HELEN

Financial Statements 2023

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Report of the Board of Directors

The company's operations

Helen Ltd is a company owned by the City of Helsinki and its administration is based on the Limited Liability Companies Act, the articles of association and the group policy of the City of Helsinki. Our core business consists of the production and sale of heat and cooling to consumer and corporate customers, the production and sale of electricity to the wholesale market, the sale of electricity to consumer and corporate customers, and electricity transmission. In addition, we provide our customers with solutions for regional and renewable energy as well as electric transport. Helen operates in the Finnish region.

Energy is produced in heat and power plants located in Helsinki and other production facilities, as well as through associated companies. We sell electricity to over 560,000 customers across Finland. Our vision is to be the most customer-driven energy company in our market and to make the opportunities of the new era of energy accessible to everyone.

Helen Ltd and its subsidiaries constitute the Helen Group, which is one of the largest energy industry groups in Finland. Helen Ltd's subsidiary Helen Electricity Network Ltd focuses on electricity network operations in accordance with the Electricity Market Act, providing electricity distribution services that span nearly the entire Helsinki region.

Our new strategy, which was published in late 2023, lays out the foundation for our business operations and supports our long-term competitiveness. As part of the changes brought about by the 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.

As the world changes around us, we want to do more than simply change with it: we want to anticipate the changes and lead the transformation of the energy sector as a trailblazer of the green transition. The core aspects of our strategy are the green transition, flexibility and profitability. Profitable business enables significant investments in green transition projects, which we implement by increasing the flexibility of the energy system.

We have set a target of making our energy production carbon neutral by 2030. In addition, we plan to phase out combustion-based energy production by 2040. We respond to increasing electricity price fluctuations with superior flexibility. New business models based on flexibility deliver significant benefits to our customers and protect our profitability. Clarifying our service offering and optimising our energy system enables us to strengthen our financial performance.

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 on the basis of 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. In spite of 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 in spite of 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 with regard to 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.

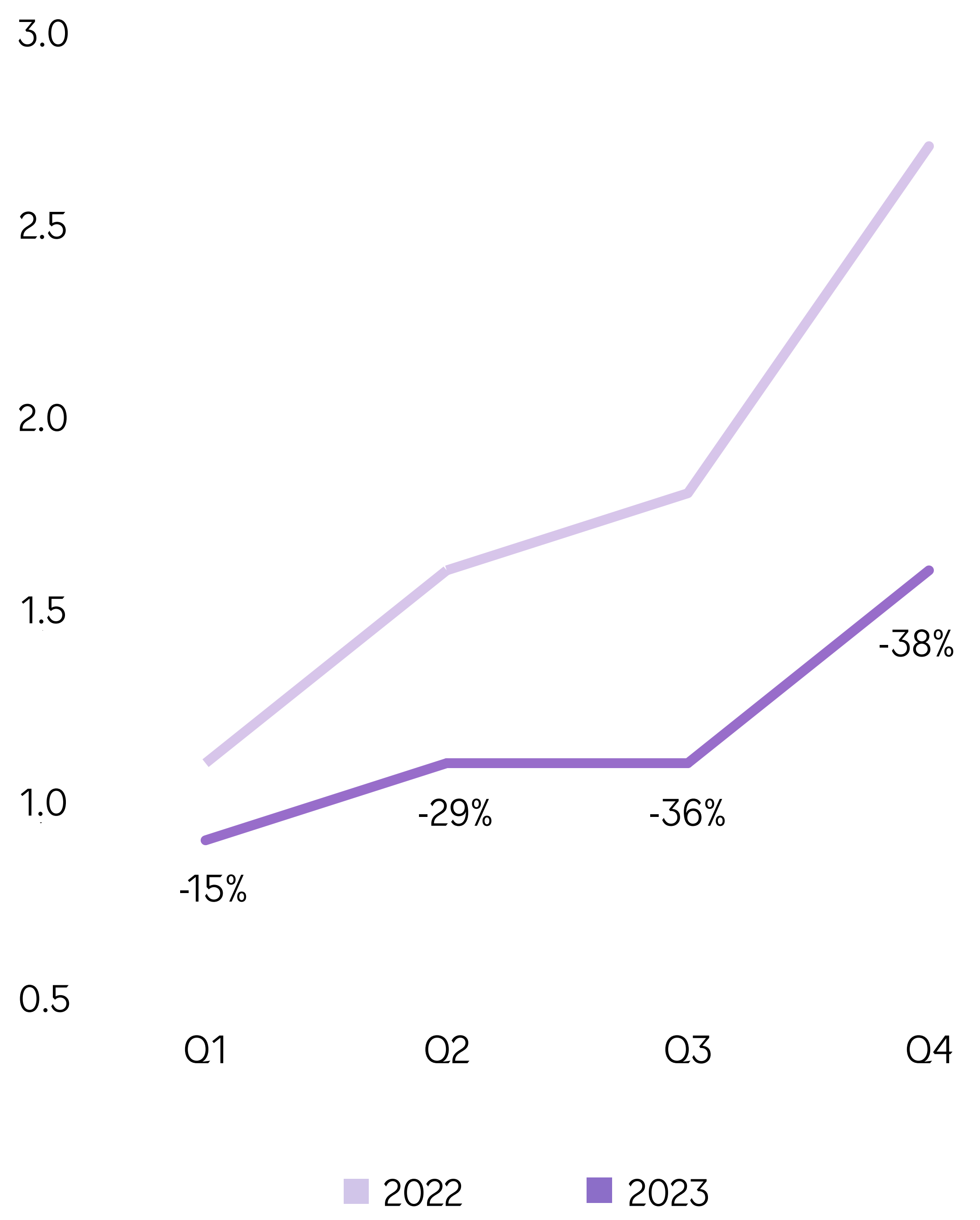
Nuclear power accounted for about half of our electricity production, and renewable energy sources accounted for about a quarter. The remaining electricity production consisted of coal and natural gas. In heat production, fossil fuels accounted for 60 per cent. We produced 26 percent of the heat with 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.

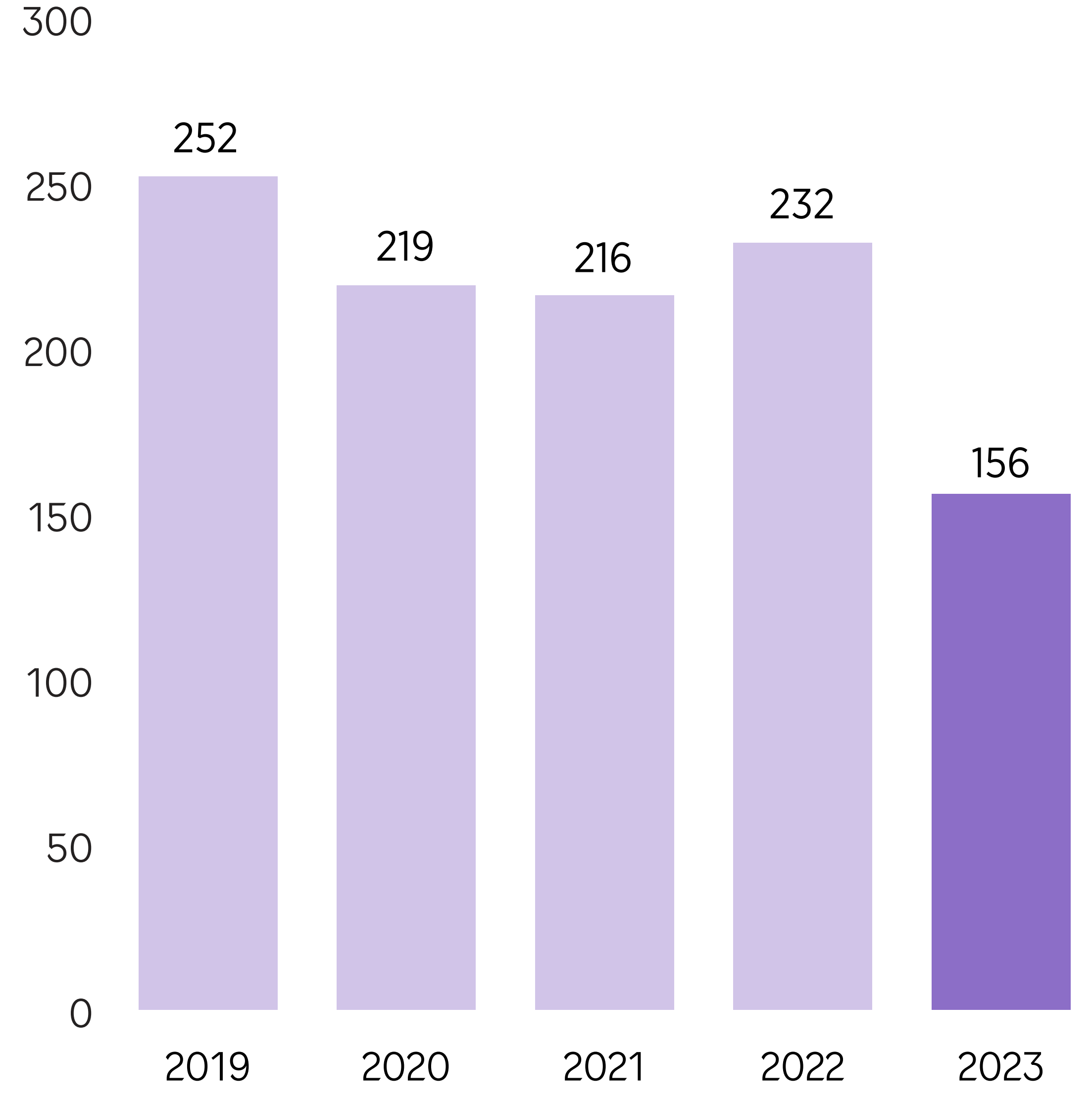
Our direct greenhouse gas emissions (Scope 1) were 1.66 (2.68) million tonnes of carbon dioxide equivalent, a reduction of 38 per cent from 2022. Specific emissions from energy production decreased by 33 per cent, to 156 (232) gCO_2e per kWh. The significant reduction in emissions is mainly attributable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

Group key figures

	2023	2022
Net sales, EUR million	1,826	1,785
Operating profit before depreciations (EBITDA), EUR million	308	277
% of net sales	17%	16%
Operating profit before interest and taxes (EBIT), EUR million	93	142
% of net sales	5%	8%
Profit before taxes and non-controlling interests, EUR million	75	119
Investments, EUR million	408	562
Equity ratio, %	54%	58%
Return on equity (ROE), %	1%	1%
Return on capital employed (ROCE), % (12 months)	4%	4%
Net debt at the end of the period, EUR million	784	482
Net debt/EBITDA	2.5	1.7
Balance sheet total	4,005	3,751
Average number of personnel	757	936

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 market 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 (EBITDA) 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 EUR 408 (562) million, of which investments in fixed assets represented EUR 516 (236) million. Investments were reduced by the sale of machinery and equipment of 151 million euros at the end of 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, Group receivables 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 revolving 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 sustainability-linked 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 fixed-term. 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 with regard to 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 the notes to the 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 Compensation Committee. The committees assist the Board in their 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 Compensation 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 Compensation Committee are regularly attended by the CEO and the HR Director, who serve as the secretary of the Committee. Meetings of the Audit Committee are regularly attended by the CFO and Legal Counsel, who acts as the secretary of the Committee. In 2023, the Compensation 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.

Sustainability

Corporate responsibility information for the year 2023 is reported in the Sustainability Report, which is published as part of the Annual Review. Material sustainability topics and figures, with the relevant time series, are reported in accordance with the Global Reporting Initiative (GRI) standards. Certain reported environmental disclosures have been subject to independent assurance.

EU-taxonomy

The requirements of the EU taxonomy do not apply to Helen, but we voluntarily report on the taxonomy requirements because our investments specifically contribute to the green transition. We report the proportion of economical activities eligible for classification system in the Group's net sales, investments, and operational costs for the fiscal year 2023 regarding two environmental objectives (climate change mitigation and adaptation to climate change).

The aim is to report on business activities that promote the following environmental objectives: climate change mitigation, adaptation to climate change, sustainable use and protection of water resources and marine resources, transition to a circular economy, prevention of environmental pollution, and protection and restoration of biodiversity.

Helen has identified several business activities eligible for classification system related to two environmental objectives, climate change mitigation and adaptation to climate change. This has been done by comparing the company's business to the taxonomy-eligible economic activities listed in the delegated regulation on climate. Helen has also taken into account the changes made to the delegated regulation on climate. We are developing assessment criteria related to the fulfillment of technical assessment criteria for these environmental objectives to report on taxonomy compliance starting in 2024.

Net sales

The descriptions of economic activities 4.1 Electricity production from solar energy, 4.3 Electricity production from wind energy, and 4.5 Electricity production from hydropower include activities that correspond to Helen's business operations. Electricity production from solar and wind power are new production methods for Helen and are mainly in the investment phase. Helen's electricity transmission and distribution correspond to economic activity 4.9 Electricity transmission and distribution. The production of heat and cooling from bioenergy, as described in activity 4.24, is consistent with the operation of the new power plant in Vuosaari that was commissioned at the end of the year 2022.

Capital expenditures

Helen has had significant capital expenditures related to new business ventures (electricity production from wind and solar energy). Additionally, Electricity transmission and distribution, as well as Heat and cooling production from bioenergy, have required significant capital expenditures in the establishment of new production facilities.

Operating expenses

The operating expenses related to Helen's business were still low due to the fact that the production facilities are in the early stages of their lifecycle, and not all facilities have been transferred to production yet.

Net sales of eligible classified activities corresponds to the net sales presented in the financial statements, with detailed information provided in note 3.1 of the consolidated financial statements. Capital expenditures correspond to the property, plant, and equipment investments presented in note 6.1 of the financial statements. Operating expenses include direct research, development, and maintenance costs as defined. Operating expenses are presented in note 4.5. To avoid double counting, Helen has ensured that turnover, capital expenditures, and operating expenses are allocated only once to economic activities and only to one environmental objective: climate change mitigation.

Helen has assessed economic activities against the technical assessment criteria for climate change mitigation and adaptation to climate change set out in European Commission Delegated Regulation (EU) 2021/2139. The figures presented in the following tables are based on available information and our interpretation of regulations and directives. The proportion of Helen's net sales from eligible classified activities is 17 (11) percent, capital expenditures are 79 (47) percent, and operating expenses are 16 (1) percent of the consolidated total.

Taxonomy-aligned economic activities

		2023		Substantial contribution criteria						Does not significantly harm criteria									
Financial activities	Code	Net sales	Proportion of net sales	Climate change mitigation	Climate change adaptation	Water	Polution	Circular economy	Biodiversity	Climate change mitigation	Climate change adoptation	Water	Polution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or -eligibble (A.2) net sales, 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES		EUR million	%	Y; N;N/EL	Y; N;N/EL	Y; N;N/EL	Y; N;N/EL	Y; N;N/EL	Y; N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. 1 Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which enabling		0	0%	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	**0%**						N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				Y; N;N/ EL	Y; N;N/ EL	Y; N;N/ EL	Y; N;N/ EL	Y; N;N/ EL	Y; N;N/ EL										
Electricity generation with solarpower technology	CCM4.1	0.1	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Electricity generation with windpower	CCM4.3	14	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Electricity generation with waterpower	CCM4.5	85	5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0.5%		
Electricity distribution	CCM4.9	113	6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								6%		
Production of heating and cooling with bioenergy	CCM4.24	100	5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								4%		
Netsales of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		311	17%	17%	0%	0%	0%	0%	0%										
A.1+A.2 Net sales of taxonomy-eligible activities		311	17%	17%	0%	0%	0%	0%	0%								11%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		EUR million	%																
Net sales of taxonomy non-eligible activities		1,515	83%																
A+B TOTAL		**1,826**	**100%**																

Taxonomy-eligible capital expenditures		2023		Substantial contribution criteria						Does not significantly harm criteria									
Financial activities	Code	Capital expenditure	Proportion of capital expenditure	Climate change mitigation	Climate change adaptation	Water	Polution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Polution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or -eligible (A.2) capital expenditures, 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES		EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. 1 Environmentally sustainable activities (taxonomy-aligned)																			
Capital expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which enabling		0	0%	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	**0%**						N	N	N	N	N	N	N	0%		T
A.2. Capital expenditures of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL										
Electricity generation with solarpower technology	CCM4.1	15	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Electricity generation with windpower	CCM4.3	303	59%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								36%		
Electricity generation with waterpower	CCM4.5	2	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Electricity distribution	CCM4.9	31	6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								10%		
Eelctricity inventories	CCM4.10	4	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Production of heating and cooling with bioenergy	CCM4.24	27	5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installations and usage of electric heat pumps	CCM4.16	25	5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Capital expenditures of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		407	79%	79%	0%	0%	0%	0%	0%										
A1+A2 Capital expenditures of taxonomy-eligible activities		407	79%	79%	0%	0%	0%	0%	0%								47%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		EUR million	%																
B. Capital expenditures of taxonomy non-eligible activities		109	21%																
A+B TOTAL		**516**	**100%**																

Taxonomy-eligible operating expenditures		2023		Substantial contribution criteria						Does not significantly harm criteria									
Financial activities	Code	Operating expenditures	Proportion of operating ependitures	Climate change mitigation	Climate change adaptation	Water	Polution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Polution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or -eligible (A.2) operating expenditures, 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES		EUR million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. 1 Environmentally sustainable activities (taxonomy-aligned)																			
Operating expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which enabling		0	0%	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	**0%**						N	N	N	N	N	N	N	0%		T
A. 2 **Operating expenditures of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)**																			
				Y; N/EL	Y; N/EL	Y; N/EL	Y; N/EL	Y; N/EL	Y; N/EL										
Electricity generation with solarpower technology	CCM4.3	3	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Electricity generation with waterpower	CCM4.5	1	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Electricity distribution	CCM4.9	7	8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Eelctricity inventories	CCM4.11	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Production of heating and cooling with bioenergy	CCM4.24	2	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Operating expenditures of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		13	16%	16%	0%	0%	0%	0%	0%										
A1+A2 **Operating expenditures of taxonomy-eligible activities**		13	16%	16%	0%	0%	0%	0%	0%								1%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		EUR million	%																
Operating expenditures of taxonomy non-eligible activities		71	84%																
A+B TOTAL		**84**	**100%**																

Nuclear power and fossil gas related activities

Nuclear energy related activities	
The company carries out or finances research, development, demonstration, and deployment related to innovative electricity generation facilities that produce energy through nuclear reactions, aiming to minimise waste from the fuel cycle or has responsibilities associated with such activities.	No
The company undertakes or finances the construction and safe operation of new nuclear facilities for the production of electricity or process heat, including district heating or industrial processes such as hydrogen production, as well as the improvement of their safety, utilising the best available technology, or has responsibilities associated with such activities.	No
The company implements or finances the safe operation of existing nuclear facilities producing electricity or process heat, including district heating or industrial processes such as hydrogen production from nuclear energy, as well as the improvement of their safety, or has responsibilities associated with such activities.	No
Fossil gas related activites	
The company undertakes or finances the construction or operation of electricity generation facilities using fossil gas fuels, or has responsibilities associated with such activities.	No
The company undertakes or finances the construction, refurbishment, and operation of combined heat and power (CHP) plants using fossil gas fuels, or has responsibilities associated with such activities.	No
The company undertakes or finances the construction, refurbishment, and operation of facilities producing heat or cooling using fossil gas fuels, or has responsibilities associated with such activities.	No

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.

Calculation formulas for the financial performance indicators

$$\text{ROE, \%} = \frac{\text{Profit for the period}}{\text{Average equity}}$$

$$\text{ROCE, \%} = \frac{\text{Profit before taxes + financial expenses}}{\text{Average equity + interest-bearing liabilities}}$$

$$\text{Net interest-bearing liabilities} = \text{Interest-bearing liabilities – liquid assets}$$

$$\text{Gearing} = \frac{\text{Interest-bearing liabilities – liquid assets}}{\text{Equity}}$$

Financial performance indicators

	31 December and 1 January–31 December				
EUR million	2023	2022	2021	2020	2019
Net sales	1,826	1,785	1,318	1,054	1,151
Operating profit before depreciations (EBITDA)	308	277	266	302	319
% of net sales	17%	16%	20%	29%	28%
Operating profit before interest and taxes (EBIT)	93	142	82	176	176
% of net sales	5%	8%	6%	17%	15%
Profit before taxes and non-controlling interests	75	119	67	154	160
% of net sales	4%	7%	5%	15%	14%
Profit for the period	51	93	55	123	128
% of net sales	3%	5%	4%	12%	11%
Share of profit for the period attributable to parent company shareholders	51	91	56	122	129
Cash flow from operating activities	234	233	306	265	363
Cash flow from investing activities in property, plant and equipment, and intangible assets	-516	-236	-225	-202	-70
Investments in subsidiaries and associated companies	-30	-313	-70	-2	-1
Equity	2,174	2,189	2,115	2,135	2,087
Interest-bearing liabilities	1,275	859	592	426	415
Net interest-bearing liabilities	784	482	178	115	108
Balance sheet total	4,005	3,751	3,115	2,806	2,710
Equity ratio, %	54%	58%	68%	77%	77%
Return on capital employed (ROCE), % (12 months)	4%	4%	3%	7%	7%
Net debt/EBITDA	2.5	1.7	0.7	0.4	0.3
Average number of personnel	757	936	1.015	992	957

Consolidated financial statements

Consolidated income statement

EUR million	Note	2023	2022
Net sales	3	1,826	1,785
Other operating income	3	6	0
Energy procurement	4	-635	-533
Power plant fuel purchases	4	-518	-881
Changes in inventories	4	-104	144
Purchases of materials and supplies	4	-22	-20
External services	4	-99	-68
Personnel expenses	4	-61	-72
Depreciation, amortization and impairment	4	-215	-135
Other operating expenses	4	-84	-79
Operating profit (loss)		93	142
Share of results of associated companies	5	-17	-11
Other financial income and expenses	5	-1	-12
Profit before taxes and non-controlling interests		75	119
Income taxes	11	-24	-28
Non-controlling interests		0.2	2
Profit for the period		51	93

Consolidated balance sheet

EUR million	Note	2023	2022
Assets			
Non-current assets			
Intangible assets			
Goodwill	6	209	272
Intangible assets	6	65	58
		275	330
Property, plant and equipment			
Land and water	6	5	8
Buildings	6	362	359
Machinery and equipment	6	1 253	1 278
Advance payments and consturuction in progress	6	529	346
		2,149	1,990
Investments			
Investments	7	131	129
Other non-current assets	7	286	302
		417	431
Non-current assets, total		2,841	2,752
Current assets			
Inventories	8	118	239
Non-current receivables			
Loan receivables		189	78
Non-current receivables			
Trade and other receivables	8	150	73
Prepayments and accrued income	8	216	233
Cash pool receivables	9	263	174
Cash and cash equivalents	9	228	203
Non-current assets, total		1,164	999
Assets, total		4,005	3,751

In the consolidated balance sheet, the items of goodwill and the share of non-controlling interests have decreased compared to the previous financial statement. The decrease is due to adjustments made to the purchase price allocations. All adjustments to the purchase price allocations relate to companies that became part of the group during the fiscal year 2022.

EUR million	Note	2023	2022
Shareholders equity and liabilities			
Equity			
Share capital	10	600	600
Reserve for invested unrestricted equity	10	1,251	1,251
Retained earnings	10	272	245
Profit for the period	10	51	93
Equity, total		**2,174**	**2,189**
Non-controlling interests		106	142
Liabilities			
Provisions			
Provisions	8	8	0
Current liablities			
Deferred tax liabilities		84	78
Non-current interest-bearing liabilities	9	1,234	734
Other non-current liabilities	9	0	3
Non-current liabilities, total		1,319	814
Current liabilities			
Current interest-bearing liabilities	9	41	125
Trade payables	8	167	95
Other current liabilities	8	190	386
Current liabilities, total		398	607
Liabilities, total		1,725	1,421
Equity and liabilities, total		4,005	3,751

Consolidated cash flow statement

EUR million	2023	2022
Cash flow from operating activities		
Profit for the period	51	93
Planned depreciation and impairment	215	135
Financial income and expenses	18	24
Adjustments	0.2	-2
Income taxes	24	28
Dividend income	13	7
Interest paid	-50	-26
Interest received	35	7
Other financial items	-0.5	0.3
Income taxes paid	-32	-28
Change in working capital	-39	-4
Cash flow from operating activities	234	233
Cash flow from investing activities		
Investments in property, plant and equipment, and intangible assets	-516	-236
Proceeds from the the disposal of property, plant and equipment, and intangible assets	151	1
Investments in subsidiaries and associated companies	-30	-313
Other investments	-13	-13
Cash flow from investing activities	-408	-562

EUR million	2023	2022
Cash flow from financing activities		
Non-current liabilities drawn	519	230
Repayments of non-current liabilities	-1	0
Change in current liabilities	-104	39
Dividends paid	-63	-19
Change in loan receivables	-82	0
Venture 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

* Cash pool receivables are included in cash and cash equivalents.

Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Equity, 1 January 2023	600	1,251	338	2,189
Profit for the period			51	51
Dividends paid			-62	-62
Other adjustments			-4	-4
Equity, 31 December 2023	600	1,251	323	2,174

EUR million	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Equity, 1 January 2022	600	1,251	264	2,115
Profit for the period			93	93
Dividends paid			-19	-19
Equity, 31 December 2022	600	1,251	338	2,189

Notes to the consolidated financial statements

1 Basic information on the Group

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 is a group that 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.

These financial statements do not meet the European Single Electronic Format (ESEF) reporting requirements.

2 General accounting principles applied in the consolidated financial statements

The consolidated financial statements have been drawn up 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 drawn up in accordance with the historical cost method.

The figures in the financial statements are presented in millions of euros and rounded up or down. Consequently, the sums may differ from the figures presented. The Group's operating currency and presentation currency is the euro.

2.1 Changes in Accounting Principles

Power transmition grid fees

The presentation method of connection fees to the transmission grid in the balance sheet's fixed assets has been altered during the financial year to align with the statement 1905/11.6.2013 issued by the Finnish Accounting Board (KILA). Previously presented connection fees related to land and water areas are now presented under intangible assets, from where they are removed in accordance with Helen's depreciation principles during their respective impact periods.

Non-current loan receivables

The presentation method of non-current loan receivables in the balance sheet has been changed. These loan receivables were previously presented as investments in non-current assets, from which they have been transferred to current assets, which better reflects the actual purpose of the loans.

Advance payments for intangible assets

The presentation method of advance payments for intangible assets has been changed in the balance sheet. Previously, this item was presented as part of advance payments for tangible assets, from which it has been transferred, according to its nature, as part of intangible assets.

Production for own use

The presentation method of production for own use has been changed during the fiscal year to align with the recommendation of the Finnish Accounting Board (KILA), which states that manufacturing costs should primarily be offset against expense accounts during the fiscal year. Previously, production for own use was presented as a separate line item in the income statement, from which it has been transferred to personnel expenses in accordance with the principle of causality. This change does not affect the company's profit.

Regarding the aforementioned changes, the comparative year's figures has also been adjusted to reflect the revised presentation method.

3 Net sales and other operating income

3.1 Net sales

The Group's net sales are divided between four business areas. The different business areas produce different products for end customers. The main businesses comprise the production of heating and cooling, selling electricity to consumers and business customers, the production and sale of electricity to the wholesale markets, and electricity distribution.

Net sales is recognised less discounts, exchange rate differences and taxes. The Group recognises revenue from sold energy products immediately when the energy or electricity distribution service has been delivered to the end customer. Connection fees related to district heating and electricity distribution that are transferable but not refundable are recognised as income for the financial year.

Income derived from activities other than the Group's ordinary operations are presented in other operating income. That category includes rental income and non-recurring items, such as proceeds from the sale of property, plant and equipment and unsaleable inventory. Other revenue is recognised in the result for the financial year after control has been transferred to the buyer.

3.2 Net sales by product

Helen Group's net sales for the financial year by business area:

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

3.3 Other operating income

EUR million	2023	2022
Gains on the sale of property, plant and equipment	4	0
Other	2	0
Total	6	0

4 Operating expenses

Operating expenses consist of the procurement of fuels and energy, purchases of goods, purchases of emission allowances, the use of external services, personnel expenses and other operating expenses.

4.1 Procurement of fuels 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 purchaces	22	20
Total	1,279	1,290

4.2 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

4.3 Personnel expenses

Personnel expenses include wages and salaries, pension expenses and other mandatory personnel expenses.

EUR million	2023	2022
Wages and salaries	55	63
Pension expenses	9	10
Other personnel expenses	2	3
Production for own use	-4	-4
Total	61	72

EUR million	2023	2022
Taxable value of fringe benefits	-0.2	-0.2
Salaries and fees of the Board of Directors and senior management	1	1

Average number of personnel during the financial year

	2023	2022
Average number of personnel	757	936
Personnel, 31 Decmber	786	701

The change in the average number of personnel is due to the outsourcing of operational and maintenance employees that took place at the beginning of November 2022.

4.4 Depreciation and impairment

EUR million	2023	2022
Planned depreciation	194	123
Scrapping and impairment	9	3
Depreciation of consolidated goodwill	17	15
Recognition of negative consolidation difference	-6	-6
Total	215	135

The Group has recognised EUR 72 (4) million in accelerated depreciation due to the discontinuation or phasing out of coal-powered production at the Hanasaari and Salmisaari power plants. The depreciation of the Hanasaari power plant has ended, and the depreciation of the Salmisaari power plant will end when coal-powered production is discontinued on 1 April 2025.

4.5 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
Representation and marketing costs	4	6
Insurance policies	2	1
Other expenses	31	23
Total	84	79

4.6 Auditor's fees

EUR million	2023	2022
Auditing services	0.2	0.1
Tax and other consulting services	0.2	0
Total	0.4	0

5 Financial income and expenses

EUR million	2023	2022
Share of results of associated companies	-17	-11
Interest income from loan receivables	3	0
Dividend income	13	7
Other interest and 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**

6 Tangible and intangible assets

6.1 Tangible assets

Property, plant and equipment are recognised in the balance sheet at historical cost less accumulated depreciation, impairment and grants received. Historical cost includes all expenses arising directly from the acquisition of property, plant and equipment.

The acquisition cost of power plants, wind and solar farms or other significant projects also includes interest expenses on borrowed capital incurred during the construction period.

Property, plant and equipment are depreciated on a straight-line basis over the useful life of the asset.

The depreciation periods are based on the following estimated useful lives:

Buildings and structures	10–40 years
Grids	10–40 years
Machinery and equipment	3–30 years
ICT equipment	3–10 years

Land and water are not depreciated.

Expenses associated with property, plant and equipment or their renewal are capitalised if the expenses in question give rise to future economic benefits. Recurring repair and maintenance activities are recognised as expenses for the financial year when the repair or maintenance activity is performed. Income or expenses arising from the sale or scrapping of property, plant and equipment is recognised in other operating income or expenses as income or expense for the financial year.

2023, EUR million	Land and water	Buildings and structures	Machinery and equipment	Grids	Other property, plant and equipment	Advance payments and investments in progress	Total
Acquisition cost, 1 January	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
Acquisition cost, 31 December	5	578	870	1,427	0	526	3,406
Accumulated depreciation, 1 January		-174	-318	-587			-1,078
Depreciation		-46	-88	-54			-189
Accumulated depreciation on decreases and transfers		6	7	3			16
Impairment		-3	-7	-0.3			-9
Accumulated depreciation and impairment, 31 December	0	-216	-405	-638	0	0	-1,260
Additions						4	4
Capitalised interest expenses, 31 December	0	0	0	0	0	4	4
Book value, 31 December	5	362	464	788	0	529	2,149

2022, EUR million	Land and water	Buildings and structures	Machinery and equipment	Grids	Other property, plant and equipment	Advance payments and investments in progress	Total
Book value, 31 December	7	359	498	779	1	346	1,990

6.2 Intangible assets

Intangible assets are recognised in the balance sheet at historical cost less accumulated depreciation, impairment and grants received. Historical cost includes all expenses arising directly from the acquisition of the intangible assets.

Intellectual property rights include patents, trademarks and ICT software. Other intangible assets include R&D expenses related to new products or services that are technically and operationally feasible. Other R&D expenses are recognised in profit or loss for the financial year when they are incurred. Consolidated goodwill is created through the acquisition of companies or business operations, and consists of the difference between the acquisition cost and the value of the acquired assets. The proportion of the acquisition cost that cannot be allocated to assets is recognised as consolidated goodwill, which is depreciated over a period of 20 years. The proportion of equity exceeding the acquisition cost is allocated to difference on consolidation, which is recognised over a period of 20 years. Difference on consolidation is netted with consolidated goodwill in the balance sheet.

Helen's power plants are subject to environmental permits and part of the European Union's Emissions Trading System. Emission allowances received free of charge are recognised at their nominal value, and purchased emission allowances are recognised at the acquisition price. Emission allowances are not depreciated. Emission allowances are recognised as expenses at the time of their transfer, when the actual emissions have been determined.

The depreciation periods are based on the following estimated useful lives:

Goodwill and consolidated goodwill	5–20 years
Other long-term expenses	3–10 years
ICT software	3–5 years

2023, EUR million	Consolidated goodwill	Consolidated negative goodwill	Goodwill	Emission allowances	Intangible rights	Other intangible assets	Advance payments and investments in progress	Total
Acquisition cost, 1 January	423	129	28	2	13	23	15	633
Additions	3						13	16
Decreases	-71	-17		-2				-90
Transfers between asset groups					1	6	-5	2
Acquisition cost, 31 December	355	113	28	0	14	29	22	561
Accumulated depreciation, 1 January	-67	-46	-0.3	0	-4	-18	0	-135
Accumulated depreciation on decreases and transfers	1		-3		-1	-2		-4
Depreciation	-17							-17
Revenue recognised for the period		-5						-5
Accumulated depreciation and impairment, 31 December	-83	-51	-3	0	-5	-20	0	-162
Transfer from difference on consolidation	-62	-62						0
Book value, 31 December	209	0	25	0	9	9	22	275

2022, EUR million	Consolidated goodwill	Consolidated negative goodwill	Goodwill	Emission allowances	Intangible rights	Other intangible assets	Advance payments and investments in progress	Total
Book value, 31 December	272	0	28	2	8	5	15	330

7 Other non-current assets

7.1 Other non-current assets

Associated companies	Domicile	Shareholding, Group, %	Shareholding, Helen Ltd, %
Voimapiha Oy	Helsinki	33.3%	33.3%
Liikennevirta Oy	Helsinki	23.4%	23.4%
Pjelax Vindkraft Ab/Oy	Närpiö	40.0%	40.0%
&Charge GmbH	Frankfurt	24.1%	24.1%
Viiatti GridCo Oy	Helsinki	30.0%	0.0%

Other investments	Domicile	Shareholding, Group, %	Shareholding, Helen Ltd, %
Teollisuuden Voima Oyj	Helsinki	8.2%	0.0%
EPV Energia Oy	Vaasa	5.6%	5.6%
Pohjolan Voima Oyj	Helsinki	0.6%	0.6%
Kemijoki Oy	Rovaniemi	1.6%	1.6%
Helsinki Halli Oy	Helsinki	0.0%	0.0%
CLIC Innovation Oy	Helsinki	2.2%	2.2%
Suomen Hyötytuuli Oy	Pori	16.0%	0.0%
Suomen Messut Oyj	Helsinki	0.0%	0.0%
Helsingin Konsernihankinta Oy	Helsinki	0.0%	0.0%
EcoG GmbH	Munich	10.5%	10.5%
Gradyent Holding B.V.	Rotterdam	19.2%	19.2%
LiveEO GmbH	Berlin	10.3%	10.3%
Enspired GmbH	Vienna	3.2%	3.2%
IISY Oy	Espoo	18.9%	18.9%
Laros B.V.	Scharsterbrug	11.8%	11.8%
node.energy GmbH	Frankfurt	4.0%	4.0%
Mitta Group Oy	Oulu	0.5%	0.5%
Voltfang GmbH	Aachen	3.1%	3.1%
Klimate ApS	Copenhagen	3.3%	3.3%
Renewcast S.r.l.	Rome	10.1%	10.1%

2023, EUR million	Shareholdings in associated companies	Other shares and participations	Total
Acquisition cost, 1 January	129	302	431
Additions	19	13	31
Decreases	-0.1		-0.1
Share of results of associated companies	-17		-17
Transfers between asset groups		-29	-29
Acquisition cost, 31 December	131	286	417
Book value, 31 December	131	286	417

2022, EUR million	Shareholdings in associated companies	Other shares and participations	Total
Book value, 31 December	129	302	431

8 Working capital

8.1 Trade and other receivables

Trade receivables are receivables from customers that arise from the sale of products or services in Helen's business operations. Trade receivables are presented at their original value, which corresponds to the invoiced amount. The Group offers a wide range of different products to a wide range of consumer and business customers. Consequently, the credit risk associated with trade receivables is low. The carrying value of trade receivables corresponds to their maximum credit risk. Deferred trade receivables are recognised in accordance with expected invoicing.

EUR million	2023	2022
Trade receivables	53	46
Other non-current liabilities	92	27
Deferred tax receivables	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

Ageing of trade receivables

EUR million	2023	2022
Not yet due	40	35
Overdue 1–90 days	10	9
Overdue 91–180 days	1	1
Overdue by more than 180 days	2	1
Total	53	46

8.2 Inventories

Inventories are presented at the lower of historical cost and replacement cost. Historical cost consists of raw materials used in electricity and heating production, as well as intermediate products used in solar power and geothermal deliveries in the project business. Variable costs directly related to the acquisition are included in the value of inventory. The historical cost of raw material reserves is determined using the FIFO principle (First In, First Out), and the historical cost of supplies is determined by the weighted average price.

EUR million	2023	2022
Coal	62	199
Light and heavy oil	35	35
Biomass, pellets and wood chips	15	5
Materials and supplies	6	0
Total	118	239

Inventories are regularly evaluated so that they do not include unsaleable items. Unsaleable items are assessed on the basis of their age and inventory turnover rates. Where necessary, depreciation corresponding to unsaleable products is recognised on inventories.

The result for the financial year includes impairment of EUR 39.3 (40.4) million recognised due to inventories being measured at a lower replacement cost.

8.3 Trade and other payables

EUR million	2023	2022
Trade payables	167	95
Other non-current liabilities	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

8.4 Provisions

A provision is recognised in the balance sheet when there are future expenses that the company is committed to, but which have not yet been realised. Such expenses need to be allocated to the financial year ended and are not expected to generate equivalent revenue. Changes in provisions are recorded in the income statement.

On the balance sheet date, the Group had a mandatory provision of EUR 8 million that was related to future expenses arising from the discontinuation of coal-powered production at the Hanasaari power plant.

EUR million	2023	2022
Other provisions	8	0
Total	8	0

9 Financing

9.1 Financial assets and liabilities

Financial assets and liabilities are recognised at historical cost. Liquid assets include the Group's cash and cash equivalents, loan receivables and other financial receivables, as well as loans and derivatives.

Net interest-bearing liabilities

EUR million	2023	2022
Non-current liabilities		
Loans from financial institutions	897	514
Capital loan from the owner	157	157
Loans from the owner	108	129
Other liabilities	72	0
Current liabilities		
Loans from financial institutions	1	0
Commercial paper	20	39
Loans from the owner	21	21
Cash and cash equivalents	491	377
Net interest-bearing liabilities	784	482

Change in net interest-bearing liabilities

2023, EUR million	Loans from financial institutions	Loans from the owner	Commercial paper	Other interest-bearing liabilities	Cash and cash equivalents	Total
Interest-bearing liabilities, 1 January	514	306	39	0	-377	482
Repayments of non-current liabilities		-21	-39	0		-62
Proceeds from non-current debt	450			72		522
Current liabilities repaid and proceed	-66		20			-46
Change in cash and cash equivalents					-114	-114
Interest-bearing liabilities, 31 December 2023	898	286	20	72	-491	784

2022, EUR million						
Interest-bearing liabilities, 1 January	266	327				593
Repayments of non-current liabilities		-21				-21
Proceeds from non-current debt	248		39			289
Change in cash and cash equivalents					-377	-377
Interest-bearing liabilities, 31 December 2022	514	306	39	0	-377	482

Ageing of interest-bearing liabilities

2023, EUR million	2024	2025	2026	2027	2028–	Total
Loans from financial institutions	1		200		697	898
Loans from the owner	21				265	286
Commercial paper	20					20
Other			72			72
Total	41	0	272	0	962	1,275

2022, EUR million	2023	2024	2025	2026	2027–	Total
Loans from financial institutions	65	2		100	347	514
Loans from the owner	21				286	306
Commercial paper	39					39
Total	124	2	0	100	633	859

9.2 Derivative contracts

Electricity derivatives

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.

As all of the derivatives are hedging derivatives, their fair values – i.e. changes in value in future periods – have not been recognised in the profit or loss for the financial year ended. The realised effects of derivatives are recognised 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 recognised in net sales and the hedging of purchases is recognised in energy purchases.

Nominal capital and fair values of derivatives

	Electricity derivatives		Emission derivatives		Natural gas derivatives		Coal derivatives		Currency derivatives		Interest rate derivatives		
2023	Amount, GWh	Fair value, EUR million	Amount, 1,000 tonnes	Fair value, EUR million	Amount, GWh	Fair value, EUR million	Amount, 1,000 tonnes	Fair value, EUR million	Nominal value, EUR million	Fair value, EUR million	Nominal value, EUR million	Fair value, EUR million	Fair value, total, EUR million
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	Amount, GWh	Fair value, EUR million	Amount, 1,000 tonnes	Fair value, EUR million	Amount, GWh	Fair value, EUR million	Amount, 1,000 tonnes	Fair value, EUR million	Nominal value, EUR million	Fair value, EUR million	Nominal value, EUR million	Fair value, EUR million	Fair value, total, EUR million
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

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 tCO_2e in emission allowances for the period 2021–2025. The estimate of actual emissions for 2023 is 1.6 million tCO_2e. In 2021, 1.3 million emission allowances were used for deliveries based on emission allowance trading. In intangible assets in the balance sheet, emission allowances and corresponding allowances totalled 0.0 million tCO_2e 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 five years 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 five years as from the balance sheet date.

Foreign currency derivatives

Currency derivatives are used for hedging USD-denominated coal purchases. The maximum duration of the derivatives is five years as from the balance sheet date.

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. Realised changes in the value of derivative contracts concluded for hedging purposes are recognised in profit or loss for the same period as the underlying instruments they hedge. In the event that the Group has derivative contracts concluded for purposes other than hedging, their unrealised loss is recognised in profit or loss for the financial year.

9.3 Financial risk management

The Group's financial risks are managed in accordance with the financing and investment policy confirmed by the Board of Directors of Helen Ltd. 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 Group's centralised finance function is responsible for the implementation of the financing and investment policy.

The aim is to hedge against unwanted fluctuations in the financial markets. 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.

Liquidity risk

Helen aims to manage liquidity risk by maintaining good liquidity in all circumstances. Liquidity is affected by cash flow from operations and the availability of debt financing in the capital markets. The aim of cash management is to maintain sufficient liquidity. An adequate amount of liquid assets is kept available. In addition, the Group has a reserve of binding credit limits, undrawn loans and a commercial paper programme, which provide the Group with the opportunity to draw financing as necessary.

In the long term, liquidity risk is managed through long-term and proactive financing by diversifying financing between different financial institutions, financing sources and maturities. The maturity distribution of the loan portfolio has been optimised so that the maturity distribution is sufficiently long.

The Group's cash and cash equivalents include cash in bank accounts and short-term liquid investments in investment funds. 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.

EUR million	2023	2022
Cash and cash equivalents	441	327
Investment funds	50	50
Confirmed revolving credit facilities, not drawn	300	300
Confirmed loans, not drawn	247	450
Total	1,038	1,127

Interest rate risk

Interest rate risk arises from fluctuations in market interest rates and the effects of these fluctuations on Helen's floating rate loans. The purpose of interest rate risk management is to minimise the impact of interest rate fluctuations on interest paid. The total interest rate risk is established for the Group's net debt, which comprises all interest-bearing receivables and liabilities, as well as derivative contracts used to hedge interest rate risk. In hedging interest rate risk, the Group mainly uses interest rate swaps, interest rate futures and interest rate options.

Electricity price risk

The development of the market price of electricity involves a number of risks that are caused by weather variability and the prices of fossil fuels and emission allowances. Helen's exposure to the market price risk of electricity is affected by production volumes, consumption and the open hedging ratio. Helen operates in the electricity market, purchasing and selling wholesale electricity daily at spot prices. Helen uses derivative contracts to effectively hedge the net position between electricity purchasing and selling. The aim of hedging is to reduce the impact of electricity price fluctuations on the Group's result.

Helen primarily uses Nasdaq Commodities' futures products as hedging instruments to hedge the price of electricity. The hedging period is approximately five years. The annual hedging ratio decreases as the maturity increases. For the next 12 months, the hedging ratio is typically 70–100%.

Currency risk

Helen's operating currency is the euro. Most of the Group's purchases and sales take place in the home currency, which makes the currency risk very low. Individual purchases denominated in foreign currencies are hedged by forward contracts.

Credit and counterparty risk

Credit risk arises from the possibility of a counterparty defaulting on its payment obligations or a financial institution defaulting on its obligations relating to deposits and derivatives transactions.

The Group's credit risk management focuses on minimising trade receivables and credit losses by confirming customers' creditworthiness, monitoring trade receivables and using effective debt collection processes.

Contracts concluded between the Group and counterparties such as banks and financial institutions include a risk of the counterparty being unable to fulfil its contractual obligations. The Group manages counterparty risk by diversifying its contract portfolio between several counterparties. Furthermore, contracts are only concluded with counterparties that have a good credit rating.

Capital management

The Group aims to engage in effective capital management by ensuring an optimal capital structure that enables the fulfilment of all of the Group's payment obligations and the financing of long-term investments in all circumstances. The key indicators monitored with regard to the capital structure are return on capital employed and net gearing.

10 Equity

Share capital

On 31 December 2023, Helen Ltd's registered share capital amounted to EUR 600,000,000. The share capital consisted of 1,000 shares on 31 December 2023.

Dividend distribution

Helen's aim is to distribute half of the parent company's profit for the financial year as a dividend to the principal owner. The company's strategy and financial position are taken into account in determining the annual dividend. A dividend of EUR 62 million was paid for the year 2022 and a dividend of EUR 19 million was paid for the year 2021. The company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 38 million be distributed for the year 2023.

Changes in shareholder's equity

EUR million	2023	2022
Share capital 31 December	600	600
Restricted shareholders equity	600	600
Invested non-restricted shareholders equity 31 December	1,251	1,251
Retained earnings 1 January	338	264
Dividends paid	-62	-19
Other adjustments	-4	0
Profit (loss) for the period	51	93
Non-restricted shareholders equity	1,574	1,589
Shareholders equity total	2,174	2,189

Other adjustments includes corrections realated to acquistion cost calculations and to non-controlling interests.

11 Income taxes

Income taxes recognised in profit or loss for the financial year

Helen's income tax expense consists of tax based on the taxable income for the financial year, tax adjustments related to taxes in previous financial periods, windfall taxes related to the electricity business, and changes in deferred tax assets and tax liabilities. Taxes relating to the taxable profit for the financial year are recognised through profit or loss.

Deferred tax assets and tax liabilities

Deferred taxes are calculated on the temporary differences between the carrying amounts and taxable values of assets and liabilities, as well as unused tax losses to the extent that it is likely that they can be utilised against future taxable profit. Deferred taxes are estimated on the basis of the tax laws and prevailing tax rates in Finland. The calculation takes into account all tax laws that have entered into force before the balance sheet date and are expected to be in force when the deferred tax asset is realised or the deferred tax liability is paid.

Tax assets are expected to be realised in the income statement in a certain future period. The assumptions concerning the realisation of tax benefits and the recognition of deferred tax assets may change depending on estimates of the future profitability of Helen's business operations. The future profitability of business operations is also affected by factors that Helen itself cannot influence.

Income taxes

EUR million	2023	2022
Tax based on taxable income for the period	14	18
Income taxes for prevous periods	0.4	0
Excess profit tax payable for the result of the electricity business	4	0
Deferred taxes	6	9
Total	24	28

Income tax reconciliation

EUR million	2023	2022
Profit before taxes	101	123
Income taxes at staturoty tax rate	-20	-25
Non-deductible expenses and tax-exempt income	6	7
Excess profit tax payable for the result of the electricity business	-4	0
Deferred taxes	-6	-9
Adjustments to taxes for previous periods	-0.4	0
Other	0.3	-0.1
Income taxes, total	-24	-28
Effective tax rate, %	-24%	-22%

12 Group structure

12.1 Consolidation principles

Helen includes in its consolidated financial statements all subsidiaries in which the Group exercises control at the end of the financial year. The Group has control when it holds more than half of the voting rights or otherwise has control over the company. New subsidiaries acquired during the financial year are consolidated in the consolidated financial statements after the acquisition, when the Group has gained control. Divested subsidiaries are no longer consolidated after control has ceased.

The Group consolidates subsidiaries using the acquisition cost method. Acquisition cost arises when a company belonging to the Group invests equity in a start-up or existing company by acquiring its shares. Intercompany shareholdings in subsidiaries are eliminated by deducting the acquisition cost from the subsidiary's equity on the date of the acquisition. The proportion of the acquisition cost of Group companies that cannot be allocated to assets is recognised as consolidated goodwill, which is depreciated over a period of 20 years. The proportion of equity exceeding the acquisition cost of subsidiaries is allocated to negative goodwill, which is recognised over a period of 20 years. Negative goodwill is netted with consolidated goodwill in the balance sheet.

Intercompany transactions are eliminated in the consolidated financial statements. The items that are eliminated include inter-company net sales and operating expenses, receivables and liabilities, and margins. Helen subsidiaries apply the same accounting policies in preparing their financial statements.

Non-controlling interests are separated from the Group's equity and profit for the financial year, and they are presented as a separate item.

Helen has holdings in associated companies in which the Group does not exercise control or in which control is shared with another company. Helen's share of the profit or loss of an associated company is presented in the income statement as a separate item from the associated company's profit for the financial year. Associated companies are consolidated in the consolidated financial statements using the equity method. The financial statements of associated companies utilised in drawing up the consolidated financial statements were unaudited.

12.2 Cost-price principle

Some of Helen's partly or wholly owned subsidiaries operate under the cost-price principle (Mankala principle). The principle was approved in the 1960s by Supreme Administrative Court decisions KHO 1963 B I 5 and KHO 1968 B II 521. Mankala companies are limited liability companies and the liability of their shareholders is determined in accordance with the Limited Liability Companies Act. In their shareholders' agreements, the Mankala companies that are partly or wholly owned by Helen have agreed to be liable to the power company for the costs arising from the company's energy production in ratio to their shareholdings. Examples of such costs include operating and maintenance expenses, taxes, insurance, loans, interest and fuel costs. A key precondition for applying the cost-price principle is that the article of association of the Mankala company states that the company operates under the cost-price principle.

12.3 Subsidiaries

Subsidiaries	Domicile	Shareholding, Group, %
Oy Mankala Ab	Iitti	100.0%
Helen Electricity Network Ltd	Helsinki	100.0%
Helsingin Energiatunnelit Oy	Helsinki	90.0%
Tuulipuisto Lakiakangas 3 Oy	Isojoki	100.0%
Kristinestad Tupaneva Oy	Isojoki	100.0%
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	Helsinki	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.

12.4 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 organisations 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 a majority 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 Vindcraft Ab/Oy	Interest income	6	0.4
Total		40	70

13 Commitments and contingent liabilities

13.1 Commitments and contingent liabilities

EUR million	2023	2022
Bank liabilities	642	337
Rental liabilities (0% VAT)		
Due in 2024	7	5
Due later	133	121
Leasing 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

13.2 Disputes

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

13.3 Events after the financial statements date

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.

Parent company's financial statements

Parent company's income statement

EUR	Note	1 January– 31 December 2023	1 January– 31 December 2022
Net sales	2	1,720,343,090.75	1,684,412,851.58
Other operating income	3	4,748,008.14	502,393.85
Energy procurement	4	-659,091,288.42	-554,175,424.96
Electricity distribution purchases		-5,751,723.80	-6,878,440.948
Power plant fuel purchases		-517,783,035.47	-880,565,728.22
Change in inventories		-104,245,122.78	144,149,627.14
Purchases of materials and supplies		-22,177,811.98	-19,911,404.44
External services	5	-76,343,818.39	-38,120,899.50
Personnel expenses	6	-53,008,843.00	-64,937,740.91
Depreciation and impairment	7	-159,247,015.38	-86,500,066.29
Other operating expenses	8	-68,688,316.16	-73,825,892.42
Operating profit		58,754,123.51	104,949,274.89
Dividend income	9	39,230,237.38	32,976,056.38
Other financial income and expenses	9	-12,141,608.01	-10,114,104.08
Profit before appropriations and taxes		85,842,752.88	127,011,227.19
Group contribution		27,300,000.00	0.00
Change in depreciation difference		-49,160,000.00	-47,000,000.00
Income taxes	10	-10,399,350.90	-9,435,994.20
Profit for the period		53,583,401.98	70,575,232.99

Parent company's balance sheet

EUR	Note	31.12.2023	31.12.2022
Assets			
Non-current assets			
Intangible assets	11		
Intellectual property rights		14,499,132.89	13,911,270.96
Advance payments and construction in progress		24,112,484.76	15,379,204.67
		38,611,617.65	29,290,475.63
Property, plant and equipment	11		
Buildings and structures		199,195,005.87	189,759,937.15
Machinery and equipment		785,968,639.27	811,799,433.67
Advance payments and construction in progress		124,554,013.07	266,306,830.97
		1,109,717,658.21	1,267,866,201.79
Investments	12		
Shareholdings in Group companies		651,209,455.52	581,232,633.15
Shareholdings in associated companies		151,585,908.57	133,304,024.57
Other shares and participations		137,729,994.52	133,494,625.02
		940,525,358.61	848,031,282.74
Non-current assets, total		**2,088,854,634.47**	**2,145,187,960.16**

EUR	Note	31.12.2023	31.12.2022
Current assets			
Inventories	13	118,254,939.46	238,526,512.19
		118,254,939.46	238,526,512.19
Long-term receivables	14		
Receivables from Group companies		333,749,710.02	275,211,969.13
Receivables from associated companies		103,848,720.80	21,151,707.06
Other shares and participations		1,145,704.00	1,145,704.00
		438,744,134.82	297,509,380.19
Receivables	14		
Trade receivables		57,983,868.17	67,397,853.26
Loan receivables from Group companies		37,770,000.00	6,580,000.00
Group account receivables		259,548,333.73	152,938,136.80
Other receivables		72,296,062.56	11,579,186.96
Prepayments and accrued income		199,420,367.55	212,514,007.56
		627,018,632.01	451,009,184.58
Cash and cash equivalents		176,153,321.42	156,670,541.54
Non-current assets, total		1,360,171,027.71	1,143,715,618.50
Assets, total		**3,449,025,662.18**	**3,288,903,578.66**

EUR	Note	31.12.2023	31.12.2022
Equity and liabilities			
Equity	15		
Share capital		600,000,000.00	600,000,000.00
Reserve for invested unrestricted equity		1,251,172,393.45	1,251,172,393.45
Retained earnings		21,039,202.90	12,463,969.91
Profit for the period		53,583,401.98	70,575,232.99
Equity, total		1,925,794,998.33	1,934,211,596.35
Accumulated appropriations			
Depreciation difference		377,660,000.00	328,500,000.00
		377,660,000.00	328,500,000.00
Mandatory provisions			
Other mandatory provisions	16	8,092,522.00	0.00
Liabilities			
Non-current liabilities	17		
Subordinated loans		157,000,000.00	157,000,000.00
Loans from financial institutions		450,000,000.00	200,000,000.00
Other non-current liabilities		179,947,344.61	128,756,328.00
Non-current liabilities, total		786,947,344.61	485,756,328.00

EUR	Note	31.12.2023	31.12.2022
Current liabilities	17		
Loans from financial institutions		19,782,511.08	38,731,914.81
Loans from the owner		20,600,000.00	20,600,000.00
Trade payables		119,326,962.68	96,805,689.11
Other non-current liabilities		115,956,164.46	307,236,474.13
Deferred income and accrued liabilities		74,865,159.02	77,061,576.26
Current liabilities, total		350,530,797.24	540,435,654.31
Equity and liabilities, total		**3,449,025,662.18**	**3,288,903,578.66**

Parent company's cash flow statement

EUR thousand	2023	2022
Cash flow from operating activities		
Profit for the period	53,583	70,575
Planned depreciation and impairment	159,247	86,500
Financial income and expenses	-27,089	-22,862
Adjustments	-395	-502
Appropriations	21,860	47,000
Income taxes	-15,090	-9,436
Dividend income	39,230	32,976
Interest paid	-49,122	-21,640
Interest received	36,377	11,582
Change in working capital	-65,114	-32,991
Cash flow from operating activities	153,488	161,203
Cash flow from investing activities		
Investments in property, plant and equipment, and intangible assets	-161,118	-101,948
Proceeds from the the disposal of property, plant and equipment, and intangible assets	151,093	502
Investments in subsidiaries and associated companies	-88,259	-45,923
Other investments	-4,225	-72,108
Cash flow from investing activities	-102,509	-219,476

EUR thousand	2023	2022
Cash flow from financing activities		
Non-current liabilities drawn	321,797	0
Repayments of non-current liabilities	155,231	38,732
Change in current liabilities	-194,780	-20,600
Dividends paid	-62,000	-19,000
Change in loan receivables	-172,434	0
Group contributions received and paid	27,300	0
Cash flow from financing activities	75,113	-868
Change in cash and cash equivalents	126,093	-59,142
Cash and cash equivalents at the beginning of the period*	309,609	368,750
Cash and cash equivalents at the end of the period	435,702	309,609

* Cash pool receivables are included in cash and cash equivalents.

Notes to the parent company's financial statements

1 Basic information on the company

Helen Ltd is a limited liability company established under Finnish law and domiciled in Helsinki. Helen Ltd's registered address is Kampinkuja 2, 00100 Helsinki. Helen Ltd and its subsidiaries constitute the Helen Group.

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 is a group that 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.

1.1 General accounting principles applied in the financial statements

The financial statements have been drawn up in accordance with the Finnish Accounting Standards (FAS).

The figures in the financial statements are presented in thousands of euros and rounded up or down. Consequently, the sums may differ from the figures presented.

1.2 Changes to accounting principles

Non-current loan receivables

The presentation method of non-current loan receivables in the balance sheet has been changed. These loan receivables were previously presented as investments in non-current assets, from which they have been transferred to current assets, which better reflects the actual purpose of the loans.

Advance payments for intangible assets

The presentation method of advance payments for intangible assets has been changed in the balance sheet. Previously, this item was presented as part of advance payments for tangible assets, from which it has been transferred, according to its nature, as part of intangible assets.

Production for own use

The presentation method of production for own use has been changed during the fiscal year to align with the recommendation of the Finnish Accounting Board (KILA), which states that manufacturing costs should primarily be offset against expense accounts during the fiscal year. Previously, production for own use was presented as a separate line item in the income statement, from which it has been transferred to personnel expenses in accordance with the principle of causality. This change does not affect the company's profit.

Regarding the aforementioned changes, the comparative year's figures has also been adjusted to reflect the revised presentation method.

1.3 Inventories

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

1.4 Tangible and Intangible assets and other long-term investments

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.

The decisions to close the Hanasaari power plant on April 1, 2023, and to cease coal-based heat production at the Salmisaari plant by April 1, 2025 at the latest, will end Helen's use of coal earlier than planned, which is reflected in additional depreciation of 71.6 (4.4) million EUR according to the plan. Depreciation for the Hanasaari power plant has ended, and depreciation for the Salmisaari power plant will end when coal production ceases on April 1, 2025.

The following expected useful lives are applied:

Intangible assets	
IT software	3–5 years
Intangible rights	over their useful lives
Goodwill	5–20 years
Other long-term expenses	3–10 years
Emission allowances	according to use
Property, plant and equipment	
Buildings and structures	10–40 years
Grid	10–40 years
Machinery and equipment	3–30 years
ICT equipment	3–10 years

Land and water are not depreciated.

1.5 Accounting treatment of connection fees

Connection fees that are transferable but not refundable are recognised as income in the income statement.

2 Net sales

EUR thousand	2023	2022
Electricity sales	1,025,212	1,038,282
Heat sales	630,633	555,668
Cooling sales	28,052	23,535
Market gas	6,623	30,090
Solution product sales	25,041	12,647
Other income	4,782	24,191
Total	1,720,343	1,684,413

3 Other operating income

EUR thousand	2023	2022
Gains from the sale of fixed assets	395	502
Grants received	43	0
Other sales	194	0
Scrap metal sales	4,116	0
Total	4,748	502

4 Procurement of fuels and energy

EUR thousand	2023	2022
Electricity purchases	654,109	549,538
Heat purchases	4,982	4,638
Electricity distribution purchases	5,752	6,878
Fuel purchases	400,261	712,527
Change in inventories	104,245	-144,150
Emission allowance purchases	117,522	168,039
Other	22,178	19,911
Total	1,309,049	1,317,381

5 External services

EUR thousand	2023	2022
Construction and excavation contracts	7,395	4,864
Environmental services	3,340	204
Maintenance service purchases	23,258	12,732
Other external services	42,351	20,320
Total	76,344	38,121

6 Personnel expenses

EUR thousand	2023	2022
Wages and salaries	46,641	53,543
Pension expenses	7,602	8,874
Other personnel expenses	1,797	2,522
Production for own use	-3,031	-3,115
Total	53,009	64,938
Taxable value of fringe benefits	313	152
Salaries and fees of the Board of Directors and senior management	500	657
Average number of personnel	654	841

The change in the average number of personnel is due to the outsourcing of operational and maintenance employees that took place at the beginning of November 2022.

7 Depreciation and impairment

EUR thousand	2023	2022
Planned depreciation	150,171	83,263
Impairment	9,076	3,237
Total	159,247	86,500

8 Other operating expenses

EUR thousand	2023	2022
Rent for land	11,727	7,930
Other rent	11,283	11,158
IT and expert services	22,059	19,162
Vehicle and fleet costs	2,143	7,866
Representation and marketing	3,756	6,120
Insurance policies	1,351	1,210
Consulting services	11,150	4,051
Property maintenance expenses	5,203	3,261
Other expenses	16	13,069
Total	68,688	73,826

8.1 Auditor's fees

EUR thousand	2023	2022
Auditing services	87	49
Tax and other consulting services	7	7
Other expenses	228	77
Total	321	133

9 Financial income and expenses

EUR thousand	2023	2022
Dividend income from Group companies	26,318	25,884
Dividend income from others	12,912	7,092
Interest income from Group companies	14,392	6,357
Interest income from others	22,589	5,169
Total	76,211	44,502

EUR thousand	2023	2022
Interest expenses on non-current liabilities		
Interest expenses on subordinated debt	9,420	9,420
Interest expenses on senior debt	6,952	7,983
Other interest and financial expenses	32,749	4,237
Total	49,121	21,640
Financial income and expenses total	27,089	22,862

10 Income taxes

EUR thousand	2023	2022
Tax based on taxable income for the period	6,509	9,437
Income taxes for previous years	370	-1
Excess profit tax payable for the result of the electricity business	3,521	0
Total	10,399	9,436

Income tax reconciliation

EUR thousand	2023	2022
Profit before taxes	63,983	80,011
Tax according to the tax rate	-12,797	-16,002
Non-deductible expenses and tax-exempt income	6,288	6,566
Adjustments to taxes for previous years	-370	1
Excess profit tax payable for the result of the electricity business	-3,521	0
Income taxes, total	-10,399	-9,436
Effective tax rate, %	-16%	-12%

11 Assets

11.1 Property, plant and equipment

2023, EUR thousand	Buildings and structures	Machinery and equipment	Grid	Advance payments and investments in progress	Total
Acquisition cost, 1 January	298,054	686,057	612,444	266,307	1,862,863
Additions	71	3,154	1,610	157,007	161,842
Decreases	-5,971	-7,022		-14,344	-27,338
Sales of assets		-148,302			-148,302
Transfers between asset groups	49,695	200,726	33,994	-284,415	0
Acquisition cost, 31 December	341,849	734,614	648,048	124,554	1,849,065
Accumulated depreciation, 1 January	-108,294	-297,234	-189,468		-594,997
Depreciation	-37,802	-82,935	-27,531		-148,268
Accumulated depreciation on decreases and transfers	5,971	7,022			12,993
Impairment	-2,529	-6,548			-9,076
Accumulated depreciation and impairment, 31 December	-142,654	-379,695	-216,999		-739,348
Carrying amount, 31 December	199,195	354,919	431,049	124,554	1,109,718

2022, EUR thousand	Buildings and structures	Machinery and equipment	Grid	Advance payments and investments in progress	Total
Carrying amount, 31 December	189,760	388,823	422,976	266,307	1,267,866

11.2 Intangible assets

2023, EUR thousand	Emission allowances	Intangible rights	Other intangible assets	Advance payments and investments in progress	Total
Acquisition cost, 1 January	2,396	12,681	17,124	15,379	47,580
Additions				13,620	13,620
Decreases	-2,396				-2,396
Transfers between asset groups			4,887	-4,887	0
Acquisition cost, 31 December	0	12,681	22,010	24,112	58,803
Accumulated depreciation, 1 January		-4,227	-14,062		-18,289
Depreciation		-528	-1,374		-1,903
Accumulated depreciation and impairment, 31 December		-4,755	-15,437		-20,192
Carrying amount, 31 December	0	7,925	6,574	24,112	38,612

2022, EUR thousand	Emission allowances	Intangible rights	Other intangible assets	Advance payments and investments in progress	Total
Carrying amount, 31 December	2,396	8,454	3,061	15,379	29,290

12 Investments

2023, EUR thousand	Shareholdings in Group companies	Shareholdings in associated companies	Other shares and participations	Total
Acquisition cost, 1 January	581,233	133,304	133,495	848,031
Additions	69,977	18,282	4,300	92,559
Decreases			-65	-65
Acquisition cost, 31 December	651,209	151,586	137,730	940,525
Carrying amount, 31 December	651,209	151,586	137,730	940,525

2022, EUR thousand	Shareholdings in Group companies	Shareholdings in associated companies	Other shares and participations	Total
Carrying amount, 31 December	581,233	133,304	133,495	848,031

13 Inventories

EUR thousand	2023	2022
Coal	62,163	199,047
Light and heavy oil	34,731	34,772
Biomass, pellets and wood chips	15,271	4,707
Materials and supplies	6,090	0
Total	118,255	238,527

Inventory is regularly reviewed to ensure that it does not contain obsolete items. Obsolete products are assessed based on their age and turnover times. If necessary, impairment corresponding to obsolete products is recorded for inventory.

Profit for the period includes a 39.3 (40.4) million EUR impairment related to the revaluation of inventory for the lower replacement cost.

14 Receivables

EUR thousand	2023	2022
Non-current receivables from Group companies		
Loan receivables from Group companies	333,750	275,212
Loan receivables from associates	103,849	21,152
Loan receivables from others	1,146	1,146
Total	438,744	297,509

EUR thousand	2023	2022
Non-current receivables from Group companies		
Trade receivables	5,721	27,714
Interest-bearing loan receivables	37,770	6,580
Cash pool receivables	259,548	152,938
Other receivables, Group contribution	27,300	0
Prepayments and accrued income	17,178	4,766
Total	347,518	191,998

EUR thousand	2023	2022
Other non-current receivables		
Trade receivables	52,262	39,684
Other receivables	44,996	11,579
Prepayments and accrued income		
Prepaid and accrued income	174,833	189,440
Accrued direct taxes	3,064	0
Other prepayments and accruals	4,345	18,307
Total	279,500	259,011

Ageing of trade receivables

EUR thousand	2023	2022
Not yet due	45,336	56,394
Overdue 1–90 days	10,457	9,463
Overdue 91–180 days	636	567
Overdue by more than 180 days	1,554	974
Total	57,984	67,398

15 Equity

EUR thousand	2023	2022
Share capital 31 December	600,000	600,000
Reserve for invested unrestricted equity 31 December	1,251,172	1,251,172
Retained earnings 1 January	83,039	31,464
Dividend distribution	-62,000	-19,000
Profit for the period 31 December	53,583	70,575
Restricted equity, total	600,000	600,000
Unrestricted equity, total	1,325,795	1,334,212
Equity, total 31 December	1,925,795	1,934,212
Non-restrected shareholder's equity, 31 December		
Retained earnings	21,039,202.90	12,463,969.91
Profit for the period	53,583,401.98	70,575,232.99
Invested non-restricted equity fund	1,251,172,393.45	1,251,172,393.45
Non-restrected shareholder's equity total	1,325,794,998.33	1,334,211,596.35

16 Provisions

EUR thousand	2023	2022
Provisions	8,093	0
Total	8,093	0

On the balance sheet date, the company had a provision of EUR 8 million that was related to estimated future expenses arising from the discontinuation of coal-powered production at the Hanasaari power plant.

17 Interest-bearing liabilities

EUR thousand	2023	2022
Non-current liabilities		
Loans from financial institutions	450,000	200,000
Capital loan from the owner	157,000	157,000
Loans from the owner	108,150	128,750
Other liabilities	71,797	0
Current liabilities		
Commercial paper	19,783	38,732
Loans from the owner	20,600	20,600
Interest-bearing liabilities, total	827,330	545,082

Maturity of interest-bearing liabilities

2023, EUR thousand	2024	2025	2026	2027	2028–	Total
Loans from financial institutions			200,000		250,000	450,000
Loans from the owner	20,600				265,150	285,750
Loans from others			71,797			71,797
Commercial paper	19,783					19,783
Interest rate swaps, receivables			-5,165	-5,804	-7,646	-18,615
Interest rate swaps, liabilities			750	548	219	1,517
Total	40,383	0	267,382	-5,256	507,723	810,232

2022, EUR thousand	2023	2024	2025	2026	2027–	Total
Loans from financial institutions				100,000	100,000	200,000
Loans from the owner	20,600				285,750	306,350
Commercial paper	38,732					38,732
Interest rate swaps, receivables				-8,312	-12,052	-20,364
Interest rate swaps, liabilities				980	305	1,285
Total	59,332	0	0	92,668	374,003	526,003

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%).

Current liabilities

EUR thousand	2023	2022
Current liabilities to Group companies		
Trade payables	8,967	12,106
Other payables	17,424	7,174
Accruals and deferred income	23,995	262
Total	50,386	19,542

EUR thousand	2023	2022
Current liabilities to associated companies		
Trade payables	137	2,680
Total	137	2,680

EUR thousand	2023	2022
Other current liabilities		
Trade payables	110,224	82,019
Other liabilities	98,532	300,063
Deferred income and accrued liabilities		
Deferred holiday pay and holiday allowance	8,818	7,836
Deferred interest	4,787	2,532
Deferred direct taxes	0	7,064
Other deferred income and accrued liabilities	37,265	59,367
Total	259,625	458,881

18 Commitments and contingent liabilities

EUR thousand	2023	2022
Bank guarantees	40,033	189,716
Rental liabilities (0% VAT)		
Due in 2024	3,957	3,780
Due later	2,968	3,780
Leasing commitments (0% VAT)		
Due in 2024	10,947	78
Due later	197,072	65
Directly enforceable guarantees on behalf of non-Group companies	13,374	126,635
Other construction and warranty commitments	917	861
Loan commitments	0	3,159
Bank cash collateral	29,468	7,062

Some of Helen's partially or wholly-owned subsidiaries operate on a cost-based principle (the so-called Mankala principle). Mankala companies are limited liability companies, and the shareholders' responsibility is determined according to the Limited Liability Companies Act. Helen's partially or wholly-owned Mankala companies have agreed in a shareholders' agreement to bear the costs incurred by the power company due to the company's energy production in proportion to their ownership. These costs include, for example, operating and maintenance expenses, taxes, insurance, loans, interest, and fuel costs. A key requirement for applying the cost-based principle is that the Mankala company's articles of association stipulate that the company operates on a cost-based principle.

18.1. Disputes

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

18.2 Events after the reporting period

With the new strategy, we reorganized into profit-responsible business units and supporting group functions starting from January 2024. At the same time, a new executive team also commenced its operations.

We have decided to cease energy production at the Kellosaari power plant and initiate preparations for its dismantling. The decision is based on the expiration of the lease agreement concerning the plant with the national grid operator, Fingrid Oyj. We have engaged in discussions with Fingrid Oyj, the Finnish Security of Supply Agency, and the Ministry of Economic Affairs and Employment regarding the continuation of the plant's operational readiness, but these discussions have been unsuccessful. The plant has been operating as an emergency power plant for disruptions in the electricity markets, and its commercial operation is not profitable or feasible under current permit conditions.

We have initiated change negotiations concerning the Product Management and B2B Sales units of the Customer and Services business, as well as the Building Technology Customer Solutions and Remote Management units of the Heating and Cooling business. Approximately 76 employees are included in the scope of the change negotiations. Our aim is to enhance the profitability of the business units through adaptation measures by the year 2025.

19 Related party transactions

Board of Directors and Group management

Helens related parties are members of the Board of Directors, CEO and other members of Helen's Management Team including other key management persons and their family members with control or significant influence over the company. In addition, associated companies and joint ventures of Helen are also regarded as related parties.

According to the Accounting Act, the financial statements must include information about transactions with related parties if the transactions are significant and have been conducted under unusual conditions. The transactions conducted with related parties have been of a nature carried out under normal commercial conditions.

Helen has had no significant transactions with the Board of Directors, the members of Helen's management (key management personnel), their close family members or organisations in which members of the Board of Directors or the Helens management exercise control or significant influence.

The following tables present transactions conducted with related parties, which have been carried out under normal commercial conditions.

EUR thousand		2023	2022
Oy Mankala Ab	Sales	413	449
	Purchases	77,737	39,110
Helen Electricity Network Ltd	Sales	8,442	7,532
	Purchases	8,055	10,505
	Dividend income	25,200	25,200
	Interest income	7,539	4,513
Helsingin Energiatunnelit Oy	Sales	161	1,315
	Purchases	5,400	6,486
	Dividend income	900	684
	Interest income	1,249	1,434
Tuulipuisto Lakiakangas 3 Oy	Sales	4,743	21,498
	Purchases	9,616	22,310
	Interest income	1,509	345
Jokituuli Holding Oy	Sales	98	53
	Purchases	18,495	1,056
	Finance expense	2,917	0
Jokituuli Sijoitusyhtiö Oy	Sales	456	0
	Purchases	0	1,048
	Dividend income	218	0
Niinimäki Holding Oy	Sales	150	9
	Purchases	46	0
	Finance expense	1,834	0
Tuulipuisto Juurakko Oy	Sales	208	4
Kalistanneva Holding Oy	Sales	56	51
	Purchases	141	0
	Interest expence	100	0
	Finance expence	2,617	0
Helen Åb Tuulipuistohallinnointiyhtiö	Sales	14	13
Geonova Oy	Purchases	814	0
Helen Aurinkopuisto Kalanti Oy	Sales	0	3
	Interest income	3,837	65
Kalanti GridCo Oy	Sales	0	1
	Interest income	265	0
Tuulipuisto Karahka Oy	Sales	1	0
Tuulipuisto Kalistanneva Oy	Sales	1	0
Total		183,233	143,682

EUR thousand		2023	2022
Liikennevirta Oy	Sales	1,782	870
	Purchases	3,454	4,200
Voimapiha Oy	Purchases	16,407	57,648
	Dividend income	12,900	7,080
Pjelax Vindkraft Ab/Oy	Interest income	5,624	416
&Charge GmbH	Interest income	8	0
Total		40,176	70,213

20 Derivatives

Accounting principles for derivatives can be found in note 9.2 of the consolidated financial statements.

Nominal and fair values of derivatives

	Electricity derivatives		Emission derivatives		Natural gas derivatives		Coal derivatives		Interest rate derivatives		
2023, EUR thousand	**Amount, GWh**	**Fair value, EUR**	**Amount, 1,000 tonnes**	**Fair value, EUR**	**Amount, GWh**	**Fair value, EUR**	**Amount, 1,000 tonnes**	**Fair value, EUR**	**Nominal value, EUR**	**Fair value, EUR**	**Total**
Purchased less than one year	1,880	22,168	708	-827	1,070	-19,526					1,815
Purchased over one year	3,206	-13,981	20	137					217,667	17,167	3,323
Sold less than one year	1,673	-1,075			405	651					-424
Sold over one year	2,630	-18,499									-18,499
Total	783	-11,386	728	-690	665	-18,875			217,667	17,167	-13,785

2022, EUR thousand	**Amount, GWh**	**Fair value, EUR**	**Amount, 1,000 tonnes**	**Fair value, EUR**	**Amount, GWh**	**Fair value, EUR**	**Amount, 1,000 tonnes**	**Fair value, EUR**	**Nominal value, EUR**	**Fair value, EUR**	**Total**
Purchased less than one year	2,558	276,752	1,053	-1,960	11	-1,259	87	-7,878			265,655
Purchased over one year	3,284	88,037	54	187	44	1,798			157,600	19,181	109,203
Sold less than one year	1,661	-57,762			4	34					-57,728
Sold over one year	2,867	-7,978									-7,978
Total	1,315	299,048	1,107	-1,773	51	573	87	-7,878	157,600	19,181	309,151

Maturity of derivatives

2023, EUR thousand	**2024**	**2025**	**2026**	**2027**	**2028**	**2029–**	**Total**
Electricity derivatives	21,094	-2,500	-4,943	-3,620	-21,417		-11,386
Emission derivatives	-827	137					-690
Natural gas derivatives	-18,875						-18,875
Interest rate derivatives			4,514	5,256	7,427		17,197
Total	1,391	-2,362	-429	1,636	-13,990	0	-13,785

21 Shares and holdings in subsidiaries, associates and participating interest undertakings

Subsidiaries	Domicile	Shareholding, %
Oy Mankala Ab	Iitti	100.0%
Helen Electricity Network Ltd	Helsinki	100.0%
Tuulipuisto Lakiakangas 3 Oy	Isojoki	100.0%
Kristinestad Tupaneva Oy	Isojoki	100.0%
Helen Aurinkopuisto Kalanti Oy	Uusikaupunki	100.0%
Kalanti GridCo Oy	Uusikaupunki	100.0%
Helsingin Energiatunnelit Oy	Helsinki	90.0%
Kalistanneva Hallinnointiyhtiö Oy	Helsinki	60.0%
Geonova Oy	Jyväskylä	57.9%
Kalistanneva Holding Oy*	Helsinki	40.0% (60.0%)
Tuulipuisto Kalistanneva Oy*	Kurikka	40.0% (60.0%)
Jokituuli Holding Oy*	Helsinki	40.0% (51.0%)
Niinimäki Holding Oy*	Helsinki	40.0% (51.0%)
Kalistanneva Sijoitustyhtiö Ky	Helsinki	33.3%
Jokituuli Sijoitusyhtiö Ky	Helsinki	18.3%
Niinimäki Sijoitusyhtiö Ky	Helsinki	18.3%
Tuulipuisto Karahka Oy*	Oulainen	0.0% (51.0%)
Tuulipuisto Juurakko Oy*	Kalajoki	0.0% (51.0%)
Niinimäki Grid Oy*	Pieksämäki	0.0% (45.9%)
Tuulipuisto Niinimäki Oy*	Helsinki	0.0% (51.0%)

* Helen Ltd has holdings in certain subsidiaries both directly and through other subsidiaries. The total shareholding of the Group of companies is presented in brackets.

Associated companies	Domicile	Shareholding, %
Pjelax Vindkraft Ab/Oy	Närpiö	40.0%
Voimapiha Oy	Helsinki	33.3%
&Charge GmbH	Frankfurt	24.1%
Liikennevirta Oy	Helsinki	23.4%
Viiatti GridCo Oy*	Helsinki	0.0% (30.0%)

Participating interest undertakings	Domicile	Shareholding, %
Gradyent Holding B.V.	Rotterdam	19.2%
IISY Oy	Espoo	18.9%
Laros B.V.	Scharsterbrug	11.8%
EcoG GmbH	Munich	10.5%
LiveEO GmbH	Berlin	10.3%
Renewcast S.r.l.	Rome	10.1%
EPV Energia Oy	Vaasa	5.6%
node.energy GmbH	Frankfurt	4.0%
Klimate ApS	Copenhagen	3.3%
Enspired GmbH	Vienna	3.2%
Voltfang GmbH	Aachen	3.1%
CLIC Innovation Oy	Helsinki	2.2%
Kemijoki Oy	Rovaniemi	1.6%
Pohjolan Voima Oyj	Helsinki	0.6%
Mitta Group Oy	Oulu	0.5%
Helsinki Halli Oy	Helsinki	0.0%
Suomen Messut Oyj	Helsinki	0.0%
Helsingin Konsernihankinta Oy	Helsinki	0.0%

22 Electricity business

According to the Electricity Market Act, a company operating on the electricity market is required to unbundle its electricity other operations. Decree 1305/2019 of the Ministry of Economic Affairs and Employment lays down more detailed provisions on the unbundling of operations. Guidance on the unbundling of operations is also provided by the guidelines issued by the Energy Authority in 2023 regarding the computational and legal unbundling of electricity and natural gas operations.

The electricity network business has been unbundled into a separate limited liability company. The other electricity trade operations consist of electricity production and sales operations.

Income and expenses have been allocated in accordance with the matching principle using internal calculations. Income taxes have been recognised in proportion to the formation of the result. Non-current and current assets have been allocated in accordance with the matching principle. The allocation of share capital and reserves is based on the risk-bearing of the businesses. Current and non-current liabilities have been allocated in accordance with the matching principle. Income, expenses and assets for combined heat and power operations have been allocated between the electricity business and other business operations. The local conditions and technical solutions have been taken into account in the allocation.

Other electricity trade operations, income statement

EUR thousand	1 January–31 December 2023	1 January–31 December 2022
Net sales	1,058,967	1,079,811
Energy procurement	-621,782	-336,463
Power plant fuel purchases	-75,417	-569,093
Change in inventories	-86,227	93,161
Purchases of materials and supplies	-11,240	-12,868
External services	-32,872	-24,637
Personnel expenses	-31,040	-27,867
Depreciation and impairment	-48,263	-19,055
Other operating expenses	-38,175	-47,712
Operating profit	113,951	135,277
Financial income	28,504	8,786
Financial expenses	-38,637	-10,820
Profit before appropriations and taxes	103,817	133,243
Change in depreciation difference	-18,055	-11,835
Income taxes	-10,399	-9,436
Profit for the period	75,363	111,972

Other electricity trade operations, balance sheet

EUR thousand	31 December 2023	31 December 2022
Assets		
Non-current assets		
Intangible assets		
Intangible assets	7,310	6,644
Advance payments and construction in progress	14,702	9,129
	22,013	15,772
Property, plant and equipment		
Property, plant and equipment	116,113	156,715
Advance payments and construction in progress	14,153	4,806
	130,266	161,521
Investments		
Investments	809,304	717,063
	809,304	717,063
Non-current assets, total	**961,583**	**894,357**
Current assets		
Inventories	62,172	119,263
	62,172	119,263
Receivables		
Inventories	62,172	119,263
Non-current receivables	**237,279**	**56,474**
Other recievables	291,345	470,337
Non-current assets, total	590,797	646,075
Assets, total	**1,552,380**	**1,540,432**

EUR thousand	31 December 2023	31 December 2022
Equity and liabilities		
Equity		
Share capital	222,600	222,600
Reserve for invested unrestricted equity	464,185	464,185
Retained earnings	62,436	12,464
Profit for the period	75,363	111,972
Equity, total	**824,584**	**811,221**
Accumulated appropriations		
Provisions	4,046	0
Depreciation difference	113,280	95,225
	117,326	95,225
Liabilities		
Non-current liabilities		
Non-current liabilities	449,564	272,541
Non-current liabilities, total	449,564	272,541
Current liabilities		
Current liabilities	160,906	361,445
Current liabilities, total	160,906	361,445
Equity and liabilities, total	**1,552,380**	**1,540,432**

Signatures to the report of the Board of Directors and the financial statements for the year 2023

Helsinki, 28 February 2024

Atte Harjanne Chairman of the Board	**Tiina Rytky** Vice-chairman of the Board	**Pirja Heiskanen** Member of the Board
Atte Kaleva Member of the Board	**Hillevi Mannonen** Member of the Board	**Mai Kivelä** Member of the Board
Vi**lle Lehmuskoski** Member of the Board	**Vilho Salovaara** Member of the Board	**Olli Sirkka** CEO

Auditor's note

Our auditor's report has been issued today.

Helsinki, 28 February 2024

KPMG Oy Ab

Esa Kailiala, Authorised Public Accountant

Financial calendar

Our reporting schedule for 2024 is as follows:

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. The Annual Review, which includes the Annual Report and the Sustainability Report, is also available on our website.

All of the 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.

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