

FINGRID OYJ
HALF-YEAR REPORT
1 JANUARY – 30 JUNE 2023

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 2022. 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 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. Fingrid is responsible for national balance management such that the volume of electricity consumed in Finland matches the power generated and the power imported to and exported from Finland at any given time. 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 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

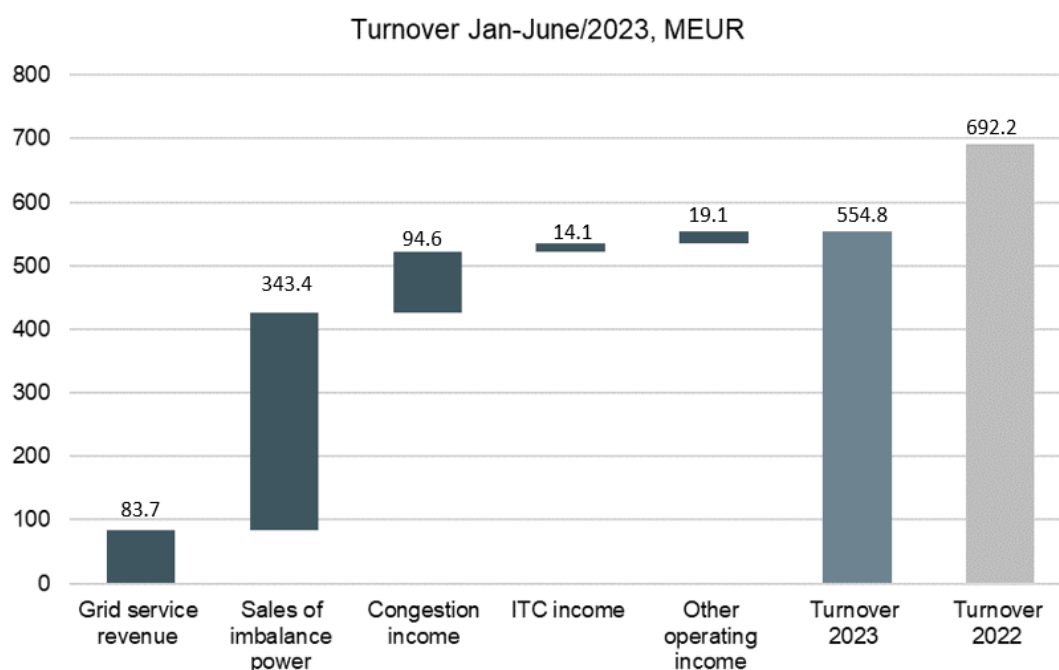
The Group's turnover from January through June was EUR 554.8 (692.2) million. Grid service revenue fell to EUR 83.7 (204.9) million. The reasons behind the decrease were the waiving of grid service fees in January, February and June, and the decrease in electricity consumption in Finland in January–June to 39.9 (42.6) terawatt hours. Turnover from imbalance power sales fell to EUR 343.4 (396.3) million as a result of the steep drop in the price of imbalance power. Imbalance power tariffs were increased in January and decreased in May. Cross-border transmission between Finland and Russia ended on 14 May 2022, which meant there was no cross-border transmission income from that connection during the review period. A total of EUR 94.6 (39.8) million in congestion income was recognised in turnover, and EUR 44.4 (6.7) million in other operating income. Other operating income mainly consisted of the recognition of congestion income and amounted to EUR 45.3 (251.2) million. The decrease in other operating income was mostly due to the decline in the fair value of electricity derivatives related to the business operations.

Costs during January–June totalled EUR 513.0 (619.4) million. With the strong decrease in the price of electricity after the winter, imbalance power procurement costs decreased to EUR 236.5 (395.0) million. The cost of reserves to safeguard the grid's system security and quality of electricity increased to EUR 71.5 (61.3) million, largely as a result of the growth in the volume of reserves acquired. The net impact of congestion costs, with Finland's balance surplus transferring from Finland to Sweden and Norway, fell to EUR 5.9 (28.4) million. The grid's loss power costs decreased to EUR 34.1 (39.7) million, as a result of the decrease in the price of electricity. At the end of June, approximately 94 (98) per cent of Fingrid's projected loss power

procurement for the remainder of 2023 was, in terms of system price, hedged at an average price of EUR 33.5 (33.1) per megawatt hour. In terms of the Finnish area price difference, 85 (82) per cent of loss power procurement was hedged at an average price of EUR 5.2 (6.7) per megawatt hour.

The grid investment programme is progressing. Capital expenditure increased to EUR 130.7 (122.0) million, and with the completed projects, depreciation during the review period grew to EUR 59.0 (52.4) million. Grid maintenance costs amounted to EUR 8.6 (8.1) million. Personnel costs grew to EUR 21.3 (19.3) million, due to an increase in the number of personnel.

Turnover and other income, MEUR	1-6/23	1-6/22	change %	1-12/22
Grid service income	83.7	204.9	-59.2	333.7
Imbalance power sales	343.4	396.3	-13.3	1,160.2
Cross-border transmission income	0.0	11.3	-100.0	11.1
Peak load capacity income*	0.1	7.1	-98.8	7.2
ITC income	14.1	15.3	-8.0	23.1
Congestion income	94.6	39.8	137.7	229.5
Datahub income	10.3	6.2	65.3	15.0
Other turnover	8.7	11.3	-22.7	35.5
Turnover total	554.8	692.2	-19.8	1,815.2
Other operating income	45.3	251.2	-82.0	171.4
Turnover and other income total	600.1	943.3	-36.4	1,986.6



Costs, MEUR	1-6/23	1-6/22	change %	1-12/22
Purchase of imbalance power	236.5	395.0	-40.1	1,141.2
Loss power costs	34.1	39.7	-14.1	103.9
Depreciation	59.0	52.4	12.7	107.9
Cost of reserves	71.5	61.3	16.6	186.9
Personnel costs	21.3	19.3	10.3	38.1
Peak load capacity costs*	0.0	6.9	-100.0	6.9
Maintenance costs	8.6	8.1	6.6	19.6
ITC charges	13.7	9.0	53.1	18.1
Financial transmission rights (FTR)	34.9	0.0	100.0	0.0
Other costs	33.4	27.8	20.2	73.3
Costs total	547.9	619.4	-11.5	1,695.8
Operating profit, excl. the change in the fair value of derivatives	87.1	83.5	4.4	149.8
Operating profit	-79.5	323.6	-124.6	290.4

* 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. There are no peak load capacity units in the peak load capacity arrangement for the period 1 November 2022–31 October 2023, as a result of which costs have decreased significantly.

The Group's operating result was EUR -79.5 (323.6) million. Profit before taxes was EUR -85.0 (299.4) million. The differences from the corresponding period of the previous year are mainly explained by the change in the market value of derivatives (negative change EUR 393.6 million). Operating profit, excluding the change in the fair value of derivatives linked to operational activities, amounted to EUR 87.1 (83.5) million. Operating profit excluding the change in the fair value of derivatives grew from the previous year as the investment programme and the rise in the interest rate level increased the company's allowed regulatory profit. Profit for the review period was EUR -67.9 (239.4) million and comprehensive income was EUR -68.0 (239.4) million.

Fingrid receives 50% of the congestion income from the Finland–Sweden and Finland–Estonia transmission connections. In December 2022, Fingrid and the Estonian TSO Elering adopted financial transmission rights (FTR) instruments for the Finland–Estonia border. Some two thirds of the cross-border transmission capacity between Finland and Estonia is traded in advance using the FTR instruments in question. The holder of an FTR is entitled to receive congestion income from the transmission connection corresponding to the FTR instrument.

Congestion income from Finland's cross-border transmission connections amounted to EUR 102.4 (312.7) million. Congestion income, including financial transmission rights (FTR) at the Finnish and Estonian border, totalled EUR 124.9 (312.7) million. Fingrid's share of that amount was EUR 90.0 (312.7) million.

Fingrid's income on the FTRs issued on the Finland–Estonian border amounted to EUR 22.4 (0.0) million, and the corresponding congestion income credited to the holders of cross-border capacity FTR was EUR 34.9 (0.0) million.

A total of EUR 94.6 (39.8) million in congestion income was recognised in turnover, and EUR 44.4 (6.7) million in other operating income. Congestion income was used to cover the grid service fees that were waived in January, February and June, as well as operating expenses.

EU regulation defines the use of congestion income for investments, covering costs and use as revenue. The Energy Authority decides on the use of the congestion income received by Fingrid in line with EU regulation. The Energy Authority has stipulated guidelines on the use of congestion income in 2023 and 2024 in regulatory letters. Going forward, Fingrid will use congestion income to finance investments increasing cross-border transmission capacity and recognise them in turnover and other operating income to the benefit of its customers. Fingrid has announced that it will waive grid service fees for July, November and December 2023. Unused congestion income is included as short- and long-term accruals in the item Other liabilities in the balance sheet.

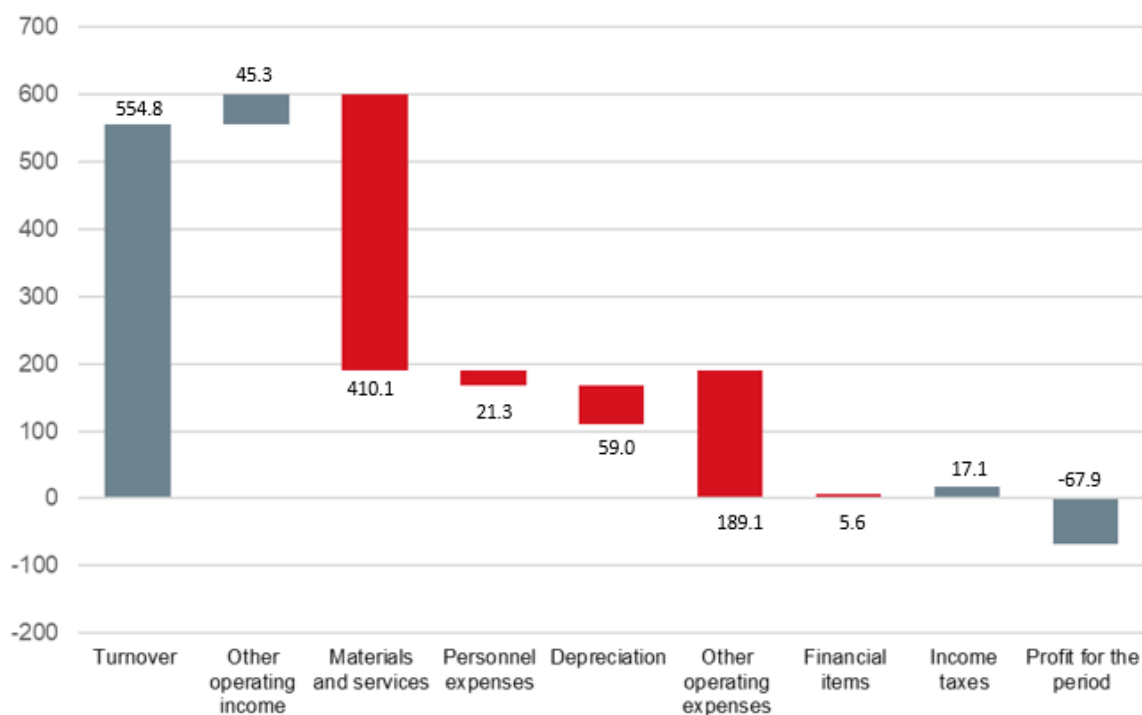
The Group's result for the financial period is characterised by seasonal fluctuations. The higher winter tariff on grid transmission is valid from the first day of December until the last day of February, due to the higher consumption of electricity. Volatility in the electricity market situation also affects the company's market-based costs. The pricing of Fingrid's services follows the cost development over time. 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 for the period. The use of accrued congestion income to cover the costs of transmission grid operations and to waive grid service fees partly balances the seasonal variations in the company's result.

27 July 2023

CONSOLIDATED STATEMENT OF COMPRE- HENSIVE INCOME	1 Jan - 30 June, 2023	1 Jan - 30 June, 2022	1 Jan - 31 Dec, 2022
	MEUR	MEUR	MEUR
TURNOVER	554.8	692.2	1,815.2
Other operating income	45.3	251.2	171.4
Materials and services	-410.1	-527.9	-1,509.0
Personnel expenses	-21.3	-19.3	-38.1
Depreciation	-59.0	-52.4	-107.9
Other operating expenses	-189.1	-20.2	-41.3
OPERATING PROFIT	-79.5	323.6	290.4
Finance income	8.5	0.1	1.5
Finance costs	-14.6	-23.9	-34.2
Finance income and costs	-6.1	-23.8	-32.7
Share of profit of associated companies	0.5	-0.4	-0.4
PROFIT BEFORE TAXES	-85.0	299.4	257.4
Income taxes	17.1	-60.0	-51.6
PROFIT FOR THE PERIOD	-67.9	239.4	205.8
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be transferred to profit or loss			
Transferred to the profit for the period	-0.0	0.0	0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-68.0	239.4	205.8
Profit attributable to:			
Equity holders of parent company	-67.9	239.4	205.8
Total comprehensive income attributable to:			
Equity holders of parent company	-68.0	239.4	205.8

27 July 2023

Profit for the period Jan-June/2023, MEUR



27 July 2023

CONSOLIDATED BALANCE SHEET

ASSETS	30 June 2023	30 June 2022	31 Dec 2022
	MEUR	MEUR	MEUR
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	87.9	87.9	87.9
Land use rights	101.8	100.7	100.9
Other intangible assets	60.4	57.3	63.5
	250.1	245.9	252.3
Property, plant and equipment:			
Land and water areas	21.5	20.4	21.4
Buildings and structures	291.8	263.4	297.6
Machinery and equipment	558.9	535.5	585.0
Transmission lines	691.4	687.1	710.5
Other property, plant and equipment	0.1	0.1	0.1
Prepayments and purchases in progress	308.7	318.6	183.8
	1,872.4	1,825.1	1,798.4
Right-of-use-assets	31.4	30.1	28.7
Investments in associated companies	13.2	11.9	12.7
Other long-term investments	70.9	6.4	
Other long-term receivables	0.1	0.1	0.1
Derivative instruments	41.0	189.5	66.9
Deferred tax assets	57.2	32.6	50.5
TOTAL NON-CURRENT ASSETS	2,336.2	2,341.5	2,209.7
CURRENT ASSETS			
Inventories	18.9	14.4	18.7
Derivative instruments	35.0	138.2	166.4
Trade receivables and other receivables	32.7	96.5	88.3
Other financial assets	261.4	224.3	350.0
Cash in hand and cash equivalents	363.4	200.0	383.4
TOTAL CURRENT ASSETS	711.4	673.4	1,006.9
TOTAL ASSETS	3,047.7	3,014.9	3,216.6

27 July 2023

CONSOLIDATED BALANCE SHEET

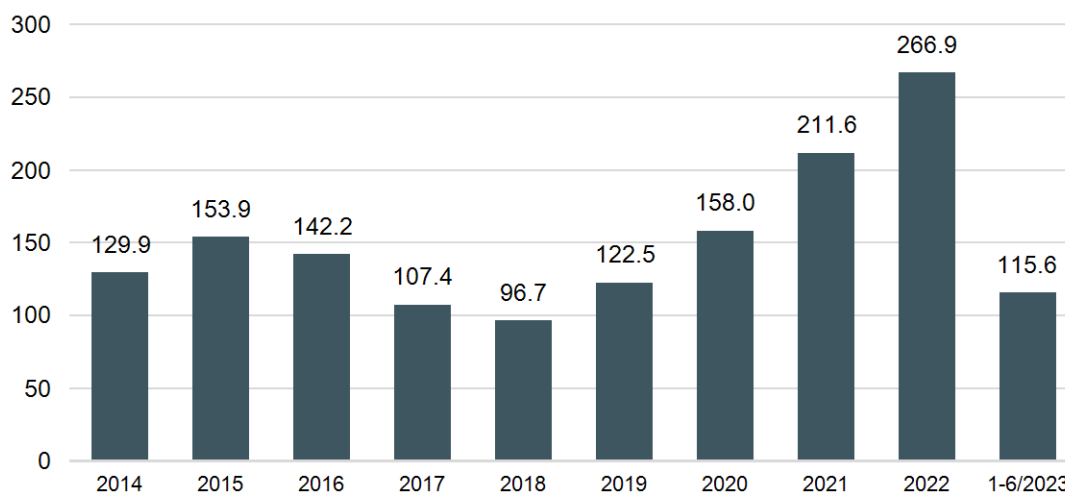
EQUITY AND LIABILITIES	30 June 2023	30 June 2022	31 Dec 2022
	MEUR	MEUR	MEUR
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	55.9	55.9	55.9
Share premium account	55.9	55.9	55.9
Translation reserve	0.0	0.0	0.0
Retained earnings	451.3	685.8	607.9
TOTAL EQUITY	563.1	797.7	719.8
NON-CURRENT LIABILITIES			
Deferred tax liabilities	107.2	153.7	136.2
Borrowings	652.2	1,015.2	963.4
Provisions	3.1	3.1	3.1
Derivative instruments	35.5	12.8	22.2
Lease liabilities	29.3	28.3	27.0
Accruals	640.8	500.4	677.4
	1,468.2	1,713.6	1,829.3
CURRENT LIABILITIES			
Borrowings	364.2	55.4	63.0
Derivative instruments	7.7	0.4	0.2
Lease liabilities	3.2	2.7	2.7
Trade payables and other liabilities	641.4	445.1	601.5
	1,016.4	503.6	667.5
TOTAL LIABILITIES	2,484.6	2,217.2	2,496.8
TOTAL EQUITY AND LIABILITIES	3,047.7	3,014.9	3,216.6

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	1-6/2023	1-6/2022	Change	1-12/2022
Carrying amount at beginning of period	1,798.4	1,784.1	14.2	1,784.1
Increases	127.7	88.6	39.0	112.8
Decreases	-1.1	0.0	-1.0	-1.4
Depreciation and amortisation expense	-52.6	-47.6	-5.0	-97.2
Carrying amount at end of period	1,872.4	1,825.1	47.3	1,798.4

INVESTMENTS, MEUR	1-6/2023	1-6/2022	Change	1-12/2022
Grid investments	122.5	103.7	18.7	246.0
Substations	85.7	74.0	11.7	178.2
Transmission lines	36.7	29.7	7.1	67.8
Gas turbine investments	1.1	0.7	0.4	3.7
Other investments	7.1	17.6	-10.5	26.4
ICT	4.6	5.4	-0.8	11.0
Other	2.5	12.2	-9.7	15.4
Total investments	130.7	122.0	8.7	276.1

Capital expenditure from cash flow total 2014-June/2023, MEUR



COMMITMENTS AND CONTINGENT LIABILITIES, MEUR	30 June 2023	30 June 2022	Change	31 Dec 2022
Pledged cash assets	0.3	0.3	0.0	0.3
Right-of-use agreements for reserve power plants	24.3	32.6	-8.3	28.6
Credit facility commitment fees	1.5	1.9	-0.4	2.3
Total	26.1	34.8	-8.7	31.1
Investment commitments	384.0	351.2	32.9	316.5

Related parties are presented in the notes to Fingrid's 2022 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	1-6/2023	1-6/2022	Change	1-12/2022
Interest income	0.0	0.0	-0.0	0.0
Purchases	3.8	1.2	2.6	4.9
Trade payables		4.5	-4.5	15.7
Loan receivables		0.4	-0.4	0.2

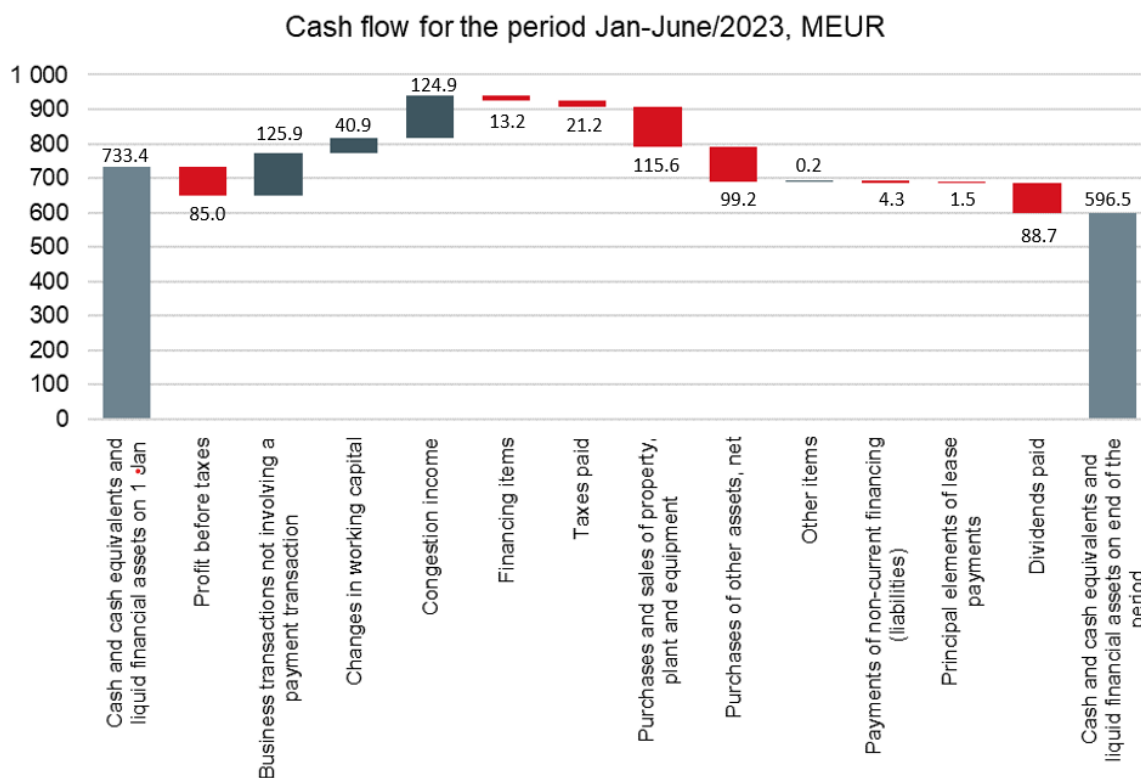
27 July 2023

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 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 other comprehensive income adjusted by tax effects			0.0		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
Comprehensive income for the review period					
Profit or loss				-33.6	-33.6
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	-33.6	-33.6
Transactions with owners					
Dividend relating to 2021				-44.3	-44.3
Balance on 31 December 2022	55.9	55.9	0.0	607.9	719.8
Balance on 1 January 2023	55.9	55.9	0.0	607.9	719.8
Comprehensive income for the review period					
Profit or loss				-67.9	-67.9
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	-67.9	-68.0
Transactions with owners					
Dividend relating to 2022				-88.7	-88.7
Balance on 30 June 2023	55.9	55.9	0.0	451.3	563.1

27 July 2023

CONSOLIDATED CASH FLOW STATEMENT	1 Jan - 30 June, 2023	1 Jan - 30 June, 2022	1 Jan - 31 Dec, 2022
	MEUR	MEUR	MEUR
Cash flow from operating activities:			
Profit before taxes	-85.0	299.4	257.4
Adjustments:			
Business transactions not involving a payment transaction:			
Depreciation	59.0	52.4	107.9
Capital gains/losses (-/+) on tangible and intangible assets	1.1	-0.2	-3.5
Other adjustments		-2.5	-2.5
Share of profit of associated companies	-0.5	0.4	0.4
Gains/losses from the assets and liabilities recognised in the income statement at fair value	166.6	-240.1	-140.6
Other business transactions not involving a payment transaction	29.5	6.6	14.2
Congestion income recognition	-139.0	-46.5	-248.3
Finance income and costs	6.1	23.8	32.7
Impact from changes in the fair value of the investment	3.1	-1.1	-0.4
Changes in working capital:			
Change in trade receivables and other receivables	57.3	37.8	45.6
Change in inventories	-0.2	-0.1	-4.5
Change in trade payables and other liabilities	-16.2	42.2	42.8
Congestion income	124.9	312.7	942.9
Change in provisions			-0.2
Interests paid	-22.9	-15.3	-17.8
Interests received	12.1	4.5	7.2
Taxes paid	-21.2	-18.6	-39.3
Net cash flow from operating activities	174.6	455.2	994.0
Cash flow from investing activities:			
Purchase of property, plant and equipment	-110.1	-91.9	-250.4
Purchase of intangible assets	-5.5	-10.4	-16.6
Purchase of other assets	-149.3	-3.1	-3.9
Proceeds from sale of other assets	50.1		6.5
Gains on disposal of property, plant and equipment, and intangible		0.4	5.0
Payments of financing (liabilities)	0.2	0.2	0.4
Dividends received		0.4	0.4
Contributions received			15.7
Capitalised interest paid	-2.4	-1.7	-3.7
Net cash flow from investing activities	-217.0	-106.1	-246.6
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	-47.7
Proceeds from current financing (liabilities)			
Payments from current financing (liabilities)		-85.2	-85.2
Dividends paid	-88.7	-88.7	-133.0
Principal elements of lease payments	-1.5	-1.3	-2.7
Net cash flow from financing activities	-94.5	-144.5	-233.6
Change in cash as per the cash flow statement	-136.9	204.6	513.8
Opening cash as per the cash flow statement	733.4	219.6	219.6
Closing cash as per the cash flow statement	596.5	424.3	733.4

27 July 2023



Operating segments

Starting in June 2023, Fingrid switched to reporting on two operating segments. No changes have taken place in Fingrid's operations or organisational structure. The operating segments reported on by the Group now consist of the main grid segment and the balance services segment. The main grid segment includes development & maintenance of the main grid, the connection of new production and consumption to the network, electricity transmission, grid operation and the development of unified electricity markets. The balance services segment includes activities related to national balance management and imbalance settlement. Promoting the reserve and balancing power markets, which balance the power system, are also included in the balance services segment. Both operating segments are the company's regulated business operations, which are supervised by the Energy Authority. Geographical data is not presented, as Fingrid operates only in Finland. The Group also has other tasks that fall under its statutory public service obligations, and these have been included in other activities within the segment information.

Segment information is reported in a manner consistent with internal reporting to the chief operating decision-maker. In line with the company's management principles, the chief operating decision-maker, who is responsible for allocating resources to the operating segments and for assessing the results of the segments, is the President & CEO.

The segment information is FAS-compliant, and it is reconciled with the IFRS consolidated financial statements. The segments' results are assessed on the basis of the operating result. The segments' combined operating results constitute grid operations' operating profit, which

serves as the basis for the calculation of the actual adjusted result compatible with regulation. Costs are allocated to the segments in accordance with the matching principle, which creates a basis for pricing the services. Finance income and costs are not allocated to the segments, as the Group's cash assets are controlled by Group Treasury.

Variations between the segments' results and turnover are typical. The segments form the basis for the calculation of Fingrid's adjusted result compatible with the reasonable return regulation, and thus the results development of one segment can also affect the other segment over time to avoid exceeding the allowed regulatory profit set for the operations. The segments' service prices are adjusted to correspond to costs over time.

Segment information is published every six months as part of the Group's IFRS financial statements and half-year review.

Main grid segment

The main grid segment includes development & maintenance of the main grid, the connection of new production and consumption to the network, electricity transmission, grid operation and the development of unified electricity markets and reserves related to maintaining the electricity system. The segment's turnover consists of main grid tariff income, connection fees, and income from reactive power and other income related to transmission grid operations. The segment's expense items include e.g. depreciations of grid investments, reserves to ensure the main grid's operation and the development thereof, the purchase of loss power, congestion costs, countertrades, network maintenance and electricity market development costs. Income and costs caused by transmission grid congestion, financial transmission rights (FTR), gains and losses from the sale of grid assets, and depreciation and amortisation are included in the main grid segment. Seasonal and annual variations are typical in the segment's turnover and operating result.

Main grid segment, MEUR	1-6/2023	1-6/2022	1-12/2022
Turnover	241.0	289.6	647.9
Profit before taxes	54.7	102.3	215.8

The main grid segment's turnover fell to EUR 241.0 (289.6) million in January–June. Grid service fees were waived in January, February and June. This was compensated by recognising EUR 139 million in congestion income in the company's result. Cross-border transmission income from the connection between Finland and Russia ended in May 2022.

Operating profit declined to EUR 54.7 (102.3) million. The balance services segment's operating result was high during the review period, which temporarily reduced the operating result of the main grid segment, with Fingrid's result being in line with the allowed regulatory profit. No structural changes took place in the main grid segment's profitability compared to previous years.

Balance services segment

The balance services segment includes activities related to national balance management and imbalance settlement. In addition, development of the reserve markets related to balance management is included in the balance services segment. The segment's turnover consists of the balance service's tariff income and sales of imbalance power, and the segment's costs consist of purchases of imbalance power, reserve capacity costs and other operational costs related to balance management and imbalance settlement. The balance services segment's information corresponds to the balance service result, separated according to the Electricity Market Act, presented in the parent company's notes to the financial statements.

Balance services segment, MEUR	1-6/2023	1-6/2022	1-12/2022
Turnover	350.8	426.2	1,231.9
Profit before taxes	57.6	-15.4	-58.7

The balance service's turnover in January–June was EUR 350.8 (426.2) million. The price of imbalance power decreased year on year. Imbalance power tariffs were increased to €1.7/MWh in January and decreased to €1.2/MWh in May.

The balance service's operating result was EUR 57.6 (-15.4) million. Changes in imbalance power tariffs follow the cost development and the accumulation of imbalance power trade's gross profit. Variations in reserve costs have been great, and the reserve costs were lower than predicted early in the year, as a result of which imbalance power tariffs were lowered in May. Imbalance power tariffs were used during the reporting period to cover the balance services' losses from previous years.

Result by business segment

The segment information is FAS-compliant, and it is reconciled with the IFRS consolidated financial statements.

1-6/2023

MEUR

Business segment	Main grid	Balance services	Other activities and eliminations	Group, total
Turnover	241.0	350.8	-37.0	554.8
Depreciation	-55.5	-0.3	-3.2	-59.0
Operating profit	54.7	57.6	-191.7	-79.5
Finance income and costs			-6.1	-6.1
Profit before taxes				-85.0

1-6/2022

MEUR

Business segment	Main grid	Balance services	Other activities and eliminations	Group, total
Turnover	289.6	426.2	-23.6	692.2
Depreciation	-50.1	-0.2	-2.1	-52.4
Operating profit	102.3	-15.4	236.6	323.6
Finance income and costs			-23.8	-23.8
Profit before taxes				

1-12/2022

MEUR

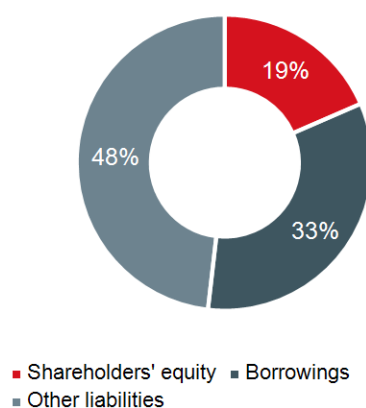
Business segment	Main grid	Balance services	Other activities and eliminations	Group, total
Turnover	647.9	1,231.9	-64.5	1,815.2
Depreciation	-102.7	-0.4	-4.8	-107.9
Operating profit	215.8	-58.7	133.4	290.4
Finance income and costs			-32.7	-32.7
Profit before taxes				

Other activities include Fingrid's other statutory public service obligations that are not part of actual transmission grid operations or transmission system responsibility. These tasks include peak load capacity services and guarantee-of-origin services for electricity, as well as centralised information exchange services for the electricity markets. The subsidiaries Fingrid Datahub Oy and Finextra Oy oversee these tasks. Other activities also includes the parent company's administrative and ICT services for subsidiaries. Income and expense items between the parent company and subsidiaries are eliminated in the Group reporting. IFRS items include among other things, changes in the market value of electricity derivatives, recognition of connection fees over time according to IFRS 15, and recognition of leases over time according to IFRS 16.

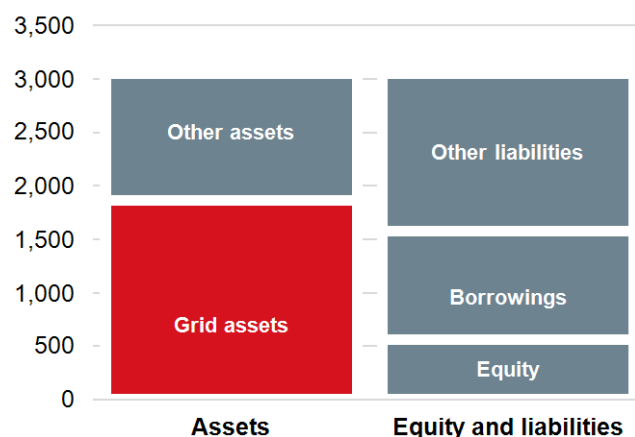
Financing

The Group's net cash flow from operations, with net capital expenditure deducted, was EUR -42.2 (349.2) million for the review period. The decrease in cash flow was due to the lower accumulation of congestion income during the review period. Cash flow is reduced by the EUR 99.2 million worth of fixed income investments it includes. The equity ratio was 18.5 (26.5) per cent at the end of the review period. The decline in the equity ratio is attributed to the decrease in equity and the increase in congestion income on the balance sheet. The decrease in equity was due to the negative impact on profit caused by a decline in the market value of electricity derivatives and to the first dividend instalment that was paid in April. Accumulated congestion income is included in the balance sheet as short- and long-term accruals in the item 'Other liabilities', increasing the amount of liabilities on the balance sheet and decreasing the equity ratio. The impact of the IFRS 16 standard reduced the share of equity by 0.2 percentage points.

Capital structure June/2023

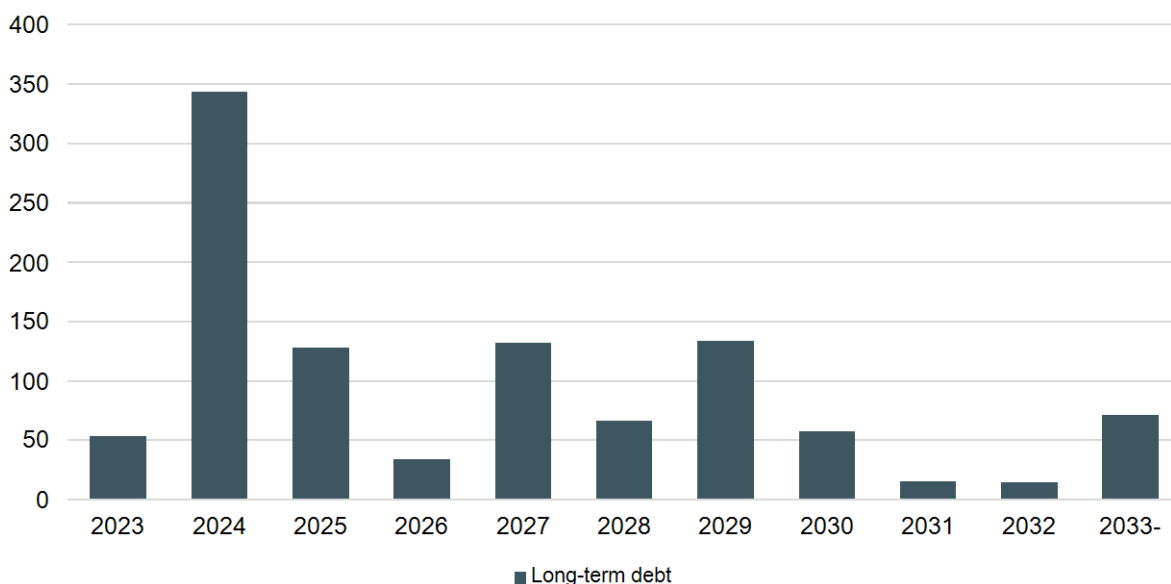


IFRS balance sheet June/2023, MEUR



The Group's net financial costs from January through June were EUR 6.1 million (23.8 million), including a negative change of EUR 11.8 (EUR 20.8 million negative) million in the fair value of derivatives. The change in the fair value of financial assets was EUR 3.1 million positive (EUR 1.1 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/2023-2033-, MEUR



In the figure above, non-current financial liabilities include a total of EUR 32.5 million in lease liabilities in accordance with IFRS 16. No short-term financing maturing in under one year was in use on 30 June 2023.

Interest-bearing borrowings totalled EUR 1,048.9 (1,101.6) million, of which non-current borrowings accounted for EUR 681.6 (1,043.6) million and current borrowings for EUR 367.4 (58.1) million. The growth in current financing is explained by the EUR 300 million bond maturing in April 2024. On the reporting date, the borrowings included a total of EUR 32.5 (31.1) million in lease liabilities in accordance with IFRS 16, consisting of EUR 3.2 (2.7) million in short-term liabilities maturing within one year, and EUR 29.3 million (28.3) in long-term liabilities maturing after more than a year.

RECONCILIATION OF DEBT, MEUR

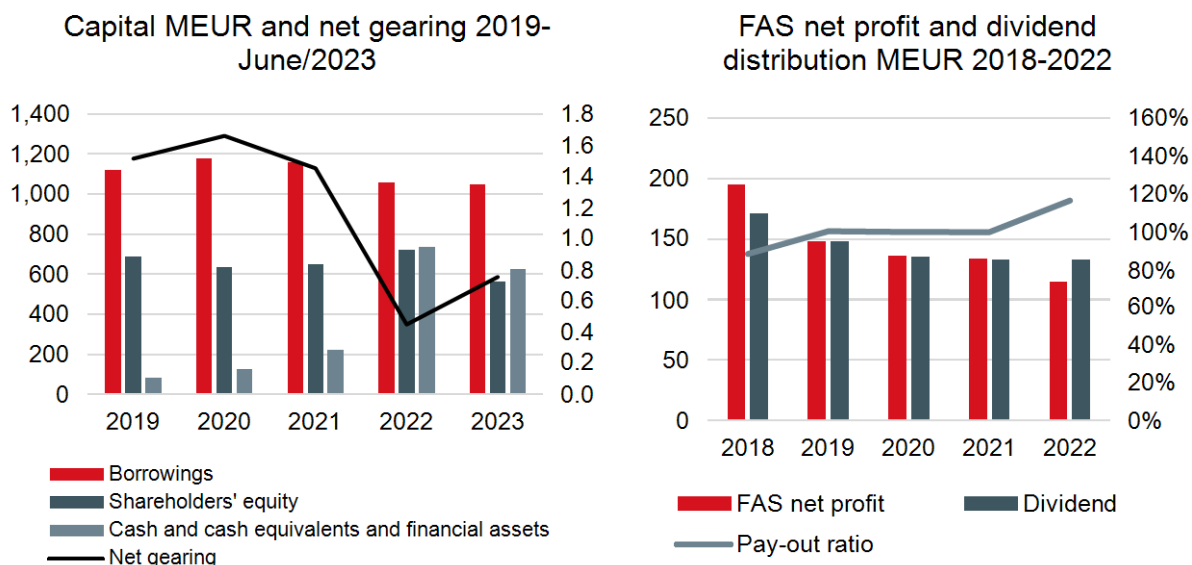
	Borrowings due within one year	Borrowings due after one year	Total
Debt on 1 Jan 2022	135.5	1,022.6	1,158.1
Cash flow from financing activities	-85.2	-12.7	-97.9
Exchange rate adjustments		-3.0	-3.0
Other changes not involving a payment transaction	0.1	-1.2	-1.1
Transfer to short-term loans	15.4	-15.4	
Debt on 31 Dec 2022	65.8	990.4	1,056.2
Cash flow from financing activities		-4.3	-4.3
Exchange rate adjustments		-5.8	-5.8
Other changes not involving a payment transaction	0.3	2.5	2.8
Transfer to short-term loans	301.3	-301.3	
Debt on 30 Jun 2023	367.4	681.6	1,048.9

RECONCILIATION OF NET DEBT, MEUR

	30.6.2023	31.12.2022
Cash in hand and cash equivalents	363.4	533.4
Financial assets recognised in the income statement at fair value	233.1	200.0
Borrowings - due within one year	367.4	65.8
Borrowings - due after one year	681.6	990.4
Net debt	452.4	322.7

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

The Group's liquidity remained very good. The Group's liquidity remained good. Cash assets and financial assets at the end of the review period amounted to EUR 624.8 (424.3) million. Fingrid has actively used its accumulated congestion income for investments, waiving grid service fees and covering operating costs. The accumulation of congestion income was considerably lower than in the previous year. The company's other long-term investments also include fixed income investments totalling EUR 70.9 (0.0) million euros. The Group 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 31 March 2023, resolved to distribute, based on the approved balance sheet for the financial period ending 31 December 2022, 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 5 April 2023, in accordance with the Annual General Meeting's resolution.

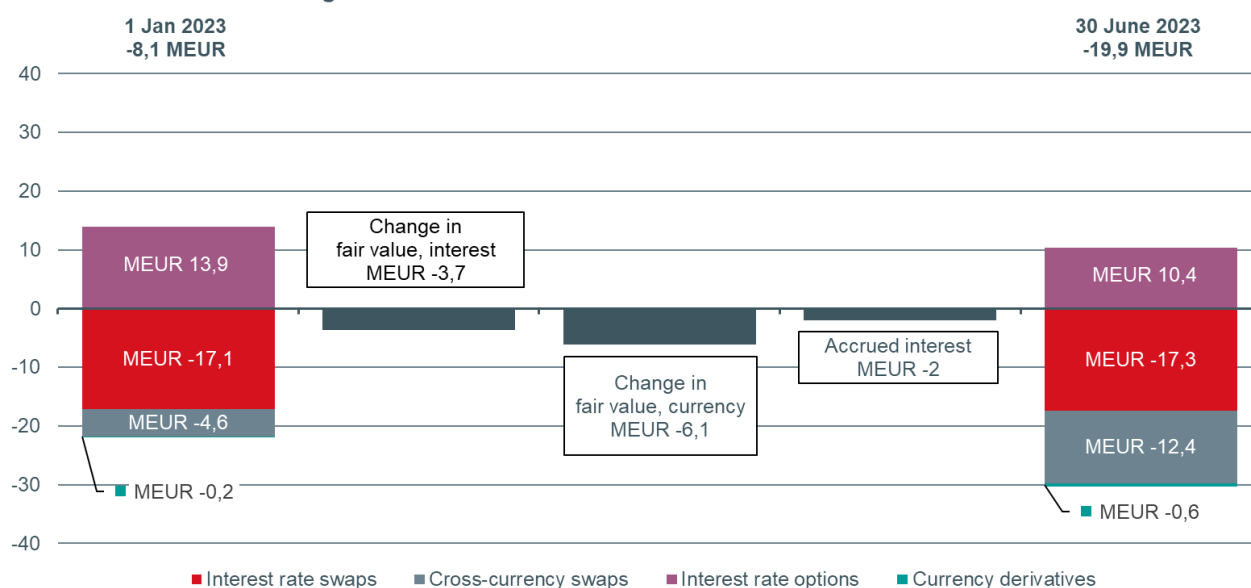
The Board of Directors has the right to decide on the payment of the second dividend instalment based on the authorisation it receives from the Annual General Meeting after the half-year report has been confirmed and after it has assessed the company's solvency, financial position and financial development. 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 -19.9 (-4.0) million. The Group's foreign exchange and commodity price risks are mainly hedged. As part of the company's investments, metal derivatives were used to hedge against the metal price risk. 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% probability that Fingrid's interest expenditure will amount to no more than EUR 29.7 million during the next 12 months.

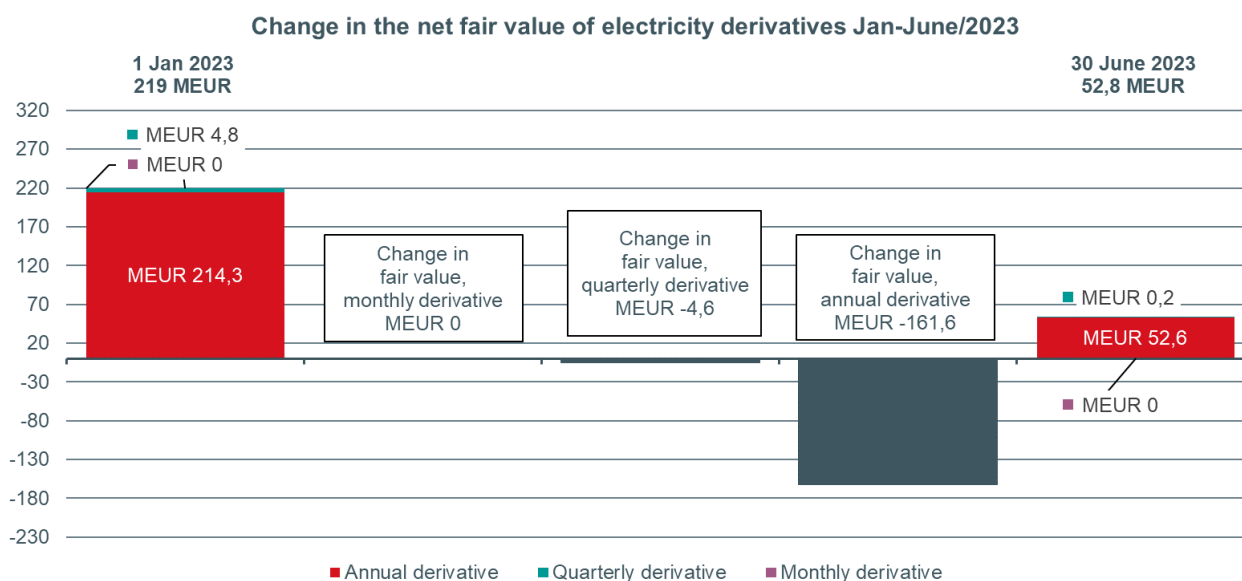
MEUR	30 June 2023				30 June 2022				31 Dec 2022				Hierarchy level
	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	
Interest rate and currency derivatives													
Cross-currency swaps		-12.4	-12.4	56.0		-4.4	-4.4	56.0		-4.6	-4.6	56.0	Level 2
Currency derivatives	0.0	-0.6	-0.6	8.3	0.1	-0.4	-0.3	7.6	0.1	-0.4	-0.2	11.9	Level 2
Interest rate swaps		-17.3	-17.3	280.0	2.7	-8.1	-5.5	280.0	0.3	-17.4	-17.1	280.0	Level 2
Bought interest rate options	10.4		10.4	450.0	6.2		6.2	550.0	13.9		13.9	550.0	Level 2
Total	10.4	-30.3	-19.9	794.3	8.9	-12.9	-4.0	893.6	14.3	-22.4	-8.1	897.9	
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	65.6	-12.8	52.8	3.16	318.8	-0.3	318.5	5.74	219.0		219.0	4.49	Level 1
Total	65.6	-12.8	52.8	3.16	318.8	-0.3	318.5	5.74	219.0		219.0	4.49	
Metal derivatives	Fair value pos.	Fair value neg.	Net fair value	mt	Fair value pos.	Fair value neg.	Net fair value	mt	Fair value pos.	Fair value neg.	Net fair value	mt	
Metal options													Level 2
Metal swaps	0.0	-0.1	-0.0	473.00					0.1		0.1	342.0	Level 2
Total	0.0	-0.1	-0.0	473.00					0.1		0.1	342.00	

Change in the net fair value of financial derivatives Jan-June/2023



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 166.2 negative (EUR 240.4 million positive). The volatility in the fair value of electricity derivatives can be significant. The negative impact on profit was caused by the impact of the decreased spot price of electricity on the fair value of electricity derivatives and the realisation of hedging already in place. 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 12.4 million/EUR -12.4 million on the Group's profit before taxes.



Customers

The strong growth in weather-dependent renewable energy production as well as regional concentrations are changing the operations of the power system and the conditions for managing it. In spring, Fingrid published an electricity system vision describing the electricity system's change phenomena and Finland's growth opportunities in clean energy production and industrial electricity consumption. The vision entails preparing for an increase in electricity production and consumption and creating preparedness to develop the main grid and electricity system for the long term. This development requires several changes, new solutions and even closer co-operation with all electricity consumers and producers. Fingrid works in close cooperation with the electricity market operators to find solutions that can guarantee a high quality and availability of electricity also in the future as the production and consumption of renewable electricity grows strongly.

The volume of electricity production connection enquiries grew significantly since the corresponding period last year, and their total capacity currently amounts to 280 GW. The majority of the enquiries, approx. 160 GW, concern onshore wind energy, but connection enquiries for offshore wind energy and solar power plants are also growing. In the first half of 2023, new renewable production in the amount of 772 MW (843 MW) was connected to the power network.

The increased production of clean energy and reliable electricity transmission have had a significant impact on industrial consumer demand, the connection enquiries for which is roughly 15 GW. In various parts of Finland, numerous projects related to clean electricity consumption are under planning and under way in the hydrogen industry, in data centres, and in the heating sector and the metals industry, and important new investment plans were unveiled this past spring. According to a press release by the Confederation of Finnish Industries, over EUR 85 billion in green investments are planned for Finland, and these projects require clean energy in order to be carried out. Fingrid plays a key role in enabling this development.

Fingrid's task is to develop and maintain a stable electricity system. This is ensured through a strong main grid and through its efficient operation, as well as through close co-operation with various electricity market operators. Today, there are numerous opportunities to connect electricity production and consumption to the main grid throughout Finland. A new version of Fingrid's Grid Scope map service, which provides a snapshot of the main's grid's connectivity status, was released in May. The new version shows the connection capacity for both electricity production and consumption in different parts of Finland. Grid Scope gives a clear picture of the connection possibilities, which supports development plans for electricity production and consumption and enables the efficient and balanced utilisation of the main grid, while taking regional differences into account.

A vast amount of wind power production is concentrated on Finland's west coast, which is currently challenging the network's stability during planned transmission outages related to maintenance and building the electricity network. New wind turbine connections on the west coast have been temporarily restricted. In co-operation with customers, solutions have been found for lowering the restrictions on the production volumes of wind power parks during planned transmission outages until investments to strengthen the main grid are completed in the region.

Fingrid's Open Data online service is being further developed, and the latest version was released to electricity market operators in June. The objective of the service is to share real-time data on the electricity system in digital format and free of charge, and thereby increase transparency, enable the development of new services and promote the electricity market's efficient operation.

Customers are at the centre of Fingrid's activities. Customers trust Fingrid and strongly support the company's activities. In May–June 2023, the research company T-Media asked Fingrid's customers to rate the company's activities. In the survey, the score for stakeholder support had risen since two years prior and is now 4.26/5 (4.07/5). Fingrid also has an excellent reputation among its customers: the company's reputation score was 4.15/5 (4.04/5).

Main grid investments

In the main grid development plan, which was updated in June, the estimated amount of main grid investments over the next ten years (2024–2033) is EUR 4 billion. The increase in main grid investments is attributed to industrial investments in Finland to utilise clean energy and to the electrification of society, both of which require an increase in emission-free electricity generation and high electricity transmission reliability.

The development plan will enable clean electricity production and consumption growth, as well as the achievement of climate targets in Finland. The plan also pays special attention to ensuring that the main grid is developed sustainably. The plans include 6,100 km of new transmission lines and 128 substation projects, and different alternatives for their implementation are being looked into, taking into account their impacts on nature and the environment. For example, 40 per cent of the new transmission lines will be built in existing right-of-ways.

Today, the main grid comprises some 14,500 kilometres of transmission lines and 124 substations. A total of 374 kilometres of transmission lines and 68 new substations are under construction.

Cross-border connections reinforce European energy market integrations and improve transmission reliability. Construction of the 400 kilovolt Aurora Line to reinforce the Finland–Sweden cross-border connection is progressing on schedule. The Aurora Line will be completed in full in 2025.

Several 110 kilovolt transmission lines are under construction. The work to renew both the 100-kilometre-long Hämeenlahti–Kauppila–Hännilä transmission line that runs between Hämeenlahti in Jyväskylä and Hännilä in Joroinen and the Siikajoki–Sorsaraivio section of line are underway, and a new transmission line connection between the Isokangas substation in Ii and the Leväsuo substation in Oulu is under construction. The Isohaara and Arkkukallio–Furubacka 110 kilovolt transmission line modifications that are part of substation projects are also under way.

Tendering for construction work on the 289-kilometre-long, 400-kilovolt transmission line connection from Vaala to Joroinen, which is to be built primarily in conjunction with the current Lake Line transmission line, is under way. Reinforcing the Lake Line will increase electricity transmission capacity from north to south and enable the connection of renewable energy, as well as industrial investments, to the main grid in eastern Finland. Also currently in a tendering process is a 400 and 110 kilovolt transmission line connection from Huittinen to Forssa, which will enable the growing volume of the west coast's surplus production to be transmitted to southern Finland.

Currently under general planning are 470 kilometres of 400 kilovolt and 10 kilometres of 110 kilovolt transmission lines. Fingrid is planning an approximately 210-kilometre-long 400 kilovolt transmission connection between Petäjaskoski in Rovaniemi and Nuojunkangas in Vaala, and a roughly 270-kilometre-long transmission connection between Alajärvi and Hikiä in Hausjärvi to strengthen the transmission capacity. In addition, general planning on the construction of an approximately 165–185-kilometre-long connection between Kalajoki (Jylkkä) and Alajärvi will begin in the summer.

Substations play a key role in managing electricity transmission, transmission reliability and the state of the electricity network. Customers connect to the main grid through them. Construction work on, among others, the Hepokorpi substation in the capital region has started and is progressing as planned. The Hepokorpi substation is a fine example of a multi-operator joint project, which guarantees reliable electricity supply for the area, enables growth in industrial electricity consumption and produces clean district heating from a data centre's waste heat.

During the reporting period, Fingrid made investment decisions on the Siikajoki–Sorsaraivio section and on replacing the Nurmijärvi–Lautala transmission line, as well as on expanding the 110 kilovolt substations in Vanaja, Naantalinsalmi, Uusnivala and Anttila. Investment decisions were also made concerning the construction of substations in Harjavalta, Kolsi, Kissakuja, Honkajoki, Böle and Sorsasalo.

Fingrid achieved an excellent result in the International Transmission Operations and Maintenance Study (ITOMS), which assesses the efficiency and quality of electricity transmission system operators. The system security of Fingrid's main grid was, once again, of the highest grade and its maintenance costs have been lower than the average. Fingrid received a Top Performer mention for its substation maintenance.

Occupational safety on Fingrid's transmission line and substation worksites was at a good level. The 12-month accident frequency (LTIF) at Fingrid's transmission lines and substations was 6.18, whereas the target for 2023 was less than 5.

Power system operations

Finland's electricity consumption in January–June amounted to 39.9 (42.6) terawatt hours. Inter-TSO transmission in the same period amounted to 3.3 (4.3) terawatt hours. The total electricity transmission in Finland was 43.2 (46.9) terawatt hours. Over the same period, Fingrid transmitted a total of 35.0 (36.6) terawatt hours of electricity in its grid, representing 81.0 (77.9) per cent of the total electricity transmission in Finland. During this period, the electricity Fingrid transmitted to its customers amounted to 30.3 (32.2) terawatt hours, which represented 75.9 (75.5) per cent of Finland's total electricity consumption.

Last winter's electricity consumption peak was reached on the cold morning of 9 March 2023, between 8 and 9 am, when consumption peaked at 12,192 megawatts. That figure is far below the all-time record consumption peak of 15,105 megawatts reached in winter 2016. Electricity generated in Finland accounted for 11,240 of the total consumption, and the remaining share was imported from Sweden. 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 grid disturbances. The grid's transmission reliability rate during the review period was 99.99991 (99.99999) per cent. Fingrid is prepared for the impacts of extreme weather phenomena on the power system. There was no need to raise the disturbance-clearing readiness during the review period.

From January through June, 5.3 (7.8) terawatt hours of electricity were imported from Sweden to Finland, and 1.4 (0.8) terawatt hours were exported from Finland to Sweden. Transmission capacity between the countries was reliable, but it was limited from 19 April to 9 May during the review period due to repair work on the Fenno-Skan 2 cable.

Electricity exports to Estonia in January–June were high, as in the previous year, totalling 3.3 (3.6) 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, and annual maintenance on EstLink 1 and EstLink 2 was carried out as planned. Fingrid expended EUR 0.2 (2.1) million in countertrade during the first half of 2023.

As part of preparing for the transformation in the structure of electricity production, Fingrid participated in a study on the adequacy of electricity and the security of the energy supply in Finland in the second half of the 2020s. The solutions identified in the study, conducted in cooperation with the consulting firm Afry, were published in June for stakeholder consultation. The goal is to increase dialogue between electricity market operators and authorities and identify appropriate operating methods and cost-effective models in order to prevent and find solutions to possible future challenges related to electricity adequacy.

Electricity system operation	1-6/23	1-6/22	1-12/22
Electricity consumption in Finland, TWh	39.9	42.6	81.7
TSO transmission in Finland, TWh	3.3	4.3	3.9
Transmission within Finland, TWh	43.2	46.9	87.2
Fingrid's electricity transmission volume, TWh	35.0	36.6	67.2
Fingrid's electricity transmission to customers, TWh	30.3	32.2	63.3
Fingrid's loss energy volume, TWh	0.8	0.8	1.6
Electricity transmission Finland - Sweden			
Exports to Sweden TWh	1.4	0.8	1.2
Imports from Sweden, TWh	5.3	7.8	16.6
Electricity transmission Finland - Estonia			
Exports to Estonia, TWh	3.3	3.6	6.8
Electricity transmission Finland - Russia			
Imports from Russia, TWh	0.0	3.6	3.6

Electricity market

The mild weather early in the year and the effective electricity savings measures significantly lowered the electricity market prices compared to the latter half of the previous year. During late spring's flood season, negative electricity prices were seen in Finland, even over 24-hour

periods. Besides the hydrological situation, the low prices can also be attributed to Olkiluoto 3's contribution of nuclear power and to weather conditions that were favourable for wind power production.

There has been a high level of electricity imports, particularly from northern Sweden to Finland, often reaching the maximum level during daytime, but since the startup of Olkiluoto 3, electricity has also been exported from Finland to northern Sweden, particularly during nighttime. Electricity exports from Finland to Estonia were high. In January–June, the average Nordic price on the day-ahead market was EUR 70.42 (115.62) per megawatt hour, and the area price for Finland was EUR 60.36 (104.73) per megawatt hour.

The usability and reliability of transmission connections between Finland and Sweden and Finland and Estonia were at a good level during the reporting period. Electricity area price differences between the countries have levelled out compared to the corresponding period last year, and congestion income along Finland's cross-border connections has decreased. The price difference between Finland and Estonia increased in May–June due to, among other things, maintenance work on EstLink 2. Congestion income between Finland and Sweden in January–June totalled EUR 100.5 (479.8) million. Congestion income between Finland and Estonia in January–June amounted to EUR 104.7 (145.9) million. Fingrid's share of the congestion income from those cross-border connections is 50 per cent.

In December 2022, Fingrid and the Estonian TSO Elering adopted financial transmission rights (FTR) instruments for the Finland–Estonia border, allowing electricity market operators to reserve transmission capacity and thus support the operations of the wholesale electricity markets. The instruments have worked as planned, and the maximum amount of transmission rights have been granted to electricity market operators during the review period.

Electricity market	1-6/23	1-6/22	1-12/22
Nord Pool system price, average €/MWh	70.42	115.62	135.86
Area price Finland, average €/MWh	60.36	104.73	154.03
Congestion income between Finland and Sweden, €M*	100.5	479.8	1,551.1
Congestion hours between Finland and Sweden %*	36.2	74.9	74.7
Congestion income between Finland and Estonia, €M*	104.7	145.9	334.7
Congestion hours between Finland and Estonia %*	46.5	43.2	38.2

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

As the production of renewable electricity grows, the importance of reserves maintaining the power system's operations also increases. The volume of reserves acquired by Fingrid is growing and creating new opportunities for different electricity market operators. Reserve costs decreased during the review period. Variations in the price of balancing power, down-

regulating power in particular, grew considerably in spring. Significantly more negative down-regulating power prices were seen in spring than has previously been seen. This has affected the imbalance price, which is formed on the basis of the balancing price.

Fingrid raised the balance responsible parties' imbalance power tariffs to €1.7/MWh in January and decreased the tariffs back to €1.2/MWh in May. The increase and decrease in the tariffs followed the development of the balance service costs, particularly cost of acquired power system reserves. In balancing the national power balance, Fingrid assumes a financial risk of the balance responsible parties. The balance responsible parties are required to provide collateral against this risk. As part of the public consultations initiated by the Energy Authority, Fingrid at the end of May submitted an updated version of the principles for determining the collateral to be provided by the balance responsible parties for the Energy Authority's approval.

Early in the year, the European Commission arranged a public hearing on the reform of the electricity market, to which the European transmission system operators issued a joint response. The Nordic TSOs also released a joint statement, which was submitted to the hearing. The joint statement highlighted a commitment to safeguarding the central features of the current electricity market design, such as marginal pricing. In the proposal issued by the Commission in March, no major changes to the market design were proposed. The Commission's proposals concern, in particular, increasing demand response, strengthening investment signals, and the position of consumers on the retail markets.

To ensure efficient grid operation and system security, the Nordic TSOs have developed a new flow-based transmission capacity calculation method. The method takes into account the impact of production and consumption on the transmission grid and optimises the operation of the grid and power system. Testing of a similar transmission capacity calculation method already in use in continental Europe started in the Nordic countries alongside the current capacity calculation method in March 2022 and is ongoing. The new methodology will be adopted at the earliest in the first quarter of 2024.

The reserve markets are expanding into Europe. Fingrid is preparing to join the European Automatic Frequency Restoration Reserve (aFRR) marketplace in summer 2024. With the introduction of a European marketplace, the aFRR capacity markets will also be joined by the aFRR energy markets.

Reliability and transparency are important for promoting the functionality of the markets and the trust of market operators and end consumers. The market surveillance of the balancing power markets received a boost in June, when Fingrid and Nord Pool agreed on expanding the implementation of the market surveillance of the Manual Frequency Reserve (mFRR), i.e. the balancing markets. Under the arrangement, Nord Pool's market surveillance department regularly monitors these markets and reports possible violations to Fingrid. Responsibility for market surveillance and its implementation on the balancing power markets and on other reserve markets lies with Fingrid.

Finland switched to a 15-minute imbalance settlement period on 22 May 2023. The transition went according to plan, and the systems of both the imbalance settlement company eSett and Fingrid's Datahub, which provides data exchange services for the electricity retail market, now operate in 15-minute periods. The adoption of a 15-minute imbalance settlement period is the first step towards 15-minute trading. It is possible to trade in 15-minute products on the intra-day markets within Finland.

Personnel

The Group's total headcount has increased as a result of the expansion of Fingrid's operations and preparations for the growth of the power system. The number of employees averaged 514 (472), with an average of 460 (417) in a permanent employment relationship. Personnel costs amounted to EUR 21.3 (19.3) million. Wages and salaries amounted to EUR 17.9 (16.3) million, which equals 3.2 (2.3) per cent of the turnover.

Fingrid's long-term efforts to promote a transparent and inspiring corporate culture was reflected in the results of the 2023 personnel surveys. In spring, Fingrid was the winner in Finland's Most Inspiring Workplaces competition's mid-sized companies category. The selection was based on the results of the PeoplePower personnel survey, in which Fingrid's strengths were cited as workplace atmosphere, commitment and trust in the employer. Based on T-Media's 2023 Reputation&Trust survey conducted in April, Fingrid's reputation among the personnel is at an excellent level. The reputation score given by personnel was 4.40/5, and stakeholder support received a very strong score of 4.57/5. Personnel cited areas related to the workplace and responsible operations as major strengths.

This year, Fingrid is employing altogether 46 employees in various summer jobs throughout Finland. As in previous years, the company is part of the Responsible Summer Job campaign, which challenges employers to offer young people successful summer job experiences of good quality.

Legal proceedings and proceedings by authorities

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. Fingrid's view is that the claims made by TVO are unfounded. Fingrid lodged a statement of defence with the Energy Authority concerning the claims made by TVO in its request for an investigation. The Energy Authority's resolution on the matter is expected in autumn.

The EU Agency for the Cooperation of Energy Regulators (ACER), on 14 September 2022, made a decision on long-term price risk hedging opportunities between Finland and Sweden. In its decision, ACER requested that the Finnish and Swedish TSOs ensure the availability of other long-term cross-zonal hedging products and develop the necessary arrangements for providing hedging products. Fingrid, on 14 November 2022, filed an appeal against the decision to ACER's Board of Appeal.

Other matters

On 31 March 2023, Fingrid Oyj's Annual General Meeting approved the financial statements for 2022 and decided on the dividend payment. The first instalment of the dividend, totalling EUR 88,691,600.00, was paid on 5 April 2023. **Hannu Linna** and **Jukka Reijonen** were re-elected as members of the Board of Directors. **Jero Ahola**, **Anne Jalkala** and **Leena**

27 July 2023

Mörttinen were elected as new members of the Board of Directors. Hannu Linna was elected Chairman and Leena Mörttinen Vice Chairman of the Board of Directors.

On 2 March 2023, Fingrid Oyj's President & CEO, **Jukka Ruusunen** (D.Sc. Tech.), announced that he will retire on 31 December 2023. The company's Board of Directors elected the current Deputy CEO **Asta Sihvonen-Punkka**, who has been with the company since 2016, as Fingrid Oyj's new President & CEO as of 1 January 2024. Asta Sihvonen-Punkka was also appointed Vice President of the European Network of Transmission System Operators for Electricity (ENTSO-E) for the term 1 July 2023 to 30 June 2025.

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

On 27 July 2023, 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 authorisation granted to the Board in the Annual General Meeting, the second instalment of EUR 17,500.00 per share for Series A shares and EUR 6,400.00 per share for Series B shares, totalling EUR 44,345,800.00 in dividends, will be paid on 1 August 2023.

The strong growth in renewable energy production as well as regional concentrations and the implementation of a major investment programme are affecting the operations of the power system. Fluctuations in the price of energy and large transmission volumes in the main grid increase uncertainty in the company's major market-based cost items. Area price differences at the borders between Finland and Sweden and Finland and Estonia increase Fingrid's share of congestion income during the financial period. Fingrid will actively use congestion income to benefit its customers also in the future. The company has announced that it will waive grid service fees for July, November and December 2023.

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 2 March 2023.

Further information:

Jukka Ruusunen, President & CEO, Fingrid Oyj, tel. +358 40 593 8428
Jukka Metsälä, CFO, Fingrid Oyj, tel. +358 40 563 3756

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 2022 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.