

VANTAA ENERGY LTD

FINANCIAL STATEMENTS AND ANNUAL REPORT 2018

Address information: Peltolantie 27, 01300 VANTAA, Finland
Business ID: 0124461-3
Company domicile: VANTAA

TABLE OF CONTENTS	PAGE
Annual report	1
Consolidated financial statements 1 Jan. 2018 – 31. Dec. 2018	
Consolidated and parent company's profit and loss account	18
Consolidated and parent company's balance sheet	19
Consolidated and parent company's cash flow statement	21
Notes to the financial statements	22
Signatures of the Board of Directors and President and CEO	44
List of accounting books consulted	45

VANTAA ENERGY LTD

Profit and loss account

(EUR)	Appendix	GROUP		PARENT COMPANY	
		1.1.-31.12.2018	1.1.-31.12.2017	1.1.-31.12.2018	1.1.-31.12.2017
Turnover	2	302 964 170,77	285 294 841,64	258 538 495,50	245 135 365,58
Work performed by the undertaking for its own use	3	6 616 989,61	4 852 873,54	4 641 072,42	3 022 078,91
Other operating income	4	1 474 827,46	11 343 941,44	6 589 183,17	16 719 165,46
Materials and services	5	-175 549 844,63	-168 292 285,03	-165 958 396,34	-158 861 756,69
Personnel expenses	6	-27 764 204,66	-26 575 131,76	-23 081 755,49	-21 911 890,02
Depreciation and reduction in value	7	-26 882 256,02	-26 517 907,92	-17 839 938,88	-17 665 749,22
Other operating expenses	8	-31 261 827,11	-30 588 351,52	-30 280 769,68	-29 656 055,89
Share of associated companies' profits		-2 511 183,66	5 304 244,99	-	-
Operating profit		47 086 671,76	54 822 225,38	32 607 890,70	36 781 158,13
Financial income and expenses	9	-4 985 781,60	-1 122 068,25	-1 881 237,17	2 323 547,99
Profit before appropriations and taxes		42 100 890,16	53 700 157,13	30 726 653,53	39 104 706,12
Appropriations					
Change in cumulative accelerated depreciation		-	-	-715 218,31	-3 415 807,05
Group contribution	10			5 650 000,00	1 900 000,00
Income tax	11	-7 429 381,19	-7 170 810,17	-6 091 143,71	-6 343 379,66
Profit for fiscal period		34 671 508,97	46 529 346,96	29 570 291,51	31 245 519,41

VANTAA ENERGY LTD

Balance sheet

(EUR)	Appendix	GROUP		PARENT COMPANY	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
ASSETS					
Non-current assets					
	12,13				
Intangible assets					
Intangible rights		2 623 109,98	1 125 611,80	1 147 605,73	906 200,93
Other capitalised long-term expenditure		6 841 574,31	8 645 427,08	6 172 900,96	7 197 043,05
Construction in progress		2 891 484,81	2 491 369,16	1 629 850,33	1 509 610,11
		12 356 169,10	12 262 408,04	8 950 357,02	9 612 854,09
Tangible assets					
Land and water areas		7 753 903,27	7 532 379,43	7 319 163,61	7 097 639,77
Buildings and constructions		101 411 531,75	105 182 392,42	90 795 510,26	96 888 194,75
Electricity network		120 746 541,49	116 850 103,73	--	--
District heating network and equipment		73 448 999,13	68 481 121,48	73 448 999,13	68 481 121,48
Gas distribution network		754 190,32	782 238,76	754 190,32	782 238,76
Machinery and equipment		31 412 090,80	33 603 331,30	31 371 809,42	33 538 378,17
Other tangible assets		4 244 823,99	4 705 473,63	4 244 823,99	4 705 473,63
Construction in progress		62 332 767,30	13 321 789,22	59 976 707,43	10 092 219,38
		402 104 848,05	350 458 829,97	267 911 204,16	221 585 265,94
Investments					
Shares in group companies		--	--	76 000,00	76 000,00
Holdings in associated companies		43 029 357,93	32 059 493,39	52 608 735,57	36 355 072,69
Other shares and holdings		75 490 729,97	65 717 552,71	75 487 928,92	65 714 751,66
		118 520 087,90	97 777 046,10	128 172 664,49	102 145 824,35
Total non-current assets		532 981 105,05	460 498 284,11	405 034 225,67	333 343 944,38
Current assets					
	14				
Stocks					
Raw materials and consumables		4 265 254,12	3 508 101,93	4 265 254,12	3 508 101,93
Oil stocks		1 904 082,48	1 522 225,79	1 904 082,48	1 522 225,79
Coal stocks		12 612 845,97	11 648 685,06	12 612 845,97	11 648 685,06
		18 782 182,57	16 679 012,78	18 782 182,57	16 679 012,78
Long-term receivables					
Loans receivable from associated companies		10 106 286,18	11 981 167,76	10 106 286,18	11 981 167,76
Prepayments and accrued income		1 840 782,94	1 948 565,12	326 713,92	357 829,44
Imputed tax receivables		1 951 125,02	1 623 217,86	824 075,60	661 949,20
Short-term receivables					
Sales receivables		63 891 551,61	48 687 932,77	49 616 205,27	36 423 764,63
Connection fee receivables		170 464,31	232 456,10	42 460,13	113 201,14
Receivables from group companies		--	--	39 162 503,21	41 082 616,63
Receivables from associated companies		1 890 715,26	1 892 969,21	1 890 343,26	1 892 591,52
Prepayments and accrued income		9 011 937,10	15 086 820,33	6 862 140,74	12 027 779,26
Other receivables		10 736 823,75	7 760 310,27	10 445 960,97	7 561 596,75
Total receivables		99 599 686,17	89 213 439,42	119 276 689,28	112 102 496,33
Cash in hand and at banks		15 820 405,75	15 264 349,87	11 986 600,96	12 901 084,67
Total current assets		134 202 274,49	121 156 802,07	150 045 472,81	141 682 593,78
TOTAL ASSETS		667 183 379,54	581 655 086,19	555 079 698,48	475 026 538,16

Balance sheet

(EUR)	Appendix	GROUP		PARENT COMPANY	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
EQUITY AND LIABILITIES					
Capital and reserves	15				
Share capital		3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Retained earnings		218 952 133,22	192 472 191,70	119 981 297,51	108 785 183,54
Profit for fiscal period		34 671 508,97	46 529 346,96	29 570 291,51	31 245 519,41
Total equity		257 045 458,19	242 423 354,66	152 973 405,02	143 452 518,95
Appropriations					
Depreciation difference		--	--	55 902 472,17	55 187 253,86
Provisions		622 007,50	500 000,00	622 007,50	500 000,00
Liabilities	16				
Long-term liabilities					
Connection fees		136 344 252,33	133 486 247,01	92 183 934,73	91 419 325,78
Loans from financial institutions		143 937 055,42	127 193 988,28	143 937 055,42	127 193 988,28
Other long-term liabilities		4 921 927,70	1 394 481,99	4 921 927,70	1 394 481,99
Deferred tax liabilities		24 493 495,53	22 988 139,95	--	--
		309 696 730,98	285 062 857,23	241 042 917,85	220 007 796,05
Short-term liabilities					
Loans from financial institutions		10 256 932,86	8 456 932,86	10 256 932,86	8 456 932,86
Advance payments received		2 459,13	769,66	284,63	284,63
Accounts payable		18 979 380,22	12 126 586,14	17 090 207,55	10 422 393,58
Liabilities to group companies		--	--	7 796 109,10	5 130 575,55
Liabilities to associated companies		90 996,81	745,20	0,00	0,00
Accruals		12 557 484,70	11 454 388,35	11 538 888,51	10 336 837,93
Other liabilities		57 931 929,15	21 629 452,10	57 856 473,29	21 531 944,75
		99 819 182,87	53 668 874,31	104 538 895,94	55 878 969,30
Total liabilities		409 515 913,85	338 731 731,54	345 581 813,79	275 886 765,35
TOTAL EQUITY AND LIABILITIES		667 183 379,54	581 655 086,19	555 079 698,48	475 026 538,16

VANTAA ENERGY LTD

Cash flow statement

(EUR)	GROUP		PARENT COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Cash flow from operating activities				
Profit before appropriations	42 100 890,16	53 700 157,13	30 726 653,53	39 104 706,12
Adjustments				
Depreciation according to plan	26 882 256,02	26 517 907,92	17 839 938,88	17 665 749,22
Other income and expenses not including payments	7 051 993,60	8 062 150,29	8 626 229,45	7 859 371,46
Financial income and expenses	4 985 781,60	1 122 068,25	1 881 237,17	-2 323 547,99
Share of associated companies' profits	2 511 183,66	-5 304 244,99	0,00	0,00
Cash flow before change in working capital	83 532 105,04	84 098 038,60	59 074 059,03	62 306 278,81
Change in working capital				
Change in inventories	-2 103 169,79	329 392,25	-2 103 169,79	329 392,25
Change in short-term receivables	-12 041 003,35	248 705,54	-10 918 063,42	1 414 976,84
Change in short-term liabilities	10 154 000,89	-6 279 722,20	10 864 565,67	-7 558 820,96
Operational cash flow before financial items and taxes	79 541 932,79	78 396 414,19	56 917 391,49	56 491 826,94
Interest paid and payments for operations	-4 694 890,56	-3 307 588,23	-4 694 711,45	-3 308 208,32
Dividends received	2 819 858,39	3 214 107,38	2 819 858,39	3 214 107,38
Interest received	310 370,86	472 772,18	642 121,49	844 732,13
Direct taxes paid	-6 253 270,11	-5 682 859,95	-6 253 270,11	-5 950 150,46
Cash flow from operating activities	71 724 001,37	73 092 845,57	49 431 389,81	51 292 307,67
Cash flow from investments				
Investments in tangible and intangible assets	-84 249 078,54	-37 556 652,00	-68 906 943,54	-24 119 670,00
Other investments	-26 087 379,00	-6 840 330,00	-26 087 379,00	-6 840 330,00
Cash flow from investments	-110 336 457,54	-44 396 982,00	-94 994 322,54	-30 960 000,00
Cash flow before financing activities	-38 612 456,17	28 695 863,57	-45 562 932,73	20 332 307,67
Cash flow from financing activities				
Long-term loans	27 000 000,00	0,00	27 000 000,00	0,00
Repayments of non-current loans	-10 256 932,86	-8 456 932,86	-10 256 932,86	-8 456 932,86
Short-term loans	35 996 307,67	0,00	35 996 307,67	0,00
Repayments of current loans	1 800 000,00	-3 208 750,46	1 800 000,00	-3 208 750,46
Increase (-) / decrease (+) in loan receivables	1 874 881,58	1 874 881,58	3 874 881,58	7 374 881,58
Increase (-) / decrease (+) in non-current receivables	-54 344,22	3 139 558,38	-131 010,88	3 062 891,72
Increase (+) / decrease (-) in connection fees	2 858 005,32	2 067 863,89	764 608,95	744 821,25
Dividends paid	-19 983 405,44	-19 983 405,44	-19 983 405,44	-19 983 405,44
Group contributions received and paid	--	--	5 650 000,00	1 900 000,00
Other	-66 000,00	1 006 000,00	-66 000,00	1 006 000,00
Cash flow from financing activities	39 168 512,05	-23 560 784,91	44 648 449,02	-17 560 494,21
Change in cash and cash equivalents	556 055,88	5 135 078,66	-914 483,71	2 771 813,46
Cash and cash equivalents 1 Jan.	15 264 349,87	10 129 271,21	12 901 084,67	10 129 271,21
Cash and cash equivalents 31 Dec.	15 820 405,75	15 264 349,87	11 986 600,96	12 901 084,67

VANTAA ENERGY LTD

NOTES ON THE PREPARATION OF THE FINANCIAL STATEMENTS

1 Accounting principles

Group structure

The consolidated financial statements include the parent company Vantaa Energy Ltd and its fully owned subsidiary Vantaa Energy Electricity Networks Ltd. Companies pooled as associated companies are listed in note 13. The consolidated financial statements have been prepared in compliance with the Accounting Act 1336/1997 valid on 31 December 2018 and the Limited Liability

The Vantaa Energy Group is a sub-group of the City of Vantaa Group. A copy of the consolidated financial statements of the City of Vantaa is available online at: <http://www.vantaa.fi>. A copy of the consolidated financial statements of Vantaa Energy is available at the address Peltolantie 27, 01300 Vantaa, Finland, or online at: <http://www.vantaanenergia.fi>.

The parent company produces, acquires and sells electricity, produces, sells and distributes district heat, and acquires and sells natural gas. The company also offers other services related to the energy business, as well as administrative services to the Group's subsidiaries on the basis of

Consolidation principles

Mutual share ownership is eliminated with the acquisition cost method. All intra-group transactions, receivables and liabilities, unrealised profits and internal profit distribution have been eliminated when drawing up the consolidated financial statements. The associated companies with their subsidiaries have been combined in the consolidated financial statements with the equity method. A dividend obtained from associated companies is deducted from the Group's results and the

Unbundled financial statements

According to the requirements of the Electricity Market Act and the Natural Gas Market Act, an electricity company must unbundle the accounts of the sale and production of electricity (other electricity business), electricity network operations and natural gas network operations, and the sale of natural gas from each other and from other operations. The Group's corporate structure and the company's business division act as a basis for the unbundling of accounts. Administrative services provide services to the business units in a centralised way in accordance with the service contracts. Balance sheet items have been allocated to functions according to the matching principle.

Items denominated in foreign currency

Transactions in foreign currency are recorded according to the exchange rate of the moment of transaction. Receivables and debts denominated in foreign currency in the balance sheet at the balance sheet date are valued at the exchange rate applying at the balance sheet date. Exchange differences arising from business operations are usually entered in the profit and loss account and included in the corresponding items above operating profit. Exchange differences arising from

Pension arrangements

Pension security of the Group's employees with extra benefits is provided for by the pension insurance company and recorded according to the calculations and charges of the pension. The CEO of the Group's parent company is entitled to retire in accordance with the Employees' Pensions Act valid at any given time. The managing directors of subsidiaries have the option of retiring at the age of 62.

Turnover

Turnover consists of the profits of electricity, heat and natural gas operations and other services related to the energy business. Recorded sales profits are based on delivered amounts. Physical energy sale and purchase contracts are allocated on the accrual basis. The profits are presented deducted by indirect taxes, such as value added tax and excise duty.

Other income

Income from outside normal business operations are included in other income. Other income includes recurring items, such as the sale of administrative services to other Group companies, rental income and non-recurring items, such as sales profits of fixed assets. The sales income of emission allowances is also recorded in other income.

Emission allowances

Emission allowances are dealt with using the so-called net method in accordance with statement 1767/2005 of the Finnish Accounting Standards Board. If the actual emission tonnes exceed the available allowances, they are entered as provisions. If actual tonnes fall short of the available allowances, they are presented as off-balance sheet assets in the notes. Unused emission allowances acquired for consideration are entered in the balance sheet as intangible assets under the original acquisition cost or at a market price that is lower than the original acquisition cost. Sales income from emission allowances are presented in other operating income.

Research and development expenses

Research and development expenses are not activated, but they are entered as expense in the profit

Non-current assets

Licence fees for IT software and IT programmes, participation fees e.g. for a natural gas pipeline, right-of-way usufruct and emission allowances acquired for consideration, emissions reductions and activated planning costs of power plants are recorded under intangible assets.

Tangible assets are entered in the balance sheet at their original acquisition cost deducted by accumulated depreciation. The original acquisition cost includes expenses resulting directly from the acquisition cost of the asset in question. In addition to direct costs, the acquisition cost of self-manufactured assets also includes the share of indirect costs that results from bringing the asset to its working condition for the purpose of its use. The original acquisition cost includes expenses resulting directly from the acquisition cost of the asset in question. No depreciations are made on land areas as their useful life cannot be defined.

Planned depreciations are calculated as straight-line depreciations by recording the acquisition costs as expense during the estimated useful lives as follows:

Intangible rights	3 - 10	years
-------------------	--------	-------

Other capitalised long-term expenditure	3 - 10	years
Buildings and constructions	25 - 50	years
Technical equipment of buildings	20	years
Oil tanks and temporary structures	10	years
Electricity and district heating networks	5 - 30	years
Gas distribution network	30	years
Power plant machinery and equipment	4 - 20	years
Heating plant machinery and equipment	5 - 20	years
Machinery and equipment	5	years
Other tangible assets	10	years

Investments are valued at the original acquisition price.

The expenses of maintenance outages carried out every 4 years at a power plant are recorded in the balance sheet and taken off during the period between outages. Other repair and maintenance expenses are recorded as expenses in the profit and loss account for the accounting period in which

Current assets

Fuel stocks are valued at the acquisition price calculated according to the FIFO principle or at the market price at the balance sheet date if lower. Supplies are valued at the weighted average price.

Sales receivables are recorded at the amount of original invoicing. A sales receivable is recorded as a write-off immediately after it can be proven that the Group is unable to receive its sales receivables in accordance with the original contracts. These proofs can include, e.g. a recommendation by a debt collection agency or serious financial problems of a debtor. Write-offs are recorded as expense in the profit and loss account.

Financial fixed assets are valued at the acquisition cost or market price if lower in accordance with Chapter 5, section 2 of the Accounting Act. Cash assets consist of liquid investments.

A credit limit granted by a bank to cover a collateral requirement related to electricity derivatives has been recorded in both receivables and liabilities in the balance sheet in terms of the used limit.

Connection fees

Fees that a customer pays when joining a district heating or electricity network are recorded in the balance sheet under other long-term liabilities. These connection fees are transferable and refundable. Connection fees for natural gas connections are recorded in the profit and loss account

Income tax and deferred taxes

Income tax includes taxes for the financial year calculated on the basis of the profit or loss for the financial year and payable or refunded taxes from previous financial years.

Accrued depreciation is entered in the consolidated balance sheet divided into equity and deferred tax liabilities, and their change is entered in the change in deferred tax liabilities and the profit or loss for the financial year in the consolidated financial statements. Deferred tax assets have been recorded by the parent company on the change of fair value of derivatives.

Financial leases

Financial leasing costs have been entered during the accounting period on an accrual basis as expenses

and future leasing fees are presented as off-balance sheet liabilities.

Financing and liquidity management

The company's Board of Directors has accepted for the company a financial risk policy, the implementation of which is monitored at all times. The Group's finances focus on the parent company, and the financing of subsidiaries is mainly managed with inter-company loans. The liquidity of group companies is concentrated with consolidated accounts. Liquidity risk management aims to secure the Group's finances in all situations. The liquidity risk is reduced by only investing in

Calculation principles related to derivatives instruments and hedging measures

The company's risk management aims to support the achievement of the targets of the business strategy. Electricity price risk is the company's key business risk. The price trend of the electricity market mainly has an impact on Vantaa Energy's electricity generation and sales business. Factors having an impact on the price of electricity in the Nordic market in the short term are the water supply situation, temperature, the prices of emission allowances for carbon dioxide, the price of fuels, and

The company hedges against electricity price risks by drawing up electricity derivatives contracts with respect to both sales and production. During the maturity of derivatives, the open net volume of electricity derivatives is lower than the predicted extremely likely amount of spot-priced purchases. Fuel price risks are hedged against by trading in raw material derivatives. The company hedges against a change in the value of the dollar by trading in foreign currency derivatives. The price risk of carbon dioxide emission allowances is hedged against with emission allowance derivative contracts and by taking into account the costs of emission allowances in production planning. Interest risks (bank loans and leasing debts) are hedged with interest derivatives.

For hedging activities, the Board of Directors has approved a financial risk policy, the implementation of which is monitored at all times. The fair values of derivatives instruments and the values of underlying instruments are presented in note 20. The fair values are based on the market data on the balance sheet date and they are confirmed by an outside body. All derivatives are carried out for

1963/2016 by the Accounting Board. The interest rate swaps, the validity and interest period of which correspond with the loan maturity and interest period (reverse coherence in terms of the interest), are presented as liabilities in the notes to the financial statements. The interest rate swaps and commodity derivative contracts on which allocation cannot be made are valued at the balance sheet date value according to the contract, and the negative difference between the value at the moment of drawing up the derivative contract and the value on the balance sheet date is recorded as expense for the accounting period.

Calculation formulas for key figures

$$\text{Return on equity \%} = \frac{(\text{Profit before extraordinary items} - \text{taxes})}{\text{Equity}} * 100$$

$$\text{Equity ratio} = \frac{\text{Equity}}{\text{Balance sheet total}} * 100$$

VANTAA ENERGY LTD

Notes to the financial statements 2018

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
2 Turnover				
Electricity sales and distribution	173 806 928,21	163 855 611,32	130 688 874,71	125 215 557,45
Heat sales	106 734 020,75	98 602 679,95	106 734 020,75	98 602 679,95
Natural gas sales	2 487 646,32	2 135 124,55	2 487 646,32	2 135 124,55
Other operations	19 935 575,49	20 701 425,82	18 627 953,72	19 182 003,63
	<u>302 964 170,77</u>	<u>285 294 841,64</u>	<u>258 538 495,50</u>	<u>245 135 365,58</u>
3 Work performed by the undertaking for its own purpose and capitalised				
Activated wages and salaries	2 893 934,17	2 463 028,25	1 328 597,33	950 994,97
Activated indirect employee costs	623 687,32	449 350,10	213 198,97	130 588,75
Activated materials and disposables	3 099 368,12	1 940 495,19	3 099 276,12	1 940 495,19
	<u>6 616 989,61</u>	<u>4 852 873,54</u>	<u>4 641 072,42</u>	<u>3 022 078,91</u>
4 Other operating income				
Service income from Group companies	--	--	5 407 556,75	5 540 689,58
Profit from sale of fixed assets	143 240,79	8 619 769,49	73 414,18	8 618 769,47
Lease income	421 378,54	437 215,02	437 447,63	461 091,41
Insurance claims and damage compensation receivable	124 738,35	9 003,14	124 738,35	3 459,74
Sale of fuel oil	0,00	1 528 941,82	0,00	1 528 941,82
Other income	785 469,78	749 011,97	546 026,26	566 213,44
	<u>1 474 827,46</u>	<u>11 343 941,44</u>	<u>6 589 183,17</u>	<u>16 719 165,46</u>
5 Materials and services				
Purchase of energy				
Purchase of electricity	86 818 454,65	93 455 693,97	86 943 051,83	93 567 165,89
Purchase of heat	961 935,90	887 330,61	961 935,90	887 330,61
Purchase of fuel oil	399 063,10	2 358,45	399 063,10	2 358,45
Purchase of coal	23 491 947,40	23 637 255,53	23 491 947,40	23 637 255,53
Purchase of gas	28 674 047,08	17 698 188,39	28 674 047,08	17 698 188,39
Emission costs	4 913 228,96	1 929 193,04	4 913 228,96	1 929 193,04
Other energy production costs	601 336,97	0,00	601 336,97	0,00
Energy purchases, total	<u>145 860 014,06</u>	<u>137 610 019,99</u>	<u>145 984 611,24</u>	<u>137 721 491,91</u>
Raw materials and consumables	10 145 609,80	10 985 151,34	10 080 883,49	10 924 695,82
Increase (+) / decrease (-) in inventories	-1 519 812,94	-2 935 607,75	-1 519 812,94	-2 935 607,75
Depreciation of inventories	-583 356,85	0,00	-583 356,85	0,00
External services	21 647 390,56	22 632 721,45	11 996 071,40	13 151 176,71
Materials and services, total	<u>175 549 844,63</u>	<u>168 292 285,03</u>	<u>165 958 396,34</u>	<u>158 861 756,69</u>
6 Employees				
In the financial year the average number of personnel was				
Number of monthly salaried employees	303	302	255	250
Number of hourly waged employees	34	37	19	22
	<u>337</u>	<u>339</u>	<u>274</u>	<u>272</u>
Personnel expenses				
Wages and salaries	22 201 738,54	21 315 797,78	18 408 597,14	17 556 913,95
Pension costs	4 735 234,80	4 275 699,22	3 967 317,83	3 515 385,23
Other indirect employee costs	827 231,32	983 634,76	705 840,52	839 590,84
Personnel expenses in the profit and loss account	<u>27 764 204,66</u>	<u>26 575 131,76</u>	<u>23 081 755,49</u>	<u>21 911 890,02</u>
Salaries and wages paid, including fringe benefits				
To the Board/s of Directors	86 620,01	63 489,99	76 470,01	54 249,99
To the Managing Director/s	560 761,69	436 351,27	382 787,59	267 582,30
	<u>647 381,70</u>	<u>499 841,26</u>	<u>459 257,60</u>	<u>321 832,29</u>
	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
7 Depreciation and reduction in value				
Intangible rights	511 179,40	570 186,89	362 166,71	431 741,26
Other capitalised long-term expenditure	2 054 102,98	2 532 221,81	1 941 527,21	2 448 393,29
Buildings and constructions	6 722 346,68	6 577 977,72	6 198 900,25	6 089 789,83
District heat and gas network	3 768 064,64	3 691 413,61	3 768 064,64	3 691 413,61
Electricity network	8 229 238,95	8 109 665,04	--	--
Machinery and equipment	5 136 673,73	4 574 567,65	5 108 630,43	4 542 536,03
Other tangible assets	460 649,64	461 875,20	460 649,64	461 875,20
	<u>26 882 256,02</u>	<u>26 517 907,92</u>	<u>17 839 938,88</u>	<u>17 665 749,22</u>
8 Other operating expenses				
Administrative services	5 254 136,26	4 846 298,31	5 256 253,54	4 896 183,80

Notes to the financial statements 2018

Total occupancy costs	4 177 157,38	5 676 847,68	4 256 095,31	5 697 055,62
Costs linked to personnel	1 931 675,58	1 550 255,92	1 769 890,07	1 410 993,26
IT hardware and software costs	4 393 376,20	4 540 032,57	3 999 171,89	4 180 273,50
Leasing costs	9 700 511,60	9 667 754,96	9 515 224,79	9 471 790,05
Marketing costs	3 944 442,89	2 559 096,97	3 907 268,80	2 546 089,40
Other costs	1 860 527,20	1 748 065,11	1 576 865,28	1 453 670,26
	31 261 827,11	30 588 351,52	30 280 769,68	29 656 055,89
Auditors' fees				
Audit firm BDO Audiator Oy				
Audit fees	23 420,08	14 926,55	19 720,08	13 866,75
9 Financial income and expenses				
Dividend income				
From associated companies	--	--	2 772 614,69	3 074 276,38
From other sources	47 243,70	139 831,00	47 243,70	139 831,00
Dividend income, total	47 243,70	139 831,00	2 819 858,39	3 214 107,38
Interest income from investment				
Interest income				
From group companies	--	--	334 377,78	375 100,00
From associated companies	0,00	105 271,70	0,00	105 271,70
From other sources	99 036,99	343 776,74	96 409,84	343 745,93
Interest income, total	99 036,99	449 048,44	430 787,62	824 117,63
Other financial income	211 333,87	23 723,74	211 333,87	20 614,50
Interest and other financial expenses				
Interest expenses to others	-757 824,21	-777 735,30	-757 645,10	-778 355,39
Other financial expenses	-4 585 571,95	-956 936,13	-4 585 571,95	-956 936,13
Interest and other financial expenses, total	-5 343 396,16	-1 734 671,43	-5 343 217,05	-1 735 291,52
Financial income and expenses, total	-4 985 781,60	-1 122 068,25	-1 881 237,17	2 323 547,99
10 Group contribution				
Group contribution received from subsidiary	--	--	5 650 000,00	1 900 000,00
11 Income tax				
Income taxes from actual operations in financial period	6 292 849,05	5 908 163,26	6 292 849,05	6 175 453,77
Tax on retained earnings	-39 578,94	-225 303,31	-39 578,94	-225 303,31
Deferred taxes	1 176 111,08	1 487 950,22	-162 126,40	393 229,20
	7 429 381,19	7 170 810,17	6 091 143,71	6 343 379,66
GROUP				
	2018	2017	PARENT COMPANY	
			2018	2017
12 Non-current assets				
Intangible rights				
Acquisition cost 1 Jan.	9 780 830,22	9 405 486,06	4 738 383,33	4 511 324,49
Increase	5 673 670,49	2 439 011,42	5 512 855,47	2 262 402,62
Decrease	-4 909 283,96	-2 063 667,26	-4 909 283,96	-2 035 343,78
Acquisition cost 31 Dec.	10 545 216,75	9 780 830,22	5 341 954,84	4 738 383,33
Accumulated depreciation according to plan 1 Jan.	-7 410 927,37	-6 840 740,48	-3 832 182,40	-3 400 441,14
Depreciations for the fiscal period	-511 179,40	-570 186,89	-362 166,71	-431 741,26
Accumulated depreciation according to plan 31 Dec.	-7 922 106,77	-7 410 927,37	-4 194 349,11	-3 832 182,40
Book value 31 Dec.	2 623 109,98	2 369 902,85	1 147 605,73	906 200,93
Other capitalised long-term expenditure				
Acquisition cost 1 Jan.	33 178 899,74	34 303 473,04	31 947 658,72	33 157 507,18
Increase	1 494 541,26	788 987,76	917 385,12	703 712,60
Decrease	0,00	-1 913 561,06	0,00	-1 913 561,06
Acquisition cost 31 Dec.	34 673 441,00	33 178 899,74	32 865 043,84	31 947 658,72
Accumulated depreciation according to plan 1 Jan.	-25 777 763,71	-23 245 541,90	-24 750 615,67	-22 302 222,38
Depreciations for the fiscal period	-2 054 102,98	-2 532 221,81	-1 941 527,21	-2 448 393,29
Accumulated depreciation according to plan 31 Dec.	-27 831 866,69	-25 777 763,71	-26 692 142,88	-24 750 615,67
Book value 31 Dec.	6 841 574,31	7 401 136,03	6 172 900,96	7 197 043,05
Intangible assets under construction				
Acquisition cost 1 Jan.	2 491 369,16	1 147 142,95	1 509 610,11	856 048,63
Increase	1 407 690,40	1 826 040,91	685 572,56	1 135 376,18
Decrease	-1 007 574,75	-481 814,70	-565 332,34	-481 814,70
Acquisition cost = book value 31 Dec.	2 891 484,81	2 491 369,16	1 629 850,33	1 509 610,11
Intangible assets, total	12 356 169,10	12 262 408,04	8 950 357,02	9 612 854,09

Notes to the financial statements 2018

Tangible assets**Land**

Acquisition cost 1 Jan.	7 532 379,43	8 438 367,16	7 097 639,77	8 003 627,50
Increase	221 523,84	435 883,73	221 523,84	435 883,73
Decrease	0,00	-1 341 871,46	0,00	-1 341 871,46
Acquisition cost = book value 31 Dec.	7 753 903,27	7 532 379,43	7 319 163,61	7 097 639,77

Buildings and constructions

Acquisition cost 1 Jan.	156 922 887,05	162 410 450,18	141 174 181,29	146 963 239,97
Increase	3 032 803,64	386 843,94	118 860,00	85 348,39
Decrease	-732 645,70	-5 874 407,07	-180 975,76	-5 874 407,07
Acquisition cost 31 Dec.	159 223 044,99	156 922 887,05	141 112 065,53	141 174 181,29
Accumulated depreciation according to plan and reduction in	-51 740 494,63	-37 150 722,66	-44 285 986,54	-43 689 856,27
Accumulated depreciation on decreases	651 328,07	5 550 418,25	168 331,52	5 550 418,25
Depreciations for the fiscal period	-6 722 346,68	-6 634 736,41	-6 198 900,25	-6 146 548,52
Accumulated depreciation according to plan 31 Dec.	-57 811 513,24	-51 740 494,63	-50 316 555,27	-44 285 986,54
Book value 31 Dec.	101 411 531,75	105 182 392,42	90 795 510,26	96 888 194,75

Electricity network

Acquisition cost 1 Jan.	298 830 340,19	288 759 099,83		
Increase	12 280 483,69	10 718 161,73		
Decrease	-769 650,62	-646 921,37		
Acquisition cost 31 Dec.	310 341 173,26	298 830 340,19		
Accumulated depreciation according to plan 1 Jan.	-181 980 236,46	-174 314 714,08		
Accumulated depreciation on decreases	614 843,64	444 142,66		
Depreciations for the fiscal period	-8 229 238,95	-8 109 665,04		
Accumulated depreciation according to plan 31 Dec.	-189 594 631,77	-181 980 236,46		
Book value 31 Dec.	120 746 541,49	116 850 103,73		

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017

District heating network and equipment

Acquisition cost 1 Jan.	151 423 604,38	143 391 306,93	151 423 604,38	143 391 306,93
Increase	8 703 178,21	8 165 824,94	8 703 178,21	8 165 824,94
Decrease	0,00	-133 527,49	0,00	-133 527,49
Transfers between items	-15 181,79	0,00	-15 181,79	0,00
Acquisition cost 31 Dec.	160 111 600,80	151 423 604,38	160 111 600,80	151 423 604,38
Accumulated depreciation according to plan 1 Jan.	-82 942 482,90	-79 340 460,17	-82 942 482,90	-79 340 460,17
Accumulated depreciations of deductions and transfers	0,00	43 158,34	0,00	43 158,34
Depreciations for the fiscal period	-3 720 118,77	-3 645 181,07	-3 720 118,77	-3 645 181,07
Accumulated depreciation according to plan 31 Dec.	-86 662 601,67	-82 942 482,90	-86 662 601,67	-82 942 482,90
Book value 31 Dec.	73 448 999,13	68 481 121,48	73 448 999,13	68 481 121,48

Gas distribution network

Acquisition cost 1 Jan.	2 407 496,13	2 325 476,99	2 407 496,13	2 325 476,99
Increase	12 704,89	82 019,14	12 704,89	82 019,14
Transfers between items	7 192,54	0,00	7 192,54	0,00
Acquisition cost 31 Dec.	2 427 393,56	2 407 496,13	2 427 393,56	2 407 496,13
Accumulated depreciation according to plan 1 Jan.	-1 625 257,37	-1 579 024,83	-1 625 257,37	-1 579 024,83
Depreciations for the fiscal period	-47 945,87	-46 232,54	-47 945,87	-46 232,54
Accumulated depreciation according to plan 31 Dec.	-1 673 203,24	-1 625 257,37	-1 673 203,24	-1 625 257,37
Book value 31 Dec.	754 190,32	782 238,76	754 190,32	782 238,76

Production machinery and equipment

Acquisition cost 1 Jan.	149 124 038,75	142 449 897,28	149 124 038,75	142 449 897,28
Increase	3 306 069,39	6 674 141,47	3 306 069,39	6 674 141,47
Decrease	-1 686 078,25	0,00	-1 686 078,25	0,00
Transfers between items	7 989,25	0,00	7 989,25	0,00
Acquisition cost 31 Dec.	150 752 019,14	149 124 038,75	150 752 019,14	149 124 038,75
Accumulated depreciation according to plan and reduction in	-117 340 041,17	-113 426 951,28	-117 340 041,17	-113 426 951,28
Accumulated depreciations of deductions and transfers	1 219 624,27	0,00	1 219 624,27	0,00
Depreciations for the fiscal period	-4 449 806,67	-3 913 089,89	-4 449 806,67	-3 913 089,89
Accumulated depreciation according to plan 31 Dec.	-120 570 223,57	-117 340 041,17	-120 570 223,57	-117 340 041,17
Book value 31 Dec.	30 181 795,57	31 783 997,58	30 181 795,57	31 783 997,58

Other machinery and equipment

Acquisition cost 1 Jan.	20 513 688,62	19 529 054,01	20 311 950,09	19 335 780,48
Increase	97 828,57	984 634,61	94 457,02	976 169,61
Acquisition cost 31 Dec.	20 611 517,19	20 513 688,62	20 406 407,11	20 311 950,09
Accumulated depreciation according to plan 1 Jan.	-18 694 354,90	-18 089 635,83	-18 557 569,50	-17 984 882,05
Depreciations for the fiscal period	-686 867,06	-604 719,07	-658 823,76	-572 687,45
Accumulated depreciation according to plan 31 Dec.	-19 381 221,96	-18 694 354,90	-19 216 393,26	-18 557 569,50
Book value 31 Dec.	1 230 295,23	1 819 333,72	1 190 013,85	1 754 380,59

Notes to the financial statements 2018

Total machinery and equipment 31 Dec.	31 412 090,80	33 603 331,30	31 371 809,42	33 538 378,17
Other tangible assets				
Acquisition cost 1 Jan.	6 322 540,27	6 322 540,27	6 322 540,27	6 322 540,27
Increase	0,00	0,00	0,00	0,00
Decrease	0,00	0,00	0,00	0,00
Acquisition cost 31 Dec.	6 322 540,27	6 322 540,27	6 322 540,27	6 322 540,27
Accumulated depreciation according to plan 1 Jan.	-1 617 066,64	-1 155 191,44	-1 617 066,64	-1 155 191,44
Depreciations for the fiscal period	-460 649,64	-461 875,20	-460 649,64	-461 875,20
Accumulated depreciation according to plan 31 Dec.	-2 077 716,28	-1 617 066,64	-2 077 716,28	-1 617 066,64
Book value 31 Dec.	4 244 823,99	4 705 473,63	4 244 823,99	4 705 473,63
	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Own work in progress				
Acquisition cost 1 Jan.	13 321 789,22	12 020 269,96	10 092 219,38	10 275 334,38
Increase	60 031 563,43	11 512 993,47	53 708 040,60	8 897 545,48
Decrease	-11 020 585,35	-6 946 400,00	-3 823 552,55	-5 815 586,27
Transfer to inventory	0,00	-3 265 074,21	0,00	-3 265 074,21
Acquisition cost = book value 31 Dec.	62 332 767,30	13 321 789,22	59 976 707,43	10 092 219,38
Total tangible assets	402 104 848,05	350 458 829,97	267 911 204,16	221 585 265,94
Investments				
Shares in group companies				
Acquisition cost 1 Jan.	-	-	76 000,00	76 000,00
Acquisition cost = book value 31 Dec.			76 000,00	76 000,00
Shares in associated companies				
Acquisition cost 1 Jan.	32 059 493,39	28 830 518,79	36 355 072,69	35 356 066,69
Additions/disposals	10 969 864,54	3 228 974,61	16 253 662,88	999 006,00
Acquisition cost = book value 31 Dec.	43 029 357,93	32 059 493,39	52 608 735,57	36 355 072,69
Other shares and holdings				
Acquisition cost 1 Jan.	65 717 552,71	59 295 726,03	65 714 751,66	59 292 924,98
Increases	9 833 715,50	6 840 330,00	9 833 715,50	6 840 330,00
Decreases	-60 538,24	-418 503,32	-60 538,24	-418 503,32
Acquisition cost = book value 31 Dec.	75 490 729,97	65 717 552,71	75 487 928,92	65 714 751,66
Other long-term investments				
Acquisition cost 1 Jan.	0,00	1 040 000,00	0,00	1 040 000,00
Decreases	0,00	-1 040 000,00	0,00	-1 040 000,00
Acquisition cost = book value 31 Dec.	0,00	0,00	0,00	0,00
Total investments	118 520 087,90	97 777 046,10	128 172 664,49	102 145 824,35
Total non-current assets	532 981 105,05	460 498 284,11	405 034 225,67	333 343 944,38

13 Subsidiaries and associated companies 31 December 2018

Shares in group companies

	Domicile	Group's shareholding	Parent company's shareholding	Capital and reserves	Result for the financial year	Book value 31.12.2018	Number of shares
Owned by the parent company							
Vantaa Energy Electricity Networks	Finland	100,00 %	100,00 %	14 626 399,37	4 196 475,49	76 000,00	701

Associated companies

	Domicile	Group's shareholding	Parent company's shareholding	Capital and reserves	Result for the financial year	Book value 31.12.2018	Number of shares
Owned by the parent company							
Svartisen Holding AS	Norway	49,63 %	49,63 %	70 453 570,00	-2 038 273,00	32 155 062,58	54 883 850
Suomen Energia-Urakointi Oy	Finland	25,88 %	25,88 %	6 215 627,32	625 452,27	1 608 811,50	1 553
Kolsin Voima Oy	Finland	22,50 %	22,50 %	46 937 924,45	-3 442 017,46	8 157 963,89	2 250
Solar Power Holding Oy	Finland	24,10 %	24,10 %	4 288 145,76	-547 848,75	1 107 514,57	1 572

All group and associated companies have been combined in the parent company's consolidated financial statements.

The loan granted by the parent company to Svartisen Holding AS (capital on 31 December 2018 EUR 11,981,167.76) is unsecured.

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
14 Current assets				
Long-term receivables				
Long-term receivables from associated companies				
Long-term loan receivables	10 106 286,18	11 981 167,76	10 106 286,18	11 981 167,76
	10 106 286,18	11 981 167,76	10 106 286,18	11 981 167,76

Notes to the financial statements 2018

Current liabilities

Current liabilities to group undertakings

Other liabilities	--	--	7 496 492,52	4 565 709,40
Group account liabilities	--	--	0,00	0,00
Accounts payable	--	--	7 215,38	69 385,99
Accruals	--	--	292 401,20	495 480,16
	--	--	<u>7 796 109,10</u>	<u>5 130 575,55</u>

Accruals

Holiday pay reserve	3 809 389,41	3 850 308,23	3 133 987,12	3 130 854,96
Purchase invoice accrual	950 567,49	444 626,99	950 567,49	444 626,99
Leasing payments	643 075,39	640 350,23	643 075,39	640 350,23
Energy investment support accrual in 2019	102 666,67	102 666,67	102 666,67	102 666,67
Wages, salaries and social expenses	2 323 007,82	2 463 111,03	1 982 821,35	2 065 734,22
Derivative liabilities	4 120 378,00	3 323 240,54	4 120 378,00	3 323 240,54
Income tax accrual	106 849,11	306 715,53	106 849,11	306 715,53
Interests	108 422,01	61 276,25	108 422,01	61 276,25
Other items	393 128,80	262 092,88	390 121,37	261 372,54
	<u>12 557 484,70</u>	<u>11 454 388,35</u>	<u>11 538 888,51</u>	<u>10 336 837,93</u>

17 Provisions

Other provisions	622 007,50	500 000,00	622 007,50	500 000,00
------------------	------------	------------	------------	------------

Notes to the financial statements 2018

18 Guarantees and contingent liabilities

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Liabilities related to the waste-to-energy plant				
Leasing liability for production machines and equipment in the waste-to-energy plant including	129 855 377,94	140 844 461,99	129 855 377,94	140 844 461,99
Total	129 855 377,94	140 844 461,99	129 855 377,94	140 844 461,99

The ownership of the production machines and equipment of the waste-to-energy plant has been transferred to the leasing company against the payments of the purchase price. The leasing agreement is a lease to the object of leasing or entitlement to designate a buyer for it. The residual value is EUR 42,500,000.00. The amount of leasing liability is the amount of the remaining capital including value added tax and deducted by the residual value. The agreement is financial leasing by nature as the risks and benefits based on the underlying asset have essentially been transferred to the lessee at the beginning of the agreement period.

The leasing arrangement has been drawn up as a tripartite agreement between the company, the leasing company and the financial institution. The leasing company has refinanced part of the

The City of Vantaa provided a directly enforceable guarantee of EUR 240 million for the financial arrangements of the waste-to-energy plant. The validity of the guarantees provided by the City of Vantaa has been limited to 20 years and 80% of the residual capital of the financial arrangement.

The company has provided contracts of pledge as counter-security for the guarantees so that the value of the securities corresponds to 150% of the amount of financial arrangement subject to the guarantees. Furthermore, the company provided the City of Vantaa with a negative pledge agreement required by a directly enforceable guarantee arrangement.

At the balance sheet date, the remaining capital of the leasing arrangement was EUR 147,222,078.98 and the bank loan in the balance sheet of Vantaa Energy Ltd was EUR 115,212,820.52.

Mortgages on real estate

Handed over to the City of Vantaa as counter-guarantee in relation to the leasing financing agreement on the waste-to-energy plant	360 000 000,00	360 000 000,00	360 000 000,00	360 000 000,00
Unrestricted and held by the company	115 000 100,00	115 000 100,00	115 000 100,00	115 000 100,00
Total	475 000 100,00	475 000 100,00	475 000 100,00	475 000 100,00

Liabilities concerning the associated company

Guarantee on behalf of the debt of Svartisen Holding AS	38 280 000,00	39 000 000,00	38 280 000,00	39 000 000,00
Guarantee on behalf of loan derivatives of Svartisen Holding AS	679 637,69	167 262,03	679 637,69	167 262,03
Guarantee provided on behalf of Eastern Norge Svartisen AS to meet obligations, with Nordland Fylkeskommune as beneficiary	2 244 956,42	2 269 595,44	2 244 956,42	2 269 595,44
Total	41 204 594,11	41 436 857,47	41 204 594,11	41 436 857,47

Vantaa Energy Ltd has pledged as security its shares in Svartisen Holding AS partly as counter-security to the City of Vantaa and partly to Nordea.

Book value of pledged shares	32 155 062,58	20 006 986,68	32 155 062,58	20 006 986,68
Remaining debt in the balance sheet of Vantaa Energy Ltd	11 981 168,00	13 856 049,00	11 981 168,00	13 856 049,00

Bank guarantees on behalf of others

Guarantee to secure imbalance power contract, with eSett Oy as beneficiary	1 500 000,00	1 500 000,00	1 500 000,00	1 500 000,00
Total	1 500 000,00	1 500 000,00	1 500 000,00	1 500 000,00

The bank guarantees are guarantees provided by the bank on behalf of Vantaa Energy Ltd. Vantaa Energy Ltd is committed to paying to the bank the fees and provisions related to this commitment and to compensate for any costs related to the bank guarantee.

Financial securities provided on behalf of own commitments

Deposit to Nord Pool Spot AS provided as pledge for electricity exchange trade	1 374 251,66	805 552,18	1 374 251,66	805 552,18
Deposit to Kaasupörssi Oy provided as pledge for gas exchange trade	31 297,94	31 297,94	31 297,94	31 297,94
Total	1 405 549,60	836 850,12	1 405 549,60	836 850,12

Leasing liabilities incl. VAT

Maturing within one year				
Leasing liability for office building	1 063 540,56	1 066 466,09	1 063 540,56	1 066 466,09
Other leasing liabilities	755 991,51	855 378,43	631 991,12	707 631,75
Maturing at a later date				
Leasing liability for office building	14 720 354,96	16 139 194,96	14 720 354,96	16 139 194,96
Other leasing liabilities	786 817,05	999 784,66	671 624,33	823 125,02
Total	17 326 704,08	19 060 824,14	17 087 510,97	18 736 417,82

The office building was completed in June 2017 and its final project cost was EUR 15,142,507.63.

The lease period of the office building will terminate on 29 February 2032 and it will continue by three years unless Vantaa Energy Ltd uses its option right to purchase the shares of the real estate company. An option agreement has also been drawn up on the option of purchasing the office building. Vantaa Energy Ltd is entitled to but not obliged to purchase the shares of the real estate company for a price agreed in advance between 31 December 2022 and 31 December 2026.

The rent is determined according to a separate rent calculation and it is entered as the company's expense in the profit and loss account.

The financing arrangement does not include security arrangements.

Leasing agreements related to other than the waste-to-energy plant and the office building are mainly subject to the following terms: the duration of the agreements varies from two to five years and obligations to redeem.

Other contractual liabilities incl. VAT

Binding purchase commitments	19 874 746,26	53 265 923,60	12 012 526,26	45 120 363,60
------------------------------	---------------	---------------	---------------	---------------

Notes to the financial statements 2018

Other contingent liabilities (all parent company's)**Financing and bank guarantee limits**

	2018		2017	
	Maximum amount	Tied	Maximum amount	Tied
From financial institutions	50 000 000,00	1 200 000,00	50 000 000,00	1 200 000,00
The company has from the bank a commercial guarantee limit of EUR 50 million, of which EUR 1.2 million is in use at the balance sheet date as security for electricity exchange trade				
From financial institutions	30 000 000,00	0,00	50 000 000,00	30 000 000,00

Financial limit to cover derivative liabilities. The maximum amount is EUR 30,0 million, of which EUR 0 million is used on the date the accounts are closed. Guarantee requirement EUR 6.4 million

From financial institutions	2 500 000,00	0,00	2 500 000,00	0,00
-----------------------------	--------------	------	--------------	------

Financial limit to cover derivative liabilities and for financing. The maximum amount is EUR 2.5 million, of which EUR 0 million is used on the date the accounts are closed.

Group account limit of the City of Vantaa	25 000 000,00	0,00	25 000 000,00	0,00
---	---------------	------	---------------	------

Other liabilities in energy production companies

The parent company owns shares in electricity production companies operating under so-called Mankala principle: Suomen Hyötytuuli Oy, Innopower Oy, EPV-Energia Oy, Pohjolan Voima Oy and Voimaosakeyhtiö SF. In these companies, the shareholders are responsible for all costs arising in the companies with respect to their own share of ownership in accordance with the articles of association. In terms of Voimaosakeyhtiö SF, the Mankala responsibility has been limited in the articles of association so that the Mankala responsibility will not start until after Fennovoima's has started commercial operations. When a company is dissolved, its assets and liabilities are primarily distributed to the shareholders so that the shareholders of each series of shares will gain ownership of the production resources that produce the energy that the ownership of the series of shares in question entitles to and take on the responsibility for the liabilities of the company.

Subscription liabilities	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
The company's liabilities with respect to future share subscriptions in shared electricity production projects:				
Wind power (Suomen Hyötytuuli Oy, EPV Energia Oy)	0,00	1 677 600,00	0,00	1 677 600,00
Nuclear power (Voimaosakeyhtiö SF, EPV Energia Oy, Pohjolan Voima Oy)	62 514 540,00	68 361 900,00	62 514 540,00	68 361 900,00
Total	62 514 540,00	70 039 500,00	62 514 540,00	70 039 500,00
Liability for VAT refunds				
Value added tax deductions concerning buildings and investments on the expansion of a production network related to a refund liability for 2018 – 2027 in accordance with section 33 of the Value Added Tax Act.	32 287 007,76	31 642 704,24	14 768 637,03	14 918 868,77
Other liabilities				
Bank guarantee to fulfil the obligations of the environmental permit for the Martinlaakso power plant	25 000,00	25 000,00	25 000,00	25 000,00

Notes to the financial statements 2018

19 Overall situation of emission allowances within the Emissions Trading Scheme

The authority has granted a total of 1,644,821 tonnes of carbon dioxide of free emission allowances for 2013–2020.

Accruals data (tonnes of CO₂)	2018	2017
Free emission allowances granted	146 836	173 758
Actual carbon dioxide emissions	-482 476	-489 745
Purchased emission allowances EUA	325 000	315 000
Purchased emission allowances CER	13 961	43 163
Deficit/surplus of emission allowances (-/+)	3 321	42 176
Deficit/surplus of emission allowances (-/+), cumulative	22 651	19 330
Change of free emission allowances for period 2016–2020	-3 603	-5 329
Remaining emission allowances for period 2013–2020 on 31 Dec.	216 451	363 287

Notes to the financial statements 2018

20 Derivative contracts

Electricity derivatives

The company's open electricity derivative contracts are electricity futures and forwards quoted on the Nasdaq Commodities exchange.

Electricity derivatives are used for hedging the price risk of future extremely likely spot-priced purchases.

During the maturity of derivatives, the open net volume of electricity derivatives is lower than the predicted extremely likely amount of spot-priced purchases.

Notional amount (GWh)	2019	2020	2021	2022
Purchase derivatives	234	53	0	0
Sale derivatives	-44	-26	-18	-9
Total (net GWh)	190	26	-18	-10

Fair value (EUR 1,000)	2019	2020	2021	2022
Purchase derivatives	3 210	955	0	0
Sale derivatives	-702	-278	-111	-11
Fair value, total (EUR 1,000)	2 507	678	-111	-11

The amounts of annual fair value of electricity derivatives presented above are based on the closing prices of the Nasdaq Commodities exchange at the balance sheet date.

Sensitivity analysis	2019	2020	2021	2022
Impact of a +1 euro change on the closing price of electricity derivatives on the fair value of derivatives (EUR 1,000)	190	26	-18	-10
Impact of a -1 euro change on the closing price of electricity derivatives on the fair value of derivatives (EUR 1,000)	-190	-26	18	10

Other commodity derivatives

Fuel, emission allowance and currency derivatives are used for hedging the impact of the price risk of fuels and emission allowances on the company's result.

Coal derivatives

Notional amount (tonnes)	2019	2020
Purchase derivatives	15 000	6 000
Sale derivatives	0	0
Total (net tonnes)	15 000	6 000

Fair value (EUR 1,000)	2019	2020
Purchase derivatives	77	6
Sale derivatives	0	0
Fair value, total (EUR 1,000)	77	6

Sensitivity analysis	2019	2020
Impact of a +1 euro change on the closing price of coal derivatives on the fair value of derivatives (EUR 1,000)	15	6
Impact of a -1 euro change on the closing price of coal derivatives on the fair value of derivatives (EUR 1,000)	-15	-6

Oil derivatives

Notional amount (tonnes)	2019	2020
Purchase derivatives	3 000	0
Sale derivatives	-3 000	0
Total (net tonnes)	0	0

Fair value (EUR 1,000)	2019	2020
Purchase derivatives	0	0
Sale derivatives	-2	0
Fair value, total (EUR 1,000)	-1	0

Sensitivity analysis	2019	2020
Impact of a +1 euro change on the closing price of oil derivatives on the fair value of derivatives (EUR 1,000)	0	0
Impact of a -1 euro change on the closing price of oil derivatives on the fair value of derivatives (EUR 1,000)	0	0

Emission allowance derivatives

Notional amount (tonnes)	2019	2020
Purchase derivatives	0	12 000
Sale derivatives	0	0
Total (net tonnes)	0	12 000

Fair value (EUR 1,000)	2019	2020
Purchase derivatives	0	93
Sale derivatives	0	0
Fair value, total (EUR 1,000)	0	93

Sensitivity analysis	2019	2020
Impact of a +1 euro change on the closing price of emission allowance derivatives on the fair value of derivatives (EUR 1,000)	0	12
Impact of a -1 euro change on the closing price of emission allowance derivatives on the fair value of derivatives (EUR 1,000)	0	-12

Currency derivatives

Notional amount (USD 1,000)	2019	2020
Purchase derivatives	1 700	600
Sale derivatives	-500	0
Total (net USD 1,000)	1 200	600

Fair value (EUR 1,000)	2019	2020
Purchase derivatives	40	36
Sale derivatives	-22	0
Fair value, total (EUR 1,000)	18	36

Sensitivity analysis	2019	2020
Impact of +0.1 change on the closing price of EUR/USD on the fair value of derivatives (EUR 1,000)	-120	-60
-Impact of a -0.1 euro change on the closing price of EUR/USD on the fair value of derivatives (EUR 1,000)	120	60

Interest rate derivatives

Interest rate derivatives are used for hedging the interest rate risk of the variable interest rate of the company's bank loans and contracts outside the balance sheet (leasing)

Contract type	EUR 1,000	Variable interest rate, paid by the bank	Contract period	Fixed interest rate, paid by the company	Fair value, EUR 1,000 31 Dec. 2018	Hedged item
Forward start contract 2+6 yrs	10 000	3 month Euribor	5.12.2017 - 5.6.2023	1,149 %	-503	Bank loan
Ordinary interest rate swap	15 000	6 month Euribor	18.12.2017 - 16.12.2026	1,505 %	-1 119	Bank loan
Ordinary interest rate swap	20 000	6 month Euribor	2.1.2017 - 11.12.2026	1,125 %	-897	Financing outside the balan
Ordinary interest rate swap	15 000	6 month Euribor	7.7.2015 - 7.7.2025	1,225 %	-926	Financing outside the balan
Forward start contract 2.5+4 yrs	20 000	6 month Euribor	1.12.2017 - 1.12.2021	1,162 %	-763	Bank loan
Forward start contract 2+6 yrs	20 000	3 month Euribor	1.6.2017 - 1.6.2023	1,142 %	-1 000	Bank loan
Forward start contract 1+7 yrs	7 000	6 month Euribor	18.5.2018 - 18.5.2025	0,665 %	-135	Bank loan
Forward start contract 1+7 yrs	14 000	3 month Euribor	4.6.2018 - 3.6.2025	0,555 %	-212	Bank loan
Fair value, total (EUR 1,000)					-5 555	

Fair values of interest rate swaps with a right to extend the contract have been recognised in the financial statements under financial expenses.

Continued interest rate swap 8+8 yrs	10 000	3 month Euribor	9.10.2017-7.7.2031	0,700 %	-598	Bank loan
Continued interest rate swap 10+10 yrs	30 000	6 month Euribor	18.12.2017-18.6.2035	0,700 %	-2 222	Financing outside the balan
Continued interest rate swap 10+10 yrs	20 000	6 month Euribor	18.12.2017-18.6.2035	0,700 %	-1 301	Financing outside the balan
Fair value, total (EUR 1,000)					-4 120	

Sensitivity analysis (EUR 1,000)	2019	2020	2021
Capital at the end of period	256 355	241 066	225 665
Hedgings, total	121 000	121 000	121 000
+1% interest rate change	1 354	1 201	1 047
-1% interest rate change	-1 354	-1 201	-1 047

The sensitivity analysis is presented for 2019–2021 with undiscounted values, presenting the impact of a change of -1 percentage point (3-month or 6-month Euribor) on the total amount of the cash flows of the company's hedged items (loans and financing outside the balance sheet) and hedging instruments in each year. A positive value means a growth in the cash flow paid by the company and a negative value means a diminished cash flow paid by the company.

Tilinpäätöksen liitetiedot 2018

21 Unbundled financial statements concerning other electricity network operations in accordance with the Electricity Market Act and unbundled financial statements concerning the natural gas network**21.1. Other electricity network operations**

Unbundled financial statements on other electricity business operations required by the Ministry of Trade and Industry's decree on the unbundling of electricity network operations (79/2005). The method of presentation complies with the reporting formula of the Energy Authority.

PROFIT AND LOSS ACCOUNT

(EUR)	1.1.-31.12.2018	1.1.-31.12.2017
Turnover	135 632 072,57	129 884 516,78
Work performed by the undertaking for its own purpose and capitalised	811 969,73	303 995,55
Other operating income		
Other income from business operations	2 918 529,61	2 356 664,19
	2 918 529,61	2 356 664,19
Materials and services		
Raw materials, consumables and supplies		
Purchases		
Other purchases	-103 135 441,86	-102 968 543,58
Change in stocks	723 007,11	214 430,65
	-102 412 434,75	-102 754 112,93
External services		
Other external services	-2 939 211,14	-3 425 475,20
	-2 939 211,14	-3 425 475,20
Materials and services, total	-105 351 645,89	-106 179 588,13
Personnel expenses		
Wages and salaries	-6 244 225,76	-6 579 305,65
Social security expenses		
Pension costs	-1 044 134,44	-1 178 389,11
Other indirect employee costs	-550 319,16	-522 488,89
	-7 838 679,36	-8 280 183,65
Depreciation and reduction in value		
Depreciation according to plan		
Of goodwill		
Of other non-current assets	-2 963 894,72	-2 899 100,30
Reduction in value of non-current assets	0,00	0,00
	-2 963 894,72	-2 899 100,30
Other operating expenses		
Other operating expenses, other	-14 158 087,61	-12 393 302,69
	-14 158 087,61	-12 393 302,69
Operating profit (loss)	9 050 264,33	2 793 001,75
Financial income and expenses		
Other interest and financial income	3 010 646,82	3 248 329,32
Interest and other financial expenses	-2 594 321,26	-1 468 983,91
	416 325,56	1 779 345,41
Profit (loss) before appropriations and taxes	9 466 589,89	4 572 347,16
Appropriations		
Change in cumulative accelerated depreciation		
Of other non-current assets	776 273,29	-10 925,25
	776 273,29	-10 925,25

Tilinpäätöksen liitetiedot 2018

Income tax	-2 170 640,85	-967 874,59
Profit (loss) for the financial year	8 072 222,33	3 593 547,32
Other electricity network operations		
BALANCE SHEET		
(EUR)	1.1.-31.12.2018	1.1.-31.12.2017
ASSETS		
Non-current assets		
Intangible assets		
Other intangible assets	1 473 968,16	1 652 392,07
Advance payments and acquisitions in progress	1 538 999,76	939 879,70
Tangible assets		
Other tangible assets	28 266 806,47	30 731 718,44
Advance payments and acquisitions in progress	7 537 324,13	1 349 240,40
	38 817 098,52	34 673 230,61
Investments	126 452 526,28	100 952 122,90
Total non-current assets	165 269 624,80	135 625 353,51
Current assets		
Stocks	1 742 376,57	2 033 221,05
Receivables		
Long-term receivables		
Other receivables	3 500,66	34 616,18
Short-term receivables		
Sales receivables	25 614 679,35	16 044 879,11
Receivables from group companies	56 218,13	26 708,36
Other receivables	19 532 621,23	7 924 142,62
Prepayments and accrued income	5 727 753,55	11 135 333,38
	50 934 772,92	35 165 679,65
Cash in hand and at banks	979 722,08	1 244 956,90
Total current assets	53 656 871,57	38 443 857,60
TOTAL ASSETS	218 926 496,37	174 069 211,11
EQUITY AND LIABILITIES		
Capital and reserves		
Retained earnings (loss)	18 948 455,92	22 219 154,42
Profit for fiscal period	8 072 222,14	3 593 547,32
	27 020 678,06	25 812 701,74
Appropriations		
Depreciation difference	6 949 542,18	7 725 815,47
Provisions	86 131,24	0,00
Liabilities		
Long-term liabilities		
Long-term interest-bearing liabilities	139 900 000,00	110 500 000,00
Long-term non-interest-bearing liabilities		
Long-term accrued liabilities	154 000,00	185 200,00
Connection fees to be refunded	17 954 502,19	17 961 717,57
Other long-term non-interest-bearing liabilities	3 895 261,04	249 348,66

Tilinpäätöksen liitetiedot 2018

	161 903 763,23	128 896 266,23
Short-term liabilities		
Short-term non-interest-bearing liabilities		
Accounts payable	770 583,75	2 608 552,55
Accruals	2 554 803,13	2 729 143,68
Other liabilities to group companies	34 248,80	207 249,86
Other liabilities	19 606 745,98	6 089 481,58
	22 966 381,66	11 634 427,67
Total liabilities	184 870 144,89	140 530 693,90
TOTAL EQUITY AND LIABILITIES	218 926 496,37	174 069 211,11

21.2 Natural gas business operations

Unbundled financial statements on natural gas business operations as required by the decree of the Ministry of Trade and Industry on the unbundling of natural gas business operations (222/2005). The method of presentation complies with the reporting formula of the Energy Authority.

Net investments of natural gas transmission in non-current assets

	2018	2017
Natural gas network	12 704,89	82 019,14

The return on investments in natural gas transmission was 0.0% (-6.3% in 2017).

$$\text{Return on investment (\%)} = \frac{(\text{Earnings before appropriations} + \text{interest expenses}) \times 100}{(\text{Balance sheet total} - \text{current non-interest-bearing debts} - \text{tax liability of})}$$

Natural gas sales business

PROFIT AND LOSS ACCOUNT

(EUR)	1.1.-31.12.2018	1.1.-31.12.2017
Turnover	1 081 081,37	829 181,27
Materials and services		
Other purchases	-884 497,84	-700 742,21
	-884 497,84	-700 742,21
Materials and services, total	-884 497,84	-700 742,21
Other operating expenses		
Other operating expenses, other	-20 577,00	-19 799,40
	-20 577,00	-19 799,40
Operating profit (loss)	176 006,53	108 639,66
Financial income and expenses		
Other interest and financial income	7 800,00	4 800,00
	7 800,00	4 800,00
Profit (loss) before appropriations and taxes	183 806,53	113 439,66
Income tax	-31 674,87	-19 309,72
Other direct taxes		
Return of surplus to the municipality		
Profit (loss) for the financial year	152 131,66	94 129,94

Natural gas sales business

Tilinpäätöksen liitetiedot 2018

BALANCE SHEET**ASSETS****Non-current assets****Current assets**

Receivables

Long-term receivables

Receivables from group companies

600 000,00 600 000,00

Short-term receivables

Sales receivables

141 145,95 108 183,32

Other receivables

188 541,13 98 648,73

Prepayments and accrued income

0,00 0,00

929 687,08 806 832,05

Cash in hand and at banks

323 418,27 487 829,61

Total current assets**1 253 105,35 1 294 661,66****TOTAL ASSETS****1 253 105,35 1 294 661,66****EQUITY AND LIABILITIES****Capital and reserves**

Retained earnings (loss)

987 899,74 1 021 965,28

Profit for fiscal period

152 132,35 94 129,94

1 140 032,09 1 116 095,22

Liabilities

Short-term liabilities

Short-term non-interest-bearing liabilities

Accounts payable

113 073,26 178 566,44

113 073,26 178 566,44

Total liabilities**113 073,26 178 566,44****TOTAL EQUITY AND LIABILITIES****1 253 105,35 1 294 661,66****Natural gas network operations****PROFIT AND LOSS ACCOUNT**

(EUR)

1.1.-31.12.2018 1.1.-31.12.2017**Turnover****1 945 319,18 1 759 941,28**

Work performed by the undertaking for its own purpose and capitalised

0,00 8 199,63

Materials and services

Raw materials, consumables and supplies

Purchases

Other gas purchases in network operations

-1 802 291,12 -1 645 820,48

Other purchases

0,00 0,00

-1 802 291,12 -1 645 820,48

External services

Other external services

-2 325,84 -16 055,85

-2 325,84 -16 055,85

Tilinpäätöksen liitetiedot 2018

Materials and services, total	-1 804 616,96	-1 661 876,33
Personnel expenses		
Wages and salaries	-49 812,22	-64 532,19
Social security expenses		
Pension costs	-9 377,76	-9 184,36
Other indirect employee costs	-2 977,39	-1 659,00
	-62 167,37	-75 375,55
Depreciation and reduction in value		
Depreciation according to plan		
Of assets in the natural gas network	-48 305,51	-46 592,18
	-48 305,51	-46 592,18
Other operating expenses		
Other operating expenses, other	-30 694,95	-28 210,46
	-30 694,95	-28 210,46
Operating profit (loss)	-465,61	-43 913,61
Financial income and expenses		
Interest and other financial expenses	-9 100,00	-4 000,00
	-9 100,00	-4 000,00
Profit (loss) before appropriations and taxes	-9 565,61	-47 913,61
Appropriations		
Change in cumulative accelerated depreciation		
Change in cumulative accelerated depreciation of assets in the natural	14 895,35	13 991,26
	14 895,35	13 991,26
Income tax	0,00	5 318,41
Profit (loss) for the financial year	5 329,74	-28 603,94
Natural gas network operations		
BALANCE SHEET		
ASSETS		
Non-current assets		
Tangible assets		
Tangible assets in the natural gas network	745 918,86	781 519,48
	745 918,86	781 519,48
Total non-current assets	745 918,86	781 519,48
Current assets		
Receivables		
Short-term receivables		
Sales receivables	134 119,84	113 776,03
Other receivables	377 872,75	171 595,65
Prepayments and accrued income	0,00	0,00
	511 992,59	285 371,68
Cash in hand and at banks	469 316,19	508 364,65
Total current assets	981 308,78	793 736,33
TOTAL ASSETS	1 727 227,64	1 575 255,81

Tilinpäätöksen liitetiedot 2018

EQUITY AND LIABILITIES**Capital and reserves**

Retained earnings (loss)	124 599,73	169 372,42
Profit for fiscal period	5 329,00	-28 603,92
	<u>129 928,73</u>	<u>140 768,50</u>

Appropriations

Depreciation difference	673 621,41	688 516,76
-------------------------	------------	------------

Liabilities

Long-term liabilities

Long-term interest-bearing liabilities		
Other liabilities to group companies	700 000,00	500 000,00
	<u>700 000,00</u>	<u>500 000,00</u>

Short-term liabilities

Short-term non-interest-bearing liabilities		
Accounts payable	215 270,23	237 019,49
Accruals	7 268,35	7 728,04
Other liabilities	1 138,92	1 223,02
Short-term liabilities, total	<u>223 677,50</u>	<u>245 970,55</u>

Total liabilities

923 677,50 745 970,55

TOTAL EQUITY AND LIABILITIES

1 727 227,64 1 575 255,81

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Vantaa, 26 February 2019

Tommi Valtonen
Chairman of the Board of Directors

Matti Parpala

Päivi Laakso

Sari Antila

Kalle Eklund

Jasmin Hamid

Hannu Kokko

Paula Lehmuskallio

Matti Malinen

Mia Nygård

Heikki Pikkarainen

Jukka Toivonen
President and CEO

AUDITORS' REPORT

A report on the audit of accounts has been issued today.

Vantaa _____ 2019

BDO Audiator Oy
Authorised Public Accountants

Ari Lehto, Authorised Public Accountant, Chartered Public Finance Auditor
Eeva Koivula, Authorised Public Accountant

LIST OF ACCOUNTING BOOKS CONSULTED AND VOUCHER TYPES 2018

ACCOUNTING BOOKS

Daybook and general ledger	electronically
Purchase ledger	electronically
Sales ledger	electronically
Cost accounting	electronically
Inventory accounting	electronically

Stock records	electronically
Financial statements	electronically
Balance sheet breakdowns	electronically

VOUCHER TYPES/STORAGE METHODS

Cash vouchers and bank receipts	electronically
SEPA and reference payments	as paper document
Journal receipts in accounting	electronically/as paper document
Payroll accounting	as paper document
Sales ledger	electronically
Purchase ledger	electronically
Stock records	electronically
Inventory accounting/depreciations	electronically
Notes vouchers	electronically