

FINGRID OYJ
HALF-YEAR REPORT
1 JANUARY – 30 JUNE 2022

General

Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS). This half-year report has been drawn up in accordance with the IAS 34 Interim Financial Reporting standard and complies with the same accounting principles as those presented in the Group's financial statements for 2021. This half-year report is unaudited. Unless otherwise indicated, the figures in parentheses refer to the same period of the previous year.

Fingrid is responsible for electricity transmission in Finland's nationwide grid, which Fingrid owns and which is an integral part of the electricity system in Finland. The transmission grid is the high-voltage trunk network to which major power plants, industrial plants and regional electricity distribution networks are connected. Finland's main grid is part of the common Nordic electricity system, which is connected to the systems of Central Europe, Russia and Estonia. Fingrid is in charge of main grid operation, and for the planning and monitoring of grid operation, as well as for maintaining and developing the grid. An additional task is to participate in work carried out by ENTSO-E, the European Network of Transmission System Operators for Electricity, and in preparing European market and operational codes as well as network planning. Fingrid offers grid, cross-border transmission and balance services to its contract customers: electricity producers, network operators and the industry. Fingrid serves the electricity market by maintaining adequate electricity transmission capacity, by removing cross border transmission bottlenecks and by providing market data. Fingrid's turnover is made up of the service charges it collects for its services and from the revenue received from the sale of imbalance and balancing power.

Financial result

The Group's turnover from January through June was EUR 692.2 (465.7) million. In the first half of the year, grid service revenue was EUR 204.9 (208.4) million. Electricity consumption in Finland totalled 42.1 (44.4) terawatt hours in January–June. Imbalance power sales revenue increased to EUR 383.3 (212.1) million, mainly as a result of the higher imbalance power price and somewhat due to the raised imbalance power tariff. The cross-border transmission income for the connection between Finland and Russia fell to EUR 11.3 (17.6) million. Cross-border transmission between Finland and Russia ended on 14 May 2022. Congestion income allocated to turnover totaled to EUR 39.8 (0.0) million. Other operating income rose to EUR 251.2 (6.4) million, with the growth largely attributed to the rise in the fair value of electricity derivatives related to business operations.

Costs during January–June totalled EUR 619.4 (366.0) million. Due to the higher price of imbalance power, imbalance power costs grew from the previous year's level to EUR 379.3 (190.5) million. The cost of reserves to safeguard the grid's system security rose to EUR 77.1 (35.6) million as a result of the record-high market price of frequency restoration reserves. Loss power costs grew to EUR 39.7 (27.5) million, resulting from the higher loss power procurement price. At the end of June, approximately 98 (99) per cent of Fingrid's projected loss power procurement for the remainder of 2022 was, in terms of system price, hedged at an average price of EUR 33.1 (27.6) per megawatt hour. In terms of the Finnish area price difference, roughly 82 (76) per cent of loss power procurement was hedged at an average price of EUR 6.7 (5.4) per megawatt hour.

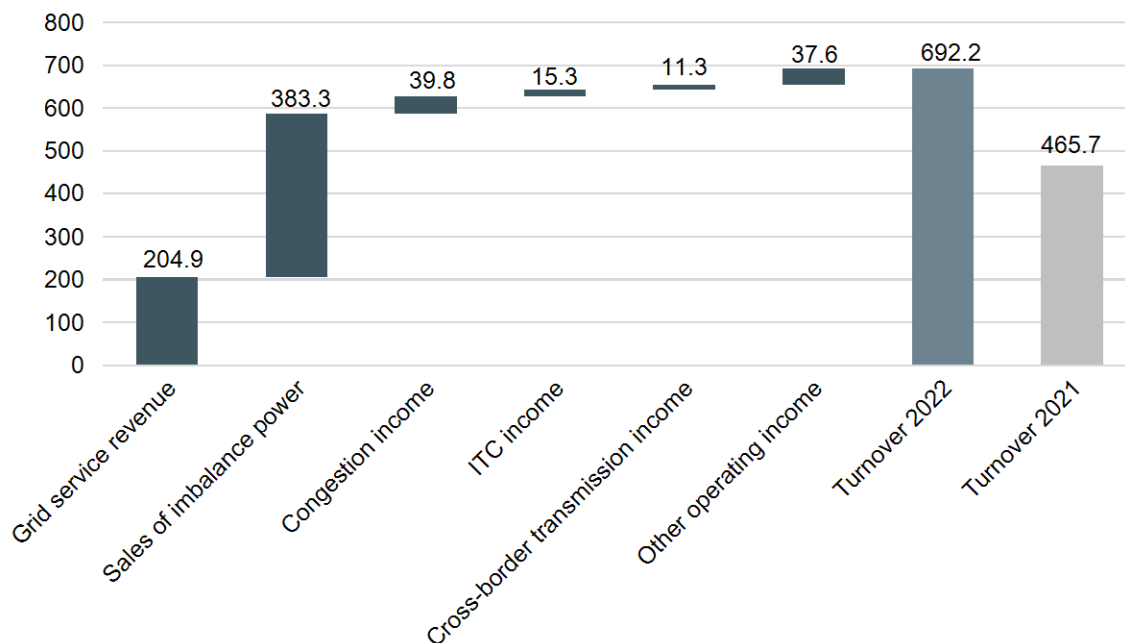
Depreciation during the review period grew to EUR 52.4 (49.3) million. Grid maintenance costs amounted to EUR 8.1 (8.1) million. Personnel costs grew to EUR 19.3 (17.0) million.

The net impact of congestion costs with Finland's balance surplus transferring from Finland to Sweden and Norway, grew to 28.4 (7.3) EUR million.

Turnover and other income, MEUR	1-6/22	1-6/21	change %	1-12/21
Grid service income	204.9	208.4	-1.7	394.3
Imbalance power sales	383.3	212.1	80.7	600.5
Cross-border transmission income	11.3	17.6	-35.9	34.4
Peak load capacity income*	7.1	7.2	-1.0	10.8
ITC income	15.3	10.2	49.9	22.6
Congestion income	39.8	0.0	-	0.0
Datahub income	6.2	0.0	-	0.0
Other turnover	24.2	10.3	135.6	28.3
Turnover total	692.2	465.7	48.6	1,090.9
Other operating income	251.2	6.4	3,808.8	64.9
Turnover and other income total	943.3	472.1	99.8	1,155.9

* Peak load capacity income and costs are related to the securing of sufficient electricity supply during peak consumption hours in compliance with the Finnish Peak Load Capacity Act.

Turnover Jan-June/2022, MEUR



Costs, MEUR	1-6/22	1-6/21	change %	1-12/21
Purchase of imbalance power	379.3	190.5	99.1	569.5
Loss power costs	39.7	27.5	44.2	65.6
Depreciation	52.4	49.3	6.3	99.9
Cost of reserves	77.1	35.6	116.2	83.7
Personnel costs	19.3	17.0	13.6	33.6
Peak load capacity costs*	6.9	6.9	0.0	10.4
Maintenance costs	8.1	8.1	-0.2	19.9
ITC charges	9.0	6.5	37.5	13.6
Other costs	27.7	24.5	13.2	48.9
Costs total	619.4	366.0	69.2	945.0
Operating profit, excl. the change in the fair value of derivatives	83.5	100.5	-16.9	148.6
Operating profit	323.6	106.1	204.9	210.8

The Group's operating profit for the first six months of the year was EUR 323.6 (106.1) million. Profit before taxes was EUR 299.4 (94.1) million. The differences from the corresponding period of the previous year are mainly explained by the change in the market value of derivatives (change EUR 224.8 million). Profit for the review period amounted to EUR 239.4 (75.3) million and comprehensive income to EUR 239.4 (75.3) million.

Fingrid accrued EUR 312.7 (60.4) million in congestion income during the review period. From January to June, EUR 17.2 (0.0) million in congestion income was allocated to completed grid investments to increase cross-border capacity. In addition, altogether EUR 46.5 (0.0) million in congestion income has been used, based on a decision by the Energy Authority on 30 June 2022, during the period under review to cover approved annual operating costs, and allocated to turnover to compensate for the strong growth in market-based costs. EU regulation defines the use of congestion income for investments, covering costs and use as profit. The Energy Authority decides on the use of the congestion income received by Fingrid in line with EU regulation. Unused congestion income is included as short- and long-term accruals in the item Other liabilities in the balance sheet.

The Group's result for the financial period is characterised by seasonal fluctuations. The higher winter tariff on grid transmission is valid from the first day of December until the last day of February, due to the higher consumption of electricity. In addition, the company's market-based costs are linked to seasonal fluctuations impacted by the electricity market and the electricity transmission situation. Since much of the Group's operating profit for the review period is accumulated during the winter tariff months, the result for the entire year cannot be directly estimated based on the result from the period.

Impacts of the war in Ukraine on the company's finances and outlook

The exceptional circumstances that began on the energy market in the autumn of 2021 were further intensified when Russia invaded Ukraine. Even before the invasion, the prices of gas and electricity had gone up and the war has raised energy prices even further. Western sanctions resulted in an end to Finnish electricity imports from Russia on 14 May 2022. Finland's electricity system has functioned without interruption nonetheless, and Russian

imports have been replaced with imports from Sweden and Estonia and by increasing domestic electricity production. The exceptional situation on the energy markets and the high price of electricity have increased Fingrid's key market-based cost items, such as electricity system reserves, loss power procurement costs and cross-border congestion costs. Also the sales revenue from Russian cross-border transmission connections dried up after imports ended.

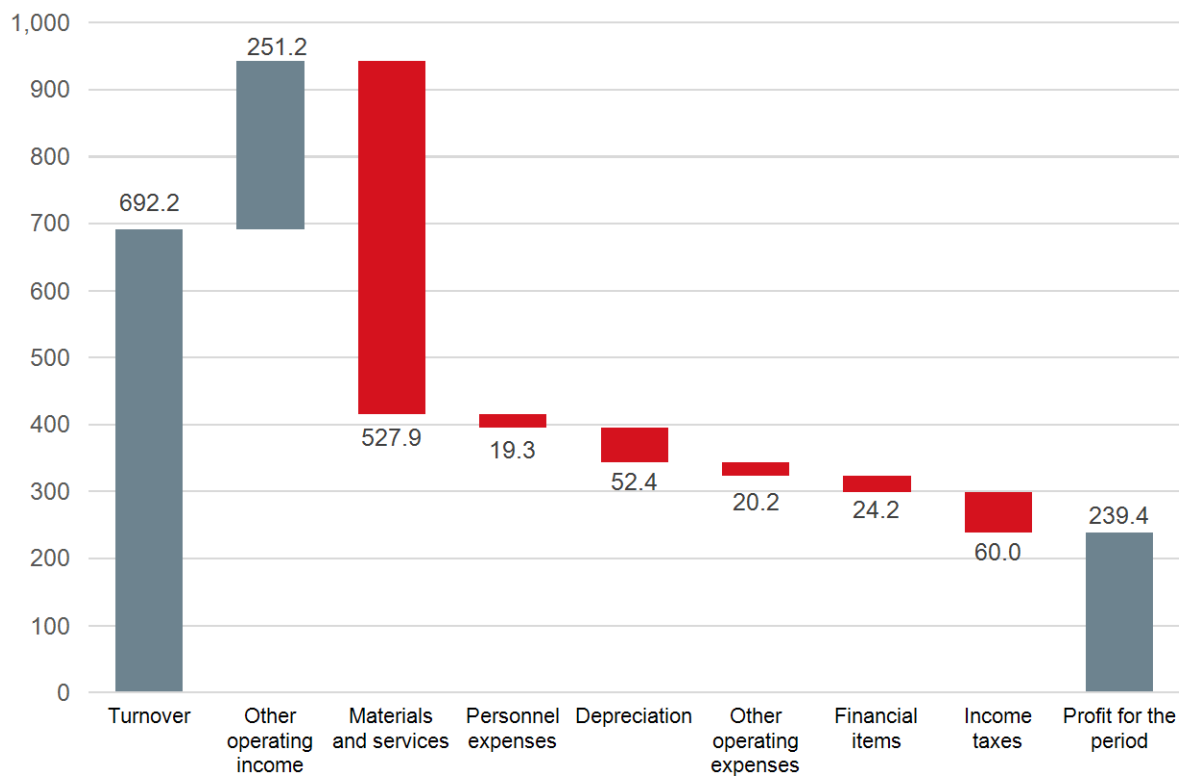
The exceptional situation caused increases also in the area price differences at the borders of Finland and Sweden and Finland and Estonia, which has significantly raised the amount of congestion income accumulated by Fingrid compared to the previous year. The unusual situation on the energy markets is expected to continue. The growth in domestic electricity production capacity will enable Finland to approach energy self-sufficiency in terms of electrical energy in the next few years.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1 Jan - 30 June, 2022	1 Jan - 30 June, 2021	1 Jan - 31 Dec, 2021
	MEUR	MEUR	MEUR
TURNOVER	692.2	465.7	1,090.9
Other operating income	251.2	6.4	64.9
Materials and services	-527.9	-280.5	-773.6
Personnel expenses	-19.3	-17.0	-33.6
Depreciation	-52.4	-49.3	-99.9
Other operating expenses	-20.2	-19.2	-38.0
OPERATING PROFIT	323.6	106.1	210.8
Finance income	0.1	0.8	0.4
Finance costs	-23.9	-12.9	-23.7
Finance income and costs	-23.8	-12.1	-23.2
Share of profit of associated companies	-0.4	0.1	0.0
PROFIT BEFORE TAXES	299.4	94.1	187.6
Income taxes	-60.0	-18.8	-37.5
PROFIT FOR THE PERIOD	239.4	75.3	150.1
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be transferred to profit or loss			
Transferred to the profit for the period	0.0		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	239.4	75.3	150.1
Profit attributable to:			
Equity holders of parent company	239.4	75.3	150.1
Total comprehensive income attributable to:			
Equity holders of parent company	239.4	75.3	150.1

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Profit for the period Jan-June/2022, MEUR



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CONSOLIDATED BALANCE SHEET

ASSETS	30 June 2022	30 June 2021	31 Dec 2021
	MEUR	MEUR	MEUR
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	87.9	87.9	87.9
Land use rights	100.7	100.8	100.9
Other intangible assets	57.3	45.7	55.0
	<u>245.9</u>	<u>234.4</u>	<u>243.8</u>
Property, plant and equipment:			
Land and water areas	20.4	19.9	20.4
Buildings and structures	263.4	253.0	269.0
Machinery and equipment	535.5	526.9	553.3
Transmission lines	687.1	717.1	706.1
Other property, plant and equipment	0.1	0.1	0.1
Prepayments and purchases in progress	318.6	213.8	235.2
	<u>1,825.1</u>	<u>1,730.8</u>	<u>1,784.1</u>
Right-of-use-assets	30.1	30.2	30.2
Investments in associated companies	11.9	2.3	2.0
Other long-term investments	6.4	10.2	6.8
Other long-term receivables	0.1	0.0	0.1
Derivative instruments	189.5	25.3	30.2
Deferred tax assets	32.6	23.5	27.1
TOTAL NON-CURRENT ASSETS	2,341.5	2,056.9	2,124.3
CURRENT ASSETS			
Inventories	14.4	13.8	14.2
Derivative instruments	138.2	15.8	63.6
Trade receivables and other receivables	96.5	52.0	137.7
Other financial assets	224.3	95.4	120.3
Cash in hand and cash equivalents	200.0	10.0	99.3
TOTAL CURRENT ASSETS	673.4	187.0	435.2
TOTAL ASSETS	3,014.9	2,243.9	2,559.5

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CONSOLIDATED BALANCE SHEET

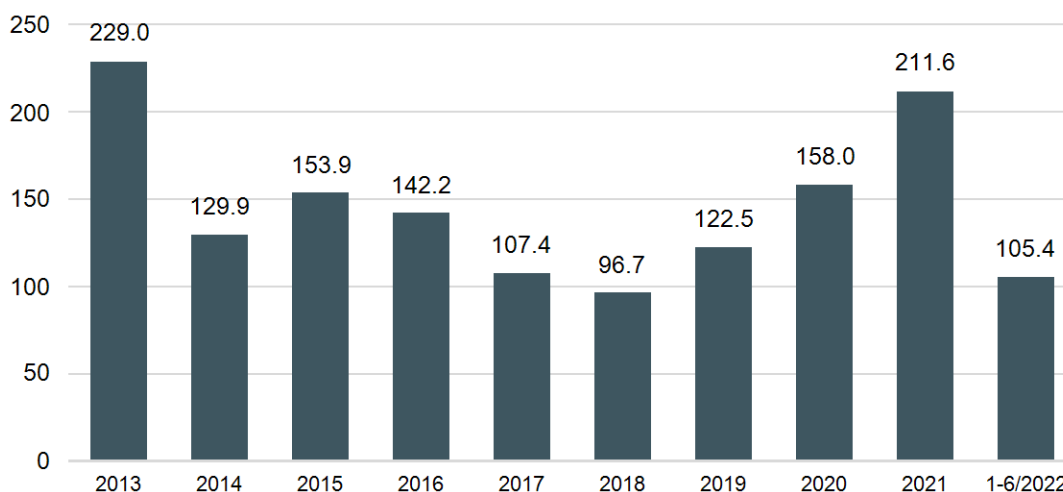
EQUITY AND LIABILITIES	30 June 2022	30 June 2021	31 Dec 2021
	MEUR	MEUR	MEUR
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	55.9	55.9	55.9
Share premium account	55.9	55.9	55.9
Translation reserve	0.0	0.0	0.0
Retained earnings	685.8	505.9	535.1
TOTAL EQUITY	797.7	617.8	647.0
NON-CURRENT LIABILITIES			
Deferred tax liabilities	153.7	99.3	106.5
Borrowings	1,015.2	1,001.4	994.2
Provisions	3.1	1.4	3.1
Derivative instruments	12.8	2.5	2.5
Lease liabilities	28.3	28.6	28.5
Accruals	500.4	201.7	369.3
	1,713.6	1,334.7	1,504.1
CURRENT LIABILITIES			
Borrowings	55.4	100.6	132.9
Derivative instruments	0.4	0.0	0.0
Lease liabilities	2.7	2.4	2.6
Trade payables and other liabilities	445.1	188.4	272.9
	503.6	291.4	408.4
TOTAL LIABILITIES	2,217.2	1,626.1	1,912.5
TOTAL EQUITY AND LIABILITIES	3,014.9	2,243.9	2,559.5

Grid assets represent the majority of the company's property, plant and equipment. Grid assets include 400-, 220-, 110-kilovolt transmission lines, DC lines, transmission line right-of-ways, substations and the areas they encompass (buildings, structures, machinery and equipment, substation access roads), gas turbine power plants, fuel tanks, generators and turbines. These assets are valued in the balance sheet at the original acquisition cost less accumulated depreciation and potential impairment. If an asset is made up of several parts with useful lives of different lengths, the parts are treated as separate items and are depreciated over their separate useful lives. Intangible assets consist of computer software and land use and emission rights. Computer software is valued at its original acquisition cost and depreciated on a straight line basis during its estimated useful life. Land use rights, which have an indefinite useful life, are not depreciated but are tested annually for impairment. Fingrid's grid investment programme promotes the national climate and energy strategy, improves system security, increases transmission capacity and promotes the electricity markets. The annual capital expenditure in the grid continues to be extensive.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT, MEUR	1-6/2022	1-6/2021	Change	1-12/2021
Carrying amount at beginning of period	1,784.1	1,702.7	81.4	1,702.7
Increases	88.6	75.0	13.7	177.2
Decreases	0.0	-0.2	0.2	-1.3
Depreciation and amortisation expense	-47.6	-46.6	-1.0	-94.5
Carrying amount at end of period	1,825.1	1,730.8	94.2	1,784.1

INVESTMENTS, MEUR	1-6/2022	1-6/2021	Change	1-12/2021
Grid investments	103.7	69.7	34.0	180.3
Substations	91.2	41.1	50.1	114.5
Transmission lines	12.5	28.6	-16.0	65.8
Gas turbine investments	0.7	0.9	-0.2	2.4
Other investments	17.5	14.9	2.6	30.8
ICT	5.3	14.2	-8.9	28.5
Other	12.2	0.7	11.5	2.2
Total investments	121.9	85.6	36.3	213.4

Capital expenditure from cash flow total 2013-June/2022, MEUR



COMMITMENTS AND CONTINGENT LIABILITIES, MEUR	30 June 2022	30 June 2021	Change	31 Dec 2021
Pledged cash assets	0.3	0.5	-0.2	0.5
Right-of-use agreements for reserve power plants	32.6	40.8	-8.2	36.9
Credit facility commitment fees	1.9	0.7	1.3	1.8
Total	34.8	42.0	-7.2	39.1
Investment commitments	351.2	153.7	197.5	230.8

Related parties are presented in the notes to Fingrid's 2021 financial statements. All transactions between Fingrid and related parties take place on arm's length basis terms. The company has not lent money to the top management, and the company has no transactions with the top management. At the end of the reporting period, the Republic of Finland owned 53.1 per cent of the company's shares. In accordance with the Finnish Parliament's authorisation the state's ownership in Fingrid Oyj is limited at minimum to is 50.1 per cent of the company's shares and votes.

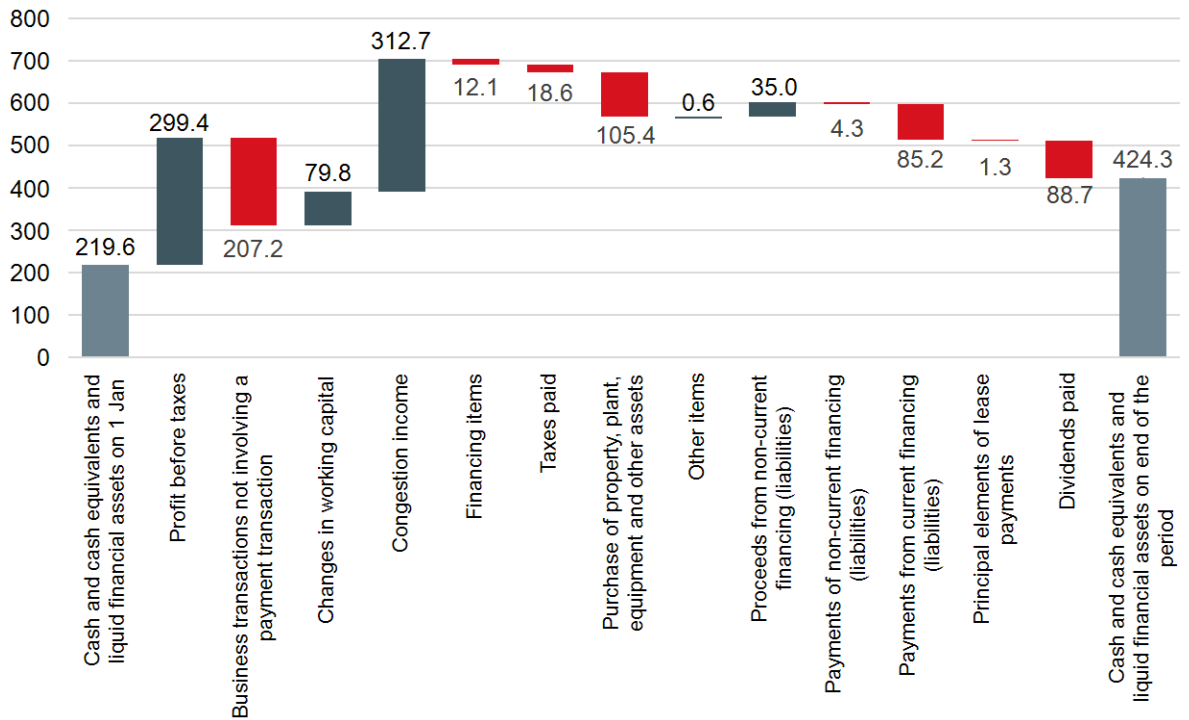
TRANSACTIONS WITH ASSOCIATED COMPANIES, MEUR	1-6/2022	1-6/2021	Change	1-12/2021
Interest income	0.0	0.0	-0.0	0.0
Purchases	1.2	1.1	0.2	2.0
Trade receivables	0.0	2.4	-2.4	0.0
Trade payables	4.5		4.5	2.3
Loan receivables	0.4	0.8	-0.4	0.6

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CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY, MEUR					
Equity attributable to shareholders of the parent company	Share capital	Share premium account	Translation reserve	Retained earnings	Total equity
Balance on 1 January 2021	55.9	55.9	0.0	520.6	632.4
Comprehensive income for the review period					
Profit or loss				75.3	75.3
Other comprehensive income					
Translation reserve					0.0
Items related to long-term asset items available for sale					0.0
Total other comprehensive income adjusted by tax effects			0.0		0.0
Total comprehensive income			0.0	75.3	75.3
Transactions with owners					
Dividend relating to 2020				-90.0	-90.0
Balance on 30 June 2021	55.9	55.9	0.0	505.9	617.8
Comprehensive income for the review period					
Profit or loss				74.8	74.8
Other comprehensive income					
Translation reserve					0.0
Items related to long-term asset items available for sale					0.0
Total comprehensive income			0.0	74.8	74.8
Transactions with owners					
Dividend relating to 2020				-45.6	-45.6
Balance on 31 December 2021	55.9	55.9	0.0	535.1	647.0
Balance on 1 January 2022	55.9	55.9	0.0	535.1	647.0
Comprehensive income for the review period					
Profit or loss				239.4	239.4
Other comprehensive income					
Translation reserve			0.0		0.0
Items related to long-term asset items available for sale					0.0
Total comprehensive income			0.0	239.4	239.4
Transactions with owners					
Dividend relating to 2021				-88.7	-88.7
Balance on 30 June 2022	55.9	55.9	0.0	685.8	797.7

CONSOLIDATED CASH FLOW STATEMENT	1 Jan - 30 June, 2022	1 Jan - 30 June, 2021	1 Jan - 31 Dec, 2021
	MEUR	MEUR	MEUR
Cash flow from operating activities:			
Profit before taxes	299.4	94.1	187.6
Adjustments:			
Business transactions not involving a payment transaction:			
Depreciation	52.4	49.3	99.9
Capital gains/losses (-/+) on tangible and intangible assets	-0.2	0.2	0.1
Other adjustments	-2.5		0.2
Share of profit of associated companies	0.4	-0.1	-0.0
Gains/losses from the assets and liabilities recognised in the income statement at fair value	-240.1	-5.7	-62.2
Other business transactions not involving a payment transaction	6.6	3.2	9.2
Congestion income recognition	-46.5		
Finance income and costs	23.8	12.1	23.2
Impact from changes in the fair value of the investment	-1.1	-0.1	-0.0
Changes in working capital:			
Change in trade receivables and other receivables	37.8	56.8	-26.0
Change in inventories	-0.1	-0.1	-0.5
Change in trade payables and other liabilities	42.1	-32.3	-6.8
Congestion income	312.7	60.4	283.8
Change in provisions			-0.0
Interests paid	-15.3	-16.0	-18.8
Interests received	4.5	4.8	6.8
Taxes paid	-18.6	-18.0	-35.2
Net cash flow from operating activities	455.2	208.6	461.1
Cash flow from investing activities:			
Purchase of property, plant and equipment	-91.9	-73.9	-178.1
Purchase of intangible assets	-10.4	-19.5	-33.5
Purchase of other assets	-3.1		
Proceeds from sale of property, plant and equipment	0.4	0.1	1.2
Payments of financing (liabilities)	0.2	0.2	0.4
Dividends received	0.4		2.9
Capitalised interest paid	-1.7	-1.1	-2.6
Net cash flow from investing activities	-106.1	-94.3	-209.7
Cash flow from financing activities:			
Proceeds from non-current financing (liabilities)	35.0		35.0
Payments of non-current financing (liabilities)	-4.3	-4.3	-17.7
Proceeds from current financing (liabilities)		102.9	195.4
Payments from current financing (liabilities)	-85.2	-142.2	-232.4
Dividends paid	-88.7	-90.0	-135.6
Principal elements of lease payments	-1.3	-1.2	-2.5
Net cash flow from financing activities	-144.5	-134.7	-157.7
Change in cash as per the cash flow statement	204.6	-20.5	93.7
Opening cash as per the cash flow statement	219.6	125.9	125.9
Closing cash as per the cash flow statement	424.3	105.4	219.6

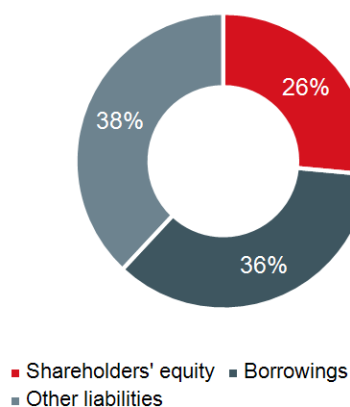
Cash flow for the period Jan-June/2022, MEUR



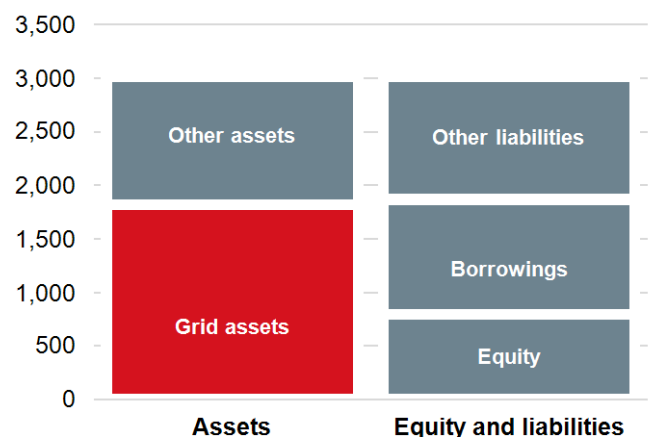
Financing

Equity and liabilities as shown in the balance sheet are managed by the Group as capital. The principal aim of Fingrid’s capital management and grid asset management is to ensure uninterrupted operations and value retention as well as rapid recovery from any exceptional circumstances. The company must have a solid capital structure to support consistently strong credit ratings, reasonable cost of capital and adequate dividend payout capability.

Capital structure June/2022



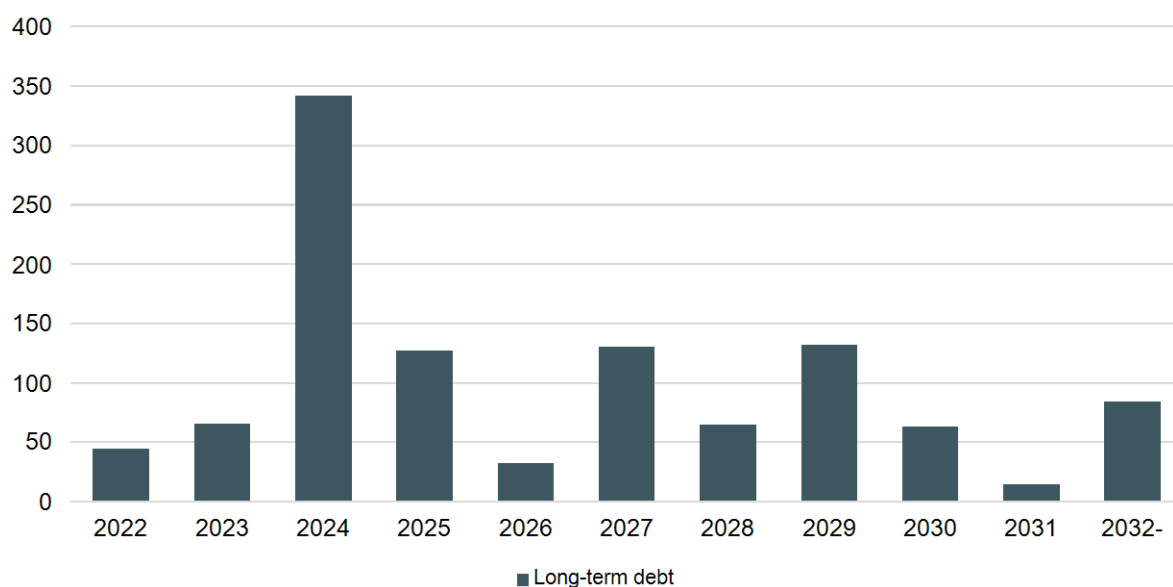
IFRS balance sheet June/2022, MEUR



The Group's net cash flow from operations, with net capital expenditure deducted, was EUR 349.2 (112.5) million during the review period. The equity ratio was 26.5 (27.5) per cent at the end of the review period. The impact of the IFRS 16 standard reduced the share of equity by 0.3 percentage points.

The Group's net financial costs from January through June were EUR 23.8 million (12.1 million), including a negative change of EUR 20.8 (EUR 6.7 million negative) million in the fair value of derivatives. The change in the fair value of financial assets was EUR 1.1 million negative (EUR 0.1 million negative). The net financial costs included EUR 0.3 (0.3) million in interest expenses on the lease liabilities entered into the balance sheet, in accordance with the IFRS 16 standard.

Debt maturity profile June/2022-2032-, MEUR



In the figure above, non-current financial liabilities include a total of EUR 31.1 million in lease liabilities in accordance with IFRS 16. No short-term financing maturing in under one year was in use on 30 June 2022.

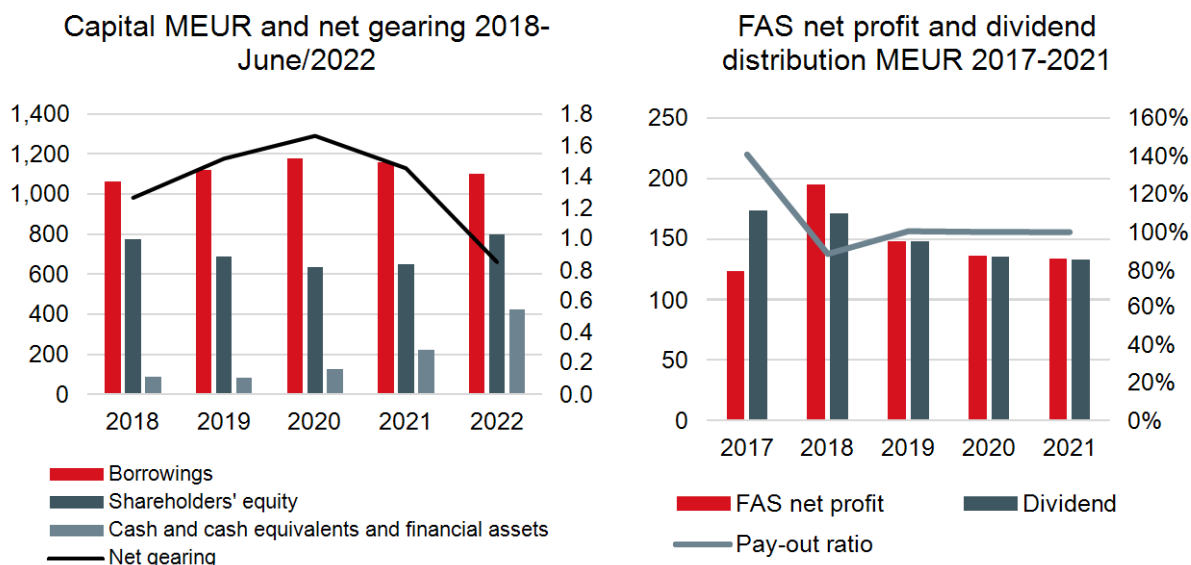
Interest-bearing borrowings totalled EUR 1,101.6 (1,132.9) million, of which non-current borrowings accounted for EUR 1,043.6 (1,029.9) million and current borrowings for EUR 58.1 (103.0) million. On the reporting date, the borrowings included a total of EUR 31.1 (31.0) million in lease liabilities in accordance with IFRS 16, consisting of EUR 2.7 (2.4) million in short-term liabilities maturing within one year, and EUR 28.3 million (28.6) in long-term liabilities maturing after more than a year.

RECONCILIATION OF DEBT, MEUR			
	Borrowings due within one year	Borrowings due after one year	Total
Debt on 1 Jan 2021	142.1	1,032.8	1,174.9
Cash flow from financing activities	-54.6	35.0	-19.6
Exchange rate adjustments		2.8	2.8
Other changes not involving a payment transaction	0.3	-0.2	0.0
Transfer to short-term loans	47.7	-47.7	-0.0
Debt on 31 Dec 2021	135.5	1,022.6	1,158.1
Cash flow from financing activities	-85.2	30.7	-54.5
Exchange rate adjustments		-2.1	-2.1
Other changes not involving a payment transaction	0.1	-0.0	0.1
Debt on 30 Jun 2022	58.1	1,043.6	1,101.6

RECONCILIATION OF NET DEBT, MEUR	30.6.2022	31.12.2021
Cash in hand and cash equivalents	200.0	99.3
Other financial assets	224.3	120.3
Borrowings - due within one year	58.1	135.5
Borrowings - due after one year	1,043.6	1,022.6
Net debt	677.4	938.5

Financial assets recognised at fair value through profit and loss are liquid investments traded on active markets.

The Group's liquidity remained good. Cash assets and financial assets at the end of the review period amounted to EUR 424.3 (105.4) million. The Group additionally has an undrawn committed revolving credit facility of EUR 300 million and a total of EUR 90 million in uncommitted financing arrangements with banks to secure liquidity.



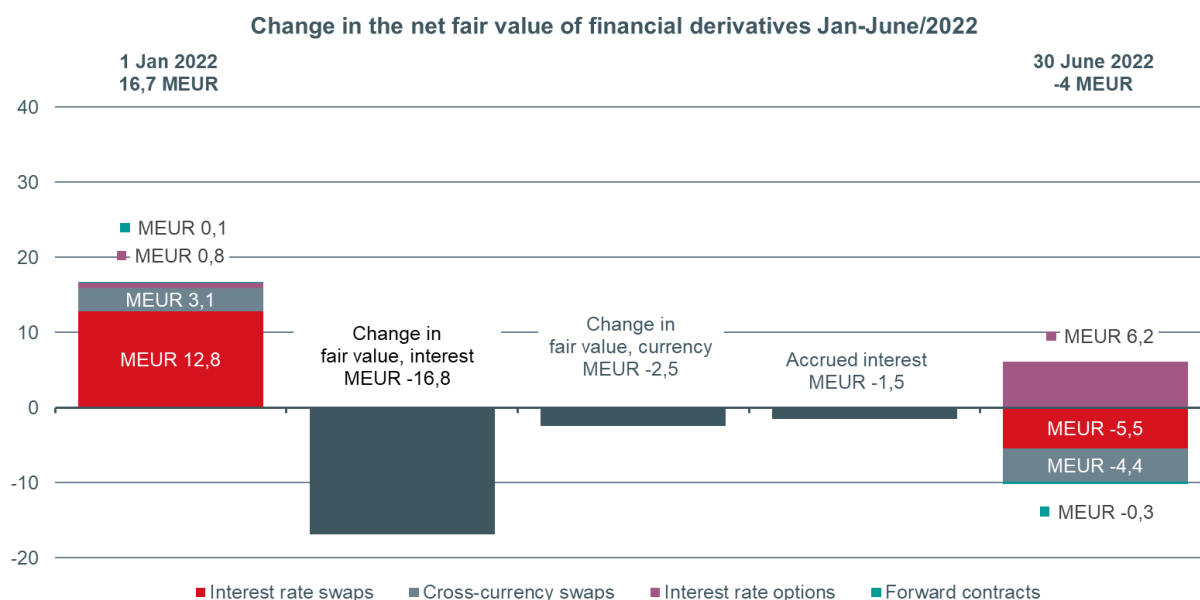
Fingrid's Annual General Meeting, held on 30 March 2022, resolved to distribute, based on the approved balance sheet for the financial period ending 31 December 2021, a dividend of maximum EUR 52,500.00 for each Series A share, and a maximum of EUR 19,200.00 for each Series B share, totalling a maximum of EUR 133,037,400.00. The first dividend instalment, totalling EUR 88,691,600.00, was paid on 4 April 2022, in accordance with the Annual General Meeting's resolution.

The Board of Directors has the right to decide on the payment of the second dividend instalment based on the authorisation it receives from the Annual General Meeting after the half-year report has been confirmed and after it has assessed the company's solvency, financial position and financial development. The second dividend instalment shall be a maximum of EUR 17,500.00 for each Series A share and a maximum of EUR 6,400.00 for each Series B share, totalling a maximum of EUR 44,345,800.00.

The net fair value of financial derivatives was EUR -4.0 (19.5) million. The Group's foreign exchange and commodity price risks are mainly hedged. Changes in the market value of the underlying assets of the derivatives may affect the Group's earnings.

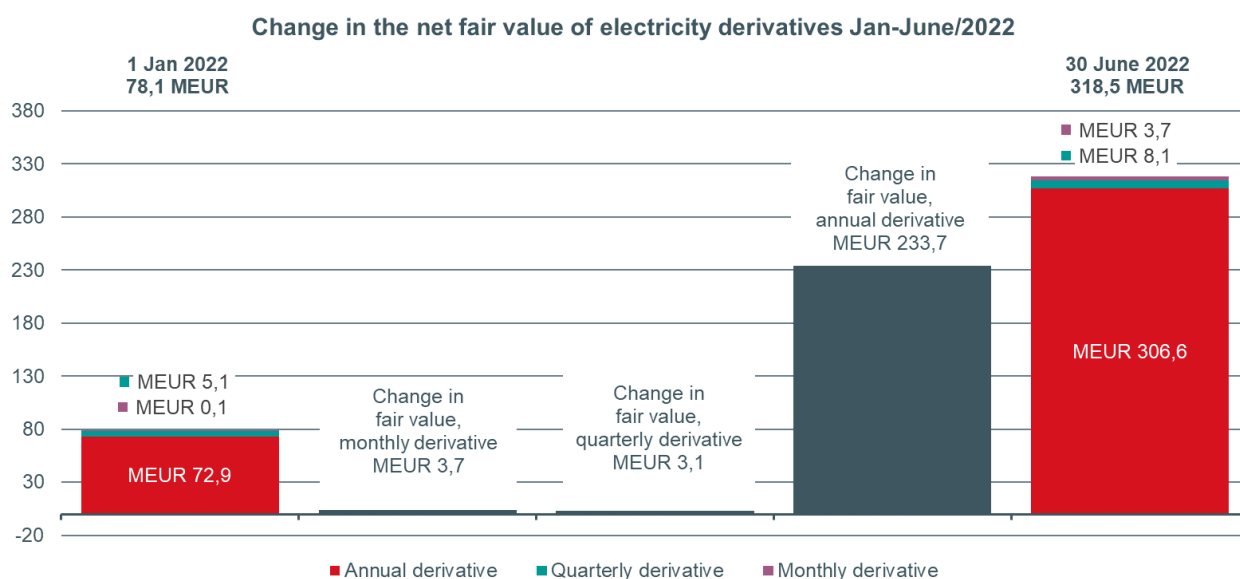
The sensitivity of the loan portfolio to interest rate risk is measured by using a Cash Flow at Risk (CFaR) type of model. According to the model, there is a 95% (99%) probability that Fingrid's interest expenditure will amount to no more than EUR 20.6 (21.3) million during the next 12 months.

MEUR	30 June 2022				30 June 2021				31 Dec 2021				Hierarchy level
	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	
Interest rate and currency derivatives													
Cross-currency swaps		-4.4	-4.4	56.0	4.1	-1.5	2.6	56.0	5.1	-2.0	3.1	56.0	Level 2
Forward contracts	0.1	-0.4	-0.3	7.6	0.1		0.1	4.2	0.1		0.1	3.3	Level 2
Interest rate swaps	2.7	-8.1	-5.5	280.0	16.5		16.5	305.0	13.4	-0.6	12.8	305.0	Level 2
Bought interest rate options	6.2		6.2	550.0	0.2		0.2	590.0	0.8		0.8	550.0	Level 2
Total	8.9	-12.9	-4.0	893.6	21.0	-1.5	19.5	955.2	19.3	-2.6	16.7	914.3	
Electricity derivatives	Fair value pos.	Fair value neg.	Net fair value	Volume TWh	Fair value pos.	Fair value neg.	Net fair value	Volume TWh	Fair value pos.	Fair value neg.	Net fair value	Volume TWh	
Electricity forward contracts, NASDAQ OMX Commodities	318.8	-0.3	318.5	5.74	22.1	-0.6	21.5	5.79	78.2	-0.1	78.1	5.73	Level 1
Total	318.8	-0.3	318.5	5.74	22.1	-0.6	21.5	5.79	78.2	-0.1	78.1	5.73	



The purpose of Fingrid's loss power price hedging is to reduce the effect of volatility in market prices on the loss power procurement costs and to give adequate predictability in order to keep the pressures to change grid service fees moderate. The change in the fair value of the electricity derivatives used for hedging the price of Fingrid's loss power purchases recognised in the operating profit was EUR 240.4 positive (EUR 5.7 million positive). The volatility in the fair value of electricity derivatives can be significant. The positive impact on profit was caused by the impact of the increase in the spot price of electricity on the fair value of electricity derivatives. Fingrid holds its bought derivatives to maturity.

The fair value sensitivity of electricity derivatives to changes in the price of electricity is measured as the difference a 10 per cent fluctuation in market price would have on outstanding electricity derivatives on the reporting date. An increase/decrease of 10 per cent in the market price of electricity would have an impact of EUR 43.6 million/EUR -43.6 million on the Group's profit before taxes.



Customers

Co-operation with customers has continued to be very close and the volume of connection enquiries has grown significantly. The total capacity for electricity production connection enquiries is more than 170,000 megawatts. The majority of the enquiries concerning connections have to do with wind power, but some have also concerned large-scale solar power plants. Many projects related to electricity use are underway. The most significant one is Microsoft's data centre region in Espoo, Kirkkonummi and Vihti. Additionally, various projects involving hydrogen production are under planning around Finland.

At the start of the year, Fingrid announced its Verkkokiikari service, which shows aggregated data on the grid's connection possibilities in different periods as well as information about electricity production projects that are under planning or under way. Based on feedback, the Verkkokiikari service will be developed further by adding opportunities to connect consumption to the service.

In the annual comparison of electricity transmission prices implemented by the European Network of Transmission System Operators for Electricity (ENTSO-E), Finland was still the second most affordable in 2021. The comparison involved 36 countries all in all. Nineteen of the countries are EU/EEA countries comparable with Finland, with large geographic areas and main grids operating at various voltages. The cheapest of these were Slovenia, Finland and Norway.

Main grid

Fingrid's capital expenditure in the main grid is growing from the previously estimated two billion euros to approximately three billion within the next decade. This growth in capital expenditure is the result of the considerable increase in electricity production and consumption related to the electrification of Finland. This is reflected in a growing north–south transmission demand and the need for new cross-border transmission connections to Sweden and Estonia.

Today, the main grid involves some 14,000 kilometres of transmission lines and 120 substations. A total of 619 kilometres of new transmission lines and 63 new substations are under construction. The largest electricity transmission projects are the Forest Line and Lake Line projects increasing Finland's north–south transmission capacity and the Aurora Line connection between Finland and Sweden. These projects constitute a significant part of the electricity network infrastructure that Finland needs to become carbon neutral.

The Forest Line will substantially increase the north–south transmission capacity necessary for the Finnish electricity system. The roughly 300-kilometre-long, 400-kilovolt transmission link is being built in place of and in part next to the current transmission lines, running from Petäjävesi through Haapavesi and further up to Muhos. The commissioning of the entire connection is scheduled for autumn 2022. The project has meant a major effort of around one million worked hours for many contractors and subcontractors.

The Lake Line, a more than 290-kilometre-long, 400-kilovolt transmission connection running north to south from Oulu towards Lappeenranta, has made it to the general planning stage. The expropriation permit application will be submitted to the authorities in autumn 2022. The project will move on to the competitive tendering phase in 2023 and be completed in 2026.

The new 400-kilovolt Aurora Line transmission connection to be built between northern Finland and northern Sweden has moved into the construction project tendering phase since the start of the year and the first contracts have been signed. Work began with the removal of trees from worksites in June and construction work will begin in the autumn. The EU granted the Aurora Line EUR 127 million as part of the Connecting Europe Facility funding instrument. The Aurora Line will be completed in 2025.

In addition to the three largest transmission line projects, the modernisation of the 110-kilovolt transmission line between Hämeenlahti in Jyväskylä and Hännilä in Joroinen is underway. The project is moving forward according to plan and construction will take place between 2023 and 2025. At the same time, the 110-kilovolt Kauppila substation will be modernised, and construction work already began in June. New climate-friendly technology free of SF6 insulating gas will be used at the Kauppila substation. The project is part of Fingrid's wider strategy to eliminate SF6 dielectric gas at its new substations and to adopt more sustainable technology.

In addition to transmission lines, Fingrid is building several new substations and modernising old ones. The substations operate as the electricity network's nodes through which electricity production and electricity consumption are connected to the electricity system.

Construction work is also ongoing at the Valkeus substation in Northern Ostrobothnia, the Tuovila substation near Vasa, the Seinäjoki substation undergoing modernisation, the Arkkukallio substation in Isojoki and the Alajärvi substation.

Planning of the Rauma substation and planning of the shunt compensation extension for the Uusnivala substation in Nivala are underway. The tendering process for the expansion of the Simojoki substation located in Simo municipality has commenced.

The commissioning of the Virkkala substation in Lohja, which uses new climate-friendly technology free of SF6 insulating gas, began in July.

The extension of the life cycle of the Fenno-Skan 1 connection between Finland and Sweden until 2040 is progressing as planned and the majority of the projects involved are either at the planning or procurement phase.

During the review period, Fingrid made decisions to invest in the refurbishment of the Salo substation and the modernisation of the Vajukoski substation located in Sodankylä and the Utsjoki substation. The projects will enable the connection of more wind power to the main grid. In addition, a decision was made to invest in a second transformer for the Kymi substation, which will allow for the further development of energy-intensive industry in the area.

Occupational safety improved at Fingrid's transmission line and substation worksites and the number of accidents fell year-on-year.

Electricity system operations

Finland's electricity consumption in January–June amounted to 42.1 (44.4) terawatt hours. Inter-TSO transmission in the same period amounted to 4.3 (3.4) terawatt hours. The total electricity transmission in Finland was 46.4 (47.8) terawatt hours. Over the same period, Fingrid transmitted a total of 36.6 (36.0) terawatt hours of electricity in its grid, representing 78.8 (75.5) per cent of the total electricity transmission in Finland. During this period, the electricity Fingrid transmitted to its customers amounted to 32.2 (32.6) terawatt hours, which represented 76.4 (73.5) per cent of Finland's total electricity consumption.

The electricity consumption peak for this year was reached on 11 January, at a load of 13,767 megawatts. Unusually, the consumption peak for the entire winter season was reached already on 8 December 2021. The electricity supply was not in jeopardy during the peak consumption hour.

In January–June, the system security of Fingrid's grid system was at a very good level and there were no significant grid disturbances. The grid's transmission reliability rate during the review period was 99.999924 (99.99999) per cent. Fingrid is prepared for the impacts of extreme weather phenomena on the electricity system and raised disturbance-clearing readiness three times during the period under review.

From January through June, 7.8 (7.8) terawatt hours of electricity were imported from Sweden to Finland, and 0.8 (0.4) terawatt hours were exported from Finland to Sweden. The transmission capacity between the countries was limited during the period for just over a month due to the project and maintenance work performed on the electricity system in Sweden.

Electricity exports to Estonia in January–June were high, as in the previous year, totalling 3.6 (3.0) terawatt hours. Very small amounts of electricity were imported from Estonia to Finland during the review period. The transmission capacity between the two countries functioned reliably. No annual maintenance was performed on the EstLink 1 and EstLink 2 cross-border connections during the review period due to the current state of the electricity market.

Electricity imports from Russia to Finland in January–June amounted to 3.6(4.4) terawatt hours. In the beginning of the year, more electricity was imported from Russia due to the high prices of Nordic electricity. To guarantee system security, the transmission capacity of Russia's cross-border connections was restricted as of 24 April. In addition, during the test run of the Olkiluoto 3 nuclear power plant, the import capacity of Russia's transmission connections was restricted to zero. Electricity trading from Russia was discontinued fully on 14 May. Electricity was not exported from Finland to Russia during the review period.

The Olkiluoto 3 nuclear power plant was connected to the main grid on 12 March as part of the test run of the plant. The connection took place with no problems and made it possible to continue the testing of the plant while connected to the electricity system. Testing of the plant's operation will continue prior to commercial use, which is scheduled to begin in December 2022.

Electricity system operation	1-6/22	1-6/21	1-12/21
Electricity consumption in Finland, TWh	42.1	44.4	86.8
TSO transmission in Finland, TWh	4.3	3.4	3.9
Transmission within Finland, TWh	46.4	47.8	87.2
Fingrids electricity transmission volume, TWh	36.6	36.0	67.2
Fingrid's electricity transmission to customers, TWh	32.2	32.6	63.3
Fingrid's loss energy volume, TWh	0.8	0.7	1.5

Electricity transmission Finland - Sweden

Exports to Sweden TWh	0.8	0.4	0.9
Imports from Sweden, TWh	7.8	7.8	15.9

Electricity transmission Finland - Estonia

Exports to Estonia, TWh	3.6	3.0	6.7
Imports from Estonia, TWh	0.0	0.1	0.1

Electricity transmission Finland - Russia

Imports from Russia, TWh	3.6	4.4	9.2
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Electricity market

The past winter was milder than average, which reduced electricity consumption. The hydrological situation in the Nordic countries was above the normal long-term level in northern areas, but well below the normal level in southern areas. The prices of fuels used in electricity production have risen since last autumn and they continue to rise, which has elevated the price of electricity throughout Europe. Increasing wind power capacity is felt as increasing variation in power production. Electricity imports from Russia ended on 14 May 2022. There has been a high level of electricity imports, particularly from northern Sweden to Finland, often reaching the maximum level during daytime. Electricity exports from Finland to Estonia were high. Together with congestion in the transmission connections, the situation has led to significant area price differences between northern and southern areas in the Nordics.

In January–June, the average Nordic price on the day-ahead market was EUR 115.62 (42.03) per megawatt hour, and the area price for Finland was EUR 104.73 (47.45) per megawatt hour.

The usability and reliability of transmission connections between Finland and Sweden and Finland and Estonia have been good. Fingrid and Estonia's TSO Elering signed a letter of intent in June in which they agreed on starting the planning of a third submarine cable connection between Finland and Estonia. The EstLink 3 connection is estimated to achieve completion by 2035.

During the review period, the electricity area price differences between the countries have significantly raised congestion income along Finland's cross-border connections. Congestion income between Finland and Sweden totalled EUR 479.8 (96.2) million in January–June. Congestion income between Finland and Estonia amounted to EUR 145.9 (24.6) million in January–June. Fingrid's share of the congestion income is 50 per cent.

Fingrid increased the imbalance power tariffs of the balance responsible parties in both February and May in the review period. The increases were the result of a rise in costs in market-based electricity system reserves.

Fingrid actively implements several multi-year electricity market development projects in order to manage the energy transformation and change in the electricity production structure, and to meet the requirements of transforming European legislation. Key projects include the Nordic Balancing Model for revamping the TSOs' balance management and imbalance settlement, developing the reserve markets required by the electricity system, and a new transmission capacity calculation method.

A centralised information exchange platform for the retail market of electricity, Datahub, went live in February 2022, with the goal of speeding up and modernising the market parties' information exchange. The Datahub contains and processes data on some 3.8 million Finnish accounting points. Fingrid is responsible for the functioning and development of Datahub. Datahub's direct customers are electricity sales companies and DSOs.

The importance of reserves maintaining the electricity system's operations is increasing as the production of renewable electricity grows. Fingrid started up national procurement of the automatic Frequency Restoration Reserve (aFRR) on the joint Nordic market platform in January. This is the first step towards a joint Nordic capacity market, which enabled the Nordic harmonisation of market rules and will expand the reserve market. The renewal of the

Nordic balancing power market, i.e. the mFRR energy markets, and the launch of the automatic time-of-use-period will be postponed from the planned schedule to October–November 2023 due to the ICT implementation proving more challenging than expected.

Electricity transmission capacity management will enhance the operations of the electricity system. Testing of the new Nordic flow-based capacity calculation methodology alongside the current method started up in March and will continue for at least a year. The new calculation method will improve the allocation of capacity available to the markets. The goal is to adopt the method in late 2023.

Electricity market	1-6/22	1-6/21	1-12/21
Nord Pool system price, average €/MWh	115.62	42.03	62.31
Area price Finland, average €/MWh	104.73	47.45	72.34
Congestion income between Finland and Sweden, €M*	479.8	96.2	442.1
Congestion hours between Finland and Sweden %*	74.9	50.7	60.1
Congestion income between Finland and Estonia, €M*	145.9	24.6	125.5
Congestion hours between Finland and Estonia %*	43.2	27.0	40.3

* The congestion income between Finland and Sweden and between Finland and Estonia is divided equally between the relevant TSOs.

Fingrid used EUR 2.1 (1.6) million for countertrade during the first six months of the year.

Countertrade	1-6/22	1-6/21	1-12/21
Countertrade between Finland and Sweden, €M	0.0	0.3	0.3
Countertrade between Finland and Estonia, €M	1.6	0.1	0.2
Countertrade between Finland's internal connections, €M	0.6	1.3	2.0
Total countertrade, €M	2.1	1.6	2.5

Personnel

The total number of personnel employed by the Group averaged 472 (432) with an average of 417 (370) in a permanent employment relationship. Personnel costs amounted to EUR 19.3 (17.0) million. Wages and salaries amounted to EUR 16.3 (14.4) million, which equals 2.3 (3.1) per cent of the turnover.

Fingrid came in third on the Great Place to Work Finland list in the large companies' series. In 2020, the company came in seventh in the large companies' series. In the 'Great working-life responsibility' survey Fingrid came in second in the large companies' series. In the two previous years the company was the best.

As in previous years, Fingrid is part of the Responsible Summer Job campaign, which challenges employers to offer young people successful summer job experiences of good quality. This year, the company is employing altogether 64 people in various summer jobs throughout Finland.

Legal proceedings and proceedings by authorities

On 30 June 2022, the Energy Authority asked Fingrid to submit a statement of defense to the request for an investigation filed by Teollisuuden Voima Oyj ("TVO"). The request for an investigation is related to the claims by TVO that Fingrid has neglected its obligation to develop the main grid in accordance with the Finnish Electricity Market Act and/or other applicable legislation, and that, as a result, it has placed unauthorized restrictions on connecting the Olkiluoto 3 nuclear power plant to the main grid, and that Fingrid is in breach of its administrative obligations linked to carrying out its public administrative task. Fingrid's view is that the claims made by TVO are unfounded.

Other matters

On 30 March 2022, Fingrid Oyj's Annual General Meeting approved the financial statements for 2021 and decided on the dividend payment. The first instalment of the dividend, totalling EUR 88,691,600.00, was paid on 4 April 2022. **Hannu Linna** was re-elected as a Board member and elected as a new Chair of the Board of Directors. **Päivi Nerg** was re-elected as Deputy Chair. **Sanna Syri** was re-elected as a Board member. **Sami Kurunsaari** and **Jukka Reijonen** were elected as new Board members.

Jukka Metsälä, M.Sc. (Tech.), MBA, was appointed as Fingrid's new CFO and member of the executive management group effective 5 May 2022, and his area of responsibility is the company's finances and treasury, as well as business development and strategy. **Tuomas Rauhala**, D.Sc. (Tech.) was appointed as Senior Vice President of Power System Operations and as a member of the executive management group effective 1 June 2022. Metsälä and Rauhala will report to the company's President & CEO Jukka Ruusunen.

Events after the review period and outlook for the rest of the year

A new company, Nordic RCC A/S, was established for the incorporation of the Copenhagen-based operational planning office (Regional Security Coordinator, RSC) of the four Nordic transmission system operators, starting its operations on 1 July 2022.

On 27 July 2022, the Board of Directors decided, in compliance with the authorisation granted by the AGM, that the second instalment of dividends shall be paid after the half-year report has been approved and the Board has assessed the company's solvency, financial position and financial performance. Based on the Board's authorisation from the AGM, the second instalment of EUR 17,500.00 for each Series A share and EUR 6,400.00 for each Series B share, totalling EUR 44,345,800.00 in dividends, will be paid on 1 August 2022.

The exceptional situation on the electricity markets is expected to continue during the current financial period. The high price of energy and large transmission volumes in the main grid increase uncertainty in the company's major market-based cost items such as loss power, power system reserves and cross-border transmission costs. Area price differences at the borders between Finland and Sweden and Finland and Estonia will increase Fingrid's share of congestion income during the financial period.

In July, Fingrid announced an increase in imbalance power tariffs. The new prices will enter into force on 1 September 2022. The basis for the price hike is the record-high procurement cost for market based electricity system reserves.

The company's debt service capacity is expected to remain stable. The company has not changed its earnings guidance from what is stated in the Financial Statements Bulletin of 1 March 2022.

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The consolidated financial statements are drawn up in accordance with the IFRS in a situation where the company management needs to make estimates and assumptions which have an impact on the amounts of assets, liabilities, income and expenses recorded and conditional items presented. These estimates and assumptions are based on historical experience and other justified assumptions which are believed to be reasonable under the conditions which constitute the foundation for the estimates of the items recognised in the financial statements. The actual amounts may differ from these estimates. In the financial statements, estimates have been used, for example, when specifying the economic lives of tangible and intangible asset items, and in conjunction with deferred taxes and provisions. Critical estimates and judgements by management are described in greater detail by topic in the notes to Fingrid's 2021 financial statements. Certain statements in this report are forward-looking and are based on the current views of the company's management. Due to their nature, they contain some risks and uncertainties and are subject to general changes in the economy and the business sector.

The entire business of the Fingrid Group is deemed to comprise transmission grid operation in Finland with system responsibility, constituting a single segment. There are no material differences in the risks and profitability of individual products and services. For that reason, segment reporting in accordance with the IFRS 8 standard is not presented.

There have been no changes in the Group structure during the review period.