

ELENIA LÄMPÖ OY
FINANCIAL STATEMENTS

31.12.2018

unofficial translation adapted from Elenia Lämpö's financial statement

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31.12.2018

Business ID 0991064-1

REPORT OF THE BOARD OF DIRECTORS 2018

General This annual report covers the financial year from 1 January to 31 December 2018. The head office of Elenia Lämpö is located in Hämeenlinna. The Company's products are district heating production and distribution, natural gas sales and distribution and electricity generation. The Company engages in business operations in the Häme, Central Finland and Northern Ostrobothnia regions.

Risks The risks associated with the Company's business operations are primarily related to heat demand, fuel prices and electricity prices. Changes in average yearly temperature influence the demand for the products sold by the Company and thereby affect its total revenue.

Ownership The Company is 100 % owned by Elenia Oy.

Result and key figures

Heating sales decreased by 0,9%, electricity generation increased by 3,6% while gas sales decreased by 1,6%. Total revenue increased by 0,1%, mainly due to heat price increase in late 2017. Operating profit was 0,8% higher compared to the previous year. Operating profit percentage increased slightly up to 23,4 %. The company's solvency decreased slightly. The Company's financial position and result are illustrated by the following key figures:

	2018	2017	2016
Total revenue (EUR thousand)	77 166	77 125	75 805
EBITDA (EUR thousand)	25 474	25 284	24 934
Operating profit (EUR thousand)	18 034	17 888	17 128
Operating profit-%	23,4	23,2	22,6
Return on investment	24,6	25,4	23,5
Capital ratio	44,0	45,9	45,7
Investments (M€)	10,3	5,9	6,3

Share capital The Company's share capital in the financial year was EUR 55,000.00. The share capital is divided into 100 shares with a nominal value of EUR 550. All shares carry equal voting rights in the shareholders' meeting.

Personnel The average number of personnel during the financial year was 83. Salaries and other personnel costs amounted to EUR 6,424 thousand.

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Environment Elenia Lämpö Oy aims to reduce its CO2 emissions per unit of energy generated in its production operations. This can be achieved by increasing the share of renewable biofuels and reducing the share of fossil fuels, natural gas in particular.

Company's appeal in Supreme Administrative Court regarding environmental license of Vanaja power plant K4 boiler was rejected at the end of the year. Due to this Company is planning to invest roughly EUR 500 k€ in cleaning technology in order to continue the operation of the boiler up to spring 2020. The Board of the Company has made a decision to replace K4 boiler with a new bio boiler. The construction of the boiler has been started and it is estimated to be taken into use at the end of 2020.

In the beginning of the year there was an oil spill at Heinola peak load plant. Company has made necessary cleaning operations and follows the situation closely also during 2019.

Events after the reporting period

In the beginning of 2019 Company's owner Elenia Oy has informed that it has commenced a strategic review of its interests in Elenia Lämpö Oy and its associated subsidiary. There is no certainty as to the decisions which may ultimately be made on conclusion of this strategic review.

Outlook Business operations are expected to continue in a similar manner as before.

Board of Directors

The Chairman of the Board of Directors was Matti Manninen and the other members were during 1.1 – 28.2 Matteo Botto Poala, Anna Dellis and Mikko Räsänen. From 1st March other members of The Board have been Scott McGregor, Erin Eisenberg and David Tilstone. The company's auditor is Ernst & Young Oy.

The Board's proposal for the distribution of the profit

The Board of Directors proposes to the General Meeting of Shareholders that the loss for the period, EUR 338,398.83, will be transferred to retained earnings and that no dividend will be paid.

ELENIA LÄMPÖ OY

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Profit and Loss Account		1.1. - 31.12.2018	1.1. - 31.12.2017
	Note		
Revenue	1.1	77 166 357,58	77 124 812,52
Other operating income	1.2.	1 475 958,38	1 457 827,56
Materials and services	1.3	-41 830 087,87	-41 773 973,41
Personnel expenses	1.4	-6 424 465,39	-6 817 600,76
Depreciations according to plan	1.5	-7 440 583,78	-7 396 510,10
Other operating expenses	1.6	-4 913 623,75	-4 706 596,74
Operating profit		18 033 555,17	17 887 959,07
Financial income and expenses	1.7	111 384,58	146 056,01
Profit before appropriations and taxes		18 144 939,75	18 034 015,08
Change in accelerated depreciations	1.8	-185 520,32	-148 867,94
Group contribution	1.8	-18 290 000,00	-18 140 000,00
Income taxes	1.9	-7 818,26	-23 490,82
Profit of the financial year		-338 398,83	-278 343,68

ELENIA LÄMPÖ OY

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Balance Sheet

ASSETS		31.12.2018	31.12.2017
	Note		
Non-current assets			
Intangible assets	2.1		
Intangible rights		27 486,78	29 929,98
Goodwill		6 332,50	17 188,90
Other capitalized long term expenditures		1 579 081,59	1 051 022,63
		<u>1 612 900,87</u>	<u>1 098 141,51</u>
Tangible Assets	2.2		
Land and water		717 451,51	648 373,91
Buildings and structures		8 268 235,61	8 048 652,04
Heat network		30 491 316,77	29 446 828,29
Natural gas network		1 001 069,01	1 231 859,91
Machinery and equipments		42 858 909,99	44 266 648,69
Other tangible assets		746 290,63	794 613,55
Construction in progress		4 367 399,90	1 664 651,36
		<u>88 450 673,42</u>	<u>86 101 627,75</u>
Investments	2.3		
Holdings in associated companies		51 280,00	51 280,00
Other shares and holdings		33,64	33,64
		<u>51 313,64</u>	<u>51 313,64</u>
Non current assets total		90 114 887,93	87 251 082,90
Current assets			
Inventories		3 446 843,22	4 129 865,50
Short term receivables	2.4		
Trade receivables		912 377,08	937 486,22
Receivables from Group companies		11 425 576,41	10 121 058,37
Other receivables		51 492,64	69 520,72
Prepayments and accrued income		12 286 619,91	11 220 891,21
		<u>24 676 066,04</u>	<u>22 348 956,52</u>
Current assets total		28 122 909,26	26 478 822,02
Total assets		118 237 797,19	113 729 904,92

ELENIA LÄMPÖ OY

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Balance Sheet

EQUITY AND LIABILITIES**31.12.2018****31.12.2017**

	Note		
Capital and reserves	3.1		
Subscribed capital		55 000,00	55 000,00
Share premium reserve		82 687,57	82 687,57
Reserve fund		37 593,96	37 593,96
Retained earnings		13 376 904,56	13 623 157,65
Profit for the financial year		-338 398,83	-278 343,68
		<u>13 213 787,26</u>	<u>13 520 095,50</u>
Accelerated depreciations	3.2		
Cumulative accelerated depreciations		48 510 685,27	48 325 164,95
Obligatory Provisions	3.3	110 000,00	0,00
Liabilities	3.4		
Long term			
Connection fees		31 934 302,50	31 706 519,18
Accruals and deferred income		272 517,00	315 115,00
		<u>32 206 819,50</u>	<u>32 021 634,18</u>
Short term			
Trade creditors		1 388 437,98	1 511 093,34
Trade creditors, Group companies		13 458 819,53	8 604 488,06
Other short term liabilities		1 802 914,79	2 330 672,69
Accruals and deferred income		7 546 332,86	7 416 756,20
		<u>24 196 505,16</u>	<u>19 863 010,29</u>
Liabilities Total		56 403 324,66	51 884 644,47
Total Equity and liabilities		118 237 797,19	113 729 904,92

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Differentiated financial statements	Gas sales	Gas sales	Gas sales	Gas distribution	Gas distribution
Income statement, Gas business	01.01. - 31.12.2018	01.01. - 31.12.2017	01.01. - 31.12.2018	01.01. - 31.12.2017	01.01. - 31.12.2017
Revenue	8 776 359,48	8 134 312,44	4 223 001,84	3 886 140,85	4 248 171,59
Other operating income	10 781,08	0,00	0,00	0,00	0,00
Materials and services	-6 244 624,37	-5 715 393,55	-3 028 677,39	-2 652 106,47	-3 063 287,08
Personnel expenses	-67 124,82	-71 799,39	0,00	0,00	-71 799,39
Depreciation and amortisation	-283 404,37	-275 670,09	0,00	0,00	-275 670,09
Other operating expenses	-16 488,12	-18 760,43	-284,46	-144,31	-18 616,12
Operating profit	2 175 498,88	2 052 688,98	1 194 039,99	1 233 890,07	818 798,91
Finance income and expenses	12 697,84	15 335,88	6 109,94	7 326,67	8 009,21
Profit before appropriations and taxes	2 188 196,72	2 068 024,86	1 200 149,93	1 241 216,74	826 808,12
Change in accelerated depreciations	105 391,22	163 968,15	0,00	0,00	163 968,15
Group contribution	-2 085 060,00	-1 904 700,00	-1 003 287,55	-1 904 700,00	0,00
Income tax	-41 705,59	-65 458,60	-39 372,48	-65 458,60	0,00
Profit for the financial year	166 822,35	261 834,41	157 489,90	-728 941,86	990 776,27

ELENIA LÄMPÖ OY

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Differentiated financial statements

Balance sheet, Gas business	31.12.2018	31.12.2017	Gas sales 31.12.2018	Gas sales 31.12.2017	Gas distribution 31.12.2018	Gas distribution 31.12.2017
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ASSETS

Non-current assets

Intangible assets	25 566,28	36 422,68	0,00	0,00	25 566,28	36 422,68
Tangible assets	1 260 675,17	1 524 655,43	0,00	0,00	1 260 675,17	1 524 655,43
Total non-current assets	1 286 241,45	1 561 078,11	0,00	0,00	1 286 241,45	1 561 078,11

Current assets

Short-term receivables						
Prepayments and accrued income	1 050 370,92	977 277,49	508 053,71	474 983,83	542 317,21	502 293,66
Cash and cash equivalents	5 601 079,19	5 145 769,81	5 601 079,19	5 145 769,82	0,00	0,00
Total current assets	6 651 450,11	6 123 047,30	6 109 132,90	5 620 753,65	542 317,21	502 293,66
TOTAL ASSETS	7 937 691,56	7 684 125,41	6 109 132,90	5 620 753,65	1 828 558,66	2 063 371,77

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Differentiated financial statements

	31.12.2018	31.12.2017	Gas sales 31.12.2018	Gas sales 31.12.2017	Gas distribution 31.12.2018	Gas distribution 31.12.2017
EQUITY AND LIABILITIES						
Capital and reserves						
Subscribed capital						
Share premium reserve						
Retained earnings	2 703 094,87	2 441 260,46	4 624 357,47	5 353 299,33	-1 921 262,59	-2 912 038,87
Profit (+) / loss (-) of the financial year	166 822,35	261 834,41	157 489,90	-728 941,86	9 332,45	990 776,27
Total capital and reserves	2 869 917,22	2 703 094,87	4 781 847,37	4 624 357,47	-1 911 930,14	-1 921 262,59
Accelerated depreciations	948 686,87	1 054 078,09	0,00	0,00	948 686,87	1 054 078,09
Liabilities						
Long term						
Connection fees	1 047 361,39	1 072 858,70	0,00	0,00	1 047 361,39	1 072 858,70
	1 047 361,39	1 072 858,70	0,00	0,00	1 047 361,39	1 072 858,70
Short term						
Trade creditors	158 281,93	158 664,80	76 161,98	75 801,58	82 119,95	82 863,22
Trade creditors, Group companies	1 534 305,43	903 471,25	738 275,89	431 630,40	796 029,53	471 840,85
Other short term liabilities	313 324,49	768 477,67			313 324,49	768 477,67
Accruals and deferred income	1 065 814,23	1 023 480,03	512 847,66	488 964,20	552 966,57	534 515,83
	3 071 726,08	2 854 093,75	1 327 285,53	996 396,18	1 744 440,54	1 857 697,57
Total liabilities	4 119 087,47	3 926 952,45	1 327 285,53	996 396,18	2 791 801,93	2 930 556,27
TOTAL EQUITY AND LIABILITIES	7 937 691,56	7 684 125,41	6 109 132,90	5 620 753,65	1 828 558,66	2 063 371,77

Differentiated calculations for gas

Items for which the allocation principle applied is the share of the gas business of total revenue, the allocation principle applied is 11.4 % (in 2017 10.5 %).

Income statement, Gas business

Revenue	Revenue differentiated by business segment
Other operating income	Other income differentiated by business segment
Materials and services	Materials and services differentiated by business segment
Personnel expenses	Personnel expenses differentiated by business segment
Depreciation and amortisation	Depreciation differentiated by business segment
Other operating expenses	Other expenses differentiated by business segment
Finance income and expenses	Share of gas business of total revenue
Non-recurring items	Share of gas business of total revenue
Income tax	Based on the business segment's differentiated income statement and balance sheet

Balance sheet, Gas business

Intangible assets	Intangible assets are differentiated by business segment
Tangible assets	Tangible assets are differentiated by business segment
Short-term receivables	Receivables are differentiated by business segment
Cash and cash equivalents	Allocated in such a way as to balance the segment's differentiated ba
Subscribed capital	Subscribed capital, funds and reserves have not been allocated
Profit (+) / loss (-) for the financial year	Based on the business segment's differentiated result
Depreciation difference	Depreciation difference is differentiated by business segment
Connection fees	Connection fees are differentiated by business segment
Trade payables	Share of gas business of total revenue
Liabilities to group companies	Share of gas business of total revenue
Accruals and deferred income	Share of gas business of total revenue

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Cash flow statement	1.1. - 31.12.2018	1.1. - 31.12.2017
Cash flow from operating activities		
Operating profit	18 033 555,17	17 887 959,07
Reversal of amortisation	7 440 583,78	7 396 510,10
Divestment of intangible and tangible assets	-30 122,00	-10 000,00
Change in working capital	-333 412,75	4 339 482,30
Finance expenses	-4 868,98	-1 854,20
Dividend income	96 000,00	124 500,00
Finance income	20 253,56	23 410,21
Taxes paid	-59 748,08	-59 357,00
Cash flow from operating activities	25 162 240,70	29 700 650,48
Investments		
Capital expenditure on intangible and tangible assets	-10 304 388,81	-5 996 433,96
Investment subsidies received	0,00	62 761,00
Divestment of intangible and tangible assets	30 122,00	10 000,00
Cash flow from investing activities	-10 274 266,81	-5 923 672,96
Cash flow before financial items	14 887 973,89	23 776 977,52
Financial items		
Repayment of current liabilities	0,00	0,00
Increase in connection fees	259 873,91	286 874,11
Group contribution (+/-)	-13 540 000,00	-17 655 000,00
Change in non-current liabilities	0,00	0,00
Cash flow from financing activities	-13 280 126,09	-17 368 125,89
Change in cash and cash equivalents	1 607 847,80	6 408 851,63
Cash and cash equivalents at the start of the period	9 811 689,86	3 402 838,23
Cash and cash equivalents at the end of the period	11 419 537,66	9 811 689,86

In the balance statement, the group bank account is presented as receivable from other companies of the group, and in the cash flow statement as cash and cash equivalents.

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Notes on the financial statements

1.1. - 31.12.2018

1.1. - 31.12.2017

NOTES ON THE PREPARATION OF THE FINANCIAL STATEMENTS

The company is the subsidiary of the Finnish Elenia Group.

The consolidated financial statement can be acquired in Patamäenkatu 7, Tampere

The consolidated financial statement of Elenia Oy will be combined with the consolidated financial statement of the Elenia Holdings S.á r.l. It can be acquired in 9 Allée Scheffer - 2520 Luxembourg.

Measurement of non-current assets

Intangible and tangible assets are recorded in the balance sheet at acquisition cost reduced by planned depreciation.

Planned depreciation is calculated using straight-line depreciation over the economic life of the asset.

The values of buildings and land areas do not include revaluations.

The depreciation periods are:

	years
Intangible rights	3-5
Goodwill	10-15
Other capitalized long-term expenditures	5-10
Buildings and constructions	15-25
District heating network	30
Natural gas network	30
Machinery and equipment	5-30
Other tangible assets	20

Measurement of inventories

Inventories are recorded at the acquisition cost or lower repurchasing cost or likely selling price.

Comparability with the previous year's figures

The figures in these financial statements are comparable with the previous year's figures.

Amounts in foreign currencies

Receivables and payables in foreign currencies have been converted to Finnish currency at the average exchange rate on the balance sheet date.

The group bank account is presented as receivable from other companies of the group.

Investment subsidies

The company did not receive any investment subsidies in the financial year.

NOTES ON THE INCOME STATEMENT

	1.1. - 31.12.2018	1.1. - 31.12.2017
1.1 Revenue by segment		
Heat	65 874 224,94	65 686 851,13
Natural gas	8 751 451,66	8 104 369,57
Electricity	2 300 527,78	1 659 488,00
Other sales	240 153,20	1 674 103,82
Total	77 166 357,58	77 124 812,52
1.2 Other Operating Income		
Rental income	73 050,59	70 733,29
Capital gains	30 122,00	10 000,00
Other operating income	1 372 785,79	1 377 094,27
Total	1 475 958,38	1 457 827,56

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Notes on the financial statements	1.1. - 31.12.2018	1.1. - 31.12.2017
1.3 Materials and Services		
Fuel	40 259 109,36	38 746 111,89
Change in inventory (increase-) /(decrease+)	91 464,24	1 130 875,84
External services	1 479 514,27	1 896 985,68
Total	41 830 087,87	41 773 973,41
1.4 Personnel expenses		
Average number of personnel during the financial year	83	82
Salaries	5 268 816,24	5 554 818,30
Pension expenses	993 546,76	1 001 078,25
Other employee expenses	162 102,39	261 704,21
Total	6 424 465,39	6 817 600,76
1.5 Depreciations according to plan		
Intangible rights	2 443,20	2 443,20
Goodwill	10 856,40	77 902,12
Other capitalised long-term expenditure	430 109,86	399 916,69
Buildings and constructions	546 002,49	524 678,92
District heating network	1 918 009,07	1 845 944,81
Natural gas network	227 530,71	226 438,87
Machinery and equipment	4 257 309,13	4 268 742,77
Other tangible assets	48 322,92	50 442,72
Total	7 440 583,78	7 396 510,10
1.6 Other Operating Expenses		
Rent and property	783 164,68	651 503,32
Operation and maintenance	552 200,97	597 170,06
External services	1 897 782,94	1 811 517,64
Other operating expenses	1 620 042,44	1 588 611,72
	4 853 191,03	4 648 802,74
1.6.1 Auditors' fees		
Audit	53 433,00	50 319,00
Other services	6 999,72	7 475,00
Total	60 432,72	57 794,00
1.7 Financial income and expenses		
Dividends		
Dividends from associated companies	96 000,00	124 500,00
Total	96 000,00	124 500,00
Interest and other financial income		
Interest income	20 253,56	23 410,21
	20 253,56	23 410,21
Interest and other financial expenses		
Other interest expenses	4 868,98	1 854,20
Total	4 868,98	1 854,20
Total financial income and expenses	111 384,58	146 056,01

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Notes on the financial statements	1.1. - 31.12.2018	1.1. - 31.12.2017
1.8 Appropriations		
Changes in accelerated depreciations	185 520,32	148 867,94
Total	185 520,32	148 867,94
Group contributions	18 290 000,00	18 140 000,00
Total	18 290 000,00	18 140 000,00
1.9 Income tax		
Tax effect of group contribution	-3 658 000,00	-3 628 000,00
Income tax on operations	3 665 818,26	3 651 490,82
Total	7 818,26	23 490,82
NOTES ON THE BALANCE SHEET		
Non-current assets		
2.1 Intangible assets		
Intangible rights		
Acquisition cost 1.1	95 139,99	95 139,99
Acquisition cost 31.12	95 139,99	95 139,99
Accumulated depreciations 1.1	-65 210,01	-62 766,81
Depreciations according to plan	-2 443,20	-2 443,20
Book value 31.12	27 486,78	29 929,98
Goodwill		
Acquisition cost 1.1	30 363 890,51	30 363 890,51
Acquisition cost 31.12	30 363 890,51	30 363 890,51
Accumulated depreciations 1.1	-30 346 701,61	-30 268 799,49
Depreciations according to plan	-10 856,40	-77 902,12
Book value 31.12	6 332,50	17 188,90
Other capitalized long-term expenditures		
Acquisition cost 1.1	4 375 650,90	4 082 005,01
Additions	958 168,82	293 645,89
Acquisition cost 31.12	5 333 819,72	4 375 650,90
Accumulated depreciations 1.1	-3 324 628,27	-2 924 711,58
Depreciations according to plan	-430 109,86	-399 916,69
Book value 31.12	1 579 081,59	1 051 022,63
2.2 Tangible assets		
Land and Water		
Acquisition cost 1.1	648 373,91	625 126,31
Additions	69 077,60	23 247,60
Acquisition cost 31.12	717 451,51	648 373,91
Book value 31.12	717 451,51	648 373,91

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Notes on the financial statements**1.1. - 31.12.2018****1.1. - 31.12.2017****Buildings and Structures**

Acquisition cost 1.1	14 614 823,58	14 579 467,19
Additions	765 586,06	35 356,39
Acquisition cost 31.12	15 380 409,64	14 614 823,58
Accumulated depreciations 1.1	-6 566 171,54	-6 039 424,07
Depreciations according to plan	-546 002,49	-526 747,47
Book value 31.12	8 268 235,61	8 048 652,04

Heat network

Acquisition cost 1.1	70 605 080,64	68 210 703,27
Additions	2 962 497,55	2 394 377,37
Acquisition cost 31.12	73 567 578,19	70 605 080,64
Accumulated depreciations 1.1	-41 158 252,35	-39 312 307,54
Depreciations according to plan	-1 918 009,07	-1 845 944,81
Book value 31.12	30 491 316,77	29 446 828,29

Natural Gas network

Acquisition cost 1.1	6 356 545,51	6 185 966,91
Additions	-3 260,19	170 578,60
Acquisition cost 31.12	6 353 285,32	6 356 545,51
Accumulated depreciations 1.1	-5 124 685,60	-4 898 246,73
Depreciations according to plan	-227 530,71	-226 438,87
Book value 31.12	1 001 069,01	1 231 859,91

Machinery and equipment

Acquisition cost 1.1	84 296 117,88	81 365 173,67
Additions	2 849 570,43	2 950 854,08
Divestments	-8 919,62	-19 909,87
Acquisition cost 31.12	87 136 768,69	84 296 117,88
Accumulated depreciations 1.1	-40 024 979,63	-35 778 215,28
Depreciation divestments	-4 489,56	-4 489,56
Depreciations according to plan	-4 248 389,51	-4 246 764,35
Book value 31.12	42 858 909,99	44 266 648,69

Other tangible assets

Acquisition cost 1.1	1 201 047,57	1 100 733,73
Additions	0,00	100 313,84
Acquisition cost 31.12	1 201 047,57	1 201 047,57
Accumulated depreciations 1.1	-406 434,02	-355 991,30
Depreciations according to plan	-48 322,92	-50 442,72
Book value 31.12	746 290,63	794 613,55

Advance payments and construction in progress

Acquisition cost 1.1	1 664 651,36	1 699 352,17
Additions	10 304 388,81	5 933 672,96
Transferred to fixed assets	-7 601 640,27	-5 968 373,77
Book value 31.12	4 367 399,90	1 664 651,36

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Notes on the financial statements	1.1. - 31.12.2018	1.1. - 31.12.2017
2.3 Investments		
Shares in associated companies		
Acquisition cost 1.1	51 280,00	51 280,00
Acquisition cost 31.12	<u>51 280,00</u>	<u>51 280,00</u>
Book value 31.12	51 280,00	51 280,00
Other shares and holdings		
Acquisition cost 1.1	33,64	33,64
Acquisition cost 31.12	<u>33,64</u>	<u>33,64</u>
Book value 31.12	33,64	33,64
2.4 Receivables		
Receivables from group companies		
Short term receivables		
Group bank account	11 419 537,66	9 811 689,86
Trade receivables	0,00	14 077,81
Prepayments and accrued income	<u>6 038,75</u>	<u>295 290,70</u>
Total	11 425 576,41	10 121 058,37
Receivables from external parties		
Trade receivables	912 377,08	937 486,22
Other receivables	51 492,64	69 520,72
Prepayments and accrued income		
Periodised sales income	11 182 414,00	10 603 994,80
Other prepayments and accrued income	1 104 205,91	616 896,41
Total receivables	24 676 066,04	22 348 956,52
3.1 Capital and reserves		
Restricted equity		
Subscribed capital, Jan 1	55 000,00	55 000,00
Subscribed capital, Dec 31	<u>55 000,00</u>	<u>55 000,00</u>
Total	55 000,00	55 000,00
Share premium fund, Jan 1	82 687,57	82 687,57
Share premium fund, Dec 31	82 687,57	82 687,57
Legal reserve, Jan 1	37 593,96	37 593,96
Legal reserve, Dec 31	37 593,96	37 593,96
Total restricted equity	175 281,53	175 281,53
Unrestricted equity		
Retained earnings	13 344 813,97	13 583 060,63
Transfer of connection fees	32 090,59	40 097,02
Profit/loss for the financial year	<u>-338 398,83</u>	<u>-278 343,68</u>
Total unrestricted equity	13 038 505,73	13 344 813,97
Total capital and reserves	13 213 787,26	13 520 095,50
Distributable equity	13 038 505,73	13 344 813,97

ELENIA LÄMPÖ OY

Business ID: 0991064-1

Notes on the financial statements**1.1. - 31.12.2018****1.1. - 31.12.2017****3.2 Accumulated appropriations**

The accumulated appropriations are comprised of depreciation differences.

Depreciation difference

Intangible rights	2 443,20	2 443,20
Goodwill	10 856,40	77 902,12
Other capitalized long-term expenditure	-104 206,57	-17 111,04
Buildings and constructions	-95 701,87	-34 496,91
District heating network	-729 542,59	-679 685,19
Natural gas network	87 811,91	67 264,06
Machinery and equipment	643 618,49	433 495,31
Other tangible assets	-799,29	1 320,51
Total depreciation difference	-185 520,32	-148 867,94

Cumulative depreciation difference

Intangible rights	-27 486,78	-29 929,98
Goodwill	-6 332,50	-17 188,90
Other capitalized long-term expenditure	-370 136,95	-265 930,38
Buildings and constructions	-1 136 576,44	-1 040 874,57
District heating network	-13 975 103,83	-13 245 561,24
Natural gas network	-828 694,51	-916 506,42
Machinery and equipment	-32 102 107,16	-32 745 725,65
Other tangible assets	-64 247,10	-63 447,81
Total cumulative depreciation difference	-48 510 685,27	-48 325 164,95

Deferred tax liability on the cum depreciation difference	9 702 137,05	9 665 032,99
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3.3 Obligatory reserves	110 000,00	0,00
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Obligatory reserve is based on future costs from oil leakage at Heinola heat plant.

3.4 Liabilities**Long term liabilities**

Refundable connection fees are presented as long term liabilities in the balance.

Non-current liabilities

Connection fee debt, Jan 1	31 706 519,18	31 459 742,09
Connection fee debt, Dec 31	31 934 302,50	31 706 519,18

Accruals and deferred income	272 517,00	315 115,00
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Total long term liabilities	32 206 819,50	32 021 634,18
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ELENIA LÄMPÖ OY

Business ID: 0991064-1

Notes on the financial statements	1.1. - 31.12.2018	1.1. - 31.12.2017
Short term liabilities		
Short term liabilities to external parties		
Trade payables	1 388 437,98	1 511 093,34
Other short term liabilities	1 802 914,79	2 330 672,69
Accruals and deferred income		
Salaries and social security contributions	1 631 584,71	1 858 594,87
Other accrued expenses	5 914 748,15	5 558 161,33
Total	7 546 332,86	7 416 756,20
Total short term liabilities to external parties	10 737 685,63	11 258 522,23
Short term liabilities to Group companies		
Trade payables	3 044,98	8 744,64
Accruals and deferred income	13 455 774,55	8 595 743,42
Total	13 458 819,53	8 604 488,06
Short term liabilities total	24 196 505,16	19 863 010,29
Total Liabilities	56 403 324,66	51 884 644,47
Commitments and contingencies		
Provided on behalf of own and Group liabilities		
Floating charges	4 500 000 000,00	4 500 000 000,00
Mortgages	27 000 000,00	27 000 000,00
Guarantees	1 689 500 000,00	1 528 500 000,00
Pledged shares	51 280,00	51 280,00
Bank account	11 419 537,66	9 811 689,86
	<u>6 227 970 817,66</u>	<u>6 065 362 969,86</u>
Operating leases		
Within one year	120 528,99	138 631,50
After one year	134 790,90	176 228,67
	<u>255 319,89</u>	<u>314 860,17</u>
Lease agreements are primarily contracts for periods of 3-5 years with no redemption obligation.		
Rental liabilities		
Within one year	95 529,22	111 679,43
After one year	167 148,56	180 463,59
	<u>262 677,78</u>	<u>292 143,02</u>

ELENIA LÄMPÖ OY
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FINANCIAL STATEMENTS
31.12.2018

Shares and participation

	Holding	Share of votes	Amount of shares	Nominal value of shares (EUR)	Book value of shares (EUR)
Associated companies					
Oriveden Aluelämpö Oy	50,0 %	50,0 %	300	51 000,00	51 280,00
Other shares and participations					
Oulaisten Vesiosuuskunta					33,64
					51 313,64

ELENIA LÄMPÖ OY

Business ID: 0991064-1

Financial statements

31.12.2018

Signatures

Helsinki, February 27, 2019

Erin Eisenberg

Scott McGregor

David Tilstone

Matti Manninen, Chairman of the Board of Directors

Matti Tynjälä, CEO

Auditor's note

Auditor's report of the performed audit has been given today.

Helsinki, February 27, 2019

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Ryttilahti
Authorized Public Accountant

AUDITOR'S REPORT (Translation of the Finnish original)

To the Annual General Meeting of Elenia Lämpö Oy

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements Elenia Lämpö Oy (business identity code 0991064-1) for the year ended 31 December, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

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

Other reporting requirements

Other information

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

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

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

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

Other opinions

The profit and loss accounts, the balance sheets and the notes for the separately presented natural gas operations are drawn up in accordance with the rules and provisions laid down in the Natural Gas Market Act.

Helsinki 27.2.2019

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Ryttilahti
Authorized Public Accountant