

# Vantaa Energy Ltd

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## Financial statements and annual report 2019

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Business ID: 0124461-3  
Company domicile: VANTAA

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## 1 General review

The Vantaa Energy Group consists of the parent company Vantaa Energy Ltd and its subsidiary Vantaa Energy Electricity Networks Ltd (ownership 100%), as well as its associated companies.

Vantaa Energy Ltd produces energy services for its customers. The company's main products are electricity, district heating and natural gas. Vantaa Energy sells electricity to corporate and residential customers throughout Finland. The company's main market area for the district heating business is Vantaa.

Vantaa Energy Ltd is owned by the City of Vantaa (60%) and the City of Helsinki (40%).

The year 2019 was the company's 109th year of operation.

The subsidiary Vantaa Energy Electricity Networks Ltd is responsible for electricity network operations in Vantaa.

In 2019, the associated companies of Vantaa Energy Ltd were (ownership shares in brackets): Svartisen Holding A/S (49.6%), Solar Power Holding Oy (24.1%), and Kolsin Voima Oy (22.5%)

The associated company Svartisen Holding A/S owns a subsidiary in Norway, Eastern Norge Svartisen A/S (100%). Solar Power Holding Oy has an associated company, Naps Solar Oy (37%), and a subsidiary, Naps Aurinkovoimala Oy (90%). Kolsin Voima Oy has a subsidiary, Kolsin Vesivoimantuotanto Oy (100%).

## 2 Development of business operations

At 1,303 gigawatt-hours (GWh), the volume of electricity production fell on the previous year (1,423 GWh in 2018). Vantaa Energy's own electricity and heat production is based on cogeneration at the Martinlaakso power plant and the Långmossebergen waste-to-energy plant. These power plants accounted for 38% of the entire volume of electricity generation. Electricity production at partly-owned power plants accounted for 62%.

The annual output of the Martinlaakso power plant was 290 GWh (432 GWh) of electricity and 903 GWh (920 GWh) of district heat. The production volumes of the waste-to-energy power plant were 201 GWh (194 GWh) of electricity and 918 GWh (919 GWh) of district heat.

The operation of the waste-to-energy plant reached the previous year's level. A total of 376,160 tonnes (374,679 tonnes) of waste

fuel was used, and the power plant's availability was 96.6% (96.1%). The Martinlaakso power plant fell slightly short of its availability target: the availability of the plant's coal-fired boiler was 97.1% (97.3%), and that of the biofuel-fired boiler that started commercial operation in March was 91.6% during its first period of operation.

Vantaa Energy reported in the autumn that it will phase out the use of coal in energy production in 2022. Coal will mainly be replaced by increasing the shares of waste not suitable for recovery, wind power and solar energy, as well as geothermal heat in production. The most significant practical measure is the extension of the waste-to-energy plant, the pre-planning of which progressed in 2019. The company aims to achieve decision-making readiness in early 2020.

As in the previous year, we succeeded well in the operation and maintenance of the Vantaa district heating network. The customer-specific outage time experienced by district heating customers was 0.54 hours (0.68 hours).

The weather conditions in 2019 were warm, and the heating need was about 11.4% lower than the long-term average. Sales of district heat and steam energy to the Vantaa region totalled 1,707 GWh (1,739 GWh). The number of connections and the contracted capacity of 9 MW (18 MW) increased. At the end of the year, the total contracted capacity of district heating customers was approx. 1,039 MW (1,030 MW). The number of customers grew by 47 (97) connections.

The company adjusted the pricing of its district heat on 1 July 2019: the basic charge was increased by 9%, while the energy fee was reduced at the same time. As a rule, there were no cost implications for the customers' heating bills. District heating in Vantaa is among the most favourably priced in Finland and the most favourably priced in the Helsinki region. In the summer, the price of district heating in Vantaa is the lowest in Finland.

Retail sales of natural gas to eight customers amounted to 18 GWh (32 GWh). Vantaa Energy discontinued the natural gas business as of 1 July 2019.

Sales of electric energy to customers totalled 2,676 GWh (3,070 GWh). The drop in the sales volume was due to the fact that sales to corporate customers fell. The profitability of sales to corporate customers improved in spite of the drop in the sales volume. The number of business customers grew.

The tough competition prevailing in the electricity retail sales adds impetus to consolidation in the sector. Together with nine other Finnish energy companies (Lahti Energia Oy, Pori Energia Oy and Oulun Sähkönmyynti Oy with its associated companies), Vantaa Energy Ltd signed establishment agreements on a common service company for providing billing and customer services, and a common electricity retail sales company in September 2019. The new service company and the electricity sales company are expected to start operations on 1 April 2020.

In 2019, Vantaa Energy made several decisions with the goal of increasing its wind power production. As a shareholder of Suomen Hyötytuuli Oy, Vantaa Energy decided to take part in the extensions of the Alajoki and Karhunkangas Wind Farms and the preparation of related investments, as well as in the Polusjärvi wind power investment scheduled for production in summer 2021. As a shareholder of EPV Energia Oy, the company decided to participate in the Paskoonharju wind power investment in Teuva, where the wind farm is scheduled for completion in 2022.

Vantaa Energy is involved in the Hanhikivi 1 nuclear power plant project of Fennovoima Oy through Voimaosakeyhtiö SF. Vantaa Energy's power share in the nuclear power plant is approx. 60 MW. Fennovoima Oy submitted a building permit application to the Council of State in summer 2015 with the aim of receiving a building permit in 2021. Electricity generation at the plant is expected to start in 2028.

The company's right of possession to the Lahnasenkoski micro hydropower plant sold in summer 2017 ended at the close of November.

The customer numbers of the subsidiary Vantaa Energy Electricity Network Ltd grow as the City of Vantaa grows. Due to the improved energy efficiency, the volume of the energy distribution does not grow at the same rate as the customer numbers. The volume of energy distribution fell by about 1% due to energy efficiency and warm weather in 2019. No changes were made to the electricity distribution prices in 2019.

### **3 Financial performance**

Consolidated turnover stood at EUR 295.1 million (EUR 303.0 million in 2018). The turnover of the parent company Vantaa Energy Ltd amounted to EUR 249.0 million (EUR 258.5 million) and that of Vantaa Energy Electricity Networks Ltd to EUR 48.8 million (EUR 47.0 million).

The Group's operating profit amounted to EUR 58.9 million (EUR 47.1 million). The parent company's operating profit stood at EUR 32.3 million (EUR 32.6 million), and that of Vantaa Energy Electricity Networks Ltd at EUR 18.6 million (EUR 17.0 million).

The parent company's operating profit remained at a good level mainly due to the higher margin resulting from the bioboiler investment in the Martinlaakso power plant. The operating profit was mainly reduced by a drop in the electricity market prices. The operating profit of our electricity networks was improved by a price increase in spring 2018. Without the sales of the natural gas and steam businesses, the shares of Suomen Energia-Urakointi Oy and a few buildings used for holiday purposes, and a change made in recording practices of associated companies, the comparable operating profit stood at EUR 49.8 million.

The Group's profit before appropriations and taxes stood at EUR 53.3 million (EUR 42.1 million). The parent company's profit before appropriations and taxes totalled EUR 29.2 million (EUR 30.7 million). Direct taxes amounted to EUR 5.0 million (EUR 6.1 million).

The Group's gross investments in fixed assets amounted to EUR 42.3 million (EUR 110.3 million). This amount includes the parent company's investments of EUR 17.7 million in power plants and heating plants. The biggest single investment was the building of the Martinlaakso bioboiler. Refurbishments of the district heating network amounted to EUR 8.3 million, and a total of EUR 2.4 million was invested in production shares. The parent company's other investments stood at EUR 2.4 million and those of Vantaa Energy Electricity Networks Ltd at EUR 11.4million.

A total of EUR 28 million of long-term loans was raised for the building of the Martinlaakso bioboiler. The short-term need for working capital continues to be met with the Group account credit limit (EUR 25 million) of the City of Vantaa and the parent company's commercial-paper programme (EUR 150 million). A total of EUR 8.7 million of the Group account credit limit had been drawn by the close of the year. The value of commercial papers issued during the year was EUR 10 million at the end of the year.

## Financial key figures:

Key figure	Group			Parent company		
	2019	2018	2017	2019	2018	2017
Turnover, EUR million	295.1	303.0	285,3	249.0	258.5	245.1
Operating profit, EUR million	58.9	47.1	54.8	32.3	32.6	36.8
• % of turnover	18.4	15.5	19.2	13.0	12.6	15.0
Return on equity (ROE) %	16.6	13.9	20.3	11.8	12.8	18.1
Equity ratio %	41.0	38.5	41.7	38.0	35.7	39.6
Gross investments, EUR million	42.3	110.3	44.4	30.9	95.0	30.0
• % of turnover	14.3	36.4	15.6	1.4	36.7	12.6

## Risk management

### 4 Principles of risk management

#### Objectives

The aim of Vantaa Energy's risk management measures is to support the achievement of business objectives and to prevent any negative effects. The Board of Directors of Vantaa Energy approves the Group's risk management policy. The policy sets out the key principles, responsibilities and processes of risk management.

#### Organisation

The parent company's Managing Director is responsible for risk management at the group level. The managers of the subsidiary and the different business units are responsible for risk management in their individual company or business unit, as well as for the agreed reporting to the parent company's Managing Director. They also take part in the management of key risks at the group level.

The Managing Director is responsible for the implementation of the risk management policy, and for the organisation and development of risk management practices in accordance with the requirements set by business operations and in compliance with good governance. The Managing Director is assisted by experts in the development of risk management processes and methods.

The key risks of the Group have designated owners. The owner of the risk is responsible for ensuring that the management of the risk in question is developed and that the necessary measures are taken.

Major risks and uncertainties have been identified and the key risks are systematically managed. The key risks include sudden drops in the market price of electricity, fuel price risks and availability risks, public authority regulation that is difficult to forecast, extensive disturbances in the electricity or heating network or energy production, and problems in data security.

The internal audit unit supports the company's management and organisation in the development and maintenance of the internal control system. The internal audit services are provided by an external service provider.

### Reporting and monitoring

Any significant changes in the principles of risk management, key risks and their management are reported to the Board of Directors annually. The business units report their risks to the Managing Director. Financial risks are regularly reported to the parent company's Managing Director and to the Board of Directors.

The monitoring of risk management has been integrated into the strategic monitoring process. The key persons of risk management arrange a special Day for the Development of Risk Management each year.

### Development projects and audits 2019

In 2019, the Group's key development projects on risk management included improving employees' data security skills by means of online courses and email attack exercises. The security of the information networks was also improved. Every business unit also implemented preparedness exercises and updated its preparedness instructions. Physical safety was improved by rearrangements related the guarding of business units. Internal audits helped to ensure compliance with the data protection legislation and to inspect the management processes of the company's mobile devices, as well as the biomass procurement contracts and practices.

In the course of 2019, the Board of Directors audited all of the company's internal policies, including the risk management policy, financial risk management policy, internal audit policy, corporate security policy, data security policy and data protection policy.

## 4.1 Descriptions of risks

Risk management means that risks are identified, assessed, handled and managed. At Vantaa Energy Ltd, risks are classified in accordance with the risk management policy into financial risks, strategic risks, operational risks and risks associated with events.

### Financial risks

The focus of risk management is on financial risks. The financial risks are grouped into market risks (various commodity price risks related to fuels, electricity and emission allowances), counterparty risks and financial risks. These risks are managed in accordance with the financial risk management policy. The policy sets out the management and control of financial risks and the related reporting practices. Reports on financial risks are regularly provided to the Managing Director of the parent company and to the Board of Directors.

The hedging practices of Vantaa Energy Ltd are based on the financial risk management policy approved by the company's Board of Directors. According to the production forecast for the next few years, the company's own electricity production, the fuels, emission allowances and certificates required by it, and the procurements from the power exchange corresponding to electricity sales are hedged with financial derivative instruments in accordance with the company's financial risk management policy. During the time to maturity of electricity derivatives, their open net volume is lower than the very likely forecast volume of spot-priced procurements. Significant procurement lots of energy production-related commodities are hedged against exchange rate risks. The loans taken out by the company are also hedged against interest rate risks in the manner described in the financial risk management policy.

### Strategic risks

Vantaa Energy Ltd is aiming for an operational and financial success in the energy sector. The company aims to actively develop its production capacity to fulfil the challenges posed by the European electricity markets. Strategic risks typically include the long time span of big energy investments: for example, the financial lifetime of power plant investments may be as long as 50 years. Electricity network and district heating operations are actively developed, taking our customers wishes into account. Our operations are based on the local energy networks.

The retail sales of electricity are carried out in a highly competitive domestic market. To improve its competitive edge, the company

published in 2019 its intent to transfer its electricity retail operations and customer services to a new joint venture to be established in the near future. The Group's strategic risks are discussed in connection with the strategy process.

### Operational risks

The operational risks of Vantaa Energy Ltd are related to malfunctions of various systems, such as production plants, energy networks and data systems, and shortcomings in instructions or skills, human errors and possible deficiencies in contracts or insurance.

In 2019, the operational risks were managed by means of, e.g. industrial security work. Special attention was paid to measures improving data and physical security, along with contingency planning. In order to maintain the security of heat distribution, Vantaa Energy continued to refurbish the heating network. The rescue plans of production buildings were audited, and rescue activities were practised.

One of the company's key aims was to reduce the number of events. This aim is actively supported by the management.

### Risks associated with events

For Vantaa Energy and the energy sector as a whole, the main risks associated with events are political and legislative ones.

Political and legislative initiatives and changes are often difficult to predict in the energy sector, and they have a significant impact on the operating preconditions of the sector.

Vantaa Energy's objective is to manage changes and be prepared for them by close interaction with decision-makers and influencers.

Through the sector association Finnish Energy, Vantaa Energy takes an active part in the work carried out with the aim of influencing the development of control systems or other policy instruments in advance. The company predicts the impacts of any changes in regulation or directives on its own operations and looks for operating models that are as flexible as possible and can be altered when regulation or directives change.

## **5 Employees**

The Vantaa Energy Group had an average of 338 (337) employees during the financial period. Salaries, wages and bonuses totalled EUR 22.4 million (EUR 22.6 million). Job-specific pay systems that are based on job difficulty and personal competence are used for

the following groups: manual workers, employees and managerial employees.

The task-specific pay component is the same for all employees belonging to the same competence category; the personal pay component varies between persons, depending on the competence and performance level of each person. Vantaa Energy Ltd has a performance-based bonus system that applies to all employees, with the exception of the Managing Director and the persons who have signed individual performance agreements.

The Group's occupational safety target is to improve the occupational safety culture, and the goal is zero accidents. In 2019, the Group reached the best result of all time: the accident rate (LTA<sub>≥1</sub>) was 4.7 (9.7).

Key employee figures:

Key figures	Group			Parent company		
	2019	2018	2017	2019	2018	2017
Average number of employees during the financial period	338	337	339	276	274	271
Permanent as of 31 December	311	313	315	252	252	250
• Monthly salary	279	279	280	234	233	230
• Hourly wages	32	34	35	18	19	20
• Men	264	245	245	211	194	191
• Women	98	68	70	86	58	59
Fixed-term contracts as of 31 December	27	22	17	24	22	16
Average age of employees, yrs	44.82	45.08	44.6	44.55	44.0	43.7
Paid salaries, wages and bonuses EUR mill.	22.4	22.6	21.7	18.6	18.6	17.9
Accident rate	4.7	9.4	18.5		n/a	n/a
• key figure LTA <sub>≥1</sub>						

More key employee figures are available in Vantaa Energy's corporate social responsibility report for 2019.

## 6 Environment

### 6.1 Operating principles and management systems related to environmental issues

The aim of Vantaa Energy's environmental work is to be a responsible and active operator in slowing down climate change.

The minimum requirement of Vantaa Energy's environmental work is to fulfil the legislative and operational requirements for its own operating environment. The company's most significant environmental impacts are created by energy production and distribution. Environmental impacts are reduced by increasing the share of renewable energy and other carbon-neutral production. Our goal is to phase out the use of coal in 2022.

Vantaa Energy's environmental management is based on the Group's industrial security and corporate social responsibility policies and various instructions. The company confirms key figure targets related to environmental factors. Production and heat distribution are based on the environmental management system in compliance with the ISO 14001:2015 and ISO 9001:2015 standards and they are covered with environmental and quality certificates.

All the electricity we sell as renewable electricity is certified with the guarantee origin. The origin of electricity is certified with Finextra Oy's guarantee of origin. In the waste-to-energy plant, the electricity produced with the biodegradable proportion of waste is provided with a guarantee of origin for renewable electricity, and the district heat produced by it is certified as renewable.

The company participates in the energy efficiency system in the period 2017-2025.

## **6.2 Significant environmental issues and the improvements accomplished**

The most significant environmental issues of Vantaa Energy are related to the use of fuels and carbon dioxide and other emissions resulting from energy generation, as well as creation of waste. The company invested a total of EUR 3 million in environmental protection in 2019. The most significant environmental investments were allocated to the flue gas cleaning equipment of the bioboiler in the Martinlaakso power plant and burner modifications in the Maarinkunnas heating plant.

The modernisation project of the old, discarded oil/natural gas-fired boiler in the Martinlaakso power plant was completed, and the boiler plant that was converted to use biofuels started commercial operation on 21 March 2019. The commissioning of the bioboiler reduced Vantaa Energy's carbon dioxide emissions by about 210,000 tonnes in 2019. The flue gas condenser built in connection with the bioboiler saves approx. 75 GWh of fuel energy a year.

Wind power generation increased by about 16 GWh, i.e. 12%, on the previous year.

The environmental impact assessment procedure concerning the planned expansion of the waste-to-energy power plant was completed in autumn 2019. The company submitted an environmental permit application concerning the expansion in June 2019.

Vantaa Energy has drawn up a plan to phase out the use of coal in energy production in 2022.

### **6.3 Level of environmental protection in relation to requirements**

Vantaa Energy systematically endeavours to identify the environmental risks related to its operations. An environmental impact assessment and the necessary risk analyses are always made in connection with production projects. The company ensures that all environmental liabilities related to its operations are sufficiently recorded and that the necessary provisions for restoration costs resulting from the cases of environmental damage that have taken place are made.

The company's management is not aware of any events related to environmental issues that would impact the company's financial position. No provisions related to environmental liabilities are included in the obligatory provisions in the financial statements for 2019.

In the course of 2019, the emission limit values were exceeded 20 times in the waste-to energy plant. Their total duration was 10 hours, and they concerned sulphur dioxide and particulate emissions. The 60-hour time limit allowed for exceeding emission limits in the emission permit was not exceeded. There were three cases in the Martinlaakso power plant where the nitrogen dioxide emissions exceed the 24-hour average value.

Vantaa Energy received a new environmental permit for the Martinlaakso power plant in 2019. The new permit complies with the BAT conclusions (Best Available Technology) applied to large combustion plants.

Due to the BAT conclusions published by the EU in December 2019, Vantaa Energy will submit a revision application concerning the current, valid environmental permit of the waste-to-energy plant in 2020.

The Martinlaakso power plant, the gas turbine of the waste-to-energy power plant and the company's five heating plants are covered by the emissions trading scheme. The carbon dioxide emissions for 2019 encompassed by the emissions trading scheme amounted to 269,369 tonnes (482,701).

The company submitted its application for free emission allowances for the fourth emissions trading period 2021-2025 to the Energy Authority by the deadline, i.e. 31 May 2019.

#### 6.4 Level of environmental protection in view of the nature and scope of our operations

Vantaa Energy regularly monitors the development of key figures related to environmental factors and the achievement of the targets. The essential environmental key figures are related to fuel consumption, emissions into the air, and waste.

Environmental key figures	2019	2018	2017
Carbon dioxide emissions (CO <sub>2</sub> t) from local production in Vantaa	438,159	650,843	651,848
Emissions (CO <sub>2</sub> g/kWh) from local production in Vantaa	185	255	265
Environmental costs (EUR mill.)			
• investments in environmental protection	3	7	3
Environmental liabilities (obligatory provisions, EUR mill.)	0	0	0
Exceedances of emission limit values (number of times)	23	28	7
Cases of environmental damage (number of cases)	0	0	0
Fuel consumption (GWh)			
• coal	574	1 132	1 355
• natural gas	263	582	355
• oil	1	1	1
• mixed waste	1,138	1,108	1,113
• peat	84	5	-
• bio	528	28	-
total	2,589	2,856	2,824
Emissions from energy production (t)			
• NO <sub>2</sub>	834	821	807
• SO <sub>2</sub>	210	468	416
• particulates	4	3	6
Waste			
• ashes and slag (t)	104,231	107,654	108,967
• waste-to-energy use (%)	85	82	88

## **6.5 Report of the Board of Directors in relation to other environmental reporting**

Vantaa Energy publishes annually a separate corporate social responsibility report, which provides a wider range of information on the status and development of the company's environmental management system.

## **7 Social responsibility**

Vantaa Energy Group's corporate social responsibility policy creates guidelines for the management and development of the Group finances, the environment and social responsibility.

Vantaa Energy has drawn up reports on the objectives of corporate social responsibility, and the results of constant improvement of operations are reported in a corporate social responsibility report published each year. The corporate social responsibility report is based on the international Global Reporting Initiative (GRI G3) Guidelines.

Vantaa Energy's corporate social responsibility report for 2018 was published in April 2019. As in previous years, environmental responsibility was of primary importance in the report for 2018. Personnel matters and stakeholder relations also played an important role in the corporate social responsibility report.

The corporate social responsibility report for 2019 will be published online in spring 2020.

Vantaa Energy has actively continued to arrange tours of the waste-to-energy power plant for schools and other interest groups. During the tours, the visitors are told about waste sorting and the importance of recycling. In 2019, the waste-to-energy power plant had about 4,000 visitors.

Vantaa Energy Electricity Networks Ltd has drawn up a report on measures that will ensure that the parties to the electricity market are treated in an equal manner.

## **8 Research and development**

Vantaa Energy is a Group that focuses on the production of energy services and makes only minor investments in its own research and development. The Group participates in development projects mainly by providing financing to interesting R&D projects and by making the company's expertise available to

the projects. In the research, we trust in the partnership networks in the industry and in good cooperation with leading energy research institutions.

Vantaa Energy Ltd is a shareholder in Clic Innovation Ltd, a company specialising in product development for the cleantech and bioeconomy sector. Sector-related research is also supported through participation in studies funded through the Electricity Research Pool and Finnish Energy.

In 2019, Vantaa Energy engaged in two studies related to the material utilisation of ash. The Climapolis research entity on real estate economics and demand response was completed in the Aviapolis district of the City of Vantaa. Vantaa Energy took active part in the project. In addition, a traffic laboratory project in which the company developed electric transport solutions was also implemented in the same district. Areas of particular interest were logistics solutions, as well as shared services and their functioning.

During 2019, the company prepared to launch solar power production also in its own production premises. Studies on the preconditions for geothermal heat and the related new operating models were also conducted.

## **9 Administration**

The Annual General Meeting of Vantaa Energy Ltd was held on 3 April 2019. The issues discussed were those defined in section 13 of the Articles of Association for the Annual General Meeting.

The members of the company's Board of Directors were Tommi Valtonen, Chairman; Matti Parpala, first Vice Chairman; Päivi Laakso, second Vice Chairman; Sari Antila; Kalle Eklund; Jasmin Hamid; Hannu Kokko; Paula Lehmuskallio; Matti Malinen; Mia Nygård; and Heikki Pikkarainen. At the Annual General Meeting held on 3 April 2019, the members of the company's Board of Directors were elected also for the following 2-year financial period.

The Board of Directors convened 12 times during the year.

The company's auditors were BDO Auditor Oy, Authorised Public Accountants, with Eeva Koivula, CPA, CPFA, as the second auditor. At the Annual General Meeting held on 3 April 2019, BDO Auditor Oy, Authorised Public Accountants, was selected for the next financial year, with Ari Lehto, CPA, CPFA, as the auditor in charge, and Eeva Koivula, CPA, CPFA, as the second auditor.

Ulla-Maija Tuomela, CPA, CPFA, was elected as the deputy auditor.

The company's Managing Director was Jukka Toivonen, M.Sc. (Eng.), MBA.

## 10 Significant legal affairs

Vantaa Energy Ltd and Vantaa Energy Electricity Networks Ltd are involved in a dispute between the employer and the employees entitled to a supplementary pension. The dispute is due to a difference of opinion as to whether a supplementary pension is the employer's unilateral collective employee benefit or a benefit that has specifically been agreed on by a single employee and the employer in the employment contract. In addition, the parties disagree on whether the employer is obliged to compensate for the amendments in legislation that weaken pension security.

Vantaa Energy Ltd and Vantaa Energy Electricity Networks Ltd are also involved in a few dispute cases. In economic terms, these cases are deemed to be insignificant.

## 11 Events after the financial period

Vantaa Energy Ltd decided on 21 January 2020 that the project to extend the waste-to-energy plant, which had been subject to preliminary planning, will go ahead. The extension to the waste-to-energy plant is designed to produce heat from non-utilisable, combustible materials from trade, industry and recycling plants. The extension is estimated to be completed for production use in summer 2022. The investment in the extension of the waste-to-energy plant is a significant action in the company's endeavour to phase out coal use in its energy production by 2022.

## 12 Outlook

Climate change is an extremely serious environmental problem that concerns the whole of humanity, and the energy industry plays a key role in seeking solutions to mitigate climate change by reducing carbon dioxide emissions.

With its investments in, e.g. wind, solar, hydro, nuclear, bio and waste power, Vantaa Energy has halved the carbon dioxide emissions of its energy production over the past decade, and it will steadfastly continue to reduce production based on fossil fuels.

In the next few years, Vantaa Energy will need to continue the use of natural gas in energy production during the coldest periods of the winter. Vantaa Energy will reduce the use of natural gas in phases, for example, by utilising excess heat and through technological development, for instance, with geothermal energy.

Heat produced by Vantaa Energy and delivered to customers via its extensive heating network competes with other heating forms in the market, and therefore the management of production costs is crucially important in terms of competitiveness. As a result of the waste-to-energy plant, the new biomass boiler in Martinlaakso and the new carbon-neutral energy production, the company believes that it will keep the pricing of the heat it supplies at a very competitive level also in the coming years.

The amount of electricity generated by wind power will increase significantly worldwide, and the rise of wind power production is rapid also in Finland. Vantaa Energy is involved in several wind power projects in different parts of the country through its participating interests Suomen Hyötytuuli Oy and EPV Energia Oy.

Electricity network operations entered a new, four-year regulatory period (2020–2023), for which the Energy Authority has confirmed the regulation principles. The regulation principles seek to ensure the implementation of the security of supply targets set out in the Electricity Market Act. This will also bring stability in the business operations of Vantaa Energy Electricity Networks Ltd, the profitability of which is expected to continue at a good level in the next few years.

In 2020, the turnover of the Vantaa Energy Group is anticipated to fall by about one-fifth when the electricity retail sale business moves to the new joint venture. The reorganisation of electricity sales operating in a tight competitive situation will have a positive impact on the profitability of business operations. As a result of the decoupling of the electricity retail sales and customer service functions through a transfer of assets into the new joint venture, the number of employees in the Group will fall by about ten per cent.

The Group's comparable operating profit for the period in 2020 is expected to be close to the previous year's level.

### 13 The Board of Directors' proposal for the distribution of dividends

The distributable equity of the parent company according to the financial statements of 31 December 2019 is as follows:

profits from the previous financial years	€ 129,527,183.58
profit from the financial year	€ <u>24,532,054.31</u>
total	€ 154,059,237.89

The Board of Directors proposes that the company should pay a dividend of EUR 11.68/share, totalling EUR 19,983,405.44, reserve EUR 41,000.00 for donations, and set aside a sum of EUR 25,000.00 for the Board of Directors to use for the public good. The rest of the distributable equity, EUR 134,009,832.45, is left in the retained earnings account.

Since the end of the financial year, there have been no essential changes in the company's financial position. The company's liquidity is good and, according to the Board of Directors, the proposed distribution of profits will not jeopardise the company's solvency.

## 14 Company stock

The company's capital stock is divided as follows:

Owner	2019	
	number	€
City of Vantaa	1,026,545	2,053,090
City of Helsinki	684,363	1,368,726
Total	1,710,908	3,421,816

The nominal value of each share is EUR 2.00. All shares have an equal right to dividend and company assets.

## Profit and loss account

(EUR)	Notes	Group		Parent company	
		2019	2018	2019	2018
<b>Turnover</b>	2	<b>295 099 309,76</b>	<b>302 964 170,77</b>	<b>249 015 314,70</b>	<b>258 538 495,50</b>
Work performed by the undertaking for its own purpose and capitalised	3	5 010 665,33	6 616 989,61	3 103 685,92	4 641 072,42
Other operating income	4	3 889 532,96	1 474 827,46	9 279 057,88	6 589 183,17
Materials and services	5	-162 944 621,56	-175 549 844,63	-153 921 030,15	-165 958 396,34
Personnel expenses	6	-27 895 905,38	-27 764 204,66	-23 170 710,94	-23 081 755,49
Depreciation and value adjustment	7	-31 495 284,97	-26 882 256,02	-22 030 040,78	-17 839 938,88
Other operating charges	8	-30 902 194,60	-31 261 827,11	-29 977 555,34	-30 280 769,68
Share of associated companies' profits		8 184 624,05	-2 511 183,66	-	-
<b>Operating profit</b>		<b>58 946 125,59</b>	<b>47 086 671,76</b>	<b>32 298 721,29</b>	<b>32 607 890,70</b>
Financial income and expenses	9	-5 611 688,76	-4 985 781,60	-3 112 357,64	-1 881 237,17
<b>Profit before appropriations and taxes</b>		<b>53 334 436,83</b>	<b>42 100 890,16</b>	<b>29 186 363,65</b>	<b>30 726 653,53</b>
Appropriations					
Change in cumulative accelerated depreciation		--	--	-10 122 970,45	-715 218,31
Group contribution	10			10 500 000,00	5 650 000,00
Income taxes	11	-8 697 862,34	-7 429 381,19	-5 031 338,89	-6 091 143,71
<b>Profit for the period</b>		<b>44 636 574,49</b>	<b>34 671 508,97</b>	<b>24 532 054,31</b>	<b>29 570 291,51</b>

## Balance sheet

(EUR)	Notes	Group		Parent company	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>Assets</b>					
<b>Non-current assets</b>					
	12,13				
Intangible assets					
Intangible rights		1 902 874,06	2 623 109,98	423 850,75	1 147 605,73
Other long-term expenses		10 247 192,11	6 841 574,31	7 673 707,98	6 172 900,96
Construction in progress		0,00	2 891 484,81	0,00	1 629 850,33
		12 150 066,17	12 356 169,10	8 097 558,73	8 950 357,02
Tangible					
Land and waters		7 552 694,80	7 753 903,27	7 117 955,14	7 319 163,61
Buildings and constructions		106 725 769,49	101 411 531,75	96 658 890,19	90 795 510,26
Electricity network		122 657 488,40	120 746 541,49	--	--
District heating network and equipment		77 813 758,69	73 448 999,13	77 813 758,69	73 448 999,13
Gas distribution network		0,00	754 190,32	0,00	754 190,32
Machinery and equipment		80 450 359,91	31 412 090,80	80 412 899,25	31 371 809,42
Other tangible assets		3 784 174,35	4 244 823,99	3 784 174,35	4 244 823,99
Construction in progress		8 936 658,08	62 332 767,30	6 721 719,91	59 976 707,43
		407 920 903,72	402 104 848,05	272 509 397,53	267 911 204,16
Investments					
Holdings in group undertakings		--	--	76 000,00	76 000,00
Holdings in associated companies		47 619 970,47	43 029 357,93	51 149 886,99	52 608 735,57
Other shares and holdings		75 174 550,22	75 490 729,97	75 171 749,17	75 487 928,92
		122 794 520,69	118 520 087,90	126 397 636,16	128 172 664,49
<b>Total non-current assets</b>		<b>542 865 490,58</b>	<b>532 981 105,05</b>	<b>407 004 592,42</b>	<b>405 034 225,67</b>
<b>Current assets</b>					
	14				
Current receivables					
Raw materials and consumables		5 694 652,46	4 265 254,12	5 694 652,46	4 265 254,12
Oil stocks		1 813 895,39	1 904 082,48	1 813 895,39	1 904 082,48
Coal stocks		12 181 736,85	12 612 845,97	12 181 736,85	12 612 845,97
Advance payments		68 878,20	0,00	68 878,20	0,00
		19 759 162,90	18 782 182,57	19 759 162,90	18 782 182,57
Long-term receivables					
Loans receivable from associated companies		8 231 404,60	10 106 286,18	8 231 404,60	10 106 286,18
Imputed tax receivables		1 733 000,76	1 840 782,94	295 598,40	326 713,92
Imputed tax receivables		1 594 505,47	1 951 125,02	1 172 873,75	824 075,60
Current receivables					
Trade receivables		60 735 514,49	63 891 551,61	47 750 153,54	49 616 205,27
Connection fee receivables		51 062,64	170 464,31	10 754,36	42 460,13
Receivables from group undertakings		--	--	50 601 554,47	39 162 503,21
Receivables from associated companies		1 884 950,50	1 890 715,26	1 884 950,50	1 890 343,26
Accrued income and prepaid expenses		8 704 438,23	9 011 937,10	8 022 116,38	6 862 140,74
Other receivables		13 331 115,99	10 736 823,75	12 590 491,19	10 445 960,97
Total receivables		96 265 992,68	99 599 686,17	130 559 897,19	119 276 689,28
Cash in hand and at banks		33 189 230,99	15 820 405,75	1 833 113,74	11 986 600,96
<b>Current assets</b>		<b>149 214 386,57</b>	<b>134 202 274,49</b>	<b>152 152 173,83</b>	<b>150 045 472,81</b>
<b>Total assets</b>		<b>692 079 877,15</b>	<b>667 183 379,54</b>	<b>559 156 766,25</b>	<b>555 079 698,48</b>

## Balance sheet

(EUR)	Notes	Group		Parent company	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
	15				
Share capital		3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Profit for the period		233 599 236,75	218 952 133,22	129 527 183,58	119 981 297,51
Profit for the period		44 636 574,49	34 671 508,97	24 532 054,31	29 570 291,51
<b>Total capital and reserves</b>		<b>281 657 627,24</b>	<b>257 045 458,19</b>	<b>157 481 053,89</b>	<b>152 973 405,02</b>
<b>Appropriations</b>					
Depreciation difference		--	--	<b>66 025 442,62</b>	<b>55 902 472,17</b>
<b>Provisions</b>		<b>487 777,50</b>	<b>622 007,50</b>	<b>487 777,50</b>	<b>622 007,50</b>
<b>Liabilities</b>					
	16				
<b>Long-term liabilities</b>					
Connection fees		138 333 651,41	136 344 252,33	92 548 520,81	92 183 934,73
Loans from financial institutions		155 680 122,56	143 937 055,42	155 680 122,56	143 937 055,42
Other long-term liabilities		1 427 891,60	4 921 927,70	1 427 891,60	4 921 927,70
Deferred tax liabilities		27 449 081,24	24 493 495,53	--	--
		322 890 746,81	309 696 730,98	249 656 534,97	241 042 917,85
<b>Short-term liabilities</b>					
Loans from financial institutions		23 592 438,65	10 256 932,86	23 592 438,65	10 256 932,86
Advance payments received		130 372,82	2 459,13	102 177,05	284,63
Payables		9 809 715,86	18 979 380,22	7 793 844,01	17 090 207,55
Liabilities to Group companies		--	--	3 778 551,55	7 796 109,10
Liabilities to associated companies		0,00	90 996,81	0,00	0,00
Accruals		20 594 675,63	12 557 484,70	17 361 648,36	11 538 888,51
Other liabilities		32 916 522,64	57 931 929,15	32 877 297,65	57 856 473,29
		87 043 725,60	99 819 182,87	85 505 957,27	104 538 895,94
<b>Total liabilities</b>		<b>409 934 472,41</b>	<b>409 515 913,85</b>	<b>335 162 492,24</b>	<b>345 581 813,79</b>
<b>Total equity and liabilities</b>		<b>692 079 877,15</b>	<b>667 183 379,54</b>	<b>559 156 766,25</b>	<b>555 079 698,48</b>

## Cash flow statement

(EUR)	Group		Parent company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>Cash flow from operating activities</b>				
Profit before appropriations	53 334 436,83	42 100 890,16	29 186 363,65	30 726 653,53
Adjustments				
Depreciation according to plan	31 495 284,97	26 882 256,02	22 030 040,78	17 839 938,88
Other income and expenses not including payments	-9 313 614,76	7 051 993,60	-9 308 094,72	8 626 229,45
Financial income and expenses	5 611 688,76	4 985 781,60	3 112 357,64	1 881 237,17
Cash flow before change in working capital	81 127 795,80	81 020 921,38	45 020 667,35	59 074 059,03
Change in working capital				
Change in inventories	865 181,55	-2 103 169,79	865 181,55	-2 103 169,79
Change in current receivables	994 410,18	-12 041 003,35	-2 340 406,86	-10 918 063,42
Change in current liabilities	-1 885 138,02	10 154 000,89	-8 142 798,53	10 864 565,67
Operational cash flow before financial items and taxes	81 102 249,51	77 030 749,13	35 402 643,51	56 917 391,49
Interest paid and payments for operations	-4 316 245,91	-4 694 890,56	-4 313 506,33	-4 694 711,45
Dividends received	48 699,50	2 819 858,39	2 033 899,50	2 819 858,39
Interest received	426 770,83	310 370,86	938 341,48	642 121,49
Direct taxes paid	-6 177 658,45	-6 253 270,11	-6 177 658,45	-6 253 270,11
<b>Cash flow from operating activities</b>	<b>71 083 815,48</b>	<b>69 212 817,71</b>	<b>27 883 719,71</b>	<b>49 431 389,81</b>
<b>Cash flow from investments</b>				
Investments in tangible and intangible assets	-37 105 237,71	-84 249 078,54	-25 775 435,86	-68 906 943,54
Capital gain of tangible and intangible assets	10 432 449,50	0,00	10 432 449,50	0,00
Other investments	-8 036 507,04	-23 576 195,34	-1 987 045,92	-26 087 379,00
Other adjustments in investments	1 458 849,00	0,00	1 458 849,00	0,00
<b>Cash flow from investments</b>	<b>-33 250 446,25</b>	<b>-107 825 273,88</b>	<b>-15 871 183,28</b>	<b>-94 994 322,54</b>
<b>Cash flow before financing activities</b>	<b>37 833 369,23</b>	<b>-38 612 456,17</b>	<b>12 012 536,43</b>	<b>-45 562 932,73</b>
<b>Cash flow from financing activities</b>				
Proceeds from non-current loans	28 000 000,00	27 000 000,00	28 000 000,00	27 000 000,00
Repayments of non-current loans	-16 256 932,86	-10 256 932,86	-16 256 932,86	-10 256 932,86
Proceeds from current loans	10 000 000,00	35 996 307,67	10 000 000,00	35 996 307,67
Repayments of current loans	-22 661 232,43	1 800 000,00	-22 661 232,43	1 800 000,00
Increase (-) / decrease (+) in loan receivables	1 874 881,58	1 874 881,58	1 874 881,58	3 874 881,58
Increase (-) / decrease (+) in non-current receivables	-3 386 253,92	-54 344,22	-3 462 920,58	-131 010,88
Increase (+) / decrease (-) in connection fees	1 989 399,08	2 858 005,32	364 586,08	764 608,95
Dividends paid	-19 983 405,44	-19 983 405,44	-19 983 405,44	-19 983 405,44
Group contributions received and paid	--	--	0,00	5 650 000,00
Other	-41 000,00	-66 000,00	-41 000,00	-66 000,00
<b>Cash flow from financing activities</b>	<b>-20 464 543,99</b>	<b>39 168 512,05</b>	<b>-22 166 023,65</b>	<b>44 648 449,02</b>
<b>Change in cash and cash equivalents</b>	<b>17 368 825,24</b>	<b>556 055,88</b>	<b>-10 153 487,22</b>	<b>-914 483,71</b>
<b>Cash and cash equivalents 1 January</b>	<b>15 820 405,75</b>	<b>15 264 349,87</b>	<b>11 986 600,96</b>	<b>12 901 084,67</b>
<b>Cash and cash equivalents 31 December</b>	<b>33 189 230,99</b>	<b>15 820 405,75</b>	<b>1 833 113,74</b>	<b>11 986 600,96</b>

## Notes on the preparation of the financial statements

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### 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 2019 and the Limited Liability Companies Act 624/2006.

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, and produces, sells and distributes district heat. 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 service contracts.

#### 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 acquisition cost of the shares.

#### 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 financing items are entered under other financial income or costs.

#### 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 insurance company. 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 and loss account.

### 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	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 they arise.

### 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 as they are not refundable.

### 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 liquid instruments.

### 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 export and import situation between countries.

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 hedging purposes in accordance with the company's risk policy.

Accounting for derivatives presented on 31 December 2016 was amended by virtue of statement 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. The share of swaption only was recorded as expense for the 2019 financial statement.

Calculation formulas for key figures (instructions of the Accounting Board on drawing up an annual report 12.9.2016)

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

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

## Notes to the financial statements 2019

(EUR)	Group		Parent company	
	2019	2018	2019	2018
<b>2 Turnover</b>				
Electricity sales and distribution	166 190 900,92	173 806 928,21	121 419 415,46	130 688 874,71
Heat sales	107 047 072,60	106 734 020,75	107 047 072,60	106 734 020,75
Natural gas sales	1 392 629,94	2 487 646,32	1 392 629,94	2 487 646,32
Other operations	20 468 706,30	19 935 575,49	19 156 196,70	18 627 953,72
	<u>295 099 309,76</u>	<u>302 964 170,77</u>	<u>249 015 314,70</u>	<u>258 538 495,50</u>
<b>3 Work performed by the undertaking for its own purpose and capitalised</b>				
Activated wages and salaries	2 466 537,60	2 893 934,17	950 381,35	1 328 597,33
Activated indirect employee costs	518 425,30	623 687,32	127 602,14	213 198,97
Activated materials and disposables	2 025 702,43	3 099 368,12	2 025 702,43	3 099 276,12
	<u>5 010 665,33</u>	<u>6 616 989,61</u>	<u>3 103 685,92</u>	<u>4 641 072,42</u>
<b>4 Other operating income</b>				
Service income from Group companies	--	--	5 476 021,78	5 407 556,75
Profit from sale of fixed assets	2 374 822,76	143 240,79	2 374 822,76	73 414,18
Lease income	427 758,71	421 378,54	447 606,95	437 447,63
Insurance claims and damage compensation receivable	102 966,67	124 738,35	102 966,67	124 738,35
Other income	983 984,82	785 469,78	877 639,72	546 026,26
	<u>3 889 532,96</u>	<u>1 474 827,46</u>	<u>9 279 057,88</u>	<u>6 589 183,17</u>
<b>5 Materias and services</b>				
Purchase of energy				
Purchase of electricity	87 284 429,43	86 818 454,65	87 453 489,82	86 943 051,83
Purchase of heat	899 145,41	961 935,90	899 145,41	961 935,90
Purchase of fuel oil	0,00	399 063,10	0,00	399 063,10
Purchase of coal	16 241 371,97	23 491 947,40	16 241 371,97	23 491 947,40
Purchase of gas	14 470 188,36	28 674 047,08	14 470 188,36	28 674 047,08
Emission costs	714 451,73	4 913 228,96	714 451,73	4 913 228,96
Other energy production costs	11 120 653,69	601 336,97	11 120 653,69	601 336,97
Total purchase of energy	<u>130 730 240,59</u>	<u>145 860 014,06</u>	<u>130 899 300,98</u>	<u>145 984 611,24</u>
Raw materials and consumables	10 304 117,19	10 145 609,80	10 281 242,99	10 080 883,49
Increase (+)/ decrease (-) in inventories	-2 750 264,01	-1 519 812,94	-2 750 264,01	-2 686 526,64
Depreciation of inventories	1 842 161,88	-583 356,85	1 842 161,88	583 356,85
External services	22 818 365,91	21 647 390,56	13 648 588,31	11 996 071,40
Total materials and services	<u>162 944 621,56</u>	<u>175 549 844,63</u>	<u>153 921 030,15</u>	<u>165 958 396,34</u>
<b>6 Employees</b>				
In the financial year the average number of personnel was				
Number of monthly salaried employees	306	303	258	255
Number of hourly waged employees	32	34	18	19
	<u>338</u>	<u>337</u>	<u>276</u>	<u>274</u>
Personnel expenses				
Wages and salaries	22 378 168,62	22 201 738,54	18 534 050,23	18 408 597,14
Pension costs	4 816 585,67	4 735 234,80	4 032 814,63	3 967 317,83
Other indirect employee costs	701 151,09	827 231,32	603 846,08	705 840,52
Personnel expenses in the profit and loss account	<u>27 895 905,38</u>	<u>27 764 204,66</u>	<u>23 170 710,94</u>	<u>23 081 755,49</u>
Salaries and wages paid, including fringe benefits				
To the Board/s of Directors	92 320,00	86 620,01	81 520,00	76 470,01
To the Managing Director/s	380 900,99	560 761,69	208 917,78	382 787,59
	<u>473 220,99</u>	<u>647 381,70</u>	<u>290 437,78</u>	<u>459 257,60</u>

(euroa)	Konserni		Emoyhtiö	
	2019	2018	2019	2018
<b>7 Depreciation and reduction in value</b>				
Intangible rights	472 705,43	511 179,40	320 201,49	362 166,71
Other capitalised long-term expenditure	2 086 350,39	2 054 102,98	1 799 004,12	1 941 527,21
Buildings	7 522 108,58	6 722 346,68	6 971 234,51	6 198 900,25
District heat and gas network	3 877 695,64	3 768 064,64	3 877 695,64	3 768 064,64
Electricity network	8 448 238,19	8 229 238,95	--	--
Machinery and equipment	8 627 537,10	5 136 673,73	8 601 255,38	5 108 630,43
Other tangible assets	460 649,64	460 649,64	460 649,64	460 649,64
	<b>31 495 284,97</b>	<b>26 882 256,02</b>	<b>22 030 040,78</b>	<b>17 839 938,88</b>
<b>8 Other operating expenses</b>				
Administrative services	6 363 629,04	5 254 136,26	6 303 470,94	5 256 253,54
Total occupancy costs	4 358 265,76	4 177 157,38	4 444 988,29	4 256 095,31
Costs linked to personnel	1 763 351,62	1 931 675,58	1 625 551,92	1 769 890,07
IT hardware and software costs	4 470 357,07	4 393 376,20	4 082 066,96	3 999 171,89
Leasing costs	9 720 429,95	9 700 511,60	9 547 920,66	9 515 224,79
Marketing costs	3 286 104,37	3 944 442,89	3 238 081,14	3 907 268,80
Other costs	940 056,79	1 860 527,20	735 475,43	1 576 865,28
	<b>30 902 194,60</b>	<b>31 261 827,11</b>	<b>29 977 555,34</b>	<b>30 280 769,68</b>
<b>Auditors' fees</b>				
BDO Audiator Oy certified public accountants				
Audit fees	24 350,00	23 420,08	20 150,00	19 720,08
<b>9 Financial income and expenses</b>				
Dividend income				
From associated companies	--	--	1 985 200,00	2 772 614,69
From other sources	48 699,50	47 243,70	48 699,50	47 243,70
Total dividend income	<b>48 699,50</b>	<b>47 243,70</b>	<b>2 033 899,50</b>	<b>2 819 858,39</b>
Interest income from investment				
Interest income				
From Group companies	--	--	514 041,64	334 377,78
From associated companies	57 775,63	0,00	57 775,63	68 050,12
From other sources	32 956,80	99 036,99	30 485,81	28 359,72
Total interest income	<b>90 732,43</b>	<b>99 036,99</b>	<b>602 303,08</b>	<b>430 787,62</b>
Other financial income	336 038,40	211 333,87	336 038,40	211 333,87
Interest and other financial expenses				
Interest expenses to others	-1 024 814,27	-757 824,21	-1 022 253,80	-757 645,10
Other financial expenses	-5 062 344,82	-4 585 571,95	-5 062 344,82	-4 585 571,95
Total interest and other financial expenses	<b>-6 087 159,09</b>	<b>-5 343 396,16</b>	<b>-6 084 598,62</b>	<b>-5 343 217,05</b>
<b>Total financial income and expenses</b>	<b>-5 611 688,76</b>	<b>-4 985 781,60</b>	<b>-3 112 357,64</b>	<b>-1 881 237,17</b>
<b>10 Group contribution</b>				
Group contribution received from subsidiary	--	--	10 500 000,00	5 650 000,00
<b>11 Income tax</b>				
Income taxes from actual operations	5 388 478,59	6 292 849,05	5 388 478,59	6 292 849,05
Tax on retained earnings	-8 341,55	-39 578,94	-8 341,55	-39 578,94
Deferred taxes	3 317 725,30	1 176 111,08	-348 798,15	-162 126,40
	<b>8 697 862,34</b>	<b>7 429 381,19</b>	<b>5 031 338,89</b>	<b>6 091 143,71</b>

(euroa)	Konserni		Emoyhtiö	
	2019	2018	2019	2018
<b>12 Non-current assets</b>				
<b>Intangible rights</b>				
Acquisition cost 1 Jan.	10 545 216,75	9 780 830,22	5 341 954,84	4 738 383,33
Addition	519 924,24	5 673 670,49	363 901,24	5 512 855,47
Disposal	-767 454,73	-4 909 283,96	-767 454,73	-4 909 283,96
Acquisition cost 31 Dec.	10 297 686,26	10 545 216,75	4 938 401,35	5 341 954,84
Accumulated depreciation according to plan 1 Jan.	-7 922 106,77	-7 410 927,37	-4 194 349,11	-3 832 182,40
Depreciation for the financial year	-472 705,43	-511 179,40	-320 201,49	-362 166,71
Accumulated depreciation according to plan 31 Dec.	-8 394 812,20	-7 922 106,77	-4 514 550,60	-4 194 349,11
<b>Book value 31 Dec.</b>	<b>1 902 874,06</b>	<b>2 623 109,98</b>	<b>423 850,75</b>	<b>1 147 605,73</b>
<b>Other capitalised long-term expenditure</b>				
Acquisition cost 1 Jan.	34 673 441,00	33 178 899,74	32 865 043,84	31 947 658,72
Addition	5 511 534,48	1 494 541,26	3 319 377,43	917 385,12
Disposal	-92 176,25	0,00	-92 176,25	0,00
Acquisition cost 31 Dec.	40 092 799,23	34 673 441,00	36 092 245,02	32 865 043,84
Accumulated depreciation according to plan 1 Jan.	-27 831 866,69	-25 777 763,71	-26 692 142,88	-24 750 615,67
Accumulated depreciation on decreases	72 609,96	0,00	72 609,96	0,00
Depreciation for the financial year	-2 086 350,39	-2 054 102,98	-1 799 004,12	-1 941 527,21
Accumulated depreciation according to plan 31 Dec.	-29 845 607,12	-27 831 866,69	-28 418 537,04	-26 692 142,88
<b>Book value 31 Dec.</b>	<b>10 247 192,11</b>	<b>6 841 574,31</b>	<b>7 673 707,98</b>	<b>6 172 900,96</b>
<b>Intangible assets under construction</b>				
Acquisition cost 1 Jan.	2 891 484,81	2 491 369,16	1 629 850,33	1 509 610,11
Addition	660 505,07	1 407 690,40	0,00	685 572,56
Disposal	-3 551 989,88	-1 007 574,75	-1 629 850,33	-565 332,34
<b>Acquisition cost = book value 31 Dec.</b>	<b>0,00</b>	<b>2 891 484,81</b>	<b>0,00</b>	<b>1 629 850,33</b>
<b>Total intangible assets</b>	<b>12 150 066,17</b>	<b>12 356 169,10</b>	<b>8 097 558,73</b>	<b>8 950 357,02</b>
<b>Tangible assets</b>				
<b>Land</b>				
Acquisition cost 1 Jan.	7 753 903,27	7 532 379,43	7 319 163,61	7 097 639,77
Addition	2 700,00	221 523,84	2 700,00	221 523,84
Disposal	-203 908,47	0,00	-203 908,47	0,00
<b>Acquisition cost = book value 31 Dec.</b>	<b>7 552 694,80</b>	<b>7 753 903,27</b>	<b>7 117 955,14</b>	<b>7 319 163,61</b>
<b>Buildings</b>				
Acquisition cost 1 Jan.	159 223 044,99	156 922 887,05	141 112 065,53	141 174 181,29
Addition	13 438 307,05	3 032 803,64	13 436 575,17	118 860,00
Disposal	-1 535 607,65	-732 645,70	-1 535 607,65	-180 975,76
Acquisition cost 31 Dec.	171 125 744,39	159 223 044,99	153 013 033,05	141 112 065,53
Accumulated depreciation according to plan and reduction in value 1 Jan.	-57 811 513,24	-51 740 494,63	-50 316 555,27	-44 285 986,54
Accumulated depreciation on decreases	933 646,92	651 328,07	933 646,92	168 331,52
Depreciation for the financial year	-7 522 108,58	-6 722 346,68	-6 971 234,51	-6 198 900,25
Accumulated depreciation according to plan 31 Dec.	-64 399 974,90	-57 811 513,24	-56 354 142,86	-50 316 555,27
<b>Book value 31 Dec.</b>	<b>106 725 769,49</b>	<b>101 411 531,75</b>	<b>96 658 890,19</b>	<b>90 795 510,26</b>
<b>Electricity network</b>				
Acquisition cost 1 Jan.	310 341 173,26	298 830 340,19		
Addition	10 478 502,20	12 280 483,69		
Disposal	-511 150,33	-769 650,62		
Acquisition cost 31 Dec.	320 308 525,13	310 341 173,26		
Accumulated depreciation according to plan 1 Jan.	-189 594 631,77	-181 980 236,46		
Accumulated depreciation on decreases	391 833,23	614 843,64		
Depreciation for the financial year	-8 448 238,19	-8 229 238,95		
Accumulated depreciation according to plan 31 Dec.	-197 651 036,73	-189 594 631,77		
<b>Book value 31 Dec.</b>	<b>122 657 488,40</b>	<b>120 746 541,49</b>		

(euroa)	Group		Parent company	
	2019	2018	2019	2018
<b>District heating network and equipment</b>				
Acquisition cost 1 Jan.	160 111 600,80	151 423 604,38	160 111 600,80	151 423 604,38
Addition	8 214 423,72	8 703 178,21	8 214 423,72	8 703 178,21
Transfers between items	0,00	-15 181,79	0,00	-15 181,79
Acquisition cost 31 Dec.	168 326 024,52	160 111 600,80	168 326 024,52	160 111 600,80
Accumulated depreciation according to plan 1 Jan.	-86 662 601,67	-82 942 482,90	-86 662 601,67	-82 942 482,90
Accumulated depreciations of deductions and transfers	-1 551,48	0,00	-1 551,48	0,00
Depreciation for the financial year	-3 848 112,68	-3 720 118,77	-3 848 112,68	-3 720 118,77
Accumulated depreciation according to plan 31 Dec.	-90 512 265,83	-86 662 601,67	-90 512 265,83	-86 662 601,67
<b>Book value 31 Dec.</b>	<b>77 813 758,69</b>	<b>73 448 999,13</b>	<b>77 813 758,69</b>	<b>73 448 999,13</b>
<b>Gas distribution network</b>				
Acquisition cost 1 Jan.	2 427 393,56	2 407 496,13	2 427 393,56	2 407 496,13
Addition	44 261,01	12 704,89	44 261,01	12 704,89
Disposal	-2 471 654,57	0,00	-2 471 654,57	0,00
Transfers between items	0,00	7 192,54	0,00	7 192,54
Acquisition cost 31 Dec.	0,00	2 427 393,56	0,00	2 427 393,56
Accumulated depreciation according to plan 1 Jan.	-1 673 203,24	-1 625 257,37	-1 673 203,24	-1 625 257,37
Accumulated depreciations of transfers and sales	1 701 697,08	0,00	1 701 697,08	0,00
Depreciation for the financial year	-28 493,84	-47 945,87	-28 493,84	-47 945,87
Accumulated depreciation according to plan 31 Dec.	0,00	-1 673 203,24	0,00	-1 673 203,24
<b>Book value 31 Dec.</b>	<b>0,00</b>	<b>754 190,32</b>	<b>0,00</b>	<b>754 190,32</b>
<b>Production machinery and equipment</b>				
Acquisition cost 1 Jan.	150 752 019,14	149 124 038,75	150 752 019,14	149 124 038,75
Addition	58 180 284,39	3 306 069,39	58 180 284,39	3 306 069,39
Disposal	-1 576 708,41	-1 686 078,25	-1 576 708,41	-1 686 078,25
Transfers between items	0,00	7 989,25	0,00	7 989,25
Acquisition cost 31 Dec.	207 355 595,12	150 752 019,14	207 355 595,12	150 752 019,14
Accumulated depreciation according to plan and reduction in value 1 Jan.	-120 570 223,57	-117 340 041,17	-120 570 223,57	-117 340 041,17
Accumulated depreciations of deductions and transfers	977 502,48	1 219 624,27	977 502,48	1 219 624,27
Depreciation for the financial year	-8 135 073,97	-4 449 806,67	-8 135 073,97	-4 449 806,67
Accumulated depreciation according to plan 31 Dec.	-127 727 795,06	-120 570 223,57	-127 727 795,06	-120 570 223,57
<b>Book value 31 Dec.</b>	<b>79 627 800,06</b>	<b>30 181 795,57</b>	<b>79 627 800,06</b>	<b>30 181 795,57</b>
<b>Other machinery and equipment</b>				
Acquisition cost 1 Jan.	20 611 517,19	20 513 688,62	20 406 407,11	20 311 950,09
Addition	84 727,75	97 828,57	61 266,75	94 457,02
Acquisition cost 31 Dec.	20 696 244,94	20 611 517,19	20 467 673,86	20 406 407,11
Accumulated depreciation according to plan 1 Jan.	-19 381 221,96	-18 694 354,90	-19 216 393,26	-18 557 569,50
Depreciation for the financial year	-492 463,13	-686 867,06	-466 181,41	-658 823,76
Accumulated depreciation according to plan 31 Dec.	-19 873 685,09	-19 381 221,96	-19 682 574,67	-19 216 393,26
<b>Book value 31 Dec.</b>	<b>822 559,85</b>	<b>1 230 295,23</b>	<b>785 099,19</b>	<b>1 190 013,85</b>
<b>Total machinery and equipment 31 Dec.</b>	<b>80 450 359,91</b>	<b>31 412 090,80</b>	<b>80 412 899,25</b>	<b>31 371 809,42</b>
<b>Other tangible assets</b>				
Acquisition cost 1 Jan.	6 322 540,27	6 322 540,27	6 322 540,27	6 322 540,27
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.	-2 077 716,28	-1 617 066,64	-2 077 716,28	-1 617 066,64
Depreciation for the financial year	-460 649,64	-460 649,64	-460 649,64	-460 649,64
Accumulated depreciation according to plan 31 Dec.	-2 538 365,92	-2 077 716,28	-2 538 365,92	-2 077 716,28
<b>Book value 31 Dec.</b>	<b>3 784 174,35</b>	<b>4 244 823,99</b>	<b>3 784 174,35</b>	<b>4 244 823,99</b>
<b>Own work in progress</b>				
Acquisition cost 1 Jan.	62 332 767,30	13 321 789,22	59 976 707,43	10 092 219,38
Addition	23 441 856,59	60 031 563,43	18 516 283,89	53 708 040,60
Disposal	-76 837 965,81	-11 020 585,35	-71 771 271,41	-3 823 552,55
<b>Acquisition cost = Book value 31 Dec.</b>	<b>8 936 658,08</b>	<b>62 332 767,30</b>	<b>6 721 719,91</b>	<b>59 976 707,43</b>
<b>Total tangible assets</b>	<b>407 920 903,72</b>	<b>402 104 848,05</b>	<b>272 509 397,53</b>	<b>267 911 204,16</b>

(EUR)	Group		Parent company	
	2019	2018	2019	2018
<b>Investments</b>				
<b>Shares in Group companies</b>				
Acquisition cost 1 Jan.	--	--	76 000,00	76 000,00
<b>Acquisition cost = Book value 31 Dec.</b>			<b>76 000,00</b>	<b>76 000,00</b>
<b>Shares in associated companies</b>				
Acquisition cost 1 Jan.	43 029 357,93	32 059 493,39	52 608 735,57	36 355 072,69
Additions/disposals	4 590 612,54	10 969 864,54	-1 458 848,58	16 253 662,88
<b>Acquisition cost = Book value 31 Dec.</b>	<b>47 619 970,47</b>	<b>43 029 357,93</b>	<b>51 149 886,99</b>	<b>52 608 735,57</b>
<b>Other shares and holdings</b>				
Acquisition cost 1 Jan.	75 490 729,97	65 717 552,71	75 487 928,92	65 714 751,66
Additions	1 987 045,50	9 833 715,50	1 987 045,50	9 833 715,50
Disposals	-2 303 225,25	-60 538,24	-2 303 225,25	-60 538,24
<b>Acquisition cost = Book value 31 Dec.</b>	<b>75 174 550,22</b>	<b>75 490 729,97</b>	<b>75 171 749,17</b>	<b>75 487 928,92</b>
<b>Total investments</b>	<b>122 794 520,69</b>	<b>118 520 087,90</b>	<b>126 397 636,16</b>	<b>128 172 664,49</b>
<b>Total non-current assets</b>	<b>542 865 490,58</b>	<b>532 981 105,05</b>	<b>407 004 592,42</b>	<b>405 034 225,67</b>

### 13 Subsidiaries and associated companies 31 December 2019

#### Shares in Group companies

	Domicile	Group's shareholding	Parent company's shareholding	Number of shares	Capital and reserves	Result for the financial year	Book value 31 Dec. 2019
Owned by the parent company							
Vantaa Energy Electricity Networks Ltd	Finland	100,00 %	100,00 %	701	17 564 533,20	2 938 133,83	76 000,00

#### Associated companies

Owned by the parent company	Domicile	Group's shareholding	Parent company's shareholding	Number of shares	Capital and reserves	Result for the financial year	Book value 31 Dec. 2019
Svartisen Holding AS	Norway	49,63 %	49,63 %	54 883 850	74 155 097,00	3 697 931,00	36 803 174,64
Kolsin Voima Oy	Finland	22,50 %	22,50 %	2 250	43 540 644,64	-3 397 279,81	9 796 645,04
Solar Power Holding Oy	Finland	24,10 %	24,10 %	1 572	3 685 097,46	-603 048,30	888 108,48

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 2019 EUR 10,106,286.18) is unsecured.

Shares of Suomen Energia-Urakointi Oy owned by the parent company (1,553 shares) were sold to KSS Energia Oy on 27 March 2019.

(EUR)	Group		Parent company	
	2019	2018	2019	2018
<b>14 Current assets</b>				
<b>Long-term receivables</b>				
<b>Long-term receivables from associated companies</b>				
Long-term loan receivables	8 231 404,60	10 106 286,18	8 231 404,60	10 106 286,18
	8 231 404,60	10 106 286,18	8 231 404,60	10 106 286,18
<b>Prepayments and accrued income</b>				
Purchase invoice accrual	1 733 000,76	1 840 782,94	295 598,40	326 713,92
	1 733 000,76	1 840 782,94	295 598,40	326 713,92
<b>Deferred tax assets</b>				
Deferred tax asset of the fair value of interest rate derivatives and provisions	1 594 505,47	1 951 125,02	1 172 873,75	824 075,60
	1 594 505,47	1 951 125,02	1 172 873,75	824 075,60

(EUR)	Konserni		Emoyhtiö	
	2019	2018	2019	2018
<b>Short-term receivables</b>				
<b>Short-term receivables from Group companies</b>				
Intra-group loan, interest-bearing	--	--	39 000 000,00	39 000 000,00
Group trade receivables	--	--	54 094,73	38 610,13
Other group receivables	--	--	11 547 459,74	123 893,08
			50 601 554,47	39 162 503,21
<b>Short-term receivables from associated companies</b>				
Short-term loan receivables	1 874 881,58	1 874 881,58	1 874 881,58	1 874 881,58
Short-term interest receivables	15 461,68	15 461,68	10 068,92	15 461,68
Short-term trade receivables	0,00	372,00	0,00	0,00
	1 890 343,26	1 890 715,26	1 884 950,50	1 890 343,26
<b>Prepayments and accrued income</b>				
Unbilled earned net sales	5 943 220,39	5 028 803,26	5 432 326,65	3 230 454,20
Income tax receivables	797 521,41	265 801,32	797 521,41	0,00
Derivative financial assets	0,00	818 060,04	0,00	818 060,04
Receivables from suppliers	5 771,22	1 100 581,68	5 771,22	1 100 581,68
Purchase invoice accrual	1 146 549,29	1 370 453,45	1 146 549,29	1 337 038,34
Imbalance power	469 082,40	313 328,98	469 082,40	313 328,98
Kela reimbursement accrual	125 355,00	62 677,50	125 355,00	62 677,50
Accruals for social security contributions on wages and salaries	44 573,34	4 950,87	34 975,85	0,00
Other items	172 365,18	47 280,00	10 534,56	0,00
	8 704 438,23	9 011 937,10	8 022 116,38	6 862 140,74
<b>Other receivables</b>				
Securities	12 564 738,79	9 359 786,44	12 564 738,79	9 359 786,44
Tax assets	740 624,80	290 862,78	0,00	0,00
Other receivables	25 752,40	1 086 174,53	25 752,40	1 086 174,53
	13 331 115,99	10 736 823,75	12 590 491,19	10 445 960,97
<b>15 Capital and reserves</b>				
Share capital				
Share capital 1 Jan.	3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Share capital 31 Dec.	3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Retained earnings				
Retained earnings 1 Jan.	253 623 642,19	239 001 538,66	149 551 589,02	140 030 702,95
Payment of dividends	-19 983 405,44	-19 983 405,44	-19 983 405,44	-19 983 405,44
Donations	-41 000,00	-66 000,00	-41 000,00	-66 000,00
Retained earnings 31 Dec.	233 599 236,75	218 952 133,22	129 527 183,58	119 981 297,51
Profit for the financial year	44 636 574,49	34 671 508,97	24 532 054,31	29 570 291,51
<b>Total capital and reserves</b>	<b>281 657 627,24</b>	<b>257 045 458,19</b>	<b>157 481 053,89</b>	<b>152 973 405,02</b>
Distributable unrestricted equity				
Retained earnings	--	--	129 527 183,58	119 981 297,51
Profit for the financial year	--	--	24 532 054,31	29 570 291,51
Total	--	--	154 059 237,89	149 551 589,02
Deferred tax liabilities				
From appropriations	27 449 081,24	24 493 495,53	13 302 644,02	11 304 895,93
Total	27 449 081,24	24 493 495,53	13 302 644,02	11 304 895,93
<b>16 Liabilities</b>				
Liabilities falling due within one year				
	23 592 438,65	10 256 932,86	23 592 438,65	10 256 932,86
Liabilities falling due in 1-5 years				
	59 427 731,44	60 284 664,30	59 427 731,44	60 284 664,30
Liabilities falling due after 5 years				
	96 252 391,12	83 652 391,12	96 252 391,12	83 652 391,12

(EUR)	Group		Parent company	
	2019	2018	2019	2018
<b>Current liabilities</b>				
Current liabilities to Group companies				
Other liabilities	--	--	473 370,77	7 496 492,52
Accounts payable	--	--	2 881 703,32	7 215,38
Accruals	--	--	423 477,46	292 401,20
	--	--	3 778 551,55	7 796 109,10
<b>Accruals</b>				
Holiday pay reserve	4 253 305,43	3 809 389,41	3 517 308,79	3 133 987,12
Purchase invoice accrual	1 576 639,89	950 567,49	1 576 639,89	950 567,49
Leasing payments	645 826,58	643 075,39	645 826,58	643 075,39
Energy investment support accrual in 2019	102 666,67	102 666,67	102 666,67	102 666,67
Wages, salaries and social expenses	2 519 611,84	2 323 007,82	2 090 189,07	1 982 821,35
Derivative liabilities	8 655 757,26	4 120 378,00	8 655 757,26	4 120 378,00
Electricity tax accrual	1 994 532,30	0,00	0,00	0,00
Income tax accrual	0,00	106 849,11	0,00	106 849,11
Interests	115 681,46	108 422,01	115 681,46	108 422,01
Other items	728 701,43	393 128,80	657 578,64	390 121,37
	20 592 722,86	12 557 484,70	17 361 648,36	11 538 888,51
<b>17 Provisions</b>				
Other provisions	487 777,50	622 007,50	487 777,50	622 007,50

	Group		Parent company	
	2019	2018	2019	2018
<b>18 Guarantees and contingent liabilities</b>				
<b>Liabilities related to the waste-to-energy plant</b>				
Leasing liability for production machines and equipment in the waste-to-energy plant including VAT				
Maturing within one year	11 083 187,96	11 035 912,36	11 083 187,96	11 035 912,36
Maturing at a later date	107 736 277,61	118 819 465,58	107 736 277,61	118 819 465,58
<b>Total</b>	<b>118 819 465,58</b>	<b>129 855 377,94</b>	<b>118 819 465,58</b>	<b>129 855 377,94</b>
<p>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 will terminate in 2029 at which time the company will have a purchase option 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 interest costs 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.</p> <p>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 capital.</p> <p>The City of Vantaa provided a directly enforceable maximum 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 guarantee at any given time (EUR 360 million). Furthermore, the company provided the City of Vantaa with a negative pledge agreement required by a directly enforceable guarantee arrangement.</p> <p>At the balance sheet date, the remaining capital of the leasing arrangement was EUR 138,322,149.70 and the bank loan in the balance sheet of Vantaa Energy Ltd was EUR 108,630,769.24.</p>				
<b>Mortgages on real estate</b>				
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
<b>Total</b>	<b>475 000 100,00</b>	<b>475 000 100,00</b>	<b>475 000 100,00</b>	<b>475 000 100,00</b>
<b>Liabilities concerning the associated company</b>				
Guarantee on behalf of the debt of Svartisen Holding AS	37 560 000,00	38 280 000,00	37 560 000,00	38 280 000,00
Guarantee on behalf of loan derivatives of Svartisen Holding AS	964 794,30	679 637,69	964 794,30	679 637,69
Guarantee provided on behalf of Eastern Norge Svartisen AS to meet obligations, with Nordland Fylkeskommune as beneficiary	2 223 809,86	2 244 956,42	2 223 809,86	2 244 956,42
Share of the interest derivative of Kolsin Voima	5 791 452,62	0,00	5 791 452,62	0,00
<b>Total</b>	<b>46 540 056,77</b>	<b>41 204 594,11</b>	<b>46 540 056,77</b>	<b>41 204 594,11</b>
<p>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.</p> <p>Book value of pledged shares</p>				
	36 803 174,64	32 155 062,58	36 803 174,64	32 155 062,58
Remaining debt in the balance sheet of Vantaa Energy Ltd	10 106 286,00	11 981 168,00	10 106 286,00	11 981 168,00
<b>Bank guarantees on behalf of others</b>				
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
Credit limit granted by the bank as security of electricity exchange trade, Nord Pool Spot AS	1 200 000,00	1 200 000,00	1 200 000,00	1 200 000,00
Guarantee for excise duties on natural gas and the supply security fee, with Gasgrid Finland Oy as beneficiary	500 000,00	0,00	500 000,00	0,00
Guarantee for invoicing of natural gas, with UAB GET Baltic as beneficiary	1 250 000,00	0,00	1 250 000,00	0,00
<b>Total</b>	<b>4 450 000,00</b>	<b>2 700 000,00</b>	<b>4 450 000,00</b>	<b>2 700 000,00</b>
<p>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.</p>				
<b>Financial securities provided on behalf of own commitments</b>				
Deposit to eSett Oy provided as pledge for electricity imbalance settlement	943 675,06	1 575 421,84	943 675,06	1 575 421,84
Deposit to Nord Pool Spot AS provided as pledge for electricity exchange trade	2 040 637,80	1 374 251,66	2 040 637,80	1 374 251,66
Deposit to Kaasupörssi Oy provided as pledge for gas exchange trade	31 297,94	31 297,94	31 297,94	31 297,94
<b>Total</b>	<b>3 015 610,80</b>	<b>2 980 971,44</b>	<b>3 015 610,80</b>	<b>2 980 971,44</b>
<b>Leasing liabilities incl. VAT</b>				
Maturing within one year				
Leasing liability for office building	1 086 036,64	1 063 540,56	1 086 036,64	1 063 540,56
Other leasing liabilities	851 593,12	755 991,51	738 205,32	631 991,12
Maturing at a later date				
Leasing liability for office building	13 634 318,32	14 720 354,96	13 634 318,32	14 720 354,96
Other leasing liabilities	743 819,71	786 817,05	660 515,66	671 624,33
<b>Total</b>	<b>16 315 767,79</b>	<b>17 326 704,08</b>	<b>16 119 075,94</b>	<b>17 087 510,97</b>

	Group		Parent company	
	2019	2018	2019	2018

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 the agreements do not include obligation to redeem.

#### Other contractual liabilities incl. VAT

Binding purchase commitments	13 881 304,98	19 874 746,26	7 957 666,89	12 012 526,26
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#### Other contingent liabilities (all parent company's)

	2019		2018	
	Maximum amount	Tied	Maximum amount	Tied
<b>Financing and bank guarantee limits</b>				
From financial institutions	30 000 000,00	0,00	30 000 000,00	0,00

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 8.7 million is entered in the balance sheet as assets.

From financial institutions	2 500 000,00	0,00	2 500 000,00	0,00
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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	8 735 505,79	25 000 000,00	0,00
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#### 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, Kolsin 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 nuclear power plant 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 series of shares in question.

	Group		Parent company	
	2019	2018	2019	2018
<b>Subscription liabilities</b>				
The company's liabilities with respect to future share subscriptions in shared electricity production projects:				
Wind power (Suomen Hyötytuuli Oy, EPV Energia Oy)	5 583 353,13	0,00	5 583 353,13	0,00
Nuclear power (Voimaosakeyhtiö SF, EPV Energia Oy, Pohjolan Voima Oy)	62 514 540,00	62 514 540,00	62 514 540,00	62 514 540,00
<b>Total</b>	<b>68 097 893,13</b>	<b>62 514 540,00</b>	<b>68 097 893,13</b>	<b>62 514 540,00</b>

#### 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 2019 – 2028 in accordance with section 33 of the Value Added Tax Act.	48 047 656,29	32 287 007,76	31 057 745,14	14 768 637,03
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#### 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
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Vantaa Energy Ltd and Vantaa Energy Electricity Networks Ltd are interested parties in a dispute concerning voluntary pension insurance between the employer and the employees entitled to the voluntary pension insurance. The dispute concerns the issue whether the voluntary pension insurance is the employer's unilateral collective staff perk or a perk that is specifically agreed in the contract of employment signed between an individual employee and the employer. The dispute also concerns the issue whether the employer is obliged to compensate for any diminished pension provision as a result of changes in legislation.

**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.

<b>Accruals data (tonnes of CO<sub>2</sub>)</b>	<b>2019</b>	<b>2018</b>
Free emission allowances granted	120 784	146 836
Actual carbon dioxide emissions	-269 369	-482 476
Purchased emission allowances EUA	4 000	325 000
Purchased emission allowances CER	136 737	13 961
Deficit/surplus of emission allowances (-/+)	-10 594	3 321
<b>Deficit/surplus of emission allowances (-/+), cumulative</b>	<b>12 057</b>	<b>22 651</b>
<b>Change of free emission allowances for period 2016–2020</b>	<b>-5 329</b>	<b>-5 329</b>
<b>Remaining emission allowances for period 2013–2020 on 31 Dec.</b>	<b>95 667</b>	<b>216 451</b>

**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.

<b>Notional amount (GWh)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Purchase derivatives	145	0	9	0
Sale derivatives	-57	-103	-18	0
<b>Total (net GWh)</b>	<b>88</b>	<b>-103</b>	<b>-9</b>	<b>-1</b>
<b>Fair value (EUR 1,000)</b>				
Purchase derivatives	522	14	4	0
Sale derivatives	-287	-110	-20	0
<b>Total fair value (EUR 1,000)</b>	<b>235</b>	<b>-96</b>	<b>-16</b>	<b>0</b>

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.

<b>Sensitivity analysis</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Impact of a +1 euro change on the closing price of electricity derivatives on the fair value of derivatives (EUR 1,000)	88	-103	-9	-1
Impact of a -1 euro change on the closing price of electricity derivatives on the fair value of derivatives (EUR 1,000)	-88	103	9	1

**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**

<b>Notional amount (tonnes)</b>	<b>2020</b>	<b>2021</b>
Purchase derivatives	21 000	6 000
Sale derivatives	-3 000	0
<b>Total (net tonnes)</b>	<b>18 000</b>	<b>6 000</b>
<b>Fair value (EUR 1,000)</b>		
Purchase derivatives	-442	-70
Sale derivatives	80	0
<b>Total fair value (EUR 1,000)</b>	<b>-363</b>	<b>-70</b>

<b>Sensitivity analysis</b>	<b>2020</b>	<b>2021</b>
Impact of a +1 euro change on the closing price of coal derivatives on the fair value of derivatives (EUR 1,000)	18	6
Impact of a -1 euro change on the closing price of coal derivatives on the fair value of derivatives (EUR 1,000)	-18	-6

**Emission allowance derivatives**

<b>Notional amount (tonnes)</b>	<b>2020</b>	<b>2021</b>
Purchase derivatives	55 000	20 000
Sale derivatives	0	0
<b>Total (net tonnes)</b>	<b>55 000</b>	<b>20 000</b>
<b>Fair value (EUR 1,000)</b>	<b>2020</b>	<b>2021</b>
Purchase derivatives	-85	-1
Sale derivatives	0	0
<b>Fair value, total (EUR 1,000)</b>	<b>-85</b>	<b>-1</b>
<b>Sensitivity analysis</b>	<b>2020</b>	<b>2021</b>
Impact of a +1 euro change on the closing price of emission allowance derivatives on the fair value of derivatives (EUR 1,000)	55	20
Impact of a -1 euro change on the closing price of emission allowance derivatives on the fair value of derivatives (EUR 1,000)	-55	-20

**Currency derivatives**

<b>Notional amount (USD 1,000)</b>	<b>2020</b>	<b>2021</b>
Purchase derivatives	2 155	400
Sale derivatives	-755	0
<b>Total (net USD 1,000)</b>	<b>1 400</b>	<b>400</b>
<b>Fair value (EUR 1,000)</b>	<b>2020</b>	<b>2021</b>
Purchase derivatives	98	6
Sale derivatives	-13	0
<b>Fair value, total (EUR 1,000)</b>	<b>85</b>	<b>6</b>
<b>Sensitivity analysis</b>	<b>2020</b>	<b>2021</b>
Impact of +0.1 change on the closing price of EUR/USD on the fair value of derivatives (EUR 1,000)	1	0
-Impact of a -0.1 euro change on the closing price of EUR/USD on the fair value of derivatives (EUR 1,000)	-1	0

**Interest rate derivatives**

<b>Contract type</b>	<b>EUR 1,00</b>	<b>Variable interest rate, paid by the bank</b>	<b>Contract period</b>	<b>Fixed interest rate, paid by the company</b>	<b>Fair value, EUR 1,000 31 Dec. 2019</b>	<b>Hedged item</b>
Forward start contract 2+6 yrs	10 000	3 month Euribor	5.6.2017 - 5.6.2023	1,149 %	-511	Bank loan
Ordinary interest rate swap	15 000	6 month Euribor	16.12.2016 - 16.12.2026	1,505 %	-1 596	Bank loan
Ordinary interest rate swap	20 000	6 month Euribor	2.1.2017 - 11.12.2026	1,125 %	-1 630	Financing outside the balance sheet
Ordinary interest rate swap	15 000	6 month Euribor	7.7.2015 - 7.7.2025	1,225 %	-1 216	Financing outside the balance sheet
Forward start contract 2.5+4 yrs	20 000	6 month Euribor	1.12.2017 - 1.12.2021	1,162 %	-595	Bank loan
Forward start contract 2+6 yrs	20 000	3 month Euribor	1.6.2017 - 1.6.2023	1,142 %	-1 020	Bank loan
Forward start contract 1+7 yrs	7 000	6 month Euribor	18.5.2018 - 19.5.2025	0,665 %	-297	Bank loan
Forward start contract 1+7 yrs	14 000	3 month Euribor	4.6.2018 - 3.6.2025	0,555 %	-562	Bank loan
Ordinary interest rate swap	13 300	6 month Euribor	19.6.2019 - 19.6.2029	0,117 %	-97	Bank loan
<b>Total fair value (EUR 1,000)</b>					<b>-7 523</b>	

Fair values of interest rate swaps with a right to extend the contract have been recognised in the financial statements under financial expenses. In 2019, only the share of swaption was recognised under financial expenses, impact MEUR +2.6.

Continued interest rate swap 8+8 yrs	10 000	3 month Euribor	7.7.2015-7.7.2031	0,700 %	-1 075	Bank loan
Continued interest rate swap 10+10 yrs	30 000	6 month Euribor	16.6.2015-18.6.2035	0,700 %	-4 598	Financing outside the balance sheet
Continued interest rate swap 10+10 yrs	20 000	6 month Euribor	17.6.2015-18.6.2035	0,700 %	-2 762	Financing outside the balance sheet
<b>Total fair value (EUR 1,000)</b>					<b>-8 435</b>	

<b>Sensitivity analysis</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Capital at the end of period	283 977	260 748	237 518
Hedgings, total	134 300	114 300	114 300
+1% interest rate change	1 497	1 464	1 232
-1% interest rate change	-1 497	-1 464	-1 232

The sensitivity analysis is presented for 2020–2022 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.

## Notes to the financial statements 2019

### 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 operations in accordance with the Natural Gas Market Act

#### 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.-31.12.2019	1.1.-31.12.2018
<b>Turnover</b>	<b>126 628 533,91</b>	<b>135 632 072,57</b>
Work performed by the undertaking for its own purpose and capitalised	315 976,03	811 969,73
Other operating income		
Other income from business operations	2 888 356,12	2 918 529,61
	2 888 356,12	2 918 529,61
Materials and services		
Raw materials, consumables and supplies		
Purchases		
Other purchases	-98 870 841,67	-103 135 441,86
Change in stocks	1 407 279,00	723 007,11
	-97 463 562,67	-102 412 434,75
External services		
Other external services	-3 684 621,75	-2 939 211,14
	-3 684 621,75	-2 939 211,14
Materials and services, total	-101 148 184,42	-105 351 645,89
Personnel expenses		
Wages and salaries	-6 008 608,62	-6 244 225,76
Indirect employee costs		
Pension costs	-1 148 361,15	-1 044 134,44
Other indirect employee costs	-400 346,72	-550 319,16
	-7 557 316,49	-7 838 679,36
Depreciation and reduction in value		
Depreciation according to plan		
Of other non-current assets	-3 429 703,17	-2 963 894,72
	-3 429 703,17	-2 963 894,72
Other operating expenses		
Other operating expenses, other	-12 890 603,18	-14 158 087,61
	-12 890 603,18	-14 158 087,61
<b>Operating profit (loss)</b>	<b>4 807 058,80</b>	<b>9 050 264,33</b>
Financial income and expenses		
Other interest and financial income	2 351 402,67	3 010 646,82
Interest and other financial expenses	-2 065 686,71	-2 594 321,26
	285 715,96	416 325,56
<b>Profit (loss) before appropriations and taxes</b>	<b>5 092 774,76</b>	<b>9 466 589,89</b>
Appropriations		
Change in cumulative accelerated depreciation		
Of other non-current assets	-5 865 350,24	776 273,29
	-5 865 350,24	776 273,29
Income tax	-597 618,63	-2 170 640,85
<b>Profit (loss) for the financial year</b>	<b>-1 370 194,11</b>	<b>8 072 222,33</b>

## Notes to the financial statements 2019

### Other electricity network operations

#### BALANCE SHEET

(EUR)	1.1.-31.12.2019	1.1.-31.12.2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Other intangible assets	2 936 434,44	1 473 968,16
Advance payments and acquisitions in progress	0,00	1 538 999,76
Other tangible assets	30 675 712,32	28 266 806,47
EAdvance payments and acquisitions in progress	759 436,80	7 537 324,13
	34 371 583,56	38 817 098,52
Investments	120 159 757,65	126 452 526,28
<b>Total non-current assets</b>	<b>154 531 341,21</b>	<b>165 269 624,80</b>
<b>Current assets</b>		
Stocks	1 347 701,27	1 742 376,57
Receivables		
Long-term receivables		
Other receivables	0,00	3 500,66
Prepayments and accrued income	241 690,60	0,00
Short-term receivables		
Sales receivables	27 837 878,64	25 614 679,35
Receivables from group companies	81 800,05	56 218,13
Other receivables	9 532 090,06	19 532 621,23
Prepayments and accrued income	6 051 806,15	5 727 753,55
	43 745 265,50	50 934 772,92
Cash in hand and at banks	933 027,92	979 722,08
<b>Total current assets</b>	<b>46 025 994,69</b>	<b>53 656 871,57</b>
<b>TOTAL ASSETS</b>	<b>200 557 335,90</b>	<b>218 926 496,37</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Retained earnings (loss)	20 156 432,24	18 948 455,92
Profit for fiscal period	-1 370 194,11	8 072 222,14
	18 786 238,13	27 020 678,06
Appropriations		
Depreciation difference	12 779 359,46	6 949 542,18
Provisions	78 840,25	86 131,24
<b>Liabilities</b>		
Long-term liabilities		
Long-term interest-bearing liabilities	136 100 000,00	139 900 000,00
Long-term non-interest-bearing liabilities		
Long-term accrued liabilities	138 600,00	154 000,00
Connection fees to be refunded	17 954 502,19	17 954 502,19
Other long-term non-interest-bearing liabilities	503 891,61	3 895 261,04
	154 696 993,80	161 903 763,23
Short-term liabilities		
Short-term non-interest-bearing liabilities		
Accounts payable	2 348 640,59	770 583,75
Accruals	5 343 838,77	2 554 803,13
Other liabilities to group companies	861 326,77	34 248,80
Other liabilities	5 662 098,13	19 606 745,98
	14 215 904,26	22 966 381,66
<b>Total liabilities</b>	<b>168 912 898,06</b>	<b>184 870 144,89</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>200 557 335,90</b>	<b>218 926 496,37</b>

## Notes to the financial statements 2019

### 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

	<b>2019</b>	<b>2018</b>
Natural gas network	44 261,01	12 704,89

The return on investments in natural gas transmission was 0.0% (0.0% in 2018).

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

### Natural gas sales business

#### PROFIT AND LOSS ACCOUNT

(EUR)	<b>1.1.-31.12.2019</b>	<b>1.1.-31.12.2018</b>
<b>Turnover</b>	<b>610 536,33</b>	<b>1 081 081,37</b>
Materials and services		
Other purchases	-513 802,05	-884 497,84
	-513 802,05	-884 497,84
Materials and services, total	-513 802,05	-884 497,84
Other operating expenses		
Other operating expenses, other	-11 593,58	-20 577,00
	-11 593,58	-20 577,00
<b>Operating profit (loss)</b>	<b>85 140,70</b>	<b>176 006,53</b>
Financial income and expenses		
Other interest and financial income	0,00	7 800,00
	0,00	7 800,00
<b>Profit (loss) before appropriations and taxes</b>	<b>85 140,70</b>	<b>183 806,53</b>
Income tax	-12 443,65	-31 674,87
<b>Profit (loss) for the financial year</b>	<b>72 697,05</b>	<b>152 131,66</b>

## Notes to the financial statements 2019

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### Natural gas sales business

#### BALANCE SHEET

(EUR)	1.1.-31.12.2019	1.1.-31.12.2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Current assets</b>		
Receivables		
Long-term receivables		
Receivables from group companies	0,00	600 000,00
Short-term receivables		
Sales receivables	0,00	141 145,95
Other receivables	0,00	188 541,13
	0,00	929 687,08
Cash in hand and at banks	0,00	323 418,27
<b>Total current assets</b>	<b>0,00</b>	<b>1 253 105,35</b>
<b>TOTAL ASSETS</b>	<b>0,00</b>	<b>1 253 105,35</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Retained earnings (loss)	0,00	987 899,74
Profit for fiscal period	0,00	152 132,35
	0,00	1 140 032,09
<b>Liabilities</b>		
Short-term liabilities		
Short-term non-interest-bearing liabilities		
Accounts payable	0,00	113 073,26
	0,00	113 073,26
<b>Total liabilities</b>	<b>0,00</b>	<b>113 073,26</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>0,00</b>	<b>1 253 105,35</b>

## Notes to the financial statements 2019

### Natural gas network operations

#### PROFIT AND LOSS ACCOUNT

(EUR)	1.1.-31.12.2019	1.1.-31.12.2018
<b>Turnover</b>	<b>1 179 859,69</b>	<b>1 945 319,18</b>
Work performed by the undertaking for its own purpose and capitalised	3 187,19	0,00
Materials and services		
Raw materials, consumables and supplies		
Purchases		
Other gas purchases in network operations	-1 087 202,15	-1 802 291,12
Other purchases	-1 674,08	0,00
	-1 088 876,23	-1 802 291,12
External services		
Other external services	-7 921,68	-2 325,84
	-7 921,68	-2 325,84
Materials and services, total	-1 096 797,91	-1 804 616,96
Personnel expenses		
Wages and salaries	-20 859,64	-49 812,22
Social security expenses		
Pension costs	-3 529,18	-9 377,76
Other indirect employee costs	-237,82	-2 977,39
	-24 626,64	-62 167,37
Depreciation and reduction in value		
Depreciation according to plan		
Of assets in the natural gas network	-28 493,84	-48 305,51
	-28 493,84	-48 305,51
Other operating expenses		
Other operating expenses, other	-6 181,83	-30 694,95
	-6 181,83	-30 694,95
<b>Operating profit (loss)</b>	<b>26 946,66</b>	<b>-465,61</b>
Financial income and expenses		
Interest and other financial expenses	0,00	-9 100,00
	0,00	-9 100,00
<b>Profit (loss) before appropriations and taxes</b>	<b>26 946,66</b>	<b>-9 565,61</b>
Appropriations		
Change in cumulative accelerated depreciation		
Change in cumulative accelerated depreciation of assets in the natural gas network	655 630,63	14 895,35
	655 630,63	14 895,35
Income tax	-99 761,32	0,00
<b>Profit (loss) for the financial year</b>	<b>582 815,97</b>	<b>5 329,74</b>

## Notes to the financial statements 2019

### Natural gas network operations

#### BALANCE SHEET

(EUR)	1.1.-31.12.2019	1.1.-31.12.2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible assets		
Tangible assets in the natural gas network	0,00	745 918,86
	0,00	745 918,86
<b>Total non-current assets</b>	<b>0,00</b>	<b>745 918,86</b>
<b>Current assets</b>		
Receivables		
Short-term receivables		
Sales receivables	0,00	134 119,84
Other receivables	0,00	377 872,75
	0,00	511 992,59
Cash in hand and at banks	0,00	469 316,19
<b>Total current assets</b>	<b>0,00</b>	<b>981 308,78</b>
<b>TOTAL ASSETS</b>	<b>0,00</b>	<b>1 727 227,64</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Retained earnings (loss)	0,00	124 599,73
Profit for fiscal period	0,00	5 329,00
	0,00	129 928,73
Appropriations		
Depreciation difference	0,00	673 621,41
<b>Liabilities</b>		
Long-term liabilities		
Long-term interest-bearing liabilities		
Other liabilities to group companies	0,00	700 000,00
	0,00	700 000,00
Short-term liabilities		
Short-term non-interest-bearing liabilities		
Accounts payable	0,00	215 270,23
Siirtovelat	0,00	7 268,35
Accruals	0,00	1 138,92
	0,00	223 677,50
<b>Total liabilities</b>	<b>0,00</b>	<b>923 677,50</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>0,00</b>	<b>1 727 227,64</b>

## Signatures to the annual report and financial statements

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Vantaa, 25 February 2020

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

## Auditor's report

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

Vantaa, 28 February 2020

BDO Audiator Oy  
Authorised Public Accountants

Ari Lehto, Authorised Public Accountant,  
Chartered Public Finance Auditor

Eeva Koivula, Authorised Public Accountant,  
Chartered Public Finance Auditor

## List of accounting books consulted and voucher types 2019

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### 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	electronically
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

## AUDITOR'S REPORT

For the General Meeting of Vantaa Energy Ltd

### Audit of the financial statements

#### Audit opinion

We have audited the financial statements of Vantaa Energy Ltd (business ID 0124461-3) for the financial year of 1 January – 31 December 2019. The financial statements comprise both the consolidated and the parent company's balance sheet, profit and loss account, cash flow statement, and notes to the financial statements.

As our report, we submit that the financial statements provide a true and fair view of the result and financial situation of the Group and the parent company in accordance with the legal provisions and regulations governing the preparation of financial statements and annual reports currently in force in Finland.

#### Basis for opinion

We have conducted the audit in accordance with the good auditing practice observed in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. It is our opinion that we have obtained a necessary amount of appropriate auditing evidence upon which to base our report.

#### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements so that they give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with the statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis for accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance of whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other reporting obligations

### Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

### Other statutory statements

We are obliged to issue a statement on the matters required by section 13:64 of the Natural Gas Market Act on the basis of the audit we have carried out.

The income statements, balance sheets and further particulars of the parent company's unbundled natural gas businesses have been prepared in accordance with the Natural Gas Market Act and the laws and regulations issued by virtue of the Natural Gas Market Act.

Vantaa, 28 February 2020

BDO Audiator Oy, Certified Public Accountants

Ari Lehto  
Authorised Public Accountant,  
Chartered Public Finance Auditor

Eeva Koivula  
Authorised Public Accountant,  
Chartered Public Finance Auditor