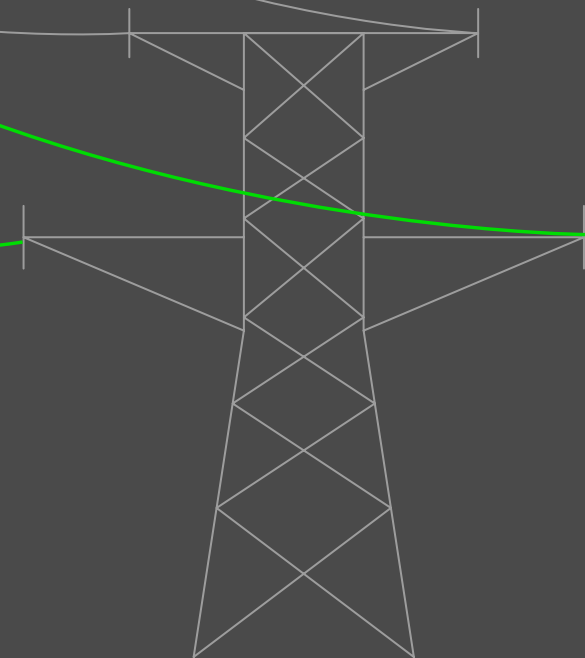


CARUNA GROUP

Half Yearly Report

1 January–30 June 2023

caruna | We bring electricity to you.



Caruna Group Half Yearly Report 1 January–30 June 2023

KEY FINANCIAL (IFRS) AND OPERATIONAL INDICATORS FOR THE GROUP

EUR million or as indicated	H1/2023	H1/2022	2022
Net sales	246.1	253.6	484.6
Profit for the reporting period	37.7	33.4	50.8
Corporate tax	2.7	6.0	6.3
Investments	63.5	58.5	133.6
Cash flow after investments	49.4	54.9	47.6
Number of customers	732,000	720,000	726,000
System Average Interruption Duration Index per customer (SAIDI), minutes	27	53	85
Reliability of supply rate (%)	99.99	99.98	99.98

KEY EVENTS DURING THE REPORTING PERIOD

At the end of June 2023, Caruna had 732,000 (720,000) customers. A total of 758 (1,200) new connection contracts were signed in the period from January to June, nine of which were for medium-voltage connections. Customer satisfaction improved from the corresponding period in the previous year, as the cumulative NPS, which is a measure of customer satisfaction, stood at 32 (29) at the end of June.

The total volume of electricity supplied by the distribution network between January and June declined from the corresponding period in the previous year: 4.6 (5.2) TWh. The decline in electricity supply volume was affected by customers' energy conservation measures and by corporate customers' production interruptions in January–March due to high energy prices.

The average interruption time in Caruna's electricity distribution (SAIDI) was only 27 (53) minutes per customer between January and June due to the small number of storms in the first half of the year in Caruna's network areas and the network improvement measures made in recent years. The reliability of supply rate was 99.99 (99.98) per cent.

Caruna is committed to investing and developing its electricity network so that customers can use domestic, renewable energy and become small-scale producers of electricity. Caruna's investments from January to June amounted to EUR 63.5 million. New construction sites for electricity network installation were set up in several areas, including Southwest Finland

and South Ostrobothnia. As a consequence of extraordinary high inflation, investment costs continued to rise during the period under review, and fewer investments were made for the same amount of money due to the increase in costs. In addition, several planned electricity network modernisation projects had to be postponed.

The first part of the price increase in Caruna Oy took effect on 1 January 2023. In June, Caruna Oy announced that it would implement the second part of the price increase on 1 August 2023 onwards. The increase in prices including tax was 3.9 per cent on average in both January and August. Caruna Espoo Oy implemented the price increase from 1 January 2023. The average increase in prices including tax was 2.9 per cent. Caruna Espoo Oy will not implement the second part of the price increase in August, but the prices did remain unchanged, because the surplus in accordance with the regulation model is higher than expected.

In February, the Market Court decided to seek a preliminary ruling from the Court of Justice of the European Union (CJEU) concerning the authority's independence related to the Energy Authority's alterations to the methods midway through the regulatory period. The complaint concerned the supervising authority's changes to its regulatory methods midway through the regulatory period. The ruling is expected earliest by the end of 2024.

In Caruna's operating environment, costs continued to rise for network components,

construction, and interest rates. Network construction costs rose during the first half of the year. Material prices rose by an average of approximately 17 per cent compared with 2022. Cost rises affect Caruna's entire supply chain. In addition, interest rates have increased by more than three percentage points since the same time last year. This is reflected in higher interest expenses in the refinancing round in spring 2023.

In May, Caruna repaid a bond worth EUR 200 million. The repayment was financed by issuing a 10-year loan of EUR 250 million.

In June, Caruna's Regional Director Kalle Liuhala was appointed Head of Electrical Networks and member of Caruna's Management Team as of 1 August 2023.

FINANCIAL DEVELOPMENT

Caruna Group's net sales in the first half of 2023 amounted to EUR 246.1 (253.6) million, which is 2.9 per cent less than in the same period last year. The net reduction in net sales was EUR 3.5 million in the distribution network and EUR 3.4 million in the high-voltage distribution network. Net sales were lower due to energy conservation measures by customers and slightly warmer weather compared to the same period last year. Net sales were boosted by the price increase made at the beginning of January.

Variable costs, consisting of grid service fees and grid loss electricity purchases, were EUR 43.4 (48.2) million. The price of electricity purchased to cover grid losses has been significantly higher

in the reporting period than in the comparison period and thus the cost of grid losses was EUR 18.7 million higher than in the comparison period. Grid service fees decreased by EUR 23.5 million compared to the comparison period, primarily due to the fact that the TSO Fingrid Oyj did not charge any grid service fees to electricity distribution companies in January, February, and June. In addition, lower supply volumes in the distribution network and the high-voltage distribution network reduced the grid service fees.

Other operating expenses, including personnel expenses, were EUR 37.7 (42.1) million, which is EUR 4.4 million less than in the comparison period. The costs of fault repair and standard compensation from January to June were EUR 2.1 million lower than in the same period last year. Measures to increase efficiency and productivity reduced other personnel and operating expenses by a total of EUR 2.3 million.

Depreciation, amortisation and impairment amounted to EUR 63.1 (65.8) million. Depreciation, amortisation and impairment include EUR 1.6 (4.0) million from the scrapping of overhead lines.

The operating profit for the reporting period increased slightly due to efficiency measures. Net financial expenses were EUR 62.0 (60.3) million, and profit for the reporting period was EUR 37.7 (33.4) million. Cash flow after investments decreased by EUR 5.5 million due to an increase in investment costs.

FINANCIAL KEY FIGURES (IFRS)

EUR million or as indicated	H1/2023	H1/2022	2022
Net sales	246.1	253.6	484.6
Operating profit	103.7	99.5	184.7
Operating profit (% of net sales)	42.1	39.2	38.1
Profit for the reporting period	37.7	33.4	50.8
Investments	63.5	58.5	133.6
Cash flow after investments	49.4	54.9	47.6
Interest-bearing net debt (at the end of the period)	3,261.4	3,270.4	3,311.7

BUSINESS ACTIVITIES

Caruna safeguards the reliable distribution of electricity to its customers as electricity consumption increases and we move from fossil energy to renewable energy. Caruna is committed to investing and developing its electricity network so that customers can use domestic, renewable energy and become small-scale producers of electricity.

Caruna brings electricity to 732,000 customers in South, Southwest and West Finland, Joensuu and Koillismaa, and Caruna's market share is approximately 20 per cent of Finland's electricity distribution. 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 88,500 kilometres at the end of the reporting period.

In Caruna's operating environment, costs continued to rise for network components, construction, and interest rates. Network construction material costs increased by an average of around 17 per cent year-on-year. Due to the cost increase, planned network improvement projects had to be postponed. Interest rates have also risen by an average of around 3.5 percentage points year-on-year. The cost rises affected Caruna's entire supply chain, such as contractors' costs.

In the spring, Caruna sent a statement on the Energy Authority's guidelines on regulatory methods for the period 2024–2031. The clean transition and the new planned regulatory methods are linked, as this is a critical time frame when the investments required by clean transition need to be implemented. Electricity networks play an important role in enabling the

electrification of Finnish society. In its statement, Caruna stated to the Energy Authority that the regulatory methods should encourage the investments required for the clean transition, as the planned guidelines do not allow for the necessary investments to be made.

The energy transition impacts the increase in electricity consumption in Finland. According to estimates, electricity consumption is expected to increase by over 50 per cent by 2040. Optimising customers' energy consumption and smart electricity networks will help balance electricity supply and demand, thus contributing to the side

response needed as renewable energy production increases.

A total of 758 (1,200) new connection contracts were signed in the period from January to June, nine of which were for medium-voltage connections.

At the end of June, the total renewable energy production capacity in Caruna's network was 1,730 MW. The small-scale renewable energy production capacity also increased significantly to 248 MW, and the number of small-scale solar power producers in less than one megawatt solar power systems was 25,600 at the end of June.

voltage connection to Fortum's new Nuijala heating plant in Espoo. Construction work for the new connection began in the spring. The plan is to extend the connection at a later stage and connect to the 110 kV network. The heating plant will help electrify district heating and help reduce Espoo's carbon-dioxide emissions.

In June, Caruna supplied supply stations for the Finnish Transport Infrastructure Agency's rail traffic in both Hanko and Raasepori. The capacity of both supply stations is 12.5 MVA. The provision of the connections will enable the electrification of the railway network between Karjaa and Hanko. The supply stations will be commissioned by the end of 2023. The new supply stations will allow the promotion of electric transport while reducing emissions from transport.

Caruna's customer satisfaction (NPS) improved year-on-year to 32 (29). Customer satisfaction is measured among private customers, companies, landowners, municipal customers, and contractors.

existing network. Sensors were installed on the conductors of the overhead network, which transmit information about the condition of the conductor. The need for power increases as society is becoming electrified, and the transition to carbon-neutral solutions progresses.

In Southwest Finland, planning work was started for the modernisation of high-voltage electricity distribution networks in Naantali, Uusikaupunki, Kaarina, Parainen and Kemiö. The projects will involve the replacement of around 110 kilometres of high-voltage overhead lines over the next four years and the modernisation of five substations.

The replacement of power lines and substations will improve electricity consumption, which is growing in Southwest Finland in particular, improve electricity distribution for people living in the archipelago and enable, for example, the connection of a planned wind turbine to the electricity network.

In April, Caruna announced the modernisation of about 150 kilometres of the electricity network in South Ostrobothnia. The seven subprojects are located in Kurikka, Alavus and Kankaanpää. Some of the overhead lines in the Kurikka, Alavus and Peräseinäjoki electricity networks will be replaced by underground cabling, and some will be maintained by replacing electricity poles.

In June, Caruna announced the piloting of a new type of energy community in Joensuu. Two student houses will form a virtual energy community, where the energy produced by 80

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

Company	6/2023	2022	6/2022	2021
Caruna Oy	491	488	486	484
Caruna Espoo Oy	241	238	234	230
Total	732	726	720	714

In January, Caruna signed a contract with the Onninen logistics centre in Hyvinkää to provide a medium-voltage connection and a backup connection. The connection has a capacity of 7 MVA, and the backup connection has a capacity of 2 MVA. The connection will be completed in 2024.

In April, Caruna signed a network service contract with the Tolpanvaara wind farm in Pudasjärvi to start electricity distribution and connect the wind farm to the electricity distribu-

tion network. The wind farm includes 13 separate power plants with a total output of 75,8 MVA.

In May, Caruna started installing new electric meters in new sites in its network area. The meter has a home automation interface, which allows customers to monitor their electricity consumption or production at a more accurate level. The new type of meter sends data every 10 seconds on consumption, production, current, voltage and power.

In June, Caruna signed an 11 MW medium-

Investments in the modernisation of the electricity network in Southwest Finland and South Ostrobothnia

The accelerating energy transition requires a modernisation of the electricity network to meet the needs of the transition, but also smarter ways to use the existing network.

At the beginning of the year, Caruna started a pilot project in Espoo's 110 kilovolt high-voltage distribution network to investigate whether it is possible to transmit more power in the

solar panels in one house can be used in both buildings. The pilot will test whether the energy produced by the panels can be used in the other student house in the area. The pilot will continue until the end of 2025.

The new distribution network will support the growing electricity consumption in South Ostrobothnia and make the region's electricity supply more secure. At the same time, 112 pole-mounted transformers will also be replaced with park transformers.

During the first half of the year, there were no occupational accidents leading to lost working time on Caruna's construction sites. The comparable 12-month cumulative contractor safety (LTIF) stood at 2.1 (5.7) at the end of June.

Caruna Group's investments in January-June totalled EUR 63.5 (58.5) million, of which investments in the high-voltage distribution network accounted for 15 per cent.

Reliability of supply remained excellent - no significant storms occurred early in the year

The total volume of electricity supplied by the distribution network between January and June declined from the corresponding period in the previous year: 4.6 (5.2) TWh. The decline in electricity supply volume was affected by customers' energy conservation measures and also by corporate customers' production interruptions in the winter due to high energy prices. The volume of electricity supplied by the high-voltage distri-

bution network also declined from the corresponding period in the previous year: 1.2 (1.4) TWh.

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 27 (53) minutes per customer between January and June due to the small number of storms in the first half of the year in Caruna's network areas and the network improvement measures made in recent years.

The reliability of supply rate was 99.99 (99.98) per cent. The System Average Interruption Frequency Index (SAIFI) per customer was 0.55 (1.01) events.

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 3,297 million in interest-bearing debt, of which EUR 2,523 million is external to the Group and EUR 774 million is a shareholder loan.

In May, Caruna repaid a bond worth EUR 200 million. The repayment was financed by issuing a 10-year loan of EUR 250 million.

In the first half of the year, Caruna drew down EUR 200 million in investment and working capital loans which were repaid in May. In addition,

Caruna repaid other investment and working capital loans of EUR 122 million during the reporting period.

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 387 million in liquid assets, undrawn committed credit facilities and financial investments.

The period's finance costs stated on the income statement were EUR 62.0 (60.3) million, and accrued interest expenses on the balance sheet were EUR 36.2 (33.7) million. All of Caruna's external Senior loans have fixed interest rates when interest rate swaps are taken into consideration.

The average interest rate on external loans at the end of the reporting period was 2.4 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) confirmed Caruna's credit rating as "BBB and a stable outlook".

PERSONNEL

Electricity distribution company Caruna was voted the eighth best place to work in Finland in the large company category of the Great Place to Work survey. Eighty-six per cent of Caruna employees consider Caruna a good place to work overall.

Personnel well-being was surveyed using the Pulse measurement taken in June, where Caruna's employees assessed their commitment level at 83 (68). The result is significantly higher than the Pulse measurement from the corresponding period in the previous year.

Caruna measures the employee promotion index (eNPS) on a regular basis. The eNPS at the end of June improved significantly from six months earlier to 40 (22).

The number of employees at the end of June, summer interns included, was 285.

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 risks to operations are related to abnormal weather conditions, supplier risk, and safety. For example, abnormal weather conditions may affect the reliability of the distribution network. The key means of preventing interruptions are to replace overhead lines with underground cables, manage forests near overhead lines, and develop remote network control. Caruna's activities have adjusted to this change in the operating environment. The operational risks are described in more detail in Caruna's annual report at [caruna.fi](https://www.caruna.fi).

The financial risks are presented in note 19 (management of financial risks) to the consolidated financial statements for 2022.

GOVERNANCE

The 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 15 March 2023. The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial period from 1 January to 31 December 2022 and decided to discharge the members of the Board of Directors and the CEO from liability for 2022. A decision was made not to pay dividends.

BOARD OF DIRECTORS

Caruna Networks Oy's Board of Directors consists of Matti Ruotsala (Chair), James Adam, Andrew Furze, Jouni Grönroos, Shankar Krishnamoorthy, Fredrik Lundeborg, Laura Tarkka and Charles Thomazi (from 15 March).

The deputy members are Julia Giese and Filip Szopa as well as Charles Thomazi (until 15 March).

MANAGEMENT TEAM

The company's Management Team consists of CEO Jyrki Tammivuori, CFO and Deputy CEO Noora Neilimo-Kontio, Head of Electricity Networks Elina Lehtomäki and Head of Customer Relations Kostu Rautiainen.

In June, Caruna's Regional Director Kalle Liuhala was appointed Head of Electrical Networks and member of Caruna's Management Team as of 1 August 2023, as Elina Lehtomäki, Head of Electricity Networks and member of the Management Team, moved to another employer.

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.

ESTIMATE OF PROBABLE FUTURE DEVELOPMENTS

The energy transition will continue in Caruna's network areas during the second half of the year as in the first half of the year: an estimated 85 MW of new wind power will be connected to Caruna's network by the end of the year. Strong growth will continue in the number of small-scale producers of solar power.

At the same time as the clean transition brings renewable and distributed production to the network, Caruna anticipates that the slowdown in construction will reduce demand for new connections towards the end of the year.

Cost increases are expected to continue for raw material, fuel and construction costs. In addition, interest rates have risen from zero to new levels, probably for a longer period, raising the cost of financing.

The market situation for contractors continues to be challenging, due to rising contractor costs for materials and labour. The increase in contractors' costs will have a negative impact on Caruna's network improvement projects, as the implementation of projects may be delayed and become significantly more expensive.

The Energy Authority's new regulation model for 2024–2031 will affect the planning and profitability of investments. There is a risk that the new regulation model will reduce the profitability of investments, which could lead to investments being postponed or cancelled altogether. The role of electricity networks in implementing the clean transition is key to achieving Finland's carbon neutrality targets by 2035. The Energy Authority is expected to issue the new regulation model for 2024–2031 by the end of year 2023.

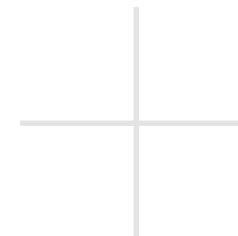
Despite the challenges of the operating environment, the company has a good operational situation and stable liquidity. In addition, Caruna has access to loan facilities with a balanced maturity profile, which strengthens its financial position.

KEY EVENTS AFTER THE REPORTING PERIOD

In July, the Group's parent company Caruna Networks Oy filed a merger notification with the Finnish Patent and Registration Office regarding the restructuring of the Group's parent company to improve the company's financial autonomy and ability to obtain financing. The arrangements will have no impact on the regulated companies, their operations, customers, partners or tax position.

Caruna Networks Oy's Extraordinary General Meeting was held on 22 August 2023. Cornelia van Heijningen was appointed as a new board member. Shankar Krishnamoorthy resigned from the board as of August 22, 2023.

Caruna is a Finnish electricity network company. We safeguard the reliable distribution of electricity to our customers as electricity consumption increases and we move from fossil to renewable energy. By investing in the electricity network, we make sure that our customers can use domestic, renewable energy and become small-scale producers of electricity. We bring electricity to 732,000 customers in South, Southwest and West Finland, Joensuu and Koillismaa, corresponding to 20 per cent of Finland's electricity distribution.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS
1 JAN-30 JUN 2023 (IFRS)

EUR thousand	Note	ACT Jan-Jun 2023	ACT Jan-Jun 2022	Change	ACT Jan-Dec 2022
Net sales	2	246,114	253,580	-7,466	484,634
Other operating income		1,780	1,996	-216	4,027
Direct costs		-43,411	-48,195	4,784	-90,526
Personnel expenses		-13,258	-14,355	1,097	-26,675
Other operating expenses		-24,404	-27,721	3,317	-57,575
Depreciation and amortisation		-63,108	-65,809	2,701	-129,230
		-144,181	-156,080	11,899	-304,006
Operating profit		103,713	99,496	4,217	184,655
Finance income		6,535	1,246	5,289	3,949
Finance costs		-68,496	-61,524	-6,972	-124,924
Net financing items total		-61,961	-60,278	-1,683	-120,975
Profit before taxes		41,752	39,218	2,534	63,680
Income taxes		-4,078	-5,859	1,781	-12,882
Profit for the period		37,674	33,359	4,315	50,798

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
1 JAN-30 JUN 2023 (IFRS)

EUR thousand	ACT Jan-Jun 2023	ACT Jan-Jun 2022	ACT Jan-Dec 2022
Profit for the period	37,674	33,359	50,798
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement of cash flow hedges	-4,314	42,366	66,451
Income tax effect	863	-8,473	-13,290
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-3,451	33,893	53,161
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses (gains) on defined benefit plans	-	-	126
Income tax effect	-	-	-25
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-	-	101
Other comprehensive income for the reporting period, net of tax	-3,451	33,893	53,262
Total comprehensive income for the reporting period, net of tax	34,222	67,252	104,060

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 JUNE 2023 (IFRS)

EUR thousand	Note	ACT Jun 2023	ACT Jun 2022	ACT Dec 2022
Assets				
Non-current assets				
Goodwill	3	62,468	62,468	62,468
Intangible assets	3	1,583,863	1,583,452	1,584,795
Property, plant and equipment	3	2,417,568	2,406,107	2,416,386
Other long-term assets		708	587	396
Derivative financial assets	6	45,380	-	50,988
Deferred tax assets		826	23	741
Total non-current assets		4,110,813	4,082,299	4,115,774
Current assets				
Trade and other receivables	5	78,155	80,519	112,601
Other receivables	5	6,201	3,408	3,503
Cash and cash equivalents		35,451	20,563	58,270
Total current assets		119,807	104,490	174,374
Total assets		4,230,620	4,186,789	4,290,148
Equity				
Share capital	3	3	3	3
Invested distributable funds		171,204	171,204	171,204
Profit for the period		37,674	33,359	50,798
Retained earnings		-249,960	-265,659	-300,759
Other equity fund		34,245	18,328	37,697
Total equity		-6,834	-42,765	-41,057

EUR thousand	Note	ACT Jun 2023	ACT Jun 2022	ACT Dec 2022
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings	7	3,282,380	3,090,799	3,169,746
Derivative financial instruments	6	-	1,068	-
Deferred tax liabilities		528,455	515,615	527,886
Other non-current liabilities		304,945	304,945	303,440
Total non-current liabilities		4,115,780	3,912,427	4,001,072
Current liabilities				
Interest bearing loans and borrowings	7	14,463	200,177	200,177
Trade payables		20,698	24,664	26,628
Other current liabilities		40,693	43,949	56,280
Other payables		45,820	48,337	47,048
Total current liabilities		121,674	317,127	330,133
Total liabilities		4,237,454	4,229,554	4,331,205
Total equity and liabilities		4,230,620	4,186,789	4,290,148

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 2023	3	171,204	-249,960	37,761	-65	-41,057
Profit for the period			37,674			37,674
Other comprehensive income				-3,451		-3,451
Total Comprehensive income for the reporting period			37,674	-3,451	-	34,223
At 30 June 2023	3	171,204	-212,286	34,310	-65	-6,834

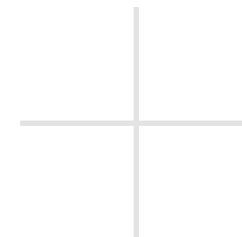
EUR thousand	Attributable to the equity holders of the parent					Total
	Share capital	Invested restricted equity fund	Retained Earnings	Other Equity Components		
				Cash flow hedge reserve	Other comprehensive income	
As at 1 January 2022	3	171,204	-265,659	-15,400	-165	-110,017
Profit for the period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

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR thousand	ACT Jan-Jun 2023	ACT Jan-Jun 2022	ACT Jan-Dec 2022
Operating activities			
Profit for the period	37,674	33,359	50,798
Adjustments			
Income tax expenses	4,078	5,859	12,882
Finance costs-net	61,961	60,278	120,975
Depreciation, amortisation and impairment charges	63,108	65,809	129,230
Total adjustments	129,147	131,946	263,087
Operating profit before depreciations	166,821	165,305	313,885
Non-cash flow items			
Interest received	5,509	1,216	-122,676
Interest paid	-67,879	-61,997	2,449
Taxes paid	-5,314	-5,325	-3,576
Total	-67,726	-66,113	-123,832
Funds from operations	99,094	99,192	190,053
Change in net working capital	23,422	16,200	-16,545
Total net cash from operating activities	122,517	115,392	173,508

EUR thousand	ACT Jan-Jun 2023	ACT Jan-Jun 2022	ACT Jan-Dec 2022
Cash flow from investing activities			
Capital expenditures	-73,343	-60,836	-126,647
Proceeds from sales of fixed assets	239	329	684
Total net cash used in investing activities	-73,105	-60,507	-125,963
Cash flow from financing activities			
Proceeds from long-term liabilities	450,000	-	90,000
Payments of long-term liabilities	-322,143	-95,000	-105,000
Payments of short-term liabilities	-200,000	-	-
Payments of leasing liabilities	-88	-150	-3
Dividend to shareholders	-	-	-35,100
Total net cash used in financing activities	-72,231	-95,150	-50,103
Total net increase(+)/decrease(-) in cash and cash equivalents	-22,819	-40,265	-2,558
Cash and cash equivalents in the beginning of the period	58,270	60,828	60,828
Cash and cash equivalents at the end of the period	35,451	20,563	58,270

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 2022 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

2022, have been applied in this half-yearly report. New standards, amendments and interpretations effective from 1 January 2023 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 2022 consolidated financial statements.

2. Net sales

EUR thousand	Caruna Oy			Caruna Espoo Oy			Other and internal			Total		
	ACT Jan–Jun 2023	ACT Jan–Jun 2022	ACT Jan–Dec 2022	ACT Jan–Jun 2023	ACT Jan–Jun 2022	ACT Jan–Dec 2022	ACT Jan–Jun 2023	ACT Jan–Jun 2022	ACT Jan–Dec 2022	ACT Jan–Jun 2023	ACT Jan–Jun 2022	ACT Jan–Dec 2022
Electricity distribution												
Distribution network	184,649	187,856	352,714	40,895	41,149	77,817	-38	-39	-56	225,506	228,966	430,475
High-voltage network	12,168	15,438	27,847	1,124	1,271	2,445	-	-	-	13,292	16,709	30,292
Total	196,817	203,294	380,562	42,019	42,420	80,262	-38	-39	-56	238,798	245,675	460,767
Connection fees												
Distribution network	5,346	5,584	12,109	1,966	2,142	5,467	-	-	-	7,312	7,726	17,576
High-voltage network	57	92	6,017	-	-	-	-	-	-	57	92	6,017
Total	5,403	5,676	18,125	1,966	2,142	5,467	-	-	-	7,369	7,818	23,592
Other Net Sales	-3	-	137	-51	-	51		87	87	-54	87	274
Total Net sales	202,217	208,970	398,824	43,935	44,562	85,779	-38	48	31	246,114	253,580	484,634

3. Change in intangible and tangible assets

EUR thousand	ACT Jan–Jun 2023	ACT Jan–Jun 2022	ACT Jan–Dec 2022
Net book value at the beginning of the period	4,063,649	4,059,486	4,059,486
Depreciation and amortisation	-63,108	-65,809	-129,230
Additions	63,894	58,513	133,957
Disposals (incl. accumulated depreciation)	-536	-163	-564
Net book value at the end of the period	4,063,899	4,052,027	4,063,649

4. Own shares

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

5. Trade receivables and other receivables

EUR thousand	ACT Jun 2023	ACT Jun 2022	ACT Dec 2022
Trade receivables	78,155	80,519	112,601
Accrued income and prepaid expenses	4,776	3,408	3,399
Other receivables	1,425	-	105
Total	84,356	83,927	116,105

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 2022.

EUR thousand	ACT Jun 2023	ACT Jun 2022	ACT Dec 2022
Interest rate- and currency derivatives, hedge accounted			
Positive fair value	45,380	29,662	50,988
Negative fair value	-	-1,068	-
Net fair value	45,380	28,594	50,988
Total	45,380	28,594	50,988

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUE HIERARCHY AS AT 30 JUNE 2023

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			708	708	708	1
Derivative financial instruments (interest and cross-currency)		45,380		45,380	45,380	2
Current financial assets						
Trade receivables			78,155	78,155	78,155	2
Cash and cash equivalents			35,451	35,451	35,451	1
Total financial assets	-	45,380	114,314	159,694	159,694	
Non-current financial liabilities						
Interest-bearing liabilities (floating rate)			428,571	428,571	428,571	2
Interest-bearing liabilities (fixed rate)			2,857,664	2,857,664	2,857,664	2
Accrued loan arrangement fee			-6,663	-6,663	-6,663	1
IFRS 16 lease liability			2,808	2,808	2,808	2
Connection fee liabilities			302,740	302,740	302,740	3
Current financial liabilities						
IFRS 16 lease liability			177	177	177	2
Interest-bearing liabilities (floating rate)			14,286	14,286	14,286	2
Trade payables			20,698	20,698	20,698	2
Total financial liabilities	-	-	3,620,281	3,620,281	3,620,281	

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 2023	ACT Jun 2022	ACT Dec 2022
Long-term interest-bearing debts			
Shareholder loan	773,642	773,642	773,642
IBLA-loans	2,084,022	1,837,206	1,835,317
Capex-loans	428,571	485,000	565,000
IFRS 16 lease liability	2,808	2,514	2,896
Loan arrangement fees	-6,663	-7,562	-7,109
Total	3,282,380	3,090,800	3,169,746
Short-term interest-bearing liabilities			
IBLA-loans	-	200,000	200,000
Capex-loans	14,286	-	-
IFRS 16 lease liability	177	178	177
Total	14,463	200,178	200,177
Total interest-bearing debts	3,296,843	3,290,978	3,369,923

8. Capital commitments

EUR thousand	ACT Jun 2023	ACT Jun 2022	ACT Dec 2022
Tangible assets	308,788	226,681	300,191
Total	308,788	226,681	300,191

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We bring electricity to you.

caruna