

kemira

January-September Interim Report 2020



PROFITABILITY REMAINED STRONG

Third quarter: Strong profitability and cash flow

- Revenue decreased by 13% to EUR 596.7 million (689.8) due to lower sales volumes. Revenue in local currencies, excluding acquisitions and divestments, decreased by 10%.
- Operative EBITDA remained strong and was EUR 113.0 million (118.1) following favorable development of variable costs and good fixed cost management. The operative EBITDA margin increased to 18.9% (17.1%). EBITDA decreased by 7% to EUR 109.8 million (118.1).
- Operative EBIT decreased by 12% to EUR 62.3 million (71.1). EBIT decreased by 15% to EUR 59.1 million (69.2). The differences between operative and reported figures are explained by items affecting comparability.
- Cash flow from operating activities remained strong at EUR 117.3 million (121.3).
- EPS, diluted, decreased by 10% to EUR 0.24 (0.27).

January-September: Strong profitability development despite lower sales volumes

- Revenue decreased by 9% to EUR 1,821.6 million (2,001.1) due to lower sales volumes. Revenue in local currencies, excluding acquisitions and divestments, decreased by 8%.
- Operative EBITDA increased by 2% to EUR 327.2 million (319.9) mainly due to favorable development of variable costs. The operative EBITDA margin increased to 18.0% (16.0%). EBITDA increased by 3% to EUR 322.0 million (312.7).
- Operative EBIT was EUR 180.7 million (181.6). EBIT increased by 2% to EUR 175.6 million (172.5). The differences between operative and reported figures are explained by items affecting comparability.
- Cash flow from operating activities remained strong at EUR 228.3 million (243.7).
- EPS, diluted, increased by 6% to EUR 0.71 (0.67), mainly due to higher EBITDA.

Outlook for July-December 2020 (updated on October 9, 2020)

Kemira expects its operative EBITDA in H2 2020 to be lower than in H1 2020 (H1 2020: EUR 214 million), but expects its full-year 2020 operative EBITDA to increase from 2019 (2019: EUR 410 million).

Assumptions behind Kemira's outlook for July-December 2020:

Overall demand in Kemira's end markets in H2 2020 is expected to be at approximately 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. In Industry & Water, demand is also expected to remain at approximately the Q2 2020 level. The shale market has started to recover modestly from the Q2 2020 market lows. Kemira's outlook for H2 2020 assumes no significant disruptions in Kemira's manufacturing operations or supply chain.

Previous outlook (published on July 17, 2020)

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

Kemira's President and CEO Jari Rosendal:

"Kemira had strong profitability in the third quarter. The operating environment remained largely unchanged during the quarter, with the COVID-19 pandemic burdening the global economy. Kemira's operations remained uninterrupted, although with strict safety measures in place. Despite the challenging environment, our profitability remained strong during the quarter. Revenue declined by 13% as sales volumes were impacted by the economic slowdown. Revenue excluding currency impact and the Oil & Gas business declined by 5%, demonstrating the resilience of the majority of our businesses. Thanks to good management of variable and fixed costs and the contribution from recent investments, our operative EBITDA remained strong and was EUR 113 million. The operative EBITDA margin improved further and reached a high level of 18.9%.

In Pulp & Paper, market demand patterns were similar to Q2 2020. Demand was rather solid in all customer segments apart from printing and writing, which continued to be negatively impacted by the economic slowdown. Pulp & Paper's operative EBITDA margin improved to an exceptionally high level of 18.6% in Q3 2020 (16.0%). The ramp-up of the new AKD wax facility in China had a positive contribution to our operative EBITDA during the quarter.

In Industry & Water, water treatment demand remained quite resilient, particularly in municipal water treatment. In Oil & Gas, we saw a modest sequential pick-up in shale market activity during the quarter. We believe the low point in shale demand was seen during early summer 2020, but the timing of a more sustained recovery remains uncertain. Industry & Water's operative EBITDA margin was at a strong level of 19.5% in Q3 2020 (18.5%).

Following the strong development in Q3 2020, we have updated our outlook, which we communicated on October 9, 2020. We continue to expect the operative EBITDA in H2 2020 to be lower than in H1 2020 (EUR 214 million). However, for the full year 2020, we expect the operative EBITDA to increase from 2019 (EUR 410 million), in line with our original outlook at the start of the year. As another sign of our confidence about the future, Kemira's Board of Directors also decided on the payment of the second dividend installment, in the amount of EUR 0.28, which will be paid to Kemira's shareholders in early November.

I am pleased that despite the challenging environment this year, Kemira's performance has been good. Our employees have worked hard to ensure our and our customers' business continuity, which I am proud of. I would like to warmly thank all our stakeholders for their trust during this exceptional year.“

KEY FIGURES AND RATIOS

| EUR million | Jul-Sep 2020 | Jul-Sep 2019 | Jan-Sep 2020 | Jan-Sep 2019 | Jan-Dec 2019 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue | 596.7 | 689.8 | 1,821.6 | 2,001.1 | 2,658.8 |
| Operative EBITDA | 113.0 | 118.1 | 327.2 | 319.9 | 410.0 |
| Operative EBITDA, % | 18.9 | 17.1 | 18.0 | 16.0 | 15.4 |
| EBITDA | 109.8 | 118.1 | 322.0 | 312.7 | 382.3 |
| EBITDA, % | 18.4 | 17.1 | 17.7 | 15.6 | 14.4 |
| Operative EBIT | 62.3 | 71.1 | 180.7 | 181.6 | 224.0 |
| Operative EBIT, % | 10.4 | 10.3 | 9.9 | 9.1 | 8.4 |
| EBIT | 59.1 | 69.2 | 175.6 | 172.5 | 194.4 |
| EBIT, % | 9.9 | 10.0 | 9.6 | 8.6 | 7.3 |
| Net profit for the period | 39.0 | 43.3 | 114.2 | 107.9 | 116.5 |
| Earnings per share, diluted, EUR | 0.24 | 0.27 | 0.71 | 0.67 | 0.72 |
| Capital employed* | 1,977.2 | 1,961.8 | 1,977.2 | 1,961.8 | 1,998.2 |
| Operative ROCE*, % | 11.3 | 11.5 | 11.3 | 11.5 | 11.2 |
| ROCE*, % | 10.0 | 10.9 | 10.0 | 10.9 | 9.7 |
| Cash flow from operating activities | 117.3 | 121.3 | 228.3 | 243.7 | 386.2 |
| Capital expenditure excl. acquisition | 49.4 | 51.5 | 129.6 | 119.7 | 201.1 |
| Capital expenditure | 49.4 | 51.8 | 132.2 | 121.6 | 204.1 |
| Cash flow after investing activities | 68.6 | 73.1 | 96.8 | 129.9 | 189.8 |
| Equity ratio, % at period-end | 44 | 43 | 44 | 43 | 43 |
| Equity per share, EUR | 7.94 | 7.94 | 7.94 | 7.94 | 7.98 |
| Gearing, % at period-end | 64 | 71 | 64 | 71 | 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, and gearing, provide useful information about Kemira's comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation from the equivalent IFRS measures, and alternative performance measures should be read in conjunction with the most directly comparable IFRS measures. Definitions of the alternative performance measures can be found in the definitions of the key figures in this report, as well as at www.kemira.com > Investors > Financial information. All the figures in this 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 Q3 2020

Revenue decreased by 13% due to lower sales volumes following the COVID-19 related economic slowdown. Also, currencies had a negative impact. Revenue in local currencies, excluding acquisitions and divestments, decreased by 10%.

| Revenue | Jul-Sep 2020 EUR million | Jul-Sep 2019 EUR million | Δ% | Organic growth*, % | Currency impact, % | Acq. & div. impact, % |
|------------------|-----------------------------|-----------------------------|------------|-----------------------|-----------------------|--------------------------|
| Pulp & Paper | 352.2 | 382.9 | -8 | -5 | -3 | 0 |
| Industry & Water | 244.4 | 306.9 | -20 | -18 | -3 | 0 |
| Total | 596.7 | 689.8 | -13 | -10 | -3 | 0 |

* Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA remained strong at EUR 113.0 million despite lower sales volumes. This was due to favorable variable cost development, including lower raw material costs, as well as good fixed cost management. Efficiencies from the new investments in China and in the Netherlands continued to contribute positively.

| Variance analysis, EUR million | Jul-Sep |
|--------------------------------|--------------|
| Operative EBITDA, 2019 | 118.1 |
| Sales volumes | -34.6 |
| Sales prices | -4.3 |
| Variable costs | +32.2 |
| Fixed costs | +10.3 |
| Currency exchange | -3.0 |
| Others | -5.7 |
| Operative EBITDA, 2020 | 113.0 |

| Operative EBITDA | Jul-Sep 2020 EUR million | Jul-Sep 2019 EUR million | Δ% | Jul-Sep 2020 %-margin | Jul-Sep 2019 %-margin |
|------------------|-----------------------------|-----------------------------|-----------|--------------------------|--------------------------|
| Pulp & Paper | 65.5 | 61.3 | +7 | 18.6 | 16.0 |
| Industry & Water | 47.6 | 56.8 | -16 | 19.5 | 18.5 |
| Total | 113.0 | 118.1 | -4 | 18.9 | 17.1 |

EBITDA decreased by 7%. The difference between it and operative EBITDA is explained by items affecting comparability, which in Q3 2020 consisted of higher provisions for environmental liabilities related to a site closure in 2013. The comparison period consisted of organizational restructuring costs and a gain on the sale of Kemira Operon Oy.

| Items affecting comparability, EUR million | Jul-Sep 2020 | Jul-Sep 2019 |
|--|--------------|--------------|
| Within EBITDA | -3.2 | 0.0 |
| Pulp & Paper | -3.2 | -0.5 |
| Industry & Water | 0.0 | 0.5 |
| Within depreciation, amortization and impairments | 0.0 | -1.9 |
| Pulp & Paper | 0.0 | 0.0 |
| Industry & Water | 0.0 | -1.9 |
| Total items affecting comparability in EBIT | -3.2 | -2.0 |

Depreciation, amortization and impairments were EUR 50.7 million (48.9), including EUR 3.3 million (4.5) in amortization of the purchase price allocation.

Operative EBIT decreased by 12% due to lower EBITDA and higher depreciation. **EBIT** decreased by 15%, and the difference between the two is explained by items affecting comparability.

Net finance costs totaled EUR -7.5 million (-10.5). **Income taxes** were EUR -12.6 million (-15.3), with the reported tax rate being 24% (26%). **Net profit for the period** decreased by 10%.

FINANCIAL PERFORMANCE IN JANUARY-SEPTEMBER 2020

Revenue decreased by 9%, as volumes were negatively impacted by the economic slowdown related to COVID-19. Revenue in local currencies, excluding acquisitions and divestments, decreased by 8%.

| Revenue | Jan-Sep 2020 EUR million | Jan-Sep 2019 EUR million | Δ% | Organic growth*, % | Currency impact, % | Acq. & div. impact, % |
|------------------|-----------------------------|-----------------------------|-----------|-----------------------|-----------------------|--------------------------|
| Pulp & Paper | 1,087.7 | 1,137.0 | -4 | -3 | -1 | 0 |
| Industry & Water | 733.9 | 864.1 | -15 | -14 | -1 | 0 |
| Total | 1,821.6 | 2,001.1 | -9 | -8 | -1 | 0 |

* Revenue in local currencies, excluding acquisitions and divestments

Operative EBITDA increased by 2% despite clearly lower sales volumes. This was mainly the result of lower variable costs, including lower raw material and electricity costs, and good fixed cost management. Also, efficiencies from the new investments in China and in the Netherlands contributed positively.

| Variance analysis, EUR million | Jan-Sep |
|--------------------------------|--------------|
| Operative EBITDA, 2019 | 319.9 |
| Sales volumes | -61.4 |
| Sales prices | -8.4 |
| Variable costs | +76.9 |
| Fixed costs | +12.2 |
| Currency exchange | -4.6 |
| Others | -7.5 |
| Operative EBITDA, 2020 | 327.2 |

| Operative EBITDA | Jan-Sep 2020 EUR million | Jan-Sep 2019 EUR million | Δ% | Jan-Sep 2020 %-margin | Jan-Sep 2019 %-margin |
|------------------|-----------------------------|-----------------------------|-----------|--------------------------|--------------------------|
| Pulp & Paper | 191.4 | 165.7 | +16 | 17.6 | 14.6 |
| Industry & Water | 135.8 | 154.2 | -12 | 18.5 | 17.8 |
| Total | 327.2 | 319.9 | +2 | 18.0 | 16.0 |

EBITDA increased by 3%. The difference between it and **operative EBITDA** is explained by items affecting comparability. **Items affecting comparability** consisted mainly of increased provision for environmental liabilities related to a site closure in 2013 and organizational restructuring costs in the Oil & Gas business. The comparison period consisted mainly of organizational restructuring costs.

| Items affecting comparability, EUR million | Jan-Sep 2020 | Jan-Sep 2019 |
|--|--------------|--------------|
| Within EBITDA | -5.2 | -7.2 |
| Pulp & Paper | -3.3 | -5.1 |
| Industry & Water | -1.9 | -2.1 |
| Within depreciation, amortization and impairments | 0.0 | -1.9 |
| Pulp & Paper | 0.0 | 0.0 |
| Industry & Water | 0.0 | -1.9 |
| Total | -5.2 | -9.1 |

Depreciation, amortization and impairments increased to EUR 146.5 million (140.3), including the EUR 11.6 million (14.0) amortization of the purchase price allocation.

Operative EBIT remained stable compared to the previous year. **EBIT** increased by 2%, and the difference between the two is explained by items affecting comparability.

Finance costs, net totaled EUR -25.3 million (-29.3). **Income taxes** were EUR -36.1 million (-35.3) as a result of higher EBIT, with the reported tax rate being 24% (25%).

Net profit for the period increased by 6%, mainly due to higher EBIT and lower net finance costs.

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in January-September 2020 decreased to EUR 228.3 million (243.7). Cash flow after investing activities decreased to EUR 96.8 million (129.9) following changes in net working capital, higher income taxes paid and higher capital expenditure. 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 972 million (974) including lease liabilities of EUR 121 million (136). The average interest rate of the Group's interest-bearing loan portfolio, excluding leases, was 1.7% (1.9%), and the duration was 20 months (27). Fixed-rate loans accounted for 75% (84%) of net interest-bearing liabilities, including lease liabilities.

Short-term liabilities maturing in the next 12 months amounted to EUR 248 million. On September 30, 2020, cash and cash equivalents totaled EUR 186 million (107). The Group has a EUR 400 million undrawn committed credit facility maturing in 2025.

At the end of the period, Kemira Group's net debt was EUR 786 million (866), including lease liabilities. The equity ratio was 44% (43%), while gearing was 64% (71%).

CAPITAL EXPENDITURE

In January-September 2020, capital expenditure, excluding acquisitions, increased by 8% to EUR 129.6 million (119.7). Capital expenditure can be broken down as follows: expansion capex 44% (52%), improvement capex 22% (19%), and maintenance capex 34% (29%).

RESEARCH AND DEVELOPMENT

In January-September 2020, total research and development expenses were EUR 21.6 million (22.1), representing 1.2% (1.1%) of the Group's revenue.

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,999 employees (5,036). Kemira had 783 employees in Finland (786), 1,774 employees elsewhere in EMEA (1,765), 1,517 in the Americas (1,554), and 925 in APAC (931).

CORPORATE SUSTAINABILITY

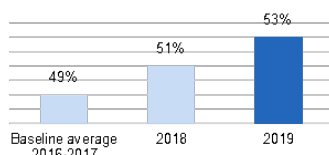
Sustainable products and solutions



| KPI+Target | Performance | Quarterly development |
|------------|-------------|-----------------------|
|------------|-------------|-----------------------|

Product sustainability

At least 50% of Kemira's revenue generated through products improving customers' resource efficiency.



No new R&D projects started in Q3 2020. As of September 30, seven R&D projects out of a total of nine are planned to improve customer resource efficiency. In Q3, commercialization started for four R&D projects, all of which improve customer resource efficiency. In many projects, material efficiency is supported by the development of new products from bio-based raw materials.



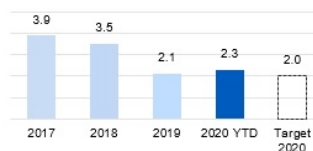
Responsible operations and supply chain



| KPI+Target | Performance | Key developments |
|------------|-------------|------------------|
|------------|-------------|------------------|

Workplace safety

Achieve zero injuries over the long term; TRIF* of 2.0 by end of 2020.

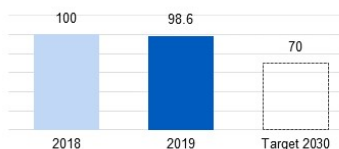


After good safety performance in H1 2020, we had ten people incidents in Q3, of which six led to lost time. As a result, we were not on target for our YTD safety goal (TRIF 2.3 vs. 2.0). By focusing on continuous improvement in people behavior and the working environment, we are still aiming to reach our target of 2.0 by year-end.



Climate change

Reduce combined Scope 1 and Scope 2 greenhouse gas emissions by 30% by 2030, compared to the 2018 baseline (0.93m t CO₂eq). Ambition to be carbon neutral by 2045.

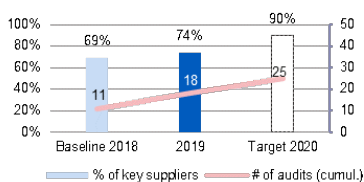


H1 2020 data became available in Q3. This shows a 0.8% reduction in annualized emissions compared to our baseline of 2018. This is a significant improvement, as the modelling when setting Kemira's 2030 target expected a 4% increase for 2020, before declining.



Supplier management

Share of direct key suppliers screened through sustainability assessments and audits (cumulative %). The target includes five sustainability audits for the highest-risk** suppliers every year, and cumulatively 25 audits by 2020.



Supplier sustainability assessments continued as planned. In the year to date, we have completed 43 new supplier assessments, six more than Q2 2020. The average score is good, at 51/100. An additional 27 suppliers have been invited to take an assessment.



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

** Suppliers with the lowest sustainability assessment score



People and integrity

| KPI+Target | Performance | Key developments | | | | | | | | | | | | | |
|--|---|------------------|------------|-----------------|------------|---------------|------|---|---------------------------|------|---|---------------------------|------|--|-------------------------------|
| <p>Employee engagement index based on bi-annual MyVoice survey</p> <p>Keep the index at or above the external industry norm.</p> | <table border="1"> <caption>Employee engagement index</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>-</td> </tr> </tbody> </table> | Metric | 2019 | Target | Engagement | 79 | 73 | Participation | 67 | - | <p>In Q3 we ran the “MySafety” pulse for all employees and got a high response rate of 74%. In this pulse, the overall score for Safety Culture was high at 90 with 92% favorability, and employees gave over 3,000 open comments. The comments are being reviewed globally and at team level to take the right actions in a timely manner.</p> | <p>IN PROGRESS</p> | | | |
| Metric | 2019 | Target | | | | | | | | | | | | | |
| Engagement | 79 | 73 | | | | | | | | | | | | | |
| Participation | 67 | - | | | | | | | | | | | | | |
| <p>Leadership development activities provided, average</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</caption> <thead> <tr> <th>Year</th> <th>Activities</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 | Activities | 2016 | 494 | 2017 | 1036 | 2018 | 1533 | 2019 | 1839 | Target 2020 | 1500 | <p>During 2020, we are experimenting with more digital learning. In Q3, we continued to run manager webinars and offer online learning, and when needed, refresher training, virtually. These will continue in Q4.</p> | <p>AHEAD OF TARGET</p> |
| Year | Activities | | | | | | | | | | | | | | |
| 2016 | 494 | | | | | | | | | | | | | | |
| 2017 | 1036 | | | | | | | | | | | | | | |
| 2018 | 1533 | | | | | | | | | | | | | | |
| 2019 | 1839 | | | | | | | | | | | | | | |
| Target 2020 | 1500 | | | | | | | | | | | | | | |
| <p>Integrity index</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>IN PROGRESS</p> | | | | | | |
| Metric | 2018 | | | | | | | | | | | | | | |
| Integrity Index | 87% | | | | | | | | | | | | | | |
| Participation | 84% | | | | | | | | | | | | | | |

SEGMENTS

PULP & PAPER

Pulp & Paper has unique expertise in applying chemicals and in supporting pulp and paper producers in innovating and constantly improving their operational efficiency. The segment develops and commercializes new products to 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 | Jul-Sep 2020 | Jul-Sep 2019 | Jan-Sep 2020 | Jan-Sep 2019 | Jan-Dec 2019 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue | 352.2 | 382.9 | 1,087.7 | 1,137.0 | 1,522.9 |
| Operative EBITDA | 65.5 | 61.3 | 191.4 | 165.7 | 218.3 |
| Operative EBITDA, % | 18.6 | 16.0 | 17.6 | 14.6 | 14.3 |
| EBITDA | 62.3 | 60.8 | 188.1 | 160.6 | 192.4 |
| EBITDA, % | 17.7 | 15.9 | 17.3 | 14.1 | 12.6 |
| Operative EBIT | 34.8 | 32.1 | 100.6 | 76.7 | 99.2 |
| Operative EBIT, % | 9.9 | 8.4 | 9.2 | 6.7 | 6.5 |
| EBIT | 31.5 | 31.6 | 97.3 | 71.7 | 73.4 |
| EBIT, % | 9.0 | 8.2 | 8.9 | 6.3 | 4.8 |
| Capital employed* | 1,259.8 | 1,277.7 | 1,259.8 | 1,277.7 | 1,289.4 |
| Operative ROCE*, % | 9.8 | 7.9 | 9.8 | 7.9 | 7.7 |
| ROCE*, % | 7.9 | 7.6 | 7.9 | 7.6 | 5.7 |
| Capital expenditure excl. M&A | 23.0 | 25.4 | 58.3 | 66.1 | 109.7 |
| Capital expenditure incl. M&A | 23.0 | 25.4 | 60.9 | 67.8 | 112.5 |
| Cash flow after investing activities | 49.7 | 44.6 | 103.0 | 105.9 | 139.4 |

* 12-month rolling average

Third quarter

The segment's **revenue** decreased by 8%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 5% due to lower volumes following the economic slowdown related to COVID-19. Demand for process and functional chemicals in printing and writing applications declined following a decline in overall printing and writing demand. Also, lower sales prices for caustic soda (mainly a trading product) had a negative impact. Currencies had a negative impact of 3%.

In **EMEA**, revenue decreased by 4% due to lower volumes. Also, lower sales prices for caustic soda (mainly a trading product) had a negative impact. In the **Americas**, revenue decreased by 15%. Revenue in local currencies decreased due to lower volumes, mainly in process and functional chemicals. Currencies had a clear negative impact. In **APAC**, revenue decreased by 6%, mainly due to currencies and lower volumes in process and functional chemicals.

Operative EBITDA increased by 7% due to good fixed cost management, efficiency improvement and capacity expansion from the new AKD wax investment in China and lower variable costs. Emission rights compensation also contributed positively to lower variable costs. **EBITDA** increased by 2%. The difference from operative EBITDA is explained by items affecting comparability.

January-September

The segment's **revenue** decreased by 4%. Revenue in local currencies, excluding divestments and acquisitions, decreased by 3%. Revenue was impacted by lower sales volumes in process and functional chemicals due to the COVID-19 situation. A two-week industrial strike in Finland in February and lower sales prices of caustic soda (mainly a trading product) had a negative impact on revenue.

Operative EBITDA increased by 16%, due to good fixed cost management and lower variable costs, including efficiency improvement and capacity expansion arising from the new AKD wax investment in China, raw material and electricity costs. **EBITDA** increased by 17%. 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, reduced water and energy use, as well as efficiency of oil sands tailings treatment.

| EUR million | Jul-Sep 2020 | Jul-Sep 2019 | Jan-Sep 2020 | Jan-Sep 2019 | Jan-Dec 2019 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue | 244.4 | 306.9 | 733.9 | 864.1 | 1,135.9 |
| Operative EBITDA | 47.6 | 56.8 | 135.8 | 154.2 | 191.7 |
| Operative EBITDA, % | 19.5 | 18.5 | 18.5 | 17.8 | 16.9 |
| EBITDA | 47.6 | 57.3 | 133.9 | 152.1 | 189.9 |
| EBITDA, % | 19.5 | 18.7 | 18.2 | 17.6 | 16.7 |
| Operative EBIT | 27.5 | 39.0 | 80.2 | 104.8 | 124.7 |
| Operative EBIT, % | 11.3 | 12.7 | 10.9 | 12.1 | 11.0 |
| EBIT | 27.6 | 37.6 | 78.2 | 100.8 | 121.0 |
| EBIT, % | 11.3 | 12.3 | 10.7 | 11.7 | 10.6 |
| Capital employed* | 716.6 | 683.6 | 716.6 | 683.6 | 708.2 |
| Operative ROCE*, % | 14.0 | 18.4 | 14.0 | 18.4 | 17.6 |
| ROCE*, % | 13.7 | 17.0 | 13.7 | 17.0 | 17.1 |
| Capital expenditure excl. M&A | 26.4 | 26.0 | 71.2 | 53.6 | 91.4 |
| Capital expenditure incl. M&A | 26.4 | 26.3 | 71.2 | 53.9 | 91.7 |
| Cash flow after investing activities | 25.7 | 37.9 | 40.6 | 71.4 | 128.7 |

* 12-month rolling average

Third quarter

The segment's **revenue** decreased by 20%. Revenue in local currencies, excluding acquisitions and divestments, decreased, by 18%. Volumes were impacted by the economic slowdown related to COVID-19 and a drop in oil prices.

In the water treatment business, revenue decreased by 8% due to lower demand in the industrial water treatment customer segment. The revenue of the Oil & Gas business decreased by 52% to EUR 41.4 million (87.0). Revenue in shale recovered from Q2 2020, but remained clearly below Q3 2019. Also oil sands tailings treatment revenue increased from Q2 2020, but declined clearly year-on-year.

In **EMEA**, revenue decreased by 3%, driven by lower sales volumes in industrial water treatment. Also, lower caustic soda volumes and sales prices had a negative impact. In the **Americas**, revenue decreased by 35%. Revenue in local currencies declined, mainly due to 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 negative impact. In **APAC**, revenue decreased by 12%, albeit from a small base, due to lower volumes in industrial water treatment volumes.

Operative EBITDA decreased by 16%. This was 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 17%, and the difference from operative EBITDA is explained by items affecting comparability.

January-September

The segment's **revenue** decreased by 15%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 14%. The decrease was driven by lower volumes following the economic slowdown and the related drop in oil prices.

In the water treatment business, revenue declined by 4% as lower volumes were partly offset by higher sales prices. Within the segment, revenue for the Oil & Gas business decreased by 47% to EUR 120.6 million (225.6) due to lower volumes, particularly in shale.

Operative EBITDA decreased by 12% due to lower sales volumes, which were partly offset by lower variable and fixed costs. Also, the polymer expansion in the Netherlands had a positive impact on operative EBITDA. **EBITDA** decreased by 12%.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On September 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 September, Kemira Oyj had 40,169 registered shareholders (33,345 on December 31, 2019). Non-Finnish shareholders held 29.5% of the shares (31.9%), including nominee-registered holdings. Households owned 17.5% of the shares (15.6%). Kemira held 2,418,440 treasury shares (2,693,111), representing 1.6% (1.7%) of all company shares.

Kemira Oyj's share price decreased by 19% from the beginning of the year and closed at EUR 10.87 on the Nasdaq Helsinki at the end of September 2020 (13.26 on December 31, 2019). The shares registered a high of EUR 14.24 and a low of EUR 8.02 in January-September 2020, and the average share price was EUR 10.71. The company's market capitalization, excluding treasury shares, was EUR 1,662 million at the end of September 2020 (2,024).

In January-September 2020, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 656 million (385 in January-September 2019). The average daily trading volume was 311,852 (169,166) shares. The total volume of Kemira Oyj's share trading in January-September 2020 was 72 million shares (45), 19% (29%) of which was executed on other trading platforms (BATS, Chi-X, Turquoise). Source: Nasdaq and Kemira.com.

AUTHORIZATIONS

The Annual General Meeting 2020 authorized the Board of Directors to decide upon repurchase of a maximum of 5,400,000 of the company's own shares ("share repurchase authorization"). 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 authorization"). The share issue authorization is valid until May 31, 2021.

DIVIDEND

The Annual General Meeting, held on May 5, 2020, authorized the Board of Directors to decide, at its discretion, upon the payment of a dividend of a maximum amount of EUR 0.56 per share, in two installments.

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. The Board of Directors decided on the payment of the second installment of the dividend, EUR 0.28 per share, on October 26, 2020. The record date for the second installment is October 29, 2020, and the payment date is November 5, 2020. Kemira announced both decisions with separate stock exchange releases.

SHORT-TERM RISKS AND UNCERTAINTIES

There have been no significant changes in Kemira's short-term risks and uncertainties compared to the situation on June 30, 2020.

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

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

The COVID-19 pandemic and the related economic slowdown had a limited impact on Kemira's operations in January-September 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-September 2020, Kemira's manufacturing facilities and supply chain operated without significant disruptions. If the second wave of COVID-19 were to result in significant restrictions on economic activity, 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 during January-September 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 economic slowdown. In Oil & Gas, demand for shale during Q2 2020 was virtually non-existent following the drop in oil prices and low demand. During Q3 2020, shale market activity started to recover modestly from the market lows seen in Q2 2020.

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 and 2021 are lowered further. In Industry & Water, industrial water treatment is expected to be more impacted than municipal water treatment if GDP estimates for 2020 and 2021 are lowered further. In Oil & Gas, the shale market started to recover modestly in Q3 2020 from the market lows seen during Q2 2020. The final impacts on Kemira's end markets will depend on the pace of economic recovery and the development of the pandemic. A second wave of infections could result in further deterioration of the situation and result in additional restrictions on economic activity, which in turn could lead to widespread decline in customer demand. For Kemira's outlook, which is based on certain assumptions, please refer to the section "Outlook" on page 19.

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.

In Q2 2020, Kemira restructured its Oil & Gas business to better meet the 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 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 was lowered by EUR 33 million during Q1 2020, mainly due to a reduction in electricity prices. Higher accounts receivable among certain Oil & Gas customers has resulted in increased recorded expected credit losses. However, there have not been any significant realized credit losses due to the current market situation.

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

EVENTS AFTER THE REVIEW PERIOD

On October 9, 2020, Kemira updated its outlook and provided preliminary information on its Q3 2020 development. Please see the following page for Kemira's updated outlook.

On October 27, 2020, Kemira announced that Kemira's Board of Directors had decided on the payment of the second installment of the dividend of EUR 0.28 per share. The record date is October 29, 2020 and the payment date is November 5, 2020.

OUTLOOK

Outlook for July-December 2020 (updated on October 9, 2020)

Kemira expects its operative EBITDA in H2 2020 to be lower than in H1 2020 (H1 2020: EUR 214 million), but expects its full-year 2020 operative EBITDA to increase from 2019 (2019: EUR 410 million).

Assumptions behind Kemira's outlook for July-December 2020:

Overall demand in Kemira's end markets in H2 2020 is expected to be at approximately 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. In Industry & Water, demand is also expected to remain at approximately the Q2 2020 level. The shale market has started to recover modestly from the Q2 2020 market lows. Kemira's outlook for H2 2020 assumes no significant disruptions in Kemira's manufacturing operations or supply chain.

Previous outlook (published on July 17, 2020)

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

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, October 26, 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 2021

| | |
|--|-------------------|
| 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 |

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

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

WEBCAST AND CONFERENCE CALL FOR PRESS AND ANALYSTS

Kemira will arrange a webcast for analysts, investors, and media on Tuesday, October 27, 2020, starting at 1.30 pm EET (11.30 am UK time). During the webcast, Kemira's President and CEO, Jari Rosendal, and CFO, Petri Castrén, will present the results. The webcast will be held in English and can be followed at www.kemira.com/company/investors. The presentation material and a recording of the webcast will be available on the above-mentioned company website.

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

FI +358 (0)9 81710 310 SE +46 (0)8 56642 651 UK +44 (0)333 300 0804 US +1 631 913 1422

Conference ID: 42010853#

KEMIRA GROUP

CONSOLIDATED INCOME STATEMENT

| EUR million | 7-9/2020 | 7-9/2019 | 1-9/2020 | 1-9/2019 | 1-12/2019 |
|--|--------------|----------|----------------|----------|-----------|
| Revenue | 596.7 | 689.8 | 1,821.6 | 2,001.1 | 2,658.8 |
| Other operating income | 0.5 | 2.0 | 2.1 | 5.9 | 6.4 |
| Operating expenses | -487.4 | -573.7 | -1,501.6 | -1,694.3 | -2,283.0 |
| Share of profit or loss of associates | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | 109.8 | 118.1 | 322.0 | 312.7 | 382.3 |
| Depreciation, amortization and impairments | -50.7 | -48.9 | -146.5 | -140.3 | -187.9 |
| Operating profit (EBIT) | 59.1 | 69.2 | 175.6 | 172.5 | 194.4 |
| Finance costs, net | -7.5 | -10.5 | -25.3 | -29.3 | -39.7 |
| Profit before taxes | 51.6 | 58.7 | 150.2 | 143.1 | 154.7 |
| Income taxes | -12.6 | -15.3 | -36.1 | -35.3 | -38.2 |
| Net profit for the period | 39.0 | 43.3 | 114.2 | 107.9 | 116.5 |
| Net profit attributable to | | | | | |
| Equity owners of the parent company | 37.3 | 41.5 | 109.2 | 103.1 | 110.2 |
| Non-controlling interests | 1.7 | 1.8 | 5.0 | 4.8 | 6.3 |
| Net profit for the period | 39.0 | 43.3 | 114.2 | 107.9 | 116.5 |
| Earnings per share, basic, EUR | 0.24 | 0.27 | 0.71 | 0.68 | 0.72 |
| Earnings per share, diluted, EUR | 0.24 | 0.27 | 0.71 | 0.67 | 0.72 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR million | 7-9/2020 | 7-9/2019 | 1-9/2020 | 1-9/2019 | 1-12/2019 |
|---|--------------|----------|--------------|----------|-----------|
| Net profit for the period | 39.0 | 43.3 | 114.2 | 107.9 | 116.5 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on translating foreign operations | -19.8 | 12.4 | -39.9 | 15.7 | 7.8 |
| Cash flow hedges | 2.8 | 0.6 | -5.2 | -12.3 | -15.0 |
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Other shares | — | — | -26.1 | 0.1 | 13.4 |
| Remeasurements of defined benefit plans | — | — | — | — | -5.4 |
| Other comprehensive income for the period, net of tax | -17.1 | 13.0 | -71.3 | 3.5 | 0.7 |
| Total comprehensive income for the period | 22.0 | 56.4 | 42.9 | 111.4 | 117.2 |
| Total comprehensive income attributable to | | | | | |
| Equity owners of the parent company | 20.4 | 54.9 | 38.7 | 106.8 | 110.7 |
| Non-controlling interests | 1.6 | 1.5 | 4.2 | 4.6 | 6.5 |
| Total comprehensive income for the period | 22.0 | 56.4 | 42.9 | 111.4 | 117.2 |

CONSOLIDATED BALANCE SHEET

| EUR million | 9/30/2020 | 9/30/2019 | 12/31/2019 |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 509.5 | 518.6 | 515.8 |
| Other intangible assets | 81.3 | 102.2 | 95.5 |
| Property, plant and equipment | 990.5 | 962.9 | 1,005.1 |
| Right-of-use assets | 120.5 | 137.8 | 136.2 |
| Investments in associates | 5.4 | 1.7 | 2.8 |
| Other shares | 212.5 | 228.6 | 245.2 |
| Deferred tax assets | 31.5 | 33.9 | 35.7 |
| Other investments | 1.3 | 2.1 | 2.0 |
| Receivables of defined benefit plans | 51.6 | 45.8 | 51.8 |
| Total non-current assets | 2,004.0 | 2,033.6 | 2,090.1 |
| Current assets | | | |
| Inventories | 256.4 | 304.6 | 260.6 |
| Interest-bearing receivables | 0.4 | 0.2 | 0.2 |
| Trade receivables and other receivables | 341.4 | 415.1 | 378.8 |
| Current income tax assets | 17.1 | 12.6 | 18.2 |
| Cash and cash equivalents | 185.7 | 107.2 | 143.1 |
| Total current assets | 801.0 | 839.7 | 800.9 |
| Total assets | 2,805.0 | 2,873.3 | 2,891.0 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity attributable to equity owners of the parent company | 1,214.6 | 1,212.7 | 1,217.7 |
| Non-controlling interests | 11.8 | 11.5 | 13.3 |
| Total equity | 1,226.4 | 1,224.2 | 1,231.0 |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 724.1 | 792.1 | 737.9 |
| Other liabilities | 8.1 | 7.7 | 8.3 |
| Deferred tax liabilities | 54.8 | 71.6 | 67.8 |
| Liabilities of defined benefit plans | 92.9 | 80.2 | 93.3 |
| Provisions | 24.6 | 29.0 | 29.1 |
| Total non-current liabilities | 904.5 | 980.6 | 936.4 |
| Current liabilities | | | |
| Interest-bearing liabilities | 247.6 | 181.5 | 216.6 |
| Trade payables and other liabilities | 366.6 | 442.2 | 455.7 |
| Current income tax liabilities | 32.4 | 38.8 | 28.7 |
| Provisions | 27.6 | 6.1 | 22.6 |
| Total current liabilities | 674.1 | 668.5 | 723.6 |
| Total liabilities | 1,578.6 | 1,649.1 | 1,660.0 |
| Total equity and liabilities | 2,805.0 | 2,873.3 | 2,891.0 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| EUR million | 7-9/2020 | 7-9/2019 | 1-9/2020 | 1-9/2019 | 1-12/2019 |
|---|--------------|--------------|---------------|---------------|---------------|
| Cash flow from operating activities | | | | | |
| Net profit for the period | 39.0 | 43.3 | 114.2 | 107.9 | 116.5 |
| Total adjustments | 76.6 | 72.6 | 214.0 | 221.0 | 301.8 |
| Cash flow before change in net working capital | 115.7 | 116.0 | 328.2 | 328.9 | 418.3 |
| Change in net working capital | 8.4 | 14.7 | -53.1 | -37.7 | 45.3 |
| Cash generated from operations before financing items and taxes | 124.1 | 130.7 | 275.2 | 291.2 | 463.5 |
| Finance expenses, net and dividends received | -1.1 | -6.3 | -17.2 | -29.9 | -38.6 |
| Income taxes paid | -5.7 | -3.0 | -29.6 | -17.5 | -38.8 |
| Net cash generated from operating activities | 117.3 | 121.3 | 228.3 | 243.7 | 386.2 |
| Cash flow from investing activities | | | | | |
| Purchases of subsidiaries and business acquisitions, net of cash acquired | — | — | — | — | — |
| Capital expenditure in associated company | — | — | -2.6 | -1.7 | -2.7 |
| Other capital expenditure | -49.4 | -51.8 | -129.6 | -120.0 | -201.4 |
| Proceeds from sale of assets | — | 3.7 | 0.2 | 7.8 | 7.7 |
| Decrease (+) / increase (-) in loan receivables | 0.7 | -0.1 | 0.5 | — | 0.1 |
| Net cash used in investing activities | -48.7 | -48.2 | -131.5 | -113.9 | -196.3 |
| Cash flow from financing activities | | | | | |
| Proceeds from non-current interest-bearing liabilities | — | — | — | 40.1 | 40.1 |
| Repayments of non-current liabilities | -5.4 | -5.4 | -15.7 | -116.0 | -121.0 |
| Short-term financing, net increase (+) / decrease (-) | 3.5 | -42.0 | 38.8 | 13.1 | 2.9 |
| Repayments of lease liabilities | -7.7 | -7.1 | -22.9 | -20.8 | -28.4 |
| Dividends paid | -4.1 | -4.7 | -48.6 | -86.9 | -86.9 |
| Net cash used in financing activities | -13.7 | -59.1 | -48.4 | -170.4 | -193.2 |
| Net decrease (-) / increase (+) in cash and cash equivalents | 55.0 | 14.0 | 48.4 | -40.5 | -3.4 |
| Cash and cash equivalents at end of period | 185.7 | 107.2 | 185.7 | 107.2 | 143.1 |
| Exchange gains (+) / losses (-) on cash and cash equivalents | -2.9 | 1.6 | -5.8 | 2.8 | 1.5 |
| Cash and cash equivalents at beginning of period | 133.6 | 91.6 | 143.1 | 144.9 | 144.9 |
| Net decrease (-) / increase (+) in cash and cash equivalents | 55.0 | 14.0 | 48.4 | -40.5 | -3.4 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| EUR million | Equity attributable to equity owners of the parent company | | | | | | | Total | Non-controlling interests | Total Equity |
|--|--|---------------|-------------------------------|-----------------------------|----------------------|-----------------|----------------------------|----------------|---------------------------|----------------|
| | Share capital | Share premium | Fair value and other reserves | Unrestricted equity reserve | Exchange differences | Treasury shares | Retained earnings | | | |
| Equity on January 1, 2020 | 221.8 | 257.9 | 108.5 | 196.3 | -39.5 | -18.1 | 490.9 | 1,217.7 | 13.3 | 1,231.0 |
| Net profit for the period | — | — | — | — | — | — | 109.2 | 109.2 | 5.0 | 114.2 |
| Other comprehensive income, net of tax | — | — | -31.4 | — | -39.1 | — | — | -70.5 | -0.8 | -71.3 |
| Total comprehensive income | — | — | -31.4 | — | -39.1 | — | 109.2 | 38.7 | 4.2 | 42.9 |
| Transactions with owners | | | | | | | | | | |
| Dividends paid | — | — | — | — | — | — | -42.8 ¹⁾ | -42.8 | -5.8 | -48.6 |
| Treasury shares issued to the target group of a share-based incentive plan | — | — | — | — | — | 1.8 | — | 1.8 | — | 1.8 |
| Treasury shares issued to the Board of Directors | — | — | — | — | — | 0.1 | — | 0.1 | — | 0.1 |
| Treasury shares returned | — | — | — | — | — | -0.1 | — | -0.1 | — | -0.1 |
| Share-based payments | — | — | — | — | — | — | -0.8 | -0.8 | — | -0.8 |
| Transfers in equity | — | — | 0.2 | — | — | — | -0.2 | — | — | — |
| Total transactions with owners | — | — | 0.2 | — | — | 1.8 | -43.8 | -41.8 | -5.8 | -47.6 |
| Equity on September 30, 2020 | 221.8 | 257.9 | 77.2 | 196.3 | -78.6 | -16.2 | 556.3 | 1,214.6 | 11.8 | 1,226.4 |

¹⁾ 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 2,418,440 of its treasury shares on September 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 3.5 million.

The share premium is a reserve accumulated through subscriptions entitled by the management stock option program 2001. This reserve is based on the old Finnish Companies Act (734/1978), 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 | Unrestricted equity reserve | Exchange differences | Treasury shares | Retained earnings | Total | Non-controlling interests | Total Equity |
|--|---------------|---------------|-------------------------------|-----------------------------|----------------------|-----------------|---------------------|---------|---------------------------|--------------|
| Equity on January 1, 2019 | 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 ²⁾ | -4.9 | — | -4.9 |
| Restated equity on January 1, 2019 | 221.8 | 257.9 | 110.2 | 196.3 | -47.1 | -19.1 | 464.7 | 1,184.7 | 12.9 | 1,197.6 |
| Net profit for the period | — | — | — | — | — | — | 103.1 | 103.1 | 4.8 | 107.9 |
| Other comprehensive income, net of tax | — | — | -12.3 | — | 15.8 | — | 0.1 | 3.6 | -0.1 | 3.5 |
| Total comprehensive income | — | — | -12.3 | — | 15.8 | — | 103.2 | 106.8 | 4.6 | 111.4 |
| Transactions with owners | | | | | | | | | | |
| Dividends paid | — | — | — | — | — | — | -80.9 ³⁾ | -80.9 | -6.0 | -86.9 |
| 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 |
| Treasury shares returned | — | — | — | — | — | -0.1 | — | -0.1 | — | -0.1 |
| Share-based payments | — | — | — | — | — | — | 1.2 | 1.2 | — | 1.2 |
| Total transactions with owners | — | — | — | — | — | 1.0 | -79.7 | -78.7 | -6.0 | -84.7 |
| Equity on September 30, 2019 | 221.8 | 257.9 | 97.9 | 196.3 | -31.3 | -18.1 | 488.2 | 1,212.7 | 11.5 | 1,224.2 |

²⁾ 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.

³⁾ 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 > Investors > Financial information.

* Revenue growth in local currencies, excluding acquisitions and divestments

| | 2020 7-9 | 2020 4-6 | 2020 1-3 | 2019 10-12 | 2019 7-9 | 2019 4-6 | 2019 1-3 | 2020 1-9 | 2019 1-9 | 2019 1-12 |
|--|----------------|-------------|-------------|---------------|-------------|-------------|-------------|----------------|-------------|--------------|
| Income statement and profitability | | | | | | | | | | |
| Revenue, EUR million | 596.7 | 582.9 | 642.0 | 657.7 | 689.8 | 663.6 | 647.8 | 1,821.6 | 2,001.1 | 2,658.8 |
| Operative EBITDA, EUR million | 113.0 | 105.7 | 108.5 | 90.1 | 118.1 | 106.1 | 95.6 | 327.2 | 319.9 | 410.0 |
| Operative EBITDA, % | 18.9 | 18.1 | 16.9 | 13.7 | 17.1 | 16.0 | 14.8 | 18.0 | 16.0 | 15.4 |
| EBITDA, EUR million | 109.8 | 103.8 | 108.4 | 69.6 | 118.1 | 102.1 | 92.5 | 322.0 | 312.7 | 382.3 |
| EBITDA, % | 18.4 | 17.8 | 16.9 | 10.6 | 17.1 | 15.4 | 14.3 | 17.7 | 15.6 | 14.4 |
| Items affecting comparability in EBITDA, EUR million | -3.2 | -1.9 | -0.1 | -20.5 | 0.0 | -4.0 | -3.1 | -5.2 | -7.2 | -27.7 |
| Operative EBIT, EUR million | 62.3 | 57.6 | 60.8 | 42.4 | 71.1 | 60.3 | 50.1 | 180.7 | 181.6 | 224.0 |
| Operative EBIT, % | 10.4 | 9.9 | 9.5 | 6.4 | 10.3 | 9.1 | 7.7 | 9.9 | 9.1 | 8.4 |
| Operating profit (EBIT), EUR million | 59.1 | 55.7 | 60.7 | 21.9 | 69.2 | 56.3 | 47.0 | 175.6 | 172.5 | 194.4 |
| Operating profit (EBIT), % | 9.9 | 9.6 | 9.5 | 3.3 | 10.0 | 8.5 | 7.3 | 9.6 | 8.6 | 7.3 |
| Items affecting comparability in EBIT, EUR million | -3.2 | -1.9 | -0.1 | -20.5 | -2.0 | -4.0 | -3.1 | -5.2 | -9.1 | -29.6 |
| Amortization and impairments of Intangible assets | -7.4 | -6.9 | -7.6 | -7.4 | -7.7 | -7.4 | -7.5 | -21.8 | -22.6 | -30.0 |
| Of which purchase price allocation (PPA) related | -3.3 | -3.8 | -4.6 | -4.5 | -4.5 | -4.7 | -4.8 | -11.6 | -14.0 | -18.5 |
| Depreciations and impairments of Property, plant and equipment | -35.4 | -33.2 | -32.1 | -32.0 | -33.5 | -31.3 | -31.3 | -100.7 | -96.1 | -128.1 |
| Depreciations of Right-of-use assets | -8.0 | -8.0 | -8.0 | -8.2 | -7.8 | -7.2 | -6.6 | -23.9 | -21.6 | -29.8 |
| Return on investment (ROI), % | 9.9 | 9.2 | 10.1 | 3.8 | 11.7 | 9.7 | 8.2 | 7.3 | 9.9 | 8.4 |
| Capital employed, EUR million ¹⁾ | 1,977.2 | 1,993.5 | 1,995.7 | 1,998.2 | 1,961.8 | 1,901.0 | 1,843.6 | 1,977.2 | 1,961.8 | 1,998.2 |
| Operative ROCE, % | 11.3 | 11.6 | 11.8 | 11.2 | 11.5 | 10.8 | 10.3 | 11.3 | 11.5 | 11.2 |
| ROCE, % | 10.0 | 10.4 | 10.4 | 9.7 | 10.9 | 9.5 | 8.8 | 10.0 | 10.9 | 9.7 |

| | 2020 7-9 | 2020 4-6 | 2020 1-3 | 2019 10-12 | 2019 7-9 | 2019 4-6 | 2019 1-3 | 2020 1-9 | 2019 1-9 | 2019 1-12 |
|--|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Cash flow | | | | | | | | | | |
| Net cash generated from operating activities, EUR million | 117.3 | 60.8 | 50.2 | 142.5 | 121.3 | 57.2 | 65.2 | 228.3 | 243.7 | 386.2 |
| Capital expenditure, EUR million | 49.4 | 44.1 | 38.7 | 82.5 | 51.8 | 41.5 | 28.3 | 132.2 | 121.6 | 204.1 |
| Capital expenditure excl. acquisitions, EUR million | 49.4 | 44.1 | 36.1 | 81.4 | 51.5 | 39.9 | 28.3 | 129.6 | 119.7 | 201.1 |
| Capital expenditure excl. acquisitions / revenue, % | 8.3 | 7.6 | 5.6 | 12.4 | 7.5 | 6.0 | 4.4 | 7.1 | 6.0 | 7.6 |
| Cash flow after investing activities, EUR million | 68.6 | 16.6 | 11.5 | 60.0 | 73.1 | 16.9 | 39.8 | 96.8 | 129.9 | 189.8 |
| Balance sheet and solvency | | | | | | | | | | |
| Equity ratio, % | 43.7 | 43.2 | 42.1 | 42.6 | 42.6 | 41.4 | 38.7 | 43.7 | 42.6 | 42.6 |
| Gearing, % | 64.1 | 69.9 | 67.5 | 65.9 | 70.8 | 78.6 | 73.6 | 64.1 | 70.8 | 65.9 |
| Interest-bearing net liabilities, EUR million | 786.1 | 843.8 | 816.0 | 811.4 | 866.4 | 921.1 | 841.6 | 786.1 | 866.4 | 811.4 |
| Personnel | | | | | | | | | | |
| Personnel at end of period | 4,999 | 5,106 | 5,075 | 5,062 | 5,036 | 5,067 | 4,973 | 4,999 | 5,036 | 5,062 |
| Personnel (average) | 5,037 | 5,093 | 5,074 | 5,055 | 5,054 | 5,033 | 4,938 | 5,068 | 5,008 | 5,020 |
| Key exchange rates at end of period | | | | | | | | | | |
| USD | 1.171 | 1.120 | 1.096 | 1.123 | 1.089 | 1.138 | 1.124 | 1.171 | 1.089 | 1.123 |
| CAD | 1.568 | 1.532 | 1.562 | 1.460 | 1.443 | 1.489 | 1.500 | 1.568 | 1.443 | 1.460 |
| SEK | 10.571 | 10.495 | 11.061 | 10.447 | 10.696 | 10.563 | 10.398 | 10.571 | 10.696 | 10.447 |
| CNY | 7.972 | 7.922 | 7.778 | 7.821 | 7.778 | 7.819 | 7.540 | 7.972 | 7.778 | 7.821 |
| BRL | 6.631 | 6.112 | 5.700 | 4.516 | 4.529 | 4.351 | 4.387 | 6.631 | 4.529 | 4.516 |
| Per share figures, EUR | | | | | | | | | | |
| Earnings per share (EPS), basic ²⁾ | 0.24 | 0.22 | 0.25 | 0.05 | 0.27 | 0.22 | 0.18 | 0.71 | 0.68 | 0.72 |
| Earnings per share (EPS), diluted ²⁾ | 0.24 | 0.22 | 0.25 | 0.05 | 0.27 | 0.22 | 0.18 | 0.71 | 0.67 | 0.72 |
| Net cash generated from operating activities per share ²⁾ | 0.77 | 0.40 | 0.33 | 0.93 | 0.79 | 0.37 | 0.43 | 1.49 | 1.60 | 2.53 |
| Equity per share ²⁾ | 7.94 | 7.80 | 7.82 | 7.98 | 7.94 | 7.58 | 7.39 | 7.94 | 7.94 | 7.98 |
| Number of shares (1,000,000) | | | | | | | | | | |
| Average number of shares, basic ²⁾ | 152.9 | 152.9 | 152.7 | 152.6 | 152.7 | 152.7 | 152.6 | 152.9 | 152.6 | 152.6 |
| Average number of shares, diluted ²⁾ | 153.3 | 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 ²⁾ | 152.9 | 152.9 | 152.9 | 152.6 | 152.6 | 152.7 | 152.7 | 152.9 | 152.6 | 152.6 |
| Number of shares at end of period, diluted ²⁾ | 153.3 | 153.3 | 153.4 | 153.4 | 153.1 | 153.1 | 152.9 | 153.3 | 153.1 | 153.4 |

¹⁾ 12-month rolling average

²⁾ 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 ¹⁾

Restructuring and streamlining programs + transaction and integration expenses in acquisitions + divestment of businesses and other disposals + other items

Operative EBIT

Operating profit (EBIT) +/- items affecting comparability

Return on investment (ROI), %

(Profit before taxes + interest expenses + other financial expenses) x 100

Total assets - non-interest-bearing liabilities ²⁾

Operative return on capital employed (Operative ROCE), %

Operative EBIT x 100 ³⁾

Capital employed ⁴⁾

Return on capital employed (ROCE), %

Operating profit (EBIT) x 100 ³⁾

Capital employed ⁴⁾

Capital employed

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

Net working capital

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

Cash flow after investing activities

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

Equity ratio, %

Total equity x 100

Total assets - prepayments received

Gearing, %

Interest-bearing net liabilities x 100

Total equity

Interest-bearing net liabilities

Interest-bearing liabilities - cash and cash equivalents

Earnings per share (EPS)

Net profit attributable to equity owners of the parent company

Average number of shares

Net cash generated from operating activities per share

Net cash generated from operating activities

Average number of shares

Equity per share

Equity attributable to equity owners of the parent company at end of period

Number of shares at end of period

¹⁾ Financial performance measures 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.

²⁾ Average

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

⁴⁾ 12-month rolling average

RECONCILIATION OF IFRS FIGURES

| | 2020 | 2020 | 2020 | 2019 | 2019 | 2019 | 2019 | 2020 | 2019 | 2019 |
|---|--------------|---------|---------|---------|---------|---------|---------|--------------|---------|---------|
| EUR million | 7-9 | 4-6 | 1-3 | 10-12 | 7-9 | 4-6 | 1-3 | 1-9 | 1-9 | 1-12 |
| ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT | | | | | | | | | | |
| Operative EBITDA | 113.0 | 105.7 | 108.5 | 90.1 | 118.1 | 106.1 | 95.6 | 327.2 | 319.9 | 410.0 |
| Restructuring and streamlining programs | -3.2 | -1.9 | 0.0 | -10.7 | -0.5 | -1.9 | -0.4 | -5.0 | -2.8 | -13.5 |
| Transaction and integration expenses in acquisition | 0.0 | 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 | 0.0 | -0.8 | 0.8 | 0.0 | 0.9 | 0.0 | 1.7 | 0.9 |
| Other items | 0.0 | 0.0 | -0.1 | -11.6 | -0.3 | -2.1 | -3.2 | -0.2 | -5.6 | -17.2 |
| Total items affecting comparability | -3.2 | -1.9 | -0.1 | -20.5 | 0.0 | -4.0 | -3.1 | -5.2 | -7.2 | -27.7 |
| EBITDA | 109.8 | 103.8 | 108.4 | 69.6 | 118.1 | 102.1 | 92.5 | 322.0 | 312.7 | 382.3 |
| Operative EBIT | 62.3 | 57.6 | 60.8 | 42.4 | 71.1 | 60.3 | 50.1 | 180.7 | 181.6 | 224.0 |
| Total items affecting comparability in EBITDA | -3.2 | -1.9 | -0.1 | -20.5 | 0.0 | -4.0 | -3.1 | -5.2 | -7.2 | -27.7 |
| Items affecting comparability in depreciation, amortization and impairments | 0.0 | 0.0 | 0.0 | 0.0 | -1.9 | 0.0 | 0.0 | 0.0 | 1.9 | -1.9 |
| Operating profit (EBIT) | 59.1 | 55.7 | 60.7 | 21.9 | 69.2 | 56.3 | 47.0 | 175.6 | 172.5 | 194.4 |
| ROCE AND OPERATIVE ROCE | | | | | | | | | | |
| Operative EBIT | 62.3 | 57.6 | 60.8 | 42.4 | 71.1 | 60.3 | 50.1 | 180.7 | 181.6 | 224.0 |
| Operating profit (EBIT) | 59.1 | 55.7 | 60.7 | 21.9 | 69.2 | 56.3 | 47.0 | 175.6 | 172.5 | 194.4 |
| Capital employed ¹⁾ | 1,977.2 | 1,993.5 | 1,995.7 | 1,998.2 | 1,961.8 | 1,901.0 | 1,843.6 | 1,977.2 | 1,961.8 | 1,998.2 |
| Operative ROCE, % | 11.3 | 11.6 | 11.8 | 11.2 | 11.5 | 10.8 | 10.3 | 11.3 | 11.5 | 11.2 |
| ROCE, % | 10.0 | 10.4 | 10.4 | 9.7 | 10.9 | 9.5 | 8.8 | 10.0 | 10.9 | 9.7 |
| NET WORKING CAPITAL | | | | | | | | | | |
| Inventories | 256.4 | 276.3 | 265.2 | 260.6 | 304.6 | 304.0 | 300.8 | 256.4 | 304.6 | 260.6 |
| Trade receivables and other receivables | 341.4 | 340.3 | 386.6 | 378.8 | 415.1 | 413.1 | 417.4 | 341.4 | 415.1 | 378.8 |
| Excluding financing items in other receivables | -7.0 | -6.4 | -9.1 | -11.9 | -17.0 | -16.3 | -16.9 | -7.0 | -17.0 | -11.9 |
| Trade payables and other liabilities | 366.6 | 376.5 | 456.2 | 455.7 | 442.2 | 421.7 | 522.2 | 366.6 | 442.2 | 455.7 |
| Excluding financing items in other liabilities | -24.8 | -30.1 | -49.2 | -38.8 | -38.9 | -34.3 | -115.5 | -24.8 | -38.9 | -38.8 |
| Net working capital | 248.9 | 263.9 | 235.6 | 210.7 | 299.3 | 313.4 | 294.5 | 248.9 | 299.3 | 210.7 |
| INTEREST-BEARING NET LIABILITIES | | | | | | | | | | |
| Non-current interest-bearing liabilities | 724.1 | 732.0 | 738.1 | 737.9 | 792.1 | 790.4 | 790.8 | 724.1 | 792.1 | 737.9 |
| Current interest-bearing liabilities | 247.6 | 245.4 | 247.8 | 216.6 | 181.5 | 222.3 | 266.9 | 247.6 | 181.5 | 216.6 |
| Interest-bearing liabilities | 971.7 | 977.4 | 985.9 | 954.5 | 973.6 | 1,012.7 | 1,057.8 | 971.7 | 973.6 | 954.5 |
| Cash and cash equivalents | 185.7 | 133.6 | 169.8 | 143.1 | 107.2 | 91.6 | 216.2 | 185.7 | 107.2 | 143.1 |
| Interest-bearing net liabilities | 786.1 | 843.8 | 816.0 | 811.4 | 866.4 | 921.1 | 841.6 | 786.1 | 866.4 | 811.4 |

¹⁾ 12-month rolling average

QUARTERLY SEGMENT INFORMATION

| EUR million | 2020 7-9 | 2020 4-6 | 2020 1-3 | 2019 10-12 | 2019 7-9 | 2019 4-6 | 2019 1-3 | 2020 1-9 | 2019 1-9 | 2019 1-12 |
|--|--------------|--------------|--------------|---------------|--------------|--------------|--------------|----------------|----------------|----------------|
| Revenue | | | | | | | | | | |
| Pulp & Paper | 352.2 | 357.0 | 378.5 | 385.9 | 382.9 | 373.4 | 380.8 | 1,087.7 | 1,137.0 | 1,522.9 |
| Industry & Water | 244.4 | 225.9 | 263.6 | 271.8 | 306.9 | 290.2 | 267.0 | 733.9 | 864.1 | 1,135.9 |
| Total | 596.7 | 582.9 | 642.0 | 657.7 | 689.8 | 663.6 | 647.8 | 1,821.6 | 2,001.1 | 2,658.8 |
| Operative EBITDA | | | | | | | | | | |
| Pulp & Paper | 65.5 | 65.6 | 60.2 | 52.6 | 61.3 | 53.7 | 50.7 | 191.4 | 165.7 | 218.3 |
| Industry & Water | 47.6 | 40.0 | 48.2 | 37.5 | 56.8 | 52.4 | 45.0 | 135.8 | 154.2 | 191.7 |
| Total | 113.0 | 105.7 | 108.5 | 90.1 | 118.1 | 106.1 | 95.6 | 327.2 | 319.9 | 410.0 |
| Items affecting comparability in EBITDA | | | | | | | | | | |
| Pulp & Paper | -3.2 | 0.0 | 0.0 | -20.8 | -0.5 | -2.7 | -1.8 | -3.3 | -5.1 | -25.8 |
| Industry & Water | 0.0 | -1.9 | -0.1 | 0.3 | 0.5 | -1.3 | -1.3 | -1.9 | -2.1 | -1.8 |
| Total | -3.2 | -1.9 | -0.1 | -20.5 | 0.0 | -4.0 | -3.1 | -5.2 | -7.2 | -27.7 |
| EBITDA | | | | | | | | | | |
| Pulp & Paper | 62.3 | 65.7 | 60.2 | 31.8 | 60.8 | 51.0 | 48.8 | 188.1 | 160.6 | 192.4 |
| Industry & Water | 47.6 | 38.1 | 48.2 | 37.8 | 57.3 | 51.1 | 43.7 | 133.9 | 152.1 | 189.9 |
| Total | 109.8 | 103.8 | 108.4 | 69.6 | 118.1 | 102.1 | 92.5 | 322.0 | 312.7 | 382.3 |
| Operative EBIT | | | | | | | | | | |
| Pulp & Paper | 34.8 | 35.7 | 30.1 | 22.5 | 32.1 | 24.0 | 20.6 | 100.6 | 76.7 | 99.2 |
| Industry & Water | 27.5 | 21.9 | 30.7 | 19.9 | 39.0 | 36.3 | 29.5 | 80.2 | 104.8 | 124.7 |
| Total | 62.3 | 57.6 | 60.8 | 42.4 | 71.1 | 60.3 | 50.1 | 180.7 | 181.6 | 224.0 |
| Items affecting comparability in EBIT | | | | | | | | | | |
| Pulp & Paper | -3.2 | 0.0 | 0.0 | -20.8 | -0.5 | -2.7 | -1.8 | -3.3 | -5.1 | -25.8 |
| Industry & Water | 0.0 | -1.9 | -0.1 | 0.3 | -1.4 | -1.3 | -1.3 | -1.9 | -4.1 | -3.8 |
| Total | -3.2 | -1.9 | -0.1 | -20.5 | -2.0 | -4.0 | -3.1 | -5.2 | -9.1 | -29.6 |
| Operating profit (EBIT) | | | | | | | | | | |
| Pulp & Paper | 31.5 | 35.7 | 30.1 | 1.7 | 31.6 | 21.3 | 18.8 | 97.3 | 71.7 | 73.4 |
| Industry & Water | 27.6 | 20.0 | 30.7 | 20.2 | 37.6 | 35.0 | 28.2 | 78.2 | 100.8 | 121.0 |
| Total | 59.1 | 55.7 | 60.7 | 21.9 | 69.2 | 56.3 | 47.0 | 175.6 | 172.5 | 194.4 |

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

| EUR million | 1-9/2020 | 1-9/2019 | 1-12/2019 |
|--|----------------|----------|-----------|
| Net book value at beginning of period | 1,005.1 | 938.3 | 938.3 |
| Purchases of subsidiaries and asset acquisitions | — | — | -2.6 |
| Increases | 122.8 | 114.4 | 193.1 |
| Decreases | -0.2 | -1.9 | -1.7 |
| Depreciation and impairments | -100.7 | -96.1 | -128.1 |
| Exchange rate differences and other changes | -36.4 | 8.3 | 6.1 |
| Net book value at end of period | 990.5 | 962.9 | 1,005.1 |

CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

| EUR million | 1-9/2020 | 1-9/2019 | 1-12/2019 |
|--|--------------|----------|-----------|
| Net book value at beginning of period | 611.3 | 630.7 | 630.7 |
| Purchases of subsidiaries and asset acquisitions | — | -0.8 | 0.4 |
| Increases | 6.8 | 5.3 | 8.6 |
| Decreases | — | — | — |
| Amortization and impairments | -21.8 | -22.6 | -30.0 |
| Exchange rate differences and other changes | -5.5 | 8.1 | 1.6 |
| Net book value at end of period | 590.7 | 620.8 | 611.3 |

CHANGES IN RIGHT-OF-USE ASSETS

| EUR million | 1-9/2020 | 1-9/2019 | 1-12/2019 |
|--|--------------|----------|-----------|
| Net book value at beginning of period | 136.2 | 129.1 | 129.1 |
| Increases | 14.2 | 27.1 | 36.2 |
| Depreciation and impairments | -23.9 | -21.6 | -29.8 |
| Exchange rate differences and other changes | -5.9 | 3.2 | 0.7 |
| Net book value at end of period | 120.5 | 137.8 | 136.2 |

DERIVATIVE INSTRUMENTS

| EUR million | 9/30/2020 | | 12/31/2019 | |
|---------------------------------------|---------------|------------|---------------|------------|
| | Nominal value | Fair value | Nominal value | Fair value |
| Currency derivatives | | | | |
| Forward contracts | 384.7 | 1.2 | 421.1 | -0.9 |
| of which cash flow hedge | 71.5 | 1.3 | 93.4 | 0.6 |
| Interest rate derivatives | | | | |
| Interest rate swaps | 30.0 | -0.1 | 130.0 | -0.6 |
| Other derivatives | | | | |
| | GWh | Fair value | GWh | Fair value |
| Electricity forward contracts, bought | 2,188.8 | 0.0 | 2,120.3 | 7.2 |
| of which cash flow hedge | 2,188.8 | 0.0 | 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 | 9/30/2020 | | | | 12/31/2019 | | | |
|--|-----------|--------------|--------------|--------------|------------|--------------|--------------|--------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Fair value hierarchy | | | | | | | | |
| Other shares | — | — | 212.5 | 212.5 | — | — | 245.2 | 245.2 |
| Other investments | — | 1.3 | — | 1.3 | — | 2.0 | — | 2.0 |
| Currency derivatives | — | 3.6 | — | 3.6 | — | 1.7 | — | 1.7 |
| Currency derivatives, hedge accounting | — | 1.6 | — | 1.6 | — | 1.0 | — | 1.0 |
| Other derivatives, hedge accounting | — | — | — | — | — | 7.2 | — | 7.2 |
| Other receivables | — | 0.4 | — | 0.4 | — | 0.2 | — | 0.2 |
| Trade receivables | — | 280.3 | — | 280.3 | — | 308.4 | — | 308.4 |
| Cash and cash equivalents | — | 185.7 | — | 185.7 | — | 143.1 | — | 143.1 |
| Total | — | 472.9 | 212.5 | 685.4 | — | 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 | 9/30/2020 | 12/31/2019 |
|--|--------------|--------------|
| Level 3 specification | | |
| Instrument | | |
| Carrying value at beginning of period | 245.2 | 228.4 |
| Effect on other comprehensive income | -32.6 | 16.6 |
| Increases | — | 0.3 |
| Decreases | — | — |
| Carrying value at end of period | 212.5 | 245.2 |

In Q1 2020, fair value of Pohjolan Voima Group shares was decreased mainly 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 | 9/30/2020 | | | | 12/31/2019 | | | |
|---|-----------|----------------|---------|----------------|------------|----------------|---------|----------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Fair value hierarchy | | | | | | | | |
| Non-current interest-bearing liabilities | — | 642.5 | — | 642.5 | — | 660.8 | — | 660.8 |
| Current portion of non-current interest-bearing liabilities | — | 50.5 | — | 50.5 | — | 57.0 | — | 57.0 |
| Non-current other liabilities | — | 8.1 | — | 8.1 | — | 8.3 | — | 8.3 |
| Non-current lease liabilities | — | 92.7 | — | 92.7 | — | 105.7 | — | 105.7 |
| Current portion of lease liabilities | — | 27.9 | — | 27.9 | — | 28.4 | — | 28.4 |
| Short-term interest-bearing loans | — | 171.5 | — | 171.5 | — | 138.0 | — | 138.0 |
| Other liabilities | — | 21.1 | — | 21.1 | — | 25.4 | — | 25.4 |
| Currency derivatives | — | 3.7 | — | 3.7 | — | 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 | — | 0.0 | — | 0.0 | — | — | — | — |
| Trade payables | — | 160.3 | — | 160.3 | — | 188.2 | — | 188.2 |
| Total | — | 1,178.7 | — | 1,178.7 | — | 1,215.9 | — | 1,215.9 |

CONTINGENT LIABILITIES

| EUR million | 9/30/2020 | 9/30/2019 | 12/31/2019 |
|------------------------------|-----------|-----------|------------|
| Assets pledged | | | |
| On behalf of own commitments | 5.9 | 5.3 | 6.0 |
| Guarantees | | | |
| On behalf of own commitments | 46.9 | 49.9 | 48.8 |
| On behalf of associates | 12.3 | — | — |
| On behalf of others | 2.0 | 1.7 | 1.7 |
| Other obligations | | | |
| 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 September 30, 2020 were about EUR 26 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 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. Higher accounts receivable among certain Oil & Gas customers has resulted in increased recorded expected credit losses.