



CARUNA ESPOO OY

Financial Statements and Operating and Financial Review

31 DECEMBER 2020



Positive energy.

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Contents



Financial period 1 January 2020–31 December 2020

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Operating and Financial Review for 2020 by Caruna Espoo Oy's Board

Caruna Espoo Oy belongs to Caruna Group (Caruna). Caruna Espoo Oy is engaged in regulated electricity distribution network operations and high-voltage electricity distribution network operations on the electricity networks it owns and is a distribution network and high-voltage distribution network company as referred to in the Electricity Market Act, within its area of responsibility.

Key events during the financial period

In 2020, Caruna Espoo Oy's customer base grew by 2.8 per cent to 224 (218) thousand customers. The electricity supply volume during the year remained almost the same at 2.8 (2.9) TWh on Caruna Espoo Oy's distribution network and 0.1 (0.1) TWh on the high-voltage distribution network. The reliability of supply rate was 99.99 (99.99) per cent.

Approximately 400 (300) new solar power systems were connected to Caruna Espoo Oy's electricity network. By the end of the year, the number of small-scale producers was approximately 1,400 (1,000).

In 2020, Caruna Espoo Oy built approximately 400 (200) kilometres of low- and medium-voltage underground cable network. By the end of the year, 78 (76) per cent of the network was cabled.

Financial development

In 2020, Caruna Espoo Oy's net sales amounted to EUR 85.9 (85.4) million, showing an increase of 0.5 per cent year-on-year. The increase in net sales was mainly due to the year-on-year growth in the number of new connections.

Variable costs, consisting of transmission costs and grid loss electricity purchases, increased slightly from the figure in 2019 to EUR 19.1 (18.4) million.

Operating expenses, including external services, employee costs and other operating expenses, were EUR 22.7 (21.9) million, which is almost the same as in 2019. Depreciation, amortisation and impairment amounted to EUR 17.5 (16.3) million. Depreciation, amortisation and impairment charges also include scrapping costs arising from dismantling overhead lines in a total amount of EUR 1.2 (0.6) million.

The company's operating profit was EUR 28.0 (30.1) million, and the profit for the financial period was EUR 0.2 (0.2) million. The company paid a group contribution of EUR 29.5 (23.6) million to its parent company, Caruna Networks Oy.

Financial key figures

	2020	2019	2018
Net sales (EUR million)	85.9	85.4	85.0
Operating profit (EUR million)	28.0	30.1	29.9
Operating profit (% of net sales)	32.6	35.2	35.1
Profit for the period (EUR million)	0.2	0.2	0.2
Investments (EUR million)	21.4	22.8	26.0
Return on equity (%)	16.2	17.5	17.5
Equity ratio (%)	49.7	51.9	50.9

Business activities

Caruna Espoo Oy has approximately 8,100 kilometres of electricity network in its operating areas of Espoo, Kauniainen and Kirkkonummi, as well as in the City of Joensuu. The electricity supply volume during the year remained almost the same at 2.8 (2.9) TWh on Caruna Espoo Oy's distribution network and 0.1 (0.1) TWh on the high-voltage distribution network.

In 2020, Caruna Espoo Oy's customer base grew by 2.8 (2.8) per cent to 224 (218) thousand customers. A total of 700 (600) new connection contracts were signed.

The reliability of electricity supply is measured by the System Average Interruption Duration Index (SAIDI). The average interruption time in Caruna Espoo Oy's electricity distribution (SAIDI) was 32 (24) minutes per customer in 2020, and the reliability of electricity supply was 99.99 (99.99) per cent. The System Average Interruption Frequency Index (SAIFI) per customer was 0.66 (0.55) events.

Approximately 400 (300) new solar power systems were connected to Caruna Espoo Oy's electricity network. By the end of the year, the number of small-scale producers was approximately 1,400 (1,000).

Länsimetro Oy – the company extending the Helsinki metro line in Espoo – has new connections in Kivenlahti and Finnoo which were commissioned in 2020. The new connections for the Jokeri light rail line will be commissioned between 2020 and 2023.

There will be approximately six medium-voltage connections and approximately 45 low-voltage connections to the supply stations for the Jokeri light rail line. The medium-voltage connections will power the light rail line itself, and the low-voltage connections will supply the stops with electricity.

The metro extension and the Jokeri light rail line will both significantly enhance the use of electric, low-carbon mobility solutions in Espoo.

In 2020, Caruna Espoo Oy built approximately 400 (200) kilometres of low- and medium-voltage underground cable network. By the end of the year, 78 (76) per cent of the network was cabled.

Planning of the Local Cable Project in Espoo, Kauniainen and Kirkkonummi began at the end of 2020. Over the four-year term of the agreement, 500 kilometres of overhead lines will be replaced by underground cables. Construction will begin in autumn 2021.

Caruna Espoo Oy's investments during the financial period amounted to EUR 21.4 (22.8) million.

Research and development

Caruna Espoo Oy had no research and development activities in between 2018 and 2020.

Personnel

The average number of personnel employed by the company during the financial period was 7 (2019: 7 and 2018: 7) personnel, and it had 6 (2019: 7 and 2018: 7) employees at the end of the year. During the financial year, the company paid EUR 0.5 (2019: 0.5 and 2018: 0.6) million in wages and salaries.

More information on employees can be found in the corporate responsibility section of Caruna Group's annual report published at caruna.fi/en.

Corporate responsibility

More information on corporate responsibility can be found in the corporate responsibility section of Caruna Group's annual report published at caruna.fi/en.

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

LIQUIDITY RISK

As part of Caruna Group, Caruna Espoo Oy utilises the corporation's committed credit limits and other credit facilities that it can use to balance liquidity in addition to funds from operations.

CREDIT RISK

Caruna Group's policies determine the credit rating requirements for customers and derivative financial instrument counterparties, as well as the investment transaction principles. A customer's supply or connection contract can include a collateral or advance payment to cover any contractual amounts that remain outstanding. Collaterals hedge against potential credit losses and the accumulation of credit losses is closely monitored. Credit losses amounted to EUR 0.2 (0.2) million in 2020.

PRICE RISK

The price risks related to grid loss electricity purchases will be hedged by signing physical electricity purchase agreements, where necessary.

Board of Directors

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.

The Board convened 9 times during the financial period. The Board members were Matti Ruotsala (Chair), Jouni Grönroos, John Guccione (until 1 August 2020), Gregory Kurth (until 27 March 2020), Michael McNicholas (as of 1 August 2020), Matthew Little, Niall Mills, Ellen Richardson (as of 27 March 2020) and Laura Tarkka. The deputy members were Ellen Richardson (until 27 March 2020), Nicolas Grant, Ines Grund (until 5 November 2020) and Agnieszka Gawron (as of 5 November 2020).

Niall Mills, Ellen Richardson and Nicolas Grant resigned from the Board on 1 March 2021. The extraordinary general meeting held on 2 March 2021 and James Adam and Fredrik Lundeborg were elected as new members of the Board.

Auditors

Caruna Espoo Oy's auditor was the audit firm Deloitte Oy, with Reeta Virolainen, Authorised Public Accountant, as the auditor with principal responsibility.

Shares and ownership

The company has 10,000,000 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 financial period

In January 2021, the Government presented a draft bill for amending the Electricity Market Act. Caruna has made advance preparations for the amendments and will continue its detailed analysis of the impacts on Caruna's companies.

Ontario Teachers' Pension Plan Board (Ontario Teachers') and KKR acquired each a 20% holding in Caruna from First Sentier Investors (FSI) on 1 March 2021. In a separate transaction that also completed on 1 March, AMF acquired Keva's 12.5% holding in Caruna.

Separately, Ontario Teachers' and KKR have signed binding documentation to acquire a further 40% holding in Caruna from OMERS, which will increase their ownership to 40% each. This later transaction is expected to close during the second quarter of 2021, pending regulatory approvals.

Niall Mills, Ellen Richardson and Nicolas Grant resigned from the Board on 1 March 2021. The extraordinary general meeting held on 2 March 2021 elected James Adam and Fredrik Lundeborg as new members of the Board.

Estimate of probable future developments

Caruna Espoo Oy operates as an electricity distribution company in a regulated operating environment as part of Caruna Group. Caruna Networks Oy will continue to operate as the parent company, providing Caruna Espoo Oy with administrative services and other services to support electricity distribution, such as Caruna's electronic service platform and fibre construction for customers and partners.

According to a draft bill proposed by the Finnish Government in January 2021, the reliability of supply requirements will be postponed from 2028 to 2036 for companies with medium-voltage networks that had a cabling rate of less than 60% at the end of 2018. This does not apply to Caruna Espoo Oy within Caruna Group.

The maximum annual increase in the post-tax price of electricity distribution is proposed to be lowered from the present 15 per cent to eight per cent.

Board of Directors' proposal for dividend distribution

Caruna Espoo Oy's distributable assets totalled EUR16,682,314.88. The company's profit for the financial period was EUR 198,369.15. The Board of Directors proposes to the annual general meeting that no dividend will be paid for 2020 and that the profit be transferred to retained earnings.

PROFIT AND LOSS STATEMENT

EUR	Note	1 Jan 2020– 31 Dec 2020	1 Jan 2019– 31 Dec 2019
Net sales	3	85,887,384.51	85,441,147.09
Capitalised own work		63,152.94	130,591.00
Other operating income	4	1,437,494.30	1,086,496.36
Materials and supplies	5	-22,999,155.76	-21,493,482.14
Personnel expenses	6	-620,272.95	-595,461.67
Depreciation and impairment	7	-17,488,326.68	-16,331,708.54
Other operating expenses	8	-18,246,508.14	-18,172,779.03
Operating profit		28,033,768.22	30,064,803.07
Finance income and costs	9	-2,770,194.91	-2,768,624.00
Profit before appropriations and taxes		25,263,573.31	27,296,179.07
Appropriations	10	-25,015,843.14	-27,067,952.63
Income taxes	11	-49,361.02	-39,175.39
Profit for the period		198,369.15	189,051.05

BALANCE SHEET

EUR	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets	12	3,362,832.82	4,391,315.85
Tangible assets		270,167,095.12	265,255,722.09
Total non-current assets		273,529,927.94	269,647,037.94
Current assets			
Current receivables	13	27,053,246.93	24,479,972.98
Cash and cash equivalents	14	8,600,000.00	8,600,000.00
Total current assets		35,653,246.93	33,079,972.98
TOTAL ASSETS		309,183,174.87	302,727,010.92
EQUITY AND LIABILITIES			
Equity			
Share capital	15	4,000,000.00	4,000,000.00
Retained earnings (cumulative profit)		16,483,945.73	16,294,894.68
Profit for the financial year		198,369.15	189,051.05
Total equity		20,682,314.88	20,483,945.73
Appropriations	16	89,568,137.09	94,052,293.95
Provisions	17	124,352.41	168,323.38
Liabilities			
Non-current liabilities	19	143,796,551.03	143,845,867.12
Current liabilities	20	55,011,819.46	44,176,580.74
Total liabilities		198,808,370.49	188,022,447.86
TOTAL EQUITY AND LIABILITIES		309,183,174.87	302,727,010.92

CASH FLOW STATEMENT

EUR	1 Jan 2020– 31 Dec 2020	1 Jan 2019– 31 Dec 2019
Cash flows from operating activities		
Profit before appropriations and taxes	25,263,573.31	27,296,179.07
Finance income and costs	2,770,194.91	2,768,624.00
Adjustments to operating profit		
Depreciation and impairment	17,488,326.68	16,331,708.54
Other non-cash adjustments	-21,584.00	179,576.86
Changes in working capital		
Increase (-)/decrease (+) in trade and other current receivables	-2,578,812.29	-292,729.77
Increase (+)/decrease (-) in current liabilities	560,333.35	-751,135.56
Changes in working capital total	-2,018,478.94	-1,043,865.33
Interest and other financial expenses paid	-2,786,286.76	-2,795,529.39
Interest received	20,913.11	26,905.39
Income taxes paid	-50,586.23	362,416.63
Cash flows from operating activities	40,666,072.08	43,126,015.77
Cash flows from investments		
Purchase of tangible and intangible items	-23,368,049.93	-22,945,674.42
Change in cash pool account	6,301,977.85	9,019,658.65
Cash flows from investments	-17,066,072.08	-13,926,015.77
Cash flows from financing activities		
Group contribution paid	-23,600,000.00	-29,100,000.00
Cash flows from financing activities	-23,600,000.00	-29,100,000.00
Net increase in cash and cash equivalents	-	100,000.00
Cash and cash equivalents as at 1 Jan	8,600,000.00	8,500,000.00
Cash and cash equivalents as at 31 Dec	8,600,000.00	8,600,000.00

Notes

1. Accounting principles

The financial statements of Caruna Espoo Oy have been prepared in accordance with Finnish Accounting Standards and other regulation and legislation governing preparing of financial statements.

1.1 NET SALES

The revenue includes mainly income from transmission and distribution of electricity. The revenue from distribution of electricity is recognised at delivery.

Energy Authority regulates the price charged from customers for the distribution of electricity in Finland. Any over or under income decided by the regulatory body is credited or charged over a number of years in the future to the customer using the electricity connection at that time.

The fees paid by a customer when connected to the electricity network are recognised as revenue in net sales. Connection fees paid by customers when connected to the electricity network before 2003 are refundable in Finland if the customer should ever disconnect the initial connection. These connection fees have not been recognised in the income statement and are included in other non-current liabilities in the balance sheet.

1.2 REASONABLENESS OF THE PRICING OF NETWORK SERVICE

The Finnish Energy Authority confirms principles for the pricing of transmission services and supervises the reasonableness of the pricing of network service. The length of the supervision period is four years. The decisions are issued after the end of each supervision period. Energy Authority confirms the possible over/under income with a separate supervision decision. Over income and possible interest need to be taken into account in pricing in the following supervision period and under income could be considered in pricing decisions. According to KILA statement, Accounting treatment of over income determined by the Electricity Market Act (1957/2016) and the guidelines from Energy Authority, Caruna Espoo Oy has not accrued the possible income because it is not confirmed yet. The current supervision period includes years 2020-2023 and the outcome of the supervision period is confirmed in 2024.

1.3 OTHER OPERATING INCOME

Proceeds from sales of assets and activities outside normal operations is reported in other operating income. This includes recurring items such as rental income and customer-based services. Customer-based services include eg. relocation fees, connections and meterings in construction sites, installation of new meters/connections, and disconnections.

1.4 OUTAGE FEE

Outage fees to customers, in compliance with the Electricity Market Act, for disruptions in electricity distribution lasting longer than 12 hours are recorded as other operating expenses in the statement of profit or loss.

1.5 FOREIGN CURRENCY ITEMS

Transactions in foreign currencies are recorded at the exchange rates prevailing at the transaction dates. Foreign currency receivables and liabilities are converted into euros using the exchange rates prevailing on the balance sheet date. Exchange rate differences arising from operations are recorded to adjust income or costs in the profit and loss statement depending on the nature of the item in question. Exchange rate differences arising from financial items are recorded in the finance income and costs in the profit and loss statement.

1.6 BASIS OF MEASUREMENT OF NON-CURRENT ASSETS

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Both intangible and tangible assets are depreciated according to plan over the assets' useful life.

Depreciation periods:

Buildings and structures	20-40 years
Transmission and distribution network	15-40 years
Other machinery and equipment	3-12 years
Wayleave compensations	35 years
Intangible assets	5-10 years

Research and development costs are recognised as an expense in the year in which they are incurred.

Wayleave compensations are one-time compensations paid to the landowners on harm and damage caused by Caruna Espoo Oy's electricity network and equipment. Caruna Espoo Oy records the paid compensations to the intangible assets in the balance sheet and depreciates them in 35 years.

1.7 INCOME TAXES

Income taxes recognised in the profit or loss statement includes both taxes from reporting period and possible adjustment to prior periods.

Deferred taxes are provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised.

Deferred tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are not recorded in the profit and loss statement or balance sheet but rather presented in the notes.

1.8 PENSIONS

The pension coverage for employees is provided through insurance policies taken out with a pension institution. The statutory pension expenses are recognised as expenses in the year they are incurred.

1.9 PROVISIONS

Provisions are recognised when Caruna Espoo Oy has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are recognised as an expense in the statement of profit or loss.

2. Group information

Caruna Espoo Oy is consolidated in Suomi Power Networks TopCo B.V. group's sub group Caruna Networks Oy. Caruna Networks Oy owns 100% of Caruna Espoo Oy's shares.

Suomi Power Networks TopCo B.V. and Caruna Networks Oy prepare consolidated financial statements according to IFRS. The financial statements are available at the companies' head offices. Suomi Power Networks TopCo B.V. has a registered office in Luna Arena, Herikerbergweg 112, 1101 CM Amsterdam, The Netherlands. Caruna Networks Oy has a registered office in Upseerinkatu 2, Espoo, Finland.

The shareholders of Caruna Espoo Oy are through Suomi Power Networks TopCo B.V. mutual pension insurance companies Keva (12,5%) and Elo (7,5%), and international infrastructure investors First Sentier Investors (40%) and OMERS Infrastructure (40%).

3. Net sales

EUR	2020	2019
Distribution sales		
Distribution network	78,686,186.25	79,384,642.81
High-voltage network	3,054,552.05	2,572,021.27
Connection fees		
Distribution network	4,146,646.21	3,484,483.01
Total	85,887,384.51	85,441,147.09

4. Other operating income

EUR	2020	2019
Customer based services and relocation of connections	1,335,138.14	1,053,365.15
Rental income	14,559.79	14,457.33
Income from sale of scrapped material	87,796.37	18,673.88
Total	1,437,494.30	1,086,496.36

5. Materials and supplies

EUR	2020	2019
Raw materials and consumables	-19,122,076.56	-18,406,953.40
External services	-3,877,079.20	-3,086,528.74
Total	-22,999,155.76	-21,493,482.14

6. Personnel and other personnel related expenses

PERSONNEL EXPENSES

EUR	2020	2019
Wages and salaries	-526,189.21	-492,623.60
Indirect personnel expenses		
Pension expenses	-79,360.83	-90,204.50
Other personnel expenses	-14,722.91	-12,633.57
Total	-620,272.95	-595,461.67

NUMBER OF PERSONNEL

	2020	2019
Average number of personnel during the period	7	7

7. Depreciation and impairment

EUR	2020	2019
Depreciation according to plan	-16,256,133.97	-15,772,210.23
Scrappings	-1,232,192.71	-559,498.31
Total	-17,488,326.68	-16,331,708.54

8. Other operating expenses

EUR	2020	2019
Rents	-158,530.78	-164,599.34
Other services	-327,475.20	-257,762.79
Expenses from electricity hedging	-	-369,483.00
Other expenses	-17,760,502.16	-17,380,933.90
Total	-18,246,508.14	-18,172,779.03

AUDITOR'S FEES, DELOITTE OY, AUDIT FIRM

EUR	2020	2019
Audit fees	-45,000.00	-54,850.00
Total	-45,000.00	-54,850.00

9. Finance income and costs

EUR	2020	2019
Other interest and finance income		
Group companies	4,382.07	1,450.86
Others	24,434.28	26,381.12
Total finance income	28,816.35	27,831.98
Interest expenses and other finance costs		
Group companies	-2,796,727.65	-2,792,774.48
Others	-2,283.61	-3,681.50
Total finance costs	-2,799,011.26	-2,796,455.98
Total	-2,770,194.91	-2,768,624.00

10. Appropriations

EUR	2020	2019
Group contribution given	-29,500,000.00	-23,600,000.00
Difference between depreciation according to plan and tax depreciation	4,484,156.86	-3,467,952.63
Total	-25,015,843.14	-27,067,952.63

11. Income taxes

EUR	2020	2019
Income taxes from group contributions	5,900,000.00	4,720,000.00
Income taxes from ordinary activities	-5,949,361.02	-4,759,175.39
Total	-49,361.02	-39,175.39

12. Non-current assets

INTANGIBLE ASSETS

EUR	Way leaves	Other non-current expenditure	Total
Acquisition cost 1 Jan 2020	1,879,408.14	34,863,895.00	36,743,303.14
Transfers	178,104.18	132,533.00	310,637.18
Disposals	-29,504.69	-1,802.88	-31,307.57
Acquisition cost 31 Dec 2020	2,028,007.63	34,994,625.12	37,022,632.75
Accumulated depreciations and impairments 1 Jan 2020	-617,297.58	-31,734,689.71	-32,351,987.29
Accumulated amortisation relating to disposals and transfers	29,504.69	1,802.88	31,307.57
Depreciation for the period	-55,441.63	-1,267,813.84	-1,323,255.47
Write-downs	-14,700.86	-1,163.88	-15,864.74
Accumulated depreciations and impairments 31 Dec 2020	-657,935.38	-33,001,864.55	-33,659,799.93
Carrying amount 31 Dec 2020	1,370,072.25	1,992,760.57	3,362,832.82
Carrying amount 31 Dec 2019	1,262,110.56	3,129,205.29	4,391,315.85

TANGIBLE ASSETS

EUR	Land	Buildings	Machinery and equipment	Transmission and distribution network	Prepayments and construction in progress	Total
Acquisition cost 1 Jan 2020	1,419,678.99	9,727,318.34	1,730,823.70	435,319,928.08	9,158,034.78	457,355,783.89
Additions	-	-	-	-	21,371,216.00	21,371,216.00
Transfers	-	-	81,253.66	21,865,126.29	-22,257,016.45	-310,636.50
Disposals	-	-	-	-2,938,809.92	-	-2,938,809.92
Acquisition cost 31 Dec 2020	1,419,678.99	9,727,318.34	1,812,077.36	454,246,244.45	8,272,234.33	475,477,553.47
Accumulated depreciations and impairments 1 Jan 2020	-	-7,367,443.45	-1,092,909.73	-183,639,708.62	-	-192,100,061.80
Accumulated depreciation relating to disposals	-	-	-	2,938,809.92	-	2,938,809.92
Depreciation for the period	-	-228,738.62	-223,109.51	-14,481,030.37	-	-14,932,878.50
Write-downs	-	-	-	-1,216,327.97	-	-1,216,327.97
Accumulated depreciations and impairments 31 Dec 2020	-	-7,596,182.07	-1,316,019.24	-196,398,257.04	-	-205,310,458.35
Carrying amount 31 Dec 2020	1,419,678.99	2,131,136.27	496,058.12	257,847,987.41	8,272,234.33	270,167,095.12
Carrying amount 31 Dec 2019	1,419,678.99	2,359,874.89	637,913.97	251,680,219.46	9,158,034.78	265,255,722.09
Carrying amount of machinery and equipment used for production						
31 Dec 2020						257,847,987.41
31 Dec 2019						251,680,219.46

TOTAL NON-CURRENT ASSETS

EUR	2020	2019
Total non-current assets	273,529,927.94	269,647,037.94

13. Current receivables

EUR	2020	2019
Trade receivables	6,383,682.44	5,379,574.94
Prepayments and accrued income		
Insurance prepayments	8,032.78	-
Indirect personnel expenses	-	134.52
Other prepayments and accrued income	1,016.64	741.30
Total	9,049.42	875.82
Receivables from group companies		
Receivables from the cash pool account	3,331.18	8,869.52
Other accrued income	20,657,183.89	19,090,652.70
Total receivables from group companies	20,660,515.07	19,099,522.22
Total current receivables	27,053,246.93	24,479,972.98

Liabilities to group companies include cash pool account of EUR 3,331.18 (8,869.52). The company's option to reclaim these resources is limited to other cash pool account balances by other group companies.

14. Cash and cash equivalents

EUR	2020	2019
OP Corporate Bank Plc	8,600,000.00	8,600,000.00

15. Equity

EUR	2020	2019
Restricted equity		
Share capital 1 Jan.	4,000,000.00	4,000,000.00
Share capital 31 Dec.	4,000,000.00	4,000,000.00
Total restricted equity	4,000,000.00	4,000,000.00
Unrestricted equity		
Retained earnings 1 Jan.	16,483,945.73	16,294,894.68
Retained earnings 31 Dec.	16,483,945.73	16,294,894.68
Profit for the period	198,369.15	189,051.05
Total unrestricted equity	16,682,314.88	16,483,945.73
Total equity	20,682,314.88	20,483,945.73

DISTRIBUTABLE UNRESTRICTED EQUITY

EUR	2020	2019
Retained earnings	16,483,945.73	16,294,894.68
Profit for the period	198,369.15	189,051.05
Total	16,682,314.88	16,483,945.73

16. Appropriations

EUR	2020	2019
Accumulated depreciation difference	89,568,137.09	94,052,293.95

17. Provisions

EUR	2020	2019
Other provisions	124,352.41	168,323.38

18. Deferred tax liabilities

EUR	2020	2019
From appropriations	17,913,627.42	18,810,458.79

Deferred tax liabilities are only recognised in group accounts.

19. Non-current liabilities

EUR	2020	2019
Liabilities to group companies		
Loans from group companies	82,423,408.00	82,423,408.00
Connection fees	61,373,143.03	61,422,459.12
Total non-current liabilities	143,796,551.03	143,845,867.12

MATURITY OF NON-CURRENT LIABILITIES

EUR	2020
2021	-
2022	-
2023	-
2024	-
2025 and later	143,796,551.03
Total	143,796,551.03

20. Current liabilities

EUR	2020	2019
Trade payables	6,886,990.55	8,737,050.19
Other current liabilities	7,404,025.95	7,330,212.56
Accrued expenses		
Accrued employee expenses	156,870.54	202,281.40
Accrued company income tax liabilities for accounting period	4,374.46	5,599.67
Other accrued expenses and deferred revenue	614,124.98	90,525.66
Accrued expenses total	775 369.98	298 406.73
Liabilities to group companies		
Group contribution liability	29,500,000.00	23,600,000.00
Accrued expenses		
Cash pool payables	9,006,281.29	2,709,841.78
Accrued interest expenses	564,512.92	559,691.66
Other accrued expenses	874,638.77	941,377.82
Liabilities to group companies total	39,945,432.98	27,810,911.26
Total current liabilities	55,011,819.46	44,176,580.74
Interest bearing liabilities	91,429,689.29	85,133,249.78
Non-interest bearing liabilities	107,378,681.20	102,889,198.08
Total	198,808,370.49	188,022,447.86

Cashpool receivables of EUR 9,006,281.29 (2,709,841.78) are part of the group cash pool arrangements and the company's option to reclaim these resources is limited to other cash pool account balances by other group companies.

21. Commitments and contingent liabilities

EUR	2020	2019
Other leases		
Payable during one year	168,381.74	166,373.51
Payable after one year	893,790.63	883,130.73
Total	1,062,172.37	1,049,504.24
Other commitments		
Pledges and other assets given on behalf of group companies		
Floating charges	2,220,000,000.00	2,220,000,000.00
Pledges given	2,566,119,713.14	2,604,761,616.52
Mortgages	3,550,815.26	3,779,553.88
Total	4,789,670,528.40	4,828,541,170.40

Caruna Espoo Oy has given guarantees and security for the obligations of other group companies as well as Caruna Networks B.V. and Suomi Power B.V. under the finance documents. This guarantee and security liability has expressly not been assumed by Caruna Espoo Oy to the extent such assumption would constitute unlawful distribution of assets within the meaning of Chapter 13, Section 1 of the Finnish Companies Act, unlawful financial assistance within the meaning of Chapter 13, Section 10 of the Finnish Companies Act or be otherwise in breach of any other applicable mandatory provisions of Finnish law.

The cash pool accounts of the group and other bank accounts have been pledged as mortgage for loans.

CAPITAL COMMITMENTS

EUR	2020	2019
Property, plant and equipment	65,634,957.66	44,368,031.92
Total	65,634,957.66	44,368,031.92

REAL ESTATE INVESTMENTS

The company has made real estate investments defined in VAT legislation. Related review periods, VAT included in the investment, VAT deducted from the construction cost and amount subject to annual review are presented in the table below.

10 year review period

EUR	2012	2013	2014	2015	2016
Last review period	2021	2022	2023	2024	2025
Cost on real estate investment (net)	15,294,179.02	12,933,315.03	8,870,396.17	8,893,562.47	14,681,379.45
VAT on real estate investment	3,517,661.17	3,103,995.61	2,128,895.08	2,134,454.99	3,523,531.07
Net of VAT	3,517,661.17	3,103,995.61	2,128,895.08	2,134,454.99	3,523,531.07
Amount on annual review	351,766.12	310,399.56	212,889.51	213,445.50	352,353.11
Contingent liability subject to review 31 Dec 2020 (Left at 31 Dec 2020)	351 766,12 (1/10)	620 799,12 (2/10)	638,668.52 (3/10)	853,782.00 (4/10)	1,761,765.53 (5/10)

EUR	2017	2018	2019	2020
Last review period	2026	2027	2028	2029
Cost on real estate investment (net)	14,134,550.72	12,876,654.84	12,094,736.81	17,075,130.56
VAT on real estate investment	3,392,292.17	3,090,397.16	2,902,736.83	4,098,031.33
Net of VAT	3,392,292.17	3,090,397.16	2,902,736.83	4,098,031.33
Amount on annual review	339,229.22	309,039.72	290,273.68	409,803.13
Contingent liability subject to review 31 Dec 2020 (Left at 31 Dec 2020)	2,035,375.30 (6/10)	2,163,278.01 (7/10)	2,322,189.47 (8/10)	3,688,228.20 (9/10)

Contingent liability subject to review

Contingent liability subject to review 31 Dec 2020	14,435,852.28
Contingent liability subject to review 31 Dec 2019	13,869,215.96

OTHER PURCHASE COMMITMENTS

EUR	2020	2019
Electricity purchase commitments	1,793,711.00	2,104,092.00
Total	1,793,711.00	2,104,092.00

22. Related party transactions

Group's related parties include subsidiaries, board of directors, CEOs members of the managements team and family members of these all before mentioned. There are no significant transactions with persons included in the related parties.

23. Formulas for key figures

Connection fees and accumulated depreciation differences less deferred tax liabilities are added to equity when calculating the figures.

OPERATING PROFIT-%

$$\frac{\text{Operating profit} \times 100}{\text{Net sales}}$$

RETURN ON EQUITY-%

$$\frac{(\text{Loss before appropriations and taxes} - \text{taxes}) \times 100}{\text{Equity (average for the period)}}$$

EQUITY RATIO-%

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

24. Information required by Electricity Market Act

The company operates as a holder of a network as defined in Electricity Market Act.

DIFFERENTIATED OPERATIONS

The degree of the company's operations that are not related to network operations is so low, that they have not been differentiated. Below is presented profit and loss statement and balance sheet for network operations as required by the Electricity Market Act.

PROFIT AND LOSS STATEMENT FOR NETWORK OPERATION

in EUR thousands	1 Jan 2020- 31 Dec 2020	1 Jan 2019- 31 Dec 2019
NET SALES		
Work performed for own use	63	131
Other operating income	1,437	717
Materials and supplies		
Raw materials and consumables		
Purchases during the period		
Loss electricity	-3,892	-3,309
External services		
Fees paid for grid and network services	-15,230	-15,098
Other external services	-4,014	-3,193
Personnel expenses		
Wages and salaries	-526	-493
Social security expenses		
Pension expenses	-79	-90
Other social security expenses	-15	-13
Depreciation and impairment		
Depreciation according to plan		
On electricity network assets	-16,409	-15,228
On other non-current assets	-1,078	-1,104
Other operating expenses		
Rental expenses	-159	-165
Other operating expenses	-17,951	-17,531
OPERATING PROFIT	28,034	30,065
Finance income and costs		
Other interest and finance income		
From group companies	4	0
From others	17	27
Interest and finance costs		
To group companies	-2,797	-2,793
To others	6	-3
PROFIT BEFORE APPROPRIATIONS AND TAXES	25,264	27,296
Appropriations		
Group contributions	-29,500	-23,600
Change in depreciation difference		
Change in depreciation difference on electricity network assets	4,589	-3,139
Change in depreciation difference on other non-current assets	-105	-329
Income taxes	-49	-39
PROFIT FOR THE PERIOD	199	189

BALANCE SHEET FOR NETWORK OPERATION

in EUR thousands	31 Dec 2019
ASSETS	
Non-current assets	
Intangible assets	
Intangible assets of electricity network	2,793
Other intangible assets	1,598
Tangible assets	
Tangible assets of electricity network	251,879
Other tangible assets	4,219
Prepayments and construction in progress	9,158
Total non-current assets	269,647
Current assets	
Receivables	
Current receivables	
Cash pool receivables	9
Receivables from group companies	19,091
Receivables from others	5,380
Cash and cash equivalents	8,600
Total current assets	33,080
TOTAL ASSETS	302,727
EQUITY AND LIABILITIES	
Equity	
Share capital	4,000
Retained earnings	16,295
Profit for the period	189
Total equity	20,484
Appropriations	
Depreciation difference	94,052
Provisions	22
Liabilities	
Non-current liabilities	
Non-current interest bearing liabilities	
To group companies	82,423
Non-current interest free liabilities	
Refundable connection fees	61,422
Liabilities to others	147
Current interest free liabilities	
Cash pool liabilities	2,710
To group companies	25,141
To others	16,326
Total liabilities	188,169
TOTAL EQUITY AND LIABILITIES	302,727

KEY FIGURES FOR NETWORK OPERATION

	2020	2019
Average number of personnel during the period	7	7
Investments (capitalisations) (EUR thousand):		
Net investments of electricity network		
Intangible assets	178	300
Tangible assets	20,586	25,277
Other intangible assets	133	167
Other tangible assets	1,360	1,312
Investments total	22,257	27,056
Return on investment%	14.0	15.3

The key figure is calculated in accordance with the decision nr 79/2005 9§ issued by the Ministry of Trade and Industry. The decision guides calculation of key figures regarding differentiated operations within the electricity business.

Formula:

$$\frac{(\text{Profit before appropriations and taxes} + \text{interest income and other finance income}) \times 100}{(\text{Total assets} - \text{interest free liabilities} + \text{leases on electricity network}) \text{ (average on beginning and end of the reporting period)}}$$

The amount of interest included in the rents paid for electricity network is not available, therefore interest is not included in the interest expenses in the numerator.

Signatures to the financial statements and operating and financial review

Espoo, 10 March 2021

Matti Ruotsala
Chairman of the Board

James Adam
Member of the Board

Jouni Grönroos
Member of the Board

Matthew Liddle
Member of the Board

Fredrik Lundeborg
Member of the Board

Michael McNicholas
Member of the Board

Laura Tarkka
Member of the Board

Tomi Yli-Kyyny
Managing Director

Auditor's note

An auditor's report based on the audit performed has been issued today.

Espoo ____ March 2021

Deloitte Oy
Audit Firm

Reeta Virolainen
APA

List of ledgers, types of vouchers and their archiving methods

	Method
Operating and financial review and financial statements	Bound book
Note vouchers	Electronically
Balance specifications	Electronically
Accounting documents	
Income statement and balance sheet	Electronically
General ledger	Electronically
Journal	Electronically
Supporting ledgers	
Trade debtors ledger	Electronically
Trade creditors ledger	Electronically
Payroll accounting	Electronically
Property, plant and equipment	Electronically
Commitments	Electronically
Voucher types	
Bank vouchers	Electronically
Adjusting journal entries	Electronically
Trade debtors ledger	Electronically
Trade creditors ledger	Electronically
Payroll vouchers	Electronically
Ledger of property, plant and equipment	Electronically
Vouchers for travel expenses	Electronically

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