

ELENIA LÄMPÖ OY  
FINANCIAL STATEMENTS

31.12.2017

unofficial translation adapted from Elenia Lämpö's financial statement

**Contents**

---

Annual report	1
Profit and Loss Account	3
Balance sheet	4
Income statement, Gas Business	6
Balance sheet, Gas Business	7
Allocation principles	9
Cash flow statement	10
Notes on the financial statements	11
Shares	18
Signatures	19

31.12.2017

Business ID 0991064-1

**REPORT OF THE BOARD OF DIRECTORS 2017**

**General** This annual report covers the financial year from 1 January to 31 December 2017. 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 decreased by 11,9% while gas sales increased by 1,8%. Total revenue increased by 1,7%, mainly due to higher gas sales volumes and one-off sale of oil inventory lot. Operating profit was 4,4% higher compared to the previous year, as fuel mix concentrated on cost-effective domestic fuel qualities. Operating profit percentage increased slightly up to 23,2 %. The company's solvency improved further. The Company's financial position and result are illustrated by the following key figures:

	2017	2016	2015
Total revenue (EUR thousand)	77 125	75 805	70 826
EBITDA (EUR thousand)	25 284	24 934	22 671
Operating profit (EUR thousand)	17 888	17 128	13 225
Operating profit-%	23,2	22,6	18,7
Return on investment	25,4	23,5	16,8
Capital ratio	45,9	45,7	45,4
Investments (M€)	5,9	6,3	4,9

**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 82. Salaries and other personnel costs amounted to EUR 6,818 thousand.

**31.12.2017****Business ID 0991064-1**

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

**Events after the reporting period**

There has been no material events since the end of the reporting period.

**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 Matteo Botto Poala, Anna Dellis and Mikko Räsänen. 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 278,343.68, will be transferred to retained earnings and that no dividend will be paid.

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

<b>Profit and Loss Account</b>		<b>1.1. - 31.12.2017</b>	<b>1.1. - 31.12.2016</b>
<b>Net turnover</b>	<b>1.1</b>	<b>77 124 812,52</b>	<b>75 805 485,94</b>
Other operating income	1.2.	1 457 827,56	1 446 137,65
Materials and services	1.3	-41 773 973,41	-40 770 228,18
Personnel expenses	1.4	-6 817 600,76	-6 772 149,52
Depreciations according to plan	1.5	-7 396 510,10	-7 805 383,39
Other operating expenses	1.6	-4 706 596,74	-4 775 485,20
<b>Operating profit</b>		<b>17 887 959,07</b>	<b>17 128 377,30</b>
Financial income and expenses	1.7	146 056,01	98 632,48
<b>Profit before appropriations and taxes</b>		<b>18 034 015,08</b>	<b>17 227 009,78</b>
Change in accelerated depreciations	1.8	-148 867,94	-191 149,83
Group contribution	1.8	-18 140 000,00	-16 955 000,00
Income taxes	1.9	-23 490,82	-77 030,86
<b>Profit of the financial year</b>		<b>-278 343,68</b>	<b>3 829,09</b>

## ELENIA LÄMPÖ OY

Business ID: 0991064-1

## Balance Sheet

ASSETS		31.12.2017	31.12.2016
<b>Non-current assets</b>			
	<b>Note</b>		
Intangible assets	2.1		
Intangible rights		29 929,98	32 373,18
Goodwill		17 188,90	95 091,02
Other capitalized long term expenditures		1 051 022,63	1 157 293,43
		<u>1 098 141,51</u>	<u>1 284 757,63</u>
Tangible Assets	2.2		
Land and water areas		648 373,91	625 126,31
Buildings and structure		8 048 652,04	8 540 043,12
Heat plants		29 446 828,29	28 898 395,73
Earthgas plants		1 231 859,91	1 287 720,18
Machinery and equipments		44 266 648,69	45 582 468,83
Other tangible assets		794 613,55	744 742,43
Construction in progress		1 664 651,36	1 699 352,17
		<u>86 101 627,75</u>	<u>87 377 848,77</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>
<b>Non current assets total</b>		<b>87 251 082,90</b>	<b>88 713 920,04</b>
<b>Current assets</b>			
Inventories		4 129 865,50	7 514 567,00
Short term receivables	2.4		
Trade receivables		937 486,22	1 902 435,06
Receivables from Group companies		10 121 058,37	3 522 192,18
Other receivables		69 520,72	34 757,45
Prepayments and accrued income		11 220 891,21	12 685 715,29
		<u>22 348 956,52</u>	<u>18 145 099,98</u>
<b>Current assets total</b>		<b>26 478 822,02</b>	<b>25 659 666,98</b>
<b>Total assets</b>		<b>113 729 904,92</b>	<b>114 373 587,02</b>

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

**EQUITY AND LIABILITIES****31.12.2017****31.12.2016**

	<b>Note</b>		
<b>Capital and reserves</b>	<b>3.1</b>		
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		13 623 157,65	13 579 231,54
Profit for the financial year		-278 343,68	3 829,09
		<b><u>13 520 095,50</u></b>	<b><u>13 758 342,16</u></b>
<b>Accelerated depreciations</b>	<b>3.2</b>		
Cumulative accelerated depreciation		<b>48 325 164,95</b>	<b>48 176 297,01</b>
<b>Liabilities</b>	<b>3.3</b>		
<b>Long term</b>			
Connection fees		31 706 519,18	31 459 742,09
Accruals and deferred income		315 115,00	292 293,10
		<b><u>32 021 634,18</u></b>	<b><u>31 752 035,19</u></b>
<b>Short term</b>			
Trade creditors		1 511 093,34	5 027 006,87
Trade creditors, group companies		8 604 488,06	8 179 116,44
Other short term liabilities		2 330 672,69	2 251 458,95
Accruals and deferred income		7 416 756,20	5 229 330,40
		<b><u>19 863 010,29</u></b>	<b><u>20 686 912,66</u></b>
<b>Liabilities Total</b>		<b>51 884 644,47</b>	<b>52 438 947,85</b>
<b>Total Equity and Liabilities</b>		<b>113 729 904,92</b>	<b>114 373 587,02</b>

**Differentiated financial statements**

<b>Income statement, Gas business</b>	<b>01.01. - 31.12.2017</b>	<b>01.01. - 31.12.2016</b>	<b>Gas sales 01.01. - 31.12.2017</b>	<b>Gas sales 01.01. - 31.12.2016</b>	<b>Gas distribution 01.01. - 31.12.2017</b>	<b>Gas distribution 01.01. - 31.12.2016</b>
<b>Total revenue</b>	<b>8 134 312,44</b>	<b>7 208 485,65</b>	<b>3 886 140,85</b>	<b>3 399 605,38</b>	<b>4 248 171,59</b>	<b>3 808 880,27</b>
Other operating income	0,00	80,00	0,00	40,00	0,00	40,00
Materials and services	-5 715 393,55	-4 918 510,66	-2 652 106,47	-2 073 386,58	-3 063 287,08	-2 845 124,08
Personnel expenses	-71 799,39	-36 892,13	0,00	0,00	-71 799,39	-36 892,13
Depreciation and amortisation	-275 670,09	-293 675,78	0,00	0,00	-275 670,09	-293 675,78
Other operating expenses	-18 760,43	-30 983,02	-144,31	-4 873,86	-18 616,12	-26 109,16
<b>Operating profit</b>	<b>2 052 688,98</b>	<b>1 928 504,06</b>	<b>1 233 890,07</b>	<b>1 321 384,94</b>	<b>818 798,91</b>	<b>607 119,12</b>
Finance income and expenses	15 335,88	9 370,09	7 326,67	4 419,04	8 009,21	4 951,04
<b>Profit before appropriations and taxes</b>	<b>2 068 024,86</b>	<b>1 937 874,15</b>	<b>1 241 216,74</b>	<b>1 325 803,98</b>	<b>826 808,12</b>	<b>612 070,16</b>
Change in accelerated depreciations	163 968,15	178 841,58	0,00	0,00	163 968,15	178 841,58
Group contribution	-1 904 700,00	-1 610 725,00	-1 904 700,00	-1 610 725,00	0,00	0,00
Income tax	-65 458,60	-101 198,15	-65 458,60	-101 198,15	0,00	0,00
<b>Profit for the financial year</b>	<b>261 834,41</b>	<b>404 792,58</b>	<b>-728 941,86</b>	<b>-386 119,16</b>	<b>990 776,27</b>	<b>790 911,74</b>



**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

**Differentiated financial statements**

<b>Balance sheet, Gas business</b>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>Gas sales 31.12.2017</b>	<b>Gas sales 31.12.2016</b>	<b>Gas distribution 31.12.2017</b>	<b>Gas distribution 31.12.2016</b>
------------------------------------	-------------------	-------------------	---------------------------------	---------------------------------	--	--

**ASSETS****Non-current assets**

Intangible assets	36 422,68	47 279,08	0,00	0,00	36 422,68	47 279,08
Tangible assets	1 524 655,43	1 583 710,52	0,00	0,00	1 524 655,43	1 583 710,52
<b>Total non-current assets</b>	<b>1 561 078,11</b>	<b>1 630 989,60</b>	<b>0,00</b>	<b>0,00</b>	<b>1 561 078,11</b>	<b>1 630 989,60</b>

**Current assets**

Short-term receivables						
Prepayments and accrued income	977 277,49	940 186,83	474 983,83	454 494,06	502 293,66	485 692,77
Cash and cash equivalents	5 145 769,81	5 825 643,11	5 145 769,82	5 825 643,11	0,00	0,00
<b>Total current assets</b>	<b>6 123 047,30</b>	<b>6 765 829,94</b>	<b>5 620 753,65</b>	<b>6 280 137,17</b>	<b>502 293,66</b>	<b>485 692,77</b>
<b>TOTAL ASSETS</b>	<b>7 684 125,41</b>	<b>8 396 819,54</b>	<b>5 620 753,65</b>	<b>6 280 137,17</b>	<b>2 063 371,77</b>	<b>2 116 682,37</b>

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

**Differentiated financial statements**

<b>Balance sheet, Gas business</b>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>Gas sales 31.12.2017</b>	<b>Gas sales 31.12.2016</b>	<b>Gas distribution 31.12.2017</b>	<b>Gas distribution 31.12.2016</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Subscribed capital						
Share premium reserve						
Retained earnings	2 441 260,46	2 036 467,88	5 353 299,33	5 739 418,49	-2 912 038,87	-3 702 950,61
Profit (+) / loss (-) of the financial year	261 834,41	404 792,58	-728 941,86	-386 119,16	990 776,27	790 911,74
<b>Total capital and reserves</b>	<b>2 703 094,87</b>	<b>2 441 260,46</b>	<b>4 624 357,47</b>	<b>5 353 299,33</b>	<b>-1 921 262,59</b>	<b>-2 912 038,87</b>
<b>Accelerated depreciations</b>	<b>1 054 078,09</b>	<b>1 218 046,24</b>	<b>0,00</b>	<b>0,00</b>	<b>1 054 078,09</b>	<b>1 218 046,24</b>
<b>Liabilities</b>						
<b>Long term</b>						
Connection fees	1 072 858,70	1 059 688,82	0,00	0,00	1 072 858,70	1 059 688,82
	1 072 858,70	1 059 688,82	0,00	0,00	1 072 858,70	1 059 688,82
<b>Short term</b>						
Trade creditors	158 664,80	477 565,65	75 801,58	225 225,50	82 863,22	252 340,16
Trade creditors, group companies	903 471,25	777 016,06	431 630,40	366 449,78	471 840,85	410 566,28
Other short term liabilities	768 477,67	1 712 567,31			768 477,67	1 712 567,31
Accruals and deferred income	1 023 480,03	710 674,99	488 964,20	335 162,56	534 515,83	375 512,43
	2 854 093,75	3 677 824,01	996 396,18	926 837,84	1 857 697,57	2 750 986,18
<b>Total liabilities</b>	<b>3 926 952,45</b>	<b>4 737 512,84</b>	<b>996 396,18</b>	<b>926 837,84</b>	<b>2 930 556,27</b>	<b>3 810 675,00</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 684 125,41</b>	<b>8 396 819,54</b>	<b>5 620 753,65</b>	<b>6 280 137,17</b>	<b>2 063 371,77</b>	<b>2 116 682,37</b>

**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 10.5 % (in 2016 9.5 %).

**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 ar

**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

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

<b>Cash flow statement</b>	<b>1.1. - 31.12.2017</b>	<b>1.1. - 31.12.2016</b>
<b>Cash flow from operating activities</b>		
Operating profit	17 887 959,07	17 128 377,30
Reversal of amortisation	7 396 510,10	7 805 383,39
Change in working capital	4 339 482,30	2 711 097,51
Finance expenses	-1 854,20	-7 427,49
Dividend income	124 500,00	84 000,00
Finance income	23 410,21	22 059,97
Taxes paid	-59 357,00	-51 055,03
<b>Cash flow from operating activities</b>	<b>29 710 650,48</b>	<b>27 692 435,65</b>
<b>Investments</b>		
Capital expenditure on intangible and tangible assets	-5 996 433,96	-6 343 029,23
Investment subsidies received	62 761,00	0,00
Divestment of intangible and tangible assets	0,00	10 475,76
<b>Cash flow from investing activities</b>	<b>-5 933 672,96</b>	<b>-6 332 553,47</b>
<b>Cash flow before financial items</b>	<b>23 776 977,52</b>	<b>21 359 882,18</b>
<b>Financial items</b>		
Repayment of current liabilities	0,00	0,00
Increase in connection fees	286 874,11	569 649,95
Group contribution (+/-)	-17 655 000,00	-22 225 000,00
Change in non-current liabilities	0,00	0,00
<b>Cash flow from financing activities</b>	<b>-17 368 125,89</b>	<b>-21 655 350,05</b>
<b>Change in cash and cash equivalents</b>	<b>6 408 851,63</b>	<b>-295 467,87</b>
Cash and cash equivalents at the start of the period	3 402 838,23	3 698 306,10
<b>Cash and cash equivalents at the end of the period</b>	<b>9 811 689,86</b>	<b>3 402 838,23</b>

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.

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

**Notes on the financial statements****1.1. - 31.12.2017****1.1. - 31.12.2016****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 Lakeside Network Investments S.á.l.

It can be acquired in 2 rue du Fossé L - 1536 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 under the FIFO principle at the acquisition cost, 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 received 62,761 € of investment subsidies in the financial year.

**NOTES ON THE INCOME STATEMENT****1.1 Revenue by segment**

Heat	65 686 851,13	65 681 296,04
Natural gas	8 104 369,57	7 161 521,65
Electricity	1 659 488,00	1 971 468,33
Other sales	1 674 103,82	991 199,92
<b>Total</b>	<b>77 124 812,52</b>	<b>75 805 485,94</b>

**1.2 Other operating income**

Lease income	70 733,29	62 982,54
Capital gains	10 000,00	0,00
Other operating income	1 377 094,27	1 383 155,11
<b>Total</b>	<b>1 457 827,56</b>	<b>1 446 137,65</b>

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

<b>Notes on the financial statements</b>	<b>1.1. - 31.12.2017</b>	<b>1.1. - 31.12.2016</b>
<b>1.3 Materials and services</b>		
Fuels	38 746 111,89	39 113 013,70
Change in inventory (increase -) / (decrease +)	1 130 875,84	-164 201,52
External services	1 896 985,68	1 821 416,00
<b>Total</b>	<b>41 773 973,41</b>	<b>40 770 228,18</b>
<b>1.4 Personnel expenses</b>		
Average number of personnel	82	86
Salaries	5 554 818,30	5 508 059,11
Pension expenses	1 001 078,25	962 505,00
Other employee expenses	261 704,21	301 585,41
<b>Total</b>	<b>6 817 600,76</b>	<b>6 772 149,52</b>
<b>1.5 Depreciation and impairment</b>		
Intangible rights	2 443,20	2 443,20
Goodwill	77 902,12	452 808,59
Other capitalised long-term expenditure	399 916,69	493 538,65
Buildings and constructions	524 678,92	555 689,46
District heating network	1 845 944,81	1 793 675,53
Natural gas network	226 438,87	220 984,28
Machinery and equipment	4 268 742,77	4 239 379,26
Other tangible assets	50 442,72	46 864,42
<b>Total</b>	<b>7 396 510,10</b>	<b>7 805 383,39</b>
<b>1.6 Other operating expenses</b>		
Rent and property expenses	651 503,32	986 632,42
Operation and maintenance	597 170,06	443 987,12
External services	1 811 517,64	1 797 106,53
Other operating expenses	1 588 611,72	1 493 214,13
<b>Total</b>	<b>4 648 802,74</b>	<b>4 720 940,20</b>
<b>1.6.1 Auditors' fees</b>		
Audit	50 319,00	49 545,00
Other services	7 475,00	5 000,00
<b>Total</b>	<b>57 794,00</b>	<b>54 545,00</b>
<b>1.7 Finance income and expenses</b>		
Dividend income		
From associated companies	124 500,00	84 000,00
<b>Total</b>	<b>124 500,00</b>	<b>84 000,00</b>
Interest and other financial income		
Other interest income	23 410,21	22 059,97
<b>Total</b>	<b>23 410,21</b>	<b>22 059,97</b>
Interest and other financial expenses		
To group companies	0,00	0,00
Other interest expenses	1 854,20	7 427,49
<b>Total</b>	<b>1 854,20</b>	<b>7 427,49</b>
<b>Total finance income and expenses</b>	<b>146 056,01</b>	<b>98 632,48</b>

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

<b>Notes on the financial statements</b>	<b>1.1. - 31.12.2017</b>	<b>1.1. - 31.12.2016</b>
<b>1.8 Appropriations</b>		
Change in depreciation difference	148 867,94	191 149,83
<b>Total</b>	<b>148 867,94</b>	<b>191 149,83</b>
Group contributions	18 140 000,00	16 955 000,00
<b>Total</b>	<b>18 140 000,00</b>	<b>16 955 000,00</b>
<b>1.9 Income tax</b>		
Tax effect of group contribution	-3 628 000,00	-3 391 000,00
Income taxes on ordinary operations	3 651 490,82	3 468 030,86
<b>Total</b>	<b>23 490,82</b>	<b>77 030,86</b>
<b>NOTES ON THE BALANCE SHEET</b>		
<b>Non-current assets</b>		
<b>2.1 Intangible assets</b>		
<b>Intangible rights</b>		
Acquisition cost, Jan 1	95 139,99	95 139,99
Acquisition cost, Dec 31	95 139,99	95 139,99
Accumulated depreciation, Jan 1	-62 766,81	-60 323,61
Depreciation	-2 443,20	-2 443,20
<b>Book value, Dec 31</b>	<b>29 929,98</b>	<b>32 373,18</b>
<b>Goodwill</b>		
Acquisition cost, Jan 1	30 363 890,51	30 363 890,51
Acquisition cost, Dec 31	30 363 890,51	30 363 890,51
Accumulated depreciation, Jan 1	-30 268 799,49	-29 815 990,90
Depreciation	-77 902,12	-452 808,59
<b>Book value, Dec 31</b>	<b>17 188,90</b>	<b>95 091,02</b>
<b>Other capitalized long-term expenditure</b>		
Acquisition cost, Jan 1	4 082 005,01	3 722 023,37
Additions	293 645,89	359 981,64
Acquisition cost, Dec 31	4 375 650,90	4 082 005,01
Accumulated depreciation, Jan 1	-2 924 711,58	-2 431 172,93
Depreciation	-399 916,69	-493 538,65
<b>Book value, Dec 31</b>	<b>1 051 022,63</b>	<b>1 157 293,43</b>
<b>2.2 Tangible assets</b>		
<b>Land and water areas</b>		
Acquisition cost, Jan 1	625 126,31	621 823,59
Additions	23 247,60	3 302,72
Acquisition cost, Dec 31	648 373,91	625 126,31
<b>Book value, Dec 31</b>	<b>648 373,91</b>	<b>625 126,31</b>

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

**Notes on the financial statements****1.1. - 31.12.2017****1.1. - 31.12.2016****Buildings and constructions**

Acquisition cost, Jan 1	14 579 467,19	14 342 929,09
Additions	35 356,39	236 538,10
Acquisition cost, Dec 31	14 614 823,58	14 579 467,19
Accumulated depreciation, Jan 1	-6 039 424,07	-5 483 734,61
Depreciation	-526 747,47	-555 689,46
<b>Book value, Dec 31</b>	<b>8 048 652,04</b>	<b>8 540 043,12</b>

**District heating network**

Acquisition cost, Jan 1	68 210 703,27	65 703 938,83
Additions	2 394 377,37	2 506 764,44
Acquisition cost, Dec 31	70 605 080,64	68 210 703,27
Accumulated depreciation, Jan 1	-39 312 307,54	-37 518 632,01
Depreciation	-1 845 944,81	-1 793 675,53
<b>Book value, Dec 31</b>	<b>29 446 828,29</b>	<b>28 898 395,73</b>

**Natural gas network**

Acquisition cost, Jan 1	6 185 966,91	6 098 678,03
Additions	170 578,60	87 288,88
Acquisition cost, Dec 31	6 356 545,51	6 185 966,91
Accumulated depreciation 1.1.	-4 898 246,73	-4 677 262,45
Depreciation	-226 438,87	-220 984,28
<b>Book value, Dec 31</b>	<b>1 231 859,91</b>	<b>1 287 720,18</b>

**Machinery and equipment**

Acquisition cost, Jan 1	81 365 173,67	79 775 879,05
Additions	2 950 854,08	1 604 259,94
Divestments	-19 909,87	-14 965,32
Acquisition cost, Dec 31	84 296 117,88	81 365 173,67
Accumulated depreciation, Jan 1	-35 778 215,28	-31 543 325,58
Depreciation divestments	-4 489,56	-4 489,56
Depreciation	-4 246 764,35	-4 234 889,70
<b>Book value, Dec 31</b>	<b>44 266 648,69</b>	<b>45 582 468,83</b>

**Other tangible assets**

Acquisition cost, Jan 1	1 100 733,73	1 037 606,22
Additions	100 313,84	63 127,51
Acquisition cost 31. 12.	1 201 047,57	1 100 733,73
Accumulated depreciation, Jan 1	-355 991,30	-309 126,88
Depreciation	-50 442,72	-46 864,42
<b>Book value, Dec 31</b>	<b>794 613,55</b>	<b>744 742,43</b>

**Advance payments and construction in progress**

Acquisition cost 1. 1.	1 699 352,17	217 586,17
Additions	7 533 759,38	6 343 029,23
Transferred to fixed assets	-7 568 460,19	-4 861 263,23
<b>Book value, Dec 31</b>	<b>1 664 651,36</b>	<b>1 699 352,17</b>



**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

<b>Notes on the financial statements</b>	<b>1.1. - 31.12.2017</b>	<b>1.1. - 31.12.2016</b>
<b>2.3 Investments</b>		
<b>Shares in associated companies</b>		
Acquisition cost, Jan 1	51 280,00	51 280,00
Acquisition cost, Dec 31	<u>51 280,00</u>	<u>51 280,00</u>
<b>Book value, Dec 31</b>	<b>51 280,00</b>	<b>51 280,00</b>
<b>Other shares and participations</b>		
Acquisition cost, Jan 1	33,64	33,64
Acquisition cost, Dec 31	<u>33,64</u>	<u>33,64</u>
<b>Book value, Dec 31</b>	<b>33,64</b>	<b>33,64</b>
<b>2.4 Receivables</b>		
Receivables from group companies		
Short-term		
Group bank account	9 811 689,86	3 402 838,23
Trade receivables	14 077,81	0,00
Prepayments and accrued income	<u>295 290,70</u>	<u>119 353,95</u>
<b>Total</b>	<b>10 121 058,37</b>	<b>3 522 192,18</b>
Receivables from external parties		
Trade receivables	937 486,22	1 902 435,06
Other receivables	69 520,72	34 757,45
Prepayments and accrued income		
Periodised sales income	10 603 994,80	11 747 049,35
Other prepayments and accrued income	616 896,41	938 665,94
<b>Total receivables</b>	<b>22 348 956,52</b>	<b>18 145 099,98</b>
<b>3.1 Capital and reserves</b>		
<b>Restricted equity</b>		
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
<b>Total restricted equity</b>	<b>175 281,53</b>	<b>175 281,53</b>
<b>Unrestricted equity</b>		
Retained earnings	13 583 060,63	13 625 419,36
Reversal of depreciation difference	0,00	-313 648,50
Transfer of connection fees	40 097,02	267 460,68
Profit/loss for the financial year	<u>-278 343,68</u>	<u>3 829,09</u>
<b>Total unrestricted equity</b>	<b>13 344 813,97</b>	<b>13 583 060,63</b>
<b>Total capital and reserves</b>	<b>13 520 095,50</b>	<b>13 758 342,16</b>
Distributable equity	13 344 813,97	13 583 060,63

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

**Notes on the financial statements****1.1. - 31.12.2017****1.1. - 31.12.2016****3.2 Accumulated appropriations**

The accumulated appropriations are comprised of depreciation differences.

**Depreciation difference**

Intangible rights	2 443,20	2 443,20
Goodwill	77 902,12	452 808,59
Other capitalized long-term expenditure	-17 111,04	88 742,47
Buildings and constructions	-34 496,91	-36 873,42
District heating network	-679 685,19	-903 136,60
Natural gas network	67 264,06	93 814,41
Machinery and equipment	433 495,31	108 293,61
Other tangible assets	1 320,51	2 757,91
<b>Total depreciation difference</b>	<b>-148 867,94</b>	<b>-191 149,83</b>

**Cumulative depreciation difference**

Intangible rights	-29 929,98	-32 373,18
Goodwill	-17 188,90	-95 091,02
Other capitalized long-term expenditure	-265 930,38	-248 819,34
Buildings and constructions	-1 040 874,57	-1 006 377,66
District heating network	-13 097 619,32	-12 417 934,13
Natural gas network	-1 064 448,34	-1 131 712,40
Machinery and equipment	-32 745 725,65	-33 179 220,96
Other tangible assets	-63 447,81	-64 768,32
<b>Total cumulative depreciation difference</b>	<b>-48 325 164,95</b>	<b>-48 176 297,01</b>

Deferred tax liability on the cum depreciation difference	<b>9 665 032,99</b>	9 635 259,40
---	---------------------	--------------

**3.3 Liabilities****Long term liabilities**

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

## Non-current liabilities

Connection fee debt, Jan 1	31 459 742,09	31 157 552,82
Connection fee debt, Dec 31	31 706 519,18	31 459 742,09

Accruals and deferred income	315 115,00	292 293,10
------------------------------	------------	------------

<b>Total long term liabilities</b>	<b>32 021 634,18</b>	<b>31 752 035,19</b>
------------------------------------	----------------------	----------------------

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

<b>Notes on the financial statements</b>	<b>1.1. - 31.12.2017</b>	<b>1.1. - 31.12.2016</b>
<b>Short term liabilities</b>		
Short term liabilities to external parties		
Trade payables	1 511 093,34	5 027 006,87
Other short term liabilities	2 330 672,69	2 251 458,95
Accruals and deferred income		
Salaries and social security contributions	1 858 594,87	1 539 386,17
Other accrued expenses	5 558 161,33	3 689 944,23
<b>Total</b>	<u>7 416 756,20</u>	<u>5 229 330,40</u>
<b>Total short term liabilities to external parties</b>	<b>11 258 522,23</b>	<b>12 507 796,22</b>
<b>Short term liabilities to Group companies</b>		
Trade payables	8 744,64	9 264,88
Other current liabilities	0,00	0,00
Accruals and deferred income	8 595 743,42	8 169 851,56
<b>Total</b>	<u>8 604 488,06</u>	<u>8 179 116,44</u>
<b>Total short term liabilities</b>	<b>19 863 010,29</b>	<b>20 686 912,66</b>
<b>Total liabilities</b>	<b>51 884 644,47</b>	<b>52 438 947,85</b>
<b>Commitments and contingencies</b>		
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	1 528 500 000,00	1 315 000 000,00
Pledged shares	51 280,00	51 280,00
Bank account	9 811 689,86	3 402 838,23
	<u>6 065 362 969,86</u>	<u>5 845 454 118,23</u>
Operating leases		
Within one year	138 631,50	128 620,83
After one year	176 228,67	231 555,25
	<u>314 860,17</u>	<u>360 176,08</u>
Lease agreements are primarily contracts for periods of 3-5 years with no redemption obligation.		
Rental liabilities		
Within one year	111 679,43	78 417,02
After one year	180 463,59	194 607,16
	<u>292 143,02</u>	<u>273 024,18</u>

**ELENIA LÄMPÖ OY**  
Business ID: 0991064-1

**FINANCIAL STATEMENTS**  
31.12.2017

**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
					<b>51 313,64</b>

**ELENIA LÄMPÖ OY**

Business ID: 0991064-1

**Financial statements**

**31.12.2017**

## **Signatures**

---

Helsinki, February 28, 2018

---

Matteo Botto Poala

---

Anna Dellis

---

Mikko Räsänen

---

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 28, 2018

Ernst & Young Oy  
Authorized Public Accountant Firm

---

Mikko Rytilahti  
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, 2017. 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.

- 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 28.2.2018

Ernst & Young Oy  
Authorized Public Accountant Firm

Mikko Rytilahti  
Authorized Public Accountant