Kemira

Financial Statements 2022

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Table of contents

○ **PART OF THE AUDITED FINANCIAL STATEMENTS 2022**

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Board of Directors' Review 2022

In 2022, Kemira Group's revenue increased by 33% to a record-high: EUR 3,569.6 million (2,674.4). Revenue in local currencies, excluding acquisitions and divestments, increased by 27% due to higher sales prices, particularly in energy-intensive pulp and bleaching chemicals, including caustic soda.

Operative EBITDA increased by 34% to a record-high: EUR 571.6 million (425.5) following improvement in both segments. The operative EBITDA margin increased to 16.0% (15.9%) following actions to mitigate impacts from strong inflation. EBITDA increased by 50% to EUR 558.8 million (373.2). The differences between operative and reported figures are explained by items affecting comparability, which were mainly related to an expected loss from the divestment of most of our colorants business, Kemira's exit from Russia and a manufacturing unit sale to a customer. Operative EBIT increased by 60% to EUR 361.6 million (225.4). EBIT increased by 104% to EUR 347.6 million (170.1).

Cash flow from operating activities was EUR 400.3 million (220.2).

EPS, diluted increased by 114% to EUR 1.50 (0.70).

The Board of Directors proposes to the Annual General Meeting 2023 a cash dividend of EUR 0.62 per share (0.58), totaling EUR 95 million (89). It is proposed that the dividend be paid in two installments.

KEY FIGURES AND RATIOS

EUR million	2022	2021	2020
Revenue	3,569.6	2,674.4	2,427.2
Operative EBITDA	571.6	425.5	435.1
Operative EBITDA, %	16.0	15.9	17.9
EBITDA	558.8	373.2	413.2
EBITDA, %	15.7	14.0	17.0
Operative EBIT	361.6	225.4	237.7
Operative EBIT, %	10.1	8.4	9.8
EBIT	347.6	170.1	215.9
EBIT, %	9.7	6.4	8.9
Net profit for the period	239.7	115.2	138.0
Earnings per share, diluted, EUR	1.50	0.70	0.86

*12-month rolling average (ROCE, % based on the EBIT)

Unless otherwise stated, all comparisons in this report are made to the corresponding period in 2021.

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.

EUR million	2022	2021	2020
Capital employed*	2,238.0	1,995.0	1,964.9
Operative ROCE*, %	16.2	11.3	12.1
ROCE*, %	15.5	8.5	11.0
Cash flow from operating activities	400.3	220.2	374.7
Capital expenditure excl. acquisition	197.9	168.8	195.6
Capital expenditure	197.9	169.8	198.2
Cash flow after investing activities	222.3	57.3	173.3
Equity ratio, % at period-end	46.2	42.8	43.2
Equity per share, EUR	10.89	8.68	7.80
Gearing, % at period-end	45.8	63.3	63.0
Personnel (average)	4,936	4,947	5,038

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.

In addition to the above key figures and ratios, other key figures which are describing the Group's financial performance are presented in the Other financial information section under Group key figures.

FINANCIAL PERFORMANCE IN 2022

Revenue increased by 33%. Revenue in local currencies, excluding acquisitions and divestments, increased by 27% This was due to higher sales prices in both segments and across geographic regions, particularly in energy-intensive pulp and bleaching chemicals. Sales volumes decreased following a decline in sales volumes in Pulp & Paper. In Industry & Water, sales volumes increased.

Revenue	2022 EUR, million	2021 EUR, million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	2,027.7	1,559.6	+30	+24	+6	0
Industry & Water	1,541.9	1,114.8	+38	+31	+8	0
Total	3,569.6	2,674.4	+33	+27	+7	0

*Revenue growth in local currencies, excluding acquisitions and divestments

Geographically, the revenue split was as follows: EMEA (Europe, Middle East, Africa) 51% (51%), the Americas 40% (38%), and Asia Pacific 9% (11%).

Operative EBITDA increased by 34% to EUR 571.6 million (425.5). Operative EBITDA improved in both segments, particularly in Pulp & Paper driven by higher market prices for energy-intensive pulp and bleaching chemicals, including caustic soda. The operative EBITDA margin improved to 16.0%.

Variance analysis, EUR million	Jan–Dec
Operative EBITDA, 2021	425.5
Sales volumes	-48.9
Sales prices	+851.1
Variable costs	-611.8
Fixed costs	-72.1
Currency exchange	+25.3
Others	+2.5
Operative EBITDA, 2022	571.6

Operative EBITDA	2022 EUR, million	2021 EUR, million	Δ%	2022 %-margin	2021 %-margin
Pulp & Paper	348.0	244.7	+42	17.2	15.7
Industry & Water	223.7	180.8	+24	14.5	16.2
Total	571.6	425.5	+34	16.0	15.9

EBITDA increased by 50% to EUR 558.8 million (373.2). The difference between it and operative EBITDA is explained by items affecting comparability. **Items affecting comparability** were mainly related to an expected loss from the divestment of most of our colorants business, environmental provisions, Kemira's exit from Russia, and a manufacturing unit sale to a customer. Items affecting comparability in the comparison period 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, provisions related to site closures, and restructuring.

Items affecting comparability, EUR million	2022	2021
Within EBITDA	-12.8	-52.4
Pulp & Paper	-11.4	-46.5
Industry & Water	-1.4	-5.9
Within depreciation, amortization and impairments	-1.2	-3.0
Pulp & Paper	-1.2	-0.1
Industry & Water	0.0	-2.9
Total items affecting comparability in EBIT	-14.0	-55.4

Depreciation, amortization, and impairments increased to EUR 211.2 million (203.1), including the EUR 9.4 million (12.1) amortization of purchase price allocation.

Operative EBIT increased by 60% compared to the previous year. **EBIT** increased by 104%, and the difference between the two is explained by items affecting comparability, which were mainly related to an divestment of most of our colorants business, environmental provisions, Kemira's exit from Russia, and a manufacturing unit sale to a customer. Items affecting comparability in the comparison period are described above in the EBITDA section.

Net finance costs totaled EUR -39.4 million (-26.7). The comparison period included a gain of EUR 5.6 million arising from bond liability management. **Income taxes** were EUR -68.5 million (-28.2), with the reported tax rate being 22% (20%). **Net profit** for the period increased by 108% mainly due to higher EBIT.

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in January-December 2022 increased to EUR 400.3 million (220.2) mainly due to higher net profit for the period. Net working capital increased compared to the previous year due to higher inventories and receivables following higher raw material prices and strong revenue growth. However, during Q4 2022, net working capital decreased significantly. During Q1 2022, Kemira's supplementary pension fund in Finland, Neliapila, returned excess capital totaling EUR 10 million to Kemira. Cash flow after investing activities was EUR 222.3 million (57.3).

At the end of the period, interest-bearing liabilities totaled EUR 1,021.8 million (992.2), including lease liabilities of EUR 148.9 million (136.8). The average interest rate of the Group's interest-bearing loan portfolio (excluding leases) was 2.4% (1.7%), and the duration was 22 months (29). Fixed-rate loans accounted for 83% (80%) of net interest-bearing liabilities, including lease liabilities.

Short-term liabilities maturing in the next 12 months amounted to EUR 183.7 million. On December 31, 2022, cash and cash equivalents totaled EUR 250.6 million (142.4). The Group has a EUR 400 million undrawn committed credit facility maturing in 2026. During the last quarter, Kemira signed bilateral loan agreements of EUR 180 million replacing bilateral loan agreements of EUR 150 million that would have otherwise matured in 2023. New loan agreements mature in 2025 and 2027.

At the end of the period, Kemira Group's net debt was EUR 771.2 million (849.8), including lease liabilities. The equity ratio was 46% (43%), while gearing was 46% (63%).

The value of Kemira's shares in Pohjolan Voima and Teollisuuden Voima were increased by EUR 123 million during 2022 mainly due to higher electricity prices. The value of electricity derivatives increased by EUR 47 million during 2022.

Kemira is exposed to transaction and translation currency risks. The Group's most significant transaction currency risks arise from the Chinese renminbi, the Canadian dollar, the US dollar and the Swedish krona. At the end of the year, the Chinese renmimbi denominated exchange rate risk against the euro had an equivalent value of approximately EUR 86 million, of which 68% was hedged on an average basis. The Canadian dollar's denominated exchange rate risk against the euro had an equivalent value of approximately EUR 56 million, of which 52% was hedged on an average basis. The US dollar denominated exchange change risk against EUR was approximately EUR 54 million, of which 68% was hedged on an average basis. The Swedish krona denominated exchange rate risk against EUR had an equivalent value of approximately EUR 36 million, of which 64% was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks against EUR mainly in relation to the Korean won, Polish zloty, Norwegian krona, and the Danish krona; and against the US dollar mainly in relation to the Canadian dollar and the Brazilian real with the annual exposure in those currencies being approximately EUR 131 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 the euro area are reported in a currency other than the euro. The most significant translation exposures derive from the US dollar and the Canadian dollar. The strengthening of currencies against the euro would increase Kemira's revenue and EBITDA through a translation effect.

CAPITAL EXPENDITURE

In January-December 2022, capital expenditure excluding acquisitions increased by 17% to EUR 197.9 million (168.8). Capital expenditure (capex) can be broken down as follows: expansion capex 22% (15%), improvement capex 29% (29%), and maintenance capex 49% (55%).

RESEARCH AND DEVELOPMENT

In January–December 2022, total research and development expenses were EUR 33.4 million (28.3), representing 0.9% (1.1%) 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 2022, Kemira had 401 (382) patent families, including 2,101 (1,972) granted patents, and 1,026 (996) pending applications. During 2022, Kemira applied for 34 (36) new patents and started 14 new product development projects, 86% of them aiming to improve customers' resource efficiency. At the same time, Kemira started commercialization of nine new product development projects all contributing to improve resource efficiency in customer processes.

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,902 employees (4,926). Kemira had 756 (766) employees in Finland, 1,690 (1,750) employees elsewhere in EMEA, 1,525 (1,487) in the Americas, and 931 (923) in APAC.

NON-FINANCIAL INFORMATION

DISCLOSURE OF NON-FINANCIAL INFORMATION

Kemira discloses key non-financial information in this section according to the requirements in the EU Directive and Finnish Accounting Act. More information on the non-financial and sustainability matters is provided in the Annual Review's Overview section and in the Sustainability Report. The non-financial disclosures are based on the latest Global Reporting Initiative disclosures, which are prepared in accordance with the latest GRI standards and are externally assured by an independent third-party. Kemira's most relevant risks are described separately in the risk section on page 19.

OVERVIEW OF KEMIRA'S BUSINESS

Kemira is a global leader in sustainable chemical solutions for water intensive industries and provides best suited products and expertise to improve our customers' product quality, process and resource efficiency. Kemira has two business areas: Pulp & Paper and Industry & Water. Kemira has operations in around 40 countries and had 62 manufacturing facilities at the end of 2022. In Pulp & Paper, Kemira offers chemical solutions for bleaching, packaging and printing and writing products. Main product categories in Pulp & Paper are bleaching chemicals, sizing and strength chemicals, various process chemicals and polymers. In Industry & Water, Kemira offers chemical solutions for municipal and industrial water treatment as well as the energy industry. Main product categories in Industry & Water are coagulants and polymers.

Profitable sustainable growth is Kemira's strategic priority. Sustainability is a key driver for Kemira's strategy and long-term success as Kemira's customers are increasingly asking for sustainable products. Kemira provides its customers with solutions that help to improve the resource efficiency of the customers' operations. In 2022, 53% of Kemira's revenue came from products that improve customer resource efficiency. Biodegradability and recyclability are increasingly important themes for Kemira's customers. As a result, renewable (e.g. biobased) products are expected to be a key component for Kemira's growth. Kemira's biobased strategy is covered in more detail in the Annual Review. More information on Kemira's value creation model can be found on page 8 of the **Annual Review**.

CORPORATE SUSTAINABILITY PRIORITIES

Kemira has systematic procedures in place to evaluate and address the economic, environmental, and social impacts of its own operations and business relationships. Our sustainability work is based on day-to-day responsible practices in all our operations. Our corporate sustainability priorities are based on the most material impacts across our business model; on the increasing expectations of our customers, investors, and other stakeholders; and on our commitment to the Kemira Code of Conduct and internationally agreed sustainability principles. Kemira is a signatory of the United Nations Global Compact, and our sustainability work is guided by the UN Sustainable Development Goals (SDGs). Kemira is also committed to operating according to the principles of Responsible Care®, a voluntary commitment created by the global chemical industry to drive continuous improvement and achieve excellence in environmental, health and safety, and security performance.

Kemira's sustainability work focuses on five themes, which cover the most material topics and their impact: Safety, People, Water, Circularity, and Climate. Kemira measures progress in the priority areas through group-level key performance indicators (KPI) and targets that are approved by the Board of Directors. The relevant management processes relating to material corporate sustainability issues are continuously developed and implemented as part of our integrated management system, which is externally certified against ISO 9001:2015 for Quality, ISO 14001:2015 for Environment, and ISO 45001:2018 for Occupational Health and

Safety. Kemira also regularly reviews its stakeholders expectations and concerns regarding sustainability. The latest materiality analysis was conducted in 2021. The results and process are described in more detail on pages 7–9 of **Kemira's sustainability report**.

MANAGEMENT OF CORPORATE SUSTAINABILITY

Sustainability is a key element of Kemira's strategy. Work on sustainability is led by Director Sustainability, who reports to EVP, Operational Excellence and Sustainability. The sustainability work is governed by a Sustainability Steering Team, which develops Kemira's ambition level in sustainability and steers the work of sustainability programs. The team has a range of participants from strategy to business and manufacturing representatives, including Management Board members. The Board of Directors oversees the implementation of strategy as well as reviews risks, including environmental and social matters. In 2022, the Board of Directors decided to include sustainability-related targets, reduction of Scope 1 and Scope 2 emissions and development of Kemira's biobased revenue, as key performance indicators in the new performance period 2023-2025 of Kemira's long-term incentive plan.

MATERIAL TOPICS

More information on sustainability at Kemira and the outcome of Kemira's sustainability targets in 2022 can be found on page 13.

Environmental and climate-related matters

Kemira's latest materiality assessment was conducted in 2021. Based on the analysis, Kemira has identified topics related to climate, circularity, water and safety as its environmental sustainability focus areas.

In climate, we continuously strive to reduce our environmental impact. In 2022, Kemira committed to the Science-Based Targets Initiative (SBTi) and simultaneously updated its climate target. Kemira is committed to reducing its combined Scope 1 and Scope 2 emissions by 50% by 2030, from a 2018 baseline of 930 000 tons CO2e. This target is in line with limiting global warming to 1.5°C, which is currently the most ambitious criteria for setting climate change mitigation targets. Kemira's long-term ambition is to be carbon neutral by 2045 for combined Scope 1 and 2 emissions. As part of its SBTi commitment, Kemira also committed to developing a quantified near-term Scope 3 target within the timeframe set by the Science Based Target initiative framework. Kemira will submit these updated targets to be validated by the SBTi when they are finalized, in early 2024 at the latest. Kemira is working actively with its suppliers to find ways to reduce Scope 3 emissions.

In water, we work to mitigate water-related risks and grasp water-related opportunities. Kemira operates in businesses that use a lot of water and water is a common denominator for Kemira's both segments. Water is a key strategic theme for Kemira as Kemira wants to grow in water treatment in the coming years. In terms of Kemira's operations, Kemira aims to continuously improve its freshwater use intensity in its operations. Our sustainability target as of 2022 is to reach Leadership level in CDP Water Security rating by the end of 2025. In terms of circularity, we aim to reduce waste and increase the use of renewable raw materials. Our sustainability target is to reduce disposed production waste intensity by 15% by 2030 from 2019 baseline level. In 2020, we introduced a new group-level KPI to increase our revenue from biobased products and solutions from EUR 100 million to 500 EUR million by 2030. In conjunction with revenue target, Kemira is working to increase the share of renewable ja recycled raw materials of its used raw materials. This will allow Kemira to reduce pressure on natural resources, and support our customers in moving away from fossil-based raw materials.

Social and employment-related matters

Kemira has identified people and safety as its social sustainability focus areas. Ensuring workplace safety is a key priority in all our operations. High people, process, and environmental safety performance is fundamental to our business and to our customers. Our target in safety is to improve TRIF (total recordable injury frequency per million working hours for Kemira's employees and contractors) to 1.5 by 2025 and to 1.1 by 2030. Also fostering a strong company culture and commitment of our employees are important success factors for our business. In people, our target is to reach the top 10% cross-industry norm for Diversity & Inclusion by 2025.

Respect for human rights

Our Code of Conduct is the foundation for how we conduct business at Kemira. In our code we state that we are committed to the principles of The Universal Declaration of Human Rights and the core conventions of the International Labour Organization (ILO) and the United Nations' Global Compact, and we expect our suppliers and business partners to share these principles. Further we work by the United Nations Guiding Principles which require companies to conduct due diligence to protect and respect human rights. We have a public statement for slavery and human trafficking, where our approach to human rights issues is outlined more in detail. Kemira's Code of Conduct for Business Partners (CoC-BP), supported by Kemira Sustainability and EHSQ Policy, set out principles for responsible business conduct, respect for human rights and provision of appropriate working conditions, and environmental responsibility. Kemira's latest Human Rights Impact Assessment was conducted in 2021 to identify human rights impacts throughout Kemira operations and value chain. Kemira has a Human Rights Council that oversees and develops Kemira's human rights related processes. More information on Kemira's approach to human rights is available in **Kemira's sustainability report**.

Anti-corruption and bribery

Kemira's anti-corruption principles are included in the Code of Conduct. Kemira does not tolerate improper or corrupt payments made either directly or indirectly to a customer, government official or third party, including facilitation payments, improper gifts, entertainment, gratuities, favors, donations or any other improper transfer of value. We engage only reputable sales representatives and other third parties who share the same commitment. Code of Conduct training is mandatory for all our employees, and there are advisory, monitoring and reporting procedures in place to ensure full compliance with the Code. We maintain an ethics and compliance Whistleblowing line for employees to enable them to report potential violations of the Code of Conduct or any other concerns. Mandatory anti-bribery training is provided for selected groups of personnel who need to have a comprehensive understanding of Kemira's anti-corruption principles. Awareness of anti-corruption matters is delivered through our Code of Conduct training to all employees. Kemira has conducted an ethics and compliance risk assessment to evaluate corruption-related and bribery-related risks in its operations. There were no confirmed incidents of corruption in 2022.

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 common classification system to define environmentally sustainable economic activities. The aim of the taxonomy is to classify economic activities based on their contribution to six environmental 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. The EU taxonomy is still developing and it does not include all six environmental objectives nor cover all economic activities. 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. In 2022, companies are required to disclose what proportion of their turnover, capital expenditure (CapEx) and operating expenditure (OpEx) are eligible and aligned according to the EU taxonomy's first two environmental objectives: climate change mitigation and climate change adaptation. *

The manufacturing sector, which Kemira is considered to be part of, is largely out of scope of the current legislation. Currently it mainly includes the manufacturing of basic materials and chemicals such as chlorine, soda ash and hydrogen. Kemira on the other hand mostly produces specialty chemicals and therefore its current eligibility and alignment figures are low. The chemical sector, Kemira included, is expected to be more broadly included in objectives 3-6.

ACCOUNTING PRINCIPLES

EU taxonomy requires the disclosure of three financial indicators: turnover, capital expenditure (CapEx) and operating expenditure (OpEx). These indicators are defined by the EU taxonomy and the definitions differ from the IFRS-definitions of CapEx and OpEx, which are used elsewhere in Kemira's financial reporting. Kemira has calculated the KPIs based on the definitions by the EU taxonomy and has taken a conservative approach when interpreting the EU Taxonomy Regulation. The EU taxonomy also requires companies to disclose how they have avoided double counting of their economic activities. Kemira avoided double-counting by ensuring that turnover, CapEx and OpEx were only allocated once to the taxonomy activities and only to one environmental objective - climate change mitigation.

KEMIRA'S TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (PLEASE SEE TABLES ON FOLLOWING PAGES FOR A MORE DETAILED BREAKDOWN)

Key Performance Indicator	Total turnover (MEUR)	Share of taxonomy-eligible economic activities (%)	Share of taxonomy non-eligible economic activities (%)	Share of taxonomy aligned economic activities (%)	Share of taxonomy non-aligned economic activities (%)
Turnover	3569.6	0	100	0	100
Capital expenditure (CapEx) as per definition of the EU Taxonomy	243.5	0	100	0	100
Operating expenditure (OpEx) as per definition of the EU Taxonomy	106.3	0	100	0	100

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. Please refer to the Financial Statements note 2.1 for more information on revenue, 3 for capital expenditure and 2.2 for operating expenditure.

Turnover. Kemira's eligible turnover mainly consisted of industrial by-products, such as hydrogen and waste heat that is sold for district heating. Kemira's waste heat turnover is taxonomy-aligned, while hydrogen turnover is not taxonomy-aligned due to the lack of life-cycle-assessments in a form required in the EU Taxonomy Regulation.

Capital expenditure. Kemira had no revenue-related CapEx as the taxonomy-eligible turnover consisted of industrial by-products for which Kemira does not specifically spend CapEx. In terms of individually sustainable CapEx**, Kemira spent EUR 1.2 million CapEx in electric vehicles in 2022.

Operating expenditure. Kemira had no revenue-related OpEx as the taxonomy-eligible turnover consisted of industrial by-products for which Kemira does not specifically spend OpEx. Based on Kemira's analysis, individually sustainable OpEx** was not material in 2022.

*Taxonomy-eligibility means that an activity is classified in the taxonomy, which is an indication that it might have a substantial contribution to one of the six environmental objectives of the taxonomy. Taxonomy-aligned means that an activity is environmentally sustainable, according to 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 of the EU taxonomy
- Comply with minimum safeguards for human rights, taxation, corruption and fair competition

Kemira has assessed its eligible revenue based on the above categories to determine whether the taxonomy-eligible activities are also taxonomy-aligned activities. In 2022, Kemira performed a minimum safeguards self-assessment in relation to the EU Taxonomy reporting in the fields on human rights, taxation, corruption and fair competition. The conclusion from this assessment is that Kemira meets the EU Taxonomy minimum safeguards on a group level.

**Individually sustainable CapEx / OpEx refers to CapEx / OpEx that enables an economic activity to be conducted in a low-carbon manner or to reduce greenhouse gas emissions.

TURNOVER

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
		Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy- aligned proportion of turnover, year 2021 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
Economic activities (1)	Code(s) (2)	MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
4.25 Production of heat/cool from waste heat	D35.30	8.1	0.2%	100%	0%						Y	Y	Y	Y	Y	Y	0.2%			
Turnover of environmentally sustainable activities (Taxonomy Aligned (A.1)		**8.1**	**0.2%**	**100%**	**0%**												**0.2%**			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.10 Manufacture of hydrogen	C20.11	4.8	0.1%																	
Turnover of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		**4.8**	**0.1%**																	
Total (A.1 + A.2)		**12.9**	**0.4%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		3,556.7	99.6%																	
Total (A + B)		**3,569.6**	**100.0%**																	

CAPEX

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy- aligned proportion of CapEx, year 2021 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
4.25 Production of heat/cool from waste heat	D35.30	0.0	0.0%	100%	0%						Y	Y	Y	Y	Y	Y	0.0%			
CapEx of environmentally sustainable activities (Taxonomy Aligned (A.1)		**0.0**	**0.0%**	**100%**	**0%**												**0.0%**			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.10 Manufacture of hydrogen	C20.11	0.0	0.0%																	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	N77.1.1	1.2	0.5%																	
CapEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		**1.2**	**0.5%**																	
Total (A.1 + A.2)		**1.2**	**0.5%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		242.3	99.5%																	
Total (A + B)		**243.5**	**100.0%**																	

OPEX

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
		Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy- aligned proportion of OpEx, year 2021 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
Economic activities (1)	**Code(s) (2)**	MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
4.25 Production of heat/cool from waste heat	D35.30	0.0	0.0%	100%	0%						Y	Y	Y	Y	Y	Y	0.0%			
OpEx of environmentally sustainable activities (Taxonomy Aligned (A.1)		**0.0**	**0.0%**	**100%**	**0%**												**0.0%**			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.10 Manufacture of hydrogen	C20.11	0.0	0.0%																	
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	N77.1.1	0.0	0.0%																	
OpEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		**0.0**	**0.0%**																	
Total (A.1 + A.2)		**0.0**	**0.0%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		106.3	100.0%																	
Total (A + B)		**106.3**	**100.0%**																	

SUSTAINABILITY PERFORMANCE

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 2022.

SUSTAINABILITY PERFORMANCE IN 2022

Safety

In 2022 systematic work was done to reinforce a culture where people actively promote safety and recognize and correct unsafe behaviors. Kemira's safety performance in 2022 improved slightly compared to 2021 and the TRIF rate was 2.6. Safety performance improved clearly towards the year-end and the Q4 TRIF rate was 1.7.

People

Kemira's long-term goal is to reach the top 10% cross industry benchmark for Diversity & Inclusion by 2025. In 2022, Kemira D&I index score improved by 2 points and Kemira was able to slightly close the gap to the target group. Kemira ended slightly below the top 25% cross industry benchmark. In order to promote a diverse and inclusive work environment, Kemira had several initiatives during the year, such as diversity & inclusion training for people leaders and new employee resource groups, Women's Network and KemPride.

Circularity

Kemira continued to make progress in its biobased strategy and launched a new Growth Accelerator unit during 2022 in order to accelerate the commercialization of new biobased products. In addition, Kemira signed a multi-year extension to its partnership with Danimer Scientific to develop and commercialize biobased coatings. In terms of waste, Kemira continued site-specific work to identify opportunities for waste reduction during the year. Waste intensity in 2022 increased slightly compared to 2021.

Water

In Q1 2022, Kemira updated its sustainability target for water and aims to reach the highest, Leadership-level (A), in water management by the end of 2025 as measured by CDP Water Security. In 2022 Kemira was rated B by CDP's Water Security scoring methodology. Based on the scoring report Kemira's overall water management improved compared to 2021.

Climate

During Q2 2022, Kemira committed to the Science Based Targets initiative (SBTi) and set a new ambitious climate target to reduce Scope 1 and Scope 2 emissions by 50% by 2030. In H2 2022 Kemira worked to develop a quantified near-term Scope 3 emission reduction target to be validated by the SBTi. In 2022, Kemira's Scope 1 and 2 emissions declined by around 5% compared to 2021, which is slightly above the level expected to meet the updated 2030 climate target. However, Kemira has ongoing near-term projects which are expected to further reduce our emissions in line with the more ambitious target.

SDG	KPI	UNIT	2022	2021
8 DECENT WORK AND ECONOMIC GROWTH	**SAFETY** **TRIF*** 1.5 by 2025 and 1.1 by 2030		2.6	2.7
8 DECENT WORK AND ECONOMIC GROWTH	**PEOPLE** Reach top 10% cross industry norm for Diversity & Inclusion by 2025		Slightly below top 25%	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	t/1000t	4.4	4.3
6 CLEAN WATER AND SANITATION	**WATER** Reach the Leadership level (A) in water management by 2025 measured by CDP Water Security scoring methodology.	Rate scale A–D	B	B
13 CLIMATE ACTION	**CLIMATE** Scopes 1 & 2*** emissions -50% by 2030 compared to 2018 baseline of 930 $ktCO_2e$	$ktCO_2e$	816	856

*TRIF = total recordable injury frequency per million hours, Kemira + contractors

**metric tonnes of routine disposed production waste per thousand metric tonnes of production

***Scope 1: Direct greenhouse gas emissions from Kemira's manufacturing sites, e.g. the 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

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 as well as end product performance and quality. 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 also building a strong position in the emerging Asian and South American markets.

EUR million	2022	2021
Revenue	2,027.7	1,559.6
Operative EBITDA	348.0	244.7
Operative EBITDA, %	17.2	15.7
EBITDA	336.6	198.3
EBITDA, %	16.6	12.7
Operative EBIT	225.7	124.3
Operative EBIT, %	11.1	8.0
EBIT	213.1	77.7
EBIT, %	10.5	5.0
Capital employed*	1,337.7	1,226.9
Operative ROCE*, %	16.9	10.1
ROCE*, %	15.9	6.3
Capital expenditure excl. M&A	122.5	88.5
Capital expenditure incl. M&A	122.5	89.5
Cash flow after investing activities	207.2	94.6

*12-month rolling average

The segment's **revenue** increased by 30%. Revenue in local currencies (excluding divestments and acquisitions) increased by 24% driven by higher sales prices in all product groups, particularly in energy-intensive pulp and bleaching chemicals, including caustic soda. Sales volumes declined following softer demand towards the end of the year and Kemira's exit from Russia.

In **EMEA**, revenue increased by 33% to EUR 1,088.6 million (816.8) due to higher sales prices across product groups, particularly in energy-intensive pulp and bleaching chemicals, including caustic soda. Sales volumes declined.

In **the Americas,** revenue increased by 34% to EUR 647.1 million (481.6). Revenue in local currencies, excluding acquisitions and divestments, increased by 20% due to higher sales prices across product groups. Sales volumes declined.

In **APAC**, revenue increased by 12% to EUR 292.0 million (261.2). Revenue in local currencies, excluding acquisitions and divestments, increased by 5% due to higher sales prices, particularly in sizing chemicals. Sales volumes declined.

Operative EBITDA increased by 42% following higher revenue and, in particular, due to high market prices for energy-intensive pulp and bleaching chemicals, including caustic soda. The operative EBITDA margin increased to 17.2% due to higher sales prices. **EBITDA** increased by 70%. The difference between it and operative EBITDA is explained by items affecting comparability, which were mainly related to an expected loss from the divestment of most of our colorants business, environmental provisions, Kemira's exit from Russia and a manufacturing unit sale to a customer. Items affecting comparability in the comparison period 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 enables the optimization of 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	2022	2021
Revenue	1,541.9	1,114.8
Operative EBITDA	223.7	180.8
Operative EBITDA, %	14.5	16.2
EBITDA	222.2	174.9
EBITDA, %	14.4	15.7
Operative EBIT	135.9	101.2
Operative EBIT, %	8.8	9.1
EBIT	134.5	92.4
EBIT, %	8.7	8.3
Capital employed*	900.3	767.6
Operative ROCE*, %	15.1	13.2
ROCE*, %	14.9	12.0
Capital expenditure excl. M&A	75.4	80.3
Capital expenditure incl. M&A	75.4	80.3
Cash flow after investing activities	100.9	50.9

*12-month rolling average

The segment's **revenue** increased by 38%. Revenue in local currencies, excluding acquisitions and divestments, increased by 31%. The increase was driven mainly by higher sales prices. Also sales volumes increased. Currencies had a positive impact.

In the water treatment business, revenue increased by 34% due to higher sales sales volumes and sales prices. Sales volumes were rather stable. Revenue in the Oil & Gas business increased by 54% to EUR 377.5 million (245.9) mainly due to higher sales prices, particularly in shale. In addition, sales volumes increased.

In **EMEA,** revenue increased by 34% to EUR 746.4 million (558.9) mainly due to higher sales prices in water treatment. Sales volumes increased following higher volumes in the Oil & Gas business. Water treatment sales volumes were stable. Currencies had a positive impact.

In **the Americas**, revenue increased by 45% to EUR 767.1 million (528.6). Revenue in local currencies, excluding acquisitions and divestments, increased by 30% following higher sales prices in both water treatment and in the Oil and Gas business. Sales volumes also increased driven by the Oil and Gas business, shale in particular.

In **APAC**, revenue increased by 4% to EUR 28.4 million (27.3).

Operative EBITDA increased by 24% due to higher revenue following higher sales prices. High market prices for caustic soda also had a positive impact. The operative EBITDA margin declined to 14.5% due to continued strong inflationary pressures. **EBITDA** increased by 27% and the difference from operative EBITDA is explained by items affecting comparability. Items affecting comparability in the comparison period 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 2,206.7 million (1,572.5) in 2022. EBITDA was EUR 220.4 million (70.8). The parent company's financing income and expenses were EUR 172.7 million (26.5) following higher dividend income from group companies. The net result for the financial year increased to EUR 314.7 million (-2.9) following higher revenue and financing income. The total capital expenditure was EUR 23.2 million (42.9), excluding investments in subsidiaries.

Kemira Oyj had 502 (2021: 502, 2020: 501) employees on average during 2022.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On December 31, 2022, 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 48,403 registered shareholders (49,484 on December 31, 2021). Non-Finnish shareholders held 31.5% of the shares (28.4% on December 31, 2021), including nominee-registered holdings. Households owned 19.3% of the shares (19.8% on December 31, 2021). Kemira held 1,990,197 treasury shares (2,215,073 on December 31, 2021), representing 1.3% (1.4% on December 31, 2021) of all company shares.

Kemira Oyj's share price increased by 8% during the year and closed at EUR 14.33 on the Nasdaq Helsinki at the end of December 2022 (13.33 on December 31, 2021). The shares registered a high of EUR 14.94 and a low of EUR 10.36 in January-December 2022, and the average share price was EUR 12.57. The company's market capitalization, excluding treasury shares, was EUR 2,198 million at the end of December 2022 (2,041 December 31, 2021).

In January-December 2022, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 462 million (EUR 787 million in January-December 2021). The average daily trading volume was 146,311 shares (228,087 in January-December 2021). The total volume of Kemira Oyj's share trading in January-December 2022 was 49 million shares (72 million shares in January-December 2021), 25% (20% in January-December 2021) of which was executed on other trading platforms (e.g. Turquoise, CBOE DXE). Source: Nasdaq and Kemira.com.

FLAGGING NOTIFICATIONS

During January–December 2022, Impax Management Group plc made a notification in accordance with the Finnish Securities Market Act Chapter 9, Section 5. Kemira received the notification on March 25, 2022 and it was published as a stock exchange release and is available on Kemira's internet pages at **kemira.com/investors**. According to the notification, the total number of Kemira Oyj shares owned by Impax Asset Management Group plc and its funds increased to five (5) per cent of the share capital of Kemira on March 24, 2022.

MANAGEMENT SHAREHOLDING

The members of the Board of Directors as well as the President and CEO and his Deputy held 330,988 (518,636) Kemira Oyj shares on December 31, 2022 or 0.21% (0.33%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Jari Rosendal, President and CEO, held 169,069 shares (140,800) on December 31, 2022. Members of the Management Board, excluding the President and CEO and his Deputy, held a total of 237,515 shares on December 31, 2022 (223,111), representing 0.15% (0.14%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Up-to-date information regarding the shareholdings of the Board of Directors and Management is available on Kemira's website at **kemira.com/investors**.

	Amount of shares		% of shares	
Owners	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**	**Dec 31, 2021**
Board of Directors	66,932	289,471	0.04	0.19
President and CEO	169,069	140,800	0.11	0.09
Deputy CEO	94,987	88,365	0.06	0.06
Members of the Management Board (excl. CEO and Deputy CEO)	237,515	223,111	0.15	0.14

OWNERSHIP DECEMBER 31, 2022

	% of shares and votes	
Owners	2022	2021
Corporations	25.1	25.4
Financial and insurance corporations	3.7	4.6
General government	17.6	18.7
Households	19.3	19.8
Non-profit institutions	2.9	3.0
Non-Finnish shareholders incl. nominee registered	31.5	28.4

SHAREHOLDING BY NUMBER OF SHARES HELD DECEMBER 31, 2022

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	17,665	36.5%	882,162	0.6
101–500	18,186	37.6%	4,841,457	3.1
501–1,000	5,993	12.4%	4,608,730	3.0
1,001–5,000	5,511	11.4%	11,476,086	7.4
5,001–10,000	601	1.2%	4,313,601	2.8
10,001–50,000	361	0.7%	6,869,670	4.4
50,001–100,000	39	0.1%	2,854,485	1.8
100,001–500,000	31	0.1%	5,749,926	3.7
500,001–1,000,000	7	0.0%	5,262,078	3.4
1,000,001–	9	0.0%	108,484,362	69.8
Total	48,403	100.0%	155,342,557	100.0

LARGEST SHAREHOLDERS DECEMBER 31, 2022

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	32,000,000	20.6
2	Solidium Oy	15,782,765	10.2
3	Ilmarinen Mutual Pension Insurance Company	3,750,000	2.4
4	Varma Mutual Pension Insurance Company	3,522,678	2.3
5	Nordea Funds	3,497,587	2.3
6	Elo Mutual Pension Insurance Company	1,949,000	1.3
7	Etola Group Oy	1,000,000	0.6
8	Veritas Pension Insurance Company Ltd.	951,757	0.6
9	Laakkonen Mikko Kalervo	770,000	0.5
10	Nordea Life Assurance Finland Ltd.	734,810	0.5
11	The State Pension Funds	560,000	0.4
12	Paasikivi Pekka Johannes	462,000	0.3
13	Valio Pension Fund	379,450	0.2
14	OP-Henkivakuutus Ltd.	359,022	0.2
15	Jenny and Antti Wihuri Foundation	311,250	0.2
	Kemira Oyj	1,990,197	1.3
	Nominee registered and foreign shareholders	48,885,051	31.5
	Others, Total	40,940,089	26.4
	Total	155,342,557	100.0

SHARE KEY FIGURES

	2022	2021	2020	2019	2018
PER SHARE FIGURES					
Earnings per share (EPS), basic, EUR [1]	1.51	0.71	0.86	0.72	0.58
Earnings per share (EPS), diluted, EUR [1]	1.50	0.70	0.86	0.72	0.58
Net cash generated from operating activities per share, EUR [1]	2.61	1.44	2.45	2.53	1.38
Dividend per share, EUR [1] [2]	0.62	0.58	0.58	0.56	0.53
Dividend payout ratio, % [1] [2]	41.0	82.2	67.5	77.6	90.7
Dividend yield, % [1] [2]	4.3	4.4	4.5	4.2	5.4
Equity per share, EUR [1]	10.89	8.68	7.80	7.98	7.80
Price per earnings per share (P/E ratio) [1]	9.48	18.88	15.07	18.37	16.85
Price per equity per share [1]	1.32	1.54	1.66	1.66	1.26
Price per cash flow from operations per share [1]	5.49	9.27	5.28	5.24	7.14
Dividend paid, EUR million [2]	95.1	88.8	88.7	85.5	80.8
SHARE PRICE AND TRADING					
Share price, high, EUR	14.94	14.66	14.24	14.99	12.03
Share price, low, EUR	10.36	12.64	8.02	9.77	9.34
Share price, average, EUR	12.57	13.67	11.55	12.56	11.00
Share price on Dec 31, EUR	14.33	13.33	12.94	13.26	9.85
Number of shares traded (1,000) [3]	37,017	57,478	75,885	53,048	43,837
% on number of shares	24	38	50	35	29
Market capitalization on Dec 31, EUR million [1]	2,198	2,041	1,979	2,024	1,502
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) [1]	153,320	153,092	152,879	152,630	152,484
Average number of shares, diluted (1,000) [1]	154,261	153,785	153,373	153,071	152,768
Number of shares on Dec 31, basic (1,000) [1]	153,352	153,127	152,924	152,649	152,510
Number of shares on Dec 31, diluted (1,000) [1]	154,894	154,068	153,744	153,385	152,927
Increase (+) / decrease (-) in number of shares outstanding (1,000)	225	203	275	139	156
Share capital, EUR million	221.8	221.8	221.8	221.8	221.8

1) Number of shares outstanding, excluding the number of treasury shares.
2) The dividend for 2022 is the Board of Directors' proposal to the Annual General Meeting.
3) Shares traded on Nasdaq Helsinki only

Definitions of the key figures is disclosed in the section on the Definitions of key figures.

AGM DECISIONS

ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting, held on March 24, 2022, approved the Board of Directors' proposal for a dividend of EUR 0.58 per share for the financial year 2021. The dividend was paid in two installments. The first installment of EUR 0.29 per share was paid on April 7, 2022. 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 24, 2022. The payment date of the second installment of the dividend was November 3, 2022. Kemira announced the resolution of the Board of Directors with a separate stock exchange release and confirmed the record and payment dates.

The AGM 2022 authorized the Board of Directors to decide upon the repurchase of a maximum of 5,800,000 of the company's own shares. This corresponds to approximately 3.7% 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 authorization was not used by 31 December 2022.

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, 2023. The share issue authorization has been used and shares owned by the Group were conveyed to members of the Board and key employees in connection with the remuneration.

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.

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, 2022, the Annual General Meeting elected eight members to the Board of Directors. The Annual General Meeting re-elected Wolfgang Büchele, Shirley Cunningham, Werner Fuhrmann, Timo Lappalainen, Matti Kähkönen and Kristian Pullola and elected Annika Paasikivi and Tina Sejersgård Fanø as new members to the Board of Directors. Matti Kähkönen was elected as the Chair of the Board of Directors and Annika Paasikivi was elected as the Vice Chair. In 2022, Kemira's Board of Directors met nine times, with a 96% 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 Matti Kähkönen and has Wolfgang Büchele, Shirley Cunningham and Timo Lappalainen as members. In 2022, the Personnel and Remuneration Committee met six times, with a 96% attendance rate. The Audit Committee is chaired by Timo Lappalainen and has Werner Fuhrmann, Annika Paasikivi and Kristian Pullola as members. In 2022, the Audit Committee met five times, with a 95% 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

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, energy, and electricity 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 2022, raw material and commodity prices increased significantly mainly following the war in Ukraine. Energy and electricity prices also increased significantly, particularly in Europe following the war in Ukraine. The war in Ukraine also led to concerns about sufficient energy availability to Europe. In 2023 variable costs are expected to stay at a high level although cost increases are expected to moderate. Electricity prices are expected to stay above long-term average levels.

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. In 2022, Kemira witnessed some raw material availability issues following the war in Ukraine and due to COVID-19 restrictions in China. Before the war in Ukraine, 1% of Kemira's total direct purchases and logistics costs were related to purchases from Russia and Belarus. Kemira did not purchase raw materials from Ukraine. In 2022, Kemira worked to find long-term alternatives to Russian and Belarussian suppliers. Continued supply chain disruptions are possible in 2023 depending on the development of the war in Ukraine. Also the relaxation of COVID-19 restrictions in China could have an impact on global supply chains.

Following the war in Ukraine, the energy market in Europe has been disrupted. This has led to temporary shutdowns in industrial production in Europe due to high energy prices, particularly for natural gas. The unaffordability of energy for industrial operations could lead to extended or permanent shutdowns of chemical manufacturing in Europe, which could have an adverse impact on Kemira's supply chain. Kemira is monitoring the situation closely.

SUPPLIERS

The continuity of Kemira's business operations is dependent on the accurate supply of good-quality 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 the supply of such a raw material, Kemira's operations could be impacted, and this could have a negative effect 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 war in Ukraine or the COVID-19 pandemic did not cause significant impacts on Kemira's manufacturing operations in 2022. However, there were disruptions in the availability of certain raw materials that Kemira purchases. Kemira was able to handle the situation and the impact on Kemira's revenue was not material. Disruptions to energy availability or changes in energy pricing could also increase counterparty risk in energy hedging. Kemira is monitoring the energy counterparty risk actively.

Kemira sources a large share of its electricity in Finland at production cost (Mankala principle) through its partial ownership in the electricity producing hydro and nuclear assets of Teollisuuden Voima and Pohjolan Voima. Significant long-term disruptions to the production levels in these assets could have an adverse financial impact for Kemira.

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 are exposed to many hazard risks – such as fires and explosions, machinery breakdowns, natural catastrophes, exceptional weather conditions, and environmental incidents – and the consequent possible liabilities, as well as the risks to employee health and safety. These risk events could derive from several factors, also including (but not limited to) unauthorized IT system access by a malicious intruder or other cyber security issues causing possible damage to the systems, which in turn could lead to financial losses. A systematic focus on achieving set targets, certified management systems, efficient hazard prevention programs, the 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. Kemira also actively trains and educates its personnel on detecting and reporting on possible cyber security threats. Kemira's Board of Directors regularly reviews cyber security risks.

Kemira's operations rely on functional and up-to-date IT systems. Kemira is renewing its group-wide enterprise resource planning system with an estimated completion during 2023. Issues with existing IT systems or significant problems with the ERP transition could have an impact on Kemira's operations.

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.

To respond to expected changes in customer requirements, Kemira has also revised its strategy to focus more on biobased products. Kemira has also started several external partnerships in order to innovate and commercialize new biobased products to its customers. Biobased products are expected to play a significant role in Kemira's growth ambitions.

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. The ongoing war in Ukraine and sanctions against Russia have increased uncertainty in the global economy and also created concerns about sufficient energy availability in Europe. Possible trade or supply chain disruptions following geopolitical tensions in eastern Asia could also have an impact on Kemira's operations as Kemira sources materials from the region and has manufacturing facilities and derives around 10% of its revenue from the APAC region.

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. Despite the increased economic uncertainty in 2022, Kemira did not see materially higher credit losses. 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

In addition to organic growth, acquisitions are a potential way to achieve corporate goals and strategies. 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 the targets for such acquisitions.

Kemira has created mergers and acquisitions 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.

INNOVATION AND R&D

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 the 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 the 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 the treatment of water, for example. However, certain legislative initiatives supporting, for instance, the use of biodegradable raw materials or biological water treatment, or limiting the use of aluminum, may also have a negative impact on Kemira's business. Significant changes 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. As an example, possible restrictions for plastic packaging would likely benefit the fiber-based packaging industry and therefore also Kemira. In addition, Kemira is actively following the European Commission's proposal for Packaging and Packaging Waste Regulations and its implications, particularly for disposable packaging.

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 compliant product importation, for example.

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 the possibilities to replace certain substances if they become subject to stricter regulation, for example. 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. For example, currently there are many 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 several initiatives, such as the EU Chemicals Strategy for Sustainability (CSS) and Fit-for-55 programs. Kemira is closely following these initiatives and their potential implications for 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. Kemira is continuously identifying people with high potential and key competencies for future needs. Through the 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.

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. Many of Kemira's customers, particularly in the Pulp & Paper segment, have ambitions to be carbon neutral, which will likely have implications on Kemira and the chemicals used in the customers' processes. 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. In 2022, Kemira conducted an initial climate risk scenario analysis in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. The analysis evaluated Kemira's climate risk from a global company perspective. The results of the scenario analysis are described in more detail in Kemira's sustainability report.

RISKS AND IMPACTS OF THE WAR IN UKRAINE ON KEMIRA

Following the war in Ukraine and subsequent sanctions against Russia and Belarus, Kemira announced its decision to discontinue deliveries to Russia and Belarus on March 1, 2022. Russia accounted for around 3% of Kemira's sales in 2021. Revenue from Belarus and Ukraine was not material in 2021. The fifth EU sanctions list published on April 9, 2022 included the majority of Kemira's products. Kemira announced on May 6, 2022 that it will exit the Russian market. At the end of 2022, Kemira had no business operations or personnel left in Russia.

The direct impacts of the war on Kemira have been and are expected to be limited. Before the war, 1% of Kemira's total direct purchases and logistics costs were related to purchases from Russia and Belarus. Kemira does not purchase raw materials from Ukraine. In 2022, Kemira was able to manage the situation without operational disruptions and has worked to find long-term alternatives to Russian and Belarussian suppliers.

In 2022, the main risk from the war in Ukraine was accelerated inflation. The war in Ukraine and the sanctions against Russia and Belarus have created concerns about sufficient energy availability to Europe, particularly in natural gas. Kemira is a significant user of energy. The majority of Kemira's energy purchases is electricity, but some of Kemira's production facilities use natural gas in Europe. The energy crisis also increased energy prices significantly during 2022 and prices are expected to stay above long-term average prices also in 2023. Kemira's annual energy purchases globally increased from around EUR 200 million in 2021 to around EUR 300 million in 2022. Kemira is monitoring the energy market situation and its impacts on Kemira closely. The energy crisis did not have a material impact on Kemira's operations during 2022.

Kemira is also exposed to indirect impacts via Kemira's customers and suppliers. In particular, high energy prices or disruptions in energy availability could reduce or temporarily stop production at Kemira's customers and/or suppliers, which could affect Kemira's end market demand or supply chain. During 2022 some of Kemira's customers in the EMEA region, particularly in the Pulp & Paper segment, curtailed or temporarily closed production due to high energy prices, particularly during Q3 and Q4 2022.

In 2022, Kemira recorded EUR 4.8 million of losses related to its exit from Russia. At the end of 2022, net assets in Russian amounted to around EUR 8 million and consisted mainly of cash and cash equivalents denominated in Russian roubles. Kemira is looking at options to repatriate funds from Russia. Kemira had no assets or personnel in Belarus or Ukraine at the end of December 2022.

For Kemira's 2023 outlook, including assumptions behind the outlook, please refer to the section "Outlook" on page 26.

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 2022.

DIVIDEND AND DIVIDEND POLICY

On December 31, 2022, Kemira Oyj's distributable funds totaled EUR 702,802,752 of which net profit for the period was EUR 314,734,444. 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 22, 2023 that a dividend of EUR 0.62 per share, totaling EUR 95 million, be paid on the basis of the adopted balance sheet for the financial year that ended on December 31, 2022. The dividend will be paid in two installments. The first installment, of EUR 0.31 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 24, 2023. The Board of Directors proposes that the first installment of the dividend be paid out on April 5, 2023. The second installment, of EUR 0.31 per share, will be paid in November 2023. 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 2023. The record date is planned to be October 26, 2023, and the dividend payment date November 2, 2023 at the earliest.

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

CHANGES IN KEMIRA'S MANAGEMENT BOARD

On **May 18, 2022** Kemira announced that President, Segment Pulp & Paper, Kim Poulsen is leaving Kemira.

On **August 8, 2022** Kemira announced that Antti Salminen (1971) had been appointed to lead Kemira's Pulp & Paper segment as of August 15, 2022. He has had several prior leadership positions in Kemira, latest as President, Industry & Water segment, and has been a member of Kemira's Management Board since 2011.

On **August 30, 2022** Kemira announced that Wido Waelput (1959) has been appointed Interim President of Kemira's Industry & Water segment and a member of Kemira's Management Board as of September 1, 2022 until the ongoing search process for the permanent segment president has been concluded.

OTHER EVENTS DURING THE REVIEW PERIOD

On **September 12, 2022** Kemira announced an agreement to divest most of its colorants business to ChromaScape LLC. The transaction is expected to close in Q1 2023. The revenue of the business was approximately EUR 50 million in 2021.

EVENTS AFTER THE REVIEW PERIOD

PROPOSALS OF THE NOMINATION BOARD TO THE ANNUAL GENERAL MEETING 2023

On January 9, 2023 Kemira announced the proposals of the Nomination Board to the Annual General Meeting 2023.
The Nomination Board proposes to the Annual General Meeting of Kemira Oyj that eight members be elected to the Board of Directors and that the present members Tina Sejersgård Fanø, Werner Fuhrmann, Matti Kähkönen, Timo Lappalainen, Annika Paasikivi and Kristian Pullola be re-elected as members of the Board of Directors. Nomination Board proposes that Fernanda Lopes Larsen and Mikael Staffas be elected as new members of the Board of

Directors. In addition, the Nomination Board proposes that Matti Kähkönen be re-elected as the Chair of the Board of Directors and Annika Paasikivi be re-elected as the Vice Chair.

All the nominees have given their consent to the position and are independent of the company's significant shareholders except for Annika Paasikivi. Annika Paasikivi is the President & CEO of Oras Invest Oy and Oras Invest Oy owns over 10% of Kemira Oyj's shares.

Of the current members of the Board of Directors Wolfgang Büchele, who has served on the company's Board of Directors first from 2009 until 2012, then as President and CEO of Kemira Oyj from 2012 until 2014, and then again in the Board of Directors since 2014, and Shirley Cunningham, who has served on the Board of Directors since 2017, have informed that they will no longer be available for re-election to the next term of the Board of Directors. The Nomination Board wishes to thank Wolfgang Büchele and Shirley Cunningham for their long service and significant contribution to Kemira Oyj.

Ms. Fernanda Lopes Larsen, M.Sc. (Engineering), b. 1974, has been Executive Vice President Africa & Asia in Yara International since 2020. In 2012-2018 she served in multiple executive and managerial positions in Yara International. In 2001-2012 she held managerial positions in GlaxoSmithKline and in Procter & Gamble. Fernanda Lopes Larsen is a dual Brazilian and British citizen.

Mr. Mikael Staffas, M.Sc. (Engineering), MBA, b. 1965, is the President & CEO of Boliden AB since 2018. In 2015-2018 he served as the President of Boliden Mines, and in 2011-2015 as the CFO of Boliden. In 2005-2011 he was the CFO of Södra Skogsägarna. He was a Partner at McKinsey & Company in 1999-2004 and held various positions there in 1990-1999. Mikael Staffas is a Swedish citizen.

Regarding 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 Chair EUR 118,000 per year (EUR 110,000), for the Vice Chair and the Chair of the Audit Committee EUR 67,000 per year (EUR 65,000) and for the other members EUR 52,000 per year (EUR 50,000).

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 of participation and place of the meeting as follows: participating remotely or in a meeting arranged in the member's country of residence EUR 600, participating in a meeting arranged on the same continent as the member's country of residence EUR 1,200 and participating in a meeting arranged in a different continent than the member's country of 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, 2023. 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 Chair of the Nomination Board; Pauli Anttila, Investment Director, Solidium Oy; Lisa Beauvilain, Global Head of Sustainability, Executive Director, Impax Asset Management plc and Annika Ekman, Head of Direct Equity Investments, Ilmarinen Mutual Pension Insurance Company as members of the Nomination Board and Matti Kähkönen, Chair of Kemira's Board of Directors as an expert member.

On January 17, 2023 Kemira announced that the shareholding of Impax Asset Management Group plc in Kemira has decreased to 4.99 per cent

On January 25, 2023 Kemira announced that Kemira is strengthening its services offering by acquiring the advanced process optimization start-up SimAnalytics. Kemira announced in August 2021 its investment in SimAnalytics and has now acquired the rest of the business. With the acquisition, Kemira strengthens its capability to support its customers' business with data-driven predictive services and machine learning solutions.

On February 1, 2023 Kemira announced that Linus Hildebrandt has been appointed as Executive Vice President, Strategy and member of Kemira's Management Board.

OUTLOOK FOR 2023

REVENUE

Kemira's revenue is expected to be between EUR 3,200 million and EUR 3,700 million in 2023 (2022: EUR 3,569.6 million).

OPERATIVE EBITDA

Kemira's operative EBITDA is expected to be between EUR 500 and EUR 600 million in 2023 (2022: EUR 571.6 million).

ASSUMPTIONS BEHIND OUTLOOK

We expect demand in Kemira's end-markets to be resilient despite the significant uncertainty related to the global macroeconomic environment, energy prices, and the development of the war in Ukraine. Overall, Kemira's end-market demand (in volumes) is expected to decline somewhat. Demand in the oil & gas market is expected to grow. Variable costs are expected to decline but with variation by raw material. Electricity prices are expected to remain above long-term average in Europe, but with uncertainty related to the level of pricing. Market prices for caustic soda are expected to moderate during 2023 from the current very high level. The outlook assumes no major disruptions to Kemira's manufacturing operations, supply chain, or Kemira's energy-generating assets in Finland. Foreign exchange rates are expected to remain at approximately current levels.

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 9, 2023

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.

Consolidated Income Statement

EUR million	Note	Year ended 31 December 2022	2021
Revenue	2.1.	3,569.6	2,674.4
Other operating income	2.2.	18.2	5.9
Operating expenses	2.2.	-3,029.3	-2,306.7
Share of the results of associates	6.2.	0.3	-0.5
EBITDA		558.8	373.2
Depreciation, amortization and impairments	2.4.	-211.2	-203.1
Operating profit (EBIT)		347.6	170.1
Finance income	2.5.	4.8	6.8
Finance expenses	2.5.	-42.3	-34.1
Exchange differences	2.5.	-1.9	0.6
Finance costs, net	2.5.	-39.4	-26.7
Profit before tax		308.2	143.3
Income taxes	2.6.	-68.5	-28.2
Net profit for the period		239.7	115.2
Net profit attributable to			
Equity owners of the parent company		231.7	108.1
Non-controlling interests	6.2.	8.0	7.1
Net profit for the period		239.7	115.2
Earnings per share for net profit attributable to the equity owners of the parent company, EUR			
Basic	2.7.	1.51	0.71
Diluted	2.7.	1.50	0.70

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Comprehensive Income

EUR million	Note	Year ended 31 December 2022	2021
Net profit for the period		239.7	115.2
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences in translating foreign operations		17.5	32.2
Cash flow hedges		39.2	19.3
Items that will not be reclassified subsequently to profit or loss			
Other shares		98.6	40.2
Remeasurements of defined benefit plans		31.8	21.5
Other comprehensive income for the period, net of tax	2.8.	187.1	113.3
Total comprehensive income for the period		426.7	228.4
Total comprehensive income attributable to			
Equity owners of the parent company		418.9	221.2
Non-controlling interests	6.2.	7.8	7.2
Total comprehensive income for the period		426.7	228.4

Items in the Consolidated Statement of Comprehensive Income are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 2.8. Other comprehensive income.

The above Consolidated Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

EUR million	Note	As at 31 December 2022	2021
ASSETS			
NON-CURRENT ASSETS			
Goodwill	3.1.	510.5	514.0
Other intangible assets	3.2.	61.2	66.7
Property, plant and equipment	3.3.	1,080.2	1,063.0
Right-of-use assets	3.4.	146.0	135.8
Investments in associates	6.2.	5.1	4.8
Other shares	3.5.	383.3	260.0
Deferred tax assets	4.4.	27.1	30.5
Other financial assets	5.4.	31.0	7.3
Receivables of defined benefit plans	4.5.	78.4	73.2
Total non-current assets		2,322.8	2,155.4
CURRENT ASSETS			
Inventories	4.1.	433.7	352.1
Interest-bearing receivables	5.4.	0.3	0.3
Trade receivables and other receivables	4.2.	603.7	475.2
Current income tax assets		18.7	13.9
Cash and cash equivalents	5.4.	250.6	142.4
Total current assets		1,307.0	983.9
Assets classified as held-for-sale	3.6.	21.3	—
Total assets		3,651.1	3,139.3

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

EUR million	Note	As at 31 December 2022	2021
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity owners of the parent company			
Share capital		221.8	221.8
Share premium		257.9	257.9
Fair value and other reserves		278.8	140.9
Unrestricted equity reserve		196.3	196.3
Translation differences		-36.0	-53.7
Treasury shares		-13.4	-14.9
Retained earnings		764.5	580.5
Total equity attributable to equity owners of the parent company	5.2.	1,669.9	1,328.8
Non-controlling interests	6.2.	14.7	13.9
Total equity		1,684.6	1,342.7
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	5.3.	838.1	776.9
Other financial liabilities	5.4.	9.4	9.4
Deferred tax liabilities	4.4.	118.2	77.1
Liabilities of defined benefit plans	4.5.	66.9	94.1
Provisions	4.6.	38.4	48.0
Total non-current liabilities		1,070.9	1,005.5
CURRENT LIABILITIES			
Interest-bearing liabilities	5.3.	183.7	215.3
Trade payables and other liabilities	4.3.	635.2	538.3
Current income tax liabilities		57.2	14.3
Provisions	4.6.	18.8	23.1
Total current liabilities		894.9	791.0
Total liabilities		1,965.8	1,796.5
Liabilities classified as held-for-sale	3.6.	0.7	—
Total equity and liabilities		3,651.1	3,139.3

Consolidated Statement of Cash Flow

EUR million	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period		239.7	115.2
Adjustments for			
Depreciation, amortization and impairments	2.4.	211.2	203.1
Income taxes	2.6.	68.5	28.2
Finance costs, net	2.5.	39.4	26.7
Share of the results of associates	6.2.	-0.3	0.5
Other non-cash items	3.6.	29.3	14.9
Cash flow before change in net working capital		587.8	388.5
Change in net working capital			
Increase (-) / decrease (+) in inventories		-100.3	-100.5
Increase (-) / decrease (+) in trade and other receivables		-95.1	-77.8
Increase (+) / decrease (-) in trade payables and other liabilities		93.7	98.1
Change in net working capital		-101.8	-80.2
Cash flow from operations before financing items and taxes		486.0	308.3
Interests paid		-35.1	-31.9
Interests received		5.0	0.9
Other finance items, net		-22.1	-13.2
Dividends received		0.0	0.0
Income taxes paid		-33.5	-44.0
Net cash generated from operating activities		400.3	220.2

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.

EUR million	Note	2022	2021
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure in associated company		0.0	0.0
Capital expenditure in other shares		0.0	-1.0
Capital expenditure in property, plant and equipment and intangible assets		-197.9	-168.8
Decrease (+) / increase (-) in loan receivables		0.8	0.2
Capital repayments from other shares		0.0	3.5
Proceeds from sale of property, plant and equipment, and intangible assets		19.1	3.2
Net cash used in investing activities		-178.0	-162.9
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current interest-bearing liabilities (+)	5.1.	195.9	200.0
Repayments of non-current interest-bearing liabilities (-)	5.1.	-202.8	-97.3
Repayments of non-current non-interest-bearing liabilities (-)		0.0	0.0
Short-term financing, net increase (+) / decrease (-)	5.1.	21.4	-53.9
Repayments of lease liabilities		-35.1	-33.1
Dividends paid		-95.9	-95.3
Net cash used in financing activities		-116.4	-79.5
Net increase (+) / decrease (-) in cash and cash equivalents		105.9	-22.2
Cash and cash equivalents on Dec 31		250.6	142.4
Exchange gains (+) / losses (-) in cash and cash equivalents		2.3	5.1
Cash and cash equivalents on Jan 1		142.4	159.5
Net increase (+) / decrease (-) in cash and cash equivalents		105.9	-22.2

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, 2022	221.8	257.9	140.9	196.3	-53.7	-14.9	580.5	1,328.8	13.9	1,342.7
Net profit for the period	—	—	—	—	—	—	231.7	231.7	8.0	239.7
Other shares	—	—	98.6	—	—	—	—	98.6	—	98.6
Exchange differences in translating foreign operations	—	—	—	—	17.7	—	—	17.7	-0.2	17.5
Cash flow hedges	—	—	39.2	—	—	—	—	39.2	—	39.2
Remeasurements of defined benefit plans	—	—	—	—	—	—	31.8	31.8	—	31.8
Total other comprehensive income	—	—	137.8	—	17.7	—	31.8	187.3	-0.2	187.1
Total comprehensive income	—	—	137.8	—	17.7	—	263.5	418.9	7.8	426.7
Transactions with owners										
Dividends paid	—	—	—	—	—	—	-88.9	-88.9	-7.0	-95.9
Treasury shares issued to the target group of a share-based incentive plan	—	—	—	—	—	1.5	—	1.5	—	1.5
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	—	—	—	—	—	—	9.2	9.2	—	9.2
Transfers in equity	—	—	0.1	—	—	—	-0.1	0.0	—	0.0
Other items	—	—	—	—	—	—	0.4	0.4	—	0.4
Total transactions with owners	—	—	0.1	—	—	1.6	-79.4	-77.7	-7.0	-84.7
Equity on December 31, 2022	221.8	257.9	278.8	196.3	-36.0	-13.4	764.5	1,669.9	14.7	1,684.6

	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 shares	—	—	40.2	—	—	—	—	40.2	—	40.2
Exchange differences in translating foreign operations	—	—	—	—	32.1	—	—	32.1	0.1	32.2
Cash flow hedges	—	—	19.3	—	—	—	—	19.3	—	19.3
Remeasurements of defined benefit plans	—	—	—	—	—	—	21.5	21.5	—	21.5
Total other comprehensive income	—	—	59.5	—	32.1	—	21.5	113.2	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	-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

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. THE GROUP'S ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

GROUP PROFILE

Kemira Oyj is a Finnish public limited liability company, domiciled in Helsinki, and its registered address is Energiakatu 4, FI-00180 Helsinki, Finland. Kemira Oyj's shares are listed on Nasdaq Helsinki Oy. The parent company Kemira Oyj and its subsidiaries together form the Kemira Group. A list of subsidiaries is disclosed in Note 6.2.

Kemira is a global chemicals company serving customers in water-intensive industries. The company provides expertise in applications and chemicals that improve customers' efficient use of water, energy, and raw materials. Kemira's two segments, Pulp & Paper and Industry & Water, focus on customers in the pulp & paper and oil & gas, mining and water treatment industries, respectively.

The Board of Directors of Kemira Oyj has approved the Consolidated Financial Statements for publication at its meeting on February 9, 2023. Under the Finnish Limited Liability Companies Act, the General Meeting of Shareholders is entitled to decide on the adoption of the financial statements. A copy of the Consolidated Financial Statements is available at **www.kemira.com** or at Energiakatu 4, FI-00180 Helsinki, Finland.

In compliance with the reporting requirements of the European Single Electronic Format (ESEF), Kemira also publishes the Consolidated Financial Statements and the Board of Directors' report as an xHTML file, which is available at **www.kemira.com**.

BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared its Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS) and its International Financial Reporting Interpretations Committee (IFRIC) interpretations, adopted by the European Union. The Consolidated Financial Statements have been prepared in accordance with IFRS standards and IFRIC Interpretations effective on December 31, 2022. The Notes to the Consolidated Financial Statements also comply with the requirements of the Finnish accounting and corporate legislation that supplement the IFRS regulations.

The Consolidated Financial Statements are presented in EUR million and have been prepared based on historical cost, except for the items measured at fair value through other comprehensive income including unlisted PVO/TVO shares, financial assets and liabilities at fair value through profit or loss, and share-based payments which are measured at fair value.

Individual figures presented in the Consolidated Financial Statements have been rounded to the nearest exact figure. Therefore, the sum of the individual figures may deviate from the sum figure presented in the Consolidated Financial Statements. The key figures are calculated using exact values.

NEW, AMENDED IFRS STANDARDS AND IFRIC INTERPRETATIONS INTO EFFECT IN 2022

The Group has applied the following standards and amendments for the first time to its annual reporting period commencing January 1, 2022:

- Annual improvements to IFRS standards 2018–2020: IFRS 9, Financial instruments, the improvement in the standard specifies that when assessing whether a change in a financial debt leads to a change in an existing debt instrument or the recognizing of a new debt instrument, the entity should prepare a present value of the cash flows related to the financial debt before and after the change, including the lender and the recipient fees paid and received.
- Amendments to the standard IAS 16, Property, plant and equipment: Revenue before intended use, the standard amendment clarifies how sales revenue is recognized from unfinished PPE during their manufacturing phase or otherwise before they have been made to operate as intended by management. According to the clarification, the income in question should be reported as revenue, and not as a reduction of costs.
- Amendments to the standard IAS 37, Loss-making contracts – the cost of fulfilling the contract, the standard amendment clarifies that the cost of fulfilling the contract includes costs directly related to the contract, including other costs such as labor and material costs, as well as other costs directly related to fulfilling the contract, such as depreciation of PPE used to fulfill the contract.

The amendments listed above did not have any significant impact on the amounts recognized in the financial period January 1 – December 31, 2022 and are not expected to significantly affect the next financial period January 1 – December 31, 2023.

NEW, AMENDED IFRS STANDARDS AND IFRIC INTERPRETATIONS NOT YET ADOPTED

- Amendments to the standard IAS 1, Classification of liabilities into current and non-current. The amendments clarify how to classify debts as current or non-current when the entity has the right to postpone the payment of the debt for at least 12 months.
- Amendments to the standard IAS 12, Income taxes: Deferred taxes related to assets and liabilities arising from a single transaction.
- Amendments to the standard IAS 1, Presentation of financial statements: Disclosure of accounting policies. The amendment clarifies in which situations a change in the accounting policy is material and it must be disclosed.
- Amendments to the standard IAS 8, Accounting policies, changes and errors in accounting estimates: Definition of accounting estimates. The amendment clarifies the definition and application of the accounting estimates.

New IFRS standards, amendments to standards and IFRIC interpretations effective on or after January 1, 2023 are not expected to have a material impact on the Group.

CONSOLIDATION PRINCIPLES OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

The Consolidated Financial Statements include the parent company Kemira Oyj and its subsidiaries. Subsidiaries are all entities that the Group has control over (voting rights generally being over 50 percent). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and when it has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which this control ceases.

All intra-group transactions are eliminated. Intra-group shareholdings are eliminated using the acquisition method. The consideration transferred for acquisition of a subsidiary is defined as an aggregate of the fair values of the assets transferred, the liabilities assumed and the equity interest issued by the Group. The consideration transferred may include the fair value of any asset or liability resulting from the contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities that are assumed in a business combination are measured at their fair values on the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The amount that exceeds the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net assets acquired is recognized as goodwill in the Balance Sheet. If this is less than the fair value of the net assets of the subsidiary acquired by bargain purchase, the difference is recognized directly in the Income Statement.

Net profit or loss for the financial year and other comprehensive income attributable to the equity holders of the parent and non-controlling interests are presented in the Income Statement and in the Statement of Comprehensive Income. The portion of equity attributable to non-controlling interests is stated as an individual item separately from the equity to the equity holders of the parent company. Total comprehensive income shows separately the total amounts attributable to the equity holders of the parent company and to non-controlling interests. The Group recognizes negative non-controlling interests, unless the non-controlling interest does not have a binding obligation to cover the losses up to the amount of their investment.

If the parent company's ownership interest in the subsidiary is reduced but control is retained, then the transactions are treated as equity transactions. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured at its fair value, and the difference is recognized as profit or loss.

ASSOCIATES

Associated companies are companies over which the Group exercises significant influence (voting rights generally being 20–50 percent), but does not control. Holdings in associated companies are consolidated using the equity method. If the Group's share of the associate's losses exceeds the carrying amount of the investment, the exceeding losses will not be consolidated unless the Group has a commitment to fulfill the obligations on behalf of the associate. The Group's share of the associated companies' net profit for the financial year is stated as a separate item in the consolidated Income Statement in operating profit, in proportion to the Group's holdings. The Group's share of the movements of its associates in other comprehensive income is recognized in the Group's other comprehensive income.

FOREIGN CURRENCY TRANSLATION

The Consolidated Financial Statements are presented in euros, which is the Group's presentation currency and the parent company's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured by using the currency of the primary economic environment in which the entity operates (the functional currency).

If the functional currency of the subsidiary is other than the euro, its Income Statement is translated into euros using the financial year's average foreign currency exchange rates, and the balance sheets are translated using the exchange rates quoted on the balance sheet date. Translating the net profit for the period using different exchange rates in the Income Statement and in the balance sheet causes a translation difference recognized as equity on the Balance Sheet. The change in this translation difference is presented under Other Comprehensive Income. Goodwill and fair value adjustments to the carrying amounts of the assets and liabilities that arise from the acquisition of a foreign entity are accounted for as part of the assets and liabilities of the foreign entity, and are translated into euros at the rate quoted on the balance sheet date.

Translation differences in the loans granted to some foreign subsidiaries are treated as an increase or decrease in other comprehensive income. When the Group ceases to have control over a subsidiary, the accumulated translation difference is transferred into the Income Statement as part of the gain or loss on the sale.

In their day-to-day accounting, the Group companies translate foreign currency transactions into their functional currency at the exchange rates quoted on the transaction date. In the Financial Statements, foreign currency denominated receivables and liabilities are measured at the exchange rates quoted on the balance sheet date. Non-monetary items are measured using the rates quoted on the transaction date. Any foreign exchange gains and losses related to business operations are treated as adjustments to sales and purchases. Exchange rate differences associated with financing transactions and the hedging of the Group's overall foreign currency position are stated in foreign exchange gains or losses under finance income and expenses.

THE ITEMS IN THE FINANCIAL STATEMENTS THAT INCLUDE ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES THAT REQUIRE JUDGMENT BY THE MANAGEMENT

When preparing Consolidated Financial Statements in accordance with IFRS, the management is required to make accounting estimates and assumptions concerning the future. The resulting accounting estimate will seldom be equal to the actual results. In addition, management is required to exercise judgment when applying the accounting policies.

Estimates and assumptions are continuously evaluated, and are based on past experience and expectations of future events that may have financial implications and are considered to be reasonable under the circumstances.

The following table lists items in the financial statements that include significant accounting estimates and includes the notes related to them. Also included are the accounting policies and the sensitivity analysis applied to the items. The items that include accounting estimates are subject to a risk of changes in the carrying amount of assets and liabilities during the next financial period.

The items in the Financial Statements	Note in the Financial Statements
Goodwill	3.1. Goodwill
Fair value of shares in the PVO Group	3.5. Other shares
Deferred taxes and uncertain tax positions	2.6. Income taxes and 4.4. Deferred tax liabilities and assets
Defined benefit pension plans	4.5. Defined benefit pension plans and employee benefits
Provisions	4.6. Provisions

EFFECTS OF THE UKRAINE WAR ON THE FINANCIAL STATEMENTS

At the end of December 2022, Kemira had no operative business or personnel left in Russia. In 2022, Kemira recorded EUR 4.8 million of losses related to its exit from Russia, which were mostly related to PP&E write-downs (Note 2.4. Depreciation, amortization, and impairments), credit losses (Note 4.2. Trade receivables and other current receivables), and other liabilities. At the end of December 2022, Kemira had approximately EUR 8 million net assets, mainly in cash and cash equivalents, in Russia in Russian roubles. Kemira is looking at options to repatriate funds from Russia.

EFFECTS OF CLIMATE-RELATED MATTERS IN FINANCIAL STATEMENTS

Sustainability is a key driver of Kemira's profitable growth strategy. Sustainability at Kemira focuses on five topics: safety, people, circularity, water, and climate. Kemira's ambition is to be carbon neutral by 2045.

Climate-related matters have an impact in several areas of Kemira's Consolidated Financial Statements. As a chemicals company operating in an energy-intensive industry, Kemira has two Power Purchase Agreements in wind power and an ownership in Pohjolan Voima Oyj and Teollisuuden Voima Oyj (Note 3.5 Other Shares) producing CO2-free electricity with nuclear and hydro power plants in Finland. CO2-emissions and energy efficiency matters are considered in capital investments, thus also affecting non-current assets (Note 3.3 Property, Plant and Equipment) as well as future cash flow forecasts used in goodwill impairment testing (Note 3.1 Goodwill). Kemira has a partnership with Danimer Scientific Inc. to develop fully biobased barrier coatings for paper and board products, generating intangible assets (Note 3.2 Other Intangible Assets).

In addition, Kemira has an undrawn revolving credit facility of EUR 400 million with sustainability targets (Note 5.5 Management of Financial Risk). Kemira's long-term incentive program for years 2023-2025 also includes climate-related targets in the KPIs measured.

2. FINANCIAL PERFORMANCE

2.1 SEGMENT INFORMATION

Kemira's organization consists of two segments: Pulp & Paper and Industry & Water.

PULP & PAPER

Pulp & Paper has expertise in applying chemicals and supporting pulp and paper producers in innovating and constantly improving their operational efficiency. The segment develops and sells products to meet the needs of its customers, thus ensuring a leading portfolio of products and services for the paper wet-end, focusing on packaging and board as well as tissue products.

INDUSTRY & WATER

Industry & Water supports municipalities and water intensive industries in the efficient and sustainable utilization of resources. In water treatment, the segment helps in the optimization of every stage of the water cycle. In the oil and gas industry, the segment helps to improve yield from existing reserves and reduce water and energy use.

ALTERNATIVE PERFORMANCE MEASURES

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

Kemira's alternative performance measures should not be viewed in isolation from the equivalent IFRS measures and should instead be read in conjunction with the most directly comparable IFRS measures. Definitions of the key figures is disclosed in the section Definitions of key figures.

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

INCOME STATEMENT ITEMS

2022, EUR million	Pulp & Paper	Industry & Water	Group
Revenue [1]	2,027.7	1,541.9	3,569.6
EBITDA [2]	336.6	222.2	558.8
Depreciation, amortization and impairments [2]	-123.5	-87.8	-211.2
Share of the results of associates	0.3	0.0	0.3
Operating profit (EBIT) [2]	213.1	134.5	347.6
Finance costs, net			-39.4
Profit before tax			308.2
Income taxes			-68.5
Net profit for the period			239.7

1) Revenue consists mainly of sales of products to external customers, and there is no internal sales between the segments.
2) Includes items affecting comparability.

ITEMS AFFECTING COMPARABILITY IN EBITDA AND EBIT

2022, EUR million	Pulp & Paper	Industry & Water	Group
Operative EBITDA	348.0	223.7	571.6
Restructuring and streamlining programs			-4.5
Transaction and integration expenses in acquisitions			0.0
Divestment of businesses and other disposals			-4.6
Other items			-3.6
Total items affecting comparability	-11.4	-1.4	-12.8
EBITDA	336.6	222.2	558.8
Operative EBIT	225.7	135.9	361.6
Items affecting comparability in EBITDA	-11.4	-1.4	-12.8
Items affecting comparability in depreciation, amortization and impairments	-1.2	0.0	-1.2
Operating profit (EBIT)	213.1	134.5	347.6

Quarterly information on items affecting comparability is disclosed in the section on Reconciliation of IFRS figures.

BALANCE SHEET ITEMS

2022, EUR million	Pulp & Paper	Industry & Water	Group
Segment assets	1,629.4	1,139.8	2,769.2
Reconciliation to total assets as reported in the Group balance sheet:			
Other shares			383.3
Deferred income tax assets			27.1
Other investments			31.0
Defined benefit pension receivables			78.4
Other assets			111.5
Cash and cash equivalents			250.6
Assets classified as held-for-sale			21.3
Total assets			3,651.1
Segment liabilities	354.9	249.0	603.9
Reconciliation to total liabilities as reported in the Group balance sheet:			
Interest-bearing non-current financial liabilities			838.1
Interest-bearing current financial liabilities			183.7
Other liabilities			340.1
Liabilities classified as held-for-sale			0.7
Total liabilities			1,966.5

OTHER ITEMS

2022, EUR million	Pulp & Paper	Industry & Water	Group
Capital employed by segments on Dec 31	1,274.6	890.8	2,165.3
Capital employed by segments [1]	1,337.7	900.3	2,238.0
Operative ROCE, %	16.9	15.1	16.2
Capital expenditure	122.5	75.4	197.9

1) 12-month rolling average

INCOME STATEMENT ITEMS

2021, EUR million	Pulp & Paper	Industry & Water	Group
Revenue [1]	1,559.6	1,114.8	2,674.4
EBITDA [2]	198.3	174.9	373.2
Depreciation, amortization and impairments	-120.6	-82.5	-203.1
Share of the results of associates	-0.5	0.0	-0.5
Operating profit (EBIT) [2]	77.7	92.4	170.1
Finance costs, net			-26.7
Profit before tax			143.3
Income taxes			-28.2
Net profit for the period			115.2

1) Revenue consists mainly of sales of products to external customers, and there is no internal sales between the segments.
2) Includes items affecting comparability.

ITEMS AFFECTING COMPARABILITY IN EBITDA AND EBIT

2021, EUR million	Pulp & Paper	Industry & Water	Group
Operative EBITDA	244.7	180.8	425.5
Restructuring and streamlining programs			-12.3
Transaction and integration expenses in acquisitions			-0.1
Divestment of businesses and other disposals			-28.3
Other items			-11.6
Total items affecting comparability	-46.5	-5.9	-52.4
EBITDA	198.3	174.9	373.2
Operative EBIT	124.3	101.2	225.4
Items affecting comparability in EBITDA	-46.5	-5.9	-52.4
Items affecting comparability in depreciation, amortization and impairments	-0.1	-2.9	-3.0
Operating profit (EBIT)	77.7	92.4	170.1

Quarterly information on items affecting comparability is disclosed in the section Reconciliation of IFRS figures.

BALANCE SHEET ITEMS

2021, EUR million	Pulp & Paper	Industry & Water	Group
Segment assets	1,568.0	1,008.3	2,576.2
Reconciliation to total assets as reported in the Group balance sheet:			
Other shares			260.0
Deferred income tax assets			30.5
Other investments			7.3
Defined benefit pension receivables			73.2
Other assets			49.6
Cash and cash equivalents			142.4
Total assets			3,139.3
Segment liabilities	308.2	196.5	504.8
Reconciliation to total liabilities as reported in the Group balance sheet:			
Interest-bearing non-current financial liabilities			776.9
Interest-bearing current financial liabilities			215.3
Other liabilities			299.6
Total liabilities			1,796.5

OTHER ITEMS

2021, EUR million	Pulp & Paper	Industry & Water	Group
Capital employed by segments on Dec 31	1,259.7	811.8	2,071.5
Capital employed by segments [1]	1,227.4	767.6	1,995.0
Operative ROCE, %	10.1	13.2	11.3
Capital expenditure	89.5	80.3	169.8

1) 12-month rolling average

INFORMATION ABOUT GEOGRAPHICAL AREAS:

REVENUE BY GEOGRAPHICAL AREA BASED ON CUSTOMER LOCATION

EUR million	2022	2021
Finland, domicile of the parent company	546.5	360.1
Other Europe, Middle East and Africa	1,286.0	1,014.5
Americas	1,413.6	1,010.0
Asia Pacific	323.5	289.8
Total	3,569.6	2,674.4

NON-CURRENT ASSETS BY GEOGRAPHICAL AREA

EUR million	2022	2021
Finland, domicile of the parent company	918.9	772.8
Other Europe, Middle East and Africa	499.0	526.7
Americas	619.7	551.3
Asia Pacific	179.7	200.8
Total	2,217.3	2,051.6

Information about major customers

The Group has several significant customers. No more than 10% of the Group's revenue was accumulated from any single external customer in 2022 or 2021.

The Group's accounting policies

Segment reporting

Segment information is presented in a manner consistent with the Group's internal organizational and reporting structure. Kemira's management evaluates the performance of the segments based on operative EBITDA and operative EBIT, among other factors. Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include property, plant and equipment, intangible assets, right-of-use assets, investments in associates, inventories, and certain current non-interest-bearing receivables. Segment liabilities include certain current non-interest-bearing liabilities. Geographically, Kemira's operations are divided into three business regions: Europe, the Middle East and Africa (EMEA), the Americas and the Asia Pacific (APAC).

Revenue recognition

IFRS 15 standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers to an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the good or service underlying the particular performance obligation is transferred to the customer.

The Group's revenue consists mainly of contract types that include sales of chemical products as well as services and equipment which are related to sales of these chemical products. In 2022 and 2021, services have not formed a significant part of the Group's revenue.

Revenue recognition occurs at the point when the control of the products is transferred to the customer. Generally, in the Group's sales agreements, control is transferred to the customer based on delivery terms and the revenue is recognized at a point in time.

The Group provides delivery and handling services in conjunction with the sale of chemical products to customers. The delivery and handling services are recognized at the same time as revenue from products and are not treated as a separate performance obligation. Kemira recognizes the sale of products and the delivery and handling services for the same reporting period.

Discounts provided to customers are not a significant component of the sales price in Kemira's sales contracts.

2.2 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

EUR million	2022	2021
Gains on the sale of non-current assets [1]	10.8	3.0
Rental income	0.6	0.5
Services	2.0	2.3
Other income from operations [2]	4.8	0.2
Total	18.2	5.9

1) In 2022, gains on the sale of non-current assets relate mainly to sold assets in Uruguay. In 2021, 35,000 tons of allowances were sold and the income from them was EUR 2.9 million.

2) In 2022, other income from operations consists mainly of indirect tax credits in Brazil.

OPERATING EXPENSES

EUR million	2022	2021
Materials and supplies [3]	2,033.0	1,440.1
Employee benefit expenses	428.9	370.5
External services and other expenses [4] [5]	332.0	307.9
Freights and delivery expenses	235.4	188.3
Total	3,029.3	2,306.7

3) In 2022, materials and supplies included EUR 5.7 million (7.8) Government grants for energy intensive industry in several European countries.

4) Includes equipment costs, travel expenses, leases, office related expenses, insurances, consulting and other operational expenses.

5) In 2022, other operating expenses included research and development expenses of EUR 32.8 million (28.3) including government grants received. Government grants received for R&D were EUR 0.6 million (0.5). The extent of the grants received reduces the research and development expenses.

EMPLOYEE BENEFIT EXPENSES

EUR million	Note	2022	2021
Wages, salaries and emoluments			
Wages and salaries [6]		323.2	279.3
Share-based payments	2.3.	16.0	8.4
Total		339.2	287.7
Indirect employee benefit expenses			
Expenses for defined benefit pension plans and employee benefits	4.5.	2.3	2.9
Pension expenses for defined contribution plans		29.8	29.2
Other employee benefit costs		57.6	50.7
Total		89.7	82.8
Total employee benefit expenses		428.9	370.5

6) Includes emoluments of Kemira Oyj's CEO and the Board of Directors.

The salaries and fees of Kemira Oyj's CEO and members of the Board of Directors are disclosed in Note 6.1.

NUMBER OF PERSONNEL

	2022	2021
Average number of personnel by geographical area		
Europe, Middle East and Africa	2,497	2,545
Americas	1,513	1,475
Asia Pacific	925	927
Total	4,936	4,947
Personnel in Finland, average	780	784
Personnel outside Finland, average	4,156	4,163
Total	4,936	4,947
Number of personnel on Dec 31	4,902	4,926

AUDITOR'S FEES AND SERVICES

EUR million	2022	2021
Audit fees	1.6	1.4
Tax services	0.3	0.1
Other services	0.1	0.1
Total	1.9	1.6

Ernst & Young Oy is acting as the principal auditor for Kemira Group.

The Group's accounting policies

Government grants

Government grants for investments are recognized as a deduction from the carrying amount of PP&E. The grants are recognized in the income statement as smaller depreciation over the asset's useful life. Government grants for research activities are recognized as a deduction from expenses and certain other grants are recognized in other income from operations.

Research and developments costs

Research and development costs are recognized as an expense as incurred. Development costs are capitalized as intangible assets when it can be shown that a development project will generate a probable future economic benefit, and the costs attributable to the development project can reliably be measured. Capitalized development costs include material, labor, and testing costs, as well as any capitalized borrowing costs that are directly attributable to bringing the asset ready for its intended use. Other development costs that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in the subsequent periods.

2.3 SHARE-BASED PAYMENTS

Share incentive plans 2019–2023

In December 2018, Kemira's Board of Directors of Kemira Oyj decided to establish a long-term incentive plan for 2019–2023. Kemira has a long-term share incentive plan directed towards a group of key employees, which is composed of two one-year performance periods for the years 2019 and 2020, and three three-year performance periods for the years 2019–2021, 2020–2022 and 2021–2023.The Board has decided on the plan's performance criteria and the targets for each criterion at the beginning of each performance period.

The rewards for the performance periods have been paid partly in Kemira Oyj's shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward has been paid if a participant's employment or service has ended before the reward payment. The shares paid as a reward may not be transferred during the restriction period, which ends two years after the end of the performance period. If a participant's employment or service has ended during the restriction period, the participant has, as a rule, gratuitously returned the shares given as a reward without consideration. The restriction period only applies to the one-year performance period.

Share incentive plans 2022–2026

In December 2021, the Board of Directors of Kemira Oyj decided to establish a long-term share incentive plan directed to a group of key employees in Kemira. The long-term share incentive plan includes three three-year performance periods: years 2022–2024, 2023–2025 and 2024–2026. The Board shall decide on the plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period. The Board shall decide on the plan's participants and share allocations at the beginning of each performance period.

The potential reward is paid partly in Kemira Oyj's shares and partly in cash. The cash portion covers taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid if a participants employment or service ends before the reward payment.

Share incentive plan	2019–2021	2020	2020–2022	2021–2023	2022–2024
Performance period (calendar year)	2019–2021	2020	2020–2022	2021–2023	2022–2024
Restriction period of shares	1)	2 years	1)	1)	1)
Issue year of shares	2022	2021	2023	2024	2025
Share price at the grant date	9.90	13.41	13.41	12.57	13.32
Number of transferred shares from the plans	221,128	194,097	—	—	—
Estimated number of shares on December 31, 2022	—	—	256,025	543,232	458,783
Number of participants on December 31, 2022	—	80	78	84	87
Performance criteria	Intrinsic value 2)	Intrinsic value 2)	Intrinsic value 2) and organic growth-%	Intrinsic value 2) and organic growth-%	Intrinsic value 2) and organic growth-%

1) A restriction period is not applied to three-year performance periods.
2) The amount of the reward is based on the intrinsic value which is defined as follows: operative EBITDA * 8 - net debt.

Share incentive plan 2023–2025

Participation in the long-term share incentive plan's performance period 2023–2025 is directed to approximately 90 people. The reward to be paid from the 2023–2025 performance period, if the criteria are fulfilled, will amount up to a maximum of 643,500 Kemira Oyj shares. In addition, a cash proportion covers the taxes and tax-related costs arising from the reward is included.

THE EFFECT OF SHARE-BASED PAYMENTS ON OPERATING PROFIT

EUR million	Note	2022	2021
Rewards provided in shares		7.4	3.9
Rewards provided in cash		8.6	4.5
Total	2.2.	16.0	8.4

The Group's accounting policies

Share-based payments

The Group has equity-settled share-based incentive plans under which the Group receives services from persons as consideration for the share-based rewards. The potential rewards for these services are provided to the person partly in shares and partly in cash. The Group's share incentive plan includes persons in several different countries where the Group is obliged under local tax laws or regulations to pay the tax liability to the tax authorities on behalf of a person in cash. The Group's share-based incentive plans have been entirely classified as an equity-settled transaction.

The rewards granted on the basis of a share-based arrangement are recognized as personnel expenses in the income statement and in equity. The expense is recognized on a straight-line basis over the vesting period, which is the period over which the specified vesting conditions are to be satisfied.

The fair value of the share awards has been determined at the grant date and less the estimated expected dividends that will not be received during the vesting period. The fair value of the rewards is based on the Group's estimate of the number of shares to which the right is expected to vest at the end of the vesting period. An estimate of the number of shares is reviewed at each balance sheet date. The potential effect of revisions to estimates is recognized as a personnel expense in the income statement, with the corresponding fair value adjustment made to equity.

2.4 DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

EUR million	2022	2021
Amortization of intangible assets and depreciation of property, plant and equipment		
Other intangible assets [1]	21.0	24.1
Buildings and constructions	23.3	21.5
Machinery and equipment	123.0	114.9
Other tangible assets	6.3	5.6
Total	173.6	166.2
Depreciations of right-of-use assets		
Land	1.7	1.6
Buildings and constructions	10.2	10.1
Machinery and equipment	24.0	21.8
Other tangible assets	0.8	0.6
Total	36.7	34.1
Impairments of intangible assets and property, plant and equipment [2]		
Goodwill	0.0	1.1
Buildings and constructions	0.1	0.4
Machinery and equipment	0.9	1.0
Other tangible assets	0.0	0.4
Total	1.0	2.9
Total depreciation, amortization and impairments	211.2	203.1

1) Amortization of intangible assets related to business acquisitions amounted to EUR 9.4 million (12.1) during the financial year 2022.

2) In 2022, the impairment losses are related to Kemira's exit from the Russian market due to the war in Ukraine. In 2021, impairment losses were related to plant closure in France.

Goodwill impairment tests are disclosed in Note 3.1. Goodwill.

The Group's accounting policies

Depreciation/amortization

Depreciation/amortization is calculated on a straight-line basis over the asset's estimated useful life. Land is not depreciated. The most commonly applied depreciation/amortization periods according to the Group's accounting policies are presented in the following table.

Depreciation of property, plant and equipment and amortization of intangible assets in years	
Buildings and constructions	20–40
Machinery and equipment	3–15
Development costs	a maximum of 8 years
Customer relationships	5–7
Technologies	5–10
Non-compete agreements	3–5
Other intangible assets	5–10
Right-of-use assets	during a lease term

Depreciation/amortization of an asset begins when it is available for use and it ceases at the moment when the asset is classified under IFRS 5 as held for sale, or is included in the disposal group.

2.5 FINANCE INCOME AND EXPENSES

EUR million	2022	2021
Finance income		
Dividend income	0.0	0.0
Interest income		
Interest income from loans and receivables [1]	3.5	6.1
Interest income from financial assets at fair value through profit or loss	1.1	0.7
Other finance income	0.2	0.0
Total	4.8	6.8
Finance expense		
Interest expenses		
Interest expenses from other liabilities	-23.5	-19.4
Interest expenses from financial liabilities at fair value through profit or loss	-6.6	-3.6
Interest expenses from lease liabilities	-7.1	-6.2
Other finance expenses [2]	-5.1	-4.8
Total	-42.3	-34.1
Exchange differences		
Exchange differences from financial assets and liabilities at fair value through profit or loss	-22.2	9.2
Exchange differences, other	20.2	-8.6
Total	-1.9	0.6
Total finance income and expenses	-39.4	-26.7
Net finance expenses as a percentage of revenue, %	1.1	1.0
Net interest as a percentage of revenue, %	0.9	0.8

EUR million	2022	2021
Change in Consolidated Statement of Comprehensive Income from hedge accounting instruments		
Cash flow hedge accounting: amount recognized in the Consolidated Statement of Comprehensive Income [3]	39.2	19.3
Total	39.2	19.3
Exchange differences		
Realized	20.0	-10.2
Unrealized	-21.9	10.8
Total	-1.9	0.6

1) In 2021, interest income from loans and receivables includes a gain of EUR 5.6 million arising from bond liability management.

2) Includes EUR 1.8 million (1.8) of arrangement fees relating to loans in 2022.

3) Consists mostly from changes in fair value of derivatives under hedge accounting treatment.

2.6 INCOME TAXES

EUR million	2022	2021
Current taxes	-72.6	-30.5
Taxes for prior years	-2.0	-1.9
Change in deferred taxes	6.1	4.3
Total	-68.5	-28.2

RECONCILIATION BETWEEN TAX EXPENSE AND TAX CALCULATED AT DOMESTIC TAX RATE

EUR million	2022	2021
Profit before tax	308.2	143.3
Tax at parent company's tax rate 20%	-61.6	-28.7
Foreign subsidiaries' different tax rate	-4.5	-3.3
Non-deductible expenses and tax-exempt profits	1.6	-1.8
Share of profit or loss of associates	-0.1	-0.1
Tax losses during the period without deferred tax	-1.8	-0.9
Tax for prior years	-2.0	-1.9
Effect of change in tax rates	0.0	0.0
Utilization of prior years' tax losses with no deferred tax	1.2	3.5
Changes in deferred taxes related to prior years	-1.3	5.1
Income taxes in the Income Statement	-68.5	-28.2

In 2022, the effective tax rate of the Group was 22.2% (19.6%).

TAX LOSSES AND RELATED DEFERRED TAXES

	Tax losses carried forward		Recognized deferred taxes		Unrecognized deferred taxes	
EUR million	2022	2021	2022	2021	2022	2021
Expiry within 5 years	67.6	70.2	9.1	8.9	7.3	7.8
Expiry after 5 years	3.7	2.8	0.2	0.7	0.8	0.0
No expiry	119.0	73.0	12.0	1.6	24.4	16.7
Total	190.3	146.0	21.3	11.2	32.4	24.5

At the end of 2022, the subsidiaries had EUR 105.4 million (98.1) tax losses, of which no deferred tax benefits have been recognized. The subsidiaries' tax losses are incurred in different currencies and born mainly in Brazil and China.

The Group's accounting policies

Income taxes

The Group's tax expense for the period comprises current tax, adjustments prior tax periods and deferred tax. Tax is recognized in the income statement, except where it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated based on tax laws enacted or substantively enacted on the balance sheet date in the countries where the parent company and its subsidiaries and associated companies operate and generate taxable income.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Deferred taxes and uncertain tax positions

The management regularly evaluates the positions taken in the tax returns to identify situations where the applicable tax regulation may be subject to interpretation. The management evaluates also other potential uncertainties related to the tax positions identified in the tax audits or tax disputes. Taxes are recognized of uncertain tax positions based on estimated outcome and probability.

2.7 EARNINGS PER SHARE

	2022	2021
Earnings per share, basic		
Net profit attributable to equity owners of the parent company, EUR million	231.7	108.1
Weighted average number of shares [1]	153,319,710	153,092,232
Basic earnings per share, EUR	1.51	0.71
Earnings per share, diluted		
Net profit attributable to equity owners of the parent company, EUR million	231.7	108.1
Weighted average number of shares [1]	153,319,710	153,092,232
Adjustments:		
Average number of treasury shares it is possible to be issued on the basis of the share-based payments	941,054	692,789
Weighted average number of shares for diluted earnings per share	154,260,764	153,785,021
Diluted earnings per share, EUR	1.50	0.70

1) Weighted average number of shares outstanding, excluding the number of treasury shares held by Kemira Oyj.

The Group's accounting policies

Earnings per share

The basic earnings per share are calculated by dividing the profit attributable to the equity owners of the parent company by the weighted average number of shares issued during the period excluding treasury shares held by parent company Kemira Oyj. The diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares with the dilutive effect of all the potential dilutive shares, such as shares from share-based payments.

2.8 OTHER COMPREHENSIVE INCOME

EUR million	2022	2021
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	19.7	35.7
Cash flow hedges	50.4	24.2
Items that will not be reclassified subsequently to profit or loss		
Other shares	123.2	50.2
Remeasurements of defined benefit plans	40.8	26.8
Other comprehensive income for the period before taxes	234.1	136.9
Tax effects relating to components of other comprehensive income	-47.1	-23.8
Other comprehensive income for the period, net of tax	187.1	113.3

THE TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2022			2021		
EUR million	Before tax	Tax charge (-) /credit (+)	After tax	Before tax	Tax charge (-) /credit (+)	After tax
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations	19.7	-2.2	17.5	35.7	-3.5	32.2
Cash flow hedges	50.4	-11.2	39.2	24.2	-4.9	19.3
Items that will not be reclassified subsequently to profit or loss						
Other shares	123.2	-24.7	98.6	50.2	-10.0	40.2
Remeasurements of defined benefit plans	40.8	-9.0	31.8	26.8	-5.4	21.5
Total other comprehensive income	234.1	-47.1	187.1	136.9	-23.8	113.3

3. CAPITAL EXPENDITURES AND ACQUISITIONS

3.1 GOODWILL

EUR Million	Note	2022	2021
Net book value on Jan 1		514.0	504.1
Acquisition of subsidiaries and business acquisitions		0.0	0.0
Impairments [1)]		0.0	-1.1
Transferred to assets classified as held-for-sale [2)]	3.6.	-11.3	0.0
Exchange differences		7.7	11.1
Net book value on Dec 31		510.5	514.0

1) Impairments related to plant closure in France in 2021.

2) In 2022, goodwill is reclassified as held-for-sale assets which is related to the sale of the colorant business within the Pulp & Paper segment. See Note 3.6. for further details regarding the held-for-sale assets.

IMPAIRMENT TESTING OF GOODWILL

Goodwill is allocated to the two individual cash-generating units that are the Group's reportable segments. The reportable segment represents the lowest level within the Group at which goodwill is monitored for internal management purposes. The Group's two reportable segments are Pulp & Paper and Industry & Water. A summary of the tested net book values and goodwill relating to the Group's reportable segments is presented in the following table.

	2022		2021	
EUR Million	Net book value	of which goodwill	Net book value	of which goodwill
Pulp & Paper	1,275	350	1,260	357
Industry & Water	891	160	812	157
Total	2,165	510	2,071	514

The Group carries out its impairment testing of goodwill annually, or whenever there is an indication that the recoverable amount may be less than its carrying amount. The recoverable amounts of cash-generating units have been determined based on value in use calculations which require the use of estimates and assumptions. The key assumptions in value in use calculations are the EBITDA margin and discount rate.

The long-term EBITDA margin assumption used for the impairment testing of goodwill is based on past experience regarding EBITDA margins and reflects the management's perception of developments in sales prices and sales volumes during the forecast period. The impact of climate-related risks to the Group's long-term performance have been considered in the cash flow forecasts. The cash flow forecasts used in the impairment testing are based on cash flow forecasts approved by the management covering a five-year horizon. The expected growth used to extrapolate cash flows in the subsequent five-year forecast period was assumed to be 1% (2021: 1%) in both cash-generating units Pulp & Paper and Industry & Water.

The discount rates applied were based on the Group's adjusted Weighted Average Cost of Capital (WACC) before taxes. The risk-adjusted WACC rate was defined for both cash-generating units. The pre-tax discount rates used in performing the impairment tests of the Group's reportable segments are presented in the following table.

%	2022	2021
Pulp & Paper	8.5	7.5
Industry & Water	8.5	7.5

In addition, an impairment test based on market value has been carried out as part of impairment testing. The value in use calculation based on cash flow forecasts has been validated by comparing it against the quoted market value of Kemira Oyj.

During the financial years 2022 and 2021, impairment tests have not indicated any impairment, and no impairment loss has been recognized in the income statement.

SENSITIVITY ANALYSIS

In 2022, as part of the impairment testing, the Group carried out a sensitivity analysis that assessed key changes in assumptions as follows: a decrease of 2 percentage points in EBITDA margin, a decrease of 10% in estimated cash flow during the forecast period, an increase of 1 and 2 percentage points in the discount rates or a decrease of 10% in cash flows and an increase of 2 percentage points in the discount rate.

Based on the sensitivity analyses carried out, the management has estimated that changes in the key assumptions of EBITDA margins, discount rates and cash flows would not result in the cash-generating units carrying amount exceeding the recoverable amount and therefore there would be no impairment losses recorded in either of the reportable segments.

The Group's accounting policies

Goodwill

Goodwill arises from business combinations. Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less the accumulated impairment losses.

Impairment testing

On each balance sheet date, the Group assesses whether there is any indication of an asset's impairment. If any indication of impairment exists, the recoverable amount of the asset or the cash-generating unit is calculated on the basis of the value in use or the net selling price.

For the purpose of impairment testing goodwill, a cash-generating unit has been defined as an operating segment. Two or more operating segments are not combined into one reportable segment. The recoverable amount of a reportable segment is defined as its value in use, which consists of the discounted future cash flows to the unit. Estimates of future cash flows are based on the continuing use of an asset and forecasts by the management. Cash flow estimates do not include the effects of improved asset performance, investments, or future reorganizations.

Goodwill impairment is tested by comparing the recoverable amount with the carrying amount for the reportable segments Pulp & Paper and Industry & Water. The carrying amount includes goodwill, intangible assets and PP&E, right-of-use assets, and working capital. The Group does not have intangible assets with indefinite useful lives other than goodwill. All goodwill has been allocated to the reportable segments.

An impairment loss is recognized whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. An impairment loss is recognized in the income statement. If there has been a positive change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognized, an impairment loss recognized for previous years is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the previous years. An impairment loss for goodwill is never reversed.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Impairment test of goodwill

The impairment tests of goodwill and other assets include determining future cash flows which, with regard to the most significant assumptions, are based on EBITDA margin and discount rates. Significant adverse developments in cash flows and interest rates may necessitate the recognition of an impairment loss.

3.2 OTHER INTANGIBLE ASSETS

2022, EUR million	Other intangible assets	Prepayments	Total
Acquisition cost on Jan 1	330.5	4.1	334.6
Additions	10.2	7.1	17.3
Purchases of subsidiaries and business acquisitions	0.0	0.0	0.0
Decreases	-3.5	0.0	-3.5
Transferred to assets classified as held-for-sale [1]	-4.0	0.0	-4.0
Reclassifications	0.0	-0.1	-0.1
Exchange rate differences and other changes	0.5	0.0	0.5
Acquisition cost on Dec 31	333.6	11.1	344.8
Accumulated amortization on Jan 1	-267.9		-267.9
Accumulated amortization relating to decreases and transfers	3.5		3.5
Amortization during the financial year	-21.0		-21.0
Impairments	0.0		0.0
Transferred to assets classified as held-for-sale [1]	2.3		2.3
Exchange rate differences	-0.7		-0.7
Accumulated amortization on Dec 31	-283.8		-283.8
Net book value on Dec 31	49.8	11.1	60.9
Emission rights			0.3
Net book value including emission rights on Dec 31			61.2

1) In 2022, other intangible assets amounting EUR 1.8 million are reclassified as held-for-sale assets. These assets are used by the colorant business within the Pulp & Paper segment. See Note 3.6. for further details regarding the held-for-sale assets.

2021, EUR million	Other intangible assets	Prepayments	Total
Acquisition cost on Jan 1	317.7	3.5	321.2
Additions	9.3	0.6	9.9
Purchases of subsidiaries and business acquisitions	0.0	0.0	0.0
Decreases	-3.2	0.0	-3.2
Reclassifications	0.0	-0.1	-0.1
Exchange rate differences and other changes	6.7	0.1	6.8
Acquisition cost on Dec 31	330.5	4.1	334.6
Accumulated amortization on Jan 1	-243.2		-243.2
Accumulated amortization relating to decreases and transfers	3.2		3.2
Amortization during the financial year	-24.1		-24.1
Impairments	0.0		0.0
Exchange rate differences	-3.8		-3.8
Accumulated amortization on Dec 31	-267.9		-267.9
Net book value on Dec 31	62.6	4.1	66.7

The Group holds assigned emissions allowances under the EU Emissions Trading System at its Helsingborg site in Sweden and UK Emission Trading System at its Bradford site in the UK. At the Group level, the allowances showed a surplus of 87,862 tons of carbon dioxide in 2022 (a surplus of 35,386 tons).

Items affecting the income statement related to emission rights are disclosed in Note 2.2. Other operating income and expenses.

The Group's accounting policies

Other intangible assets

Other intangible assets include, for instance, software and software licenses and patents, technologies, non-compete agreements and customer relationships acquired in business combinations. On the contrary, cloud-based software as service acquisitions generally do not, by their nature, meet the characteristics of an intangible asset and are therefore recognized as an expense. Intangible assets are measured at cost less accumulated amortization and any impairment losses. The Group has no intangible assets that have an indefinite useful life other than goodwill.

Emission rights

Emission rights purchased on the market are accounted for as intangible assets measured at cost. Emission rights received free of charge are measured at their nominal value (zero). Emission rights are not amortized. A provision for the fulfillment of the obligation to return emission rights are recognized if the free-of-charge emissions are not sufficient to cover actual emissions. The Group's consolidated balance sheet shows no items related to emission rights when the volume of actual emissions is lower than that of the free-of-charge emissions allowances and the Group has not bought allowances on the market.

3.3 PROPERTY, PLANT AND EQUIPMENT

2022, EUR million	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and assets under construction [1]	Total
Acquisition cost on Jan 1	50.1	551.8	1,827.1	92.7	106.7	2,628.5
Additions	0.2	31.2	93.3	6.7	49.1	180.3
Acquisitions of subsidiaries and business acquisitions	—	—	—	—	—	—
Decreases	-1.7	-34.4	-105.5	-1.9	-0.6	-143.9
Disposed of subsidiaries	—	—	—	—	—	—
Transferred to assets classified as held-for-sale [2]	—	-1.6	-10.2	-0.3	—	-12.0
Reclassifications	—	—	2.5	—	-2.4	0.1
Exchange rate differences and other changes	-1.2	5.0	12.3	0.3	0.3	16.8
Acquisition cost on Dec 31	47.5	552.0	1,819.5	97.5	153.2	2,669.7
Accumulated depreciation on Jan 1	-10.0	-277.0	-1,223.4	-55.0		-1,565.4
Accumulated depreciation related to decreases and transfers	0.1	30.2	100.3	1.8		132.4
Depreciation during the financial year	—	-23.3	-123.0	-6.3		-152.7
Impairments	—	-0.1	-0.9	—		-1.0
Transferred to assets classified as held-for-sale [2]	—	0.8	6.2	0.2		7.2
Exchange rate differences	—	-0.9	-8.7	-0.5		-10.2
Accumulated depreciation on Dec 31	-9.9	-270.2	-1,249.6	-59.9		-1,589.6
Net book value on Dec 31	37.6	281.8	569.9	37.6	153.2	1 080,2

1) Prepayment and non-current assets under construction are mainly comprised of plant investments.

2) In 2022, property, plant and equipment amounting EUR 4.8 million are reclassified as held-for-sale assets. These assets are used by the colorant business within the Pulp & Paper segment. See Note 3.6. for further details regarding the held-for-sale assets.

2021, EUR million	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and assets under construction [1]	Total
Acquisition cost on Jan 1	49.8	499.2	1,709.5	82.5	100.8	2,441.8
Additions	0.1	43.1	99.4	7.5	8.8	158.8
Acquisitions of subsidiaries and business acquisitions [1]	0.0	0.0	0.0	0.0	0.0	0.0
Decreases	0.0	-7.8	-47.9	-1.4	0.0	-57.1
Disposed of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.2	6.5	0.0	-6.5	0.1
Exchange rate differences and other changes	0.3	17.1	59.7	4.2	3.6	84.9
Acquisition cost on Dec 31	50.1	551.8	1,827.1	92.7	106.7	2,628.5
Accumulated depreciation on Jan 1	-9.9	-256.2	-1,117.0	-47.3		-1,430.4
Accumulated depreciation related to decreases and transfers	0.0	7.8	47.7	1.4		57.0
Depreciation during the financial year	0.0	-21.5	-114.9	-5.6		-142.1
Impairments	0.0	-0.4	-1.0	-0.4		-1.8
Exchange rate differences	0.0	-6.6	-38.2	-3.2		-48.1
Accumulated depreciation on Dec 31	-10.0	-277.0	-1,223.4	-55.0		-1,565.4
Net book value on Dec 31	40.2	274.8	603.7	37.7	106.7	1,063.0

1) Prepayment and non-current assets under construction are mainly comprised of plant investments.

The Group's accounting policies

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. The residual values and useful lives of the assets are reviewed at least at the end of each financial year. Gains and losses on the sale of non-current assets are included in other operating income and expenses. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset in question when it is probable that they will generate future economic benefits and the costs can be reliably measured. The costs of major inspections or the overhaul of an asset performed at regular intervals and identified as separate components are capitalized and depreciated over their useful lives.

3.4 LEASES

CHANGE IN RIGHT-OF-USE ASSETS

2022, EUR million	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Total
Net book value Jan 1	33.1	29.5	71.1	2.1	135.8
Additions	0.4	19.0	25.5	0.7	45.6
Depreciation and impairments	-1.7	-10.2	-24.0	-0.8	-36.7
Transferred to assets classified as held-for-sale [1)]	0.0	-0.3	-0.1	0.0	-0.4
Reclassifications	0.0	0.0	0.0	0.0	0.0
Exchange rate differences and other changes	-0.4	-0.1	2.4	-0.1	1.7
Net book value Dec 31	31.5	37.8	74.8	1.9	146.0

2021, EUR million	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Total
Net book value Jan 1	32.5	27.7	59.4	1.5	121.0
Additions	1.0	11.0	29.3	1.3	42.5
Depreciation and impairments	-1.6	-10.1	-21.8	-0.6	-34.1
Reclassifications	0.0	0.0	0.0	0.0	0.0
Exchange rate differences and other changes	1.2	0.9	4.3	0.0	6.4
Net book value Dec 31	33.1	29.5	71.1	2.1	135.8

1) In 2022, right-of-use assets amounting EUR 0.4 million are reclassified as held-for-sale assets. These assets are used by the colorant business within the Pulp & Paper segment. See Note 3.6. for further details regarding the held-for-sale assets.

Maturity of lease liabilities has been presented in Note 5.3. Interest-bearing liabilities. Changes in lease liabilities and payments related to lease liabilities has been presented in Note 5.1. Capital Structure.

In 2022, the amount of lease expenses recognized in the income statement for leases of short-term or low-value assets is EUR 4 million (4).

The Group's accounting policies

Leases

At the time of entering into an agreement, the Group assesses whether it is a lease or whether it contains a lease. An agreement is a lease in accordance with IFRS 16 if the agreement gives the Group, as lessee, the right to control the asset and control its use for a specified period, against consideration. The Group's leases are mainly for land, buildings, and transport equipment.

The lease is recognized as a right-of-use asset and a corresponding liability when the leased asset is available to the Group. The rent paid is divided into debt and interest expenses. Interest expenses are recognized in the income statement over the lease term and the asset is amortized over the lease term. Assets and liabilities arising from leases are initially measured at present value. Lease liabilities include the net fair value of rentals, consisting of a fixed payment and a variable rent that are index- or price-level dependent. The lease liability is discounted to its present value using an interest rate on the additional loan, consisting of the reference interest rate and the lessee's credit margin, which the lessee would pay on the acquisition of the corresponding asset by debt financing. This additional loan rate will vary depending on the duration of the lease and the currency.

The lease term is the period during which the lease cannot be canceled. The Group leases typically have a fixed term, and some contracts have options for renewal. The option is included in the lease liability if it is reasonably certain that the option will be exercised. If there is a change in the estimate of the exercise of the option, the lease liability and the related asset are reassessed.

A right-of-use asset is measured at cost, which includes the original amount of the lease liability. In building leases, lease and non-lease components are treated separately wherever they can be identified and distinguished from the right-of-use asset. In subsequent periods, the accumulated depreciation and impairment losses are deducted from the asset. Fixed assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

Payments for short-term and low-value leases are recognized as an expense in the income statement on a straight-line basis over the lease term. Leases with a maximum term of 12 months are regarded as short-term. Low value assets include IT equipment, office furniture and other low value machines.

3.5 OTHER SHARES

2022, EUR million	The shares of Pohjolan Voima Group	Other non-listed shares	Total
Net book value on Jan 1	257.3	2.7	260.0
Additions	—	—	—
Decreases	—	—	—
Change in fair value	123.2	—	123.2
Net book value on Dec 31	380.6	2.7	383.3

2021, EUR million			
Net book value on Jan 1	210.6	1.7	212.3
Additions [1)]	—	1.0	1.0
Decreases [2)]	-3.5	—	-3.5
Change in fair value	50.2	—	50.2
Net book value on Dec 31	257.3	2.7	260.0

1) Kemira acquired a minority interest in SimAnalytics Oy.
2) Capital repayment of PVO's G5 series shares.

SHARES IN THE POHJOLAN VOIMA GROUP

EUR million	Class of shares	Holding, %	Class of assets	2022	2021
Pohjolan Voima Oyj	A	5	hydro power	126.3	108.4
Pohjolan Voima Oyj	B	2	nuclear power	79.3	43.3
Pohjolan Voima Oyj [1)]	B2	7	nuclear power	21.3	21.3
Teollisuuden Voima Oyj	A	2	nuclear power	152.8	83.4
Other Pohjolan Voima Oyj	C2, G5, G6, M	several	several	0.8	0.8
Total				**380.6**	257.3

1) The plant supplier (AREVA-Siemens consortium) is constructing the Olkiluoto 3 nuclear power plant (OL 3) in Finland with fixed-price turnkey contracts. In spring 2005, the plant supplier started construction work with a contractual obligation to start the electricity production in OL 3 in spring 2009. However, OL 3 has been delayed several times from its original start-up schedule. TVO's release on 21 December 2022 states that the nuclear power plant at the OL3 regular electricity production is to start on March 2023.

Kemira Oyj owns 5% of Pohjolan Voima Oyj, a company of the Pohjolan Voima Group, and 1% of its joint venture Teollisuuden Voima Oyj.

DISCOUNTED CASH FLOW ASSUMPTIONS AND SENSITIVES

	2022	2021
Short-term discount rate	5.1%	3.6%
Long-term discount rate	5.1%	3.7%
Electricity price estimate EUR/MWh	57.62 - 85.80	42.63 - 48.60
Forward electricity prices EUR/MWh	68.60 - 158.10	37.20 - 82.49

A 10% decrease or increase in the electricity market price in the future would negatively or positively impact on the fair value of the shares by approximately EUR +/- 47 million (+/- 37). An increase or decrease of one percentage point in the discount rate would negatively or positively impact on the fair value of the shares by approximately EUR -38 million (-38) or approximately EUR 53 million (63).

The Group's accounting policies

Other shares

Other shares are classified at fair value through other comprehensive income. Changes in the fair value of other shares are recognized in other comprehensive income under equity in the fair value reserve taking the tax effect into account and including gains and losses from sales. The dividends are recognized in the profit or loss statement. Other shares include non-listed companies, the shareholdings in Pohjolan Voima Oyj (PVO) and Teollisuuden Voima Oyj (TVO) representing the largest investments.

PVO and its joint venture TVO comprise a private energy generating group owned by Finnish manufacturing and power companies, to which it supplies energy at cost. Kemira Group has A series shares in TVO and A, B, C, G, and M series shares in PVO. The shareholdings of PVO's B series are related to the holdings in TVO. TVO operates two nuclear power plant units in Olkiluoto in the municipality of Eurajoki, and TVO is also constructing a new nuclear plant unit in Olkiluoto. Different share series entitle the shareholder to electricity generated by different power plants. The owners of each share series are responsible for the fixed costs of the series in question in proportion to the number of the shares, regardless of whether they use their power/energy share or not, and for variable costs in proportion to the amount of energy used.

Kemira Oyj's ownership in the PVO Group, which entitles to electricity from power plants in regular production is measured at the fair value based on the discounted cash flow resulting from the difference between the market price of the electricity and the cost price. In Olkiluoto 3, nuclear power unit belonging to the PVO B2 share series, regular electricity production had not started by 31 December 2022.The forward electricity price quotations for the Finnish price area published by the Nordic Electricity Exchange have been used as the basis for the market price for the electricity for the first five years, and after this, the development of the prices is based on a fundamental simulation model of the Nordic electricity market. The impact of inflation in the coming years is taken into account in the price of the electricity and the cost prices. The cost prices are determined by each share series. Future cash flows have been discounted based on the estimated useful lifecycles of the plants related to each share series, and hydro power also includes terminal value. The discount rate has been calculated using the annually determined average weighted cost of capital.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Estimated fair value of shares in the PVO Group

The Group's shareholding in the unlisted PVO Group is measured at fair value, based on the discounted cash flow resulting from the difference between the market price of electricity and the cost price using the valuation model. Developments in the actual fair value may differ from the estimated value due to factors, such as electricity prices, inflation, the forecast period, or the discount rate.

3.6 ASSETS CLASSIFIED AS HELD-FOR-SALE

ASSETS CLASSIFIED AS HELD-FOR-SALE

EUR million	Note	2022	2021
Goodwill	3.1.	0.0	—
Intangible assets	3.2.	1.8	—
Property, plant and equipment	3.3.	4.8	—
Right-of-use assets	3.4.	0.4	—
Inventories		14.3	—
Total		21.3	—

LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD-FOR-SALE

EUR million	Note	2022	2021
Liabilities of defined benefit plans	4.5.	0.3	—
Liabilities related to right-of-use assets		0.4	—
Total		0.7	—

In Q3 2022, Kemira signed an agreement to sell its colorants business to US based ChromaScape, LLC. Revenue of the business in 2021 was approximately EUR 50 million and 67 employees will be transferred to ChromaScape as part of transaction which is expected to be closed in the first quarter of 2023. The scope includes also one Kemira manufacturing site at Goose Creek, Bushy Park in South Carolina. Kemira will keep its APAC related colorants business.

The assets and liabilities related to a sale of the colorants business has been classified as a disposal group held for sale according to IFRS 5. As a result, the assets and liabilities related to the sale of the colorants business are presented in the consolidated balance sheet on separate lines. The reclassification had an effect on the reported values of balance sheet items and the expected loss from the sale of the colorants business was EUR 15 million. The colorants business is part of Kemira's Pulp & Paper segment.

In the Consolidated Statement of Cash Flow, the line Other non-cash items contains the loss of sale of EUR 15 million, a non-monetary item caused by the sale of the colorants business.

The Group's accounting policies

Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale transaction and a sale is considered highly probable. Since the time of classification, the assets have been valued at the lower of carrying amount and fair value less costs to sell. Depreciation on these assets discontinues at the time of classification. Non-current assets classified as held for sale is disclosed separately in the balance sheet.

4. WORKING CAPITAL AND OTHER BALANCE SHEET ITEMS

NET WORKING CAPITAL

EUR million	Note	2022	2021
Inventories	4.1.	433.7	352.1
Trade receivables and other receivables	4.2.	603.7	475.2
Excluding financing items in other receivables [1]		-71.1	-35.4
Trade payables and other liabilities	4.3.	635.2	538.3
Excluding financing items in other liabilities [1]		-31.4	-33.5
Total		362.4	287.2

1) Includes mainly interest income and expenses, exchange gains and losses and hedging related items.

Quarterly information on net working capital is disclosed in the section on Reconciliation to IFRS figures.

4.1 INVENTORIES

EUR million	2022	2021
Materials and supplies	147.8	111.3
Finished goods	264.7	208.8
Prepayments	21.2	32.0
Total	433.7	352.1

In 2022, EUR 9.2 million (2.6) of the inventory value was recognized as an expense in order to decrease the book values of the inventories to correspond with their net realizable value.

The Group's accounting policies

Inventories

Inventories are measured at the lower of cost and net realizable value. Costs are determined on a first-in first-out (FIFO) basis or by using a weighted average cost formula, depending on the nature of the inventory. The cost of finished goods and work in progress include the proportion of production overheads at normal capacity. The net realizable value is the sales price received in the ordinary course of business less the estimated costs for completing the asset and the sales costs.

4.2 TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

EUR million	2022	2021
Trade and other receivables		
Trade receivables	449.6	373.0
Prepayments	7.1	6.9
Prepaid expenses and accrued income	110.5	62.3
Other current receivables	36.4	32.9
Total	603.7	475.2

AGING OF OUTSTANDING TRADE RECEIVABLES

	2022		
EUR million	Receivables, gross amount	Expected credit losses	Receivables, net amount
Not due trade receivables	389.2	-0.7	388.5
Trade receivables 1-90 days overdue	61.1	-0.1	61.0
Trade receivables more than 91 days overdue	4.7	-4.6	0.1
Total	454.9	-5.3	449.6

	2021		
EUR million	Receivables, gross amount	Expected credit losses	Receivables, net amount
Not due trade receivables	334.6	-0.3	334.3
Trade receivables 1-90 days overdue	38.1	-0.1	38.0
Trade receivables more than 91 days overdue	3.7	-3.0	0.7
Total	376.4	-3.3	373.0

In 2022, the impairment loss (+) /gain(-) of trade receivables amounted to EUR 2.2 million (-0.7) of which EUR 1.6 million related to the closure of Russian operations.

In 2022, items that were due in a time period longer than one year included trade receivables of EUR 0.7 million (0.3), prepaid expenses and an accrued income of EUR 0.5 (10.3), other receivables of EUR 0.3 (0.4) and prepayments of EUR 1.7 (0.4).

The Group's accounting policies

Trade receivables, loan receivables, and other current receivables

Trade receivables, loan receivables, and other current receivables are initially recognized at fair value and subsequently measured at amortized cost, taking impairment into account. These items are subject to a simplified impairment model in accordance with the IFRS 9 standard, where the estimated amount of credit losses is based on the expected credit losses over their expected life.

The expected credit loss rates for the impairment model vary for trade receivables in EMEA, Americas and APAC according to age distribution and geographical area. Credit loss rates are based on sales payment profiles and historical credit losses.

The expected credit losses for trade receivables are recognized using the simplified impairment model in accordance with IFRS 9. The expected credit losses are calculated by multiplying the book value of unpaid trade receivables by the expected credit loss rate according to geographical area. Any overdue trade receivables over 180 days are assessed based on a specific risk assessment. In addition, an estimate of a credit loss is recognized for individual trade receivables when there is objective evidence that the receivables will not be recovered on all the original terms.

Trade receivables, loan receivables and other current receivables do not include a significant financial component.

4.3 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

EUR million	2022	2021
Trade payables and other liabilities		
Prepayments received	2.5	2.5
Trade payables	292.8	285.5
Accrued expenses	277.0	208.8
Other non-interest-bearing current liabilities	63.0	41.4
Total	635.2	538.3

Accrued expenses		
Employee benefits	94.2	73.9
Items related to revenue and purchases	149.8	104.0
Interest	7.2	7.2
Exchange rate differences	2.8	0.8
Other	22.9	22.9
Total	277.0	208.8

The Group's accounting policies

Trade payables and other current liabilities

Trade and other payables are presented as current liabilities if payment is due within 12 months after the financial period. Trade payables are initially recognized at fair value and subsequently measured at amortized cost.

4.4 DEFERRED TAX LIABILITIES AND ASSETS

EUR million	Jan 1, 2022	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired and disposed subsidiaries	Exchange differences and reclassifications	Dec 31, 2022
Deferred tax liabilities							
Depreciations and untaxed reserves	57.3	14.6	0.0	0.0	0.0	1.2	73.2
Other shares	28.0	0.0	24.7	0.0	0.0	0.0	52.7
Defined benefit pensions	14.6	-1.6	3.0	0.0	0.0	0.0	15.9
Fair value adjustments of net assets acquired	1.1	-0.5	0.0	0.0	0.0	0.0	0.6
Other accruals	11.4	-6.2	13.3	2.2	0.0	0.0	20.8
Total	112.4	6.3	40.9	2.2	0.0	1.3	163.1
Deducted from deferred tax assets	-35.3						-44.9
Deferred tax liabilities in the balance sheet	77.1						118.2
Deferred tax assets							
Provisions	20.3	-1.6	0.0	0.0	0.0	1.9	20.7
Tax losses	11.2	-0.1	0.0	0.0	0.0	10.2	21.3
Defined benefit pensions	10.9	0.1	-6.0	0.0	0.0	-2.4	2.6
Other accruals	23.3	14.0	-0.3	0.0	0.0	-9.6	27.5
Total	65.8	12.4	-6.3	0.0	0.0	0.1	72.0
Deducted from deferred tax liabilities	-35.3						-44.9
Deferred tax assets in the balance sheet	30.5						27.1

EUR million	Jan 1, 2021	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired and disposed subsidiaries	Exchange differences and reclassifications	Dec 31, 2021
Deferred tax liabilities							
Depreciations and untaxed reserves	51.6	3.1	0.0	0.0	0.0	2.6	57.3
Other shares	18.0	0.0	10.0	0.0	0.0	0.0	28.0
Defined benefit pensions	10.2	-0.7	5.1	0.0	0.0	0.0	14.6
Fair value adjustments of net assets acquired	1.7	-0.6	0.0	0.0	0.0	0.0	1.1
Other accruals	5.1	-3.2	8.6	0.7	0.0	0.2	11.4
Total	86.5	-1.4	23.8	0.7	0.0	2.7	112.4
Deducted from deferred tax assets	-34.6						-35.3
Deferred tax liabilities in the balance sheet	52.0						77.1
Deferred tax assets							
Provisions	17.9	2.6	0.0	0.0	0.0	-0.1	20.3
Tax losses	13.6	-2.9	0.0	0.0	0.0	0.5	11.2
Defined benefit pensions	11.6	-0.3	-0.4	0.0	0.0	-0.1	10.9
Other accruals	19.0	3.4	0.3	0.0	0.0	0.6	23.3
Total	62.1	2.9	-0.1	0.0	0.0	0.9	65.8
Deducted from deferred tax liabilities	-34.6						-35.3
Deferred tax assets in the balance sheet	27.6						30.5

The Group's accounting policies

Deferred taxes

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred tax in the initial recognition of goodwill is recognized only in cases where goodwill is locally tax deductible. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that a future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to the income taxes levied by the same taxation authority on either the same tax entity or different taxable entities where there is an intention to settle the balances on a net basis.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Deferred taxes
For the recognition of deferred tax assets for tax losses and other items, the management assesses the amount of a probable future taxable profit against which unused tax assets can be utilized. Actual profits may differ from the forecasts and in such cases affect taxes in future periods.

4.5 DEFINED BENEFIT PENSION PLANS AND EMPLOYEE BENEFITS

The Group has several defined benefit pension plans and other employee benefit obligations. The main defined benefit pension plans are in Finland, Sweden, Germany, and the UK.

Finland

The Group's most significant defined benefit plan is in Finland, through Pension Fund Neliapila, which takes care of part of some employees' supplementary pension benefits. The Pension Fund Neliapila covers employees whose employment with Kemira began before January 1, 1991, meaning that the fund is closed to new employees. Currently the majority of the members of Pension Fund Neliapila are pensioners. At the end of 2022, the obligations of Pension Fund Neliapila totaled EUR 156.9 million (203.9) and assets of the plan totaled EUR 235.3 million (277.1).

Pension Fund Neliapila's supplementary benefit includes old-age pensions, disability pensions, survivors' pensions and funeral grants. The aggregated pension benefit is 66 percent of the pension salary. To qualify for a full pension, an employee must have accrued a pensionable service of 25 years. The supplementary pension benefit is the difference between the aggregated and compulsory pension benefits.

Sweden

In Sweden, there is a defined benefit pension plan called the ITP 2 plan for white-collar employees. To qualify for a full pension, an employee must have a projected period of pensionable service, from the date of entry until retirement age, of at least 30 years. The pension arrangements comprise the normal retirement pension, complementary retirement pensions and a survivors' pension. In addition, Kemira must have credit insurance from PRI Pensionsgaranti Mutual Insurance Company for the ITP 2 plan pension liability. At the end of 2022, the defined benefit obligations in Sweden totaled EUR 38.3 million (53.7).

ASSETS AND LIABILITIES OF DEFINED BENEFIT PLANS RECOGNIZED IN THE BALANCE SHEET

EUR million	2022	2021
Present value of defined benefit obligations	231.5	312.0
Fair value of plans' assets	-244.4	-292.0
Surplus (-) / Deficit (+)	-12.8	20.0
The effect of asset ceiling	1.4	0.8
Net receivables (-) / liabilities (+) of defined benefit plans recognized in the Balance Sheet	-11.4	20.9
Liabilities of defined benefit plans	66.9	94.1
Receivables of defined benefit plans	-78.4	-73.2
Net receivables (-) / liabilities (+) of defined benefit plans recognized in the Balance Sheet	-11.4	20.9
AMOUNTS OF DEFINED BENEFIT PLANS RECOGNISED IN THE INCOME STATEMENT		
Service costs	2.3	2.9
Net interest cost [1)]	0.7	0.7
Defined benefit plans' expenses (+) / income (-) in the Income Statement	3.0	3.6

1) Net interest costs are presented in net finance costs, in the Consolidated Income Statement.

DEFINED BENEFIT PLANS RECOGNIZED IN THE OTHER COMPREHENSIVE INCOME

EUR million	2022	2021
Items resulting from remeasurements of defined benefit plans [2]		
Actuarial gains (-) / losses (+) in defined benefit obligations arising from changes in demographic assumptions	-0.4	0.0
Actuarial gains (-) / losses (+) in defined benefit obligations arising from changes in financial assumptions [3]	-70.3	1.2
Actuarial gains (-) / losses (+) in defined benefit obligations arising from experience based assumptions	9.7	1.6
Actuarial gains (-) / losses (+) in plan assets [3]	23.3	-30.3
Effect from asset ceiling	0.8	0.8
Defined benefit plans' expenses (+) / income (-) in the other comprehensive income	-37.0	-26.8

2) The remeasurements of defined benefit plans are included in the Statement of Comprehensive Income as part of Other comprehensive income. The item has been disclosed net of tax and the related income tax is disclosed in Note 2.8. Other comprehensive income.

3) In 2022 and 2021, the actuarial gains and losses are mainly due to return on assets, change in the discount rate and inflation in pension plan in Sweden and Pension Fund Neliapila.

CHANGES IN PLAN ASSETS OVER THE PERIOD IN DEFINED BENEFIT PLANS

EUR million	2022	2021
Defined benefit obligation on Jan 1	312.0	321.6
Current service costs	2.3	2.8
Interest costs	3.6	1.7
Actuarial losses (+) / gains (-)	-61.1	2.8
Exchange differences on foreign plans	-4.7	-0.2
Benefits paid	-16.2	-16.7
Curtailments and settlements [4]	-3.4	-0.3
Transferred to liabilities classified as held-for-sale	-0.4	—
Other items	-0.6	0.4
Present value of defined benefit obligations on Dec 31	231.5	312.0

4) In 2022, the defined benefit (DB) pension plan has been converted to a defined contribution plan In Norway. DB pension obligations have been transferred to an insurance company.

CHANGES IN PLAN ASSETS OVER THE PERIOD IN DEFINED BENEFIT PLANS

EUR million	2022	2021
Fair value on Jan 1	292.0	276.4
Interest income	2.9	0.9
Contributions	0.2	0.3
Return of surplus assets [5]	-10.0	-3.0
Actuarial losses (-) / gains (+)	-23.3	30.3
Exchange differences on foreign plans	-0.6	0.6
Benefits paid	-12.8	-13.4
Curtailments and settlements [4]	-3.5	—
Transferred to assets classified as held-for-sale	-0.1	—
Other items	-0.4	-0.2
Fair value of plan assets on Dec 31	244.4	292.0

5) In 2022, Pension Fund Neliapila paid to a surplus return of EUR 10 million (3) to Kemira Group companies.

PLAN ASSETS BY ASSET CATEGORY IN DEFINED BENEFIT PLANS

EUR million	2022	2021
Interest rate investments and other assets	124.2	176.1
Shares and share funds	75.8	90.0
Properties occupied by the Group	42.8	24.3
Kemira Oyj's shares	1.6	1.5
Total assets	244.4	292.0

The Finnish Pension Fund Neliapila has most of the defined benefit plan's assets. At the end of 2022, the Pension Fund Neliapila's assets amounted to EUR 235.3 million (277.1), which consisted of interest rate investments and other assets of EUR 115.7 million (163.9), shares and share funds of EUR 75.1 million (87.3), properties of EUR 42.8 million (24.3), and Kemira Oyj's shares of EUR 1.6 million (1.5). In the Pension Fund Neliapila, the investment position is managed within an asset-liability matching (ALM) framework that has been developed to combine long-term investments in line with the obligations under the pension plan. In Pension Fund Neliapila, a market risk can be considered a significant investment risk. The market risk arising from cyclical fluctuations of the financial market, is managed by ensuring that the investment position is sufficiently diversified.

The income (+) / expense (-) of the actual returns on the plan assets of the Group's defined benefit plan were EUR -20.5 million (31.3).

SIGNIFICANT ACTUARIAL ASSUMPTIONS

%	2022	2021
Discount rate	3.7–4.7	1.0–1.8
Inflation rate	2.0–3.2	1.5–3.3
Future salary increases	2.5–3.2	2.0–2.7
Future pension increases	2.1–2.8	1.8–2.3

The significant assumptions used in calculating the obligations of the Finnish Pension Fund Neliapila were as follows: discount rate 3.8% (1.0%), inflation rate 2.6% (2.0%), future salary increases 2.6% (2.0%), and future pension increases 2.8% (2.3%).

Sensitivity analysis

The sensitivity analysis is based on keeping other assumptions constant when one assumption is changed. In practice, this is unlikely to occur and changes in some of the assumptions may correlate with each other. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension liability recognized within the balance sheet.

If the discount rate would be 0.5 percentage points lower in all of the significant countries, the defined benefit obligation would increase by EUR 10.5 million (4.5%), if all other assumptions were held constant.

SENSITIVITY ANALYSIS - PENSION FUND NELIAPILA IN FINLAND

	Defined benefit obligation		Impact on defined benefit obligation	
EUR million	2022	2021	2022	2021
Discount rate 3.8% (1.0%)	156.9	203.9		
Discount rate +0.5%	149.8	192.6	-4.5%	-5.6%
Discount rate -0.5%	164.6	216.5	4.9%	6.1%
Future pension increases 2.8% (2.3%)	156.9	203.9		
Future pension increases +0.5%	163.8	215.1	4.4%	5.5%
Future pension increases -0.5%	150.5	193.7	-4.1%	-5.0%

A change in the mortality assumption where life expectancy is increased by one year will increase the defined benefit obligation by EUR 6.7 million (4.3%).

SENSITIVITY ANALYSIS - ITP 2 PENSION PLAN IN SWEDEN

	Defined benefit obligation		Impact on defined benefit obligation	
EUR million	2022	2021	2022	2021
Discount rate 3.65% (1.7%)	38.3	53.7		
Discount rate +0.5%	36.0	49.7	-6.0%	-7.4%
Discount rate -0.5%	40.8	58.1	6.7%	8.2%
Future salary increases 2.5% (2.7%)	38.3	53.7		
Future salary increases +0.5%	39.0	55.0	1.8%	2.4%
Future salary increases -0.5%	37.6	52.5	-1.7%	-2.2%

A change in the mortality assumption where life expectancy is increased by one year will increase the defined benefit obligation by EUR 1.5 million (4.0%).

Expected contributions to the defined benefit plans for the year ending on December 31, 2023, are EUR 3.6 million.

The Group's accounting policies

Defined benefit pension plans and employee benefits
The Group has different post-employment schemes, including both defined contribution and defined benefit pension plans in accordance with the local legislation and practices of the countries in which it operates. Pension plans are generally funded through contributions to pension insurance companies or a separate pension fund.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as their compensation level and years of service.

The liability recognized in the balance sheet in respect to the defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and with their terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates for government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Current service costs are included in the Consolidated Income Statement in the employee benefit expenses and net interest costs on finance income and finance expense. Past service costs are recognized immediately in profit or loss.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Defined benefit pension plans
Determining pension liabilities under defined benefit pension plans includes a number of actuarial assumptions, and significant changes in these assumptions may affect the amounts of pension liabilities and expenses. Actuarial calculations include assumptions by the management, such as the discount rate and assumptions of salary increases and the termination of employment contracts. The pension liability is calculated by independent actuaries.

4.6 PROVISIONS

EUR million	Personnel related provisions	Restructuring provisions	Environmental provisions [1]	Other provisions [2]	Total
Non-current provisions					
On January 1, 2022	0.4	0.0	19.2	28.4	48.0
Exchange rate differences	0.0	0.0	0.0	0.0	0.1
Additional provisions and increases in existing provisions	0.0	0.0	3.6	0.0	3.6
Used during the financial year	-0.2	0.0	-0.3	-0.3	-0.9
Unused provisions reversed	-0.1	0.0	-0.3	0.0	-0.4
Reclassification	0.0	0.0	-4.9	-7.2	-12.1
On December 31, 2022	0.1	0.0	17.3	20.9	38.4
Current provisions					
On January 1, 2022	2.7	0.4	15.2	4.9	23.1
Exchange rate differences	0.0	0.0	-0.1	0.0	-0.1
Additional provisions and increases in existing provisions	0.5	0.0	0.2	1.3	2.0
Used during the financial year	-2.2	-0.3	-9.5	-6.0	-18.0
Unused provisions reversed	-0.1	-0.1	-0.1	0.0	-0.3
Reclassification	-0.6	0.0	4.6	8.1	12.1
On December 31, 2022	0.4	0.0	10.1	8.3	18.8

1) The Group's operations in the chemical industry are governed by numerous international agreements as well as regional and national legislation all over the world. The Group treats its environmental liabilities and risks according to established internal principles and procedures. In 2022, provisions for environmental remediation totaled EUR 27.4 million (34.4). The biggest provisions relate to site closures and reconditioning of the sediment of a lake in Vaasa, Finland.

2) Other provisions totaled EUR 29.2 million (33.3). In 2022, Kemira recognized a liability related to the obligation to return emission rights of EUR 1.3 million regarding the site in Bradford, UK. The biggest provisions relate to expected liabilities for energy company producing steam in Pori, Finland, owned via Pohjolan Voima.

EUR million	2022	2021
Breakdown of the total amount of provisions		
Non-current provisions	38.4	48.0
Current provisions	18.8	23.1
Total	57.2	71.1

The Group's accounting policies

Provisions

Provisions for restructuring costs, personnel related costs, environmental obligations, legal claims, and onerous contracts are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of this obligation can be made. A restructuring provision is recognized when there is a detailed and appropriate plan prepared for it and the implementation of the plan has begun or has been notified to those whom the restructuring concerns.

The amount recognized as a provision is the present value of the expenditure expected to be required to settle the obligation on the balance sheet date using a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Provisions

Recognizing provisions requires the management's estimates, since the precise amount of obligations related to the provisions is not known when preparing the Financial Statements.

5. CAPITAL STRUCTURE AND FINANCIAL RISKS

5.1 CAPITAL STRUCTURE

EUR million	2022	2021
Equity	1,684.6	1,342.7
Total assets	3,651.1	3,139.3
Gearing, % [1]	46	63
Equity ratio, % [2]	46	43

1) The definition of the key figure for Gearing is 100 × Interest-bearing net liabilities / Total equity.
2) The definition of the key figure for the Equity ratio is 100 × Total equity / (Total assets - prepayments received).

INTEREST-BEARING NET LIABILITIES

EUR million	Note	2022	2021
Non-current interest-bearing liabilities	5.3.	838.1	776.9
Current interest-bearing liabilities	5.3.	183.7	215.3
Interest-bearing liabilities		1,021.8	992.2
Cash and cash equivalents	5.4.	250.6	142.4
Interest-bearing net liabilities		771.2	849.8

Quarterly information on interest-bearing net liabilities is disclosed in the section on the Reconciliation with IFRS figures.

Kemira aims at above-the-market revenue growth with an operative EBITDA margin of 15–18%. The gearing target is below 75%. The revolving credit facility agreement and some bilateral loan agreements contain a covenant according to which company gearing must be below 115%.

The Board of Directors proposes a per-share dividend of EUR 0.62 for 2022 (0.58), corresponding to a dividend payout ratio of 41% (82%). Kemira's dividend policy aims at a competitive dividend that increases over time.

The Group's accounting policies

Dividend distribution
Any dividend proposed by the Board of Directors is not deducted from distributable equity until it has been approved by the Annual General Meeting.

Interest-bearing liabilities and cash and cash equivalents
The accounting policies for interest-bearing liabilities and cash and cash equivalents are described in Note 5.4. Financial assets and liabilities by measurement category.

INTEREST-BEARING NET LIABILITIES CONNECTED IN CASH FLOW STATEMENTS

EUR million	Non-current interest-bearing liabilities including payments of non-current portion	Current interest-bearing liabilities	Interest-bearing liabilities total	Cash and cash equivalents	Interest-bearing net liabilities
Net book value on Jan 1, 2022	865.0	127.1	992.2	142.4	849.8
Change in net liabilities with cash flows					
Proceeds from non-current liabilities (+)	195.9		195.9		195.9
Payments of non-current liabilities (-)	-202.8		-202.8		-202.8
Payments of lease liabilities (-)	-35.1		-35.1		-35.1
Proceeds from current liabilities (+) and payments (-)		21.4	21.4		21.4
Change in cash and cash equivalents				105.9	-105.9
Change in net liabilities without cash flows					
Increases in lease liabilities (+)	44.5		44.5		44.5
Effect on change in exchange gains and losses	5.0	-2.5	2.5	2.3	0.2
Other changes without cash flows	2.9	0.2	3.2	—	3.2
Net book value on Dec 31, 2022	875.5	146.3	1,021.8	250.6	771.2

EUR million	Non-current interest-bearing liabilities including payments of non-current portion	Current interest-bearing liabilities	Interest-bearing liabilities total	Cash and cash equivalents	Interest-bearing net liabilities
Net book value on Jan 1, 2021	751.1	167.7	918.8	159.5	759.3
Change in net liabilities with cash flows					
Proceeds from non-current liabilities (+)	200.0		200.0		200.0
Payments of non-current liabilities (-)	-97.3		-97.3		-97.3
Payments of lease liabilities (-)	-33.1		-33.1		-33.1
Proceeds from current liabilities (+) and payments (-)		-53.9	-53.9		-53.9
Change in cash and cash equivalents				-22.2	22.2
Change in net liabilities without cash flows					
Increases in lease liabilities (+)	42.1		42.1		42.1
Effect on change in exchange gains and losses	10.1	13.2	23.3	5.1	18.2
Other changes without cash flows	-8.0	0.1	-7.9	—	-7.9
Net book value on Dec 31, 2021	865.0	127.1	992.2	142.4	849.8

5.2 SHAREHOLDERS' EQUITY

SHARE CAPITAL AND TREASURY SHARES

EUR million	Number of shares outstanding (1,000)	Number of treasury shares (1,000)	Number of shares (1,000)	Book value of share capital	Book value of treasury shares
January 1, 2022	153,127	2,215	155,343	221.8	14.9
Treasury shares issued to the participants in the share incentive plan 2019-2021	221	-221	—	—	-1.5
Treasury shares issued to the Board of Directors	16	-16	—	—	-0.1
The shares returned by the participants from the share incentive plans	-13	13	—	—	0.1
December 31, 2022	153,352	1,990	155,343	221.8	13.4
January 1, 2021	152,924	2,418	155,343	221.8	16.3
Treasury shares issued to the participants in the share incentive plan 2020	195	-195	—	—	-1.3
Treasury shares issued to the Board of Directors	11	-11	—	—	-0.1
The shares returned by the participants from the share incentive plans	-3	3	—	—	0.0
December 31, 2021	153,127	2,215	155,343	221.8	14.9

Kemira Oyj has one class of shares. Each share entitles its holder to one vote at the Annual General Meeting. On December 31, 2022, the share capital was EUR 221.8 million and the number of shares was 155,342,557 including 1,990,197 treasury shares. Under the Articles of Association of Kemira Oyj, the company does not have a minimum or maximum share capital or a par value for a share. All issued shares have been fully paid.

Kemira had possession of 1,990,197 (2,215,073) treasury shares on December 31, 2022.

The average share price of the treasury shares was EUR 6.73, and they represented 1.3% (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 2.8 million (3.2).

Share premium

The share premium is a reserve accumulated through subscriptions entitled by the management stock option program of 2001. This reserve is based on the old Finnish Companies Act (734/1978), and the value of the reserve will no longer change.

Fair value reserves

The fair value reserve is a reserve accumulated based on other shares measured at fair value and hedge accounting.

Other reserves

Other reserves originate from local legal requirements. On December 31, 2022, other reserves were EUR 4.0 million (4.0).

Unrestricted equity reserve

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.

Exchange differences

The foreign currency exchange differences arise from the translation of foreign subsidiaries' financial statements. Additionally, loans have been granted to some foreign subsidiaries, and the exchange differences of these have been included in foreign currency exchange differences.

The Group's accounting policies

Treasury shares

Purchases of own shares (treasury shares), including the related costs, are deducted directly from equity in the Consolidated Financial Statements.

5.3 INTEREST-BEARING LIABILITIES

MATURITY OF INTEREST-BEARING LIABILITIES

2022, EUR million	2023	2024	2025	2026	2027	2028–	Book value, total
Loans from financial institutions	—	—	192.4	—	120.0	—	312.4
Bonds	—	199.9	—	—	—	191.2	391.0
Lease liabilities	30.9	24.6	17.9	13.8	8.7	53.0	148.9
Other non-current liabilities	15.9	0.8	—	—	—	—	16.7
Other current liabilities	152.8	—	—	—	—	—	152.8
Total amortizations of interest-bearing liabilities	199.6	225.2	210.2	13.8	128.7	244.2	1,021.8

2021, EUR million	2022	2023	2024	2025	2026	2027–	Book value, total
Loans from financial institutions	—	149.3	—	129.8	—	—	279.1
Bonds	52.8	—	197.3	—	—	191.3	441.4
Lease liabilities	28.7	24.4	17.8	11.8	9.0	45.1	136.8
Other non-current liabilities	—	1.0	—	—	—	—	1.0
Other current liabilities	133.8	—	—	—	—	—	133.8
Total amortizations of interest-bearing liabilities	215.3	174.7	215.1	141.6	9.0	236.4	992.2

At year-end 2022, the Group's interest-bearing net liabilities were EUR 771.2 million (849.8). For more information, see Note 5.1. Capital structure.

MATURITY OF NON-CURRENT INTEREST-BEARING LIABILITIES BY CURRENCIES

2022 Currency, EUR million	2023	2024	2025	2026	2027	2028–	Book value, total
EUR	23.6	206.6	153.4	2.2	121.8	206.4	714.1
USD	15.8	12.4	52.9	9.4	6.3	24.3	121.1
GBP	0.7	0.8	0.6	0.3	0.1	10.1	12.7
Other	13.2	5.5	3.3	1.9	0.5	3.3	27.7
Total	53.4	225.2	210.2	13.8	128.7	244.2	875.5

2021 Currency, EUR million	2022	2023	2024	2025	2026	2027–	Book value, total
EUR	60.5	156.0	201.6	92.2	1.9	208.1	720.3
USD	14.6	13.8	9.3	46.7	5.6	13.8	103.8
GBP	0.5	0.5	0.5	0.4	0.1	10.7	12.7
Other	12.6	4.3	3.8	2.4	1.4	3.7	28.2
Total	88.2	174.7	215.1	141.6	9.0	236.4	865.0

5.4 FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES

FINANCIAL ASSETS

		2022					2021				
		Book	Fair values				Book	Fair values			
EUR million	Note	values	Level 1	Level 2	Level 3	Total	values	Level 1	Level 2	Level 3	Total
Fair value through profit and loss	5.6.										
Derivatives not qualifying for hedge accounting		13.3	—	13.3	—	13.3	1.3	—	1.3	—	1.3
Fair value through other comprehensive income	5.6.										
Derivatives qualifying for hedge accounting											
Cash flow hedges [1]		81.7	—	81.7	—	81.7	32.7	—	32.7	—	32.7
Other shares	3.5.										
The shares of Pohjolan Voima Group		380.6	—	—	380.6	380.6	257.3	—	—	257.3	257.3
Other non-listed shares		2.7	—	—	2.7	2.7	2.7	—	—	2.7	2.7
Amortized cost											
Other non-current assets [2]		6.6	—	6.6	—	6.6	7.3	—	7.3	—	7.3
Other current receivables [2]		0.3	—	0.3	—	0.3	0.3	—	0.3	—	0.3
Trade receivables [2]	4.2.	449.6	—	449.6	—	449.6	373.0	—	373.0	—	373.0
Cash and cash equivalents											
Cash in hand and at bank accounts		245.3	—	245.3	—	245.3	138.7	—	138.7	—	138.7
Deposits and money market investments [3]		5.3	—	5.3	—	5.3	3.7	—	3.7	—	3.7
Total financial assets		1,185.4	—	802.1	383.3	1,185.4	817.0	—	557.0	260.0	817.0

1) Includes derivative contracts of EUR 24.4 million (7.7) maturing after the year 2023.
2) In 2022, other non-current assets and Other current receivables include expected credit losses of EUR 0.4 million (0.4) in accordance with the IFRS 9 standard. Trade receivables include expected credit losses of EUR 5.3 million (3.3). Trade receivables are disclosed in more detail in Note 4.2. Trade receivables and other receivables.
3) Deposits and money market investments comprise bank deposits and other liquid investments with a maximum original maturity of three months.

FINANCIAL LIABILITIES

		2022					2021				
		Book	Fair values				Book	Fair values			
EUR million	Note	values	Level 1	Level 2	Level 3	Total	values	Level 1	Level 2	Level 3	Total
Fair value through profit and loss	5.6.										
Derivatives not qualifying for hedge accounting		2.3	—	2.3	—	2.3	6.9	—	6.9	—	6.9
Fair value through other comprehensive income	5.6.										
Derivatives qualifying for hedge accounting											
Cash flow hedges		1.6	—	1.6	—	1.6	1.6	—	1.6	—	1.6
Amortized cost											
Interest-bearing liabilities	5.3.										
Non-current loans from financial institutions		312.4	—	312.2	—	312.2	279.1	—	290.5	—	290.5
Bonds		391.1	—	379.2	—	379.2	388.6	—	415.2	—	415.2
Current portion		—	—	—	—	—	52.8	—	54.7	—	54.7
Non-current leasing liabilities		118.0	—	118.0	—	118.0	108.1	—	108.1	—	108.1
Current portion		30.9	—	30.9	—	30.9	28.7	—	28.7	—	28.7
Other non-current liabilities		16.7	—	16.6	—	16.6	1.0	—	1.0	—	1.0
Current portion		6.5	—	6.8	—	6.8	6.7	—	6.9	—	6.9
Current loans from financial institutions		146.3	—	146.1	—	146.1	127.1	—	131.9	—	131.9
Non-interest-bearing liabilities											
Other non-current liabilities		9.3	—	9.3	—	9.3	9.4	—	9.4	—	9.4
Other current liabilities		45.5	—	45.5	—	45.5	23.5	—	23.5	—	23.5
Trade payables	4.3.	292.8	—	292.8	—	292.8	285.5	—	285.5	—	285.5
Total financial liabilities		1,373.2	—	1,361.2	—	1,361.2	1,319.1	—	1,364.1	—	1,364.1

1) Includes derivative contracts of EUR -0.0 million (-0.0) maturing after the year 2023.

There were no transfers between levels 1–3 during the financial year.

Level 3 specification, financial assets EUR million	2022	2021
Net book value on Jan 1	260.0	212.3
Effect on other comprehensive income	123.2	50.2
Increases	—	1.0
Decreases	—	-3.5
Net book value on Dec 31	383.3	260.0

The Group's accounting policies

When a financial asset or financial liability is initially recognized on the trade date, it is measured at cost, which equals the fair value of the consideration given or received.

Financial Assets

The Group's financial assets are classified for subsequent measurement as financial assets at fair value through profit or loss, at amortized cost and at fair value through other comprehensive income.

Category	Financial instrument
Fair value through profit or loss	Currency forward contracts, currency swaps, interest rate swaps, electricity forwards, electricity futures, electricity options, certificates of deposit and commercial papers
Amortized cost	Non-current loan receivables, cash at bank and in hand, bank deposits, trade receivables and other receivables
Fair value through other comprehensive income	Other investments: shares; derivatives qualifying for hedge accounting (cash flow or fair value hedging)

Financial assets at fair value through income statements

All derivatives are recognized at fair value on the balance sheet. Fair value is the amount for which an asset could be exchanged or loans paid between knowledgeable, willing parties in an arm's length transaction. These derivative contracts to which hedge accounting in accordance with IFRS 9 is not applied are classified as financial assets at fair value through profit or loss. In the balance sheet, these derivative contracts are shown under prepaid expenses and accrued income and accrued expenses and prepaid income. Any gains or losses arising from changes in fair value are recognized through profit or loss on the transaction date.

Financial assets at amortized cost

Financial assets at amortized cost include non-current receivables carried at amortized cost using the effective interest rate method and accounting for any impairment.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, demand deposits and other short-term, highly liquid investments. Items classified as cash and cash equivalents have a maximum maturity of three months from the date of purchase. Credit facilities in use are included in current interest-bearing liabilities.

Financial assets at fair value through other comprehensive income

The accounting policy of Other shares is described in Notes 3.5. Other shares. The accounting treatment of change in the fair value of the derivatives qualifying for hedge accounting is presented in 5.6. Derivatives.

Impairment of financial assets

The Group assesses any impairment losses on its financial instruments on each balance sheet date. An impairment of a financial asset is recognized in accordance with the requirements of the expected credit loss model of the IFRS 9 standard. For items measured at an amortized cost, the amount of the impairment loss equals the difference between the asset's carrying amount and the present value of estimated future cash flows from the receivable. This is discounted at the financial asset's original effective interest rate. For items measured at fair value, the fair value determines the amount of impairment. Impairment charges are recognized in the income statement.

The Group sells certain trade receivables to finance companies within the framework of limits stipulated in the agreement. The credit risk associated with these sold receivables and contractual rights to the financial assets in question are transferred from the Group on the selling date. The related expenses are recognized in the financial expenses.

Financial liabilities

Financial liabilities are classified as financial liabilities accounted at fair value through profit or loss, at amortized cost and at fair value through other comprehensive income. Financial liabilities at fair value through profit or loss include derivatives to which hedge accounting is not applied, whereas derivatives which are qualified for hedge accounting are booked at fair value through other comprehensive income.

Other financial liabilities are initially recognized in the balance sheet at the initial value of received net assets with direct costs deducted. Later, these financial liabilities are measured at amortized cost, and the difference between the received net assets and amortizations is recognized as an interest cost over the loan term. Changes in the fair value of loans under fair value hedge accounting are booked in the income statement together with the changes in the fair value of derivatives under fair value hedge accounting.

If the terms of a loan measured at amortized cost are modified and the loan is not derecognized, the gain or loss of the modification is booked in the income statement at the point of modification and amortized over the life of the modified loan. Profit or loss is equal to the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate.

Category	Financial instrument
Financial liabilities at fair value through profit or loss	Currency forward contracts and currency swaps, interest rate swaps, electricity forwards, electricity futures and electricity options
Amortized cost	Current and non-current loans, pension loans, bonds, lease liabilities and trade payables
Financial liabilities at fair value through other comprehensive income	Derivatives qualifying for hedge accounting (cash flow hedging)

The following levels are used to measure fair value:

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

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

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

5.5 MANAGEMENT OF FINANCIAL RISKS

Kemira Group Treasury's objective is to ensure sufficient funding in the most cost efficient way, and to manage financial risks. Approved by the Board of Directors, treasury policy defines the principles of treasury management. The Board of Directors approves the annual Treasury plan and the maximum permissible financial risk levels.

Financial risk management aims to protect the Company from unfavorable changes in financial markets, thereby contributing to safeguarding the Company's profit performance and shareholders' equity and to ensure sufficient sources of finance. Management of financial risks is centralized in the Group Treasury, which uses for hedging purposes derivative instruments whose market values and risks can be monitored continuously and reliably.

Foreign exchange risk

Foreign currency transaction risk arises from currency flows, assets, and liabilities denominated in currencies other than the domestic currency. Transaction risks arise from cash flows and balance sheet items where changes in exchange rates will have an impact on earnings and cash flows. Translation risk arises when the currency denominated income and balance sheet items of group companies located outside the euro area are consolidated into euro. The transaction risk is hedged mainly using foreign currency forwards.

The Group's most significant transaction currency risks arise from the Chinese renminbi, the Canadian dollar, the U.S. dollar and Swedish krona. At the end of the year, the Chinese renminbi's denominated exchange rate risk against the euro had an equivalent value of approximately EUR 86 million (67), the average hedging rate and hedging ratio being 7.28 and 68% (36%), respectively. The Canadian dollar denominated exchange rate risk was approximately EUR 56 million (26), the average hedging rate and hedging ratio being 1.41 and 52% (51%), respectively. The U.S. dollar denominated exchange rate risk was approximately EUR 54 million (64), the average hedging rate and hedging ratio being 1.04 and 68% (53%), respectively. The denominated exchange rate risk of the Swedish krona against the euro had an equivalent value of approximately EUR 36 million (31), the average hedging rate and hedging ratio being 10.79 and 64% (62%), respectively.

In addition, Kemira is exposed to smaller transaction risks against the euro mainly in relation to the Korean won, Polish zloty, the Norwegian krona and the Danish krona and against US dollar mainly in relation to the Canadian dollar and the Brazilian real with the annual exposure in those currencies being approximately EUR 131 million.

	2022				2021			
Transaction exposure, the most significant currencies, EUR million	**CNY against EUR**	**CAD against EUR**	**USD against EUR**	**SEK against EUR**	**CNY against EUR**	**CAD against EUR**	**USD against EUR**	**SEK against EUR**
Operative cash flow forecast, net [1]	-86.4	55.7	54.2	-35.8	-67.0	26.4	64.3	-30.9
Loans, net	59.9	13.6	411.9	-15.8	1.0	8.3	370.0	-10.7
Derivatives, operative cash flow hedging, net	63.6	-29.5	-31.0	26.2	40.1	-13.5	-40.6	19.0
Derivatives, hedging of loans, net	-59.2	-13.5	-170.6	16.6	-2.7	-8.3	-142.2	10.7
Total	-22.1	26.3	264.4	-8.8	-28.6	12.9	251.6	-11.8

1) Based on a 12-month foreign currency operative cash flow forecast.

At the end of 2022, the foreign currency operative cash flow forecast for 2023 was EUR 416 million of which 58% was hedged (54%). The hedge ratio is monitored daily. A minimum of 40% and a maximum of 100% of the forecast flow must always be hedged according to the treasury policy. A 10 percent strengthening of the euro against the Swedish krona, based on the exchange rates as of December 31, 2021 and without hedging, would increase EBITDA approximately EUR 4 million, and a 10 percent strengthening of the euro against the Chinese renmimbi without hedging would increase EBITDA approximately EUR 9 million. On the other hand, a 10 percent strengthening of the euro against the Canadian Dollar and the US Dollar without hedging would cause EUR 6 and 5 million negative impact to EBITDA, respectively. A corresponding decrease in the exchange rates would have approximately an equal opposite impact.

On the balance sheet date, the market value of currency derivatives included in cash flow hedge accounting was EUR 0.3 million (-1.4). Cash flow hedge accounting deals have been done to hedge highly probable currency flows. In 2022, no ineffectiveness in derivatives under hedge accounting was recognized in the Income statement (-).

The most significant translation risk currencies are the US dollar, the Canadian dollar, the Swedish krona and the Chinese renminbi.

Kemira's main equity items denominated in foreign currencies are in the Canadian dollar, the Swedish krona and US dollar. The objective is to hedge the balance sheet risk by maintaining a balance between foreign currency denominated liabilities and assets, currency by currency. In hedging the net investment in its units abroad, Kemira monitors the equity ratio. Long-term loans and currency derivatives can be used for hedging net investments in foreign subsidiaries. These hedges do not apply to hedge accounting. Loans in US dollars have been granted to some foreign subsidiaries and currency differences have been included in foreign currency translation differences.

Interest rate risk

Kemira is exposed to interest rate risks through interest-bearing loans and derivatives. Movements in interest rates creates re-pricing and price risks generating fluctuation in cash flows and fair values of loans and derivatives . A total of 83% (80%) of the Group's entire net debt portfolio including lease liabilities was fixed at the end of 2022. The net financing cost of the Group was 4.2% (3.4%). The net financing cost is attained by dividing yearly net interest and other financing expenses, excluding exchange rate differences and dividends by the average interest bearing net debt figure for the corresponding period. The most significant impact on the net financing cost arises from variation in the interest rate levels of the euro, the US dollar and the Chinese renminbi.

In accordance with treasury policy, the Group's interest rate risk is measured with the duration which describes the average repricing moment of the loan portfolio excluding lease liabilities. The duration must be in the range of 6–60 months. The Kemira Group Treasury manages duration by borrowing with fixed and floating rate loans in addition to the interest rate derivatives. The duration of the Group's interest-bearing loan portfolio excluding lease liabilities was 22 months at the end of 2022 (29).

The table below shows the time for interest rate fixing of the loan portfolio.

2022 Time to interest rate fixing, EUR million	<1 year	1–5 years	>5 years	Total
Floating net liabilities	132.3	—	—	132.3
Fixed net liabilities [1]	—	290.0	200.0	490.0
Total	132.3	290.0	200.0	622.3

2021 Time to interest rate fixing, EUR million	<1 year	1–5 years	>5 years	Total
Floating net liabilities	170.2	—	—	170.2
Fixed net liabilities [1]	52.8	290.0	200.0	542.8
Total	222.9	290.0	200.0	712.9

1) Excluding lease liabilities

On the balance sheet date, the average interest rate of the loan portfolio was approximately 2.4% (1.7%). If interest rates rose by one percentage point on January 1, 2023, the resulting interest expenses before taxes incurred by the Group over the next 12 months would increase by approximately EUR 0.3 million (0.7). Consequently, a decrease of one percentage point would decrease interest expenses by EUR 0.3 million. During 2023, Kemira will reprice 21% (32%) of the Group's net debt portfolio. On the balance sheet date, the Group had no outstanding interest rate derivatives.

Electricity price risk

The price of electricity varies greatly according to the market situation. Kemira Group takes hedging measures with respect to its electricity purchases in order to even out its raw material costs. In line with its hedging policy, the Group hedges its existing sales agreements in such a way that the hedges cover the commitments made. The company primarily uses electricity derivatives as hedging instruments. Regional price risks in Finland and Sweden are hedged. The outstanding electricity derivatives are treated in accordance with cash flow hedge accounting. The forecast for physical deliveries of the underlying assets, or purchases, are not recorded until the delivery period. A +/- 10% change in the market price of electricity hedging contracts outstanding at year end would impact the valuation of these contracts EUR +/- 11.9 million (+/- 7.7). This impact would be in equity.

In addition to the electricity derivatives, the Group manages the price risk of electricity by entering into long-term electricity sourcing agreements. The Group also has shares of 5% of Pohjolan Voima Oy (PVO) and 1% share of Teollisuuden Voima Oy. More information on the shares ownership can be found in Note 3.5.

Credit risk

The Group is exposed to credit risks through commercial accounts receivables, as bank account balances, deposits, short-term investments, and derivatives.

The Group's treasury policy defines the credit rating requirements for the counterparties of investment activities and derivative agreements as well as the related investment policy. The Group seeks to minimize its counterparty risk by dealing solely with counterparties that are financial institutions with a solid credit rating, as well as by spreading agreements among them. Counterparty risk is being followed on a regular basis.

The counterparty risk in treasury operations is due to the fact that a contractual party to a financing transaction is not necessarily able to fulfill its contractual obligations. Risks are mainly related to investment activities and the counterparty risks associated with derivative contracts.

The Group Treasury approves the new banking relationships of subsidiaries. Financial institution counterparties, used by the Group Treasury, have a credit rating of at least an investment grade based on Standard & Poor's credit rating information. The maximum risk assignable to the Group's financial institution counterparties on the balance sheet date amounted to EUR 342.5 million (174.9). Kemira monitors its counterparty risk on a monthly basis by defining the maximum risk associated with each counterparty based on the market value of receivables. Kemira has defined an approved limit for each financial institution.

No material changes related to Group's credit risk were associated with financing transactions in the year 2022 and these transactions did not result in credit losses during the financial year.

Kemira has a group-wide credit policy related to commercial activities. According to the policy, each customer has a predefined risk category and credit limit. These are constantly monitored. Based on the customer evaluation, Kemira decides the applicable payment terms to minimize credit risks. Pre-approved payment terms have been defined at the group level. If necessary, securities and documentary credit, such as letters of credit, are applied. The group does not have any significant credit risk concentrations due to its extensive customer base across the world. The credit losses related to trade receivables are described in Note 4.2.

In the USA, Kemira has an accounts receivable purchase facility worth USD 75 million, enabling Group companies in the USA to sell certain account receivables to the counterparty. The credit risk of the accounts receivables is transferred to the financial institutions and 95.5% of the receivables transferred are derecognized from the balance sheet. The amount of outstanding receivables transferred, which also reflects the fair value of the receivables before the transfer was EUR 60.3 million (48.2) on December 31, 2022. The amounts recognized in the balance sheet are EUR 4.3 million (2.1) in assets and EUR 1.4 million (0.1) in liabilities.

Liquidity and refinancing risks

Kemira's liquidity is secured with cash and cash equivalents, account overdrafts and a revolving credit facility. At the end of 2022, the Group's cash and cash equivalents stood at EUR 250.6 million (142.4), of which cash in bank accounts accounted for EUR 245.3 million (138.7) and bank deposits EUR 5.3 million (3.7). In addition, the Group has a revolving credit facility of EUR 400 million linked to sustainability targets which will mature on April 17, 2026. At the turn of the year 2021/2022, the revolving credit facility was undrawn.

The Group has a EUR 600 million domestic commercial paper program enabling it to issue commercial papers with a maximum maturity of one year. At the end of 2022, the Group had EUR 30 million of commercial papers outstanding on the market (-).

Kemira manages its refinancing risk with a diversified loan portfolio. Long-term financing consists of bonds and bilateral loan agreements with several financial institutions. In addition, the Group had leasing liabilities in accordance with the IFRS 16 standard of EUR 148.9 million (136.8) at the end of the year.

According to Group treasury policy, the Group must have committed credit facilities to cover planned funding needs, the current portion of long term debt, commercial paper borrowings, and other uncommitted short-term loans in the next 12 months. The average maturity of outstanding loans excluding lease liabilities may temporarily be under the 3-year minimum target. The average maturity of debt excluding lease liabilities at the end of 2022 was 3.2 years (3.0).

LOAN REPAYMENTS

2022 Loan type, EUR million [1]	Undrawn	2023	2024	2025	2026	2027	2028-	Total drawn
Loans from financial institutions	—	—	—	192.8	—	120.0	—	312.8
Bonds	—	—	200.0	—	—	—	200.0	400.0
Revolving credit facility	400.0	—	—	—	—	—	—	—
Lease liabilities	—	39.4	30.7	22.3	16.9	11.4	78.2	198.8
Commercial paper program	570.0	30.0	—	—	—	—	—	30.0
Other interest-bearing non-current liabilities	—	15.9	0.8	—	—	—	—	16.7
Other interest-bearing current liabilities	—	123.0	—	—	—	—	—	123.0
Total interest-bearing liabilities	970.0	208.3	231.4	215.1	16.9	131.4	278.2	1,081.3

2021 Loan type, EUR million [1]	Undrawn	2022	2023	2024	2025	2026	2027-	Total drawn
Loans from financial institutions	—	—	150.0	—	129.8	—	—	279.8
Bonds	—	52.8	—	200.0	—	—	200.0	452.8
Revolving credit facility	400.0	—	—	—	—	—	—	—
Lease liabilities	—	35.9	28.9	21.3	14.6	10.9	73.7	185.3
Commercial paper program	600.0	—	—	—	—	—	—	—
Other interest-bearing non-current liabilities	—	—	1.0	—	—	—	—	1.0
Other interest-bearing current liabilities	—	133.8	—	—	—	—	—	133.8
Total interest-bearing liabilities	1,000.0	222.4	179.9	221.3	144.4	10.9	273.7	1,052.6

1) Loan structure presented by type and maturity using contractual undiscounted payments.

5.6 DERIVATIVE INSTRUMENTS

	Maturity structure					2022	2021
Nominal values, EUR million	**2023**	**2024**	**2025**	**2026**	**2027**	**Total**	**Total**
Currency derivatives							
Forward contracts	619.9	—	—	—	—	619.9	496.3
Inflow	350.5	—	—	—	—	350.5	288.8
of which cash flow hedges	32.4	—	—	—	—	32.4	19.7
Outflow	269.4	—	—	—	—	269.4	207.5
of which cash flow hedges	39.2	—	—	—	—	39.2	42.4
Other derivatives							
Electricity contracts, bought (GWh)	594.0	316.2	170.8	48.2	—	1,129.3	1,626.1
Electricity forward contracts	594.0	316.2	170.8	48.2	—	1,129.3	1,626.1
of which cash flow hedges	594.0	316.2	170.8	48.2	—	1,129.3	1,626.1

The nominal values of the financial instruments do not necessarily correspond to the actual cash flows between the counterparties, and therefore individual items do not give a fair view of the Group's risk position.

	2022			2021		
Fair values, EUR million	**Positive**	**Negative**	**Net**	**Positive**	**Negative**	**Net**
Currency derivatives						
Forward contracts	15.0	-3.6	11.3	1.4	-8.5	-7.1
of which cash flow hedges	1.7	-1.4	0.3	0.1	-1.6	-1.4
Other derivatives						
Electricity forward contracts, bought [1]	80.0	-0.2	79.8	32.5	—	32.5
of which cash flow hedges	80.0	-0.2	79.8	32.5	—	32.5

1) Includes fair value of electricity forward contracts of EUR 24.4 million (7.7) and EUR -0.0 million (-0.0) maturing after the year 2023.

The Group has ISDA or EFET Master netting agreements with the counterparties of derivative contracts. They allow the net settlement of outstanding market value within the scope of the agreement in case of non-payment defined in the agreement. At the end of the reporting period, counterparty risk according to master netting agreements was EUR 91.9 million (32.5) to Kemira and EUR 0.8 million (7.1) to counterparties.

The Group's accounting policies

Derivatives
The fair values of currency, interest rate, and commodity derivatives, as well as publicly traded shares are based on prices quoted in active markets on the balance sheet date. The value of other financial instruments measured at fair value is determined on the basis of valuation models using information available in the financial market.

All the derivatives are measured at their fair values on the balance sheet date. Changes in the value of forward contracts are calculated by measuring the contracts against the forward exchange rates on the balance sheet date and comparing them with the counter values calculated through the forward exchange rates on the date of entry into the forward contracts. The fair value of interest rate derivatives is determined using the market value of similar instruments on the balance sheet date. Other derivatives are measured at the market price on the balance sheet date.

Derivative assets maturing during the following 12 months are presented in the balance sheet as part of line item Trade receivables and other receivables whereas derivatives with a maturity of over 12 months are posted to Other financial assets under Non-current assets . Derivative liabilities maturing under 12 months are presented in the balance sheet as part of line item Trade payables and other liabilities where as fair value of derivatives with maturity after 12 months are posted under Non-current liabilities to Other financial liabilities.

Hedge accounting
Hedge accounting is applied according to IFRS 9. This refers to a method of accounting aimed at allocating one or more hedging instruments in such a way that their fair value offsets, in full or in part, the changes in the fair value or cash flows of the hedged item. Hedged items must be highly probable. The Group applies hedge accounting for hedging interest rate risk, currency risk, commodity risk, and fair value if interest rate swaps, electricity derivatives and foreign exchange derivatives meet hedge accounting criteria.

Hedge effectiveness is monitored as required by IFRS 9. Effectiveness refers to the capacity of a hedging instrument to offset changes in the fair value of the hedged item or cash flows from a hedged transaction, which are due to the realization of the risk being hedged. A hedging relationship is considered to be highly effective when the change in the fair value of the hedging instrument offsets changes in the cash flows attributable to the hedged items.

Hedge effectiveness is assessed prospectively. Hedge effectiveness testing is repeated on each balance sheet date.

Hedge accounting is discontinued when the criteria for hedge accounting are no longer fulfilled. Gains or losses recognized in other comprehensive income and presented under equity are derecognized and transferred immediately in the income statement, if the hedged item is sold or falls due. However, gains or losses arising from changes in the fair value of those derivatives not fulfilling the hedge accounting criteria are recognized directly in the income statement.

At the inception of a hedge, the Group documents the existence of the economic relationship of the hedged item and hedging instrument, including the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, the objectives of risk management and the strategy for undertaking hedging, as well as the description of how hedge effectiveness is assessed.

Cash flow hedging
Cash flow hedging is used to hedge against variability in cash flows attributable to a particular risk associated with a recognized asset or liability in the balance sheet or a highly probable forecast transaction. Currency, interest rate, and commodity derivatives are used as hedging instruments in cash flow hedging. Cash flow hedge accounting, specified in IFRS 9, is applied by the Group to selected hedging items only. Changes in the fair value of derivative instruments associated with cash flow hedge are recognized in other comprehensive income (including the tax effect) and presented under equity, providing that they fulfill the criteria set for hedge accounting and are based on effective hedging. The ineffective portion of the gain or loss on the hedging instrument is recognized under financial items in the income statement. Derivatives not fulfilling the hedge accounting criteria are recognized in financial items through profit or loss.

6. GROUP STRUCTURE

6.1 RELATED PARTIES

Parties are considered to be related if one party has the ability to control or exercise significant influence on the other party, or if the parties exercise joint control in making financial and operating decisions. The Group's related parties include the parent company, subsidiaries, associates, joint-ventures, and the Pension Fund Neliapila. Related parties also include the members of the Board of Directors and the Group's Management Board, the CEO and his Deputy, and their immediate family members.

EMPLOYEE BENEFITS PAID TO THE CEO, DEPUTY CEO AND MEMBERS OF THE MANAGEMENT BOARD

EUR	Salaries and other benefits	Bonuses	Share-based payments [1]	2022 Total	2021 Total
CEO Jari Rosendal	738,620 [4]	199,528	515,424	1,453,573	1,537,148
Deputy CEO Jukka Hakkila [2]	190,930	53,374	180,398	424,703	443,943
Other members of Management Board [3]	1,792,452	458,627	1,371,415	3,622,495	3,571,893
Total	2,722,003	711,529	2,067,238	5,500,771	5,552,984

1) Includes share and cash portions. Share-based incentive plans for the management and key personnel are disclosed in Note 2.3. Share-based payments.

2) No remuneration was paid to the Deputy CEO based on CEO substitution.

3) Other members of the Management Board on December 31, 2022 are CFO Petri Castrén, CTO Matthew R. Pixton, President Pulp & Paper Antti Salminen, EVP Operational Excellence Esa-Matti Puputti, President Industry & Water Wido Waelput and EVP Human Resources Eeva Salonen. Other members of the Management Board who are employed by a Finnish Kemira company do not have any supplementary pension arrangements in addition to their statutory pensions. The members of the Management Board who are employed by a foreign Kemira company participate in the pension systems based on statutory pension arrangements and market practices in their local countries. The Kemira policy is that all new supplementary pension arrangements are defined contribution plans.

4) Includes supplementary defined contribution pension.

Employment terms and conditions of the CEO

Remuneration of the CEO comprises a monthly salary including a car benefit and a mobile phone benefit as well as supplementary defined contribution pension and performance-based incentives. The performance-based incentives consist of an annual short-term bonus plan and a long-term share incentive plan. The annual short-term bonus plan is based on terms approved by the Board of Directors and the maximum bonus is 80% (70%) of the annual base salary. The long-term share incentive plan is based on the terms of the plan. The maximum reward is determined as a number of shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.

The retirement age of the CEO is 63 years. The CEO belongs to the Finnish Employees' Pension Act (TyEL) scheme, which provides pension security based on the years of service and earnings as stipulated by law. The CEO is also entitled to a supplementary defined contribution pension plan. The supplementary pension is defined as 20% of annual base salary.

A mutual termination notice period of six months applies to the CEO. The CEO is entitled to an additional severance pay of 12 months' salary, if the company terminates his service.

The Board of Directors' emoluments

On March 24, 2022, the Annual General Meeting decided that the Board of Directors' annual fee shall 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 Kemira shares owned by the company or, if this is not possible, then with Kemira shares acquired from the securities market, and 60% is paid in cash. On May 10, 2022 the 16,464 shares owned by the company were distributed to the members of the Board of Directors.

There are no special terms or conditions associated with owning the shares received as the annual fee. The members of the Board of Directors are not eligible for any short-term bonus plans, long-term share incentive plans or supplementary pension plans of Kemira Oyj.

The meeting fees are paid in cash and travel expenses are paid according to Kemira's travel policy.

MEMBERS OF THE BOARD OF DIRECTORS

	Number of shares	Share value, EUR	Cash compensation, EUR [5)]	2022 Total, EUR	2021 Total, EUR
Matti Kähkönen, Chairman	3,696	44,248	75,352	119,600	61,600
Annika Paasikivi, Vice Chairman (since March 24, 2022)	2,184	26,146	45,454	71,600	—
Wolfgang Büchele	1,680	20,113	39,487	59,600	56,000
Shirley Cunningham	1,680	20,113	42,487	62,600	68,000
Werner Fuhrmann	1,680	20,113	39,487	59,600	56,000
Timo Lappalainen	2,184	26,146	51,454	77,600	67,000
Kristian Pullola	1,680	20,113	38,887	59,000	50,600
Tina Sejersgård Fanø (since March 24, 2022)	1,680	20,113	34,087	54,200	—
Jari Paasikivi, Chairman (since March 24, 2022)	—	—	3,600	3,600	104,000
Kaisa Hietala (until March 24, 2021)	—	—	—	—	2,400
Kerttu Tuomas (until March 24, 2021)	—	—	—	—	2,400
Total	16,464	197,104	370,296	567,400	468,000

5) Includes both annual fees and meeting fees.

TRANSACTIONS CARRIED OUT WITH RELATED PARTIES

EUR million	2022	2021
Revenue		
Associated companies	0.1	0.0
Leases, purchases of goods and services		
Associated companies	25.3	8.2
Pension Fund Neliapila	0.7	1.2
Total	25.9	9.4
Receivables		
Associated companies	0.0	0.0
Liabilities		
Associated companies	4.4	7.3
Pension Fund Neliapila	1.4	1.9

Real estates owned by Pension Fund Neliapila are leased to the Group. Commitments for these real estate leases are treated in accordance with IFRS 16 Leases.

Related parties include Pension Fund Neliapila, which is a separate legal entity. Neliapila manages Kemira's voluntarily organized additional pension fund. It also manages part of the pension assets of the Group's personnel in Finland. The assets include Kemira Oyj's shares representing 0.07% of the company's outstanding shares. Supplementary benefit in Neliapila and surplus return are disclosed in more detail in Note 4.5. Defined benefit pension plans and employee benefits.

The amount of contingent liabilities on behalf of the associates are presented in Note 7.1. Commitments and contingent liabilities.

There were no loans granted to the key persons of the management at the year-end of 2022 or 2021, nor were there contingency items or commitments on behalf of key management personnel. Persons close to key management personnel with the related parties do not have any significant business relationship with the Group.

6.2 THE GROUP'S SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

SUBSIDIARIES

	City	Country	Kemira Group's holding, %	Kemira Oyj's holding, %	Non-controlling interest's holding, %
Kemira Oyj (parent company)	Helsinki	Finland			
Aliada Quimica de Portugal Lda.	Estarreja	Portugal	50.1	0.0	49.9
AS Kemivesi	Lehmja Küla	Estonia	100.0	100.0	0.0
JSC "Kemira HIM"	St. Petersburg	Russia	100.0	0.0	0.0
Corporación Kemira Chemicals de Venezuela, C.A.	Caracas	Venezuela	100.0	0.0	0.0
Industry Park i Helsingborg Förvaltning AB	Helsingborg	Sweden	100.0	0.0	0.0
Kemifloc a.s.	Přerov	Czech Republic	51.0	0.0	49.0
Kemifloc Slovakia s.r.o.	Prešov	Slovakia	51.0	0.0	49.0
Kemipol Sp. z.o.o.	Police	Poland	51.0	0.0	49.0
Kemira (Asia) Co., Ltd.	Shanghai	China	100.0	0.0	0.0
Kemira Argentina S.A.	Buenos Aires	Argentina	100.0	15.8	0.0
Kemira Australia Pty Ltd	Hallam	Australia	100.0	0.0	0.0
Kemira Cell Sp. z.o.o.	Ostroleka	Poland	55.0	55.0	45.0
Kemira (Jining) Environmental Engineering Co., Ltd.	Jining	China	100.0	0.0	0.0
Kemira Chemicals (Nanjing) Co., Ltd.	Nanjing	China	100.0	100.0	0.0
Kemira Chemicals (Shanghai) Co., Ltd.	Shanghai	China	100.0	100.0	0.0
Kemira Chemicals (UK) Ltd.	Bradford	United Kingdom	100.0	100.0	0.0
Kemira Chemicals (Yanzhou) Co., Ltd.	Yanzhou City	China	100.0	100.0	0.0
Kemira Chemicals AS	Gamle Fredrikstad	Norway	100.0	0.0	0.0
Kemira Chemicals Brasil Ltda.	São Paulo	Brazil	100.0	99.9	0.0
Kemira Chemicals Canada Inc.	St. Catharines	Canada	100.0	100.0	0.0
Kemira Chemicals Germany GmbH	Frankfurt am Main	Germany	100.0	0.0	0.0
Kemira Chemicals Korea Corporation	Gunsan-City	South Korea	100.0	100.0	0.0
Kemira Chemicals NV	Aartselaar	Belgium	100.0	0.0	0.0
Kemira Chemicals Oy	Helsinki	Finland	100.0	0.0	0.0
Kemira Chemicals, Inc.	Atlanta, GA	United States	100.0	0.0	0.0
Kemira Chemie Ges.mbH	Krems	Austria	100.0	100.0	0.0
Kemira Chile Comercial Limitada	Santiago	Chile	100.0	99.0	0.0
Kemira Chimie S.A.S.U.	Strasbourg	France	100.0	0.0	0.0
Kemira Europe Oy	Helsinki	Finland	100.0	100.0	0.0
Kemira Gdańsk Sp. z o.o.	Gdańsk	Poland	100.0	0.0	0.0
Kemira Germany GmbH	Frankfurt am Main	Germany	100.0	100.0	0.0
Kemira Hong Kong Company Limited	Hong Kong	China	100.0	100.0	0.0
Kemira Ibérica S.A.	Barcelona	Spain	100.0	0.0	0.0
Kemira International Finance B.V.	Rotterdam	Netherlands	100.0	100.0	0.0
Kemira Italy S.p.A.	San Giorgio di Nogaro	Italy	100.0	0.0	0.0
Kemira Japan Co., Ltd.	Tokyo	Japan	100.0	0.0	0.0
Kemira Kemi AB	Helsingborg	Sweden	100.0	0.0	0.0
Kemira Kopparverket KB	Helsingborg	Sweden	100.0	0.0	0.0
Kemira KTM d.o.o.	Ljubljana	Slovenia	100.0	100.0	0.0
Kemira Research Center Shanghai Co., Ltd.	Shanghai	China	100.0	0.0	0.0
Kemira Rotterdam B.V.	Rotterdam	Netherlands	100.0	0.0	0.0

	City	Country	Kemira Group's holding, %	Kemira Oyj's holding, %	Non-controlling interest's holding, %
Kemira South Africa (Pty) Ltd.	Weltevreden-park	South Africa	100.0	0.0	0.0
Kemira Świecie Sp. z.o.o.	Swiecie	Poland	100.0	100.0	0.0
Kemira Taiwan Corporation	Taipei	Taiwan	100.0	0.0	0.0
Kemira TC Wanfeng Chemicals (Yanzhou) Co., Ltd.	Yanzhou City	China	80.0	0.0	20.0
Kemira (Thailand) Co., Ltd.	Bangkok	Thailand	100.0	0.0	0.0
Kemira Uruguay S.A.	Fray Bentos	Uruguay	100.0	0.0	0.0
Kemira (Vietnam) Company Limited	Long Thanh	Vietnam	100.0	0.0	0.0
Kemira Water Danmark A/S	Copenhagen	Denmark	100.0	100.0	0.0
Kemira Water Solutions Brasil - Produtos para Tratamento de Água Ltda.	São Paulo	Brazil	100.0	100.0	0.0
Kemira Water Solutions Canada Inc.	Varennes	Canada	100.0	0.0	0.0
Kemira Water Solutions, Inc.	Atlanta, GA	United States	100.0	0.0	0.0
Kemwater Brasil Ltda.	Camaçari	Brazil	100.0	0.0	0.0
Kemwater ProChemie s.r.o.	Bradlec	Czech Republic	95.1	0.0	4.9
PT Kemira Indonesia	Surabaya	Indonesia	100.0	74.8	0.0
PT Kemira Chemicals Indonesia	Pasuruan	Indonesia	99.8	99.8	0.2

ASSOCIATES

	City	Country	Kemira Group's holding, %	Kemira Oyj's holding, %
Honkalahden Teollisuuslaituri Oy	Lappeenranta	Finland	50.0	0.0
Kemira Yongsan Chemicals Co., Ltd [1]	Seoul	South Korea	35.0	0.0

1) This associate produces dry polyacrylamide and cationic monomer, which are used for retention and drainage in packaging and paper production, as well as in wastewater treatment and in sludge dewatering.

INVESTMENTS IN ASSOCIATES

EUR million	2022	2021
Net book value on Jan 1	4.8	5.3
Additions	0.0	0.0
Decreases	0.0	0.0
Share of the profit/loss for the period	0.3	-0.5
Exchange rate differences	0.0	0.0
Net book value on Dec 31	5.1	4.8

A summary of the associates financial information is presented in the following table. The presented figures equal the figures in the financial statements of the each associate, not the portion of Kemira Group.

EUR million	2022	2021
Assets	59.0	57.5
Liabilities	44.8	44.2
Revenue	25.3	8.1
Profit (+) / loss (-) for the period	0.8	-1.3

Related party transactions carried out with associates are disclosed in Note 6.1. Related parties.

NON-CONTROLLING INTERESTS

EUR million	2022	2021
Net book value on Jan 1	13.9	13.2
Dividends	-6.9	-6.5
Share of the profit for the period	8.0	7.1
Exchange rate differences	-0.3	0.1
Net book value on Dec 31	14.7	13.9

CHANGES IN THE GROUP STRUCTURE

- Skandinavian Tanking System A/S was voluntarily liquidated on June 30, 2022.

7. OFF-BALANCE SHEET ITEMS

7.1 COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS

EUR million	2022	2021
Guarantees		
On behalf of own commitments	108.4	95.1
On behalf of associates	12.5	12.5
On behalf of others	2.5	1.8
Other obligations		
On behalf of own commitments	0.7	0.9
On behalf of others	16.3	16.3

The most significant off-balance sheet investments commitments
On December 31, 2022, major amounts of contractual commitments for the acquisition of property, plant, and equipment were EUR 42.8 million (22.1) for plant investments.

In addition, the Group has a lease commitment related to the R&D Center to be constructed in Finland with a value of EUR 46.5 million.

Litigation
While the Group is involved in some legal proceedings, such as litigations, arbitrations, administrative and tax proceedings incidental to its global operations, the Group does not expect that the outcome of any of these legal proceedings will have a materially adverse effect upon its consolidated results or financial position.

The Group's accounting policies

Contingent liabilities
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events not wholly within the control of the Group, or concerns a present obligation which will most probably not require an outflow of resources embodying economic benefits to settle the obligation; or when the amount of the obligation cannot be measured with sufficient reliability. Contingent liability is disclosed in the notes.

7.2 EVENTS AFTER THE BALANCE SHEET DATE

The Group has no significant events after the balance sheet date.

Kemira Oyj's income statement

Thousand EUR	Note	1.1.-31.12.2022	1.1.-31.12.2021
Revenue	2	2,206,658	1,572,450
Change in inventory of finished goods and in work in progress +/-	4	64,334	23,328
Other operating income	3	3,435	1,003
Materials and services	4	-1,413,093	-902,075
Personnel expenses	5	-48,372	-50,947
Depreciation, amortization and impairments	6	-22,273	-25,568
Other operating expenses	4	-592,545	-572,917
Operating profit		198,144	45,275
Financial income and expenses	7	172,737	26,455
Profit before appropriations and taxes		370,881	71,730
Appropriations	8	-12,303	-74,702
Income taxes	9	-43,844	121
Profit (loss) for the financial year		314,734	-2,851

Kemira Oyj's balance sheet

Thousand EUR	Note	31.12.2022	31.12.2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	58,208	59,266
Tangible assets	11	35,277	33,471
Investments	12		
Holdings in Group undertakings		1,049,503	1,049,503
Receivables from Group companies		552,996	396,546
Other shares and holdings		99,609	99,608
Other investments		6,127	6,127
Total investments		1,708,236	1,551,785
Total non-current assets		1,801,721	1,644,521
CURRENT ASSETS			
Inventories	13	213,498	140,004
Non-current receivables	14		
Deferred tax assets		15,446	16,814
Loan receivables		400	400
Other receivables		21,107	6,088
Total non-current receivables		36,952	23,302
Current receivables	14	570,083	623,719
Cash and cash equivalents		194,464	74,107
Total current assets		1,014,997	861,131
Total assets		2,816,718	2,505,653

Thousand EUR	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES	15		
Share capital		221,762	221,762
Share premium account		257,878	257,878
Fair value reserve		56,764	19,387
Unrestricted equity reserve		199,964	199,964
Retained earnings		188,104	278,295
Profit (loss) for the financial year		314,734	-2,851
Total equity		1,239,207	974,433
APPROPRIATIONS	16	13,098	9,795
PROVISIONS	17	52,230	57,066
LIABILITIES			
Non-current liabilities	18		
Deferred tax liabilities		14,191	5,151
Other non-current liabilities		726,122	677,148
Total Non-current liabilities		740,313	682,299
Current liabilities	19	771,871	782,059
Total liabilities		1,512,184	1,464,358
Total equity and liabilities		2,816,718	2,505,653

Kemira Oyj's cash flow statement

Thousand EUR	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	314,734	-2,851
Adjustments for		
Depreciation according to plan	22,273	25,568
Unrealized exchange differences (net)	-20,748	27,300
Financial income and expenses (+/-)	-172,737	-26,455
Income taxes	43,844	-121
Other adjustments (+/-)	8,627	98,687
Operating profit before change in working capital	195,993	122,128
Change in working capital		
Increase (-) / decrease (+) in non-interest-bearing current receivables	-99,503	-58,724
Increase (-) / decrease (+) in inventories	-73,494	-40,378
Increase (+) / decrease (-) in short-term interest-free debts	27,598	227,187
Change in working capital	-145,399	128,085
Cash generated from operations before financial items and taxes	50,595	250,213
Interest and other finance costs paid	-24,113	-21,491
Interest and other finance income received	35,083	22,884
Realized exchange differences (net)	22,184	-9,972
Dividends received	137,389	5,876
Income taxes paid	-4,929	-2,154
Net cash from operating activities	216,208	245,356

Thousand EUR	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of other investments	-1	-1,000
Purchases of intangible assets	-14,330	-34,459
Purchases of tangible assets	-8,858	-7,447
Proceeds from sale of investments	0	3,500
Proceeds from sale of tangible and intangible assets	2,489	227
Increase (-) / decrease (+) in loan receivables	51,637	-94,814
Net cash used in investing activities	30,937	-133,993
Cash flows before financing	247,145	111,363
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-current liabilities (+)	195,910	200,000
Repayment of non-current liabilities (-)	-150,000	-97,500
Short-term financing, net increase (+) / decrease (-)	-14,456	-53,436
Dividends paid	-88,942	-88,809
Group contribution paid	-70,500	-94,500
Net cash used in financing activities	-127,988	-134,245
Net increase (+) / decrease (-) in cash and cash equivalents	119,157	-22,883
Cash and cash equivalents on Dec 31	194,464	74,107
Exchange gains (+) / losses (-) on cash and cash equivalents	1,201	-220
Cash and cash equivalents on Jan 1	74,107	97,209
Net increase (+) / decrease (-) in cash and cash equivalents	119,157	-22,883

Notes to the parent company financial statements

1. THE PARENT COMPANY'S ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

The parent company's financial statements have been prepared in compliance with the relevant acts and regulations in force in Finland (FAS). Kemira Group's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and the parent company applies the Group's accounting policies whenever it has been possible according to FAS.

COMPARABILITY OF FINANCIAL STATEMENTS

Kemira implemented a new business model in its APAC companies on January 1, 2022. This has an effect on the comparability of the figures. In the new business model Kemira Oyj acts as a principal company which means that a part of sales of products and the external purchase of raw materials are done in the name of Kemira Oyj. The subsidiaries act as contact manufacturer/toll manufacturer and/or Limited Risk Distributor companies and they receive CMA/tolling and/or sales compensation from these activities. In connection to the business conversion Kemira Oyj agreed to pay a compensation related to the transferred business according to the business conversion agreement with Kemira Asia Ltd and Kemira Hong Kong.

VALUATION AND ALLOCATION PRINCIPLES

VALUATION OF NON-CURRENT ASSETS

Planned depreciation and any impairment losses have been deducted from the acquisition cost of the intangible and tangible assets entered in the balance sheet. The acquisition cost includes the variable costs of acquisition and manufacturing. Government grants received are recognized as a deduction from the carrying amount of property, plant, and equipment. Planned depreciation is calculated on a straight-line basis over the estimated intangible and tangible asset's useful life. Depreciation starts from the month of commencement of use.

DEPRECIATION PERIODS:

Other intangible assets 5–10 years
Buildings and constructions 20–40 years
Machinery and equipment 3–15 years

Shares of non-current assets are valued at their acquisition cost or less impairment.

VALUATION OF INVENTORY

Inventories are stated at cost or at the lower of replacement cost or probable selling price. In addition to variable costs, the cost of inventories includes a portion of the fixed costs of acquisition and manufacturing. The acquisition cost of the raw material inventory are determined using a weighted average cost formula. The acquisition cost of finished goods and work in progress include the proportion of production overheads at normal capacity.

VALUATION OF FINANCIAL INSTRUMENTS

The financial risk management of Kemira Group is concentrated in Kemira Oyj, which enters into currency, interest rate and electricity derivatives with third parties. Changes in the fair value of currency derivatives that are applicable for hedge accounting in the Group, but not in the parent company (as underlying hedged items are with group companies) are entered in to the profit and loss statement. Also, changes in the fair value of other currency derivatives not qualifying for hedge accounting in the Group, hedging commercial purchases or sales or financial items in foreign currencies are entered in the profit and loss. Changes in the fair value of interest rate derivatives are recorded as financial items in both hedge accounting and non-hedge accounting.

The fair value of Electricity Derivatives hedging the parent company's electricity purchases and qualifying for hedge accounting is posted to the hedging reserve under equity as well as the change in the fair value of currency derivatives that qualify for hedge accounting in the parent company. These currency derivatives are hedging estimated currency flows in Kemira Oyj for the next 12-month period. When the hedging instrument is maturing or the hedging relationship is discontinued due to inefficiency, the hedging reserve is adjusted by the value of the derivative by booking the value in the Income Statement.

The valuation of Fair value derivative instruments is done according to the Finnish Accounting Act Chapter 5 Section 2a.

The valuation methods of derivative instruments are described in Notes 5.4 and 5.6 in the Consolidated Financial Statements.

Defining the fair value of financial assets and liabilities is described in Group Note 5.4. Financial Risk management principles is illustrated in Group note 5.5. Hedge accounting principles and valuation of derivative instrument are described in Group note 5.6.

Reductions in the capital of other non-current loans as well as loan transaction costs have been capitalized in a manner allowed by the Finnish Accounting Act in the parent company's financial statement. The non-expensed portion of these expenses, EUR 2.6 million (2.7), is included in the balance sheet.

OBLIGATORY PROVISIONS

Obligatory provisions are recognized from pensions, personnel-related costs, environmental, and restructuring obligations.

REVENUE

Kemira Oyj's revenue consists mainly of revenues from the sale of goods and services. Revenue also includes intercompany service charges on a gross basis.

PENSION ARRANGEMENTS

The company's statutory pensions are handled by pension insurance companies and supplemental pensions mainly by Kemira's own pension fund. Pension costs consist of payments to pension insurance companies and possible contributions to the pension fund and are recognized in the income statement.

SHARE-BASED INCENTIVE PLANS

The treatment of share-based plans is described in the Group's accounting policies. In the parent company, the cash proportion of share-based incentive plans is recognized as an expense in the performance year, and the share proportion is recognized in the year the shares are given using the average share price.

FOREIGN CURRENCY TRANSLATION

In day-to-day bookkeeping, foreign currency transactions are translated into their functional currency at the exchange rates quoted on the transaction date. In the Financial Statements, foreign currency denominated receivables and liabilities are measured at the exchange rates quoted on the balance sheet date. Business-related exchange rate differences and business related foreign currency exchange rate hedges are treated as sales and purchase adjustments. Any foreign exchange gains and losses related to financial items and respective hedging instruments are booked into financial income and expenses.

DEFERRED TAXES

Deferred tax liabilities or assets are recognized for temporary differences between tax and financial statements using the tax rate for the year following as determined on the balance sheet date. The balance sheet includes the deferred tax liability in its entirety and the deferred tax asset at the estimated probable amount as assessed by the management. The efficient part of changes in the value of the electricity and currency derivatives qualifying for hedge accounting is recorded as a fair value reserve less deferred taxes.

LEASE

Lease payments are treated as rental expenses.

CASH FLOW STATEMENT

The parent company's cash flow statement has been prepared in accordance with the general guidelines (January 30, 2007) on cash flow by the Finnish Board of Accounting.

2. REVENUE

Thousand EUR	2022	2021
Revenue by segments		
Pulp & Paper	1,033,704	716,079
Industry & Water	579,102	416,308
Intercompany revenue	593,852	440,062
Total	2,206,658	1,572,450
Distribution of revenue by geographical area as a percentage of total revenue		
Finland, domicile of the parent company	28	27
Other Europe, Middle East and Africa	54	59
Americas	10	10
Asia Pacific	9	4
Total	100	100

3. OTHER OPERATING INCOME

Thousand EUR	2022	2021
Gains on the sale of property, plant and equipment	2,402	77
Rent income	5	11
Insurance compensation received	603	11
Other income from operations	425	904
Total	3,435	1,003

4. EXPENSES

Thousand EUR	2022	2021
Change in stocks of finished goods and in work in progress	-64,334	-23,328
Materials and services		
Materials and supplies		
Purchases during the financial year	1,423,051	903,268
Change in inventories (increase - / decrease +)	-19,281	-9,112
External services	9,323	7,918
Total	1,413,093	902,075
Other operating expenses		
Rents	9,290	10,710
Intercompany tolling manufacturing charges	235,759	226,190
Other intercompany charges	145,253	140,066
Freights and delivery expenses	135,599	115,580
External services	18,502	16,111
Other operating expenses [1]	48,142	64,261
Total	592,545	572,917
Total expenses	1,941,304	1,451,664

1) In 2022, the operating expenses included a net decrease of EUR 4,968 thousand in the obligatory provisions (a decrease of EUR 574 thousand in environmental expenses and EUR 4,394 thousand in restructuring expenses). In 2021, the operating expenses included a net increase of EUR 18,948 thousand in the obligatory provisions (an increase of EUR 3,293 in environmental expenses and EUR 15,655 thousand in restructuring expenses).

AUDIT FEES AND SERVICES

Thousand EUR	2022	2021
Audit fees	499	455
Tax services	278	129
Other services	50	51
Total	827	635

Ernst & Young Oy acts as the principal auditor for Kemira Oyj.

5. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

Thousand EUR	2022	2021
Personnel costs		
Wages and salaries	49,228	46,148
Pension expenses [1]	-2,767	3,637
Other personnel expenses	1,911	1,161
Total	48,372	50,947

Thousand EUR	2022	2021
Management wages and salaries [2]		
CEO	1,454	1,537
Deputy CEO	425	444
Board of Directors	567	468
Total	2,446	2,449

Thousand EUR	2022	2021
Salaries and fees include bonuses and share-based payments		
CEO	715	813
Deputy CEO	234	257
Total	949	1,070

In 2020, salaries and wages totaled EUR 45,334 thousand.

1) In 2022, the pension expenses includes a return of EUR 10.0 million (3.0) from Pension Fund Neliapila.
2) The salary paid to Kemira Oyj's CEO and Deputy CEO include fringe benefits.

Other transactions between related parties are presented in Note 6.1 in the Notes to the Consolidated Financial Statements.

Number of personnel on Dec 31	2022	2021
Pulp & Paper segment	102	104
Industry & Water segment	38	36
Other, of which	353	364
R&D and Technology	167	172
Total	493	504
Average number of personnel	502	502

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

Thousand EUR	2022	2021
Depreciation according to plan and impairment		
Intangible rights	11,114	15,466
Depreciation of goodwill	3,586	6
Other intangible assets	687	2,062
Buildings and constructions	665	539
Machinery and equipment	6,220	7,493
Total	22,273	25,568

7. FINANCE INCOME AND EXPENSES

Thousand EUR	2022	2021
Dividend income		
From Group companies	137,389	5,876
Total	137,389	5,876
Other interest and finance income		
Interest income from Group companies	38,188	21,349
Interest income from others	1,579	736
Other finance income from Group companies	607	638
Other finance income from others	0	6
Exchange gains from Group companies (net)	24,276	37,152
Total	64,650	59,880
Total finance income	202,038	65,756
Interest expenses and other finance expenses		
Interest expenses to Group companies	-1,274	-217
Interest expenses to others	-19,612	-16,768
Other finance expenses to others	-2,623	-2,493
Exchange losses from others (net)	-5,791	-19,823
Total	-29,301	-39,301
Total finance expenses	-29,301	-39,301
Total finance income and expenses	172,737	26,455

Thousand EUR	2022	2021
Exchange gains and losses		
Realized	-3,699	-9,972
Unrealized	22,184	27,300
Total	18,485	17,329

8. APPROPRIATIONS

Thousand EUR	2022	2021
Change in accumulated depreciation difference (increase - / decrease +)		
Intangible rights	-420	384
Other intangible assets	231	-456
Goodwill	0	-2
Buildings and structures	-351	-612
Machinery and equipment	-2,760	-3,512
Other tangible assets	-3	-3
Total	-3,303	-4,202
Group contribution		
Group contributions given	-9,000	-70,500
Total	-9,000	-70,500
Total appropriations	-12,303	-74,702

9. INCOME TAXES

Thousand EUR	2022	2021
Income taxes on ordinary activities	-42,205	-1,866
Income taxes for prior years	-29	-476
Change in deferred taxes	-1,065	3,634
Other taxes and parafiscal charges	-546	-1,171
Total	-43,844	121

10. INTANGIBLE ASSETS

2022, Thousand EUR	Intangible rights	Goodwill	Advance payments and construction in progress	Other intangible assets	Total
Acquisition cost on Jan 1	275,030	32,364	3,061	39,878	350,333
Additions	5,521	0	8,809	0	14,330
Decreases	-3,254	0	0	0	-3,254
Transfers	2,536	0	-2,536	0	0
Acquisition cost on Dec 31	279,833	32,364	9,334	39,878	361,408
Accumulated amortization on Jan 1	-241,030	-10,847	0	-39,191	-291,067
Accumulated amortization relating to decreases	3,201	0	0	0	3,201
Amortization during the financial year	-11,061	-3,586	0	-687	-15,334
Accumulated amortization on Dec 31	-248,890	-14,433	0	-39,878	-303,200
Net book value on Dec 31	30,943	17,931	9,334	0	58,208

2021, Thousand EUR	Intangible rights	Goodwill	Advance payments and construction in progress	Other intangible assets	Total
Acquisition cost on Jan 1	266,555	7,263	2,274	39,878	315,970
Additions	6,484	25,100	2,874	0	34,459
Decreases	-96	0	0	0	-96
Transfers	2,088	0	-2,088	0	0
Acquisition cost on Dec 31	275,030	32,364	3,061	39,878	350,333
Accumulated amortization on Jan 1	-229,237	-7,263	0	-37,128	-273,628
Accumulated amortization relating to decreases	29	0	0	0	29
Amortization during the financial year	-11,821	-3,584	0	-2,062	-17,467
Accumulated amortization on Dec 31	-241,030	-10,847	0	-39,191	-291,067
Net book value on Dec 31	34,000	21,517	3,061	687	59,266

11. TANGIBLE ASSETS

2022, Thousand EUR	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost on Jan 1	1,071	15,509	98,130	343	1,960	117,014
Additions	208	533	3,698	0	4,419	8,858
Decreases	-17	-99	-1,085	0	0	-1,201
Transfers	0	316	1,338	0	-1,654	0
Acquisition cost on Dec 31	1,263	16,261	102,080	343	4,725	124,671
Accumulated depreciation on Jan 1	-110	-6,933	-76,159	-341	0	-83,543
Accumulated depreciation relating to decreases	0	83	881	0	0	964
Depreciation during the financial year	0	-649	-6,165	0	0	-6,814
Accumulated depreciation on Dec 31	-110	-7,499	-81,443	-341	0	-89,393
Net book value at 31 Dec	1,153	8,761	20,636	2	4,725	35,277

2021, Thousand EUR	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost on Jan 1	1,071	9,959	87,750	343	11,415	110,539
Additions	0	739	5,122	0	1,586	7,447
Decreases	0	-332	-640	0	0	-973
Transfers	0	5,144	5,897	0	-11,041	0
Acquisition cost on Dec 31	1,071	15,509	98,130	343	1,960	117,014
Accumulated depreciation on Jan 1	-110	-6,726	-69,156	-340	0	-76,332
Accumulated depreciation relating to decreases	0	282	298	0	0	580
Depreciation during the financial year	0	-489	-7,301	0	0	-7,790
Accumulated depreciation on Dec 31	-110	-6,933	-76,159	-341	0	-83,543
Net book value on Dec 31	962	8,576	21,970	3	1,960	33,471

12. INVESTMENTS

2022, Thousand EUR	Holdings in Group companies	Receivables from Group companies	Other shares and holdings	Other receivables	Total
Net book value on Jan 1	1,049,503	396,546	99,608	6,127	1,551,785
Additions	0	255,661	1	0	255,662
Decreases	0	-99,211	0	0	-99,211
Net book value on Dec 31	1,049,503	552,996	99,609	6,127	1,708,236

2021, Thousand EUR	Holdings in Group companies	Receivables from Group companies	Other shares and holdings	Other receivables	Total
Net book value on Jan 1	1,228,799	618,587	102,108	6,127	1,955,622
Additions	0	69,106	1,000	0	70,106
Decreases	-179,296	-291,146	-3,500	0	-473,943
Net book value on Dec 31	1,049,503	396,546	99,608	6,127	1,551,785

13. INVENTORIES

Thousand EUR	2022	2021
Raw materials and consumables	56,854	37,573
Finished goods	148,604	90,731
Advance payments	8,040	11,700
Total	213,498	140,004

14. RECEIVABLES

Thousand EUR	2022	2021
Non-current receivables		
Receivables from others		
Loan receivables	400	400
Other receivables	21,107	6,088
Total	21,507	6,488
Deferred tax assets		
From appropriations	376	473
From reservations	9,691	10,685
From foreign currency and electricity hedging	0	304
From revaluations	4,285	4,285
From other deferred tax receivables	1,094	1,068
Total	15,446	16,814
Total non-current receivables	36,952	23,302
Current receivables		
Receivables from Group companies		
Trade receivables	108,075	68,501
Loan receivables	160,638	368,724
Advances paid	18,836	18,836
Other current receivables	0	42
Prepayments and accrued income	16,555	12,060
Total	304,104	468,164

Thousand EUR	2022	2021
Receivables from others		
Trade receivables	180,297	116,386
Advances paid	72	41
Other current receivables	4,097	7,078
Prepayments and accrued income	81,513	32,050
Total	265,978	155,555
Total current receivables	570,083	623,719
Total receivables	607,035	647,021
Accrued income from others		
Taxes	2,561	73
Hedging accruals	65,845	21,149
Prepaid expenses	3,831	3,629
Accrued income	8,048	5,986
Other	1,228	1,213
Total	81,513	32,050

15. CAPITAL AND RESERVES

Thousand EUR	2022	2021
Restricted equity		
Share capital on Jan 1	221,762	221,762
Share capital on Dec 31	221,762	221,762
Share premium account on Jan 1	257,878	257,878
Share premium account on Dec 31	257,878	257,878
Fair value reserve on Jan 1	19,387	5,216
Cash flow hedges	37,378	14,170
Fair value reserve on Dec 31	56,764	19,387
Total restricted equity on Dec 31	536,404	499,026
Unrestricted equity		
Unrestricted equity reserve on Jan 1	199,964	199,964
Unrestricted equity reserve on Dec 31	199,964	199,964
Retained earnings on Jan 1	275,443	365,658
Dividend distributions	-88,942	-88,809
Share-based incentive plan		
Shares given	1,689	1,465
Shares returned	-86	-19
Retained earnings on Dec 31	188,104	278,295
Profit (loss) for the financial period	314,734	-2,851
Total unrestricted equity on Dec 31	702,803	475,407
Total capital and reserves on Dec 31	1,239,207	974,433
Total distributable funds on Dec 31	702,803	475,407

CHANGE IN TREASURY SHARES

Thousand	EUR	Number of shares
Acquisition value / number on Jan 1, 2022	14,911	2,215
Change	-1,514	-225
Acquisition value/number on Dec 31, 2022	13,397	1,990

16. ACCUMULATED APPROPRIATIONS

Thousand EUR	2022	2021
Appropriations		
Accumulated depreciation difference	13,098	9,795
Deferred tax liabilities on accumulated appropriations	2,620	1,959

17. OBLIGATORY PROVISIONS

Thousand EUR	2022	2021
Non-current provisions		
Pension provisions	5,469	5,338
Environmental provisions	14,185	15,414
Restructuring	19,544	26,700
Total non-current provisions	39,197	47,452
Current provisions		
Environmental provisions	6,116	5,462
Restructuring	6,916	4,153
Total current provisions	13,032	9,615
Total provisions	52,230	57,066
Change in obligatory provisions		
Obligatory provisions on Jan 1	57,066	38,213
Utilised during the year	-8,338	-12,982
Cancellation of unused reservations	0	-998
Increase during the year	3,501	32,833
Obligatory provisions on Dec 31	52,230	57,066

Environmental risks and liabilities are disclosed in Note 4.6 in the Notes to the Consolidated Financial Statements.

18. NON-CURRENT LIABILITIES

Thousand EUR	2022	2021
Loans from financial institutions	312,359	279,891
Corporate bonds	397,853	397,258
Other liabilities	15,910	0
Total	726,122	677,148
Maturity later than five years		
Corporate bonds	200,000	200,000
Total	200,000	200,000
Deferred tax liabilities		
From foreign currency and electricity hedging	14,191	5,151
Total	14,191	5,151
Total non-current liabilities	740,313	682,299

19. CURRENT LIABILITIES

Thousand EUR	2022	2021
Liabilities to Group companies		
Loan liabilities	14,323	5,843
Trade payables	176,401	137,067
Other liabilities	250,316	395,643
Accrued expenses	1,130	40
Total	442,169	538,594
Liabilities to others		
Corporate Bonds	0	52,750
Commercial papers	29,815	0
Prepayments received	1,308	1,536
Trade payables	145,428	121,156
Other liabilities	24,330	7,528
Accrued expenses	128,822	60,495
Total	329,702	243,465
Total current liabilities	771,871	782,059
Accrued expenses and deferred income		
Personnel expenses	20,241	16,565
Interest expenses and exchange rate differences	10,563	13,690
Cost accruals	53,671	26,658
Income tax accruals	42,205	1,866
Other	2,142	1,716
Total	128,822	60,495

20. DERIVATIVES

Nominal values, thousand EUR	2022 Total	2021 Total
Currency derivatives		
Forward contracts	645,600	520,161
of which cash flow hedges	71,572	62,044
Other derivatives		
Electricity contracts, bought (MWh)	1,034,472	1,518,286
Electricity forward contracts	1,034,472	1,518,286
of which cash flow hedges	1,034,472	1,518,286

		2022	
Fair values, thousand EUR	**Positive**	**Negative**	**Net**
Currency derivatives			
Forward contracts	14,971	4,740	10,232
of which cash flow hedges	1,652	1,386	266
Other derivatives			
Electricity forward contracts, bought [1)]	70,771	—	70,771
of which cash flow hedges	70,771	—	70,771

1) Includes fair value of electricity forward contracts of EUR 21,107 thousand maturing after the year 2023 (6,088)

		2021	
Fair values, thousand EUR	**Positive**	**Negative**	**Net**
Currency derivatives			
Forward contracts	2,752	8,554	-5,802
of which cash flow hedges	144	1,577	-1,434
Other derivatives			
Electricity forward contracts, bought	25,753	—	25,753
of which cash flow hedges	25,753	—	25,753

21. COLLATERAL AND CONTINGENT LIABILITIES

Thousand EUR	2022	2021
Given guarantees		
On behalf of own commitments		
Business related delivery-, environmental and other guarantees	18,106	15,545
On behalf of companies belonging to the same Group		
Business and financing guarantees	535,479	522,446
On behalf of associated companies		
Business and financing guarantees	12,499	12,467
On behalf of others		
Guarantees	2,296	1,543
Other obligations		
Loan commitments	16,339	16,339
Rent liabilities		
Maturity within one year	2,714	2,221
Maturity after one year	6,693	7,511
Total	9,407	9,732
Leasing liabilities		
Maturity within one year	2,088	2,052
Maturity after one year	3,968	3,354
Total	6,056	5,407
Pledges given		
On behalf of own commitments	482	359

22. SHARES AND HOLDINGS OWNED BY KEMIRA OYJ

SHARES IN GROUP COMPANIES

	Group holding, %	Kemira Oyj holding, %
AS Kemivesi	100.00	100.00
Kemira Argentina S.A.	100.00	15.80
Kemira Cell Sp. z.o.o.	55.00	55.00
Kemira Chemicals (Nanjing) Co.,Ltd.	100.00	100.00
Kemira Chemicals (Shanghai) Co.,Ltd.	100.00	100.00
Kemira Chemicals (UK) Ltd.	100.00	100.00
Kemira Chemicals (Yanzhou) Co.,Ltd.	100.00	100.00
Kemira Chemicals Brasil Ltda	100.00	99.87
Kemira Chemicals Canada Inc.	100.00	100.00
Kemira Chemicals Korea Corporation	100.00	100.00
Kemira Chemie Ges.mbH	100.00	100.00
Kemira Chile Comercial Limitada	100.00	99.00
Kemira Europe Oy	100.00	100.00
Kemira Germany GmbH	100.00	100.00
Kemira Hong Kong Company Limited	100.00	100.00
Kemira International Finance B.V.	100.00	100.00
Kemira KTM d.o.o.	100.00	100.00
Kemira Świecie Sp. z o.o.	100.00	100.00
Kemira Water Danmark A/S	100.00	100.00
Kemira Water Solutions Brasil	100.00	100.00
PT Kemira Indonesia	100.00	74.80
PT Kemira Chemicals Indonesia	99.77	99.77

The Group's subsidiaries and investment in associates are presented in Note 6.2. in the Consolidated Financial Statements.

KEMIRA OYJ'S BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING FOR THE DISTRIBUTION OF DISTRIBUTABLE FUNDS AND SIGNING OF THE FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REVIEW

On December 31, 2022, Kemira Oyj's distributable funds are EUR 702,802,752 of which the net profit for the period amounts to EUR 314,734,444.

The Board of Directors proposes to the Annual General Meeting to be held on March 22, 2023 that a dividend of EUR 0.62 per share be distributed. No dividend will be paid on own shares held by the company as treasury shares on the dividend record date.

On the date of this proposal for the distribution of profits, a total of 153,352,360 shares are held outside the company, the total dividends paid would amount to EUR 95,078,463. The distributable funds of EUR 607,724,289 to be retained as equity.

There have been no material changes in the company's financial position since December 31, 2022. The liquidity of the company remains good, and the proposed dividend payment does not risk the solvency of the company.

Helsinki, February 9, 2023

Matti Kähkönen Chairman	Annika Paasikivi Vice Chairman	Wolfgang Büchele
Shirley Cunningham	Werner Fuhrmann	Timo Lappalainen
Kristian Pullola	Tina Sejersgård Fanø	Jari Rosendal CEO

Auditor's report (Translation of the Finnish original)

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To the Annual General Meeting of Kemira Oyj

REPORT ON THE AUDIT OF FINANCIAL STATEMENT

OPINION

We have audited the financial statements of Kemira Oyj (business identity code 0109823-0) for the year ended 31 December 2022. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5 (1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.2 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key audit matter	How our audit addressed the Key Audit Matter
Valuation of goodwill *The accounting principles and disclosures concerning goodwill are disclosed in Note 3.1.*	
Valuation of goodwill was a key audit matter because • the assessment process is judgmental, • it is based on assumptions relating to market or economic conditions extending to the future, and • because of the significance of the goodwill to the financial statements. As of balance sheet date 31 December 2022, the value of goodwill amounted to 511 million euro representing 14 % of the total assets and 30 % of the total equity. The valuation of goodwill is based on management's estimate about the value-in-use calculations of the cash generating units. There are number of underlying assumptions used to determine the value-in-use, including the revenue growth, EBITDA and discount rate applied on net cash-flows. Estimated value-in-use may vary significantly when the underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill.	Our audit procedures regarding the valuation of goodwill included involving EY valuation specialists to assist us in evaluating methodologies, impairment calculations and underlying assumptions applied by the management in the impairment testing. In evaluation of methodologies, we compared the principles applied by the management in the impairment tests to the requirements set in IAS 36 Impairment of assets standard and ensured the mathematical accuracy of the impairment calculations. The key assumptions applied by the management in impairment tests were compared to • approved budgets and long-term forecasts, • information available in external sources, as well as • our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows. In addition, we compared the sum of discounted cash flows in impairment tests to Kemira's market capitalization. We also assessed the sufficiency and appropriateness of the disclosures given in respect of goodwill and its sensitivity.

Key audit matter	How our audit addressed the Key Audit Matter
Fair value measurement of other shares *The accounting principles and disclosures concerning other shares are disclosed in Note 3.5.*	
Fair value measurement of other shares was a key audit matter because • the value of other shares is material to the financial statements, and because • the fair value assessment process requires significant management judgment. As of balance sheet date 31 December 2022, the value of PVO / TVO shares included in other shares amounted to 381 million euro representing 10 % of the total assets and 23 % of the total equity. PVO / TVO shares represent majority of the balance sheet value of other shares. In determining the fair value of PVO / TVO shares, the management must make among other things an assessment regarding • future electricity production cost for PVO and TVO, • future electricity market prices applicable for Finland, and • discount rate applied on discounting the cashflows. Fair values of PVO and TVO shares may vary significantly when above-mentioned assumptions are changed. Fair value measurement of other shares was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10 (2).	Our audit procedures regarding the fair values of other shares to address the risk of material misstatement included involving EY valuation specialists to assist us in evaluating appropriateness of methodologies, fair value calculations and underlying assumptions applied by the management. The key assumptions made by the management were compared to • estimates of future electricity production costs available on external sources, • estimates of future electricity market prices in Finland available on external sources, and • our independently calculated discount rate applicable for discounting of expected cashflows. In addition, we assessed the overall reasonableness of management's judgments. We also assessed the sufficiency and appropriateness of the disclosures regarding the other shares.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting on 21 March 2019 and our appointment represents a total period of uninterrupted engagement of four years.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OTHER OPINIONS ON ASSIGNMENT OF THE BOARD OF DIRECTORS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown on the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Chief Executive Officer should be discharged from liability for the financial period audited by us.

Helsinki, 9 February 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

ESEF Financial Statement Report

(Translation of the Finnish original)

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INDEPENDENT AUDITOR'S REPORT ON KEMIRA OYJ'S ESEF CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF KEMIRA OYJ

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 74370031Y7RK5H88CQ48-2022-12-31-fi.zip of Kemira Oyj for the financial year 1.1.-31.12.2022 to ensure that the financial statements are marked up with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESEF RTS. This responsibility includes:

- preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- tagging the consolidated financial statements included within the ESEF- financial statements by using the iXBRL marks in accordance with Article 4 of ESEF RTS
- ensuring consistency between ESEF financial statements and audited financial statements

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of ESEF RTS.

Auditor's Independence and Quality Control

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The auditor applies International Standard on Quality Control (ISQC) 1 and therefore maintains a comprehensive quality control system including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the ESEF-financial statements are consistent with the audited financial statements

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

Opinion

In our opinion the tagging of the consolidated financial statement included in the ESEF financial statement of Kemira Oyj for the year ended 31.12.2022 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Kemira Oyj for the year ended 31.12.2022 is included in our Independent Auditor's Report dated 9.2.2023. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki 16.2.2023

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

Kemira

Group key figures

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

Kemira's alternative performance measures should not be viewed in isolation to 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 these Financial Statements, as well as at **www.kemira.com** > Investors > Financial information.

Kemira adopted the IFRS 16 Leases standard on January 1, 2019. The comparative figures were not restated on the date of transition to IFRS 16. In 2019, the key figures (except revenue and capital expenditure) of the Income Statements, Balance Sheet and cash flow have been impacted by the adoption of IFRS 16.

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

	2022	2021	2020	2019	2018
INCOME STATEMENT AND PROFITABILITY					
Revenue, EUR million	3,570	2,674	2,427	2,659	2,593
Operative EBITDA, EUR million	572	426	435	410	323
Operative EBITDA, %	16.0	15.9	17.9	15.4	12.5
EBITDA, EUR million	559	373	413	382	315
EBITDA, %	15.7	14.0	17.0	14.4	12.1
Operative EBIT, EUR million	362	225	238	224	174
Operative EBIT, %	10.1	8.4	9.8	8.4	6.7
Operating profit (EBIT), EUR million	348	170	216	194	148
Operating profit (EBIT), %	9.7	6.4	8.9	7.3	5.7
Finance costs (net), EUR million	39	27	35	40	25
% of revenue	1.1	1.0	1.4	1.5	1.0
Profit before tax, EUR million	308	143	181	155	123
% of revenue	8.6	5.4	7.5	5.8	4.8
Net profit for the period (attributable to equity owners of the parent company), EUR million	232	108	131	110	89
% of revenue	6.5	4.0	5.4	4.1	3.4
Return on investment (ROI), %	12.5	7.2	9.1	8.4	7.0
Return of equity (ROE), %	15.4	8.6	10.9	9.2	7.6
Capital employed, EUR million [1)]	2,238	1,995	1,965	1,998	1,781
Operative return on capital employed (ROCE), % [1)]	16.2	11.3	12.1	11.2	9.8
Return on capital employed (ROCE), % [1)]	15.5	8.5	11.0	9.7	8.3
Research and development expenses, EUR million	33	28	29	30	30
% of revenue	0.9	1.1	1.2	1.1	1.2
Organic growth, %	27	11	-7	0	7

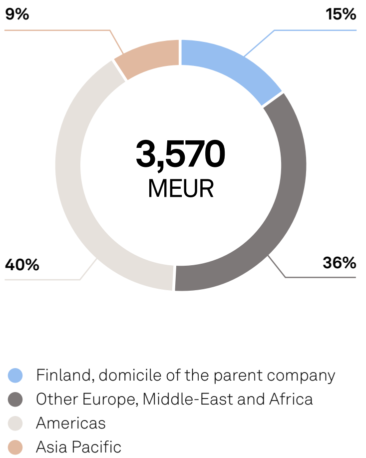
	2022	2021	2020	2019	2018
CASH FLOW					
Net cash generated from operating activities, EUR million	400	220	375	386	210
Proceeds from sale of subsidiaries and property, plant and equipment and intangible assets, EUR million	19	7	2	8	7
Capital expenditure, EUR million	198	170	198	204	194
% of revenue	5.5	6.3	8.2	7.7	7.5
Capital expenditure excl. acquisitions, EUR million	198	169	196	201	150
% of revenue	5.5	6.3	8.1	7.6	5.8
Cash flow after investing activities, EUR million	222	57	173	190	29
BALANCE SHEET AND SOLVENCY					
Non-current assets, EUR million	2,323	2,155	2,018	2,090	1,901
Shareholders' equity (Equity attributable to equity owners of the parent company), EUR million	1,670	1,329	1,192	1,218	1,190
Total equity including non-controlling interests, EUR million	1,685	1,343	1,205	1,231	1,203
Total liabilities, EUR million	1,966	1,797	1,590	1,660	1,561
Total assets, EUR million	3,651	3,139	2,796	2,891	2,764
Net working capital	362	287	197	211	260
Interest-bearing net liabilities, EUR million	771	850	759	811	741
Equity ratio, %	46	43	43	43	44
Gearing, %	46	63	63	66	62
Interest-bearing net liabilities per EBITDA	1.4	2.3	1.8	2.1	2.4

	2022	2021	2020	2019	2018
PERSONNEL					
Personnel at period-end	4,902	4,926	4,921	5,062	4,915
Personnel (average)	4,936	4,947	5,038	5,020	4,810
of whom in Finland	780	784	790	812	821
Wages and salaries, EUR million	339	288	303	304	278
EXCHANGE RATES					
Key exchange rates on Dec 31					
USD	1.067	1.133	1.227	1.123	1.145
CAD	1.444	1.439	1.563	1.460	1.561
SEK	11.122	10.250	10.034	10.447	10.255
CNY	7.358	7.195	8.023	7.821	7.875
BRL	5.639	6.310	6.374	4.516	4.444
PER SHARE FIGURES					
Earnings per share (EPS), basic, EUR [2)]	1.51	0.71	0.86	0.72	0.58
Earnings per share (EPS), diluted, EUR [2)]	1.50	0.70	0.86	0.72	0.58
Net cash generated from operating activities per share, EUR [2)]	2.61	1.44	2.45	2.53	1.38
Dividend per share, EUR [2) 3)]	0.62	0.58	0.58	0.56	0.53
Dividend payout ratio, % [2) 3)]	41.0	82.2	67.5	77.6	90.7
Dividend yield, % [2) 3)]	4.3	4.4	4.5	4.2	5.4
Equity per share, EUR [2)]	10.89	8.68	7.80	7.98	7.80
Price per earnings per share (P/E ratio) [2)]	9.48	18.88	15.07	18.37	16.85
Price per equity per share [2)]	1.32	1.54	1.66	1.66	1.26
Price per cash flow from operations per share [2)]	5.49	9.27	5.28	5.24	7.14
Dividend paid, EUR million [3)]	95.1	88.8	88.7	85.5	80.8

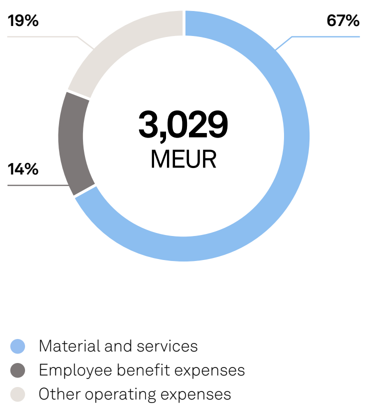
	2022	2021	2020	2019	2018
SHARE PRICE AND TRADING					
Share price, high, EUR	14.94	14.66	14.24	14.99	12.03
Share price, low, EUR	10.36	12.64	8.02	9.77	9.34
Share price, average, EUR	12.57	13.67	11.55	12.56	11.00
Share price on Dec 31, EUR	14.33	13.33	12.94	13.26	9.85
Number of shares traded (1,000) 4)	37,017	57,478	75,885	53,048	43,837
% on number of shares	24	38	50	35	29
Market capitalization on Dec 31, EUR million 2)	2,198	2,041	1,979	2,024	1,502
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) 2)	153,320	153,092	152,879	152,630	152,484
Average number of shares, diluted (1,000) 2)	154,261	153,785	153,373	153,071	152,768
Number of shares on Dec 31, basic (1,000) 2)	153,352	153,127	152,924	152,649	152,510
Number of shares on Dec 31, diluted (1,000) 2)	154,894	154,068	153,744	153,385	152,927
Increase (+) / decrease (-) in number of shares outstanding (1,000)	225	203	275	139	156
Share capital, EUR million	221.8	221.8	221.8	221.8	221.8

1) 12-month rolling average
2) Number of shares outstanding, excluding the number of treasury shares.
3) The dividend for 2022 is the Board of Directors' proposal to the Annual General Meeting.
4) Shares traded in Nasdaq Helsinki only

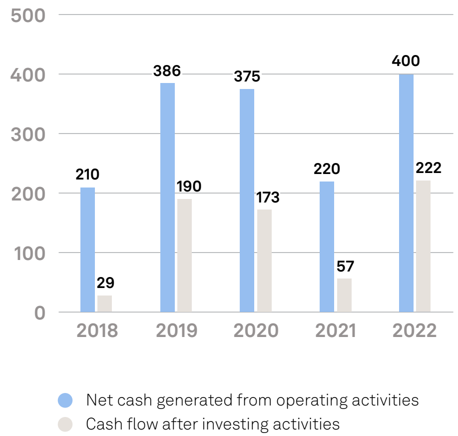
REVENUE BY GEOGRAPHICAL AREAS



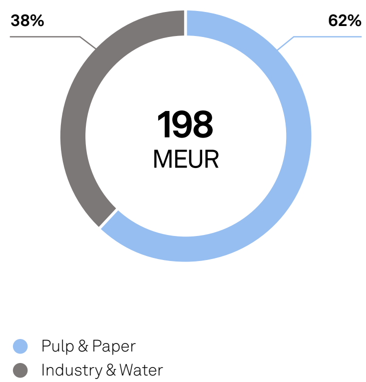
OPERATING EXPENSES



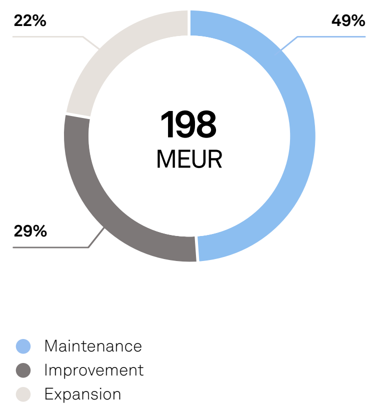
CASH FLOW
EUR MILLION



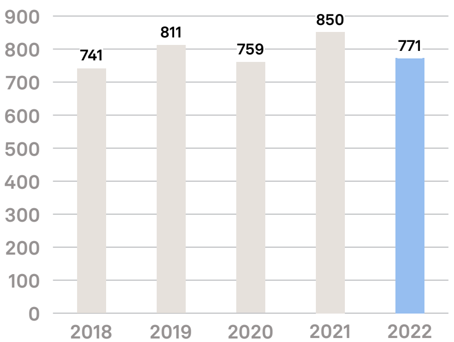
CAPITAL EXPENDITURE BY SEGMENT EXCLUDING ACQUISITIONS



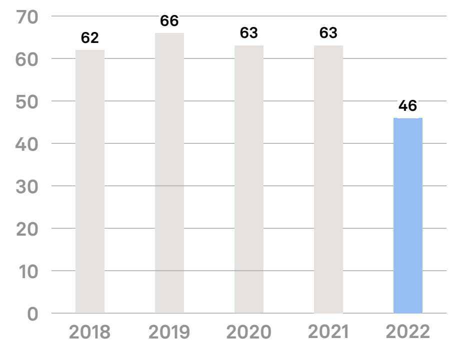
CAPITAL EXPENDITURE EXCLUDING ACQUISITIONS



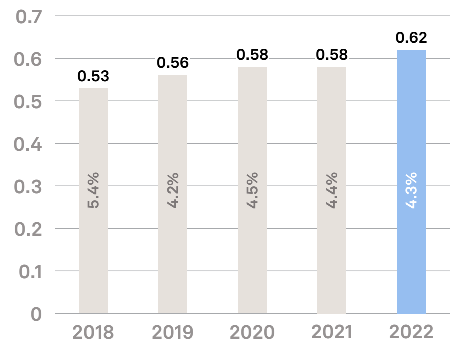
INTEREST-BEARING NET LIABILITIES
EUR MILLION



GEARING
%

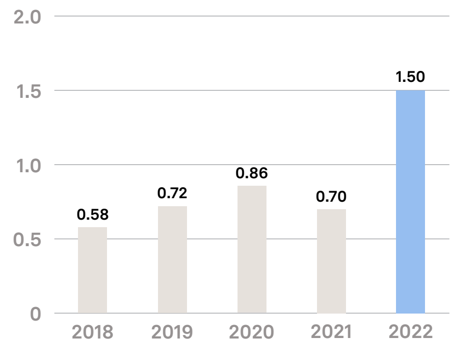


DIVIDEND PER SHARE, EUR AND DIVIDEND YIELD, %*



*The dividend for 2022 is the Board of Directors' proposal to the Annual General Meeting.

EARNINGS PER SHARE, DILUTED
EUR



Definition of key figures

FINANCIAL FIGURES

KEY FIGURES			DEFINITION OF KEY FIGURES	PURPOSE OF KEY FIGURES
EBITDA	=		Operating profit (EBIT) + depreciation and amortization + impairments	EBITDA describes the profitability of a business when depreciation, amortization and impairments are added to EBIT. The key figure is used to monitor the development of business results.
OPERATIVE EBITDA	=		Operating profit (EBIT) + depreciation and amortization + impairments +/- items affecting comparability	Operative EBITDA describes the profitability of a business when depreciation, amortization and impairments are added to EBIT. The key figure is used to monitor the development of business results. The key figure is calculated by adjusting the items affecting from EBITDA, which improves the comparability of operating profitability between different periods.
ITEMS AFFECTING COMPARABILITY [1)]	=		Restructuring and streamlining programs + transaction and integration expenses in acquisitions + divestment of businesses and other disposals + other items	Used as a component in the calculation of operative EBITDA and operative EBIT.
EBIT	=		Revenue + other operating income - operating expenses - depreciation and amortization - impairments + share of the results of associates	EBIT is used to monitor the development of business results. The key figure describes the profitability of the business before financial items and taxes.
OPERATIVE EBIT	=		Operating profit (EBIT) +/- items affecting comparability	Operative EBIT is used to monitor the development of business results. The key figure describes the profitability of the business before financial items and taxes. The key figure is calculated by adjusting the items affecting operating comparability from operating profit, which improves the comparability of operating profitability between different periods.
INTEREST-BEARING NET LIABILITIES	=		Interest-bearing liabilities - cash and cash equivalents	Interest-bearing liabilities is used to monitor the Group's gearing.
EQUITY RATIO (%)	=	100 x	Total equity ――――― Total assets - prepayments received	Equity ratio (%) indicates what proportion of the assets is covered by equity.
GEARING (%)	=	100 x	Interest-bearing net liabilities ――――― Total equity	Gearing (%) measures the ratio of interest-bearing net liabilities to equity.
RETURN ON INVESTMENTS (ROI) (%)	=	100 x	Profit before tax + interest expenses + other financial expenses ――――― Total assets - non-interest-bearing liabilities [2)]	Return on investment (%) measures how efficiently invested capital is used.

KEY FIGURES		DEFINITION OF KEY FIGURES	PURPOSE OF KEY FIGURES
RETURN ON EQUITY (ROE) (%)	= 100 x	Net profit attributable to equity owners of the parent company / Equity attributable to equity owners of the parent company [2)]	Return on equity (%) is used to measure how effectively the equity owned by the owners of the parent company is used.
RETURN ON CAPITAL EMPLOYED (ROCE) (%)	= 100 x	Operating profit (EBIT) [3)] / Capital employed [4)]	Return on capital employed (%) is used to measure how efficiently capital is employed.
OPERATIVE RETURN ON CAPITAL EMPLOYED (OPERATIVE ROCE) (%)	= 100 x	Operating profit (EBIT) [3)] / Capital employed [4)]	Operative return on capital employed (%) is used to measure how efficiently capital is employed.
CASH FLOW AFTER INVESTING ACTIVITIES	=	Net cash generated from operating activities + net cash used in investing activities	Cash flow after investments is a key figure that describes the cash flow from operating activities after investments. This is free cash flow that remains, for example, in the payment of dividends and liabilities.
INTEREST-BEARING NET LIABILITIES / EBITDA	=	Interest-bearing net liabilities / Operating profit (EBIT) + depreciation and amortization + impairments	Interest-bearing net liabilities / EBITDA ratio measures the Group's capital structure. The key figure describes how long it would take to pay interest-bearing net liabilities at the current level of profitability if the EBITDA in its entirety were used to repay the debt.
NET FINANCIAL COST (%)	= 100 x	Finance costs, net - dividend income +/- exchange rate differences / Interest-bearing net liabilities [2)]	Net financial cost (%) describes the financial expense structure and the key figure can be compared to the existing average interest rate level.
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	Net working capital is the amount of capital tied up in business operations. It describes the amount of cash needed to run the Group's day-to-day operations.
CAPITAL EMPLOYED	=	Property, plant and equipment + right-of-use assets + intangible assets + net working capital + investments in associates	Capital employed describes the capital committed to the Group's operations (e.g. production facilities), which is a premise for the manufacture of the Group's products for sale. Restricted capital is used as a component in calculating the return on capital employed.
CAPITAL EXPENDITURE	=	Property, plant and equipment + intangible assets + other shares + investments in associates	Investments excluding acquisitions are cash used on the acquisition of non-current assets. The key figure is part of the cash flow statement.
CAPITAL EXPENDITURE EXCL. ACQUISITIONS	=	Property, plant and equipment + intangible assets + other shares + investments in associates - acquisitions	Investments excluding acquisitions are cash used on the acquisition of non-current assets, excluding acquisitions. The key figure is part of the cash flow statement.

KEY FIGURES		DEFINITION OF KEY FIGURES	PURPOSE OF KEY FIGURES
ORGANIC GROWTH (%)	=	Revenue growth in local currencies, excluding acquisitions and divestments	Organic growth describes revenue growth in local currencies excluding acquisitions and divestments.
INTRINSIC VALUE	=	Operative EBITDA x 8 - interest-bearing net liabilities	Intrinsic value is used as a remuneration criteria in the Group's share-based payments incentive plans.

1) Financial performance measures which 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 the most common items affecting comparability.

2) Average

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

4) 12-month rolling average

PER SHARE FIGURES

KEY FIGURES		DEFINITION OF KEY FIGURES
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
DIVIDEND PER SHARE	=	Dividend paid / Number of shares on Dec 31
DIVIDEND PAYOUT RATIO (%)	= 100 x	Dividend per share / Earnings per share (EPS), basic
DIVIDEND YIELD (%)	= 100 x	Dividend per share / Share price on Dec 31
EQUITY PER SHARE	=	Equity attributable to equity owners of the parent company on Dec 31 / Number of shares on Dec 31

KEY FIGURES		DEFINITION OF KEY FIGURES
SHARE PRICE, YEAR AVERAGE	=	Shares traded (EUR) / Shares traded (volume)
PRICE PER EARNINGS PER SHARE (P/E)	=	Share price on Dec 31 / Earnings per share (EPS), basic
PRICE PER EQUITY PER SHARE	=	Share price on Dec 31 / Equity per share attributable to equity owners of the parent company
PRICE PER NET CASH GENERATED FROM OPERATING ACTIVITIES PER SHARE	=	Share price on Dec 31 / Net cash generated from operating activities per share
SHARE TURNOVER (%)	= 100 x	Number of shares traded in main stock exchange / Average number of shares

Reconciliation to IFRS figures

EUR million	1–3	4–6	7–9	10–12	2022 Total	1–3	4–6	7–9	10–12	2021 Total
ITEMS AFFECTING COMPARABILITY IN EBITDA AND EBIT										
Operative EBITDA										
Pulp & Paper	71.3	73.6	92.3	110.9	348.0	62.9	57.8	63.5	60.5	244.7
Industry & Water	48.8	48.5	60.3	66.1	223.7	41.7	49.5	52.3	37.3	180.8
Total	120.0	122.1	152.5	177.0	571.6	104.6	107.3	115.9	97.8	425.5
Total items affecting comparability	-6.5	1.2	-15.3	7.8	-12.8	-1.6	-16.2	-6.3	-28.3	-52.4
EBITDA	113.5	123.2	137.3	184.8	558.8	103.0	91.1	109.5	69.5	373.2
Operative EBIT										
Pulp & Paper	40.7	42.8	61.8	80.3	225.7	33.2	28.1	32.5	30.4	124.3
Industry & Water	28.2	26.9	37.7	43.1	135.9	22.5	30.1	31.9	16.6	101.2
Total	68.9	69.7	99.5	123.4	361.6	55.7	58.2	64.5	47.0	225.4
Total items affecting comparability	-6.7	-0.7	-15.0	8.4	-14.0	-1.6	-16.3	-8.0	-29.5	-55.4
EBIT	62.2	69.1	84.5	131.8	347.6	54.2	41.9	56.4	17.5	170.1
Operative EBITDA	120.0	122.1	152.5	177.0	571.6	104.6	107.3	115.9	97.8	425.5
Restructuring and streamlining programs	-3.1	0.1	0.1	-1.6	-4.5	-1.4	-4.7	-6.2	-0.1	-12.3
Transaction and integration expenses in acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1
Divestment of businesses and other disposals	0.0	2.0	-15.6	8.9	-4.6	-0.2	0.0	0.0	-28.1	-28.3
Other items	-3.5	-0.9	0.3	0.5	-3.6	0.0	-11.5	-0.1	0.0	-11.6
Total items affecting comparability	-6.5	1.2	-15.3	7.8	-12.8	-1.6	-16.2	-6.3	-28.3	-52.4
EBITDA	113.5	123.2	137.3	184.8	558.8	103.0	91.1	109.5	69.5	373.2
Operative EBIT	68.9	69.7	99.5	123.4	361.6	55.7	58.2	64.5	47.0	225.4
Total items affecting comparability in EBITDA	-6.5	1.2	-15.3	7.8	-12.8	-1.6	-16.2	-6.3	-28.3	-52.4
Items affecting comparability in depreciation, amortization and impairments	-0.1	-1.9	0.3	0.6	-1.2	0.0	-0.1	-1.7	-1.2	-3.0
Operating profit (EBIT)	62.2	69.1	84.5	131.8	347.6	54.2	41.9	56.4	17.5	170.1

EUR million	1–3	4–6	7–9	10–12	2022 Total	1–3	4–6	7–9	10–12	2021 Total
ROCE AND OPERATIVE ROCE										
Operative EBIT	68.9	69.7	99.5	123.4	361.6	55.7	58.2	64.5	47.0	225.4
Operating profit (EBIT)	62.2	69.1	84.5	131.8	347.6	54.2	41.9	56.4	17.5	170.1
Capital employed [1]	2,045.4	2,113.6	2,194.9	2,238.0	2,238.0	1,958.8	1,956.1	1,966.7	1,995.0	1,995.0
Operative ROCE, %	11.7	11.8	13.0	16.2	16.2	11.9	11.9	12.0	11.3	11.3
ROCE, %	8.7	9.7	10.6	15.5	15.5	10.7	10.0	9.8	8.5	8.5
NET WORKING CAPITAL										
Inventories	408.0	490.6	474.1	433.7	433.7	268.8	280.6	324.3	352.1	352.1
Trade receivables and other receivables	530.5	620.4	701.4	603.7	603.7	378.0	406.8	430.7	475.2	475.2
Excluding financing items in other receivables	-30.4	-78.6	-105.9	-71.1	-71.1	-9.9	-13.6	-29.1	-35.4	-35.4
Trade payables and other liabilities	624.5	647.5	684.8	635.2	635.2	505.0	451.8	510.4	538.3	538.3
Excluding financing items in other liabilities	-123.1	-82.7	-82.1	-31.4	-31.4	-121.9	-70.0	-72.3	-33.5	-33.5
Net working capital	406.7	467.6	466.9	362.4	362.4	253.8	292.0	287.8	287.2	287.2
INTEREST-BEARING NET LIABILITIES										
Non-current interest-bearing liabilities	795.5	811.2	814.3	838.1	838.1	819.1	773.4	778.3	776.9	776.9
Current interest-bearing liabilities	258.8	295.1	266.1	183.7	183.7	160.8	203.1	206.2	215.3	215.3
Interest-bearing liabilities	1,054.4	1,106.3	1,080.4	1,021.8	1,021.8	979.9	976.6	984.5	992.2	992.2
Cash and cash equivalents	154.5	147.3	173.9	250.6	250.6	203.0	145.3	184.4	142.4	142.4
Interest-bearing net liabilities	899.8	959.0	906.4	771.2	771.2	776.9	831.3	800.1	849.8	849.8

1) 12-month rolling average

Quarterly Earning Performance

EUR million	1–3	4–6	7–9	10–12	2022 Total	1–3	4–6	7–9	10–12	2021 Total
Revenue										
Pulp & Paper	446.5	487.6	537.3	556.2	2,027.7	369.5	378.4	391.3	420.4	1,559.6
Industry & Water	321.5	373.8	434.6	412.0	1,541.9	236.6	279.1	301.4	297.8	1,114.8
Total	768.1	861.4	971.9	968.2	3,569.6	606.1	657.5	692.7	718.2	2,674.4
EBITDA [1]										
Pulp & Paper	66.4	74.9	77.2	118.1	336.6	62.2	42.2	62.3	31.6	198.3
Industry & Water	47.1	48.4	60.1	66.7	222.2	40.8	48.9	47.3	37.9	174.9
Total	113.5	123.2	137.3	184.8	558.8	103.0	91.1	109.5	69.5	373.2
EBIT [1]										
Pulp & Paper	35.7	42.3	47.0	88.1	213.1	32.4	12.4	31.2	1.6	77.7
Industry & Water	26.5	26.8	37.5	43.7	134.5	21.7	29.5	25.2	16.0	92.4
Total	62.2	69.1	84.5	131.8	347.6	54.2	41.9	56.4	17.5	170.1
Finance costs, net	-7.9	-8.9	-7.4	-15.3	-39.4	-1.6	-8.5	-7.8	-8.9	-26.7
Profit before tax	54.4	60.2	77.1	116.5	308.2	52.6	33.4	48.7	8.7	143.3
Income taxes	-12.1	-13.3	-16.9	-26.3	-68.5	-11.8	-8.5	-9.1	1.2	-28.2
Net profit for the period	42.2	46.9	60.3	90.3	239.7	40.8	24.9	39.6	9.8	115.2
Net profit attributable to										
Equity owners of the parent	40.6	45.0	57.9	88.2	231.7	39.0	23.0	37.7	8.3	108.1
Non-controlling interests	1.7	2.0	2.4	2.1	8.0	1.8	1.9	1.9	1.5	7.1
Net profit for the period	42.2	46.9	60.3	90.3	239.7	40.8	24.9	39.6	9.8	115.2
Earning per share, basic, EUR	0.26	0.29	0.38	0.58	1.51	0.25	0.15	0.25	0.05	0.71
Earning per share, diluted, EUR	0.26	0.29	0.38	0.57	1.50	0.25	0.15	0.25	0.05	0.70

1) Includes items affecting comparability.

Shares and shareholders

SHARES AND SHARE CAPITAL

On December 31, 2022, 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.

SHAREHOLDERS

At the end of December 2022, Kemira Oyj had 48,403 registered shareholders (49,484 on December 31, 2021). Non-Finnish shareholders held 31.5% of the shares (28.4% on December 31, 2021), including nominee-registered holdings. Households owned 19.3% of the shares (19.8% on December 31, 2021). Kemira held 1,990,197 treasury shares (2,215,073 on December 31, 2021), representing 1.3% (1.4% on December 31, 2021) of all company shares.

A list of Kemira's largest shareholders is updated monthly and can be found on the company website at **kemira.com/investors**.

LISTING AND TRADING

Kemira Oyj's shares are listed on Nasdaq Helsinki. The trading code for the shares is KEMIRA and the ISIN code is FI0009004824.

Kemira Oyj's share price increased by 8% during the year and closed at EUR 14.33 on the Nasdaq Helsinki at the end of December 2022 (13.33 on December 31, 2021). The shares registered a high of EUR 14.94 and a low of EUR 10.36 in January-December 2022, and the average share price was EUR 12.57. The company's market capitalization, excluding treasury shares, was EUR 2,198 million at the end of December 2022 (2,041 December 31, 2021).

In January-December 2022, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 462 million (EUR 787 million in January-December 2021). The average daily trading volume was 146,311 shares (228,087 in January-December 2021). The total volume of Kemira Oyj's share trading in January-December 2022 was 49 million shares (72 million shares in January-December 2021), 25% (20% in January-December 2021) of which was executed on other trading platforms (e.g. Turquoise, CBOE DXE). Source: Nasdaq and Kemira.com.

Up-to-date information on Kemira's share price is available on the company's website at **kemira.com/investors**.

DIVIDEND POLICY AND DIVIDEND DISTRIBUTION

On December 31, 2022, Kemira Oyj's distributable funds totaled EUR 702,802,752 of which net profit for the period was EUR 314,734,444. 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 22, 2023 that a dividend of EUR 0.62 per share, totaling EUR 95 million, be paid on the basis of the adopted balance sheet for the financial year that ended on December 31, 2022. The dividend will be paid in two installments. The first installment, of EUR 0.31 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 24, 2023. The Board of Directors proposes that the first installment of the dividend be paid out on April 5, 2023. The second installment, of EUR 0.31 per share, will be paid in November 2023. 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 2023. The record date is planned to be October 26, 2023, and the dividend payment date November 2, 2023 at the earliest.

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

BOARD AUTHORIZATIONS

The Annual General Meeting on March 24, 2022 authorized the Board of Directors to decide upon repurchase of a maximum of 5,800,000 company's own shares ("Share repurchases authorization"). This corresponds to approximately 3.7% of all shares and votes in the company. 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 than in proportion to the existing shareholdings of the company's shareholders in public trading on the Nasdaq Helsinki Ltd (the "Helsinki Stock Exchange") at the market price quoted at the time of the repurchase. The price paid for the shares repurchased through a tender offer under the authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period.

Shares shall be acquired and paid for in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland 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 upon other terms related to share repurchases. The share repurchase authorization is valid until the end of the next Annual General Meeting. The Board had not exercised its authorization by December 31, 2022.

The AGM authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares (corresponding to approximately 10% of company's all shares and votes) and/or transfer a maximum of 7,800,000 company's own shares (corresponding to approximately 5% of company's all shares and votes) held by the company ("Share issue authorization"). The new shares may be issued and the company's own shares held by the company may be transferred either for consideration or without consideration. The new shares may be issued and the company's own shares held by the company may be transferred to the company's shareholders in proportion to their current shareholdings in the company, or by displaying 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 this 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 plan. 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 will decide upon other terms related to the share issues. The share issue authorization is valid until May 31, 2023. The share issue authorization has been used and shares owned by the Group were conveyed to members of the Board and key employees in connection with the remuneration.

MANAGEMENT SHAREHOLDING

The members of the Board of Directors as well as the President and CEO and his Deputy held 330,988 (518,636) Kemira Oyj shares on December 31, 2022 or 0.21% (0.33%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Jari Rosendal, President and CEO, held 169,069 shares (140,800) on December 31, 2022. Members of the Management Board, excluding the President and CEO and his Deputy, held a total of 237,515 shares on December 31, 2022 (223,111), representing 0.15% (0.14%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Up-to-date information regarding the shareholdings of the Board of Directors and Management is available on Kemira's website at **kemira.com/investors**.

LARGEST SHAREHOLDERS DEC 31, 2022

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	32,000,000	20.6
2	Solidium Oy	15,782,765	10.2
3	Ilmarinen Mutual Pension Insurance Company	3,750,000	2.4
4	Varma Mutual Pension Insurance Company	3,522,678	2.3
5	Nordea Funds	3,497,587	2.3
6	Elo Mutual Pension Insurance Company	1,949,000	1.3
7	Etola Group Oy	1,000,000	0.6
8	Veritas Pension Insurance Company Ltd.	951,757	0.6
9	Laakkonen Mikko Kalervo	770,000	0.5
10	Nordea Life Assurance Finland Ltd.	734,810	0.5
11	The State Pension Funds	560,000	0.4
12	Paasikivi Pekka Johannes	462,000	0.3
13	Valio Pension Fund	379,450	0.2
14	OP-Henkivakuutus Ltd.	359,022	0.2
15	Jenny and Antti Wihuri Foundation	311,250	0.2
	Kemira Oyj	1,990,197	1.3
	Nominee registered and foreign shareholders	48,885,051	31.5
	Others, Total	40,940,089	26.4
	Total	**155,342,557**	**100.0**

SHAREHOLDINGS BY NUMBER OF SHARES HELD ON DEC 31, 2022

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	17,665	36.5	882,162	0.6
101–500	18,186	37.6	4,841,457	3.1
501–1,000	5,993	12.4	4,608,730	3.0
1,001–5,000	5,511	11.4	11,476,086	7.4
5,001–10,000	601	1.2	4,313,601	2.8
10,001–50,000	361	0.7	6,869,670	4.4
50,001–100,000	39	0.1	2,854,485	1.8
100,001–500,000	31	0.1	5,749,926	3.7
500,001–1,000,000	7	0.0	5,262,078	3.4
1,000,001–	9	0.0	108,484,362	69.8
Total	**48,403**	**100.0**	**155,342,557**	**100.0**

Information for investors

FINANCIAL REPORTS IN 2023

Kemira will publish three financial reports in 2023.

April 25, 2023: Interim report for January–March
July 18, 2023: Half-year financial report for January–June
October 24, 2023: Interim report for January–September

The financial reports and related presentation material are available on Kemira's website at **kemira.com/investors**. Furthermore, Kemira's stock exchange and press releases, Annual Reports (incl. Corporate Responsibility Report and Financial Statements) and other investor information are also available on the website. On the site, visitors can register to receive releases by e-mail and order the company's Financial Statements.

INVESTOR COMMUNICATIONS

The purpose of Kemira's investor communications is to provide capital markets with open and reliable information on the company and its operating environment in order to give market participants a factual overview of Kemira as an investment.

Kemira's investor communications aims to ensure that everyone operating in the markets has equal access to sufficient and correct information concerning the company, and to ensure that information is disclosed consistently and without delay.

Kemira Oyj is domiciled in Helsinki, Finland, and the company's shares are listed on Nasdaq Helsinki. Kemira Oyj complies with the laws of Finland and the regulations of Nasdaq Helsinki and Finland's Financial Supervisory Authority.

SILENT PERIOD

Kemira observes a silent period before issuing financial statements or interim reports. During the period, Kemira's representatives do not comment on Kemira's financial statements or interim reports for the ongoing reporting period the specific silent period relates to. The schedule for the silent period and publication of financial information and closed periods is displayed on Kemira's website under Investors > Investor Calendar. Kemira's Investor Relations function is responsible for keeping the calendar up-to-date.

ANNUAL GENERAL MEETING

Kemira's Annual General Meeting will be held on Wednesday, March 22, 2023 at 1.00 p.m. EET at Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland. Shareholders who on the record date of the Annual General Meeting, March 10, 2023, are registered in the company's shareholders' register maintained by Euroclear Finland Ltd, are entitled to attend in the Annual General Meeting and exercise their rights as shareholders by voting in advance. Registered shareholders who are not attending the meeting in person, have the possibility to follow the Annual General Meeting via a live webcast, which is not deemed as official participation.

Registration for the Annual General Meeting will begin on February 21, 2023 and invitation and registration instructions have been published on February 10, 2023 as a stock exchange release and at Kemira's web site at **kemira.com/agm2023**.

Kemira will release a stock exchange release on the Annual General Meeting's decisions immediately after the meeting.

DIVIDEND DISTRIBUTION

For dividend proposal, please see page 104.

CHANGE OF ADDRESS

Kemira's shareholders are kindly requested to report any change of address to the bank or brokerage firm in which they have their book-entry account. This will also update information in registers, maintained by Euroclear Finland Ltd, which Kemira uses to send mail to its shareholders.

INVESTOR RELATIONS

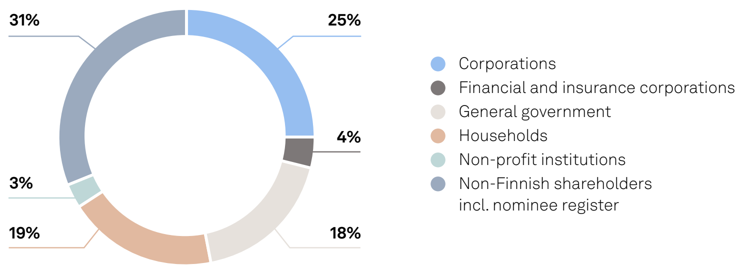
Mikko Pohjala, Vice President, Investor Relations
+358 40 838 0709
mikko.pohjala@kemira.com

BASIC SHARE INFORMATION

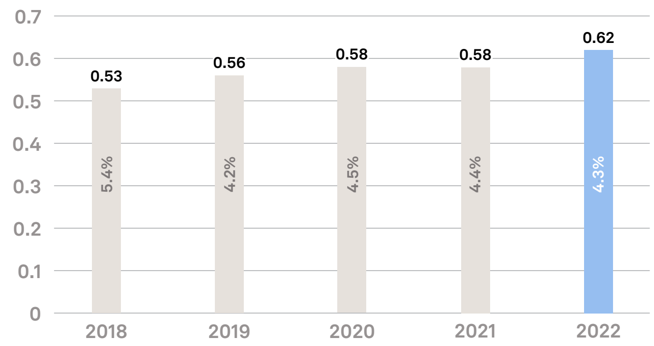
Listed on: Nasdaq Helsinki Ltd
Trading code: KEMIRA
ISIN code: FI0009004824
Industry group: Materials
Industry: Chemicals
Number of shares on December 31, 2022: 155,342,557
Listing date: November 10, 1994

SHARE PRICE 2018–2022

OWNERSHIP DECEMBER 31, 2022

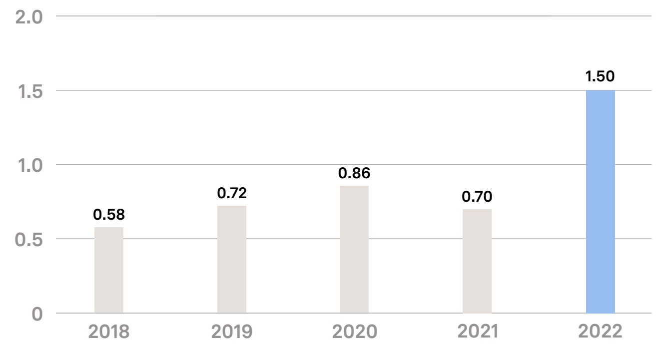


DIVIDEND PER SHARE, EUR AND DIVIDEND YIELD, %*



*The dividend for 2022 is the Board of Directors' proposal to the Annual General Meeting.

EARNINGS PER SHARE, DILUTED EUR



KEMIRA s a global leader in sustainable chemical solutions for water-intensive industries. We provide the best-suited products and services to improve our customers' product quality, process, and resource efficiency. Our focus is on pulp & paper, water treatment, and energy sectors. In 2022, Kemira had annual revenue of around 3.6 billion and around 5,000 employees. Kemira shares are listed on the Nasdaq Helsinki Ltd.

WWW.KEMIRA.COM