



CARUNA ESPOO OY

Financial Statements and Operating and Financial Review

31 DECEMBER 2021



Positive energy.

caruna

Contents



Financial period 1 January 2021–31 December 2021

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Operating and Financial Review for 2021 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 2021, the number of Caruna Espoo Oy's customers grew by 2.7 per cent to 230 (224) thousand customers. During the year, the electricity supply volume in the distribution network grew by 10.7 per cent, totalling 3.1 (2.8) TWh. The electricity supply volume on the high-voltage distribution network remained unchanged at 0.1 (0.1) TWh. The reliability of supply rate was 99.99 (99.99) per cent.

Approximately 400 (400) 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 1,800 (1,400).

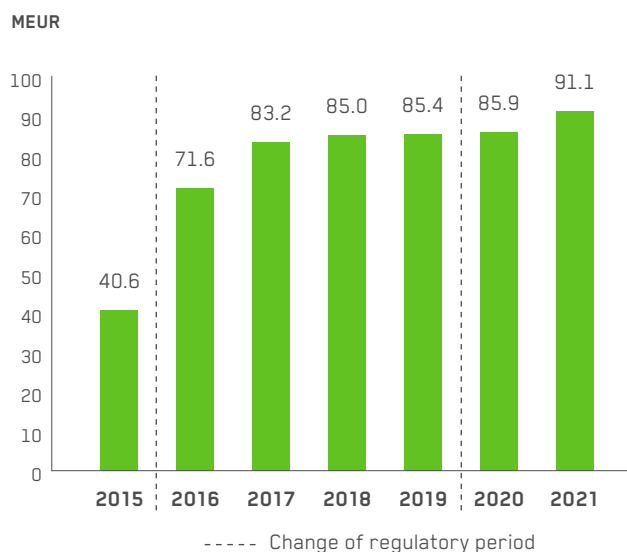
In September, Caruna Espoo Oy announced price reductions averaging 2.5 per cent for its customers from 1 November 2021. The average impact on prices excluding tax was 5 per cent.

In November, Caruna's CEO Tomi Yli-Kyyry announced he would be moving to a new role outside Caruna.

Financial development

In 2021, Caruna Espoo Oy's net sales amounted to EUR 91.1 (85.9) million, showing an increase of 6.0 per cent year-on-year. The growth in net sales was attributed to increased electricity consumption at the beginning and end of the year due to cold weather. Higher connection fee income also contributed to the increase in net sales.

NET SALES



Variable costs, consisting of transmission costs and grid loss electricity purchases, increased from 2020 to EUR 20.3 (19.1) million. The colder early winter and December compared to the previous year increased transmission costs, and the rise in the price of electricity, especially towards the end of the year, raised the cost of purchasing loss of electricity. Reactors installed for reactive power offset the increase in costs slightly.

Operating expenses, including external services, employee costs and other operating expenses, were EUR 22.8 (22.7) million, which is almost the same as in 2020. Depreciation, amortisation and impairment amounted to EUR 17.6 (17.5) million. Depreciation, amortisation and impairment charges also include scrapping costs arising from dismantling overhead lines in a total amount of EUR 1.1 (1.2) million.

The company's operating profit was EUR 31.7 (28.0) million, and the profit for the financial period was EUR 0.1 (0.2) million. The company paid a group contribution of EUR 21.9 (29.5) million to its parent company, Caruna Networks Oy.

Financial key figures

	2021	2020	2019
Net sales (EUR million)	91.1	85.9	85.4
Operating profit (EUR million)	31.7	28.0	30.1
Operating profit (% of net sales)	34.8	32.6	35.2
Profit for the period (EUR million)	0.1	0.2	0.2
Investments (EUR million)	35.5	21.4	22.8
Return on equity (%)	18.4	16.2	17.5
Equity ratio (%)	48.8	49.7	51.9

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. In 2021, the number of Caruna Espoo Oy's customers grew by 2.7 per cent to 230 (224) thousand customers. A total of 800 (700) 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 21 (32) minutes per customer in 2021, and the reliability of electricity supply was 99.99 (99.99) per cent. The System Average Interruption Frequency Index (SAIFI) per customer was 0.6 (0.7) events.

Approximately 400 (400) 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 1,800 (1,400).

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.

The growth in electricity demand in Espoo continued to be very strong in 2021. For example, the plan to reinforce the high-voltage network was scaled up to meet customer needs.

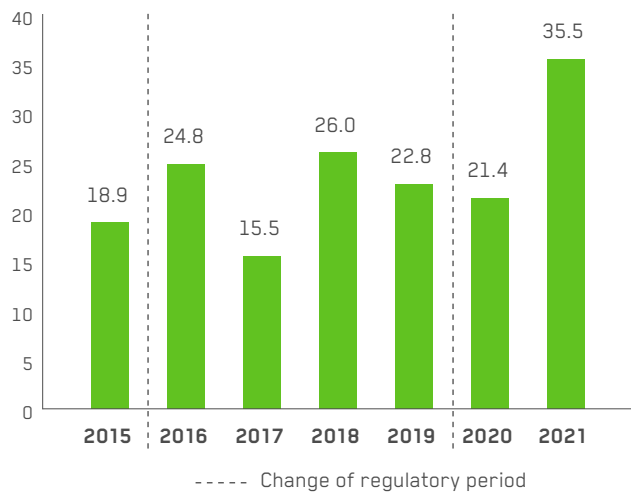
Construction work on a new primary substation in the Sinimäki area of Espoo began in spring 2021. The Sinimäki primary substation will distribute electricity to approximately 15,000 customers directly and another 140,000 indirectly. To meet the growing demand for electricity, an underground cable will 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 new primary substation will be commissioned in 2022.

In November, Caruna and Fortum signed a connection contract for an 11-megawatt air-to-water heat pump plant in Espoo, Vermo, which will be connected to the district heating network in the Espoo, Kauniainen and Kirkkonummi area. The largest plant in Finland will replace the use of coal by 92 GWh a year in line with the Espoo Clean Heat goals. The connection will be delivered during 2022, and the connection will be implemented to the Vermo substation in the 20 kV distribution network.

Caruna Espoo Oy's investments during the financial period amounted to EUR 35.5 (21.4) million.

INVESTMENTS

MEUR



Research and development

Caruna Espoo Oy had no research and development activities between 2019 and 2021.

Personnel

The average number of personnel employed by the company during the financial period was 6 (2020: 7 and 2019: 7), and at the end of the year, 5 (2020: 6 and 2019: 7). During the financial period, the company paid EUR 0.5 (2020: 0.5 and 2019: 0,5) 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 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.

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 0.1 (0.2) million in 2021.

PRICE RISK

If needed, price risks related to loss of electricity purchases are hedged by signing physical electricity purchase agreements.

Governance

GENERAL MEETINGS

Caruna Espoo Oy's Annual General Meeting was held on 13 April 2021. The meeting approved the financial statements for 2020, adopted the company's income statement and balance sheet, and discharged the members of the Board of Directors and the CEO from liability. The meeting did not decide to pay a dividend.

Caruna Espoo Oy's Extraordinary General Meetings were held on 2 March 2021 and 12 May 2021. The Extraordinary General Meetings decided on changes to the composition of the Board of Directors.

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 seven times during the financial period. At the end of 2021, Caruna Espoo Oy's Board of Directors consisted of Matti Ruotsala (Chair), James Adam, Jouni Grönroos, Kerron Lezama, Fredrik Lundeberg and Laura Tarkka. The deputy members were Katarina Romberg and Charles Thomazi.

In conjunction with the changes of ownership, there were several changes to the composition of the Board.

Members of the Board of Directors	Time
Adam James	From 2.3.2021
Grönroos Jouni	old member, no changes
Lezama Kerron	From 12.5.2021
Liddle Matthew	Until 11.5.2021
Lundeberg Fredrik	From 2.3.2021
McNicholas Michael	Until 11.5.2021
Mills Niall	Until 1.3.2021
Richardson Ellen	Until 1.3.2021
Ruotsala Matti	old member, no changes
Tarkka Laura	old member, no changes

Deputy Board members	Time
Gawron Agnieszka	Until 11.5.2021
Grant Nicolas	Until 1.3.2021
Romberg Katarina	From 13.4.2021
Thomazi Charles	From 13.4.2021

Auditors

At Caruna Espoo Oy's Annual General Meeting 2021, audit firm Deloitte Oy was elected as auditor. Reeta Virolainen, Authorised Public Accountant, was the principal between 1 January and 13 April 2021, and Jonas Vuorela, Authorised Public Accountant, from 13 April 2021.

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

The additional 20 per cent surcharge on Caruna's standard compensation for power cuts was removed from 1 January 2022 due to changes in the Electricity Market Act and

regulatory methods. Increased standard compensation was paid from July 2018 to December 2021.

Caruna decided to participate in the joint industry Market Court appeal process coordinated by Finnish Energy concerning changes to established regulatory methods in the middle of the regulatory period. The appeal is widely supported, and a total of 71 distribution companies are involved in the appeal.

Datahub, a centralised information exchange system for the retail electricity market, was launched on 21 February 2022.

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 for customers and partners.

The Energy Authority changed the regulatory methods of the electricity distribution network in the middle of the regulatory period in November 2021, which is estimated to have a significant impact on the determination of the reasonable return of Caruna Espoo Oy. As a consequential effect, Caruna Group's credit rating was lowered from BBB+ to BBB in January 2022. The drop in credit rating may increase future financing costs and reduce the availability of financing. In the first half of 2022, the Energy Authority will also start developing the regulation model that will enter into force in 2024.

Board of Directors' proposal for dividend distribution

Caruna Espoo Oy's distributable assets total EUR 16,749,491.15. The company's profit for the financial period was EUR 67,176.27. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2021 and that the profit be transferred to retained earnings.

PROFIT AND LOSS STATEMENT

EUR	Note	1 January 2021- 31 December 2021	1 January 2020- 31 December 2020
Net sales	3	91,083,099.11	85,887,384.51
Capitalised own work		56,937.00	63,152.94
Other operating income	4	1,197,706.12	1,437,494.30
Materials and supplies	5	-24,412,831.29	-22,999,155.76
Personnel expenses	6	-645,578.15	-620,272.95
Depreciation and impairment	7	-17,565,340.38	-17,488,326.68
Other operating expenses	8	-18,030,240.98	-18,246,508.14
Operating profit		31,683,751.43	28,033,768.22
Finance income and costs	9	-2,808,260.47	-2,770,194.91
Profit before appropriations and taxes		28,875,490.96	25,263,573.31
Appropriations	10	-28,791,537.66	-25,015,843.14
Income taxes	11	-16,777.03	-49,361.02
Profit for the period		67,176.27	198,369.15

BALANCE SHEET

EUR	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets	12	2,508,850.83	3,362,832.82
Tangible assets		288,701,687.51	270,167,095.12
Total non-current assets		291,210,538.34	273,529,927.94
Current assets			
Current receivables	13	26,059,735.26	27,053,246.93
Cash and cash equivalents	14	9,200,000.00	8,600,000.00
Total current assets		35,259,735.26	35,653,246.93
TOTAL ASSETS		326,470,273.60	309,183,174.87
EQUITY AND LIABILITIES			
Equity			
Share capital	15	4,000,000.00	4,000,000.00
Retained earnings (cumulative profit)		16,682,314.88	16,483,945.73
Profit for the financial year		67,176.27	198,369.15
Total equity		20,749,491.15	20,682,314.88
Appropriations	16	96,459,674.75	89,568,137.09
Provisions	17	124,352.41	124,352.41
Liabilities			
Non-current liabilities	19	143,786,183.43	143,796,551.03
Current liabilities	20	65,350,571.86	55,011,819.46
Total liabilities		209,136,755.29	198,808,370.49
TOTAL EQUITY AND LIABILITIES		326,470,273.60	309,183,174.87

CASH FLOW STATEMENT

EUR	1 January 2021– 31 December 2021	1 January 2020– 31 December 2020
Cash flows from operating activities		
Profit before appropriations and taxes	28,875,490.96	25,263,573.31
Finance income and costs	2,808,260.47	2,770,194.91
Adjustments to operating profit:		
Depreciation and impairment	17,565,340.38	17,488,326.68
Gains, losses and scrapping on the sale of fixed assets	8,513.76	-
Other non-cash adjustments	21,985.49	-21,584.00
Changes in working capital		
Increase (-)/decrease (+) in trade and other current receivables	1,052,313.95	-2,578,812.29
Increase (+)/decrease (-) in current liabilities	5,832,428.00	560,333.35
Changes in working capital total	6,884,741.95	-2,018,478.94
Interest and other finance costs paid	-3,018,440.63	-2,786,286.76
Interest received	30,843.87	20,913.11
Income taxes paid	-41,509.30	-50,586.23
Cash flows from operating activities	53,135,226.95	40,666,072.08
Cash flows from investments		
Purchase of tangible and intangible items	-34,556,558.23	-23,368,049.93
Gains on disposals of tangible and intangible assets	250,000.00	-
Change in cash pool account	11,271,331.28	6,301,977.85
Cash flows from investments	-23,035,226.95	-17,066,072.08
Cash flows from financing activities		
Group contribution paid	-29,500,000.00	-23,600,000.00
Cash flows from financing activities	-29,500,000.00	-23,600,000.00
Net increase in cash and cash equivalents	600,000.00	0.00
Cash and cash equivalents as at 1 Jan	8,600,000.00	8,600,000.00
Cash and cash equivalents as at 31 Dec	9,200,000.00	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 per cent 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 through Suomi Power Networks TopCo B.V. are the international infrastructure investors KKR (40 per cent), Ontario Teachers' (40 per cent) and the Swedish pension insurance company AMF (12.5 per cent) and the domestic pension insurance company Elo (7.5 per cent).

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, Keva, 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.

3. Net sales

EUR	2021	2020
Distribution sales		
Distribution network	83,103,797.87	78,686,186.25
High-voltage network	2,784,209.26	3,054,552.05
Connection fees		
Distribution network	5,195,091.98	4,146,646.21
Total	91,083,099.11	85,887,384.51

4. Other operating income

EUR	2021	2020
Customer based services and relocation of connections	930,475.11	1,335,138.14
Rental income	15,217.03	14,559.79
Income from sale of scrapped material	252,013.98	87,796.37
Total	1,197,706.12	1,437,494.30

5. Materials and supplies

EUR	2021	2020
Raw materials and consumables	-20,326,680.67	-19,122,076.56
External services	-4,086,150.62	-3,877,079.20
Total	-24,412,831.29	-22,999,155.76

6. Personnel and other personnel related expenses

PERSONNEL EXPENSES

EUR	2021	2020
Wages and salaries	-529,709.47	-526,189.21
Indirect personnel expenses		
Pension expenses	-100,300.19	-79,360.83
Other personnel expenses	-15,568.49	-14,722.91
Total	-645,578.15	-620,272.95

NUMBER OF PERSONNEL

	2021	2020
Average number of personnel during the period	6	7

7. Depreciation and impairment

EUR	2021	2020
Depreciation according to plan	-16,507,075.43	-16,256,133.97
Scrappings	-1,058,264.95	-1,232,192.71
Total	-17,565,340.38	-17,488,326.68

8. Other operating expenses

EUR	2021	2020
Rents	-169,692.76	-158,530.78
Losses from sales of fixed assets	-8,513.76	-
Other services	-399,051.59	-327,475.20
Other expenses	-17,452,982.87	-17,760,502.16
Total	-18,030,240.98	-18,246,508.14

AUDITOR'S FEES, DELOITTE OY, AUDIT FIRM

EUR	2021	2020
Audit fees	-45,000.00	-45,000.00
Total	-45,000.00	-45,000.00

9. Finance income and costs

EUR	2021	2020
Other interest and finance income		
Group companies	745.17	4,382.07
Others	37,798.52	24,434.28
Total finance income	38,543.69	28,816.35
Interest expenses and other finance costs		
Group companies	-3,036,521.28	-2,796,727.65
Others	-2,259.88	-2,283.61
Capitalised borrowing costs	191,977.00	-
Total finance costs	-2,846,804.16	-2,799,011.26
Total	-2,808,260.47	-2,770,194.91

10. Appropriations

EUR	2021	2020
Group contribution given	-21,900,000.00	-29,500,000.00
Difference between depreciation according to plan and tax depreciation	-6,891,537.66	4,484,156.86
Total	-28,791,537.66	-25,015,843.14

11. Income taxes

EUR	2021	2020
Income taxes from group contributions	4,380,000.00	5,900,000.00
Income taxes from ordinary activities	-4,396,777.03	-5,949,361.02
Total	-16,777.03	-49,361.02

12. Non-current assets

INTANGIBLE ASSETS

EUR	Way leaves	Other non-current expenditure	Total
Acquisition cost 1 Jan 2021	2,028,007.63	34,994,625.12	37,022,632.75
Transfers	232,950.14	23,963.50	256,913.64
Disposals	-24,977.45	-	-24,977.45
Acquisition cost 31 Dec 2021	2,235,980.32	35,018,588.62	37,254,568.94
Accumulated depreciations and impairments 1 Jan 2021	-657,935.38	-33,001,864.55	-33,659,799.93
Accumulated amortisation relating to disposals and transfers	24,977.45	-	24,977.45
Depreciation for the period	-60,091.00	-1,030,340.08	-1,090,431.08
Write-downs	-20,464.55	-	-20,464.55
Accumulated depreciations and impairments 31 Dec 2021	-713,513.48	-34,032,204.63	-34,745,718.11
Carrying amount 31 Dec 2021	1,522,466.84	986,383.99	2,508,850.83
Carrying amount 31 Dec 2020	1,370,072.25	1,992,760.57	3,362,832.82

TANGIBLE ASSETS

EUR	Land	Buildings	Machinery and equipment	Transmission and distribution network	Prepayments and construction in progress	Total
Acquisition cost 1 Jan 2021						
Additions						
Transfers	260,000.00	18,154.97	359,141.89	20,218,634.81	-21,112,846.31	-256,914.64
Disposals	-	-	-	-2,426,005.07	-	-2,426,005.07
Acquisition cost 31 Dec 2021	1,679,678.99	9,745,473.31	2,171,219.25	472,038,874.19	22,663,853.56	508,299,099.30
Accumulated depreciations and impairments 1 Jan 2021	-	-7,596,182.07	-1,316,019.24	-196,398,257.04	-	-205,310,458.35
Accumulated depreciation relating to disposals	-258,513.76	-	-	2,426,005.07	-	2,167,491.31
Depreciation for the period	-	-215,524.77	-279,079.90	-14,922,039.68	-	-15,416,644.35
Write-downs	-	-	-	-1,037,800.40	-	-1,037,800.40
Accumulated depreciations and impairments 31 Dec 2021	-258,513.76	-7,811,706.84	-1,595,099.14	-209,932,092.05	-	-219,597,411.79
Carrying amount 31 Dec 2021	1,421,165.23	1,933,766.47	576,120.11	262,106,782.14	22,663,853.56	288,701,687.51
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 of machinery and equipment used for production						
31 Dec 2021						262,106,782.14
31 Dec 2020						257,847,987.41

TOTAL NON-CURRENT ASSETS

EUR	2021	2020
Total non-current assets	291,210,538.34	273,529,927.94

13. Current receivables

EUR	2021	2020
Trade receivables	25 989 626.70	27 040 866.33
Prepayments and accrued income		
Insurance prepayments	-	8 032.78
Indirect personnel expenses	64.47	-
Income tax receivables	20 357.81	-
Other prepayments and accrued income	878.20	1 016.64
Total	21 300.48	9 049.42
Receivables from group companies		
Receivables from the cash pool account	41 775.65	3 331.18
Trade receivables	7 032.43	-
Total receivables from group companies	48 808.08	3 331.18
Total current receivables	26 059 735.26	27 053 246.93

The comparison figure for trade receivables 2020 has been restated to correspond to the new presentation of trade receivables introduced at the beginning of 2021. The effect of this is EUR 20,657,183.89 between trade receivables and other accrued income from group companies.

Liabilities to group companies include cash pool account of EUR 41 775,65 (3,331.18). 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	2021	2020
OP Corporate Bank Plc	9,200,000.00	8,600,000.00

15. Equity

EUR	2021	2020
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.	16,682,314.88	16,483,945.73
Retained earnings 31 Dec.	16,682,314.88	16,483,945.73
Profit for the period	67,176.27	198,369.15
Total unrestricted equity	16,749,491.15	16,682,314.88
Total equity	20,749,491.15	20,682,314.88

DISTRIBUTABLE UNRESTRICTED EQUITY

EUR	2021	2020
Retained earnings	16,682,314.88	16,483,945.73
Profit for the period	67,176.27	198,369.15
Total	16,749,491.15	16,682,314.88

16. Appropriations

EUR	2021	2020
Accumulated depreciation difference	96,459,674.75	89,568,137.09

17. Provisions

EUR	2021	2020
Other provisions	124,352.41	124,352.41

18. Deferred tax liabilities

EUR	2021	2020
From appropriations	19,291,934.95	17,913,627.42

Deferred tax liabilities are only recognised in group accounts.

19. Non-current liabilities

EUR	2021	2020
Liabilities to group companies		
Loans from group companies	82,423,408.00	82,423,408.00
Connection fees	61,362,775.43	61,373,143.03
Total non-current liabilities	143,786,183.43	143,796,551.03

MATURITY OF NON-CURRENT LIABILITIES

EUR	2021
2022	-
2023	-
2024	-
2025	-
2026 and later	143,786,183.43
Total	143,786,183.43

20. Current liabilities

EUR	2021	2020
Trade payables	8,965,887.95	6,886,990.55
Other current liabilities	11,964,569.51	7,404,025.95
Accrued expenses		
Accrued employee expenses	165,120.09	156,870.54
Accrued company income tax liabilities for accounting period	-	4,374.46
Other accrued expenses and deferred revenue	791,223.11	614,124.98
Accrued expenses total	956,343.20	775,369.98
Liabilities to group companies		
Group contribution liability	21,900,000.00	29,500,000.00
Accrued expenses		
Cash pool payables	20,316,057.04	9,006,281.29
Accrued interest expenses	577,153.63	564,512.92
Other accrued expenses	670,560.53	874,638.77
Liabilities to group companies total	43,463,771.20	39,945,432.98
Total current liabilities	65 350 571.86	55 011 819.46
Interest bearing liabilities	102,739,465.04	91,429,689.29
Non-interest bearing liabilities	106,397,290.25	107,378,681.20
Total	209,136,755.29	198,808,370.49

Cashpool receivables of EUR 20,316,057.04 (9,006,281.29) 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	2021	2020
Other leases		
Payable during one year	168,076.86	168,381.74
Payable after one year	892,172.30	893,790.63
Total	1,060,249.16	1,062,172.37
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	2,611,219,318.38	2,566,119,713.14
Mortgages	3,354,931.70	3,550,815.26
Total	4,834,574,250.08	4,789,670,528.40

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	2021	2020
Property, plant and equipment	61,853,411.82	65,634,957.66
Total	61,853,411.82	65,634,957.66

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	2013	2014	2015	2016	2017
Last review period	2022	2023	2024	2025	2026
Cost on real estate investment (net)	12,933,315.03	8,870,396.17	8,893,562.47	14,681,379.45	14,134,550.72
VAT on real estate investment	3,103,995.61	2,128,895.08	2,134,454.99	3,523,531.07	3,392,292.17
Net of VAT	3,103,995.61	2,128,895.08	2,134,454.99	3,523,531.07	3,392,292.17
Amount on annual review	310,399.56	212,889.51	213,445.50	352,353.11	339,229.22
Contingent liability subject to review 31 Dec 2021	620,799.12	638,668.52	853,782.00	1,761,765.53	2,035,375.30
(Left at 31 Dec 2021)	(1/10)	(2/10)	(3/10)	(4/10)	(5/10)

EUR	2018	2019	2020	2021
Last review period	2027	2028	2029	2030
Cost on real estate investment (net)	12,876,654.84	12,094,736.81	17,075,130.56	16,501,528.20
VAT on real estate investment	3,090,397.16	2,902,736.83	4,098,031.33	3,960,366.77
Net of VAT	3,090,397.16	2,902,736.83	4,098,031.33	3,960,366.77
Amount on annual review	309,039.72	290,273.68	409,803.13	396,036.68
Contingent liability subject to review 31 Dec 2021	2,163,278.01	2,322,189.47	3,688,228.20	3,564,330.09
(Left at 31 Dec 2021)	(6/10)	(7/10)	(8/10)	(9/10)

Contingent liability subject to review

Contingent liability subject to review 31 Dec 2021	17,648,416.25
Contingent liability subject to review 31 Dec 2020	14,435,852.28

OTHER PURCHASE COMMITMENTS

EUR	2021	2020
Electricity purchase commitments	2,002,227.75	1,793,711.00
Total	2,002,227.75	1,793,711.00

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 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 January 2021- 31 December 2021	1 January 2020- 31 December 2020
NET SALES	91,083	85,887
Work performed for own use	57	63
Other operating income	1,198	1,437
Materials and supplies		
Raw materials and consumables		
Purchases during the period		
Loss electricity	-5,062	-3,892
External services		
Fees paid for grid and network services	-15,265	-15,230
Other external services	-4,204	-4,014
Personnel expenses		
Wages and salaries	-530	-526
Social security expenses		
Pension expenses	-100	-79
Other social security expenses	-15	-15
Depreciation and impairment		
Depreciation according to plan		
On electricity network assets	-16,613	-16,409
On other non-current assets	-952	-1,078
Other operating expenses		
Rental expenses	-170	-159
Other operating expenses	-17,743	-17,951
OPERATING PROFIT	31,684	28,034
Finance income and costs		
Other interest and finance income		
From group companies	-	4
From others	31	17
Interest and finance costs		
To group companies	-3,037	-2,797
To others	197	6
PROFIT BEFORE APPROPRIATIONS AND TAXES	28,875	25,264
Appropriations		
Group contributions	-21,900	-29,500
Change in depreciation difference		
Change in depreciation difference on electricity network assets	-6,749	4,589
Change in depreciation difference on other non-current assets	-142	-105
Income taxes	-17	-49
PROFIT FOR THE PERIOD	67	199

BALANCE SHEET FOR NETWORK OPERATION

in EUR thousands	31 December 2021	31 December 2020
ASSETS		
Non-current assets		
Intangible assets		
Intangible assets of electricity network	2,005	2,363
Other intangible assets	504	1,000
Tangible assets		
Tangible assets of electricity network	260,052	256,663
Other tangible assets	5,985	5,232
Prepayments and construction in progress	22,664	8,272
Total non-current assets	291,210	273,530
Current assets		
Receivables		
Current receivables		
Cash pool receivables	42	3
Receivables from others	26,018	27,050
Cash and cash equivalents	9,200	8,600
Total current assets	35,260	35,653
TOTAL ASSETS	326,470	309,183
EQUITY AND LIABILITIES		
Equity		
Share capital	4,000	4,000
Retained earnings	16,683	16,484
Profit for the period	67	199
Total equity	20,750	20,683
Appropriations		
Depreciation difference	96,459	89,568
Provisions	22	-
Liabilities		
Non-current liabilities		
Non-current interest bearing liabilities		
To group companies	82,424	82,424
Non-current interest free liabilities		
Refundable connection fees	61,362	61,373
Liabilities to others	102	124
Current liabilities		
Current interest bearing liabilities		
To group companies		
Cash pool liabilities	20,316	9,006
Current interest free liabilities		
To group companies	23,218	31,009
To others	21,817	14,996
Total liabilities	209,239	198,932
TOTAL EQUITY AND LIABILITIES	326,470	309,183

KEY FIGURES FOR NETWORK OPERATION

	2021	2020
Average number of personnel during the period	6	7
Investments (capitalisations) (EUR thousand):		
Net investments of electricity network		
Intangible assets	233	178
Tangible assets	19,669	20,586
Other intangible assets	24	133
Other tangible assets	1,186	1,360
Investments total	21,112	22,257
Return on investment %	15.0	14.0

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, 16 March 2022

Matti Ruotsala
Chairman of the Board

James Adam
Member of the Board

Jouni Grönroos
Member of the Board

Kerron Lezama
Member of the Board

Fredrik Lundeborg
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, 16 March 2022

Deloitte Oy
Audit Firm

Jonas Vuorela
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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