

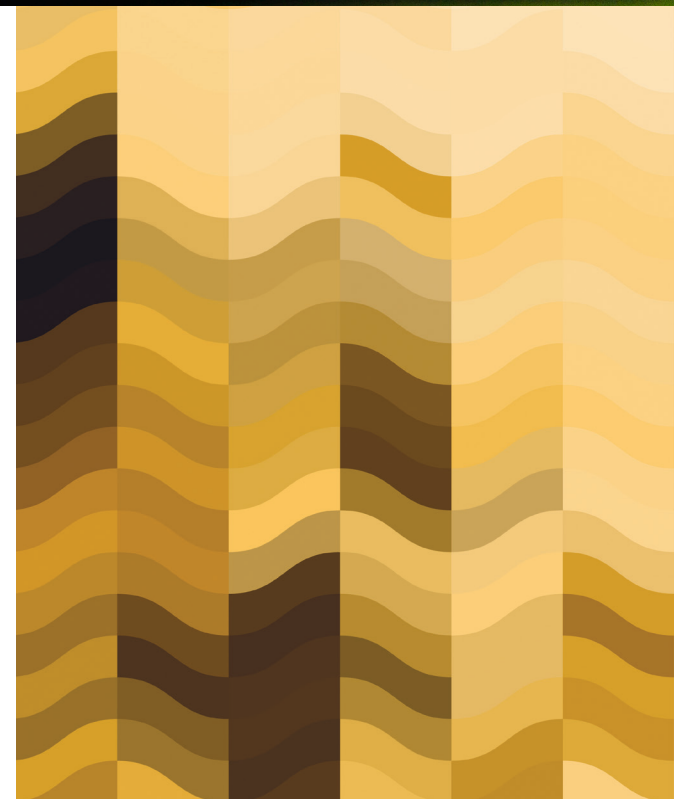


KEMIJOKI



Financial
Statements

2020





THE coronavirus pandemic turned our everyday lives upside down, and Lapland faced the biggest spring floods in decades. We were able to maintain our operational capability under rapidly changing conditions and produced close to 4,800 GWh of electricity at our hydropower plants in Kemijoki, Lieksanjoki and Kymijoki.

SECURITY OF SUPPLY

We have systematically improved our capability to face different types of disturbances and to recover from them. We regularly practise for disturbances and based on our learnings, we develop our capabilities further to prepare for the future. We are all currently living in a “new normal”. Thanks to our special arrangements, our operations have adjusted well to this new era. We are paying attention especially to the well-being and resources of both our and our partners’ personnel.

Our proactive approach to change was tested not only by the pandemic, but also by the severe flood in Kemijoki. We started preparing for the flood immediately at the beginning of the year, when the SWE (Snow Water Equivalent) rose to an unusually high level. We initiated close cooperation with the flood authorities early on and worked together during the pandemic with, for example, the Lapland Rescue Department, Lapland’s Centre of Economic Development, Transport and the Environment, and municipalities located along the river. We worked together extremely well: we were able to curb the peak of the flood and avoid major damages.

Due to extreme weather conditions caused by climate change, floods will continue to increase in

the future. The Finnish Environment Institute simulated the flood of the Kemijoki waterways excluding the Lokka and Porttipahta reservoirs and Kemijärvi’s regulation. We can only imagine what would have happened if the water levels in Rovaniemi, based on the simulation, had risen 80–90 centimetres higher than they actually did.

RESPONSIBLE CLIMATE ACTIONS

Curbing climate change is one of our key goals. As the most significant producer of hydropower in Finland, we carefully analyse the concrete risks climate change might have on hydropower production. We have compiled our goals and actions into a climate policy, that abides by the EU’s guidelines on reporting climate-related information and principles suggested by the Task Force on Climate-related Financial Disclosure (TCFD).

One of our key missions is to be an essential part of Finland’s continuously developing electric system. The need for climate-friendly electricity will increase as we move from fossil fuels to renewable energy and towards Finland’s carbon-neutrality goal. The role of hydropower is emphasised in the electrification of, for example, traffic, heating and industry, required for reaching our climate targets.

Our power plants must remain operational and our overall availability at a high level. We refurbished the power plant at Porttipahta as planned and increased the machinery output’s nominal value. The new turbine runner hub improves the power plant’s efficiency and eco-friendliness. We donated the old runner hub to the municipality of Sodankylä as a memorial.

Porttipahta became the first in the series of refurbishing the Kitinen power plants. Next, we will

refurbish Kokkosniva and prepare for the modernisation of Kurkiaska. At Kymijoki, we are continuing the refurbishment of the Inkeroinen power plant to improve the 100-year-old dam’s safety.

MITIGATING ENVIRONMENTAL IMPACTS

All forms of energy production have some environmental impacts. Recognising and decreasing these impacts is an essential part of our operations. Our environmental management system (ISO 14001) was re-certified in 2020.

Curbing climate change is one of the most effective ways to stop the depletion of biodiversity. In this equation, climate-friendly hydropower is part of the solution. But we are doing much more to preserve biodiversity. In the village of Mutenia, partly covered by the Lokka reservoir, we maintain not only Finnish building heritage but also valuable traditional landscape. We collaborate with the Ornithological Society of Lapland as well as support the banding of white-tailed eagles and monitoring of the birdlife in the areas surrounding the reservoirs.

Our long-term goal is to partially restore the natural migratory fish stock to Kemijoki and Ounasjoki rivers. In 2020 we continued, among other things, implementing the Kalasydän system at the Taivalkoski power plant, carrying out spawn and fry stockings, and preparing for the refurbishments of migratory fish habitats. We were especially pleased with the Natural Resources Institute Finland’s telemetry study tracking salmon. According to the study, Kalasydän seems like a potential migration solution for constructed rivers.

As a part of the multiyear migratory fish project at River Lieksanjoki, we made the decision to invest in a smolt trapping device for the Pankakoski power plant.

The downstream migration solution is part of a larger group of actions aimed at restoring migratory and endangered stock of landlocked salmon and trout with activities that support natural breeding. The device will be implemented in the beginning of 2021.

HYDROPOWER EXPERTS AND KNOWHOW

We ensured the continuity of our hydropower knowhow by renewing partner contracts. We chose Caverion Industria Oy as our operating and maintenance partner for the Kemijoki and Lieksanjoki power plants. As to environmental and obligatory work, we continue our long-term cooperation with Mitta Oy. In our choices, we emphasised competence development and securing of continuity, specialised expertise in hydropower as well as the commitment to training new experts. The theme of our development work throughout the entire 2020s is the people behind the term “resources”.

We diversified our own hydropower knowhow with experts in data analysis, utilisation and documentation. We advanced our series of projects aimed at promoting the “from data to knowledge, from knowledge to action” thinking especially in regards to technology, competences and work culture.

I am proud of the commitment of the personnel and partners of Kemijoki Oy to producing responsible hydropower. I also want to thank the residents of our operating areas for their activity and collaboration.

TUOMAS TIMONEN
CEO

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REPORT OF THE BOARD OF DIRECTORS

Kemijoki Oy is a so-called Mankala company, which means that the main purpose of Kemijoki Oy is to produce electricity responsibly and cost-efficiently for its shareholders. An annual report has been compiled on the Company and its operations in 2020.

PRODUCTION AND INVESTMENTS

The global coronavirus pandemic had a significant impact on working conditions and methods. In addition, there was an exceptionally large spring flood in Lapland. During these exceptional circumstances, we were able to continue our electricity production and power plant refurbishments as planned.

During 2020, the Company's hydropower plants produced a total of 4,793 GWh of electricity, representing 31 per cent of the hydropower electricity produced in Finland. In a long-term comparison, production level was slightly higher than average. Water reservoirs increased by 405 GWh during the year. The fill level of water reservoirs was 84 per cent at the end of the year, which is clearly above the average fill level (average from years 1986–2010).

The total availability of power plants affecting production was 96.88 per cent. The availability taking into account unexpected interruptions caused by disturbances was 99.87 per cent. The longest outages were caused by the refurbishment of machinery at Porttipahta and the more extensive maintenance work and equipment renewals at machinery unit 1 at Petäjäskoski and machinery unit 2 at Ossauskoski.

Power plant refurbishments continued in accordance with the long-term plan. The environmental friendliness, efficiency and capacity of machinery at Porttipahta improved, and the risk of oil spills decreased significantly with the refurbishment, which was completed in October. In 2020, Porttipahta began the series of refurbishments of power plants constructed at Kitinen during 1979–2001. The refurbishment of the machinery unit at Kokkosniva will be carried out in 2021 and at Kurkiaska in 2022. The refurbishment programme of dam gates continued with re-

furbishing the dam gate 7 of the Petäjäskoski dam. At Kymijoki, we began planning for the refurbishment of the Inkeroinen power plant's stone dams and bridges.

At Taivalkoski, we renewed the power plant's water roofs and refurbished the power plant and dam bridges at the power plant in Lieksankoski. Renewals of electrical systems included, for example, the 20 kV system at the Ossauskoski power plant. The renewal programme of the power plants' generator switches was continued at Vanttauskoski, Seitakorva, Matarakoski, Kelukoski and Petäjäskoski.

The detailed preparations for the Sierilä hydropower plant continued. The Supreme Administrative Court confirmed the project's water management permit in May 2017. After the ruling of the Supreme Administrative Court, Kemijoki Oy has a legally valid permit to construct and operate the Sierilä power plant and to regulate the river system. The project also has legally valid exemption permits with regards to the Capricornia boisduvaliana and the Moehringia lateriflora. In September 2020, the City of Rovaniemi also granted a second construction permit for the powerhouse and gate building based on the previously confirmed exemption permit. The Administrative Court of Northern Finland overruled the construction permit in March 2019. Appeals against both the construction permit and the exemption permit have been filed at the Supreme Administrative Court.

Investments totalled EUR 17.5 million.

FINANCES

Cost-efficiency is the Company's main financial goal. The expense structure and operational expenses developed according to plan. Real estate taxes accounted for the single most significant expenditure,

amounting to EUR 18.7 million. Other operating income from rental and reservoir income totalled EUR 10.9 million.

The company's loan portfolio totalled EUR 419.0 million at the end of 2020. The company's long-term loans amounted to EUR 322.2 million. A total of EUR 60 million of new long-term loans were taken out during the year. At the end of the year, the Company's short-term loans amounted to EUR 96.8 million. Short-term financing and liquidity management have been arranged by way of a commercial paper programme and credit limit arrangements. The Company's liquidity remained good. The average interest rate for financing was 0.95 per cent at the end of the year. The hedging rate of the financing portfolio was 63.9 per cent at the end of the year.

At the end of the year under review, the balance sheet total was EUR 490.1 million. The Company's equity ratio was 10.5 per cent.

Because Kemijoki Oy operates on an absorption principle, analysis of financial indicators is not relevant.

ADMINISTRATION AND MANAGEMENT

In addition to valid legislation and the Articles of Association, Kemijoki Oy follows the principles of sound corporate governance. Kemijoki Oy's administration and decision-making are guided by the Articles of Association, the goals and principles of the Company operations and the rules of procedure of administrative bodies. The Company also complies, where applicable, with the Corporate Governance Code approved by the Finnish Securities Market Association unless the Articles of Association provide otherwise.

The highest decision-making body of the Compa-

ny is the Annual General Meeting. The Annual General Meeting was held on 1 April 2020.

The Company has a Supervisory Board, whose duty is to supervise the administration of the Company, led by the Board of Directors and the CEO, and to instruct the Board in far-reaching and important matters of principle. The Supervisory Board has at least six and at most eleven members.

In 2020, the Supervisory Board had ten members. Until 1 April 2020, the Supervisory Board consisted of Johanna Ojala-Niemelä as Chair and Hilkka Halonen, Satu Hassi, Ari Henriksson, Esa Hyvärinen, Kaisa Juuso, Mikko Kärnä, Juha Mäkelä, Mari-Leena Talvitie and Maiju Westergren as members. At the Annual General Meeting on 1 April 2020, Johanna Ojala-Niemelä was elected as Chair of the Supervisory Board. Satu Hassi, Ari Henriksson, Esa Hyvärinen, Kaisa Juuso, Mikko Kärnä, Mikko Lundén, Juha Mäkelä, Mari-Leena Talvitie and Maiju Westergren were elected as members of the Supervisory Board. The Supervisory Board elected Talvitie as Vice Chair.

The Supervisory Board held four meetings, and the average attendance at the meetings was 95 per cent.

Kemijoki Oy's Board of Directors is in charge of the administration and organisation of the Company's activities in compliance with legislation and the Articles of Association. The Board of Directors has at least six and at most eight members.

In 2020, the Board of Directors had seven members. Until 1 April 2020, the Board of Directors consisted of Tiina Tuomela as Chair and members Risto Andsten, Elina Engman, Tapio Jalonen, Markus Kataara, Tapio Korpeinen, Anne Simolinna and Juha-Pekka Wecström. At the Annual General Meeting on 1 April 2020, Tiina Tuomela was elected as the Chair of the

REPORT OF THE BOARD OF DIRECTORS

Board of Directors and Risto Andsten, Tapio Jalonen, Markus Katara, Tapio Korpeinen, Anne Simolinna and Juha-Pekka Weckström as members. The Board of Directors elected Korpeinen as Vice Chair.

The Board of Directors held 14 meetings, and the average attendance at the meetings was 100 per cent. The Board of Directors evaluates its own activities on an annual basis, which was also the case in 2020.

The Remuneration Committee of the Board of Directors included Tiina Tuomela as Chair and Markus Katara and Tapio Korpeinen as members. The Remuneration Committee of the Board of Directors held two meetings in 2020.

Supported by the Management Team, the CEO is responsible for the Company's operations and implementation of strategy.

The Annual General Meeting elected KPMG Oy Ab, a company of Authorised Public Accountants, as Kemijoki Oy's auditor, with Pekka Alatalo, APA, as the principal auditor.

Kemijoki Oy's internal audits are outsourced. The assessments are reported to the Board of Directors. The Board of Directors approves the internal audit

plan annually. In 2020, the internal audit evaluated data security, remuneration principles and the operation and maintenance of the Lieksajoki power plant as well as interim audits.

The Company has a contract signed by the water owners in November 2002 for the usage and recording of the Company's shareholder electricity.

The Company's Operations Committee included nine members in 2020. The Operations Committee held two meetings in 2020 with CEO Tuomas Timonen as Chair.

RISK MANAGEMENT

The goal of risk management is to ensure the continuity and development of the Company's operations and to support the Company in achieving its strategic and financial goals. The Board of Directors reviews the Company's risk management guidelines and related instructions annually. In 2018, an extensive risk survey was carried out, based on which risks were reassessed in 2019 and 2020. The Board discussed the key risks related to the Company's activities and their management.

The CEO is responsible for the proper organisation of risk management according to the guidelines of the Board's risk management policy. The risks are surveyed on a regular basis. With the help of the surveys, the Company assesses the most significant risks for its business in order to understand the Company's risk profile in terms of the risk effects, probability and the current level of risk management. This also provides an understanding of the financial effects of the identified risks and an evaluation of how the risks may threaten the achievement of strategic goals of Kemijoki Oy.

The Company's most important property, the power plants and dams, has been insured according to the insurance policy approved by the Board of Directors. Systematic maintenance of power plants and dams as well as the constant development of operating processes are used as safeguards against risks. A fire or a major machine breakdown at a power plant or a dam rupture could cause substantial property damages as well as significant losses due to interruptions. The key risks involve potentially harmful legislation for hydropower, and the potential ambiguity of such legislation, potential tax increases, changes to obligations as well as cyber risks.

Differing interpretations of laws create uncertainty in the investment environment, the predictability of permitting, and the protection of property and permanence. Prolonged permit processes also have economic impacts. Increasing taxes, tax-like fees or obligations would further add to the Company's operating expenses. The potential change in fishery-related obligations should be limited so that the financial strain of electricity production remains at the level of current obligations and voluntary activities.

The Company manages financial risks according to the financing policy approved by the Board of Directors. Environmental risks are managed according to the environmental management system. Risks associated with personnel and management are taken into account in human resources policies and personnel development and succession planning. Risks associated with the Company's data security are managed through appropriate technical solutions,

regular testing, and training and instructions provided to personnel.

CORPORATE RESPONSIBILITY

The Company's Board of Directors is in charge of the strategic management and supervision of corporate responsibility according to the Board of Directors' rules of procedure. The Board of Directors approves Kemijoki's corporate responsibility programme, operation guidelines and principles, and reviews and approves the corporate responsibility report published annually. The corporate responsibility goals and their achievement are reported to the Annual General Meeting each year.

The CEO, supported by the Management Team, is responsible for results which are set in the goals of the Company's corporate responsibility strategy and the corporate responsibility program. The CEO reports on the progress of corporate responsibility activities to the Board of Directors on a regular basis. The Management Team is tasked with decision-making, securing sufficient resources and monitoring the progress for realizing the corporate responsibility programme. Corporate responsibility matters are discussed in accordance with the Management Team's rules of procedure and the annual operating plan. The personnel deals with matters related to corporate responsibility in the context of interim reports and, if necessary, through current themes.

The general operating practices of the Company, which guide the Company's operations, are determined by the Code of Conduct. Our Code of Conduct includes rules for equal treatment, anti-bribery and anti-corruption guidelines, and the company's commitment to respecting human rights, among other things. Suspicions or reports of violations of our Code of Conduct principles can be reported through an online notification channel.

Kemijoki Oy has prepared a climate policy in accordance with the EU's guidelines on reporting climate-related information and principles recommended by the Task Force on Climate-related Financial Disclosure (TCFD). In this context, we have re-

KEY FIGURES FOR THE PARENT COMPANY 2016-2020

	2016	2017	2018	2019	2020
Turnover MEUR	43,5	42,4	47,9	53,0	53,0
Other operating income MEUR	11,6	9,1	9,4	10,3	10,9
Operating expenses					
excl. real estate tax MEUR	41,2	38,9	40,2	38,9	40,2
Real estate tax MEUR	19,2	19,0	18,7	18,8	18,7
Salaries and benefits					
paid to personnel MEUR	3,9	3,6	3,5	3,6	4,0
Profit/loss for the financial period MEUR	0,8	0,8	0,8	0,8	0,8
Equity ratio %	14,3	12,23	10,8	10,6	10,5
Balance sheet total MEUR	477	482,0	477,6	485,4	490,6
Gross investments MEUR	16,5	22,1	17,7	19,9	17,5
Research and development MEUR	0,2	0,4	0,1	0,1	0,1
Personnel at the end of the year	40	37	36	38	39

viewed, for example, risks and opportunities related to climate change and acknowledging climate issues in the Company's management and governance.

The Company has implemented a corporate responsibility licence, which is a digital learning environment. This is a fixed-period licence for the entire personnel of Kemijoki Oy as well as the employees of outsourced contracting partners working for Kemijoki Oy. All employees of Kemijoki Oy and its partners are required to complete the corporate responsibility licence once in every three years. The contents of the corporate responsibility licence were updated during 2020. By the end of 2020, 335 persons had completed the licence. The corporate responsibility licence was also published as the Company's commitment to the Society's Commitment to Sustainable Development 2050 initiative.

The Association for Finnish Work has awarded the Key Flag Symbol for the energy produced by Kemijoki Oy and the expertise related to hydropower production.

The goals and measures of Kemijoki's corporate responsibility are reported in more detail in the online corporate responsibility report and GRI chart, which are available on the Company's website.

ENVIRONMENTAL ISSUES

Hydropower is the most significant form of renewable electricity production and it plays a central role in curbing climate change. In addition to its positive qualities, hydropower also has environmental impacts which stem from the construction of new power plants, the regulating operation of existing power plants and the regulation of waterways. To reduce environmental impacts, EUR 4.7 million was used for environmental management in 2020. Fisheries obligations accounted for EUR 2.9 million of this sum and voluntary activities for EUR 1.0 million.

The application by Lapland's Centre of Economic Development, Transport and the Environment to the Regional State Administrative Agency for Northern Finland for changing Kemijoki's fisheries obligations has been ongoing since March 2017. The Regional

State Administrative Agency published a public notice on the application on 18 June 2020. The Company submitted its reminder within the given deadline.

The voluntary migratory fish collaboration in the Kemijoki and Ounasjoki river area advanced according to the action plan. Kemijoki Oy is planning a dam bypass solution for migratory fish at the Taivalkoski power plant. Key activities of 2020 included continued testing of the Kalasydän system with promising results, detailed technical planning of the fishway circumventing the dam, participating in the tagging and radio-telemetry study between power plants in Isohaara and Taivalkoski as well as preparing the Smoltitsydän project, planning and preparing the refurbishment of habitats, and spawn and fry stockings. The Company also successfully continued restoring the stock of landlocked salmon and brown trout at Lieksanjoki river and preparing for the implementation of a smolt catching device at the Pankakoski power plant.

PERSONNEL

At the end of the year, the Company employed 40 persons. During the year, the Company recruited one person and changed one fixed-term contract to permanent. The absence due to sickness rate for personnel in 2020 was 1.9, which is slightly higher than in the previous year (1.3 per cent).

The Board of Directors monitors the development and events related to occupational safety in every meeting as part of the CEO's review and arranges a detailed hearing when necessary. There were no accidents among the personnel of Kemijoki Oy in 2020. The level of occupational safety in the partner network remained too low in 2020. Four accidents occurred among partners, three of which resulted in an absence. In addition, one accident occurred among outsourced partners. The accidents were not related but were the result of different chains of events. The necessary corrective and development measures have been taken.

Factoring in the work by the Company and its partners, the accident frequency rate in 2020 was 14.4 accidents per one million working hours, and factor-

ing in the work done by partners in outsourced operations, the accident frequency rate was 15.1.

In 2019, the average accident frequency rate in the energy industry was 10.0.

BONUS AND INCENTIVE SYSTEMS

Kemijoki Oy uses a performance bonus system for both management and personnel. The Board of Directors approves the principles of the performance bonus system. Performance bonuses for both personnel and management and the factors determining them comply with the guidelines on remuneration of company management and key personnel provided in the Finnish Government Resolution on State Ownership Steering Policy, published on 8 April 2020.

The performance bonus system supports the attainment of the Company's financial and operational goals. Employees may also be rewarded with a bonus for exceptionally good performance that produces added value for the Company.

The Board of Directors approves the pay and the grounds for performance bonuses for the CEO and the Management Team. The compensation paid to the CEO and the Management Team consists of a basic salary and a performance bonus.

The performance bonus for the CEO is based on the Company's targets. The amount of performance bonus payable depends on how well the Company's financial and operational targets are attained, and it is no more than 40 per cent of the fixed annual salary. The performance bonus is paid to the CEO until the end of their contract in accordance with the criteria approved by the Board of Directors.

The Company's CEO has signed an executive agreement that includes no pension benefits. The retirement age of the CEO is based on the current pension legislation. If the Company discontinues the CEO's contract, he will be paid a separate compensation equal to six months' salary in addition to six months' severance pay.

The criteria for the performance bonus for the Management Team are set by the Board of Directors and are based on how well the Company's operation-

al and financial targets are attained. The amount of performance bonus paid is no more than 30 per cent of the fixed annual salary.

The fees payable to the members of the Supervisory Board and the Board of Directors are determined at the Annual General Meeting.

OUTLOOK FOR THE NEAR FUTURE

The refurbishments of power plants and environmental investments will continue according to plan. The machinery at Kokkosniva will be refurbished in 2021, followed by Kurkiaska in 2022. The use of oil in the turbines will be reduced significantly, and oil will be replaced with water as a lubricant in the turbines' runner hubs, which reduces environmental risks. The Company is planning to refurbish gate number 1 of the Petäjaskoski power plant's dam as well the power plant's water roof and façade in 2021. The refurbishment programme of the stone dams in Inkeroinen is being prepared for commencement. The Company's voluntary migratory fish work will be continued in accordance with the roadmap approved in the strategy. The most significant voluntary migratory fish project in 2021 is the implementation of the smolt trapping device for the Pankakoski power plant at the beginning of the year.

PROPOSAL FOR DISTRIBUTION OF PROFIT

The total sum of distributable profit available to the Company amounted to EUR 9,613,718.43 as of 31 December 2020. After the end of the financial year, no changes have taken place that would have a significant effect on the Company's operations.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.34 per share, as stated in the Articles of Association, be paid to the B-series shares, amounting to EUR 794,575.92.

The Annual General Meeting will be held on 7 April 2021 at 13:00 in Helsinki.

Espoo, 9 February 2021

KEMIJOKI OY

Financial statements 31 December 2020

PROFIT AND LOSS ACCOUNT

	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Turnover	53 256 846,37	53 112 216,33
Other operating income	10 939 675,32	10 315 189,10
Materials and services		
Materials, supplies	-2 690 524,33	-2 425 330,10
External services	-13 932 050,26	-13 139 287,93
Personnel expenses	-3 972 903,72	-3 619 039,21
Depreciation, amortisation and value adjustments	-13 868 140,24	-13 928 539,39
Other operating expenses	-24 407 410,70	-24 674 897,31
Profit (loss)	5 325 492,44	5 640 311,49
Financial income and expenses	-4 322 974,31	-4 545 902,56
Profit/loss before appropriation and taxes	1 002 518,13	1 094 408,93
Appropriations		
Change in depreciation (+ increase / - decrease)	0,00	0,00
Income taxes	-207 942,21	-299 833,01
Profit for the financial period	794 575,92	794 575,92

BALANCE SHEET

	31 Dec 2020	31 Dec 2019
ASSETS		
Fixed assets		
Intangible assets	26 590 848,45	27 264 064,68
Tangible assets	456 477 148,46	452 184 352,86
Investments	368 930,58	368 930,58
	483 436 927,49	479 817 348,12
Current assets		
Long-term receivables	51 405,00	51 405,00
Short-term receivables	4 096 987,23	4 974 392,67
Cash in hand and in bank	2 564 283,80	563 704,12
	6 712 676,03	5 589 501,79
Total assets	490 149 603,52	485 406 849,91
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	41 285 753,60	41 285 753,60
Contingency fund	693 754,63	693 754,63
Invested unrestricted equity fund	6 972 602,00	6 972 602,00
Retained earnings	1 846 540,51	1 846 540,51
Profit for the financial period	794 575,92	794 575,92
	51 593 226,66	51 593 226,66
Obligatory provisions	322 989,00	322 989,00
Liabilities		
Long-term liabilities	322 198 100,91	315 970 030,75
Short-term liabilities	116 035 286,95	117 520 603,50
	438 233 387,86	433 490 634,25
Total equity and liabilities	490 149 603,52	485 406 849,91

CASH FLOW STATEMENT

EUR 1,000	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Cash flow from operating activities:		
Profit (loss) before extraordinary items	1 003	1 094
Adjustments:		
Planned depreciation	13 868	13 929
Other non-cash flow items	0	0
Financial income and expenses	4 323	4 546
Profits from sales of assets	0	0
Other adjustments	-53	-716
Cash flow before change in working capital	19 141	18 853
Change in working capital:		
Increase (+)/ decrease (-) of short-term business receivables without interest	877	-1 762
Increase (+)/ decrease (-) of short-term loans without interest	11 516	312
Operating cash flow before financing items and taxes	31 535	17 403
Interest and charges paid from other operating financing expenses	-4 335	-4 602
Dividends received	4	3
Interests received from operating activities	0	1
Direct paid taxes	-208	-220
Cash flow before extraordinary items	26 995	12 585
Cash flow operating activities (A)	26 995	12 585
Cash flow from investments:		
Investments in tangible and intangible assets	-17 530	-19 944
Proceeds from disposal of tangible and intangible assets	95	767
Proceeds from disposal of investments	0	0
Entry of long-term security deposit	0	0
Proceeds from disposal of shares in subsidiaries and associated undertakings	0	0
Cash flow from investments (B)	-17 435	-19 176

EUR 1,000	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Cash flow from financing activities:		
Withdrawals of long-term loans	60 000	75 000
Repayments of long-term loans	-53 772	-53 772
Withdrawals of short-term loans	0	0
Repayments of short-term loans	-12 993	-13 664
Sale of own shares		
Dividends paid and other distribution of profit	-795	-795
Cash flow from financing activities (C)	-7 560	6 769
Change in liquid assets (A+B+C) increase (+) / decrease (-)	2 001	178
Liquid assets at the beginning of the financial period	564	386
Liquid assets at the end of the financial period	2 564	564

ACCOUNTING POLICIES 2020

EXTENT OF THE FINANCIAL STATEMENTS

The financial statements have been compiled in accordance with the Finnish Accounting Act and valid rules and regulations governing accounting in Finland.

FIXED ASSETS

Fixed assets have been entered in the balance sheet at their original acquisition cost as the direct acquisition and cost price from which depreciation according to plan has been deducted. Depreciation according to plan has been calculated according to straight-line depreciation based on the economic impact of the item. The depreciation plan corresponds to that of the previous year.

ENTRY OF FINANCIAL INSTRUMENTS

Financial instruments are entered at acquisition cost. Derivative instruments are for hedging and are intended to be retained to maturity. The cash flow from financial instruments will be realised at the same time as the cash flow from the instruments below. The exchange difference and amortised interest of derivatives have been entered in the financial statements. The fair value of hedging derivative contracts is presented in the notes to the financial statements as an off-balance-sheet item.

FINANCIAL ASSETS

Financing securities have been entered at acquisition cost.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

	2020	2019
OTHER OPERATING INCOME		
Proceeds from the disposal of fixed assets	52 564,94	716 179,15
Rents received	1 455 640,77	1 420 054,88
Sale of services	9 013 354,65	7 749 811,39
Other	418 114,96	429 143,68
Total	10 939 675,32	10 315 189,10
NUMBER OF EMPLOYEES		
Personnel at the end of the year		
Clerical employees	39	38
Other employees	0	0
Total	39	38
PERSONNEL EXPENSES		
Wages and compensation	3 357 728,34	3 037 528,71
Pension expenses	498 640,69	504 931,02
Other social security expenses	116 534,69	76 579,48
Total	3 972 903,72	3 619 039,21
MANAGEMENT SALARIES AND COMPENSATION		
Supervisory Board, Board of Directors and CEO	408 490,00	380 315,00
PERSONNEL EXPENSES CAPITALISED UNDER FIXED ASSETS	420 048,96	398 227,18
DEPRECIATION AND VALUE ADJUSTMENTS		
Amortisation on intangible assets	717 700,44	923 399,89
Depreciation on tangible assets		
Buildings and structures	2 033 589,76	1 877 601,50
Hydraulic structures	2 321 899,46	2 314 113,46
Machinery and equipment	8 794 950,58	8 813 424,54
Depreciation on land and water areas	0,00	0,00
Total	13 868 140,24	13 928 539,39

	2020	2019
OTHER OPERATING EXPENSES		
Rents	64 723,28	37 516,74
Leasing rents	354 628,38	423 061,02
Real estate taxes	18 702 567,88	18 847 339,62
Other	5 285 491,16	5 366 979,93
Total	24 407 410,70	24 674 897,31
FINANCIAL INCOME AND EXPENSES		
Dividend income		
From others	3 569,00	2 902,00
Interest received		
Other interest received		
From others	0,00	1 051,08
Financial income total	0,00	1 051,08
Interest paid		
To others	-4 280 247,34	-4 502 850,64
Interest paid total	-4 280 247,34	-4 502 850,64
Other financial income		
From others		
Other financial expenses	-46 295,97	-47 005,00
Financial income and expenses total	-4 545 902,56	-4 623 662,90
CHANGE IN DEPRECIATION DIFFERENCE		
Other long-term costs	246 077,43	-943 215,51
Buildings and constructions	-1 985 522,46	-2 091 052,45
Hydraulic structures	2 321 899,46	2 251 746,99
Machinery and equipment	-582 454,43	782 520,97
Total	0,00	0,00
INCOME TAXES		
Income taxes on ordinary operating activities	207 942,21	299 833,01

Estimated taxes have not been included in the profit and loss account or balance sheet. The estimated tax liability resulting from the difference in the book value of the fixed assets in the balance sheet and tax-deductible net expenditure was a total of EUR 3.8 million in 2020.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

INTANGIBLE AND TANGIBLE ASSETS

	Acquisition cost	Increase	Decrease	Accumulated depreciation	Balance sheet value 31 Dec 2020
Intangible assets					
Other long-term expenses	67 347 179,66	44 484,21	0,00	40 800 815,42	26 590 848,45
Tangible assets					
Land and water areas	42 881 694,41		42 657,00	0,00	42 839 037,41
Buildings and constructionst	145 187 293,92	7 080 557,93	0,00	66 545 933,39	85 721 918,46
Hydraulic structures	200 442 289,42	1 736 056,74	0,00	100 834 935,53	101 343 410,63
Machinery and equipment	422 695 303,06	13 837 907,49	0,00	233 518 168,63	203 015 041,92
Advance payments and ongoing acquisitions	28 726 369,80	17 546 437,56	22 715 067,32	0,00	23 557 740,04
Total	839 932 950,61	40 200 959,72	22 757 724,32	400 899 037,55	456 477 148,46
Shares and holdings	368 930,58	0,00	0,00	0,00	368 930,58
Total	907 649 060,85	40 245 443,93	22 757 724,32	441 699 852,97	483 436 927,49

Machinery and equipment directly serving electricity production	2020	2019
Undepreciated part of acquisition cost as at 31 Dec	171 373 166,19	167 405 776,37

Planned depreciation periods

Other long-term expenses	mainly 80 years
Power plant buildings	80 years
Other buildings and constructions	20 - 60 years
Hydraulic structures	80 years
Principal power plant units	40 years
Other machinery and equipment	10 - 30 years
Fixtures and vehicles	5 years

Calculation on distributable equity 31 Dec	2020	2019
Retained earnings	1 846 540,51	1 846 540,51
Profit for the financial period	794 575,92	794 575,92
Invested unrestricted equity fund	6 972 602,00	6 972 602,00
Total	9 613 718,43	9 613 718,43

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

INVESTMENTS

	SHARES		
	Participating interests	Other	Total
Acquisition cost as at 1 Jan 2020	168 187,92	200 742,66	368 930,58
Decrease/Increase	0,00	0,00	0,00
Acquisition cost as at 31 Dec 2020	168 187,92	200 742,66	368 930,58
Book value as at 31 Dec 2020	168 187,92	200 742,66	368 930,58

SHARES AND HOLDINGS

Shares in associated undertakings owned by parent company

	Group interest %
Voimalohi Oy, Kemi	50,0

SALARIES AND COMPENSATION PAID TO THE SUPERVISORY BOARD, BOARD OF DIRECTORS AND CEO OF KEMIJOKI OY IN 1 JANUARY - 31 DECEMBER 2020

	Salaries and fringe benefits	Incentive pay	Total
Chairman of the Supervisory Board	10 400		10 400
Deputy Chairman of the Supervisory Board	2 400		2 400
Members of the Supervisory Board	14 500		14 500
Chairman of the Board of Directors	28 200		28 200
Deputy Chairman of the Board of Directors	19 200		19 200
Members of the Board of Directors	83 400		83 400
CEO	199 182	51 208	250 390
Total	357 282	51 208	408 490

FEES PAID BY KEMIJOKI OY TO THE AUDITOR

	2020	2019
Audit fees	21 117	41 219
Other fees	52 649	29 988

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

	2020	2019
ITEMISATION OF RECEIVABLES		
Short-term		
Accounts receivable	2 310 553,00	4 466 476,65
Receivables from associated undertakings	470 774,06	284 405,50
Other receivables	1 249 584,35	213 253,08
Prepayments and accrued income	66 075,82	10 257,44
Total	4 096 987,23	4 974 392,67
SUBSTANTIAL ITEMS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME		
Employee retirement fund receivables	0,00	0,00
Other	66 075,82	10 257,44
Total	66 075,82	10 257,44

SHARE CAPITAL BY SHARE TYPE

	number of shares	31 Dec 2020 nominal value	number of shares	31 Dec 2019 nominal value
Hydropower shares (A series, 1 vote)	105 956	1 790 656,40	105 956	1 790 656,40
Monetary shares (B series, 1 vote)	2 336 988	39 495 097,20	2 336 988	39 495 097,20
Total	2 442 944	41 285 753,60	2 442 944	41 285 753,60

Hydropower shares entitle shareholders to purchase the electric power produced by the company.
Monetary shares entitle to receive dividend.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

	2020	2019
CHANGES IN SHAREHOLDERS' EQUITY		
Share capital as at 1 Jan	41 285 753,60	41 285 753,60
Share capital as at 31 Dec	41 285 753,60	41 285 753,60
Contingency fund as at 1 Jan	693 754,63	693 754,63
Contingency fund as at 31 Dec	693 754,63	693 754,63
Invested unrestricted equity fund as at 1 Jan	6 972 602,00	6 972 602,00
Invested unrestricted equity fund as at 31 Dec	6 972 602,00	6 972 602,00
Retained earnings as at 1 Jan	2 641 116,43	2 641 116,43
Distribution of dividends	-794 575,92	-794 575,92
Used by the Board of Directors for general purposes		
Retained earnings as at 31 Dec	1 846 540,51	1 846 540,51
Profit for the financial period	794 575,92	794 575,92
Total shareholders' equity	51 593 226,66	51 593 226,66
	9 613 718,43	9 613 718,43
ACCUMULATED APPROPRIATIONS		
Accumulated depreciation difference		
Other long-term expenses	10 423 767,26	10 669 844,69
Buildings and constructions	15 808 633,42	13 823 110,96
Hydraulic structures	10 413 358,45	12 735 257,91
Machinery and equipment	-36 645 759,13	-37 228 213,56
Deferral	0,00	0,00
Total	0,00	0,00
OBLIGATORY PROVISIONS		
Pension provision	322 989,00	322 989,00
LONG-TERM LIABILITIES		
Long-term debts		
Loans from financial institutions	274 035 087,74	267 807 017,58
Bonds	48 163 013,17	48 163 013,17
Total	322 198 100,91	315 970 030,75

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

	2020	2019
Debts due in five years or more		
Loans from financial institutions	0,00	2 719 298,00
SHORT-TERM LIABILITIES		
Loans from financial institutions	53 771 929,82	53 771 929,82
Accounts payable	7 064 013,92	4 728 626,47
Other loans	43 907 523,70	56 623 919,09
Accruals and deferred income	11 291 819,40	2 396 128,12
Total	116 035 286,84	117 520 603,50
SUBSTANTIAL ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME		
Salaries, including social security cost	966 787,02	851 219,55
Interest	616 333,69	624 568,72
Real estate tax 2020 second instalment	9 351 283,94	0,00
Other	357 414,75	920 339,85
Total	11 291 819,40	2 396 128,12
SECURITY GIVEN AND CONTINGENT LIABILITIES		
Contingent and other liabilities		
Guarantees		
On own behalf	9 166 666,72	11 000 000,07
On behalf of associated undertakings	16 148,00	33 442,49
On behalf of others	0,00	0,00
Leasing agreements		
Amounts payable during the current financial period	253 940,64	255 381,57
Amounts payable during the following financial periods	91 922,73	218 661,72
Residual value liabilities	0,00	0,00
Total	9 528 678,09	11 507 485,85

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2019

	2020	2019
Derivative contracts		
Interest rate swaps		
Market value	-2 603 053,00	-2 567 031,00
Value of underlying asset	169 473 684,00	111 578 947,00
Not entered as income	-2 401 943,00	-2 380 984,00
Exchange and interest rate swaps		
Market value	-12 246 809,00	-11 519 474,00
Value of underlying asset	37 248 216,00	39 538 515,00
Not entered as income	-1 340 047,00	-2 917 765,00
Interest rate swaps with interest rate floor		
Market value	-161 683,00	-455 257,00
Value of underlying asset	50 000 000,00	100 000 000,00
Not entered as income	-146 011,00	-425 079,00

All derivative contracts have been made to hedge loans against changes of interest rates and exchange rates in accordance with the financing policy approved by the Board of Directors. The hedged loans and their hedging derivative contracts are inversely congruent, excluding the interest rate floor of one loan. Interest rate swaps are used to change the variable interest rate of the loan to be hedged to a fixed rate. The terms and conditions of an interest rate swap with interest rate floor are consistent with the loan to be hedged. Currency and interest rate swaps are used to change the currency of a NOK-denominated loan to euro while the exchange rate remains fixed. The exchange rate difference as well as the amortised interest of derivatives are recorded in the financial statements. The 12-month interest flow risk calculated for derivatives and interest-bearing loans on 31 December 2020 is EUR -1.1 million and the duration is 1.5 years.

Other financial liabilities not entered in the balance sheet

VAT LIABILITY ON PROPERTIES

The company is obliged to revise the VAT deductions made on real estate investments completed between 2011 and 2020 if the taxable use of those properties decreases during the review period. The maximum liability is EUR 3 322 496,73 and the final year of the review is 2029.

RETIREMENT OBLIGATIONS

The uncovered obligation is booked as obligatory pension provision. The retirement obligation is partly covered with voluntary pension insurance. The other retirement obligations in the company have been insured in external Pension Insurance companies and in the Kemijoki Pension Fund.

PROPOSAL FOR DISTRIBUTION OF PROFIT BY THE BOARD OF DIRECTORS

The total sum of distributable profit available to the parent company amounts to EUR 9 613 718,43.

No significant changes have taken place in the company's financial position since the end of the financial year. The company's liquidity is good and in the view of the Board of Directors, the proposed distribution does not jeopardise the company's solvency.

The Board of Directors shall propose to the General Meeting that

a dividend of EUR 0.34 per share, as stated in the Articles of Association, be paid to the

B series shares not owned by the company at the moment	794 575,92 €
to be transferred to retained earnings	8 819 142,51 €
	9 613 718,43 €

Espoo, 9 February 2021

Tiina Tuomela

Risto Ändsten

Tapio Jalonen

Markus Katara

Tapio Korpeinen

Anne Simolinna

Juha-Pekka Weckström

Tuomas Timonen
CEO

AUDITOR'S SIGNATURE

An audit report has been given today.

Espoo, 9 February 2021

KPMG Oy Ab

Pekka Alatalo
APA

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF KEMIJOKI OY REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Kemijoki Oy (business identity code 0192171-7) for the year ended 31 December, 2020. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Directors and the Managing Director are responsible for the preparation of financial sta-

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with good auditing practice, we exercise professional judgment

and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

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

OTHER REPORTING REQUIREMENTS OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

OTHER STATEMENTS

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

Espoo, 9 February 2021

KPMG OY AB

Pekka Alatalo
Authorised Public Accountant (KHT)

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board of Kemijoki Oy has examined the Company's financial statements for 2020, as well as the report by its Board of Directors, the proposal by the Board of Directors for the use of distributable funds and the audit report, all of which the Supervisory Board finds acceptable. The Supervisory Board recommends that the financial statements be adopted, and agrees with the proposal of the Board of Directors as to the manner of distributing profit.

The Supervisory Board hereby states that the instructions given by it have been followed and that it has received the information needed for carrying out its duties from the Board of Directors of the Company and from the CEO.

Helsinki, 11 March 2021

Johanna Ojala-Niemelä

Mari-Leena Talvitie

Satu Hassi

Ari Henriksson

Esa Hyvärinen

Kaisa Juuso

Mikko Kärnä

Mikko Lundén

Juha Mäkelä

Maiju Westergren



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