January-December 2021

Financial Statements Bulletin

kemira

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JANUARY-DECEMBER 2021 FINANCIAL STATEMENTS BULLETIN

FINANCIALS OF 2021

STRONG REVENUE GROWTH; PROFITABILITY IMPACTED BY CONTINUED INFLATIONARY PRESSURES

Fourth quarter:

- Revenue increased by 19% to a record-high, EUR 718.2 million (605.6). Revenue in local currencies, excluding acquisitions and divestments, increased strongly by 16% following higher sales prices and sales volumes.
- Operative EBITDA decreased by 9% to EUR 97.8 million (107.9) due to higher variable costs that were partly offset by higher sales prices. The operative EBITDA margin decreased to 13.6% (17.8%) following higher raw material and energy prices. EBITDA decreased by 24% to EUR 69.5 million (91.2). The differences between operative and reported figures are explained by items affecting comparability, which were mainly related to a provision caused by the expected underutilization of a single-asset energy company in Pori, Finland majority owned by Kemira via Pohjolan Voima.
- Operative EBIT decreased by 17% to EUR 47.0 million (57.0). EBIT decreased by 56% to EUR 17.5 million (40.3).
- Cash flow from operating activities was EUR 80.8 million (146.4).
- EPS (diluted) decreased by 62% to EUR 0.05 (0.14), mainly due to items affecting comparability.

January–December:

- Revenue increased by 10% to a record-high, EUR 2,674.4 million (2,427.2). Revenue in local currencies, excluding acquisitions and divestments, increased strongly by 11% mainly due to higher sales volumes and sales prices.
- Operative EBITDA decreased by 2% to EUR 425.5 million (435.1). The operative EBITDA margin decreased to 15.9% (17.9%) following higher raw material and energy prices. EBITDA decreased by 10% to EUR 373.2 million (413.2). The differences between operative and reported figures are explained by items affecting comparability, which were mainly related to a provision caused by the expected underutilization of a single-asset energy company in Pori, Finland majority owned by Kemira via Pohjolan Voima, a damage claim settlement and restructuring costs.
- Operative EBIT decreased by 5% to EUR 225.4 million (237.7). EBIT decreased by 21% to EUR 170.1 million (215.9).
- Cash flow from operating activities was EUR 220.2 million (374.7).
- EPS (diluted) decreased by 18% to EUR 0.70 (0.86), mainly due to items affecting comparability.

Dividend proposal for 2021

The Board of Directors proposes to the Annual General Meeting 2022 a cash dividend of EUR 0.58 per share (0.58), totaling EUR 89 million (89). It is proposed that the dividend be paid in two installments.

Outlook for 2022

Revenue

Kemira's revenue in local currencies, excluding acquisitions and divestments, is expected to increase from 2021 (EUR 2,674.4 million).

Operative EBITDA

Kemira's operative EBITDA is expected to be within a +/- 5% range of the operative EBITDA in 2021 (EUR 425.5 million).

Assumptions behind outlook

There continues to be uncertainty related to COVID-19 and the inflationary environment. However, Kemira’s end-market demand in both segments is expected to grow following forecasted global economic growth. The outlook assumes the COVID-19 pandemic situation to remain under control and not having a significant impact on Kemira’s end-market demand. The outlook also assumes no major disruptions to Kemira’s manufacturing operations or further significant supply chain disruptions. Strong inflationary pressures are expected to continue, particularly in H1 2022.

Kemira's President and CEO Jari Rosendal:
"We saw strong end-market growth in both our segments in 2021. Revenue grew by 10% to EUR 2,674 million, a record revenue for Kemira, driven by strong organic growth in both segments. Kemira's operative EBITDA was EUR 426 million in 2021. Our profitability in 2021 was impacted by significantly higher raw material, energy and transportation costs as well as supply chain bottlenecks. Operative EBITDA margin in 2021 was 15.9%, within our financial target range of 15-18%.

In Pulp & Paper, revenue increased by 7%. We saw strong demand across customer segments and in all regions. Operative EBITDA margin was 15.7% in 2021 and it was impacted by inflationary pressures.

In Industry & Water, revenue grew by 15%. Our water treatment business continued to perform strongly driven by growing customer demand. We also saw significant revenue growth in the Oil and Gas business driven by the strong rebound in shale and oil sands tailings demand. Operative EBITDA margin was 16.2% in 2021 following inflationary pressures.

In 2020, we announced our increased focus on profitable growth. During 2021, we completed our capacity expansions in the U.S, South Korea and the U.K., which will strengthen our market positions in the relevant markets. Also the expansion of bleaching capacity in Uruguay continued and it will contribute positively to our EBITDA as of 2023. In 2021, we announced an expansion of ASA sizing capacity in China, which will further strengthen our market-leading position in sizing products once the investment is completed in 2023. In addition, Kemira's biobased strategy progressed during the year with the first biodegradable coatings sales for the paper and board industry taking place in 2021. We continue to aim for EUR 500 million in biobased revenue by 2030.

Looking ahead, market demand is expected to remain strong in 2022. We expect strong inflationary pressures to continue in 2022, particularly during the first half of the year. As a result, we will continue our cost mitigation actions to compensate for inflationary pressures and to defend margins. We expect revenue in local currencies, excluding acquisitions and divestments, to increase from 2021 (EUR 2,674.4 million). In terms of profitability, we expect operative EBITDA to be within a +/-5% range of the operative EBITDA in 2021 (EUR 425.5 million). The Board of Directors is proposing a dividend of EUR 0.58 per share to be paid in two installments in April and November.

To conclude, 2021 was yet another exceptional year. I am pleased that both employee engagement and customer satisfaction have remained high despite the challenging operating environment. I would like to thank all our customers, employees, suppliers and partners for their continued trust in Kemira in 2021."

KEY FIGURES AND RATIOS

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Revenue	718.2	605.6	2,674.4	2,427.2
Operative EBITDA	97.8	107.9	425.5	435.1
Operative EBITDA, %	13.6	17.8	15.9	17.9
EBITDA	69.5	91.2	373.2	413.2
EBITDA, %	9.7	15.1	14.0	17.0
Operative EBIT	47.0	57.0	225.4	237.7
Operative EBIT, %	6.5	9.4	8.4	9.8
EBIT	17.5	40.3	170.1	215.9
EBIT, %	2.4	6.7	6.4	8.9
Net profit for the period	9.8	23.8	115.2	138.0
Earnings per share, diluted, EUR	0.05	0.14	0.70	0.86

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Capital employed*	1,995.0	1,964.9	1,995.0	1,964.9
Operative ROCE*, %	11.3	12.1	11.3	12.1
ROCE*, %	8.5	11.0	8.5	11.0
Cash flow from operating activities	80.8	146.4	220.2	374.7
Capital expenditure excl. acquisition	74.5	66.0	168.8	195.6
Capital expenditure	74.5	66.0	169.8	198.2
Cash flow after investing activities	13.1	76.6	57.3	173.3
Equity ratio, % at period-end	43	43	43	43
Equity per share, EUR	8.68	7.80	8.68	7.80
Gearing, % at period-end	63	63	63	63

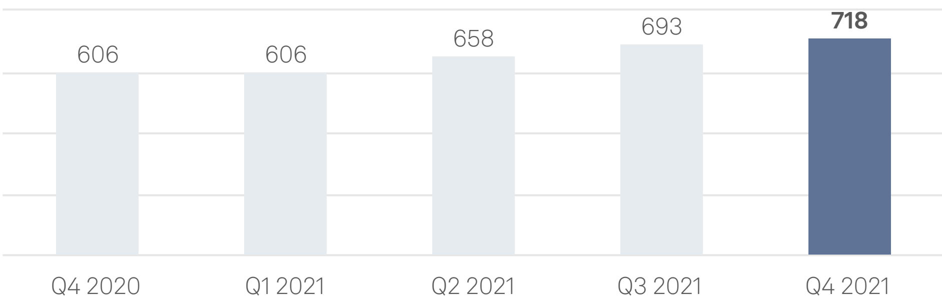
*12-month rolling average

Unless otherwise stated, all comparisons in this report are made to the corresponding period in 2020.

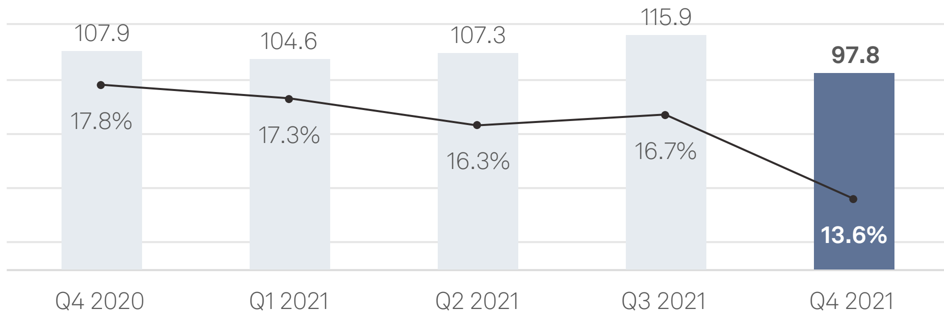
Kemira provides certain financial performance measures (alternative performance measures) that are not defined by IFRS. Kemira believes that alternative performance measures followed by capital markets and Kemira management, such as revenue growth in local currencies, excluding acquisitions and divestments (=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.

Revenue



Operative EBITDA and operative EBITDA margin



FINANCIAL PERFORMANCE IN Q4 2021

Revenue increased strongly by 19%. Revenue in local currencies, excluding acquisitions and divestments, increased by 16% mainly due to higher sales prices and sales volumes.

Revenue	Oct-Dec 2021 EUR million	Oct-Dec 2020 EUR million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	420.4	370.0	+14	+11	+2	0
Industry &	297.8	235.6	+26	+23	+3	0
Total	718.2	605.6	+19	+16	+3	0

*Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA decreased by 9% to EUR 97.8 million (107.9) as higher variable costs were only partially compensated by higher sales prices. The operative EBITDA margin was negatively impacted by significantly higher raw material and energy prices.

Variance analysis, EUR million	Oct-Dec
Operative EBITDA, 2020	**107.9**
Sales volumes	+7.7
Sales prices	+70.0
Variable costs	-96.9
Fixed costs	+1.7
Currency exchange	-1.3
Others	+8.7
Operative EBITDA, 2021	**97.8**

Operative EBITDA	Oct-Dec 2021 EUR million	Oct-Dec 2020 EUR million	Δ%	Oct-Dec 2021 %-margin	Oct-Dec 2020 %-margin
Pulp & Paper	60.5	68.9	-12	14.4	18.6
Industry & Water	37.3	39.0	-4	12.5	16.6
Total	97.8	107.9	-9	13.6	17.8

EBITDA decreased 24% EUR 69.5 million (91.2). The difference between it and operative EBITDA is explained by **items affecting comparability**, which mainly consisted of a provision related to a single-asset energy company in Pori, Finland majority owned by Kemira via Pohjolan Voima. The energy company operates on the cost-price principle ("Mankala principle") and Kemira has sold the energy to a third party. The third party, a large industrial user, has terminated its long-term energy purchase agreement with Kemira, which is expected to lead to a lower utilization rate of the asset. The comparison period consisted mainly of Kemira's liabilities in a small energy company owned via Pohjolan Voima, as well as organizational restructuring costs in Pulp & Paper.

Items affecting comparability, EUR million	Oct-Dec 2021	Oct-Dec 2020
Within EBITDA	**-28.3**	-16.7
Pulp & Paper	-28.9	-16.8
Industry & Water	0.6	0.1
Within depreciation, amortization and impairments	**-1.2**	0.0
Pulp & Paper	0.0	0.0
Industry & Water	-1.2	0.0
Total items affecting comparability in EBIT	**-29.5**	-16.7

Depreciation, amortization and impairments were EUR 51.9 million (50.9), including EUR 3.1 million (3.2) in amortization of the purchase price allocation.

Operative EBIT decreased by 17% due to lower EBITDA. **EBIT** decreased by 56%, and the difference between the two is explained by items affecting comparability, which were mainly related to a single-asset energy company in Pori, Finland majority owned by Kemira via Pohjolan Voima. The energy company operates on the cost-price principle ("Mankala principle") and Kemira has sold the energy to a third party.

The third party, a large industrial user, has terminated its long-term energy purchase agreement with Kemira, which is expected to lead to a lower utilization rate of the asset.

Net finance costs totaled EUR -8.9 million (-9.6). **Income taxes** were EUR 1.2 million (-7.0), with the reported tax rate being -13% (23%) due to a regional business model change. **Net profit for the period** decreased by 59% mainly due to items affecting comparability.

FINANCIAL PERFORMANCE IN JANUARY-DECEMBER 2021

Revenue increased strongly by 10%. Revenue in local currencies, excluding acquisitions and divestments, increased by 11% mainly due to higher sales volumes and sales prices.

Revenue	Jan-Dec 2021 EUR million	Jan-Dec 2020 EUR million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	1,559.6	1,457.6	+7	+8	-1	0
Industry & Water	1,114.8	969.5	+15	+16	-1	0
Total	2,674.4	2,427.2	+10	+11	-1	0

*Revenue growth in local currencies, excluding acquisitions and divestments

Geographically, the revenue split was as follows: EMEA (Europe, Middle East, Africa) 51% (54%), the Americas 38% (35%), and Asia Pacific 11% (11%).

Operative EBITDA was EUR 425.5 million (435.1). Variable costs increased following significant raw material and energy price inflation, which was mostly compensated by higher sales prices and sales volumes. The operative EBITDA margin decreased due to higher raw material and energy prices.

Variance analysis, EUR million	Jan-Dec
Operative EBITDA, 2020	**435.1**
Sales volumes	+73.0
Sales prices	+107.0
Variable costs	-197.5
Fixed costs	+2.2
Currency exchange	-6.2
Others	+11.8
Operative EBITDA, 2021	**425.5**

Operative EBITDA	Jan-Dec 2021 EUR million	Jan-Dec 2020 EUR million	Δ%	Jan-Dec 2021 %-margin	Jan-Dec 2020 %-margin
Pulp & Paper	244.7	260.2	-6	15.7	17.9
Industry & Water	180.8	174.8	+3	16.2	18.0
Total	425.5	435.1	-2	15.9	17.9

EBITDA decreased by 10% to EUR 373.2 million (413.2). The difference between it and operative EBITDA is explained by items affecting comparability. **Items affecting comparability** consisted mainly of a provision caused by the expected underutilization of a single-asset energy company in Pori, Finland majority owned by Kemira via Pohjolan Voima, a damage claim settlement with CDC, provisions related to site closures and restructuring. The comparison period consisted mainly of Kemira's liabilities in a small energy company owned via Pohjolan Voima as well as organizational restructuring costs in Pulp & Paper and in the Oil & Gas business.

Items affecting comparability, EUR million	Jan-Dec 2021	Jan-Dec 2020
Within EBITDA	**-52.4**	-21.8
Pulp & Paper	-46.5	-20.0
Industry & Water	-5.9	-1.8
Within depreciation, amortization and impairments	**-3.0**	0.0
Pulp & Paper	-0.1	0.0
Industry & Water	-2.9	0.0
Total	**-55.4**	-21.8

Depreciation, amortization and impairments increased to EUR 203.1 million (197.4), including the EUR 12.1 million (14.8) amortization of the purchase price allocation.

Operative EBIT decreased by 5% compared to the previous year. **EBIT** decreased by 21%, and the difference between the two is explained by items affecting comparability, which consisted of a provision caused by the expected underutilization of a single-asset energy company in Pori, Finland majority owned by Kemira via Pohjolan Voima, a damage claim settlement with CDC, provisions related to site closures and restructuring. The comparison period consisted mainly of Kemira's liabilities in a small energy company owned via Pohjolan Voima as well as organizational restructuring costs in Pulp & Paper and in the Oil & Gas business.

Net finance costs totaled EUR -26.7 million (-34.9), 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 -28.2 million (-43.0), with the reported tax rate being 20% (24%). The reported tax rate declined following a regional business model change. **Net profit** for the period decreased by 17%, mainly due to items affecting comparability.

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in January–December 2021 decreased to EUR 220.2 million (374.7) following a lower net profit for the period and changes in net working capital. During Q3 2021, Kemira paid EUR 22.75 million in compensations and costs to CDC related to a damage claim settlement. During Q1 2021, Kemira's supplementary pension fund in Finland, Neliapila, returned excess capital totaling EUR 3 million to Kemira. Cash flow after investing activities was EUR 57.3 million (173.3).

At the end of the period, interest-bearing liabilities totaled EUR 992.2 million (918.8), including lease liabilities of EUR 136.8 million (121.4). The average interest rate of the Group's interest-bearing loan portfolio (excluding leases) was 1.7% (1.9%), and the duration was 29 months (20). Fixed-rate loans accounted for 80% (74%) of net interest-bearing liabilities, including lease liabilities.

Short-term liabilities maturing in the next 12 months amounted to EUR 215.3 million. On December 31, 2021, cash and cash equivalents totaled EUR 142.4 million (159.5). 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 849.8 million (759.3), including lease liabilities. The equity ratio was 43% (43%), while gearing was 63% (63%).

Kemira is exposed to transaction and translation currency risks. The Group's most significant transaction currency risks arise from the Chinese renminbi, the US dollar, the Swedish krona and the Canadian dollar. At the end of the year, the Chinese renminbi exchange risk against EUR was approximately EUR 67 million, of which 36% was hedged on an average basis. The US dollar-denominated exchange rate risk against EUR had an equivalent value of approximately EUR 64 million, of which 53% was hedged on an average basis. The Swedish krona-denominated exchange rate risk against EUR had an equivalent value of approximately EUR 31 million, of which 62% was hedged on an average basis. The Canadian dollar-denominated exchange rate risk against EUR had an equivalent value of approximately EUR 26 million, of which 51% was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks against EUR, mainly in relation to the Norwegian krone, Polish zloty, Danish krone, Russian ruble and Thai baht, and against USD mainly in relation to the Brazilian real and Canadian dollar, with the annual exposure in those currencies being approximately EUR 103 million.

As Kemira's consolidated financial statements are compiled in euros, Kemira is also subject to a currency translation risk to the extent to which the income statement and balance sheet items of subsidiaries located outside Finland are reported in a currency other than the euro. The most significant translation exposure on revenue and EBITDA derive from the US dollar and the Canadian dollar. A strengthening of currencies against the euro would increase Kemira's revenue and EBITDA through a translation effect.

CAPITAL EXPENDITURE

In January–December 2021, capital expenditure excluding acquisitions decreased by 14% to EUR 168.8 million (195.6) due to timing of expansion capex projects. Capital expenditure (capex) can be broken down as follows: expansion capex 15% (37%), improvement capex 29% (23%), and maintenance capex 55% (40%).

RESEARCH AND DEVELOPMENT

In January–December 2021, total research and development expenses were EUR 28.3 million (28.9), representing 1.1% (1.2%) of the Group's revenue.

Kemira's research and development is an enabler of growth and further differentiation. New product launches contribute to the efficiency and sustainability of customer processes as well as improved profitability. Both Kemira's future market position and profitability depend on the company's ability to understand and meet current and future customer needs and market trends, as well as on its ability to innovate differentiated products and applications.

At the end of 2021, Kemira had 382 (367) patent families, including 1,972 (1,726) granted patents, and 996 (964) pending applications. During 2021, Kemira applied for 36 (37) new patents and started 12 new product development projects, all of which were planned to improve resource efficiency. At the same time, Kemira commercialized two new product development projects, both of them improving resource efficiency in the customer phase.

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,926 employees (4,921). Kemira had 766 (771) employees in Finland, 1,750 (1,759) employees elsewhere in EMEA, 1,487 (1,467) in the Americas, and 923 (924) in APAC.

CORPORATE SUSTAINABILITY

Kemira's sustainability work covers economical, environmental and social topics and is guided by the UN Sustainable Development Goals (SDGs). Our focus is on Clean Water and Sanitation (SDG6), Decent Work and Economic Growth (SDG8), Responsible consumption and production (SDG12), and Climate action (SDG13). More information on sustainability at Kemira can be found in the Sustainability report.

Sustainability performance in 2021

SAFETY

Kemira's safety performance saw a setback compared to the previous years and the TRIF rate was 2.7.

PEOPLE

Kemira measures the employees' perception of diversity and inclusion. In 2021, Kemira was slightly below the top 25% cross industry benchmark. Kemira's long-term goal is to reach the top 10% cross industry benchmark by 2025 and several initiatives were started in 2021 to reach the goal.

CIRCULARITY

Kemira's biobased strategy progressed during the year and the development work with external partnerships continued in 2021 with the first biodegradable coating sales for the paper and board industry taking place during the year. In 2021 Kemira selected ISCC PLUS certification system for the mass-balance accreditation. Kemira produces certified biobased products in ISCC accredited manufacturing facilities in Italy and the UK. Kemira continued work to improve waste intensity and started to collect waste data in a more granular way in 2021. Disposed production waste intensity increased slightly during the year due to the first year of full production at a new manufacturing site. Total hazardous waste declined by 41%.

WATER

Freshwater use intensity in 2021 improved following process improvements and changes in product portfolio towards less water-intensive products. Kemira updated its sustainability target for water as of 2022 and aims to reach the highest, Leadership level in water management by 2025 as measured by CDP Water Security. In 2021, Kemira participated for first time to the CDP Water Security assessment and received a B rating. Kemira also signed the CEO Water Mandate in December 2021.

CLIMATE

Scope 1 and 2 emissions declined by 3%, in line with Kemira's climate target. During 2021, Kemira continued to expand the use of renewable energy and the share of renewable energy increased to 31% of total purchased energy. In addition, Kemira started comprehensive work to better understand its scope 3 emissions and to identify opportunities to reduce emissions in its value chain.

SDG	KPI	UNIT	2021	2020
8 DECENT WORK AND ECONOMIC GROWTH	**SAFETY** **TRIF*** 1.5 by 2025 and 1.1 by 2030 *TRIF = total recordable injury frequency per million hours, Kemira + contractors		2.7	2.2
8 DECENT WORK AND ECONOMIC GROWTH	**PEOPLE** Reach top 10% cross industry norm for Diversity & Inclusion by 2025		Slightly below top 25%	–
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**CIRCULARITY** Reduce waste intensity** by 15% by 2030 from a 2019 baseline of 4.6 Biobased products > EUR 500 million revenue by 2030 **metric tonnes of routine disposed waste per thousand metric tonnes of production (t/1,000 t)	t/1000t	4.3	4.2
6 CLEAN WATER AND SANITATION	**WATER** Continuously improve freshwater use intensity	m3/t	1.3	1.5
13 CLIMATE ACTION	**CLIMATE** Scopes 1 & 2*** emissions -30% by 2030 compared to 2018 baseline of 930 tCO2e	tCO2e	856	886

***Scope 1: Direct greenhouse gas emissions from Kemira's manufacturing sites, e.g. generation of energy and emissions from manufacturing processes

Scope 2: Indirect greenhouse gas emissions from external generation and purchase of electricity, heating, cooling and steam

EU TAXONOMY

The European Union’s target is to reduce net greenhouse gas emissions to zero by 2050. In order to reduce greenhouse gas emissions and to better engage the private sector in the green transition, the EU has introduced the EU taxonomy, a classification system to define environmentally sustainable business activities. The aim of the taxonomy is to classify economic activities based on their contribution to six objectives 1) climate change mitigation, 2) climate change adaptation, 3) sustainable use and protection of water and marine resources, 4) transition to a circular economy, 5) pollution prevention and control, and 6) protection and restoration of biodiversity and ecosystems.

Three financial indicators, turnover, capital expenditure (CapEx) and operating expenditure (OpEx), need to be reported according to the EU taxonomy.These indicators are defined by the EU taxonomy and the definitions differ from capex and opex used elsewhere in Kemira’s financial reporting. In the first phase of the EU taxonomy reporting for financial year 2021, companies are required to disclose what proportion of their turnover, capex and opex are eligible according to the EU taxonomy’s first two objectives: climate change mitigation and climate change adaptation.

Taxonomy-eligibility means that an activity is described in the taxonomy, which is an indication that it might have substantial contribution to one of the six environmental objectives of the taxonomy. In the second phase of the EU taxonomy reporting for financial year 2022, companies are required to report what proportion of their eligible turnover, capex and opex is aligned, i.e. environmentally sustainable, according to six objectives of the EU taxonomy criteria. Economic activities are considered to be aligned according to the EU taxonomy when they:

- Make a substantial contribution to one of the six objectives mentioned above and they comply with certain technical screening criteria.
- Do no significant harm (DNSH) to the achievement of any other objective mentioned above.
- Comply with minimum safeguards for occupational safety and human rights.

The taxonomy’s first two objectives, climate change mitigation and adaptation, cover economic activities that are the most emission-intensive and / or have the largest ability to contribute to climate change mitigation and adaptation. For the manufacturing sector, which Kemira is considered to be part of, technical screening criteria has been defined for 11 economic activities. These include mainly the manufacturing of basic materials and chemicals such as chlorine, soda ash and hydrogen. The chemical sector is expected to be more broadly included in upcoming objectives 3-6.

Kemira's taxonomy eligibility in 2021 for the first two objectives

Key Performance Indicator	Share of taxonomy-eligible economic activities (%)	Share of taxonomy non-eligible economic activities (%)
Turnover	1	99
Capital expenditure (CapEx) as per definition of the EU Taxonomy	—	100
Operating expenditure (OpEx) as per definition of the EU Taxonomy	—	100

It should be noted that the term "Capital expenditure, capex" may be used elsewhere in Kemira's financial reporting in different contexts and the definitions may differ.Turnover in EU Taxonomy equals revenue in Kemira's financial reporting. Capex as per definition of the EU taxonomy equals Kemira's reported capital expenditure added with additions into right-of-use assets. Opex as per definition of the EU taxonomy equals direct R&D and maintenance expenditure.

In 2021, 1% of Kemira’s turnover was eligible according to the EU Taxonomy and it mainly consisted of industrial by-products, such as hydrogen and waste heat that is sold for district heating. The taxonomy currently includes activities which have been seen to substantially contribute to climate change mitigation and adaptation. Kemira mostly produces specialty chemicals that are typically not emission-intensive. Therefore Kemira's main product lines are not included in the EU taxonomy's first two delegated acts and cannot be eligible.

In 2021, 0% of Kemira's capital expenditure and operating expenditure (as defined in the EU taxonomy) was eligible according to the EU taxonomy. As Kemira's eligible turnover consisted of industrial by-products, Kemira's capital or operating expenditure cannot be solely allocated to the industrial by-products nor does Kemira specifically spend capex / opex separately for the industrial by-products. Therefore Kemira's capex / opex eligibility is zero.

For financial year 2021, as is required, Kemira will only report the proportion of taxonomy-eligible activities for the first two environmental objectives. As of financial year 2022, Kemira will also report the proportion of taxonomy-aligned activities for all environmental objectives. Kemira closely follows the development of the upcoming objectives 3-6 and how it will impact the eligibility and alignment of Kemira's economic activities in future reporting.

For more information on Kemira's sustainability targets, please refer to page 12.

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 meet the need of its customers, thus ensuring a leading portfolio of products and services for the 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 it is also building a strong position in the emerging Asian and South American markets.

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Revenue	420.4	370.0	1,559.6	1,457.6
Operative EBITDA	60.5	68.9	244.7	260.2
Operative EBITDA, %	14.4	18.6	15.7	17.9
EBITDA	31.6	52.1	198.3	240.2
EBITDA, %	7.5	14.1	12.7	16.5
Operative EBIT	30.4	37.5	124.3	138.0
Operative EBIT, %	7.2	10.1	8.0	9.5
EBIT	1.6	20.7	77.7	118.0
EBIT, %	0.4	5.6	5.0	8.1
Capital employed*	1,226.9	1,246.7	1,226.9	1,246.7
Operative ROCE*, %	10.1	11.1	10.1	11.1
ROCE*, %	6.3	9.5	6.3	9.5
Capital expenditure excl. M&A	39.9	33.6	88.5	91.9
Capital expenditure incl. M&A	39.9	33.6	89.5	94.6
Cash flow after investing activities	17.0	59.1	94.6	162.2

*12-month rolling average

Fourth quarter

The segment's **revenue** increased by 14%. Revenue in local currencies, excluding acquisitions and divestments, increased by 11% mainly due to higher sales prices. Sales volumes increased slightly. Currencies had a positive impact.

In **EMEA**, revenue increased by 12% due to higher sales prices, which increased across product groups. Also sales volumes increased slightly. In **the Americas**, revenue increased by 20%. Revenue in local currencies, excluding acquisitions and divestments, increased by 15%. Sales volumes continued to grow across product groups, particularly in bleaching and process and functional chemicals. Also sales prices increased. In **APAC**, revenue increased by 8%. Revenue in local currencies, excluding acquisitions and divestments, increased by 4% due to higher sales prices. Sales volumes declined.

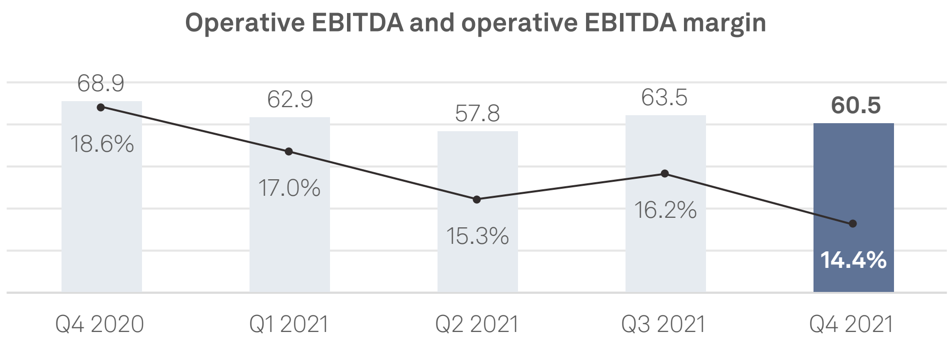
Operative EBITDA decreased by 12%. Variable costs increased due to significantly higher raw material and energy prices, which were partly offset by higher sales prices and sales volumes. The operative EBITDA margin declined due to higher raw material and energy prices. **EBITDA** decreased by 39%. The difference from operative EBITDA is explained by items affecting comparability, which mainly consisted of a provision related to a single-asset energy company in Pori, Finland majority owned by Kemira via Pohjolan Voima. The energy company operates on the cost-price principle ("Mankala principle") and Kemira has sold the energy to a third party. The third party, a large industrial user, has terminated its long-term energy purchase agreement with Kemira, which is expected to lead to a lower utilization rate of the asset.

January–December

The segment's **revenue** increased by 7%. Revenue in local currencies (excluding divestments and acquisitions) increased by 8% driven by higher sales volumes and sales prices. Sales volumes increased across product groups, particularly in bleaching, process and functional and sizing chemicals.

In **EMEA**, revenue increased by 7% to EUR 816.8 million (762.3) due to higher sales volumes across product groups. Also sales prices increased. In **the Americas**, revenue increased by 6% to EUR 481.6 million (455.3). Revenue in local currencies, excluding acquisitions and divestments, increased by 10% due to higher sales volumes, particularly in bleaching and process and functional chemicals. Also sales prices increased. In **APAC**, revenue increased by 9% to EUR 261.2 million (240.0). Revenue in local currencies, excluding acquisitions and divestments, increased by 9% mainly due to higher sales prices. Also sales volumes increased.

Operative EBITDA decreased by 6%. Significantly higher variable costs following increased raw material and energy prices were partly offset by higher sales prices and sales volumes. The operative EBITDA margin declined due to higher raw material and energy prices. **EBITDA** decreased by 17%. The difference between it and operative EBITDA is explained by items affecting comparability, which mainly consisted of a provision caused by the expected underutilization of a single-asset energy company in Pori, Finland majority owned by Kemira via Pohjolan Voima, a damage claim settlement with CDC, a provision related to a 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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Revenue	297.8	235.6	1,114.8	969.5
Operative EBITDA	37.3	39.0	180.8	174.8
Operative EBITDA, %	12.5	16.6	16.2	18.0
EBITDA	37.9	39.1	174.9	173.0
EBITDA, %	12.7	16.6	15.7	17.8
Operative EBIT	16.6	19.5	101.2	99.7
Operative EBIT, %	5.6	8.3	9.1	10.3
EBIT	16.0	19.6	92.4	97.8
EBIT, %	5.4	8.3	8.3	10.1
Capital employed*	767.6	717.5	767.6	717.5
Operative ROCE*, %	13.2	13.9	13.2	13.9
ROCE*, %	12.0	13.6	12.0	13.6
Capital expenditure excl. M&A	34.7	32.4	80.3	103.6
Capital expenditure incl. M&A	34.7	32.4	80.3	103.6
Cash flow after investing activities	9.1	29.2	50.9	69.8

*12-month rolling average

Fourth quarter

The segment's **revenue** increased by 26%. Revenue in local currencies, excluding acquisitions and divestments, increased by 23% due to higher sales prices and sales volumes. Currencies had a positive impact.

In the water treatment business, revenue increased by 18% due to higher sales prices and sales volumes in both municipal and industrial water treatment. The revenue of the Oil & Gas business increased by 70% to EUR 65.1 million (38.3), driven by a strong recovery in shale revenue.

In **EMEA**, revenue increased by 8% mainly due to higher sales prices in water treatment. In **the Americas**, revenue increased by 48%. Revenue in local currencies, excluding acquisitions and divestments, increased by 42%. Sales prices and sales volumes in water treatment increased. Also in the Oil and Gas business sales prices and sales volumes increased. Shale revenue recovered strongly compared to the previous year and also sequentially. In **APAC**, revenue increased by 114% albeit from a low base due to higher sales volumes.

Operative EBITDA decreased by 4%. Variable costs increased due to significantly higher raw material prices, which were partly compensated by higher sales prices and sales volumes. The operative EBITDA margin declined due to higher raw material prices. **EBITDA** decreased by 3%, and the difference from operative EBITDA is explained by items affecting comparability.

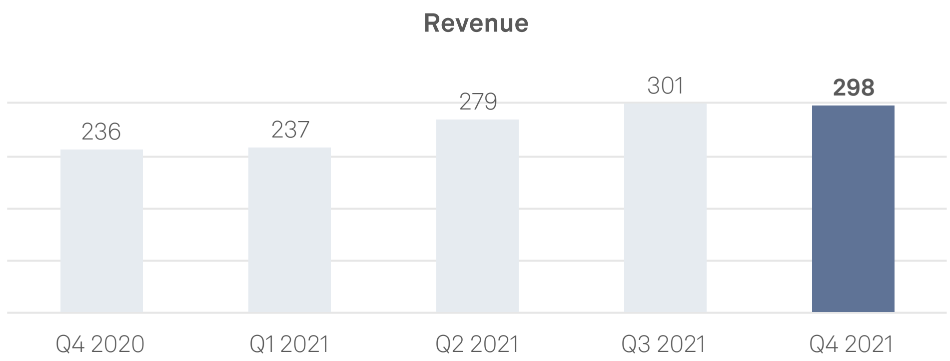
January–December

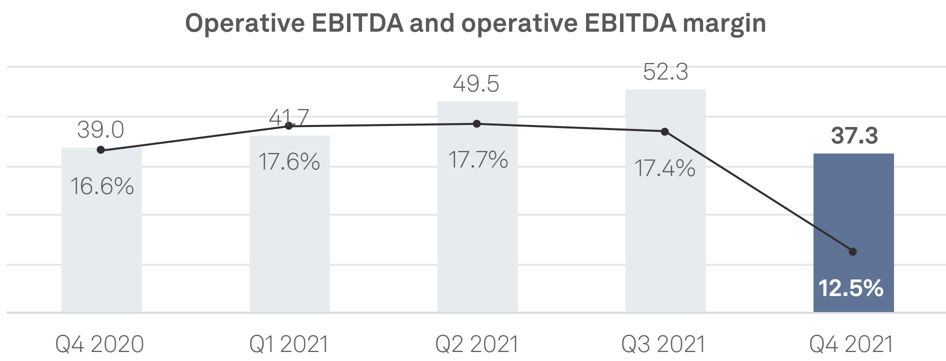
The segment's **revenue** increased by 15%. Revenue in local currencies, excluding acquisitions and divestments, increased by 16%. The increase was driven mainly by higher sales volumes, particularly in the Oil & Gas business. Also sales prices increased. Currencies had a negative impact.

In the water treatment business, revenue increased by 7% particularly due to higher sales volumes. Also sales prices increased. Revenue in the Oil & Gas business increased by 55% to EUR 245.9 million (158.9) mainly due to higher sales volumes in shale and oil sands tailings. Also sales prices increased.

In **EMEA**, revenue increased by 3% to EUR 558.9 million (543.9). Sales volumes increased in water treatment. Also sales prices increased. Currencies had a positive impact. In **the Americas**, revenue increased by 30% to EUR 528.6 million (407.1). Revenue in local currencies, excluding acquisitions and divestments, increased by 33%. Sales volumes increased in the Oil & Gas business, particularly in shale. Sales volumes in water treatment also increased. Sales prices increased both in the Oil & Gas business and water treatment. In **APAC**, revenue increased by 47% to EUR 27.3 million (18.5) due to higher sales volumes in water treatment.

Operative EBITDA increased by 3% as higher sales prices and sales volumes more than compensated for higher variable costs. The operative EBITDA margin declined due to higher raw material prices. **EBITDA** increased by 1% and the difference from operative EBITDA is explained by items affecting comparability, which mainly consisted of organizational restructuring costs and a provision related to a site closure.





PARENT COMPANY'S FINANCIAL PERFORMANCE

Kemira Oyj's revenue increased to EUR 1,572.5 million (1,459.9) in 2021. EBITDA was EUR 70.8 million (126.5). The parent company's financing income and expenses were EUR 26.5 million (-205.9). Financing income and expenses included no impairment losses on non-current assets (-238.6). The net result for the financial year totaled EUR -2.9 million (-199.6). The total capital expenditure was EUR 42.9 million (18.8), excluding investments in subsidiaries.

Kemira Oyj had 502 (2020: 501, 2019: 507) employees on average during 2021.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On December 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 December 2021, Kemira Oyj had 49,484 registered shareholders (44,311 on December 31, 2020). Non-Finnish shareholders held 28.4% of the shares (28.6% on December 31, 2020), including nominee-registered holdings. Households owned 19.8% 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 13.33 on the Nasdaq Helsinki at the end of December 2021 (12.94 on December 31, 2020). The shares registered a high of EUR 14.66 and a low of EUR 12.64 in January–December 2021, and the average share price was EUR 13.67. The company's market capitalization, excluding treasury shares, was EUR 2,041 million at the end of December 2021 (1,979 December 31, 2020).

In January–December 2021, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 787 million (EUR 857 million in January–December 2020). The average daily trading volume was 228,087 shares (301,131 in January–December 2020). The total volume of Kemira Oyj's share trading in January–December 2021 was 72 million shares (93 million shares in January–December 2020), 20% (19% in January–December 2020) of which was executed on other trading platforms (e.g. Turquoise, CBOE DXE). Source: Nasdaq and Kemira.com.

AGM DECISIONS

Annual General Meeting

Kemira Oyj's Annual General Meeting, held on March 24, 2021, approved the Board of Directors' proposal for a dividend of EUR 0.58 per share for the financial year 2020. The dividend was paid in two installments. The first installment of EUR 0.29 per share was paid on April 8, 2021. The Annual General Meeting authorized the Board of Directors to decide the record date and the payment date for the second installment of the dividend.

The Board of Directors decided on the record date and the payment date for the second installment of the dividend of EUR 0.29 at its meeting on October 25, 2021. The payment date of the second installment of the dividend was November 4, 2021. Kemira announced the resolution of the Board of Directors with a separate stock exchange release and confirmed the record and payment dates.

The AGM 2021 authorized the Board of Directors to decide upon the repurchase of a maximum of 5,600,000 company's own shares. This corresponds to approximately 3.6% of all shares and votes in the company. The shares will 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 otherwise 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 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 would be 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 those of Euroclear Finland Ltd. 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 will decide on 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 (corresponding to approximately 10% of all company shares and votes) and/or transfer a maximum of 7,800,000 company's own shares (corresponding to approximately 5% of all company shares and votes) held by the company ("Share issue"). 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 company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors shall decide upon other terms related to the share issues. The Share issue authorization is valid until May 31, 2022.

The AGM elected Ernst & Young Oy to serve as the company's auditor, with Mikko Rytilahti, Authorized Public Accountant, acting as the key audit partner.

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.

CORPORATE GOVERNANCE AND GROUP STRUCTURE

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act, and Nasdaq Helsinki's rules and regulations on listed companies. Furthermore, the company complies with the Finnish Corporate Governance Code. The company's corporate governance is presented as a separate statement on the company's website.

Board of Directors

On March 24, 2021, 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 and Jari Paasikivi as members of the Board of Directors, and elected Matti Kähkönen and Kristian Pullola as new members to the Board of Directors. Jari Paasikivi was re-elected as the Board's Chairman and Matti Kähkönen was elected as the Vice Chairman. In 2021, Kemira's Board of Directors met 10 times, with a 100% attendance rate.

Kemira Oyj's Board of Directors has appointed two committees: the Personnel and Remuneration Committee, and the Audit Committee. The Personnel and Remuneration Committee is chaired by Jari Paasikivi and has Matti Kähkönen and Timo Lappalainen as members. In 2021, the Personnel and Remuneration Committee met five times, with a 100% attendance rate. The Audit Committee is chaired by Timo Lappalainen and has Jari Paasikivi and Kristian Pullola as members. In 2021, the Audit Committee met five times, with a 100% attendance rate.

Structure

There have been no significant acquisitions or divestments during the year that would have impacted the company structure.

SHORT-TERM RISKS AND UNCERTAINTIES

Price and availability of raw materials and commodities

Profitable growth is a crucial part of Kemira's strategy. A significant and sudden increase in the cost of raw materials, commodities, or logistics could place Kemira's profitability at risk if Kemira is not able to pass on such increases to product prices without delay. For instance, considerable and/or rapid changes in oil and energy prices could materially impact Kemira's profitability. Changes in the raw material supplier field, such as consolidation or decreasing capacity, may also increase raw material prices. Furthermore, significant demand changes in industries that are the main users of certain raw materials may lead to raw material price fluctuations. In 2021, raw material prices increased significantly following the rapid economic rebound from the COVID-19 pandemic, and due to supply chain disruptions seen during the year. Also energy prices increased substantially during the year, particularly during the fourth quarter of 2021.

Poor availability of certain raw materials may affect Kemira's production and also profitability if Kemira fails to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity risks can be effectively monitored and managed with Kemira's centralized Sourcing unit. Risk management measures include, for instance, forward-looking forecasting of key raw materials and commodities, synchronization of raw material purchase agreements and sales agreements, captive manufacturing of some of the critical raw materials, strategic investment in energy-generating companies, and hedging a portion of the energy and electricity spend. Kemira's joint venture with the fatty acid chloride producer Tiancheng in China is an example of helping to ensure the availability of key raw materials by backwards integration into the supply chain. In 2021, Kemira had some raw material availability issues, particularly during the first half of the year. Supply chain issues, which were caused by the rapid economic rebound and unexpected weather conditions, impacted Kemira's suppliers and the availability of certain raw materials. The situation improved towards the end of the year. Continued supply chain disruptions are possible also in 2022 depending on the development of the COVID-19 pandemic.

Suppliers

The continuity of Kemira's business operations is dependent on accurate and good-quality supply of products and services. Kemira currently has in place numerous partnerships and other agreements with third-party product and service suppliers to secure its business continuity. Certain products used as raw materials are considered critical, as the purchase can be made economically only from a sole or single source. In the event of a sudden and significant loss or interruption in such supply of raw material, Kemira's operations could be impacted, and this could have further negative effects on Kemira. Ineffective procurement planning, supply source selection, and contract administration, as well as inadequate supplier relationship management, create a risk of Kemira not being able to fulfill its promises to customers. The COVID-19 pandemic did not cause significant impacts on Kemira's manufacturing operations in 2021. However, disruptions in the supply chains during 2021 had an impact on the availability of certain raw materials in Kemira purchases.

Kemira was able to handle the situation and the impact on Kemira's revenue was not material.

Kemira continuously aims to identify, analyze, and engage third-party suppliers in a way that ensures security of supply and competitive pricing of the end products and services. Collaborative relationships with key suppliers are developed in order to uncover and realize new value and to reduce risk. Supplier performance is also regularly monitored as a part of the supplier performance management process. Due to the high-risk environment related to suppliers of the chemical industry, risk management and mitigation in this area is of continuous high focus.

Hazard risks

Kemira's production activities involve many hazard risks – such as fires and explosions, machinery breakdowns, natural catastrophes, exceptional weather conditions, environmental incidents – and the consequent possible resulting liabilities, as well as the employee health and safety risks. These risk events could derive from several factors, also including (but not limited to) unauthorized IT system access by a malicious intruder causing possible damage to the systems and consequent financial losses. A systematic focus on achieving set targets, certified management systems, efficient hazard prevention programs, promotion of an active safety culture, adequate maintenance, and competent personnel play a central role in managing these hazard risks. In addition, Kemira has several insurance programs that protect the company against the financial impacts of hazard risks.

Changes in customer demand

A significant unforeseen decline in the use of certain chemicals (e.g. chemicals for packaging and board production) or in the demand for customers' products and operations could have a negative impact on Kemira's business. A significant decline in certain raw material and utility prices (e.g. oil, gas, and metals) may shift customers' activities towards areas where fewer chemicals are needed. Also, increased awareness of and concern about climate change and more sustainable products may change customer demands, for instance, in favor of water treatment technologies with lower chemical consumption. On the other hand, possible capacity expansions by customers could increase the chemical consumption and challenge Kemira's current production capacity.

In order to manage and mitigate this risk, Kemira systematically monitors leading and early warning indicators that focus on market development. Kemira has also continued to focus on the sustainability of its business and is further improving the coordination and cooperation between the Business Development, R&D, and Sales units in order to better understand the future needs and expectations of its customers. Timely capital investments as well as continuous discussions and follow-ups with customers ensure Kemira's ability to respond to changes in demand. Kemira's geographic and customer industry diversity also provide partial protection against the risk of changed customer demands.

In 2020, Kemira revised its strategy with an increased focus on biobased products to respond to changes in customer demand and expectations. In 2020, Kemira also started several external partnerships in order to innovate and commercialize new biobased products. The partnership development continued throughout 2021. Profitable growth is one key aspect of Kemira's revised strategy, and biobased products are expected to play a significant role in Kemira's growth ambitions. Due to sustainability pressure, there will also be a shift in the Pulp & Paper industry, and it is expected there may be new and/or increased uses of pulp- and fiber-based materials. This is an area Kemira is continuously monitoring.

Economic conditions and geopolitical changes

Uncertainties in the global economic and geopolitical development are considered to include direct or indirect risks, such as a lower-growth period in global GDP and possible unexpected trade-related political decisions, both of which could have unfavorable impacts on the demand for Kemira's products. Certain political actions or changes, especially in countries that are important to Kemira, could cause business interference or other adverse consequences. Current examples of these risks are related to trade wars. Geopolitical tensions in Eastern Europe and subsequent possible sanctions towards Russia could result in disruptions to energy availability in Europe, which could also impact Kemira. Kemira also sources some raw materials from Russia, Ukraine and Belarus, the supply of which could be disrupted should geopolitical tensions intensify and / or should sanctions be imposed towards Russia.

Weak economic development may result in customer closures or consolidations, resulting in a diminishing customer base. The liquidity of Kemira's customers could become weaker, resulting in increased credit losses for Kemira. Unfavorable market conditions may also increase the availability and price risk of certain raw materials. Kemira's geographical and customer industry diversity provides only partial protection against these risks. Kemira continuously monitors geopolitical movements and changes and aims to adjust its business accordingly. Trade war-related risks are actively monitored and taken into account.

Competition

Kemira operates in a rapidly changing and competitive business environment that represents a considerable risk to meeting its goals. New players seeking a foothold in Kemira's key business segments may use aggressive means as a competitive tool, which could affect Kemira's financial results. Major competitor or customer consolidations could change the market dynamics, and possibly also change Kemira's market position.

Kemira is seeking growth in product categories that are less familiar and where new competitive situations prevail, particularly in biobased products. In the long term, completely new types of technology may considerably change the current competitive situation. This risk is managed at both Group and segment levels through continuous monitoring of the competition. The company aims to respond to its competition through the active management of customer relationships and continuous development of its products and services to further differentiate itself from the competitors and to be competitive.

Acquisitions

Acquisitions are one potential way to achieve corporate goals and strategies, in addition to organic growth. Consolidations are driven by chemical manufacturers' interests in realizing synergies and establishing footholds in new markets. Acquisitions and/or partnerships may also be needed in order to enter totally new geographic markets or new product markets. However, the integration of acquired businesses, operations, and personnel also involves risks. If integration is unsuccessful, the results may fall short of targets for such acquisitions.

Kemira has created M&A procedures and established Group-level dedicated resources to actively manage merger and acquisition activities and to support the execution of its business transactions. In addition, external advisory services are being used to screen potential merger and acquisition targets, and to help execute transactions and post-merger integration.

Innovation and Research & Development

Kemira's research and development is a critical enabler of organic growth and further differentiation. Kemira's future market position and profitability depend on its ability to understand and meet current and future customer needs and market trends, and its ability to innovate new differentiated products and applications. Furthermore, new product launches contribute to the efficiency and sustainability of Kemira's or its customers' processes, as well as to the improved profitability. Failure to innovate or focus on disruptive new technologies and products, or to effectively commercialize new products or service concepts may result in non-achievement of growth targets and may negatively impact Kemira's competitive situation.

Innovation- and R&D-related risks are managed through effective R&D portfolio management, in close collaboration between R&D and the two business segments.

There is close coordination and cooperation between the Business Development, R&D, Sales and Marketing units in order to better understand the future needs and expectations of Kemira's customers. With continuous development of innovation processes, Kemira is aiming for more stringent project execution. Kemira maintains an increased focus towards the development of more differentiated and sustainable products and processes, and is also continuously monitoring sales of its new products and applications.

Changes in laws and regulations

Kemira’s business is subject to various laws and regulations, which have relevance in the development and implementation of Kemira’s strategy. Laws and regulations can generally be considered as an opportunity for Kemira, as regulation drives, for example, the treatment of water. However, certain legislative initiatives supporting, for instance, the use of biodegradable raw materials or biological water treatment, limiting the use of aluminum, may also have a negative impact on Kemira’s business. Significant changes, for instance, in chemical, environmental or transportation laws and regulations may also impact Kemira’s profitability through an increase in production and transportation costs. At the same time, such changes may also create new business opportunities for Kemira.

Inclusion of new substances in the REACH authorization process may also bring further requirements to Kemira, where failure to obtain the relevant authorization could impact Kemira’s business. In addition, the changes in import/export and customs-related regulations create needs for monitoring and mastering global trade compliance in order to ensure, for instance, compliant product importation.

Kemira continuously follows regulatory developments in order to maintain its awareness of proposed and upcoming changes of those laws and regulations that may have an impact, for instance, on its sales, production, and product development needs. Kemira has established an internal process to manage substances of potential concern and to create management plans for them. These plans cover, for example, the possibilities to replace certain substances if they become subject to stricter regulation. Kemira has also increased its focus and resources in the management of global trade compliance.

Regulatory effects are also systematically taken into consideration in strategic decision making. Kemira takes an active role in regulatory discussions whenever this is justified from the perspective of the industry or business. Currently, for example, there are lots of regulatory discussions ongoing in the EU, as the EU is undergoing a major review of its water legislation and directives. This may have a positive demand-related impact for Kemira in the future, due to the need for water to be treated more carefully. The EU has, as part of its Green Deal initiative, launched the EU Chemicals Strategy for Sustainability (CSS). Kemira follows closely the development of the strategy and its potential implications on the chemical sector and Kemira.

Talent management

To secure competitiveness and profitable growth, as well as to improve operational efficiency, it is essential to attract and retain personnel with the right skills and competences (e.g. R&D, sales, IT, customer service and marketing competences). Kemira is continuously identifying people with high potential and key competencies for future needs. Through systematic development and improvement of compensation schemes, learning programs, and career development programs, Kemira aims to ensure the continuity of skilled personnel also in the future.

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 2021.

Climate related risks

Kemira has identified certain climate-related risks that could have an impact on Kemira’s operations or customer demand. Increased awareness of and concern about climate change and more sustainable products may for example change customer demands in favor of water treatment technologies with lower chemical consumption. Higher awareness of the impacts of climate change could lead to a more rapid transition to sustainable, fossil-free energy sources, which could lead to higher energy prices and impact the availability of energy. This could have a negative impact on Kemira as parts of Kemira's manufacturing operations are energy-intensive. A part of Kemira's raw materials are fossil-based. Kemira has active plans to increase the share of renewable raw materials in its portfolio and reduce the reliance on oil and gas derivatives. Also extreme weather patterns related to climate change, such as hurricanes and floods, could impact Kemira's supply chain and suppliers as well as Kemira's own manufacturing sites. Several climate related risks are included in Kemira's enterprise risk management portfolio and active monitoring and mitigation planning is being done.

IMPACT OF THE COVID-19 PANDEMIC ON KEMIRA

The COVID-19 pandemic had a limited direct impact on Kemira's operations and on Kemira's customer demand in 2021. Kemira's end-market demand grew strongly in both segments during the year compared to 2020, which was impacted by the COVID-19 pandemic and economic shutdowns. In Pulp & Paper, demand for chemicals grew in pulp, board and tissue and printing and writing in 2021. In Industry & Water, demand in both municipal water and industrial water treatment grew. In the Oil & Gas business, shale market activity continued to grow throughout 2021. Also demand in oil sands tailings treatment grew.

The global economy rebounded strongly from the COVID-19-related economic shutdowns during 2021. This resulted in significantly higher raw material and energy costs as well as significant supply chain and logistics disruptions and cost pressure, which, together with some shortages in raw material availability, impacted Kemira during 2021. However, Kemira's manufacturing facilities operated without significant disruptions despite supply chain bottlenecks. Higher raw material and energy costs and supply chain bottlenecks may impact Kemira negatively also in the coming quarters in 2022.

The omicron variant of COVID-19 and other, still unknown COVID-19 variants could deteriorate the pandemic situation further and result in additional restrictions on economic activity, which in turn could lead to lower demand also in Kemira's end markets. In addition, a rapid spread of COVID-19 could also lead to significant number of infections in Kemira's personnel, which could have an impact on Kemira's operations.

Kemira has regional crisis management teams to monitor the COVID-19 situation, 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 own and our customers' business continuity. Regional crisis management teams continued to convene regularly throughout 2021. Business travel remains limited, 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 strict safety measures in place for on-site working. Kemira will start a gradual and safe return to offices and towards a hybrid-working model when the COVID-19 situation allows, while also complying with possible social distancing measures and local government regulations.

Throughout 2021, Kemira 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 impairments in asset values were identified during the period e.g. risk of goodwill impairment or credit loss of trade receivables. However, current situation in energy market has been reflected into energy prices used in the valuation of Pohjolan Voima Group shares, increasing the share values by EUR 46.7 million from the year end 2020.

At the end of December 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.

For Kemira's 2022 outlook, including assumptions behind the outlook, please refer to the section "Outlook" on page 29.

DIVIDEND AND DIVIDEND POLICY

On December 31, 2021, Kemira Oyj's distributable funds totaled EUR 475,407,339, of which net profit for the period was EUR -2,851,325. No material changes have taken place in the company's financial position after the balance sheet date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 24, 2022 that a dividend of EUR 0.58 per share, totaling EUR 89 million, be paid on the basis of the adopted balance sheet for the financial year that ended on December 31, 2021. The dividend will be paid in two installments. The first installment, of EUR 0.29 per share, will be paid to shareholders who are registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date for the dividend payment: March 28, 2022. The Board of Directors proposes that the first installment of the dividend be paid out on April 7, 2022.The second installment, of EUR 0.29 per share, will be paid in November 2022. The second installment will be paid to shareholders who are registered in the company's shareholder register maintained by Euroclear Finland Oy 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 2022. The record date is planned to be October 27, 2022, and the dividend payment date November 3, 2022 at the earliest.

Kemira's dividend policy is to pay a competitive dividend that increases over time.

SETTLEMENT WITH CDC

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 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. The compensation and costs were paid during Q3 2021.

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

EVENTS AFTER THE REVIEW PERIOD

January 13, 2022 Kemira announced the proposals of the Nomination Board to the Annual General Meeting 2022

The Nomination Board proposes to the Annual General Meeting of Kemira Oyj that eight members (previously seven) be elected to the Board of Directors and that the present members Wolfgang Büchele, Shirley Cunningham, Werner Fuhrmann, Timo

Lappalainen, Matti Kähkönen and Kristian Pullola be re-elected as members of the Board of Directors. The Nomination Board proposes that Annika Paasikivi and Tina Sejersgård Fanø be elected as new members of the Board of Directors. In addition, the Nomination Board proposes that Matti Kähkönen be elected as the Chairman of the Board of Directors and Annika Paasikivi be elected as the Vice Chairman.

All the nominees have given their consent to the position and are independent of the company and the company’s significant shareholders except for Annika Paasikivi, who is not independent of significant shareholders. Annika Paasikivi is the President and CEO of Oras Invest Oy and Oras Invest Oy owns over 10% of Kemira Oyj’s shares.

Current Chairman of the Board, Jari Paasikivi, has informed that he will no longer be available for re-election the next term of the Board of Directors. Jari Paasikivi has served ten years in the Board of Directors of Kemira Oyj including eight years as the Chairman. The Nomination Board wishes to thank Jari Paasikivi for his long service and significant contribution to Kemira Oyj.

Ms. Annika Paasikivi, M.Sc. Global Politics, University of Southampton and BA, International Business, EBS London, b. 1975 is President and CEO of Oras Invest Oy, Chairman of the Board of Directors of Uponor Oyj, Deputy Chairman of the Board of Directors of Oras Ltd and Member of the Board of Varova Oy. Annika Paasikivi is a Finnish citizen.

Ms. Tina Sejersgård Fanø, M.Sc. in Engineering, Biochemistry, Technical University of Denmark and BA, Philosophy and Educational Science, University of Copenhagen, b. 1969, is Executive Vice President, Agriculture & Industrial Biosolutions of Novozymes A/S and Chairman of the Board of Innovationsfonden and Member of the Board of DLF Seeds & Science A/S. Tina Sejersgård Fanø is a Danish citizen.

With regard to the selection procedure for the members of the Board of Directors, the Nomination Board recommends that shareholders take a position on the proposal as a whole at the Annual General Meeting. This recommendation is based on the fact that Kemira’s shareholders' Nomination Board is separate from the Board of Directors, in line with a good Nordic governance model. The Nomination Board, in addition to ensuring that individual nominees for membership of the Board of Directors possess the required competences, is responsible for making sure that the proposed Board of Directors as a whole also has the best possible expertise and experience for the company and that the diversity principles of the company will be met and that the composition of the Board of Directors meets other requirements of the Finnish Corporate Governance Code for listed companies.

The Nomination Board proposes that the remuneration paid to the members of the Board of Directors will be increased as follows (current remuneration in parentheses): for the Chairman EUR 110,000 per year (EUR 92,000), for the Vice Chairman and the Chairman of the Audit Committee EUR 65,000 per year (EUR 55,000) and for the other members EUR 50,000 per year (EUR 44,000). The annual fees were last increased in 2019.

The Nomination Board proposes that a fee payable for each meeting of the Board of Directors and the Board Committees will be paid based on the method and place of the meeting (previously based on the participant's country of residence) as follows: participating remotely or in the member’s country of residence EUR 600, for the meeting on the same continent EUR 1,200 and for the meeting to be held in a different continent than the member’s country of the residence EUR 2,400. Travel expenses are proposed to be paid according to Kemira's travel policy.

In addition, the Nomination Board proposes to the Annual General Meeting 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 shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of

Directors within two weeks from the release of Kemira's interim report January 1 - March 31, 2022. The meeting fees are proposed to be paid in cash.

The Nomination Board has consisted of the following representatives: Ville Kivelä, Chief Investment Officer of Oras Invest Oy as the Chairman of the Nomination Board; Pauli Anttila, Investment Director, Solidium Oy; Reima Rytsölä, Deputy CEO, Investments, Varma Mutual Pension Insurance Company and Annika Ekman, Head of Direct Equity Investments, Ilmarinen Mutual Pension Insurance Company as members of the Nomination Board and Jari Paasikivi, Chairman of Kemira's Board of Directors as an expert member.

OUTLOOK FOR 2022

Outlook for 2022

Revenue

Kemira's revenue in local currencies, excluding acquisitions and divestments, is expected to increase from 2021 (EUR 2,674.4 million).

Operative EBITDA

Kemira's operative EBITDA is expected to be within a +/- 5% range of the operative EBITDA in 2021 (EUR 425.5 million).

Assumptions behind outlook

There continues to be uncertainty related to COVID-19 and the inflationary environment. However, Kemira's end-market demand in both segments is expected to grow following forecasted global economic growth. The outlook assumes the COVID-19 pandemic situation to remain under control and not having a significant impact on Kemira's end-market demand. The outlook also assumes no major disruptions to Kemira's manufacturing operations or further significant supply chain disruptions. Strong inflationary pressures are expected to continue, particularly in H1 2022.

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, February 10, 2022

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 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

The Annual report for 2021 will be published on February 18, 2022.
The 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, February 11, 2022, starting at 10.30 am EET (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 81710310	SE +46 (0)8 56642 651
UK +44 (0)333 300 0804	US +1 631 913 1422

Conference ID: 82530834#

KEMIRA GROUP - FINANCIALS OF FINANCIAL STATEMENTS BULLETIN 2021

CONSOLIDATED INCOME STATEMENT

EUR million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Revenue	718.2	605.6	2,674.4	2,427.2
Other operating income	4.1	1.9	5.9	4.0
Operating expenses	-652.6	-516.3	-2,306.7	-2,017.9
Share of profit or loss of associates	-0.2	0.0	-0.5	0.0
EBITDA	69.5	91.2	373.2	413.2
Depreciation, amortization and impairments	-51.9	-50.9	-203.1	-197.4
Operating profit (EBIT)	17.5	40.3	170.1	215.9
Finance costs, net	-8.9	-9.6	-26.7	-34.9
Profit before taxes	8.7	30.7	143.3	181.0
Income taxes	1.2	-7.0	-28.2	-43.0
Net profit for the period	9.8	23.8	115.2	138.0
Net profit attributable to				
Equity owners of the parent company	8.3	22.1	108.1	131.3
Non-controlling interests	1.5	1.7	7.1	6.7
Net profit for the period	9.8	23.8	115.2	138.0
Earnings per share, basic, EUR	0.05	0.14	0.71	0.86
Earnings per share, diluted, EUR	0.05	0.14	0.70	0.86

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Net profit for the period	9.8	23.8	115.2	138.0
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	10.3	-7.2	32.2	-47.1
Cash flow hedges	5.2	4.4	19.3	-0.8
Items that will not be reclassified subsequently to profit or loss				
Other shares	14.9	-0.2	40.2	-26.3
Remeasurements of defined benefit plans	21.5	-1.2	21.5	-1.2
Other comprehensive income for the period, net of tax	52.0	-4.1	113.3	-75.3
Total comprehensive income for the period	61.8	19.6	228.4	62.6
Total comprehensive income attributable to				
Equity owners of the parent company	60.1	17.9	221.2	56.7
Non-controlling interests	1.7	1.7	7.2	5.9
Total comprehensive income for the period	61.8	19.6	228.4	62.6

CONSOLIDATED BALANCE SHEET

EUR million	12/31/2021	12/31/2020
ASSETS		
Non-current assets		
Goodwill	514.0	504.1
Other intangible assets	66.7	78.0
Property, plant and equipment	1,063.0	1,011.4
Right-of-use assets	135.8	121.0
Investments in associates	4.8	5.3
Other shares	260.0	212.3
Deferred tax assets	30.5	27.5
Other investments	7.3	7.3
Receivables of defined benefit plans	73.2	51.1
Total non-current assets	2,155.4	2,018.0
Current assets		
Inventories	352.1	242.3
Interest-bearing receivables	0.3	0.4
Trade receivables and other receivables	475.2	362.0
Current income tax assets	13.9	13.4
Cash and cash equivalents	142.4	159.5
Total current assets	983.9	777.7
Total assets	3,139.3	2,795.7

EUR million	12/31/2021	12/31/2020
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity owners of the parent company	1,328.9	1,192.1
Non-controlling interests	13.9	13.2
Total equity	1,342.7	1,205.3
Non-current liabilities		
Interest-bearing liabilities	776.9	724.1
Other liabilities	9.4	8.1
Deferred tax liabilities	77.1	52.0
Liabilities of defined benefit plans	94.1	96.3
Provisions	48.0	35.6
Total non-current liabilities	1,005.5	916.1
Current liabilities		
Interest-bearing liabilities	215.3	194.7
Trade payables and other liabilities	538.3	422.2
Current income tax liabilities	14.3	25.7
Provisions	23.1	31.7
Total current liabilities	791.0	674.3
Total liabilities	1,796.5	1,590.4
Total equity and liabilities	3,139.3	2,795.7

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Cash flow from operating activities				
Net profit for the period	9.8	23.8	115.2	138.0
Total adjustments	81.8	84.2	273.4	298.3
Cash flow before change in net working capital	91.6	108.0	388.5	436.2
Change in net working capital	2.2	50.2	-80.2	-2.9
Cash generated from operations before financing items and taxes	93.9	158.2	308.3	433.3
Finance expenses, net and dividends received	-9.2	-4.9	-44.2	-22.1
Income taxes paid	-3.9	-6.9	-44.0	-36.5
Net cash generated from operating activities	80.8	146.4	220.2	374.7
Cash flow from investing activities				
Capital expenditure in associated company	—	—	—	-2.6
Capital expenditure in other shares	—	—	-1.0	—
Other capital expenditure	-74.5	-66.0	-168.8	-195.6
Proceeds from sale of assets and capital repayments	6.6	2.3	6.7	2.5
Decrease (+) / increase (-) in loan receivables	0.2	-6.2	0.2	-5.6
Net cash used in investing activities	-67.7	-69.9	-162.9	-201.4

EUR million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Cash flow from financing activities				
Proceeds from non-current interest-bearing liabilities	—	—	200.0	—
Repayments of non-current liabilities	—	-50.0	-97.3	-65.7
Short-term financing, net increase (+) / decrease (-)	-3.9	-1.6	-53.9	37.2
Repayments of lease liabilities	-8.5	-7.8	-33.1	-30.6
Dividends paid	-44.4	-43.2	-95.3	-91.8
Net cash used in financing activities	-56.8	-102.5	-79.5	-150.9
Net decrease (-) / increase (+) in cash and cash equivalents	-43.7	-26.0	-22.2	22.4
Cash and cash equivalents at end of period	142.4	159.5	142.4	159.5
Exchange gains (+) / losses (-) on cash and cash equivalents	1.7	-0.2	5.1	-6.0
Cash and cash equivalents at beginning of period	184.4	185.7	159.5	143.1
Net decrease (-) / increase (+) in cash and cash equivalents	-43.7	-26.0	-22.2	22.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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, 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	—	—	—	—	—	—	108.1	108.1	7.1	115.2
Other comprehensive income, net of tax	—	—	59.5	—	32.1	—	21.5	113.1	0.1	113.3
Total comprehensive income	—	—	59.5	—	32.1	—	129.6	221.2	7.2	228.4
Transactions with owners										
Dividends paid	—	—	—	—	—	—	-88.8 [1)]	-88.8	-6.5	-95.3
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	—	—	—	—	—	—	3.3	3.3	—	3.3
Transfers in equity	—	—	0.3	—	—	—	-0.3	0.0	—	0.0
Other items	—	—	—	—	—	—	-0.4	-0.4	—	-0.4
Total transactions with owners	—	—	0.3	—	—	1.4	-86.2	-84.5	-6.5	-91.0
Equity on December 31, 2021	221.8	257.9	140.9	196.3	-53.7	-14.9	580.5	1,328.8	13.9	1,342.7

1) On March 24, 2021, the Annual General Meeting approved a dividend of EUR 0.58 per share. The dividend was 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 was paid on November 4, 2021.

Kemira had in its possession 2,215,073 of its treasury shares on December 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 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.

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 attributable to equity owners of the parent company									
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	—	—	—	—	—	—	131.3	131.3	6.7	138.0
Other comprehensive income, net of tax	—	—	-27.1	—	-46.3	—	-1.2	-74.6	-0.8	-75.3
Total comprehensive income	—	—	-27.1	—	-46.3	—	130.1	56.7	5.9	62.6
Transactions with owners										
Dividends paid	—	—	—	—	—	—	-85.6 2)	-85.6	-6.1	-91.8
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	—	—	—	—	—	-0.1	—	-0.1	—	-0.1
Share-based payments	—	—	—	—	—	—	1.6	1.6	—	1.6
Transfers in equity	—	—	-0.2	—	—	—	0.2	0.0	—	0.0
Total transactions with owners	—	—	-0.2	—	—	1.8	-83.8	-82.2	-6.1	-88.4
Equity on December 31, 2020	221.8	257.9	81.1	196.3	-85.8	-16.3	537.1	1,192.1	13.2	1,205.3

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 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2021 1-12	2020 1-12
Income statement and profitability										
Revenue, EUR million	718.2	692.7	657.5	606.1	605.6	596.7	582.9	642.0	2,674.4	2,427.2
Operative EBITDA, EUR million	97.8	115.9	107.3	104.6	107.9	113.0	105.7	108.5	425.5	435.1
Operative EBITDA, %	13.6	16.7	16.3	17.3	17.8	18.9	18.1	16.9	15.9	17.9
EBITDA, EUR million	69.5	109.5	91.1	103.0	91.2	109.8	103.8	108.4	373.2	413.2
EBITDA, %	9.7	15.8	13.9	17.0	15.1	18.4	17.8	16.9	14.0	17.0
Items affecting comparability in EBITDA, EUR million	-28.3	-6.3	-16.2	-1.6	-16.7	-3.2	-1.9	-0.1	-52.4	-21.8
Operative EBIT, EUR million	47.0	64.5	58.2	55.7	57.0	62.3	57.6	60.8	225.4	237.7
Operative EBIT, %	6.5	9.3	8.9	9.2	9.4	10.4	9.9	9.5	8.4	9.8
Operating profit (EBIT), EUR million	17.5	56.4	41.9	54.2	40.3	59.1	55.7	60.7	170.1	215.9
Operating profit (EBIT), %	2.4	8.1	6.4	8.9	6.7	9.9	9.6	9.5	6.4	8.9
Items affecting comparability in EBIT, EUR million	-29.5	-8.0	-16.3	-1.6	-16.7	-3.2	-1.9	-0.1	-55.4	-21.8
Amortization and impairments of Intangible assets	-7.0	-5.9	-6.0	-6.2	-6.8	-7.4	-6.9	-7.6	-25.2	-28.6
Of which purchase price allocation (PPA) related	-3.1	-3.0	-3.0	-3.0	-3.2	-3.3	-3.8	-4.6	-12.1	-14.8
Depreciations and impairments of Property, plant and equipment	-35.3	-38.7	-34.6	-34.4	-36.1	-35.4	-33.2	-32.1	-143.0	-136.8
Depreciations of right-of-use assets	-8.8	-8.5	-8.5	-8.2	-8.0	-8.0	-8.0	-8.0	-34.1	-31.9
Return on investment (ROI), %	2.9	9.7	7.0	10.1	6.7	9.9	9.2	10.1	7.2	9.1
Capital employed, EUR million [1)]	1,995.0	1,966.7	1,956.1	1,958.8	1,964.9	1,977.2	1,993.5	1,995.7	1,995.0	1,964.9
Operative ROCE, %	11.3	12.0	11.9	11.9	12.1	11.3	11.6	11.8	11.3	12.1
ROCE, %	8.5	9.8	10.0	10.7	11.0	10.0	10.4	10.4	8.5	11.0

	2021 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2021 1-12	2020 1-12
Cash flow										
Net cash generated from operating activities, EUR million	80.8	86.9	38.6	13.8	146.4	117.3	60.8	50.2	220.2	374.7
Capital expenditure, EUR million	74.5	36.1	32.5	26.6	66.0	49.4	44.1	38.7	169.8	198.2
Capital expenditure excl. acquisitions, EUR million	74.5	35.1	32.5	26.6	66.0	49.4	44.1	36.1	168.8	195.6
Capital expenditure excl. acquisitions / revenue, %	10.4	5.1	4.9	4.4	10.9	8.3	7.6	5.6	6.3	8.1
Cash flow after investing activities, EUR million	13.1	51.1	6.1	-13.1	76.6	68.6	16.6	11.5	57.3	173.3
Balance sheet and solvency										
Equity ratio, %	42.8	42.2	41.6	40.4	43.2	43.7	43.2	42.1	42.8	43.2
Gearing, %	63.3	62.5	69.3	66.5	63.0	64.1	69.9	67.5	63.3	63.0
Interest-bearing net liabilities, EUR million	849.8	800.1	831.3	776.9	759.3	786.1	843.8	816.0	849.8	759.3
Personnel										
Personnel at end of period	4,926	4,937	5,008	4,926	4,921	4,999	5,106	5,075	4,926	4,921
Personnel (average)	4,925	4,970	4,974	4,919	4,999	5,037	5,093	5,074	4,947	5,038
Key exchange rates at end of period										
USD	1.133	1.158	1.188	1.173	1.227	1.171	1.120	1.096	1.133	1.227
CAD	1.439	1.475	1.472	1.478	1.563	1.568	1.532	1.562	1.439	1.563
SEK	10.250	10.168	10.111	10.238	10.034	10.571	10.495	11.061	10.250	10.034
CNY	7.195	7.485	7.674	7.681	8.023	7.972	7.922	7.778	7.195	8.023
BRL	6.310	6.263	5.905	6.741	6.374	6.631	6.112	5.700	6.310	6.374
Per share figures, EUR										
Earnings per share (EPS), basic 2)	0.05	0.25	0.15	0.25	0.14	0.24	0.22	0.25	0.71	0.86
Earnings per share (EPS), diluted 2)	0.05	0.25	0.15	0.25	0.14	0.24	0.22	0.25	0.70	0.86
Net cash generated from operating activities per share 2)	0.53	0.57	0.25	0.09	0.96	0.77	0.40	0.33	1.44	2.45
Equity per share 2)	8.68	8.28	7.74	7.53	7.80	7.94	7.80	7.82	8.68	7.80
Number of shares (1,000,000)										
Average number of shares, basic 2)	153.1	153.1	153.1	153.0	152.9	152.9	152.9	152.7	153.1	152.9
Average number of shares, diluted 2)	153.9	153.8	153.8	153.7	153.4	153.3	153.3	153.4	153.8	153.4
Number of shares at end of period, basic 2)	153.1	153.1	153.1	153.1	152.9	152.9	152.9	152.9	153.1	152.9
Number of shares at end of period, diluted 2)	154.1	153.8	153.8	153.7	153.7	153.3	153.3	153.4	154.1	153.7

1) 12-month rolling average
2) Number of shares outstanding, excluding the number of treasury shares.

DEFINITIONS OF KEY FIGURES

KEY FIGURES		DEFINITION 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), %	=	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

KEY FIGURES		DEFINITION OF KEY FIGURES
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	=	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 TO IFRS FIGURES

EUR million	2021 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2021 1-12	2020 1-12
ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT										
Operative EBITDA	97.8	115.9	107.3	104.6	107.9	113.0	105.7	108.5	425.5	435.1
Restructuring and streamlining programs	-0.1	-6.2	-4.7	-1.4	-3.4	-3.2	-1.9	0.0	-12.3	-8.4
Transaction and integration expenses in acquisition	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Divestment of businesses and other disposals	-28.1	0.0	0.0	-0.2	1.0	0.0	0.0	0.0	-28.3	1.0
Other items	0.0	-0.1	-11.5	0.0	-14.3	0.0	0.0	-0.1	-11.6	-14.4
Total items affecting comparability	-28.3	-6.3	-16.2	-1.6	-16.7	-3.2	-1.9	-0.1	-52.4	-21.8
EBITDA	69.5	109.5	91.1	103.0	91.2	109.8	103.8	108.4	373.2	413.2
Operative EBIT	47.0	64.5	58.2	55.7	57.0	62.3	57.6	60.8	225.4	237.7
Total items affecting comparability in EBITDA	-28.3	-6.3	-16.2	-1.6	-16.7	-3.2	-1.9	-0.1	-52.4	-21.8
Items affecting comparability in depreciation, amortization and impairments	-1.2	-1.7	-0.1	0.0	0.0	0.0	0.0	0.0	-3.0	0.0
Operating profit (EBIT)	17.5	56.4	41.9	54.2	40.3	59.1	55.7	60.7	170.1	215.9
ROCE AND OPERATIVE ROCE										
Operative EBIT	47.0	64.5	58.2	55.7	57.0	62.3	57.6	60.8	225.4	237.7
Operating profit (EBIT)	17.5	56.4	41.9	54.2	40.3	59.1	55.7	60.7	170.1	215.9
Capital employed [1)]	1,995.0	1,966.7	1,956.1	1,958.8	1,964.9	1,977.2	1,993.5	1,995.7	1,995.0	1,964.9
Operative ROCE, %	11.3	12.0	11.9	11.9	12.1	11.3	11.6	11.8	11.3	12.1
ROCE, %	8.5	9.8	10.0	10.7	11.0	10.0	10.4	10.4	8.5	11.0
NET WORKING CAPITAL										
Inventories	352.1	324.3	280.6	268.8	242.3	256.4	276.3	265.2	352.1	242.3
Trade receivables and other receivables	475.2	430.7	406.8	378.0	362.0	341.4	340.3	386.6	475.2	362.0
Excluding financing items in other receivables	-35.4	-29.1	-13.6	-9.9	-16.9	-7.0	-6.4	-9.1	-35.4	-16.9
Trade payables and other liabilities	538.3	510.4	451.8	505.0	422.2	366.6	376.5	456.2	538.3	422.2
Excluding dividend liability and financing items in other liabilities	-33.5	-72.3	-70.0	-121.9	-31.8	-24.8	-30.1	-49.2	-33.5	-31.8
Net working capital	287.2	287.8	292.0	253.8	197.0	248.9	263.9	235.6	287.2	197.0

EUR million	2021 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2021 1-12	2020 1-12
INTEREST-BEARING NET LIABILITIES										
Non-current interest-bearing liabilities	776.9	778.3	773.4	819.1	724.1	724.1	732.0	738.1	776.9	724.1
Current interest-bearing liabilities	215.3	206.2	203.1	160.8	194.7	247.6	245.4	247.8	215.3	194.7
Interest-bearing liabilities	992.2	984.5	976.6	979.9	918.8	971.7	977.4	985.9	992.2	918.8
Cash and cash equivalents	142.4	184.4	145.3	203.0	159.5	185.7	133.6	169.8	142.4	159.5
Interest-bearing net liabilities	849.8	800.1	831.3	776.9	759.3	786.1	843.8	816.0	849.8	759.3

1) 12-month rolling average

NOTES OF FINANCIAL STATEMENTS BULLETIN 2021

1. QUARTERLY SEGMENT INFORMATION

EUR million	2021 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2021 1-12	2020 1-12
Revenue										
Pulp & Paper	420.4	391.3	378.4	369.5	370.0	352.2	357.0	378.5	1,559.6	1,457.6
Industry & Water	297.8	301.4	279.1	236.6	235.6	244.4	225.9	263.6	1,114.8	969.5
Total	718.2	692.7	657.5	606.1	605.6	596.7	582.9	642.0	2,674.4	2,427.2
Operative EBITDA										
Pulp & Paper	60.5	63.5	57.8	62.9	68.9	65.5	65.6	60.2	244.7	260.2
Industry & Water	37.3	52.3	49.5	41.7	39.0	47.6	40.0	48.2	180.8	174.8
Total	97.8	115.9	107.3	104.6	107.9	113.0	105.7	108.5	425.5	435.1
Items affecting comparability in EBITDA										
Pulp & Paper	-28.9	-1.3	-15.6	-0.8	-16.8	-3.2	0.0	0.0	-46.5	-20.0
Industry & Water	0.6	-5.0	-0.6	-0.8	0.1	0.0	-1.9	-0.1	-5.9	-1.8
Total	-28.3	-6.3	-16.2	-1.6	-16.7	-3.2	-1.9	-0.1	-52.4	-21.8
EBITDA										
Pulp & Paper	31.6	62.3	42.2	62.2	52.1	62.3	65.7	60.2	198.3	240.2
Industry & Water	37.9	47.3	48.9	40.8	39.1	47.6	38.1	48.2	174.9	173.0
Total	69.5	109.5	91.1	103.0	91.2	109.8	103.8	108.4	373.2	413.2
Operative EBIT										
Pulp & Paper	30.4	32.5	28.1	33.2	37.5	34.8	35.7	30.1	124.3	138.0
Industry & Water	16.6	31.9	30.1	22.5	19.5	27.5	21.9	30.7	101.2	99.7
Total	47.0	64.5	58.2	55.7	57.0	62.3	57.6	60.8	225.4	237.7

EUR million	2021 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3	2021 1-12	2020 1-12
Items affecting comparability in EBIT										
Pulp & Paper	-28.9	-1.3	-15.7	-0.8	-16.8	-3.2	0.0	0.0	-46.6	-20.0
Industry & Water	-0.6	-6.8	-0.6	-0.8	0.1	0.0	-1.9	-0.1	-8.8	-1.8
Total	-29.5	-8.0	-16.3	-1.6	-16.7	-3.2	-1.9	-0.1	-55.4	-21.8
Operating profit (EBIT)										
Pulp & Paper	1.6	31.2	12.4	32.4	20.7	31.5	35.7	30.1	77.7	118.0
Industry & Water	16.0	25.2	29.5	21.7	19.6	27.6	20.0	30.7	92.4	97.8
Total	17.5	56.4	41.9	54.2	40.3	59.1	55.7	60.7	170.1	215.9

2. CHANGES IN PROPERTY, PLANT, AND EQUIPMENT

EUR million	1-12/2021	1-12/2020
Net book value at beginning of period	1,011.4	1,005.1
Purchases of subsidiaries and asset acquisitions	—	—
Increases	158.8	185.0
Decreases	-0.2	-1.3
Depreciation and impairments	-143.9	-136.8
Exchange rate differences and other changes	36.9	-40.5
Net book value at end of period	1,063.0	1,011.4

3. CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	1-12/2021	1-12/2020
Net book value at beginning of period	582.1	611.3
Purchases of subsidiaries and asset acquisitions	—	—
Increases	9.9	10.6
Decreases	—	—
Amortization and impairments	-25.2	-28.6
Exchange rate differences and other changes	13.9	-11.2
Net book value at end of period	580.7	582.1

4. CHANGES IN RIGHT-OF-USE ASSETS

EUR million	1-12/2021	1-12/2020
Net book value at beginning of period	121.0	136.2
Increases	42.5	25.0
Depreciation and impairments	-34.1	-31.9
Exchange rate differences and other changes	6.4	-8.4
Net book value at end of period	135.8	121.0

5. DERIVATIVE INSTRUMENTS

EUR million	12/31/2021		12/31/2020	
Currency derivatives	**Nominal value**	**Fair value**	Nominal value	Fair value
Forward contracts	496.3	-7.1	372.3	1.2
of which cash flow hedge	62.0	-1.4	64.3	2.1
Other derivatives	**GWh**	**Fair value**	GWh	Fair value
Electricity forward contracts, bought	1,626.1	32.5	2,325.7	4.8
of which cash flow hedge	1,626.1	32.5	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.

6. FAIR VALUE OF FINANCIAL ASSETS

EUR million	12/31/2021				12/31/2020			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Other shares	—	—	260.0	260.0	—	—	212.3	212.3
Other investments	—	7.3	—	7.3	—	7.3	—	7.3
Currency derivatives	—	1.3	—	1.3	—	3.5	—	3.5
Currency derivatives, hedge accounting	—	0.1	—	0.1	—	2.5	—	2.5
Other derivatives, hedge accounting [1)]	—	32.5	—	32.5	—	9.7	—	9.7
Other receivables	—	0.3	—	0.3	—	0.4	—	0.4
Trade receivables	—	373.0	—	373.0	—	288.5	—	288.5
Cash and cash equivalents	—	142.4	—	142.4	—	159.5	—	159.5
Total	—	557.0	260.0	817.0	—	471.4	212.3	683.7

1) Includes fair value of electricity forward contracts of EUR 7.7 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.

Level 3 specification on assets:

EUR million	12/31/2021	12/31/2020
Carrying value at beginning of period	212.3	245.2
Effect on other comprehensive income	50.2	-32.9
Increases	1.0	—
Decreases	-3.5	—
Carrying value at end of period	260.0	212.3

In Q4 2021, fair value of Pohjolan Voima Group shares increased mainly due to higher electricity prices. The shares has been recognized at fair value according to the valuation method described in the Note 3.5 Other Shares in Annual Financial Statement 2020.

7. FAIR VALUE OF FINANCIAL LIABILITIES

EUR million	12/31/2021				12/31/2020			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Non-current interest-bearing liabilities	—	706.7	—	706.7	—	663.1	—	663.1
Current portion of non-current interest-bearing liabilities	—	54.7	—	54.7	—	—	—	—
Non-current other liabilities	—	9.4	—	9.4	—	8.1	—	8.1
Current portion of non-current other liabilities	—	6.9	—	6.9	—	—	—	—
Non-current lease liabilities	—	108.1	—	108.1	—	94.4	—	94.4
Current portion of lease liabilities	—	28.7	—	28.7	—	27.0	—	27.0
Short-term interest-bearing loans	—	131.9	—	131.9	—	175.4	—	175.4
Other liabilities	—	23.5	—	23.5	—	19.6	—	19.6
Currency derivatives	—	6.9	—	6.9	—	4.4	—	4.4
Currency derivatives, hedge accounting	—	1.6	—	1.6	—	0.4	—	0.4
Other derivatives, hedge accounting	—	0.0	—	0.0	—	4.9	—	4.9
Trade payables	—	285.5	—	285.5	—	180.2	—	180.2
Total	—	1,364.1	—	1,364.1	—	1,177.5	—	1,177.5

1) Includes fair value of electricity forward contracts of EUR 0.0 million maturing after 12 months.

8. CONTINGENT LIABILITIES

EUR million	12/31/2021	12/31/2020
Assets pledged		
On behalf of own commitments	—	6.2
Guarantees		
On behalf of own commitments	95.1	44.5
On behalf of associates	12.5	12.6
On behalf of others	1.8	2.0
Other obligations		
On behalf of own commitments	0.9	0.9
On behalf of others	16.3	16.3

The most significant off-balance sheet investments commitments

Major amounts of contractual investment commitments for the acquisition of property, plant, and equipment on December 31, 2021 were about EUR 22 million for plant investments.

In addition, the Group has a lease commitment related to the R&D Center to be constructed 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") 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 Kemira Chemicals Oy (formerly Finnish Chemicals Oy) in 2005. Kemira Chemicals Oy paid compensation and costs to CDC thereunder in the amount of EUR 22.75 million in Q3/2021.

Besides, due to its extensive international operations, the Group 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 a materially adverse effect upon its consolidated results or financial position.

9. 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.

The Board of Directors of Pension Fund Neliapila decided in December 2021 to return a surplus of EUR 10 million to Kemira Group companies. The return is subject to approval by the Financial Supervisory Authority. The return of a surplus is expected to be paid during the first half of 2022.

Apart from these, transactions with related parties have not changed materially.

10. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This financial statements bulletin 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 financial statements bulletin should be read in conjunction with the annual financial statements for 2020.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements bulletin 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 Q4 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 impairments in asset values were identified during the period e.g.risk of goodwill impairment or credit loss of trade receivables. However, the current situation in the energy market has been reflected into energy prices used in the valuation of Pohjolan Voima Group shares, increasing the share values by EUR 46.7 million from the year end 2020.