Kemira

January-December 2023

Financial Statements Bulletin

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Record profitability in 2023; entering a new year with a focused business portfolio

Fourth quarter: Strong performance

- Revenue decreased by 16% to EUR 808.8 million (968.2). Revenue in local currencies, excluding acquisitions and divestments, decreased by 13% mainly due to lower sales prices in energy-intensive pulp and bleaching chemicals.
- Operative EBITDA decreased by 8% to EUR 162.7 million (177.0) mainly following lower sales prices in energy-intensive pulp and bleaching chemicals. The operative EBITDA margin increased to 20.1% (18.3%). The operative EBITDA margin improved in both segments year-on-year and sequentially in the Pulp & Paper segment. EBITDA decreased by 72% to EUR 51.3 million (184.8). 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 decreased by 9% to EUR 112.6 million (123.4). EBIT decreased by 99% to EUR 1.3 million (131.8) mainly due to the expected loss from the divestment of the Oil & Gas business.
- Cash flow from operating activities was strong, at EUR 133.3 million (254.9).
- EPS (diluted) decreased by 134%to EUR -0.20 (0.57) mainly due to the expected loss from the divestment of the Oil & Gas business.

January-December: Record profitability

- 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.

Dividend proposal for 2023

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.

Divestment of Oil & Gas

On December 5, 2023, Kemira announced that it is divesting its Oil & Gas-related portfolio to Sterling Specialty Chemicals LLC. The divestment was closed on February 2, 2024 as announced by Kemira. Kemira has published relevant alternative key figures in conjunction with its financial statements bulletin on February 9, 2024. The alternative key figures are not included in this report, but they are available in a separate stock exchange release and on **kemira.com/investors.** The Oil & Gas portfolio has been classified as held for sale until closing. Kemira's outlook for 2024 includes the Oil & Gas-related portfolio until the closing date of the divestment, February 2, 2024.The divested Oil & Gas-related portfolio had a revenue of around EUR 495 million and an operative EBITDA of around EUR 71 million in 2023.

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.

Kemira's Interim President & CEO, CFO Petri Castrén:

"Kemira's organization and business model continued to prove their resilience, with consistently strong performance throughout 2023. The past year was excellent for Kemira in terms of profitability as our operative EBITDA reached EUR 667 million, an all-time high. Relative profitability was also at a record-high, 19.7%. Our Industry & Water segment had an outstanding year, which compensated for relative weakness in the pulp & paper market. Kemira's revenue declined somewhat, to EUR 3,400 million, mainly following lower sales volumes in Pulp & Paper. Operative return on capital employed also reached a record-high of 21.5% thanks to our excellent profitability performance and good net working capital management. Our balance sheet is very strong as net debt to operative EBITDA reached 0.8 at the end of 2023. Following our excellent performance in 2023, Kemira's Board of Directors is proposing to increase the dividend to EUR 0.68 per share, to be paid in two installments in April and November.

In December, Antti Salminen was appointed President & CEO of Kemira as of February 12, 2024. Our long-serving President & CEO Jari Rosendal passed away unexpectedly on July 31, 2023. We are thankful for Jari's legacy at Kemira and I am pleased to hand over to Antti to take Kemira's profitable growth strategy to the next level. Antti has been with Kemira since 2011 and he has a very successful track record in leading our both segments. I will return to my original position as Kemira's CFO having also carried the Interim President and CEO role since July 2023. I would like to thank our customers, our employees and all our other stakeholders for making 2023 such a successful year for Kemira.

In 2023, we began reviewing options for our Oil & Gas business, in line with our strategy. In December 2023, we announced the divestment of the Oil & Gas-related portfolio and the transaction was successfully completed on February 2, 2024. The divestment will clarify our strategy and our focus on sustainability. It will also further improve our opportunities to concentrate on our strategic focus areas: growing in water, building a leading renewable solutions portfolio and creating a digital services business. In 2023, we made progress with our renewable solutions strategy and announced the next steps in our partnership with IFF in December.

The pulp & paper market saw a sudden and unexpected market downturn during 2023. The market started to show early signs of improvement in Q3 and the improvement continued in Q4 2023. Despite the market downturn, our Pulp & Paper performance was resilient with a very strong ending to the year. The segment's operative EBITDA margin reached a record-high, 18.9% in 2023, clearly illustrating the integral nature of our products in the pulp and paper value chain. We were pleased with the sequential volume and margin improvement in Q4 2023. During the year, we also completed our bleaching chemical capacity expansion in Uruguay.

In Industry & Water, market demand remained resilient in water treatment, while the oil & gas market grew, driven by shale in particular. The Industry & Water segment had record-high profitability, with the operative EBITDA margin reaching 20.5% in 2023, driven by strong performance in water treatment. The Oil & Gas business also had a good year, with increasing sales volumes and improving profitability. During the year, in line with our ambition to grow in water treatment, we announced a coagulant capacity expansion project in the UK.

2023 was a strong year for Kemira. We view 2024 with confidence as our businesses are in excellent shape. In 2024, we expect revenue to be between EUR 2,700 and 3,200 million and operative EBITDA to be between EUR 480 and 580 million. When reading our outlook for 2024, do consider that the outlook reflects the Pulp & Paper and water treatment businesses only as we divested the Oil & Gas business on February 2, 2024."

KEY FIGURES AND RATIOS

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue	808.8	968.2	3,383.7	3,569.6
Operative EBITDA	162.7	177.0	666.7	571.6
Operative EBITDA, %	20.1	18.3	19.7	16.0
EBITDA	51.3	184.8	540.0	558.8
EBITDA, %	6.3	19.1	16.0	15.7
Operative EBIT	112.6	123.4	463.0	361.6
Operative EBIT, %	13.9	12.7	13.7	10.1
EBIT	1.3	131.8	336.4	347.6
EBIT, %	0.2	13.6	9.9	9.7
Net profit for the period	-27.1	90.3	211.3	239.7
Earnings per share, diluted, EUR	-0.20	0.57	1.28	1.50

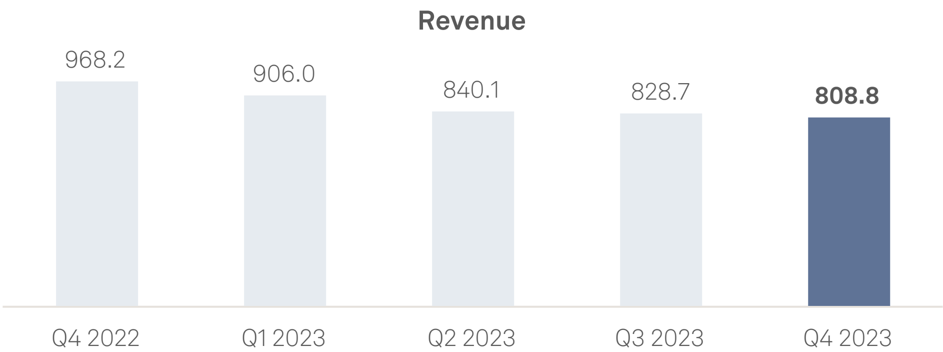
EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Capital employed*	2,155.5	2,238.0	2,155.5	2,238.0
Operative ROCE*, %	21.5	16.2	21.5	16.2
ROCE*, %	15.6	15.5	15.6	15.5
Cash flow from operating activities	133.3	254.9	546.0	400.3
Capital expenditure excl. acquisition	72.7	89.8	204.9	197.9
Capital expenditure	72.7	89.8	206.8	197.9
Cash flow after investing activities	60.5	180.0	349.3	222.3
Equity ratio, % at period-end	48	46	48	46
Equity per share, EUR	10.84	10.89	10.84	10.89
Gearing, % at period-end	32	46	32	46

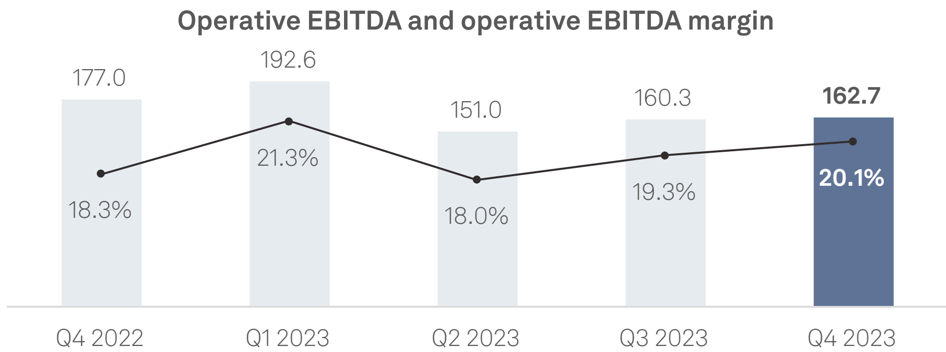
*12-month rolling average

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.





Financial performance in Q4 2023

Revenue decreased by 16%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 13%, mainly due to lower sales prices as sales prices for energy-intensive pulp and bleaching chemicals declined from an exceptionally high comparison period following the normalization of electricity and caustic prices. Sales volumes decreased following volume decline in the Pulp & Paper segment. Sequentially, sales volumes increased slightly, while sales prices decreased.

Revenue	Oct-Dec 2023 EUR million	Oct-Dec 2022 EUR million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	418.8	556.2	-25	-21	-2	-2
Industry & Water	390.0	412.0	-5	-2	-3	0
Total	808.8	968.2	-16	-13	-2	-1

*Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA decreased by 8% to EUR 162.7 million (177.0) as lower sales prices were not fully offset by lower variable costs. The operative EBITDA margin increased to 20.1% following margin improvement in both segments, particularly in Industry & Water.

Variance analysis, EUR million	Oct-Dec
Operative EBITDA, 2022	**177.0**
Sales volumes	-4.2
Sales prices	-101.3
Variable costs	+91.8
Fixed costs	-2.1
Currency exchange	-0.8
Others	+2.3
Operative EBITDA, 2023	**162.7**

Operative EBITDA	Oct-Dec 2023 EUR million	Oct-Dec 2022 EUR million	Δ%	Oct-Dec 2023 %-margin	Oct-Dec 2022 %-margin
Pulp & Paper	87.5	110.9	-21	20.9	19.9
Industry & Water	75.2	66.1	+14	19.3	16.1
Total	162.7	177.0	-8	20.1	18.3

EBITDA decreased by 72% to EUR 51.3 million (184.8). The difference between it and operative EBITDA is explained by **items affecting comparability,** which were mainly related to the expected loss of EUR 97 million from the divestment of the Oil & Gas business, including transaction fees. In addition, Kemira recorded 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. Items affecting comparability in the comparison period were mainly related to a manufacturing unit sale to a customer, which was partly offset by environmental provisions.

Items affecting comparability, EUR million	Oct-Dec 2023	Oct-Dec 2022
Within EBITDA	**-111.4**	7.8
Pulp & Paper	-13.0	7.2
Industry & Water	-98.4	0.6
Within depreciation, amortization and impairments	**0.0**	0.6
Pulp & Paper	0.0	0.6
Industry & Water	0.0	0.0
Total items affecting comparability in EBIT	**-111.4**	8.4

Depreciation, amortization and impairments were EUR 50.1 million (53.0), including EUR 1.4 million (1.8) in amortization of purchase price allocation.

Operative EBIT decreased by 9% due to lower EBITDA. **EBIT** decreased by 99%, 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.

Net finance costs totaled EUR -11.6 million (-15.3). The decrease was driven by lower net debt and resulting lower net interest expenses. **Income taxes** were EUR -16.7 million (-26.3) due to lower EBIT and non-deductible expenses related to the divestment of the Oil & Gas business. **Net profit for the period** decreased by 130% mainly due to the expected loss from the divestment of the Oil & Gas business.

Financial performance in January-December 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	Jan-Dec 2023 EUR million	Jan-Dec 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	Jan-Dec 2023 EUR million	Jan-Dec 2022 EUR million	Δ%	Jan-Dec 2023 %-margin	Jan-Dec 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	Jan-Dec 2023	Jan-Dec 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	**-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. More information can be found in note 6.

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

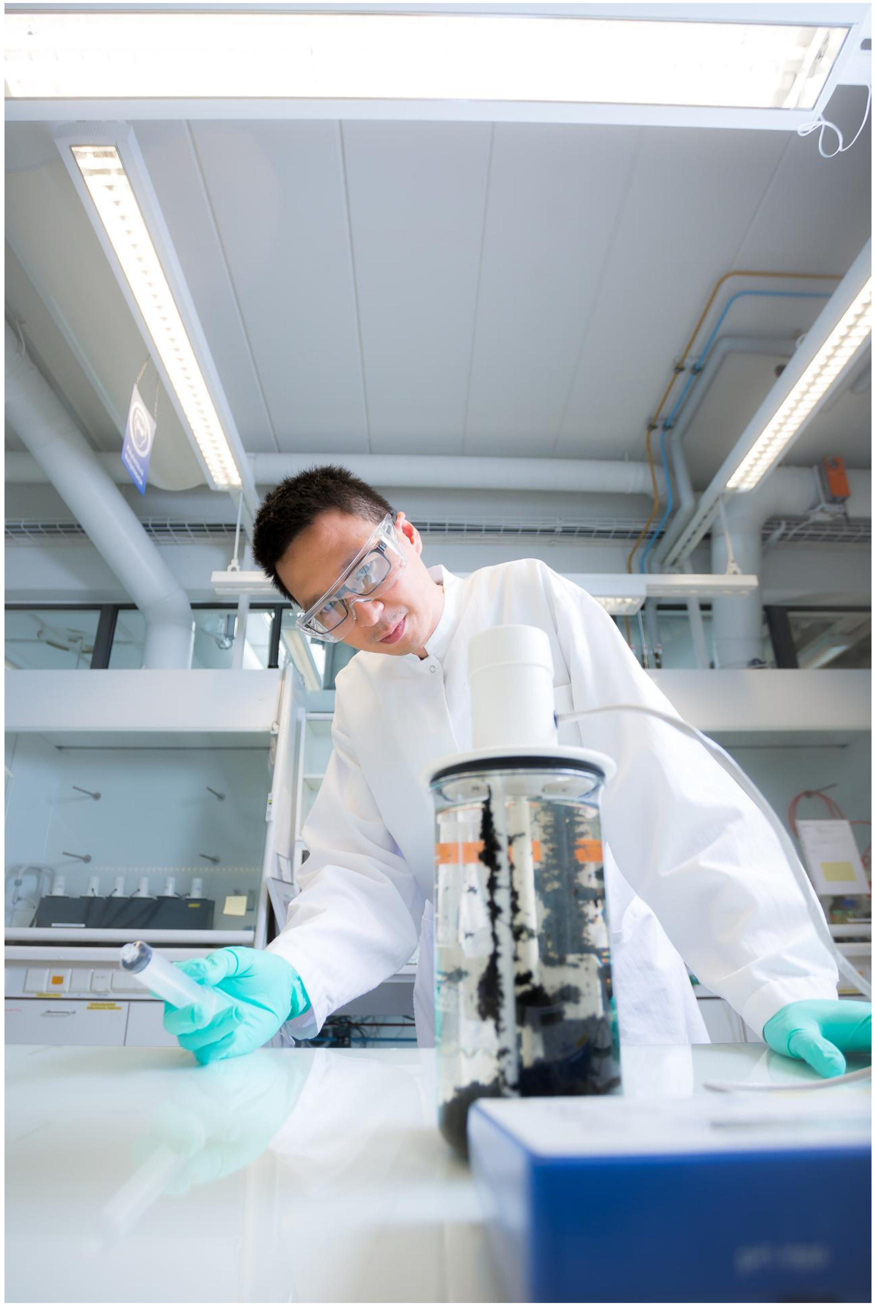
In January-December 2023, total research and development expenses were EUR 34.2 million (33.4), representing 1.0% (0.9%) of the Group's revenue.

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.



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, which will be published on February 16, 2024.

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 manufacturing 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 CO2 emissions in our value chain.

SDG	KPI	UNIT	2023	2022
8 DECENT WORK AND ECONOMIC GROWTH	**SAFETY** TRIF* 1.5 by the end of 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 Glint 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	EUR million	~230	~250
6 CLEAN WATER AND SANITATION	**WATER** Reach the Leadership level (A-/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 and 2*** emissions -50% by the end of 2030 compared to 2018 baseline of 930 $ktCO_2e$	$ktCO_2e$	625	816

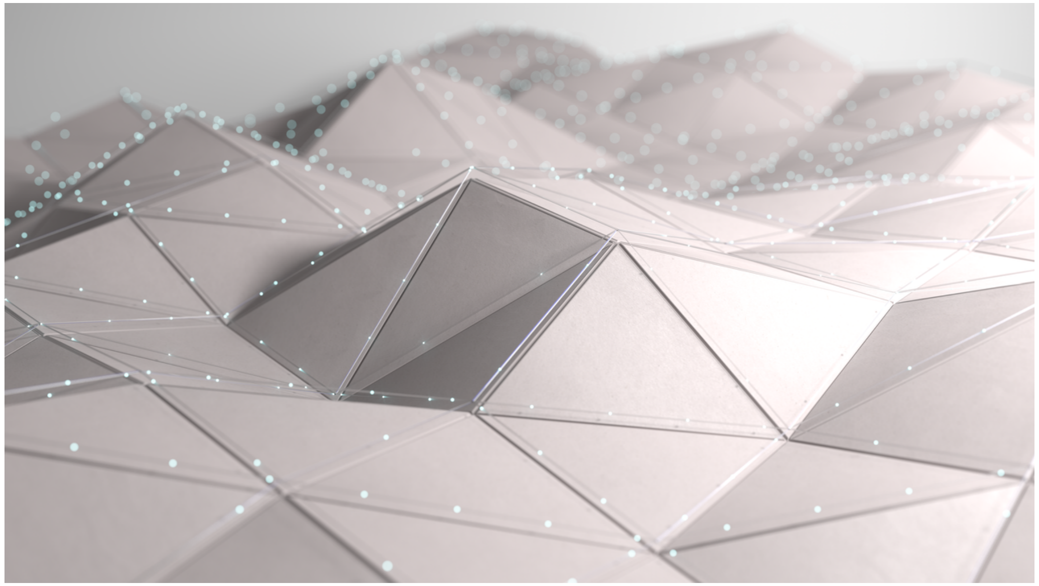
***Scope 1: Direct greenhouse gas emissions from Kemira's manufacturing sites, e.g. the generation of energy and emissions from manufacturing processes. Scope 2: Indirect greenhouse gas emissions from external generation and purchase of electricity, heating, cooling, and steam

[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	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue	418.8	556.2	1,748.2	2,027.7
Operative EBITDA	87.5	110.9	330.9	348.0
Operative EBITDA, %	20.9	19.9	18.9	17.2
EBITDA	74.5	118.1	308.0	336.6
EBITDA, %	17.8	21.2	17.6	16.6
Operative EBIT	58.6	80.3	216.3	225.7
Operative EBIT, %	14.0	14.4	12.4	11.1
EBIT	45.5	88.1	193.4	213.1
EBIT, %	10.9	15.8	11.1	10.5
Capital employed*	1,282.0	1,337.7	1,282.0	1,337.7
Operative ROCE*, %	16.9	16.9	16.9	16.9
ROCE*, %	15.1	15.9	15.1	15.9
Capital expenditure excl. M&A	39.4	51.4	124.4	122.5
Capital expenditure incl. M&A	39.4	51.4	126.2	122.5
Cash flow after investing activities	49.8	115.0	216.3	207.2

*12-month rolling average

FOURTH QUARTER:

The segment's **revenue** decreased by 25%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 21%, mainly due to lower sales prices. Sales prices for energy-intensive pulp and bleaching chemicals declined following the normalization of electricity prices, which has resulted in a more normalized pricing environment for pulp and bleaching chemicals. Sales volumes decreased due to lower sales volumes in pulp and bleaching chemicals. Currencies had a negative impact. Sequential sales volumes increased considerably, while sales prices declined. The market prices of caustic soda remained moderate during Q4 2023.

In **EMEA**, revenue decreased by 35%. Sales prices decreased as sales prices for energy-intensive pulp and bleaching chemicals declined. Sales volumes also declined due to lower demand for pulp and bleaching chemicals. The market prices of caustic soda remained moderate during Q4 2023. In **the Americas**, revenue decreased by 20%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 11%, mainly due to lower sales prices for pulp and bleaching chemicals. Sales volumes declined slightly. In **APAC**, revenue increased by 8%. Revenue in local currencies, excluding acquisitions and divestments, increased by 13%, due to higher sales volumes in all product groups. Sales prices decreased.

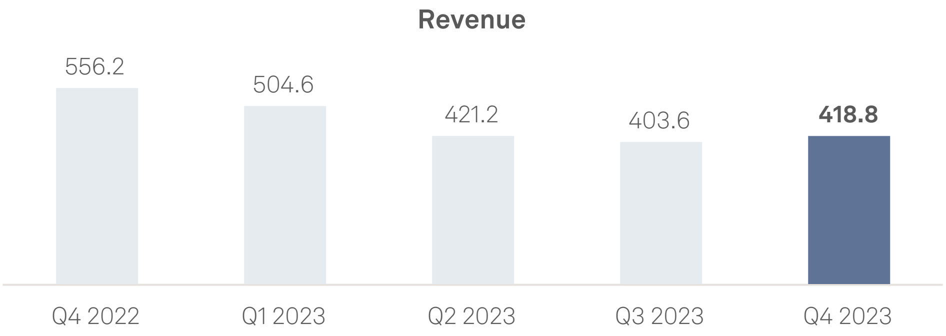
Operative EBITDA decreased by 21% as lower sales prices were not fully offset by successful variable cost management. The operative EBITDA margin increased year-on-year and sequentially to 20.9%. Operative EBITDA margin improved strongly in the APAC region. **EBITDA** decreased by 37%. The difference 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. Items affecting comparability in the comparison period included a manufacturing unit sale to a customer.

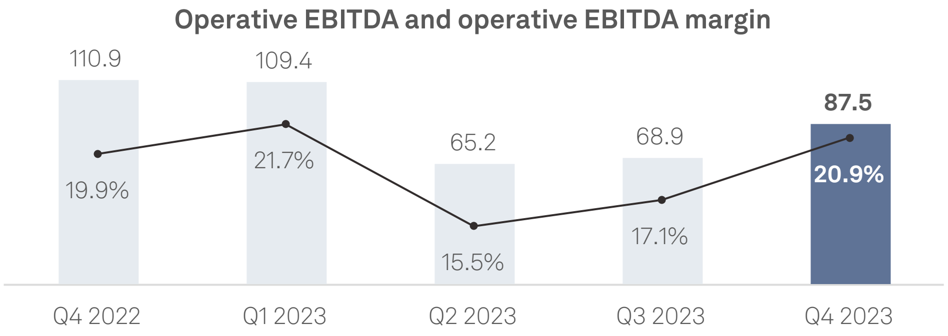
JANUARY-DECEMBER:

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.


Revenue
556.2
504.6
421.2
403.6
418.8
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023


Operative EBITDA and operative EBITDA margin
110.9
109.4
65.2
68.9
87.5
19.9%
21.7%
15.5%
17.1%
20.9%
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023

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 started to review the strategic options for its Oil & Gas business in 2023 and completed the divestment of its Oil & Gas business on February 2, 2024.

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue	390.0	412.0	1,635.5	1,541.9
Operative EBITDA	75.2	66.1	335.8	223.7
Operative EBITDA, %	19.3	16.1	20.5	14.5
EBITDA	-23.2	66.7	232.0	222.2
EBITDA, %	-5.9	16.2	14.2	14.4
Operative EBIT	54.1	43.1	246.7	135.9
Operative EBIT, %	13.9	10.5	15.1	8.8
EBIT	-44.3	43.7	143.0	134.5
EBIT, %	-11.4	10.6	8.7	8.7
Capital employed*	873.5	900.3	873.5	900.3
Operative ROCE*, %	28.2	15.1	28.2	15.1
ROCE*, %	16.4	14.9	16.4	14.9
Capital expenditure excl. M&A	33.3	38.3	80.5	75.4
Capital expenditure incl. M&A	33.3	38.3	80.5	75.4
Cash flow after investing activities	31.0	75.6	242.5	100.9

*12-month rolling average

FOURTH QUARTER:

The segment's **revenue** decreased by 5%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 2%, mainly due to lower sales prices in the Oil & Gas business. Sales volumes overall were stable. Currencies had a negative impact. Sequentially sales volumes and sales prices decreased, driven by the Oil & Gas business.

In the water treatment business, revenue decreased by 10%, due to lower sales volumes in mining and other industrial water treatment applications. Sales prices were rather stable. The revenue of the Oil & Gas business increased by 11%, to EUR 109.3 million (98.1), following higher sales volumes in shale and oil sands tailings treatment. Sales prices decreased.

In **EMEA**, revenue decreased by 18%,mainly due to lower sales volumes in industrial water treatment, including mining. Sales prices in water treatment were rather stable. In **the Americas**, revenue increased by 8%. Revenue in local currencies, excluding acquisitions and divestments, increased by 14%, due to higher sales volumes in Oil & Gas. Sales prices were rather stable. In water treatment, sales prices increased while sales volumes declined. In the Oil & Gas business, revenue growth was driven by higher sales volumes, while sales prices decreased. In **APAC**, revenue decreased by 26%, albeit from a low base.

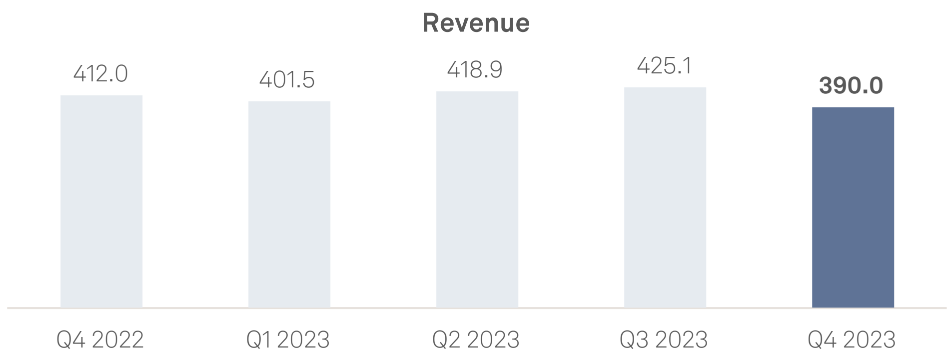
Operative EBITDA increased by 14%, following successful variable cost management. The operative EBITDA margin increased to 19.3%, following strong improvement in water treatment. The operative EBITDA margin in the Oil & Gas business declined sequentially. **EBITDA** decreased by 135%, and the difference to operative EBITDA is explained by items affecting comparability, which were mainly related to the expected loss of EUR 97 million from the divestment of the Oil & Gas business, including transaction fees.

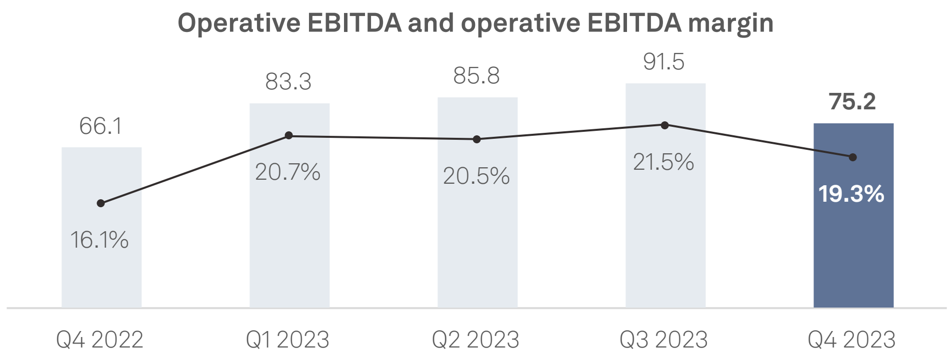
JANUARY-DECEMBER:

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.

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, which will be published on February 16, 2024.

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.

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 expectations and beliefs contained in the statements.

Financial reporting schedule 2024

Annual Report 2023	February 16, 2024
Interim report January-March 2024	April 26, 2024
Half-year financial report January-June 2024	July 17, 2024
Interim report January-September 2024	October 25, 2024

The Annual General Meeting is scheduled for Wednesday, March 20, 2024.

Webcast and conference call for analysts, investors and media

Kemira will arrange a webcast for analysts, investors and the media on Friday, February 9, 2023, starting at 10.30 am EET (8.30 am UK time). During the webcast, Kemira's Interim President & CEO, CFO Petri Castrén, will present the results. The webcast will be held in English and can be followed at **kemira.com/investors**. The presentation material and a recording of the webcast will be available on the above-mentioned company website.

You can attend the Q&A session via conference call. You can access the teleconference by registering on the following link: **http://palvelu.flik.fi/teleconference/?id=10010849**
After registration you will be provided with phone numbers and a conference ID to access the conference. If you wish to ask a question please dial *5 on your telephone keypad to enter the queue.

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Consolidated income statement

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Revenue	808.8	968.2	3,383.7	3,569.6
Other operating income	2.3	9.0	8.6	18.2
Operating expenses	-760.2	-792.7	-2,852.3	-3,029.3
Share of profit or loss of associates	0.4	0.3	0.1	0.3
EBITDA	51.3	184.8	540.0	558.8
Depreciation, amortization and impairments	-50.1	-53.0	-203.6	-211.2
Operating profit (EBIT)	1.3	131.8	336.4	347.6
Finance costs, net	-11.6	-15.3	-44.4	-39.4
Profit before taxes	-10.3	116.5	292.0	308.2
Income taxes	-16.7	-26.3	-80.7	-68.5
Net profit for the period	-27.1	90.3	211.3	239.7
Net profit attributable to				
Equity owners of the parent company	-30.2	88.2	199.1	231.7
Non-controlling interests	3.1	2.1	12.2	8.0
Net profit for the period	-27.1	90.3	211.3	239.7
Earnings per share, basic, EUR	-0.20	0.58	1.30	1.51
Earnings per share, diluted, EUR	-0.20	0.57	1.28	1.50

Consolidated statement of comprehensive income

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net profit for the period	-27.1	90.3	211.3	239.7
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	-17.0	-46.3	-16.9	17.5
Cash flow hedges	6.9	-44.4	-54.1	39.2
Items that will not be reclassified subsequently to profit or loss				
Other shares	23.4	-14.3	-61.3	98.6
Remeasurements of defined benefit plans	18.9	31.8	18.9	31.8
Other comprehensive income for the period, net of tax	32.1	-73.2	-113.4	187.1
Total comprehensive income for the period	5.0	17.0	97.9	426.7
Total comprehensive income attributable to				
Equity owners of the parent company	1.2	14.6	84.9	418.9
Non-controlling interests	3.8	2.4	13.0	7.8
Total comprehensive income for the period	5.0	17.0	97.9	426.7

Consolidated balance sheet

EUR million	12/31/2023	12/31/2022
ASSETS		
Non-current assets		
Goodwill	480.9	510.5
Other intangible assets	51.1	61.2
Property, plant and equipment	939.6	1,080.2
Right-of-use assets	123.0	146.0
Investments in associates	4.8	5.1
Other shares	305.4	383.3
Deferred tax assets	31.8	27.1
Other financial assets	7.9	31.0
Receivables of defined benefit plans	106.3	78.4
Total non-current assets	2,050.9	2,322.8
Current assets		
Inventories	281.8	433.7
Interest-bearing receivables	0.3	0.3
Trade receivables and other receivables	468.2	603.7
Current income tax assets	29.9	18.7
Cash and cash equivalents	402.5	250.6
Total current assets	1,182.7	1,307.0
Assets classified as held-for-sale	255.6	21.3
Total assets	3,489.3	3,651.1

EUR million	12/31/2023	12/31/2022
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity owners of the parent company	1,664.8	1,669.9
Non-controlling interests	19.4	14.7
Total equity	1,684.2	1,684.6
Non-current liabilities		
Interest-bearing liabilities	615.7	838.1
Other financial liabilities	10.8	9.4
Deferred tax liabilities	81.3	118.2
Liabilities of defined benefit plans	69.8	66.9
Provisions	37.8	38.4
Total non-current liabilities	815.4	1,070.9
Current liabilities		
Interest-bearing liabilities	322.1	183.7
Trade payables and other liabilities	489.4	635.2
Current income tax liabilities	56.6	57.2
Provisions	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	104.8	0.7
Total equity and liabilities	3,489.3	3,651.1

Consolidated cash flow statement

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Cash flow from operating activities				
Net profit for the period	-27.1	90.3	211.3	239.7
Total adjustments	177.9	95.0	429.4	348.1
Cash flow before change in net working capital	150.8	185.3	640.7	587.8
Change in net working capital	2.7	80.2	14.9	-101.8
Cash generated from operations before financing items and taxes	153.5	265.5	655.6	486.0
Finance expenses, net and dividends received	-4.2	-2.9	-18.8	-52.2
Income taxes paid	-16.1	-7.7	-90.8	-33.5
Net cash generated from operating activities	133.3	254.9	546.0	400.3
Cash flow from investing activities				
Purchases of subsidiaries and business acquisitions, net of cash acquired	—	—	-1.9	—
Other capital expenditure	-72.7	-89.8	-204.9	-197.9
Proceeds from sale of assets and capital repayments	—	14.7	9.7	19.1
Decrease (+) / increase (-) in loan receivables	0.0	0.2	0.4	0.8
Net cash used in investing activities	-72.7	-74.9	-196.7	-178.0

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Cash flow from financing activities				
Proceeds from non-current interest-bearing liabilities	—	180.0	0.2	195.9
Repayments of non-current liabilities	—	-150.0	—	-202.8
Short-term financing, net increase (+) / decrease (-)	0.3	-74.3	-50.7	21.4
Repayments of lease liabilities	-10.2	-9.1	-37.3	-35.1
Dividends paid	-47.6	-44.5	-103.5	-95.9
Net cash used in financing activities	-57.4	-97.9	-191.3	-116.4
Net decrease (-) / increase (+) in cash and cash equivalents	3.1	82.1	158.0	105.9
Cash and cash equivalents at end of period	402.5	250.6	402.5	250.6
Exchange gains (+) / losses (-) on cash and cash equivalents	-3.7	-5.4	-6.1	2.3
Cash and cash equivalents at beginning of period	403.1	173.9	250.6	142.4
Net decrease (-) / increase (+) in cash and cash equivalents	3.1	82.1	158.0	105.9

Consolidated statement of changes in equity

EUR million	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total Equity
	Equity attributable to equity owners of the parent company									
Equity on January 1, 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 comprehensive income, net of tax	—	—	-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 [1)]	-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

1) On March 24, 2023, the Annual General Meeting approved a dividend of EUR 0.62 per share. The dividend was paid in two installments. The first installment of EUR 0.31 dividend per share was paid out on April 5, 2023. The second installment of EUR 0.31 dividend per share was paid out on November 2, 2023.

Kemira had in its possession 1,722,725 treasury shares on December 31, 2023. The average share price of treasury shares was EUR 6.73, and they represented 1.1% 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.

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

EUR million	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total Equity
	Equity attributable to equity owners of the parent company									
Equity on January 1, 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 comprehensive income, net of tax	—	—	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 [2)]	-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

2) On March 24, 2022, the Annual General Meeting approved a dividend of EUR 0.58 per share. The dividend was paid in two installments. The payment date of the dividend of EUR 0.29 for the first installment was April 7, 2022. The payment date of the dividend of EUR 0.29 for the second installment was November 3, 2022.

Group key figures

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

Kemira's alternative performance measures should not be viewed in isolation from the equivalent IFRS measures and alternative performance measures should 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 this report, as well as at www.kemira.com > Investors > Financial information.

	2023	2023	2023	2023	2022	2022	2022	2022	2023	2022
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3	1-12	1-12
Income statement and profitability										
Revenue, EUR million	808.8	828.7	840.1	906.0	968.2	971.9	861.4	768.1	3,383.7	3,569.6
Operative EBITDA, EUR million	162.7	160.3	151.0	192.6	177.0	152.5	122.1	120.0	666.7	571.6
Operative EBITDA, %	20.1	19.3	18.0	21.3	18.3	15.7	14.2	15.6	19.7	16.0
EBITDA, EUR million	51.3	157.2	147.4	184.1	184.8	137.3	123.2	113.5	540.0	558.8
EBITDA, %	6.3	19.0	17.5	20.3	19.1	14.1	14.3	14.8	16.0	15.7
Items affecting comparability in EBITDA, EUR million	-111.4	-3.1	-3.7	-8.5	7.8	-15.3	1.2	-6.5	-126.7	-12.8
Operative EBIT, EUR million	112.6	107.6	100.9	141.9	123.4	99.5	69.7	68.9	463.0	361.6
Operative EBIT, %	13.9	13.0	12.0	15.7	12.7	10.2	8.1	9.0	13.7	10.1
Operating profit (EBIT), EUR million	1.3	104.5	97.2	133.4	131.8	84.5	69.1	62.2	336.4	347.6
Operating profit (EBIT), %	0.2	12.6	11.6	14.7	13.6	8.7	8.0	8.1	9.9	9.7
Items affecting comparability in EBIT, EUR million	-111.4	-3.1	-3.7	-8.5	8.4	-15.0	-0.7	-6.7	-126.7	-14.0
Amortization and impairments of Intangible assets	-4.4	-5.0	-4.7	-4.8	-4.8	-5.0	-5.4	-5.8	-19.0	-21.0
Of which purchase price allocation (PPA) related	-1.4	-1.8	-1.8	-1.9	-1.8	-2.0	-2.4	-3.1	-6.9	-9.4
Depreciations and impairments of Property, plant and equipment	-36.1	-37.9	-35.7	-36.7	-38.8	-38.8	-39.4	-36.5	-146.5	-153.6
Depreciations of right-of-use assets	-9.5	-9.8	-9.7	-9.2	-9.5	-8.9	-9.3	-8.9	-38.1	-36.7
Return on investment (ROI), %	0.3	14.8	13.6	18.9	18.8	12.2	9.9	9.4	11.6	12.7
Capital employed, EUR million [1)]	2,155.5	2,188.9	2,221.5	2,244.5	2,238.0	2,194.9	2,113.6	2,045.4	2,155.5	2,238.0
Operative ROCE, %	21.5	21.6	21.0	19.4	16.2	13.0	11.8	11.7	21.5	16.2
ROCE, %	15.6	21.3	20.1	18.7	15.5	10.6	9.7	8.7	15.6	15.5

	2023 10-12	2023 7-9	2023 4-6	2023 1-3	2022 10-12	2022 7-9	2022 4-6	2022 1-3	2023 1-12	2022 1-12
Cash flow										
Net cash generated from operating activities, EUR million	133.3	173.1	142.9	96.7	254.9	114.8	41.6	-10.9	546.0	400.3
Capital expenditure, EUR million	72.7	54.4	48.8	31.0	89.8	43.5	38.5	26.1	206.8	197.9
Capital expenditure excl. acquisitions, EUR million	72.7	54.4	48.8	29.1	89.8	43.5	38.5	26.1	204.9	197.9
Capital expenditure excl. acquisitions / revenue, %	9.0	6.6	5.8	3.2	9.3	4.5	4.5	3.4	6.1	5.5
Cash flow after investing activities, EUR million	60.5	119.0	103.3	66.5	180.0	72.3	6.7	-36.6	349.3	222.3
Balance sheet and solvency										
Equity ratio, %	48.3	48.3	48.0	45.5	46.2	44.2	43.0	40.3	48.3	46.2
Gearing, %	31.8	33.8	40.7	45.4	45.8	54.5	61.3	68.2	31.8	45.8
Interest-bearing net liabilities, EUR million	535.2	566.5	665.5	708.2	771.2	906.4	959.0	899.8	535.2	771.2
Personnel										
Personnel at end of period	4,915	4,919	4,989	4,944	4,902	4,914	4,976	4,939	4,915	4,902
Personnel (average)	4,909	4,964	4,970	4,940	4,910	4,940	4,964	4,928	4,946	4,936
Key exchange rates at end of period										
USD	1.105	1.059	1.087	1.088	1.067	0.975	1.039	1.110	1.105	1.067
CAD	1.464	1.423	1.442	1.474	1.444	1.340	1.343	1.390	1.464	1.444
SEK	11.096	11.533	11.806	11.281	11.122	10.899	10.730	10.337	11.096	11.122
CNY	7.851	7.735	7.898	7.476	7.358	6.937	6.962	7.040	7.851	7.358
BRL	5.362	5.307	5.279	5.516	5.639	5.258	5.423	5.301	5.362	5.639
Per share figures, EUR										
Earnings per share (EPS), basic [2)]	-0.20	0.47	0.42	0.61	0.58	0.38	0.29	0.26	1.30	1.51
Earnings per share (EPS), diluted [2)]	-0.20	0.46	0.42	0.60	0.57	0.38	0.29	0.26	1.28	1.50
Net cash generated from operating activities per share [2)]	0.87	1.13	0.93	0.63	1.66	0.75	0.27	-0.07	3.56	2.61
Equity per share [2)]	10.84	10.81	10.51	10.05	10.89	10.77	10.09	8.50	10.84	10.89
Number of shares (1,000,000)										
Average number of shares, basic [2)]	153.6	153.6	153.6	153.4	153.4	153.4	153.4	153.2	153.6	153.3
Average number of shares, diluted [2)]	155.1	155.1	155.1	155.0	154.6	154.3	154.1	154.0	155.1	154.3
Number of shares at end of period, basic [2)]	153.6	153.6	153.6	153.6	153.4	153.4	153.4	153.3	153.6	153.4
Number of shares at end of period, diluted [2)]	155.3	155.0	155.1	155.1	154.9	154.5	154.2	154.0	155.3	154.9

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

Definitions of key figures

KEY FIGURES		DEFINITION OF KEY FIGURES
Operative EBITDA	=	Operating profit (EBIT) + depreciation and amortization + impairments +/- items affecting comparability
Items affecting comparability [1]	=	Restructuring and streamlining programs + transaction and integration expenses in acquisitions + divestment of businesses and other disposals + other items
Operative EBIT	=	Operating profit (EBIT) +/- items affecting comparability
Return on investment (ROI), %	=	(Profit before taxes + interest expenses + other financial expenses) x 100 / Total assets - non-interest-bearing liabilities [2]
Operative return on capital employed (Operative ROCE), %	=	Operative EBIT x 100 [3] / Capital employed [4]
Return on capital employed (ROCE), %	=	EBIT x 100 [3] / Capital employed [4]
Capital employed	=	Property, plant and equipment + right-of-use assets + intangible assets + net working capital + investments in associates
Net working capital	=	Inventories + trade receivables + other receivables, excluding derivatives, accrued interest income and other financing items - trade payables - other liabilities, excluding derivatives, accrued interest expenses and other financing items

KEY FIGURES		DEFINITION OF KEY FIGURES
Cash flow after investing activities	=	Net cash generated from operating activities + net cash used in investing activities
Equity ratio, %	=	Total equity x 100 / Total assets - prepayments received
Gearing, %	=	Interest-bearing net liabilities x 100 / Total equity
Interest-bearing net liabilities	=	Interest-bearing liabilities - cash and cash equivalents
Earnings per share (EPS)	=	Net profit attributable to equity owners of the parent company / Average number of shares
Net cash generated from operating activities per share	=	Net cash generated from operating activities / Average number of shares
Equity per share	=	Equity attributable to equity owners of the parent company at end of period / Number of shares at end of period

1) Financial performance measures that are not defined by IFRS may include items of income and expenses that affect the comparability of the financial reporting of Kemira Group. Restructuring and streamlining programs, transaction and integration expenses in acquisitions, divestments of businesses, and other disposals are considered to be the most common items affecting comparability.
2) Average
3) Operating profit (EBIT) taken into account for a rolling 12-month period ending at the end of the review period.
4) 12-month rolling average

Reconciliation to IFRS figures

EUR million	2023 10-12	2023 7-9	2023 4-6	2023 1-3	2022 10-12	2022 7-9	2022 4-6	2022 1-3	2023 1-12	2022 1-12
ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT										
Operative EBITDA	162.7	160.3	151.0	192.6	177.0	152.5	122.1	120.0	666.7	571.6
Restructuring and streamlining programs	0.1	0.0	-1.0	0.0	-1.6	0.1	0.1	-3.1	-0.9	-4.5
Transaction and integration expenses in acquisition	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.2	0.0
Divestment of businesses and other disposals	-111.3	-3.1	-2.6	-8.9	8.9	-15.6	2.0	0.0	-125.9	-4.6
Other items	0.0	0.0	0.0	0.4	0.5	0.3	-0.9	-3.5	0.4	-3.6
Total items affecting comparability	-111.4	-3.1	-3.7	-8.5	7.8	-15.3	1.2	-6.5	-126.7	-12.8
EBITDA	51.3	157.2	147.4	184.1	184.8	137.3	123.2	113.5	540.0	558.8
Operative EBIT	112.6	107.6	100.9	141.9	123.4	99.5	69.7	68.9	463.0	361.6
Total items affecting comparability in EBITDA	-111.4	-3.1	-3.7	-8.5	7.8	-15.3	1.2	-6.5	-126.7	-12.8
Items affecting comparability in depreciation, amortization and impairments	0.0	0.0	0.0	0.0	0.6	0.3	-1.9	-0.1	0.0	-1.2
Operating profit (EBIT)	1.3	104.5	97.2	133.4	131.8	84.5	69.1	62.2	336.4	347.6
ROCE AND OPERATIVE ROCE										
Operative EBIT	112.6	107.6	100.9	141.9	123.4	99.5	69.7	68.9	463.0	361.6
Operating profit (EBIT)	1.3	104.5	97.2	133.4	131.8	84.5	69.1	62.2	336.4	347.6
Capital employed [1)]	2,155.5	2,188.9	2,221.5	2,244.5	2,238.0	2,194.9	2,113.6	2,045.4	2,155.5	2,238.0
Operative ROCE, %	21.5	21.6	21.0	19.4	16.2	13.0	11.8	11.7	21.5	16.2
ROCE, %	15.6	21.3	20.1	18.7	15.5	10.6	9.7	8.7	15.6	15.5
NET WORKING CAPITAL										
Inventories	281.8	347.5	383.9	421.5	433.7	474.1	490.6	408.0	281.8	433.7
Trade receivables and other receivables	468.2	496.8	494.4	517.6	603.7	701.4	620.4	530.5	468.2	603.7
Excluding financing items in other receivables	-18.6	-10.0	-21.9	-23.7	-71.1	-105.9	-78.6	-30.4	-18.6	-71.1
Trade payables and other liabilities	489.4	569.4	552.6	633.2	635.2	684.8	647.5	624.5	489.4	635.2
Excluding dividend liability and financing items in other liabilities	-37.0	-83.1	-78.2	-127.7	-31.4	-82.1	-82.7	-123.1	-37.0	-31.4
Net working capital	278.9	347.9	382.0	409.9	362.4	466.9	467.6	406.7	278.9	362.4

EUR million	2023 10-12	2023 7-9	2023 4-6	2023 1-3	2022 10-12	2022 7-9	2022 4-6	2022 1-3	2023 1-12	2022 1-12
INTEREST-BEARING NET LIABILITIES										
Non-current interest-bearing liabilities	615.7	641.8	639.6	832.6	838.1	814.3	811.2	795.5	615.7	838.1
Current interest-bearing liabilities	322.1	327.8	325.5	148.8	183.7	266.1	295.1	258.8	322.1	183.7
Interest-bearing liabilities	937.8	969.6	965.1	981.4	1,021.8	1,080.4	1,106.3	1,054.4	937.8	1,021.8
Cash and cash equivalents	402.5	403.1	299.5	273.2	250.6	173.9	147.3	154.5	402.5	250.6
Interest-bearing net liabilities	535.2	566.5	665.5	708.2	771.2	906.4	959.0	899.8	535.2	771.2

1) 12-month rolling average

Notes of Financial Statements Bulletin 2023

1. Quarterly segment information

EUR million	2023 10-12	2023 7-9	2023 4-6	2023 1-3	2022 10-12	2022 7-9	2022 4-6	2022 1-3	2023 1-12	2022 1-12
Revenue										
Pulp & Paper	418.8	403.6	421.2	504.6	556.2	537.3	487.6	446.5	1,748.2	2,027.7
Industry & Water	390.0	425.1	418.9	401.5	412.0	434.6	373.8	321.5	1,635.5	1,541.9
Total	808.8	828.7	840.1	906.0	968.2	971.9	861.4	768.1	3,383.7	3,569.6
Operative EBITDA										
Pulp & Paper	87.5	68.9	65.2	109.4	110.9	92.3	73.6	71.3	330.9	348.0
Industry & Water	75.2	91.5	85.8	83.3	66.1	60.3	48.5	48.8	335.8	223.7
Total	162.7	160.3	151.0	192.6	177.0	152.5	122.1	120.0	666.7	571.6
Items affecting comparability in EBITDA										
Pulp & Paper	-13.0	-0.1	-1.3	-8.5	7.2	-15.1	1.3	-4.8	-22.9	-11.4
Industry & Water	-98.4	-3.0	-2.4	0.0	0.6	-0.2	-0.1	-1.7	-103.7	-1.4
Total	-111.4	-3.1	-3.7	-8.5	7.8	-15.3	1.2	-6.5	-126.7	-12.8
EBITDA										
Pulp & Paper	74.5	68.7	63.9	100.9	118.1	77.2	74.9	66.4	308.0	336.6
Industry & Water	-23.2	88.5	83.5	83.3	66.7	60.1	48.4	47.1	232.0	222.2
Total	51.3	157.2	147.4	184.1	184.8	137.3	123.2	113.5	540.0	558.8
Operative EBIT										
Pulp & Paper	58.6	39.8	37.6	80.4	80.3	61.8	42.8	40.7	216.3	225.7
Industry & Water	54.1	67.8	63.3	61.5	43.1	37.7	26.9	28.2	246.7	135.9
Total	112.6	107.6	100.9	141.9	123.4	99.5	69.7	68.9	463.0	361.6

EUR million	2023 10-12	2023 7-9	2023 4-6	2023 1-3	2022 10-12	2022 7-9	2022 4-6	2022 1-3	2023 1-12	2022 1-12
Items affecting comparability in EBIT										
Pulp & Paper	-13.0	-0.1	-1.3	-8.5	7.8	-14.9	-0.6	-4.9	-22.9	-12.6
Industry & Water	-98.4	-3.0	-2.4	0.0	0.6	-0.2	-0.1	-1.7	-103.7	-1.4
Total	-111.4	-3.1	-3.7	-8.5	8.4	-15.0	-0.7	-6.7	-126.7	-14.0
Operating profit (EBIT)										
Pulp & Paper	45.5	39.7	36.3	71.9	88.1	47.0	42.3	35.7	193.4	213.1
Industry & Water	-44.3	64.8	61.0	61.5	43.7	37.5	26.8	26.5	143.0	134.5
Total	1.3	104.5	97.2	133.4	131.8	84.5	69.1	62.2	336.4	347.6

2. Changes in property, plant, and equipment

EUR million	1-12/2023	1-12/2022
Net book value at beginning of period	1,080.2	1,063.0
Purchases of subsidiaries and asset acquisitions	—	—
Increases	194.0	180.3
Decreases	-0.1	-11.5
Depreciation and impairments	-146.5	-153.6
Transferred to assets classified as held-for-sale	-172.5	-4.8
Exchange rate differences and other changes	-15.4	6.7
Net book value at end of period	939.6	1,080.2

3. Changes in goodwill and other intangible assets

EUR million	1-12/2023	1-12/2022
Net book value at beginning of period	571.7	580.7
Purchases of subsidiaries and asset acquisitions	3.5	—
Increases	10.9	17.6
Decreases	-0.3	—
Amortization and impairments	-19.0	-21.0
Transferred to assets classified as held-for-sale	-28.2	-13.0
Exchange rate differences and other changes	-6.6	7.5
Net book value at end of period	532.1	571.7

4. Changes in right-of-use assets

EUR million	1-12/2023	1-12/2022
Net book value at beginning of period	146.0	135.8
Increases	37.1	45.6
Depreciation and impairments	-38.1	-36.7
Transferred to assets classified as held-for-sale	-17.8	-0.4
Exchange rate differences and other changes	-4.2	1.7
Net book value at end of period	123.0	146.0

5. Derivative instruments

EUR million	12/31/2023		12/31/2022	
Currency derivatives	**Nominal value**	**Fair value**	Nominal value	Fair value
Forward contracts	789.6	4.2	619.9	11.3
of which cash flow hedge	265.8	4.7	71.6	0.3
Commodity derivatives	**GWh**	**Fair value**	GWh	Fair value
Commodity forward contracts [1]	637.8	7.7	1,129.3	79.8
of which cash flow hedge	637.8	7.7	1,129.3	79.8

1) Consists mostly of electricity derivative contracts

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

6. Fair value of financial assets

EUR million	12/31/2023				12/31/2022			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Non-current assets								
Other shares	—	—	305.4	305.4	—	—	383.3	383.3
Other investments	—	6.3	—	6.3	—	6.6	—	6.6
Commodity derivatives, hedge accounting	—	1.6	—	1.6	—	24.4	—	24.4
Current assets								
Currency derivatives	—	3.6	—	3.6	—	13.3	—	13.3
Currency derivatives, hedge accounting	—	4.8	—	4.8	—	1.7	—	1.7
Commodity derivatives, hedge accounting	—	9.5	—	9.5	—	55.6	—	55.6
Other receivables	—	0.3	—	0.3	—	0.3	—	0.3
Trade receivables	—	386.2	—	386.2	—	449.6	—	449.6
Cash and cash equivalents	—	402.5	—	402.5	—	250.6	—	250.6
Assets classified as held-for-sale [1]	—	57.1	—	57.1	—	—	—	—
Total	—	871.9	305.4	1,177.3	—	802.2	383.3	1,185.5

1) For more details see Note 9 Assets classified as held-for-sale

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

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

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

Level 3 specification on assets:

EUR million	12/31/2023	12/31/2022
Carrying value at beginning of period	383.3	260.0
Effect on other comprehensive income	-76.7	123.2
Decreases	-0.3	—
Reclassifications	-1.0	—
Carrying value at end of period	305.4	383.3

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.The shares have been recognized at fair value according to the valuation method described in Note 3.5 Other Shares in Annual Financial Statement 2022.

7. Fair value of financial liabilities

EUR million	12/31/2023				12/31/2022			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Non-current liabilities								
Interest-bearing liabilities	—	519.3	—	519.3	—	708.0	—	708.0
Current portion of interest-bearing liabilities	—	200.2	—	200.2	—	—	—	—
Other liabilities	—	8.7	—	8.7	—	9.3	—	9.3
Current portion of other liabilities	—	6.3	—	6.3	—	6.8	—	6.8
Lease liabilities	—	93.9	—	93.9	—	118.0	—	118.0
Current portion of lease liabilities	—	27.6	—	27.6	—	30.9	—	30.9
Commodity derivatives, hedge accounting	—	2.1	—	2.1	—	0.0	—	0.0
Current liabilities								
Interest-bearing loans	—	88.7	—	88.7	—	146.1	—	146.1
Other liabilities	—	26.2	—	26.2	—	45.5	—	45.5
Currency derivatives	—	4.1	—	4.1	—	2.3	—	2.3
Currency derivatives, hedge accounting	—	0.1	—	0.1	—	1.4	—	1.4
Commodity derivatives, hedge accounting	—	1.4	—	1.4	—	0.2	—	0.2
Trade payables	—	226.7	—	226.7	—	292.8	—	292.8
Liabilities classified as held-for-sale [1)]	—	45.6	—	45.6	—	0.4	—	0.4
Total	—	1,250.9	—	1,250.9	—	1,361.5	—	1,361.5

1) For more details see Note 9 Assets classified as held-for-sale

8. 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. The 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.

9. Assets 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	12/31/2023	12/31/2022
Goodwill	0.0	—
Intangible assets	1.6	—
Property, plant and equipment	109.5	—
Right-of-use assets	17.8	—
Deferred tax assets	19.2	—
Inventories	48.3	—
Trade receivables and other receivables	57.0	—
Cash and cash equivalents	2.2	—
Total	255.6	—

Liabilities directly associated with the assets classified as held for sale

EUR million	12/31/2023	12/31/2022
Liabilities related to right-of-use assets	24.1	—
Deferred tax liabilities	32.1	—
Trade payables and other liabilities	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 saleat fair value

EUR million	12/31/2023	12/31/2022
Goodwill	—	0.0
Intangible assets	—	1.8
Property, plant and equipment	—	4.8
Right-of-use assets	—	0.4
Inventories	—	14.3
Total	—	21.3

Liabilities directly associated with the assets classified as held for sale

EUR million	12/31/2023	12/31/2022
Liabilities of defined benefit plans	—	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.

10. Contingent liabilities

EUR million	12/31/2023	12/31/2022
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	—	16.3

The most significant off-balance sheet investments commitments

Major amounts of contractual investment commitments for the acquisition of property, plant, and equipment on December 31, 2023 were about EUR 6 million 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 47 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.

11. Related party

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

12. The basis of preparation and accounting policies

This financial statements bulletin has been prepared in accordance with the IAS 34 Interim Financial Reporting standard and using the same accounting policies as in the annual financial statements for 2022. The financial statements bulletin should be read in conjunction with the annual financial statements for 2022.

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

Critical accounting estimates and judgments

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

Effects of the Ukraine war on the interim report

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.

13. 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.