

DECISIVE POWER.

Annual report 2020





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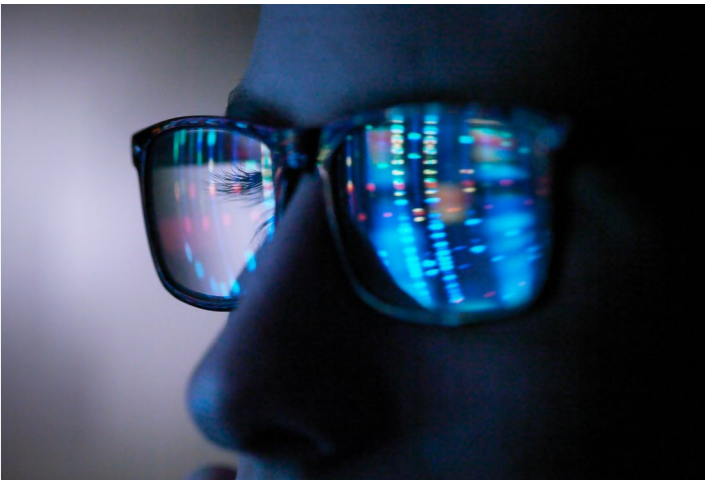
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“We achieved our target set for carbon neutrality and set new objectives: 99% of electricity and 85% of heat will be carbon neutral in 2025.”

Ilkka Tykkyläinen
President and CEO, Pohjolan Voima Oyj

CEO’S REVIEW

The year 2020 will be remembered for the Covid-19 pandemic. At Pohjolan Voima, we ensured uninterrupted electricity and heat production for our customers. We implemented our strategy according to which we create decisive power to strengthen competitiveness and contribute to a better tomorrow. Nearly 100 development projects helped to promote our strategic themes: becoming CO₂-neutral based on market terms, competitive advantage through balancing power capability and becoming a top expert in production asset management

We achieved our target set for carbon neutrality

We produce nearly 20% of all the electricity produced in Finland, and 96% of it is already carbon neutral. We demolished the stack of our last coalfired condensing power plant in Kristiinankaupunki, and our thermal power plants decreased the use of peat more than planned, based on market terms.

We set new objectives: 99% of electricity and 85% of heat will be carbon neutral in 2025. Finland’s most significant contribution to combating climate change, the OL3 plant unit of our joint venture Teollisuuden Voima (TVO), will start regular electricity production in 2022. We will only use fossil fuels and peat as backup fuels whenever the market situation allows.



Regulating capability with cogeneration and batteries

The increase in weather-dependent production makes it more important to be able to regulate production based on demand. We develop the regulating capability of hydropower. We try to get regulating power from combined heat and power plants. We are developing a battery hybrid solution, which will support nuclear power, improve the regulation capacity of hydropower and contribute to ensuring the operation of the electricity system.

Added value to asset management with knowledge

Digitalisation and knowledge-based management offer new opportunities to anticipate disturbances, carry out measures at the correct time and enhance operational reliability and safety. We launched a multiannual project where we combine and process data from different systems in our common data platform.

In the hydropower business, we made preparations for our new central control system and the overhaul of the Jumisko power plant in Kemijoki in 2021. In the thermal power business, we improved flexibility and efficiency and reduced emissions. In the nuclear power business, the annual outages of the plant units were carried out with arrangements to prevent Covid-19 infections.

Safety, migratory fish and discussions with young people

We updated our sustainability programme and adopted the UN's Sustainable Development Goals. In addition to carbon neutrality, we strengthened our safety culture by renewing our observation system, for example.

The construction of Finland's first downstream migration route for salmon fry was begun at Haapakoski on the Iijoki river. After a waiting period of several years, the authority granted permits to build the Raasakka fishways. The best outcome for

the migratory fish will be achieved step by step with extensive cooperation with experts and key stakeholders.

Posiva owned by TVO and Fortum continued the construction works of the encapsulation plant and final disposal facility of spent nuclear fuel as planned. Posiva is the first in the world in the implementation phase.

Our dialogue with young people continued in webinars, podcasts and in the 4UNI competition project organised by Helsinki Think Company. We also cooperated with the Youth Agenda 2030 group in responsibility matters.

One of Finland's most inspiring workplaces

For the second year in a row, we were listed as one of Finland's most inspiring workplaces. Our employees are motivated and committed. We promote a corporate culture that encourages us to experiment and reform. An example of this was the caisson technique innovated by our specialists. It will replace diving when repairing hydropower plants. The innovators received the largest initiative award in our history for their idea.

Together we are more

Despite the exceptional year, we managed to accomplish a great deal. My thanks for a successful year go to all of Pohjolan Voima's employees, customers and partners. Together, we will continue our meaningful work and create decisive power to our customers. At the same time, we indirectly create jobs and wellbeing everywhere in Finland.

Societies are being electrified and different industries integrated. Biodiversity becomes a stronger theme in addition to climate change. Electricity and heat produced in a competitive and low-emission manner must always be available. The functionality of our energy system requires that the industry and decision-makers are able to see the connections between things and their effects and to find efficient solutions.

Ilkka Tykkyläinen



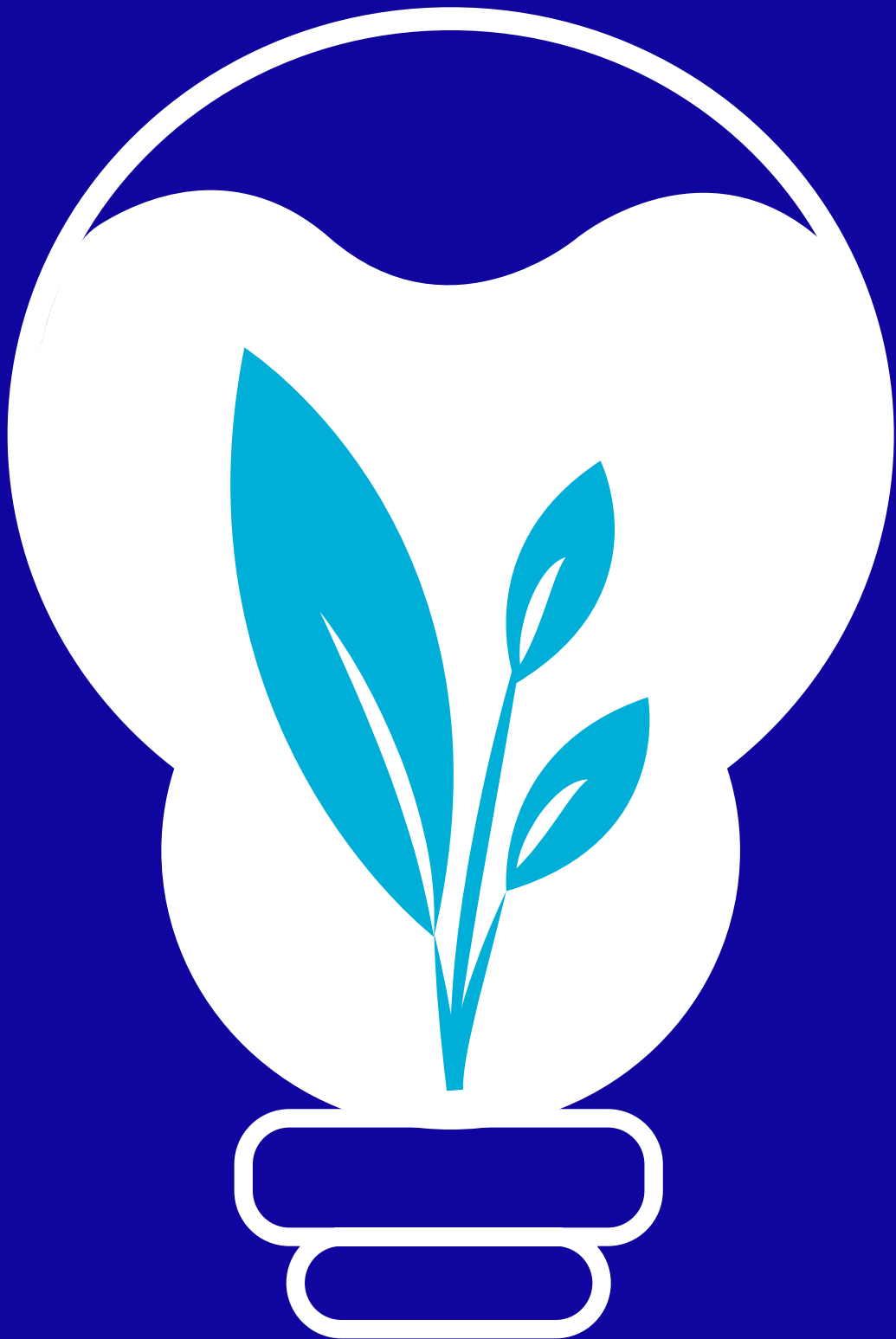


Key figures 2020


We achieved a

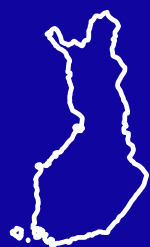
96%

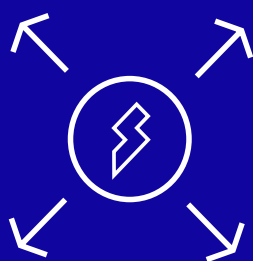
share in our
carbon neutral
electricity
production




11.8 TWh
of produced electricity in 2020

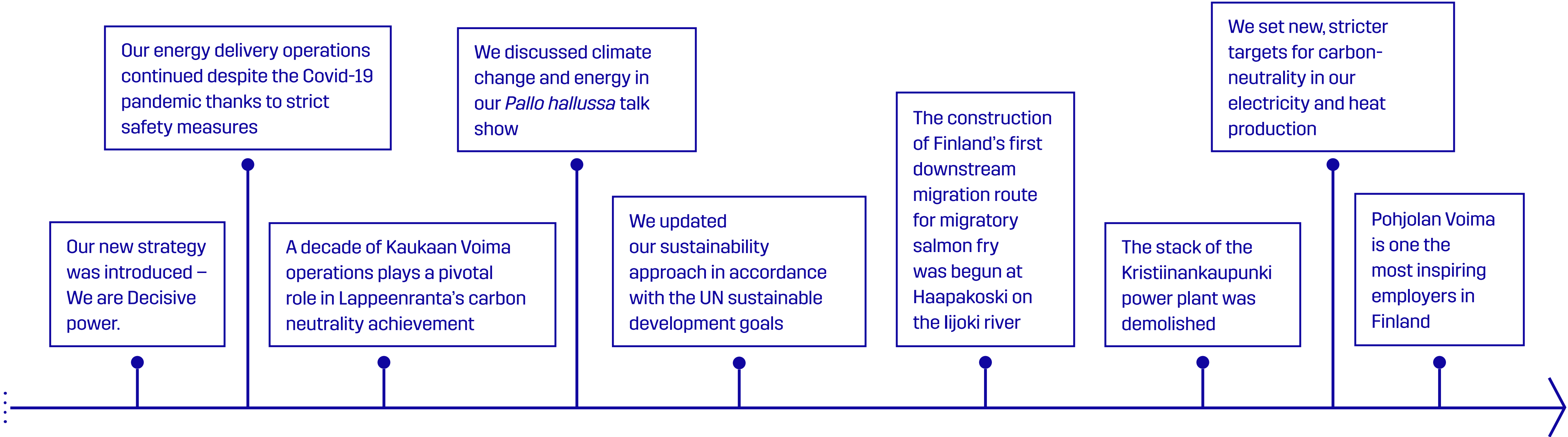

3.6 TWh
of produced heat in 2020


18%
of the total electricity production in Finland


1,984 MW
electricity production capacity



Key events



**DECISIVE
POWER.**



IN FINLAND'S
MOST INSPIRING
WORKPLACES

Operating environment: a great upheaval underway

The energy industry is going through a great upheaval. The mitigation of climate change is a major megatrend affecting the industry. As the share of weather-dependent electricity production increases, fluctuations in electricity production will be quicker and bigger in the future. Balancing production based on demand will be emphasised, as well as integrating energy flows from different industries with the help of hydrogen technology, for example.

Electricity and heat production without interruption despite the Covid-19 pandemic

The Covid-19 pandemic made the year 2020 exceptional. At Pohjolan Voima, we reacted to the situation rapidly, and our response team began its work. The team continues to meet regularly. We changed our working practices to ensure uninterrupted electricity and heat production in the exceptional situation as well. We worked remotely from March until the end of the year, whenever possible.

The Covid-19 pandemic is causing significant economic burdens to society at large. The pandemic has not affected much decision-making related to energy, climate and environmental matters, for example, which have an effect on the energy sector. The EU and Finland try to make decisions that will simultaneously mitigate the effects of the pandemic and promote sustainable development.

2020: Tax rulings in Finland, many initiatives affecting the energy sector in the EU

The taxation of heating fuels increased by €105 million starting from the beginning of 2021. The peat tax increased by €2.7/MWh. The Finnish Government decided to use a part of the Just Transition Fund to support investments that aim to replace the use of peat. The Government also launched e.g. the second phase of the energy taxation roadmap. Negotiations with the Commission continued to exempt cost-price nuclear power production from interest expense deduction limitations.

The climate objective of the EU member states is to reduce the EU's emissions by at least 55% by 2030. The European Parliament would like to have even a more stringent target. The European Union aims to achieve carbon neutrality by 2050. The Commission published several initiatives affecting the energy sector. These include the sector integration and hydrogen strategy, the biodiversity strategy and the circular economy action plan.

2021: Upcoming national energy and climate strategy and preparation for a classification of sustainable financing

In 2021, the Government will submit a national energy and climate strategy to the Parliament. The strategy will include guidelines on how Finland can become carbon neutral. The Government is also to give a proposal to change property taxation so that the tax would better correspond to the real values of properties. The operating environment of hydropower is particularly affected by the third water management plan in preparation in accordance with the EU's Water Framework Directive, as well as the reform of the Water Act in connection with "zero obligation" plants.

In 2021, the EU will again make a great number of legislative proposals, which will have an impact on the operating environment. These include the update of the directives concerning emissions trading, renewable energy, energy efficiency, industrial emissions and energy taxation, as well as the action plan related to zero-emission environment. The preparation of the criteria concerning the classification of sustainable financing is continuing in 2021.





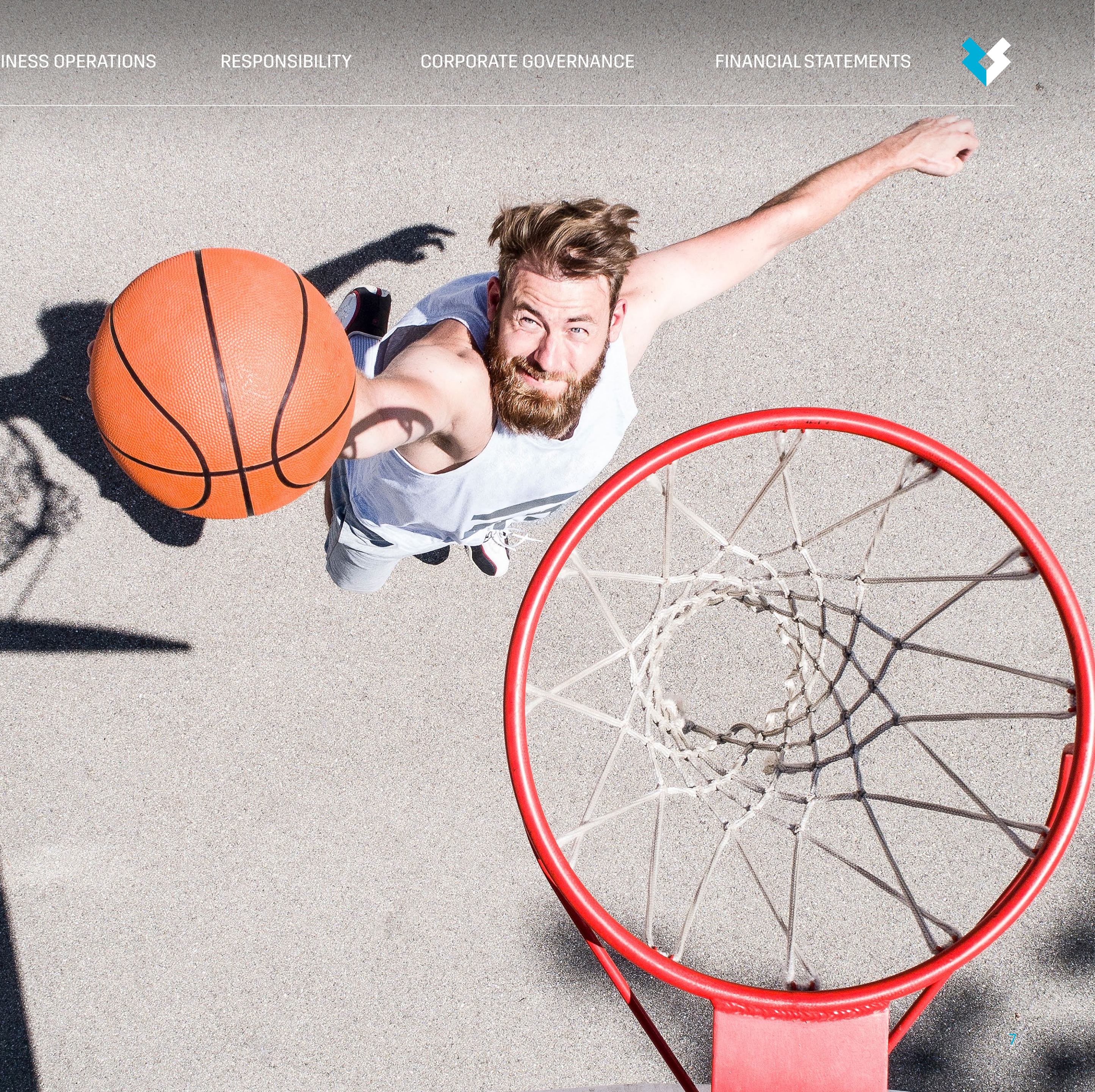
STRATEGY

Decisive Power

8

Extensive networks
across Finland

9

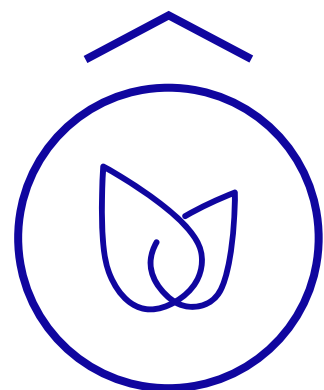




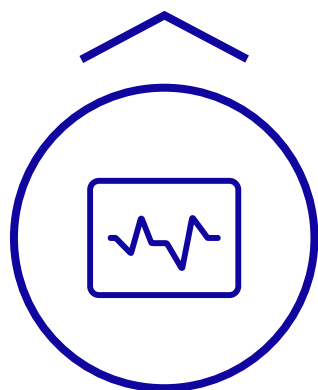
Pohjolan Voima – Decisive Power.

Strategy 2020–2025

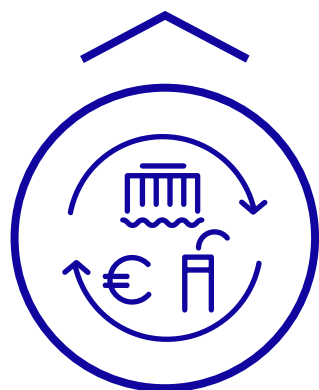
We create decisive power to strengthen competitiveness and contribute to a better tomorrow.



On market terms
towards carbon
neutrality



Competitive advantage
through balancing
power capability



Becoming a
production asset
management
top expert

Skilfully – Boldly – Together

We take responsibility for tomorrow

“We create decisive power to strengthen competitiveness and contribute to a better tomorrow.” This describes our purpose. In brief: Pohjolan Voima – Decisive Power.

We produce electricity and heat at cost price for our customers. In this way we do our part to ensure that our customers – the industry, other energy companies and municipalities – will succeed. Indirectly, we create jobs and wellbeing in Finland.

We produce nearly 20% of all the electricity produced in Finland. We take responsibility for tomorrow: 96% of the electricity that we produce is carbon neutral. With our carbon neutral production, we do our part in creating a cleaner world and assist our customers in reducing their CO₂ emissions.

Our strategic themes are:

On market terms towards carbon neutrality

Our goal is for 99% of our electricity production and 85% of our heat production to be CO₂-neutral by 2025. We take part in developing the competitiveness of nuclear power production, only use peat and fossil fuels as start-up and backup fuels whenever the market situation allows and maintain our readiness to introduce new solutions on an industrial scale.

Competitive advantage through balancing power capability

The energy industry is going through a significant transformation. The share of weather-dependent production is increasing considerably and challenging the balance of our electricity system. In future, fluctuations in electricity production are estimated to be even faster and greater than now. Flexibility and the ability to balance production based on the demand will become even more valuable capabilities. We develop the regulation capability of our production with the help of market information. We increase the value of regulation by means of investments.

Becoming a production asset management top expert

We have a great asset in our hands, and we take care of it in the best possible way. The term “production asset” refers not only to our buildings and systems but also to the knowledge that we accumulate during the lifespan of our production assets and which helps us to lead our operations. We perform effective maintenance actions and carry out timely investments. We use smart systems, digitisation and knowledge-based management in our operations. We will continue to strengthen our networks and partnerships, because together we are more.

Extensive networks across Finland

Indirectly, Pohjolan Voima creates jobs and wellbeing in Finland.

We create decisive power to strengthen competitiveness and contribute to a better tomorrow.

- Municipalities behind the shareholding
- The shareholders' industrial locations



Expertise and efficiency from strong networks

We at Pohjolan Voima sell the electricity and heat we produce at cost price to our shareholders who are also our customers at the same time. The shareholders pay Pohjolan Voima's costs in proportion to their holdings in the company. We do not aim to produce a profit or to pay a dividend. Our customers benefit by using the product (electricity, heat) or selling it forward. Our operating model is included in our articles of association.

Our operating model strongly emphasises networking. Our 23 customer companies are at the core of our network. We can combine their resources and share the risks as well as carry out energy production projects with competitive production costs. There are a great number of representatives from our customer companies in the governing bodies of Pohjolan

Voima's parent company and subsidiaries. The owners of our customer companies also belong to the network. For example, different energy companies may have several owners. This way our operation is beneficial to many parties around the whole of Finland.

We have several partners who take care of functions which are important to us. This ensures extensive expertise and efficiency. For example, Caverion operates and maintains our hydropower plants, Power-Deriva provides energy management services, Adner financial administration services and Atea IT services. We cooperate closely with device suppliers and research institutions to develop our operations. Our cooperation partners include Insta, which takes part in our knowledge-based management project, and Valmet, which participates in power plants' technical projects. In addition, we are active players in the networks of the energy sector and society.



Operating model and networks

Pohjolan Voima's operating model is based on extensive network collaboration





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Production in 2020

In 2020, Pohjolan Voima’s electricity production was 11.8 TWh. Our share of all electricity produced in Finland was approximately 17.9%. Our heat production totalled 3.6 TWh.

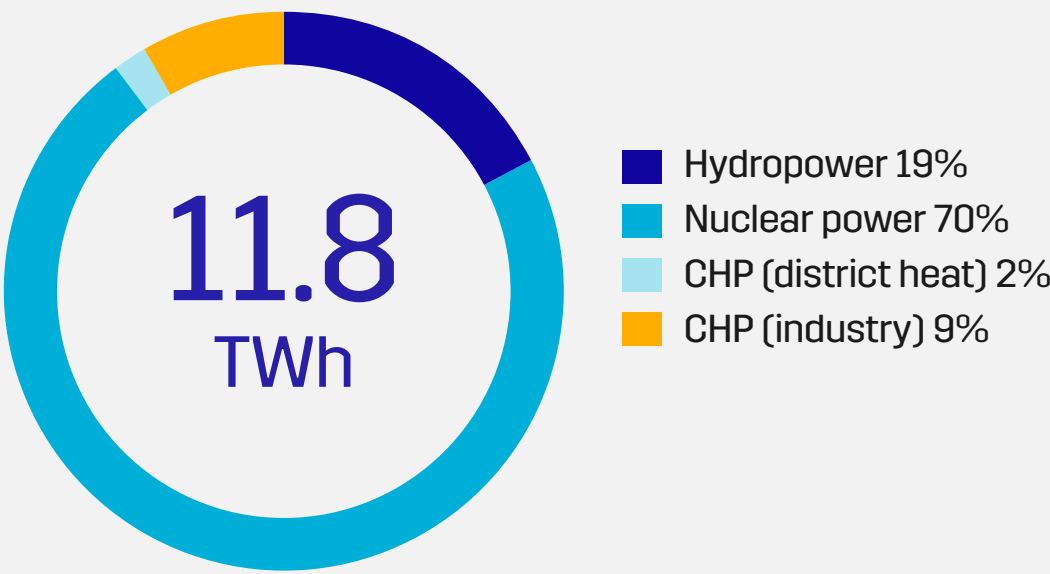
We produced a fifth of Finland’s electricity

Our total electricity production capacity was 1,984 MW at the end of 2020, amounting to approximately 17.4% of all the electricity produced in Finland. Our heat production capacity was 1,472 MW. In 2020, Pohjolan Voima no longer had condensing power capacity due to the demolition of the Kristiinankaupunki power plant.

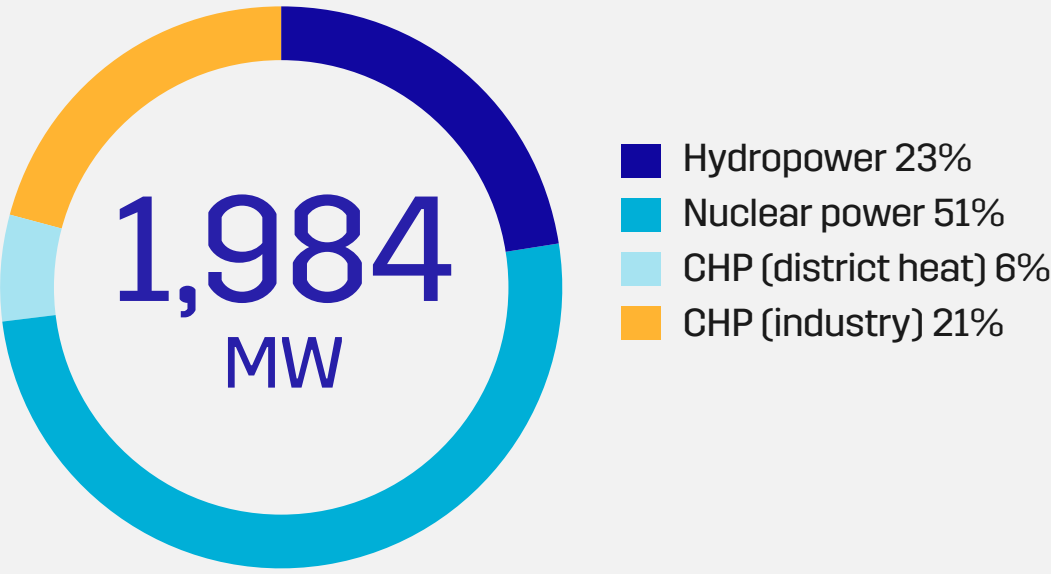
Electricity consumption in Finland in 2020 amounted to 81 TWh. Finnish electricity production totalled 66 TWh, while net imports into Finland amounted to 15 TWh. In 2020, electricity consumption in Finland decreased by 6% year-on-year. Industrial power consumption decreased by 8.2% and the power consumption of other sectors remained at the same level as in the previous year.

[Also see Pohjolan Voima’s production capacity on 31 December 2020](#)

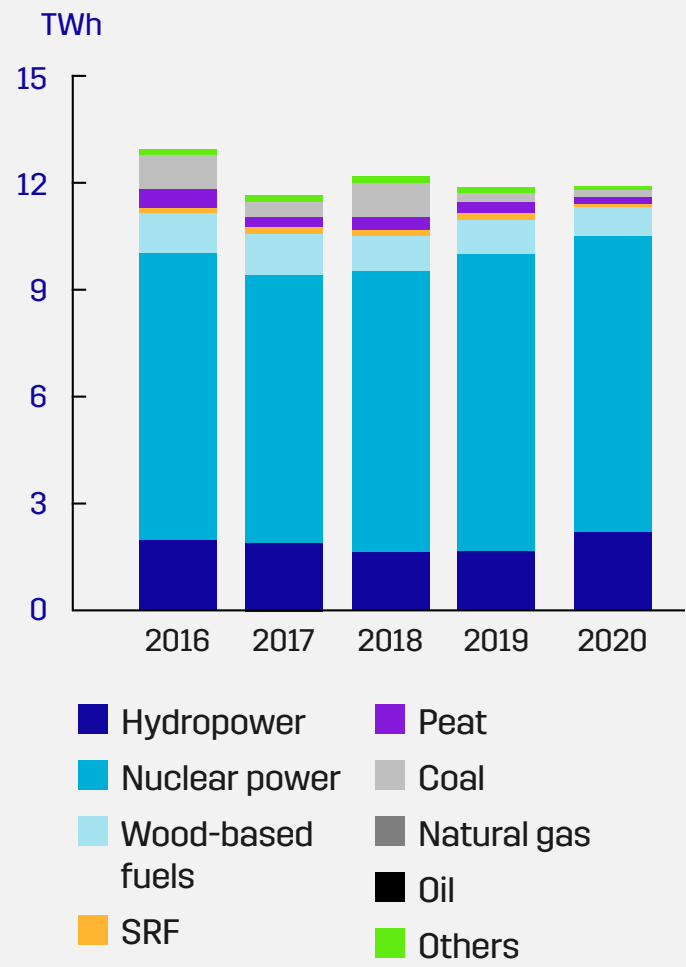
Pohjolan Voima’s electricity production in 2020



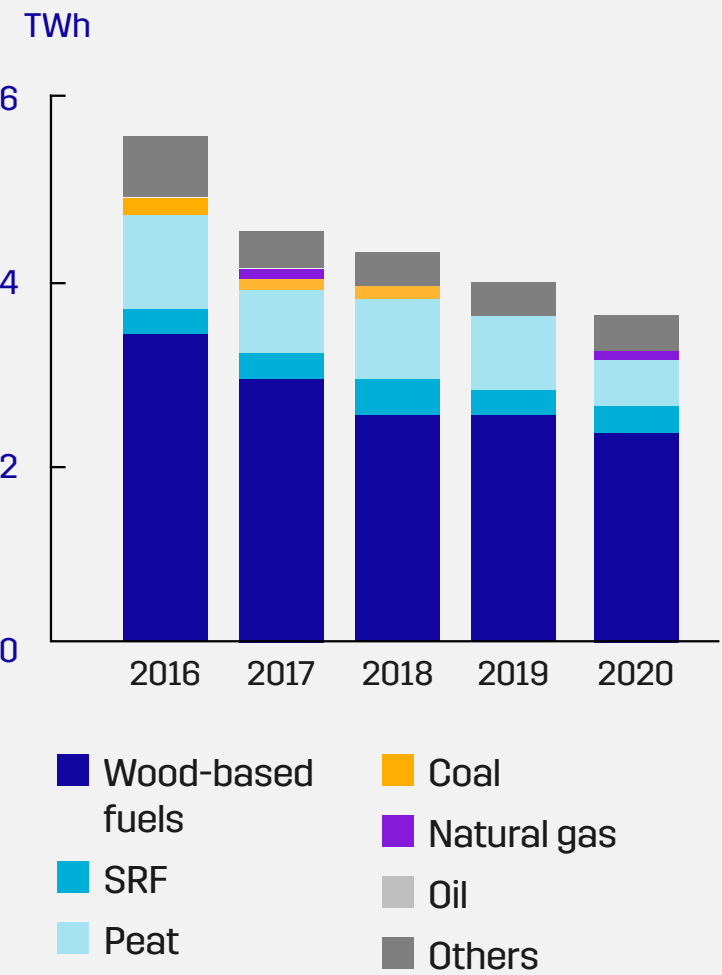
Pohjolan Voima’s electricity production capacity on 31 December 2020



Electricity production by energy source in 2016–2020



Heat production by energy source in 2016–2020



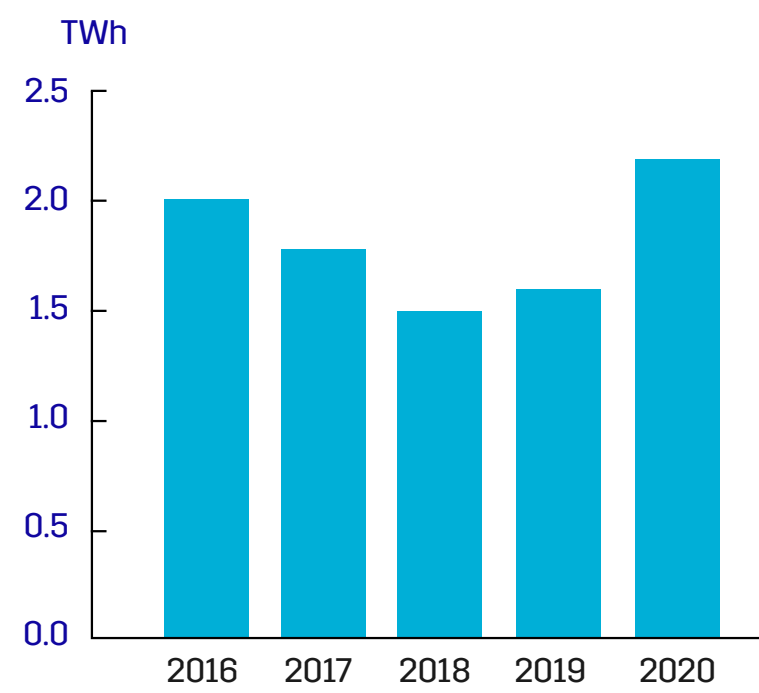


Hydropower

Pohjolan Voima has a total of 12 hydropower plants located along the Iijoki, Kemijoki, Kokemäenjoki and Tengeliönjoki rivers. The combined electricity generation capacity of these plants is 541 MW, of which Pohjolan Voima’s share is 449 MW.

In 2020, we produced a total of 2.2 TWh of electricity with hydropower. The hydropower production volume nearly reached the record year of 2015 thanks to the excellent production year. Hydropower accounted for 19% of our electricity production in 2020.

Hydropower production in 2016–2020



We are overhauling our hydropower plants systematically

Modernisations expand the lifecycle of power plants, improve energy efficiency and security of supply and benefit the environment. The Jumisko hydropower plant at the Kemijoki river will be in turn in 2021.

We develop the use and maintenance of our hydropower plants with our partners, and utilize digitalisation. We began the deployment of a new central control system which will be completed in 2021. The virtual system is linked to power plants and external systems. It enhances the real-time remote control of power plants and makes it possible to adjust production rapidly based on electricity consumption and the needs of the environment.

Long-term management of the aquatic environment

We take care of the aquatic environment and fish stocks in accordance with our obligations. In addition, we have plenty of voluntary cooperation to develop the aquatic environment. Concrete results have been achieved in the Iijoki river through extensive cooperation. We also develop regulation in cooperation.

The Centre for Economic Development, Transport and the Environment for Lapland filed a change application concerning our fishery obligations with regard to the Kemijoki and Iijoki rivers. We filed our objections to the applications after their public notice in 2020.

[Read more about how we fulfil our environmental obligations.](#)

Good cooperation to revive migratory fish

We take part in extensive cooperation projects on the Iijoki and Kemijoki rivers, and we are committed to promoting the restoration of the natural migration patterns of migratory fish. The best outcome will be achieved step by step with extensive cooperation with experts and key stakeholders.

Case

Finland’s first downstream migration route for migratory salmon is being built at Haapakoski

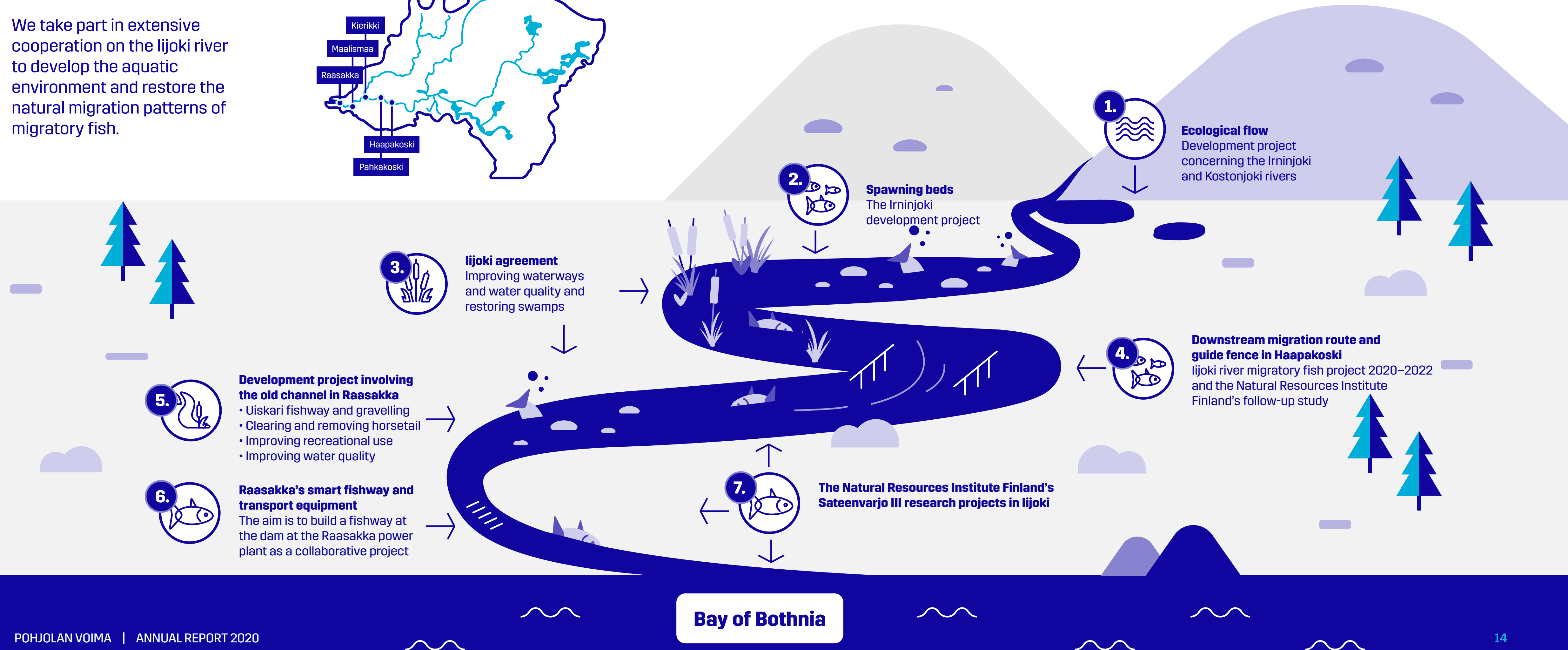
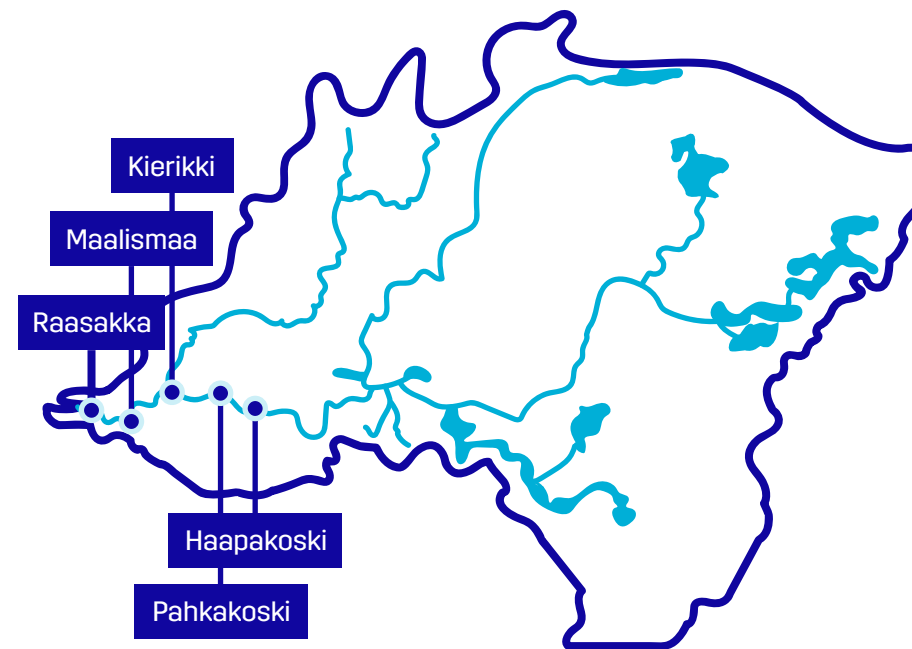
The construction of the downstream migration route for migratory salmon fry was begun at Haapakoski on the Iijoki river in November 2020. The downstream migration route and the guide fence installed in 2019 form a route for migratory salmon fry to pass the power plant downstream. Catching equipment will also be built. The project is part of the Iijoki river migratory fish project 2020–2022, which also promotes the Raasakka fishway.

[Read more about the downstream migration route and other cooperation projects to revive the natural migration patterns of migratory fish](#)



Iijoki river cooperation projects

We take part in extensive cooperation on the Iijoki river to develop the aquatic environment and restore the natural migration patterns of migratory fish.





Thermal power

In its thermal power production, Pohjolan Voima’s heat production capacity was 1,472 MW and its total electricity generation capacity was 524 MW.

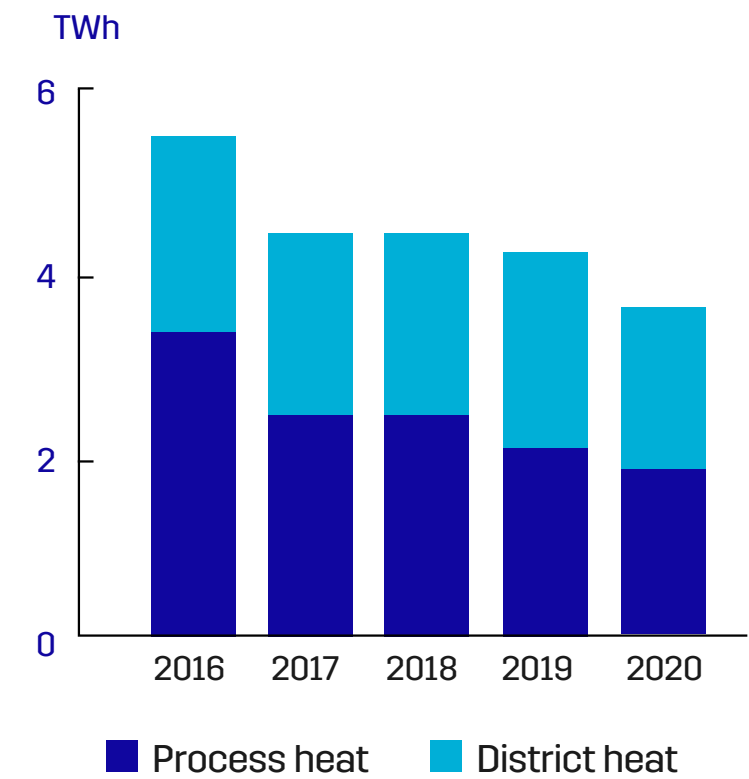
Our combined heat and power plants produce district heat and process steam for local industry and communities, as well as electricity. In 2020, the heat output of our combined heat and power plants was 3.6 TWh, and the electricity output was 1.3 TWh.

In 2020, our thermal power plants consumed 4.3 TWh of wood-based fuels, 0.5 TWh of recycled fuel, 1.0 TWh of peat and 0.5 TWh of coal. We used oil and natural gas as start-up and backup fuels. Our goal is to restrict the use of fossil fuels and peat for start-up and backup fuels alone on market terms by 2025.

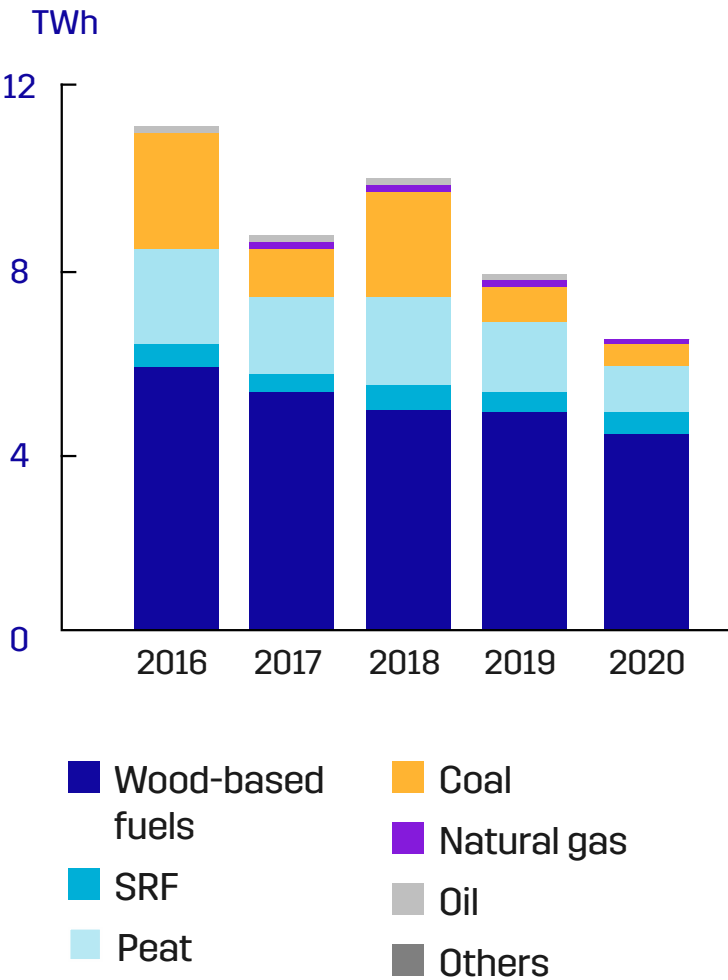
Our thermal power plants are having many development projects, which aim to make production more flexible and efficient and to reduce emissions.

[More information is available on the page concerning development projects.](#)

Process heat and district heat production in 2016–2020



Fuels in heat and electricity production 2016–2020



Case

The stack of our last coalfired condensing power plant fell

Decommissioning the condensing power plants that used coal and oil as their fuels has been an important step for us towards CO₂ neutral production. When the stack of the Kristiinankau-punki power plant fell on 1 October 2020, it received a lot of attention. The demolition will be completed during 2021. In 2020, we completed the demolition of the power plant in Tahkoluoto, Pori. The coal- and oil-fired power plants were our last condensing power plants that only produced electricity.

The principles of the circular economy are taken into account in the demolition: most of the demolition waste will be recycled.





Nuclear power

Teollisuuden Voima Oyj (TVO), a joint venture partially owned by Pohjolan Voima, operates a nuclear power plant at Olkiluoto in Eurajoki. The combined output of the nuclear power plant’s two plant units is 1,780 MW.

In 2020, the capacity factor of the Olkiluoto 1 plant unit (OL1) was 93.7% and 93.3% for the Olkiluoto 2 plant unit (OL2). Total production volume of the power plant was 14.6 TWh. Pohjolan Voima’s share of the production amounted to 8.3 TWh.

Annual maintenance of Olkiluoto carried out with special arrangements

The OL1 and OL2 plant units are continuously maintained in good production and functional condition by having refuelling and maintenance outages in alternate years. In 2020, the annual outages were carried out with special arrangements to prevent the Covid-19 pandemic from spreading in the plant area.

In December, there was a disturbance at the OL2 when the plant unit was suddenly disconnected from the grid. The disturbance was soon found to be less serious than a site area emergency, and the plant unit was driven down into a cold shutdown state. The problem occurred when hot water moved into the filters of the reactor water clean-up system. The safety systems of the plant functioned as planned, and the disturbance did not cause harm to people or the environment.

Construction of Posiva’s final disposal facility progressed

Posiva has proceeded to the construction phase of the encapsulation plant and the underground final disposal facility in the disposal project for spent nuclear fuel. The construction of the encapsulation plant and final disposal facility progressed as planned. Posiva Oy will manage the final disposal of the spent nuclear fuel generated at its owners’ power plants, TVO’s Olkiluoto nuclear power plant and Fortum’s Loviisa nuclear power plant. The disposal facility is located at Olkiluoto.

[Read more: www.posiva.fi/en](http://www.posiva.fi/en)

“Olkiluoto 3 is Finland’s most significant single climate action”

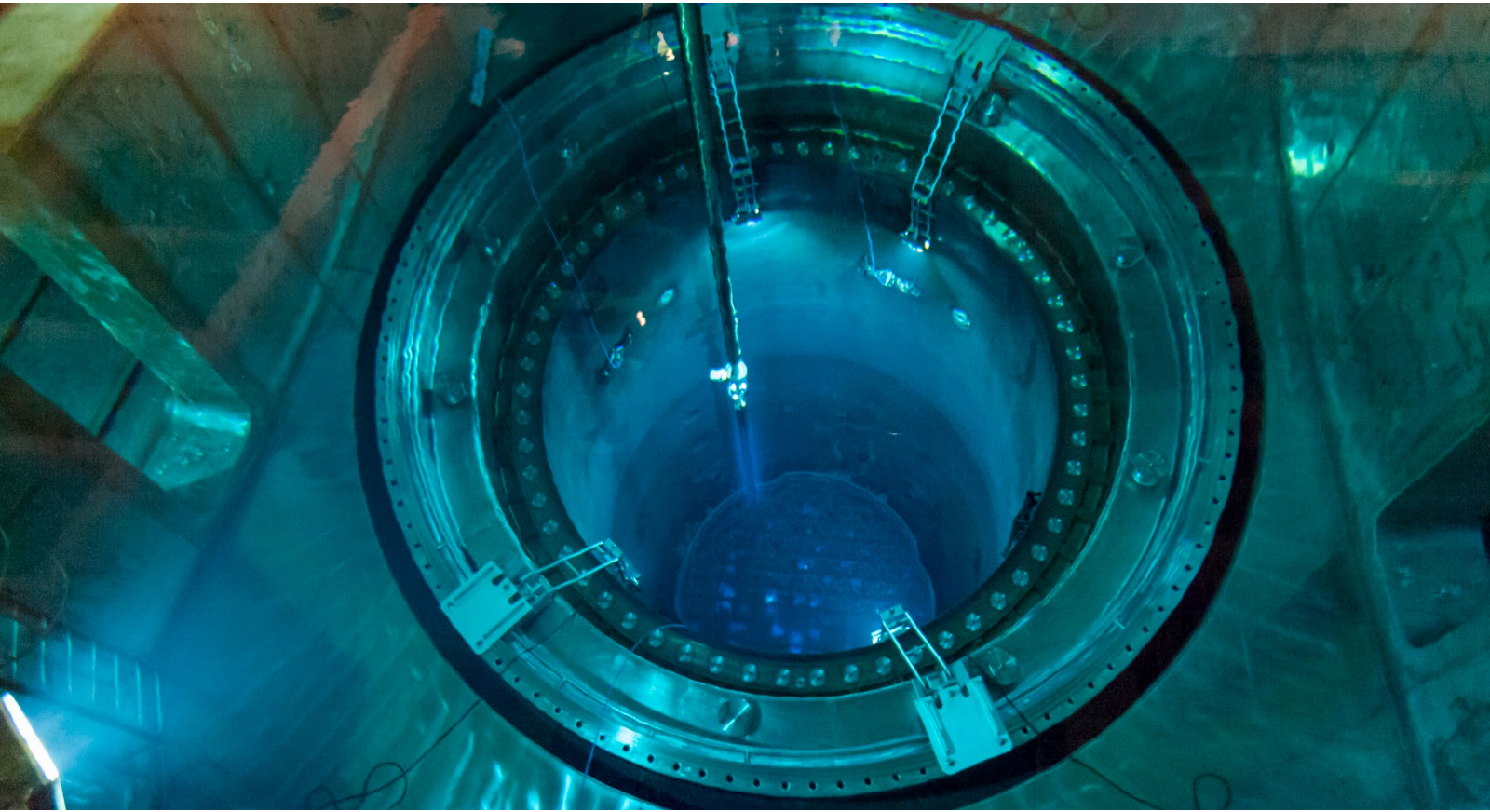
Case

Olkiluoto 3 EPR plant unit preparing for production operations

Preparations at the Olkiluoto 3 EPR plant unit for production operations continued in 2020. Systems were tested, maintenance work was carried out and technical faults were repaired at the site when preparing for the loading of fuel. TVO applied for a fuel loading permit from the Finnish Radiation and Nuclear Safety Authority (STUK) in April 2020.

According to a schedule updated by the plant supplier Areva–Siemens Consortium in August, regular electricity production will begin in February 2022.

[Read more: www.tvo.fi/en](http://www.tvo.fi/en)



Development projects

We have initiated a host of projects involving CO₂-neutrality, improvement of regulation capability and management of the production assets.

Our most important investment project is the Olkiluoto 3 EPR project of our joint venture TVO. It is also Finland's most significant contribution to combating climate change.

[Read more at www.tvo.fi/en](http://www.tvo.fi/en)

In our hydro- and thermal power projects, we develop solutions to improve the competitiveness, flexibility and efficiency of energy production, reducing emissions at the same time. We also consider the circular economy goals in our projects.

In the development work, we take advantage of new opportunities offered by digitalisation and knowledge-based management. We invest in smart systems and low threshold pilot projects that we implement in cooperation with our partner networks.

We have nearly 100 development projects underway to develop production processes, reporting and data utilisation. We introduced a new tool to manage projects, which increases transparency. Our project portfolio is linked to our intranet. It provides our personnel with information about projects in preparation as well as ongoing and completed projects. The system supports communication and management related to projects.

Our aim is to restrict the use of peat to backup fuel by 2025

In our combined heat and power plants, we use wood-based fuels as the plants' primary fuels and peat as the support and backup fuel. We have a clear plan to reduce the use of peat.

Our aim is to restrict the use of peat to backup fuel alone by 2025 if the markets allow it. Our plants are exploring necessary measures. We have already replaced a significant amount of peat with wood-based fuels in several power plants.

Rauman Biovoima's power plant no longer uses peat. Hämeenkyrön Voima's power plant is increasing the share of recycled fuels and reducing the use of peat. In the Kuusankoski area in Kouvola, Kymin Voima's power plant has been systematically increasing the use of carbon neutral fuels for nearly 20 years. Nowadays, they account for more than 90% of the fuels used. At Kaukaan Voima's power plant in Lappeenranta, the share of renewable fuels is 90%.

We are looking for new ways to increase regulating power

The growing share of weather-dependent renewable energy production has increased the need for regulating power. We have launched a project to get more regulating power from combined heat and power plants. Regulating power

refers to electricity production that is rapidly available in the event of a disruption in production or that is required to even out peak consumption – it ensures balance between electricity production and consumption.

By studying regulating power in combined heat and power plants, we can explore our power plants' opportunities to support Finland's electricity system in a more flexible and market-based manner. Means to utilise combined production plants for regulating power are very plant-specific.

In addition to studying regulating power in combined production plants, we are developing the regulation capacity of hydropower using various technical solutions. This work is carried out with consideration for the environment and the people living in each area.

We have begun to study the opportunities related to battery solutions

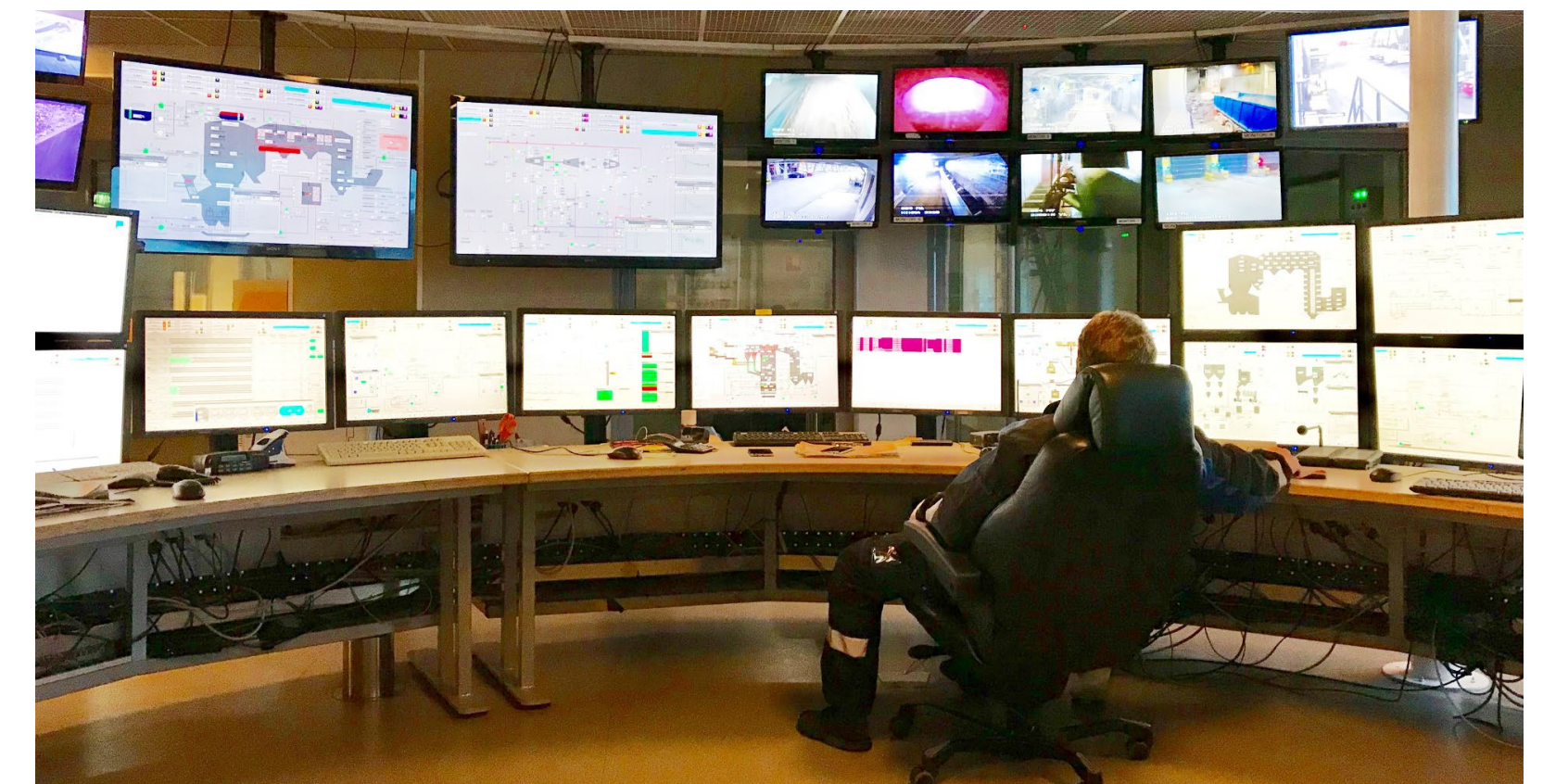
We have also begun to study how battery solutions can help increase regulating power. With our shareholders, we are developing a battery hybrid solution to support nuclear power and to ensure the operation of the electricity system. The modular and scalable solution could also contribute to the regulating power capacity of hydropower.

Case

Added value with knowledge

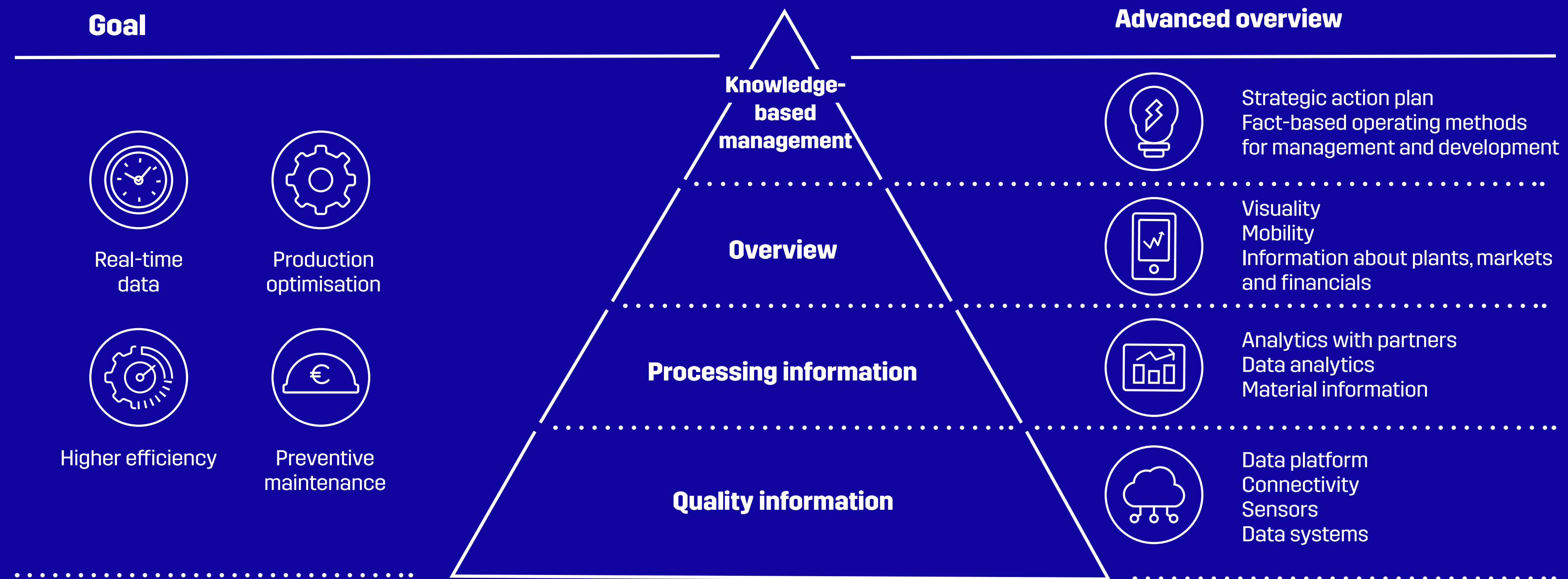
We have launched a multiannual project to develop knowledge-based management with our partners. The aim of the project is to develop and deploy a common data platform that would combine and process data from different systems.

Data enables us to have a better overview to lead efficient operation of power plants, anticipate disturbances, and to carry out measures at the correct time. Thus, we enhance the efficiency of power plants, as well as their operational reliability and safety. In 2020, we updated financial reporting, and piloted combining high-quality, material information about production in our common data platform.





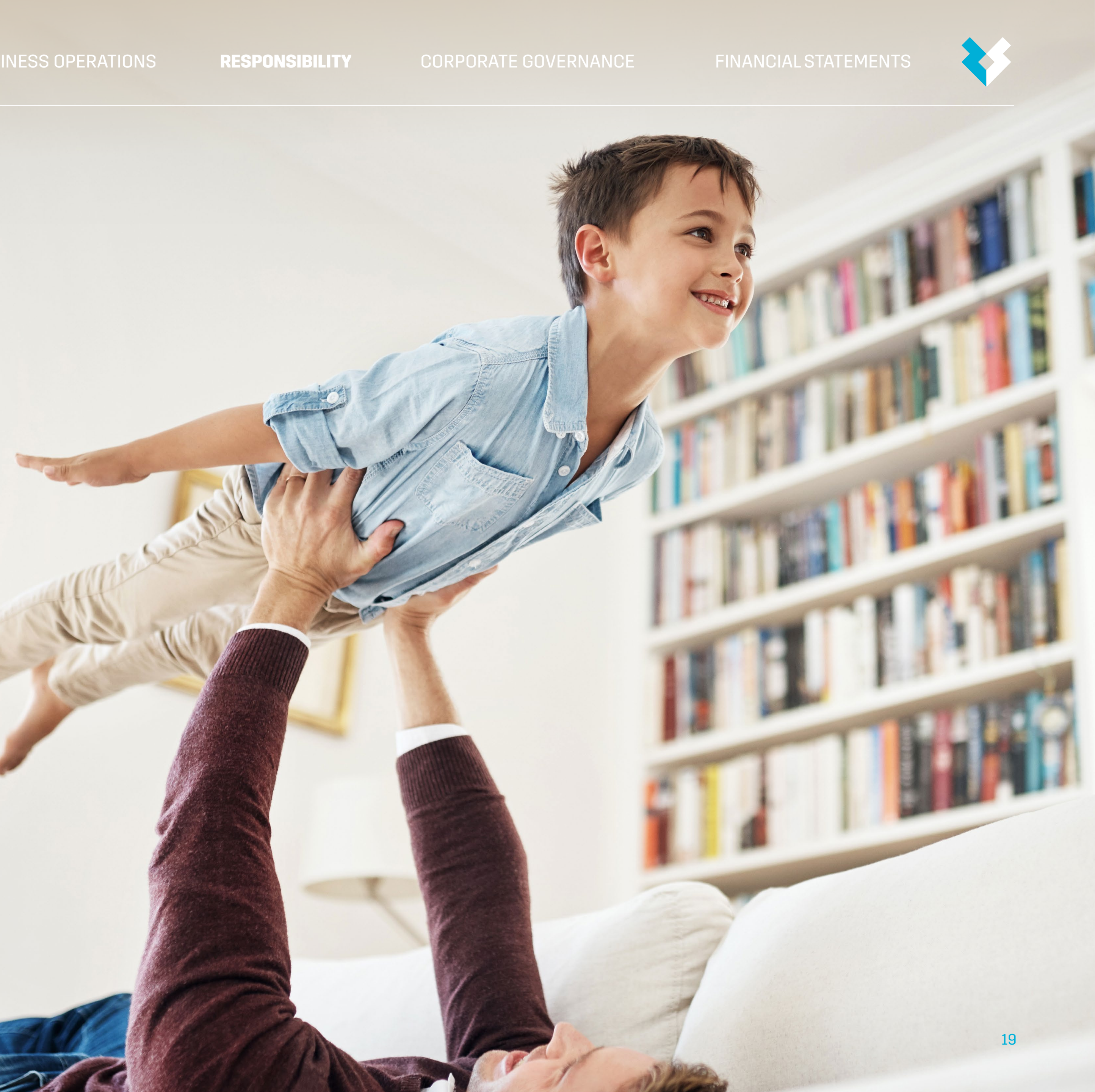
Quality information is the starting point





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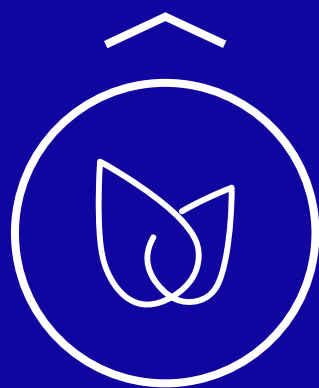




Responsibility themes

Strategy

We create decisive power to strengthen competitiveness and contribute to a better tomorrow.



On market terms
towards carbon
neutrality



Competitive
advantage
through
balancing power
capability



Becoming a
production asset
management
top expert

Skilfully – Boldly – Together

Responsibility themes



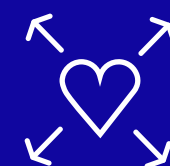
Carbon neutral and
sustainable energy



Competitive energy



Safe working and
wellbeing of employees



Responsibility in networks
and stakeholder relations

Key aspects by responsibility themes

- Reducing greenhouse gas emissions
- Promoting biodiversity
- Energy efficient production that supports the circular economy
- Use of water and status of water systems

- Added value to customers
- Reliable production and lifecycle management
- Knowledge-based management

- Proactive safety
- Inspiring workplace for top experts

- Responsibility in the value chain/partnerships
- Transparency
- Interaction with stakeholders
- Responsibility under exceptional situations

Responsibility

Pohjolan Voima is part of the solution in the transition to a low-carbon Finland. 96% of our electricity production is already CO₂-neutral. In 2020, we set an ambitious carbon neutrality target for our heat production as well. We also updated our sustainability approach and responsibility programme in accordance with the UN's Sustainable Development Goals.

Responsible operations are included in Pohjolan Voima's strategy. The sentence that sums up our strategy is: we create decisive power to strengthen competitiveness and contribute to a better tomorrow. It includes the three elements of responsibility: financial, social and environmental responsibility. Our strategy and values guide our responsible operations every day.

Our operating model is based on cost price. With the help of our extensive cooperation network, the benefits of domestic electricity and heat production can be felt around Finland. We indirectly create jobs and wellbeing everywhere in Finland.

Our operations are guided by responsibility policies approved by the Pohjolan Voima Board of Directors: the Code of Conduct, Competition Law Policy, Personnel Policy, as well as the Environmental and Energy Efficiency Policy.

[Read more on our website](#)

Introducing the UN's Sustainable Development Goals

We renewed our responsibility programme in 2020. We grouped our thoughts on responsibility under

the following four themes:

- Carbon neutral and sustainable energy
- Competitive energy
- Safe working and wellbeing of employees
- Responsibility in networks and stakeholder relations

While renewing our responsibility programme, we had many discussions with our stakeholders about the current state of responsibility, as well as expectations of Pohjolan Voima. Our personnel took part in the renewal through training, discussions and workshops.

At the same time, we adopted the UN's Sustainable Development Goals. We studied which of the 17 sustainability goals we could promote best in our operation. We selected four goals.

[Read more: Our sustainable development goals](#)

We grouped our responsibility goals and the related indicators under the four sustainable development goals selected. We set indicators for 2021 or for the years to come, but we already reported the targets set for the 2020 overview.

In addition, we considered responsibility in exceptional situations. The energy industry is a critical sector for the entire society. We are therefore prepared for the availability of heat and electricity also in exceptional situations. In 2020, the Covid-19 pandemic was such an exceptional situation. We changed our working methods and practices to enable us to ensure uninterrupted energy production.

“Pohjolan Voima is part of the solution in the transition to a low-carbon Finland. Responsible operations are included in our strategy.”

Case

We are ethical

We at Pohjolan Voima always conduct our business in an ethical manner and in compliance with legislation. Our operating principles include principles of human rights, labour rules and anti-corruption. We are committed to complying with all applicable laws and regulations. We act with honesty and integrity in all our stakeholder relationships.

The principles correspond to the ten internationally recognised human rights, labour, environment and anti-corruption principles of the UN Global Compact.

[Read more about our ethical principles on our website](#)



Responsibility means concrete action

96% of our electricity production was already CO₂-neutral

We exceeded our target set for carbon neutral electricity production: the share of our carbon neutral production was approximately 96% in 2020. The target that we set in 2018 for 2020 was 95%.

We set a new target for the share of carbon neutral electricity production: 99% by 2025. We also specified for the first time an objective for carbon neutral heat production: its share should be 85% by 2025.

We are demolishing our last coalfired condensing power plant

In 2020, we gave up our last condensing power plant that used fossil fuels and only produced electricity. The demolition of the Kristiinankaupunki condensing power plant is the final seal for the end of this production method.

[See how the stack of our last coalfired condensing power plant fell on 1 October 2020](#)

Cooperation benefits migratory fish and the aquatic environment

In 2020, we continued our well progressing cooperation at Iijoki to restore the natural migration patterns of migratory fish and to realise the vision for the Iijoki river. Municipalities of the region, representatives of fishery collectives, the authorities and researchers are involved in various projects requiring extensive cooperation.

The Raasakka fishway at the lowermost power plant in the Iijoki river received a construction permit, and the construction of the downstream migration route began at the topmost Haapakoski power plant. In the project involving the old Raasakka channel, it was made easier for the fish to migrate upstream, and spawning grounds and nursery areas were also improved. In addition, we agreed to increase the ecological flow in the Irninjoki river as a part of the development cooperation.

[Read more about the Iijoki projects involving migratory fish and the improvement of waterways in the section concerning hydropower business.](#)

We are once again one of Finland's most inspiring workplaces

Based on our personnel satisfaction survey, we were listed as one of the most inspiring workplaces in Finland in 2020. In 2020, the focus area in HR was the development of corporate culture and skills.

[Read more in the HR section.](#)

“CO₂-neutral production by 2025: 99% for electricity, 85% for heat”

Case

Discussions with young people broaden views

We continued our discussions with young people to understand better what they expect from us. We discussed with political youth organisations how society will change when millennials become policymakers, journalists, researchers and the authorities.

Young people have been invited to our *Pallo hallussa* podcasts and webinars to discuss climate change. The Youth Agenda 2030 group helped us with our responsibility matters. We were a partner of the 4Uni solution competition organised by Helsinki Think Company, the entrepreneurship society of the University of Helsinki. The theme of the competition was the electrification of society.



Sustainable development goals promoted by Pohjolan Voima



We produce electricity and heat for our customers by means of hydropower, thermal power and nuclear power. We are committed to carbon neutrality. Ensuring that our production plants operate reliably and efficiently is a prerequisite for reaching this goal. That is why we are continuously improving them.



Relevance of their work, occupational health and safety, as well as wellbeing at work are important to the employees of Pohjolan Voima. In addition to carbon neutrality, relevance includes competitiveness and resource efficiency.

Targets (in brief)	What we do	Goals/indicators	Targets (in brief)	What we do	Goals/indicators
7.1 Ensure access to affordable, reliable and modern energy services	We produce approximately 20% of all the electricity produced in Finland. At present, 96% of the electricity we produce is carbon neutral. A total of 69% of our heat production is carbon neutral. We do our part to ensure that electricity and heat are produced in a reliable manner. Once complete, Finland's most significant contribution to the climate effort, the Olkiluoto 3 nuclear power plant, will increase the production of reliable and carbon neutral electricity. We do our part to ensure proper balance of the electricity system by sustainably producing a sufficient amount of regulating power, both under normal conditions and under exceptional conditions.	<ul style="list-style-type: none">In 2025, 99% of our electricity production and 85% of our heat production will be carbon neutral. Situation in 2020: 96% of electricity production and 69% of heat production	8.1 Sustain universal economic growth	In accordance with our purpose, we create decisive power to strengthen competitiveness and contribute to a better tomorrow. We produce electricity and heat at cost price for our owners who have a key role in terms of economic growth; indirectly, we create jobs and wellbeing in Finland.	<ul style="list-style-type: none">Number of completed development projects
7.2 Increase the share of renewable energy in the global energy mix	We develop our production assets so that the use of peat, coal, natural gas and oil can be restricted to start-up and backup fuel, according to the market situation. Similarly, we increase the share of renewable fuels. When overhauling our hydropower plants, we increase their capacity by means of technical improvements.	<ul style="list-style-type: none">The use of peat will be reduced by 40% of the level of 2019 in 2021. Situation in 2020: decreased by 34% since 2019	8.2 Achieve higher level of economic productivity through diversification, technological upgrading and innovation	We monitor the development of new technologies. We test and utilise proven solutions and create the capability to deploy profitable solutions at an industrial scale. This research collaboration also generates innovations, which are beneficial at a more general level. In the development work, we utilise digitisation and knowledge-based management, as well as synergies between plants.	<ul style="list-style-type: none">Regular measuring of employee experience/ satisfaction to boost the development of a motivating corporate culture and promote the wellbeing of employees
7.3 Double the global rate of improvement in energy efficiency	We perform effective maintenance actions and carry out timely investments. Digitisation makes our production plants even more energy efficient, emission-free and reliable.	<ul style="list-style-type: none">Our subsidiaries have signed energy efficiency agreements which specify detailed energy efficiency goals.	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation	Our corporate culture is based on our shared values: skilfully, boldly, together. We want to be an inspiring workplace for all of our current and future employees. We promote continuous professional development of our employees and encourage them to search for new solutions.	<ul style="list-style-type: none">By-product utilisation goal: 100% Situation in 2020: utilisation level 143%
			8.4 Improve global resource efficiency in consumption and production	We invest in the circular economy through energy efficiency, maintenance and reusability, for example. Well-managed assets and asset lifecycle management are resource efficient in terms of the use of materials, energy efficiency and environmental impact. We effectively utilise the by-products of our power plants. We use recycled fuels that enable the circular economy.	<ul style="list-style-type: none">Safety indicators: zero accidents, ten OHS and environmental observations per person per year Situation in 2020: two accidents, 11.2 observations per person
			8.8 Protect labour rights and promote safe and secure working environments for all workers	We promote wellbeing at work and a proactive safety culture. We invest in continuous improvement of OHS and wellbeing at work by, for instance, reacting to observations and promoting the employees' safety awareness.	

Sustainable development goals promoted by Pohjolan Voima



Our operations influence the environment. Themes important to us include biodiversity, sustainable use of forests and freshwater ecosystems, including migratory fish.



Our networked operating method is an integral part of our operating model. It is also part of the expertise of each Pohjolan Voima employee. We promote sustainable development together with our partners.

Targets (in brief)	What we do	Goals/indicators	Targets (in brief)	What we do	Goals/indicators
15.2 Promote the implementation of sustainable management of all types of forests	The biomass fuel we use originates from sustainable silviculture and mainly consists of silvicultural by-products. We comply with the energy industry's forest energy recommendation, which promotes the leaving of decaying wood in forests, for example.	<ul style="list-style-type: none">The biomass we use meets the sustainability criteria	17.7 Encourage and promote effective public, public-private and civil society partnerships	In line with our values, we skilfully and boldly work together in our extensive network. The network consists of our owners, partners, technology suppliers, subcontractors and societal parties. Our operating model benefits small parties, too. Our networked operating model and supply chains also allow us to promote the sustainable development goals.	<ul style="list-style-type: none">We aim to promote our network expertise as one of our strategic skills
15.5 Take action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species	From our perspective, biodiversity is connected to forest energy, peat and hydropower production. TVO is responsible for biodiversity in connection with nuclear power. We cooperate in order to ensure that hydropower and migratory fish can fit in the same river. We are committed to restoring migratory fish populations in cooperation with others, utilising a variety of means. We are committed to reducing the amount of peat used as fuel.	<ul style="list-style-type: none">The use of peat will be reduced by 40% of the level of 2019 in 2021 Situation in 2020: decreased by 34% since 2019			<ul style="list-style-type: none">We use agreements to promote the commitment of our partners and subcontractors to sustainable development
15.9 Integrate ecosystem and biodiversity values into national and local planning	In all our operating areas, we cooperate with the local communities in concrete projects of local importance which consider biodiversity. This applies to hydropower, in particular.	<ul style="list-style-type: none">The downstream migration route at the Haapakoski power plant will be completed in 2021			<ul style="list-style-type: none">We perform supplier audits, target 5 per year

We are a decisive power

Our critical resource is skilled, motivated and committed personnel. We support our people's professional development and commitment to developing our work community and corporate culture. In 2020, the focus areas in HR were corporate culture and skills. We carried out two personnel surveys to gather feedback and ideas for the development work. We paid special attention to remote working during the exceptional year.

We are one of Finland's most inspiring workplaces

For the second year in a row, we were listed as one of Finland's most inspiring workplaces. This recognition can be achieved by Finnish organisations reaching optimal results in Eezy Spirit's People Power employee experience survey.

The survey was conducted in November 2020. Based on the results, our employees are enthusiastic and motivated, and they are committed to working for the objectives and success of the company. On the company level, the work itself received the best score. Employees find their work interesting. In addition, they feel that the company's values and goals are worth pursuing, and tools function well. The response rate of the survey was 87.5%.



Survey: good team spirit and control over one's own work

In 2020, we studied the current culture prevailing in the Group by interviewing employees. We set as our objective at Pohjolan Voima the promotion of a corporate culture that supports cooperation, enthusiasm and initiative, and encourages us to experiment and reform. We promote this by engaging people in developing it, trying new working methods and tools, and offering development opportunities.

As part of the corporate culture development project, we asked our employees' opinion on important work-related matters in a survey. Based on the results, remote working, support from skilled colleagues, the possibility to influence one's own work and team spirit are good or excellent in the Group, among other things.





Workshops and virtual study groups

In 2020, we updated Pohjolan Voima’s strategic skills to correspond with the ongoing strategic period. Among other things, we identified customer-centric operation, knowledge-based management and cooperation in networks as strategic skills. We held several workshops with our personnel concerning these themes in the autumn of 2020. We defined competence requirements and operating methods related to the skills, and based on them, we had performance reviews where we discussed the development of employees’ own skills.

Due to the rapid shift to remote working and virtual working environments, new needs and practices emerged in relation to competence development. We decided to focus on the development of facilitation, self-management and interactional skills, for example. The entire personnel were able to access an extensive online training platform to study these themes independently in 2020. In the autumn, we held virtual study groups to support independent study, at which we discussed the themes with the help of internal facilitators.

Key personnel figures in 2020

At the end of 2020, we employed 77 (in 2019: 87) people, of whom 6 (9) had a fixed-term employment relationship. The number of permanent office employees was reduced by seven people from 2019, which was partly caused by the restructuring of the operating and organisational model in the Group’s parent company due to the implementation of the new strategy. The number of employees remained unchanged.

Our employees primarily work full-time. At the end of 2020, a total of 2.6% of the employees were part-time employees. The company employed six summer employees in 2020. In 2020, the average age of the permanent employees was 45 (45), and 23.9% (26.9%) of the employees were female. The total turnover of permanent employees in 2020 was 10.3% (3.3%).

Case

Initiative award for the caisson idea

A good example of bold innovation and initiative was the caisson technique initiative by PVO-Vesivoima’s specialists. The technique replaces diving in hydropower plant repairs. The innovators received the largest initiative award in the history of Pohjolan Voima for their idea.

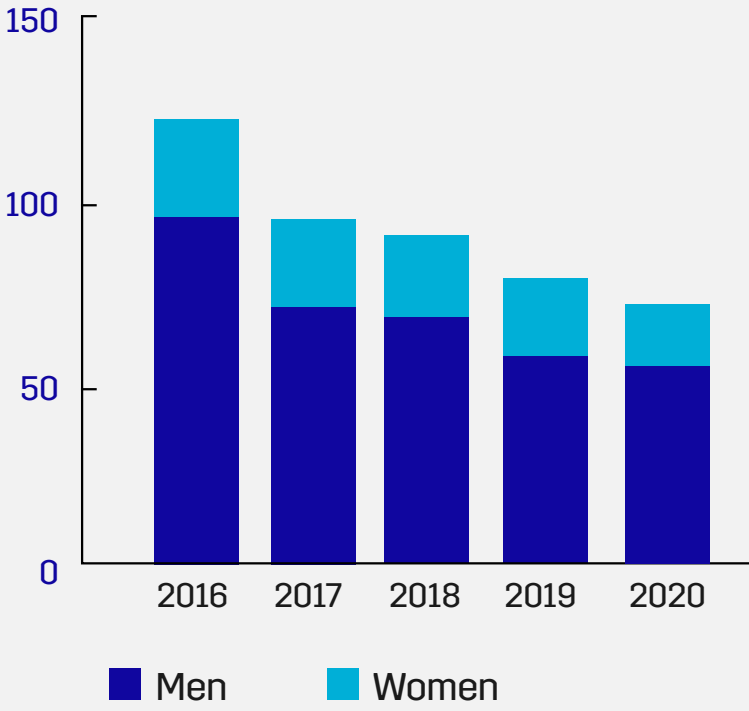
Thanks to the new method, concrete pillars can now be repaired while remaining dry in a caisson. The method improved the quality of work and work safety. In addition, the number of electricity production interruptions decreased significantly.

[Read more about our specialists’ idea on our website](#)

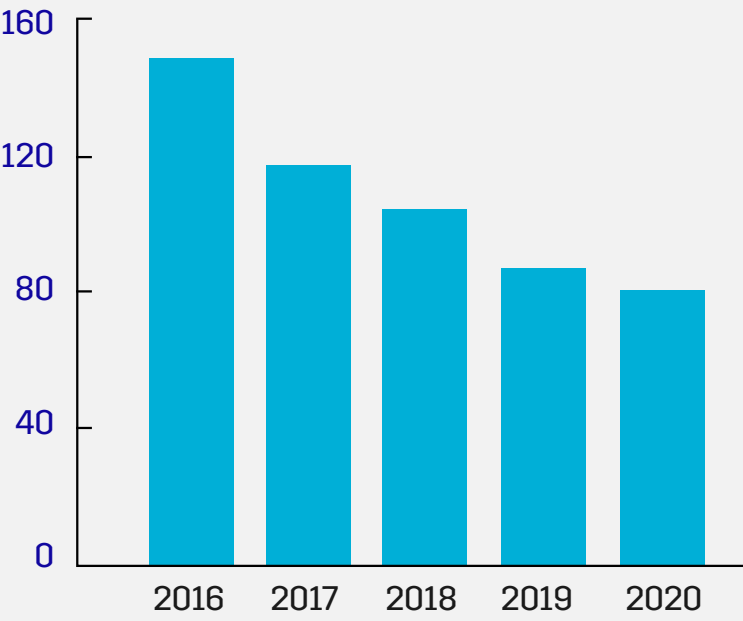




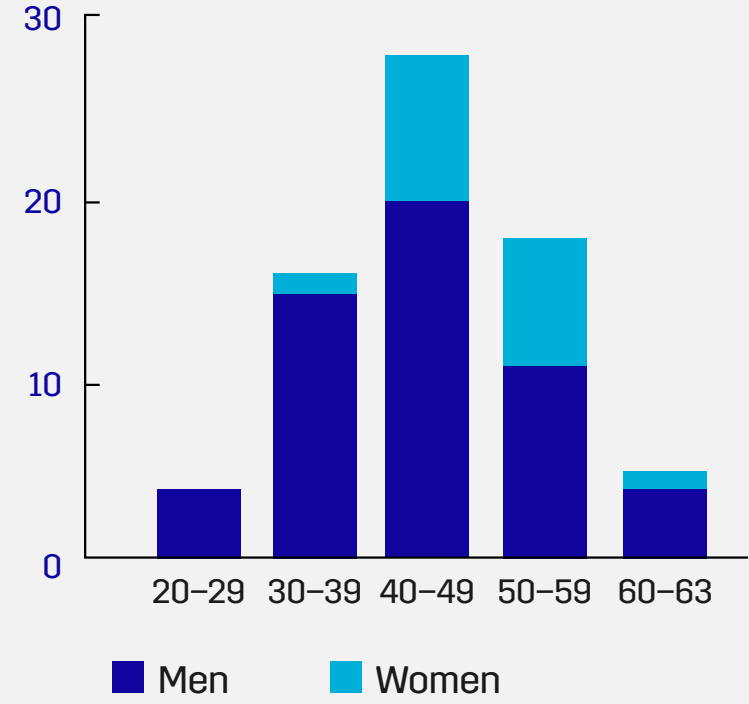
Number of personnel on 31 Dec in 2016–2020, in permanent employment



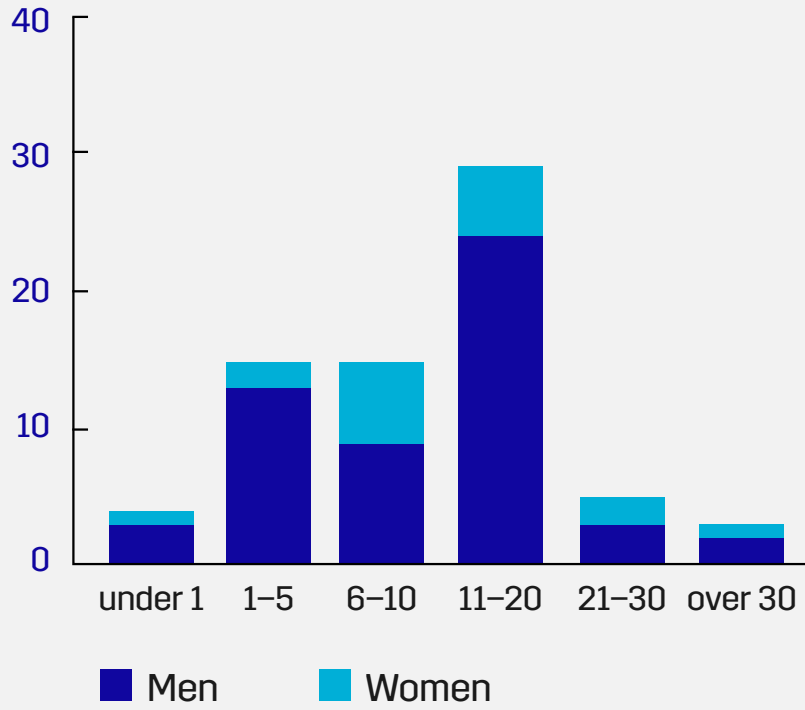
Average number of personnel in 2016–2020, in permanent employment and on fixed-term contracts



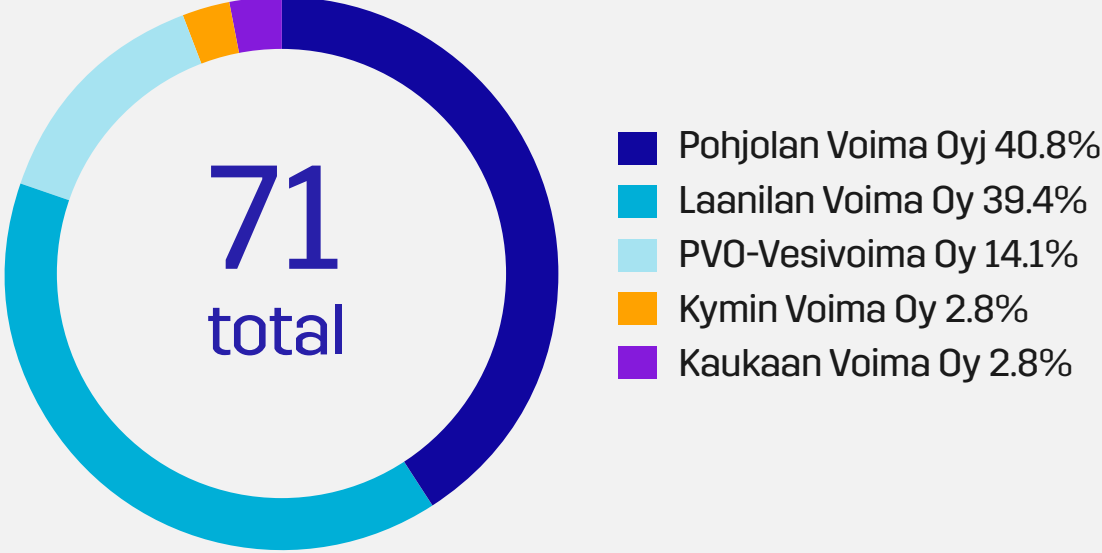
Breakdown of personnel by age on 31 Dec 2020, in permanent employment



Years of employment on 31 Dec 2020, in permanent employment



Number of personnel by Group companies on 31 Dec 2020, in permanent employment



Safety

Pohjolan Voima's corporate culture and operating methods are based on the values that have been determined with the employees: skilfully, boldly, together. The "skilfully" value also covers the fact that we always work safely. In 2020, our objective was to further improve our safety culture at Pohjolan Voima and contribute to our suppliers' safety culture improvement as well.

Nearly ten times more safety observations

For the last two years, we have paid special attention to proactive occupational safety. We set as our objective that every one of our employees would make 10 observations concerning safety, the environment and energy efficiency. In 2020, every employee made an average of 11.2 observations. In 2019, the average number of observations was 10.7. In 2018, it was 1.4 observations.

Unfortunately, we did not achieve our target of zero accidents. One of Pohjolan Voima's production companies' employees, as well as one of our subcontractors' employees, had an accident that led to absence from work. However, the number of accidents decreased from the previous year. In 2019, our own employees or our production companies' employees were involved in two accidents, and our subcontractors' employees had four accidents.

We promoted safety awareness through different kinds of briefing and training material, and communication. We introduced an online course about safety, which was targeted at office employees in particular. In addition, we prepared material for safety talks to be used by all production companies. We also renewed our observation system to get a clearer view of the observations made and their processing status. In addition, we updated the organisation model concerning corporate security at Pohjolan Voima's parent company. We redefined the content and responsibilities of the different corporate security areas. The work is continuing with our production companies in 2021.

We have decided to focus on auditing the responsibility of our supplier network. At the beginning of 2020, we joined an HSEQ auditing cluster. It involves auditing suppliers and sharing information about suppliers' responsibility with other companies. The Covid-19 pandemic limited the possibilities to audit suppliers in 2020. However, we took part in the operation of the HSEQ cluster in other ways, and auditing starts in 2021.

Case

We prepared for the Covid-19 pandemic in many ways

Due to the Covid-19 pandemic, we had to make various preparations to ensure the continuity of our operations. We followed the Covid-19 situation actively throughout the year, and we instructed our personnel in accordance with official recommendations. The managements of power plants and specialists shared good practices to prevent the pandemic from spreading in production plants.

The preparations bore fruit. The Covid-19 pandemic caused no significant harm to Pohjolan Voima in 2020. We were able to ensure uninterrupted electricity and heat production.



Environment

A basic requirement for persistent, long-term energy production is the maintenance of a safe, healthy and diverse environment. The work to mitigate any environmental impact from operations is guided by the Group's environmental and energy efficiency policy. We recognise and determine the environmental impact and risks resulting from our operations, natural values related to our operations and any opportunities to make energy production more efficient.

We systematically contribute to the environment and energy efficiency

When preparing environmental impact assessments, we take into account the entire lifecycle of the power plant from project planning to decommissioning. We are committed to improving energy efficiency in all of our production modes and facilities.

Environmental management systems certified in accordance with ISO 14001 are in use in the majority of our production companies. This helps to ensure the achievement of environmental objectives and continuous improvement of operations. In addition, all of our production companies use the energy efficiency system EES+ or the energy management system ISO 50001. Some of these systems are certified. Nearly all our production companies have also signed energy efficiency agreements for the 2017–2025 period. Furthermore, the environmental management system of TVO (a joint venture of Pohjolan Voima) is EMAS-registered.

Hydropower: we stocked approximately 2.6 million fry

Hydropower production has regional and local effects on water systems and fish stocks. In 2020, water levels were regulated, and hydropower plants operated in compliance with the permit

conditions determined by the authorities. Nearly all stocking plans were fulfilled. In accordance with its obligations, PVO-Vesivoima stocked a total of approximately 2.6 million fry in 2020 to sustain the fish stocks of the Kemijoki and Iijoki water systems and the sea area. Of these, 0.8 million fry were used to stock the Kemijoki sea and river area. This amounted to 17% of the total of 4.5 million fry stocked with Kemijoki Oy.

[Read also: Cooperation for the benefit of migratory fish and the aquatic environment](#)

Dam safety: regular dam inspections

In 2020, inspections in compliance with the Dam Safety Act, to be held every five years, took place at the dams of the Isohaara power plant. A leak detected in the retaining earth dam of the Melo power plant in 2016 was further repaired by grouting. The repair work has not affected the environment or the electricity production operations at the power plant.

Application from the authorities to change stocking and fish stock management obligations

In March 2017, the Centre for Economic Development, Transport and the Environment for Lapland (ELY Centre) 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 ELY 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 published a consultation period for both applications in 2020. PVO-Vesivoima filed objections regarding both applications to the Regional State Administrative Agency.

Reduced emissions from thermal power production

The most significant environmental impact of thermal power production concerns the atmosphere. The greatest flue gas emissions include carbon dioxide, nitrogen oxide, sulphur dioxide and particle emissions. Thermal power plants' production volumes have an effect on emission tonnes (t), but emissions can be affected through fuel choices, or by optimising the combustion process and using flue gas cleaning techniques. We have been developing all of them over the years.

Our thermal power plants use wood-based fuels, recycled fuels, peat and coal as their primary fuels, and small amounts of natural gas and oil as auxiliary start-up and backup fuels. In 2020, carbon dioxide emissions from the production of electricity and heat amounted to 0.6 million tonnes. CO₂ emissions have been decreasing since 2014, mainly due to the fact that less coal – and peat – is used. In 2020, characteristic CO₂ emissions from our electricity production were 31 g CO₂/kWh¹. Other emissions into the air also decreased from the previous year. Sulphur dioxide emissions amounted to 0.5 thousand tonnes, nitrogen oxide emissions to 1.6 thousand tonnes and particle emissions to 0.1 thousand tonnes.

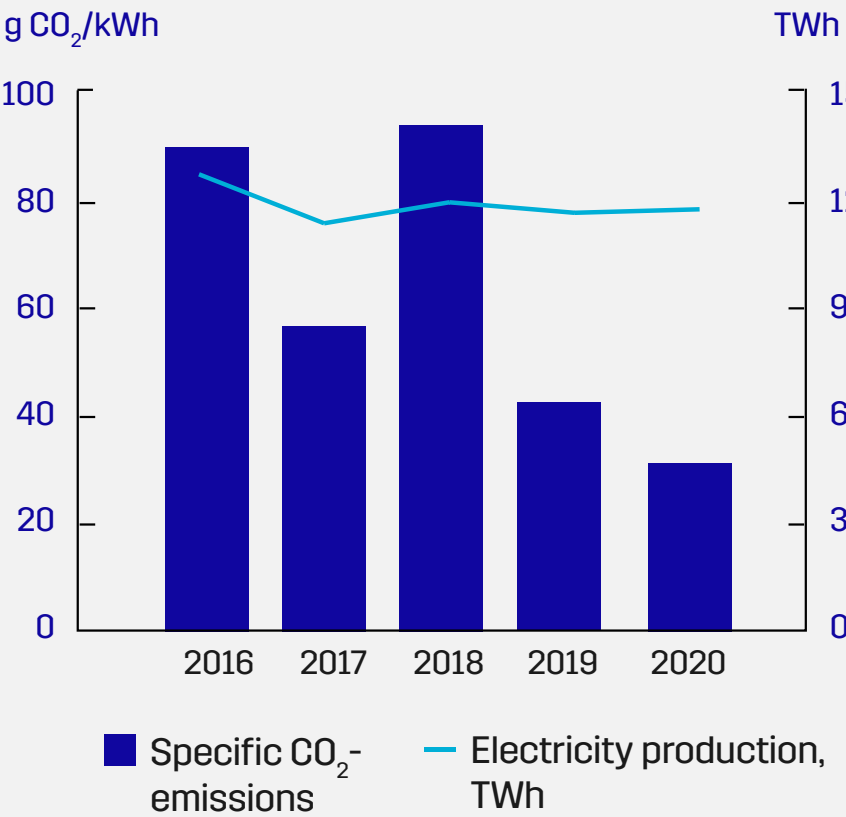
¹ We adopted the benefit distribution method as the distribution method for emissions from cogeneration in 2020. The change of the distribution method has not had a significant effect on characteristic emission volumes.

Stricter emission limits in environmental permits
From a legal perspective, all our thermal power plants are large combustion plants, and their emissions are regulated by the best available techniques (BAT) conclusions for large

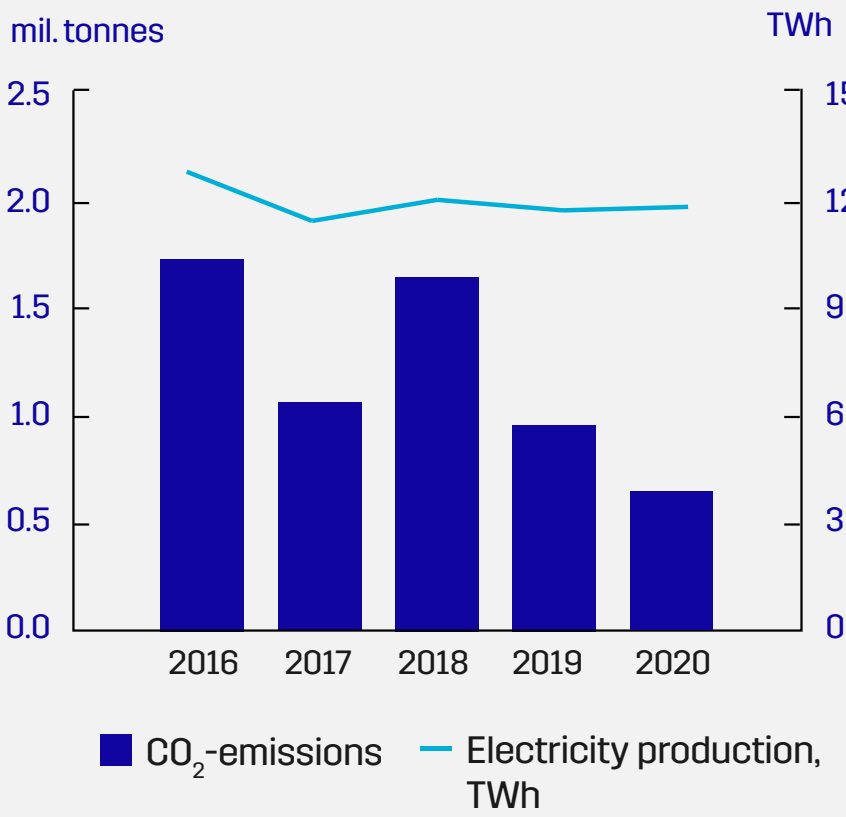
combustion plants (LCP). These conclusions were published in 2017. Some of our power plants must already operate in accordance with the BAT conclusions in 2021, but the transition period is longer for other industrial power plants. However, all our power plants have prepared to operate in accordance with the BAT conclusions, and our power plants have either already renewed their environmental permits or will renew them. The emission limits will be stricter in the new environmental permits.

“CO₂ emissions have been decreasing, mainly due to the fact that less coal – and peat – is used. Other emissions also decreased from the previous year.”

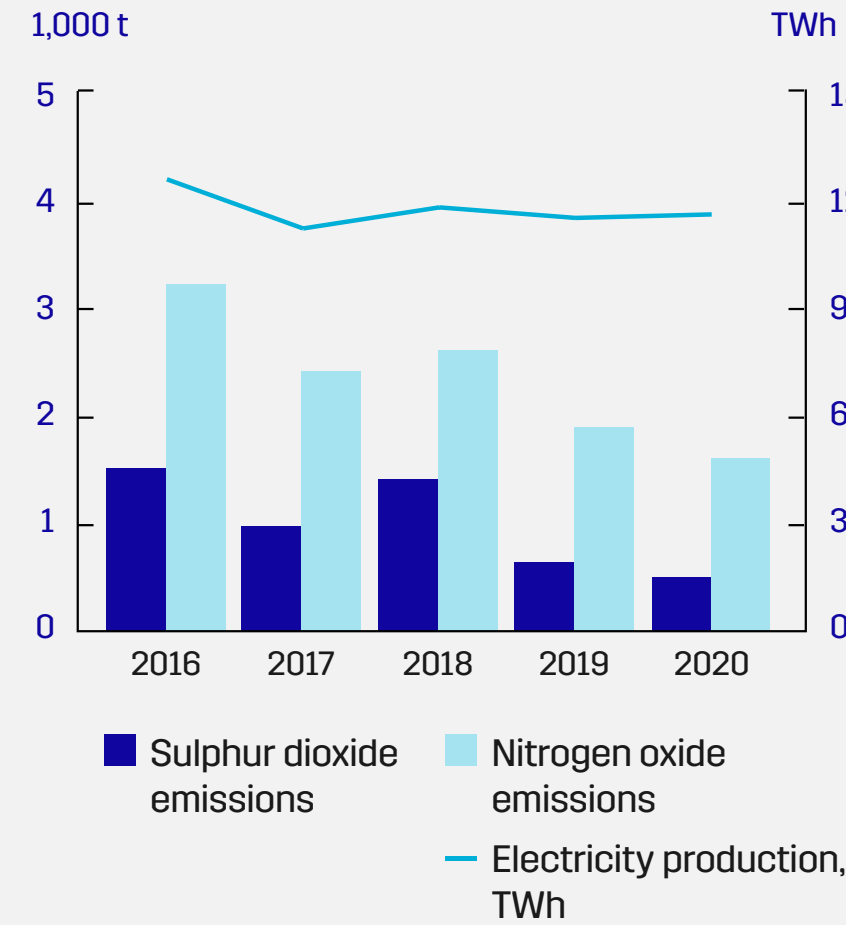
Specific carbon dioxide emissions from electricity production in 2016–2020



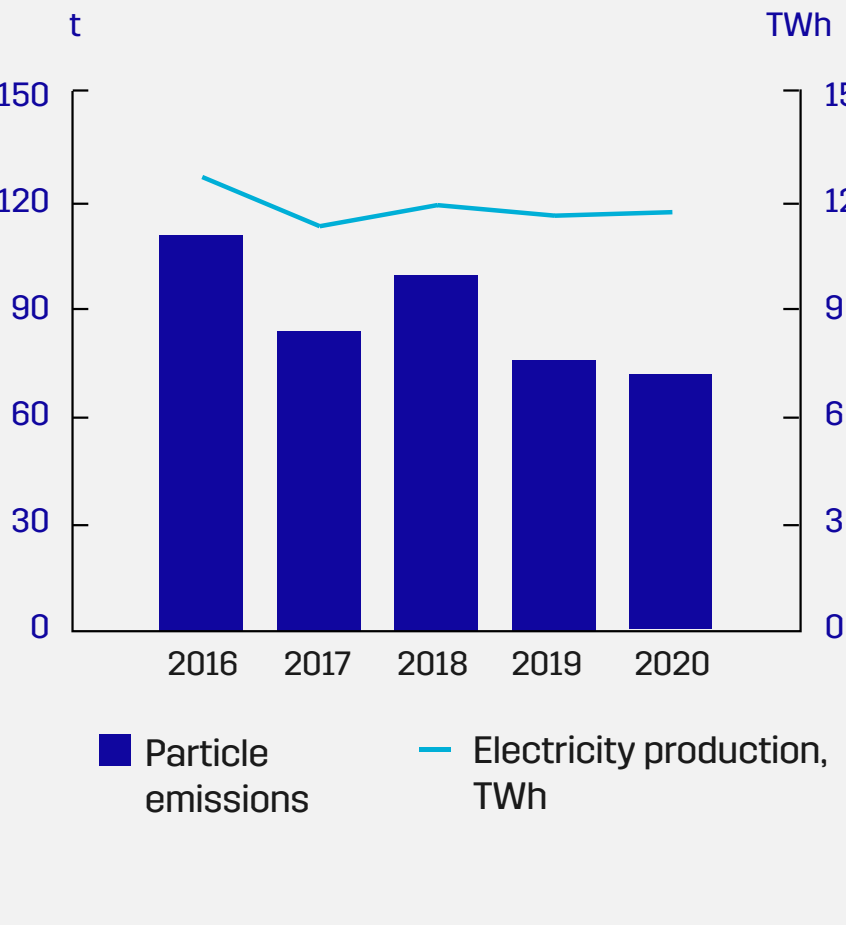
Carbon dioxide emissions from heat and electricity production in 2016–2020



Acidifying emissions from heat and electricity production in 2016–2020



Particle emissions from heat and electricity production in 2016–2020

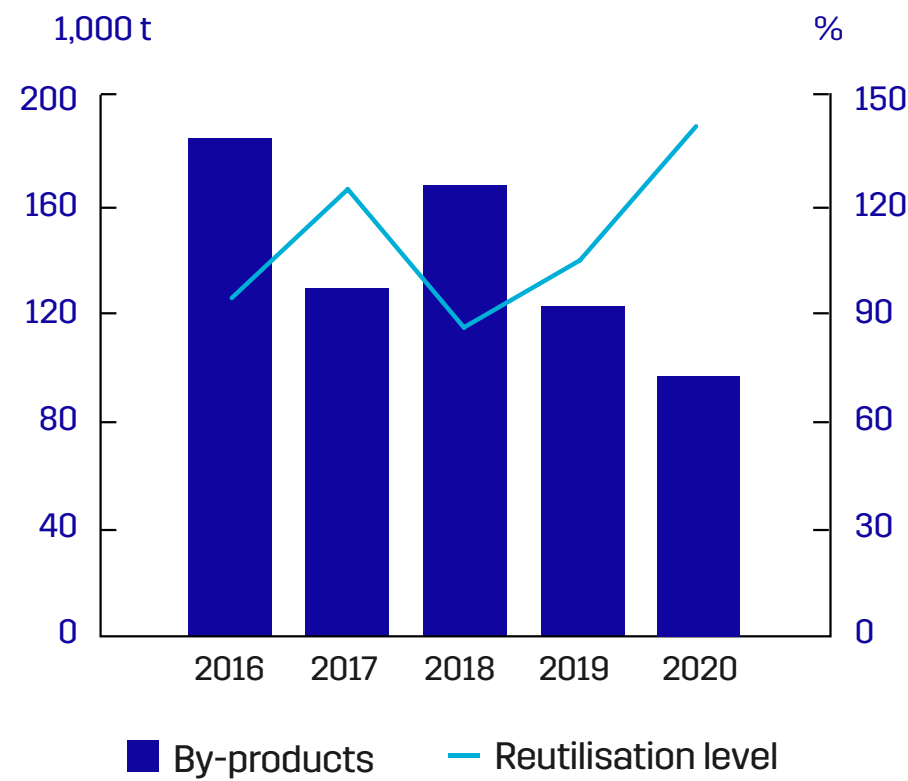




Circular economy in action: by-products ash and gypsum harnessed for use

Our power plants generated a total of 96,000 tonnes of fly ash and gypsum from the combustion gas cleaning processes and bottom ash from boilers. In 2020, 143% of the by-products were reused in earth construction as forest fertilisers or in the construction industry. Any fly ash that is not immediately reused can be put into intermediate storage and reused at a later date. Hence, the utilisation rate is sometimes more than a hundred per cent. Our goal is to reuse 100% of the by-products of thermal power production as raw materials to replace non-renewable natural resources such as rock and stone.

Usage of by-products and reutilisation levels in 2016–2020



Nuclear production complied with environmental permits

The operations of the Olkiluoto nuclear power plant, which is owned by TVO, a joint venture of Pohjolan Voima, complied with legislation, environmental permits, the environmental management system and the energy efficiency system in 2020.

The most major environmental impact from the Olkiluoto nuclear power plant is local warming of the sea area close to the nuclear power plant. During the reporting year, the power plant produced 14.6 TWh of electricity, and the cooling water temperature remained within the environmental permit limits.

The environmental load caused by the Olkiluoto nuclear power plant was low. The operations were developed in accordance with the environmental permits and the requirements of the environmental management system. TVO has also signed an energy efficiency agreement.

The joint venture Posiva Oy owned by TVO and Fortum is in charge of managing the final disposal of the fuel spent at power plants in Olkiluoto. Posiva's [EKA project](#) aims to start final disposal operations in the 2020s. Posiva is the first in the world to begin the implementation phase in a final disposal project. Therefore, Posiva also plays a major role in combating climate change as part of the lifecycle of nuclear power. In the reporting year, TVO also initiated an environmental impact assessment to build an underground final disposal facility for very low-active waste in Olkiluoto.

Environmental matters related to nuclear power production, environmental indicators and the results of the environmental programme for 2020 are reported in more detail in TVO's responsibility and environmental report. The data has been verified by a third party.

[Read more at www.tvo.fi/en](http://www.tvo.fi/en)





Towards carbon neutrality

Our objective was that in 2020 more than 95% of our electricity would be produced with carbon neutral sources. We achieved and even slightly exceeded the goal: in 2020, the share of our carbon neutral production was approximately 96%.

The share of CO₂-neutral production increased thanks to an excellent hydropower production year, as well as the decrease in the combustion of coal and peat. Electricity production forms in Pohjolan Voima’s portfolio that are considered carbon-neutral are hydropower and nuclear power, as well as electricity produced with carbon neutral wood-based fuels and the bio-share of recycled biofuels in thermal power plants. The bio-share of recycled fuels is estimated at 60% according to the fuel classification of Statistics Finland.

We set new targets for carbon neutrality

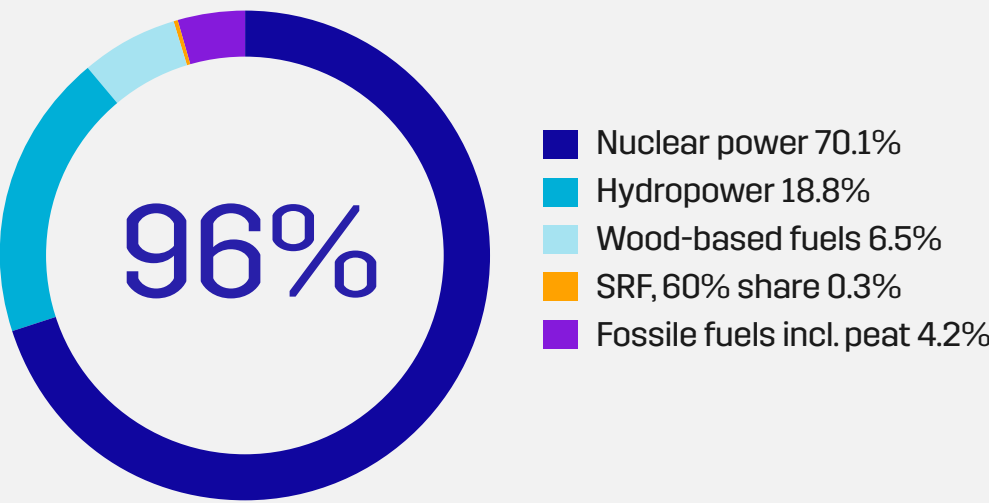
We have set a new low-carbon target. We will increase the share of our carbon neutral electricity production to 99% and heat production to 85% by 2025.

Previously, we had no target for carbon neutral heat production. The share of CO₂-neutral production in 2020 was 69%. We can achieve the objective of 85% by not using coal, decreasing the combustion of peat and using more wood-based fuels. Wood-based fuels include by-products from the forest industry such as bark, logging waste and by-products from wood processing.

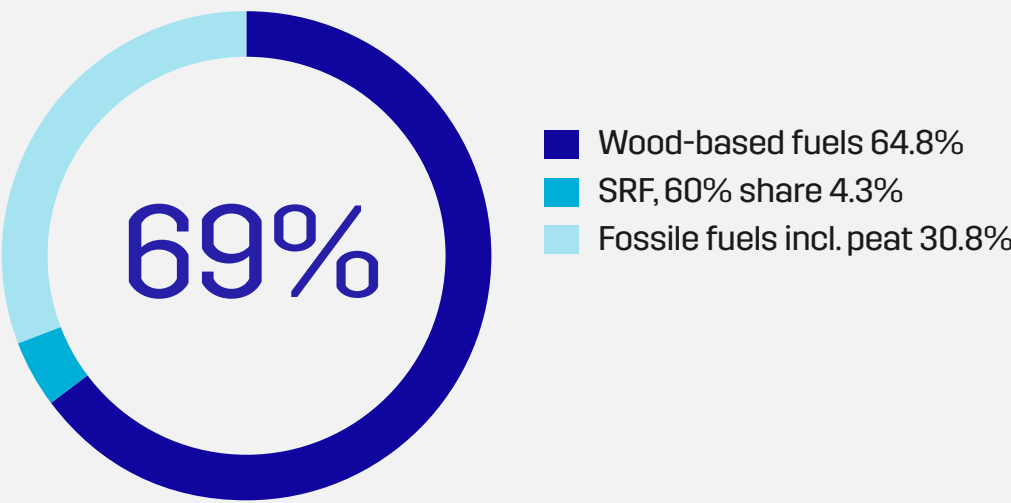
The share of our carbon neutral electricity production capacity is increasing. Capacity increases have increased the share of nuclear power and hydropower among the carbon neutral energy sources. We have also ceased production of electricity with coal. Furthermore, regular electricity production of the OL3 EPR plant unit in Olkiluoto is expected to start in 2022.

“We will increase the share of our carbon neutral electricity production to 99% and heat production to 85% by 2025.”

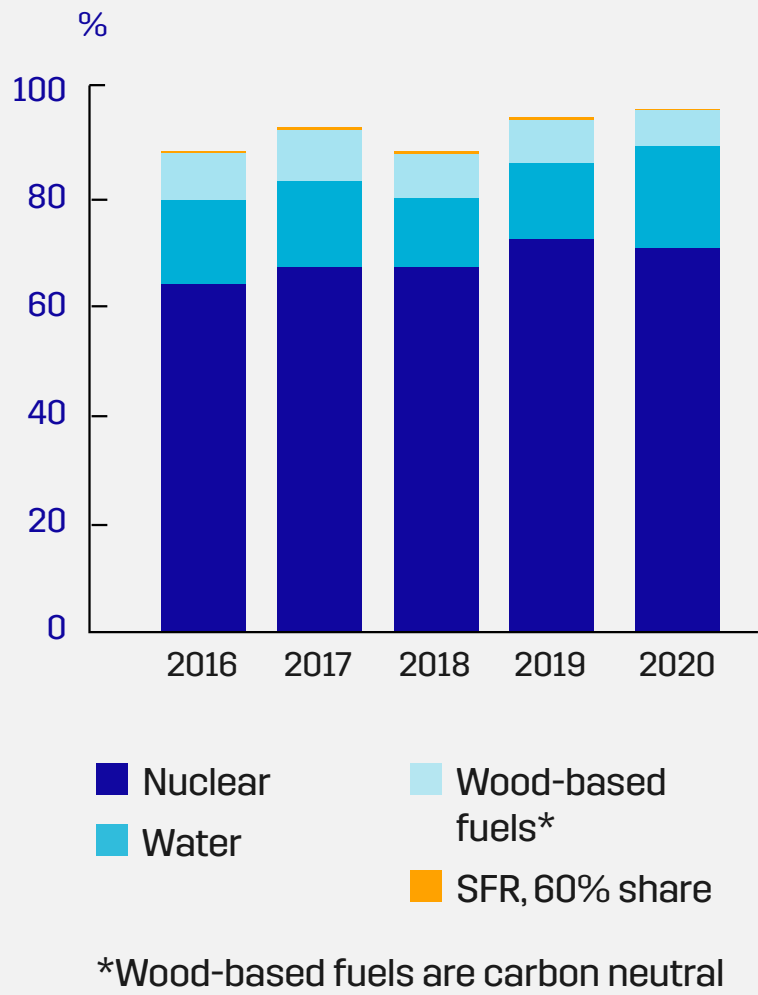
Carbon neutral electricity production in 2020



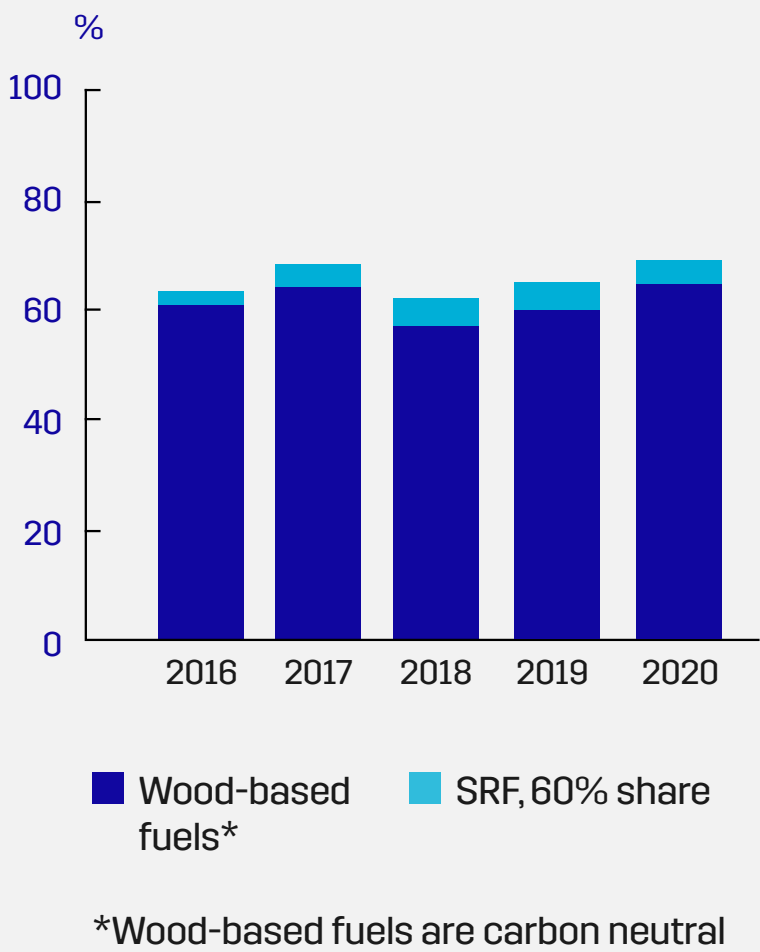
Carbon neutral heat production in 2020



Carbon neutral sources of electricity production in 2016–2020



Carbon neutral sources of heat production in 2016-2020





CORPORATE GOVERNANCE

Corporate Governance
Statement 2020

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Corporate Governance Statement 2020

1 Corporate Governance

Pohjolan Voima Oyj and its subsidiaries form the Pohjolan Voima Group. Registered office of the Group's parent company, Pohjolan Voima Oyj, is Helsinki, Finland. Pohjolan Voima Oyj is a public limited liability company. Under its Articles of association, the company acquires energy for its shareholders and engages in other related activities. The company also may own shares and assets as are required or necessary for carrying on its business.

According to the Articles of association, Pohjolan Voima supplies energy to its shareholders at cost price (the Mankala principle), i.e. Pohjolan Voima delivers the energy it has produced or acquired to its shareholders in proportion to their ownership of each series of shares. Each shareholder of the series of shares in question is responsible for the annual variable and fixed costs defined in more detail in the Articles of association. The parent company's administration costs are covered by charging them as part of the fixed annual costs in a manner specified in more detail in the corporate documents.

According to the Articles of association, the liability of each shareholder for the annual costs is always limited to the amount corresponding to the proportion of their shareholdings in all the shares in the series in question, and the failure of any other shareholder to satisfy the responsibilities of the shareholder for costs in proportion to the shareholder's shareholding shall not increase any non-defaulting shareholder's liability. The

shareholders are responsible for the costs defined in Clause 4 of the Articles of association.

Pohjolan Voima Oyj's General Meeting issues directives to the Board of Directors on the composition of the Boards of Directors of the subsidiaries and, if necessary, certain decisions by the subsidiaries. The parent company's Board of Directors and the Corporate Executive Team discuss the main principles of the Group's operations. The parent company participates in the management and supervision of its subsidiaries and affiliated companies through its representatives appointed to the governing bodies of these companies. The Group's subsidiaries and affiliated companies have their own governing bodies as well as some task forces and corporate documents.

Pohjolan Voima's governance is based on legislation and its corporate documents. As an unlisted public limited liability company, Pohjolan Voima is under no obligation to comply with the Corporate Governance Code. According to the Securities Markets Act the issuer of a security subject to public trading must provide a corporate governance statement in its annual report or separately.

2 Annual General Meeting

The General Meeting is the company's highest decision-making body. The Annual General Meeting of Shareholders decides on statutory matters, elects the members of the Board of Directors, in accordance with the procedure specified in the

corporate documents, confirms the fees of Board members and names an auditor. Furthermore, the annual general meeting issues binding directives to the Board of Directors regarding the elections of the ordinary and deputy members of the Boards of the subsidiaries. If necessary, the Annual General Meeting also issues binding directives to the Board on major investments of the subsidiaries and the other matters specified in the Articles of association.

The Annual General Meeting must be held annually by the end of June. An invitation to the annual general meeting will be sent to the shareholders at the earliest four weeks and at latest two weeks before the meeting.

Pohjolan Voima's shareholders approved by a unanimous decision on 24 March 2020 the financial statements of Pohjolan Voima Oyj for 2019, discharged the members of the Board of Directors and the President and CEO from liability, as well as elected ordinary and deputy Board members for the new term.

3 Board of Directors

Composition of the Board of Directors

The members of the Board of Directors are elected annually at the General Meeting of Shareholders. According to the Articles of association, the Board consists of a minimum of five and a maximum of 13 ordinary members. Personal deputies for the Board members may be named.

According to a unanimous decision of the shareholders on 24 March 2020 nine Board members and their personal deputy members were elected. The elected Board members with their consent were CFO Tapio Korpeinen, CFO Seppo Parvi, Group General Counsel Jukka Hakila, Head of Finance & Control and Strategy Tomi Sederholm, Managing Director Anders Renvall, CEO Esa Kaikkonen, President and CEO Rami Vuola, Energy Manager Mikko Lepistö and CEO Roger Holm.

From 1 January to 24 March 2020, the Board consisted of Tapio Korpeinen (chair), Seppo Parvi, Jukka Hakila, Anders Renvall, Tapani Sointu, Esa Kaikkonen, Rami Vuola, Mikael Surakka and Mikko Rintamäki.

In its organising meeting, the Board elected Tapio Korpeinen as the chair and Seppo Parvi as the vice chair. Tiina Nyström, General Counsel, Executive Vice President, was elected as the secretary.

All of the Board members are independent of the company. The Board members do not own any shares of the company.

The procedure for the election and organisation of the Board is specified in detail in the corporate documents. The chair of the Board is named by the company's largest shareholder and the vice chair by the second largest shareholder. The President and CEO is not a member of the Board of Directors.

Duties of the Board of Directors

The Board is responsible for the oversight and control of the company and the appropriate

arrangement of the company's administration and operations. Furthermore, the Board must ensure that the company's accounting and financial controls are properly arranged. The Board controls that Pohjolan Voima's affairs are managed according to the Articles of association and the decisions of the General Meeting of Shareholders.

The Board of Directors' Charter defines its main duties and operating principles in more detail.

In order to perform its duties, the Board does the following, for example:

- Appoints the President and CEO, the substitute to the President and CEO and the members of the Executive Group
- Supervises the executive management of Pohjolan Voima
- Decides on the Group's strategy
- Decides on the Group's financing
- Decides on the Group's budget and action plan
- Decides on remuneration system principles and approves the employment contract and other benefits of the President and CEO, unless it has authorised the Chairman of the Board or the Remuneration and Nomination Committee to make these decisions
- Appoints task force and workgroup members
- Approves policies and other guidelines which create the basis for the management system and internal control, as well as set limits and guide and monitor operations of the subsidiaries
- Approves the charters of committees, and task forces and workgroups that the Articles of association stipulates to be nominated
- Supervises the Group's risk management

- Compiles the Report of the Board of Directors and approves the financial statements
- Approves interim reports
- Supervises the operations of the subsidiaries
- Approves the charge for the fixed costs for each series of shares and other basis for shareholder invoicing
- Summons the general meeting
- Approves investments, acquisitions and property transactions in accordance with the corporate documents, unless the President and CEO has been authorised to make these decisions
- Resolves upon the taking of credits and the giving of guarantees or other securities

The Board compiles an annual assessment of its own performance.

The Annual General Meeting makes decisions on the remuneration of Board and Committee members, as well as on their basis. In 2020, the remuneration paid to ordinary and deputy Board members totalled €501,200.

The Board of Directors convened 19 times in 2020. On average, 100 percent of the members were present at the meetings.

Committees of the Board of Directors
To ensure that the issues within the responsibility of the Board of Directors are handled as efficiently as possible, the Board has appointed an Audit and Finance Committee and a Remuneration and Nomination Committee, each assisting and reporting to the Board of Directors and consisting of at least three members of the Board. The Board of Directors chooses the members of the Committees annually from among its members, appoints the chairs of the committees and approves their charters.

Remuneration and Nomination Committee
The Remuneration and Nomination Committee deals with matters concerning nomination and remuneration in general, the remuneration systems for the Corporate Executive Team and employees, and the committee may deal with proposals to be submitted to the Annual General Meeting regarding the nomination and remuneration of the members of the Board.

After the 2020 unanimous decision of the shareholders, the Board nominated Tapio Korpeinen as the chair of the Remuneration and Nomination Committee and Seppo Parvi and Anders Renvall as the other members of the committee. The Remuneration and Nomination Committee convened three times in 2020. The attendance rate at the meetings was 100 per cent.

Audit and Finance Committee
The Audit and Finance Committee provides assistance to the in monitoring and evaluating the finance, financial reporting, control, and audit. In addition, the committee prepares a recommendation for the election of the auditor and monitors the independence of the auditor.

After the 2020 unanimous decision of the shareholders, the Board nominated Toni Sederholm as the chair of the Audit and Financing Committee and Rami Vuola and Jukka Hakkila as the other members of the committee.

The committee convened 14 times in 2020. The attendance percentage at the meetings was 100 per cent.

In addition to the Committees of the Board of Directors, the Board can name task forces or workgroups to assist the Board and senior

management. The Board confirms the duties and operating principles of task forces and workgroups.

4 President and CEO

The Board nominates the President and CEO. According to the Limited Liability Companies Act, the CEO is responsible for the day-to-day management in accordance with the instructions and regulations issued by the Board of Directors. The CEO is responsible for ensuring that the company's accounting is in compliance with the law and that the financial management is organised in a reliable manner. The CEO gives the Board and its members sufficient information for the performance of the Board's duties and implements the Board's decisions.

Pohjolan Voima Oyj's current President and CEO is Ilkka Tykkyläinen. Tiina Nyström has been appointed as the substitute for the President and CEO.

5 Corporate Executive Team

The Corporate Executive Team assists the President and CEO in operational management. Members of the Corporate Executive Team report directly to the President and CEO. In 2020, the Corporate Executive Team consisted of the President and CEO, Minna Laakso, Riitta Larnimaa, Tiina Nyström, Jani Pulli, Kaj Rått, Jarmo Tervo and Pertti Pietinen.

6 Remuneration

The Remuneration and Nomination Committee approves the company's remuneration systems. Incentive bonuses of the Corporate Executive Team are based on a long-term remuneration system and the criteria determined in it. The

incentive scheme does not include shares or any derivatives.

The members of the Board of Directors, the President and CEO or other members of the company's management do not own the company's shares.

7 Related party administration

Pohjolan Voima maintains a list of related parties. The purpose of the list is to help identify transactions with a party that is considered a related party of Pohjolan Voima Oyj. The company monitors annually the related parties and assesses possible changes to its related parties. The company's related party acquirement process ensures that relevant information is included in the financial statements.

The Board of Directors always decides on the possible transactions with the management of Pohjolan Voima Oyj and its related parties.

8 Internal control

The Board of Directors and the management are responsible for the company's internal control system. The purpose of internal control and risk management is to ensure the efficiency and effectivity of the operations, the reliability of information, as well as compliance with the regulations and operating principles. Pohjolan Voima's governance and internal control system are based on the Articles of association, Shareholders' Agreement as well as the Code of Conduct and other company policies, approved by the Board of Directors. In 2020, BDO Oy was elected as Pohjolan Voima's internal audit partner.

9 Financial control and reporting

The objective of internal control related to the financial reporting process is to ensure that the management has reliable, up-to-date information to help in decision-making and that the financial statements and interim reports are prepared in compliance with laws and regulations.

Pohjolan Voima Oyj complies with the International Financial Reporting Standards (IFRS) that have been approved for the EU and the requirements set for companies that have listed a bond to public trading.

In accordance with its approved charter, the Audit and Finance Committee is responsible for assisting the Board of Directors in monitoring the financial status of the company, the Group and its parts, in monitoring and evaluating the financial reporting system, accounting and financial management, the efficiency of internal control and risk management system, in monitoring the internal audit and the financial audit process, and the implementation of changes in accounting practices.

Group Finance is responsible for reporting interim reports and statutory financial statements for Pohjolan Voima Oyj and its Group companies, as well as monthly reports, profit estimates and analyses. Named business controllers review the companies' financial status and prepare monthly internal company-level reports. The companies' financial reporting is regularly monitored by the Boards of the companies.

In general, shared systems are used for reporting. A service provider handles the financial administration, accounting and ledger processes in compliance with described subprocesses, agreed



principles, agreed roles and responsibilities and defined controls. Development of the financial reporting processes and control systems is a continuous activity.

The separate financial statements of the parent company and other Group companies follow Finnish accounting practice. Adjustments to the income statements and balance sheets reported by individual Group companies are made in Group accounting in order to comply with the accounting policies of the Group (IFRS). Consistency is ensured by reconciliation. A quarterly report on the parent company's financial development is submitted to the Board of Directors. The consolidated IFRS financial statements are reported to the Board twice a year.

The decision-making order for expenses, investments and financial commitments is determined in the corporate documents, and approval rights are determined in stages for the different organisational levels in the policy approved by the Board. Most significant decisions are submitted separately to the Board of the individual Group company and to the Board of the parent company for approval.

10 Risk management

Risk management is a continuous process of analysing and managing threats and opportunities faced by the company in its efforts to achieve its goals, and to ensure the continuity of the business. The key principles of risk management are defined in the Pohjolan Voima Group Risk Management policy. Subsidiaries and Group functions are responsible for their own risk management and

associated reporting. The management reporting on the comprehensive risk circumstances to the Board is linked to the strategy and long-term planning process. The Board of Directors oversees the reporting on risk exposures, risk management activities and results related to the company's strategy and operations.

11 Internal audit

The operating principles of Pohjolan Voima internal audit have been defined in the audit charter approved by the Board of Directors. Internal audit assists the company in achieving its objectives by providing a systematic approach to evaluate and improve governance processes, risk management and internal control. In addition, internal audit manages the reporting procedure for suspected misconduct according to a specified procedure. Internal audit service is provided by BDO Oy. The CFO acts as the contact person for the external service provider. Internal audit reports functionally under the Audit and Finance Committee and reports summaries of its plans and findings to the Pohjolan Voima's Board of Directors.

12 Insider administration

Pohjolan Voima Oyj follows the EU's Market Abuse Regulation, Finland's Securities Market Act, the guidelines and regulations of authorities and the Guidelines for Insiders of Listed Companies issued by Nasdaq Helsinki Ltd. The Board of Directors has approved of a policy that sets responsible persons for the actions of insider administration and the guidelines for the insider administration, and for persons involved in insider projects as well as management and their closely associated persons.

As an issuer of bonds, Pohjolan Voima Oyj, in accordance with the Market Abuse Regulation, maintains project specific insider lists on persons who work for the company on the basis of an employment contract or other contract and, either regularly or irregularly, receive insider information directly or indirectly related to the issuer. Rules for the processing of insider information have been prepared and Group General Counsel is responsible for maintaining and updating them. Creating and maintaining the insider lists is the responsibility of the Company's legal affairs department.

13 Disclosure policy for investors

The Board of Directors of the parent company has adopted a Disclosure Policy for Investors. Pohjolan Voima has a duty to disclose information on a regular and continuous basis. The company's communication objective is to provide, without undue delay, correct and relevant information to the investors and other market players on the company's operations, operating environment, strategy, goals, and financial situation. Stock exchange releases issued by Pohjolan Voima Oyj are approved by the company's President and CEO, the Chairman of the Board or persons authorised by them.

14 Auditing and auditor

The principal task of statutory audit is to verify that the financial statements give true and fair view on the Group's results and financial position. The Annual General Meeting annually appoints one auditor. The auditor must be an audit firm approved by the Finnish Chambers of Commerce.

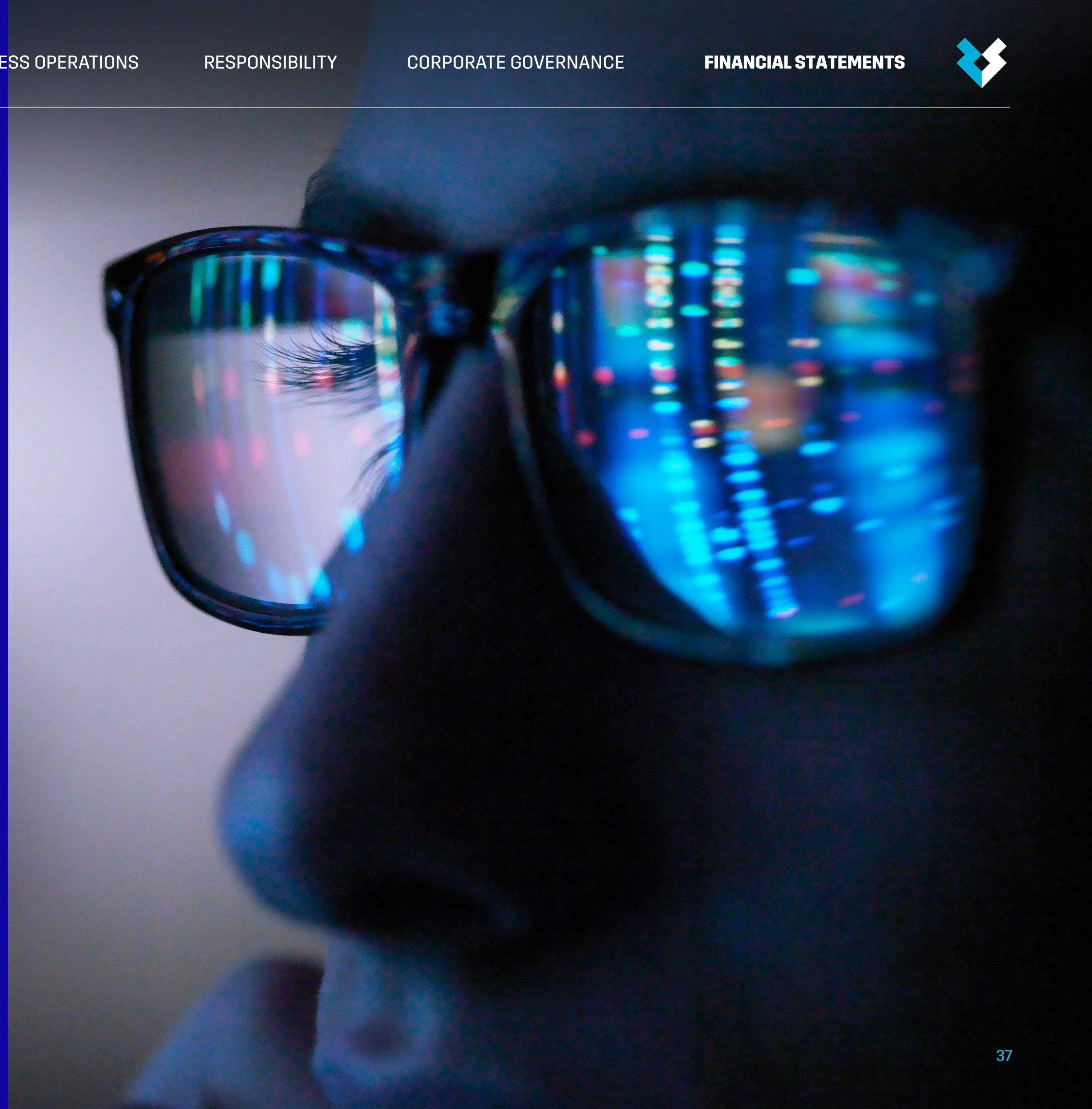
In the spring 2020, the shareholders decided unanimously to elect PricewaterhouseCoopers Oy, authorised public accountants, as the Company's auditor after a competitive tendering. Niina Vilske, Authorised Public Accountant, has acted as a principal auditor.

In 2020, the auditor received €156,450 as auditing fees. In addition, €16,202 were paid for other services.



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Operating environment

In 2020, electricity consumption in Finland was 81 TWh (86.1 TWh in 2019). Finnish electricity production totalled 66 (66.1) TWh, while net imports into Finland amounted to 15 (20.0) TWh. Imported electricity covered 18.5% (23.3%) of Finnish electricity consumption. Most of the imported electricity came from Sweden. In 2020, electricity consumption in Finland decreased by 6% year-on-year. Industrial power consumption decreased by 8.2% and the power consumption of other sectors remained at the same level as in the previous year.

Nord Pool Spot trade amounted to 995 (494) TWh. The annual average system price was €10.93 (38.94) per MWh, while the annual average of the Finnish area price was €28.2 (44.04) per MWh. The decrease in the price of electricity compared with the previous year was due to the higher water levels in the Nordic countries, lower fuel prices and the decreased consumption of electricity.

The price of the EUA emission allowance experienced strong fluctuation in 2020. At the beginning of the year, the market price was approximately €24 per tonne, and it ended up at approximately €33 per tonne at the end of the year.

The long energy transition of the energy sector progressed, and weather-dependent production continued to increase. Challenges related to the balancing of the electricity system and the integration of energy flows from different industries by developing hydrogen technology, for example, were discussed more than previously.

The Covid-19 pandemic caused significant economic burdens to many companies and society at large. The pandemic did not affect much political decision-making, such as energy, climate and environmental policies, which have an effect on the energy sector. The EU and Finland aimed to make decisions that would simultaneously mitigate the effects of the pandemic and promote the achievement of the sustainable development goals.

The Ministry of Economic Affairs and Employment began to prepare a national climate and energy strategy. The Ministry will issue a statement on the strategy to the Parliament in the autumn 2021. The strategy will include measures to make Finland carbon neutral by 2035. In 2020, different industries published their low-carbon roadmaps for the strategy. Based on the roadmaps, it is expected that the consumption of electricity will increase significantly when societal activities, such as the industry, become electrified.

The Government decided to increase the taxation of heating fuels by €105 million as of the beginning of 2021. The peat tax increased by €2.7/MWh. The Government decided to use a part of the Just Transition Fund to support investments that aim to replace the use of peat. The tax rates on cogeneration and fossil heating fuels also rose. In addition, the Government launched the second phase of the energy taxation roadmap. Negotiations with the Commission continued to exempt cost-price nuclear power production from interest expense deduction limitations. In 2021, the Government is to give a proposal to change property taxation so that the tax would better correspond to the real values of properties.

In addition, the third water management plan is under preparation. The Government will confirm it at the end of 2021 and send it to the Commission for review.

The climate objective of the EU member states is to reduce emissions by at least 55% by 2030. The European Parliament would like to have a more stringent target. The European Union aims to achieve carbon neutrality by 2050. The Commission published several initiatives affecting the energy sector. These include the sector integration and hydrogen strategy, the European industrial strategy, the biodiversity strategy and the circular economy action plan.

In 2021, the Commission will continue implementing the Green Deal. It is expected that several new proposals will be made. These include the update of the directives concerning emissions trading, renewable energy, energy efficiency, industrial emissions and energy taxation, action plan related to zero-emission environment, sustainable finance strategy and initiatives concerning the promotion of biodiversity. One of the most important initiatives of the Commission is the classification of sustainable financing, the preparation of which continues in 2021.

Pohjolan Voima's heat and power production

In 2020, Pohjolan Voima's total electricity supply was 12.3 (12.1) TWh. The Group's own electricity production accounted for 11.8 (11.7) TWh, of which the parent company's supplies to its shareholders were 11.4 (11.2) TWh. The subsidiaries supplied 0.4 (0.5) TWh to their other shareholders. Purchases from

the Nordic electricity markets were 0.5 (0.4) TWh, and sales amounted to 0.4 (0.4) TWh. Heat deliveries were 3.6 (4.2) TWh.

Nuclear power made up 67.3% (69.2%) of the electricity supply. Teollisuuden Voima's Olkiluoto nuclear power plant generated 14.6 (14.8) TWh of electricity, of which Pohjolan Voima obtained 8.3 (8.4) TWh in accordance with its shareholding. The joint capacity factor of the Olkiluoto plant units was 93.5% (94.8%).

Hydropower accounted for 2.2 (1.6) TWh, or 18.0% (13.5%) of the electricity supply. The production of hydropower increased significantly from the previous year and was close to the record level of 2015.

A total of 1.3 (1.7) TWh of electricity was generated in combined heat and power (CHP) plants. Its share of the total supply was 10.7% (13.8%).

Approximately 96% of the electricity produced by Pohjolan Voima in 2020 was carbon neutral.

Electricity supply (GWh)

	2016	2017	2018	2019	2020
Nuclear power	8,136	7,602	7,987	8,366	8,279
Hydropower	1,983	1,794	1,524	1,631	2,216
CHP	2,313	1,919	2,065	1,669	1,312
Condensing power	396	82	409	0	0
Purchases	545	533	543	423	490
Total	13,373	11,930	12,528	12,089	12,298

Key events in 2020

On 8 April 2020, Pohjolan Voima Oyj announced that the joint venture Teollisuuden Voima Oyj (TVO) had submitted a permission application to the Finnish Radiation and Nuclear Safety Authority (STUK) for a nuclear fuel loading for the Olkiluoto 3 EPR nuclear power plant unit . In addition, it was said in the announcement that the work at Olkiluoto 3 had not fully progressed according to plans and that the Areva–Siemens consortium would update the project schedule of the OL3 EPR plant unit when there is enough information about the spread of the Covid-19 pandemic and its effects.

On 15 April 2020, Pohjolan Voima Oyj announced that Standard & Poor’s had downgraded TVO’s long term credit rating to BB due to the delay concerning fuel loading at OL3 caused by the Covid-19 pandemic.

On 28 August 2020, Pohjolan Voima Oyj announced that TVO had received an updated schedule on the commissioning of the OL3 EPR plant unit from the plant supplier, Areva–Siemens consortium. According to the schedule, fuel will be loaded into the reactor in March 2021, the plant unit will be connected to the national grid in October 2021 and regular electricity production will start in February 2022. In addition, it was announced that Areva’s new management, which was appointed in the summer of 2020, was preparing a financial

solution concerning the finalisation of the project until the end of the guarantee period.

On 16 December 2020, Pohjolan Voima Oyj announced that it had agreed on shareholder loan commitments. Pohjolan Voima signed a shareholder loan commitment of €241 million to TVO. At the same time, Pohjolan Voima received corresponding shareholder loan commitments amounting to €238 million from its nuclear power shareholders.

Result from operations and financing

Pohjolan Voima operates on a cost price principle. The 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 targets and risks of Pohjolan Voima’s financing operations have been defined in a financing policy approved by the parent company’s Board of Directors. The financial risks of Pohjolan Voima’s business operations are related to liquidity, market and credit risks. Financial risk management has been discussed in note 3 to the consolidated financial statements. Financial risk management

The Group’s liquidity is good. On 31 December 2020, cash and cash equivalents totalled €44 (62) million, and the Group had €350 (300) million of unused binding credit facility agreements. Of the credit facility agreements, €21 million will mature in June 2021 and €329 million in June 2022. For short-term funding, the Group had a domestic commercial paper programme of €300 (300) million, of which €99 (100) million was used.

In November 2020, Pohjolan Voima raised a total of €90 million of the shareholder loan commitments which it had received from its shareholders in 2018. Based on their terms and conditions, the shareholder loans raised are recognised under shareholders’ equity in the consolidated financial statements. Pohjolan Voima received shareholder loan commitments amounting to €238 million in total in December 2020, and these commitments were unused at the end of the financial period. In connection with the shareholder loan commitments, option rights were also issued. Their share subscription period will begin on 1 January 2023, and give entitlement to up to 7,198,950 pieces of new B2 shares.

The Group’s interest-bearing liabilities amounted to €1,234 (1,210) million. There were no liabilities involving an exchange rate risk, and the Group’s loan agreements do not include any financial covenants.

At the end of the year, the Group’s equity ratio was 40.7% (39.5%). The consolidated turnover from continuing operations was €411.5 (417.1) 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 for the financial period was €-17.9 (32.9) million. The result of the financial period was mostly impacted by the result of the affiliated company TVO, which was clearly positive in the previous year due to the updated nuclear waste management cost estimate and the update of the discount rate of interest for the nuclear waste management liability calculation.

Investments

Total investments of the Pohjolan Voima Group, excluding financial investments and the purchase of emission allowances, amounted to €8.1 (4.4) million.

Laanilan Voima Oy purchased a new silo with conveyors to receive wood-based fuels. Laanilan Voima’s investments totalled €3.2 million. PVO-Vesivoima Oy’s most major ongoing investments involved the overhaul of the Jumisko hydropower plant, the renewal of the operations management system and the downstream migration route of migratory fish installed at the Haapakoski power plant. Repairs on a dam at the Melo power plant also continued throughout the year. PVO-Vesi-voima’s investments totalled €2.8 million. The Group’s remaining investments were made in replacements and renovations.

Between 2004 and 2020, Pohjolan Voima Oyj has invested a total of €991.6 (841.1) million in the new OL3 nuclear power plant project that is currently under construction. The investments are based on the financing plan for the OL3 EPR project, according to which the equity required for the investment is accumulated along with the progress of the project.

Research and development

Research and development expenditure during the financial year totalled €0.1 million (2019: 0.1; 2018: €0.1 million).

Personnel

The average number of employees working for the Group was 82 (2019: 89 and 2018: 106), including discontinued operations. The number of personnel has decreased due to a sale of assets and a reduction in condensing power production. The Group’s salaries and fees for the financial period, including discontinued operations, totalled €7.2 (2019: 7.6; 2018: 9.1) million. The average age of permanent employees was 45 (45) years.

The average number of employees working for the parent company was 35 (in 2019: 35; 2018: 50). Salaries and fees for the financial period totalled €3.9 (2019: 4.0; 2018: 5.2) million.

Responsibility

Our operations are guided by responsibility policies approved by the Pohjolan Voima Board of Directors: the Code of Conduct, Competition Law Policy, Personnel Policy as well as the Environmental and Energy Efficiency Policy. Pohjolan Voima is committed to complying with all applicable laws and regulations. The Group’s operating principles include principles on

human rights, labour rules and anti-corruption. Pohjolan Voima requires that its partners follow corresponding principles.

The UN sustainable development goals were taken into consideration when updating the responsibility principles in 2020. Four goals that can best be promoted in our operations were selected: affordable and clean energy, decent work and economic growth, life on land and partnerships for the goals. Pohjolan Voima's responsibility goals are described in more detail on the company's at www.pohjolanvoima.fi/en.

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 use the energy efficiency system EES+ or the energy management system ISO 50001. Some of these systems are certified. Nearly all of the production companies have also signed energy efficiency agreements for the period 2017–2025. Furthermore, the environmental management system of TVO (a joint venture of Pohjolan Voima) is EMAS-registered.

A leak detected in the retaining earth dam of the Melo power plant in 2016 was further repaired by grouting in 2020. The repair work has not affected the environment or the power generation operations at the power plant.

Water levels were regulated and hydropower plants operated in compliance with the permit conditions. In line with its obligations, PVO-Vesivoima stocked the Iijoki and Kemijoki waterways and the sea area with around 2.6 (2.2) million fry during the reporting period. Nearly all stocking plans were fulfilled.

PVO-Vesivoima is participating in the Iijoki project on migratory fish in 2020–2022, which continues the migratory fish spearhead project of 2017–2020. The construction of Finland's first downstream migration route for migratory salmon fry was begun in Haapakoski in November 2020. The project also promotes the Raasakka fishway.

In December 2020, the Regional State Administrative Agency for Northern Finland granted preparation and construction permits to build fishways for the Raasakka power plant and control dam. In March 2017, PVO-Vesivoima and Metsähallitus filed a joint application for a water management permit. 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.

All the thermal power plants operated by the Group fall within the sphere of the Emissions Trading Act. Carbon dioxide emissions from the production of electricity and heat amounted to 0.6 (0.9) million tonnes. The notes to the financial statements only report CO₂ emissions of the subsidiaries, which amounted to 0.4 (0.5) million tonnes. These figures do not include the emissions of 0.0 (0.0) million tonnes from PVO-Lämpövoima, which is reported as a discontinued operation. Other emissions into the air also decreased from the previous year. Sulphur dioxide emissions amounted to 0.5 (0.7) thousand tonnes, nitrogen oxide emissions to 1.6 (1.9) thousand tonnes and particle emissions to 0.1 (0.1) thousand tonnes.

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.

BAT conclusions related to the reference document on best available techniques for large combustion plants (LCP-BREF) 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 2020. The emission limits will be stricter in the new environmental permits.

Pohjolan Voima and its subsidiaries, associated companies and joint ventures are not aware of any environmental liabilities that have not been covered. Pohjolan Voima's more detailed environmental information is published on the company's website at www.pohjolanvoima.fi/en. TVO provides information on the environmental issues related to nuclear power generation on its website at www.tvoy.fi/en and in a separate corporate social responsibility report.

Risk management

Risk management aims to ensure realisation of the strategy and achievement of business goals, as well as safeguard continuity and disturbance-free operations. Risk management is carried out in line with the Group's risk management policy. The Group applies a decentralised risk management model: each subsidiary's Board of Directors and the parent company's units are responsible for the risks related to their operations, as well as their identification and analysis. Risks that may compromise the achievement of the objectives are estimated, and measures for their management are defined. The significance of the risks is estimated as the sum of their likelihood of occurrence and impact.

Group-level risks and their significance are presented in a risk matrix in terms of consequences and likelihood. Group-level risks are reported to the parent company's Executive Group and Board of Directors in accordance with the annual management calendar.

All Pohjolan Voima companies are covered for risks of damage through measures related to maintenance, occupational health and safety, adequate training provided to the personnel and other necessary measures, as well as through insurance in line with the Group's insurance policy.

Key risks and uncertainties

The Group's most significant risks are related to the schedule of TVO's OL3 EPR project, the consortium company Areva's adequate financial capacity to fulfil its responsibilities until the end of the warranty period and its revenue generation capacity. According to the agreement, the original plan was to begin commercial electricity production at the plant unit in late April 2009, but completion of the plant unit has been delayed. According to the schedule last updated by the plant supplier in August 2020, regular electricity production of the plant unit will begin in February 2022. A risk related to the planned completion refers to a situation where commercial operations cannot be started as planned, which will give rise to additional expenses.

TVO has implemented several risk management actions related to the OL3 EPR project in 2020 to promote TVO's readiness for the commissioning of the plant unit and the operation of three nuclear power plant units. TVO will closely monitor compliance with the terms and conditions of the settlement agreement that was signed in March 2018 and the commissioning stages of the OL3 EPR plant unit, so that they will be implemented according to the plant supplier's schedule, and that financial and technical resources are secured. Areva's new management, which was appointed in the summer of 2020, is preparing a financial solution to finalise the project until the end of the warranty period. In addition, the negotiations concerning the terms and conditions for finalising the project continue with the Areva–Siemens consortium.

If the OL3 EPR project does not reach its projected output level, load factor or operating cost structure during the guarantee period, or if the Finnish national grid limits the output level, there is a risk that the production costs will increase from the target level. This risk has been investigated using various scenarios affecting the profit-yielding capacity of OL3 EPR.

As the licence holder, TVO ensures through risk management measures that, for example, extensive functional testing of the Olkiluoto 3 EPR plant unit are carried out before nuclear test operations are launched. TVO will ensure that experience gained from the Taishan sister plant is utilised in the nuclear commissioning of the Olkiluoto 3 EPR plant unit.

Pohjolan Voima Oyj's shareholders

Shareholder	Shareholding, % 31 Dec 2020	Shareholding, % 31 Dec 2019
EPV Energy Ltd	5.489	5.489
Helen Ltd	0.619	0.619
Ilmarinen Mutual Pension Insurance Company	1.831	1.831
Kemira Oyj (incl. Neliapila pension fund)	5.060	5.060
Kokkolan Energia Oy	1.803	1.845
Kymppivoima Oy	5.907	5.907
Metsä Group (Metsäliitto Cooperative, Metsä Fibre, Metsä Board Oyj)	3.657	3.657
Myllykoski Oyj*	0.631	0.631
Oulun Energia Ltd	0.906	0.906
Outokumpu Oyj	0.096	0.096
Perhonjoki Ltd	2.208	2.167
City of Pori	1.366	1.366
Rautaruukki Corporation	0.090	0.090
Stora Enso Oyj	15.608	15.608
Finnish Power Ltd	1.476	1.517
UPM Energy Ltd*	47.727	47.686
UPM Communication Papers Ltd*	3.457	3.457
Vantaa Energy Ltd	0.229	0.229
Yara Suomi Oy (incl. pension fund)	1.840	1.840

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

So far, the Covid-19 pandemic has only had minor effects on Pohjolan Voima's business. Pohjolan Voima has taken extensive precautions to take care of its employees' health and safety and to ensure energy production. If the Covid-19 pandemic persists for long, the situation may also negatively influence Pohjolan Voima's business mostly through changes in the operating environment.

Share capital and share issues

On 31 December 2020, Pohjolan Voima's share capital was €55.3 (55.3) million and the total number of shares was 32,509,113 (32,509,113).

No share issues were carried out during the financial year.

Management

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, with Niina Vilske, Authorised Public Accountant, as the auditor in charge.

The following were elected as ordinary members of the Board of Directors: Tapio Korpeinen, CFO, Executive Vice President (UPM-Kymmene Corporation); Seppo Parvi, CFO (Stora Enso Oyj); Jukka Hakkila, Group General Counsel (Kemira Oyj); Anders Renvall, Managing Director (Kymppivoima Oy); Tomi Sederholm, Director, Finance & Control and Strategy (UPM Energy Ltd); Esa Kaikkonen, CEO (Metsä Tissue Corporation); Rami Vuola, President & CEO (EPV Energy Ltd); Mikko Lepistö, Energy Manager (SSAB Europe Oyj); and Roger Holm, CEO (Oy Herrfors Ab).

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. The Board of Directors convened 19 (14) times in 2020. The company's President and CEO was Ilkka Tykkyläinen, M.Sc. (Eng.), eMBA.

Major legal actions pending

No major legal actions were pending during the reporting period.

Events after the end of the financial period

Pohjolan Voima's shareholders Oulun Energia Oy and Kemira Oyj, which own Pohjolan Voima's G5 series shares for the energy produced by Laanilan Voima, announced on 19 January 2021

that they are planning to restructure the energy functions in the Laanila industrial district. According to the announcement, the restructuring means that Laanilan Voima Oy's operational business will be shut down and the current operations will be terminated in spring 2021.

Due to the planned restructuring, Laanilan Voima Oy will start statutory labour negotiations. The employer's preliminary plans may lead to the termination of Laanilan Voima's employees' employment contracts. The effects on the company's financial status will be evaluated based on the decisions made after the end of the negotiations.

Outlook

During the current financial period, power and heat production is expected to continue as in the previous year, despite the effects of the coronavirus pandemic. Pohjolan Voima will continue its precautions in accordance with general guidelines and recommendations.

TVO will continue the implementation of the OL3 EPR plant unit and the preparations for production operation. Before nuclear fuel loading, there are still commissioning tests and maintenance work to be performed, among other things. TVO will require a separate permission from the Radiation and Nuclear Safety Authority (STUK) for nuclear fuel loading. TVO will continue to support the plant supplier in the completion of the project. TVO will continue negotiations with the Areva-Siemens consortium on the terms for the completion of the project.

Proposal of the Board of Directors regarding the distribution of profit

On 31 December 2020, the parent company's distributable funds totalled €314,036,770.02, of which net profit for the financial period amounted to €-6,696,925.48. The Board of Directors proposes to the Annual General Meeting that the loss for the financial year be transferred to the retained earnings account and that no dividend be distributed.



Consolidated financial statements (IFRS)

Consolidated statement of comprehensive income

1,000 €	Note	1 Jan–31 Dec 2020	1 Jan– 31 Dec 2019
Continuing operations			
Sales	7	411,492	417,091
Other operating income	8	1,134	2,527
Materials and services	9	-313,338	-319,819
Personnel expenses	10	-8,385	-8,502
Depreciation, amortisation and impairment	11	-39,050	-39,894
Other operating expenses	12,13	-48,948	-50,422
Share of (loss)/profit of associates and joint ventures	19	-6,138	43,723
Operating profit or loss		-3,233	44,704
Finance income	14	2,958	3,249
Finance costs	14	-14,960	-17,976
Finance costs - net		-12,002	-14,727
Profit before income tax		-15,235	29,977
Income tax expense	15	1	-2
Profit for the year from continuing operations		-15,234	29,975
Discontinued operations			
Profit/loss from discontinued operations		-2,692	2,927
Profit for the year		-17,926	32,902

Other comprehensive income:

1,000 €	Note	1 Jan–31 Dec 2020	1 Jan– 31 Dec 2019
Items, that may be reclassified later to profit or loss			
Share of other comprehensive income of associates			
Cash flow hedging	19	-12,866	-4,581
Other comprehensive income for the year		-12,866	-4,581
Total comprehensive income for the year		-30,792	28,321
Profit attributable to:			
Owners of the parent		-18,312	32,731
Non-controlling interest		386	171
		-17,926	32,902
Total comprehensive income attributable to:			
Owners of the parent		-31,178	28,150
Non-controlling interest		386	171
		-30,792	28,321



Consolidated balance sheet

1,000 €	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets	16	283,569	285,659
Property, plant and equipment	17,18	442,889	473,274
Investments in associated companies and joint ventures	19	734,764	753,768
Other financial assets	20	484	484
Loans and other receivables	21	596,530	445,987
Non-current assets total		2,058,236	1,959,172
Current assets			
Inventories	23	9,210	9,131
Trade and other receivables	21	75,159	72,966
Cash and cash equivalents	22	44,312	62,367
Current assets total		128,681	144,464
Assets held for sale	24	2,556	2,768
Total assets		2,189,473	2,106,404

1,000 €	Note	31 Dec 2020	31 Dec 2019
EQUITY			
Equity attributable to owners of the parent	25		
Share capital		55,321	55,321
Share premium		205,999	205,999
Reserve for invested non-restricted equity		327,644	327,644
Revaluation reserve		-15,747	-2,881
Subordinated shareholders loans (hybrid equity)		90,347	0
Retained earnings		186,132	204,444
Total		849,696	790,527
Non-controlling interests		41,072	40,686
Total equity		890,768	831,213
LIABILITIES			
Non-current liabilities			
Provisions	26	5,064	5,020
Borrowings	27	1,050,743	981,865
Other non-current liabilities	27,29	10,549	10,154
Non-current liabilities total		1,066,356	997,039
Current liabilities			
Borrowings	27	182,836	228,307
Trade and other payables	28	49,513	49,845
Current liabilities total		232,349	278,152
Liabilities related to assets held for sale	24	0	0
Total liabilities		1,298,705	1,275,191
Total equity and liabilities		2,189,473	2,106,404



Consolidated statement of cash flows

1,000 €	Note	1 Jan– 31 Dec 2020	1 Jan– 31 Dec 2019
Cash flows from operating activities			
Profit for the year		-17,926	32,902
Adjustments to the profit for the year	6	56,653	8,939
Change in net working capital	6	-3,309	8,348
Interest paid and other financial expenses		-12,342	-13,904
Interest received		2,933	3,128
Income tax paid		12	-2
Net cash generated from operating activities		26,021	39,411
Cash flows from investing activities			
Purchases of intangible assets and property, plant and equipment (PPE)	16, 17	-7,515	-4,158
Proceeds from sales of intangible assets and PPE	16, 17	569	2,203
Loans granted	21, 27	-150,580	0
Net cash used in investing activities		-157,526	-1,955
Cash flows from financing activities			
Equity refunds paid	24, 25	0	-14,000
Withdrawals of subordinated shareholders loans (hybrid equity)	25	90,347	0
Proceeds from borrowings	24, 27	205,514	149,424
Repayments of borrowings	24, 27	-160,347	-161,226
Principal elements of lease payments	24, 27	-12,556	-12,728
Proceeds (+) or repayments (-) of current liabilities	24, 27	-9,508	3,843
Net cash used in financing activities		113,450	-34,687
Net (decrease)/increase in cash and cash equivalents		-18,055	2,769
Cash and cash equivalents at the beginning of year		62,367	59,598
Change in cash and cash equivalents		-18,055	2,769
Cash and cash equivalents at the end of year	22	44,312	62,367

Cash flow from discontinued operations is disclosed in note 24.



Consolidated statement of changes in equity

1,000 €	Note	Share capital	Share premium	Fair value reserve	Reserve for invested non-restricted equity	Subordinated shareholders loans (hybrid equity)	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interest	Total equity
Balance at 1 Jan 2019		65,293	216,822	1,700	326,683	0	165,879	776,377	40,515	816,892
Comprehensive income										
Profit or loss							32,731	32,731	171	32,902
Other comprehensive income:										
Cash flow hedges				-4,581				-4,581		-4,581
Total other comprehensive income for the year		0	0	-4,581	0	0	0	-4,581	0	-4,581
Total comprehensive income for the year		0	0	-4,581	0	0	32,731	28,150	171	28,321
Transactions with owners										
Transfer to retained earnings and reserve for invested non-restricted equity	25	-9,972	-10,823		14,961		5,834	0		0
Refund of reserves	25				-14,000			-14,000		-14,000
Transactions with owners total		-9,972	-10,823	0	961	0	5,834	-14,000	0	-14,000
Balance at 31 Dec 2019		55,321	205,999	-2,881	327,644	0	204,444	790,527	40,686	831,213



Consolidated statement of changes in equity

1,000 €	Note	Share capital	Share premium	Fair value reserve	Reserve for invested non-restricted equity	Subordinated shareholders loans (hybrid equity)	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interest	Total equity
Balance at 1 Jan 2020		55,321	205,999	-2,881	327,644	0	204,444	790,527	40,686	831,213
Comprehensive income										
Profit or loss							-18,312	-18,312	386	-17,926
Other comprehensive income:										
Cash flow hedges				-12,866				-12,866		-12,866
Total other comprehensive income for the year		0	0	-12,866	0	0	0	-12,866	0	-12,866
Total comprehensive income for the year		0	0	-12,866	0	0	-18,312	-31,178	386	-30,792
Transactions with owners										
Change in subordinated shareholders loans (hybrid equity)	25					90,347		90,347		90,347
Transactions with owners total		0	0	0	0	90,347	0	90,347	0	90,347
Balance at 31 Dec 2020		55,321	205,999	-15,747	327,644	90,347	186,132	849,696	41,072	890,768



Notes to the consolidated financial statements

1 NOTES TO THE FINANCIAL STATEMENTS

General information

Pohjolan Voima Oyj (PVO) is a Finnish public limited liability company with domicile in Helsinki, Finland. Pohjolan Voima Oyj and its subsidiaries form together the Pohjolan Voima Group.

Pohjolan Voima Group is a privately owned energy group. The production capacity of the Group consists of 24 power plants in 18 different locations. Energy is generated by hydropower, nuclear power and thermal power.

Copies of the consolidated financial statements can be obtained from www.pohjolanvoima.fi/en or from PVO's head offices, Töölönkatu 4, 00100 Helsinki, Finland.

These consolidated financial statements were approved for issue by PVO's Board of Directors on 19 February 2021, however, according to Finnish Limited Liability Companies Act the shareholders can edit or reject these financial statements at the annual general meeting.

Basis of preparation

The consolidated financial statements of Pohjola Voima Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The IAS and IFRS standards as well as and IFRIC and SIC Interpretations valid as at 31 December 2020 have been used in preparation of the financial statements. The consolidated financial statements also comply with the Finnish Accounting Act and Limited Liability Companies Act.

All amounts in the consolidated financial statements are presented in thousands of Euros.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting principles. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in section "Critical judgements in applying the entity's accounting policies and critical estimations and assumptions".

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.

Cost-price principle

According to the Articles of Association of PVO, the Group supplies electricity and heat at cost price to the shareholders which means that it delivers the electricity it has produces or procured to its shareholders in proportion to their shareholdings in each series. The operating model of PVO is also called the "Mankala principle".

Each of the shareholders of each series bears their share of the variable and fixed annual costs as specified in the company's legal documents. Parent company administrative costs are covered by a fixed yearly fee as defined by the company's legal documents.

In accordance with PVO's Articles of Association, each shareholder's share of the liability for the annual costs will always be limited to the amount corresponding to the proportion of its shareholding to all shares belonging to the same series, and another shareholder's failure will not increase the shareholder's liability based on shareholding. The shareholders are liable for costs specified in the Articles of Association paragraph 4.

Consolidation

Subsidiaries

The consolidated financial statements include Pohjolan Voima Oyj and all its subsidiaries. Subsidiaries are those entities over which the Group has control. The Group has control over an entity if it has power over the entity; it is exposed or has rights to variable returns from its involvement with the entity and has the ability to use its power to affect the amount of its returns from the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's propor-

tionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If this is less than the fair value of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances, distributions of profit and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless they relate to an impairment.

Associated companies and joint arrangements

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint arrangements are either joint operations or joint ventures. A joint venture is a contractual joint arrangement whereby the Group together with one or more parties has undertaken an economic activity that is subject to joint control and whereby The Group with other parties has rights to the net assets of the joint arrangement.

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Group's investment in associates and joint ventures includes goodwill identified at acquisition, net of any accumulated impairment losses. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture. Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests

The profit or loss for the period attributable to owners of the parent and non-controlling interest is disclosed in the statement of comprehensive income. Non-controlling interests are identified separately from the equity of the owners of the parent company in the statement of changes in equity.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that any amounts previously recognised in other comprehensive income are recognized as part of the gain or loss on sale.

Foreign currency translation

The functional and presentation currency of the parent company and all of the subsidiaries, associates and joint ventures is the euro. The consolidated financial statements are presented in euros.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the closing rate at the date of that balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses relating to operations are included on the relevant line items above operating income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. Translation differences on non-monetary financial assets and liabilities held at cost are translated using the exchange rates prevailing at the dates of the transactions. There are no non-monetary financial assets or liabilities held at fair value denominated in foreign currencies.

Revenue recognition

The Group's energy operations are based on cost price. Sales of expert services relating to energy operations are not based on cost price. Revenues are based on the consideration received for delivered energy or provided services. All revenues are presented net of value-added taxes. Revenues are recognised, as follows:

Energy revenues and other revenues

Revenue on sales of energy is divided into variable and fixed charge. Revenue on sales of energy concerning variable charge is recognised at the time of delivery. Revenue is recognised based on the delivered quantities. Both the variable and fixed charge is invoiced and recognized in turnover monthly and are paid retrospectively on the 24th of next month. Service revenue mainly consists of administration service revenues. Revenue for services is recognised in the financial period when services have been rendered and when the control of the service transfers to a customer.

Other income

Revenue from activities outside the normal operations is reported in Other income. This includes recurring items such as rental income and non-recurring items such as gains on sale of property, plant and equipment. Rental income is recognised on a straight-line basis over the period of the lease agreement. The gain on sale of property, plant and equipment is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Research and development costs

Research and development costs are expensed as incurred and included in other operating expenses, except when the development costs are expected to generate probable future economic benefits. In this case the costs are recorded as intangible assets and amortised over their useful lives. There are no development costs currently in the consolidated financial statements that fulfil the criteria for recognition as an intangible asset.

Interest income and dividends

Interest income is recognised using the effective interest method. Dividends are recorded when the right to receive payment is established.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, unless they are directly attributable to construction of a power plant, in which case they are capitalized as a part of the cost of the asset.

Income taxes

PVO delivers electricity and heating to its shareholders at cost price. The shareholders are delivered a proportionate share of the energy generated or procured by PVO according to their proportionate ownership in the various series of shares. Based on the cost-based pricing the Group does not pay any taxes on its energy related operations, therefore the Group does recognise any deferred tax assets or liabilities on these operations. Income taxes and deferred taxes are recognised, on the other hand, on the services provided by the Group.

The tax expense for the period comprises current tax, relating to the current period and any adjustments made to taxes for the previous financial period, and deferred taxes. The current income tax charge is calculated on the basis of the tax laws enacted. The taxes for the current period are adjusted if necessary by the taxes related to the previous period.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or from the undistributed profits of the subsidiaries if it is not probable that the temporary difference will reverse in the foreseeable future. The most significant temporary differences for the Group arise from the depreciation of property, plant and equipment, losses carried forward and the fair valuation of assets at acquisition.

Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Intangible assets

Intangible assets are carried at historical cost, less government grants received, accumulated amortisation and impairment. Historical cost includes all costs directly attributable to the acquisition of the intangible asset. Intangible assets with a finite useful life are amortised using the straight-line method over the following estimated useful lives:

Computer software	3–10 years
Other intangible assets	5–10 years

No amortisation is recorded for goodwill and other intangible assets with infinite useful lives, instead these assets are tested annually for impairment. Intangible assets having infinite useful lives are water rights that have an infinite useful life based on the Water Act and certain utilisation rights for transmission roads and land based on the Act on the Redemption of Immoveable Property and Special Rights.

Emission allowances

Carbon dioxide (CO₂) emission allowances are included in the intangible assets. Emission allowances are recognised at cost, whether received free of charge or acquired from a third party. Emission allowances received free of charge are, in other words, recorded at

zero. A short-term liability is recognised to cover the obligation to return emission allowances. To the extent that Group already holds allowances to meet the obligation the liability is measured at the carrying amount of those allowances. Any shortfall of allowances held over the obligation is valued at the current market value of allowances. Emission right and the related liability are derecognised when they are returned to cover the obligation or when they are sold. Emission allowances are not amortised. The cost of the provision is recognised in the statement of comprehensive income within materials and services. Gains from sales of emission rights are presented in Other income.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less government grants received, less accumulated depreciation and any accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or construction of assets that necessarily take a substantial amount of time to get ready for their intended use are capitalised as part of the cost of the related asset. Additionally, the cost of an item of property, plant and equipment includes the discounted estimated cost of its dismantlement, removal or restoration.

Land and water areas are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. The costs for dismantling a power plant are depreciated over the estimated useful life of the specific power plant.

Depreciation is calculated using the straight-line method based on the estimated useful lives, as follows:

Hydro power plant buildings, structures and machinery	40–80 years
Co-generation (electricity and heating) power plant buildings, structures and machinery	4–35 years
Transmission network	10–45 years
Other buildings and structures	10–25 years
Other machinery and equipment	3–20 years
Other tangible assets	3–40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate to reflect the changes in estimated future economic benefits associated with the assets.

If the asset consists of different components, which have different estimated useful lives, each component is recognised as a separate asset. Replaced components are capitalized and any possible remaining carrying value of the replaced component is derecognised. In other cases subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably.

Annual repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Power plant modernization and improvements are recognised in the asset's carrying amount or recognised as a separate asset, as appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income or other operating expenses in the statement of comprehensive income.

Depreciation on assets classified as held for sale, according to IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, is ceased.

Government Grants

Grants from the government, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are deducted from the acquisition cost of the asset and are recognised as income by reducing the depreciation charge of the asset they relate to. Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. These grants are presented in other operating income.

Inventories

Inventories are stated at cost. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventory comprises raw materials and other direct costs. Inventories are always stated at cost as the energy generation operations are conducted based on cost price and therefore the cost of inventory is always equal to its’ net realizable value.

Leases – Group as lessee

The Group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of less than 12 months to 50 years. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Further, some agreements include asset retirement obligation which is recorded in property, plant and equipment as well as in provisions.

Lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate, which is a rate the lessee would pay by borrowing the corresponding balance for equal period and with equal collaterals. Right-of-use assets are measured an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group allocates the consideration in the contract to each lease component and will separate non-lease components if these are identifiable.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted mainly for lease payments made at or before the commencement date. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term or the end of the useful life of the right-of-use asset.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease term applied corresponds to the non-cancellable period except in case where the Group is reasonably certain to exercise renewal option of prolonging the contract. The lease liabilities are measured at amortized cost.

The Group has decided to use the exemption not to apply the new guidance to leases with a terms less than twelve months or to leases for which the underlying asset value is of low value. Asset retirement obligations included in the leasing agreements have been considered in the implementation.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Impairment of non-financial assets

The individual assets' carrying values are reviewed at each closing date to determine whether there is any indication of impairment. If there is an indication of impairment the asset is tested for impairment. Goodwill, assets that have an indefinite useful life and intangible assets in progress are not subject to amortisation and are tested annually for impairment regardless of there is indication of impairment or not. Impairment for assets excluding goodwill is assessed at the cash-generating unit (CGU) level, which is the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Groups of assets. Goodwill is tested for impairment at the level at which it is monitored by management which may be an individual CGU or Groups of CGUs but is not tested at a level higher than an operating segment.

An asset's recoverable amount is the higher of a cash-generating unit's fair value less costs to sell and its value in use. Value in use is the estimated discounted future cash flows expected to be provided by the asset or Group of assets. The discount rates used are pre-tax and reflect current market assessments of the time value of money and specific risks relating to the relevant asset or Group of assets.

Where the carrying value of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment is recognised immediately in the statement of comprehensive income. Impairment arising from a goodwill impairment test is allocated first to goodwill and any excess thereafter rateably over the other assets in the CGU. Assets other than goodwill that suffered an impairment charge are reviewed for possible reversal of the impairment if the estimates used in the calculation of the recoverable amount have changed. A reversal of an impairment loss shall not exceed the carrying amount (net of amortisation or depreciation) that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment losses on goodwill are never reversed.

Financial assets and financial liabilities

Purchases and sales of financial assets and liabilities are recognised on the trade-date at fair value. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group classifies its financial assets in the following categories according to IFRS 9: assets measured at fair value through profit or loss, at fair value through other comprehensive income and at amortized cost. The classification is determined at initial recognition based on the objective of the Group's business model. The Group does not currently have any financial assets measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading or initially designated in this category. Deriva-tives are categorised as held for trading unless they are designated as hedges. All derivatives held by the Group are classified as financial assets at fair value through profit or loss, as hedge accounting is not applied by the Group. Derivatives in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. When the derivatives have a negative value they are classified as financial liabilities held for trading. Liabilities in this category are classified

as current liabilities if expected to be settled within 12 months; otherwise, they are classified as non-current. Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the statement of comprehensive income in the period in which they arise.

Amortized cost

Amortized cost included non-current loan and other receivable as well as current trade and other receivables. Loans and receivables are subsequently carried at amortised cost using the effective interest method and included in current assets and non-current assets; in the latter for maturities greater than 12 months after the end of the reporting period. Trade receivables are recorded at cost which corresponds to their fair value. Loans granted, which have a maturity date, are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Impairment of financial assets

According to the impairment model, the impairment of financial assets must be determined using a model based on expected credit losses. From the Group’s perspective, the new impairment model applies to trade receivables and the earlier recognition of their credit losses. The Group’s credit position has not changed between the standards.

According to the IFRS 9 standard, the Group applies a simplified provision matrix to recognize the credit risks in trade receivables on the basis of which a deductible item is recognized for all trade receivables based on the expected credit losses over the entire period of validity.

The Group’s annual credit losses have been very minor and the expected credit losses according to the new model do not have a significant impact. Regarding financial instruments measured at amortized cost the Group performs active monitoring and recognizes impairment in profit or loss in accordance with the criteria.

The Group estimates on each closing date whether objective evidence exists of the impairment of an individual financial asset or a group thereof. If the fair value of the financial assets has fallen substantially below their acquisition cost on the closing date, this is considered as evidence of impairment of the financial assets. Evidence of impairment may include, for example, the counterparty’s substantial financial difficulties, failure to pay interest or instalments, probability of bankruptcy or other financial reorganization, or observable information indicating determinable reduction of the estimated deferred cash flows, such as changes in the delay of payments and the counterparty’s deteriorated financial situation correlating with the failure to pay.

The Group has shareholder loan receivables from Teollisuuden Voima Oyj, a joint venture of the Group. The management has assessed the impairment risk regarding the loans on the basis of the possible financial difficulties or outstanding interest payments from the counterparty and considered that such does not exist. On the basis of these findings the management considers that no impairment risk exists.

Financial liabilities

Financial liabilities are classified into the following categories in accordance with the IFRS 9 standard: liabilities measured at fair value through profit or loss, at fair value through other comprehensive income as at amortized cost.

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some of or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some of or all the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Derivative instruments are recognised as financial liabilities at fair value through profit or loss. These are recognised similarly as financial assets at fair value through profit or loss. They are included in non-current liabilities unless the liability is settled within 12 months of the end of the reporting period.

Derivative instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is hedge accounted as determined in IFRS 9. Group has not applied for hedge accounting and has recognized the gains and losses resulted from fair value measurement through income statement in finance income or cost.

Teollisuuden Voima Oyj (TVO), a joint venture of the Group, is consolidated using the equity method, see Associates companies and joint arrangements under the Notes to the Financial statements. TVO uses derivative instruments to hedge the foreign currency exchange rate risk in fuel purchases as well as the foreign currency risk and interest rate risk in borrowings denominated in foreign currencies. Items covered by hedge accounting in accordance with the IFRS 9 standard include instruments used for hedging against the currency risk of uranium supply contracts of TVO (forwards exchange contracts, currency swaps) and some of the interest rate swaps used for hedging against the fluctuation of interest cash flows in the loan agreements of TVO. TVO shall document both at the beginning of and after the hedging its estimate of whether the derivative financial instruments used for hedging transactions are efficient. Derivative financial instruments included in hedge accounting are divided into non-current and current assets and liabilities based on the maturity of the hedged instrument. TVO applies both cash flow and fair value hedge accounting.

With the adoption of the IFRS 9 standard the assessment of hedge effectiveness is based on future orientation. The ineffectiveness of TVO’s hedging relationship is expected to continue being very minor. IFRS 9 defines three hedge effectiveness requirements for the application of hedge accounting. The first requirement requires a financial connection between the hedged item and hedging instrument. It must be expectable that the changes in the value of the hedging instrument and hedged item are opposite due to the instrument or risk used as the shared basis. Secondly, the standard requires that changes in value due to the financial relationship are not dominated by the impact of credit risk. Thirdly, the hedging rate of the hedging relationship must equal the hedging rate resulting from the amount of the hedging instrument that the organization actually uses for hedging that amount of the hedged item. IFRS 9 requires the same hedging rate that is actually used in risk management.

Other companies in the Group have derivative instruments that do not fulfil the hedge accounting criteria according to IFRS. Examples of these instruments are interest rate swap agreements which have been used to exchange floating rate borrowings into fixed rate borrowings. Derivatives are recorded at fair value in the assets or liabilities. Changes in the fair values of foreign currency forwards and interest rate derivative instruments are recorded through profit and loss within finance income and costs. Derivatives are classified as current or non-current assets or liabilities depending on their maturity date.

Employee benefits

Pensions for the personnel in the Group have been arranged through an external pension insurance company. The Finnish (TyEL) pension system, as well as, the voluntary pension insurances are recognised as defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments made to the defined contribution plans are recognised as expenses in the period in which they were incurred. Defined benefit plans are plans that are not defined contribution plans. The Group does not have any defined contribution plans.

Provisions and contingent liabilities

Provisions for environmental restoration, asset retirement obligations and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Where some of or all the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received. Provisions are not recognised for operating costs.

A contingent liability is disclosed when there is a possible obligation that arises from external events and whose existence is only confirmed by one or more doubtful future events or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required or the amount of the obligation cannot be reliably estimated. Contingent liabilities are disclosed in the notes to the financial statements.

Environmental provisions

Environmental provisions are recognised, based on current interpretation of environmental laws and regulations, when it is probable that a present obligation has arisen and the amount of such liability can be reliably estimated. Environmental expenditures resulting from the remediation of an existing condition caused by past operations, and which do contribute to current or future revenues, are expensed as incurred.

Accrued expenses related to the handling of ashes

Group companies may have, in temporary storage, ashes generated from the power plant operations, which are subject to waste tax. These ashes may have an alternative utilisation, an alternative utilisation is being sought or there is no alternative utilisation which will result in the ashes being transported to a waste disposal site. Financial statements include an accrued expense, representing the best estimate for the costs of the handling of the ashes held in temporary storage at the end of the reporting period.

Asset retirement obligations

An asset retirement obligation is recognised either when there is a contractual or a legal obligation and the obligation amount and timing can be reliably estimated. The asset retirement obligation is recognised as part of the cost of an item of property and plant when the asset is put in service or when contamination occurs. The costs are depreciated over the remainder of the asset's useful life.

Assets and liabilities relating to nuclear waste management

The treatment of the nuclear waste management liability has a material effect on the profit and loss of Teollisuuden Voima Oyj (TVO). The nuclear waste management liability based on the Nuclear Energy Act is covered by a contribution to the Finnish State Nuclear Waste Management Fund. The liability covers all the future expenditure for the handling of the existing nuclear waste, including the decommissioning of the nuclear power plants, the disposal of the spent fuel and a risk marginal. The amount of payments is determined by assuming that the decommissioning would start at the beginning of the year following the assessment year. The research relating to the disposal, as well as the actual disposal of TVO's spent fuel, are carried out by Posiva Oy, which charges from TVO the costs arising from these activities including the acquisition cost of property, plant and equipment.

In the consolidated financial statements of TVO the share of the funds in the Finnish State Nuclear Waste Management Fund, is presented as part of non-current assets according to IFRIC 5. The nuclear waste management liability is presented in provisions, within non-current liabilities. The fair value of the nuclear waste management liability is calculated by discounting the cash flows based on the planned estimated future activity and the estimated expenditure relating to it taking into account actions already taken.

The initial present value of the provision for decommissioning of the nuclear power plant is included in the capitalized investment cost of the power plant. The initial present value is adjusted according to subsequent planned future changes. The amount recognized relating to decommissioning of the plant is depreciated over the estimated useful life of the power plant.

The provisions for spent nuclear fuel covers the future disposal cost of fuel used by the end of each reporting period. The costs for the disposal of the spent nuclear fuel is recognised during the operating time of the plant based on fuel usage. The impact of any changes to the plan will be recognized immediately in the income statement based on fuel used by the end of reporting period.

The timing factor when discounting the nuclear waste management liability is recognised by recording the interest expense in the statement of comprehensive income.

Share Capital

PVO has 14 different series of shares. Each series of shares entitle their owner to the energy generated by a specific subsidiary, associate or joint venture. Each shareholder is entitled to the proportionate share of the energy according to their proportionate ownership of a specific series of shares.

Proceeds received at the inception of the Company and subsequent issue of share capital have been recorded in the share capital, share premium account and after 1 September 2006 also in the reserve for invested non-restricted equity.

Subordinated shareholder loans (hybrid equity)

Subordinated shareholder loans (hybrid equity) are treated as equity. Subordinated shareholder loans (hybrid equity) are initially recognized at fair value including related transaction costs. There is no maturity date for the subordinated shareholder loans (hybrid equity), but the borrower is entitled to repay the loan in one or several instalments. The Board of Directors of the borrower has the right to decide not to pay interest during any current interest period. Unpaid interest does not accumulate to the following interest periods.

The interest of the subordinated shareholder loans (hybrid equity) is recognized in liabilities when the obligation to pay interest is incurred. Interest expenses are recognized in the retained earnings and are not recognized in profit or loss.

Option rights

In connection with the subordinated shareholder loans raised in November 2020 option rights have been also issued, which entitle to convert the shareholder loan receivable into series B2 shares. The option rights issued entitle to maximum of 1,613,347 new B2 shares. The subscription price of a new B2 share is 56 euros and the subscription price can only be paid by setting of the total principal of the shareholder loan receivable that the shareholder has from the Company against the total subscription price of all new B2 shares. The share subscription period started on 1 January 2021 and will last until the repayment of the subordinated shareholder loans.

Pohjolan Voima received new subordinated shareholder loan commitments in total of 238 million euros in December 2020 which were unused at the end of the financial year. In connection of the shareholder loan commitments two separate series of option rights were also subscribed. Option rights 2020 1A entitle to maximum of 3,599,472 new B2 shares with the subscription price of 0.01 euro. The subscription period of new series B2 shares will be from 1 January 2023 to 1 June 2026. Option rights 2020 1B entitle to maximum of 7,198,950 new B2 shares with the subscription price of 33 euros. The subscription price can only be paid by setting of the total principal of the shareholder loan receivable that the shareholder has from the Company against the total subscription price of all new B2 shares. The subscription period of new series B2 shares will start 1 January 2023 and will last until the repayment of the subordinated shareholder loans. If the subordinated shareholder loan commitments received in December 2020 will be raised totally or partly, the number of option rights 2020 1A that base on the loan commitments given will decrease accordingly.

According to IAS 32 the Company has not recorded any entries in the equity as no subscriptions to shares have been made.

Earnings per share

Earnings per share are not presented as the Group operates at cost price. The ordinary shares of Pohjolan Voima Oyj are not traded in a public market.

Assets held for sale and discontinued operations

Assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell, if their carrying amount is recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Assets are not depreciated.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and:

1. Represents either a separate major line of business or a geographical area of operations
2. Is a part of a single co-ordinated plans to dispose of a separate major line of business or geographical area of operations, or
3. Is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

Profit of discontinued operations is presented as a single amount on the face of the statement of comprehensive income. Assets held for sale, disposal groups, any cumulative income or expense recognized in the other comprehensive income relating to a non-current asset classified as held for sale as well liabilities relating to disposal groups are presented separately in the face of the consolidated balance sheet.

Segment reporting

The Group has four reportable segments: hydro power, thermal power, nuclear power and other operations. The chief operation decision maker is the Board of Directors.

Implementation of interpretations and amendments to new and revised IFRS standards

In preparing these financial statements, the group has followed the same accounting policies as in the annual financial statements for 2019 except for the following amendments to existing standards which have been applied for from 1 January 2020 on.

- IAS 1 (amendment) and IAS 8 (amendment) – definition of materiality
- Revised Conceptual Framework for Financial Reporting

The adoption of the following amendments and interpretations to existing standards on 1 January 2020 has no impact on the consolidated financial statements:

- IFRS 3 (amendment) Business combination
- Temporary amendments to IFRS 9, IFRS 7 and IAS 39 – interest rate benchmark (IBOR) reform and its impact on financial statements reporting
- IFRS 16 (amendment) – COVID-19 related rent concession

The Group adopts the following published standards, interpretations and changes to existing standards and interpretations in its 2021 financial statements or later. Based on initial assessment, Group estimates that these have no impact on the consolidated financial statements, unless separately below stated.

- IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39 (amendments) - interest rate benchmark (IBOR) reform and its impact on financial statements reporting, second phase
- IAS 1 Presentation of financial statements (amendment) – classification of liabilities as current or non-current*
- IAS 16 Tangible assets (amendment) – proceeds before intended use*
- IFRS 3 Business Combinations (amendment) – reference to the conceptual framework*
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amendment) – onerous contracts, cost of fulfilling a contract*
- Annual Improvements to IFRS Standards 2018-2020*
- IFRS 17 Insurance Contracts*

*Standard, interpretation or amendment is not yet endorsed by EU.



2 CRITICAL JUDGEMENTS IN APPLYING THE ENTITY’S ACCOUNTING POLICIES AND CRITICAL ESTIMATIONS AND ASSUMPTIONS

The Group management makes judgements in the preparation of the financial statements relating to the selection and application of the accounting principles. These decisions relate specifically to those areas where the effective IFRS-standards allow alternative methods of recording, valuation or presentation.

The estimates and assumptions made by management in the preparation of the consolidated financial statements are based on the best knowledge at hand at year end. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results and the detailed background information are followed by management together with the business units using both internal and external sources of information. Changes to the estimates and assumptions are recognised in the financial period in which changes occur and all the future financial periods.

Teollisuuden Voima Oyj’s power plant construction in progress OL3 EPR

Teollisuuden Voima Oyj is accounted for in Pohjolan Voima’s consolidated financial statements by using equity method. TVO has OL3 EPR power plant unit under construction that has been ordered under a turnkey principle. According to an announcement of the OL3 turnkey supplier, the delivery will be delayed from the original schedule according to which the power plant unit should have been in production as of April 30, 2009.

TVO has during the fiscal year received an updated re-baseline schedule on the commissioning of the OL3 EPR plant unit from the supplier Areva–Siemens consortium. According to the schedule, fuel will be loaded into the reactor in March 2021, the unit will be connected to the grid in October of the same year, and regular electricity production starts in February 2022. The new Areva management, appointed in the summer of 2020, is preparing a financial solution to finalize the project until the end of the guarantee period. TVO continues negotiations with the Areva–Siemens consortium on the terms for project completion.

Pohjolan Voima is not aware of any technical or other issues that would prevent the completion of OL3 EPR project or the commencement of the unit. All the ongoing actions in OL3 EPR project will aim to prepare the asset for its intended use.

Legal obligations

Management judgement is required to estimate timing and valuation of the legal obligations. A provision is recorded when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Due to inherent uncertain nature of litigation, the actual losses may differ significantly from the originally estimated provision.

The Group has not recorded any provisions on litigations. The Group did not have any ongoing or expectable litigation that would have required judgement on provision recording.

Impairment testing

Impairment testing is carried out annually for goodwill and for intangible assets with indefinite useful lives. Impairment testing for other assets is performed when there is an indication that the asset might be impaired. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations are based on estimated future cash flows received from the use of the asset or the sale of the asset.

Pohjola Voima operations are based on the cost-price method (‘Mankala principle’). According to the company’s legal documents the shareholders of the Company are invoiced a price for the energy received which covers fixed and variable expenses of the operations. When testing if the assets are impaired based on the value-in-use, the discounted cash flows, correspond, except for a few exceptions, to the recoverable amount and therefore usually there is no impairment recorded.

Environmental provision

Operations of the Group are regulated by a number of laws and regulations. The Group is in compliance with all existing environmental regulations. The Group has recorded, for the industry customary, provisions for environment protection expenses to cover its legal obligations.

Environmental provisions base on management’s best estimate of landscaping costs. Environmental provisions consist of Asset Retirement Obligations of landfills which relate to ash storage in thermal power business. The Group recognizes a provision on estimated landscaping costs. The cost estimate is annually reviewed.

3 FINANCIAL RISK MANAGEMENT

The financial risk management in Pohjolan Voima Group is carried out centrally by the parent company treasury department under policies approved by the Board of Directors. The Group's activities expose it to a variety of financial risks: liquidity risk, market risk and credit risk.

The objective of the financing function is to ensure the existence of sufficient funds for operative decision making and to promote the low cost of electricity through its decisions.

Derivatives are entered into only for hedging purposes. Pohjolan Voima does not apply hedge accounting under IFRS.

Liquidity and refinancing risks

Liquidity and refinancing risks relate to the impact on the company's profit and loss and cash flows, if the company is unable to secure sufficient funding for its operations. In addition to sufficient liquid funds and committed credit facilities Pohjolan Voima Group seeks to reduce refinancing risk by diversifying the maturity of its loans as well as sources for its funding.

In accordance with Pohjolan Voima Group's financing policy, the maturity of long-term debt and refinancing is agreed so that a maximum of 25% of the outstanding debt will fall due within the next 12 months. This principle is not applied on the loans granted by the State Nuclear Waste Management Fund.

Liquidity risk is significantly reduced by the fact that Pohjolan Voima Group invoices shareholders in accordance with the Articles of Association, the monthly fixed and variable costs.

Free liquidity is invested prudently and productively in instruments with a duration of up to 12 months. The objective is to diversify investments and these are chosen so that a secondary market liquidity is also ensured in adverse conditions and so that most of the investments can be realized at a low cost.

Pohjolan Voima Group mainly uses the domestic commercial paper programs amounting to 300 million Euros in order to ensure short-term financing. As at 31 December 2020 99 million Euros out of the commercial paper program was in use (31 December 2019: 100 million Euros).

In addition to liquid assets Pohjolan Voima Group's liquidity is secured by 350 (300) million Euros revolving credit facilities as well as by shareholder loan commitments of 238 (90) million Euros. 21 million of the revolving credit facility will mature in June 2021 and the facility in total in June 2022. The loan facility was fully undrawn as at 31 December 2020 (as well as per 31 December 2019). The shareholder loan commitments were also undrawn as at 31 December 2020 (as well as per 31 December 2019).

Pohjolan Voima Group's financial arrangements do not include any covenants.

The following table presents a maturity analysis on loan agreements. The figures are cash based and interest flows are based on the interest rates prevailing at the closing date. Differences between the balance sheet items and the debt amounts below arise from the transaction costs that have been accrued according to the effective interest method in the balance sheet. Transaction costs for loan arrangements are not included in the cash flows as these have been paid at the time of the signing of the agreements.

Undiscounted cash flows of financial liabilities

2020

1,000 €	2021	2022	2023	2024	2025–	Total	Balance sheet
Loans from financial institutions ¹	-71,000	-231,000	-39,050	-2,835		-343,885	-343,885
Finance costs ²	-3,448	-1,732	-201	-10		-5,391	
Bonds			-125,000		-150,000	-275,000	-274,157
Finance costs	-4,386	-4,063	-4,063	-1,875	-1,875	-16,262	
Loan from the State Nuclear Waste Management Fund (TVO) ³					-350,000	-350,000	-350,000
Finance costs	-1,584	-1,584	-1,584	-1,584	-1,584	-1,584	
Lease liabilities ⁴	-13,073	-40,979	-12,596	-9,783	-92,382	-168,813	-166,623
Finance costs	-1,141	-925	-724	-647	-2,960	-6,397	
Commercial papers	-98,914					-98,914	-98,914
Finance costs	-86					-86	
Interest rate derivatives	-3,017	-2,862	-2,538	-2,114	-305	-10,836	-10,549
Total	-196,649	-283,145	-185,756	-18,848	-599,106	-1,277,168	

¹Repayments to be made in 2021 are included in current liabilities.

²In addition to interest expenses, finance costs also include a commitment fee.

³The loan from the State Nuclear Waste Management Fund does not have an actual date of maturity, and therefore it is presented as a loan with a loan term of over 5 years. According to the section 52 of the Nuclear Energy Act Teollisuuden Voima Oyj is entitled to borrow from State Nuclear Waste Management Fund against securing guarantees the amount which can be a maximum of 75 per cent of the latest confirmed TVO's share in the Fund. TVO has borrowed this amount from the Fund and has granted a loan with the corresponding amount to Pohjolan Voima. The loan is annually renewed and the State Nuclear Waste Management Fund is entitled to ask securing collateral for the loan.

⁴lease liabilities according to IFRS 16 included

Undiscounted cash flows of financial liabilities

2019

1,000 €	2020	2021	2022	2023	2024–	Total	Balance sheet
Loans from financial institutions ¹	-107,050	-170,300	-170,300	-2,800	-2,834	-453,285	-453,285
Finance costs ²	-4,239	-4,067	-1,124	-23	-10	-9,462	
Bonds				-125,000	-150,000	-275,000	273,885
Finance costs	-2,191	-4,383	-4,063	-4,063	-3,750	-18,449	
Loan from the State Nuclear Waste Management Fund (TVO) ³					-195,433	-195,433	-195,433
Finance costs	-991	-991	-991	-991	-991	-4,956	
Lease liabilities ⁴	-21,570	-13,023	-40,869	-12,555	-102,031	-190,047	-187,720
Finance costs	-1,075	-1,139	-923	-723	-3,591	-7,450	
Commercial papers	-99,849					-99,849	-99,849
Finance costs	-151					-151	
Interest rate derivatives	-2,735	-2,719	-2,594	-2,323	-2,259	-12,629	-10,154
Total	-239,850	-196,621	-220,864	-148,478	-460,898	-1,266,712	

¹Repayments to be made in 2020 are included in current liabilities.

²In addition to interest expenses, finance costs also include a commitment fee.

³The loan from the State Nuclear Waste Management Fund does not have an actual date of maturity, and therefore it is presented as a loan with a loan term of over 5 years. According to the section 52 of the Nuclear Energy Act Teollisuuden Voima Oyj is entitled to borrow from State Nuclear Waste Management Fund against securing guarantees the amount which can be a maximum of 75 per cent of the latest confirmed TVO's share in the Fund. TVO has borrowed this amount from the Fund and has granted a loan with the corresponding amount to Pohjolan Voima. The loan is annually renewed and the State Nuclear Waste Management Fund is entitled to ask securing collateral for the loan.

⁴lease liabilities according to IFRS 16 included

Market risk

Interest Rate Risk

Changes in interest rates and margins on the interest-bearing receivables and liabilities create an interest rate risk. The objective of the interest rate risk management in Pohjolan Voima, is to protect the Group against the increase of interest expenses caused by the increase in the reference interest rates. In accordance with the financing policy of the Group, the interest rate risk is monitored by means of duration of the loan portfolio for each series of shares. The duration of the loan portfolios of the parent company and subsidiaries are set at the level where the electricity price sensitivity to changes in interest rates is on an acceptable level considering the individual risk-bearing capacity of each series of shares. Interest derivatives are used in the management of the duration.

Variable rate borrowings amounted to 78% (77%) of the Group's total borrowings. Interest rate swaps currently in place cover approximately 26% (27%) of the variable loan principal outstanding. The fixed interest rates of the interest rate swaps range between 0.16% and 1.23% (0.16% and 1.39%).

As per 31 December 2020 the increase or decrease of one percentage point in the interest rate would affect the result of the year by approximately +7.6/-10.8 (+9.4/-14.1) million Euros. The impact includes in addition to the change of interest expense and income the change in the fair value of interest hedging instruments. The simulation calculates the effect of one percentage point change for all liabilities with variable interest rates as well as for interest income and expenses of receivables from the next interest fixing date until the end of the financial year. The financing structure is assumed to be unchanged and the short-term loans maturing during the financial year are assumed to be prolonged until the end of the year by using the new interest rate.

Currency Risk

Both short-term and long-term loans are mainly denominated in euros. Other than the euro-denominated borrowings are hedged latest at the time when the loan is drawn. All Pohjolan Voima Group's loans were euro-denominated in 2020 and 2019.

Credit risk

Credit or counterparty risk arises from the possibility that a customer or a financial counterparty does not fulfil its commitments. Commercial trade receivables, investments and receivables based on derivative financial instruments expose the company to credit risk. When counterparty banks are selected, only banks with high credit ratings qualify. Derivative financial agreements are entered into only with leading banks and financial institutions. All counterparties are monitored for their payment behaviour and credit worthiness. Pohjolan Voima did not recognise impairment (2019: 0 thousand euros) on trade receivables during the reporting period. Pohjolan Voima sells electricity and heat to its shareholders. Pohjolan Voima operates based on cost price according to its Articles of Association (Mankala principle), which decreases the credit risk related to the trade receivables significantly. There are no significant trade receivables past due in the Group.

Pohjolan Voima supplies electricity and heat only to its shareholders who according to the Articles of Association are obliged to pay variable and fixed costs of the energy delivered. Accounts receivable relating to energy delivery has not faced any credit losses in the past and no impairment is expected. Other accounts receivable are immaterial and credit losses on them extraordinary. Loan receivables are shareholder loan granted to Teollisuuden Voima Oyj, the joint venture and on the basis of the assessment made by the Group do not carry any impairment risk.

Capital risk management

Capital is defined as the equity attributable to the owners of the parent company consisting of share capital, share premium, reserve for invested non-restricted equity, revaluation reserve, retained earnings and equity loans, as well as the equity attributable to the non-controlling interest. There are no external capital requirements it needs to adhere to. Sufficient equity-based financing in the Group enables use of diversified financing types from different sources. There is a moderate variation of the equity to assets ratio of the Group depending on the investment cycles. Shareholders of each series of shares according to their proportionate ownership are responsible for the equity share of the investments.

Pohjolan Voima follows the equity on assets ratio, which is presented below.

	2020	2019
Equity on assets ratio (%) (IFRS, Group)*	41	39

*Equity on assets ratio%

= 100 x $\frac{\text{Shareholders' equity}}{\text{Balance sheet total}}$

4 SEGMENT INFORMATION

“The Group has four reportable segments: hydropower, thermal power, nuclear power and other operations. The electricity of the hydropower segment is produced at eight hydro power plants owned by PVO-Vesivoima Oy. In addition, the shareholdings in Tornio-laakson Voima Oy, Länsi-Suomen Voima Oy and Voimalohi Oy belong to the hydropower segment. The electricity and heat of the thermal power segment is produced at the power plants of Hämeenkyrön Voima Oy, Kaukaan Voima Oy, Kymin Voima Oy, Laanilan Voima Oy, Porin Prosessivoima Oy and Rauman Biovoima Oy. In addition, the shareholdings in joint venture Vaskiluodon Voima Oy and associate Oy Alholmens Kraft Ab belong to the thermal power segment. Tahkoluodon Polttoöljy Oy is a dormant company.

The nuclear power segment includes the share in the joint venture Teollisuuden Voima Oyj which produces electricity at two nuclear power plant units, Olkiluoto 1 and Olkiluoto 2. Nuclear power plant unit Olkiluoto 3 is under construction.

The other operations cover the group functions of the parent company Pohjolan Voima Oyj, the service companies PVO Power Management Oy, PVO Power Services Oy and the dormant company Rouhialan Voimansiirto Oy. The operations of PVO-Lämpövoima Oy are presented as discontinued operations.

The Group discloses sales, depreciation, amortisation and impairment, finance income and costs, the profit or loss for the year, and assets and liabilities by business segments, which the chief operation decision maker follows. Group’s liabilities are allocated to segments based on the usage of segment’s assets in order to allocate financial costs to various production types. The group company that has withdrawn the liability bears the legal responsibility on the liabilities.

2020

Income statement	Hydropower	Thermal power	Nuclear power	Other	Total	Discontinued operations
Sales, external	9,883	209,729	158,797	33,083	411,492	244
Sales, inter-segment	13,986	114,636		23,314	151,936	
Elimination					-151,936	
Sales total	23,869	324,365	158,797	56,397	411,492	244
Depreciation, amortisation and impairment	-4,736	-33,659		-655	-39,050	
Share of (loss)/profit of associates and joint ventures	67	-1,677	-4,528		-6,138	
Operating profit or loss	-1,748	1,993	-4,528	1,050	-3,233	-2,717
Finance income and costs	-2,016	-2,558	-6,380	-1,048	-12,002	25
Income taxes				1	1	
Profit/loss for the year from continuing and discontinued operations	-3,764	-565	-10,908	3	-15,234	-2,692

2020

Assets	Hydropower	Thermal power	Nuclear power	Other	Total
Non-current assets	430,872	355,149	1,233,990	38,225	2,058,236
Current assets	-1,701	72,304	0	78,303	148,906
Elimination					-20,225
Current assets total					128,681
Assets held for sale		2,556			2,556
Total assets	429,171	430,009	1,233,990	116,528	2,189,473
Liabilities					
Non-current liabilities					
Non-current liabilities	69,942	201,210	784,655	0	1,055,807
Other non-current liabilities					10,549
Non-current liabilities total					1,066,356
Current liabilities					
Current liabilities	67,410	44,881	27,594	112,690	252,574
Elimination					-20,225
Current liabilities total					232,349
Total liabilities	137,351	246,091	812,249	112,690	1,298,705



2019

Income statement	Hydropower	Thermal power	Nuclear power	Other	Total	Discontinued operations
Sales, external	12,428	233,987	134,615	40,570	421,600	275
Sales, inter-segment	12,068	126,689		21,022	159,779	4,509
Elimination					-164,288	
Sales total	24,496	360,676	134,615	61,592	417,091	4,783
Depreciation, amortisation and impairment	-4,651	-34,601		-642	-39,894	-364
Share of (loss)/profit of associates and joint ventures	-32	-1,208	44,962		43,723	
Operating profit or loss	-2,507	975	44,962	1,275	44,704	2,893
Finance income and costs	-1,393	-2,228	-6,796	-4,310	-14,727	34
Income taxes	-1			-1	-2	
Profit/loss for the year from continuing and discontinued operations	-3,901	-1,253	38,166	-3,037	29,975	2,927

2019

Assets	Hydropower	Thermal power	Nuclear power	Other	Total
Non-current assets	432,783	386,732	1,100,804	38,853	1,959,172
Current assets	4,270	74,576	0	86,291	165,137
Elimination					-20,673
Current assets total					144,464
Assets held for sale		2,768			2,768
Total assets	437,053	464,076	1,100,804	125,144	2,106,404

Liabilities

Non-current liabilities					
Non-current liabilities	134,861	171,637	680,387	0	986,885
Other non-current liabilities					10,154
Non-current liabilities total					997,039
Current liabilities					
Current liabilities	6,608	105,508	42,409	144,300	298,825
Elimination					-20,673
Current liabilities total					278,152
Total liabilities	141,469	277,145	722,796	144,300	1,275,191

5 SOLD NON-CURRENT ASSETS AND BUSINESS COMBINATIONS

Sold non-current assets

There were no sold non-current assets in 2020 or in 2019.

Business combinations

There were no business combinations in 2020 or in 2019.

6 NOTES TO THE STATEMENT OF CASH FLOWS

Adjustments to profit or loss for the year (1,000 €)	2020	2019
Depreciation and amortisation	39,050	40,257
Increase/decrease in fair value of derivatives	438	4,057
Income taxes	-1	2
Gains (+) or losses (-) from disposal of non-current assets	-511	-1,962
Finance costs - net	11,539	10,636
Share of (loss)/profit of associates and joint ventures	6,138	-43,723
Other adjustments	0	-328
Total	56,653	8,939

Change in net working capital	2020	2019
Increase (-) or decrease (+) in non-interest-bearing receivables	-2,527	10,562
Increase (-) or decrease (+) in inventories	133	4,641
Increase (+) or decrease (-) in current non-interest-bearing liabilities	-959	-6,820
Change in provisions	44	-35
Total	-3,309	8,348

7 SALES

1,000 €	2020	2019
Sales of electricity produced	261,843	253,510
Sales of heat produced	130,451	140,847
Sales of purchased electricity	10,412	13,448
Other sales	8,786	9,287
Total	411,492	417,091

Electricity delivered to shareholders (GWh)

Electricity produced	11,807	11,666
Heat produced	3,054	3,709
Purchased electricity	486	415

PVO's electricity purchases are determined by the electricity required by the shareholders. In 2020, Pohjolan Voima Group's total electricity purchases from continuing operations were 12.3 (12.1) TWh. The Group's electricity generation accounted for 11.8 (11.7) TWh, of which the parent company delivered to its shareholders 11.4 (11.2) TWh. Subsidiaries supplied 0.4 (0.5) TWh to other owners. Purchases from continuing operations from the Nordic electricity market, were 0.5 (0.4) TWh and sales were 0.4 (0.4) TWh. Heat deliveries were 3.6 (4.2) TWh.

Other sales consist primarily of sales of emission allowances as well as network and management services.



8 OTHER OPERATING INCOME

1,000 €	2020	2019
Rental income	491	492
Gain on sale of property, plant and equipment as well as subsidiaries and joint ventures	357	243
Government grants	0	4
Other income	286	1,788
Total	1,134	2,527

9 MATERIALS AND SERVICES

1,000 €	2020	2019
Fuels	83,384	93,409
Change in inventories	-472	2,199
Materials and services	1,846	2,272
Emissions allowances - carbon dioxide	1,702	4,174
Energy purchased; Nordic electricity market	19,250	17,546
Energy purchased; Associates and Joint ventures	197,318	188,612
Energy purchased; other	5,188	5,272
External services	5,121	6,336
Total	313,338	319,819

Purchases of fuel consist of peat and biofuel purchases, which are used for electricity and heat production.

Energy purchases from associates and joint ventures include purchases according to the ownership share in Teollisuuden Voima Oyj, Oy Alholmens Kraft Ab and Vaskiluodon Voima Oy.

10 PERSONNEL EXPENSES

Personnel-related expenses

1,000 €	2020	2019
Wages and salaries	7,075	7,055
Pension expenses - defined contribution	1,075	1,241
Other personnel expenses	235	206
Total	8,385	8,502

Average number of personnel

	2020	2019
Salaried employees	55	64
Wage-earners	27	25
Total	82	89

Above average number of personnel includes personnel of discontinued operations in total 2 in 2020 (8). Out of this salaried employees amount to 2 (8) and there were no wage-earners in 2020 (0).



11 Depreciation, amortisation and impairment

1,000 €	2020	2019
Amortisation of intangible assets		
Intangible rights	72	42
Other intangible assets	598	559
Total	670	601
Depreciation of property, plant and equipment		
Land and water areas	312	309
Buildings and constructions	5,546	5,547
Machinery and equipment	30,275	31,090
Other assets	2,071	2,347
Total	38,204	39,293
Impairments		
Machinery and equipment	176	0
Total	176	0
Depreciation, amortisation and impairment total	39,050	39,894

Depreciation include the effect of IFRS 16 implementation on asset retirement obligations.

12 OTHER OPERATING EXPENSES

1,000 €	2020	2019
Repair, servicing and maintenance services	12,689	14,614
Real estate taxes	6,064	6,104
Rents	190	237
Operation services	15,741	15,107
Other expenses	14,264	14,359
Total	48,948	50,422

Auditor's fees

1,000 €	2020	2019
Audit fees	156	189
Tax advisory	0	3
Other services	16	16
Total	172	208

13 RESEARCH & DEVELOPMENT

Research and development recognised as an expense during the period totalled 78 (84) thousand euros in 2020.



14 FINANCE INCOME AND COSTS

1,000 €	2020	2019
Interest income on loans and receivables	2,958	3,249
Finance income total	2,958	3,249
Interest expense on liabilities at amortized costs	12,837	12,006
Derivative financial instruments (hedge accounting is not applied)		
Fair value losses	438	4,057
Other finance cost	1,685	1,914
Finance costs total	14,960	17,976
Total finance income and costs	-12,002	-14,727

15 INCOME TAX

PVO delivers electricity and heating to its shareholders at cost price. According to the cost-based pricing the Group does not pay any taxes on its energy related operations, therefore the Group does not recognise any deferred tax assets or liabilities on these operations. Income taxes and deferred taxes are recognised, on the other hand, on the services provided by the Group.

Change in deferred tax:

Differences between income taxes recognised in the consolidated income statement and the tax rate in Finland as presented in the following table:

1,000 €	2020	2019
Result before income tax	-15,235	29,977
Tax based on Finnish tax rate 20%	3,047	-5,995
Share of profits and losses of associates and joint ventures	-1,228	8,849
Non-deductible expenses	-89	-89
Unrecognised deferred taxes due to cost price principle	-481	-1,429
Tax losses excluding the deferred tax asset for previous periods	-1,249	-1,338
Income taxes recognised in consolidated income statement	1	-2

16 INTANGIBLE ASSETS

1,000 €	Emission allowances - carbon dioxide	Intangible rights	Other intangible assets	Total
Cost or valuation at 1 Jan 2020	3,388	281,158	17,833	302,379
Additions	2,239	130	5	2,374
Disposals	-4,037			-4,037
Reclassifications		125	118	243
At 31 Dec 2020	1,590	281,413	17,956	300,959
Accumulated amortisation and impairment 1 Jan 2020	0	1,403	15,317	16,720
Disposals				0
Amortisation for the period		72	598	670
Accumulated amortisation and impairment 31 Dec 2020	0	1,475	15,915	17,390
Closing net book amount 31 Dec 2020	1,590	279,938	2,041	283,569
Closing net book amount 31 Dec 2019	3,388	279,755	2,516	285,659

The intangible assets include the right to produce hydro power totalling 265 million Euros and the compensation amounting to 14.4 million Euros paid in 2013, 2014 and 2015 for the water area usage permanent right. The right to produce hydro power and the water area usage permanent right are intangible assets, with indefinite useful lives. Impairment testing for these assets is performed annually.

Impairment testing

In impairment testing discounted cash flows are analysed and the analysis is supplemented by comparing the valuation calculations to other market data. The testing has been done by using value in use method. Testing unit is hydropower segment. The calculation model includes estimate of 50 years and the terminal value. The price of electricity is obtained from quotations of derivatives for the first four years and after that the estimate is based on the market forecasts of various service providers. The discount rate applied is 4.0% and weighted average capital cost has been used in the discount rate calculation. Impairment test has not resulted in any need for impairment, because the future generated cash flows exceed the carrying value of the right to produce hydro power and the water area usage permanent right. The implementation of IFRS 16 has not affected the calculation.

1,000 €	Emission allowances - carbon dioxide	Intangible rights	Other intangible assets	Total
Cost or valuation at 1 Jan 2019	2,032	281,158	17,933	301,123
Additions	3,622		763	4,385
Disposals	-2,266		-1,002	-3,268
Reclassifications			139	139
At 31 Dec 2019	3,388	281,158	17,833	302,379
Accumulated amortisation and impairment 1 Jan 2019	0	1,361	15,589	16,950
Disposals			-831	-831
Amortisation for the period		42	559	601
Accumulated amortisation and impairment 31 Dec 2019	0	1,403	15,317	16,720
Closing net book amount 31 Dec 2019	3,388	279,755	2,516	285,659
Closing net book amount 31 Dec 2018	2,032	279,797	2,344	284,173

In the sensitivity analysis the electricity market price change of +/- 5% would change the value of the tested business by approximately +/- 134 million Euros. The change of the weighted average capital cost of +/- 0.5 percentage point would accordingly affect approximately +/- 339 million Euros. None of the presented negative change would result in impairment of the tested assets.

There is no goodwill included within intangible rights and other intangible assets.



17 PROPERTY, PLANT AND EQUIPMENT

1,000 €	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Prepayments	Total
Cost or valuation at 1 Jan 2020	41,329	130,902	725,657	85,500	3,606	986,995
Additions	142	22	180		7,956	8,300
Disposals	-3	-2	-205	-6		-216
Change in accounting estimates						0
Reclassifications			3,798		-4,041	-243
Cost or valuation 31 Dec 2020	41,468	130,922	729,430	85,494	7,521	994,836
Accumulated depreciation 1 Jan 2020	309	60,093	401,398	51,921	0	513,721
Disposals and reclassifications		-2	-152			-154
Depreciation and impairment for the period	312	5,546	30,451	2,071		38,380
Accumulated depreciation 31 Dec 2020	621	65,637	431,697	53,992	0	551,947
Net book amount 31 Dec 2020	40,847	65,285	297,734	31,501	7,521	442,889
Net book amount 31 Dec 2019	41,020	70,809	324,260	33,578	3,606	473,274



1,000 €	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Prepayments	Total
Cost or valuation at 1 Jan 2019	33,779	128,935	719,873	83,463	5,515	971,566
IFRS 16 additions 1 Jan 2019	6,934	1,890	355	1,747		10,926
Additions	740	194	260	272	3,548	5,014
Disposals	-124	-117	-149			-390
Change in accounting estimates				18		18
Reclassifications			5,318		-5,457	-139
Cost or valuation 31 Dec 2019	41,329	130,902	725,657	85,500	3,606	986,995
Accumulated depreciation 1 Jan 2019	0	54,571	370,344	49,211	0	474,126
Disposals and reclassifications		-25	-36			-61
Depreciation for the period	309	5,547	31,090	2,347		39,293
Amortisation and impairment, discontinued operations				363		363
Accumulated depreciation 31 Dec 2019	309	60,093	401,398	51,921	0	513,721
Net book amount 31 Dec 2019	41,020	70,809	324,260	33,578	3,606	473,274
Net book amount 31 Dec 2018	33,779	74,364	349,530	34,251	5,515	497,440

In 2020 the lifetime of one landfill and in 2019 the asset retirement obligation of one landfill were revised.

Management has assessed that no indications of impairment exists.

Borrowing costs included in the cost of property, plant and equipment:

1,000 €	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Cost or valuation at 1 Jan 2020	460	15,642	111	16,213
Additions				0
Disposals				0
Cost or valuation at 31 Dec 2020	460	15,642	111	16,213
Accumulated depreciation 1 Jan 2020	308	8,149	76	8,534
Disposals				0
Depreciation for the period	18	615	5	638
Accumulated depreciation 31 Dec 2020	326	8,764	81	9,172
Net book amount 31 Dec 2020	134	6,877	30	7,041
Net book amount 31 Dec 2019	152	7,492	35	7,679

The borrowing costs related to the construction of power plants are capitalized as part of the acquisition cost of the asset and depreciated over the useful life of the asset.

1,000 €	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Cost or valuation at 1 Jan 2019	460	15,642	111	16,213
Additions				0
Disposals				0
Cost or valuation at 31 Dec 2019	460	15,642	111	16,213
Accumulated depreciation 1 Jan 2019	289	7,534	72	7,896
Disposals				0
Depreciation for the period	19	615	4	638
Accumulated depreciation 31 Dec 2019	308	8,149	76	8,534
Net book amount 31 Dec 2019	152	7,492	35	7,679
Net book amount 31 Dec 2018	171	8,107	39	8,317

18 LEASES

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted mainly for lease payments made at or before the commencement date. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term or the end of the useful life of the right-of-use asset.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease term applied corresponds to the non-cancellable period except in case where the Group is reasonably certain to exercise renewal option of prolonging the contract. The lease liabilities are measured at amortised cost.

The Group has decided to use the exemption not to apply the new guidance to leases with a terms less than twelve months or to leases for which the underlying asset value is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

1,000 €	2020	2019
Land and water areas	313	309
Buildings	553	547
Machinery and equipment	12,467	14,264
Other tangible assets	168	221
Total	13,501	15,341
Interest expense (included in finance cost)	1,260	1,020
Expense relating to short-term leases	25	10
Expense relating to leases of low-value assets that are not shown above as short-term leases	73	64

The total cash outflow of leases in 2020 was 8,781 (10,241) thousand Euros.



Amounts recognised in the balance sheet

This note provides information for leases where the group is a lessee.
The balance sheet shows the following amounts relating to leases:

Right-of-use assets

1,000 €	2020	2019
Land and water areas	7,141	7,311
Buildings	914	1,445
Machinery and equipment	142,795	163,568
Other tangible assets	1,631	1,798
Total	152,481	174,122
Provisions	2,059	1,798
Lease liabilities		
Current	12,922	21,408
Non-current	153,701	166,312
Total	166,623	187,720

Additions to the right-of-use assets during the 2020 were 337 thousand Euros. For adjustments recognised on adoption of IFRS 16 on 1 January 2019 were 10,926 thousand Euros and additions during the 2019 were 1,416 thousand Euros.

19 ASSOCIATES AND JOINT VENTURES

Share of (loss)/profit of associates and joint ventures

1,000 €	2020	2019
Länsi-Suomen Voima Oy	71	0
Oy Alholmens Kraft Ab	-43	-435
Tahkoluodon Polttoöljy Oy	-1	0
Teollisuuden Voima Oyj	-4,528	44,962
Torniolaakson Voima Oy	-19	-42
Vaskiluodon Voima Oy	-1,633	-773
Voimalohi Oy	15	11
Total	-6,138	43,723

Teollisuuden Voima Oyj's result in 2019 was due to the change in the nuclear waste management liability provisions TVO updated the cost estimate based on the new technical plan and schedule for nuclear waste management. TVO also changed the discount rate of interest for the nuclear waste management liability calculation.

Investments in associates and joint ventures

1,000 €	2020	2019
At 1 January	753,768	714,625
Share of profit	-6,138	43,723
Other comprehensive income	-12,866	-4,581
At 31 December	734,764	753,768

Associates and Joint Ventures

Company, domicile	Interest held %		Book value 1,000 €	
	2020	2019	2020	2019
Associates				
Oy Alholmens Kraft Ab, Pietarsaari	49.90%	49.90%	17,971	18,014
Länsi-Suomen Voima Oy, Harjavalta	19.90%	19.90%	33,669	33,598
Tahkoluodon Polttoöljy Oy, Pori	32.00%	32.00%	0	0
Torniolaakson Voima Oy, Ylitornio	50.00%	50.00%	1,884	1,904
			53,524	53,516
Joint Ventures				
Teollisuuden Voima Oyj, Helsinki	58.50%	57.06%	674,258	691,651
Vaskiluodon Voima Oy, Vaasa	50.00%	50.00%	6,765	8,399
Voimalohi Oy, Kemi	50.00%	50.00%	217	202
			681,240	700,252
Associates and joint ventures total			734,764	753,768

Pohjolan Voima accounts for Teollisuuden Voima Oyj as a joint venture in the IFRS consolidated financial statements. Pohjolan Voima Oyj owns 58.50 % of (57.06%) the share capital of Teollisuuden Voima Oyj at 31 December 2020. Based on the Articles of Association and other company records which dictate the basis for the decision making and governance of the company, as well as, Pohjolan Voima Oyj's right to appoint board members, the Group has assessed that Teollisuuden Voima Oyj should be accounted for as a joint venture.

Teollisuuden Voima Oyj has investment commitments totalling 523 (492) million Euros.

Goodwill on acquisition of Länsi-Suomen Voima Oy is included in the investments in the associates totalling 28 (28) million Euros at 31 December 2020. Impairment testing of the goodwill is performed annually. Länsi-Suomen Voima Oy owns the hydropower plant located in Harjavalta at Kokemäenjoki. Pohjolan Voima has assessed that the fair value of the investment in the associate exceeds its carrying value at 31 December 2020.

Information on the associated companies and joint ventures of the Group, and their aggregate assets and liabilities, revenues and profit or loss for the year is presented below. All associates and joint ventures are unlisted companies.

1,000 €	Assets	Liabilities	Revenue	Profit/loss (-)
2020				
Oy Alholmens Kraft Ab	97,696	61,271	51,950	-582
Länsi-Suomen Voima Oy	39,628	12,229	4,143	76
Tahkoluodon Polttoöljy Oy	6	0	0	-2
Teollisuuden Voima Oyj	8,181,057	6,138,109	275,120	454
Torniolaakson Voima Oy	6,534	2,763	1,482	-6
Vaskiluodon Voima Oy	62,033	45,277	52,260	-654
Voimalohi Oy	1,437	1,001	4,318	3
Total	8,388,390	6,260,651	389,272	-712

1,000 €	Assets	Liabilities	Revenue	Profit/loss (-)
2019				
Oy Alholmens Kraft Ab	102,405	65,788	55,679	-872
Länsi-Suomen Voima Oy	39,741	12,398	3,467	256
Tahkoluodon Polttoöljy Oy	8	0	0	0
Teollisuuden Voima Oyj	7,941,881	6,122,485	254,208	87,196
Torniolaakson Voima Oy	6,814	3,006	1,425	-17
Vaskiluodon Voima Oy	79,216	58,540	65,259	-310
Voimalohi Oy	1,217	802	3,825	1
Total	8,171,283	6,263,018	383,863	86,254

Related-party transactions - transactions with associates and joint ventures

1,000 €	2020	2019
Sales to associates and joint ventures	745	5,217
Purchases from associates and joint ventures	191,088	179,892
Receivables from associates and joint ventures	610,148	458,268
Liabilities to associates and joint ventures	361,669	205,151

	2020	2019
Personnel employed by associates and joint ventures in average	1,065	1,024

Summary of the financial information on joint ventures

Teollisuuden Voima Oyj is the most significant joint venture of Pohjolan Voima. Teollisuuden Voima Oyj is a public limited company, the shares of which do not have a quoted market price. Teollisuuden Voima is consolidated in the Group's financial statements using the equity method.

	TVO Group	
Summary of the balance sheet	2020	2019
Current		
Cash and cash equivalents	161,363	237,832
Other current assets	328,961	358,977
Current assets in total	490,324	596,809
Financial liabilities (excl. trade payables)	-427,211	-422,769
Other current liabilities (incl. trade payables)	-112,247	-138,390
Current liabilities in total	-539,458	-561,159
Non-current		
Assets	7,690,733	7,345,072
Financial liabilities	-5,598,651	-5,561,325
Non-current liabilities in total	-5,598,651	-5,561,325
Net assets	2,042,948	1,819,397

Summary of the statement of comprehensive income	TVO Group	
	2020	2019
Sales	275,120	254,208
Depreciation	-45,461	-45,488
Finance income	11,616	11,550
Finance costs	-39,517	-76,700
Profit/loss from continuing operations before income tax	454	87,196
Income tax expense	0	0
Profit/loss from continuing operations after income tax	454	87,196
Other comprehensive income	-21,994	-8,028
Profit/loss from continuing operations	-21,540	79,168

TVO’s result in 2019 was due to the change to the nuclear waste management liability provision as TVO updated the cost estimate based on the new technical plan and schedule for nuclear waste management. TVO also changed the discount rate of interest for the nuclear waste management liability calculation.

Summary of the financial information	2020	2019
Net assets at 1 January	1,819,397	1,745,257
Profit/loss for the year	-21,540	79,168
The change and interest of subordinated shareholder loans	245,094	-5,028
Refund of reserves	-3	0
Net assets at the end of the period	2,042,948	1,819,397
Group ownership %	58,50%	57,06%
Group ownership share	1,195,124	1,038,148
Subordinated shareholder loans	-543,641	-387,609
IFRS-entries relating to the valuation	22,774	41,112
Book value	674,258	691,651

20 OTHER FINANCIAL ASSETS

1,000 €	2020	2019
Investments in non-listed securities	484	484
Total	484	484

Other financial assets consist mainly of vacation cottage and golf shares used by personnel totalling 0.5 (0.5) million Euros.

21 LOANS AND OTHER RECEIVABLES

Non-current loans and other receivables		
1,000 €	2020	2019
Loans to associates and joint ventures	559,733	409,153
Other non-current receivables	36,797	36,833
Total	596,530	445,987

Loans to associates and joint ventures include a loan receivable from Teollisuuden Voima Oyj of 559.7 (409.2) million Euros. There is no material credit risk related to the non-current loans and other receivables.

Trade and other receivables

1,000 €	2020	2019
Trade receivables	50,695	51,109
Pledged cash deposits	150	153
Prepayments and accrued income	22,542	20,176
Other current receivables	1,772	1,527
Total	75,159	72,966

Carrying values of trade receivables and other receivables approximates their fair value.

Prepayments and accrued income:

1,000 €	2020	2019
Prepayments, energy purchases	11,222	9,908
Indirect taxes	6,390	4,593
Other	4,930	5,675
Total	22,542	20,176

The Group did not record credit losses in 2020 (2019: not recorded) on trade receivables or other receivables. The Group had no material outstanding receivables as per 31 December 2020. Therefore, the aging of trade receivables is not presented.

22 SHORT-TERM DEPOSITS, CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS

1,000 €	2020	2019
Cash at bank and on hand	44,312	62,367
Total	44,312	62,367

Cash and cash equivalents comprise of cash on hand, bank deposits and other short-term (up to three months), liquid investments.

23 INVENTORIES

1,000 €	2020	2019
Fuels		
Coal	1,996	2,100
Other fuels	6,761	6,185
Prepayments	453	846
Total	9,210	9,131

No inventory impairment was recorded from continued operations (2019: not recorded) and from discontinued operations (2019: not recorded) in 2020.



24 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations

1,000 €	2020	2019
Income	677	9,978
Costs	-3,369	-7,051
Profit before income tax	-2,692	2,927
Profit from discontinued operations	-2,692	2,927

Cash flow from discontinued operations

1,000 €	2020	2019
Cash flows from operating activities	1,712	-1,358
Cash flows from investing activities	853	1,236
Cash flows total	2,565	-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 2020 and 2019 as discontinued operations. PVO-Lämpövoima’s tangible assets and inventory are presented as assets held for sale.

Assets held for sale

1,000 €	2020	2019
Tangible assets	2,556	2,556
Inventory	0	212
Total	2,556	2,768

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

25 EQUITY

According to the articles of association, PVO supplies energy to its shareholders at cost, i.e. delivers energy it has produced or acquired to each shareholder according to their proportionate ownership in each series of shares. Shareholders are according to their proportionate ownership in each series of shares responsible for the fixed costs for the underlying shares, regardless of whether the power or energy share is used or not. Variable costs, on the other hand, are invoiced to the shareholders based on the share of the energy delivered.

Reconciliation of the number of shares:

1,000 €	Number of shares	Share capital	Share premium	Revaluation reserve	Reserve for invested non-restricted equity	Subordinated shareholders loans (hybrid equity)	Retained earnings	Total
1 Jan 2019	32,509,113	65,293	216,822	1,700	326,683		165,879	776,377
Transfer to retained earnings and reserve for invested non-restricted equity		-9,972	-10,823		14,961		5,834	0
Refund of reserves					-14,000			-14,000
Other comprehensive income				-4,581			32,731	28,150
31 Dec 2019	32,509,113	55,321	205,999	-2,881	327,644	0	204,444	790,527
Proceeds from share issue								0
Withdrawals of subordinated shareholders loans (hybrid equity)						90,347		90,347
Other comprehensive income				-12,866			-18,312	-31,178
31 Dec 2020	32,509,113	55,321	205,999	-15,747	327,644	90,347	186,132	849,696

Shares

The number of shares at 31 December 2020 was 32,509,113. The shares have no nominal value. All issued shares are fully paid.

The company has 14 registered series of shares

Share capital by share category	Number	1,000 €	Share capital by share category	Number	1,000 €
Series A: - entitling the holder to obtain energy produced or purchased by PVO-Vesivoima Oy	13,350,077	22,453	Series G5: - entitling the holder to obtain energy produced by Laanilan Voima Oy	155,272	261
Series B: - entitling the holder to obtain 56.8% of the energy produced or purchased by Teollisuuden Voima Oyj's - Olkiluoto plant 1 and 2	7,124,507	11,983	Series G6: - entitling the holder to obtain energy produced by Porin Prosessivoima Oy	646,217	1,087
Series B2: - entitling the holder to obtain 60.2% of the energy produced by Teollisuuden Voima Oyj's Olkiluoto plant 3 once its construction is completed.	5,603,151	9,424	Series G9: - entitling the holder to obtain 54.0% of the energy produced by Kaukaan Voima Oy	589,071	991
Series C: - entitling the holder to obtain energy produced or purchased by PVO-Lämpövoima Oy	2,224,498	1,983	G10-sarja - entitling the holder to obtain 84.0% of the energy produced by Hämeenkyrön Voima Oy	213,600	359
Series C2: - entitling the holder to obtain 56.8% of the energy produced or purchased by Teollisuuden Voima Oyj's Meri-Pori coal power plant	359,198	604	Series M: - entitling the holder to obtain 100.0% of the energy produced by Mussalon Voima Oy	307,707	2,921
Series G: - entitling the holder to obtain 49.9% of the energy produced by Oy Alholmens Kraft Ab	354,290	596	Series V: - entitling the holder to obtain 50.0% of the energy produced by Vaskiluodon Voima Oy	1,046,823	1,761
Series G2: - entitling the holder to obtain 76.0% of the energy produced by Kymin Voima Oy	238,216	401		32,509,113	55,321
Series G4: - entitling the holder to obtain 72.0% of the energy produced by Rauman Voima Oy	296,486	499			

The following shares were issued during the financial year:

There were no share issues subscribed in 2020.

Other changes in shareholders' equity:

Pohjolan Voima Oyj raised subordinated shareholder loans in total of 90,347 thousand euros as at 27 November 2020.

Share premium

Share premium is recorded under the old Limited Liability Companies Act (29.9.1978/734), and was calculated as the difference between the nominal value of the shares and the subscription price. Share premium is restricted equity under the Limited Liability Companies Act. Share premium may be reduced to cover losses or it can be returned to owners under certain conditions.

Revaluation reserve

Derivative instruments used in cash flow hedging and fair value gains or losses on investments available-for-sale are recorded in the revaluation reserve. Fair value changes are transferred to the profit for the year when hedged cash flows realize. Fair value changes in investments available-for-sale are transferred to the profit for the year when the investment is disposed of or when its value has been impaired.

Invested non-restricted equity

Subscription prices for shares are recorded in invested non-restricted equity to the extent that they are not, based on an explicit decision, to be recorded as share capital. Further the reserve includes the portion of the C-series restricted equity decrease.

Subordinated shareholders loans and option rights

The Company raised subordinated shareholder loans in total of 90,347 thousand euros as at 27 November 2020. There is no maturity date for the subordinated shareholder loans, but the borrower is entitled to repay the loan in one or several instalments. The Board of Directors of the borrower has the right to decide not to pay interest during any current interest period. Unpaid interest does not accumulate to the following interest periods.

Subordinated shareholder loans are unsecured and in a weaker preference position than promissory notes. Holders of a subordinated loan have no shareholder rights, nor does the bond dilute the ownership of the Company's shareholders.

In connection with the shareholder loan commitments, option rights have been also issued, which entitle to convert the shareholder loan receivable into series B2 shares. The option rights issued entitle to maximum of 1,613,347 new B2 shares. The subscription price of a new B2 share is 56 euros and the subscription price can only be paid by setting of the total principal of the shareholder loan receivable that the shareholder has from the Company against the total subscription price of all new B2 shares. The share subscription period started on 1 January 2021 and will last until the repayment of the subordinated shareholder loans. New B2 shares can be subscribed once a year by informing the Company 31 January at the latest. Further share subscription right can be used in connection of the loan repayment. Option rights can be sold or otherwise transfer only to a transferee that is a holder of the Company's B2 series shares and a party to the Shareholders' Agreement.

26 PROVISIONS

1,000 €	Environmental provisions
At 1 January 2020	5,020
Effect of discounting	44
At 31 December 2020	5,064

1,000 €	2020	2019
Non-current	5,064	5,020
Total	5,064	5,020

Environmental provisions

The environmental provisions include provision for the landscaping of power plant landfills. The present value of the landscaping is capitalized as part of the other tangible assets and recorded as a provision. The environmental provision totalled 3.0 million Euros at 31 December 2020 and it is estimated that it will be fully utilised by 2030.

From 1 January 2019 on environmental provisions include the asset retirement obligations amounting to 1.7 million Euros according to IFRS 16 leases. The corresponding balance is included in property, plant and equipment. Additions recorded in 2019 amounted to 0.3 million Euros.

The discount rate used to determine present value was 1.05%.

27 BORROWINGS

1,000 €	2020	2019
Non-current:		
Borrowings from associates and joint ventures	350,000	195,433
Borrowings from financial institutions	272,885	346,235
Bonds	274,157	273,885
Leases	153,701	166,312
Total	1,050,743	981,865
Current:		
Borrowings from financial institutions	71,000	107,050
Other interest-bearing current liabilities	98,914	99,849
Leases	12,922	21,408
Total	182,836	228,307
Total borrowings	1,233,579	1,210,172

Fair values of non-current and current borrowings are presented in note 30.

Teollisuuden Voima Oyj is obliged to nuclear waste management. The obligation entitles Teollisuuden Voima Oyj to borrow 75% of its holdings in the State Nuclear Waste Management Fund. Teollisuuden Voima Oyj has granted corresponding loans to its shareholders. Pohjolan Voima's share is 350 (195.4) million Euros.

OTHER NON-CURRENT LIABILITIES

1,000 €	2020	2019
Other non-current liabilities		
Derivative financial liabilities		
Interest rate swaps	10,549	10,154
Total	10,549	10,154

Fair values of derivatives are disclosed in note 29.

INTEREST-BEARING NET LIABILITIES

1,000 €	2020	2019
Interest-bearing liabilities total	1,233,579	1,210,172
Interest-bearing financial assets		
Non-current		
Loan receivables	559,733	409,153
Total	559,733	409,153
Current		
Pledged cash deposits	150	153
Cash and cash equivalents	44,312	62,367
Total	44,462	62,521
Interest-bearing financial assets total	604,195	471,674
Interest-bearing liabilities net	629,384	738,498



THE CHANGES OF NET LIABILITIES IN THE CASH FLOW

	Other assets		Liabilities arising from financial activities					
1,000 €	Financial assets, non-current	Financial assets, current	Finance lease, non-current	Finance lease, current	Borrowings, non-current	Borrowings, current	Other liabilities, current	Total
Net liabilities								
1 Jan 2019	409,153	59,782	-178,527	-23,840	-929,145	-5,800	-84,893	-753,269
Recognised on adoption of IFRS 16			-8,370	-809				-9,179
Cash flows	0	2,739	20,523	3,318	113,592	-101,250	-14,956	23,965
Changes in leases			62	-77				-15
Net liabilities								
31 Dec 2019	409,153	62,521	-166,312	-21,408	-815,553	-107,050	-99,849	-738,498
Cash flows	150,580	-18,059	12,004	8,518	-81,489	36,050	935	108,539
Changes in leases			607	-32				575
Net liabilities								
31 Dec 2020	559,733	44,462	-153,701	-12,922	-897,042	-71,000	-98,914	-629,384



28 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

1,000 €	2020	2019
Trade payables	8,966	13,872
Liabilities to associates and joint ventures	7,310	8,008
Accrued expenses	27,788	20,217
Other current liabilities	3,859	4,359
Held emission allowances, Energy Authority	1,590	3,388
Total	49,513	49,845

Emission allowances are recorded at cost and are presented separately on the balance sheet. The obligation relating to emission allowances are recorded at book value of the held allowances to short-term debt. Allowances and the related obligations are derecognised when they are reported or sold.

Accrued expenses:

1,000 €	2020	2019
Accrued personnel expenses	2,319	2,357
Accrued expenses for fuel purchases	8,730	4,935
Accrued expenses for energy purchases	1,471	1,127
Accrued rents	1,070	1,219
Interest liabilities	4,586	2,954
Other	9,612	7,625
Total	27,788	20,217

29 DERIVATIVE FINANCIAL INSTRUMENTS

Fair value of derivative financial instruments

	2020	2020	Total
	Positive fair values	Negative fair values	
1,000 €			
Interest rate swaps	32	-10,581	-10,549
Total	32	-10,581	-10,549

	2019	2019	Total
	Positive fair values	Negative fair values	
1,000 €			
Interest rate swaps	18	-10,172	-10,154
Total	18	-10,172	-10,154

Nominal value of derivative financial instruments

1,000 €	2020	2019
Interest rate swaps	247,000	247,000



30 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY AND FAIR VALUE HIERARCHY

1,000 €	31 Dec 2020	Fair value through profit and loss	Financial liabilities carried at amortised cost	Carrying value	Fair value, if deviates from carrying value	Note	Level 1	Level 2	Level 3
Non-current financial assets									
Other financial assets		484		484		20			484
Loan receivables			559,733	559,733		21			
Other receivables			36,797	36,797		21			
		484	596,530	597,014					
Current financial assets									
Cash and cash equivalents			44,312	44,312		22			
Loan receivables			150	150		21			
Trade and other receivables			52,467	52,467		21			
Prepayments and accrued income			22,542	22,542		21			
		0	119,471	119,471					
Total		484	716,001	716,485					
Non-current financial liabilities									
Borrowings from associates and joint ventures			350,000	350,000		27			
Borrowings			272,885	272,885		27			
Bonds			274,157	274,157	272,740	27	272,740		
Lease liabilities			153,701	153,701		27			
Derivative financial instruments		10,549		10,549		27		10,549	
		10,549	1,050,743	1,061,292					



1,000 €	31 Dec 2020	Fair value through profit and loss	Financial liabilities carried at amortised cost	Carrying value	Fair value, if deviates from carrying value	Note	Level 1	Level 2	Level 3
Current financial liabilities									
Loans and commercial papers			169,914	169,914		27			
Trade payables			8,966	8,966		28			
Other current liabilities			12,759	12,759		28			
Accrued expenses			27,788	27,788		28			
Lease liabilities			12,922	12,922		27			
		0	232,349	232,349					
Total		10,549	1,283,092	1,293,641			272,740	10,549	484

The fair values of financial assets and liabilities approximate carrying values except for bonds that are listed at Nasdaq Helsinki.

As at 31 December 2020 the amount of offsetting derivative instruments included in the financial assets and financial liabilities in the Group was -10.5 (-10.2) million Euros.

	Gross amounts recognised in the balance sheet	Net amount
Derivative contracts 2020	-10,549	-10,549
Derivative contracts 2019	-10,154	-10,154



1,000 €	31 Dec 2019	Fair value through profit and loss	Financial liabilities carried at amortised cost	Carrying value	Fair value, if deviates from carrying value	Note	Level 1	Level 2	Level 3
Non-current financial assets									
Other financial assets		484		484		20			484
Loan receivables			409,153	409,153		21			
Other receivables			36,833	36,833		21			
		484	445,986	446,470					
Current financial assets									
Cash and cash equivalents			62,367	62,367		22			
Loan receivables			153	153		21			
Trade and other receivables			52,637	52,637		21			
Prepayments and accrued income			20,176	20,176		21			
		0	135,333	135,333					
Total		484	581,319	581,803					
Non-current financial liabilities									
Borrowings from associates and joint ventures			195,433	195,433		27			
Borrowings			346,235	346,235		27			
Bonds			273,885	273,885	278,750	27	278,750		
Lease liabilities			166,312	166,312		27			
Derivative financial instruments		10,154		10,154		27		10,154	
		10,154	981,865	992,019					

1,000 €	31 Dec 2019	Fair value through profit and loss	Financial liabilities carried at amortised cost	Carrying value	Fair value, if deviates from carrying value	Note	Level 1	Level 2	Level 3
Current financial liabilities									
Loans and commercial papers			206,899	206,899		27			
Trade payables			13,872	13,872		28			
Other current liabilities			15,756	15,756		28			
Accrued expenses			20,217	20,217		28			
Lease liabilities			21,408	21,408		27			
		0	278,152	278,152					
Total		10,154	1,260,017	1,270,171			278,750	10,154	484

Financial assets and liabilities by measurement categories

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 of liabilities. The bond with the nominal value of 125 million Euros issued by Pohjolan Voima Oyj in 2018, was listed to Nasdaq Helsinki in June 2019. Accordingly, the bond with the nominal value of 150 million Euros issued in November 2019 was listed to Nasdaq Helsinki. Both bonds were classified at level 1 as at 31 December 2020. The fair value corresponds the quotations.

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.

Derivative financial instruments are initially recognized at fair value and subsequently measured at fair value at the closing date. The fair values reflect the prices, which the Group would have to pay or would receive, if it called a derivatives contract. Fair value of interest rate swaps is determined using a discounted cash flow method using market rates prevailing at the closing date as the discount rate, which were -0.55%– -0.27% (-0.47–1.42%) (level 2). Fair values of forward foreign exchange contracts and swaps are determined using quoted forward rates from contracts with similar duration. The Group does not apply hedge accounting according to IFRS 9, so the changes in fair values for derivative instruments are recorded in the statement of comprehensive income.

The Group owns unlisted shares the market value of which is not reliably available. The fair value is determined by methods based on management’s judgement (level 3).

31 CONTINGENT LIABILITIES AND ASSETS AND PURCHASE COMMITMENTS

1,000 €	2020	2019
On behalf of own loans		
Pledged deposits	38	40
Other contingent liabilities	8,469	4,962
On behalf of associated companies and joint ventures		
Guarantees	30	30
Guarantee according to Nuclear Energy Act	54,457	44,290
Total	62,994	49,322

The pledged deposits relate mainly to margin accounts for the electricity trading, emission allowance trading and environmental permits.

Other liabilities consist mainly of the parent company's loan guarantees.

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 guarantee is valid for five years and it is annually renewed at the end of March. The directly enforceable guarantee given by Pohjolan Voima is 54.5 (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 693 million Euros. As at 31 December 2020 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.

LEGAL PROCEEDINGS

There were no major legal procedures pending during or at the end of the financial year.

32 EMISSION ALLOWANCES

Carbon Dioxide Emission

Generally, the Group holds emission allowances covering the annual CO₂ emissions. If the actual emissions exceed allowances held, the company has recognised an expenses for emission rights at market price for each ton of emission exceeding its allowances. PVO-Lämpövoima's, which is classified as discontinued operations, emission information is not included the below listed information.

	2020	
	tCO ₂	1 000 €
Allowances received free of charge	230,832	
Combined annual emissions of the plants'	369,988	
Emission allowances held	1,819,662	
External sales of emission allowances ¹	0	0
External purchases of emission allowances ²	289,159	1,702
	2019	
	tCO ₂	1 000 €
Allowances received free of charge	259,237	
Combined annual emissions of the plants'	541,569	
Emission allowances held	1,837,256	
External sales of emission allowances ¹	0	0
External purchases of emission allowances ²	167,187	4,174

¹Emission sales are included in revenue.

²The cost of purchased emission rights are included in materials and services and remaining emission allowances held at the closing date are included the balance sheet as intangible assets.

33 GROUP COMPANIES

Parent company and subsidiaries:	Production	Country	Ownership (%)	Voting right (%)
Hämeenkyrön Voima Oy	Thermal Power	Finland	84.00	84.00
Kaukaan Voima Oy	Thermal Power	Finland	54.00	54.00
Kymin Voima Oy	Thermal Power	Finland	76.00	76.00
Laanilan Voima Oy	Thermal Power	Finland	100.00	100.00
Porin Prosessivoima Oy	Thermal Power	Finland	100.00	100.00
PVO-Lämpövoima Oy	Thermal Power	Finland	100.00	100.00
PVO Power Management Oy	Services company	Finland	100.00	100.00
PVO Power Services Oy	Services company	Finland	100.00	100.00
PVO-Vesivoima Oy	Hydropower	Finland	100.00	100.00
Rauman Biovoima Oy	Thermal Power	Finland	71.95	71.95
Rouhialan Voimansiirto Oy	Services company	Finland	100.00	100.00

List of associated companies and joint ventures

Associated companies	Registered office
Oy Alhomens Kraft Ab	Pietarsaari
Länsi-Suomen Voima Oy	Harjavalta
Tahkoluodon Polttoöljy Oy	Pori
Torniolaakson Voima Oy	Ylitornio
Joint ventures	
Teollisuuden Voima Oyj	Helsinki
Vaskiluodon Voima Oy	Vaasa
Voimalohi Oy	Kemi

34 RELATED-PARTY TRANSACTIONS

The Group's related parties include the parent company, associates and joint ventures as well as the largest shareholder, UPM-Kymmene Group. Related parties also include the Board of Directors and the Corporate Executive Team members including the CEO and companies, in which they or their family members has control.

Transactions with related parties, 1,000 €

Related party transactions relate to normal business operations of Pohjolan Voima. Pohjolan Voima has granted to Teollisuuden Voima Oyj, a joint venture, shareholder loans of 560 (409) million Euros. The management has assessed that the loan receivables do not include impairment risk. Teollisuuden Voima has used its right to borrow from State Nuclear Waste Management Fund and further granted a loan of 350 (195) million Euros to Pohjolan Voima. Until 31 March 2019 Pohjolan Voima issued a bank guarantee to the Fund as security.

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

2019	Sales	Purchases	Receivables	Liabilities
Associates and joint ventures	5,217	179,892	458,268	205,151
UPM-Kymmene Oyj	158,844	65,020	13,226	9,551

The Board of Directors and the Executive team

Senior management of Pohjolan Voima consists of the board members and the executive management team members, including the President and CEO. The Group has not granted any loans to senior management, and has no business transactions with management as at 31 December 2020 nor 31 December 2019.

Salaries and benefits of the Board of Directors and the Executive team

1,000 €	2020	2019
Salaries and other short-term employee benefits - board members	501	462
Salaries and other short-term employee benefits - executive team	1,422	1,265
Total	1,923	1,727

No pension benefits were paid to the Board of Directors in 2020 and 2019.

Salaries and benefits of the CEO

1,000 €	2020	2019
Salaries and other short-term employee benefits	376	331
Statutory pension scheme	89	83
Voluntary pension plan	47	47
Yhteensä	512	462

35 BREAKDOWN OF SHARE OWNERSHIP AND SHAREHOLDER INFORMATION

Shareholder	2020 % of shares	2019 % of shares
EPV Energia Oy	5.49%	5.49%
Helen Oy	0.62%	0.62%
Kemira Oyj (incl. Neliapila pension fund)	5.06%	5.06%
Ilmarinen Mutual Pension Insurance Company	1.83%	1.83%
Kokkolan Energia Oy	1.80%	1.85%
Kymppivoima Oy	5.91%	5.91%
Metsä Group (Metsäliitto, Metsä Fibre, Metsä Board Oyj)	3.66%	3.66%
Myllykoski Oyj*	0.63%	0.63%
Oulun Energia Oy	0.91%	0.91%
Outokumpu Oyj	0.10%	0.10%
Oy Perhonjoki Ab	2.21%	2.17%
City of Pori	1.37%	1.37%
Rautaruukki Oyj	0.09%	0.09%
Stora Enso Oyj	15.61%	15.61%
Suomen Voima Oy	1.48%	1.52%
UPM Energy Oy	47.73%	47.69%
UPM Communication Papers Oy	3.46%	3.46%
Vantaan Energia Oy	0.23%	0.23%
Yara Suomi Oy (incl. pension fund)	1.84%	1.84%
Total	100.00%	100.00%

*Myllykoski Oyj is a part UPM-Kymmene Group.

Shareholders by sector	2020 % of shares	2019 % of shares
Forest industry	71.08%	71.04%
Energy companies	18.64%	18.68%
Chemical industry	6.90%	6.90%
Metal industry	0.19%	0.19%
Other	3.20%	3.20%
Total	100.00%	100.00%

36 EVENTS AFTER THE REPORTING PERIOD

Pohjolan Voima’s shareholders Oulun Energia Oy and Kemira Oyj, which own Pohjolan Voima’s G5 series shares for the energy produced by Laanilan Voima, announced on 19 January 2021 that they are planning to restructure the energy functions in the Laanila industrial district. According to the announcement, the restructuring means that Laanilan Voima Oy’s operational business will be shut down and the current operations will be terminated in spring 2021.

Due to the planned restructuring, Laanilan Voima Oy will start statutory labour negotiations. The employer’s preliminary plans may lead to the termination of Laanilan Voima’s employees’ employment contracts. The effects on the company’s financial status will be evaluated based on the decisions made after the end of the negotiations.



Parent company financial statements (FAS)

Income statement

1,000 €	Note	1 Jan– 31 Dec 2020	1 Jan– 31 Dec 2019
Revenue	2	350,499	351,055
Other operating income	3	129	350
Materials and services	4	-140,492	-154,863
Personnel expenses	5	-4,664	-4,820
Depreciation, amortisation and impairment	6	-752	-760
Other operating expenses	7	-204,418	-190,437
Operating profit or loss		302	525
Finance income and costs	8	-6,999	-7,212
Profit or loss before appropriations and taxes		-6,697	-6,688
Profit or loss for the year		-6,697	-6,688



Balance sheet

1,000 €	Note	31 Dec 2020	31 Dec 2019	1,000 €	Note	31 Dec 2020	31 Dec 2019
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				Equity			
Intangible assets	9	341	291	Share capital	14	55,321	55,321
Property, plant and equipment	10	393	500	Share issue		205,999	205,999
Investments	11			Share premium		218,644	218,644
Holdings in Group undertakings		402,610	402,610	Revaluation reserve		327,644	327,644
Other investments		1,289,894	1,139,760	Reserve for invested non-restricted equity		-6,911	-223
Total non-current assets		1,693,238	1,543,162	Retained earnings		-6,697	-6,688
Current assets				Total equity		794,001	800,698
Non-current receivables	12	36,797	36,829	Liabilities			
Current receivables	13	58,873	56,534	Non-current liabilities	15	875,347	680,433
Cash and cash equivalents		52,676	62,817	Current liabilities	16	172,236	218,210
Total current assets		148,346	156,179	Total liabilities		1,047,583	898,643
Total assets		1,841,584	1,699,341	Total equity and liabilities		1,841,584	1,699,341



Cash flow statement

1,000 €	1 Jan– 31 Dec 2020	1 Jan– 31 Dec 2019
Operating activities		
Operating profit or loss	302	525
Adjustments (+/-):		
Depreciation, amortisation and impairment	752	760
Losses(+) or gains (-) of sales of non-current assets	-6	-228
Cash flow from operating activities	1,048	1,057
Change in net working capital:		
Increase (-) or decrease (+) of non-interest-bearing receivables	-2,232	24,830
Increase (+) or decrease (-) of current non-interest-bearing liabilities	1,067	-19,775
Cash flow from operating activities before financial items and taxes	-117	6,112
Interest paid and payments of financial items	-9,387	-11,181
Dividends received from operating activities	0	0
Interest received and payments of financial income	4,516	3,930
Cash flow from operating activities	-4,988	-1,138
Investments		
Purchases of property,plant and equipment and intangible assets	-255	0
Proceeds from sales of property, plant and equipment and intangible assets	12	398
Loans granted (-)	-150,579	0
Equity refunds received	0	14,000
Cash flow from investing activities	-150,822	14,398

1,000 €	1 Jan– 31 Dec 2020	1 Jan– 31 Dec 2019
Financing		
Equity refundspaid	0	-14,000
Proceeds (+) or repayments (-) of current interest-bearing liabilities	755	2,896
Proceeds from borrowings	245,362	150,000
Repayments of borrowings (-)	-100,447	-150,426
Cash flow from financing activities	145,669	-11,530
Change in cash and cash equivalents, increase (+) / decrease (-)	-10,141	1,730
Cash and cash equivalents at 1 Jan	62,817	61,087
Cash and cash equivalents at 31 Dec	52,676	62,817

1 BASIS OF PREPARATION

Pohjolan Voima Oyj’s financial statements have been prepared in accordance with Finnish Accounting Standards (FAS) and other laws and regulations governing the preparation of the financial statements in Finland.

Pohjolan Voima Oy (0210161-4, Helsinki) is the parent company of Pohjolan Voima Group.

Revenue

Revenue is recognised net of value-added taxes and discounts. Revenue is recognised at the time of delivery.

Other operating income

Revenue from activities outside the normal operations is reported in other operating income. This includes items such as rental income and gains on sale of assets.

Research and development costs

Research and development costs are expensed as incurred.

Pension costs

Statutory pension liabilities are covered through pension insurance arrangements.

Foreign currencies and derivative contracts

In accordance with the financing policy, Pohjolan Voima Oyj enters into derivative contracts only for managing the interest rate risk and for hedging purposes. The interest rate risk is monitored by means of duration, which is set at the level where the electricity price sensitivity to changes in interest rates is on an acceptable level considering the individual risk bearing capacity of each series of shares. Derivative contracts are not fair valued but considered as off-balance sheet items. Derivatives used to manage interest rate risk are accrued for the contract period and they are recognised against the interest expenses of the hedged loans. Pohjolan Voima Oyj enters into foreign exchange rate derivative contracts relating to the fuel purchases of its subsidiaries. The key figures of foreign exchange rate and interest rate derivatives are disclosed in the notes.

Transactions denominated in foreign currencies have been valued using the exchange rate at the date of the transaction. Receivables and liabilities denominated in foreign currencies outstanding on the balance sheet date have been valued using the exchange rate quoted on the balance sheet date. Exchange rate differences are presented within finance income and cost in the income statement.

Income taxes and deferred taxes

The tax expense for the period comprises current tax, relating to the current period and any adjustments made to taxes for the previous financial period. Pohjolan Voima Oyj operations are based on cost price and the company does not pay any taxes on its energy related operations. No deferred tax assets on the operating losses from previous periods have been recognized.

Non-current assets

The intangible assets and property, plant and equipment is stated at historical cost less accumulated amortisation and depreciation according to plan. Historical cost includes the variable costs of the investment. Received government grants have been deducted from acquisition cost. Depreciation is calculated using the straight-line method based on the estimated useful lives. Depreciation and amortization is started when the asset is taken into use.

The estimated useful lives have been defined as follows:

Other capitalised long-term expenditure	3–10	years
Machinery and equipment	3–20	years
Buildings and constructions	8–30	years



NOTES TO THE INCOME STATEMENT

2 REVENUE

1,000 €	2020	2019
Sales of electricity	248,490	241,549
Sales of heat	99,154	106,876
Other sales	2,855	2,630
Total	350,499	351,055

3 OTHER OPERATING INCOME

1,000 €	2020	2019
Gains on sale and dissolution of fixed assets	4	0
Rental income	122	118
Other income	3	232
Total	129	350

4 MATERIALS AND SERVICES

1,000 €	2020	2019
Energy purchases	140,492	154,863
Total	140,492	154,863

5 PERSONNEL EXPENSES AND AVERAGE NUMBER OF PERSONNEL

Average number of personnel	2020	2019
Salaried employees	34	35
Workers	1	0
Total	35	35

Wages, salaries and pension expenses

1,000 €	2020	2019
Wages and salaries		
Board members and CEO	877	793
Other wages and salaries	3,035	3,202
Pension expenses	604	695
Other personnel expenses	148	130
Total	4,664	4,820



6 DEPRECIATION, AMORTISATION AND IMPAIRMENT

1,000 €	2020	2019
Depreciation according to plan		
Other capitalised long-term expenditure	175	196
Intangible assets	30	0
Buildings and constructions	43	46
Machinery and equipment	57	71
Investments	447	447
Total	752	760

7 OTHER OPERATING EXPENSES

1,000 €	2020	2019
Energy purchases	198,713	184,919
Repair, servicing and maintenance services	56	84
Rents	723	709
Real estate taxes	19	21
Fees to experts	2,704	2,609
Other expenses	2,202	2,096
Total	204,418	190,437

Auditor's fees

1,000 €	2020	2019
PricewaterhouseCoopers Oy:		
Audit fees	94	124
Tax advisory	0	3
Other services	16	16
Total	110	142

8 FINANCE INCOME AND COSTS

1,000 €	2020	2019
Dividend income		
from others	0	0
Interest income from investments		
in participating interests	2,954	3,029
Other interest and finance income		
from Group undertakings	1,637	923
from others	1	8
Total finance income	4,592	3,961
Interest costs and other financial costs		
to Group undertakings	0	0
to participating interests	-1,584	-991
to others	-10,007	-10,181
Total finance costs	-11,591	-11,172
Total finance income and costs	-6,999	-7,211



NOTES TO THE BALANCE SHEET

9 INTANGIBLE ASSETS

1,000 €

	Intangible rights	Other capitalised long-term expenditure	Total
Cost or valuation at 1 Jan	62	4,270	4,331
Additions	130	0	130
Disposals	0	0	0
Reclassifications	125	0	125
Cost or valuation at 31 Dec	317	4,270	4,586
Accumulated amortisation 1 Jan	-62	-3,979	-4,040
Accumulated amortisation of disposals and reclassifications	0	0	0
Amortisation of the period	-30	-175	-205
Impairment	0	0	0
Accumulated amortisation 31 Dec	-92	-4,154	-4,245
Net book value 31 Dec 2020	225	116	341
Net book value 31 Dec 2019	0	291	291



10 PROPERTY, PLANT AND EQUIPMENT

1,000 €	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Cost or valuation at 1 Jan	99	868	1,083	46	2,096
Additions	0	0	0	0	0
Disposals	0	0	-8	-6	-14
Reclassifications	0	0	0	0	0
Cost or valuation at 31 Dec	99	868	1,075	40	2,082
Accumulated amortisation 1 Jan	0	-662	-933	0	-1,595
Accumulated amortisation of disposals and reclassifications	0	0	6	0	6
Amortisation of the period	0	-43	-57	0	-100
Impairment	0	0	0	0	0
Accumulated amortisation 31 Dec	0	-705	-984	0	-1,689
Net book value 31 Dec 2020	99	163	91	40	393
Net book value 31 Dec 2019	99	206	150	46	500

Production machinery and equipment at 31 Dec 2020 0.00



11 INVESTMENTS

1,000 €	Holdings in Group undertakings	Participating interests	Receivables from participating interests	Other shares and similar rights of ownership	Total
Cost or valuation at 1 Jan	408,831	741,001	409,153	483	1,559,469
Additions	0	0	150,579	0	150,579
Disposals	0	-447	0	0	-447
Reclassifications	0	0	0	0	0
Cost or valuation at 31 Dec	408,831	740,554	559,732	483	1,709,601
Accumulated impairment 1 Jan	-6,222	-10,877	0	0	-17,099
Impairment	0	2	0	0	2
Accumulated impairment 31 Dec	-6,222	-10,875	0	0	-17,097
Net book amount 31 Dec 2020	402,610	729,678	559,732	483	1,692,504
Net book amount 31 Dec 2019	402,610	730,124	409,153	483	1,542,370

Revaluations included in the cost at 31 Dec 265,145

Participating interests include shares of Teollisuuden Voima Oyj amounting to 708,893 (708,891) thousand Euros and Receivables from participating interests loan receivables from Teollisuuden Voima Oyj amounting to 559,732 (409,153) thousand Euros.



12 NON-CURRENT RECEIVABLES

1,000 €	2020	2019
Capital loan receivables	1	1
Other non-current receivables	36,796	36,828
Total	36,797	36,829
Receivables from Group undertakings		
Capital loan receivables	1	1
Total receivables from Group undertakings	1	1
Receivables from participating interests		
Other non-current receivables	36,796	36,796
Total receivables from participating interests	36,796	36,796
Receivables from others		
Other non-current receivables	0	32
Total receivables from others	0	32

13 CURRENT RECEIVABLES

1,000 €	2020	2019
Trade receivables	38,865	37,894
Other receivables	424	1
Prepayments and accrued income	19,584	18,638
Total	58,873	56,534
Receivables from Group undertakings		
Trade receivables	453	947
Prepayments and accrued income	531	1,778
Total receivables from Group undertakings	984	2,725
Receivables from participating interests		
Trade receivables	819	1,788
Prepayments and accrued income	12,181	11,394
Total receivables from participating interests	13,000	13,183
Prepayments and accrued income:		
Accrued financial expenses	2,237	3,088
Accrued personnel expenses	10	8
Accrued interest income	865	789
Accrued sales of emission rights	953	1,433
Accrued VAT on prepayments	3,679	2,391
Accrued energy purchases, credit	496	966
Accrued energy purchases	11,222	9,908
Others	122	55
Total	19,584	18,638
Interest-bearing receivables		
Non-current assets	559,732	409,153
Current assets	52,676	62,817
Total	612,408	471,970



14 EQUITY

1,000 €	2020	2019
Share capital 1 Jan	55,321	65,293
Transfer to reserve for invested non-restricted equity	0	-9,972
Share capital 31 Dec	55,321	55,321
Share premium 1 Jan	205,999	216,822
Transfer to reserve for invested non-restricted equity	0	-10,823
Share premium 31 Dec	205,999	205,999
Revaluation reserve 1 Jan	218,644	218,644
Revaluation reserve 31 Dec	218,644	218,644
Reserve for invested non-restricted equity 1 Jan	327,644	326,683
Transfer from share capital	0	9,972
Transfer from share premium	0	10,823
Refund of reserves	0	-14,000
Transfer to retained earnings	0	-5,834
Reserve for invested non-restricted equity 31 Dec	327,644	327,644
Retained earnings 1 Jan	-6,911	-6,057
Transfer from reserve for invested non-restricted equity	0	5,834
Retained earnings 31 Dec	-6,911	-223
Profit or loss for the year	-6,697	-6,688
Total	794,001	800,698

Distributable earnings 31 Dec

	2020	2019
Retained earnings	-6,911	-223
Profit or loss for the year	-6,697	-6,688
Reserve for invested non-restricted equity	327,644	327,644
Total	314,037	320,733

Share capital by share category

See note 25 in the consolidated financial statements.



15 NON-CURRENT LIABILITIES

1,000 €	2020	2019
Shareholder loans*	90,347	0
Bonds	275,000	275,000
Loans from financial institutions	160,000	210,000
Other non-current liabilities	350,000	195,433
Total	875,347	680,433
Liabilities to participating interests		
Other non-current liabilities	350,000	195,433
Total	350,000	195,433
Liabilities due in more than five years		
Shareholder loans	90,347	0.00
Total	90,347	0.00
Non-interest-bearing and interest-bearing non-current liabilities		
Interest-bearing	875,347	680,433
Total	875,347	680,433

*Subordinated loans

16 CURRENT LIABILITIES

1,000 €	2020	2019
Loans from financial institutions	0	50,000
Other interest-bearing liabilities	133,515	132,760
Trade payables	23,416	25,216
Other current liabilities	973	284
Accrued expenses	14,332	9,950
Total	172,236	218,210
To Group undertakings		
Trade payables	19,148	18,113
Accrued expenses	860	2,096
Total	20,008	20,209
To participating interests		
Trade payables	4,139	6,910
Accrued expenses	6,589	2,704
Total	10,728	9,613
Accrued expenses, material items		
Accrued personnel expenses	1,255	1,222
Accrued interest costs	5,934	3,730
Accrued energy sales, credit	28	966
Accrued energy purchases	5,474	1,709
Accrued emission right purchases	364	1,409
Other items	1,278	914
Accrued expenses, total	14,332	9,950
Non-interest-bearing and interest-bearing current liabilities		
Non-interest-bearing	38,721	35,450
Interest-bearing	133,515	182,760
Total	172,236	218,210



17 GUARANTEES AND CONTINGENT LIABILITIES

1,000 €	2020	2019
Guarantees		
Guarantees for loans		
On behalf of participating interests	16	16
Other guarantees		
As security for own liabilities	120	139
Total guarantees	136	155
Leasing liabilities		
Payments during the following year	103	72
Payments in subsequent years	87	103
Total leasing liabilities	190	174
Rental liabilities		
Payments during the following year	652	656
Payments in subsequent years	396	962
Total leasing liabilities	1,048	1,618
Other contingent liabilities		
Guarantee according to Nuclear Energy Act	54,457	44,290
As security for own liabilities	0	15
Total other contingent liabilities	54,457	44,305

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 National 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 given by the shareholders of Teollisuuden Voima Oyj cover the uncovered portion of the Nuclear Waste Management obligation 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 (44.3) million Euros.

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 31 December 2020 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.



18 DERIVATIVE FINANCIAL INSTRUMENTS

1,000 €	2020	2019
Interest rate swap contracts		
Nominal value	394,000	394,000
Market value (including retained interests)	-3,424	-4,080
Average maturity (years)	3	4.1
Floating reference rate (company receives)	6 mo. Euribor/	6 mo. Euribor/
Fixed rate (on average, company pays)	0.17%	0.17%
The interest rate swap contracts cover the following financial agreements with floating interest rates:		
Bank credit	160,000	210,000
Amounts owed to participating interests	350,000	195,433

Financing risks

Board of Directors approve a financing policy for the company, which determines the purpose and risk levels for the financing operations. The refinancing risk is managed through diversified sources of financing, sufficiently long maturity of loans and a balanced schedule of maturity. The primary loan currency is the euro. If loans are taken out in other currencies, the currency risk is eliminated by means of derivative contracts. The interest rate risk is monitored by means of duration, which indicates the sensitivity of the loan portfolio to changes in the interest rates. The duration of the loan portfolio is managed within the limits set by the financing policy, using derivative contracts if necessary. The duration is set considering the acceptable risk carrying capacity of each series of shares.

The Group maintains a certain amount of liquid assets, credit limit arrangements and commercial paper programmes to reduce the liquidity risk. The Group's liquidity is secured by the 300 million Euros revolving credit facility, which matures in 2021 and 2022. The loan facilities were fully undrawn as per 31 December 2020. For its short-term financing, the company uses mainly its domestic 300 million Euros commercial paper program.

The excess liquidity is invested in secure and profitable instruments with a duration of up to 12 months. Investments are diversified to various instruments and the investment instruments which are chosen based on guaranteed liquidity in the secondary market even under unfavourable circumstances.

SIGNING OF THE BOARD OF DIRECTORS’ REPORT AND FINANCIAL STATEMENTS

Board of Directors’ dividend proposal:

The parent company Pohjolan Voima’s profit and loss account indicates a loss of € 6,696,925.48. The Board of Directors proposes to the Annual General Meeting that the loss be transferred to the retained earnings account, and that no dividends be distributed.

Helsinki 19 February 2021

Tapio Korpeinen
Chairman

Seppo Parvi
Deputy Chairman

Jukka Hakkila

Anders Renvall

Tomi Sederholm

Esa Kaikkonen

Rami Vuola

Roger Holm

Mikko Lepistö

Ilkka Tykkyläinen
President and CEO

The auditor’s note

Our auditor’s report has been issued today.

Helsinki 19 February 2021

PricewaterhouseCoopers Oy
Authorised Public Accountants

Niina Vilske
Authorised Public Accountant



Auditor’s Report (Translation of the Finnish Original)

To the Annual General Meeting of Pohjolan Voima Oyj

Report on the Audit of the Financial Statements

Opinion

- In our opinion
- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
 - the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

- We have audited the financial statements Pohjolan Voima Oyj (business identity code 0210161-4) for the year ended 31 December 2020. The financial statements comprise:
- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
 - the parent company's balance sheet, income statement, statement of cash flows and notes.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies 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. To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non- audit services that we have provided are disclosed in note 12 to the consolidated Financial Statements.

Our Audit Approach

Overview



- Overall group materiality is € 10 million, which represents 0,5% of balance sheet total
- The group audit scope encompassed all group companies
- Valuations of joint venture Teollisuuden Voima Oyj
- Intangible assets with indefinite useful lives

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 10 million (2019: € 10 million)
How we determined it	0.5% of balance sheet total
Rationale for the materiality benchmark applied	We chose balance sheet total as the benchmark because the company’s operations are very capital intensive and because, in our view, this is the benchmark against which the performance of the group is commonly measured by users.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the Pohjolan Voima group, the accounting processes and controls, and the industry in which the group operates. The group audit scope encompassed the parent company and all the subsidiaries of the group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter

Valuations of joint venture Teollisuuden Voima Oyj

Accounting policies and notes 2, 19, 21 and 30 of the consolidated financial statements. Note 11 in the financial statements of the parent company.

On the consolidated balance sheet Investments in associated companies and joint ventures include the group’s share of Teollisuuden Voima Oyj’s net assets. Investments in joint ventures are accounted for using the equity method. Loans and other receivables include an equity loan receivable from Teollisuuden Voima Oyj. On the parent company’s balance sheet Other investments include the shares of Teollisuuden Voima Oyj and the loan receivable from Teollisuuden Voima Oyj.

Teollisuuden Voima Oyj has a OL3 EPR power plant under construction. Delivery of the plant has been significantly delayed from the original schedule.

Valuations of joint venture Teollisuuden Voima Oyj is a key audit matter in the audit of the consolidated and the parent company’s financial statements due to the significant value on the balance sheet and due to OL3 EPR power plant under construction.

How our audit addressed the key audit matter

We tested the consolidation of the joint venture in Pohjolan Voima Group’s income statement and balance sheet.

We analysed management’s assessment of the credit risk relating to the loan receivable from Teollisuuden Voima Oyj and the valuation of the Teollisuuden Voima Oyj’s shares.

We reviewed management’s risk assessment regarding progress of the OL3 EPR power plant project under construction.

In our audit of the amounts recognised on the balance sheet we considered the provisions regarding shareholder responsibilities incorporated in the Articles of Association.

We also assessed the adequacy of related disclosures in the accounting policies and notes to the financial statements.

Intangible assets with indefinite useful lives

Accounting policies and notes 2 and 16 of the consolidated financial statements

Intangible assets with indefinite useful lives on the consolidated balance sheet include the right to produce hydro power and the compensation paid for the permanent right of the water area usage.

Impairment testing for intangible assets with indefinite useful lives is performed annually.

Impairment tests, in particularly estimated future cash flows and discount rates are subject to significant management judgement.

Valuation of intangible assets with indefinite useful lives is a key audit matter in the audit of the consolidated financial statements due to the significant value on the balance sheet and the high level of management judgement involved in impairment tests.

We obtained an understanding of the impairment test performed by the management and compared the methodology applied in the impairment test to the requirements of IAS 36, Impairment of assets.

We tested the mathematical accuracy of the calculations prepared by management.

We tested management's future cash flow forecasts including comparison to the available market data of the electricity price.

We assessed together with PwC's valuation experts the discount rate used.

We also assessed the adequacy of related disclosures in the accounting policies and notes to the consolidated financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and 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 parent company's and the group'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 parent company or the group or to 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 these 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 parent company's or the group'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 parent company's or the group'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 parent company or the group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

Pohjolan Voima Oyj became a public interest entity in May 2019. We have been the auditors of Pohjolan Voima Oyj all that time it has been a public interest entity.

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. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

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 identified above 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
- 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Information

We support that the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki 19 February 2021

PricewaterhouseCoopers Oy

Authorised Public Accountants

Niina Vilske
Authorised Public Accountant (KHT)



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