



2022

ANNUAL REPORT



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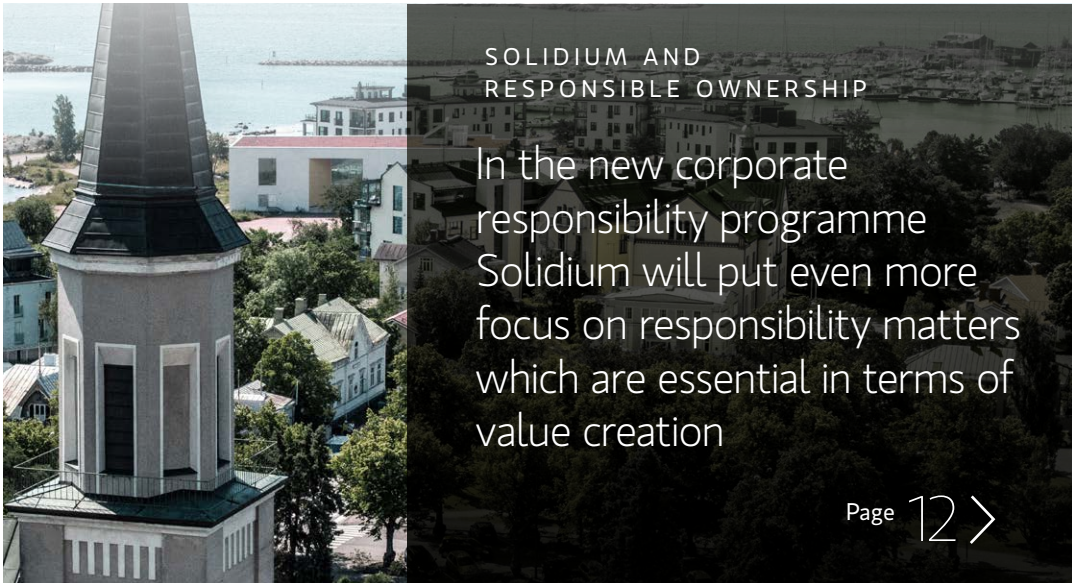
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The GRI Index is available on Solidium’s website www.solidium.fi/en/corporate-responsibility



Solidium in brief

Solidium is a limited liability company owned by the State of Finland. Its mission is to strengthen and stabilise Finnish ownership in companies of national importance and increase the value of its holdings 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 to Finland, using Finland’s national property, or other importance to Finland.

Solidium’s objective is to grow shareholder value in its portfolio companies through 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 respective 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 accumulated in-depth information and insights will be the basis for the investment team’s value creation plan of 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 take determined action to integrate 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 the companies’ shareholder value in the long term.

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

Holdings

		Holding
ANORA	Production, import, and marketing of alcoholic beverages	19.4%
ELISA	Telecommunications	10.0%
KEMIRA	Manufacturing of industrial chemicals	10.2%
KONECRANES	Lifting equipment and maintenance services	10.1%
METSO OUTOTEC	Technologies for the mining, aggregates, and metals refining industries	14.9%
NOKIA	Network infrastructure and licensing	5.3%
NOKIAN TYRES	Tyres for cars and heavy-duty equipment, tyre services	9.4%
OUTOKUMPU	Manufacturing of stainless steel	15.5%
SAMPO	P&C and life insurances	6.2%
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	10.1%





Solidium's key figures in the financial year 2021–2022

-8.8%

Return of equity holdings

307^{EUR}
million

Proposal for the profit
distribution from the financial year

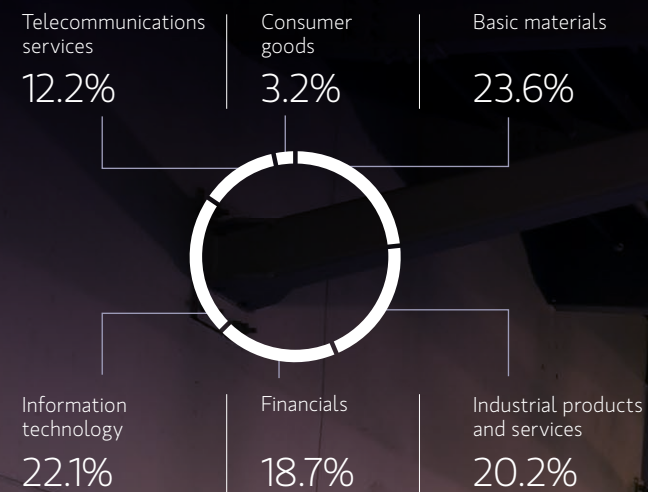
339^{EUR}
million

Received profit distribution
before taxes

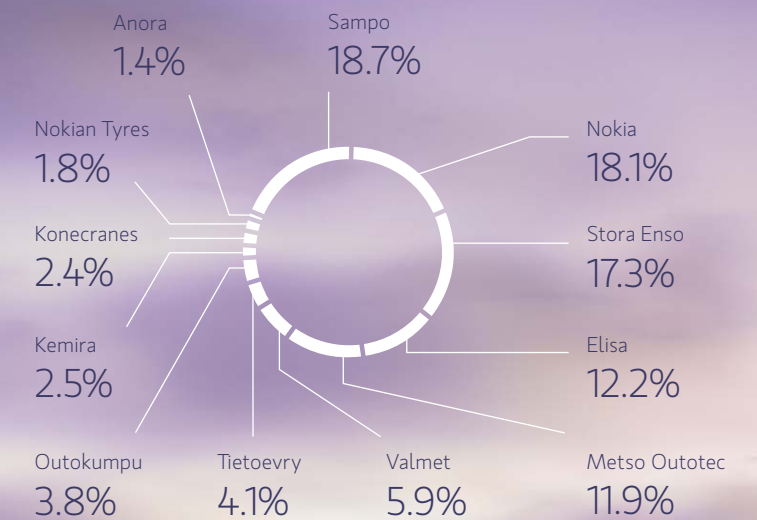
7,246^{EUR}
million

Net asset value

Breakdown by sector 30 June 2022



Breakdown of equity holdings 30 June 2022





Solidium as an owner

Solidium is not a portfolio investor but a long-term and active owner. We invest 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. 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, the investments are required to have a national interest. Due to these criteria, Solidium focuses on large companies, and the 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 and 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 some of 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

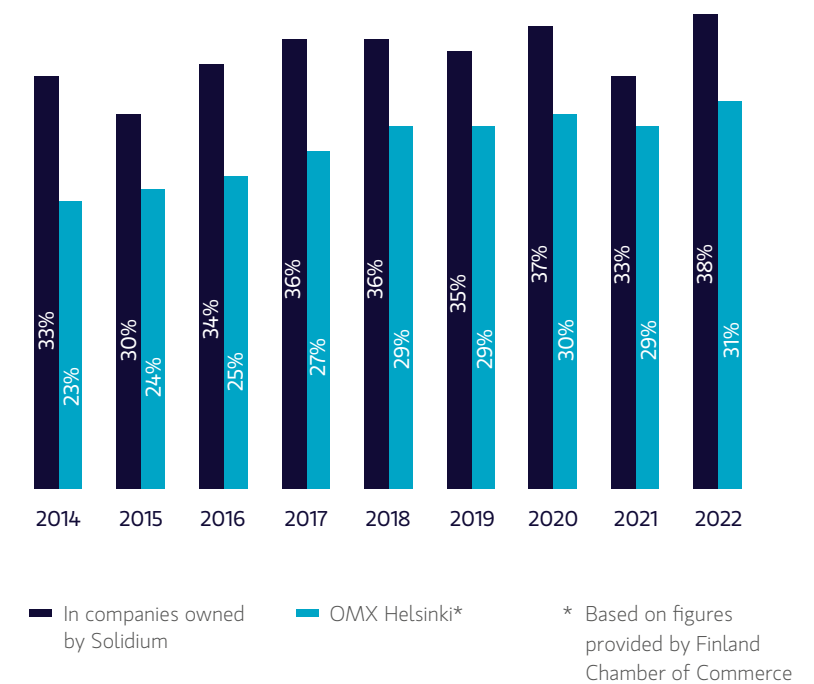
Board elections and preparing for them are central tasks of the large and long-term shareholders of companies. In most of Solidium's portfolio companies, the shareholders' nomination board prepares the proposal on board member election to the Annual General Meeting. In the 2021–2022 financial year, Solidium's representatives held the chairperson

position in six and were members in four nomination boards.

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. After the Annual General Meetings of spring 2022, this is the case in eight companies owned by Solidium.

The role of the chairperson of the board is particularly important. The chairperson 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 chairpersons of boards to engage in dialogue with the shareholders is a key prerequisite of active ownership. Good cooperation in the creation of shareholder value promotes the best interests of the company.

Share of women in boards of directors, %



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 portfolio companies than the stock exchange average. Nomination board work is an effective method for owners to influence the composition of boards.



TURKU, PATRIK

Solidium's operating model for creating shareholder value

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

SOURCES OF INFORMATION



Company reporting and investor communications



Capital market days and company/site visits



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



Peer company reporting and other information, sector analyses



Regular meetings with the company's top management

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 2021–2022

During the financial year, Solidium increased its holdings in Konecranes, Nokian Tyres and Valmet and reduced shareholding in Outokumpu and Sampo. In addition, Solidium received Anora's shares from the State owner as a share transfer, and transferred SSAB to the direct ownership of the State of Finland as capital repayment.

Share purchases during the financial year

During the financial year, Solidium purchased Konecranes' shares for EUR 34 million, Nokian Tyres' shares for EUR 29 million, and Valmet's shares for EUR 52 million. Following the arrangements, Solidium's holding in Konecranes increased from 8.5 per cent to 10.1 per cent and in Nokian Tyres from 8.8 per cent to 9.4 per cent during the financial year. The merger of Valmet and Neles would have reduced Solidium's holding from 11.1 per cent to approximately nine per cent, but due to the share purchases in the spring of 2022, the holding in Valmet was ultimately 10.1 per cent.



Solidium distributed total of approximately one billion euros as dividend and capital repayments.

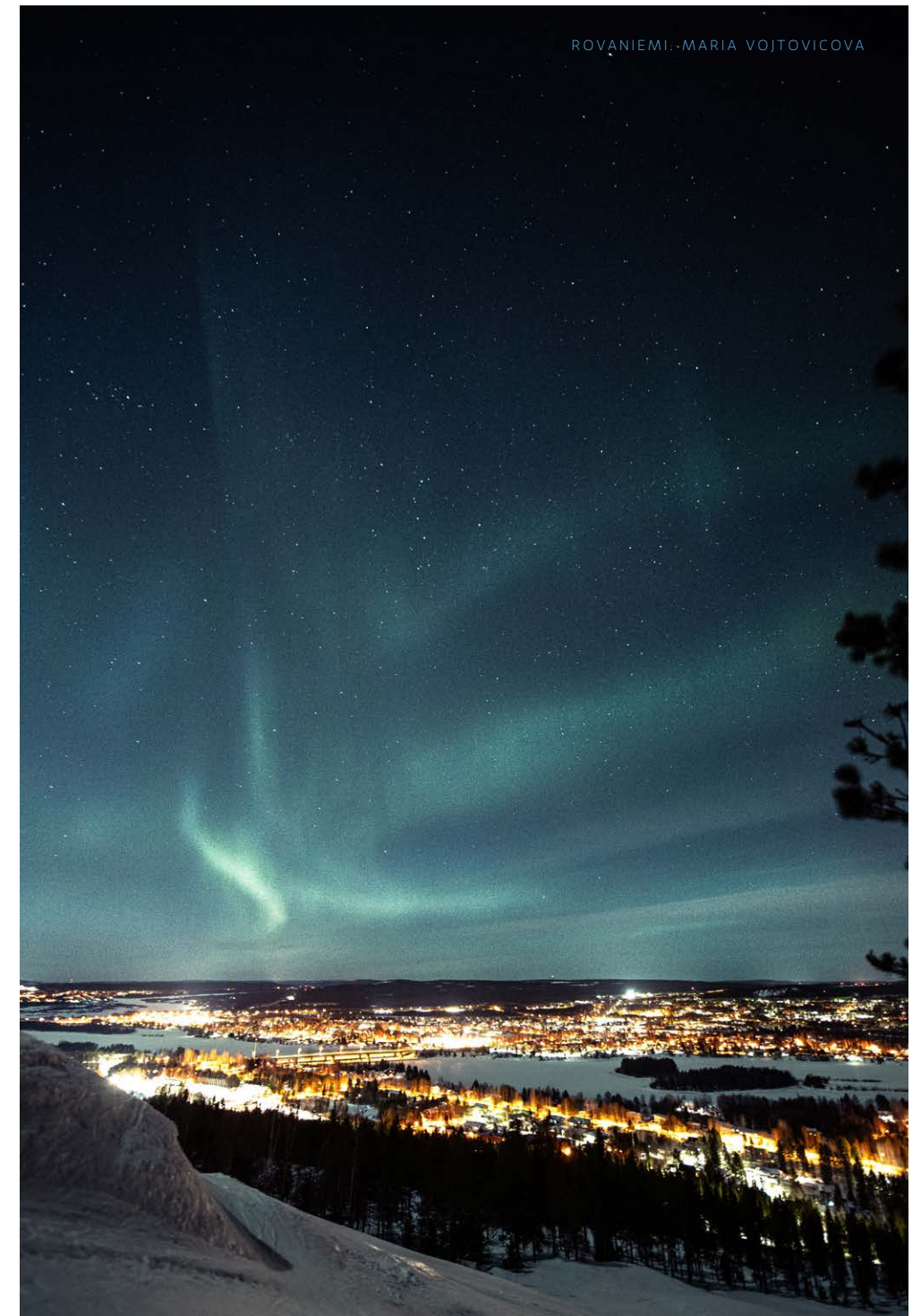
from 8.0 per cent to 6.0 per cent. The proceeds of approximately EUR 498 million received were primarily spent on the capital repayment to the State of Finland. The repurchases of Sampo's own shares have increased Solidium's holding to 6.2 per cent. In addition, Solidium sold Outokumpu's shares for EUR 86 million, which reduced its holding from 18.9 per cent to 15.5 per cent.

Share sales during the financial year

In the autumn of 2021, Solidium sold 11 million shares in Sampo, which resulted in its holding decreasing

Share transfers during the financial year

On 25 November 2021, the State of Finland transferred all of its Anora Group shares, which correspond to 19.4 per cent of Anora's share capital, to Solidium. The transfer value of the Anora shares equalled the closing price in public trading on 24 November 2021 on NASDAQ OMX Helsinki:





The profit distribution proposed by the Board of Directors for the past financial year is EUR 307 million.

EUR 10.90 per share, totalling approximately EUR 143 million. Anora is a leading wine and spirits brand house in the Nordic region. Anora was born through the merger of Altia and the Norwegian company Arcus in September 2021. In addition, the owner decided on 14 September 2021 to transfer all SSAB's shares owned by Solidium, or shares worth approximately EUR 271 million, to the State of Finland as capital repayment. As a result, Solidium's holding in SSAB decreased from 6.3 per cent to 0.0 per cent and voting rights from 8.0 per cent to 0.0 per cent.

Merger between Konecranes and Cargotec was blocked

On 1 October 2020, Konecranes and Cargotec announced the arrangement to combine the companies, which was approved by the companies' respective extraordinary general meetings on 18 December 2020. Solidium supported the merger, as we believed that it would create shareholder value as a result of Konecranes' and Cargotec's mutually complementary offering, technology and service expertise and other synergies. On 29 March 2022, the UK Competition & Markets Authority ("CMA") unfortunately blocked the merger. According to the CMA's final report, the remedies – which would have removed overlapping businesses of the two companies and which were accepted by the European Commission – were not effective in addressing the competition concerns expressed by the CMA. The

completion of the planned merger would have required approvals from all relevant competition authorities.

Valmet and Neles merger took place

On 2 July 2021, Valmet and Neles announced their merger plan. In Solidium's view, Neles was an appealing partner that would strengthen Valmet's growth, which is why it supported the planned merger. Previously, Solidium had sold all of its shares in Neles to Valmet. Extraordinary general meetings on 22 September 2021 approved the plan, and the merger was realised on 1 April 2022.

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 2022, this was the case in eight of Solidium's portfolio companies, as investment director Annareetta Lumme-Timonen was elected to Anora's board of directors, investment director Pauli Anttila was elected to Konecranes' board of directors and investment director Petter Söderström was elected to Outokumpu's board of directors, all of them as new members. The then CEO Antti Mäkinen continued to serve in the boards of directors of Metso Outotec and

Stora Enso. In addition, among the members of Solidium's Board of Directors, Aaro Cantell continued as a board member in Valmet, Jannica Fagerholm as a board member in Sampo, and Timo Ahopelto as a board member in Tietoevry.

In the spring 2022 Annual General Meetings, a total of 20 new board members were elected to boards of Solidium's portfolio companies, as 13 board members in total resigned.

Annual General Meeting and profit distribution

Solidium's Annual General Meeting was held in Helsinki on 28 October 2021. The Annual General Meeting adopted the company's financial statements for the financial year of 1 July 2020–30 June 2021 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting resolved, in accordance with the proposal of the Board, that a dividend of EUR 368 million in total be paid to the owner for the financial year. In addition, the State of Finland made a decision to distribute EUR 500 million as capital repayment to the owner on 17 November 2021. For the 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 were re-elected as members and Jouko Karvinen and Jukka Ohtola were elected as new members. Kimmo Viertola did not continue in the Board. The profit distribution proposed by the Board of Directors for the past financial year is EUR 307 million.



Cash flows

In the financial year 2021–2022

		ACQUISITION OF SHARES	-117	EUR MILLION		TO SOLIDIUM	+923	EUR MILLION
DISPOSALS	584	PROFIT DISTRIBUTION TO THE STATE DURING THE FINANCIAL YEAR	-868	EUR MILLION		FROM SOLIDIUM	-1,085	EUR MILLION
		DEBT REPAYMENT (NET)	0	EUR MILLION				
DIVIDENDS RECEIVED	339	TAX PAYMENTS	-95	EUR MILLION		CHANGE IN CASH ASSETS	-162	EUR MILLION
		EXPENSES INCLUDING FINANCIAL ITEMS	-5	EUR MILLION				



War in Ukraine turned the operating environment upside down

ANTTI MÄKINEN | CEO UNTIL 31 MAY 2022

Solidium's past financial year was exceptional with regard to the economic operating environment. The optimism following the subsiding Covid-19 pandemic was replaced by dwindling growth and a downturn in the stock market as a result of the war of aggression initiated by Russia. In the challenging environment, the yield of Solidium's holdings turned to -8.8 per cent.



The excellent beginning of the financial year turned in the spring with stagflation fears.

PENTTI HOKKANEN



Halfway through the financial year, as year 2022 began, the expectations were still bright. The growth outlook of the respective GDPs of Finland, the euro region and the USA was upbeat. Russia's attack to Ukraine changed the situation completely. The war was a shock that undermined the positive economic development. Over the spring, growth forecasts decreased and inflation accelerated due to increased prices, especially in energy. A worrying future scenario that began emerging was stagflation, in which economic growth stops, inflation is severe and unemployment high.

The war in Ukraine affected Solidium's portfolio companies in different ways through, in particular, the increase in the price of energy, the availability of components, the logistical challenges and exposure to Russia. The war resulted in the share prices of many companies declining. The situation was the most challenging for Nokian Tyres, since a major part of its production and markets are in Russia. However, the company's balance sheet is strong and the company is planning to build new production capacity elsewhere in Europe.

Due to the challenging operating environment, the yield of Solidium's holdings during the financial year turned negative over the spring, and the return for the financial year was -8.8 per cent.

Portfolio companies supported by the operative business

Sampo, one of our largest investments, became a pure insurance company as it sold its holdings in Nordea and became the owner of the Hastings insurance company in full. This will provide new kinds of synergies and development opportunities. The direction of Nokia's development has been favourable and the company's profitability is good. Geopolitics support Nokia, which is manifested as a strengthening



market share in Europe, in particular. Stora Enso's financial performance during the year was excellent. While the forest industry is experiencing an economic boom, the company has also streamlined its own operations.

Merger plans were under way in three of our portfolio companies during the financial year. The integration of Metso Outotec was completed successfully at the turn of the year. The pursued synergies were achieved and partly even exceeded. The intended merger of Valmet and Neles was made public at the beginning of the financial year and became effective in April 2022. The outcome was excellent for Valmet and Finland. By contrast, the UK blocking the merger of Konecranes and Cargotec was a disappointment.

Elisa continues its high-quality operations and good financial performance and has been growing for 15 years without any setbacks. Elisa's share was seen as a safe haven during the turbulence of the war in Ukraine and its price strengthened. Kemira is also a solid performer, which has streamlined its operations and improved EBITDA. The strong demand for steel has supported Outokumpu, and the company's operative performance has also been good. During the year, Tietoevry published its new strategy and has also improved its operative performance.

EUR 500 million capital repayment to the State of Finland

In the spring of 2021, we received a request from the State to carry out a capital repayment of EUR 500 million, which we completed in the autumn. During its existence, Solidium has repaid EUR 7 billion to the State as dividend distribution and capital repayment. At the same time, the value of the holdings that the State has transferred to Solidium, EUR 5.6 billion, has increased to approximately EUR 7.4 billion.

For the capital repayment, we reduced our holding in Sampo and Outokumpu in the autumn. In September, we transferred our entire holding of SSAB shares to the direct control of the State. On the other hand, we received the shares of Anora Group, owned by the State, to our portfolio. Our newest portfolio company was born through the merger of the Finnish Altia and the Norwegian Arcus in September 2021. The merger provided a more solid foundation and a strong position not only in Norway and Finland but also in Sweden. Now there are good prerequisites for planning the expansion of the business operations.

During the financial year, we increased our holdings in Nokian Tyres, Valmet and Konecranes.

Change in leadership

I took the position of Solidium's CEO five years ago, in the spring of 2017. The objective of the then government of Finland was to make the balance sheets of state-owned companies "work for the State". Over the course of these five years, we have made three new investments and one in four of our portfolio companies have changed. On the other hand, some of our companies have been in state ownership for a very long time – Stora Enso since 1918.

Active ownership includes our objective to have Solidium's representative in the board of each portfolio company. We find it natural that the largest shareholders are represented in the boards, which enables them to express their views and support to strategic decisions at a sufficiently early stage. Currently, Solidium has representatives in the boards of directors of eight portfolio companies. During the financial year, the new board members included investment director Petter Söderström in the board of Outokumpu, investment director Annareetta Lumme-Timonen in Anora, and investment director Pauli Anttila in Konecranes.

I have confidence in Solidium as I leave my position. The investment portfolio and our portfolio companies are in a good shape, we have a skilled investment team, and Solidium's Board of Directors provides solid support for the executive management. I wish to thank all of them for the past financial year, while I welcome my successor Reima Rytsölä, a strong, seasoned professional, who will be the new CEO. I wish him, Solidium's personnel and the portfolio companies all the best for the future!



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

The responsibility analyses were conducted to their full extent. Updating the analyses began at the end of the previous financial year and was completed at the beginning of the review period. Solidium's Board of Directors reviewed the results and conclusions of the analyses in the autumn of 2021. In addition to the corporate responsibility themes essential in terms of shareholder value, the responsibility analysis also examined tax reporting and

measures taken related to biodiversity. The analysis includes a dialogue with the corporate responsibility management of the portfolio company in question and a review of the key reports. As usual, the investment teams themselves conducted the analyses, which helps to integrate corporate responsibility matters into our general view of each company. Relevant conclusions are applied in Solidium's work as an owner to develop shareholder value and, as necessary, included in the dialogue with the management of the portfolio company in question.

The investment teams' views on corporate responsibility themes essential in terms of shareholder value in Solidium's portfolio remained largely unchanged, compared to the previous review. Supply chain management was the corporate responsibility risk most often identified by the investment teams. With regard to opportunities, the most common theme was the products' environmental impacts.

The biodiversity analysis showed that the theme is growing in importance. A challenge in this is the fact that clear and distinct measurable targets have not yet been identified. It is noteworthy that the degree of progress differs clearly between different industries. For example, the forest industry has already been working on the theme for quite a while. In the future, Solidium will monitor the development of the theme closely.

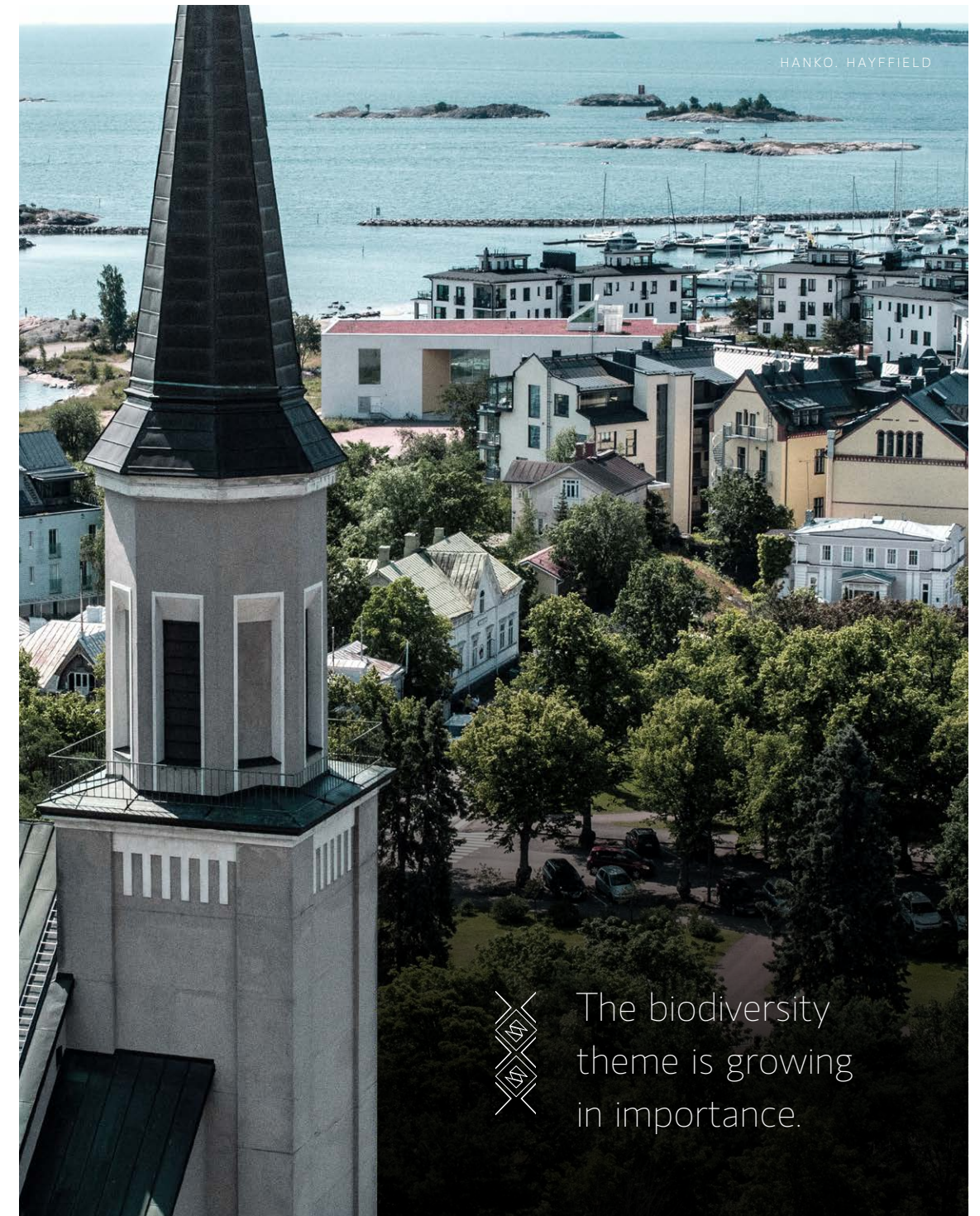
Engaging with stakeholders as an owner

Internal stakeholders

We continued to apply established and appropriate operating methods in our work with the internal stakeholders. 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 results of the responsibility analyses, the annual review on corporate responsibility and the new long-term corporate responsibility programme.

External stakeholders

In addition to the meetings with the portfolio companies, we engaged in dialogue focusing on responsibility matters on close to 40 occasions with



The biodiversity theme is growing in importance.



HELSINKI. TAPIO HAAJA

various stakeholders. Solidium's role in the discussions varied: in some, we were the presenter, an active participant and an influencer, while in others, we assumed the role of a listener and learner. The roles of a presenter and an active participant reflected Solidium's established position as a developer of responsible ownership in Finland.

Our operating method clearly raises interest, since during the financial year, Solidium was invited to give lectures on responsibility and ownership to e.g. a training program, that the Finnish Auditors Academy organized to Finnish auditors, and to events organized by the Rotary Club of Helsinki and the Directors' institute of Finland. During the financial year, Solidium also continued the dialogue with its State owner by presenting to the Ownership Steering Department its way of operating with regard to responsibility. We continued influencing responsible investing in Finland as a member of the FINSIF forum. Solidium was also a member of the FiBS network and the Directors' Institute of Finland.

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 well-established level with clearly defined ways of operating.

We continued our transparent 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 work to reduce the carbon footprint of our operations and to use natural resources responsibly. To achieve this, we made a decision to implement the WWF Green Office environmental management system. In May 2022, we were awarded the Green Office certificate. We evaluate our Scope 3 emissions based on the Scope 1 and 2 emissions of our portfolio companies.

During the financial year, we updated our long-term corporate responsibility programme for 2022–2026, more information on this is available on page 14.

IV Objectives for the 2022–2023 financial year

We will continue our work as a responsible owner in accordance with our established operating method and in line with the new long-term corporate responsibility programme.



FOR FURTHER INFORMATION

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



Solidium’s corporate responsibility programme was renewed

Update process of the new programme

The objective of the 2022–2026 corporate responsibility programme is to support Solidium’s core task of growing the value of its holdings in the long-term. The programme also strengthens Solidium’s operating model of responsible ownership.

The process to update the corporate responsibility programme had begun in the previous financial year and was completed in the current financial year. The background information was updated and feedback was obtained through a variety of methods. The policies of the State owner formed the basis for the programme preparation. They were supplemented by a review on the new themes, initiatives and commitments of the investor and owner arena. We also updated the review of various ways of implementing responsible ownership. We carried out an evaluation of the current status and development needs of our responsibility work and planned a method for future action.

Summaries of the corporate responsibility programme background reviews and meetings

<p>ANALYSIS OF THE IMPORTANCE OF ESG IN THE FINANCIAL MARKETS</p> <ul style="list-style-type: none">Capital flows to “sustainable” industries and companies have been growing exponentially since 2019.Solidium conducted a comparison of ESG funds’ ownership in its portfolio companies and their peers.In the future, an ESG fund is also likely to continue to change as a definition, as different kinds of clearer definitions become available (e.g., the taxonomy and SFDR classification system) <p>CONCLUSION: Solidium should also in future monitor how its portfolio companies attract ESG fund flow, since this will inevitably have an impact on the companies’ valuations.</p>	<p>OPERATING ENVIRONMENT ANALYSIS</p> <ul style="list-style-type: none">A review on the changes related to the regulation, reporting, initiatives and stakeholder expectations of corporate responsibility.The amount of regulation is increasing at an accelerated pace and changing the operating environment.Reporting is developing driven by the taxonomy, TCFD and CSRD.Capital is directed to sustainable targets. <p>CONCLUSION: Solidium should ensure that its portfolio companies have sufficient resources in place to produce increased responsibility information for financial markets participants. The companies should also integrate responsibility as part of their business, processes and management.</p>	<p>BENCHMARK ANALYSIS OF SOLIDIUM’S PEERS</p> <ul style="list-style-type: none">Solidium’s integrated operating model is fairly unique, as peers primarily have separate teams who are specialised in responsible investing and produce analyses for portfolio managers.Compared to Solidium, peers base their work more on the responsibility analyses, data and analysis tools of external service providers.Evaluation of the impact of biodiversity on investment targets is still at early stages among Solidium’s peers. <p>CONCLUSION: Compared to its peers, Solidium applies an advanced operating method and conducts profound analyses. In the future, Solidium could support its own analysis with tools from external service providers.</p>	<p>STATE OWNER’S POLICIES</p> <ul style="list-style-type: none">The State owner laid out the corporate responsibility requirements concerning State-owned companies in the Government Resolution on State Ownership Policy titled “Vaurautta vastuullisella omistajuudella” (Wealth through responsible ownership), issued on 8 April 2020.Among other things, the policy requires that corporate responsibility in companies is strongly integrated in their business operations and managed in a goal-oriented manner.In addition, companies should recognise the impacts of their operations on the climate, environment and biodiversity and, compared to their peers, set ambitious, measurable targets for them.Human rights must be taken into consideration transparently, and aggressive tax planning is not acceptable. <p>CONCLUSION: The State owner requires goal-oriented management of corporate responsibility and has outlined concrete corporate responsibility requirements for State-owned companies, which Solidium should meet.</p>	<p>FEEDBACK FROM SOLIDIUM EMPLOYEES</p> <ul style="list-style-type: none">Solidium’s corporate responsibility work is systematic and the operating model is established.A systematic and integrated approach is one of the strengths of Solidium’s corporate responsibility work.The focus of corporate responsibility work should be increasingly shifted towards value creation in the portfolio companies and the assessment of financial impacts, and responsibility should be integrated in the companies’ value creation plans.The peer dimension should be strengthened in the responsibility analysis.Solidium should also in the future fulfill the owners due diligence obligations. <p>CONCLUSION: Solidium’s current integrated approach to corporate responsibility work functions well. In the future, Solidium should focus even more on corporate responsibility matters which are essential in terms of value creation. Peer benchmarking should also be increased in the analyses.</p>
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New corporate responsibility programme

Solidium's operating model in corporate responsibility matters will continue to be based on an integrated approach. Solidium does not have a full-time corporate responsibility specialist.

The focus areas will continue to be

- 1 Enhancing and securing shareholder value
- 2 Engaging with stakeholders as an owner
- 3 Integrated analysis and the responsibility of Solidium's own operations

We have separately defined priorities which we will focus on in the 2022–2026 programme.

HELSINKI. JOAKIM HONKASALO

Priorities of our 2022–2026 programme:

MATTERS ESSENTIAL IN TERMS OF VALUE CREATION IN THE PORTFOLIO COMPANIES

Promoting sustainable business operations and growing shareholder value in the portfolio companies. Impacts of climate change on business operations and the required plans related to low-carbon transition and other environmental objectives.



PORTFOLIO COMPANIES OUTPERFORMING THEIR PEERS IN TERMS OF CORPORATE RESPONSIBILITY

The portfolio companies have ambitious goals, and they outperform their peers in responsibility topics that are key to each company and their respective industries. The portfolio companies are favourably positioned in terms of attracting ESG fund flows.



ENSURING THE OWNER'S DUE DILIGENCE

The portfolio companies have in place processes that ensure due diligence with regard to human rights, anti-bribery and anti-corruption, ensuring responsibility in the supply chain, protecting biodiversity, tax responsibility, and other key areas of responsibility.



SOLIDIUM ACTS RESPONSIBLY AS AN ORGANISATION AND EMPLOYER

In line with its values, Solidium acts responsibly, manages by example and continuously develops its responsibility competence. Solidium's objective is to achieve carbon-neutrality in its own operations.





HELSINKI. JOAKIM HONKASALO



In connection with the update of the new long-term corporate responsibility programme, we also defined Solidium's expectations of its portfolio companies with regard to responsibility:

Solidium's ESG expectations of its portfolio companies

Operating methods

Solidium expects the boards of directors of the portfolio companies to apply an active approach towards responsibility and to take responsibility into consideration in management's incentives.

Climate

Solidium expects that its portfolio companies have committed to SBTs. Solidium monitors the low-carbon transition measures taken by the portfolio companies, so that the targets set in the Paris Agreement to limit climate change to 1.5 degrees can be reached.

Solidium expects portfolio companies to report on their climate risks and the financial impacts of those (e.g., in accordance with the TCFD framework).

Respect for human rights

Solidium expects portfolio companies to have signed the UN Global Compact initiative and comply with the UN Guiding Principles on Business and Human Rights.

Tax responsibility

Solidium expects transparency from the portfolio companies in their tax reporting.















Solidium's holdings

At the end of the financial year, Solidium was a minority shareholder in twelve listed companies. The companies' combined revenue in 2021 was approx. EUR 71 billion, and they had approx. 220,000 employees in total. The combined market value of the portfolio companies was EUR 88 billion on 30 June 2022.

At the close of the financial year, the market value of Solidium's equity investments was EUR 7,401 million.

In terms of market value, the largest holdings were Sampo, Nokia, Stora Enso, and Elisa. During the financial year, Solidium increased its holdings in Konecranes, Nokian Tyres, and Valmet, and received all Anora shares owned by the Finnish state. In addition, Solidium decreased its holdings in Outokumpu and Sampo, and distributed all its SSAB shares to the Finnish State as a capital repayment. In addition to the equity investments, Solidium had money market

investments worth a total of EUR 405 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 -8.5 per cent. The best returns during the financial year were yielded by Sampo and Elisa.

	 Production, import, and marketing of alcoholic beverages	 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	 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	665*	1,998	2,674	3,186	4,236	22,202	1,714	7,709	9,411	10,164	2,823	3,935
% in Finland	16%*	85%	13%	3%	2%	7%	-	3%	26%	6%	23%	11%
Operating profit EUR million	64*	431	170	220	425	2158	268	705	3171**	1,568	382	399
Personnel	1,055	5,371	4,926	16,573	15,630	87,927	4,915	9,395	13,340	22,094	24,389	14,246
% in Finland	37%	75%	16%	12%	15%	7%	36%	25%	17%	26%	13%	37%***
Return on equity	9%	29%	9%	11%	16%	11%	13%	20%	27%	13%	17%	24%
Market capitalisation EUR bn (30 June 2022)	0.5	8.6	1.8	1.8	5.9	24.9	1.4	1.8	22.1	11.9	2.8	4.3
Net gearing	25%	101%	63%	40%	21%	-26%	-6%	13%	-4%	22%	34%	-7%
Taxes paid according to the cash flow statement EUR million	4.1	76	44	47	64	314	40	7	350	136	41	91

* Pro forma

** Profit before taxes. Sampo does not report operating profit.

*** The combined figure of Valmet and Neles on 30 June 2022.



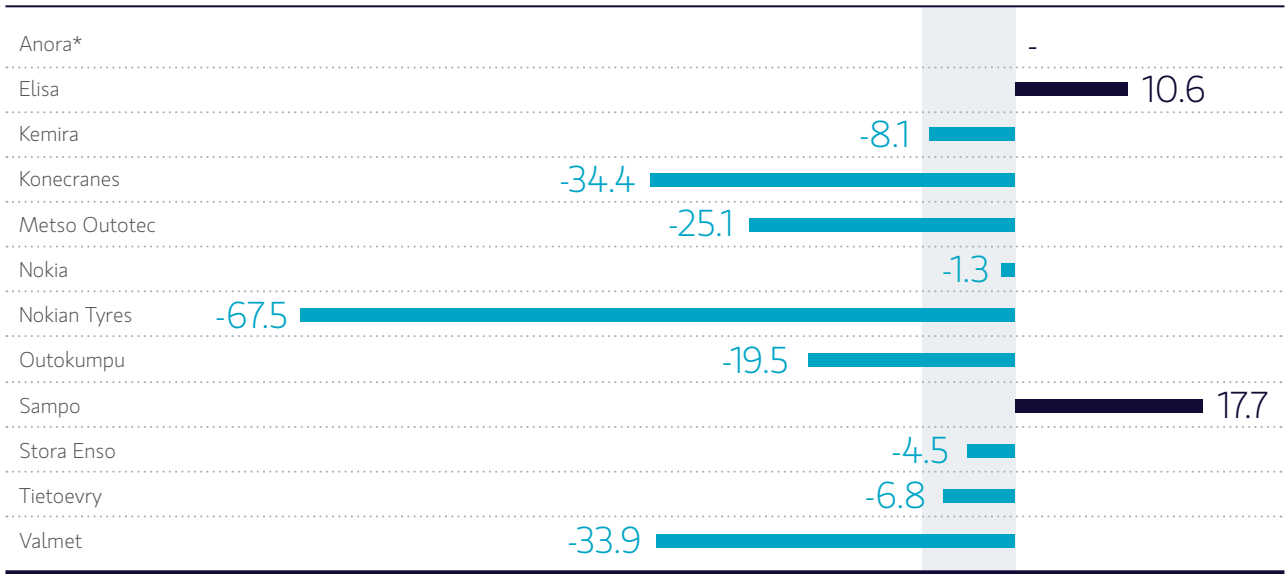
Solidium's holdings

-8.8 %

The return on Solidium's equity investments was -8.8 per cent during the financial year. The best returns during the financial year were generated by Sampo and Elisa, whereas the war in Ukraine had a particularly negative effect on Nokian Tyres.

Return of Solidium's equity holdings, %

Return of Solidium's equity holdings 1 year



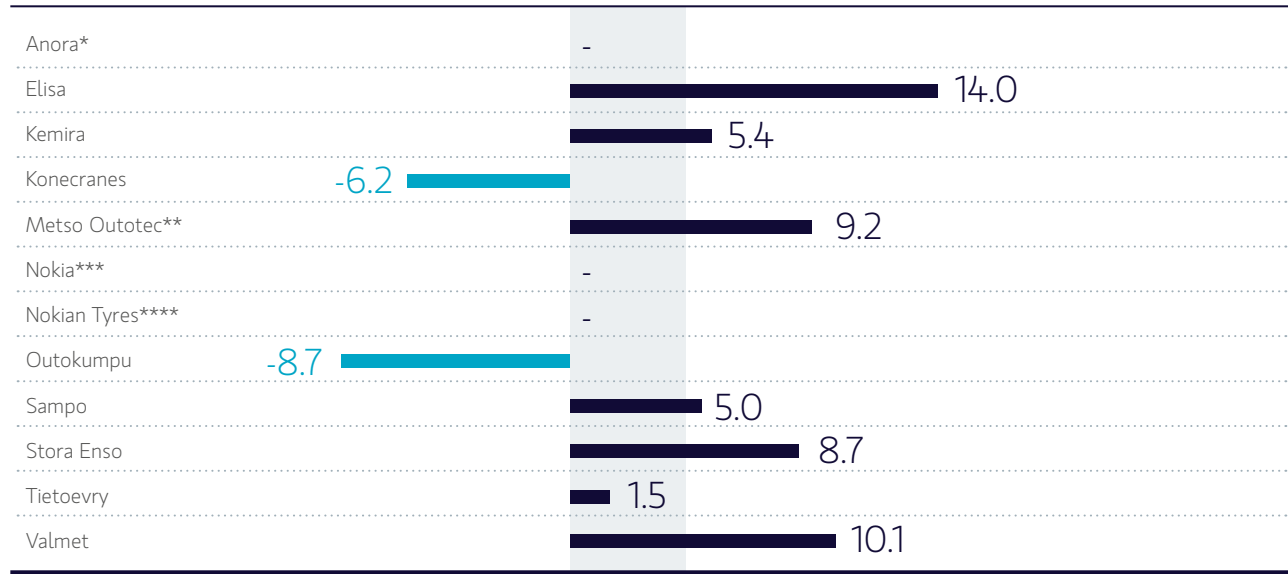
* The Anora shares were transferred to Solidium in the autumn of 2021.

4.4 %

The total return on Solidium's equity holdings during the period of five years was 4.4 per cent. The best returns were generated by Elisa, Valmet and Metso Outotec.

Return of Solidium's equity holdings, %

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



* The Anora shares were transferred to Solidium in the autumn of 2021.

** 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

Company	Market value 30 June 2021	Transactions	Dividend	Change in value	Market value 30 June 2022	Share of equity holdings
Anora*	0	145	6	-38	101	1.4%
Elisa	846		34	90	901	12.2%
Kemira**	210		9	-16	184	2.5%
Konecranes	240	34	10	-86	178	2.4%
Metso Outotec**	1,210		27	-300	883	11.9%
Nokia	1,359		6	-17	1,336	18.1%
Nokian Tyres**	415	29	15	-293	136	1.8%
Outokumpu	437	-86	11	-60	279	3.8%
Sampo	1,716	-498	136	300	1,382	18.7%
SSAB***	251	-271	0	20	0	0.0%
Stora Enso	1,385		46	-57	1,282	17.3%
Tietoevry**	343		17	-22	303	4.1%
Valmet	614	52	20	-209	436	5.9%
Total	9,024	-595	339	-689	7,401	100%

* The Anora shares were transferred to Solidium on 25.11.2021. The transaction EUR 145 million includes the transfer tax that Solidium paid.

** The companies paid dividends also in the autumn of 2021. These are calculated to dividends received during the financial year.

*** The SSAB shares were transferred to the State of Finland on 14.9.2021.

Transactions by financial year

Important events ****

■ Disposals and capital repayments in shares EUR million
■ Acquisitions and share transfers EUR million

2021/2022

- Capital repayment to the State of Finland: SSAB A (EUR 120 million), SSAB B (EUR 151 million)
- Divestment of Outokumpu shares (EUR 86 million)
- Divestment of Sampo shares (EUR 498 million)

- Anora shares transferred from the State of Finland (EUR 145 million)
- Additional investments in Nokian Tyres (EUR 29 million)
- Additional investments in Valmet (EUR 52 million)
- Additional investments in Konecranes (EUR 34 million)

-855 260

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)

-490 227

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)

-578 410

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)

-155 359

2017/2018

- Purchases of Stora Enso's A shares (EUR 25 million) and divestments of R shares (EUR 24.6 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)

-1,416 958

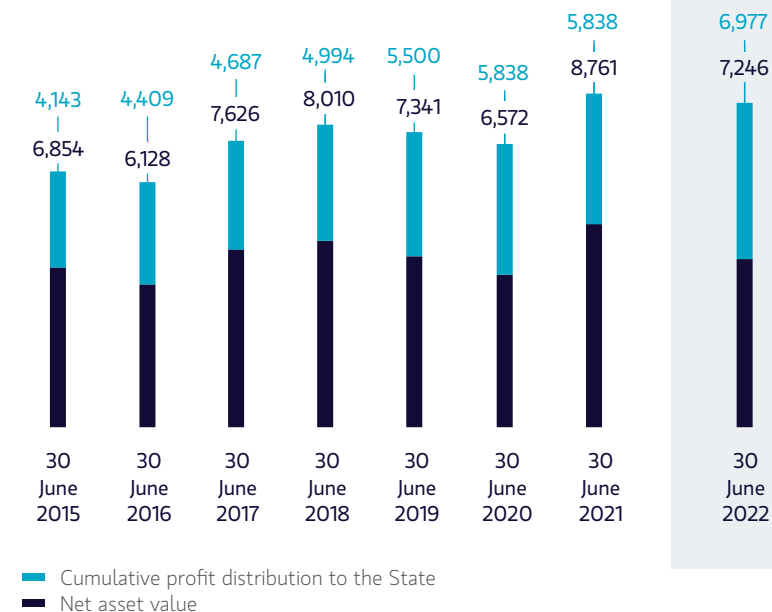
**** More specific information is available on Solidium's website.



Solidium's holdings

Net asset value development, EUR million

As a result of the weak development in the stock market, the net asset value decreased during the financial year. The nervousness in the market was due to the Russian invasion of Ukraine, inflation, increased interest rates, and recession fears. The cumulative distribution of profits to the State between the beginning of Solidium's operations and the balance sheet date is EUR 7.0 billion. The net asset value adjusted for profit distribution increased 135 per cent in 2009–2022, or an average of 6.8 per cent per year.



Net asset value calculation, EUR million

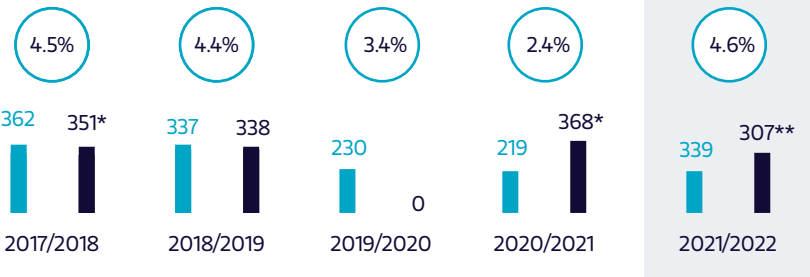
	30.6.2021	30.6.2022
Tangible and intangible assets	0.2	0.2
Equity investments	9,024.2	7,401.4
Current receivables	2.6	0.2
Money market investments	567.5	405.5
Assets, total	9,594.5	7,807.3
Current liabilities	-1.0	-1.1
Non-current liabilities	-0.0	-0.0
Deferred tax liability	-832.9	-560.6
Liabilities, total	-833.9	-561.7
Net asset value	8,760.6	7,245.6
Change during the financial year	2,188.5	-1,515.0
Change during the financial year, %	33.3%	-17.3%



Solidium's holdings

Profit distribution received and paid by financial year, EUR million

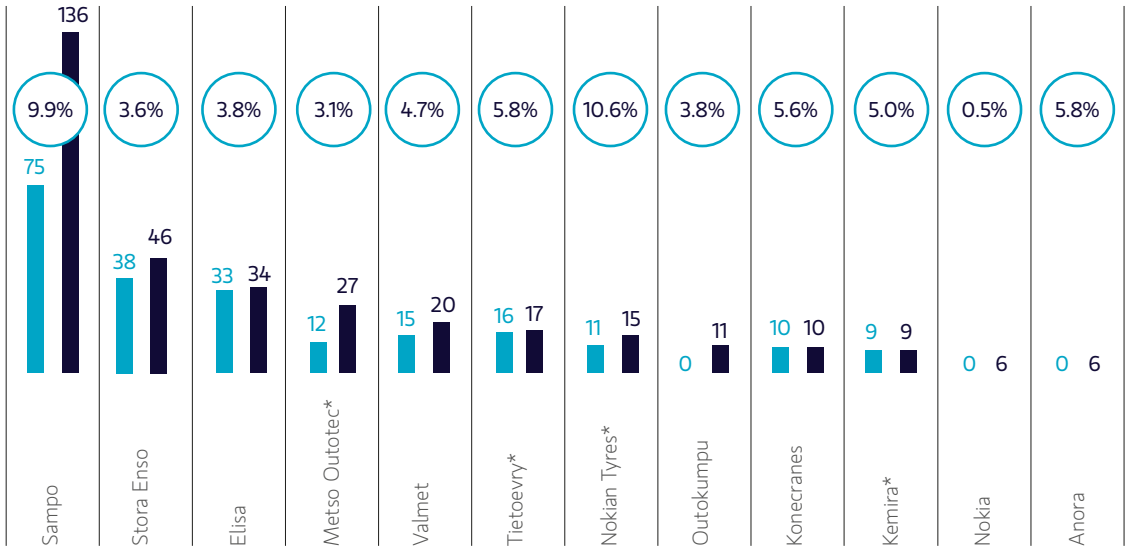
The profit distribution proposed by the Board of Directors for the past financial year is EUR 307 million. The dividend yield from Solidium's holdings increased to 4.6 per cent.



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

* Funds have also been transferred as capital repayment to the State owner.
** Proposal by the Board of Directors.
*** 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.

Profit distribution received during the financial year, EUR million



■ Profit distribution received in 2020–2021
■ Profit distribution received in 2021–2022
○ Dividend yield in 2022**

* The companies also paid dividends in the autumn of 2021. These are included in the dividends received during the financial year.
** 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.



A stronger foundation for the next era

Anora is a leading wine and spirits brand house in the Nordic region. Anora was born through the merger of Altia Oyj and the Norwegian company Arcus ASA in September 2021.

The combined revenue of the merged companies was approximately EUR 665 million in 2021. Anora employs approximately 1,100 people in Northern Europe, France and Germany. There are approximately 400 employees in Finland, and the company's headquarters are located in Helsinki. On 25 November 2021, the State of Finland transferred all of the 13,097,481 shares it owned in Anora Group, which correspond to 19.4 per cent of Anora's share capital, from the Prime Minister's Office to Solidium.

Solid grounds for the merger of Altia and Arcus

The companies complement each other both geographically and in different product categories. The merger brings efficiency gains throughout the value chain and makes it possible to expand in the Nordic core markets and to accelerate growth in new markets. The expected annual EBITDA net synergies are EUR 8–10 million, and the goal is to achieve 80 per cent of them within two years of the merger. So far, the integration has proceeded on schedule and according to the plans.

Two-fold past year for the company

Anora's year 2021 result was exceptionally good driven by the Covid-19 pandemic. The majority of the company's revenue originates from the alcohol monopolies of the Nordic countries, and during the pandemic, monopolies' sales volumes were on a

particularly high level. As the Covid-19 restrictions have been lifted, demand is returning to other channels, such as restaurants and cross-border trade, in which Anora's market share is proportionately lower. The result for 2022 is also weakened by the increased raw material costs. Finnish barley is the company's most important raw material, and its price has increased considerably, in part due to the poor harvest in 2021 and in part as a result of the imbalance in the global demand and supply of grain. However, the company has taken required measures to secure availability, and price increases will continue throughout the remainder of the year.

International growth proceeding quickly

In June 2022, Anora announced it will acquire the Danish wine company Globus Wine. Anora did not have significant wine business in Denmark from before, but with this acquisition Anora becomes the market leader at one go. The acquisition is also a logical next step in Anora's internationalization.

Next milestone: the Capital Markets Day in the autumn of 2022

During the current year, it is likely that the stock market will focus on the company's new strategy and objectives, which are expected to be published in the Capital Markets Day in the autumn of 2022.

2022

ANORA



"The integration has started well."

Victor Jansson
Analyst

Share of
Solidium's
equity holdings

1.4%

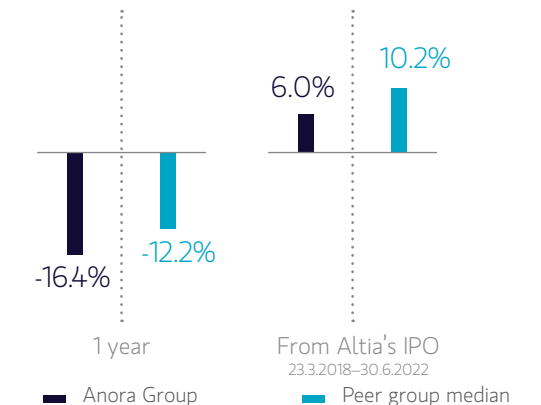
Market value
of the holding
30 June 2022
EUR million

101.4

Major events

- ◆ The Altia-Arcus merger and deployment of integration
- ◆ Globus Wine acquisition
- ◆ Solidium's representative elected to Anora's board of directors in accordance with Solidium's strategy

Annualised return





Good development in mobile services

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

During the past year, Elisa continued its strategy execution and steady positive development that has continued for several years. As a result, Elisa's revenue grew by 7 percent and earnings per share by 8 per cent, which enabled Elisa to increase their dividend to EUR 2.05 per share in the spring of 2022. The dividend has increased for eight consecutive years. In addition, the company published its new responsibility targets and indicators, that focus on the carbon handprint, energy efficiency, cyber security, innovations and equality.

Mobile services supported by consumers' shift to 5G subscriptions and faster 4G subscriptions

The development was particularly positive in mobile services, where the service revenue grew by 6 per cent during the year. Elisa's 5G investments progressed well, and the company has the widest 5G network in Finland, covering over 80 per cent of people in Finland in 180 localities. The 5G subscriptions have been welcomed by consumers, and the customer satisfaction of 5G customers is higher compared to other customers. There is still plenty of untapped growth potential provided by 5G, as only a minor share of consumers has switched to a 5G subscription, although more than 90 per cent of the new phones sold are 5G-compatible. At the same time, the price premium of 5G subscriptions has remained at more than EUR 3 per subscription. In addition, growth has been generated by consumers actively switching to faster 4G subscriptions and the changes Elisa has implemented in pricing.

Growth in digital services for corporate customers

Elisa has also generated growth in the digital services for corporate customers. The Covid-19 pandemic and the development of connections have highlighted the importance of digitalisation in customers' business operations and working environments, thus accelerating the sales of solutions for remote work, cyber security, 5G and IoT. In corporate use, the breakthrough of 5G in large scale still requires applications that create industry- and customer-specific added value, and the development and implementation of such applications is relatively slow. In addition to data transfer solutions, Elisa is involved in the development of IoT and automation solutions through its international digital services offering. In the recent years, growth has been actively pursued in these digital services through small-scale acquisitions. According to the company in the spring 2022 the international digital services also achieved solid organic growth. With regard to value creation, it is particularly important that Elisa would be able to achieve and show continuous organic growth for these services, and that they would also support earnings growth in the long run. In addition to organic growth, inorganic growth with reasonable risk level in order to grow international digital services seems lucrative.

2022



"Progress in international digital services."

Pauli Anttila
Investment Director

Share of
Solidium's
equity holdings

12.2%

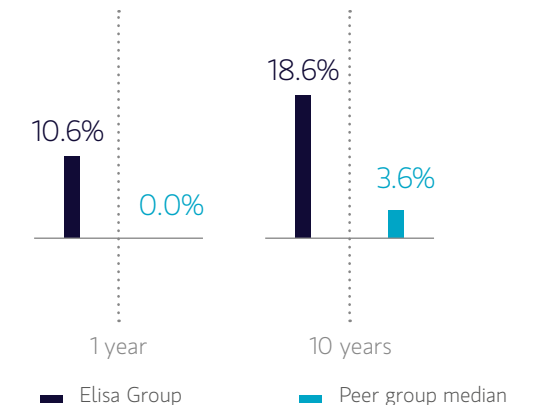
Market value
of the holding
30 June 2022
EUR million

901

Major events

- Strong growth in mobile service revenue
- New sustainability metrics and targets
- Acquisitions in international digital services

Annualised return





Steady performance despite a challenging raw material cycle

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

In the second half of 2021, the prices of the company's key raw materials and energy took an exceptionally steep upward turn, which is why the company has implemented global price increases several times to compensate for the increased costs. The inflation pressure, issues with the availability of raw materials and various logistics concerns decreased the company's 2021 EBITDA margin to 15.9 per cent, although it was still within the targeted EBITDA margin range of 15–18 per cent.

The war in Ukraine has further strengthened the aforementioned themes. However, demand for Kemira's pulp and water chemicals products has been strong, and the utilisation rate of the company's plants has been good. The good demand and price increases enabled the company to achieve the highest revenue and EBITDA in its history in the first half of 2022. Compared to the situation a few years ago, the company is now better positioned to operate in a more challenging raw material cycle as well.

Capacity expansions to continue

In the autumn of 2021, the company announced investments in the production of ASA sizing agents, intended for improving the water resistance of paper and packaging board, in China. The new capacity will considerably expand the company's capacity to produce ASA and further strengthens the company's position as a leading manufacturer of ASA sizing agents in the Asia-Pacific region. In addition to the investment in Asia, the company's expansion investment in a production facility by UPM's factory in Uruguay is expected to be completed in the first months of 2023. In

our view, new investment projects in emerging markets are important in terms of strengthening the company and achieving profitable growth.

Strategy to increase biobased products is progressing

The company strives to increase revenue from biobased products from the current slightly over EUR 100 million to EUR 500 million by 2030. During the past year, the company has progressed with its plans, and in May 2022, it announced a new licence and delivery agreement with Danimer Scientific on the commercialisation of biobased barrier coatings for paper and board products, spanning several years. The objective of the cooperation launched at the end of 2020 is to develop new kinds of coating and surface treatment methods, which help make products biodegradable and provide an alternative to traditional plastics.

In addition, the company achieved a major breakthrough in the production of biobased water-soluble polymers earlier. The manufacture of the new polymers follows the principles of biomass balance, in which the majority of fossil raw materials have been replaced by biobased and renewable raw materials. In June 2022, the company launched a new Growth Accelerator unit to accelerate the commercialization of new biomaterials. The new unit will support company's both segments to commercialize biobased products and create new business opportunities. In addition, in June 2022, the company set new more ambitious climate targets, and committed to the SBT-initiative.

2022

kemira



“The transition to biobased products plays an important role.”

Toni Nurmi
Associate

Share of
Solidium's
equity holdings

2.5 %

Market value
of the holding
30 June 2022
EUR million

184

Major events

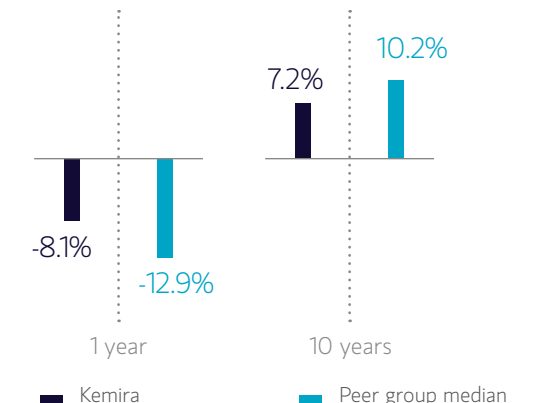
A decision was made to invest in the expansion of the production capacity of ASA sizing agents in China

A licence and delivery agreement signed on the commercialisation of bio-based barrier coatings, spanning several year

New Growth Accelerator unit to support commercialization of biobased products

Committing to the SBT-initiative

Annualised return





2022

Singificant potential for value creation as an independent company

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 service for lifting equipment of all crane makes.

In October 2020, Konecranes and Cargotec announced their plan to combine their operations through a merger. The announcement was followed by a long process of obtaining the permissions required for the combination. However, the plan ultimately derailed as the UK Competition & Markets Authority blocked the merger at the end of March 2022. The combination plan fell through, and the companies will continue to develop their own business operations as independent companies. The combination was an interesting strategic option, but in our view, Konecranes possesses significant potential for value creation as an independent company as well. Anders Svensson will start as the new CEO on October 2022, and the company will communicate its new strategy in the Capital Markets Day to be held in the first half of 2023.

Responsibility is an important priority for Konecranes, and at the beginning of 2022, the company released its new science-based climate goals based on the Paris Agreement objectives of limiting the global warming of the climate to 1.5 degrees Celsius. Based on this, Konecranes is committed to reducing the emissions of its own operations by 50 per cent and the emissions of its value chain by 50 per cent by 2030, including the use of the products sold and purchases related to steel.

A year of ups and downs

The past year has been successful in many ways, although there were several challenges along the way. Demand has been very strong in all Konecranes' segments, and order books have broken new records several quarters in a row. Service operations, the major contributor to the company's profitability, have succeeded well in improving their profitability. There are also hopes that growth of that business will accelerate. On the other hand, the shortage of components, inflation and delivery difficulties have caused challenges. Profitability of the new equipment operations, in both industrial and harbour equipment, has not been satisfactory. The strong order book will support revenues, especially during 2023.

Impacts of the war in Ukraine

Konecranes condemned Russia's attack to Ukraine, stopped sales to Russia and will run down its business there. Konecranes has more than 400 employees in Ukraine, and the company strives to support them in various ways. The company has a factory in Ukraine. Due to the war, this manufacturing has been moved to other factories.



"Excellent order book despite of the challenges."

Joonas Hytti
Associate

Share of
Solidium's
equity holdings

2.4%

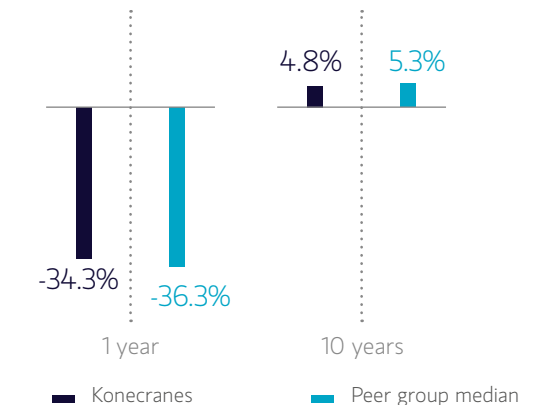
Market value
of the holding
30 June 2022
EUR million

178

Major events

- ◆ Cargotec merger was cancelled
- ◆ New CEO announced
- ◆ SBTi objectives of 1.5 degrees Celsius

Annualised return





Results through the merger

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

The past year was successful for growth and profitability improvement. The strong mining market continues, driven by good demand for metals and the high commodity prices. Initially, the Covid-19 pandemic hampered maintenance offering demand, but with the pandemic subsiding, maintenance orders have picked up again. The company has compensated for the occasional setbacks caused by supply chain challenges and inflation through active pricing and merger synergies.

Products for sustainable development

Responsibility plays an increasingly important role for the company’s stakeholders, which is why it is crucial to invest in the resource efficiency of products to maintain competitiveness. In 2021, Planet Positive products for sustainable development accounted for approximately 14 per cent of revenue, and their targeted sales growth is more than 10 per cent per year. In addition, the company has invested in digital services, such as remote monitoring of equipment and a digital twin, which enables customers to analyse operative data for improved resource efficiency and a reduced carbon footprint.

Synergy targets met

Metso Outotec clearly met its cost synergy targets of EUR 120 million and, at the end of 2021, reached an annual level of EUR 142 million. In revenue synergies, the target was EUR 150 million, of which EUR 110 million was achieved. In addition, the value of

orders in the order book was EUR 115 million at the end of 2021. The successful implementation enabled the company to discontinue external reporting in the synergy programme. The synergies support the company’s goal of an EBITA margin of 15 per cent and contribute to profitability amid cost pressures.

Growth dipped due to Russia

Russia has been a significant market for Metso Outotec’s minerals processing and metals refining. In 2021, it accounted for approximately 10 per cent of the company’s sales. When the war in Ukraine began, Metso Outotec announced it would no longer accept orders from Russia and would wind down the existing agreements. In the short term, this may cause a small dip in growth, but due to the high demand for metals, the share lost in Russia will likely be compensated for by growing investments in mining and metal production in other markets.

Changes in metals refining

Once the integration process was finalised, the company continued to develop its business portfolio. The hydrometallurgy operations were transferred from Metals to Minerals. The rest of the Metals business (smelting, metals and chemicals processing, iron and heat transfer, and the related service business) was placed under strategic review. The options are for the company to develop the operations itself or with a partner, or to divest them.

2022

Metso:Outotec



“Integration synergies supported profits amid inflation pressures.”

Annareetta Lumme-Timonen
Investment Director

Share of Solidium’s equity holdings

11.9 %

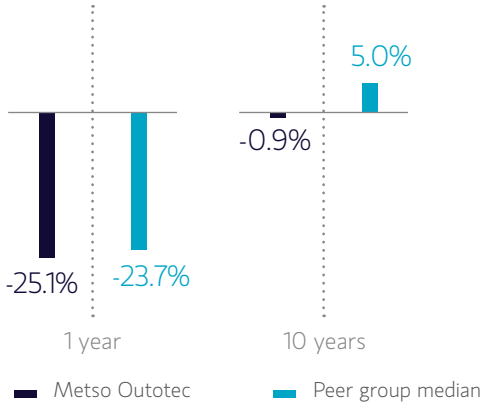
Market value of the holding 30 June 2022
EUR million

883

Major events

- Successful completion of integration
- Strong development of order book
- Strategic review of Metals refining moving forward

Annualised return





Increased earnings through a strengthening product portfolio

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.

During the year, Nokia focused on implementing the strategy that the company selected at the end of 2020. The strategy's cornerstones were independent competitiveness of the business units and pursuing technology leadership in each unit. Thus, Nokia has increased its R&D investments and introduced new product releases and product improvements broadly to the market. The company's AirScale 5G product family is highly competitive in mobile networks, the FP5 network processor built on the company's own technology is a leading solution for routers, and the company has extremely competitive solutions serving the fixed networks market. The technological competitiveness and the new organisational model, together with the strong end market, have helped Nokia grow both their revenue and earning per share. As a result, the company started paying a quarterly dividend per share of EUR 0.02 and launched a EUR 600 million share buyback programme extending over two years.

Next step: scale growth through market share wins

Nokia's scale has been supported by the end product market's powerful pull, as operators increase their 5G and fibre optic investments and companies accelerate the building of their own information gathering and data transfer infrastructure amid the expanding use of private networks, IoT applications and edge computing. However, Nokia's market share development in the strategically important mobile network market has concurrently been weakened by the earlier poor competitiveness of the product portfolio, which has recently manifested in the weak market share

development in North America, in particular. In future, it will be crucial for the company's growth and profitability development to bring the market share development in the mobile network market to a growth path by taking advantage of the new technological competitiveness, the good offering that serves corporate clients, and the growing pressure to use Western equipment suppliers.

Supply chain and technology risks have decreased but are still present

Ever since the beginning of the Covid-19 pandemic, global supply chains for semiconductor products have been under pressure. For the most part, Nokia has succeeded in minimising risks in the supply chain, and the availability of semiconductors is expected to slowly improve as the demand for components levels out and new supply enters the market. At the same time, the company's technology risk is lower than in the past few years, but the entire industry is characterised by an ongoing technological transformation. Nokia should be able to make adequate continuous investments in research and product development in order to provide the clients with highest added value compared to both traditional competitors and newcomers, whether they rely on open architecture, software expertise or new business models.

2022

NOKIA



"The new strategy is starting to bear fruit."

Petter Söderström
Investment Director

Share of
Solidium's
equity holdings

18.1 %

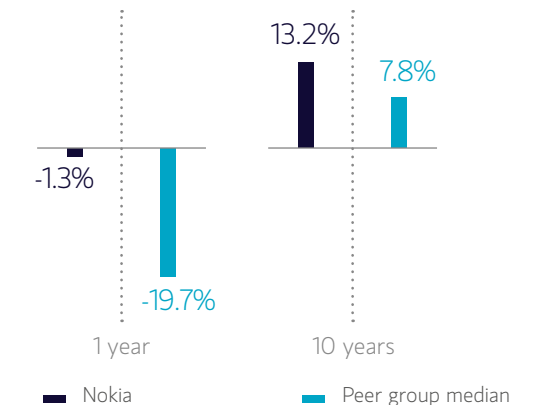
Market value
of the holding
30 June 2022
EUR million

1,336

Major events

- Continued dividend payment
- Turnaround of the 5G portfolio is "completed"
- Increased profitability targets

Annualised return





A significant change of direction ahead

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

In 2021, Nokian Tyres achieved the highest net sales ever and company's market position strengthened in all key areas. At the beginning of 2022, it seemed that the company could reach its revenue target of EUR 2 billion, set during the 2021 Capital Markets Day, clearly ahead of schedule. However, due to the war in Ukraine that began in February and shocked the world, company's outlook changed dramatically, and its most significant risk began to materialize. Unfortunately, the company is now in a very different situation than before the war and it will take long time to rebuild the company.

Significant measures right after the war began

The impacts of the war in Ukraine on the company are considerable, as in 2021, approximately 80 per cent of the company's passenger car tyres were manufactured in Russia, and Russia was an important market for the company. As soon as the war began, the company started making plans to limit the financial and operational impacts, halted investments in production in Russia and suspended the sales and export of heavy tyres to Russia. Due to the war in Ukraine and the subsequent, tightening sanctions it is no longer feasible for the company to continue operations in Russia. In June 2022, company decided to initiate a controlled exit from the Russian market. As part of the process, the company recorded impairments of approximately EUR 300 million related to the Russian assets in the second quarter of 2022. In the current situation, we consider the decision to exit the Russian market to be the right decision.

However, it is good to remember that the investment in the Russian operations in the early 2000s has been a success in financial terms.

Strong balance sheet enabling investments for the future

To replace the capacity in Russia, the company has continued and tried to accelerate its plans to increase its production capacity at the factories in Nokia, Finland, and in Dayton, the United States. Most importantly, the company plans to invest in new production in Europe, which would replace the volumes lost from the Russian factory, to serve especially the Central European market. In the interim phase, the aim is to defend the market position by offtake agreement with other tyre manufacturers.

Fortunately, the company's balance sheet is currently strong and enables investments of hundreds of millions of euros to build a new production facility in Europe. In the spring of 2022, the dividend was also cut to support this. As one of the significant owners of Nokian Tyres, we support the company and its management in the middle of a rebuilding which will take several years. We believe that Nokian Tyres will be a successful and specialized tire manufacturer also in the future that is a leading player especially in winter tyres and environmental responsibility.

2022



"The Russia risk materialized, a new direction in the making."

Pauli Anttila
Investment Director

Share of
Solidium's
equity holdings

1.8 %

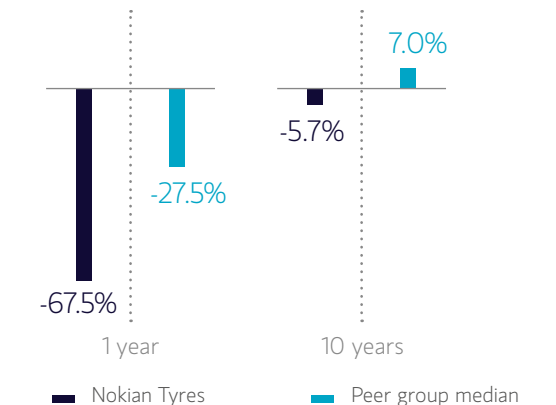
Market value
of the holding
30 June 2022
EUR million

136

Major events

- A controlled exit from Russia initiated
- Plans to invest in new production capacity in Europe
- The spring 2022 dividend was cut from EUR 1.20 to EUR 0.55 per share

Annualised return





Company's position transformed by the record year

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

The past year was successful for Outokumpu, as a result of a strong market and good operative business. The steel market started to recover at the beginning of 2021 and Outokumpu's EBITDA performance was record high in 2021. Despite the war in Ukraine and the pandemic, the operations in the first half of 2022 continued to be strong and Outokumpu has succeeded in continuing its record performance. The level of steel and ferrochrome prices has remained high, which has also supported the company's result. The good performance enabled Outokumpu to pay dividends again, and its balance sheet is solid, which puts the company on more firm ground considering potential future down cycle.

Challenges in the spring were pulled through

There was an unprecedented spike in the price of nickel in the spring, which is why London Metals Exchange (LME), the most important international marketplace for nickel, had to close trading in nickel for several days. As a result, the pricing of stainless steel became challenging for customers. However, the market and pricing were ultimately restored to normal. In addition, the war caused the price of energy and electricity to soar throughout Europe. However, Outokumpu had hedged its electricity agreements well, and the location of its production facilities primarily in the Nordic countries helped the company to navigate this challenge reasonably well compared to its European competitors. The increased inflation affects Outokumpu as well, but the

company has succeeded in compensating for the effects of inflation through pricing and strategic streamlining measures. Due to the increased price difference of steel, import from Asia has been increasing starting from the fourth quarter of 2021. Weakened overall economic situation together with increased import have put steel prices to decline especially in Europe. However, this would be seen with lag in Outokumpu's profit due to long contracts and order book.

Successful strategy implementation

Outokumpu's strategy implementation has progressed extremely well. The company's original objective was to achieve an annual improvement of EUR 200 million in EBITDA through efficiency and commercial measures by the end of 2022. This was achieved as early as the end of 2021, and a decision was made to raise the objective to the level of EUR 250 million. This was achieved by mid-2022. In addition, good demand and the streamlining measures have enabled Outokumpu to reduce its indebtedness considerably. During the past year, the net debt decreased from approximately EUR 900 million to EUR 300 million. The exemplary strategy implementation enabled Outokumpu to introduce in its June Capital Markets Day the next part of its strategy: seeking efficiency and productivity growth by making targeted investments in its core business.

2022



"Outokumpu excelled at meeting its objectives."

Joonas Hytti
Associate

Share of
Solidium's
equity holdings

3.8%

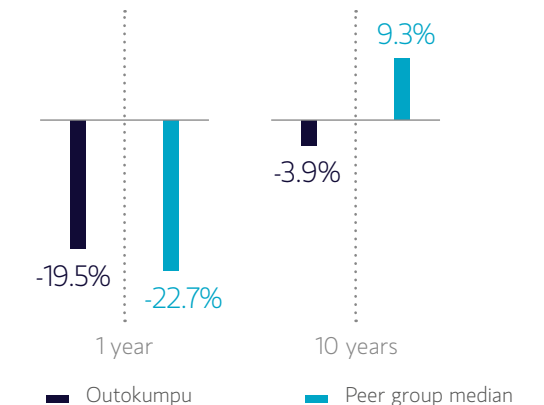
Market value
of the holding
30 June 2022
EUR million

279

Major events

- Record-strong year
- First part of the strategy implemented
- Back to paying dividends

Annualised return





Successful exit from Nordea

The Sampo Group's business areas are P&C insurance and life insurance primarily in the Nordic countries.

As expected, Sampo confirmed at the beginning of 2021 that the company's focus will be on the 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. Subsequently, a significant reduction in the company's holding in Nordea was defined as Sampo's strategic objective. This objective was met in full as early as the spring of 2022 with Sampo selling the remaining 5 per cent stake. Over the course of 15 years, Sampo succeeded in receiving a reasonable annual yield of approximately 9 per cent on its initial investment of approximately EUR 5.6 billion. This was contributed by Nordea's steady and determined progress in the recent years towards its financial targets for 2022.

The profitability of If's insurance operations has continued on a record level, even though the favourable impact of the Covid-19 pandemic on claims frequency has decreased considerably. The level of growth has also been good for If, and based on the latest statistics, the company has at least maintained its market shares. The positive development has been supported by the fair competition in the Nordic P&C insurance market. The price increases that If and its competitors have successfully implemented have been even faster than the claims inflation. It has also been a pleasure to follow If's recent measures to reduce emissions, the most significant of which is the company's published commitment to the Science Based Targets initiative (SBTi).

A good start in the reorganisation to streamline the Group structure

Sampo's strategic intention to grow its P&C operations was already visible in the autumn of 2020, when the offer to purchase Hastings was realised. Initially, Sampo's holding in Hastings was 70 per cent, but already in December 2021 Sampo was able to increase its holding to 100 per cent. During the past 12 months Hastings' operational development has been weaker than expected, partly due to market and regulatory changes. The rapid claims inflation has taken Hastings and other players in the UK market by surprise. We expect that the normalisation of the market and the company's own corrective measures will improve the situation.

Allocation of capital is essential for future value creation

Sampo received funds exceeding EUR 7 billion from the sales of Nordea's shares. More than EUR 2 billion of them have been repaid to Sampo's shareholders through an extra dividend and share buybacks. Some of the sales proceeds has been or will be spent on the repayment of debt instruments. In the future, returning excess capital to the shareholders will continue to depend on the prerequisites of implementing the reorganisations that streamline the Group structure and of the related schedules.

2022

SAMPO  GROUP



"If's strong earnings performance continues."

Victor Jansson
Analyst

Share of Solidium's equity holdings

18.7 %

Market value of the holding 30 June 2022

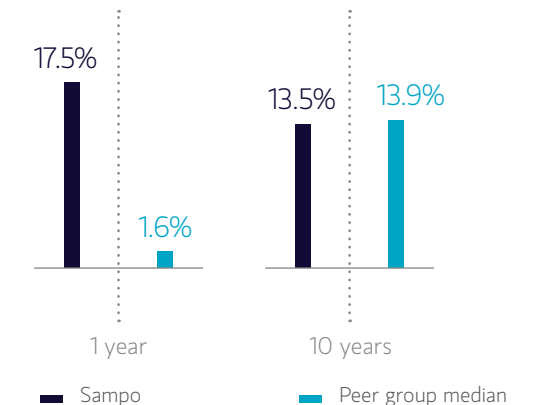
EUR million

1,382

Major events

- ◆ All Nordea shares were sold
- ◆ Hastings fully owned by Sampo
- ◆ If's commitment to the SBTi objectives

Annualised return





Strategy focuses on growth in packaging materials

Stora Enso is a leading global provider of renewable solutions in packaging, biomaterials, wooden construction and paper.

Stora Enso's operative performance during the year was very strong, as the market was favourable for an integrated producer such as Stora Enso, nearly self-sufficient in terms of energy. Especially the high prices of wood and packaging materials enabled Stora Enso to nearly double its operative EBIT to EUR 1.8 billion during the past year. The strong performance makes it possible for the company to invest in growth and to increase its dividend-payment capacity.

Packaging materials at the core of growth investments

During the year, Stora Enso consistently continued the implementation of its new strategy. The investment plans support the company's development towards an even stronger supplier of packaging materials and solutions. In 2022, the converted kraftliner machine in Oulu shows in revenue and result in full for the first time. Following the successful conversion in Oulu, the company has announced it will conduct a feasibility study on converting the second decommissioned paper line in Oulu for consumer paperboard production. It would be a significant investment, bringing the company an additional revenue of ca. EUR 800 million. The company also makes smaller-scale investments in increasing the liquid packaging board capacity in Skoghall, containerboard capacity in Varkaus and a containerboard recycling plant in Poland. At the same time, Stora Enso continues to develop lignin-based battery materials, and announced a research collaboration with Northvolt in order to develop and commercialize wood-based battery materials towards industrial scale solutions.

Plans to fully exit the paper business

In the autumn of 2021, Stora Enso closed its paper mills in Veitsiluoto and Kvarnsveden and sold the mill in Sachsen. In 2022, the company announced that it plans to sell four of the five remaining paper mills and is conducting a feasibility study to convert the fifth one to produce containerboard in the future. This would complete Stora Enso's exit from the shrinking and challenging paper market, and the company would focus on the growing markets for packaging, pulp, sawn wood and bioproduct markets in future. Exiting the paper market is aligned with the company's strategy and completes the company's long transition from a paper manufacturer to its current form.

Wood procurement challenged by geopolitics

As a result of the war in Ukraine, Stora Enso sold its sawmills and packaging operations in Russia to a local company and discontinued the procurement of wood from Russia. The impact of the divestment of the business operations on the company's result is minimal. Replacing wood previously imported to Finland from Russia will create greater challenges. Previously, imported wood from Russia accounted for 10 per cent of wood use in Finland, which must now be replaced by increasing procurement from Finland, Sweden and the Baltic countries. The weakened availability of wood further highlights the importance of forest ownership and sustainable management of forests. As part of this, Stora Enso continuously works to develop its forest with regard to sustainable use, carbon binding and biodiversity.

2022



“Record-year in an exceptionally strong end product market.”

Annareetta Lumme-Timonen
Investment Director

Share of Solidium's equity holdings

17.3 %

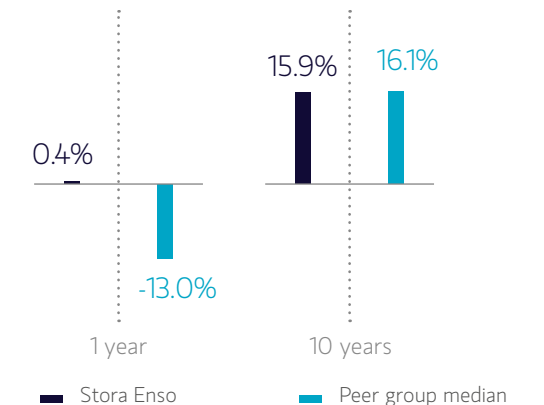
Market value of the holding
30 June 2022
EUR million

1,282

Major events

- Strong operational execution and result
- Growth investments in packaging materials
- Decision to exit the paper business completely

Annualised return





Clear strategic 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.

After a challenging first months in 2021, the company’s revenue started to grow in the second half of the year as a result of strong demand for digital services at the end of the year. The year 2022 also got off to a promising start, and the company succeeded in growing organically by five per cent in the first half of the year. The strong demand has also contributed to an exceptionally brisk employee market, which has affected the entire sector through high employee attrition and higher salary inflation. In addition, profitability has been weakened by the challenges in the company’s traditional infrastructure business, which is why, the company had to initiate cost-saving measures in order to strengthen competitiveness and improve profitability of the business.

Streamlined company through renewed strategy and a segment structure

In October 2021, the company published its new Group strategy and established six specialised business areas with each having a full operative responsibility. Each business area also develops its operations in accordance with the market dynamics of their respective service areas. In the new Group structure, the company’s core business will in future include consulting and product development services (Create), well-being and healthcare software (Care) and software products for the financial sector (Banking). The company intends to focus investments on these areas in future to strengthen growth. In accordance with the new strategy, the company is seeking partners to strengthen scale and maintain competitiveness in the infrastructure services (Connect) and infrastructure modernisation and application management

services (Transform), which have been decelerating company’s growth in recent years. In the new structure, other software operations (Industry) are a more separate set of different softwares, the future of which will be considered on a software-specific basis.

We believe that the new strategy creates value

In our view, the new Group strategy is a good and logical step that streamlines the company’s business structure and allocates the company’s investments to the correct business areas. Moreover, we believe that the new segment structure will not only highlight the growth and profitability potential of the company’s core business but also reveals the sum-of-the-parts discount of the group clearer compared to the previous structure.

In July 2022, the company announced to initiate a strategic review of its Banking business, including a process to study the potential separation of the business into an independent company. We believe that a potential listing on a stock exchange would bring flexibility to accelerate the growth of the business and be a way to unlock the sum-of-the-parts discount of Tietoevry group. In terms of value creation, it is also essential to find solutions as soon as possible for the Connect and Transform segments, which are burdening the company’s profitability and growth outlook. Correspondingly, we believe that acquisitions to grow scale and the market presence especially in consulting and well-being software, would create value in the long term.

2022



“We expect active solutions for the implementation of the Group strategy.”

Petter Söderström
Investment Director

Share of Solidium’s equity holdings

4.1 %

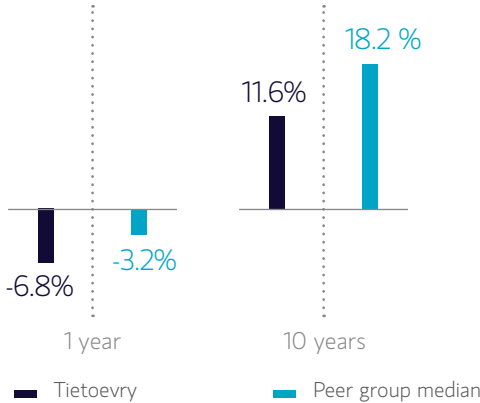
Market value of the holding 30 June 2022
EUR million

303

Major events

- The new strategy and segment structure was announced in October 2021
- Streamlining measures are taken in the Connect business area to accelerate cloud-based operations and improve the segment’s competitiveness
- Initiating a strategic review of Banking business in July 2022

Annualised return





Merger of Valmet and Neles provides added support for growth

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

Valmet's most significant strategic venture during the past year was completing the merger with Neles. In July 2021, Valmet and Neles announced they had signed a combination agreement and a merger plan, and in September, the Extraordinary General Meetings of both companies approved the merger. The combination was completed in April 2022, and as a result, the valve and valve automation solutions of Neles will in future support Valmet's process technology, service and automation offering. We strongly believe that the merger offers synergies and will result a more comprehensive and competitive offering than before for Valmet, enabling the company to serve the needs of the process industry more extensively. This is also illustrated by the increase of Valmet's targeted profitability range post-merger to the level of 12–14 per cent.

Good development in all operations

Valmet continued strong operational development. The company's orders grew in all business lines, and in our view, the growth of 18 % in service orders and the growth of 24 % in automation systems orders were particularly positive developments. Another positive aspect was the continued extremely strong drive in the Paper business line, as its orders reached more than EUR 1.5 billion. Valmet's investments in product development are manifested as the good competitiveness of the Paper business line and, in particular, of the board machines. This has helped Valmet to further increase its

market share in the paperboard machine market. At the beginning of 2022, Valmet's profitability improvement, which had continued for years, halted due to the overall market situation and cost inflation. However, the level of profitability continues to be good compared to the history. In addition, the company has continued to generate good operational cash flow, which will hopefully enable the company to continue growth investments.

Next target: further growth in the stable business

A considerable portion of Valmet's value originates from the stable service, automation and valve business operations. In the spring of 2022, Valmet implemented a new, clarified reporting that increases transparency to the profitability of the stable business operations. The new reporting highlights stable businesses' financial performance and resilience to market cycles. Going forward, the ability to grow these businesses will be essential for value creation. The former Neles forms a good platform for growing the stable and profitable flow control business both organically and through acquisitions. At the same time, Valmet's extensive installed base supports growth in the service and automation systems sales. The next step for the company strategy should therefore focus in realizing the stable businesses' potential for profitable growth.

2022



"We expect the fusion benefits to realize as profitable growth."

Timo Mäkinen
Associate

Share of
Solidium's
equity holdings

5.9%

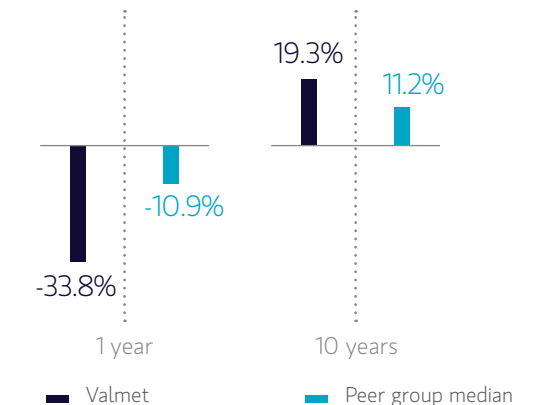
Market value
of the holding
30 June 2022
EUR million

436

Major events

- Successful execution of the merger with Neles
- Increasing the margin target to 12–14%
- Increased transparency in reporting

Annualised return





Board of Directors

Harri Sailas

Chair of the Board | born 1951, M.Sc. (Econ.)

Chair of Solidium's Board since 2016

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, Chair of the Board
2015– Helsinki Deaconess Institute Foundation, Member of the Supervisory Board



Aaro Cantell

Vice Chair of the Board | born 1964, M.Sc. (Tech.)

Board Member of Solidium since 2016, Vice Chair since 2020

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

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



Timo Ahopelto

born 1975, M.Sc. (Tech.)

Board Member of Solidium since 2017

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

Positions of trust:
2019– Foundation for Private Entrepreneurs, Board Member
2017– Tietoevry, Board Member
2014– Slush Conference, Chair 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



Jannica Fagerholm

born 1961, M.Sc. (Econ.)

Board Member of Solidium since 2019

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:
2022– Association of Finnish Foundations, Chair of the Board
2016– Kesko, Board Member
2013– Sampo, Board Member
2001– Society of Swedish Literature in Finland, Investment Committee





Board of Directors



Jouko Karvinen

born 1957, M.Sc. (Tech.)

Board member of Solidium since 2021

2007–2014 Stora Enso, CEO
2002–2006 Royal Philips, Medical-division, CEO
–2002 ABB Asea Brown Bover, Various leadership positions from 1980

Positions of trust:

2016– Finnair, Board Member, Chair of the Board from 2017
2015– IMD Business School (Lausanne, Switzerland), Member of the Foundation Board

Previous Board positions: SKF, Nokia, Valmet and Advisor in Komatsu Corporation

Marjo Miettinen

born 1957, PhD. (Ed.)

Board member of Solidium since 2016

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

Positions of trust:

2021– European Family Businesses,
Member of the Board
2021– The Federation of Finnish Technology Industries
Member of the Board (Chair of the Board 2019–2021)
2021– P2X Solutions, 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, Chair of the Board
2020– EVA and ETLA, Member of the Board
2016– Boardman, partner
2005– EM Group, Member of the Board
1999– Ensto Group, Member of the Board



Jukka Ohtola

born 1967, M.Sc. (Econ.), CEFA

Board member of Solidium since 2021

2007– Prime Minister's Office, Ministerial Adviser
1997–2007 Ministry of Trade and Industry, Senior Auditor
1994–1996 Several positions in finance

Positions of trust:

2021– Finnish Minerals Group, Board Member
2001– Previous Board positions (>10): i.a. Altia Oyj



Laura Raitio

born 1962, Lic.Sc. (Tech.)

Board member of Solidium since 2019

2014–2017 Diacor Medical
Services Oy, CEO
1990–2014 Various leadership
positions at Ahlstrom, most recently
Executive Vice President of Building
and Energy business area from 2009
to 2014 and a member of Corporate
Executive team

Positions of trust:

2022– Unieke, Board Member
2021– Alko, Board Member, Chair of the Board
2022–
2019– Boardman, Chair of the Board
2019– Securities Market Association,
Board Member
2018– Helsinki Deaconess Institute,
Chair of the Board
2017– Raute, Board Member,
Chair of the Board 2019–
2015– Suominen, Board Member





Personnel



Reima Rytsölä

born 1969, CEO (1.8.2022),
M.Soc.Sc., CEFA, AMP

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. Board member: Kojamo, Ylva Services, Nordea Funds, Rock Course and Rock Properties.



Pauli Anttila

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

Responsible for the holdings in Elisa, Kemira, Konecranes and Nokian Tyres, nomination board work, board member at Konecranes and Finnish Minerals Group

Joonas Hytti

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

Analyses in the investment teams,
portfolio performance monitoring



Victor Jansson

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

Analyses in the investment teams,
corporate responsibility



Inga Lehtoranta

born 1997, Assistant, BBA

Legal assistant, board meeting
arrangements, financial
administration, events





**Annareetta
Lumme-Timonen**

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


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



Personnel




Timo Mäkinen
born 1991, Associate, M.Sc. (Tech.)
Analyses in the investment teams



Natalie Nevaste
born 1986, Communications Assistant & Office Coordinator, Master of Hospitality Management
Communications support tasks, office management tasks and coordination




Toni Nurmi
born 1993, Associate, M.Sc. (Econ.)
Analyses in the investment teams




Mari Ovaskainen
born 1978, Administrative Assistant, BBA
Administrative and human resources tasks, IT acquisitions and maintenance



Ulla Palmunen
born 1974, General Counsel, LL.M.
Legal affairs and compliance, secretary to the Board of Directors, HR, communications



Petter Söderström
born 1976, Investment Director, M.Sc. (Econ.)
Responsible for the holdings in Nokia, Outokumpu, Sampo and Tietoevry, nomination board work, treasury, board member at Outokumpu



Inka Virtanen
born 1985, Executive Assistant to CEO and to Chairman, BBA
Assistant to CEO and to the Chair of the Board of Directors



Report by the Board of Directors for the financial year of 1 July 2021–30 June 2022

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 confirmed 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 stabilize 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 Oy,

Outokumpu Oy, Tietoevry Oy, and Valmet Corporation, and as a member of the shareholders' nomination boards of Anora Group Plc, Kemira Oy, Konecranes Oy, and Stora Enso Oy. During the financial year, a total of 20 new members were elected to the boards of directors of Solidium's portfolio companies, ten of the new members were women.

Return development

At the close of the financial year, the market value of the equity investments was EUR 7,401 million and the value of money market investments was EUR 405 million. Solidium's return on investments was -8.5 per cent in total over the period. Return on equity investments was -8.8 per cent. Return on money market investments was -0.6 per cent. The company's net asset value decreased from EUR 8,761 million to EUR 7,246 million.

At the close of the financial year on 30 June 2022 Solidium held shares in twelve listed companies: Anora Group Plc, Elisa Corporation, Kemira Oy, Konecranes Plc, Metso Outotec Corporation, Nokia Corporation, Nokian Tyres Oy, Outokumpu Oy, Sampo Plc, Stora Enso Oy, Tietoevry Oy, and Valmet Corporation. During the financial year, Solidium received EUR 339 million before taxes in profits distributed by its portfolio companies (1 July 2020 – 30 June 2021 EUR 219 million).

Events during the financial year

During the financial year, Solidium acquired shares for EUR 115 million and sold for EUR 584 million. Additionally, the state of Finland

transferred shares to Solidium for EUR 143 million, and as capital repayment from Solidium for EUR 271 million.

During the financial year Solidium acquired shares in Konecranes for EUR 34 million, shares in Nokian Tyres for EUR 29 million and shares in Valmet for EUR 52 million. As a result of the acquisitions, Solidium's ownership increased in Konecranes from 8.5 per cent to 10.1 and in Nokian Tyres from 8.8 per cent to 9.4 per cent. As a result of merger between Valmet and Neles, Solidium's ownership would have diluted from 11.1 per cent to approximately 9.0 per cent, but due to the share acquisitions during the spring 2022, the ownership in Valmet ended up to 10.1 per cent.

During the financial year Solidium sold shares in Sampo for EUR 498 million and shares in Outokumpu for EUR 86 million. As a result of the disposals, Solidium's ownership decreased in Sampo from 8.0 per cent to 6.0 per cent, but due to the share repurchases of Sampo, the ownership was 6.2 per cent in the end of the financial year. In Outokumpu, Solidium's ownership decreased from 18.9 per cent to 15.5 per cent.

On 25 November 2021, the State of Finland transferred all of its Anora Group Plc shares, which correspond to 19.4 per cent of Anora's share capital, to Solidium. The transfer value of the Anora shares equalled the closing price in public trading on 24 November 2021 on NASDAQ OMX Helsinki: EUR 10.90 per share, totalling approximately EUR 143 million. In addition, on 14 September 2021, the State of Finland resolved Solidium to transfer all its shares in SSAB AB, worth EUR 271 million, as capital repayment to the State of Finland. Consequently, Solidium's holding in SSAB decreased from 6.3 per cent to 0.0 per cent and Solidium's number of votes from 8.0 per cent to 0.0 per cent. In addition, on 17 November 2021 the owner resolved to transfer EUR 500 million to the State as a capital repayment. The transfer was made from the reserve for invested non-restricted equity on 19 November 2021.

On 1 October 2020, Konecranes and Cargotec announced the arrangement to combine the companies, which was approved by the companies' respective extraordinary general meetings on 18 December 2020. Solidium supported the merger, as we believed that it would create shareholder value as a result of Konecranes' and Cargotec's mutually complementary offering, technology and service expertise and other synergies. On 29 March 2022, the UK Competition & Markets Authority ("CMA") unfortunately blocked the merger. According to the CMA's final report, the remedies – which would have removed overlapping businesses of the two companies and which were accepted by the European Commission – were not effective in addressing the competition concerns expressed by the CMA. The completion of the planned merger would have required approvals from all relevant competition authorities. The companies had already received approvals for the planned merger from the competition of authorities of Europe, China and nine other jurisdictions.

On 2 July 2021 Valmet and Neles announced a plan to combine through merger. Solidium supported the plan as Solidium saw Neles as an attractive partner for Valmet to enhance its growth. Solidium had sold its shares in Neles to Valmet earlier. On 22 September 2021 Extraordinary General Meetings accepted the plan, and the merger was completed on 1 April 2022.

Financial performance

The management cost ratio, which indicates the cost efficiency of operations, was 0.05 per cent (0.06 per cent). The amount of personnel expenses was EUR 2.5 million (EUR 2.6 million). Other operating expenses totalled EUR 1.5 million (EUR 1.8 million). The



company's operating profit was EUR -4.0 million (EUR -4.4 million). Financial income, which totalled EUR 340.5 million (EUR 220.0 million), mainly consisted of dividend income, EUR 338.7 million before taxes, and income from money market investments, EUR 1.8 million. The company's financial expenses totalled EUR -2.7 million (EUR -0.7 million). Taxes for the financial year amounted to EUR -30.8 million (EUR -18.4 million) and profit totalled EUR 302.9 million (EUR 196.7 million).

Solvency and liquidity

The largest item in Solidium's non-current assets is the equity portfolio with a book value of EUR 7,401 million (EUR 9,024 million). Investments, totalling EUR 117 million (EUR 227 million), consisted mainly of share acquisitions. Proceeds from selling shares totalled EUR 584 million (EUR 490 million). At the end of the financial year, Solidium's liquid assets totalled EUR 405 million (EUR 567 million), while total assets were EUR 7,807 million (EUR 9,594 million). The period-end equity ratio was 93 per cent (91 per cent) and liquidity was excellent, thanks to the liquid assets of EUR 405 million.

Annual Meetings and Board of Directors

Solidium's Annual General Meeting was held in Helsinki on 28 October 2021. The Annual General Meeting adopted the company's financial statements for the financial year 1 July 2020–30 June 2021 and discharged the members of the Board of Directors and the CEO from liability. In accordance with the Board's proposal, the Annual General Meeting decided on a profit distribution of EUR 368 million 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 and Laura Raitio as Board members. Jouko Karvinen and Jukka Ohtola were elected as new 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 Jukka Ohtola, 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 314,476.2 (EUR 291,000). Solidium's Board convened 8 times (11 times) during the financial year, and the attendance rate of its members was 100 per cent (96 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 four times during the financial year, and the attendance rate of its members was 100 per cent.

Personnel

Antti Mäkinen was Solidium's CEO from 2 May 2017 to 31 May 2022. From 1 June 2022 to 31 July 2022 Solidium's General Counsel Ulla Palmunen was the acting CEO. On 1 August 2022 after the end of the latest financial period, Reima Rytsölä started as the CEO. 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 13 in the financial year and 13 at the end of the period. In addition to the acting CEO and General Counsel Ulla Palmunen, Solidium's Management Team comprised of Investment Directors Pauli Anttila, Annareetta Lumme-Timonen and Petter Söderström at the end of the financial year. The members of the management team can serve in the boards of directors of Solidium's portfolio companies after getting a discrete permission for incidental occupation. Portfolio companies pay compensation for their respective boards of directors according to their own policies.

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. On 2 March 2022, a former employee of Solidium was sentenced for misuse of inside information, which happened while the person was working at Solidium. In the investigation related to the crime, no flaws were found in the internal processes of Solidium.

Proposal for the distribution of profit

The distributable non-restricted equity recognized in the financial statements totals EUR 4,671,722,327 including the profit of EUR 302,947,693 for the financial year. The Board of Directors proposes that a dividend of EUR 307,000,000 be paid.



Income statement

Solidium Oy's key figures

	1.7.2021–30.6.2022	1.7.2020–30.6.2021	1.7.2019–30.6.2020
Operating profit, EUR million	-4.0	-4.4	-3.8
Pre-tax profit, EUR million	333.7	215.0	226.3
Profit for the period, EUR million	302.9	196.7	210.6
Return on investment at fair value, %	-8.5	39.2	-7.9
Management cost ratio of operations, %	0.05	0.06	0.05
Net asset value, EUR million	7,245.6	8,760.6	6,572.1
Interest-bearing liabilities, EUR million	0.0	0.0	0.0
Equity ratio, %	93	91	95
Distribution of profit	307.0*	368.0	0.0
Average number of employees	13	12	12

* Board proposal

Calculation of key figures

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

EUR	Note	1.7.2021–30.6.2022	1.7.2020–30.6.2021
Other operating income		23,100	0
Personnel expenses	1		
Wages and salaries		-2,129,093	-2,189,003
Social security expenses			
Pension costs		-310,059	-306,330
Other personnel expenses		-56,319	-60,002
Total social security expenses		-366,378	-366,332
Total personnel expenses		-2,495,471	-2,555,335
Depreciation and impairment			
Depreciation according to plan		-50,184	-46,045
Other operating expenses	2	-1,476,269	-1,839,537
OPERATING PROFIT (LOSS)		-3,998,825	-4,440,917
Financial income and expenses	3		
Income from other non-current asset investments			
From others		338,660,944	219,170,754
Other interest and financial income			
From others		1,808,109	867,282
Reduction in value of investments held as current assets		-1,869,277	120,672
Interest and other financial expenses			
To others		-875,322	-678,413
Total financial income and expenses		337,724,455	219,480,295
PROFIT (LOSS) BEFORE TAX		333,725,630	215,039,378
Income tax		-30,777,938	-18,353,970
PROFIT (LOSS) FOR THE PERIOD		302,947,693	196,685,408



Balance sheet

EUR	Note	30.6.2022	30.6.2021
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	4		
Machinery and equipment		150,553	138,134
Other tangible assets		17,420	17,420
Total tangible assets		167,974	155,554
Investments	5		
Other shares and equity		7,401,444,396	9,024,234,538
Total investments		7,401,444,396	9,024,234,538
TOTAL NON-CURRENT ASSETS		7,401,612,370	9,024,390,092
CURRENT ASSETS			
Receivables	6		
Other receivables		64,732	94,737
Prepayments and accrued income		90,204	2,536,924
Total receivables		154,935	2,631,661
Financial investments			
Other investments		200,463,998	416,549,991
Total financial investments		200,463,998	416,549,991
Cash and cash equivalents		205,028,305	150,900,460
TOTAL CURRENT ASSETS		405,647,238	570,082,112
TOTAL ASSETS		7,807,259,608	9,594,472,204

EUR	Note	30.6.2022	30.6.2021
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	5,7	331,500,000	331,500,000
Fair value reserve		2,242,358,762	3,331,540,245
Reserve for invested non-restricted equity		2,442,664,258	3,070,637,993
Retained profit (loss)		1,926,110,376	1,830,223,084
Profit (loss) for the period		302,947,693	196,685,408
TOTAL SHAREHOLDERS' EQUITY		7,245,581,089	8,760,586,731
LIABILITIES			
Non-current liabilities	8		
Deferred tax liabilities		560,589,691	832,885,061
Total non-current liabilities		560,589,691	832,885,061
Current liabilities	9		
Trade payables		100,703	64,853
Other liabilities		53,228	61,497
Accrued liabilities		934,898	874,062
Total current liabilities		1,088,829	1,000,413
TOTAL LIABILITIES		561,678,520	833,885,474
TOTAL EQUITY AND LIABILITIES		7,807,259,608	9,594,472,204



Cash flow statement

EUR	1.7.2021–30.6.2022	1.7.2020–30.6.2021
Cash flow from operating activities		
Operating profit	-3,998,825	-4,440,917
Adjustments to operating profit*	50,184	46,045
Dividends and capital repayments received	338,660,944	219,170,754
Other financial items	-936,489	309,541
Tax paid	-94,762,925	-62,000,386
	239,012,890	153,085,036
Change in working capital		
Current receivables (increase -, decrease +)	19,651	140,645
Non-interest-bearing current liabilities (increase +, decrease -)	-269,992	-206,228
	-250,341	-65,583
Cash flow from operating activities	238,762,549	153,019,453
Cash flow from investing activities		
Investments in tangible and intangible assets	-62,604	-33,091
Investments in shares	-116,846,994	-226,682,177
Gains on sale of shares	584,188,902	490,325,926
Cash flow from investing activities	467,279,303	263,610,658

EUR	1.7.2021–30.6.2022	1.7.2020–30.6.2021
Cash flow from financing activities		
Increase in short-term loans	0	0
Repayment of short-term loans	0	0
Repayment of long-term loans	0	0
Profit distribution paid	-868,000,000	0
Cash flow from financing activities	-868,000,000	0
Cash flow for the period	-161,958,148	416,630,112
Liquid funds at the start of the financial period	567,450,451	150,820,340
Liquid funds at the end of the financial period	405,492,303	567,450,451
Change in liquid funds	-161,958,148	416,630,112
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	50,184	46,045



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

€	2022	2021
1. PERSONNEL EXPENSES		
Wages and salaries	2,129,093	2,189,003
Pension costs	310,059	306,330
Other personnel expenses	56,319	60,002
Total	2,495,471	2,555,335

During the financial period, the salary (including fringe benefits) paid to the CEO were EUR 510,864.30 and the performance bonuses EUR 100,00.00. The CEO will not be paid performance bonuses after the end of the financial period. The persons belonging to the Management Team (excluding the CEO) were paid salaries (including fringe benefits) EUR 721,168.00 and performance bonuses EUR 125,000.00. The performance bonuses earned by these persons during the financial period totalled EUR 132,638.00. The Board of Directors received EUR 314,476.20 in monthly salaries and meeting fees.

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

2. OTHER OPERATING EXPENSES		
Administration costs	769,309	1,179,095
Costs for facilities	263,330	252,894
Other	443,630	407,548
Total	1,476,269	1,839,537

Fees paid to authorised public accountants		
Audit	17,794	14,880
Tax consultation	0	0
Other services	2,356	248,647
Total	20,150	263,527

3. FINANCIAL INCOME AND EXPENSES		
Income from other non-current asset investments	338,660,944	219,170,754
Other interest and financial income	1,808,109	867,282
Reversal of reduction in value of investments held as current assets	0	151,018
Reduction in value of investments held as current assets	-1,869,277	-30,345
Interest and other financial expenses	-875,322	-678,413
Total	337,724,455	219,480,295



NOTES TO THE BALANCE SHEET

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

EUR	2022	2021
4. TANGIBLE ASSETS		
Machinery and equipment		
Cost of acquisition at the start of the financial period	717,104	684,013
Purchases during the financial period	62,604	33,091
Cost of acquisition at the end of the financial period	779,708	717,104
Accumulated depreciation at the start of the financial period	578,970	532,926
Depreciation for the period	50,184	46,045
Book value at the end of the financial period	150,553	138,134
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	167,974	155,554

5. INVESTMENTS

Share	Number of shares	Holding	Carrying amount 30.6.2022
Anora Group Oyj	13,097,481	19.4%	101,374,503
Elisa Oyj	16,802,800	10.0%	900,966,136
Kemira Oyj	15,782,765	10.2%	184,027,040
Konecranes Oyj	8,000,000	10.1%	177,760,000
Metso Outotec Oyj	123,477,168	14.9%	882,861,751
Nokia Oyj	301,000,000	5.3%	1,336,289,500
Nokian Tyres Oyj	13,055,000	9.4%	136,163,650
Outokumpu Oyj	70,793,208	15.5%	279,349,999
Sampo Oyj A	33,278,580	6.2%	1,381,726,642
Stora Enso Oyj A*	62,655,036	35.6%	955,489,299
Stora Enso Oyj R*	21,792,540	3.6%	326,125,361
Tietoevry Oyj	12,857,918	10.9%	302,932,548
Valmet Oyj	18,640,665	10.1%	436,377,968
Total			7,401,444,396

* 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 after tax by EUR -592 million (EUR -722 million as of 30 June 2021).



NOTES TO THE BALANCE SHEET

EUR	2022	2021
6. CURRENT RECEIVABLES		
Other receivables	64,732	94,737
Prepayments and accrued income	90,204	2,536,924
Total	154,935	2,631,661
Decomposition of the relevant items in prepayments and accrued income:		
Accruals of personnel expenses	4,197	3,350
Interest accruals of money market investments	50,420	71,065
Tax accruals	0	2,427,076
Other items	35,586	35,434
7. SHAREHOLDERS' EQUITY		
Restricted shareholders' equity		
Share capital	331,500,000	331,500,000
Fair value reserve	2,242,358,762	3,331,540,245
Total restricted shareholders' equity	2,573,858,762	3,663,040,245
Changes in the fair value reserve		
Fair value reserve per 1 July	3,331,540,245	1,504,568,600
Profit + / Loss (-) valued at fair value	-1,027,474,499	2,393,882,757
Deferred tax liabilities from profit/loss valued at fair value	205,494,900	-478,776,551
Total	-821,979,599	1,915,106,205
Profit from previous periods transferred to shareholders equity		
Capital gains and / losses total	-334,002,354	-110,168,201
Deferred taxes on capital gains / -losses	66,800,471	22,033,640
Total	-267,201,883	-88,134,561
Fair value reserve per 30 June	2,242,358,762	3,331,540,245

EUR	2022	2021
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 in cash	-500,000,000	0
Capital repayment in shares	-270,736,278	0
Investment in reserve for invested non-restricted equity	142,762,543	0
Reserve for invested non-restricted equity at the end of the financial period	2,442,664,258	3,070,637,993
Profit from previous periods at the start of the financial period	2,026,908,493	1,665,347,269
Other changes in costs of acquisitions	0	76,741,255
Dividend paid	-368,000,000	0
Profit from sold securities	334,002,354	110,168,201
Taxes from sold securities	-66,800,471	-22,033,640
Profit from previous periods at the end of the financial period	1,926,110,376	1,830,223,084
Profit for the period	302,947,693	196,685,408
Total non-restricted shareholders' equity	4,671,722,327	5,097,546,486
Total shareholders' equity	7,245,581,089	8,760,586,731

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

8. NON-CURRENT LIABILITIES		
Non-current deferred tax liabilities *	560,589,691	832,885,061
Total	560,589,691	832,885,061

* Deferred tax liabilities EUR 560,589,690.52 (2021: 832,885,061.12) consists of EUR 687,765,630.94 (2021: 880,560,885.09) tax liabilities and EUR 127,175,940.42 (2021: 47,675,823.97) tax receivables.

9. CURRENT LIABILITIES		
Loans from financial institutions	0	0
Trade payables	100,703	64,853
Other liabilities	53,228	61,497
Accrued liabilities	934,898	874,062
Total	1,088,829	1,000,413
Material items in accrued liabilities:		
Income tax accrual	358,408	0
Accruals of personnel expenses	513,068	819,641
Other items	63,422	54,421



OTHER NOTES

EUR	2022	2021
10. OTHER COMMITMENTS		
Future minimum lease expenses under lease contracts that cannot be dissolved are distributed as follows:		
Within 12 months	200,201	194,119
After 12 months but within five years	221,562	416,793
After five years	0	0
Total	421,763	610,912

Proposal for the distribution of profit

The distributable non-restricted shareholders' equity recognised in the financial statements totals EUR 4,671,722,326.71. 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 to be allocated as follows:

EUR 153,500.00 per share to be paid as dividend for 2,000 shares	307,000,000
Amount retained in non-restricted shareholders' equity	4,364,722,327
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	2,242,358,762
Reserve for invested non-restricted equity	2,442,664,258
Retained earnings	1,922,058,069



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

Helsinki / 2022

Harri Sailas Chair	Aaro Cantell Vice Chair
Timo Ahopelto	Jannica Fagerholm
Marjo Miettinen	Laura Raitio
Jouko Karvinen	Jukka Ohtola
Reima Rytsölä CEO	

Auditor's note

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

Helsinki / 2022

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 2021–30 June 2022. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

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

Basis for Opinion

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

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of 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, 23 August 2022
KPMG OY AB

Marcus Tötterman
Authorised Public Accountant, KHT



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