



FINGRID

ANNUAL REPORT 2022

Financial Statements

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

Contents

01 CONSOLIDATED KEY FIGURES	3	3.3 Formation of turnover and financial result	17	05 STRONG FINANCIAL POSITION (IFRS)	42
02 CONSOLIDATED FINANCIAL STATEMENTS (IFRS)	5	3.4 Revenue-related receivables and credit risk management	20	5.1 Capital management	43
2.1 Income statement	8	3.5 Operating expenses, liabilities and credit risk management for purchases	22	5.2 The aims and organisation of financing activities and the principles for financial risk management	43
2.2 Consolidated balance sheet	9	3.6 Inventories	25	5.3 Financial liabilities, financial costs and managing the financial risks	44
2.3 Consolidated statement of changes in equity	11	3.7 Management of commodity risks	25	5.4 Cash and cash equivalents and other financial assets	56
2.4 Consolidated cash flow statement	12	3.8 Personnel – the cornerstone of our operations	26	5.5 Equity and dividend distribution	57
03 BENCHMARK FOR TSO OPERATIONS (IFRS)	14	3.9 Taxes	27	5.6 Summary of financial assets, financial liabilities and derivatives	61
3.1 General information about the Group and general accounting principles	15	04 LONG-TERM INVESTOR (IFRS)	30	06 OTHER INFORMATION (IFRS)	68
3.2 The company's general risk management processes and policies	16	4.1 Grid assets	30	6.1 Group companies and related parties	68
		4.2 Tangible and intangible assets	36	6.2 Other notes	72
		4.3 Lease agreements	40	07 PARENT COMPANY FINANCIAL STATEMENTS (FAS)	75
				7.1 Parent company income statement	75
				7.2 Parent company balance sheet	76
				7.3 Parent company cash flow statement	78
				7.4 Notes to the financial statements of parent company	79
				08 SIGNATURES FOR THE ANNUAL REVIEW AND FOR THE FINANCIAL STATEMENTS	102



05

Consolidated financial statements (IFRS)



42

Strong financial position (ifrs)



75

Parent company financial statements (FAS)

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

CONSOLIDATED KEY FIGURES

CONSOLIDATED KEY FIGURES

		2022 IFRS	2021 IFRS	2020 IFRS	2019 IFRS	2018 IFRS
Extent of operations						
Turnover	MEUR	1,815.2	1,090.9	682.5	789.4	852.8
Capital expenditure, gross	MEUR	276.1	213.5	169.7	126.9	92.7
- % of turnover	%	15.2	19.6	24.9	16.1	10.9
Research and development expenses	MEUR	1.8	3.0	4.5	3.4	3.6
- % of turnover	%	0.1	0.3	0.7	0.4	0.4
Personnel, average		480	440	400	384	376
Personnel at the end of period		489	451	408	380	380
Salaries and remunerations total	MEUR	31.9	28.2	26.7	22.3	26.5
Profitability						
Operating profit	MEUR	290.4	210.8	118.4	115.5	241.6
- % of turnover	%	16.0	19.3	17.3	14.6	28.3
Profit before taxes	MEUR	257.4	187.6	113.3	105.8	229.0
- % of turnover	%	14.2	17.2	16.6	13.4	26.9
Return on investments (ROI)	%	16.3	11.7	7.0	6.4	13.2
Return on equity (ROE)	%	30.1	23.5	14.3	11.6	23.3

		2022 IFRS	2021 IFRS	2020 IFRS	2019 IFRS	2018 IFRS
Financing and financial position						
Equity ratio	%	22.4	25.3	27.4	32.0	36.6
Interest-bearing net borrowings	MEUR	322.7	938.5	1,049.0	1,037.2	974.3
Net gearing		0.4	1.5	1.7	1.5	1.3
Share-specific key figures						
Dividend/A shares	€	52,500.00,*	52,500.00	53,500.00	58,500.00	67,650.00
Dividend/B shares	€	19,200.00,*	19,200.00	19,600.00	21,400.00	24,750.00
Equity/share	€	216,469	194,573	190,210	206,213	232,310
Number of shares at 31 Dec						
- Series A shares	kpl	2,078	2,078	2,078	2,078	2,078
- Series B shares	kpl	1,247	1,247	1,247	1,247	1,247
Total	kpl	3,325	3,325	3,325	3,325	3,325

* The Board of Directors' proposal to the Annual General Meeting on the maximum dividend to be distributed

FINANCIAL STATEMENTS

- [➤ Consolidated key figures](#)
- [➤ Consolidated financial statements \(IFRS\)](#)
- [➤ Benchmark for TSO operations \(IFRS\)](#)
- [➤ Long-term investor \(IFRS\)](#)
- [➤ Strong financial position \(IFRS\)](#)
- [➤ Other information \(IFRS\)](#)
- [➤ Parent company financial statements \(FAS\)](#)
- [➤ Signatures for the annual review and for the financial statements](#)

CALCULATION OF KEY FIGURES

Return on investment, %	=	$\frac{\text{Profit before taxes + interest and other finance costs}}{\text{Balance sheet total - non-interest-bearing liabilities (average for the year)}} \times 100$	Equity per share, €	=	$\frac{\text{Equity}}{\text{Number of shares at closing date}}$
Return on equity, %	=	$\frac{\text{Profit for the financial year}}{\text{Equity (average for the year)}} \times 100$	Interest-bearing net borrowings, €	=	$\frac{\text{Interest-bearing borrowings - cash and cash equivalents and financial assets}}{\text{Interest-bearing borrowings - cash and cash equivalents and financial assets}}$
Equity ratio, %	=	$\frac{\text{Equity}}{\text{Balance sheet total - advances received}} \times 100$	Net gearing	=	$\frac{\text{Interest-bearing borrowings - cash and cash equivalents and financial assets}}{\text{Equity}}$
Dividends per share, €	=	$\frac{\text{Dividends for the financial year}}{\text{Average number of shares}}$			

FINANCIAL STATEMENTS

- > Consolidated key figures
- > [Consolidated financial statements \(IFRS\)](#)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

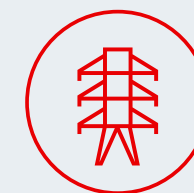
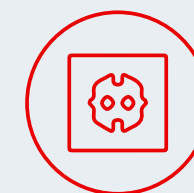
02

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Introduction

Useful information about Fingrid's financial statements

- Notes are compiled under specific themes to provide the best representation of Fingrid.
- Chapters 3–6 consist of notes to the consolidated financial statements.
- At the start of each section there is an introduction on how the notes were prepared.
- Accounting principles are shown at the end of each note, in a separate box and recognizable by the use of symbol.
- Interesting facts about Fingrid's operating environment are highlighted in infoboxes throughout the notes to the financial statements. The infoboxes can be recognized by the use of symbol.



FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)



Fingrid's business model and the regulation of transmission system operations

Fingrid constitutes a natural monopoly as referred to in the Finnish Electricity Market Act (588/2013), with duties defined in legislation. The company's operations, reasonableness in pricing and financial result are regulated and overseen by the Energy Authority. The Energy Authority determines Fingrid's allowed financial result over four-year regulatory periods (2020–2023).

Transmission grid operations, in other words the transmission of electricity in the nationwide grid owned by the company and national system responsibility for the electricity system, constitutes the bulk of Fingrid's turnover, profit and balance sheet.

The allowed financial result from transmission grid operations is calculated by multiplying the total adjusted equity and interest-bearing debt invested in the transmission network operations

(transmission network assets valued at the regulatory value in use) with the reasonable rate of return defined by the Energy Authority.

The reasonable financial result allowed by the regulation forms the basis of Fingrid's financial planning and pricing. One can calculate the required amount of turnover by adding operating expenses in the result. Fingrid's transmission grid operations' turnover mainly constitutes from the pricing of the transmitted electricity, in other words the consumption of Fingrid's customers. Fingrid also sets a fee for output from and input into the grid and a power-based tariff for customers. In addition, a significant proportion of the company's turnover arises from balancing power sold to maintain the national electricity balance. The company's total costs consist of the operating expenses and financial costs and taxes, which are excluded from regulatory calculations.

The so-called adjusted profit, realised in compliance with the regulation, is calculated by adjusting the parent company's operating profit according to the

Energy Market Authority's regulation methods and by adding the impact of the incentives.

The regulation incentives are as follows: *Investment incentive* – intended to promote reasonable and cost-effective investments as well as a justified overhaul of components. The incentive impact is created by the fact that the methods allow the TSO straight-line depreciations based on the replacement value of the transmission network assets.

Quality incentive – intended to encourage the TSO to improve the quality of electricity transmission. In practical terms this means minimising the calculated negative impact caused by non-transmitted energy.

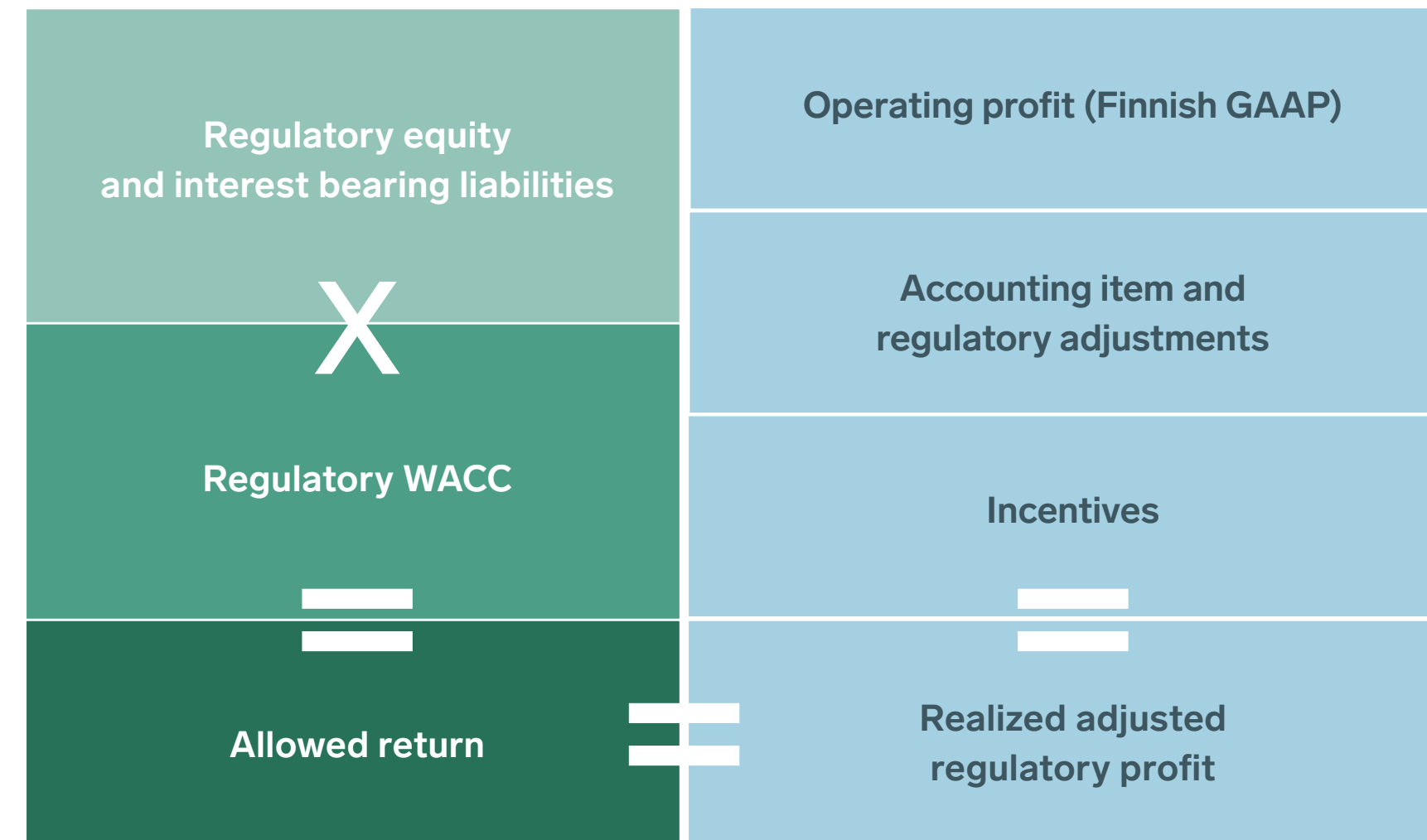
Efficiency improvement incentive – intended to encourage the TSO to operate cost-effectively. The efficiency improvement incentive is based on Fingrid's controllable operating costs, which are determined by the Energy Authority, and on the network volume and development thereof.

Innovation incentive – intended to encourage the TSO to develop and use innovative technical and operational solutions in its network operations. In practice, this means adequate R&D resources.

Any realised regulatory profit over a regulatory period that exceeds the allowed return is a surplus that must be offset at the latest during the next regulatory period, e.g. in the form of lower prices for customers or by not carrying out the price increases corresponding to the rise in costs. If the realised regulatory profit over a regulatory period is below the allowed financial result, a deficit is created which Fingrid may recover from customers, e.g. in the form of higher future prices. Fingrid's aim is to achieve the allowed financial result in the regulatory period.

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)



The Energy Authority determines Fingrid's highest allowed financial result over four-year regulatory periods. The Energy Authority has confirmed a cumulative deficit of EUR 28.4 million for the previous regulatory period, 2016–2019. The

table below shows Fingrid's own rough approximation for the realised regulatory profit for 2022. Fingrid's aim is to achieve the allowed return during the regulatory period 2020–2023.

WACC (pre-tax) 2022 (2021)	Adjusted capital 2022 (2021)	Allowed financial result 2022 (2021)	Deficit(-)/ Surplus(+) 2022 (2021)	Cumulative Deficit (-)/Surplus(+) 2020–2022
4.13% (4.52%)	Approx. EUR 3,100 (3,100) million	Approx. EUR 125 (140) million	Approx. EUR 5 (15) million	Approx. EUR -10 million

The company also engages in other regulated business operations, but the impact of these on the company's financial result and balance sheet is negligible.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

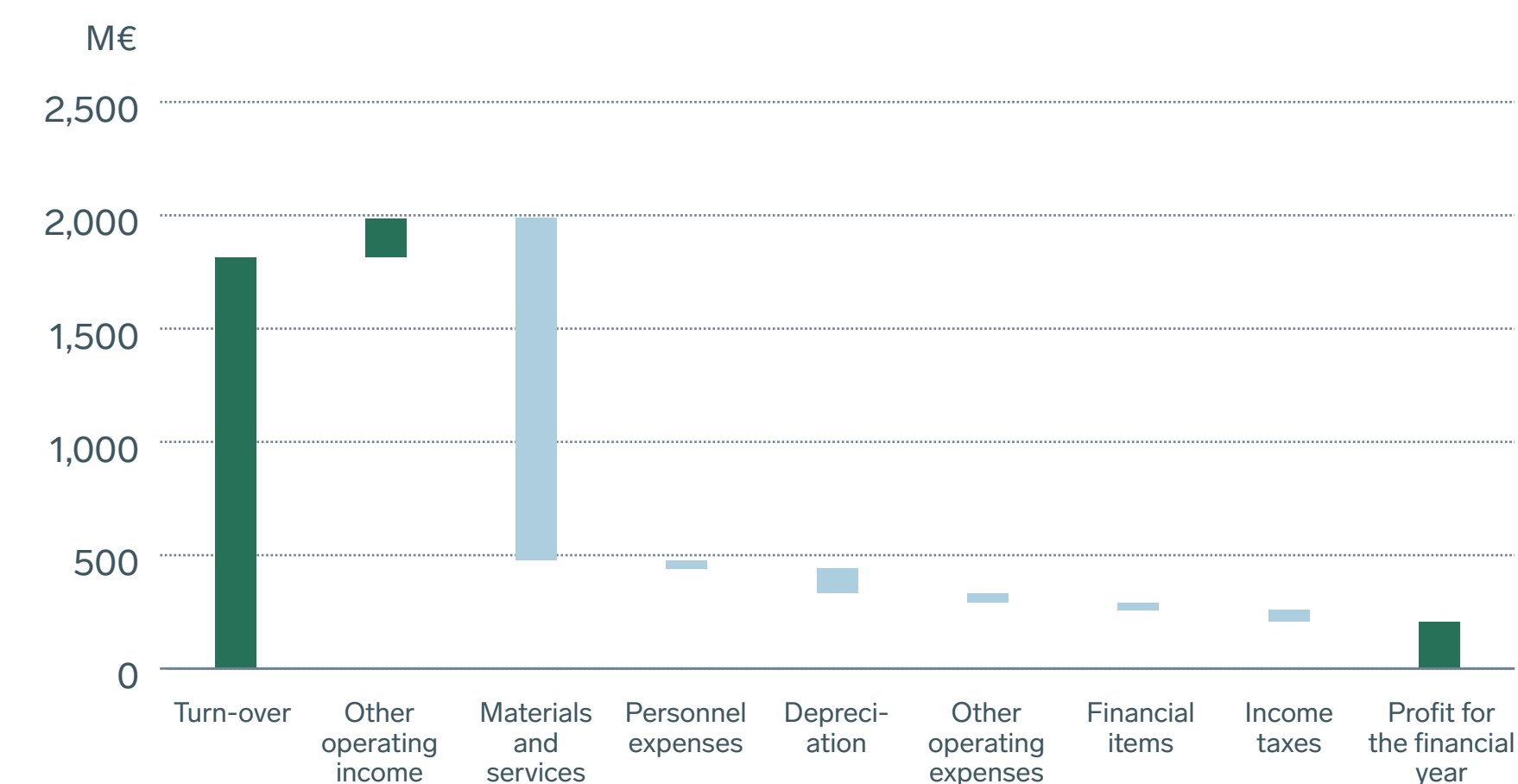
2.1 Income statement

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ 1,000	Notes	1 Jan – 31 Dec, 2022	1 Jan – 31 Dec, 2021
TURNOVER	1	1,815,242	1,090,924
Other operating income	2	171,387	64,937
Materials and services	5	-1,508,975	-773,553
Personnel expenses	9	-38,057	-33,633
Depreciation	11,12	-107,852	-99,884
Other operating expenses	6,13	-41,330	-37,990
OPERATING PROFIT		290,416	210,801
Finance income	17	1,545	442
Finance costs	17	-34,216	-23,660
Finance income and costs		-32,670	-23,217
Share of profit of associated companies		-364	48
PROFIT BEFORE TAXES		257,382	187,631
Income taxes		-51,551	-37,507
PROFIT FOR THE FINANCIAL YEAR		205,831	150,124
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be transferred to profit or loss			
Translation reserve		9	
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		205,840	150,124

€ 1,000	Notes	1 Jan – 31 Dec, 2022	1 Jan – 31 Dec, 2021
Profit attributable to:			
Equity holders of parent company		205,831	150,124
Total comprehensive income attributable to:			
Equity holders of parent company		205,840	150,124

Profit for the financial year 2022, M€



FINANCIAL STATEMENTS

- > Consolidated key figures
- > [Consolidated financial statements \(IFRS\)](#)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

2.2 Consolidated balance sheet

ASSETS

€ 1,000	Notes	31 Dec 2022	31 Dec 2021
NON-CURRENT ASSETS			
Intangible assets:	12		
Goodwill		87,920	87,920
Land use rights		100,932	100,868
Other intangible assets		63,489	54,988
		252,341	243,777
Property, plant and equipment:	11		
Land and water areas		21,390	20,406
Buildings and structures		297,610	268,983
Machinery and equipment		584,972	553,324
Transmission lines		710,465	706,077
Other property, plant and equipment		110	118
Prepayments and purchases in progress		183,811	235,206
		1,798,359	1,784,113
Right-of-use-assets	13	28,745	30,239
Investments in associated companies	24	12,734	2,041
Other long-term investments	22		6,753
Other long-term receivables	3	74	68
Derivative instruments	23	66,943	33,421
Deferred tax assets	10	50,539	27,109
TOTAL NON-CURRENT ASSETS		2,209,736	2,127,521

€ 1,000	Notes	31 Dec 2022	31 Dec 2021
CURRENT ASSETS			
Inventories	8	18,698	14,233
Derivative instruments	23	166,450	64,075
Trade receivables and other receivables	3,24	88,275	134,050
Other financial assets	20	349,988	120,330
Cash in hand and cash equivalents	19	383,445	99,280
TOTAL CURRENT ASSETS		1,006,855	431,967
TOTAL ASSETS		3,216,591	2,559,488

Notes are an integral part of the financial statements.

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

EQUITY AND LIABILITIES

€ 1,000	Notes	31 Dec 2022	31 Dec 2021
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	21	55,922	55,922
Share premium account	21	55,922	55,922
Translation reserve	21	9	
Retained earnings	21	607,905	535,111
TOTAL EQUITY		719,759	646,956
NON-CURRENT LIABILITIES			
Deferred tax liabilities	10	136,169	106,528
Borrowings	14	963,351	994,173
Provisions	25	3,119	3,107
Derivative instruments	23	22,232	2,669
Lease liabilities	13,14	27,035	28,463
Accruals	7	677,435	369,342
		1,829,340	1,504,281
CURRENT LIABILITIES			
Borrowings	14	63,047	132,879
Derivative instruments	23	161	
Lease liabilities	13,14	2,748	2,603
Trade payables and other liabilities	7	601,536	272,769
		667,492	408,250
TOTAL LIABILITIES		2,496,832	1,912,532
TOTAL EQUITY AND LIABILITIES		3,216,591	2,559,488

Notes are an integral part of the financial statements.



FINANCIAL STATEMENTS

- > Consolidated key figures
- > [Consolidated financial statements \(IFRS\)](#)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

2.3 Consolidated statement of changes in equity

Attributable to equity holders of the parent company

€ 1,000	Share capital	Share premium account	Translation reserve	Retained earnings	Total equity
Balance on 1 Jan 2021	55,922	55,922	0	520,602	632,447
Comprehensive income					
Profit or loss				150,124	150,124
Other comprehensive income					
Total comprehensive income			0	150,124	150,124
Transactions with owners					
Dividend relating to 2020				-135,614	-135,614
Balance on 31 December 2021	55,922	55,922	0	535,111	646,956
Balance on 1 Jan 2022	55,922	55,922	0	535,111	646,956
Comprehensive income					
Profit or loss				205,831	205,831
Other comprehensive income					
Translation reserve			9		9
Total other comprehensive income adjusted by tax effects			9		9
Total comprehensive income			9	205,831	205,840
Transactions with owners					
Dividend relating to 2021				-133,037	-133,037
Balance on 31 Dec 2022	55,922	55,922	9	607,905	719,759

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FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

2.4 Consolidated cash flow statement

€ 1,000	Notes	1 Jan – 31 Dec, 2022	1 Jan – 31 Dec, 2021
Cash flow from operating activities:			
Profit before taxes		257,382	187,631
Adjustments:			
Business transactions not involving a payment transaction:			
Depreciation		107,852	99,884
Capital gains/losses (-/+) on tangible and intangible assets		-3,519	69
Other adjustments		-2,513	232
Share of profit of associated companies		364	-48
Gains/losses from the assets and liabilities recognised in the income statement at fair value		-140,586	-62,201
Connection agreements		14,174	9,215
Recognition of congestion income		-248,284	
Finance income and costs		32,670	23,217
Impact from changes in the fair value of the investment		-360	-45
Changes in working capital:			
Change in trade receivables and other receivables		45,592	-25,950
Change in inventories		-4,465	-549
Change in trade payables and other liabilities		42,742	-6,806
Congestion income		942,939	283,776
Change in provisions	25	-151	-44
Interests paid		-17,746	-18,827
Interests received		7,219	6,806
Taxes paid		-39,267	-35,210
Net cash flow from operating activities		994,040	461,150

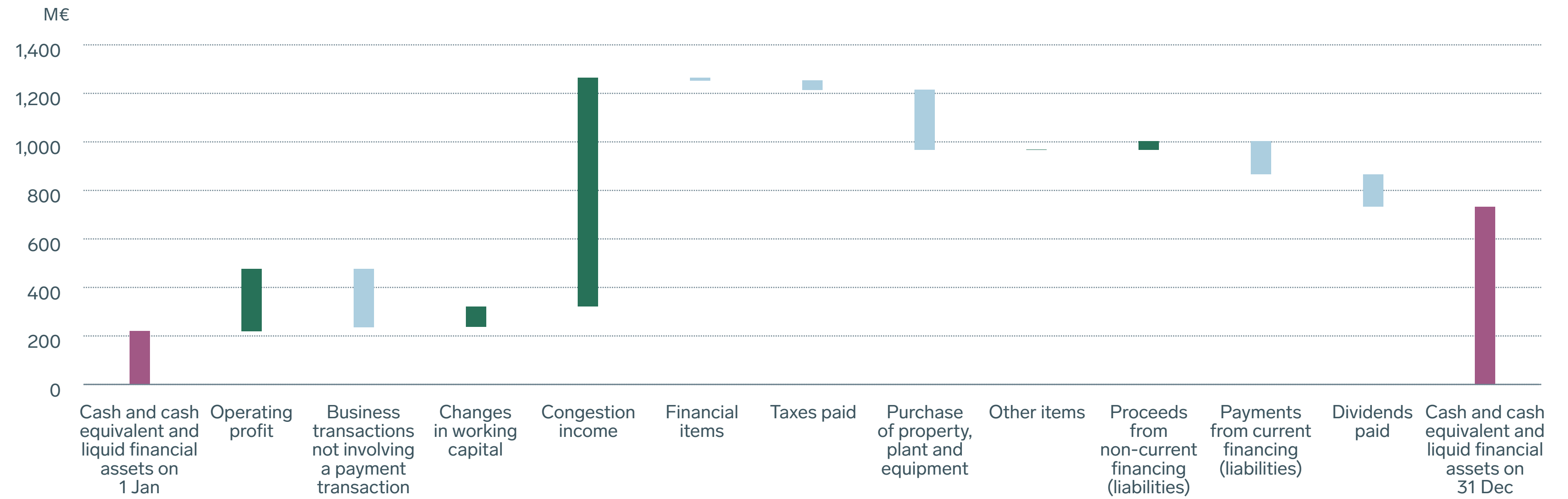
€ 1,000	Notes	1 Jan – 31 Dec, 2022	1 Jan – 31 Dec, 2021
Cash flow from investing activities:			
Purchase of property, plant and equipment	11	-250,385	-178,090
Purchase of intangible assets	12	-16,564	-33,518
Purchase of other assets		-3,924	
Proceeds from sale of other assets		6,503	
Proceeds from sale of property, plant and equipment		5,032	1,206
Repayment of loan receivables		375	375
Dividends received		410	2,904
Contributions received		15,703	
Capitalised interest paid	17	-3,728	-2,582
Net cash flow from investing activities		-246,578	-209,704
Cash flow from financing activities:			
Proceeds from non-current financing (liabilities)		35,000	35,000
Payments of non-current financing (liabilities)		-47,662	-17,662
Proceeds from current financing (liabilities)			195,413
Payments from current financing (liabilities)		-85,216	-232,351
Dividends paid	21	-133,037	-135,614
Principal elements of lease payments		-2,722	-2,510
Net cash flow from financing activities		-233,638	-157,725
Change in cash as per the cash flow statement		513,823	93,721
Opening cash as per the cash flow statement		219,609	125,889
Closing cash as per the cash flow statement		733,433	219,609

Notes are an integral part of the financial statements.

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

Cash flow for the period 2022, M€



FINANCIAL STATEMENTS

- Consolidated key figures
- Consolidated financial statements (IFRS)
- Benchmark for TSO operations (IFRS)
- Long-term investor (IFRS)
- Strong financial position (IFRS)
- Other information (IFRS)
- Parent company financial statements (FAS)
- Signatures for the annual review and for the financial statements

03

BENCHMARK FOR TSO OPERATIONS (IFRS)

- Chapter three contains general information about the Group and the general accounting principles applied to the consolidated financial statements.
- The chapter describes how Fingrid's turnover and result are formed and how they relate to the regulatory revenue level. The impact of the regulation is reflected in Fingrid's day-to-day operations and revenue collection.
- The chapter also describes Fingrid's operating receivables and liabilities, as well as the risk management they entail.
- People are Fingrid's most important resource, which is why information related to personnel has been included here, in the first note.
- Fingrid is a substantial tax payer, and Fingrid does not use tax planning. The note on taxes is at the end of this chapter, in chapter 3.9.



FINANCIAL STATEMENTS

- Consolidated key figures
- Consolidated financial statements (IFRS)
- Benchmark for TSO operations (IFRS)
- Long-term investor (IFRS)
- Strong financial position (IFRS)
- Other information (IFRS)
- Parent company financial statements (FAS)
- Signatures for the annual review and for the financial statements

3.1 General information about the Group and general accounting principles

Fingrid Oyj is a Finnish public limited liability company responsible for electricity transmission in Finland's main grid. The nationwide grid is an integral part of the power system in Finland. The transmission grid is the trunk network to which major power plants and major consumers, such as industry and regional electricity distribution networks, and cross-border transmission connections are connected.

Finland's main grid is part of the Nordic power system, which is connected to the system in Central Europe via high-voltage direct current transmission links. Finland also has DC links with Russia and Estonia. Cross-border transmission between Finland and Russia ended in May 2022.

The main grid encompasses more than 14,500 kilometres of 400, 220 and 110 kilovolt transmission lines, plus more than 100 substations.

Fingrid is in charge of planning and monitoring the operation of the main grid and

for maintaining and developing the system. The company is responsible for the national power balance and for ensuring that electricity consumption and production are always balanced. 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, as well as other services related to the electricity markets, such as data exchange, to its contract customers, i.e. electricity producers, network operators and industry. Fingrid serves the electricity market by maintaining adequate electricity transmission capacity, by removing bottlenecks from cross-border transmission links and by providing market data.

The consolidated financial statements include the parent company Fingrid Oyj and its wholly owned subsidiaries Finextra Oy and Datahub Oy. The consolidated associated companies are eSett Oy (ownership 25.0%) and Nordic RCC A/S

(ownership 25.0%). The Group has no joint ventures.

Fingrid issues bonds under the Euro Medium Term Note (EMTN) programme. Fingrid Oyj's issuances under the EMTN programme are generally listed on the London and Irish stock exchanges. Fingrid shares are not listed.

Critical accounting estimates and judgements

When the consolidated financial statements are drawn up in accordance with the IFRS, 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 present-

ed. 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 energy markets are undergoing a major transformation. 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 by topic in the notes, and the judgement or estimates related to which are in accordance with the following table.

Estimate of the purchase and sale of imbalance power	Chapter 3.3
Inter-Transmission System Operator Compensation (ITC)	Chapter 3.3
Deferred tax assets and liabilities	Chapter 3.9
Determination of the fair value measurement of grid assets	Chapter 4.1
Determination of the depreciation periods of property, plant and equipment, and intangible assets	Chapter 4.2
Assessment of use of additional options on leases	Chapter 4.3

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements



Accounting principles

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. Fingrid's consolidated financial statements have been drawn up in accordance with the same standards as in 2021.

Segment reporting

The entire business of the Fingrid Group is deemed to comprise grid operations in Finland with system responsibility, only constituting a single segment. There are no essential 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. The operating segment is reported in a manner consistent with the internal reporting to the chief operating decision-maker.

The chief operating decision-maker is the company's Board of Directors. Fingrid operates only in Finland, which is also why geographical data is not presented.

Foreign currency transactions

The consolidated financial statements are presented in euros, which is the functional currency of the parent company. Transactions and financial items denominated in foreign currencies are recognised at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction date. Receivables and liabilities denominated in foreign currencies are valued in the financial statements at the mid-rate quoted by the ECB at the closing date. Foreign exchange gains and losses from business are included in the corresponding items above operating profit. Foreign exchange gains and losses from financial instruments are recognised at net amounts in finance income and costs.

3.2 The company's general risk management processes and policies

In the risk management process, the risk factors linked with operative activities, assets and financing are estimated systematically according to unified criteria. The risks are divided into strategic risks and major business risks to be reported to the Board of Directors, and into operational risks. Hedging a risk will be implemented when the cost of the hedge is in reasonable relation to the size of the risk. A general objective is to transfer significant risks by contracts, insurances or derivatives. The risks deemed to be moderate in terms of their impacts are managed by Fingrid independently, through clear controls and other practical measures.

Risk management is planned holistically with the objective of comprehensively identifying, assessing, monitoring and safeguarding the company's operations, the environment, personnel and assets from various threats and risks. Due to the nature of the company's basic mission,

risks are also assessed from a societal perspective.

The Board approves the key principles of internal control and risk management and any amendments to them. The Board of Directors approves the primary actions for risk management as part of the corporate strategy, indicators, action plan, and budget. The Board of Directors (audit committee) receives a situation report annually, or more frequently if necessary, on the major risks relating to the operations of the company and on the management of such risks.

In 2022, Fingrid launched an Enterprise Risk Management development programme, the purpose of which is to respond to growing demands for risk management resulting from the change in the operating environment. The company's Chief Financial Officer is in charge of implementing the development programme and reports on its progress to the company's Board of Directors as part of annual risk management reporting.

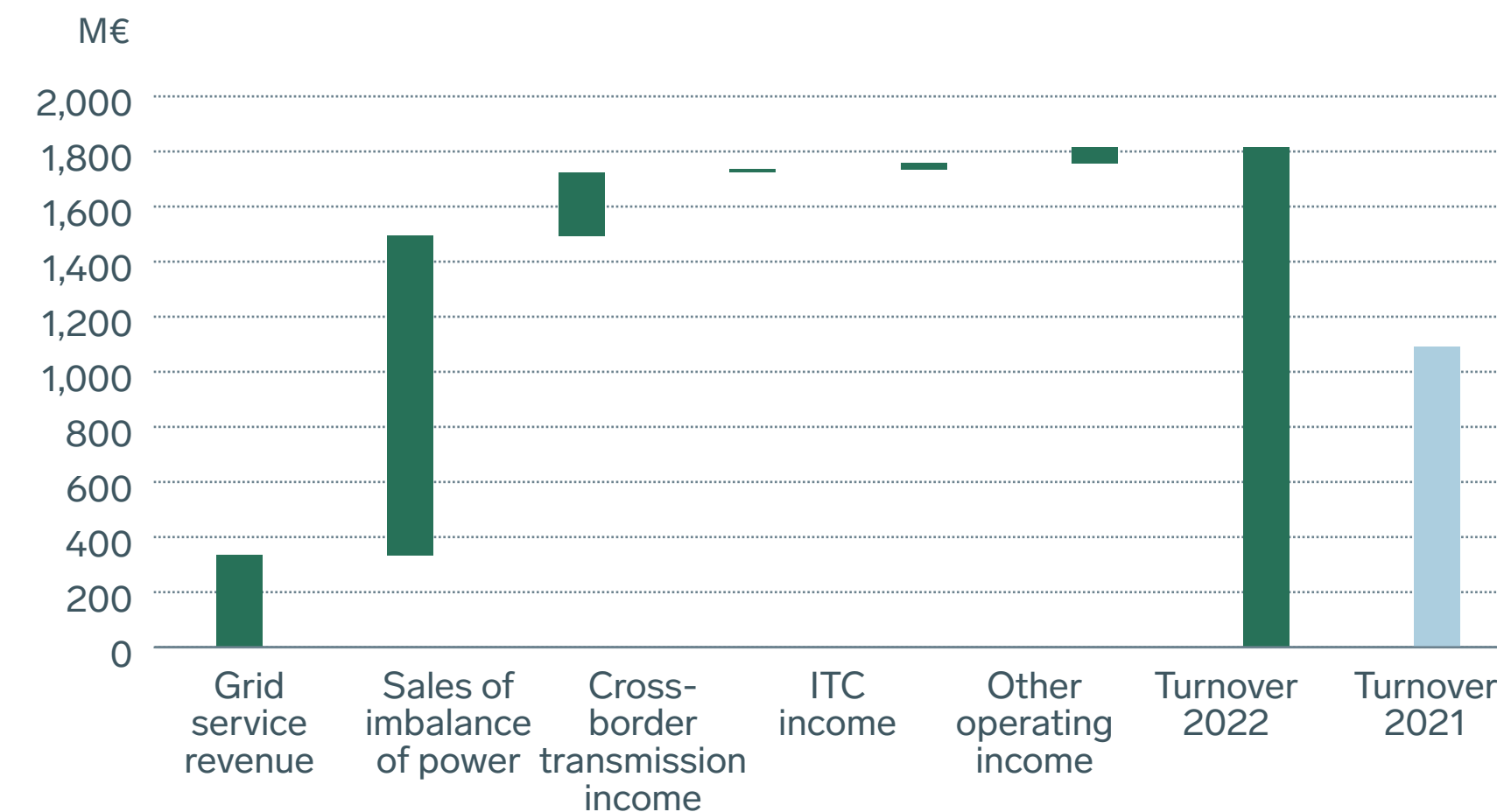
FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

3.3 Formation of turnover and financial result

Turnover consists of the following:

Turnover 2022, M€



1. TURNOVER

€ 1,000	2022	2021
Grid service revenue	333,747	394,290
Sales of imbalance power	1,160,181	613,763
Cross-border transmission income	11,067	34,440
ITC income	23,068	22,633
Peak load capacity	7,190	10,755
Congestion income	229,450	0
Datahub income	15,019	0
Other operating income	35,519	15,043
Total	1,815,242	1,090,924

Grid service income mainly consists of the unit price for electricity transmission multiplied by the volume. The Energy Authority approves the pricing structure for grid services, on the basis of which Fingrid sets the unit prices for electricity transmission during the winter period and for consumption during other times. The winter period begins on 1 December and ends on the last day of February. Fingrid additionally charges fees for output from and input into the grid, and power generation capacity fees. Within the framework of grid services, a customer obtains the right to transmit electricity to and from

the main grid through its connection point. Grid service is agreed by means of a grid service contract signed between a customer connected to the main grid and Fingrid. The Energy Authority determines how congestion income is used in Finland. Fingrid waived the grid service fees for December 2022 and used congestion income to offset the substantial increase in costs to the benefit of its customers. More information on congestion income is provided in section 4.1.

Each electricity market party must ensure its electricity balance by making an

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

agreement with either Fingrid or some other party. Fingrid buys and sells balancing power in order to stabilise the hourly power balances of electricity market operators (balance responsible parties). Imbalance power trade and imbalance pricing are based on a balance service agreement with impartial and public terms and conditions. Fingrid is responsible for the continuous power balance in Finland at all times by buying and selling balancing power in Finland. Market operators can participate in the Nordic balancing power market by submitting bids on their available capacity. The terms and conditions of participation in the regulating power market and the pricing of balancing power are based on the balancing power market agreement.

Transmission services on the cross-border connections to the other Nordic countries enable participation in the European day-ahead and intraday markets. Fingrid offers electricity transmission service from Russia through its 400 kV cross-border connections. The transmission service is intended for fixed electricity imports and it is based on Fingrid's

agreements with the Russian TSO and system operator. The technical terms of the cross-border power lines are defined in the Intersystem Agreement, the operational terms in the Operation Agreement, measurement terms in the Agreement of Electricity Metering and Accounting and the commercial terms are specified in the Agreement of Capacity Allocation. The Customer and Fingrid agree on the terms of the electricity transmission in a transmission service agreement, which is based on the agreements mentioned above. The contractual terms are equal and public. The cross-border transmission service ended in May 2022, when electricity imports from Russia ended. ITC compensation is, for Fingrid, income and/or costs which the transmission system operator receives for the use of its grid by other European transmission system operators and/or pays to other transmission system operators when using their grid to serve its own customers.

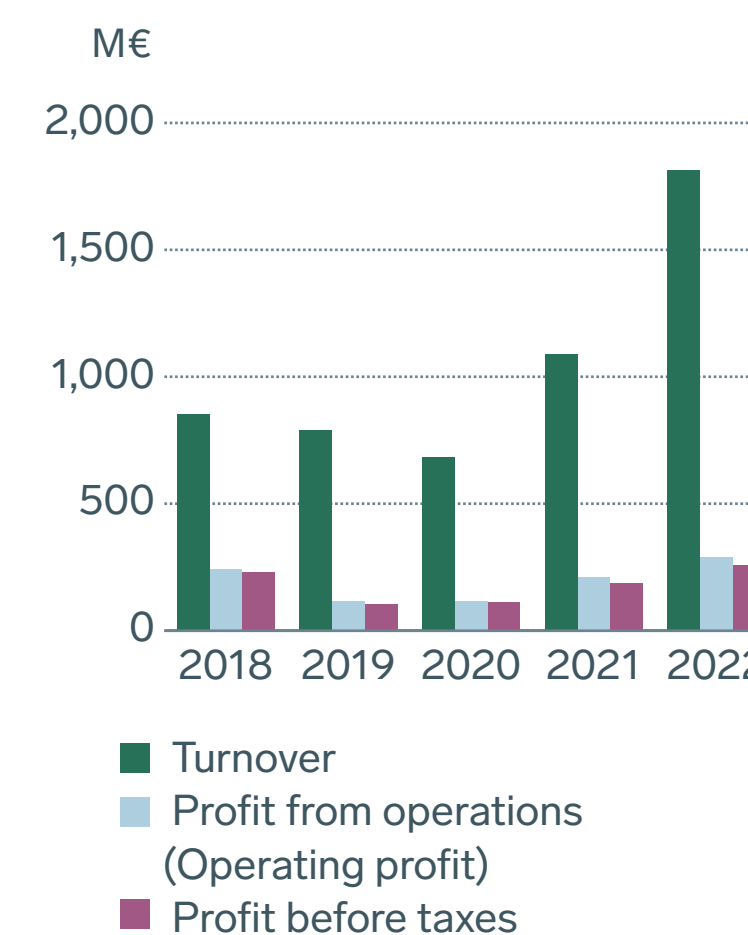
The peak load capacity secures the supply security of electricity in situations of the Finnish power system where the planned electricity procurement is not sufficient

to cover the anticipated electricity consumption. The peak load capacity system is a special task assigned to Fingrid by the Finnish Energy Authority, based on the Peak Load Capacity Act (117/2011, Act on peak load capacity which secures a balance between electricity production and consumption). The Energy Authority submits the peak load capacity plants for competitive tendering, and Fingrid manages the peak load capacity service as required by the Act. The peak load capacity can consist of both power plants and facilities capable of adjusting their electricity consumption. In 2022–2023 there is not a single power plant within the described peak load capacity reserve system.

2. OTHER OPERATING INCOME

€ 1,000	2022	2021
Rental income	589	479
Capital gains on fixed assets	4,802	494
Contributions received	115	224
Congestion income	18,834	
Gains from measuring derivatives at fair value	141,018	62,267
Other income	6,030	1,472
Total	171,387	64,937

Turnover and profit from operations 2018–2022, MEUR



FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements



Accounting principles

Revenue recognition

Sales recognition takes place on the basis of the delivery of the service. Electricity transmission is recognised once the transmission has taken place, and balance power services are recognised on the basis of the delivery of the service. Congestion income is recognised in accordance with the Energy Authority's approval. Indirect taxes and discounts, etc., are deducted from the sales income when calculating turnover.

IFRS 15 Revenue from Contracts with Customers

The fundamental principle of the IFRS 15 standard is that sales revenue should be recognised when control over the goods or the service is transferred to the customer. A five-step process should be applied when recognising sales revenue:

- Identification of client contracts
- Identification of distinct performance obligations
- Specification of the contractual transaction price

- Allocation of the transaction price to individual performance obligations, and
- Recognition of sales revenue when each performance obligation is met.

Sales recognition takes place on the basis of the supply of the service. Electricity transmission is recognised once the transmission has taken place. Balance power services are recognised on the basis of the delivery of the service. Fingrid has defined the performance obligations related to each agreement, and revenue recognition has been examined separately for each performance obligation. When determining the extent to which a performance obligation is met, a single method should be applied for all performance obligations to be met over time.

Connection agreements are long term and can be terminated, at the earliest, 15 years from the date when they entered into force. If a customer does not receive an individual item of goods or a service against the connection fee, this must be recognised as revenue in the same way as the other revenue according to the contract, generally over the contract term.

The company reviews the revenue recognition principles for new products or when the business models change.



Judgements and estimates

Estimate of the purchase and sale of imbalance power

The income and expenses of imbalance power are ascertained through a nationwide imbalance settlement procedure, which is based on the Ministry of Employment and Economy's 9 December 2008 decree on the disclosure obligation related to the settlement of electricity delivery. The final imbalance settlement is completed no later than 13 days from the delivery month, which is why the income and expenses of imbalance power in the financial statements are partly based on preliminary imbalance settlement. The estimate is based on the preliminary imbalance settlement information provided by the imbalance settlement. For foreign balances, the calculations have been verified with the foreign counterparties.

Inter-Transmission System Operator Compensation (ITC)

Compensation for the transit transmissions of electricity has been agreed upon through an ITC (In-

ter-Transmission System Operator Compensation) agreement. The centralised calculations are carried out by ENTSO-E (the European Network of Transmission System Operators of Electricity). ITC compensation is determined on the basis of the compensation paid for use of the grid and transmission losses. The ITC calculations take into account the electricity transmissions between the various ITC agreement countries. ITC compensation can represent both an income and a cost for a transmission system operator. Fingrid's share of the ITC compensation is determined on the basis of the cross-border electricity transmissions and imputed grid losses. ITC compensation is invoiced retroactively after all parties to the ITC agreement have approved the invoiced sums. Control is carried out monthly. This is why the uninvoiced ITC compensations for 2022 have been estimated in the financial statements. The estimate has been made using actual energy border transmissions in Finland and unit compensations, which have been estimated by analysing the actual figures from previous months and data on grid transmissions during these months.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

3.4 Revenue-related receivables and credit risk management

3. TRADE RECEIVABLES AND OTHER RECEIVABLES

€ 1,000	2022	2021
Non-current:		
Other receivables	74	68
Total	74	68
Current:		
Trade receivables	34,157	104,139
Receivables from associated companies	192	385
Accrued income	30,348	26,990
Other receivables	23,578	2,537
Total	88,275	134,050
Total	88,349	134,118
Essential items included in short-term accruals		
Accruals of sales	27,196	23,621
Accruals of purchases/prepayments	1,836	2,359
Interest receivables	1,316	1
Tax assets		1,009
Total	30,348	26,990

Accounting practices changed during the 2022 financial year, and for the sake of comparability, the comparative disclosures have been adjusted to reflect the new accounting practice. In the balance sheet, interest receivables from interest and currency derivatives are no longer recorded in accrued income and liabilities, but instead as part of the balance sheet value of derivatives. The correction concerns the accrued income items in Note 3 and, below it, the interest income included in current accrued income. A similar adjustment was made to the comparative disclosures in Note 22.

Credit risk management – customers

According to The Electricity Market Act, the company is obliged to accept regional and distribution network operators joining the grid as well as mainly large electricity producers and consumers that meet certain conditions as its customers. Accordingly, the company cannot choose its customers based on a credit risk analysis or collect different fees from them. In general, collateral are not required from the company's customers to secure sales payments, but in the event of an overdue payment, this is

possible. The company's balance service customers are required to have guarantees to cover open ended imbalance power sales receivables and counterparty risks. The guarantees of imbalance power customers are managed by eSett Oy. Fingrid's unit in charge of customer relationships is responsible for verifying the creditworthiness of main grid customers. The procedure following a customer payment default is defined in the terms and conditions of the Main Grid Contract. At the turn of the year, the company had minor outstanding receivables, of which the credit risk was considered to be low, and the company estimates it will receive these payments. The company has no impairments related to receivables.

Netting of sales receivables and trade accounts payables

The sales receivables and trade accounts payables are netted in the balance sheet as presented in the table below. The netted items are associated with purchases and sales of imbalance power. The company has a legally enforceable right of set-off to these items in any circumstance and will use this right.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

4. NETTING OF TRADE RECEIVABLES AND TRADE PAYABLES

€ 1,000	2022		
	Gross amount of trade receivables/ trade payables	Amount of netted items	Net amount of trade receivables and trade payables presented in the balance sheet
Trade receivables	125,351	-91,192	34,159
Trade payables	163,724	-91,192	72,532
	2021		
Trade receivables	121,227	-17,088	104,139
Trade payables	53,784	-17,088	36,696



Accounting principles

Trade and other receivables

Trade receivables and other receivables are recognised initially at the transaction price; subsequently they are measured at amortised cost using the effective interest rate method. Possible credit losses are assessed based on historical amounts of credit losses by taking into account forward-looking information on economic developments and receivable-specific assessments. Impairment losses are recognised directly, under other operating expenses, to

reduce the carrying amount of the receivables. Fingrid did not have any impairment losses during the periods presented here.

In addition to trade receivables and other receivables, the company has a small amount of loan receivables from associated companies. These are long- and short-term and described in Chapter 6.1. The receivables from associated companies are recognised according to these same accounting principles.



FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

3.5 Operating expenses, liabilities and credit risk management for purchases

Reserve costs are one of the major cost items of grid operations, after imbalance power purchases and depreciation of fixed assets. Reserves are needed to maintain the grid's frequency and system security. The balance of electricity production and consumption is expressed by the frequency, which is 50.0 Hz when balanced. Since large volumes of electricity cannot be stored, the electricity system must be in balance at all times such that electricity is produced and consumed in the same amount. The electricity market parties plan the balance of their consumption and production in advance, but the balancing of deviations during each hour of operation requires reserves, which Fingrid acquires from the markets it maintains. Reserves include power plants, demand facilities and energy storage facilities, which are able to adjust their electricity output as needed. There are many types of reserves and they are divided up based on their purpose. Frequency Containment Reserves are used for the constant control of the

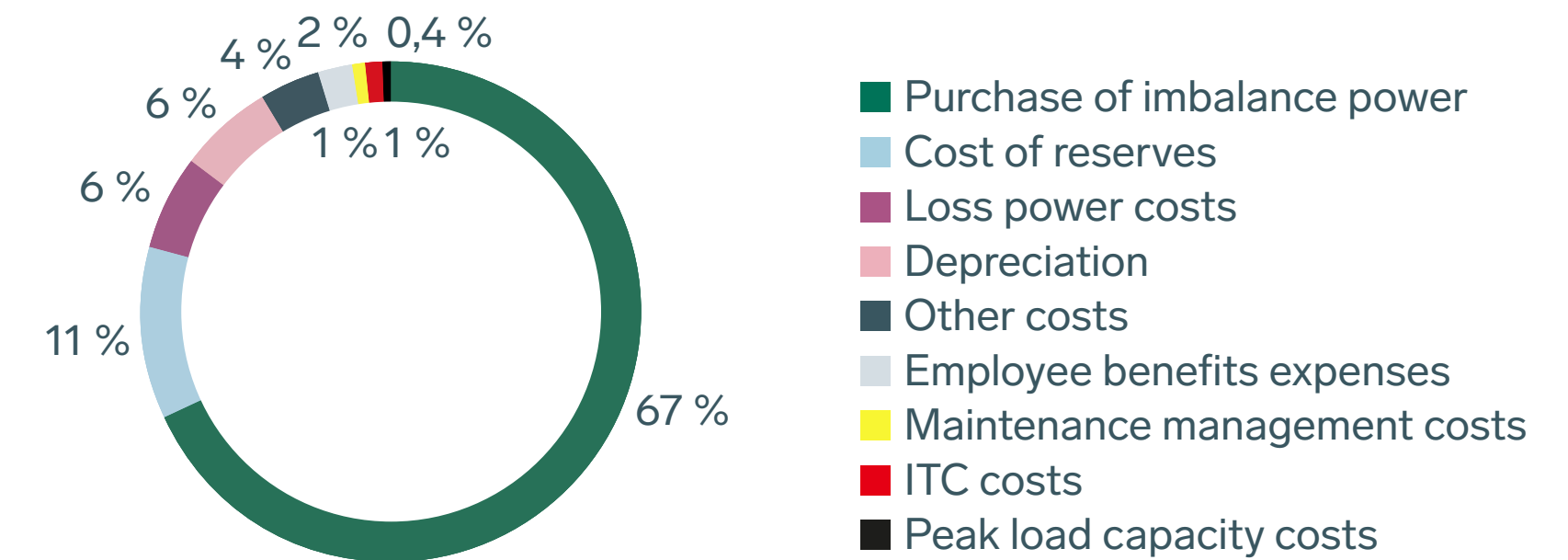
frequency, while the Frequency Restoration Reserves are intended to restore the frequency to its normal range, releasing the activated Frequency Containment Reserves back into use. In addition, the Fast Frequency Reserve is used to restore the functioning of the system in low inertia situations.

With the increase in weather-dependent production and the large nuclear power plant Olkiluoto 3, variations and the extent of the variations between production and consumption will grow. This will increase the need for reserves to balance the electricity system in the coming years in terms of ensuring the functioning of the electricity system and the quality of electricity.

Loss power costs arise based on transmission losses in the main grid and the price of electricity, and the company hedges against the cost of procuring loss power with derivatives. The exceptional situation on the energy markets has had a major impact on market-based costs such as loss power, reserves and imbalance power.

Fingrid's operating expenses consist of and have developed as follows:

Main cost items 2022



Cost increases due in particular to new tasks and unexpected external changes affecting operations has been a characteristic of grid operations in recent years. The new tasks include, among other things, the changes required by the European network codes and the costs for developing these tasks, and

developing the Nordic imbalance settlement and the related markets. Some of the new tasks and responsibilities are assigned to Fingrid by law, which means the company must increasingly develop and back up its operations. The cost factors also include society's increasing dependency on the power system, as well as needs related to data security. Fingrid

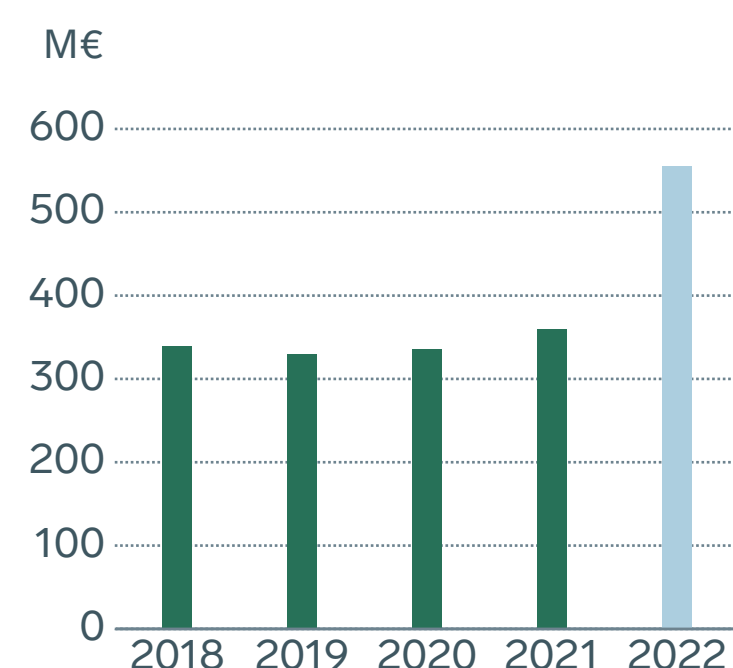
FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

nevertheless continues to be one of the most cost-effective TSOs in the world in international benchmark studies. The Group's R&D costs in 2022 amounted to EUR 1.8 (3.0) million.

Information on loss power costs can be found in chapter 3.7.

Total costs (without imbalance power) 2018–2022, M€



The company's operating model is largely based on its cooperation with partners, including grid investments, grid maintenance management and ICT procurements, among other things. The company will apply competitive tendering as described in the procurement policy. All purchasing activities are based on impartiality, equality and transparency. Procurement decisions will be made according to previously published financial and qualitative criteria that are verifiable also after the fact. Fingrid aims to ensure that all suppliers and their subcontractors operate in a sustainable manner. In terms of, e.g. safety and corporate responsibility, suppliers are required to comply with Fingrid's Supplier Code of Conduct.

5. MATERIALS AND SERVICES

€ 1,000	2022	2021
Purchase of imbalance power	1,141,171	584,716
Cost of reserves	186,482	68,205
Loss power costs	103,875	65,591
Maintenance management costs	18,312	19,414
ITC costs	18,078	13,576
Peak load capacity costs	6,915	10,373
Other materials and services	34,141	11,677
Total	1,508,975	773,553

6. OTHER OPERATING EXPENSES

€ 1,000	2022	2021
Contracts, assignments etc. undertaken externally	27,970	29,068
Gains/losses from measuring derivatives at fair value	432	66
Other rental expenses	740	778
Other expenses	12,189	8,078
Total	41,330	37,990
Auditors' fees		
2022		
2021		
PricewaterhouseCoopers Oy		
Auditing fee	149	141
Other fees	52	37
Total	201	178

Auditors' fees are included in other operating expenses

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

7. TRADE PAYABLES AND OTHER LIABILITIES

€ 1,000	2022	2021
Non-current:		
Accruals: congestion income*	677,435	369,342
Total	677,435	369,342
Current:		
Trade payables	57,256	34,441
Debts to associated companies	15,740	2,254
Interest payable	13,510	12,186
Value added tax	306	18
Electricity tax	817	899
Accruals	507,344	222,044
Other debt	6,564	926
Total	601,536	272,769
Total	1,278,970	642,111
Essential items included in short-term liabilities	2022	2021
Personnel expenses	9,815	8,899
Accruals of sales and purchases	106,163	93,770
Tax liabilities	5,064	
Congestion income*	386,301	119,375
Total	507,344	222,044

*Information on the accrual and use of congestion income can be found in chapter 4.1.

Accounting practices changed during the 2022 financial year, and for the sake of comparability, the comparative disclosures have been adjusted to reflect the new accounting practice. In the balance sheet, interest payable from interest and currency derivatives are no longer recorded in accrued income and liabilities, but instead as part of the balance sheet value of derivatives. The correction concerns the interest payable items in Note 7. A similar correction was made to the comparative disclosures in Note 22.

Credit risk in purchasing

The heads of functions are in charge of counterparty risks related to suppliers. The procurement policy and guidelines, and separate instructions set out the guarantees and financial eligibility criteria required of Fingrid's suppliers and their monitoring.

General procurement principles

The Group follows three alternative procurement methods when purchasing goods or services. When the value of the purchase is less than 60,000 euros and the benefits of a competitive tender are smaller than the costs of the purchase, the purchase can be executed without a competitive tender or it can be executed through an oral request. A written order or purchasing agreement is always drawn up. When the estimated value of the procurement exceeds 60,000 euros but is below the threshold values applied to public procurements, the procurement is subject to competitive bidding by requesting written bids from the supplier candidates. When the public procurement threshold values that apply to Fingrid (in 2022: EUR 431,000 for goods and services, EUR 5,382,000 for construction projects, EUR 431,000 for design competitions and EUR 5,382,000 for right-of-use agreements) are exceeded, the company follows the public procurement legislation applied to special sectors.

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

3.6 Inventories

Fingrid prepares for outages by owning and maintaining reserve power plants. The inventories contain fuel for reserve power plants, spare parts for submarine cables, back-up equipment and parts for

substations, and repair equipment for transmission lines. The aim of stockpiling is to achieve sufficient preparedness at the substations and on the transmission lines owned by Fingrid in case of faults and events possibly occurring during times of crisis.

8. INVENTORIES

€ 1,000	2022	2021
Materials and consumables		
Material stocks	9,915	9,066
Fuel stocks	8,783	5,167
Total	18,698	14,233

The use of inventories was entered as an expense of EUR 2.2 (1.7) million.



Accounting principles

Inventories

Inventories are measured at the lower of acquisition cost or net realisable value. The acquisition cost is determined using the FIFO principle. The net realisable value is the estimated

market price in normal business reduced by the estimated future costs of completing and estimated costs required by sale. Inventories consist of material and fuel inventories.

3.7 Management of commodity risks

The company is exposed to electricity price and volume risk through transmission losses so that the company must acquire so-called loss power in an amount corresponding to the electricity transmission losses. However, the electricity price and volume risks are not significant to the company's turnover and financial result over time. If the volume of transmitted electricity deviates from the forecasted volume, the result may be a deviation in the company's turnover and financial result. This can lead to a surplus or deficit compared with the allowed reasonable return for the year in question, which the company will aim to offset during the regulatory period.

Loss power purchases and the price hedging thereof are based on the Corporate Finance Principles approved by the Board of Directors. Moreover, the company has a loss power policy, approved by the CEO, for loss power hedging and purchases, as well as operative instructions, instructions for price hedging and control room instructions, which are approved by the executive directors. The allowed hedging

instruments are defined in the loss power policy. The purpose of price hedging is to reduce the impact of market price volatility and enable sufficient predictability. The hedging service is procured from an external portfolio manager who decides on the implementation and timing of the hedges according to the specifications of the loss power policy and the given instructions. The purchase price of loss power is hedged using derivatives such that the hedge horizon is four years at maximum. Only OTC futures are used in price hedging.

Commodity risks other than those related to loss energy purchases arise if the company enters into purchasing agreements in which the price of the underlying commodity influences the final price of the investment commodity (commodity price risk). The company uses derivatives to hedge against commodity price risks to the extent that the hedging instruments of the risk in question are cost-effectively available and the risk cannot otherwise be hedged.

A summary of the derivatives is presented in Note 23.

FINANCIAL STATEMENTS

- Consolidated key figures
- Consolidated financial statements (IFRS)
- Benchmark for TSO operations (IFRS)
- Long-term investor (IFRS)
- Strong financial position (IFRS)
- Other information (IFRS)
- Parent company financial statements (FAS)
- Signatures for the annual review and for the financial statements

3.8 Personnel – the cornerstone of our operations

Fingrid Oyj employed 489 (451) persons, including temporary employees, at the end of the year. The number of permanent personnel was 439 (400). Of the personnel employed by the company, 25 (26) per cent were women and 75 (74) per cent were men. The average age of the personnel was 43 (44).

In 2022, the Group applied a remuneration system for senior management; the general principles of the system were accepted by the Board of Directors of Fingrid Oyj on 20 December 2021. The total remuneration of the President & CEO and the members of the Executive Management Group consists of a fixed total salary, a one-year bonus scheme, and a three-year long-term incentive scheme. The maximum amount of the one-year bonus scheme payable to the

CEO was 40 per cent of the annual salary and to the other members of the executive management group 25 per cent of the annual salary. The maximum amount of the annual long-term incentive scheme payable to the CEO was 40 per cent and to the other members of the executive management group 25 per cent.

The Group currently has contribution-based pension schemes only. The pension security of the Group's person-

nel is arranged by an external pension insurance company. Pension premiums paid for contribution-based schemes are recognised as an expense in the income statement in the year to which they relate. In contribution-based schemes, the Group has no legal or factual obligation to pay additional premiums if the party receiving the premiums is unable to pay the pension benefits.

9. PERSONNEL EXPENSES

€ 1,000	2022	2021
Salaries and bonuses	31,858	28,244
Pension expenses - contribution-based schemes	5,074	4,386
Other additional personnel expenses	1,125	1,003
Total	38,057	33,633
Salaries and bonuses of top management	2,251	2,113

Personnel costs amounted to EUR 42.1 (37.8) million, of which EUR 4.0 (4.2) was capitalised to investment projects.

NUMBER OF SALARIED EMPLOYEES IN THE COMPANY DURING THE FINANCIAL YEAR:

	2022	2021
Personnel, average	480	440
Personnel, 31 Dec	489	451

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements



Accounting principles

Employee benefits

Pension obligations

The company has only defined contribution-based pension schemes. A defined contribution-based pension arrangement refers to a pension scheme according to which fixed contributions are paid into a separate entity, and the Group bears no legal or actual obligation to make additional contributions if the fund does not contain sufficient funds to pay out benefits based on work performed during current and previous

financial periods to all employees. Under defined contribution-based pension schemes, the Group pays mandatory, contractual or voluntary contributions into publicly or privately managed pension insurance policies. The Group has no other contribution obligations in addition to those payments. The payments are entered as personnel costs when they fall due. Advance payments are entered in the balance sheet as assets insofar as they are recoverable as refunds or deductions from future payments.

3.9 Taxes

The company will pay its income taxes in accordance with the underlying tax rate, without special tax arrangements. Income taxes consist of direct taxes and the change in deferred tax: EUR -45.4 (-33.5) million and EUR -6.2 (-4.0) million respectively. Fingrid's effective tax rate is essentially comparable to Finland's corporate tax rate of 20%.

FINANCIAL STATEMENTS

- Consolidated key figures
- Consolidated financial statements (IFRS)
- Benchmark for TSO operations (IFRS)
- Long-term investor (IFRS)
- Strong financial position (IFRS)
- Other information (IFRS)
- Parent company financial statements (FAS)
- Signatures for the annual review and for the financial statements

10. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes in 2022:

Deferred tax assets, € 1,000	31 Dec 2021	Recorded in income statement at profit or loss	31 Dec 2022
Provisions	621	2	624
Trade payables and other liabilities	1,973	-45	1,928
Losses confirmed in taxation	2,059	-380	1,679
Derivative instruments	554	4,224	4,778
Congestion income	7,950	16,779	24,728
Connection fees (IFRS 15)	13,668	2,835	16,503
Lease liabilities (IFRS 16)	165	42	208
Property, plant and equipment, tangible and intangible assets	118	-27	91
Total	27,109	23,430	50,539

Deferred tax liabilities, € 1,000	31 Dec 2021	Recorded in income statement at profit or loss	31 Dec 2022
Accumulated depreciations difference	-55,779		-55,779
Property, plant and equipment, tangible and intangible assets	-32,471	-1,268	-33,740
Other receivables	1,633	-646	987
Other financial assets	-211	72	-139
Borrowings	-1,658	45	-1,613
Derivative instruments	-18,041	-27,844	-45,885
Total	-106,528	-29,641	-136,169

Changes in deferred taxes in 2021:

Deferred tax assets, € 1,000	31 Dec 2020	Recorded in income statement at profit or loss	31 Dec 2021
Provisions	279	343	621
Trade payables and other liabilities	2,016	-44	1,973
Losses confirmed in taxation	1,784	275	2,059
Derivative instruments	4,427	-3,873	554
Congestion income	7,059	890	7,950
Connection fees (IFRS 15)	11,825	1,843	13,668
Lease liabilities (IFRS 16)	114	52	165
Property, plant and equipment, tangible and intangible assets		118	118
Total	27,504	-395	27,109

Deferred tax liabilities, € 1,000	31 Dec 2020	Recorded in income statement at profit or loss	31 Dec 2021
Accumulated depreciations difference	-59,779	4,000	-55,779
Property, plant and equipment, tangible and intangible assets	-31,065	-1,406	-32,471
Other receivables	1,076	557	1,633
Other financial assets	-220	9	-211
Borrowings	-1,702	44	-1,658
Derivative instruments	-11,248	-6,793	-18,041
Total	-102,938	-3,590	-106,528

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)



Accounting principles

Income taxes

Taxes presented in the consolidated income statement include the Group companies' accrual taxes for the profit of the financial year, tax adjustments from previous financial years and changes in deferred taxes. Deferred taxes are recorded in accordance with Finland's statutory corporate tax rate of 20%. Taxes are recognised in the income statement unless they are linked with other comprehensive income, in which case the tax is also recognised in other comprehensive income. Such items in the Group consist solely of available-for-sale investments.

Deferred tax assets and liabilities are recognised on all temporary differences between the tax values of asset and liability items and their carrying amounts using the liability method. Deferred tax is recognised using tax rates valid up until the closing date. The deferred tax liabilities

arising from the original recognition of goodwill will not be recognised, however. Deferred tax liabilities will also not be recognised if they are caused by the original recognition of the asset or liability and the item is not related to a merger and the transaction will not affect the accounting totals or the taxable revenue during its implementation. The deferred tax assets are shown as non-current receivables and deferred tax liabilities correspondingly as non-current liabilities.

The largest temporary differences result from the property, plant and equipment depreciation difference, depreciations, financial instruments, recognition of connection fees, and from the use of congestion income for capital expenditure. The deferred tax asset from temporary differences is recognised up to an amount which can likely be utilised against future taxable income.



FINANCIAL STATEMENTS

- › Consolidated key figures
- › Consolidated financial statements (IFRS)
- › Benchmark for TSO operations (IFRS)
- › Long-term investor (IFRS)
- › Strong financial position (IFRS)
- › Other information (IFRS)
- › Parent company financial statements (FAS)
- › Signatures for the annual review and for the financial statements

04

LONG-TERM INVESTOR (IFRS)

- Chapter four focusses on Fingrid's assets, and above all, the most important ones: grid assets and factors affecting them.
- The chapter takes a look at the company's goodwill and provides a description of other property, plant and equipment, and intangible assets.

4.1 Grid assets

Fingrid's grid investment programme promotes the national climate and energy strategy by maintaining high system security, increasing transmission capacity and promoting the operations of the electricity markets. The annual capital expenditure in the grid has grown. In May 2022, the company announced a new EUR 3 billion investment programme for the next ten years. The company's in-

vestment programme is based on various future scenarios on the development of the electricity system. These scenarios and the investments in the investment programme are being prepared in close cooperation with customers and stakeholders.

The company's total capital expenditure in 2022 amounted to EUR 276.1 (213.5) million. This included a total of EUR 246.0



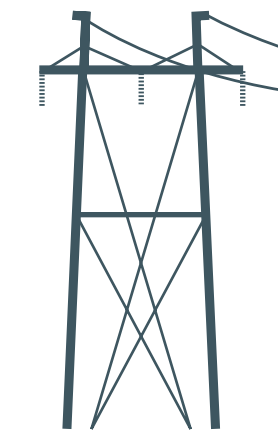
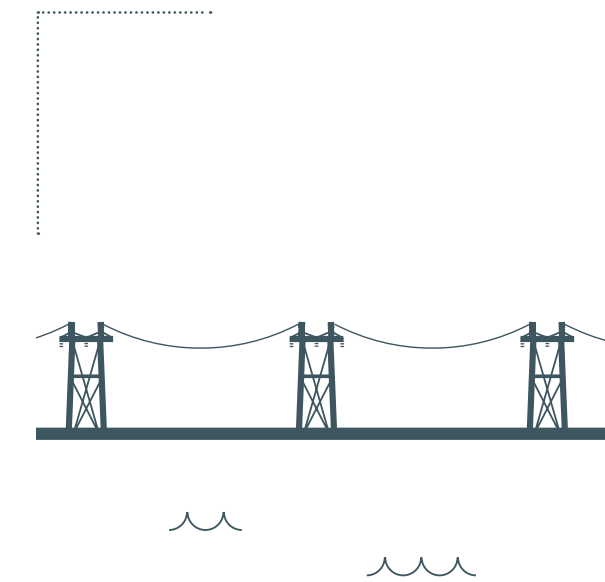
FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

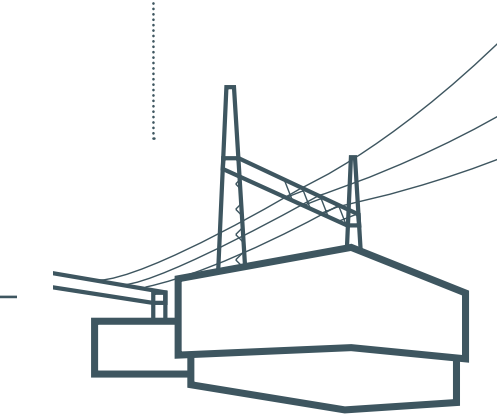
(180.3) million invested in the transmission grid and EUR 3.7 (2.4) million for reserve power. ICT investments amounted to EUR 11.0 (28.6) million and related mainly to the datahub project. A total of EUR 1.8 (3.0) million was used for R&D projects during the year under review. In 2022, Fingrid completed 16 power system substations and 500 kilometres of transmission lines. The most significant project completed during the year under review is the roughly 300-km-long, 400-kilovolt Forest Line, which significantly strengthens the electricity transmission capacity between northern and southern Finland. To reinforce the operations of the international electricity markets, construction work began on a third AC connection between Finland and Sweden called the Aurora Line. The Aurora Line is Fingrid's most important main grid investment of the decade, and it will increase the transmission capacity between the two countries: from Finland to Sweden by roughly 900 megawatts, and from Sweden to Finland by some 800 megawatts. The transmission link is due for completion in 2025. From a climate risk viewpoint, Fingrid prepares for the physical risks of extreme weather phenomena, which are becoming more common and more powerful, in the construction and use of the grid.

Long-term investor

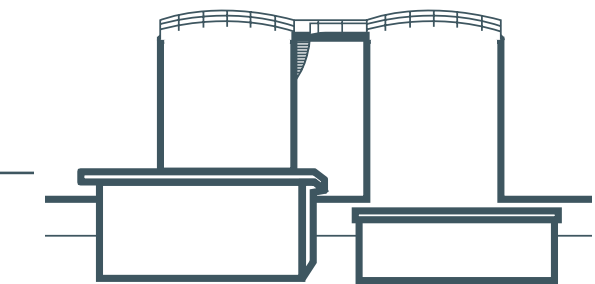
**14,500 KM OF POWER LINES,
320 KM OF SUBMARINE CABLE**



**46,274
TOWERS**



121 SUBSTATIONS

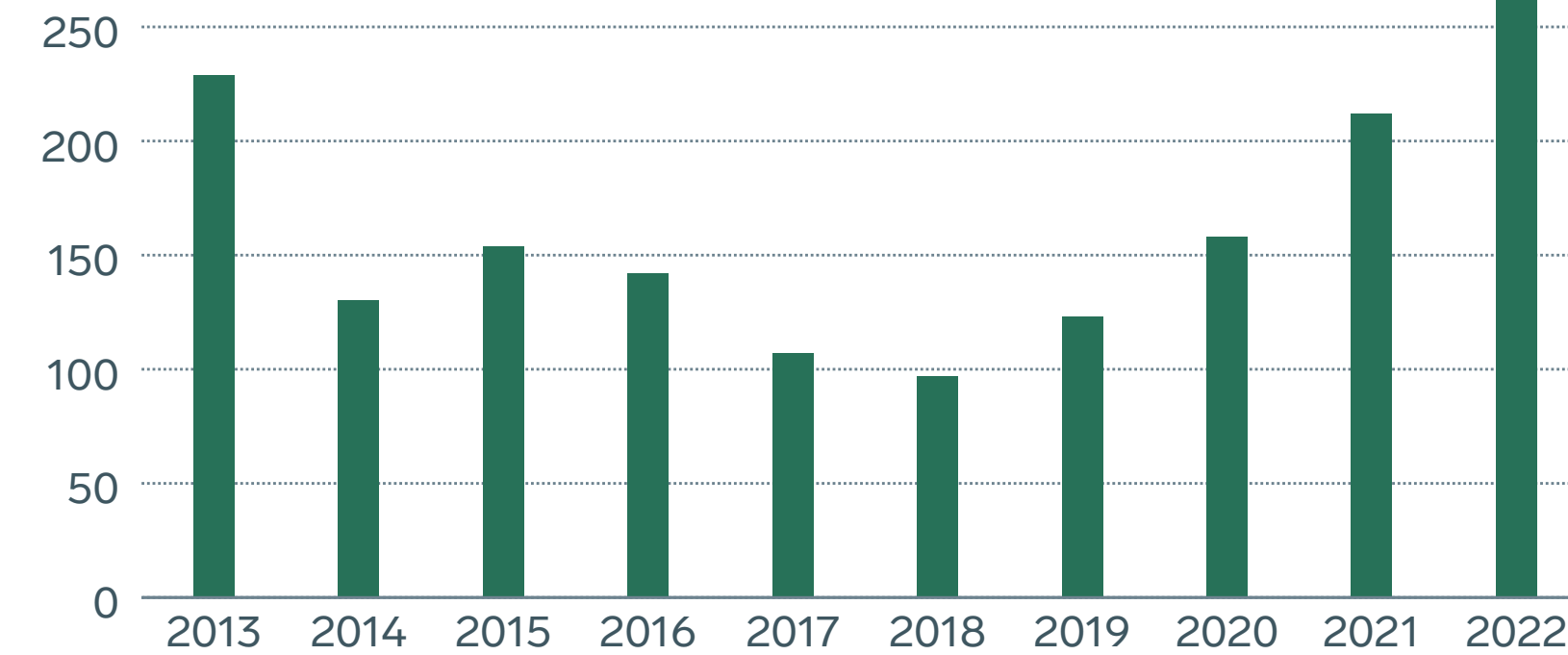


**10 RESERVE POWER PLANTS
AND 3 HVDC SUBSTATIONS**

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > [Long-term investor \(IFRS\)](#)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > [Signatures for the annual review and for the financial statements](#)

Total costs (without imbalance power) 2013–2022, MEUR



Grid assets are recognised at fair value for the purposes of the company’s regulatory balance sheet, as described earlier. The regulatory fair value of the transmission network assets (adjusted replacement cost) is calculated by adding up the adjusted replacement costs for each grid component; these are calculated by multiplying the unit price specified by the Energy Authority with the number of grid components. The adjusted present value

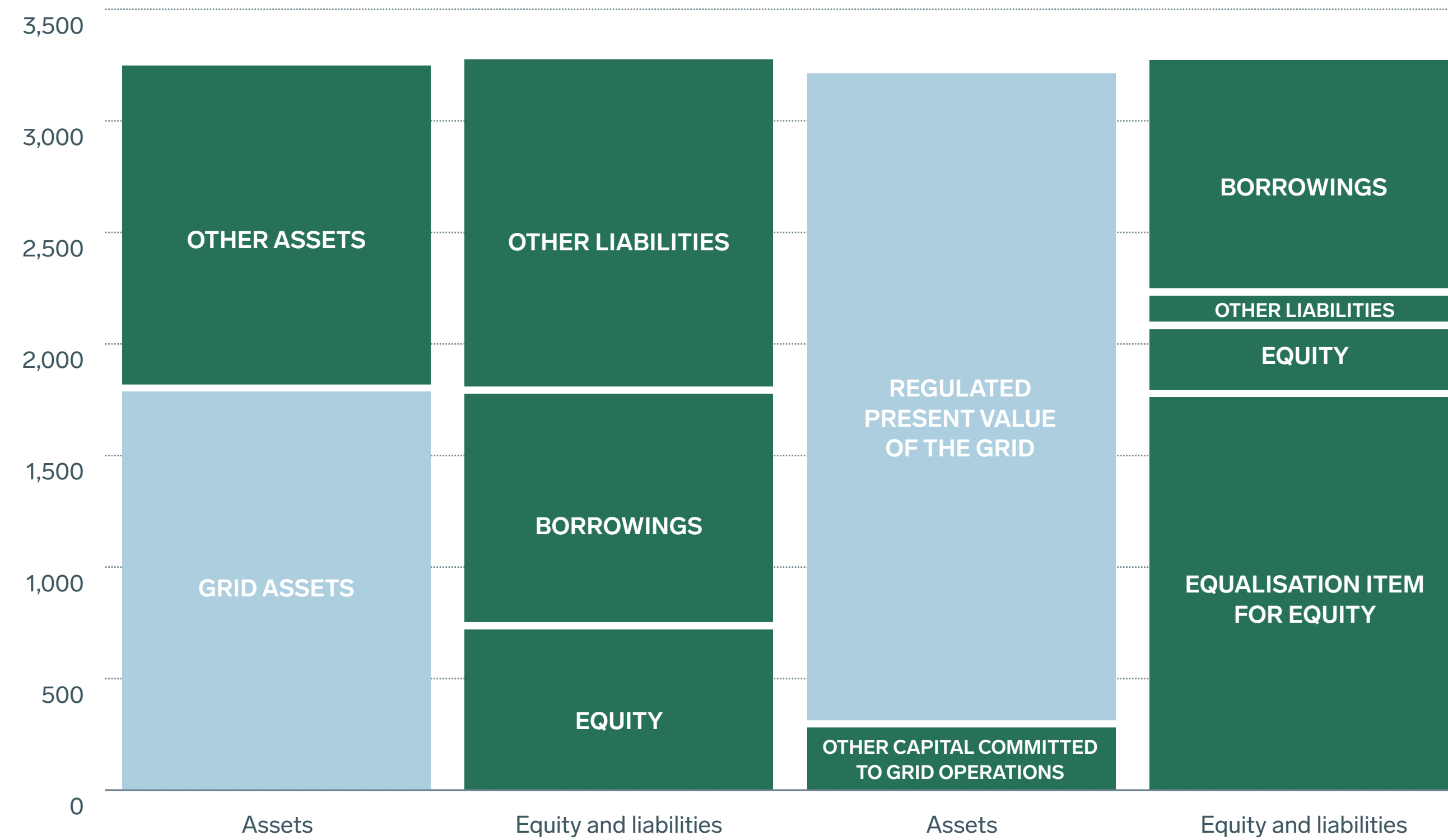
in use for a grid component is calculated based on the adjusted replacement cost, using the useful life and mean lifetime data of the grid component.



FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > [Long-term investor \(IFRS\)](#)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

IFRS balance sheet and regulatory balance sheet 2022, M€



The company's total capital expenditure in 2022 amounted to EUR 276.1.

FINANCIAL STATEMENTS

- Consolidated key figures
- Consolidated financial statements (IFRS)
- Benchmark for TSO operations (IFRS)
- [Long-term investor \(IFRS\)](#)
- Strong financial position (IFRS)
- Other information (IFRS)
- Parent company financial statements (FAS)
- Signatures for the annual review and for the financial statements



Congestion income

Congestion income is generated because of an insufficient transmission capacity between the bidding zones of an electricity exchange. In such cases, the bidding zones become separate price areas, and the transmission link joining them generates congestion income in the electricity exchange as follows: congestion income [€/h] = transmission volume in the day-ahead markets [MW] * area price difference [€/MWh]. The basis for this is that a seller operating in a lower priced area receives less for their power than what a buyer pays for it in a higher priced area. The additional income caused by this price difference, i.e. congestion income, remains in the electricity exchange, which then pays the income to the

TSOs as per the contractual terms. Congestion income from cross-border connections is divided evenly between the transmission system operators of the two countries. Finland is a single price area and congestion income is not generated from the internal transmission connections. The congestion income received by a grid owner must be used for the purposes stated in EU Regulation 2019/943, Article 19: guaranteeing the actual availability of the allocated capacity, maintaining or increasing interconnection capacities through network investments, covering the costs of maintaining said capacity and recognising congestion income in the company's turnover.



Accounting principles

Congestion income

The congestion income is included as accruals in the item Other liabilities in the balance sheet. Of accruals, congestion income is recognised in the income statement in other operating income in compliance with the accrual of costs defined in regulation and in turnover to the extent that congestion income can be directly recognised for the benefit of grid customers. Alternatively, they are entered in the balance sheet against investments, as defined by regulation, to lower the acquisition cost of property, plant and equipment, which lowers the depreciation of the property, plant and equipment in question. Fingrid reports the share to be used during the next year in short-term liabilities. The Energy Authority's regulatory

letters during the regulatory period guide the use of congestion income. The Energy Authority issues a decision on the use of congestion income as part of its supervisory decision on the reasonable return.

Public contributions

Public contributions received from the EU or other parties related to property, plant and equipment are deducted from the acquisition cost of the item, and the contributions consequently reduce the depreciation made on the item. Other contributions are distributed as income over those periods when costs linked with the contributions arise. Other contributions received are presented in other operating income.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

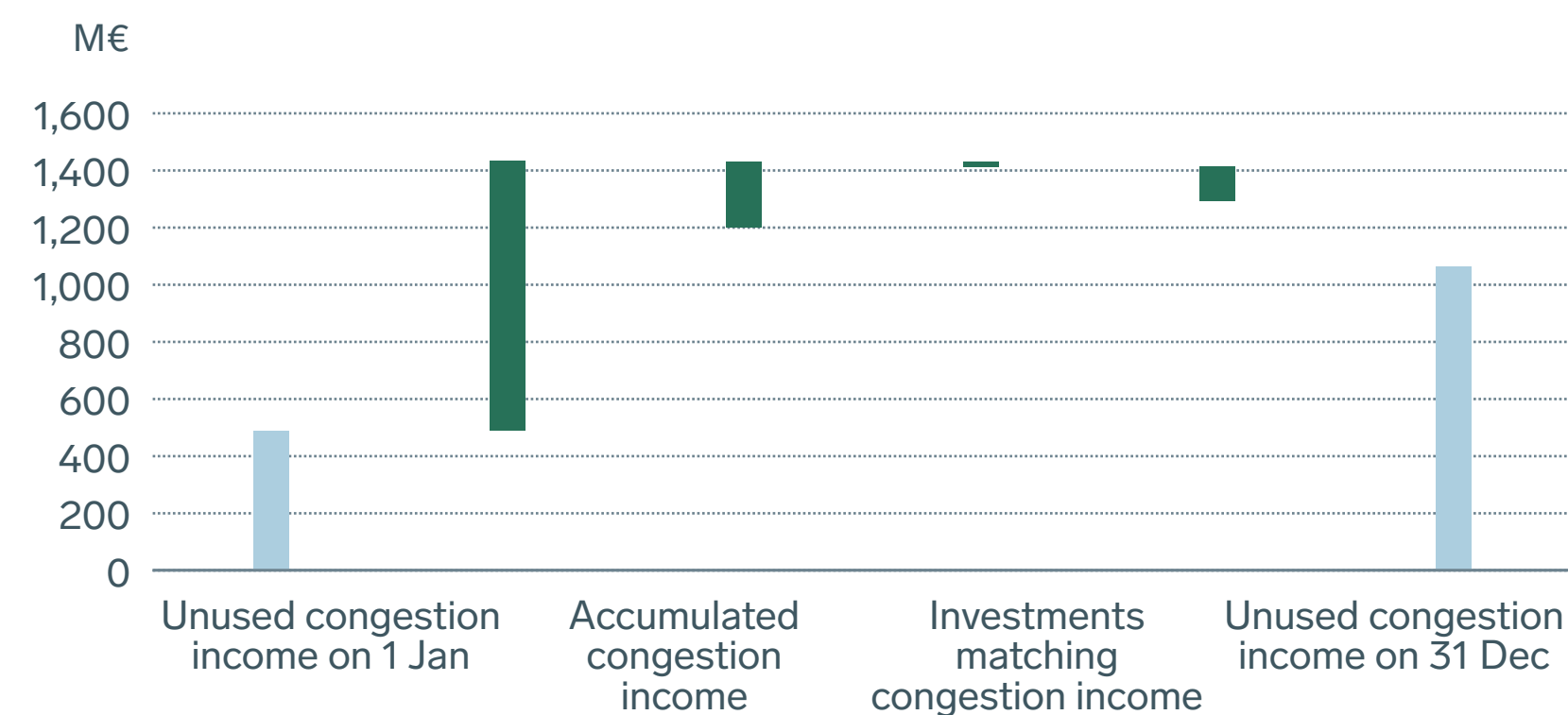
Fingrid's congestion income from cross-border transmission lines totalled EUR 942.9 (283.8) million. EUR 1,063.7 (488.7) million in congestion income remains unused and will be used for future cross-border transmission capacity investments to improve the effectiveness of the electricity market and to cover costs related to cross-border transmission and the operations of the electricity markets; it will also be recognised in the company's turnover to the benefit of

customers. Fingrid's congestion income significantly increased the company's financial assets and thus decreased its net debt. Unused congestion income is, in line with the Treasury Policy, mainly invested in low-risk fixed income instruments and used to cover the company's short-term financial needs.

The Energy Authority decides on the use of the congestion income received by Fingrid in line with EU regulation. A

regulatory letter submitted to Fingrid by the Energy Authority on 5 October 2022 specifies the use of congestion income in 2022 and 2023. The decision concerning the use of congestion income is provided in conjunction with the company's regulatory decision after each regulatory period. On 12 October 2022, Fingrid announced that it would waive grid service fees for December 2022 and January, February and June of 2023.

Congestion income 2022, M€



FINANCIAL STATEMENTS

- Consolidated key figures
- Consolidated financial statements (IFRS)
- Benchmark for TSO operations (IFRS)
- Long-term investor (IFRS)
- Strong financial position (IFRS)
- Other information (IFRS)
- Parent company financial statements (FAS)
- Signatures for the annual review and for the financial statements

4.2 Tangible and intangible assets

11. PROPERTY, PLANT AND EQUIPMENT

€ 1,000	2022	2021
Land and water areas		
Cost at 1 Jan	20,406	19,873
Increases 1 Jan – 31 Dec	984	620
Decreases 1 Jan – 31 Dec	-0	-87
Cost at 31 Dec	21,390	20,406
Carrying amount 31 Dec	21,390	20,406
Buildings and structures		
Cost at 1 Jan	378,042	350,125
Increases 1 Jan – 31 Dec	41,544	30,932
Decreases 1 Jan – 31 Dec	-1,000	-3,015
Cost at 31 Dec	418,587	378,042
Accumulated depreciation 1 Jan	-109,060	-99,847
Decreases, depreciation 1 Jan – 31 Dec	693	2,487
Depreciation 1 Jan – 31 Dec	-12,610	-11,700
Carrying amount 31 Dec	297,610	268,983
Machinery and equipment		
Cost at 1 Jan	1,299,992	1,260,413
Increases 1 Jan – 31 Dec	73,245	39,946
Decreases 1 Jan – 31 Dec	-5,074	-367
Cost at 31 Dec	1,368,163	1,299,992
Accumulated depreciation 1 Jan	-758,901	-715,526
Decreases, depreciation 1 Jan – 31 Dec	4,485	343
Depreciation 1 Jan – 31 Dec	-45,489	-43,718
Carrying amount 31 Dec	568,259	541,091
Transmission lines		
Cost at 1 Jan	1,369,854	1,353,330
Increases 1 Jan – 31 Dec	43,923	17,659

€ 1,000	2022	2021
Decreases 1 Jan – 31 Dec	-9,984	-1,135
Cost at 31 Dec	1,403,793	1,369,854
Accumulated depreciation 1 Jan	-663,777	-625,753
Decreases, depreciation 1 Jan – 31 Dec	9,507	516
Depreciation 1 Jan – 31 Dec	-39,058	-38,541
Carrying amount 31 Dec	710,465	706,077
Capitalised interest on machinery and equipment and transmission lines		
Cost at 1 Jan	15,763	15,610
Increases 1 Jan – 31 Dec	5,161	154
Cost at 31 Dec	20,924	15,763
Accumulated depreciation 1 Jan	-3,530	-2,969
Depreciation on capitalised interest 1 Jan – 31 Dec	-681	-561
Carrying amount 31 Dec	16,714	12,233
Other property, plant and equipment		
Cost at 1 Jan	118	118
Decreases 1 Jan – 31 Dec	-7	
Cost at 31 Dec	110	118
Carrying amount 31 Dec	110	118
Prepayments and purchases in progress		
Cost at 1 Jan	235,206	147,346
Increases 1 Jan – 31 Dec	127,711	178,911
Decreases 1 Jan – 31 Dec	-6,315	-232
Transfers to other tangible and intangible assets 1 Jan – 31 Dec	-172,791	-90,819
Cost at 31 Dec	183,811	235,206
Carrying amount 31 Dec	183,811	235,206
Property, plant and equipment	1,798,359	1,784,113

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

12. INTANGIBLE ASSETS

€ 1,000	2022	2021
Goodwill		
Cost at 1 Jan	87,920	87,920
Cost at 31 Dec	87,920	87,920
Carrying amount 31 Dec	87,920	87,920
Land use rights		
Cost at 1 Jan	100,737	100,707
Increases 1 Jan - 31 Dec	197	114
Decreases 1 Jan - 31 Dec	-2	-84
Cost at 31 Dec	100,932	100,737
Decreases, depreciation 1 Jan - 31 Dec		131
Carrying amount 31 Dec	100,932	100,868
Other intangible assets		
Cost at 1 Jan	107,223	85,594
Increases 1 Jan – 31 Dec	15,880	21,732
Decreases 1 Jan – 31 Dec	-4,102	-103
Cost at 31 Dec	119,002	107,223
Accumulated depreciation 1 Jan	-52,235	-49,640
Depreciation 1 Jan – 31 Dec	-7,082	-2,595
Other intangible assets	59,685	54,988
Decreases, depreciation 1 Jan – 31 Dec	3,804	
Carrying amount 31 Dec	63,489	54,988
INTANGIBLE ASSETS	252,341	243,777

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

Land use rights are not depreciated but tested annually for impairment in connection with the testing of goodwill.

The entire business of the Fingrid Group is grid operations in Finland with system responsibility, which the full goodwill of the Group in the balance sheet is fully allocated to. The goodwill included in the balance sheet amounts to EUR 87.9 million and has not changed during the periods under review. Since, per the regulation, the fair value of the net assets included in the company's grid assets is approximately EUR 2,900.0 million compared to the carrying amount of EUR 2,050.7 million in net assets, which includes land use rights and goodwill, the book value of the asset items has not decreased.



Accounting principles

Property, plant and equipment

Grid assets form most of the property, plant and equipment. Grid assets include, among other things, 400 kV, 220 kV, 110 kV transmission lines, direct current 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.

Property, plant and equipment 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.

When a part of property, plant and equipment that is treated as a separate item is replaced, the costs relating to the new part are capitalised. Other subsequent costs are capitalised only if it is likely that the future economic benefit relating to the asset benefits the Group and the acquisition cost of the asset can be determined reliably. Repair and maintenance costs are recognised in the income statement when they are incurred.

Borrowing costs, such as interest costs and arrangement fees, directly linked with the acquisition, construction or manufacture of a qualifying asset form part of the acquisition cost of the asset item in question. A qualifying asset is one that necessarily requires a considerably long time to be made ready for

its intended purpose. Other borrowing costs are recognised as an expense. Borrowing costs included in the acquisition cost are calculated on the basis of the average borrowing cost of the Group.

Property, plant and equipment is depreciated over the useful life of the item using the straight-line method. Depreciation on property, plant and equipment taken into use during the financial year is calculated on an item-by-item basis from the month of introduction. Land and water areas are not depreciated. The expected economic lives are verified at each closing date, and if they differ significantly from the earlier estimates, the depreciation periods are amended accordingly.

FINANCIAL STATEMENTS

- Consolidated key figures
- Consolidated financial statements (IFRS)
- Benchmark for TSO operations (IFRS)
- [Long-term investor \(IFRS\)](#)
- Strong financial position (IFRS)
- Other information (IFRS)
- Parent company financial statements (FAS)
- Signatures for the annual review and for the financial statements

The depreciation periods of property, plant and equipment are as follows:

Buildings and structure

- Substation buildings and separate buildings **40 years**
- Substation structures **30 years**
- Buildings and structures at gas turbine power plants **20–40 years**
- Separate structures **15 years**

Transmission lines

- Transmission lines 400 kV **40 years**
- Direct current lines **40 years**
- Transmission lines 110-220 kV **30 years**
- Creosote-impregnated towers and related disposal costs **30 years**
- Aluminium towers of transmission lines (400 kV) **10 years**
- Optical ground wires **10-20 years**

Machinery and equipment

- Substation machinery **10-30 years**
- Gas turbine power plants **20 years**
- Other machinery and equipment **3-5 years**

Gains or losses from the sale or disposition of property, plant and equipment are recognised in the income statement under either other operating income or expenses. Property, plant and equipment are derecognised in the balance sheet when their economic useful life has expired, the asset has been sold, scrapped or otherwise disposed of to an outsider.

Goodwill and other intangible assets *hyödykkeet*

Goodwill created as a result of the acquisition of enterprises and businesses is composed of the difference

between the acquisition cost and the net identifiable assets of the acquired business valued at fair value. Goodwill is allocated to the transmission grid business and is tested annually for impairment. Impairment testing is carried out by comparing the regulatory fair value to the carrying amount of net assets included in the company's grid assets. Regulatory recognition at fair value is presented in chapter 4.1 and impairment is discussed in chapter 4.2.

Other 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. According to IFRIC's 2021 agenda resolution on the interpretation of the IAS 38 standard, cloud service software (SaaS) does not meet the criteria of an intangible asset if the software is managed by a service provider. The

costs of the configuration and tailoring services for the cloud services in question are recognised as a cost for the financial year if the service linked to the cloud service can be separated from other SaaS services. If the service cannot be separated from the other SaaS services, the costs are recognised as a prepayment, which is recognised as a cost during the contractual period of the SaaS services.

Land use rights, which have an indefinite useful life, are not depreciated but are tested annually for impairment.

More on emission rights in chapter 6.2.

Subsequent expenses relating to intangible assets are only capitalised if their economic benefits to the company increase compared to before. In other cases, expenses are recognised in the income statement when they are incurred.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

4.3 Lease agreements

The Group's leases mainly relate to office premises. The durations of the leases vary, and they may include options for extension and termination.

A right-of-use asset and a corresponding liability are recognised for leases at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost.

13. LEASES

€ 1,000	2022	2021
Right-of-use-assets:		
Right-of-use-assets, buildings and structures		
Cost at 1 Jan	30,239	30,673
Increases 1 Jan – 31 Dec	1,439	2,336
Deprecation 1 Jan – 31 Dec	-2,934	-2,769
Cost at 31 Dec	28,745	30,239
Carrying amount 31 Dec	28,745	30,239
Lease liabilities:		
Non-current	27,035	28,463
Current	2,748	2,603
Total	29,783	31,066
Amounts recognised in the income statement		
Depreciation of right-of-use assets – buildings	2,934	2,769
Interest costs	612	623
Costs related to short-term leases and leases of low-value assets	831	734

The outgoing cash flow from leases in 2022 totalled EUR 3.3 (3.1) million.



FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > [Long-term investor \(IFRS\)](#)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements



Accounting principles

Lease agreements

Fingrid Oyj mainly acts as a lessee, and most of the leases are for office premises. The lessee recognises all the leases as right-of-use assets and lease liabilities in the balance sheet, except for items of short duration (lease terms of less than 12 months) and of insignificant value. A right-of-use asset and a corresponding liability are recognised in the balance sheet at the date at which the leased asset is available for use by the Group. The right-of-use asset is depreciated as straight-line depreciations, over the shorter of lease term and useful life of the underlying asset. The interest cost of lease liabilities is recorded in finance costs. Lease liability payments are stated in the cash flow of financing activities and the related interest in interest expenses.

The length of the lease period is the time during which the agreement cannot be cancelled. Lease agreements may include extension options

and these are taken into account in the length of the lease period, if the management considers it highly likely that they will be used.

The real-estate leases do not clearly define the interest rate implicit in the lease, which is why Fingrid uses as the interest rate an estimate of the company's incremental borrowing rate for real estate leases. The incremental borrowing rate is determined for the entire real-estate lease portfolio, whereby all real-estate leases are discounted using the same interest rate. The discount rates applied in discounting leases under IFRS 16 are based on the market yield on the company's publicly quoted bonds.

Short-term leases or leases of low-value assets, which are expensed in equal instalments, consist of vehicle lease payments, lease payments for land and water areas and lease payments for small machinery and equipment.



Judgements and estimates

Lease agreements concerning right-of-use assets often include extension and termination options. The company's management has estimated how likely it is that the agreements will be extended. The lease period will be reassessed if the option is used or is not used.

FINANCIAL STATEMENTS

- Consolidated key figures
- Consolidated financial statements (IFRS)
- Benchmark for TSO operations (IFRS)
- Long-term investor (IFRS)
- [Strong financial position \(IFRS\)](#)
- Other information (IFRS)
- Parent company financial statements (FAS)
- Signatures for the annual review and for the financial statements

05

STRONG FINANCIAL POSITION (IFRS)

- Chapter five describes how Fingrid's financing is formed and the related risk management. The chapter also presents how short-term financial assets that maintain liquidity are formed.
- The chapter describes the company's principles of capital management, ownership structure and dividend distribution policy.
- The end of the chapter contains a summary of the financial assets and financing liabilities, as well as derivatives, that the company uses exclusively for risk management purposes. The risks relate to various market risks, i.e. the electricity and commodity price risk and the interest rate and exchange rate risk. Management of the electricity price and volume risk is described in chapter 3.7.



FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

5.1 Capital management

Equity and liabilities as shown in the balance sheet are managed by Fingrid as capital. The grid assets in the balance sheet according to the company's accounting is smaller than what is presented in the Energy Authority's transmission operations regulation, in which grid assets have been measured at the regulatory present value in use. The company's borrowings are presented at their carrying amount also on the regulatory balance sheet. Equity on the accounting balance sheet is naturally smaller than equity on the regulatory balance sheet, which balances out the difference in the grid asset carrying amount and the actual present value in use.

The company must have a capital structure to support consistently strong credit ratings, reasonable cost of capital and adequate dividend pay-out capability. 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 aims to maintain a credit rating of at least 'A-'. The company has not set specific key financial ratio targets for accounting balance sheet or regulatory balance sheet capital management, but instead monitors and controls the overall situation, for which credit ratings and their underlying risk analyses and other parameters create a foundation.

The company's credit rating remained high in 2022. This reflects the company's strong overall financial situation, its key role as an implementer of climate targets, and its debt service capacity. During the year under review, Fitch Ratings (Fitch) raised Fingrid's long-term company rating to 'A+' and unsecured senior debt rating to 'AA-'. Fingrid has credit rating service agreements with S&P Global Ratings (S&P) and Fitch Ratings (Fitch). The credit ratings valid on 31 December 2022 were as follows:

- S&P's rating for Fingrid's unsecured senior debt and long-term company rating at 'AA-' and the short-term company rating at 'A-1+', with a stable outlook.

- Fitch's rating for Fingrid's unsecured senior debt at 'AA-', the long-term company rating at 'A+', and 'F1' for the short-term company rating, with a stable outlook. The rating is the highest assigned by Fitch to any regulated TSO in Europe

5.2 The aims and organisation of financing activities and the principles for financial risk management

The company has a holistic approach to the management of financing activities, encompassing external financing, as well as managing liquidity, counterparty and financial risks, and supporting business operations in matters related to financing in general.

Core aims for financing activities:

- Protecting shareholder value by securing the financing required for the company's business operations, by hedging against the main financial risks and by minimising financial costs within the risk limits;

- Maintaining adequate liquidity even in unexpected situations;
- Responsible, long-term financing from various sources, taking into account the company's investment plan and cash flow from operating activities as well as credit rating and its criteria;
- Overall optimisation of the interest rate risk, including the interest rate risk of business operations via the Energy Authority's regulatory model (risk-free interest in the so called WACC model) and the company's interest rate risk of net debt;
- Forward-looking financial planning to ensure that the overall impact from the cash flow from operating activities, future investments, maturing loans and future dividends is taken into account when raising funds and optimising the loan portfolio structure.

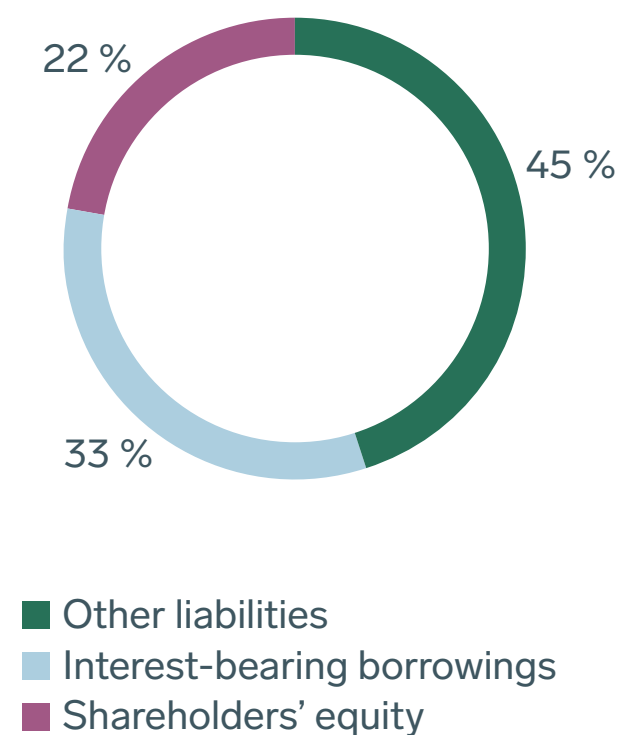
The Treasury maintains active and consistent dialogue with the credit rating agencies and monitors the key ratios used by the agencies, as well as other generally accepted financial ratios.

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

Fingrid's financial capital consists of equity and debt financing. The share of equity from the balance sheet total was 22.4% and that of liabilities 77.6% in 2022. The IFRS 16 standard reduced the share of equity by 0.2% points. Regulatory equity was 64.0% and liabilities were 36.0% of the regulatory balance sheet in 2022.

Capital structure 2022



Fingrid Oyj is exposed to market, liquidity, counterparty and credit risks, among others, when the company's financial position is managed. The objective of financial risk management is to foster shareholder value by securing the financing required for the company's business operations, by hedging against the main financial risks and by minimising financing costs within the risk limits.

Corporate finance principles

The Board of Directors of Fingrid Oyj approves the Corporate Finance Principles which define how Fingrid Oyj manages financing as a whole. The external financing of Fingrid Group is carried out by Fingrid Oyj.

Risk management execution and reporting

Fingrid's Chief Financial Officer is responsible for arranging overall risk management in the company, with a key role held by the operative risk management and reporting of financing in line

with the company's Corporate Finance Principles and Treasury Policy. The CFO regularly reports to the President & CEO and the Board (audit committee) on the implementation of financing and risk management.

Risk management processes

The Treasury unit is responsible for the operative monitoring of risk management, for the risk system and models and methods used to assess, monitor and report on risks. As part of comprehensive risk management, the Treasury unit is in charge of operative management of the company's guarantee and insurance portfolio.

Fair value hierarchy

In the presentation of fair value, assets and liabilities measured at fair value are categorised into a three-level hierarchy. The appropriate hierarchy is based on the input data of the instrument. The level is determined on the basis of the lowest level of input for the instrument

that is significant to the overall fair value measurement.

Level 1: inputs are publicly quoted in active markets.

Level 2: inputs are not publicly quoted and are based on observable market parameters either directly or indirectly.

Level 3: inputs are not publicly quoted and are unobservable market parameters.

5.3 Financial liabilities, financial costs and managing the financial risks

The company takes advantage of the opportunities offered by credit ratings at any given time on the international and domestic financial markets. Market-based and diversified financing is sought from several sources. The goal is a balanced maturity profile. Fingrid's existing loan agreements, debt and commercial paper programmes are unsecured and do not include any financial covenants based on financial ratios.

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

The company operates in the debt capital, commercial paper and loan markets:

- For long-term financing, the company has an international Medium Term Note Programme (“EMTN Programme”), totalling EUR 1.5 billion.
- Fingrid has an international Euro Commercial Paper Programme (“ECP Programme”) totalling EUR 600 million.
- Fingrid has a domestic commercial paper programme totalling EUR 150 million.
- Furthermore, Fingrid has bilateral loan agreements with the European Investment Bank (EIB) and the Nordic Investment Bank (NIB).

Green financing

Green financing is an important part of Fingrid’s financing strategy and responsible operating model. Fingrid was the first Finnish company to issue a Green Bond in 2017. Green Bonds are used to finance projects that are expected to have long-term net positive environmental impacts.

Green Bond projects connect renewable energy production to Fingrid’s transmission network, reduce electricity transmission losses and create smart solutions that save energy and the environment. Fingrid annually reports on the impacts of its Green Bond projects by publishing a separate impact report on its website under Investors. The company’s objective is to increase the share of green financing in its total financing.

Fingrid has a EUR 300 million revolving credit facility tied to the responsibility targets. The revolving credit facility’s loan period extends until 30 November 2027, and Fingrid has an unused one-year extension option for the revolving credit facility. Fingrid may benefit from the credit facility agreement’s lower interest rate margin based on achieving the company’s three material responsibility targets:

- Target 1: Connection of wind power to the grid (MW)
- Target 2: Reducing greenhouse gas emissions in electricity transmission losses (tCO₂e)

- Target 3: Reduction in combined lost time injury frequency (own personnel and service providers), (LTIF)
- The company’s responsibility targets are described in the Corporate Responsibility and Sustainable Development portion of the Annual Report.

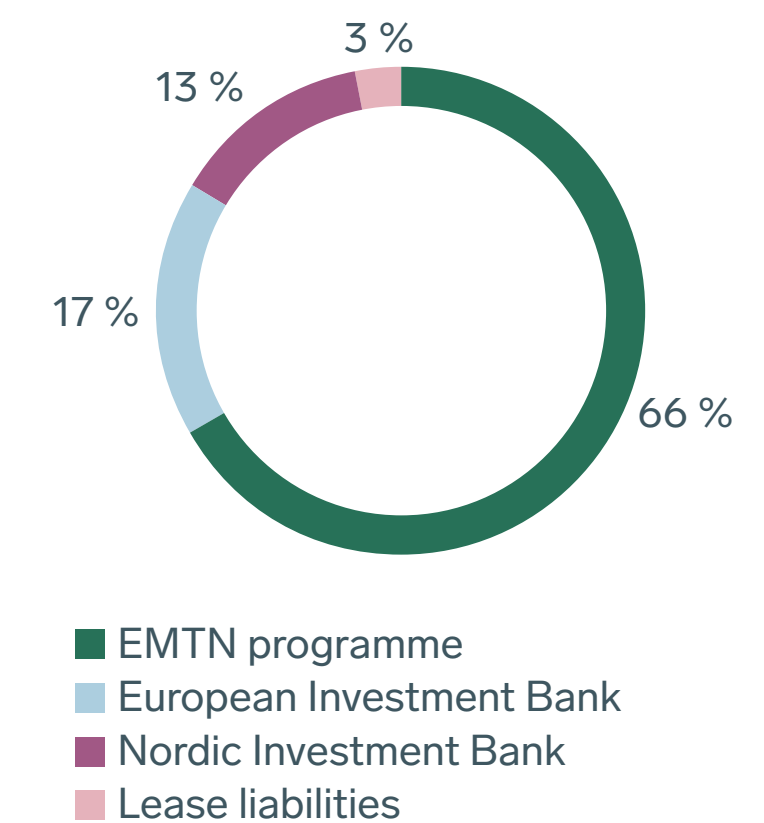
The Nordic Investment Bank (NIB) has granted Fingrid a long-term green investment loan for financing the company’s investment plan for 2021–2022. The granted EUR 70 million loan can be financed using NIB’s green bonds. Green financing supports Fingrid’s investments that increase the general reliability of the transmission grid in order to supply electricity to the whole of society and industry.

Fingrid’s EMTN programme is listed on the Irish Stock Exchange (Euronext Dublin). As of the start of 2021, Fingrid’s EMTN programme’s was delisted from the London Stock Exchange. The company’s debt issues listed at the end of

2020 are still listed on both the London and Irish stock exchanges The company did not issue new bonds during 2022.

The graph below illustrates Fingrid’s various sources of debt financing. Fingrid sources debt financing mainly from the international debt capital markets.

Sources of debt



FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

14. BORROWINGS

Borrowings are as follows:

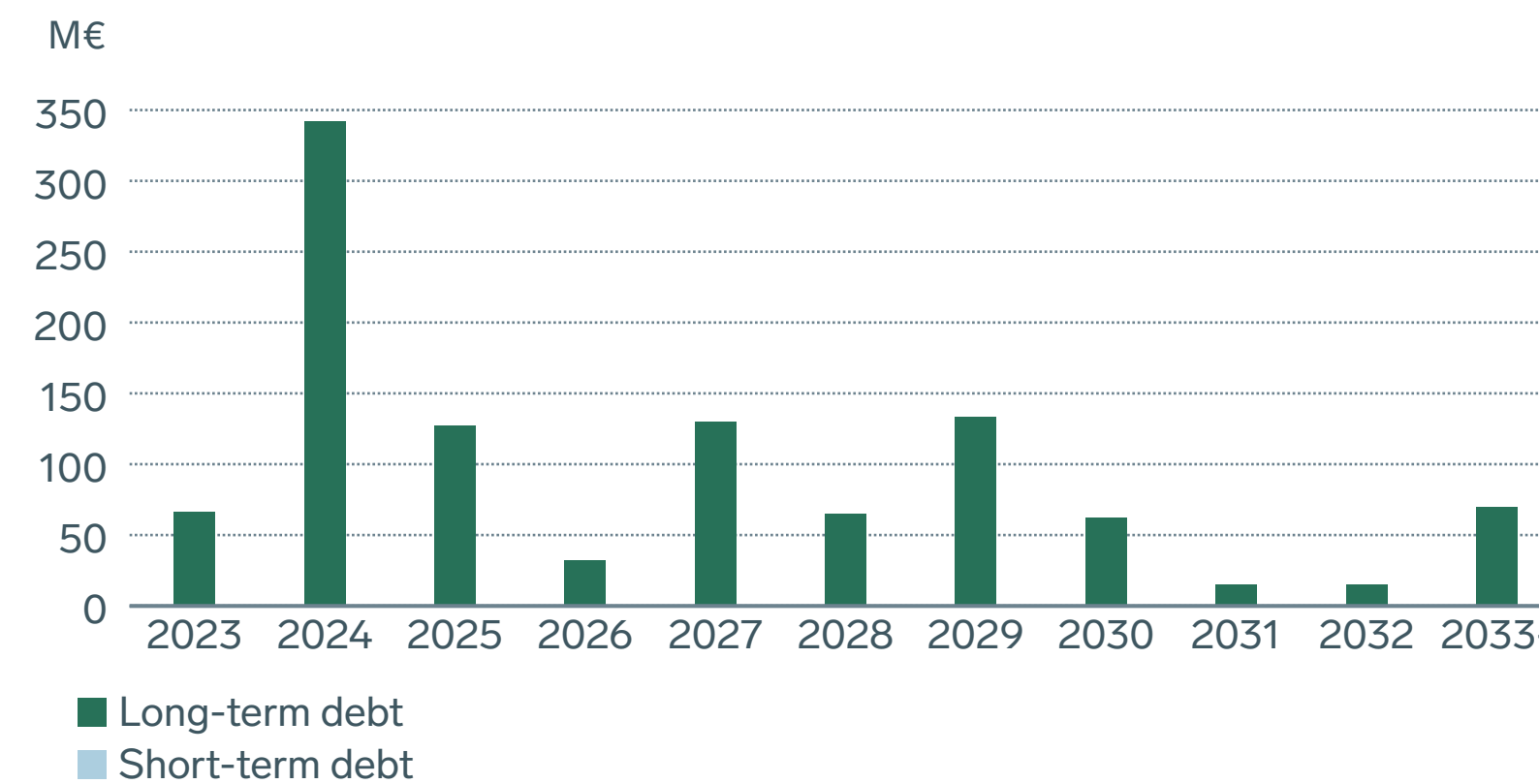
€ 1,000	2022			2021			Hierarchy level
	Fair value	Balance sheet value	%	Fair value	Balance sheet value	%	
Non-current							
Bonds	657,551	671,506		766,333	704,281		Level 2
Loans from financial institutions	296,316	291,845		295,850	289,892		Level 2
	953,867	963,351		1,062,183	994,173		
Lease liabilities		27,035			28,463		
		990,386	94%		1,022,636	88%	
Current							
Bonds	29,935	30,000		30,110	30,000		Level 2
Loans from financial institutions	33,166	33,047		17,809	17,662		Level 2
Other loans/Commercial papers (international and domestic)				85,227	85,216		Level 2
	63,101	63,047		133,147	132,879		
Lease liabilities		2,748			2,603		
		65,795	6%		135,481	12%	
Total	1,016,968	1,056,181	100%	1,195,330	1,158,118	100%	

The fair values of borrowings are based on the present values of cash flows. Loans raised in various currencies are measured at the present value on the basis of the yield curve of each currency. Borrowings denominated in foreign currencies are translated into euros at the fixing rate quoted by the ECB at the closing date.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

Debt maturity profile, M€



Non-current financial liabilities in the graph above include a total of EUR 29.8 million in lease liabilities in accordance with IFRS 16. No short-term financing maturing in under one year was in use on 31 December 2022.

15. BONDS INCLUDED IN BORROWINGS

€ 1,000				2022	2021
Currency	Nominal value	Maturity	Interest	Balance sheet value	
EUR	30,000	19 Sep 2022	floating rate		30,000
EUR	30,000	11 Sep 2023	2,71%	30,000	30,000
EUR	300,000	3 Apr 2024	3,50%	299,802	299,649
EUR	70,000	7 May 2025	0,527%	70,000	70,000
EUR	100,000	23 Nov 2027	1,125%	99,636	99,565
EUR	25,000	27 Mar 2028	2,71%	25,000	25,000
EUR	10,000	12 Sep 2028	3,27%	10,000	10,000
EUR	80,000	24 Apr 2029	2,95%	80,000	80,000
EUR	30,000	30 May 2029	2,888%	30,000	30,000
				644,438	674,214
NOK	100,000	16 Sep 2025	4,31%	9,511	10,011
NOK	500,000	8 Apr 2030	2,72%	47,557	50,056
				57,068	60,067
Bonds, long-term total				671,506	704,281
Bonds, short-term total				30,000	30,000
Total				701,506	734,281

The company defines net debt as the difference between cash in hand, and the financial assets recognized in the income statement at fair value and borrowings as shown in the balance sheet. The development of net debt is actively monitored.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

16. RECONCILIATION OF DEBT

€ 1,000	Borrowings due within 1 year	Borrowings due after 1 year	Total
Debt on 1 Jan 2021	142,145	1,032,767	1,174,913
Cash flow from financing activities	-54,601	35,000	-19,601
Exchange rate adjustments		2,762	2,762
Other changes not involving a payment transaction	275	-231	43
Transfer to short-term loans	47,662	-47,662	-0
Debt on 31 Dec 2021	135,481	1,022,636	1,158,118
Cash flow from financing activities	-85,216	-12,662	-97,879
Exchange rate adjustments		-2,999	-2,999
Other changes not involving a payment transaction	146	-1,204	-1,058
Transfer to short-term loans	15,385	-15,385	
Debt on 31 Dec 2022	65,795	990,386	1,056,181

Other changes are mainly made up of IFRS 16 impacts.

Reconciliation of net debt, € 1,000	2022	2021
Cash in hand and cash equivalents	533,445	119,280
Financial assets recognised in the income statement at fair value	199,988	100,330
Borrowings – repayable within one year	65,795	135,481
Borrowings – repayable after one year	990,386	1,022,636
Net debt	322,748	938,508

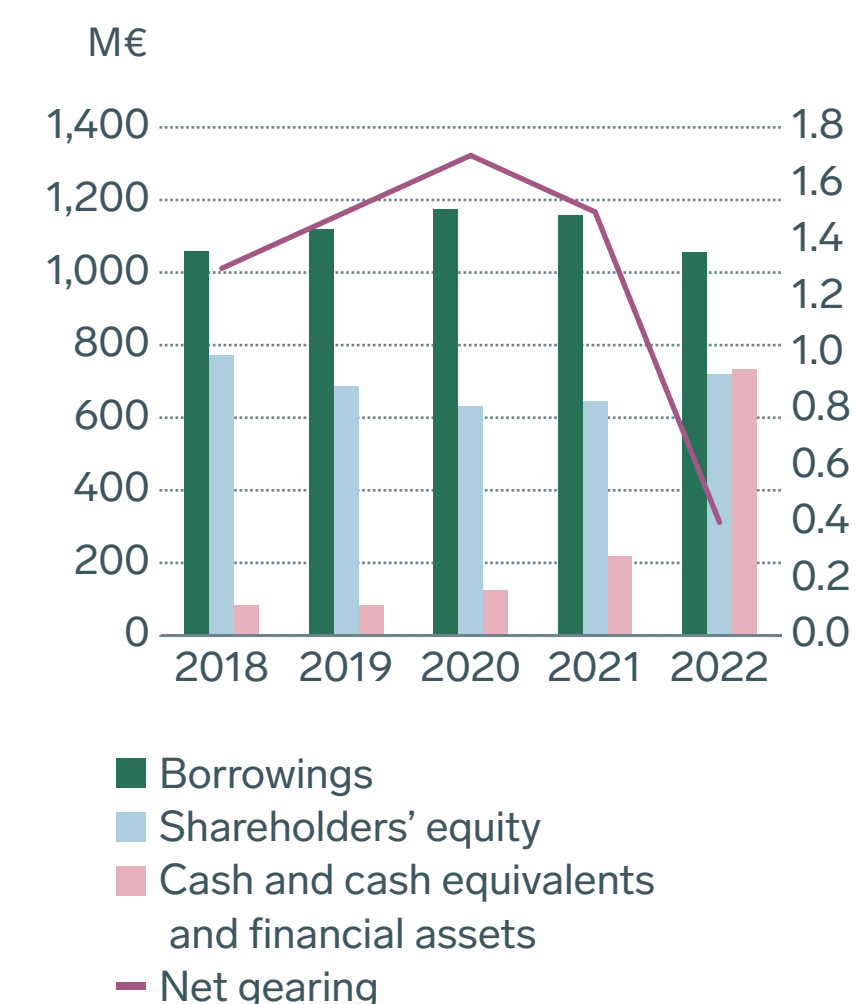
Net debt is the difference between the company's debt and its cash in hand and cash equivalents

Accounting practices were redefined for better accuracy during the 2022 financial year, and for the sake of comparability, the comparative disclosures have been adjusted to reflect the clarified practice. In the comparative disclosures under the 2021 reconciliation of net debt, bank deposits have been moved from the line 'Financial assets recognised in the income statement at fair value' to the line 'Cash in hand and cash equivalents'. A similar adjustment was made to the comparative disclosures in Note 22.

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

At the end of the year, the company's borrowings included a total of EUR 29.8 (31.1) million in lease liabilities in accordance with IFRS 16, consisting of EUR 2.7 (2.6) million in short-term liabilities, to be paid within a year, and EUR 27.0 (28.5) million in long-term liabilities, with a maturity date after more than a year.

Capital M€ and net gearing 2018–2022



FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

Interest income and costs on loans and other receivables are as follows:

17. INTEREST INCOME AND EXPENSES FROM LOANS AND OTHER RECEIVABLES

€ 1,000	2022	2021
Interest income on financial assets in income statement at fair value	742	326
Interest income on cash, cash equivalents and bank deposits	644	21
Profits from assets recognised at fair value through profit and loss	-360	-2,850
Net foreign exchange gains and losses from borrowings, derivatives and FX-accounts	0	42
Dividend income	410	2,904
Other finance income	110	
	1,545	442
Interest expenses on borrowings	-20,775	-18,665
Net interest expenses on interest rate and foreign exchange derivatives	4,693	6,654
Gains/losses from measuring derivative contracts at fair value	-19,595	-12,217
Net foreign exchange gains and losses from borrowings, derivatives and FX-accounts	-108	-0
Interest expenses on lease liabilities (IFRS 16)	-612	-623
Interest expenses on financial assets in income statement at fair value	-360	
Other finance costs	-1,187	-1,390
	-37,944	-26,242
Capitalised finance costs, borrowing costs; at a capitalisation rate of 1.6% (note 11)	3,728	2,582
Total	-32,670	-23,217

Managing the market risks of debt

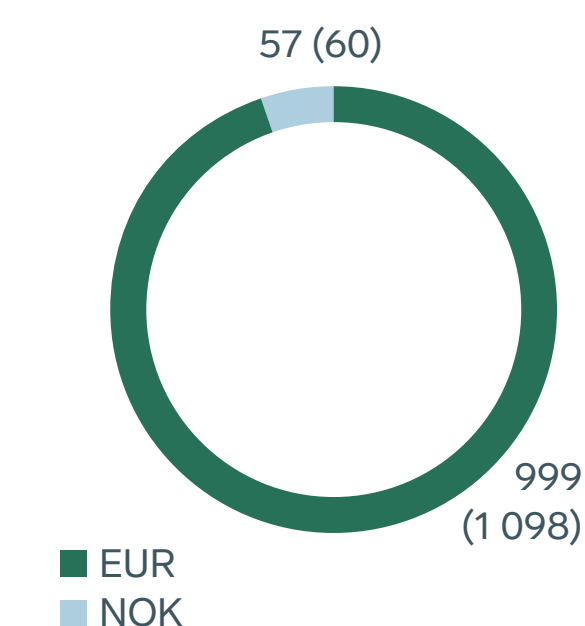
The company issues bonds in the international and domestic money and debt capital markets. Fingrid's borrowings are issued in both fixed and floating interest rates and in several currencies. They thus expose Fingrid's cash flow to interest rate and exchange rate risks. Fingrid uses derivative contracts to hedge against these risks. Fingrid generally holds issued bonds to maturity and thus does not value its bonds in the balance sheet at fair value or hedge against the fair value interest rate risk. The currency risks related to bonds and the interest rate risk of foreign currency are fully hedged.

The company's debt portfolio is spread across euro-denominated and non-euro-denominated currencies. The company uses interest rate and cross currency swaps to hedge the exchange rate and interest risk of bonds. The permitted hedging instruments are defined in the Treasury Policy and are chosen in order to achieve the most effective hedging possible for the risks in question.

Transaction risk

The company uses derivatives to fully hedge against exchange rate risks when it is cost-effective to do so and against commodity price risks to the extent that the hedging instruments of the risk in question are cost-effectively available and hedging cannot otherwise be implemented, for instance, through contracts. During the financial year, the company used currency and metal derivatives to hedge business transaction risks. A summary of the derivatives is presented in Note 23.

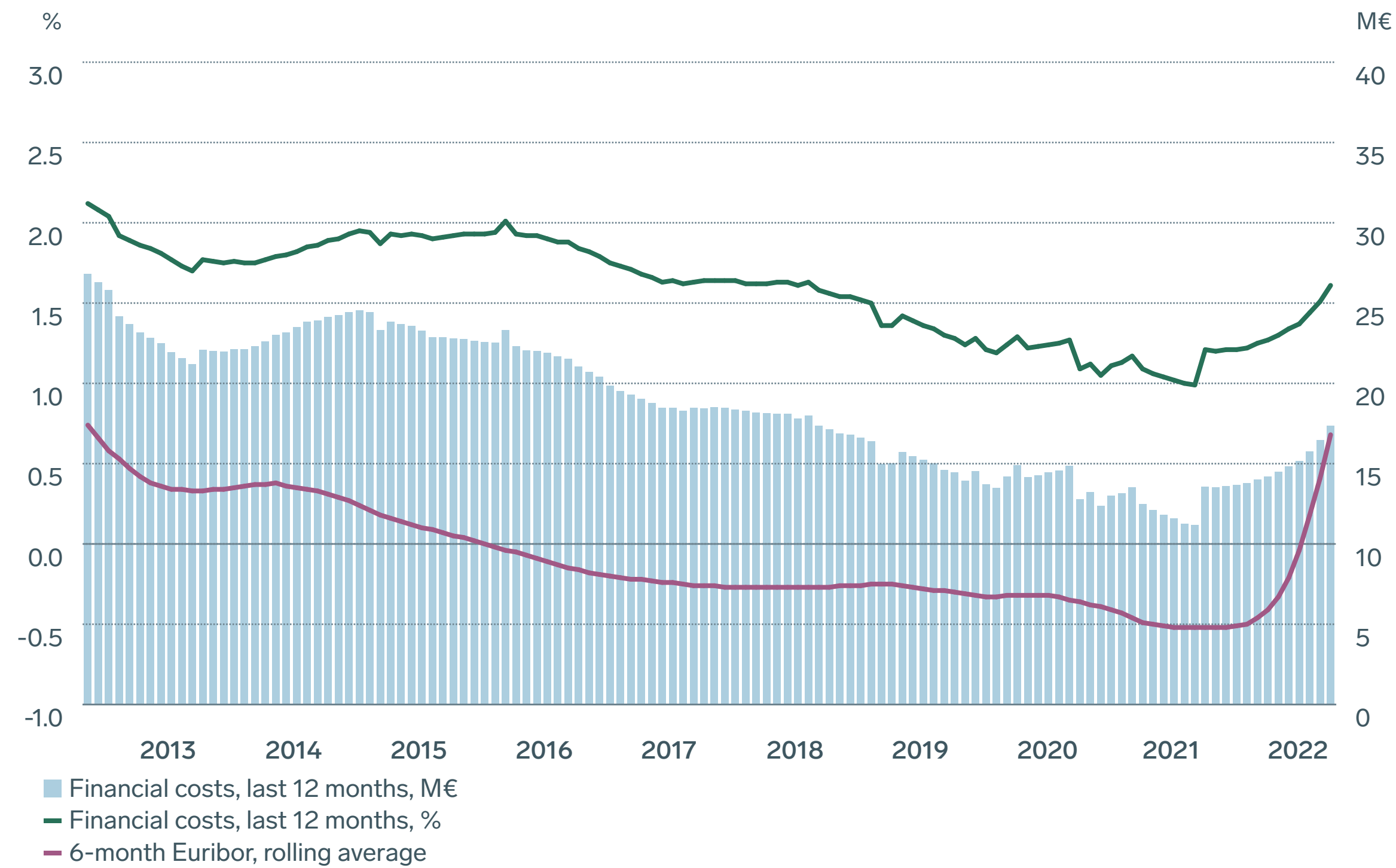
Total debt in original currency, M€



FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

Financial costs 2013–2022



The graph 'Financial costs 2013–2022' does not include IFRS 16 interest expenses.

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

Interest rate risk

The company is only exposed to euro denominated interest rate risk from its business operations, assets and borrowings. The company's borrowings are, both in terms of principal and interest payments, fully hedged against exchange rate risks. Cash and cash equivalents and financial assets recognised in the income statement at fair value are denominated in euros.

Interest rate risk management includes optimisation of future interest rate risk of business operations (risk-free interest in the WACC model described in the next infobox) emerging from the regulatory model specified by the Energy Authority, together with company's net debt interest rate risk.

The interest rate risk from business operations can in part or in its entirety be hedged in terms of the adjusted capital committed to grid operations. The Board

of Directors makes a separate decision on the hedging of operational interest rate risks. The interest rate risk included in business operations was not hedged in 2022. The interest rate risk inherent in Fingrid's business operations is caused by changes in the risk-free interest in the WACC model. If the risk-free interest rate rises/falls by one percentage unit, the post-tax WACC rises/falls by 0.9 percentage points.

The objective of managing the interest rate risk on the loan portfolio is to minimise interest costs in the long term. The aim is to keep the average interest rate period of the gross interest exposure for the loan portfolio (derivatives and liabilities) at around twelve (12) months. The loan portfolio's interest rate risk arises from market interest rate volatility, which decreases or increases the annual interest expenses on the company's floating-rate loans. When market interest rates increase/decrease, the interest expenses

of the floating-rate loans also increase/decrease. The company hedges this so-called cash flow risk with derivatives. The sensitivity of the loan portfolio to interest rate risk is measured by using a Cash Flow at Risk (CFaR) type of model, more specifically the Autoregressive Integrated Moving Average (ARIMA) model. The key parameters of the model are the 3-month and 6-month Euribor rates, of which the historical time series serve as a basis for a forward-looking simulation of the probable future interest expenses for Fingrid's loan portfolio. The exposure on which the sensitivity analysis is calculated includes all of the Group's interest-bearing borrowings, the loan portfolio's derivatives and interest-rate options purchased to hedge against unexpected changes in interest rates. According to the model, there is a 95% probability that Fingrid's interest expenses will amount to no more than EUR 25.0 million during the next 12 months.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements



Determination of the reasonable rate of return in regulation and operational interest rate risk

The reasonable rate of return on adjusted capital committed to grid operations is determined by using the weighted average cost of capital model (WACC). The WACC model determined by the Finnish Energy Authority illustrates the

average cost of the capital used by the company, where the weights are the relative values of equity and debt. The weighted average of the costs of equity and interest-bearing debt are used to calculate the total cost of capital, i.e. the reasonable rate of return per the regulation. The reasonable return is calculated by multiplying the adjusted capital invested in network operations by the WACC.

The above-mentioned reasonable rate of return after taxes is then adjusted with the current rate of corporate tax.

This calculation gives the reasonable pre-tax rate of return.

$$WACC_{\text{post-tax}} = C_E \times \frac{E}{E+D} + C_D \times (1 - yvk) \times \frac{D}{E+D}$$

WACC_{post-tax} = reasonable rate of return after corporate tax
 CE = reasonable cost of equity
 CD = reasonable cost of interest-bearing debt

E = adjusted equity invested in network operations
 D = adjusted interest-bearing debt invested in network operations
 ctr = current rate of corporate tax

$$WACC_{\text{pre-tax}} = \frac{WACC_{\text{post-tax}}}{(1 - yvk)}$$

WACC_{pre-tax} = reasonable rate of return before corporate tax

A fixed capital structure is applied to the TSO, whereby the weight of debt capital is 50% and the weight of equity capital is 50%.

The pre-tax reasonable rate of return is calculated as follows:

$$WACC_{\text{pre-tax}} = \frac{C_E \times 0,5}{(1 - yvk)} + C_D \times 0,5$$

$$R_{k, \text{pre-tax}} = WACC_{\text{pre-tax}} \times (E+D)$$

R_{k, pre-tax} = pre-tax reasonable return, EUR
 WACC_{pre-tax} = reasonable rate of return, %
 E = adjusted equity invested in network operations, EUR

D = adjusted interest-bearing debt invested in network operations, EUR
 E + D = adjusted capital invested in network operations, EUR

$$C_D = R_r + DP$$

R_r = risk-free interest rate

DP = risk premium of debt

$$C_E = R_r + \beta_{\text{levered}} \times (R_m - R_r) + LP$$

R_r = risk-free interest rate
 β levered = levered beta
 R_m = average market return

R_m - R_r = market risk premium
 LP = liquidity premium

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

Cost of equity	
$C_E = R_r + \beta_{\text{unlevered}} \times (1 + (1 - t) \times D/E) \times (R_m - R_f) + LP$	
$C_E = \text{Finnish 10y bond} + 0,4 \times (1 + (1-20\%) \times 50/50) \times 5\% + 0,6\%$	
$C_E = \text{Finnish 10y bond} + 4,2\%$	
Cost of debt	
$C_D = R_r + DP$	
$C_D = \text{Finnish 10y bond} + 1,26\%$	
WACC (pre tax)	
$WACC_{\text{post-tax}} = C_E \times 50/100 + C_D \times (1 - t) \times 50/100$	
$WACC_{\text{post-tax}} = \text{Finnish 10y bond} \times 0,9 + 2,60\%$	
$WACC_{\text{pre-tax}} = \text{Finnish 10y bond} \times 1,125 + 3,26\%$	
Parameter	Value to be applied
Risk-free rate (R_r)	Greater of: a) 10-year average of 10-year Finnish government bond rate b) Average of previous year April-September government bond rate
Asset beta ($\beta_{\text{unlevered}}$)	0,4
Market risk premium ($R_m - R_f$)	5,0%
Liquidity premium (LP)	0,6%
Capital structure (D/E)	50/50
Risk premium of debt (DP)	1,26%
Tax rate (t)	20%

Liquidity risk

Fingrid is exposed to liquidity and refinancing risks arising from the redemption of loans, payments and fluctuations in cash flow from operating activities. The liquidity of the company must be arranged so that liquid assets (cash and cash equivalents, and financial assets recognised in the income statement at fair value) and available long-term committed credit lines can cover 110% of the refinancing needs for the next 12 months.

The company has a revolving credit facility agreement of EUR 300 million signed on 30 November 2021. The revolving credit facility's loan period extends until 30 November 2027, and Fingrid has an unused a one-year extension option for the revolving credit facility. The facility is committed and has not been drawn. Additionally, the company has at its disposal a total of EUR 90 million in overdraft limits with banks to secure liquidity.

The refinancing risk is managed with the aim of building an even maturity profile in which the share of long-term loans in a single year constitutes less than 30 per cent of the total debt and the average maturity of the company's loan portfolio

is at least three years. To secure refinancing, the company makes wide use of diverse sources of financing. The high credit rating and good bank and investor relations enable ready access to the debt capital market and thus minimises the company's debt refinancing risks and financing costs.

The counterparty risks of financing activities are caused by investment service companies, derivatives counterparties, insurance companies and bank counterparties. The company minimises any counterparty risks and can, if necessary, demand guarantees from counterparties to strengthen its risk position. As a rule, credit rating categories are the decisive factor in specifying the counterparty limit.

Contractual repayments and interest costs on borrowings are presented in the next table. The repayments and interest amounts are undiscounted values. Finance costs arising from interest rate swaps are often paid in net amounts depending on the nature of the swap. In the following table, they are presented in gross amounts.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

18. PAYMENTS UNDER FINANCING AGREEMENTS IN CASH

31 Dec 2022

€ 1,000		2023	2024	2025	2026	2027	2028-	Yhteensä
Bonds	- repayments	30,000	300,000	79,511		100,000	192,557	702,068
	- interests	18,741	17,928	7,428	6,649	6,649	11,338	68,735
Loans from financial institutions	- repayments	33,047	39,073	45,099	29,341	27,436	150,896	324,892
	- interests	9,602	10,955	8,469	6,754	5,859	25,469	67,109
Lease liabilities	- repayments	2,748	2,732	2,685	2,738	2,786	16,094	29,783
	- interests	564	513	462	409	356	1,075	3,380
Cross-currency swaps.	- payments	2,211	2,716	2,751	2,001	2,016	6,006	17,701
Interest rate swaps	- payments	8,754	9,037	5,192	3,732	3,788	372	30,877
Currency derivatives	- payments	10,808	2,349	1,080	1,067			15,304
Total		116,477	385,304	152,678	52,691	148,891	403,807	1,259,848
Cross-currency swaps.	- receivables	1,703	1,703	2,113	1,294	1,294	5,174	13,282
Interest rate swaps	- receivables	3,801	3,805	1,821	1,452	1,452	327	12,657
Currency derivatives	- receivables	10,743	2,250	1,034	1,034			15,061
Bought interest rate options	- receivables	9,797	4,720					14,517
Total		26,044	12,478	4,968	3,779	2,746	5,501	55,517
Total		90,433	372,825	147,710	48,912	146,145	398,306	1,204,331

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

31 Dec 2021

€ 1,000		2022	2023	2024	2025	2026	2027-	Yhteensä
Bonds	- repayments	30,000	30,000	300,000	80,011		295,056	735,067
	- interests	18,831	18,831	18,018	7,518	6,717	18,259	88,174
Loans from financial institutions	- repayments	17,662	33,047	37,673	42,299	26,541	150,333	307,554
	- interests		110	666	1,013	955	7,422	10,167
Commercial papers	- repayments	85,000						85,000
Lease liabilities	- repayments	2,603	2,607	2,595	2,549	2,599	18,113	31,066
	- interests	588	540	492	443	393	1,376	3,831
Cross-currency swaps.	- payments	433	430	431	12,943	428	44,975	59,641
Interest rate swaps	- payments	227	227	228	118	10	20	830
Currency derivatives	- payments	2,350	1,500	900				4,750
Total		157,694	87,293	361,003	146,893	37,643	535,554	1,326,081
Cross-currency swaps.	- receivables	1,793	1,793	1,793	11,804	1,362	55,502	74,047
Interest rate swaps	- receivables	5,130	4,529	4,260	1,997	1,628	1,955	19,499
Currency derivatives	- receivables	2,387	1,534	926				4,847
Total		9,309	7,856	6,979	13,801	2,989	57,458	98,393
Total		148,385	79,437	354,023	133,092	34,653	478,097	1,227,688

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > [Strong financial position \(IFRS\)](#)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements



Accounting principles

Borrowings

Borrowings are initially recognised at fair value net of the transaction costs incurred. Transaction costs consist of bond prices above or below par value, arrangement fees, commissions and administrative fees that are directly related to the loan. Borrowings are subsequently measured at amortised cost; any difference between the loan amount and the amount to be repaid is recognised in the income statement over the loan period using the effective interest rate method. Borrowings are derecognised when they mature and are repaid.

Commitment fees to be paid on credit facilities are entered as transaction costs related to the loan insofar as partial or full utilisation of the facility is likely. In such cases, the fee is capitalized in the balance sheet until the facility is utilised. If there is no proof that loans included in a facility are likely to be drawn in part or in full, the fee will be recognised as an upfront payment for liquidity services and amortized over the maturity of the facility in question.

5.4 Cash and cash equivalents and other financial assets

19. CASH AND CASH EQUIVALENTS

€ 1,000	2022	2021
Cash assets and bank account balances	383,445	99,280
Total	383,445	99,280

20. OTHER FINANCIAL ASSETS

€ 1,000	2022	2021	Hierarchy level
Fixed income funds	199,988	100,330	Level 1
Bank deposits, over 3 months	150,000	20,000	Level 2
Total	349,988	120,330	

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements



Accounting principles

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash in hand and bank deposits with an initial maturity of no more than three months. In the cash flow statement, cash and cash equivalents also include other financial assets due to their liquid nature. Cash and cash equivalents are derecognised when they mature, are sold or otherwise disposed of.

Other financial assets

The financial assets classified in this category include current investments in fixed income funds and bank deposits kept for more than three months. Financial assets recognised

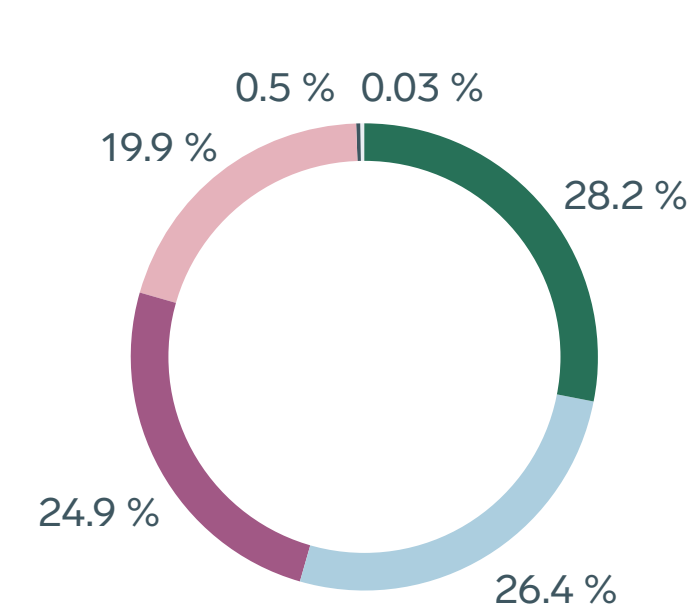
at fair value in the income statement are entered in the balance sheet at fair value at the settlement date. Subsequently, the financial assets are measured on each reporting day at fair value, and the change in their fair value is recognised in the income statement under finance income and costs. Derivatives are also included in this group but are presented in the balance sheet on their own lines. Accounting principles for derivatives are disclosed in 5.6.

Financial assets are derecognised when they mature, are sold or otherwise disposed of such that their risks and revenues have been transferred.

5.5 Equity and dividend distribution

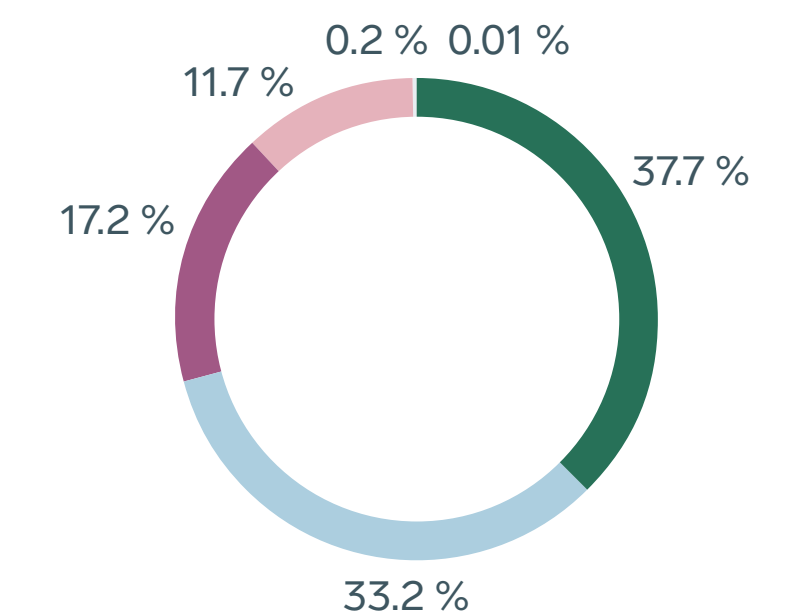
The shareholders' equity is composed of two share classes. The shareholder breakdown and voting rights are illustrated in the following graphs.

Shareholders (%)



- Republic of Finland, represented by the Ministry of Finance
- National Emergency Supply Agency
- Aino Holding Ky
- Mutual Pension Insurance Company Ilmarinen
- Other
- The State Pension Fund

Voting rights (%)



- Republic of Finland, represented by the Ministry of Finance
- National Emergency Supply Agency
- Aino Holding Ky
- Mutual Pension Insurance Company Ilmarinen
- Other
- The State Pension Fund

FINANCIAL STATEMENTS

- Consolidated key figures
- Consolidated financial statements (IFRS)
- Benchmark for TSO operations (IFRS)
- Long-term investor (IFRS)
- [Strong financial position \(IFRS\)](#)
- Other information (IFRS)
- Parent company financial statements (FAS)
- Signatures for the annual review and for the financial statements

SHAREHOLDERS BY CATEGORY 31 DEC 2022	Number of shares	Of all shares %	Of votes %
Public organisations	1,768	53.17	70.87
Financial and insurance institutions	1,557	46.83	29.12
Total	3,325	100.00	100.00

Shareholders, 31 Dec 2022	Number of shares	Of all shares %	Of votes %
Republic of Finland, represented by the Ministry of Finance			
Aino Holding Ky	878	26.41	11.74
National Emergency Supply Agency	828	24.90	33.20
Mutual Pension Insurance Company Ilmarinen	661	19.88	17.15
Imatran Seudun Sähkö Oy	10	0.30	0.13
Fennia Life	6	0.18	0.08
Elo Mutual Pension Insurance	1	0.03	0.01
OP Insurance Ltd	1	0.03	0.01
The State Pension Fund	1	0.03	0.01
Total	3,325	100.00	100.00

The company's share capital is EUR 55,922,485.55. Fingrid shares are divided into Series A shares and Series B shares. The number of Series A shares is 2,078 and the number of Series B shares is 1,247.

The maximum number of shares is 13,300, as in 2021. The shares have no par value.

Series A shares confer three votes each at the Annual General Meeting and Series B shares one vote each. When electing members of the Board of Directors, Series A shares confer 10 votes each at the Annual General Meeting and Series B shares one vote each.

Series B shares have the right before Series A shares to obtain the annual minimum dividend specified below from the funds available for profit distribution. If the annual minimum dividend cannot be distributed in some year, the shares confer a right to receive the undistributed amount from the funds available for profit distribution in the subsequent years; however, such that Series B shares have the right over Series A shares to receive

the annual minimum dividend and the undistributed amount.

Fingrid Oyj's Annual General Meeting decides on the annual dividend

Eighty-two per cent of the dividends to be distributed for each financial year is distributed for all Series A shares and eighteen per cent for all Series B shares, however such that EUR twenty million of the dividends to be distributed for each financial year is first distributed for all Series B shares. If the above-mentioned EUR twenty million minimum amount for the financial period is not distributed (all or in part) for Series B shares in a financial period, Series B shares confer the right to receive the undistributed minimum amount in question (or the accumulated undistributed minimum amount accrued during such financial periods) in the next profit distribution, in any disbursements paid out, or in any other distribution of assets prior to any other dividends, disbursements or asset distribution until the undistributed minimum amount has been distributed in full for Series B shares. There are no non-controlling interests.

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

Equity is composed of the share capital, share premium account, revaluation reserve (incl. fair value reserve), translation reserve, and retained earnings. The translation reserve includes translation differences in the net capital investments of associated companies in accordance with the equity method of accounting. The profit for the financial year is booked in retained earnings.

Share premium account

The share premium account includes the difference between the counter value of the shares and the value obtained. The share premium account consists of restricted equity as referred to in the

Finnish Limited Liability Companies Act. The share capital can be increased by transferring funds from the share premium account. The share premium account can be decreased in order to cover losses or, under certain conditions, it can be returned to the owners.

Changes to equity funds during the financial year are presented in the statement of changes in equity.

Fingrid's dividends are distributed such that the shareholders receive a reasonable return on their invested capital, but also such that the company's financial position remains stable.

Fingrid Oyj's distributable funds in the financial statements total EUR 165,966,204.21. Based on the 2021 financial statements, EUR 133.0 million was paid in dividends (EUR 135.6). Since the closing date, the Board of Directors has proposed to the Annual General Meeting of shareholders that, on the basis of the balance sheet adopted for the financial period that ended on 31 December 2022, a dividend of EUR 52,500.00 at maximum per share be paid for Series A shares and EUR 19,200.00 at maximum for Series B shares, for a total of EUR 133,037,400.00 at maximum. The dividends shall be paid in two instalments. The first instalment of EUR 35,000.00 for each Series A share and EUR 12,800.00 for each Series B share, totalling EUR 88,691,600.00, shall be paid on 5 April 2022. The second instalment of EUR 17,500.00 at maximum per share for each Series A share and EUR 6,400.00 at maximum per share for each Series B share, totalling EUR 44,345,800.00 at maximum in dividends, shall be paid subject to the Board's decision after the half-year report has been confirmed, based on the authorisation given to the Board in the Annual General

Meeting. The Board has the right to decide, based on the authorisation granted to it, on the payment of the second dividend instalment after the half-year report has been confirmed and it has assessed the company's solvency, financial position and financial development. The dividends that have been decided on with the authorisation given to the Board shall be paid on the third banking day after the decision. It will be proposed that the authorisation remains valid until the next Annual General Meeting.

The distributable funds are calculated on the basis of the parent company's equity. Dividends are paid based on the distributable funds of the parent company.

The guiding principle for Fingrid's dividend policy is to distribute substantially all of the parent company profit as dividends. When making the decision, however, the economic conditions, the company's near-term capital expenditure and development needs as well as any prevailing financial targets of the company are always taken into account.

21. SHAREHOLDERS BY CATEGORY

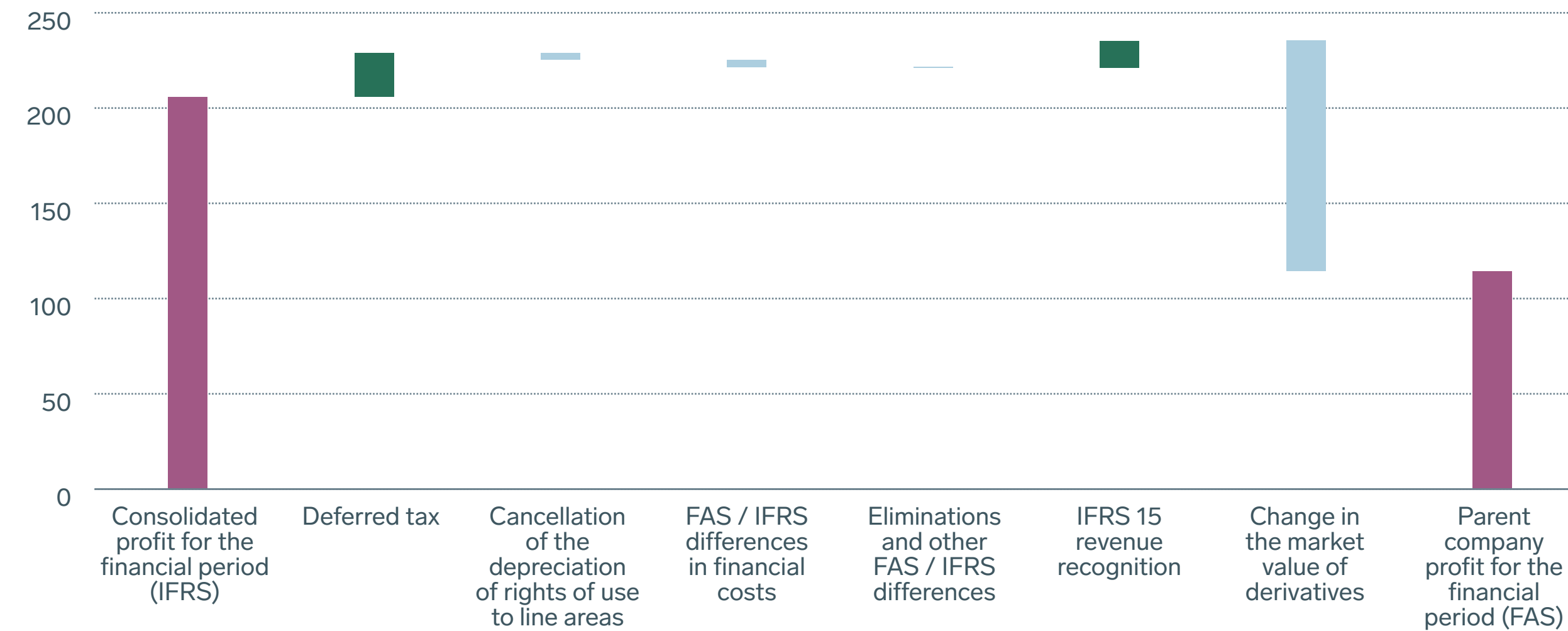
The share capital is broken down as follows	Number of shares	Of all shares %	Of votes %
Series A shares	2,078	62.50	83.33
Series B shares	1,247	37.50	16.67
Total	3,325	100.00	100.00

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

The graph below indicates the differences between the consolidated IFRS income statement and the parent company's FAS income statement.

Bridge calculation from consolidated IFRS result to parent company FAS result 2022, MEUR



Accounting principles

Dividend distribution

The Board of Directors' proposal concerning dividend distribution is not recorded in the financial statements. The liability and equity is recognised only after a decision is made by the Annual General Meeting of Shareholders.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > [Strong financial position \(IFRS\)](#)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

5.6 Summary of financial assets, financial liabilities and derivatives

The carrying amounts of Fingrid's financial assets and liabilities by measurement category are as follows:

22. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

€ 1,000	Assets/ liabilities recognised in income statement at fair value	Financial as-sets/liabilities measured at amor-tised cost	Total	Note
Balance sheet item 31 Dec 2022				
Other long-term investments				
Interest rate and currency derivatives	11,197		11,197	23
Electricity derivatives	55,710		55,710	23
Metal derivatives	37		37	23
Current financial assets				
Interest rate and currency derivatives	3,098		3,098	23
Electricity derivatives	163,308		163,308	23
Metal derivatives	45		45	23
Loan receivables from associated companies		188	188	24
Trade receivables and other receivables		62,671	62,671	3
Other financial assets	199,988	150,000	349,988	20
Cash in hand and cash equivalents		383,445	383,445	19
Financial assets total:	433,381	596,304	1,029,684	
Non-current financial liabilities:				
Borrowings		990,386	990,386	14
Interest rate and currency derivatives	22,232		22,232	23
Metal derivatives				23
Current financial liabilities:				
Borrowings		65,795	65,795	14
Interest rate and currency derivatives	161		161	23
Metal derivatives				23
Trade payables and other liabilities		192,669	192,669	7
Financial liabilities total	22,393	1,248,850	1,271,243	

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

€ 1,000	Assets/ liabilities recognised in income statement at fair value	Financial as-sets/liabilities measured at amor-tised cost	Total	Note
Balance sheet item 31 Dec 2021				
Other long-term investments				
Available-for-sale investments	6,753		6,753	
Interest rate and currency derivatives	18,654		18,654	23
Electricity derivatives	14,767		14,767	23
Loan receivables		188	188	
Current financial assets				
Interest rate and currency derivatives	648		648	23
Electricity derivatives	63,427		63,427	23
Loan receivables from associated companies		375	375	24
Trade receivables and other receivables		127,583	127,583	3
Other financial assets	100,330	20,000	120,330	20
Cash in hand and cash equivalents		99,280	99,280	19
Financial assets total:	204,579	247,425	452,004	
Non-current financial liabilities:				
Borrowings		1,022,636	1,022,636	14
Interest rate and currency derivatives	2,556		2,556	23
Electricity derivatives	113		113	23
Current financial liabilities:				
Borrowings		135,481	135,481	14
Trade payables and other liabilities		142,653	142,653	7
Financial liabilities total	2,669	1,300,770	1,303,439	

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

Accounting practices changed during the 2022 financial year, and for the sake of comparability, the comparative disclosures have been adjusted to reflect the new accounting practice. Interest receivables and payables from interest and currency derivatives are no longer recorded in accrued income and liabilities, but instead as part of the balance sheet value of derivatives. The adjustment concerns Note 22, interest and currency derivatives, sales receivables and other receivables and trade payables and other liabilities. A similar adjustment was made to the comparative disclosures in Notes 3 and 7. In the 'Other financial assets' line under 'Current financial assets', bank deposits have been moved from the column 'Assets/liabilities recognised in the income statement at fair value' to the column 'Financial assets/liabilities measured at amortised cost'. A similar adjustment was made to the comparative disclosures in Note 16.

At the end of the year, the company's borrowings included a total of EUR 29.8 (31.1) million in lease liabilities in accord-

ance with IFRS 16, consisting of EUR 2.7 (2.6) million in short-term liabilities, to be paid within a year, and EUR 27.0 (28.5) million in long-term liabilities, with a maturity date after more than a year.

Fingrid uses derivatives only for hedging purposes. Bilateral derivative transactions require a valid framework agreement (ISDA or other agreement). The derivatives falling under the scope of an ISDA agreement can be netted in conditional circumstances such as default or bankruptcy. The company had derivatives that can be netted as per ISDA at a total fair value of EUR -8.1 (16.7) million in 2022. The management of electricity price risk is described in chapter 3.7. The hedging of interest rate and foreign exchange risks is described in chapter 5.3.

The company uses derivatives to hedge against the market risk and holds the derivatives until maturity. The company's derivative transactions consist of interest rate and cross currency swaps for hedging the loan portfolio, as well as purchased options used to mainly hedge



the loan portfolio from a sudden change in short-term interest rates. Currency derivatives are used to fix the exchange rate for non-euro-denominated contracts related to business operations. The company uses electricity derivatives to hedge the price risk of future loss power

purchases. Metal derivatives are used to hedge against the metal price risk arising from purchases insofar as it cannot otherwise be managed.

The table below includes all of the Group's derivatives.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

23. DERIVATIVE INSTRUMENTS, € 1,000

	2022				2021				Hierarchy level
	Fair value pos. 31.12.22	Fair value neg. 31.12.22	Net fair value 31.12.22	Nominal value 31.12.22	Fair value pos. 31.12.21	Fair value neg. 31.12.21	Net fair value 31.12.21	Nominal value 31.12.21	
Interest rate and currency derivatives									
Cross-currency swaps		-4,607	-4,607	55,990	5,067	-1,989	3,078	55,990	Level 2
Currency derivatives	109	-356	-247	11,901	77		77	3,335	Level 2
Interest rate swaps	302	-17,430	-17,128	280,000	13,384	-567	12,817	305,000	Level 2
Bought interest rate options	13,884		13,884	550,000	775		775	550,000	Level 2
Total	14,294	-22,393	-8,099	897,891	19,302	-2,556	16,746	914,325	
	Fair value pos. 31.12.22	Fair value neg. 31.12.22	Net fair value 31.12.22	TWh 31.12.22	Fair value pos. 31.12.21	Fair value neg. 31.12.21	Net fair value 31.12.21	TWh 31.12.21	
Electricity derivatives									
Electricity forward contracts.									
NASDAQ OMX Commodities	219,017		219,017	4	78,193	-113	78,081	6	Level 2
Total	219,017		219,017	4	78,193	-113	78,081	6	
	Fair value pos. 31.12.22	Fair value neg. 31.12.22	Net fair value 31.12.22	tn 31.12.22	Fair value pos. 31.12.21	Fair value neg. 31.12.21	Net fair value 31.12.21	tn 31.12.21	
Metal derivatives									
Metal swaps	81		81	342					Level 2
Total	81		81	342					

FINANCIAL STATEMENTS

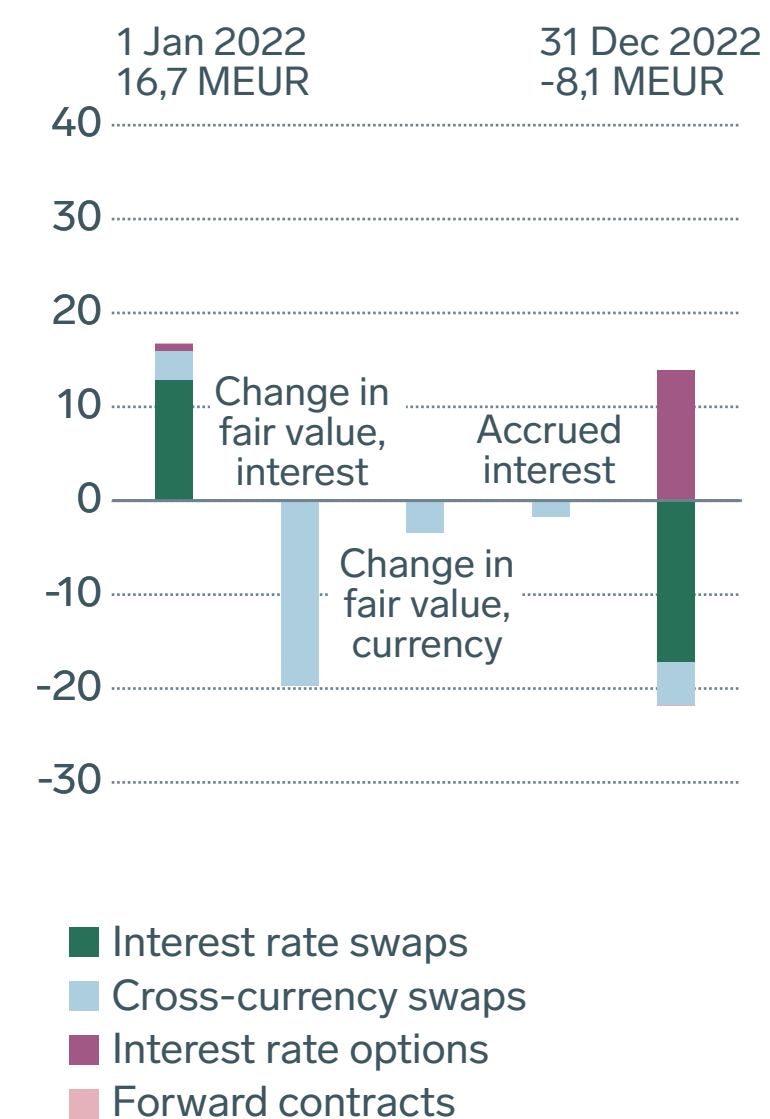
- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

The net fair value of derivatives indicates the realised profit/loss if they had been closed on the last trading day of 2022.

The sensitivity of the net fair value of currency derivatives to exchange rates on the reporting date is measured as a 10 per cent change in exchange rates between the euro and foreign currencies. The sensitivity analyses gauge changes in the spot and future rates on the reporting date while keeping the other factors constant. If the euro had been 10% stronger/weaker compared to foreign currencies on 31 December 2022, the impact on the Group's profit before taxes would have been EUR 1.0 million negative/EUR 1.3 million positive.

The graph below indicates the change of value of all of the company's currency and interest rate derivatives in 2022.

Change in the net fair value of financial derivatives 2022

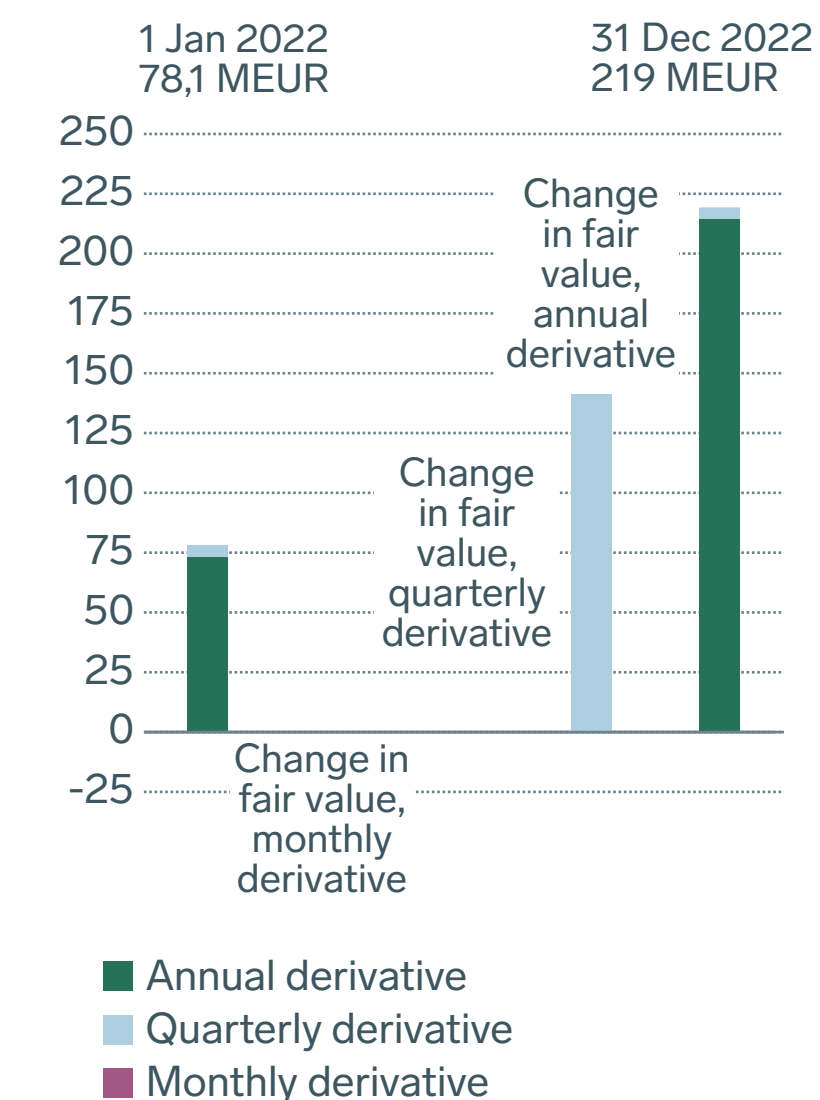


The change in the fair value of the electricity derivatives used for hedging the price of Fingrid's loss power purchases recognised in the operating profit was EUR 140.9 positive (EUR 62.3 million positive). The volatility in the fair value of electricity derivatives can be significant. The positive impact on profit resulted from the effect of higher market quotations for electricity derivatives on the fair value of the electricity derivatives. Fingrid holds its bought derivatives to maturity.

The sensitivity of the fair value of electricity derivatives in relation 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 32.0 million/EUR -32.0 million on the Group's profit before taxes.

The graph below illustrates the net fair value of the company's electricity derivatives and the change in it in 2022.

Change in the net value of electricity derivatives in 2022



FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

The change in the fair value of metal derivatives was EUR 0.1 million positive. The sensitivity of the fair value of metal derivatives in relation to the price of metals is measured as the difference a 20 per cent fluctuation in market price would have on outstanding metal derivative contracts on the reporting date. An increase/decrease of 20 per cent in the market price of metals would have an impact of EUR 0.5 million positive/EUR 0.5 million negative on the Group's profit before taxes.



FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)



Accounting principles

FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities

The Group classifies the financial assets and liabilities in accordance with its business model and in compliance with IFRS 9.

The classification is accomplished on the basis of the objective of the business model and the contract-based cash flows from the investments.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and bank deposits with an initial maturity of no more than three months. Cash and cash equivalents are recognised at amortised cost.

Other financial assets

Other financial assets can include bank deposits of more than three months, bonds and investments in fixed income funds.

Investments in fixed income funds and bonds are classified based on the fair value hierarchy and recognised at fair value in the income statement. Deposits are valued and recognised at amortised cost.

The Group actively tests each instrument for impairment and if the impairment criteria are met, the impairment is entered in the income statement.

Financial liabilities

Financial liabilities consist of loans and derivative instruments. Loans are items recognised at amortised cost. Loans are recognised in accounting with transaction costs deducted, after which the loans are measured at amortised cost using the effective interest rate method.



Accounting principles

Derivative instruments

Derivatives are initially recognised at fair value according to the date the derivative contract is concluded, and are subsequently re-measured at fair value. The fair value of derivatives on the reporting date are based on calculation methods in line with market practice. Changes in the fair value of derivatives are recognised directly in the income statement. The Group does not apply hedge accounting, and the rules applied to hedge accounting according to IFRS 9 do not affect the company's accounting procedures. The company uses derivative contracts only for hedging purposes according to the Corporate Finance Principles, the Treasury Policy and the loss power policy.

Electricity derivatives

The company enters into electricity derivative contracts in order to hedge the price risk of electricity purchases in accordance with the loss power forecast.

Metal derivatives

The company concludes metal derivative agreements to hedge against the metal price risk arising from purchases.

Interest and currency derivatives

The company enters into derivative contracts in order to hedge loans' interest rate and foreign exchange risk and the foreign exchange risk of purchases. A derivative asset or liability is recognised at its original fair value. Derivatives are measured at fair value at the closing date, and the change in fair value is recognised in the income statement under finance income and costs. Currency derivatives have been measured at the forward prices. Interest rate and currency swaps have been measured at the present value on the basis of the yield curve of each currency. Interest rate options have been valued using generally accepted option pricing models in the market.

06

OTHER INFORMATION (IFRS)

- Chapter six contains the rest of the notes.
- First, a presentation of the Group companies and related parties information is described in their own section.
- Later, other notes follow in the same sequence they appear in the income statement and balance sheet.

6.1 Group companies and related parties

The Group has two Fingrid’s wholly-owned subsidiaries, Finextra Oy and Fingrid Datahub Oy.

Finextra Oy is a subsidiary wholly-owned by Fingrid Oyj established to handle the statutory public service obligations not included in actual grid operations or

transmission system responsibility. These tasks include peak load capacity services and guarantee-of-origin services for electricity. Through Finextra, the cost of public service tasks is separated from the cost of grid operations, which makes it possible to ensure the unequivocal transparency of the different operations. The Energy Authority oversees Finextra’s operations and reasonable returns from

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements



FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

its services. The aim of Finextra is to carry out the assigned duties cost effectively, making use of joint resources. The allowed annual return on peak load capacity services is EUR 75,000. The allowed return on guarantee-of-origin services for the regulatory period started on 1 January 2020 was approximately EUR 43,000. The realised return during the regulatory period by 31 December 2022 consisted of a deficit of roughly EUR 11,000.

Fingrid Datahub Oy is a subsidiary wholly-owned by Fingrid Oyj established in 2016 to handle the operations linked to the datahub. Key duties of the subsidiary is to offer and develop centralised electricity market information exchange services and other related services to the market parties and to govern the register information required by the electricity markets. The datahub is a centralised information exchange system for retail markets that stores data from all of Finland's 3.8 million electricity metering points. The information contained in the Datahub is used by approximately 100

electricity suppliers and over 80 distribution network companies serving electricity consumers. The go-live of the Datahub system was in February 2022. The Energy Authority supervises the Datahub's operations and regulates the Datahub's returns. The monitoring methods confirmed by the Energy Authority are valid until 31 December 2027. According to the monitoring method, the WACC model's beta coefficient parameter can be updated at the Energy Authority's discretion for the period commencing 1 January 2024.

The associated companies, eSett Oy (holding 25.0 per cent) and Nordic RCC A/S (holding 25.0 per cent), have been consolidated accordingly. The consolidated associated company is eSett Oy (ownership 25.0%). eSett manages the Nordic Balance Settlement (NBS). 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. Nordic RCC supports Nordic TSOs in managing system security and sets the electricity system's transmission capacities.

Receivable from an associated company consists of a loan receivable from eSett Oy. The main terms and conditions are as follows:

Associated company loan:

The loan capital is EUR 0.2 (0.6) million and the annual interest rate is 1.5 per cent, on top of the 12-month Euribor. The loan repayment is ten equal instalments every six months. The amount of the loan capital is one quarter of the total loan that eSett's owners have granted the company proportionate to their holdings. The terms of the loan are the same as the loan terms for eSett's other owners.

The investments in associated companies included in the balance sheet are composed of the following:

24. INVESTMENTS IN ASSOCIATED COMPANIES

€ 1,000	2022	2021
Non-current		
Interests in associated companies	12,734	1,854
Loan receivables from associated companies		188
Current		
Loan receivables from associated companies	188	375
Total	12,922	2,416

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

Financial summary of associated companies € 1,000

2022	Non-current Assets	Liabilities	Current Assets	Liabilities	Turnover	Profit/loss	Dividends received during the financial period	Ownership (%)
eSett Oy	5,991		151,025	148,666	8,492	912		25.0
Nordic RCC AS	39,639	2,605	11,946	6,609	13,084	-2,389		25.0

2021	Non-current Assets	Liabilities	Current Assets	Liabilities	Turnover	Profit/loss	Dividends received during the financial period	Ownership (%)
eSett Oy	5,953	750	131,119	128,885	7,469	181		25.0

The Group's associated companies indicated in the tables are treated in the consolidated financial statements using the equity method of accounting.

The company has an equity investment in Danish kroner in an associated company, which results in exposure to translation risk. The translation risk is not significant, and the company does not hedge against this risk.

Equity investments in associated companies

€ 1,000	2022	2021
Cost at 1 Jan	1,854	1,806
Increases	11,469	48
Decreases	-597	
Translation reserve	9	
Carrying amount 31 Dec	12,734	1,854

Transactions with associated companies

€ 1,000	2022	2021
Sales	18	38
Expense adjustments	8	8
Purchases	4,928	1,991
Receivables	4	10
Liabilities	15,740	2,254
Loan receivables	188	563

There are no material temporary differences related to associated companies on which deferred tax assets or liabilities have been recognised.

The subsidiaries, associated companies and parent company (Fingrid Oyj) described above are related parties of the Group. In addition, the shareholder entities mentioned in chapter 5.5 and the top management and its related parties are also considered related parties. The top management is composed of the Board of Directors, the President & CEO, and the executive management group. All transactions between Fingrid and related parties take place on market terms. The company has not lent money to the top management, and the company has no transactions with the top management. At the close of the reporting period, the Republic of Finland owned 53.1 per cent of the company's shares. The Finnish Parliament has authorised the Ministry of Finance to reduce the state's ownership in Fingrid Oyj to no more than 50.1 per cent of the company's shares and votes. The company applies in its related party disclosures the practical relief as defined in IAS 24.25.

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)



Accounting principles

Subsidiaries

The subsidiaries encompass all companies over which the Group has control (including structured entities). The Group is considered to have control over a company if the Group's holding results in exposure to variable returns or if the Group is entitled to variable returns and it can influence these returns by exercising its control over the company. The subsidiaries are consolidated into the consolidated financial statements starting from the day on which the Group gained control over the company. Consolidation is discontinued once the control ceases to exist.

Consolidation of operations is carried out using acquisition cost method.

Transactions, receivables and liabilities between Group companies and any unrealised profits from internal transactions are eliminated. Unrealised losses are also eliminated unless the transaction indicates an impairment of the disposed asset. If necessary, the

financial statements of the subsidiaries have been adjusted to correspond to the accounting principles applied by the Group.

Associated companies

The associated companies include all companies over which the Group has significant influence but no control or joint control. This is generally based on a shareholding amounting to 20–50% of the votes.

Investments in associated companies are initially recognised at the acquisition cost and subsequently handled using the equity method. According to the equity method, investments are initially recorded at the acquisition cost and this is subsequently adjusted by recognising the Group's share of the profit or loss after the time of acquisition in the income statement and the Group's share of any changes in the investment object's other comprehensive income in other comprehensive income. Any dividends received or to be received

from the associated companies and joint ventures are deducted from the investment's carrying amount.

If the Group's share of the losses of an investment recognised according to the equity method equals or exceeds the Group's holding in the company in question, including any other non-current receivables without collaterals, the Group will not recognise any additional losses unless it has obligations or it has made payments on behalf of the company.

A share corresponding to the Group's ownership interest is eliminated from the unrealised profits between the Group and its associated companies and joint ventures. Any unrealised losses are also eliminated unless the transaction indicates an impairment of the disposed asset. If necessary, the accounting principles applied by the investments to be recognised according to the equity method have been adjusted to correspond to the principles applied by the Group.

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

6.2 Other notes

Emission rights

Fingrid's reserve power plants are subject to an environmental permit and covered by the EU's emissions trading scheme. Emission rights purchased in

2022 amounted to 4,000 units (tCO₂). Emissions trading had minor financial significance for Fingrid. CO₂ emissions included in emissions trading totalled 6,006 tonnes in 2022 (5,494).



Accounting principles

Emission rights

Emission rights acquired free of charge are recognised in intangible assets at their nominal value, and purchased emission rights at their acquisition cost. A liability is recognised for emission rights to be returned. If the Group has sufficient emission rights to cover the return obligations, the liability is recognised at the carrying amount corresponding to the emission rights in question. If there are not sufficient emission rights to cover the return obligations, the liability is

recognised at the market value of the emission rights in question. No depreciation is recognised on emission rights. They are derecognised in the balance sheet at the time of transfer when the actual emissions have been ascertained. The expense resulting from the liability is recognised in the income statement under the expense item 'Materials and services'. Capital gains from emissions rights are recognised under other operating income.

25. PROVISIONS

€ 1,000	2022	2021
Provisions for creosote-impregnated towers 1 Jan	3,107	1,368
Increase in provisions	163	1,784
Provisions used	-151	-44
Provisions 31 Dec	3,119	3,107



Accounting principles

Provisions

A provision is recorded when the Group has a legal or factual obligation based on an earlier event and it is likely that fulfilling the obligation will require a payment, and the amount of the obligation can be estimated reliably.

The provisions are valued at the present value of the costs required to cover the obligation. The discounting factor used in calculating the present value is chosen so that it reflects the market view of the time value of money at the assessment date and the risks pertaining to the obligation.

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

26. COMMITMENTS AND CONTINGENT LIABILITIES

€ 1,000	2022	2021
Pledges	283	483
Other financial commitments		
Rent security deposit, guarantee	38	38
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	522	532
Commitment fee for subsequent years	1,250	1,250
	1,810	1,820
Unrecognised investment commitments	316,497	230,799

The investment commitments consist of agreements signed by the company to carry out grid construction projects and to procure the datahub system.

Payment obligations from right-of-use agreements for reserve power plants:	2022	2021
In one year	8,500	8,535
In more than one year and less than five years	14,770	19,610
In more than five years	5,285	8,722
Total	28,555	36,867

Under its system responsibility, Fingrid is also obligated to maintain a rapid response disturbance reserve to prepare for disruptions to the power system. In order to ensure the availability of this disturbance reserve, Fingrid has, in addition to its reserve power plant capacity, acquired power plant capacity suited to this purpose by long-term Right-of-use agreements

LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

Teollisuuden Voima Oyj ("TVO") has 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 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.

EVENTS AFTER THE CLOSING DATE

On 16 February 2023, the National Emergency Supply Agency (NESA) transferred, without compensation, 288 shares of the transmission system operator Fingrid Oyj to the State of Finland, represented by

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

the Ministry of Finance. After the share transfer, the State will directly own a total of 1,227 of Fingrid Oyj's Series A shares, which corresponds to a 36.9 per cent shareholding. NESÄ holds a total of 540 Fingrid Oyj's Series A shares, which corresponds to a 16.2 per cent shareholding. No cash consideration will be paid for the share transfer, and the transfer will not cause a change in Fingrid Oyj's ownership steering and share management by the State. The State of Finland will thus own, directly and through NESÄ, 53.1 per cent of Fingrid's Series A shares, which will give the State 70.9 per cent of the voting rights in Fingrid.

Fingrid Group's result for the 2023 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to increase compared to 2022. This estimation includes the recording of congestion income in the company's turnover and other operating income. The implementation of the investment programme is proceeding, which raises the level of investments in 2023. The sustained exceptional situation on the

electricity markets increases the uncertainty of the company's market-based costs. Increasing weather dependence in electricity production poses a challenge to forecasting electricity transmission and increases fluctuations in the national power balance and its maintenance. The company's debt service capacity is expected to remain stable.

The company has analysed the risks linked to the war in Ukraine from the perspective of the company and Finland's power system. Based on the analysis, the direct risks to Fingrid are minimal, and Finland is not dependent on electricity imported from Russia. The impacts of the war are seen at Fingrid mainly through the market prices of electricity. 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. The Energy Authority decides on the use of the congestion income received by Fingrid in line with EU regulation. A regulatory letter submitted to Fingrid by the Energy Authority on 5 October 2022

specifies the use of congestion income in 2023. The decision concerning the use of congestion income is provided in conjunction with the company's regulatory decision after each regulatory period. The current regulatory period for steering the reasonable return ends on 31 December 2023.

On 12 October 2022, Fingrid announced that it would waive grid service fees for January, February and June of 2023. The company moreover plans to waive grid service fees for three other months in the latter half of 2023. A separate decision on that will be made by summer 2023. The goal is also, in future, to use congestion income actively for investments that will increase cross-border transmission capacity and to cover operating costs to benefit Fingrid's customers.

GROUP'S CONTACT INFORMATION AND APPROVAL OF THE FINANCIAL STATEMENTS

Fingrid Oyj is a Finnish public limited liability company incorporated under the Finnish Companies Act. Fingrid's consol-

idated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. Fingrid's registered office is in Helsinki at the address P.O. Box 530 (Läkkisepäntie 21, 00620, Helsinki), 00101 Helsinki.

A copy of the consolidated financial statements is available on the website fingrid.fi or at Fingrid Oyj's head office.

The amounts in the financial statements are expressed in thousands of euros and are based on the original acquisition costs, unless otherwise stated in the accounting principles or notes.

Fingrid Oyj's Board of Directors has accepted the publication of these financial statements in its meeting on 2 March 2023. In accordance with the Finnish Companies Act, the shareholders have the opportunity to adopt or reject the financial statements in the shareholders' meeting held after their publication. The shareholders' meeting can also amend the financial statements.

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

PARENT COMPANY FINANCIAL STATEMENTS (FAS)

7.1 Parent company income statement

€	Notes	Jan-Dec/2022	Jan-Dec/2021
TURNOVER	2	1,808,655,910.56	1 091 127 329.60
Other operating income	3	30,368,229.41	2,663,322.17
Materials and services	4	-1,502,334,281.59	-764,768,389.00
Personnel costs	5	-36,857,050.42	-33,711,021.18
Depreciation and amortisation expense	6	-103,099,128.51	-99,923,012.18
Other operating expenses	7,8	-39,688,247.85	-39,991,155.47
OPERATING PROFIT		157,045,431.60	155,397,073.94
Finance income and costs	9	-14,164,501.10	-9,283,492.17
PROFIT BEFORE APPROPRIATIONS AND TAXES		142,880,930.50	146,113,581.77
Appropriations			
Change in depreciation difference		0.00	20,000,000.00
Income taxes	10	-28,508,309.42	-32,619,700.96
PROFIT FOR THE FINANCIAL YEAR		114,372,621.08	133,493,880.81

Notes are an integral part of the financial statements.



FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

7.2 Parent company balance sheet

ASSETS €	Notes	31 Dec 2022	31 Dec 2021
Intangible assets:			
Other intangible assets	12	67,003,464.10	65,738,210.44
		67,003,464.10	65,738,210.44
Tangible assets			
	13		
Land and water areas		21,390,895.06	20,407,442.48
Buildings and structures		297,554,684.20	268,923,781.58
Machinery and equipment		567,041,338.29	539,754,722.10
Transmission lines		697,101,924.61	692,247,023.19
Other property, plant and equipment		110,452.46	117,516.35
Prepayments and purchases in progress		181,961,718.12	232,037,080.05
		1,765,161,012.74	1,753,487,565.75
Interests in Group companies		16,895,995.35	843,310.86
Interests in associated companies		12,736,342.75	1,500,675.00
Other shares and interests			6,586,678.95
		29,632,338.10	8,930,664.81
TOTAL NON-CURRENT ASSETS		1,861,796,814.94	1,828,156,441.00

ASSETS €	Notes	31 Dec 2022	31 Dec 2021
Inventories	15	18,698,053.52	14,232,769.37
Loan receivables from Group companies	16	43,904,337.63	57,064,069.33
Loan receivables from associated companies	16		187,500.00
Deferred tax assets	10	24,728,381.92	7,949,781.12
Other receivables	16	74,010.35	67,645.43
		68,706,729.90	65,268,995.88
Trade receivables		32,161,631.91	99,707,737.23
Receivables from Group companies	17	5,795,123.61	1,203,495.93
Receivables from associated companies	18	191,699.06	384,568.92
Other receivables	19	24,628,336.41	3,698,231.18
Prepayments and accrued income	20,21	32,686,585.55	30,023,870.00
		95,463,376.54	135,017,903.26
Financial securities	22	349,314,320.46	119,525,165.40
Cash in hand and bank receivables	22	383,444,760.76	99,279,656.50
TOTAL CURRENT ASSETS		915,627,241.18	433,324,490.41
TOTAL ASSETS		2,777,424,056.12	2,261,480,931.41

Notes are an integral part of the financial statements.

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

SHAREHOLDERS' EQUITY AND LIABILITIES €	Notes	31 Dec 2022	31 Dec 2021
EQUITY	23		
Share capital		55,922,485.55	55,922,485.55
Share premium account		55,922,485.55	55,922,485.55
Profit from previous financial years		51,593,583.13	51,137,102.32
Profit for the financial year		114,372,621.08	133,493,880.81
TOTAL SHAREHOLDERS' EQUITY		277,811,175.31	296,475,954.23
ACCUMULATED APPROPRIATIONS	24	278,896,757.27	278,896,757.27
PROVISIONS FOR LIABILITIES AND CHARGES	31	3,119,000.00	3,107,000.00

SHAREHOLDERS' EQUITY AND LIABILITIES €	Notes	31 Dec 2022	31 Dec 2021
LIABILITIES			
Non-current liabilities			
Bonds	25,26	670,989,990.71	700,989,990.71
Loans from financial institutions		291,844,821.79	289,891,774.84
Accruals	30	677,434,593.92	369,341,658.70
		1,640,269,406.42	1,360,223,424.25
CURRENT LIABILITIES			
Bonds	25	30,000,000.00	30,000,000.00
Loans from financial institutions		33,046,953.09	17,662,337.71
Trade payables		56,181,802.55	28,626,829.35
Liabilities to Group companies	27	4,845,445.40	597,840.94
Liabilities to associated companies	28	15,739,663.46	2,254,468.07
Other liabilities	29	7,339,593.16	87,017,749.89
Accruals	30	430,174,259.46	156,618,569.70
		577,327,717.12	322,777,795.66
TOTAL LIABILITIES		2,217,597,123.54	1,683,001,219.91
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,777,424,056.12	2,261,480,931.41

Notes are an integral part of the financial statements.

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

7.3 Parent company cash flow statement

€	Notes	1 Jan – 31 Dec, 2022	1 Jan – 31 Dec, 2021
Cash flow from operating activities:			
Profit before taxes		142,880,930.50	146,113,581.77
Adjustments:			
Depreciation		103,099,128.51	99,923,012.18
Capital gains/losses (+/-) on tangible and intangible assets		-3,566,658.78	68,954.26
Interest and other finance costs		14,164,501.10	9,283,492.17
Recognition of congestion income		-248,284,424.39	
Other adjustments		-2,513,333.37	
Changes in working capital:			
Change in trade receivables and other receivables		43,055,106.21	-27,111,697.50
Change in inventories		-4,465,284.15	-549,137.37
Change in trade payables and other liabilities		46,543,682.08	-5,916,736.31
Congestion income		942,938,568.99	283,775,995.54
Change in provisions		-151,240.00	-44,400.00
Interest paid		-20,875,826.94	-20,784,954.35
Interest received		7,218,673.36	6,805,836.61
Taxes paid	10	-39,253,671.61	-35,219,463.12
Net cash flow from operating activities		980,790,151.51	456,344,483.88

€	Notes	1 Jan – 31 Dec, 2022	1 Jan – 31 Dec, 2021
Cash flow from investing activities:			
Purchase of property, plant and equipment	13	-250,385,495.58	-178,089,707.31
Purchase of intangible assets	12	-7,969,162.05	-12,500,171.24
Purchase of other assets	14	-3,923,671.06	
Proceeds from sale of other assets	14	6,503,393.75	
Proceeds from sale of property, plant and equipment	13	5,032,228.00	1,206,000.00
Contributions received		15,702,841.96	
Loans granted		-6,000,000.00	-21,500,000.00
Repayment of loan receivables		375,000.00	375,000.00
Dividends received	9	457,890.41	3,014,393.53
Net cash flow from investing activities		-240,206,974.57	-207,494,485.02
Cash flow from financing activities:			
Proceeds from current financing (liabilities)			195,413,049.53
Payments of current financing (liabilities)		-85,216,382.79	-232,351,337.04
Proceeds from non-current financing (liabilities)		35,000,000.00	35,000,000.00
Payments of non-current financing (liabilities)		-47,662,337.67	-17,662,337.67
Change in group account receivables and liabilities		4,516,063.28	130,626.32
Dividends paid	23	-133,037,400.00	-135,614,200.00
Net cash flow from financing activities		-226,400,057.18	-155,084,198.86
Change in cash and cash equivalents and financial assets		514,183,119.76	93,765,800.00
Cash and cash equivalents and financial assets 1 Jan		218,907,875.78	125,142,075.78
Cash and cash equivalents and financial assets 31 Dec		733,090,995.54	218,907,875.78

Notes are an integral part of the financial statements.

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

7.4 Notes to the financial statements of parent company

1. ACCOUNTING PRINCIPLES

Fingrid Oyj's financial statements have been drawn up in accordance with the Finnish Accounting Standards (FAS). The items in the financial statements are valued at original acquisition cost.

Foreign currency transactions

Commercial transactions and financial items denominated in foreign currencies are recognised at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction date. Interest-bearing liabilities and receivables and the derivatives hedging these items are valued at the mid-rate quoted by the ECB at the closing date. Foreign exchange gains and losses on interest-bearing liabilities and receivables, and on the instruments hedging these items, are recognised at maturity under finance income and costs. Foreign exchange rate differences arising from the derivatives used

to hedge commercial currency flows are recognised to adjust the corresponding item in the income statement.

Interest and currency derivatives

Interest rate and currency swaps, currency derivatives and interest rate options are used, in accordance with the Treasury Policy, to hedge the interest rate and foreign exchange risk, as well as the commercial items, in Fingrid's balance sheet items. The accounting principles for derivative contracts are the same as for the underlying items. The interest rate items of interest rate and cross-currency swaps and interest rate options are accrued and recognised in the income statement under interest income and costs. The interest portion of currency derivative contracts hedging the interest-bearing liabilities and receivables is accrued over the maturity of the contracts and recognised under finance income and costs. Premiums paid or received on interest rate options are accrued over the hedging period.

Electricity derivatives

Fingrid hedges its loss power purchases against price risk by employing futures and forwards traded on the NASDAQ OMX Oslo ASA. There can also be trading in the OTC market in instruments corresponding to Nasdaq OMX Oslo ASA's financial instruments. The profits and losses arising from these contracts are used to adjust the loss energy purchases in the income statement in the period in which the hedging impacts profit or loss.

Metal derivatives

The company concludes metal derivative agreements to hedge against the metal price risk arising from purchases.

Research and development expenses

Research and development expenses are treated as annual expenses.

Valuation of fixed assets

Fixed assets are capitalised under immediate acquisition cost. Planned straight-line depreciation on the acquisition price is calculated on the basis of the useful life of the fixed asset. Depreciation on fixed assets taken into use during the financial year is calculated on an item-by-item basis from the month of introduction.

FINANCIAL STATEMENTS

- Consolidated key figures
- Consolidated financial statements (IFRS)
- Benchmark for TSO operations (IFRS)
- Long-term investor (IFRS)
- Strong financial position (IFRS)
- Other information (IFRS)
- Parent company financial statements (FAS)
- Signatures for the annual review and for the financial statements

The depreciation periods are as follows:

Goodwill **20 years**

Other non-current expenses:

- Rights of use to line areas **30–40 years**
- Other rights of use according to useful life, maximum **10 years**
- Computer software **3–10 years**

Buildings and structures

- Substation buildings and separate buildings **40 years**
- Substation structures **30 years**
- Buildings and structures at gas turbine power plants **20–40 years**
- Separate structures **15 years**

Transmission lines

- Transmission lines 400 kV **40 years**
- Direct current lines **40 years**
- Transmission lines 110–220 kV **30 years**
- Creosote-impregnated towers and related disposal costs* **30 years**
- Aluminium towers of transmission lines (400 kV) **10 years**
- Optical ground wires **10–20 years**

Machinery and equipment

- Substation machinery **10–30 years**
- Gas turbine power plants **20 years**
- Other machinery and equipment **3–5 years**

*Disposal costs are discounted at present value and added to the value of the fixed asset and recognised under provisions for liabilities and charges.

Goodwill is depreciated over a 20-year period, since grid operations are a long-term business in which income is accrued over several decades.

Emission rights

Emission rights are treated in accordance with the net procedure in conformance with statement 1767/2005 of the Finnish Accounting Board.

Valuation of inventories

Inventories are recognised according to the FIFO principle at acquisition cost, or at the lower of replacement cost or probable market price.

Cash in hand, bank receivables and financial securities

Cash in hand and bank receivables include cash assets and bank balances. Financial securities are investments in short-term fixed income funds or time deposits in banks. Quoted securities and comparable assets are valued at the lower of original acquisition cost or probable market price.

Interest-bearing liabilities

Fingrid's non-current interest-bearing liabilities consist of loans from financial institutions and bonds issued under the Euro Medium Term Note (EMTN) programme. The current interest-bearing liabilities consist of commercial papers issued under the domestic and international programmes and of the current portion of noncurrent borrowings and bonds maturing within a year. The outstanding notes under the programmes are denominated in euros and foreign currencies. Fingrid has both fixed and floating rate debt. The interest is accrued over the maturity of the debt. The differential of a bond issued over or under par value is accrued over the life of the bond. The arrangement fees of the revolving credit facilities are, as a rule, immediately recognised as an expense, and the commitment fees are recognised as an expense over the maturity of the facility.

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

Financial risk management

The principles applied to the management of financial risks are presented in chapters 5.2 and 5.3 of the Notes to the Consolidated Financial Statements.

Income taxes

Taxes include the accrued tax corresponding to the profit for the financial year as well as tax adjustments for previous financial years.

Deferred taxes

The company enters deferred tax assets for the congestion income it uses for investments, and they become taxable income and tax in the year in which they were used. The tax assets entered for congestion income are recognised in accordance with the depreciation used in taxation for investments covered by congestion income. Congestion income allocated to investments is entered as a reduction in acquisition cost. For the rest, deferred tax assets and liabilities are not recorded in the income statement or balance sheet, but are instead presented in the notes.



FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

2. TURNOVER BY BUSINESS AREA

The business of Fingrid Oyj comprises entirely transmission grid business with system responsibility. For that reason, there is no distribution of turnover by business area.

TURNOVER, € 1,000	2022	2021
Grid service income	347,922	403,504
Imbalance power sales	1,160,181	613,763
Cross-border transmission	11,067	34,440
ITC income	23,068	22,633
Congestion income	229,450	0
Other operating income	36,968	16,787
Total	1,808,656	1,091,127

3. OTHER OPERATING INCOME

€ 1,000	2022	2021
Rental income	587	475
Capital gains of fixed assets	4,802	494
Contributions received	115	224
Congestion income	18,834	
Other income	6,030	1,471
Total	30,368	2,663

4. MATERIALS AND SERVICES

€ 1,000	2022	2021
Purchases during the financial year	1,345,912	650,978
Loss energy purchases	103,827	65,591
Change in inventories, increase (-) or decrease (+)	-4,465	-549
Materials and consumables	1,445,274	716,021
Services	57,061	48,748
Total	1,502,334	764,768

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

5. PERSONNEL EXPENSES

€ 1,000	2022	2021
Salaries and bonuses	30,860	28,308
Pension expenses	4,899	4,397
Other personnel expenses	1,098	1,007
Total	36,857	33,711
Salaries and bonuses of the members of the Board of Directors and President and CEO, € 1,000		
	2022	2021
Hannu Linna, Chairman (since 20 March 2020)	41	22
Päivi Nerg, Vice Chairman (since 28 March 2018)	29	36
Sami Kurunsaari, Member of the Board (until 30 November 2022)	15	
Sanna Syri, Member of the Board (since 14 April 2015)	25	22
Jukka Reijonen, Member of the Board (since 30 March 2022)	18	
Esko Torsti, Member of the Board (until 30 March 2022)	6	22
Juhani Järvi, Chairman (until 30 March 2022)	12	43
Jukka Ruusunen, President and CEO	507	506
Personnel, average	459	417
Personnel, 31 Dec	470	428

6. DEPRECIATION ACCORDING TO PLAN

€ 1,000	2022	2021
Other non-current expenses	6,532	6,565
Buildings and structures	12,606	11,697
Machinery and equipment	45,370	43,586
Transmission lines	38,591	38,074
Total*	103,099	99,923
* depreciation on the electricity grid (notes 12 and 13)	99,330	96,440

7. OTHER OPERATING EXPENSES

€ 1,000	2022	2021
Contracts, assignments etc. undertaken externally	22,933	25,009
Grid rents	241	241
Other rental expenses	3,703	3,534
Other costs	12,812	11,207
Total	39,688	39,991

8. AUDITORS' FEES

€ 1,000	2022	2021
PricewaterhouseCoopers Oy		
Auditing fee	119	125
Other fees	52	37
Total	171	162

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

9. FINANCE INCOME AND COSTS

€ 1,000	2022	2021
Dividend income from Group companies	48	110
Dividend income from others	410	2,904
Interest income from Group companies	1,718	1,234
Interest income from associated companies	5	8
Interest and other finance income from others	7,696	6,756
	9,877	11,012
Interest and other finance costs to others	-24,028	-20,296
Interest and other finance costs to Group companies	-13	
	-24,041	-20,296
Total	-14,165	-9,283

10. INCOME TAXES

€ 1,000	2022	2021
Income taxes for the financial year	45,304	33,522
Income taxes for the previous financial years	-17	-12
Changes in deferred taxes	-16,779	-890
Total	28,508	32,620

The company will pay its income taxes in accordance with the underlying tax rate, with no tax planning

Deferred tax assets in balance sheet, €1,000	2022	2021
On temporary differences from congestion income	24,728	7,950
Total	24,728	7,950

Deferred tax assets and liabilities of balance sheet, €1,000	2022	2021
Deferred tax assets		
On temporary differences	624	621
	624	621
Deferred tax liabilities		
On temporary differences	528	529
On appropriations	55,779	55,779
	56,308	56,309
Total	55,684	55,687

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

11. GOODWILL

€ 1,000	2022	2021
Cost at 1 Jan	128,664	128,664
Cost at 31 Dec	128,664	128,664
Accumulated depreciation according to plan 1 Jan	-128,664	-128,664
Accumulated depreciation in excess of plan 31 Dec	0	0

12. INTANGIBLE ASSETS

€ 1,000	2022	2021
Cost at 1 Jan	180,704	176,916
Increases 1 Jan – 31 Dec	8,097	3,975
Decreases 1 Jan – 31 Dec	-4,103	-188
Cost at 31 Dec	184,697	180,704
Accumulated depreciation according to plan 1 Jan	-114,965	-108,467
Decreases, depreciation according to plan 1 Jan – 31 Dec	3,804	67
Depreciation according to plan 1 Jan – 31 Dec	-6,532	-6,565
Carrying amount 31 Dec	67,003	65,738
Accumulated depreciation difference 1 Jan	-44,559	-45,400
Changes in depreciation difference reserve 1 Jan–31 Dec	687	841
Accumulated depreciation in excess of plan 31 Dec	-43,872	-44,559
*Net capital expenditure in electricity grid, €1,000	2022	2021
Carrying amount 31 Dec	57,600	61,251
Carrying amount 1 Jan	-61,251	-64,880
Depreciation according to plan 1 Jan – 31 Dec	4,126	4,122
Decreases 1 Jan – 31 Dec	188	121
Total	662	614

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

13. TANGIBLE ASSETS

€ 1,000	2022	2021
Land and water areas		
Cost at 1 Jan	20,407	19,874
Increases 1 Jan – 31 Dec	984	620
Decreases 1 Jan – 31 Dec	-0	-87
Cost at 31 Dec	21,391	20,407
Buildings and structures		
Cost at 1 Jan	377,942	350,025
Increases 1 Jan – 31 Dec	41,544	30,932
Decreases 1 Jan – 31 Dec	-1,000	-3,015
Cost at 31 Dec	418,487	377,942
Accumulated depreciation according to plan 1 Jan	-109,018	-99,808
Decreases, depreciation according to plan 1 Jan – 31 Dec	693	2,487
Depreciation according to plan 1 Jan – 31 Dec	-12,606	-11,697
Carrying amount 31 Dec	297,555	268,924
Accumulated depreciation difference 1 Jan	-14,584	-13,538
Changes in depreciation difference reserve 1 Jan–31 Dec	-1,159	-1,047
Accumulated depreciation in excess of plan 31 Dec	-15,743	-14,584

€ 1,000	2022	2021
Machinery and equipment		
Cost at 1 Jan	1,295,864	1,256,286
Increases 1 Jan – 31 Dec	73,245	39,946
Decreases 1 Jan – 31 Dec	-5,074	-367
Cost at 31 Dec	1,364,036	1,295,864
Accumulated depreciation according to plan 1 Jan	-756,110	-712,867
Decreases, depreciation according to plan 1 Jan – 31 Dec	4,485	343
Depreciation according to plan 1 Jan – 31 Dec	-45,370	-43,586
Carrying amount 31 Dec	567,041	539,755
Accumulated depreciation difference 1 Jan	7,479	-3,053
Changes in depreciation difference reserve 1 Jan – 31 Dec	2,056	10,532
Accumulated depreciation in excess of plan 31 Dec	9,535	7,479
Transmission lines		
Cost at 1 Jan	1,351,293	1,334,769
Increases 1 Jan – 31 Dec	43,923	17,659
Decreases 1 Jan – 31 Dec	-9,984	-1,135
Cost at 31 Dec	1,385,232	1,351,293
Accumulated depreciation according to plan 1 Jan	-659,046	-621,488
Decreases, depreciation according to plan 1 Jan – 31 Dec	9,507	516
Depreciation according to plan 1 Jan – 31 Dec	-38,591	-38,074
Carrying amount 31 Dec	697,102	692,247

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

€ 1,000	2022	2021
Accumulated depreciation difference 1 Jan	-227,232	-236,906
Changes in depreciation difference reserve 1 Jan–31 Dec	-1,583	9,674
Accumulated depreciation in excess of plan 31 Dec	-228,816	-227,232
Other property, plant and equipment		
Cost at 1 Jan	118	118
Decreases 1 Jan – 31 Dec	-7	
Cost at 31 Dec	110	118
Prepayments and purchases in progress		
Cost at 1 Jan	232,037	146,606
Increases 1 Jan – 31 Dec	123,869	176,779
Decreases 1 Jan – 31 Dec	-6,315	
Transfers to other tangible and intangible assets 1 Jan – 31 Dec	-167,630	-91,349
Cost at 31 Dec	181,962	232,037
Tangible assets total*	1,765,161	1,753,488

€ 1,000	2022	2021
*Net capital expenditure in electricity grid, € 1,000	2022	2021
Carrying amount 31 Dec	1,727,016	1,719,854
Carrying amount 1 Jan	-1,719,854	-1,647,656
Depreciation according to plan 1 Jan – 31 Dec	95,204	92,318
Decreases 1 Jan – 31 Dec	1,226	1,183
Total	103,591	165,699

Fingrid's reserve power plants are included in the property, plant and equipment of the transmission system.

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

14. INVESTMENTS

€ 1,000	2022	2021
Interests in Group companies		
Cost at 1 Jan	843	843
Increases 1 Jan – 31 Dec	16,053	
Cost at 31 Dec	16,896	843
Interests in associated companies		
Cost at 1 Jan	1,501	1,501
Increases 1 Jan – 31 Dec	11,236	
Cost at 31 Dec	12,736	1,501
Other shares and interests		
Cost at 1 Jan	6,587	6,587
Decreases 1 Jan – 31 Dec	-6,587	
Cost at 31 Dec		6,587
Investments total	29,632	8,931

15. INVENTORIES

€ 1,000	2022	2021
Materials and consumables at 31 Dec	18,698	14,233
Total	18,698	14,233

16. OTHER NON-CURRENT RECEIVABLES

€ 1,000	2022	2021
Loan receivables from Group companies	43,904	57,064
Loan receivables from associated companies		188
Deferred tax assets	24,728	7,950
Other non-current receivables	74	68
Total	68,707	65,269

17. RECEIVABLES FROM GROUP COMPANIES

€ 1,000	2022	2021
Current:		
Trade receivables	307	
Interest receivables		663
Other receivables		541
Loan receivables	5,488	
Total	5,795	1,203

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

18. RECEIVABLES FROM ASSOCIATED COMPANIES

€ 1,000	2022	2021
Current:		
Trade receivables	2	
Interest receivables	2	2
Loan receivables	188	375
Prepayments and accrued income		8
Total	192	385

19. OTHER RECEIVABLES

€ 1,000	2022	2021
Interest and other financial items	22,291	845
Other receivables	2,337	2,853
Total	24,628	3,698

20. ACCRUED INCOME

€ 1,000	2022	2021
Interest and other financial items	4,872	4,411
Accruals of sales and purchases	27,814	24,612
Tax assets		1,001
Total	32,687	30,024

21. UNRECORDED EXPENSES AND PAR VALUE DIFFERENTIALS ON THE ISSUE OF LOANS INCLUDED IN ACCRUED INCOME

€ 1,000	2022	2021
Par value differentials	562	786

22. FINANCIAL SECURITIES, CASH IN HAND AND BANK RECEIVABLES

€ 1,000	2022	2021
Short-term fixed income funds	199,314	99,525
Cash in hand and bank receivables	383,445	99,280
Bank deposits	150,000	20,000
Total	732,759	218,805

23. SHAREHOLDERS' EQUITY

€ 1,000	2022	2021
Share capital 1 Jan	55,922	55,922
Share capital 31 Dec	55,922	55,922
Share premium account 1 Jan	55,922	55,922
Share premium account 31 Dec	55,922	55,922
Profit from previous financial years 1 Jan	184,631	186,751
Dividend distribution	-133,037	-135,614
Profit from previous financial years 31 Dec	51,594	51,137
Profit for the financial year	114,373	133,494
Shareholders' equity 31 Dec	277,811	296,476
Distributable shareholders' equity	165,966	184,631

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

Number of shares	Series A shares	Series B shares	Total
1 Jan 2022	2,078	1,247	3,325
31 Dec 2022	2,078	1,247	3,325

Series A shares confer three votes each at the Annual General Meeting and Series B shares one vote each. When electing members of the Board of Directors, Series A shares confer 10 votes each at the Annual General Meeting and Series B shares one vote each.

Series B shares have the right before Series A shares to obtain the annual dividend specified below from the funds available for profit distribution. If the annual dividend cannot be distributed in some year, the shares confer a right to receive the undistributed amount from the funds available for profit distribution in the subsequent years; however, such that Series B shares have the right over Series A shares to receive the annual dividend and the undistributed amount.

Fingrid Oyj's Annual General Meeting decides on the annual dividend.

Eighty-two (82) per cent of the dividends

to be distributed for each financial year is distributed for all Series A shares and eighteen (18) per cent for all Series B shares, however such that EUR twenty (20) million of the dividends to be distributed for each financial year is first distributed for all Series B shares. If the above-mentioned EUR twenty (20) million minimum amount for the financial period is not distributed (all or in part) for Series B shares in a financial period, Series B shares confer the right to receive the undistributed minimum amount in question (or the accumulated undistributed minimum amount accrued during such financial periods) in the next profit distribution, in any disbursements paid out, or in any other distribution of assets prior to any other dividends, disbursements or asset distribution until the undistributed minimum amount has been distributed in full for Series B shares.

There are no non-controlling interests.

24. ACCUMULATED APPROPRIATIONS

€ 1,000	2022	2021
Accumulated depreciation from the difference between depreciation according to plan and depreciation carried out in taxation	278,897	278,897
Total	278,897	278,897

25. BONDS

€ 1,000				2022	2021
Currency	Nominal value	Maturity	Interest	Balance sheet value	
EUR	30,000	19 Sep 2022	floating rate		30,000
EUR	30,000	11 Sep 2023	2.71%	30,000	30,000
EUR	300,000	3 Apr 2024	3.50%	300,000	300,000
EUR	70,000	7 May 2025	0.527%	70,000	70,000
EUR	100,000	23 Nov 2027	1.125%	100,000	100,000
EUR	25,000	27 Mar 2028	2.71%	25,000	25,000
EUR	10,000	12 Sep 2028	3.27%	10,000	10,000
EUR	80,000	24 Apr 2029	2.95%	80,000	80,000
EUR	30,000	30 May 2029	2.888%	30,000	30,000
				645,000	675,000
NOK	100,000	16 Sep 2025	4.31%	12,512	12,512
NOK	500,000	8 Apr 2030	2.72%	43,478	43,478
				55,990	55,990
Bonds, long-term total				670,990	700,990
Bonds, short-term total				30,000	30,000
Total				700,990	730,990

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

26. LOANS FALLING DUE IN FIVE YEARS OR MORE

€ 1,000	2022	2021
Bonds	188,478	288,478
Loans from financial institutions	150,896	150,333
Total	339,375	438,811

27. LIABILITIES TO GROUP COMPANIES

€ 1,000	2022	2021
Current:		
Other liabilities	4,845	598
Total	4,845	598

28. LIABILITIES TO ASSOCIATED COMPANIES

€ 1,000	2022	2021
Current:		
Trade payables	15,276	2,254
Accruals	463	
Total	15,740	2,254

29. OTHER LIABILITIES

€ 1,000	2022	2021
Current:		
Other loans/Commercial papers (international and domestic)		85,216
Value added tax		15
Electricity tax	817	899
Other liabilities	6,522	887
Total	7,340	87,018

30. ACCRUALS

€ 1,000	2022	2021
Non-current:		
Congestion income	677,435	369,342
Total	677,435	369,342
Current:		
Interest and other financial items	14,820	12,320
Salaries and additional personnel expenses	9,454	8,572
Accruals of sales and purchases	14,567	16,351
Tax debts	5,032	
Congestion income	386,301	119,375
Total	430,174	156,619
Total	1,107,609	525,960

*Information on the accrual and use of congestion income can be found in note 34

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

31. PROVISIONS FOR LIABILITIES AND CHARGES

€ 1,000	2022	2021
Creosote-impregnated and CCA-impregnated wooden towers, disposal costs	3,119	3,107
Total	3,119	3,107

32. DERIVATIVE AGREEMENTS

€ 1,000	2022				2021				Hierarchy level
	Fair value pos. 31.12.22	Fair value neg. 31.12.22	Net fair value 31.12.22	Nominal value 31.12.22	Fair value pos. 31.12.21	Fair value neg. 31.12.21	Net fair value 31.12.21	Nominal value 31.12.21	
Interest rate and currency derivatives									
Cross-currency swaps		-4,607	-4,607	55,990	5,067	-1,989	3,078	55,990	Level 2
Currency derivatives	109	-356	-247	11,901	77		77	3,335	Level 2
Interest rate swaps	302	-17,430	-17,128	280,000	13,384	-567	12,817	305,000	Level 2
Bought interest rate options	13,884		13,884	550,000	775		775	550,000	Level 2
Total	14,294	-22,393	-8,099	897,891	19,302	-2,556	16,746	914,325	
Electricity derivatives									
	Fair value pos. 31.12.22	Fair value neg. 31.12.22	Net fair value 31.12.22	Volume TWh 31.12.22	Fair value pos. 31.12.21	Fair value neg. 31.12.21	Net fair value 31.12.21	Volume TWh 31.12.21	
Electricity forward contracts. NASDAQ OMX Commodities	219,017		219,017	4	78,193	-113	78,081	6	Level 2
Total	219,017		219,017	4	78,193	-113	78,081	6	
Metal derivatives									
	Fair value pos. 31.12.22	Fair value neg. 31.12.22	Net fair value 31.12.22	mt 31.12.22	Fair value pos. 31.12.21	Fair value neg. 31.12.21	Net fair value 31.12.21	mt 31.12.21	
Metal swaps	81		81	342					Level 2
Total	81		81	342					

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

33. COMMITMENTS AND CONTINGENT LIABILITIES

€ 1,000	2022	2021
Rental liabilities		
Liabilities for the next year	4,044	3,640
Liabilities for subsequent years	31,939	32,019
	35,983	35,658
Right-of-use agreements		
Liabilities for the next year	8,500	8,535
Liabilities for subsequent years	20,055	28,332
	28,555	36,867
Pledges given as collateral for regulatory charges	283	483
Other financial commitments		
Rent security deposit, guarantee	38	38
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	522	532
Liabilities for subsequent years	1,250	1,250
	1,810	1,820
Unrecognised investment commitments	315,844	221,407
The investment commitments consist of agreements signed by the company to carry out grid construction projects.		

34. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

Teollisuuden Voima Oyj (“TVO”) has 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 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.

35. SEPARATION OF BUSINESSES IN ACCORDANCE WITH THE ELECTRICITY MARKET ACT

Imbalance power and regulating power

Each electricity market party must ensure its electricity balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells imbalance power in order to stabilise the hourly power balance of an electricity market party (balance responsible party). Imbalance power trade and balancing power pricing are based on a balance service agreement with impartial and public terms and conditions.

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

Fingrid is responsible for maintaining a power balance in Finland at all times by buying and selling balancing power. The balance responsible parties can participate in the Nordic balancing power market by submitting bids on their available capacity. The terms and conditions of participation in the regulating power market and the pricing of balancing power are based on the balance service agreement.

Fingrid is responsible for organising national imbalance settlement. A company jointly owned by the Finnish, Swedish, Norwegian and Danish transmission system operators, eSett Oy, draws up the imbalance settlement and manages the guarantees set by the balance responsible parties. The balance settlement takes place after the utilisation hours by determining the actual electricity generation, consumption and electricity trade. The outcome of the balance settlement is power balances for each party to the electricity trade.

Management of balance operation

In accordance with a decision by the Energy Authority, Fingrid Oyj shall separate the duties pertaining to national power balance operation by virtue of Chapter 12 of the Electricity Market Act. Balance responsibility is part of financially regulated grid operations.

The income statement of the balance service unit is separated by means of cost accounting as follows:

- Income
 - direct
- Separate costs
 - direct
- Production costs
 - matching principle
- Administrative costs
 - matching principle
- Depreciation
 - matching principle in accordance with Fingrid Oyj's depreciation principle

Finance income and costs

- on the basis of imputed debt

Income taxes

- based on result

The average number of personnel during 2022 was 9 (8). The operating profit was -4.8 (-0.4) per cent of turnover.

MANAGEMENT OF BALANCE OPERATION, SEPARATED INCOME STATEMENT

€ 1,000	1 Jan – 31 Dec, 2022	1 Jan – 31 Dec, 2021
TURNOVER	1,231,884	627,765
Materials and services	-1,286,028	-627,991
Personnel costs	-850	-859
Depreciation and amortisation expense	-365	-504
Other operating expenses	-3,369	-984
OPERATING PROFIT	-58,728	-2,574
Finance income and costs		8
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	-58,728	-2,566
Appropriations	-146	-59
PROFIT/LOSS FOR THE FINANCIAL YEAR	-58,873	-2,625

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

MANAGEMENT OF BALANCE OPERATION, SEPARATED BALANCE SHEET

ASSETS, € 1,000	31 Dec 2022	31 Dec 2021
NON-CURRENT ASSETS		
Intangible assets		
Other non-current expenses	994	707
Tangible assets		
Machinery and equipment	7	55
Investments		
Interests in associated companies	1,501	1,501
TOTAL NON-CURRENT ASSETS	2,501	2,263
CURRENT ASSETS		
Non-current		
Loan receivables from associated companies		188
Current receivables		
Trade receivables	39,450	16,547
Receivables from associated companies	192	10
Other receivables	6,814	13,200
	46,456	29,757
Cash in hand and bank receivables	1	1
TOTAL CURRENT ASSETS	46,457	29,945
TOTAL ASSETS	48,958	32,208

SHAREHOLDERS' EQUITY AND LIABILITIES, € 1,000	31 Dec 2022	31 Dec 2021
EQUITY		
Share capital	32	32
Share premium account	286	286
Profit from previous financial years	7,383	10,008
Profit for the financial year	-58,873	-2,625
TOTAL SHAREHOLDERS' EQUITY	-51,173	7,700
ACCUMULATED APPROPRIATIONS	-405	-551
LIABILITIES		
Current liabilities		
Trade payables	8,870	2,921
Liabilities to Group companies	76,390	19,883
Liabilities to associated companies	15,276	2,254
	100,536	25,059
TOTAL LIABILITIES	100,536	25,059
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	48,958	32,208

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

Development of information exchange

It is Fingrid's task to develop the exchange of information required for electricity trade and imbalance settlement as set out in the Electricity Market Act. Fingrid's information exchange services are part of the electricity markets' information exchange environment. In order to develop the effective and accurate exchange of information, Fingrid works in close co-operation with e.g. electricity market parties, interest groups, service providers, supervisory authorities, legislators, organisations that develop national and international communications and other transmission system operators.

In accordance with a decision by the Energy Authority, Fingrid Oyj must separate

the duties pertaining to the development of information exchange by virtue of Chapter 12 of the Electricity Market Act. The development of information exchange is a financially regulated part of grid operations.

The separation of the income statement for the development of information exchange is realised by means of cost accounting as follows:

- Income
 - direct
- Separate costs
 - direct
- Administrative costs
 - matching principle
- Income taxes
 - based on result

DEVELOPMENT OF INFORMATION EXCHANGE, SEPARATED INCOME STATEMENT

TURNOVER, € 1,000	31 Dec 2022	31 Dec 2021
Other operating expenses		
OPERATING PROFIT	68	160
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	11	2
Income taxes	79	162
PROFIT/LOSS FOR THE FINANCIAL YEAR	79	162

DEVELOPMENT OF INFORMATION EXCHANGE, SEPARATED BALANCE SHEET

€ 1,000	1 Jan – 31 Dec, 2022	1 Jan – 31 Dec, 2021
ASSETS		407
CURRENT ASSETS	-26	-194
Receivables from Group companies	-26	213
Other receivables	-26	213
TOTAL CURRENT ASSETS	5	-43
TOTAL ASSETS	-21	170

SHAREHOLDERS' EQUITY AND LIABILITIES, € 1,000	31 Dec 2022	31 Dec 2021
EQUITY		
Share capital	3	3
Profits/losses from previous financial years	65	-105
Profit for the financial year	-21	170
TOTAL SHAREHOLDERS' EQUITY	47	68
LIABILITIES		
Current liabilities		
Trade payables	32	94
Liabilities to Group companies		
	32	94
TOTAL LIABILITIES	32	94
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	79	162

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

Grid operations

Grid operations refers to licensed electricity system operation that takes place on the electricity grid. Electricity system operations are defined in Chapter 1 of the Electricity Market Act (588/2013) and grid operations are defined in Chapter 5. Of Fingrid Oyj's operations, activities related to the management of the power reserve system and guarantees of origin for electricity, as well as the Datahub system are not included in grid operations. Operations that are not part of grid operations constitute 'other operations' as referred to in Chapter 12 of the Electricity Market Act and must be separated from grid operations in accordance with that Chapter.

The income statement and balance sheet of grid operations and other operations have, in compliance with Chapter 12 of the Electricity Market Act, been separated by means of cost accounting as follows:

Income

- direct

Separate costs

- direct

Production costs

- matching principle

Administrative costs

- matching principle

Depreciation

- matching principle in accordance with Fingrid Oyj's depreciation principle

Finance income and costs

- on the basis of imputed debt

Income taxes

- based on result

Balance sheet items

- matching principle

SEPARATED INCOME STATEMENT

€ 1,000	TRANSMISSION SYSTEM OPERATION	OTHER OPERATION
	1 Jan – 31 Dec, 2022	1 Jan – 31 Dec, 2022
TURNOVER	1,806,530	2,126
Other operating income	30,368	
Materials and services	-1,502,334	
Personnel costs	-36,476	-381
Depreciation and amortisation expense	-103,099	
Other operating expenses	-37,943	-1,745
OPERATING PROFIT	157,045	-0
Finance income and costs	-15,917	1,753
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	141,128	1,753
Appropriations		
Income taxes	-28,158	-351
PROFIT/LOSS FOR THE FINANCIAL YEAR	112,971	1,402

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

SEPARATED BALANCE SHEET

	TRANSMISSION SYSTEM OPERATION	OTHER OPERATION
ASSETS, € 1,000	31 Dec 2022	31 Dec 2022
Intangible assets:		
Other intangible assets	67,003	
	67,003	
Tangible assets		
Land and water areas	21,391	
Buildings and structures	297,555	
Machinery and equipment	567,041	
Transmission lines	697,102	
Other property, plant and equipment	110	
Prepayments and purchases in progress	181,962	
	1,765,161	
Investments:		
Interests in Group companies		16,896
Interests in associated companies	12,736	
Other shares and interests		
	12,736	16,896
TOTAL NON-CURRENT ASSETS	1,844,901	16,896

	TRANSMISSION SYSTEM OPERATION	OTHER OPERATION
ASSETS, € 1,000	31 Dec 2022	31 Dec 2022
CURRENT ASSETS		
Inventories	18,698	
Receivables		
Non-current		
Loan receivables from Group companies		43,904
Loan receivables from associated companies		
Deferred tax assets	24,728	
Other receivables	74	
	24,802	43,904
Current		
Trade receivables	32,162	
Receivables from Group companies		5,795
Receivables from associated companies	192	
Other receivables	23,573	
Prepayments and accrued income	33,742	
	89,668	5,795
Financial securities	349,314	
Cash in hand and bank receivables	443,644	-60,199
TOTAL CURRENT ASSETS	926,127	-10,500
TOTAL ASSETS	2,771,028	6,396

FINANCIAL STATEMENTS

- > [Consolidated key figures](#)
- > [Consolidated financial statements \(IFRS\)](#)
- > [Benchmark for TSO operations \(IFRS\)](#)
- > [Long-term investor \(IFRS\)](#)
- > [Strong financial position \(IFRS\)](#)
- > [Other information \(IFRS\)](#)
- > [Parent company financial statements \(FAS\)](#)
- > [Signatures for the annual review and for the financial statements](#)

SEPARATED BALANCE SHEET

	TRANSMISSION SYSTEM OPERATION	OTHER OPERATION		TRANSMISSION SYSTEM OPERATION	OTHER OPERATION
SHAREHOLDERS' EQUITY AND LIABILITIES, € 1,000	31 Dec 2022	31 Dec 2022	SHAREHOLDERS' EQUITY AND LIABILITIES, € 1,000	31 Dec 2022	31 Dec 2022
EQUITY			Current liabilities		
Share capital	55,920	3	Bonds	30,000	
Share premium account	55,922		Loans from financial institutions	33,047	
Profit from previous financial years	51,555	39	Trade payables	56,182	
Profit for the financial year	112,971	1,402	Liabilities to Group companies		4,845
TOTAL SHAREHOLDERS' EQUITY	276,368	1,443	Liabilities to associated companies	15,740	
ACCUMULATED APPROPRIATIONS	278,897		Other liabilities	7,330	10
PROVISIONS FOR LIABILITIES AND CHARGES	3,119		Accruals	430,077	98
LIABILITIES				572,375	4,953
Non-current liabilities			TOTAL LIABILITIES	2,212,644	4,953
Bonds	670,990		TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,771,028	6,396
Loans from financial institutions	291,845				
Accruals	677,435				
	1,640,269				

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

Other non-current assets included in the separated balance sheet for grid operations

SEPARATED BALANCE SHEET

ASSETS, € 1,000	TRANSMISSION SYSTEM OPERATION 31 Dec 2022
Intangible assets:	
Other intangible assets	9,404
	9,404
Tangible assets	
Land and water areas	17,908
Buildings and structures	10,798
Machinery and equipment	6,687
Transmission lines	2,642
Other property, plant and equipment	110
Prepayments and purchases in progress	181,962
	220,107
TOTAL NON-CURRENT ASSETS	229,511

36. CONGESTION INCOME IN GRID OPERATIONS

The congestion income received by a grid owner must be used for the purposes stated in EU Regulation 2019/943, Article 19: guaranteeing the actual availability of the allocated capacity, maintaining or increasing interconnection capacities through network investments, covering the costs of maintaining said capacity and recognising congestion income in the company's turnover. The congestion income is included as accruals in the item Other liabilities in the balance sheet. Of accruals, congestion income is recognised in the income statement in other operating income in compliance with the accrual of costs defined in regulation and

in turnover to the extent that congestion income can be directly recognised for the benefit of grid customers. Alternatively, they are recognised in the balance sheet against investments, as defined by regulation, to lower the acquisition cost of property, plant and equipment. As a result, this lowers the depreciation of the property, plant and equipment in question. Fingrid reports the share to be used during the next year in short-term liabilities. The Energy Authority's regulatory letters during the regulatory period guide the use of congestion income. The Energy Authority issues a decision on the use of congestion income as part of its supervisory decision on the reasonable return.

Congestion income, € 1,000	2022	2021
Congestion income on 1 Jan	488,716	219,126
Accumulated congestion income	942,939	283,776
Returns matching congestion income	-229,450	
Expenses matching congestion income	-18,834	
Investments matching congestion income	-119,635	-14,186
Congestion income on 31 Dec	1,063,736	488,716

FINANCIAL STATEMENTS

- [Consolidated key figures](#)
- [Consolidated financial statements \(IFRS\)](#)
- [Benchmark for TSO operations \(IFRS\)](#)
- [Long-term investor \(IFRS\)](#)
- [Strong financial position \(IFRS\)](#)
- [Other information \(IFRS\)](#)
- [Parent company financial statements \(FAS\)](#)
- [Signatures for the annual review and for the financial statements](#)

Countertrade

In terms of the costs arising from countertrade used to safeguard system security in grid operations, congestion income may be used to offset countertrade costs arising from cross-border transmission connections.

Counter trade, € 1,000	2022	2021
Countertrade between Finland and Sweden	3,752	260
Countertrade between Finland and Estonia	1,749	209
Countertrade between Finland's internal connections	1,787	2,030
Total counter-trade	7,289	2,499

37. EMISSION RIGHTS

The use of emission rights had no impact on the financial result in 2022.

	2022	2021
Total CO ₂ emissions tCO ₂	6,006	5,494

38. PERMANENT LOCATION IN DENMARK IN INCOME TAXATION

Joint Nordic operational planning organisation

In 2018, Fingrid established, jointly with Svenska Kraftnät, Statnett and Energinet.dk, the Nordic Regional Security Coordinator (Nordic RSC) in Copenhagen for inter-TSO operational planning between the countries. The unit included Fingrid employees who provided the service for

Fingrid's parent company, and this operation constituted a permanent location in terms of income taxation and generated income taxable to Denmark. The unit's operational activities ended on 30 June 2022, when the new Nordic RCC A/S was established for the incorporation of RSC. Nordic RCC A/S, which launched its operations on 1 July 2022, is a joint venture of the four Nordic TSOs. Chapter 6.1 takes a closer look at the Nordic RCC.

INCOME STATEMENT, € 1,000	1 Jan – 31 Dec, 2022	1 Jan – 31 Dec, 2021
TURNOVER	906	2,365
Personnel costs	-135	-349
Other operating expenses	-728	-1,903
OPERATING PROFIT	43	113
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	43	113
Income taxes	-9	-25
PROFIT/LOSS FOR THE FINANCIAL YEAR	34	88

FINANCIAL STATEMENTS

- > Consolidated key figures
- > Consolidated financial statements (IFRS)
- > Benchmark for TSO operations (IFRS)
- > Long-term investor (IFRS)
- > Strong financial position (IFRS)
- > Other information (IFRS)
- > Parent company financial statements (FAS)
- > Signatures for the annual review and for the financial statements

08

SIGNATURES FOR THE ANNUAL REVIEW AND FOR THE FINANCIAL STATEMENTS

Helsinki, 2 March 2023

Hannu Linna
Chair

Päivi Nerg
Deputy Chairman

Sanna Syri

Jukka Reijonen

Jukka Ruusunen
President & CEO

Auditor's notation

A report on the audit carried out has been submitted today.

Helsinki, 2 March 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Martin Grandell, APA

Fingrid delivers. Responsibly.

For more detailed information on Fingrid and the contact persons for various functions, see the company's website at www.fingrid.fi

Fingrid Oyj

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