

# Pohjolan Voima

## January-June half-year financial report



2021

## POHJOLAN VOIMA OYJ HALF-YEAR REPORT 1 JANUARY–30 JUNE 2021

**Pohjolan Voima's heat and power production continued at the normal level despite the coronavirus pandemic**

**Teollisuuden Voima received a loading permit for the Olkiluoto 3 plant unit and agreed the terms and conditions of Olkiluoto 3 project completion with the plant supplier consortium**

### Operating environment

Finland's electricity consumption in January–June 2021 was 43.9 TWh (41.6 TWh between 1 January and 30 June 2020), an increase of 5.1 per cent year-on-year. The impact of the coronavirus pandemic (COVID-19) on electricity consumption has been minor. Finnish electricity production totalled 35.2 (34.4) TWh, while net imports into Finland amounted to 8.7 (7.1) TWh.

The average system price in January–June 2021 was EUR 42.1 (10.5) per MWh, while the average Finnish area price was EUR 47.6 (23.2) per MWh. The area price has returned to the 2019 level, and a price decrease like the one caused by water conditions in 2020 has not been seen this year.

The price of the EU emission allowance increased steadily between March and June. The market price was approximately EUR 33 per metric ton at the beginning of the year, compared to approximately EUR 58 per metric ton at the end of the second quarter.

Finland's goal is to be carbon neutral by 2035 and carbon negative shortly thereafter. The Government aims to issue a statement on the strategy to the Parliament before the end of the year. The work is based on the low-carbon roadmaps prepared by different industries.

The taxation of heating fuels increased by EUR 105 million from the beginning of 2021. The peat tax increased by EUR 2.7 per MWh. A floor price mechanism will be introduced at the beginning of 2022. The Government will present a proposal on the value formation of property taxation during 2021. The third water management plan is also under preparation. The Government will confirm it before the end of the year, after which it will be sent to the Commission.

The EU's increasingly tight climate objective is to reduce emissions by at least 55 per cent from the 1990 level by 2030. In July, the Commission presented the "Fit for 55" package, which includes several initiatives affecting the energy industry concerning such issues as emissions trading, renewable energy, energy efficiency, carbon sinks and the use of carbon border adjustment mechanisms. Later this year, the Commission will present further initiatives concerning industrial emissions, for example. One of the most important Commission initiatives is the classification criteria for sustainable finance, the processing of which continues within the EU institutions. A proposal is still awaited for nuclear power. The Commission is likely to issue further proposals concerning sustainable finance later in 2021.

### Pohjolan Voima's heat and power production

Pohjolan Voima's total electricity supply in January–June 2021 totalled 5.9 (6.1) TWh. Of this, the Group's own electricity production accounted for 5.6 (5.8) TWh. Purchases from the Nordic electricity market amounted to 0.3 (0.3) TWh, and sales to

0.2 (0.2) TWh. The parent company's deliveries to its shareholders totalled 5.3 (5.6) TWh, and the subsidiaries' deliveries to their other owners 0.3 (0.3) TWh. Pohjolan Voima Group's heat deliveries totalled 2.0 (2.1) TWh.

Pohjolan Voima's electricity supply by form of production:

	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Nuclear power.....	3.7	4.0	8.3
Hydropower.....	1.1	1.1	2.2
Combined heat and power.....	0.8	0.7	1.3
Purchases.....	0.3	0.3	0.5
<b>Total.....</b>	<b>5.9</b>	<b>6.1</b>	<b>12.3</b>
Heat deliveries.....	2.0	2.1	3.6

### Key events during the reporting period

On 26 March 2021, Pohjolan Voima Oyj announced that the Radiation and Nuclear Safety Authority (STUK) had given a fuel loading permit for the Olkiluoto 3 plant unit of the joint venture Teollisuuden Voima Oyj (TVO), and that by granting the permit, STUK had verified TVO's readiness to start the loading of fuel. Fuel loading was completed on 1 April 2021.

On 17 May 2021, Pohjolan Voima Oyj published a stock exchange release reporting that TVO had reached a consensus with the Areva–Siemens Consortium on the terms and conditions of the OL3 EPR project completion. Main principles include replenishment of approximately EUR 600 million to the trust mechanism of the Areva companies agreed in the 2018 Global Settlement Agreement as of the beginning of January 2021, covering both parties' own costs from the beginning of July 2021 until the end of February 2022, and an additional compensation from the plant supplier consortium to TVO depending on the time of completion if the OL3 project is not completed until the end of February 2022. Agreements on the amendments to the 2018 Global Settlement Agreement for the OL3 EPR project were signed on 2 June 2021 and entered into force after all the implementation conditions were fulfilled after the reporting period in July 2021.

Pohjolan Voima's shareholders Oulun Energia Oy and Kemira Oyj, which own the G5 series shares entitling them to the energy produced by Laanilan Voima Oy, announced on 19 January 2021 that they are planning to restructure the energy functions in the Laanila industrial district in Oulu. As part of the restructuring, it was decided to end the production operation of Laanilan Voima on 31 March 2021. Because of the restructuring, statutory labour negotiations were held at the company. As a result of the negotiations, some of the employees of Laanilan Voima were transferred to the service of Oulun Energia Oy in May, while some positions were terminated.

Pohjolan Voima Oyj started the planning of a battery solution to advance the storage of energy. The 35 MW battery solution is intended to secure the operation of the electrical power system and increase the flexibility of regulating power. The electricity storage, which is based on lithium-ion batteries, is at the preliminary planning stage.

Pohjolan Voima published its long-term carbon neutrality goal in March 2021. The goal is that electricity production will be 99 per cent carbon neutral and heat production 85 per cent carbon neutral by 2025.

### **Result from operations and financing**

Pohjolan Voima operates on a cost price principle. Shareholders pay the fixed costs in accordance with their ownership share, irrespective of whether they have used their capacity or energy share, as well as variable costs according to the energy supplied. As a result of this operating principle, presenting any financial key indicators is not necessary to understand the company's business, financial status or result.

The Group's equity ratio at the end of the reporting period was 41.0 per cent (39.4 per cent). The consolidated result of continuing operations at the end of the reporting period was EUR 254.9 (210.1) million. The operation of PVO-Lämpövoima Oy, whose plants' production operation was discontinued in 2015, has been reported as discontinued operation in the Group's financial statements. The consolidated result was EUR -16.2 (-2.4) million. The lower result in the reporting period was mainly influenced by the result of associated companies and joint ventures, which was negative due to the update of the decommissioning plan for nuclear power plants, which is carried out at TVO at regular intervals.

At the end of June 2021, the Group's interest-bearing debts totalled EUR 1,218 (1,200) million, and cash and cash equivalents totalled EUR 54 (75) million. Furthermore, the Group had EUR 329 (350) million of undrawn committed revolving credit facility agreements and EUR 238 (90) million of undrawn shareholder loan commitments.

The Group companies' loan agreements do not include any financial covenants.

### **Investments**

Pohjolan Voima's total investments, excluding financial investments and the purchase of emission allowances, amounted to EUR 3.8 (2.3) million during the reporting period. The most important investments were made at PVO-Vesivoima Oy, where the power increase and overhaul project of the Jumisko power plant proceeded.

Between 2004 and 2021, Pohjolan Voima Oyj has invested a total of EUR 991.6 (841.1) million in the Olkiluoto 3 nuclear power plant that is currently under construction. The investments are based on the Olkiluoto 3 financing plan, according to which the equity required for the investment is accumulated along with the progress of the project.

### **Personnel**

The number of personnel at the end of the reporting period was 50 (82) people, including discontinued operations. The decrease in the number of personnel is the result of the statutory labour negotiations at Laanilan Voima Oy in early 2021, according to which some of the employees of Laanilan Voima were transferred to the service of Oulun Energia Oy in May, and some positions were terminated. The statutory labour negotiations were due to the discontinuation of the production operation of Laanilan Voima on 31 March 2021.



## Environment

Environmental management systems certified in accordance with ISO 14001 are in use in the majority of Pohjolan Voima's production companies. This helps to ensure the achievement of environmental objectives and continuous improvement of operations. In addition, all the production companies are using the ETJ+ energy efficiency system or an ISO 50001 energy management system. Some of these systems are certified. Furthermore, the environmental management system of TVO (a joint venture of Pohjolan Voima) is EMAS-registered.

PVO-Vesivoima is participating in the Iijoki project on migratory fish in 2020–2022, which continues the migratory fish spearhead project of 2017–2020. As part of the project, the first downstream migration route for migratory salmon fry in Finland is being constructed at the power plant furthest upstream along the Iijoki river at Haapakoski. In December 2020, the Regional State Administrative Agency for Northern Finland granted the water management permit applied for by PVO-Vesivoima and Metsähallitus for the Raasakka fishways.

In March 2017, the Centre for Economic Development, Transport and the Environment for Lapland filed a change application with the Regional State Administrative Agency for Northern Finland concerning stocking and fish stock management obligations with regard to the Kemijoki river. In October 2017, the centre filed a similar application concerning the Iijoki river. In addition to entirely new requirements, this involves additions to the current obligations. The Regional State Administrative Agency gave public notice of the application concerning Iijoki in February 2020 and of the one concerning Kemijoki in June 2020. PVO-Vesivoima submitted complaints regarding both applications to the Regional State Administrative Agency.

As the result of the Industrial Emissions Directive, BAT conclusions made on the basis of the Best Available Techniques reference documents became binding. The BAT conclusions related to the reference document on best available techniques for large combustion plants (LCPs) were published on 17 August 2017. Within four years from that time, power plants whose main field of activity is energy production will have to adjust their operations to the conclusions.

The first power plants prepared their applications for the review of their environmental permits in 2018, and the licensing work has continued in 2021. The emission limits will be stricter in the new environmental permits.

Pohjolan Voima Oyj or its subsidiaries, associated companies and joint ventures are not aware of any environmental liabilities that have not been covered. The Group's more detailed responsibility and environmental information is published on its website at [www.pohjolanvoima.fi](http://www.pohjolanvoima.fi). TVO provides information on the environmental issues related to nuclear power generation on its website at [www.tvo.fi](http://www.tvo.fi) and in a separate corporate social responsibility report.

## Key risks and uncertainties

The key risks and uncertainty factors involved in Pohjolan Voima's operations are presented in the 2020 report of the Board of Directors. The most significant risks mentioned concern the schedule of TVO's OL3 EPR project, revenue generation capacity and the consortium company Areva's adequate financial capacity to fulfil its

responsibilities until the end of the warranty period. Fuel loading for the OL3 EPR plant unit was completed in April 2021. TVO and the Areva–Siemens Consortium had negotiated since last summer on the terms and conditions for finalising the OL3 EPR project. In addition, the Areva companies prepared a financial solution for ensuring funding for the completion of the OL3 EPR project. The parties reached a mutual understanding on the main principles for finalising the project through the negotiations in May 2021, and agreements on the amendments to the 2018 Global Settlement Agreement for the OL3 EPR project were signed on 2 June 2021. All implementation conditions for the agreements' entry into force were met after the reporting period in July 2021. After the reporting period, TVO received the information from the Areva-Siemens Consortium that regular electricity production would be postponed due to extra turbine overhaul and inspection works. The start of electricity production will be postponed to February 2022, and regular electricity production to June 2022 (see the "Events after the reporting period" section).

No major new risks associated with Pohjolan Voima's operations were identified during the reporting period. The coronavirus pandemic has only had minor effects on Pohjolan Voima's business. Pohjolan Voima has continued its extensive precautions to take care of its employees' health and safety, and to ensure energy production. If the pandemic persists for a long time, the situation may also negatively influence Pohjolan Voima's business through changes in the operating environment.

## Shares and shareholding

<b>Shareholder</b>	<b>Shareholding (%) 30 June 2021</b>
EPV Energy Ltd	5.489
Helen Ltd	0.619
Ilmarinen Mutual Pension Insurance Company	1.831
Kemira Oyj (incl. Neliapila pension fund)	5.060
Kokkolan Voima Oy	1.803
Kymmivoima Oy	5.907
Metsä Group (Metsäliitto Cooperative, Metsä Fibre, Metsä Board Oyj)	3.657
Myllykoski Oyj*)	0.631
Oulun Energia Ltd	0.906
Outokumpu Oyj	0.096
Perhonjoki Ltd	2.208
City of Pori	1.366
Rautaruukki Corporation	0.090
Stora Enso Oyj	15.608
Finnish Power Ltd	1.476
UPM Energy Ltd*)	47.727
UPM Communication Papers Ltd*)	3.457
Vantaa Energy Ltd	0.229
Yara Suomi Oy (incl. pension fund)	1.840

\*) *The company is part of the UPM-Kymmene Group.*

### **Annual general meeting**

The annual general meeting held on 25 March 2021 adopted the 2020 financial statements, adopted the profit and loss statement and the balance sheet, and discharged the members of the Board of Directors and the President and CEO from liability. Authorised Public Accountants PricewaterhouseCoopers Oy was nominated as the auditor.

The following persons were elected as ordinary members of the Board of Directors: Tapio Korpeinen, Executive Vice President (UPM-Kymmene Corporation); Seppo Parvi, Chief Financial Officer (Stora Enso Oyj); Jukka Hakkila, Group General Counsel (Kemira Oyj); Anders Renvall, Managing Director (Kymppivoima Oy); Tomi Sederholm, Vice President (UPM-Kymmene Corporation); Esa Kaikkonen, CEO (Metsä Tissue Oyj); Rami Vuola, President & CEO (EPV Energy Ltd); Juha-Pekka Weckström, CEO (Helen Oy); and Jouni Lampinen, Finance Director (City of Pori). At its inaugural meeting, the Board of Directors elected Tapio Korpeinen as the chair and Seppo Parvi as the vice chair. The Board also elected committee members from among its members.

### **Extraordinary general meetings**

The decision to discontinue the business operations of Laanilan Voima Oy was made at an extraordinary general meeting on 30 March 2021.

At an extraordinary general meeting on 27 May 2021, the decision was made to approve on behalf of Pohjolan Voima the agreements on the amendments to the 2018 Global Settlement Agreement for TVO's OL3 EPR project and its attached agreements. In addition, the decision was made to reduce Pohjolan Voima's restricted equity in the share premium reserve by EUR 2,133,941.69 and to invest the funds in the company's reserve for invested non-restricted equity. The reduction of the share premium reserve is related to the termination of the operations of Laanilan Voima. In addition, the Board of Directors was authorised to decide on the distribution of funds as return of capital from the reserve for invested non-restricted equity for a maximum of EUR 7,000,000. The authorisation will be valid until the start of the next annual general meeting.

### **Major legal actions pending**

There were no major legal actions pending during the reporting period.

### **Events after the reporting period**

Pohjolan Voima Oyj published stock exchange releases on 30 July 2021 and 20 August 2021 regarding OL3 EPR time schedule changes received by TVO from the plant supplier Areva-Siemens consortium. The stock exchange release on 20 August 2021 reported that TVO has received information from the plant supplier Areva-Siemens consortium that the regular electricity production of the OL3 EPR plant unit will be further postponed for three months compared to the prior release due to extended turbine overhaul and inspection works. During the turbine inspection works, the plant supplier has decided to extend the overhaul to all three low-pressure turbines in order to perform further inspections on them. According to the received information from the plant supplier, the start-up of the OL3 EPR reactor, i.e. first criticality, will take place in January 2022, first electricity production will take place in February 2022, and the regular electricity production in June 2022.

## **Outlook**

During the current financial period, power and heat production is expected to continue normally despite the effects of the coronavirus pandemic.

At TVO, preparations for the production operation of the OL3 EPR plant unit continue. After the fuel loading, maintenance and finalisation work continues and tests are being carried out. TVO will continue to support the plant supplier in completing the project.

Helsinki, 23 August 2021

Pohjolan Voima Oyj  
Board of Directors



**KEY FIGURES INCLUDING CALCULATION**

M€	<b>1.1. - 30.6.2021</b>	1.1. - 30.6.2020	1.1. - 31.12.2020
Sales	<b>255</b>	210	411
Operating profit or loss	<b>-12</b>	6	-3
Balance sheet total	<b>2 168</b>	2 089	2 189
Investments	<b>4</b>	2	8
Equity on assets ratio	<b>41%</b>	39%	41%
Average number of personnel	<b>64</b>	82	82
<b>Equity on assets ratio</b>	<b>30.6.2021</b>	30.6.2020	31.12.2020
Equity, 1000 €	<b>888 693</b>	823 139	890 768
Total assets, 1000 €	<b>2 168 111</b>	2 088 580	2 189 473
<b>EQUITY ON ASSETS RATIO (per cent)</b>	<b>41%</b>	39%	41%

FINANCIAL STATEMENT SUMMARY AND NOTES TO THE FINANCIAL STATEMENT

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

1 000 €	Note	1.1. - 30.6.2021	1.1. - 30.6.2020	1.1. - 31.12.2020
<b>Continuing operations</b>				
<b>Sales</b>	2	<b>254 934</b>	<b>210 093</b>	<b>411 492</b>
Other operating income		355	802	1 134
Materials and services		-192 954	-160 356	-313 338
Personnel expenses		-4 523	-4 344	-8 385
Depreciation, amortisation and impairment	3	-35 993	-20 213	-39 050
Other operating expenses		-20 412	-20 831	-48 948
Share of (loss)/profit of associates and joint ventures		-13 088	652	-6 138
<b>Operating profit or loss</b>		<b>-11 681</b>	<b>5 803</b>	<b>-3 233</b>
Finance income		3 825	1 369	2 958
Finance costs		-7 303	-8 160	-14 960
<b>Finance costs - net</b>		<b>-3 478</b>	<b>-6 791</b>	<b>-12 002</b>
<b>Profit/loss before income tax</b>		<b>-15 159</b>	<b>-988</b>	<b>-15 235</b>
Income tax expense		0	-1	1
<b>Profit/loss for the period from continuing operations</b>		<b>-15 159</b>	<b>-989</b>	<b>-15 234</b>
<b>Discontinued operations</b>				
<b>Profit/loss from discontinued operations</b>		<b>-1 050</b>	<b>-1 388</b>	<b>-2 692</b>
<b>Profit/loss for the period</b>		<b>-16 209</b>	<b>-2 377</b>	<b>-17 926</b>
<b>Other comprehensive income:</b>				
Items, that may be reclassified later to profit or loss				
Share of other comprehensive income of associates				
Cash flow hedging		14 400	-5 697	-12 866
Other comprehensive income for the period		14 400	-5 697	-12 866
<b>Total comprehensive income for the period</b>		<b>-1 809</b>	<b>-8 074</b>	<b>-30 792</b>
<b>Profit attributable to:</b>				
Owners of the parent		-16 996	-3 026	-18 312
Non-controlling interest		787	649	386
		-16 209	-2 377	-17 926
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		-2 596	-8 723	-31 178
Non-controlling interest		787	649	386
		-1 809	-8 074	-30 792

**CONSOLIDATED BALANCE SHEET**

1 000 €	Note	30.6.2021	30.6.2020	31.12.2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	3	282 624	282 649	283 569
Property, plant and equipment	3	410 990	455 513	442 889
Investments in associated companies and joint ventures		736 077	748 723	734 764
Other financial assets		483	484	484
Loans and other receivables		596 529	445 971	596 530
<b>Non-current assets total</b>		<b>2 026 703</b>	<b>1 933 340</b>	<b>2 058 236</b>
<b>Current assets</b>				
Inventories		6 993	7 473	9 210
Trade and other receivables		78 336	69 664	75 159
Cash and cash equivalents	4	53 563	75 348	44 312
<b>Current assets total</b>		<b>138 892</b>	<b>152 485</b>	<b>128 681</b>
Assets held for sale		2 516	2 755	2 556
<b>Total assets</b>		<b>2 168 111</b>	<b>2 088 580</b>	<b>2 189 473</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital		55 321	55 321	55 321
Share premium		205 999	205 999	205 999
Reserve for invested non-restricted equity		327 644	327 644	327 644
Revaluation reserve		-1 347	-8 578	-15 747
Subordinated shareholders loans (hybrid equity)		90 347	0	90 347
Retained earnings		168 870	201 418	186 132
<b>Total</b>		<b>846 834</b>	<b>781 804</b>	<b>849 696</b>
<b>Non-controlling interests</b>		<b>41 859</b>	<b>41 335</b>	<b>41 072</b>
<b>Total equity</b>		<b>888 693</b>	<b>823 139</b>	<b>890 768</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provisions		5 064	5 029	5 064
Borrowings	4	1 080 137	1 123 535	1 050 743
Other non-current liabilities		7 838	11 006	10 549
<b>Non-current liabilities total</b>		<b>1 093 039</b>	<b>1 139 570</b>	<b>1 066 356</b>
<b>Current liabilities</b>				
Borrowings	4	137 850	76 270	182 836
Trade and other payables		48 529	49 601	49 513
<b>Current liabilities total</b>		<b>186 379</b>	<b>125 871</b>	<b>232 349</b>
<b>Total liabilities</b>		<b>1 279 418</b>	<b>1 265 441</b>	<b>1 298 705</b>
<b>Total equity and liabilities</b>		<b>2 168 111</b>	<b>2 088 580</b>	<b>2 189 473</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

1 000 €	1.1. - 30.6.2021	1.1. - 30.6.2020	1.1. - 31.12.2020
<b>Cash flow from operating activities</b>			
Profit/loss for the period	-16 209	-2 377	-17 926
Adjustments, total	52 400	26 048	56 653
Change in working capital	1 563	8 159	-3 309
<b>Cash generated from operations</b>	<b>37 754</b>	<b>31 830</b>	<b>35 418</b>
Finance cost, net	-9 090	-6 812	-9 409
Income taxes paid	0	-85	12
<b>Net cash generated from operating activities</b>	<b>28 664</b>	<b>24 933</b>	<b>26 021</b>
<b>Cash flow from investing activities</b>			
Capital expenditure	-3 760	-2 307	-7 515
Proceeds from sales of fixed assets	253	414	569
Changes in non-current receivables	0	0	-150 580
<b>Net cash used in investing activities</b>	<b>-3 507</b>	<b>-1 893</b>	<b>-157 526</b>
<b>Cash flow before financing activities</b>	<b>25 157</b>	<b>23 040</b>	<b>-131 505</b>
<b>Cash flow from financing activities</b>			
Withdrawals of subordinated shareholders loans (hybrid equity)	0	0	90 347
Interest paid of subordinated shareholders loans (hybrid equity)	-224	0	0
Net charge in loans and other financing activities	-15 682	-10 059	23 103
<b>Net cash used in financing activities</b>	<b>-15 906</b>	<b>-10 059</b>	<b>113 450</b>
<b>Net increase (+)/decrease (-) in cash and cash equivalents</b>	<b>9 251</b>	<b>12 981</b>	<b>-18 055</b>
Cash and cash equivalents at beginning of year	44 312	62 367	62 367
<b>Cash and cash equivalents at end of the period</b>	<b>53 563</b>	<b>75 348</b>	<b>44 312</b>

Cash flow from discontinued operations is disclosed in the note 5.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 000 €	Share capital	Share premium	Fair value reserve	Reserve for invested non-restricted equity	Subordinated shareholder's loans (hybrid equity)	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interest	Total equity
<b>Balance at 1.1.2020</b>	55 321	205 999	-2 881	327 644	0	204 444	790 527	40 686	831 213
Comprehensive income									
Profit or loss for the period						-3 026	-3 026	649	-2 377
Other comprehensive income:									
Cash flow hedges			-5 697				-5 697		-5 697
<b>Total comprehensive income for the period</b>	0	0	-5 697	0	0	-3 026	-8 723	649	-8 074
<b>Balance at 30.6.2020</b>	55 321	205 999	-8 578	327 644	0	201 418	781 804	41 335	823 139
<b>Balance at 1.1.2020</b>	55 321	205 999	-2 881	327 644	0	204 444	790 527	40 686	831 213
Comprehensive income									
Profit or loss for the period						-18 312	-18 312	386	-17 926
Other comprehensive income:									
Cash flow hedges			-12 866				-12 866		-12 866
<b>Total comprehensive income for the period</b>	0	0	-12 866	0	0	-18 312	-31 178	386	-30 792
<b>Transactions with owners</b>									
Withdrawal of subordinated shareholders loans (hybrid equity)					90 347		90 347		90 347
<b>Transactions with owners total</b>	0	0	0	0	90 347	0	90 347	0	90 347
<b>Balance at 31.12.2020</b>	55 321	205 999	-15 747	327 644	90 347	186 132	849 696	41 072	890 768
<b>Balance at 1.1.2021</b>	55 321	205 999	-15 747	327 644	90 347	186 132	849 696	41 072	890 768
Comprehensive income									
Profit or loss for the period						-16 996	-16 996	787	-16 209
Other comprehensive income:									
Cash flow hedges			14 400				14 400		14 400
<b>Total comprehensive income for the period</b>	0	0	14 400	0	0	-16 996	-2 596	787	-1 809
<b>Transactions with owners</b>									
Interest paid of subordinated shareholders loans (hybrid equity)						-266	-266		-266
<b>Transactions with owners total</b>	0	0	0	0	0	-266	-266	0	-266
<b>Balance at 30.6.2021</b>	55 321	205 999	-1 347	327 644	90 347	168 870	846 834	41 859	888 693



## NOTES TO THE HALF-YEAR FINANCIAL REPORT

### BASIS OF PREPARATION AND ACCOUNTING POLICIES

The half-year financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. The half-year financial report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2020.

The preparation of the half-year financial report in conformity with IFRS requires the management to make estimates and assumptions in the process of applying the Group's accounting principles. Although these estimates and assumptions are based on the management's best knowledge of today, the final outcome may differ from the estimated values presented in the financial statements. The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented.

### IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The impact of COVID-19 on Pohjolan Voima's financial statements has been minor. The Group has assessed the impact of COVID-19 to the balance sheet by considering indicators of impairment of the right to produce hydropower as well as the water area permanent usage right included in the intangible assets, recoverable amount of tangible assets as well as valuation of inventories and receivables. The expectations of future cash flows, discount rate and other significant valuation inputs were revised to reflect changed economic environment. Based on the assessment and revised valuation input no adjustment to the carrying values of the said assets were made.

The Group expects that it will continue to operate and meet its liabilities as they fall due. COVID-19 has so far had no material impact on Group's financing.

## 1 SEMIANNUAL SEGMENT INFORMATION

### TURNOVER BY SEGMENTS

1 000 €	1.1. - 30.6.2021	1.1. - 30.6.2020	1.1. - 31.12.2020
Hydropower	14 403	13 140	23 869
Thermal power	202 665	166 527	324 365
Nuclear power	87 486	81 198	158 797
Other	37 569	27 879	56 397
Internal sales	-87 189	-78 651	-151 936
<b>Total</b>	<b>254 934</b>	<b>210 093</b>	<b>411 492</b>
Discontinued operations	59	182	244

### PROFIT/LOSS FOR THE PERIOD BY SEGMENTS

1 000 €	1.1. - 30.6.2021	1.1. - 30.6.2020	1.1. - 31.12.2020
Hydropower	-1 545	-596	-3 764
Thermal power	-459	1 872	-565
Nuclear power	-15 790	-1 721	-10 908
Other	2 635	-544	3
<b>Total</b>	<b>-15 159</b>	<b>-989</b>	<b>-15 234</b>
Discontinued operations	-1 050	-1 388	-2 692

### ASSETS BY SEGMENTS

1 000 €	30.6.2021	30.6.2020	31.12.2020
Hydropower	442 183	437 075	429 171
Thermal power	394 508	436 032	430 009
Nuclear power	1 236 128	1 096 707	1 233 990
Other	105 449	129 715	116 528
Elimination	-10 157	-10 949	-20 225
<b>Total</b>	<b>2 168 111</b>	<b>2 088 580</b>	<b>2 189 473</b>

### LIABILITIES BY SEGMENTS

1 000 €	30.6.2021	30.6.2020	31.12.2020
Hydropower	151 908	142 087	137 351
Thermal power	216 362	248 494	246 091
Nuclear power	782 581	722 349	812 249
Other	130 886	152 454	112 690
Other non-current liabilities	7 838	11 006	10 549
Elimination	-10 157	-10 949	-20 225
<b>Total</b>	<b>1 279 418</b>	<b>1 265 441</b>	<b>1 298 705</b>

## 2 REVENUE

1 000 €	1.1. - 30.6.2021	1.1. - 30.6.2020	1.1. - 31.12.2020
Sales of electricity produced	153 708	132 106	261 843
Sales of heat produced	80 479	69 591	130 451
Sales of purchased electricity	11 831	3 740	10 412
Other sales	8 916	4 656	8 786
<b>Total</b>	<b>254 934</b>	<b>210 093</b>	<b>411 492</b>

### Electricity delivered to shareholders (GWh)

Electricity produced	5 552	5 809	11 807
Heat produced	2 020	2 061	3 054
Purchased electricity	321	252	486

### 3 CHANGES IN INTANGIBLES ASSETS AND PROPERTY, PLANT AND EQUIPMENT

1 000 €	30.6.2021	30.6.2020	31.12.2020
<b>Opening balance</b>	<b>726 458</b>	758 933	758 933
Depreciation, amortization and impairment	-35 993	-20 213	-39 050
Additions	4 880	3 530	10 674
Disposals	-1 731	-4 088	-4 099
<b>Closing balance</b>	<b>693 614</b>	738 162	726 458

### 4 INTEREST-BEARING NET DEBT AND LIQUIDITY

1 000 €	30.6.2021	30.6.2020	31.12.2020
Current interest bearing liabilities	137 850	76 270	182 836
Non-current interest bearing liabilities	1 080 137	1 123 535	1 050 743
<b>Interest bearing liabilities</b>	<b>1 217 987</b>	1 199 805	1 233 579
Loan receivables	559 733	409 153	559 733
Cash and equivalents and other current financial assets	53 974	75 584	44 462
<b>Interest bearing net debt</b>	<b>604 280</b>	715 068	629 384
<b>Liquidity, unused committed credit facilities and debt programs</b>	<b>30.6.2021</b>	30.6.2020	31.12.2020
Cash and equivalents and other current financial assets	53 974	75 584	44 462
Unused committed credit facilities	329 000	350 000	350 000
<b>Total</b>	<b>382 974</b>	425 584	394 462
In addition:			
Unused commercial paper program	209 100	245 000	201 000

### 5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

#### Discontinued operations

1 000 €	1.1. - 30.6.2021	1.1. - 30.6.2020	1.1. - 31.12.2020
Income	270	460	677
Costs	-1 320	-1 764	-3 369
Profit before income tax	-1 050	-1 304	-2 692
Income tax expense	-	-84	-
<b>Profit from discontinued operations</b>	<b>-1 050</b>	-1 388	-2 692

#### Cash flow from discontinued operations

1 000 €	30.6.2021	30.6.2020	31.12.2020
Cash flows from operating activities	-1 103	3 919	1 712
Cash flows from investing activities	139	78	853
<b>Cash flows total</b>	<b>-964</b>	3 997	2 565

Board of Directors of PVO-Lämpövoima Oy decided 27 October 2015 to propose, that the electricity production of condensing power plants in Kristiinankaupunki and Pori Tahkoluoto will be terminated. PVO's extraordinary shareholders' meeting approved the decision 13 November 2015. PVO-Lämpövoima's operations are presented in the financial statement 2015-2020 as discontinued operations. PVO-Lämpövoima's tangible assets and inventory are presented as assets held for sale in 2021 and 2020.

#### Assets held for sale

1 000 €	30.6.2021	30.6.2020	31.12.2020
Tangible assets	2 516	2 556	2 556
Inventory	0	199	0
<b>Total</b>	<b>2 516</b>	2 755	2 556

There were no liabilities related to assets held for sale in 2021 nor 2020.

## 6 FINANCIAL INSTRUMENTS

The Group has not made any significant changes in policies regarding risk management during the reporting period. Aspects of the Group's financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

1 000 €	30.6.2021		30.6.2020		31.12.2020	
	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value
Interest rate swaps, non-hedge accounting	-8 110	243 000	-11 006	247 000	-10 549	247 000

### Financial assets and liabilities by measurement categories and fair value hierarchy as of 30 June 2021

1 000 €	Fair value through profit and loss	Financial liabilities carried at amortised cost	Carrying value	Fair value, when different to book value	Level 1	Level 2	Level 3
<b>Non-current financial assets</b>							
Other financial assets	483		483				483
Loan receivables		559 733	559 733				
Other receivables		36 796	36 796				
	483	596 529	597 012				
<b>Current financial assets</b>							
Cash and cash equivalents		53 563	53 563				
Loan receivables		411	411				
Trade and other receivables		45 470	45 470				
Prepayments and accrued income		32 455	32 455				
		131 899	131 899				
<b>Total</b>	<b>483</b>	<b>728 428</b>	<b>728 911</b>				
<b>Non-current financial liabilities</b>							
Borrowings from associates and joint ventures		350 000	350 000				
Borrowings		341 035	341 035				
Bonds		274 292	274 292	279 666	279 666		
Lease liabilities		114 810	114 810				
Derivative financial instruments	7 838		7 838			7 838	
	7 838	1 080 137	1 087 975				
<b>Current financial liabilities</b>							
Loans and commercial papers		96 997	96 997				
Trade payables and other current liabilities		48 529	48 529				
Lease liabilities		40 853	40 853				
		186 379	186 379				
<b>Total</b>	<b>7 838</b>	<b>1 266 516</b>	<b>1 274 354</b>		<b>279 666</b>	<b>7 838</b>	<b>483</b>

Financial instruments that are measured at fair value in the balance sheet are presented according to fair value measurement hierarchy:

Level 1: quoted prices in active markets for identical assets or liabilities. Interest-bearing liabilities at level 1 consist of listed bonds.

Level 2: inputs other than quoted price included within Level 1 that are observable for the assets or liability, either directly or indirectly

Level 3: inputs for the assets or liability that is not based on observable market data (unobservable inputs)

The fair value of other financial instruments are not materially different from their carrying amount. Other financial assets in Fair value through profit or loss -category include unlisted shares for which the fair value cannot be reliably determined.

## 7 RELATED PARTY TRANSACTIONS

### Transactions with related parties, 1000 €

Related party transactions relate to normal business operations of Pohjolan Voima.

	30.6.2021			
	Sales	Purchases	Receivables	Liabilities
Associates and joint ventures	5 630	116 393	624 321	368 812
UPM-Kymmene Group	101 593	38 861	17 704	5 304
	30.6.2020			
	Sales	Purchases	Receivables	Liabilities
Associates and joint ventures	1 395	96 402	467 818	368 261
UPM-Kymmene Group	86 835	33 016	14 390	7 957
	31.12.2020			
	Sales	Purchases	Receivables	Liabilities
Associates and joint ventures	745	191 088	610 148	361 669
UPM-Kymmene Group	171 022	64 736	19 292	6 487

## 8 CONTINGENT LIABILITIES AND ASSETS AND PURCHASE COMMITMENTS

1 000 €	30.6.2021	30.6.2020	31.12.2020
<b>On behalf of own loans</b>			
Pledged deposits	33	42	38
Other contingent liabilities	6 572	5 155	8 469
<b>On behalf of associated companies and joint ventures</b>			
Guarantees	30	30	30
Guarantee according to Nuclear Energy Act	286 664	54 457	54 457
<b>Total</b>	<b>293 299</b>	<b>59 684</b>	<b>62 994</b>

### Guarantee under the Nuclear Energy Act

According to the Finnish Nuclear Energy Act, Teollisuuden Voima, a joint venture of which Pohjolan Voima owns 58.5%, is obliged to fund the decommissioning of nuclear power plants and final disposal of spent nuclear fuel through the Finnish State Nuclear Waste Management Fund.

The amount of the contingent liability is determined by the administrative authority (Ministry of Employment and Economy) based on the Nuclear Energy Act. The directly enforceable guarantees relating to Nuclear waste management given by the shareholders of Teollisuuden Voima Oyj cover the uncovered portion of nuclear waste management liability as well as a liability for any unforeseen expenses of nuclear waste management in accordance with the Nuclear Energy Act. The directly enforceable guarantee given by Pohjolan Voima is 286.7 (54.5) million Euros. The guarantee increased during the reporting period as OL3-plant unit was included in the guarantee.

### Investment commitments

#### Joint ventures

Pohjolan Voima Oyj has committed to an investment into the nuclear power plant Olkiluoto 3 EPR built by Teollisuuden Voima Oyj during 2004 to 2020. The commitment consists of a 432 million Euros investment, a shareholder loan of 108 million and an additional shareholder loan of a maximum of 693 million Euros. As at 30 June 2021 Pohjolan Voima Oy has fulfilled 992 (841) million Euros of its commitments. Investments are based on the financial plan of Olkiluoto 3 EPR, according to which capital is raised in accordance with the progress of the project.

## 9 EVENTS AFTER THE REPORTING PERIOD

Pohjolan Voima Oyj published stock exchange releases on 30 July 2021 and 20 August 2021 regarding OL3 EPR time schedule changes received by TVO from the plant supplier Areva-Siemens consortium. The stock exchange release on 20 August 2021 reported that TVO has received information from the plant supplier Areva-Siemens consortium that the regular electricity production of the OL3 EPR plant unit will be further postponed for three months compared to the prior release due to extended turbine overhaul and inspection works. During the turbine inspection works, the plant supplier has decided to extend the overhaul to all three low-pressure turbines in order to perform further inspections on them. According to the received information from the plant supplier, the start-up of the OL3 EPR reactor, i.e. first criticality, will take place in January 2022, first electricity production will take place in February 2022, and the regular electricity production in June 2022.