



CARUNA GROUP

Half Yearly Report

1 JANUARY–30 JUNE 2021

Positive energy.

caruna

Caruna Group Half Yearly Report 1 January–30 June 2021

EUR million or as indicated	H1/2021	H1/2020	2020
Net sales	258.9	244.3	475.3
Profit for the reporting period	24.4	27.5	35.0
Corporate tax	5.9	5.0	10.7
Investments	60.9	72.2	143.2
Cash flow after investments	47.2	5.7	16.8
Customers	708,000	697,000	703,000
Network cabling rate (%)	61	58	59
Small-scale solar power producers in the network area	10,800	8,000	9,400
System Average Interruption Duration Index per customer (SAIDI), minutes	46	40	103
Reliability of supply rate (%)	99.98	99.99	99.98

Key events during the reporting period

At the end of June 2021, Caruna had 708,000 (697,000) customers. A total of 1,370 (1,100) new connection agreements were signed in the period from January to June, 8 (7) of which were for medium- or high-voltage connections. Customer satisfaction remained almost the same, as the cumulative NPS, which is a measure of customer satisfaction, stood at 20.9 (23.8) at the end of June.

In March, the City of Espoo and Caruna signed an agreement on strategic cooperation. The aim of the cooperation is to support Espoo's growth and carbon-neutrality targets with a strong electricity network that meets future energy needs, enabling clean energy solutions for Espoo residents and companies.

From January to June, the total electricity supply volume in the distribution network increased to 5.3 (4.9) TWh. The increase was mainly due to a colder winter and spring compared with the same period in the previous year.

The average interruption time in Caruna's electricity distribution (SAIDI) was 46 (40) minutes per customer between January and June, and the reliability of supply rate was 99.98 (99.99) per cent. The System Average Interruption Frequency Index (SAIFI) per customer was

0.69 (0.77) events. Four major storms hit Caruna's network areas in the first half of the year, the most destructive of which was storm Paula, which struck the Koillismaa region in June. Storm Paula caused approximately 5,300 customers to experience power cuts at the same time.

The projects to improve the electricity network in Caruna's network areas proceeded as planned. Caruna upgraded approximately 1,200 kilometres of the electricity network in its network areas by building underground cables, providing work for contractors all over Finland. Work also continued on the digitalisation of the network to enable remote control and more efficient fault repair.

The only way for Finland to reach its target of becoming carbon neutral is to significantly increase the country's electricity consumption, manifested in the electrification of industry, transport, heating and housing. In addition to making the network more weatherproof, future investments will seek to ensure sufficient capacity in the electricity network for customers.

The Ontario Teachers' Pension Plan Board (Ontario Teachers') and KKR both purchased a 20 per cent stake in Caruna from First Sentier Investors (FSI), the original owner of Caruna, on 1 March 2021. Similarly, another of Caruna's original owners, Keava, sold its 12.5 per cent stake to AMF, a Swedish pension insurance company, on 1 March 2021.

On 11 May, Ontario Teachers' and KKR both acquired a 20 per cent stake in Caruna from Omers, which was also one of Caruna's original owners. Following these transactions, KKR and Ontario Teachers' both own 40 per cent of the shares in Caruna. The aforementioned transactions have received the necessary regulatory approvals.

In June, Caruna issued a green bond worth EUR 300 million to fund projects within the green finance framework. These include increasing the capacity of the electricity network, renewing underground cables and overhead lines, electricity storage technology projects, research and development. Caruna is the first Nordic electricity distribution company to issue a euro-denominated green bond.

Financial development

Caruna's net sales in the first half of 2021 amounted to EUR 258.9 (244.3) million, showing an increase of 6 per cent compared to the same period last year. The increase in net sales was mainly due to a much colder winter and spring compared with the same period in the previous year. The coronavirus epidemic had a marginal impact on net sales.

Variable costs, consisting of transmission costs and grid loss electricity purchases, were EUR 47.0 (44.8) million. The increase of EUR 2.2 million in costs came mainly from the growth in the electricity supply volume.

Other operating expenses, including personnel expenses, were EUR 46.2 (43.6) million, which is EUR 2.6 million

higher than in the comparison period. The main reason for the increase in costs was storm Paula, which struck in June, leading to increased fault repair expenses and outage fees for the customers who suffered power cuts.

Depreciations, amortisations and impairment charges amounted to EUR 67.1 (66.7) million. The item includes EUR 6.1 (4.2) million from the scrapping of overhead lines.

Operating profit amounted to EUR 101.9 (91.2) million. Net finance costs were EUR 72.8 (62.0) million. Net financing costs include a non-recurring charge of EUR 10.8 million related to the repayment of a bond. Profit for the reporting period was EUR 24.4 (27.5) million.

FINANCIAL KEY FIGURES (IFRS)

EUR million or as indicated	H1/2021	H1/2020	2020
Net sales	258.9	244.3	475.3
Operating profit	101.9	91.2	171.0
Operating profit (% of sales)	39.4	37.4	36.0
Profit for the reporting period	24.4	27.5	35.0
Investments	60.9	72.2	143.2
Cash flow after investments	47.2	5.7	16.8
Interest-bearing net debt (at the end of the period)	3,228.6	3,281.5	3,276.5

Business activities

Caruna Group includes two network companies operating under different circumstances: Caruna Oy, which operates mainly in rural areas, and Caruna Espoo Oy, which operates in urban areas. The network companies have a total of approximately 708,000 consumer, corporate and municipal customers in South, Southwest and West Finland, the city of Joensuu and the regions of Koillismaa and Satakunta. The total length of Caruna's electricity network was 87,550 kilometres at the end of the reporting period.

A total of 1,370 (1,100) new connection agreements were signed in the period from January to June, 8 (7) of which were for medium- or high-voltage connections.

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

Company	6/2021	2020	6/2020	2019	2018
Caruna Oy	482	479	477	474	471
Caruna Espoo Oy	226	224	220	218	212
Total	708	703	697	692	683

In January, Caruna implemented 110 kV connections to the Finnish Transport Infrastructure Agency's power supply stations in Nousiainen and Hulmikko in Vehmaa on the section of railway between Turku and Uusikaupunki. Electrification will lead to substantial cost savings for every trip

that uses this section of railway while reducing emissions in the section. The connections will be commissioned in autumn 2021.

In spring 2021, Caruna implemented two new connections for the Southwest Finland Centre for Economic Development, Transport and the Environment to power the hybrid ferry on the route between Nauvo and Korppoo. Medium-voltage connections were constructed at the ferry terminals in both Nauvo and Korppoo to supply electricity at 20 kV to charge the electric ferries. The electric ferry will reduce the carbon dioxide emissions of the ferry traffic between Nauvo and Korppoo by approximately 70 per cent. The commissioning of the electric ferry called for major changes to the electricity network to guarantee the supply of the large volumes of electricity required to charge the ferry batteries. Both medium-voltage connections were commissioned in May 2021.

In summer 2021, Caruna implemented a 110 kV connection for Thor Sigg Ab, a company operating a cultivation greenhouse in Närpiö. Construction work began at the beginning of May, and the connection will be commissioned in the autumn when the company needs lighting for its greenhouse. The new connection will enable the company to expand its production and provide it with reliable electricity distribution.

Caruna's customer satisfaction has remained almost the same. Caruna measures customer satisfaction among its private customers, companies, landowners, municipal customers and contractors. Caruna's key customer satisfaction among company and municipal customers has shown excellent improvements, and the NPS stood at 64.4 (43.9) at the end of the review period. The cumulative net promoter score (NPS) for all customer groups from January to June was 20.9 (23.8).

COLD WEATHER AT THE START OF THE YEAR INCREASED ELECTRICITY CONSUMPTION

From January to June, the total electricity supply volume in the distribution network increased to 5.3 (4.9) TWh. The increase was mainly due to a colder winter and spring compared with the same period in the previous year. The electricity supply volume on the high-voltage distribution network was 1.4 (1.4) TWh – the same as in the previous year.

RELIABILITY OF SUPPLY REMAINED EXCELLENT

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 46 (40) minutes per customer between January and June, due to interruptions caused by some severe storms in the early part of 2021.

Furthermore, the storms struck the sparsely populated region of Koillismaa, which has a relatively larger network of overhead power lines than elsewhere. The reliability of supply rate was 99.98 (99.99) per cent. The System Average Interruption Frequency Index (SAIFI) per customer was 0.69 (0.77) events.

In January, storm Toini felled three high-voltage electricity poles, and the lines between the poles fell into the sea in the Rymättylä area of Naantali. New poles were installed in April and May to replace the broken ones. Sensors were added to the power line to warn of any accumulated snow and ice. The damage to the power line did not lead to any long outages for customers.

The three storms that occurred in February and storm Paula in June caused most of the electricity distribution outages. Storm Paula caused a maximum of 5,300 customers to suffer electricity outages simultaneously in Western and Northern Finland. In February, storm Elina caused a maximum of 10,200 customers to suffer electricity outages simultaneously in Uusimaa and Southwest Finland. The fault locations were identified quickly thanks to attributes such as network automation and ring network connections.

ELECTRICITY NETWORK PLANNING AND IMPLEMENTATION PROCEEDED AS SCHEDULED

In March, the City of Espoo and Caruna signed an agreement on strategic cooperation. The aim of the cooperation is to support Espoo's growth and carbon-neutrality targets with a strong electricity network that meets future energy needs, enabling clean energy solutions for Espoo residents and companies.

Construction work on a new primary substation in the Sinimäki area of Espoo began in spring 2021. The Sinimäki primary substation will distribute electricity to approximately 15,000 customers directly and another 140,000 indirectly. An underground cable will be installed during the project to connect the primary substations in Leppävaara and Sinimäki. The total value of the project is approximately EUR 30 million. The construction of the primary substation will be completed in 2023.

Planning for a local cable project in Central Uusimaa and Häme began in June 2021. The aim is to demolish the old low-voltage overhead lines in built-up areas and replace them with new underground cable networks. Work will take place in several towns and municipalities. In addition, Caruna is seeking joint construction sites with telecoms operators in order to expand fibre-optic connections. Caruna is also studying the opportunities for the joint construction of the street-light network in the region. The aim is to build approximately 250 kilometres of new underground cable routes in the region between 2022 and 2025.

An extensive network improvement programme that began in 2014 in the Espoo, Hanko, Hausjärvi, Hyvinkää,

Inkoo, Järvenpää, Kirkkonummi, Lohja, Loppi, Raasepori, Riihimäki, Siuntio and Tuusula areas was completed in May. The project involved converting approximately 2,000 kilometres of the old overhead line network into a weatherproof network to meet the needs of the future. At the same time, network automation was added to improve network availability. The modernised electricity network will improve the reliability and capacity of electricity distribution for private customers, companies and municipal customers.

Two wide-ranging electricity network development projects were concluded in Southwestern Finland and Satakunta. The projects focused on making the main connections of the medium-voltage network more weatherproof. Almost 8,000 kilometres of the electricity network was modernised, dramatically improving the quality of electricity distribution for the approximately 100,000 customers in the area.

SOLAR POWER GENERATION CONTINUES TO RISE – MORE THAN 10,000 SMALL-SCALE SOLAR POWER PRODUCERS IN CARUNA'S NETWORK

In the period from January to June, 1,400 (1,400) new solar power systems (<2 MVA) were connected to Caruna's electricity network. Private customers accounted for approximately 1,185 of these systems, and corporate customers accounted for the remaining 215. At the end of the review period, the number of small-scale producers of solar power was approximately 10,800 (8,000).

A legislative amendment took effect on 1 January 2021, enabling housing companies to establish local energy communities, which are considered equivalent to small-scale electricity producers. Since 1 January 2021, Caruna has provided its Solar Community service to housing companies in its network areas, enabling the companies and residents to reduce their electricity invoices by making use of jointly operated solar panels. The service is free of charge for housing companies and their residents. Solar Communities can be established on Caruna's digital Virtane service, which makes it easy for housing companies to monitor their activities.

Since January 2021, Caruna has offered its customers the opportunity to use a free load control service. The service enables customers to manage their electricity consumption by making more efficient use of devices that consume electricity – for example, by scheduling consumption at night.

In March and April, Caruna held an innovation contest known as the Great Propeller Hat Competition. Caruna sought to encourage young Finnish talents to come up with interesting services, apps and technologies with the potential to be used throughout society or to accelerate the energy transition. More than 160 ideas and solutions were entered into the competition, and two competitors

shared first place: Polar Night Energy, which stores energy generated by wind and solar power as heat in sand, and Valaa Technologies, which builds software robotics related to building automation systems.

FINANCING

Electricity distribution is a capital-intensive sector. The purpose of Caruna's financing operations is to guarantee the Group's operations in the long term and to ensure that the network improvement programme can be carried out as planned. Caruna has EUR 3,252 million in interest-bearing debt, of which EUR 2,478 million is external to the Group and EUR 774 million is a shareholder loan.

In June, Caruna issued a green bond worth EUR 300 million. The company will use the bond to finance projects under its recently established green financing framework. The projects are related to increases in the capacity of the electricity network, modernising underground cables and overhead lines, investments in electricity storage technology projects, research and development. The bond maturity is seven years, and the bonds yield a fixed interest of 0.375 per cent. This is the first euro-denominated green bond to be issued by a Nordic electricity distribution company.

In June, in conjunction with the issuance of the green bond, Caruna repaid EUR 300 million of a EUR 500 million bond due to mature in 2023.

In the first half of the year, Caruna also repaid a total of EUR 90 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 404 million in liquid assets, undrawn committed credit facilities and financial investments.

Net financing expenses recognised in the income statement for the reporting period were EUR 72.8 (62.0) million, and accrued interest expenses in the balance sheet were EUR 33.5 (34.0) million. Non-recurring costs totalling EUR 10.8 million were recorded in relation to a bond repayment when the new green bond was issued. All of Caruna's debt has a fixed rate of interest. At the end of the reporting period, the average interest rate of external loans was 2.1 per cent (2.2 per cent). Caruna met all of the covenants attached to its loan agreements.

Standard & Poor's assigned Caruna a long-term credit rating of BBB+ and a stable outlook.

Personnel

Approximately 95 per cent of Caruna's employees continued to work remotely from January to June during the coronavirus pandemic. A Pulse measurement is conducted quarterly to gauge how well the personnel are able to cope with their work. In the Pulse measurement taken in June, Caruna's employees assessed their capacity to cope at 77*, which was higher than in March.

In June, the employee commitment index stood at 76.1, which is almost two percentage points higher than in March 2021.

Caruna hired 19 summer interns and two work experience trainees for summer 2021. At the end of June, Caruna had 330 employees, including the summer interns and trainees.

* On a scale from 0% to 100%

Corporate responsibility

The Zero Accidents Forum again awarded Caruna the classification of "Level I - at the world's forefront". Contractor safety and the improvement of safety culture throughout the entire supply chain are a central part of Caruna's overall safety.

The comparable 12-month cumulative injury frequency (LWIF) in the company's supply chain stood at 7.0 (3.3) at the end of June. Caruna's employment impact in terms of the number of working hours among its contractors was 0.7 million hours, which equates to more than 400 person-work years.

In February, Caruna awarded its 2020 safety prize to contractors and subcontractors for outstanding contributions to occupational safety. The award winners were Eltel Networks' Team Leader Jussi-Pekka Tiilikka and his team, Puskapojat Oy and A-Products Oy.

In April, an electrical accident occurred on a Caruna construction site, resulting in the death of a contractor's subcontractor. An accident investigation has been initiated to identify the causes of the accident. Caruna is further intensifying its efforts to improve safety throughout its supply chain to prevent similar accidents from occurring in the future.

Caruna decided to extend its Kärkirymä (Top Team) training programme for electricity network technicians which began in 2020. Caruna is working with Barona and the Tampere Adult Education Centre on the programme. The first trainees in the Kärkirymä programme began training in May.

Caruna also supported employment among young people and helped municipalities to hire young people for summer jobs in various parts of Finland. A Duunienergia (Work Energy) campaign was conducted for the second year running, and 38 municipalities were involved, which is more than in 2020. The campaign helped a total of 70 people aged 16-20 to find summer employment. An important part of the young people's work was to highlight the climate actions taken by municipalities and citizens in the municipal communication channels and social media.

No oil spills exceeding 100 kilograms occurred in Caruna's electricity network. A programme launched in 2016 to prevent oil spills in groundwater areas was concluded.

Approximately 99 per cent of the material removed from Caruna's network is recycled. From January to June, 6.8 million kilograms of material was removed from the

electricity network. The largest dismantled items were poles, cables and various iron structures.

Caruna has held an environmental certificate based on the ISO 14001 standard since 2000, an occupational health and safety certificate based on the ISO 45001 standard since 2016, and an asset management certificate based on the ISO 55001 standard since 2017.

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

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.

OPERATIONAL RISKS

The most significant risks to operations are related to abnormal weather conditions, supplier risk and safety. For example, abnormal weather conditions may affect the reliability of the supply and distribution network. The key means of preventing interruptions are to replace overhead lines with underground cables, manage the forests near overhead lines and develop remote network control. The operational risks are described in more detail in Caruna's annual report.

FINANCIAL RISKS

The financial risks are presented in note 18 (management of financial risks) to the consolidated financial statements for 2020.

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 13 April 2021. The Annual General Meeting approved the Financial Statements and the Consolidated Financial Statements for the financial period 1 January-31 December 2020 and discharged from liability the members of the Caruna Board of Directors and CEO for the year 2020. A decision was made not to pay dividends.

EXTRAORDINARY GENERAL MEETINGS

Extraordinary general meetings were held on 2 March 2021, 12 May 2021 and 8 June 2021 to decide on changes to the composition of the Board of Directors.

Board of Directors

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

The deputy members were Tara Davies, Katarina Romberg and Charles Thomazi.

In conjunction with the changes of ownership, the composition of the Board of Directors changed as follows: Matthew Liddle and Michael McNicholas (until 11 May 2021), Niall Mills, Ellen Richardson and deputy member Nicholas Grant (until 1 March 2021), James Adam, Oleg Shamovsky and Fredrik Lundeborg (since 2 March 2021), Julia Giese (12 May-8 June 2021), Kerron Lezama (since 12 May 2021), Shankar Krishnamoorthy (since 8 June 2021) and deputy members Agnieszka Gawron (until 11 May 2021) and Tara Davies, Katarina Romberg and Charles Thomazi (since 13 April 2021).

Management Team

The Management Team consisted of CEO Tomi Yli-Kyyny, CFO and Deputy CEO Jyrki Tammivuori, Head of Customer Relations Katriina Kalavainen, Head of Development and Innovation Elina Lehtomäki, Head of Strategy and Regulation Noora Neilimo-Kontio, Head of Communications and Public Affairs Anne Pirilä, Head of Electrical Network Unit Kostu Rautiainen and Head of HR Tommi Saikkonen.

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

The amended Electricity Market Act took effect on 1 August 2021. The principal change was to extend the deadline for meeting the reliability of supply requirements to 2036 for most companies, including Caruna Oy. In addition, the outage fee compensation levels increased, and the maximum price rise was reduced from the previous 15 per cent to 8 per cent. In addition, a transitional provision was introduced to extend the period for balancing the 2019 deficit from four years to eight years. Caruna Oy was already entitled to this extension by virtue of a separate decision. It will also become easier to establish energy communities when connection cables are permitted to cross real estate boundaries to connect to small-scale energy production equipment. The amended Electricity Market Act does not have significant impact on Caruna's financial result.

In relation to the electricity network development plans reported to the Energy Authority every two years, electricity distribution companies are required to provide more detailed descriptions and justifications of the cost-efficiency of their chosen solutions (including cost comparison calculations) from the customer's viewpoint. Furthermore, network operators are required to provide an analysis of the utilisation of demand-side management as an alternative to investments in network development, as well as customer consultations in relation to the contents of development plans.

At a meeting held on 1 September 2021, the Board of Directors decided to propose to an extraordinary general meeting that Caruna Networks Oy pay a dividend of EUR 34,240 per share in September. An extraordinary general meeting will be held on 6 September 2021.

Caruna takes care of electricity distribution and is maintaining, overhauling and building a weatherproof electricity network for more than 700,000 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 2021 (IFRS)

EUR thousand	Note	ACT Jan–Jun 2021	ACT Jan–Jun 2020	Change	ACT Jan–Dec 2020
Net sales	2	258,942	244,254	14,688	475,281
Other operating income		3,186	2,090	1,096	4,196
Direct costs		-47,019	-44,821	-2,198	-85,478
Personnel expenses		-14,371	-14,629	258	-25,950
Other operating expenses		-31,796	-28,937	-2,859	-63,569
Depreciation and amortisation		-67,065	-66,709	-356	-133,455
		-160,251	-155,096	-5,155	-308,452
Operating profit		101,877	91,248	10,629	171,025
Finance income		1,063	1,125	-62	2,154
Finance costs		-73,887	-63,124	-10,763	-127,322
Net financing items total		-72,824	-61,999	-10,825	-125,168
Profit before taxes		29,053	29,249	-196	45,857
Income taxes		-4,652	-1,705	-2,947	-10,830
Profit for the period		24,401	27,544	-3,143	35,027

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 1 JAN – 30 JUN 2021 (IFRS)

EUR thousand	ACT Jan–Jun 2021	ACT Jan–Jun 2020	ACT Jan–Dec 2020
Profit for the period	24,401	27,544	35,027
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement of cash flow hedges	10,493	-7,400	-9,215
Income tax effect	-2,099	1,480	1,843
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	8,394	-5,920	-7,372
Other comprehensive income for the period, net of tax	8,394	-5,920	-7,372
Total comprehensive income for the period, net of tax	32,795	21,624	27,655

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 JUNE 2021 (IFRS)

EUR thousand	Note	ACT Jun 2021	ACT Jun 2020	ACT Dec 2020
ASSETS				
Non-current assets				
Goodwill	3	62,468	62,468	62,468
Intangible assets	3	1,584,438	1,584,808	1,586,071
Property, plant and equipment	3	2,398,711	2,400,942	2,403,767
Other long-term assets		967	1,347	1,157
Derivative financial assets	6	1,526	-	1,026
Deferred tax assets		5,218	6,960	7,314
Total non-current assets		4,053,328	4,056,525	4,061,803
Current assets				
Trade and other receivables	5	79,986	80,570	111,076
Other receivables	5	3,229	2,146	3,202
Cash and cash equivalents		17,281	1,118	60,122
Total current assets		100,496	83,834	174,400
Total assets		4,153,824	4,140,359	4,236,203
EQUITY				
Share capital		3	3	3
Invested distributable funds		171,204	171,204	171,204
Profit for the period		24,401	27,544	35,027
Retained earnings		-226,669	-249,695	-261,696
Other equity fund		-20,889	-27,869	-29,283
Total equity		-51,950	-78,813	-84,745
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings	7	3,245,908	3,282,570	3,336,654
Derivative financial instruments	6	31,173	34,258	43,436
Deferred tax liabilities		508,118	505,922	509,394
Other non-current liabilities		305,046	305,676	304,136
Total non-current liabilities		4,090,245	4,128,426	4,193,620
Current liabilities				
Trade payables		26,250	18,697	35,198
Other current liabilities		44,244	27,216	43,517
Other payables		45,035	44,833	48,613
Total current liabilities		115,529	90,746	127,328
Total liabilities		4,205,774	4,219,172	4,320,948
Total equity and liabilities		4,153,824	4,140,359	4,236,203

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	
As at 1 January 2021	3	171,204	-226,669	-29,215	-68	-84,745
Profit for the period			24,401			24,401
Other comprehensive income				8,394		8,394
Total Comprehensive income for the reporting period	3	171,204	-202,268	-20,821	-68	-51,950
At 30 June 2021	3	171,204	-202,268	-20,821	-68	-51,950

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	
As at 1 January 2020	3	171,204	-249,696	-21,843	-105	-100,437
Profit for the period			27,544			27,544
Other comprehensive income				-5,920		-5,920
Total Comprehensive income for the reporting period	3	171,204	-222,152	-27,763	-105	-78,813
At 30 June 2020	3	171,204	-222,152	-27,763	-105	-78,813

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR thousand	ACT Jan-Jun 2021	ACT Jan-Jun 2020	ACT Jan-Dec 2020
Operating activities			
Profit for the period	24,401	27,544	35,027
Adjustments:			
Income tax expenses	4,652	1,705	10,830
Finance costs-net	72,824	61,999	125,168
Depreciation, amortisation and impairment charges	67,065	66,709	133,455
Total adjustments	144,541	130,413	269,453
Operating profit before depreciations (EBITDA)	168,942	157,957	304,480
Non-cash flow items	-30	-102	-120
Interest received	1,053	1,124	2,196
Interest paid	-79,659	-65,465	-125,946
Taxes paid	-6,645	-5,692	-11,139
Total	-85,281	-70,135	-135,009
Funds from operations	83,661	87,822	169,471
Change in net working capital	24,288	3,531	-1,913
Total net cash from operating activities	107,949	91,353	167,558
Cash flow from investing activities			
Capital expenditures	-61,236	-85,731	-150,915
Proceeds from sales of fixed assets	533	73	138
Total net cash used in investing activities	-60,703	-85,658	-150,777
Cash flow from financing activities			
Proceeds from long-term liabilities	300,000	15,000	75,000
Payments of long-term liabilities	-390,000	-108,000	-108,000
Payments of leasing liabilities	-87	-88	-170
Dividend to shareholders	-	-	-12,000
Total net cash used in financing activities	-90,087	-93,088	-45,170
Total net increase(+)/ decrease(-) in cash and cash equivalents	-42,841	-87,393	-28,389
Cash and cash equivalents in the beginning of the period	60,122	88,511	88,511
Cash and cash equivalents at the end of the period	17,281	1,118	60,122

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 2020 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 2020, have been applied in this half-yearly report. New standards, amendments and interpretations effective from 1 January 2021 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 2020 consolidated financial statements.

2. NET SALES

EUR thousand	Caruna Oy			Caruna Espoo Oy			Other and internal			Total		
	ACT Jan-Jun 2021	ACT Jan-Jun 2020	ACT Jan-Dec 2020	ACT Jan-Jun 2021	ACT Jan-Jun 2020	ACT Jan-Dec 2020	ACT Jan-Jun 2021	ACT Jan-Jun 2020	ACT Jan-Dec 2020	ACT Jan-Jun 2021	ACT Jan-Jun 2020	ACT Jan-Dec 2020
Electricity distribution												
Distribution network	191,040	180,095	346,962	43,487	40,720	78,686	-41	-45	-66	234,486	220,770	425,582
High-voltage network	14,893	14,889	27,808	1,528	973	3,055	-	-	-	16,421	15,862	30,863
Total	205,933	194,984	374,770	45,015	41,693	81,741	-41	-45	-66	250,907	236,632	456,445
Connection fees												
Distribution network	4,775	4,566	10,342	2,410	2,188	4,147	-	-	-	7,185	6,754	14,489
High-voltage network	835	771	3,737	-	-	-	-	-	-	835	771	3,737
Total	5,610	5,337	14,079	2,410	2,188	4,147	-	-	-	8,020	7,525	18,226
Other Net Sales	-	-	-	-	-	-	15	97	610	15	97	610
Total Net Sales	211,543	200,321	388,849	47,425	43,881	85,888	-26	52	544	258,942	244,254	475,281

3. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

EUR thousand	ACT Jan-Jun 2021	ACT Jan-Jun 2020	ACT Jan-Dec 2020
Net book value at the beginning of the period	4,052,306	4,042,744	4,042,744
Depreciation and amortisation	-67,065	-66,709	-133,455
Additions	60,865	72,240	143,246
Disposals (incl. accumulated depreciation)	-489	-57	-229
Net book value at the end of the period	4,045,617	4,048,218	4,052,306

4. OWN SHARES

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

5. TRADE RECEIVABLES AND OTHER RECEIVABLES

EUR thousand	ACT Jun 2021	ACT Jun 2020	ACT Dec 2020
Trade receivables	79,986	80,570	111,076
Accrued income and prepaid expenses	3,229	2,146	3,018
Other receivables	-	-	184
Total	83,215	82,716	114,278

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 2020.

EUR thousand	ACT Jun 2021	ACT Jun 2020	ACT Dec 2020
Interest rate- and currency derivatives, non-hedge accounted			
Positive fair value	-	-	-
Negative fair value	-280	-	-481
Net fair value	-280	-	-481
Interest rate- and currency derivatives, hedge accounted			
Positive fair value	1 526	-	1 026
Negative fair value	-31 173	-34 258	-42 955
Net fair value	-29 647	-34 258	-41 929
Total	-29 927	-34 258	-42 410

Fair values of financial assets and liabilities and fair value hierarchy as at 30 June 2021

EUR thousand	At fair value through profit or loss	At fair value through OCI	Amortised cost	Book value	Fair value	Fair value hierarchy
Non-current financial assets						
Loan arrangement fee, Revolving credit facility			967	967	967	1
Cross currency derivatives		1,526		1,526	1,526	2
Current financial assets						
Trade receivables			79,986	79,986	79,986	2
Cash and cash equivalents			17,281	17,281	17,281	1
Total financial assets	-	1,526	98,234	99,760	99,760	
Non-current financial liabilities						
Interest-bearing liabilities (floating rate)			450,000	450,000	450,000	2
Interest-bearing liabilities (fixed rate)			2,801,752	2,801,752	2,801,752	2
Accrued loan arrangement fee			-8,468	-8,468	-8,468	1
Derivative financial instruments (interest)		31,173		31,173	31,173	2
Connection fee liabilities			303,338	303,338	303,338	3
Current financial liabilities						
Trade payables			26,250	26,250	26,250	2
Total financial liabilities	-	31,173	3,572,872	3,604,045	3,604,045	

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 2021	ACT Jun 2020	ACT Dec 2020
Shareholder loan	773,642	773,642	773,642
IBLA-loans	2,028,110	2,031,976	2,026,120
Capex-loans	450,000	480,000	540,000
IFRS 16 lease liability	2,624	3,077	2,711
Loan arrangement fees	-8,468	-6,125	-5,818
Total	3,245,908	3,282,570	3,336,655

8. CAPITAL COMMITMENTS

EUR thousand	ACT Jun 2021	ACT Jun 2020	ACT Dec 2020
Tangible assets	246,841	256,076	231,749
Total	246,841	256,076	231,749

Caruna Group

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