



KEMIJOKI



Financial
Statements

2022





LONG-LASTING AND SECURE HYDROPOWER

THE SHARE OF RENEWABLE ENERGY

in overall energy consumption is growing in the post-pandemic world. In Finland, there is ambition to increase the use of renewable energy based on the goals set in the energy and climate strategy. We produced 4,750 GWh of renewable hydropower, equal to the annual electricity consumption of nearly 700,000 families of four.

Russia's attack on Ukraine caused an energy crisis in Europe. We are living in exceptional times, with every well-timed added megawatt potentially having a crucial impact on Finland's power balance.

We are very well prepared for the possible rationing of electricity, even for electricity shortage, and have carefully investigated our capability to increase and schedule the production of electricity and regulating power. We are having excellent conversations on contingency planning, related actions and their impacts with the municipalities where we operate and with our large group of stakeholders.

The threat of an energy shortage has cemented the significance of reliable and affordable electricity to our society's well-being and undisturbed everyday life. Hydropower accounts for the majority of regulating needs in different markets. We need more investments in domestic regulating power, which grows in significance as the use of weather-dependent energy forms increases.

FLEXIBLE PRODUCTION OF ELECTRICITY AND DEVELOPING PRODUCTION CAPACITY

We are working hard to make sure the overall availability of our hydropower plants remains on an excellent level. We are reinforcing Finland's energy self-sufficiency and security of supply through refurbishments, maintenance, and investments, as well as research, development, and innovation activities.

The Inkeroinen powerplant located by the Kymijoki river turned 100 years. We executed the first big dam refurbishment, which enhances the powerplant's dam safety, as well as the efficient and safe use of the dam and its structures far into the future. The refurbishment preserved the powerplant's cultural-historical and architectural values. We were in close dialogue with the Finnish Heritage Agency regarding the preservation of the dam's building heritage.

In the series of refurbishments at the Kitinen powerplants, a tributary of Kemijoki, we moved on to the Kurkisaska powerplant. We improved the powerplant's environmental safety and regulating capability as well as increased the level of digitalisation.

The electricity market is changing and it is extremely important that we develop the performance of our hydropower plants. At the Kurkisaska powerplant, we piloted the joint use of hydropower production and energy storage. The energy storage is installed in two ocean containers, and its short-term storage capacity will help the powerplant respond to rapid changes in electricity demand and production.

We ensured the continuity of central hydropower know-how. Kemijoki Oy recruited seven new hydropower experts, who share the passion to do work that is meaningful to society. As the pioneer of hydropower, we want to be bold in searching and creating new ideas together with our partners. We laid the groundwork for the strategic development of our partnerships, which is one of the focus areas of 2023.

CLIMATE, NATURE AND ENVIRONMENT

We want to minimise our impact on biodiversity loss. Hydropower itself is a low-emission form of electricity production that mitigates climate change. Actions curbing climate change are also helpful for biodiversity.

We set up a Lumo programme that focuses on biodiversity. From now on, we will work to enhance biodiversity by protecting valuable natural sites and endangered species, improving the conditions of waterways, and refurbishing fish habitats. For example, we take part in the banding of white-tailed eagles in the Lokka and Porttipahta regions and participate in investigating the local bird population. We own private conservation areas, such as lush waterfowl habitats and natural swamps.

We mainly operate around rivers, where we implement dam bypass solutions, fish farming and planting, refurbishments of habitats and research programmes, promoting the welfare of fish stock and restoring migratory fish populations. At the Pankakoski powerplant in Lieksanjoki, we are cooperating with a local migratory fish working group to develop a trapping device for smolt to enable their downstream migration. The device is still in research phase and will be the first of its kind in Finland when completed.

At Kemijoki, we are planning a bypass solution for the Taivalkoski dam. The Kalasydän fishway has been in use there for several years now, and we are also testing a downstream migration solution. In January, we submitted a permit application to the Regional State Administrative Agency for Northern Finland concerning a fishway planned for the Taivalkoski powerplant.

We established a monitoring group to promote the planning and execution of the fishway. The group's mission is to tighten cooperation, ensure proper interaction and act as a channel for views and feedback regarding the fishway. The group consists of representatives from Lapland's Centre of Economic Development, Transport and the Environment, Ministry of Agriculture and Forestry, the Regional Council of Lapland, municipalities and towns along the river, fishery regions, Lapland's

leisure fishers and local village associations, as well as the Natural Resources Institute Finland and Voimalohi Oy as assessors.

COMMUNITIES ALONG THE RIVER

A large number of electricity companies in Northern Finland, and thus municipalities, are owners of Kemijoki Oy. We produce sustainable hydropower specifically for them. Through the electricity sold to shareholders, our impact on Lapland's municipal economy in 2022 was especially significant.

We donated 60,000 euros to the University of Lapland, which together with the Government's matched funding equals a total of 210,000 euros. With our support, we wanted to highlight the importance of the university to the future of Rovaniemi and all of Lapland. The donation is part of our longstanding cooperation with the schools and higher education institutions along the Kemijoki river.

Reliable hydropower is an integral part of Finland's carbon-neutral electricity system and security of supply. We have strong support from the Finnish people: research shows that Finns most often support solar, wind and hydropower. The share of people supporting the extension of hydropower increased to nearly two thirds of the nation. This is what we lean on, as we plan for a new hydropower plant in Sierilä, which will improve the ability of Kemijoki river's entire main channel to produce flexible hydropower for the electricity system.

Thank you for the year 2022 and great collaboration. Let's continue to work together and share our thoughts.

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 2022.

PRODUCTION AND INVESTMENTS

The year 2022 was marked by a Europe-wide energy crisis and preparations for an electricity shortage. The energy crisis was caused by Russia's invasion of Ukraine in February 2022 as well as a reduction in supply following the war. As a result of the reduced supply, Kemijoki Oy's flexible hydropower production became more important and more valuable than ever before. In autumn 2022, we began to prepare for the coming winter and the shortage of electricity. The preparations aimed at ensuring and even increasing the production of regulating power during the winter season.

In 2022, the Company's hydropower plants produced a total of 4,750 GWh of electricity, representing 36 per cent of the hydropower electricity produced in Finland. In a long-term comparison, production level was slightly higher than average. Water reservoirs decreased by 132 GWh during the year. The fill level of water reservoirs was 67 per cent at the end of the year, which is approximately 10 per cent below the average fill level in 1996–2022.

The spring floods in 2022 were of average level in volume, even though the SWE (Snow Water Equivalent) was well below the average in mid-April. However, the spring flood season was longer than average, lasting 36 days.

During the year, we were able to continue our electricity production and power plant refurbish-

ments in accordance with our long-term plans. The total availability of power plants affecting production was 95.89 per cent. The availability taking into account unexpected interruptions caused by disturbances was 99.64 per cent. The longest outages were caused by the refurbishment of machinery at Kurkiaska, fault repair work at machinery unit 1 at Valajaskoski, and construction work at machinery unit 4 at Inkeroinen.

The environmental friendliness and efficiency of machinery at Kurkiaska improved and the risk of oil spills decreased significantly with the refurbishment. At the same time, we created the conditions for the HYCAP pilot related to the joint use of hydropower production and energy storage that will be launched in early 2023. The completion of the project was slightly delayed, and the machinery was deployed in production at the beginning of December. Kurkiaska is the third machinery after Porttipahta and Kokkosniva in the series of refurbishments of power plants constructed at Kitinen during 1979–2001. The Vajukoski machinery at Kitinen is planned to be refurbished next in 2026. In addition to the planned maintenance work, we repaired the damaged turbines of machinery unit 1 at both Ossauskoski and Valajaskoski for limited use in production.

The damaged machinery is planned to be fully repaired in 2023 at Ossauskoski and in 2025

at Valajaskoski. At Kemijoki, the refurbishment of the stone dams at the Inkeroinen power plant was completed earlier than planned in late 2022. At Petäjaskoski, we completed the refurbishment of the power plant's roofs and facade, which began in 2021. We also replaced the inlet pipe gates of machinery unit 3 and continued the replacement programme of generator switches by replacing the switches and separators of machinery unit 3. At Pankakoski, we developed the operation of a smolt trapping device for landlocked salmon and trout, which enables them to migrate downstream. During the year, we continued to make diverse investments in property management, operation control, documentation, and geographic data systems.

The Supreme Administrative Court confirmed the water management permit for the Sierilä project in 2017. Following the ruling, Kemijoki Oy had a legally valid permit to construct and operate the Sierilä power plant and to regulate the river system. According to the original permit, the construction work was set to commence by 22 May 2021. The Company applied to the Regional State Administrative Agency for Northern Finland for a permission to begin construction later than stipulated in the water management permit, because the Company did not have the prerequisites to begin construction due to appeals related to the construction permits. On 7 October

2021, the Supreme Administrative Court rejected the appeals against the powerhouse construction permit. In addition, on 15 March 2022, the Regional State Administrative Agency for Northern Finland granted an extension for the commencement of construction work. However, an appeal against this decision was made to the Vaasa Administrative Court, where the proceedings are still ongoing. On 21 December 2022, the Administrative Court of Northern Finland rejected the appeal against the resolution of the Centre for Economic Development, Transport and the Environment of Lapland (ELY centre) submitted by the Lapland District of the Finnish Association for Nature Conservation. According to the resolution, Kemijoki Oy can deviate from the preservation regulation set in the Nature Conservation Act with regard to the Lapland buttercup (*Ranunculus lapponicus*). In addition, the project has legally valid exemption permits with regard to the *Capricornia boisduvaliana* and the *Moehringia lateriflora*. Investments totalled EUR 21.6 million in 2022.

FINANCES

Kemijoki Oy operates on a principle of self-sufficiency; hence, financial key figures shall be evaluated based on the Mankala principle.

Cost-efficiency is the Company's main financial goal. The expense structure and operational

REPORT OF THE BOARD OF DIRECTORS

expenses developed according to plan. Real estate taxes accounted for the single most significant expenditure, amounting to EUR 19.0 million. Other operating income accumulated mainly from rental income and profit gained from the sale of property, totalling EUR 2.9 million.

The Company's loan portfolio totalled EUR 431.5 million at the end of 2022. The Company's long-term loans amounted to EUR 311.5 million. A total of EUR 100 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 111.2 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 1.63 per cent at the end of the year. The hedging rate of the financing portfolio was 91.2 per cent at the end of the year. At the end of the year under review, the balance sheet total was EUR 508.4 million. The Company's equity ratio was 10.2 per cent.

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 hydropower production sharing agreement among A-series shareholders,

the goals and principles of the Company's operations and the rules of procedure of its 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 Company is the Annual General Meeting. The Annual General Meeting was held on 30 March 2022. 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, as well as to comment on the financial statements.

The Supervisory Board has at least six and at most eleven members. In 2022, the Supervisory Board had ten members. The Annual General Meeting elected Johanna Ojala-Niemelä as Chair of the Supervisory Board and Ari Henriksson, Esa Hyvärinen, Kaisa Juuso, Heli Järvinen, Mikko Kärnä, Mikko Lundén, Juha Mäkelä, Mari-Leena Talvitie and Maiju Westergren as members. The Supervisory Board elected Talvitie as Vice Chair. The Supervisory Board held three meetings, and the average attendance rate at the meetings was 80 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. Until 30 March 2022, the Board of Directors had seven members: Risto Andsten as Chair and Tapio Jalonen, Markus Kataara, Tapio Korpeinen, Simon-Erik Ollus, Anne Simolinna and Juha-Pekka Weckström as members. The Annual General Meeting on 30 March 2022 appointed six persons to the Board of Directors: Simon-Erik Ollus as the Chair and Tapio Jalonen, Tapio

Korpeinen, Anne Simolinna, Juha-Pekka Weckström and Helena Wetterstrand as members. The Board of Directors elected Korpeinen as Vice Chair. On 1 December 2022, the shareholders unanimously resolved that the Board shall comprise seven members and elected Katariina Sillander and Mikael Lemström as new members. Lemström replaced Helena Wetterstrand, who resigned from the Board of Directors. The Board of Directors held 9 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 2022. The Remuneration Committee of the Board of Directors included Simon-Erik Ollus as Chair and Tapio Korpeinen as member. Katariina Sillander was appointed as member on 15 December 2022. The Remuneration Committee of the Board of Directors held three meetings in 2022.

Supported by the Management Team, CEO Tuomas Timonen 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 and notification channel are outsourced to BDO Oy. The assessments and notifications are reported to the Board of Directors, which also approves the internal audit plan. In 2022, the internal audit assessed the investment in Kokkosniva, the operation and maintenance at Kemijoki, and interim audits based on previous years' observations. 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 2022. The Operations Committee held four meetings in 2022 with CEO Tuomas Timonen as Chair.

KEY FIGURES FOR THE PARENT COMPANY 2018-2022

	2018	2019	2020	2021	2022
Turnover MEUR	55,0	60,8	62,3	63,6	68,7
Other operating income MEUR	2,4	2,6	1,9	2,4	2,9
Operating expenses					
excl. real estate tax MEUR	40,2	38,9	40,2	42,4	47,1
Real estate tax MEUR	18,7	18,8	18,7	18,4	19,0
Salaries and benefits					
paid to personnel MEUR	3,5	3,6	4,0	4,0	4,4
Profit/loss for the financial period MEUR	0,8	0,8	0,8	0,8	0,8
Balance sheet total MEUR	477,6	485,4	490,6	494,1	508,4
Gross investments MEUR	17,7	19,9	17,5	20,0	21,6
Research and development MEUR	0,1	0,1	0,1	0,3	1,1
Equity ratio %	10,8	10,6	10,5	10,4	10,2
Personnel at the end of the year	36	38	39	39	42

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 2021, an extensive risk survey was carried out as part of regular risk management. 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. Risks were re-evaluated in 2022 following the changes in the operating environment. The Board has addressed 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 key risks for the Company involve potentially harmful legislative amendments for hydropower, and the potential ambiguity of such legislation, changes to obligations as well as increasing tax-like expenses. The rise in interest rates has added to the financing expenses and could increase them further. The global political situation and the accelerating inflation have significantly increased the prices of materials, spare parts and services as well as decreased their availability.

Differing interpretations of laws create uncertainty in the investment environment, the predictability and permanence of permitting, as well as the protection of property. Prolonged permit

processes also have economic impacts on the Company's operations. Increasing tax-like fees or obligations would unreasonably add to the Company's operating expenses. The potential change in fishery-related obligations should be limited so that the financial strain on the Company's electricity production remains at the level of current obligations and voluntary activities.

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 Company manages financial risks according to the financing policy approved by the Board of Directors. The importance of sustainability has grown in the financial market and it is expected to increase further. The Company created a framework for green financing during the year. The framework is based on the recommendations of the International Capital Markets Association (ICMA). The Company also obtained an independent third-party assessment of the framework. The assessor deemed that the framework is credible and in line with the Green Bond Principles 2021 and Green Loan Principles 2021 as well as promotes the UN Sustainable Development Goals (SDG). The Company is preparing to report in accordance with the EU's taxonomy regulation and Corporate Sustainability Reporting Directive (CSRD). For Kemijoki Oy, the direct reporting obligation pursuant to the taxonomy regulation and CSRD will begin on 1 January 2025 and apply to the reports published in 2026. Envi-

ronmental 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 especially by increasing the awareness of personnel as well as through training and instructions.

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 Oy'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. Corporate responsibility also covers the Company's environmental issues and responsibilities as well as occupational safety.

The CEO, supported by the Management Team, is responsible for the goals of the Company's corporate responsibility strategy and the results of the corporate responsibility programme. 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 related to the implementation of the corporate responsibility programme as well as securing sufficient resources for it and monitoring its progress. 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.

Suspicious or reports of violations of our Code of Conduct principles can be reported through an online notification channel, which is managed by BDO Oy.

During the year, the Company launched a natural diversity programme for 2022-2030. The programme continues the long-term work the Company has conducted for the benefit of nature and the environment. The programme supports the goal of the EU's biodiversity strategy, according to which the degradation of natural diversity can be stopped and natural diversity will begin to recover by 2030. It is also strongly linked to the Company's strategy, which emphasises natural diversity as an environmental issue alongside climate change. The programme sets out ambitious objectives for the work carried out to promote natural diversity. The Company mainly operates around river systems, on which the Company focuses the majority of the measures aiming at preserving natural diversity. With the programme, the Company commits to creating a migration solution at Ounasjoki and implementing refurbishments of the habitats around running water.

During the year, the Company introduced an update to the corporate responsibility programme for 2024-2028. With the update, the Company's natural diversity programme will be integrated into

the corporate responsibility programme, among other things. The update to the corporate responsibility programme will be completed in 2023.

The Company has implemented a corporate responsibility licence, which is a digital learning environment. This is a fixed-period license to be completed by the Board of Directors, Supervisory Board and the entire personnel of Kemijoki Oy, the employees of the Company's contracting partners as well as some of Kemijoki Oy's stakeholders. The license is valid for three years. In 2022, 59 corporate responsibility licences were completed (673 in total). 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 Oy'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. 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 5.5 million was used for environmental management in 2022. Fisheries obligations accounted for EUR 3.1 million of this sum and voluntary activities for EUR 1.1 million.

The voluntary migratory fish collaboration in the Kemijoki and Ounasjoki river area advanced according to the action plan. Kemijoki Oy's most significant project is preparing a dam bypass solution

for migratory fish at the Taivalkoski power plant. In January 2022, the Company submitted a permit application to the Regional State Administrative Agency for Northern Finland concerning a fishway planned for the Taivalkoski power plant. The project was presented to a wide group of stakeholders on site in connection with the first performance of the "Karvalakkiooppera" opera supported by us. Upon request by the Regional State Administrative Agency, the Company will supplement the application by the end of January 2023.

During the permit process, the Company will continue preparing the fishway project at Taivalkoski. The Company established a monitoring group for the project consisting of representatives from Lapland's Centre of Economic Development, Transport and the Environment, Ministry of Agriculture and Forestry, the Regional Council of Lapland, municipalities and towns along the river, fishery regions, Lapland's leisure fishers and local joint property management and village associations, as well as the Natural Resources Institute Finland and Voimalohi Oy as assessors. The group's mission is to tighten cooperation around the planning and implementation of the fishway, ensure proper interaction and act as a channel for views and feedback regarding the fishway.

Key activities in 2022 included the continued use of the Kalasydän system at Taivalkoski, piloting the Satelliittisydän solution and the continued piloting of the Smolttisydän downriver migration solution, monitoring the results of the refurbishment of the Runkausjoki downriver habitat with exploratory electrofishing, planning future habitat refurbishments, the multi-year research project tracking the results of the salmon spawn and fry stocking in the Ounasjoki water area, as well as spawn and fry stockings.

The Interreg Nord EMRA project launched in 2019 was completed in 2022. In Finland, the project

focused especially on the inventory of the tributaries of the Ala-Kemijoki river and their catchment areas. As part of the project, we also carried out habitat refurbishments, which focused on the catchment areas at Ropsajoki, Silmäjoki, Runkausjoki and Vaattunkijoki.

At Lieksanjoki, the migratory fish work focused on developing the smolt trapping device implemented for the Pankakoski power plant based on the previous year's experiences. The development measures focused especially on enhancing the flow at the mouth of the trapping device and improving the usability of the device. To investigate the functionality of the trapping device and study smolt production at Lieksanjoki, the Natural Resources Institute Finland, Future Missions Oy and Fish and Water Research Ltd conducted PIT and radio telemetry monitoring using tagged smolts.

The application by Lapland's Centre of Economic Development, Transport and the Environment (ELY centre) for changing Kemijoki's fisheries obligations has been pending at the Regional State Administrative Agency for Northern Finland since March 2017. Upon request by the Regional State Administrative Agency, we lodged an additional rejoinder for the applicant's rejoinder in June. On 16 December 2021, the Finnish Government made a decision regarding the water management plans. The contents of the decision mostly followed the proposal made in the spring by Lapland ELY centre. In the Company's view, the classification pursuant to the Finnish Government's decision is incorrect. On 27 January 2022, the Company appealed against the Finnish Government's decision to the Supreme Administrative Court. The appeal concerns water body classifications that have not been executed correctly in all respects and could lead to incorrect water status targets as well as inaccurately planned measures. Additionally, the

measures recorded in the water management plans and action plans pose a significant risk for the operation of Finland's electric system.

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 2022. Two accidents occurred among Kemijoki Oy's partners, one of which resulted in 19 days of absence. Four accidents occurred among project service providers, two of which resulted in three days of absence. Factoring in outsourced operations, Kemijoki's accident frequency rate (LTIF) was 9.5.

PERSONNEL

At the end of the year, the Company employed 42 persons. The Company recruited seven persons in 2022. One person resigned from their position at the Company. Three people retired, all of whom had worked for the Company past the statutory retirement age. The absence due to sickness rate for personnel in 2022 was 1.8, which is significantly higher than in the previous year (0.5) but still low.

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 realisation of the bonus and incentive systems are reported to the Annual General Meeting annually.

The performance bonus system supports the

attainment of the Company's financial and operational goals and applies similarly to everyone employed by the Company. Employees may also be rewarded with a bonus for exceptionally good performance that produces added value for the Company.

The Board of Directors decides on the remuneration of the CEO and the Management Team as well as on the performance bonuses of all Company employees. 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, the CEO 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 operational 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

Kemijoki Oy will continue its long-term work to maintain and develop its power production capa-

bility, promote natural diversity and align these two objectives. The refurbishments of power plants and compensation and environmental investments will continue according to plan.

At Kurkiaska, the use of a grid energy storage that utilises supercapacitor technology alongside a hydraulic engine will be piloted in 2023. At the Petäjäsoski power plant, the replacement of the inlet pipe gates of machinery unit 2 will be implemented, and at Ossauskoski, machinery unit 1 will be repaired and refurbished during 2023. At the Inkeroinen power plant, the replacement of electric systems will be started, and at Pirttikoski, rock faces and the power plant's access tunnel will be refurbished. With regard to dams, the most significant project in 2023 is elevating the earth dams at Lake Pöyliöjärvi in Kemijärvi to the height provided by the new requirements.

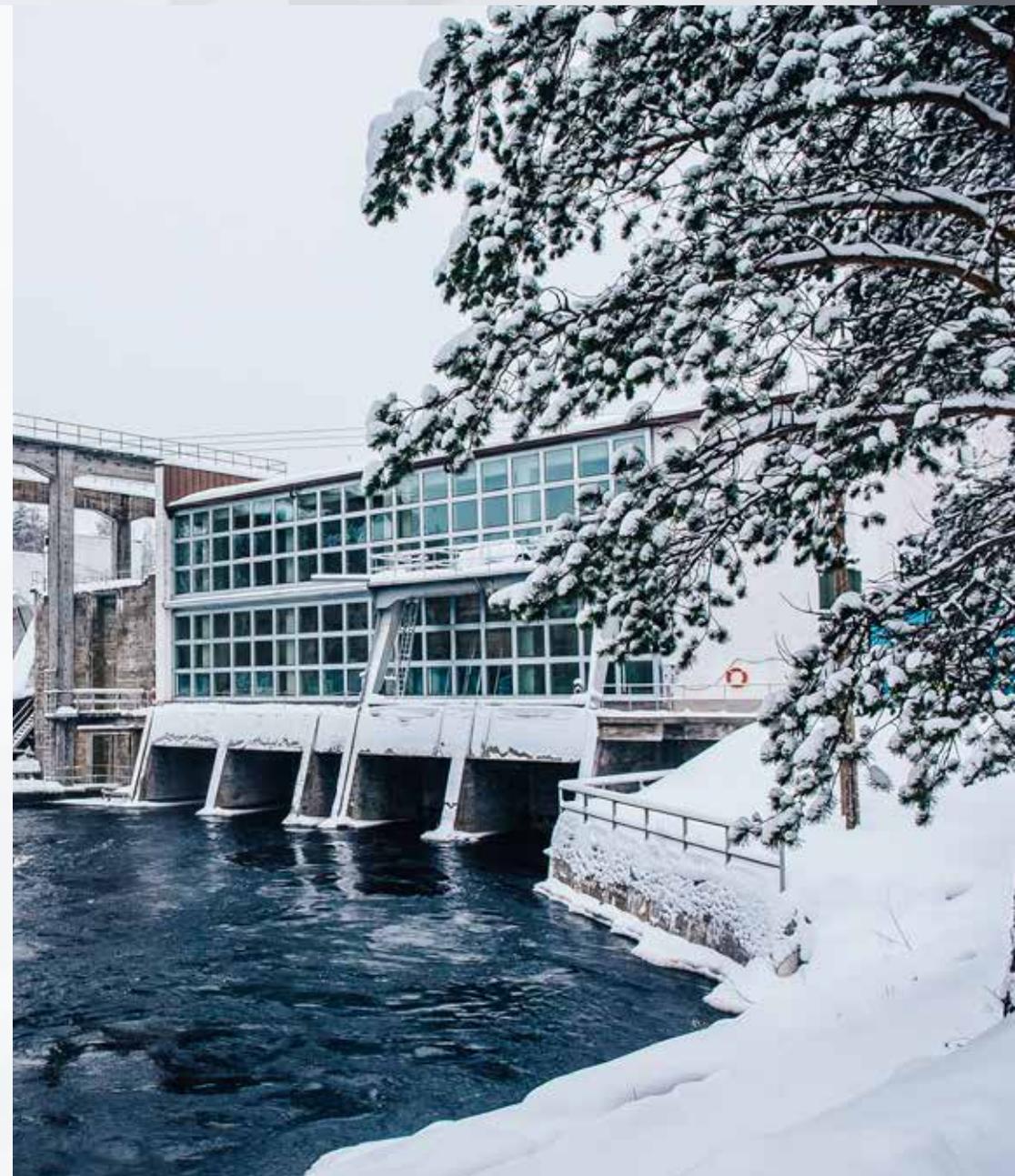
The Company's voluntary migratory fish work will be continued in accordance with the action plan approved in the strategy and guided by the Company's natural diversity programme.

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 2022. 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 for 2023 will be held on 31 March 2023 at 9 a.m. in Helsinki.

Espoo, 6 February 2023



KEMIJOKI OY

Financial statements 31 December 2022

PROFIT AND LOSS ACCOUNT

	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2022
Turnover	68 712 081,50	63 679 981,11
Other operating income	2 941 528,20	2 405 077,31
Materials and services		
Materials, supplies	-3 298 854,95	-2 970 561,28
External services	-17 785 724,10	-15 263 223,64
Personnel expenses	-4 420 804,69	-3 958 123,10
Depreciation, amortisation and value adjustments	-14 392 919,29	-14 082 295,58
Other operating expenses	-26 173 980,09	-24 482 922,04
Profit (loss)	5 581 326,58	5 327 932,78
Financial income and expenses	-4 575 859,92	-4 353 948,80
Profit/loss before appropriation and taxes	1 005 466,66	973 983,98
Appropriations		
Change in depreciation (+ increase / - decrease)	0,00	0,00
Income taxes	-210 890,74	-179 408,06
Profit for the financial period	794 575,92	794 575,92

BALANCE SHEET

	31 Dec 2022	31 Dec 2021
ASSETS		
Fixed assets		
Intangible assets	28 098 137,67	26 254 926,47
Tangible assets	468 066 947,95	462 679 854,23
Investments	368 930,58	368 930,58
	496 534 016,20	489 303 711,28
Current assets		
Long-term receivables	22 735,00	48 135,00
Short-term receivables	11 726 829,31	4 736 481,03
Cash in hand and in bank	69 414,15	56 296,17
	11 818 978,46	4 840 912,20
Total assets	508 352 994,66	494 144 623,48
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	311 491 228,10	288 426 171,09
Short-term liabilities	144 945 550,90	153 802 236,73
	456 436 779,00	442 228 407,82
Total equity and liabilities	508 352 994,66	494 144 623,48

CASH FLOW STATEMENT

EUR 1,000	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Cash flow from operating activities:		
Profit (loss) before extraordinary items	1 005	974
Adjustments:		
Planned depreciation	14 393	14 082
Other non-cash flow items	0	0
Financial income and expenses	4 576	4 354
Profits from sales of assets	0	0
Other adjustments	-863	-220
Cash flow before change in working capital	19 111	19 190
Change in working capital:		
Increase (+)/ decrease (-) of short-term business receivables without interest	-6 965	-639
Increase (+)/ decrease (-) of short-term loans without interest	14 559	-609
Operating cash flow before financing items and taxes	26 706	17 942
Interest and charges paid from other operating financing expenses	-4 050	-4 365
Dividends received	7	6
Interests received from operating activities	8	0
Direct paid taxes	-211	-176
Cash flow before extraordinary items	22 460	13 407
Cash flow operating activities (A)	22 460	13 407
Cash flow from investments:		
Investments in tangible and intangible assets	-21 623	-19 981
Proceeds from disposal of tangible and intangible assets	863	252
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)	-20 760	-19 729

EUR 1,000	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Cash flow from financing activities:		
Withdrawals of long-term loans	100 000	70 000
Repayments of long-term loans	-28 772	-53 772
Withdrawals of short-term loans	16 958	373
Repayments of short-term loans	-89 078	-11 993
Sale of own shares		
Dividends paid and other distribution of profit	-795	-795
Cash flow from financing activities (C)	-1 686	3 814
Change in liquid assets (A+B+C) increase (+) / decrease (-)	13	-2 508
Liquid assets at the beginning of the financial period	56	2 564
Liquid assets at the end of the financial period	69	56

ACCOUNTING POLICIES 2022

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.

A CHANGE TO THE PRESENTATION OF FINANCIAL STATEMENTS

During the financial year, the presentation of profit and loss account has been changed with regard to sales revenue arising from frequency regulation services related to electricity production. Previously, it has been recognised as other operating income. Now, the sales revenue of frequency regulation services is recorded as turnover. The presentation of the previous year's figures has been altered to correspond to the presentation of figures for the past financial year: EUR 14 million has been moved from other operating income to turnover in the comparative profit and loss account.

KEMIJOKI OY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

	2022	2021
OTHER OPERATING INCOME		
Proceeds from the disposal of fixed assets	862 940,00	219 766,17
Rents received	1 415 229,39	1 476 939,12
Sale of services	24 327,35	60 744,00
Other	639 031,46	647 628,02
Total	2 941 528,20	2 405 077,31
NUMBER OF EMPLOYEES		
Personnel at the end of the year		
Clerical employees	42	41
Total	42	41
PERSONNEL EXPENSES		
Wages and compensation	3 699 848,93	3 281 410,58
Pension expenses	602 592,49	581 354,15
Other social security expenses	118 363,27	95 358,37
Total	4 420 804,69	3 958 123,10
MANAGEMENT SALARIES AND COMPENSATION		
Supervisory Board, Board of Directors and CEO	371 403,00	404 875,00
PERSONNEL EXPENSES CAPITALISED UNDER FIXED ASSETS		
	359 946,44	389 286,90
DEPRECIATION AND VALUE ADJUSTMENTS		
Amortisation on intangible assets	794 032,47	706 280,87
Depreciation on tangible assets		
Buildings and structure	2 200 971,76	2 124 857,93
Hydraulic structures	2 336 141,59	2 335 950,40
Machinery and equipment	9 061 773,47	8 915 206,38
Depreciation on land and water areas	0,00	0,00
Total	14 392 919,29	14 082 295,58

	2022	2021
OTHER OPERATING EXPENSES		
Rents	69 982,34	69 077,27
Leasing rents	568 786,38	309 775,95
Real estate taxes	18 984 262,85	18 445 612,09
Other	6 550 948,52	5 658 456,73
Total	26 173 980,09	24 482 922,04
FINANCIAL INCOME AND EXPENSES		
Dividend income		
From others	6 902,00	5 569,00
Interest received		
Other interest received		
From others	7 730,54	671,07
Financial income total	7 730,54	671,07
Interest paid		
To others	-4 544 397,46	-4 313 931,87
Interest paid total	-4 544 397,46	-4 313 931,87
Other financial income		
From others		
Other financial expenses	-46 095,00	-46 257,00
Financial income and expenses total	-4 575 859,92	-4 353 948,80
CHANGE IN DEPRECIATION DIFFERENCE		
Other long-term costs	-1 333 254,59	360 710,25
Buildings and constructions	-1 875 601,88	-1 707 861,97
Hydraulic structures	-478 550,39	2 338 325,27
Machinery and equipment	3 687 406,86	-991 173,55
Total	0,00	0,00
INCOME TAXES		
Income taxes on ordinary operating activities	210 890,74	179 408,06

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 4.9 million in 2022.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

INTANGIBLE AND TANGIBLE ASSETS

	Acquisition cost	Increase	Decrease	Accumulated depreciation	Balance sheet value 31 Dec 2022
Intangible assets					
Other long-term expenses	67 762 022,76	2 637 243,67	0,00	42 301 128,76	28 098 137,67
Tangible assets					
Land and water areas	42 806 583,58	0,00	60,00	0,00	42 806 523,58
Buildings and constructionst	154 590 862,63	5 724 899,26	0,00	70 871 763,08	89 443 998,81
Hydraulic structures	202 191 442,92	0,00	0,00	105 507 027,52	96 684 415,40
Machinery and equipment	439 840 442,65	21 382 773,10	0,00	251 495 148,48	209 728 067,27
Advance payments and ongoing acquisitions	37 525 574,71	21 623 284,21	29 744 916,03	0,00	29 403 942,89
Total	876 954 906,49	48 730 956,57	29 744 976,03	427 873 939,08	468 066 947,95
Shares and holdings	368 930,58	0,00	0,00	0,00	368 930,58
Total	945 085 859,83	51 368 200,24	29 744 976,03	470 175 067,84	496 534 016,20

Machinery and equipment directly serving electricity production

	2021	2020
Undepreciated part of acquisition cost as at 31 Dec	178 951 879,09	166 230 835,78

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

	2022	2021
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 2022

INVESTMENTS	SHARES		
	Participating interests	Other	Total
Acquisition cost as at 1 Jan 2021	168 187,92	200 742,66	368 930,58
Decrease/Increase	0,00	0,00	0,00
Acquisition cost as at 31 Dec 2021	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	Group interest %
Shares in associated undertakings owned by parent company	
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 2021

	Salaries and fringe benefits	Incentive pay	Total
Chairman of the Supervisory Board	7 200		7 200
Deputy Chairman of the Supervisory Board	0		0
Members of the Supervisory Board	9 500		9 500
Chairman of the Board of Directors	29 200		29 200
Deputy Chairman of the Board of Directors	17 400		17 400
Members of the Board of Directors	80 832		80 832
CEO	216 855	29 808	246 663
Total	341 595	29 808	371 403

FEES PAID BY KEMIJOKI OY TO THE AUDITOR

	2022	2021
Audit fees	41 285	28 676
Other fees	41 154	12 7311

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

	2022	2021
ITEMISATION OF RECEIVABLES		
Short-term		
Accounts receivable	6 266 000,41	2 010 907,23
Receivables from associated undertakings	666 859,10	716 845,43
Other receivables	4 552 707,23	1 535 780,49
Prepayments and accrued income	241 262,57	472 947,88
Total	11 726 829,31	4 736 481,03
SUBSTANTIAL ITEMS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME		
Employee retirement fund receivables	0,00	16 569,34
Other	229 502,10	456 378,54
Total	229 502,10	472 947,88

SHARE CAPITAL BY SHARE TYPE

	31.12.2022		31.12.2021	
	number of shares	nominal value	number of shares	nominal value
Hydropower shares (A series, 1 vote)	105 956	1 790 656,40	105 956	1 790 656
Monetary shares (B series, 1 vote)	2 336 988	39 495 097,20	2 336 988	39 495 097
Total	2 442 944	41 285 753,60	2 442 944	41 285 754

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 2022

	2022	2021
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	11 396 311,60	10 063 057,01
Buildings and constructions	19 392 097,27	17 516 495,39
Hydraulic structures	8 553 583,57	8 075 033,18
Machinery and equipment	-39 341 992,44	-35 654 585,58
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	311 491 228,10	240 263 157,92
Bonds	0,00	48 163 013,17
Total	311 491 228,10	288 426 171,09

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

	2022	2021
Debts due in five years or more		
Loans from financial institutions	0,00	0,00
SHORT-TERM LIABILITIES		
Bonds	48 163 013,17	
Loans from financial institutions	46 103 018,92	104 145 146,22
Advances received	21 546 921,33	0,00
Accounts payable	7 633 499,05	7 357 525,49
Other loans	17 651 252,23	31 269 054,55
Accruals and deferred income	3 847 846,20	11 030 510,47
Total	144 945 550,90	153 802 236,73
SUBSTANTIAL ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME		
Salaries, including social security cost	870 784,50	880 381,87
Interest	1 149 519,97	611 916,93
Real estate tax 2020 second instalment	0,00	9 222 806,04
Other	1 827 541,73	315 405,63
Total	3 847 846,20	11 030 510,47
SECURITY GIVEN AND CONTINGENT LIABILITIES		
Contingent and other liabilities		
Guarantees		
On own behalf	5 500 000,06	7 333 333,39
On behalf of associated undertakings	12 988,51	16 148,00
On behalf of others	0,00	0,00
Leasing agreements		
Amounts payable during the current financial period	139 058,12	135 147,06
Amounts payable during the following financial periods	92 568,55	137 221,98
Residual value liabilities	0,00	0,00
Total	5 744 615,24	7 621 850,43

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

	2022	2021
Derivative contracts		
Interest rate swaps		
Market value	13 017 412,00	-903 227,00
Value of underlying asset	335 263 158,00	237 368 421,00
Not entered as income	12 410 956,00	-663 215,00
Exchange and interest rate swaps		
Market value	-10 868 296,00	-10 293 731,00
Value of underlying asset	37 094 105,00	39 043 729,00
Not entered as income	188 739,00	-1 203 714,00

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 2021 is EUR -1.1 million and the duration is 1.6 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 3 500 089,53 and the final year of the review is 2030.

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, 6 February 2023

Simon-Erik Ollus

Tapio Jalonen

Tapio Korpeinen

Mikael Lemström

Anne Simolinna

Katariina Sillander

Olli Sirkka

Tuomas Timonen
toimitusjohtaja

AUDITOR'S SIGNATURE

An audit report has been given today.

Oulu, 6 February 2023

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, 2022. 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 finan-

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

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the 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 distributable funds is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors, the Administrative Board and the Managing Director should be discharged from liability for the financial period audited by us.

Oulu, 6 February 2023

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 2022, 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, 2 March 2023

Johanna Ojala-Niemelä

Mari-Leena Talvitie

Ari Henriksson

Esa Hyvärinen

Kaisa Juuso

Heli Järvinen

Mikko Kärnä

Mikko Lundén

Juha Mäkelä

Maiju Westergren



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