



CARUNA

Investor Report

H1/2020

Positive energy.

caruna

Caruna Investor Report H1/2020

Key financial (IFRS) and operative indicators for Caruna Networks BV Group:

EUR million or as indicated	H1/2020	H1/2019	2019
Net sales	244.3	240.6	466.4
Profit for the reporting period	27.8	11.4	29.4
Corporate tax	5.5	6.8	12.7
Investments	72.2	80.3	167.3
Cash flow after investments	6.0	3.1	-10.1
Customers	697,000	686,000	692,000
Network cabling rate, %	58	56	56
Small-scale producers of solar power in the network area	8,000	5,200	6,600
System Average Interruption Duration Index per customer (SAIDI), minutes	40	52	79
Reliability of supply rate (%)	99.99	99.99	99.99

1.1 Key events during the reporting period

The projects to improve the electricity network in Caruna's network areas proceeded despite the extraordinary circumstances brought on by the coronavirus epidemic. Between January and June, Caruna built approximately 1,900 kilometres of weatherproof electricity network, thereby providing work for contractors all over Finland. In order to help contractors survive these difficult financial times, Caruna expedited its payments to contractors during the epidemic from March to June.

In January, the Ministry of Economic Affairs and Employment of Finland released a draft government bill on amendments to the Electricity Market Act for commenting. In February, Caruna set out its position, stating that the proposed amendment steers network companies towards improving the reliability and capacity of their networks in a diverse, customer-oriented way. The epidemic has caused the reform of the act to be postponed until autumn 2020.

In February, three winter storms occurred in Caruna's network areas, causing electricity distribution outages. The maximum number of customers without electricity at the same time was 10,200. The reliability of supply rate was 99.99 (99.99) per cent at the end of June.

In April, the electric vehicle charging points in the car park at Caruna's office were opened for public use by local electric vehicle users. A total of 40 charging points is available for use outside office hours.

In May, the ISO 55001:2014 quality certificate for Caruna's electricity network asset management system was renewed. In addition, the audits that took place in the spring confirmed Caruna's environmental certificate based on the ISO 14001 standard and its occupational health and safety certificate based on the ISO 45001 standard.

Caruna made further improvements to its procedures for designing, building and renovating the electricity network. Caruna is boosting the reliability of electricity distribution in several ways in addition to its underground cabling activities, such as enabling electricity storage, and is paying better consideration to the needs and distinctive characteristics of local areas. In June, an accumulator the size of a shipping container was connected to the electricity network in city of Inkoo. The accumulator stores energy to cover incidents such as large-scale network faults.

Caruna's customer base continued to grow steadily. At the end of June, Caruna had 697,000 (686,000) customers. Caruna switched to a different outsourced customer service partner in the spring. Neither the change of partner nor the coronavirus epidemic affected the quality of Caruna's customer service. Customer satisfaction continued to improve, and the NPS, which is a measure of customer satisfaction, stood at 23.8 (18.1) at the end of June.

Caruna aimed to play its part in helping to alleviate the financial impacts of the coronavirus epidemic on its customers by offering all private customers the option of postponing the payment of invoices by three months free of charge, from 16 March to 30 June.

From January to June, the total electricity supply volume decreased slightly to 4.9 (5.0) TWh on the distribution network. The decrease was mainly due to warmer winter and spring compared with the same period in the previous year. The coronavirus epidemic had only a marginal impact on the electricity supply volume, mainly affecting consumption by businesses. The electricity supply volume on the high-voltage distribution network was 1.4 (1.4) TWh – the same as in the previous year. The nature of Caruna's business is such that the coronavirus epidemic had only a minor financial impact.

Ninety-five per cent of Caruna's personnel switched to remote working during the epidemic. There were no redundancies or lay-offs. Summer interns and work experience trainees were also hired as in previous years. In addition, Caruna supported employment among young people and helped municipalities to take on summer workers in various parts of Finland.

FINANCIAL DEVELOPMENT

Caruna's net sales in the first half of 2020 amounted to EUR 244.3 (240.6) million, showing an increase of 1,5 per cent compared to the same period last year. The increase in net sales was mainly due to Caruna Oy's price changes, which took effect on 1 November 2019. The winter was warmer in 2020 than in 2019, negatively affecting net sales in comparison with the same period in the previous year. The coronavirus epidemic had a marginal impact on net sales.

Variable costs, consisting of transmission costs and grid loss electricity purchases, were EUR 44.8 (47.9) million. The decrease in costs, EUR 3.1 million, was mainly due to decline in the electricity supply volume because of the warmer winter. In addition, the volume of reactive power purchased from the transmission system operator was lower than in 2019.

Other operating expenses, including personnel expenses, were EUR 43.7 (39.8) million, which is EUR 3.9 million higher than in the comparison period. The increase in expenses is due to business development projects aiming to increase customer satisfaction and introduce new services for customers.

Depreciation, amortisation and impairment charges amounted to EUR 66.7 (70.5) million. Depreciation, amortisation and impairment charges include EUR 4.2 (10.1) million from the scrapping of overhead lines.

Operating profit amounted to EUR 91.1 (83.9) million. Net financing costs were EUR 61.1 (65.1) million. Profit for the reporting period was EUR 27.8 (11.4) million.

FINANCIAL KEY FIGURES (IFRS)

EUR million or as indicated	H1/2020	H1/2019	2019
Net sales	244.3	240.6	466.4
Operating profit	91.1	83.9	166.8
Operating profit (% of sales)	37.4	35.0	35.8
Profit for the reporting period	27.8	11.4	29.4
Investments	72.2	80.3	167.3
Cash flow after investments	6.0	3.1	-10.1
Interest-bearing net debt (at the end of the period)	3,274.8	3,266.5	3,280.0

BUSINESS ACTIVITIES

Caruna Group includes two network companies operating under different circumstances: Caruna Oy, which operates mainly in rural areas, and Caruna Espoo Oy, which operates in urban areas. These network companies have a total of 697,000 customers in South, South-west and West Finland, the city of Joensuu and in the regions of Koillismaa and Satakunta.

Digitalisation, the increase of decentralised energy production and electric transportation require a strong and smart network to ensure electricity supply is as reliable as possible under all conditions. Electricity network improvement projects in Caruna's network areas progressed as planned, and modernising the network was continued to ensure the security of supply targets are reached by the end of 2028.

Caruna was able to continue building a weatherproof electricity network despite the extraordinary circumstances brought on by the coronavirus epidemic and, in doing so, it was able to provide work to its contractors around Finland. However, some changes were made to work taking place on customer sites: for example, work to install fibre-optic networks was put on hold throughout the month of April to avoid any risk to the health of Caruna's customers or installation technicians. Customer events related to the network improvement projects taking place in the spring were conducted as webinars due to the coronavirus. In order to help the contractors survive these difficult financial times, Caruna reduced its payment times for contractors as of 19 March 2020.

Between January and June, approximately 1,900 kilometres of weatherproof electricity network was commissioned. The total length of Caruna's electricity network was nearly 88,000 kilometres at the end of the reporting period, with a cabling rate of 58 (56) per cent. The extensive network improvement programme in Ostrobothnia, South and North Ostrobothnia and Lapland, which began in 2014, was completed in June. The project called for approximately 1,600 kilometres of medium-voltage electricity network in 20 municipalities to be placed underground to protect it from the weather.

Telia and Caruna continued the collaboration that began in 2019 when Telia established a new fibre-optic company named Valokuitunen in the spring. The most recent joint construction project is in Riihikoski area in the city of Pöytyä. In addition, Caruna and Elisa became working together on a project to jointly construct fibre-optic and electricity networks in the city of Sauvo.

Caruna improved its procedures for designing, building and renovating the electricity network. In the future, network development projects will pay better consideration to the needs and distinctive characteristics of local areas. Caruna is boosting the reliability of electricity distribution in several ways in addition to its underground cabling activities, including by enabling electricity storage. An accumulator the size of a shipping container was connected to the electricity network in the city of Inkoo to store energy in case of incidents such as large-scale network faults. The trial is to study methods for storing electricity to enable the growth of renewable energy generation and to seek new ways to improve the quality of supply in the region.

Caruna's electricity network asset management system was awarded the internationally recognised

ISO 55001:2014 quality certificate again in May. The certificate signifies the high quality Caruna has achieved in electricity network development and maintenance, network operations and other operative activities.

Caruna Group's investments during the reporting period amounted to EUR 72.2 (80.3) million.

MORE THAN 8,000 SMALL-SCALE PRODUCERS OF SOLAR POWER

Caruna is building a robust smart network, which will enable increases in renewable energy and the use of electric vehicles. By the end of June, about 1,500 (1,100) new solar power systems were connected to Caruna's electricity network. By the end of the period, the number of small-scale producers was about 8,000 (5,200).

This target was supported by the opening of an electronic marketplace in 2019, which was introduced in February under the Virtane brand. The service enables customers to select the most suitable supplier of solar panels and electric vehicle charging solutions, compare electricity contractors and view product and price information. There are currently some 54 partners on the Virtane service.

As part of Caruna's drive to promote a carbon-neutral energy system, Caruna opened up its electric vehicle charging points to the public. The charging points had previously been reserved for Caruna's personnel. Forty charging points are now available to residents and visitors to Leppävaara in the city of Espoo outside of office hours, and users are also able to test different charging devices and speeds.

WARM WEATHER AND A MILD WINTER REDUCED ELECTRICITY CONSUMPTION

From January to June, the total electricity supply volume decreased slightly to 4.9 (5.0) TWh on the distribution network. The decrease was mainly due to warmer winter and spring compared with the same period in the previous year. The coronavirus epidemic had only a marginal impact, mainly affecting consumption by businesses. The electricity supply volume on the high-voltage distribution network was 1.4 (1.4) TWh – the same as in the previous year.

RELIABILITY OF SUPPLY REMAINED EXCELLENT

The reliability of electricity supply is measured by the System Average Interruption Duration Index (SAIDI). The average interruption time in Caruna's electricity distribution (SAIDI) was 40 (52) minutes per customer between January and June, and the reliability of supply

rate was 99.99 (99.99) per cent. The System Average Interruption Frequency Index (SAIFI) per customer was 0.77 (0.78) events.

The three storms that occurred in February – Elina, Kai and Tuuli – caused most of the outages. Storm Elina caused a maximum of 10,200 customers to suffer electricity outages simultaneously in Uusimaa and Southwest Finland. Fault locations were identified quickly thanks to attributes such as network automation and ring network connections, and electricity was restored to most customers quickly.

FURTHER IMPROVEMENT IN CUSTOMER SATISFACTION

Caruna's customer base has grown steadily in recent years. At the end of June, Caruna had 697,000 (686,000) customers. A total of 5,500 (3,800) new connection contracts were signed.

Caruna works hard to continuously improve its customer satisfaction score, measuring it by the Net Promoter Score index (NPS) based on the opinions of private customers, small and medium-sized customer companies, large customers, land-owners, municipal customers and contractors.

Caruna switched to a different outsourced customer service partner in the spring. The out-sourced customer service provider handles the 24-hour fault reporting service, among other things. Although the customer service response time increased to 53 (49) seconds, neither the change of partner nor the coronavirus epidemic affected customer perceptions of service quality. Caruna's cumulative NPS improved to 23.8 (18.1) by the end of June. In all customer interactions, customers' perceptions of the convenience of the service, 4.3 (4.3), has remained good.

Caruna wanted to play a part in mitigating the financial impact of the coronavirus epidemic on its customers, so it offered every private customer the option to postpone the payment of its invoices by three months for no extra charge between 16 March and 30 June. In addition, Caruna levied no penalty interest or payment reminder charges. Approximately 6,800 took Caruna up on this offer.

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

Company	6/2020	2019	6/2019	2018	2017
Caruna Oy	477	474	472	471	467
Caruna Espoo Oy	220	218	214	212	205
Total	697	692	686	683	672

Caruna continued to develop additional functionality for Caruna+, its electronic self-service channel for customers, and the number of customers registered with the service surpassed the 100,000 thresholds in March. In addition,

Caruna's website was revamped to ensure compliance with the Accessibility Directive, which will take effect in autumn 2020. A new map feature was added to the website to provide users with the latest information about network construction sites.

FINANCING

Electricity distribution is a capital-intensive sector. The purpose of Caruna's financing operations is to guarantee the Group's operations in the long term and to ensure that the network improvement programme can be carried out as planned. Caruna has EUR 3,283 million in interest-bearing debt, of which EUR 2,509 million is external to the Group and EUR 774 million is a shareholder loan.

In the first half of 2020, Caruna drew a total of EUR 15 million and repaid a total of EUR 108 million in investment and revolving credit facility loans. The aim of liquidity risk management is to safeguard the Group's finances under all circumstances. At the end of June, the Group has EUR 356 million in liquid assets, undrawn committed credit facilities and financial investments.

The reporting period's finance costs stated on the income statement were EUR 62.0 (66.5) million and accrued interest expenses on the balance sheet were EUR 34.0 (36.7) million. Ninety-nine per cent of Caruna's loans have fixed interest rates. The average interest rate on external loans at the end of the reporting period was 2.2 per cent (2.2 per cent).

Caruna complied with the covenant terms of all loan agreements.

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

PERSONNEL

On average, 95% of Caruna's employees worked remotely during the coronavirus epidemic when remote working was recommended from March to June. A weekly survey was conducted to gauge how well employees were coping with their work, and their ability to cope and satisfaction with remote working remained good. According to the employee surveys conducted in March and June, the employee engagement index rose 76 (72), the highest score ever recorded.

Caruna hired summer interns and work experience trainees as in previous years. At the end of June, Caruna had 326 (330) personnel, including summer interns.

CORPORATE RESPONSIBILITY

The Zero Accidents Forum awarded Caruna the classification of "Level I – at the world's fore-front" for the fifth time. Contractor safety and the improvement of

safety culture through-out the entire supply chain are a central part of Caruna's overall safety. In order to improve the safety culture, Caruna ran an extensive safety training programme from January to June. The supply chain's comparable cumulative 12-month injury frequency (LWIF)* was 3.3 (4.6) at the end of June. Caruna's employment impact was 0.74 million working hours, which translates into approximately 440 person-work years.

In May, Caruna began working with Barona and Sedu Education on a training course for electricity network electricians. The course will enable contractors building electricity networks to find professionals with targeted training. Ten people were selected to attend the training programme, which was called Kärkirymä (Top Team). In addition, Caruna supported employment among young people and helped municipalities to take on summer workers in various parts of Finland. Thirty municipalities got involved in the #Duunienergiaa campaign, which provided work for approximately 70 young people between the ages of 16 and 20.

Two oil spills into the environment exceeding 100 kilogrammes occurred in Caruna's electricity network. The environment was duly cleaned up and the sufficiency of the measures was ensured through soil samples. In 2016, the company launched a programme to replace pole-mounted transformers installed in groundwater areas with pad-mounted secondary substations, equipped with oil collectors that prevent oil spills into the environment. New pad-mounted secondary substations have been commissioned, but demolition work will continue through-out the year.

Approximately 99 per cent of the material removed from Caruna's network is recycled. Between January and June, over 3.7 million kilogrammes of old electricity network material were dismantled for recycling. The largest items in the dismantled network were poles, cables and various iron structures.

Caruna has had an environmental certificate based on the ISO 14001 standard since 2000 and an occupational health and safety certificate based on the ISO 45001 standard since 2016. The certificates were reconfirmed in May following external audits.

*The LWIF is an indicator that reflects the ratio of occupational accidents to contractors or subcontractors, as well as trainees and temporary staff, while working for Caruna or within Caruna's worksites, leading to a disability lasting a minimum of one working day, in relation to working hours (incidents/million working hours).

RISKS

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

insurance policies that provide comprehensive cover for its operations.

STRATEGIC RISKS

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

OPERATIONAL RISKS

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

FINANCIAL RISKS

The financial risks are presented in note 18 (management of financial risks) to the consolidated financial statements for 2019.

1.2 Governance

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

ANNUAL GENERAL MEETING

Caruna Networks Oy's Annual General Meeting was held on 27 March 2020. The AGM approved Caruna's financial statements for 2019, confirmed the consolidated income statement and balance sheet and discharged the members of the Board of Directors and the CEO from liability. A decision was made not to pay dividends.

BOARD OF DIRECTORS

The Board members were Matti Ruotsala (Chair) and Jouni Grönroos, John Guccione, Gregor Kurth (until

27 March), Matthew Liddle, Niall Mills, Ellen Richardson (as of 27 March) and Laura Tarkka. The deputy members were Nicolas Grant, Ines Grund and Ellen Richardson (until 27 March).

MANAGEMENT TEAM

The Management Team consists of CEO Tomi Yli-Kyyry, CFO and Deputy CEO Jyrki Tammivuori, Head of Customer Relations Katriina Kalavainen, Head of Development and Innovation Elina Lehtomäki, Head of Strategy and Regulation Noora Neilimo-Kontio (as of 12 March 2020), Head of Communications and Public Affairs Anne Pirilä, Head of Electrical Network Unit Kosti Rautiainen and Head of HR Tommi Saikkonen.

1.3 Auditing

This investor report is not audited.

1.4 Shares and ownership

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

Key events after the financial period

An extraordinary general meeting was held in July, and Michael McNicholas replaced John Guccione as a member of the Board of Directors as of 1 August 2020.

John Guccione and Niall Mills resigned from the Nomination and Remuneration Committee as of 1 August 2020. To replace them the Board of Directors has nominated Nick Grant and Michael McNicholas as members of the Nomination and Remuneration Committee as of 21 August 2020 while Matti Ruotsala continues as the chair of the committee.

Regulatory and Business Update

There were no changes to regulatory framework during H1 2020. However, government's proposal for Energy Market Act update was in commentary round in January / February 2020. Proposal includes e.g. the following modifications; annual price increase ceiling to be 12,5 per cent instead of 15%, under income recovery period from 4 to 8 years to all DSOs, most of the companies getting prolonged transition period from 2028 to 2036 to comply

with Security of Supply criteria and regulatory outage compensations to customers slightly increased. In addition, some new requirements were suggested for the network development plans reported biennially to Energy Authority. These amendments included e.g. cost efficiency considerations within investments and utilisation of flexibility and similar solutions for capacity and security of supply where suitable. Parliamentary handling of the government proposal was postponed to H2/2020 due to COVID-19, but assumption is that the suggested updates will come into force in 2021. Suggested updates to Energy Market Act do not have significant impact on Caruna's business.

The discussion around distribution pricing and regulatory model logics remained in public eye and political debate. There were some new openings in relation to development needs in the current model both by interest promotion organisations, researchers as well as politicians. Energy Authority's own regulatory model development project will start in the coming autumn and will target to get possible model amendments finalised early 2023 for the 6th regulatory period starting 2024. Caruna is actively participating in regulatory model development both as an individual company as well as via Energy Industry Associations' Committees. Caruna has solid interest promotion agenda and a clear view on targeted model development. Caruna has planned proactive stakeholder management program towards politicians, Energy Authority, Energy Industry Association and other DSOs to impact favourably on decision making.

In addition to the previous, some other legislative preparations concerning Energy Market Act and related Government Decrees are currently in progress. Their main aim is to implement requirements arising from EU's Clean Energy Package directives into Finnish legislation. These updates are not assumed to have significant impact on Caruna's business or regulatory model.

Finally, the Regulator has published new connection principles and connection fee principles in June 2020. These will come into force after transition period in December 2020. The main aim is to harmonise connection principles and pricing between DSOs and to develop connection pricing towards a shallower pricing. New principles will clarify roles and responsibilities especially related to high-voltage network connections and larger production connections (Wind Power etc.). New principles also result as updates in connection pricing within all voltage levels.

Summary of financial result January–June 2020

KEY NOTES TO THE INCOME STATEMENT

Net sales EUR 244.3 million (budget EUR 251.1 million):

The difference to budget was EUR -6.8 million (-2,7 per cent). The distribution sales were EUR 7.8 million less than budget driven by lower volume as a result of warmer weather than anticipated in budget. Connection fees in other sales were EUR 0.9 million higher than plan due to earlier than planned finalisation of the Länsimetro -project.

Direct costs EUR 44.8 million (budget EUR 48.8 million):

Direct costs were EUR 4.0 million lower than budget. The lower distribution volume caused by the warm weather drove the direct costs below budget. Also, a retrospective correction related to grid service fees and lower amount of reactive power decreased the direct costs.

Fixed costs EUR 43.7 million (budget EUR 40.5 million):

Fixed costs were EUR 3.2 million higher than budget. The deviation was driven by higher than planned fault repairing costs related to storms during Q1.

Depreciation & amortisation EUR 66.7 million (budget EUR 66.5 million):

The depreciation and amortisation were on the budgeted level. Depreciation includes EUR 15.1 million depreciation of fair value adjustments.

Net financing expenses EUR 61.1 million (budget EUR 61.0 million):

Net financing expenses were on the budgeted level.

KEY NOTES TO THE BALANCE SHEET

Intangible assets EUR 1,647.3 million (budget EUR 1,627.7 million) were higher than budgeted. Intangible assets consist mainly of non-depreciable fair value of operating licenses and goodwill raising from purchase price allocation EUR 1,591.7 million. Capitalised way leaves and IT-costs contribute for EUR 41.9 million and EUR 13.7 million respectively.

Property, plant and equipment EUR 2,401.0 million

(budget EUR 2,462.0) was lower than planned due to lower capital expenditure. The balance includes fair value adjustment of network assets from purchase price allocation EUR 551.3 million.

Other non-current assets EUR 8.3 million

(budget EUR 5.6 million). This item consists of deferred tax assets and capitalised loan arrangement fees related to Revolving Credit Facility.

Total equity EUR -71.9 million (budget EUR -92.6 million) remained negative. The equities of the standalone Finnish companies are positive and comply with Finnish Companies Act.

Interest-bearing debt EUR 3,282.5 million (budget EUR 3,388.6 million) was lower than planned.

Derivative financial instruments EUR 34.3 million (budget EUR 0.0 million) were more than planned and consist of fair value of interest and currency derivatives.

Deferred tax liabilities EUR 505.9 million (budget EUR 511.5 million) were on the budgeted level.

KEY NOTES TO THE CASH FLOW

Net cash from operating activities was EUR 91.6 million (budget EUR 118.6 million), which is EUR 27.0 million lower than assumed in budget. The difference is mainly due to smaller EBITDA and speed up payments of supplier invoices during the Covid-19 pandemic in the second quarter.

Net cash used in investing activities was EUR -85.6 million (budget EUR -95.9 million) which is EUR 10.2 million less than planned due to lower than anticipated capital expenditure spend for network improvements.

Net cash used in financing activities was EUR -93.2 million (budget EUR 0.0 million). The difference of EUR 93.2 million is due to lower capital expenditure and repayment of RCF-loans.

1. We confirm that in respect of this Investor Report dated 4 September 2020, by reference to the most recent Financial Statements that we are obligated to deliver to you in accordance with paragraph 1 (Financial Statements) of part 2 (Information Covenants) of Schedule 2 (Borrower Security Group Covenants) of the Common Terms Agreement:
 - (a) the Senior Interest Cover Ratio in respect of the Relevant Period is estimated to be greater than or equal to 1.7x; and
 - (b) the Senior Leverage Ratio in respect of the Relevant Period is or is estimated to be greater than or equal to 5.0 per cent(together the "Ratios").
2. We confirm that each of the above Ratios has been calculated in respect of the Relevant Period(s) or as at the Calculation Dates for which it is required to be calculated under the Common Terms Agreement.
3. We confirm that:
 - (a) no Default or Trigger Event has occurred and is continuing;
 - (b) the Borrower Security Group is in compliance with the Hedging Policy; and
 - (c) the statements set out in this Investor Report are accurate in all material respects.

Yours faithfully

Officer

Signing without personal liability, for and on behalf of Caruna Networks Oy as Borrower Security Group Agent

INCOME STATEMENT 1 JANUARY 2020 – 30 JUNE 2020

EUR million, cumulative	ACT Jan-Jun 2020	BUD Jan-Jun 2020	Diff	ACT Jan-Jun 2019	FCT Jan-Dec 2020	BUD Jan-Dec 2020	Diff	ACT Jan-Dec 2019	PLAN Jan-Jun 2021	FCT Jul-Dec 2020	ACT Jul-Dec 2019
Distribution sales	236.6	244.4	-7.8	235.1	458.1	469.8	-11.7	453.7	235.0	221.5	218.6
Other sales	7.6	6.7	0.9	5.5	15.7	15.6	0.1	12.7	8.1	8.1	7.2
NET SALES	244.3	251.1	-6.8	240.6	473.8	485.4	-11.6	466.4	243.0	229.5	225.8
Direct costs	-44.8	-48.8	4.0	-47.9	-83.9	-89.3	5.4	-87.2	-43.2	-39.1	-39.3
SALES MARGIN	199.4	202.3	-2.9	192.7	389.9	396.1	-6.2	379.2	199.9	190.5	186.5
Other Income	2.1	1.6	0.5	1.5	4.7	3.3	1.4	6.7	2.5	2.6	5.2
Personnel costs	-14.6	-13.3	-1.3	-13.2	-27.2	-25.8	-1.4	-25.1	-13.0	-12.6	-11.9
Repairs & Maintenance	-11.2	-8.2	-3.0	-10.1	-20.5	-18.0	-2.5	-20.4	-11.1	-9.3	-10.3
External Services	-10.2	-12.5	2.3	-8.2	-23.2	-26.2	3.0	-19.9	-15.4	-13.0	-11.7
Other expenses	-7.6	-6.5	-1.1	-8.3	-15.6	-13.5	-2.1	-17.4	-1.0	-8.0	-9.1
Total fixed costs	-43.7	-40.5	-3.2	-39.8	-86.5	-83.5	-3.0	-82.8	-40.5	-42.8	-43.0
EBITDA	157.8	163.4	-5.6	154.4	308.1	315.9	-7.8	303.1	161.8	150.3	148.7
Depreciation and amortisation	-66.7	-66.5	-0.2	-70.5	-132.5	-133.0	0.5	-136.3	-67.3	-65.8	-65.8
OPERATING PROFIT	91.1	96.9	-5.8	83.9	175.6	182.9	-7.3	166.8	94.5	84.5	82.9
Financial Income	1.1	-	1.1	0.1	2.3	-	2.3	0.1	-	1.2	-
Interest expenses on Senior loan	-28.2	-27.4	-0.8	-26.0	-56.5	-54.1	-2.4	-52.9	-27.3	-28.3	-26.9
Interest expenses on SHL loan	-32.4	-32.9	0.5	-37.5	-66.0	-65.8	-0.2	-72.9	-32.9	-33.6	-35.4
Ongoing fees	-0.3	-0.5	0.2	-0.4	-0.7	-0.9	0.2	-0.8	-0.4	-0.4	-0.4
Loan arrangement fee amortisation	-0.5	-0.2	-0.3	-0.3	-1.2	-0.4	-0.8	-0.8	0.0	-0.7	-0.5
Other Financial Items	-0.9	-	-0.9	-1.0	-1.4	-	-	-1.6	-	-0.5	-0.6
Total financial income / expense	-61.1	-61.0	-0.1	-65.1	-123.5	-121.2	-2.3	-128.9	-60.6	-62.4	-63.8
RESULT BEFORE TAX	30.0	35.9	-5.9	18.8	52.1	61.7	-9.6	37.9	34.0	22.1	19.1
Income taxes	-5.5	-8.5	3.0	-6.8	-10.5	-17.0	6.5	-12.7	-6.8	-5.0	-5.9
Deferred taxes	3.3	1.5	1.8	-0.6	-2.3	10.5	-12.8	4.2	-0.4	-5.6	4.8
RESULT FOR THE PERIOD	27.8	28.9	-1.1	11.4	39.3	55.2	-15.9	29.4	26.8	11.5	18.0

BALANCE SHEET

EUR million	ACT 30 Jun 2020	BUD 30 Jun 2020	ACT 30 Jun 2019	FCT 31 Dec 2020	BUD 31 Dec 2020	ACT 31 Dec 2019	PLAN 30 Jun 2021
ASSETS							
Non-current assets							
Intangible assets	1,647.3	1,627.7	1,646.7	1,650.8	1,677.4	1,649.1	1,660.8
Property, plant and equipment	2,401.0	2,462.1	2,375.2	2,429.7	2,443.9	2,393.6	2,449.0
Other non-current assets	8.3	5.6	7.7	6.3	5.9	7.3	5.7
Total non-current assets	4,056.6	4,095.4	4,029.6	4,086.8	4,127.2	4,050.0	4,115.5
Current assets							
Trade receivables	80.6	78.6	78.1	110.6	133.9	114.0	80.0
Other current receivables	2.1	-	2.6	1.6	-	1.6	0.5
Cash and cash equivalents	7.7	81.3	12.2	64.2	10.0	94.9	77.1
Total current assets	90.4	159.9	92.9	176.4	143.9	210.5	157.6
TOTAL ASSETS	4,147.0	4,255.3	4,122.5	4,263.2	4,271.1	4,260.5	4,273.1
EQUITY							
Share capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Invested distributable funds	171.3	171.2	171.3	171.3	171.2	171.3	171.2
Result for the period	27.8	28.9	11.4	39.3	55.2	29.4	26.8
Retained earnings	-243.1	-269.1	-272.6	-255.1	-270.1	-272.5	-234.3
Other equity components	-27.9	-23.6	-23.4	-21.9	-23.6	-21.9	-22.8
Total equity	-71.9	-92.6	-113.3	-66.4	-67.3	-93.7	-59.1
LIABILITIES							
Non-current liabilities							
Senior loan	2,515.0	2,622.5	2,384.4	2,584.5	2,629.3	2,607.7	2,608.1
Shareholder loan	773.6	773.6	901.0	773.6	773.6	773.6	773.6
Loan arrangement fees	-6.1	-7.5	-6.7	-5.8	-7.5	-6.4	-7.4
Derivative financial instruments	34.3	-	30.2	27.1	-	27.3	15.5
Deferred tax liabilities	505.9	511.5	514.2	511.5	504.8	509.3	508.1
Provisions	0.0	-	0.1	0.0	-	0.0	0.6
Other non-current liabilities	304.6	335.5	304.4	304.3	337.5	304.7	320.6
Total non-current liabilities	4,127.3	4,235.6	4,127.6	4,195.2	4,237.7	4,216.2	4,219.2
Current liabilities							
Trade payables	18.7	33.3	35.2	45.5	42.1	43.5	32.6
Accrued interest expenses	33.5	33.0	35.4	36.4	37.4	36.3	37.5
Other current interest-free payables	39.4	46.0	37.6	52.5	21.2	58.2	42.9
Total current liabilities	91.6	112.3	108.2	134.4	100.7	138.0	113.0
TOTAL LIABILITIES	4,218.9	4,347.9	4,235.8	4,329.6	4,338.4	4,354.2	4,332.2
TOTAL EQUITY AND LIABILITIES	4,147.0	4,255.3	4,122.5	4,263.2	4,271.1	4,260.5	4,273.1

CASH FLOW STATEMENT

EUR million	ACT Jan-Jun 2020	BUD Jan-Jun 2020	ACT Jan-Jun 2019	FCT Jan-Dec 2020	BUD Jan-Dec 2020	ACT Jan-Dec 2019	PLAN Jan-Jun 2021
CASH FLOW FROM OPERATING ACTIVITIES							
Result for the period	27.8	28.9	11.4	39.3	55.2	29.4	26.8
Adjustments:							
Income tax expenses	2.2	7.0	7.4	12.8	6.5	8.5	7.2
Finance costs-net	61.1	61.0	65.1	123.5	121.2	128.9	60.6
Depreciation, amortisation and impairment charges	66.7	66.5	70.5	132.5	133.0	136.3	67.3
Operating profit before depreciations (EBITDA)	157.8	163.4	154.4	308.1	315.9	303.1	161.8
Non-cash flow items and divesting activities	-0.1	-	1.1	-0.1	-	-0.4	-
Interest received	1.5	-	2.2	3.0	0.5	4.0	-
Interest paid, Senior Loan	-30.7	-30.9	-33.9	-56.6	-54.4	-59.6	-27.3
Interest paid, Shareholder Loan	-33.0	-35.1	-37.7	-66.0	-67.2	-74.9	-32.9
Ongoing fees, paid	-0.4	-0.6	-0.4	-0.8	-	-0.8	-0.4
Other financial expenses paid	-0.9	-	-0.8	-1.7	-1.6	-1.8	-
Taxes	-6.2	-8.7	-4.0	-11.4	-17.2	-11.3	-6.8
Funds from operations	88.0	88.1	80.9	174.5	176.0	158.3	94.5
Change in working capital	3.6	30.5	5.3	9.4	-40.6	0.4	67.5
Total net cash from operating activities	91.6	118.6	86.2	183.9	135.4	158.7	162.0
CASH FLOW FROM INVESTING ACTIVITIES							
Capital expenditures	-85.7	-95.9	-83.2	-179.5	-180.7	-170.9	-73.8
Proceeds from sales of fixed assets	0.1	-	0.1	0.1	-	2.1	-
Total net cash used in investing activities	-85.6	-95.9	-83.1	-179.4	-180.7	-168.8	-73.8
Cash flow before financing activities	6.0	22.7	3.1	4.5	-45.3	-10.1	88.3
CASH FLOW FROM FINANCING ACTIVITIES							
Proceeds from long-term liabilities	15.0	-	-	85.0	8.8	223.0	-
Payments of long-term liabilities	-108.0	-	-50.0	-108.0	0.0	-177.3	-21.2
Dividends paid	-	-	-	-12.0	-12.1	-	-
Other financing items	-0.2	-	-0.2	-0.2	-	-	-
Total net cash used in financing activities	-93.2	0.0	-50.2	-35.2	-3.3	45.7	-21.2
Total net increase(+) / decrease(-) in cash and cash equivalents	-87.2	22.7	-47.1	-30.7	-48.6	35.6	67.1
Cash and cash equivalents in the beginning of the period	94.9	58.6	59.3	94.9	58.6	59.3	10.0
Cash and cash equivalents at the end of the period	7.7	81.3	12.2	64.2	10.0	94.9	77.1

Ratio ICR	30 Jun 2020 Backward	30 Jun 2020 Forward	30 Jun 2020 Extended Forward
Senior Interest Cover Ratio	5.2x	5.3x	-
Lock-up	1.7x	1.7x	-
Lock-up breach	-	-	-
Default	1.2x	-	-
Default breach	-	-	-
Senior Leverage Ratio	9.4 %	9.6 %	10.0 %
Lock-up	5.0 %	5.0 %	5.5 %
Lock-up breach	-	-	-
Default	4.0 %	-	-
Default breach	-	-	-

LOAN COVENANT RATIO CALCULATION

EUR million	H2/2019	H1/2020	"Backward"	H2/2020	H1/2021	"Forward"	"Extended"
			30 Jun 2020			30 Jun 2020	36 months total
Senior Interest Cover Ratio, Denominator:							
EBITDA	148.7	157.8	306.5	150.3	161.8	312.2	
+/- Unrealised gains or losses of electricity derivatives	-3.0	0.0	-3.0	0.0	0.0	0.0	
+ Income Taxes	-5.9	-5.5	-11.4	-5.0	-6.8	-11.8	
Consolidated EBITDA - taxes, total	139.8	152.3	292.1	145.3	155.0	300.4	
Senior Interest Cover Ratio, Numerator:							
Interest Costs, Senior	-26.9	-28.2	-55.1	-28.3	-27.3	-55.5	
Ongoing fees, Senior	-0.4	-0.3	-0.7	-0.4	-0.4	-0.8	
Net Finance Charges, Senior total	-27.3	-28.5	-55.8	-28.7	-27.6	-56.3	
Senior Interest Cover Ratio			5.2x			5.3x	
Senior Leverage Ratio, Denominator:							
EBITDA	148.7	157.8	306.5	150.3	161.8	312.2	332.7
+/- Unrealised gains or losses of electricity derivatives	-3.0	-	-3.0	-	-	-	-
Interest Costs, Senior	-26.9	-28.2	-55.1	-28.3	-27.3	-55.5	-55.5
Ongoing fees, Senior	-0.4	-0.3	-0.7	-0.4	-0.4	-0.8	-0.7
+ Income Taxes	-5.9	-5.5	-11.4	-5.0	-6.8	-11.8	-13.1
Funds from Operations, FFO	112.5	123.8	236.3	116.6	127.4	244.0	263.4
Senior Leverage Ratio, Numerator:							
Senior debt		2,515.0	2,515.0		2,608.1	2,608.1	2,631.6
Cash		-7.7	-7.7		-77.1	-77.1	-10.0
Net debt - Senior		2,507.3	2,507.3		2,531.0	2,531.0	2,621.6
Senior Leverage Ratio			9.4 %			9.6 %	10.0 %

EUR million	ACT	ACT	ACT
	H1/2020	H1/2019	Jan-Dec 2019
Permitted Acquisition	none	none	none
Permitted Disposal	0.1	0.1	2.1
Permitted Distribution	-33.0	-37.7	-202.2
Additional Financial Indebtedness	none	none	none

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