

**Kemira**



**January-June  
Half-year  
Financial Report  
2020**

## GOOD OVERALL PERFORMANCE, OUTLOOK FOR H2 2020 PROVIDED

### Second quarter: Strong profitability, demand impacted by COVID-19 related economic slowdown

- Revenue decreased by 12% to EUR 582.9 million (663.6) due to lower sales volumes. Revenue in local currencies, excluding acquisitions and divestments, decreased by 12%.
- Operative EBITDA was stable at EUR 105.7 million (106.1) following favorable development of variable costs and good fixed cost management. The operative EBITDA margin increased to 18.1% (16.0%). EBITDA increased by 2% to EUR 103.8 million (102.1).
- Operative EBIT decreased by 4% to EUR 57.6 million (60.3). EBIT decreased by 1% to EUR 55.7 million (56.3). The differences between operative and reported figures are explained by items affecting comparability.
- Cash flow from operating activities remained strong at EUR 60.8 million (57.2).
- EPS, diluted, was EUR 0.22 (0.22).

### January-June: Good performance despite the economic slowdown

- Revenue decreased by 7% to EUR 1,224.9 million (1,311.4) due to lower sales volumes. Revenue in local currencies, excluding acquisitions and divestments, decreased by 7%.
- Operative EBITDA increased by 6% to EUR 214.2 million (201.8) due to favorable development of variable costs. The operative EBITDA margin increased to 17.5% (15.4%). EBITDA increased by 9% to EUR 212.2 million (194.6).
- Operative EBIT increased by 7% to EUR 118.4 million (110.4). EBIT increased by 13% to EUR 116.4 million (103.3). The differences between operative and reported figures are explained by items affecting comparability.
- Cash flow from operating activities was good at EUR 111.0 million (122.4).
- EPS, diluted, increased by 16% to EUR 0.47 (0.40), mainly due to higher EBITDA.

### Outlook for July–December 2020

Kemira expects its operative EBITDA in H2 2020 to be lower than in H1 2020 (H1 2020: EUR 214 million).

### Assumptions behind Kemira's outlook for July–December 2020:

Overall demand in Kemira's end markets in H2 2020 is expected to be approximately at the same level as in Q2 2020. Demand in Pulp & Paper is expected to remain approximately at the Q2 2020 level, with printing and writing demand to remain weak. Also in Industry & Water, demand is expected to remain approximately at the Q2 2020 level. The shale market is not anticipated to recover in 2020. Kemira's outlook for H2 2020 assumes no significant disruptions to Kemira's manufacturing operations or supply chain.

### Previous outlook

On April 27 2020, Kemira withdrew its outlook for 2020 due to the uncertainty following the COVID-19 pandemic and the oil price drop.

### Kemira's President and CEO Jari Rosendal:

"The second quarter of 2020 was impacted by the evolution of the COVID-19 pandemic and the related economic slowdown. Despite the unprecedented situation, there were no significant disruptions to Kemira's operations. All our manufacturing facilities and supply chain continued to operate with strict safety precautions in place. The economic slowdown related to COVID-19 impacted our sales volumes. The biggest negative impact was visible in our Oil & Gas business, particularly in shale, and overall revenue in Oil & Gas declined by 65%. As a result, group revenue declined by 12% to EUR 582.9 million (Q2 2019: EUR 663.6 million). Profitability, however, remained strong. Our operative EBITDA remained stable at EUR

105.7 million (EUR 106.1 million) thanks to lower variable costs and good management of fixed costs. Our operative EBITDA margin improved from 16.0% to 18.1%.

**In Pulp & Paper**, the operative EBITDA margin improved to 18.4% in Q2 2020 (14.4%). Customer demand remained fairly resilient during the second quarter, apart from printing and writing demand, which was impacted by the economic slowdown. The ramp-up of our AKD wax facility in China has been successful, and it continued to have a positive contribution to our operative EBITDA during the quarter. In May, we announced a long-term extension to our contract with UPM-Kymmene in Uruguay. The agreement will result in an expansion of bleaching chemical capacity at our Fray Bentos site to serve UPM-Kymmene's existing pulp mill as well as their new pulp mill in Uruguay. We are very pleased with this extension, as it will support our long-term growth in bleaching, one of our strategic focus areas.

**In Industry & Water**, the operative EBITDA margin was at a good level of 17.7% in Q2 2020 (18.1%). We saw relatively stable demand in municipal water treatment. Volumes in industrial water treatment declined following the economic slowdown. Demand in shale was very weak during the quarter due to a significant reduction in shale market activity. The polymer facility expansion in the Netherlands continued to contribute positively to our operative EBITDA during the quarter.

Looking ahead, we have provided an outlook for H2 2020. We still see uncertainty related to the development of the COVID-19 pandemic, and our outlook for the second half of 2020 is based on the assumption that our operations will run without significant disruptions. Overall demand in Kemira's end markets in H2 2020 is expected to be approximately at the same level as in Q2 2020 in both segments. In Pulp & Paper, printing and writing demand is expected to remain weak. In Industry & Water, we do not anticipate shale demand to recover in 2020. As a result, we expect the operative EBITDA in H2 2020 to be lower than in H1 2020 (EUR 214 million).

Finally, I would like to thank our employees, suppliers, customers and other stakeholders for their commitment, trust and excellent collaboration during these uncertain times. Our employees have shown that we are able to operate – even under very exceptional circumstances – to ensure our own and our customers' business continuity. I am very proud of this achievement and the whole Kemira team."

**KEY FIGURES AND RATIOS**

| EUR million                           | Apr-Jun<br>2020 | Apr-Jun<br>2019 | Jan-Jun<br>2020 | Jan-Jun<br>2019 | Jan-Dec<br>2019 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue                               | <b>582.9</b>    | 663.6           | <b>1,224.9</b>  | 1,311.4         | 2,658.8         |
| Operative EBITDA                      | <b>105.7</b>    | 106.1           | <b>214.2</b>    | 201.8           | 410.0           |
| Operative EBITDA, %                   | <b>18.1</b>     | 16.0            | <b>17.5</b>     | 15.4            | 15.4            |
| EBITDA                                | <b>103.8</b>    | 102.1           | <b>212.2</b>    | 194.6           | 382.3           |
| EBITDA, %                             | <b>17.8</b>     | 15.4            | <b>17.3</b>     | 14.8            | 14.4            |
| Operative EBIT                        | <b>57.6</b>     | 60.3            | <b>118.4</b>    | 110.4           | 224.0           |
| Operative EBIT, %                     | <b>9.9</b>      | 9.1             | <b>9.7</b>      | 8.4             | 8.4             |
| EBIT                                  | <b>55.7</b>     | 56.3            | <b>116.4</b>    | 103.3           | 194.4           |
| EBIT, %                               | <b>9.6</b>      | 8.5             | <b>9.5</b>      | 7.9             | 7.3             |
| Net profit for the period             | <b>35.5</b>     | 35.2            | <b>75.1</b>     | 64.6            | 116.5           |
| Earnings per share, diluted, EUR      | <b>0.22</b>     | 0.22            | <b>0.47</b>     | 0.40            | 0.72            |
| Capital employed*                     | <b>1,993.5</b>  | 1,901.0         | <b>1,993.5</b>  | 1,901.0         | 1,998.2         |
| Operative ROCE*, %                    | <b>11.6</b>     | 10.8            | <b>11.6</b>     | 10.8            | 11.2            |
| ROCE*, %                              | <b>10.4</b>     | 9.5             | <b>10.4</b>     | 9.5             | 9.7             |
| Cash flow from operating activities   | <b>60.8</b>     | 57.2            | <b>111.0</b>    | 122.4           | 386.2           |
| Capital expenditure excl. acquisition | <b>44.1</b>     | 39.9            | <b>80.2</b>     | 68.2            | 201.1           |
| Capital expenditure                   | <b>44.1</b>     | 41.5            | <b>82.8</b>     | 69.9            | 204.1           |
| Cash flow after investing activities  | <b>16.6</b>     | 16.9            | <b>28.1</b>     | 56.7            | 189.8           |
| Equity ratio, % at period-end         | <b>43</b>       | 41              | <b>43</b>       | 41              | 43              |
| Equity per share, EUR                 | <b>7.80</b>     | 7.58            | <b>7.80</b>     | 7.58            | 7.98            |
| Gearing, % at period-end              | <b>70</b>       | 79              | <b>70</b>       | 79              | 66              |

\*12-month rolling average

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

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

## FINANCIAL PERFORMANCE IN Q2 2020

**Revenue** decreased by 12% as volumes declined due to the COVID-19 related economic slowdown. Revenue in local currencies, excluding acquisitions and divestments, decreased by 12%.

| Revenue          | Apr-Jun 2020<br>EUR million | Apr-Jun 2019<br>EUR million | Δ%         | Organic<br>growth*, % | Currency<br>impact, % | Acq. & div.<br>impact, % |
|------------------|-----------------------------|-----------------------------|------------|-----------------------|-----------------------|--------------------------|
| Pulp & Paper     | 357.0                       | 373.4                       | -4         | -4                    | -1                    | 0                        |
| Industry & Water | 225.9                       | 290.2                       | -22        | -22                   | 0                     | 0                        |
| <b>Total</b>     | <b>582.9</b>                | <b>663.6</b>                | <b>-12</b> | <b>-12</b>            | <b>-1</b>             | <b>0</b>                 |

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

**Operative EBITDA** remained stable despite lower volumes. This was due to favorable variable cost development, including lower raw material costs and efficiencies arising from our new investments, as well as good fixed cost management. Both the AKD wax investment in China and polymer expansion investment in the Netherlands continued to contribute positively.

| Variance analysis, EUR million | Apr-Jun      |
|--------------------------------|--------------|
| <b>Operative EBITDA, 2019</b>  | <b>106.1</b> |
| Sales volumes                  | -25.0        |
| Sales prices                   | -4.0         |
| Variable costs                 | +20.0        |
| Fixed costs                    | +11.0        |
| Currency exchange              | -1.0         |
| Others                         | -1.5         |
| <b>Operative EBITDA, 2020</b>  | <b>105.7</b> |

| Operative EBITDA | Apr-Jun 2020<br>EUR million | Apr-Jun 2019<br>EUR million | Δ%       | Apr-Jun 2020<br>%-margin | Apr-Jun 2019<br>%-margin |
|------------------|-----------------------------|-----------------------------|----------|--------------------------|--------------------------|
| Pulp & Paper     | 65.6                        | 53.7                        | +22      | 18.4                     | 14.4                     |
| Industry & Water | 40.0                        | 52.4                        | -24      | 17.7                     | 18.1                     |
| <b>Total</b>     | <b>105.7</b>                | <b>106.1</b>                | <b>0</b> | <b>18.1</b>              | <b>16.0</b>              |

**EBITDA** increased by 2%. The difference between it and operative EBITDA is explained by items affecting comparability, which in Q2 2020 consisted of restructuring expenses in Oil & Gas business. Also the comparison period consisted of organizational restructuring costs.

| Items affecting comparability, EUR million               | Apr-Jun 2020 | Apr-Jun 2019 |
|--|--------------|--------------|
| <b>Within EBITDA</b>                                     | <b>-1.9</b>  | <b>-4.0</b>  |
| Pulp & Paper   | 0.0          | -2.7         |
| Industry & Water   | -1.9         | -1.3         |
| <b>Within depreciation, amortization and impairments</b> | <b>0.0</b>   | <b>0.0</b>   |
| Pulp & Paper   | 0.0          | 0.0          |
| Industry & Water   | 0.0          | 0.0          |
| <b>Total items affecting comparability in EBIT</b>       | <b>-1.9</b>  | <b>-4.0</b>  |

**Depreciation, amortization and impairments** were EUR 48.1 million (45.9), including EUR 3.8 million (4.7) amortization of the purchase price allocation.

**Operative EBIT** decreased by 4% as depreciation was higher compared to last year. **EBIT** decreased by 1%, and the difference between the two is explained by items affecting comparability.

**Net finance costs** totaled EUR -9.0 million (-10.0). **Income taxes** were EUR -11.2 million (-11.1), with the reported tax rate being 24% (24%). **Net profit for the period** increased by 1%.

## FINANCIAL PERFORMANCE IN JANUARY-JUNE 2020

**Revenue** decreased by 7%, as volumes were impacted by the COVID-19 related economic slowdown. Revenue in local currencies, excluding acquisitions and divestments, decreased by 7%.

| Revenue          | Jan-Jun 2020<br>EUR million | Jan-Jun 2019<br>EUR million | Δ%        | Organic<br>growth*, % | Currency<br>impact, % | Acq. & div.<br>impact, % |
|------------------|-----------------------------|-----------------------------|-----------|-----------------------|-----------------------|--------------------------|
| Pulp & Paper     | 735.4                       | 754.1                       | -2        | -2                    | 0                     | 0                        |
| Industry & Water | 489.5                       | 557.2                       | -12       | -12                   | 0                     | 0                        |
| <b>Total</b>     | <b>1,224.9</b>              | <b>1,311.4</b>              | <b>-7</b> | <b>-7</b>             | <b>0</b>              | <b>0</b>                 |

\* Revenue in local currencies, excluding acquisitions and divestments

**Operative EBITDA** increased by 6%. This was mainly the result of lower variable costs, including lower raw material and electricity costs. Also efficiencies from our new investments in China and in the Netherlands contributed positively.

| Variance analysis, EUR million | Jan-Jun      |
|--------------------------------|--------------|
| <b>Operative EBITDA, 2019</b>  | <b>201.8</b> |
| Sales volumes                  | -26.9        |
| Sales prices                   | -4.1         |
| Variable costs                 | +44.7        |
| Fixed costs                    | +2.0         |
| Currency exchange              | -1.5         |
| Others                         | -1.9         |
| <b>Operative EBITDA, 2020</b>  | <b>214.2</b> |

| Operative EBITDA | Jan-Jun 2020<br>EUR million | Jan-Jun 2019<br>EUR million | Δ%        | Jan-Jun 2020<br>%-margin | Jan-Jun 2019<br>%-margin |
|------------------|-----------------------------|-----------------------------|-----------|--------------------------|--------------------------|
| Pulp & Paper     | 125.9                       | 104.4                       | +21       | 17.1                     | 13.8                     |
| Industry & Water | 88.3                        | 97.4                        | -9        | 18.0                     | 17.5                     |
| <b>Total</b>     | <b>214.2</b>                | <b>201.8</b>                | <b>+6</b> | <b>17.5</b>              | <b>15.4</b>              |

**EBITDA** increased by 9%. The difference between it and **operative EBITDA** is explained by items affecting comparability. **Items affecting comparability** consisted mainly of organizational restructuring costs in Oil & Gas business. Also the comparison period consisted of organizational restructuring costs.

| Items affecting comparability, EUR million               | Jan-Jun 2020 | Jan-Jun 2019 |
|--|--------------|--------------|
| <b>Within EBITDA</b>                                     | <b>-2.0</b>  | <b>-7.2</b>  |
| Pulp & Paper   | 0.0          | -4.5         |
| Industry & Water   | -2.0         | -2.6         |
| <b>Within depreciation, amortization and impairments</b> | <b>0.0</b>   | <b>0.0</b>   |
| Pulp & Paper   | 0.0          | 0.0          |
| Industry & Water   | 0.0          | 0.0          |
| <b>Total</b>   | <b>-2.0</b>  | <b>-7.2</b>  |

**Depreciation, amortization and impairments** increased to EUR 95.7 million (91.4), including the EUR 8.4 million (9.5) amortization of the purchase price allocation.

**Operative EBIT** increased by 7%. This was mainly the result of lower variable costs, including lower raw material and electricity costs. Also efficiencies from our new investments in China and in the Netherlands contributed positively. **EBIT** increased by 13%, and the difference between the two is explained by items affecting comparability.

**Finance costs, net** totaled EUR -17.8 million (-18.8). **Income taxes** were EUR -23.5 million (-19.9) as a result of higher EBIT, with the reported tax rate being 24% (24%).

**Net profit for the period** increased by 16%, mainly due to higher EBIT.



## FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in January-June 2020 decreased to EUR 111.0 million (122.4). Cash flow after investing activities decreased to EUR 28.1 million (56.7) following higher income taxes paid, higher capital expenditure and changes in net working capital. In the comparison period, EUR 15 million of excess capital was returned from Kemira's supplementary Pension Fund in Finland.

At the end of the period, interest-bearing liabilities totaled EUR 977 million (1,013) including lease liabilities of EUR 128 million (135). The average interest rate of the Group's interest-bearing loan portfolio, excluding leases, was 1.8% (1.9%), and the duration was 22 months (27). Fixed-rate loans accounted for 71% (78%) of net interest-bearing liabilities, including lease liabilities.

Short-term liabilities maturing in the next 12 months amounted to EUR 245 million. On June 30, 2020, cash and cash equivalents totaled EUR 134 million (92). The Group has a EUR 400 million undrawn committed credit facility, which was extended in April by one year to 2025 in accordance with the extension option of the loan agreement.

At the end of the period, Kemira Group's net debt was EUR 844 million (921), including lease liabilities. The equity ratio was 43% (41%), while gearing was 70% (79%).

## CAPITAL EXPENDITURE

In January-June 2020, capital expenditure, excluding acquisitions, increased by 18% to EUR 80.2 million (68.2). Capital expenditure can be broken down as follows: expansion capex 46% (50%), improvement capex 20% (22%), and maintenance capex 34% (28%).

## RESEARCH AND DEVELOPMENT

In January-June 2020, total research and development expenses were EUR 15.3 million (14.5), representing 1.2% (1.1%) of the Group's revenue.

## HUMAN RESOURCES

At the end of the period, Kemira Group had 5,106 employees (5,067). Kemira had 826 employees in Finland (858), 1,810 people elsewhere in EMEA (1,791), 1,531 in the Americas (1,543), and 939 in APAC (875). The growth in APAC is related to the new manufacturing site in China.

## CORPORATE SUSTAINABILITY



### Sustainable products and solutions

| KPI+Target  | Performance  | Comments |                      |                            |     |      |     |      |     |   |  |
|---|--|----------|----------------------|----------------------------|-----|------|-----|------|-----|---|--|
| <b>Product sustainability</b><br>Share of revenue from products used for use-phase resource efficiency. At least 50% of Kemira's revenue generated through products improving customers' resource efficiency. | <table border="1"> <tr> <th>Year</th> <th>Share of revenue (%)</th> </tr> <tr> <td>Baseline average 2016-2017</td> <td>49%</td> </tr> <tr> <td>2018</td> <td>51%</td> </tr> <tr> <td>2019</td> <td>53%</td> </tr> </table> | Year     | Share of revenue (%) | Baseline average 2016-2017 | 49% | 2018 | 51% | 2019 | 53% | Four new R&D projects were started in Q2 and two of them are planned to improve customer resource efficiency. As of June 30, seven R&D projects out of total 9 improve customer resource efficiency. In many projects material efficiency is supported by development of new products from bio-based raw materials. |  |
| Year  | Share of revenue (%)   |          |                      |                            |     |      |     |      |     |   |  |
| Baseline average 2016-2017  | 49%  |          |                      |                            |     |      |     |      |     |   |  |
| 2018  | 51%  |          |                      |                            |     |      |     |      |     |   |  |
| 2019  | 53%  |          |                      |                            |     |      |     |      |     |   |  |

### Responsible operations and supply chain



| KPI+Target  | Performance  | Comments             |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
|---|--|----------------------|--------------------|----------------------|---------------|------|------|-------------|-----|---|-------------|-------------|-----|---|--|
| <b>Workplace safety</b><br>Achieve zero injuries over the long term; TRIF* of 2.0 by end of 2020.   | <table border="1"> <tr> <th>Year</th> <th>TRIF</th> </tr> <tr> <td>2017</td> <td>3.9</td> </tr> <tr> <td>2018</td> <td>3.5</td> </tr> <tr> <td>2019</td> <td>2.1</td> </tr> <tr> <td>H1 2020</td> <td>2.0</td> </tr> <tr> <td>Target 2020</td> <td>2.0</td> </tr> </table>           | Year                 | TRIF               | 2017                 | 3.9           | 2018 | 3.5  | 2019        | 2.1 | H1 2020   | 2.0         | Target 2020 | 2.0 | Safety performance improved in Q2 and we had one injury free month. Globally in Q2 we had 5 people incidents of which 2 led to lost time. As a result, we are within our safety target for H1. Human behavior is still one of the significant root causes in most of the incidents. By focusing on continuous improvement in people behavior and working environment we will try to avoid these types of incidents. |  |
| Year  | TRIF   |                      |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| 2017  | 3.9  |                      |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| 2018  | 3.5  |                      |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| 2019  | 2.1  |                      |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| H1 2020   | 2.0  |                      |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| Target 2020   | 2.0  |                      |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| <b>Climate change</b><br>Reduce by 30% combined Scope 1 and Scope 2 GHG emission across the whole company by 2030 compared to 2018 baseline (0.93 MTCO2eq). Ambition to be carbon neutral by 2045.  | <table border="1"> <tr> <th>Year</th> <th>GHG Emissions</th> </tr> <tr> <td>2018</td> <td>100</td> </tr> <tr> <td>2019</td> <td>98.6</td> </tr> <tr> <td>Target 2030</td> <td>70</td> </tr> </table>   | Year                 | GHG Emissions      | 2018                 | 100           | 2019 | 98.6 | Target 2030 | 70  | Kemira's new 2030 climate change target and internal carbon pricing program were launched at a high level in Q1 2020. During Q2 detailed action planning has continued such as revising our logistics emissions accounting and identifying reduction options. |             |             |     |   |  |
| Year  | GHG Emissions  |                      |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| 2018  | 100  |                      |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| 2019  | 98.6   |                      |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| Target 2030   | 70   |                      |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| <b>Supplier management</b><br>% of direct key suppliers screened through sustainability assessments and audits (cumulative %). The target includes five sustainability audits for highest risk** suppliers every year, and cumulatively 25 by 2020. | <table border="1"> <tr> <th>Year</th> <th>% of key suppliers</th> <th># of audits (cumul.)</th> </tr> <tr> <td>Baseline 2018</td> <td>69%</td> <td>11</td> </tr> <tr> <td>2019</td> <td>74%</td> <td>18</td> </tr> <tr> <td>Target 2020</td> <td>90%</td> <td>25</td> </tr> </table> | Year                 | % of key suppliers | # of audits (cumul.) | Baseline 2018 | 69%  | 11   | 2019        | 74% | 18  | Target 2020 | 90%         | 25  | During the first half of the year we assessed 37 suppliers with an average score of 50/100 which represents top 50% percentile of all thousands of assessed suppliers across various industries on the Sustainability platform. Additional 30 suppliers of Kemira have been invited. No on-site CSR audits were conducted mainly due to COVID-19.   |  |
| Year  | % of key suppliers   | # of audits (cumul.) |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| Baseline 2018   | 69%  | 11                   |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| 2019  | 74%  | 18                   |                    |                      |               |      |      |             |     |   |             |             |     |   |  |
| Target 2020   | 90%  | 25                   |                    |                      |               |      |      |             |     |   |             |             |     |   |  |

\* TRIF = total recordable injury frequency per million hours, Kemira + contractor, year-to-date

\*\* Suppliers with the lowest sustainability assessment score



## People and integrity

| KPI+Target   | Performance   | Comments |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
|--|---|----------|-------|-----------------|------------|---------------|------|---|---------------------------|------|--|---------------------------|------|---|-------------------------------|
| <p><b>Employee engagement index based on MyVoice survey</b></p> <p>Keep the index at or above the external industry norm.</p>  | <table border="1"> <caption>Employee engagement index based on MyVoice survey</caption> <thead> <tr> <th>Metric</th> <th>2019</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Engagement</td> <td>79</td> <td>73</td> </tr> <tr> <td>Participation</td> <td>67</td> <td>67</td> </tr> </tbody> </table>  | Metric   | 2019  | Target          | Engagement | 79            | 73   | Participation   | 67                        | 67   | <p>Continued to embed our new continuous feedback and listening model by taking action on results. Employee pulse surveys on "MyWorkspace" in March and "MyRemote working during Covid-19" in June targeting over 3,000 employees. Acting on these results have greatly supported our ways of working during Covid-19.</p> | <p><b>IN PROGRESS</b></p> |      |   |                               |
| Metric   | 2019  | Target   |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| Engagement   | 79  | 73       |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| Participation  | 67  | 67       |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| <p><b>Leadership development activities provided, average</b></p> <p>Two leadership development activities per people manager position during 2016-2020. The cumulative target is 1,500 by 2020.</p> | <table border="1"> <caption>Leadership development activities provided, average</caption> <thead> <tr> <th>Year</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>494</td> </tr> <tr> <td>2017</td> <td>1036</td> </tr> <tr> <td>2018</td> <td>1533</td> </tr> <tr> <td>2019</td> <td>1839</td> </tr> <tr> <td>Target 2020</td> <td>1500</td> </tr> </tbody> </table> | Year     | Value | 2016            | 494        | 2017          | 1036 | 2018  | 1533                      | 2019 | 1839   | Target 2020               | 1500 | <p>During 2020 we are experimenting with more digital learning. In Q2 we have been working with leaders and employees supporting them during Covid-19 and in the adoption of remote working and virtual learning.</p> | <p><b>AHEAD OF TARGET</b></p> |
| Year   | Value   |          |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| 2016   | 494   |          |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| 2017   | 1036  |          |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| 2018   | 1533  |          |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| 2019   | 1839  |          |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| Target 2020  | 1500  |          |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| <p><b>Integrity index</b></p> <p>KPI to measure compliance with the Kemira Code of Conduct. The target is to maintain the Integrity Index level above industry benchmark of 77%.</p>                 | <table border="1"> <caption>Integrity index</caption> <thead> <tr> <th>Metric</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Integrity Index</td> <td>87%</td> </tr> <tr> <td>Participation</td> <td>84%</td> </tr> </tbody> </table>   | Metric   | 2018  | Integrity Index | 87%        | Participation | 84%  | <p>Integrity has been measured in the past using the biannual Voices@Kemira survey. The last such survey was in 2018, and our result was high at 87%. This was 10% above the external industry norm. Integrity will be measured using our new MyVoice survey in 2020.</p> | <p><b>IN PROGRESS</b></p> |      |  |                           |      |   |                               |
| Metric   | 2018  |          |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| Integrity Index  | 87%   |          |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |
| Participation  | 84%   |          |       |                 |            |               |      |   |                           |      |  |                           |      |   |                               |

## SEGMENTS

### PULP & PAPER

Pulp & Paper has unique expertise in applying chemicals and supporting pulp and paper producers in innovating and constantly improving their operational efficiency. The segment develops and commercializes new products to fulfill customer needs, ensuring the leading portfolio of products and services for bleaching of pulp as well as paper wet-end, focusing on packaging, board and tissue. Pulp & Paper is leveraging its strong application portfolio in North America and EMEA, while also building a strong position in the emerging Asian and South American markets.

| EUR million                          | Apr-Jun<br>2020 | Apr-Jun<br>2019 | Jan-Jun<br>2020 | Jan-Jun<br>2019 | Jan-Dec<br>2019 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue                              | 357.0           | 373.4           | 735.4           | 754.1           | 1,522.9         |
| Operative EBITDA                     | 65.6            | 53.7            | 125.9           | 104.4           | 218.3           |
| Operative EBITDA, %                  | 18.4            | 14.4            | 17.1            | 13.8            | 14.3            |
| EBITDA                               | 65.7            | 51.0            | 125.9           | 99.8            | 192.4           |
| EBITDA, %                            | 18.4            | 13.7            | 17.1            | 13.2            | 12.6            |
| Operative EBIT                       | 35.7            | 24.0            | 65.8            | 44.6            | 99.2            |
| Operative EBIT, %                    | 10.0            | 6.4             | 8.9             | 5.9             | 6.5             |
| EBIT                                 | 35.7            | 21.3            | 65.8            | 40.1            | 73.4            |
| EBIT, %                              | 10.0            | 5.7             | 8.9             | 5.3             | 4.8             |
| Capital employed*                    | 1,273.0         | 1,248.9         | 1,273.0         | 1,248.9         | 1,289.4         |
| Operative ROCE*, %                   | 9.5             | 7.6             | 9.5             | 7.6             | 7.7             |
| ROCE*, %                             | 7.8             | 6.4             | 7.8             | 6.4             | 5.7             |
| Capital expenditure excl. M&A        | 21.0            | 23.3            | 35.3            | 40.7            | 109.7           |
| Capital expenditure incl. M&A        | 21.0            | 25.0            | 38.0            | 42.3            | 112.5           |
| Cash flow after investing activities | 27.3            | 36.2            | 53.3            | 61.4            | 139.4           |

\* 12-month rolling average

### Second quarter

The segment's **revenue** decreased by 4%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 4% due to lower volumes following the COVID-19 related economic slowdown. Demand for process and functional chemicals in printing & writing applications declined following a decline in overall printing & writing demand. Also lower caustic soda sales prices (mainly a trading product) had a negative impact. Currencies had a negative impact of 1%.

In **EMEA**, revenue decreased by 3% due to lower volumes particularly in process and functional chemicals. Also lower caustic soda sales prices (mainly a trading product) had a negative impact. In the **Americas**, revenue decreased by 11%. Revenue in local currencies decreased due to lower volumes mainly in process and functional chemicals. Currencies had a negative impact. In **APAC**, revenue increased by 4%, mainly due to growth in AKD wax. Currencies had a slight negative impact.

**Operative EBITDA** increased by 22% due to lower variable costs, including lower raw material costs and efficiencies from the new AKD wax investment in China, and good fixed cost management. **EBITDA** increased by 29%. The difference to operative EBITDA is explained by items affecting comparability.

### January-June

The segment's **revenue** decreased by 2%. Revenue in local currencies, excluding divestments and acquisitions, decreased by 2%. Revenue was impacted by a two-week industry strike in Finland in February and lower caustic soda sales prices (mainly a trading product). Volumes in process and functional chemicals declined following the COVID-19 situation.

**Operative EBITDA** increased by 21%, mainly due to lower variable costs, including raw material and electricity costs and efficiencies arising from the new AKD wax investment in China. **EBITDA** increased by 26%. The difference between it and operative EBITDA is explained by items affecting comparability.

## INDUSTRY & WATER

Industry & Water supports municipalities and water-intensive industries in the efficient and sustainable use of resources. In water treatment, Kemira provides assistance in optimizing various stages of the water cycle. In oil and gas applications, our chemistries enable improved yield from existing reserves, as well as reduced water and energy use.

| EUR million                          | Apr-Jun<br>2020 | Apr-Jun<br>2019 | Jan-Jun<br>2020 | Jan-Jun<br>2019 | Jan-Dec<br>2019 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue                              | 225.9           | 290.2           | 489.5           | 557.2           | 1,135.9         |
| Operative EBITDA                     | 40.0            | 52.4            | 88.3            | 97.4            | 191.7           |
| Operative EBITDA, %                  | 17.7            | 18.1            | 18.0            | 17.5            | 16.9            |
| EBITDA                               | 38.1            | 51.1            | 86.3            | 94.8            | 189.9           |
| EBITDA, %                            | 16.9            | 17.6            | 17.6            | 17.0            | 16.7            |
| Operative EBIT                       | 21.9            | 36.3            | 52.6            | 65.8            | 124.7           |
| Operative EBIT, %                    | 9.7             | 12.5            | 10.8            | 11.8            | 11.0            |
| EBIT                                 | 20.0            | 35.0            | 50.7            | 63.2            | 121.0           |
| EBIT, %                              | 8.8             | 12.0            | 10.4            | 11.3            | 10.6            |
| Capital employed*                    | 719.7           | 651.7           | 719.7           | 651.7           | 708.2           |
| Operative ROCE*, %                   | 15.5            | 16.9            | 15.5            | 16.9            | 17.6            |
| ROCE*, %                             | 15.1            | 15.3            | 15.1            | 15.3            | 17.1            |
| Capital expenditure excl. M&A        | 23.1            | 16.5            | 44.8            | 27.5            | 91.4            |
| Capital expenditure incl. M&A        | 23.1            | 16.5            | 44.8            | 27.5            | 91.7            |
| Cash flow after investing activities | 2.3             | 5.7             | 14.9            | 33.4            | 128.7           |

\* 12-month rolling average

### Second quarter

The segment's **revenue** decreased by 22%. Revenue in local currencies, excluding acquisitions and divestments, decreased also by 22%. Volumes were impacted by the COVID-19 related economic slowdown and drop in oil price.

In the water treatment business, revenue in local currencies decreased particularly in the industrial customer segment. The revenue of the Oil & Gas business decreased by 65% to EUR 26.8 million (76.6). This was mainly due to very low sales volumes in shale, following very low shale market activity. Volumes in oil sands tailings treatment also declined clearly.

In **EMEA**, revenue decreased by 6% driven by lower sales volumes in water treatment. In the **Americas**, revenue decreased by 38%. Revenue in local currencies declined mainly due to clearly lower volumes in the Oil & Gas business. Also water treatment volumes in North America declined, which was partly offset by higher sales prices. Currencies had a slight positive impact. In **APAC**, revenue increased by 4% albeit from a small base.

**Operative EBITDA** decreased by 24% due to lower sales volumes, which were partly offset by lower variable costs and good fixed cost management. The polymer expansion investment in the Netherlands continued to contribute positively to EBITDA. **EBITDA** decreased by 25%, and the difference to operative EBITDA is explained by items affecting comparability.

### January-June

The segment's **revenue** decreased by 12%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 12%. The decrease was driven by lower volumes following the economic slowdown and related drop in oil price.

In the water treatment business, lower volumes were partly offset by higher sales prices. Within the segment, revenue for the Oil & Gas business decreased by 43% to EUR 79.1 million (138.6) due to lower volumes, particularly in shale. Currencies had a positive impact.

**Operative EBITDA** decreased by 9% due to lower sales volumes, which were partly offset by lower variable costs. The polymer expansion in the Netherlands had a positive impact on operative EBITDA. **EBITDA** decreased by 9%.

## KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On June 30, 2020, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles the holder to one vote at the Annual General Meeting.

At the end of June, Kemira Oyj had 39,607 registered shareholders (33,345 on December 31, 2019). Non-Finnish shareholders held 28.3% of the shares (31.9%), including nominee-registered holdings. Households owned 17.3% of the shares (15.6%). Kemira held 2,412,569 treasury shares (2,693,111), representing 1.6% (1.7%) of all company shares.

Kemira Oyj's share price decreased by 14% from the beginning of the year and closed at EUR 11.46 on the Nasdaq Helsinki at the end of June 2020 (13.26 on December 31, 2019). Shares registered a high of EUR 14.24 and a low of EUR 8.02 in January-June 2020, and the average share price was EUR 11.37. The company's market capitalization, excluding treasury shares, was EUR 1,753 million at the end of June 2020 (2,024).

In January-June 2020, Kemira Oyj's share trading turnover on Nasdaq Helsinki was EUR 526 million (253 in January-June 2019). The average daily trading volume was 384,974 (176,484) shares. The total volume of Kemira Oyj's share trading in January-June 2020 was 58 million shares (31), 18% (31%) of which was executed on other trading platforms (BATS, Chi-X, Turquoise). Source: Nasdaq and Kemira.com.

## DECISIONS BY THE ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting, held on May 5, 2020, approved the financial statements and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2019.

The Annual General Meeting decided to elect seven (previously six) members to the Board of Directors. Annual General Meeting re-elected Wolfgang Büchele, Shirley Cunningham, Kaisa Hietala, Timo Lappalainen, Jari Paasikivi and Kerttu Tuomas and elected Werner Fuhrman as a new member to the Board of Directors. Jari Paasikivi was re-elected as Board's Chairman and Kerttu Tuomas was re-elected to continue as the Vice Chairman.

The Annual General Meeting decided that the remuneration paid to the members of the Board of Directors will be as follows: the Chairman will receive EUR 92,000 per year, the Vice Chairman and the Chairman of the Audit Committee EUR 55,000 per year and the other members EUR 44,000 per year. A fee payable for each meeting of the Board of Directors and the Board Committees will be EUR 600 for the members residing in Finland, EUR 1,200 for the members residing in rest of Europe and EUR 2,400 for the members residing outside Europe. Travel expenses are paid according to Kemira's travel policy. In addition, the Annual General Meeting decided 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 meeting fees are to be paid in cash.

The Annual General Meeting decided to authorize the Board of Directors to decide, in its discretion, upon the payment of a dividend in the maximum amount of EUR 0.56 per share. The dividend payment authorization is valid until the end of the next Annual General Meeting. The authorization will be used to pay dividend in two installments during the validity of the authorization, unless the Board of Directors decides otherwise for a justified reason. The Board of Directors will make separate resolutions on the amount and timing of each dividend with preliminary record and payment dates stated below. The Board of Directors



decided on the payment of the first installment of the dividend, EUR 0.28 per share, on May 5, 2020 and the dividend was paid on May 14, 2020. Preliminary record date and preliminary payment date for the second installment, max. EUR 0.28 per share, are October 29, 2020 and November 5, 2020. Kemira will announce the resolution of the Board of Directors separately and confirm the relevant record and payment dates for the second installment in such announcement.

The AGM 2020 authorized the Board of Directors to decide upon the repurchase of a maximum of 5,400,000 company's own shares. The shares will be repurchased by using unrestricted equity, either through a tender offer with equal terms to all shareholders at a price determined by the Board of Directors or otherwise in proportion to the existing shareholdings of the company's shareholders in public trading on the Nasdaq Helsinki Ltd. (the "Helsinki Stock Exchange") at the market price quoted at the time of repurchase. The price paid for the shares repurchased through a tender offer under the authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price would be the highest market price quoted during the authorization period. Shares shall be acquired and paid for in accordance with the rules of the Helsinki Stock Exchange and those of Euroclear Finland Ltd. Shares may be repurchased to be used in implementing or financing mergers and acquisitions, developing the company's capital structure, improving the liquidity of the company's shares, or to be used for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. In order to realize the aforementioned purposes, the shares acquired may be retained, transferred further or cancelled by the company. The Board of Directors will decide on other terms related to the share repurchase. The Share repurchase authorization is valid until the end of the next Annual General Meeting.

The Annual General Meeting authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 company's own shares held by the company ("Share issue"). The new shares may be issued and the company's own shares held by the company may be transferred either for consideration or without consideration. The new shares may be issued and the company's own shares held by the company may be transferred to the company's shareholders in proportion to their current shareholdings in the company, or by disapplying the shareholders' pre-emption right, through a directed share issue, if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the capital structure of the company, improving the liquidity of the company's shares or, if it is justified, for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the implementation of the company's share-based incentive plans. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors shall decide upon other terms related to the share issues. The Share issue authorization is valid until May 31, 2021.

Ernst & Young Oy was elected as the company's auditor with Mikko Ryttilahti, Authorized Public Accountant, acting as the principal author.

## BOARD COMMITTEES

On May 5, 2020, the Board of Directors of Kemira Oyj elected members among themselves for the Audit Committee and the Personnel and Remuneration Committee. The Board's Audit Committee members are Kaisa Hietala, Timo Lappalainen, and Jari Paasikivi. The Audit Committee is chaired by Timo Lappalainen. The Board's Personnel and Remuneration Committee members are Timo Lappalainen, Jari Paasikivi, and Kerttu Tuomas. The Personnel and Remuneration Committee is chaired by Jari Paasikivi.

## SHORT-TERM RISKS AND UNCERTAINTIES

There have been no significant changes in Kemira's short-term risks and uncertainties compared to the situation on March 31, 2020. In its Interim Report for January–March 2020, Kemira described the Q1 2020 impacts of the COVID-19 pandemic and oil price drop, and the actions taken by the company. Updated and expected impacts, as well as actions taken by Kemira, are described separately below.

A detailed description of Kemira's risk management principles is available on the company's website at [www.kemira.com](http://www.kemira.com). Financial risks are described in the Notes to the Financial Statements for the year 2019.

## IMPACT OF COVID-19 PANDEMIC AND RELATED ECONOMIC SLOWDOWN ON KEMIRA

The COVID-19 pandemic and related economic slowdown had a limited impact on Kemira's operations in H1 2020. In several countries with government-imposed restrictions on economic activity, the chemical industry and Kemira's customer industries were almost always classified as essential industries, and, as a consequence, were exempt from government lockdown restrictions. Throughout January–June 2020, Kemira's manufacturing facilities and supply chain operated without significant disruptions. If the current pandemic situation were to worsen or a second wave of infections were to exacerbate the pandemic situation, there could be potential disruption to Kemira's manufacturing and logistics network, as well as to the availability of raw materials.

The impact on customer demand varied by segment in H1 2020. In Pulp & Paper, demand for chemicals remained fairly resilient in pulp, board and tissue, while demand for printing and writing chemicals declined due to the COVID-19 situation and related economic slowdown. In Industry & Water, demand in municipal water treatment was solid, while industrial water treatment was somewhat impacted by the current market environment. In Oil & Gas, demand for shale was virtually non-existent following the oil price drop and low demand. Even though oil prices started to somewhat recover in June 2020 from the low point, fracking activity, a driver for Kemira's Oil & Gas business, did not recover meaningfully.

It is difficult to precisely estimate the final impact on Kemira's customer demand. Some further impact on the Pulp & Paper market, including beyond printing and writing chemicals, could become visible if GDP estimates for 2020 are lowered further. In Industry & Water, industrial water treatment is expected to be more impacted than municipal water treatment if GDP estimates for 2020 are lowered further. In Oil & Gas, demand for shale is expected to remain at a low level during 2020. The final impacts on Kemira's end markets will depend on the pace of economic recovery and pandemic development. A possible second wave of infections could deteriorate the situation and result in additional restrictions on economic activity, which in turn could lead to widespread decline in customer demand. In conjunction with its Half-year Financial Report for 2020, Kemira has provided an outlook for H2 2020, which is based on certain assumptions. For Kemira's outlook, please refer to the section "Outlook" on page 20.

Kemira has set up regional crisis management teams to monitor the COVID-19 situation regionally, as the development of the COVID-19 pandemic varies by region. The aim of the crisis management teams is to mitigate the impact on Kemira in order to ensure our and our customers' business continuity. Business travel has been restricted, and Kemira has taken several steps to ensure employee safety at its locations. To mitigate the impact on its supply chain, Kemira reviews alternative suppliers on a continuous basis to ensure smooth operations in all circumstances.

Kemira has strongly recommended remote working for employees for whom it is possible, and the transition to remote working has been smooth. As government-imposed lockdown restrictions on economic activity are being eased and recommendations for remote working are being lifted, Kemira has taken steps to ensure a gradual and safe return to offices, while also complying with social distancing measures and local

government recommendations. Kemira has supported leaders and employees in the adoption of remote working during the COVID-19 pandemic.

During Q2 2020, Kemira restructured its Oil & Gas business to better meet the current market conditions and lower market demand. As a result, Kemira booked restructuring expenses of EUR 1.9 million during Q2 2020.

Due to the uncertainty around the COVID-19 pandemic, Kemira has assessed the impact on its financial position in Q1/2020 and Q2/2020 and has considered the values of the assets that include critical accounting estimates and require judgement to be exercised, or that might have been especially impacted by the COVID-19 pandemic. Based on the analysis, Kemira has not identified any indication of goodwill impairment. The fair value of shares in Pohjolan Voima Group has been decreased by EUR 33 million during Q1/2020, mainly due to reduction in electricity prices. The increased credit risk in certain Oil & Gas customers has increased recorded expected credit losses. Kemira has not recorded significant credit losses due to the current market situation.

Kemira has no imminent financing needs and had ample liquidity at the end of June 2020.

#### **EVENTS AFTER THE REVIEW PERIOD**

No significant events after the review period.

## OUTLOOK

### Outlook for July–December 2020

Kemira expects its operative EBITDA in H2 2020 to be lower than in H1 2020 (H1 2020: EUR 214 million).

### Assumptions behind Kemira's outlook for July–December 2020:

Overall demand in Kemira's end markets in H2 2020 is expected to be approximately at the same level as in Q2 2020. Demand in Pulp & Paper is expected to remain approximately at the Q2 2020 level, with printing and writing demand to remain weak. Also in Industry & Water, demand is expected to remain approximately at the Q2 2020 level. The shale market is not anticipated to recover in 2020. Kemira's outlook for H2 2020 assumes no significant disruptions to Kemira's manufacturing operations or supply chain.

### Previous outlook

On April 27 2020, Kemira withdrew its outlook for 2020 due to the uncertainty following the COVID-19 pandemic and the oil price drop.

## FINANCIAL TARGETS

Kemira aims for above-market revenue growth with an operative EBITDA margin of 15–17%.

The target for gearing is below 75%.

Helsinki, July 16, 2020

Kemira Oyj

Board of Directors

All forward-looking statements in this review are based on the management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

## FINANCIAL REPORTING SCHEDULE FOR 2020 AND 2021

|  |                   |
|--|-------------------|
| Interim Report January–September 2020        | October 27, 2020  |
| Financial Statements Bulletin 2020           | February 11, 2021 |
| Interim Report January–March 2021            | April 27, 2021    |
| Half-year Financial Report January–June 2021 | July 16, 2021     |
| Interim Report January–September 2021        | October 26, 2021  |

Annual Report 2020 will be published the week starting on February 15, 2021.

The Annual General Meeting is scheduled for Wednesday, March 24, 2021 at 1.00 pm (CET+1).

## WEBCAST AND CONFERENCE CALL FOR PRESS AND ANALYSTS

Kemira will arrange a webcast for analysts, investors, and media on Friday, July 17, 2020, starting at 10.30 am (8.30 am UK time). During the webcast, Kemira's President and CEO Jari Rosendal and CFO Petri Castrén will present the results. The webcast will be held in English and can be followed at [www.kemira.com/company/investors](http://www.kemira.com/company/investors). The presentation material and a recording of the webcast will be available on the above-mentioned company website.

You can attend the Q&A session via a conference call. In order to participate in the conference, please call ten minutes before the conference begins:

FI +358 (0)9 7479 0361

SE +46 (0)8 5033 6574  
UK +44 (0)330 336 9105  
US +1 323 794 2093

Conference ID: 8158663

## KEMIRA GROUP CONSOLIDATED INCOME STATEMENT

| EUR million                                | 4-6/2020     | 4-6/2019 | 1-6/2020       | 1-6/2019 | 1-12/2019 |
|--|--------------|----------|----------------|----------|-----------|
| <b>Revenue</b>                             | <b>582.9</b> | 663.6    | <b>1,224.9</b> | 1,311.4  | 2,658.8   |
| Other operating income                     | 0.6          | 1.1      | 1.5            | 3.9      | 6.4       |
| Operating expenses                         | -479.7       | -562.5   | -1,014.2       | -1,120.6 | -2,283.0  |
| Share of profit or loss of associates      | 0.0          | 0.0      | 0.0            | 0.0      | 0.0       |
| <b>EBITDA</b>                              | <b>103.8</b> | 102.1    | <b>212.2</b>   | 194.6    | 382.3     |
| Depreciation, amortization and impairments | -48.1        | -45.9    | -95.7          | -91.4    | -187.9    |
| <b>Operating profit (EBIT)</b>             | <b>55.7</b>  | 56.3     | <b>116.4</b>   | 103.3    | 194.4     |
| Finance costs, net                         | -9.0         | -10.0    | -17.8          | -18.8    | -39.7     |
| <b>Profit before taxes</b>                 | <b>46.7</b>  | 46.3     | <b>98.6</b>    | 84.5     | 154.7     |
| Income taxes                               | -11.2        | -11.1    | -23.5          | -19.9    | -38.2     |
| <b>Net profit for the period</b>           | <b>35.5</b>  | 35.2     | <b>75.1</b>    | 64.6     | 116.5     |
| <b>Net profit attributable to</b>          |              |          |                |          |           |
| Equity owners of the parent company        | 34.1         | 33.6     | 71.9           | 61.6     | 110.2     |
| Non-controlling interests                  | 1.5          | 1.6      | 3.3            | 3.0      | 6.3       |
| <b>Net profit for the period</b>           | <b>35.5</b>  | 35.2     | <b>75.1</b>    | 64.6     | 116.5     |
| Earnings per share, basic, EUR             | 0.22         | 0.22     | 0.47           | 0.40     | 0.72      |
| Earnings per share, diluted, EUR           | 0.22         | 0.22     | 0.47           | 0.40     | 0.72      |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR million   | 4-6/2020    | 4-6/2019 | 1-6/2020     | 1-6/2019 | 1-12/2019 |
|---|-------------|----------|--------------|----------|-----------|
| <b>Net profit for the period</b>  | <b>35.5</b> | 35.2     | <b>75.1</b>  | 64.6     | 116.5     |
| <b>Other comprehensive income</b>   |             |          |              |          |           |
| <b>Items that may be reclassified subsequently to profit or loss</b>      |             |          |              |          |           |
| Exchange differences on translating foreign operations                    | -4.5        | -5.5     | -20.1        | 3.3      | 7.8       |
| Cash flow hedges  | 10.5        | -1.2     | -8.0         | -12.9    | -15.0     |
| <b>Items that will not be reclassified subsequently to profit or loss</b> |             |          |              |          |           |
| Other shares  | —           | —        | -26.1        | 0.1      | 13.4      |
| Remeasurements of defined benefit plans                                   | —           | —        | —            | —        | -5.4      |
| <b>Other comprehensive income for the period, net of tax</b>              | <b>6.0</b>  | -6.7     | <b>-54.2</b> | -9.5     | 0.7       |
| <b>Total comprehensive income for the period</b>                          | <b>41.6</b> | 28.5     | <b>21.0</b>  | 55.0     | 117.2     |
| <b>Total comprehensive income attributable to</b>                         |             |          |              |          |           |
| Equity owners of the parent company                                       | 39.9        | 26.8     | 18.4         | 51.9     | 110.7     |
| Non-controlling interests   | 1.7         | 1.7      | 2.6          | 3.1      | 6.5       |
| <b>Total comprehensive income for the period</b>                          | <b>41.6</b> | 28.5     | <b>21.0</b>  | 55.0     | 117.2     |

## CONSOLIDATED BALANCE SHEET

| EUR million  | 6/30/2020      | 6/30/2019      | 12/31/2019     |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>  |                |                |                |
| <b>Non-current assets</b>                                  |                |                |                |
| Goodwill   | 515.4          | 512.6          | 515.8          |
| Other intangible assets                                    | 86.9           | 107.5          | 95.5           |
| Property, plant and equipment                              | 995.5          | 939.9          | 1,005.1        |
| Right-of-use assets  | 127.7          | 136.9          | 136.2          |
| Investments in associates                                  | 5.4            | 2.3            | 2.8            |
| Other shares   | 212.5          | 228.4          | 245.2          |
| Deferred tax assets  | 31.5           | 35.1           | 35.7           |
| Other investments  | 2.0            | 2.3            | 2.0            |
| Receivables of defined benefit plans                       | 51.7           | 46.0           | 51.8           |
| <b>Total non-current assets</b>                            | <b>2,028.6</b> | <b>2,011.1</b> | <b>2,090.1</b> |
| <b>Current assets</b>                                      |                |                |                |
| Inventories  | 276.3          | 304.0          | 260.6          |
| Interest-bearing receivables                               | 0.3            | 0.2            | 0.2            |
| Trade receivables and other receivables                    | 340.3          | 413.1          | 378.8          |
| Current income tax assets                                  | 18.5           | 13.5           | 18.2           |
| Cash and cash equivalents                                  | 133.6          | 91.6           | 143.1          |
| <b>Total current assets</b>                                | <b>769.0</b>   | <b>822.4</b>   | <b>800.9</b>   |
| <b>Total assets</b>  | <b>2,797.6</b> | <b>2,833.5</b> | <b>2,891.0</b> |
| <b>EQUITY AND LIABILITIES</b>                              |                |                |                |
| <b>Equity</b>  |                |                |                |
| Equity attributable to equity owners of the parent company | 1,193.4        | 1,156.8        | 1,217.7        |
| Non-controlling interests                                  | 14.3           | 14.7           | 13.3           |
| <b>Total equity</b>  | <b>1,207.7</b> | <b>1,171.5</b> | <b>1,231.0</b> |
| <b>Non-current liabilities</b>                             |                |                |                |
| Interest-bearing liabilities                               | 732.0          | 790.4          | 737.9          |
| Other liabilities  | 8.2            | 13.0           | 8.3            |
| Deferred tax liabilities                                   | 52.3           | 69.1           | 67.8           |
| Liabilities of defined benefit plans                       | 93.1           | 81.2           | 93.3           |
| Provisions   | 24.1           | 28.5           | 29.1           |
| <b>Total non-current liabilities</b>                       | <b>909.7</b>   | <b>982.2</b>   | <b>936.4</b>   |
| <b>Current liabilities</b>                                 |                |                |                |
| Interest-bearing liabilities                               | 245.4          | 222.3          | 216.6          |
| Trade payables and other liabilities                       | 376.5          | 421.7          | 455.7          |
| Current income tax liabilities                             | 31.4           | 26.9           | 28.7           |
| Provisions   | 26.9           | 8.8            | 22.6           |
| <b>Total current liabilities</b>                           | <b>680.2</b>   | <b>679.7</b>   | <b>723.6</b>   |
| <b>Total liabilities</b>                                   | <b>1,589.8</b> | <b>1,661.9</b> | <b>1,660.0</b> |
| <b>Total equity and liabilities</b>                        | <b>2,797.6</b> | <b>2,833.5</b> | <b>2,891.0</b> |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| EUR million   | 4-6/2020     | 4-6/2019      | 1-6/2020     | 1-6/2019      | 1-12/2019     |
|---|--------------|---------------|--------------|---------------|---------------|
| <b>Cash flow from operating activities</b>                                |              |               |              |               |               |
| Net profit for the period   | 35.5         | 35.2          | 75.1         | 64.6          | 116.5         |
| Total adjustments   | 68.9         | 69.0          | 137.4        | 148.4         | 301.8         |
| Cash flow before change in net working capital                            | 104.4        | 104.2         | 212.5        | 212.9         | 418.3         |
| Change in net working capital   | -30.7        | -22.1         | -61.5        | -52.4         | 45.3          |
| Cash generated from operations before financing items and taxes           | 73.7         | 82.1          | 151.1        | 160.5         | 463.5         |
| Finance expenses, net and dividends received                              | -7.1         | -16.9         | -16.1        | -23.6         | -38.6         |
| Income taxes paid   | -5.9         | -8.1          | -24.0        | -14.5         | -38.8         |
| <b>Net cash generated from operating activities</b>                       | <b>60.8</b>  | <b>57.2</b>   | <b>111.0</b> | <b>122.4</b>  | <b>386.2</b>  |
| <b>Cash flow from investing activities</b>                                |              |               |              |               |               |
| Purchases of subsidiaries and business acquisitions, net of cash acquired | —            | —             | —            | —             | —             |
| Capital expenditure in associated company                                 | —            | -1.6          | -2.6         | -1.7          | -2.7          |
| Other capital expenditure   | -44.1        | -39.9         | -80.2        | -68.2         | -201.4        |
| Proceeds from sale of assets  | 0.1          | 1.3           | 0.1          | 4.1           | 7.7           |
| Decrease (+) / increase (-) in loan receivables                           | -0.2         | —             | -0.2         | 0.0           | 0.1           |
| <b>Net cash used in investing activities</b>                              | <b>-44.2</b> | <b>-40.2</b>  | <b>-82.8</b> | <b>-65.7</b>  | <b>-196.3</b> |
| <b>Cash flow from financing activities</b>                                |              |               |              |               |               |
| Proceeds from non-current interest-bearing liabilities                    | —            | —             | —            | 40.1          | 40.1          |
| Repayments of non-current liabilities                                     | -5.0         | -110.6        | -10.4        | -110.6        | -121.0        |
| Short-term financing, net increase (+) / decrease (-)                     | 4.4          | 58.5          | 35.3         | 55.2          | 2.9           |
| Repayments of lease liabilities   | -7.5         | -6.8          | -15.1        | -13.7         | -28.4         |
| Dividends paid  | -44.5        | -82.2         | -44.5        | -82.2         | -86.9         |
| <b>Net cash used in financing activities</b>                              | <b>-52.7</b> | <b>-141.2</b> | <b>-34.7</b> | <b>-111.2</b> | <b>-193.2</b> |
| <b>Net decrease (-) / increase (+) in cash and cash equivalents</b>       | <b>-36.1</b> | <b>-124.2</b> | <b>-6.6</b>  | <b>-54.5</b>  | <b>-3.4</b>   |
| Cash and cash equivalents at end of period                                | 133.6        | 91.6          | 133.6        | 91.6          | 143.1         |
| Exchange gains (+) / losses (-) on cash and cash equivalents              | -0.1         | -0.3          | -2.9         | 1.2           | 1.5           |
| Cash and cash equivalents at beginning of period                          | 169.8        | 216.2         | 143.1        | 144.9         | 144.9         |
| <b>Net decrease (-) / increase (+) in cash and cash equivalents</b>       | <b>-36.1</b> | <b>-124.2</b> | <b>-6.6</b>  | <b>-54.5</b>  | <b>-3.4</b>   |



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| EUR million  | Equity attributable to equity owners of the parent company |               |                               |                              |                      |                 |                            |                | Non-controlling interests | Total Equity   |
|--|--|---------------|-------------------------------|------------------------------|----------------------|-----------------|----------------------------|----------------|---------------------------|----------------|
|  | Share capital  | Share premium | Fair value and other reserves | Un-restricted equity reserve | Exchange differences | Treasury shares | Retained earnings          | Total          |                           |                |
| <b>Equity on January 1, 2020</b>   | <b>221.8</b>   | <b>257.9</b>  | <b>108.5</b>                  | <b>196.3</b>                 | <b>-39.5</b>         | <b>-18.1</b>    | <b>490.9</b>               | <b>1,217.7</b> | <b>13.3</b>               | <b>1,231.0</b> |
| <b>Net profit for the period</b>   | —  | —             | —                             | —                            | —                    | —               | <b>71.9</b>                | <b>71.9</b>    | <b>3.3</b>                | <b>75.1</b>    |
| Other comprehensive income, net of tax                                     | —  | —             | <b>-34.1</b>                  | —                            | <b>-19.4</b>         | —               | —                          | <b>-53.5</b>   | <b>-0.7</b>               | <b>-54.2</b>   |
| <b>Total comprehensive income</b>  | —  | —             | <b>-34.1</b>                  | —                            | <b>-19.4</b>         | —               | <b>71.9</b>                | <b>18.4</b>    | <b>2.6</b>                | <b>21.0</b>    |
| <b>Transactions with owners</b>  |  |               |                               |                              |                      |                 |                            |                |                           |                |
| Dividends paid   | —  | —             | —                             | —                            | —                    | —               | <b>-42.8</b> <sup>1)</sup> | <b>-42.8</b>   | <b>-1.7</b>               | <b>-44.5</b>   |
| Treasury shares issued to the target group of a share-based incentive plan | —  | —             | —                             | —                            | —                    | <b>1.8</b>      | —                          | <b>1.8</b>     | —                         | <b>1.8</b>     |
| Treasury shares issued to the Board of Directors                           | —  | —             | —                             | —                            | —                    | <b>0.1</b>      | —                          | <b>0.1</b>     | —                         | <b>0.1</b>     |
| Treasury shares returned   | —  | —             | —                             | —                            | —                    | <b>0.0</b>      | —                          | <b>0.0</b>     | —                         | <b>0.0</b>     |
| Share-based payments   | —  | —             | —                             | —                            | —                    | —               | <b>-1.7</b>                | <b>-1.7</b>    | —                         | <b>-1.7</b>    |
| Transfers in equity  | —  | —             | <b>0.2</b>                    | —                            | —                    | —               | <b>-0.2</b>                | —              | —                         | —              |
| <b>Total transactions with owners</b>                                      | —  | —             | <b>0.2</b>                    | —                            | —                    | <b>1.9</b>      | <b>-44.7</b>               | <b>-42.6</b>   | <b>-1.7</b>               | <b>-44.3</b>   |
| <b>Equity on June 30, 2020</b>   | <b>221.8</b>   | <b>257.9</b>  | <b>74.5</b>                   | <b>196.3</b>                 | <b>-58.9</b>         | <b>-16.2</b>    | <b>518.1</b>               | <b>1,193.4</b> | <b>14.3</b>               | <b>1,207.7</b> |

<sup>1)</sup> On May 5, 2020, the Board of Directors of Kemira decided, on the basis of the authorization by the Annual General Meeting 2020, on the payment of the first installment of dividend of EUR 0.28 per share. The dividend record date was May 7, 2020, and the payment date on May 14, 2020.

Kemira had in its possession 2,412,569 of its treasury shares on June 30, 2020. The average share price of treasury shares was EUR 6.73 and they represented 1.6% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 3.4 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), which the value of reserve will not change anymore. The fair value reserve is a reserve accumulating based on other shares measured at fair value and hedge accounting. Other reserves originate from local requirements of subsidiaries. The unrestricted equity reserve includes other equity type investments and the subscription price of shares to the extent that they will not, based on a specific decision, be recognized in share capital.

**Equity attributable to equity owners of the parent company**

| EUR million  | Share capital | Share premium | Fair value and other reserves | Un-restricted equity reserve | Exchange differences | Treasury shares | Retained earnings   | Total   | Non-controlling interests | Total Equity |
|--|---------------|---------------|-------------------------------|------------------------------|----------------------|-----------------|---------------------|---------|---------------------------|--------------|
| <b>Equity on January 1, 2019</b>   | 221.8         | 257.9         | 110.2                         | 196.3                        | -47.1                | -19.1           | 469.6               | 1,189.6 | 12.9                      | 1,202.5      |
| Change in accounting policy  | —             | —             | —                             | —                            | —                    | —               | -4.9 <sup>2)</sup>  | -4.9    | —                         | -4.9         |
| <b>Restated equity on January 1, 2019</b>                                  | 221.8         | 257.9         | 110.2                         | 196.3                        | -47.1                | -19.1           | 464.7               | 1,184.7 | 12.9                      | 1,197.6      |
| <b>Net profit for the period</b>   | —             | —             | —                             | —                            | —                    | —               | 61.6                | 61.6    | 3.0                       | 64.6         |
| Other comprehensive income, net of tax                                     | —             | —             | -12.9                         | —                            | 3.1                  | —               | 0.1                 | -9.7    | 0.2                       | -9.5         |
| <b>Total comprehensive income</b>  | —             | —             | -12.9                         | —                            | 3.1                  | —               | 61.7                | 51.9    | 3.1                       | 55.0         |
| <b>Transactions with owners</b>  |               |               |                               |                              |                      |                 |                     |         |                           |              |
| Dividends paid   | —             | —             | —                             | —                            | —                    | —               | -80.9 <sup>3)</sup> | -80.9   | -1.3                      | -82.2        |
| Treasury shares issued to the target group of a share-based incentive plan | —             | —             | —                             | —                            | —                    | 1.0             | —                   | 1.0     | —                         | 1.0          |
| Treasury shares issued to the Board of Directors                           | —             | —             | —                             | —                            | —                    | 0.1             | —                   | 0.1     | —                         | 0.1          |
| Share-based payments   | —             | —             | —                             | —                            | —                    | —               | 0.1                 | 0.1     | —                         | 0.1          |
| <b>Total transactions with owners</b>                                      | —             | —             | —                             | —                            | —                    | 1.1             | -80.8               | -79.8   | -1.3                      | -81.0        |
| <b>Equity on June 30, 2019</b>   | 221.8         | 257.9         | 97.3                          | 196.3                        | -44.0                | -18.0           | 445.6               | 1,156.8 | 14.7                      | 1,171.5      |

<sup>2)</sup> On January 1, 2019, Kemira adopted IFRS 16 Leases standard. As a result of IFRS 16 adoption, retained earnings in equity have been adjusted by EUR -4.9 million.

<sup>3)</sup> A dividend was EUR 80.9 million in total (EUR 0.53 per share) with respect to the financial year ended December 31, 2018. The annual general meeting approved EUR 0.53 dividend on March 21, 2019. The dividend record date was March 25, 2019, and the payment date on April 5, 2019.

## GROUP KEY FIGURES

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

Kemira's alternative performance measures should not be viewed in isolation from the equivalent IFRS measures, and 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](http://www.kemira.com) > Investors > Financial information.

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

|  | 2020<br>4-6    | 2020<br>1-3 | 2019<br>10-12 | 2019<br>7-9 | 2019<br>4-6 | 2019<br>1-3 | 2020<br>1-6    | 2019<br>1-6 | 2019<br>1-12 |
|--|----------------|-------------|---------------|-------------|-------------|-------------|----------------|-------------|--------------|
| <b>Income statement and profitability</b>                      |                |             |               |             |             |             |                |             |              |
| Revenue, EUR million   | <b>582.9</b>   | 642.0       | 657.7         | 689.8       | 663.6       | 647.8       | <b>1,224.9</b> | 1,311.4     | 2,658.8      |
| Operative EBITDA, EUR million                                  | <b>105.7</b>   | 108.5       | 90.1          | 118.1       | 106.1       | 95.6        | <b>214.2</b>   | 201.8       | 410.0        |
| Operative EBITDA, %  | <b>18.1</b>    | 16.9        | 13.7          | 17.1        | 16.0        | 14.8        | <b>17.5</b>    | 15.4        | 15.4         |
| EBITDA, EUR million  | <b>103.8</b>   | 108.4       | 69.6          | 118.1       | 102.1       | 92.5        | <b>212.2</b>   | 194.6       | 382.3        |
| EBITDA, %  | <b>17.8</b>    | 16.9        | 10.6          | 17.1        | 15.4        | 14.3        | <b>17.3</b>    | 14.8        | 14.4         |
| Items affecting comparability in EBITDA, EUR million           | <b>-1.9</b>    | -0.1        | -20.5         | 0.0         | -4.0        | -3.1        | <b>-2.0</b>    | -7.2        | -27.7        |
| Operative EBIT, EUR million                                    | <b>57.6</b>    | 60.8        | 42.4          | 71.1        | 60.3        | 50.1        | <b>118.4</b>   | 110.4       | 224.0        |
| Operative EBIT, %  | <b>9.9</b>     | 9.5         | 6.4           | 10.3        | 9.1         | 7.7         | <b>9.7</b>     | 8.4         | 8.4          |
| Operating profit (EBIT), EUR million                           | <b>55.7</b>    | 60.7        | 21.9          | 69.2        | 56.3        | 47.0        | <b>116.4</b>   | 103.3       | 194.4        |
| Operating profit (EBIT), %                                     | <b>9.6</b>     | 9.5         | 3.3           | 10.0        | 8.5         | 7.3         | <b>9.5</b>     | 7.9         | 7.3          |
| Items affecting comparability in EBIT, EUR million             | <b>-1.9</b>    | -0.1        | -20.5         | -2.0        | -4.0        | -3.1        | <b>-2.0</b>    | -7.2        | -29.6        |
| Amortization and impairments of Intangible assets              | <b>-6.9</b>    | -7.6        | -7.4          | -7.7        | -7.4        | -7.5        | <b>-14.4</b>   | -14.9       | -30.0        |
| Of which purchase price allocation (PPA) related               | <b>-3.8</b>    | -4.6        | -4.5          | -4.5        | -4.7        | -4.8        | <b>-8.4</b>    | -9.5        | -18.5        |
| Depreciations and impairments of Property, plant and equipment | <b>-33.2</b>   | -32.1       | -32.0         | -33.5       | -31.3       | -31.3       | <b>-65.3</b>   | -62.6       | -128.1       |
| Depreciations of Right-of-use assets                           | <b>-8.0</b>    | -8.0        | -8.2          | -7.8        | -7.2        | -6.6        | <b>-16.0</b>   | -13.8       | -29.8        |
| Return on investment (ROI), %                                  | <b>9.2</b>     | 10.1        | 3.8           | 11.7        | 9.7         | 8.2         | <b>4.8</b>     | 9.0         | 8.4          |
| Capital employed, EUR million <sup>1)</sup>                    | <b>1,993.5</b> | 1,995.7     | 1,998.2       | 1,961.8     | 1,901.0     | 1,843.6     | <b>1,993.5</b> | 1,901.0     | 1,998.2      |
| Operative ROCE, %  | <b>11.6</b>    | 11.8        | 11.2          | 11.5        | 10.8        | 10.3        | <b>11.6</b>    | 10.8        | 11.2         |
| ROCE, %  | <b>10.4</b>    | 10.4        | 9.7           | 10.9        | 9.5         | 8.8         | <b>10.4</b>    | 9.5         | 9.7          |

|  | 2020<br>4-6 | 2020<br>1-3 | 2019<br>10-12 | 2019<br>7-9 | 2019<br>4-6 | 2019<br>1-3 | 2020<br>1-6 | 2019<br>1-6 | 2019<br>1-12 |
|--|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------|
| <b>Cash flow</b>   |             |             |               |             |             |             |             |             |              |
| Net cash generated from operating activities, EUR million            | 60.8        | 50.2        | 142.5         | 121.3       | 57.2        | 65.2        | 111.0       | 122.4       | 386.2        |
| Capital expenditure, EUR million                                     | 44.1        | 38.7        | 82.5          | 51.8        | 41.5        | 28.3        | 82.8        | 69.9        | 204.1        |
| Capital expenditure excl. acquisitions, EUR million                  | 44.1        | 36.1        | 81.4          | 51.5        | 39.9        | 28.3        | 80.2        | 68.2        | 201.1        |
| Capital expenditure excl. acquisitions / revenue, %                  | 7.6         | 5.6         | 12.4          | 7.5         | 6.0         | 4.4         | 6.5         | 5.2         | 7.6          |
| Cash flow after investing activities, EUR million                    | 16.6        | 11.5        | 60.0          | 73.1        | 16.9        | 39.8        | 28.1        | 56.7        | 189.8        |
| <b>Balance sheet and solvency</b>                                    |             |             |               |             |             |             |             |             |              |
| Equity ratio, %  | 43.2        | 42.1        | 42.6          | 42.6        | 41.4        | 38.7        | 43.2        | 41.4        | 42.6         |
| Gearing, %   | 69.9        | 67.5        | 65.9          | 70.8        | 78.6        | 73.6        | 69.9        | 78.6        | 65.9         |
| Interest-bearing net liabilities, EUR million                        | 843.8       | 816.0       | 811.4         | 866.4       | 921.1       | 841.6       | 843.8       | 921.1       | 811.4        |
| <b>Personnel</b>   |             |             |               |             |             |             |             |             |              |
| Personnel at end of period   | 5,106       | 5,075       | 5,062         | 5,036       | 5,067       | 4,973       | 5,106       | 5,067       | 5,062        |
| Personnel (average)  | 5,093       | 5,074       | 5,055         | 5,054       | 5,033       | 4,938       | 5,084       | 4,985       | 5,020        |
| <b>Key exchange rates at end of period</b>                           |             |             |               |             |             |             |             |             |              |
| USD  | 1.120       | 1.096       | 1.123         | 1.089       | 1.138       | 1.124       | 1.120       | 1.138       | 1.123        |
| CAD  | 1.532       | 1.562       | 1.460         | 1.443       | 1.489       | 1.500       | 1.532       | 1.489       | 1.460        |
| SEK  | 10.495      | 11.061      | 10.447        | 10.696      | 10.563      | 10.398      | 10.495      | 10.563      | 10.447       |
| CNY  | 7.922       | 7.778       | 7.821         | 7.778       | 7.819       | 7.540       | 7.922       | 7.819       | 7.821        |
| BRL  | 6.112       | 5.700       | 4.516         | 4.529       | 4.351       | 4.387       | 6.112       | 4.351       | 4.516        |
| <b>Per share figures, EUR</b>  |             |             |               |             |             |             |             |             |              |
| Earnings per share (EPS), basic <sup>2)</sup>                        | 0.22        | 0.25        | 0.05          | 0.27        | 0.22        | 0.18        | 0.47        | 0.40        | 0.72         |
| Earnings per share (EPS), diluted <sup>2)</sup>                      | 0.22        | 0.25        | 0.05          | 0.27        | 0.22        | 0.18        | 0.47        | 0.40        | 0.72         |
| Net cash generated from operating activities per share <sup>2)</sup> | 0.40        | 0.33        | 0.93          | 0.79        | 0.37        | 0.43        | 0.73        | 0.80        | 2.53         |
| Equity per share <sup>2)</sup>                                       | 7.80        | 7.82        | 7.98          | 7.94        | 7.58        | 7.39        | 7.80        | 7.58        | 7.98         |
| <b>Number of shares (1,000,000)</b>                                  |             |             |               |             |             |             |             |             |              |
| Average number of shares, basic <sup>2)</sup>                        | 152.9       | 152.7       | 152.6         | 152.7       | 152.7       | 152.6       | 152.8       | 152.6       | 152.6        |
| Average number of shares, diluted <sup>2)</sup>                      | 153.3       | 153.4       | 153.2         | 153.1       | 153.0       | 152.9       | 153.4       | 153.0       | 153.1        |
| Number of shares at end of period, basic <sup>2)</sup>               | 152.9       | 152.9       | 152.6         | 152.6       | 152.7       | 152.7       | 152.9       | 152.7       | 152.6        |
| Number of shares at end of period, diluted <sup>2)</sup>             | 153.3       | 153.4       | 153.4         | 153.1       | 153.1       | 152.9       | 153.3       | 153.1       | 153.4        |

<sup>1)</sup> 12-month rolling average

<sup>2)</sup> Number of shares outstanding, excluding the number of treasury shares.

## DEFINITIONS OF KEY FIGURES

### Operative EBITDA

Operating profit (EBIT) + depreciation and amortization + impairments +/- items affecting comparability

### Items affecting comparability <sup>1)</sup>

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 <sup>2)</sup>

### Operative return on capital employed (Operative ROCE), %

Operative EBIT x 100 <sup>3)</sup>

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Capital employed <sup>4)</sup>

### Return on capital employed (ROCE), %

Operating profit (EBIT) x 100 <sup>3)</sup>

---

Capital employed <sup>4)</sup>

### Capital employed

Property, plant and equipment + right-of-use assets + intangible assets + net working capital + investments in associates

### Net working capital

Inventories + trade receivables + other receivables, excluding derivatives, accrued interest income and other financing items - trade payables - other liabilities, excluding derivatives, accrued interest expenses and other financing items

### Cash flow after investing activities

Net cash generated from operating activities + net cash used in investing activities

### Equity ratio, %

Total equity x 100

---

Total assets - prepayments received

### Gearing, %

Interest-bearing net liabilities x 100

---

Total equity

### Interest-bearing net liabilities

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

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Number of shares at end of period

<sup>1)</sup> Financial performance measures which are not defined by IFRS may include items of income and expenses that affect the comparability of the financial reporting of Kemira Group. Restructuring and streamlining programs, transaction and integration expenses in acquisition, divestments of businesses and other disposals are considered to be the most common items affecting comparability.

<sup>2)</sup> Average

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

<sup>4)</sup> 12-month rolling average

## RECONCILIATION OF IFRS FIGURES

| EUR million   | 2020<br>4-6  | 2020<br>1-3 | 2019<br>10-12 | 2019<br>7-9 | 2019<br>4-6 | 2019<br>1-3 | 2020<br>1-6  | 2019<br>1-6 | 2019<br>1-12 |
|---|--------------|-------------|---------------|-------------|-------------|-------------|--------------|-------------|--------------|
| <b>ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT</b>                  |              |             |               |             |             |             |              |             |              |
| <b>Operative EBITDA</b>   | <b>105.7</b> | 108.5       | 90.1          | 118.1       | 106.1       | 95.6        | <b>214.2</b> | 201.8       | 410.0        |
| Restructuring and streamlining programs                                     | -1.9         | 0.0         | -10.7         | -0.5        | -1.9        | -0.4        | -1.9         | -2.3        | -13.5        |
| Transaction and integration expenses in acquisition                         | 0.0          | 0.0         | 2.7           | 0.0         | 0.0         | -0.5        | 0.0          | -0.5        | 2.2          |
| Divestment of businesses and other disposals                                | 0.0          | 0.0         | -0.8          | 0.8         | 0.0         | 0.9         | 0.0          | 0.9         | 0.9          |
| Other items   | 0.0          | -0.1        | -11.6         | -0.3        | -2.1        | -3.2        | -0.1         | -5.3        | -17.2        |
| <b>Total items affecting comparability</b>                                  | <b>-1.9</b>  | -0.1        | -20.5         | 0.0         | -4.0        | -3.1        | <b>-2.0</b>  | -7.2        | -27.7        |
| <b>EBITDA</b>   | <b>103.8</b> | 108.4       | 69.6          | 118.1       | 102.1       | 92.5        | <b>212.2</b> | 194.6       | 382.3        |
| <b>Operative EBIT</b>   | <b>57.6</b>  | 60.8        | 42.4          | 71.1        | 60.3        | 50.1        | <b>118.4</b> | 110.4       | 224.0        |
| Total items affecting comparability in EBITDA                               | -1.9         | -0.1        | -20.5         | 0.0         | -4.0        | -3.1        | -2.0         | -7.2        | -27.7        |
| Items affecting comparability in depreciation, amortization and impairments | 0.0          | 0.0         | 0.0           | -1.9        | 0.0         | 0.0         | 0.0          | 0.0         | -1.9         |
| <b>Operating profit (EBIT)</b>  | <b>55.7</b>  | 60.7        | 21.9          | 69.2        | 56.3        | 47.0        | <b>116.4</b> | 103.3       | 194.4        |
| <b>ROCE AND OPERATIVE ROCE</b>  |              |             |               |             |             |             |              |             |              |
| Operative EBIT  | 57.6         | 60.8        | 42.4          | 71.1        | 60.3        | 50.1        | 118.4        | 110.4       | 224.0        |
| Operating profit (EBIT)   | 55.7         | 60.7        | 21.9          | 69.2        | 56.3        | 47.0        | 116.4        | 103.3       | 194.4        |
| Capital employed <sup>1)</sup>  | 1,993.5      | 1,995.7     | 1,998.2       | 1,961.8     | 1,901.0     | 1,843.6     | 1,993.5      | 1,901.0     | 1,998.2      |
| Operative ROCE, %   | 11.6         | 11.8        | 11.2          | 11.5        | 10.8        | 10.3        | 11.6         | 10.8        | 11.2         |
| ROCE, %   | 10.4         | 10.4        | 9.7           | 10.9        | 9.5         | 8.8         | 10.4         | 9.5         | 9.7          |
| <b>NET WORKING CAPITAL</b>  |              |             |               |             |             |             |              |             |              |
| Inventories   | 276.3        | 265.2       | 260.6         | 304.6       | 304.0       | 300.8       | 276.3        | 304.0       | 260.6        |
| Trade receivables and other receivables                                     | 340.3        | 386.6       | 378.8         | 415.1       | 413.1       | 417.4       | 340.3        | 413.1       | 378.8        |
| Excluding financing items in other receivables                              | -6.4         | -9.1        | -11.9         | -17.0       | -16.3       | -16.9       | -6.4         | -16.3       | -11.9        |
| Trade payables and other liabilities  | 376.5        | 456.2       | 455.7         | 442.2       | 421.7       | 522.2       | 376.5        | 421.7       | 455.7        |
| Excluding financing items in other liabilities                              | -30.1        | -49.2       | -38.8         | -38.9       | -34.3       | -115.5      | -30.1        | -23.6       | -38.8        |
| <b>Net working capital</b>  | <b>263.9</b> | 235.6       | 210.7         | 299.3       | 313.4       | 294.5       | <b>263.9</b> | 313.4       | 210.7        |
| <b>INTEREST-BEARING NET LIABILITIES</b>                                     |              |             |               |             |             |             |              |             |              |
| Non-current interest-bearing liabilities                                    | 732.0        | 738.1       | 737.9         | 792.1       | 790.4       | 790.8       | 732.0        | 790.4       | 737.9        |
| Current interest-bearing liabilities  | 245.4        | 247.8       | 216.6         | 181.5       | 222.3       | 266.9       | 245.4        | 222.3       | 216.6        |
| <b>Interest-bearing liabilities</b>   | <b>977.4</b> | 985.9       | 954.5         | 973.6       | 1,012.7     | 1,057.8     | <b>977.4</b> | 1,012.7     | 954.5        |
| Cash and cash equivalents   | 133.6        | 169.8       | 143.1         | 107.2       | 91.6        | 216.2       | 133.6        | 91.6        | 143.1        |
| <b>Interest-bearing net liabilities</b>                                     | <b>843.8</b> | 816.0       | 811.4         | 866.4       | 921.1       | 841.6       | <b>843.8</b> | 921.1       | 811.4        |

<sup>1)</sup> 12-month rolling average

## QUARTERLY SEGMENT INFORMATION

| EUR million                                    | 2020<br>4-6  | 2020<br>1-3  | 2019<br>10-12 | 2019<br>7-9  | 2019<br>4-6  | 2019<br>1-3  | 2020<br>1-6    | 2019<br>1-6    | 2019<br>1-12   |
|--|--------------|--------------|---------------|--------------|--------------|--------------|----------------|----------------|----------------|
| <b>Revenue</b>                                 |              |              |               |              |              |              |                |                |                |
| Pulp & Paper                                   | 357.0        | 378.5        | 385.9         | 382.9        | 373.4        | 380.8        | 735.4          | 754.1          | 1,522.9        |
| Industry & Water                               | 225.9        | 263.6        | 271.8         | 306.9        | 290.2        | 267.0        | 489.5          | 557.2          | 1,135.9        |
| <b>Total</b>                                   | <b>582.9</b> | <b>642.0</b> | <b>657.7</b>  | <b>689.8</b> | <b>663.6</b> | <b>647.8</b> | <b>1,224.9</b> | <b>1,311.4</b> | <b>2,658.8</b> |
| <b>Operative EBITDA</b>                        |              |              |               |              |              |              |                |                |                |
| Pulp & Paper                                   | 65.6         | 60.2         | 52.6          | 61.3         | 53.7         | 50.7         | 125.9          | 104.4          | 218.3          |
| Industry & Water                               | 40.0         | 48.2         | 37.5          | 56.8         | 52.4         | 45.0         | 88.3           | 97.4           | 191.7          |
| <b>Total</b>                                   | <b>105.7</b> | <b>108.5</b> | <b>90.1</b>   | <b>118.1</b> | <b>106.1</b> | <b>95.6</b>  | <b>214.2</b>   | <b>201.8</b>   | <b>410.0</b>   |
| <b>Items affecting comparability in EBITDA</b> |              |              |               |              |              |              |                |                |                |
| Pulp & Paper                                   | 0.0          | 0.0          | -20.8         | -0.5         | -2.7         | -1.8         | 0.0            | -4.5           | -25.8          |
| Industry & Water                               | -1.9         | -0.1         | 0.3           | 0.5          | -1.3         | -1.3         | -2.0           | -2.6           | -1.8           |
| <b>Total</b>                                   | <b>-1.9</b>  | <b>-0.1</b>  | <b>-20.5</b>  | <b>0.0</b>   | <b>-4.0</b>  | <b>-3.1</b>  | <b>-2.0</b>    | <b>-7.2</b>    | <b>-27.7</b>   |
| <b>EBITDA</b>                                  |              |              |               |              |              |              |                |                |                |
| Pulp & Paper                                   | 65.7         | 60.2         | 31.8          | 60.8         | 51.0         | 48.8         | 125.9          | 99.8           | 192.4          |
| Industry & Water                               | 38.1         | 48.2         | 37.8          | 57.3         | 51.1         | 43.7         | 86.3           | 94.8           | 189.9          |
| <b>Total</b>                                   | <b>103.8</b> | <b>108.4</b> | <b>69.6</b>   | <b>118.1</b> | <b>102.1</b> | <b>92.5</b>  | <b>212.2</b>   | <b>194.6</b>   | <b>382.3</b>   |
| <b>Operative EBIT</b>                          |              |              |               |              |              |              |                |                |                |
| Pulp & Paper                                   | 35.7         | 30.1         | 22.5          | 32.1         | 24.0         | 20.6         | 65.8           | 44.6           | 99.2           |
| Industry & Water                               | 21.9         | 30.7         | 19.9          | 39.0         | 36.3         | 29.5         | 52.6           | 65.8           | 124.7          |
| <b>Total</b>                                   | <b>57.6</b>  | <b>60.8</b>  | <b>42.4</b>   | <b>71.1</b>  | <b>60.3</b>  | <b>50.1</b>  | <b>118.4</b>   | <b>110.4</b>   | <b>224.0</b>   |
| <b>Items affecting comparability in EBIT</b>   |              |              |               |              |              |              |                |                |                |
| Pulp & Paper                                   | 0.0          | 0.0          | -20.8         | -0.5         | -2.7         | -1.8         | 0.0            | -4.5           | -25.8          |
| Industry & Water                               | -1.9         | -0.1         | 0.3           | -1.4         | -1.3         | -1.3         | -2.0           | -2.6           | -3.8           |
| <b>Total</b>                                   | <b>-1.9</b>  | <b>-0.1</b>  | <b>-20.5</b>  | <b>-2.0</b>  | <b>-4.0</b>  | <b>-3.1</b>  | <b>-2.0</b>    | <b>-7.2</b>    | <b>-29.6</b>   |
| <b>Operating profit (EBIT)</b>                 |              |              |               |              |              |              |                |                |                |
| Pulp & Paper                                   | 35.7         | 30.1         | 1.7           | 31.6         | 21.3         | 18.8         | 65.8           | 40.1           | 73.4           |
| Industry & Water                               | 20.0         | 30.7         | 20.2          | 37.6         | 35.0         | 28.2         | 50.7           | 63.2           | 121.0          |
| <b>Total</b>                                   | <b>55.7</b>  | <b>60.7</b>  | <b>21.9</b>   | <b>69.2</b>  | <b>56.3</b>  | <b>47.0</b>  | <b>116.4</b>   | <b>103.3</b>   | <b>194.4</b>   |

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

| EUR million                                      | 1-6/2020       | 1-6/2019 | 1-12/2019 |
|--|----------------|----------|-----------|
| <b>Net book value at beginning of period</b>     | <b>1,005.1</b> | 938.3    | 938.3     |
| Purchases of subsidiaries and asset acquisitions | —              | —        | -2.6      |
| Increases  | 75.7           | 64.5     | 193.1     |
| Decreases  | -0.1           | -1.1     | -1.7      |
| Depreciation and impairments                     | -65.4          | -62.6    | -128.1    |
| Exchange rate differences and other changes      | -19.7          | 0.8      | 6.1       |
| <b>Net book value at end of period</b>           | <b>995.5</b>   | 939.9    | 1,005.1   |

## CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

| EUR million                                      | 1-6/2020     | 1-6/2019 | 1-12/2019 |
|--|--------------|----------|-----------|
| <b>Net book value at beginning of period</b>     | <b>611.3</b> | 630.7    | 630.7     |
| Purchases of subsidiaries and asset acquisitions | —            | -0.8     | 0.4       |
| Increases  | 4.5          | 3.7      | 8.6       |
| Decreases  | —            | —        | —         |
| Amortization and impairments                     | -14.4        | -14.9    | -30.0     |
| Exchange rate differences and other changes      | 0.9          | 1.5      | 1.6       |
| <b>Net book value at end of period</b>           | <b>602.3</b> | 620.1    | 611.3     |

## CHANGES IN RIGHT-OF-USE ASSETS

| EUR million                                  | 1-6/2020     | 1-6/2019 | 1-12/2019 |
|--|--------------|----------|-----------|
| <b>Net book value at beginning of period</b> | <b>136.2</b> | 129.1    | 129.1     |
| Increases                                    | 11.1         | 21.3     | 36.2      |
| Depreciation and impairments                 | -16.0        | -13.8    | -29.8     |
| Exchange rate differences and other changes  | -3.6         | 0.2      | 0.7       |
| <b>Net book value at end of period</b>       | <b>127.7</b> | 136.9    | 136.2     |



## DERIVATIVE INSTRUMENTS

| EUR million                           | 6/30/2020     |            | 12/31/2019    |            |
|---------------------------------------|---------------|------------|---------------|------------|
|                                       | Nominal value | Fair value | Nominal value | Fair value |
| <b>Currency derivatives</b>           |               |            |               |            |
| Forward contracts                     | 423.0         | 2.4        | 421.1         | -0.9       |
| of which cash flow hedge              | 81.9          | 0.9        | 93.4          | 0.6        |
| <b>Interest rate derivatives</b>      |               |            |               |            |
| Interest rate swaps                   | 30.0          | -0.1       | 130.0         | -0.6       |
| <b>Other derivatives</b>              |               |            |               |            |
|                                       | GWh           | Fair value | GWh           | Fair value |
| Electricity forward contracts, bought | 2,016.8       | -3.1       | 2,120.3       | 7.2        |
| of which cash flow hedge              | 2,016.8       | -3.1       | 2,120.3       | 7.2        |

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

## FAIR VALUE OF FINANCIAL ASSETS

| EUR million                            | 6/30/2020 |         |         |       | 12/31/2019 |         |         |       |
|--|-----------|---------|---------|-------|------------|---------|---------|-------|
|  | Level 1   | Level 2 | Level 3 | Total | Level 1    | Level 2 | Level 3 | Total |
| <b>Fair value hierarchy</b>            |           |         |         |       |            |         |         |       |
| Other shares                           | —         | —       | 212.6   | 212.6 | —          | —       | 245.2   | 245.2 |
| Other investments                      | —         | 2.0     | —       | 2.0   | —          | 2.0     | —       | 2.0   |
| Currency derivatives                   | —         | 3.6     | —       | 3.6   | —          | 1.7     | —       | 1.7   |
| Currency derivatives, hedge accounting | —         | 1.3     | —       | 1.3   | —          | 1.0     | —       | 1.0   |
| Other derivatives, hedge accounting    | —         | —       | —       | —     | —          | 7.2     | —       | 7.2   |
| Other receivables                      | —         | 0.3     | —       | 0.3   | —          | 0.2     | —       | 0.2   |
| Trade receivables                      | —         | 269.1   | —       | 269.1 | —          | 308.4   | —       | 308.4 |
| Cash and cash equivalents              | —         | 133.6   | —       | 133.6 | —          | 143.1   | —       | 143.1 |
| <b>Total</b>                           | —         | 409.9   | 212.6   | 622.4 | —          | 463.6   | 245.2   | 708.8 |

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 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, which use inputs which have a significant effect on the recorded fair value, and the inputs are not based on observable market data. Level 3 includes mainly the shares of Pohjolan Voima Group.

| EUR million                            | 6/30/2020    | 12/31/2019   |
|--|--------------|--------------|
| <b>Level 3 specification</b>           |              |              |
| <b>Instrument</b>                      |              |              |
| Carrying value at beginning of period  | 245.2        | 228.4        |
| Effect on other comprehensive income   | -32.6        | 16.6         |
| Increases                              | —            | 0.3          |
| Decreases                              | —            | —            |
| <b>Carrying value at end of period</b> | <b>212.6</b> | <b>245.2</b> |

In Q1 2020, fair value of Pohjolan Voima Group shares was mainly decreased due to the reduction in electricity prices. The shares has been recognized at fair value according to the valuation method described in the Note 3.5 Other Shares in Annual Financial Statement 2019.

## FAIR VALUE OF FINANCIAL LIABILITIES

| EUR million   | 6/30/2020 |                |         |                | 12/31/2019 |                |         |                |
|---|-----------|----------------|---------|----------------|------------|----------------|---------|----------------|
|   | Level 1   | Level 2        | Level 3 | Total          | Level 1    | Level 2        | Level 3 | Total          |
| <b>Fair value hierarchy</b>                                 |           |                |         |                |            |                |         |                |
| Non-current interest-bearing liabilities                    | —         | 651.4          | —       | 651.4          | —          | 660.8          | —       | 660.8          |
| Current portion of non-current interest-bearing liabilities | —         | 51.0           | —       | 51.0           | —          | 57.0           | —       | 57.0           |
| Non-current other liabilities                               | —         | 8.2            | —       | 8.2            | —          | 8.3            | —       | 8.3            |
| Current portion of non-current other liabilities            | —         | 5.4            | —       | 5.4            | —          | —              | —       | —              |
| Non-current lease liabilities                               | —         | 99.0           | —       | 99.0           | —          | 105.7          | —       | 105.7          |
| Current portion of lease liabilities                        | —         | 28.5           | —       | 28.5           | —          | 28.4           | —       | 28.4           |
| Short-term interest-bearing loans                           | —         | 170.4          | —       | 170.4          | —          | 138.0          | —       | 138.0          |
| Other liabilities   | —         | 22.5           | —       | 22.5           | —          | 25.4           | —       | 25.4           |
| Currency derivatives  | —         | 2.3            | —       | 2.3            | —          | 3.2            | —       | 3.2            |
| Currency derivatives, hedge accounting                      | —         | 0.3            | —       | 0.3            | —          | 0.4            | —       | 0.4            |
| Interest rate derivatives                                   | —         | 0.1            | —       | 0.1            | —          | 0.6            | —       | 0.6            |
| Other derivatives, hedge accounting                         | —         | 3.1            | —       | 3.1            | —          | —              | —       | —              |
| Trade payables  | —         | 166.2          | —       | 166.2          | —          | 188.2          | —       | 188.2          |
| <b>Total</b>  | —         | <b>1,208.4</b> | —       | <b>1,208.4</b> | —          | <b>1,215.9</b> | —       | <b>1,215.9</b> |

## CONTINGENT LIABILITIES

| EUR million                  | 6/30/2020 | 6/30/2019 | 12/31/2019 |
|------------------------------|-----------|-----------|------------|
| <b>Assets pledged</b>        |           |           |            |
| On behalf of own commitments | 6.0       | 5.3       | 6.0        |
| <b>Guarantees</b>            |           |           |            |
| On behalf of own commitments | 48.5      | 49.3      | 48.8       |
| On behalf of associates      | 12.4      | —         | —          |
| On behalf of others          | 2.0       | 1.7       | 1.7        |
| <b>Other obligations</b>     |           |           |            |
| On behalf of own commitments | 0.9       | 0.9       | 0.9        |
| On behalf of others          | 6.1       | 6.1       | 6.1        |

## Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on June 30, 2020 were about EUR 41 million for plant investments.

## LITIGATION

On May 19, 2014 Kemira announced that it had signed an agreement with Cartel Damage Claims Hydrogen Peroxide SA and CDC Holding SA (together "CDC") to settle the lawsuit in Helsinki, Finland relating to alleged old violations of competition law applicable to the hydrogen peroxide business. Based on the settlement CDC withdrew the damages claims and Kemira paid to CDC a compensation of EUR 18.5 million and compensated CDC for its legal costs. The settlement also included significant limitations of liabilities for Kemira regarding the then pending legal actions filed by CDC entities in Dortmund, Germany (mentioned and settled as below) and in Amsterdam, the Netherlands (mentioned and pending as below).

On October 16, 2017 Kemira entered into a settlement with Cartel Damage Claims Hydrogen Peroxide SA settling -for its part- fully and finally the Dortmund lawsuit filed by Cartel Damage Claims Hydrogen Peroxide SA in 2009 against six hydrogen peroxide manufacturers, including Kemira, for alleged old violations of competition law in the hydrogen peroxide business. Based on the settlement Cartel Damage Claims Hydrogen Peroxide SA withdrew the damages claims against Kemira and Kemira paid to Cartel Damage Claims Hydrogen Peroxide SA as compensation and costs an amount of EUR 12.7 million.

On June 9, 2011 Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has received documents where it was stated that CDC Project 13 SA has filed an action against four companies in municipal court of Amsterdam, including Kemira, asking damages for violations of competition law applicable to the old sodium chlorate business. The European Commission set on June 2008 a fine of EUR 10.15 million on Finnish Chemicals Oy for antitrust activity in the company's sodium chlorate business during 1994-2000. Kemira Oyj acquired Finnish Chemicals in 2005. The municipal court of Amsterdam decided on June 4, 2014 to have jurisdiction over the case. The said decision on jurisdiction was appealed by Kemira to the court of appeal of Amsterdam. According to the decision by the court of appeal on July 21, 2015, the municipal court of Amsterdam has jurisdiction over the case. The proceedings now continue at the municipal court of Amsterdam where Kemira is the only defendant after the other defendants have settled the claim with CDC Project 13 SA. CDC Project 13 SA claims from Kemira in its brief filed to the municipal court of Amsterdam EUR 61.1 million as damages and interests calculated until December 2, 2015 from which amount CDC Project 13 SA asks the court to deduct the share of the earlier other defendants for other sales than made by them directly, and statutory interest on so defined amount starting from December 2, 2015. Kemira defends against the claim of CDC Project 13 SA. On May 10, 2017, the municipal court of Amsterdam had rendered an interim decision on certain legal aspects relating to the claims of CDC Project 13 SA, having been partly favorable to Kemira on matters as to applicable statute of limitations. On February 4, 2020 the Amsterdam Court of Appeal had overturned the aforementioned interim decision and has also directed the matter to be continued in the main proceeding at the first instance court. Kemira continues to vigorously defend the matter. With effect as of June 17, 2020, CDC Project 13 SAS has further reduced the underlying base claim by some 9%, so that the current claim pursued by CDC Project 13 SAS including interest up until June 17, 2020 amounts to EUR 60.9 million.

As mentioned above the settlement between Kemira and CDC relating to the Helsinki litigation also includes significant limitations of liabilities for Kemira regarding the remaining pending legal action filed by CDC Project 13 SA in Amsterdam, the Netherlands. Regardless of such limitations of liabilities, Kemira is not in a position to make estimates regarding the duration of the said process. Equally no assurance can be given as to the exact outcome of the process, and unfavorable judgments against Kemira could have an adverse effect on Kemira's business, financial condition or results of operations. Nevertheless, Kemira has estimated that the continuing process will likely cause a financial impact and hence has made a provision of EUR 11.5 million in 2019.

Due to its extensive international operations the Group, in addition to the above referred claims, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of these other currently pending legal proceedings to have materially adverse effect upon its consolidated results or financial position.

## RELATED PARTY

Transactions with related parties have not changed materially.

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

Unaudited interim financial statements has been prepared in accordance with the IAS 34 *Interim Financial Reporting* standard and using the same accounting policies as in the annual financial statements 2019. The interim financial statements should be read in conjunction with the annual financial statements 2019.

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

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Due to the uncertainty around the COVID-19 pandemic, Kemira has assessed the impact on its financial position in Q1/2020 and Q2/2020 and has considered the values of the assets that include critical accounting estimates and require judgement to be exercised, or that might have been especially impacted by the COVID-19 pandemic. Based on the analysis, Kemira has not identified any indication of goodwill impairment. The fair value of shares in Pohjolan Voima Group has been decreased by EUR 33 million during Q1/2020, mainly due to reduction in electricity prices. The increased credit risk in certain Oil & Gas customers has increased recorded expected credit losses.