SOLIDIUM

2021

ANNUAL REPORT

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REVIEW BY THE CEO

The return of the shareholdings was excellent

ANTTI MÄKINEN

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The GRI Index is available on Solidium's website www.solidium.fi/en/corporate-responsibility/gri-index/

Solidium in brief

Solidium is a limited liability company owned by the State of Finland. Its core task is to strengthen and stabilise Finnish ownership in companies of national importance and grow the value of its ownership in the long-term. Our vision is for our portfolio companies to outperform their peers.

Solidium's operations are market-based, and investment decisions are only made when the financial prerequisites are met. In addition, the companies owned by Solidium have a national interest. The national interest may be linked to economic viewpoints, competence, infrastructure, or security of supply, the company's position in a cluster important for Finland, using Finland's national property, or other importance to Finland.

Solidium's objective is to grow shareholder value in its portfolio companies by means of long-term, active ownership, with the aim of the companies outperforming their peers. Our objectives are aligned with the objectives of other investors who operate in the long term.

Our operations as an active minority shareholder require considerable efforts to understand the portfolio companies and their industries. Solidium's investment team assigned to the company in question carries out an analysis of the company, frequently meets company management and other large shareholders, visits production plants, attends capital market days and industry seminars, as well as studies the company's competitors. This in-depth information and views will be the basis for the investment team's value creation plan for the company.

As an active owner, Solidium wants to be involved in influencing matters which have a significant impact on the company's performance and shareholder value. Solidium's long-term objective is to have a seat in the board of each portfolio company.

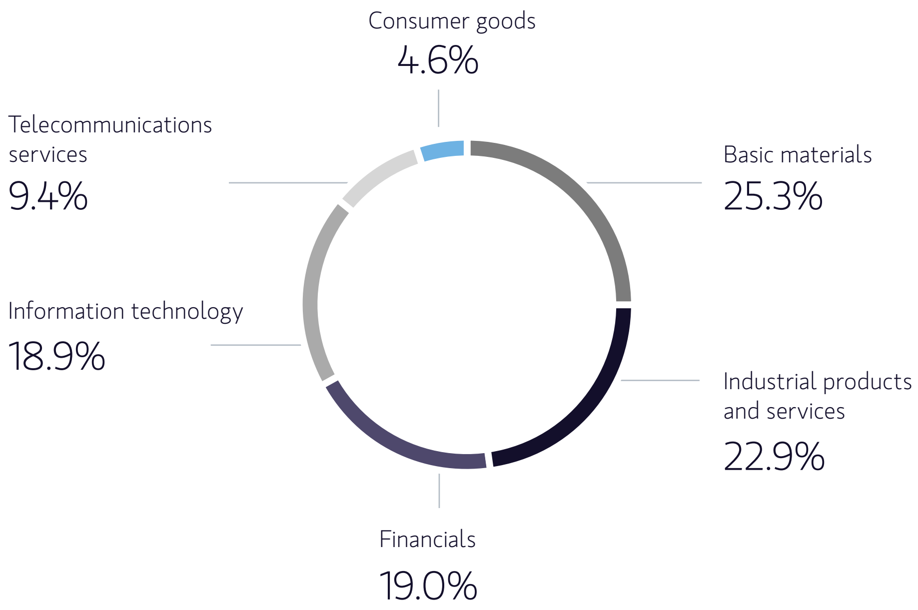
We want to promote responsible business operations through ownership and require that the portfolio companies incorporate responsibility in their business operations and manage corporate responsibility in a goal-oriented manner. We strive to act responsibly both as a company and as an owner. It is our view that doing things responsibly will increase and secure shareholder value in the long run.

Essential aspects of Solidium's role include promoting a culture of responsible, professional ownership and developing the related methods of operation in Finland.

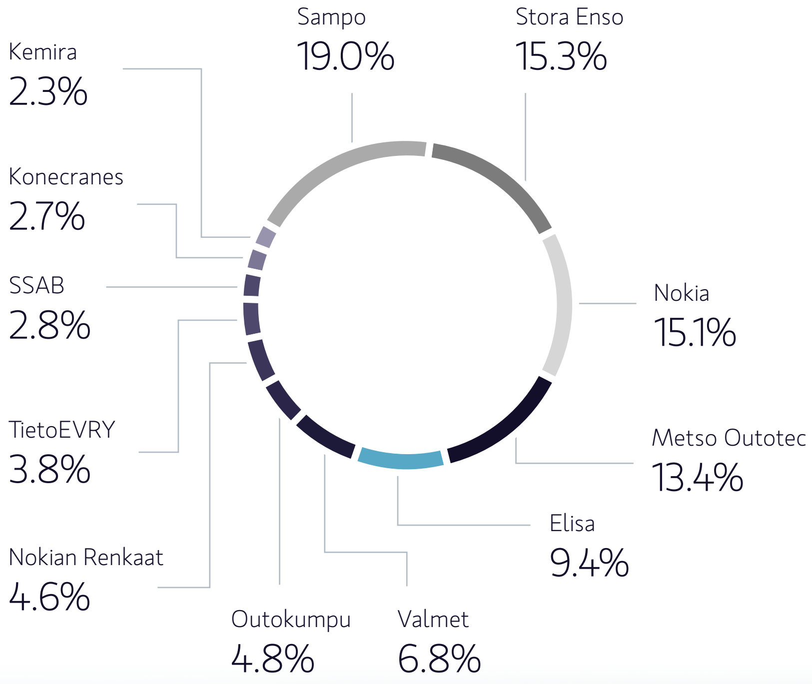
Holdings

		Holding
ELISA	Telecommunications	10.0%
KEMIRA	Manufacturing of industrial chemicals	10.2%
KONECRANES	Lifting equipment and maintenance services	8.5%
METSO OUTOTEC	Technologies for the mining, aggregates, and metals refining industries	14.9%
NOKIA	Network infrastructure and licensing	5.3%
NOKIAN RENKAAT	Tyres for cars and heavy-duty equipment, tyre services	8.8%
OUTOKUMPU	Manufacturing of stainless steel	18.9%
SAMPO	P&C and life insurances, banking	8.0%
SSAB	Special and standard steels and steel construction products	6.3%
STORA ENSO	Products within the packaging, biomaterial, wood and paper industries	10.7%
TIETOEVRY	Information technology, product development and consulting services	10.9%
VALMET	Technologies, automation and services for the pulp, paper, and energy industries	11.1%

Breakdown by sector 30 June 2021



Breakdown of equity holdings 30 June2021



Solidium's key figures

in the financial year 2020–2021

40.6 %
Return of equity holdings

368 EUR million
Proposal for the profit distribution from the financial year

219 EUR million
Received profit distribution before taxes

8,761 EUR million
Net asset value

Solidium as an owner

Solidium is not a portfolio investor but a long-term and active owner. The company invests in equities, maintaining money market investments only for liquidity purposes. Solidium pursues a sufficient shareholding that enables it to promote the owner's influence and value creation plans in each company. Usually this means a shareholding of over 10 per cent, although smaller holdings are also possible. Correspondingly, the holdings rarely exceed 20 per cent.

Solidium works together with the other shareholders and usually aims to be the largest shareholder in companies in which it has a long-term owner interest.

In addition to yielding financial return, Solidium's investments are required to have a national interest. Due to these criteria, Solidium focuses on large companies, and its potential investments consist of companies listed in Finland as well as companies that have considerable operations in Finland.

We want to do our part to ensure that the anchor ownership or headquarters of such companies stay in Finland, unless reasonable grounds and long-term valuation speak in favour of other types of arrangements.

Investment decisions rest with Solidium's Board of Directors

Solidium has a Board of Directors appointed by the State owner. The Board has a fairly broad authority within the more general framework set by the State, defined in the detailed mandate issued by the Cabinet Committee on Economic Policy.

Solidium's investment decisions are made by the Board of Directors, and Solidium keeps the State owner informed of its central decisions. Investment decisions are only made when the financial interests are met, and the investment cannot be made if Solidium does not deem it financially justified.

Independent decision-making as well as a strong financial position establish conditions for Solidium to make investment decisions and participate in the portfolio companies' financing rounds swiftly, if required. Solidium finances the share purchases from its own balance sheet, either by divesting its current holdings or using cash funds or borrowed money. We remit the profit distribution received from the portfolio companies to the State owner.

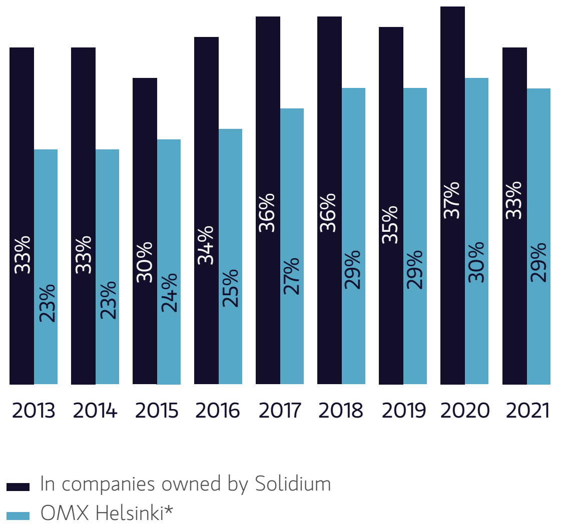
Influencing board elections and the work of boards of directors are among Solidium's most important tasks

Board elections and preparing for them are central tasks of the large and long-term shareholders of companies. In most of Solidium's portfolio companies, the shareholders' nomination board prepares the proposal on board member election to the Annual General Meeting. In the 2020–2021 financial year, Solidium's representatives held the chairman position in six and were members in four nomination boards.

Solidium's long-term objective is to have a seat in the board of each portfolio company. Solidium wants to be involved in influencing matters which have a significant impact on the company's performance and shareholder value. After the shareholders' meetings of spring 2021, this is the case in six companies owned by Solidium. Solidium's representatives in companies' boards are individuals who are members of Solidium's Board of Directors or executive management.

The role of the chairman of the board is particularly important. The chairman organises and schedules the activities of the board, and their role involves discussing the company's strategic matters with the largest shareholders. The preparedness of the chairmen of boards to engage in dialogue with the shareholders is a key prerequisite of active ownership. Effective cooperation in shareholder value creation promotes the best interests of the company.

Share of women in boards of directors



*Based on figures provided by Finland Chamber of Commerce

The share of women in the boards of directors of Finnish listed companies has grown in recent years, but the target of 40 per cent set by the State is still yet to be reached. However, the share of women is still clearly higher in Solidium's porftolio companies than the stock exchange average. Nomination board work is an effective method for owners to influence the composition of boards.

Solidium's operating model for creating shareholder value

Sources of information

Company reporting and investor communications

Regular meetings with the company's top management

Dialogue with other stakeholders
(e.g. analysts, other shareholders and investors, financiers, other experts)

Capital market days and company/site visits

Peer company reporting and other information, sector analyses

Analysis

Investment team

Analyses the company's business model and strategy

Analyses the market in which the company operates and the drivers of demand

Analyses the competitive situation and key competitors in the sector

Forms a view of the company's competitive advantages and position

Forms a view of the company's operative and financial development, as well as its valuation and capital structure

Compiles and updates a value creation plan on factors central to increasing shareholder value and monitors the implementation thereof

Compiles an analysis of the composition of the company's board of directors

Forms a view of the national importance of the company

Compiles an analysis of corporate responsibility matters , which may influence shareholder value

Influencing

Regular discussions with the chairman of the board and executive management: progress of the themes of the value creation plan, in particular

Preparation of board elections together with other major shareholders through nomination board work and other dialogue among owners

Through own board members in the companies

Financial year 2020–2021

During the financial year, Solidium increased holdings in Nokia, Nokian Tyres and TietoEVRY and reduced shareholding in SSAB and Outokumpu.

Share purchases during the financial year

During the financial year, Solidium purchased Nokia's shares for EUR 115 million, Nokian Tyres' shares for EUR 76 million and TietoEVRY's shares for EUR 26 million. As a result of the share purchases, Solidium's holding in Nokia increased from 4.8 per cent to 5.3 per cent, in Nokian Tyres from 6.8 per cent to 8.8 per cent and in TietoEVRY from 10.0 per cent to 10.9 per cent.

In addition, Solidium participated in Outokumpu's directed share issue to institutional investors with EUR 10 million.

Share sales during the financial year

In July 2020, Solidium sold its shares in Neles for EUR 190 million. In February 2021, EUR 24 million worth of shares were sold in Outokumpu. Following the sale of shares and participating in the share issue of Outokumpu, Solidium's holding in Outokumpu was reduced from 21.7 per cent to 18.9 per cent. In April 2021, Solidium reduced its holding in SSAB by placing 65 million B shares in SSAB to the market. The proceeds totalled approximately EUR 277 million. Following the Equity Offering, Solidium's holding in SSAB decreased from 12.6 per cent to 6.3 per cent of the issued and outstanding shares, and from approximately 9.8 per cent to approximately 8.0 per cent of the votes.

The merger of Konecranes and Cargotec

On 1 October 2020, Konecranes and Cargotec announced a plan to combine the companies through a merger, which was approved by the extraordinary general meetings of the companies on 18 December 2020. The combined company will become the leading global player in port equipment and services, and other material flow related equipment and service businesses.

Solidium supports the transaction as we believe that the synergies arising from Konecranes' and Cargotec's complementary offering as well as capabilities in technology and services will increase shareholder value.

In the beginning, the planned completion of the transaction was to be in the turn of the year 2021/2022, but the current target is to complete the transaction by the end of the first half 2022. The timetable was prolonged due to certain competition authorities opening a phase II review, which is common in large transactions.

The merger plan of Valmet and Neles

After the end of Solidium's fiscal year in July 2021, Valmet and Neles announced a merger plan, which is expected to be completed in January 2022. Solidium considers Neles to be an attractive partner to support Valmet's growth and undertook to vote in favor of the combination in the extraordinary general meeting of Valmet. Pursuant to the terms of the transaction, Solidium would own 9.1 per cent of the merged company and would continue as Valmet's largest shareholder.

Board elections

In accordance with Solidium's strategy updated in the autumn of 2017, Solidium's long-term objective is to have a seat in the board of each portfolio company. After the Annual General Meetings in the spring of 2021, this is the case in six companies owned by Solidium, as Solidium's CEO Antti Mäkinen was re-elected to the boards of Metso Outotec and Stora Enso and investment director Annareetta Lumme-Timonen was re-elected to the board of SSAB. In addition, among the members of Solidium's Board, Aaro Cantell is a board member in Valmet, Jannica Fagerholm is a member of Sampo's board, and Timo Ahopelto holds a seat in the board of TietoEVRY.

In the spring 2021 Annual General Meetings, a total of 15 new board members were elected to boards of Solidium's portfolio companies, as a total of 11 board members resigned.

Annual General Meeting and profit distribution

Solidium's Annual General Meeting was held in Helsinki on 30 November 2020. The Annual General Meeting adopted the company's financial statements for the financial year of 1 July 2019–30 June 2020 and discharged the members of the Board of Directors and the Managing Director from liability. The Annual General Meeting decided that no dividend would be paid. For a term ending at the end of the next Annual General Meeting, the following persons were elected to the Board of Directors: Harri Sailas was elected as the Chairman, Aaro Cantell as the Vice Chairman, and Timo Ahopelto, Jannica Fagerholm, Marjo Miettinen, Laura Raitio and Kimmo Viertola were elected as members.

The profit distribution proposed by the Board of Directors for the past financial year is EUR 368 million.

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Cash flows

In the financial year 2020–2021

DISPOSALS	490 EUR million
DIVIDENDS RECEIVED	219 EUR million

TO SOLIDIUM	+709 EUR million
FROM SOLIDIUM	-293 EUR million
CHANGE IN CASH ASSETS	+417 EUR million

ACQUISITION OF SHARES	227 EUR million
PROFIT DISTRIBUTION TO THE STATE DURING THE FINANCIAL YEAR	0 EUR million
TAX PAYMENTS	62 EUR million
EXPENSES INCLUDING FINANCIAL ITEMS	4 EUR million

Year of strong recovery overshadowed by the pandemic

ANTTI MÄKINEN | CEO

Solidium's financial year was characterised by a sense of optimism as the pandemic slowing down enabled the world economy to start recovering and the outlook for businesses took a positive turn. The more upbeat condition of national economies was also reflected in our portfolio companies: valuations have risen with the market but they also improved their operative activities.

Solidium's financial year 2020–2021 began after the first wave of the coronavirus pandemic. The second wave of the pandemic in the autumn darkened the mood, but positive news about vaccines in October inspired confidence in the end of the pandemic being reasonably near. This set in motion recovery in the economic activity and the upward trend in the stock market, which continued throughout the financial year.

Apart from the news about the vaccines, market confidence was also strengthened by the massive stimulus packages which were introduced by the US, in particular, in the first half of 2021. The stimulus package decided on by the EU also sent an important signal, even though it is considerably smaller than the US package and its impact on the economy happens more slowly.

> At the close of the financial year, Solidium's investment portfolio is in an excellent shape.

Although the pandemic has not yet been defeated, the growth in the global economy and the factors influencing it look promising for this year and the next. Economic recovery has been faster than anticipated, the macroeconomic outlook is strong and the stock market is going up. According to reports in the spring, 85 per cent of the world's 500 largest companies in terms of market value exceeded analysts' forecasts on the first quarter results.

The situation was also similar in Nasdaq Helsinki and in Solidium's investment portfolio. The share prices of our portfolio companies increased by 14 per cent in the first half of the year and 24 per cent in the second half. At the close of the financial year, total return of our portfolio was 41 per cent, calculated from the beginning of the financial year.

Portfolio companies' situation is good

At the close of the financial year, Solidium's investment portfolio is in an excellent shape, and almost all companies are forecasting 2021 to be better than last year. The coronavirus pandemic has affected different companies in different ways, but all of them have been able to benefit from market recovery and to improve their own operations as well. The good outlook of national economies is also reflected positively on the portfolio companies.

The most noteworthy change has taken place in the steel companies SSAB and Outokumpu, whose results made a significant turnaround during the financial year. In the autumn, the situation was still challenging since demand by customer industries, including the automobile industry, picked up slowly. At the end of the year, the situation changed quickly, and currently both companies are operating at full capacity. Thus, Outokumpu's share price increased from the low numbers of the autumn by 143 per cent by the end of the financial year. Nokian Tyres also follows the automobile industry's trends and the tyre market has recovered well, although not yet to the 2019 level.

The result of Nokia, one of Solidium's major investments, was strong in the first half of 2021, as the demand for 5G equipment increased. Strong market outlook seems to be continuing and Nokia's competitiveness especially in 5G solutions has improved, due to which the company increased its guidance for fiscal year 2021.

The P&C activities of Sampo, in turn, benefitted from insurance compensations that decreased due to the coronavirus pandemic. The value of Stora Enso is boosted by the increase in the price of pulp and growth in the global demand for sawn timber as wood construction increases. By contrast, demand for paper continues to decline, which in the spring unfortunately resulted in plans to close the Veitsiluoto and Kvarnsveden mills.

Stronger companies through mergers

The merger of Metso and Outotec came into force on the first day of the our financial year. This merger is probably one of the first integrations of major international companies that was carried out virtually through Teams. Despite the pandemic, the integration has progressed well and the synergy targets have been raised. The merger plan of Konecranes and Cargotec, in turn, was published at the beginning of October, and the EGMs of both companies approved the merger plan in December. The aim is to complete the merger at the end of first half 2022.

The transaction agreed during the previous financial year in which we sold our shares of Neles, demerged from Metso, to Valmet was closed at the beginning of the financial year. Shortly after, the Swedish Alfa Laval made a public tender offer for Neles, which was withdrawn, since only slightly more than a third of the shareholders accepted the offer. Valmet increased its shares in Neles to 29.5 per cent during autumn 2020, and in July 2021 Valmet and Neles announced a merger plan. As the largest shareholder in Valmet, we have agreed to vote in favor of the combination, as we consider this as a continuation to prior good development from a cyclical project supplier to a stable technology and service provider, while bringing significant synergies and growth opportunities.

In the spring of 2021, we reduced our shares in SSAB from 12.6 per cent to 6.3 per cent and to approximately 8 per cent of the votes. Following the sale of shares and participating in the directed share issue of Outokumpu, our holding was reduced to 18.9 per cent. During the financial year, we purchased more shares in Nokia, TietoEVRY and Nokian Tyres. In the autumn, our shares in Nokia exceeded the threshold of five per cent, and in TietoEVRY, we are now the largest shareholder with an 11 per cent holding.

An active owner

During the financial year, we were active as an owner in the boards of directors and nomination committees. Solidium has a representative in the nomination committees of ten companies, in six of which Solidium holds the position of a chairperson. Six companies have a board member nominated by Solidium, one of whom holds the position of the chairperson of the board.

One way of influencing the operations of our portfolio companies is to pay attention to corporate responsibility. Therefore, we have observed with great satisfaction that many of our companies are committed to the demanding Science Based Targets standard. In accordance with the standard, a company prepares a plan to reduce its carbon dioxide emissions to a level that equals the targets set in the Paris Agreement. Currently, there are 25 companies in Finland with approved SBT targets. Eight of them are our portfolio companies.

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Solidium and responsible ownership

Good management of corporate responsibility is one of the prerequisites of long-term value creation.

Solidium's corporate responsibility work is divided into three focus areas: (1) enhancing and securing shareholder value; (2) engaging with stakeholders as an owner; and (3) integrated analysis and the responsibility of Solidium's own operations. The focus areas have been defined in our long-term programme for responsible ownership.

Enhancing and securing shareholder value

"Climate ambition of the portfolio companies" project

Solidium has been monitoring the quantity and distribution of the CO_2 emissions of its portfolio companies for a long time. During the review period, we expanded our analysis to emissions targets and portfolio companies' peer comparisons.

The investment teams themselves carried out the climate ambition analyses, and this helps to integrate the conclusions into our general view of each company. The company-specific results were also reviewed jointly with the management of each respective portfolio company. The results were published as part of Solidium's half-year report. The key results of the project are described in the Case example included in this report.

Current corporate responsibility matters in the portfolio

During the review period, Solidium actively monitored the development of corporate responsibility in its portfolio companies. The dialogue we have established with the corporate responsibility management of each portfolio company covered the topical issues, in addition to the aforementioned "Climate Ambition" project. Several portfolio companies updated their corporate responsibility strategies and sought feedback on them through stakeholder surveys, in which we took part.

During the review period, one of the corporate responsibility dialogues held was escalated to the owner. In line with its principles, Solidium actively monitors corporate responsibility matters in its portfolio companies and intervenes in any issues observed, if needed. In this case, this action was taken and dialogue with the company in question was initiated immediately.

The issue concerned stakeholder feedback received by Outokumpu regarding the company's ferronickel subcontracting chain in Brazil, in particular. According to the feedback, the ferronickel producer has caused environmental damage and compromised the living conditions of the nearby indigenous people. The report criticises the supervision of Outokumpu's supply chain. Outokumpu has made a decision to initiate an independent audit on the supplier in question, to be performed by a third party, and has also started the process of including the UN's Guiding Principles on Business and Human Rights in its contract terms and conditions. Outokumpu will further develop the supervision of its supply chain and increase the transparency of its purchases.

Good management of corporate responsibility is one of the prerequisites of long-term growth in shareholder value. Supply chain management and ensuring an appropriate due diligence process are among the key areas of corporate responsibility management. Solidium requires that the portfolio companies also take corporate responsibility into consideration in the management of their supply chains.

Engaging with stakeholders as an owner

Internal stakeholders

We continued to apply established and appropriate operating methods in our work with the internal stakeholders. The aforementioned "Climate Ambition" project was our greatest investment in terms of time spent during the year.

Corporate responsibility matters were on the agenda of Solidium's Board of Directors on one occasion during the financial year, as the Board reviewed the

> Climate was the dominating theme in our dialogue with external stakeholders.

results of the "Climate Ambition" project and the annual review on corporate responsibility.

External stakeholders

In addition to the regular meetings incorporated in our analyses that were held with the portfolio companies, we engaged in dialogue focusing on responsibility matters on approximately 30 occasions with various stakeholders during the review period. As the head of corporate responsibility changed in some of the portfolio companies, we held introduction and orientation meetings.

Climate was the dominating theme in our dialogue with external stakeholders. We took measures to maintain our competence and took part in topical discussions and events concerning the transition towards low-carbon society. We monitored the development of the climate reporting requirements and regulation. We added the perspective of climate management of companies to the investor dialogue when, based on Solidium's idea and initiative, Finsif and Stora Enso organised the "Next Level Climate Action: Science-Based Targets in Practice" event.

Biodiversity is rapidly becoming a topic to be discussed by investors and shareholders. A challenge in this is the fact that clear and distinct measurable targets have not yet been identified in the biodiversity theme. During the review period, we examined the theme and engaged in dialogue on the methods and metrics of biodiversity management with the WWF, among others. We will continue this work so that we can implement the Government resolution on ownership concerning ambitious and measurable objectives of biodiversity management in a manner that is appropriate from the owner's perspective.

Cooperation with Aalto University was active. Solidium was asked to provide feedback to help develop the contents of the Master's programme focusing on strategy and responsibility in the Aalto University School of Business. A Solidium investment director was a member of Aalto University's Advisory Board for Sustainable Development until the end of 2020. In addition, Solidium's representative was invited to the panel of the "Better business, better society" lecture series given by the School of Business. Solidium's views on the strategic role of corporate responsibility in companies' long-term growth was also requested in an interview for an MBA thesis completed at Henley Business School.

Solidium was a member of the Finsif and FiBS associations. Both associations celebrated their decennial anniversaries during the review period. We contributed to Finsif's anniversary webinar by presenting Solidium's input in the development of the association's nomination committee practices. Solidium was also a case example in Finsif's video series on responsible investment methods. We were also a member of Directors' Institute of Finland – Hallitusammattilaiset ry in the review period.

The Austrian investment company ÖBAG invited Solidium to be a panelist in its corporate responsibility seminar and present our operating methods of responsible ownership and to discuss corporate responsibility as part of the responsible investment toolbox.

III Integrated analysis and the responsibility of Solidium's own operations

Solidium continued to maintain and develop the responsibility of its own operations. We have achieved a solid level of responsibility and clearly defined operating models.

We continued our transparent and open corporate responsibility reporting in accordance with the State owner's policies. Our reporting complies with the GRI Standards and our Annual Report has been prepared in accordance with the Core level of the Standards. We reviewed the corporate responsibility principles of the State owner's "Vaurautta vastuullisella omistajuudella" ("Wealth through responsible ownership") resolution and ensured that the principles are realised in Solidium's operations.

Solidium's new employees received orientation to the perspectives and operating methods of responsible ownership.

During the financial year, Solidium continued monitoring the progress of national and multinational reforms that shape the operating environment of corporate responsibility in Solidium and its portfolio companies.

The company began the background reviews for the work related to the reform of the long-term corporate responsibility programme.

IV Objectives in the 2021–2022 financial year

We will continue our work as a responsible owner in accordance with our established operating method. We will update the long-term corporate responsibility programme. The responsibility analyses conducted on the portfolio companies every two years will be updated.

FOR FURTHER INFORMATION

see www.solidium.fi/en/corporate-responsibility

CASE:

The "Climate ambition of the portfolio companies" analysis

Introduction

The majority of the direct CO_2 emission tonnes in Solidium's portfolio are generated by a few companies operating in the process industry. However, the absolute emission quantities depend largely on what industry the company represents and do not indicate the level of the company's progress in the management of CO_2 emissions.

In our view, the relative CO_2 performance will be an increasingly important competitive factor for the companies. Therefore, we launched a project in which the intensity of the CO_2 emissions and the emission reduction targets of Solidium's portfolio companies were compared to those of their peers. Each portfolio company was assigned the same peer as in Solidium's other peer comparisons. In the Solidium portfolio, there are 12 companies, and the number of peer companies totals 67.

Results

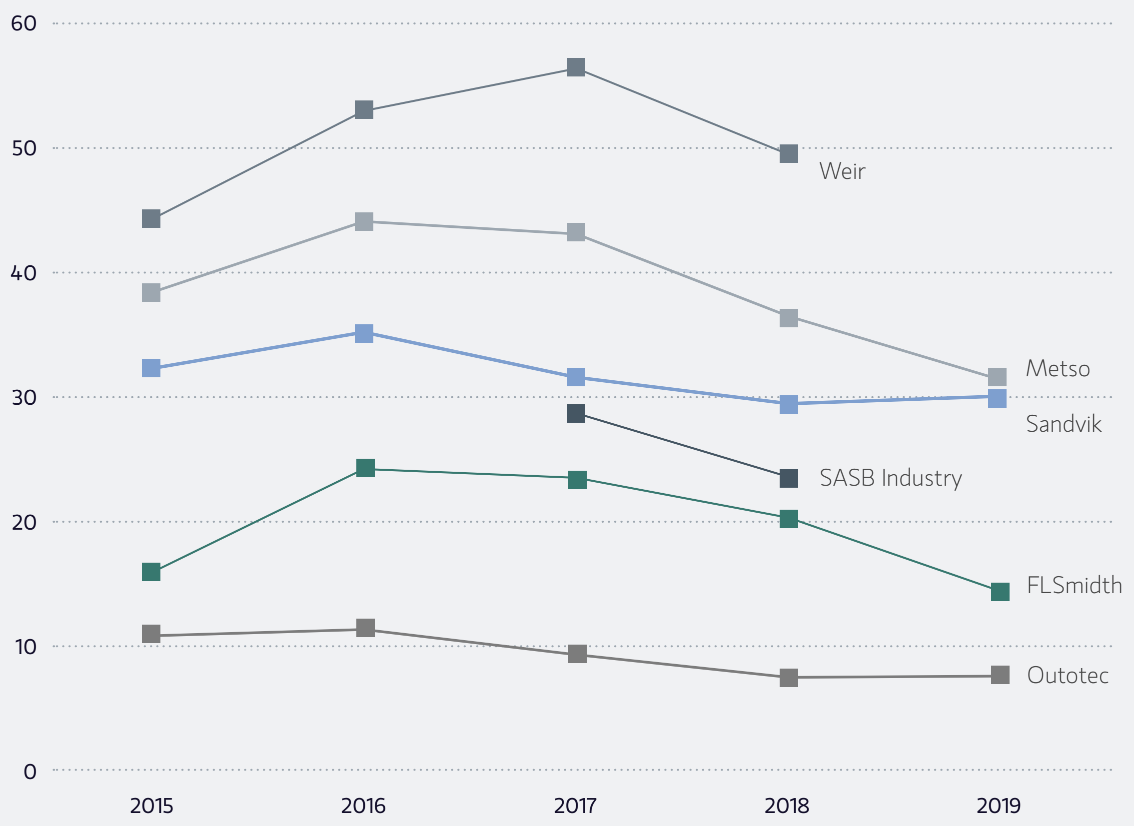
The CO_2 emission intensity (Scope 1&2) of each portfolio company was first compared to that of their respective peers. The carbon intensity is usually presented as a relation to revenue. This was applied here as well, with the exception of carbon steel manufacture. Calculating the carbon intensity in relation to the volume of steel production was more descriptive due to the cyclical nature and extensive price fluctuations of carbon steel manufacture.

The graph below shows the development of Metso's and Outotec's carbon intensities compared to their peers in 2015–2019. The absolute values of emission intensities vary fairly extensively between peers. Therefore, it is interesting to examine what causes the differences between companies. Differences between the business models of companies play a major role in the level of the emission intensity. For example, Metso's CO_2 emissions included in the company's intensity calculation are increased by the own foundries. Outotec, in turn, has outsourced the majority of its production, and the Scope 1&2 emissions of its own operations are low. It is also interesting to view the development trends – the graph shows Metso's good emissions intensity development during the period under review. We also assessed the business criticality of emissions and examined the measures taken so far by the portfolio company to curb CO_2 emissions.

Equivalent reviews were carried out on Solidium's all portfolio companies. We ranked the current CO_2 performance of each portfolio company in relation to their respective peers. The conclusion at the portfolio level is that the carbon emission intensity of Solidium's portfolio companies is, on average, slightly better than that of the peer company portfolio. The results are presented in the table on the next page.

In addition to the current state of the companies, we reviewed their CO_2 emission targets. This "Climate Ambition" comparison consisted of several factors based on which we conducted an overall assessment of every Solidium portfolio company with regard to the level of their climate ambition compared to their peers. The comparison included the following factors: the extent to which the companies had set emission reduction targets; the scope of the targets; the applicable area of the business operations; the target level set; and the scope of climate objective reporting. The reporting scope varied widely between companies. The assessment was carried out on the basis of the companies' reporting and other public data. As a summary, we assessed whether the target setting of our portfolio companies was at the same level, better or weaker than that of the peers.

Scope 1+2 (tCO2e) / Revenue (USD million)



Note: "SASB Industry" is SASB's "Industrial Machinery and Goods". SASB Industry's, Outotec's and Sandvik's Scope 2 intensity is "market-based". Metso's and Weir's Scope 2 intensity is "location-based". FLSmidth's Scope 2 intensity for year 2019 is "market-based" (other years are "location-based").

Source: CDP, Urgentem, company reports

	OUTCOME: Holdings' CO_2 performance vs. peers (%-share)	TARGETS Holdings' climate ambition vs. peers (%-share)
Clearly weaker than the peer group	0%	0%
Slightly weaker than the peer group	23%	8%
Equal to the peer group	38%	0%
Slightly better than the peer group	23%	75%
Clearly better than the peer group	15%	17%

The summary provided in the table above indicates the portfolio-level results. The target-orientation of the Solidium portfolio, or the climate ambition, is higher than that of the peer portfolio.

The climate ambition of the Solidium portfolio is also indicated by the commitment of several portfolio companies to the Science Based Target initiative (SBTi). SBTi is a method to calculate emissions in order to deploy the Paris Agreement. The strictest target level is to commit to the goal of a maximum warming of 1.5 degrees Celsius. Eight of Solidium's portfolio companies have approved SBT targets in place, and two more companies are working on it. In Finland, a total of 17 other companies have approved SBT targets. The long-term targets typically extend to 2030.

Convergence to low carbon emissions concerns all companies, and the Paris Agreement offers a clear framework for the development. Managing CO_2 emissions has become part of the strategy. In our analysis, we detected that the climate ambition still varies widely between sectors. The level of target-orientation does not necessarily correlate with how central CO_2 emissions are as a theme to the industry in question. In the forest industry, both Solidium's portfolio companies and the majority of the peers are advanced in terms of their carbon emission management. Vehicle tyre companies also set strong SBT targets, which may stem from their position in the value chain of the automotive industry and from potential customer requirements. On the other hand, CO_2 emissions are a major issue for the carbon steel industry. However, the climate ambition has generally started to increase in the industry as the development of ways to solve the emission issue has begun in earnest. The results also show that even in an industry where emissions are low, a company can profile itself as a pioneer in reducing CO_2 emissions if it deems such activity to provide advantages. This seems to be the case in the telecommunications sector, for example.

	SBT-status	Comment about the status
Elisa	Target set	Among the first Finnish companies with verified SBT targets according to the 1.5-degree trajectory
Kemira	-	No SBT-targets, although Kemira's target of carbon neutrality by 2045 supports the Paris agreement
Konecranes	Committed	Has signed the letter of commitment
Metso Outotec	Target set	1.5-degree target set as a financial target in the new strategy
Nokia	Target set	SBT target according to the 1.5-degree trajectory since 2017, among the first 100 companies in the world
Nokian Tyres	Target set	First tyre manufacturer in the world that committed to SBT-targets
Outokumpu	Target set	First with the 1.5-degree commitment within its industry
Sampo	-	Sampo, or its subsidiaries, have not committed to SBT targets at this stage
SSAB	Target set	"Well-below 2°C" targets approved
Stora Enso	Target set	The first forest industry company in the world with verified SBT targets
TietoEVRY	Committed	Has signed the letter of commitment
Valmet	Target set	SBT targets in line with the 1.5-degree trajectory approved in August, 2021

REALISATION
The analysis was based on the company-specific data obtained from Urgentem. Urgentem is an independent expert organisation, located in London, UK, that specialises in the processing of CO2 data. As a company primarily serving the financial sector, it "verifies, assesses and patches" CDP (Carbon Disclosure Project) data and uses this data to calculate carbon intensities, among other things. The scope and quality of CDP reporting by companies varies widely among both individual companies and, to a certain extent, between industries. Verifying the CDP data was important in order to ensure consistent calculation and comparability. For further information, please visit: www.urgentem.net.

The data from Urgentem was obtained in June 2020. The source of the data was the CDP responses given by companies in 2019, which depict the companies' operating year 2018. We also gathered information on our own and verified data in relation to the companies' own reporting. This proved to be important, since some of the companies retroactively complement and update the CO2 emission data they have already submitted.

In spite of the methods applied by Urgentem, the data concerning the life cycle emissions of the value chain (Scope 3) were not sufficiently representative in the materials. Insufficiencies were detected, in particular, in peer companies' data. Companies' insufficient CDP responses can be "patched" when a sufficient number of other companies in the same sector have provided responses extensively enough. As this was not the case in all respects, at this point we had to limit the quantitative reviews to data concerning the emissions of the companies' own operations (Scope 1) and the emissions of purchased energy (Scope 2). In the overall assessment concerning the climate ambition, the degree of reporting the Scope 3 data categories was one of the qualitative factors we took into consideration.

Solidium aims to update the analysis every few years. We hope that Scope 3 data will also be extensively and reliably available next time.

Solidium's holdings

At the end of the financial year, Solidium was a minority shareholder in twelve listed companies. The companies' combined revenue in 2020 was approx. EUR 69 billion, and they had slightly over 238,000 employees in total. The combined market value of the portfolio companies was EUR 100 billion on 30 June 2021.

At the close of the financial year, the market value of Solidium's equity investments was EUR 9,024 million. In terms of market value, the largest holdings were Sampo, Stora Enso, Nokia, and Metso Outotec. During the financial year, Solidium increased its holdings in TietoEVRY, Nokia, and Nokian Tyres. In addition, Solidium decreased its holdings in SSAB and Outokumpu, and exited Neles.

In addition to the equity investments, Solidium had money market investments worth a total of EUR 569 million at the end of the financial year. Taking both the equity investments and money market investments into consideration, the return of the holdings was 39.2 per cent. The best returns during the financial year were yielded by Metso Outotec, Outokumpu, Konecranes, and Nokian Tyres.

	elisa	Kemira	KONECRANES	Metso:Outotec	NOKIA	nokian TYRES	outokumpu	SAMPO GROUP	SSAB	storaenso	tietoEVRY	Valmet
	Telecommunications	Manufacturing of industrial chemicals	Lifting equipment and maintenance services	Technologies for the mining, aggregates, and metals refining industries	Network infrastructure and licensing	Tyres for cars and heavy-duty equipment, tyre services	Manufacturing of stainless steel	P&C and life insurances, banking	Special and standard steels and steel construction products	Products within the packaging, biomaterial, wood, and paper industries	Information technology, product development and consulting services	Technologies, automation and services for the pulp, paper, and energy industries
Turnover EUR million	1,895	2,427	3,179	3,319	21,852	1,314	5,639	8,375	6,237	8,553	2,786	3,740
% in Finland	87%	15%	3%	3%	7%	-	4%	24%	10%	6%	25%	10%
Operating profit EUR million	409	216	174	239	885	120	-55	380**	-31	922	147	319
Personnel	5,171	4,921	16,862	15,466	92,039	4,603	9,915	13,178	13,974	24,455	23,632	14,046
% in Finland	77%	16%	12%	15%	7%	37%	25%	17%	33%	26%	13%	37%
Return on equity	28%	11%	10%	8%	5%*	5%	-5%	3%	-1%	8%	6%	21%
Market capitalisation EUR bn (30 June 2021)	8.1	2.0	2.8	8.1	25.5	4.7	2.3	21.5	3.9	12.4	3.2	5.5
Net gearing	102%	63%	46%	39%	-20%	-1%	44%	20%	18%	33%	54%	13%
Taxes paid according to the cash flow statement EUR million	68	37	26	62	280	22	10	287	5	82	29	75

* Calculated from the net profit for the year less deferred Finnish tax liabilities written down in 2020.
** Profit before taxes. Sampo does not report operating profit.

Solidium's holdings

40.6%

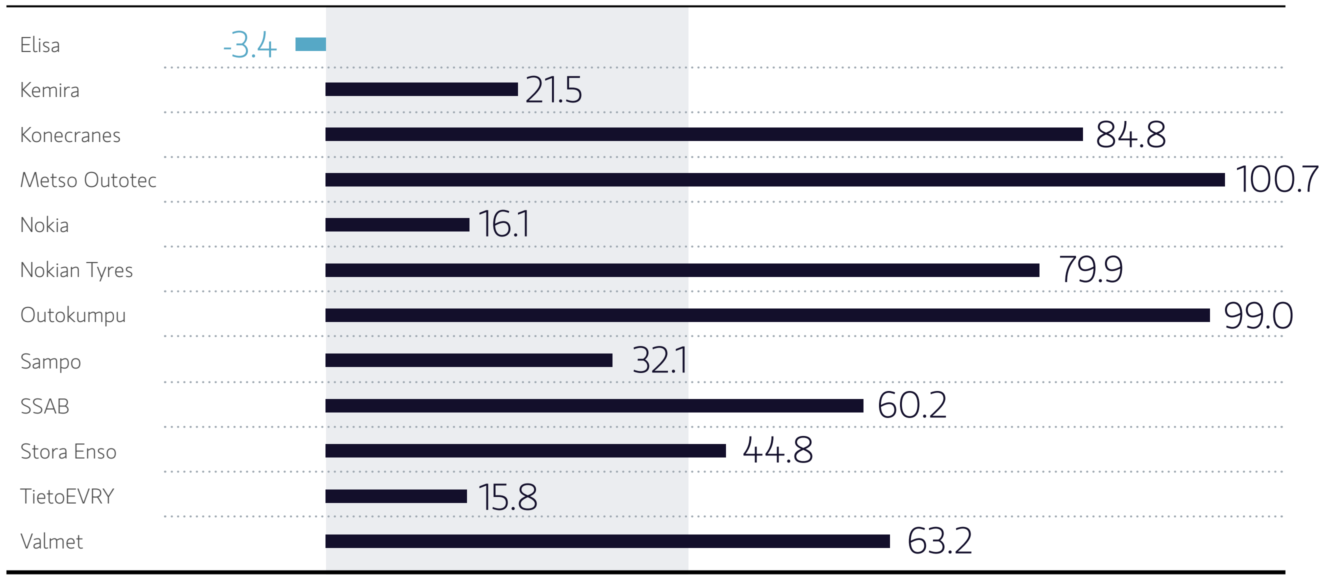
The return on Solidium's equity investments was 40.6% during the financial year. The return development of Metso Outotec, Outokumpu, and Konecranes was excellent.

13.0%

Over the period of five years, the best return was generated by Valmet, Stora Enso, and SSAB. The total return on Solidium's equity holdings during the period of five years was 13.0 per cent.

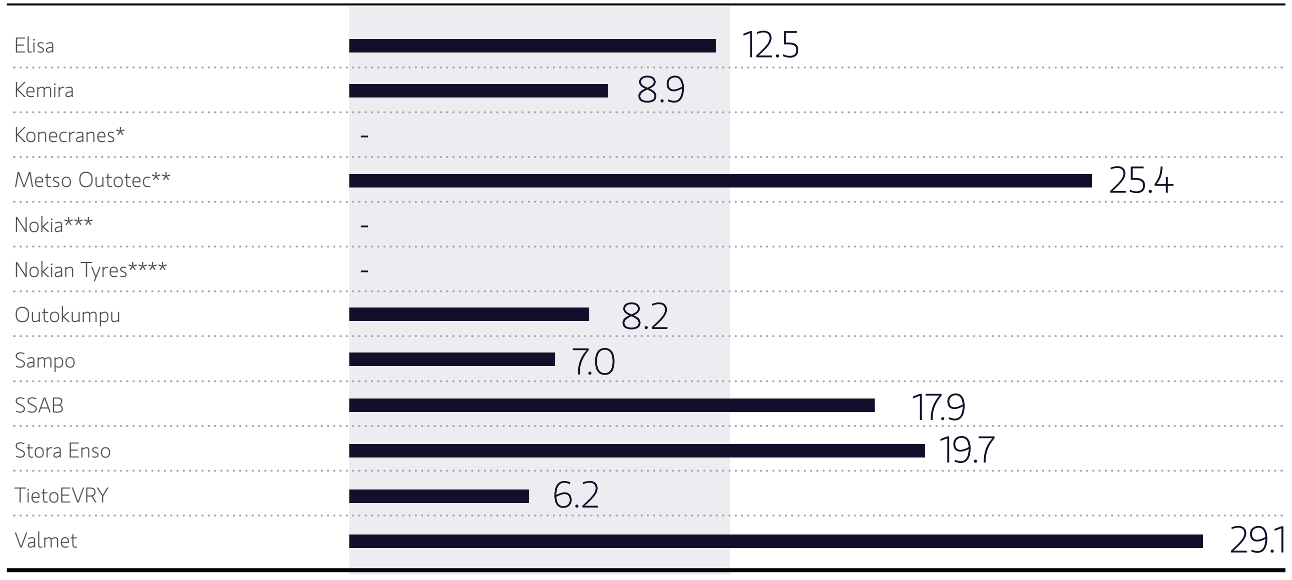
Return of Solidium's equity holdings, %

Return of Solidium's equity holdings **1 year**



Return of Solidium's equity holdings, %

Return of Solidium's equity holdings **5 years** (annualised return)



* The investment in Konecranes was made in May 2017.
** Metso Minerals merged with Outotec on 1 July 2020. The figure shows their combined return.
*** The investment in Nokia was made in early 2018.
**** The investment in Nokian Tyres was made in early 2019.

Solidium's holdings

Change in the value of holdings in the financial year, EUR million

Yhtiö	Market value 30 June 2020	Transactions	Dividend	Change in value	Market value 30 June 2021	Share of equity holdings
Elisa	910		33	-31	846	9.4%
Kemira*	181		9	38	210	2.3%
Konecranes*	136		10	114	240	2.7%
Neles**	180	-190		10	0	0.0%
Metso Outotec***	607		12	615	1,210	13.4%
Nokia	1,050	115		194	1,359	15.1%
Nokian Tyres*	184	76	11	167	415	4.6%
Outokumpu	229	-13		221	437	4.8%
Sampo	1,356		75	436	1,716	19.0%
SSAB	308	-277		219	251	2.8%
Stora Enso*	984		38	439	1,385	15.3%
TietoEVRY	288	26	16	45	343	3.8%
Valmet	388		15	241	614	6.8%
Total	**6,799**	**-264**	**219**	**2,708**	**9,024**	**100%**

* The companies paid dividends in autumn 2020 as well, which are calculated to dividends received during the financial year.

** Solidium sold its shares in Neles received from the partial demerger of Metso on 1 June 2020. The market value is based on Neles' implicit value as a part of Metso.

*** Metso Minerals and Outotec merged, with trading starting on 1 June 2020.

Transactions by financial year

Important events ****

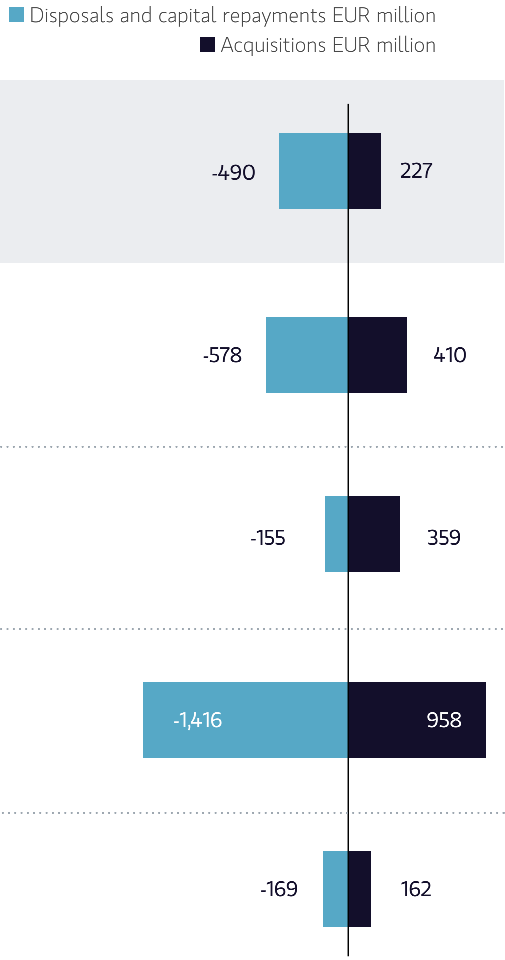
2020/2021
- Participation in the share issue of Outokumpu (EUR 10 million)
- Divestment of SSAB B shares (EUR 277 million)
- Purchase of TietoEVRY shares from Apax Partners (EUR 26 million)
- Divestment of Outokumpu's shares (EUR 24 million)
- Divestment of Neles' shares to Valmet (EUR 190 million)
- Additional investments in Nokian Tyres (EUR 76 million)
- Additional investments in Nokia (EUR 115 million)

2019/2020
- Divestment of Sampo's shares (EUR 458 million)
- Divestment of the Nordea shares that were distributed by Sampo (EUR 36 million)
- Divestment of Kemira's shares (EUR 84 million)
- Additional investments in Nokia (EUR 207 million)
- Additional investments in Nokian Tyres (EUR 55 million)
- Additional investments in Konecranes (EUR 25 million)
- Additional investments in TietoEVRY (EUR 123 million)

2018/2019
- Additional investments in Nokia (EUR 125 million)
- Capital repayments to the State owner: Kemira (EUR 46 million), Outokumpu (EUR 17 million), SSAB B (EUR 27 million), Nokia (EUR 33 million) and Sampo (EUR 32 million)
- Investment in Nokian Tyres (EUR 205 million)
- Additional investments in Konecranes (EUR 29 million)

2017/2018
- Purchases of Stora Enso's A shares (EUR 25 million) and divestments of R shares (EUR 246 million)
- Investment in Nokia (EUR 845 million)
- Divestment of shares in Sampo (EUR 466 million)
- Divestment of holding in Telia (EUR 517 million)
- Divestment of SSAB B shares (EUR 151 million)
- Additional investments in Konecranes (EUR 88 million)
- Divestment of Outokumpu's shares (EUR 36 million)

2016/2017
- Purchases of Stora Enso's A shares (EUR 69 million) and divestments of R shares (EUR 67 million)
- Investment in Konecranes (EUR 93 million)
- Divestment of Outokumpu's shares (EUR 94 million)
- Divestment of SSAB's shares (EUR 8 million)

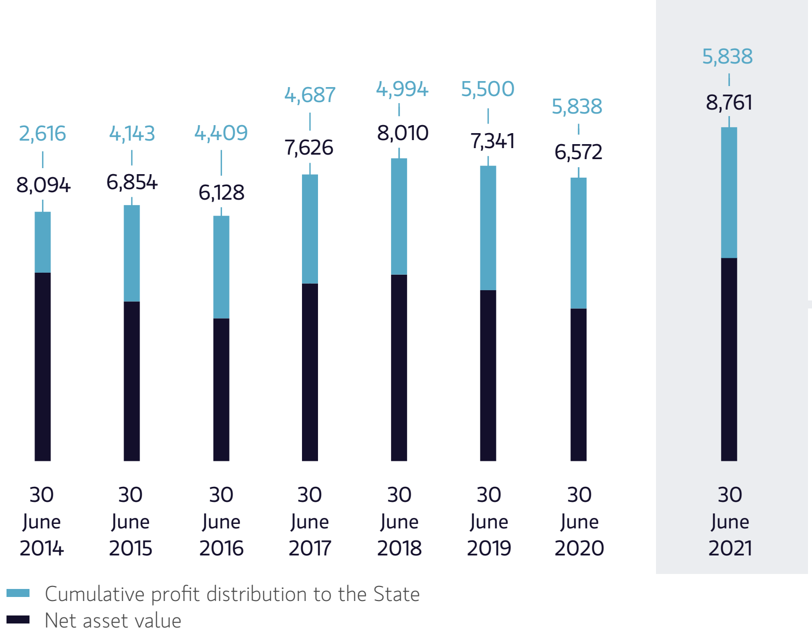


**** More specific information is available on Solidium's website.

Solidium's holdings

Net asset value development, EUR million

The net asset value increased during the financial year due to the rebound of the stock market after coronavirus related uncertainties eased. The cumulative distribution of profits to the State between the beginning of Solidium's operations and the balance sheet date is EUR 5.8 billion. The net asset value adjusted for profit distribution increased 154 per cent in 2009–2021, or an average of 8.1 per cent per year.



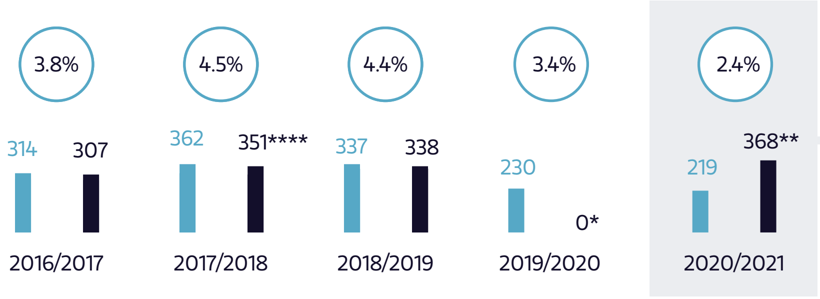
Net asset value calculation, EUR million

	30.6.2020	30.6.2021
Tangible and intangible assets	0.2	0.2
Equity investments	6,798.1	9,024.2
Current receivables	0.3	2.6
Money market investments	150.8	567.5
Assets, total	**6,949.4**	**9,594.5**
Current liabilities	-1.2	-1.0
Non-current liabilities	0.0	0.0
Deferred tax liability	-376.1	-832.9
Liabilities, total	**-377.3**	**-833.9**
Net asset value	**6,572.1**	**8,760.6**
Change during the financial year	-768.7	2,188.5
Change during the financial year, %	-10.5%	33.3%

Solidium's holdings

Profit distribution received and paid by financial year, EUR million

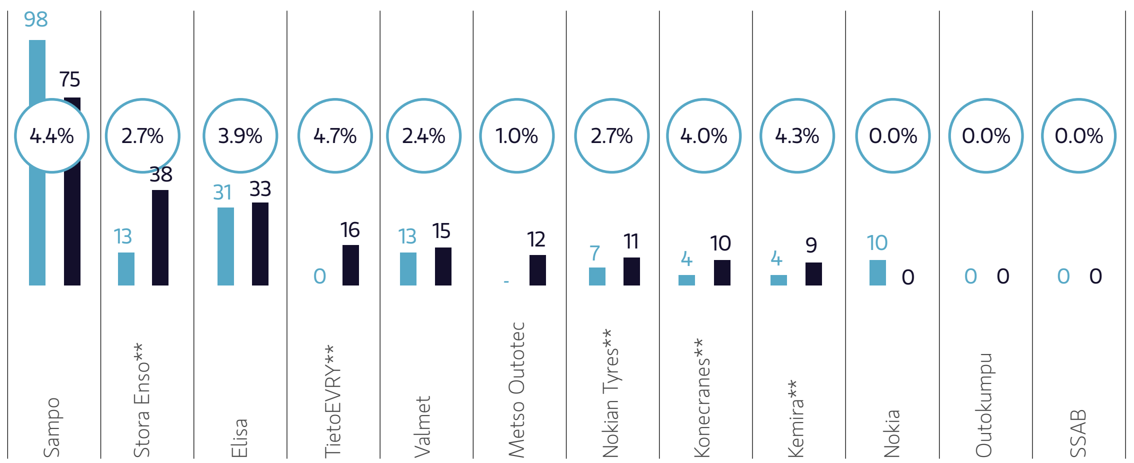
The profit distribution proposed by the Board of Directors for the past financial year is EUR 368 million. The dividend yield from Solidium's holdings decreased to 2.4 per cent.



- Profit distribution to Solidium during the financial year
- Profit distribution to the State for the financial year
- Dividend yield***

* The Annual General Meeting of Solidium decided in November 2020 that dividends for the financial year 2019/2020 will not be paid.
** The board of Directors' proposal.
*** The dividend yield for the entire portfolio has been calculated by dividing the profit distribution received for each financial year by the total value of the equity holdings on the closing date of the corresponding financial year.
**** Funds have also been transferred as capital repayment to the State owner.

Profit distribution received during the financial year, EUR million



- Profit distribution received in 2019–2020
- Profit distribution received in 2020–2021
- Dividend yield in 2021*

* The company-specific dividend yields have been calculated by dividing the profit distribution received from each company during the financial year by the value of the holding in the company on the closing date of the financial year.
** The companies paid dividends in autumn 2020 as well, which are calculated to dividends received during the financial year.

Stable operations during a volatile year of the pandemic

Elisa is a provider of telecommunications and digital services in the core markets of Finland and Estonia. The company also offers a growing portfolio of digital services for international markets.

The past financial year demonstrated the stability of Elisa's operations during an exceptional time period. As the coronavirus pandemic interrupted travel, Elisa lost practically all of its roaming revenue and had to be flexible to serve corporate customers, in particular. Elisa was praised by both its employees and customers for flexibility and continuity as people switched to working remotely. Elisa also took steps forward in the corporate responsibility front when in 2020, it became the first carbon-neutral telecommunications operator in the Nordic countries.

Elisa's financial indicators also demonstrated the company's stability in the volatile operating environment. Despite the continued fierce competition in corporate accounts, Elisa managed to grow both revenue and EBITDA. The company updated its financial targets during the Capital Markets Day in the spring. In 2020–2023, the company will pursue annual revenue growth of over 2% and annual EBITDA growth of over 3%.

5G investments beginning to show results

In June 2021, Elisa's 5G network covers over half the population of Finland in more than 110 localities. Elisa has succeeded in expanding the 5G network without increasing capital expenditures. Elisa's objective continues to be a leading position in 5G networks in Finland, while keeping capital expenditures at less than 12 per cent of revenue.

5G conversion and the related price premium support Elisa's mobile services revenue in the coming years. The revenue growth, in turn, will be a central factor behind the company's value creation as the expectations concerning organic growth in the industry are moderate. According to Elisa, the level of the 5G price premium achieved by the company has been approximately three euros. Over a longer term, the 5G development will also support revenue from corporate customers through private networks and other corporate solutions. However, for these to develop into significant business requires that applications for solving industry-specific problems are developed further.

camLine acquisition and NENT cooperation strengthen growth in digital services

Elisa has pursued international growth from the provision of digital services to corporate customers through services offered to operators (Elisa Telecom Software) and industrial manufacturers (Elisa Industrial Software). Elisa acquired the German camLine GmbH to support the growth of Elisa Industrial Software. In digital services, growth in consumer services was achieved through cooperation between Elisa Viihde and NENT Group, the leading streaming services provider in the Nordic countries. Supporting the growth of digital services through acquisitions without risking a stable profit and dividend distribution capability will be desirable with regard to value creation in the future as well.

"Positive signs in mobile service revenue growth."

Timo Mäkinen Associate

Share of Solidium's equity holdings

9.4%

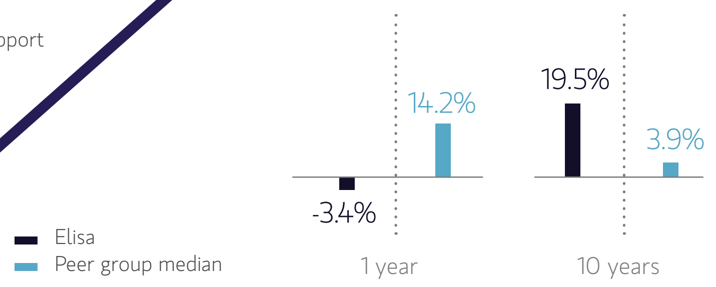
Market value of the holding 30 June 2021

EUR million 846

Major events

- Updated financial targets
- Elisa became a carbon-neutral teleoperator
- camLine acquisition to support growth of digital services

Annualised return



New boost from bio-based products

Kemira offers chemicals and expertise to water-intensive industries across the globe. The company's focus is on pulp & paper, oil & gas, and water treatment.

During the exceptional year 2020, Kemira continued to improve its profitability, approaching the high end of its profitability target. The global pandemic had an impact on the company's paper chemicals and shale polymers businesses, in particular, in which Kemira's revenue declined considerably as end demand dwindled. Otherwise, the company has succeeded well in the unusual circumstances as demand for water treatment and pulp chemicals has remained stable during the crisis. The challenges that the company is facing in 2021 include various logistics concerns and increased raw material costs, as well as problems in the availability of raw materials. Due to all this, the company has increased its prices broadly around the world. However, profitability is still at a good level, and compared to the previous upward cycle in raw materials, the company is clearly better positioned to address the increasing costs without considerable impacts on profit.

Updated targets in the Capital Markets Day

The company held a Capital Markets Day in November 2020 and updated its financial targets. The other targets remained unchanged, but the company raised the high end of the EBITDA target with regard to profitability by one percentage point and is now pursuing an EBITDA margin of 15–18 per cent over the cycle. Thus, increasing the profitability target instills trust in a continued positive development in line with the recent years, which would enable the company to continue achieving higher earnings than before in the more challenging environment of demand and raw materials as well.

The main takeaways from the Capital Markets Day were the targets published by the company to increase bio-based products. The company pursues a five-fold increase in revenue from bio-based products, from the current EUR 100 million to EUR 500 million by 2030. In order to reach this target, the company has launched new partnerships with Danimer Scientific and DuPont, among others. With DuPont, the company will develop and commercialise completely new kinds of biomaterials which can be used in a number of products and applications. The new partnership with Danimer Scientific, in turn, includes the companies jointly developing a biodegradable, water-based dispersion coating for the paper and board industry.

Actions to grow business in Asia

We consider increasing bio-based materials to be a very good element of the company's longer-term growth strategy. In addition, the company pursues growing its position in Asia, where the paper and board industry is currently growing in consumer packaging and board grades, in particular. Thus, in the spring of 2021, the company opened a new polymer plant in Ulsan, South Korea, which manufactures high quality dry polyacrylamide (DPAM) products primarily for retention and drainage applications required in board production. In addition, the company has initiated the pre-engineering phase of a multimillion investment to increase the production capacity of ASA sizing agents at its Nanjing site in China, where the company has had production since 2014.

"Capital Markets Day showed direction for the future."

Toni Nurmi Associate

Kemira

Share of Solidium's equity holdings

2.3%

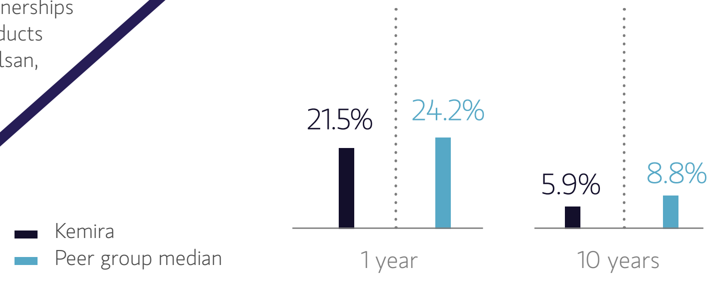
Market value of the holding 30 June 2021

EUR million 210

Major events

- Updated targets in the Capital Markets Day in November
- Danimer and DuPont partnerships to increase bio-based products
- Polyacrylamide plant in Ulsan, South Korea; pre-engineering of an expansion in Nanjing, China

Annualised return



Towards a merger with Cargotec

Konecranes is a world-leading manufacturer of lifting equipment and machinery, serving a broad range of customers, including manufacturing and process industries, shipyards, ports, and terminals. Konecranes provides productivity enhancing lifting solutions as well as services for lifting equipment of all makes.

In October 2020, Konecranes and Cargotec announced their agreement to combine through a merger. The future company would be the world leader in port solutions and related services as well as in other equipment and services related to material flows. The pro forma annual sales of the merged companies would be approximately EUR 7 billion and on a combined basis, the number of employees would be approximately 29,000. The future company tentatively pursues a comparable operating profit of more than 10 per cent. This goal is supported by annual synergies of a total of approximately EUR 100 million. The current target is to complete the merger by the end of the first half of year 2022. The timetable was prolonged due to certain competition authorities opened a phase II review, which is common in large transactions. In August 2021, the planned merger received approval from the Chinese competition authority. Additionally, the CEO of Cargotec Mika Vehviläinen was selected as the CEO of the combined company while the CEO of Konecranes Rob Smith will leave the company in the end of the year 2021.

Performance turn in the Industrial Equipment segment

The profitability of the Industrial Equipment segment has been disappointing for a variety of reasons for an extended period of time. In part, the performance has been burdened by the challenges created by plant closures and other streamlining measures. In addition, there have been problems with both product quality and project management. Fortunately, in these respects, the company's financial reporting has no longer offered unpleasant surprises recently. The profitability of process cranes, one of the key product categories in the Industrial Equipment segment, has been particularly low for several reasons. There has been initiatives to return this segment to a profitable path, and the first signs can already be seen. In addition, the profitability development of the Industrial Equipment segment has been supported by the savings achieved in purchases.

Glimmers of hope for growth in the Service business

Growing the Service segment is a key strategic theme in the company's value creation. In the sales of new equipment, the growth potential is limited in Western countries, in particular, but the possibilities provided by the service operations are better. The servicing of industrial equipment provides a good margin, and recently the margins achieved in the Service business area have been even better than before. The fact that the annual sales of and the orders received in the Service business area are clearly lower than expected has, in part, been due to the coronavirus pandemic. However, the company has succeeded in growing the value of the service agreement base, which offers a good foundation for growth. We hope that the lifting of the restrictions due to the pandemic and the recovering economic activity will be reflected in the growth figures of the Service segment moving forward. Development potential is also visible in the Service business related to Port Solutions.

"The turn in the market is reflected well in orders."

Pauli Anttila Investment Director

KONECRANES®

Share of Solidium's equity holdings

2.7 %

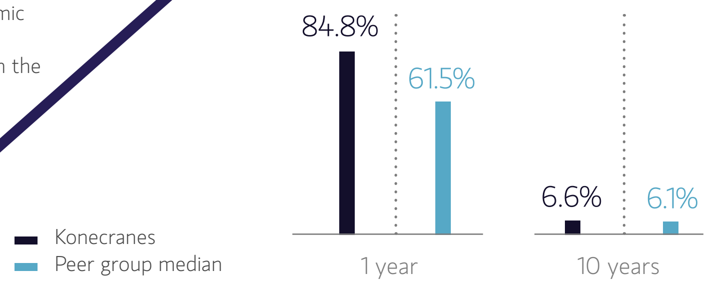
Market value of the holding 30 June 2021

EUR million 240

Major events

- Planned merger with Cargotec
- Reduced growth of sales in Service due to the pandemic
- Commitment to the 1.5°C targets in accordance with the SBTi

Annualised return



The first year as a combined company

Metso Outotec is a leading provider of equipment and services in the aggregates, minerals processing, and metals refining industries.

The past year was Metso Outotec's first as a new combined company. Since the integration planning had been started even before the completion of the merger, the implementation of the synergies was possible to begin from the day one. Thus, the integration got off to an excellent start and the company was able to both increase the targeted number of synergies and speed up the schedule of the implementation. An annual level of EUR 105 million of the targeted cost synergies of EUR 120 million was already achieved by the end of June 2021. In addition, initial sales synergies have been created.

New ambitious targets

During the autumn 2020 Capital Markets Day, Metso Outotec announced its new financial targets: increasing the EBITA margin to the level of 15 per cent over the cycle; maintaining investment grade credit rating; a good dividend payout from earnings per share; as well as commitment to the 1.5°C climate goal in accordance with the Science Based Targets initiative. The journey towards the profitability target has begun favourably as a result of the rate of the synergy implementation and the company's other streamlining measures.

Mining equipment market has remained resilient

The recent increase in the prices of metals to record levels has secured a reasonably good demand for Metso Outotec's equipment as well as consumables and spare parts in the Mining and Metals Refining segments. The pandemic has forced the company to postpone customer visits, but many service operations must eventually be carried out. The spring of 2021 saw strong recovery in the aggregates market, as some customers had postponed investments in 2020. Several countries have announced stimulus packages which focus on construction and infrastructure, in particular.

Focus to the Metals Refining segment

The profitability of the Metals Refining business has been weak for a long time, which is why the business has undergone a reorganisation and a strategic review. Operations outside of the core business have been divested. The company will continue this work in order to clarify the segment's focus and improve its profitability. At the same time, the company will look for a new business base from the recycling of batteries and electronic waste. During the review period, the segment succeeded in receiving large orders, which will secure the workload and provide visibility for the upcoming years.

Responsible products begin with the raw material

Responsibility requirements have increased in both customer needs and regulation. Electrification and urbanisation require an ever-increasing quantity of raw materials, which must be produced as sustainably as possible. Metso Outotec can distinguish itself from competitors with products which are as efficient as possible in terms of energy, water, raw materials and emissions. Supporting sustainability in the entire manufacturing chain of the end product offers competitive advantage for an equipment and process supplier. Therefore, Metso Outotec is focusing on its carbon handprint. The company's objective is also for more than 90% of its research and development projects to include an element that improves sustainability.

"Integration has started well."

Annareetta Lumme-Timonen Investment Director

Metso:Outotec

Share of Solidium's equity holdings

13.4%

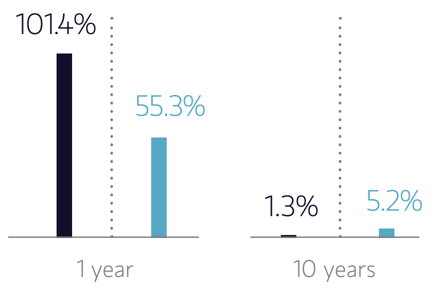
Market value of the holding 30 June 2021

EUR million 1,210

Major events

- Integration off to an excellent start
- Commitment to the 1.5°C SBTi target
- Reorganisation of the Metals Refining segment

Annualised return



Metso Outotec
Peer group median

A year of reforms

Nokia is a global technology company offering a comprehensive portfolio of network equipment, software, services, and licensing opportunities for network infrastructure, telecommunications, and industrial automation.

A year ago, Nokia's executive management was renewed with Pekka Lundmark taking the position of the President and CEO and Marco Wirén becoming the CFO. Despite the exceptional year, the performance of the new management has been strong. The management has pursued increased transparency in financial reporting and technological competitiveness. Nokia's strategy was renewed and the former approach focused on end-to-end solutions was discarded in favour of an approach where each business segment must be competitive in its own right. At the same time, achieving 5G leadership through product development investment, "whatever it takes", became central to the strategy.

Going forward, each business group will be responsible for its own development and profitability. Transforming an organisation of over 90,000 people from a matrix to a line organisation with clear responsibilities will be a long process, but the beginning of the transformation has been promising. In connection with the strategy review and the reorganisation, Nokia announced a new, cautious financial guidance for the coming years. Nokia's cash flow will remain positive and the changes will create a strong foundation for realising the good market position as a higher profitability.

Recent strong market cycle supports the implementation of the change

The continuously growing volume of data in the teleoperators' networks and the rapidly increasing network infrastructure of large corporations support the growth of Network Infrastructure unit, while the coronavirus pandemic has highlighted the criticality of data communication networks and increased investments in related infrastructure. In Network Infrastructure, Nokia's product portfolio is highly competitive in terms of technology in many areas, and the competitive position should be realised as a higher profitability. In Mobile Networks, the 5G investment cycle is starting at full speed and Nokia is in the process of ensuring the competitiveness of its 5G portfolio, while the political pressure towards Chinese suppliers is resulting in a redistribution in customer relationships. The company should succeed in transforming this development into growth in its market share in the Western markets, in particular, since Nokia has been losing its market share in these markets in the recent years.

Despite the risks, the high expectations can be realised

Despite the positive changes and high expectations, we still identify several risks for Nokia in the coming years. Global supply chains have been under pressure, which has reflected on the availability of semiconductor components. This may cause delivery issues for Nokia, and combined with potential cost inflation, may erode the fairly low margins. In addition, the value chain of the entire industry is evolving, as the role of software is growing in defining networks' properties and as a producer of value. This will generate opportunities for new actors to break into the market. At the same time, Nokia's company-specific performance is largely defined by the company's success in some of its largest accounts. In addition to this, several significant patent agreements that drive profitability and cash flow will be up for renewal in the coming years. Despite these risks, we feel that Nokia is well positioned to fully meet the long-postponed expectations, improve profitability and continue the payment of dividends. As a sign of the good development Nokia already raised the guidance for 2021.

"Strong financial development in early 2021 promising good for the coming years."

Petter Söderström Investment Director

NOKIA

Share of Solidium's equity holdings

15.1 %

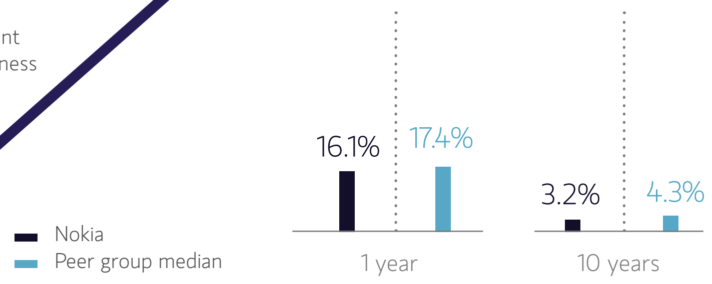
Market value of the holding 30 June 2021

EUR million 1,359

Major events

- New strategy, transformation to clear line organisation and new financial targets
- 5G-portfolio took significant steps toward competitiveness against key competitors

Annualised return



Good traction in slippery market turns

Nokian Tyres is the world's northernmost tyre manufacturer that offers peace of mind in all conditions.

The year 2020 was difficult for tyre manufacturers. The volumes decreased considerably in both Europe and North America, and the weak sales of new vehicles have impacted the market for original equipment tyres. The development of the volume of Nokian Tyres was also burdened by the development in Russia, in particular, in terms of both the tyre market and the company's strategic decision to reduce its stock levels in its distribution chain in the country. This situation also resulted in a steep decline in profitability, but Nokian Tyres was still the market's most profitable player. The atmosphere in the tyre market has changed rapidly, and the year 2021 looks bright as the tyre market seems to be recovering, to a significant extent, from the decline caused by the coronavirus pandemic. In the first quarter of 2021, Nokian Tyres achieved the highest sales volumes in its history.

Deploying additional production capacity

The start-up of Nokian Tyres' new production facility in Dayton, TN, in the USA is progressing. Due to the coronavirus pandemic, the 2020 volumes remained modest. As the situation improved, the company recruited third and fourth shifts to the facility during the summer of 2021, which will offer round-the-clock production capacity. The goal of the added shifts is to help the company manufacture approximately one million tyres at the US facility in 2021, and the production volumes are expected to grow further in the coming years. To support the development in North America, the North American operations were added to the responsibilities of Anna Hyvönen, who is in charge of Nordics and Vianor as well, and in the Annual General Meeting of the spring of 2021, Christopher Ostrander, who has significant experience in the tyre and vehicle markets in North America, was elected to the Board of Directors.

The company's large and efficient facility in Russia is operating at full capacity, and in March 2021, the company announced it would increase the production capacity of its facility in Finland by 30 per cent for passenger car tires. The volume growth is supported by the company's considerable product launches, such as the Hakkapeliitta 10 winter tyres, which are the flagship products in its new studded tyre range. The beginning of the year 2021 has also been record-breaking for the Heavy Tyres segment. Challenges have been caused by the increase in the prices of raw materials and the steep decline in the value of the Russian rouble.

Good position supporting the next steps

The good market situation supports the company's volume development and growth in net sales. The larger investments are being completed and the company can explore the next stages from a debt-free position and with a strong cash flow. Time will tell if the choices will focus on growth in the North American business, new market areas, such as Asia, reorganisations, or the combination thereof. Good dividend income is also likely, unless the operating environment changes unexpectedly.

Responsibility perspectives will probably continue to increase in importance extensively. Nokian Tyres has positioned itself as a leading player in its industry and, for example, was the first tyre company to have its greenhouse gas reduction targets approved by the SBTi programme. Over a longer term, it will be interesting to see what kinds of solutions are found to develop the raw material base of tyres.

"Progress in the ramp-up of Dayton facility."

Pauli Anttila Investment Director

Share of Solidium's equity holdings

4.6%

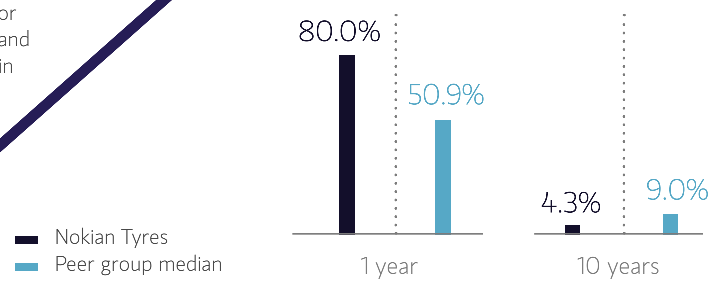
Market value of the holding 30 June 2021

EUR million 415

Major events

- Dayton moves to round-the-clock production
- The production capacity for passenger car tires in Finland increased by 30 per cent in March 2021
- Considerable product launches, such as the Hakkapeliitta 10 winter tyres

Annualised return



Strategic measures for improved performance

Outokumpu is one of the world's largest producers of stainless steel. The company also has a chromium mine in Kemi, Finland and runs its own ferrochrome production in Tornio, Finland.

The past year has been very two-fold for Outokumpu. Due to the weak market caused by the pandemic, the autumn of 2020 was challenging, but the market turned around completely at the turn of the year. Demand recovered powerfully in the spring of 2021 and the order book is full farther into the future than usual.

During the Capital Markets Day last autumn, Outokumpu published its new financial and strategic objectives. One of the important themes of the objectives is de-risking the company through margin improvement and de-leveraging the balance sheet. By the end of 2022, the company aims at an EBITDA improvement of EUR 200 million at an annual level through its own actions and to achieve a net debt / EBITDA ratio of less than three. The implementation of the targets has got off to an excellent start. Of the EBITDA improvements through the company's own actions, the company has already achieved the level of EUR 123 million run rate. In addition, the net debt/ EBITDA ratio is already as targeted, as a result of the favorable development of EBITDA and the share issue carried out in May 2021. The proceeds of the share issue were used to reduce the company's indebtedness. This will support the implementation of Outokumpu's strategy and will provide value for all shareholders.

Continued improvement in the Americas

The development of the Americas business operations progressed well during the financial year. The streamlining measures and other development action taken helped maintain an upward trend in the EBITDA development throughout the year, and the profit in the second quarter of 2021 was the best in a long time. In addition, the Calvert facility completed an investment that makes producing ferritic grades possible. This will expand the product portfolio of the Calvert facility, which will be particularly beneficial in the weaker market situation.

Duties to restrict carbon leakage and protect against unfair competition

The European market for stainless steel has been burdened by considerable imports from third countries. During the year, the European Commission decided to impose new anti-dumping duties. The safeguard duties imposed on steel in the US in 2018 have so far worked better than in Europe, from the perspective of the local manufacturers. As part of the European Union's "Green Deal" programme, the Commission is planning to impose a carbon border adjustment mechanism ("CBAM"), which would aim to reduce carbon leakage to third countries. The final impact will depend on to what extent CBAM will take carbon emissions into account, and how other relating regulation will change. Outokumpu's estimated carbon intensity is only approximately one fifth of that of steel produced in Asia. In terms of responsibility, Outokumpu is a leading company in the industry and the first company that is committed to reducing its own carbon emissions in accordance with the 1.5-degree goal of the Science Based Target initiative.

"Complete turnaround in the stainless steel market."

Joonas Hytti Associate

outokumpu

Share of Solidium's equity holdings

4.8%

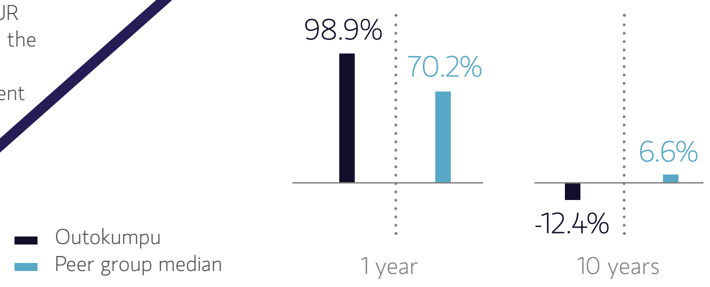
Market value of the holding 30 June 2021

EUR million 437

Major events

- New strategic objectives with efficient implementation
- Directed share issue of EUR 209 million to strengthen the balance sheet
- 1.5-degree SBTi commitment as the first steel company

Annualised return



Group's strategic focus clearly on P&C insurance

The Sampo Group's business areas are P&C insurance and life insurance. Sampo is also the largest shareholder in Nordea, the largest bank in the Nordic countries.

As expected, Sampo confirmed at the beginning of 2021 that the company's focus will be on successful P&C insurance operations, since according to the assessment by the company's Board of Directors and management, they provide the highest value creation potential in the long run. The historical return on equity supports this view: If's average annual return on equity has been more than 25 per cent since 2011, which is clearly higher than the approximately 13 per cent of the Sampo Group. At the beginning of the year, Sampo also set clear financial targets with regard to the profitability development of the P&C insurance operations and the Group's capitalisation, which is what Solidium had already been expecting for a while.

The share of P&C insurance continued to grow, as the offer to acquire Hastings was accepted in the autumn of 2020. Hastings is one of the leading digital general insurance providers in the UK. The company has over 3 million car and home insurance customers. Sampo's holding in Hastings is 70 per cent, and over a longer term, it would be natural for Hastings to become a fully owned subsidiary of Sampo. The same also applies to the Danish listed company Topdanmark, in which Sampo controls 48 per cent of the votes.

A gratifying aspect of the Group's recent development has been the continued strong growth of If. For a long time, If was losing its market share in Norway and Finland, but in the recent years, investments in digitalisation and the consequent improvement of customer experience, as well as the changes in the competitive arena have maintained If's insurance premium on a good growth path. Growth has not been pursued by easing the disciplined pricing approach but by means of successful balancing of price increases and customer retention.

Nordea's good financial development contributes to Sampo's objective of reduced holding

Sampo's strategic objective is to considerably reduce its holding in Nordea. During the financial year, Sampo reduced its holding in Nordea from 19.9 per cent to the current 11.9 per cent. Recently, Nordea has progressed steadily and determinedly towards its financial targets for 2022. The most important of these are a cost/income ratio of less than 50 per cent and raising return on equity to more than 10 per cent. Interesting factors to be observed with Nordea include the continuation of the dividend payment and the potential launch of the repurchase programme of the company's own shares towards the end of 2021. It is likely that next year, the stock markets will focus on the new financial targets that Nordea will set for the upcoming years. Nordea's strong capitalisation makes it possible to carry out additional acquisitions in the Nordic countries in the future as well.

"The strategy execution is progressing determinedly."

Victor Jansson Analyst

SAMPO GROUP

Share of Solidium's equity holdings

19.0%

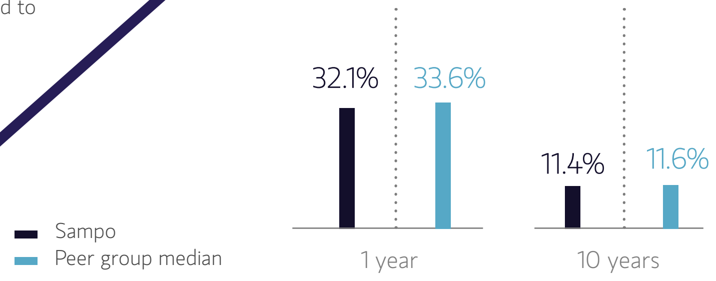
Market value of the holding 30 June 2021

EUR million 1,716

Major events

- The Hastings acquisition was completed
- Nordea ownership reduced to 11.9 per cent
- New targets related to profitability and capitalisation

Annualised return



Steel market going strong

SSAB is a highly specialised Nordic steel company with production operations also in North America. It has a strong global position in special steel, and it also produces coil, sheet and tube products, as well as construction solutions.

For steel companies, the year 2020 was exceptional in the extreme. As the coronavirus pandemic broke out, the market demand for steel declined considerably and SSAB and many other steel companies had to adjust their production, which markedly reduced the companies' shipments and profitability. However, demand started to recover surprisingly quickly towards the end of 2020. The prices of steel took a steep upward turn and steel companies' performance has been extremely strong during the first half of 2021.

More stable value creation potential through the special steel strategy

The extremely strong steel market has enabled SSAB to operate its mills at full capacity. The production process has been running smoothly, which has helped take full advantage of the market situation. Thus, the company is positioned for record-breaking performance this year.

The positive market situation is visible in all segments of the company. In the Europe segment, the level of both shipping volumes and prices is high. The issue of underabsorption that is easily generated in a recession does not exist, and the segment's performance is excellent. The profitability of the Americas segment also largely follows the development of steel prices, and the performance of the Americas will also be excellent in the current year.

The Special Steels segment is not as sensitive to economic fluctuations as the Europe and the Americas segments. Hence, the segment's performance is good even during less favourable times. In practice, Special Steels is SSAB's only segment in which the company has genuine pricing power. Profitability is not nearly as dependent on the prices of steel or the tonnes shipped as in the other segments of the company. Therefore, our view is that the company's strategy to increase special steels is good, since there is clear demand for the company's products. Increasing the share of special steels would reduce the volatility of the company's profitability, bringing stability to recession periods as well.

HYBRIT project progressing to the next stage

The company's HYBRIT project pursuing fossil-free steel has progressed according to plan. The pilot mill in Luleå started its operations in the autumn of 2020. The goal of the mill is to use hydrogen to make nearly fossil-free steel out of iron ore. In June 2021, the company announced that it had produced the first 100 tons of fossil-free sponge iron. The partners SSAB, LKAB and Vattenfall also made a decision in the spring of 2021 on the construction of a demonstration facility for industrial scale production in Gällivare, Sweden. The annual production of the facility is estimated at 1.3 million tonnes, and the facility is scheduled for completion in 2026. The customers have also welcomed these news and there is a lot of interest towards the company's fossil-free steels. This is demonstrated by the cooperation agreement announced with Volvo Group in the spring of 2021 to develop cars made from fossil-free steel. We are very pleased to see this project progressing.

"Increasing interest towards HYBRIT from the customer base."

Toni Nurmi Associate

SSAB

Share of Solidium's equity holdings

2.8%

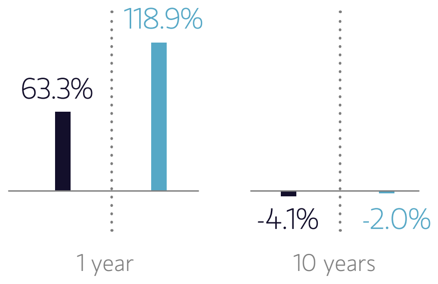
Market value of the holding 30 June 2021

EUR million 251

Major events

- Decision on the construction of a HYBRIT demonstration facility in Gällivare
- Solidium's divestment of shares in the spring of 2021
- Changes in SSAB's shareholder base

Annualised return



Strategy implementation began

Stora Enso is one of the world's largest suppliers of packaging, biomaterial, wood products, and paper industry products and solutions.

Stora Enso published its new strategy in the Capital Markets Day in November 2020. Now the core of the strategy consists of accelerated growth in packaging, wood building solutions and the biomaterials innovation programme. Forests, traditional wood products and market pulp are the foundation of the company, whereas the purpose of the paper business is to generate cash flow. The company pursues annual growth of over 5% by means of the packaging business, in particular. The spearheads of growth are also used to pursue stronger profitability.

Fast track to build the three cornerstones of growth

The company's direction towards becoming an ever-stronger producer of packaging materials and solutions was demonstrated in a concrete manner during the review period. Kraftliner production began in Oulu in the good market situation of packaging materials. The company launched a profitability review on the extensive expansion of the softwood pulp capacity and board production in Skoghall, Sweden. A wood handling investment was made at the Imatra mill to support the production capacity of premium packaging board.

Demand for wood building products – the second cornerstone of growth – took a strong upward turn during the review period, and the rate of the increase in the prices of wood products was unprecedented. Our view is that there are prerequisites for continued growth, since the CLT and LVL products with high added value are increasingly interesting and competitive materials in both private and public project construction. The concrete benefits provided by the materials include the carbon-binding capability of wood and the speed of construction. The expansion of the Zdirec mill in Czech Republic strengthens the company's capability to respond to growing demand.

The new strategy also means focusing on the biomaterials innovation portfolio and streamlining it. The R&D investments will be targeted more selectively moving forward, while the company should also look for the best commercialisation models. The lignin-based material for batteries is an interesting development project, and lignin also has applications in glues and carbon fibres. The work to replace plastic-based coatings in consumer boards is intensive throughout the sector, and Stora Enso is determined to succeed in finding competitive alternatives. The company also pursues integrating the needs of the end users of board products more closely with its development efforts. For example, it is important to define sufficient properties for the intended purpose of each board product, simplify products and make recycling easier.

Decline in paper demand accelerated due to the pandemic

Amid the pandemic, Stora Enso's performance as an organisation and in most of its business operations was good, as the epidemic grew the demand for packaging globally and the rate of construction increased. In turn, the situation in the paper business was quite the opposite: demand declined at a rapid pace, as many paper grades were no longer needed with society switching to working remotely and from home. During the review period, the company announced significant reductions to paper capacity through reducing capacity at Hylte paper mill, closing paper mills at Veitsiluoto and Kvarnsveden and divesting Sachsen paper mill.

"Good financial result supported by strong market demand."

Timo Mäkinen Associate

storaenso

Share of Solidium's equity holdings

15.3 %

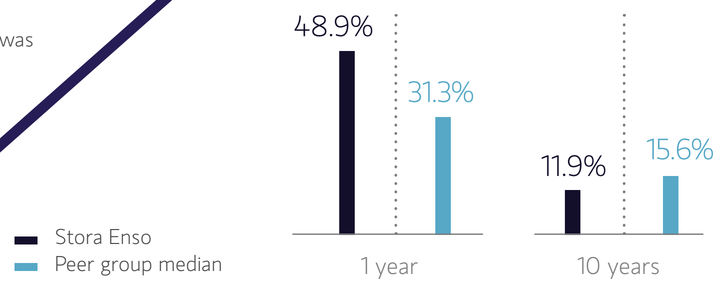
Market value of the holding 30 June 2021

EUR million 1,385

Major events

- Antti Mäkinen from Solidium was elected as Chairman of the Board of Directors
- Oulu's kraftliner machine was commissioned
- Divestments of paper production

Annualised return



New financial targets for future direction

TietoEVRY is a leading digital services and software company in the Nordic countries. The company provides information technology, consulting and product development services and software for several companies and public sector entities.

TietoEVRY's journey as one company, which began in May 2019, has been eventful. Initially, the pandemic had a negative impact on the company's consulting business, but the impacts in 2020 were not as extensive as feared, and the company's revenue eventually decreased only by approximately 2 per cent organically during the year. In addition, the company's profitability improved during 2020, and the adjusted operating profit exceeded the previous year's level as the achieved synergies started to support the margin. The integration has progressed in a fairly exemplary manner, and in the second half of 2020, the company increased the synergy target from EUR 75 million to EUR 100 million and believes it will reach the synergy target by the end of 2022.

Fluctuating development in the segments

The merger put in motion a considerable transformation in the Cloud & Infrastructure segment, in which accounts are being transferred to new automated environments with the goal of creating improved multi-cloud services while the production environments of traditional infrastructure services are streamlined. The transformation will have a negative impact on the profitability of the segment, and previous customer attritions reduced the segment's net sales considerably in the first half of 2021.

By contrast, the development of the software operations has been positive and, for its part, has compensated for the negative development in the Cloud and Infrastructure segment. Net sales in the Industry Software segment has developed favourably in the healthcare and well-being services, in particular. In addition, profitability in the segment has been improved by the company's decision to discontinue the development of the SmartUtilities solution that burdened profitability.

Towards growth

In December 2020, the company held its first Capital Markets Day as a combined company and published its long-term financial targets. The company pursues an accelerated growth of 5 per cent by 2023 and an adjusted operating margin (EBITA) of 15 per cent. In addition, the company aims at net debt/EBITDA that is below two and at increasing dividends annually.

In our view, the company's new targets are clear and ambitious enough. Growth will be driven by public cloud service solutions, data and analytics, as well as automation and DevOps, in which the growth potential is more than 20 per cent. The company has also succeeded in reducing its indebtedness considerably, and through the divestment of the Oil & Gas software business, the company reached its indebtedness target in summer 2021. In addition, we find the divestment to be a good step towards a clearer strategic focus, which the company should continue to pursue further. Bolt-on acquisitions supporting the company's core business in its main markets are also feasible for supporting growth.

"Integration has progressed above expectations despite the pandemic."

Petter Söderström Investment Director

tietoEVRY

Share of Solidium's equity holdings

3.8%

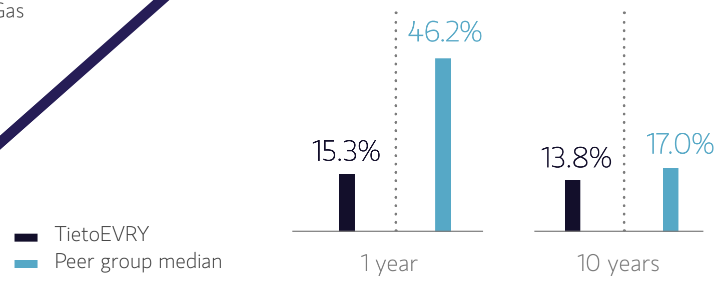
Market value of the holding 30 June 2021

EUR million 343

Major events

- Long-term financial targets set on the December CMD
- Divestment of the Oil & Gas software business for EUR 155 million

Annualised return



Profitability and orders hit a record high

Valmet is a leading global developer and supplier of technologies, automation and services for the pulp, paper, and energy industries.

The past year underlined Valmet's good operative development, which has continued for a long time. Valmet's profitability and orders received were record high despite the exceptional market environment caused by the coronavirus. The continuous growth of the market share in board and tissue paper machines and the strong investment cycle in China increased revenue and the orders received, whereas Valmet's own operative development supported profitability. In addition, the company's cash flow was again excellent, which will secure a steadily growing dividend-payment capability and enables growth investments.

Valmet's responsibility targets, which covered Valmet's own operations, subcontracting chain and runtime emissions of technology and which were updated in the spring of 2021 are also a cause for satisfaction. Valmet also applied for an assessment from the Science Based Targets initiative on its programme which is in line with the 1.5-degree target of the Paris Agreement.

Strong profitability outlook moving forward as well

The continuing development efforts have enabled Valmet to raise its operative activity to a new level. The company achieved record LTM-profitability of 10.8% despite the fact that the service revenue, which traditionally provides a higher margin, suffered from the impacts of the coronavirus pandemic. Valmet's customers postponed non-mandatory maintenance and Valmet's personnel had difficulties with accessing customer facilities. Despite the exceptional market environment, Valmet already achieved the target range of 10–12% that it had set only slightly over a year ago. The good profitability development is due to both the realisation of the technology leadership as a growing market share in board and tissue paper, in particular, and to the improved capability to price and implement projects.

Megatrends support Valmet's target market while market's organic growth is slow

Several megatrends support the favourable development of Valmet's business lines. Demand for fibre-based products is growing steadily, and customers' continued optimisation and streamlining needs support the growth of Valmet's Automation business. In spite of these, the organic growth of Valmet's target market is slow and as Valmet's market share is high, growth within the market is becoming limited. During the summer and autumn of 2020, Valmet acquired a 29.5% share of the valve manufacturer Neles and the two announced a combination agreement and a merger plan in July 2021, to be completed on or about January 1, 2022. In the long run, we consider Neles to be an attractive and synergistic partner that supports Valmet's profitable growth. As an indication to the benefits, Valmet announced that the EBITA-target for the merging company is at 12–14%.

"Another year of excellent operational development."

Annareetta Lumme-Timonen Investment Director

Valmet

Share of Solidium's equity holdings

6.8%

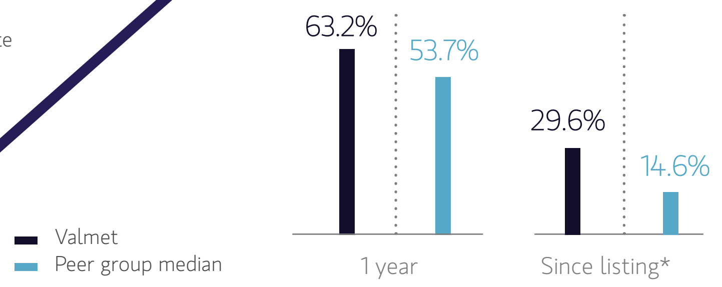
Market value of the holding 30 June 2021

EUR million 614

Major events

- Merger plan with Neles
- Record-high order backlog of over 4 bn eur
- New SBT-approved climate program

Annualised return



* 2 January 2014–30 June 2021

Board of Directors

Harri Sailas

Chairman of the Board of Directors
born 1951, Econ.

2007–2015 Mutual Pension Insurance Company Ilmarinen, President and CEO
–2007 Various management positions at Nordea and its predecessor banks, most recently as Director of the Helsinki Regional Bank and as Deputy CEO of Nordea Bank Finland

Positions of trust:
2020– FinnHEMS Oy, Chairman of the Board
2015– Finavia Oyj, Chairman of the Board
2015– Alko Oy, Chairman of the Board
2015– Helsinki Deaconess Institute, Member of the Supervisory Board

Aaro Cantell

Vice Chairman of the Board I born 1964, M.Sc. (Tech.)

2005– Normet Group Oy, Chairman of the Board, President and CEO
1997–2007 Fenno Management Oy, Managing Partner
1993–1997 Finnish Innovation Fund SITRA, Investment Director

Position of trust:
2021– Technology Industry of Finland Employers Association, Chairman of the Board
2021– Technology Industries of Finland Centennial Foundation, Chairman of the Board
2016– Valmet Corporation, Vice Chairman of the Board
2015– Finnish Business and Policy Forum EVA, Member of the Supervisory Board

Timo Ahopelto

born 1975, M.Sc. (Tech.)

2009– Lifeline Ventures, Founding Partner
2006–2009 Blyk, VP Business Development
2000–2006 CRF Health, Founding CEO , VP Commercial Operations
1999–2000 McKinsey & Company

Positions of trust:
2019– Foundation for Private Entrepreneurs, Board Member
2019– New Children´s Hospital Foundation, Board Member
2017– TietoEVRY Oyj, Board Member
2015–2018 Startup Foundation, Board Member
2014–2020 Business Finland, Board Member
2014– Slush Conference, Chairman of the Board
2014– Finnish Business and Policy Forum EVA and Research Institute for Finnish Economy ETLA, Board Member
2014– Helsinki University Innovation Committee, Board Member

Board of Directors

Jannica Fagerholm

born 1961, M.Sc. (Econ.)

2010– Signe and Ane Gyllenberg Foundation, CEO
1999–2010 SEB Gyllenberg Private Bank, CEO
1998–1999 Handelsbanken Liv Finland, Country Manager
1990–1998 Sampo Group, Investment Management Unit

Positions of trust:
2016– Kesko Corporation, Board Member
2013– Sampo Plc, Board Member
2013–2020 Teleste Corporation, Board Member
2008– Hanken School of Economics, Board Member, Chairman of the Board 2019–
2001– Society of Swedish Literature in Finland, Investment Committee

Laura Raitio

born 1962, Lic. Sc. (Tech.)

2014–2017 Diacor terveyspalvelut Oy, CEO
1990–2014 Various leadership positions at Ahlström Oyj, the latest being Executive Vice President, Building and Energy business segment 2009–2014

Positions of trust:
2021– Alko Ltd, Board Member
2019– Boardman Ltd, Chairman of the Board
2019– Securities Market Association, Board Member
2018– Helsinki Deaconess Institute, Chairman of the Board
2017– Raute Corporation, Board Member, Chairman of the Board 2019–
2015– Suominen Corporation, Board Member

Kimmo Viertola

born 1961, M.Sc. (Econ.)

2018– Prime Minister's Office Ownership Steering Department, Director General
2018 Prime Minister's Office Ownership Steering Department, Senior Financial Counsellor
1998–2017 Finnish Industry Investment Ltd, Director
1995–1998 Price Waterhouse Corporate Finance, Director
1992–1994 Skopbank, Manager
1989–1992 FennoScandia Bank Ltd, Manager
1987–1989 Industrialisation Fund of Finland, Manager

Positions of trust:
2020– Municipality Finance Plc, Board Member
2019– Neste Nomination Board, Chair of the Nomination Board
2018– Fortum Nomination Board, Chair of the Nomination Board

Marjo Miettinen

born 1957, PhD. (Ed.)

2017– Ensto Invest Oy, Chairman of the Board
2016– Ensto Group, Chairman of the Board
2006–2014 EM Group Oy, CEO
2002–2006 Ensto Group, Chairman of the Board
1988–2001 Ensto Group, various management positions

Positions of trust:
2021– P2X Solution Oy, Member of the Board
2020– Ministry of Education and Culture, Member of Research and Innovation Council
2020– Technology Academy Finland TAF, Member of the Board
2020– TT-säätiö, Chairman of the Board
2020– EVA and ETLA, Member of the Board
2019– The Federation of Finnish Technology Industries, Chairman of the Board
2019– Confederation of Finnish Industries, Meber of the Board
2016– Boardman Oy, partner
2005– EM Group Oy, Member of the Board
1999– Ensto Group, Member of the Board

Personnel

Antti Mäkinen

born 1961, CEO, LL.M

Day-to-day administration of the company and managing the operations in compliance with the instructions determined by the Board, board elections in the portfolio companies

Pauli Anttila

born 1984, Investment Director, M.Sc. (Econ.)

Responsible for the holdings in Elisa, Kemira, Konecranes, Nokian Tyres and Outokumpu, nomination board work

Mari Ovaskainen

born 1978, Administrative Assistant, BBA

Administrative and human resources support tasks, IT system acquisitions and maintenance

Annareetta Lumme-Timonen

born 1967, Investment Director, M.Sc. (Tech.), D.Sc. (Tech.)

Responsible for the holdings in Metso Outotec, SSAB, Stora Enso and Valmet, nomination board work, corporate responsibility

Jaana Lahti

born 1985, Executive Assistant to CEO & HR Specialist, BBA

Assistant to CEO, human resources

Joonas Hytti

born. 1992, Associate, M.Sc. (Econ.)

Analyses in the investment teams, portfolio performance monitoring

Personnel

Petter Söderström

born 1976, Investment Director, M.Sc. (Econ.)

Responsible for the holdings in Nokia, Sampo and TietoEVRY, nomination board work, treasury

Timo Mäkinen

born 1991, Associate, M.Sc. (Tech.)

Analyses in the investment teams

Victor Jansson

born 1994, Analyst, M.Sc. (Econ.)

Analyses in the investment teams, corporate responsibility

Ulla Palmunen

born 1974, General Counsel, LL.M.

Legal affairs and compliance, secretary to the Board of Directors, HR, communications

Toni Nurmi

born 1993, Associate, M.Sc. (Econ.)

Analyses in the investment teams

Natalie Nevaste

born 1986, Communications Assistant & Office Coordinator, Bachelor of Hospitality Management

Communications support tasks, office management tasks and coordination

Inka Virtanen

born 1985, PA to Chairman & Legal Assistant, BBA

Assistant to the Chairman of the Board of Directors, legal assistant, board meeting arrangements, financial administration

Report by the Board of Directors for the financial year of 1 July 2020–30 June 2021

Solidium Oy owns and manages shares in companies operating in Finland and exercises shareholder rights in them based on its ownership. Solidium is wholly owned by the State of Finland.

The Cabinet Committee on Economic Policy discussed Solidium Oy's new mandate in spring 2020. In accordance with the mandate, Solidium is a Finnish anchor owner, with a national interest in its operations. The company has both the right and the obligation to develop its holdings, and investment decisions and divestments should be economically justifiable. Funds from divestment of shares are primarily used to new investments or to strengthen the existing holdings. In addition, Solidium should be prepared, if so decided, to ensure proper capital management of its portfolio companies and to participate in the companies' share issues or other financing rounds pro rata.

Solidium's core task is to strengthen and stabilise Finnish ownership in companies of national interest and increase the value of the holdings in the long term. Solidium applies methods available for a minority owner to support and challenge the portfolio companies to develop and outperform their peers. The goal is for Solidium to have a representative in the board of directors of every portfolio company in the long term.

A central aspect of Solidium's corporate governance model is to actively influence the board composition of the portfolio companies. Therefore, Solidium participated actively in the work of nomination boards preparing board elections during the financial year. The aim is to form a board composition which best serves the needs of the company and the goal of shareholder value creation. During the financial year, representatives of Solidium participated in the preparation of proposals concerning the election and remuneration of board members of 10 companies in the nomination board: as the chairman of the shareholders' nomination boards of Elisa Corporation, Metso Outotec Corporation, Nokian Tyres Oyj, Outokumpu Oyj, TietoEVRY Oyj, and Valmet Corporation, and as a member of the shareholders' nomination boards of Kemira Oyj, Konecranes Oyj, SSAB AB and Stora Enso Oyj. During the financial year, a total of 15 new members were elected to the boards of directors of Solidium's portfolio companies, three of the new members were women.

Return development

At the close of the financial year, the market value of the equity investments was EUR 9,024 million and the value of money market investments was EUR 569 million. Solidium's return on investments was 39.2 per cent in total over the period. Return on equity investments was 40.6 per cent. Return on money market investments was 0.8 per cent. The company's net asset value increased from EUR 6,572 million to EUR 8,761 million.

At the close of the financial year on 30 June 2021 Solidium held shares in twelve listed companies: Elisa Corporation, Kemira Oyj, Konecranes Plc, Metso Outotec Corporation, Nokia Corporation, Nokian Tyres Oyj, Outokumpu Oyj, Sampo Plc, SSAB AB, Stora Enso Oyj, TietoEVRY Oyj, and Valmet Corporation. During the financial year, Solidium received EUR 219 million before taxes in profits distributed by its portfolio companies (1 July 2019 – 30 June 2020 EUR 230 million).

Events during the financial year

During the financial year, Solidium acquired shares for EUR 227 million and sold for EUR 490 million.

During the financial year Solidium acquired shares in Nokia for EUR 115 million, shares in Nokian Tyres for EUR 76 million and shares in TietoEVRY for EUR 26 million. As a result of the acquisitions, Solidium's ownership increased in Nokia from 4.8 per cent to 5.3 and in Nokian Tyres from 6.8 per cent to 8.8 per cent, and in TietoEVRY from 10.0 per cent to 10.9 per cent. In addition, Solidium participated in Outokumpu's share issue to institutional investors with EUR 10 million.

During the financial year Solidium sold shares in Neles for EUR 190 million, shares in Outokumpu for EUR 24 million and shares in SSAB for EUR 277 million. As a result of the disposals, Solidium's ownership decreased in Neles from 14.9 per cent to 0.0 per cent and in SSAB from 12.6 per cent to 6.3 per cent. Additionally, the share of votes in SSAB decreased from 9.8 per cent to 8.0 per cent. In Outokumpu, due to the sale of shares and dilution effect of the share issue, Solidium's ownership decreased from 21.7 per cent to 18.9 per cent.

On 1 October 2020, Konecranes and Cargotec announced their agreement to combine through a merger, which was approved by the companies' extraordinary general meetings on 18 December 2020. The future company would be the world leader in port solutions and related services as well as in other equipment and services related to material flows. Solidium supports the transaction, because we believe it to create shareholder value through Konecrane's and Cargotec's complementary offerings, technology and service capabilities and other synergy benefits. The current target is to complete the merger by the end of the first half of year 2022. Solidium's current shareholding in Konecranes is 8.5 per cent. Following the transaction, the shareholding will account to 4.3 per cent.

Financial performance

The management cost ratio, which indicates the cost efficiency of operations, was 0.06 per cent (0.05 per cent). The amount of personnel expenses was EUR 2.6 million (EUR 2.3 million). Other operating expenses totalled EUR 1.8 million (EUR 1.4 million). The company's operating profit was EUR -4.4 million (EUR -3.8 million). Financial income, which totalled EUR 220.2 million (EUR 231.4 million), mainly consisted of dividend income, EUR 219.2 million before taxes, and income from money market investments, EUR 0.9 million. The company's financial expenses totalled EUR -0.7 million (EUR -1.3 million). Taxes for the financial year amounted to EUR -18.4 million (EUR -15.7 million) and profit totalled EUR 196.7 million (EUR 210.6 million).

Solvency and liquidity

The largest item in Solidium's non-current assets is the equity portfolio with a book value of EUR 9,024 million (EUR 6,798 million). Investments, totalling EUR 227 million (EUR 410 million), consisted mainly of share acquisitions. Proceeds from selling shares totalled EUR 490 million (EUR 578 million). At the end of the financial year, Solidium's liquid assets totalled EUR 567 million (EUR 151 million), while total assets were EUR 9,594 million (EUR 6,949 million).

The period-end equity ratio was 91 per cent (95 per cent) and liquidity was excellent, thanks to the liquid assets of EUR 567 million.

Annual Meetings and Board of Directors

Solidium's Annual General Meeting was held in Helsinki on 30 November 2020. The Annual General Meeting adopted the company's financial statements for the financial year 1 July 2019–30 June 2020 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting decided not to distribute profits to the owner. For a term ending at the end of the next Annual General Meeting, the following persons were re-elected to the Board of Directors: Harri Sailas (Chairman), Aaro Cantell (Vice-Chairman), and Timo Ahopelto, Jannica Fagerholm, Marjo Miettinen, Laura Raitio and Kimmo Viertola as Board members. The Annual General Meeting confirmed the existing remuneration of the Board of Directors: Chairman of the Board of Directors shall receive a remuneration of EUR 5,500 per month, the Vice Chairman EUR 3,000 per month, and each member EUR 2,500 per month. In addition, a meeting remuneration of EUR 600 was confirmed for each meeting. KPMG Oy Ab, authorised public accountants, with APA Marcus Tötterman as the principal auditor, was re-appointed as Solidium's auditor to serve for a term ending at the end of the next Annual General Meeting.

All Board members are independent of the company and the shareholder, with the exception of Kimmo Viertola, who is not independent of the shareholder. The Board members do not hold company shares, and the company has not adopted any stock option or share reward schemes. The monthly remuneration and meeting fees paid to the members of Solidium's Board of Directors totalled EUR 291,000 (EUR 283,367). Solidium's Board convened 11 times (9 times) during the financial year, and the attendance rate of its members was 96 per cent (100 per cent).

Solidium's Board of Directors has a written charter. The charter complements the Board's duties as set out in the Limited Liability Companies Act and in the Articles of Association by, among other things, specifying that Solidium's Board decides on the company's business strategy within the limits of the authority granted by the owner, decides on share acquisitions and disposals, and confirms the principles of risk management. The charter contains procedural guidelines for meeting preparations, documentation and regularly handled matters. The Personnel Committee prepares matters concerning remuneration and the personnel. The Personnel Committee convened once during the financial year, and the attendance rate of its members was 100 per cent.

Personnel

Antti Mäkinen has been Solidium's CEO since 2 May 2017. The CEO does not own any company shares or options. The CEO's remuneration consists of a fixed monthly salary and a performance bonus of a maximum of 30 per cent of the fixed salary, determined annually. The CEO's pension benefits and retirement age are determined in accordance with the Employees Pension Act. The CEO's term of notice is six months.

The average number of Solidium's permanent employees was 12 in the financial year and 13 at the end of the period. Solidium's Management Team comprised of the CEO, as well as General Counsel Ulla Palmunen and Investment Directors Pauli Anttila, Annareetta Lumme-Timonen and Petter Söderström at the end of the financial year.

Assessment of key risks and sources of uncertainty

The key strategic risks and financial risks related to Solidium's operations are generated by market forces, which cause fluctuations in volumes and market values and may therefore significantly influence changes in the values of the company's investments and profits, the availability of financing and the achievement of long-term business objectives. Strategic and financial risks may also arise, for example, from the choice of a wrong strategy, from deficient management and monitoring, or from slow reaction to changes taking place in the market situation and the operating environment.

The most significant risks affecting the company's operations consist of equity, interest rate, currency and liquidity risks related to investment operations. These market-related risks may have a significant impact on the company's profit and the values of the shares owned by the company as a result of changes in market prices (interest rates, exchange rates, share prices, credit risk margins) or changes in price fluctuations. The company does not hedge its equity investments with derivatives or other instruments without a separate authorisation from the Board of Directors.

The key operational risks are related to deficiencies or errors in the functioning of internal processes and systems, the actions of individuals or events external to the company, which may cause direct or indirect losses to the company.

Internal supervision and risk management

The principles of the company's internal supervision and risk management are further detailed on the company's web site.

Proposal for the distribution of profit

The distributable non-restricted equity recognized in the financial statements totals EUR 5,097,546,486 including the profit of EUR 196,685,408 for the financial year. The Board of Directors proposes that a dividend of EUR 368,000,000 be paid.

Events after the financial period

Solidium supports the transaction announced on 2 July 2021 by Valmet Corporation and Neles Plc to combine the two companies through a merger. The merger supports both companies as leading suppliers of technology and services for process industries by combining Neles' flow control solutions and Valmet's technology-, automation and service portfolio. The combined entity has a revenue of ca. EUR 4.3 billion with approximately 17,000 employees.

Solidium, Valmet's largest shareholder with 11.1 per cent of the shares, welcomes the merger and supports it by committing to vote in favour of the merger. Following the announced transaction by Valmet and Neles, Solidium's shareholding will account to approximately 9.1 per cent of the combined entity. The completion of the merger is subject to certain customary conditions, including the approval of the Extraordinary General Meetings of both companies.

Solidium Oy's key figures

	1.7.2020–30.6.2021	1.7.2019–30.6.2020	1.7.2018–30.6.2019
Operating profit, EUR million	-4.4	-3.8	-3.9
Pre-tax profit, EUR million	215.0	226.3	333.6
Profit for the period, EUR million	196.7	210.6	297.2
Return on investment at fair value, %	39.2	-7.9	-2.6
Management cost ratio of operations, %	0.06	0.05	0.05
Net asset value, EUR million	8,760.6	6,572.1	7,340.8
Interest-bearing liabilities, EUR million	0.0	0.0	205.0
Equity ratio, %	91	95	90
Distribution of profit	368.0*	0.0	338.0
Average number of employees	12	12	12

* Board proposal

Calculation of key figures

Management cost ratio of operations	=	Personnel expenses + depreciations and impairments + other operating expenses / Net asset value (average of opening and closing balance)
Net asset value	=	Shareholders' equity *Publicly listed equities and investment funds have been valued at their last trading price, taking into account deferred tax.*
Equity ratio	=	Shareholders' equity / Balance sheet total – prepayments received

Income statement

EUR	Note	1.7.2020–30.6.2021	1.7.2019–30.6.2020
Personnel expenses	1		
Wages and salaries		-2,189,003	-2,067,945
Social security expenses			
Pension costs		-306,330	-252,673
Other personnel expenses		-60,002	-8,048
Total social security expenses		-366,332	-260,721
Total personnel expenses		**-2,555,335**	**-2,328,666**
Depreciation and impairment			
Depreciation according to plan		-46,045	-55,905
Other operating expenses	2	-1,839,537	-1,396,318
OPERATING PROFIT (LOSS)		**-4,440,917**	**-3,780,890**
Financial income and expenses	3		
Income from other non-current asset investments			
From others		219,170,754	230,361,037
Other interest and financial income			
From others		867,282	1,193,099
Reduction in value of investments held as current assets		120,672	-151,018
Interest and other financial expenses			
To others		-678,413	-1,327,875
Total financial income and expenses		**219,480,295**	**230,075,243**
PROFIT (LOSS) BEFORE TAX		**215,039,378**	**226,294,353**
Income tax		**-18,353,970**	**-15,666,978**
PROFIT (LOSS) FOR THE PERIOD		**196,685,408**	**210,627,375**

Balance sheet

EUR	Note	30.6.2021	30.6.2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4		
Other intangible assets		0	0
Total intangible assets		0	0
Tangible assets	5		
Machinery and equipment		138,134	151,087
Other tangible assets		17,420	17,420
Total tangible assets		155,554	168,508
Investments	6		
Other shares and equity		9,024,234,538	6,798,068,962
Total investments		9,024,234,538	6,798,068,962
TOTAL NON-CURRENT ASSETS		**9,024,390,092**	**6,798,237,470**
CURRENT ASSETS			
Receivables	7		
Other receivables		94,737	434
Prepayments and accrued income		2,536,924	344,410
Total receivables		2,631,661	344,844
Financial investments			
Other investments		416,549,991	82,055,637
Total financial investments		416,549,991	82,055,637
Cash and cash equivalents		150,900,460	68,764,703
TOTAL CURRENT ASSETS		**570,082,112**	**151,165,183**
TOTAL ASSETS		**9,594,472,204**	**6,949,402,653**

EUR	Note	30.6.2021	30.6.2020
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	6,8		
Share capital		331,500,000	331,500,000
Fair value reserve		3,331,540,245	1,504,568,600
Reserve for invested non-restricted equity		3,070,637,993	3,070,637,993
Retained profit (loss)		1,830,223,084	1,454,719,894
Profit (loss) for the period		196,685,408	210,627,375
TOTAL SHAREHOLDERS' EQUITY		**8,760,586,731**	**6,572,053,862**
LIABILITIES			
Non-current liabilities	9		
Deferred tax liability		832,885,061	376,142,150
Total non-current liabilities		832,885,061	376,142,150
Current liabilities	10		
Trade payables		64,853	376,470
Other liabilities		61,497	57,551
Accrued liabilities		874,062	772,620
Total current liabilities		1,000,413	1,206,641
TOTAL LIABILITIES		**833,885,474**	**377,348,791**
TOTAL EQUITY AND LIABILITIES		**9,594,472,204**	**6,949,402,653**

Cash flow statement

EUR	1.7.2020–30.6.2021	1.7.2019–30.6.2020
Cash flow from operating activities		
Operating profit	-4,440,917	-3,780,890
Adjustments to operating profit*	46,045	55,905
Dividends and capital repayments received	219,170,754	198,567,141
Other financial items	309,541	-285,794
Tax paid	-62,000,386	-119,986,083
	153,085,036	**74,570,280**
Change in working capital		
Current receivables (increase -, decrease +)	140,645	14,910
Non-interest-bearing current liabilities (increase +, decrease -)	-206,228	69,234
	-65,583	**84,144**
Cash flow from operating activities	**153,019,453**	**74,654,423**
Cash flow from investing activities		
Investments in tangible and intangible assets	-33,091	-11,050
Investments in shares	-226,682,177	-409,598,393
Gains on sale of shares	490,325,926	577,601,376
Cash flow from investing activities	**263,610,658**	**167,991,932**

EUR	1.7.2020–30.6.2021	1.7.2019–30.6.2020
Cash flow from financing activities		
Increase in short-term loan	0	0
Repayment of short-term loan	0	-205,000,000
Repayment of long-term loan	0	0
Profit distribution paid	0	-338,000,000
Cash flow from financing activities	**0**	**-543,000,000**
Cash flow for the period	**416,630,112**	**-300,353,645**
Liquid funds at the start of the financial period	150,820,340	451,173,984
Liquid funds at the end of the financial period	567,450,451	150,820,340
Change in liquid funds	416,630,112	-300,353,645

Liquid funds in the cash flow statement include receivables from banks, bank deposits with a maturity of less than 3 months, short-term commercial papers and certificates of deposit, and units in mutual funds that invest in corresponding financial instruments.

*** Adjustments to operating profit**		
Depreciation	46,045	55,905

Notes to the financial statements

The financial statements of Solidium Oy have been prepared in compliance with the Finnish Accounting Act, Accounting Ordinance and Companies Act.

Solidium Oy is domiciled in Helsinki. Copies of Solidium Oy's financial statements are available at the company's office at Unioninkatu 32 B, 00100 Helsinki.

SUMMARY OF NOTABLE ACCOUNTING POLICIES

Measurement and recognition principles

Financial income

Dividend income from investments within non-current assets is recorded on a cash basis. Interest income from financial investments and cash and cash equivalents is recorded as interest and other financial income. Interest and other financial income is recorded as income and as receivable within accrued income.

Non-current investments

Solidium applies section 5.2a of the Accounting Act regarding recognition of financial instruments, according to which equity investments are valued at fair value on the balance sheet. Fair value is considered as quotes in liquid markets in which prices can be retrieved easily and regularly. Equity investments are by nature long-term. Due to changes in market prices, changes in fair value are recorded in the fair value reserve in shareholders' equity. Changes in the fair value reserve are recorded in the deferred tax liability under "Non-current liabilities". Gains and losses on the sale of shares are recognized directly in retained earnings.

Classification and valuation of financial instruments

Debt securities, units in mutual funds, and other financial instruments are for valuation purposes classified as "Financial investments". Debt securities are at the starting point recorded in line with the original cost and valued in the financial statement with the deferred expiry date nominal value. Units in mutual funds and other financial instruments are recoded in the balance sheet at the original cost or at the market value during the previous financial year end. Impairments from financial investments are recorded in the income statement as "Reduction in value of investments held as current assets".

Settlement date

The sale and purchase agreement of financial instruments are recorded according to the trading date.

Valuation of intangible and tangible assets

Fixed assets are recorded in the balance sheet at the original price less depreciation according to plan

- Machinery and equipment 25% declining-balance depreciation

Valuation of other debt

Other debt is at the starting point recorded in line with the original cost and after that according to the deferred cost.

Currency

All items in the financial statements have been compiled in euro. Items in other currencies have been converted to euro with the European Central Bank's confirmed exchange rate at the financial period end date.

Pensions

The pension provisions for the company's personnel are arranged through statutory TyEL insurance. Pensions are recognised in the income statement on an accrual basis.

Tax

The tax expense item in the income statement consists of current tax. It is calculated on the basis of the Finnish tax rate and adjusted for any taxes related to previous financial periods. A deferred tax liability or deferred tax asset is recorded as a result of changes in fair value of equity investments. Capital gain taxes on equity investments are recognized in retained earnings.

NOTES TO THE INCOME STATEMENT

EUR	2021	2020
1. PERSONNEL EXPENSES		
Wages and salaries	2,189,003	2,067,945
Pension costs	306,330	252,673
Other personnel expenses	60,002	8,048
Total	**2,555,335**	**2,328,666**

During the financial period, the salaries (including fringe benefits) paid to the CEO were EUR 397,527 and the performance bonuses EUR 100,215. The performance bonuses of the CEO for the period amounted to EUR 100,000, which will be paid after the close of the financial period. The persons belonging to the Management Team (excluding the CEO) were paid a total of EUR 682,034 and EUR 145,000 in performance bonuses. The performance bonuses earned by these persons during the financial period totalled EUR 125,000. The Board of Directors received EUR 291,000 in monthly salaries and meeting fees.

Number of employees during the financial year	Average	Period end
Permanent employees	12	13

EUR	2021	2020
2. OTHER OPERATING EXPENSES		
Administration costs	1,179,095	685,697
Costs for facilities	252,894	241,859
Other	407,548	468,762
Total	**1,839,537**	**1,396,318**
Fees paid to authorised public accountants		
Audit	14,880	20,460
Tax consultation	0	0
Other services	248,647	0
Total	**263,527**	**20,460**
3. FINANCIAL INCOME AND EXPENSES		
Income from other non-current asset investments	219,170,754	230,361,037
Other interest and financial income	867,282	1,193,099
Reversal of reduction in value of investments held as current assets	151,018	0
Reduction in value of investments held as current assets	-30,345	-151,018
Interest and other financial expense	-678,413	-1,327,875
Total	**219,480,295**	**230,075,243**

NOTES TO THE BALANCE SHEET

Undepreciated expenditure residue of intangible assets as well as machinery and equipment belonging to non-current assets

EUR	2021	2020
4. INTANGIBLE ASSETS		
Other long-lasting expenses		
Cost of acquisition at the start of the financial period	0	169,824
Purchases during the financial period	0	0
Cost of acquisition at the end of the financial period	0	169,824
Accumulated depreciation at the start of the financial period	0	164,281
Depreciation for the period	0	5,543
Book value at the end of the financial period	0	0
Total intangible assets	**0**	**0**
5. TANGIBLE ASSETS		
Machinery and equipment		
Cost of acquisition at the start of the financial period	684,013	672,963
Purchases during the financial period	33,091	11,050
Cost of acquisition at the end of the financial period	717,104	684,013
Accumulated depreciation at the start of the financial period	532,926	482,564
Depreciation for the period	46,045	50,362
Book value at the end of the financial period	138,134	151,087
Other tangible assets		
Cost of acquisition at the start of the financial period	17,420	17,420
Cost of acquisition at the end of the financial period	17,420	17,420
Book value at the end of the financial period	17,420	17,420
Total tangible assets	**155,554**	**168,508**

6. INVESTMENTS

Share	Number of shares	Holding	Carrying amount 30.6.2021
Elisa Oyj	16,802,800	10.0%	845,516,896
Kemira Oyj	15,782,765	10.2%	209,595,119
Konecranes Oyj	6,744,506	8.5%	239,564,853
Metso Outotec Oyj	123,477,168	14.9%	1,209,582,338
Nokia Oyj	301,000,000	5.3%	1,359,165,500
Nokian Tyres Oyj	12,200,000	8.8%	415,410,000
Outokumpu Oyj	86,472,208	18.9%	436,857,595
Sampo Oyj	44,278,580	8.0%	1,716,237,761
SSAB A *	26,448,015	8.7%	109,388,990
SSAB B *	38,326,425	5.3%	141,577,814
Stora Enso Oyj A **	62,655,036	35.5%	1,049,471,853
Stora Enso Oyj R **	21,792,540	3.6%	335,278,228
TietoEVRY Oyj	12,857,918	10.9%	342,534,936
Valmet Oyj	16,695,287	11.1%	614,052,656
Total			**9,024,234,538**

* Solidium Oy's holding of all of SSAB AB's shares is 6.3% and of all votes 8.0%
** Solidium Oy's holding of all of Stora Enso Oyj's shares is 10.7% and of all votes 27.3%

The most significant risks affecting the company's operations consist of equity, interest rate, currency and liquidity risks related to investment operations. Equity risk is to be understood as changes in fair value due to price changes.

A 10 per cent decrease in the value of equity investments would affect shareholders' equity by EUR -722 million (EUR -544 million as at 30 June 2020).

NOTES TO THE BALANCE SHEET

EUR	2021	2020
7. CURRENT RECEIVABLES		
Other receivables	94,737	434
Prepayments and accrued income	2,536,924	344,410
Total	**2,631,661**	**344,844**
Decomposition of the relevant items in prepayments and accrued income:		
Accruals of personnel expenses	3,350	4,047
Interest accruals of money market investments	71,065	13,773
Tax accruals	2,427,076	94,344
Other items	35,434	232,245
8. SHAREHOLDERS' EQUITY		
Restricted shareholders' equity		
Share capital	331,500,000	331,500,000
Fair value reserve	3,331,540,245	1,504,568,600
Total restricted shareholders' equity	**3,663,040,245**	**1,836,068,600**
Changes in the fair value reserve		
Fair value reserve per 1 July	1,504,568,600	2,456,698,578
Profit + / Loss (-) valued at fair value	2,393,882,757	-829,746,807
Deferred tax liability from profit/loss valued at fair value	-478,776,551	165,949,361
Total	1,915,106,205	-663,797,445
Profit from previous periods transferred to shareholders equity, shares		
Capital gains and / losses total	-110,168,201	-360,415,665
Deferred taxes on capital gains / -losses	22,033,640	72,083,133
Total	-88,134,561	-288,332,532
Fair value reserve per 30 June	**3,331,540,245**	**1,504,568,600**

EUR	2021	2020
Non-restricted shareholders' equity		
Reserve for invested non-restricted equity at the start of the financial period	3,070,637,993	3,070,637,993
Capital repayment	0	0
Reserve for invested non-restricted equity at the end of the financial period	3,070,637,993	3,070,637,993
Profit from previous periods at the start of the financial period	1,665,347,269	1,481,913,976
Other changes in costs of acquisitions	76,741,255	22,473,386
Dividend paid	0	-338,000,000
Result from sold securities	110,168,201	360,415,665
Taxes from sold securities	-22,033,640	-72,083,133
Profit from previous periods at the end of the financial period	1,830,223,084	1,454,719,894
Profit for the period	196,685,408	210,627,375
Total non-restricted shareholders' equity	**5,097,546,486**	**4,735,985,262**
Total shareholders' equity	**8,760,586,731**	**6,572,053,862**

Number of share and categories
The number of company share amounts to 2,000. All the shares are of the same category and entitles to one vote per share. The shares do not have face value.

EUR	2021	2020
9. NON-CURRENT LIABILITIES		
Non-current deferred tax liabilities *	832,885,061	376,142,150
Total	**832,885,061**	**376,142,150**

* Deferred tax liability EUR 832,885,061 (2020: 376,142,150) consists of EUR 880,560,885 (2020: 553,771,592) tax liability and EUR 47,675,824 (2020: 177,629,442) tax receivable.

EUR	2021	2020
10. CURRENT LIABILITIES		
Loans from financial institutions	0	0
Trade payables	64,853	376,470
Other liabilities	61,497	57,551
Accrued liabilities	874,062	772,620
Total	**1,000,413**	**1,206,641**
Material items in accrued liabilities:		
Income tax accrual	0	0
Accruals of personnel expenses	819,641	754,954
Other items	54,421	17,666

OTHER NOTES

EUR	2021	2020
11. OTHER COMMITMENTS		
Future minimum lease expenses under lease contracts that cannot be dissolved are distributed as follows:		
Within 12 months	194,119	190,313
After 12 months but within five years	416,793	610,912
After five years	0	0
Total	**610,912**	**801,224**

Proposal for the distribution of profit

The distributable non-restricted shareholders' equity recognised in the financial statements totals EUR 5,097,546,486. No material changes have taken place in the company's financial situation since the end of the financial period and, in the view of the Board of Directors, the proposed distribution of profit will not jeopardise the company's ability to fulfil its obligations.

The Board of Directors proposes to the General Meeting that the distributable non-restricted shareholders' equity be allocated as follows:

EUR 184,000 per share to be paid as dividend for 2,000 shares	368,000,000
amount retained in non-restricted shareholders' equity	4,729,546,486

If the Board's proposal is approved, the shareholder's equity of Solidium Oy will consist of the following:

Share capital	331,500,000
Fair value reserve	3,331,540,245
Reserve for invested non-restricted equity	3,070,637,993
Retained earnings	1,658,908,493

Signatures for the Report of the Board of Directors and the financial statements

Helsinki / 2021

Harri Sailas
Chairman

Aaro Cantell
Vice Chairman

Timo Ahopelto

Jannica Fagerholm

Marjo Miettinen

Laura Raitio

Kimmo Viertola

Antti Mäkinen
Managing Director

Auditor's note

An auditor's report has been issued today on the audit performed.

Helsinki / 2021

KPMG Oy Ab

Marcus Tötterman
Authorised Public Accountant

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

Auditor's Report

To the Annual General Meeting of Solidium Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Solidium Oy (business identity code 2245475-9) for the financial period 1 July 2020–30 June 2021. 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 and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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. With respect to the report of the Board of Directors, 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 other information, we are required to report that fact. We have nothing to report in this regard.

Other opinions

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

Helsinki, 26 August 2021
KPMG OY AB

Marcus Tötterman
Authorised Public Accountant, KHT

Solidium Oy

Unioninkatu 32 B | P.O. Box 1148 | 00101 Helsinki, Finland
tel. +358 10 830 8900
Business ID FI22454759 | www.solidium.fi/en