

Pohjolan Voima Oyj restates Consolidated Financial Statements (IFRS) due to the change in the share of profit of the joint venture Teollisuuden Voima Oyj

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POHJOLAN VOIMA OYJ STOCK EXCHANGE RELEASE 23 DECEMBER 2024

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Pohjolan Voima Oyj publishes restated International Financial Reporting Standard (IFRS) Consolidated Financial Statements for 2023 and for 2024 half-year financial report. The restatement is due to the restatement in the joint venture Teollisuuden Voima Oyj's (TVO) profit that has impact on the profit for the period in Pohjolan Voima's consolidated financial statement and half-year financial report. TVO's restatement is due to correction of hedge accounting of fair values related to certain interest rate swaps. TVO issued a stock exchange release on the matter on 20 December 2024.

TVO Group has so far applied hedge accounting of cash flows to interest rate swaps by recording fair values in the statement of comprehensive income as well as in equity. The application of hedge accounting to hedging subordinated shareholder loans (hybrid equity) does not meet the criteria specified in the IFRS standard for the application of hedge accounting to consolidated financial statements as interest payments on subordinated shareholder loans have no effect on the Group's income. The correct practice is to recognise changes in the fair value of interest rate swaps related to subordinated shareholder loans to finance income and expenses in the profit and loss account.

The impact of restatement in Pohjolan Voima is on the share of profit of associates and joint ventures as well as on the consolidated statement of comprehensive income statement in cash flow hedging and the revaluation reserve and retained earnings in the balance sheet. The restatement has been made by adjusting each line of financial statements affected by the change. The restatement has no effect on the total equity or cash flow. In the financial statement of 2024, the opening balances for financial years 2023 and 2024 will be adjusted for the revaluation reserve and the retained earnings.

The impact on the consolidated financial statements of 2023 and on the half-year financial report 2024 caused by the restatement:

- At the end of 2022, the fair value of interest rate swaps related to subordinated shareholder loans from joint ventures amounted to EUR 104 million. At the end of 2023, the corresponding fair value of interest rate swaps related to subordinated shareholder loans amounted to EUR 70 million. The impact on the line Share of profit of associates and joint ventures in the income statement 2023 was EUR -34 million and on the consolidated statement of comprehensive income in Share of other comprehensive income of associates/cash flow hedging EUR 34 million. The adjustment for 2023 reduces the revaluation reserve by EUR 70 million and increases retained earnings by EUR 70 million (including the impact of profit and loss for the financial year).
- The impact on the line Share of profit of associates and joint ventures in the income statement in the half-year financial report January 1 - June 30, 2024, was EUR 5 million and on the consolidated statement of comprehensive income in Share of other comprehensive income of associates/cash flow hedging EUR -5 million. The correction reduces the revaluation reserve by EUR 75 million and increases retained earnings by EUR 75 million (including the impact of profit and loss for the period).

The financial information in the stock exchange release is unaudited.

Attachment: the corrections in the financial statements 2023 and half-year financial report 2024

Distribution:

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About Pohjolan Voima Oyj

Pohjolan Voima is a long-lived Finnish energy company. We are one of Finland's largest energy producers – our production accounts for over 20% of the nation's total electricity production. The electricity we produce is almost completely carbon neutral. We produce electricity and heat at cost price for the needs of our owners – Finnish industrial and energy companies – with reliable and adjustable hydropower, thermal power and nuclear power that ensures security of supply. We are a team of top professionals and are proven as one of Finland's most inspiring workplaces. At Pohjolan Voima, we pride ourselves on doing meaningful work in line with our values, skilfully, reliably, together. We are committed to carbon neutrality and improving biodiversity. Our objective is to create decisive power to strengthen competitiveness and contribute to a better tomorrow. www.pohjolanvoima.fi

Attachments

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