

FINGRID OYJ

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Fingrid Oyj's Financial Statements Bulletin January–December 2024: The need for electricity transmission and grid connection continued to grow rapidly – Fingrid's grid investments increased to a record level

Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS). Unless otherwise indicated, the figures in parentheses refer to the same period of the previous year. The information published in this report is based on Fingrid's audited financial statements for 2024, published in connection with this bulletin.

- The transmission reliability rate of Fingrid's grid was high, at 99.9995 (99.99995) per cent. Electricity consumption in Finland grew to 82.7 (80.0) terawatt hours in 2024. The electricity consumed in Finland was clean, with an emission factor of 32 (40) gCO₂/kWh.
- The company's investments were at a record high. The company estimates that the gross capital expenditure in 2025–2028 will amount to roughly EUR 1.7 billion, EUR 626 million of which is committed.
- The number of connection enquiries for the grid continued to grow. A significant amount of renewable production capacity, 1,600 (1,920) MW, was connected to the main grid.
- Grid investments and expansion of the operations as well as the weather-dependence of the power system have increased the company's costs and turnover. The balance service's share of the company's turnover was 52 (59) per cent.
- The company used EUR 431.1 (402.7) million in congestion income in its result. This compensated for growing costs, the waiving of grid service fees and the payments related to financial transmission rights offered on the Finland-Estonia border.
- Operating profit, excluding the change in the fair value of derivatives linked to operational activities, was EUR 238.9 (186.1) million. The allowed regulatory profit rose due to the higher interest rate level and extensive investment programme. Profit before taxes was EUR 186.4 (1.3) million. The company's financial position remained strong.

€M	1-12/24	1-12/23	change %	7-12/24	7-12/23	change %
Turnover	1,269.3	1,193.2	6.4	522.6	638.4	-18.1
Operating result*	238.9	186.1	28.4	87.9	99.0	-11.2
Earnings before taxes *	227.4	186.0	22.3	80.0	100.7	-20.5
Result for the period	149.2	1.2	12,759.8	56.6	69.1	-18.1
Net cash flow from operations	190.9	214.5	-11.0	79.6	39.7	100.5
Accumulated congestion income	327.5	317.0	3.3	139.2	124.9	11.4
Capital expenditure, gross	520.9	322.0	61.7	322.9	191.3	68.8
Interest-bearing net debt	1,021.7	535.2	90.9	1,021.7	535.2	90.9

* Excluding the change in the fair value of derivatives

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Review by the President & CEO: The need for electricity transmission and grid connection continued to grow rapidly – Fingrid’s grid investments increased to a record level

“The development of Finland’s main electricity grid continued vigorously in 2024. We continued implementing Fingrid’s investment programme of roughly four billion euros to reinforce main transmission connections and enable higher electricity consumption and more customer connections for power generators. Construction of the Aurora Line cross-border connection between northern Finland and northern Sweden, the most important investment of the decade, progressed on schedule. Capital expenditure increased from the previous year to half a billion euros.

Finland offers an attractive location for investments in clean electricity production and consumption. The total of enquiries concerning connecting renewable electricity generation to the main grid increased to more than 400 gigawatts and the consumption enquiries to 60 gigawatts, equalling four times Finland’s current peak consumption. Customer projects are subject to uncertainty.

As a result of the green transition, the development needs of the main grid have rapidly increased. Alongside the growing wind power production in western Finland, increased consumption in southern Finland has also emerged as a key factor, in particular due to the electrification of heating systems. Other development needs that required Fingrid’s attention in 2024 included the need to reinforce the grid in eastern Finland, which was investigated in close cooperation with the regional distribution network companies.

The consumption of electricity started to grow during the review year, as anticipated for quite some time, and went up by 3.4 per cent. Several consumption-increasing investments started up during the year, with the main focus on electric boilers, data centres and grid energy storages.

The cold spell of January 2024 resulted in record consumption and peak prices, followed by a debate on the sufficiency of power supply. Fingrid has pointed out that quick solutions must be found to cover the need for both short-term and especially long-term flexibility, extending to several days and even up to a week. Finland needs a cost-effective, targeted capacity mechanism to support adequate supply of electricity and to mitigate extreme price spikes. The sufficiency of supply during winter 2024–2025 was positively impacted by Fingrid’s and Teollisuuden Voima’s agreement, in compliance with the Energy Authority’s ruling, to set up a temporary protection scheme for the Olkiluoto 3 nuclear power plant as of 1 January 2025. The protection scheme enables running the plant at 1,650 megawatt capacity.

A significant portion of the Nordic cross-border transmission connections to the neighbouring countries, including Fingrid’s cross-border links, are submarine cables, and due to this, the security of sea-bed infrastructure has been recognised as a focal point for the security of energy supply. The damage that occurred to the EstLink 2 submarine cable on Christmas Day 2024 shows the significance of these connections to the electricity market and power system, while also pointing out their vulnerability.

Overall, 2024 was an excellent year in terms of both internal and external metrics. Employee satisfaction as measured by the NPS index again scored well (+74), and the customer NPS reached an all-time high (+60).”

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Main business events

- The total electricity consumption in Finland was 82.7 (80.0) terawatt hours in 2024. During that period, the electricity Fingrid transmitted to its customers amounted to 66.1 (62.4) terawatt hours, which represented 79.9 (78.0) per cent of Finland's total electricity consumption. Fingrid transmitted in its grid a total of 84.4 (82.9) per cent of the total electricity transmission in Finland.
- During the review period, system security remained at a high level, despite brief disturbances, more connections and extensive construction work. The transmission reliability rate decreased slightly from the previous peak year due to a few isolated faults. Cross-border transmission connections have been constricted, as the EstLink 2 connection was out of service from 26 January until 4 September 2024 due to a failure and again as of 25 December 2024. The capacity of the connection between Finland and northern Sweden has been limited due to grid maintenance and construction in both Finland and Sweden.
- 1,600 (1,920) MW in renewable production capacity was connected to the main grid.
- The total capacity of the main grid connection enquiries during the review period grew. In 2024, Fingrid received grid connection enquiries on electricity generation for a total of 45 GW, on consumption for roughly 17 GW and on grid energy storages for roughly 18 GW. According to Fingrid's forecast, electricity consumption is estimated to grow from its current level to 99–126 terawatt hours in 2030.
- Fingrid announced that it will raise grid service fees by an average of 8 per cent as of 1 January 2025. The increase is necessitated by investments in the main grid and the growing costs of managing the electricity system.
- It was announced that balance service fees would be raised from EUR 1.33/MWh to EUR 1.73/MWh as of 1 January 2025. The increase is necessitated by the growing costs of managing the electricity system, where the largest cost item is the need to significantly increase the amount of power system reserve capacity procurement.
- Through its decision, the Energy Authority significantly reduced the collateral requirements set for balance responsible parties as of 30 November 2024. Fingrid has appealed to the Market Court against the decision.
- Fingrid's reasonable return regulatory model for 2024–2031 entered into force in line with the Energy Authority's decision. The regulatory model is weaker than the one for previous years as it weakens Fingrid's ability to invest. Fingrid has appealed to the Market Court against the decision.
- The company's investments grew significantly from the previous year. A total of 560 kilometres of 400 kilovolt transmission lines and roughly 150 kilometres of 110 kilovolt transmission lines are currently under construction in the main grid. A total of 79 substation projects are being implemented. The current main grid investment plan will increase the capability to connect electricity consumption and production to the main grid many times over. The implementation lead-time for grid investments is often considerably longer than for electricity consumption, production or storage projects connected to the grid, which may result in temporary restrictions in connectivity.
- The occupational safety accident frequency over a 12-month period was 5 (7). Fingrid's goal in its operations is zero accidents.
- As an operator critical to security of supply, Fingrid at the beginning of September participated in the Finnish Defence Forces' local defence exercise, which focused on protecting critical infrastructure from a cyber-security perspective. Such exercises are an important part of the company's preparedness and a means for testing out guidelines and procedures in practice.
- Fingrid increased its revolving credit facility agreement tied to the company's sustainability goals from EUR 300 million to EUR 500 million. The company issued two EUR 500 million green bonds. By increasing the

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revolving credit facility and raising long-term debt, Fingrid strengthened the company's liquidity, as the expansion of the power system, weather dependence and grid investment needs grow.

Legal proceedings and proceedings by authorities

On 2 January 2024, Fingrid appealed to the Market Court against the Energy Authority's decision on the terms and conditions of balance service. The appeal mainly concerns the collateral model for balance responsible parties presented in the decision. In November 2023, the Energy Authority issued a decision on the terms and conditions for balance responsible parties, which include the principles for how collateral requirements are determined. The Energy Authority's decision includes major changes to the current collateral terms and conditions and sets apart Finland's collateral model from that used in other Nordic countries. The most significant changes to the current collateral model include a major reduction in the required collaterals, elimination of the requirement to provide an adequate additional collateral and a possible collateral ceiling.

On 29 January 2024, Fingrid appealed to the Market Court against the Energy Authority's decision on the methods concerning the specification of the profit for the electricity transmission grid operations for the sixth regulatory period 1 January 2024–31 December 2027 and seventh regulatory period 1 January 2028–31 December 2031. According to Fingrid's assessment, the decision on the regulatory methods is a significant weakening of the electricity transmission grid operations' reasonable profit regulatory method that expired at year-end. In Fingrid's view, the assessment of impacts in preparing the regulatory model decision has been deficient and there are still issues open to interpretation related to the presented decision. The decision weakens Fingrid's ability to invest. Fingrid's goal is a solution that would also enable the future development of the grid, allowing the hundreds of billions in green transition investments in Finland to be implemented as planned.

On 15 February 2024, Fingrid appealed to the Market Court against the decision given by the Energy Authority on 11 January 2024 on the scope of the national transmission system operator's systems responsibility regarding the grid connection of the OL3 nuclear power plant. Teollisuuden Voima Oyj ("TVO") lodged a request for an investigation with the Energy Authority on 25 May 2022 related to the claims by TVO that Fingrid has neglected its obligation to develop the main grid as stated in the Finnish Electricity Market Act and/or other applicable legislation, and that, as a result, it has placed unlawful restrictions on connecting the Olkiluoto 3 nuclear power plant to the grid, and that Fingrid is in breach of its administrative obligations linked to carrying out its public administrative task. The Energy Authority states in its decision of 11 January 2024 that Fingrid fulfilled its development, connection and transmission obligations in accordance with the Electricity Market Act. The Energy Authority also found the 1,300 MW power limit specified in Fingrid's connection terms justified and did not find Fingrid to have restricted Olkiluoto 3's access to the grid. In its decision, the Energy Authority sees, however, that Olkiluoto 3's protection scheme falls under Fingrid's responsibility based on a transmission system operator's protection scheme as intended by legislation and that Fingrid is in breach of Article 9 of the Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation and its obligation in line with Section 10, Subsection 1 of the Act on the Control of the Electricity and Natural Gas Market (2013/590) to bring the determination principles for fees it applies before the Energy Authority for approval prior to their implementation.

In accordance with the Energy Authority's decision, Fingrid submitted its proposal concerning the determination principles for fees related to the OL3 protection scheme on 30 April 2024. The Energy Authority issued its decision on the determination principles for fees on 30 December 2024. According to the decision, TVO shall bear the costs for reimbursements to response resources connected to system protection and for the construction, maintenance and use of data communication connections. The decision states that Fingrid shall bear the costs for acquiring the response resources and awarding contracts, managing the protection scheme and the tests to be carried out on the

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response resources for system protection, as well as for the maintenance of the measurement and monitoring system for system protection in Fingrid's operation control system. Fingrid and TVO have agreed on provisional fee arrangements for Olkiluoto 3's protection scheme as of 1 January 2025. The agreement is based on the decision issued by the Energy Authority on the costs for the protection scheme on 30 December 2024. The provisional fee arrangements for the protection scheme do not directly affect the legal proceedings concerning the protection scheme's extent, which are still ongoing in the Market Court.

Fingrid received an expropriation permit for the widening of the Torna–Lautakari right-of-way for the neutral line on 27 October 2022. In the kick-off meeting for the expropriation procedure on 1 December 2022, the expropriation committee decided that the expropriating party is obligated to assume responsibility for the tree stands within the scope of the rights and restrictions set in the expropriation permit, unless otherwise agreed. The final meeting of the expropriation procedure was held on 16 November 2023. Fingrid appealed against the decision concerning the Torna–Lautakari tree stands' expropriation to the Southwest Finland District Court's Land Rights Court on 22 December 2023.

Events after the review period and future outlook

Fingrid Group's result for the 2025 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to be on the same level as in 2024. This estimation includes the recognition of congestion income in the company's turnover and other operating income. The implementation of the investment programme is advancing. The investment level is estimated to be lower than in the previous year. The power system is expanding and its complexity is increasing, and the availability of electricity production and consumption flexibility is subject to uncertainty. This, coupled with growing electricity transmission needs, will increase the costs of Fingrid's operations and the uncertainty related to the costs in 2025. At the same time, fluctuations in the national power balance will increase. The grid's connection capability will be affected by the location of the customer projects to be connected, flexibility in electricity production and consumption and changes in customer needs. The company's financial position is expected to remain stable.

The company's balance sheet contains a significant amount of congestion income, mostly from 2022 from the cross-border links between Estonia and Finland and Sweden and Finland. Also going forward, Fingrid's goal is to use congestion income actively for investments that will increase cross-border transmission capacity and to cover operating costs to benefit Fingrid's customers. The use of congestion income is decided by the Energy Authority based on an EU regulation.

Concerning the damage to the EstLink2 submarine cables, the maritime court ordered, on 3 January 2025, the seizure of the vessel suspected of causing the damage, Eagle S, to secure the claims of Fingrid and the other parties applying to the court for the seizure. Fingrid has decided to waive enforcement of the seizure of the Eagle S oil tanker due to the financial risk involved. The decision to waive enforcement of the seizure does not affect further legal actions. Fingrid will sue for damages caused by the Eagle S.

On 29 January 2025, Fingrid appealed to the Market Court against the decision issued by the Energy Authority on 30 December 2024 concerning the confirmation of the determination principles for fees for the OL3 nuclear power plant's system protection scheme. In Fingrid's view, the OL3 system protection scheme is not included in its statutory system responsibility, which means that it is not responsible for the implementation of the OL3 system protection scheme or any fees.

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Notes:

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Remuneration Report 2024

Annual review and Financial statements 2024

ESEF Report 2024