

LAHTI

FINANCIAL STATEMENTS 2021 SUMMARY

CITY OF LAHTI



LAHTI

FINANCIAL STATEMENTS
2021
SUMMARY

City Board 28.3.2022

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KEY OPERATIONAL AND FINANCIAL EVENTS

MAYOR'S REVIEW

Lahti's strategy is to succeed internationally as a bold environmental city. Our year as the European Green Capital in 2021 was an important step towards achieving this goal. Thanks to determined environmental work, Lahti has transformed from a traditional industrial city into a leader in sustainable urban development.

Our environmental expertise was rewarded in 2019 when the European Commission selected Lahti as the 2021 European Green Capital as the first Finnish city. The planning and preparations for the year moved forward in 2020, and the City decided to establish the Sustainable Lahti Foundation to handle the duties related to the title of European Green Capital. The year involved ambitious environmental goals, partnerships, projects, events, urban visibility, and local resident action. During the year, Lahti's reputation grew; the City became even more interesting project partner and more attractive location for businesses. Lahti also clarified its environmental goals in cooperation with its business partners. International media coverage was also extensive. Visibility increased further when the US news channel CNN included Lahti as the only Finnish city in their list of the best destinations in the world to visit in 2022. Lahti's year as the European Green Capital was significant regionally, nationally, and internationally. Our sustainable and forward-looking city is attracting new residents, workers, and investors. We will leverage our achievements as the European Green Capital to become Finland's leading environmental city.

A Land Use, Housing and Transport Agreement (MAL) was drawn up for the Lahti urban area for 2021–2031. This Agreement between the central government and municipalities defines the objectives of urban areas for developing their land use, transport links and housing production in the coming years. The MAL Agreement has been Lahti's long-term goal, as it will reinforce the City's status as a large urban area and ensure sustained development. Close cooperation with the central government will also enable us to take bold decisions to develop a sustainable urban area.

In January, the City Board approved the Ecosystem Agreement for Innovation between the Lahti urban area and the central government for 2021–2027. The Ecosystem Agreement will both enhance the Environmental City strategy and give a boost to the innovation and centres of expertise which Lahti's higher education sector is nurturing. A significant development for Lahti, the Ecosystem Agreement will strengthen our future vitality and growth.

Lahti joined a local government pilot on employment together with Hollola, Orimattila, Asikkala and Kärkölä. Launched on 1 March 2021, the pilot aims to promote the employment and access to education of unemployed jobseekers more effectively, providing new solutions for improving the availability of skilled labour. During the pilot, a closer regional network will be created for the Lahti region, to enable the participation of clients, businesses, and education providers in employment management together with local authorities and the Employment and Economic Development Office.

COVID-19 pandemic continued to affect operations

Throughout 2021, the COVID-19 pandemic continued to affect the City's operations and economy. Income opportunities were missed especially in public transport, sports, and cultural services. In addition, the City has supported businesses by providing rent relief. The pandemic also resulted in additional costs. The local government contribution to labour market subsidy increased, more substitute teachers were needed in primary and

lower secondary education, and extra supplies and services were purchased, for example to protect residents against COVID-19. The City also initiated a COVID-19 exit measures and implemented projects to compensate for the impact of COVID-19 on early childhood education, primary and lower secondary education and general upper secondary education. It was necessary to restrict operations, especially in the cultural, library, museum, orchestra and theatre services, and in public transport. Employment measures could also not be fully implemented during the pandemic.

The unemployment rate fell during the year, being 14.9 per cent in December, which was 3.4 percentage points lower year on year. At the end of the year, there were 2,756 job vacancies in Lahti, which was 1,849 more than a year ago.

Positive result for 2021

Towards the end of the year, Finland's economy recovered from the deep recession caused by the COVID-19 crisis, although the pandemic continued to cloud the future outlook. New virus variants and the precarious security situation in Europe also create uncertainty for the short-term and long-term outlook. In 2021, thanks to the positive trend in unemployment, better earnings levels, increased private consumption and improved business results, tax revenue development was more positive than expected and the finances of several municipalities remained in surplus in the Päijät-Häme region.

Better-than-expected tax revenues, higher-than-estimated capital gains and central government grants, and lower-than-estimated operating expenses increased the City of Lahti's result for the financial year to EUR 28.0 million. Annual contribution margin stood at EUR 80.2 million, and cash flow was sufficient to cover net investments almost entirely.

Investments in service production

The most economically significant building construction project completed in 2021 was Rakokivi's multipurpose school building, which was named Loisto. The building provided premises for a school, a children's day nursery and Nastola's regional kitchen. A major subproject, also completed last year, was the extension of Kivimaa's multipurpose school building, which includes premises for sports and dining. Upon the completion of the extension, the renovation of the old school building began. Kivimaa's multipurpose school building was named Aarre.

The biggest new project launched in 2021 was the renovation of the Historical Museum, which also involves changes to how the museum building is used. Having started in 2020, the alliance project for Lahti City Hall's modernisation and the lifecycle project for improving Renkomäki's multipurpose school both moved on to the implementation phase.

The sale and leaseback of the Paavola campus complex with the Swedish company, Hemsö Suomi Ltd, was completed in early 2021.

The City's investment expenditure is expected to decrease between 2022 and 2025. The completion of Lahti's southern ring road and the planned sales of real estate will reduce net capital expenditure, even as the volume of investment in the modernisation of school buildings will continue to be extensive.

Mayor
Pekka Timonen

CITY OF LAHTI STATEMENTS
PROFIT AND LOSS STATEMENT

| CITY OF LAHTI PROFIT AND LOSS STATEMENT | 2021 | 2020 |
|---|------------------------|------------------------|
| Income from operations | | |
| Sales revenue | 21,141,735.65 | 20,726,324.99 |
| Revenue from fees | 12,329,988.18 | 12,163,219.60 |
| Aid and assistance | 18,771,913.43 | 12,094,781.52 |
| Rent revenue | 31,342,280.46 | 30,061,969.48 |
| Other income from operations | 31,575,574.75 | 11,851,716.20 |
| | 115,161,492.47 | 86,898,011.79 |
| Production for own use | 1,152,072.15 | 1,175,360.26 |
| Operating expenses | | |
| Personnel expenses | | |
| Salaries and fees | -132,577,028.49 | -124,674,825.32 |
| Social security expenses | | |
| Pension expenses | -35,800,145.47 | -34,756,738.07 |
| Other social security | -4,702,964.56 | -4,395,823.43 |
| Services purchased | -533,010,340.99 | -504,646,851.53 |
| Materials, supplies, and goods | -16,272,351.66 | -15,632,227.58 |
| Assistance and subsidies | -40,878,029.25 | -47,616,121.34 |
| Other operating expenses | -28,253,096.31 | -24,588,753.95 |
| | -791,493,956.73 | -756,311,341.22 |
| Operating margin | -675,180,392.11 | -668,237,969.17 |
| Tax revenue | 519,177,348.72 | 504,619,152.59 |
| State aid | 224,004,155.00 | 243,834,125.00 |
| Financial income and expenses | | |
| Interest income | 7,951,670.53 | 8,464,870.93 |
| Other financial income | 13,407,275.54 | 20,028,351.98 |
| Interest paid | -11,633,965.22 | -11,947,679.54 |
| Other financial expenses | 2,515,463.60 | -3,873,956.27 |
| Total financial income/expenses | 12,240,444.45 | 12,671,587.10 |
| Annual margin | 80,241,556.06 | 92,886,895.52 |
| Depreciation and write-downs | | |
| Planned depreciation | -51,988,474.43 | -46,832,648.05 |
| Write-downs | -274,727.16 | -3,870,810.45 |
| | -52,263,201.59 | -50,703,458.50 |
| Result for the financial year | 27,978,354.47 | 42,183,437.02 |
| Increase (-)/decrease (+) in depreciation | 272,464.55 | 272,464.55 |
| Increase (-)/decrease (+) in reserves | -10,000,000.00 | 0,00 |
| Increase (-)/decrease (+) in funds | -138,858.80 | -135,911.84 |
| SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR | 18,051,786.36 | 42,319,989.73 |

CASH FLOW STATEMENT

CITY OF LAHTI CASH FLOW STATEMENT (all figures are in euros)

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|
| Cash flow from operations | | |
| Annual margin | 80,241,556.06 | 92,886,895.52 |
| Extraordinary items | 0.00 | 0.00 |
| Adjustment to retained earnings | -26,298,783.99 | 394,695.55 |
| | <u>53,942,772.07</u> | <u>93,281,591.07</u> |
| Cash flow from investments | | |
| Investment expenses | -69,188,392.48 | -94,469,279.36 |
| Financial contribution toward investments expenses | 2,986,789.51 | 1,303,774.27 |
| Revenue from sale of fixed assets | 57,228,904.91 | 9,222,067.16 |
| | <u>-8,972,698.06</u> | <u>-83,943,437.93</u> |
| Cash flow from operations and investments | 44,970,074.01 | 9,338,153.14 |
| Financing cash flow | | |
| Change in lending | | |
| Decrease in loan receivables | 42,858,429.46 | 44,375,219.91 |
| | <u>42,858,429.46</u> | <u>44,375,219.91</u> |
| Change in borrowing | | |
| Increase in long-term debt | 0.00 | 60,000,000.00 |
| Decrease in long-term debt | -32,650,000.00 | -40,344,805.60 |
| Change in short-term debt | 487,762.35 | 12,264,083.82 |
| | <u>-32,162,237.65</u> | <u>31,919,278.22</u> |
| Other changes in liquidity | | |
| Change in assignment assets and capital | -274,075.80 | -225,922.24 |
| Change in current assets | -37,118.51 | -23,669.47 |
| Change in receivables | 26,820,769.64 | -30,959,586.77 |
| Change in non-interest-bearing debt | 286,697.63 | -21,918,890.65 |
| | <u>26,796,272.96</u> | <u>-53,128,069.13</u> |
| Financing cash flow | 37,492,464.77 | 23,166,429.00 |
| Change in liquid assets | 82,462,538.78 | 32,504,582.14 |
| Change in liquid assets | | |
| Liquid assets 31.12. | 155,268,027.82 | 72,805,489.04 |
| Liquid assets 1.1. | 72,805,489.04 | 40,300,906.90 |
| | <u>82,462,538.78</u> | <u>32,504,582.14</u> |

BALANCE SHEET

CITY OF LAHTI BALANCE SHEET (all figures are in euros)

| ASSETS | 2021 | 2020 |
|---------------------------------------|-------------------------|-------------------------|
| LONG-TERM ASSETS | | |
| Intangible assets | | |
| Intangible rights | 1,419,674.40 | 590,871.33 |
| Other long-term expenditure | 69,944,922.10 | 73,076,548.93 |
| Advance payments and work in progress | 1,125,920.20 | 1,025,239.53 |
| | 72,490,516.70 | 74,692,659.79 |
| Tangible assets | | |
| Land and water areas | 137,032,175.88 | 134,296,735.89 |
| Buildings | 306,662,958.61 | 291,941,354.34 |
| Fixed structures and equipment | 193,642,425.57 | 190,925,934.91 |
| Machinery and equipment | 5,140,987.07 | 3,509,697.20 |
| Other tangible assets | 97,451.61 | 56,807.43 |
| Advance payments and work in progress | 23,675,282.92 | 63,654,302.62 |
| | 666,251,281.66 | 684,384,832.29 |
| Investments | | |
| Stock and shares | 200,258,852.18 | 200,441,965.00 |
| Other loan receivables | 390,175,711.17 | 433,734,140.63 |
| Other receivables | 224,195.14 | 224,195.14 |
| | 590,658,758.49 | 634,400,300.77 |
| ASSIGNMENT ASSETS | | |
| Special margins for donation funds | 247,786.24 | 247,786.24 |
| | 247,786.24 | 247,786.24 |
| SHORT-TERM ASSETS | | |
| Current assets | | |
| Materials and supplies | 91,698.51 | 54,580.00 |
| Receivables | | |
| Long-term receivables | | |
| Loan receivables | 5,636,468.88 | 10,430,988.28 |
| Other receivables | 474,498.69 | 341,000.00 |
| Short-term receivables | | |
| Accounts receivable | 6,840,309.69 | 9,834,922.93 |
| Loan receivables | 56,950,264.69 | 80,355,949.04 |
| Other receivables | 3,727,328.87 | 3,038,134.99 |
| Deferred assets | 13,680,259.78 | 10,128,905.00 |
| | 87,309,130.60 | 114,129,900.24 |
| Marketable securities | | |
| Stock and shares | 7,696,021.78 | 6,496,021.78 |
| | 7,696,021.78 | 6,496,021.78 |
| Cash and bank receivables | 147,572,006.04 | 66,309,467.26 |
| TOTAL ASSETS | 1,572,317,200.02 | 1,580,715,548.47 |

BALANCE SHEET

CITY OF LAHTI BALANCE SHEET (all figures are in euros)

| LIABILITIES | 2021 | 2020 |
|---|-------------------------|-------------------------|
| EQUITY | | |
| Original capital | 437,196,267.29 | 437,196,267.29 |
| Revaluation reserve | 80,009.68 | 80,009.68 |
| Other own reserves | 10,835,407.46 | 10,696,548.66 |
| Surplus from previous financial years | 171,990,780.02 | 129,670,790.29 |
| Surplus (deficit) for the financial year | <u>18,051,786.36</u> | <u>42,319,989.73</u> |
| | 638,154,250.81 | 619,963,605.65 |
| DEPRECIATION DIFFERENCE AND VOLUNTARY RESERVES | | |
| Depreciation difference | 830,697.53 | 1,042,988.22 |
| Voluntary provisions | <u>10,000,000.00</u> | <u>0.00</u> |
| | 10,830,697.53 | 1,042,988.22 |
| STATUTORY RESERVES | | |
| Pension reserves | 2,823,100.00 | 3,259,800.00 |
| Other statutory reserves | <u>10,531,752.43</u> | <u>14,322,139.53</u> |
| | 13,354,852.43 | 17,581,939.53 |
| ASSIGNMENT CAPITAL | | |
| Donation fund capital | <u>2,448,817.35</u> | <u>2,722,893.15</u> |
| | 2,448,817.35 | 2,722,893.15 |
| EXTERNAL CAPITAL | | |
| Long-term | | |
| Debentures | 60,000,000.00 | 60,000,000.00 |
| Loans from financial and insurance institutions | 694,900,000.00 | 732,100,000.00 |
| Other loans | 20,000.00 | 20,000.00 |
| Advances received | 288.72 | 0.00 |
| Deferred liabilities | <u>4,414,172.82</u> | <u>3,643,567.82</u> |
| | 759,334,461.54 | 795,763,567.82 |
| Short-term | | |
| Loans from financial and insurance institutions | 37,200,000.00 | 32,650,000.00 |
| Other loans | 49,426,578.73 | 48,938,816.38 |
| Advances received | 1,104,713.73 | 1,069,400.14 |
| Accounts payable | 22,279,104.85 | 20,371,894.34 |
| Other debt | 3,199,991.26 | 3,063,534.76 |
| Deferred liabilities | <u>34,983,731.79</u> | <u>37,546,908.47</u> |
| | 148,194,120.36 | 143,640,554.10 |
| TOTAL LIABILITIES | 1,572,317,200.02 | 1,580,715,548.47 |

CITY OF LAHTI KEY FIGURES

CITY OF LAHTI

| KEY FIGURES | 2021 | 2020 |
|--|---------------|--------------|
| Profit and loss statement key figures | | |
| Operating income/Operating expense, % | 14.6 % | 11.5 % |
| Annual margin/Depreciation, % | 153.5 % | 182.8 % |
| Annual margin, in euros/resident | 668 | 774 |
| Inhabitants* | 120,093 | 119,984 |
| Number of staff | 3,691 | 3,595 |
| Cash flow statement key figures | | |
| Accrued cash flow from operations and investments over 5 years, in euros | -150,167,332 | -108,722,984 |
| Internal financing of investments, % | 121.2 % | 99.7 % |
| Debt coverage ratio | 2.1 | 2.0 |
| Deferred loan servicing margin | 0.8 | 0.9 |
| Cash sufficiency, days | 62.9 | 29.3 |
| Balance sheet key figures | | |
| Solvency ratio, % | 41.3 % | 39.4 % |
| Relative indebtedness, % | 105.6 % | 112.1 % |
| Accrued surplus/deficit, in 1 000 euros | 190,729 | 174,415 |
| Accrued surplus/deficit, in euros/resident | 1,588 | 1,447 |
| Debt, in euros/resident | 7,007 | 7,282 |
| Total borrowing | 841,546,579 | 873,708,816 |
| Total borrowing as of 31.12., 1 000 euros | 841,547 | 873,709 |
| Loans and rental liabilities, 31.12. | 1,038,243,684 | 946,102,657 |
| Loans and rental liabilities, €/resident | 8,645 | 7,882 |
| Loan receivables as of 31.12., 1 000 euros | 390,176 | 433,734 |

* 2021 population based on Statistics Finland's estimate; the 2020 figure is confirmed.

LAHTI-GROUP STATEMENTS
PROFIT AND LOSS STATEMENT

LAHTI-GROUP

| | 2021 | 2020 |
|---|------------------------|------------------------|
| Income from operations | 664,226,600.43 | 569,747,415.25 |
| Operating expenses | -1,244,738,320.07 | -1,144,103,107.60 |
| Share in profit (loss) of affiliated entities | 274,350.51 | -220,106.38 |
| OPERATING MARGIN | -580,237,369.13 | -574,584,738.73 |
| Tax revenue | 517,129,509.32 | 500,219,572.60 |
| State aid | 264,310,560.94 | 281,980,876.84 |
| <u>Financial income and expenses</u> | | |
| Interest income | 974,498.83 | 414,637.12 |
| Other financial income | 7,289,549.00 | 5,559,190.89 |
| Interest paid | -19,812,078.29 | -19,265,677.50 |
| Other financial expenses | 118,770.69 | -4,448,208.58 |
| Total financial income/expenses | -11,429,259.77 | -17,740,058.07 |
| ANNUAL MARGIN | 189,773,441.36 | 189,875,652.64 |
| <u>Depreciation and write-downs</u> | | |
| Planned depreciation | -116,584,585.64 | -123,131,319.43 |
| Ownership elimination difference | -60,331.66 | -163,654.46 |
| Write-downs | -235,169.93 | -358,569.95 |
| Depreciation and write-downs | 116,880,087.23 | -123,653,543.84 |
| Extraordinary items | 213,723.88 | 18,297,346.64 |
| RESULT FOR THE FINANCIAL YEAR | 73,107,078.01 | 84,519,455.44 |
| Adjustments | -138,858.80 | -138,190.75 |
| Income taxes paid from operations | -3,786,544.06 | -1,470,989.60 |
| Deferred taxes paid from operations | -6,853,320.44 | -4,688,327.47 |
| Minority interest | -922,964.31 | -347,031.28 |
| SURPLUS FOR THE FINANCIAL YEAR | 61,405,390.40 | 77,874,916.33 |

CASH FLOW STATEMENT

LAHTI-GROUP

| CASH FLOW STATEMENT | 2021 | 2020 |
|---|----------------------|----------------------|
| Cash flow from operations | | |
| ANNUAL MARGIN | 189,773,441.36 | 189,341,203.65 |
| Extraordinary items | 213,723.88 | 18,297,346.64 |
| Taxes | -3,786,544.06 | -1,470,989.60 |
| Adjustment to retained earnings | -24,842,759.66 | -4,542,533.62 |
| Cash flow from operations | 161,357,861.52 | 201,625,027.07 |
| Cash flow from investments | | |
| Investment expenses | -150,472,207.20 | -217,373,302.20 |
| Financial contribution toward investment expenses | 3,358,737.46 | 1,383,171.45 |
| Revenue from sale of fixed assets | 72,186,410.78 | 20,373,641.94 |
| Cash flow from investments | -74,927,058.96 | -195,616,488.63 |
| Cash flow from operations and investments | 86,430,802.56 | 6,008,538.43 |
| Financing cash flow | | |
| <u>Change in lending</u> | | |
| Increase in loan receivables | -22,550.75 | -431.05 |
| Decrease in loan receivables | -33,112.03 | 2,563,641.87 |
| Change in lending | -55,662.78 | 2,563,210.82 |
| <u>Change in borrowing</u> | | |
| Increase in long-term debt | 64,124,275.00 | 106,056,894.00 |
| Decrease in long-term debt | -56,724,071.14 | -65,922,982.92 |
| Change in short-term debt | -9,272,688.49 | 10,397,106.03 |
| Change in borrowing | -1,872,484.63 | 50,531,017.11 |
| <u>Change in equity</u> | | |
| Change in equity | -2,878.04 | -61,284.87 |
| <u>Other changes in liquidity</u> | | |
| Change in assignment assets and capital | -326,473.08 | 215,394.67 |
| Change in current assets | 2,000,298.00 | -241,824.41 |
| Change in receivables | -26,146,431.45 | 6,055,900.02 |
| Change in non-interest-bearing debt | 19,457,255.17 | -5,822,574.35 |
| | -5,015,351.36 | 206,895.94 |
| Financing cash flow | -6,946,376.81 | 53,239,839.00 |
| Change in liquid assets | 79,484,425.76 | 59,248,377.43 |
| Liquid assets at end of period | 216,889,564.64 | 137,405,141.88 |
| Liquid assets 1.1. | 137,405,138.88 | 78,156,761.45 |
| Change in liquid assets | 79,484,425.76 | 59,248,380.43 |
| Cash flow statement key figures | | |
| Accrued cash flow from operations and investments over 5 years, euros | -88,069,210 | -296,563,378 |
| Internal financing of investments, % | 129.0 % | 87.7 % |
| Debt coverage ratio | 2.81 | 2.4 |
| Deferred loan servicing margin | 1.2 | 1.2 |
| Cash sufficiency, days | 53.7 | 34.5 |

BALANCE SHEET
(all figures are in euros)

LAHTI-GROUP

| BALANCE SHEET | 2021 | 2020 |
|--|-------------------------|-------------------------|
| ASSETS | | |
| LONG-TERM ASSETS | | |
| <u>Intangible assets</u> | | |
| Intangible rights | 9,500,860.70 | 8,858,078.48 |
| Other long-term expenditure | 73,589,094.91 | 77,564,514.90 |
| Advance payments and work in progress | 2,764,102.86 | 2,034,163.98 |
| Intangible assets | 85,854,058.47 | 88,456,757.36 |
| <u>Tangible assets</u> | | |
| Land and water areas | 155,693,103.42 | 152,943,001.76 |
| Buildings | 868,838,945.31 | 869,547,273.34 |
| Fixed structures and equipment | 399,104,587.97 | 394,760,789.37 |
| Machinery and equipment | 248,406,793.35 | 258,372,175.27 |
| Other tangible assets | 2,577,197.46 | 2,938,887.50 |
| Advance payments and assets under construction | 88,022,766.62 | 101,957,884.30 |
| Tangible assets | 1,762,643,394.13 | 1,780,520,011.54 |
| <u>Investments</u> | | |
| Stock and shares in affiliated entities | 2,890,393.63 | 1,464,106.96 |
| Other stock and shares and revaluation of shares | 117,436,775.51 | 117,433,717.38 |
| Other loan receivables | 20,051,660.70 | 20,718,548.67 |
| Other receivables | 95,663.74 | 73,112.99 |
| Investments | 140,474,493.58 | 139,689,486.00 |
| LONG-TERM ASSETS | 1,988,971,946.18 | 2,008,666,254.90 |
| ASSIGNMENT RESERVES | 1,679,257.47 | 941,675.85 |
| SHORT-TERM ASSETS | | |
| Current assets | 8,852,203.65 | 10,852,501.64 |
| RECEIVABLES | | |
| Long-term receivables | 5,568,172.02 | 6,847,801.39 |
| Short-term receivables | 112,779,472.67 | 86,070,032.27 |
| Receivables | 118,347,644.69 | 92,917,833.66 |
| Marketable securities | 51,361,010.92 | 35,356,825.74 |
| Cash and bank receivables | 165,528,553.73 | 102,048,313.14 |
| SHORT-TERM ASSETS | 344,089,412.98 | 241,175,474.18 |
| ASSETS | 2,334,740,616.64 | 2,250,783,404.93 |

LAHTI-GROUP

| BALANCE SHEET | 2021 | 2020 |
|--|-------------------------|-------------------------|
| LIABILITIES | | |
| EQUITY | | |
| Original capital | 437,196,267.29 | 437,196,267.29 |
| Original capital of associations and foundations | 12,614.10 | 12,614.10 |
| Revaluation reserve | 638,884.40 | 1,035,755.36 |
| Other own reserves | 12,049,136.74 | 11,910,277.94 |
| Surplus (deficit) from previous periods | 248,573,010.70 | 170,698,094.37 |
| Surplus (deficit) for the financial year | 61,405,390.40 | 77,874,916.32 |
| EQUITY | 759,875,303.83 | 698,727,925.32 |
| MINORITY INTERESTS | 13,791,839.98 | 12,958,248.16 |
| <u>STATUTORY RESERVES</u> | | |
| Pension reserves | 2,823,100.00 | 3,259,800.00 |
| Other statutory reserves | 26,484,369.20 | 26,502,551.05 |
| STATUTORY RESERVES | 29,307,469.20 | 29,762,351.05 |
| ASSIGNMENT CAPITAL | 5,441,962.58 | 5,030,854.03 |
| EXTERNAL CAPITAL | | |
| Long-term interest-bearing debt | 1,174,259,164.00 | 1,176,487,143.69 |
| Long-term non-interest-bearing debt | 87,083,122.31 | 80,625,453.06 |
| Short-term interest-bearing debt | 65,645,209.64 | 67,035,282.86 |
| Short-term non-interest-bearing debt | 199,336,545.29 | 180,156,056.68 |
| EXTERNAL CAPITAL | 1,526,324,041.24 | 1,504,304,026.29 |
| LIABILITIES | 2,334,740,616.63 | 2,250,783,404.91 |

LAHTI GROUP KEY FIGURES

| LAHTI-GROUP | 2021 | 2020 |
|---|---------------|---------------|
| Profit and loss statement key figures | | |
| Operating income/Operating expense, % | 53.0 % | 49.8 % |
| Annual margin/Depreciation, % | 162.0 % | 153.3 % |
| Annual margin, in euros/resident | 1,580 | 1,577 |
| Inhabitants* | 120,093 | 119,984 |
| Number of staff | 9,380 | 9,459 |
| Cash flow statement key figures | | |
| Accrued cash flow from operations and investments over 5 years, 1 000 euros | -88,069,210 | -296,563,378 |
| Internal financing of investments, % | 129.0 % | 87.7 % |
| Debt coverage ratio | 2.81 | 2.4 |
| Deferred loan servicing margin | 1.2 | 1.2 |
| Cash sufficiency, days | 53.7 | 34.5 |
| Balance sheet key figures | | |
| Solvency ratio, % | 33.2 % | 31.8 % |
| Relative indebtedness, % | 105.1 % | 110.6 % |
| Accrued surplus/deficit, in 1 000 euros | 309,962 | 249,993 |
| Accrued surplus/deficit, in euros/resident | 2,581 | 2,083 |
| Total borrowing as of 31.12., in euros/resident | 10,325 | 10,364 |
| Total borrowing as of 31.12. | 1,239,904,374 | 1,243,522,427 |
| Total borrowing as of 31.12., 1 000 euros | 1,239,904 | 1,243,522 |
| Loans and rental liabilities, 31.12. | 1,663,008,234 | 1,531,058,421 |
| Loans and rental liabilities, €/resident | 13,848 | 12,761 |
| Loan receivables as of 31.12., 1 000 euros | 20,052 | 20,719 |

* 2021 population based on Statistics Finland's estimate; the 2020 figure is confirmed.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the preparation of the financial statements

Valuation principles and methods; allocation principles and methods

Valuation of fixed assets

Tangible and intangible fixed assets have been reported at acquisition cost less planned depreciation and financial contribution received towards investment expenses. The planned depreciations have been calculated according to a depreciation plan prepared in advance. The calculation of planned depreciations and their bases are described in the notes to the profit and loss statement under "Bases of planned depreciations."

Valuation of investments

Investments in fixed assets are valued at acquisition cost or lower. The valuation is based on the future income likely to be accrued from the asset or its value in service production.

Valuation of current assets

Current assets are valued at the weighted average cost price or likely acquisition cost or likely sale price, whichever is lower.

Valuation of financial assets

Receivables are valued at their nominal or likely value, whichever is lower. Financial securities are valued at their acquisition cost or likely sales price, whichever is lower.

Treatment of derivative contracts

Derivative contracts are used to manage the interest rate risk of borrowing with the purpose of offsetting the impact of changes in interest rates, predicting cash flows and lowering the interest cost. Derivative contracts include interest rate swaps, interest rate and currency swaps and interest rate swaps with a right to extend, where the City of Lahti is the seller of the right of option. The maximum duration of derivative contracts extends to 2055. Some of the derivative contracts form entities, which include an interest swap agreement and a closely related option agreement with a right of continuation, the terms, and conditions of which are interdependent.

All derivative contracts have been entered into with the purpose of hedging the City's current or future borrowings. On the basis of the new guidelines pertaining to the financial statements and accounting practices of derivative contracts, an interest swap agreement due to enter into force in the distant future for which there is no loan with corresponding terms at the time of the financial statements, has been classified in the financial statements as non-protective and, in addition to presenting it in the appendices, the negative market value of the agreement has been entered in mandatory provisions in accordance with the prudence principle. The City of Lahti will specify other agreements as protective in the financial statements and only present them in the appendices to the financial statements.

Allocation principles

Revenue and expenditure are reported on an accrual basis. In contrast, tax revenue is reported based on the time of payment during the financial year, and interest income on the subordinated loans granted to the following company in 2021:

- Kuntien Tiera Oy, EUR 19,631.95, in total EUR 105,986.12
- Lahden Työn Paikka Oy, EUR 15,083.34, in total EUR 148,916.67
- Kiinteistö Oy Lahden Varaani, EUR 1,025.94, in total EUR 19,698.17

Treatment of subsidies

Financial assistance received for the acquisition of fixed tangible assets is recorded as a deduction of the acquisition price of the asset in question.

Impacts of the COVID-19 pandemic

Throughout 2021, the COVID-19 pandemic continued to affect the City's operations and economy.

Negotiations for lay-offs took place in January in those city services where the regional COVID-19 restrictions and their implementation justified the lay-offs on an economic or production grounds or where the volume of work or the employer's ability to offer work had temporarily decreased. The City's personnel continued working remotely throughout the year, their duties permitting. The volume of business travel remained low. The City arranged for its personnel to be vaccinated against COVID-19 through occupational health care. The City's governing bodies continued to hold hybrid meetings.

The unemployment rate improved during the year, being 14.9 per cent in December, which was 3.4 percentage points lower year on year. In December 2021, there were 2,756 job vacancies in Lahti, an increase of 1,849 from the previous December.

The City incurred losses of about EUR 8.9 million in operating income due to the reduction in resident activity as the result of COVID-19. Income was not accrued especially from public transport, parking, wage subsidies for the employed, museums, Wellamo Community College course fees, sports services, and orchestras and theatre. In addition, the City has supported businesses by providing rent relief. The pandemic resulted in additional operating expenses of EUR 9.3 million. Employment measures could not be fully implemented, which contributed to savings, but resulted in additional costs for the local government contribution to labour market subsidy. Due to the recommendations, in the absence of staff, it was not possible to combine teaching groups in primary and lower secondary education and more substitute teachers were needed. Additional costs also accrued from the purchase of protective equipment, enhanced cleaning, measures affecting the occupational health care personnel, the City's coronavirus exit strategy and improved maintenance of outdoor sports facilities. In addition, the City implemented projects with EUR 1.3 million of grants from the Ministry of Education and Culture to compensate for the impact of the COVID-19 pandemic in early childhood education and care, comprehensive school education and general upper secondary education. The pandemic also resulted in savings in operating expenses estimated at EUR 3.6 million as activities had to be restricted, especially in cultural, library, museum, orchestra and theatre services, as well as in public transport. Projects and employment measures could also not be fully implemented during the pandemic.

The City's social and health care services are provided by the Päijät-Häme Joint Municipal Authority for Wellbeing, whose operations have been significantly impacted by COVID-19. The Päijät-Häme Joint Municipal Authority for Wellbeing has received COVID-19 relief from the central government totalling EUR 38.9 million, of which Lahti's share based on population is EUR 22.3 million.

Lahti received COVID-19 support for 2021 as a fixed-term increase of 10 percentage points in corporation tax, providing approximately EUR 11.0 million, EUR 6.1 million in central government transfers and EUR 5.1 million in discretionary government grants, in particular to compensate for the loss of income

from children and young people' activities, cultural activities and public transport. In addition, the Ministry of Social Affairs and Health awarded Lahti a discretionary government grant of EUR 2.1 million as part of the Government's promised compensation of direct COVID-19 costs.

The City's communications department provided an evening and weekend out-of-hours service, which was in force until the summer, and then continued to work with capacity for crisis communications in cooperation with the service-providing units. The impact of COVID-19 on the City's operations and services was actively communicated through various channels.

As the pandemic protracted, the City continued to support businesses. In June 2021, the City Board decided on a package of support to grant rent relief to the City's tenants. For example, Lahden Tilakeskus granted EUR 0.8 million in rent relief to reduce the impact of the COVID-19 restrictions on operations. As the pandemic particularly affected operators in the hospitality and event industries, the uncertainty caused many employees to seek employment elsewhere. The City sought to tackle the lack of staff in the hospitality industry by supporting the employment of students in restaurants through a summer job voucher worth EUR 300 to the employer. Business model renewal was supported by the distribution of sales and marketing service vouchers to Lahti-based businesses.

The event sector continued to face major challenges throughout the year. Event restrictions changed several times within a year and only some of the events could be arranged as planned. A large number of events were cancelled, postponed, or held without an audience or with very limited audience numbers. Some were turned into hybrid or online events. Even though health security plans were included in the planning of event safety, an atmosphere of fear often affected those events that could be organised.

International visitors were unable to attend events due to travel restrictions, and the initial enthusiasm for participation in remote and hybrid events subsided as the year progressed. Confirmations of whether or not events were taking place were postponed until the last minute because the restrictions could not be anticipated. The participation of students and the elderly in voluntary work decreased significantly.

While the mainly virtual implementation of the European Green Capital activities reduced the number of people expected to visit Lahti, it also cut down representation costs. Largely virtual attendance of the City of Lahti representatives in the national and international events related to the European Green Capital reduced travel expenses. Through the virtual implementation, Lahti may have gained even more international visibility; however, visitors and tourists lacked the opportunity to properly experience what Lahti has to offer.

The local government employment pilot was launched on 1 March 2021. The COVID-19 pandemic had a severe impact on the pilot's customer service function. Personal customer service by appointment was mainly handled over the phone. Instead of face-to-face client meetings, the Employment and Economic Development Office Oma asiointi online service was used. The pilot's client coaches mainly worked remotely. The information point for the pilot was open at the Palvelutori Service Centre throughout the year of operation. Group events for clients were held at the Palvelutori Service Centre, within the limits of official regulations.

Employment service workshops were provided locally throughout the year. Due to the pandemic, local functions were carried out in two shifts and group sizes were limited (10 persons per shift). COVID-19 affected the working methods and customer volumes of the workshops. Jobseeker activation measures could not be fully implemented due to the COVID-19 restrictions.

The volume of the City's job placement obligation decreased, for example as a result of fixed-term changes to the Unemployment Security Act affecting the maximum periods. In 2021, the job placement obligation was fulfilled despite the pandemic.

In the spring, the pandemic eased off and contact teaching was resumed in primary and lower secondary education. In April, a hybrid model was introduced for teaching lower secondary and general upper secondary students in accordance with the recommendation of the Regional COVID-19 Working Group. In May, strict restrictions were lifted and regional measures put back in place. Libraries and museums were opened.

In early childhood education and care, surges in new COVID-19 cases were followed by declines throughout the year. Both employees and children were absent and attention was paid to the statutory staffing levels. During the summer activities, there were more units open than usual.

Despite the exceptional circumstances, contact teaching continued in primary and lower secondary education in 2021. National and regional guidelines on the pandemic were followed in the education provision. The exceptional circumstances resulted in an increase in absenteeism among pupils and staff, temporary special arrangements for teaching (distance learning) and various forms of support for teaching as a result of absences. Personnel costs in comprehensive school education were significantly exceeded, for example in terms of the cost of substitute teachers. Schools were unable to follow their normal financial management procedures due to the exceptional circumstances.

Youth services operated on a limited basis in spring 2021. Leisure and group activities could only be carried out for children under the age of 18. Youth facilities, youth work and coaching services, outreach and the psychosocial support at Domino were provided within the limits imposed by the restrictions throughout the year. During the autumn season, activities were organised almost normally, except for events.

In general upper secondary education, hybrid teaching was provided in April: students alternated between two-week periods of contact teaching and distance learning according to their year group. As a precaution, final year students transferred to distance learning for two weeks before the start of the matriculation examination.

COVID-19 affected the activities of the City Orchestra throughout the year of operation. In spring 2021, all concerts took place online, as official restrictions prevented the admittance of live audiences to concert halls. The spring programme was modified to take into account the necessary safety considerations, which created cost savings. A limited live audience could be admitted to the autumn 2021 concerts. However, for the reasons described above, the operating year's income generation from ticket sales was very limited compared to the budgeted one. The COVID-19 grants awarded by the Ministry of Education and Culture helped to balance the economy by compensating for the loss of income. Nevertheless, the City

Orchestra's ability to provide services remained at a good level throughout the year.

The season at the City Theatre was interrupted throughout the spring. The premieres of two plays were postponed from spring to autumn and one premiere was postponed from autumn to January 2022. In addition, the performances of one of the plays were extended until autumn 2021. In the autumn, the number of tickets that could be sold to performances was still restricted. At the beginning of December, COVID-19 passes were introduced. In 2021, a total of 93 performances were cancelled due to the pandemic. In addition to cancelling the Theatre's own performances, co-production and guest performances had to be cancelled. Only 39.3% of the expected turnover was realised. The Theatre's finances remained stable with the help of discretionary COVID-19 grants awarded by the Ministry of Social Affairs and Employment and expenditure savings due to the interrupted season. New plays could be directed and rehearsed on an almost planned schedule in order to secure future premieres.

Although sports facilities were never completely closed, the restrictions on the use of facilities and areas continued during the year, having a particular impact on the number of customers for the swimming pools. For example, guided physical activity for children and young people continued, as a rule, throughout the year. The income generation target for sports services was reduced due to the restrictions imposed on customers.

Museums were allowed to keep their doors open throughout the year, but the number of customers allowed to the premises was limited. Even though the services were available, due to customer caution the volumes remained low. Group bookings could not be made or public events arranged as planned. Income decreased from ticket sales and service charges as well as from business sponsorships. Grants from the Ministry of Education and Culture were used to manage services that could not have been provided otherwise. An increase in expenditure resulted from enhanced cleaning and the purchase of hygiene supplies, as well as from the streaming of public events.

At the beginning of the year, members of the public were allowed to spend only 15 minutes in the library per visit and all lounges were out of use. The restrictions on libraries were eased for a while during the summer and early autumn. A strong recommendation to wear a face covering, a recommendation to keep a safe distance and a recommendation to use hand sanitiser were in force throughout the year. While libraries did not have to close their doors completely during the pandemic, self-service machines in local libraries were disabled between January and May, and on weekends self-service libraries were only open from the end of September. The restrictions had little impact on the number of visitors to the libraries and the loan volumes increased from the previous year.

The adult learner groups at Wellamo Community College only met online during the spring term. Due to restrictions, several courses planned for the spring term could not be provided at all, and some of the courses that started in the autumn were discontinued. Much of the course fee income was not realised and some fees were refunded to students for discontinued courses. Health-based absences increased the share of personnel expenditure. The teaching of children and young people was largely carried out as planned. Digital exhibitions of student works in visual arts and crafts were held online, but matinees and events were cancelled due to restrictions. At the

beginning of the autumn term, group sizes were reduced due to health security.

The number of passengers travelling by public transport dropped by 37.4 per cent from 2019, the last year of reference for normal operation. Regionally, income from public transport ticket sales decreased by approximately EUR 4–5 million compared to a normal year. Traficom awarded EUR 2,496,000 in COVID-19 support for ticket revenue losses for the whole region, of which the City of Lahti's share was approximately EUR 2,101,000. Throughout 2021, the use of face coverings was recommended in public transport. In the spring, face coverings were mandatory. Hand sanitiser was made available for bus passengers. COVID-19 made participation in residents' events and promotion of event ticket sponsorship difficult. LSL participated in the LAXIT campaign by offering low-cost bus tickets in mobile apps during the summer.

As a result of the increased use of public areas, resources were increased to keep the areas clean, creating additional costs. During the summer weekends, people gathered in the Harbour, the Ankkuri waterfront area and the Sahanpuisto park. As these were not organised events, installation of public toilets was requested and security had to be increased to protect City property. In order to support the city centre's brick-and-mortar retailers, short-term street parking was made available without payment and rents were reduced. In cooperation with service providers, joint events with physical attendance were not held and service providers were encouraged to avoid close contact with people. In the letting of public spaces, payment was not required for organising various outdoor sports events that encouraged people to have more exercise.

Ground rents were not collected from non-profit associations for the period from July to December. The non-collection resulted in a loss of income of approximately EUR 20,000 in rental income.

In environmental health, the pandemic has been dealt with as a specific incident and a diary of the evolving situation has been kept. Operational capability has been ensured by dedicated internal guidelines and resource monitoring, as well as by close cooperation with the neighbouring unit. Written instructions have been drawn up and sent to operators together with Päijät-Häme Joint Authority for Health and Wellbeing's monitoring unit. The environmental health's activities have been adjusted according to the changing situation to ensure that the unit is operational 24/7 in the event of incidents. As regards veterinary matters, the customer work practices have been modified to make the services imposed by the Veterinary Care Act available 24/7.

Handling of an adjustment pertaining to previous financial years in the financial statements

Financial statements for the financial year have been adjusted

- Adjustment of the emergency care member municipality invoicing of EUR 1.732 million from 2018

The adjustment has been entered in the previous financial years' surplus, and the reference data have also been adjusted according.

NOTES TO THE PROFIT AND LOSS STATEMENT

| CITY OF LAHTI | 2021 | 2020 |
|--|-----------------------|-----------------------|
| OPERATING INCOME BY BUSINESS FUNCTION | | |
| Social and health services | 711,571.52 | 2,274,471.37 |
| Education and cultural services | 20,010,197.11 | 16,301,993.12 |
| Utilities | 41,901,172.28 | 38,331,910.26 |
| Housing and real estate services | 29,354,468.90 | 16,040,595.79 |
| Other services | 23,184,082.66 | 13,949,041.25 |
| Total income from operations | 115,161,492.47 | 86,898,011.79 |
| TAX REVENUE | | |
| Municipal tax revenue | 431,589,124.37 | 434,333,355.71 |
| Share in corporate tax revenue | 45,619,228.19 | 32,226,646.00 |
| Real estate tax | 41,968,996.16 | 38,059,150.88 |
| Total tax revenue | 519,177,348.72 | 504,619,152.59 |
| STATE AID | | |
| State's share of basic municipal services | 148,496,343.00 | 163,980,250.00 |
| Adjustment of state's share based on tax revenue | 29,237,874.00 | 33,541,575.00 |
| Compensation for loss of tax revenue | 51,072,997.00 | 51,485,109.00 |
| State's share of education and cultural services | -4,803,059.00 | -5,172,809.00 |
| Total state aid | 224,004,155.00 | 243,834,125.00 |
| SERVICES PURCHASED ITEMISED | | |
| Customer services purchased | 425,755,639.22 | 401,673,943.11 |
| Other services purchased | 107,815,058.77 | 102,972,908.42 |
| Total municipal services purchased | 533,570,697.99 | 504,646,851.53 |
| AID TO COUNCIL GROUPS | | |
| Left Alliance, Lahti | 3,416.00 | 5,000.00 |
| National Coalition Party, Lahti | 8,663.00 | 15,000.00 |
| Greens, Lahti | 2,884.75 | 5,703.27 |
| Social Democrats, Lahti | 12,250.00 | 21,000.00 |
| Christian Democrats, Lahti | 3,999.00 | 4,200.81 |
| Finns Party, Lahti | 5,590.99 | 4,004.77 |
| Residents' Lahti Council Group | 0.00 | 560.00 |
| TOTAL AID TO COUNCIL GROUPS | 36,803.74 | 55,468.85 |
| CHANGE IN STATUTORY RESERVES | | |
| Pension reserve 1.1. | 3,259,800.00 | 3,664,200.00 |
| Decrease | -436,700.00 | -404,400.00 |
| Pension reserve 31.12. | 2,823,100.00 | 3,259,800.00 |

| CITY OF LAHTI | 2021 | 2020 |
|--|----------------------|----------------------|
| Other statutory reserves | | |
| Reserve for environmental liabilities, 1.1. | 1,831,000.00 | 1,131,000.00 |
| Increase | 0.00 | 700,000.00 |
| Reserve for environmental liabilities, 31.12. | 1,831,000.00 | 1,831,000.00 |
| Reserve for legal expenses 1.1. | 485,395.59 | 0,00 |
| Increase | 250,000.00 | 485 395,59 |
| Decrease | -485,395.59 | 0,00 |
| Reserve for legal expenses 31.12 | 250,000.00 | 485,395.59 |
| Non-protective interest rate swap 1.1. | 10,120,596.00 | 5 983 578,00 |
| Increase | 0.00 | 4 137 018,00 |
| Decrease | -2,756,937.00 | 0,00 |
| Non-protective interest rate swap 31.12. | 7,363,659.00 | 10,120,596.00 |
| Other statutory reserves, 1.1. | 1,885,147.94 | 2 235 147,94 |
| Increase | 1,026,939.49 | 0,00 |
| Decrease | -1,824,994.00 | -350 000,00 |
| Other statutory reserves 31.12. | 1,087,093.43 | 1,885,147.94 |
| Total other statutory reserves, 31.12. | 10,531,752.43 | 14,322,139.53 |
| Total reserves | 13,354,852.43 | 17,581,939.53 |
| CAPITAL GAINS AND LOSSES FROM FIXED ASSETS | | |
| Other income from operations | | |
| Capital gains from land and water areas | 23,924,996.54 | 5,465,552.03 |
| Other capital gains | 0.00 | 38,531.13 |
| Total capital gains | 23,924,996.54 | 5,504,083.16 |
| Other operating expenses | | |
| Loss on the sale from land and water areas | 1,153,299.65 | 21,577.19 |
| Capital losses from land properties | 0.00 | 1,309,187.93 |
| Total capital losses | 1,153,299.65 | 1,330,765.12 |
| DIVIDEND INCOME AND INTEREST ON SHARE CAPITAL, ITEMISED | | |
| Dividend income from Group companies | 10,437,920.00 | 17,259,948.31 |
| Dividend income and interest on share capital from others | 2,359,423.03 | 2,093,231.05 |
| Total | 12,797,343.03 | 19,353,179.36 |

ACCOUNT ON THE BASES USED FOR PLANNED DEPRECIATIONS

Depreciations were determined based on a depreciation plan prepared in advance. Planned depreciations have been calculated on the basis of the useful life of tangible and intangible fixed assets, estimated based on their acquisition cost.

Estimated depreciation times and methods:

| | City of Lahti's depreciation plan until 31.12.2012 | City of Lahti's depreciation plan 1.1.2013–31.12.2015 unless applied for exemption | Nastola municipality's de- preciation plan until 31.12.2015 | Depreciation plan for fixed assets acquired since 1.1.2016 unless applied for exemption | % |
|--|---|---|---|--|--------|
| Fixed assets | | | | | |
| Intangible assets | | | | | |
| Development expenditure | - | 2 | — | 2 | 50% |
| Intangible rights | 5 | 5 | 5 | 5 | 20% |
| Goodwill | - | 2 | — | 2 | 50% |
| Other long-term expenditure | 5 | 2 | 3 | 2 | 50% |
| Computer software | | | | | |
| Other | 3 | 2 | — | 2 | 50% |
| Tangible assets | | | | | |
| Land and water areas | | | | | |
| Buildings and constructions | | | | | |
| Administrative and institutional build- ings | 30 | 20 | 30 | 20 | 5% |
| Industrial and production buildings | 20 | 20 | 20 | 20 | 5% |
| Outbuildings | 7 | 10 | 15 | 10 | 10% |
| Recreational buildings | 25 | 20 | 20 | 20 | 5% |
| Residential buildings | 40 | 30 | 30 | 30 | 3.30% |
| Fixed structures and equipment | 20 | 15 | Net expenditures 15% | 15 | 6.70% |
| Streets, roads, market squares, parks | | | | | |
| Bridges, piers, swimming pools | 20 | 10 | Net expenditures 15% | 10 | 10% |
| Other land and water constructions | 30 | 15 | Net expenditures 10% | 15 | 6.70% |
| Water distribution network | — | — | Net expenditures 8% | 30 | 3.30% |
| Sewer system | — | — | Net expenditures 8% | 30 | 3.30% |
| Electric wires, transformer stations, outdoor lighting | 10 | 15 | — | 15 | 6.70% |
| Other pipelines and cable networks | — | — | Net expenditures 20% | 15 | 6.70% |
| Institutional machines and equipment for electricity, water, etc. | — | — | Net expenditures 20% | 10 | 10% |
| Traffic control equipment | 10 | 10 | — | 10 | 10% |
| Other fixed machinery, equipment and structures | 15 | 10 | — | 10 | 10% |
| Building overhauls | Useful economic life calc. separately for each in- vestment | Useful economic life calc. separately for each invest- ment | — | Useful economic life calc. separately for each invest- ment | |
| Machinery and equipment | 5 | 4 | 5 | 4 | 25% |
| Other transport equipment | | | | | |
| Other mobile machinery | 5 | 5 | 5 | 5 | 20% |
| Other heavy machinery | 10 | 10 | — | 10 | 10% |
| Other light machinery | 10 | 5 | — | 5 | 20% |
| Hospital, health care and similar equip- ment | 10 | 5 | 5 | 5 | 20% |
| Computer equipment | 3–5 years | 3 | 3 | 3 | 33.30% |
| Other equipment and fixtures | 3-15 years | 3 | 3 | 3 | 33.30% |
| Other tangible assets | | | | | |
| Natural resources | depreciation based on use no write-off period | depreciation based on use no write-off period | depreciation based on use no write-off period | depreciation based on use no write-off period | |
| Art and valuables | | | | | |
| Advances and assets under construction | no write-off period | no write-off period | — | no write-off period | |
| Investment in fixed assets | | | | | |
| Stocks and shares | no write-off period | — | no write-off period | no write-off period | — |

Acquisitions of less than 10,000 euros (VAT 0%) are included in annual expenditure.

Derivative contracts

The City's management of borrowing and financial risks follows the guidelines set in the City's financial policy. Financial risks are managed by diversifying loans in accordance with the market situation at the time of drawing, taking account of the existing loan portfolio, the determination of the new loan's interest rate, currency and maturity, or by separate derivative contracts.

Derivative contracts are used to hedge against interest rate and currency risks. The management of the interest rate risk aims at offsetting the adverse impact of changes in interest rates, improving the predictability of cash flows, and reducing interest cost. Derivative contracts are used to change the interest rate and/or currency allocation of fixed- and floating-rate loans on the basis of cyclical conditions and interest rate expectations. The City aims to hedge against any additional cost arising from interest rate movements and to keep the financial burden resulting from borrowing as light and predictable as possible. Uncertainty associated with the exchange rate changes related to loans denominated in foreign currencies – i.e. currency risk – is eliminated using currency and interest rate swaps at the time of the drawing of the loan.

The City of Lahti will use derivative contracts to protect existing loans using agreements to reduce the interest rate risk of individual loans. In addition to the protection of individual loans, derivative contracts have been used to protect the future loan portfolio without loan-specific connections. The basis for these protective measures is that because of the need for refinancing resulting from overdue bullet loans and estimated long-term investment needs, the size of Lahti's loan portfolio will also be kept at a reasonable level in the future.

One interest rate swap agreement for which there was no loan with equivalent terms at the time of the financial statements and the starting date of which is in the significantly distant future, was classified in the financial statements as non-protective, and the agreement's negative market value has been entered in the mandatory provisions in accordance with the prudence principle. The City of Lahti will specify other agreements as protective and only present them in the appendices to the financial statements.

Below is a list of derivative contracts that is current as of the end of the financial year (1-5). For each contract, the purpose of the hedge has been described. Some of the derivative contracts form fixed contract packages wherein the interest rate risk has been hedged against by means of a combination of several contracts, while efforts have been made at the same time to keep the financing cost reasonable and predictable. There was one such package left at the end of the year. Derivative contracts forming a package has been denoted with the letter 'A'. Agreements included in the derivative contracts belonging to one entity are processed in the same way in the financial statements. The market values for derivatives are shown in the notes as reported by the bank and include accrued interest.

Interest rate swaps

Interest rate swap 1

| | |
|-------------------------------|--------------------|
| Notional principal amount | EUR 63,000,000.00 |
| Market value as of 31.12.2021 | EUR -2,022,253.22 |
| Market value as of 31.12.2020 | EUR – 3,560,143.01 |
| Interest paid | 0.875% |
| Interest received | 3-month Euribor |
| Instalment plan | Bullet |
| Commencement date | 11 December 2014 |
| Maturity date | 11 December 2024 |

Interest rate swap 1 was entered into to hedge against the interest rate risk of a single loan: The contract was used to change a variable rate into a fixed rate. The principal value, maturity and interest-payment dates of the loan are equivalent to those of the interest rate swap. The terms of the loan and the interest rate swap agreement correspond perfectly, except for the treatment of the negative variable reference rate. As of 13 December 2021, where the reference interest rate for the floating rate loan and the sum of the loan margin are negative, the total interest rate on the loan is 0.00% (zero floor of the total interest rate), i.e. the negative reference rate is taken into account in the total interest rate of the loan up to a percentage equal to the margin of the loan. The total interest rate on the loan is always at least zero, never negative. In the calculation of interest rates on an interest rate swap agreement, the negative reference rate is taken into account in full. In the event of a positive Euribor interest rate, the annual interest cost of the loan will not exceed 0,875% plus the loan margin paid on the floating rate loan. If the Euribor rate is negative, the annual interest cost of the loan also includes the total interest rate on the loan and the floating rate of the interest rate swap. As both the derivative contract and the loan are long-term arrangements, the interest market can be expected to change during the contract term, i.e. for the variable rate to turn positive and the City to begin receiving variable interest revenue on the basis of the interest rate swap. The variable interest rate was negative at the time of the closing of the accounts and forecast to turn positive during 2023. Approximately EUR 1,400,000 of additional costs had been incurred as a result of the negative interest rate by the end of the financial year, and a further approximately EUR 400,000 of additional costs are expected to be incurred before the maturity date, based on the latest interest rate forecasts at the time of the closing of the accounts. Although no interest rate floor has been set for the interest rate swap, the contract can be deemed to be protective from a risk management perspective. Purchasing a 0% interest rate floor for the remainder of the term of the interest rate swap would result in a one-off cost of approximately EUR 500,000 (price indication 2/2022).

Interest rate swap 2

| | |
|-------------------------------|--------------------|
| Notional principal amount | EUR 37,000,000.00 |
| Market value as of 31.12.2021 | EUR -11,573,928.00 |
| Market value as of 31.12.2020 | EUR -16,385,649.00 |
| Interest paid | 2.20 % |
| Interest received | 6-month Euribor |
| Instalment plan | Bullet |
| Commencement date | 7 April 2020 |
| Maturity date | 7 April 2040 |

Under the extendable interest rate swap included in the broader agreement signed on 7 October 2010, the bank had the right to enforce the option's underlying interest rate swap if the interest rate of 20-year swaps was lower than 2.2 per cent on the expiration date of the option right on 3 April 2020. The bank exercised its option right and the interest rate swap (No. 2) took effect with a nominal value of EUR 37.0 million.

The interest rate swap is intended as a hedge against the interest rate risk of an individual loan: The swap converted the floating interest rate of the loan capital of EUR 40 million, which matures on 15 October 2029, into a fixed rate. The swap applies to EUR 37 million or 92.5% of the loan capital. The determination and payment dates of interest on the loan and interest rate swap differ only slightly: 7 April and 7 October for the interest rate swap and 15 April and 15 October for the loan. The difference in time is not significant and its effect in the current market environment is immaterial. As such, the swap is considered to be hedging. Where the reference interest rate for the floating rate loan and the sum of the loan margin are negative, the total interest rate on the loan is 0.00% (zero floor of the total interest rate), i.e. the negative reference rate is taken into account in the total interest rate of the loan up to a percentage equal to the margin of the loan. The total interest rate on the loan is always at least zero, never negative. In the calculation of interest rates on an interest rate swap agreement, the negative reference rate is taken into account in full. For the duration of the interest rate swap agreement, the annual interest cost of the loan will not exceed 2.20% plus the loan margin paid on the floating rate loan. If the Euribor rate is negative, the annual interest cost of the loan also includes the total interest rate on the loan and the floating rate of the interest rate swap. As both the derivative contract and the loan are long-term arrangements, the interest market can be expected to change during the contract term, i.e. for the variable rate to turn positive and the City to begin receiving variable interest revenue on the basis of the interest rate swap. The variable interest rate was negative at the time of the closing of the accounts and forecast to turn positive during 2023.

Approximately EUR 200,000 of additional costs had been incurred as a result of the negative interest rate by the end of the financial year, and a further approximately EUR 300,000 of additional costs are expected to be incurred before the maturity date, based on the latest interest rate forecasts at the time of the closing of the accounts. Although no interest rate floor has been set for the interest rate swap, the contract can be deemed to be protective from a risk management perspective. Purchasing a 0% interest rate floor for the remainder of the term of the interest rate swap would result in a one-off cost of approximately EUR 2,200,000 (price indication 2/2022).

The City of Lahti has taken out a total of EUR 110 million in bullet loans that will mature between 2027 and 2029. It is probable that after 2029, the loan connected with interest rate swap No. 2 or other due loan requires refinancing, at which time the terms of the new loan can be adjusted to correspond to the interest rate swap, with the interest rate swap remaining in effect as a hedge until the end of the contract term.

Package A**Interest rate swap 3**

| | |
|-------------------------------|---------------------------|
| Notional principal amount | EUR 17,000,000.00 |
| Market value as of 31.12.2021 | EUR 294,109.48 |
| Market value as of 31.12.2020 | EUR 590,141.03 |
| Interest paid | 12-month Euribor |
| Interest received | 12-month Euribor + margin |
| Instalment plan | Bullet |
| Commencement date | 26 August 2013 |
| Maturity date | 26 August 2022 |

Interest rate swap 4 with right to extend

| | |
|-------------------------------|--------------------|
| Notional principal amount | EUR 40,000,000.00 |
| Market value as of 31.12.2021 | EUR -17,983,327.48 |
| Market value as of 31.12.2020 | EUR -23,388,532.75 |
| Seller of the option | City of Lahti |
| Buyer of the option | Bank |
| Interest paid | 2.84% |
| Interest received | 6-month Euribor |
| Instalment plan | Bullet |
| Commencement date | 26 August 2022 |
| Maturity date | 26 August 2042 |

Package A consists of interest rate swaps 3 and 4 (with the right to extend): This package has been used to reduce the interest cost of a fixed-rate loan in 2013–2022. At the same time, the rate on future loans has been changed into a fixed rate for 2022–2042, provided that the bank will exercise its option.

Interest rate swap 3 has been used to reduce the interest cost of a fixed-rate loan by the margin applied to the swap until maturity, in 2022. The principal and interest payment dates of the loan are equivalent to those of the interest rate swap. The maturity date for both is in 2022.

Interest rate swap 4 with the right to extend is used to change the variable interest rate of future loans into a fixed rate for 2022–2042, which requires that the City has an outstanding loan of an equivalent amount with an interest rate linked to the 6-month Euribor. Interest rate swap 9 with the right to extend gives the bank the right to exercise the interest rate swap underlying the option. If the 20-year swap on the expiry date of the option, 24 August 2022, is lower than 2.84%, the bank will exercise its option and the interest rate swap with notional principal of EUR 40 million will enter into force. After this, until 2042, the annual interest cost of the loan of EUR 40 million will not exceed 2.84 plus the margin paid for the variable rate loan plus, should the Euribor rate be negative, the portion of the variable interest on the interest rate swap. If 20-year swap is higher than 2.84%, the option expires, the interest rate swap will not be exercised.

The agreement as a whole is protective because it implements interest rate risk management in accordance with the City of Lahti's financing policy. With the help of the agreements, the interest charges of the loan are reduced for a nine-year period. According to the existing plans, the need for refinancing resulting from Lahti's planned investments and the maturity of bullet loans in 2022 will exceed the amount of the interest rate swap agreement with the right of continuation. Should the bank use the right of option, floating rate loans will be turned into fixed interest rate loans using the interest rate swap agreement with the right of continuation, in which case the financing costs for EUR 40 million in 2022-2042 will be known in advance. If the right of option is not used, Lahti can protect the interest rate risk with new agreements.

Derivative contracts recorded in mandatory provisions

Interest rate swap 5

| | |
|-------------------------------|--------------------|
| Notional principal amount | EUR 20,000,000.00 |
| Market value as of 31.12.2021 | EUR -7,363,659.00 |
| Market value as of 31.12.2020 | EUR -10,120,596.00 |
| Interest paid | 2.46 % |
| Interest received | 6-month Euribor |
| Instalment plan | Bullet |
| Commencement date | 25 May 2035 |
| Maturity date | 25 May 2055 |

The interest rate swap agreement no. 5, which will enter into force in the future, will change the floating rate of the loan(s) into a fixed rate for the 2035-2055 period, which requires that the City of Lahti has raised an equivalent amount of loan for the aforementioned period tied to a 6-month Euribor interest rate with an interest rate determination date and payment date corresponding with the interest rate swap agreement.

Each contracting party has an optional right to prematurely accelerate the interest rate swap agreement on 25 May 2025, 25 May 2035 or 25 May 2045. The counterparty who accelerates the agreement shall pay the other contracting party the current negative market value of the agreement.

The agreement, which will enter into force in the significantly distant future, has been interpreted in the financial statements as non-protective, and the negative market value at the time of the financial statements has been entered in the mandatory provisions.

Interest rate sensitivity of derivative contracts

The following table shows the interest rate sensitivity of interest rate and currency swaps, i.e. how a change in interest rates impacts the market values of contracts. Sensitivity has been calculated for cases where the interest rate changes from the end of the year by -0.5, +0.5, +1 or +2 percentage points. The timing of negative cash flows of derivative contracts in the future has been estimated based on the yield curve at the end of the year.

City of Lahti's derivative contracts, sensitivity analysis

| No. | Derivative contract | Notional principal amount | Maturity date | Negative cash flows of the contracts based on the yield curve at 31.12.2021 | Calculated market value as per 31.12.2021 | Impact of interest rate changes on calculated market values of 31.12.2021 Change by percentage points from the level of 31.12.2021 | | | | |
|-----|--|---------------------------|---------------|---|---|---|--------------------|--------------------|--------------------|--------------------|
| | | | | | | -1,0 % | -0,5 % | 0,5 % | 1,0 % | 2,0 % |
| 1 | Interest rate swap | 63 000 000 | 11.12.2024 | Until 05/2024 | -2 022 253 | -3 912 020 | -2 965 653 | -1 072 918 | -126 550 | 1 766 189 |
| 2 | Interest rate swap | 37 000 000 | 7.4.2040 | Until 03/2022 | -11 573 928 | -19 725 791 | -15 472 009 | -8 001 382 | -4 726 790 | 1 027 240 |
| 3 | Interest rate swap | 17 000 000 | 26.8.2022 | Until 09/2026 | 294 109 | 296 071 | 295 083 | 293 139 | 292 171 | 290 248 |
| 4 | Interest rate swap, extended, sold option | 40 000 000 | 26.8.2042 | | -17 983 327 | -28847401.03 | -23109791.14 | -13411973.42 | -9247593.24 | -2397919.43 |
| 5 | Interest rate swap | 20 000 000 | 25.5.2055 | | -7 363 659 | -10 879 524 | -9 118 057 | -5 616 585 | -3 877 126 | -422 399 |
| | Total | 177 000 000 | | | | -38 649 058 | -63 068 665 | -50 370 428 | -27 809 719 | -17 685 888 |
| | Difference with the calculated market values | | | | | -24 419 607 | -11 721 369 | 10 839 340 | 20 963 170 | 38 912 417 |

| CITY OF LAHTI, NOTES TO PERSONNEL | 2021 | 2020 |
|---|------------------|------------------|
| City staff 31.12 | | |
| Group administration | 309 | 280 |
| Education, Culture and Sports service area | 2,978 | 2,917 |
| Urban Environment service area | 196 | 190 |
| Total | 3,483 | 3,387 |
| Balance sheet units | | |
| Premises centre | 40 | 42 |
| Lahti Symphony Orchestra | 71 | 69 |
| Lahti City Theatre | 97 | 97 |
| Total | 208 | 208 |
| Total City | 3,691 | 3,595 |
| Fees charged and settled from the fee of the person in a position of trust | | |
| Häme National Coalition Party | 662 | 1,164 |
| Social Democrats of Häme | 918 | 1,236 |
| Christian Democrats mun. chapter, Lahti | 5,707 | 4,731 |
| Centre Party, Päijät-Häme | 571 | 408 |
| Centre Party mun. chapter, Lahti | 6,380 | 5,600 |
| National Coalition Party mun. chapter, Lahti | 24,565 | 24,891 |
| The Finns Party of Lahti | 6,493 | 3,954 |
| Social Democrats, Lahti | 38,778 | 37,972 |
| The Green Party, Lahti | 10,137 | 8,406 |
| The Green Party of Päijät-Häme | 468 | 360 |
| Communist Party of Finland | 378 | 0 |
| Left Alliance mun. chapter, Lahti | 9,132 | 8,756 |
| Total fees settled for persons in position of trust | 104,187 | 97,477 |
| Auditor fees | | |
| KPMG Julkishallinnon Palvelut Oy/ TALVEA Oy | | |
| Auditing fees | 29,526.35 | 43,593.40 |
| Acquisition audit | 7,406.50 | 1,335.00 |
| Consulting | 6,316.20 | 28,520.00 |
| Total fees | 43,249.05 | 73,448.40 |
| Total auditing fees | 43,249.05 | 73,448.40 |

NOTES TO THE GROUP FINANCIAL STATEMENTS

Notes to the preparation of the Group financial statements

Group structure

All of the subsidiaries and municipal federations in which Lahti holds control are included in the consolidated financial statements. At the end of 2021, the city Group comprised 34 subsidiaries and 1 foundation, which have been merged with the municipal Group either directly or via the consolidated financial statements of the subgroups. The consolidated financial statements also include 2 municipal federations, and 3 municipal federation Groups of which Lahti is a member. Via the municipal federation Groups, 4 subsidiaries of municipal federation Groups have been merged with the municipal Group. The Group companies are shareholders in 11 affiliated entities, of which 4 affiliated entities have been consolidated in the subgroup's figures. The rest of the affiliated entities are insignificant for the Group and, as small companies, they have not been consolidated (ABO 6:3.1).

The consolidation includes four following subgroups. Consolidated statements have been prepared for these companies and included in the Lahti Group figures.

| Entities included in the Group financial statements: 2021 | |
|--|-----------|
| Subsidiaries | |
| Corporations | |
| – Housing, real estate and housing corporations | 13 |
| – Corporations active in municipal business | 17 |
| – Other corporations | 4 |
| Foundations | 1 |
| Municipal federations | 5 |
| Affiliated and other holding participations | 1 |
| Non-consolidated entities | 7 |
| Total | 48 |

Elimination of mutual ownership

The eliminations of the mutual ownership of Lahti and its subsidiaries as well as the municipal federations have been carried out in accordance with the Accounting Board's municipality sub-committee's general Group guidelines using the so-called applied acquisition cost method. The difference created by the elimination of ownership has been entered in full in the result of the financial year for the financial year pertaining to the acquisition.

Internal transactions and profits

Intra-Group income and expenses as well as receivables and debts have been deducted, and income and expenses as well as receivables and debts between the municipal federations in which the City is a shareholder have been deducted with the exception of negligible transactions. Any material internal margins included in long-term assets have been deducted. The internal property of municipal group taxes has been eliminated.

Minority interests

Minority interests have been deducted from the Group surplus/deficit in the consolidated profit and loss statement and from the equity in the consolidated balance sheet.

Adjustment to planned depreciations

Depreciations on the buildings of real estate companies and housing corporations have been adjusted to align with the plan, and the difference in the remaining values has been entered as an adjustment to the depreciations of the subsidiaries; the accumulated difference has been used to adjust the surplus/deficit of previous periods, for the companies that have not implemented the planned depreciations.

Depreciation difference and voluntary provisions

In accordance with the Accounting Board, changes in the voluntary and tax-based provisions and depreciation difference have been calculated in the consolidated income statement for the change in deferred taxes as well as the surplus/deficit for the financial year. In addition, the voluntary and tax-based provisions as well as the depreciation difference are divided in the consolidated balance into non-tied equity and deferred tax liabilities. The division has been taken into account in the elimination of ownership and the separation of minority interests. The deferred tax liability is shown in full as long-term liability.

Deferred tax assets have been entered for the Group on the basis of exports resulting from the sub-Group's business operations. The deferred tax assets have been divided into long-term and short-term based on their potential realisation.

The Group has recorded the following deferred tax liability:

- Receivables: long-term EUR 1.4 million and short-term EUR 0.07 million.
- Debt: long-term EUR 34.9 million and short-term EUR 0.1 million.

Affiliated entities

With the exception of the four consolidated in a subgroup, the affiliated entities, as small enterprises, have been excluded from the consolidation (Accounting Act 6:3.1).

Changes to the group structure during the accounting period

- The final accounts of Lahden Työn Paikka Oy were submitted on 30 June 2021.
- On 1 May 2021, Päijät-Hämeen Ateriapalvelut Oy established a subsidiary, Ateriasisko Oy, and the actual operations of the company began on the same date.

Adjustment of unit price funding to state share

The unit-price funding paid to the Salpaus education consortium in the amount of EUR 60.4 million was transferred from operating income to state shares in the consolidated statement.

Treatment of real estate tax

The real estate taxes in the amount of EUR 2.05 million paid by the consolidated entities to the municipality have been eliminated.

Ownership elimination difference

The statements include negative elimination differences in the amount of EUR -0.06 million.

Comparability with previous financial years' financial statements

There have been adjustments made to the surplus/deficit of the previous financial year, as a result of which the surplus of the Group's previous financial years has decreased by EUR 1.4 million. The adjustment of the emergency care expenses in 2018 resulted in additional costs of EUR 1.4 million euros for the City of Lahti.

NOTES TO THE GROUP PROFIT AND LOSS STATEMENT

| LAHTI GROUP | 2021 | 2020 |
|--|-----------------------|-----------------------|
| Notes to the Group profit and loss statement | | |
| Operating income by business function | | |
| Social and health services | 231,873,362.22 | 207,952,316.05 |
| Education and cultural services | 24,114,884.20 | 23,075,993.90 |
| Utilities | 285,054,391.39 | 237,550,978.48 |
| Housing and real estate services | 78,366,708.06 | 67,308,107.44 |
| General administration | 22,427,018.60 | 8,969,332.36 |
| Other services | 22,390,235.97 | 24,890,687.00 |
| Operating income | 664,226,600.44 | 569,747,415.24 |
| Tax revenue | | |
| Municipal income tax | 431,589,124.37 | 434,333,355.71 |
| Percentage of corporate tax revenue | 45,619,228.19 | 32,226,646.00 |
| Property tax | 39,921,156.76 | 33,659,570.89 |
| Tax revenue | 517,129,509.32 | 500,219,572.60 |
| Central government transfers to local government | | |
| State subsidy of the basic municipal services | 148,496,343.00 | 163,980,250.00 |
| Equalisation of state subsidy based on tax revenue | 29,237,874.00 | 33,541,575.00 |
| Compensation for loss of tax revenue | 51,072,997.00 | 51,485,109.00 |
| State subsidy of the basic municipal services | 228,807,214.00 | 249,006,934.00 |
| State subsidy of educational municipal federations | 40,306,405.94 | 38,146,751.84 |
| State subsidy of other educational and cultural activities | -4,803,059.00 | -5,172,809.00 |
| Central government transfers to local government | 264,310,560.94 | 281,980,876.84 |
| Extraordinary income and expenditure | | |
| Extraordinary income | | |
| Salpaus Further Education, Svinhufvudinkatu 7, handover of the Nelo building | 0.00 | 1,109,886.80 |
| Päijät-Häme Joint Municipal Authority for Wellbeing, sale of 3StepIT | 0.00 | 587,506.38 |
| Lahti Energy Ltd subgroup, transfer of assets to Oomi Oy | 0.00 | 16,599,953.46 |
| Salpaus Further Education, Svinhufvudinkatu 7, Nelo remediation of soil | 255,440.00 | 0.00 |
| Extraordinary income | 255,440.00 | 18,297,346.64 |
| Extraordinary expenditure | | |
| Losses on the sale of fixed assets | 1,239.39 | 0.00 |
| Salpaus Further Education, Svinhufvudinkatu 7, Nelo remediation of soil | 40,476.73 | 0.00 |
| Extraordinary expenditure | 41,716.12 | 0.00 |
| STATUTORY RESERVES | | |
| Pension reserve | | |
| Pension reserve 1 Jan | 3,259,800.00 | 3,664,200.00 |
| Decrease | -436,700.00 | -404,400.00 |
| Pension reserve 31 Dec | 2,823,100.00 | 3,259,800.00 |
| Other reserves for environmental liabilities | | |
| Other reserve for environmental liabilities, 1.1. | 2,994,311.60 | 2,574,477.00 |
| Increase | 1,871,321.24 | 2,005,689.60 |
| Decrease | -2,180,441.84 | -1,585,855.00 |
| Reserve for environmental liabilities, 31.12. | 2,685,191.00 | 2,994,311.60 |
| Reserve for legal expenses | | |
| Reserve for legal expenses 1.1. | 485,395.59 | 0.00 |
| Increase | 250,000.00 | 485,395.59 |
| Decrease | -485,395.59 | 0.00 |
| Conversion differences | 250,000.00 | 485,395.59 |
| Medical malpractice insurance premium | | |
| Medical malpractice insurance premium 1 Jan | 4,463,314.96 | 4,967,173.82 |
| Increase | 1,177,381.50 | 0.00 |
| Decrease | -396,171.93 | -503,858.86 |
| Medical malpractice insurance premium 31 Dec | 5,244,524.53 | 4,463,314.96 |

| LAHTI GROUP | 2021 | 2020 |
|---|----------------------|----------------------|
| Non-protective interest rate swap | | |
| Non-protective interest rate swap 1.1. | 10,120,596.00 | 5,983,578.00 |
| Increase | 0.00 | 4,137,018.00 |
| Decrease | -2,756,937.00 | 0.00 |
| Non-protective interest rate swap 31.12. | 7,363,659.00 | 10,120,596.00 |
| Landfill landscaping provision | | |
| Landfill landscaping provision 1.1. | 4,677,823.81 | 4,355,693.60 |
| Increase | 673,487.00 | 1,219,125.65 |
| Decrease | -604,929.42 | -896,995.44 |
| Landfill landscaping provision 31.12. | 4,746,381.39 | 4,677,823.81 |
| Other statutory reserves | | |
| Other statutory reserves 1.1. | 3,761,109.09 | 1,874,818.93 |
| Increase | 3,066,188.11 | 1,960,562.28 |
| Decrease | -632,683.92 | -74,272.13 |
| Other statutory reserves 31.12. | 6,194,613.28 | 3,761,109.09 |
| STATUTORY RESERVES | 29,307,469.20 | 29,762,351.05 |
| Sales profits/losses of fixed equivalent assets | | |
| Sales profits | | |
| Capital gains from land and water areas | 23,876,582.55 | 5,465,552.03 |
| Capital gains from buildings | 735,660.60 | 3,859,193.06 |
| Other capital gains | 1,873,861.44 | 486,204.09 |
| Sales profits | 26,486,104.59 | 9,810,949.18 |
| Sales losses | | |
| Losses from assignment of land and water areas | 1,153,299.65 | 21,577.19 |
| Losses from assignment of buildings | 17,032.59 | 0.00 |
| Other losses from assignment | 502,245.04 | 44,603.42 |
| Sales losses | 1,672,577.28 | 66,180.61 |
| The total amounts of revenues included in other financial income received from shares in other companies | | |
| Dividend income from other sources | 6,460,599.39 | 5,180,054.75 |
| Other financial income | 828,949.61 | 379,136.15 |
| Other financial income | 7,289,549.00 | 5,559,190.89 |
| Differences in ownership elimination | | |
| Differences in ownership elimination | 0.90 | 9,225.29 |
| Differences in ownership elimination, negative | -60,332.56 | -172,879.75 |
| Differences in ownership elimination | -60,331.66 | -163,654.46 |
| The differences in ownership elimination comprise the acquisition of the following companies | | |
| Differences in ownership elimination, positive | | |
| - Elimination by the Regional Council of Päijät-Häme of the stake in Provincia Oy | 0.00 | 9,225.29 |
| - Elimination by the Salpaus Further Education of the stake in Päijät-Hämeen Laitoshuoltopalvelut Oy | 0.90 | |
| Elimination of ownership, negative | | |
| - Fund investment by the City in Lahden Jäähalli Oy | 0.00 | -172,879.75 |
| - The City of Lahti has repurchased the shares of Lahden Seudun Kehitys LADEC Oy | -60,332.56 | 0.00 |

NOTES TO THE GROUP ASSETS

| LAHTI GROUP | 2021 | 2020 |
|---|----------------------|----------------------|
| NON-CURRENT ASSETS | | |
| Intangible assets | | |
| Intangible rights | | |
| Acquisition cost 1 Jan (+), Intangible rights | 11,760,480.18 | 10,267,512.33 |
| Increases in the financial year, Intangible rights | 1,051,112.78 | 1,340,538.64 |
| Depreciations during the financial year, Intangible rights | -44,128.92 | -247,369.27 |
| Transfers between items (+/-), Intangible rights | -70,827.49 | 399,798.48 |
| Accrued depreciations and write-downs 1 Jan (-), Intangible rights | -4,499,901.17 | -3,581,525.55 |
| Accrued depreciations on deductions and transfers, Intangible rights | 0.00 | 47,892.08 |
| Depreciations for the period (-), Intangible rights | -861,389.28 | -966,267.70 |
| Intangible rights | 7,335,346.10 | 7,260,579.00 |
| Computer software | | |
| Acquisition cost 1 Jan (+), Computer software | 6,958,967.59 | 5,861,198.15 |
| Increases in the financial year, Computer software | 42,568.36 | 188,164.89 |
| Depreciations during the financial year, Computer software | -7,500.00 | -618.76 |
| Transfers between items (+/-), Computer software | 1,749,214.26 | 910,223.31 |
| Accrued depreciations and write-downs 1 Jan (-), Computer software | -5,361,468.11 | -4,465,404.52 |
| Accrued depreciations on deductions and transfers, Computer software | -2,617.73 | 773.33 |
| Depreciations for the period (-), Computer software | -1,213,649.75 | -896,836.92 |
| Computer software | 2,165,514.62 | 1,597,499.48 |
| Intangible rights | 9,500,860.72 | 8,858,078.48 |
| Consolidated goodwill | | |
| Acquisition cost 1 Jan (+), Consolidated goodwill | 0.00 | 0.00 |
| Accrued depreciations and write-downs 1 Jan (-), Consolidated goodwill | 2,314,471.12 | 2,314,471.12 |
| Transfer of the FAS active to reserves | -2,314,471.12 | -2,314,471.12 |
| Consolidated goodwill | 0.00 | 0.00 |
| Other capitalized long-term expenses | | |
| Acquisition cost 1 Jan (+), Other capitalized long-term expenses | 103,045,879.82 | 31,770,010.65 |
| Increases in the financial year, Other capitalized long-term expenses | 119,092.55 | 213,667.89 |
| Divestment (-), Other capitalized long-term expenses | -202,869.56 | 0.00 |
| Transfers between items (+/-), Other capitalized long-term expenses | 1,321,548.40 | 71,062,201.28 |
| Accrued depreciations and write-downs 1 Jan (-), Other capitalized long-term expenses | -25,481,364.91 | -23,209,059.41 |
| Accrued depreciation on divestments (+), Other capitalized long-term expenses | 202,869.56 | 0.00 |
| Accrued depreciations on deductions and transfers, Other capitalized long-term expenses | -4,484.21 | 0.00 |
| Depreciations for the period (-), Other capitalized long-term expenses | -5,411,576.71 | -2,272,305.50 |
| Other capitalized long-term expenses | 73,589,094.94 | 77,564,514.91 |
| Other capitalized long-term expenses | 73,589,094.94 | 77,564,514.91 |
| Advance payments and incomplete commodities | | |
| Advance payments | | |
| Acquisition cost 1 Jan (+), Advance payments | 590,341.09 | 838,062.72 |
| Increases in the financial year, Advance payments | 911,255.71 | 185,604.66 |
| Depreciations during the financial year, Advance payments | 0.00 | -407,270.81 |
| Transfers between items (+/-), Advance payments | -89,016.88 | -26,055.48 |
| Advance payments | 1,412,579.92 | 590,341.09 |
| Incomplete commodities | | |
| Acquisition cost 1 Jan (+), Incomplete commodities | 1,443,822.89 | 812,228.39 |
| Increases in the financial year, Incomplete commodities | 1,520,548.94 | 2,383,982.52 |
| Transfers between items (+/-), Incomplete commodities | -1,440,018.41 | -1,752,388.02 |
| Write-downs (-), Incomplete commodities | -172,830.48 | 0.00 |
| Incomplete commodities | 1,351,522.94 | 1,443,822.89 |
| Advance payments and incomplete commodities | 2,764,102.86 | 2,034,163.98 |
| Intangible assets | 85,854,058.52 | 88,456,757.37 |

Tangible assets**Land and water area**

| | | |
|--|-----------------------|-----------------------|
| Acquisition cost 1 Jan (+), Land and water area | 152,124,790.71 | 151,020,418.33 |
| Increases in the financial year, Land and water area | 6,348,322.53 | 2,033,059.59 |
| Depreciations during the financial year, Land and water area | -3,846,278.97 | -928,687.21 |
| Write-downs (-) and write-down refunds (+), Land and water area | 124,667.65 | 0.00 |
| Accrued depreciations and write-downs 1 Jan (-), Land and water area | -545,764.55 | -545,764.55 |
| Land and water area | 154,205,737.37 | 151,579,026.16 |

Revaluation of land and water area

| | | |
|--|-------------------|-------------------|
| Revaluation of land and water area 1. Jan | 120,834.96 | 136,861.02 |
| Deductions of land and water area revaluations | -13,878.34 | -16,026.06 |
| Revaluation of land and water area | 106,956.62 | 120,834.96 |

Non-refundable joining fees

| | | |
|--|-----------------------|-----------------------|
| Acquisition cost 1 Jan (+), Non-refundable joining fees | 1,243,140.64 | 1,321,150.51 |
| Increases in the financial year, Non-refundable joining fees | 47,587.19 | 0.00 |
| Depreciations during the financial year, Non-refundable joining fees | -142,501.26 | -72,669.87 |
| Transfers between items (+/-), Non-refundable joining fees | 232,182.86 | -5,340.00 |
| Non-refundable joining fees | 1,380,409.43 | 1,243,140.64 |
| Land and water area | 155,693,103.42 | 152,943,001.76 |

Buildings

| | | |
|--|-----------------------|-----------------------|
| Acquisition cost 1 Jan (+), Buildings | 1,488,972,833.19 | 1,353,518,807.24 |
| Increases in the financial year, Buildings | 4,850,983.30 | 69,059,014.13 |
| Financial contributions during the financial year, Buildings | -50,000.00 | -40,000.00 |
| Business sales (-), Buildings | 12,820.00 | 0.00 |
| Depreciations during the financial year, Buildings | -32,766,059.39 | -20,570,603.72 |
| Transfers between items (+/-), Buildings | 68,743,848.85 | 87,005,615.54 |
| Accrued depreciations and write-downs 1 Jan (-), Buildings | -620,351,364.89 | -571,105,640.42 |
| Accrued depreciations Business sales (+), Buildings | 9,316,968.54 | 0.00 |
| Accrued depreciations on deductions and transfers, Buildings | 277,657.26 | 0.00 |
| Depreciations for the period (-), Buildings | -50,711,553.98 | -49,245,724.47 |
| Buildings | 868,296,132.88 | 868,621,468.30 |

Revaluation of buildings

| | | |
|-------------------------------------|-----------------------|-----------------------|
| Revaluation of buildings 1.1. | 925,805.04 | 1,218,164.54 |
| Deductions of building revaluations | -382,992.62 | -292,359.50 |
| Revaluation of buildings | 542,812.42 | 925,805.04 |
| Buildings | 868,838,945.30 | 869,547,273.34 |

Fixed structures and installations

| | | |
|---|-----------------------|-----------------------|
| Acquisition cost 1 Jan (+), Fixed structures and installations | 727,255,836.92 | 683,489,456.41 |
| Divestment (-), Fixed structures and installations | 16,047,714.46 | 20,307,120.74 |
| Depreciations during the financial year, Fixed structures and installations | 0.00 | -255,234.00 |
| Financial contributions during the financial year, Fixed structures and installations | -100,000.00 | 0.00 |
| Transfers between items (+/-), Fixed structures and installations | 24,303,843.26 | 23,714,493.77 |
| Accrued depreciations and write-downs 1 Jan (-), Fixed structures and installations | -332,495,047.55 | -295,898,512.01 |
| Accrued depreciations on deductions and transfers, Fixed structures and installations | 0.00 | 255,234.00 |
| Depreciations for the period (-), Fixed structures and installations | -35,907,759.12 | -36,851,769.54 |
| Fixed structures and installations | 399,104,587.97 | 394,760,789.37 |

Machinery and equipment

| | | |
|--|-----------------------|-----------------------|
| Acquisition cost 1 Jan (+), Machinery and equipment | 406,058,373.40 | 267,616,386.55 |
| Increases in the financial year, Machinery and equipment | 7,267,701.80 | 15,576,513.80 |
| Financial contributions during the financial year, Machinery and equipment | -364,447.95 | -79,397.18 |
| Depreciations during the financial year, Machinery and equipment | -1,158,319.98 | -2,105,589.06 |
| Transfers between items (+/-), Machinery and equipment | 5,337,174.00 | 125,050,459.29 |
| Accrued depreciations and write-downs 1 Jan (-), Machinery and equipment | -147,686,198.13 | -123,062,997.46 |
| Depreciations for the period (-), Machinery and equipment | -21,031,954.06 | -24,623,200.68 |
| Write-downs (-) and write-down refunds (+), Machinery and equipment | -15,535.72 | 0.00 |
| Machinery and equipment | 248,406,793.36 | 258,372,175.26 |

| LAHTI GROUP | 2021 | 2020 |
|--|-----------------------|-----------------------|
| Other tangible assets | | |
| Acquisition cost 1 Jan (+), Other tangible assets | 5,425,987.34 | 5,379,757.20 |
| Increases in the financial year, Other tangible assets | 21,599.52 | 43,004.33 |
| Transfers between items (+/-), Other tangible assets | 44,233.72 | 3,225.81 |
| Accrued depreciations and write-downs 1 Jan (-), Other tangible assets | -2,487,099.84 | -2,055,928.71 |
| Depreciations for the period (-), Other tangible assets | -427,523.27 | -431,171.13 |
| Other tangible assets | 2,577,197.47 | 2,938,887.50 |
| Advance payments and construction in progress | | |
| Advance payments | | |
| Acquisition cost 1 Jan (+), Advance payments | 338,169.71 | 169,597,178.50 |
| Increases in the financial year, Advance payments | 1,956,086.86 | 0.00 |
| Depreciations during financial year, Advance payments | -4,323.50 | 0.00 |
| Transfers between items (+/-), Advance payments | -168,492.69 | -169,259,008.79 |
| Advance payments | 2,121,440.38 | 338,169.71 |
| Construction in progress | | |
| Acquisition cost 1 Jan (+), Construction in progress | 102,534,133.70 | 149,551,560.68 |
| Increases in the financial year, Construction in progress | 102,754,216.05 | 108,493,482.64 |
| Financial contributions during the financial year, Construction in progress | -2,836,789.51 | -1,263,774.27 |
| Depreciations during the financial year, Construction in progress | -15,578,173.05 | 0.00 |
| Transfers between items (+/-), Construction in progress | -100,057,641.84 | -154,247,135.35 |
| Accrued depreciations and write-downs 1 Jan (-), Construction in progress | -914,419.11 | -686,699.16 |
| Write-downs (-), Construction in progress | 0.00 | -227,719.95 |
| Construction in progress | 85,901,326.24 | 101,619,714.59 |
| Advance payments and construction in progress | 88,022,766.62 | 101,957,884.30 |
| Investments | | |
| Shares and interests in affiliated entities | | |
| Acquisition cost 1 Jan (+), Shares and interests in affiliated entities | 1,464,106.96 | 1,437,747.35 |
| Increases in the financial year, Shares and interests in affiliated entities | 1,152,040.25 | 0.00 |
| Depreciations during the financial year, Shares and interests in affiliated entities | -104.09 | -10,000.00 |
| Transfers between items (+/-), Shares and interests in affiliated entities | 0.00 | 256,466.00 |
| Percentage of the profits of affiliated entities (loss), Shares and interests in affiliated entities | 274,350.51 | -763,495.37 |
| Shares and interests in affiliated entities | 2,890,393.63 | 920,717.97 |
| Other shares and interests and the revaluations of shares | | |
| Other shares and interests | | |
| Acquisition cost 1 Jan (+), Other shares and interests | 117,878,751.44 | 96,682,924.80 |
| Increases in the financial year, Other shares and interests | 6,496,406.70 | 29,460,399.98 |
| Depreciations during the financial year, Other shares and interests | -6,446,544.84 | -8,269,236.83 |
| Accrued write-downs 1 Jan (-), Other shares and interests | -457,278.20 | -326,428.20 |
| Write-downs in the period (-), Other shares and interests | -46,803.73 | -130,850.00 |
| Other shares and interests | 117,424,531.37 | 117,421,473.24 |
| Revaluations of shares | | |
| Revaluations of shares 1 Jan | 12,244.15 | 12,244.15 |
| Revaluations of shares | 12,244.15 | 12,244.15 |
| Other shares and interests and the revaluations of shares | 117,433,717.38 | 117,433,717.38 |
| Bond receivables | | |
| Bond receivables from others | | |
| Acquisition cost 1 Jan, Bond receivables from others | 0.00 | -4,313.50 |
| Write-downs (-), Bond receivables from others | 0.00 | 4,313.50 |
| Bond receivables from others | 0.00 | 0.00 |
| Other loan receivables | | |
| Subordinated loan receivables from other | | |
| Acquisition cost 1 Jan, Subordinated loan receivables from other | 12,924,133.51 | 12,924,133.51 |
| Subordinated loan receivables from other | 12,924,133.51 | 12,924,133.51 |

| LAHTI GROUP | 2021 | 2020 |
|---|----------------------|-----------------------|
| Other loan receivables from affiliated companies and other associated companies | | |
| Acquisition cost 1 Jan, Other loan receivables from affiliated companies and other associated companies | 0.00 | 1,630,000.00 |
| Decrease (-), Other loan receivables from affiliated companies and other associated companies | 0.00 | -1,630,000.00 |
| Other loan receivables from affiliated companies and other associated companies | 0.00 | 0.00 |
| Other loan receivables from others | | |
| Acquisition cost 1 Jan, Other loan receivables from others | 7,794,415.16 | 8,692,407.03 |
| Decrease (-), Other loan receivables from others | -666,887.97 | -897,991.87 |
| Other loan receivables from others | 7,127,527.19 | 7,794,415.16 |
| Other loan receivables | 20,051,660.70 | 20,718,548.67 |
| Other receivables | | |
| Other receivables from others | | |
| Acquisition cost 1 Jan, Other receivables from others | 1,364.40 | 63,629.94 |
| Transfers between items (+/-), Other receivables from others | 0.00 | -26,615.54 |
| Increase (+), Other receivables from others | 22,550.75 | 0.00 |
| Decrease (-), Other receivables from others | 0.00 | -35,650.00 |
| Other receivables from others | 23,915.15 | 1,364.40 |
| Refundable joining fees | | |
| Acquisition cost 1 Jan, Refundable joining fees | 71,748.59 | 44,702.00 |
| Transfers between items (+/-), Refundable joining fees | 0.00 | 26,615.54 |
| Increase (+), Refundable joining fees | 0.00 | 431.05 |
| Refundable joining fees | 71,748.59 | 71,748.59 |
| Other receivables | 95,663.74 | 108,331.94 |
| Investments | 20,147,324.44 | 121,161,360.56 |

| LAHTI GROUP | 2021 | 2020 |
|---|----------------------|----------------------|
| CURRENT ASSETS | | |
| Receivables | | |
| Long-term receivables | | |
| Sales receivables | | |
| Sales receivables from others | 1,913,951.02 | 1,613,120.67 |
| Sales receivables | 1,913,951.02 | 1,613,120.67 |
| Loan receivables | | |
| Loan receivables from others | 545,303.67 | 1,494,893.50 |
| Loan receivables from social lending | 61,468.88 | 130,988.28 |
| Loan receivables | 606,772.55 | 1,625,881.78 |
| Other receivables | | |
| Other receivables | 2,318,923.29 | 2,218,994.60 |
| Other receivables | 2,318,923.29 | 2,218,994.60 |
| Prepayments and accrued income | | |
| Other receivables carried forward | | |
| Other receivables carried forward | 30,309.16 | 32,523.94 |
| Prepayments and accrued income | 30,309.16 | 32,523.94 |
| Deferred tax claims | | |
| Deferred tax claim, 1 Jan | 1,357,280.40 | 885,971.83 |
| Deferred tax claim, change for the period entered via the profit and loss account | -659,064.40 | 471,308.57 |
| Deferred tax claims | 698,216.00 | 1,357,280.40 |
| Long-term receivables | 5,568,172.02 | 6,847,801.39 |
| Short-term receivables | | |
| Sales receivables | | |
| Sales receivables from affiliated companies and other associated companies | 310,871.02 | 0.00 |
| Sales receivables from member municipal federations | 1,563,834.27 | 1,770,934.07 |
| Sales receivables from others | 62,710,050.33 | 48,423,882.15 |
| Sales receivables | 64,584,755.62 | 50,194,816.22 |
| Loan receivables | | |
| Loan receivables from others | 142,745.98 | 335,069.17 |
| Loan receivables from social lending | 67,420.40 | 112,513.69 |
| Loan receivables | 210,166.38 | 447,582.86 |
| Other receivables | | |
| Other receivables | 11,500,406.02 | 13,039,473.99 |
| Receivables from state aid | 6,891,549.74 | 1,159,548.92 |
| Other receivables | 18,391,955.76 | 14,199,022.91 |
| Prepayments and accrued income | | |
| Accrued interest | | |
| Accrued interest from others | 124,082.70 | 125,931.02 |
| Accrued interest | 124,082.70 | 125,931.02 |
| Other receivables carried forward | | |
| Other receivables carried forward from member municipal federations | 634,336.49 | 1,368,548.01 |
| Other receivables carried forward from others | 28,834,175.71 | 19,656,433.28 |
| Other receivables carried forward | 29,468,512.20 | 21,024,981.29 |
| Prepayments and accrued income | 29,592,594.90 | 21,150,912.31 |

| LAHTI GROUP | 2021 | 2020 |
|---|-----------------------|----------------------|
| Deferred tax claims | | |
| Deferred tax claim, 1 Jan | 77,320.20 | 143,309.80 |
| Deferred tax claim, change for the period entered via the profit and loss account | -77,320.20 | -65,989.60 |
| Deferred tax claims | 0.00 | 77,320.20 |
| Short-term receivables | 112,779,472.66 | 86,069,654.50 |
| Receivables | 118,347,644.68 | 92,917,455.88 |
| Material items included in other receivables carried forward | | |
| Tax claims | 428,130.68 | 325,371.40 |
| Amortised personnel costs | 293,436.41 | 222,990.04 |
| State subsidy and EU subsidies | 9,700,377.90 | 1,710,759.02 |
| Unit rate receivables | 40,207.11 | 23,910.93 |
| Kela compensations from occupational health care | 1,897,815.71 | 1,632,474.95 |
| Employment Fund training compensation | 127,256.70 | 120,993.65 |
| Rental receivables | 100,000.00 | 0.00 |
| Ticket receivables | 2,003.81 | 123,641.39 |
| Contribution to the Päijät-Häme Joint Municipal Authority for Wellbeing | 568,841.88 | 1,368,925.79 |
| Other receivables carried forward | 16,340,751.16 | 15,528,815.85 |
| Material items included in other receivables carried forward | 29,498,821.36 | 21,057,883.01 |
| Accrued interest from others | 124,082.70 | 125,931.02 |
| | 29,622,904.06 | 21,183,814.03 |
| Difference between financial securities' book and market values | | |
| Shares and other similar rights of ownership | | |
| Shares and other similar rights of ownership | 8,213,286.84 | 7,063,242.27 |
| Investments in money market instruments | | |
| Investments in money market instruments | 42,208,590.87 | 28,011,498.00 |
| Bond receivables | | |
| Bond loan receivables' market value | 0.00 | 0.00 |
| Bond receivables | 65,630.40 | 189,638.40 |
| Difference between bond loan receivables' book and market values | -65,630.40 | -189,638.40 |
| Market value of other securities | | |
| Market value of other securities | 42,732.35 | 42,732.35 |
| Other securities | 873,502.80 | 92,447.07 |
| Other securities difference between book and market value | -830,770.45 | -49,714.72 |

NOTES TO THE GROUP LIABILITIES

| LAHTI GROUP | 2021 | 2020 |
|---|-------------------------|-------------------------|
| CAPITAL AND RESERVES | | |
| Original own funds | | |
| Original own funds, 1 Jan | 437,196,267.29 | 437,196,267.29 |
| Original own funds | 437,196,267.29 | 437,196,267.29 |
| Basic capital of associations and foundations | | |
| Basic capital of associations and foundations, 1 Jan | 12,614.10 | 12,614.10 |
| Basic capital of associations and foundations | 12,614.10 | 12,614.10 |
| Revaluation reserve | | |
| Revaluation reserve, 1 Jan | 1,035,755.36 | 1,447,279.39 |
| Revaluation reserve, decrease | -396,870.96 | -411,524.03 |
| Revaluation reserve | 638,884.40 | 1,035,755.36 |
| Other own funds | | |
| Fund capital | | |
| Fund capital, 1 Jan | 11,910,277.94 | 11,771,983.69 |
| Fund capital, increase | 138,858.80 | 138,294.25 |
| Fund capital | 12,049,136.74 | 11,910,277.94 |
| Other own funds | 12,049,136.74 | 11,910,277.94 |
| Change in surplus (deficit) from previous periods | | |
| Surplus (deficit) from previous periods 1.1. | 248,573,010.69 | 172,484,489.43 |
| Distributions of dividends | 0.00 | -53,448.53 |
| City of Lahti financial year 2018 adjustment of emergency care expenses | 0.00 | -1,732,946.53 |
| Surplus (deficit) from previous periods | 248,573,010.69 | 170,698,094.37 |
| Surplus for the financial year (deficit) | 61,405,390.40 | 77,561,836.11 |
| Salpakierto Oy 2020 adjustment of minority interest | 0.00 | 313,080.21 |
| CAPITAL AND RESERVES | 759,875,303.62 | 698,727,925.38 |
| The surplus of the previous financial years of 2020 has been adjusted by the following entries | | |
| -City of Lahti financial year 2018 adjustment of emergency care expenses | | 1,732,947.00 |
| - Salpakierto Oy 2020 adjustment of minority interest | | 313,080.21 |
| Liabilities that will mature after +5 years | | |
| Loans from financial institutions and insurance companies | 692,105,908.16 | 781,109,123.55 |
| Loans from general government | 147,936,658.29 | 169,108,892.32 |
| Loans from other creditors | 232,307,822.00 | 182,722,552.00 |
| Liabilities that will mature later than after 5 years | 1,072,350,388.45 | 1,132,940,567.87 |

| LAHTI GROUP | 2021 | 2020 |
|---|-------------------------|-------------------------|
| MANDATORY PROVISIONS | | |
| Pension reserves | | |
| Pension reserves | 2,823,100.00 | 3,259,800.00 |
| Other statutory reserves | | |
| Other provisions due to environmental obligations | 2,685,191.00 | 2,994,311.60 |
| Medical malpractice insurance premium | 5,244,524.53 | 4,463,314.96 |
| Landfill landscaping provision | 4,746,381.39 | 4,677,823.81 |
| Reserve for legal expenses | 250,000.00 | 485,395.59 |
| Non-protective interest rate swap | 7,363,659.00 | 10,120,596.00 |
| Other mandatory provisions | 6,194,613.29 | 3,761,109.09 |
| STATUTORY RESERVES | 29,307,469.21 | 29,762,351.05 |
| Long-term liabilities | | |
| Debentures | 60,000,000.00 | 60,000,000.00 |
| Loans from financial institutions and insurance companies | 990,824,489.72 | 995,207,358.93 |
| Subordinated loans | 244,853.25 | 296,206.90 |
| Loans from general government | 19,231,126.02 | 22,379,025.86 |
| Loans from other creditors | 103,958,695.00 | 98,604,552.00 |
| Long-term liabilities | 1,174,259,163.99 | 1,176,487,143.69 |
| Advances received | | |
| Advance payments received from others | 2,210,288.72 | 1,360,032.28 |
| Advances received | 2,210,288.72 | 1,360,032.28 |
| Accounts payable | | |
| Accounts payable to others | 0.00 | 105,590.57 |
| Accounts payable | 0.00 | 105,590.57 |
| Connection fees and other debts | | |
| Other liabilities to others | 135,192.88 | 127,346.58 |
| Other liabilities, joining fees | 37,977,915.33 | 37,541,141.17 |
| Other liabilities, joining fees, internal | 137,612.50 | 138,756.88 |
| Connection fees and other debts | 38,250,720.71 | 37,807,244.63 |
| Accrued expenses and deferred income | | |
| Transferable interest | | |
| Transferable interest to others | 3,462,516.71 | 4,790,169.86 |
| Other accrued liabilities | | |
| Other accrued liabilities to member municipal federations | 2,103,794.77 | 1,736,524.42 |
| Other accrued liabilities | 3,770.00 | 0.00 |
| Other accrued liabilities | 2,107,564.77 | 1,736,524.42 |
| Accrued expenses and deferred income | 5,570,081.48 | 6,526,694.28 |

| LAHTI GROUP | 2021 | 2020 |
|---|-------------------------|-------------------------|
| Deferred tax liabilities | | |
| Deferred tax liability, 1 Jan | 34,827,125.68 | 29,845,966.31 |
| Imputed tax liability, change | 107,969.89 | -4,517.19 |
| Deferred tax liability, change for the period entered via the profit and loss account | 6,116,935.84 | 5,093,646.44 |
| Deferred tax liabilities | 41,052,031.41 | 34,935,095.57 |
| Long-term liabilities | 1,261,342,286.31 | 1,257,221,801.03 |
| Short-term liabilities | | |
| Debentures | 0.00 | 10,468,000.00 |
| Loans from financial institutions and insurance companies | 61,495,539.76 | 52,623,659.98 |
| Loans from general government | 3,149,297.88 | 3,020,693.88 |
| Loans from other creditors | 1,000,372.00 | 922,929.00 |
| Advances received | | |
| Advance payments received from others | 4,226,162.07 | 5,322,373.41 |
| Advances received | 4,226,162.07 | 5,322,373.41 |
| Accounts payable | | |
| Accounts payable to member municipal federations | 157,612.57 | 151,471.22 |
| Accounts payable to affiliated companies and other associated companies | 816,828.65 | 0.00 |
| Accounts payable to others | 81,364,701.41 | 59,744,454.32 |
| Accounts payable | 82,339,142.63 | 59,895,925.54 |
| Connection fees and other debts | | |
| Other liabilities to member municipal federations | 0.00 | 30,164.42 |
| Other liabilities to others | 25,068,620.09 | 23,842,863.19 |
| Connection fees and other debts | 25,068,620.09 | 23,873,027.61 |
| Accrued expenses and deferred income | | |
| Deferred interest | | |
| Deferred interest to member municipal federations | 8,914.77 | 12,462.89 |
| Deferred interest to others | 4,193,840.24 | 3,746,301.51 |
| Deferred interest | 4,202,755.01 | 3,758,764.40 |
| Other accrued liabilities | | |
| Other accrued liabilities to member municipal federations | 135,301.04 | 733,132.40 |
| Other accrued liabilities to others | 83,364,564.45 | 84,721,835.05 |
| Other accrued liabilities | 83,499,865.49 | 85,454,967.45 |
| Accrued expenses and deferred income | 87,702,620.50 | 89,213,731.85 |
| Short-term liabilities | 264,981,754.93 | 245,340,341.27 |
| LIABILITIES | 1,526,324,041.24 | 1,502,562,142.30 |
| Cheque account limit that is relevant for liquidity | | |
| Limit of cheque account with overdraft facility | 34,555,900.00 | 34,555,900.00 |

| LAHTI GROUP | 2021 | 2020 |
|---|----------------------|----------------------|
| Material items included in other accrued liabilities | | |
| Tax liabilities | 868,782.82 | 902,825.71 |
| Amortised personnel costs | 58,314,652.60 | 58,361,030.16 |
| Medical malpractice liabilities | 2,227,292.69 | 1,883,475.25 |
| State subsidy and EU subsidies | 5,242,359.51 | 8,053,031.69 |
| Other accrued liabilities | 18,954,342.63 | 17,991,129.06 |
| Material items included in other accrued liabilities | 85,607,430.25 | 87,191,491.87 |
| | | |
| Accrued interest to others | 4,202,755.02 | 3,746,301.51 |
| | 89,810,185.27 | 90,937,793.38 |

GROUP GUARANTEES AND CONTINGENT LIABILITIES

| LAHTI GROUP | 2021 | 2020 |
|--|-----------------------|-----------------------|
| Securities and liabilities | | |
| Liabilities secured by mortgages and shares | | |
| Loans from financial institutions and insurance companies | | |
| Loans from financial institutions and insurance companies, secured by real estate mortgages | 49,876,576.26 | 49,923,247.79 |
| Loans from financial institutions and insurance companies | 49,876,576.26 | 49,923,247.79 |
| Loans from general government | | |
| Loans from general government, secured by real estate mortgages | 122,189,815.75 | 119,798,932.60 |
| Loans from general government | 122,189,815.75 | 119,798,932.60 |
| Other loans | | |
| Other loans, secured by real estate mortgages | 152,869,197.60 | 153,209,197.60 |
| Other loans | 152,869,197.60 | 153,209,197.60 |
| Liabilities secured by mortgages and shares | 324,935,589.61 | 322,931,377.99 |
| Mortgages and shares pledged as collateral for loans | | |
| Real estate mortgages pledged as collateral | | |
| Real estate mortgages provided as collateral for financial and insurance institutions' loans | 53,205,428.15 | 51,255,428.15 |
| Real estate mortgages pledged as collateral for general government loans | 79,762,837.55 | 80,467,837.55 |
| Real estate mortgages pledged as collateral for other loans | 152,869,197.60 | 152,869,197.60 |
| Mortgages and shares pledged as collateral for loans | 285,837,463.30 | 284,592,463.30 |
| Other guarantees pledged on one's own behalf | | |
| Real estate mortgages | 6,913,101.07 | 10,914,906.11 |
| Book value of pledged securities | 328,500.00 | 347,250.00 |
| Deposits | 30,000.00 | 0.00 |
| Guarantees | 144,308,101.00 | 207,573,612.63 |
| Other | 17,354,279.00 | 13,546,905.75 |
| Other guarantees pledged on one's own behalf | 168,933,981.07 | 232,382,674.49 |
| Guarantees pledged on one's own behalf | | |
| Guarantees | 736,532.00 | 1,111,111.04 |
| Guarantees pledged on one's own behalf | 736,532.00 | 1,111,111.04 |
| Guarantees pledged on behalf of someone else | | |
| Guarantees | 54,688,849.77 | 46,192,469.92 |
| Other | 137,004.00 | 137,004.00 |
| Guarantees pledged on behalf of someone else | 54,825,853.77 | 46,329,473.92 |
| Rental liabilities | | |
| Rental liabilities for premises | 367,455,478.79 | 229,752,532.37 |
| Rental liabilities for machinery and equipment | 49,365,199.21 | 57,486,741.21 |
| Rental liabilities for land areas | 6,282,210.83 | 295,757.03 |
| Other rental liabilities | 971.94 | 964.26 |
| Rental liabilities | 423,103,860.77 | 287,535,994.87 |
| Share payable in the next financial year, rental liabilities | | |
| Rental liabilities for premises | 42,169,040.91 | 35,284,506.85 |
| Rental liabilities for machinery and equipment | 8,173,975.08 | 10,297,841.34 |
| Rental liabilities for land areas | 395,221.31 | 84,694.10 |
| Other rental liabilities | 971.94 | 6,964.26 |
| Share payable in the next financial year, rental liabilities | 50,739,209.24 | 45,674,006.55 |

| LAHTI GROUP | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Redemption obligations included in contracts, rental liabilities | 800,000.00 | 800,000.00 |
| Internal rental liabilities within the municipal consortium | 2,064,554.00 | 2,433,206.52 |
| Municipality's contingent liabilities | | |
| Initial capital, guarantees on one's own behalf | 213,580,000.00 | 273,580,000.00 |
| Remaining capital, guarantees on one's own behalf | 143,907,141.00 | 207,217,112.63 |
| Municipality's share of the Municipal Guarantee Board's guarantee liabilities, 31 Dec | 848,313,202.00 | 799,293,542.00 |
| Municipality's share of the Municipal Guarantee Board's unsecured guarantee liabilities, 31 Dec | 0.00 | 0.00 |
| Municipal Guarantee Board's potential contribution towards the municipality's liabilities, 31 Dec | 555,691.00 | 498,033.00 |
| Other off-balance sheet arrangements | | |
| Other contractual liabilities | 29,691,708.89 | 121,094,034.03 |
| Municipality's obligations arising from land-use contracts | 5,184,981.00 | 8,375,500.00 |
| Rental liabilities valid until 1 February 2063 | 6,247,017.91 | 7,664,961.29 |
| - Land lease contract with Kiinteistö Oy Sammonkatu 8 until 31 December 2046, EUR 1.2 million | | |
| - Land lease contract with Spatium Toimitilat Oy until 28 February 2063, EUR 6.4 million | | |
| VAT refund liability | 49,119,600.66 | 56,610,100.52 |
| State subsidy refund liability of start-up projects | 1,715,144.27 | 1,715,144.27 |
| Collaboration and partnership agreements | 11,954,564.00 | 7,032,125.00 |
| Contractual liabilities | 103,913,016.72 | 202,491,865.11 |
| Other off-balance sheet arrangements | 103,913,016.72 | 202,491,865.11 |

Other contingent liabilities of Group entities

Lahti Energia Oy

During the financial year, Lahti Energia Oy optimised its fuel reserves and sold part of its coal stocks. Slightly over EUR 4,117,118.22 was recorded in turnover from divestments.

The impact of the divestments on operating profit was approximately EUR 1,774,955.67. The shares in PHP Holding Oy were sold during the financial year. A one-off capital gain of approximately EUR 1,229,050.28 was recognised in financial income from the shares.

In the financial year 2020, EUR 16,599,953.46 was recognised in other income from operations from a business transfer related to an electricity retail arrangement. When comparing figures with previous financial years, it should be noted that Lahti Energy Oy no longer engages in electricity retailing as of 31 March 2020.

For the financial year, a mandatory provision of EUR 1,261,080.00 has been recorded in financial expenses for one of Lahti Energia's financial derivatives. For more detailed information, see section 3.3 Mandatory provision in the note.

The company has had two receiver swaptions, i.e. sold rights to an interest rate swap. One matured during the financial year and the other was converted into an interest rate swap. In connection with this conversion, a long-term loan of EUR 4,413,068.00 has been recognised in the balance sheet from the swaption, which will end during the interest rate swap agreement period.

The interest rate swap matures on 5 December 2031. In the financial statements, EUR 3,268,179.62 was entered for the long-term loan related to the amended agreement and EUR 742,749.08 for the short-term loan. EUR 402,139.20 has been recognised as income in financial expenses for the ending of loans during the financial year, and EUR 452,833.51 has been paid on the basis of an interest rate swap.

The net impact on financial expenses therefore totalled EUR 50,694.31 (expense).

In the financial year 2020, a total of EUR 364,675 was recorded in the financial expenses of Lahti Energia Oy for the change in value of the financial derivatives (Board of Accounting: Kila 1963/13.12.2016). The deferred tax asset corresponding to the recording was EUR 72,935.

The technical and economic retention period of Lahti Energia Oy's fixed assets was examined during the financial year. Changes were made to the depreciation plan for power plant buildings, power plant machinery and equipment, and the heating network. The Board of Directors made a decision on the new depreciation programme at a meeting held on 29 November 2021. The impact of the change in the depreciation plan on the result for the financial year is EUR 6,470,771.60.

In the financial year 2020, the depreciations in accordance with Lahti Energia Oy's plan included an additional depreciation of EUR 1,386,954.80 concerning old production factors that will not meet the income generating capacity in the future.

Lahti Aqua Oy

Aqua Verkko Oy has a subordinated loan (2/2018) of EUR 31,000,000 from the Lahti City Group Bank and the loan period expires on 15 December 2038. The loan complies with chapter 12 of the Limited Liability Companies Act, in which case no security is posted for the payment of capital or interest. The principal and interest are paid subject to the provisions laid down in the above-mentioned chapter of the Act. If interest can only be paid partially, the unpaid interest is deferred to the next maturity date that fulfils the payment condition. The outstanding balance on 31 December 2021 is EUR 27,736,842.10.

The company has a subordinated loan (2/2013) from Salpakierto Oy (formerly Päijät-Hämeen Jätehuolto Oy) of EUR 1,200,000 and the loan period ends on 30 November 2033. The loan complies with chapter 12 of the Limited Liability Companies Act, in which case no security is posted for the payment of capital or interest. The principal and interest are paid subject to the provisions laid down in the above-mentioned chapter of the Act. If interest can only be paid partially, the unpaid interest is deferred to the next maturity date that fulfils the payment condition. The outstanding balance on 31 December 2021 is EUR 697,435.86.

The company has a subordinated loan (1/2015) from Salpakierto Oy (formerly Päijät-Hämeen Jätehuolto Oy) of EUR 1,680,000 and the loan period ends on 31 August 2033. The loan complies with chapter 12 of the Limited Liability Companies Act, in which case no security is posted for the payment of capital or interest. The principal and interest are paid subject to the provisions laid down in the above-mentioned chapter of the Act. If interest can only be paid partially, the unpaid interest is deferred to the next maturity date that fulfils the payment condition. The outstanding balance on 31 December 2021 is EUR 775,384.62.

Subordinated loans are included in the balance sheet item Long-term liabilities, loans from Group companies and Short-term liabilities, loans from Group companies.

LABIO Oy

The Southern Finland Regional State Administrative Agency has granted LABIO Oy an environmental permit (527/2014) pursuant to the Finnish Environmental Protection Act 220/2020. In order to ensure the monitoring and actions required for the cessation of operations or thereafter, LABIO Oy has given the Southern Finland Regional State Administrative Agency a financial guarantee worth EUR 356,500.00 (Nordea Bank, no. 00101-02-2410596). The guarantee shall remain in place until 31 March 2026 and it shall be renewed thereafter until the cessation of operations.

Salpakierto Oy

The Finnish branch of Nordea Bank AB has granted the business, transport and environment centre of the Häme region a suretyship pursuant to section 59 of the Environmental Protection Act on behalf of Salpakierto Oy regarding the Kujala environmental licence (environmental licence 17 November 2016) regarding the appropriate termination of waste management, control, monitoring and operation or to ensure the required following measures. The bank's total liability is EUR 5,000,000. The guarantee is in force until 3 January 2027.

The company has provided a EUR 500,000.00 guarantee as for its own debt for the bank guarantee limit granted by Nordea Bank Plc to its subsidiary Salpamaa Oy.

The Finnish branch of Nordea Bank AB has granted the Centre for Economic Development, Transport and the Environment for Häme a guarantee pursuant to section 59 of the Environmental Protection Act on behalf of Salpakierto Oy (formerly Päijät-Hämeen Jätehuolto Oy) regarding the environmental licence for the processing of bitumen roofing shingle waste (environmental licence 18 November 2020) to ensure appropriate waste management, control, monitoring and termination of operations or to ensure the necessary follow-up measures. The bank's total liability is EUR 3,224,000. The guarantee is in force until 18 November 2030.

| LAHTI GROUP | 2021 | 2020 |
|--|-----------------------|-----------------------|
| Derivative contracts | | |
| Interest rate swaps | | |
| Market value | -27,925,891.43 | -40,307,466.68 |
| Value of underlying asset | 413,868,535.17 | 361,886,406.84 |
| Interest rate and currency swaps | | |
| Market value | 0.00 | -3,120,971.00 |
| Value of underlying asset | 0.00 | 30,000,000.00 |
| Interest rate swaps with option*) | | |
| Market value | -18,928,087.64 | -28,890,005.75 |
| Value of underlying asset | 63,977,370.00 | 73,049,980.00 |
| Electricity derivatives | | |
| Market value | -19,908,291.33 | -3,332,330.15 |
| Value of underlying asset | 26,270,657.07 | 25,984,489.55 |
| Total derivative contracts | | |
| Market value | -66,762,270.40 | -75,650,776.58 |
| Value of underlying asset | 504,116,562.24 | 490,920,876.39 |

* Counterparty's option

The notional values and market values of the derivative contracts of Group entities have been disclosed based on the City's ownership share. The market value equals the value indicated by the bank at the time of the financial statement (the market value of a contract) and includes deferred interest. In the notes to the Group financial statements, the derivative contracts have been numbered consecutively (City of Lahti from 1-5 and Lahti Group 6-36).

Interest rate swaps

Interest rate swaps have been entered into to hedge against the interest rate risk of a single loan. The contracts have been used to change a variable rate into a fixed rate. The capital of the loan and the interest rate swap agreement, the maturity dates, and the interest determination and payment dates correspond to each other or the principal of the interest rate swap may be smaller and/or shorter in terms of validity than the loan. As regards the treatment of the negative reference rate, there are differences in loans and interest rate swap agreements depending on the terms of the loan. In calculating the total interest rate on a loan, the negative reference rate will either be taken into account for a percentage not exceeding the margin of the loan or not taken into account at all, in which case the negative reference rate will be interpreted as zero. In the calculation of interest rates on an interest rate swap agreement, the negative reference rate is always fully taken into account.

| No. | Notional principal amount in EUR 31.12.2021 | Market value in EUR 31.12.2021 | Notional principal amount in EUR 31.12.2020 | Market value in EUR 31.12.2020 | Maturity date |
|-----|--|-----------------------------------|--|-----------------------------------|---------------|
| 1 | 63,000,000.00 | -2,022,253.22 | 63,000,000.00 | -3,560,143.01 | 11.12.2024 |
| 10 | 30,000,000.00 | -1,174,859.00 | 33,000,000.00 | -2,280,590.00 | 5.12.2031 |
| 12 | 15,360,000.00 | -632,896.00 | 18,440,000.00 | -1,082,660.00 | 15.5.2026 |
| 13 | 12,000,000.00 | -182,366.00 | 15,000,000.00 | -389,588.00 | 15.9.2025 |
| 15 | 12,209,390.00 | -554,025.00 | 13,559,322.00 | -996,411.00 | 16.12.2030 |
| 14 | 6,250,000.00 | -151,414.00 | 9,375,000.00 | -320,841.00 | 2.10.2023 |
| 27 | 7,834,506.00 | -514,720.55 | 7,924,948.00 | -831,953.70 | 27.3.2028 |
| 26 | 6,395,838.00 | -357,962.00 | 6,439,364.00 | -612,294.00 | 23.10.2027 |
| 16 | 4,946,833.00 | -233,806.53 | 4,980,271.20 | -400,038.89 | 31.10.2026 |
| 29 | 3,923,989.00 | -181,314.32 | 3,950,512.83 | -312,277.13 | 31.10.2026 |
| 17 | 2,378,662.00 | -59,259.68 | 2,675,996.00 | -117,261.11 | 13.10.2026 |
| 28 | 2,352,565.00 | -86,913.87 | 2,566,434.84 | -165,431.68 | 30.11.2027 |
| 18 | 2,236,110.00 | -32,110.00 | 2,459,722.00 | -68,431.00 | 3.11.2022 |
| 19 | 2,396,366.00 | -113,266.23 | 2,404,683.40 | -193,711.00 | 31.10.2026 |
| 20 | 77,020.00 | -2,622.41 | 88,431.00 | -5,967.00 | 7.11.2022 |
| 8 | 1,708,744.00 | 5,896.00 | 1,720,614.00 | -50,760.00 | 6.2.2029 |
| 9 | 5,602,531.00 | 23,427.93 | 5,666,469.00 | -102,514.87 | 1.12.2026 |
| 2 | 37,000,000.00 | -11,573,928.00 | 37,000,000.00 | -16,385,649.00 | 7.4.2040 |
| 6 | 12,798,168.00 | 394,134.87 | 12,875,890.50 | -25,668.53 | 1.4.2029 |
| 30 | 8,211,352.00 | 172,738.65 | 8,244,662.00 | -52,611.80 | 23.10.2027 |

| | | | | | |
|----|---------------|---------------|--------------|------------|------------|
| 31 | 6,399,085.00 | 172,227.49 | 6,437,945.00 | -39,894.78 | 1.4.2029 |
| 7 | 1,267,544.00 | 22,780.31 | 1,272,007.41 | -6,879.33 | 30.4.2027 |
| 32 | 11,497,828.00 | 256,752.00 | - | - | 16.12.2030 |
| 33 | 11,970,857.00 | 149,428.00 | - | - | 16.12.2030 |
| 34 | 8,979,477.00 | 130,414.00 | - | - | 16.12.2030 |
| 25 | 30,000,000.00 | -3,565,616.00 | - | - | 5.12.2031 |

Interest rate swap agreements protect an existing and/or future loan portfolio. The agreements have been used to convert the floating rate of the loan portfolio into a fixed floating rate for the nominal principal of the interest rate swap for a certain period of time in which a loan or loans have been or will be taken out that are at least equal to the nominal capital of the interest rate swap, that are linked to a floating rate, and that do not involve another derivative contract. As regards the treatment of the negative reference rate, there may be differences in loans and interest rate swap agreements depending on the terms of the loan. In calculating the total interest rate on a loan, the negative reference rate will either be taken into account for a percentage not exceeding the margin of the loan or not taken into account at all, in which case the negative reference rate will be interpreted as zero. In the calculation of interest rates on an interest rate swap agreement, the negative reference rate is always fully taken into account.

| No. | Notional principal amount in EUR 31.12.2021 | Market value in EUR 31.12.2021 | Notional principal amount in EUR 31.12.2020 | Market value in EUR 31.12.2020 | Maturity date |
|-----|--|-----------------------------------|--|-----------------------------------|---------------|
| 21 | 3,925,500.00 | -109,940.41 | 3,925,500.00 | -183,657.64 | 15.12.2023 |
| 35 | 20,936,000.00 | -278,338.13 | - | - | 30.6.2041 |
| 22 | 1,182,844.00 | -23,859.62 | 1,428,882.00 | -44,752.43 | 19.12.2023 |
| 24 | 18,319,000.00 | 928,409.81 | 18,319,000.00 | -148,847.07 | 30.6.2041 |

The interest rate swap is used to lower the financing cost of fixed-rate loans. The contract is combined with the interest rate swap with option no. 4.

| No. | Notional principal amount in EUR 31.12.2021 | Market value in EUR 31.12.2021 | Notional principal amount in EUR 31.12.2020 | Market value in EUR 31.12.2020 | Maturity date |
|-----|--|-----------------------------------|--|-----------------------------------|---------------|
| 3 | 17,000,000.00 | 294,109.48 | 17,000,000.00 | 590,141.03 | 26.8.2022 |

Interest rate swaps with option

The interest rate swap agreement no. 4 with the right to extend (in force as of 26 August 2022) and the interest rate swap agreement no. 3 form a package designed to lower the financing costs of a single fixed-rate loan between 2013 and 2022. The interest rate swap agreement changes the floating rate of loans to a fixed rate for the 2022–2042 period, if the bank uses its right of option (sold option). According to the agreement, the bank shall have the right to implement the interest rate swap agreement which is the underlying asset of the right of option. If the interest rate of a 20-year interest rate swap agreement is lower than 2.84% on the termination date of the right of option, 24 August 2022, the bank will use its right of option and an interest rate swap agreement with a nominal value of EUR 40 million will enter into force. After this until 2042, the annual loan charges for the loaned amount of EUR 40 million shall be a maximum of 2.84% of the loan margin paid for a floating rate loan and, if the Euribor interest rate is negative, the percentage of the floating interest rate of the interest rate swap agreement. If the interest rate of a 20-year interest rate swap agreement is higher than 2.84%, the option agreement shall become void and the interest rate swap agreement will not be implemented.

| No. | Notional principal amount in EUR 31.12.2021 | Market value in EUR 31.12.2021 | Notional principal amount in EUR 31.12.2020 | Market value in EUR 31.12.2020 | Maturity date |
|-----|--|-----------------------------------|--|-----------------------------------|---------------|
| 4 | 40,000,000.00 | -17,983,327.48 | 40,000,000.00 | -23,388,532.75 | 26.8.2042 |

An interest rate swap with threshold (no. 23) is used to hedge the interest rate risk of the loan portfolio in 2016–2026. By means of the interest rate swap, the interest rate of the loan portfolio has been changed to a fixed rate of 2.55% while the 6-month Euribor does not exceed 5%. If the interest rate rises above 5%, the interest rate changes from 2.55% to 6-month Euribor minus one percentage point. The interest rate will be adjusted every 6 months. Additionally, the annual interest cost includes the margin paid for the loan plus, should the Euribor rate be negative, the portion of the variable interest on the interest rate swap. The interest rate on a variable-rate loan cannot be negative whereas a variable interest rate on an interest rate swap can.

| No. | Notional principal amount in EUR 31.12.2021 | Market value in EUR 31.12.2021 | Notional principal amount in EUR 31.12.2020 | Market value in EUR 31.12.2020 | Maturity date |
|-----|--|-----------------------------------|--|-----------------------------------|---------------|
| 23 | 5,108,800.00 | --687,500.30 | 5,108,800.00 | -945,071.00 | 28.12.2026 |

The interest rate swap with the interest rate floor (no 36) has been concluded as of 21 June 2021. Under an interest rate swap agreement, the interest rate on an individual fixed-rate loan has been converted into one linked to a variable 6-month Euribor rate. The capital of the loan and the interest rate swap agreement, the maturity dates as well as the interest determination and payment dates correspond to each other. At the same time, a zero-interest rate floor has been sold to the bank (option sold). If the 6-month Euribor rate specified for the interest period is below 0%, the floating rate for the interest period will be 0% and the bank will pay the margin specified in the agreement. If the 6-month Euribor rate is positive, the interest cost will be the reference rate less the margin specified in the agreement. Fixed interest rates on a loan and an interest rate swap agreement are netted in all interest rate situations.

| No. | Notional principal amount in EUR 31.12.2021 | Market value in EUR 31.12.2021 | Notional principal amount in EUR 31.12.2020 | Market value in EUR 31.12.2020 | Maturity date |
|-----|--|-----------------------------------|--|-----------------------------------|---------------|
| 36 | 18,868,570.00 | -257,259.86 | - | - | 21.6.2028 |

Derivative interest-rate contracts recorded in mandatory provisions

Derivative contracts have been interpreted as non-protective and the contracts' negative market values or market value changes have been entered in the mandatory provisions as having an impact on profits in accordance with the prudence principle.

Interest rate swaps

| No. | Notional principal amount in EUR 31.12.2021 | Market value in EUR 31.12.2021 | Notional principal amount in EUR 31.12.2020 | Market value in EUR 31.12.2020 | Maturity date |
|-----|--|-----------------------------------|--|-----------------------------------|---------------|
| 5 | 20,000,000.00 | -7,363,659.00, | 20,000,000.00 | -10,120,596.00, | 25.5.2055 |
| 11 | 25,714,286.00 | -1,261,080.00 | 28,571,429.00 | -2,215,853.00 | 10.3.2023 |

Electricity derivatives

| Notional principal amount in EUR 31.12.2021 | Market value in EUR 31.12.2021 | Notional principal amount in EUR 31.12.2020 | Market value in EUR 31.12.2020 |
|--|-----------------------------------|--|-----------------------------------|
| 26,270,657.07 | -19,908,291.33 | 25,984,489.55 | -3,332,330.15 |

Interest rate sensitivity of derivative contracts

The following table shows the interest rate sensitivity of the interest rate and currency swaps held by the City Group, i.e. how a change in interest rates impacts the market values of contracts. Sensitivity has been calculated for cases where the interest rate changes from the time of the financial statements by -1, -0.5, +0.5, +1 or +2 percentage points. The timing of negative cash flows of derivative contracts in the future has been estimated based on the yield curve at the end of the year.

Interest rate sensitivity of interest rate and currency derivatives of Lahti Group

| No. | Derivative contract | Notional principal amount | Maturity date | Negative cash flows of the contracts based on the yield curve at 31.12.2021 | Calculated market value as per 31.12.2021 | Impact of interest rate changes on calculated market values of 31.12.2021 Change by percentage points from the level of 31.12.2021 | | | | |
|-----|--|---------------------------|---------------|---|---|---|--------------------|--------------------|--------------------|-------------------|
| | | | | | | -1.0 % | -0.5 % | 0.5 % | 1.0 % | 2.0 % |
| 1 | Interest rate swap | 63 000 000 | 11.12.2024 | Until 05/2024 | -2 022 253 | -3 912 020 | -2 965 653 | -1 072 918 | -126 550 | 1 766 189 |
| 10 | Interest rate swap | 30 000 000 | 5.12.2031 | Until the maturity date | -1 174 859 | -2 690 648 | -1 918 928 | -457 395 | 234 449 | 1 545 069 |
| 12 | Interest rate swap | 15 360 000 | 15.5.2026 | Until the maturity date | -632 896 | -993 715 | -811 790 | -456 981 | -283 988 | 53 432 |
| 13 | Interest rate swap | 12 000 000 | 15.9.2025 | Positive cash flow | -182 366 | -426 542 | -304 424 | 60 370 | 61 561 | 305 221 |
| 15 | Interest rate swap | 12 203 390 | 16.12.2030 | Until the maturity date | -554 025 | -1 094 442 | -823 745 | -285 284 | -17 522 | 515 067 |
| 14 | Interest rate swap | 6 250 000 | 2.10.2023 | Positive cash flow | -151 414 | -215 291 | -183 373 | -119 414 | -87 374 | -23 171 |
| 27 | Interest rate swap | 7 834 506 | 27.3.2028 | Until the maturity date | -514 721 | -1 003 598 | -753 787 | -282 193 | -56 934 | 366 972 |
| 26 | Interest rate swap | 6 395 838 | 23.10.2027 | Until the maturity date | -357 962 | -672 623 | -515 986 | -202 621 | -45 897 | 267 626 |
| 16 | Interest rate swap | 4 946 833 | 31.10.2026 | Until 02/2023 | -233 807 | -444 344 | -472 873 | -1 279 | 223 980 | 647 886 |
| 29 | Interest rate swap | 3 923 989 | 31.10.2026 | Positive cash flow 2023 | -181 314 | -348 209 | -263 451 | -102 447 | -25 174 | 121 157 |
| 17 | Interest rate swap | 2 378 662 | 13.10.2026 | Until 11/2023 | -59 260 | -226 154 | -141 397 | 19 607 | 96 881 | 243 211 |
| 28 | Interest rate swap | 2 352 565 | 30.11.2027 | Until the maturity date | -86 914 | -253 809 | -169 051 | -8 047 | 69 227 | 215 557 |
| 18 | Interest rate swap | 2 236 110 | 3.11.2022 | Until the maturity date | -32 110 | -48 683 | -40 379 | -23 874 | -15 673 | 629 |
| 19 | Interest rate swap | 2 396 366 | 31.10.2026 | Until 08/2022 | -113 266 | -323 803 | -352 333 | -119 261 | 344 520 | 768 426 |
| 20 | Interest rate swap | 77 020 | 7.11.2022 | Until the maturity date | -2 622 | -3 244 | -2 933 | -2 313 | -2 005 | -1 393 |
| 8 | Interest rate swap | 1 708 744 | 6.2.2029 | Until 08/2024 | 5 896 | -109 204 | -51 661 | 63 467 | 121 050 | 236 254 |
| 9 | Interest rate swap | 5 602 531 | 1.12.2026 | Until 09/2025 | 23 428 | -143 467 | -58 709 | 102 295 | 179 568 | 325 899 |
| 2 | Interest rate swap | 37 000 000 | 7.4.2040 | Until 03/2022 | -11 573 928 | -19 725 791 | -15 472 009 | -8 001 382 | -4 726 790 | 1 027 240 |
| 6 | Interest rate swap | 12 798 168 | 1.4.2029 | Until the maturity date | 394 135 | 227 240 | 311 998 | 473 002 | 550 275 | 696 606 |
| 30 | Interest rate swap | 8 211 352 | 23.10.2027 | Until 09/2024 | 172 739 | 5 844 | 90 602 | 251 606 | 328 879 | 475 209 |
| 31 | Interest rate swap | 6 399 085 | 1.4.2029 | Until the maturity date | 172 227 | 5 333 | 90 090 | 251 094 | 328 368 | 474 698 |
| 7 | Interest rate swap | 1 267 544 | 30.4.2027 | Until the maturity date | 22 780 | -187 757 | -216 287 | 255 308 | 480 567 | 904 473 |
| 32 | Interest rate swap | 11 497 828 | 16.12.2030 | Until the maturity date | 256 752 | -675 614 | -208 830 | 721 132 | 1 184 310 | 2 107 063 |
| 33 | Interest rate swap | 11 970 857 | 16.12.2030 | Until the maturity date | 149 428 | -818 493 | -333 909 | 631 517 | 1 112 360 | 2 070 305 |
| 34 | Interest rate swap | 8 979 477 | 16.12.2030 | Until the maturity date | 130 414 | -596 814 | -232 731 | 492 623 | 853 894 | 1 573 628 |
| 25 | Interest rate swap | 30 000 000 | 5.12.2031 | Until the maturity date | -3 565 616 | -5 169 582 | -4 353 199 | -2 805 761 | -2 072 605 | -682 478 |
| 21 | Interest rate swap | 3 925 500 | 15.12.2023 | Until the maturity date | -109 940 | -152 363 | -130 870 | -89 268 | -68 995 | -29 821 |
| 35 | Interest rate swap | 20 936 000 | 30.6.2041 | Until 09/2024 | -278 338 | -3 240 182 | -1 664 113 | 952 668 | 2 075 500 | 3 895 179 |
| 22 | Interest rate swap | 1 182 884 | 19.12.2023 | Until 02/2025 | -23 860 | -33 205 | -28 479 | -19 295 | -14 805 | -6 089 |
| 24 | Interest rate swap | 18 319 000 | 30.6.2041 | Until 04/2024 | 928 410 | -1 115 621 | -35 570 | 1 798 129 | 2 599 487 | 3 934 280 |
| 3 | Interest rate swap | 17 000 000 | 26.8.2022 | Until 09/2026 | 294 109 | 296 071 | 295 083 | 293 139 | 292 171 | 290 248 |
| 4 | Interest rate swap, extended, sold option | 40 000 000 | 26.8.2042 | | -17 983 327 | -28847401.03 | -23109791.14 | -13411973.42 | -9247593.24 | -2397919.43 |
| 23 | Interest rate swap with threshold, sold option | 5 108 800 | 28.12.2026 | | -687 500 | -693 791 | -564 116 | -318 299 | -201 595 | 17 775 |
| 36 | Interest rate swap with floor | 18 868 570 | 21.6.2028 | | -257 260 | 29 190 | -96 801 | -534 776 | -1 007 114 | -1 978 768 |
| 5 | Interest rate swap | 20 000 000 | 25.5.2055 | | -7 363 659 | -10 879 524 | -9 118 057 | -5 616 585 | -3 877 126 | -422 399 |
| 11 | Interest rate swap | 25 714 286 | 10.3.2023 | | -1 261 080 | -1 500 718 | -1 380 973 | -1 141 041 | -1 020 856 | -780 053 |
| | Total | 477 845 905 | | | -46 853 979 | -85 982 973 | -65 988 438 | -28 467 927 | -11 761 549 | 18 523 208 |
| | Difference with the calculated market values | | | | | -39 128 994 | -19 134 458 | 18 386 052 | 35 092 430 | 65 377 187 |

FORMULAE FOR KEY FIGURES

FORMULAE FOR KEY FIGURES

Profit and loss statement

Operating income in % of operating expenses

= $100 * \text{Operating income} / (\text{Operating expenses} - \text{Production for own use})$

Annual margin in % of depreciations

= $100 * \text{Annual margin} / \text{Depreciations} + \text{Write-downs}$

Annual margin, EUR/resident

= $\text{Annual margin} / \text{Number of residents}$

Cash flow statement

INVESTMENTS

Accrued cash flow from operations and investments in EUR

= cash flow from operations and investments – accrued interim result from financial year and accrual from four previous years

Internal financing of investments, %

= $100 * \text{Annual margin} / \text{Acquisition cost of investments}$

DEBT SERVICING

Deferred loan servicing margin

= $(\text{Annual margin} + \text{Interest costs}) / (\text{Interest costs} + \text{Deferred loan repayments})$

Debt coverage ratio

= $(\text{Annual margin} + \text{Interest costs}) / (\text{Interest costs} + \text{Debt redemptions})$

LIQUIDITY

Liquid assets on 31 Dec

= Financial securities, cash and bank receivables

Cash payments include following items:

Profit and loss statement:

Operating expenses – Production for own use

Interest paid

Other financial expenses

Cash flow statement:

Investment expenses

Increase in lending

Decrease in long-term debt (redemptions)

Cash sufficiency, days

= $365 \text{ days} \times \text{Liquid assets 31.12.} / \text{Cash payments during period}$

Balance sheet

Accrued surplus (deficit)

= Surplus (deficit) from previous periods + Surplus (deficit) for the financial year

Accrued surplus (deficit) per resident, in EUR

= $[\text{Surplus (deficit) from previous periods} + \text{Surplus (deficit) for the financial year}] / \text{Number of residents}$

Solvency ratio, %

= $100 * (\text{Shareholders' equity} + \text{Depreciation difference and voluntary reserves}) / (\text{Entire capital} - \text{Advances received})$

Relative indebtedness, %

= $100 * (\text{External capital} - \text{Advances received}) / \text{Operating income}$

Loans and rental liabilities, 31 Dec

= $\text{Liabilities} - (\text{Advances received} + \text{Accounts payables} + \text{Accrued liabilities} + \text{Other liabilities}) + \text{Rental liabilities}$

Loans and rental liabilities, €/resident

The key figure per resident is calculated by dividing the aforementioned number of loans and liabilities by the municipality's number of residents on the end date of the year of the financial statements.

Total borrowing 31 Dec

= $\text{External capital} - (\text{Advances received} + \text{Accounts payable} + \text{Deferred liabilities} + \text{Other debt})$

Borrowing, EUR/resident

Borrowing per resident is calculated by dividing the above amount of borrowing by the number of residents in the municipality at the end of the year.

Loan receivables 31 Dec

= Bond receivables and other loan receivables included in investments

Balance sheet unit's key figures**Profit and loss statement****Return on capital invested by municipality, %**

= $100 * (\text{Surplus/deficit before extraordinary items} + \text{Interest paid to municipality} + \text{Compensation for original capital}) / (\text{Equity} + \text{Borrowing from municipality} + \text{Depreciation difference and voluntary reserves})$

Return on investment, %

= $100 * (\text{Surplus/deficit before extraordinary items} + \text{Interest paid to municipality} + \text{Interest paid to others} + \text{Compensation for original capital}) / (\text{Equity} + \text{Invested interest-bearing external capital} + \text{Depreciation difference and voluntary reserves})$

Profit, %

= $100 * (\text{Surplus/deficit before reservations} / \text{Turnover})$

Cash flow statement**Accrued cash flow from operations and investments in EUR**

= cash flow from operations and investments – accrued interim result from financial year and accrual from four previous years

Internal financing of investments, %

= $100 * (\text{Surplus/deficit before extraordinary items} + \text{Depreciations and write-downs} - \text{Income taxes}) / \text{Acquisition cost of investments}$

Internal financing of capital expenditure, %

= $100 * (\text{Surplus/deficit before extraordinary items} + \text{Depreciations and write-downs} - \text{Income taxes}) / (\text{Acquisition cost of investments} + \text{Net increase in lending} + \text{Debt redemption})$

Debt servicing**Debt coverage ratio**

= $(\text{Surplus/deficit before extraordinary items} + \text{Depreciations and write-downs} + \text{Interest paid} - \text{Income taxes}) / (\text{Interest paid} + \text{Debt redemption})$

Liquidity**Current ratio**

= $(\text{Current assets} + \text{Short-term receivables} + \text{Financial securities} + \text{Cash and bank receivables}) / (\text{Short-term external capital} - \text{Advances received})$

Quick ratio

= $(\text{Cash and bank receivables} + \text{Financial securities} + \text{Short-term receivables}) / (\text{Short-term external capital} - \text{Advances received})$

Cash sufficiency, days

= $365 \text{ days} \times \text{Liquid assets 31.12.} / \text{Cash payments during period}$

Balance sheet**Accrued surplus/deficit**

= $\text{Surplus (deficit) from previous periods} + \text{Surplus (deficit) for the financial year}$

Solvency ratio, %

= $100 \times (\text{Equity} + \text{Depreciation difference and voluntary reserves}) / (\text{Entire capital} - \text{Advances received})$

Relative indebtedness, %

= $100 \times (\text{External capital} - \text{Advances received}) / \text{Operating income}$

Total borrowing 31 Dec

= $\text{External capital} - (\text{Advances received} + \text{Accounts payable} + \text{Deferred liabilities} + \text{Other debt})$

Loan receivables 31 Dec

= Bond receivables and other loan receivables included in investments

Group key figures

Profit and loss statement

Operating income in % of operating expenses
 = $100 * \text{Operating income} / \text{Operating expenses}$

Annual margin in % of depreciations
 = $100 * \text{Annual margin} / (\text{Depreciations} + \text{Write-downs})$

Annual margin, EUR/resident
 = $\text{Annual margin} / \text{Number of residents}$

Number of residents

Cash flow statement

INVESTMENTS

Cash flow from operations and investments accrued over five years, in EUR

Internal financing of investments, %
 = $100 * \text{Annual margin} / \text{Acquisition cost of investments}$

DEBT SERVICING

Deferred loan servicing margin
 = $(\text{Annual margin} + \text{Interest costs}) / (\text{Interest costs} + \text{Deferred loan repayments})$

LIQUIDITY

Cash sufficiency, days
 = $365 \text{ days} * \text{Liquid assets 31 Dec} / \text{Cash payments during period}$

Cash payments include following items:

Group profit and loss statement:

Operating expenses

Interest paid

Other financial expenses

Group cash flow statement:

Investment expenses

Increase in loan receivables

Decrease in long-term debt (redemptions)

Balance sheet

Solvency ratio, %

= $100 * (\text{Equity} + \text{Minority interest} + \text{Consolidation reserve} + \text{Depreciation difference and voluntary reserves}) / (\text{Entire capital} - \text{Advances received})$

Relative indebtedness, %

= $100 * (\text{External capital} - \text{Advances received}) / \text{Operating income}$

Accrued surplus/deficit, in EUR 000s

= $\text{Surplus (deficit) from previous periods} + \text{Surplus (deficit) for the financial year} / 1,000$

Accrued surplus/deficit per resident, in EUR

= $(\text{Surplus (deficit) from previous periods} + \text{Surplus (deficit) for the financial year}) / \text{Number of residents}$

Group borrowing (in EUR 000s) 31 Dec

= $\text{External capital} - (\text{Advances received} + \text{Accounts payable} + \text{Deferred liabilities} + \text{Other debt})$

Group borrowing (in EUR 000s)/Resident

Borrowing per resident is calculated by dividing the above amount of borrowing by the number of residents in the municipality at the end of the year.

Loans and rental liabilities, 31 Dec

= $\text{Liabilities} - (\text{Advances received} + \text{Accounts payables} + \text{Accrued liabilities} + \text{Other liabilities}) + \text{Rental liabilities}$

Group's loans and rental liabilities, EUR/resident

The key figure per resident is calculated by dividing the aforementioned number of loans and liabilities by the municipality's number of residents on the end date of the year of the financial statements.

Group loan receivables (in EUR 000s) 31 Dec

= $\text{Bond receivables and other loan receivables included in investments}$

Number of staff 31 Dec

= $\text{Number of people employed by the municipality and its subsidiaries as of 31 January}$

AUDITORS' REPORT 2021

To the City Council of Lahti

We have audited the administration, the accounting records and the financial statements of the City of Lahti for the financial period 1 January – 31 December 2021. The financial statements comprise the balance sheet, the profit and loss statement and the cash flow statement, with appended notes, as well as the budget review and the annual report. In addition, the consolidated financial statements comprise the consolidated balance sheet, the consolidated profit and loss statement and the consolidated cash flow statement, with appended notes.

Obligations of the City Board and other accountable persons

The City Board and other accountable persons are responsible for the administration and financial management of the City during the financial year. The City Board and other Group management are responsible for the direction of the municipal Group and the organisation of Group supervision. The City Board and the Mayor are responsible for preparing the financial statements and ensuring that the financial statements give a true and fair presentation of the City's results, financial position, financing and operation in accordance with the provisions and regulations laid down on the preparation of the financial statements. In the Annual Report, the City Board and the Mayor have explained the organisation of the City's internal controls and risk management along with Group supervision. The City Board and the Mayor are also responsible for organising internal control and for the internal control they deem necessary in order to prepare financial statements that do not contain material inaccuracies due to misconduct or error.

Obligations of the auditor

We performed the auditing of the administration, the accounting records and the financial statements for the financial year in accordance with generally accepted auditing standards for public administration to detect and report material errors as audit results. In the administrative audit, we have examined the legality of the activities of the members of the institutions and the senior officials of their areas of responsibility. We have examined the appropriateness of the City's internal control and risk management and the organisation of Group supervision, taking into account the reports presented in the Annual Report. We form an understanding of the internal controls relevant to the audit in order to be able to plan the appropriate auditing measures and to be able to provide an opinion on the organisation of internal control, but not for the purpose of providing an opinion on the effectiveness of the City's internal control. In addition, we have examined the accuracy of the information on the basis of central government transfers. We have carried out this audit to provide reasonable assurance as to whether the administration has been managed in accordance with the law and the City Council's decisions. We have audited the accounting records, and the accounting policies, content and presentation of the financial statements to a sufficient extent to determine that the financial statements do not contain material inaccuracies due to misconduct or error.

Results of the audit

The City's administration is managed in accordance with the law and the City Council's decisions.

The City's internal controls and risk management as well as the Group supervision are properly organised.

The information given on the basis of state shares is correct.

The City's financial statements and the related consolidated statements have been prepared in accordance with the rules and provisions governing the preparation of financial statements. The financial statements provide a fair and sufficient presentation of the City's results, its financial position, operations and cash flows during the financial year.

Opinion on approval of the financial statements and discharge from liability

We propose that the financial statements be approved.

We propose that the accountable persons be discharged from liability for the audited financial period.

Lahti, 10th of May 2022

Talvea Julkishallinnon Palvelut Oy

Jukka Vuorio

HT, JHT