

INTERIM REPORT Q1

2022



tvo

Teollisuuden Voima Oyj's Interim Report 1 January–31 March 2022

During the first quarter of 2022, Teollisuuden Voima's (TVO) electricity generation at the Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) plant units continued safely and reliably.

The electricity production of the Olkiluoto 3 EPR plant unit (OL3) started on Saturday, 12 March 2022. Regular electricity production starts in July 2022. OL3 significantly improves Finland's electricity self-sufficiency and helps in achieving carbon neutrality goals.

The construction work at Posiva's encapsulation plant and final disposal facility has proceeded as planned.

The TVO Group has taken extensive measures to prevent the spread of coronavirus (COVID-19) infections. Despite of COVID-19 restrictions, work has been able to continue under special arrangements.

Operating Environment

On 2 February 2022, the European Commission proposed the inclusion of nuclear energy in the EU Taxonomy. The Commission's proposal will next be addressed by the European Parliament and the Council of the European Union. They have four months to review the proposal, after which they may receive an additional two months for the review, should they so wish. Provided that neither turns down the proposal, it will enter into effect. The Commission's proposal on the inclusion of nuclear power in the Taxonomy is welcome. However, the lack of clarity in the taxonomy criteria makes the evaluation of the taxonomy eligibility of TVO's business activities challenging. Therefore, clarifying instructions are awaited from the Commission.

The work on the Commission's Fit for 55 package, unveiled in July 2021, continues. The package contains the measures necessary for achieving the 55 percent greenhouse gas emissions reduction target for 2030. The package contains a revision of the EU Emissions Trading System and measures to kickstart the European hydrogen economy. The rest of the Fit for 55 package was published provisionally in December 2021. These initiatives include the gas market package expected to cover nuclear-based hydrogen production.

The TVO Group closely follows the situation in Ukraine and its impact on the Group's operations. The TVO Group condemns actions in violation of international agreements as well as Russia's attack on Ukraine. The Ukrainian situation does not directly affect the Group's operations or the production of electricity in the short term.

Financial Performance

TVO operates on a cost-price principle (Mankala principle). The shareholders are charged incurred costs in the price of electricity and thus in principle the profit/loss for the period under review is zero, unless specific circumstances dictate otherwise. The shareholders pay variable costs based on the volumes of energy supplied and fixed costs in proportion to their ownership, regardless of whether they have used their share of the output or not. Because of this operating principle, key indicators based on financial performance will not be presented.

The consolidated turnover for the period under review 1 January–31 March 2022 was EUR 83.3 (1 January–31 March 2021: EUR 78.9) million.

The amount of electricity delivered to shareholders was 3,974.8 (3,860.5) GWh.

The consolidated profit/loss was EUR -10.3 (17.6) million. The profit/loss of this year's review period is affected by items classified as profit/loss related to the provision for OL3's nuclear waste liability. The profit/loss of the review period from the previous year was affected by the fixed costs charged from shareholders, which were higher than the incurred costs, and were compensated to the shareholders at the end of 2021.

Financing and Liquidity

TVO's financial situation has developed as planned.

TVO's liabilities (non-current and current) at the end of the period in review, excluding the loan from the Finnish State Nuclear Waste Management Fund relented to shareholders, amounted to EUR 5,913.7 (31 December 2021: 5,206.0) million, of which EUR 929.3 (929.3) million were subordinated shareholder loans. TVO raised a total of EUR 600.0 million in non-current liabilities (31 March 2021: no non-current liabilities were raised) and repaid non-current liabilities in the amount of EUR 111.8 (172.9) million.

TVO has a syndicated revolving credit facility of EUR 1,000 million which matures in 2024.

TVO issued in March 2022 a EUR 600 million five-year bond with an annual coupon of 2.625 percent. The bond was issued under the

Company's EMTN programme. TVO also announced that it has made an invitation to holders of its outstanding EUR 311.77 million Notes due in January 2023 to tender their Notes for purchase by TVO for cash. The tender offer results were announced on 31 March 2022. The aggregate principal amount validly offered for purchase by the note-holders was EUR 106.1 million. TVO accepted all valid instructions pursuant to the tender offer.

The OL3 project's share of financing costs has been capitalised in the balance sheet.

TVO uses its right to borrow funds back from the Finnish State Nuclear Waste Management Fund within the framework of legal regulations. On 31 March 2022, the amount of the loan was EUR 651.3 (31 December 2021: 711.3) million and it has been relented to TVO's shareholders. On 31 March 2022, the loan from the Finnish State Nuclear Waste Management Fund decreased by EUR 59.9 (31 March 2021: decreased by 5.1) million.

In March 2022, Fitch Ratings (Fitch) affirmed its long-term credit rating BBB- for TVO and changed the outlook from negative to stable. In March 2022, S&P Global Ratings (S&P) upgraded TVO's long-term credit rating from BB to BB+ and affirmed its positive outlook. According to both credit rating agencies, the changes to the credit ratings are mainly due to the start of the OL3 plant unit's electricity production in March 2022.

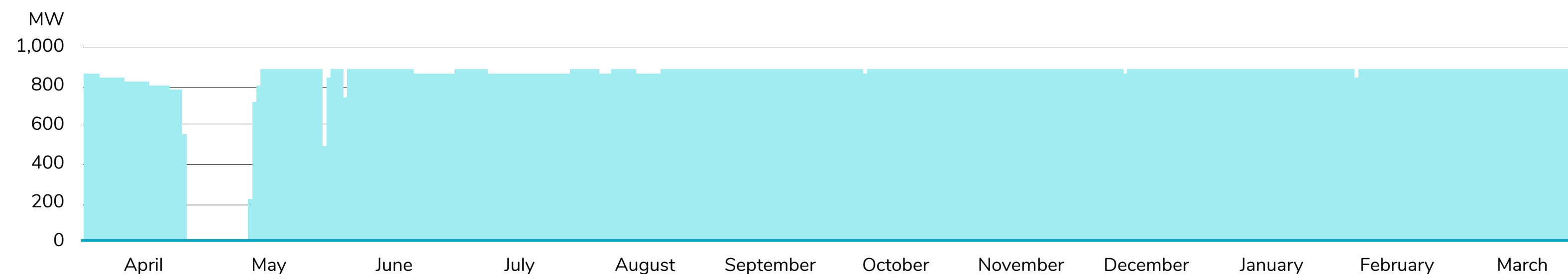
Electricity Production

The electricity production of the Olkiluoto nuclear power plant units, OL1, OL2, and OL3, during the period under review was 3,985 (3,866) GWh. The total load factor of OL1 and OL2 was 100.0 (100.0) percent.

During the period under review, OL1 and OL2 operated safely and reliably, and OL3 was connected to the national grid for the first time.

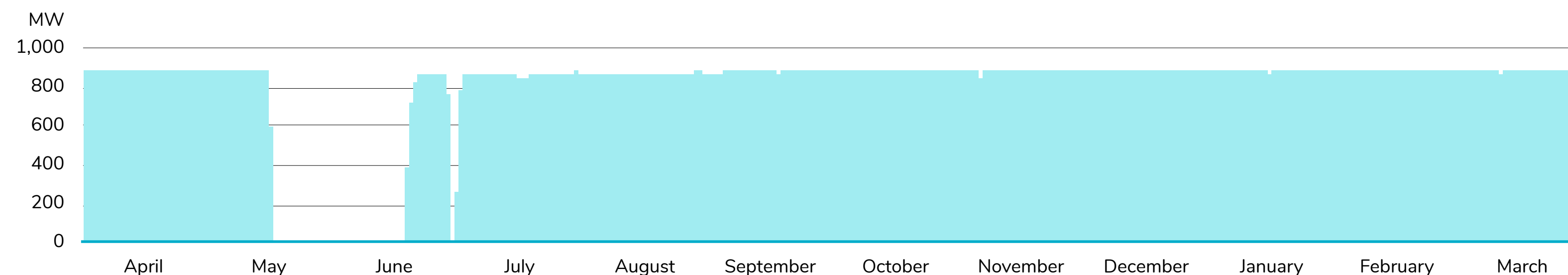
Olkiluoto 1

Average electrical power 1 April 2021–31 March 2022



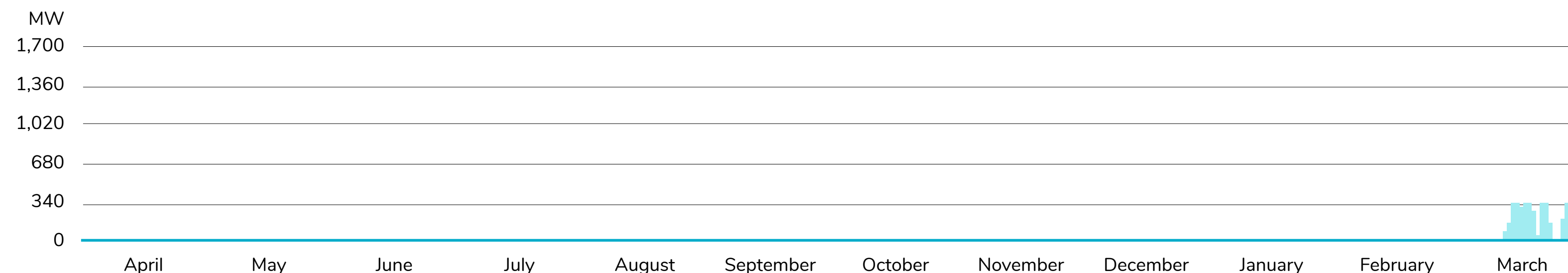
Olkiluoto 2

Average electrical power 1 April 2021–31 March 2022



Olkiluoto 3

Average electrical power 1 April 2021–31 March 2022



OL1's net production was 1,940 (1,934) GWh and the load factor 100.0 (100.0) percent. OL2's net production was 1,928 (1,933) GWh and the load factor 100.0 (100.0) percent. OL3's net production was 117 GWh and the load factor 17.3 percent.

The OL2 plant unit's first new emergency diesel generator was deployed in March, and the work at OL2's next diesel generator has started. One diesel generator each has now been renewed at the OL1 and OL2 plant units. In addition, a new emergency diesel generator has been constructed in between the plant units.

Olkiluoto 3 EPR

OL3, currently under the test production phase, was procured as a fixed-price turnkey project from a consortium (Plant Supplier) formed by Areva GmbH, Areva NP SAS, and Siemens AG. As stipulated in the plant contract, the consortium companies have joint and several liability for the contractual obligations.

In March 2018, TVO signed a comprehensive settlement agreement with the plant supplier consortium companies Areva NP, Areva GmbH, and Siemens AG as well as with the Areva Group parent company Areva SA, a company wholly-owned by the French State. The settlement agreement was amended with agreements signed in June 2021. In the settlement agreement, the supplier consortium companies committed to ensuring that the funds dedicated to the completion of the OL3 project will be adequate and will cover all applicable guarantee periods, including setting up a trust mechanism funded by Areva companies to secure the financing of the costs for completing the OL3 project. During the period under review, the fund, which was previously replenished in July 2021, has been used to cover costs incurred to the Areva companies for the completion of the OL3 project in accordance with the settlement agreement. During the review period, TVO has recorded receivables from the Plant Supplier for the additional delay compensation accumulated by the end of the review period in accordance with the amended settlement agreement.

In December 2021, the Radiation and Nuclear Safety Authority (STUK) granted TVO permission for making the reactor critical and conducting low power tests, after which the startup of OL3's reactor took place.

On 12 March 2022, the plant unit was connected to the national grid at a power output of 103 megawatts, which is when OL3's electricity production started. On 30 March 2022, STUK granted TVO permission to increase OL3's power level to 60 percent and carry out new power tests at power levels between 30-60 percent. During the upcoming approximately four-month test production phase, the OL3 plant unit's power output will be gradually increased to 1,600 megawatts. The power output varies considerably during test production. OL3 produces approximately 3-4 terawatt hours of electricity during the test production phase. Regular electricity production starts in July 2022.

OL3's power output during the test production phase is published on TVO's website at www.tvo.fi/ol3forecast. A market message is published in NordPool regarding any significant changes.

At the end of the reporting period, the Plant Supplier's workforce at OL3 was approximately 1,350 people. Despite the COVID-19 pandemic, work at OL3 has continued under special arrangements. The occupational safety at OL3 remained at a good level.

All realised costs of the OL3 project that can be recognised in the cost of the asset have been entered as property, plant, and equipment in the Group balance sheet.

Nuclear Fuel

During the period under review, nuclear fuel purchases amounted to EUR 22.5 (29.0) million and the amount consumed to EUR 16.7 (16.0) million.

The nuclear fuel and uranium stock carrying value on 31 March 2022 was EUR 272.1 (31 December 2021: 265.9) million.

Nuclear Waste Management

Under the Finnish Nuclear Energy Act, TVO is responsible for the measures related to nuclear waste management and the related costs.

The liabilities in the consolidated financial statement show a provision related to nuclear waste management liability of EUR 1,366.1 (31 December 2021: 1,368.3) million, calculated according to the international IFRS accounting principles. TVO's share in the Finnish State Nuclear Waste Management Fund, EUR 1,009.4 (31 December 2021: 1,010.1) million, is presented under assets in accordance with the IFRIC 5 interpretation.

In order to cover the future costs of nuclear waste management, TVO makes contributions to the Finnish State Nuclear Waste Management Fund in accordance with the Finnish Nuclear Energy Act. In December 2021, the Ministry of Economic Affairs and Employment (MEAE) set TVO's liability for nuclear waste management at EUR 1,816.1 (1,450.6) million for the end of 2021 and TVO's funding target in the Finnish State Nuclear Waste Management Fund for 2022 at EUR 1,436.1 (1,450.6) million. In addition, the MEAE has decided that the liability for 2022 is EUR 1,791.9 million, of which EUR 1,409.0 million belongs to OL1/OL2 and EUR 382.9 million belongs to OL3.

In March 2021, the Finnish State Nuclear Waste Management Fund confirmed TVO's nuclear waste management fee refund for 2020 at EUR 28.7 million, which the Fund reimbursed to TVO on 31 March 2021. As for 2021, no surplus was reimbursed to TVO from the Nuclear Waste Management Fund after the amendment to the Nuclear Energy Act (269/2021), although the fund target for nuclear waste management in 2022 was lower than the share in the Fund in 2021. The refund for 2021, EUR 14.5 million, was used to cover the protected portion in accordance with the Nuclear Energy Act Section 52 c. According to the implementing provision of the law amendment, a profitable result of the Finnish State Nuclear Waste Management Fund for 2021 was not used to refund TVO's nuclear waste management fee, but it was also used to cover the protected portion. In order to supplement the legal protected portion, TVO provided the Nuclear

Waste Management Fund with a separate cash security of EUR 7.4 million in addition to the surplus and profit. The nuclear waste management fee for 2022 will be confirmed in March 2023.

Final Disposal of Spent Nuclear Fuel

Posiva Oy is responsible for the final disposal of spent nuclear fuel generated at the power plants of its owners, TVO in Olkiluoto and Fortum Power and Heat Oy (Fortum) in Loviisa.

Work at Posiva's encapsulation plant site and final disposal facility at ONKALO has progressed despite of measures to prevent the spread of COVID-19 infections. The supplier selection for key equipment of the encapsulation plant has been completed, and the design and manufacturing of equipment is progressing. The equipment installations have started.

In May 2021, the excavation of the five first deposition tunnels, accessed through the central tunnels, was started in ONKALO at a depth of approximately 430 metres. The underground installations of civil and building technology are progressing on schedule.

The operating licence application for the final disposal facility was submitted to the Finnish Government in December 2021.

Acquisitions of Tangible and Intangible Assets and Shares

Investments during the period under review were EUR 87.4 (-10.7) million. Investments of the parent company were EUR 90.5 (-11.2) million, of which EUR 76.3 (-20.8) million were allocated to the OL3 project. The OL3 investment is decreased by the delay compensation and additional delay compensation in accordance with the settlement agreement. Additional delay compensation has been recorded as EUR 8.1 million for the period under review.

Hitachi Energy (previously Hitachi ABB Power Grids) and TVO have signed a contract about delivering one of Europe's largest battery energy storage systems to Olkiluoto. The 90-megawatt system will support the entire energy network in a potential production disturbance of the OL3 plant unit, thus minimising the effect of power fluctuations on the grid together with Fingrid's system protection. The battery energy storage system will be commissioned in 2022.

Pending Court Cases and Disputes

TVO and Wärtsilä Finland Oy (Wärtsilä) signed an agreement on the delivery of Emergency Diesel Generators and their auxiliary systems to the Olkiluoto nuclear power plant (the so-called EDG project) in 2013. In December 2018, Wärtsilä published a stock exchange release announcing a major provision it has made on two nuclear power plant projects to cover the cost exceedings and project delays, and that the allocation of responsibility for the additional costs and delays is in dispute. In April 2019, Wärtsilä announced in its notification addressed to TVO that EUR 65.0 million of the provision applies to TVO's EDG project. In October 2020, TVO initiated arbitration proceedings against Wärtsilä concerning the installation and commissioning schedule of the auxiliary diesel generators (EDG 1–8) in accordance with the EDG project's delivery agreement. The allocation of responsibility between the parties concerning the abovementioned additional costs and delays are to be resolved in the same proceedings.

TVO received in July 2021 Wärtsilä's counterclaim in the pending arbitration proceedings. Wärtsilä's monetary claim of additional costs is approximately EUR 40 million. TVO submitted its response to Wärtsilä's claims to the court of arbitration in the beginning of November 2021. During the period under review, the parties have given their answers to the court of arbitration regarding the counterpart's claims. TVO considers claims made by Wärtsilä to be without merit and demands for them to be overruled and for TVO's legal costs to be compensated.

TVO has not recorded any receivables or provisions on the basis of claims presented in the arbitration proceedings.

Personnel

The total number of personnel in the Group at the end of the period under review was 1,006 (31 December 2021: 984, 31 March 2021: 990). The number of permanent employees in the Group at the end of the period under review was 988 (31 December 2021: 965, 31 March 2021: 973).

Annual General Meeting

TVO's Annual General Meeting on 25 March 2022 approved the financial statements for 2021, discharged the members of the Board of Directors and the President and CEO from liability, and elected the members of the Board of Directors. All ten existing members are to continue in their positions.

At its organisation meeting, the Board elected **Tiina Tuomela** as Chair of the Board and **Ilkka Tykkyläinen** as Vice-Chair. The Board also chose from among its members the members and chairs of the Board Committees.

Auditing

The Interim Report is unaudited.

Risks and Uncertainty Factors in the Near Future

The major risks and uncertainty factors in TVO's operations have been presented in the 2021 Report of the Board of Directors.

The OL3 plant unit was connected to the national grid on 12 March 2022. According to the schedule updated in February 2022, the plant unit's regular electricity production starts in July 2022 instead of the previously estimated start in June. As the OL3 project is still ongoing, no

assurance can be given that further delays would not materialise prior to completion of the project.

The TVO Group has contingency plans for different scenarios. The situation in Ukraine and its impact on the Group's operations is closely followed. The Ukrainian situation does not directly affect the Group's operations or the production of electricity in the short term.

Measures implemented in Olkiluoto in order to prevent the spread of COVID-19 vary according to the situation of the epidemic. The Group is constantly assessing the situation, and its guidelines and practices comply with the guidelines and decisions of the Finnish Institute for Health and Welfare (THL) and the Finnish Government. Changes in the situation of the pandemic either globally or locally may cause divergent arrangements in the Group's operations also throughout the rest of the year.

Following the amendment to the Nuclear Energy Act, the Finnish State Nuclear Waste Management Fund is meant to start investment activities as a result of which the Fund's investments are valued at market value, which in turn affects the amount of TVO's share in the Fund. This may lead to uncertainty specifically with regards to the amount of TVO's protected portion covered by securities.

The total cost estimate for nuclear waste management, which is updated every three years, will next be updated in summer 2022, which may have profit/loss effects.

Assessment of Year-End Developments

In the current financial year, electricity production is expected to continue as in previous years. The prerequisites for nuclear power production at Olkiluoto are good. Nuclear fuel availability is guaranteed by long-term agreements.

OL3's test production phase will be continued with the aim of starting regular electricity production in July 2022. During the test produc-

tion phase, the plant unit's power output will be gradually increased to 1,600 megawatts. TVO will carefully follow the fulfilment of the conditions according to the 2018 settlement agreement and the amendment agreements signed in June 2021, as well as the commissioning stages of OL3, so that they are carried out according to the Plant Supplier's schedule ensuring financial and technical resources. Since the Plant Supplier has not finished the OL3 project by the end of February 2022, as was stipulated in the amendment agreement of June 2021, the Plant Supplier is obligated to pay an additional delay compensation to TVO depending on the date of completion as of the beginning of March 2022.

Posiva continues the implementation of the final disposal plant project. The excavation work and technical acquisitions at the final disposal facility are progressing. Building and installation work as well as the qualification and production of equipment is taking place at the encapsulation plant.

The COVID-19 pandemic can cause uncertainty towards the end of the year and divergent arrangements in the Group's operations throughout the rest of the year.

Events after the Period under Review

On 23 March 2022, TVO made an invitation to holders of its outstanding EUR 311.77 million Notes due 13 January 2023 to tender their Notes for purchase by TVO for cash. On 1 April 2022, EUR 106.1 million of the bond was repurchased.

22 April 2022

Teollisuuden Voima Oyj
Board of Directors



Key Figures of TVO Group

TVO Group (IFRS) (M€)	Q1 2022	Q1 2021	Q1-Q4 2021
Turnover	83	79	299
Profit/loss for the period	-10	18	-20
Investments ¹⁾	87	-11	578
Equity	2,116	2,081	2,063
Subordinated shareholder loans (hybrid equity) (included in the former) ³⁾	929	929	929
Non-current and current interest-bearing liabilities (excluding loan from VYR) ²⁾	5,023	4,285	4,337
Loan from VYR ²⁾	651	711	711
Provision related to nuclear waste management	1,366	1,025	1,368
Balance sheet total	9,296	8,204	8,662
Equity ratio % ⁴⁾	29.1	32.2	31.3
Average number of personnel	1,003	983	1,004

¹⁾ Acquisitions of property, plant and equipment, intangible assets and shares are based on gross investments.

²⁾ The Finnish State Nuclear Waste Management Fund (VYR)

³⁾ Subordinated loans

⁴⁾ Equity ratio % = $100 \times \frac{\text{equity}}{\text{balance sheet total} - \text{provision related to nuclear waste management} - \text{loan from the Finnish State Nuclear Waste Management Fund}}$

Key Figures of Teollisuuden Voima Oyj

Teollisuuden Voima Oyj (FAS) (M€)

The parent company's interim financial statement has been made in accordance with the Finnish Accounting Standards (FAS).

	Q1 2022	Q1 2021	Q1-Q4 2021
Turnover	83	78	294
Profit/loss before appropriations	-2	19	-4
Fuel costs	17	16	61
Nuclear waste management costs	23	0	41
Capital expenditure (depreciation and financial income and expenses)	10	9	38
Investments ¹⁾	91	-11	220
Equity	861	861	861
Appropriations	191	216	193
Non-current and current interest-bearing liabilities (excluding loan from VYR and shareholder loans) ²⁾	4,984	4,208	4,277
Loans from equity holders of the company ³⁾	929	929	929
Loan from VYR ²⁾	651	711	711
Balance sheet total	7,757	7,027	7,156
Equity ratio % ⁴⁾	27.9	31.8	30.8
Average number of personnel	1,001	981	1,002

¹⁾ Acquisitions of tangible and intangible assets and shares are based on gross investments.

²⁾ The Finnish State Nuclear Waste Management Fund (VYR).

³⁾ Subordinated loans.

⁴⁾ Equity ratio % = $100 \times \frac{\text{equity} + \text{appropriations} + \text{loans from equity holders of the company}}{\text{balance sheet total} - \text{loan from the Finnish State Nuclear Waste Management Fund}}$

Electricity delivered to equity holders of the company (GWh)	Q1 2022	Q1 2021	Q1-Q4 2021
Nuclear power	3,975	3,861	14,414
Total	3,975	3,861	14,414

Consolidated financial statement in brief and notes

Consolidated income statement

EUR 1,000	Q1 2022	Q1 2021	Q1-Q4 2021
Turnover	83,348	78,883	298,713
Work performed for own purposes	5,986	7,535	25,036
Other income	2,804	3,600	13,446
Materials and services	-35,344	-10,977	-90,840
Personnel expenses	-18,763	-19,844	-82,142
Depreciation and impairment charges	-11,394	-10,833	-43,996
Other expenses	-22,883	-22,120	-103,944
Operating profit/loss	3,754	26,244	16,273
Finance income	187	3,160	4,681
Finance expenses	-14,243	-11,996	-41,887
Total finance income and expenses	-14,056	-8,836	-37,206
Share of the profit/loss of joint ventures	34	216	1,280
Profit/loss before income tax	-10,268	17,624	-19,653
Profit/loss for the period	-10,268	17,624	-19,653
Profit/loss for the period attributable to:			
Equity holders of the company	-10,268	17,624	-19,653

Consolidated statement of comprehensive income

EUR 1,000	Q1 2022	Q1 2021	Q1-Q4 2021
Profit/loss for the period	-10,268	17,624	-19,653
Other comprehensive items			
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges	64,766	21,402	44,363
Total other comprehensive profit/loss items for the period	64,766	21,402	44,363
Total comprehensive profit/loss for the period	54,498	39,026	24,710
Total comprehensive profit/loss for the period attributable to:			
Equity holders of the company	54,498	39,026	24,710

Consolidated statement of financial position

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
Assets			
Non-current assets			
Property, plant and equipment	6,243,916	5,640,687	6,177,755
Intangible assets	2,503	2,560	2,543
Loans and other receivables	654,130	714,106	714,027
Investments in joint ventures	5,550	4,451	5,516
Investments in shares	1,935	1,934	1,935
Derivative financial instruments	85,132	29,930	33,966
Share in the Finnish State Nuclear Waste Management Fund	1,009,397	1,025,366	1,010,071
Total non-current assets	8,002,563	7,419,034	7,945,813
Current assets			
Inventories	281,290	287,228	274,489
Trade and other receivables	266,949	352,278	261,834
Derivative financial instruments	7,163	2,827	7,809
Cash and cash equivalents	737,562	142,326	172,318
Total current assets	1,292,964	784,659	716,450
Total assets	9,295,527	8,203,693	8,662,263
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	600,365	600,365	600,365
Share premium reserve and statutory reserve	242,383	242,383	242,383
Fair value and other reserves	81,757	-5,970	16,991
Subordinated shareholder loans (hybrid equity)	929,300	929,300	929,300
Retained earnings	262,662	314,729	274,022
Total equity	2,116,467	2,080,807	2,063,061

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
Liabilities			
Non-current liabilities			
Provision related to nuclear waste management	1,366,127	1,025,366	1,368,291
Loan from the Finnish State Nuclear Waste Management Fund	651,339	711,266	711,266
Bonds	3,143,886	2,613,372	2,811,264
Other financial liabilities	1,004,742	1,073,709	1,065,928
Derivative financial instruments	2,438	26,593	10,740
Total non-current liabilities	6,168,532	5,450,306	5,967,489
Current liabilities			
Current financial liabilities	869,552	570,714	445,619
Derivative financial instruments	2,388	881	3,268
Advance payments received	21,217	19,788	21,218
Trade payables	34,122	13,079	56,672
Other current liabilities	83,249	68,118	104,936
Total current liabilities	1,010,528	672,580	631,713
Total liabilities	7,179,060	6,122,886	6,599,202
Total equity and liabilities	9,295,527	8,203,693	8,662,263

Consolidated statement of changes in equity

1,000 EUR	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1 Jan 2022	600,365	242,383	16,991	929,300	274,022	2,063,061	2,063,061
Profit/loss for the period	0	0	0	0	-10,268	-10,268	-10,268
Other comprehensive profit/loss items:							
Cash flow hedges	0	0	64,766	0	0	64,766	64,766
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-1,092	-1,092	-1,092
Equity 31 Mar 2022	600,365	242,383	81,757	929,300	262,662	2,116,467	2,116,467

1,000 EUR	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1 Jan 2021	600,365	242,383	-27,372	929,300	298,272	2,042,948	2,042,948
Profit/loss for the period	0	0	0	0	17,624	17,624	17,624
Other comprehensive profit/loss items:							
Cash flow hedges	0	0	21,402	0	0	21,402	21,402
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-1,167	-1,167	-1,167
Equity 31 Mar 2021	600,365	242,383	-5,970	929,300	314,729	2,080,807	2,080,807

1,000 EUR	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1 Jan 2021	600,365	242,383	-27,372	929,300	298,272	2,042,948	2,042,948
Profit/loss for the financial year	0	0	0	0	-19,653	-19,653	-19,653
Other comprehensive profit/loss items:							
Cash flow hedges	0	0	44,363	0	0	44,363	44,363
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-4,597	-4,597	-4,597
Equity 31 Dec 2021	600,365	242,383	16,991	929,300	274,022	2,063,061	2,063,061

Consolidated statement of cash flows

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
Operating activities			
Profit/loss for the period	-10,268	17,624	-19,653
Adjustments:			
Finance income and expenses	14,056	8,835	37,206
Depreciation and impairment charges	11,394	10,833	43,996
Share of the profit/loss of joint ventures	-34	-216	-1,280
Other non-cash flow income and expenses	-7,294	-8,325	-25,629
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	233	14,006	-17,739
Increase (-) or decrease (+) in inventories	-6,551	-13,000	-376
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	10,385	8,713	13,474
Interest paid and other finance expenses	-973	-1,245	-4,296
Interest received	3,665	3,786	3,977
Cash flow from operating activities	14,613	41,011	29,680
Investing activities			
Acquisition of property, plant and equipment	-155,547	-86,357	-315,370
OL3 project compensation	0	0	206,875
Proceeds from sale of property, plant and equipment	-57	-73	-263
Acquisition of intangible assets	0	0	-1
Loan receivables granted	-15,910	0	-105
Repayments of loans granted	75,837	5,180	5,392
Cash flow from investing activities	-95,677	-81,250	-103,472

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
Financing activities			
Withdrawals of long-term loans	600,000	0	800,000
Repayment of long-term loans	-171,774	-178,047	-571,683
Principal elements of lease payments	-979	-960	-2,117
Interest paid of subordinated shareholder loans (hybrid equity)	-478	-553	-4,673
Increase (+) or decrease (-) in current financial liabilities	222,299	262,552	61,630
Repayment of current financial liabilities	-2,760	-61,790	-198,410
Cash flow from financing activities	646,308	21,202	84,747
Change in cash and cash equivalents	565,244	-19,037	10,955
Cash and cash equivalents at the beginning of period	172,318	161,363	161,363
Cash and cash equivalents at the end of period	737,562	142,326	172,318

Notes to the Interim Report

Accounting policies

The interim financial statements have been prepared in accordance with the IAS 34 Interim Financial Reporting Standard. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended on 31 December 2021. Additionally, the changes according to the revised IAS/IFRS standards have been adopted. The COVID-19 pandemic has not materially affected the accounting policies nor reporting numbers. The Ukrainian situation does not directly affect the Group's operations or the production of electricity in the short term.

Management's critical accounting estimates and assumptions

The preparation of the Interim Report requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The actual results may differ from these estimates. Significant assumptions made by the management in applying the Group's accounting policies and crucial uncertainties were the same as the ones applied to the annual financial statements as for the year ended on 31 December 2021.

Olkiluoto 3 EPR

The electricity production of the Olkiluoto 3 EPR plant unit (OL3) started on Saturday, 12 March 2022. Regular electricity production starts in July 2022. Sales proceeds from the delivery of OL3's test production electricity and variable costs have been recorded in the income statement in accordance with the IAS 16 Standard. The profit/loss for the review period affected by items classified as profit/loss related to the provision for OL3's nuclear waste liability.

TVO's management has estimated that there are no known technical or other issues that would prevent the completion of the OL3 project from the test production phase to regular electricity production. The recognition criteria of the acquisition costs of the OL3 project are realised because all the necessary actions will be completed to prepare the asset for its intended use.

Additional delay compensation has been recorded as EUR 8.1 million for the period under review. For the review period, TVO has recognised current receivables EUR 201.2 million from the Plant Supplier. The additional delay compensation decreases the historical costs of property, plant and equipment in the balance sheet.

Segment reporting

SEGMENT STRUCTURE IN TVO

The Group has one reportable segment; nuclear power.

The electricity of the nuclear power segment is produced at three nuclear power plant units, Olkiluoto 1 (OL1), Olkiluoto 2 (OL2) and Olkiluoto 3 (OL3). Olkiluoto 3 (OL3) is currently under the test production phase. The subsidiary of TVO, TVO Nuclear Services Oy (TVONS), the operation of which is related to nuclear power, is also included in the nuclear power segment.

SEGMENT CALCULATION PRINCIPLES

The TVO Group discloses the following information by segments: turnover, profit/loss for the period and assets, which the chief operation decision maker follows.

The chief operation decision maker follows reporting according to the Finnish Accounting Standards (FAS). Adjustments made under IFRS accounting policies are reported at Group level.

Turnover by segments

EUR 1,0000	Q1 2022	Q1 2021	Q1-Q4 2021
Nuclear power	83,348	78,883	298,713
Total	83,348	78,883	298,713

Profit/loss for the period by segments

EUR 1,0000	Q1 2022	Q1 2021	Q1-Q4 2021
Nuclear power	-2,084	19,510	-3,573
Profit/loss before appropriations (FAS)	-2,084	19,510	-3,573
The impact of the nuclear waste management obligation	-7,811	-1,578	-17,424
The impact of financial instruments	-755	-641	-514
Other IFRS adjustments	348	117	578
Share of the profit/loss of joint ventures	34	216	1,280
Total (IFRS)	-10,268	17,624	-19,653

Assets by segments

EUR 1,0000	31 Mar 2022	31 Mar 2021	31 Dec 2021
Nuclear power	7,756,892	7,027,431	7,155,886
Total (FAS)	7,756,892	7,027,431	7,155,886
The impact of the nuclear waste management obligation	1,468,337	1,151,234	1,478,313
The impact of financial instruments	54,726	4,086	11,113
The impact of finance leases	47,514	49,701	47,953
Other IFRS adjustments	-36,481	-32,199	-35,506
Share of the profit/loss of joint ventures	4,539	3,440	4,504
Total (IFRS)	9,295,527	8,203,693	8,662,263

Property, plant and equipment

Changes in property, plant and equipment

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
Opening net book amount	6,177,755	5,664,650	5,664,650
Increase	87,399	-10,802	577,715
Decrease	-9,942	-2,431	-80,554
Depreciation and impairment charges	-11,296	-10,731	-43,588
Accumulated depreciation from deduction	0	0	59,532
Closing net book amount	6,243,916	5,640,686	6,177,755

Changes in intangible assets

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
Opening net book amount	2,543	2,589	2,589
Increase	58	73	413
Decrease	0	0	-51
Depreciation and impairment charges	-98	-102	-408
Closing net book amount	2,503	2,560	2,543

The OL3 investment is decreased by the delay compensation and additional delay compensation in accordance with the settlement agreement. Additional delay compensation has been recorded as EUR 8.1 million for the period under review. Nuclear fuel to be used during electricity production, totalling approximately EUR 250 million, will be part of current assets when the OL3 plant unit starts commercial operation.

Financial risk management

The objectives of financial risk management and finance policy are the same as those applied to the annual financial statement for the year ended 31 December 2021.

DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial instruments

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
Interest rate swaps	2,194,117	1,824,117	1,944,117
Forward foreign exchange contracts and swaps ¹⁾	51,034	70,023	69,597
Cross-currency swaps	281,016	378,577	378,577
Total	2,526,168	2,272,717	2,392,291

¹⁾ Forward contracts are mainly used for hedging fuel purchases against currency risk. The opposite forward contracts, which have been acquired to adjust these hedging amounts are netted in the table with each other, whereby the nominal describes the protected position.

Fair values of the derivative financial instruments ¹⁾

EUR 1,000	31 Mar 2022			31 Mar 2021			31 Dec 2021		
	Positive	Negative	Total	Positive	Negative	Total	Positive	Negative	Total
Interest rate swaps									
Cash flow hedges	74,910	-2,352	72,558	7,276	-21,677	-14,401	16,641	-10,842	5,799
Fair value hedges	744	-1,310	-566	8,838		8,838	5,252		5,252
Non-hedges	1,011		1,011		-5,488	-5,488		-3,065	-3,065
Forward foreign exchange contracts and swaps									
Cash flow hedges	8,754		8,754	8,329	-82	8,247	11,111		11,111
Non-hedges	343	-58	285	1,011	-226	785	1,020	-95	925
Cross-currency swaps									
Non-hedges	6,532	-1,106	5,427	7,304		7,304	7,752	-7	7,745
Total	92,295	-4,826	87,469	32,757	-27,474	5,283	41,775	-14,008	27,767

¹⁾ Cross-currency swaps related to Private Placements included.

TVO Group debt structure by maturity

31 Mar 2022 EUR 1,000	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-	Total
Loans from financial institutes	155,413	50,607	426,104	426,104	26,104	26,104	11,818		9,420		1,131,674
Public bonds	153,000	311,777	644,900	500,000	650,000	675,000	600,000		23,000	65,000	3,622,677
Loans from other sources	56,117										56,117
Lease liabilities	1,153	1,996	1,906	43,612	7						48,674
Commercial papers	173,919										173,919
Total	539,602	364,380	1,072,910	969,716	676,111	701,104	611,818		32,420	65,000	5,033,061

TVO Group credit commitment by maturity

31 Mar 2022 EUR 1,000	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-	Total
Syndicated revolving credit facility			1,000,000								1,000,000
Bilateral revolving credit facility											
Bilateral bank loan											
Total			1,000,000								1,000,000

EUR 125 million has been drawn from the EUR 1,000 million syndicated revolving credit facility.

The average interest rate on loans and derivatives on 31 March 2022 was 1.59 % (31 Dec 2021: 1.52 %).

On 31 March 2022, the Group had undrawn credit facilities amounting to EUR 875 million (2021: EUR 1,000 million). In addition, the Group had subordinated shareholder loan (hybrid equity) commitments totaling EUR 400 million (2021: EUR 400 million) and cash and cash equivalents amounting to EUR 738 million (2021: EUR 172 million).

Cash and cash equivalents consist of cash on hand, demand deposits and other current liquid investments. Fund units consist of fund unit investments that are valued at fair value.

Disclosure of fair value measurements by the level of fair value measurement hierarchy

EUR 1,000	31 Mar 2022		
	Level 1	Level 2	Level 3
Financial assets at fair value			
Derivative financial instruments at fair value through profit or loss		7,887	
Derivative financial instruments designated as cash flow hedges		83,664	
Derivative financial instruments designated as fair value hedges		744	
Investments in other shares ¹⁾			1,935
Total		92,295	1,935
Financial liabilities at fair value			
Derivative financial instruments at fair value through profit or loss		1,164	
Derivative financial instruments designated as cash flow hedges		2,352	
Derivative financial instruments designated as fair value hedges		1,310	
Total		4,826	

¹⁾ On 31 March 2022, TVO has unquoted shares worth EUR 1,935 (2021:1,935) thousand. Direct market prices are not available for unquoted shares and therefore their fair value is determined using methods based on management judgement.

Disclosure of fair value measurements by the level of fair value measurement hierarchy

EUR 1,000	31 Dec 2021		
	Level 1	Level 2	Level 3
Financial assets at fair value			
Derivative financial instruments at fair value through profit or loss		8,771	
Derivative financial instruments designated as cash flow hedges		27,752	
Derivative financial instruments designated as fair value hedges		5,252	
Investments in other shares ¹⁾			1,935
Total		41,775	1,935
Financial liabilities at fair value			
Derivative financial instruments at fair value through profit or loss		3,166	
Derivative financial instruments designated as cash flow hedges		10,842	
Total		14,008	

Fair value estimation

The derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The fair values are determined using a variety of methods and financial valuation techniques, and assumptions are based on market quotations at the balance sheet date (Level 2). The fair value of the interest rate swaps is the present value of the estimated future cash flows. The forward contracts are measured using the market quotes at the closing date. The fair value of the interest rate options is calculated using market quotes at the closing date and by using the Black and Scholes option valuation model. The changes in fair value of the interest rate swaps and forward contracts are recognised in equity or profit or loss, depending on whether they qualify for cash flow hedges or not. The changes in fair value of interest rate options that do not qualify for hedge accounting are presented in the income statement.

Book values of financial assets and liabilities by categories

EUR 1,000	Financial liabilities measured at amortised cost	31 Mar 2022	
		Book value	Fair value
Non-current liabilities			
Other financial liabilities ¹⁾	4,149,068	4,149,068	4,167,896

EUR 1,000	Financial liabilities measured at amortised cost	31 Dec 2021	
		Book value	Fair value
Non-current liabilities			
Other financial liabilities ¹⁾	3,877,192	3,877,192	3,953,937

¹⁾ Bonds and EUR-fixed loans included

For other financial assets and liabilities than the ones presented in the table, the book value corresponds to their fair value.

Assets and provision related to nuclear waste management obligation

The balance sheet contains assets and liabilities concerning the nuclear waste management obligation

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	1,009,397	1,025,366	1,010,071
Provision related to nuclear waste management (non-current liabilities)	1,366,127	1,025,366	1,368,291

TVO's legal liability as stated in the Nuclear Energy Act and the Company's share in the Finnish State Nuclear Waste Management Fund

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
Liability for nuclear waste management according to the Nuclear Energy Act	1,816,100	1,450,600	1,816,100
Funding target obligation	1,436,100	1,450,600	1,436,100
TVO's share in the Finnish State Nuclear Waste Management Fund	1,471,750	1,450,600	1,450,600
Difference between the liability and TVO's share of the Fund	344,350	0	365,500

The costs of decommissioning the power plant and disposal of spent fuel are covered by the provision related to the nuclear waste management obligation. Cost estimates are updated annually and the technical plans and total cost estimates every third year. The next update will be in summer 2022.

The OL3 plant unit's nuclear waste management liability calculation according to IAS 37 was started on 21 December 2021, when the OL3 plant unit was made critical and operations producing nuclear waste started, which commenced a constructive obligation (cleansing obligation). The profit/loss of review period is affected by items classified as profit/loss related to the provision for OL3's nuclear waste liability.

TVO contributes funds to the Finnish State Nuclear Waste Management Fund to cover future obligations based on the legal liability calculated according to the Nuclear Energy Act. As for 2021, no surplus was reimbursed to TVO from the Nuclear Waste Management Fund after the amendment to the Nuclear Energy

Act (269/2021), although the fund target for nuclear waste management in 2022 was lower than the share in the Fund in 2021. The refund for 2021, EUR 14.5 million, was used to cover the protected portion in accordance with the Nuclear Energy Act Section 52 c. According to the implementing provision of the law amendment, a profitable result of the Finnish State Nuclear Waste Management Fund for 2021 was not used to refund TVO's nuclear waste management fee, but it was also used to cover the protected portion. In order to supplement the legal protected portion, TVO provided the Nuclear Waste Management Fund with a separate cash security of EUR 7.4 million in addition to the surplus and profit. The nuclear waste management fee for 2022 will be confirmed in March 2023.

The OL1/OL2 plant units' and the OL3 plant unit's liabilities and shares in the Fund are calculated and recorded separately, as the corresponding total cost estimates are prepared separately for the plant units. In December 2021, the Ministry of Economic Affairs and Employment (MEAE) set TVO's liability for nuclear waste management at EUR 1,816.1 (1,450.6) million for the end of 2021 and TVO's funding target in the Finnish State Nuclear Waste Management Fund for 2022 at EUR 1,436.1 (1,450.6) million. In addition, the MEAE has decided that the liability for 2022 is EUR 1,791.9 million, of which EUR 1,409.0 million belongs to OL1/OL2 and EUR 382.9 million belongs to OL3.

According to Section 40 Clause 1 of the Nuclear Energy Act, the Fund target for each calendar year shall be equal to the liability of the previous calendar year. In order to balance the effects of nuclear waste management costs on several operating years of the nuclear plant, the Fund target is however lower than the liability, while the preconditions stipulated in Section 40 are fulfilled. Time-based periodisation (40 years) is used to calculate the OL3 plant unit's Fund target, according to Section 40 Clause 2 of the Nuclear Energy Act and the Government Decree (991/2017) Section 5.

TVO's share in the Finnish State Nuclear Waste Management Fund on 31 March 2022 is EUR 1,471.8 million. The carrying amount in the balance sheet is EUR 1,009.4 million. The difference is due to the fact that IFRIC 5 limits the carrying amount of TVO's interest in the Finnish State Nuclear Waste Management Fund to the amount of the related liability since TVO does not have control over the Finnish State Nuclear Waste Management Fund. As long as the Fund is overfunded from an IFRS perspective, the effects to operating profit from this adjustment will be positive if the provision increases more than the Fund, and negative if the actual value of the fund increases more than the provision. On 31 March 2022 the OL1/OL2 plant units' share in the Fund is higher than the provision according to IFRS, due to which above-mentioned adjustment is recorded for the OL1/OL2 plant units' nuclear waste management IFRS calculation. The OL3 plant unit's share in the Fund on 31 March 2022 is in turn lower than the provision according to IFRS, and therefore above-mentioned adjustment is not recorded.

TVO has issued the State the shareholders' guarantees as security to cover the unexpected events as determined in the Nuclear Energy Act. The guarantees are presented in the note Obligations and other commitments.

Obligations and other commitments

Pledged promissory notes and financial guarantees

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	651,339	711,266	711,266
Guarantees given by shareholders related to the nuclear waste management obligation	480,670	493,530	480,670

According to the Nuclear Energy Act Section 44, the company liable for nuclear waste management must assign securities to the state according to the terms stipulated by Section 45 before operations which produce waste are initiated, and otherwise at the end of each June.

Investment commitments

Agreement-based commitments regarding the acquisition of property, plant and equipment:

EUR 1,000	31 Mar 2022	31 Mar 2021	31 Dec 2021
OL1 and OL2	80,100	99,100	84,700
OL3	346,400	411,800	401,500
Total	426,500	510,900	486,200

Pending Court Cases and Disputes

Pending Court Cases and Disputes are to be found on page 5.

