



CARUNA OY

Financial Statements and Operating and Financial Review

31 DECEMBER 2021



Positive energy.

caruna

Contents



Financial period 1 January 2021–31 December 2021

1	Operating and financial review
6	Profit and loss statement
6	Balance sheet
7	Cash flow statement
8	Notes
20	Signatures to the financial statements and operating and financial review
21	Auditor's note
22	List of ledgers

Operating and Financial Review for 2021 by Caruna Oy's Board

Caruna Oy is a part of Caruna Group (Caruna). Caruna Oy is engaged in regulated electricity distribution network operations and high-voltage electricity distribution network operations on the electricity networks it owns, and it 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

The number of Caruna Oy's customers has grown steadily during the past years. The total number of customers was 484 (479) thousand at the end of 2021. The rate of growth was 1.0 (1.1) per cent

During the year, the electricity supply volume in the distribution network grew by 9.4 per cent, totalling 7.0 (6.4) TWh. The electricity supply volume on the high-voltage distribution network remained unchanged at 2.6 (2.6) TWh. The reliability of supply rate was 99.98 (99.97) per cent in 2021.

Storm Paula in June caused electricity distribution outages. The storm was among the most significant storms in the region of Koillismaa in several years. Storm Paula caused power cuts affecting up to 5,300 customers at the same time.

During the year, the planning of several local cable projects was launched in Central Uusimaa, Häme, Ostrobothnia and Koillismaa. Two wide-ranging electricity network development projects were concluded in Southwestern Finland and Satakunta.

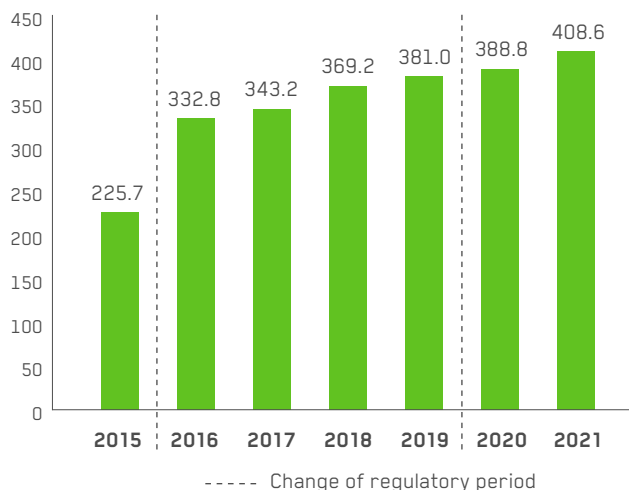
In November, Caruna's CEO Tomi Yli-Kyyny announced he would be moving to a new role outside Caruna.

Financial development

In 2021, Caruna Oy's net sales amounted to EUR 408.6 (388.8) million, showing an increase of 5.0 per cent year-on-year. The growth in net sales was attributed to increased electricity consumption due to cold

weather at the beginning and end of the year. Connection income decreased by EUR 2.6 million from the comparison period, when connection income was recorded from completed wind farm projects.

NET SALES



Variable costs, consisting of transmission costs and grid loss electricity purchases, were EUR 73.4 (66.4) 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 64.9 (66.9) million, which is EUR 2 million lower than in the comparison period. In general, other operating expenses decreased slightly, but the Paula storm that hit the region of Koillismaa in June and the related repair and standard compensation costs totalling approximately EUR 4.8 million had a slightly increasing effect on expenses. Depreciation, amortisation and impairment charges amounted to EUR 85.8 (87.3) million. Depreciation, amortisation and impairment charges also include scrapping costs arising from dismantling overhead lines in a total amount of EUR 7.7 (9.3) million.

The company's operating profit was EUR 191.1 (172.2) million, and the loss for the financial period was EUR 3.0 (2020: loss of 7.1) million.

The company paid a group contribution of EUR 135.0 (119.3) million to its parent company, Caruna Networks Oy.

Financial key figures

	2021	2020	2019
Net sales (EUR million)	408.6	388.8	381.0
Operating profit (EUR million)	191.1	172.2	167.2
Operating profit (% of net sales)	46.8	44.3	43.9
Loss for the period (EUR million)	-3.0	-7.1	-6.5
Investments (EUR million)	104.6	121.9	144.4
Return on equity (%)	28.7	26.7	26.5
Equity ratio (%)	30.6	30.8	29.5

Business activities

Caruna Oy has approximately 80,000 kilometres of electricity network in its operating area of South, Southwest and West Finland, and in the regions of Koillismaa and Satakunta. The number of Caruna Oy's customers has grown steadily during the past years. The total number of customers was 484 (479) thousand at the end of 2021. The rate of growth was 1.0 (1.1) per cent. A total of 2,000 (1,700) new connection contracts were signed.

In January, Caruna Oy implemented 110 kV connections to the Finnish Transport Infrastructure Agency's power supply stations in Nousiainen and Hulmikko in Vehmaa on the section of railway between Turku and Uusikaupunki. Electrification will lead to substantial cost savings for every trip that uses this section of railway while reducing emissions in the section. The connections were commissioned at the turn of June–July 2021.

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

In summer 2021, Caruna Oy implemented a 110 kV connection for Thor Sigg Ab, a company operating a cultivation greenhouse in Närpiö. Construction work began at the start of May, and the connection was commissioned

in the autumn when the company needed lighting for its greenhouse. The new connection enables the company to expand its production and provide it with reliable electricity distribution.

During the year, the planning of several local cable projects was launched in Central Uusimaa, Häme, Ostrobothnia and Koillismaa. The aim is to demolish the old low-voltage overhead lines in built-up areas and replace them with new underground cable networks. Work will take place in several towns and municipalities. The aim is to build approximately 551 kilometres of new underground cable network in the region between 2022 and 2025.

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

The reliability of electricity supply is measured by the System Average Interruption Duration Index (SAIDI). The average interruption time in Caruna Oy's electricity distribution (SAIDI) was 97 (135) minutes per customer in 2021, and the reliability of electricity supply was 99.98 (99.97) per cent. The System Average Interruption Frequency Index (SAIFI) per customer was 1.9 (2.1) events.

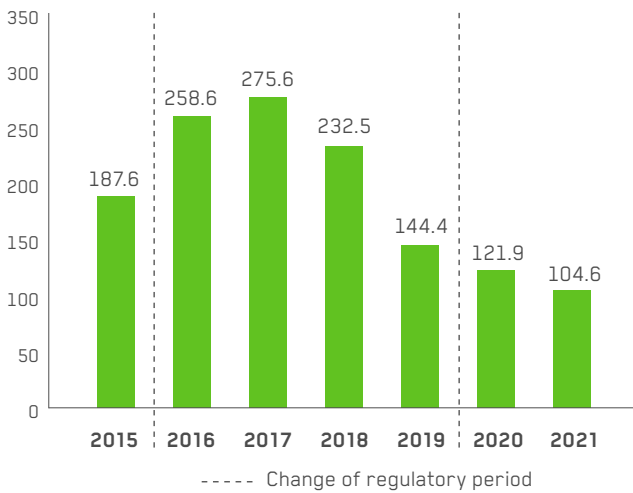
In January, storm Toini felled three high-voltage electricity poles, and the lines between the poles fell into the sea in the Rymättylä area of Naantali. New poles were installed in April and May to replace the broken ones. Sensors were added to the power line to warn of any accumulated snow and ice.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

By the end of December, 2,260 (2,400) new solar power systems were connected to Caruna Oy's electricity network. By the end of the year, the number of small-scale producers was approximately 10,300 (8,000).

The reliability-of-supply requirements changed in 2021 when the new Electricity Market Act took effect in August. The reliability-of-supply requirements were postponed from 2028 to 2036 for companies with medium-voltage networks that had a cabling rate of less than 60 per cent at the end of 2018. The new requirements applied to Caruna Oy within Caruna Group.

Caruna Oy's investments amounted to EUR 104.6 (121.9) million.

INVESTMENTS



Research and development

Total research and development expenditure for the financial period amounted to EUR 0.2 (2020: 0.2 and 2019: 0.2) million, which is 0.27 (2020: 0.25 and 2019: 0.37) per cent of operating expenses.

Personnel

Caruna Oyj's average number of employees was 238 (2020: 247 and 2019: 242), and at the end of the year, 218 (2020: 241 and 2019: 241). During the financial period, the company paid EUR 14.8 (2020: 14.5 and 2019: 13.8) 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 financing 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 Oyj 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. Caruna Oyj's customers can have supply or connection contracts including 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 484 (512) thousand in 2021.

PRICE RISK

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

Statement on changes in shareholders' equity

Caruna Oy's share capital amounts to EUR 2.0 million. The company strengthened the invested unrestricted equity fund by a total of EUR 5 million. At the end of the financial period, the company's Invested unrestricted equity fund contained EUR 78.4 million. The company has no subordinated loans as defined in the Limited Liability Companies Act.

Governance

GENERAL MEETINGS

Caruna 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 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 Oy's Board of Directors consisted of Matti Ruotsala (Chair), James Adam, Jouni Grönroos, Kerron Lezama, Fredrik Lundeborg 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
Lundeborg 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 Oy's Annual General Meeting 2021, audit firm Deloitte Oy was elected as auditor. Reeta Virolainen, Authorised Public Accountant, was the principal auditor between 1 January and 13 April 2021, and Jonas Vuorela, Authorised Public Accountant, from 13 April 2021.

Shares and ownership

The company has 470,671 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 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 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 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 Oy's distributable assets total EUR 12,919,543.22. The company's net loss for the financial period was EUR 2,956,813.27. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2021 and that the losses be transferred to retained earnings.

PROFIT AND LOSS STATEMENT

EUR	Note	1 Jan 2021- 31 Dec 2021	1 Jan 2020- 31 Dec 2020
Net sales	3	408,587,665.67	388,848,515.62
Capitalised own work		1,022,267.83	1,151,908.54
Other operating income	4	5,554,658.05	2,758,537.30
Materials and supplies	5	-100,587,532.19	-94,966,694.19
Personnel expenses	6	-17,842,643.60	-17,017,661.10
Depreciation and impairment	7	-85,750,566.20	-87,349,669.68
Other operating expenses	8	-19,851,284.61	-21,251,917.19
Operating profit		191,132,564.95	172,173,019.30
Finance income and costs	9	-28,563,247.26	-26,638,241.55
Profit before appropriations and taxes		162,569,317.69	145,534,777.75
Appropriations	10	-165,482,662.86	-152,562,812.42
Income taxes	11	-43,468.10	-87,649.95
Loss for the period		-2,956,813.27	-7,115,684.62

BALANCE SHEET

EUR	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets	12		
Intangible assets		37,021,765.20	41,387,598.36
Tangible assets		1,611,358,137.86	1,588,598,695.65
Investments		48,721.68	48,973.96
Total non-current assets		1,648,428,624.74	1,630,035,267.97
Current assets			
Current receivables	13	208,657,649.69	107,820,587.37
Cash and cash equivalents	14	41,000,000.00	39,000,000.00
Total current assets		249,657,649.69	146,820,587.37
TOTAL ASSETS		1,898,086,274.43	1,776,855,855.34
EQUITY AND LIABILITIES			
Equity	15		
Share capital		2,000,000.00	2,000,000.00
Other reserves			
Invested distributable equity fund		78,387,669.09	73,387,669.09
Retained earnings (cumulative loss)		-62,511,312.60	-55,395,627.98
Loss for the financial year		-2,956,813.27	-7,115,684.62
Total equity		14,919,543.22	12,876,356.49
Appropriations	16	403,704,714.44	373,222,051.58
Liabilities			
Non-current liabilities	18	1,252,942,510.84	1,199,024,369.13
Current liabilities	19	226,519,505.93	191,733,078.14
Total liabilities		1,479,462,016.77	1,390,757,447.27
TOTAL EQUITY AND LIABILITIES		1,898,086,274.43	1,776,855,855.34

CASH FLOW STATEMENT

EUR	1 Jan 2021- 31 Dec 2021	1 Jan 2020- 31 Dec 2020
Cash flows from operating activities		
Net profit before appropriations and taxes	162,569,317.69	145,559,778.75
Finance income and costs	28,563,247.26	26,638,241.55
Adjustments to operating profit		
Depreciation and impairment	85,750,566.20	87,349,669.68
Proceeds on sale of fixed assets and write-offs	-114,976.03	-43,315.63
Other non-cash adjustments	-	-21,419.98
Changes in working capital		
Increase/decrease in trade and other current receivables	2,903,759.18	3,686,983.12
Increase/decrease in current liabilities	-1,870,988.46	-2,193,412.95
Changes in working capital total	1,032,770.72	1,493,570.17
Interest and other finance costs paid	-28,773,178.66	-26,758,900.60
Interest received	99,903.33	68,018.37
Income taxes paid	31,284.88	-180,521.92
Cash flows from operating activities	249,158,935.39	234,105,120.39
Cash flows from investments		
Purchase of tangible and intangible items	-104,562,992.08	-127,547,133.58
Proceeds from sale of tangible and intangible assets	562,195.00	137,942.00
Proceeds from sale of shares	252.28	-
Change in cash pool account	-83,158,390.59	18,107,329.19
Cash flows from investments	-187,158,935.39	-109,301,862.39
Cash flows from financing activities		
Repayment of non-current borrowings	-60,000,000.00	-124,103,258.00
Cash flows from financing activities	-60,000,000.00	-124,103,258.00
Net increase in cash and cash equivalents	2,000,000.00	700,000.00
Cash and cash equivalents as at 1 Jan	39,000,000.00	38,300,000.00
Cash and cash equivalents as at 31 Dec	41,000,000.00	39,000,000.00

Notes

1. Accounting principles

The financial statements of Caruna 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 the next two 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 current supervision period includes years 2020-2023. 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 during the eight following years with the conditional decision from Energy Authority in 2019.

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 FEES

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 land owners on harm and damage caused by Caruna Oy's electricity network and equipment. Caruna 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 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 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 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 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	368,166,535.96	346,962,289.58
High-voltage network	28,984,304.10	27,807,921.88
Connection fees		
Distribution network	10,285,396.47	10,341,698.76
High-voltage network	1,151,429.14	3,736,605.40
Total	408,587,665.67	388,848,515.62

4. Other operating income

EUR	2021	2020
Income from sale of scrapped material	1,694,776.68	856,236.04
Customer based services and relocation of connections	1,662,670.75	1,142,804.69
Rental income	597,922.28	559,174.11
Proceeds from sales of fixed assets	114,976.03	19,207.28
Other	1,484,312.31	181,115.18
Total	5,554,658.05	2,758,537.30

Other items include contractual arrangements in 2021.

5. Materials and supplies

EUR	2021	2020
Raw materials and consumables	-73,424,322.25	-66,355,453.58
External services	-27,163,209.94	-28,611,240.61
Total	-100,587,532.19	-94,966,694.19

6. Personnel and other personnel related expenses

PERSONNEL EXPENSES

EUR	2021	2020
Wages and salaries	-14,765,093.32	-14,537,583.30
Indirect personnel expenses		
Pensions	-2,431,785.23	-1,963,611.69
Other personnel expenses	-645,765.05	-516,466.11
Total	-17,842,643.60	-17,017,661.10

NUMBER OF PERSONNEL

	2021	2020
Average number of personnel during the financial year	238	247

7. Depreciation and impairment

EUR	2021	2020
Depreciation according to plan	-78,077,016.39	-78,030,591.40
Scrappings	-7,673,549.81	-9,319,078.28
Total	-85,750,566.20	-87,349,669.68

8. Other operating expenses

EUR	2021	2020
Rents	-453,116.28	-392,005.75
Losses from sales of fixed assets	-	-892.65
Other services	-9,783,152.06	-9,858,743.04
Other expenses	-9,615,016.27	-11,000,275.75
Total	-19,851,284.61	-21,251,917.19

AUDITOR'S FEES, DELOITTE OY, AUDIT FIRM

EUR	2021	2020
Audit fees	-75,000.00	-80,045.00
Total	-75,000.00	-80,045.00

9. Finance income and costs

EUR	2021	2020
Other interest and finance income	99,989.76	70,688.65
Total finance income	99,989.76	70,688.65
Other finance costs		
Group companies	-28,647,221.88	-26,680,271.49
Others	-16,015.14	-28,658.71
Total finance costs	-28,663,237.02	-26,708,930.20
Total	-28,563,247.26	-26,638,241.55

10. Appropriations

EUR	2021	2020
Group contribution given	-135,000,000.00	-119,300,000.00
Difference between depreciation according to plan and tax depreciation	-30,482,662.86	-33,262,812.42
Total	-165,482,662.86	-152,562,812.42

11. Income taxes

EUR	2021	2020
Income taxes from group contributions	27,000,000.00	23,860,000.00
Income taxes from ordinary activities	-27,043,468.10	-23,947,649.95
Total	-43,468.10	-87,649.95

12. Non-current assets

INTANGIBLE ASSETS

EUR	Intangible rights	Way leaves	Other non-current expenditure	Total
Acquisition cost 1 Jan 2021	1,056,447.28	35,019,173.54	49,460,746.68	85,536,367.50
Transfers	-	1,557,949.83	2,133,302.23	3,691,252.06
Disposals	-	-356,997.92	-51,975.00	-408,972.92
Acquisition cost 31 Dec 2021	1,056,447.28	36,220,125.45	51,542,073.91	88,818,646.64
Accumulated amortisation and impairment 1 Jan 2021	-549,826.07	-8,725,419.65	-34,873,523.42	-44,148,769.14
Accumulated amortisation relating to disposals and transfers	-	356,997.92	51,975.00	408,972.92
Depreciation for the period	-59,424.96	-987,135.02	-6,744,193.39	-7,790,753.37
Write-downs	-	-220,420.60	-45,911.25	-266,331.85
Accumulated amortisation and impairment 31 Dec 2021	-609,251.03	-9,575,977.35	-41,611,653.06	-51,796,881.44
Carrying amount 31 Dec 2021	447,196.25	26,644,148.10	9,930,420.85	37,021,765.20
Carrying amount 31 Dec 2020	506,621.21	26,293,753.89	14,587,223.26	41,387,598.36

TANGIBLE ASSETS

EUR	Land	Buildings	Machinery and equipment	Transmission and distribution network	Prepayments and construction in progress	Total
Acquisition cost 1 Jan 2021	4,260,993.55	24,213,346.82	9,906,349.45	2,284,049,599.84	55,902,728.73	2,378,333,018.39
Additions	-	-	-	-	104,591,141.94	104,591,141.94
Transfers	31,530.32	13,998.46	2,179,617.99	112,240,521.09	-118,156,919.92	-3,691,252.06
Disposals	-	-	-851,191.64	-16,017,953.54	-	-16,869,145.18
Acquisition cost 31 Dec 2021	4,292,523.87	24,227,345.28	11,234,775.80	2,380,272,167.39	42,336,950.75	2,462,363,763.09
Accumulated amortisation and impairment 1 Jan 2021	-	-10,183,344.44	-5,952,257.59	-773,598,720.71	-	-789,734,322.74
Accumulated depreciation relating to disposals and transfers	-	-	404,224.95	16,017,953.54	-	16,422,178.49
Depreciation for the period	-	-999,603.02	-1,384,124.87	-67,902,535.13	-	-70,286,263.02
Write-downs	-	-	-	-7,407,217.96	-	-7,407,217.96
Accumulated amortisation and impairment 31 Dec 2021	-	-11,182,947.46	-6,932,157.51	-832,890,520.26	-	-851,005,625.23
Carrying amount 31 Dec 2021	4,292,523.87	13,044,397.82	4,302,618.29	1,547,381,647.13	42,336,950.75	1,611,358,137.86
Carrying amount 31 Dec 2020	4,260,993.55	14,030,002.38	3,954,091.86	1,510,450,879.13	55,902,728.73	1,588,598,695.65
Carrying amount of machinery and equipment used for production						
31 Dec 2021						1,547,381,647.13
31 Dec 2020						1,510,450,879.13

INVESTMENTS

EUR	Other shares and interests	Total
Acquisition cost 1 Jan 2021	48,973.96	48,973.96
Disposals	-252.28	-252.28
Acquisition cost 31 Dec 2021	48,721.68	48,721.68
Carrying amount 31 Dec 2021	48,721.68	48,721.68
Carrying amount 31 Dec 2020	48,973.96	48,973.96

OTHER SHARES AND INTERESTS

Company name	Registered office	No of shares	Carrying amount
Asunto Oy Keskilohja	Lohja	14	4,613.73
Asunto Oy Laurintorni	Lohja	7	4,271.97
Asunto Oy Linnaistenkuja	Lohja	51	7,689.56
Asunto Oy Nummelan Väinämöisentie	Vihti	8	1,702.06
Asunto Oy Suurlohjankatu 18-22	Lohja	8	3,417.57
Kiinteistö Oy Jumpinpelto	Merikarvia	25	4,204.70
Kiinteistö Oy Kimitobacken	Kemiö	240	4,036.51
Kiinteistö Oy Suulivainio	Merikarvia	15	2,522.82
Kiinteistö Oy Tammitori	Lohja	50	15,891.75
Salon Golfkeskus Oy	Salo	1	370.01
Kiinteistö Oy Alavuden Säästökeskus	Alavus	14	1.00
Karjaan Puhelin Oy	Karjaa	330	0
Total			48,721.68

TOTAL NON-CURRENT ASSETS

EUR	2021	2020
Total non-current assets	1,648,428,624.74	1,630,035,267.97

13. Current receivables

EUR	2021	2020
Trade receivables	101,804,332.96	83,944,424.11
Prepayments and accrued income		
Income tax receivables	108,872.89	183,625.87
Insurance prepayments	-	27,467.27
Indirect personnel expenses	972.54	9,319.47
Other prepayments and accrued income	860,436.92	690,881.53
Prepayments and accrued income total	970,282.35	911,294.14
Receivables from group companies		
Trade receivables	475,118.00	715,343.33
Other receivables from group companies		
Cash pool account	105,407,916.38	22,249,525.79
Receivables from group companies total	105,883,034.38	22,964,869.12
Total current receivables	208,657,649.69	107,820,587.37

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. other current liabilities to group companies. See note 19 Current liabilities.

Cashpool receivables of EUR 105,407,916.38 (22,249,525.79) 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.

14. Cash and cash equivalents

EUR	2021	2020
OP Corporate Bank Plc	41,000,000.00	39,000,000.00

15. Equity

EUR	2021	2020
Restricted equity		
Share capital 1 Jan	2,000,000.00	2,000,000.00
Share capital 31 Dec	2,000,000.00	2,000,000.00
Total restricted equity	2,000,000.00	2,000,000.00
Unrestricted equity		
Invested distributable equity fund 1 Jan	73,387,669.09	73,387,669.09
Additions for invested distributable equity fund	5,000,000.00	-
Invested distributable equity fund 31 Dec	78,387,669.09	73,387,669.09
Retained earnings 1 Jan	-62,511,312.60	-55,395,627.98
Retained earnings 31 Dec	-62,511,312.60	-55,395,627.98
Loss for the period	-2,956,813.27	-7,115,684.62
Total unrestricted equity	12,919,543.22	10,876,356.49
Total equity	14,919,543.22	12,876,356.49

DISTRIBUTABLE UNRESTRICTED EQUITY

EUR	2021	2020
Invested distributable equity fund	78,387,669.09	73,387,669.09
Retained earnings	-62,511,312.60	-55,395,627.98
Loss for the period	-2,956,813.27	-7,115,684.62
Total	12,919,543.22	10,876,356.49

16. Appropriations

EUR	2021	2020
Accumulated depreciation difference	403,704,714.44	373,222,051.58

17. Deferred tax liabilities

EUR	2021	2020
From appropriations	80,740,942.89	74,644,410.32
From timing differences and temporary differences	3,191,795.83	7,377,503.90
Total	83,932,738.72	82,021,914.22

Deferred tax liabilities are only recognised in group accounts.

18. Non-current liabilities

EUR	2021	2020
Liabilities to group companies		
Loans from group companies	1,011,050,000.00	956,750,000.00
Connection fees	241,892,510.84	242,070,219.13
Other non-current liabilities	-	204,150.00
Total non-current liabilities	1,252,942,510.84	1,199,024,369.13

MATURITY OF NON-CURRENT LIABILITIES

EUR	2021
2022	-
2023	-
2024	-
2025	-
2026 and later	1,252,942,510.84
Total	1,252,942,510.84

19. Current liabilities

EUR	2021	2020
Trade payables	35,414,870.51	27,040,717.26
Other current liabilities	40,455,363.78	30,696,762.34
Accrued expenses		
Accrued employee expenses	4,037,824.45	3,979,493.41
Advance payments	4,958,664.99	3,713,859.71
Other accrued expenses and deferred revenue	36,138.59	40,683.00
Accrued expenses total	9,032,628.03	7,734,036.12
Liabilities to group companies		
Trade payables	451,765.11	857,937.07
Other current liabilities *	558,948.81	387,667.59
Group contribution liability	135,000,000.00	119,300,000.00
Accrued expenses		
Accrued interest expenses	5,605,929.69	5,715,957.76
Liabilities to group companies total	141,616,643.61	126,261,562.42
Total current liabilities	226,519,505.93	191,733,078.14
Non-interest-bearing liabilities	468,412,016.77	434,007,447.27
Interest bearing liabilities	1,011,050,000.00	956,750,000.00
Total	1,479,462,016.77	1,390,757,447.27

*The comparison figure for other current liabilities to 2020 has been restated to reflect the new presentation of other current liabilities introduced from the beginning of 2021. The effect of this is EUR -20,657,183.89. other current liabilities to group companies. See Note 13 Current receivables.

20. Commitments and contingent liabilities

EUR	2021	2020
Operating lease liability		
Payable during one year	7,880.48	6,801.96
Payable later than one year	41,830.54	1,738.28
Total	49,711.02	8,540.24
Other leases		
Payable during one year	279,250.00	279,799.78
Payable later than one year	1,482,292.76	1,485,211.06
Total	1,761,542.76	1,765,010.84
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	17,336,921.69	18,290,995.93
Total	4,848,556,240.07	4,804,410,709.07

Caruna 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 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	155,779,997.42	166,114,060.19
Total	155,779,997.42	166,114,060.19

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)	43,513,673.62	36,554,028.44	76,907,654.34	130,153,862.54	161,447,212.19
VAT on real estate investment	10,443,281.67	8,772,966.83	18,457,837.04	31,236,927.01	38,747,330.93
Net of VAT	10,443,281.67	8,772,966.83	18,457,837.04	31,236,927.01	38,747,330.93
Amount on annual review	1,044,328.17	877,296.68	1,845,783.70	3,123,692.70	3,874,733.09
Contingent liability subject to review 31 Dec 2021 (Left at 31 Dec 2021)	2,088,656.33 (1/10)	2,631,890.05 (2/10)	7,383,134.82 (3/10)	15,618,463.50 (4/10)	23,248,398.56 (5/10)

EUR	2018	2019	2020	2021
Last review period	2027	2028	2029	2030
Cost on real estate investment (net)	182,990,724.88	117,401,701.45	99,429,039.32	85,727,566.57
VAT on real estate investment	43,917,773.97	28,176,408.35	23,862,969.44	20,574,615.98
Net of VAT	43,917,773.97	28,176,408.35	23,862,969.44	20,574,615.98
Amount on annual review	4,391,777.40	2,817,640.83	2,386,296.94	2,057,461.60
Contingent liability subject to review 31 Dec 2021 (Left at 31 Dec 2021)	30,742,441.78 (6/10)	22,541,126.68 (7/10)	21,476,672.49 (8/10)	18,517,154.38 (9/10)

Contingent liability subject to review

Contingent liability subject to review 31 Dec 2021	144,247,938.59
Contingent liability subject to review 31 Dec 2020	127,458,286.28

OTHER PURCHASE COMMITMENTS

EUR	2021	2020
Electricity purchase commitments	7,558,064.53	6,319,850.00
Total	7,558,064.53	6,319,850.00

21. 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.

22. 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-%

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

EQUITY RATIO-%

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

23. 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		
Work performed for own use	1,022	1,152
Other operative income	5,440	2,741
Proceeds of sale of investments	115	43
Materials and supplies		
Raw materials and consumables		
Purchases during the period		
Loss electricity	-19,440	-14,086
External services		
Fees paid for grid and network services	-53,984	-52,270
Other external services	-30,849	-31,640
Personnel expenses		
Wages and salaries	-14,765	-14,538
Social security expenses		
Pension expenses	-2,432	-1,964
Other social security expenses	-646	-516
Depreciation and impairment		
Depreciation according to plan		
On electricity network assets	-77,305	-78,578
On other non-current assets	-8,446	-8,772
Other operating expenses		
Rental expenses	-454	-394
Other expenses	-15,711	-17,853
OPERATING PROFIT	191,133	172,173
Other interest income and other finance income		
From others	100	68
Interest expense and other finance costs		
To group companies	-28,647	-26,680
To others	-16	-26
PROFIT BEFORE APPROPRIATIONS AND TAXES	162,570	145,535
Appropriations		
Group contributions	-135,000	-119,300
Change in depreciation difference		
Change in depreciation difference on electricity network assets	-28,189	-30,728
Change in depreciation difference on other non-current assets	-2,294	-2,535
Income taxes	-43	-88
LOSS FOR THE PERIOD	-2,956	-7,116

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	28,120	30,479
Other intangible assets	8,902	10,909
Tangible assets		
Tangible assets of electricity network	1,479,056	1,447,327
Other tangible assets	89,965	85,368
Prepayments and constructions in progress	42,337	55,903
Investments	48	49
Total non-current assets	1,648,428	1,630,035
Current assets		
Receivables		
Current receivables		
Cash pool receivables	105,408	22,250
Receivables from others	103,250	85,571
Cash and cash equivalents	41,000	39,000
Total current assets	249,658	146,821
TOTAL ASSETS	1,898,086	1,776,856

in EUR thousands	31 December 2021	31 December 2020
EQUITY AND LIABILITIES		
Equity		
Share capital	2,000	2,000
Other reserves	78,388	73,388
Retained earnings (loss)	-62,512	-55,396
Loss for the period	-2,956	-7,116
Total equity	14,920	12,876
Appropriations		
Depreciation difference	403,705	373,222
Liabilities		
Non-current liabilities		
Non-current interest-bearing liabilities		
Amounts owed to group companies	1,011,050	956,750
Non-current interest free liabilities		
Refundable connection fees	241,892	242,071
Liabilities to others	204	204
Current interest free liabilities		
To group companies	141,139	125,955
To others	85,176	65,778
Total liabilities	1,479,461	1,390,758
TOTAL EQUITY AND LIABILITIES	1,898,086	1,776,856

KEY FIGURES FOR NETWORK OPERATION

	2021	2020
Average number of personnel during the period	238	247
Investments (capitalisations) (EUR thousand):		
Net investments of electricity network		
Intangible assets	1,568	2,252
Tangible assets	105,106	132,514
Other intangible assets	2,123	4,395
Other tangible assets	9,360	8,971
Investments total	118,157	148,132
Return on investments %:	13.8	12.9

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

Formula for calculation :

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

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
Financial statements and operating and financial review	Bound book
Note vouchers	Electronically
Balance sheet 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
Fixed Assets	Electronically
Commitments	Electronically
Voucher types	
Bank vouchers	Electronically
Adjusting journal entries	Electronically
Trade debtors ledger	Electronically
Trade creditors ledger	Electronically
Payroll vouchers	Electronically
Fixed assets vouchers	Electronically
Vouchers for travel expenses	Electronically

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