

Kemira



**January-June
Half-year
Financial Report
2021**

STRONG REVENUE GROWTH

Second quarter:

- Revenue increased by 13% to EUR 657.5 million (582.9). Revenue in local currencies, excluding acquisitions and divestments, increased by 16% following higher sales volumes. Also sales prices increased.
- Operative EBITDA increased by 2% to EUR 107.3 million (105.7). The operative EBITDA margin decreased to 16.3% (18.1%) mainly due to higher variable costs. EBITDA decreased by 12% to EUR 91.1 million (103.8). The differences between operative and reported figures are explained by items affecting comparability, which were mainly related to a damage claim settlement.
- Operative EBIT increased by 1% to EUR 58.2 million (57.6). EBIT decreased by 25% to EUR 41.9 million (55.7).
- Cash flow from operating activities was EUR 38.6 million (60.8).
- EPS (diluted) decreased by 33% to EUR 0.15 (0.22), mainly due to a damage claim settlement.

January-June:

- Revenue increased by 3% to EUR 1,263.6 million (1,224.9). Revenue in local currencies, excluding acquisitions and divestments, increased by 7% due to higher sales volumes.
- Operative EBITDA decreased by 1% to EUR 211.9 million (214.2), mainly due to higher variable costs and negative currency impact. Higher sales volumes had a positive impact. The operative EBITDA margin decreased to 16.8% (17.5%). EBITDA decreased by 8% to EUR 194.2 million (212.2). The differences between operative and reported figures are explained by items affecting comparability, which were mainly explained by a damage claim settlement.
- Operative EBIT decreased by 4% to EUR 114.0 million (118.4). EBIT decreased by 17% to EUR 96.1 million (116.4).
- Cash flow from operating activities was EUR 52.4 million (111.0).
- EPS (diluted) decreased by 14% to EUR 0.40 (0.47), mainly due to a damage claim settlement.

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 (specified)

The COVID-19 pandemic continues to cause uncertainty in 2021, but Kemira's end market demand is recovering and expected to continue to recover from 2020 in line with on-going economic growth. Demand particularly in the oil and gas market is recovering and expected to continue 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:

"We saw a clear improvement in demand across the board during Q2 2021. Kemira's revenue grew by 13% to EUR 657 million. Organic growth was 16% and organic growth excluding the Oil & Gas business was also at a good level at 9%. Higher input costs and some raw material availability issues had an impact on

profitability. Operative EBITDA was EUR 107 million while operative EBITDA margin declined but was still solid at 16.3%.

In Pulp & Paper, revenue increased by 6% following good market demand across the board. Growth was driven particularly by continued good demand in packaging and pulp and strong market demand in Asia-Pacific. Higher raw material costs impacted profitability and the operative EBITDA margin declined to 15.3%.

In Industry & Water revenue grew by 24%. This was mainly driven by the Oil & Gas business where revenue increased by 146% following continued market recovery in shale and improved seasonal demand in oil sands tailings. Segment profitability remained strong at 17.7% thanks to higher sales volumes.

We have kept our outlook unchanged and we expect the recovery in demand to continue in H2 2021. Inflationary pressures are expected to continue following strong recovery in the global economy. To mitigate the cost pressure, we are continuing our active pricing actions and we are working hard to capture growing market demand in order to increase sales volumes.

Profitable growth remains Kemira's strategic focus area. During Q2 2021, construction of our new manufacturing facilities in the U.S. and South Korea was completed and ramp-up is ongoing. There is also higher customer demand for renewable and recyclable products supporting our biobased strategy, which is progressing as planned. Capacity expansions and the biobased strategy will support Kemira's profitable growth ambitions in the coming years."

KEY FIGURES AND RATIOS

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	657.5	582.9	1,263.6	1,224.9	2,427.2
Operative EBITDA	107.3	105.7	211.9	214.2	435.1
Operative EBITDA, %	16.3	18.1	16.8	17.5	17.9
EBITDA	91.1	103.8	194.2	212.2	413.2
EBITDA, %	13.9	17.8	15.4	17.3	17.0
Operative EBIT	58.2	57.6	114.0	118.4	237.7
Operative EBIT, %	8.9	9.9	9.0	9.7	9.8
EBIT	41.9	55.7	96.1	116.4	215.9
EBIT, %	6.4	9.6	7.6	9.5	8.9
Net profit for the period	24.9	35.5	65.7	75.1	138.0
Earnings per share, diluted, EUR	0.15	0.22	0.40	0.47	0.86
Capital employed*	1,956.1	1,993.5	1,956.1	1,993.5	1,964.9
Operative ROCE*, %	11.9	11.6	11.9	11.6	12.1
ROCE*, %	10.0	10.4	10.0	10.4	11.0
Cash flow from operating activities	38.6	60.8	52.4	111.0	374.7
Capital expenditure excl. acquisition	32.5	44.1	59.1	80.2	195.6
Capital expenditure	32.5	44.1	59.1	82.8	198.2
Cash flow after investing activities	6.1	16.6	-6.9	28.1	173.3
Equity ratio, % at period-end	42	43	42	43	43
Equity per share, EUR	7.74	7.80	7.74	7.80	7.80
Gearing, % at period-end	69	70	69	70	63

*12-month rolling average

Unless otherwise stated, all comparisons in this 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 > Investors > Financial information. All the figures in this report have been individually rounded, and consequently the sum of the individual figures may deviate slightly from the total figure presented.

FINANCIAL PERFORMANCE IN Q2 2021

Revenue increased by 13%. Revenue in local currencies, excluding acquisitions and divestments, increased by 16% mainly due to higher sales volumes. Sales prices also increased.

Revenue	Apr-Jun 2021 EUR million	Apr-Jun 2020 EUR million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	378.4	357.0	6	9	-3	0
Industry & Water	279.1	225.9	24	28	-4	0
Total	657.5	582.9	13	16	-4	0

* Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA increased by 2% to EUR 107.3 million (105.7). Variable and fixed costs increased, but they were compensated by higher sales volumes and sales prices.

Variance analysis, EUR million	Apr-Jun
Operative EBITDA, 2020	105.7
Sales volumes	+37.1
Sales prices	+12.1
Variable costs	-42.8
Fixed costs	-2.4
Currency exchange	-2.9
Others	+0.5
Operative EBITDA, 2021	107.3

Operative EBITDA	Apr-Jun 2021 EUR million	Apr-Jun 2020 EUR million	Δ%	Apr-Jun 2021 %-margin	Apr-Jun 2020 %-margin
Pulp & Paper	57.8	65.6	-12	15.3	18.4
Industry & Water	49.5	40.0	24	17.7	17.7
Total	107.3	105.7	2	16.3	18.1

EBITDA decreased by 12% to EUR 91.1 million (103.8). The difference between it and operative EBITDA is explained by **items affecting comparability**, which were mainly related to a damage claim settlement of EUR 11.25 million with CDC and provisions of EUR 4.6 million related to previous site closures. The comparison period consisted of organizational restructuring costs.

Items affecting comparability, EUR million	Apr-Jun 2021	Apr-Jun 2020
Within EBITDA	-16.2	-1.9
Pulp & Paper	-15.6	0.0
Industry & Water	-0.6	-1.9
Within depreciation, amortization and impairments	-0.1	0.0
Pulp & Paper	-0.1	0.0
Industry & Water	0.0	0.0
Total items affecting comparability in EBIT	-16.3	-1.9

Depreciation, amortization and impairments were EUR 49.2 million (48.1), including EUR 3.0 million (3.8) in amortization of the purchase price allocation.

Operative EBIT increased by 1% due to higher EBITDA. **EBIT** decreased by 25%, and the difference between the two is explained by items affecting comparability, which were mainly related to a damage claim settlement with CDC and provisions related to previous site closures.

Net finance costs totaled EUR -8.5 million (-9.0). **Income taxes** were EUR -8.5 million (-11.2), with the reported tax rate being 25% (24%). **Net profit for the period** decreased by 30% mainly due to items affecting comparability.

FINANCIAL PERFORMANCE IN JANUARY-JUNE 2021

Revenue increased by 3%. Revenue in local currencies, excluding acquisitions and divestments, increased by 7% due to higher sales volumes.

Revenue	Jan-Jun 2021 EUR million	Jan-Jun 2020 EUR million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	747.9	735.4	+2	+6	-4	0
Industry & Water	515.7	489.5	+5	+9	-4	0
Total	1,263.6	1,224.9	+3	+7	-4	0

* Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA decreased by 1% to 211.9 (214.2) due to higher variable costs and negative currency impact, which were partly compensated by higher sales volumes.

Variance analysis, EUR million	Jan-Jun
Operative EBITDA, 2020	214.2
Sales volumes	+39.5
Sales prices	-0.9
Variable costs	-38.9
Fixed costs	+5.5
Currency exchange	-5.1
Others	-2.3
Operative EBITDA, 2021	211.9

Operative EBITDA	Jan-Jun 2021 EUR million	Jan-Jun 2020 EUR million	Δ%	Jan-Jun 2021 %-margin	Jan-Jun 2020 %-margin
Pulp & Paper	120.7	125.9	-4	16.1	17.1
Industry & Water	91.2	88.3	3	17.7	18.0
Total	211.9	214.2	-1	16.8	17.5

EBITDA decreased by 8% to EUR 194.2 million (212.2). The difference between it and operative EBITDA is explained by items affecting comparability. **Items affecting comparability** consisted mainly of a damage claim settlement with CDC, provisions related to previous site closures and organizational restructuring. The comparison period consisted of organizational restructuring costs.

Items affecting comparability, EUR million	Jan-Jun 2021	Jan-Jun 2020
Within EBITDA	-17.7	-2.0
Pulp & Paper	-16.3	0.0
Industry & Water	-1.4	-2.0
Within depreciation, amortization and impairments	-0.1	0.0
Pulp & Paper	-0.1	0.0
Industry & Water	0.0	0.0
Total	-17.9	-2.0

Depreciation, amortization and impairments increased to EUR 98.1 million (95.7), including the EUR 6.0 million (8.4) amortization of the purchase price allocation.

Operative EBIT decreased by 4% compared to the previous year. **EBIT** decreased by 17%, and the difference between the two is explained by items affecting comparability, which consisted mainly of a damage claim settlement with CDC, provisions related to previous site closures and organizational restructuring. The comparison period consisted of organizational restructuring costs.

Net finance costs totaled EUR -10.1 million (-17.8), 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 -20.3 million (-23.5), with the reported tax rate being 24% (24%). **Net profit** for the period decreased by 13%, mainly due to items affecting comparability.

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in January-June 2021 decreased to EUR 52.4 million (111.0) mainly due to changes in net working capital. Cash flow after investing activities was EUR -6.9 million (28.1). 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 977 million (977), including lease liabilities of EUR 128 million (128). The average interest rate of the Group's interest-bearing loan portfolio (excluding leases) was 1.8% (1.8%), and the duration was 33 months (22). Fixed-rate loans accounted for 81% (71%) of net interest-bearing liabilities, including lease liabilities.

Short-term liabilities maturing in the next 12 months amounted to EUR 203 million. On June 30, 2021, cash and cash equivalents totaled EUR 145 million (134). The Group has a EUR 400 million undrawn committed credit facility maturing in 2026.

At the end of the period, Kemira Group's net debt was EUR 831 million (844), including lease liabilities. The equity ratio was 42% (43%), while gearing was 69% (70%).

CAPITAL EXPENDITURE

In January-June 2021, capital expenditure excluding acquisitions decreased by 26% to EUR 59.1 million (80.2). Capital expenditure can be broken down as follows: expansion capex 22% (46%), improvement capex 26% (20%), and maintenance capex 52% (34%).

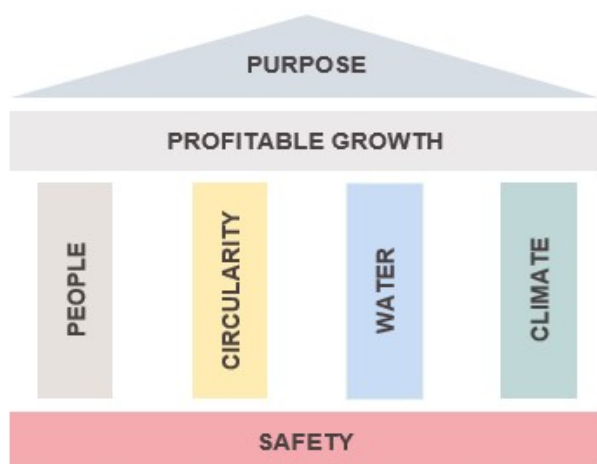
RESEARCH AND DEVELOPMENT

In January-June 2021, total research and development expenses were EUR 14.1 million (15.3), representing 1.1% (1.2%) of the Group's revenue.

HUMAN RESOURCES

At the end of the period, Kemira Group had 5,008 employees (5,106). Kemira had 823 (826) employees in Finland, 1,793 (1,810) employees elsewhere in EMEA, 1,466 (1,531) in the Americas, and 926 (939) in APAC.

CORPORATE SUSTAINABILITY



Kemira sustainability work is guided by the UN Sustainable Development Goals (SDGs).




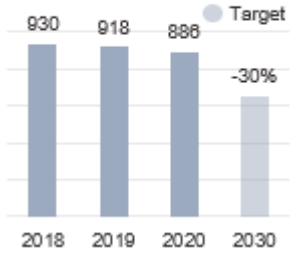
Our focus is on:



Sustainability overview Q2 2021

Sustainable Development Goal nr. 8 (SDG8), covering important social and economical sustainability aspects, was introduced to Kemira's sustainability program in Q2. Learning path for sustainability introduced internally with 2 learning modules with themes *Sustainability basics* and *Sustainability at Kemira*.

Sustainability	KPI	Performance and target	Q2 performance
SAFETY High safety performance fundamental to business 	TRIF* 1.5 by 2025 and 1.1 by 2030 *TRIF = total recordable injury frequency per million hours, Kemira + contractors, year-to-date	TRIF* 	Safety performance decreased in Q2 2021 with YTD incident rate being 2.8 compared to our target 1.9. Due to the increase of contractor incidents, we have initiated a global project to review and harmonize our contractor qualification & work execution processes.
PEOPLE Foster strong company culture and commitment to people 	Reach top 10% cross industry norm for Diversity & Inclusion by 2025		Measured as employees' perception of Diversity and Inclusion (D&I) from selected employee survey items compared to top 10% cross industry norm. Diversity & Inclusion related analytics and roadmap work for 2021-2023 continues. D&I analytics and recruitment process review continues. Initial development initiatives have been identified.
WATER Mitigate water related risks, grasp water related opportunities 	Continuously improve freshwater use intensity	FRESHWATER USE INTENSITY 	New reporting tool launched during Q2 2021. The first semiannual results in September 2021. Numeric target to be developed in 2021. Discussions with Manufacturing and Product Lines on opportunities to reduce freshwater use in products during Q2/Q3. Full CDP Water Security disclosure submitted early July 2021.

Sustainability	KPI	Performance and target	Q2 performance										
<p>CIRCULARITY</p> <p>Reduce waste and increase renewable raw material use</p> <div style="text-align: center;">  <p>IN PROGRESS</p> </div>	<p>Reduce waste intensity by 15% by 2030</p> <p>Biobased products >500 million EUR revenue by 2030</p>	<p>WASTE INTENSITY REFERENCE YEAR 2019</p>  <table border="1"> <caption>Waste Intensity Data</caption> <thead> <tr> <th>Year</th> <th>Value</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	Value	2019	4.6	2020	4.2	2030 Target	-15%	<p>Implementation of the new GRI standard and collection of semiannual waste data developed in H1 2021 as part of implementation of new reporting tool. The first semiannual results available in September 2021.</p> <p>Further development of site-specific waste management programs with top sites. Further discussions on how to handle identified key waste sources, e.g. filter cakes.</p>		
Year	Value												
2019	4.6												
2020	4.2												
2030 Target	-15%												
<p>CLIMATE</p> <p>Reduce climate impact throughout the value chain</p> <div style="text-align: center;">  <p>IN PROGRESS</p> </div>	<p>Scope 1&2 emissions -30% by 2030</p>	<p>GHG EMISSIONS REFERENCE YEAR 2018</p>  <table border="1"> <caption>GHG Emissions Data</caption> <thead> <tr> <th>Year</th> <th>Value</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	Value	2018	930	2019	918	2020	888	2030 Target	-30%	<p>New tool for reporting was launched during Q2 2021.</p> <p>Annual full CDP Climate disclosure submitted early July 2021. 6 customer requests for our CDP climate report (2 last year).</p>
Year	Value												
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 the 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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	378.4	357.0	747.9	735.4	1,457.6
Operative EBITDA	57.8	65.6	120.7	125.9	260.2
Operative EBITDA, %	15.3	18.4	16.1	17.1	17.9
EBITDA	42.2	65.7	104.4	125.9	240.2
EBITDA, %	11.2	18.4	14.0	17.1	16.5
Operative EBIT	28.1	35.7	61.3	65.8	138.0
Operative EBIT, %	7.4	10.0	8.2	8.9	9.5
EBIT	12.4	35.7	44.9	65.8	118.0
EBIT, %	3.3	10.0	6.0	8.9	8.1
Capital employed*	1,223.8	1,273.0	1,223.8	1,273.0	1,246.7
Operative ROCE*, %	10.9	9.5	10.9	9.5	11.1
ROCE*, %	7.9	7.8	7.9	7.8	9.5
Capital expenditure excl. M&A	17.6	21.0	28.7	35.3	91.9
Capital expenditure incl. M&A	17.6	21.0	28.7	38.0	94.6
Cash flow after investing activities	24.7	27.3	50.8	53.3	162.2

* 12-month rolling average

Second quarter

The segment's **revenue** increased by 6%. Revenue in local currencies, excluding acquisitions and divestments, increased by 9%. Sales volumes increased across the board, particularly in sizing chemicals. Also sales prices increased. Currencies had a negative impact of 3%.

In **EMEA**, revenue increased by 4% due to higher sales volumes, particularly in sizing and process and functional chemicals. Excluding caustic soda (mainly a trading product), sales prices increased. In the **Americas**, revenue increased by 5%. Revenue in local currencies, excluding acquisitions and divestments, increased by 14% mainly due to higher sales volumes, particularly in process and functional and bleaching chemicals. Also sales prices increased. In **APAC**, revenue increased by 15%. Revenue in local currencies, excluding acquisitions and divestments, increased by 20% due to higher sales volumes and prices, particularly in sizing chemicals.

Operative EBITDA decreased by 12% due to higher variable and fixed costs, which were partly compensated by higher sales volumes and prices. **EBITDA** decreased by 36%. The difference from operative EBITDA is explained by items affecting comparability, which mainly consisted of a damage claim settlement with CDC and a provision related to a previous site closure.

January-June

The segment's **revenue** increased by 2%. Revenue in local currencies (excluding divestments and acquisitions) increased by 6%. Sales volumes increased across the board, particularly in sizing and bleaching chemicals.

Operative EBITDA decreased by 4%, due to higher variable costs and negative currency impact, which were partly offset by higher sales volumes and sales prices. **EBITDA** decreased by 17%. The difference between it and operative EBITDA is explained by items affecting comparability, which mainly related to a damage claim settlement with CDC, a provision related to a previous site closure and organizational restructuring costs.

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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	279.1	225.9	515.7	489.5	969.5
Operative EBITDA	49.5	40.0	91.2	88.3	174.8
Operative EBITDA, %	17.7	17.7	17.7	18.0	18.0
EBITDA	48.9	38.1	89.7	86.3	173.0
EBITDA, %	17.5	16.9	17.4	17.6	17.8
Operative EBIT	30.1	21.9	52.7	52.6	99.7
Operative EBIT, %	10.8	9.7	10.2	10.8	10.3
EBIT	29.5	20.0	51.2	50.7	97.8
EBIT, %	10.6	8.8	9.9	10.4	10.1
Capital employed*	731.8	719.7	731.8	719.7	717.5
Operative ROCE*, %	13.6	15.5	13.6	15.5	13.9
ROCE*, %	13.4	15.1	13.4	15.1	13.6
Capital expenditure excl. M&A	15.0	23.1	30.5	44.8	103.6
Capital expenditure incl. M&A	15.0	23.1	30.5	44.8	103.6
Cash flow after investing activities	2.7	2.3	3.5	14.9	69.8

* 12-month rolling average

Second quarter

The segment's **revenue** increased by 24%. Revenue in local currencies, excluding acquisitions and divestments, increased by 28% due to higher sales volumes and sales prices, particularly in the Oil & Gas business. Currencies had a negative impact of 4%.

In the water treatment business, revenue increased by 7% due to higher sales volumes, particularly in industrial water treatment. Sales prices increased, while currencies had a negative impact. The revenue of the Oil & Gas business increased by 146% to EUR 66.0 million (26.8), driven by a strong recovery in shale revenue from a low comparison period, which was impacted by the COVID-19 pandemic.

In **EMEA**, revenue increased by 7% following higher sales volumes, particularly in industrial water treatment. In the **Americas**, revenue increased by 50%. Revenue in local currencies, excluding acquisitions and divestments, increased by 61%. Water treatment volumes and prices increased. In Oil & Gas, sales volumes increased strongly driven by shale. Also sales prices increased. In **APAC**, revenue was stable.

Operative EBITDA increased by 24%. Variable costs increased, but they were more than compensated by higher sales volumes and sales prices. **EBITDA** increased by 28%, and the difference from operative EBITDA is explained by items affecting comparability, which mainly consisted of previous organizational restructuring costs and a provision related to a previous site closure.

January-June

The segment's **revenue** increased by 5%. Revenue in local currencies (excluding acquisitions and divestments) increased by 9%. The increase was driven by higher sales volumes, particularly in the Oil & Gas business.

In the water treatment business, revenue was stable. Currencies had a negative impact, while sales volumes increased. Revenue for the Oil & Gas business increased by 34% to EUR 105.9 million (79.1) due to higher sales volumes, particularly in shale.

Operative EBITDA increased by 3% as higher sales volumes more than compensated for higher variable costs. **EBITDA** increased by 4% and the difference from operative EBITDA is explained by items affecting comparability, which mainly consisted of previous organizational restructuring costs and a provision related to a previous site closure.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On June 30, 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 June 2021, Kemira Oyj had 48,999 registered shareholders (44,311 on December 31, 2020). Non-Finnish shareholders held 27.5% of the shares (28.6% on December 31, 2020), including nominee-registered holdings. Households owned 20.1% of the shares (18.6% on December 31, 2020). Kemira held 2,215,073 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 3% from the beginning of the year and closed at EUR 13.28 on the Nasdaq Helsinki at the end of June 2021 (12.94 on December 31, 2020). The shares registered a high of EUR 14.64 and a low of EUR 12.64 in January-June 2021, and the average share price was EUR 13.64. The company's market capitalization, excluding treasury shares, was EUR 2,034 million at the end of June 2021 (1,979 December 31, 2020).

In January-June 2021, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 499 million (EUR 526 million in January-June 2020). The average daily trading volume was 296,994 shares (384,974 in January-June 2020). The total volume of Kemira Oyj's share trading in January-June 2021 was 46 million shares (58 million shares in January-June 2020), 20% (18% in January-June 2020) of which was executed on other trading platforms (e.g. Turquoise, CBOE DXE). Source: Nasdaq and Kemira.com.

AUTHORIZATIONS

The Annual General Meeting 2021 authorized the Board of Directors to decide upon the repurchase of a maximum of 5,600,000 of the company's own shares ("share repurchase authorization"). 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 share issue authorization is valid until May 31, 2022.

DIVIDEND

The Annual General Meeting 2021 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 of 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 an announcement.

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. Financial risks are described in the Notes to the Financial Statements for the year 2020.

IMPACT OF COVID-19 PANDEMIC ON KEMIRA

The COVID-19 pandemic and the related economic slowdown in 2020 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 Q2 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 that started in Q1 2021 continued to cause some shortages in raw material availability during the second quarter of 2021.

The impact of COVID-19 on customer demand has varied by segment. During Q2 2021, Kemira's end-market demand continued to recover sequentially. End-market demand grew clearly compared to the low comparison period, which was impacted by the COVID-19 pandemic. 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 Q2 2021. In Industry & Water, demand in municipal water treatment was solid, while industrial water treatment continued to recover. Shale market activity continued to recover sequentially and grew strongly compared to the low comparison period Q2 2020, which was impacted by the COVID-19 pandemic and oil price drop.

New COVID-19 variants could deteriorate the pandemic 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 significant deterioration in the pandemic situation due to new virus variants and related significant economic restriction measures could lead to temporary setbacks in economic recovery. This could lead to lower demand also in Kemira's end-markets. For Kemira's 2021 outlook, including assumptions behind the outlook, please refer to the section "Outlook" on page 19.

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 Q2 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.

The majority of Kemira's employees who are able to do so have worked remotely since March 2020. Kemira has supported leaders and employees in the adoption of remote working during the COVID-19 pandemic and remote work has been smooth. Kemira has started a gradual and safe return to offices and towards a hybrid-working model, while also complying with possible social distancing measures and local government recommendations.

In Q2 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 the analysis, no indications of goodwill impairment or increase in the credit loss risk of trade receivables, were identified during the period. The fair value of Pohjolan Voima Group's shares has not changed from year end 2020.

At the end of June 2021 Kemira had ample liquidity and a EUR 400 million undrawn committed credit facility maturing in 2026. Kemira issued a EUR 200 million, 7-year-bond in March 2021 and has no imminent financing needs.

EVENTS AFTER THE REVIEW PERIOD

On July 8, 2021, Kemira announced that Kemira Chemicals Oy, a fully owned subsidiary of Kemira Oyj had reached a settlement with CDC Project 13 SA and CDC Holding SA (together "CDC") in the damage claim litigation in Amsterdam, the Netherlands.

The settlement concerned claims assigned to CDC based on which CDC claimed compensation for alleged damages relating to the alleged old infringement of competition law in the sodium chlorate business during 1994-2000 by Finnish Chemicals Oy. Kemira Oyj acquired Finnish Chemicals Oy (now Kemira Chemicals Oy) in 2005.

Kemira Chemicals Oy has agreed to pay compensation and costs to CDC in the amount of EUR 22.75 million. Kemira recorded a provision of EUR 11.5 million in Q4 2019 related to the damage claim. The remaining EUR 11.25 million was recognized as a cost (item affecting comparability) in Q2 2021.

More information of the CDC case can be found in Kemira's Financial Statements for 2020.

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 (specified)

The COVID-19 pandemic continues to cause uncertainty in 2021, but Kemira's end market demand is recovering and expected to continue to recover from 2020 in line with on-going economic growth. Demand particularly in the oil and gas market is recovering and expected to continue 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, July 15, 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 AND 2022

Interim Report January-September 2021	October 26, 2021
Financial Statements Bulletin for January-December 2021	February 11, 2022
Interim report for January-March 2022	April 27, 2022
Half-year financial report for January-June 2022	July 15, 2022
Interim report for January-September 2022	October 25, 2022
Annual report for 2021 will be published the week starting February 14, 2022.	
Annual General Meeting is scheduled to be held on Thursday, March 24, 2022.	

WEBCAST AND CONFERENCE CALL FOR PRESS AND ANALYSTS

Kemira will arrange a webcast for analysts, investors, and media on Friday, July 16, 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. 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 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: 36652959#

KEMIRA GROUP

CONSOLIDATED INCOME STATEMENT

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Revenue	657.5	582.9	1,263.6	1,224.9	2,427.2
Other operating income	0.7	0.6	1.2	1.5	4.0
Operating expenses	-567.1	-479.7	-1,070.6	-1,014.2	-2,017.9
Share of profit or loss of associates	0.0	0.0	0.0	0.0	0.0
EBITDA	91.1	103.8	194.2	212.2	413.2
Depreciation, amortization and impairments	-49.2	-48.1	-98.1	-95.7	-197.4
Operating profit (EBIT)	41.9	55.7	96.1	116.4	215.9
Finance costs, net	-8.5	-9.0	-10.1	-17.8	-34.9
Profit before taxes	33.4	46.7	86.0	98.6	181.0
Income taxes	-8.5	-11.2	-20.3	-23.5	-43.0
Net profit for the period	24.9	35.5	65.7	75.1	138.0
Net profit attributable to					
Equity owners of the parent company	23.0	34.1	62.0	71.9	131.3
Non-controlling interests	1.9	1.5	3.7	3.3	6.7
Net profit for the period	24.9	35.5	65.7	75.1	138.0
Earnings per share, basic, EUR	0.15	0.22	0.41	0.47	0.86
Earnings per share, diluted, EUR	0.15	0.22	0.40	0.47	0.86

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Net profit for the period	24.9	35.5	65.7	75.1	138.0
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	2.5	-4.5	17.2	-20.1	-47.1
Cash flow hedges	5.3	10.5	1.2	-8.0	-0.8
Items that will not be reclassified subsequently to profit or loss					
Other shares	—	—	—	-26.1	-26.3
Remeasurements of defined benefit plans	—	—	—	—	-1.2
Other comprehensive income for the period, net of tax	7.7	6.0	18.3	-54.2	-75.3
Total comprehensive income for the period	32.7	41.6	84.1	21.0	62.6
Total comprehensive income attributable to					
Equity owners of the parent company	30.5	39.9	80.3	18.4	56.7
Non-controlling interests	2.2	1.7	3.8	2.6	5.9
Total comprehensive income for the period	32.7	41.6	84.1	21.0	62.6

CONSOLIDATED BALANCE SHEET

EUR million	6/30/2021	6/30/2020	12/31/2020
ASSETS			
Non-current assets			
Goodwill	508.6	515.4	504.1
Other intangible assets	70.9	86.9	78.0
Property, plant and equipment	1,015.9	995.5	1,011.4
Right-of-use assets	127.3	127.7	121.0
Investments in associates	5.2	5.4	5.3
Other shares	212.3	212.5	212.3
Deferred tax assets	37.9	31.5	27.5
Other investments	7.5	2.0	7.3
Receivables of defined benefit plans	47.9	51.7	51.1
Total non-current assets	2,033.5	2,028.6	2,018.0
Current assets			
Inventories	280.6	276.3	242.3
Interest-bearing receivables	0.4	0.3	0.4
Trade receivables and other receivables	406.8	340.3	362.0
Current income tax assets	20.5	18.5	13.4
Cash and cash equivalents	145.3	133.6	159.5
Total current assets	853.6	769.0	777.7
Total assets	2,887.1	2,797.6	2,795.7
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity owners of the parent company	1,184.8	1,193.4	1,192.1
Non-controlling interests	15.0	14.3	13.2
Total equity	1,199.7	1,207.7	1,205.3
Non-current liabilities			
Interest-bearing liabilities	773.4	732.0	724.1
Other liabilities	8.5	8.2	8.1
Deferred tax liabilities	64.2	52.3	52.0
Liabilities of defined benefit plans	96.3	93.1	96.3
Provisions	27.0	24.1	35.6
Total non-current liabilities	969.4	909.7	916.1
Current liabilities			
Interest-bearing liabilities	203.1	245.4	194.7
Trade payables and other liabilities	451.8	376.5	422.2
Current income tax liabilities	19.1	31.4	25.7
Provisions	43.9	26.9	31.7
Total current liabilities	718.0	680.2	674.3
Total liabilities	1,687.4	1,589.8	1,590.4
Total equity and liabilities	2,887.1	2,797.6	2,795.7

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Cash flow from operating activities					
Net profit for the period	24.9	35.5	65.7	75.1	138.0
Total adjustments	73.8	68.9	138.4	137.4	298.3
Cash flow before change in net working capital	98.7	104.4	204.1	212.5	436.2
Change in net working capital	-38.9	-30.7	-90.4	-61.5	-2.9
Cash generated from operations before financing items and taxes	59.9	73.7	113.7	151.1	433.3
Finance expenses, net and dividends received	-13.0	-7.1	-27.3	-16.1	-22.1
Income taxes paid	-8.3	-5.9	-33.9	-24.0	-36.5
Net cash generated from operating activities	38.6	60.8	52.4	111.0	374.7
Cash flow from investing activities					
Capital expenditure in associated company	—	—	—	-2.6	-2.6
Other capital expenditure	-32.5	-44.1	-59.1	-80.2	-195.6
Proceeds from sale of assets	0.0	0.1	0.0	0.1	2.5
Decrease (+) / increase (-) in loan receivables	0.1	-0.2	-0.2	-0.2	-5.6
Net cash used in investing activities	-32.5	-44.2	-59.3	-82.8	-201.4
Cash flow from financing activities					
Proceeds from non-current interest-bearing liabilities	—	—	200.0	—	—
Repayments of non-current liabilities	—	-5.0	-97.3	-10.4	-65.7
Short-term financing, net increase (+) / decrease (-)	-10.0	4.4	-50.0	35.3	37.2
Repayments of lease liabilities	-8.3	-7.5	-16.3	-15.1	-30.6
Dividends paid	-46.4	-44.5	-46.4	-44.5	-91.8
Net cash used in financing activities	-64.7	-52.7	-9.9	-34.7	-150.9
Net decrease (-) / increase (+) in cash and cash equivalents	-58.6	-36.1	-16.8	-6.6	22.4
Cash and cash equivalents at end of period	145.3	133.6	145.3	133.6	159.5
Exchange gains (+) / losses (-) on cash and cash equivalents	0.9	-0.1	2.6	-2.9	-6.0
Cash and cash equivalents at beginning of period	203.0	169.8	159.5	143.1	143.1
Net decrease (-) / increase (+) in cash and cash equivalents	-58.6	-36.1	-16.8	-6.6	22.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to equity owners of the parent company							Total	Non-controlling interests	Total Equity
	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings			
Equity on January 1, 2021	221.8	257.9	81.1	196.3	-85.8	-16.3	537.1	1,192.1	13.2	1,205.3
Net profit for the period	—	—	—	—	—	—	62.0	62.0	3.7	65.7
Other comprehensive income, net of tax	—	—	1.2	—	17.1	—	—	18.2	0.1	18.3
Total comprehensive income	—	—	1.2	—	17.1	—	62.0	80.3	3.8	84.1
Transactions with owners										
Dividends paid	—	—	—	—	—	—	-88.8 ¹⁾	-88.8	-2.0	-90.8
Treasury shares issued to the target group of a share-based incentive plan	—	—	—	—	—	1.3	—	1.3	—	1.3
Treasury shares issued to the Board of Directors	—	—	—	—	—	0.1	—	0.1	—	0.1
Treasury shares returned	—	—	—	—	—	0.0	—	0.0	—	0.0
Share-based payments	—	—	—	—	—	—	0.1	0.1	—	0.1
Transfers in equity	—	—	0.4	—	—	—	-0.4	0.0	—	0.0
Other items	—	—	—	—	—	—	-0.3	-0.3	—	-0.3
Total transactions with owners	—	—	0.4	—	—	1.4	-89.4	-87.6	-2.0	-89.6
Equity on June 30, 2021	221.8	257.9	82.7	196.3	-68.7	-14.9	509.7	1,184.8	15.0	1,199.7

¹⁾ On March 24, 2021, the Annual General Meeting approved a dividend of EUR 0.58 per share. The dividend is 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 was 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 2,215,073 of its treasury shares on June 30, 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 the 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.

Equity attributable to equity owners of the parent company										
EUR million	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total Equity
Equity on January 1, 2020	221.8	257.9	108.5	196.3	-39.5	-18.1	490.9	1,217.7	13.3	1,231.0
Net profit for the period	—	—	—	—	—	—	71.9	71.9	3.3	75.1
Other comprehensive income, net of tax	—	—	-34.1	—	-19.4	—	—	-53.5	-0.7	-54.2
Total comprehensive income	—	—	-34.1	—	-19.4	—	71.9	18.4	2.6	21.0
Transactions with owners										
Dividends paid	—	—	—	—	—	—	-42.8 ²⁾	-42.8	-1.7	-44.5
Treasury shares issued to the target group of a share-based incentive plan	—	—	—	—	—	1.8	—	1.8	—	1.8
Treasury shares issued to the Board of Directors	—	—	—	—	—	0.1	—	0.1	—	0.1
Treasury shares returned	—	—	—	—	—	0.0	—	0.0	—	0.0
Share-based payments	—	—	—	—	—	—	-1.7	-1.7	—	-1.7
Transfers in equity	—	—	0.2	—	—	—	-0.2	—	—	—
Total transactions with owners	—	—	0.2	—	—	1.9	-44.7	-42.6	-1.7	-44.3
Equity on June 30, 2020	221.8	257.9	74.5	196.3	-58.9	-16.2	518.1	1,193.4	14.2	1,207.7

²⁾ On May 5, 2020, Kemira Oyj's Annual General Meeting authorized the Board of Directors to decide on a maximum dividend of EUR 0.56 per share, which was paid in two installments. On May 5, 2020, Kemira Oyj's Board of Directors decided on the payment of a first installment of the dividend of EUR 0.28 per share. The record date for the first installment of the dividend was May 7, 2020, and the dividend was paid on May 14, 2020. On October 26, 2020, Kemira Oyj's Board of Directors decided on the payment of a second installment of EUR 0.28 per share. The record date for the second installment of the dividend was October 29, 2020, and the dividend was paid on November 5, 2020. The total aggregate dividend for the financial year 2019 was EUR 0.56.

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 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 > Investors > Financial information.

	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2021 1-6	2020 1-6	2020 1-12
Income statement and profitability									
Revenue, EUR million	657.5	606.1	605.6	596.7	582.9	642.0	1,263.6	1,224.9	2,427.2
Operative EBITDA, EUR million	107.3	104.6	107.9	113.0	105.7	108.5	211.9	214.2	435.1
Operative EBITDA, %	16.3	17.3	17.8	18.9	18.1	16.9	16.8	17.5	17.9
EBITDA, EUR million	91.1	103.0	91.2	109.8	103.8	108.4	194.2	212.2	413.2
EBITDA, %	13.9	17.0	15.1	18.4	17.8	16.9	15.4	17.3	17.0
Items affecting comparability in EBITDA, EUR million	-16.2	-1.6	-16.7	-3.2	-1.9	-0.1	-17.7	-2.0	-21.8
Operative EBIT, EUR million	58.2	55.7	57.0	62.3	57.6	60.8	114.0	118.4	237.7
Operative EBIT, %	8.9	9.2	9.4	10.4	9.9	9.5	9.0	9.7	9.8
Operating profit (EBIT), EUR million	41.9	54.2	40.3	59.1	55.7	60.7	96.1	116.4	215.9
Operating profit (EBIT), %	6.4	8.9	6.7	9.9	9.6	9.5	7.6	9.5	8.9
Items affecting comparability in EBIT, EUR million	-16.3	-1.6	-16.7	-3.2	-1.9	-0.1	-17.9	-2.0	-21.8
Amortization and impairments of Intangible assets	-6.0	-6.2	-6.8	-7.4	-6.9	-7.6	-12.3	-14.4	-28.6
Of which purchase price allocation (PPA) related	-3.0	-3.0	-3.2	-3.3	-3.8	-4.6	-6.0	-8.4	-14.8
Depreciations and impairments of Property, plant and equipment	-34.6	-34.4	-36.1	-35.4	-33.2	-32.1	-69.0	-65.3	-136.8
Depreciations of right-of-use assets	-8.5	-8.2	-8.0	-8.0	-8.0	-8.0	-16.8	-16.0	-31.9
Return on investment (ROI), %	7.0	10.1	6.7	9.9	9.2	10.1	8.5	9.7	9.1
Capital employed, EUR million ¹⁾	1,956.1	1,958.8	1,964.9	1,977.2	1,993.5	1,995.7	1,956.1	1,993.5	1,964.9
Operative ROCE, %	11.9	11.9	12.1	11.3	11.6	11.8	11.9	11.6	12.1
ROCE, %	10.0	10.7	11.0	10.0	10.4	10.4	10.0	10.4	11.0

	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2021 1-6	2020 1-6	2020 1-12
Cash flow									
Net cash generated from operating activities, EUR million	38.6	13.8	146.4	117.3	60.8	50.2	52.4	111.0	374.7
Capital expenditure, EUR million	32.5	26.6	66.0	49.4	44.1	38.7	59.1	82.8	198.2
Capital expenditure excl. acquisitions, EUR million	32.5	26.6	66.0	49.4	44.1	36.1	59.1	80.2	195.6
Capital expenditure excl. acquisitions / revenue, %	4.9	4.4	10.9	8.3	7.6	5.6	4.7	6.5	8.1
Cash flow after investing activities, EUR million	6.1	-13.1	76.6	68.6	16.6	11.5	-6.9	28.1	173.3
Balance sheet and solvency									
Equity ratio, %	41.6	40.4	43.2	43.7	43.2	42.1	41.6	43.2	43.2
Gearing, %	69.3	66.5	63.0	64.1	69.9	67.5	69.3	69.9	63.0
Interest-bearing net liabilities, EUR million	831.3	776.9	759.3	786.1	843.8	816.0	831.3	843.8	759.3
Personnel									
Personnel at end of period	5,008	4,926	4,921	4,999	5,106	5,075	5,008	5,106	4,921
Personnel (average)	4,974	4,919	4,999	5,037	5,093	5,074	4,946	5,084	5,038
Key exchange rates at end of period									
USD	1.188	1.173	1.227	1.171	1.120	1.096	1.188	1.120	1.227
CAD	1.472	1.478	1.563	1.568	1.532	1.562	1.472	1.532	1.563
SEK	10.111	10.238	10.034	10.571	10.495	11.061	10.111	10.495	10.034
CNY	7.674	7.681	8.023	7.972	7.922	7.778	7.674	7.922	8.023
BRL	5.905	6.741	6.374	6.631	6.112	5.700	5.905	6.112	6.374
Per share figures, EUR									
Earnings per share (EPS), basic ²⁾	0.15	0.25	0.14	0.24	0.22	0.25	0.41	0.47	0.86
Earnings per share (EPS), diluted ²⁾	0.15	0.25	0.14	0.24	0.22	0.25	0.40	0.47	0.86
Net cash generated from operating activities per share ²⁾	0.25	0.09	0.96	0.77	0.40	0.33	0.34	0.73	2.45
Equity per share ²⁾	7.74	7.53	7.80	7.94	7.80	7.82	7.74	7.80	7.80
Number of shares (1,000,000)									
Average number of shares, basic ²⁾	153.1	153.0	152.9	152.9	152.9	152.7	153.1	152.8	152.9
Average number of shares, diluted ²⁾	153.8	153.7	153.4	153.3	153.3	153.4	153.8	153.4	153.4
Number of shares at end of period, basic ²⁾	153.1	153.1	152.9	152.9	152.9	152.9	153.1	152.9	152.9
Number of shares at end of period, diluted ²⁾	153.8	153.7	153.7	153.3	153.3	153.4	153.8	153.3	153.7

¹⁾ 12-month rolling average

²⁾ 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 ¹⁾

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

Total assets - non-interest-bearing liabilities ²⁾

Operative return on capital employed (Operative ROCE), %

Operative EBIT x 100 ³⁾

Capital employed ⁴⁾

Return on capital employed (ROCE), %

Operating profit (EBIT) x 100 ³⁾

Capital employed ⁴⁾

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

Total assets - prepayments received

Gearing, %

Interest-bearing net liabilities x 100

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

Average number of shares

Net cash generated from operating activities per share

Net cash generated from operating activities

Average number of shares

Equity per share

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

Number of shares at end of period

¹⁾ 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.

²⁾ Average

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

⁴⁾ 12-month rolling average

RECONCILIATION OF IFRS FIGURES

EUR million	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2021 1-6	2020 1-6	2020 1-12
ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT									
Operative EBITDA	107.3	104.6	107.9	113.0	105.7	108.5	211.9	214.2	435.1
Restructuring and streamlining programs	-4.7	-1.4	-3.4	-3.2	-1.9	0.0	-6.0	-1.9	-8.4
Transaction and integration expenses in acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Divestment of businesses and other disposals	0.0	-0.2	1.0	0.0	0.0	0.0	-0.2	0.0	1.0
Other items	-11.5	0.0	-14.3	0.0	0.0	-0.1	-11.5	-0.1	-14.4
Total items affecting comparability	-16.2	-1.6	-16.7	-3.2	-1.9	-0.1	-17.7	-2.0	-21.8
EBITDA	91.1	103.0	91.2	109.8	103.8	108.4	194.2	212.2	413.2
Operative EBIT									
Operative EBIT	58.2	55.7	57.0	62.3	57.6	60.8	114.0	118.4	237.7
Total items affecting comparability in EBITDA	-16.2	-1.6	-16.7	-3.2	-1.9	-0.1	-17.7	-2.0	-21.8
Items affecting comparability in depreciation, amortization and impairments	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
Operating profit (EBIT)	41.9	54.2	40.3	59.1	55.7	60.7	96.1	116.4	215.9
ROCE AND OPERATIVE ROCE									
Operative EBIT	58.2	55.7	57.0	62.3	57.6	60.8	114.0	118.4	237.7
Operating profit (EBIT)	41.9	54.2	40.3	59.1	55.7	60.7	96.1	116.4	215.9
Capital employed ¹⁾	1,956.1	1,958.8	1,964.9	1,977.2	1,993.5	1,995.7	1,956.1	1,993.5	1,964.9
Operative ROCE, %	11.9	11.9	12.1	11.3	11.6	11.8	11.9	11.6	12.1
ROCE, %	10.0	10.7	11.0	10.0	10.4	10.4	10.0	10.4	11.0
NET WORKING CAPITAL									
Inventories	280.6	268.8	242.3	256.4	276.3	265.2	280.6	276.3	242.3
Trade receivables and other receivables	406.8	378.0	362.0	341.4	340.3	386.6	406.8	340.3	362.0
Excluding financing items in other receivables	-13.6	-9.9	-16.9	-7.0	-6.4	-9.1	-13.6	-6.4	-16.9
Trade payables and other liabilities	451.8	505.0	422.2	366.6	376.5	456.2	451.8	376.5	422.2
Excluding dividend liability and financing items in other liabilities	-70.0	-121.9	-31.8	-24.8	-30.1	-49.2	-70.0	-30.1	-31.8
Net working capital	292.0	253.8	197.0	248.9	263.9	235.6	292.0	263.9	197.0
INTEREST-BEARING NET LIABILITIES									
Non-current interest-bearing liabilities	773.4	819.1	724.1	724.1	732.0	738.1	773.4	732.0	724.1
Current interest-bearing liabilities	203.1	160.8	194.7	247.6	245.4	247.8	203.1	245.4	194.7
Interest-bearing liabilities	976.6	979.9	918.8	971.7	977.4	985.9	976.6	977.4	918.8
Cash and cash equivalents	145.3	203.0	159.5	185.7	133.6	169.8	145.3	133.6	159.5
Interest-bearing net liabilities	831.3	776.9	759.3	786.1	843.8	816.0	831.3	843.8	759.3

¹⁾ 12-month rolling average

QUARTERLY SEGMENT INFORMATION

EUR million	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2021 1-6	2020 1-6	2020 1-12
Revenue									
Pulp & Paper	378.4	369.5	370.0	352.2	357.0	378.5	747.9	735.4	1,457.6
Industry & Water	279.1	236.6	235.6	244.4	225.9	263.6	515.7	489.5	969.5
Total	657.5	606.1	605.6	596.7	582.9	642.0	1,263.6	1,224.9	2,427.2
Operative EBITDA									
Pulp & Paper	57.8	62.9	68.9	65.5	65.6	60.2	120.7	125.9	260.2
Industry & Water	49.5	41.7	39.0	47.6	40.0	48.2	91.2	88.3	174.8
Total	107.3	104.6	107.9	113.0	105.7	108.5	211.9	214.2	435.1
Items affecting comparability in EBITDA									
Pulp & Paper	-15.6	-0.8	-16.8	-3.2	0.0	0.0	-16.3	0.0	-20.0
Industry & Water	-0.6	-0.8	0.1	0.0	-1.9	-0.1	-1.4	-2.0	-1.8
Total	-16.2	-1.6	-16.7	-3.2	-1.9	-0.1	-17.7	-2.0	-21.8
EBITDA									
Pulp & Paper	42.2	62.2	52.1	62.3	65.7	60.2	104.4	125.9	240.2
Industry & Water	48.9	40.8	39.1	47.6	38.1	48.2	89.7	86.3	173.0
Total	91.1	103.0	91.2	109.8	103.8	108.4	194.2	212.2	413.2
Operative EBIT									
Pulp & Paper	28.1	33.2	37.5	34.8	35.7	30.1	61.3	65.8	138.0
Industry & Water	30.1	22.5	19.5	27.5	21.9	30.7	52.7	52.6	99.7
Total	58.2	55.7	57.0	62.3	57.6	60.8	114.0	118.4	237.7
Items affecting comparability in EBIT									
Pulp & Paper	-15.7	-0.8	-16.8	-3.2	0.0	0.0	-16.4	0.0	-20.0
Industry & Water	-0.6	-0.8	0.1	0.0	-1.9	-0.1	-1.4	-2.0	-1.8
Total	-16.3	-1.6	-16.7	-3.2	-1.9	-0.1	-17.9	-2.0	-21.8
Operating profit (EBIT)									
Pulp & Paper	12.4	32.4	20.7	31.5	35.7	30.1	44.9	65.8	118.0
Industry & Water	29.5	21.7	19.6	27.6	20.0	30.7	51.2	50.7	97.8
Total	41.9	54.2	40.3	59.1	55.7	60.7	96.1	116.4	215.9

CHANGES IN PROPERTY, PLANT, AND EQUIPMENT

EUR million	1-6/2021	1-6/2020	1-12/2020
Net book value at beginning of period	1,011.4	1,005.1	1,005.1
Purchases of subsidiaries and asset acquisitions	—	—	—
Increases	55.3	75.7	185.0
Decreases	—	-0.1	-1.3
Depreciation and impairments	-69.0	-65.4	-136.8
Exchange rate differences and other changes	18.3	-19.7	-40.5
Net book value at end of period	1,015.9	995.5	1,011.4

CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	1-6/2021	1-6/2020	1-12/2020
Net book value at beginning of period	582.1	611.3	611.3
Purchases of subsidiaries and asset acquisitions	—	—	—
Increases	3.8	4.5	10.6
Decreases	—	—	—
Amortization and impairments	-12.3	-14.4	-28.6
Exchange rate differences and other changes	5.8	0.9	-11.2
Net book value at end of period	579.4	602.3	582.1

CHANGES IN RIGHT-OF-USE ASSETS

EUR million	1-6/2021	1-6/2020	1-12/2020
Net book value at beginning of period	121.0	136.2	136.2
Increases	20.2	11.1	25.0
Depreciation and impairments	-16.8	-16.0	-31.9
Exchange rate differences and other changes	2.8	-3.6	-8.4
Net book value at end of period	127.3	127.7	121.0

DERIVATIVE INSTRUMENTS

EUR million	6/30/2021		31/12/2020	
	Nominal value	Fair value	Nominal value	Fair value
Currency derivatives				
Forward contracts	415.2	-2.2	372.3	1.2
of which cash flow hedge	54.3	-0.2	64.3	2.1
Other derivatives				
	GWh	Fair value	GWh	Fair value
Electricity forward contracts, bought	1,944.1	8.6	2,325.7	4.8
of which cash flow hedge	1,944.1	8.6	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	6/30/2021				31/12/2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Fair value hierarchy								
Other shares	—	—	212.3	212.3	—	—	212.3	212.3
Other investments	—	7.5	—	7.5	—	7.3	—	7.3
Currency derivatives	—	1.9	—	1.9	—	3.5	—	3.5
Currency derivatives, hedge accounting	—	0.3	—	0.3	—	2.5	—	2.5
Other derivatives, hedge accounting ¹⁾	—	9.7	—	9.7	—	9.7	—	9.7
Other receivables	—	0.4	—	0.4	—	0.4	—	0.4
Trade receivables	—	334.6	—	334.6	—	288.5	—	288.5
Cash and cash equivalents	—	145.3	—	145.3	—	159.5	—	159.5
Total	—	499.6	212.3	711.9	—	471.4	212.3	683.7

¹⁾ Includes fair value of electricity forward contracts of EUR 2.6 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 the 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	6/30/2021	31/12/2020
Level 3 specification		
Instrument		
Carrying value at beginning of period	212.3	245.2
Effect on other comprehensive income	—	-32.9
Increases	—	—
Decreases	—	—
Carrying value at end of period	212.3	212.3

FAIR VALUE OF FINANCIAL LIABILITIES

EUR million	6/30/2021				31/12/2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Fair value hierarchy								
Non-current interest-bearing liabilities	—	715.4	—	715.4	—	663.1	—	663.1
Current portion of non-current interest-bearing liabilities	—	55.0	—	55.0	—	—	—	—
Non-current other liabilities	—	8.5	—	8.5	—	8.1	—	8.1
Non-current lease liabilities	—	100.6	—	100.6	—	94.4	—	94.4
Current portion of lease liabilities	—	27.3	—	27.3	—	27.0	—	27.0
Short-term interest-bearing loans	—	128.4	—	128.4	—	175.4	—	175.4
Other liabilities	—	3.3	—	3.3	—	19.6	—	19.6
Currency derivatives	—	4.0	—	4.0	—	4.4	—	4.4
Currency derivatives, hedge accounting	—	0.4	—	0.4	—	0.4	—	0.4
Other derivatives, hedge accounting ¹⁾	—	1.2	—	1.2	—	4.9	—	4.9
Trade payables	—	194.8	—	194.8	—	180.2	—	180.2
Total	—	1,239.0	—	1,239.0	—	1,177.5	—	1,177.5

¹⁾ Includes fair value of electricity forward contracts of EUR 0.8 million maturing after 12 months

CONTINGENT LIABILITIES

EUR million	6/30/2021	6/30/2020	12/31/2020
Assets pledged			
On behalf of own commitments	—	6.0	6.2
Guarantees			
On behalf of own commitments	91.7	48.5	44.5
On behalf of associates	12.5	12.4	12.6
On behalf of others	1.8	2.0	2.0
Other obligations			
On behalf of own commitments	0.9	0.9	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 June 30, 2021 were about EUR 14 million for plant investments.

The Group has a lease commitment related to the to-be-constructed R&D Center in Finland with value of EUR 47 million.

LITIGATION

As announced on July 8, 2021, Kemira Chemicals Oy and CDC Project 13 SA and CDC Holding SA (together "CDC") have reached a settlement agreement in a damage litigation at the Court of Amsterdam concerning alleged damages relating to the alleged old infringement of competition law in the sodium chlorate business during 1994-2000. Kemira acquired Finnish Chemicals Oy in 2005. Kemira Chemicals Oy has agreed to pay compensation and costs to CDC in the amount of EUR 22.75 million. For more details of the CDC case, please refer to the Litigation section of Kemira's annual financial statements 2020.

Besides, due to its extensive international operations, the Group is, in addition to the above referred claim, 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 a 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 during Q1 2021. Apart from this, 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.

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 Q2 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 the analysis, no indications of goodwill impairment or increase in the credit loss risk of trade receivables, were identified during the period. The fair value of Pohjolan Voima Group's shares has not changed from the year end 2020.