

CARUNA GROUP

# Half Year Report

1 JANUARY–30 JUNE 2020



Positive energy.

**caruna**

# Caruna Group Half Year Report 1 January – 30 June 2020

EUR million or as indicated	H1/2020	H1/2019	2019
Net sales	244.3	240.6	466.4
Profit for the reporting period	27.5	10.9	28.1
Corporate tax	5.0	6.3	12.2
Investments	72.2	80.3	167.3
Cash flow after investments	5.7	2.9	-11.9
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

## 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 caused by the coronavirus epidemic, 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 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 43.6 (39.5) million, which is EUR 4.1 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 91.2 (84.3) million. Net financing costs were EUR 62.0 (66.5) million. Profit for the reporting period was EUR 27.5 (10.9) 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	91.2	84.3	167.2
Operating profit (% of sales)	37.4	35.0	35.8
Profit for the reporting period	27.5	10.9	28.1
Investments	72.2	80.3	167.3
Cash flow after investments	5.7	2.9	-11.9
Interest-bearing net debt (at the end of the period)	3,281.5	3,270.9	3,286.5

## 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, Southwest 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 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 municipality of Pöytyä. In addition, Caruna and Elisa became working together on a project to jointly construct fibre-optic and electricity networks in the municipality 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 municipality 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, landowners, municipal customers and contractors.

Caruna switched to a different outsourced customer service partner in the spring. The outsourced 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. Approximately 6,800 customers took Caruna up on this offer. In addition, Caruna levied no penalty interest or payment reminder charges on its customers during this period.



**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
<b>Total</b>	<b>697</b>	<b>692</b>	<b>686</b>	<b>683</b>	<b>672</b>

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 per cent 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 forefront” for the fifth time. Contractor safety and the improvement of safety culture throughout 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 throughout 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.

## 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 Kostti Rautiainen and Head of HR Tommi Saikkonen.

## Auditing

This half-yearly report is not audited.

## Shares and ownership

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

## 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.

*Caruna distributes electricity and maintains, repairs and builds a weatherproof electricity network for its approximately 700 000 customers in South, Southwest and West Finland, as well as in the city of Joensuu, the sub-region of Koillismaa and Satakunta. In order to guarantee a reliable electricity supply to its customers under all circumstances, Caruna supervises its network 24/7. A weatherproof smart electricity network also provides a well-functioning energy system for the future when digital services increase, the traffic is electrified, and the consumer becomes a producer of energy.*

*[www.caruna.fi](http://www.caruna.fi), Twitter @CarunaSuomi*

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS 1 JAN-30 JUN 2020 (IFRS)

EUR thousand	Note	ACT Jan-Jun 2020	ACT Jan-Jun 2019	Change	ACT Jan-Dec 2019
<b>NET SALES</b>	2	<b>244,254</b>	<b>240,643</b>	<b>3,611</b>	<b>466,360</b>
Other operating income		2,090	1,714	376	6,703
Direct costs		-44,821	-47,919	3,098	-87,232
Personnel expenses		-14,629	-13,162	-1,467	-25,058
Other operating expenses		-28,937	-26,336	-2,601	-57,238
Depreciation and amortisation		-66,709	-70,635	3,926	-136,322
		<b>-155,096</b>	<b>-158,052</b>	<b>2,956</b>	<b>-305,850</b>
<b>OPERATING PROFIT</b>		<b>91,248</b>	<b>84,305</b>	<b>6,943</b>	<b>167,213</b>
Finance income		1,125	2,550	-1,425	3,956
Finance costs		-63,124	-69,026	5,902	-134,979
<b>Net financing items total</b>		<b>-61,999</b>	<b>-66,476</b>	<b>4,477</b>	<b>-131,023</b>
<b>PROFIT BEFORE TAXES</b>		<b>29,249</b>	<b>17,829</b>	<b>11,420</b>	<b>36,190</b>
Income taxes		-1,705	-6,902	5,197	-8,050
<b>Profit for the period</b>		<b>27,544</b>	<b>10,927</b>	<b>16,617</b>	<b>28,140</b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 1 JAN-30 JUN 2020 (IFRS)

EUR thousand	ACT Jan-Jun 2020	ACT Jan-Jun 2019	ACT Jan-Dec 2019
<b>Profit for the period</b>	<b>27,544</b>	<b>10,927</b>	<b>28,140</b>
<b>Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement of cash flow hedges	-7,400	-22,085	-19,840
Income tax effect	1,480	4,417	3,968
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-5,920</b>	<b>-17,668</b>	<b>-15,872</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-5,920</b>	<b>-17,668</b>	<b>-15,872</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>21,624</b>	<b>-6,741</b>	<b>12,268</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 JUNE 2020 (IFRS)

EUR thousand	Note	ACT Jun 2020	ACT Jun 2019	ACT Dec 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	3	62,468	62,468	62,468
Intangible assets	3	1,584,808	1,584,262	1,586,677
Property, plant and equipment	3	2,400,942	2,375,147	2,393,599
Derivative financial assets	7	-	-	231
Other long-term assets		1,347	1,728	1,537
Deferred tax assets		6,960	5,994	5,549
<b>Total non-current assets</b>		<b>4,056,525</b>	<b>4,029,599</b>	<b>4,050,061</b>
<b>Current assets</b>				
Trade and other receivables	5	82,716	80,200	115,543
Derivative financial instruments	7	-	483	-
Cash and cash equivalents	6	1,118	10,370	88,511
<b>Total current assets</b>		<b>83,834</b>	<b>91,053</b>	<b>204,054</b>
<b>Total assets</b>		<b>4,140,359</b>	<b>4,120,652</b>	<b>4,254,115</b>
<b>EQUITY</b>				
Share capital		3	3	3
Invested distributable funds		171,204	171,204	171,204
Profit for the period		27,544	10,927	28,140
Retained earnings		-249,695	-277,836	-277,836
Other equity fund		-27,869	-23,430	-21,948
<b>Total equity</b>		<b>-78,813</b>	<b>-119,132</b>	<b>-100,437</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	8	3,282,570	3,281,325	3,374,970
Derivative financial instruments	7	34,258	30,175	27,303
Deferred tax liabilities		505,922	514,190	509,309
Provisions		-	147	-
Other non-current liabilities		305,676	305,324	304,736
<b>Total non-current liabilities</b>		<b>4,128,426</b>	<b>4,131,161</b>	<b>4,216,318</b>
<b>Current liabilities</b>				
Derivative financial instruments	7	-	2	-
Trade payables		18,697	35,262	43,490
Other current liabilities		27,216	25,112	45,079
Other payables		44,833	48,247	49,665
<b>Total current liabilities</b>		<b>90,746</b>	<b>108,623</b>	<b>138,234</b>
<b>Total liabilities</b>		<b>4,219,172</b>	<b>4,239,784</b>	<b>4,354,552</b>
<b>Total equity and liabilities</b>		<b>4,140,359</b>	<b>4,120,652</b>	<b>4,254,115</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

Attributable to the equity holders of the parent						
EUR thousand	Share capital	Invested restricted equity fund	Retained Earnings	Other Equity Components		Total
				Cash flow hedge reserve	Other comprehensive income	
<b>As at 1 January 2020</b>	<b>3</b>	<b>171,204</b>	<b>-249,696</b>	<b>-21,843</b>	<b>-105</b>	<b>-100,437</b>
Profit for the period			27,544			27,544
Other comprehensive income				-5,920		-5,920
<b>Total Comprehensive income</b>	<b>3</b>	<b>171,204</b>	<b>-222,152</b>	<b>-27,763</b>	<b>-105</b>	<b>-78,813</b>
<b>At 30 June 2020</b>	<b>3</b>	<b>171,204</b>	<b>-222,152</b>	<b>-27,763</b>	<b>-105</b>	<b>-78,813</b>

Attributable to the equity holders of the parent						
EUR thousand	Share capital	Invested restricted equity fund	Retained Earnings	Other Equity Components		Total
				Cash flow hedge reserve	Other comprehensive income	
<b>As at 1 January 2019</b>	<b>3</b>	<b>171,204</b>	<b>-277,836</b>	<b>-5,971</b>	<b>208</b>	<b>-112,392</b>
Profit for the period			10,927			10,927
Other comprehensive income				-17,668		-17,668
<b>Total Comprehensive income</b>	<b>3</b>	<b>171,204</b>	<b>-266,909</b>	<b>-23,639</b>	<b>208</b>	<b>-119,133</b>
<b>At 30 June 2019</b>	<b>3</b>	<b>171,204</b>	<b>-266,909</b>	<b>-23,639</b>	<b>208</b>	<b>-119,133</b>

## CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR thousand	ACT Jan-Jun 2020	ACT Jan-Jun 2019	ACT Jan-Dec 2019
<b>Operating activities</b>			
Profit for the period	27,544	10,927	28,140
<b>Adjustments</b>			
Income tax expenses	1,705	6,902	8,050
Finance costs-net	61,999	66,476	131,023
Depreciation, amortisation and impairment charges	66,709	70,635	136,322
<b>Total adjustments</b>	<b>130,413</b>	<b>144,013</b>	<b>275,395</b>
<b>Operating profit before depreciations (EBITDA)</b>	<b>157,957</b>	<b>154,940</b>	<b>303,535</b>
Non-cash flow items	-102	1,111	-402
Interest received	1,124	2,232	3,992
Interest paid	-65,465	-74,328	-139,893
Taxes paid	-5,692	-3,460	-10,809
<b>Total</b>	<b>-70,135</b>	<b>-74,445</b>	<b>-147,112</b>
<b>Funds from operations</b>	<b>87,822</b>	<b>80,495</b>	<b>156,423</b>
Change in net working capital	3,531	5,520	577
<b>Total net cash from operating activities</b>	<b>91,353</b>	<b>86,015</b>	<b>157,000</b>
<b>Cash flow from investing activities</b>			
Capital expenditures	-85,731	-83,221	-170,915
Proceeds from sales of fixed assets	73	124	2,062
<b>Total net cash used in investing activities</b>	<b>-85,658</b>	<b>-83,097</b>	<b>-168,853</b>
<b>Cash flow from financing activities</b>			
Proceeds from long-term liabilities	15,000	-	258,000
Payments of long-term liabilities	-108,000	-50,000	-215,000
Payments of leasing liabilities	-88	-83	-171
<b>Total net cash used in financing activities</b>	<b>-93,088</b>	<b>-50,083</b>	<b>42,829</b>
<b>Total net increase(+)/ decrease(-) in cash and cash equivalents</b>	<b>-87,393</b>	<b>-47,165</b>	<b>30,976</b>
<b>Cash and cash equivalents in the beginning of the period</b>	<b>88,511</b>	<b>57,535</b>	<b>57,535</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,118</b>	<b>10,370</b>	<b>88,511</b>

# Notes to Caruna Half Year Report

## 1 Basis of preparation

This consolidated condensed half-yearly report has been prepared in accordance with the International Financial Reporting Standards (IFRS), including the International Accounting Standards (IAS) and the IFRIC and SIC interpretations, as adopted by the European Union. The requirements set out in IAS 34 Interim Financial Reporting have been met, as appropriate, in preparing this half-yearly report. The report should be read together with the 2019 consolidated financial statements. This half-yearly report is unaudited.

## 2 Accounting policies

The same accounting policies that were applied in the preparation of the consolidated financial statements for the year ended 31 December 2019, have been applied in this half-yearly report. New standards, amendments and interpretations effective from 1 January 2020 have not had a material impact on Caruna's consolidated financial statements.

## 3 Critical estimates and assessments in the financial statements

The preparation of a half-yearly report requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The realised items may differ from the estimates. The management estimates made in preparing this half-yearly report and concerning the Group's accounting policies and key uncertainties are the same as those applied to the 2019 consolidated financial statements.

# Notes to the Group's Half Year Report (IFRS)

## 2. NET SALES

EUR thousand	Caruna Oy			Caruna Espoo Oy			Other and internal			Total		
	ACT Jan-Jun 2020	ACT Jan-Jun 2019	ACT Jan-Dec 2019	ACT Jan-Jun 2020	ACT Jan-Jun 2019	ACT Jan-Dec 2019	ACT Jan-Jun 2020	ACT Jan-Jun 2019	ACT Jan-Dec 2019	ACT Jan-Jun 2020	ACT Jan-Jun 2019	ACT Jan-Dec 2019
<b>Electricity distribution</b>												
Distribution network	180,095	176,881	342,696	40,720	41,143	79,385	-45	-43	-66	220,770	217,981	422,015
High-voltage network	14,889	15,443	29,069	973	1,688	2,572	-	-	-	15,862	17,131	31,641
<b>Total</b>	<b>194,984</b>	<b>192,324</b>	<b>371,765</b>	<b>41,693</b>	<b>42,831</b>	<b>81,957</b>	<b>-45</b>	<b>-43</b>	<b>-66</b>	<b>236,632</b>	<b>235,112</b>	<b>453,656</b>
<b>Connection fees</b>												
Distribution network	4,566	3,201	7,784	2,188	1,601	3,484	-	-	-	6,754	4,802	11,268
High-voltage network	771	729	1,436	-	-	-	-	-	-	771	729	1,436
<b>Total</b>	<b>5,337</b>	<b>3,930</b>	<b>9,220</b>	<b>2,188</b>	<b>1,601</b>	<b>3,484</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,525</b>	<b>5,531</b>	<b>12,704</b>
<b>Other Net Sales</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>-</b>	<b>-</b>
<b>Total Net sales</b>	<b>200,321</b>	<b>196,254</b>	<b>380,985</b>	<b>43,881</b>	<b>44,432</b>	<b>85,441</b>	<b>52</b>	<b>-43</b>	<b>-66</b>	<b>244,254</b>	<b>240,643</b>	<b>466,360</b>

## 3. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

EUR thousand	ACT Jan-Jun 2020	ACT Jan-Jun 2019	ACT Jan-Dec 2019
Net book value at the beginning of the period	4,042,744	4,008,793	4,008,793
Right of use assets (IFRS 16)	-	3,576	3,293
Depreciation and amortisation	-66,709	-70,635	-136,322
Additions	72,240	80,266	167,297
Disposals (incl. accumulated depreciation)	-57	-123	-317
<b>Net book value at the end of the period</b>	<b>4,048,218</b>	<b>4,021,877</b>	<b>4,042,744</b>

## 5. TRADE RECEIVABLES AND OTHER RECEIVABLES

EUR thousand	ACT Jun 2020	ACT Jun 2019	ACT Dec 2019
Trade receivables	80,570	78,098	113,956
Accrued income and prepaid expenses	2,146	2,082	1,496
Other receivables	-	20	91
<b>Total</b>	<b>82,716</b>	<b>80,200</b>	<b>115,543</b>

## 4. OWN SHARES

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

## 6. CASH AND CASH EQUIVALENTS RECONCILIATION

EUR thousand	ACT Jun 2020	ACT Jun 2019	ACT Dec 2019
Cash and cash equivalents balance	1,118	10,370	46,900
Group's Cash Pool account balance	-	-	41,611
<b>Cash and cash equivalents</b>	<b>1,118</b>	<b>10,370</b>	<b>88,511</b>
Cash and cash equivalents in Group cash flow	1,118	10,370	88,511

## 7. FINANCIAL RISK MANAGEMENT

Caruna has not made any changes in policies regarding risk management during the reporting period. Aspects of Caruna's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for 2019.

EUR thousand	ACT Jun 2020	ACT Jun 2019	ACT Dec 2019
Electricity derivatives, non-hedge accounting			
Positive fair value	-	483	-
Negative fair value	-	-2	-
<b>Net fair value</b>	<b>-</b>	<b>481</b>	<b>-</b>
Interest rate- and currency derivatives, non-hedge accounting			
Positive fair value	-	-	231
Negative fair value	-34,258	-30,175	-27,303
<b>Net fair value</b>	<b>-34,258</b>	<b>-30,175</b>	<b>-27,072</b>



## Fair values of financial assets and liabilities and fair value hierarchy as at 30 June 2020

EUR thousand	At fair value through profit or loss	At fair value through OCI	Amortised cost	Book value	Fair value	Fair value hierarchy
<b>Non-current financial assets</b>						
Loan arrangement fee, Revolving credit facility			1,347	1,347	1,347	1
<b>Current financial assets</b>						
Trade receivables			80,570	80,570	80,570	2
Cash and cash equivalents			1,118	1,118	1,118	1
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>83,035</b>	<b>83,035</b>	<b>83,035</b>	
<b>Non-current financial liabilities</b>						
Interest-bearing liabilities (floating rate)			480,000	480,000	480,000	2
Interest-bearing liabilities (fixed rate)			2,805,618	2,805,618	2,805,618	2
Accrued loan arrangement fee			-6,125	-6,125	-6,125	1
Derivative financial instruments (interest)		34,258		34,258	34,258	2
Connection fee liabilities			303,852	303,852	303,852	3
<b>Current financial liabilities</b>						
Trade payables			18,697	18,697	18,697	2
<b>Total financial liabilities</b>	<b>-</b>	<b>34,258</b>	<b>3,602,042</b>	<b>3,636,300</b>	<b>3,636,300</b>	

Financial instruments that are measured at fair value in the balance sheet are presented according to the fair value measurement hierarchy:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

**Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

## 8. INTEREST BEARING LOANS AND BORROWINGS

EUR thousand	ACT Jun 2020	ACT Jun 2019	ACT Dec 2019
Shareholder loan	773,642	903,642	773,642
IBLA-loans	2,031,976	2,030,905	2,031,761
Capex-loans	480,000	350,000	573,000
IFRS 16 lease liability	3,077	3,490	2,990
Loan arrangement fees	-6,125	-6,712	-6,423
<b>Total</b>	<b>3,282,570</b>	<b>3,281,325</b>	<b>3,374,970</b>

## 9. CAPITAL COMMITMENTS

EUR thousand	ACT Jun 2020	ACT Jun 2019	ACT Dec 2019
Tangible assets	256,076	313,302	292,246
<b>Total</b>	<b>256,076</b>	<b>313,302</b>	<b>292,246</b>

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**Caruna Group**

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