Financial Statements Release 2023

Helen Group

29 February 2024

January–December 2023: Structural transformation of energy production takes concrete form

OCTOBER–DECEMBER 2023

- Consolidated net sales decreased year-on-year and amounted to EUR 528 million (EUR 669 million).
- Operating profit decreased significantly and was EUR -6 million (EUR 31 million).
- Heat sales increased by 13 per cent year-on-year and amounted to 2,230 GWh (1,980 GWh).
- Total electricity sales decreased by 6 per cent to 1,335 GWh (1,418 GWh).
- Cooling sales increased by 12 per cent to 38 GWh (34 GWh).
- Electricity distribution in Helsinki increased by 11 per cent to 1,235 GWh (1,110 GWh).

JANUARY–DECEMBER 2023

- Consolidated net sales increased year-on-year and amounted to EUR 1,826 million (EUR 1,785 million).
- Reported operating profit decreased to EUR 93 million (EUR 142 million), but comparable operating profit was higher than in the previous year. Profitability was negatively affected by non-recurring items and accelerated depreciation recognised in connection with the discontinuation of coal-based production in Hanasaari and Salmisaari.
- Return on capital employed was 4 per cent (4 per cent).
- Heat sales decreased by 2 per cent year-on-year and amounted to 6,153 GWh (6,266 GWh).
- Total electricity sales decreased by 1 per cent to 4,729 GWh (4,799 GWh).
- Cooling sales remained largely unchanged from the previous year at 205 GWh (205 GWh).
- Electricity distribution in Helsinki increased by 1 per cent to 4,387 GWh (4,351 GWh).

CONSOLIDATED KEY FIGURES

	Q4/2023	Q4/2022	Q1-Q4/2023	Q1-Q4/2022
Net Sales, EUR million	528	669	1826	1785
Operating profit before depreciations (EBITDA), EUR million	46	76	308	277
Operating profit/loss (EBIT), EUR million	-6	31	93	142
% of net sales	-1 %	5 %	5 %	8 %
Profit before taxes, EUR million	-6	26	75	118
Capital expenditure, EUR million	150	335	408	562
Equity ratio, %	54 %	58 %	54 %	58 %
Return on capital employed (ROCE), %	4 %	4 %	4 %	4 %
Balance sheet at the end of the period, EUR million	4 005	3 751	4 005	3 751
Personnel, average	757	936	757	936

COMMENTS BY CEO OLLI SIRKKA

For Helen, the year 2023 ended in a completely different situation to how began. There was a significant structural transformation towards cleaner energy production during the year in our electricity and heat production. Our direct emissions decreased by a historic 38 per cent. This reduced our costs arising from emission allowances by 30 per cent.

We took significant steps on our journey towards heat production based on bioenergy, heat pumps that take advantage of waste heat and environmental heat, and electric boilers. Our use of coal was cut by almost half due to the closure of the Hanasaari power plant. Our use of biofuels doubled, and the amount of heat produced with heat pumps increased by approximately 35 per cent. The factors behind these changes included the start of heat production at the Vuosaari bioenergy heating plant at the turn of the year 2022–2023 and the deployment of the seventh heat pump at the Katri Vala heat pump plant in spring 2023.

In electricity production, the deployment of the Olkiluoto 3 nuclear power plant unit doubled the amount of electricity we produce with nuclear power. We own part of the nuclear power plant unit through an associated company. We also increased our wind power production during the year. However, the largest changes related to wind power are still ahead, as the wind farms we currently have under construction will be completed and start production in 2024 and 2025.

When the retail prices of electricity peaked in late 2022, we decided to make the situation easier for our consumer customers by launching the Helen Smart Electricity Guarantee electricity contract, which was priced substantially lower than the market prices in effect at the time. The decision caused significant hedging costs in electricity procurement. In district heating production, we also elected not to pass fully on to customer prices the costs arising from Russia's war of aggression and the accumulation of fuel stockpiles to ensure security of supply.

Consolidated net sales increased by 2 per cent year-on-year. Net sales derived from electricity production were lower than the previous year due to lower market prices and lower production volume. Net sales from electricity retail, in turn, were higher than in the previous year. Our operating profit decreased by approximately 35 per cent to EUR 93 million. The result was negatively affected by the accelerated depreciation of fixed assets recognised in connection with the discontinuation of coal-based production in Hanasaari and Salmisaari.

We are continuing to make steady progress on our path towards carbon-neutral energy production by 2030. In the latter part of the year, we published our new strategy, which has the green transition, flexibility and profitability as its core priorities. Profitable business enables significant investments in green transition projects, which we implement by increasing the flexibility and responsiveness of the energy system. In addition, we aim to phase out combustion-based energy production by 2040. To support the achievement of complete non-combustion, we signed a Letter of Intent on small-scale nuclear power in 2023.

OPERATING ENVIRONMENT

The acquisition of energy commodities in Europe had to be reorganised as a consequence of Russia's war of aggression. The immediate outcome of the changes was that the producer and consumer prices of electricity rose to record highs. As the new supply chains have become established, the average prices of fuels and electricity have decreased, but there have still been significant short-term fluctuations in electricity prices.

Inspired by a national awareness-raising campaign, consumers reduced their electricity consumption with unprecedented determination in winter 2022–2023. At the same time, electricity retailers developed new types of products that provide customers with incentives to adjust the timing of their consumption in a way that ensures the adequate availability of electricity. These products allow customers to influence their electricity bills by adjusting their consumption.

Following the high prices at the turn of the year 2022–2023, consumers were supported by means of tax relief and an electricity rebate, amongst other measures. A windfall tax on electricity companies is intended to cover part of the costs of the support offered to consumers. The windfall tax will be determined based on the results of the electricity business in 2023.

There was a significant change in the structure of electricity production in Finland when the Olkiluoto 3 nuclear power plant unit started up in spring 2023. While there have been a few interruptions, Olkiluoto 3 has functioned well, improving the stability of electricity production and prices. The deployment of new wind farms has also brought a significant amount of new electricity production capacity to the market. This has increased Finland's energy self-sufficiency and reduced the threat of electricity shortages.

Market changes in Europe also have an impact on electricity prices in Finland. Factors such as the availability of natural gas after the discontinuation of Russian imports are reflected in the Finnish electricity market, as natural gas accounts for a significant proportion of electricity production in Europe. Despite the developments, electricity in Finland is still affordable compared to other European countries. There have been no significant challenges associated with the availability of natural gas in Finland despite the damage to the Balticconnector gas pipeline.

In spite of the easing of the energy crisis, the year 2023 was still characterised by Russia's war of aggression and the resulting geopolitical uncertainty. The importance of the security of supply has been underscored in all sectors of society, and the critical role played by the energy sector in the continuity of activities in society has been recognised to a greater extent than before. Risk management will become increasingly important as more emphasis is placed on the security of supply.

CUSTOMERS

The early part of 2023 was characterised by the high market prices of electricity. At the beginning of the year, we supported our customers in the challenging market conditions by launching a fixed-term six-month Helen Smart Electricity Guarantee electricity contract, which was priced substantially lower than the market prices and offered to all of our existing customers.

The number of our small-scale electricity contracts increased to 635,000 by the end of the year (2022: 620,000 contracts). Although the market prices of electricity fell over the course of the year after the high figures seen at the beginning of 2023, the significant fluctuations in prices had an impact on the contracts offered. The Exchange Electricity contract offered at the start of the year was complemented in our range of contracts in the spring by Valtti Electricity as well as conventional fixed-price contracts, both on a fixed-term basis and valid until further notice. In the summer we complemented the Exchange Electricity contract with a fixed-price contract valid until further notice as our supply obligation products. The demand for environmental products increased again in the second half of the year.

The demand for district heating remained on a good level, with the combined rated output of our district heat customers coming to 3,492 MW (3,491 MW) at the end of the year. This is indicative of our customers' continued trust in the green transition and competitive pricing of district heating. We had to increase the energy fees for district heating from the previous year, but we did not pass the increased costs in full to customer prices. In the latter part of the year, we also announced a product renewal that saw us switch from periodically changing energy fees to fees that change monthly, and from water flow fees to a basic fee that is based on usage power.

Net sales derived from solution products increased significantly year-on-year. The major achievements during the year included a high-power charging station at Helsinki Airport and a cooling solution for the City of Helsinki's Kamppi Health and Well-being Centre, which is currently under construction. We also launched Battery Yield, a megawatt-scale service focused on operating energy storages for our business customers, which optimises the offering of electricity stored in batteries in the electricity and reserve markets.

The energy crisis taught electricity customers to focus on the timing of their electricity consumption and actively monitor changes in electricity prices. This was reflected in an increase in customer contacts. The decisions concerning tax relief and the electricity rebate also led to many enquiries and occasional congestion in our customer service. The situation returned to normal in the second half of the year, and the number of customer service enquiries decreased. Our NPS and CSAT scores, which are indicators of the customer experience, improved during the year. We also maintained our position as Finland's best-known, most widely considered and best-liked energy company in Nepa's brand survey.

We continued our energy education efforts by publishing a children's book on the energy transition and by organising various events. To support smart energy consumption, we continued to develop our Oma Helen and Yritys Helen services and our website. We also added new features to Oma Helen to make it easier to monitor energy consumption, amongst other things. The number of monthly visits to Oma Helen is approximately 2.3 million, and over 500,000 customers have already started to use the service.

SUPPLY RELIABILITY

Supply reliability in electricity distribution was again at an excellent level in 2023, and the average annual outage time for our electricity distribution customers decreased to 3.7 (4.0) minutes. In February, there were two major outages, contributing almost 2.4 minutes to the average outage time. The excellent reliability of electricity distribution is the result of our determined work on the electricity network over the years. At the same time, we have been able to keep the price of electricity distribution at a level that can be considered low by European standards.

Compared to the previous years, the fourth quarter of 2023 was normal regarding electricity distribution, both in terms of planned work and disruptions. In November, an unusual disruption occurred in Herttoniemi when a tree fell on a kiosk-style transformer, causing its roof to collapse. Storms and falling trees do not usually cause disruptions in the electricity network, which is almost entirely implemented with underground cabling.

The average outage time of our district heating customers increased year-on-year and was 2.2 (1.8) hours. The total number of outages was 499 (448), of which 80 (43) were unplanned and unexpected repairs. The factors contributing to the increase in the number of outages and the average outage time included, among other things, the City of Helsinki's large projects, such as the construction of the Crown Bridges, as well as maintenance work on the district heating network.

The average outage time and number of outages of our district cooling customers increased from the previous year. The average outage time was 3.8 (1.3) hours, and the number of outages was 28 (20).

The fourth quarter of 2023 was a busy period with regard to district heating and cooling networks. The number of planned outages and the resulting outage time for customers were on a par with the corresponding period in the previous year. However, there were more incidents of damage to the district heating network than in a typical year. As a rule, they were minor local incidents. The most visible district heating leak occurred in Kallio at the end of November, but its effects on the network were minor.

ENERGY PRODUCTION AND EMISSIONS

The transition to carbon neutral energy production became concrete in 2023 with the closure of the coal-burning Hanasaari power plant and the deployment of new heat sources to replace it, such as the seventh and last heat pump at the Katri Vala heat pump plant. Our district heating production with heat pumps increased by approximately 35 per cent from the previous year.

The amount of electricity we produced with wind power increased by about 21 per cent and the amount of electricity we produced with nuclear power by as much as 51 per cent due to the Olkiluoto 3 nuclear power plant unit going online. At the same time, the amount of electricity we produced with fossil fuels decreased by about 47 per cent.

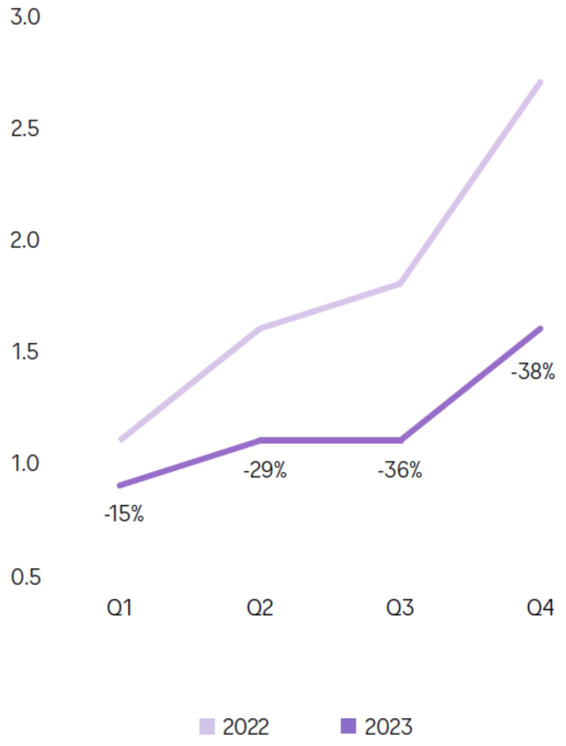
Nuclear power accounted for about half of our electricity production, and renewable energy sources accounted for about a quarter. The remaining electricity production consisted of coal and natural gas. In heat production, fossil fuels accounted for 60 per cent. We produced 26 percent of the heat with biomass and 14 percent with heat pumps. The total amount of electricity and heat production in 2023 was at the same level as in 2022.

Our use of coal decreased by nearly 50 per cent compared to the previous year due to the closure of the Hanasaari power plant. At the same time, our use of biofuels doubled as we commissioned the Vuosaari bioenergy heating plant at the turn of the year 2022–2023. The use of natural gas increased by 73 per cent and the use of fuel oil decreased by 36 per cent. The increase in natural gas is explained by the exceptional previous year, during which our use of natural gas collapsed due to the price increase and the cessation of Russian imports.

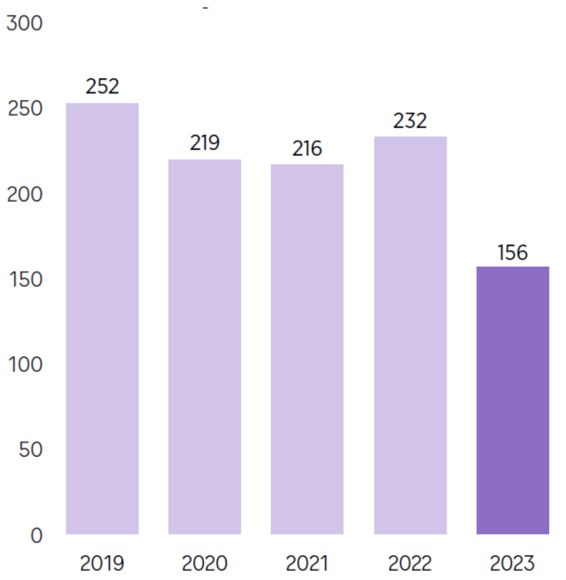
Our direct greenhouse gas emissions (Scope 1) were 1.66 (2.68) million tonnes of carbon dioxide equivalent, a reduction of 38 per cent from 2022. Specific emissions from energy production decreased by 33 per cent, to 156 (232) gCO_2e per kWh. The significant reduction in emissions is mainly attributable to the considerable decrease in the use of coal.

Emissions are trending downwards. Emissions are affected by the weather and investments made in carbon neutral energy production. The implementation of our investment programme will take several years, and we expect our specific emissions to be around 54 gCO_2e per kWh in 2025.

Direct cumulative greenhouse gas emissions (Scope 1), million tCO_2e



Specific emissions, gCO_2e per kWh



RESEARCH AND DEVELOPMENT

Our R&D activities progressed in areas such as carbon neutral energy production, the flexibility of the energy system, hydrogen and Power-to-X, carbon sequestration, and small-scale nuclear power.

In the area of carbon neutral energy production, our R&D activities are focused particularly on the utilisation of waste and environmental heat and the use of electric boilers in heat production. As regards geothermal heat and air-to-water heat pumps, we continued to explore new kinds of utilisation concepts. We also continued to investigate the prerequisites for lowering the temperature of water in the district heating network. Helen Ventures' project with the portfolio company Gradyent Holding B.V. for developing a digital twin of the district heating network proceeded as planned. The digital twin allows the smart control of the district heating network.

We are actively involved in the development of heat and electricity storage solutions in order to increase the flexibility of the energy system. A five-megawatt electricity storage facility was completed in connection with the Lakiakangas 3 wind farm, and electricity storage infrastructure is also under construction in Lohja and Nurmijärvi.

In hydrogen-related projects, we proceeded to basic engineering in the 3H2 – Helsinki Hydrogen Hub pilot plant project. With the hydrogen refuelling station being planned in Vuosaari, our aim is to create the necessary capabilities for large-scale Power-to-X production. We also started, together with three other companies, preliminary studies on the development of an industrial hydrogen valley in the Uusimaa region and participated in the EU-funded BalticSeaH2 project, which aims to create the conditions for Europe’s first crossborder hydrogen valley around the Baltic Sea.

Our analyses on carbon dioxide capture, use and storage progressed. We deepened our insight into carbon sequestration technologies and studied technologies suitable for the Vuosaari bioenergy heating plant. We continued discussions on the transportation and storage of carbon dioxide with various parties.

We continued to explore opportunities for small modular nuclear reactor cooperation with Fortum Corporation and signed a Letter of Intent on planning cooperation with Steady Energy Oy. We promoted faster regulatory reform concerning small modular reactors as well as dialogue between industry and the authorities.

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated net sales increased by 2% to EUR 1,826 (1,785) million. A significant factor behind the increase was the higher demand for heating, particularly in the latter part of the year, which led to the net sales of heat exceeding the previous year’s level. The average spot price of electricity in 2023 was EUR 57 (154) per MWh, which is significantly lower than the average price of the previous year. Net sales derived from electricity production were lower than the previous year due to the low market prices and low production volume. Net sales from electricity retail, in turn, were higher than in the previous year. In Helen Electricity Network Ltd’s financial statements, future customer refunds have been taken into account as reducing the turnover.

The costs of combined heat and power production remained high, mainly due to the high purchase price of coal. High fuel costs and the depreciation of fixed assets had a negative impact on the profitability of district heating, and the costs of district heating could not be fully passed on to customer prices. Consequently, the district heat business recorded a loss. The profitability of electricity production was at a good level.

Depreciation excluding items affecting comparability was at the same level as in the previous year and amounted to EUR 143 (131) million. In addition, the depreciation includes accelerated depreciation of EUR 72 (4) million associated with the discontinuation of coal-based production at the Hanasaari and Salmisaari power plants.

Operating profit amounted to EUR 93 (142) million. Operating profit was negatively affected by the accelerated depreciation recognised in connection with the discontinuation of coal-based production in Hanasaari and Salmisaari, a provision of EUR 8.1 million recognised in connection with building demolition and soil decontamination in Hanasaari, and a write-down of EUR 6.6 million recognised in connection with a project on the recovery of heat from seawater. In addition, impairment of EUR 39 million was recognised on inventories. Comparable operating profit amounted to EUR 219 (188) million. The comparable relative operating profit was 12% (11%), which represents an improvement from the previous year. The reported return on capital employed remained at a satisfactory level of 4%.

INVESTMENTS

The Group’s net investments in 2023 totalled to EUR 408 (562) million, of which investments in fixed assets represented EUR 516 (236) million. Property, plant, and equipment were sold for 151 million euros during the year 2023. The parent company’s share of the investments in fixed assets was EUR 161 (102) million, and

Helen Electricity Network Ltd’s share was EUR 33 (25) million. Of the total investments, investments in wind power, solar power and geothermal heat accounted for EUR 318 (326) million.

The Group’s investments were focused on carbon neutral energy production. The investment decisions made during the financial year included a decision on increasing solar power and electricity storage capacity in Lohja. We continued construction on the significant wind and solar power investments made in the previous financial year, as well as electricity storage facilities that increase the flexibility of the electricity system, and the renovation of hydropower plants as planned. We acquired CPC Finland Oy’s share of the Lakiakangas 3 wind farm and now own 100% of the wind farm.

Our most significant investment in carbon neutral heat and cooling production was the seventh and last heat pump at the Katri Vala heat pump plant, which was deployed in May. Excavation work on the expansion of the Eiranranta heat pump plant, which makes use of treated wastewater, was completed, and construction work began. At the Salmisaari production site, we started construction on new electric boiler and air-to-water heat pump plants, as well as a modification project to convert the coal boiler into a pellet-powered boiler. We also started a construction site on a new electric boiler plant in the energy block adjacent to the decommissioned Hanasaari power plant. Construction began on heat recovery facilities at Telia Finland Oyj’s Pitäjänmäki data centre and Equinix Oy’s Viikinmäki data centre. At the seasonal energy storage facility in Kruunuvuorenranta, we proceeded to fill the caverns with seawater and are preparing to put the energy storage facility into use in early 2024.

We invested in three new companies through Helen Ventures, which invests in start-ups that are focused on the renewal of the energy sector. The three companies were Voltfang GmbH, Klimate ApS and Renewcast S.r.l. In addition, six of Helen Ventures’ existing portfolio companies carried out a funding round during the year, and we participated in four of them.

FINANCING

The Group’s equity ratio was 54% (58%) and interest-bearing liabilities totalled EUR 1,275 (859) million. Including liquid cash reserves and investments, cash and cash equivalents amounted to EUR 491 (377) million. Financial collateral put up by the Group is not included in liquid cash reserves.

To ensure liquidity, the parent company has access to EUR 300 million in committed credit facilities. These were entirely unused at the end of the financial year. To support flexible working capital financing, the Group has a commercial paper programme of EUR 500 million, under which a total of EUR 20 (39) million was issued at the end of the financial year.

The Group’s financing and investment policy guides the parent company’s and the subsidiaries’ capital structure, borrowing, hedging against financial risks, the investment of cash reserves, working capital management, and liquidity management.

The objective of the Group’s financial management is to ensure adequate liquidity, financial risk management, the centralised management of financing and investment activities, the minimisation of net financial expenses, and enabling strategic measures and investments. The Group adheres to a low risk profile in its financing and investment activities.

Interest rate risk is managed by means of interest rate hedging and foreign exchange risk by means of currency hedging within the limits established by the financing and investment policy. Interest rate, currency and commodity derivatives are only used for hedging purposes. Refinancing risk is managed through temporal diversification and counterparty risk in financing is managed through the diversification of creditors. Counterparty risk in investment activities is managed by means of a credit rating requirement for direct investments and, for investment funds, by diversifying investments and limiting each investment’s share of the market value of the fund.

The Group’s non-current and current interest-bearing liabilities consist of a subordinated loan of EUR 157 million from the owner, senior debt of EUR 129 million from the owner, EUR 898 million in loans from financial institutions, and EUR 20 million in commercial paper. In December 2022, we signed a 10-year sustainabilitylinked loan agreement of EUR 150 million with the Nordic Investment Bank (NIB). The loan is linked to climate targets approved by the Science Based Targets initiative. The loan was drawn in January 2023. To strengthen its financial position, the parent company carried out a leasing arrangement of EUR 165 million, a bilateral loan of EUR 100 million and a nuclear waste management loan (National Nuclear Waste Management Fund) of approximately EUR 72 million during the financial year.

EMPLOYEES

At the end of 2023, the Group had 786 (701) employees. The average number of personnel decreased compared to the previous year due to the outsourcing carried out in 2022 and was 757 (936).

The parent company had a total of 683 (601) employees, of whom 638 (577) were permanent and 45 (24) were temporary employees. The average age of the parent company's employees was 42.3 years (44.1) and the average duration of employment was 8.8 years (12.4). Wages and salaries amounted to EUR 53.0 (64.9) million.

Helen Electricity Network Ltd had 92 (96) employees and Geonova Oy had 13 (7) employees at the end of the financial year. The other subsidiaries did not have employees at the end of the financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- Olli Sirkka became the CEO of Helen on 16 January. Juha-Pekka Weckström, who had served as CEO until the end of 2022, moved on to new challenges outside the company.
- The Chairman of Helen's Board of Directors changed following the resignation of Osmo Soininvaara. Atte Harjanne was elected as the new Chairman of the Board of Directors.
- Early in the year, we launched Helen Smart Electricity Guarantee, an electricity contract that brings price stability to the market to mitigate the challenges faced by customers due to the high market prices of electricity.
- We closed the Hanasaari power plant, which had started its operations in 1974. Instead of coal, our future heat production will be based on sustainable forms of energy production, such as the utilisation of renewable biomass and various types of waste and environmental heat. We produce electricity with wind, solar, hydro and nuclear power.
- We commissioned the seventh and last heat pump at the Katri Vala heat pump plant. It utilises heat from wastewater and has a thermal output power of 32 MW and cooling power of 21.5 MW.
- We decided to convert the coal-fired boiler plant at the Salmisaari power plant site into a pellet-fired boiler. The converted boiler is scheduled to start producing heat during the 2024–2025 heating season. We will also build a new industrial scale air-to-water heat pump plant and two electric boilers in Salmisaari.
- We decided to continue the production use of the Salmisaari power plant for the duration of the heating season 2024–2025 to safeguard the supply reliability and security of supply of energy in Helsinki.
- Production began at our first solar farm in Nurmijärvi. The solar farm consists of approximately 2,800 solar panels and its total capacity is 1.5 MW.
- The Olkiluoto 3 nuclear power plant unit of Teollisuuden Voima Oyj (TVO) started regular electricity production on 16 April and commercial operation on 1 May. Our subsidiary Oy Mankala Ab is a shareholder of the power plant unit through its ownership of TVO shares.
- We commenced preliminary studies on the development of an industrial hydrogen valley in Uusimaa in collaboration with Neste Corporation, Gasgrid Finland Oy and Vantaan Energia Oy. In connection with this, we announced that we are planning large-scale hydrogen production at the Vuosaari power plant site.
- We launched our new strategy, which has the green transition, flexibility and profitability as its core priorities. Our goal of carbon neutral energy production by 2030 remains unchanged, but we also aim to phase out combustion-based energy production by 2040.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

- In accordance with our new strategy, we adopted an organisational structure based on business units that are accountable for their results and Group functions that support the business units. These changes entered into effect on 1 January 2024. Our new Management Group also started its operations at the same time.
- We decided to discontinue energy production at the Kellosaari power plant and will begin preparations for the dismantling of the plant. The decision stems from the expiration of the power plant’s lease, in which the counterparty is the transmission system operator Fingrid Oyj. We held discussions on extending the power plant’s preparedness for production with Fingrid Oyj, the National Emergency Supply Agency and the Ministry of Economic Affairs and Employment, but the discussions did not lead to the desired outcome. The plant has served as a reserve power plant for disturbances in the electricity markets and operating it on market terms is neither financially feasible nor possible under the existing permit conditions.
- We initiated change negotiations concerning the Product Management and B2B Sales units under the Customers and Services business as well as the BSE Customer Solutions and Remote Control work units of the Heating and Cooling business. The scope of the negotiations covers approximately 76 people. Through these adjustment measures, we seek business profitability in 2025.

RISKS AND UNCERTAINTIES

Risk management

Risk management is a systematic and proactive approach to identifying, analysing and managing the uncertainties related to our operations so that it is possible for the Group to achieve its strategic and financial objectives. The aim of risk management is to ensure the security of supply of energy, as well as maintain and grow the Group’s value with a long-term view. Helen’s Management Group regularly monitors the Group’s significant risks. Risk management is reported to the parent company’s Audit Committee twice a year. The CEOs of the parent company and the subsidiaries report on the status of risk management to their respective boards of directors at least once a year.

Russia’s war of aggression against Ukraine and its immediate consequences in the form of the European energy crisis and hybrid operations have increased uncertainty in the global economy and energy markets. However, as the immediate energy crisis has passed, the financial impacts of the identified significant risks have decreased. The risk events that materialised in 2023 also had a considerably lower impact than in the previous year.

Helen’s most significant risks are described below.

Strategic and financial risks

The achievement of our strategic objectives is contingent on the success of investments in the green transition. The inflation-driven rise in interest rates and costs, for example, can have a negative effect on the profitability outlook of investments in combination with the decreased market prices of electricity. The long delivery times and low availability of certain components also lead to challenges in project schedules.

The green transition changes the regional balance between electricity production and demand in the main grid. In 2023, the transmission system operator restricted the production of wind farms in Western Finland, which weakened the profitability of wind power production for the region’s wind farms. The balance between production and demand will also change significantly in the Helsinki region, where Helen will discontinue regular electricity production in 2025. At the same time, electricity consumption in Helsinki will increase significantly due to new heat pump and electric boiler capacity, creating a need to transmit substantial amounts of electricity to the region. If the main grid is not sufficiently renewed and expanded, the implementation and deployment of Helen’s investments in carbon neutrality will be jeopardised. We aim to ensure the adequately comprehensive and timely development of the network in the Helsinki region by continuing the active planning of the region’s network in collaboration with the other parties involved.

The windfall tax on electricity companies entered into effect in March 2023. Its financial impacts will weaken the Group's result for 2023. Although the windfall tax is a one-off measure, it increases uncertainty and can therefore influence the investment outlook. The threat is that a similar mechanism would also be applied in exceptional circumstances in the future.

Societal discussion on the capacity market has increased in intensity, and the Finnish Government has begun preparations for a capacity mechanism. The upcoming mechanism may end up favouring only certain electricity production technologies, in which case Helen's margins on energy production may decrease due to fees collected for the purpose of funding the capacity mechanism. On the other hand, the mechanism may increase certainty regarding investments in stable or adjustable production solutions, and it may temporarily increase the profitability of fossil-based production capacity.

Uncertainty in the financial markets and the liquidity crisis stemming from the high market prices of electricity weakened the financing conditions in the energy sector in the early part of the year. We assessed the changes in collateral requirements and implemented financing arrangements during the early part of the year. The aim of these measures was to protect the Helen Group against potential sharp increases in collateral requirements. Later in the spring, collateral requirements in the electricity markets decreased and the price of electricity fell. We monitor the development of collateral requirements as part of our operational activities. The price of electricity and its volatility remain a key source of uncertainty for Helen's business operations and finances.

Operational risks

The natural gas pipeline and communications cable between Finland and Estonia were damaged in October 2023. As a consequence, we switched to supply channels based on liquefied natural gas (LNG) imported by sea. Exceptionally cold winter temperatures increase the risk of ice cover build-up in the Baltic Sea region, which may have an impact on fuel transport by sea. We manage the risk of natural gas availability by means of other fuels and their stockpiling.

The Norway-based company Kinect Energy AS submitted an erroneous bid to the Nord Pool electricity exchange in November 2023, which led to the spot price of electricity falling to a record low. Bidding errors distort the energy markets and have major impacts on normal trading activities. In response to this exceptional incident, we implemented operational adjustments to our processes to enable us to detect the effects of erroneous bids on our trading activities.

Significant energy production plants may pose a risk to the functioning of the electricity system in the event of faults or disruptions. We prepare for potential disruptions by taking measures such as managing our own electricity loads, operating in the aftermarket and controlling our own energy production.

The Centre for Economic Development, Transport and the Environment (ELY Centre) for Southwest Finland filed an application to change the fishery obligations related to the Ahvenkoski and Klåsarö hydropower plants. The applications proposed that the current fishery management fee obligations of the power plants be replaced by combination obligations comprising of a fishway obligation, monitoring obligation and a fishery management fee. We are making preparations for the deployment of hydraulic Kalasydän fishways at the plants in question.

Financial risks

Financial risks are described in more detail in Helen's consolidated financial statements.

The Group's earnings-related pension insurance and group life insurance are managed by Keva. Other insurance policies are divided between three different insurance companies. The scope of the insurance policies covers property damage, liability and personal injuries. The coverage and deductibles of the insurance policies are set on a company-specific basis according to the risk tolerance of each company.

CORPORATE GOVERNANCE

Annual General Meeting

The Annual General Meeting of Helen Ltd was held on 24 March 2023.

The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial year 1 January–31 December 2022. In accordance with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 62,000.00 per share for the financial year that ended on 31 December 2022, corresponding to a total dividend of EUR 62,000,000.00, and to leave the remaining distributable funds in equity. The dividend was paid to the shareholders on 28 April 2023. The Annual General Meeting resolved to discharge all members of the Board of Directors and the CEO from liability for the year 2022.

Board of Directors

On 24 March 2023, the Annual General Meeting resolved, in accordance with the proposal of the Shareholder's Nomination Committee, to re-elect Osmo Soininvaara (Chairman), Tiina Rytky (Vice-chairman), Pirja Heiskanen, Atte Kaleva, Mai Kivelä, Ville Lehmuskoski and Hillevi Mannonen as members of the Board of Directors, and to elect Vilho Salovaara as a new member to replace Timo Piekkari, who resigned from the Board of Directors. On 2 May 2023, the shareholder decided to appoint Atte Harjanne as a member of the Board of Directors, and the Chairman of the Board. He replaced Osmo Soininvaara, who resigned from the Board of Directors.

In accordance with the Shareholder's Nomination Committee, the Annual General Meeting resolved that the fees of the Board of Directors' Chairman, Vice-chairman and members be as follows:

Position	Annual fee	Meeting fee
Chairman of the Board	EUR 9,600	EUR 800
Vice-chairman of the Board	EUR 7,500	EUR 640
Member of the Board	EUR 7,500	EUR 640

On 25 March 2022, KPMG Oy Ab was appointed as the auditor for a two-year term in accordance with the Articles of Association. KPMG Oy Ab has designated Esa Kailiala, Authorised Public Accountant (KHT), as the principal auditor. The term of office will end at the conclusion of the second Annual General Meeting following the appointment, in 2024.

The Board of Directors met 11 times in 2023, with one of the meetings conducted by e-mail. In August, the Board of Directors met at the Vuosaari power plant site and visited the new bioenergy heating plant. In addition, the Board of Directors met together with the Management Group in October to discuss the theme of strategy. The attendance rate of the Board members at the meetings of the Board of Directors was 98%.

Committees of the Board of Directors

The committees of the Board of Directors are the Audit Committee and the Appointments and Rewards Committee. The committees assist the Board in its tasks. In its constitutive meeting on 27 March 2023, the Board of Directors decided that the Chairman of the Board of Directors, Vice-chairman of the Board and the new member Vilho Salovaara will make up the Appointments and Rewards Committee. In the same meeting, the Board of Directors decided that Hillevi Mannonen, Pirja Heiskanen and Tiina Rytky will continue as the members of the Audit Committee. Meetings of the Appointments and Rewards Committee are regularly attended by the CEO and the SVP, Employee Experience, who acts as the secretary of the Committee. Meetings of the Audit Committee are regularly attended by the Senior Vice President, Finance, and the General Counsel, who acts as the secretary of the Committee. In 2023, the Appointments and Rewards Committee met six times and the Audit Committee nine times.

OUTLOOK

Investments in carbon-neutral electricity, heat and cooling production are becoming concrete as new wind and solar farms are built around Finland and existing power plant sites in Helsinki are transformed. Helen's production structure is shifting from combined heat and power generation to separate production, in which the main electricity production forms are wind, solar, hydro and nuclear power. Heat production is rapidly becoming increasingly electric. In the future, it will consist of heat pumps, electric boilers and sustainable bioenergy. We are also promoting the progress of our hydrogen- related partnerships and continuing to study the role of small modular reactors (SMRs) as one of the energy sources of the future.

The role of electricity transmission and distribution networks as an enabler of a sustainable energy system grows in importance as electricity consumption increases and production moves away from growth centres. Investments in the main grid and distribution networks must be ensured so that the transmission capacity is adequate to also support the electrification of heat production in Helsinki. At present, it appears that the construction of the main grid is not fast enough, which may slow the green transition of district heating.

The uncertain economic situation and the inflation-driven rise in interest rates and costs is reflected in the energy sector as decreasing orders and financing-related challenges. In spite of these challenges, Finland must not lose its position as a leader in the green transition. Despite the weakening economic situation, it is extremely important to maintain the planned rate of investment so that the transition from fossil fuels to renewable and carbon neutral energy production is achieved in a timely manner.

As renewable energy capacity grows, increasing price volatility is expected to be a characteristic of the Finnish energy system in the future. Balancing the volatility requires the energy system to take advantage of new elements of flexibility, such as energy storage solutions and demand response. In the future, we aim to invest increasingly in enhancing the flexibility of the energy system. Electricity consumers' preferences between fixed-price and spot price contracts play a crucial role in the implementation of demand response. It is possible that fixed-price electricity will not incentivise consumers to be flexible in the manner required by the system.

The operating conditions in the energy sector are determined by the acceptability of different production methods among both policymakers and citizens. For example, the acceptability of bioenergy and hydropower may come into question as the protection of biodiversity emerges as a topic of discussion. In the longer term, the same can be said for small-scale modular nuclear power and hydrogen production, which are alternatives to combustion-based energy production.

Changes in the regulatory environment also have a considerable impact on operating conditions in the energy sector. The development of regulation that allows small-scale modular nuclear power is important for phasing out combustion- based energy production. At the same time, the operating conditions in the energy sector are jeopardised by the European Commission's proposed reforms to the electricity market model and the potential extension of the windfall tax on electricity companies. A predictable regulatory environment is a precondition for investments in the green transition.

At the same time as we renew our business and focus on the green transition with a stronger focus on flexibility, we aim, in line with our strategy, to enable a stable dividend yield. The significant fluctuations in electricity prices make it difficult to forecast the company's earnings development, but we anticipate the 2024 result to be at a better level than the previous year.

THE BOARD OF DIRECTORS' PROPOSAL ON THE USE OF PROFIT

The distributable equity of the parent company Helen Ltd stands at EUR 1,325,794,998.33, of which the profit for previous financial years amounts to EUR 21,039,202.90 and the profit for the financial year under review amounts to EUR 53,583,401.98.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 38,000.00 per share, corresponding to a total of EUR 38,000,000.00, be distributed and that EUR 36,622,604.88 be transferred to retained earnings. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on 30 April 2024. There have been no significant changes in the company's financial position after the end of the financial year. In the view of the Board of Directors, the proposed distribution of profit does not jeopardise the company’s liquidity.

FINANCIAL STATEMENT INFORMATION

CONSOLIDATED INCOME STATEMENT

EUR million	Note	Q4/2023	Q4/2022	Q1-Q4/2023	Q1-Q4/2022
Net Sales	2	528	669	1 826	1 785
Other operating income		6	0	6	0
Energy procurement	3	-182	-167	-635	-533
Power plant fuel purchases		-186	-430	-518	-881
Change in inventories		-48	90	-104	144
Materials and supplies		-12	-11	-22	-20
External services	4	-21	-23	-99	-68
Personnel expenses	5	-17	-24	-61	-76
Depreciation, amortization and impairment	6	-52	-45	-215	-135
Other operating expenses	7	-23	-29	-84	-78
Operating profit (loss)		-6	31	93	142
Financial income and expenses	8				
Share of profit of associates		0	-4	-17	-11
Other financial income and expenses		0	0	-1	-12
Profit (loss) before taxes and non-controlling interest		-6	25	75	119
Income taxes		13	-19	-24	-28
Non-controlling interest		2	5	0	2
Profit for the period		9	11	51	93

CONSOLIDATED BALANCE SHEET

EUR million	Note	2023	2022
ASSETS			
Non-current assets			
Intangible assets	9		
Consolidated goodwill		209	272
Intangible assets		65	58
		275	330
Tangible assets	9		
Land and water		5	8
Buildings		362	359
Machinery and equipment		1 253	1 278
Advance payments and construction in progress		529	346
		2 149	1 990
Investments	10		
Shareholdings in associated companies		131	129
Other shares and participations		286	302
		417	431
Non-current assets, total		2 841	2752
Current assets			
Inventories		118	239
Non-current receivables			
Loan receivables		189	78
Current receivables	11		
Trade and other receivables		150	73
Prepayments and accrued income		216	233
Cash pool receivables		263	174
Cash and cash equivalents		228	203
Current assets, total		1 164	999
Assets, total		4 005	3 751

EUR million	Note	2023	2022
Shareholders' equity and liabilities			
Shareholders' equity	12		
Share capital		600	600
Invested non-restricted equity fund		1 251	1 251
Retained earnings		272	245
Profit for the period		51	93
Shareholders' equity, total		2 174	2 189
Non-controlling interest		106	142
Liabilities			
Provisions			
Provisions		8	0
Non-current liabilities			
Deferred tax liabilities		84	78
Non-current interest-bearing liabilities	13	1 234	734
Other non-current liabilites		0	3
Non-current liabilities, total		1 319	814
Current liabilities			
Interest-bearing liabilities	13	41	125
Trade payables	14	167	95
Other current liabilities	14	190	386
Current liabilities, total		398	607
Liabillities, total		1 725	1 421
Shareholders' equity and liabilities total		4 005	3 751

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	2023	2022
Cash flow from operating activities		
Profit for the period	51	93
Depreciation, amortization and impairment	215	135
Financial income and expenses	18	24
Adjustments	0,2	-2
Income taxes	24	28
Dividends received	13	7
Interest paid	-50	-26
Interest received	35	7
Other financial items	-1	0,3
Income taxes paid	-32	-28
Changes in working capital	-39	-4
Cash flow from operating activities	234	232
Cash flow from investing activities		
Capital expenditure on fixed assets	-516	-236
Proceeds from sale of fixed assets	151	1
Investments in subsidiaries and associates	-30	-313
Other investments	-13	-13
Cash flow from investing activities	-408	-562
Cash flow from financing activities		
Proceeds from non-current debt	519	230
Repayments of non-current debt	-1	0
Change in current debt	-104	39
Dividends paid	-63	-19
Change in loan receivables	-82	0
Capital investments	20	43
Cash flow from financing activities	288	293
Change in cash and cash equivalents	114	-36
Cash and cash equivalents at the beginning of the period	377	413
Cash and cash equivalents at the end of the period	491	377

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR million	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Opening balance, Jan 1, 2023	600	1 251	338	2 189
Profit for the period			51	51
Dividends paid			-62	-62
Other changes			-4	-4
Balance at Dec 31, 2023	600	1 251	323	2 174

EUR million	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Opening balance, Jan 1, 2022	600	1 251	264	2 115
Profit for the period			93	93
Dividends paid			-19	-19
Other changes				0
Balance at Dec 31, 2022	600	1 251	338	2 189

Notes to the consolidated financial statements

General accounting principles

1 Basic information

Helen Ltd and its subsidiaries constitute the Helen Group (“Helen” or “the Group”). The Group’s parent company is Helen Ltd, which is a limited liability company established under Finnish law and domiciled in Helsinki. Helen Ltd’s registered address is Kampinkuja 2, 00100 Helsinki. Helen is owned by the City of Helsinki and the Group is included as a sub-group in the Helsinki City Group. A copy of the financial statements of the City of Helsinki is available at www.hel.fi. Helen’s consolidated financial statements are available at the same address or at www.helen.fi.

Helen Group provides energy solutions. Its main activities consist of the production of electricity and heating, as well as the distribution and sale of electricity in the Helsinki region.

Basis of preparation

The consolidated financial statements were prepared in accordance with the Finnish Accounting Standards (FAS). The notes to the consolidated financial statements also comply with Finnish accounting legislation and corporate law. The consolidated financial statements have been prepared on historical cost basis. Financial statement figures are presented in millions of euros. Figures presented are subject to rounding which may cause that the sum of individual figures might differ from the presented aggregated column and row totals. These consolidated financial statements are presented in euros, which is the Group's operation and presentation currency.

Consolidation principles

Subsidiaries and investments in associates are accounted for using the equity method. Inter-company transactions, profit distribution, receivables and payables between companies are eliminated in consolidation. Difference between acquisition cost and equity is allocated to consolidated goodwill, which is depreciated in 5 or 20 years. The share of equity that exceeds the acquisition cost of the subsidiaries is allocated as a group reserve which is depreciated in 5 or 20 years. The group reserve is netted in the balance sheet with the goodwill. The non-controlling interest in equity and profit for the period is presented separately. Investments in associates are accounted for using the equity method. The financial statements of associated companies presented in the consolidated financial statements have been unaudited. Unaudited associated companies’ financial statements do not have material impact to Helen´s balance sheet or income statement. Deferred tax liabilities presented in the balance sheet are calculated using the tax rate for the following years.

Inventories

Inventories are presented at the lower of historical cost and replacement cost. Cost is determined using the first-in first-out (FIFO) method.

Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses, if applicable. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Group depreciation plan has been approved by the Board of directors on December 18, 2015.

Intangible assets	**Useful lives**
Software	3–5 years
Other intangible assets	Expected useful life
Goodwill and consolidated goodwill	5–20 years
Emission allowances	No depreciation
Other long-term expenses	3–10 years

Tangible assets	**Useful lives**
Land and water	No depreciation
Buildings and structures	10–40 years
Grid	10–40 years
Machinery and equipment	3–30 years
ICT equipment	3–10 years
Advance payments and construction in progress	No depreciation

Non-current investments	**Useful lives**
Shares	No depreciation
Recognition of negative goodwill	20 years

Connection fees

Connection fees related to district heating and electricity distribution that are transferable but not refundable are recognised as income for the financial year.

2 Net Sales

EUR million	2023	2022
Electricity sales	1 021	1 017
Electricity distribution sales	108	119
Heat sales	631	556
Cooling sales	28	24
Market gas	7	30
Solution product sales	25	13
Other income	7	26
Total	1 826	1 785

3 Procurement of fuel and energy

EUR million	2023	2022
Electricity purchases	629	528
Heat purchases	5	5
Electricity distribution purchases	0,2	0,3
Fuel purchases	400	713
Change in inventory	104	-144
Emission allowance purchases	118	168
Other purchases	22	20
Total	1 279	1 290

4 External services

EUR million	2023	2022
Main grid fees	10	20
Construction and excavation contracts	8	5
Environmental services	3	0,2
Other external services	78	43
Total	99	68

5 Personnel expenses

EUR million	2023	2022
Wages and salaries	55	63
Pension costs	9	10
Other personnel costs	2	3
Production for own use	-4	-4
Yhteensä	61	72
Taxable value of fringe benefits	-0,2	-0,2
Salaries and fees of the Board of Directors and senior management	1	1

	2023	2022
Average number of personnel	757	936
Personnel	786	701

6 Depreciation, amortization and impairment

EUR million	2023	2022
Depreciation	194	123
Scrapping and impairment	9	3
Costs of sold of fixed assets	0	0
Depreciation of consolidated goodwill	17	15
Recognition of negative goodwill	-6	-6
Total	215	135

7 Other operating expenses

EUR million	2023	2022
Rent for land	14	9
Other rent	7	7
IT and expert services	23	24
Vehicle and fleet costs	2	8
Marketing costs	4	6
Insurance costs	2	1
Other costs	31	23
Total	84	78

8 Financial income and expenses

EUR million	2023	2022
Share of associated companies' results	-17	-11
Interest income from loans granted	3	0
Dividend income	13	7
Other financial income	32	7
Total	32	2

EUR million	2023	2022
Interest and financial expenses on non-current liabilities		
Interest expenses on subordinated debt	9	9
Interest expenses on senior debt	7	8
Other interest and financial expenses	4	8
Interest and financial expenses on current liabilities		
Loans from financial institutions	19	0
Other interest and financial expenses	11	0
Total	50	26
Financial income and expenses, total	-18	-23

9 Fixed assets

2023, EUR million	Land and water	Buildings	Machinery and equipment	Grid	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost, Jan 1	7	533	816	1 366	1	346	3 069
Additions		0,3	4	29		470	503
Decreases		-6	-5	-3			-14
Sales of assets			-151				-151
Transfers between asset groups	-2	51	205	35	-1	-290	-2
Closing balance, Dec 31	5	578	870	1 427	0	526	3 406
Accumulated depreciation and impairment, Jan 1	0	-174	-318	-587	0	0	-1 078
Depreciation for the period		-46	-88	-54			-188
Accumulated depreciation on decreases and transfers		6	7	3			16
Impairment		-3	-7	-0,3			-9
Accumulated depreciation and impairment, Dec 31	0	-216	-405	-638	0	0	-1 260
Capitalised interest expenses, Jan 1							0
Additions						4	4
Capitalised interest expenses, Dec 31	0	0	0	0	0	4	4
Book value, Dec 31	5	362	464	788	0	529	2 149

2022, EUR million	Land and water	Buildings	Machinery and equipment	Grid	Other tangible assets	Advance payments and construction in progress	Total
Book value, Dec 31	7	359	498	779	1	346	1 990

2023, EUR million	Consolidated goodwill	Negative goodwill	Goodwill	Emission allowances	Immaterial rights	Other intangible assets	Advance payments and construction in progress	Total
Acquisition cost, Jan 1	423	129	28	2	13	23	15	633
Additions	3					0	13	16
Decreases	-71	-17		-2				-90
Sales of assets								0
Transfers between asset groups					1	6	-5	2
Closing balance, Dec 31	355	113	28	0	14	29	22	561
Accumulated amortization and impairment, Jan 1	-67	-46	-0,3	0	-4	-18	0	-135
Accumulated amortization on decreases and transfers	1		-3		-1	-2		-4
Amortization for the period	-17							-17
Impairment								0
Recognitions for the period		-5						-5
Accumulated amortization on decreases and transfers, Dec 31	-83	-51	-3	0	-5	-20	0	-162
Transfer from negative goodwill	-62	-62						0
Book value, Dec 31	209	0	25	0	9	9	22	275

2022, EUR million	Consolidated goodwill	Negative goodwill	Goodwill	Emission allowances	Immaterial rights	Other intangible assets	Advance payments and construction in progress	Total
Book value, Dec 31	272	0	28	2	8	5	15	330

10 Investments in associated companies and other holdings

Associated companies	Domicile	Holding %
Voimapiha Oy	Helsinki	33,3%
Liikennevirta Oy	Helsinki	23,4%
Pjelax Vindkraft Ab/Oy	Närpiö	40,0%
&Charge GmbH	Frankfurt	24,1%
Viiatti GridCo Oy	Helsinki	30,0%

Other holdings	Domicile	Holding %
Teollisuuden Voima Oyj	Helsinki	8,2%
EPV Energia Oy	Vaasa	5,6%
Pohjolan Voima Oyj	Helsinki	0,6%
Kemijoki Oy	Rovaniemi	1,6%
Helsinki Halli Oy	Helsinki	0,0%
CLIC Innovation Oy	Helsinki	2,2%
Suomen Hyötytuuli Oy	Pori	16,0%
Suomen Messut Oyj	Helsinki	0,0%
Helsingin Konsernihankinta Oy	Helsinki	0,0%
EcoG GmbH	Munich	10,5%
Gradyent Holding B.V.	Rotterdam	19,2%
LiveEO GmbH	Berlin	10,3%
Enspired GmbH	Vienna	3,2%
IISY Oy	Espoo	18,9%
Laros B.V.	Scharsterbrug	11,8%
node.energy GmbH	Frankfurt	4,0%
Mitta Group Oy	Oulu	0,5%
Voltfang GmbH	Aachen	3,1%
Klimate ApS	Copenhagen	3,3%
Renewcast S.r.l.	Rome	10,1%

11 Receivables

EUR million	2023	2022
Trade receivables	53	46
Other receivables	92	27
Deferred tax assets	0,1	0
Cash pool receivables	263	174
Prepayments and accrued income		
Deferred sales	201	211
Deferred direct taxes	12	0,3
Other prepayments and accrued income	7	22
Total	629	480

12 Shareholders' equity

EUR million	2023	2022
Share capital, Dec 31	600	600
Restricted shareholders equity	600	600
Invested non-restricted equity fund, Dec 31	1 251	1 251
Retained earnings, Jan 1	338	264
Dividends paid	-62	-19
Other changes	-4	0
Profit for the period	51	93
Non-restricted shareholders equity	1 574	1 589
Shareholders' equity, total	2 174	2 189

13 Interest-bearing liabilities

The capital loan that the parent company has taken out from the City of Helsinki may be repaid prematurely either in full or in part if the borrower so wishes. The loan capital may be repaid only to the extent that the amount of the parent company's unrestricted shareholders' equity and all capital loans at the time of payment exceeds the losses confirmed for the parent company's most recent completed financial period or balance sheet included in a more recent financial statement. The annual interest on the loan is six per cent (6%).

EUR million	2023	2022
Non-current liabilities		
Loans from financial institutions	897	514
Loans from the owner	265	286
Other liabilities	72	3
Current liabilities		
Loans from financial institutions	1	0
Commercial paper	20	39
Loans from the owner	21	21
Other interest-bearing liabilities	0	0
Cash and cash equivalents	491	377
Net interest-bearing liabilities	784	484

14 Trade and other current payables

EUR million	2023	2022
Trade payables	167	95
Other payables	127	300
Deferred income and accrued liabilities		
Deferred holiday pay and holiday allowance	10	10
Deferred interest	10	3
Deferred direct taxes	2	7
Other deferred income and accrued liabilities	40	65
Total	357	481

15 Contingent liabilities

EUR million	2023	2022
Bank deposits	642	337
Real estate liabilities (0 % VAT)		
Due in 2024	7	5
Due later	133	121
Lease liabilities (0 % VAT)		
Due in 2024	11	0,1
Due later	197	0,1
Directly enforceable guarantees on behalf of non-Group companies	59	127
Other construction and warranty guarantees	1	1
Loan liabilities	0	36
Bank's cash collateral	29	7
Investment commitments	269	296
Liabilities secured by mortgages	0	65
Real estate and business mortgages put up as collateral	0	4 005

16 Related party transactions

Board of Directors and Group management

The Group has had no transactions with the parent company's Board of Directors, the members of the Group's management (key management personnel), their close family members or organizations in which members of the Board of Directors or the Group's management exercise control or significant influence.

Associated companies and joint ventures

The parent company acquires the electric vehicle charging services it sells on a subcontracting basis from Liikennevirta Oy. Purchases of electric vehicle charging services constitute most of the charging services purchased by the parent company. In addition, the parent company purchases renewable energy from Swedish hydropower plants through Voimapiha Oy. Transactions with associated companies are presented in the table below.

EUR million		2023	2022
Liikennevirta Oy	Sales	2	1
	Purchases	3	4
Voimapiha Oy	Purchases	16	58
	Dividend income	13	7
Pjelax Vindkraft Ab/Oy	Interest income	6	0
Total		40	70

17 Derivatives

2023	Electricity derivatives		Emission derivatives		Natural gas derivatives		Coal derivatives		Currency derivatives		Interest rate derivatives		total, EUR
	Amount, GWh	million	tonnes	EUR	GWh	EUR	000 tonnes	EUR	value, EUR	EUR	value, EUR	EUR	
Purchased less than one year	1 637	22	708	-1	1 070	-20							2
Purchased over one year	1 265	-4	20	0,1							625	27	23
Sold less than one year	1 430	-1			405	1							0
Sold over one year	688	4											4
Total	784	21	728	-1	665	-19	0	0	0	0	625	27	29

2022													total, EUR
	Amount, GWh	million	tonnes	EUR	GWh	EUR	000 tonnes	EUR	value, EUR	EUR	value, EUR	EUR	
Purchased less than one year	2 316	249	1 053	-2	11	-1	87	-8					238
Purchased over one year	1 099	39	54	0,2	44	2					698	42	83
Sold less than one year	1 418	-59			4								-59
Sold over one year	682	-19											-19
Total	1 315	210	1 107	-2	51	1	87	-8	0	0	698	42	243

The fair value of electricity derivatives describes the euro amount that will be recorded in the income statement from the derivatives in the future, at the market price at the time of the balance sheet.

2023, EUR million	2024	2025	2026	2027	2028	2029->	Total
Electricity derivatives	21	1	-1	-0,1			21
Emission derivatives	-1						-1
Natural gas derivatives	-19						-19
Coal derivatives							0
Currency derivatives							0
Interest rate derivatives			5	5	7	10	27
Total	2	1	3	5	7	10	29

The purpose of electricity derivatives trading is to hedge the price risk of future purchases and sales of electricity at market prices. All trading is subject to oversight and conducted within the limits established by the Group's approved risk limits and operating policies. Derivatives trading is done in accordance with the risk management policy approved by the Board of Directors of Helen Ltd, as well as the Group's operating principles concerning energy trading and risk management guidelines. The majority of the Group's derivative contracts are Nasdaq Commodities' Nordic electric futures products, which are traded on the Nordic commodity derivatives exchange Nasdaq OMX Oslo ASA.

The maximum duration of derivatives is five years as from the balance sheet date.

Since all the derivatives are hedging derivatives, their fair values – i.e. changes in value in future periods – have not been recognized in the profit or loss for the financial year ended. The realized effects of derivatives are recognized in the same period as the hedged item in subsequent financial years.

The physical trading of electricity is conducted via the Nordic electricity exchange Nord Pool AS. In electricity derivatives, the hedging of sales is recognized in net sales and the hedging of purchases is recognized in energy purchases.

Emission derivatives

The purpose of using emission derivatives is based on the trading need according to actual and predicted amounts of emissions and the emission allowances granted in the initial allocation. Emission derivatives are futures contracts ending with physical delivery. Their maximum duration is five years as from the balance sheet date.

Emissions trading

The parent company has been granted a total of EUR 1.3 million tCO2 e in emission allowances for the period 2021–2025. The estimate of actual emissions for 2023 is 1.6 million tCO2 e. In intangible assets in the balance sheet, emission allowances and corresponding allowances totalled 0.0 million tCO2 e on 31 December 2023 after the deduction of the use in 2023. In accounting, emission allowances treated using the net method in accordance with statement 1767/2005 of the Finnish Accounting Standards Board.

Natural gas derivatives

Natural gas derivatives are used for hedging the future physical purchasing of natural gas. The derivatives are implemented as cash payments, and their maximum duration is one year as from the balance sheet date.

Coal derivatives

Coal derivatives are used for hedging future physical purchases of coal. The derivatives are implemented as cash payments, and their maximum duration is one year as from the balance sheet date.

Currency derivatives

Foreign currency derivatives have been used in hedging USD denominated coal purchases. Hedging has been discontinued due to ending of the coal usage in the production.

Interest rate derivatives

Only swaps, caps, collars or other instruments that unambiguously limit the maximum level of the interest rate are used in interest rate hedging.

The fair values of derivatives are based on the market prices at the balance sheet date. Realized changes in the value of derivative contracts concluded for hedging purposes are recognized in profit or loss for the same period as the underlying instruments they hedge. If the Group has derivative contracts concluded for purposes other than hedging, their unrealized loss is recognized in profit or loss for the financial year.

18 Translation of foreign currency items

In the consolidated financial statements, foreign currencies are translated at exchange rates prevailing at the end of the reporting period.

19 Disputes

The Group did not have any pending disputes at the end of the financial year.

20 Subsidiaries

Subsidiaries	Domicile	Holding %
Oy Mankala Ab	Iitti	100,0%
Helen Sähköverkko Oy	Helsinki	100,0%
Helsingin Energiatunnelit Oy	Helsinki	90,0%
Tuulipuisto Lakiakangas 3 Oy	Isojoki	60,0%
Kristinestad Tupaneva Oy	Isojoki	60,0%
Geonova Oy	Jyväskylä	57,9%
Helen Aurinkopuisto Kalanti Oy	Uusikaupunki	100,0%
Kalanti GridCo Oy	Uusikaupunki	100,0%
Kalistanneva Sijoitustyhtiö Ky	Helsinki	33,3%
Kalistanneva Holding Oy	Helsinki	60,0%
Kalistanneva Hallinnointiyhtiö Oy	Helsinki	60,0%
Tuulipuisto Kalistanneva Oy	Kurikka	60,0%
Tuulipuisto Karahka Oy	Oulainen	51,0%
Tuulipuisto Juurakko Oy	Kalajoki	51,0%
Jokituuli Sijoitusyhtiö Ky	Helsinki	18,3%
Jokituuli Holding Oy	Helsinki	51,0%
Niinimäki Holding Oy	Helsinki	51,0%
Niinimäki Sijoitusyhtiö Ky	Helsinki	18,3%
Niinimäki Grid Oy	Pieksämäki	45,9%
Tuulipuisto Niinimäki Oy	Pieksämäki	51,0%

The Group owns less than half of the following limited partnerships: Kalistanneva Sijoitusyhtiö Ky, Jokituuli Sijoitusyhtiö Ky and Niinimäki Sijoitusyhtiö Ky. These companies are consolidated into the Group as subsidiaries because the Group exercises control over them. Control is based on the Group's parent company having a majority shareholding in Helen ÅB Tuulipuistohallinnointiyhtiö (Kalistanneva Hallinnointiyhtiö Oy), which is the active partner in the limited partnerships in question. In addition, the limited partnership Niinimäki Sijoitusyhtiö Ky exercises control over Niinimäki Grid Oy, which is why it is also consolidated into the Group as a subsidiary.

FINANCIAL CALENDAR

Our reporting schedule for 2024 is as follows:

The Financial Statements and Annual Review will be published in March 2024.
The interim report for January–March will be published on 29 April 2024.
The half-year report for January–June will be published on 29 July 2024.
The interim report for January–September will be published on 31 October 2024.

The financial reports are available on our website.

All statements presented in this report are interpretations of the present, and all projections are estimates of future developments. They are based on the current view and therefore involve risks and uncertainties. The actual outcomes and results may differ significantly from the interpretations and estimates.