

Vantaan Energia Oy

Financial Statements and Annual Report 2022

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1 Overview

The Vantaa Energy Group is comprised of the parent company Vantaa Energy Ltd, its subsidiary Vantaa Energy Electricity Networks Ltd (share of ownership 100%), and affiliated companies.

Vantaa Energy Ltd produces electricity and heat, and supplies its clients with energy services. The primary market area of the company's energy services is Vantaa. The company additionally offers business and energy services to Vantaa Energy Keski-Uusimaa Ltd, which operates within the Tuusula and Järvenpää areas.

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

The year 2022 was the company's 112th year of operation.

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

In 2022, affiliated companies of Vantaa Energy Ltd were (share of ownership in brackets): Svartisen Holding A/S (49.6%), Kolsin Voima Oy (22.5%) and Oomi Palvelut Oy (28.3%).

The affiliated company Svartisen Holding A/S own the subsidiary company Eastern Norge Svartisen A/S (100%) in Norway. Kolsin Voima Oy owns the subsidiary company Kolsin Vesivoimantuotanto Oy (100%) and Oomi Palvelut Oy owns the subsidiary companies Oomi Oy (100%) and Ensin Palvelut Oy (100%).

2 Business development

The system price and market price of Nordic electricity within the Finnish market area continued to markedly increase in 2022, reaching a record level for the second year in a row: they more than doubled from the previous year. The increased cost of wholesale electricity was, above all, connected to Russia's war of aggression in Ukraine. Due to the war, Russian energy supplies to Europe significantly declined and the prices of energy commodities, especially natural gas, markedly increased. Russia has played a central role in the supply of energy commodities in Europe, including natural gas, coal, oil, biomass and electricity. During the summer of 2022, Central Europe in particular was intermittently affected by exceptional drought and heat, increasing the need for energy used for cooling. Further, France experienced notable challenges in the operation of nuclear power plants, due to which a significant fraction of its electricity production capacity was unavailable. The water storage level of the Nordic electric power system has also been below normal levels.

The swift and marked increase in the price of derivatives that occurred in the Nasdaq Commodities derivative exchange during summer led to a strong increase in guarantee obligations, resulting in challenges faced by market operators and leading to emergency funding and support measures to assist those energy companies encountering the most difficulties.

The market price level of electricity was markedly different compared to the previous year. The annual mean cost of the electricity spot market system price was 36 €/megawatt hours (MWh), whilst last year's figure was 62 €/MWh. The annual cost of the Finnish price area in 2022 was 154 €/MWh, whilst a year ago it was 72 €/MWh. Both more than doubled compared to the preceding year.

The company's electricity production amounted to a total of 1210 gigawatt hours (GWh) (1347 GWh in 2021). The local production of electricity and heat by Vantaa Energy Ltd was jointly enabled by the Martinlaakso power plant and the Långmossebergen waste-to energy plant. In total, these power plants produced 33% of the electricity produced by the company. The company's proportion of affiliate electricity production was 67%. Despite the high market price level of electricity, local electricity production by the company was reduced compared to the preceding year. This was caused by intermittent fuel shortages and an extension of the waste-to-energy plant put into use in spring which, as a facility producing only heat, in part replaced the joint production of heat and electricity. The annual electricity production at the Martinlaakso power plant was clearly reduced compared to the previous year (27%), amounting to 266 GWh (364 GWh). The change was caused by the launching of the incinerator power plant extension in particular. Heat production at the Martinlaakso power plant was also reduced, amounting to 890 GWh (1091 GWh). The amount of electricity produced by the waste-to-energy plant was 138 GWh (148 GWh) and that of heat was 744 GWh (909 GWh). The reduction in electricity production by the waste-to-energy plant in comparison with the preceding year was due to challenges concerning waste accessibility.

The levels of production and energy recovery from waste by the waste-to energy plant were reduced due to disturbances in the fuel and waste markets. Reception of waste amounted to 320 995 tonnes (370 338 tonnes). A total of 93 767 tonnes of waste was received by the extension of the waste-to-energy plant. Power plant usability was excellent: the usability of the waste-to-energy plant was 97.1% (96.4%), that of the coal boiler at the Martinlaakso power plant was 99.8% (99.8%), and that of the biomass boiler was 99,0% (92,4%).

Because of the energy crisis and supply security reasons, the use of peat was restarted at the Martinlaakso biomass plant in spring 2022. An extension of the incinerator enabling the phasing out of coal as an energy source was finalised in May, two weeks ahead of schedule, but due to the energy crisis and supply security reasons the company was

forced to reinstate coal as a part of its fuel portfolio in October 2022, despite having already phased it out earlier in April.

A new environmental permit requested due to the incinerator power plant extension entered into force when the Supreme Administrative Court gave its decision on 24 May 2022, in which it denied a petition for certiorari filed on 5 March 2020 concerning the decision by the Regional State Administrative Agency for Southern Finland to issue an environmental permit.

Projects aiming to end the use of fossil fuels saw several advances. A conditional implementation decision concerning a high-temperature waste-to-energy plant was made in April 2022 and the final implementation decision was made in October 2022. A conditional implementation decision concerning seasonal heat storage was made in April 2022 and a decision to commence implementation planning was made in November 2022.

The company has continued planning and development work to make its energy production activities carbon-negative by 2030. The plan for realising carbon negativity is comprised of four projects. Two of the projects are carbon-negative and utilise raw biomass. The other two involve capturing carbon dioxide produced by waste incineration and using it as a raw material. Further to these four projects, planning has been commenced to enable waste sorting activities intended to improve the level of recycling in Finland and facilitate the distribution of rejected materials to waste-to-energy plants.

Company operations related to the use and maintenance of the Vantaa heating network and heating plants were successful despite challenges in accessing spare components due to the war in Ukraine. The client-specific disruption duration for heating service clients slightly increased from the preceding year, amounting to 0.71 hours/client (0.45 hours/client). The goal of the company is to maintain yearly disruptions to distribution caused by faults and damages permanently at a level below 0.8 hours/client.

Weather conditions in 2022 were warmer than during the preceding year and the requirement for heating was approximately 1.5 percent lower than long-term averages (comparison period 1991-2020). District heating sales in the Vantaa area were 1715 GWh (1836 GWh). The number of district heating contracts and district heating-based 8 MW (15 MW) contractual power exhibited net growth. The combined contractual power of district heating clients was approximately 1089 MW (1081 MW) at the end of the year. The number of client contracts showed net growth by 29 (51) contracts, with a total of 5098 (5069) contracts at the end of the year.

Particular areas emphasised in energy service business activities included pricing and service development, as well as client work. A comprehensive revision of products and pricing was undertaken from the

beginning of 2022. Enabled by the additional resources directed toward service development and client work, the company made energy partnership agreements and service contracts with several clients, including services facilitating the efficiency of energy use and optimisation in addition to the supply of energy. As a result of active sales, the company market share of heating services for newly completed properties increased in 2022, compared to the preceding year.

As part of a client satisfaction survey completed by EPSI Rating, clients subscribing to heating services provided by the company rated Vantaa Energy Ltd as one of the top three companies in Finland. The company did especially well in relation to the responsibility index measurements, in which clients rated Vantaa Energy Ltd as the best company in Finland. The number of client encounters strongly increased and clients rated their quality as excellent, with a mean NPS of 85.

In autumn 2022, Vantaa Energy Ltd made the decision to participate in the Siikajoki wind energy investment as a shareholder of Hyötytyyli Oy, in order to increase its wind energy production. The estimated deployment of the Siikajoki wind farm will occur in 2025.

Through its shares in EPV Energia Oy and Pohjolan Voima Oyj, Vantaa Energy Ltd is involved as an owner of the Olkiluoto nuclear power plants of Teollisuuden Voima Oyj (TVO). The deployment of the Olkiluoto 3 plant unit began in March, was interrupted for a longer period of time in spring and again in autumn, this time due to fractures in the feedwater pumps. Test usage continued in the end of December for approximately two weeks, after which the operations were interrupted as planned. The objective is to continue the test implementation plan after the feedwater pumps are inspected in the beginning of February 2023, with commercial use timed for March 2023.

As a shareholder of Pohjolan Voima Oyj and EPV Energia Oy, the company made the decision at the end of 2022 to commit to prolonging the TVO nuclear power plant shareholder loan commitment until the end of 2023, with the loan commitment originally made in 2020.

Vantaa Energy Ltd was participated in the Fennovoima Oy Hanhikivi 1 nuclear power plant project through Voimaosakeyhtiö SF. In the beginning of May, Fennovoima terminated the plant delivery contract made with RAOS Project due to significant supplier delays and inability to deliver the Hanhikivi 1 project, and later in May terminated the nuclear power plant construction permit application. Fennovoima has launched several arbitral actions against Rosatom-affiliated companies and has demanded damage compensation for delays, inability to deliver the project and other consequences related to the situation. Rosatom has also filed compensatory demands directed towards Fennovoima.

The number of clients served by the subsidiary company Vantaa Energy Electricity Networks Ltd increased as a result of urban growth in

the City of Vantaa. The amount of electricity-based energy distributed to clients via the subsidiary company network is influenced by, in addition the number of clients, improvements in energy efficiency, outdoor temperatures and the increased use of electricity through it being used as a replacement for other types of energy, especially in heating and for traffic. During the previous years, the coronavirus pandemic has also influenced electricity usage. The extremely strong increase in the market price of electricity encouraged clients to save electricity, which could be observed in the amount of energy transferred during autumn. Owing to the joint contribution of the aforementioned factors, the volume of electricity transferred declined by approximately one percent in 2022, compared to the preceding year.

Vantaa Energy Electricity Networks Ltd decreased electricity transfer prices in Vantaa on 1 January 2022. The tax-free reduction in price is, depending on the type of user and electricity usage, sixteen percent on average, whilst with tax included the reduction is nine percent on average.

3 Financial performance

The turnover of the Group was 299.5 million euros (275.9 million euros in 2020). The turnover of the parent company Vantaa Energy Ltd was 257.6 million euros (225.8 million euros). The turnover of Vantaa Energy Electricity Networks Ltd was 43.1 million euros (51.5 million euros).

The operating income of the Group was 57.4 million euros (44.1 million euros). The operating income of the parent company was 35.0 million euros (37.1 million euros) and the operating income of Vantaa Energy Electricity Networks Ltd was 10.5 million euros (17.5 million euros).

The turnovers of the Group and the parent company were primarily increased due to the increased market price of electricity. On the other hand, the reduction in electricity transfer prices implemented by the subsidiary company Vantaa Energia Electricity Networks Ltd lowered the income made from electricity transfer. Factors reducing the operating income were in particular related to the notable increase in fuel costs, weaker access to waste and the reduction in electricity transfer prices compared to 2021. Profits made by affiliated companies, however, improved in comparison with the preceding year.

The value of 41.7 million euros in Voimaosakeyhtiö SF shares was written off in its entirety after the Fennovoima Oy Hanhikivi 1 nuclear power plant project failed. The write-off is part of the parent company and corporate financing costs.

The profit made by the Group prior to appropriations and taxes was 9.9 million euros (39.3 million euros). The profit made by the parent company prior to appropriations and taxes was -8.9 million euros (34.5 million euros). The profit made by the Group prior to appropriations

and taxes without the write-off affecting Voimaosakeyhtiö SF shares was 51.6 million euros and that of the parent company was 32.8 million euros. The parent company tax transfers amounted to 5.9 million euros (9.6 million euros).

The gross investments in fixed assets by the Group were 90.2 million euros (96.0 million euros). Investments in power plants and heating centres were 55.5 million euros (67.1 million euros). The largest single investment of 33.2 million euros was directed toward the extension of the waste-to-energy plant. The waste-to-energy plant extension was deployed within a year. A total of 8.8 million euros (6.9 million euros) were allocated to refurbishments of the district heating network. A total of 6.5 million euros (9.3 million euros) were invested in production-related shares. Other investments of the parent company amounted to 1.6 million euros (1.1 million euros). Investments of the subsidiary company Vantaa Energy Electricity Networks Ltd amounted to 17.9 million euros (11.6 million euros). Production machinery and equipment for the incinerator power plant extension were funded through a continuing leasing funding contract.

Due to the marked increase in electricity costs, a significant amount of working capital was committed to deposits in 2022, compared to the preceding year. Short-term requirements for working capital were covered by short-term bank loans and revolving credit facilities, and partly via the parent company commercial paper programme (programme budget 250 million euros). A total of 52.9 million euros (50.0 million euros) in commercial papers were emitted at the end of the year. No corporate account limit was implemented.

Financial key ratios:

Indicator	Group			Parent company		
	2022	2021	2020	2022	2021	2020
Turnover, MEUR	299.5	275.9	217.5	257.6	225.8	171.0
Profit, MEUR	57.4	44.1	64.1	35.0	37.1	48.0
% of turnover	19.2	16.0	29.5	13.6	16.4	28.1
Return on equity (%)	0.7	9.3	18.5	-5.9	9.8	19.6
Self-sufficiency quota (%)	34.4	40.7	42.6	31.1	39.6	40.0
Gross investments, MEUR	90.2	96.0	133.2	72.3	84.4	121.9
% of turnover	30.1	34.8	61.2	28.1	37.4	71.3

The return on equity (%) in 2022 without write-off pertaining to the value of Voimaosakeyhtiö SF shares (41.7 million euros) was 13.7 for the Group and 10.7 for the parent company.

4 Risk management

4.1 Risk management principles

Objectives

The objectives of risk management activities undertaken by Vantaa Energy Ltd are to support the realisation of goals set for company business and to prevent the materialisation of negative impacts. The management board of Vantaa Energy Ltd approves and performs a yearly inspection of the Group-level risk management policy. The policy defines the central principles, responsibilities and processes for risk management.

Organisation

The parent company chief executive officer is responsible for Group-level risk management. The directors of the subsidiary company and different operations are responsible for risk management activities within their company or operation and for reporting to the parent company chief executive officer in agreement with established procedures, as well as participating in central Group-level risk management. The company is also responsible for the risk management services of Vantaan Energia Keski-Uusimaa Oy in accordance with the same principles.

The chief executive officer is responsible for implementing the risk management policy and for organising and developing risk management activities in agreement with business demands and good management practices. The chief executive officer benefits from expert assistance in developing risk management processes and methods.

Key corporate-level risks have named risk owners. The risk owner is responsible for ensuring the risk description remains up-to-date and for developing the management of the key risk and associated actions.

Risks of central importance have been identified and the key risks are systematically managed. The weighting of key risks significantly changed during the reporting year after the attack on Ukraine by Russia and because of the energy crisis that developed as a result. There are risks concerning the costs of usable fuel types and their accessibility. Similarly, risks related to the availability and pricing level of products and services may affect the progress of upcoming investment projects and the usability of existing power plants. Information security risks are also clearly greater as a result of the current political situation. A major incident (e.g., equipment failure, fire, explosion) affecting production or the energy network has been identified as a key risk. Fluctuations in the energy market have highlighted political risks within the business area, whilst society-level efforts are made to alleviate the impacts of these changes on operators and clients. The financial situation in Finland has deteriorated and financial growth is weakening, in-

terest rates are rising, and the level of inflation is high. As one consequence of the energy crisis, the electricity market experienced an unprecedented increase in the price of electricity futures in autumn 2022, which resulted in market operators within the electricity derivative trade experiencing a widespread and rapid need for working capital to cover deposit requirements within the market. The liquidity risk in this exceptional market situation also increased for Vantaa Energy Ltd. The company quickly reacted to this risk and ensured the availability of working capital finances.

An internal inspection supports the company leadership and the organisation in developing and maintaining an internal monitoring scheme. The Group procures internal inspection services from an external service provider.

Reporting and monitoring

The Vantaa Energy Ltd management board receives an annual report of significant changes to risk management principles, key risks and their management. Operations report about their risks to the chief executive officer. Reports concerning funding and market risks are regularly delivered to the parent company chief executive officer and the management board. Risk management monitoring is part of the management year clock. Key personnel involved in risk management annually hold a separate theme day for the development of risk management.

Development projects, management actions and reviews 2022

In 2022, key Group-level risk management development projects involved continued improvements to personnel information security readiness, for example via information breach testing. The testing activities also included testing of physical safety and other information procurement in addition to email phishing. With reference to information security, activities during the year have involved the development of verification practices, automated responses to malware, preparation for service denial attacks and, where required, plans for detaching from the web. Communications have been restricted and access management has been further developed.

Russia's war of aggression in Ukraine significantly affects the accessibility of energy. In 2022 Russia ceased deliveries of electricity, natural gas, wood-based fuels and oil to Finland. These changes have also had a significant influence on the preparedness of Vantaa Energy Ltd. To ensure the security of supply of electricity and heat, peat and coal have again been taken into use, further biofuel batches have been acquired and their deliveries have been confirmed, several actions have been taken to enable the use of oil and its effectiveness of use has been tested. New contracts have also been made in relation to gas deliveries.

Beginning from summer 2022, electricity prices for upcoming seasons predicted by the electricity derivatives market quickly increased, especially because the poor availability of natural gas and electricity production supply issues further increased the spot and future prices of electricity. Due to growing future valuations, the company had to pay significant contributions from its working capital to cover future price difference evaluations and increasing deposit requirements. This resulted in a risk concerning the sufficiency of liquidity. To ensure sufficient solvency, the company quickly acquired new loan promises and reduced its position by partially transitioning to OTC trading.

Due to delivery difficulties experienced by the project supplier, Fennovoima Oy terminated the power plant implementation agreement for the Hanhikivi 1 nuclear power plant in spring 2022. The write-off of shares owned by Vantaa Energy Ltd was completed toward the end of 2022. This no longer had impacts on cash flow. In the future, the company prepares on its part and as one of the shareholders of Voimaosakeyhtiö SF to fund both Voimaosakeyhtiö SF and, through it, Fennovoima Oy so that that Fennovoima Oy remains operational and capable of defending its assets in current and upcoming trials. The trials are expected to last for several years.

With reference to preparedness and readiness planning, the company updated Group-level, subsidiary-level and all its unit-level preparedness and readiness plans during the beginning of the year. Other instructions for crisis management were also updated as part of these activities. The usability of the plans and the development and sharing of situation awareness were tested in the RESPA exercise which took place within the capital area in autumn 2022. The exercise was organised by the Electricity Pool of the National Emergency Supply Agency. The operative agent of the exercise was the centre of operations of Vantaa Energy Electricity Networks Ltd. The theme of the exercise focused on a widespread and long-lasting disruption of the main grid and distribution networks, and preparedness for this.

Management of the coronavirus situation has required operational changes from the company, examples of which include instating permanent hybrid work practices and carefully prepared modes of operation for office work.

In 2022, the client service practices of the Group-level service provider, Ensin Palvelut Oy, were internally inspected, and information security was developed by implementing comprehensive data breach testing. The implementation model of internal services was also inspected.

A review of company-level central instructions was carried out as part of internal monitoring activities. Methods for legislative monitoring were entirely renewed. The instructions and operating model for managing related entities and competition-related legislation were updated. The company performs systematic reviews of, e.g., client feedback, the level of information security and the effectiveness of data

protection measures. Occupational safety remains a special focus area for activities and its development is regularly monitored by the company leadership.

The management board of Vantaa Energy Ltd reviewed all Group-level operational policies in 2022. Key Group-level risks were also reviewed by the board.

4.2 Risk descriptions

Risk management involves risk identification, evaluation, handling and management. At Vantaa Energy Ltd, risks are classified in accordance with the risk policy into financial risks, strategic risks, operative risks and accident-related risks.

Financial risks

The central focus of Group-level risk management is on financial risks. Financial risks are grouped into market risks (different commodity price risks with fuels, electricity and emission rights as commodities), risks related to opposing parties, and funding risks.

The protection practices of Vantaa Energy Ltd are based on the market risk policy approved by the parent company management board and more detailed business-specific protection guidelines. The company's own electricity production, its adherence to production predictions for the next few years, and the company's co-owned production, fuels, emission rights and certificates are protected by derivative instruments and bilateral OTC trading, in agreement with the Group-level market risk policy. Potential large-scale procurements and certain hydroenergy-related positions are protected from exchange rate risks. Appropriate measures are also made to ensure protection from commodity-related volume risks. The policy defines practices for market risk management, monitoring and reporting.

The company has prepared separate instructions for managing risks related to opposing parties. There exist guidelines on trust in relation to client activities, procurement guidelines for supplier management, as well as separate guidelines for managing different parties associated with market and funding risks. Instructions for related entities and ethical guidelines for staff and suppliers are also part of this instruction set.

The company has prepared a funding risk policy for the management of funding risks. With reference to funding risks, the policy provides guidelines for managing working capital structure, principles of external funding arrangements, matters related to accounting for continuation funding-related risks, risks concerning liquidity, liquidity management and investments as part of managing liquidity. Operational instructions are also provided for managing interest-related risks. The policy defines practices for the management, monitoring and reporting of funding-related risks.

Reports on market and funding risks are regularly provided to the parent company chief executive officer and management board.

Strategic risks

Vantaa Energy Ltd seeks operational and financial success in the energy industry. The company actively strives to develop its production capacity to respond to the challenges of the energy and circular economy markets. Electricity network- and heating-related business activities are actively developed while accounting for client wishes.

In accordance with its strategic position, the company seeks to phase out fossil-based fuels as quickly as possible and aims for carbon-negativity by 2030, making use of renewable energy production formats, seasonal heat storage and through investing in the circular economy. This means a high level of investment through the entire current decade. The risk level of projects has increased in relation to equipment and service procurement investments. Managing costs, ensuring availability and keeping to delivery schedules require efficient management practices.

From the viewpoint of deliveries and the security of supply, a versatile energy production structure that can be used to minimise risks is essential. In relation to managing the crisis caused by Russia's war of aggression, in 2022 the company reinstated its capability to use peat and coal for energy production. Fuel procurement and security of supply are central to the company's business.

Following the completion of an incinerator power plant extension, the company also began to use industrial and commercial waste for heat production.

In the energy production field, political and legislative initiatives and changes are often difficult to predict and have a pronounced influence on the operational prerequisites of the field. Citizen demands for lowering electricity transfer prices, the high price level of electricity caused by the energy crisis and payment difficulties experienced by clients in the face of large electricity bills have led to the preparation of legislation that negatively affect operators in the electricity market, thereby increasing the political risk level of the field.

Vantaa Energy Ltd actively participates in work aimed at influencing in advance the development work carried out by official monitoring initiatives or other steering mechanisms, particularly by industry-specific societies (Energiateollisuus ry, Energiakaupungit ry). As part of its activities, the Group predicts changes in regulation or instructions and strives toward operational models that are as flexible as possible, and can be modified in the event of changes to regulations or guidance.

Strategic risks are managed as part of the strategy process by the Group.

Operative risks

Operative risks at Vantaa Energy Ltd are related to disruptions to the functioning of systems including production plants, energy networks and information systems, the lack of processes, operative instructions or expertise, human error and potential contractual omissions.

In 2022, operative risks were managed, e.g., through company-level safety work. Special attention was given to preparedness planning, the management of crisis situations and extending operating system environment features. The roles involved in service-related business activities were clarified. Simultaneously, development activities were clarified in relation to, for example, new development projects involving production plants. Development work concerning information security was aimed to improve, e.g., data center services and the development of information system classification. Observation and reaction capacities were also improved via information security service procurement, projects and implementation.

In practice, the management of operative risks has also taken place via the acquisition of, e.g., critical spare components, materials and other special parts, through increasing storage quotas and by inspecting the alarm limits of order penetration points.

Reinforcing occupational safety culture and integrating new personnel are key areas of the Group-level strategy implementation. A key goal in this area is to reduce the number of accidents.

Accident-related risks

Accident-related risks can focus on the environment, personnel, property, business sustainability or stakeholder groups. Insurances are an important risk management method for managing accident-related risks. Definitions concerning insurance activities are part of the Group-level risk management policy.

The largest insurance targets are the Group's assets and insurances for business interruptions. In 2022, the personnel insurances of the company were tendered.

5 Personnel

A total of 328 staff members were employed by the Vantaa Energy Group during the accounting period (298 during the preceding accounting period). The increase in the average personnel number was related to, for example, the transfer of 13 staff members from Caverion Oy on 1 September 2021 as part of business arrangements at Vantaan Energia Keski-Uusimaa Oy, and recruitments performed in 2022 for business development. Wages and remuneration amounted to a total of 24.4 million euros (21.5 million euros).

The employee, official and managerial employee groups involve role-specific salary systems based on the demands of the role and personal competence. Vantaa Energy Ltd and Vantaa Energy Electricity Networks Ltd implemented a short-term (single calendar year) rewards system involving all staff, and a rewards-based incentive system applying to key staff identified by the parent company management board that spans three consecutive three-year earnings periods (2020-2022, 2021-2023 and 2022-2024). In 2022, the parent company's Board of Directors made a decision to continue the longer-term incentives system to include the following years: 2023–2025, 2024–2026 and 2025–2027.

In 2021 an occupational safety strategy was defined for the Vantaa Energy Group, the aim of which is to reach zero accidents by 2025. The goal is a safe workplace where occupational safety is observed, predictive actions are taken and deviations are learnt from, with occupational safety constantly improved. In 2022, occupational safety development at the Group continued in the right direction: the accident frequency ($\text{TRF} \geq 0$) was 3.3 (7.1). Despite the positive development, the two accidents that occurred in 2022 were both serious, of which one led to a long absence (over 30 working days).

In 2022, personnel views regarding the occupational safety culture were charted using a questionnaire. Generally speaking, the results of the questionnaire rated the company very highly in comparison with other companies and helped confirm future directions for improving occupational safety. Occupational safety teams continued to actively develop occupational safety and occupational safety was also communicated about via a series of articles featuring interviews with employees with different roles.

Long-term work on collaborating with occupational healthcare is visible in, e.g., a decline in the number of illness-related absences. Illness-related absences have declined yearly during 2020-2022. In 2022, absences due to musculoskeletal issues declined by 48 percent compared to the preceding year, absences due to mental health symptoms were halved and absences due to occupational and free-time accidents declined by 41 percent. In 2022, the Mielen Chat & Sparri channels and short-term psychotherapy were taken into use by occupational healthcare services, facilitating low-threshold access to mental health support.

A personnel survey conducted in 2022 showed very positive developments in all areas. The employer recommendation index (scale 1-5) was 4.16 (3.91). Improvements in the employer experience were related to positive developments in teamwork, enthusiasm for work and strong managerial work. Areas requiring development included coping and wellbeing at work, work processes and operational methods, and cross-unit collaborations. To meet these challenges, 2022 saw the start of a wellbeing journey that continues into 2023. The goal is to share general information on ensuring wellbeing, and to facilitate and

support coping at work. The objectives also include reinforcing opportunities for each employee to take responsibility of their own wellbeing, thereby helping prevent health risks negatively affecting one's capacity for work. The wellbeing journey also focuses attention towards a functional working community.

The sensation of working toward a common goal was reinforced in 2022 through renewed club activities and clarifying collaborative tasks between teams and units. Collaborating helps create a communal atmosphere that improves personnel capacity for work, the productivity of work and the development of operations.

Following years affected by the coronavirus pandemic, hybrid work combining remote and office work became the new normal in terms of working methods.

Key personnel-related indicators:

Indicator	Group				Parent company			
	2022	2021	2020	2019	2022	2021	2020	2019
Average personnel number during the accounting period	328	298	301	338	266	235	237	274
Permanent employees 31 December	317	300	266	311	262	240	207	252
· personnel with monthly wages	291	271	236	279	246	224	191	234
· personnel with hourly wages	26	29	30	32	14	16	16	18
· men	270	256	244	264	222	205	188	211
· women	47	44	59	98	38	35	47	86
Temporary workers 31 December	19	17	12	27	16	13	7	24
Personnel average age, years	45.39	45.41	45.54	44.82	44.62	45.46	45.42	44.55
Wages and remuneration, MEUR	24.4	21.5	21.3	22.4	20.5	17.8	17.4	18.6
Accident frequency								
· indicator LTA _{≥1}	3.3	5.3	6.9	4.7	4.1	6.8	6.5	3.9
· indicator TRI>0	3.3	7.1	10.4	17.4	4.1	6.8	10.9	15.6

6 Environment

6.1 Environment-related operating principles and managerial structures

The goal of environmental work undertaken by Vantaa Energy Ltd is to serve as a responsible and active player in mitigating climate change. The minimal requirements of environmental work undertaken by Vantaa Energy Ltd are comprised of the legal and operational demands of the company's field of operations. The most significant environmental impacts are caused by energy production and distribution. Negative environmental impacts are mitigated through, for example, increasing the proportion of renewable energy production and other carbon-neutral production methods in accordance with the corporate strategy, and by recycling carbon dioxide produced by waste incineration for the manufacturing of materials with a prolonged lifetime. The objective of Vantaa Energy Ltd is to become a carbon-negative and circular economy-based energy company by 2030.

The management of environmental matters is based on the Group's operational policies on company safety and social responsibility. Its urban energy business relies on an ISO 14001:2015- and ISO 9001:2015-compliant operational structure with environmental and quality certifications.

The extension of the waste-to-energy plant will be registered in early 2023 as part of a heating source guarantee scheme, so that heat produced through the incineration of bio-based waste at the plant can be certified as renewable. Renewable heat and electricity production by the waste incinerator and by the Martinlaakso power plant will also be certified as renewable using energy source guarantees.

The company participates in the Energy Efficiency Agreements system during the period 2017–2025.

6.2 Significant environmental viewpoints and achieved improvements

The company's most significant environmental viewpoints relate to fuel usage and associated carbon dioxide emissions, other emissions arising from energy production and the generation of waste by energy production. In 2022, the company invested 13 million euros in nature conservation. The most notable environment-related investments were focused on the waste-to-energy plant extension, the high-temperature waste-to-energy plant and seasonal heat storage.

In 2022, Vantaa Energy Ltd was granted supporting funds of approximately 500 000 euros by Business Finland for research and development work on carbon dioxide capture and utilisation methods. The Ministry of Economic Affairs and Employment of Finland awarded the company's electric fuel plant project an investment fund of 30 million euros.

A facility for the processing of hazardous waste that is planned to be situated within the premises of the waste to-energy plant was subject to an evaluation procedure starting in 2020, which was concluded in 2021. The Uusimaa Regional State Administrative Agency granted the operation an environmental permit in 2022.

A project concerning an impregnated wood biomass power plant was subject to an environmental impact evaluation in 2021-2022 and the Uusimaa Regional State Administrative Agency granted the operation an environmental permit in late 2022. At the same time, additions were made to the environmental permit of the Martinlaakso biomass boiler concerning the conducting of condensation water. The company has indefinitely suspended the impregnated wood biomass power plant project due to the prevailing energy crisis and for supply security reasons related to the utilisation need of the coal boiler that has been retained in use.

The company has prepared a plan for phasing out the use of fossil-based fuels for energy production: the technical capacity to phase out the use of peat was reached in 2021 and the waste-to-energy plant extension project made it possible to phase out coal in 2022. Through its projects aiming to enable fossil-free energy production, the company seeks to phase out the use of natural gas as quickly as possible during the 2020s.

An evaluation of the environmental impacts of seasonal heat storage and an underground plan were finalised in 2022.

6.3 Level of environmental protection in relation to requirements

The company seeks to systematically identify the environmental risks associated with its operations. Its production-oriented projects are always accompanied by an evaluation of environmental matters and the required risk surveys. The company ensures that the environmental responsibilities related to its operations are sufficiently documented where required and that necessary allowances are made to cover reparation fees due to any environmental damages.

The company management is not aware of environmental cases that would have impacted the financial position of the company. The obligatory allowances in the 2022 financial statement do not include environmentally focused allowances.

In 2022, power plant emissions were subject to a total of 75 breaches of specified emission limits. In the case of the waste-to-energy plant, limits were exceeded for sulphur dioxide emissions and at the Martinlaakso power plant, limits were exceeded for sulphur and nitrogen oxide emissions. The extension of the waste-to-energy plant involved breaches of specified emission limits (30 min. emission limit) during the testing stage, with 18 cases concerning carbon dioxide emissions and 4 cases concerning sulphur dioxide emissions. During the test utilisation stage, prior to production, boiler combustion adjustments caused breaches of specified emission limits for carbon dioxide and sulphur dioxide. The combustion gas purification equipment has worked normally during the entire test utilisation stage and the production stage, and the combustion temperature (850/2 sec.) has been reached in accordance with requirements.

The breaches of specified emission limits by the production plants did not cause notable airborne emissions and did not cause disruptions to production because the plant operations were quickly adjusted to meet environmental permission requirements. Further, the cases did not result in sanctions or other financial obligations for the company. Of the breached emission limits at the Martinlaakso power plant, 15 were due to measurement device faults and therefore did not comprise true breaches of specified emission limits.

The Martinlaakso power plant, the gas turbine facility of the waste-to-energy plant and a total of five heating plants are part of an emissions trading scheme. Of carbon dioxide emissions in 2022, a total of 238 967 tonnes (296 447 tonnes) were subject to the trading scheme. The reduction in emissions compared to the preceding year was due to the warmer weather during the year, as well as lower energy production quantities.

6.4 Level of environmental protection in relation to the types and extent of operations

The company regularly monitors the development of indicators related to environmental factors and the degree to which associated goals are met. Environmental indicators of central importance concern fuel usage, airborne emissions and waste.

Environmental indicators	2022	2021	2020
Locally (Vantaa) produced carbon dioxide emissions (CO ₂ t)	423 101	460 472	258 379
Emissions from local (Vantaa) production/energy produced in Vantaa (CO ₂ g/kWh)	180	201	129
Environmental expenditure (M€) • investments in environmental protection	13	8.6	5
Environmental obligations (mandatory allowances, M€)	0	0	0
Breaches of environmental emission limits (frequency)	75	86	32
Environmental damages (frequency)	0	0	0
Fuel usage(GWh)			
• coal	610	564	151
• natural gas	91	404	74
• oils	26	5	0
• mixed waste	1 177	1 134	1 115
• peat	59	73	100
• bio	627	634	589
Total	2 590	2 814	2 030
Emissions from energy production (t)			
• NO ₂	785	747	605
• SO ₂	193	152	46
• particles	2	7	4

Waste			
• ashes and slag (t)	122894	113 960	97 679
• utilisation (%)	77	81	83

6.5 Relation of the annual report to other environmental reporting

The company annually publishes on its website a separate section on responsibility that includes information on the company status concerning the management and development of its work on environmental matters.

7 Social responsibility

The social responsibility policy of Vantaa Energy Ltd provides guidelines for the management and development of the Group's financial, social and environmental responsibility.

Financial responsibility represents profitable business that establishes a solid foundation for the development of responsibility. By meeting the profit expectations of its owners, Vantaa Energy Ltd contributes to the wellbeing of the cities that own it.

Social responsibility covers all stakeholders of Vantaa Energy Ltd. We consider the wellbeing, development of expertise and motivation of our personnel to be critical to the operations of the Group. We are committed to open and mutual exchange with our stakeholders. Our ethical guidelines are prepared for personnel and suppliers.

Climate and environmental responsibility, improving energy efficiency and contributing to the circular economy are central starting points in our operations. Our environmental responsibility is visible in concrete actions: Vantaa Energy Ltd is responsible for carrying out a series of projects facilitating a transition toward carbon-negative energy production by 2030.

A yearly responsibility review is prepared based on the social responsibility goals that have been set, and on the continuous development of our operations. The responsibility review for 2022 will be published in spring 2023.

Vantaa Energy Electricity Networks Ltd has prepared a report on the discrimination-free treatment of parties affiliated with the electricity market, which has been delivered to the Energy Authority.

In 2022, the company made donations amounting to a total of 66000.00 euros (41000.00 euros), in agreement with the proposal of the management board and decisions made at the company annual general meeting. The donations were made to several schools and parties performing general-purpose work. The largest individual donation of 25000.00 euros was made to the Finnish Red Cross catastrophe fund to support those suffering due to the crisis caused by the war in Ukraine.

In addition to gratuitous donations, the company supported sports and related activities in Vantaa through collaboration agreements.

8 Research and development

Vantaa Energy Ltd is a Group focusing on energy production and its investment in research and development is relatively low. The primary method of engaging in development projects is through funding R&D projects facilitating the company business, and offering company expertise and data for use by projects. The company's research activities rely on field-specific partnership networks, and fruitful collaborations with leading energy research facilities and universities. For example, several university-level degree works were completed for Vantaa Energy Ltd in 2022.

The company is a shareholder of Clic Innovation Oy, a product development company focusing on bio-based economy and cleantech. Research activities related to the field have also been supported by participating in research funded by the electricity research pool and Energiateollisuus ry. Vantaa Energy Ltd is also a member of Lähienergioliitto and Green Net Finland.

The GreenE2 project launched by Clic Innovation in February 2020 continued during 2022. The project seeks to develop P2X solutions for industrial use.

Vantaa Energy Ltd concluded the ILPO project that began in 2021 and in which climate solutions for different industry areas were researched and developed. As part of the project, Vantaa Energy Ltd has focused on low-coal logistics. During the project, modelling work was carried out with a focus on traffic levels at the waste-to-energy plant and on streamlining logistics to achieve reductions in fuel use and emissions by carriers. The project resulted in concrete suggestions for the streamlining of logistics.

The EcoSMR project continued during 2022. The project investigates the suitability of small modular nuclear reactors for district heating, their licensing and legislation. During the year, collaborative meetings were arranged with officials and device suppliers, and technology developments were followed. The final report of the project will be published in spring 2023.

In 2022, the company also performed scanning of startup companies with the goal of locating suitable partners among different startup companies. This is used to support business development through seeking new solutions related to the value chains of business conducted by Vantaan Energia Ltd. Vantaa Energy Ltd made a decision to launch venturing activities toward the end of 2022. The objective of the venturing activities is to invest in startup companies supporting the company business during 2023.

Several energy production projects were advanced with the goal of attaining carbon negativity by 2030. Drillings for the Varisto geothermal heating project were also completed during 2022 and the plant will be deployed in the beginning of 2023. Completing these projects will ensure stable pricing and supply, and access to increasingly clean energy for Vantaa residents.

Drilling activities started in 2021 were also continued as part of the Tampere geo heating project. The project focused on investigating geothermal heating through drillings conducted on Finnish ground using a water hammer system and a single-well operating method. Vantaa Energy Ltd is involved in the project along with several other energy companies. The drillings completed as part of the project reached a depth of 2.2 kilometres, with the target depth being 3 kilometres.

During 2022, the company continued to pursue projects on smart heating and demand-side heating management with several of its clients. Moreover, progress was made in several energy efficiency and regional energy projects with clients and especially in collaboration with the City of Vantaa.

9 Management

The Vantaa Energy Ltd annual general meeting was held on 28 March 2022 and handled topics reserved for annual general meetings as specified in Section 9 of the corporate by-laws.

In the continuation meeting of the 202 annual general meeting, the appointed continuing board members included Tommi Valtonen (chairperson), Pia Pakarinen (deputy chairperson), Sari Antila, Harry Bogomoloff (until 23 September 2022), Päivi Laakso, Mika Niikko and Heikki Pikkarainen (until 8 March 2022). Based on the unanimous decision of shareholders, Antti Nummi (starting 8 March 2022) and Matias Pajula (starting 23 September 2022) were selected as board members.

The two-year term of the board concludes upon the conclusion of the 2023 general annual meeting.

In 2022, the board met for a total of 13 times.

Based a decision made at the annual general meeting, KPMG Oy Ab were reselected as the company auditor, which has appointed Juha Huuskonen as the primary auditor. Huuskonen is an certified (KHT, JHT) auditor approved by the Chambers of Commerce.

Jukka Toivonen (Master of Science in Technology, MBA) serves as the Chief Executive Officer of the company.

10 Notable judicial matters

Vantaa Energy Electricity Networks Ltd, along with other distribution network companies in Finland, received confirmation from the Finnish

Energy Authority in December 2021 that monitoring methods applicable to the assessment of reasonable production levels are to be exceptionally modified for 2022 and 2023 during the monitoring period 2020-2023. On 17 January 2022, the company filed a joint complaint with other distribution network companies with the Market Court concerning the decisions made by the Finnish Energy Authority. Processing of the matter at the Market Court is ongoing.

Vantaa Energy Ltd and Vantaa Energy Electricity Networks Ltd are also involved in a small number of disputes. Their financial impact is evaluated as minor.

11 Events following the accounting period

The company was granted environmental and water resources management permits for constructing a seasonal heat storage starting from early 2023.

On 16 February 2023, the Supreme Court resolved that it would not grant the right to an appeal applied for by the employee party on 24 February 2022 in relation to a dispute between Vantaa Energy Ltd, Vantaa Energy Electricity Networks Ltd and employees entitled to a supplementary pension. The verdict given by the Helsinki Court of Appeal on 25 February 2022 therefore remained in effect. According to the Court of Appeal verdict, supplementary pensions are a collective personnel benefit granted by the employer.

On 27 February 2023, Vantaa Energy Ltd became a shareholder of Carbonaide Oy. Further to shareholdership, this involves the binding of carbon dioxide captured from Vantaa Energy Ltd plants into Carbonaide Oy client end-products. Carbonaide is a Finnish startup company that has developed a solution for binding carbon dioxide into concrete.

12 Future developments

The gas supply restrictions instated by Russia already in spring 2021 and its attack on Russia in February 2022 disrupted both the European and Finnish energy markets. In 2021, a third of the Finnish primary energy demand was covered by Russian imports. In 2022, imports of bio-based fuels, natural gas, coal and electricity from Russia to Finland were almost entirely terminated, resulting in significant challenges in terms of both access to fuels and increasing prices.

In 2022, Vantaa Energy Ltd improved its security of supply for heating and electricity by, e.g. acquiring additional fuel batches and alternative fuels that can be used to guarantee the provision of heat and electricity also during the coldest winter months.

There are no expectations for a rapid solution to the conflict between Russia and Ukraine, and the energy crisis caused by it. In 2023, Vantaa Energy Ltd will continue to prepare for potential crisis situations that represent a risk to energy procurement, production and distribution through diverse means for securing fuel acquisitions and the security of supply for heat and electricity. General company safety will also be given special attention in the future.

The goal of the EU is to limit greenhouse gas emissions to a minimum of 55 percent by 2030, compared to 1990 levels, and to become carbon neutral by 2050. The national objective in Finland is to reach a carbon-neutral status by 2035. The cities that own Vantaa Energy Ltd, Vantaa and Helsinki, both seek to become carbon neutral by 2030.

The energy crisis is exacerbated by the reliance of European energy production on fossil-based fuels and particularly natural gas. Energy production investments replacing fossil fuels must continue to increase at a higher rate than before to help mitigate impacts of the energy crisis on the accessibility and price of energy.

On 29 December 2022, the Finnish Government released a bill on temporary windfall taxes concerning the energy industry and fossil fuels, the goal of which is to enforce a regulation established by the Council of the European Union on the use of a production cap and solidary payments as emergency measures to alleviate high energy costs. The model proposed by the bill significantly deviates from that proposed in other European countries. In Finland, the tributaries would include companies that produce and sell energy, and certain electricity retailers. According to the bill, a tax of 30 percent would apply to profits accrued by companies through their electricity-related business in Finland that exceed a profit level of 10 percent as determined based on electricity business-associated capital gained during the tax year 2023. The corporate tax in Finland is 20 percent, meaning that the nominal total tax rate would be 50 percent of the taxable profit made within the domain specified by the windfall tax. Electricity production by Vantaa Energy Ltd belongs to the domain of the windfall tax. The tax return is prepared and the tax is paid in 2024.

Vantaa Energy Ltd continues the implementation of its plan aiming to phase out fossil production fuels as rapidly as possible and has set as its objective to serve as a leader on the path toward carbon-negative energy production by 2030.

The investments made by Vantaa Energy Ltd in the use for energy production of waste that cannot be used for material recycling, and in the use of renewable bio-based energy for energy production are made visible to company clients as the lowest heating costs within the capital area, and as a reduction in airborne emissions. These investments and the company's future projects aiming to phase out the use of fossil-based production fuels and to reach carbon negativity will ensure stable heating prices also in the coming years.

The importance of the circular economy in the company's business growth will be further reinforced through new investment projects. A seasonal heat storage project enabling the phasing out of natural gas is planned to proceed to the investment decision stage during the first months of 2023. An electric fuel power plant project that is planned to take place in the premises of the waste-to-energy plant and would help phase out natural gas through the production of synthetic methane from carbon dioxide and hydrogen is also expected to proceed to the investment decision stage during 2023.

Together with its partners, Vantaa Energy Ltd is planning the *Hiilinegatiivinen 2030* (Carbon Negative 2030) project portfolio, the overarching theme of which involves carbon dioxide capture and exploitation for purposes including the production of renewable energy and lasting materials.

Implementing the *Hiilinegatiivinen 2030* project will significantly increase the electricity consumption of Vantaa Energy Ltd. The company will account for its increased requirement for electricity through, for example, participating in several wind power projects across Finland through its linked enterprises, Suomen Hyötytuuli Oy and EPV Energia Oy.

Through EPV Energia Oy, the company is also involved in a project involving plans for a pumping power plant situated in a mine in Pyhäsalmi, and in project evaluations for industrial-scale solar energy production.

The company electricity network operations are subject to a four-year monitoring period (2020-2023). The monitoring principles are used to help ensure that supply security objectives set in the Electricity Market Act are met. In 2021, an amendment was made to the Electricity Market Act that makes it possible to instate changes to monitoring methods during an active monitoring period. Changes to monitoring methods instated by the Finnish Energy Authority entered into force on 1 January 2022 and they continue to reduce the profitability of business conducted by Vantaa Energy Ltd during 2023, the final year of the monitoring period. Due to changes to the Electricity Market Act and monitoring methods, there are uncertainties concerning the profitability development of electricity network-related business also during the coming years.

Despite the war of aggression launched by Russia in Ukraine and the resulting exceptional operational environment caused by the ensuing energy crisis, the operating capacity of the Vantaa Energy Group is expected to remain healthy.

13 Board proposal concerning profit usage

Based on the financial statement filed on 31 December 2022, finances of the parent company eligible for profit distribution are as follows:

- Profit from preceding accounting periods	183 192 975.33 €
- Profit made during accounting period	<u>-14 045 049.31 €</u>
Total	169 147 926.02 €

The board proposed that, based on the balance specified for the accounting period that ended on 31 December 2022, dividends are distributed at a rate of 10.55 euros per share, amounting to a total of 18 050 079.40 euros.

Following closure of the accounting period, there have been no notable changes to the financial position of the company. The liquidity status of the company is good and, according to the view of the board, the proposed profit distribution does not negatively influence the liquidity of the company.

14 Company shares

The company capital stock is distributed as follows:

Owner	2022	
	pcs	€
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 the share is 2.00 euros. All shares have equal rights to dividends and company finances.

Income statement

(euros)	ppenc	Group of companies		Parent company	
		2022	2021	2022	2021
Turnover	2	299 523 720,39	275 876 488,73	257 606 919,56	225 790 036,57
Manufacture for own use	3	6 204 788,58	6 519 085,29	4 360 168,19	4 802 783,93
Other operating income	4	8 292 393,81	11 968 791,08	11 405 934,89	15 430 370,05
Materials and services	5	-169 689 562,52	-145 164 449,50	-157 863 072,95	-133 312 637,29
Personnel costs	6	-30 836 938,59	-29 999 315,48	-25 851 909,50	-24 432 915,16
Depreciation and amortisation	7	-33 324 556,38	-35 016 367,38	-23 209 409,10	-24 595 852,65
Other operating costs	8	-34 670 296,93	-29 584 101,95	-31 423 358,81	-26 607 215,41
Share of the results of associated companies		11 893 681,92	-10 466 257,01	-	-
Operating profit		57 393 230,28	44 133 873,78	35 025 272,28	37 074 570,04
Financial income and expenses	9	-47 522 129,61	-4 828 076,29	-43 882 955,77	-2 612 955,22
Profit before appropriations and taxes		9 871 100,67	39 305 797,49	-8 857 683,49	34 461 614,82
Appropriations					
Depreciation difference		--	--	-3 787 736,51	-485 966,79
Group contribution	10			4 500 000,00	12 000 000,00
Income taxes	11	-7 588 381,95	-9 068 527,73	-5 899 629,31	-9 642 055,42
Profit for the financial year		2 282 718,73	30 237 269,75	-14 045 049,31	36 333 592,61

Balance sheet

(euros)		Group of companies		Parent company	
	Appendix	31.12.2022	31.12.2021	31.12.2022	31.12.2021
A s s e t s					
Fixed assets	12,13				
Intangible assets					
Intangible rights		2 009 876,37	2 086 978,81	305 804,55	408 524,20
Other long-term expenditure		15 907 464,04	5 459 869,98	14 130 036,38	3 721 524,35
		17 917 340,41	7 546 848,79	14 435 840,93	4 130 048,55
Tangible assets					
Land and water areas		7 208 467,43	7 209 667,43	6 773 765,23	6 774 965,23
Buildings and structures		122 154 695,97	91 584 794,29	113 477 257,89	82 495 716,84
Electrical grid		123 827 098,63	125 161 401,41	--	--
District heating network and equipment		92 531 308,06	83 336 089,65	92 531 308,06	83 336 089,65
Machines and apparatus		56 625 365,84	62 571 787,80	56 436 526,82	62 518 620,85
Other tangible assets		2 402 225,43	2 862 875,07	2 402 225,43	2 862 875,07
Assets under construction		55 211 253,65	79 180 804,07	42 319 671,77	75 596 586,96
		459 960 415,01	451 907 419,72	313 940 755,20	313 584 854,60
Investments					
Share in companies in same Group		--	--	76 000,00	76 000,00
Shares in associated companies		72 011 721,28	63 592 139,37	83 676 330,11	83 676 330,11
Other shares and equity instruments		75 925 540,63	115 048 006,36	75 922 739,58	115 045 205,31
Other long-term investments		954 543,75	954 543,75	954 543,75	954 543,75
		148 891 805,66	179 594 689,48	160 629 613,44	199 752 079,17
Fixed assets in total		626 769 561,08	639 048 957,99	489 006 209,57	517 466 982,32
C u r r e n t a s s e t s					
	14				
Inventories					
Materials and supplies		8 536 684,28	6 793 214,26	8 536 684,28	6 793 214,26
Oil storage		6 400 758,03	1 677 846,97	6 400 758,03	1 677 846,97
Coal storage		16 723 933,80	4 737 959,13	16 723 933,80	4 737 959,13
		31 661 376,11	13 209 020,36	31 661 376,11	13 209 020,36
Long-term receivables					
Other receivables		11 761 591,19	1 300 254,75	11 757 091,19	1 295 754,75
Accrued income		1 299 269,82	1 407 052,00	202 251,84	233 367,36
Deferred tax assets		1 095 450,25	1 399 833,06	0,00	0,00
Short-term receivables					
Accounts receivable		49 789 195,90	60 401 811,96	33 727 210,93	40 816 886,40
Connection fee receivables		337 428,17	1 901 110,11	-17 281,51	33 130,70
Receivables from companies in the same Group		--	--	7 517 655,79	13 000 000,02
Other receivables		132 820 251,48	39 870 550,46	131 958 474,08	39 870 550,46
Accrued income		12 371 482,80	15 303 982,80	12 091 929,82	14 829 904,07
Other securities		0,00	8 000 000,00	0,00	8 000 000,00
Receivables in total		209 474 669,61	129 584 595,14	197 237 332,14	118 079 593,76
Cash and bank receivables		45 690 081,35	29 912 969,78	41 594 900,94	24 347 925,26
Current assets		286 826 127,07	172 706 585,28	270 493 609,19	155 636 539,38
Assets in total		913 595 688,15	811 755 543,26	759 499 818,76	673 103 521,70

Balance sheet

(euros)	Appendix	Group of companies		Parent company	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
Liabilities					
Equity	15				
Share capital		3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Retained earnings		308 585 549,91	296 464 359,55	183 192 975,33	164 975 462,11
Profit for the financial year		2 282 718,73	30 237 269,76	-14 045 049,31	36 333 592,61
Equity in total		314 290 084,64	330 123 445,31	172 569 742,02	204 730 870,72
Accumulated appropriations					
Depreciation		--	--	74 887 072,65	71 099 336,14
Provisions for liabilities and charges		5 477 251,26	6 835 363,85	4 681 251,26	6 039 363,85
Borrowed capital	16				
Long-term borrowed capital					
Initial connection charges		145 165 976,29	142 341 429,72	93 334 080,73	93 156 198,21
Loans from financial institutions		108 502 564,12	146 230 145,48	108 502 564,12	146 230 145,48
Other long-term liabilities		615 999,98	718 666,65	615 999,98	718 666,65
Deferred tax liability		31 095 455,19	29 838 118,99	--	--
		285 379 995,58	319 128 360,84	202 452 644,83	240 105 010,34
Short-term borrowed capital					
Loans from financial institutions		207 727 581,36	12 982 051,28	207 727 581,36	12 982 051,28
Advances received		510 000,00	0,00	0,00	0,00
Accounts payable		24 648 792,56	40 804 987,76	23 640 983,33	38 341 235,51
Liabilities to companies in the same Group		--	--	369 349,47	730 936,01
Other liabilities		59 300 055,20	83 895 496,11	59 291 825,23	83 654 791,29
Accrued liabilities		16 261 927,55	17 985 838,12	13 879 368,61	15 419 926,56
		308 448 356,67	155 668 373,27	304 909 108,00	151 128 940,65
Borrowed capital in total		593 828 352,25	474 796 734,11	507 361 752,83	391 233 950,99
Liabilities in total		913 595 688,15	811 755 543,27	759 499 818,76	673 103 521,70

Financial calculation

	Group of companies		Parent company	
(euros)	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Operational cash flow				
Profit before appropriations	9 871 100,67	39 305 797,49	-8 857 683,49	34 461 614,82
Adjustments				
Planned depreciation	33 324 556,38	35 016 367,38	23 209 409,10	24 595 852,65
Other income and expenses not including payments	-3 262 214,79	17 310 898,46	9 263 687,41	4 165 327,44
Financial income and expenses	47 522 129,61	4 828 076,29	43 882 955,77	2 612 955,22
Cash flow before changes in working capital	87 455 571,87	96 461 139,62	67 498 368,79	65 835 750,13
Changes in working capital				
Change in inventory	-28 475 355,75	4 697 521,68	-28 475 355,75	4 697 521,68
Change in short-term receivables	-77 840 903,02	-58 322 748,56	-82 227 517,46	-54 507 431,57
Change in short-term liabilities	-39 146 673,54	51 590 412,82	-38 837 877,87	50 072 742,88
Cash flow from operating activities before financial items and taxes	-58 007 360,44	94 426 325,56	-82 042 382,29	66 098 583,12
Paid interest and payments from operating activities	-5 555 063,26	-5 098 540,00	-5 555 042,41	-4 833 556,67
Dividends received from operating activities	3 537 724,98	43 203,18	3 537 724,98	2 028 403,18
Interest payments received from operating activities	660 353,28	203 219,89	825 406,27	433 140,96
Direct taxes paid	-7 133 446,73	-8 535 271,62	-7 006 413,11	-8 535 271,62
Operational cash flow	-66 497 792,17	81 038 937,01	-90 240 706,56	55 191 298,97
Cash flow from investments				
Investments in intangible and tangible assets	-54 454 343,29	-44 560 150,41	-36 577 402,08	-33 041 854,51
Proceeds from sales of tangible and intangible assets	601 200,00	1 888 540,91	601 200,00	1 786 654,91
Other investments	-3 185 934,27	-7 796 218,17	-3 185 934,27	-7 796 218,17
Cash flow from investments	-57 039 077,56	-50 467 827,67	-39 162 136,35	-39 051 417,77
Cash flow before financing	-123 536 869,73	30 571 109,34	-129 402 842,91	16 139 881,20
Cash flow from financing				
Withdrawals of long-term loans	0,00	0,00	0,00	0,00
Repayments of long-term loans	-37 727 581,36	-12 982 051,28	-37 727 581,36	-12 982 051,28
Withdrawals of short-term loans	342 034 342,00	40 000 000,00	329 034 630,00	40 000 000,00
Repayments of short-term loans	-147 288 812,25	-34 967 097,69	-134 288 812,25	-34 967 097,69
Increase (-) / decrease (+) in loans receivable	0,00	0,00	5 500 000,00	4 500 000,00
Increase (-) / decrease (+) in long-term receivables	-10 353 554,26	1 363 492,36	-10 430 220,92	1 176 441,30
Increase (+) / decrease (-) in initial connection charges	2 765 666,57	2 358 677,45	177 882,52	400 680,81
Paid dividends	-18 050 079,40	-16 989 316,44	-18 050 079,40	-16 989 316,43
Group contributions received and paid	--	--	4 500 000,00	12 000 000,00
Other	-66 000,00	-41 000,00	-66 000,00	-41 000,00
Cash flow from financing	131 313 981,30	-21 257 295,60	138 649 818,59	-6 902 343,29
Change in finances	7 777 111,57	9 313 813,74	9 246 975,68	9 237 537,91
Finances 1 January	37 912 969,78	28 599 156,04	32 347 925,26	23 110 387,35
Finances 31 December	45 690 081,35	37 912 969,78	41 594 900,94	32 347 925,26

Notes to the financial statements

1 Accounting policies concerning financial statements

Group structure

The consolidated financial statements are specific to the parent company, Vantaan Energia Oy, and its 100%-owned subsidiary, Vantaan Energia Sähköverkot Oy. The companies combined as associated companies are listed in Appendix 13. The consolidated financial statements have been prepared in compliance with the Accounting Act 1336/1997 and the Limited Liability Companies Act 624/2006 valid on 31/12/2022.

The Vantaan Energia Group is part of the City of Vantaa Group as a subgroup. A copy of the City of Vantaa consolidated financial statements is available online at: <http://www.vantaa.fi>. A copy of the Vantaan Energia consolidated financial statements is available from the following address: Peltolantie 27, FI-01300 Vantaa, Finland, or online at: <http://www.vantaanenergia.fi>.

The parent company produces, purchases and sells electricity as well as producing, selling and distributing district heat. The company also offers other energy business-related services as well as administrative services to the subsidiaries of the Group on the basis of signed service contracts. In addition, the company generates corporate and energy services for Vantaan Energia Keski-Uusimaa Oy, which operates in the areas of Tuusula and Järvenpää.

Consolidation principles

Mutual holdings are eliminated by using the acquisition cost method. All intra-group business transactions, receivables and liabilities, unrealised profits and internal profit distribution have been eliminated in preparing the consolidated financial statements. The associated companies and subsidiaries have been combined in the consolidated financial statements using the equity method. The dividend received from the associated companies is deducted from the Group's profit and acquisition cost of the shares.

Differentiated financial statements

According to the requirements of the Electricity and Natural Gas Market Act and with respect to accounting, the electricity company must differentiate electricity sales and electricity production (other electricity business operations) and electricity grid operations and natural gas grid operations, as well as natural gas sales from each other and from other operations. The Group's corporate structure and company's business distribution serve as the basis for the accounting differentiation. Administrative services produce, on a centralised basis, services for the business units in compliance with the service contracts signed. The balance sheet items have been derived for activities in accordance with the principle of causation.

On the basis of section 30 d of the Competition Act, as of 01/01/2020 the public entity must, in its accounting, differentiate the economic activities it carries out on the market in a competitive situation. Vantaan Energia Oy functions in competitive situations on the market but engages only in operations subject to market conditions, so the above-mentioned differentiation calculations need not be performed.

Foreign currency items

Business transactions denominated in foreign currency are recorded at the exchange rate at the time of the transaction. Receivables and liabilities denominated in foreign currency on the balance sheet at the time of the financial statements are valued at the exchange rate applicable on the financial statement date. As a rule, exchange rate differences caused by business operations are recorded in the income statement and are included in the corresponding items above the operating profit. Exchange rate differences arising from financing items are recorded in other financing income or expenses.

Pension arrangements

The pension insurance of the Group's employees with additional benefits is handled by the pension insurance company and recorded in accordance with the pension insurance company's calculations and charges.

The chief executive officer (CEO) of the Group's parent company has the right to retire in accordance with the applicable occupational pension act. The managing director of a subsidiary has the possibility to retire upon reaching the age of 62.

Turnover

Turnover consists of electricity- and heat-based business income and other services related to energy operations. Recorded sales revenue is based on delivered quantities. Physical energy sales and purchase contracts are amortised on an accrual basis. Revenues are presented net of indirect taxes such as value added tax and excise duty.

Other income

Income outside normal business is included in other income. Other income includes recurring items, such as the sale of administrative services to other companies as well as rental income and non-recurring items, such as gains on the sale of fixed assets. Emission rights-related sales revenue is also recorded into 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 is presented in other operating income.

Research and development expenditure

Research and development expenses are not capitalised; rather, they are recorded as expenses in the income statement.

Fixed assets

Intangible assets include licence fees for IT software and IT programs, participation fees such as rights to use control areas, and emission rights acquired for consideration, emission reductions, and the capitalised design costs related to power plants.

Tangible assets are entered in the balance sheet at their original acquisition cost less accumulated depreciation. The original acquisition cost includes expenses that are directly attributable to the acquisition cost of the asset in question. In addition to the direct costs, the acquisition cost of self-built assets includes the share of indirect costs incurred in making the asset operational for its intended purpose. The original acquisition cost includes expenses that are directly attributable to the acquisition cost of the asset in question. Depreciation is not entered with regard to land areas, because the relevant period of useful life cannot be determined.

Depreciation according to the plan is calculated as straight-line depreciation by recording acquisition costs as expenses over estimated useful life as follows:

Intangible rights	3–10 years
Other long-term expenditure	3–10 years
Buildings and structures	25–50 years
Technical equipment related to building	20 years
Oil tanks and temporary structures	10 years
Electricity and district heating network	5–30 years
Power plant machines and equipment	4–20 years
Heating plant machines and equipment	5–20 years
Machines and apparatus	5 years
Other tangible assets	10 years
Group goodwill amortisation	10 years

The investments are valued at the original acquisition price.

At the power plant, the costs of maintenance shutdowns carried out periodically every four years are recorded in the balance sheet and written off during the period between shutdowns. Other repair and maintenance expenses are recorded as expenditure in the income statement respective to the financial period during which they are incurred.

Starting from 2016, Vantaan Energia Group has used a general depreciation period of 10 years for other long-term expenses. Other long-term expenses capitalised before 01/01/2016 have been written off within a maximum period of 20 years.

Current assets

Fuel stocks are valued at the purchase price calculated according to the "fifo" principle or at the market price at the time of the financial statements, if it has been lower. The supply stock is valued at the weighted average price.

Accounts receivable are recorded in the accounting in accordance with the amount of the original invoicing. An accounts receivable is recorded as a bad debt immediately when there is evidence that the Group is unable to collect its accounts receivables in accordance with the original contracts. Indicators of this can be seen in, for instance, a collection agency's recommendation or severe economic difficulties on the part of the debtor. Credit losses are recorded as expenditure in the income statement.

Financial asset securities are valued at acquisition cost or the lower market price in accordance with chapter 5, section 2 of the Accounting Act. Cash equivalents consist of liquid investments.

The credit limit granted by the bank to cover the security claim related to electricity derivatives is recorded as both receivables and liabilities in the balance sheet.

Initial connection charges

Fees that the customer pays when connecting to the district heating or electricity network are entered in the balance sheet under other long-term liabilities. These connection fees are transferable and refundable.

Income taxes and deferred taxes

Income taxes include taxes for the financial year calculated as based on the result of the financial year, as well as taxes paid or refunded from previous financial years.

The accumulated depreciation difference is entered in the consolidated balance sheet divided into equity and deferred tax liability and their change in the consolidated income statement to the change in deferred tax liability and the result of the financial year.

Financial leasing contracts

Financial leasing expenses have been recorded as an accrual-based expense during the financial year, and future leasing payments have been presented as an off-balance sheet liability.

Finance and liquidity management

The company's Board of Directors have approved a financial risk policy for the company whose implementation is monitored continuously. Group financing is concentrated on the parent company, and the financing of the subsidiaries is primarily handled through the Group's internal loans. The liquidity of the Group companies is concentrated by means of Group accounts. The goal behind the management of liquidity risk is assurance of the Group's funding under all circumstances. Liquidity risk is minimised by investing only in liquid instruments.

Accounting principles related to derivative instruments and hedging measures

The goal of the company's risk management is to support the achievement of targets connected with the business strategy. The company's most significant business risk is the price of electricity. The price development of electricity markets primarily exerts an impact on the electricity business operations of Vantaan Energia. Over the short term, factors affecting the price of electricity in Nordic markets are the water situation, temperature, amount of wind, prices of carbon dioxide emission rights, the cost of fuels, and the export/import circumstances between states.

The company protects itself from price-related risks by concluding electricity derivative contracts in both sales and production. The open net volume of electricity derivatives is lower than the predicted highly probable volume of sales at the spot price during the term of the derivatives. Protection is sought from price risks affecting fuels by carrying out raw material-based derivative transactions. The company protects itself from dollar-based value fluctuations via foreign currency derivative deals. The price risk of carbon dioxide emission rights is hedged with emission rights derivative contracts and by taking into account the costs arising from emission rights in production planning. Interest derivatives are the means that provide protection from interest rate risks (bank loans and leasing liabilities).

For protection purposes in general, a market risk policy has been approved by the Board of Directors whose implementation is monitored continuously. The fair values of the derivative instruments and the values of the target assets are presented in Note 20. These fair values are based on the market data on the balance sheet date and are externally ratified. All derivatives are implemented for protective purposes in accordance with the company's risk policy.

Calculation formulas for key figures (KILA's guidelines on preparing the activity report 12/09/2016)

$$\text{Return on equity - \%} = \frac{\text{(Result before financial statement)}}{\text{Equity}}$$

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

Notes to the financial statements 2022

(euros)	Group of companies		Parent company	
	2022	2021	2022	2021
2 Turnover				
Sale and transfer of electricity	152 331 121,77	130 501 132,54	112 606 889,07	82 280 530,78
Sale of heat	119 351 067,92	121 423 702,20	119 351 067,92	121 423 702,20
Sale of natural gas	4 060 395,70	3 680 998,22	4 060 395,70	3 680 998,22
Other operations	23 781 135,00	20 270 655,77	21 588 566,87	18 404 805,37
	299 523 720,39	275 876 488,73	257 606 919,56	225 790 036,57
3 Manufacture for own use				
Activated salaries	2 389 590,35	2 223 119,40	932 726,62	879 786,92
Activated non-wage labour costs	511 507,28	474 976,93	126 440,21	102 280,05
Activated materials and supplies	3 303 690,95	3 820 988,96	3 301 001,36	3 820 716,96
	6 204 788,58	6 519 085,29	4 360 168,19	4 802 783,93
4 Other operating income				
External service revenues	7 499 256,87	4 905 584,82	7 499 256,87	4 890 569,82
Service revenues from Group companies	--	--	3 363 018,00	3 506 458,93
Sale of coal	0,00	3 016 811,15	0,00	3 016 811,15
Capital gains on fixed assets	0,00	3 046 137,66	0,00	3 026 175,12
Rental income	402 635,96	559 717,56	402 635,96	579 426,88
Grants and subsidies received	140 479,67	322 026,67	140 479,67	322 026,67
Other income	250 021,31	118 513,22	544,39	88 901,48
	8 292 393,81	11 968 791,08	11 405 934,89	15 430 370,05
5 Materials and services				
Purchase of energy				
Purchase of electricity	56 541 458,93	35 364 494,35	53 926 539,27	33 195 561,66
Purchase of heat	643 242,60	502 732,15	643 242,60	502 732,15
Purchase of fuel oil	6 147 072,91	1 155,75	6 147 072,91	1 155,75
Purchase of coal	39 185 887,20	8 971 223,10	39 185 887,20	8 971 223,10
Purchase of gas	16 847 908,18	29 997 959,07	16 847 908,18	29 997 959,07
Emission costs	15 608 773,55	14 513 155,84	15 608 773,55	14 513 155,84
Other energy production costs	17 022 933,96	16 892 722,10	17 022 933,96	16 934 889,46
Purchase of energy in total	151 997 277,33	106 243 442,36	149 382 357,67	104 116 677,03
Materials and supplies	13 119 262,45	10 281 802,21	12 985 838,40	10 124 878,77
Increase (+) / decrease (-) of stores	-8 391 696,85	7 817 680,60	-8 391 696,85	7 817 680,60
Depreciation of stores	-10 039 228,15	-1 560 079,46	-10 039 228,15	-1 560 079,46
External services	23 003 947,74	22 381 603,79	13 925 801,88	12 813 480,35
Materials and services in total	169 689 562,52	145 164 449,50	157 863 072,95	133 312 637,29
6 Personnel				
Average number employed during financial year	330	298	266	235
Personnel costs				
Wages and compensation	24 446 895,66	21 526 014,62	20 505 423,00	17 802 074,15
Pension costs	4 844 695,90	6 860 283,41	4 088 029,64	5 342 895,98
Other compulsory personnel costs	1 545 347,03	1 613 017,45	1 258 456,86	1 287 945,03
Compulsory personnel costs in the income statement	30 836 938,59	29 999 315,48	25 851 909,50	24 432 915,16
Paid wages and compensation including fringe benefits				
To Board(s) of Directors	75 911,34	95 463,32	65 111,34	84 663,32
To the Managing Directors / CEO	446 382,76	422 737,58	282 747,73	264 731,65
	522 294,10	518 200,90	347 859,07	349 394,97

(euros)	Group of companies		Parent company	
	2022	2021	2022	2021
7 Depreciation and amortisation				
Intangible rights	384 748,44	334 421,42	181 286,65	150 041,32
Other long-term expenditure	1 510 898,06	1 279 338,45	748 937,91	640 560,77
Buildings and structures	8 202 976,60	8 126 468,76	7 690 641,14	7 590 207,96
District heat network	4 292 395,74	4 098 732,01	4 292 395,74	4 098 732,01
Electrical grid	8 614 740,43	9 051 073,69	--	--
Machines and equipment	9 858 147,47	11 665 683,41	9 835 498,02	11 655 660,95
Other tangible assets	460 649,64	460 649,64	460 649,64	460 649,64
	33 324 556,38	35 016 367,38	23 209 409,10	24 595 852,65
8 Other operating costs				
Administrative services	6 031 627,90	5 843 687,46	3 858 286,56	3 904 397,05
Office costs	6 410 885,61	4 393 511,62	6 841 822,14	4 459 063,83
Personnel-related costs	2 039 174,30	1 542 011,71	1 848 656,06	1 394 489,09
IT device and program costs	5 243 975,35	4 882 002,32	4 214 891,46	4 066 212,52
Leasing charges	10 765 010,81	9 850 998,04	10 586 199,52	9 688 398,60
Marketing costs	1 175 443,72	898 763,61	1 139 544,54	878 508,85
Research and development costs	2 698 096,33	1 042 069,46	2 690 776,33	1 039 069,46
Other costs	306 082,91	1 131 057,73	243 182,20	1 177 076,01
	34 670 296,93	29 584 101,95	31 423 358,81	26 607 215,41
Auditors' fees				
Audit firm KPMG Oy Ab				
Auditing fees	42 740,00	36 400,00	29 000,00	26 400,00
9 Financial income and expenses				
Dividend income				
From associate companies	--	--	3 474 100,00	1 985 200,00
From others	63 624,98	43 203,18	63 624,98	43 203,18
Dividend income in total	63 624,98	43 203,18	3 537 724,98	2 028 403,18
Interest income from investments				
Interest income				
From companies in the same Group	--	--	171 347,22	231 291,67
From others	213 573,47	6 214,66	207 279,24	4 844,06
Interest income in total	213 573,47	6 214,66	378 626,46	236 135,73
Other financing income	446 779,81	197 005,23	446 779,81	197 005,23
Interest fees and other financing costs				
Interest fees to others	2 912 850,37	1 203 964,99	2 912 850,37	1 203 964,99
Impairment of fixed assets	41 708 400,00	0,00	41 708 400,00	0,00
Other financing costs	3 624 857,50	3 870 534,37	3 624 836,65	3 870 534,37
Interest fees and other financing costs in total	48 246 107,87	5 074 499,36	48 246 087,02	5 074 499,36
Financial income and expenses in total	-47 522 129,61	-4 828 076,29	-43 882 955,77	-2 612 955,22
10 Group contribution				
Group contribution from subsidiary	--	--	4 500 000,00	12 000 000,00
11 Income taxes				
Income taxes from regular operations	6 101 734,43	9 687 783,80	5 913 560,57	9 687 783,80
Taxes on retained earnings	-75 071,50	-45 728,38	-13 931,26	-45 728,38
Calculated taxes	1 561 719,02	-573 527,69	0,00	0,00
	7 588 381,95	9 068 527,73	5 899 629,31	9 642 055,42

(euros)	Group of companies		Parent company	
	2022	2021	2022	2021
12 Fixed assets				
Intangible rights				
Acquisition cost 1 January	11 586 001,42	11 163 301,21	5 274 328,92	5 074 646,10
Addition	307 646,00	424 097,39	78 567,00	201 080,00
Deduction	0,00	-1 397,18	0,00	-1 397,18
Acquisition cost 31 December	11 893 647,42	11 586 001,42	5 352 895,92	5 274 328,92
Accumulated planned depreciation 1 January	-9 097 354,21	-8 762 932,79	-4 865 804,72	-4 715 763,40
Financial year depreciation	-384 748,44	-334 421,42	-181 286,65	-150 041,32
Accumulated planned depreciation 31 December	-9 482 102,65	-9 097 354,21	-5 047 091,37	-4 865 804,72
Acquisition cost 31 December	2 411 544,77	2 488 647,21	305 804,55	408 524,20
Other long-term expenditure				
Acquisition cost 1 January	37 385 428,65	36 823 744,48	33 334 827,37	32 910 570,37
Addition	11 958 492,12	561 684,17	11 157 449,94	424 257,00
Acquisition cost 31 December	49 343 920,77	37 385 428,65	44 492 277,31	33 334 827,37
Accumulated planned depreciation 1 January	-32 327 227,07	-31 047 888,62	-29 613 303,02	-28 972 742,25
Financial year depreciation	-1 510 898,06	-1 279 338,45	-748 937,91	-640 560,77
Accumulated planned depreciation 31 December	-33 838 125,13	-32 327 227,07	-30 362 240,93	-29 613 303,02
Book value 31 December	15 505 795,64	5 058 201,58	14 130 036,38	3 721 524,35
Intangible assets in total	17 917 340,41	7 546 848,79	14 435 840,93	4 130 048,55
Tangible assets				
Land areas				
Acquisition cost 1 January	7 209 667,43	7 217 528,32	6 774 965,23	6 782 788,66
Deduction	-1 200,00	-7 860,89	-1 200,00	-7 823,43
Acquisition cost = Book value 31 December	7 208 467,43	7 209 667,43	6 773 765,23	6 774 965,23
Buildings and structures				
Acquisition cost 1 January	170 664 337,39	170 534 555,89	152 442 195,03	152 388 838,13
Addition	38 772 878,28	129 781,50	38 672 182,19	53 356,90
Acquisition cost 31 December	209 437 215,67	170 664 337,39	191 114 377,22	152 442 195,03
Accumulated planned depreciation 1 January	-79 079 543,10	-70 953 074,34	-69 946 478,19	-62 356 270,23
Financial year depreciation	-8 202 976,60	-8 126 468,76	-7 690 641,14	-7 590 207,96
Transfers between items	0,00		0,00	0,00
Accumulated planned depreciation 31 December	-87 282 519,70	-79 079 543,10	-77 637 119,33	-69 946 478,19
Book value 31 December	122 154 695,97	91 584 794,29	113 477 257,89	82 495 716,84
Electrical grid				
Acquisition cost 1 January	339 615 986,56	328 851 752,07		
Addition	7 303 484,25	11 269 703,95		
Deduction	-80 080,88	-505 469,46		
Acquisition cost 31 December	346 839 389,93	339 615 986,56		
Accumulated planned depreciation 1 January	-214 454 585,15	-205 783 434,35		
Accumulated depreciation from deductions	57 034,28	379 922,89		
Financial year depreciation	-8 614 740,43	-9 051 073,69		
Accumulated planned depreciation 31 December	-223 012 291,30	-214 454 585,15		
Book value 31 December	123 827 098,63	125 161 401,41		
District heating network and equipment				
Acquisition cost 1 January	181 892 900,30	174 987 632,99	181 892 900,30	174 987 632,99
Addition	13 487 614,15	6 905 267,31	13 487 614,15	6 905 267,31
Acquisition cost 31 December	195 380 514,45	181 892 900,30	195 380 514,45	181 892 900,30
Accumulated planned depreciation 1 January	-98 556 810,65	-94 458 078,64	-98 556 810,65	-94 458 078,64
Financial year depreciation	-4 292 395,74	-4 098 732,01	-4 292 395,74	-4 098 732,01
Accumulated planned depreciation 31 December	-102 849 206,39	-98 556 810,65	-102 849 206,39	-98 556 810,65
Acquisition cost 31 December	92 531 308,06	83 336 089,65	92 531 308,06	83 336 089,65

(euros)	Group of companies		Parent company	
	2022	2021	2022	2021
Production machines and equipment				
Acquisition cost 1 January	211 617 967,79	208 302 543,42	211 617 967,79	208 302 543,42
Addition	3 532 913,50	3 315 424,37	3 532 913,50	3 315 424,37
Acquisition cost 31 December	215 150 881,29	211 617 967,79	215 150 881,29	211 617 967,79
Accumulated planned depreciation 1 January	-149 494 293,82	-138 076 499,42	-149 494 293,82	-138 076 499,42
Financial year depreciation	-9 661 665,03	-11 417 794,40	-9 661 665,03	-11 417 794,40
Accumulated planned depreciation 31 December	-159 155 958,85	-149 494 293,82	-159 155 958,85	-149 494 293,82
Book value 31 December	55 994 922,44	62 123 673,97	55 994 922,44	62 123 673,97
Other machines and equipment				
Acquisition cost 1 January	20 600 612,61	20 565 083,62	20 328 235,82	20 322 015,49
Addition	378 812,01	35 528,99	220 490,49	6 220,33
Acquisition cost 31 December	20 979 424,62	20 600 612,61	20 548 726,31	20 328 235,82
Accumulated planned depreciation 1 January	-20 152 498,78	-19 904 609,77	-19 933 288,94	-19 695 422,39
Accumulated depreciation from deductions	0,00		0,00	0,00
Financial year depreciation	-196 482,44	-247 889,01	-173 832,99	-237 866,55
Accumulated planned depreciation 31 December	-20 348 981,22	-20 152 498,78	-20 107 121,93	-19 933 288,94
Book value 31 December	630 443,40	448 113,83	441 604,38	394 946,88
Machines and equipment in total 31 December	56 625 365,84	62 571 787,80	56 436 526,82	62 518 620,85
Other tangible assets				
Acquisition cost 1 January	6 322 540,27	6 322 540,27	6 322 540,27	6 322 540,27
Acquisition cost 31 December	6 322 540,27	6 322 540,27	6 322 540,27	6 322 540,27
Accumulated planned depreciation 1 January	-3 459 665,20	-2 999 015,56	-3 459 665,20	-2 999 015,56
Financial year depreciation	-460 649,64	-460 649,64	-460 649,64	-460 649,64
Accumulated planned depreciation 31 December	-3 920 314,84	-3 459 665,20	-3 920 314,84	-3 459 665,20
Book value 31 December	2 402 225,43	2 862 875,07	2 402 225,43	2 862 875,07
Unfinished assets				
Acquisition cost 1 January	79 180 804,07	57 127 336,70	75 596 586,96	53 451 117,75
Addition	84 987 174,27	78 946 691,64	66 870 635,55	72 259 615,98
Deduction	-108 956 724,69	-56 893 224,27	-100 147 550,74	-50 114 146,77
Acquisition cost = Book value 31 December	55 211 253,65	79 180 804,07	42 319 671,77	75 596 586,96
Tangible assets in total	459 960 415,01	451 907 419,72	313 940 755,20	313 584 854,60
Investments				
Share in companies in same Group				
Acquisition cost 1 January	--	--	76 000,00	76 000,00
Acquisition cost = Book value 31 December			76 000,00	76 000,00
Shares in associate companies				
Acquisition cost 1 January	63 592 139,37	76 043 596,38	83 676 330,11	83 676 330,11
Additions/deductions	8 419 581,91	-12 451 457,01	0,00	0,00
Acquisition cost = Book value 31 December	72 011 721,28	63 592 139,37	83 676 330,11	83 676 330,11
Other shares and equity instruments				
Acquisition cost 1 January	115 048 006,36	107 251 788,19	115 045 205,31	107 248 987,14
Additions	3 185 934,27	9 290 137,52	3 185 934,27	9 290 137,52
Deductions	-42 308 400,00	-1 493 919,35	-42 308 400,00	-1 493 919,35
Acquisition cost = Book value 31 December	75 925 540,63	115 048 006,36	75 922 739,58	115 045 205,31
Other long-term investments				
Acquisition cost 1 January	954 543,75	954 543,75	954 543,75	954 543,75
Additions	0,00	0,00	0,00	0,00
Acquisition cost = Book value 31 December	954 543,75	954 543,75	954 543,75	954 543,75
Investments in total	148 891 805,66	179 594 689,48	160 629 613,44	199 752 079,17
Fixed assets in total	626 769 561,08	639 048 957,99	489 006 209,57	517 466 982,32

13 Subsidiaries and associate companies 31/12/2022

Share in companies in same Group

	Domicile	Group's share of ownership	Parent company's share of ownership	Total number of shares	Equity	Result of the financial	Book value 31/12/2022
Owned by parent company							
Vantaan Energia Oy	Finland	100,00 %	100,00 %	701	27 983 680,42	3 183 224,10	76 000,00

Associate companies

Owned by parent company

Svartisen Holding AS	Norway	49,63 %	49,63 %	54 883 850	70 315 017,18	13 451 790,00	38 099 366,41
Kolsin Voima Oy	Finland	22,50 %	22,50 %	2 250	35 383 355,41	-1 624 231,92	7 961 254,96
Oomi Palvelut Oy	Finland	28,30 %	28,30 %	28 300	78 313 625,19	21 512 618,51	25 951 099,91

All Group and associated companies are combined in the parent company's consolidated financial statements.

Group goodwill related to associated companies was not deleted on 31/12/2022 3 773 736,92

	Group of companies		Parent company	
(euros)	2022	2021	2022	2021

14 Current assets

Long-term receivables

Accrued income

Periodisation of purchase invoices	1 299 269,82	1 407 052,00	202 251,84	233 367,36
	1 299 269,82	1 407 052,00	202 251,84	233 367,36

Other receivables

Derivatives	11 757 091,19	1 295 754,75	11 757 091,19	1 295 754,75
	11 757 091,19	1 295 754,75	11 757 091,19	1 295 754,75

Deferred tax assets

Calculation of tax receivables on mandatory provisions and confirmed losses	1 095 450,25	1 399 833,06	0,00	0,00
	1 095 450,25	1 399 833,06	0,00	0,00

Short-term receivables

Short-term receivables from companies in the same Group

Group loan, subject to interest	--	--	7 500 000,00	13 000 000,00
Group sales receivables	--	--	17 655,79	0,00
			7 517 655,79	13 000 000,00

Other receivables

Derivatives	106 128 062,86	14 331 321,67	106 128 062,86	14 331 321,67
Securities	20 940 703,26	20 480 260,58	20 940 703,26	20 480 260,58
Tax receivables	3 843 682,35	3 491 714,01	2 981 904,95	3 491 714,01
Other receivables	1 907 803,01	1 567 254,20	1 907 803,01	1 567 254,20
	132 820 251,48	39 870 550,46	131 958 474,08	39 870 550,46

Accrued income

Periodisation of sales	3 827 112,37	10 638 817,30	3 706 832,37	10 239 537,30
Income tax receivables	2 611 986,62	45 728,38	2 511 252,22	45 728,38
Derivative receivables	1 452 777,92	2 747 044,17	1 452 777,92	2 747 044,17
Periodisation of purchase invoices	3 779 444,69	1 479 489,38	3 779 444,69	1 479 489,38
Balancing energy	52 971,60	22 075,36	52 971,60	22 075,36
Periodisation of Kela (Social Insurance Institution of Finland)	80 320,00	57 008,70	80 320,00	57 008,70
Periodisation of wage-based social costs	0,00	138,46	0,00	0,00
Other items	566 869,60	313 681,05	508 331,02	239 020,78
	12 371 482,80	15 303 982,80	12 091 929,82	14 829 904,07

(euros)	Group of companies		Parent company	
	2022	2021	2022	2021
15 Equity				
Share capital				
Share capital 1 January	3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Share capital 31 December	3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Retained earnings				
Retained profit	326 701 629,31	313 494 675,99	201 309 054,72	182 005 778,55
Distribution of dividends	-18 050 079,40	-16 989 316,44	-18 050 079,40	-16 989 316,44
Donations	-66 000,00	-41 000,00	-66 000,00	-41 000,00
Retained profit 31 December	308 585 549,91	296 464 359,55	183 192 975,32	164 975 462,11
Profit/loss for the financial year	2 282 718,73	30 237 269,76	-14 045 049,31	36 333 592,61
Equity in total	314 290 084,64	330 123 445,31	172 569 742,01	204 730 870,72
Distributable free equity				
Retained profit	--	--	183 192 975,32	164 975 462,11
Profit/loss for the financial year	--	--	-14 045 049,31	36 333 592,61
Total	--	--	169 147 926,01	201 309 054,72
Calculated tax liabilities				
Financial statement transfers	31 095 455,19	29 838 118,99	15 913 664,78	15 427 740,00
Total	31 095 455,19	29 838 118,99	15 913 664,78	15 427 740,00
16 Borrowed capital				
Debts incurred earlier than one year from now	207 727 581,36	62 980 398,57	260 641 216,32	62 980 398,57
Debts incurred within one to five years	87 410 256,40	94 310 256,40	87 410 256,40	119 055 786,48
Debts incurred later than five years from now	21 092 307,72	51 919 889,08	21 092 307,72	27 174 359,00
Short-term liabilities				
Short-term receivables to companies in the same Group				
Accounts payable	--	--	369 349,47	730 936,01
	--	--	369 349,47	730 936,01
Accrued liabilities				
Holiday pay reservation	4 512 315,46	4 401 528,30	3 652 907,70	3 549 898,99
Periodisation of purchase invoices	3 515 809,16	6 676 997,22	3 515 809,16	6 676 997,22
Wages, compensation and social costs	3 442 281,03	2 708 528,18	3 023 588,19	2 356 292,41
Periodisation of sales	691 940,00	1 193 000,00	0,00	0,00
Leasing charges	976 319,74	659 869,21	976 319,74	659 869,21
Periodisation of energy support	102 666,67	102 666,67	102 666,67	102 666,67
Derivative liabilities	1 341 915,93	0,00	1 341 915,93	0,00
Periodisation of electrical taxes	420 664,65	0,00	0,00	0,00
Periodisation of income tax	0,00	1 106 783,80	0,00	1 106 783,80
Interest	1 139 216,54	156 571,93	1 139 216,54	156 571,93
Other items	118 798,37	979 892,81	126 944,68	810 846,32
	16 261 927,55	17 985 838,12	13 879 368,61	15 419 926,55
17 Provisions for liabilities and charges				
Emission rights deficit	2 264 163,76	3 588 046,35	2 264 163,76	3 588 046,35
Other mandatory provisions	3 213 087,50	3 247 317,50	2 417 087,50	2 451 317,50

	Group of companies		Parent company	
	2022	2021	2022	2021
18 Provided guarantees and liability commitments				
Responsibilities related to the waste-to-energy plant (JV1)				
Leasing liability subject to value added tax for waste power plant's production machines and equipment				
Due within the year	14 644 679,84	11 321 532,62	14 644 679,84	11 321 532,62
Due later	89 594 063,07	86 152 614,61	89 594 063,07	86 152 614,61
Total	104 238 742,91	97 474 147,23	104 238 742,91	97 474 147,23
<p>The ownership of the waste-to-energy plant's production machines and equipment has been transferred to the leasing company against payment of the purchase price. The leasing agreement will end in 2029, when the company has a purchase option for the leasing object or the right to name a buyer for it. The residual value is EUR 42 500 000.00. The amount of the leasing liability is the amount of the remaining capital subject to value added tax, including interest costs, minus the residual value. The nature of the contract is a financial lease, as the risks and benefits based on the subject commodity have been transferred to the lessee in its essential parts at the beginning of the contract period.</p> <p>The leasing arrangement has been concluded as a tripartite agreement between the company, leasing company and financial institution. The leasing company has refinanced part of the capital. The period of validity of the tripartite agreement ended on 16/06/2020.</p> <p>The City of Vantaa provided a personal guarantee of a maximum of EUR 240 million for the financing arrangements specific to the waste-to-energy plant. The valid period of the guarantees issued by the city of Vantaa is limited to 20 years and 80% of the residual capital of the financing arrangement.</p> <p>The company issued mortgage bonds as counter-collateral for the guarantees, so that the value of the collateral corresponds to 150% of the amount of the current financial arrangement subject to the guarantee (EUR 360 million). In addition, the company provided the City of Vantaa with a negative pledge required for a self-debt guarantee arrangement.</p> <p>On the closing date, the capital of the leasing arrangement remained EUR 108 521 892 and the bank loan in the balance sheet of Vantaan Energia Oy EUR 88 884 615.40.</p>				
Granted mortgages on real estate				
Relinquished to the City of Vantaa as a counter-guarantee in connection with the lease financing agreement of the waste	360 000 000,00	360 000 000,00	360 000 000,00	360 000 000,00
As free under control of the company	115 000 100,00	115 000 100,00	115 000 100,00	115 000 100,00
Total	475 000 100,00	475 000 100,00	475 000 100,00	475 000 100,00
Responsibilities related to the extension to the waste-to-energy plant (JV2)				
Leasing liability subject to value added tax for waste-to-energy plant's production machines and equipment				
Due within the year	7 776 985,55	0,00	7 776 985,55	0,00
Due later	64 375 835,47	60 439 658,54	64 375 835,47	60 439 658,54
Total	72 152 821,02	60 439 658,54	72 152 821,02	60 439 658,54
<p>Regarding the production machines and equipment of the expansion of the waste-to-energy plant, a lease financing agreement has been concluded and the ownership of these has been transferred to the leasing company against payment of the purchase price. The nature of the contract is a financial lease, as the risks and benefits based on the subject commodity have been transferred to the lessee in its essential parts at the beginning of the contract period. The contract started 15/12/2022 with a value of EUR 80 612 132.49 (VAT 0%). It is still possible over the course of 2023 to supplement the contract. The value of the machines and equipment that are the object of the contract shall be at maximum EUR 92 000 000.00 (VAT 0%). The leasing contract is valid for a period of 10 years. After this, the company will have the right to redeem the item for the residual value specified in the contract, which is 50% of the purchase price. The amount of the leasing liability is the amount of the remaining capital subject to value added tax, including interest costs, minus the residual value. The expansion of the waste-to-energy plant does not include the guarantee of the City of Vantaa.</p> <p>On the closing date, the capital of the leasing arrangement remained EUR 80 612 132 euros.</p>				
Responsibilities concerning the associated company				
Guarantee given on behalf of Eastern Norge Svartisen AS for the performance of obligations, beneficiary Nordland	2 124 208,18	2 235 854,16	2 124 208,18	2 235 854,16
Own debt guarantee on behalf of Oomi Oy	52 355 000,00	43 865 000,00	52 355 000,00	43 865 000,00
Total	54 479 208,18	46 100 854,16	54 479 208,18	46 100 854,16
<p>Vantaan Energia Oy has provided a self-debt guarantee for the organisation of the physical trading and hedging activities respective to joint venture Oomi Oy. The total collateral claim was estimated to be EUR 350 million, of which Vantaan Energia is responsible to the extent of its ownership share totalling 28.3% (EUR 99 million).</p>				
Bank guarantees on behalf of others				
Guarantee as collateral for the balance electricity contract, beneficiary eS	900 000,00	900 000,00	900 000,00	900 000,00
Limit issued by the bank as collateral for electricity exchange trading, Nord Pool Spot AS	30 000,00	30 000,00	30 000,00	30 000,00
Guarantee for natural gas excise duties and maintenance security payments, beneficiary Gasgrid Finland Oy	600 000,00	0,00	600 000,00	0,00
Guarantee for invoicing of natural gas, beneficiary UAB GET Baltic	2 500 000,00	2 500 000,00	2 500 000,00	2 500 000,00
Total	4 030 000,00	3 430 000,00	4 030 000,00	3 430 000,00
<p>The bank guarantees are provided by the bank on behalf of Vantaan Energia Oy. Vantaan Energia Oy is obligated to remit the payments and commission connected with this commitment as well as reimburse the expenditure related to the guarantee to the bank.</p>				
Cash collateral provided on behalf of own commitments				
Deposit given to eSett Oy as a pledge for the electricity balance sheet	3 636 150,82	6 295 459,69	3 636 150,82	6 295 459,69
Deposit given to Nord Pool Spot AS as a pledge for the electronic exchange trade	248 035,83	646 119,61	248 035,83	646 119,61
Total	3 884 186,65	6 941 579,30	3 884 186,65	6 941 579,30

	Group of companies		Parent company	
	2022	2021	2022	2021
Leasing liabilities subject to value added tax				
Due within the year				
Leasing liability for office property	1 449 277,28	1 127 377,00	1 449 277,28	1 127 377,00
Other leasing liabilities	535 423,92	412 015,59	476 267,92	341 941,71
Due later				
Leasing liability for office property	12 133 169,36	12 528 627,68	12 133 169,36	12 528 627,68
Other leasing liabilities	715 807,41	359 614,45	649 669,44	308 965,41
Total	14 833 677,96	14 427 634,72	14 708 384,00	14 306 911,80

The lease period for the office building will end on 29/02/2032, and Vantaan Energia Oy shall have the option to redeem the real estate company's stock with a residual value of EUR 6 456 310 (VAT 0%), as specified in the contract. The contract will continue for three years, unless Vantaan Energia Oy uses the option to redeem the real estate company's stock. In addition, an option agreement has been signed for the possibility of redeeming the office building. During the period 31/12/2022 - 31/12/2026, Vantaan Energia Oy shall have the right but not the obligation to redeem the property company's shares in advance at an agreed price.

The rent is determined in accordance with a differentiation rent calculation and recorded as a company expense in the income statement.

The financing arrangement does not include security.

The following conditions generally apply to leasing contracts other than those related to the waste-to-energy plant and office building: the contracts vary in duration from two to five years, and the contracts do not include redemption obligations.

Other value added tax-related contractual liabilities

Binding purchase commitments	204 564 827,45	73 085 554,11	163 270 559,85	65 315 239,42
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Other liability commitments (all respective to the parent company)

Financing and bank guarantee limits

	2022		2021	
	Maximum	Assigned	Maximum	Assigned
From financing institution	50 000 000,00	0,00	30 000 000,00	18 320 262,26
Financing limit to cover derivative liabilities Maximum amount MEUR 50, of which MEUR 0 is committed on the date of closing the accounts.				
From financing institution	1 500 000,00	0,00	1 500 000,00	0,00
Financing limit to cover derivative liabilities Maximum amount MEUR 1.5, of which MEUR 0 is committed on the date of closing the accounts.				
From financing institution	400 000 000,00	170 000 000,00	0,00	0,00
For increasing the collateral required for electricity trading. Maximum amount MEUR 400, of which MEUR 170 is committed on the date of closing the accounts.				
City of Vantaa's Group account limit	60 000 000,00	0,00	25 000 000,00	0,00

Other responsibilities in energy production companies

The parent company owns shares in power generation companies operating on the so-called Mankala principle: Suomen Hyötytuuli Oy, Innopower Oy, EPV-Energia Oy, Pohjolan Voima Oy and Kolsin Voima Oy. In accordance with the articles of association, the shareholders in these companies are responsible for taking care of all costs arising in the companies from their own share of ownership. In the event of a company's liquidation, its assets and liabilities are primarily distributed to the shareholders in such a manner that the shareholders of each series of shares acquire the production resources to which the ownership of the respective series of shares entitles them to produce energy, and take on the liabilities of the respective series of shares.

	Group of companies		Parent company	
	2022	2021	2022	2021
Share subscription responsibilities				
The company's commitments to future share subscriptions in electricity co-production projects:				
Wind power (Suomen Hyötytuuli Oy, EPV Energia Oy)	7 690 407,66	4 861 400,00	7 690 407,66	4 861 400,00
Oy, Pohjolan Voima Oy)	4 289 058,00	4 289 058,00	4 289 058,00	4 289 058,00
Solar power (EPV Energia Oy)	309 100,00	618 200,00	309 100,00	618 200,00
The company's commitments to future share subscriptions in electricity c	48 354 600,00	50 238 200,00	48 354 600,00	50 238 200,00
Total	60 643 165,66	60 006 858,00	60 643 165,66	60 006 858,00

VAT refund liability

VAT deductions made for buildings and expansion investments in the production network, which are accompanied by a refund liability in accordance with section 33 of the VAT Act for the years 2022–2031	48 827 673,77	42 504 801,56	34 408 969,71	26 724 265,25
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Other liabilities

Vantaan Energia Oy and Vantaan Energia Sähköverkot Oy are involved in a supplementary pension dispute between the employer and those employees entitled to supplementary pension. As a result of the issue, a mandatory provision was made to the result in 2021 totalling MEUR 2.8, of which Vantaan Energia's share is MEUR 2.0 and Vantaan Energia Sähköverkko's share is MEUR 0.8. The disagreement in the dispute concerns whether the supplementary pension is a unilateral collective personnel benefit of the employer or a benefit expressly agreed between the individual employee and the employer in the employment contract. The disagreement also concerns whether the employer has an obligation to compensate for the weakening of pension security owing to legislative changes. The District Court of Eastern Uusimaa issued its decision in the matter on 27/03/2020. The district court accepted the demands of the employees and interpreted the employment contracts in such wise that the supplementary pension coverage has become a condition of the individual employee's employment contract and the employer does not have the right to change it unilaterally. Vantaan Energia appealed the case to the Helsinki Court of Appeal. In its verdict on 25/02/2022, the Court of Appeal overturned the verdict of the District Court and the legal action was rejected. On 24/04/2022, the employees applied for leave to appeal from the Supreme Court.

On 16/02/2023, the Supreme Court determined that it would not grant leave to appeal. The verdict delivered by the Helsinki Court of Appeal thereby remained in force.

19 Overall situation of emissions rights under the emissions trading system

During the years 2021–2025, the authority has granted free emission rights to a total of 216 906 carbon tonnes.

Performance-based data (tonnes of CO₂)	2022	2021
Free emission rights granted	44 466	45 550
Realised CO ₂ emissions	-241 040	-297 813
Emission rights purchased	221 000	207 249
Emission rights sold		
Emission right deficiency / surplus (-/+)	24 426	-45 014
Accumulative emission right deficiency / surplus (-/+)	-20 588	-45 014
Change in free emission rights during 2016–2020 period		
Free emission rights remaining during 2016–2020 period on 31 December	126 890	171 356

20 Derivative contracts

Electricity derivatives

The company's open electricity derivative contracts are electricity futures and forward contracts listed on the Nasdaq Commodities exchange, as well as bilateral electricity derivative contracts

With electricity derivatives, the price risk of a highly probable future sale of electricity at the spot price is hedged.

The open net volume of electricity derivatives is lower than the predicted highly probable volume of sales at the spot price during the term of the derivatives

Nominal amount (GWh)	2023	2024	2025	2026
Purchase derivatives	1 193	369	0	
Sale derivatives	-2 314	-1 142	-193	-35
Total (net GWh)	-1 121	-773	-193	-35
Fair value (tEUR)	2023	2024	2025	2026
Purchase derivatives	-50 107	3 310		
Sale derivatives	-11 547	-17 275	-1 603	-22
Fair value total (tEUR)	-61 653	-13 966	-1 603	-22

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

Sensitivity analysis	2023	2024	2025	2026
Effect of +1 euro change in the closing price of electricity derivatives on the fair value of the derivatives (tEUR)	-1 121	-773	-193	-35
Effect of -1 euro change in the closing price of electricity derivatives on the fair value of the derivatives (tEUR)	1 121	773	193	35

Other commodity derivatives

The effect of fuel and emission right price risks on the company's result is hedged with fuel, emission rights and currency derivatives.

Carbon derivatives

Nominal quantity (tonnes)	2023	2024
Purchase derivatives	44 000	0
Total (net GWh)	44 000	0
Fair value (tEUR)	2023	2024
Purchase derivatives	2 229	0
Fair value total (tEUR)	2 229	0
Sensitivity analysis	2023	2024
Effect of +1 % change in the closing price of electricity derivatives on the fair value of the derivatives (tEUR)	78	0
Effect of -1 euro change in the closing price of electricity derivatives on the fair value of the derivatives (tEUR)	-78	0

Emission right derivatives

Nominal quantity (tonnes)	2023	2024
Purchase derivatives	80 000	0
Total (net GWh)	80 000	0
Fair value (tEUR)	2023	2024
Purchase derivatives	482	0
Fair value total (tEUR)	482	0
Sensitivity analysis	2023	2024
Effect of +1 % change in the closing price of emission right derivatives on the fair value of the derivatives (tEUR)	67	0
Effect of -1 % change in the closing price of emission right derivatives on the fair value of the derivatives (tEUR)	-67	0

Foreign currency derivatives

Nominal amount (tUSD)	2023	2024
Purchase derivatives	3 000	0
Sale derivatives	-7 529	0
Total (net tUSD)	-4 529	0
Fair value (tEUR)	2023	2024
Purchase derivatives	-14	0
Sale derivatives	233	0
Fair value total (tEUR)	219	0
Sensitivity analysis	2023	2024
Effect of +0.1 change in the EUR/USD closing price on the fair value of the derivatives (tEUR)	-304	0
Effect of -0.1 change in the EUR/USD closing price on the fair value of the derivatives (tEUR)	478	0

Interest derivatives

The interest rate risk of the company's bank loans and off-balance sheet agreements (leasing financing) is protected by interest rate derivatives.

Contract type	tEUR	Fluctuating interest rate, bank pays	Contractual period	Fixed interest rate, company pays	Fair value tEUR 31/12/2022	Protection target
Interest rate swap	10 000	3 mo euribor	05/06/2017 - 05/06/2023	1,149 %	64	Bank loan
Interest rate swap	15 000	6 mo euribor	16/12/2016 - 16/12/2026	1,505 %	932	Bank loan
Interest rate swap	20 000	6 mo euribor	02/01/2017 - 11/12/2026	1,125 %	1 527	Lease financing
Interest rate swap	15 000	6 mo euribor	07/07/2015 - 07/07/2025	1,225 %	665	Lease financing
Interest rate swap	20 000	3 mo euribor	01/06/2017 - 01/06/2023	1,142 %	129	Bank loan
Interest rate swap	7 000	6 mo euribor	18/05/2018 - 19/05/2025	0,665 %	431	Bank loan
Interest rate swap	14 000	3 mo euribor	04/06/2018 - 03/06/2025	0,555 %	886	Bank loan
Interest rate swap	10 500	6 mo euribor	19/06/2019 - 19/06/2029	0,117 %	-55	Bank loan
Interest rate swap	30 000	6 mo euribor	16/12/2020-16/06/2025	0,700 %	1 834	Bank loan
Interest rate swap	20 000	6 mo euribor	17/12/2020-17/06/2025	0,700 %	1 217	Bank loan
Interest rate swap	10 000	3 mo euribor	07/10/2020-07/07/2023	0,700 %	110	Bank loan
Interest rate swap	20 000	6 mo euribor	10/12/2020-11/06/2035	1,200 %	3 920	Bank loan
Interest rate swap	34 000	3 mo euribor	05/06/2023-03/12/2037	1,180 %	3 924	Future loan
Interest rate swap	30 000	6 mo euribor	10/06/2025-11/06/2035	1,480 %	3 747	Future loan
Interest rate swap	30 000	6 mo euribor	14/12/2022-14/12/2032	0,170 %	5 963	Lease financing
Interest rate swap	25 000	6 mo euribor	14/12/2022-14/12/2032	0,970 %	3 631	Bank loan
Fair value total (tEUR)					28 925	

Sensitivity analysis	2023	2024	2025
Capital at end of period	537 226	511 303	866 204
Total protections	280 500	240 500	270 500
+1% change in interest rate	2 567	2 708	5 957
-1% change in interest rate	-2 567	-2 708	-5 957

The sensitivity analysis is presented for the years 2021–2023 with undiscounted values, so that the impact of a 1% unit change (3-month or 6-month Euribor) on the total cash flows of the company's hedged items (loans and off-balance sheet financing) and hedging instruments is presented for each year. A positive value means an increase in the cash flow paid by the company, and a negative value means a decrease in the cash flow paid by the company.

Notes to the financial statements 2022

21 According to the Electricity Market Act, differentiated financial statements from other electricity business activities (electricity production)

21.1. Other electricity business operations

Differentiated financial statements of other electricity businesses required by the Ministry of Economic Affairs and Employment's decree on the differentiation of electricity businesses (1305/2019). The presentation of the financial statements is in accordance with the reporting formula of the Ministry's regulation mentioned above, and in its preparation, the recommendation of the Energy Agency on computational and legal separation of electricity and natural gas businesses (2449/421/2015) has been followed.

The application of the causation principle has been refined in the 2022 financial year, which is why the comparison data for the 2021 financial year has also been updated.

INCOME STATEMENT

(euros)	01/01/2022–32/12/2022	01/01/2021–32/12/2021
Turnover	115 273 700,98	85 193 895,67
Manufacture for own use	55 918,03	59 392,63
Other operating income		
Additional operating income	184 941,26	956 494,69
	184 941,26	956 494,69
Materials and services		
Materials, supplies and goods		
Purchases during financial year	-74 421 211,44	-56 113 313,91
	-74 421 211,44	-56 113 313,91
External services		
Other external services	-2 718 909,45	-2 505 091,87
	-2 718 909,45	-2 505 091,87
Materials and services in total	-77 140 120,89	-58 618 405,78
Personnel costs		
Wages and compensation	-4 976 328,36	-4 564 790,17
Non-wage labour costs		
Pension costs	-1 003 057,93	-875 133,68
Other compulsory personnel costs	-298 558,48	-315 530,34
	-6 277 944,77	-5 755 454,19
Depreciation and amortisation		
Planned depreciation		
From other fixed assets	-3 261 146,08	-4 399 224,12
	-3 261 146,08	-4 399 224,12
Other operating costs		
Additional operating costs	-7 604 029,94	-6 260 960,52
	-7 604 029,94	-6 260 960,52
Profit (loss)	21 231 318,59	11 175 738,38
Financial income and expenses		
Other interest- and financing-based income	3 991 896,59	2 184 336,63
Interest fees and other financing costs	-3 499 536,75	-2 844 820,14
	492 359,84	-660 483,51
Profit (loss) before appropriations and taxes	21 723 678,43	10 515 254,87
Appropriations		
Depreciation difference		
From other fixed assets	-134 883,88	259 311,24
	-134 883,88	259 311,24
Income taxes	-4 176 422,84	-2 660 707,82
Profit (loss) for the financial year	17 412 371,71	8 113 858,29

Notes to the financial statements 2022

Other electricity business operations

BALANCE SHEET

(euros)

01/01/2022–32/12/2022 01/01/2021–32/12/2021

ASSETS

Fixed assets

Intangible assets		
Other intangible assets	453 493,35	499 117,10
Tangible assets		
Other tangible assets	22 143 453,00	29 347 888,69
Advance payments and acquisitions in progress	19 922 190,46	13 003 071,23
	42 519 136,81	42 850 077,02
Investments	96 802 500,06	96 123 810,30
Fixed assets in total	139 321 636,87	138 973 887,32

Current assets

Inventories	4 876 736,98	1 471 272,69
Receivables		
Long-term receivables		
Other receivables	11 757 091,19	1 295 754,75
Accrued income	202 251,84	233 367,36
Short-term receivables		
Accounts receivable	4 865 309,34	13 072 688,65
Other receivables	123 210 173,30	27 840 002,95
Accrued income	6 267 556,01	7 189 335,34
	146 302 381,68	49 631 149,05
Cash and bank receivables	532 972,63	553 374,85
Current assets in total	151 712 091,29	51 655 796,59
ASSETS IN TOTAL	291 033 728,16	190 629 683,91

LIABILITIES

Equity

Share, contribution or other equivalent capital	1 165 812,37	1 165 812,37
Retained profit (loss)	64 320 981,76	62 210 538,58
Dividend	-9 287 656,92	-6 003 415,11
Profit for the financial year	17 412 371,71	8 113 858,29
	73 611 508,92	65 486 794,13
Accumulated appropriations		
Depreciation	8 356 234,51	9 911 067,20
Provisions for liabilities and charges	651 490,47	1 565 684,47

Borrowed capital

Long-term borrowed capital		
Long-term borrowed capital subject to interest	17 658 639,22	72 912 757,46
Long-term borrowed capital not subject to interest		
Long-term accrued liabilities	107 800,00	107 800,00
Connection fees for refund	13 406 531,31	13 413 073,40
	31 172 970,53	86 433 630,86
Short-term borrowed capital		
Short-term borrowed capital subject to interest		
Other liabilities	159 801 542,99	0,00
Short-term borrowed capital not subject to interest		
Accounts payable	9 825 894,58	19 093 100,84
Accrued liabilities	4 260 508,44	5 024 112,49
Other liabilities to companies in the same Group	64 269,37	331 573,79
Other liabilities	3 289 308,35	2 783 720,12
	177 241 523,74	27 232 507,24
Equity in total	208 414 494,27	113 666 138,11
LIABILITIES IN TOTAL	291 033 728,16	190 629 683,91

Notes to the financial statements 2022

21. 2. Natural gas business operations

In accordance with the Natural Gas Market Act (587/2017), the differentiated financial statements of natural gas sales activities have been prepared in accordance with the Ministry of Economic Affairs and Employment's decree on the differentiation of natural gas business operations (1306/2019) and in accordance with the presentation method required by it. The preparation has followed the Energy Agency's recommendation 2449/421/2015 *Computational and legal differentiation of electricity and natural gas businesses*.

Natural gas sale operations

INCOME STATEMENT

(euros)	01/01/2022–32/12/2022	01/01/2021–32/12/2021
Turnover	3 672 379,55	3 528 289,71
Other operating income		
Service sale personnel charges	5 247,84	5 247,84
	5 247,84	5 247,84
Materials and services		
Materials, supplies and goods		
Other purchases during financial year	-3 646 439,16	-3 484 556,38
	-3 646 439,16	-3 484 556,38
Materials and services in total	-3 646 439,16	-3 484 556,38
Personnel costs	-4 770,76	-4 770,76
Profit (loss)	26 417,47	44 210,41
Financial income and expenses		
Interest fees and other financing costs	-618,28	-270,73
	-618,28	-270,73
Other incidental expenditure		
Profit (loss) before appropriations and taxes	25 799,19	43 939,68
Income taxes	-5 159,85	-8 787,93
Profit (loss) for the financial year	20 639,34	35 151,75

Notes to the financial statements 2022

BALANCE SHEET

(euros)	31.12.2022	31.12.2021
ASSETS		
Current assets		
Receivables		
Short-term receivables		
Accounts receivable	542,28	0,00
Accrued income	747 520,24	2 105 432,03
	748 062,52	2 105 432,03
Cash and bank receivables	341 441,20	0,00
Current assets in total	1 089 503,72	2 105 432,03
ASSETS IN TOTAL	1 089 503,72	2 105 432,03
LIABILITIES		
Equity		
Retained profit (loss)	35 151,75	0,00
Profit for the financial year	20 639,34	35 151,75
	55 791,09	35 151,75
Borrowed capital		
Short-term borrowed capital		
Short-term borrowed capital not subject to interest		
Other liabilities to companies in the same Group	0,00	213 170,97
Accounts payable	511 426,12	1 783 983,98
Other liabilities	49 962,10	73 125,33
Accrued liabilities	472 324,41	0,00
	1 033 712,63	2 070 280,28
Borrowed capital in total	1 033 712,63	2 070 280,28
LIABILITIES IN TOTAL	1 089 503,72	2 105 432,03

Signatures to the annual report and financial statements

Vantaa, 28th day of February, 2023

Tommi Valtonen
Chairperson of the Board

Pia Pakarinen

Sari Antila

Päivi Laakso

Mika Niikko

Antti Nummi

Matias Pajula

Jukka Toivonen
CEO

(to be signed electronically)

Auditor's note

A report on the audit performed has been issued today.

Electronic signature as a date

Audit firm KPMG Oy Ab
Audit firm

Juha Huuskonen, KHT, JHT

(to be signed electronically)

List of used account books and receipt types 2022

ACCOUNTING RECORDS

Statutory accounts and ledger	electronically
Purchase ledger	electronically
Sales ledger	electronically
Cost accounting	electronically
Fixed asset accounting	electronically
Inventory accounting	electronically
Financial statements	electronically
Balance sheet specifications	electronically

TYPES OF RECEIPTS / METHODS OF STORAGE

Cash and bank receipts	electronically
SEPA and reference remittances	electronically
Accounting memo vouchers	electronically
Payroll accounting	electronically
Sales ledger	electronically
Purchase ledger	electronically
Inventory accounting	electronically
Fixed asset accounting / depreciation	electronically
Attached information documents	electronically