

Pohjolan Voima

January-June half-year financial report



2020

POHJOLAN VOIMA OYJ HALF-YEAR FINANCIAL REPORT 1 JANUARY – 30 JUNE 2020

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

Teollisuuden Voima has received interim information on the work to update the schedule for the Olkiluoto 3 EPR plant unit from the plant supplier consortium; the update is expected to be finished in August 2020

Operating environment

Finland's electricity consumption in January–June 2020 was 41.6 TWh (44.6 TWh between 1 January and 30 June 2019), which means a decrease of 6.9 per cent year-on-year. The decrease in power consumption early in the year was largely due to the mild winter. The impact of the coronavirus pandemic (COVID-19) on electricity consumption has been minor. Finnish electricity production totalled 34.4 (35.0) TWh, while net imports into Finland amounted to 7.1 (9.6) TWh.

The average system price of electricity in Nord Pool in January–June 2020 was EUR 10.5 (41.2) per MWh, while the average Finnish area price was EUR 23.2 (42.4) per MWh. The very strong water levels in the Nordic countries, the mild winter and the lower fuel prices decreased the price of electricity early in the year. In addition, the uncertainty brought about by the coronavirus pandemic caused additional pressures on Nordic electricity prices. So far, the pandemic has not had significant impact on the energy production operations of Pohjolan Voima.

The price of the EU emission allowance also experienced strong fluctuation between March and June. The market price was approximately EUR 25 per metric ton at the beginning of the year, compared to approximately EUR 27 per metric ton at the end of the second quarter.

Prime minister Marin's Government aims to make Finland carbon-neutral by 2035 and carbon-negative shortly thereafter. The Ministry of Employment and the Economy has started preparing a national climate and energy strategy. The Government is expected to issue a statement on the strategy to the Parliament in the autumn 2021. The work is based on the low-carbon roadmaps prepared by different industries.

The coronavirus pandemic postponed decisions related to energy taxes from the Government discussion on spending limits in March to the Government's annual budget session in September 2020. The focus of the energy subsidy system is expected to shift from production subsidies to subsidies for new energy technology investments and experiments. The Government is expected to reduce the tax subsidy on combined heat and power production and increase the tax rate on heating fuels. The Government has started a long-term overall reform of energy taxation.

The EU is continuing its negotiations on the clear tightening of its climate objectives. As part of the EU's Green Deal, the Commission is also evaluating the need to re-open legislation updated by the previous Commission, such as the Renewable Energy Directive and the LULUCF Directive pertaining to forest and terrestrial sinks. Sustainable financing deliberation concerning nuclear power has been postponed to 2021.

Pohjolan Voima's heat and power production

Pohjolan Voima's total electricity supply in January–June 2020 totalled 6.1 (5.9) TWh. Of this, the Group's own electricity production accounted for 5.8 (5.7) TWh, purchases from the Nordic electricity market amounted to 0.3 (0.2) TWh and sales to Nordic electricity market amounted to 0.2 (0.2) TWh. The parent company's deliveries to its shareholders totalled 5.6 (5.4) TWh, and the subsidiaries' deliveries to their other owners 0.3 (0.3) TWh. Pohjolan Voima Group's heat deliveries totalled 2.1 (2.3) TWh.

Pohjolan Voima's electricity supply by form of production:

	1 Jan – 30 Jun 2020	1 Jan – 30 Jun 2019	1 Jan – 31 Dec 2019
Nuclear power.....	4.0	3.9	8.4
Hydropower.....	1.1	0.9	1.6
Combined heat and power.....	0.7	0.9	1.7
Purchases.....	0.3	0.2	0.4
Total.....	6.1	5.9	12.1
Heat deliveries.....	2.1	2.3	4.2

Key events during the reporting period

On 8 April 2020, Pohjolan Voima Oyj announced that the joint venture Teollisuuden Voima Oyj (TVO) had submitted an permission application to the Finnish Radiation and Nuclear Safety Authority (STUK) for a nuclear fuel loading for of the Olkiluoto 3 EPR nuclear power plant unit. At the same time, it was announced that the coronavirus pandemic may have significantly added uncertainty to the progress of the project. According to the information given to TVO by the supplier, the fuel will not be loaded into the reactor as planned in June 2020, and it is possible that the regular electricity production will be delayed accordingly.

Pohjolan Voima Oyj published a stock exchange release on 15 April 2020, stating that Standard & Poor's (S&P) had downgraded TVO's long term credit rating to BB; outlook negative.

After the end of the reporting period, on 2 July 2020, Pohjolan Voima Oyj announced that TVO had received interim information of the rebaseline schedule for the commissioning of the OL3 EPR plant unit from the plant supplier, Areva-Siemens consortium. The schedule work is estimated to be completed in August 2020.

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 39.4% (38.3%). The consolidated turnover of continuing operations in reporting period was EUR 210.1 (237.1) million. The operations of PVO-Lämpövoima Oy, the plants of which were

closed down in 2015, have been reported in the Group's financial statements as discontinued operations. The consolidated result was EUR -2.4 (1.2) million. The higher result for comparison period was mainly influenced by the result of the associated companies, which was high due to TVO's updated nuclear waste management cost estimate and a subsequent amendment of the related nuclear waste management allocation.

At the end of June 2020, the Group's interest-bearing debts totalled EUR 1,200 (1,225) million, and cash and cash equivalents totalled EUR 75 (63) million. Furthermore, the Group had EUR 350 (300) million of unused committed credit facility agreements and EUR 90 (90) million of unused shareholder loan commitments.

Pohjolan Voima aims to decrease the refinancing risk by diversifying the interest bearing debt portfolio both in terms of maturities and funding sources. The uncertainty in the financial market caused by the coronavirus pandemic has not significantly affected Pohjolan Voima's financing. If the uncertainty persists for long, the situation may also negatively influence Pohjolan Voima's business and operating environment.

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

Investments

Pohjolan Voima's total investments, excluding financial investments and the purchase of emission allowances, amounted to EUR 2.3 (1.7) million. The most significant investments were made at Laanilan Voima Oy, where an investment is in progress to increase the use of wood-based fuels.

Since 2004, Pohjolan Voima Oyj has invested a total of EUR 841.1 (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 82 (89) people, including discontinued operations.

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 of 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.

In 2015–2018, PVO-Vesivoima participated in a waterway vision project called Iijoen otta in cooperation with the Iijoki region's municipalities and other regional operators. The project was coordinated by the Oulu Regional Council. A new agreement on the implementation of the Iijoki waterway vision and action plan, the Iijoki Agreement, was signed for the years 2019–2023.

PVO-Vesivoima is also participating in Finland's largest project on migratory fish, the Iijoki river migratory fish spearhead project, which started in 2017. In March 2017, PVO-Vesivoima and Metsähallitus filed a joint application with the Regional State Administrative Agency for Northern Finland for a water management permit to build fishways in Raasakka. The Regional State Administrative Agency has not given its decision yet. A guide fence making the downstream migration of migratory fish easier has been installed at the Haapakoski power plant, and plans for a complete downstream migration solution have already progressed far.

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.

The new limits for emissions into the air, set out in the Industrial Emissions (IE) Directive, came into effect in Finland at the beginning of 2016. Some of Pohjolan Voima's facilities were included in the national IE Directive transition plan adopted by the European Commission on 10 March 2014. The transition plan provided some flexibility for the adoption of the stricter emission limits. The transition plan period ended on 30 June 2020.

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 now, 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 2020. 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 environmental information is published on its website at www.pohjolan-voima.fi. TVO provides information on the environmental issues related to nuclear power generation on its website at www.tvoy.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 2019 report of the Board of Directors.

No major new risks associated with Pohjolan Voima's operations were identified during the reporting period. However, as a consequence of the coronavirus pandemic, exposure to risks and uncertainty factors has increased compared to year-end. Even

though the impact of the coronavirus pandemic on Pohjolan Voima's business has so far been minor, the situation may also negatively influence Pohjolan Voima's business and operating environment if the pandemic continues for long.

Shares and shareholding

Shareholder	Shareholding (%) 30 June 2020
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 Energia Oy	1.845
Kymppivoima 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	2.167
City of Pori	1.368
Rautaruukki Corporation	0.090
Stora Enso Oyj	15.608
Finnish Power Ltd	1.517
UPM Energy Ltd*)	47.686
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 as shareholders' unanimous decisions

Due to the coronavirus situation, Pohjolan Voima Oyj's annual general meeting was not held physically in spring 2020; instead, the shareholders decided on matters belonging to the general meeting unanimously on 24 March 2020, in accordance with a special provision included in the Limited Liability Companies Act. The shareholders adopted the 2019 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 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 Hakki, 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); Roger Holm, CEO (Oy Herrfors Ab); and Mikko Lepistö, Energy Manager (SSAB Europe Oyj). 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.

Major legal actions pending

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

Events after the reporting period

After the end of the reporting period, on 2 July 2020, Pohjolan Voima Oyj announced that TVO had received interim information of the rebaseline schedule for the commissioning of the OL3 EPR plant unit from the plant supplier, Areva-Siemens consortium.

Outlook

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

TVO will continue the realization of the OL3 nuclear power plant project and preparing the plant unit for production. Commissioning tests and maintenance work are needed before fuel loading, among other things. For the loading of nuclear fuel TVO will require a separate permission from STUK. TVO will continue to support the plant supplier to complete the project. TVO is negotiating with the plant supplier Areva-Siemens consortium on the terms of completing the OL3 project, and the OL3 project schedule work of plant supplier will be completed in August 2020.

Helsinki, 24 August 2020

Pohjolan Voima Oyj

Board of Directors

KEY FIGURES INCLUDING CALCULATION

M€	1.1. - 30.6.2020	1.1. - 30.6.2019	1.1. - 31.12.2019
Sales	210	237	417
Operating profit or loss	6	14	45
Balance sheet total	2 089	2 080	2 106
Investments	2	2	4
Equity on assets ratio	39%	38%	39%
Average number of personnel	82	89	89
Equity on assets ratio	30.6.2020	30.6.2019	31.12.2019
Equity, 1000 €	823 139	795 761	831 213
Total assets, 1000 €	2 088 580	2 079 938	2 106 404
EQUITY ON ASSETS RATIO (%)	39%	38%	39%

FINANCIAL STATEMENT SUMMARY AND NOTES TO THE FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 000 €	Note	1.1. - 30.6.2020	1.1. - 30.6.2019	1.1. - 31.12.2019
Continuing operations				
Sales	2	210 093	237 073	417 091
Other operating income		802	1 044	2 527
Materials and services		-160 356	-187 467	-319 819
Personnel expenses		-4 344	-4 473	-8 502
Depreciation, amortisation and impairment	3	-20 213	-19 848	-39 894
Other operating expenses		-20 831	-24 583	-50 422
Share of (loss)/profit of associates and joint ventures		652	12 194	43 723
Operating profit or loss		5 803	13 940	44 704
Finance income		1 369	1 553	3 249
Finance costs		-8 160	-12 391	-17 976
Finance costs - net		-6 791	-10 838	-14 727
Profit/loss before income tax		-988	3 102	29 977
Income tax expense		-1	-1	-2
Profit/loss for the period from continuing operations		-989	3 101	29 975
Discontinued operations				
Profit/loss from discontinued operations		-1 388	-1 915	2 927
Profit/loss for the period		-2 377	1 186	32 902
Other comprehensive income:				
Items, that may be reclassified later to profit or loss				
Share of other comprehensive income of associates				
Cash flow hedging		-5 697	-8 317	-4 581
Other comprehensive income for the period		-5 697	-8 317	-4 581
Total comprehensive income for the period		-8 074	-7 131	28 321
Profit attributable to:				
Owners of the parent		-3 026	856	32 731
Non-controlling interest		649	330	171
		-2 377	1 186	32 902
Total comprehensive income attributable to:				
Owners of the parent		-8 723	-7 461	28 150
Non-controlling interest		649	330	171
		-8 074	-7 131	28 321

CONSOLIDATED BALANCE SHEET

1 000 €	Note	30.6.2020	30.6.2019	31.12.2019
ASSETS				
Non-current assets				
Intangible assets	3	282 649	282 946	285 659
Property, plant and equipment	3	455 513	490 330	473 274
Investments in associated companies and joint ventures		748 723	718 503	753 768
Other financial assets		484	484	484
Loans and other receivables		445 971	446 002	445 987
Non-current assets total		1 933 340	1 938 265	1 959 172
Current assets				
Inventories		7 473	5 204	9 131
Trade and other receivables		69 664	70 106	72 966
Cash and cash equivalents	4	75 348	63 457	62 367
Current assets total		152 485	138 767	144 464
Assets held for sale		2 755	2 906	2 768
Total assets		2 088 580	2 079 938	2 106 404
EQUITY				
Equity attributable to owners of the parent				
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		-8 578	-6 617	-2 881
Retained earnings		201 418	172 569	204 444
Total		781 804	754 916	790 527
Non-controlling interests		41 335	40 845	40 686
Total equity		823 139	795 761	831 213
LIABILITIES				
Non-current liabilities				
Provisions		5 029	5 076	5 020
Borrowings	4	1 123 535	956 583	981 865
Other non-current liabilities		11 006	11 811	10 154
Non-current liabilities total		1 139 570	973 470	997 039
Current liabilities				
Borrowings	4	76 270	267 926	228 307
Trade and other payables		49 601	42 781	49 845
Current liabilities total		125 871	310 707	278 152
Total liabilities		1 265 441	1 284 177	1 275 191
Total equity and liabilities		2 088 580	2 079 938	2 106 404

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

1 000 €	1.1. - 30.6.2020	1.1. - 30.6.2019	1.1. - 31.12.2019
Cash flow from operating activities			
Profit/loss for the period	-2 377	1 186	32 902
Adjustments, total	26 048	18 378	8 939
Change in working capital	8 159	12 704	8 348
Cash generated from operations	31 830	32 268	50 189
Finance cost, net	-6 812	-6 917	-10 776
Income taxes paid	-85	-1	-2
Net cash generated from operating activities	24 933	25 350	39 411
Cash flow from investing activities			
Capital expenditure	-2 307	-1 705	-4 158
Proceeds from sales of fixed assets	414	455	2 203
Net cash used in investing activities	-1 893	-1 250	-1 955
Cash flow before financing activities	23 040	24 100	37 456
Cash flow from financing activities			
Equity refunds paid	0	-14 000	-14 000
Net charge in loans and other financing activities	-10 059	-6 241	-20 687
Net cash used in financing activities	-10 059	-20 241	-34 687
Net increase (+)/decrease (-) in cash and cash equivalents	12 981	3 859	2 769
Cash and cash equivalents at beginning of year	62 367	59 598	59 598
Cash and cash equivalents at end of the period	75 348	63 457	62 367

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	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interest	Total equity
Balance at 1.1.2019	65 293	216 822	1 700	326 683	165 879	776 377	40 515	816 892
Comprehensive income								
Profit or loss for the period					856	856	330	1 186
Other comprehensive income:								
Cash flow hedges			-8 317			-8 317		-8 317
Total comprehensive income for the period	0	0	-8 317	0	856	-7 461	330	-7 131
Transactions with owners								
Transfer to retained earnings and reserve for invested non-restricted equity	-9 972	-10 823		14 961	5 834	0		0
Refund of equity				-14 000		-14 000		-14 000
Transactions with owners total	-9 972	-10 823	0	961	5 834	-14 000	0	-14 000
Balance at 30.6.2019	55 321	205 999	-6 617	327 644	172 569	754 916	40 845	795 761
Balance at 1.1.2019	65 293	216 822	1 700	326 683	165 879	776 377	40 515	816 892
Comprehensive income								
Profit or loss for the period					32 731	32 731	171	32 902
Other comprehensive income:								
Cash flow hedges			-4 581			-4 581		-4 581
Total comprehensive income for the period	0	0	-4 581	0	32 731	28 150	171	28 321
Transactions with owners								
Transfer to retained earnings and reserve for invested non-restricted equity	-9 972	-10 823		14 961	5 834	0		0
Refund of equity				-14 000		-14 000		-14 000
Transactions with owners total	-9 972	-10 823	0	961	5 834	-14 000	0	-14 000
Balance at 31.12.2019	55 321	205 999	-2 881	327 644	204 444	790 527	40 686	831 213
Balance at 1.1.2020	55 321	205 999	-2 881	327 644	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
Total comprehensive income for the period	0	0	-5 697	0	-3 026	-8 723	649	-8 074
Balance at 30.6.2020	55 321	205 999	-8 578	327 644	201 418	781 804	41 335	823 139

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 2019. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2019.

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 financial statements has so far 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. 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 of Group's financing.

1 SEMI-ANNUAL SEGMENT INFORMATION

TURNOVER BY SEGMENTS

1 000 €	1.1. - 30.6.2020	1.1. - 30.6.2019	1.1. - 31.12.2019
Hydropower	13 140	11 301	24 496
Thermal power	166 527	191 175	360 676
Nuclear power	81 198	88 135	134 615
Other	27 879	31 329	61 592
Internal sales	-78 651	-84 867	-164 288
Total	210 093	237 073	417 091
Discontinued operations	182	154	4 783

PROFIT/LOSS FOR THE PERIOD BY SEGMENTS

1 000 €	1.1. - 30.6.2020	1.1. - 30.6.2019	1.1. - 31.12.2019
Hydropower	-596	-1 057	-3 901
Thermal power	1 872	-415	-1 253
Nuclear power	-1 721	9 911	38 166
Other	-544	-5 338	-3 037
Total	-989	3 101	29 975
Discontinued operations	-1 388	-1 915	2 927

ASSETS BY SEGMENTS

1 000 €	30.6.2020	30.6.2019	31.12.2019
Hydropower	437 075	442 075	437 053
Thermal power	436 032	466 370	464 076
Nuclear power	1 096 707	1 065 418	1 100 804
Other	129 715	121 372	125 144
Elimination	-10 949	-15 297	-20 673
Total	2 088 580	2 079 938	2 106 404

LIABILITIES BY SEGMENTS

1 000 €	30.6.2020	30.6.2019	31.12.2019
Hydropower	142 087	143 647	141 469
Thermal power	248 494	283 560	277 145
Nuclear power	722 349	722 796	722 796
Other	152 454	137 660	144 300
Other non-current liabilities	11 006	11 811	10 154
Elimination	-10 949	-15 297	-20 673
Total	1 265 441	1 284 177	1 275 191

2 REVENUE

1 000 €	1.1. - 30.6.2020	1.1. - 30.6.2019	1.1. - 31.12.2019
Sales of electricity produced	132 106	150 780	253 510
Sales of heat produced	69 591	76 117	140 847
Sales of purchased electricity	3 740	6 137	13 448
Other sales	4 656	4 039	9 287
Total	210 093	237 073	417 091

Electricity delivered to shareholders (GWh)

Electricity produced	5 809	5 725	11 666
Heat produced	2 061	2 346	3 709
Purchased electricity	252	218	415

3 CHANGES IN INTANGIBLES ASSETS AND PROPERTY, PLANT AND EQUIPMENT

1 000 €	30.6.2020	30.6.2019	31.12.2019
Opening balance	758 933	781 613	781 613
IFRS 16 additions 1.1.2019	-	10 926	10 926
Depreciation, amortization and impairment	-20 213	-19 848	-39 894
Depreciation, amortization and impairment, discontinued operations	-	-181	-363
Additions	3 530	3 206	9 399
Disposals	-4 088	-2 440	-2 766
Change in accounting estimates	-	-	18
Closing balance	738 162	773 276	758 933

4 INTEREST-BEARING NET DEBT AND LIQUIDITY

1 000 €	30.6.2020	30.6.2019	31.12.2019
Current interest bearing liabilities	76 270	267 926	228 307
Non-current interest bearing liabilities	1 123 535	956 583	981 865
Interest bearing liabilities	1 199 805	1 224 509	1 210 172
Cash and equivalents	75 348	63 457	62 367
Interest bearing net debt	1 124 457	1 161 052	1 147 805
Liquidity, unused committed credit facilities and debt programs	30.6.2020	30.6.2019	31.12.2019
Cash and cash equivalents	75 348	63 457	62 367
Unused committed credit facilities	350 000	300 000	300 000
Total	425 348	363 457	362 367
In addition:			
Unused commercial paper program	245 000	200 000	200 000

5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations

1 000 €	1.1. - 30.6.2020	1.1. - 30.6.2019	1.1. - 31.12.2019
Income	460	2 688	9 978
Costs	-1 764	-4 603	-7 051
Profit before income tax	-1 304	-1 915	2 927
Income tax expense	-84	-	-
Profit from discontinued operations	-1 388	-1 915	2 927

Cash flow from discontinued operations

1 000 €	30.6.2020	30.6.2019	31.12.2019
Cash flows from operating activities	3 919	722	-1 358
Cash flows from investing activities	78	298	1 236
Cash flows total	3 997	1 020	-122

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 2015-2019 as discontinued operations. PVO-Lämpövoima's tangible assets and inventory are presented as assets held for sale.

Assets held for sale

1 000 €	30.6.2020	30.6.2019	31.12.2019
Tangible assets	2 556	2 680	2 556
Inventory	199	226	212
Total	2 755	2 906	2 768

There were no liabilities related to assets held for sale in 2020 nor 2019.

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 2019.

1 000 €	30.6.2020		30.6.2019		31.12.2019	
	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value
Interest rate swaps, non-hedge accounting	-11 006	247 000	-11 811	247 000	-10 154	247 000

Financial assets and liabilities by measurement categories and fair value hierarchy as of 30 June 2020

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
Non-current financial assets							
Other financial assets	484		484				484
Loan receivables		409 153	409 153				
Other receivables		36 818	36 818				
	484	445 971	446 455				
Current financial assets							
Cash and cash equivalents		75 348	75 348				
Loan receivables		236	236				
Trade and other receivables		34 107	34 107				
Prepayments and accrued income		35 321	35 321				
		145 012	145 012				
Total	484	590 983	591 467				
Non-current financial liabilities							
Borrowings from associates and joint ventures		350 000	350 000				
Borrowings		339 635	339 635				
Bonds		274 020	274 020	277 024	277 024		
Lease liabilities		159 880	159 880				
Derivative financial instruments	11 006		11 006			11 006	
	11 006	1 123 535	1 134 541				
Current financial liabilities							
Loans and commercial papers		63 422	63 422				
Trade payables and other current liabilities		49 601	49 601				
Lease liabilities		12 848	12 848				
		125 871	125 871				
Total	11 006	1 249 406	1 260 412		277 024	11 006	484

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.

	30.6.2020			
	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
	30.6.2019			
	Sales	Purchases	Receivables	Liabilities
Associates and joint ventures	2 892	111 418	462 222	202 284
UPM-Kymmene Group	95 569	32 435	19 055	6 152
	31.12.2019			
	Sales	Purchases	Receivables	Liabilities
Associates and joint ventures	5 217	179 892	458 268	205 151
UPM-Kymmene Group	158 844	65 020	13 226	9 551

8 CONTINGENT LIABILITIES AND ASSETS AND PURCHASE COMMITMENTS

1 000 €	30.6.2020	30.6.2019	31.12.2019
On behalf of own loans			
Pledged deposits	42	55	40
Other contingent liabilities	5 155	5 918	4 962
On behalf of associated companies and joint ventures			
Guarantees	30	32	30
Guarantee according to Nuclear Energy Act	54 457	44 290	44 290
Total	59 684	50 295	49 322

Guarantee under the Nuclear Energy Act

According to the Finnish Nuclear Energy Act, Teollisuuden Voima, a joint venture of which Pohjolan Voima owns 57.06%, 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 54.5 million Euros (30 June 2019: 44.3, 31 December 2019: 44.3 million Euros).

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 421.6 million Euros. As at 30 June 2020 Pohjolan Voima Oyj has fulfilled 841 (30 June 2019: 841, 31 December 2019: 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 announced that TVO has received interim information of the rebaseline schedule for the commissioning of the OL3 EPR plant unit from the plant supplier Areva-Siemens Consortium.