

 **KEMIJOKI**

FINANCIAL STATEMENTS

2023

70 YEARS OF POWERING FINLAND



We are operating in a world that is constantly changing and in a sector that is at the centre of the climate crisis and solving the threat it has caused to nature and people alike. Reliability of energy production is crucial to society and the everyday lives of Finns. The energy sector is also central in ensuring our security of supply.

In the spring, we updated our strategy and made decisions on the future direction of Kemijoki Oy: We will develop and maintain our operational performance through the drastic changes of the electricity market and system.

We will invest in actions that promote biodiversity. We will develop our partnership-based operating model. We will investigate possibilities to increase flexible electricity production and electricity storage capacity.

Investments in regulating capability

We produced 4,622 GWh of renewable hydropower, equal to the annual electricity consumption of over 650,000 families of four. The low-carbon society of the future calls for increasing renewable energy and electrifying society. As the need for electricity and variable generation, especially wind power, increases, the demand for regulating power and energy storages that balance the energy system grows.

We are reinforcing Finland's energy self-sufficiency and security of supply through investing in refurbishments, maintenance, research and development, and innovation activities. We introduced an electricity storage that is connected to the machinery at the Kurkiaska powerplant, located at Kemijoki's tributary Kitinen, which offers short-term storage capacity to help the powerplant efficiently respond to short-term changes in electricity demand and production. We will plan for the possible next steps based on the results of the HYCAP pilot project.

We are accelerating Finland's safe energy transition. We initiated an assessment of possibilities to build pumped-storage power plants at the Kemijoki water area.

“The low-carbon society of the future calls for increasing renewable energy and electrifying society.”

The assessment includes several large-scale pumped-storage plants, which we are discussing extensively with our national, regional and local stakeholders. We are advancing the pre-planning of the pumped-storage plant at Ailangantunturi in Kemijärvi, as well as model and assess the impacts of the construction and use of the plant as part of the environmental impact assessment procedure.

In January 2024, we decided to give up on the Sierilä power plant project when it started to look like executing the project would not be possible without substantial risks. The financial prerequisites for the new run-of-river power plant decreased significantly during the long permit process.

Welfare of nature

We executed our diversity programme for 2023–2030. The aim of our LUMO programme is to promote and maintain natural diversity and ensure that the operations of Kemijoki Oy support the mitigation and management of climate change.

Our annual actions include beach protections, landscapings and clearings, for instance in the Sodankylä region in 2023. Through the restorations and tending to traditional biotopes and landscapes, we are looking after natural biodiversity as well as the condition and general attractiveness of the riverside habitats. We established a new natural diversity area by moving endangered meadow plants from the Kivilahti estate in Sieriniemi to a nearby, more agreeable habitat.

We took significant steps towards creating migration solutions for migratory fish at Ounasjoki. The Regional State Administrative Agency for Northern Finland issued a public note on our application to build a fishway at Taivalkoski. Together with the monitoring group for the Taivalkoski fishway, we continued the development of migration solutions at our

power plants south of Rovaniemi, upstream from Taivalkoski, and began the feasibility analysis of the bypass solution for the Ossauskoski dam. After Ossauskoski, we will follow the river upstream to the Petäjäsoski and Valajaskoski power plants.

We will continue to advance the Taivalkoski fishway project and other actions promoting the migratory fish populations located at the Kemi-Ounasjoki fry production areas, such as habitat refurbishments and spawn and fry stockings. At Lieksanjoki, we are further developing smolt trapping and the smolt trapping device based on research findings. We are also restructuring our company Voimalohi, which we own together with PVO-Vesivoima Oy, by expanding its operations to migratory fish restoration.

Energy and occupational safety

We prepared carefully for the exceptional surge in electricity demand at the turn of 2022 and 2023 when Fingrid predicted that, at its worst, the winter energy crisis might lead to an electricity shortage. We assessed our capabilities of increasing the production of electricity and regulating power, raised our readiness to react to disturbances in the production system, and postponed maintenances requiring a production break. We made an extensive stakeholder tour around our operating areas to increase awareness on the reasons and consequences of possible electricity shortages.

Finland's increasingly tense security situation also impacted the energy sector and highlighted the importance of preparing for exceptional and crisis situations. We practiced the management of exceptional situations as part of the Jaeger Brigade's local defence exercise North 2/23 and the Regional State Administrative Agency for Lapland's Pohjoinen23 preparedness drill.

In addition, we practiced cyber defence together with the Finnish Defence Forces and a rescue situation at a power plant in cooperation with the Jaeger Brigade and the Lapland Rescue Department.

We want to be a forerunner in safety matters related to hydropower. We elevated the earth dams at Lake Pöyliöjärvi in Kemijärvi and completed the refurbishment of the 101-year-old dam in Inkeroinen. The Inkeroinen power plant is located at a nationally significant, built cultural environment area, and the refurbishment was executed with respect to the area's values, in close collaboration with museum authorities. The elevation of the impervious core of the Pöyliöjärvi earth dam did not meet all the current dam safety regulations, so we raised an approximately 2.3-kilometre-long section of it, as agreed with the dam safety authorities.

Together with our partners, we executed work safety audits at our power plants in Anjalankoski and Inkeroinen at the Kymijoki River.

We began safety trainings to improve safety leadership and develop the safety knowhow and culture of the personnel of both Kemijoki Oy and our partners.

We are ensuring the continuity of developing hydropower knowhow. We recruited three new experts to strengthen our capabilities in data security, mechanical engineering, as well as electrical engineering and automation technology. We invest in partnerships that best support us in achieving our goals. We continued our collaboration with the Lapland University of Applied Sciences and hosted a guest lecture to engineering students on hydropower, electricity market, and duties of an engineer in a hydropower company. We will continue these lectures for e.g. mechanical engineering, construction and civil engineering, as well as electrical engineering and automation technology students.

In 2024, we will celebrate our company's 70th anniversary. We are the most significant producer of hydro and regulating power in Finland, with a clear direction on building the company's future. Thank you for everything thus far! Our journey continues.

Tuomas Timonen
CEO

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS 2023

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REPORT OF THE BOARD OF DIRECTORS

Kemijoki Oy is a so-called Mankala company. The purpose of Kemijoki Oy is to enable the energy transition and smooth everyday life in Finland. An annual report has been compiled on the Company and its operations in 2023.

Production and investments

At the beginning of 2023, the energy industry received a lot of media attention as the impacts of the energy crisis were covered daily in the news. We carefully prepared for winter and possible scarcity of electricity. In the end, there was no shortage on electricity due to lower energy consumption caused by a mild winter and increased prices and awareness. In April 2023, we announced that we are assessing the possibilities of building several pumped-storage power plants. Our key message was that our solutions secure a clean energy transition. The announcement and projects attracted a lot of interest both on the local and national level. Prime Minister Petteri Orpo's government programme highlighted the need to strengthen the conditions for hydropower production and to promote pumped-storage power.

In November, we announced the Ailangantunturi pumped-storage power plant project and organised an event for the local landowners to introduce and discuss the project.

In 2023, the company's hydropower plants produced 4,622 GWh of electricity, representing 31 per cent of the hydropower electricity produced in Finland. In a long-term comparison, the production level was average. Water reservoirs decreased by 46 GWh during the year. The fill level of water reservoirs was 64 per cent at the end of the year, which is approximately 15 per cent below the average fill level in 1996–2022.

The spring floods in 2023 were below the average level in volume, even though the SWE (Snow Water Equivalent) was average in mid-April. The spring floods were shorter than usual, lasting 21 days. A rare autumn flood began at Kemijoki on 21 September due to the higher than average rainfall in August and September. The autumn flood lasted 15 days.

During the year, we were able to continue our electricity production and power plant refurbishments in accordance with our long-term plans. The total availability of power plants affecting production was

95.35 per cent. The availability taking into account unexpected interruptions caused by disturbances was 99.93 per cent. The longest production breaks were caused by the machinery 1 damage repairs and refurbishment at the Ossauskoski power plant, replacing the inlet pipe gates for machinery 2 at the Petäjaskoski power plant and several other investments executed at the same time, investments related to the electronic and mechanical components of machinery 1 at the Pirttikoski power plant, and renewing the magnetisation system for machinery 1 at the Seitakorva power plant.

The HYCAP pilot related to the joint use of hydropower production and energy storage was launched in March 2023. The launch was followed by a development and assessment period, the results of which are expected in spring 2024.

At Petäjaskoski, we finished replacing the inlet pipe gates and continued the replacement programme of generator switches by replacing the switches and separators. At the Permantokoski and Kokkosniva power plants, we refurbished the plants' roofs. At Pirttikoski, the power plant's access tunnel and rock face structures were refurbished and the control

system for the dam gates was replaced. At the Inkeroinen power plant, we began upgrading the electric systems and building a new connection to the electricity main grid, which will be completed during 2024. In 2023, we finished two significant refurbishment projects at our dams. At Inkeroinen, we finalised the refurbishment of the 101-year-old stone dam, and the Pöyliöjärvi earth dams at Kemijärvi were elevated to the height required by the updated permit conditions. 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.

The Regional State Administrative Agency for Northern Finland granted an extension on 15 March 2022, and the appeals were dismissed by the Vaasa Administrative Court on 21 March 2023 and by the Supreme Administrative Court on 30 May 2023. After the decision by the Supreme Administrative Court, we quickly prepared matters related to the project's execution and decision-making. According to the non-appealable decision on water management, the water construction in Sierilä should have commenced on 22 May 2024 the latest. After our assessments, we decided to terminate the Sierilä project in January 2024 due to the risks and increased costs related to the project. As a result, a write-down of EUR 14.1 million was included in the Financial Statements 2023.

Investments totalled EUR 19.9 million in 2023.

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 expenses developed according to plan except for the write-down related to the Sierilä project. Real estate taxes accounted for the single most significant expenditure, amounting to EUR 20.5 million. Other operating income from mainly rental income totalled EUR 1.6 million.

The Company's loan portfolio totalled EUR 453 million at the end of 2023. The Company's long-term loans amounted to EUR 323 million.

A total of EUR 90 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 130.3 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 2.58 per cent at the end of the year. The hedging rate of the loan portfolio was 74 per cent at the end of the year.

At the end of the year under review, the balance sheet total was EUR 523.7 million. The Company's equity ratio was 9.9 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, strategy and budget of the Company's operations, operating principles, 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 31 March 2023.

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 2023, the Supervisory Board had ten members. The Annual General Meeting elected Johanna Ojala-Niemelä as Chair of the Supervisory Board and Ari Henriksson, Kaisa Juuso, Heli Järvinen, Mikko Kärnä, Mikko Lundén, Juha Mäkelä, Merja Paavola, Mari-Leena Talvitie

and Maiju Westergren as members. Mari-Leena Talvitie was elected as Vice Chair.

Based on the Finnish Parliamentary Elections held in spring 2023, the parties made changes to the Supervisory Board's members. On 16 August 2023, the shareholders of Kemijoki Oy unanimously elected Miko Bergbom, Juha Hänninen, Markus Lohi, Krista Mikkonen and Sara Seppänen as new members of the Supervisory Board. Old members Johanna Ojala-Niemelä, Ari Henriksson, Juha Mäkelä, Merja Paavola and Maiju Westergren continued as members. Miko Bergbom was elected as Vice Chair.

Key figures for the parent company 2019 - 2023

	2019	2020	2021	2022	2023
Turnover MEUR	60.8	62.3	63.6	68.7	96.5
Other operating income MEUR	2.6	1.9	2.4	2.9	1.6
Operating expenses excl. real estate tax MEUR	38.9	40.2	42.4	47.1	67.4
Real estate tax MEUR	18.8	18.7	18.4	19.0	20.5
Salaries and benefits paid to personnel MEUR	3.6	4.0	4.0	4.4	4.9
Profit/loss for the financial period MEUR	0.8	0.8	0.8	0.8	0.8
Balance sheet total MEUR	485.4	490.6	494.1	508.4	523.7
Gross investments MEUR	19.9	17.5	20.0	21.6	19.9
Research and development MEUR	0.1	0.1	0.3	1.1	1.3
Equity ratio %	10.6	10.5	10.4	10.2	9.9
Personnel at the end of the year	38	39	39	42	42

The Supervisory Board held five meetings, and the average attendance at the meetings was 94 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.

On 27 January 2023, the shareholders unanimously elected Olli Sirkka to replace Juha-Pekka Weckström, who had resigned from the Board of Directors.

The Annual General Meeting on 31 March 2023 appointed seven persons to the Board of Directors: Simon-Erik Ollus as the Chair and Tapio Jalonen, Tapio Korpeinen, Mikael Lemström, Katariina Sillander, Anne Simolinna and Olli Sirkka as members. The Board of Directors elected Korpeinen as Vice Chair.

On 29 November 2023, the shareholders unanimously elected Timo Virikko to replace Tapio Jalonen, who had resigned from the Board of Directors.

The Board of Directors held nine meetings, and the average attendance at the meetings was 98 per cent. The Board of Directors evaluates its own activities on an annual basis, which was also the case in 2023.

The Remuneration Committee of the Board of Directors included Simon Erik-Ollus as Chair and Tapio Korpeinen and Katariina Sillander as

members. The Remuneration Committee of the Board of Directors held two meetings in 2023.

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

On 31 March 2023, 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 2023, the internal audit assessed the dam, obligation and construction projects, control room operations, 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 2023. The Operations Committee held five meetings in 2023 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 2023, 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.

In 2023, we updated our risk management process and introduced a tool for risk management. The risk evaluations are scheduled so that the internal risk evaluations provide source information for the company's ERM process taking place at the end of the year.

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 inflated interest rates and prices have increased costs. The maturing mass of property and increasing replacement investments will

continue to increase costs also in the future. The geopolitical situation has hindered the availability of spare parts and services.

Changes in legislation and differing interpretations 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 safe-guards 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. The Company has created a framework for sustainable financing

based on ICMA's (International Capital Markets Association) recommendations. An independent third-party assessor has deemed the framework to be credible and in line with the Green Bond Principles 2021 and Green Loan Principles 2021 as well as to promote 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.

Environmental risks are managed according to the environmental management system. Risks associated with personnel and management are taken into account in long-term competence and personnel development and succession planning. Risks associated with the Company's data security are managed through appropriate technical solutions, regular testing and practicing, 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 topics and responsibilities.

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 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, which is managed by internal auditor BDO Oy.

During the year, the Company updated the corporate responsibility programme for 2024–2028. The Company's biodiversity programme, published in the previous year, was integrated into the updated corporate responsibility programme, among other things. As a hydropower producer, the Company's corporate responsibility matters relate to climate change and its mitigation, biodiversity, migratory fish, and a flourishing and talented personnel. The programme sets itself ambitious and concrete primary targets and KPIs that are also incorporated into the performance bonus system.

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 2023, 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 corporate responsibility report

and GRI index, 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 5.8 million was used for environmental management in 2023. Fisheries obligations accounted for EUR 3.3 million and voluntary activities related to migratory fish for EUR 1.3 million of this sum.

In May 2023, Kemijoki Oy and PVO-Vesivoima Oy decided to restructure and expand the operations of their jointly owned company Voimalohi Oy. Going forward, the operations of Voimalohi Oy will include developing and implementing measures to restore migratory fish populations. The aim is to build Voimalohi into a leading expert in restoring migratory fish populations in regulated rivers in Finland.

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.

A public notice on the permit application was issued in June 2023. A total of nine statements, reminders and opinions were submitted regarding the application, to which the Company provided answers in September 2023.

During the permit process, the Company will continue preparing the fishway project at Taivalkoski. The Company has 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 Natural Resources Institute Finland and Voimalohi Oy representatives as expert members. The group's mission is to tighten cooperation around the planning and implementation of the fish-way, ensure proper interaction and act as a channel for views and feedback regarding the fishway. In its meeting in August 2023, the monitoring group decided to expand its operations with respect to advancing the next migratory solutions at power plants below Rovaniemi. As the first step, the monitoring group will launch a feasibility study regarding the migratory fish solution at the Ossauskoski power plant.

Key activities in 2023 included the continued use of the Fishheart and Satelliittisydän systems at Taivalkoski, 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, a telemetry study tracking downstream migration by the river stretch below Rovaniemi, as well as spawn and fry stockings. We also funded the Sateenvarjo III project for enhancing migratory fish in regulated rivers, spearheaded by the Natural Resources Institute Finland.

In Lieksanjoki, the migratory fish cooperation continued to focus on the smolt trapping device installed at the Pankakoski power plant, which was in use during downstream migration. We aim to improve the trapping efficiency of the device with a guide fence solution, currently in the planning phase.

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.

The water management plans for 2022–2026 were approved after the Supreme Administrative Court had dismissed the appeals made against the plans in March 2023. In 2021, the Finnish Government emphasised in its approval of the water management plans that the water management measures shall not inflict significant harm to the important use of the water area.

Kemijoki Oy's pension fund is a closed supplementary pension fund. The pension fund's investment activities follow the established investment policy and sustainable investment principles. The Board of Directors of the pension fund monitors the implementation of the principles. The investments are made securely, profitably, and sustainably. The pension fund's investment portfolio has a very moderate return/risk positioning and a low sustainability risk.

Personnel

At the end of the year (31 December 2023), the Company employed 42 persons. The Company recruited three people who will start in their positions at the beginning of 2024. One person resigned from their position in the Company at the end of the year. The absence due to sickness rate for personnel in 2023 was 0.9, which is significantly lower than in the previous year (1.8).

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. In terms of Kemijoki Oy's employees, we reached our goal of zero accidents in 2023. Seven accidents occurred among Kemijoki Oy's partners, two of which resulted in days of absence. The service providers did not have any accidents in our projects during the year. Factoring in outsourced operations, Kemijoki Oy's accident frequency rate (LTIF) was 6.4.

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 compensation paid to CEO is determined based on the Company's performance bonus system. 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 the long-term work to maintain and develop its electricity production capacity, promote biodiversity, take partnerships to the next level, and increase hydropower production according to its strategy. The refurbishments of power plants and compensation and environmental investments will continue according to plan.

At the beginning of 2024, we will begin an environmental impact assessment (EIA) procedure regarding the Ailangantunturi pumped-storage power plant project. The EIA process is estimated to continue until the beginning of 2025. During the process, different stakeholders have an opportunity to give statements and affect the evaluation of environmental impacts. Assessments related to other possible pumped-storage projects will also continue.

In terms of the Sierilä project, in 2024 we will focus on actions related to the termination of the project, such as property, compensation and permit matters.

In 2024, we will continue the damage repair and refurbishment project of machinery 1 at the Ossauskoski power plant, as well as building the electricity systems and a new connection to the electricity main grid at the Inkeroinen power plant. The investment programme for 2024 includes, for example, refurbishing the roof and facades at the Seitakorva power plant, dam gate 2 at the Vanttauskoski power plant, as well as the dam and power plant bridges at the Taivalkoski power plant. During the year, we will prepare the damage repair and refurbishment project of machinery 1 at Valajaskoski as well as the replacement project of the main transformers at Taivalkoski for the execution phases in 2025.

The Company's voluntary migratory fish work will continue in accordance with the action plan approved in the strategy and guided by the Company's biodiversity programme. Creating the migratory route to Ounasjoki is our most significant investment.

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 2023. 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 2024 will be held on 27 March 2024 at 9 a.m. in Helsinki.

Espoo, 8 February 2024



Kemijoki Oy

FINANCIAL STATEMENTS
31 DECEMBER 2023



PROFIT AND LOSS ACCOUNT

	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
Turnover	96,534,250.76	68,712,081.50
Other operating income	1,602,445.23	2,941,528.20
Materials and services		
Materials, supplies	-3,417,437.42	-3,298,854.95
External services	-21,629,590.23	-17,785,724.10
Personnel expenses	-4,549,769.15	-4,420,804.69
Depreciation, amortisation and value adjustments	-29,338,685.81	-14,392,919.29
Other operating expenses	-28,933,769.78	-26,173,980.09
Profit (loss)	10,267,443.60	5,581,326.58
Financial income and expenses	-9,246,829.43	-4,575,859.92
Profit/loss before appropriations and taxes	1,020,614.17	1,005,466.66
Appropriations		
Change in depreciation (+ increase / - decrease)	0.00	0.00
Income taxes	-226,038.25	-210,890.74
Profit for the financial period	794,575.92	794,575.92

BALANCE SHEET

	31 Dec 2023	31 Dec.2022
ASSETS		
Fixed assets		
Intangible assets	26,331,573.06	28,098,137.67
Tangible assets	460,376,973.22	468,066,947.95
Investments	368,930.58	368,930.58
	487,077,476.86	496,534,016.20
Current assets		
Long-term receivables	22,735.00	22,735.00
Short-term receivables	29,129,452.88	11,726,829.31
Cash in hand and in bank	7,424,463.04	69,414.15
	36,576,650.92	11,818,978.46
Total assets	523,654,127.78	508,352,994.66
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	352,989.00	322,989.00
Liabilities		
Long-term liabilities	322,719,298.28	311,491,228.10
Short-term liabilities	148,988,613.84	144,945,550.90
	471,707,912.12	456,436,779.00
Total equity and liabilities	523,654,127.78	508,352,994.66

CASH FLOW STATEMENT

EUR 1,000	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash flow from operating activities		
Profit (loss) before extraordinary items	1,021	1,005
Adjustments:		
Planned depreciation	29,339	14,393
Other non-cash flow items	30	0
Financial income and expenses	9,247	4,576
Profits from sales of assets	0	0
Other adjustments	-23	-863
Cash flow before change in working capital	39,613	19,111
Change in working capital		
Increase (+)/ decrease (-) of short-term business receivables without interest	-17,403	-6,965
Increase (+)/ decrease (-) of short-term loans without interest	-15,491	14,559
Operating cash flow before financing items and taxes	6,720	26,706
Interest and charges paid from other operating financing expenses	-8,843	-4,050
Dividends received	3	7
Interests received from operating activities	46	8
Direct paid taxes	-240	-211
Cash flow before extraordinary items	-2,313	22,460
Cash flow from operating activities (A)	-2,313	22,460

EUR 1,000	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash flow from investments		
Investments in tangible and intangible assets	-19,886	-21,623
Proceeds from disposal of tangible and intangible assets	27	863
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)	-19,859	-20,760
Cash flow from financing activities		
Withdrawals of long-term loans	90,000	100,000
Repayments of long-term loans	-126,935	-28,772
Withdrawals of short-term loans	97,257	16,958
Repayments of short-term loans	-30,000	-89,078
Sale of own shares		
Dividends paid and other distribution of profit	-795	-795
Cash flow from financing activities (C)	29,527	-1,686
Change in liquid assets (A+B+C) increase (+) / decrease (-)	7,355	13
Liquid assets at the beginning of the financial period	69	56
Liquid assets at the end of the financial period	7,424	69

ACCOUNTING POLICIES 2023

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 amortized 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 2023

	2023	2022
TURNOVER BREAKDOWN		
Electricity sales	76,252,681.56	24,633,209.17
Additional services related to electricity production	20,281,569.20	44,078,872.33
Other	0.00	0.00
Total	96,534,250.76	68,712,081.50
OTHER OPERATING INCOME		
Proceeds from the disposal of fixed assets	24,360.00	862,940.00
Rents received	1,244,779.62	1,415,229.39
Sale of services	51,760.55	24,327.35
Other	281,545.36	639,031.46
Total	1,602,445.53	2,941,528.20
NUMBER OF EMPLOYEES		
Personnel at the end of the year		
Clerical employees	42	42
Other employees	0	0
Total	42	42
PERSONNEL EXPENSES		
Wages and compensation	3,796,239.26	3,699,848.93
Pension expenses	596,268.72	602,592.49
Other social security expenses	157,261.17	118,363.27
Total	4,549,769.15	4,420,804.69
MANAGEMENT SALARIES AND COMPENSATION		
Supervisory Board, Board of Directors and CEO	402,780.00	371,403.00
PERSONNEL EXPENSES CAPITALISED UNDER FIXED ASSETS	395,480.65	359,946.44
DEPRECIATION AND VALUE ADJUSTMENTS		
Amortisation on intangible assets	951,989.66	794,032.47
Depreciation on tangible assets		
Buildings and structures	2,254,152.21	2,200,971.76
Hydraulic structures	2,345,282.51	2,336,141.59
Machinery equipment	9,666,956.73	9,061,773.47
Depreciation of non-current assets to be written down according to plan	1,481,138.12	
Depreciation on advance payments	12,639,166.58	
Total	29,338,685.81	14,392,919.29

	2023	2022
OTHER OPERATING EXPENSES		
Rents	89,335.21	69,982.34
Leasing rents	270,561.33	568,786.38
Real estate taxes	20,469,377.19	18,984,262.85
Other	8,104,496.05	6,550,948.52
Total	28,933,769.78	26,173,980.09
FINANCIAL INCOME AND EXPENSES		
Dividend income		
From others	2,902.00	6,902.00
Interest received		
Other interest received		
From others	46,623.06	7,730.54
Financial income total	46,623.06	7,730.54
Interest paid		
To group companies	0.00	0.00
To others	-9,249,098.49	-4,544,397.46
Interest paid total	-9,249,098.49	-4,544,397.46
Other financial income		
From others		
Other financial expenses	-47,256.00	-46,095.00
Financial income and expenses total	-9,246,829.43	-4,575,859.92
CHANGE IN DEPRECIATION DIFFERENCE		
Other long-term costs	-1,032,896.03	-1,333,254.59
Buildings and constructions	1,523,636.35	-1,875,601.88
Hydraulic structures	-2,123,751.78	-478,550.39
Machinery and equipment	1,633,011.46	3,687,406.86
Total	0.00	0.00
INCOME TAXES		
Income taxes on ordinary operating activities	226,038.25	210,890.74

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 4.1 million in 2023.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2023

Intangible and tangible assets

	Acquisition cost	Increase	Decrease	Accumulated depreciation	Balance sheet value 31 Dec 2023
Intangible assets					
Other long-term expenses	70,399,266.43	660,270.22	1,474,845.17	43,253,118.42	26,331,573.06
Tangible assets					
Land and water areas	42,806,523.58	42,228.23	3,886.99		42,844,864.82
Buildings and constructions	160,315,761.89	1,430,894.51		73,125,915.29	88,620,741.11
Hydraulic structures	202,191,442.92	8,748,885.14		107,852,310.03	103,088,018.03
Machinery and equipment	461,223,215.75	5,113,117.75	6,292.95	261,162,105.21	205,167,935.34
Advance payments and ongoing acquisitions	29,403,942.89	21,387,148.40	30,135,677.37		20,655,413.92
Total	895,940,887.03	36,722,274.03	30,145,857.31	442,140,330.53	460,376,973.22
Shares and holdings	368,930.58	0.00	0.00	0.00	368,930.58
Total	966,709,084.04	37,382,544.25	31,620,702.48	485,393,448.95	487,077,476.86

Write-downs related to the termination of the Sierilä power plant project are included in the decrease of other long-term costs (1.47M€) and ongoing acquisitions (12.64M€) for 2023.

Machinery and equipment directly serving electricity production	2023	2022
Underpreciated part of acquisition cost as at 31 Dec	174,944,868.68	178,951,879.09

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	2023	2022
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 2023

INVESTMENTS	SHARES		
	Group companies	Other	Total
Acquisition cost as at 1 Jan 2023	168,187.92	200,742.66	368,930.58
Decrease (+) / Increase (-)	0.00	0.00	0.00
Acquisition cost as at 31 Dec 2023	168,187.92	200,742.66	368,930.58
Book value as at 31 Dec 2023	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 31 JANUARY 2023 - 31 DECEMBER 2023	Salaries and fringe benefits		Incentive pay	Total
Chairman of the Supervisory Board	5,200			5,200
Deputy Chairman of the Supervisory Board	3,000			3,000
Members of the Supervisory Board	17,500			17,500
Chairman of the Board of Directors	25,200			25,200
Deputy Chairman of the Board of Directors	16,200			16,200
Members of the Board of Directors	66,600			66,600
CEO	225,496	43,584		269,080
Total	359,196	43,584		402,780

FEES PAID BY KEMIJOKI OY TO THE AUDITOR	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Audit fees	44,968	41,285
Other fees	38,846	41,154

	2023	2022
ITEMISATION OF RECEIVABLES		
Short-term		
Accounts receivable	28,761,633.59	6,266,000.41
Receivables from associated undertakings	355,983.81	666,859.10
Other receivables	0.00	4,552,707.23
Prepayments and accrued income	8,295.20	241,262.57
Total	29,125,912.60	11,726,829.31

SUBSTANTIAL ITEMS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME		
Income tax	0.00	0.00
Other	2,122.14	229,502.10
Total	2,122.14	229,502.10

SHARE CAPITAL BY SHARE TYPE	number of shares	31 Dec 2023		31 Dec 2022	
		nominal value	number of shares	nominal value	number of shares
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	

Hydroelectric 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 2023

	2023	2022
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 dividend	-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
Distributable funds	9,613,718.43	9,613,718.43
ACCUMULATED APPROPRIATIONS		
Accumulated depreciation difference		
Other long-term expenses	10,363,415.57	11,396,311.60
Buildings and constructions	20,915,733.62	19,392,097.27
Hydraulic structures	6,429,831.79	8,553,583.57
Machinery and equipment	-37,708,980.98	-39,341,992.44
Deferral		
Total	0.00	0.00

	2023	2022
OBLIGATORY PROVISIONS		
Pension provision	322,989.00	322,989.00
Restoration of natural food ponds	30,000.00	0.00
Total	352,989.00	322,989.00
LONG-TERM LIABILITIES		
Long-term debts		
Loans from financial institutions	322,719,298.28	311,491,228.10
Bonds	0.00	0.00
Total	322,719,298.28	311,491,228.10
Debts due in five years or more		
Loans from financial institutions	37,037,037.00	0.00
SHORT-TERM LIABILITIES		
Bonds	0.00	48,163,013.17
Loans from financial institutions	78,771,929.82	46,103,018.92
Advances received	0.00	21,546,921.33
Accounts payable	9,320,831.03	7,633,499.05
Other loans	56,572,068.89	17,651,252.23
Accruals and deferred income	4,325,506.45	3,847,846.20
Total	148,990,336.19	144,945,550.90
SUBSTANTIAL ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME		
Salaries, including social security cost	1,014,292.42	870,784.50
Interest	1,603,302.66	1,149,519.97
Real estate tax	0.00	0.00
Other	1,707,911.37	1,827,541.73
Total	4,325,506.45	3,847,846.20

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2023

	2023	2022
SECURITY GIVEN AND CONTINGENT LIABILITIES		
Contingent and other liabilities		
Guarantees		
On own behalf	3,777,666.74	5,500,000.06
On behalf of associated undertakings	14,000.00	12,988.51
On behalf of others		
Leasing agreements		
Amounts payable during the current financial period	144,583.43	139,058.12
Amounts payable during the following financial periods	130,150.09	92,568.55
Residual value liabilities		
Total	4,066,400.26	5,744,615.24
Derivative contracts		
Interest rate derivatives		
Market value	5,038,692.00	13,017,412.00
Value of underlying asset	335,000,000.00	335,263,158.00
Not entered as income	3,775,634.00	12,410,956.00
Exchange and interest rate swaps		
Market value	0.00	-10,868,296.00
Value of underlying asset	0.00	37,094,105.00
Not entered as income	0.00	188,739.00

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 2023 is EUR -1.1 million and the duration is 1.4 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.

Espoo, 8 February 2024

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 €

Simon-Erik Ollus

Tapio Korpeinen

Mikael Lemström

Anne Simolinna

Katariina Sillander

Olli Sirkka

Timo Virikko

AUDITOR'S SIGNATURE

An audit report has been given today.

Oulu, 8 February 2024

KPMG Oy Ab

Pekka Alatalo
APA

Tuomas Timonen
CEO

AUDITOR'S REPORT

This document is an English translation of the Finnish auditor's report.
Only the Finnish version of the report is legally binding.

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, 2023. 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 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, 8 February 2024

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 2023, 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, 7 March 2024

Johanna Ojala-Niemelä

Miko Bergbom

Ari Henriksson

Juha Hänninen

Markus Lohi

Krista Mikkonen

Juha Mäkelä

Merja Paavola

Sara Seppänen

Maiju Westergren



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