

SOLIDIDIUM



2023

ANNUAL REPORT



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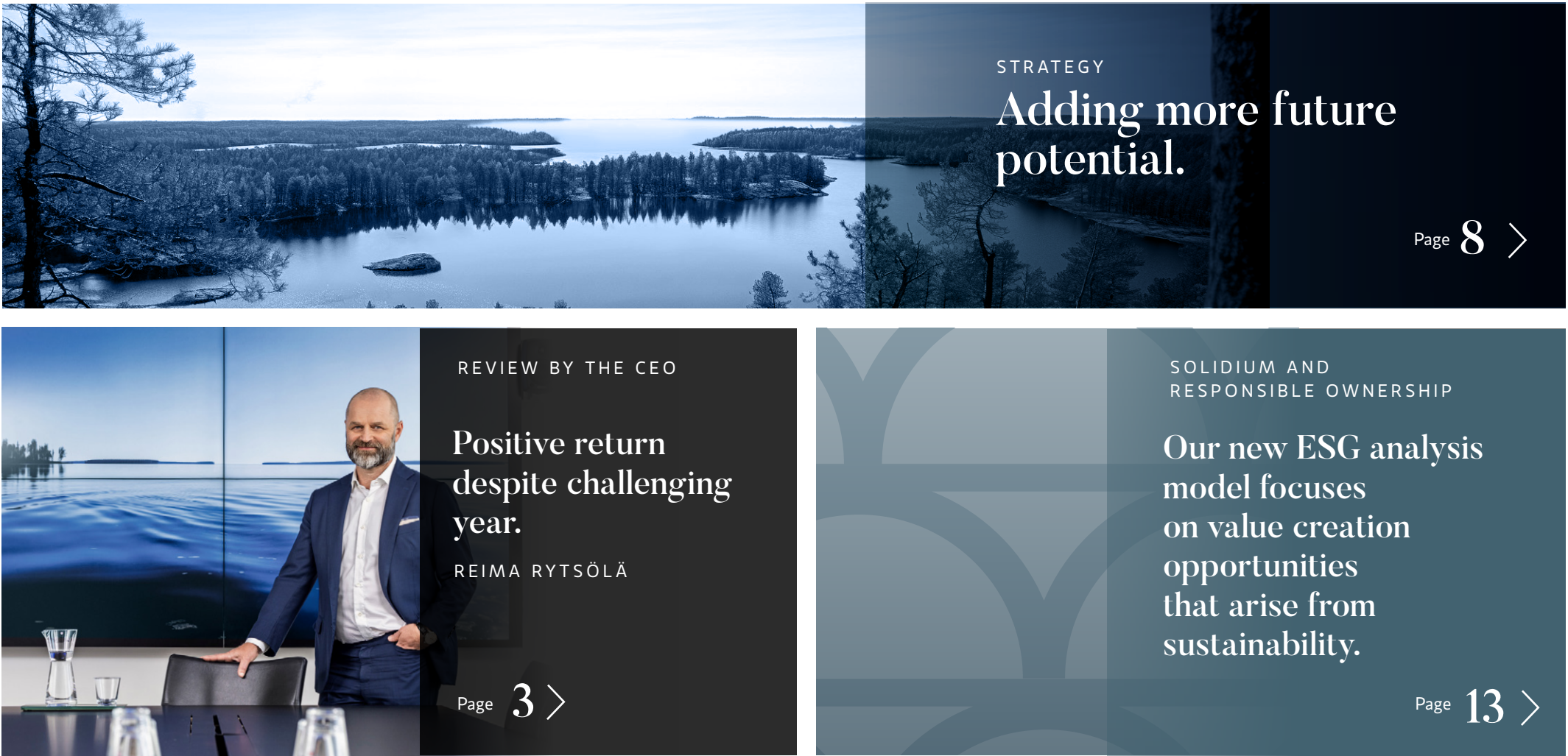
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The GRI Index is available on Solidium’s website www.solidium.fi/en/corporate-responsibility



A decent year of investment despite the threat scenarios

REIMA RYTSÖLÄ | CEO

At the beginning of Solidium's financial year, the market feared an extensive global recession, but the worst fears did not materialise. Our financial year was profitable, despite the stock market fluctuations. Now is the time to strengthen Finland's growth opportunities by updating Solidium's strategy. In addition to the current well-performing companies in our portfolio, we will be adding companies which we believe will grow into companies of national importance in the future.



Cost management and transferring the pressure to increase costs to prices played an important role in the companies' successful performance.



Solidium's highly skilled team monitors the market and knows the portfolio companies well. This became apparent as soon as I took the CEO position last summer.

It is easy to start in a new position in a competent organisation that acts professionally in all situations. The beginning of my position was marked by a task that was beyond our mandate: granting an emergency loan to Fortum, which was struggling amid the Uniper crisis.

Electricity supply was sufficient throughout the winter

The 2022–2023 financial year began in an extremely gloomy real economy atmosphere. The price of electricity skyrocketed, and even historically extensive power outages were forecast for the winter season. It seemed that the energy crisis would escalate drastically.

However, we managed to pull through the winter. The mild weather in Europe was certainly a contributing factor, but electricity consumption was reduced and alternative energy production models were used more than anticipated in the autumn. The worst-case scenarios did not materialise.

Towards the end of the year, the sentiments in the stock market improved, and even picked up in the last quarter of the year. The relief felt by investors was palpable, but on the other hand, everybody knows that many of the simultaneous crises are not over yet. The uncertainty manifests as share price fluctuations.

During the first months of the year, the market largely expected that Europe and the USA would slide into a recession. Although the most recent signs in the US economy indicate that growth is slowing down, the forecast recession is at least not yet in sight. In this respect, the situation in the global economy has supported the development of our portfolio's value. However, the central banks' increasingly tightening financial policy overshadows future economic growth.

Increasing tensions in world politics

International geopolitical tensions tightened further during the financial year. In this situation, Finland's membership in NATO makes Finland more appealing as an investment. There is no end in sight for Russia's invasion into Ukraine, and at the same time, European



companies have grown increasingly wary towards China. There is concern in Europe that the tensions between China and Western countries are escalating further.

That is why production chains are being brought closer to the home market from Asia and work is divided globally less than before. Inflation is also partially caused by this transformation: the circumstances in which operations are carried out involve higher production costs.

Good demand despite inflation

Despite steep inflation, consumers' reduced purchasing power has not manifested in our companies' demand as much as we expected. Demand was surprisingly good throughout the financial year. Cost management and transferring the pressure to increase costs to prices played an important role in the companies' successful performance.

In March, the minor bank crisis in the USA caused three banks with links to start-up or crypto companies to fail, and Credit Suisse was merged with its competitor UBS by the central bank of Switzerland. The crisis did not have a significant impact on Solidium's portfolio companies in the short term, but in the future, the incident will probably hinder the availability of financing for the companies.

The value of our portfolio increased during the financial year somewhat better than the general index of Nasdaq Helsinki, but although the media is keen on monitoring the index, it is not a very relevant benchmark for our portfolio.

We ourselves compare the value creation success of our companies to international peer companies – each of our companies has four to six Finnish or foreign companies as peers. Seven of our twelve portfolio companies have performed better than their peer group.

Towards the new strategy

How does Solidium want to operate in the future?

With regard to the current portfolio, we will take a critical look at the fulfilment of the national importance criteria and assess where an anchor owner such as Solidium is needed.

We will also pursue a more forward-looking approach. Traditionally, Solidium has invested in companies that have already achieved a position of national importance. In the future, we will also

want to find companies for our portfolio which can develop into nationally important in five or ten years.

For example, Finland has had strong national expertise in forest industry for 150 years, but changes in the world may result in new sectors catching up with or even passing the sector.

Future investments may include solutions related to the platform economy or companies applying and implementing green transition. In any case, they are companies whose technology has been proven to be reliable and functioning. They are companies that have already listed or at least plan listing and pursue powerful growth in the international market. The actions these companies will take are intensively guided by long-term value creation.

When the intention is to support future growth, it is inevitable that investments according to the new strategy will also include higher risks. We may also divest such investments with a lower threshold than is the case with our current investments if a company does not develop as planned and grow into the position of national importance as expected.

We seek selected companies in which we make investments with market-based terms. Our minimum investment is typically 50 million euros and the ownership stake rarely exceeds 20%. The number of potential companies is therefore limited. With the new strategy, we will be able to strengthen and grow businesses that are important for the future of Finland in the 2030s as well.



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 in the long term.

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 should also be of national importance. The national importance 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 also reviews companies that are considered to have considerable potential to grow and become companies of national importance in the future.

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 for the company.

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

We want to promote responsible business operations through ownership and require that the portfolio companies 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	5.0%
KONECRANES	Lifting equipment and maintenance services	11.1%
METSO	Technologies for the mining, aggregates, and metals refining industries	14.9%
NOKIA	Network infrastructure and licensing	5.8%
NOKIAN TYRES	Tyres for cars and heavy-duty equipment, tyre services	10.1%
OUTOKUMPU	Manufacturing of stainless steel	15.5%
SAMPO	P&C and life insurances	6.5%
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%



5.4 %

Return of equity holdings

290 EUR million

Proposal for the profit distribution from the financial year

313 EUR million

Received profit distribution before taxes

7,359 EUR million

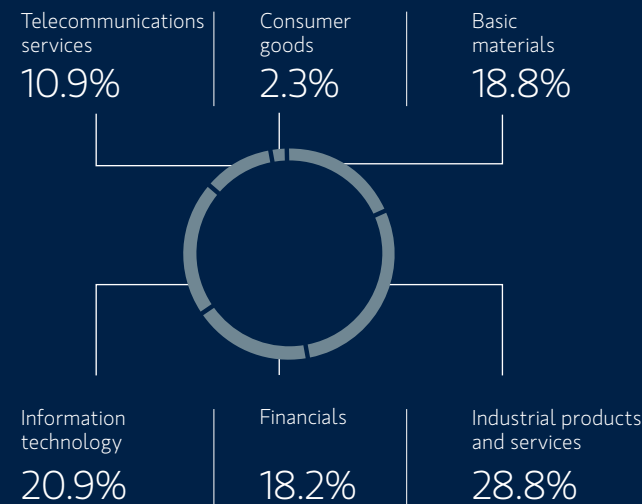
Net asset value

Key figures

in the financial year 2022–2023

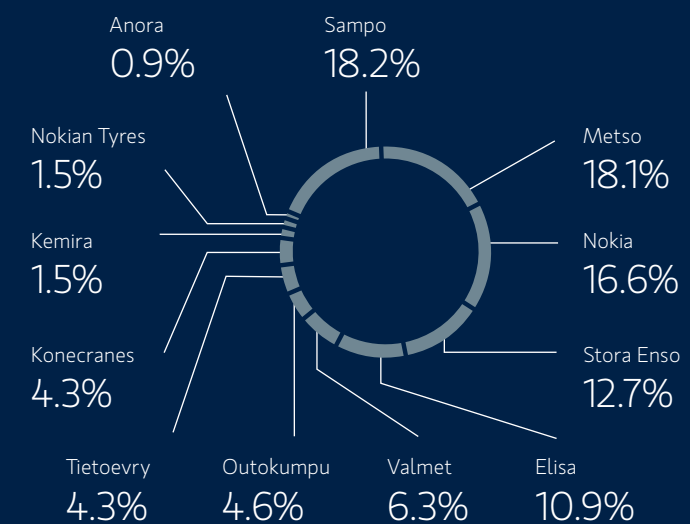
Breakdown by sector

30 June 2023



Breakdown of equity holdings

30 June 2023





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.

According to Solidium’s updated strategy, companies that are considered to have considerable potential to grow and become companies of national importance will also be reviewed in future.

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.

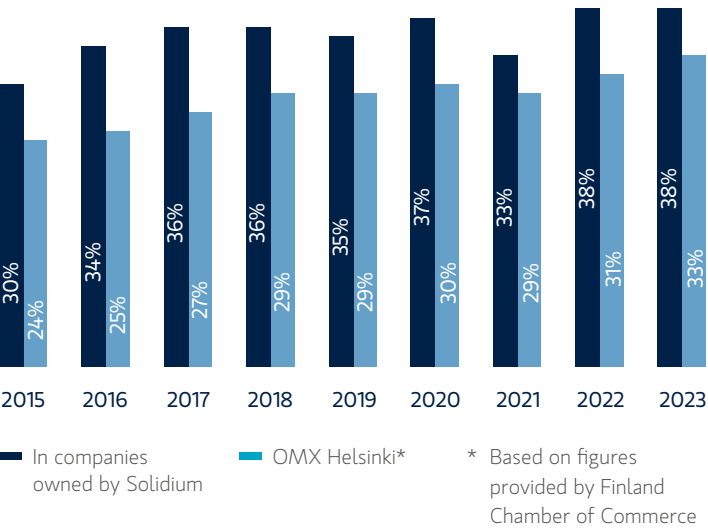
Influencing board elections and the work of boards of directors are among Solidium’s most important tasks

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. During the 2022–2023 financial year, Solidium representatives chaired seven nomination boards (Elisa, Konecranes, Metso, Nokian Tyres, Outokumpu, Tietoevry and Valmet) and were members in three nomination boards (Anora, Kemira and Stora Enso).

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. In the 2022–2023 financial year, Solidium had a seat in the boards of directors of nine companies (Anora, Konecranes, Metso, Nokia, Nokian Tyres, Outokumpu, Sampo, Tietoevry and Valmet).

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.



Solidium's renewed strategy

At the core of Solidium's operations is the ownership of companies which can yield an appealing financial return and are of national importance. In accordance with the updated strategy, Solidium reviews the investments with an increased focus on their future potential of national importance.

In 2022, Jouko Karvinen succeeded Harri Sailas as the chair of Solidium's Board of Directors, and Antti Mäkinen handed the CEO position over to Reima Rytsölä. With the new chair of the Board and CEO, it was natural to review Solidium's strategy and update it as needed. Solidium was founded in 2008 with the objective of making State ownership more professional in non-strategic listed companies and to distance State ownership from daily politics. Under the first CEO Kari Järvinen, Solidium established its position as the State's owner company which influences its portfolio companies primarily through dialogue and nomination boards. In the 2016–2017 financial year, Solidium's mandate was updated and the chair of the Board and

the CEO changed. At the beginning of the term of Sailas and Mäkinen, Solidium's operations were compared with the institutions in its peer group. In the strategy updated based on this comparison, active ownership received an increased emphasis. The most visible change was that Solidium pursues a seat in the board of each portfolio company.

With the most recent strategy update, Solidium continues to carry out active ownership, and the assessment of national importance has been updated. Previously, when considering potential investments, Solidium examined companies that were of national importance at the time of making the investment. According to the new strategy, companies that are considered to have considerable potential to become companies of national importance in the future will also be examined. Our capital enables growth, we provide know-how concerning capital markets and we support and challenge the targeted company in the creation of shareholder value. In addition, when acquisition offers are made on such companies, we see to it that they do not go undervalued in opportunistic circumstances.

With the expansion of national importance horizon, Solidium's mission remains unchanged: we strengthen and stabilise Finnish ownership in companies of national importance and increase the value of our holdings in the long term. Our vision of "our portfolio companies outperforming their peers" also remains unchanged. Solidium's original objective of professional ownership and separating

politics from ownership still continues to be strong today. A long-term anchor owner's professional ownership is closely and naturally linked to the pursuit of having a seat in the board of each portfolio company, which enables the owner to be more involved in decision-making in the portfolio companies. Solidium's operations are carried out by experienced investment professionals, and the purpose of the operations and the operating model is to grow the shareholder value of the portfolio companies, which will benefit all shareholders equally.

Among other things, companies of national importance are significant employers, centres of expertise and sources of well-being in society by being drivers in their respective sectors and by using professional services and other subcontracting. That is why we find it important that the set of such companies would rather grow than decrease in the future. Traditionally, State-led operations have been justified and mandated by the notion that corresponding operations by other actors are inadequate or ineffective. Many of the companies in the current portfolio were initially founded by the State, because Finland was young and at the time did not have sufficient private capital to establish equivalent business operations. Today, the financial market has become more international and efficient, which enables more extensive flows of capital to both large, established actors and smaller growth companies. Nevertheless, a factor that still today is a reminder of Finland being a relatively young country is the low amount of private capital, compared to the other Nordic

countries, for example. In those countries, wealthy families, foundations and investment companies are significant anchor owners in the majority of companies. In Finland, private capital is not yet sufficient for anchor owner positions in many of the largest companies. In addition, as the financing rounds of growth companies grow, Finnish capital is not always enough, and this easily steers ownership outside Finland.

Traditionally, anchor owners pursue long-term development of shareholder value and prevent opportunistic acquisition offers from being accepted, which help keep companies' headquarters in Finland and prevent the strengthening of a subsidiary economy. In addition, the anchor owner generally has a very long time perspective, which enables portfolio companies to focus on their work and provides opportunities for long-term development and support during financially difficult times. In our view, as long as private capital in Finland is not sufficient for adequate Finnish ownership in companies of national importance, Solidium's operations and mission are necessary and support the Finnish economy.



Strategy

Vision

Our portfolio companies outperform their peers

Values

TRANSPARENCY

TRUST

IMPACTFULNESS

RENEWAL

INTEGRITY

Established nationally important companies

← Basis of investments →

Nationally important companies in the future

Expected return



National importance

Need for an anchor owner

Possibility to influence through the board

Mission

Strengthen and stabilise Finnish ownership in companies of national importance and to increase the value of its holdings in the long run



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 2022–2023

Reima Rytsölä started working as Solidium's CEO in August 2022, and Jouko Karvinen was elected as the new chairperson in Solidium's Annual General Meeting in October 2022. During the financial year, Solidium increased its holdings in Konecranes, Nokian Tyres and Nokia and reduced shareholding in Kemira.

Share purchases during the financial year

During the financial year, Solidium purchased Nokian Tyres' shares for EUR 10 million, Nokia's shares for 105 million, and Konecranes' shares for 29 million. As a result of the share purchases, Solidium's holding in Nokian Tyres increased from 9.4 per cent to 10.1 per cent, in Nokia 5.4 per cent to 5.8 per cent, and in Konecranes from 10.1 per cent to 11.1 per cent during the financial year.

Share sales during the financial year

In spring 2023, Solidium sold 8 million shares in Kemira, which resulted in its holding decreasing from approximately 10.2 per cent to approximately 5.0 per cent. This generated sales gains of approximately EUR 129 million.

Bridge financing for Fortum

In autumn 2022, Solidium Oy's sole shareholder, the State of Finland, decided to arrange bridge financing to Fortum Oyj, in which the State is the majority shareholder, through Solidium Oy. Solidium committed to lending Fortum a maximum of EUR 2.35 billion for a loan period of up to 12 months, to be used for financing Fortum's electricity derivative collaterals. The financing arrangement ended at Fortum's initiative on 17 March 2023.

Board elections

In accordance with Solidium's strategy updated in the autumn of 2023, Solidium's long-term objective continues to be to have a seat in the board of each portfolio company. During the 2022–2023 financial year, this was the case in nine companies owned by Solidium, as CEO Reima Rytsölä was elected to the board of Metso and Nokian Tyres as a new member, investment director Petter Söderström was elected to Tietoevry's board as a new member, and Timo Ahopelto, a member of Solidium's Board of Directors, was

elected to the board of Nokia. Investment director Annareetta Lumme-Timonen continued in Anora's board, Petter Söderström in the board of Outokumpu, and Pauli Anttila in the board of Konecranes. In addition, among Solidium's Board members, Aaro Cantell continued in the board of Valmet and Jannica Fagerholm in the board of Sampo.

In the spring 2023 Annual General Meetings, a total of 18 new board members were elected to boards of Solidium's portfolio companies, as 21 board members in total resigned.

Annual General Meeting and profit distribution

Solidium's Annual General Meeting was held in Helsinki on 28 October 2022. The Annual General Meeting adopted the company's financial statements for the financial year of 1 July 2021–30 June 2022 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 307 million in total be paid to the owner for the financial year. It was confirmed that the Board of Directors shall have seven members. Jouko Karvinen was elected as the new chair of the Board of Directors and Aaro Cantell was elected as the vice chair until the end of the next Annual General Meeting. Timo Ahopelto, Jannica Fagerholm, Jukka Ohtola and Laura Raitio were elected as members and Suvi Haimi was elected as a new member. The profit distribution proposed by the Board of Director for the past financial year is EUR 290 million.

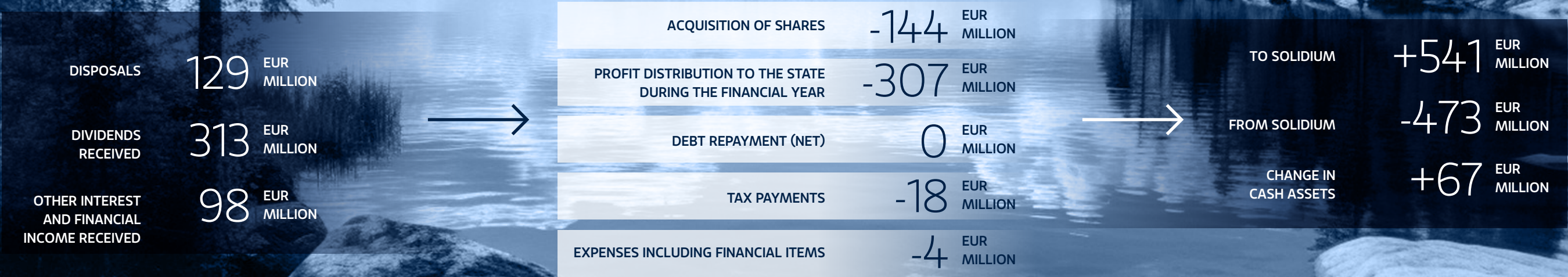
New CEO and
chairperson
began their
work in the
beginning of the
financial year.



TAMPERE • PASI JORMALAINEN

Cash flows

In the financial year 2022–2023





Solidium and responsible ownership

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

Solidium's operations as a responsible owner are based on its long-term corporate responsibility programme. The objective of the programme is to support Solidium's mission to grow the financial value of the holdings over the long term and to strengthen Solidium's operating model of responsible ownership.

Our long-term corporate responsibility programme for 2022–2026 has four priorities: matters essential in terms of value creation in the portfolio companies; portfolio companies outperforming their peers in terms of corporate responsibility; ensuring the owner's due diligence; and Solidium's own responsibility as an organisation and employer.

This annual review describes our corporate responsibility activities and their results in the 2022–2023 financial period.*

Topical matters in corporate responsibility were monitored in the portfolio

During the review period, Solidium actively monitored the development of corporate responsibility in its portfolio companies. Our established dialogue with the management in charge of corporate responsibility in each portfolio company covered topical matters and themes of our ESG analysis model.

No corporate responsibility issues that would have required intervention by the owner – that is, Solidium – were observed in the portfolio companies during the financial year. The management of corporate responsibility in Solidium's portfolio has remained stable and laudable for several years now. As before, any urgent corporate responsibility issues that the owner needs to be involved in will be addressed immediately going forward as well, if needed.

A new ESG analysis model implemented

During the financial year, we implemented a new ESG analysis model for the assessment of the status of

corporate responsibility in the portfolio companies. The need for a new model was identified as the long-term corporate responsibility programme was updated. The model is an analysis tool developed by Solidium itself, and it is at the core of our responsibility work as an owner.

The new ESG analysis model is the third model we have developed and focuses on the ESG perspectives essential for Solidium's role as an owner and on the capital market perspectives. The analysis model is modular and its parts – modules – are updated gradually. More information on the new analysis model is available on pages 15–16.

Solidium's expectations regarding ESG were presented to the portfolio companies

The preparation of the long-term corporate responsibility programme 2022–2026 also included the definition of Solidium's expectations with regard to responsibility in the portfolio companies. The expectations concern the operating methods, climate, respecting human rights and tax responsibility. The expectations were published in our previous Annual Report.

Our ESG analysis model focuses on topics essential from an investor point of view.

* The corporate responsibility programme 2022–2026 and its background were presented in Solidium's Annual Report 2021–2022.



We dived into the biodiversity theme during the review period.

During the past financial year, we discussed Solidium's responsibility expectations in meetings with the management of each portfolio company. We monitor how the expectations are met and will report on their progress in the future.

We acquainted ourselves with the theme of biodiversity

Solidium conducted its first analysis on the theme of biodiversity in the portfolio companies in 2021. The analysis was limited in scope. Since then, biodiversity matters have become increasingly topical as a result of the UN Biodiversity Conference (COP15) held in Montreal, among other things. In addition, the related frameworks, standards and indicators have developed considerably and leading practices have started to emerge in the market.

During the past financial year, we developed our operating model in biodiversity matters further. We carried out a project which enabled us to delve more deeply in the risks and opportunities related to biodiversity. The project also looked at the reporting frameworks and the investors' approaches to the theme. The results were reviewed in a workshop in the investment organisation. The conclusions will be applied during the 2023–2024 financial year in both our dialogue with the portfolio companies and the development of our targets and principles concerning biodiversity.

Active stakeholder engagement continued

Internal stakeholders

We continued to apply established and appropriate operating methods in our work with the internal stakeholders. We organised a large number of internal planning and discussion sessions concerning corporate responsibility during the financial year, a total of nearly 20. Above all, this was due to our input in the implementation of the new ESG analysis model, the development of biodiversity work and the calculation of Solidium's own CO₂ emissions.

Corporate responsibility matters were on the agenda of Solidium's Board of Directors once during the financial year, as the Board discussed the annual review of corporate responsibility and approved the new ESG analysis model with the implemented analysis modules. Responsibility matters were also brought up in Solidium's Board in other portfolio company reviews, such as value creation plans.

External stakeholders

In addition to the meetings incorporated in our analyses, held with the portfolio companies, we engaged in dialogue focusing on responsibility matters with various stakeholders on more than 30 occasions. 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 a learner. In the role of a listener and a learner, Solidium gained deeper understanding of the topical theme of biodiversity and the new reporting frameworks.

The roles of a presenter and an active participant reflected Solidium's established position as a developer of responsible ownership in Finland. Solidium was interviewed for the "Vastuullinen hallituksen jäsen" book, published by the Chamber of Commerce, on responsible board memberships and for a study conducted by Tampere University on the State's responsibility reporting. Solidium's representative was a guest speaker in a responsibility related episode of the "Menestyksen ytimessä" podcast series by KPMG. A representative also gave a presentation in Evli's breakfast seminar concerning biodiversity and climate change from the perspective of investment and was a panellist in the Carbon Removal seminar by SEB in Stockholm.

Our new ESG analysis model is clearly raising interest, since during the financial year, Solidium was invited to several investor and owner organisations in Finland to present it. Solidium also continued the dialogue with its state owner by presenting its corporate responsibility operating method and ESG analysis model to the Ownership Steering department of the Prime Minister's Office. 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.

Solidium's own carbon footprint was calculated

Solidium's highest CO₂ emissions by far come from the investment operations. That is why Solidium has been monitoring the portfolio companies' carbon footprint since 2016.

During the past financial year, we calculated the carbon footprint of Solidium's own operations for the first time. As a company and an organisation, Solidium Oy is small both in absolute terms and in proportion to the value of its portfolio: an organisation of 13 people manages investment assets of approximately EUR 8 billion.

There were several reasons behind the calculation of Solidium's own carbon footprint. First, we wanted to get an idea of what emissions calculation means in practice in the portfolio companies. Second, it was important to measure the impact of our own operations so that we can reduce our carbon footprint.

The method applied to calculate Solidium's carbon footprint and its results are described on page 17–18.

Solidium implemented its own environmental programme

Solidium works to reduce the carbon footprint of its own operations and to use natural resources responsibly. To facilitate these efforts, we implemented the WWF Green Office environmental programme in 2022. The main themes selected for the programme were communication and commitment, procurement and transport. In practice, this means developing internal communication concerning Green Office matters, selecting alternatives that are better for the environment, and prioritising sustainable transport. Solidium's personnel has welcomed the changes introduced by the programme.

We continued transparent and open reporting of corporate responsibility

The annual review of responsible ownership is part of Solidium's Annual Report. A report was submitted to the state owner on corporate responsibility work.

Our reporting was carried out with reference to the GRI 2021 Standards. The corporate responsibility reporting continued in accordance with the state owner's guidelines.

Objectives for the 2023–2024 financial year

We will continue Solidium's work as a responsible owner in accordance with our established operating method and in line with the long-term corporate responsibility programme. The focus areas of the 2023–2024 financial year include more in-depth biodiversity work and development of Solidium's corporate responsibility reporting from the perspective of new reporting frameworks. We will also continue to monitor corporate responsibility in our portfolio companies and implement the next modules of the ESG analysis model.



Solidium's renewed ESG analysis model

Our new ESG analysis model focuses on the perspectives of value creation and the capital market.

Several reasons behind the renewal

The previous model (= "the responsibility analysis") had been applied for six years, and it no longer provided many new views for the owner's corporate responsibility work. The responsibility functions of the portfolio companies had also developed considerably during recent years, and responsibility management was fairly extensive in many companies.

At the same time, new kinds of factors have emerged that steer the operations of capital market players, and the impacts of these factors on companies, investors and financiers should be assessed from the ESG perspectives. Such factors include increased regulation, taxonomy, the SFDR, and a number of other frameworks. It is important to understand how these and other new kinds of ESG factors impact value creation in portfolio companies and how the investments are directed to portfolio companies based on the ESG factors. It is also important to monitor the ESG performance of the portfolio companies compared to their peers. The new ESG analysis model aims to take these perspectives into consideration.

We focus on the most important perspectives

Unlike in our previous analysis methods, the starting point of the new ESG analysis model is not to pursue an overall picture that would be as extensive, broad or holistic as possible. Attempting to do so through the integrated approach in the current scale of the corporate responsibility arena would not even be possible or sensible.

The most important thing for Solidium is therefore to select the corporate responsibility perspectives that are the most essential in terms of corporate responsibility and to focus on understanding their importance. The new ESG model emphasises the opportunities of value creation, generated from the need for sustainable development, more than before. It is important to understand the scale of the opportunities that portfolio companies have and the time frame, investment needs and risk level involved. We will also assess the ESG performance of our portfolio companies in relation to their peers more extensively.

A modular model

Solidium's new ESG analysis model comprises several different modules. Currently there are eight different modules, as shown on page 16. Some of the modules are related to analysing the ESG factors concerning value creation and the capital market, some to environmental perspectives. The perspective of risks and opportunities is still included in the model.

The modular structure makes it possible to spread the analysis work out throughout the year, and this also makes sense for the practical implementation of analysis work. New elements can also be flexibly added to the modular model, or elements that are no longer relevant can be removed.

The pace of implementing the module analyses varies based on the need: some are carried out every year, others every two years. The "Climate ambition" module is, as a rule, updated every three years.

The results of the module analyses are summarised in company-specific scorecards. The scorecards provide a good overall view to how a portfolio company performs from the ESG perspective both in absolute terms and in relation to its peers. When needed, more detailed information can be found in each module.

The new ESG model is built on our previous expertise. For example, mapping the most important risks affecting shareholder

value will continue as part of the new ESG model in the "Risks" module. The knowledge and views obtained previously will not be wasted.

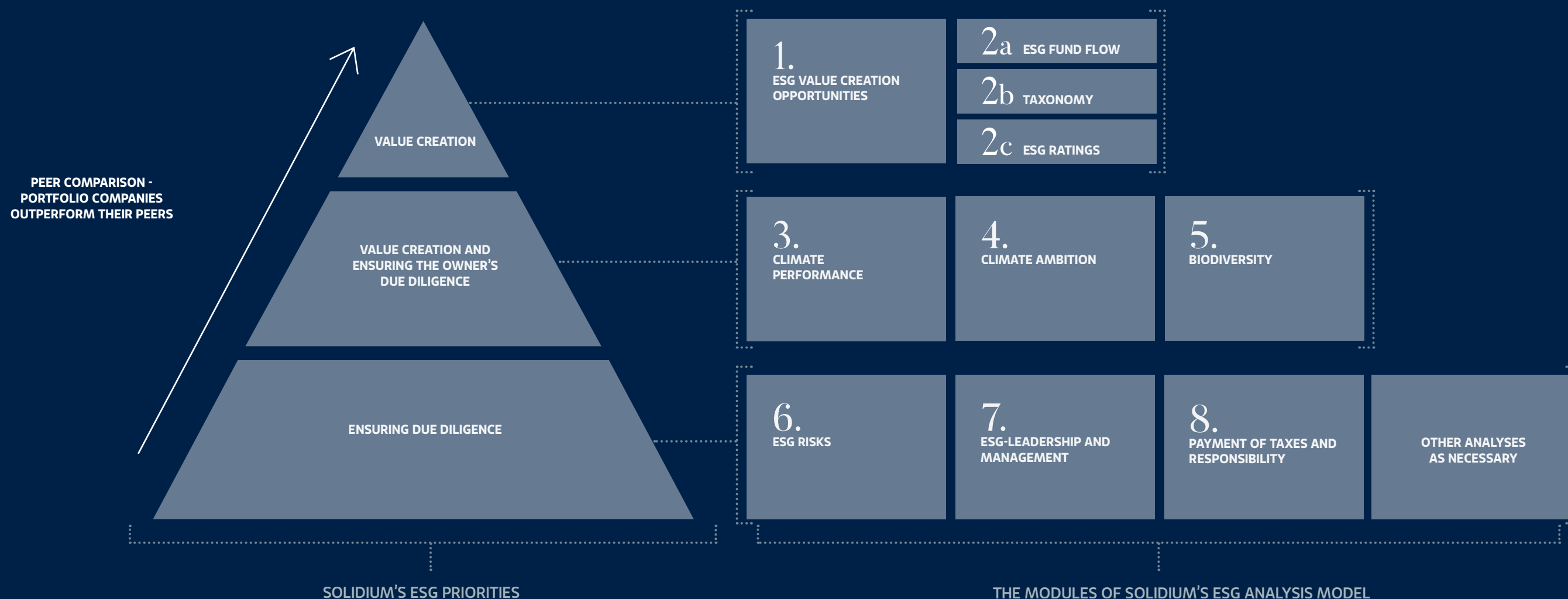
Module implementation was launched

The new ESG analysis model was launched in the 2022–2023 financial year by implementing the modules that were due for updates. These included the monitoring of the ESG fund flow development and ESG ratings. Also, the companies' taxonomy compliance rate was compared with their peers. Furthermore, the portfolio companies' carbon footprint and carbon intensity were monitored.

The first versions of the "ESG value creation opportunities" module were drawn up towards the end of the financial year. The objective was to create a view of business opportunities associated with ESG in the portfolio companies and to assess whether the ESG value creation opportunity should be added to Solidium's value creation plan. The analysis also included a peer comparison. The preparation of the "ESG value creation opportunities" module will continue during the 2023–2024 financial year.



Solidium's new ESG analysis model





Solidium's carbon footprint calculated in full

Solidium's carbon footprint was calculated in full for the first time during the past financial year. Until now, only the emissions of the portfolio had been calculated. Now the overview was complemented with the emissions of Solidium's own operations.

Carbon footprint of Solidium's own operations

The emissions of Solidium's own operations were 314 tCO₂e in 2022, corresponding to less than 0.1 per cent of Solidium's total emissions.

Purchased goods and services were clearly the largest source of emissions in Solidium's own operations. This category includes emissions generated by the products (e.g. office supplies) and services (eg. expert services) Solidium purchased in 2022. To avoid overlapping calculation, the expenses of air travel, rent, energy, and waste generated in operations were eliminated, since the emissions generated by these factors are reported separately in other emission categories. Most of the emissions of purchased goods and services come from IT services and administrative services, such as legal and consulting services. Whenever possible, Solidium always strives to choose the option that is better for the environment.

Upstream leased assets was the second-largest emissions category. This category includes emissions generated by the district heating and electricity consumption of Solidium's office. The electricity and heating agreements are managed by the lessor, and therefore our ways to reduce these emissions are limited. We influence the emissions by expressing to the lessor our interest in purchasing electricity and heating generated by means of renewable forms of energy and by adjusting our own consumption habits.

The amount of emissions from **business travel** was at the same level as that in category upstream leased assets. Most of the business travel emissions come from air travel. During the past financial year, we established Solidium's travel guidelines, which include the principles of responsible travel. In short, the key message of the travel guidelines is that all business travel is discretionary and travelling is acceptable only if remote meetings cannot achieve the same benefit.

The emissions of **waste generated in operations** and **employee commuting** were considerably lower. However, through the Green Office environmental programme, we strive to minimise these emissions as well, by encouraging personnel to recycle and use environmentally friendly means of transport, for example.

Carbon footprint of Solidium's investments

The emissions of Solidium's **investments** were 560,426 tCO₂e in 2022, corresponding to more than 99.9 per cent of Solidium's total emissions. The carbon footprint of the portfolio was calculated based on the Scope 1 and 2 emissions of Solidium's portfolio companies and on Solidium's holdings in each company ("the equity share approach").

The majority of the emissions of Solidium's portfolio are generated by a few process industry companies. The emissions of the portfolio have decreased year after year, in part as a result of the

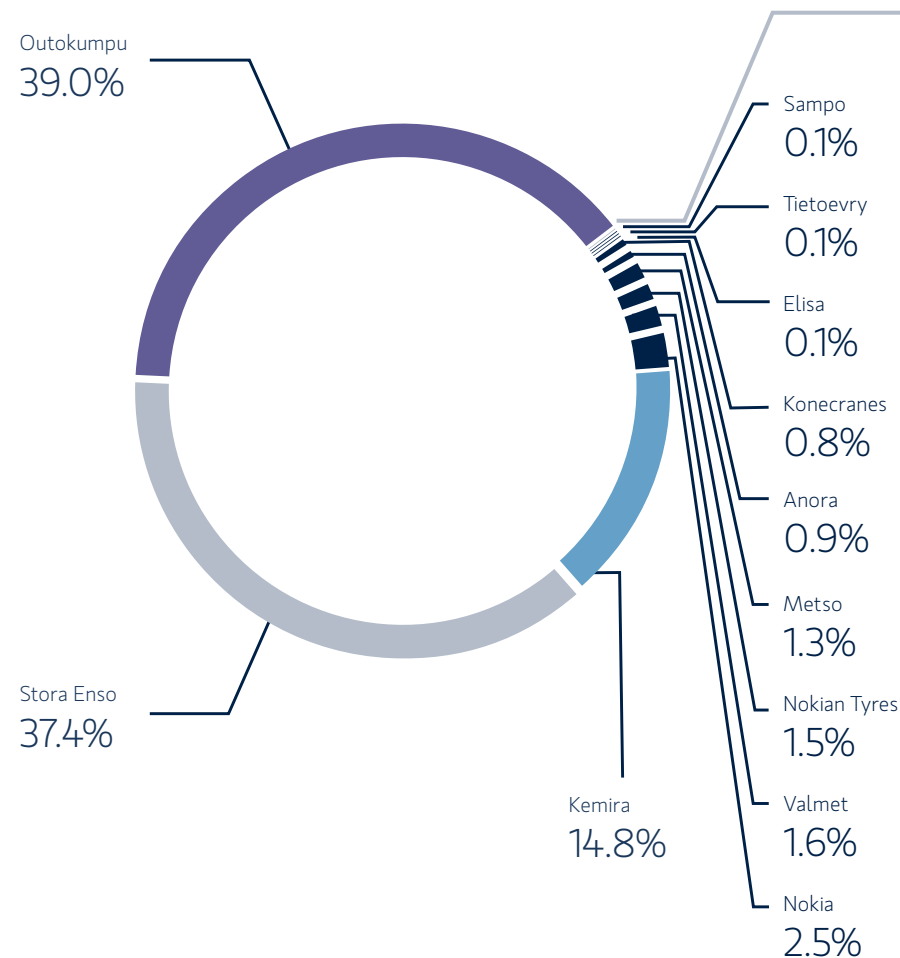
companies' reduced emissions and in part due to the changes in the portfolio.

We monitor the measures that the portfolio companies take to implement the low-carbon transition needed so that the targets set in the Paris Agreement to limit climate change to 1.5 degrees can be reached. We expect the portfolio companies to commit to SBT targets based on scientific climate data.

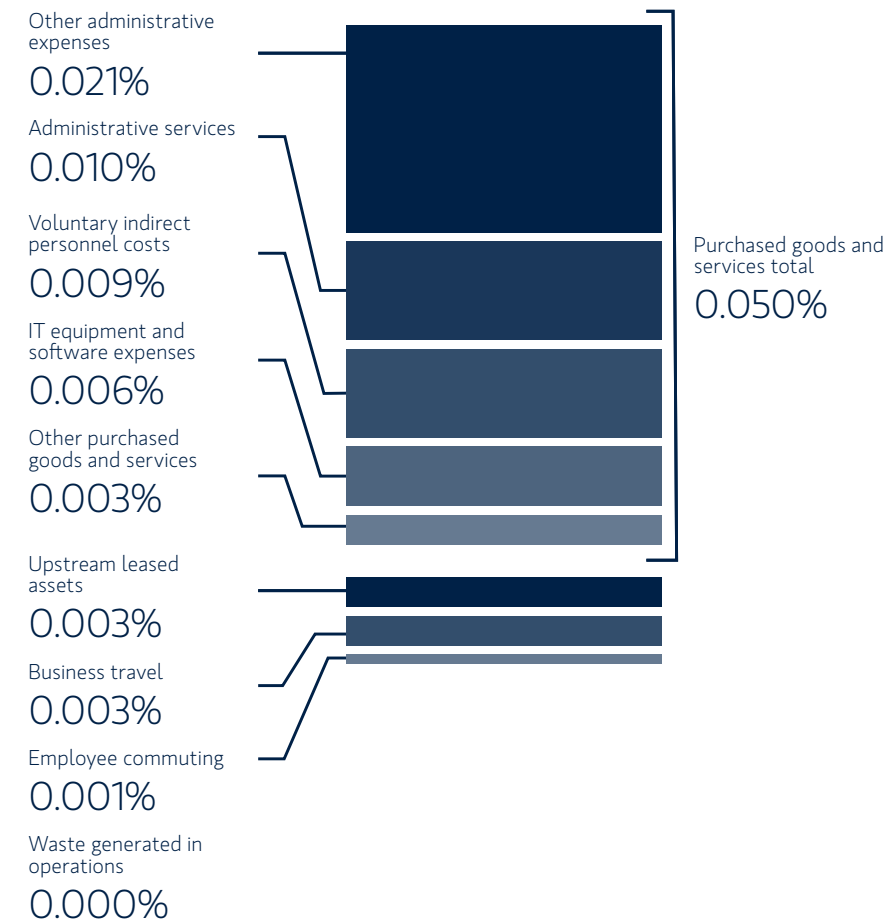


Solidium's CO₂ emissions in 2022

Solidium's total emissions 560,740 CO₂t



Emissions of Solidium's own operations, 314 CO₂t
0.1%



Solidium's CO₂ emissions calculation is based on the GHG Protocol

All Solidium's own emissions are reported as GHG Protocol Scope 3 emissions. Solidium does not sell goods or services, so only some of the Scope 3 categories were relevant in the calculation. Based on materiality, the calculation focused on Scope 3 categories 1 "Purchased goods and services", 5 "Waste generated in operations", 6 "Business travel", 7 "Employee commuting", 8 "Upstream leased assets" and 15 "Investments". Solidium leases its office from a property investor and has one leased vehicle.

The emissions are calculated per calendar year, in deviation of Solidium's financial year (July–June). Solidium aims to regularly update the calculation of the carbon footprint of its own operations.

CO₂ emissions of Solidium's investments 2017–2022

















Solidium’s holdings

At the end of the financial year, Solidium was a minority shareholder in twelve listed companies. The companies’ combined revenue in 2022 was approx. EUR 81 billion, and they had approx. 221,000 employees in total. The combined market value of the portfolio companies was EUR 84 billion on 30 June 2023. At the close of the financial year, the market value of Solidium’s equity investments was EUR 7,517 million.

In terms of market value, the largest holdings were Sampo, Metso, Nokia, and Stora Enso. During the financial year, Solidium increased its holdings in Konecranes, Nokia, and Nokian Tyres. Additionally, Solidium decreased its holdings in Kemira. In addition to the equity investments, Solidium had money market investments worth a total of EUR 475

million at the end of the financial year. Taking both the equity investments and fixed income investments into consideration, the return of the holdings was 8.3 per cent. The best returns during the financial year were yielded by Konecranes and Metso.

	<div> ANORA</div> <div>Production, import, and marketing of alcoholic beverages</div>	<div> elisa</div> <div>Telecommunications</div>	<div> kemira</div> <div>Manufacturing of industrial chemicals</div>	<div> KONECRANES</div> <div>Lifting equipment and maintenance services</div>	<div> Metso</div> <div>Technologies for the mining, aggregates, and metals refining industries</div>	<div> NOKIA</div> <div>Network infrastructure and licensing</div>	<div> nokian TYRES</div> <div>Tyres for cars and heavy-duty equipment, tyre services</div>	<div> outokumpu</div> <div>Manufacturing of stainless steel</div>	<div> SAMPO GROUP</div> <div>P&C and life insurances</div>	<div> storaenso</div> <div>Products within the packaging, biomaterial, wood, and paper industries</div>	<div> tietoenvy</div> <div>Information technology, product development and consulting services</div>	<div> Valmet</div> <div>Technologies, automation and services for the pulp, paper, and energy industries</div>
Turnover EUR million	703	2,130	3,570	3,365	5,295	24,911	1,776	9,494	9,732	11,680	2,928	5,074
% in Finland	15%	84%	15%	3%	2%	7%	-	4%	26%	6%	22%	11%
Operating profit EUR million	35	470	348	223	504	2,318	-116	992	1,863*	2,009	267	436
Personnel	1,251	5,623	4,902	16,522	16,705	86,896	4,542	8,591	13,490	20,879	24,320	17,548
% in Finland	33%	73%	15%	13%	15%	8%	38%	28%	18%	27%	13%	-
Return on equity	4%	30%	15%	10%	14%	22%	-12%	31%	-1%	13%	11%	18%
Market capitalisation EUR bn (30 June 2023)	0.3	7.8	2.2	2.9	9.1	21.3	1.1	2.1	20.7	8.5	3.0	4.7
Net gearing	63%	102%	46%	48%	29%	-22%	10%	0%	2%	15%	40%	20%
Taxes paid according to the cash flow statement EUR million	11	85	34	53	121	381	66	21	290	178	60	131

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



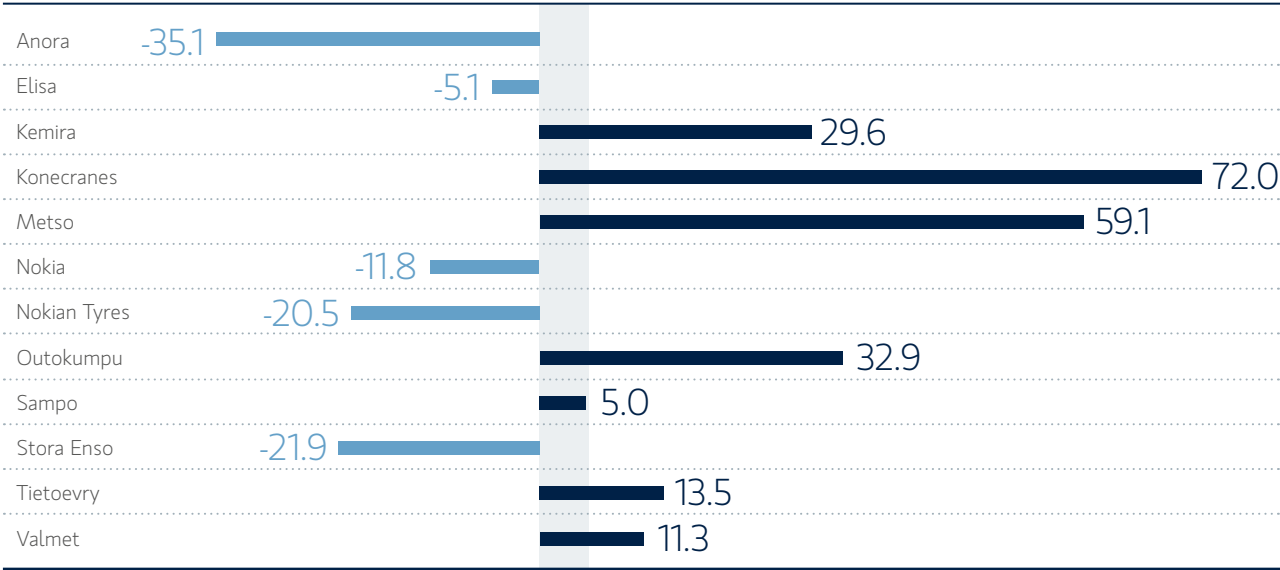
Solidium's holdings

5.4 %

The return on Solidium's equity investments was 5.4 per cent during the financial year. The best returns during the financial year were generated by Konecranes and Metso, whereas weakened market conditions had a particularly negative effect on Stora Enso.

Return of Solidium's equity holdings, %

Return of Solidium's equity holdings 1 year

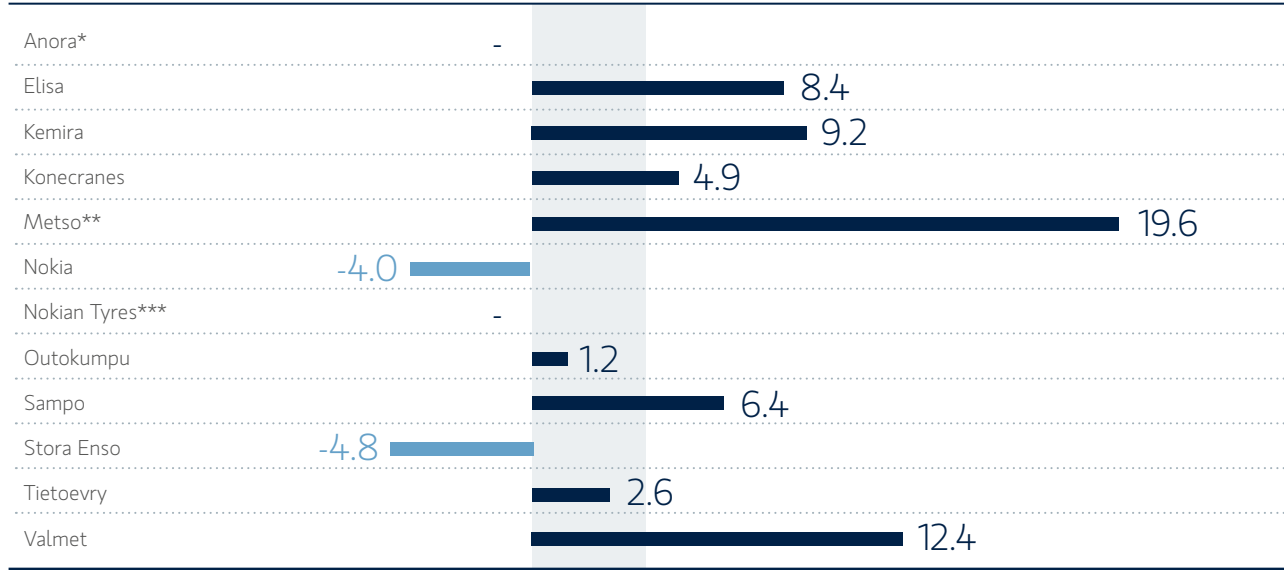


3.8 %

The annualised return on Solidium's equity holdings during the period of five years was 3.8 per cent. The best returns were generated by Metso, Valmet and Kemira.

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 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 2022	Transactions	Dividend	Change in value	Market value 30 June 2023	Share of equity holdings
Anora	101	-129	1	-35	64	0.9%
Elisa	901		36	-43	822	10.9%
Kemira*	184		7	66	114	1.5%
Konecranes	178	29	10	128	324	4.3%
Metso*	883	105	33	514	1,364	18.1%
Nokia	1,336		28	-167	1,247	16.6%
Nokian Tyres*	136		5	-30	112	1.5%
Outokumpu	279	10	25	92	347	4.6%
Sampo	1,382		87	73	1,368	18.2%
Stora Enso	1,282		51	-276	955	12.7%
Tietoevry*	303		18	40	325	4.3%
Valmet	436		12	51	475	6.3%
Total	7,401	15	313	414	7,517	100%

* The companies paid dividends also in the autumn of 2022. These are calculated to dividends received during the financial year.

Transactions by financial year

Important events **

2022/2023

- Divestment of Kemira shares (EUR 129 million)
- Additional investments in Konecranes (EUR 29 million)
- Additional investments in Nokia (EUR 105 million)
- Additional investments in Nokian Tyres (EUR 10 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)

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)

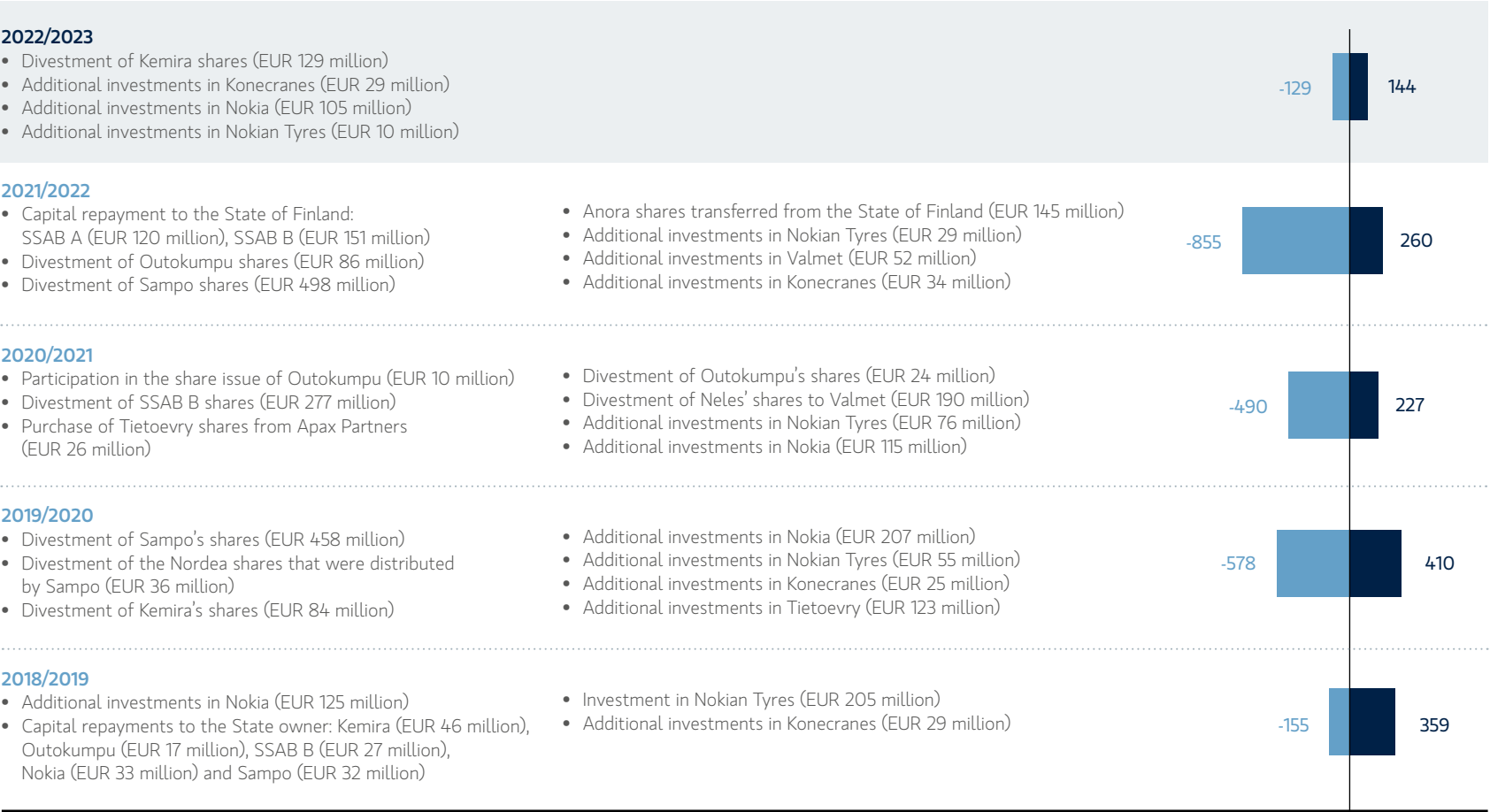
2019/2020

- 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)

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)

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



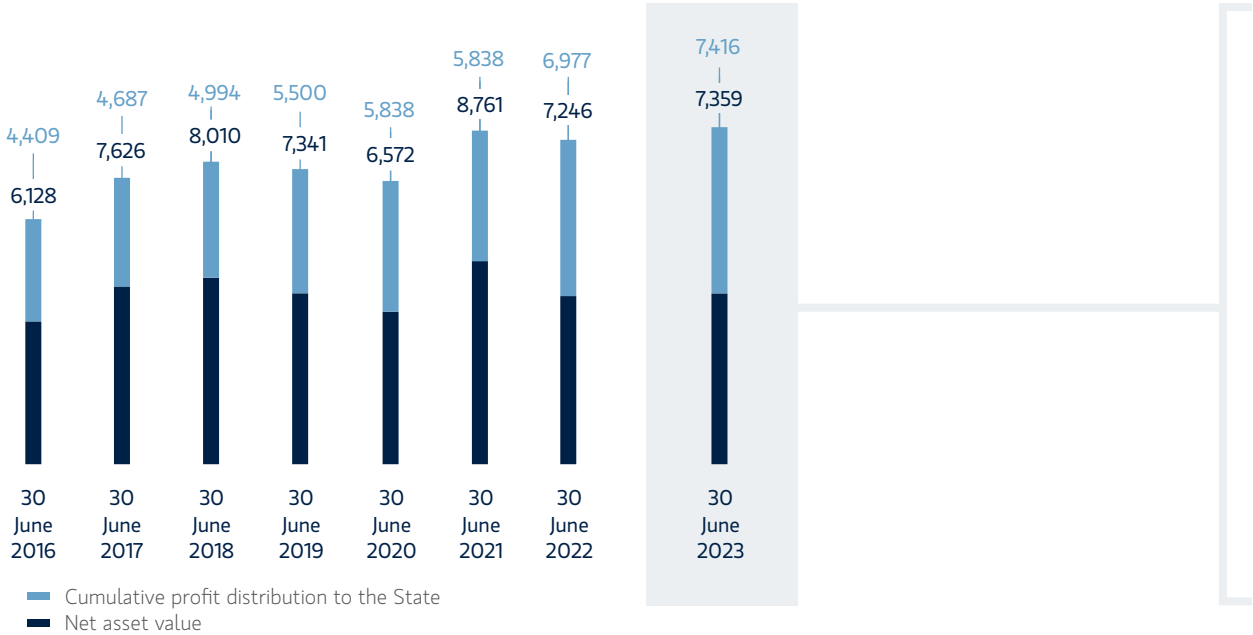
** More specific information is available on Solidium's website.



Solidium's holdings

Net asset value development, EUR million

The net asset value increased moderately during the financial year. Increased interest rates together with worsened economical outlook caused volatility in the market. The cumulative distribution of profits to the State between the beginning of Solidium's operations and the end of the latest financial year is EUR 7.4 billion. The net asset value adjusted for profit distribution increased 145 per cent in 2009–2023, or an average of 6.6 per cent per year.



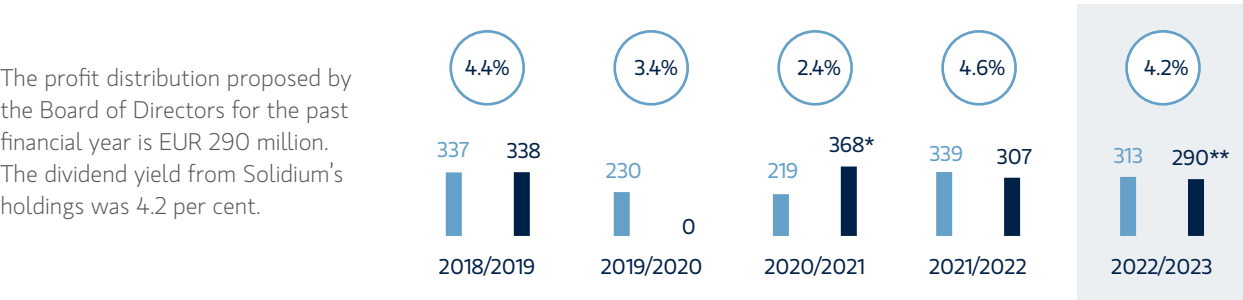
Net asset value calculation, EUR million

	30 June 2022	30 June 2023
Tangible and intangible assets	0.2	0.1
Equity investments	7,401.4	7,517.4
Current receivables	0.2	0.6
Money market investments	405.5	472.8
Assets, total	7,807.3	7,990.8
Current liabilities	-1.1	-67.1
Non-current liabilities	0.0	0.0
Deferred tax liability	-560.6	-565.1
Liabilities, total	-561.7	-632.2
Net asset value	7,245.6	7,358.6
Change during the financial year	-1,515.0	113.1
Change during the financial year, %	-17.3%	1.6%



Solidium's holdings

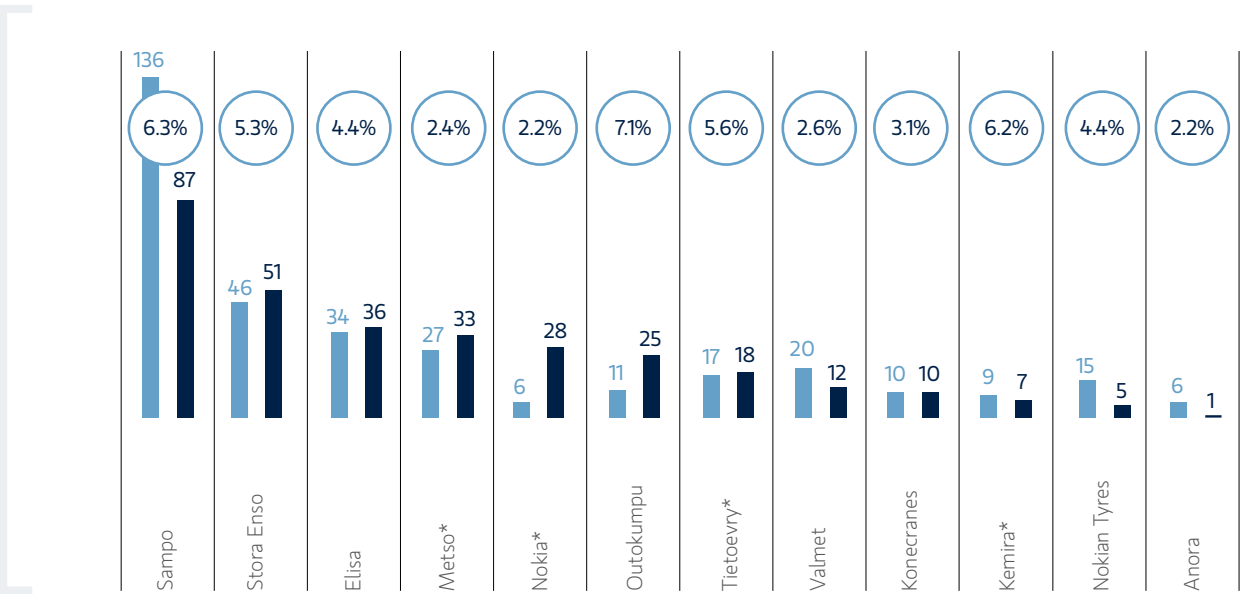
Profit distribution received and paid by financial year, EUR million



■ 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 2021-2022
■ Profit distribution received in 2022-2023
○ Dividend yield in 2023**

* The companies also paid dividends in the autumn of 2022. 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.



ANORA

Profitability to be improved and net debt reduced

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 past year was challenging for Anora. The material costs increased radically, the development of exchange rates was unfavourable, and the sales volumes in the monopoly market continued to decline from the exceptionally high levels experienced during the coronavirus pandemic. The price increases implemented by Anora have not succeeded in compensating for the higher production costs, and the company ended up issuing a profit warning in the summer of 2023. In addition, Anora prepared for potential disturbances in the supply chain by growing its stockpiles, which increased working capital and reduced the cash flow. For its part, this weakened the company's net gearing.

A new strategy and new financial targets

In November 2022, Anora held its first Capital Markets Day at its Gjelleråsen factory in Norway. The company introduced its new growth strategy, financial targets and sustainability roadmap. Growing the international business is one of the central objectives of Anora's new strategy, and it will be advanced through both key brands and acquisitions. Sustainability is also at the core of Anora's new strategy, and the company is committed to set science-based climate targets (SBTi), among other things.

An active year also in acquisitions

The company has been busy, as in addition to the Altia-Arcus integration and the strategy preparation, the company was active in acquisitions. About a year ago, Anora acquired the Danish company Globus Wine that specialises in wine imports and packaging. In addition, Anora acquired Glöet, the most popular sparkling glögg brand in the Nordics and became a minority shareholder in ISH, a Danish company specialising in non-alcoholic wines, spirits and cocktails. Anora should ensure that it will achieve the benefits sought through the acquisitions. The company must do its best to avoid setbacks such as the writeoff in Globus Wine's inventory value.

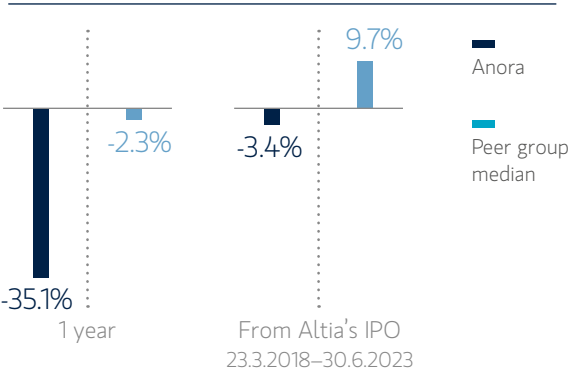
Globus Wine enables the implementation of the specialisation strategy

In February 2023, Anora announced its new specialisation strategy to increase effectiveness. The bottling of wines will be centralised to Globus Wine's state-of-the-art production plant in Køge, Denmark, and the production of spirits will take place in the Rajamäki factory in Finland. The distillation, maturing and bottling of aquavits and bitters will be centralised to the Gjelleråsen factory in Norway. The strategy implementation will take a few years but it seems to be the right direction.

Improving profitability and reducing net debt are important

From the perspective of Anora's value creation, it is of utmost importance that the company improves its profitability and reduces indebtedness. Anora must succeed in its price increases to cover the increased costs, as well as in its cost saving measures. The company must restore its ability to generate a strong cash flow so that it can both implement the strategy and pay good dividends.

Annualised return



Major events

The first Capital Markets Day

A new strategy, new financial targets and a new sustainability roadmap

Commitment to STBi

Share of Solidium's equity holdings

0.9%

"Focus on improving the result."

Market value of the holding 30 June 2023

64.4 million



Victor Jansson
Analyst



Consistently good performance year after year

Elisa is a provider of telecommunications and digital services with Finland and Estonia its core market areas. The company also offers a growing portfolio of digital services for international markets.

In the past year, telecommunications operators faced challenges in their operations particularly due to the energy crisis caused by the Russian invasion into Ukraine and cost inflation. Nevertheless, Elisa once again demonstrated its stability and good operative performance in comparison with how the aforementioned situations affected many other operators. The company's revenue grew by five per cent and earnings per share by four per cent over the last twelve months. Elisa continued its streak of increasing its dividend for the ninth year in a row and to distribute a dividend of EUR 2.15 per share in spring 2023. The company is managed excellently and continues to demonstrate the high quality of its operations by performing well year after year.

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

Elisa continued its 5G investments in Finland, and the company also got on a fast track to build a 5G network in Estonia as soon as the first local 5G frequencies there were auctioned to operators. Consumers' satisfaction with their 5G subscriptions continues; customer satisfaction among 5G customers is high and consumers are

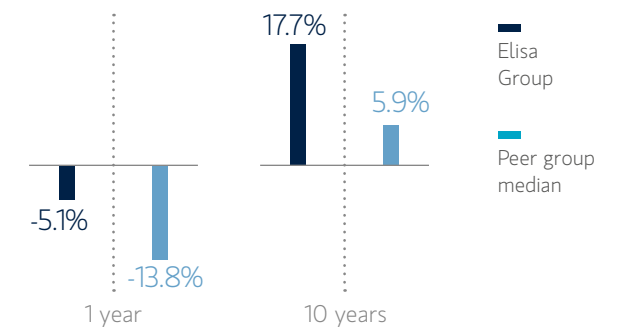
still willing to pay a premium for 5G subscriptions in relation to 4G subscriptions. At the same time, the company has succeeded in transferring increased costs to the prices of 4G subscriptions as well and in selling faster 4G subscriptions to consumers. These contributed to the company's good development in mobile service revenue.

International digital services at the heart of the company's growth in the future

Elisa continued to expand its international digital services business focusing on industrial automation and the automation of operators' network. In recent years, growth has been actively pursued in the international digital services through small-scale acquisitions, and the company continued this development last year as well. In addition, Elisa elaborated on the strategy and growth potential of its international digital services during the Capital Markets Day it held in March, and began reporting the revenue of these services separately. In addition to the aforementioned initiatives, the company has demonstrated its ability to innovate through its Distributed Energy Storage solution, among other things. The solution is intended for

creating a virtual power station with a capacity of 150 MWh based on the batteries of the base stations in Elisa's network. According to the company, a corresponding battery-based virtual power station offers even more extensive scalability possibilities for operators and other sectors. The size of international digital services is still limited in the entire company's scale. If the company succeeds in developing these fairly new initiatives, and potentially also new ones, the importance of international digital services will increase rapidly.

Annualised return



Major events

Dividend was increased for the ninth time in a row

Elisa begun reporting its International services' revenue

Share of Solidium's equity holdings

10.9%

Market value of the holding 30 June 2023

822 EUR million

"Mobile service revenue growth continued strong."



Pauli Anttila
Investment Director



Kemira

A record-breaking year

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

The last twelve months have been record-breaking for Kemira with regard to both revenue and EBITDA. This has been supported by the extensive price increases, which have not only compensated for the impacts of inflation but also improved the profit received by Kemira. Historically, Kemira has not succeeded particularly well in an environment with increasing raw material prices, but now the development of the company's operating methods and the systems supporting them has produced results. Kemira has also succeeded in managing its very complex supply chain well even in the exceptional circumstances of recent years. In addition, the market situation that is favourable for Kemira and certain market disturbances have supported the development. In comparison with its competitors, the company has had a relative advantage thanks to its holdings in electrical power in Finland and the resulting cheap energy. During the first half of 2023, the weak market demand in the pulp and paper industry has been reflected negatively on Kemira as well, and this is expected to continue in the near future. However, the water treatment business has remained robust.

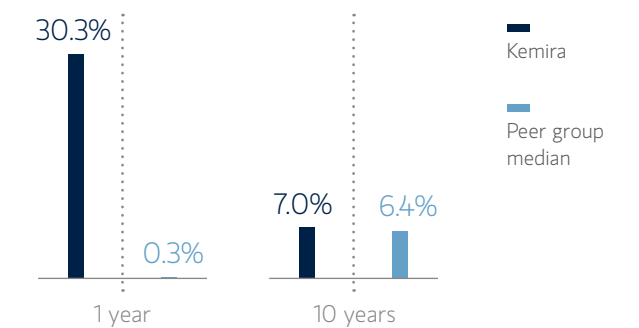
Business portfolio under development

Kemira is in the process of integrating sustainability more closely in the core of its strategy. The company offers central chemicals for products in the forest sector. These chemicals play an important role in replacing plastics, for example. Several projects are under way in the company to introduce products based on more sustainable raw materials. These chemicals would replace old products or be used for new applications. The other half of the company provides chemicals for water treatment and purification. Such chemicals play a central role in reducing discharges into the environment. In spring 2023, Kemira announced it will commence a strategic review of its operations related to the oil and gas industry, including an option of divesting these operations. Divestment would further improve the company's positioning as a responsible provider of chemicals in the future. The current strong balance sheet and potential sales proceeds enable the company to grow its investments for portfolio development.

In its product offering, Kemira maintains its goal to increase the revenue of bio-based products towards the targeted EUR 500 million

by 2030, half of which the company had already achieved at the end of 2022. The company has established a Growth Accelerator unit for accelerating the commercialisation of bio-based and renewable products, and according to the company, it will be making investment decisions in the near term, to enable future growth. The company has introduced several new products and applications. Acquisitions involving water treatment chemicals, in particular, are also increasingly on the company's agenda.

Annualised return



Major events

Good development in building sustainable business

Initiating a strategic review of the oil and gas business

Share of Solidium's equity holdings

1.5%

Market value of the holding 30 June 2023

114 million

"Profitability has been on a record level."



Joonas Hytti
Associate



Aiming for increased profitability with the new CEO at the helm

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

The past year was in many ways successful for Konecranes, although there were also many challenges. Cost inflation, the Russian invasion into Ukraine and the resulting energy crisis together with the supply chain problems that have continued since the pandemic created challenges for the company during the year. However, the worst risks in the operating environment were averted, and the concurrently continued strong demand and a constantly improving operative performance have had positive impacts on Konecranes' profitability in both service and new equipment.

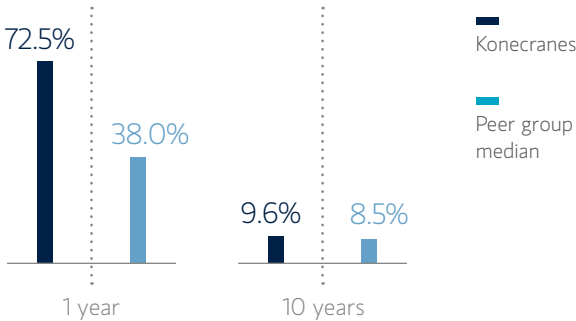
A new CEO and an updated strategy
Despite improved profitability, the company still has plenty of improvement potential with regard to both growth and profitability.

That is why we were satisfied with the company having published its updated strategy and new ambitious financial targets during the Capital Markets Day in May. At the same time, the company elaborated on the measures it will take to improve profitability and previously weak growth. A strong order book and a competitive offering in both services and new equipment provide Anders Svensson, the new CEO since last October, a good starting point for the upcoming years.

In addition to organic growth, bolt-on acquisitions focusing on the service business are a good way for Konecranes to generate growth and create shareholder value. The acquired businesses from Whiting Corporation and Munck Cranes this year are good examples of these. We are hoping to see more of corresponding acquisitions in the future as well.

In its strategy update, Konecranes also announced it would raise the bar for its sustainability goals. The company pursues carbon neutrality in its production by 2027 and in all its own operations by 2030. This is a considerably more ambitious goal than the company's former STBi-approved goals and in line with the company's focus on sustainability work and communication.

Annualised return



Major events

- Anders Svensson took the position of the CEO in October 2022
- An updated strategy and increasing the profitability target to 12–15%
- A record-high order book

Share of Solidium's equity holdings

4.3%

"Strong development and good shareholder returns."

Market value of the holding 30 June 2023

324 million



Victor Jansson
Analyst



Metso

Approaching the profitability target

Metso is a frontrunner in technologies and services for the aggregates, mineral processing and metal refining industries globally.

The past year was full of success for Metso. There were several factors that supported the company’s good development. The mining market continued to be strong as a result of the high prices of metals, among other things. Green transition and electrification will continue to require increasing amounts of metals, in particular copper, nickel and other metals used in batteries. The market price of aggregates has been on a good level in North America, in particular, supporting Metso’s Aggregates business. Metso also succeeded in compensating for the impacts of its withdrawal from Russia by growth in other markets.

Close to reaching the target

As Metso and Outotec merged, the company set an adjusted EBITA margin of 15 per cent as its profitability target over the cycle. The company has indeed succeeded in steadily improving profitability, and the threshold of 15 per cent was exceeded in the first and the second quarter of 2023. The synergies pursued through the merger were achieved over the target, and the company says streamlining will be a continuous practice. Although there have been challenges in the past few years due to inflation and the supply chain, Metso has been successful in cost management. The company has implemented price increases well and started the increases early, supported by the favourable market conditions. The integration phase is now over, and

the company changed its name to Metso Oyj, with the name Outotec remaining in product brands.

A refined strategy

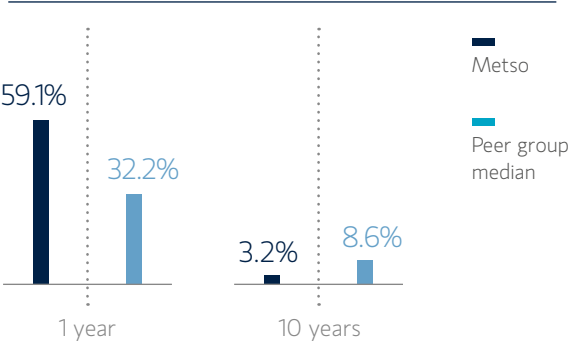
At the end of March 2023, Metso completed the strategic review of the Metals business. As a result, the company will start preparing for the divestment of the Metals & Chemical Processing and Ferrous & Heat Transfer businesses. These businesses can be best developed by an owner who can provide a sufficient scale and focus for their products. By contrast, Metso decided to retain its smelting business, including Flash smelting. The smelting business complements the Non-Ferrous offering that supports sustainable development. Metso has indicated that the profitability level of the smelter business supports the achievement of the company’s goals. After the Metals reorganisation, Metso’s strategy will continue to focus on the development of growth and profitability in the Aggregates and Minerals segments, which focus on the aftermarket.

Inherent responsibility

The company continues strong corporate responsibility work and integrating it into the business operations. In particular, the pressure on mining company clients to obtain mining permits and to meet the

expectations of various stakeholders is building continuously. Metso has succeeded in increasing its Planet Positive offering by an excellent 43% over the past year. The Planet Positive offering already accounted for approximately 26% of the company’s sales. In practice, the project expenses of R&D projects almost completely targeted projects which have sustainability targets, and this will support the revenue growth of Planet Positive in the future as well.

Annualised return



Major events

- Profitability at the record high level
- Strategic review of the Metals business was completed
- Strong demand has continued

Share of Solidium’s equity holdings

18.1%

”Several trends support demand.”

Market value of the holding 30 June 2023

1,364 million



Annareetta Lumme-Timonen
Investment Director



Technological competitiveness supports market share development

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.

Nokia’s strategy has focused on securing and making use of technological competitiveness as a driver of both growth and profitability. The company has thus succeeded in improving its competitiveness in recent years and in positioning itself as a technology leader in products that are the most essential for it. In mobile networks, the company has succeeded in developing competitive 5G products, and the company is also a leading solutions provider in private mobile networks. In the network infrastructure portfolio, the FP5 network processor based on the company’s own silicon technology is a leading solution for routers, and the company has extremely competitive solutions serving the fixed networks market. Now a product with competitive technical properties is also available for optical networks.

Company’s outlook on cash flow return and shareholder rewards is good

Technology leadership and competitiveness have already been realised in the form of strong growth and an excellent development of profitability in the Network Infrastructure segment. The segment raised its profile as the driver of the company’s profit by increasing its revenue by more than a third and its profitability by over five

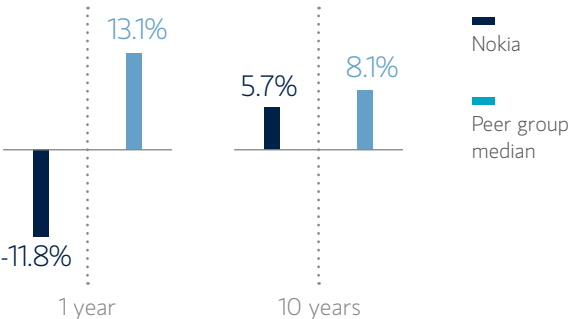
percentage points from 2020 to 2022. In the Mobile Networks segment, improved competitiveness has manifested over the past year as the market share taking an upward turn in Europe and India, in particular. This will hopefully also trickle into the unit’s profitability in the long run. In the licensing business, the previous prolonged legal proceedings over the renewal of licences are a concern. In early 2023, Nokia published its new target according to which it aims to achieve a net cash position in the range of 10–15% of net sales in the long term. This goal, combined with the company’s current cash position and the forecasts concerning the ability of the cash flow to generate return, create a good outlook for the company to reward shareholders through considerable repayments of capital.

Short-term risks include the macroeconomic development and teleoperators’ potential cost-saving measures

The general macroeconomic situation and increased interest rates are reflected in operators’ ability to invest in their networks, which puts additional pressure on Nokia to focus on its own strategic core and implement it as cost-effectively as possible. In the strategy update at the beginning of the year, the company emphasised the importance

of compacting the business portfolio. The initial signs of implementing this include the divestment of the RFS business. The goal of a more compact business portfolio so that it includes the strategically most important businesses and those that create the highest shareholder value is excellent, and in our view, the company should actively implement it. If the company succeeds in its goal and concurrently keeps the cost development at bay, it will be excellently positioned to create value for its shareholders in the long term.

Annualised return



Major events

- A new net cash position target
- Excellent performance in the Network Infrastructure segment
- Development of the RAN market share turns positive

Share of Solidium’s equity holdings

16.6 %

”Competitiveness improved, clients in a challenging situation.”

Market value of the holding 30 June 2023

1,247 million



Petter Söderström
Investment Director



World’s best winter tyres in the future as well

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

As a result of the war in Ukraine and the subsequent sanctions, Nokian Tyres was not in the position to continue its operations in Russia, and in summer 2022, the company began its controlled withdrawal from Russia. The agreement on the sales of the operations in Russia was signed in October 2022 with PJSC Tatneft, and the transaction was finally completed in March 2023. The final sales price was EUR 285 million. After the transaction, Nokian Tyres’ operations in Russia ended and, at the same time, the company relinquished its most significant production facility. This resulted in a considerable decrease in sales volumes and operative result. In the coming years, the company will be carrying out rebuilding, and the company’s ability to deliver and its financial performance will improve as the rebuilding activities progress.

World’s first zero CO2 emission tyre factory to be built in Romania

In November 2022, the company announced its investment of EUR 650 million in a new factory in Oradea, Romania. The factory’s annual capacity will be 6 million tyres and it can be expanded in the future. The construction work began in May 2023, and commercial tyre production is expected to begin at the beginning of 2025. The tyre

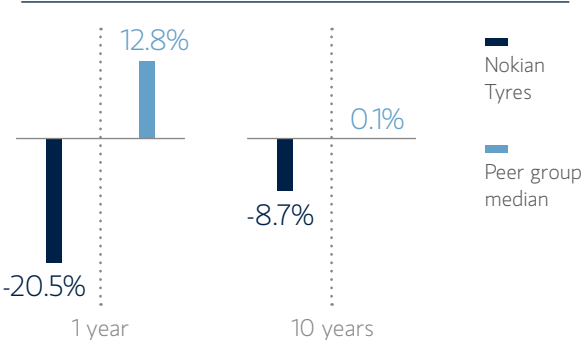
factory will be the world’s first zero CO₂ emission factory, and production will mainly focus on the manufacture of larger passenger car tyres and tyres for SUVs, targeting the Central European market. During the construction phase of the factory in Romania, the company will be manufacturing 1–3 million tyres annually as contract manufacturing in order to ensure the availability of tyres in Central Europe. In addition, ramping up production in Dayton, TN, in the US is progressing, and the company is pursuing a production volume of 4 million tyres in 2024. The production at the factory in Nokia, Finland, has also been increased during the year, and land has been purchased in the area for planned future expansions.

New financial targets

After ramping up the factory in Romania, the company’s production capacity in passenger car tyres will be more than 15 million tyres and production will be more decentralised than before. The company published the new long-term financial targets in April 2023 and aims to achieve revenue of more than EUR 2 billion by 2027 and to reach an EBITDA margin of 23–25 per cent and an EBIT margin of over 15 per cent in the long term. In our view, the decisions made by Nokian Tyres are justified with regard to the

rebuilding of the company, and we believe that the company has prerequisites for being the most sustainable and, measured by the EBITDA margin, the most profitable tyre manufacturer in the world. In the coming years, it is essential to complete the planned investment projects and their ramp up successfully in both production and commercial operations.

Annualised return



Major events

The Russian operations were sold

Construction of the factory in Romania began

New financial targets set

Share of Solidium’s equity holdings

1.5 %

”Significant strategic choices to ensure future growth.”

Market value of the holding 30 June 2023

112 EUR million



Pauli Anttila
Investment Director



Proven sustainable performance

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

In Outokumpu’s customer demand, the past twelve months were very different compared to the previous corresponding period. During 2021 and the first half of 2022, customer demand was strong. This increased prices and prolonged delivery times so much that import volumes from Asia grew considerably to meet the demand. In autumn 2022, there was a turn in the market as customers began to destock their inventories. Weakened demand has decreased prices especially in Europe, and the situation is still ongoing. Despite the challenges experienced towards the end of the year, Outokumpu’s result in 2022 was record-breaking in its history, and the company also achieved a balance sheet that included no net debt. This strengthens the company’s resilience even in the weakest market situation. In addition, at the beginning of 2023, the company completed the divestment of the Long Products business, which further improved the company’s financial position. In connection with the second quarter results of 2023, Outokumpu released additional information about the third phase of their strategy plan. As one option, the company is considering expanding its capacity in the USA, where the market has remained strong due to strict import tariffs.

Effective streamlining measures

The first-stage target of Outokumpu’s strategy, the improvement of

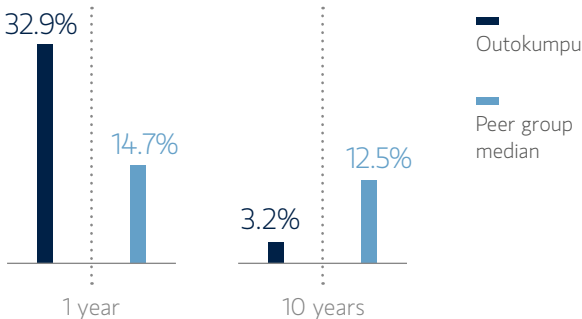
EUR 250 million in the EBITDA level, was excellently achieved ahead of schedule in spring 2022, after which the second stage was launched. Subsequently, the company aims at achieving the next improvement of EUR 200 million in the EBITDA level by the end of 2025. These include, in particular, smaller bottleneck investments and investments in energy efficiency, for example, which will simultaneously reduce the company’s emissions. In the end of the second quarter of 2023, already EUR 82 million run rate has been achieved. As demand weakened in winter 2022/2023, the company succeeded in demonstrating the impact of the streamlining measures: although the company delivered less steel than during the coronavirus pandemic and the market prices have dropped, the company succeeded in achieving a good result.

Responsibility as an asset

Outokumpu manufactures the lowest-emission stainless steel in the world, because a record-breaking 94% of the raw material it uses is recycled, and the ferrochrome used by the company is sourced from Outokumpu’s own, responsibly managed mine in Kemi, Finland. Additionally, the company is investigating the construction of a biocoke plant, which would considerably reduce the emissions of its ferrochrome production. The company has launched the new Circle

Green product line, the carbon footprint of which is only 8% of the global average. In addition, the European Union is in the process of setting carbon tariffs through the Carbon Border Adjustment Mechanism (CBAM). The tariffs may make Outokumpu’s products even more competitive, since the carbon footprint of the company’s products is significantly lower than that of its Asian competitors, for example.

Annualised return



Major events

A good result achieved also in a weaker market

The Long Products business was sold

Balance sheet with no net debt

Share of Solidium’s equity holdings

4.6%

”Strong balance sheet protects and enables.”

Market value of the holding 30 June 2023

347 EUR million



Joonas Hytti
Associate

SAMPO  GROUP

Progress on the journey towards a pure non-life insurance group

The Sampo Group's business areas are non-life 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 non-life 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 decision was made to sell Sampo's holding in Nordea, and the final Nordea shares were sold in May 2022. Sampo's next step towards a pure non-life insurance company was taken towards the end of 2022 when the company announced the start of a strategic review concerning Mandatum. As a result of the review, Sampo's Board of Directors proposed that Mandatum would be separated from the Sampo Group through a partial demerger, after which Mandatum's shares would be listed on Nasdaq Helsinki. The Annual General Meeting approved the proposal, and the demerger is expected to be executed on 1 October 2023. Without Mandatum, Sampo's return on capital is expected to improve with reduced exposure to market risk. In addition, Mandatum is well placed to succeed as an independent listed company.

The Nordic non-life insurance market is still disciplined; the market in Great Britain shows signs of recovery

If continued its strong performance in a challenging operating environment where the claims inflation has been considerable, the

sales of new vehicles has slowed down, the claims frequency has normalised from the coronavirus pandemic and exchange rates have developed unfavourably. The company's growth and profitability have remained strong, with the price increases implemented by the company having been slightly faster than the claims inflation. The performance has also been supported by the investment returns, which have increased along with the general interest rate level. Based on the latest information, the Nordic non-life insurance market is still disciplined and If has maintained its market shares.

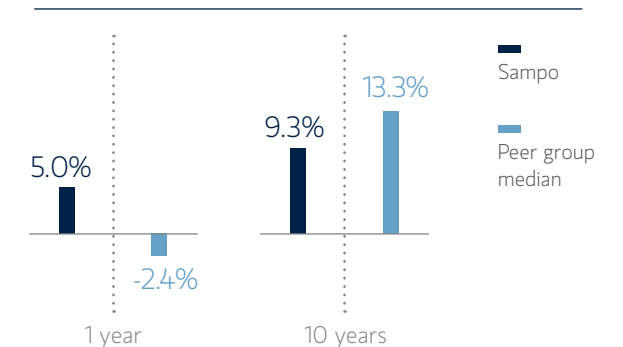
In December 2022, Topdanmark sold its life insurance business to Nordea, after which Topdanmark became a pure non-life insurance company. Capital freed from the transaction was used for the payment of an extra dividend and to purchase the Danish health insurance company Oona Health. Topdanmark's actions are well aligned with Sampo's strategy.

In Great Britain, the market prices of insurance policies have been lagging behind the inflation of claims, which has been up to 12 per cent. Price competition has been fierce, and the pricing of Sampo-owned Hastings has been disciplined all along, which has resulted in a slower customer volume growth. However, there are signs of recovery as market prices have taken an upward turn recently. This will cause increased mobility in the customer base, which may help Hastings win new business.

New Chair of Sampo's Board of Directors

In the Annual General Meeting in May, Antti Mäkinen was elected as Sampo's new Chair of the Board of Directors, as the long-term Chair Björn Wahlroos left the position after a successful career. Previously, Mäkinen was a member of Sampo's Board of Directors in 2018–2021, so he is well positioned to perform excellently as the Chair.

Annualised return



Major events

Mandatum to be separated from the Sampo Group

Antti Mäkinen became the Chair of the Board of Directors

Share of Solidium's equity holdings

18.2 %

"Mandatum will be an attractive listed company."

Market value of the holding 30 June 2023

1,368 EUR million



Petter Söderström
Investment Director



Strategy implementation progresses in a challenging operating environment

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

For Stora Enso, the period under review was operationally extremely two-fold. The exceptionally strong end product market in nearly all product segments began to slow down as cost inflation continued to be high. This reflected in the company's financial performance, where the steep decline was highlighted compared to the record-high profitability in the previous year. In 2023, the price of pulpwood, in particular, has continued to increase as demand remains high while the import for wood raw material from Russia has ended due to the war in Ukraine. We expect that raw material purchases and the management of cost inflation will be emphasised in the company's operative development in the near future.

Implementation of the growth strategy continued both through investments and inorganically

Stora Enso continued to implement its growth strategy in packaging materials and announced it will invest approximately one billion euros in the conversion of one decommissioned paper production line in Oulu for the production of premium packaging board. In packaging solutions, the company doubled its manufacturing capacity in corrugated packaging by acquiring the Dutch company De Jong

Packaging Group. The acquisition strengthens Stora Enso's foothold in the key industrial packaging market of Central Europe. The acquisition strengthens Stora Enso's vertical integration, as De Jong uses Stora Enso's containerboard.

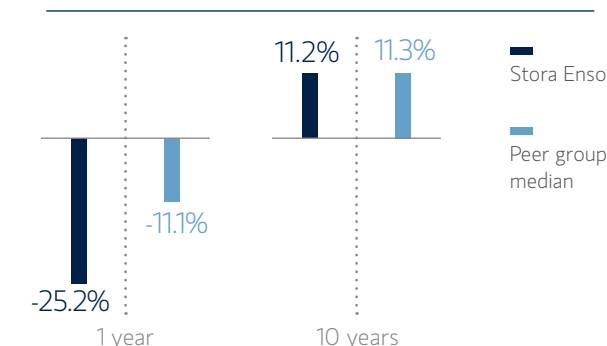
Another strategic growth area is the value-added products for wood construction, in which growth is supported by the company's recently completed Zdirec mill. Biomaterial innovations are the third growth driver according to the company strategy. The spearhead project is the lignin-based battery material Lignode, for which the company is developing production and commercialization models. On the other hand, discontinuing the paper business has also been at the core of Stora Enso's strategy for a long time. A milestone was reached when the Paper division was discontinued at the beginning of 2023, and the remaining Langerbrugge and Anjala mills will be part of the Packaging Materials division going forward.

Geopolitics and regulation increase pressure on wood procurement and the use of forests

Responsibility themes related to the use of forests and the role of regulation have been emphasised recently in the industry. Stora

Enso's role as a significant owner of forests and an important user of wood raw material underlines its importance in the development of sustainable use of forests, carbon binding and biodiversity. Thus far, the company's responsibility work has been groundbreaking in many ways. The increasingly strict regulation in the use of forests, together with the tightening situation in the market for wood will underline the importance of sustainable forestry even further in future. At the same time, the company must continue to develop its operations and evaluate an optimal product portfolio in order to create value and make the most of the raw material.

Annualised return



Major events

Investing in Consumer Board production in Oulu

Acquisition of De Jong

Discontinuing Paper division

Share of Solidium's equity holdings

12.7%

"Strong headwinds in most segments."

Market value of the holding 30 June 2023

955 EUR million



Timo Mäkinen
Investment Manager



Ongoing strategic reviews will define the direction of the company

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

Tietoevry experienced strong growth during the last months of 2022 as the company achieved a record-high revenue of EUR 2.9 billion at the end of 2022. The start of the year 2023 was also promising and the company succeeded in growing organically by over 5 per cent in the first half of the year. Growth has been driven by software solutions and data-centric development and consulting services, which reflects companies' activity in automating and digitalising their operations. Cost inflation has continued to be high, and the company's personnel and technology expenses have increased. This has required the company to pay continuous attention to pricing and the effectiveness of the operations. In addition to growth, the company has also succeeded in improving profitability, and in the first half of 2023, the adjusted operating profit margin improved compared to the previous year.

Strategic reviews progressing as planned

In addition to the strong operative development, the company is conducting strategic reviews in its two business areas. In July, the company announced the start of a review in the Banking business with the aim to separate it into an independent company listed on a

stock exchange. Basware's former CEO Klaus Andersen took the position of Tietoevry Banking's CEO at the beginning of February, and the business separation process is progressing. For now, the listing could be possible at the beginning of 2024.

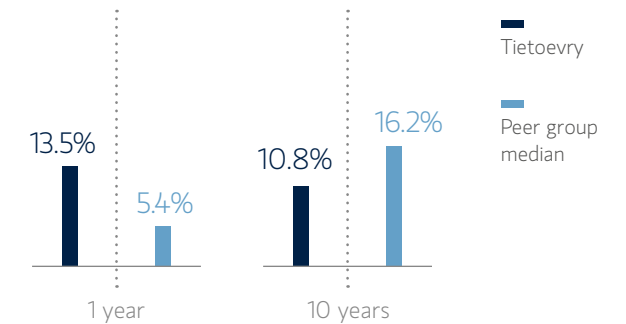
In addition, in November 2022 the company began the strategic review on merging the Transform and Connect segments as well as on their sale or listing as a spin-off. The business operations were merged as of 1 April, and the new name of the joined businesses is Tietoevry Tech Services. We believe that both the Tech Services transaction and the potential listing of the Banking business will create value for Tietoevry's shareholders as the company will increasingly focus on sector-specific software solutions and data-centric development and consulting services in the future.

Very strong growth pursued in the core operations

The company also set new financial targets for its business operations during the November 2022 Capital Markets Day. The company will pursue the highest growth in its core operations in Create, where the annual targeted growth rate by 2025 is 14–16 per cent, and in Care, where the company pursues a growth rate of 12–14

per cent by 2025. The growth targets are very ambitious, but we consider company's plans to be good for achieving the goals. Although the general macro environment has become more challenging, the company's customers continue to invest in cloud-native services and software and data services. We believe that the company is capable of growing in a more challenging operating environment as well and that growth will accelerate towards a level targeted by the company in the coming years.

Annualised return



Major events

Launching the strategic review of the Banking business

New financial targets during the November 2022 Capital Markets Day

Merging the Connect and Transform segments into Tech Services and launching the strategic review

Share of Solidium's equity holdings

4.3%

"Expecting value creating decisions."

Market value of the holding 30 June 2023

325 EUR million



Toni Nurmi
Associate



Strong development continues with a more extensive offering

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

In April 2022, Valmet reached a significant milestone as Neles merged with Valmet. The merger provided Valmet with an even more competitive overall offering that serves the needs of wide base of process industries. The integration has progressed well. Valmet expects to achieve 90 per cent of the annual total synergy benefits of approximately EUR 25 million by the end of 2024.

The expanded offering has enabled strong growth in the Automation segment, and the orders received in the segment are on a record-high level. In addition, the Services segment is back on a good growth path, and in addition to the record-high orders received, the company has also succeeded in improving its EBIT margin. Only the Process Technologies segment has experienced profitability challenges as some projects have suffered from cost inflation. On the Group level, however, the company's profitability development has improved and is on its way to the EBIT margin of 12–14% pursued by the company.

Capital Markets Day gave a promise of strong growth

The company held a Capital Markets Day in March 2023, where it announced that it is pursuing growth that is twice as fast as the market in both the Automation and Services segments. In Process Technologies, the goal is to grow at the same pace as the market. We

consider the growth targets to be good and believe that the company is well positioned to reach its targets, driven by both its strong global market position and the most extensive product and service selection on the market.

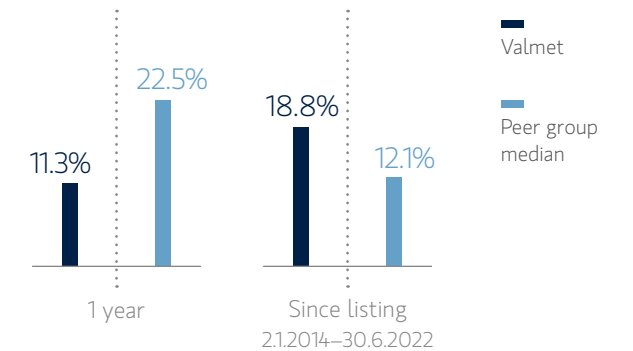
Valmet also has an excellent opportunity to benefit from the growing demand for renewable materials and products. Valmet's current offering already enables the company to meet the demand created by the sustainability requirements in many ways and to promote the green transition of its clients. In addition, Valmet's research and development in new process technologies has led to new projects, which could generate considerable business in the future. From a commercial perspective, the most relevant technologies include those used for the separation of lignin, 3D direct compression of pulp and the manufacturing of textile fibres from recycled materials or wood-based pulp.

Value creation through growing the stable business

Thanks to the strong operative development of the Automation segment – including the added performance by Neles – and the strong growth in the Services segment, the share of stable business has increased to over 50 per cent of Valmet's revenue and to nearly

80 per cent of its operating result. As a result, Valmet has become an even more high-quality and stable company. From value creation perspective, it is thus essential that the company continues to grow the stable business both organically and through targeted acquisitions. In July 2023, the company announced two acquisitions. The Tissue business of Körber Group enhances the company's process technology offerings and services, whereas the Process Gas Chromatography business of Siemens AG strengthens the company's Automation Systems business line.

Annualised return



Major events

The Neles integration has progressed successfully and created synergy benefits

The Capital Markets Day gives a promise of strong growth

Share of Solidium's equity holdings

6.3%

Market value of the holding 30 June 2023

475 EUR million

“Strong growth while improving profitability.”



Annareetta Lumme-Timonen
Investment Director



Board of Directors



Jouko Karvinen

born 1957, M.Sc. (Tech.)

Board member of Solidium since 2021, Chair of the Board since 28.10.2022

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:
Finnair, IMD Business School (Lausanne, Switzerland), SKF, Nokia, Valmet and
Advisor in Komatsu Corporation



Aaro Cantell

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



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



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

Positions of trust:
2021– Finnish Minerals Group, Board Member
Previous Board positions for over 20 years



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

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:
2023– Nokia Oyj, Board Member
2021– Finnish Startup Community, Chair of the Board
2019– Foundation for Private Entrepreneurs, Board Member
2014– Finnish Business and Policy Forum EVA and Research Institute for Finnish Economy ETLA, Board Member
2014– Helsinki University Innovation Committee, Board Member



Suvi Haimi

born 1981, Adjunct professor, PhD in Medical Biomaterials

Board member of Solidium since 2022

2016– Sulapac Oy, CEO and Co-founder

Positions of trust:
2021– Kiilto Family Oy, Board Member
2021– Finnish Startup Community, Board Member
2020– Linio Biotech Ltd, Advisor





Personnel



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.), CEFA

Analyses in the investment teams, portfolio performance monitoring



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, nomination board work. Board member: Metso, Nokian Tyres, Ylva Services, Rock Course and Rock Properties.



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.)

New investments in growth companies, 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.) CEFA

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 and Tietoevry



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 2022–30 June 2023

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

chair of the shareholders' nomination boards of Elisa Corporation, Konecranes Plc, Metso Corporation, Nokian Tyres Oyj, Outokumpu Oyj, Tietoevry Oyj, and Valmet Corporation, and as a member of the shareholders' nomination boards of Anora Group Plc, Kemira Oyj, and Stora Enso Oyj. During the financial year, a total of 18 new members were elected to the boards of directors of Solidium's portfolio companies, six of the new members were women.

Return development

At the close of the financial year, the market value of the equity investments was EUR 7,517 million and the value of money market investments was EUR 475 million. Solidium's return on equity investments was 5.4 per cent over the period. Return on investments was 8.3 per cent in total, including the return from Fortum financing arrangement. Return on money market investments was 2.6 per cent. The company's net asset value increased from EUR 7,246 million to EUR 7,359 million.

At the close of the financial year on 30 June 2023 Solidium held shares in twelve listed companies: Anora Group Plc, Elisa Corporation, Kemira Oyj, Konecranes Plc, Metso Corporation, Nokia Corporation, Nokian Tyres Oyj, Outokumpu Oyj, Sampo Plc, Stora Enso Oyj, Tietoevry Oyj, and Valmet Corporation. During the financial year, Solidium received EUR 313 million before taxes in profits distributed by its portfolio companies (1 July 2021 – 30 June 2022 EUR 339 million).

Events during the financial year

During the financial year, Solidium acquired shares for EUR 144 million and sold for EUR 129 million. During the financial year, Solidium purchased Nokia's shares for EUR 105 million, Nokian Tyres' shares for 10 million and Konecranes' shares for 29 million. As a result of the share purchases, Solidium's holding in Nokia increased from 5.3 per cent to 5.8 per cent, in Nokian Tyres from 9.4 per cent to 10.1 per cent, and in Konecranes from 10.1 per cent to 11.1 per cent during the financial year.

During the financial year Solidium sold shares in Kemira for EUR 129 million. As a result of the disposal, Solidium's ownership decreased in Kemira from 10.2 per cent to 5.0 per cent.

In autumn 2022, Solidium Oy's sole shareholder, the State of Finland, decided to arrange bridge financing to Fortum Oyj, in which the State is the majority shareholder, through Solidium Oy. Solidium committed to lending Fortum a maximum of EUR 2.35 billion for a loan period of up to 12 months, to be used for financing Fortum's electricity derivative collaterals. The financing arrangement ended at Fortum's initiative on 17 March 2023.

On 7 December 2022, Sampo announced a strategic review of Mandatum. The Annual General Meeting held on 17 May 2023 approved the proposed Sampo plc partial demerger plan, in which all Mandatum Holding Ltd shares are moved to Mandatum plc, a company to be incorporated in the demerger. The effective date of the partial demerger is expected to be 1 October 2023. According to the plans, the Mandatum plc shares will be listed on Nasdaq Helsinki on 2 October 2023. Without Mandatum, Sampo's return on capital is expected to improve with reduced exposure to market risk. In addition, Mandatum is well placed to succeed as an independent listed company.

Financial performance

The management cost ratio, which indicates the cost efficiency of operations, was 0.06 per cent (0.05 per cent). The amount of personnel expenses was EUR 3.0 million (EUR 2.5 million). Other operating expenses totalled EUR 1.6 million (EUR 1.5 million). The company's operating profit was EUR -4.6 million (EUR -4.0 million). Financial income, which totalled EUR 551.8 million (EUR 340.5 million), mainly consisted of dividend income, EUR 313 million before taxes, and income from loan receivables and fixed income investments, EUR 238,8 million. The EUR 238,8 million includes Fortum subscription rights received from Fortum, with value of EUR 131.8 million. The company's financial expenses totalled EUR -8.2 million (EUR -2.7 million). Taxes for the financial year amounted to EUR -68.2 million (EUR -30.8 million) and profit totalled EUR 470.8 million (EUR 302.9 million).

Solvency and liquidity

The largest item in Solidium's non-current assets is the equity portfolio with a book value of EUR 7,517million (EUR 7,401 million). Investments, totalling EUR 144 million (EUR 117 million), consisted mainly of share acquisitions. Proceeds from selling shares totalled EUR 129 million (EUR 584 million). At the end of the financial year, Solidium's liquid assets totalled EUR 473 million (EUR 405 million), while total assets were EUR 7,991 million (EUR 7,807 million).

The period-end equity ratio was 92 per cent (93 per cent) and liquidity was excellent, thanks to the liquid assets of EUR 473 million.



Annual Meetings and Board of Directors

Solidium’s Annual General Meeting was held in Helsinki on 28 October 2022. The Annual General Meeting adopted the company’s financial statements for the financial year 1 July 2021–30 June 2022 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 307 million to the owner. For a term ending at the end of the next Annual General Meeting, Jouko Karvinen was elected as the new Chair. The following persons were re-elected to the Board of Directors: Aaro Cantell (Vice-Chair), Timo Ahopelto, Jannica Fagerholm, Jukka Ohtola and Laura Raitio as Board members. Suvi Haimi was elected as a new Board member. The Annual General Meeting confirmed the existing remuneration of the Board of Directors: Chair of the Board of Directors shall receive a remuneration of EUR 5,500 per month, the Vice Chair 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 301 524 (EUR 314,476). Solidium’s Board convened 11 times (8 times) during the financial year, and the attendance rate of its members was 98 per cent (100 per cent).

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

Personnel

Reima Rytsölä started as Solidium’s new CEO on 1 August 2022. 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, Solidium’s Management Team comprised of General Counsel Ulla Palmunen, 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.

Proposal for the distribution of profit

The distributable non-restricted equity recognized in the financial statements totals EUR 4,766,738,292 including the profit of EUR 470,809,492 for the financial year. The Board of Directors proposes that a dividend of EUR 290,000,000 be paid.



Solidium Oy’s key figures

	1.7.2022–30.6.2023	1.7.2021–30.6.2022	1.7.2020–30.6.2021
Operating profit, EUR million	-4.6	-4.0	-4.4
Pre-tax profit, EUR million	539.0	333.7	215.0
Profit for the period, EUR million	470.8	302.9	196.7
Return on investment at fair value, %	8.3	-8.5	39.2
Management cost ratio of operations, %	0.06	0.05	0.06
Net asset value, EUR million	7,358.6	7,245.6	8,760.6
Interest-bearing liabilities, EUR million	0.0	0.0	0.0
Equity ratio, %	92	93	91
Distribution of profit	290.0*	307.0	368.0
Average number of employees	13	13	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	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – prepayments received}}$

Income statement

€	Note	1.7.2022–30.6.2023	1.7.2021–30.6.2022
Other operating income		649	23,100
Personnel expenses	1		
Wages and salaries		-2,568,849	-2,129,093
Social security expenses			
Pension costs		-409,812	-310,059
Other personnel expenses		-69,820	-56,319
Total social security expenses		-479,632	-366,378
Total personnel expenses		-3,048,481	-2,495,471
Depreciation and impairment			
Depreciation according to plan		-43,054	-50,184
Other operating expenses	2	-1,555,201	-1,476,269
OPERATING PROFIT (LOSS)		-4,646,086	-3,998,825
Financial income and expenses	3		
Income from other non-current asset investments			
From others		313,025,529	338,660,944
Other interest and financial income			
From others		238,753,560	1,808,109
Reduction in value of investments held as current assets		1,899,622	-1,869,277
Interest and other financial expenses			
To others		-10,064,527	-875,322
Total financial income and expenses		543,614,184	337,724,455
PROFIT (LOSS) BEFORE TAX		538,968,098	333,725,630
Income tax		-68,158,606	-30,777,938
PROFIT (LOSS) FOR THE PERIOD		470,809,492	302,947,693



Balance sheet

€	Note	30.6.2023	30.6.2022
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	4		
Machinery and equipment		129,161	150,553
Other tangible assets		17,420	17,420
Total tangible assets		146,581	167,974
Investments	5		
Other shares and equity		7,517,351,255	7,401,444,396
Total investments		7,517,351,255	7,401,444,396
TOTAL NON-CURRENT ASSETS		7,517,497,836	7,401,612,370
CURRENT ASSETS			
Receivables	6		
Other receivables		65,069	64,732
Prepayments and accrued income		502,115	90,204
Total receivables		567,184	154,935
Financial investments			
Other investments		305,000,000	200,463,998
Total financial investments		305,000,000	200,463,998
Cash and cash equivalents		167,756,305	205,028,305
TOTAL CURRENT ASSETS		473,323,489	405,647,238
TOTAL ASSETS		7,990,821,325	7,807,259,608

€	Note	30.6.2023	30.6.2022
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
	5,7		
Share capital		331,500,000	331,500,000
Fair value reserve		2,260,403,811	2,242,358,762
Reserve for invested non-restricted equity		2,310,894,958	2,442,664,258
Retained profit (loss)		1,985,033,843	1,926,110,376
Profit (loss) for the period		470,809,492	302,947,693
TOTAL SHAREHOLDERS' EQUITY		7,358,642,104	7,245,581,089
LIABILITIES			
Non-current liabilities	8		
Deferred tax liabilities		565,100,953	560,589,691
Total non-current liabilities		565,100,953	560,589,691
Current liabilities	9		
Trade payables		126,829	100,703
Other liabilities		72,940	53,228
Accrued liabilities		66,878,499	934,898
Total current liabilities		67,078,268	1,088,829
TOTAL LIABILITIES		632,179,221	561,678,520
TOTAL EQUITY AND LIABILITIES		7,990,821,325	7,807,259,608



Cash flow statement

€	1.7.2022–30.6.2023	1.7.2021–30.6.2022
Cash flow from operating activities		
Operating profit	-4,646,086	-3,998,825
Adjustments to operating profit*	43,054	50,184
Dividends and capital repayments received	313,025,529	338,660,944
Other financial items	98,354,149	-936,489
Tax paid	-18,358,732	-94,762,925
	388,417,914	239,012,890
Change in working capital		
Current receivables (increase -, decrease +)	-5,207	19,651
Non-interest-bearing current liabilities (increase +, decrease -)	503,785	-269,992
	498,578	-250,341
Cash flow from operating activities	388,916,492	238,762,549
Cash flow from investing activities		
Investments in tangible and intangible assets	-21,661	-62,604
Investments in shares	-143,842,030	-116,846,994
Gains on sale of shares	129,211,200	584,188,902
Loans given	-350,000,000	0
Repayments of loan receivables	350,000,000	0
Cash flow from investing activities	-14,652,490	467,279,303

€	1.7.2022–30.6.2023	1.7.2020–30.6.2021
Cash flow from financing activities		
Increase in short-term loans	220,000,000	0
Repayment of short-term loans	-220,000,000	0
Profit distribution paid	-307,000,000	-868,000,000
Cash flow from financing activities	-307,000,000	-868,000,000
Cash flow for the period	67,264,002	-161,958,148
Liquid funds at the start of the financial period	405,492,303	567,450,451
Liquid funds at the end of the financial period	472,756,305	405,492,303
Change in liquid funds	67,264,002	-161,958,148

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	43,054	50,184



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

€	2023	2022
1. PERSONNEL EXPENSES		
Wages and salaries	2,568,849	2,129,093
Pension costs	409,812	310,059
Other personnel expenses	69,820	56,319
Total	3,048,481	2,495,471
During the financial period, the CEO was paid a salary (including fringe benefits) of EUR 453,205, and no performance bonus was paid. A performance bonus provision for the CEO for the financial year is EUR 102,500. The persons belonging to the Management Team (excluding the CEO) were paid salaries (including fringe benefits) EUR 748,457 and performance bonuses EUR 132,638. The performance bonus provision for the financial period totalled EUR 146,000 for the Management Team. The Board of Directors received EUR 301,524 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	842,149	769,309
Costs for facilities	280,264	263,330
Other	432,787	443,630
Total	1,555,201	1,476,269
Fees paid to authorised public accountants		
Audit	18,166	17,794
Tax consultation	0	0
Other services	7,936	2,356
Total	26,102	20,150
3. FINANCIAL INCOME AND EXPENSES		
Income from other non-current asset investments	313,025,529	338,660,944
Other interest and financial income	238,753,560*	1,808,109
Reversal of reduction in value of investments held as current assets	1,899,622	0
Reduction in value of investments held as current assets	0	-1,869,277
Interest and other financial expenses	-10,064,527	-875,322
Total	543,614,184	337,724,455

* Includes Fortum subscription rights received from Fortum, with value of 131,769,300 euros.



NOTES TO THE BALANCE SHEET

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

€	2023	2022
4. TANGIBLE ASSETS		
Machinery and equipment		
Cost of acquisition at the start of the financial period	779,708	717,104
Purchases during the financial period	21,661	62,604
Cost of acquisition at the end of the financial period	801,369	779,708
Accumulated depreciation at the start of the financial period	629,155	578,970
Depreciation for the period	43,054	50,184
Book value at the end of the financial period	129,161	150,553
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	146,581	167,974

5. INVESTMENTS

Share	Number of shares	Holding	Carrying amount 30.6.2023
Anora Group Oyj	13,097,481	19.4%	64,439,607
Elisa Oyj	16,802,800	10.0%	822,329,032
Kemira Oyj	7,782,765	5.0%	113,550,541
Konecranes Oyj	8,793,123	11.1%	324,026,583
Metso Oyj	123,477,168	14.9%	1,363,805,321
Nokia Oyj	325,000,000	5.8%	1,246,537,500
Nokian Tyres Oyj	14,031,000	10.1%	111,995,442
Outokumpu Oyj	70,793,208	15.5%	347,028,306
Sampo Oyj A	33,278,580	6.5%	1,368,415,210
Stora Enso Oyj A *	62,655,036	35.6%	723,665,666
Stora Enso Oyj R *	21,792,540	3.6%	231,545,738
Tietoevry Oyj	12,857,918	10.9%	325,048,167
Valmet Oyj	18,640,665	10.1%	474,964,114
Total			7,517,351,255

* 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 -601 million (EUR -592 million as of 30 June 2022).



NOTES TO THE BALANCE SHEET

€	2023	2022
6. CURRENT RECEIVABLES		
Other receivables	65,069	64,732
Prepayments and accrued income	502,115	90,204
Total	567,184	154,935
Decomposition of the relevant items in prepayments and accrued income:		
Accruals of personnel expenses	4,229	4,197
Interest accruals of money market investments	457,139	50,420
Tax accruals	0	0
Other items	40,747	35,586
7. SHAREHOLDERS' EQUITY		
Restricted shareholders' equity		
Share capital	331,500,000	331,500,000
Fair value reserve	2,260,403,811	2,242,358,762
Total restricted shareholders' equity	2,591,903,811	2,573,858,762
Changes in the fair value reserve		
Fair value reserve per 1 July	2,242,358,762	3,331,540,245
Profit + / Loss (-) valued at fair value	101,276,029	-1,027,474,499
Deferred tax liabilities from profit/loss valued at fair value	-20,255,206	205,494,900
Total	81,020,823	-821,979,599
Profit from previous periods transferred to shareholders equity		
Capital gains and / losses total	-78,719,717	-334,002,354
Deferred taxes on capital gains / -losses	15,743,943	66,800,471
Total	-62,975,774	-267,201,883
Fair value reserve per 30 June	2,260,403,811	2,242,358,762

€	2023	2022
Non-restricted shareholders' equity		
Reserve for invested non-restricted equity at the start of the financial period	2,442,664,258	3,070,637,993
Capital repayment in cash	0	-500,000,000
Capital repayment in subscription rights and shares	-131,769,300	-270,736,278
Investment in reserve for invested non-restricted equity	0	142,762,543
Reserve for invested non-restricted equity at the end of the financial period	2,310,894,958	2,442,664,258
Profit from previous periods at the start of the financial period	2,229,058,069	2,026,908,493
Dividend paid	-307,000,000	-368,000,000
Profit from sold securities	78,719,717	334,002,354
Taxes from sold securities	-15,743,943	-66,800,471
Profit from previous periods at the end of the financial period	1,985,033,843	1,926,110,376
Profit for the period	470,809,492	302,947,693
Total non-restricted shareholders' equity	4,766,738,292	4,671,722,327
Total shareholders' equity	7,358,642,104	7,245,581,089

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 *	565,100,953	560,589,691
Total	565,100,953	560,589,691

* Deferred tax liabilities EUR 565,100,953 (2022: 560,589,691) consists of EUR 699,224,581 (2022: 687,765,631) tax liabilities and EUR 134,123,628 (2022: 127,175,940) tax receivables.

9. CURRENT LIABILITIES		
Trade payables	126,829	100,703
Other liabilities	72,940	53,228
Accrued liabilities	66,878,499	934,898
Total	67,078,268	1,088,829
Material items in accrued liabilities:		
Income tax accrual	65,902,550	358,408
Accruals of personnel expenses	970,938	513,068
Other items	5,012	63,422



OTHER NOTES

€	2023	2022
10. OTHER COMMITMENTS		
Future minimum lease expenses under lease contracts that cannot be dissolved are distributed as follows:		
Within 12 months	219,045	200,201
After 12 months but within five years	18,803	221,562
After five years	0	0
Total	237,848	421,763
Credit limit		
Amount of the credit limit	300,000,000	0
In use	0	0
Amount of the given collateral	0	0

Proposal for the distribution of profit

The distributable non-restricted shareholders’ equity recognised in the financial statements totals EUR 4,766,738,292. 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 145,000 per share to be paid as dividend for 2,000 shares	290,000,000
Amount retained in non-restricted shareholders’ equity	4,476,738,292

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	2,260,403,811
Reserve for invested non-restricted equity	2,310,894,958
Retained earnings	2,165,843,335



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

Helsinki / 2023

Jouko Karvinen
Chair

Aaro Cantell
Vice Chair

Timo Ahopelto

Jannica Fagerholm

Jukka Ohtola

Laura Raitio

Suvi Haimi

Reima Rytsölä
CEO

Auditor’s note

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

Helsinki / 2023

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 2022–30 June 2023. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

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

Basis for Opinion

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

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

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors 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, 22 August 2023
KPMG OY AB

Marcus Tötterman
Authorised Public Accountant, KHT

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