

Annual Review



2022





**When everything
changes,
forerunners
are needed.**





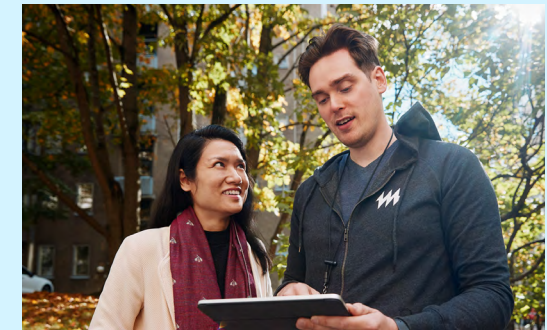
Contents

- Helen in brief 4
- Key figures..... 5
- Highlights 2022..... 6
- CEO review7
- Business year..... 9
- Personnel 12

This is Helen’s Annual Review that describes the company’s business and personnel matters for the year 2022. The report is published in Finnish, Swedish, and English. It can be found as a PDF on the company’s website.

Helen has published a separate Sustainability Report that concentrates on our sustainability work and its progress during 2022. The report is published in Finnish and summaries of the report in Swedish and English. It can be found as a PDF on the company’s website. →

Helen Group’s Financial Statement for 2022 and Review by the Board of Directors have been published separately on the company’s website in Finnish. →





Helen in brief

Helen helps to make everyday life a little easier for over 550,000 customers in Finland.

In addition to electricity, heating, and cooling, we offer solutions for regional and renewable energy, smart buildings, and electric transport.

We are developing a smarter, carbon-neutral energy system that enables everyone to produce, use, and save energy with respect for the environment.

We aim to achieve 100% carbon neutrality in our energy production by 2030. Let's join forces and turn the opportunities of a new energy era into reality.



Net sales

1,785

EUR million

Operating profit

142

EUR million

Operating profit, %

8

Employees

701

Produced electricity

4,800

GWh

Produced heat

6,852

GWh

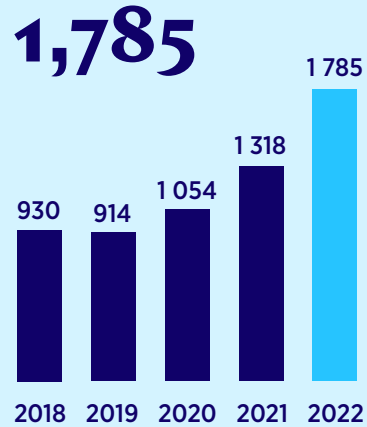
 Read also Helen's Sustainability Report.



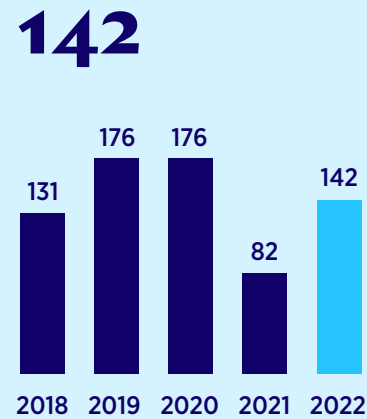


Key figures

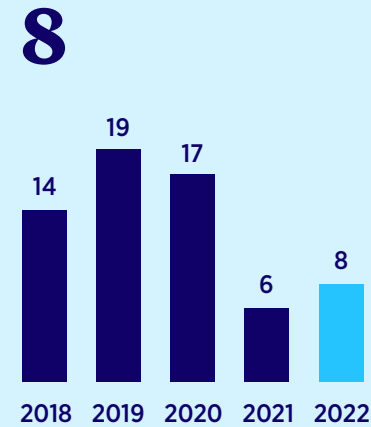
Net sales, EUR mill.



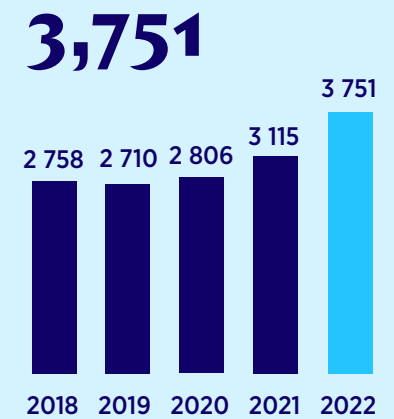
Operating profit, EUR mill.



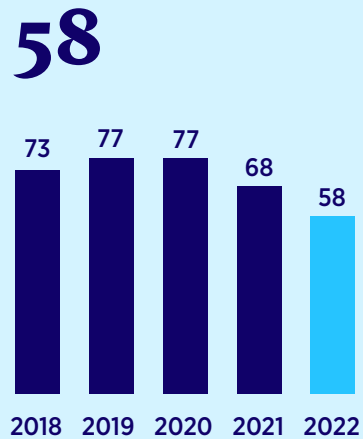
Operating profit, %



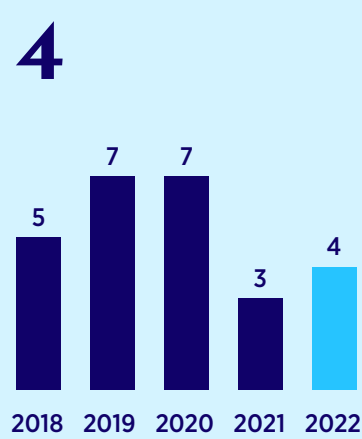
Balance sheet, EUR mill.



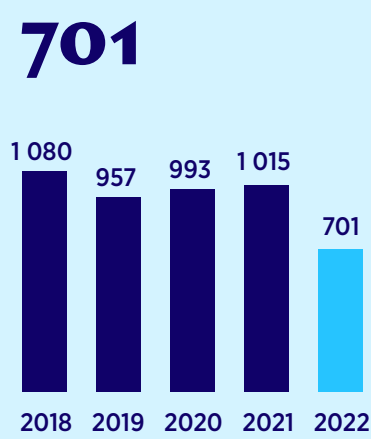
Equity ratio, %



Return on equity (ROE), %



Employees, 31 Dec



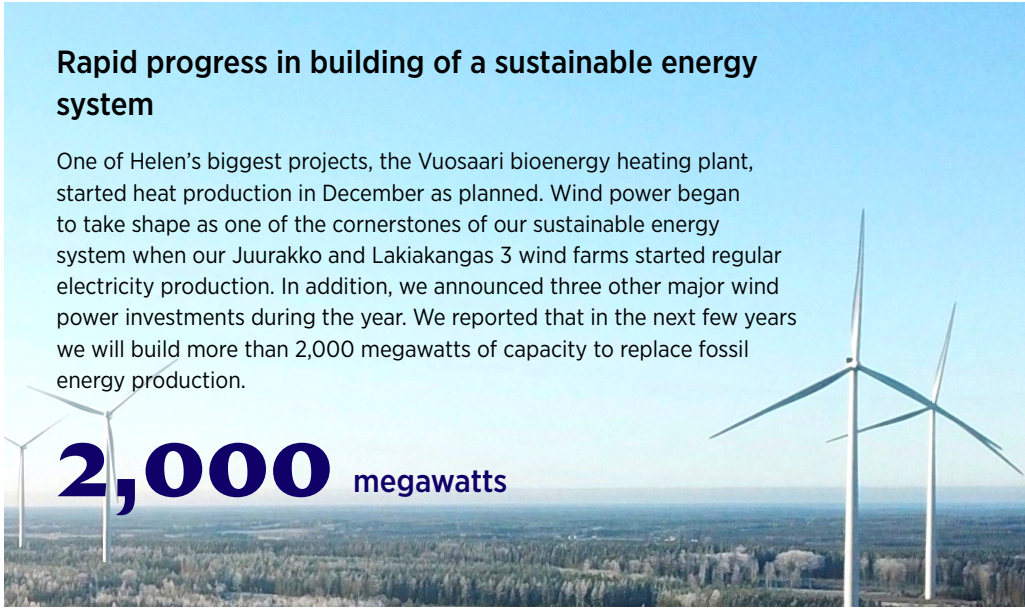


Highlights 2022

Rapid progress in building of a sustainable energy system

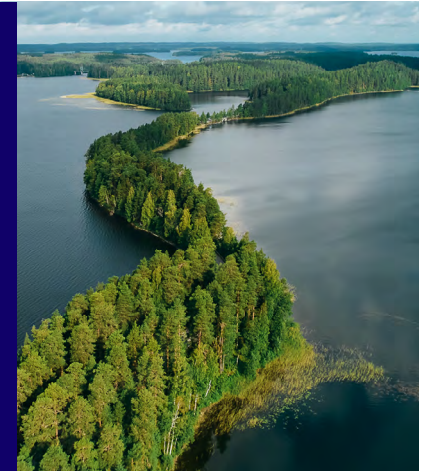
One of Helen's biggest projects, the Vuosaari bioenergy heating plant, started heat production in December as planned. Wind power began to take shape as one of the cornerstones of our sustainable energy system when our Juurakko and Lakiakangas 3 wind farms started regular electricity production. In addition, we announced three other major wind power investments during the year. We reported that in the next few years we will build more than 2,000 megawatts of capacity to replace fossil energy production.

2,000 megawatts



Official approval for emissions reduction targets from the Science Based Targets initiative

We were the first Finnish energy company to receive official approval for our emissions reduction targets from the Science Based Targets initiative. The targets are based on the Paris Agreement, aiming to limit global warming to 1.5 degrees worldwide.



390,000

Oma Helen users

Focus on digital services

The energy crisis and the high price of electricity put digital services at the centre of our operations in a new way in 2022. The Oma Helen and Yrittys Helen services enable regular monitoring of energy usage and help our customers to make choices that reduce their energy bills and carbon footprint. At the end of the year, the Oma Helen service was used by approximately 390,000 customers.



Towards an expert organisation

Our operation and maintenance services underwent a significant change in November when about 250 operation and maintenance employees transferred to Enersense IN Ltd with a transfer of business. This step was in line with our strategy aiming for carbon-neutral energy production, with an even stronger focus on the company's core business in the changing operating environment.

Big changes to heating offering

We expanded our heating range by launching the Energy Renovation service. In addition, we launched our updated heating offering that brought geothermal heat as the main heating system as an alternative to district heating. Together with LämpöYkkönen Ltd, we launched Geonova Ltd, a company that focuses on geothermal heat and heat pump solutions.



CEO review

Year 2022 will remain in European history for several different reasons. The same is also true with respect to Helen. Russia's war of aggression against Ukraine changed not only the world, but also the energy sector that was already undergoing a transition. The prices of emission allowances and especially raw materials rocketed, and the markets were dominated by the energy crisis resulting from the war. We can say that our operating environment changed permanently and in a way we have never seen before.

After Russia started the war in February, we had to make quick decisions that impacted especially our procurement channels. In March, we decided to break away from Russian fuels when our effective contracts on Russian coal expired. While we are still using coal, we have diversified its procurement, e.g., to the United States and Australia. Requiring substantial efforts, the rapid change of procurement channels in a challenging operating environment was a huge success.

Despite our turbulent operating environment, we continued investing in clean energy production in accordance with our strategy. The 20 wind turbines in our Lakiakangas 3 wind farm started regular electricity production in April and the seven turbines in Juurakko, correspondingly, in November. In addition, during the year we reported on three other major wind power investments in Kalistanneva, Karahka, and Niinimäki wind farms. At Helen, the volume of electricity produced by wind power is also increased by the investments of Suomen Hyötytuuli Ltd in Oosinselkä and Siikajoki wind farms as Helen's subsidiary Oy Mankala Ab is one of the owners of the company. In 2025, our annual wind power production will exceed the amount of electricity previously produced with coal.

We invested in solar energy by starting the construction of the first industrial-scale solar farm in Nurmijärvi and purchasing a ready-to-build solar farm in Uusikaupunki. We will continue our investments in solar energy.

Our EV charging network grew considerably when we reported on our major expansion of the charging network in Helsinki. The project includes 48 charging stations for passenger





cars and eight for taxis, with a total of more than 150 charging points. Helen is responsible for the installation and maintenance of charging devices and the operation of charging services. In addition, our public charging network expanded through our partners.

We launched the Energy Renovation service and our upgraded range of heat-related products and services, which introduces geothermal heat as a main heating system in addition to district heating. The value of offers on geothermal heat grew well during the year. We also established Geonova Ltd, a company that focuses on heat pump and geothermal heat solutions. Geonova Ltd brings a fast-growing life-cycle model to the energy market that is undergoing a transformation. The model makes it possible for an increasing number of housing companies and industrial and commercial properties to adopt an energy-efficient heating system without initial investment.

One of the biggest construction projects in the history of Helen, the Vuosaari bioenergy heating plant, started heat production in December as planned. The district heat output of the bioenergy heating plant is more than 260 megawatts, and the district heat energy it produces corresponds to about a quarter of Helen's district heat production. The plant reduces carbon dioxide emissions by 700,000 tonnes per year. Moreover, the construction of the seventh heat pump in the Katri Vala heating plant, to be commissioned in spring 2023, made excellent progress.

The diverse production structure and increasing of energy self-sufficiency are key issues in safeguarding the security of supply and maintenance in the transition of the energy sector and in the uncertain world situation. Therefore, major investments in a sustainable and modern energy system are crucial. We are building capacity that replaces more than 2,000 megawatts of fossil energy production by 2025. Coal-based production is replaced with significant extra investments in heat pumps and electric boilers utilising various waste heats, and with energy storage and sustainable bioenergy. Part of this is already under construction and part

Even during the energy crisis, we underwent a strong transformation.



in the design phase. In addition to the above-mentioned non-combustion-based investments, we are implementing a pellet conversion in a boiler located in Salmisaari. With these methods, we will also replace the use of natural gas and oil in addition to coal. They will increase our energy self-sufficiency which, in turn, will enable a more predictable price trend than before.

The building of a sustainable energy system and the transition of the production structure away from combined heat and power production has brought about changes in the organisation structure. Helen's operation and maintenance services underwent a significant change in early November when about 250 operation and maintenance employees were transferred to Enersense IN Ltd with a transfer of business.

Our sustainability work took major leaps forward in 2022. We were the first Finnish energy company to receive approval from the Science Based Targets initiative for its emissions reduction targets. Our science-based targets demonstrate our commitment to emissions reduction and climate-smart action, and they increase the transparency of our sustainability work. In addition to these, our own climate target on carbon-neutral energy production by 2030 is making progress in accordance with our carbon neutrality programme. We also identified the most significant impacts of our activities on biodiversity and published our biodiversity strategy.

The role of digital services and customer encounters increased substantially during the year, and we continued their active development to serve our customers better in the challenging situation. The use of the Oma Helen service for easy monitoring of electricity consumption saw a huge increase among our customers since the spring: at the end of the year, the app had about 390,000 users. In the summer, we launched Yritys Helen, which brings digital services and monitoring of energy consumption to businesses and housing companies.

Even during the energy crisis, we underwent a strong transformation and did well at the same time. We fulfilled the expectations of being a forerunner and innovator. Our investments throughout Finland and our customer numbers in electricity sales demonstrate the fact that Helen is a genuinely nationwide company. We grew in terms of both net sales and customer numbers, and we took huge leaps forward in digitalisation and digital services. According to Nepa's brand tracking survey we were the number one energy company in Finland with respect to brand awareness, consideration, and aided liking.

Juha-Pekka Weckström acted as CEO of the company until the end of 2022. After he had moved on to new tasks outside the company, I took over as CEO on 16 January 2023. I want to thank Juha-Pekka for his excellent work in steering Helen forward. I would also like to express my gratitude to the owner and the Board of Directors for showing their confidence. It is great to be given the opportunity to lead a forerunner in the energy sector.

Targets are only reached through cooperation, so the greatest thanks go to all our employees and partners for their excellent work and commitment. We are working for the good of our customers. Therefore, I also wish to extend my sincere thanks to our customers!

Olli Sirkka

CEO, from 16 January 2023



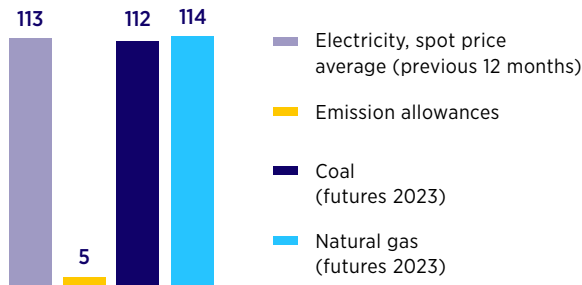
Further impetus to the structuring of a sustainable energy system

The energy year was quite exceptional. The operating environment changed in an unprecedented way and it was difficult to predict.

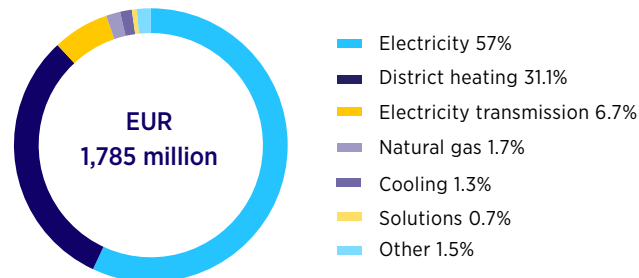
Russia's war of aggression against Ukraine changed not only the world, but also the energy market that was already undergoing a transition. The prices of emission allowances and raw materials continued to rise, and the energy crisis resulting from the war dominated the markets. Despite the operating environment, we continued investing in renewable and emission-free energy in accordance with our strategy. We developed our digital services and launched new products that are even more closely tailored to the needs of our customers.

Helen Group's net sales in 2022 amounted to EUR 1,785 million (2021: 1,318) and operating profit to EUR 142 million (82). Net sales grew significantly due to the high wholesale market price of electricity. The overall result was also impacted by the company's comprehensive way of operation in the electricity wholesale market both as a buyer and a seller. Comparable operating profit for 2022 was on the same level as in 2021 as operating profit for 2021 includes EUR 60 million of one-off value adjustments. In 2022 operating profit was eight per cent in relation to net sales. In proportion to capital and net sales the Group's profitability was on a moderate level.

Development of market prices, %

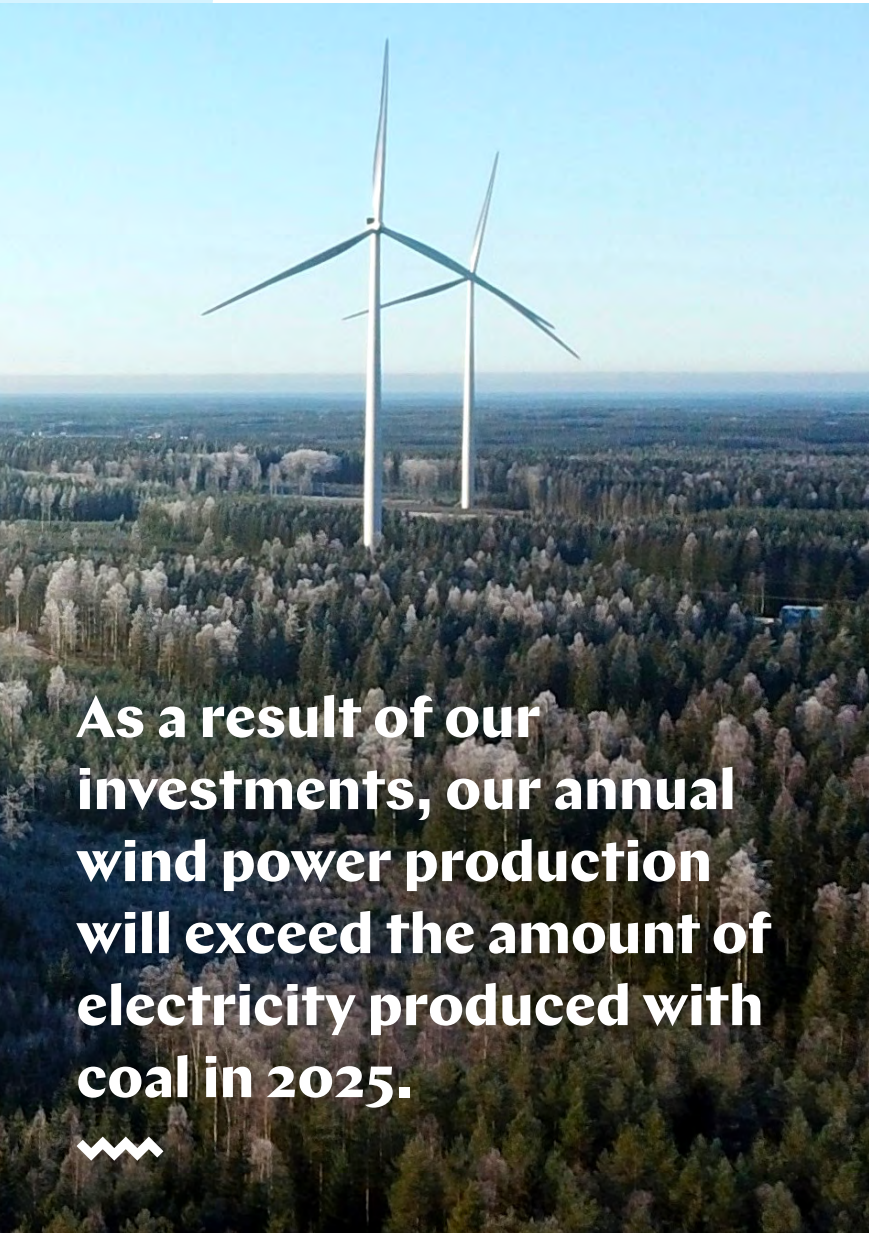


Division of net sales



Sources: Nordpool, Refinitiv Eikon





As a result of our investments, our annual wind power production will exceed the amount of electricity produced with coal in 2025.



INVESTMENTS SPEEDED UP OUR JOURNEY TOWARDS CARBON NEUTRALITY

In 2022 Helen Group’s investments in carbon-neutral energy stood at EUR 221 million (2021: 184). Our target is carbon-neutral energy production in 2030. We accelerated our pace towards a sustainable energy system and carbon neutrality by keeping investments in renewable and emission-free energy at a high level even in the middle of the energy crisis. We increased our wind power production, invested in rapidly expanding solar energy, and devoted even greater efforts on the recovery of waste heat. Our investments in renewable and emission-free energy have brought emissions onto a declining path. Due to these investments, 37 (32) per cent of our production was carbon neutral in 2022.

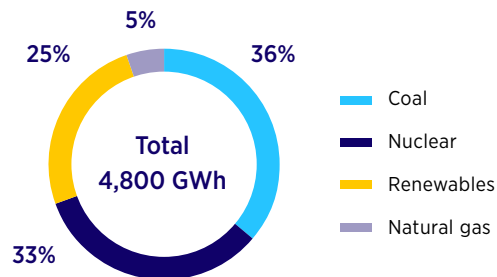
We commissioned completed wind farms and made investment decisions on new ones. The Lakiakangas 3 wind farm started regular electricity production in April. Together with the Bank of Åland Wind Power Fund, we acquired the Juurakko and Karahka wind farms in North Ostrobothnia, and consequently seven of the turbines in Juurakko started regular electricity production in

November. The construction work of the Karahka wind farm started in autumn 2022, and it is scheduled for completion at the end of 2024. We also invested in the Kalistanneva and Niinimäki wind farms. As a result of the wind power investments, our annual wind power production in 2025 will exceed the amount of electricity previously produced with coal.

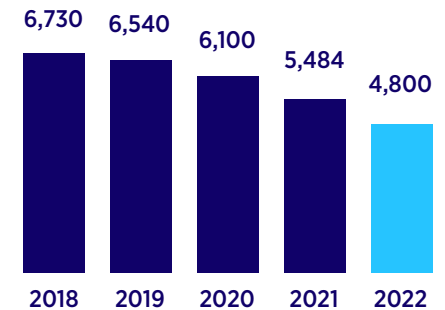
The role of solar energy grew in our business operations. We started the construction of the first industrial-scale solar farm in Nurmijärvi, agreed on the acquisition of a ready-to-build solar farm in Kalanti in Uusikaupunki and reported on plans to build a solar farm in Lohja. As a result of the investments, the amount of solar power in Finland will be multiplied, and we will continue our investments in solar energy.

One of Helen’s biggest projects, the Vuosaari bioenergy heating plant, started heat production in December. The plant replaces a significant amount of the district heat production of the Hanasaari power plant, which will be decommissioned on 1 April 2023, and it will also balance the price variations of heat energy.

Electricity production



Electricity production for the wholesale market, GWh





UPDATED HEAT PRODUCT RANGE IS MORE CLOSELY TAILORED TO CUSTOMERS' NEEDS

We want to make the opportunities of a new energy era available to everyone and meet the customers' changed needs. For this reason, we expanded our range of heating solutions by launching the Energy Renovation service and brought geothermal heat as an alternative to district heating. Demand has been high for these new services. Our diversified range of heating services offers more choice to our customers to promote energy efficiency and eco-friendliness and to enable profitable business operations and efficient allocation of resources in a sustainable way. In addition, we established Geonova Ltd together with LämpöYkkönen Ltd. Geonova Ltd focuses on geothermal heat and heat pump solutions and offers customers energy-efficient and carbon-neutral heating and cooling solutions.

STRIVING TO BE THE MOST CUSTOMER-CENTRIC ENERGY COMPANY IN THE MARKET

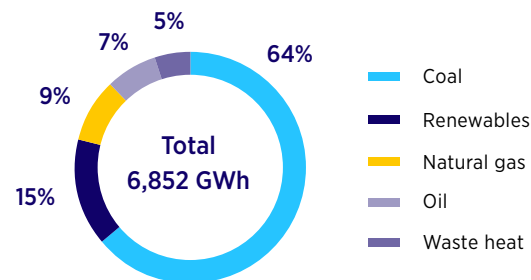
The energy crisis has had an impact on consumers' interest in energy. Our customer service was inundated with queries especially during the last quarter of the

year, and throughout the year there were 195 per cent more customer contacts than in the previous year. We developed ways of responding to customers via both digital and conventional channels.

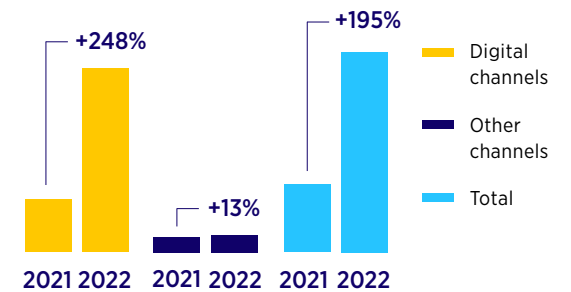
Our vision of customer centricity requires an enhanced focus on digital customer encounters. In 2022, Helen's digital services for consumer, business, and housing company customers expanded further due to the development of the Oma Helen and Yritys Helen services. Customers' interest in monitoring their energy usage with the aid of Oma Helen increased significantly as energy matters and energy-saving recommendations became a widely debated topic in Finland. Oma Helen helps customers to monitor electricity price peaks and their own energy consumption. The number of users of both Oma Helen and Yritys Helen grew throughout the year.

During this challenging period, we have succeeded in continuing the journey towards our vision of being the most customer-centric energy company in the market, as set out in our strategy. An indication of the success is that in 2022 Helen was the best-known, most considered, and most liked energy company in Finland.

District heating production



Growth of the amount of customer contacts





Towards new work routines and expert organisation

At Helen, maintaining the role of a forerunner and being future-oriented and at the cutting edge play a key role in responding to the challenges of the energy transition in a rapidly changing operating environment. In 2022, we focused on developing talent and leadership.

To achieve our targets, changes were made in our personnel structure. Employees in the cleaning team in the real estate unit were transferred to Aton Ltd, and real estate maintenance transferred to ISS Palvelut Ltd. Renovation building and the design, construction, and documentation services in district heating and cooling networks were transferred to Fimpec PMO Ltd. In November, about 250 professionals in our operation and maintenance unit were transferred to Enersense IN Ltd. This step complied with our strategy on a journey towards carbon-neutral energy production.

Our personnel moved to hybrid working i.e. a mix of remote and on-site working, in roles where this is possible in terms of the job description. We drew up joint principles for hybrid working in support of experiencing equality in the workplace.

PERSONNEL IN FIGURES

The number of employees at Helen Ltd at the end of 2022 was 601 (2021: 923). The number of permanent employees was 577 (871) and fixed-term employees 24 (52). The average number of employees was 841 (938). A total of 165 (130) new contracts of employment were signed. The average age of the

employees was 44.4 (45.4) years and the average length of employment 12.4 (13.7) years. Wages and salaries totalled EUR 57.3 million (55.6).

The number of employees at Helen Electricity Network Ltd at the end of the year was 93 (92). The number of permanent employees was 87 (87) and fixed-term employees 6 (5). The average number of employees was 95 (89). A total of 15 (12) new contracts of employment were signed. The average age of the employees was 44.9 (45.7) years and the average length of employment 14.3 (14.9) years. Wages and salaries totalled EUR 6.0 million (6.0).

There were also employees in Geonova Ltd, a joint venture established in 2022 by Helen and LämpöYkkönen Ltd, with the number of employees being 7 (0) at the end of 2022. The number of permanent employees was 7 (0). There were no fixed-term employees. The average age of the employees was 39.3. Wages and salaries totalled EUR 37,473.

The other subsidiaries did not have any employees at the end of 2022. Helen Group employed 701 (1,015) employees at the end of 2022.

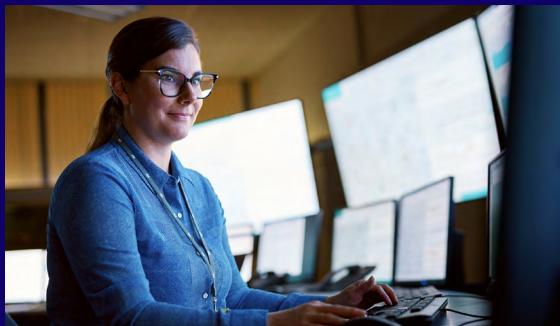


CASE: RISK OF LABOUR SHORTAGE IN ENERGY SECTOR GROWS – INTEREST IN THE SECTOR MUST BE INCREASED

In the autumn, Helen commissioned a survey on Finnish people’s views on the energy sector. According to the survey, young people see the industry as important to society but, in their opinion, work in the field is technical and complex.

We wanted to highlight this issue by holding an open event where expert panellists discussed the results of the survey and solutions to them.

In addition to the energy crisis, we are undergoing an extensive energy transition that changes the entire industry. The sector must better highlight the diversity of the sector and be able to increase people’s understanding of it in future. Therefore, the dream job of children could be an energy maker in addition to a doctor or a teacher in future.



CASE: FLEXIBLE HYBRID WORKING AT HOME, IN THE OFFICE AND OVERSEAS

As the COVID-19 pandemic started to subside in 2022, we adopted a hybrid working model while also determining its common principles. The hybrid working model means that we combine in-office and remote working in roles where it is possible in terms of work performance.

Based on our employee survey, the development of coworking spaces was identified as one of the preconditions for successful hybrid working. We took various measures to this end, and we aim to further increase communality in coworking spaces in all our places of business.

As remote work became more commonplace, Helen’s employees also expressed their wish for the opportunity to work outside Finland. As a result, we made a decision to enable remote working from Europe.



CASE: NEW DIRECTION OF LEADERSHIP IN THE TRANSITION OF THE ENERGY SECTOR

When the operating environment changes, leadership must also change. We have systematically worked on developing our leadership and culture over the years. One example of promoting the leadership debate at Helen is the open round-table discussions inspired by the Nordic Business Forum.

As part of the discussions, we reflected on selected contributions at the event led by our own and external experts. Helen’s employees took part in the discussions and created their own narrative map. The event generated new ideas and gave direction to further development of leadership and company culture.





Helen Ltd

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