed (Operative ROCE), %

Operative EBIT x 100 <sup>3)</sup>

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Capital employed <sup>4)</sup>

### Return on capital employed (ROCE), %

Operating profit (EBIT) x 100 <sup>3)</sup>

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Capital employed <sup>4)</sup>

### Capital employed

Property, plant and equipment + right-of-use assets + intangible assets + net working capital + investments in associates

### Net working capital

Inventories + trade receivables + other receivables, excluding derivatives, accrued interest income and other financing items - trade payables - other liabilities, excluding derivatives, accrued interest expenses and other financing items

### Cash flow after investing activities

Net cash generated from operating activities + net cash used in investing activities

### Equity ratio, %

Total equity x 100

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Total assets - prepayments received

### Gearing, %

Interest-bearing net liabilities x 100

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Total equity

### Interest-bearing net liabilities (=Net debt)

Interest-bearing liabilities - cash and cash equivalents

### Earnings per share (EPS)

Net profit attributable to equity owners of the parent company

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Average number of shares

### Net cash generated from operating activities per share

Net cash generated from operating activities

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Average number of shares

### Equity per share

Equity attributable to equity owners of the parent company at end of period

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Number of shares at end of period

<sup>1)</sup> Financial performance measures that are not defined by IFRS may include items of income and expenses that affect the comparability of the financial reporting of Kemira Group. Restructuring and streamlining programs, transaction and integration expenses in acquisitions, divestments of businesses, and other disposals are considered to be the most common items affecting comparability.

<sup>2)</sup> Average

<sup>3)</sup> Operating profit (EBIT) taken into account for a rolling 12-month period ending at the end of the review period.

<sup>4)</sup> 12-month rolling average

## RECONCILIATION OF IFRS FIGURES

EUR million	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2020 1-12
<b>ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT</b>						
<b>Operative EBITDA</b>	<b>104.6</b>	107.9	113.0	105.7	108.5	435.1
Restructuring and streamlining programs	-1.4	-3.4	-3.2	-1.9	0.0	-8.4
Transaction and integration expenses in acquisition	0.0	0.0	0.0	0.0	0.0	0.0
Divestment of businesses and other disposals	-0.2	1.0	0.0	0.0	0.0	1.0
Other items	0.0	-14.3	0.0	0.0	-0.1	-14.4
<b>Total items affecting comparability</b>	<b>-1.6</b>	-16.7	-3.2	-1.9	-0.1	-21.8
<b>EBITDA</b>	<b>103.0</b>	91.2	109.8	103.8	108.4	413.2
<b>Operative EBIT</b>	<b>55.7</b>	57.0	62.3	57.6	60.8	237.7
Total items affecting comparability in EBITDA	-1.6	-16.7	-3.2	-1.9	-0.1	-21.8
Items affecting comparability in depreciation, amortization and impairments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operating profit (EBIT)</b>	<b>54.2</b>	40.3	59.1	55.7	60.7	215.9
<b>ROCE AND OPERATIVE ROCE</b>						
Operative EBIT	55.7	57.0	62.3	57.6	60.8	237.7
Operating profit (EBIT)	54.2	40.3	59.1	55.7	60.7	215.9
Capital employed <sup>1)</sup>	1,958.8	1,964.9	1,977.2	1,993.5	1,995.7	1,964.9
Operative ROCE, %	11.9	12.1	11.3	11.6	11.8	12.1
ROCE, %	10.7	11.0	10.0	10.4	10.4	11.0
<b>NET WORKING CAPITAL</b>						
Inventories	268.8	242.3	256.4	276.3	265.2	242.3
Trade receivables and other receivables	378.0	362.0	341.4	340.3	386.6	362.0
Excluding financing items in other receivables	-9.9	-16.9	-7.0	-6.4	-9.1	-16.9
Trade payables and other liabilities	505.0	422.2	366.6	376.5	456.2	422.2
Excluding dividend liability and financing items in other liabilities	-121.9	-31.8	-24.8	-30.1	-49.2	-31.8
<b>Net working capital</b>	<b>253.8</b>	197.0	248.9	263.9	235.6	197.0
<b>INTEREST-BEARING NET LIABILITIES</b>						
Non-current interest-bearing liabilities	819.1	724.1	724.1	732.0	738.1	724.1
Current interest-bearing liabilities	160.8	194.7	247.6	245.4	247.8	194.7
<b>Interest-bearing liabilities</b>	<b>979.9</b>	918.8	971.7	977.4	985.9	918.8
Cash and cash equivalents	203.0	159.5	185.7	133.6	169.8	159.5
<b>Interest-bearing net liabilities</b>	<b>776.9</b>	759.3	786.1	843.8	816.0	759.3

<sup>1)</sup> 12-month rolling average



## QUARTERLY SEGMENT INFORMATION

EUR million	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2020 1-12
<b>Revenue</b>						
Pulp & Paper	369.5	370.0	352.2	357.0	378.5	1,457.6
Industry & Water	236.6	235.6	244.4	225.9	263.6	969.5
<b>Total</b>	<b>606.1</b>	<b>605.6</b>	<b>596.7</b>	<b>582.9</b>	<b>642.0</b>	<b>2,427.2</b>
<b>Operative EBITDA</b>						
Pulp & Paper	62.9	68.9	65.5	65.6	60.2	260.2
Industry & Water	41.7	39.0	47.6	40.0	48.2	174.8
<b>Total</b>	<b>104.6</b>	<b>107.9</b>	<b>113.0</b>	<b>105.7</b>	<b>108.5</b>	<b>435.1</b>
<b>Items affecting comparability in EBITDA</b>						
Pulp & Paper	-0.8	-16.8	-3.2	0.0	0.0	-20.0
Industry & Water	-0.8	0.1	0.0	-1.9	-0.1	-1.8
<b>Total</b>	<b>-1.6</b>	<b>-16.7</b>	<b>-3.2</b>	<b>-1.9</b>	<b>-0.1</b>	<b>-21.8</b>
<b>EBITDA</b>						
Pulp & Paper	62.2	52.1	62.3	65.7	60.2	240.2
Industry & Water	40.8	39.1	47.6	38.1	48.2	173.0
<b>Total</b>	<b>103.0</b>	<b>91.2</b>	<b>109.8</b>	<b>103.8</b>	<b>108.4</b>	<b>413.2</b>
<b>Operative EBIT</b>						
Pulp & Paper	33.2	37.5	34.8	35.7	30.1	138.0
Industry & Water	22.5	19.5	27.5	21.9	30.7	99.7
<b>Total</b>	<b>55.7</b>	<b>57.0</b>	<b>62.3</b>	<b>57.6</b>	<b>60.8</b>	<b>237.7</b>
<b>Items affecting comparability in EBIT</b>						
Pulp & Paper	-0.8	-16.8	-3.2	0.0	0.0	-20.0
Industry & Water	-0.8	0.1	0.0	-1.9	-0.1	-1.8
<b>Total</b>	<b>-1.6</b>	<b>-16.7</b>	<b>-3.2</b>	<b>-1.9</b>	<b>-0.1</b>	<b>-21.8</b>
<b>Operating profit (EBIT)</b>						
Pulp & Paper	32.4	20.7	31.5	35.7	30.1	118.0
Industry & Water	21.7	19.6	27.6	20.0	30.7	97.8
<b>Total</b>	<b>54.2</b>	<b>40.3</b>	<b>59.1</b>	<b>55.7</b>	<b>60.7</b>	<b>215.9</b>

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-3/2021	1-3/2020	1-12/2020
<b>Net book value at beginning of period</b>	<b>1,011.4</b>	1,005.1	1,005.1
Purchases of subsidiaries and asset acquisitions	—	—	—
Increases	<b>24.9</b>	34.2	185.0
Decreases	—	—	-1.3
Depreciation and impairments	<b>-34.4</b>	-32.1	-136.8
Exchange rate differences and other changes	<b>16.2</b>	-15.4	-40.5
<b>Net book value at end of period</b>	<b>1,018.1</b>	991.8	1,011.4

## CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	1-3/2021	1-3/2020	1-12/2020
<b>Net book value at beginning of period</b>	<b>582.1</b>	611.3	611.3
Purchases of subsidiaries and asset acquisitions	—	—	—
Increases	<b>1.7</b>	1.9	10.6
Decreases	—	—	—
Amortization and impairments	<b>-6.2</b>	-7.6	-28.6
Exchange rate differences and other changes	<b>7.5</b>	4.1	-11.2
<b>Net book value at end of period</b>	<b>585.1</b>	609.7	582.1

## CHANGES IN RIGHT-OF-USE ASSETS

EUR million	1-3/2021	1-3/2020	1-12/2020
<b>Net book value at beginning of period</b>	<b>121.0</b>	136.2	136.2
Increases	<b>5.2</b>	6.2	25.0
Depreciation and impairments	<b>-8.2</b>	-8.0	-31.9
Exchange rate differences and other changes	<b>3.3</b>	-1.0	-8.4
<b>Net book value at end of period</b>	<b>121.2</b>	133.4	121.0

## DERIVATIVE INSTRUMENTS

EUR million	3/31/2021		31/12/2020	
	Nominal value	Fair value	Nominal value	Fair value
<b>Currency derivatives</b>				
Forward contracts	391.4	-4.2	372.3	1.2
of which cash flow hedge	53.6	-0.7	64.3	2.1
<b>Other derivatives</b>				
	GWh	Fair value	GWh	Fair value
Electricity forward contracts, bought	2,097.5	2.4	2,325.7	4.8
of which cash flow hedge	2,097.5	2.4	2,325.7	4.8

The fair values of the publicly traded instruments are based on market valuation on the date of reporting. The values of other instruments have been determined based on net present values of future cash flows.

## FAIR VALUE OF FINANCIAL ASSETS

EUR million	3/31/2021				31/12/2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Fair value hierarchy</b>								
Other shares	—	—	212.3	212.3	—	—	212.3	212.3
Other investments	—	7.5	—	7.5	—	7.3	—	7.3
Currency derivatives	—	2.0	—	2.0	—	3.5	—	3.5
Currency derivatives, hedge accounting	—	0.2	—	0.2	—	2.5	—	2.5
Other derivatives, hedge accounting <sup>1)</sup>	—	5.9	—	5.9	—	9.7	—	9.7
Other receivables	—	0.4	—	0.4	—	0.4	—	0.4
Trade receivables	—	309.9	—	309.9	—	288.5	—	288.5
Cash and cash equivalents	—	203.0	—	203.0	—	159.5	—	159.5
<b>Total</b>	—	<b>528.9</b>	<b>212.3</b>	<b>741.2</b>	—	<b>471.4</b>	<b>212.3</b>	<b>683.7</b>

<sup>1)</sup> Includes fair value of electricity forward contracts of EUR 1.4 million maturing after 12 months

Level 1: Fair value is determined based on quoted market prices in markets.

Level 2: Fair value is determined by using valuation techniques. The fair value refers to the value that is observable from the market value of elements of financial instrument or from the market value of corresponding financial instruments, or the value that is observable by using commonly accepted valuation models and techniques, if the market value can be measured reliably with them.

Level 3: Fair value is determined by using valuation techniques that use inputs that have a significant effect on the recorded fair value, and the inputs are not based on observable market data. Level 3 includes mainly the shares of Pohjolan Voima Group.

EUR million	3/31/2021	31/12/2020
<b>Level 3 specification</b>		
<b>Instrument</b>		
Carrying value at beginning of period	212.3	245.2
Effect on other comprehensive income	—	-32.9
Increases	—	—
Decreases	—	—
<b>Carrying value at end of period</b>	<b>212.3</b>	<b>212.3</b>

## FAIR VALUE OF FINANCIAL LIABILITIES

EUR million	3/31/2021				31/12/2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Fair value hierarchy</b>								
Non-current interest-bearing liabilities	—	775.7	—	775.7	—	663.1	—	663.1
Non-current other liabilities	—	8.5	—	8.5	—	8.1	—	8.1
Non-current lease liabilities	—	93.7	—	93.7	—	94.4	—	94.4
Current portion of lease liabilities	—	27.8	—	27.8	—	27.0	—	27.0
Short-term interest-bearing loans	—	139.6	—	139.6	—	175.4	—	175.4
Other liabilities	—	2.6	—	2.6	—	19.6	—	19.6
Currency derivatives	—	5.6	—	5.6	—	4.4	—	4.4
Currency derivatives, hedge accounting	—	0.8	—	0.8	—	0.4	—	0.4
Other derivatives, hedge accounting <sup>1)</sup>	—	3.5	—	3.5	—	4.9	—	4.9
Trade payables	—	181.4	—	181.4	—	180.2	—	180.2
<b>Total</b>	<b>—</b>	<b>1,239.2</b>	<b>—</b>	<b>1,239.2</b>	<b>—</b>	<b>1,177.5</b>	<b>—</b>	<b>1,177.5</b>

<sup>1)</sup> Includes fair value of electricity forward contracts of EUR 2.4 million maturing after 12 months

## CONTINGENT LIABILITIES

EUR million	3/31/2021	3/31/2020	12/31/2020
<b>Assets pledged</b>			
On behalf of own commitments	—	5.7	6.2
<b>Guarantees</b>			
On behalf of own commitments	93.0	49.0	44.5
On behalf of associates	12.6	—	12.6
On behalf of others	2.0	1.7	2.0
<b>Other obligations</b>			
On behalf of own commitments	0.9	0.8	0.9
On behalf of others	16.3	6.1	16.3

## Major off-balance sheet commitments

Major amounts of contractual investment commitments for the acquisition of property, plant, and equipment on March 31, 2021 were about EUR 12 million for plant investments.

Group has a lease commitment related to the to-be-constructed R&D Center in Finland with value of EUR 46 million.

## LITIGATION

As previously reported, Kemira is subject to an action filed by CDC Project 13 SA in 2011 in the municipal court of Amsterdam, asking damages for alleged legacy violations of competition law applicable to the old sodium chlorate business. With effect as of October 21, 2020, CDC Project 13 SAS has further reduced its claim against Kemira by some 8% to now EUR 56.0 million (including interest up until October 21, 2020). For more details, please refer to the Litigation section of Kemira's Financial Statement 2020.

During Q1/2021 no further developments having a significant impact occurred in this proceeding and Kemira continues to vigorously defend itself against the claims made by CDC Project 13 SA.

Kemira is unable to estimate the duration of the said process. Equally no assurance can be given as to the exact outcome of the process and unfavorable judgments against Kemira could have an adverse effect on Kemira's business, financial condition or results of operations. With that said, Kemira and CDC Project 13 SAS have agreed in 2014 to significant limitations of liability to the benefit of Kemira. Finally, Kemira has estimated that the continuing process will likely cause a financial impact and hence has made a provision of EUR 11.5 million in 2019.

Due to its extensive international operations the Group, in addition to the above referred claim, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of these other currently pending legal proceedings to have materially adverse effect upon its consolidated results or financial position.

## RELATED PARTY

Pension Fund Neliapila which is a related party paid a surplus return of EUR 3 million to Kemira Group companies. Otherwise, transactions with related parties have not changed materially.

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited interim financial statements has been prepared in accordance with the IAS 34 *Interim Financial Reporting* standard and using the same accounting policies as in the annual financial statements for 2020. The interim financial statements should be read in conjunction with the annual financial statements for 2020.

All individual figures presented in this interim financial statements have been rounded to the nearest exact figure. Therefore, the sum of the individual figures may deviate from the total figure presented in the interim financial statements. The key figures are calculated using exact values.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the interim financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

In Q1 2021, Kemira has assessed the impact of the uncertainty caused by the COVID-19 pandemic on its financial position and considered the values of assets and liabilities that contain significant accounting estimates that require judgment or that may have been particularly affected by the COVID-19 pandemic. Based on these analysis, no indications of goodwill impairment were identified, the fair value of Pohjolan

Voima Group's shares did not change, and realized credit losses on trade receivables did not increase during Q1/2021.