Financial Statements 2023

Kemira

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○ PART OF THE AUDITED FINANCIAL STATEMENTS 2023

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Board of Directors' Review 2023

In 2023, Kemira Group's revenue decreased by 5% to EUR 3,383.7 million (3,569.6). Revenue in local currencies, excluding acquisitions and divestments, decreased by 2% as the impacts from the weak pulp and paper market were not fully compensated by revenue growth in the Industry & Water segment.

Operative EBITDA increased by 17% to a record-high of EUR 666.7 million (571.6) following strong improvement in the Industry & Water segment. The operative EBITDA margin increased to 19.7% (16.0%) with both segments reporting record-high margins. EBITDA decreased by 3% to EUR 540.0 million (558.8). The differences between operative and reported figures are explained by items affecting comparability, which were mainly related to the expected loss from the divestment of the Oil & Gas business.

Operative EBIT increased by 28% to EUR 463.0 million (361.6). EBIT decreased by 3% to EUR 336.4 million (347.6).

Cash flow from operating activities was very strong at EUR 546.0 million (400.3).

EPS, diluted decreased by 14% to EUR 1.28 (1.50) mainly due to the expected loss from the divestment of the Oil & Gas business.

The Board of Directors proposes to the Annual General Meeting 2024 a cash dividend of EUR 0.68 per share (0.62), totaling EUR 104 million (95). It is proposed that the dividend be paid in two installments, in April and November.

KEY FIGURES AND RATIOS

EUR million	2023	2022	2021
Revenue	3,383.7	3,569.6	2,674.4
Operative EBITDA	666.7	571.6	425.5
Operative EBITDA, %	19.7	16.0	15.9
EBITDA	540.0	558.8	373.2
EBITDA, %	16.0	15.7	14.0
Operative EBIT	463.0	361.6	225.4
Operative EBIT, %	13.7	10.1	8.4
EBIT	336.4	347.6	170.1
EBIT, %	9.9	9.7	6.4
Net profit for the period	211.3	239.7	115.2
Earnings per share, diluted, EUR	1.28	1.50	0.70

EUR million	2023	2022	2021
Capital employed*	2,155.5	2,238.0	1,995.0
Operative ROCE*, %	21.5	16.2	11.3
ROCE*, %	15.6	15.5	8.5
Cash flow from operating activities	546.0	400.3	220.2
Capital expenditure excl. acquisition	204.9	197.9	168.8
Capital expenditure	206.8	197.9	169.8
Cash flow after investing activities	349.3	222.3	57.3
Equity ratio, % at period-end	48.3	46.2	42.8
Equity per share, EUR	10.84	10.89	8.68
Gearing, % at period-end	31.8	45.8	63.3
Personnel (average)	4,946	4,936	4,947

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

Unless otherwise stated, all comparisons in this report are made to the corresponding period in 2022.

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

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

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 2023

Revenue decreased by 5%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 2% as sales volumes in the Pulp & Paper segment declined as a consequence of a weak market environment. In Industry & Water, sales volumes increased slightly. Overall sales prices increased, driven by higher sales prices in Industry & Water.

Revenue	2023 EUR, million	2022 EUR, million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	1,748.2	2,027.7	-14	-11	-2	-2
Industry & Water	1,635.5	1,541.9	+6	+9	-2	0
Total	3,383.7	3,569.6	-5	-2	-2	-1

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

Geographically, the revenue split was as follows: EMEA (Europe, Middle East, Africa) 48% (51%), the Americas 43% (40%), and Asia Pacific 9% (9%).

Operative EBITDA increased by 17%, a record-high of EUR 666.7 million (571.6). Operative EBITDA grew strongly in Industry & Water, following higher sales prices. In Pulp & Paper, operative EBITDA declined slightly, mainly due to lower sales volumes. Variable costs overall moderated during the year. The operative EBITDA margin improved to a record-high, 19.7%, following improvement in both segments, particularly in Industry & Water. Both segments had a record-high margin in 2023.

Variance analysis, EUR million	Jan–Dec
Operative EBITDA, 2022	571.6
Sales volumes	-61.8
Sales prices	+114.3
Variable costs	+106.9
Fixed costs	-49.3
Currency exchange	-4.0
Others	-11.0
Operative EBITDA, 2023	666.7

Operative EBITDA	2023 EUR, million	2022 EUR, million	Δ%	2023 %-margin	2022 %-margin
Pulp & Paper	330.9	348.0	-5	18.9	17.2
Industry & Water	335.8	223.7	+50	20.5	14.5
Total	666.7	571.6	+17	19.7	16.0

EBITDA decreased by 3% to EUR 540.0 million (558.8). The difference between it and operative EBITDA is explained by items affecting comparability. **Items affecting comparability** were mainly related to the expected loss of EUR 101 million from the divestment of the Oil & Gas business (including transaction fees), a provision of EUR 12 million related to the expected underutilization of a single-asset energy company in Pori, Finland, majority owned by Kemira via Pohjolan Voima and a loss of EUR 10 million related to the divestment of the majority of Kemira's colorants business. Items affecting comparability in the comparison period 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, EUR million	2023	2022
Within EBITDA	-126.7	-12.8
Pulp & Paper	-22.9	-11.4
Industry & Water	-103.7	-1.4
Within depreciation, amortization and impairments	0.0	-1.2
Pulp & Paper	0.0	-1.2
Industry & Water	0.0	0.0
Total items affecting comparability in EBIT	-126.7	-14.0

Depreciation, amortization, and impairments were EUR 203.6 million (211.2), including the EUR 6.9 million (9.4) amortization of purchase price allocation.

Operative EBIT increased by 28% compared to the previous year. **EBIT** decreased by 3%, and the difference between the two is explained by items affecting comparability, which are described above in the EBITDA section. Items affecting comparability in the comparison period are also described above in the EBITDA section.

Net finance costs totaled EUR -44.4 million (-39.4). The increase was due to foreign exchange valuations. **Income taxes** were EUR -80.7 million (-68.5), with the reported tax rate being 28% (22%), which was impacted by the divestment of the Oil & Gas business. **Net profit** for the period decreased by 12% mainly due to the expected loss from the divestment of the Oil & Gas business.

Financial position and cash flow

Cash flow from operating activities in January–December 2023 increased to a record-high, EUR 546.0 million (400.3), due to lower net working capital. Cash flow after investing activities was also very strong, at EUR 349.3 million (222.3).

At the end of the period, interest-bearing liabilities totaled EUR 937.8 million (1,021.8), including lease liabilities of EUR 121.4 million (148.9). The average interest rate of the Group's interest-bearing loan portfolio (excluding leases) was 2.8% (2.4%), and the duration was 16 months (22). Fixed-rate loans accounted for 77% (83%) of net interest-bearing liabilities, including lease liabilities.

Short-term liabilities maturing in the next 12 months amounted to EUR 322.1 million. On December 31, 2023, cash and cash equivalents totalled EUR 402.5 million (250.6). The Group has a EUR 400 million undrawn committed credit facility maturing in 2026.

At the end of the period, Kemira Group's net debt was EUR 535.2 million (771.2), including lease liabilities. The equity ratio was 48% (46%), while gearing was 32% (46%).

The fair value of Pohjolan Voima and Teollisuuden Voima shares decreased in 2023, mainly due to lower forward electricity prices and long-term forecasts. Olkiluoto 3 started regular electricity production during Q2 2023 and Kemira's indirect ownership through PVO's B2 shares was valued using the discounted cash flow method for the first time in Q2 2023.

Kemira is exposed to transaction and translation currency risks. The Group's most significant transaction currency risks arise from the US dollar, the Chinese renminbi, the Canadian dollar and the Swedish krona. At the end of the year, the US dollar denominated exchange rate risk against EUR had an equivalent value of approximately EUR 132 million, of which 56% was hedged on an average basis. The Chinese renminbi denominated exchange rate risk against EUR had an equivalent value of approximately EUR 115 million, of which 69% was hedged on an average basis. The Canadian dollar denominated exchange rate risk against EUR was approximately EUR 56 million, of which 56 % was hedged on an average basis. The Swedish krona denominated exchange rate risk against EUR had an equivalent value of approximately EUR 35 million, of which 73% was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks against EUR, mainly in relation to the Korean won, the Danish krona, the Polish zloty and the Norwegian krona and against USD mainly in relation to the Canadian dollar and the Brazilian real, with annual exposure in those currencies being approximately EUR 152 million.

As Kemira's consolidated financial statements are compiled in euros, Kemira is also subject to a currency translation risk to the extent to which the income statement and balance sheet items of subsidiaries located outside Finland are reported in a currency other than the euro. The most significant translation exposure derives 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 2023, capital expenditure excluding acquisitions increased by 4% to EUR 204.9 million (197.9). Capital expenditure excluding acquisitions (capex) can be broken down as follows: expansion capex 16% (22%), improvement capex 28% (29%), and maintenance capex 55% (49%).

Research and Development

In January–December 2023, total research and development expenses were EUR 34.2 million (33.4), representing 1.0% (0.9%) 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 to 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 with differentiated products and applications.

At the end of 2023, Kemira had 419 (401) patent families, including 2,041 (2,101) granted patents, and 963 (1,026) pending applications. During 2023, Kemira applied for 55 (34) new patents and started 11 new product development projects, 82% of them aiming to improve customers' resource efficiency. At the same time, Kemira started the commercialization of four new product development projects, all contributing to improving resource efficiency in customer processes. Kemira also has started several external partnerships in order to innovate and commercialize new renewable solutions for its customers.

Human resources

At the end of the period, Kemira Group had 4,915 employees (4,902). Kemira had 790 (756) employees in Finland, 1,709 (1,690) employees elsewhere in EMEA, 1,484 (1,525) in the Americas, and 932 (931) in APAC.

Non-financial information

DISCLOSURE OF NON-FINANCIAL INFORMATION

Kemira discloses key non-financial information in this section according to the requirements laid down in the EU Directive and Finnish Accounting Act. More information on the non-financial and sustainability matters is provided in the Sustainability Report. The non-financial disclosures are based on the latest Global Reporting Initiative (GRI) 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 21.

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, and process and resource efficiency. Kemira has two business areas: Pulp & Paper and Industry & Water. Kemira has operations in around 40 countries and had 60 manufacturing facilities at the end of 2023. In Pulp & Paper, Kemira offers chemical solutions for bleaching, packaging, and printing and writing products. The 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. In December 2023, Kemira announced it is divesting its Oil & Gas related business and the divestment was closed on February 2, 2024. The main product categories in Industry & Water are coagulants and polymers.

Profitable sustainable growth is Kemira's strategic priority. Sustainability is integrated into 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 them to improve the resource efficiency of their operations. In 2023, 59% of Kemira's revenue came from products that improve customer resource efficiency. Kemira's customers focus increasingly on the recyclability and biodegradability of their products. As a result, renewable solutions form one of Kemira's strategic focus areas. Kemira's renewable solutions strategy is covered in more detail in the Annual Review. More information on Kemira's value creation model can be found on page 6 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. Kemira conducted a double-materiality assessment in 2023 based on the upcoming Corporate Sustainability Reporting Directive (CSRD) methodology. The results and process are described in more detail on pages 8–10 of **Kemira's sustainability report**.

MANAGEMENT OF CORPORATE SUSTAINABILITY

Sustainability is a key element of Kemira's strategy. Work on sustainability is led by the Sustainability Director, who reports to the EVP, Operational Excellence and Sustainability. The sustainability work is governed by the cross-functional and cross-business Sustainability Steering Team, which develops Kemira's ambition level in sustainability and steers the work of dedicated 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 included sustainability-related targets, reduction of Scope 1 and Scope 2 emissions and development of Kemira's renewable solutions revenue, as key performance indicators in the performance period 2023–2025 of Kemira's long-term incentive plan. The same sustainability-related targets are also included in the new performance period 2024–2026 of Kemira's long-term incentive plan.

MATERIAL TOPICS

More information on sustainability at Kemira and the outcome of Kemira's sustainability targets in 2023 can be found on page 14.

Environmental and climate-related matters

Kemira's conducted a double-materiality analysis in 2023. 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 for Scope 1 and Scope 2 emissions. 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 CO_2e. This target is in line with limiting global warming to 1.5 °C, which is currently the most ambitious criterion 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 H1 2024. Kemira is working actively with its suppliers through a supplier engagement program 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 one of Kemira's strategic focus areas and Kemira has ambitions to grow in water treatment. In terms of Kemira's operations, Kemira aims to continuously improve 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. Kemira's sustainability target is to reduce disposed production waste intensity by 15% by 2030 from a 2019 baseline level. In 2020, we introduced a new group-level KPI to increase our revenue from renewable solutions from EUR 100 million to 500 EUR million by 2030. In conjunction with the revenue target, Kemira is working to increase the share of renewable and recycled raw materials of the raw materials it uses. 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, Equity, & 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 the Kemira

Sustainability Policy, set out principles for responsible business conduct, respect for human rights, and provision of appropriate working conditions as well as 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 2023.

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 as yet does not cover all economic activities. For 2023, companies are required to disclose what proportion of their turnover, capital expenditure (CapEx), and operating expenditure (OpEx) are both eligible and aligned according to the EU taxonomy's two environmental objectives and eligible according to the EU taxonomy's environmental objectives 3–6.*

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 EU taxonomy's third environmental objective covers the sustainable use of water. However, it does not include enabling activities for the sustainable use of water, but instead focuses more on the activities that are directly linked to water infrastructure from construction to operation to renewal of water infrastructure. Kemira's products are essential for clean drinking water and wastewater, but they are currently excluded from the scope of the EU taxonomy. Kemira is in active dialogue with the EU commission regarding the scope of the EU taxonomy and the importance of chemicals as an enabler for the water infrastructure.

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 does not contribute to multiple environmental objectives.

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

Key Performance Indicator	Total (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	3,383.7	0	100	0	100
Capital expenditure (CapEx) as per definition of the EU Taxonomy	243.9	1	99	0	100
Operating expenditure (OpEx) as per definition of the EU Taxonomy	107.8	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 2.6 million CapEx on electric vehicles in 2023.

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 on. Based on Kemira's analysis, individually sustainable OpEx** was not material in 2023.

*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 2023, 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. In its taxonomy reporting, Kemira has taken into account the latest regulation regarding DNSH criteria and delegated acts.

**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

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	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)																			
Production of heat/cool from waste heat	4.25	7.0	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.2%		
Turnover of environmentally sustainable activities (Taxonomy Aligned (A.1)		**7.0**	**0.2%**	**0.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.2%**		
Of which Enabling			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which Transitional			0.0%	0.0%															
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of hydrogen	3.10	4.9	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4.9**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.1%**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**11.9**	**0.4%**	**0.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.4%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		3,371.8	99.6%																
TOTAL		**3,383.7**	**100.0%**																

EL = eligible
N/EL= non-eligible

CAPEX

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	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)																			
Production of heat/cool from waste heat	4.25	0.0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
Of which Enabling			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which Transitional			0.0%	0.0%															
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of hydrogen	3.10	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	2.6	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2.6**	**1.1%**	**1.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.5%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**2.6**	**1.1%**	**1.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.5%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		241.3	98.9%																
TOTAL		**243.9**	**100.0%**																

EL = eligible
N/EL= non-eligible

OPEX

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	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)																			
Production of heat/cool from waste heat	4.25	0.0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
Of which Enabling			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which Transitional			0.0%	0.0%															
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of hydrogen	3.10	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		107.8	100.0%																
TOTAL		**107.8**	**100.0%**																

EL = eligible
N/EL= non-eligible

Sustainability

Kemira's sustainability work covers economical, environmental and social topics and is guided by the UN's 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 2023 Sustainability report.

SUSTAINABILITY PERFORMANCE IN 2023

Safety TRIF* improved slightly to 2.5 in 2023 (2022: 2.6). Kemira will continue its safety-related activities and projects to improve safety awareness and to steer performance toward the 2024 TRIF target of 1.9.

People Kemira's target is to reach the Glint top 10% of the cross industry benchmark for Diversity, Equity & Inclusion (DEI) by end of 2025. In 2023, our Inclusion index score improved by 2 points to 78 and we reached the top 25% (benchmark score of 80 needed to reach cross industry top 10%). In Q4 2023, we continued with DEI workshops, to reach employees at 31/60 manu-facturing sites. By the end of 2023, over 500 employees had completed the eLearning on DEI awareness, with positive overall feedback. Kemira's employee engagement score in November 2023 was 80 (74 external manufacturing benchmark) with all items well above the benchmark.

Circularity Kemira continued to progress its renewable solutions strategy during 2023 and e.g. announced the next steps in its partnership with IFF, in December 2023. Renewable solutions revenue declined slightly to around EUR 230 million following lower prices for renewable sizing chemicals. In terms of waste reduction, Kemira both began new and continued existing waste intensity reduction initiatives, the benefits of which are expected to be seen in the coming years. Waste intensity in 2023 decreased compared to 2022.

Water Kemira further improved its water data reporting and data quality during 2023, with a systematic revision of water balances at all manufacturing sites. In 2023, freshwater use intensity improved, mostly due to the divestment of the colorants business and lower production volumes at some water-intensive sites. The CDP Water Security questionnaire results are expected to be available during Q1 2024.

Climate In 2023, we continued to develop a near-term Scope 3 emission reduction target, as part of the Science Based Targets Initiative (SBTi) commitment. Kemira plans to submit the Scope 1 and 2*** and Scope 3 targets to SBTi for validation during H1 2024. In 2023, the absolute Scope 1 and 2 emissions decreased, in line with the SBTi reduction commitment for 2023. The decrease in absolute Scope 1+2 emissions is related to our zero-carbon energy sourcing ambition and to improvements in the carbon footprint of our energy suppliers. Furthermore, the Scope 1+2 emissions intensity (tons CO_2e per ton of production) also improved. In January 2023, Kemira launched a Supplier Engagement Program to improve its understanding of the life cycle impacts associated with its products. One of the key priorities is to collect product carbon footprint (PCF) and life cycle assessment (LCA) data from raw materials suppliers to develop actions to reduce CO_2 emissions in our value chain.

SDG	KPI	UNIT	2023	2022
8 Decent work and economic growth	**SAFETY** **TRIF*** 1.5 by 2025 and 1.1 by the end of 2030 *TRIF = total recordable injury frequency per million hours, Kemira + contractors		2.5	2.6
8 Decent work and economic growth	**PEOPLE** Reach top 10% cross industry norm for Diversity & Inclusion by the end of 2025		In the top 25%	Slightly below top 25%
12 Responsible consumption and production	**CIRCULARITY** Reduce waste intensity** by 15% by the end of 2030 from a 2019 baseline of 4.6 **kilograms of disposed production waste per metric tonnes of production	kg/ tonnes of production	4.4	4.6 [1]
	Renewable solutions > EUR 500 million revenue by the end of 2030		~230	~250
6 Clean water and sanitation	**WATER** Reach the Leadership level (A) in water management by the end of 2025 measured by CDP Water Security scoring methodology.	Rate scale A–D	N/A	B
13 Climate action	**CLIMATE** Scopes 1 & 2*** emissions -50% by the end of 2030 compared to 2018 baseline of 930 $ktCO_2e$	$ktCO_2e$	625	816

***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.

1) Comparison period figure has been recalculated. More information in the Sustainability report.

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 needs 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 continues to leverage 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	2023	2022
Revenue	1,748.2	2,027.7
Operative EBITDA	330.9	348.0
Operative EBITDA, %	18.9	17.2
EBITDA	308.0	336.6
EBITDA, %	17.6	16.6
Operative EBIT	216.3	225.7
Operative EBIT, %	12.4	11.1
EBIT	193.4	213.1
EBIT, %	11.1	10.5
Capital employed*	1,282.0	1,337.7
Operative ROCE*, %	16.9	16.9
ROCE*, %	15.1	15.9
Capital expenditure excl. M&A	124.4	122.5
Capital expenditure incl. M&A	126.2	122.5
Cash flow after investing activities	216.3	207.2

*12-month rolling average.

The segment's **revenue** decreased by 14%. Revenue in local currencies (excluding divestments and acquisitions) decreased by 11% due to lower sales volumes. Sales volumes decreased in all product groups following weak market demand, particularly in pulp and bleaching chemicals. Sales prices declined slightly, again mainly due to lower market prices for pulp and bleaching chemicals. Beyond pulp and bleaching chemicals, sales prices were rather stable.

The market prices of caustic soda were at a high level during Q1 2023, but then moderated in Q2–Q4 2023. Currencies had a negative impact.

In **EMEA**, revenue decreased by 18% to EUR 891.4 million (1,088.6), mainly due to lower sales volumes, which declined across product groups. Sales prices decreased due to lower market prices for energy-intensive pulp and bleaching chemicals, including caustic soda.

In **the Americas**, revenue decreased by 11%, to EUR 573.1 million (647.1). Revenue in local currencies, excluding acquisitions and divestments, decreased by 6% due to lower sales volumes across product groups. Sales prices increased.

In **APAC**, revenue decreased by 3%to EUR 283.6 million (292.0). Revenue in local currencies, excluding acquisitions and divestments, increased by 2% due to higher sales volumes, particularly in sizing chemicals. Sales prices declined.

Operative EBITDA decreased by 5% mainly due to lower sales volumes. The operative EBITDA margin increased to 18.9%, an all-time high. **EBITDA** decreased by 8%. The difference between it and operative EBITDA is explained by items affecting comparability, which mainly consisted of a provision of EUR 12 million related to the expected underutilization of a single-asset energy company in Pori, Finland, majority owned by Kemira via Pohjolan Voima and a loss of EUR 10 million from the divestment of most of our colorants business. Items affecting comparability in the comparison period 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.

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. Kemira completed the divestment of its Oil & Gas business on February 2, 2024.

EUR million	2023	2022
Revenue	1,635.5	1,541.9
Operative EBITDA	335.8	223.7
Operative EBITDA, %	20.5	14.5
EBITDA	232.0	222.2
EBITDA, %	14.2	14.4
Operative EBIT	246.7	135.9
Operative EBIT, %	15.1	8.8
EBIT	143.0	134.5
EBIT, %	8.7	8.7
Capital employed*	873.5	900.3
Operative ROCE*, %	28.2	15.1
ROCE*, %	16.4	14.9
Capital expenditure excl. M&A	80.5	75.4
Capital expenditure incl. M&A	80.5	75.4
Cash flow after investing activities	242.5	100.9

*12-month rolling average.

The segment's **revenue** increased by 6%. Revenue in local currencies, excluding acquisitions and divestments, increased by 9%. The increase was driven by higher sales prices in water treatment. Sales volumes were rather stable. Currencies had a negative impact.

In the water treatment business, revenue increased by 1% due to higher sales prices. Sales volumes declined, mainly due to soft demand in industrial water treatment. Revenue in the Oil & Gas business increased by 21% to EUR 457.1 million (377.5), due to higher sales volumes, particularly in shale. Sales prices decreased.

In **EMEA**, revenue decreased by 2%to EUR 730.4 million (746.4). Sales volumes decreased, mainly due to soft demand in industrial water treatment, including mining. Sales prices increased in water treatment. Currencies had a positive impact.

In **the Americas**, revenue increased by 15%to EUR 885.1 million (767.1). Revenue in local currencies, excluding acquisitions and divestments, increased by 19%, following higher sales volumes in the Oil and Gas business and higher sales prices in water treatment.

In **APAC**, revenue decreased by 30% to EUR 20.0 million (28.4).

Operative EBITDA increased by 50% following higher sales prices in water treatment. The operative EBITDA margin increased to a record-high of 20.5%due to strong performance in water treatment. The operative EBITDA margin also improved in the Oil & Gas business. Currencies had a negative impact. **EBITDA** increased by 4% and the difference to operative EBITDA is explained by items affecting comparability, which were mainly related to the expected loss of EUR 101 million from the divestment of the Oil & Gas business, including transaction fees.

The parent company's financial performance

Kemira Oyj's revenue decreased to EUR 2,030.4 million (2,206.7) in 2023. EBITDA was EUR 195.7 million (220.4). The parent company's financing income and expenses were EUR -24.9 million (172.7), following lower dividend income from group companies and the write-off of group company shares. The net result for the financial year decreased to EUR 104.2 million (314.7), following lower revenue and increased financing expenses. The total capital expenditure was EUR 18.2 million (23.2), excluding investments in subsidiaries.

Kemira Oyj had 500 (2022: 502, 2021: 502) employees on average during 2023.

Kemira Oyj's shares and shareholders

On December 31, 2023, 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 2023, Kemira Oyj had 49,659 registered shareholders (48,403 on December 31, 2022). Non-Finnish shareholders held 34.7% of the shares (31.5% on December 31, 2022), including nominee-registered holdings. Households owned 19.0% of the shares (19.3% on December 31, 2022). Kemira held 1,722,725 treasury shares (1,990,197 on December 31, 2022), representing 1.1% (1.3% on December 31, 2022) of all company shares.

Kemira Oyj's share price increased by 17% during the reporting period and closed at EUR 16.79 on the Nasdaq Helsinki at the end of December 2023 (14.33 on December 31, 2022). The shares registered a high of EUR 18.22 and a low of EUR 13.51 in January–December 2023, and the average share price was EUR 15.36. The company's market capitalization, excluding treasury shares, was EUR 2,579 million at the end of December 2023 (2,198 on December 31, 2022).

In January–December 2023, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 688 million (EUR 462 million in January–December 2022). The average daily trading volume was 174,707 shares (146,311 in January–December 2022). The total volume of Kemira Oyj's share trading in January–December 2023 was 57 million shares (49 million shares in January–December 2022), 23% (25% in January–December 2022) of which was executed on other trading platforms (e.g. Turquoise, CBOE DXE). Source: Nasdaq and Kemira.com.

FLAGGING NOTIFICATIONS

March 1, 2023: The shareholding of Solidium Oy in Kemira decreased to 5.01 per cent.
January 17, 2023: The shareholding of Impax Asset Management Group plc in Kemira decreased to 4.99 per cent.

Management shareholding

The members of the Board of Directors as well as the Interim President and CEO and his Deputy held 214,529 (330,988) Kemira Oyj shares on December 31, 2023 or 0.14% (0.21%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Petri Castrén, Interim President and CEO, held 56,140 shares on December 31, 2023. Members of the Management Board, excluding the Interim President and CEO and his Deputy, held a total of 245,128 shares on December 31, 2023 (237,515), representing 0.16% (0.15%) 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, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Board of Directors	55,702	66,932	0.04	0.04
Interim President and CEO*	56,140	169,069	0.04	0.11
CEO's Deputy	102,687	94,987	0.07	0.06
Members of the Management Board (excl. CEO and CEO's Deputy)	245,128	237,515	0.16	0.15

*in 2022, the shareholding refers to the previous President and CEO's holding.

OWNERSHIP DECEMBER 31, 2023

	% of shares and votes	
Owners	2023	2022
Corporations	26.0	25.1
Financial and insurance corporations	4.0	3.7
General government	13.6	17.6
Households	19.0	19.3
Non-profit institutions	2.7	2.9
Non-Finnish shareholders incl. nominee registered	34.7	31.5

SHAREHOLDING BY NUMBER OF SHARES HELD DECEMBER 31, 2023

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	19,087	38.4%	919,462	0.6
101–500	18,297	36.8%	4,839,778	3.1
501–1,000	5,882	11.8%	4,503,491	2.9
1,001–5,000	5,381	10.8%	11,238,360	7.2
5,001–10,000	574	1.2%	4,126,138	2.7
10,001–50,000	351	0.7%	6,560,370	4.2
50,001–100,000	38	0.1%	2,666,853	1.7
100,001–500,000	33	0.1%	6,160,766	4.0
500,001–1,000,000	7	0.0%	5,296,157	3.4
1,000,001–	9	0.0%	109,031,182	70.2
Total	49,659	100.0%	155,342,557	100.0

LARGEST SHAREHOLDERS DECEMBER 31, 2023

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	33,553,000	21.6
2	Solidium Oy	7,782,765	5.0
3	Varma Mutual Pension Insurance Company	5,332,678	3.4
4	Nordea Funds	3,896,196	2.5
5	Ilmarinen Mutual Pension Insurance Company	3,700,000	2.4
6	Elo Mutual Pension Insurance Company	2,277,000	1.5
7	Etola Group Oy	1,000,000	0.6
8	Veritas Pension Insurance Company Ltd.	861,372	0.6
9	Laakkonen Mikko Kalervo	770,000	0.5
10	Nordea Life Assurance Finland Ltd.	738,047	0.5
11	The State Pension Funds	560,000	0.4
12	Paasikivi Pekka Johannes	462,200	0.3
13	Säästöpankki Funds	392,194	0.3
14	Valio Pension Fund	379,450	0.2
15	OP-Henkivakuutus Ltd.	340,902	0.2
	Kemira Oyj	1,722,725	1.1
	Nominee registered and foreign shareholders	53,835,387	34.7
	Others, Total	37,738,641	24.2
	Total	155,342,557	100.0

SHARE KEY FIGURES

	2023	2022	2021	2020	2019
PER SHARE FIGURES					
Earnings per share (EPS), basic, EUR [1]	1.30	1.51	0.71	0.86	0.72
Earnings per share (EPS), diluted, EUR [1]	1.28	1.50	0.70	0.86	0.72
Net cash generated from operating activities per share, EUR [1]	3.56	2.61	1.44	2.45	2.53
Dividend per share, EUR [1] [2]	0.68	0.62	0.58	0.58	0.56
Dividend payout ratio, % [1] [2]	52.4	41.0	82.2	67.5	77.6
Dividend yield, % [1] [2]	4.1	4.3	4.4	4.5	4.2
Equity per share, EUR [1]	10.84	10.89	8.68	7.80	7.98
Price per earnings per share (P/E ratio) [1]	12.95	9.48	18.88	15.07	18.37
Price per equity per share [1]	1.55	1.32	1.54	1.66	1.66
Price per cash flow from operations per share [1]	4.72	5.49	9.27	5.28	5.24
Dividend paid, EUR million [2]	104.5	95.1	88.8	88.7	85.5
SHARE PRICE AND TRADING					
Share price, high, EUR	18.22	14.94	14.66	14.24	14.99
Share price, low, EUR	13.51	10.36	12.64	8.02	9.77
Share price, average, EUR	15.36	12.57	13.67	11.55	12.56
Share price on Dec 31, EUR	16.79	14.33	13.33	12.94	13.26
Number of shares traded (1,000) [3]	43,852	37,017	57,478	75,885	53,048
% on number of shares	29	24	38	50	35
Market capitalization on Dec 31, EUR million [1]	2,579	2,198	2,041	1,979	2,024
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) [1]	153,573	153,320	153,092	152,879	152,630
Average number of shares, diluted (1,000) [1]	155,051	154,261	153,785	153,373	153,071
Number of shares on Dec 31, basic (1,000) [1]	153,620	153,352	153,127	152,924	152,649
Number of shares on Dec 31, diluted (1,000) [1]	155,303	154,894	154,068	153,744	153,385
Increase (+) / decrease (-) in number of shares outstanding (1,000)	267	225	203	275	139
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 2023 is the Board of Directors' proposal to the Annual General Meeting.
3) Shares traded on Nasdaq Helsinki only.

AGM decisions

ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting, held on March 22, 2023, approved the Board of Directors' proposal for a dividend of EUR 0.62 per share for the financial year 2022. The dividend was paid in two installments. The first installment of EUR 0.31 per share was paid on April 5, 2023. 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 0.31 at its meeting on October 23, 2023. The payment date of the second installment of the dividend was November 2, 2023. Kemira announced the resolution of the Board of Directors with a separate stock exchange release and confirmed the record and the payment dates.

The 2023 AGM authorized the Board of Directors to decide upon the repurchase of a maximum of 6,000,000 of the company’s own shares. This corresponds to approximately 3.9% 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 such an 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 shares 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 and the rules of Euroclear Finland Ltd as well as other applicable regulations. Shares may be repurchased to be used in implementing or financing mergers and acquisitions, developing the company’s capital structure, improving the liquidity of the company’s shares, or to be used for the payment of the annual fee payable to the members of the Board of Directors or implementing the company’s share-based incentive plans. In order to realize the aforementioned purposes, the shares acquired may be retained, transferred further or cancelled by the company. The Board of Directors 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 December 31, 2023.

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 of the 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 the 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, 2024. 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 remuneration.

The Annual General Meeting decided that the Articles of Association are to be amended by adding a new article regarding the organization of the general meeting, so that the general meeting can be held completely without a meeting venue, as a so-called remote meeting.

The Annual General Meeting decided to amend the Charter of the Nomination Board by adding new sections to the Charter relating to instructions for holders of nominee-registered shares to use the right to nominate a member to the Nomination Board, to practices when a qualified shareholder refuses to nominate a member to the Nomination Board or when two or several qualified shareholders hold an equal number of shares, the unanimity of the Nomination Board's decisions as well as to procedures relating to amendments to the Charter.

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 22, 2023, the Annual General Meeting elected eight members to the Board of Directors. The Annual General Meeting re-elected Tina Sejersgård Fanø, Werner Fuhrmann, Matti Kähkönen, Timo Lappalainen, Annika Paasikivi and Kristian Pullola and elected Fernanda Lopes Larsen and Mikael Staffas 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 2023, Kemira's Board of Directors met 13 times, with a 98% 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 Tina Sejersgård Fanø, Timo Lappalainen, Annika Paasikivi and Mikael Staffas as members. In 2023, the Personnel and Remuneration Committee met 4 times, with a 95% attendance rate. The Audit Committee is chaired by Timo Lappalainen and has Werner Fuhrmann, Fernanda Lopes Larsen and Kristian Pullola as members. In 2023, the Audit Committee met 5 times, with a 100% attendance rate.

STRUCTURE

In 2023, Kemira divested the majority of its colorants business and its Oil & Gas-related portfolio. The divestment of the colorants business was closed on May 5, 2023, while the divestment of the Oil & Gas business was closed after the review period on February 2, 2024.

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 2023, raw material and commodity prices decreased compared to 2022. Energy and electricity prices also stabilized in Europe as market turmoil caused by the war in Ukraine largely dissipated. In Europe, electricity prices are expected to remain above long-term average levels, with seasonal variation.

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 related risks can be effectively monitored and managed by 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 2023, Kemira demonstrated good resilience in managing raw material risks.

During 2023, energy markets in Europe stabilized to a large extent and improved their resilience related to the war in Ukraine. Nevertheless, Kemira continues to monitor 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 a single source. In the event of a sudden and significant loss or interruption to 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, 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 to Kemira's manufacturing operations in 2023. Disruptions to energy availability or changes in energy pricing could increase counterparty risk in energy hedging. Kemira is monitoring the energy counterparty risk actively and has been reducing exposure to this risk during 2023.

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

Kemira continuously aims to identify, analyze and engage third-party suppliers in a way that ensures security of supply and the competitive pricing of 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 in the chemical industry, risk management and mitigation in this area is subject to a continuous level of 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 to the consequent possible liabilities as well as the risks to employee health and safety. These risk events may derive from several factors, including (but not limited to) unauthorized IT system access by a malicious intruder or other cyber security issues causing possible damage to systems, which in turn could lead to financial losses and supply disruptions. 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 all 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 continuously monitors, assesses and upgrades its cyber security for workstations, customer equipment and cloud services and 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 successfully completed its group-wide enterprise resource planning system renewal during 2023, without any negative 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, increasing awareness of and concern about climate change and more sustainable products may alter customer demand, for instance, in favor of water treatment technologies with lower chemical consumption. On the other hand, possible capacity expansion by customers could increase chemical consumption and could 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. During 2023, Kemira's new Growth Accelerator unit has initiated the first projects intended to accelerate the commercialization of new, renewable solutions. 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 geographical and customer industry diversification 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 renewable solutions and has started several external partnerships in order to innovate and commercialize new renewable solutions for its customers. Renewable solutions are a significant component of Kemira's growth ambitions for the future. Kemira expects to invest in renewable solutions projects, the commercialization of which involves risks related to e.g. market demand.

ECONOMIC CONDITIONS AND GEOPOLITICAL CHANGES

Uncertainties in global economic and geopolitical development are considered to include direct and 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. Possible extended strikes in Finland could create near-term risks to customer demand or to Kemira's ability to run its operations. The ongoing war in Ukraine, sanctions against Russia as well as rising geopolitical tensions in the Middle East have increased uncertainty in the global economy. Possible trade or supply chain disruptions following geopolitical tensions in eastern Asia and the Middle East could also have an impact on Kemira's operations. Kemira sources materials, has several local manufacturing facilities and derives around 10% of its revenue from the APAC region. Kemira does not have meaningful operations in the Middle East but could be exposed to e.g. supply chain disruptions.

Weak economic development may bring about customer closures or consolidations, resulting in a diminishing customer base. The liquidity of Kemira's customers could weaken, resulting in increased credit losses for Kemira. Despite the increased economic uncertainty in 2023, Kemira did not see material credit losses. Unfavorable market conditions may also decrease the availability and add to the price risk of certain raw materials. Kemira's geographical and customer industry diversification only provides partial protection against these risks. Kemira continuously monitors geopolitical events and changes and aims to adjust its business accordingly. Trade war-related risks are also 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 market dynamics and could 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 renewable solutions. In the long term, completely new types of technology may considerably alter the current competitive situation. This risk is managed at both Group and segment levels, through continuous monitoring of markets and competitors. 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 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 geographical 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 has established Group-level resources dedicated to actively managing merger and acquisition activities and to supporting the execution of its business transactions. In addition, external advisory services are used to screen potential merger and acquisition targets.

INNOVATION AND RESEARCH & DEVELOPMENT

Kemira's research and development is a critical enabler of organic growth and further differentiation. Kemira's future market position and profitability depend on its ability to understand and meet current and future customer needs and market trends, and its ability to innovate new differentiated products and applications. Furthermore, new product launches contribute to the efficiency and sustainability of Kemira's and its customers' processes, as well as to 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 and close collaboration between R&D and the two business segments. There is close coordination and cooperation between the Business Development, R&D and the Sales and Marketing units in order to better understand the future needs and expectations of Kemira's customers. During 2023, Kemira's new Growth Accelerator unit initiated the first projects to accelerate the commercialization of new renewable solutions. With the continuous development of innovation processes, Kemira is aiming for more effective and stringent project execution. Kemira continues to focus on the development of more differentiated and sustainable products and processes and is also continuously monitoring the sales of its new products and applications.

CHANGES IN LAWS AND REGULATIONS

Kemira's business is subject to various laws and regulations which have a relevance in the development and implementation of Kemira's strategy. Laws and regulations can generally be considered an opportunity for Kemira, as where tightening regulation is expected to drive water treatment market growth, for example phosphorus removal of effluent before discharging to recipient. 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 place further requirements on Kemira, where failure to obtain the relevant authorization could impact Kemira's business. Certain legislative proposals, especially in Europe, such as the PFAS restriction proposed during 2023, may in the long-term result in additional requirements for managing Kemira's manufacturing assets. However, tightening PFAS regulation is also expected to drive the demand for water treatment applications. In addition, the changes in import/export and customs-related regulations create the need 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 to those laws and regulations that may have an impact, for instance, on its sales, production and product development needs. Kemira is actively collaborating with industry groups and other stakeholders and has established an internal process to manage substances of potential concern and to create management plans for them. These plans cover the options for replacing 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, there are currently many regulatory discussions ongoing in the EU, as the EU is conducting 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 launched several initiatives, such as the EU Chemicals Strategy for Sustainability (CSS) and the Fit-for-55 program as part of its Green Deal policy. Kemira is closely following these initiatives and their potential implications for the chemicals sector and for Kemira. We expect the first contours to become visible during 2024.

TALENT MANAGEMENT

To secure competitiveness and profitable growth, as well as to improve operational efficiency, it is essential to attract and to retain personnel with the right skills and competence. Kemira is continuously identifying people with high potential and the 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 continued presence of skilled personnel in the future.

CLIMATE-RELATED RISKS

Kemira has identified certain climate-related risks that could have an impact on Kemira's operations or on customer demand. Increased awareness of and concern about climate change and more sustainable products may, for example, change customer demand 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 subsequently 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 taken action to increase the share of renewable and recyclable raw materials in its portfolio and to reduce 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 for Kemira and on the chemicals used in the customers' processes. Extreme weather patterns related to climate change, such as hurricanes and floods, could also 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 continues. In 2023, Kemira continued efforts on climate risk scenario analysis, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. A climate risk assessment for Kemira's own manufacturing locations is planned for late 2023 and early 2024.

RISKS AND IMPACTS OF THE WAR IN UKRAINE

Following the war in Ukraine, Kemira exited Russia in May 2022. At the end of December 2023, Kemira's net assets in Russia amounted to around EUR 5 million and consisted mainly of cash and cash equivalents denominated in Russian roubles. Kemira is working to repatriate funds from Russia.

A detailed description of Kemira's risk management principles is available on the company's website at **kemira.com/investors**. Financial risks are described in the Notes to the Financial Statements for the year 2023.

Dividend policy and dividend distribution

On December 31, 2023, Kemira Oyj's distributable funds totaled EUR 713,680,177of which net profit for the period was EUR 104,191,302. No material changes have taken place in the company's financial position after the balance sheet statement date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 20, 2024 that a dividend of EUR 0.68 per share, totaling EUR 104 million, be paid on the basis of the adopted balance sheet for the financial year that ended on December 31, 2023. The dividend will be paid in two installments. The first installment, EUR 0.34 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 22, 2024. The Board of Directors proposes that the first installment of the dividend be paid out on April 4, 2024. The second installment, of EUR 0.34 per share, will be paid in November 2024. 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 2024. The record date is planned for October 29, 2024, and the dividend payment date for November 5, 2024 at the earliest. Kemira's dividend policy is to pay a competitive dividend that increases over time.

Changes in Kemira's Management Board

On **December 19, 2023**,Kemira announced that Antti Salminen was appointed as President and CEO, as of February 12, 2024.

On **August 1, 2023**, Kemira announced that President & CEO Jari Rosendal had passed away unexpectedly on July 31, after a short illness. On **July 18, 2023** Kemira announced that the Board of Directors and President & CEO Jari Rosendal had reached an agreement that he would leave his position in 2024 at the latest and that the Board of Directors would initiate a search for his successor. CFO Petri Castrén will act as Interim President & CEO until the new President & CEO starts in the position. On **July 11, 2023**, Kemira announced that President & CEO Jari Rosendal is on sick leave. Kemira Oyj's Group General Counsel, CEO's Deputy Jukka Hakkila assumed the duties of President & CEO in the period July 11, 2023 to July 17, 2023 until Petri Castrén was appointed as Interim President & CEO.

On **March 21, 2023**, Kemira announced that Tuija Pohjolainen-Hiltunen was appointed as President, Industry & Water segment, as of May 1, 2023.

On **February 1, 2023**, Kemira announced that Linus Hildebrandt was appointed as Executive Vice President, Strategy. He started on June 1, 2023.

Other events during the review period

PROPOSALS OF THE NOMINATION BOARD TO THE ANNUAL GENERAL MEETING 2024

On December 21, 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, Fernanda Lopes Larsen, Annika Paasikivi, Kristian Pullola and Mikael Staffas be re-elected as 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 that Annika Paasikivi be re-elected as the Vice Chair.

All the nominees have consented to the positions and are independent of the company's significant shareholders, with the exception of Annika Paasikivi. Annika Paasikivi is the President & CEO of Oras Invest Oy and Oras Invest Oy owns over 10% of Kemira Oyj's shares.

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 required by the company, that the diversity principles of the company will be met and that the composition of the Board of Directors meets the 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 125,000 per year (EUR 118,000), for the Vice Chair and the Chair of the Audit Committee EUR 70,000 per year (EUR 67,000), for the Chair of the Personnel and Remuneration Committee (if the person is not the Chair or Vice Chair of the Board of Directors) EUR 65,000 per year (new) and for the other members EUR 54,000 per year (EUR 52,000).

The Nomination Board proposes that the fee payable for each meeting of the Board of Directors and the Board Committees will be increased and will be paid based on the method of participation and the location of the meeting, as follows: participating remotely or in a meeting arranged in the member's country of residence EUR 750 (EUR 600), participating in a meeting arranged on the same continent as the member's country of residence EUR 1,500 (EUR 1,200) and participating in a meeting arranged on a different continent than the member's country of residence EUR 3,000 (EUR 2,400). Travel expenses are proposed to be paid in accordance with 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 of the release of Kemira's interim report January 1–March 31, 2024. 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 & Stewardship, Executive Director, Impax Asset Management plc and Hanna Kaskela, Senior Vice President, Sustainability & Communications, Varma Mutual Pension Insurance Company as members of the Nomination Board and Matti Kähkönen, Chair of Kemira's Board of Directors as an expert member.

Acquisitions and divestments

On **December 4, 2023**, Kemira announced that it has signed an agreement to divest its Oil & Gas-related portfolio to Sterling Specialty Chemicals LLC, a US subsidiary of Artek Group, a global industrial chemicals group based in India.

On **May 5, 2023**, Kemira announced the closing of the divestment of most of its colorants business to ChromaScape.

On **January 25, 2023**, Kemira announced that it had acquired SimAnalytics, a Finnish process optimization start-up. Kemira invested in SimAnalytics in August 2021 and has now acquired the remainder of the business. The acquisition will support Kemira's ambition to grow in services, with data-driven predictive services and machine learning solutions.

Events after the review period

On **February 2, 2024**, Kemira announced that it had closed the divestment of its Oil & Gas related portfolio. Approximately 250 employees will transfer to the buyer as part of the transaction, which includes Kemira's manufacturing facilities in Mobile, Columbus and Aberdeen in the United States and the novel liquid polymer (NLP) manufacturing assets in Botlek, the Netherlands. The closing of the Teesport manufacturing facility in the United Kingdom is expected to happen later, subject to site-specific closing conditions.

Outlook for 2024

REVENUE

Kemira's revenue is expected to be between EUR 2,700 million and EUR 3,200 million in 2024 (reported 2023 revenue: EUR 3,383.7 million).

OPERATIVE EBITDA

Kemira's operative EBITDA is expected to be between EUR 480 and EUR 580 million in 2024 (reported 2023 operative EBITDA: EUR 666.7 million).

ASSUMPTIONS BEHIND THE OUTLOOK

Kemira's end-market demand (in volumes) is expected to grow slightly in 2024 following expected gradual demand recovery in the pulp & paper market. The water treatment market is expected to remain steady in 2024. Input costs are expected to remain rather stable during the year. The outlook assumes no major disruptions to Kemira's manufacturing operations, supply chain or to Kemira's energy-generating assets in Finland. Foreign exchange rates are expected to remain at approximately current levels. The outlook for 2024 includes the Oil & Gas business until February 2, 2024, the closing date of the divestment transaction.

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 8, 2024

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. Actual results may differ materially from the the expectations and beliefs contained in the statements.

Consolidated Income Statement

		Year ended 31 December	
EUR million	**Note**	**2023**	**2022**
Revenue	2.1.	3,383.7	3,569.6
Other operating income	2.2.	8.6	18.2
Operating expenses	2.2.	-2,852.3	-3,029.3
Share of the results of associates	6.2.	0.1	0.3
EBITDA		540.0	558.8
Depreciation, amortization and impairments	2.4.	-203.6	-211.2
Operating profit (EBIT)		336.4	347.6
Finance income	2.5.	12.7	4.8
Finance expenses	2.5.	-49.3	-42.3
Exchange differences	2.5.	-7.7	-1.9
Finance costs, net	2.5.	-44.4	-39.4
Profit before tax		292.0	308.2
Income taxes	2.6.	-80.7	-68.5
Net profit for the period		211.3	239.7
Net profit attributable to			
Equity owners of the parent company		199.1	231.7
Non-controlling interests	6.2.	12.2	8.0
Net profit for the period		211.3	239.7
Earnings per share for net profit attributable to the equity owners of the parent company, EUR			
Basic	2.7.	1.30	1.51
Diluted	2.7.	1.28	1.50

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

Consolidated Comprehensive Income

		Year ended 31 December	
EUR million	**Note**	**2023**	**2022**
Net profit for the period		211.3	239.7
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences in translating foreign operations		-16.9	17.5
Cash flow hedges		-54.1	39.2
Items that will not be reclassified subsequently to profit or loss			
Other shares		-61.3	98.6
Remeasurements of defined benefit plans		18.9	31.8
Other comprehensive income for the period, net of tax	2.8.	-113.4	187.1
Total comprehensive income for the period		97.9	426.7
Total comprehensive income attributable to			
Equity owners of the parent company		84.9	418.9
Non-controlling interests	6.2.	13.0	7.8
Total comprehensive income for the period		97.9	426.7

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

		As at 31 December	
EUR million	**Note**	**2023**	**2022**
ASSETS			
NON-CURRENT ASSETS			
Goodwill	3.1.	480.9	510.5
Other intangible assets	3.2.	51.1	61.2
Property, plant and equipment	3.3.	939.6	1,080.2
Right-of-use assets	3.4.	123.0	146.0
Investments in associates	6.2.	4.8	5.1
Other shares	3.5.	305.4	383.3
Deferred tax assets	4.4.	31.8	27.1
Other financial assets	5.4.	7.9	31.0
Receivables of defined benefit plans	4.5.	106.3	78.4
Total non-current assets		2,050.9	2,322.8
CURRENT ASSETS			
Inventories	4.1.	281.8	433.7
Interest-bearing receivables	5.4.	0.3	0.3
Trade receivables and other receivables	4.2.	468.2	603.7
Current income tax assets		29.9	18.7
Cash and cash equivalents	5.4.	402.5	250.6
Total current assets		1,182.7	1,307.0
Assets classified as held-for-sale	3.7.	255.6	21.3
Total assets		3,489.3	3,651.1

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

		As at 31 December	
EUR million	**Note**	**2023**	**2022**
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		163.4	278.8
Unrestricted equity reserve		196.3	196.3
Translation differences		-53.8	-36.0
Treasury shares		-11.6	-13.4
Retained earnings		890.9	764.5
Total equity attributable to equity owners of the parent company	5.2.	1,664.8	1,669.9
Non-controlling interests	6.2.	19.4	14.7
Total equity		1,684.2	1,684.6
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	5.3.	615.7	838.1
Other financial liabilities	5.4.	10.8	9.4
Deferred tax liabilities	4.4.	81.3	118.2
Liabilities of defined benefit plans	4.5.	69.8	66.9
Provisions	4.6.	37.8	38.4
Total non-current liabilities		815.4	1,070.9
CURRENT LIABILITIES			
Interest-bearing liabilities	5.3.	322.1	183.7
Trade payables and other liabilities	4.3.	489.4	635.2
Current income tax liabilities		56.6	57.2
Provisions	4.6.	16.9	18.8
Total current liabilities		884.9	894.9
Total liabilities		1,700.3	1,965.8
Liabilities classified as held-for-sale	3.7.	104.8	0.7
Total equity and liabilities		3,489.3	3,651.1

Consolidated Statement of Cash Flow

EUR million	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period		211.3	239.7
Adjustments for			
Depreciation, amortization and impairments	2.4.	203.6	211.2
Income taxes	2.6.	80.7	68.5
Finance costs, net	2.5.	44.4	39.4
Share of the results of associates	6.2.	-0.1	-0.3
Gains and losses on sale of non-current assets		98.6	5.5
Other adjustments		2.1	23.8
Cash flow before change in net working capital		640.7	587.8
Change in net working capital			
Increase (-) / decrease (+) in inventories		97.6	-100.3
Increase (-) / decrease (+) in trade and other receivables		19.0	-95.1
Increase (+) / decrease (-) in trade payables and other liabilities		-101.7	93.7
Change in net working capital		14.9	-101.8
Cash flow from operations before financing items and taxes		655.6	486.0
Interests paid		-41.6	-35.1
Interests received		8.0	5.0
Other finance items, net		14.7	-22.1
Income taxes paid		-90.8	-33.5
Net cash generated from operating activities		546.0	400.3

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

EUR million	Note	2023	2022
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of subsidiaries and asset acquisitions, net of cash acquired		-1.9	0.0
Capital expenditure in property, plant and equipment and intangible assets		-204.9	-197.9
Decrease (+) / increase (-) in loan receivables		0.4	0.8
Proceeds from sale of subsidiaries and businesses, net of cash disposed		9.0	0.0
Proceeds from sale of other shares		0.4	0.0
Proceeds from sale of property, plant and equipment, and intangible assets		0.2	19.1
Net cash used in investing activities		-196.7	-178.0
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current interest-bearing liabilities (+)	5.1.	0.2	195.9
Repayments of non-current interest-bearing liabilities (-)	5.1.	0.0	-202.8
Short-term financing, net increase (+) / decrease (-)	5.1.	-50.7	21.4
Repayments of lease liabilities		-37.3	-35.1
Dividends paid to equity owners of the parent company		-95.2	-88.9
Dividends paid to non-controlling interest		-8.3	-7.0
Net cash used in financing activities		-191.3	-116.4
Net increase (+) / decrease (-) in cash and cash equivalents		158.0	105.9
Cash and cash equivalents on Dec 31		402.5	250.6
Exchange gains (+) / losses (-) in cash and cash equivalents		-6.1	2.3
Cash and cash equivalents on Jan 1		250.6	142.4
Net increase (+) / decrease (-) in cash and cash equivalents		158.0	105.9

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, 2023	221.8	257.9	278.8	196.3	-36.0	-13.4	764.5	1,669.9	14.7	1,684.6
Net profit for the period	—	—	—	—	—	—	199.1	199.1	12.2	211.3
Other shares	—	—	-61.3	—	—	—	—	-61.3	—	-61.3
Exchange differences in translating foreign operations	—	—	—	—	-17.8	—	—	-17.8	0.9	-16.9
Cash flow hedges	—	—	-54.1	—	—	—	—	-54.1	—	-54.1
Remeasurements of defined benefit plans	—	—	—	—	—	—	18.9	18.9	—	18.9
Total other comprehensive income	—	—	-115.5	—	-17.8	—	18.9	-114.3	0.9	-113.4
Total comprehensive income	—	—	-115.5	—	-17.8	—	218.1	84.9	13.0	97.9
Transactions with owners										
Dividends paid	—	—	—	—	—	—	-95.2	-95.2	-8.3	-103.5
Treasury shares issued to the target group of a share-based incentive plan	—	—	—	—	—	1.7	—	1.7	—	1.7
Treasury shares issued to the Board of Directors	—	—	—	—	—	0.1	—	0.1	—	0.1
Share-based payments	—	—	—	—	—	—	3.3	3.3	—	3.3
Transfers in equity	—	—	0.1	—	—	—	-0.1	0.0	—	0.0
Other items	—	—	—	—	—	—	0.2	0.2	—	0.2
Total transactions with owners	—	—	0.1	—	—	1.8	-91.8	-89.9	-8.3	-98.2
Equity on December 31, 2023	221.8	257.9	163.4	196.3	-53.8	-11.6	890.9	1,664.8	19.4	1,684.2

	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

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 material 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 8, 2024. 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 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, 2023. 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 2023

The Group has applied the following standards and amendments for the first time to its annual reporting period commencing January 1, 2023:

- Amendments to the standard IAS 12, Income taxes: Deferred taxes related to assets and liabilities arising from a single transaction. As a result of the amendments, deferred taxes have also been recognized in connection with initial recognition of the leases for new lease contracts (Note 4.4. Deferred tax liabilities and assets).
- Amendments to the standard IAS 1, Presentation of financial statements: Disclosure of accounting policies. The amendment clarifies in which situations the accounting policy is material and it must be disclosed. The amendment did not have any significant impact on the Consolidated Financial Statements.
- 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. The amendments did not have any significant impact on the Consolidated Financial Statements.
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules. Pillar Two Model Rules will come into effect in Finland by 1 January 2024 with a legislation implementing a Council Directive ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups (Pillar Two). The amendment to IAS 12 requires to disclose that the exception

on recognizing and disclosing information about deferred tax assets and liabilities that are related to the Pillar Two income taxes has been applied. Kemira has applied the exception provided in IAS12, and it has not recognized or disclosed information on deferred tax assets or liabilities related to Pillar Two income taxes. It is not expected that Pillar Two has an impact on the amount of the Group's income taxes.

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 IFRS 16 Leases: Lease Liability in Sale and Leaseback. The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements. The amendment provides additional disclosures about supplier finance arrangements that enables investors to assess the effects on a company's liabilities, cash flow, and exposure to liquidity risk.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability. The amendment provides guidance for identifying a situation where a currency cannot be considered freely exchangeable and guides in these situations to take this into account in the exchange rate used in reporting and provide additional information on the matter.

New IFRS standards, amendments to standards and IFRIC interpretations effective on or after January 1, 2024 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 when preparing the Consolidated Financial Statements. 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

Following the war in Ukraine, Kemira exited Russia in May 2022. At the end of December 2023, Kemira's net assets in Russia amounted to around EUR 5 million and consisted mainly of cash and cash equivalents denominated in Russian roubles. Kemira is working 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 CO_2-free electricity with nuclear and hydro power plants in Finland. CO_2-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 programs for years 2023–2025 and 2024–2026 also include 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 revenue growth in local currencies, excluding acquisitions and divestments (=organic growth), EBITDA, operative EBITDA, operative EBIT, cash flow after investing activities and gearing provide useful information about Kemira's comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation from the equivalent IFRS measures and 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.

INCOME STATEMENT ITEMS

2023, EUR million	Pulp & Paper	Industry & Water	Group
Revenue [1]	1,748.2	1,635.5	3,383.7
EBITDA [2]	308.0	232.0	540.0
Depreciation, amortization and impairments	-114.6	-89.0	-203.6
Share of the results of associates	0.1	0.0	0.1
Operating profit (EBIT) [2]	193.4	143.0	336.4
Finance costs, net			-44.4
Profit before tax			292.0
Income taxes			-80.7
Net profit for the period			211.3

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

2023, EUR million	Pulp & Paper	Industry & Water	Group
Operative EBITDA	330.9	335.8	666.7
Restructuring and streamlining programs			-0.9
Transaction and integration expenses in acquisitions			-0.2
Divestment of businesses and other disposals			-125.9
Other items			0.4
Total items affecting comparability	-22.9	-103.7	-126.7
EBITDA	308.0	232.0	540.0
Operative EBIT	216.3	246.7	463.0
Items affecting comparability in EBITDA	-22.9	-103.7	-126.7
Items affecting comparability in depreciation, amortization and impairments	0.0	0.0	0.0
Operating profit (EBIT)	193.4	143.0	336.4

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

BALANCE SHEET ITEMS

2023, EUR million	Pulp & Paper	Industry & Water	Group
Segment assets	1,539.6	791.2	2,330.8
Reconciliation to total assets as reported in the Group balance sheet:			
Other shares			305.4
Deferred income tax assets			31.8
Other investments			7.9
Defined benefit pension receivables			106.3
Other assets			304.5
Cash and cash equivalents			402.5
Assets classified as held-for-sale			255.6
Total assets			3,489.3
Segment liabilities	276.6	175.8	452.4
Reconciliation to total liabilities as reported in the Group balance sheet:			
Interest-bearing non-current financial liabilities			615.7
Interest-bearing current financial liabilities			322.1
Other liabilities			308.1
Liabilities classified as held-for-sale			104.8
Total liabilities			1,805.1

OTHER ITEMS

2023, EUR million	Pulp & Paper	Industry & Water	Group
Capital employed by segments on Dec 31	1,263.0	615.4	1,878.4
Capital employed by segments [1]	1,282.0	873.5	2,155.5
Operative ROCE, %	16.9	28.2	21.5
Capital expenditure	126.2	80.5	206.8
Cash flow after investing activities [2]	216.3	242.5	349.3

1) 12-month rolling average.
2) Cash flows related to financing items and taxes have not been addressed to segments.

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 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
Cash flow after investing activities [2]	207.2	100.9	222.3

1) 12-month rolling average.
2) Cash flows related to financing items and taxes have not been addressed to segments.

INFORMATION ABOUT GEOGRAPHICAL AREAS: REVENUE BY GEOGRAPHICAL AREA BASED ON CUSTOMER LOCATION

EUR million	2023	2022
Finland, domicile of the parent company	448.1	546.5
Other Europe, Middle East and Africa	1,171.9	1,286.0
Americas	1,458.8	1,413.6
Asia Pacific	304.9	323.5
Total	3,383.7	3,569.6

NON-CURRENT ASSETS BY GEOGRAPHICAL AREA

EUR million	2023	2022
Finland, domicile of the parent company	821.9	918.9
Other Europe, Middle East and Africa	441.7	499.0
Americas	483.2	619.7
Asia Pacific	166.0	179.7
Total	1,912.8	2,217.3

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 2023 or 2022.

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 2023 and 2022, 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	2023	2022
Gains on the sale of non-current assets [1]	0.1	10.8
Rental income	0.7	0.6
Services	3.1	2.0
Other income from operations [2]	4.8	4.8
Total	8.6	18.2

1) In 2022, gains on the sale of non-current assets relate mainly to sold assets in Uruguay.
2) Other income from operations consists mainly of insurance compensations in 2023 and of indirect tax credits in Brazil in 2022.

OPERATING EXPENSES

EUR million	2023	2022
Materials and supplies [3]	1,754.2	2,033.0
Employee benefit expenses	440.8	428.9
External services and other expenses [4] [5]	440.5	332.0
Freights and delivery expenses	216.9	235.4
Total	2,852.3	3,029.3

3) In 2023, materials and supplies included EUR 7.1 million (5.7) Government grants for energy intensive industry in several European countries.
4) Includes equipment costs, travel expenses, leases, office related expenses, insurance, consulting, and other operational expenses. Other expenses in 2023 include EUR 101.2 million expected loss on divestment of the Oil & Gas business, including transaction fees. Kemira completed the divestment in February 2024.
5) In 2023, other operating expenses included research and development expenses of EUR 34.2 million (32.8) including government grants received. Government grants received for R&D were EUR 0.6 million (0.6). The extent of the grants received reduces the research and development expenses.

EMPLOYEE BENEFIT EXPENSES

EUR million	Note	2023	2022
Wages, salaries and emoluments			
Wages and salaries [6]		330.4	323.2
Share-based payments	2.3.	13.1	16.0
Total		343.5	339.2
Indirect employee benefit expenses			
Expenses for defined benefit pension plans and employee benefits	4.5.	2.0	2.3
Pension expenses for defined contribution plans		34.9	29.8
Other employee benefit costs		60.4	57.6
Total		97.3	89.7
Total employee benefit expenses		440.8	428.9

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

	2023	2022
Average number of personnel by geographical area		
Europe, Middle East and Africa	2,512	2,497
Americas	1,506	1,513
Asia Pacific	928	925
Total	4,946	4,936
Personnel in Finland, average	806	780
Personnel outside Finland, average	4,140	4,156
Total	4,946	4,936
Number of personnel on Dec 31	4,915	4,902

AUDITOR'S FEES AND SERVICES

EUR million	2023	2022
Audit fees	1.8	1.6
Tax services	0.1	0.3
Other services	0.1	0.1
Total	2.0	1.9

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. Certain other grants are recognized either as a deduction from expenses or as 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 participant's employment or service ends before the reward payment.

Share incentive plan	2020	2020–2022	2021–2023	2022–2024	2023–2025
Performance period (calendar year)	2020	2020–2022	2021–2023	2022–2024	2023–2025
Restriction period of shares	2 years	[1]	[1]	[1]	[1]
Issue year of shares	2021	2023	2024	2025	2026
Share price at the grant date	13.41	13.41	12.57	13.32	14.58
Number of transferred shares from the plans	194,097	254,375	—	—	—
Estimated number of shares on December 31, 2023	—	—	492,637	510,950	532,209
Number of participants on December 31, 2023	—	—	82	86	84
Performance criteria	Intrinsic value [2]	Intrinsic value [2] and organic growth-%	Intrinsic value [2] and organic growth-%	Intrinsic value [2] and organic growth-%	[3]

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.
3) ROCE-%, average organic revenue growth-%, Kemira CO_2 emission reduction from Scope 1 & 2 and revenue growth of renewable products.

Share incentive plan 2024–2026

Participation in the long-term share incentive plan's performance period 2024–2026 is directed to approximately 90 people. The reward to be paid from the 2024–2026 performance period, if the criteria are fulfilled, will amount up to a maximum of 630,000 Kemira Oyj shares. In addition, a cash proportion covering the taxes and tax-related costs arising from the reward is included.

Restricted Share Plan 2024

In December 2023, the Board of Directors of Kemira Oyj decided to establish a restricted share plan. In particular, the Restricted Share Plan can be used as a commitment instrument in specific executive recruitment situations. The terms allow the plan to be used with careful consideration also in retention situations.

The restricted share plan is continuous. The Board approves for each calendar year an annual quota of shares, which can be granted within the respective year under the RSP. The annual quota shall mean a net number of shares together with a cash proportion required for covering all taxes. The total amount of shares offered during the year cannot exceed the respective quota approved by the Board.

The plan offers participants an opportunity to receive a predetermined number of company shares after a specific restriction period, which can vary from twelve (12) to forty (40) months with a decision by the Board of Directors. No earning criteria is applied to the restricted share plan and the delivery of the share reward is subject to the continuation of the employment.

The maximum aggregated amount of shares that may be granted under the Restricted Share Plan in year 2024 is 70,000 Kemira shares. In addition, a cash proportion intended to cover the taxes and tax-related costs arising from the reward is included. No persons were under the plan during 2023.

THE EFFECT OF SHARE-BASED PAYMENTS ON OPERATING PROFIT

EUR million	Note	2023	2022
Rewards provided in shares		5.9	7.4
Rewards provided in cash		7.1	8.6
Total	2.2.	13.1	16.0

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 minus 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 be vested 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	2023	2022
Amortization of intangible assets and depreciation of property, plant and equipment		
Other intangible assets [1]	19.0	21.0
Buildings and constructions	23.8	23.3
Machinery and equipment	116.3	123.0
Other tangible assets	6.4	6.3
Total	165.5	173.6
Depreciations of right-of-use assets		
Land	1.6	1.7
Buildings and constructions	10.3	10.2
Machinery and equipment	25.6	24.0
Other tangible assets	0.6	0.8
Total	38.1	36.7
Impairments of intangible assets and property, plant and equipment [2]		
Goodwill	0.0	0.0
Buildings and constructions	0.0	0.1
Machinery and equipment	0.0	0.9
Other tangible assets	0.0	0.0
Total	0.0	1.0
Total depreciation, amortization and impairments	203.6	211.2

1) Amortization of intangible assets related to business acquisitions amounted to EUR 6.9 million (9.4) during the financial year 2023.
2) In 2022, the impairment losses are related to Kemira's exit from the Russian market due to the war in Ukraine.

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	2023	2022
Finance income		
Dividend income	0.0	0.0
Interest income		
Interest income from loans and receivables	10.3	3.5
Interest income from financial assets at fair value through profit or loss	2.3	1.1
Other finance income	0.1	0.2
Total	12.7	4.8
Finance expense		
Interest expenses		
Interest expenses from other liabilities	-32.9	-23.5
Interest expenses from financial liabilities at fair value through profit or loss	-4.2	-6.6
Interest expenses from lease liabilities	-7.8	-7.1
Other finance expenses 1)	-4.5	-5.1
Total	-49.3	-42.3
Exchange differences		
Exchange differences from financial assets and liabilities at fair value through profit or loss	16.6	-22.2
Exchange differences, other	-24.4	20.2
Total	-7.7	-1.9
Total finance income and expenses	-44.4	-39.4
Net finance expenses as a percentage of revenue, %	1.3	1.1
Net interest as a percentage of revenue, %	1.0	0.9

EUR million	2023	2022
Change in Consolidated Statement of Comprehensive Income from hedge accounting instruments		
Cash flow hedge accounting: amount recognized in the Consolidated Statement of Comprehensive Income 2)	-54.1	39.2
Total	-54.1	39.2
Exchange differences		
Realized	13.2	20.0
Unrealized	-20.9	-21.9
Total	-7.7	-1.9

1) Includes EUR 1.2 million (1.8) of arrangement fees relating to loans in 2023.
2) Consists mostly from changes in fair value of derivatives under hedge accounting treatment.

2.6 INCOME TAXES

EUR million	2023	2022
Current taxes	-87.3	-72.6
Taxes for prior years	2.6	-2.0
Change in deferred taxes	4.1	6.1
Total	-80.7	-68.5

RECONCILIATION BETWEEN TAX EXPENSE AND TAX CALCULATED AT DOMESTIC TAX RATE

EUR million	2023	2022
Profit before tax	292.0	308.2
Tax at parent company's tax rate 20%	-58.4	-61.6
Foreign subsidiaries' different tax rate	-8.0	-4.5
Non-deductible expenses and tax-exempt profits	-30.8	1.6
Share of profit or loss of associates	-0.1	-0.1
Tax losses during the period without deferred tax	-1.3	-1.8
Tax for prior years	2.6	-2.0
Effect of change in tax rates	-0.1	0.0
Utilization of prior years' tax losses with no deferred tax	1.0	1.2
Changes in deferred taxes	14.4	-1.3
Income taxes in the Income Statement	-80.7	-68.5

In 2023, the effective tax rate of the Group was 27.6% (22.2%), which was impacted by the divestment of the Oil & Gas business.

TAX LOSSES AND RELATED DEFERRED TAXES

	Tax losses carried forward		Recognized deferred taxes		Unrecognized deferred taxes	
EUR million	2023	2022	2023	2022	2023	2022
Expiry within 5 years	42.6	67.6	7.9	9.1	2.2	7.3
Expiry after 5 years	2.5	3.7	0.6	0.2	0.0	0.8
No expiry	52.5	119.0	9.2	12.0	7.5	24.4
Total	97.6	190.3	17.7	21.3	9.7	32.4

At the end of 2023, the subsidiaries had EUR 31.1 million (105.4) tax losses, of which no deferred tax benefits have been recognized. The subsidiaries' tax losses are incurred in different currencies and born mainly in China. The changes during the year 2023 relate mainly to the mergers in Brazil and utilization of unrecognized deferred taxes in the USA and Brazil.

The Group's accounting policies

Income taxes

The Group's tax expense for the period comprises current tax, adjustments from 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 of uncertain tax positions are recognized based on estimated outcome and probability.

2.7 EARNINGS PER SHARE

	2023	2022
Earnings per share, basic		
Net profit attributable to equity owners of the parent company, EUR million	199.1	231.7
Weighted average number of shares 1)	153,573,071	153,319,710
Basic earnings per share, EUR	1.30	1.51
Earnings per share, diluted		
Net profit attributable to equity owners of the parent company, EUR million	199.1	231.7
Weighted average number of shares 1)	153,573,071	153,319,710
Adjustments:		
Average number of treasury shares it is possible to be issued on the basis of the share-based payments	1,478,009	941,054
Weighted average number of shares for diluted earnings per share	155,051,080	154,260,764
Diluted earnings per share, EUR	1.28	1.50

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	2023	2022
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	-17.5	19.7
Cash flow hedges	-67.7	50.4
Items that will not be reclassified subsequently to profit or loss		
Other shares	-76.7	123.2
Remeasurements of defined benefit plans	23.3	40.8
Other comprehensive income for the period before taxes	-138.7	234.1
Tax effects relating to components of other comprehensive income	25.1	-47.1
Other comprehensive income for the period, net of tax	-113.4	187.1

THE TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2023			2022		
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	-17.5	0.6	-16.9	19.7	-2.2	17.5
Cash flow hedges	-67.7	13.6	-54.1	50.4	-11.2	39.2
Items that will not be reclassified subsequently to profit or loss						
Other shares	-76.7	15.3	-61.3	123.2	-24.7	98.6
Remeasurements of defined benefit plans	23.3	-4.4	18.9	40.8	-9.0	31.8
Total other comprehensive income	-138.7	25.1	-113.4	234.1	-47.1	187.1

3. Capital expenditures and acquisitions

3.1 GOODWILL

EUR Million	Note	2023	2022
Net book value on Jan 1		510.5	514.0
Acquisition of subsidiaries and business acquisitions		2.3	0.0
Impairments		0.0	0.0
Transferred to assets classified as held-for-sale [1) 2)]	3.7.	-26.5	-11.3
Exchange differences		-5.3	7.7
Net book value on Dec 31		480.9	510.5

1) In 2023, goodwill was reclassified as held-for-sale assets which is related to the sale of the Oil & Gas business. See Note 3.7. for further details regarding the held-for-sale assets.

2) In 2022, goodwill was reclassified as held-for-sale assets which is related to the sale of the colorant business within the Pulp & Paper segment. See Note 3.7. 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.

	2023		2022	
EUR Million	Net book value	of which goodwill	Net book value	of which goodwill
Pulp & Paper	1,263	349	1,275	350
Industry & Water	615	132	891	160
Total	1,878	481	2,165	510

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% (2022: 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.

%	2023	2022
Pulp & Paper	9.3	8.5
Industry & Water	9.3	8.5

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 2023 and 2022, impairment tests have not indicated any impairment, and no impairment loss has been recognized in the income statement.

Sensitivity analysis

In 2023, 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

2023, EUR million	Other intangible assets	Prepayments	Total
Acquisition cost on Jan 1	333.7	11.1	344.8
Additions	17.8	-7.5	10.3
Purchases of subsidiaries and business acquisitions	1.2	0.0	1.2
Decreases [1]	-0.9	0.0	-0.9
Transferred to assets classified as held-for-sale [1]	-13.3	0.0	-13.3
Reclassifications	0.0	-0.1	-0.1
Exchange rate differences and other changes	-4.0	0.0	-4.0
Acquisition cost on Dec 31	334.5	3.4	337.9
Accumulated amortization on Jan 1	-283.8		-283.8
Accumulated amortization relating to decreases and transfers	0.9		0.9
Amortization during the financial year	-19.0		-19.0
Impairments	0.0		0.0
Transferred to assets classified as held-for-sale [1]	11.6		11.6
Exchange rate differences	2.9		2.9
Accumulated amortization on Dec 31	-287.4		-287.4
Net book value on Dec 31	47.1	3.4	50.5
Emission rights			0.6
Net book value including emission rights on Dec 31			51.1

1) In 2023, other intangible assets amounting EUR 1.6 million were reclassified as held-for-sale assets. These assets are used by the Oil & Gas business. See Note 3.7. for further details regarding the held-for-sale 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 [2]	-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 [2]	2.3	0.0	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

2) In 2022, other intangible assets amounting EUR 1.8 million were reclassified as held-for-sale assets. These assets are used by the colorant business within the Pulp & Paper segment. See Note 3.7. for further details regarding the held-for-sale assets.

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 112,573 tons of carbon dioxide in 2023 (a surplus of 87,862 tons).

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

2023, 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	47.5	552.0	1,819.5	97.5	153.2	2,669.7
Additions	0.2	55.3	129.9	7.5	1.1	194.0
Acquisitions of subsidiaries and business acquisitions	—	—	—	—	—	—
Decreases	—	-2.2	-41.7	-2.1	—	-46.0
Disposed of subsidiaries	—	—	—	—	—	—
Transferred to assets classified as held-for-sale [2]	-1.7	-80.0	-223.3	-8.0	-17.0	-330.0
Reclassifications	—	—	4.6	—	-4.4	0.1
Exchange rate differences and other changes	-0.3	-7.6	-25.9	-2.3	-1.8	-37.8
Acquisition cost on Dec 31	45.8	517.5	1,663.1	92.6	131.1	2,450.1
Accumulated depreciation on Jan 1	-9.9	-270.2	-1,249.6	-59.9		-1,589.6
Accumulated depreciation related to decreases and transfers	—	2.2	41.6	2.1		45.9
Depreciation during the financial year	—	-23.8	-116.3	-6.4		-146.5
Impairments	—	—	—	—		—
Transferred to assets classified as held-for-sale [2]	—	20.0	130.7	6.7		157.5
Exchange rate differences	—	2.7	17.8	1.7		22.3
Accumulated depreciation on Dec 31	-9.9	-269.0	-1,175.8	-55.8		-1,510.5
Net book value on Dec 31	35.9	248.5	487.3	36.8	131.1	939.6

1) Prepayment and non-current assets under construction are mainly composed of plant investments.
2) In 2023, property, plant and equipment amounting EUR 172.5 million were reclassified as held-for-sale assets. These assets are used by the Oil & Gas business. See Note 3.7. for further details regarding the held-for-sale assets.

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
Decreases	-1.7	-34.4	-105.5	-1.9	-0.6	-143.9
Disposed of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Transferred to assets classified as held-for-sale [2]	0.0	-1.6	-10.2	-0.3	0.0	-12.0
Reclassifications	0.0	0.0	2.5	0.0	-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	0.0	-23.3	-123.0	-6.3		-152.7
Impairments	0.0	-0.1	-0.9	0.0		-1.0
Transferred to assets classified as held-for-sale [2]	0.0	0.8	6.2	0.2	0.0	7.2
Exchange rate differences	0.0	-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 composed of plant investments.

2) In 2022, property, plant and equipment amounting EUR 4.8 million were reclassified as held-for-sale assets. These assets are used by the colorant business within the Pulp & Paper segment. See Note 3.7. for further details regarding the held-for-sale assets.

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

2023, EUR million	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Total
Net book value Jan 1	31.5	37.8	74.8	1.9	146.0
Additions	0.4	5.2	31.3	0.2	37.1
Depreciation and impairments	-1.6	-10.3	-25.6	-0.6	-38.1
Transferred to assets classified as held-for-sale 1)	-3.8	-2.8	-11.1	-0.1	-17.8
Reclassifications	0.0	0.0	0.0	0.0	0.0
Exchange rate differences and other changes	-0.7	-0.6	-2.9	0.0	-4.2
Net book value Dec 31	25.8	29.4	66.5	1.3	123.0

1) In 2023, right-of-use assets amounting EUR 17.8 million were reclassified as held-for-sale assets. These assets are used by the Oil & Gas business. See Note 3.7. for further details regarding the held-for-sale 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 2)	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

2) In 2022, right-of-use assets amounting EUR 0.4 million were reclassified as held-for-sale assets. These assets are used by the colorant business within the Pulp & Paper segment. See Note 3.7. 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 2023, the amount of lease expenses recognized in the income statement for leases of short-term or low-value assets is EUR 3 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

2023, EUR million	The shares of Pohjolan Voima Group	Other non-listed shares	Total
Net book value on Jan 1	380.6	2.7	383.3
Additions	—	—	—
Decreases	—	-0.3	-0.3
Change in fair value	-76.7	—	-76.7
Reclassifications	—	-1.0	-1.0
Net book value on Dec 31	303.9	1.4	305.4

2022, EUR million			
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

SHARES IN THE POHJOLAN VOIMA GROUP

EUR million	Class of shares	Holding, %	Class of assets	2023	2022
Pohjolan Voima Oyj	A	5	hydro power	100.2	126.3
Pohjolan Voima Oyj	B	2	nuclear power	47.9	79.3
Pohjolan Voima Oyj [1)]	B2	7	nuclear power	62.9	21.3
Teollisuuden Voima Oyj	A	2	nuclear power	92.2	152.8
Other Pohjolan Voima Oyj	C2, G5, G6, M	several	several	0.8	0.8
Total				303.9	380.6

1) TVO announced on April 16, 2023 that Olkiluoto 3 is ready and regular electricity production has started. In Q2 2023, PVO B2 share series (Olkiluoto 3) was valued for the first time using the discounted cash flow method. Kemira's value of the ownership of PVO B2 share series increased to EUR 62.9 million at year-end 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

	2023	2022
Short-term discount rate	5.1%	5.1%
Long-term discount rate	5.1%	5.1%
Electricity price estimate EUR/MWh	51.85–69.32	57.62–85.80
Forward electricity prices EUR/MWh	44.25–95.25	68.60–158.10

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 +/- 98 million (+/- 47). 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 -49 million (-38) or approximately EUR 69 million (53).

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 and TVO operates three nuclear power plant units (Olkiluoto 1, 2 and 3) in Olkiluoto in the municipality of Eurajoki in Finland. 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 they hold, 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 it to electricity from the 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. 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 electricity price 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 BUSINESS COMBINATIONS

In Q3 2021, Kemira acquired a minority interest in the advanced process optimization start-up SimAnalytics Oy. In Q1 2023, Kemira acquired the rest of the business and now has a 100% interest in the acquired business. The acquisition was not material to Kemira's consolidated income statement and balance sheet.

The acquisition calculation under IFRS 3 is provisional. The fair values of the net assets and goodwill may change during the 12-month period during which the acquisition calculation will be finalized. The purchase price of EUR 3 million was paid in cash, except for certain payments which will be paid later. The purchase price is divided into two installments, of which EUR 2 million was paid in Q1 2023 and EUR 1 million was paid earlier in 2021. The remainder of the payments to the acquired company's employees, made after the acquisition date, are remunerations for services under IFRS 3 and these payments have no effect on goodwill.

Based on preliminary acquisition calculations, EUR 1 million was allocated to intangible assets such as software. A provisional goodwill of EUR 2 million arises mainly from the expected synergies.

The acquired business has been consolidated into the Pulp & Paper segment, beginning in Q1 2023.

The Group's accounting policies

Business combinations

The acquisition method is applied to business combinations. 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.

3.7 ASSETS CLASSIFIED AS HELD-FOR-SALE

Sale of the Oil & Gas business to Sterling Specialty Chemicals, LLC

ASSETS CLASSIFIED AS HELD-FOR-SALE AT FAIR VALUES

EUR million	Note	2023	2022
Goodwill	3.1.	0.0	—
Intangible assets	3.2.	1.6	—
Property, plant and equipment	3.3.	109.5	—
Right-of-use assets	3.4.	17.8	—
Deferred tax assets	4.4.	19.2	—
Inventories	4.1.	48.3	—
Trade receivables and other receivables	4.2.	57.0	—
Cash and cash equivalents	5.4.	2.2	—
Total		255.6	—

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

EUR million	Note	2023	2022
Liabilities related to right-of-use assets	5.3.	24.1	—
Deferred tax liabilities	4.4.	32.1	—
Trade payables and other liabilities	4.3.	44.0	—
Current income tax liabilities		4.6	—
Total		104.8	—

On December 4, 2023, Kemira signed an agreement to divest its Oil & Gas-related portfolio to Sterling Specialty Chemicals LLC, a US subsidiary of Artek Group, a global industrial chemicals group based in India.

The revenue to be carved-out from Kemira was around EUR 430 million in 2022. This includes Kemira's Oil & Gas business, which had a revenue of EUR 373 million in 2022. The remaining carved-out revenue of around EUR 57 million consisted of non-Oil & Gas industrial polymer sales through indirect channels.

Approximately 250 employees are expected to transfer to the buyer as part of the transaction, which includes Kemira's manufacturing facilities in Mobile, Columbus and Aberdeen in the United States. The Teesport manufacturing facility in the United Kingdom is included in the transaction, subject to certain site-specific closing conditions being fulfilled. In addition, the novel liquid polymer (NLP) manufacturing assets, which are part of Kemira's manufacturing facility in Botlek, the Netherlands, are included in the transaction, but Kemira will continue to operate the plant under a long-term agreement and will retain the employees.

The total consideration on a cash and debt-free basis amounts to approximately USD 280 million, around EUR 260 million, subject to ordinary closing adjustments. On February 2, 2024, Kemira announced that it had closed the divestment of its Oil & Gas related portfolio. The closing of the Teesport manufacturing facility in the United Kingdom is expected to happen later, subject to site-specific closing conditions. The transaction will be carried out as a combination of a share and assets sale.

As of Q4 2023, the assets and liabilities related to the sale of the Oil & Gas business were 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 Oil & Gas business were presented in the consolidated balance sheet, on separate lines. The reclassification has an effect on the reported values of balance sheet items and the expected loss from the sale of the Oil & Gas business is EUR 101 million, including transaction fees. The Oil & Gas business is part of Kemira's Industry & Water segment.

Sale of the colorants business to ChromaScape, LLC

ASSETS CLASSIFIED AS HELD-FOR-SALE AT FAIR VALUE

EUR million	Note	2023	2022
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	2023	2022
Liabilities of defined benefit plans	4.5.	—	0.3
Liabilities related to right-of-use assets		—	0.4
Total		—	0.7

Kemira announced the closing of the divestment of most of its colorants business to ChromaScape, LLC on May 4, 2023. The loss from the sale of the colorants business was EUR 25 million, of which EUR 10 million was recognized during the 2023 reporting period. The colorants business was part of Kemira's Pulp & Paper segment.

Revenue from the business in 2022 was approximately EUR 50 million and 59 employees transferred to ChromaScape, LLC as part of the transaction. The sale included one manufacturing site at Goose Creek, Bushy Park in South Carolina, USA. Kemira retained its APAC related colorants business.

As of Q3 2022, the assets and liabilities related to the sale of the colorants business were 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 were presented in the consolidated balance sheet, on separate lines.

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	2023	2022
Inventories	4.1.	281.8	433.7
Trade receivables and other receivables	4.2.	468.2	603.7
Excluding financing items in other receivables [1)]		-18.6	-71.1
Trade payables and other liabilities	4.3.	489.4	635.2
Excluding financing items in other liabilities [1)]		-37.0	-31.4
Total		278.9	362.4

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

Due to the Oil & Gas divestment, in net working capital in 2023, EUR 48.3 million of inventory, EUR 57.0 million of trade receivables and other receivables and EUR 44.0 million trade payables and other payables have been reclassified as held-for-sale. Kemira has completed the divestment in February 2024.

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

4.1 INVENTORIES

EUR million	2023	2022
Materials and supplies	113.0	147.8
Finished goods	149.4	264.7
Prepayments	19.4	21.2
Total	281.8	433.7

In 2023, EUR 2.4 million (9.2) 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 sales costs.

4.2 TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

EUR million	2023	2022
Trade and other receivables		
Trade receivables	386.2	449.6
Prepayments	8.5	7.1
Prepaid expenses and accrued income	38.9	110.5
Other current receivables	34.7	36.4
Total	468.2	603.7

AGING OF OUTSTANDING TRADE RECEIVABLES

	2023		
EUR million	Receivables, gross amount	Expected credit losses	Receivables, net amount
Not due trade receivables	327.9	-0.1	327.7
Trade receivables 1-90 days overdue	58.1	-0.3	57.8
Trade receivables more than 91 days overdue	5.0	-4.3	0.6
Total	390.9	-4.8	386.2

	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

In 2023, the impairment loss (+) /gain(-) of trade receivables amounted to EUR -0.2 million (2.2).

In 2023, items that were due in a time period longer than one year included trade receivables of EUR 0.3 million (0.7), prepaid expenses and an accrued income of EUR 1.3 (0.5), other receivables of EUR 0.1 (0.3) and prepayments of EUR 0.0 (1.7).

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	2023	2022
Trade payables and other liabilities		
Prepayments received	1.6	2.5
Trade payables	226.7	292.8
Accrued expenses	218.4	277.0
Other non-interest-bearing current liabilities	42.7	63.0
Total	489.4	635.2

Accrued expenses		
Employee benefits	89.7	94.2
Items related to revenue and purchases	91.4	149.8
Interest	7.7	7.2
Exchange rate differences	6.9	2.8
Other	22.7	22.9
Total	218.4	277.0

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	On Jan 1, 2023	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired subsidiaries and items classified as held-for-sale	Exchange differences and reclassifications	On Dec 31, 2023
Deferred tax liabilities							
Intangible and fixed assets	73.2	-0.8	0.0	0.0	-29.4	-2.5	40.4
Leased assets [1)]	0.0	3.1	0.0	0.0	-1.2	-0.2	1.7
Other shares	52.7	0.0	-15.3	0.0	0.0	0.0	37.3
Financial instruments	16.5	0.0	-11.6	0.0	0.0	-1.9	3.0
Defined benefit arrangements	15.9	0.2	5.1	0.0	0.0	-0.3	20.9
Fair value adjustments of net assets acquired	0.6	-0.3	0.0	0.0	0.2	0.0	0.4
Other accruals	4.3	1.8	-0.6	0.7	-1.4	-0.2	4.5
Total	163.1	4.0	-22.5	0.7	-31.9	-5.1	108.3
Deducted from deferred tax assets	-44.9						-27.0
Deferred tax liabilities in the balance sheet	118.2						81.3
Deferred tax assets							
Intangible and fixed assets	0.0	5.8	0.0	0.0	-7.2	9.4	8.0
Provisions and accruals	20.7	0.8	0.0	0.0	-10.3	6.5	17.7
Lease liabilities [1)]	0.0	4.4	0.0	0.0	-1.5	1.3	4.2
Financial instruments	0.0	0.5	2.0	0.0	0.0	-1.9	0.6
Tax losses and tax credits	21.3	-3.4	0.0	0.0	0.0	-0.7	17.2
Defined benefit arrangements	2.6	-0.2	0.7	0.0	0.0	0.4	3.4
Other	27.5	0.2	0.0	0.0	-0.2	-19.8	7.7
Total	72.0	8.1	2.7	0.0	-19.2	-4.8	58.8
Deducted from deferred tax liabilities	-44.9						-27.0
Deferred tax assets in the balance sheet	27.1						31.8

1) As a result of the amendment in IAS 12 standard, as of January 1, 2023, deferred taxes have been recognized in connection with initial recognition of the leases for new lease contracts.

EUR million	On Jan 1, 2022	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired subsidiaries and items classified as held-for-sale	Exchange differences and reclassifications	On Dec 31, 2022
Deferred tax liabilities							
Intangible and fixed assets	57.3	14.6	0.0	0.0	0.0	1.2	73.2
Leased assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other shares	28.0	0.0	24.7	0.0	0.0	0.0	52.7
Financial instruments	7.0	0.0	9.5	0.0	0.0	0.0	16.5
Defined benefit arrangements	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	4.4	-6.2	3.7	2.2	0.0	0.0	4.3
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							
Intangible and fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions and accruals	20.3	-1.6	0.0	0.0	0.0	1.9	20.7
Lease liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial instruments	0.3	0.0	-0.3	0.0	0.0	0.0	0.0
Tax losses and tax credits	11.2	-0.1	0.0	0.0	0.0	10.2	21.3
Defined benefit arrangements	10.9	0.1	-6.0	0.0	0.0	-2.4	2.6
Other	23.0	14.0	0.0	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

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 2023, the obligations of Pension Fund Neliapila totaled EUR 156.2 million (156.9) and assets of the plan totaled EUR 262.5 million (235.3).

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.

The Board of Directors of Pension Fund Neliapila decided in December 2023 to return the fund's surplus of EUR 14 million to Kemira Group companies. The return of surplus will be paid by Pension Fund Neliapila when approval is obtained from the Financial Supervisory Authority. The approval is required by the Pension Fund Act. The surplus payment is expected to be paid during the first half of 2024. The Group has not recognized any items regarding the return of surplus in the Consolidated Financial Statements 2023.

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 2023, the defined benefit obligations in Sweden totaled EUR 38.2 million (38.3).

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

EUR million	2023	2022
Present value of defined benefit obligations	233.9	231.5
Fair value of plans' assets	-272.2	-244.4
Surplus (-) / Deficit (+)	-38.3	-12.8
The effect of asset ceiling	1.8	1.4
Net receivables (-) / liabilities (+) of defined benefit plans recognized in the Balance Sheet	-36.5	-11.4
Liabilities of defined benefit plans	69.8	66.9
Receivables of defined benefit plans	-106.3	-78.4
Net receivables (-) / liabilities (+) of defined benefit plans recognized in the Balance Sheet	-36.5	-11.4
AMOUNTS OF DEFINED BENEFIT PLANS RECOGNISED IN THE INCOME STATEMENT		
Service costs	2.0	2.3
Net interest cost [1]	-0.5	0.7
Defined benefit plans' expenses (+) / income (-) in the Income Statement	1.5	3.0

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	2023	2022
Items resulting from remeasurements of defined benefit plans [2]		
Actuarial gains (-) / losses (+) in defined benefit obligations arising from changes in demographic assumptions	0.3	-0.4
Actuarial gains (-) / losses (+) in defined benefit obligations arising from changes in financial assumptions [3]	1.9	-70.3
Actuarial gains (-) / losses (+) in defined benefit obligations arising from experience based assumptions	6.9	9.7
Actuarial gains (-) / losses (+) in plan assets [3]	-32.2	23.3
Effect from asset ceiling	0.3	0.8
Defined benefit plans' expenses (+) / income (-) in the other comprehensive income	-22.8	-37.0

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 2023 and 2022, 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	2023	2022
Defined benefit obligation on Jan 1	231.5	312.0
Current service costs	1.6	2.3
Interest costs	8.4	3.6
Actuarial losses (+) / gains (-)	9.1	-61.1
Exchange differences on foreign plans	0.0	-4.7
Benefits paid	-16.8	-16.2
Curtailments and settlements [4]	0.0	-3.4
Transferred to liabilities classified as held-for-sale	—	-0.4
Other items	0.0	-0.6
Present value of defined benefit obligations on Dec 31	233.9	231.5

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	2023	2022
Fair value on Jan 1	244.4	292.0
Interest income	9.0	2.9
Contributions	0.4	0.2
Return of surplus assets [5]	—	-10.0
Actuarial losses (-) / gains (+)	32.2	-23.3
Exchange differences on foreign plans	0.1	-0.6
Benefits paid	-13.3	-12.8
Curtailments and settlements [4]	0.0	-3.5
Transferred to assets classified as held-for-sale	—	-0.1
Other items	-0.5	-0.4
Fair value of plan assets on Dec 31	272.2	244.4

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

PLAN ASSETS BY ASSET CATEGORY IN DEFINED BENEFIT PLANS

EUR million	2023	2022
Interest rate investments and other assets	144.1	124.2
Shares and share funds	79.5	75.8
Properties occupied by the Group	46.8	42.8
Kemira Oyj's shares	1.9	1.6
Total assets	272.2	244.4

The Finnish Pension Fund Neliapila has most of the defined benefit plan's assets. At the end of 2023, the Pension Fund Neliapila's assets amounted to EUR 262.5 million (235.3), which consisted of interest rate investments and other assets of EUR 134.5 million (115.7), shares and share funds of EUR 79.4 million (75.1), properties of EUR 46.8 million (42.8), and Kemira Oyj's shares of EUR 1.9 million (1.6). 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 41.2 million (-20.5).

SIGNIFICANT ACTUARIAL ASSUMPTIONS

%	2023	2022
Discount rate	3.1–4.5	3.7–4.7
Inflation rate	1.6–3.1	2.0–3.2
Future salary increases	2.1–2.5	2.5–3.2
Future pension increases	2.0–2.3	2.1–2.8

The significant assumptions used in calculating the obligations of the Finnish Pension Fund Neliapila were as follows: discount rate 3.1% (3.8%), inflation rate 2.1% (2.6%), future salary increases 2.1% (2.6%), and future pension increases 2.3% (2.8%).

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 11.9 million (5.1%), if all other assumptions were held constant.

SENSITIVITY ANALYSIS - PENSION FUND NELIAPILA IN FINLAND

	Defined benefit obligation		Impact on defined benefit obligation	
EUR million	2023	2022	2023	2022
Discount rate 3.1% (3.8%)	156.2	156.9		
Discount rate +0.5%	149.2	149.8	-4.5%	-4.5%
Discount rate -0.5%	163.8	164.6	4.9%	4.9%
Future pension increases 2.3% (2.8%)	156.2	156.9		
Future pension increases +0.5%	163.0	163.8	4.4%	4.4%
Future pension increases -0.5%	149.8	150.5	-4.1%	-4.1%

A change in the mortality assumption where life expectancy is increased by one year will increase the defined benefit obligation by EUR 6.9 million (4.4%).

SENSITIVITY ANALYSIS - ITP 2 PENSION PLAN IN SWEDEN

	Defined benefit obligation		Impact on defined benefit obligation	
EUR million	2023	2022	2023	2022
Discount rate 3.8% (3.65%)	38.2	38.4		
Discount rate +0.5%	36.0	36.0	-5.8%	-6.0%
Discount rate -0.5%	40.7	40.9	6.4%	6.7%
Future salary increases 2.1% (2.5%)	38.2	38.4		
Future salary increases +0.5%	38.9	39.0	1.6%	1.8%
Future salary increases -0.5%	37.7	37.7	-1.5%	-1.7%

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 (3.8%).

Expected contributions to the defined benefit plans for the year ending on December 31, 2024, are EUR 4.1 million. In addition, Pension Fund Neliapila is expected to pay a surplus return of EUR 14 million to Kemira Group companies during the first half of 2024.

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, 2023	0.1	0.0	17.3	20.9	38.4
Exchange rate differences	0.0	0.0	0.0	0.0	0.0
Additional provisions and increases in existing provisions	0.0	0.0	0.0	12.3	12.3
Used during the financial year	0.0	0.0	-0.2	-0.2	-0.4
Unused provisions reversed	-0.1	0.0	0.0	-0.3	-0.3
Reclassification	0.0	0.0	-4.7	-7.5	-12.2
On December 31, 2023	0.1	0.0	12.4	25.3	37.8
Current provisions					
On January 1, 2023	0.4	0.0	10.1	8.3	18.8
Exchange rate differences	0.0	0.0	0.0	0.0	0.0
Additional provisions and increases in existing provisions	0.0	0.1	1.8	2.4	4.3
Used during the financial year	-0.1	0.0	-8.2	-9.0	-17.3
Unused provisions reversed	0.0	-0.1	-0.7	-0.4	-1.1
Reclassification	0.0	0.0	4.7	7.5	12.2
On December 31, 2023	0.3	0.0	7.7	8.9	16.9

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 2023, provisions for environmental remediation totaled EUR 20.1 million (27.4). The biggest provisions relate to site closures and reconditioning of the sediment of a lake in Vaasa, Finland.

2) Other provisions totaled EUR 34.2 million (29.2). The biggest provisions relate to expected liabilities for energy company producing steam in Pori, Finland, owned via Pohjolan Voima.

EUR million	2023	2022
Breakdown of the total amount of provisions		
Non-current provisions	37.8	38.4
Current provisions	16.9	18.8
Total	54.6	57.2

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	2023	2022
Equity	1,684.2	1,684.6
Total assets	3,489.3	3,651.1
Gearing, % 1)	32	46
Equity ratio, % 2)	48	46

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	2023	2022
Non-current interest-bearing liabilities	5.3.	615.7	838.1
Current interest-bearing liabilities	5.3.	322.1	183.7
Interest-bearing liabilities		937.8	1,021.8
Cash and cash equivalents	5.4.	402.5	250.6
Interest-bearing net liabilities		535.2	771.2

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 0.68 for 2023 (0.62), corresponding to a dividend payout ratio of 52% (41%). 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, 2023	875.5	146.3	1,021.8	250.6	771.2
Change in net liabilities with cash flows					
Proceeds from non-current liabilities (+)	0.2		0.2		0.2
Payments of non-current liabilities (-)	—		—		—
Payments of lease liabilities (-)	-37.3		-37.3		-37.3
Proceeds from current liabilities (+) and payments (-)		-50.7	-50.7		-50.7
Change in cash and cash equivalents				158.0	-158.0
Change in net liabilities without cash flows					
Increases in lease liabilities (+)	36.4		36.4		36.4
Effect on change in exchange gains and losses	-4.4	-6.8	-11.1	-6.1	-5.0
Other changes without cash flows [1]	-21.5	—	-21.5	—	-21.5
Net book value on Dec 31, 2023	849.0	88.8	937.8	402.5	535.2

1) Due to the Oil & Gas divestment EUR 24.1 million of lease liabilities have been reclassified as held-for-sale. Kemira has completed the divestment in February 2024.

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

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, 2023	153,352	1,990	155,343	221.8	13.4
Treasury shares issued to the participants in the share incentive plan 2020–2022	254	-254	—	—	-1.7
Treasury shares issued to the Board of Directors	13	-13	—	—	-0.1
December 31, 2023	153,619	1,723	155,343	221.8	11.6
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

Kemira Oyj has one class of shares. Each share entitles its holder to one vote at the Annual General Meeting. On December 31, 2023, the share capital was EUR 221.8 million and the number of shares was 155,342,557 including 1,722,725 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 1,722,725 (1,990,197) treasury shares on December 31, 2023. The average share price of the treasury shares was EUR 6.73, and they represented 1.1% (1.3%) of the share capital, and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 2.5 million (2.8).

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, 2023, other reserves were EUR 4.1 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

2023, EUR million	2024	2025	2026	2027	2028	2029-	Book value, total
Loans from financial institutions	—	190.9	—	120.0	—	—	310.9
Bonds	199.6	—	—	—	193.9	—	393.5
Lease liabilities	27.6	20.0	16.6	11.5	7.8	38.0	121.4
Other non-current liabilities	6.1	1.0	16.0	—	—	—	23.2
Other current liabilities	88.8	—	—	—	—	—	88.8
Total amortizations of interest-bearing liabilities	322.1	211.9	32.6	131.5	201.7	38.0	937,8

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	22.4	0.8	—	—	—	—	23.2
Other current liabilities	146.3	—	—	—	—	—	146.3
Total amortizations of interest-bearing liabilities	199.6	225.2	210.2	13.8	128.7	244.2	1,021.8

At year-end 2023, the Group's interest-bearing net liabilities were EUR 535.2 million (771.2). For more information, see Note 5.1. Capital structure.

MATURITY OF NON-CURRENT INTEREST-BEARING LIABILITIES BY CURRENCY

2023 Currency, EUR million	2024	2025	2026	2027	2028	2029-	Book value, total
EUR	206.8	155.3	18.9	122.1	195.2	14.0	712.3
USD	12.4	52.4	10.4	8.3	5.9	19.4	108.7
GBP	0.9	0.5	0.2	0.0	—	1.7	3.3
Other	13.3	3.8	3.0	1.1	0.6	2.9	24.6
Total	233.3	211.9	32.6	131.5	201.7	38.0	849.0

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

5.4. FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

FINANCIAL ASSETS

		2023					2022				
			Fair values					Fair values			
EUR million	Note	Book values	Level 1	Level 2	Level 3	Total	Book values	Level 1	Level 2	Level 3	Total
Fair value through profit and loss	5.6.										
Derivatives not qualifying for hedge accounting		3.6	—	3.6	—	3.6	13.3	—	13.3	—	13.3
Fair value through other comprehensive income	5.6.										
Derivatives qualifying for hedge accounting											
Cash flow hedges [1)]		15.9	—	15.9	—	15.9	81.7	—	81.7	—	81.7
Other shares	3.5.										
The shares of Pohjolan Voima Group		303.9	—	—	303.9	303.9	380.6	—	—	380.6	380.6
Other non-listed shares		1.4	—	—	1.4	1.4	2.7	—	—	2.7	2.7
Amortized cost											
Other non-current assets [2)]		6.3	—	6.3	—	6.3	6.6	—	6.6	—	6.6
Other current receivables [2)]		0.3	—	0.3	—	0.3	0.3	—	0.3	—	0.3
Trade receivables [2)]	4.2.	386.2	—	386.2	—	386.2	449.6	—	449.6	—	449.6
Cash and cash equivalents											
Cash in hand and at bank accounts		271.0	—	271.0	—	271.0	245.3	—	245.3	—	245.3
Deposits and money market investments [3)]		131.5	—	131.5	—	131.5	5.3	—	5.3	—	5.3
Assets classified as held-for-sale [4)]	3.7.	57.1	—	57.1	—	57.1	—	—	—	—	—
Total financial assets		1,177.2	—	871.9	305.3	1,177.2	1,185.4	—	802.1	383.3	1,185.4

1) Includes derivative contracts of EUR 1.6 million (24.4) maturing after the year 2024.

2) In 2023, other non-current assets and other current receivables include expected credit losses of EUR 0.2 million (0.4) in accordance with the IFRS 9 standard. Trade receivables include expected credit losses of EUR 4.8 million (5.3). 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.

4) In 2023, trade receivables amounting EUR 54.8 million and cash and cash equivalents EUR 2.2 million were reclassified as held-for-sale assets. These assets are used by the Oil & Gas business. Kemira has completed the divestment in February 2024. See Note 3.7. for further details regarding the held-for-sale assets.

FINANCIAL LIABILITIES

		2023					2022				
			Fair values					Fair values			
EUR million	Note	Book values	Level 1	Level 2	Level 3	Total	Book values	Level 1	Level 2	Level 3	Total
Fair value through profit and loss	5.6.										
Derivatives not qualifying for hedge accounting		4.1	—	4.1	—	4.1	2.3	—	2.3	—	2.3
Fair value through other comprehensive income	5.6.										
Derivatives qualifying for hedge accounting											
Cash flow hedges [1)]		3.6	—	3.6	—	3.6	1.6	—	1.6	—	1.6
Amortized cost											
Interest-bearing liabilities	5.3.										
Non-current loans from financial institutions		311.3	—	312.7	—	312.7	312.4	—	312.2	—	312.2
Bonds		193.9	—	189.8	—	189.8	391.1	—	379.2	—	379.2
Current portion		199.6	—	200.2	—	200.2	—	—	—	—	—
Non-current leasing liabilities		93.9	—	93.9	—	93.9	118.0	—	118.0	—	118.0
Current portion		27.6	—	27.6	—	27.6	30.9	—	30.9	—	30.9
Other non-current liabilities		16.7	—	16.8	—	16.8	16.7	—	16.6	—	16.6
Current portion		6.1	—	6.3	—	6.3	6.5	—	6.8	—	6.8
Current loans from financial institutions		88.8	—	88.7	—	88.7	146.3	—	146.1	—	146.1
Non-interest-bearing liabilities											
Other non-current liabilities		8.7	—	8.7	—	8.7	9.3	—	9.3	—	9.3
Other current liabilities		26.2	—	26.2	—	26.2	45.5	—	45.5	—	45.5
Trade payables	4.3.	226.7	—	226.7	—	226.7	292.8	—	292.8	—	292.8
Liabilities classified as held-for-sale [2)]	3.7.	45.6	—	45.6	—	45.6	0.4	—	0.4	—	0.4
Total financial liabilities		1,252.7	—	1,250.9	—	1,250.9	1,373.6	—	1,361.6	—	1,361.6

1) Includes derivative contracts of EUR -2.1 million (-0.0) maturing after the year 2024.

2) In 2023, lease liabilities amounting EUR 24.1 million and trade payables EUR 21.5 million were reclassified as held-for-sale assets. These liabilities are used by the Oil & Gas business. Kemira has completed the divestment in February 2024. In 2022, lease liabilities amounting EUR 0.4 million classified as assets held-for sale related to colorant business within the Pulp & Paper segment. See Note 3.7. for further details regarding the held-for-sale assets.

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

Level 3 specification, financial assets EUR million	2023	2022
Net book value on Jan 1	383.3	260.0
Effect on other comprehensive income	-76.7	123.2
Increases	-0.3	—
Decreases	-1.0	—
Net book value on Dec 31	305.4	383.3

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 derivative contracts and natural gas derivative contracts, 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 derivative contracts, and natural gas derivative contracts
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 statement 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 US dollar, the Chinese renminbi, the Canadian dollar and Swedish krona. At the end of the year, the US dollar denominated exchange rate risk against EUR had an equivalent value of approximately EUR 132 million (54), the average hedging rate and hedging ratio being 1.09 and 56% (68%), respectively. The Chinese renminbi denominated exchange rate risk was approximately EUR 115 million (86), the average hedging rate and hedging ratio being 7.77 and 69% (68%), respectively. The Canadian dollar denominated exchange rate risk was approximately EUR 56 million (56), the average hedging rate and hedging ratio being 1.47 and 56% (52%), respectively. The denominated exchange rate risk of the Swedish krona against EUR had an equivalent value of approximately EUR 35 million (36), the average hedging rate and hedging ratio being 11.55 and 73% (64%), respectively.

In addition, Kemira is exposed to smaller transaction risks against EUR mainly in relation to Korean won, the Danish krona, Polish zloty and the Norwegian krona and against USD mainly in relation to the Canadian dollar and the Brazilian real with the annual exposure in those currencies being approximately EUR 152 million.

	2023				2022			
Transaction exposure, the most significant currencies, EUR million	USD against EUR	CNY against EUR	CAD against EUR	SEK against EUR	USD against EUR	CNY against EUR	CAD against EUR	SEK against EUR
Operative cash flow forecast, net [1]	131,8	-115,1	55,5	-35,3	54,2	-86,4	55,7	-35,8
Loans, net	390,8	57,6	0,0	-9,3	411,9	59,9	13,6	-15,8
Derivatives, operative cash flow hedging, net	-74,5	82,8	-39,9	25,3	-31,0	63,6	-29,5	26,2
Derivatives, hedging of loans, net	-180,1	-57,6	0,0	9,9	-170,6	-59,2	-13,5	16,6
Total	268,0	-32,3	15,6	-9,4	264,4	-22,1	26,3	-8,8

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

At the end of 2023, the foreign currency operative cash flow forecast for 2024 was EUR 542 million of which 61% was hedged (58%). The hedge ratio is monitored daily. A minimum of 40% and a maximum of 100% of the forecast flow must always be hedged. A 10 percent strengthening of the euro against the Swedish krona, based on the exchange rates as of December 31, 2023 and without hedging, would increase EBITDA approximately EUR 4 million, and a 10 percent strengthening of the euro against the Chinese renminbi without hedging would increase EBITDA approximately EUR 12 million. Whereas, a 10 percent strengthening of the euro against the Canadian dollar and the US dollar without hedging would cause a EUR 6 and 13 million negative impact on 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 4.7 million (0.3). Cash flow hedge accounting deals have been done to hedge highly probable currency flows. In 2023, 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, the Polish zloty, the Brazilian real 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 77% (83%) of the Group's entire net debt portfolio including lease liabilities was fixed at the end of 2023. The net financing cost of the Group was 5.6% (4.2%). 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. On the balance sheet date, the Group had no outstanding interest rate derivatives. The duration of the Group's interest-bearing loan portfolio excluding lease liabilities was 16 months (22) at the end of 2023. On the balance sheet date, the average interest rate of the loan portfolio was approximately 2.8% (2.4%).

During 2024, Kemira will reprice 30% (21%) of the Group's net debt portfolio as shown in the table below.

2023 Time to interest rate fixing, EUR million	<1 year	1–5 years	> 5 years	Total
Floating net liabilities	123.8	—	—	123.8
Fixed net liabilities [1]	—	290.0	—	290.0
Total	123.8	290.0	—	413.8

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

1) Excluding lease liabilities.

If interest rates rose by one percentage point on January 1, 2024, the resulting net interest expenses before taxes resulting from loans, cash, deposits, and money market investments over the next 12 months would decrease by approximately EUR 0.5 million (-0.3). Consequently, a decrease of one percentage point would increase net interest expenses by EUR 0.5 million.

Commodity price risk

Kemira Group is exposed to commodity market price variation, mainly from the price of electricity. Kemira Group takes hedging measures with respect to its commodity 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. Hedging policy aims to minimize the cash flow risk of electricity and natural gas purchases.

The price of electricity varies greatly according to the market situation. 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 +/- 3.6 million (+/- 11.9). 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 share ownership can be found in Note 3.5.

Natural gas price risk is hedged with derivative contracts. The outstanding natural gas derivatives are treated in accordance with cash flow hedge accounting. A +/- 10% change in the market price of natural gas hedging contracts outstanding at year end would impact the valuation of these contracts EUR +/- 0.0 million (-). This impact would be in equity.

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 monitored 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 414.8 million (342.5). 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 the Group's credit risk were associated with financing transactions in the year 2023 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 95.1% 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 30.5 million (60.3) on December 31, 2023. The amounts recognized in the balance sheet are EUR 4.6 million (4.3) in assets and EUR 0.9 million (1.4) 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 2023, the Group's cash and cash equivalents stood at EUR 402.5 million (250.6), of which cash in bank accounts accounted for EUR 271.0 million (245.3) and bank deposits EUR 131.5 million (5.3). 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 2023/2024, 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 2023, the Group did not have commercial papers outstanding on the market (30).

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 121.4 million (148.9) 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 2023 was 2.5 years (3.2).

LOAN REPAYMENTS

2023 Loan type, EUR million [1]	Undrawn	2024	2025	2026	2027	2028	2029-	Total drawn
Loans from financial institutions	—	—	191.2	—	120.0	—	—	311.2
Bonds	—	200.0	—	—	—	200.0	—	400.0
Revolving credit facility	400.0	—	—	—	—	—	—	—
Lease liabilities	—	33.9	26.1	19.8	13.9	9.5	37.1	140.2
Commercial paper program	600.0	—	—	—	—	—	—	—
Other interest-bearing non-current liabilities	—	6.1	1.0	16.0	—	—	—	23.2
Other interest-bearing current liabilities	—	88.8	—	—	—	—	—	88.8
Total interest-bearing liabilities	1,000.0	328.8	218.3	35.8	133.9	209.5	37.1	963.4

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

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

5.6 DERIVATIVE INSTRUMENTS

	Maturity structure					2023	2022
Nominal values, EUR million	2024	2025	2026	2027	2028	Total	Total
Currency derivatives							
Forward contracts	789.6	—	—	—	—	789.6	619.9
Inflow	440.2	—	—	—	—	440.2	350.5
of which cash flow hedges	48.7	—	—	—	—	48.7	32.4
Outflow	349.3	—	—	—	—	349.3	269.4
of which cash flow hedges	217.1	—	—	—	—	217.1	39.2
Commodity derivatives							
Commodity forward contracts (GWh)	372.8	182.7	67.9	14.5	—	637.8	1,129.3
of which cash flow hedges	372.8	182.7	67.9	14.5	—	637.8	1,129.3

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.

	2023			2022		
Fair values, EUR million	Positive	Negative	Net	Positive	Negative	Net
Currency derivatives						
Forward contracts	8.4	-4.2	4.2	15.0	-3.6	11.3
of which cash flow hedges	4.8	-0.1	4.7	1.7	-1.4	0.3
Commodity derivatives						
Commodity forward contracts [1]	11.2	-3.5	7.7	80.0	-0.2	79.8
of which cash flow hedges	11.2	-3.5	7.7	80.0	-0.2	79.8

1) Includes fair value of electricity forward contracts of EUR 1.6 million (24.4) and EUR -2.1 million (-0.0) maturing after the year 2024. Commodity derivatives are mainly electricity derivatives.

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 15.4 million (91.9) to Kemira and EUR 3.5 million (0.8) 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, THE INTERIM CEO, CEO'S DEPUTY AND MEMBERS OF THE MANAGEMENT BOARD

EUR	Salaries and other benefits	Bonuses	Share-based payments [1]	2023 Total	2022 Total
Interim CEO Petri Castrén (since 18 July 2023) [2]	228,722	—	—	228,722	—
CEO Jari Rosendal (until 11 July 2023) [3]	560,532	637,720	3,176,802	4,375,054	1,453,573
CEO's Deputy Jukka Hakkila [4]	197,416	100,114	311,285	608,815	424,703
Other members of Management Board [5] [6]	2,077,802	833,528	1,928,214	4,839,544	3,622,495
Total	2,835,749	1,571,362	5,416,301	9,823,412	5,500,771

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) Includes benefits related to Petri Castrén since 18 July 2023.

3) The CEO Jari Rosendal left on sick leave on July 11, 2023 and he died after a short illness on July 31, 2023. The final salary and ongoing incentive plans 2020-2022, 2021-2023 and 2022-2024 were paid in cash in accordance with the terms of the plans to his death estate. These are included in the figures disclosed in 2023.

4) Jukka Hakkila acted as CEO's Deputy from July 11 to July 17, 2023. No remuneration was paid to the CEO's Deputy based on CEO substitution.

5) Other members of the Management Board on December 31, 2023 are EVP Strategy Linus Hildebrandt, CTO Matthew R. Pixton, EVP Operational Excellence Esa-Matti Puputti, President Segment Industry & Water Tuija Pohjolainen-Hiltunen, President Segment Pulp & Paper Antti Salminen 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. The Kemira policy is that all new supplementary pension arrangements are defined contribution plans.

6) Includes benefits related to Petri Castrén until 17 July 2023.

Employment terms and conditions of the Interim CEO

Remuneration of the Interim CEO comprises a monthly salary including a car benefit and a mobile phone benefit 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% of the annual base salary. The long-term share incentive plan is based on the terms of the plan. The maximum reward is based on his main position as CFO and it 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 Interim 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. No supplementary pension has been offered to the Interim CEO.

The mutual termination notice period is 6 months. The Interim CEO is entitled to a severance pay of 6 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.

The Board of Directors' emoluments

On March 22, 2023, 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 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 and 19, 2023 the 13,097 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 of Kemira Oyj's short-term bonus plans, long-term share incentive plans or supplementary pension plans.

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]	2023 Total, EUR	2022 Total, EUR
Matti Kähkönen, Chair	3,019	47,644	80,556	128,200	119,600
Annika Paasikivi, Vice Chair	1,714	27,049	49,551	76,600	71,600
Wolfgang Büchele (until March 22, 2023)	—	—	5,400	5,400	59,600
Shirley Cunningham (until March 22, 2023)	—	—	—	—	62,600
Tina Sejersgård Fanø (since March 24, 2022)	1,330	20,989	43,011	64,000	54,200
Werner Fuhrmann	1,330	20,989	45,411	66,400	59,600
Timo Lappalainen	1,714	27,049	52,551	79,600	77,600
Fernanda Lopes Larsen (since March 22, 2023)	1,330	20,431	43,569	64,000	—
Kristian Pullola	1,330	20,989	41,811	62,800	59,000
Jari Paasikivi, Chair (until March 24, 2022)	—	—	—	—	3,600
Mikael Staffas (since March 22, 2023)	1,330	20,989	38,211	59,200	—
Total	13,097	206,132	400,068	606,200	567,400

5) Includes both annual fees and meeting fees.

TRANSACTIONS CARRIED OUT WITH RELATED PARTIES

EUR million	2023	2022
Revenue		
Associated companies	0.0	0.1
Leases, purchases of goods and services		
Associated companies	31.6	25.3
Pension Fund Neliapila	0.8	0.7
Total	32.4	25.9
Receivables		
Associated companies	5.7	0.0
Liabilities		
Associated companies	7.2	4.4
Pension Fund Neliapila	0.7	1.4

Real estate owned by Pension Fund Neliapila is 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 key management personnel at the end of 2023 or 2022, nor were there contingency items or commitments on behalf of key management personnel. Persons close to key management personnel 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
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
JSC "Kemira HIM"	St. Petersburg	Russia	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 (Jining) Environmental Engineering Co., Ltd.	Jining	China	100.0	0.0	0.0
Kemira (Thailand) Co., Ltd.	Bangkok	Thailand	100.0	0.0	0.0
Kemira (Vietnam) Company Limited	Long Thanh	Vietnam	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 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

	City	Country	Kemira Group's holding, %	Kemira Oyj's holding, %	Non-controlling interest's holding, %
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 Pte. Ltd.	Singapore	Singapore	100.0	0.0	0.0
Kemira Chemicals, Inc.	Atlanta, GA	United States	100.0	60.8	0.0
Kemira Chemie GesmbH	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

	City	Country	Kemira Group's holding, %	Kemira Oyj's holding, %	Non-controlling interest's holding, %
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	100.0	0.0
Kemira Rotterdam B.V.	Rotterdam	Netherlands	100.0	0.0	0.0
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 Uruguay S.A.	Fray Bentos	Uruguay	100.0	0.0	0.0
Kemira Water Danmark A/S	Copenhagen	Denmark	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 ProChemie s.r.o.	Bradlec	Czech Republic	95.1	0.0	4.9
PT Kemira Chemicals Indonesia	Pasuruan	Indonesia	99.8	99.8	0.2
PT Kemira Indonesia	Surabaya	Indonesia	100.0	76.2	0.0
SimAnalytics Oy	Helsinki	Finland	100.0	100.0	0.0

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	2023	2022
Net book value on Jan 1	5.1	4.8
Additions	0.0	0.0
Decreases	0.0	0.0
Share of the profit/loss for the period	0.1	0.3
Exchange rate differences	-0.3	0.0
Net book value on Dec 31	4.8	5.1

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	2023	2022
Assets	52.3	59.0
Liabilities	38.6	44.8
Revenue	33.4	25.3
Profit (+) / loss (-) for the period	0.6	0.8

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

NON-CONTROLLING INTERESTS

EUR million	2023	2022
Net book value on Jan 1	14.7	13.9
Dividends	-8.3	-6.9
Share of the profit for the period	12.2	8.0
Exchange rate differences	0.8	-0.3
Net book value on Dec 31	19.4	14.7

CHANGES IN THE GROUP STRUCTURE

New subsidiaries acquired and established

- Kemira acquired the remaining 90% share of SimAnalytics Oy on January 24, 2023.
- Kemira established a new company Kemira Chemicals Pte. Ltd on February 8, 2023 to Singapore.
- Kemira established a new company KEMIRA (MALAYSIA) SDN.BHD on January 1, 2023 to Malaysia.

Changes in the holdings on group companies with the Group

- Kemira Water Solutions Brasil and Kemwater Brasil Ltda merged with and into Kemira Chemicals Brasil Ltda on June 30, 2023.

7. Off-balance sheet items

7.1 COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS

EUR million	2023	2022
Guarantees		
On behalf of own commitments	109.5	108.4
On behalf of associates	11.7	12.5
On behalf of others	2.7	2.5
Other obligations		
On behalf of own commitments	0.7	0.7
On behalf of others	0.0	16.3

The most significant off-balance sheet investments commitments
On December 31, 2023, major amounts of contractual commitments for the acquisition of property, plant, and equipment were EUR 6.0 million (42.8) 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

On February 2, 2024, Kemira announced that it had closed the divestment of its Oil & Gas related portfolio. Approximately 250 employees will transfer to the buyer as part of the transaction, which includes Kemira's manufacturing facilities in Mobile, Columbus and Aberdeen in the United States and the novel liquid polymer (NLP) manufacturing assets in Botlek, the Netherlands. The closing of the Teesport manufacturing facility in the United Kingdom is expected to happen later, subject to site-specific closing conditions.

Kemira Oyj's income statement

Thousand EUR	Note	1.1.–31.12.2023	1.1.–31.12.2022
Revenue	2	2,030,416	2,206,658
Change in inventory of finished goods and in work in progress +/-	4	-60,079	64,334
Other operating income	3	3,262	3,435
Materials and services	4	-1,077,936	-1,413,093
Personnel expenses	5	-68,544	-48,372
Depreciation, amortization and impairments	6	-23,738	-22,273
Other operating expenses	7	-631,371	-592,545
Operating profit		172,010	198,144
Financial income and expenses	8	-24,926	172,737
Profit before appropriations and taxes		147,084	370,881
Appropriations	9	-2,739	-12,303
Income taxes	10	-40,154	-43,844
Profit for the financial year		104,191	314,734

Kemira Oyj's balance sheet

Thousand EUR	Note	31.12.2023	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11	51,537	58,208
Tangible assets	12	36,383	35,277
Investments	13		
Holdings in Group undertakings		1,090,711	1,049,503
Receivables from Group companies		445,180	552,996
Other shares and holdings		98,339	99,609
Other investments		6,127	6,127
Total investments		1,640,357	1,708,236
Total non-current assets		1,728,277	1,801,721
CURRENT ASSETS			
Inventories	14	141,366	213,498
Non-current receivables	15		
Deferred tax assets		15,595	15,446
Loan receivables		400	400
Other receivables		1,608	21,107
Total non-current receivables		17,603	36,952
Current receivables	15	460,922	570,083
Money market investments	16	119,822	0
Cash and cash equivalents		215,787	194,464
Total current assets		955,499	1,014,997
Total assets		2,683,777	2,816,718

Thousand EUR	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES	17		
Share capital		221,762	221,762
Share premium account		257,878	257,878
Fair value reserve		9,961	56,764
Unrestricted equity reserve		199,964	199,964
Retained earnings		409,525	188,104
Profit for the financial year		104,191	314,734
Total equity		1,203,281	1,239,207
APPROPRIATIONS	18	15,837	13,098
PROVISIONS	19	52,957	52,230
LIABILITIES			
Non-current liabilities	20		
Deferred tax liabilities		2,581	14,191
Other non-current liabilities		525,786	726,122
Total Non-current liabilities		528,367	740,313
Current liabilities	21	883,335	771,871
Total liabilities		1,411,702	1,512,184
Total equity and liabilities		2,683,777	2,816,718

Kemira Oyj's cash flow statement

Thousand EUR	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	104,191	314,734
Adjustments for		
Depreciation according to plan	23,738	22,273
Unrealized exchange differences (net)	8,733	-20,748
Financial income and expenses (+/-)	24,926	-172,737
Income taxes	40,154	43,844
Other adjustments (+/-)	4,070	8,627
Operating profit before change in working capital	205,814	195,993
Change in working capital		
Increase (-) / decrease (+) in non-interest-bearing current receivables	18,283	-99,503
Increase (-) / decrease (+) in inventories	70,237	-73,494
Increase (+) / decrease (-) in short-term interest-free debts	-46,073	27,598
Change in working capital	42,448	-145,399
Cash generated from operations before financial items and taxes	248,261	50,595
Interest and other finance costs paid	-33,531	-24,113
Interest and other finance income received	78,136	35,083
Realized exchange differences (net)	11,591	22,184
Dividends received	39,621	137,389
Income taxes paid	-59,530	-4,929
Net cash from operating activities	284,549	216,208

Thousand EUR	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of subsidiary shares	-6,476	0
Acquisitions of other investments	0	-1
Purchases of intangible assets	-10,244	-14,330
Purchases of tangible assets	-7,987	-8,858
Proceeds from sale of subsidiary shares	28,259	0
Proceeds from sale of investments	400	0
Proceeds from sale of tangible and intangible assets	0	2,489
Increase (-) / decrease (+) in loan receivables	-9,131	51,637
Net cash used in investing activities	-5,178	30,937
Cash flows before financing	279,371	247,145
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-current liabilities (+)	127	195,910
Repayment of non-current liabilities (-)	0	-150,000
Short-term financing, net increase (+) / decrease (-)	-35,730	-14,456
Dividends paid	-95,236	-88,942
Group contribution paid	-9,000	-70,500
Net cash used in financing activities	-139,839	-127,988
Net increase (+) / decrease (-) in cash and cash equivalents	139,532	119,157
Cash and cash equivalents on Dec 31	335,609	194,464
Exchange gains (+) / losses (-) on cash and cash equivalents	1,612	1,201
Cash and cash equivalents on Jan 1	194,464	74,107
Net increase (+) / decrease (-) in cash and cash equivalents	139,532	119,157

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 Oyj divested the colorant business on May 4, 2023, which affects the comparability of the revenue and related expenses between financial periods. Revenue of the colorant business totaled EUR 5.6 million (EUR 18.4 million) during the financial year.

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 structures 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, 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 hedging of financial risk of Kemira Group is concentrated in Kemira Oyj, which enters into currency, interest rate, and commodity 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 item are with group companies) are entered in the profit and loss. 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. Commodity derivatives consist of electricity and natural gas derivative contracts.

The fair value of commodity derivatives hedging the parent company's commodity 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 1.6 million (2.6), 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 on cash flow by the Finnish Board of Accounting.

2. Revenue

Thousand EUR	2023	2022
Revenue by segments		
Pulp & Paper	887,894	1,033,704
Industry & Water	524,291	579,102
Intercompany revenue	618,231	593,852
Total	2,030,416	2,206,658
Distribution of revenue by geographical area as a percentage of total revenue		
Finland, domicile of the parent company	25	28
Other Europe, Middle East and Africa	53	54
Americas	12	10
Asia Pacific	9	9
Total	100	100

3. Other operating income

Thousand EUR	2023	2022
Gains on the sale of property, plant and equipment	143	2,402
Insurance compensation received	2,481	603
Other income from operations	638	430
Total	3,262	3,435

4. Material and services

Thousand EUR	2023	2022
Change in stocks of finished goods and in work in progress	60,079	-64,334
Materials and services		
Materials and supplies		
Purchases during the financial year	1,055,338	1,423,051
Change in inventories (increase - / decrease +)	13,628	-19,281
External services	8,970	9,323
Total	1,077,936	1,413,093

5. Personnel expenses and number of personnel

Thousand EUR	2023	2022
Personnel costs		
Wages and salaries	58,900	49,228
Pension expenses [1]	8,101	-2,767
Other personnel expenses	1,544	1,911
Total	68,544	48,372

Thousand EUR	2023	2022
Management wages and salaries [2]		
CEO	4,604	1,454
CEO's Deputy	609	425
Board of Directors	606	567
Total	5,819	2,446

Thousand EUR	2023	2022
Salaries and fees include bonuses and share-based payments		
CEO	3,815	715
CEO's Deputy	411	234
Total	4,226	949

In 2021, salaries and wages totaled EUR 46,027 thousand.

1) In 2022, the pension expenses included a return of surplus of EUR 10.0 million from the Neliapila Pension Fund.
2) The salary paid to Kemira Oyj's CEO and CEO's Deputy 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	2023	2022
Pulp & Paper segment	101	102
Industry & Water segment	39	38
Other, of which	357	353
R&D and Technology	164	167
Total	497	493
Average number of personnel	500	502

6. Depreciation, amortization and impairments

Thousand EUR	2023	2022
Depreciation according to plan and impairment		
Intangible rights	13,219	11,114
Impairment of intangible rights	55	0
Goodwill	3,626	3,586
Other intangible assets	0	687
Buildings and constructions	666	665
Machinery and equipment	6,154	6,220
Impairment of machinery and equipment	17	0
Total	23,738	22,273

7. Other operating expenses

Thousand EUR	2023	2022
Rents	9,363	9,290
Intercompany tolling manufacturing charges	241,571	235,759
Other intercompany charges	166,582	145,253
Freights and delivery expenses	125,373	135,599
External services	22,082	18,502
Other operating expenses [1)]	66,399	48,142
Total	631,371	592,545

1) In 2023, the other operating expenses included a net icrease of EUR 660 thousand in the obligatory provisions (a decrease of EUR 5,243 thousand in environmental expenses and an increase of EUR 5,903 thousand in restructuring expenses). 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).

AUDITOR'S FEES AND SERVICES

Thousand EUR	2023	2022
Audit fees	612	499
Tax services	37	278
Other services	116	50
Total	765	827

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

8. Finance income and expenses

Thousand EUR	2023	2022
Dividend income		
From Group companies	39,621	137,389
Total	39,621	137,389
Other interest and finance income		
Interest income from Group companies	63,275	38,188
Interest income from others	7,953	1,579
Other finance income from Group companies	572	607
Exchange gains from Group companies (net)	0	24,276
Exchange gains from others (net)	10,059	0
Total	81,859	64,650
Total finance income	121,481	202,038
Change in value on non-current assets		
Group companies [1)]	-97,024	0
Total	-97,024	0
Interest expenses and other finance expenses		
Interest expenses to Group companies	-6,767	-1,274
Interest expenses to others	-25,604	-19,612
Other finance expenses to others	-2,121	-2,623
Exchange losses from Group companies (net)	-14,889	0
Exchange losses from others (net)	0	-5,791
Total	-49,382	-29,301
Total finance expenses	-146,406	-29,301
Total finance income and expenses	-24,926	172,737

Thousand EUR	2023	2022
Exchange gains and losses		
Realized	11,591	22,184
Unrealized	-16,422	-3,699
Total	-4,830	18,485

1) Changes in the value of non-current assets in Group companies mainly consist of write-down of Kemira Chemicals Inc. subsidiary shares related to the sale of the Oil & Gas business. Kemira has completed the divestment in February 2024.

9. Appropriations

Thousand EUR	2023	2022
Change in accumulated depreciation difference (increase - / decrease +)		
Intangible rights	382	-420
Other intangible assets	-457	231
Goodwill	-6	0
Buildings and structures	-268	-351
Machinery and equipment	-2,386	-2,760
Other tangible assets	-3	-3
Total	-2,739	-3,303
Group contribution		
Group contributions received	7,000	0
Group contributions given	-7,000	-9,000
Total	0	-9,000
Total appropriations	-2,739	-12,303

10. Income taxes

Thousand EUR	2023	2022
Income taxes on ordinary activities	-38,578	-42,205
Income taxes for prior years	69	-29
Change in deferred taxes	59	-1,065
Other taxes and parafiscal charges	-1,704	-546
Total	-40,154	-43,844

11. Intangible assets

2023, thousand EUR	Intangible rights	Goodwill	Advance payments and construction in progress	Other intangible assets	Total
Acquisition cost on Jan 1	279,833	32,364	9,334	39,878	361,408
Additions	9,100	234	910	0	10,244
Decreases	-4,648	0	0	0	-4,648
Transfers	8,552	0	-8,552	0	0
Acquisition cost on Dec 31	292,837	32,597	1,692	39,878	367,005
Accumulated amortization on Jan 1	-248,890	-14,433	0	-39,878	-303,200
Accumulated amortization relating to decreases	4,578	0	0	0	4,578
Amortization during the financial year	-13,219	-3,626	0	0	-16,845
Accumulated amortization on Dec 31	-257,531	-18,059	0	-39,878	-315,468
Net book value on Dec 31	35,306	14,539	1,692	0	51,537

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

12. Tangible assets

2023, 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	1,263	16,261	102,080	343	4,725	124,671
Additions	59	311	4,268	0	3,349	7,987
Decreases	0	0	-327	0	0	-327
Transfers	297	1,047	2,853	0	-4,196	0
Acquisition cost on Dec 31	1,618	17,619	108,873	343	3,877	132,330
Accumulated depreciation on Jan 1	-110	-7,499	-81,443	-341	0	-89,393
Accumulated depreciation relating to decreases	0	0	268	0	0	268
Depreciation during the financial year	0	-666	-6,154	0	0	-6,821
Accumulated depreciation on Dec 31	-110	-8,165	-87,330	-341	0	-95,947
Net book value at 31 Dec	1,509	9,453	21,543	2	3,877	36,383

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 on Dec 31	1,153	8,761	20,636	2	4,725	35,277

13. Investments

2023, 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	552,996	99,609	6,127	1,708,236
Additions	165,492	0	0	0	165,492
Decreases	-31,767	-107,817	-270	0	-139,854
Impairments	-93,516	0	0	0	-93,516
Transfers	1,000	0	-1,000	0	0
Net book value on Dec 31	1,090,711	445,180	98,339	6,127	1,640,357

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

14. Inventories

Thousand EUR	2023	2022
Raw materials and consumables	43,225	56,854
Finished goods	88,525	148,604
Advance payments	9,615	8,040
Total	141,366	213,498

15. Receivables

Thousand EUR	2023	2022
Non-current receivables		
Receivables from others		
Loan receivables	400	400
Other receivables	1,608	21,107
Total	2,008	21,507
Deferred tax assets		
From appropriations	289	376
From reservations	9,823	9,691
From foreign currency and electricity hedging	91	0
From revaluations	4,285	4,285
From other deferred tax receivables	1,107	1,094
Total	15,595	15,446
Total non-current receivables	17,603	36,952
Current receivables		
Receivables from Associated companies		
Trade receivables	40	0
Total	40	0

Thousand EUR	2023	2022
Receivables from Group companies		
Trade receivables	131,920	108,075
Loan receivables	93,415	160,638
Advances paid	18,836	18,836
Other current receivables	7,018	0
Prepayments and accrued income	25,604	16,555
Total	276,793	304,104
Receivables from others		
Trade receivables	137,406	180,297
Advances paid	133	72
Other current receivables	3,626	4,097
Prepayments and accrued income	42,924	81,513
Total	184,088	265,978
Total current receivables	460,922	570,083
Total receivables	478,525	607,035
Accrued income from others		
Taxes	18,251	2,561
Hedging accruals	18,060	65,845
Prepaid expenses	4,285	3,831
Accrued income	1,486	8,048
Other	841	1,228
Total	42,924	81,513

16. Money market investments

Thousand EUR	2023	2022
Money market investments		
Book value	119,822	0
Fair value	120,000	0
Difference	-178	0

Money market investments include deposits and commercial paper investments with maturity less than three months.

17. Capital and reserves

Thousand EUR	2023	2022
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	56,764	19,387
Cash flow hedges	-46,803	37,378
Fair value reserve on Dec 31	9,961	56,764
Total restricted equity on Dec 31	489,600	536,404
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	502,839	275,443
Dividend distributions	-95,236	-88,942
Share-based incentive plan		
Shares given	1,922	1,689
Shares returned	0	-86
Retained earnings on Dec 31	409,525	188,104
Profit for the financial period	104,191	314,734
Total unrestricted equity on Dec 31	713,680	702,803
Total capital and reserves on Dec 31	1,203,281	1,239,207
Total distributable funds on Dec 31	713,680	702,803

CHANGE IN TREASURY SHARES

Thousand	EUR	Number of shares
Acquisition value/number on Jan 1, 2023	13,397	1,990
Change	-1,800	-267
Acquisition value/number on Dec 31, 2023	11,596	1,723

18. Accumulated appropriations

Thousand EUR	2023	2022
Appropriations		
Accumulated depreciation difference	15,837	13,098
Deferred tax liabilities on accumulated appropriations	3,167	2,620

19. Obligatory provisions

Thousand EUR	2023	2022
Non-current provisions		
Pension provisions	5,536	5,469
Environmental provisions	9,835	14,185
Restructuring	24,390	19,544
Total non-current provisions	39,762	39,197
Current provisions		
Environmental provisions	4,890	6,116
Restructuring	8,305	6,916
Total current provisions	13,195	13,032
Total provisions	52,957	52,230
Change in obligatory provisions		
Obligatory provisions on Jan 1	52,230	57,066
Utilised during the year	-12,031	-8,338
Increase during the year	12,758	3,501
Obligatory provisions on Dec 31	52,957	52,230

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

20. Non-current liabilities

Thousand EUR	2023	2022
Loans from financial institutions	310,887	312,359
Corporate bonds	198,850	397,853
Other non-current liabilities	16,049	15,910
Total	525,786	726,122
Maturity later than five years		
Corporate bonds	0	200,000
Other liabilities	16,037	0
Total	16,037	200,000
Deferred tax liabilities		
From foreign currency and electricity hedging	2,581	14,191
Total	2,581	14,191
Total non-current liabilities	528,367	740,313

21. Current liabilities

Thousand EUR	2023	2022
Liabilities to Group companies		
Loan liabilities	8,438	14,323
Trade payables	155,944	176,401
Other liabilities	285,937	250,316
Accrued expenses	7,663	1,130
Total	457,981	442,169
Liabilities to others		
Corporate Bonds	199,597	0
Commercial papers	0	29,815
Prepayments received	1,064	1,308
Trade payables	95,134	145,428
Other liabilities	9,235	24,330
Accrued expenses	120,323	128,822
Total	425,354	329,702
Total current liabilities	883,335	771,871
Accrued expenses and deferred income		
Personnel expenses	22,727	20,241
Interest expenses and exchange rate differences	10,958	10,563
Cost accruals	44,827	53,671
Income tax accruals	38,578	42,205
Other	3,233	2,142
Total	120,323	128,822

22. Derivatives

	2023	2022
Nominal values, thousand EUR	**Total**	**Total**
Currency derivatives		
Forward contracts	812,819	645,600
of which cash flow hedges	110,463	71,572
Commodity derivatives		
Commodity forward contracts (MWh) [1]	525,989	1,034,472
of which cash flow hedges	525,989	1,034,472

1) Mainly electricity forward contracts.

			2023
Fair values, thousand EUR	**Positive**	**Negative**	**Net**
Currency derivatives			
Forward contracts	8,571	4,258	4,313
of which cash flow hedges	2,190	136	2,054
Commodity derivatives			
Commodity forward contracts [1]	10,836	533	10,303
of which cash flow hedges	10,836	533	10,303

1) Includes fair value of commodity forward contracts of EUR 1,597 thousand maturing after the year 2024 (21,107).

			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
Commodity derivatives			
Commodity forward contracts	70,771	—	70,771
of which cash flow hedges	70,771	—	70,771

23. Collateral and contingent liabilities

Thousand EUR	2023	2022
Given guarantees		
On behalf of own commitments		
Business related delivery-, environmental and other guarantees	35,482	18,106
On behalf of companies belonging to the same Group		
Business and financing guarantees	527,802	535,479
On behalf of associated companies		
Business and financing guarantees	11,718	12,499
On behalf of others		
Guarantees	2,436	2,296
Other obligations		
Loan commitments	0	16,339
Rent liabilities		
Maturity within one year	2,767	2,714
Maturity after one year	3,765	6,693
Total	6,532	9,407
Leasing liabilities		
Maturity within one year	1,870	2,088
Maturity after one year	3,551	3,968
Total	5,421	6,056
Pledges given		
On behalf of own commitments	0	482

24. Related party transactions

Thousand EUR	2023	2022
Related party notes required by the Finnish Companies Act		
The most significant Group companies with which the company has loans		
Kemira Water Solutions Inc.	162,690	20,579
Kemira Chemicals Oy	77,400	77,400
Kemira Uruguay S.A.	51,131	47,333
Other Group companies	247,373	568,322
Total	538,594	713,634

The parent company finances the subsidiaries through intra-group loan arrangements. For the most part, the loan is issued in the accounting currency of the subsidiary, while the parent company hedges the currency risk. The margins added to loan reference rates are market-based.

The Group uses consolidated bank account systems as a cash management tool. When involved, the parent company acts as the holder of the consolidated accounts. Subsidiaries are always entitled to the assets in their consolidated assets account, and consolidated account operations do not adversely affect the continuity of subsidiaries' operations.

25. Subsidiaries

	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, Inc.	100.00	60.80
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 Canada Inc.	100.00	100.00
Kemira Chemicals Korea Corporation	100.00	100.00
Kemira Chemie GesmbH	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
PT Kemira Indonesia	100.00	76.23
PT Kemira Chemicals Indonesia	99.77	99.77
SimAnalytics Oy	100.00	100.00

Kemira Oyj acquired the remaining 90% of the shares of SimAnalytics Oy. 60.80% of the shares of Kemira Chemicals Inc. was acquired by converting loans to shares in 2023. Kemira Oyj sold the shares of Kemira Chemicals Brasil Ltda to Kemira Europe Oy in 2023.

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, 2023, Kemira Oyj's distributable funds are EUR 713,680,177 of which the net profit for the period amounts to EUR 104,191,302.

The Board of Directors proposes to the Annual General Meeting to be held on March 20, 2024 that a dividend of EUR 0.68 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 153,619,832 shares are held outside the company, the total dividends paid would amount to EUR 104,461,486. The distributable funds of EUR 609,218,691 to be retained as equity.

There have been no material changes in the company's financial position since December 31, 2023. The liquidity of the company remains good, and the proposed dividend payment does not risk the solvency of the company.

Helsinki, February 8, 2024

Matti Kähkönen
Chair

Annika Paasikivi
Vice Chair

Tina Sejersgård Fanø

Werner Fuhrmann

Timo Lappalainen

Fernanda Lopes Larsen

Kristian Pullola

Mikael Staffas

Petri Castrén
CEO

Auditor's report (Translation of the Finnish original)

Ernst & Young Oy
Korkeavuorenkatu 32-34
FI- 00130 Helsinki
Finland

Tel. +358 207 280 190
www.ey.com/fi
Business ID 2204039-6
domicile Helsinki

EY Building a better working world

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 2023. 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 material accounting policy information, 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, financial performance and cash flows in accordance with IFRS Accounting Standards 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 2023, the value of goodwill amounted to 481 million euro representing 14 % of the total assets and 29 % 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 2023, the value of PVO / TVO shares included in other shares amounted to 304 million euro representing 9 % of the total assets and 18 % 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 five 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, 8 February 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

ESEF Financial Statement Report

(Translation of the Finnish original)

Ernst & Young Oy
Korkeavuorenkatu 32-34
FI- 00130 Helsinki
Finland

Tel. +358 207 280 190
www.ey.com/fi
Business ID 2204039-6,
domicile Helsinki

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 74370031Y7RK5H88CQ48-2023-12-31-fi.zip of Kemira Oyj (business identity code: 0109823-0) for the financial year 1.1.-31.12.2023 to ensure that the financial statements are marked/ tagged 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 ESESF RTS. This responsibility includes:

- preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- Tagging the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included within the ESEF-financial statements by using the iXBRL mark ups 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 firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 primary financial statements in 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 primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included in the ESEF financial statements 74370031Y7RK5H88CQ48-2023-12-31-fi.zip of Kemira Oyj for the year ended 31.12.2023 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 31.12.2023 is included in our Independent Auditor's Report dated 8.2.2024. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki 14.2.2024

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

Kemira's alternative performance measures should not be viewed in isolation to the equivalent IFRS measures and alternative performance measures should instead 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.

	2023	2022	2021	2020	2019
INCOME STATEMENT AND PROFITABILITY					
Revenue, EUR million	3,384	3,570	2,674	2,427	2,659
Operative EBITDA, EUR million	667	572	426	435	410
Operative EBITDA, %	19.7	16.0	15.9	17.9	15.4
EBITDA, EUR million	540	559	373	413	382
EBITDA, %	16.0	15.7	14.0	17.0	14.4
Operative EBIT, EUR million	463	362	225	238	224
Operative EBIT, %	13.7	10.1	8.4	9.8	8.4
Operating profit (EBIT), EUR million	336	348	170	216	194
Operating profit (EBIT), %	9.9	9.7	6.4	8.9	7.3
Finance costs (net), EUR million	44	39	27	35	40
% of revenue	1.3	1.1	1.0	1.4	1.5
Profit before tax, EUR million	292	308	143	181	155
% of revenue	8.6	8.6	5.4	7.5	5.8
Net profit for the period (attributable to equity owners of the parent company), EUR million	199	232	108	131	110
% of revenue	5.9	6.5	4.0	5.4	4.1
Return on investment (ROI), %	11.6	12.7	7.2	9.1	8.4
Return of equity (ROE), %	11.9	15.4	8.6	10.9	9.2
Capital employed, EUR million [1)]	2,156	2,238	1,995	1,965	1,998
Operative return on capital employed (ROCE), % [1)]	21.5	16.2	11.3	12.1	11.2
Return on capital employed (ROCE), % [1)]	15.6	15.5	8.5	11.0	9.7
Research and development expenses, EUR million	34	33	28	29	30
% of revenue	1.0	0.9	1.1	1.2	1.1
Organic growth, %	-2	27	11	-7	0

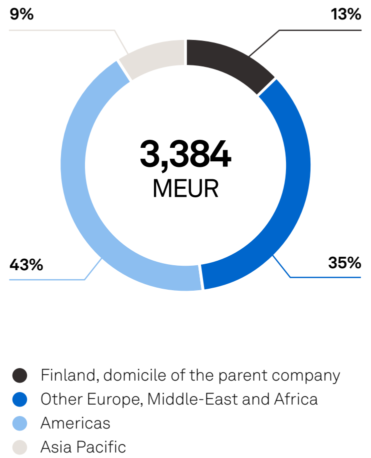
	2023	2022	2021	2020	2019
CASH FLOW					
Net cash generated from operating activities, EUR million	546	400	220	375	386
Proceeds from sale of subsidiaries and property, plant and equipment and intangible assets, EUR million	10	19	7	2	8
Capital expenditure, EUR million	207	198	170	198	204
% of revenue	6.1	5.5	6.3	8.2	7.7
Capital expenditure excl. acquisitions, EUR million	205	198	169	196	201
% of revenue	6.1	5.5	6.3	8.1	7.6
Cash flow after investing activities, EUR million	349	222	57	173	190
BALANCE SHEET AND SOLVENCY					
Non-current assets, EUR million	2,051	2,323	2,155	2,018	2,090
Shareholders' equity (Equity attributable to equity owners of the parent company), EUR million	1,665	1,670	1,329	1,192	1,218
Total equity including non-controlling interests, EUR million	1,684	1,685	1,343	1,205	1,231
Total liabilities, EUR million	1,700	1,966	1,797	1,590	1,660
Total assets, EUR million	3,489	3,651	3,139	2,796	2,891
Net working capital	279	362	287	197	211
Interest-bearing net liabilities, EUR million	535	771	850	759	811
Equity ratio, %	48	46	43	43	43
Gearing, %	32	46	63	63	66
Interest-bearing net liabilities per EBITDA	1.0	1.4	2.3	1.8	2.1

	2023	2022	2021	2020	2019
PERSONNEL					
Personnel at period-end	4,915	4,902	4,926	4,921	5,062
Personnel (average)	4,946	4,936	4,947	5,038	5,020
of whom in Finland	806	780	784	790	812
Wages and salaries, EUR million	343	339	288	303	304
EXCHANGE RATES					
Key exchange rates on Dec 31					
USD	1.105	1.067	1.133	1.227	1.123
CAD	1.464	1.444	1.439	1.563	1.460
SEK	11.096	11.122	10.250	10.034	10.447
CNY	7.851	7.358	7.195	8.023	7.821
BRL	5.362	5.639	6.310	6.374	4.516
PER SHARE FIGURES					
Earnings per share (EPS), basic, EUR [2)]	1.30	1.51	0.71	0.86	0.72
Earnings per share (EPS), diluted, EUR [2)]	1.28	1.50	0.70	0.86	0.72
Net cash generated from operating activities per share, EUR [2)]	3.56	2.61	1.44	2.45	2.53
Dividend per share, EUR [2) 3)]	0.68	0.62	0.58	0.58	0.56
Dividend payout ratio, % [2) 3)]	52.4	41.0	82.2	67.5	77.6
Dividend yield, % [2) 3)]	4.1	4.3	4.4	4.5	4.2
Equity per share, EUR [2)]	10.84	10.89	8.68	7.80	7.98
Price per earnings per share (P/E ratio) [2)]	12.95	9.48	18.88	15.07	18.37
Price per equity per share [2)]	1.55	1.32	1.54	1.66	1.66
Price per cash flow from operations per share [2)]	4.72	5.49	9.27	5.28	5.24
Dividend paid, EUR million [3)]	104.5	95.1	88.8	88.7	85.5

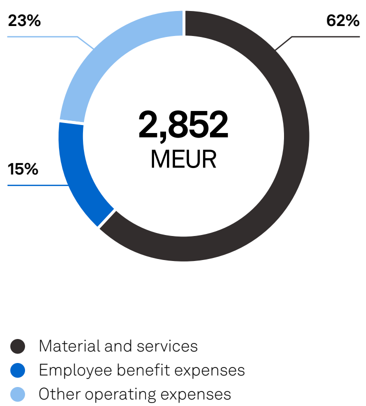
	2023	2022	2021	2020	2019
SHARE PRICE AND TRADING					
Share price, high, EUR	18.22	14.94	14.66	14.24	14.99
Share price, low, EUR	13.51	10.36	12.64	8.02	9.77
Share price, average, EUR	15.36	12.57	13.67	11.55	12.56
Share price on Dec 31, EUR	16.79	14.33	13.33	12.94	13.26
Number of shares traded (1,000) 4)	43,852	37,017	57,478	75,885	53,048
% on number of shares	29	24	38	50	35
Market capitalization on Dec 31, EUR million 2)	2,579	2,198	2,041	1,979	2,024
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) 2)	153,573	153,320	153,092	152,879	152,630
Average number of shares, diluted (1,000) 2)	155,051	154,261	153,785	153,373	153,071
Number of shares on Dec 31, basic (1,000) 2)	153,620	153,352	153,127	152,924	152,649
Number of shares on Dec 31, diluted (1,000) 2)	155,303	154,894	154,068	153,744	153,385
Increase (+) / decrease (-) in number of shares outstanding (1,000)	267	225	203	275	139
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 2023 is the Board of Directors' proposal to the Annual General Meeting.
4) Shares traded on Nasdaq Helsinki only.

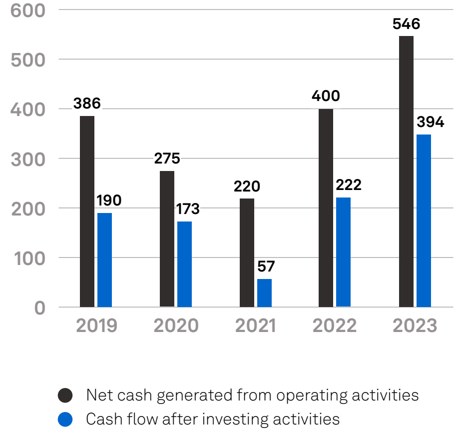
REVENUE BY GEOGRAPHICAL AREAS



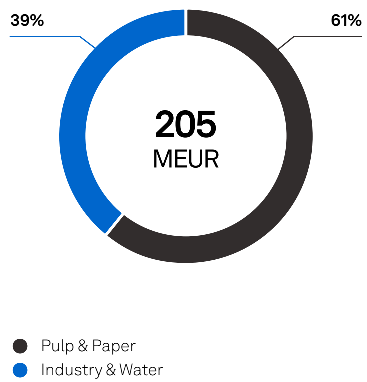
OPERATING EXPENSES



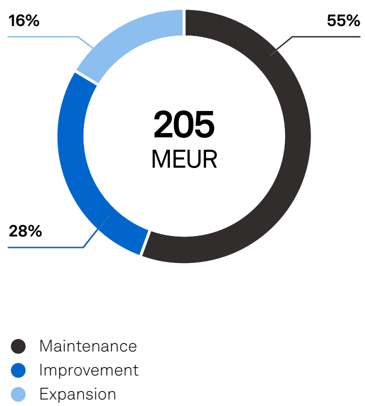
CASH FLOW
EUR MILLION



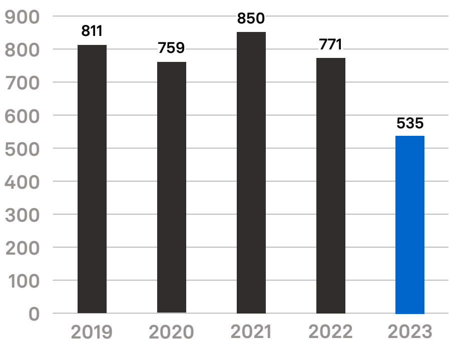
CAPITAL EXPENDITURE BY SEGMENT EXCLUDING ACQUISITIONS



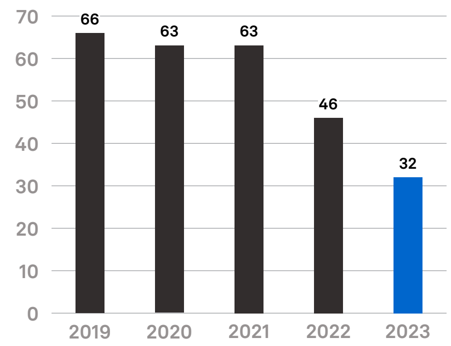
CAPITAL EXPENDITURE EXCLUDING ACQUISITIONS



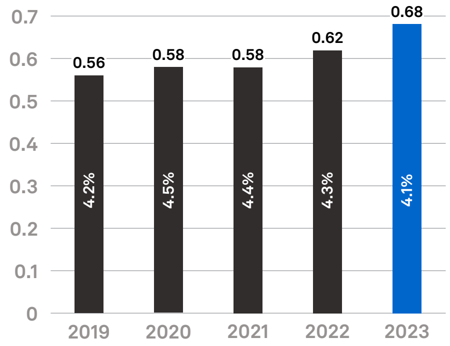
INTEREST-BEARING NET LIABILITIES
EUR MILLION



GEARING
%

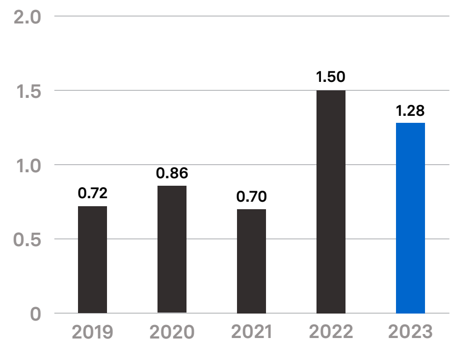


DIVIDEND PER SHARE, EUR AND DIVIDEND YIELD, %*



*The dividend for 2023 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	$\frac{\text{Total equity}}{\text{Total assets - prepayments received}}$	Equity ratio (%) indicates what proportion of the assets is covered by equity.
GEARING (%)	= 100 x	$\frac{\text{Interest-bearing net liabilities}}{\text{Total equity}}$	Gearing (%) measures the ratio of interest-bearing net liabilities to equity.
RETURN ON INVESTMENTS (ROI) (%)	= 100 x	$\frac{\text{Profit before tax + interest expenses + other financial expenses}}{\text{Total assets - non-interest-bearing liabilities}^{2)}}$	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	2023 Total	1–3	4–6	7–9	10–12	2022 Total
ITEMS AFFECTING COMPARABILITY IN EBITDA AND EBIT										
Operative EBITDA										
Pulp & Paper	109.4	65.2	68.9	87.5	330.9	71.3	73.6	92.3	110.9	348.0
Industry & Water	83.3	85.8	91.5	75.2	335.8	48.8	48.5	60.3	66.1	223.7
Total	192.6	151.0	160.3	162.7	666.7	120.0	122.1	152.5	177.0	571.6
Total items affecting comparability	-8.5	-3.7	-3.1	-111.4	-126.7	-6.5	1.2	-15.3	7.8	-12.8
EBITDA	184.1	147.4	157.2	51.3	540.0	113.5	123.2	137.3	184.8	558.8
Operative EBIT										
Pulp & Paper	80.4	37.6	39.8	58.6	216.3	40.7	42.8	61.8	80.3	225.7
Industry & Water	61.5	63.3	67.8	54.1	246.7	28.2	26.9	37.7	43.1	135.9
Total	141.9	100.9	107.6	112.6	463.0	68.9	69.7	99.5	123.4	361.6
Total items affecting comparability	-8.5	-3.7	-3.1	-111.4	-126.7	-6.7	-0.7	-15.0	8.4	-14.0
EBIT	133.4	97.2	104.5	1.3	336.4	62.2	69.1	84.5	131.8	347.6
Operative EBITDA	192.6	151.0	160.3	162.7	666.7	120.0	122.1	152.5	177.0	571.6
Restructuring and streamlining programs	0.0	-1.0	0.0	0.1	-0.9	-3.1	0.1	0.1	-1.6	-4.5
Transaction and integration expenses in acquisition	-0.1	0.0	0.0	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0
Divestment of businesses and other disposals	-8.9	-2.6	-3.1	-111.3	-125.9	0.0	2.0	-15.6	8.9	-4.6
Other items	0.4	0.0	0.0	0.0	0.4	-3.5	-0.9	0.3	0.5	-3.6
Total items affecting comparability	-8.5	-3.7	-3.1	-111.4	-126.7	-6.5	1.2	-15.3	7.8	-12.8
EBITDA	184.1	147.4	157.2	51.3	540.0	113.5	123.2	137.3	184.8	558.8
Operative EBIT	141.9	100.9	107.6	112.6	463.0	68.9	69.7	99.5	123.4	361.6
Total items affecting comparability in EBITDA	-8.5	-3.7	-3.1	-111.4	-126.7	-6.5	1.2	-15.3	7.8	-12.8
Items affecting comparability in depreciation, amortization and impairments	0.0	0.0	0.0	0.0	0.0	-0.1	-1.9	0.3	0.6	-1.2
Operating profit (EBIT)	133.4	97.2	104.5	1.3	336.4	62.2	69.1	84.5	131.8	347.6

EUR million	1–3	4–6	7–9	10–12	2023 Total	1–3	4–6	7–9	10–12	2022 Total
ROCE AND OPERATIVE ROCE										
Operative EBIT	141.9	100.9	107.6	112.6	463.0	68.9	69.7	99.5	123.4	361.6
Operating profit (EBIT)	133.4	97.2	104.5	1.3	336.4	62.2	69.1	84.5	131.8	347.6
Capital employed [1)]	2,244.5	2,221.5	2,188.9	2,155.5	2,155.5	2,045.4	2,113.6	2,194.9	2,238.0	2,238.0
Operative ROCE, %	19.4	21.0	21.6	21.5	21.5	11.7	11.8	13.0	16.2	16.2
ROCE, %	18.7	20.1	21.3	15.6	15.6	8.7	9.7	10.6	15.5	15.5
NET WORKING CAPITAL										
Inventories	421.5	383.9	347.5	281.8	281.8	408.0	490.6	474.1	433.7	433.7
Trade receivables and other receivables	517.6	494.4	496.8	468.2	468.2	530.5	620.4	701.4	603.7	603.7
Excluding financing items in other receivables	-23.7	-21.9	-10.0	-18.6	-18.6	-30.4	-78.6	-105.9	-71.1	-71.1
Trade payables and other liabilities	633.2	552.6	569.4	489.4	489.4	624.5	647.5	684.8	635.2	635.2
Excluding financing items in other liabilities	-127.7	-78.2	-83.1	-37.0	-37.0	-123.1	-82.7	-82.1	-31.4	-31.4
Net working capital	409.9	382.0	347.9	278.9	278.9	406.7	467.6	466.9	362.4	362.4
INTEREST-BEARING NET LIABILITIES										
Non-current interest-bearing liabilities	832.6	639.6	641.8	615.7	615.7	795.5	811.2	814.3	838.1	838.1
Current interest-bearing liabilities	148.8	325.5	327.8	322.1	322.1	258.8	295.1	266.1	183.7	183.7
Interest-bearing liabilities	981.4	965.1	969.6	937.8	937.8	1,054.4	1,106.3	1,080.4	1,021.8	1,021.8
Cash and cash equivalents	273.2	299.5	403.1	402.5	402.5	154.5	147.3	173.9	250.6	250.6
Interest-bearing net liabilities	708.2	665.5	566.5	535.2	535.2	899.8	959.0	906.4	771.2	771.2

1) 12-month rolling average.

Quarterly Earnings Performance

EUR million	1–3	4–6	7–9	10–12	2023 Total	1–3	4–6	7–9	10–12	2022 Total
Revenue										
Pulp & Paper	504.6	421.2	403.6	418.8	1,748.2	446.5	487.6	537.3	556.2	2,027.7
Industry & Water	401.5	418.9	425.1	390.0	1,635.5	321.5	373.8	434.6	412.0	1,541.9
Total	906.0	840.1	828.7	808.8	3,383.7	768.1	861.4	971.9	968.2	3,569.6
EBITDA [1)]										
Pulp & Paper	100.9	63.9	68.7	74.5	308.0	66.4	74.9	77.2	118.1	336.6
Industry & Water	83.3	83.5	88.5	-23.2	232.0	47.1	48.4	60.1	66.7	222.2
Total	184.1	147.4	157.2	51.3	540.0	113.5	123.2	137.3	184.8	558.8
EBIT [1)]										
Pulp & Paper	71.9	36.3	39.7	45.5	193.4	35.7	42.3	47.0	88.1	213.1
Industry & Water	61.5	61.0	64.8	-44.3	143.0	26.5	26.8	37.5	43.7	134.5
Total	133.4	97.2	104.5	1.3	336.4	62.2	69.1	84.5	131.8	347.6
Finance costs, net	-10.7	-12.1	-9.9	-11.6	-44.4	-7.9	-8.9	-7.4	-15.3	-39.4
Profit before tax	122.7	85.1	94.6	-10.3	292.0	54.4	60.2	77.1	116.5	308.2
Income taxes	-27.2	-17.4	-19.3	-16.7	-80.7	-12.1	-13.3	-16.9	-26.3	-68.5
Net profit for the period	95.4	67.7	75.2	-27.1	211.3	42.2	46.9	60.3	90.3	239.7
Net profit attributable to										
Equity owners of the parent	92.9	64.7	71.7	-30.2	199.1	40.6	45.0	57.9	88.2	231.7
Non-controlling interests	2.5	3.0	3.5	3.1	12.2	1.7	2.0	2.4	2.1	8.0
Net profit for the period	95.4	67.7	75.2	-27.1	211.3	42.2	46.9	60.3	90.3	239.7
Earning per share, basic, EUR	0.61	0.42	0.47	-0.20	1.30	0.26	0.29	0.38	0.58	1.51
Earning per share, diluted, EUR	0.60	0.42	0.46	-0.20	1.28	0.26	0.29	0.38	0.57	1.50

1) Includes items affecting comparability.

Shares and shareholders

Shares and share capital

On December 31, 2023, 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 2023, Kemira Oyj had 49,659 registered shareholders (48,403 on December 31, 2022). Non-Finnish shareholders held 34.7% of the shares (31.5% on December 31, 2022), including nominee-registered holdings. Households owned 19.0% of the shares (19.3% on December 31, 2022). Kemira held 1,722,725 treasury shares (1,990,197 on December 31, 2022), representing 1.1% (1.3% on December 31, 2022) 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 17% during the reporting period and closed at EUR 16.79 on the Nasdaq Helsinki at the end of December 2023 (14.33 on December 31, 2022). The shares registered a high of EUR 18.22 and a low of EUR 13.51 in January–December 2023, and the average share price was EUR 15.36. The company's market capitalization, excluding treasury shares, was EUR 2,579 million at the end of December 2023 (2,198 on December 31, 2022).

In January–December 2023, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 688 million (EUR 462 million in January–December 2022). The average daily trading volume was 174,707 shares (146,311 in January–December 2022). The total volume of Kemira Oyj's share trading in January–December 2023 was 57 million shares (49 million shares in January–December 2022), 23% (25% in January–December 2022) 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, 2023, Kemira Oyj's distributable funds totaled EUR 713,680,177 of which net profit for the period was EUR 104,191,302. No material changes have taken place in the company's financial position after the balance sheet statement date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 20, 2024 that a dividend of EUR 0.68 per share, totaling EUR 104 million, be paid on the basis of the adopted balance sheet for the financial year that ended on December 31, 2023. The dividend will be paid in two installments. The first installment, EUR 0.34 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 22, 2024. The Board of Directors proposes that the first installment of the dividend be paid out on April 4, 2024. The second installment, of EUR 0.34 per share, will be paid in November 2024. 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 2024. The record date is planned for October 29, 2024, and the dividend payment date for November 5, 2024 at the earliest. Kemira's dividend policy is to pay a competitive dividend that increases over time.

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

Board authorizations

The Annual General Meeting on March 22, 2023 authorized the Board of Directors to decide upon the repurchase of a maximum of 6,000,000 of the company's own shares. This corresponds to approximately 3.9% 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 December 31, 2023.

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 of the 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 the 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, 2024. 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 remuneration.

Management shareholding

The members of the Board of Directors as well as the Interim President and CEO and his Deputy held 214,529 (330,988) Kemira Oyj shares on December 31, 2023 or 0.14% (0.21%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Petri Castrén, Interim President and CEO, held 56,140 shares on December 31, 2023. Members of the Management Board, excluding the Interim President and CEO and his Deputy, held a total of 245,128 shares on December 31, 2023 (237,515), representing 0.16% (0.15%) 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, 2023

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	33,553,000	21.6
2	Solidium Oy	7,782,765	5.0
3	Varma Mutual Pension Insurance Company	5,332,678	3.4
4	Nordea Funds	3,896,196	2.5
5	Ilmarinen Mutual Pension Insurance Company	3,700,000	2.4
6	Elo Mutual Pension Insurance Company	2,277,000	1.5
7	Etola Group Oy	1,000,000	0.6
8	Veritas Pension Insurance Company Ltd.	861,372	0.6
9	Laakkonen Mikko Kalervo	770,000	0.5
10	Nordea Life Assurance Finland Ltd.	738,047	0.5
11	The State Pension Funds	560,000	0.4
12	Paasikivi Pekka Johannes	462,200	0.3
13	Säästöpankki Funds	392,194	0.3
14	Valio Pension Fund	379,450	0.2
15	OP-Henkivakuutus Ltd.	340,902	0.2
	Kemira Oyj	1,722,725	1.1
	Nominee registered and foreign shareholders	53,835,387	34.7
	Others, Total	37,738,641	24.2
	Total	**155,342,557**	**100.0**

SHAREHOLDINGS BY NUMBER OF SHARES HELD ON DEC 31, 2023

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	19,087	38.4	919,462	0.6
101–500	18,297	36.8	4,839,778	3.1
501–1,000	5,882	11.8	4,503,491	2.9
1,001–5,000	5,381	10.8	11,238,360	7.2
5,001–10,000	574	1.2	4,126,138	2.7
10,001–50,000	351	0.7	6,560,370	4.2
50,001–100,000	38	0.1	2,666,853	1.7
100,001–500,000	33	0.1	6,160,766	4.0
500,001–1,000,000	7	0.0	5,296,157	3.4
1,000,001–	9	0.0	109,031,182	70.2
Total	**49,659**	**100.0**	**155,342,557**	**100.0**

Information for investors

Financial reports in 2024

Kemira will publish three financial reports in 2024.

April 26, 2024: Interim report for January–March
July 17, 2024: Half-year financial report for January–June
October 25, 2024: 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 20, 2024 at 1.00 p.m. EET at Pikku-Finlandia, Karamzininranta 4, Helsinki, Finland. Shareholders who on the record date of the Annual General Meeting, March 8, 2024, 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 20, 2024 and invitation and registration instructions have been published on February 9, 2024 as a stock exchange release and at Kemira's web site at **kemira.com/agm2024**.

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 109.

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

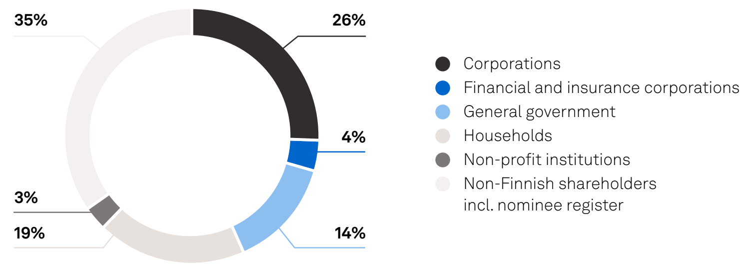
Mikko Pohjala, Vice President, Investor Relations
+358 40 838 0709
mikko.pohjala@kemira.com

Basic share information

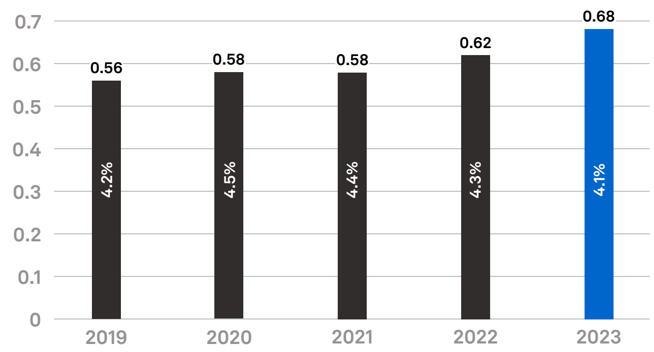
Listed on: Nasdaq Helsinki Ltd
Trading code: KEMIRA
ISIN code: FI0009004824
Industry group: Materials
Industry: Chemicals
Number of shares on December 31, 2022: 155,342,557
Listing date: November 10, 1994

SHARE PRICE 2019–2023

OWNERSHIP DECEMBER 31, 2023

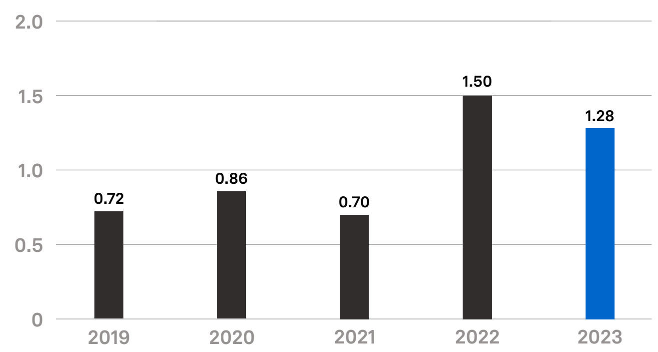


DIVIDEND PER SHARE, EUR AND DIVIDEND YIELD, %*



*The dividend for 2023 is the Board of Directors' proposal to the Annual General Meeting.

EARNINGS PER SHARE, DILUTED EUR



KEMIRA is a global leader in sustainable chemical solutions for water-intensive industries. Our customers include industrial and municipal water treatment, and pulp & paper industry among others. We provide the best-suited products and services to improve our customers' product quality, process, and resource efficiency. Our focus is on water treatment, renewable solutions, and digital services. In 2023, Kemira had annual revenue of around EUR 3.4 billion and around 5,000 employees. Kemira shares are listed on the Nasdaq Helsinki Ltd.

WWW.KEMIRA.COM