



CARUNA GROUP

# Half Yearly Report

1 JANUARY–30 JUNE 2022

Positive energy.

**caruna**

# Caruna Group Half Yearly Report 1 January–30 June 2022

EUR million or as indicated	H1/2022	H1/2021	2021
Net sales	253.6	258.9	499.8
Profit for the reporting period	33.4	24.4	46.6
Corporate tax	6.0	5.9	10.7
Investments	58.5	60.9	140.1
Cash flow after investments	54.9	47.2	46.5
Customers	720,000	708,000	714,000
Network cabling rate (%)	65	61	62
Small-scale producers of solar power in the network area	14,500	10,800	12,000
System Average Interruption Duration Index per customer (SAIDI), minutes	53	46	74
Reliability of supply rate (%)	99.98	99.98	99.99

## Key events during the reporting period

At the end of June 2022, Caruna had 720,000 (708,000) customers. A total of 1,200 (1,370) new connection agreements were signed in the period from January to June, six of which were for medium-voltage connections. Customer satisfaction improved substantially during the first half of the year, as the cumulative NPS, which is a measure of customer satisfaction, stood at 29.0 (20.9) at the end of June.

The total volume of electricity supplied by the distribution network between January and June remained almost the same as the corresponding period in the previous year: 5.2 (5.3) TWh.

The average interruption time in Caruna's electricity distribution (SAIDI) was 53 (46) minutes per customer between January and June, and the reliability of supply rate was 99.98 (99.98) per cent. The System Average Interruption Frequency Index (SAIFI) per customer was 1.01 (0.69) events. Four major storms hit Finland in the first half of the year, the most destructive of which was storm Armi. In February, storm Armi caused a maximum of 9,700 customers to suffer electricity outages simultaneously in Espoo, West Uusimaa and Southwest Finland.

The company aims to modernise its electricity network continuously to meet the needs of the energy transition, which will require investments in the coming years to develop the electricity network. Caruna's investments from January to June amounted to EUR 58.5 million. New construction sites for electricity network installation were set up in several areas, including Ostrobothnia and Koillismaa.

Caruna's operating environment deteriorated significantly in the first half of 2022 due to the exceptional tightening measures taken by the regulator in the middle of the regulatory period, as well as the general increase in costs. The alterations to the regulation model will cause the company's permitted returns to decrease by approximately 40 per cent in comparison with 2021. This will reduce Caruna's net sales during the coming years.

The war in Ukraine has not had any direct financial impacts on Caruna's business. During the review period, the indirect impacts were minor, and they were mainly reflected in higher raw material, electricity and construction costs, as well as a shortage of components.

In January, international credit rating agency Standard & Poor's (S&P) lowered Caruna's credit rating from "BBB+ and a significantly weakened outlook" to "BBB and a stable outlook". The drop is due to the exceptional changes made to the regulation model for electricity distribution companies during the regulatory period.

In May, Caruna concluded its negotiations on changes affecting all of its personnel. As a result of the negotiations, the employment contracts of 25 people ended. In addition, 13 people will stop working for Caruna when their fixed-term contracts end. By the end of 2024, the company aims to achieve a cost level of around EUR 10 million lower than in 2021.

Caruna's CFO, Jyrki Tammivuori, was appointed CEO of Caruna as of 13 May 2022. Caruna's SVP People, Public Affairs & Regulation, Noora Neillimo-Kontio was appointed as Caruna's CFO and Deputy CEO as of 13 June 2022.

## Financial development

Caruna's net sales in the first half of 2022 amounted to EUR 253.6 (258.9) million, which is 2.1 per cent less than the same period last year. The decrease in net sales is mainly attributable to Caruna Espoo Oy's price reduction, which was implemented at the end of 2021, and the fact that 2022 has been warmer than 2021. The winter months of 2021 were much colder than in previous years.

Variable costs, consisting of transmission costs and grid loss electricity purchases, were EUR 48.2 (47.0) million. The price of electricity losses has been higher in 2022 than in 2021. Fluctuations in the electricity price have also become larger.

Other operating expenses, including personnel expenses,

were EUR 42.1 (46.2) million, which is EUR 4.1 million less than in the comparison period. The main reason for the increase in costs was storm Paula, which led to increased fault rectification expenses and standard compensation for the customers who suffered power cuts in June last year. The costs of fault rectification and standard compensation from January to June were lower than in the same period last year.

Depreciation, amortisations and impairment charges amounted to EUR 65.8 (67.1) million. Depreciation, amortisations and impairment charges include EUR 4.0 (6.1) million from the scrapping of overhead lines.

Operating profit amounted to EUR 99.5 (101.9) million. Net financing costs were EUR 60.3 (72.8) million. The net financing costs recognised in the comparison period include a non-recurring charge of EUR 10.8 million for the repayment of a bond. Profit for the reporting period was EUR 33.4 (24.4) million.

## FINANCIAL KEY FIGURES (IFRS)

EUR million or as indicated	H1 2022	H1 2021	2021
Net sales	253.6	258.9	499.8
Operating profit	99.5	101.9	192.5
Operating profit (% of net sales)	39.2	39.4	38.5
Profit for the reporting period	33.4	24.4	46.6
Investments	58.5	60.9	140.1
Cash flow after investments	54.9	47.2	46.5
Interest-bearing net debt (at the end of the period)	3,270.4	3,228.6	3,318.7

## Business activities

Caruna takes care of reliable electricity distribution and continuously invests in the development of a smart electricity network so that the company's customers get electricity in a sustainable way, reliably and efficiently, also in the future. The Group includes two network companies: Caruna Oy, which operates mainly in rural areas, and Caruna Espoo Oy, which operates in urban areas. The total length of Caruna's electricity network was 87,800 kilometres at the end of the reporting period.

Electricity consumption is expected to increase by 50 per cent by 2040 as the energy revolution plays out in Finland. The volume of wind and solar energy output will increase substantially in the future, but the poor adjustability and lower predictability of these forms of power will create new requirements for keeping the electricity system in balance. Furthermore, as electricity production grows, electricity networks must be dimensioned to meet the maximum instantaneous demand.

The company aims to modernise its electricity network continuously to meet the needs of the energy transition, which will require investments in the coming years to develop the electricity network.

Caruna's operating environment deteriorated significantly in the first half of 2022 due to the exceptional tightening measures taken by the regulator in the middle of the regulatory period, as well as the general increase in costs.

In January 2022, the industry submitted a complaint to the Market Court concerning the supervising authority's changes to its regulatory methods midway through the regulatory period. The common view in the industry is that the authority did not have sufficient legal grounds to make the changes and that the authority did not have the independence required by EU directives when the changes were prepared and implemented. The legal process is underway, and the Market Court is considering applying to the Court of Justice of the European Union for a preliminary ruling on the authority's independence. The Court is expected to issue its ruling in early 2023 unless it applies for a preliminary ruling. The preliminary ruling process would prolong the action by about a year.

A total of 1,200 (1,370) new connection agreements were signed in the period from January to June, six of which were for medium-voltage connections.

In the period from January to June, approximately 2,500 (1,400) new solar power systems (<2 MVA) were connected to Caruna's electricity network. Private customers accounted for approximately 2,250 of these systems, and corporate customers accounted for approximately 250. At the end of the review period, the number of small-scale producers of solar power was approximately 14,500 (10,800).

### Customer volumes at the end of the period (thousand customers):

Company	6/2022	2021	6/2021	2020
Caruna Oy	486	484	482	479
Caruna Espoo Oy	234	230	226	224
<b>Total</b>	<b>720</b>	<b>714</b>	<b>708</b>	<b>703</b>

In June, Fortum announced its intention to work with Caruna on the implementation of an entirely new electric boiler concept for domestic district heating production at the Suomenoja plant site in Espoo. Caruna will supply the project with a dynamic electricity connection – the first of its kind in Finland. The project will also use a new way of ensuring adequate capacity in the electricity network, as the electricity required by the electric boiler can be regulated flexibly. The need for flexibility is constantly increasing as the production volumes of wind and solar energy will increase in the future.

The construction work on an internal network and the customer's own transmission line to the Rustari wind farm in Kurikka was completed in the spring. Rustari includes eight separate power plants with a total output of 45 MVA. The power plant is expected to be connected to Caruna's

network in September 2022.

The construction work on an internal network and the customer's own transmission line to the Murtotuuli wind farm was completed in spring 2022. Murtotuuli includes 21 separate power plants with a total output of 133 MVA. The wind farm is in Posio. The customer connection was commissioned in the summer.

A connection agreement was signed in June for the Palmanharju wind park in Somero. Palmanharju wind park is owned by Ilmatar Somero, and it has four separate power plants with a total output of 15 MVA. Construction of the wind park's internal network began in the summer. The wind park is due to enter commercial operation by the end of 2023.

The drafts of Caruna's development plan for the electricity distribution network were on display for customers in April and May. Every distribution system operator must submit a development plan for the electricity network to the Energy Authority by the end of June. Customers gave feedback on plans for the adoption of electric cars and solar panels, the opportunity for flexible electricity consumption, and customers' views on the reliability of the existing network and the necessary development. More than 4,000 customers responded to customer consultations. Most of the respondents were consumers.

Caruna's customer satisfaction has improved substantially. Customer satisfaction is measured among private customers, companies, landowners, municipal customers and contractors. Customer satisfaction among Caruna's key customers (municipal and corporate customers) has remained excellent, and the Net Promoter Score (NPS) stood at 67.6 (64.4) at the end of the review period. The cumulative NPS for all customer groups from January to June rose significantly to 29.0 (20.9).

## **NEW ELECTRICITY NETWORK CONSTRUCTION SITES WERE SET UP IN SEVERAL LOCALITIES – THE ENERGY TRANSITION DEMANDS INVESTMENT**

The electrification of industry and heating and the increase in Finnish and renewable energy production require intelligence, flexibility and growing capacity from the Finnish electricity network. The company aims to modernise its electricity network continuously to meet the needs of the energy transition, which will require investments in the coming years to develop the electricity network.

The planning and permit procedures for a new underground cable connection between Hepokorpi and Finnoo in Espoo proceeded as planned. The project is due to be completed in 2025 or 2026 at a total cost of approximately EUR 23 million. The new connection will increase the electricity transmission capacity in south Espoo and enable the electrification of transport and heating, among other things.

Construction work on the new substation in Sinimäki, Espoo, proceeded as planned. The new Sinimäki substation

will directly serve about 15,000 customers, and it will indirectly distribute electricity to approximately 140,000 customers. An underground cable will be built between the Leppävaara and Sinimäki substations during the project to cater for the growing consumption of electricity. The new substation will be commissioned at the end of 2022.

During the first half of the year, construction began on several local cable projects in Central Uusimaa, Häme, Ostrobothnia and Koillismaa. The old low-voltage overhead lines in built-up areas will be replaced by a new underground cable network. Approximately 900 kilometres of new electricity network lines will be constructed between 2022 and 2025.

Planning and construction work began on some projects to renovate the distribution networks in the Southwest Finland and Ostrobothnia regions. The aim is to modernise overhead lines that have reached the end of their life cycles. Approximately 2,600 kilometres of new electricity network lines will be built between 2022 and 2024.

Between January and June, Caruna Group's investments amounted to EUR 58.5 (60.9) million.

## **CONSTRUCTION SITE SAFETY IMPROVED**

During the first half of the year, there were four occupational accidents leading to lost working time on Caruna's construction sites. The comparable 12-month cumulative injury frequency (LWIF) in the company's supply chain stood at 5.7 (7.0) at the end of June.

In January, Caruna awarded safety prizes to its contractors and subcontractors for outstanding contributions to occupational safety. The prizes went to TLT Connection Oy, N3M Power Oy and the Kuusamo working group of Eltel Networks Pohjoinen Oy.

## **RELIABILITY OF SUPPLY REMAINED EXCELLENT DESPITE SEVERAL STORMS EARLY IN THE YEAR**

The total volume of electricity supplied by the distribution network between January and June remained almost the same as the corresponding period in the previous year: 5.2 (5.3) TWh. The electricity supply volume on the high-voltage distribution network was 1.4 (1.4) TWh – the same as in the previous year.

The reliability of electricity supply is measured by the System Average Interruption Duration Index (SAIDI). The average interruption time in Caruna's electricity distribution (SAIDI) was 53 (46) minutes per customer between January and June due to storms in the first half of the year. The reliability of supply rate was 99.98 (99.98) per cent. The System Average Interruption Frequency Index (SAIFI) per customer was 1.01 (0.69) events.

The highest numbers of supply interruptions were caused by storms Armi and Manu in the first half of the year. Storm Manu caused a maximum of 7,000 customers to suffer electricity outages simultaneously in West and Southwest Finland and in West Uusimaa. In February, storm

Armi caused a maximum of 9,700 customers to suffer electricity outages simultaneously in Espoo, West Uusimaa and Southwest Finland.

## Financing

Electricity distribution is a capital-intensive sector. The purpose of Caruna's financing operations is to guarantee the Group's operations over the long term and ensure that the network improvement programme can be carried out as planned. Caruna has EUR 3,296 million in interest-bearing debt, of which EUR 2.522 million is external to the Group and EUR 774 million is a shareholder loan.

In the first half of the year, Caruna also repaid a total of EUR 95 million in investment and working capital loans. The aim of liquidity risk management is to safeguard the Group's finances under all circumstances. At the end of June, the Group has EUR 373 million in liquid assets, undrawn committed credit facilities and financial investments.

The period's finance costs stated on the income statement were EUR 60.3 (72.8) million, and accrued interest expenses on the balance sheet were EUR 33.7 (33.5) million. Of Caruna's loans, 98.6 per cent have a fixed rate of interest. The average interest rate on external loans at the end of the reporting period was 2.1 per cent (2.1 per cent). Caruna complied with the covenant terms of all loan agreements.

In January, international credit rating agency Standard & Poor's (S&P) lowered Caruna's credit rating from "BBB+ and a significantly weakened outlook" to "BBB and a stable outlook". The drop is due to the exceptional changes made to the regulation model for electricity distribution companies during the regulatory period.

## Human Resources

Caruna was ranked 10th for the first time in the Large Companies category in the Great Place to Work competition.

In April, Caruna initiated negotiations on changes concerning its entire personnel. As a result of the negotiations, the employment contracts of 25 people ended. In addition, 13 people will stop working for Caruna when their fixed-term contracts end this year.

Personnel wellbeing was surveyed using Pulse measurements taken in June, where Caruna's employees assessed their capacity to cope at 68, which was two units higher than in March.

The number of employees at the end of June, summer interns included, was 280.

## Risks

Risk management is a part of Caruna's internal control system, and Caruna regularly assesses the strategic, operational and financial risks facing the Group. Risk management strives to ensure that any risks affecting the Group's business operations are identified, managed and monitored. The Group has taken out appropriate insurance policies that provide comprehensive cover for its operations.

Strategic risks include, among others, regulatory risk, that is, harmful and negative impacts on the regulatory environment, challenges in the operating environment, and the availability of financing and competent resources.

The most significant operating risks are related to information security, abnormal weather conditions, changes in network capacity caused by the energy transition, supplier risk and safety.

### FINANCIAL RISKS

The financial risks are presented in note 18 (management of financial risks) to the consolidated financial statements for 2021.

## Governance

The Annual General Meeting appoints the members of the Board of Directors for a term of office commencing at the Annual General Meeting and ending at the next Annual General Meeting. Planning the composition of the Board of Directors involves taking into account Caruna's current and future business needs and seeking to ensure the diversity of the Board in several aspects. Caruna's Board members must have adequate experience and expertise that complement those of the other members. The members' individual qualities are also emphasised.

## Annual general meeting

Caruna Networks Oy's Annual General Meeting was held on 24 March 2022. The annual general meeting adopted the financial statements and consolidated financial statements for the financial period from 1 January to 31 December 2021 and decided to discharge the members of the Board of Directors and the CEO from liability for 2021. A decision was made not to pay dividends.

## Board of Directors

Caruna Networks Oy's Board of Directors consisted of Matti Ruotsala (Chair), James Adam, Andrew Furze, Jouni Grönroos, Shankar Krishnamoorthy, Kerron Lezama, Fredrik Lundeborg and Laura Tarkka.

The deputy members were Tara Davies, Katarina Romberg (until 24 March), Filip Szopa (as of 24 March) and Charles Thomazi.

## Management Team

The company's Management Team consisted of CEO Jyrki Tammivuori, CFO and Deputy CEO Noora Neilimo-Kontio, Head of Electrical Network Elina Lehtomäki and Head of Customer Relations Kosti Rautiainen.

Jyrki Tammivuori was appointed the company's CEO on 13 May 2022, having served as the company's acting CEO since 23 March 2022. Tomi Yli-Kyyry was the CEO and a member of the Management Team until 23 March 2022. In May, Caruna's SVP People, Public Affairs & Regulation, Noora Neilimo-Kontio was appointed as Caruna's CFO and Deputy CEO as of 13 June 2022.

## Auditing

This half-yearly report is not audited.

## Shares and ownership

Caruna Networks Oy has 2,500 shares, each carrying an equal right to a dividend and to the company's assets. Each share entitles its holder to one vote at a General Meeting.

## Key events after the reporting period

As a consequence of the war in Ukraine, the electricity price is expected to rise significantly in the latter half of the year. Caruna hedges against the price of electricity losses with physical purchase contracts, but despite this hedging, higher electricity prices will reduce Caruna's operating margin somewhat.

*Caruna takes care of electricity distribution and is maintaining, overhauling and building a weatherproof electricity network for more than 720,000 customers in South, Southwest and West Finland, the city of Joensuu and the regions of Koillismaa and Satakunta. The operation of the network is monitored around the clock to ensure that customers can be guaranteed access to electricity with minimum disruption under all conditions. A weatherproof, smart electricity network will also create the basis for an energy system of the future, in which digital services will increase, transport will be electrified and consumers will become energy producers.*



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS 1 JAN-30 JUN 2022 (IFRS)

EUR thousand	Note	ACT Jan-Jun 2022	ACT Jan-Jun 2021	Change	ACT Jan-Dec 2021
<b>Net sales</b>	2	<b>253,580</b>	<b>258,942</b>	<b>-5,362</b>	<b>499,761</b>
Other operating income		1,996	3,186	-1,190	6,761
Direct costs		-48,195	-47,019	-1,176	-93,751
Personnel expenses		-14,355	-14,371	16	-27,104
Other operating expenses		-27,721	-31,796	4,075	-60,961
Depreciation and amortisation		-65,809	-67,065	1,256	-132,222
		<b>-156,080</b>	<b>-160,251</b>	<b>4,171</b>	<b>-314,038</b>
<b>Operating profit</b>		<b>99,496</b>	<b>101,877</b>	<b>-2,381</b>	<b>192,484</b>
Finance income		1,246	1,063	183	2,172
Finance costs		-61,524	-73,887	12,363	-135,669
<b>Net financing items total</b>		<b>-60,278</b>	<b>-72,824</b>	<b>12,546</b>	<b>-133,497</b>
<b>Profit before taxes</b>		<b>39,218</b>	<b>29,053</b>	<b>10,165</b>	<b>58,987</b>
Income taxes		-5,859	-4,652	-1,207	-12,377
<b>Profit for the period</b>		<b>33,359</b>	<b>24,401</b>	<b>8,958</b>	<b>46,610</b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 1 JAN-30 JUN 2022 (IFRS)

EUR thousand	ACT Jan-Jun 2022	ACT Jan-Jun 2021	ACT Jan-Dec 2021
<b>Profit for the period</b>	<b>33,359</b>	<b>24,401</b>	<b>46,610</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Net movement of cash flow hedges	42,366	10,493	17,269
Income tax effect	-8,473	-2,099	-3,454
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>33,893</b>	<b>8,394</b>	<b>13,815</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement losses (gains) on defined benefit plans	-	-	-121
Income tax effect	-	-	24
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-</b>	<b>-</b>	<b>-97</b>
<b>Other comprehensive income for the reporting period, net of tax</b>	<b>33,893</b>	<b>8,394</b>	<b>13,718</b>
<b>Total comprehensive income for the reporting period, net of tax</b>	<b>67,252</b>	<b>32,795</b>	<b>60,328</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 JUNE 2022 (IFRS)

EUR thousand	Note	ACT Jun 2022	ACT Jun 2021	ACT Dec 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	3	62,468	62,468	62,468
Intangible assets	3	1,583,452	1,584,438	1,582,279
Property, plant and equipment	3	2,406,107	2,398,711	2,414,739
Other long-term assets		587	967	775
Derivative financial assets	6	29,662	1,526	-
Deferred tax assets		23	5,218	3,861
<b>Total non-current assets</b>		<b>4,082,299</b>	<b>4,053,328</b>	<b>4,064,122</b>
<b>Current assets</b>				
Trade and other receivables	5	80,519	79,986	127,739
Other receivables	5	3,408	3,229	4,308
Cash and cash equivalents		20,563	17,281	60,828
<b>Total current assets</b>		<b>104,490</b>	<b>100,496</b>	<b>192,875</b>
<b>Total assets</b>		<b>4,186,789</b>	<b>4,153,824</b>	<b>4,256,997</b>
<b>EQUITY</b>				
Share capital		3	3	3
Invested distributable funds		171,204	171,204	171,204
Profit for the period		33,359	24,401	46,610
Retained earnings		-265,659	-226,669	-312,269
Other equity fund		18,328	-20,889	-15,565
<b>Total equity</b>		<b>-42,765</b>	<b>-51,950</b>	<b>-110,017</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	7	3,090,799	3,245,908	3,379,394
Derivative financial instruments	6	1,068	31,173	19,759
Deferred tax liabilities		515,615	508,118	511,096
Other non-current liabilities		304,945	305,046	303,887
<b>Total non-current liabilities</b>		<b>3,912,427</b>	<b>4,090,245</b>	<b>4,214,136</b>
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	7	200,177	-	-
Trade payables		24,664	26,250	45,977
Other current liabilities		43,949	44,244	57,883
Other payables		48,337	45,035	49,018
<b>Total current liabilities</b>		<b>317,127</b>	<b>115,529</b>	<b>152,878</b>
<b>Total liabilities</b>		<b>4,229,554</b>	<b>4,205,774</b>	<b>4,367,014</b>
<b>Total equity and liabilities</b>		<b>4,186,789</b>	<b>4,153,824</b>	<b>4,256,997</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

EUR thousand	Attributable to the equity holders of the parent					Total
	Share capital	Invested restricted equity fund	Retained Earnings	Other Equity Components		
				Cash flow hedge reserve	Other comprehensive income	
<b>As at 1 January 2022</b>	<b>3</b>	<b>171,204</b>	<b>-265,659</b>	<b>-15,400</b>	<b>-165</b>	<b>-110,017</b>
Profit for the period			33,359			33,359
Other comprehensive income				33,893		33,893
Total Comprehensive income for the reporting period			33,359	33,893	-	67,252
<b>At 30 June 2022</b>	<b>3</b>	<b>171,204</b>	<b>-232,300</b>	<b>18,493</b>	<b>-165</b>	<b>-42,765</b>

EUR thousand	Attributable to the equity holders of the parent					Total
	Share capital	Invested restricted equity fund	Retained Earnings	Other Equity Components		
				Cash flow hedge reserve	Other comprehensive income	
<b>As at 1 January 2021</b>	<b>3</b>	<b>171,204</b>	<b>-226,669</b>	<b>-29,215</b>	<b>-68</b>	<b>-84,745</b>
Profit for the period			24,401			24,401
Other comprehensive income				8,394		8,394
Total Comprehensive income for the reporting period			24,401	8,394	-	32,795
<b>At 30 June 2021</b>	<b>3</b>	<b>171,204</b>	<b>-202,268</b>	<b>-20,821</b>	<b>-68</b>	<b>-51,950</b>

## CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR thousand	ACT Jan-Jun 2022	ACT Jan-Jun 2021	ACT Jan-Dec 2021
<b>Operating activities</b>			
Profit for the period	33,359	24,401	46,610
<b>Adjustments:</b>			
Income tax expenses	5,859	4,652	12,377
Finance costs-net	60,278	72,824	133,497
Depreciation, amortisation and impairment charges	65,809	67,065	132,222
<b>Total adjustments</b>	<b>131,946</b>	<b>144,541</b>	<b>278,096</b>
Operating profit before depreciations (EBITDA)	165,305	168,942	324,706
Non-cash flow items	-7	-30	-37
Interest received	1,216	1,053	2,154
Interest paid	-61,997	-79,659	-140,000
Taxes paid	-5,325	-6,645	-12,562
<b>Total</b>	<b>-66,113</b>	<b>-85,281</b>	<b>-150,445</b>
<b>Funds from operations</b>	<b>99,192</b>	<b>83,661</b>	<b>174,261</b>
Change in net working capital	16,200	24,288	10,527
<b>Total net cash from operating activities</b>	<b>115,392</b>	<b>107,949</b>	<b>184,788</b>
<b>Cash flow from investing activities</b>			
Capital expenditures	-60,836	-61,236	-139,120
Proceeds from sales of fixed assets	329	533	812
<b>Total net cash used in investing activities</b>	<b>-60,507</b>	<b>-60,703</b>	<b>-138,308</b>
<b>Cash flow from financing activities</b>			
Proceeds from long-term liabilities	-	300,000	430,000
Payments of long-term liabilities	-95,000	-390,000	-390,000
Payments of leasing liabilities	-150	-87	-174
Dividend to shareholders	-	-	-85,600
<b>Total net cash used in financing activities</b>	<b>-95,150</b>	<b>-90,087</b>	<b>-45,774</b>
<b>Total net increase(+) / decrease(-) in cash and cash equivalents</b>	<b>-40,265</b>	<b>-42,841</b>	<b>706</b>
<b>Cash and cash equivalents in the beginning of the period</b>	<b>60,828</b>	<b>60,122</b>	<b>60,122</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>20,563</b>	<b>17,281</b>	<b>60,828</b>

# Notes to Caruna half year report

## **1. ACCOUNTING POLICIES APPLIED TO THE HALF YEAR REPORT**

### **1.1 BASIS OF PREPARATION**

This consolidated condensed half-yearly report has been prepared in accordance with the International Financial Reporting Standards (IFRS), including the International Accounting Standards (IAS) and the IFRIC and SIC interpretations, as adopted by the European Union. The requirements set out in IAS 34 Interim Financial Reporting have been met, as appropriate, in preparing this half-yearly report. The report should be read together with the 2021 consolidated financial statements. This half-yearly report is unaudited.

### **1.2 ACCOUNTING POLICIES**

The same accounting policies that were applied in the preparation of the consolidated financial statements for the year ended 31 December 2021, have been applied in this half-yearly report. New standards, amendments and interpretations effective from 1 January 2022 have not had a material impact on Caruna's consolidated financial statements.

### **1.3 CRITICAL ESTIMATES AND ASSESSMENTS IN THE FINANCIAL STATEMENTS**

The preparation of a half-yearly report requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The realised items may differ from the estimates. The management estimates made in preparing this half-yearly report and concerning the Group's accounting policies and key uncertainties are the same as those applied to the 2021 consolidated financial statements.

## 2. NET SALES

EUR thousand	Caruna Oy			Caruna Espoo Oy			Other and internal			Total		
	ACT Jan-Jun 2022	ACT Jan-Jun 2021	ACT Jan-Dec 2021	ACT Jan-Jun 2022	ACT Jan-Jun 2021	ACT Jan-Dec 2021	ACT Jan-Jun 2022	ACT Jan-Jun 2021	ACT Jan-Dec 2021	ACT Jan-Jun 2022	ACT Jan-Jun 2021	ACT Jan-Dec 2021
<b>Electricity distribution</b>												
Distribution network	187,856	191,040	368,167	41,149	43,487	83,104	-39	-41	-55	228,966	234,486	451,216
High-voltage network	15,438	14,893	28,984	1,271	1,528	2,784	-	-	-	16,709	16,421	31,768
<b>Total</b>	<b>203,294</b>	<b>205,933</b>	<b>397,151</b>	<b>42,420</b>	<b>45,015</b>	<b>85,888</b>	<b>-39</b>	<b>-41</b>	<b>-55</b>	<b>245,675</b>	<b>250,907</b>	<b>482,984</b>
<b>Connection fees</b>												
Distribution network	5,584	4,775	10,285	2,142	2,410	5,195	-	-	-	7,726	7,185	15,480
High-voltage network	92	835	1,152	-	-	-	-	-	-	92	835	1,152
<b>Total</b>	<b>5,676</b>	<b>5,610</b>	<b>11,437</b>	<b>2,142</b>	<b>2,410</b>	<b>5,195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,818</b>	<b>8,020</b>	<b>16,632</b>
<b>Other Net Sales</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87</b>	<b>15</b>	<b>145</b>	<b>87</b>	<b>15</b>	<b>145</b>
<b>Total Net sales</b>	<b>208,970</b>	<b>211,543</b>	<b>408,588</b>	<b>44,562</b>	<b>47,425</b>	<b>91,083</b>	<b>48</b>	<b>-26</b>	<b>90</b>	<b>253,580</b>	<b>258,942</b>	<b>499,761</b>

## 3. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

EUR thousand	ACT Jan-Jun 2022	ACT Jan-Jun 2021	ACT Jan-Dec 2021
Net book value at the beginning of the period	4,059,486	4,052,306	4,052,306
Depreciation and amortisation	-65,809	-67,065	-132,222
Additions	58,513	60,865	140,096
Disposals (incl. accumulated depreciation)	-163	-489	-694
<b>Net book value at the end of the period</b>	<b>4,052,027</b>	<b>4,045,617</b>	<b>4,059,486</b>

## 4. OWN SHARES

The Group does not hold any shares of the parent company.

## 5. TRADE RECEIVABLES AND OTHER RECEIVABLES

EUR thousand	ACT Jun 2022	ACT Jun 2021	ACT Dec 2021
Trade receivables	80,519	79,986	127,739
Accrued income and prepaid expenses	2,897	3,229	2,754
Other receivables	-	-	1,554
<b>Total</b>	<b>83,416</b>	<b>83,215</b>	<b>132,047</b>

## 6. FINANCIAL RISK MANAGEMENT

Caruna has not made any changes in policies regarding risk management during the reporting period. Aspects of Caruna's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for 2021.

EUR thousand	ACT Jun 2022	ACT Jun 2021	ACT Dec 2021
<b>Interest rate- and currency derivatives, non-hedge accounted</b>			
Positive fair value	-	-	-
Negative fair value	-	-280	-
<b>Net fair value</b>	<b>-</b>	<b>-280</b>	<b>-</b>
<b>Interest rate- and currency derivatives, hedge accounted</b>			
Positive fair value	29,662	1,526	-
Negative fair value	-1,068	-31,173	-19,759
<b>Net fair value</b>	<b>28,594</b>	<b>-29,647</b>	<b>-19,759</b>
<b>Total</b>	<b>28,594</b>	<b>-29,927</b>	<b>-19,759</b>

## Fair values of financial assets and liabilities and fair value hierarchy as at 30 June 2022

EUR thousand	At fair value through profit or loss	At fair value through OCI	Amortised cost	Book value	Fair value	Fair value hierarchy
<b>Non-current financial assets</b>						
Loan arrangement fee, Revolving credit facility			587	587	587	1
Cross currency derivatives		29,662		29,662	29,662	2
<b>Current financial assets</b>						
Trade receivables			80,519	80,519	80,519	2
Cash and cash equivalents			20,563	20,563	20,563	1
<b>Total financial assets</b>	-	<b>29,662</b>	<b>101,669</b>	<b>131,331</b>	<b>131,331</b>	
<b>Non-current financial liabilities</b>						
Interest-bearing liabilities (floating rate)			485,000	485,000	485,000	2
Interest-bearing liabilities (fixed rate)			2,610,848	2,610,848	2,610,848	2
Accrued loan arrangement fee			-7,562	-7,562	-7,562	1
IFRS 16 lease liability			2,514	2,514	2,514	2
Derivative financial instruments (interest)	1,068			1,068	1,068	2
Connection fee liabilities			303,057	303,057	303,057	3
<b>Current financial liabilities</b>						
Interest-bearing liabilities (fixed rate)			200,000	200,000	200,000	2
IFRS 16 lease liability			178	178	178	2
Trade payables			24,664	24,664	24,664	2
<b>Total financial liabilities</b>	-	<b>1,068</b>	<b>3,618,699</b>	<b>3,619,767</b>	<b>3,619,767</b>	

Financial instruments that are measured at fair value in the balance sheet are presented according to the fair value measurement hierarchy:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

**Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

## 7. INTEREST BEARING LOANS AND BORROWINGS

EUR thousand	ACT Jun 2022	ACT Jun 2021	ACT Dec 2021
<b>Long-term interest-bearing debts</b>			
Shareholder loan	773,642	773,642	773,642
IBLA-loans	1,837,206	2,028,110	2,031,219
Capex-loans	485,000	450,000	580,000
IFRS 16 lease liability	2,514	2,624	2,546
Loan arrangement fees	-7,562	-8,468	-8,013
<b>Total</b>	<b>3,090,800</b>	3,245,908	3,379,394
<b>Short-term interest-bearing liabilities</b>			
IBLA-loans	200,000	-	-
IFRS 16 lease liability	178	174	178
<b>Total</b>	<b>200,178</b>	<b>174</b>	<b>178</b>
<b>Total interest-bearing debts</b>	<b>3,290,978</b>	<b>3,246,082</b>	<b>3,379,572</b>

## 8. CAPITAL COMMITMENTS

EUR thousand	ACT Jun 2022	ACT Jun 2021	ACT Dec 2021
Tangible assets	226,681	246,841	217,635
<b>Total</b>	<b>226,681</b>	246,841	217,635

**Caruna Oy**

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