POHJOLAN VOIMA

SUSTAINABILITY AT ALL TIMES
80 YEARS OF POHJOLAN VOIMA

FINANCIAL STATEMENTS 2023

Corporate Governance

Corporate Governance Statement 2023

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 specified in the corporate documents. 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.

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 General Meetings

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 in the Annual General Meeting on 23 March 2023 the financial statements of Pohjolan Voima Oyj for 2022, 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.

Two Extraordinary General Meetings were held in 2023. The Extraordinary General Meeting of 30 June 2023 decided to approve Porin Prosessivoima Oy's investment in the flue gas condenser plant and the related share issue, as well as to issue binding instructions to the Board on the matter. In addition, the Extraordinary General Meeting decided on the nomination of a substitute to the Board of Directors. Pohjolan Voima Oyj's Extraordinary General Meeting of 28 November 2023 decided to reduce the parent company's share capital and share premium reserve, to acquire and annul shares in series C2, M and V, and to amend the Articles of Association. The Extraordinary General Meeting also decided to issue binding instructions on a reduction of the share capital of Pohjolan Voima Oyj's subsidiary Kaukaan Voima Oy.

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.

In the Annual General Meeting on 23 March 2023 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 Councel Jukka Hakkila, Vice President Tomi Sederholm, Managing Director Anders Renvall, CEO Esa Kaikkonen, President and CEO Rami Vuola, CEO Roger Holm and CEO Antti Vilkuna.

From 1 January to 23 March 2023, the Board consisted of Tapio Korpeinen (chair), Seppo Parvi, Jukka Hakkila, Tomi Sederholm, Anders Renvall, Esa Kaikkonen, Rami Vuola, Juha Juntunen 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 2023, the remuneration paid to ordinary and deputy Board members totalled €449,200.

The Board of Directors convened 13 times in 2023. On average, 99 per cent 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. The Board of Directors appoints at least three members to 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 2023 Annual General Meeting, 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 2023. The attendance rate at the meetings was 100 per cent.

Audit and Finance Committee

The Audit and Finance Committee provides assistance to the Board in processing and preparing 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 2023 Annual General Meeting, the Board nominated Tomi Sederholm as the chair of the Audit and Financing Committee and Rami Vuola and Jukka Hakkila as the other members of the committee.

In 2023, the committee convened 12 times, of which one was a joint meeting with the Audit and Finance Committee of Teollisuuden Voima Oyj. 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 2023, the Corporate Executive Team consisted of the President and CEO, Minna Laakso, Riitta Larnimaa, Tiina Nyström, Jani Pulli, Kaj Råtts and Jarmo Tervo.

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 organisation and adequacy of the company´s internal control. The purpose of internal control 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 corporate documents as well as company policies approved by the Board of Directors such as the Code of Conduct and other company guidelines. Pohjolan Voima's internal control partner is BDO Ltd.

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, in monitoring and evaluating the appropriateness of the internal control and risk management system, in monitoring and evaluating the appropriate organisation of 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 its plan and findings to the Audit and Finance Committee.

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 Councel 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. The duty to disclose information consist of a regular and continuous duty to disclose information. 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.

The Annual General Meeting 2023 elected PricewaterhouseCoopers Oy, authorised public accountants, as the Company´s auditor. Niina Vilske, Authorised Public Accountant, has acted as a principal auditor.

In 2023, the auditor received €212,000 as auditing fees.

Directors' Report

Annual Report of the Board of Directors 2023

Operating environment

Russia's offensive war in Ukraine, which started in February 2022, and the ensuing energy crisis in Europe kept electricity prices high over the winter, but the average price of electricity has subsequently fallen. Finland's electrical power system, which is based on a diverse production structure, emerged from the crisis faster than Central Europe. Concerns about security of supply are a key energy policy issue. Teollisuuden Voima's third nuclear power plant unit (OL3) started regular electricity production, which significantly increased Finland's self-sufficiency in electricity production. The continued rapid growth of weather-dependent production has significantly amplified electricity market price fluctuations, and the challenges of balancing the electrical power system have become even more important.

In 2023, electricity consumption in Finland was 80 TWh (82 TWh in 2022). Of this volume, 78 (69) TWh was produced in Finland, while net imports into Finland amounted to 2 (13) TWh. Imported electricity covered 2% (15.9) of Finnish electricity consumption. The increase in nuclear and wind power production capacity substantially decreased the net import of electricity. In 2023, electricity consumption in Finland decreased by 2% year-on-year. Industrial electricity consumption decreased by 6%, and electricity consumption in other sectors remained at almost the same level as in the previous year.

Nord Pool Spot trade amounted to 1,104 (1,077) TWh. The annual average system price in 2022 was at €56.44 (135.86) per MWh, while the annual average of the Finnish area price was €56.47 (154.04) per MWh. Electricity prices have fallen significantly since the previous year, when the price crisis triggered by rising gas prices pushed prices to an extreme level. The rapidly rising wind power capacity has increased price fluctuation and the occurrence of low or negative prices.

The EUA emission allowance price remained high throughout the year, varying between €68 and €105.

The EU revenue cap, introduced in response to the energy crisis, was implemented in Finland with a temporary surtax. Electricity companies must pay a surtax of 30% on the profit from their electricity business in excess of a return of 10%, calculated from the amount of equity committed to the electricity business. The tax is to be paid based on the result for 2023.

The new Government Programme after the parliamentary elections in the spring of 2023 contains several positive energy policies. The Government aims to promote industrial investments and make Finland a clean energy superpower. The Government remains committed to the climate policy, and its attitude towards all forms of energy production relevant to climate change is positive. Clean energy production is to be doubled. The Government is also calling for more weather-independent 'base load power' and the balancing power needed to balance the electrical power system. The promotion of carbon capture, storage and use is also included in the Government Programme.

The Government Programme is positive in terms of Pohjolan Voima's business, i.e. hydropower, thermal power and nuclear power. In the case of nuclear power, the Government's measures include speeding up the reform of the Nuclear Energy Act, welcoming small modular reactors (SMRs) and promoting the acceptability of nuclear power in the EU. The importance of hydropower as balancing power is recognised, and the attitude towards increasing the volume of hydropower with pumped storage power stations, among other solutions, is positive. The Water Act 'zero obligation' project, which was not completed by the previous Government, will be continued, and the national flexibility made possible by the Water Framework Directive will be introduced. The importance of combustion-based energy production in the current challenging situation is also understood.

The work on the EU's Fit for 55 package has been completed. The measures are part of the EU's CO_2 emission target, according to which emissions will be reduced by 55% from the 1990 level by 2030. Discussion of the 2040 target has started. The nature restoration regulation to promote biodiversity has been completed. As the EU prepares for the 2024 parliamentary elections, the preparation of the Commission's post-election work programme has started.

Pohjolan Voima's heat and power production

In 2023, Pohjolan Voima's total electricity supply was 17.6 (12.9) TWh. The Group's own electricity production accounted for 17.0 (12.2) TWh, of which the parent company's supplies to its shareholders were 16.7 (11.9) TWh. The subsidiaries supplied 0.4 (0.3) TWh to their other shareholders. Purchases from the Nordic electricity markets were 0.6 (0.7) TWh, and sales amounted to 0.5 (0.4) TWh. Heat deliveries were 2.8 (3.1) TWh.

Nuclear power made up 81.5% (72.2) of electricity supply, increasing after the Olkiluoto 3 power plant unit (OL3) started regular electricity production. Teollisuuden Voima Oyj's (TVO) Olkiluoto nuclear power plant generated 24.7 (16.4) TWh of electricity, of which Pohjolan Voima obtained 14.4 (9.2) TWh, in accordance with its shareholding. The combined capacity factor of the Olkiluoto 1 and 2 plant units was 91.9% (93.0), while OL3's capacity factor was 75.2% (16.9).

Hydropower accounted for 1.8 (1.7) TWh, or 10.3% (12.9) of the electricity supply. Hydropower production increased from the previous year to close to the production volume of a year with normal water conditions. A total of 0.9 (1.2) TWh of electricity was produced in combined heat and power (CHP) plants. Their share of the total supply was 4.9% (9.6).

In 2023, approximately 99% of the electricity and 90% of the heat produced by Pohjolan Voima was carbon neutral.

Electricity supply (GWh)

	2019	2020	2021	2022	2023
Nuclear power	8,366	8,279	8,186	9,336	**14,361**
Hydropower	1,631	2,216	2,056	1,663	**1,806**
CHP	1,669	1,312	1,471	1,235	**870**
Electricity purchases	423	490	646	671	**580**
Total	12,089	12,298	12,360	12,906	**17,617**

Key events in 2023

The test production of TVO's OL3 plant unit continued in early January and again in mid-March after an outage. The test production programme was completed in April, and regular electricity production started on 16 April 2023. TVO confirmed the provisional takeover of the plant unit for the warranty period, which started on 18 April 2023. The commercial operation of OL3 started on 1 May 2023. The shareholders' right to the electricity produced by OL3 and their liability for the annual costs arising from the electricity production are determined by TVO's articles of association. The start of OL3's regular electricity production and commercial operation will have a positive impact on the volume of electricity supplied by Pohjolan Voima, the Group's turnover, material and service costs, as well as current receivables and current liabilities.

On 30 June 2023, Pohjolan Voima's extraordinary general meeting decided to approve a flue gas condenser plant investment of the subsidiary Porin Prosessivoima Oy and a related share issue. The investment amounted to €16.5 million, and the project started in the autumn of 2023. The investment will improve energy efficiency and reduce fuel demand and the emissions of Porin Prosessivoima's power plant. To realise the investment, Porin Prosessivoima's share capital was increased by a directed share issue of €4.5 million through the offering of all shares in new series L to Pori Energia Oy for subscription. Series L shareholders are entitled to receive heat from the flue gas condenser plant. After the completion of the directed share issue, Pohjolan Voima Oyj owns some 89% and Pori Energia Oy some 11% of Porin Prosessivoima.

Pohjolan Voima's subsidiary PVO-Vesivoima decided to invest in a 3 MW ultracapacitor energy storage facility project. Based at the Kierikki hydropower plant along the Iijoki river, it is PVO-Vesivoima's first pilot project for an energy storage technology that can extend the service life of the power plant. The construction of the pilot project is set to begin in 2024.

TVO announced that it would examine the possibility of extending the service life of the Olkiluoto 1 and 2 units by at least ten years, as well as a possible increase of their capacity. The current operating licences are valid until 2038.

Pohjolan Voima Oyj's extraordinary general meeting of 28 November 2023 decided to reduce the parent company's share capital and share premium reserve, to acquire and annul shares in series C2, M and V, and to amend the articles of association. A hearing of creditors in connection with the reduction of restricted equity was in progress at the end of the financial period and will be completed by the end of 2024. The extraordinary general meeting also decided to issue binding instructions on a reduction of the share capital of Pohjolan Voima Oyj's subsidiary Kaukaan Voima Oy.

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 is covered in note 3 to the consolidated financial statements, Financial risk management.

The Group's liquidity is good. On 31 December 2023, cash and cash equivalents totalled €70 (36) million, and the Group had an unused binding credit facility agreement of €350 (350) million. The credit facility agreement will mature in June 2028 and includes a one-year extension option. For short-term funding, the Group had a domestic commercial paper programme of €300 (300) million, of which €132 (99) million had been used.

The Group's interest-bearing liabilities amounted to €1,190 (1,181) 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 45.0% (44.3).

Consolidated turnover from continuing operations was €840.0 (610.2) million. Consolidated turnover increased as a result of the start of OL3's regular electricity production. The consolidated result for the financial period was €99.6 (3.1) million. The result for the period was affected by the positive results of both the parent company Pohjolan Voima Oyj and the associated companies and joint ventures. The parent company continued the invoicing of the costs incurred during the construction of the OL3 project from the shareholders of B2 series shares as test production continued and commercial production started.

Investments

The total investments of Pohjolan Voima Group, excluding financial investments and the purchase of emission allowances, amounted to €7.9 (7.2) million.

PVO-Vesivoima Oy acquired a new G2 stator for the Raasakka power plant and introduced the hydraulic Fishheart fishway at Raasakka. PVO-Vesivoima's investments totalled €3.9 million. The Group's remaining investments were in replacements and renovations.

Between 2004 and 2023, Pohjolan Voima Oyj invested a total of €991.6 (991.6) million in the OL3 nuclear power plant project. The investments were based on the financing plan for the OL3 EPR project, according to which the equity required for the investment was accumulated as the project progressed. The company's last financial commitment to the project expired on 31 December 2023.

Research and development

Research and development expenditure during the financial period totalled €115 thousand (2022: 64 and 2021: 35).

Personnel

The average number of employees working for the Group was 40 (2022: 42 and 2021: 54). The Group's salaries and fees for the financial period totalled €4.4 million (2022: 4.6 and 2021: 5.9). The average age of permanent employees was 48 (47) years and employee turnover 3.9% (19). The Group conducts an annual personnel satisfaction survey. The top People Power rating of AAA was achieved in the Eezy Flow survey for the fourth year in a row.

The average number of employees working for the parent company was 26 (2022: 27 and 2021: 30). Salaries and fees for the financial period totalled €3.3 million (2022: 3.4 and 2021: 3.7).

Corporate sustainability

Corporate social responsibility is an intrinsic part of our strategy. Our strategy slogan 'We create decisive power to strengthen competitiveness and contribute to a better tomorrow' reflects our sense of responsibility. In line with the strategic theme 'sustainable production on market terms', we aim to be a responsible operator and reconcile competitive carbon neutral production with biodiversity. Our strategy emphasises sustainability in all our business operations.

Pohjolan Voima is committed to compliance with all applicable laws and regulations. The Group's operating principles include principles on human rights, labour rules and anti-corruption. Pohjolan Voima expects its partners to comply with the same principles.

Pohjolan Voima has selected four of the UN Sustainable Development Goals, which we promote through our operations: affordable and clean energy, decent work and economic growth, life on land, and partnership for the goals. An annually updated sustainability programme to ensure compliance with the UN Sustainable Development Goals has been prepared.

In 2023, we prepared a new Group-wide sustainability programme for 2024–2027 based on a double materiality analysis conducted in the spring and the Pohjolan Voima strategy updated in 2022. We also continued our other sustainability efforts. Sustainability is one of our strategic capabilities, and targets for its development and related measures were set. We strengthened our approach to responsible decision-making and updated our Supplier Code of Conduct to cover biodiversity. We continued the development of sustainability communications and reporting, and we also prepared for the commitment to the Science Based Targets initiative. In addition, we were able to realise 80% of the measures specified for 2023 in our biodiversity plan.

A total of 99% (97) of our electricity and 90% (80) of our heat production was carbon neutral. The increase in carbon neutrality in electricity production was due to the commissioning of the OL3 nuclear power plant and the divestment of the coal-fired Vaskiluoto power plant. The major increase in the carbon-neutral share of heat production was the result of an increase in the share of wood-based fuels and a reduction in the use of peat and other fossil fuels. On the other hand, the 2022 reference year was exceptional due to a strike in the forest industry and Russia's military aggression against Ukraine. These affected fuel procurement at the time.

For more information about Pohjolan Voima's sustainability targets and the related work, visit the company's website at **www.pohjolanvoima.fi/en**.

Reporting according to the EU taxonomy

Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, i.e. the EU taxonomy, was published in 2020. The aim of the taxonomy is to increase sustainable investments and direct capital flows towards technologies and businesses that are considered sustainable. The Regulation defines six environmental targets. The criteria for climate change mitigation and adaptation were published in a delegated climate regulation on 4 June 2021. A supplementary delegated act on nuclear power and natural gas, related to the climate change mitigation and adaptation criteria, was adopted on 5 July 2022, and based on it, nuclear power and gas were included in the EU taxonomy as 'transitional activities' from 1 January 2023. A delegated act for the other four environmental targets was published in July 2023, and companies will have to report under it from 1 January 2024, covering the year 2023. Pohjolan Voima is not obliged to report in accordance with the taxonomy, but the company has reported the taxonomy eligibility of its business in the 2021 financial statements and its taxonomy compliance in the 2022 Annual Report due to the importance of its financial activities and will publish a taxonomy report for 2023 as part of the Annual Report during week 12. Taxonomy reporting will be mandatory for Pohjolan Voima in accordance with the CSRD schedule, i.e. from 2025 onwards. Pohjolan Voima's identified taxonomy-eligible activities focus on the climate change mitigation target. The assessment and the results are based on the information and interpretations of the EU Regulation available at the time of reporting, covering the criteria of 'substantial contribution' and 'do no significant harm' for the corresponding activities. In addition, compliance with the minimum safeguards has been assessed.

Environment

Of Pohjolan Voima's production companies, Kaukaan Voima, Kymin Voima, Porin Prosessivoima, PVO-Vesivoima, Rauman Biovoima, Alholmens Kraft and Teollisuuden Voima have ISO 14001 environmental management systems, EES+ energy efficiency management systems or ISO 50001 energy management systems in place. The systems ensure that environmental and energy efficiency targets are met and verify continuous improvement. Some of the systems are certified. In addition, all production companies have signed energy efficiency agreements for the 2017–2025 period.

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 rivers and the adjacent sea area with around 2.7 (2.8) million fry during the reporting period.

PVO-Vesivoima is involved in several cooperation projects related to the development of waterways. The Lohi Iijokeen (Salmon to Iijoki) project (2022–2024) is a continuation of a long chain of projects on migratory fish in the Iijoki river. Project measures include smolt monitoring in the Haapakoski and Pahkakoski rapids, testing and development of a downstream migration route, the transfer of smolt and anadromous fish, a fry transplanting programme and the production of a video about the Iijoki river. Preparation of a follow-up project, Lohi Iijokeen 2, was started in late 2023.

In December 2020, the Regional State Administrative Agency for Northern Finland granted a water management permit applied for by PVO-Vesivoima and Metsähallitus for the Raasakka fishway. The Raasakka fishway project is awaiting the outcome of appeals by stakeholders against the construction licence. Possible alternative migration solutions for the Raasakka area were further explored in 2023. The hydraulic Fishheart fishway was commissioned at the Raasakka power plant in July 2023, and it will remain in use at least until the end of the 2025 season. Measures to return migratory fish to the old natural riverbed of the Iijoki river at Raasakka continued. In March 2022, the municipality of Ii, PVO-Vesivoima, and the South and North Ii fishery collectives signed an agreement on the development of the old Iijoki riverbed at Raasakka in 2022 and 2023. In 2023, PVO-Vesivoima ran more water and arranged migratory fish monitoring at the Uiskari fishway. An agreement to start preparing a two-year follow-up project for the development of the old Raasakka riverbed in early 2024 was made. Furthermore, a modelling project for the old Raasakka riverbed continued in 2023 with the aim of creating a realistic picture of the potential of the old Raasakka riverbed as a spawning area for migratory fish and a migration route to the regulating dam. Sounding of the riverbed is now complete, and the project will continue in 2024 with flow and habitat modelling based on the sounding data.

In March 2017, the Centre for Economic Development, Transport and the Environment (ELY Centre) for Lapland filed a petition of appeal 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 petition concerning the Iijoki river. In addition to entirely new requirements, these involve additions to the current obligations. The Regional State Administrative Agency gave public notice of the petition concerning Iijoki in February 2020 and of the one concerning Kemijoki in June 2020. PVO-Vesivoima submitted complaints regarding both petitions to the Regional State Administrative Agency. In 2021, PVO-Vesivoima submitted its rejoinder to the petitioner's accounts and statements issued by the Finnish Environment Institute. The petitioner submitted its rejoinder to the statements in April 2022, and PVO-Vesivoima submitted its rejoinder to this rejoinder in June 2022. In May

2023, the fisheries authority of the Lapland ELY Centre supplemented both applications with water resource and marine environment management plans and operation and management plans for the local fishery regions. PVO-Vesivoima submitted rejoinders to the supplements in June 2023. The Regional State Administrative Agency for Northern Finland did not issue a decision on either matter during 2023.

All the thermal power plants operated by the Group fall within the sphere of the Emissions Trading Act (Päästökauppalaki 1270/2023). Carbon dioxide emissions from the production of electricity and heat amounted to 0.2 (0.6) million tonnes. The notes to the financial statements only report the CO_2 emissions of the subsidiaries, which amounted to 0.1 (0.3) million tonnes. Emissions into the air remained at the previous year's level. Sulphur dioxide emissions amounted to 0.2 (0.5) thousand tonnes, nitrogen oxide emissions to 1.3 (1.5) thousand tonnes, and particle emissions to 0.05 (0.1) thousand tonnes.

BAT conclusions related to the reference document on best available techniques for large combustion plants (LCP-BREF) were published on 17 August 2017. Power plants whose main field of activity is energy production had four years to adjust their operations to the conclusions. The transition period is longer for some industrial power plants. Some of Pohjolan Voima's power plants have already renewed their environmental permits, while others will renew them in the coming years under transition period provisions. However, all power plants are prepared to operate in accordance with the LCP BAT. The emission limits for new environmental permits will be stricter.

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 **https://www.tvo.fi/en/index.html** and in a separate corporate social responsibility report.

Risk management

Risk management aims to ensure the realisation of the strategy and the achievement of the business goals, as well as to 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 the identification and analysis of these risks. 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 and impact.

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

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 involve the revenue generation capacity of TVO's OL3 plant unit.

Although there have been few interruptions to OL3's electricity generation since the end of its test production phase, there are uncertainties related to OL3's availability during the first operating cycle due to any possible unexpected events. These uncertainties are managed by means of systematic maintenance and monitoring of the plant unit. If OL3 fails to achieve the planned load factor or operating cost structure, the Finnish national grid limits the capacity level, or costs incurred by TVO due to grid load limitation make it not profitable to operate at full power, there is a risk of production costs exceeding the target. This risk has been examined using various scenarios affecting OL3´s profit-yielding capacity. The risk has also been examined in terms of the adequacy of Fingrid Oyj's grid load limitation and the resulting costs to TVO.

TVO is implementing several risk management measures to secure OL3's profit-yielding capacity. Examples include careful preparation for the first annual outage, securing spare parts that affect availability and utilising experience gained from the Flamanville and Taishan sister plants in the preparation for OL3's annual outage.

TVO is closely monitoring compliance with the terms and conditions of the settlement agreement, which was signed in March 2018 and supplemented in June 2021, and the progress of OL3's warranty period, to ensure that they will be implemented in accordance with the plant supplier's schedule, while ensuring the availability of financial and technical resources.

Share capital and share issues

On 31 December 2023, Pohjolan Voima's share capital was €55.0 (55.0) million, and the total number of shares was 32,295,513 (32,295,513).

In November 2020, Pohjolan Voima took out a total of €90 million of the shareholder loan commitments that it had received from its shareholders in 2018. The shareholder loans received from shareholders are accompanied by rights of option issued by the company, which entitle the holder to convert the shareholder loan receivable into B2 series shares. The granted rights of option entitle the holder to a maximum of 1,613,347 new B2 shares. The subscription period for the rights of

Pohjolan Voima Oyj's shareholders

Shareholder	Shareholding, % 31/12/2023	Shareholding, % 31/12/2022
EPV Energy Ltd	5.525	5.525
Helen Ltd	0.623	0.623
Ilmarinen Mutual Pension Insurance Company	1.843	1.843
Kemira Oyj (incl. Neliapila pension fund)	5.093	5.093
Kokkolan Voima Oy	1.815	1.815
Kymppivoima Oy	5.946	5.946
Metsä Group (Metsäliitto Cooperative, Metsä Fibre, Metsä Board Corporation)	3.020	3.020
Myllykoski Oyj*)	0.635	0.635
Oulun Energia Ltd	0.912	0.912
Outokumpu Oyj	0.097	0.097
Perhonjoki Ltd	2.222	2.222
City of Pori	1.376	1.376
Rautaruukki Corporation	0.091	0.091
Stora Enso Oyj	15.711	15.711
Finnish Power Ltd	1.486	1.486
UPM Energy Ltd*)	48.043	48.043
UPM Communication Papers Ltd*)	3.480	3.480
Vantaa Energy Ltd	0.230	0.230
Yara Suomi Oy (incl. pension fund)	1.852	1.852

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

option began on 1 January 2021. No rights of option were exercised during the financial period. In December 2020, Pohjolan Voima received shareholder loan commitments totalling €238 million, which expired unused on 31 December 2023. Rights of option for two separate series were also issued in connection with the shareholder loan commitment. The 1B/2020 right of option expired simultaneously with the shareholder loan commitments. The share subscription period of the remaining right of option, 1A/2020, began on 1 January 2023 and gives entitlement to up to 3,599,472 new B2 shares. No rights of option were exercised during the financial period.

No share issues were realised during the financial period.

Management

On 23 March 2023, the annual general meeting appointed the following persons to the Board of Directors: Tapio Korpeinen, Chief Financial Officer (UPM-Kymmene Corporation), Seppo Parvi, Chief Financial Officer (Stora Enso Oyj), Jukka Hakkila, Group General Counsel (Kemira Oyj), Anders Renvall, Managing Director (Kymppivoima Oy), Tomi Sederholm, Senior Vice President (UPM-Kymmene Corporation), Esa Kaikkonen, Chief Executive Officer (Metsä Tissue Corporation), Rami Vuola, President & CEO (EPV Energy Ltd), Roger Holm, CEO (Katternö Group), and Antti Vilkuna, CEO (Finnish Power Ltd and SV Hydro Power Ltd), who resigned from the Board on 31 December 2023.

At its inaugural meeting, the Board 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 13 (15) times in 2023. The company's CEO was Ilkka Tykkyläinen, M.Sc. (Eng.), eMBA.

Major legal actions pending

The Group had no pending legal actions at the end of the financial period.

Events after the end of the financial period

Måns Holmberg, CEO at Porvoon Energia Oy was appointed as a member of the Board of Directors by the unanimous decision made by the shareholders on 30 January 2024.

Outlook

During the current financial period, power and heat production are expected to continue as normal.

TVO is preparing for OL3's first annual outage in March. It will be followed by the maintenance and refuelling outages of OL1 and OL2. TVO will closely monitor compliance with the terms and conditions of the settlement agreement, which was signed in March 2018 and supplemented in June 2021. The terms and conditions apply until the end of the warranty period.

Proposal of the Board of Directors regarding the distribution of profit

On 31 December 2023, the parent company's distributable funds totalled €332,262,824.51, of which the net profit for the financial period amounted to €30,299,441.07. The Board of Directors proposes to the annual general meeting that a total dividend of €21,050,000 will be distributed from the distributable funds incurred from the sale of the shares of Fingrid Oyj in 2011. The dividend is to be distributed to the shares of C, C2, M and V series of shares that are entitled to the dividend from the funds incurred from Fingrid Oyj share sale. The remaining distributable assets will be left in distributable reserves. There have been no material changes in the company's financial position since the end of the financial period, and in the Board's opinion, the proposed profit distribution will not jeopardise the company's solvency.

Key figures (IFRS)

IFRS	2023	2022	2021	2020	2019
Turnover, € million	840	610	471	411	417
Operating result, € million	120	-16	-20	-3	45
Net interest-bearing liabilities, € million	560	586	600	629	738
As percentage of turnover, %	67	96	127	153	175
Equity ratio, %	45	44	41	41	39
Total assets, € million	2,317	2,242	2,174	2,189	2,106
Investments, € million	8	7	7	8	4
Average number of personnel	40	42	54	82	89

Financial Statements

Consolidated financial statements (IFRS)

Consolidated statement of comprehensive income

1,000 €	Note	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022
Continuing operations			
Sales	7	**839,966**	**610,193**
Other operating income	8	1,411	1,436
Materials and services	9	-708,970	-507,350
Personnel expenses	10	-5,530	-5,458
Depreciation, amortisation and impairment	11	-31,105	-31,204
Other operating expenses	12, 13	-48,735	-46,801
Share of (loss)/profit of associates and joint ventures	19	73,425	-36,786
Operating profit or loss		**120,462**	**-15,970**
Finance income	14	30,969	27,114
Finance costs	14	-49,723	-15,637
Finance costs - net		**-18,754**	**11,477**
Profit before income tax		**101,708**	**-4,493**
Income tax expense	15	-5,901	8,226
Profit for the year from continuing operations		**95,807**	**3,733**
Discontinued operations			
Profit/loss from discontinued operations	24	**3,774**	**-623**
Profit for the year		**99,581**	**3,110**

1,000 €	Note	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022
Other comprehensive income:			
Items, that may be reclassified later to profit or loss			
Share of other comprehensive income of associates			
Cash flow hedging	19	-52,607	123,865
Other comprehensive income for the year		-52,607	123,865
Total comprehensive income for the year		**46,974**	**126,975**
Profit attributable to:			
Owners of the parent		99,965	3,248
Non-controlling interest		-384	-138
		99,581	**3,110**
Total comprehensive income attributable to:			
Owners of the parent		47,358	127,113
Non-controlling interest		-384	-138
		46,974	**126,975**

Consolidated balance sheet

1,000 €	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	16	283,668	285,942
Property, plant and equipment	17, 18	323,690	345,568
Deferred tax assets	15	2,330	8,231
Investments in associated companies and joint ventures	19	852,017	832,060
Other financial assets	20	695	471
Loans and other receivables	21	601,918	610,631
Non-current assets total		**2,064,318**	**2,082,903**
Current assets			
Inventories	23	14,269	13,630
Trade and other receivables	21	168,056	110,244
Cash and cash equivalents	22	70,109	35,511
Current assets total		**252,434**	**159,385**
Assets held for sale	24	0	152
Total assets		**2,316,752**	**2,242,440**

1,000 €	Note	31 Dec 2023	31 Dec 2022
EQUITY	25		
Equity attributable to owners of the parent			
Share capital		54,962	54,962
Share premium		203,865	203,865
Reserve for invested non-restricted equity		311,176	311,176
Revaluation reserve		81,463	134,070
Subordinated shareholders loans (hybrid equity)		90,347	90,347
Retained earnings		257,060	161,243
Total		**998,873**	**955,663**
Non-controlling interests		**42,541**	**38,470**
Total equity		**1,041,414**	**994,133**
LIABILITIES			
Non-current liabilities			
Provisions	26	3,842	5,562
Borrowings	27	1,045,922	1,067,707
Non-current liabilities total		**1,049,764**	**1,073,269**
Current liabilities			
Borrowings	27	144,041	113,128
Trade and other payables	28	81,533	61,910
Current liabilities total		**225,574**	**175,038**
Total liabilities		**1,275,338**	**1,248,307**
Total equity and liabilities		**2,316,752**	**2,242,440**

Consolidated statement of cash flows

1,000 €	Note	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022
Cash flows from operating activities			
Profit for the year		**99,581**	**3,110**
Adjustments to the profit for the year	6	-18,810	47,761
Change in net working capital	6	-44,070	-13,729
Interest paid and other financial expenses		-28,871	-14,278
Interest received		27,921	4,166
Income tax paid		0	-5
Net cash generated from operating activities		**35,751**	**27,025**
Cash flows from investing activities			
Purchases of intangible assets and property, plant and equipment (PPE)	16, 17	-7,631	-6,737
Proceeds from sales of intangible assets and PPE	16, 17	-414	357
Proceeds from the dissolved joint venture		1,669	0
Proceeds from sales of subsidiaries	5	0	11,962
Net cash used in investing activities		**-6,376**	**5,582**

1,000 €	Note	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022
Cash flows from financing activities			
Acquisition and annulment of own shares	25	0	-359
Equity refunds paid	25	0	-11,602
Interest paid of subordinated shareholders loans (hybrid equity)	25	-3,717	-636
Proceeds from borrowings	24, 27	180,000	122,728
Repayments of borrowings	24, 27	-192,900	-130,736
Proceeds from lease payments	24, 27	301	1,110
Repayments of lease payments	24, 27	-9,572	-9,521
Proceeds (+) or repayments (-) of current liabilities	24,27	31,111	-5,618
Net cash used in financing activities		**5,223**	**-34,634**
Net (decrease)/increase in cash and cash equivalents		**34,598**	**-2,027**
Cash and cash equivalents at the beginning of year		**35,511**	**38,430**
Change in cash and cash equivalents		34,598	-2,027
Cash and cash equivalents of subsidiaries sold		0	-892
Cash and cash equivalents at the end of year	**22**	**70,109**	**35,511**

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 at-tributable to non-controlling interest	Total equity
Balance at 1.1.2022		**55,321**	**203,865**	**10,205**	**322,778**	**90,347**	**158,910**	**841,426**	**40,853**	**882,279**
Comprehensive income										
Profit or loss							3,248	3,248	-138	3,110
Other comprehensive income:										
Cash flow hedges				123,865				123,865		123,865
Total other comprehensive income for the year		**0**	**0**	**123,865**	**0**	**0**	**0**	**123,865**	**0**	**123,865**
Total comprehensive income for the year		**0**	**0**	**123,865**	**0**	**0**	**3,248**	**127,113**	**-138**	**126,975**
Interest paid of subordinated shareholders loans (hybrid equity)	25						-915	-915		-915
Non-controlling interest of the sold group companies								0	-2,245	-2,245
Acquisition and annulment of own shares	25	-359						-359		-359
Refund of reserves	25				-11,602			-11,602		-11,602
Transactions with owners total		**-359**	**0**	**0**	**-11,602**	**0**	**-915**	**-12,876**	**-2,245**	**-15,121**
Balance at 31.12.2022		**54,962**	**203,865**	**134,070**	**311,176**	**90,347**	**161,243**	**955,663**	**38,470**	**994,133**
Balance at 1.1.2023		**54,962**	**203,865**	**134,070**	**311,176**	**90,347**	**161,243**	**955,663**	**38,470**	**994,133**
Comprehensive income										
Profit or loss							99,965	99,965	-384	99,581
Other comprehensive income:										
Cash flow hedges				-52,607				-52,607		-52,607
Total other comprehensive income for the year		**0**	**0**	**-52,607**	**0**	**0**	**0**	**-52,607**	**0**	**-52,607**
Total comprehensive income for the year		**0**	**0**	**-52,607**	**0**	**0**	**99,965**	**47,358**	**-384**	**46,974**
Interest paid of subordinated shareholders loans (hybrid equity)	25						-4,148	-4,148		-4,148
Increase in non-controlling interest	33							0	4,455	4,455
Transactions with owners total		**0**	**0**	**0**	**0**	**0**	**-4,148**	**-4,148**	**4,455**	**307**
Balance at 31.12.2023		**54,962**	**203,865**	**81,463**	**311,176**	**90,347**	**257,060**	**998,873**	**42,541**	**1,041,414**

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 18 power plants in 14 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** or from PVO's head offices, Mikonkatu 7, 00100 Helsinki, Finland.

These consolidated financial statements were approved for issue by PVO's Board of Directors on 27 February 2024, 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 Accounting Standards) as adopted by the European Union. The IAS and IFRS Accounting Standards as well as and IFRIC and SIC Interpretations valid as at 31 December 2023 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 Accounting Standards 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".

Comparability

The test production of Teollisuuden Voima Oyj's Olkiluoto 3 plant unit continued in early 2023 and the regular electricity production started on 16 April 2023. Further, the commercial operation started on 1 May 2023. The start of the regular and commercial electricity production affect the comparability of Group's consolidated income statement and balance sheet and increase the volume of electricity supplied by Pohjolan Voima, turnover, material and service costs as well as current receivables and current liabilities.

Impact of the Russia's war in Ukraine on the financial statements

The Ukranian situation has not had direct effect on the Group's operations or the production of electricity during the reporting period. The increase in general cost and interest rate level has however affected the expenses.

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 produces or has produced 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 Pohjolan Voima'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 proportionate 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. All joint arrangements in the Group are joint ventures.

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 recognised 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 recognised 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 not generally recognise any deferred tax assets or liabilities on these operations. Deferred tax may arise in energy related operations if the invoicing of the costs incurred does not match with the period when the costs are incurred. 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 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 (CO_2) 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

Leases - Group as lessee

The Group leases various land areas, power plant machines, offices, equipment and vehicles. Rental contracts are typically made for fixed periods of less than 12 months to 50 years. Leases are recognised 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 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. 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 recognised 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 amortised 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. Derivatives 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.

Amortised cost

Amortised 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 impairment model applies to trade receivables and the earlier recognition of their credit losses.

According to the IFRS 9 standard, the Group applies a simplified provision matrix to recognise the credit risks in trade receivables on the basis of which a deductible item is recognised 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 model do not have a significant impact. Regarding financial instruments measured at amortised cost the Group performs active monitoring and recognised 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 reorganisation, 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 amortised 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 recognised the gains and losses resulted from fair value measurement through income statement in finance income or cost.

Other companies in the Group have derivative instruments that do not fulfil the hedge accounting criteria according to IFRS Accounting Standards. 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

Pension arrangements are classified as defined benefit plans or defined contribution plans. Defined benefit plans are plans that are not defined contribution plans. The Group does not have any defined benefit plans. 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.

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 on 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.

Share Capital

PVO has 13 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 recognised 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 installments. 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 recognised in liabilities when the obligation to pay interest is incurred. Interest expenses are recognised in the retained earnings and are not recognised 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. Subscription can be made once a year.

Pohjolan Voima received subordinated shareholder loan commitments in total of 238 million euros in December 2020 which lapsed according to the commitment at the end of the financial year terms. In connection of the shareholder loan commitments two separate series of option rights were also subscribed out of which option rights 1B/2020 lapsed simultaneously with the loan commitments. The subscription period of the remaining option rights 1A/2020 started 1 January 2023 and options entitle to maximum of 3.599.472 new B2 shares with the subscription price of 0.01 euro. The subscription period will last to 1 June 2026.

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 cots 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 recognised 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.

Accounting principles relating to the joint venture Teollisuuden Voima Oyj

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. Below description how the accounting principles applied by TVO are affect Pohjolan Voima's consolidated financial statements.

Derivative instruments

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 organisation actually uses for hedging that amount of the hedged item. IFRS 9 requires the same hedging rate that is actually used in risk management. Hedge accounting applied by TVO affects Pohjolan Voima's other comprehensive income.

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. 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 recognised relating to decommissioning of the plant is depreciated over the estimated useful life of the power plant.

The provision 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 recognised 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.

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 2022. The Group has applied following new standards, amendments and interpretations from 1 January 2023 on:

- IAS 1 Presentation of Financial Statements, IAS 8 Disclosure of Accounting Policies (amendments) – accounting policy disclosures and definition of accounting estimates. Companies are required to disclose their material accounting policy information rather than their significant accounting policies and distinguish changes in accounting policies from changes in accounting estimates.
- IAS 12 Income taxes (amendment) – deferred tax related to assets and liabilities arising from a single transaction.

The Group adopts the following published standards, interpretations and changes to existing standards and interpretations in its 2024 financial statements or later. Based on initial assessment, the Group estimates that these have no impact on the consolidated financial statements, unless separately below stated.

- Supplier finance arrangements – Amendments to IAS 7 and IFRS 7*. New disclosure requirements about supplier financing arrangements ('SFAs') to enable investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.
- IAS 1 Presentation of Financial Statements (amendment)* – classification of liabilities as current or non-current
- IFRS 16 Leases (amendment)* - lease liability in a sale and leaseback

* 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.

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.

Assets relating to Teollisuuden Voima Oyj

Teollisuuden Voima Oyj is consolidated as joint venture using the equity method in Pohjolan Voima's consolidated financial statements. Due to the materiality of Pohjolan Voima's ownership share the Group management has assessed the valuation of TVO in the consolidated balance sheet and has not seen any indication on impairment.

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 recognised 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 1/3 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 realised at a low cost.

Pohjolan Voima Group mainly uses the domestic commercial paper programs amounting to €300 million in order to ensure short-term financing. As at 31 December 2023 €132 (99) million out of the commercial paper program was in use.

In addition to liquid assets Pohjolan Voima Group's liquidity is secured by €350 million (350) revolving credit facilities. Undrawn shareholder loan commitments of €238 (238) million matured on 31 December, 2023. The revolving credit facility will mature in June 2028 and it includes a one-year extension option. The facility was fully undrawn as at 31 December 2023 (as well as per 31 December 2022).

Pohjolan Voima Group's financial arrangements do not include any financial 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 2023

1,000 €	2024	2025	2026	2027	2028-	Total	Balance sheet
Loans from financial institutions [1]	-4,250	-127,000	-246,000		-70,000	-447,250	-447,250
Finance costs [2]	-21,313	-18,495	-11,897	-3,700	-3,169	-58,574	
Bonds		-150,000				-150,000	-149,889
Finance costs	-1,875	-1,875				-3,750	
Loan from the State Nuclear Waste Management Fund (TVO) [3]					-350,000	-350,000	-350,000
Finance costs	-14,220	-9,932	-9,932	-9,932	-9,932	-53,948	
Lease liabilities [4]	-10,603	-15,927	-18,061	-6,985	-63,724	-115,300	-113,425
Finance costs	-4,832	-4,364	-3,650	-2,873	-7,960	-23,679	
Commercial papers	-129,399					-129,399	-129,399
Finance costs	-2,601					-2,601	
Interest rate derivatives	-5,246	-2,261	-1,553	-1,489	-2,057	-12,606	7,302
Shareholder loan interests	-4,650					-4,650	
Total	198 989	-329,854	-291,093	-24,979	-506,842	-1,351,757	

[1] Repayments to be made in 2024 are included in current liabilities.

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

[3] The 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 60 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 renewed with three years intervals, next time in March, 2026 and the State Nuclear Waste Management Fund is entitled to ask securing collateral for the loan.

[4] lease liabilities according to IFRS 16 included

Undiscounted cash flows of financial liabilities 2022

1,000 €	2023	2024	2025	2026	2027-	Total	Balance sheet
Loans from financial institutions [1]	-4,500	-67,650	-193,000		-70,000	-335,150	-335,150
Finance costs [2]	-10,130	-9,100	-6,550	-2,582	-2,098	-30,460	
Bonds	-125,000		-150,000			-275,000	-274,701
Finance costs	-4,063	-1,875	-1,875			-7,813	
Loan from the State Nuclear Waste Management Fund (TVO) [3]					-350,000	-350,000	-350,000
Finance costs	-10,302	-13,129	-13,129	-13,129	-13,129	-62,818	
Lease liabilities [4]	-10,459	-10,441	-15,713	-17,923	-69,918	-124,454	-122,631
Finance costs	-2,455	-2,236	-2,014	-1,690	-5,410	-13,805	
Commercial papers	-98,353					-98,353	-98,353
Finance costs	-646					-646	
Interest rate derivatives	-2,029	-1,233	-278	-411	-179	-4,130	14,629
Shareholder loan interests	-3,717					-3,717	
Total	-271,654	-105,664	-382,559	-35,735	-510,734	-1,306,346	

[1] Repayments to be made in 2023 are included in current liabilities.

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

[3] The 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 60 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.

[4] lease 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 monitoring based on the share series level is based on the fact that ownership of subsidiaries is based on share series and decision making for the interest risk hedging is made on a company level. 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 87% (77%) of the Group's total borrowings. Interest rate swaps currently in place cover approximately 24% (26%) of the variable loan principal outstanding. The fixed interest rates of the interest rate swaps range between 0.22% and 3.29% (0.16% and 1.25%).

As per 31 December 2023 the increase or decrease of one percentage point in the interest rate would affect the result of the year by approximately +€4,5/-4,8 (+3,5/-1,2) 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 2023 and 2022.

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 recognised impairment of 24 thousand Euros on trade receivables during the reporting period (2022: no impairment). 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.

	2023	2022
Equity on assets ratio (%) (IFRS, Group) *	45	44

*** Equity on assets ratio%**

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

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 Torniolaakson 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 Kaukaan Voima Oy, Kymin Voima Oy, Porin Prosessivoima Oy and Rauman Biovoima Oy. In addition, the shareholdings in the associate Oy Alholmens Kraft Ab (in 2022 also the shareholding in joint venture Vaskiluodon Voima Oy) and Laanilan Voima Oy belong to the thermal power segment.

The nuclear power segment includes the share in the joint venture Teollisuuden Voima Oyj which produces electricity at three nuclear power plant units, Olkiluoto 1, Olkiluoto 2 and Olkiluoto 3, which was in 2022 in test production phase.

The other operations cover the group functions of the parent company Pohjolan Voima Oyj as well as the service companies PVO Power Management Oy and PVO Power Services 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.

2023

Income statement	Hydro-power	Thermal power	Nuclear power	Other	Total	Discon-tinued operations
Sales, external	29,781	184,006	548,879	81,362	844,028	-35
Sales, inter-segment	7,311	96,596		66,542	170,449	4,062
Elimination					-174,511	
Sales total	**37,092**	**280,602**	**548,879**	**147,904**	**839,966**	**4,027**
Depreciation, amortisation and impairment	-5,230	-25,369		-506	-31,105	
Share of (loss)/profit of associates and joint ventures	-68	736	72,757		73,425	
Operating profit or loss	**6,016**	**2,400**	**72,757**	**39,289**	**120,462**	**3,954**
Finance income and costs	-2,867	-3,221	-8,796	-3,870	-18,754	115
Income taxes				-5,901	-5,901	-295
Profit/loss for the year from continuing and discontinued operations	**3,149**	**-821**	**63,961**	**29,518**	**95,807**	**3,774**

Income statement	Hydro-power	Thermal power	Nuclear power	Other	Total
Assets					
Non-current assets	**430,897**	**230,683**	**1,356,262**	**41,174**	**2,059,016**
Other non-current assets					**5,302**
Non-current assets total					**2,064,318**
Current assets	**11,375**	**87,398**	**0**	**172,717**	**271,490**
Elimination					**-21,056**
Other current assets					**2,000**
Current assets total					**252,434**
Total assets	**442,272**	**318,081**	**1,356,262**	**213,891**	**2,316,752**
Liabilities					
Non-current liabilities					
Non-current liabilities	145,326	118,468	782,581	3,389	**1,049,764**
Current liabilities					
Current liabilities	2,899	44,215	0	199,516	**246,630**
Elimination					**-21,056**
Current liabilities total					**225,574**
Total liabilities	**148,225**	**162,683**	**782,581**	**202,905**	**1,275,338**

2022

Income statement	Hydro-power	Thermal power	Nuclear power	Other	Total	Discon-tinued operations
Sales, external	51,383	240,078	229,216	89,516	610,193	65
Sales, inter-segment	-5,722	97,323		95,468	187,069	
Elimination					-187,069	
Sales total	**45,661**	**337,401**	**229,216**	**184,984**	**610,193**	**65**
Depreciation, amortisation and impairment	-5,060	-25,441		-703	-31,204	
Share of (loss)/profit of associates and joint ventures	-55	-3,222	-33,509		-36,786	
Operating profit or loss	**3,687**	**-4,162**	**-33,509**	**18,014**	**-15,970**	**-635**
Finance income and costs	-1,282	-1,170	-5,375	19,304	11,477	12
Income taxes				8,226	8,226	
Profit/loss for the year from continuing and discontinued operations	**2,405**	**-5,332**	**-38,884**	**45,544**	**3,733**	**-623**

Income statement	Hydro-power	Thermal power	Nuclear power	Other	Total
Assets					
Non-current assets	**432,132**	**253,900**	**1,336,112**	**46,743**	**2,068,888**
Other non-current assets					**14,015**
Non-current assets total					**2,082,903**
Current assets	**22,460**	**75,544**	**0**	**81,627**	**179,631**
Elimination					**-20,860**
Other current assets					**614**
Current assets total					**159,385**
Assets held for sale		152			**152**
Total assets	**454,592**	**329,596**	**1,336,112**	**128,370**	**2,242,440**
Liabilities					
Non-current liabilities					
Non-current liabilities	153,676	133,644	782,581	3,367	**1,073,269**
Current liabilities					
Current liabilities	10,020	46,588	0	139,290	**195,898**
Elimination					**-20,860**
Current liabilities total					**175,038**
Total liabilities	**163,696**	**180,232**	**782,581**	**142,658**	**1,248,307**

5 Sold non-current assets and business combinations

Sold non-current assets

The shares of Hämeenkyrön Voima Oy were sold to Metsä Board Oyj as at 1 January 2022.

Assets and liabilities of sold companies	2022
Intangible assets	1,314
Property, plant and equipment	29,698
Trade and other receivables	3,222
Cash and cash equivalents	892
Total assets	35,126
Non-controlling interests	2,245
Provisions	291
Borrowings	18,215
Trade and other payables	2,596
Total liabilities	23,347
Net assets sold	11,779
Gain on disposal	183
Total consideration	11,962
Cash consideration received	11,962
Cash and equivalents disposed of	-892
Cash inflow arising from disposal	11,070

There were no sold non-current assets in 2023.

Business combinations

There were no business combinations in 2023 or in 2022.

6 Notes to the statement of cash flows

Adjustments to profit or loss for the year (1 000 €)	2023	2022
Depreciation, amortisation and impairment	31,105	31,204
Increase/decrease in fair value of derivatives	6,284	-20,400
Income taxes	6,195	-8,226
Gains (+) or losses (-) from disposal of non-current assets	-1,324	-529
Finance costs - net	12,355	8,913
Share of (loss)/profit of associates and joint ventures	-73,425	36,786
Other adjustments	0	13
Total	-18,810	47,761

Change in net working capital	2023	2022
Increase (-) or decrease (+) in non-interest-bearing receivables	-52,978	-3,549
Increase (-) or decrease (+) in inventories	-639	-7,499
Increase (+) or decrease (-) in current non-interest-bearing liabilities	9,633	-2,154
Change in provisions	-86	-527
Total	-44,070	-13,729

7 Sales

1,000 €	2023	2022
Sales of electricity produced	624,780	339,088
Sales of heat produced	132,944	128,671
Sales of purchased electricity	27,959	97,269
Other sales	54,282	45,165
Total	839,966	610,193
Electricity delivered to shareholders (GWh)		
Electricity produced	17,037	12,234
Heat produced	2,880	3,128
Purchased electricity	580	671

Pohjolan Voima's electricity purchases are determined by the electricity required by the shareholders. In 2023, Pohjolan Voima Group's total electricity purchases from continuing operations were 17.6 (12.9) TWh. The Group's electricity generation accounted for 17.0 (12.2) TWh, of which the parent company delivered to its shareholders 16.7 (11.9) TWh. Subsidiaries supplied 0.4 (0.3) TWh to other owners. Purchases from continuing operations from the Nordic electricity market, were 0.6 (0.7) TWh and sales were 0.5 (0.4) TWh. Heat deliveries were 2.8 (3.1) TWh.
Other sales consist primarily of sales of emission allowances as well as management services.

8 Other operating income

1,000 €	2023	2022
Rental income	622	517
Gain on sale of property, plant and equipment	518	429
Other income	271	489
Total	1,411	1,436

9 Materials and services

1,000 €	2023	2022
Fuels	96,431	100,583
Change in inventories	-515	-7,399
Materials and services	2,264	2,689
Emissions allowances - carbon dioxide	1,018	2,791
Energy purchased; Nordic electricity market	58,077	97,592
Energy purchased; Associates and Joint ventures	537,558	290,166
Energy purchased; other	9,361	15,329
External services	4,775	5,599
Total	708,970	507,350

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 and Oy Alholmens Kraft Ab (in 2022 also Vaskiluodon Voima Oy).

10 Personnel expenses

Personnel-related expenses

1,000 €	2023	2022
Wages and salaries	4,431	4,569
Pension expenses - defined contribution	832	718
Other personnel expenses	268	171
Total	5,530	5,458

Average number of personnel

	2023	2022
Salaried employees	39	41
Wage-earners	1	1
Total	40	42

11 Depreciation, amortisation and impairment

1,000 €	2023	2022
Amortisation of intangible assets		
Intangible rights	109	108
Other intangible assets	446	593
Total	555	701
Depreciation of property, plant and equipment		
Land and water areas	311	281
Buildings and constructions	4,554	4,736
Machinery and equipment	23,980	23,712
Other tangible assets	1,705	1,774
Total	30,551	30,503
Depreciation, amortisation and impairment total	31,105	31,204

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

12 Other operating expenses

1,000 €	2023	2022
Repair, servicing and maintenance services	13,018	11,276
Real estate taxes	6,125	5,997
Rents	103	230
Operation services	14,630	13,797
Other expenses	14,858	15,502
Total	48,735	46,801

Auditor’s fees

1,000 €	2023	2022
Audit fees	212	176
Tax advisory	1	-
Other services	-	6
Total	213	182

13 Research & development

Research and development recognised as an expense during the period totalled 115 (64) thousand euros in 2023.

14 Finance income and costs

1,000 €	2023	2022
Interest income on loans and receivables	30,969	6,713
Derivative financial instruments (hedge accounting is not applied)		
Fair value gains	0	20,400
Finance income total	30,969	27,114
Interest expense on liabilities at amortised costs	41,131	12,957
Derivative financial instruments (hedge accounting is not applied)		
Fair value losses	6,284	0
Other finance cost	2,307	2,681
Finance costs total	49,723	15,637
Total finance income and costs	-18,754	11,477

15 Income tax

Pohjolan Voima 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. However, in the parent company there are tax losses carried forward from the uninvoiced costs relating to OL3 that have been incurred during the project period. As the electricity production started in the test production phase Pohjolan Voima started to invoice the costs incurred from the shareholdes. Simultaneously deferred tax asset was recorded in the parent company as the tax losses carried forward can be utilised in the coming years.

There are no other tax losses carried forward in the Group.

Income tax

1,000 €	2023	2022
Change in deferred tax liability	-5,901	8,231
Taxes for the previous financial years	0	-5
Total	-5,901	8,226

Income tax reconciliation

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

1,000 €	2023	2022
Result before income tax	101,708	-4,493
Tax based on Finnish tax rate 20%	-20,342	899
Tax-free income	161	0
Change in the utilization of deferred tax assets	-5,901	8,231
Share of profits and losses of associates and joint ventures	14,691	-7,315
Income taxes from the previous financial periods	0	-5
Unrecognised deferred taxes due to cost price principle	5,490	6,416
Income taxes recognised in consolidated income statement	-5,901	8,226

Deferred tax asset

1,000 €	2023	2022
Deferred tax asset	2,330	8,231

Defered tax asset is recorded of parent company's tax losses carried forward that totalled 31 December 2023 €11.7 (41.2) million.

16 Intangible assets

1,000 €	Emission allowances - carbon dioxide	Intangible rights	Other intangible assets	Total
Cost or valuation at 1.1.2023	3,861	281,645	13,768	299,274
Disposals	-2,059		-975	-3 034
Reclassifications			340	340
At 31.12.2023	1,802	281,645	13,134	296,580
Accumulated amortisation and impairment 1.1.2023	0	1,705	11,627	13,332
Disposals			-975	-975
Amortisation and impairment, for the period		109	446	555
Accumulated amortisation and impairment 31.12.2023	0	1,814	11,098	12,912
Closing net book amount 31.12.2023	1,802	279,831	2,035	283,668
Closing net book amount 31.12.2022	3,861	279,940	2,141	285,942

1,000 €	Emission allowances - carbon dioxide	Intangible rights	Other intangible assets	Total
Cost or valuation at 1.1.2022	2,786	281,565	6,031	290,382
Additions	4,349			4,349
Disposals	-3,274		6,339	3,065
Reclassifications		80	1,398	1,478
At 31.12.2022	3,861	281,645	13,768	299,274
Accumulated amortisation and impairment 1.1.2022	0	1,597	4,695	6,292
Disposals			6,339	6,339
Amortisation and impairment, for the period		108	593	701
Accumulated amortisation and impairment 31.12.2022	0	1,705	11,627	13,332
Closing net book amount 31.12.2022	3,861	279,940	2,141	285,942
Closing net book amount 31.12.2021	2,786	279,968	1,337	284,091

The intangible assets include the right to produce hydro power totalling €265 million and and the compensation amounting to €14.4 million 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 6.97% 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.

In the sensitivity analysis the electricity market price change of +/- 5% would change the value of the tested business by approximately +/- €105 million. The change of the weighted average capital cost of +/- 1,0 percentage point would accordingly affect approximately -€266/+€381 million. 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 1.1.2023	40,935	125,365	658,065	81,002	6,529	911,897
Additions	709	68	358		7,878	9,012
Disposals		-1,174	-5,914	-11,533		-18,621
Reclassifications		4,978	2,611	264	-8,194	-340
Cost or valuation 31.12.2023	41,644	129,238	655,120	69,733	6,213	901,949
Accumulated depreciation and impairment 1.1.2023	1,326	70,489	441,690	52,633	191	566,329
Disposals and reclassifications		-1,174	-5,914	-11,533		-18,621
Depreciation and impairment for the period	311	4,554	23,980	1,705		30,551
Accumulated depreciation and impairment 31.12.2023	1,637	73,870	459,756	42,805	191	578,259
Net book amount 31.12.2023	40,007	55,368	195,365	26,928	6,022	323,690
Net book amount 31.12.2022	39,609	54,876	216,376	28,368	6,338	345,568

1,000 €	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Prepayments	Total
Cost or valuation at 1.1.2022	40,258	121,992	689,116	80,103	12,846	944,316
Additions	677	1,330	112		7,182	9,301
Disposals		-3,000	-37,230	-12		-40,242
Reclassifications		5,043	6,067	911	-13,499	-1,478
Cost or valuation 31.12.2022	40,935	125,365	658,065	81,002	6,529	911,897
Accumulated depreciation and impairment 1.1.2022	1,045	68,402	455,208	50,859	191	575,705
Disposals and reclassifications		-2,649	-37,230			-39,879
Depreciation and impairment for the period	281	4,736	23,712	1,774		30,503
Accumulated depreciation and impairment 31.12. 2022	1,326	70,489	441,690	52,633	191	566,329
Net book amount 31.12.2022	39,609	54,876	216,376	28,368	6,338	345,568
Net book amount 31.12.2021	39,213	53,590	233,909	29,243	12,655	368,611

In 2023 and 2022 the cost estimate of one landfill was 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 1.1.2023	460	14,743	111	15,314
Cost or valuation at 31.12.2023	460	14,743	111	15,314
Accumulated depreciation and impairment 1.1.2023	363	9,529	90	9,983
Depreciation and impairment for the period	18	567	4	589
Accumulated depreciation and impairment 31.12.2023	381	10,096	94	10,572
Net book amount 31.12.2023	79	4,646	17	4,742
Net book amount 31.12.2022	97	5,213	21	5,331

1,000 €	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Cost or valuation at 1.1.2022	460	14,925	111	15,496
Disposals		-182		-182
Cost or valuation at 31.12.2022	460	14,743	111	15,314
Accumulated depreciation and impairment 1.1.2022	344	9,145	85	9,575
Disposals		-182		-182
Depreciation and impairment for the period	19	566	5	590
Accumulated depreciation and impairment 31.12.2022	363	9,529	90	9,983
Net book amount 31.12.2022	97	5,213	21	5,331
Net book amount 31.12.2021	116	5,779	26	5,921

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.

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 guidance to leases with a terms less than twelve months or to leases for which the underlying asset value is of low value.

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 €	2023	2022
Land and water areas	311	281
Buildings	304	504
Machinery and equipment	11,264	11,234
Other tangible assets	108	129
Total	11,987	12,148
Interest expense (included in finance cost)	4,369	1,033
Expense relating to short-term leases	9	39
Expense relating to leases of low-value assets that are not shown above as short-term leases	53	55

The total cash outflow of leases in 2023 was 2,267 (1,123) 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 €	2023	2022
Land and water areas	6,276	5,877
Buildings	1,165	1,401
Machinery and equipment	87,263	98,215
Other tangible assets	916	1,024
Total	95,620	106,517
Provisions	1,905	1,928

Lease liabilities

Current	10,393	10,275
Non-current	103,032	112,356
Total	113,425	122,631

Additions to the right-of-use assets in 2023 were 1,090 (2,089) thousand Euros and disposals 331 (352) thousand Euros.
There were no impairment in 2023 and 2022.

19 Associates and joint ventures

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

1,000 €	2023	2022
Länsi-Suomen Voima Oy	23	9
Oy Alholmens Kraft Ab	861	598
Tahkoluodon Polttoöljy Oy	5	0
Teollisuuden Voima Oyj	72,757	-33,509
Torniolaakson Voima Oy	-94	-73
Vaskiluodon Voima Oy	-130	-3,820
Voimalohi Oy	4	9
Total	73,425	-36,786

Vaskiluodon Voima Oy and Tahkoluodon Polttoöljy Oy have been dissolved in 2023.

Investments in associates and joint ventures

1,000 €	2023	2022
At 1 January	832,060	744,981
Disposals	-861	0
Share of profit	73,425	-36,786
Other comprehensive income	-52,607	123,865
At 31 December	852,017	832,060

Associates and Joint Ventures

Company, domicile	Interest held % 2023	Interest held % 2022	Book value 1 000€ 2023	Book value 1 000€ 2022
Associates				
Oy Alholmens Kraft Ab, Pietarsaari	49.90%	49.90%	19,817	18,955
Länsi-Suomen Voima Oy, Harjavalta	19.90%	19.90%	33,768	33,744
Torniolaakson Voima Oy, Ylitornio	50.00%	50.00%	1,664	1,757
			55,249	54,456
Joint Ventures				
Teollisuuden Voima Oyj, Helsinki	58.50%	58.50%	796,530	776,380
Vaskiluodon Voima Oy, Vaasa	-	50.00%	-	991
Voimalohi Oy, Kemi	50.00%	50.00%	238	233
			796,768	777,604
Associates and joint ventures total			852,017	832,060

Pohjolan Voima accounts for Teollisuuden Voima Oyj as a joint venture in the IFRS consolidated financial statements. Pohjolan Voima Oyj owns 58.50% of the share capital of Teollisuuden Voima Oyj at 31 December 2023 (31 December 2022: 58.50%). 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 €118 (455) million.

Goodwill on acquisition of Länsi-Suomen Voima Oy is included in the investments in the associates totalling €28 million at 31 December 2023 (31 December 2022: €28 million). Impairment testing of the shareholding 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 2023.

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 (-)
2023				
Oy Alholmens Kraft Ab	65,036	24,472	46,233	134
Länsi-Suomen Voima Oy	38,161	10,289	7,105	3
Teollisuuden Voima Oyj	9,228,576	6,976,616	876,204	163,999
Torniolaakson Voima Oy	6,683	3,356	2,166	-31
Voimalohi Oy	1,819	1,342	5,134	0
Total	9,340,275	7,016,076	936,842	164,105

1,000 €	Assets	Liabilities	Revenue	Profit/loss (-)
2022				
Oy Alholmens Kraft Ab	74,786	36,345	101,959	1,199
Länsi-Suomen Voima Oy	38,679	10,919	6,391	1
Tahkoluodon Polttoöljy Oy	5	0	0	0
Teollisuuden Voima Oyj	9,171,020	6,953,502	358,208	-47,878
Torniolaakson Voima Oy	6,259	2,743	1,374	-18
Vaskiluodon Voima Oy	11,865	9,970	93,198	-1,528
Voimalohi Oy	2,669	2,200	5,325	0
Total	9,305,281	7,015,679	566,456	-48,225

Related-party transactions - transactions with associates and joint ventures

1,000 €	2023	2022
Sales to associates and joint ventures	1,534	25,413
Purchases from associates and joint ventures	582,515	274,712
Receivables from associates and joint ventures	647,671	623,808
Liabilities to associates and joint ventures	540,068	359,750

	2023	2022
Personnel employed by associates and joint ventures in average	1,117	1,113

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.

Summary of the balance sheet	TVO Group 2023	TVO Group 2022
Current		
Cash and cash equivalents	287,684	353,203
Other current assets	586,460	509,919
Current assets in total	874,144	863,122
Financial liabilities (excl. trade payables)	-371,387	-258,669
Other current liabilities (incl. trade payables)	-290,223	-177,846
Current liabilities in total	-661,610	-436,515
Non-current		
Assets	8,354,432	8,307,898
Financial liabilities	-6,315,006	-6,516,988
Non-current liabilities in total	-6,315,006	-6,516,988
Net assets	**2,251,960**	**2,217,517**

Summary of the statement of comprehensive income	2023	2022
Sales	876,204	358,208
Depreciation	-178,674	-46,992
Finance income	76,445	6,295
Finance costs	-162,423	-81,480
Profit/loss from continuing operations before income tax	164,012	-47,826
Income tax expense	-13	-52
Profit/loss from continuing operations after income tax	163,999	-47,878
Other comprehensive income	-89,928	211,736
Profit/loss from continuing operations	**74,071**	**163,858**

Summary of the financial information	2023	2022
Net assets at 1 January	2,217,517	2,063,061
Profit/loss for the year	74,071	163,858
The change and interest of subordinated shareholder loans	-39,628	-9,402
Net assets at the end of the period	**2,251,960**	**2,217,517**
Group ownership %	58.50%	58.50%
Group ownership share	1,317,397	1,297,247
Subordinated shareholder loans	-543,641	-543,641
IFRS-entries relating to the valuation	22,774	22,773
Book value	**796,530**	**776,380**

20 Other financial assets

1,000 €	2023	2022
Investments in non-listed securities	695	471
Total	695	471

Other financial assets consist mainly of vacation cottage and golf shares used by personnel totalling 0.7 (0.5) million Euros.

21 Loans and other receivables

Non-current loans and other receivables

1,000 €	2023	2022
Loans to associates and joint ventures	559,733	559,733
Derivative financial instruments	5,302	14,015
Other non-current receivables	36,883	36,883
Total	601,918	610,631

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

Trade and other receivables

1,000 €	2023	2022
Trade receivables	110,523	79,865
Pledged cash deposits	0	33
Prepayments and accrued income	52,399	26,395
Derivative financial instruments	2,000	614
Other current receivables	3,135	3,336
Total	168,056	110,244

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

Prepayments and accrued income:

1,000 €	2023	2022
Prepayments, energy purchases	40,174	13,701
Indirect taxes	826	2,492
Other	11,399	10,202
Total	52,399	26,395

The Group recorded credit losses of 24 thousand Euros in 2023 (no credit losses in 2022) on trade receivables or other receivables. The Group had no material outstanding receivables as per 31 December 2023. Therefore, the aging of trade receivables is not presented.

22 Short-term deposits, cash and cash equivalents

Cash and cash equivalents

1,000 €	2023	2022
Cash at bank and on hand	70,109	35,511
Total	70,109	35,511

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 €	2023	2022
Fuels		
Coal	729	455
Other fuels	13,440	13,075
Prepayments	100	100
Total	14,269	13,630

No inventory impairment was recorded from continued nor discontinued operations (2022: not recorded) in 2023.

24 Discontinued operations and assets held for sale

Discontinued operations

1,000 €	2023	2022
Income	5,228	559
Costs	-1,159	-1,182
Profit before income tax	4,069	-623
Income tax	-295	0
Profit from discontinued operations	3,774	-623

Cash flow from discontinued operations

1,000 €	2023	2022
Cash flows from operating activities	-2,535	1,885
Cash flows from investing activities	959	136
Cash flows total	-1,576	2,021

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. Pohjolan Voima's extraordinay shareholders' meeting approved the decision 13 November 2015. PVO-Lämpövoima's operations are presented in the financial statement 2015-2023 as discontinued operations. PVO-Lämpövoima's tangible assets are presented as assets held for sale in 2023 and 2022.

The extraordinary sharholders' meeting of Pohjolan Voima 25 October 2021 approved the decision to sell the shares of Hämeenkyrön Voima Oy to Metsä Board Oyj. The sale came into force 1 January 2022. The intangible and tangible assets as well as receivables of Hämeenkyrön Voima Oy were presented as assets helf for sales and liabilities accordingly as liabilities related to assets held for sale in 2021.

Assets held for sale

1,000 €	2023	2022
Tangible assets	-	152
Total	-	152

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
1.1.2022	32,509,113	55,321	203,865	10,205	322,778	90,347	158,910	841,426
Interest paid of subordinated shareholders loans (hybrid equity)							-915	-915
Acquisition and annulment of own shares	-213,600	-359						-359
Refund of reserves					-11,602			-11,602
Other comprehensive income				123,865			3,248	127,113
31.12.2022	32,295,513	54,962	203,865	134,070	311,176	90,347	161,243	955,663
Interest paid of subordinated shareholders loans (hybrid equity)							-4,148	-4,148
Other comprehensive income				-52,607			99,965	47,358
31.12.2023	**32,295,513**	**54,962**	**203,865**	**81,463**	**311,176**	**90,347**	**257,060**	**998,873**

Shares

The number of shares at 31 December 2023 was 32,295,513. The shares have no nominal value. All issued shares are fully paid.

The company has 13 registered series of shares

Share capital by share category	Number	1,000 €
Series A:	13,350,077	22,453
- entitling the holder to obtain energy produced or purchased by PVO-Vesivoima Oy		
Series B:	7,124,507	11,983
- entitling the holder to obtain 56.8% of the energy produced or purchased by Teollisuuden Voima Oyj's - Olkiluoto plant 1 and 2		
Series B2:	5,603,151	9,424
- entitling the holder to obtain 60.2% of the energy produced by Teollisuuden Voima Oyj's Olkiluoto plant 3		
Series C:	2,224,498	1,983
- entitling the holder to obtain energy produced or purchased by PVO-Lämpövoima Oy		
Series C2:	359,198	604
- entitling the holder to obtain 56.8% of the energy produced or purchased by Teollisuuden Voima Oyj's Meri-Pori coal power plant		
Series G:	354,290	596
- entitling the holder to obtain 49.9% of the energy produced by Oy Alholmens Kraft Ab		
Series G2:	238,216	401
- entitling the holder to obtain 76.0% of the energy produced by Kymin Voima Oy		
Series G4:	296,486	499
- entitling the holder to obtain 72.0% of the energy produced by Rauman Voima Oy		
Series G5:	155,272	261
- entitling the holder to obtain energy produced by Laanilan Voima Oy		
Series G6:	646,217	1,087
- entitling the holder to obtain 89.0% of the energy produced by Porin Prosessivoima Oy		
Series G9:	589,071	991
- entitling the holder to obtain 54.0% of the energy produced by Kaukaan Voima Oy		
Series M:	307,707	2,921
- entitling the holder to obtain 100,0% of the energy produced by Mussalon Voima Oy		
Series V:	1,046,823	1,761
- entitling the holder to obtain 50.0% of the energy produced by Vaskiluodon Voima Oy		
	32,295,513	**54,962**

The following shares were issued during the financial year:

There were no share issues subscribed in 2023.

Other changes in shareholders' equity:

There were no changes in the share capital during the financial period. Pohjolan Voima Oyj's extraordinary general meeting of 28 November 2023 decided to reduce the parent company's share capital and share premium reserve, to acquire and annul shares in series C2, M and V, and to amend the articles of association. A hearing of creditors in connection with the reduction of restricted equity was in progress at the end of the financial period and will be completed by the end of 2024.

Pohjolan Voima Oyj's Extraordinary General Meeting held 25 October 2021 decided on equity refund amounting to 11,602,350.58 Euros from the reserve for invested non-restricted equity as well as on the reduction of the company's share capital by 359,249.42 Euros. The equity refund was paid 5 January 2022 and the share capital was decreased, the corresponding shares acquired and annulled in March 2022. The arrangement related to sale of the shares of Hämeenkyrön Voima Oy to Metsä Board Oyj. The share deal entered into force 1 January 2022.

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 realise. 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 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.

In December 2020, Pohjolan Voima received shareholder loan commitments totalling 238 million eur, which expired unused on 31 December 2023. In connection with the shareholder loan commitments, two separate series of option rights were also issued out of which option rights 1B/2020 expired simultaneously with the shareholder loan commitments. The remaining option rights 1A/2020 entitle to the subscription at the cost of 0,01 Euros even though the loan was not drawn. The share subscription period began on 1 January 2023 and will last until 1 June 2026 and give entitlement to up to 3,599,472 pieces of new B2 shares. No option rights were exercised in 2023. New B2 shares can be subscribed by informing the Company. 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 2023	5,562
Disposals	-1,837
Change in accounting estimates	16
Effect of discounting	100
At 31 December 2023	3,842

1,000 €	2023	2022
Non-current provisions	3,842	5,562
Total	3,842	5,562

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 €1.8 million at 31 December 2023 and it is estimated that it will be fully utilised by 2030. during the financial year one power plant landfill was landscaped. Further provisions inclued asset retirement obligations amountin to €1.9 million.

In 2023 and 2022 the cost estimate of one landfill were revised.

The discount rate used to determine present value was 3.27%.

27 Borrowings

1,000 €	2023	2022
Non-current:		
Borrowings from associates and joint ventures	350,000	350,000
Borrowings from financial institutions	443,000	330,650
Bonds	149,889	274,701
Leases	103,033	112,356
Total	**1,045,922**	**1,067,707**
Current:		
Borrowings from financial institutions	4,250	4,500
Other interest-bearing current liabilities	129,399	98,353
Leases	10,392	10,275
Total	**144,041**	**113,128**
Total borrowings	**1,189,963**	**1,180,835**

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 60% 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 (350) million.

Interest-bearing net liabilities

1,000 €	2023	2022
Interest-bearing liabilities total	**1,189,963**	**1,180,835**
Interest-bearing financial assets		
Non-current		
Loan receivables	559,733	559,733
Total	559,733	559,733
Current		
Pledged cash deposits	0	33
Cash and cash equivalents	70,109	35,511
Total	70,109	35,544
Interest-bearing financial assets total	**629,842**	**595,277**
Interest-bearing liabilities net	**560,121**	**585,558**

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								
1.1.2022	**559,733**	**38,765**	**-120,819**	**-10,464**	**-961,579**	**-5,735**	**-99,888**	**-599,987**
Cash flows		-2,329	9,572	-51	6,228	1,235	1,535	16,190
Cash and cash equivalents of subsidiaries sold		-892						-892
Changes in leases			-1,110	241				-869
Net liabilities								
31.12.2022	**559,733**	**35,544**	**-112,356**	**-10,275**	**-955,351**	**-4,500**	**-98,353**	**-585,558**
Cash flows		34,565	9,624	-52	12,462	250	-31,046	25,803
Cash and cash equivalents of subsidiaries sold			-301	-65				-366
Net liabilities								
31.12.2023	**559,733**	**70,109**	**-103,033**	**-10,392**	**-942,889**	**-4,250**	**-129,399**	**-560,121**

28 Trade payables and other current liabilities

1,000 €	2023	2022
Trade payables	9,733	16,149
Liabilities to associates and joint ventures	26,555	9,587
Accrued expenses	27,277	29,727
Other current liabilities	16,166	2,586
Held emission allowances, Energy Authority	1,802	3,861
Total	81,533	61,910

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 €	2023	2022
Accrued personnel expenses	1,606	1,679
Accrued expenses for fuel purchases	12,123	6,420
Accrued expenses for energy purchases	1,054	1,937
Accrued rents	1,888	985
Interest liabilities	6,615	5,239
Other	3,991	13,467
Total	27,277	29,727

29 Derivative financial instruments

Fair value of derivative financial instruments

1,000 €	2023	2023	Total
	Positive fair values	Negative fair values	
Interest rate swaps	8,601	-1,299	7,302
Total	8,601	-1,299	7,302

1,000 €	2022	2022	Total
	Positive fair values	Negative fair values	
Interest rate swaps	14,863	-234	14,629
Total	14,863	-234	14,629

Nominal value of derivative financial instruments

1,000 €	2023	2022
Interest rate swaps	250,000	235,000

30 Financial assets and liabilities by category and fair value hierarchy

1,000 €	31 Dec 2023	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		695		695		20			695
Loan receivables			559,733	559,733		21			
Derivative financial instruments		5,302		5,302		21		5,302	
Other receivables			36,883	36,883		21			
		5,997	596,616	602,613				5,302	695
Current financial assets									
Cash and cash equivalents			70,109	70,109		22			
Derivative financial instruments		2,000		2,000		21		2,000	
Trade and other receivables			113,658	113,658		21			
Prepayments and accrued income			52,399	52,399		21			
		2,000	236,165	238,165				2,000	
Total		**7,997**	**832,781**	**840,778**				**7,302**	**695**

1,000 €	31 Dec 2023	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 liabilities									
Borrowings from associates and joint ventures			350,000	350,000		27			
Borrowings			443,000	443,000		27			
Bonds			149,889	149,889	145,808	27	145,808		
Lease liabilities			103,033	103,033		27			
			1,045,922	1,045,922	145,808		145,808		
Current financial liabilities									
Loans and commercial papers			133,649	133,649		27			
Trade payables			9,733	9,733		28			
Other current liabilities			44,523	44,523		28			
Accrued expenses			27,277	27,277		28			
Lease liabilities			10,392	10,392		27			
			225,574	225,574					
Total			**1,271,496**	**1,271,496**	**145,808**		**145,808**		

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

As at 31 December 2023 the amount of offsetting derivative instruments included in the financial assets and financial liabilities in the Group was €7.3 (14.6) million.

	Gross amounts recognised in the balance sheet	Net amount
Derivative contracts 2023	7,302	7,302
Derivative contracts 2022	14,629	14,629

1,000 €	31 Dec 2022	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		471		471		20			471
Loan receivables			559,733	559,733		21			
Derivative financial instruments		14,015		14,015		21		14,015	
Other receivables			36,883	36,883		21			
		14,486	596,616	611,102				14,015	471
Current financial assets									
Cash and cash equivalents			35,511	35,511		22			
Loan receivables			33	33		21			
Derivative financial instruments		614		614		21		614	
Trade and other receivables			83,201	83,201		21			
Prepayments and accrued income			26,395	26,395		21			
		614	145,141	145,755				614	
Total		**15,100**	**741,757**	**756,857**				**14,629**	**471**
Non-current financial liabilities									
Borrowings from associates and joint ventures			350,000	350,000		27			
Borrowings			330,650	330,650		27			
Bonds			274,701	274,701	263,140	27	263,140		
Lease liabilities			112,356	112,356		27			
			1,067,707	1,067,707	263,140		263,140		

1,000 €	31 Dec 2022	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			102,853	102,853		27			
Trade payables			16,149	16,149		28			
Other current liabilities			16,034	16,034		28			
Accrued expenses			29,727	29,727		28			
Lease liabilities			10,275	10,275		27			
			175,038	175,038					
Total			**1,242,745**	**1,242,745**	**263,140**		**263,140**		

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 €150 million issued in November 2019 was listed to Nasdaq Helsinki. Bond was classified at level 1 as at 31 December 2023. The fair value corresponds the quotation.

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 recognised 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 3,86% (2,73%) (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 €	2023	2022
On behalf of own loans		
Pledged deposits	0	33
Other contingent liabilities	140,829	141,012
On behalf of associated companies and joint ventures		
Guarantees	26	28
Guarantee according to Nuclear Energy Act	331,436	317,991
Total	**472,291**	**459,064**

Other liabilities consist mainly of the parent company's loan guarantees, bank guarantees for electricity trading and for environmental permits. The pledged deposits relate mainly to margin accounts for the electricity trading.

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 June. The directly enforceable guarantee given by Pohjolan Voima is €331.44 (317.99) million. The amount of the guarantee increased during to financial year as Olkiluoto 3 unit was included in the guarantee.

Investment commitments

Joint ventures

Pohjolan Voima Oyj committed to the investment into the nuclear power plant Olkiluoto 3 EPR built by Teollisuuden Voiman Oyj during 2004 to 2023. The commitment consisted of a €432 million investment, a shareholder loan of 108 million and an additional shareholder loan of a maximum of €693 million. As at 31 December 2023 Pohjolan Voima Oy had paid €992 (992) million of its commitments. The last financial commitment given by the Company expired on 31 December 2023.

Legal proceedings

There were no legal proceedings ongoing at the end of the financial year.

32 Emission allowances

Carbon Dioxide Emission

Generally, the Group holds emission allowances covering the annual CO_2 emissions. If the actual emissions exceed allowances held, the company has recognised an expense 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.

	2023 t CO_2	2023 1,000 €
Allowances received free of charge	48,714	
Combined annual emissions of the plants'	134,036	
Emission allowances held	922,650	
External sales of emission allowances *	54,000	5,318
External purchases of emission allowances **	15,000	1,018

	2022 t CO_2	2022 1,000 €
Allowances received free of charge	171,373	
Combined annual emissions of the plants'	252,259	
Emission allowances held	1,165,195	
External sales of emission allowances *	6,888	579
External purchases of emission allowances **	47,000	2,791
Transfer outside the group	34,375	

* Emission sales are included in revenue.

** The 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

Company	Production	Country	Ownership (%)	Voting right (%)
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	89.04	89.04
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

List of associated companies and joint ventures

Company	Registered Office
Oy Alhomens Kraft Ab	Pietarsaari
Länsi-Suomen Voima Oy	Harjavalta
Torniolaakson Voima Oy	Ylitornio

Joint ventures	
Teollisuuden Voima Oyj	Helsinki
Voimalohi Oy	Kemi

34 Related-party transactions

The Group's related parties include the parent company (notes 33), 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, 1000 €

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 (560) million. 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 (350) million to Pohjolan Voima. There is no security given for the loan.

2023	Sales	Purchases	Receivables	Liabilities
Associates and joint ventures	1,534	582,515	647,671	540,068
UPM-Kymmene Group	403,648	88,425	44,217	11,432

2022	Sales	Purchases	Receivables	Liabilities
Associates and joint ventures	25,413	274,712	623,808	359,750
UPM-Kymmene Oyj	258,748	104,518	27,297	14,966

The end of the test production and the start of the commercial operation of Teollisuuden Voima Oyj's OL3 plant unit decrease the sales to joint ventures and increase the energy purchases as well as receivables and liabilities.

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 2023 nor 31 December 2022.

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

1,000 €	2023	2022
Salaries and other short-term employee benefits - board members	449	474
Salaries and other short-term employee benefits - executive team	1,483	1,358
Total	1,932	1,832

No pension benefits were paid to the Board of Directors in 2023 and 2022.

Salaries and benefits of the CEO

1,000 €	2023	2022
Salaries and other short-term employee benefits	444	399
Statutory pension scheme	74	69
Voluntary pension plan	50	48
Total	568	515

35 Breakdown of share ownership and shareholder information

Shareholder	2023 % of shares	2022 % of shares
EPV Energia Oy	5.53%	5.53%
Helen Oy	0.62%	0.62%
Kemira Oyj (incl. Neliapila pension fund)	5.09%	5.09%
Ilmarinen Mutual Pension Insurance Company	1.84%	1.84%
Kokkolan Voima Oy	1.82%	1.82%
Kymppivoima Oy	5.95%	5.95%
Metsä Group (Metsäliitto, Metsä Fibre, Metsä Board Oyj)	3.02%	3.02%
Myllykoski Oyj *)	0.64%	0.64%
Oulun Energia Oy	0.91%	0.91%
Outokumpu Oyj	0.10%	0.10%
Oy Perhonjoki Ab	2.22%	2.22%
City of Pori	1.38%	1.38%
Rautaruukki Oyj	0.09%	0.09%
Stora Enso Oyj	15.71%	15.71%
Suomen Voima Oy	1.49%	1.49%
UPM Energy Oy	48.04%	48.04%
UPM Communication Papers Oy	3.48%	3.48%
Vantaan Energia Oy	0.23%	0.23%
Yara Suomi Oy (incl. pension fund)	1.85%	1.85%
Total	100.00%	100.00%

*) Myllykoski Oyj is a part UPM-Kymmene Group.

Shareholders by sector	2023 % of shares	2022 % of shares
Forest industry	70.89%	70.89%
Energy companies	18.76%	18.76%
Chemical industry	6.95%	6.95%
Metal industry	0.19%	0.19%
Other	3.22%	3.22%
Total	100.00%	100.00%

36 Events after the reporting period

Måns Holmberg, CEO at Porvoon Energia Oy was appointed as a member of the Board of Directors by the unanimous decision made by the shareholders on 30 January 2024.

Parent company financial statement (FAS)

Income statement

1,000 €	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue	2	**746,489**	**486,991**
Other operating income	3	617	129
Materials and services	4	-239,703	-239,916
Personnel expenses	5	-4,010	-4,098
Depreciation, amortisation and impairment	6	-130	-169
Other operating expenses	7	-464,014	-225,198
Operating profit or loss		**39,250**	**17,738**
Finance income and costs	8	-8,950	-6,239
Profit or loss before appropriations and taxes		**30,299**	**11,499**
Profit or loss for the year		**30,299**	**11,499**

Balance sheet

1,000 €	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	9	461	202
Property, plant and equipment	10	205	254
Investments	11		
Holdings in Group undertakings		384,746	384,746
Other investments		1,289,244	1,289,881
Total non-current assets		**1,674,656**	**1,675,083**
Current assets			
Non-current receivables	12	36,884	36,884
Current receivables	13	149,628	88,499
Cash and cash equivalents		70,488	40,430
Total current assets		**256,999**	**165,814**
Total assets		**1,931,655**	**1,840,897**

1,000 €	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity	14		
Share capital		54,962	54,962
Share issue		203,865	203,865
Share premium		218,644	218,644
Revaluation reserve		311,176	311,176
Reserve for invested non-restricted equity		-9,212	-20,711
Retained earnings		30,299	11,499
Total equity		**809,734**	**779,434**
Liabilities			
Non-current liabilities	15	875,347	875,347
Current liabilities	16	246,574	186,115
Total liabilities		**1,121,921**	**1,061,462**
Total equity and liabilities		**1,931,655**	**1,840,897**

Cash flow statement

1,000 €	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Operating activities		
Operating profit or loss	39,250	17,738
Adjustments (+/–):		
Depreciation, amortisation and impairment	130	169
Losses (+) or gains (-) of sales of non-current assets	-807	2
Cash flow from operating activities	38,572	17,909
Change in net working capital:		
Increase (-) or decrease (+) of non-interest-bearing receivables	-51,978	-16,712
Increase (+) or decrease (-) of current non-interest-bearing liabilities	18,264	-9,699
Cash flow from operating activities before financial items and taxes	4,858	-8,502
Interest paid and payments of financial items	-29,020	-12,474
Dividends received from operating activities	0	0
Interest received and payments of financial income	28,964	5,259
Cash flow from operating activities	**4,802**	**-15,717**
Investments		
Purchases of property, plant and equipment and intangible assets	-361	6
Proceeds from sales of property, plant and equipment and intangible assets	0	9
Proceeds from the dissolved joint venture	1,669	0
Proceeds from sales of subsidiaries	0	11,964
Purchases of other investments (–)	-224	0
Equity refunds received	0	5,900
Cash flow from investing activities	**1,083**	**17,880**

1,000 €	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Financing		
Acquisition and annulment of own shares	0	-359
Equity refunds paid	0	-11,602
Proceeds (+) or repayments (-) of current interest-bearing liabilities	24,172	2,024
Proceeds from borrowings	180,000	105,000
Repayments of borrowings (-)	-180,000	-105,000
Cash flow from financing activities	**24,172**	**-9,938**
Change in cash and cash equivalents, increase (+) / decrease (–)	**30,057**	**-7,774**
Cash and cash equivalents at 1 Jan	**40,430**	**48,205**
Cash and cash equivalents at 31 Dec	**70,487**	**40,430**

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

Pohjolan Voima Oyj (0210161-4, Helsinki, Finland) 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 fairvalued but considered as off-balance sheet items. According to the finacing policy in the interest rate hedging derivatives in subsidiaries, in total 9 agreements, the counter party is the parent company, that has corresponding agreements with external parties. Further, the parent company has 5 interest rate hedging derivatives with external parties relating to B2 series of shares for the periods 25 April 2017 - 25 April 2024, 17 December 2018 -15 December 2024, 15 January 2019 - 15 January 2025 and 30 June 2024 - 30 June 2031. Interest rate derivatives can be terminated at fair value and key information is 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 recognised.

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 amortisation 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 €	2023	2022
Sales of electricity	656,271	395,605
Sales of heat	87,938	89,287
Other sales	2,279	2,099
Total	746,489	486,991

3 Other operating income

1,000 €	2023	2022
Gains on sale and dissolution of fixed assets	511	11
Rental income	100	113
Other income	5	5
Total	617	129

4 Materials and services

1,000 €	2023	2022
Energy purchases	239,703	239,916
Total	239,703	239,916

5 Personnel expenses and average number of personnel

Average number of personnel

1,000 €	2023	2022
Salaried employees	26	27
Total	26	27

Wages, salaries and pension expenses

1,000 €	2023	2022
Wages and salaries		
Board members and CEO	893	873
Other wages and salaries	2,410	2,577
Pension expenses	610	553
Other personnel expenses	97	96
Total	4,010	4,098

6 Depreciation, amortisation and impairment

1,000 €	2023	2022
Depreciation according to plan		
Other capitalised long-term expenditure	14	37
Intangible assets	67	52
Buildings and contructions	42	42
Machinery and equipment	7	38
Total	130	169

7 Other operating expenses

1,000 €	2023	2022
Energy purchases	458,498	220,153
Repair, servicing and maintenance services	58	57
Rents	517	710
Real estate taxes	22	18
Fees to experts	1,927	1,905
Other expenses	2,993	2,355
Total	464,014	225,198

Auditor's fees

1,000 €	2023	2022
PricewaterhouseCoopers Oy:		
Audit fees	154	123
Other services	0	6
Total	154	129

Notes to the balance sheet

8 Finance income and costs

1,000 €	2023	2022
Dividend income		
from others	0	0
Interest income from investments		
in participating interests	23,868	5,663
Other interest and finance income		
from Group undertakings	1,237	1,397
from others	7,201	603
Total finance income	32,306	7,662
Interest costs and other financial costs		
to Group undertakings	-5,818	-529
to participating interests	-11,862	-1,774
to others	-23,576	-11,598
Total finance costs	-41,256	-13,902
Total finance income and costs	-8,950	-6,239

9 Intangible assets

1,000 €	Intangible rights	Other capitalised long-term expenditure	Total
Cost or valuation at 1 Jan	396	2,403	2,800
Disposals	0	-972	-972
Reclassifications	0	340	340
Cost or valuation at 31 Dec	396	1,771	2,168
Accumulated amortisation 1 Jan	-195	-2,403	-2,598
Accumulated amortisation of disposals and reclassifications	0	972	972
Amortisation of the period	-67	-14	-81
Accumulated amortisation 31 Dec	-262	-1,445	-1,707
Net book value 31 Dec 2023	135	326	461
Net book value 31 Dec 2022	202	0	202

10 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	96	555	132	29	49	862
Additions	0	0	0	0	339	339
Disposals	0	0	-17	0	0	-17
Reclassifications	0	0	48	0	-388	-340
Cost or valuation at 31 Dec	96	555	163	29	0	843
Accumulated amortisation 1 Jan	0	-475	-132	0	0	-607
Accumulated amortisation of disposals and reclassifications	0	0	17	0	0	17
Amortisation of the period	0	-42	-7	0	0	-48
Accumulated amortisation 31 Dec	0	-517	-122	0	0	-638
Net book value 31 Dec 2023	96	38	41	29	0	205
Net book value 31 Dec 2022	96	80	0	29	49	254
Production machinery and equipment at 31 Dec 2023			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	390,967	740,554	559,732	471	1,691,724
Additions	0	0	0	224	224
Disposals	0	-862	0	0	-862
Cost or valuation at 31 Dec	390,967	739,692	559,732	695	1,691,087
Accumulated impairment 1 Jan	-6,222	-10,875	0	0	-17,097
Accumulated impairment 31 Dec	-6,222	-10,875	0	0	-17,097
Net book value 31 Dec 2023	384,746	728,817	559,732	695	1,673,990
Net book value 31 Dec 2022	384,746	729,678	559,732	471	1,674,627
Revaluations included in the cost at 31 Dec 2023	265,145				

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

12 Non-current receivables

1,000 €	2023	2022
Other non-current receivables	36,884	36,884
Total	36,884	36,884
Receivables from participating interests		
Other non-current receivables	36,796	36,796
Total receivables from participating interests	36,796	36,796

13 Current receivables

1,000 €	2023	2022
Trade receivables	95,884	61,032
Other receivables	234	2,187
Prepayments and accrued income	53,509	25,281
Total	149,628	88,499
Receivables from Group undertakings		
Trade receivables	56	282
Prepayments and accrued income	1,821	4,805
Total receivables from Group undertakings	1,877	5,088
Receivables from participating interests		
Trade receivables	3,010	6,612
Prepayments and accrued income	47,846	13,259
Total receivables from participating interests	50,855	19,871
Prepayments and accrued income:		
Accrued financial expenses	1,833	2,307
Accrued personnel expenses	7	8
Accrued interest income	6,544	3,201
Accrued VAT on prepayments	0	1,576
Accrued energy purchases	38,532	13,082
Accrued purchases credited in accrued income	6,416	4,408
Others	178	699
Total	53,509	25,281
Interest-bearing receivables		
Non-current assets	559,732	559,732
Current assets	70,488	40,430
Total	630,220	600,163

14 Equity

1,000 €	2023	2022
Share capital 1 Jan	54,962	55,321
Acquisition and annulment of own shares		-359
Share capital 31 Dec	54,962	54,962
Share premium 1 Jan	203,865	203,865
Share premium 31 Dec	203,865	203,865
Revaluation reserve 1 Jan	218,644	218,644
Revaluation reserve 31 Dec	218,644	218,644
Reserve for invested non-restricted equity 1 Jan	311,176	327,778
Refund of reserves		-11,602
Reserve for invested non-restricted equity 31 Dec	311,176	311,176
Retained earnings 1 Jan	-9,212	-20,711
Retained earnings 31 Dec	-9,212	-20,711
Profit or loss for the year	30,299	11,499
Total	809,734	779,435

Distributable earnings 31 Dec

1,000 €	2023	2022
Retained earnings	-9,212	-20,711
Profit or loss for the year	30,299	11,499
Reserve for invested non-restricted equity	311,176	311,176
Total	332,263	301,964

Share capital by share category

See note 25 in the consolidated financial statements.

15 Non-current liabilities

1,000 €	2023	2022
Shareholder loans*	90,347	90,347
Bonds	150,000	275,000
Loans from financial institutions	285,000	160,000
Other non-current liabilities	350,000	350,000
Total	875,347	875,347
Liabilities to participating interests		
Other non-current liabilities	350,000	350,000
Total	350,000	350,000
Laibilities due in more than five years		
Shareholder loans	90,347	90,347
Total	90,347	90,347
Non-interest-bearing and interest-bearing non-current liabilities		
Interest-bearing	875,347	875,347
Total	875,347	875,347

*Subordinated loans

16 Current liabilities

1,000 €	2023	2022
Other interest-bearing liabilities	176,135	151,962
Trade payables	33,309	18,789
Other current liabilities	8,436	204
Accrued expenses	28,694	15,160
Total	246,574	186,115
To Group undertakings		
Trade payables	19,832	11,828
Other current liabilities	46,736	53,608
Accrued expenses	32	1,486
Total	66,600	66,923
To participating interests		
Trade payables	13,108	6,576
Accrued expenses	6,542	2,270
Total	19,649	8,846
Accrued expenses, material items		
Accrued personnel expenses	1,166	1,259
Accrued interest costs	19,345	7,109
Accrued energy purchases	6,574	2,270
VAT of accrued liabilities	0	1,020
Accrued sales credited in accrued expenses	1,545	1,933
Other items	64	1,568
Accrued expenses, total	28,694	15,160
Non-interest-bearing and interest-bearing current liabilities		
Non-interest-bearing	70,439	34,153
Interest-bearing	176,135	151,962
Total	246,574	186,115

17 Guarantees and contingent liabilities

1,000 €	2023	2022
Guarantees		
Guarantees for loans		
On behalf of participating interests	14	14
Other guarantees		
On behalf of Group undertakings	140,000	140,000
Total guarantees	140,014	140,014
Leasing liabilities		
Payments during the following year	137	88
Payments in subsequent years	154	65
Total leasing liabilities	291	153
Rental liabilities		
Payments during the following year	410	368
Payments in subsequent years	1,196	1,438
Total leasing liabilities	1,606	1,806
Other contingent liabilities		
Guarantee according to Nuclear Energy Act	331,436	317,991
Total other contingent liabilities	331,436	317,991

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 331 (318) million

Euros. The amount of the guarantee increased during to financial year as Olkiluoto 3 unit was included in the guarantee.

Pohjolan Voima Oyj committed to an investment into the nuclear power plant Olkiluoto 3 EPR built by Teollisuuden Voima Oyj during 2004 to 2023. The commitment consisted of a €432 million investment, a shareholder loan of 108 million and an additional shareholder loan of a maximum of €693 million. As at 31 December 2023 Pohjolan Voima Oy had fulfilled €992 (992) million of its commitments. The last financial commitment given by the Company expired on 31 December 2023.

18 Derivative financial instruments

1,000 €	2023	2022
Interest rate swap contracts		
Nominal value	250,000	235,000
Market value (including retained interests)	5,664	7,872
Average maturity (years)	2.5	3.4
Floating reference rate (company receives)	6 months Euribor	6 months Euribor
	1.20%	0.71%
Fixed rate (on average, company pays)		
The interest rate swap contracts cover the following financial agreements with floating interest rates:		
Bank credit	285,000	160,000

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 using derivative contracts if necessary. The duration is set considering the electricity price sensitivity to interest rate changes and 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 €350 (350) million revolving credit facility, which matures in 2028. The loan facilities were fully undrawn as per 31 December 2023. For its short-term financing, the company uses mainly its domestic €300 million 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.

Electricity business

Separated electricity business statements according to the Electricity Market Act 77§

Income statement

1 000 €	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue	**658,438,826.80**	**397,604,729.02**
Other operating income	**592,171.84**	**126,484.86**
Materials and services	-186,338,116.93	-182,617,315.71
Personnel expenses	-3,902,328.35	-4,002,792.51
Depreciation, amortisation and impairment	-124,003.90	-162,564.76
Other operating expenses	-430,028,422.63	-192,957,928.61
Operating profit or loss	**38,638,126.83**	**17,990,612.29**
Finance income and costs	-8,951,000.00	-6,202,725.00
Profit or loss before appropriations and taxes	**29,687,126.83**	**11,787,887.29**
Profit or loss for the year	**29,687,126.83**	**11,787,887.29**

Balance sheet

	31 Dec 2023	31 Dec 2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	458,348.94	200,680.07
Property, plant and equipment	203,919.68	253,176.51
Investments		
Holdings in Group undertakings	310,527,880.46	310,527,880.46
Other investments	1,281,271,534.66	1,281,909,021.21
Total non-current assets	**1,592,461,683.74**	**1,592,890,758.25**
CURRENT ASSETS		
Non-current receivables	36,883,390.45	36,883,809.67
Current receivables	147,111,271.49	75,365,591.92
Cash and cash equivalents	66,680,697.35	19,141,780.51
Total current assets	**250,675,359.29**	**131,391,182.10**
Total assets	**1,843,137,043.03**	**1,724,281,940.35**
EQUITY AND LIABILITIES		
CALCULATORY EQUITY		
Share capital	52,306,874.65	52,306,874.65
Share premium	181,695,402.14	181,695,402.14
Revaluation reserve	218,644,304.40	218,644,304.40
Reserve for invested non-restricted equity	254,954,683.07	254,954,683.07
Retained earnings	-9,122,672.40	-20,910,559.69
Profit or loss for the year	29,687,126.83	11,787,887.29
Total equity	**728,165,718.69**	**698,478,591.86**
LIABILITIES		
Non-current liabilities	875,347,432.00	875,347,432.00
Current liabilities	239,623,892.34	150,455,916.49
Total liabilities	**1,114,971,324.34**	**1,025,803,348.49**
Total equity and liabilities	**1,843,137,043.03**	**1,724,281,940.35**

Signing of the Board of Directors' report and financial statements

Board of Directors' dividend proposal:

On 31 December 2023, the parent company's distributable funds totalled €332,262,824.51, of which the net profit for the financial period amounted to €30,299,441.07. The Board of Directors proposes to the Annual General Meeting that a total dividend of €21,050,000 will be distributed from the distributable funds incurred from the sale of the shares of Fingrid Oyj in 2011. The dividend is to be distributed to the shares of C, C2, M and V series of shares that are entitled to the dividend from the funds incurred from Fingrid Oyj share sale. The remaining distributable assets will be left in distributable reserves. There have been no material changes in the company's financial position since the end of the financial period, and in the Board's opinion, the proposed profit distribution will not jeopardise the company's solvency.

Helsinki 27 February 2024

Tapio Korpeinen
Chairman

Seppo Parvi
Deputy Chairman

Jukka Hakkila

Anders Renvall

Tomi Sederholm

Esa Kaikkonen

Rami Vuola

Roger Holm

Måns Holmberg

Ilkka Tykkyläinen
President and CEO

The auditor's note

Our auditor's report has been issued today.

Helsinki 15 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Niina Vilske
Authorised Public Accountant

Auditor's Report

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 IFRS Accounting Standards 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 of Pohjolan Voima Oyj (business identity code 0210161-4) for the year ended 31 December 2023. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, cash flow statement 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.

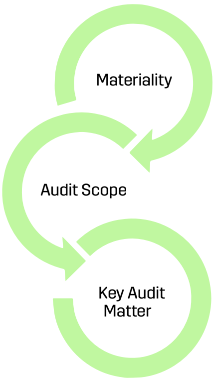
Independence

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 Financial Statements.

Our Audit Approach

Overview



- Overall group materiality is € 11 million

- 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	€ 11 million (2022: € 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	How our audit addressed the key audit matter
Valuations of joint venture Teollisuuden Voima Oyj	
Accounting policies and notes 2, 19, 21 ja 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 € 797 million. Investments in joint ventures are accounted for using the equity method. Loans and other receivables include an equity loan receivable from Teollisuuden Voima Oyj € 560 million. On the parent company's balance sheet Other investments include the shares of Teollisuuden Voima Oyj € 709 million and the loan receivable from Teollisuuden Voima Oyj € 560 million. The test production phase of Olkiluoto 3 EPR plant unit was concluded on 16 April 2023 and the commercial operation started on 1 May 2023. 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.	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. 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 € 279 million. 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 IFRS Accounting Standards 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 statements

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

Helsinki 15 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Niina Vilske
Authorised Public Accountant (KHT)

SUSTAINABILITY AT ALL TIMES
80 YEARS OF POHJOLAN VOIMA

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