

**Elenia Finance (SPPS) S.à r.l.**  
**Société à responsabilité limitée**

**Annual accounts**

**for the financial year ended December 31, 2019**  
**and**  
**Independent auditor's report**

Registered office:  
20, Boulevard Royal  
L-2449, Luxembourg  
Luxembourg Trade and Companies Register number: B 181 775  
Share capital: EUR 64,745,300

**Elenia Finance (SPPS) S.à r.l.**  
**Société à responsabilité limitée**

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## Independent auditor's report

To the Board of Managers of  
Elenia Finance (SPPS) S.à r.l.  
20, Boulevard Royal  
L-2449 Luxembourg

### Opinion

We have audited the annual accounts of Elenia Finance (SPPS) S.à r.l. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

### Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Managers for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the “réviseur d’entreprises agréé” for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

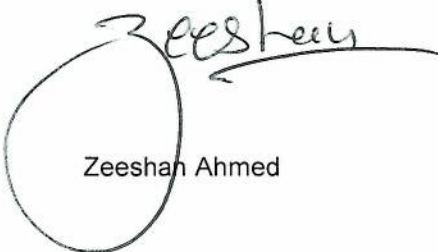
As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Zeeshan Ahmed

RCSL Nr. : B181775

Matricule : 2013 2451 940

eCDF entry date : 15/01/2020

**ABRIDGED BALANCE SHEET****Financial year from** <sup>01</sup> 01/01/2019 **to** <sup>02</sup> 31/12/2019 (in <sup>03</sup> EUR )

Elenia Finance (SPPS) S.à r.l.

20, Boulevard Royal  
L-2449 Luxembourg**ASSETS**

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
<b>B. Formation expenses</b>	1107 _____	107 _____	108 _____
<b>C. Fixed assets</b>	1109 _____ <b>Note 4</b>	109 _____ <b>1.501,00</b>	110 _____ <b>1.501,00</b>
I. Intangible assets	1111 _____	111 _____	112 _____
II. Tangible assets	1125 _____	125 _____	126 _____
III. Financial assets	1135 _____	135 _____ <b>1.501,00</b>	136 _____ <b>1.501,00</b>
<b>D. Current assets</b>	1151 _____	151 _____ <b>79.387,03</b>	152 _____ <b>45.774,21</b>
I. Stocks	1153 _____	153 _____	154 _____
II. Debtors	1163 _____	163 _____ <b>4.815,00</b>	164 _____ <b>4.280,00</b>
a) becoming due and payable within one year	1203 _____	203 _____ <b>4.815,00</b>	204 _____ <b>4.280,00</b>
b) becoming due and payable after more than one year	1205 _____	205 _____	206 _____ <b>0,00</b>
III. Investments	1189 _____	189 _____	190 _____
IV. Cash at bank and in hand	1197 _____	197 _____ <b>74.572,03</b>	198 _____ <b>41.494,21</b>
<b>E. Prepayments</b>	1199 _____	199 _____	200 _____
<b>TOTAL (ASSETS)</b>		201 _____ <b>80.888,03</b>	202 _____ <b>47.275,21</b>

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B181775

Matricule : 2013 2451 940

**CAPITAL, RESERVES AND LIABILITIES**

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>			
	1301 <u>Note 5</u>	301 <u>-46.749,49</u>	302 <u>15.799,62</u>
I. Subscribed capital	1303 <u>Note 5.1</u>	303 <u>64.745.300,00</u>	304 <u>64.745.300,00</u>
II. Share premium account	1305 <u>Note 5.2</u>	305 <u>1.622.631.200,00</u>	306 <u>1.622.631.200,00</u>
III. Revaluation reserve	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 _____	310 _____
V. Profit or loss brought forward	1319 <u>Note 5.4</u>	319 <u>-1.687.360.700,38</u>	320 <u>-1.526.258.344,87</u>
VI. Profit or loss for the financial year	1321 <u>Note 5.4</u>	321 <u>-62.549,11</u>	322 <u>-161.102.355,51</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
<b>B. Provisions</b>	1331 _____	331 _____	332 _____
<b>C. Creditors</b>			
	1435 <u>Note 6</u>	435 <u>127.637,52</u>	436 <u>31.475,59</u>
a) becoming due and payable within one year	1453 _____	453 <u>27.637,52</u>	454 <u>31.475,59</u>
b) becoming due and payable after more than one year	1455 _____	455 <u>100.000,00</u>	456 _____
<b>D. Deferred income</b>	1403 _____	403 _____	404 _____
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>		405 <u>80.888,03</u>	406 <u>47.275,21</u>

RCSL Nr. : B181775

Matricule : 2013 2451 940

eCDF entry date : 15/01/2020

**ABRIDGED PROFIT AND LOSS ACCOUNT****Financial year from** <sup>01</sup> 01/01/2019 **to** <sup>02</sup> 31/12/2019 (in <sup>03</sup> EUR )

Elenia Finance (SPPS) S.à r.l.

20, Boulevard Royal  
L-2449 Luxembourg**ABRIDGED PROFIT AND LOSS ACCOUNT**

	Reference(s)	Current year	Previous year
<b>1. to 5. Gross profit or loss</b>	1651 <u>Note 6</u>	651 <u>-61.251,04</u>	652 <u>-49.145,51</u>
<b>6. Staff costs</b>	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
<b>7. Value adjustments</b>	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
<b>8. Other operating expenses</b>	1621 _____	621 _____	622 _____

The notes in the annex form an integral part of the annual accounts



RCSL Nr. : B181775

Matricule : 2013 2451 940

	Reference(s)	Current year	Previous year
<b>9. Income from participating interests</b>	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
<b>10. Income from other investments and loans forming part of the fixed assets</b>	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	725	726
<b>11. Other interest receivable and similar income</b>	1727	727	728
a) derived from affiliated undertakings	1729	729	730
b) other interest and similar income	1731	731	732
<b>12. Share of profit or loss of undertakings accounted for under the equity method</b>	1663	663	664
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	1665	Note 8	666
			-161.050.000,00
<b>14. Interest payable and similar expenses</b>	1627	-763,07	628
a) concerning affiliated undertakings	1629	-763,07	630
b) other interest and similar expenses	1631		632
<b>15. Tax on profit or loss</b>	1635	Note 9	636
			-2.675,00
<b>16. Profit or loss after taxation</b>	1667	-62.014,11	668
			-161.101.820,51
<b>17. Other taxes not shown under items 1 to 16</b>	1637	Note 9	638
		-535,00	-535,00
<b>18. Profit or loss for the financial year</b>	1669	-62.549,11	670
			-161.102.355,51

## **Elenia Finance (SPPS) S.à r.l.**

### **Notes to the annual accounts for the year ended December 31, 2019**

(expressed in EUR)

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#### **Note 1 - General information**

Elenia Finance (SPPS) S.à r.l., hereinafter the "Company", was incorporated on November 13, 2013 as a "société à responsabilité limitée". The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B 181 775.

On February 28, 2018, the registered office of the Company was moved from 2, rue du Fossé, L-1536 Luxembourg to 9, Allée Scheffer, L-2520 Luxembourg.

On December 21, 2018, the registered office of the Company was moved from 9, Allée Scheffer, L-2520 Luxembourg to 20, Boulevard Royal, L-2449 Luxembourg.

The financial year of the Company starts on January 1 and ends on December 31 of each year.

The Company's object is the acquisition of participations, in Luxembourg or abroad, in any company or enterprise in any form whatsoever, and the management of those participations. The Company may in particular acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. Further, it may invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin. The Company may use any techniques, legal means and instruments to manage its investments efficiently and protect itself against credit risks, currency exchange exposure, interest rate risks and other risks.

The Company may carry out any commercial, industrial or financial activities which may deem useful in accomplishment of its purpose.

#### **Note 2 - Going Concern**

A fundamental principle of the preparation of annual accounts in accordance with the Luxembourg legal and regulatory requirements relating to the preparation and presentation of annual accounts is the assumption that the Company or its operations will continue in existence as a going concern, which contemplates continuity of operations and the realization of assets and settlement of liabilities occurring in the ordinary course of business.

For the year ended 31 December 2019, the Company has incurred a loss of EUR 62,549.11 and has cumulative losses brought forward of EUR 161,102,355.51 which were due to the value adjustment recorded in prior years on the value of Subordinated Profit Participation Securities the ("SPPS") issued by Elenia Holdings S.à r.l. and subscribed by the Company. Consequently, the going concern of the operations and activities is dependent on its future cash flows and profitable operations, as well as the continuous financial support from its sole shareholder.

On January 13, 2020, the sole shareholder of the Company confirmed that it will make available all such financial resources as are necessary to enable the Company to continue its normal operating activities and to meet its financial obligations as they arise.

The Company is part of a group of companies (the Group), which comprises, among others:

- (i) Elenia Holdings S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated in Luxembourg,
- (ii) Elenia Oy (and its subsidiaries), a private company incorporated with limited liability in Finland and a wholly owned subsidiary of Elenia Holdings S.à r.l. and
- (iii) Elenia Finance Oyj, a public company incorporated with limited liability in Finland and a wholly owned subsidiary of Elenia Oy and also the sole shareholder of the Company (the "Issuer" or the "Sole Shareholder").

As part of the reorganization of the Group, on 28 November 2019 Elenia Finance Oyj (the Sole Shareholder) announced that the Security Trustee had received the requisite votes from the Secured Creditors in favour of the proposed reorganisation of Group to be implemented as it was published on 4 November 2019.

The purpose of the reorganization is to i) simplify the existing structure, ii) cure the negative equity of Elenia Oy, and iii) ensure the operating assets of the regulated network business are within the same entity as interest costs. This is a common control reorganization (i.e. ultimate ownership of the Group will not change) and the operations of the Group will remain same.

## **Elenia Finance (SPPS) S.à r.l.**

### **Notes to the annual accounts for the year ended December 31, 2019**

(expressed in EUR)

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#### **Note 2 - Going Concern (Continued)**

As part of the reorganization, the following steps are taken in 2019 and will be taken during 2020:

- During 2019, Elenia Services Oy (an affiliated entity of the Company) incorporated Elenia Newco Oyj (to be renamed Elenia Verkko Oyj subsequently) as its direct subsidiary and Lakeside Network Investments S.à r.l. (an affiliated entity of the Company) incorporated a new company Elenia Investments S.à r.l. as its direct subsidiary.
- In January 2020, Elenia Oy (an affiliated entity of the Company) sold 100% of the shares in Elenia Palvelut Oy (an affiliated entity of the Company) to Elenia Investments S.à r.l.
- In January 2020, the shares in Lakeside Network Investments Holding B.V. (an affiliated entity of the Company) have been transferred by series of share-for-share exchanges from Lakeside Network Investments S.à r.l. (an affiliated entity of the Company) to Elenia Verkko Oyj (an affiliated entity of the Company).
- In July 2020, Elenia Oy (an affiliated entity of the Company) will merge into Elenia Verkko Oyj (an affiliated entity of the Company). Company Elenia Verkko Oyj will be the surviving company.
- In July 2020, Elenia Finance Oyj (the Sole Shareholder of the Company) will merge into Elenia Verkko Oyj. Company Elenia Verkko Oyj will be the surviving company.
- In July 2020, the Company will merge into Elenia Holdings S.à r.l. (an affiliate undertaking of the Company). Company Elenia Holdings S.à r.l. will be the surviving company.
- In July 2020, Elenia Holdings S.à r.l. (an affiliate undertaking of the Company) and Lakeside Network Investments Holding B.V. (an affiliate undertaking of the Company) will merge into Elenia Verkko Oyj. Company Elenia Verkko Oyj will be the surviving company.
- After all the above mergers Elenia Palvelut Oy will be renamed as Elenia Oy and it will be the parent company of Elenia Group.

After taking over the above steps for the reorganization of the Group, Elenia Oy's immediate parent company will be Elenia Investments S.à r.l., and above that there will be Lakeside Network Investments S.à r.l. (which will be renamed as Elenia Holding S.à r.l.). Elenia Group Oy will be the ultimate Finnish parent company of Elenia Oy.

The Board of Managers of the Company (the "Management") has not yet approved the merger of the Company but it is expected that the Management will approve the merger in their next meeting that will be held in February 2020.

Considering the reorganization steps that will be taken in 2020, the Company will be merged into Elenia Holdings S.à r.l. and assets and liabilities will therefore be transferred to Elenia Holdings S.à r.l.. Given that the Secured Creditors have approved the reorganization and as the mergers are universal succession, the reorganization has no adverse impact on the creditors and their rights. Furthermore, as mergers are universal succession, therefore, the Board of Managers of the Company (the "Management") is prepare the Company's annual accounts on a going concern basis.

#### **Note 3 - Summary of significant accounting policies**

##### 3.1 Basis of preparation

The annual accounts have been prepared in accordance with the Luxembourg legal and regulatory requirements ("Luxembourg GAAP"), notably with Title II of the law of 19 December 2002 relating to the accounting and the annual accounts of companies and to the register of commerce as amended. Accounting policies and valuation rules are, besides the ones set down by the Accounting Law, determined and applied by the Board of Managers of the Company.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **Note 3 - Summary of significant accounting policies (continued)**

#### 3.2 Significant accounting policies

The main accounting policies and valuation rules applied by the Company are the following :

##### 3.2.1 Financial assets

Financial assets represents investment held as fixed assets and other loans.

###### a) Investments held as fixed assets

Investments held as fixed assets are recorded in the balance sheet at their acquisition price less value adjustments for permanent impairment in value that are considered necessary in the opinion of the Management. The acquisition price includes charges and expenses in connection with the acquisition. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

###### b) Other loans

Loan and claims held as fixed assets are accounted for at their nominal value. They are subject to value adjustments where their recovery is comprised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

##### 3.2.2 Debtors

Debtors are accounted for at their nominal value. They are subject to value adjustments where their recovery is comprised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

##### 3.2.3 Foreign currency translation

The annual accounts are presented in Euro ("EUR"). The balance sheet and the profit and loss account are expressed in this currency. Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Cash at bank and in hand is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing, or approximating thereto, at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of these transactions are recognised in the accompanying profit and loss account. Losses arising from the translation of monetary assets and liabilities not denominated in EUR at year end exchange rates are also recognised in the profit and loss account.

##### 3.2.4 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Creditors". The advance payments are shown on the assets side of the balance sheet under the "Debtors" caption.

##### 3.2.5 Creditors

Creditors are recorded in the balance sheet at their reimbursement value.

**Elenia Finance (SPPS) S.à r.l.**

**Notes to the annual accounts for the year ended December 31, 2019**

(expressed in EUR)

**Note 4 - Financial assets**

a) The movements for the year are as follows:

	Investments held as fixed assets EUR	Other loans EUR	Total EUR
<b>Gross book value - opening balance</b>	1,500.00	1,687,167,000.00	1,687,168,500.00
Additions for the year	-	-	-
Disposals for the year	-	-	-
Transfers for the year	-	-	-
<b>Gross book value - closing balance</b>	1,500.00	1,687,167,000.00	1,687,168,500.00
<b>Value adjustments - opening balance</b>	-	(1,687,166,999.00)	(1,687,166,999.00)
Allocations for the year	-	-	-
Reversals for the year	-	-	-
Transfers for the year	-	-	-
<b>Value adjustments - closing balance</b>	-	(1,687,166,999.00)	(1,687,166,999.00)
<b>Net book value - closing balance</b>	1,500.00	1.00	1,501.00
<b>Net book value - opening balance</b>	1,500.00	1.00	1,501.00

b) The investments held as fixed assets in which the Company holds interests in its share capital:

Undertaking's name	Registered office	Ownership	Annual accounts as at 31/12/2018	Net equity at last the balance sheet date EUR	Result for the last financial year EUR	Net book value 2019 EUR	Net book value 2018 EUR
Elenia Holdings S.à r.l. *	9, Allée Scheffer, L-2520 Luxembourg	10.71%	31/12/2018	(137,422,000.00)	6,803,000.00	1,500.00	1,500.00
<b>Total</b>						<b>1,500.00</b>	<b>1,500.00</b>

\* Based on the audited consolidated financial statements of Elenia Holdings S.à r.l. as of December 31, 2018 prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

On December 13, 2013, the Company acquired 10.71% of the share capital of Elenia Holdings S.à r.l. represented by 150,000 shares with an unitary value of EUR 0.01 each.

According to the Management, there is no permanent impairment in the value of the shares in Elenia Holdings S.à r.l..

c) Other loans are detailed as follows:

Name	Maturity	Nominal value	Net book value 2019 EUR	Net book value 2018 EUR
SPPS - issued by Elenia Holdings S.à r.l.	99th anniversary	0.01	1.00	1.00
<b>Total</b>			<b>1.00</b>	<b>1.00</b>

## Elenia Finance (SPPS) S.à r.l.

### Notes to the annual accounts for the year ended December 31, 2019

(expressed in EUR)

#### Note 4 - Financial assets (continued)

The Company is part of a group of companies (the Group), which comprises, among others:

- (i) Elenia Holdings S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated in Luxembourg,
- (ii) Elenia Oy (and its subsidiaries), a private company incorporated with limited liability in Finland and a wholly owned subsidiary of Elenia Holdings S.à r.l. and
- (iii) Elenia Finance Oyj, a public company incorporated with limited liability in Finland and a wholly owned subsidiary of Elenia Oy and also the sole shareholder of the Company (the "Issuer" or the "Sole Shareholder").

As part of the reorganization of the Group's financing arrangements carried out in December 2013 (the "Refinancing"), the Issuer had established a EUR 3,000,000,000.00 multicurrency programme (the "Programme") for the issuance of a single class of bonds on terms set out in the prospectus dated December 5, 2013 and had so far issued under the Programme several series of bonds having the following total principal amounts and maturities: (i) EUR 500,000,000.00 bonds maturing on December 17, 2020, (ii) EUR 150,000,000.00 bonds maturing on December 17, 2030, (iii) EUR 120,000,000.00 bonds maturing on July 2, 2026, (iv) EUR 20,000,000.00 bonds maturing on July 17, 2026, (v) EUR 25,000,000.00 bonds maturing on August 4, 2029, (vi) EUR 13,000,000.00 maturing on September 4, 2034, (vii) EUR 50,000,000.00 maturing on January 27, 2031, (viii) EUR 27,000,000.00 maturing on May 6, 2029, (ix) EUR 30,000,000.00 maturing on August 26, 2034, (x) 75,000,000.00 maturing on September 11, 2034 and (xi) 161,000,000.00 maturing on June 14, 2035.

The Issuer also had so far issued, by way of private placement the following total principal amounts and maturities: (i) EUR 35,000,000.00 maturing on September 9, 2034, (ii) EUR 120,000,000.00 maturing on July 30, 2034, (iii) EUR 75,000,000.00 maturing on August 19, 2030, (iv) EUR 25,000,000.00 maturing on June 22, 2031, (v) EUR 29,000,000.00 maturing on December 14, 2029, (vi) EUR 29,000,000.00 maturing on December 14, 2031, (vii) EUR 42,000,000.00 maturing on December 14, 2033, (viii) EUR 25,000,000.00 maturing on December 21, 2031, (ix) EUR 25,000,000.00 maturing on April 10, 2032, (x) EUR 17,000,000.00 maturing on April 10, 2028, (xi) EUR 16,500,000.00 maturing on April 10, 2028, (xii) EUR 20,000,000.00 maturing on April 10, 2028, (xiii) EUR 10,000,000.00 maturing on April 10, 2032, (xiv) EUR 5,000,000.00 maturing on April 10, 2028, (xv) EUR 25,000,000.00 maturing on April 10, 2032, and (xvi) EUR 20,000,000.00 maturing on April 10, 2028.

The primary purpose of the Refinancing was to support the operational activities of the Group, therefore, the Issuer used the funds received under the above Refinancing to finance the equity of the Company and the Company used these funds for the subscription of the following SPPS issued by Elenia Holdings S.à r.l..

During the year ended December 31, 2019, the Company has not subscribed to any additional SPPS. In 2018 the Company has subscribed to 16,105,000,000 SPPS with a nominal value of EUR 0.01 each for a total amount of 161,050,000.00.

In accordance with the terms and conditions of SPPS, the mandatory redemption date is agreed on the 99th anniversary of the date of issuance. On the mandatory redemption date, Elenia Holdings S.à r.l. shall redeem all outstanding SPPS at a redemption price equal to the redemption value of the outstanding SPPS, but only to the extent that such payment does not leave Elenia Holdings S.à r.l. insolvent. The Company may at any time redeem all or part of SPPSs at a redemption price equal to the redemption value for each outstanding SPPS provided that:

- (I) the redemption price will be equal to the redemption value only to the extent that Elenia Holdings S.à r.l. will not be Insolvent after making payment of such redemption price and is not in a tax loss situation at that time;
- (II) the optional redemption is carried out in a manner such that, after the redemption, each SPPS Holder shall hold the same proportion of SPPSs to other shareholder instruments; and
- (III) to the extent Elenia Holdings S.à r.l. would have declared though not yet paid any yield on any date selected by the Management of Elenia Holdings S.à r.l. for making an optional redemption, Elenia Holdings S.à r.l. shall first proceed to the payment of such yield.

In accordance with the terms and condition of SPPS, the Company receives annually a yield equal to:

- a fixed coupon of 1% p.a. computed on the adjusted profit; and
- a variable coupon as determined by Management of Elenia Holdings S.à r.l..

The yield shall be payable and due on the payment date and to be paid only if to the extent that:

- a- The yield has been declared by the Management of Elenia Holdings S.à r.l.;
- b- Elenia Holdings S.à r.l. is not in tax loss position for the relevant accounting period; and
- c- Elenia Holdings S.à r.l. will not be insolvent after making the payment.

As of December 31, 2019, no yield (2018: nil) has been declared by Elenia Holdings S.à r.l..

As at December 31, 2019, the total number of SPPS subscribed was 168,716,700,000 (2018: 168,716,700,000 SPPS) with an aggregate nominal value of EUR 1,687,167,000.00 (2018: EUR 1,687,167,000.00).

In 2018, the Management assessed the recoverability of SPPS and decided to record a permanent impairment in the value of EUR 161,050,000.00.

There was no movement in the SPPS account during the year ended December 31, 2019.

**Elenia Finance (SPPS) S.à r.l.****Notes to the annual accounts for the year ended December 31, 2019**

(expressed in EUR)

**Note 5 - Capital and reserves****5.1 Subscribed capital**

The Company was incorporated on November 13, 2013 with a subscribed and fully paid-up capital of EUR 12,500.00 represented by 1,250,000 shares at a nominal value of EUR 0.01 each.

On December 17, 2013, the Sole Shareholder resolved to increase the share capital of the Company by an amount of EUR 64,732,800.00 in order to bring it from its present amount of EUR 12,500.00 to EUR 64,745,300.00 by way of issuance of the 6,473,280,000 new shares. The Sole Shareholder acknowledges that the cash payment in consideration for the issuance of the new shares in the aggregate amount of EUR 647,328,000.00 should be allocated as follows:

- (i) an amount of EUR 64,732,800.00 to the share capital account of the Company; and
- (ii) an amount of EUR 582,595,200.00 to the share premium account of the Company.

As of December 31, 2019, the subscribed capital of the Company is divided into 6,474,530,000 shares fully paid-up with a nominal value of EUR 0.01 each.

**5.2 Share premium account**

Apart from the allocation of the amount from the issuance of shares to share premium as mentioned above, the Company recorded the Sole Shareholder contributions as non-share equity contributions under the Share premium account (account 115 of the "plan comptable luxembourgeois" dated June 10, 2009; capital contribution without the issuance of new shares in the Company).

The movements of the "Share premium account" caption during the year are as follows:

	Share premium EUR	Capital contribution EUR	Share premium account EUR
<b>Opening balance</b>	<b>582,595,200</b>	<b>1,040,036,000</b>	<b>1,622,631,200</b>
Movements for the year	-	-	-
<b>Closing balance</b>	<b>582,595,200</b>	<b>1,040,036,000</b>	<b>1,622,631,200</b>

**5.3 Legal reserve**

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed. No appropriation is required for the year ended December 31, 2019.

**5.4 Movements for the year on the reserves and profit/loss captions**

	Subscribed capital EUR	Share premium account EUR	Legal reserve EUR	Profit or loss brought forward EUR	Profit or loss for the financial year EUR
<b>As at January 1, 2019</b>	<b>64,745,300.00</b>	<b>1,622,631,200.00</b>	-	<b>(1,526,258,344.87)</b>	<b>(161,102,355.51)</b>
Movements for the year					
- Allocation of the prior year's	-	-	-	(161,102,355.51)	161,102,355.51
- Result of the year	-	-	-	-	(62,549.11)
<b>As at December 31, 2019</b>	<b>64,745,300.00</b>	<b>1,622,631,200.00</b>	-	<b>(1,687,360,700.38)</b>	<b>(62,549.11)</b>

**Elenia Finance (SPPS) S.à r.l.****Notes to the annual accounts for the year ended December 31, 2019**

(expressed in EUR)

**Note 6 - Creditors**

Amounts due and payable for the accounts shown under "Creditors" are as follows:

	Within one year EUR	After one year and within five years EUR	After more than five years EUR	Total 2019 EUR	Total 2018 EUR
Trade creditors					
<i>Suppliers</i>	4,196.20	-	-	4,196.20	25,330.71
<i>Suppliers - invoices not yet received</i>	22,143.25	-	-	22,143.25	6,144.88
Amounts owed to affiliated undertakings					
<i>Promissory note - Elenia Oy</i>	-	100,000.00	-	100,000.00	-
<i>Promissory note - Elenia Oy accrued interest</i>	763.07	-	-	763.07	-
Other creditors					
<i>Tax authorities - 2019 NWT estimate</i>	535.00	-	-	535.00	0.00
<b>Total</b>	<b>27,637.52</b>	<b>100,000.00</b>	<b>-</b>	<b>127,637.52</b>	<b>31,475.59</b>

On June 27, 2019, The Company issued a subordinated promissory note in the amount of EUR 100,000.00 to Elenia Oy. The note is repayable 5 years after the date of issue and bears an interest rate of EURIBOR 12 months + 2% p.a. During the year ended December 31, 2019, interest on the note amounted to EUR 763.07 and recognized in the profit and loss account.

**Note 7 - Other external expenses**

This caption is detailed as follows:

	2019 EUR	2018 EUR
Professional fees	24,864.06	39,159.05
Accounting and auditing fees	32,248.13	4,643.89
Tax advisory fees	3,492.40	2,419.93
Notary fees	-	2,160.21
Telephone and communication fees	-	282.43
Bank fees	296.45	130.00
Luxembourg Chamber of Commerce contribution	350.00	350.00
	<b>61,251.04</b>	<b>49,145.51</b>

**Note 8 - Related parties transactions**

As at December 31, 2019, the Company has subscribed 168,716,700,000 SPPS (2018: SPPS 168,716,700,000) with an aggregate nominal value of EUR 1,687,167,000.00 (2018: EUR 1,687,167,000.00) issued by a related party. For further details, refer to Note 4.

On June 27, 2019, the Company has entered into a promissory noted agreement with Elenia Oy (the "Creditor") for an amount of EUR 100,000.00. The Company irrevocably and unconditionally undertakes to pay to the Creditor, or its order, the Loan Amount and any interest accrued thereon in accordance with the terms of the Promissory Note. The Promissory Note is subordinated in accordance with the terms of the Security trust and intercreditor deed dated December 10, 2013 entered into by, among others, the Company, the Creditor and Citicorp Trustee Company Limited as Security trustee (the STID) and is a Subordinated Intragroup Liability as such term is defined in the master definitions agreement dated December 10, 2013 as amended and restated on September 3, 2018, entered into by, among others, the Company, the Creditor and Citicorp Trustee Company Limited as Security trustee, refer to Note 10.



**Elenia Finance (SPPS) S.à r.l.**

**Notes to the annual accounts for the year ended December 31, 2019**

(expressed in EUR)

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**Note 9 - Income tax**

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

**Note 10 - Off balance sheet commitments**

The Company had provided its assets as security for and guaranteed (the Existing Guarantees and Security Interests) the payment of all amounts due in respect of SPPS issued by Elenia Holdings S.à r.l. under the Programme and notes issued and offered by way of private placements and any other amounts outstanding under the applicable finance and security documents entered into by the Company in connection with the Refinancing.

The initial 1,250,000 shares subscribed by the Sole Shareholder of the Company at the incorporation have been pledged in favour of Crédit Agricole Corporate and Investment Banking, acting for itself and in favour for the account of secured parties pursuant to a share pledge agreement dated November 27, 2013 between Elenia Finance Oyj as pledgor and Citicorp Trustee Company Limited as security agent. On December 16, 2013, the share pledge agreement has been released, in accordance with the terms of a deed of release signed on that date between the parties.

The additional 6,473,280,000 shares subscribed on December 17, 2013 by the Sole Shareholder of the Company and the initial 1,250,000 shares have been pledged in favour of Citicorp Trustee Company Limited, acting for itself and on behalf of the secured creditors, pursuant to a share pledge agreement dated December 17, 2013 between Elenia Finance Oyj as pledgor and Citicorp Trustee Company Limited as security trustee.

**Note 11 - Subsequent events**

No other matters or circumstances of importance other than those already described in the present notes to the accounts have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations of the Company, the results of those operations or the affairs of the Company.