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27.7.2021, at 12 Noon
EET

FINGRID OYJ

HALF-YEAR REPORT

1 JANUARY – 30 JUNE 2021

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27.7.2021, at 12 Noon
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General

Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS). This half-year report has been drawn up in accordance with the IAS 34 Interim Financial Reporting standard and complies with the same accounting principles as those presented in the Group's financial statements for 2020. This half-year report is unaudited. Unless otherwise indicated, the figures in parentheses refer to the same period of the previous year.

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

Financial result

The Group's turnover in January-June was EUR 465.7 (343.4) million. Grid service income increased to EUR 208.4 (199.8) million in the first half of the year due to the colder winter than in the comparison period. In January-June electricity consumption in Finland totalled 43.9 (41.7) terawatt hours. Imbalance power sales revenue increased to EUR 212.1 (120.9) million, mainly as a result of the higher imbalance power price and raised tariff. The cross-border transmission income for the connection between Finland and Russia increased to EUR 17.6 (1.5) million from the previous year's level due to the increase in transmission volume arising as a consequence of the larger area price difference. Other operating income totalled EUR 0.7 (0.4) million.

Costs during January-June totalled EUR 366.0 (273.0) million. Due to the higher price of imbalance power, imbalance power costs grew from the previous year's level to EUR 190.5 (106.2) million. Loss power costs amounted to EUR 27.5 (24.5) million. At the end of June, approximately 99 (98) per cent of Fingrid's projected loss power procurement for the remainder of 2021 was, in terms of system price, hedged at an average price of EUR 27.6 (25.4) per megawatt hour. In terms of the Finnish area price difference, roughly 76 (100) per cent of loss power procurement was hedged at an average price of EUR 5.4 (4.6) per megawatt hour. The cost of reserves to safeguard the grid's system security rose to EUR 35.6 (33.4) million as a result of the increased procurement of frequency restoration reserves.

Depreciation during the reporting period totalled EUR 49.3 (49.0) million. Grid maintenance costs declined to EUR 8.1 (10.6) million. Personnel costs amounted to EUR 17.0 (16.3) million.

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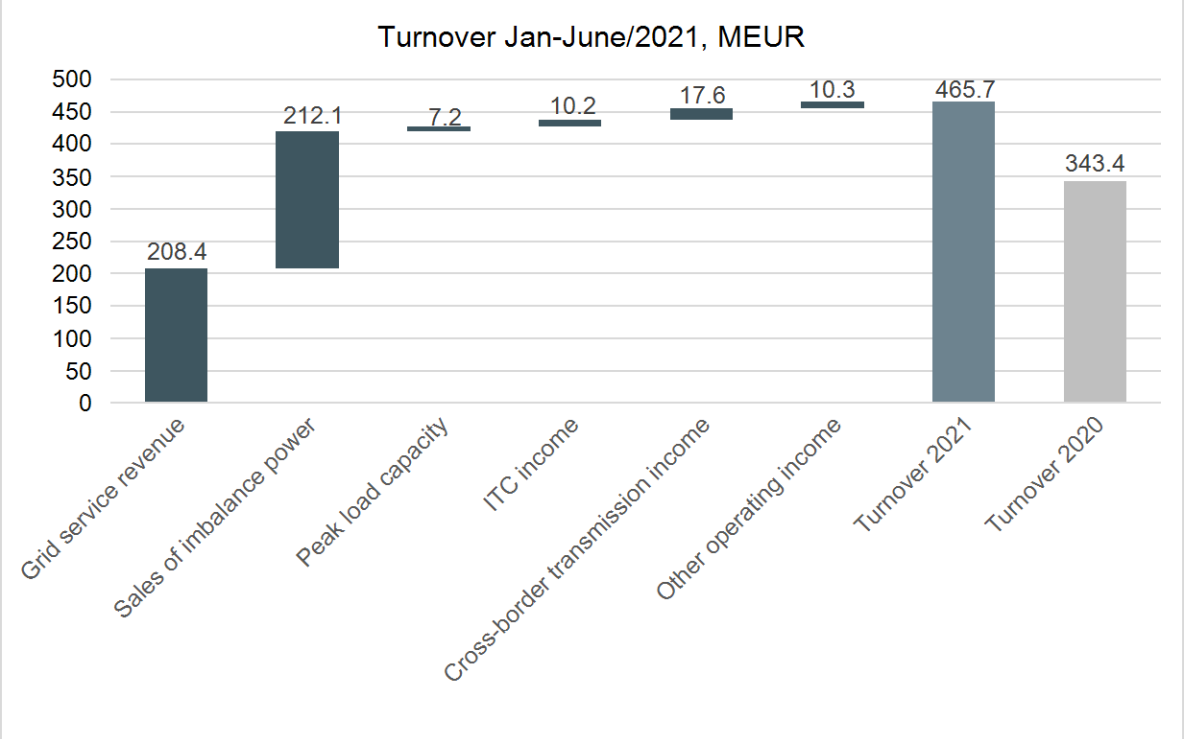
Turnover and other income, MEUR	1-6/21	1-6/20	change %	1-12/20
Grid service income	208.4	199.8	4.3	373.6
Imbalance power sales	212.1	120.9	75.4	260.8
Cross-border transmission income	17.6	1.5	1,072.9	6.9
Peak load capacity income*	7.2	9.3	-23.0	12.9
ITC income	10.2	8.2	24.5	17.1
Other turnover	10.3	3.6	184.5	11.1
Turnover total	**465.7**	**343.4**	**35.6**	**682.5**
Other operating income	0.7	0.4	65.7	2.4
Turnover and other income total	**466.5**	**343.9**	**35.7**	**684.8**

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



Costs, MEUR	1-6/21	1-6/20	change %	1-12/20
Purchase of imbalance power	190.5	106.2	79.4	234.4
Loss power costs	27.5	24.5	12.1	52.6
Depreciation	49.3	49.0	0.5	98.5
Cost of reserves	35.6	33.4	6.8	63.5
Personnel costs	17.0	16.3	4.2	31.2
Peak load capacity costs*	6.9	9.2	-24.5	12.6
Maintenance costs	8.1	10.6	-24.1	23.6
ITC charges	6.5	4.7	37.3	10.8
Other costs	24.5	18.9	29.7	42.1
Costs total	**366.0**	**273.0**	**34.1**	**569.3**

Operating profit, excl. the change in the fair value of derivatives	**100.5**	**70.9**	**41.7**	**115.4**
Operating profit	**106.1**	**55.2**	**92.2**	**118.4**

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

The Group's operating profit in the first half of the year was EUR 106.1 (55.2) million. Profit before taxes was EUR 94.1 (58.5) million. The differences from the corresponding period of the previous year are mainly explained by the increase in grid service income and cross-border transmission income (change EUR 27.4 million) and by the change in the market value of derivatives (change EUR 11.3 million). Profit for the review period amounted to EUR 75.3 (48.2) million and comprehensive income to EUR 75.3 (49.3) million.

Fingrid accrued EUR 60.4 (62.3) million in congestion income during the review period, included as accruals in the item other liabilities in the balance sheet.

The Group's result for the financial period is characterised by seasonal fluctuations, because the higher winter tariff on grid transmission is valid from the first day of December until the last day of February, in addition to which, electricity transmission is higher during the cold period in question, due to the higher consumption of electricity. Since much of the Group's operating profit for the review period is accumulated during the winter tariff months, the result for the full financial year cannot be directly estimated based on the result from the review period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1 Jan - 30 June, 2021	1 Jan - 30 June, 2020	1 Jan - 31 Dec, 2020
	MEUR	MEUR	MEUR
TURNOVER	**465.7**	**343.4**	**682.5**
Other operating income	0.7	0.4	2.4
Materials and services	-280.5	-192.3	-404.3
Personnel expenses	-17.0	-16.3	-31.2
Depreciation	-49.3	-49.0	-98.5
Other operating expenses	-13.5	-30.9	-32.5
OPERATING PROFIT	**106.1**	**55.2**	**118.4**
Finance income	0.8	8.9	9.8
Finance costs	-12.9	-4.6	-13.8
Finance income and costs	-12.1	4.3	-4.0
Share of profit of associated companies	0.1	-1.0	-1.1
PROFIT BEFORE TAXES	**94.1**	**58.5**	**113.3**
Income taxes	-18.8	-10.3	-19.3
PROFIT FOR THE PERIOD	**75.3**	**48.2**	**94.0**
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be transferred to profit or loss			
Transferred to the profit for the period		1.0	1.0
Available-for-sale investments			
Taxes related to other items in total comprehensive income			
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**75.3**	**49.3**	**95.0**
Profit attributable to:			
Equity holders of parent company	75.3	48.2	94.0
Total comprehensive income attributable to:			
Equity holders of parent company	75.3	49.3	95.0
Earnings per share for profit attributable to the equity holders of the parent company:			
Undiluted and diluted earnings per share, €	22,653	14,501	28,270
Weighted average number of shares, quantity	3,325	3,325	3,325

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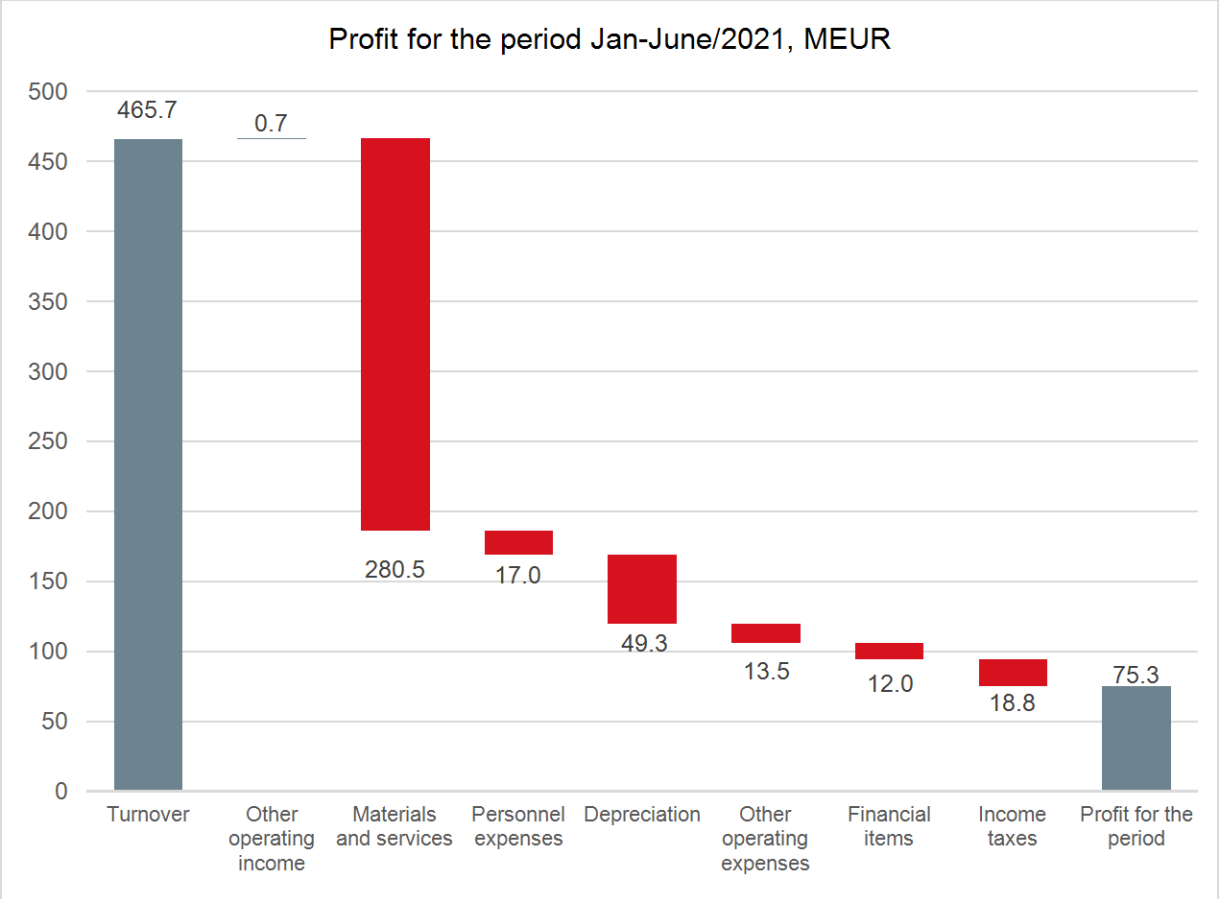


CONSOLIDATED BALANCE SHEET

ASSETS	30 June 2021 MEUR	30 June 2020 MEUR	31 Dec 2020 MEUR
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	87.9	87.9	87.9
Land use rights	100.8	100.3	100.8
Other intangible assets	45.7	27.0	36.0
	234.4	215.2	224.6
Property, plant and equipment:			
Land and water areas	19.9	19.6	19.9
Buildings and structures	253.0	237.8	250.3
Machinery and equipment	526.9	539.6	544.9
Transmission lines	717.1	738.2	727.6
Other property, plant and equipment	0.1	0.1	0.1
Prepayments and purchases in progress	213.8	128.1	160.0
	1,730.8	1,663.4	1,702.7
Right-of-use-assets	30.2	31.3	30.7
Investments in associated companies	2.3	2.8	2.4
Other long-term investments	10.2	9.2	9.7
Derivative instruments	25.3	42.2	44.4
Deferred tax assets	23.5	24.7	27.5
TOTAL NON-CURRENT ASSETS	**2,056.9**	**1,988.8**	**2,041.9**
CURRENT ASSETS			
Inventories	13.8	13.5	13.7
Derivative instruments	15.8	0.0	15.5
Trade receivables and other receivables	52.0	43.5	109.8
Other financial assets	95.4	86.2	80.2
Cash in hand and cash equivalents	10.0	139.3	45.6
TOTAL CURRENT ASSETS	**187.0**	**282.5**	**264.9**
TOTAL ASSETS	**2,243.9**	**2,271.2**	**2,306.8**

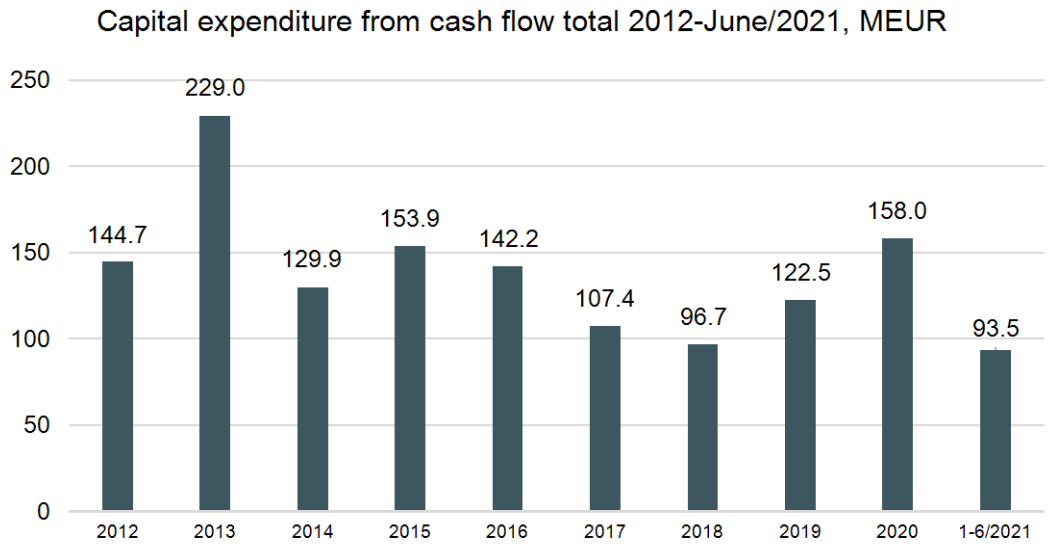
CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	30 June 2021 MEUR	30 June 2020 MEUR	31 Dec 2020 MEUR
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	55.9	55.9	55.9
Share premium account	55.9	55.9	55.9
Retained earnings	505.9	523.0	520.6
TOTAL EQUITY	**617.8**	**634.8**	**632.4**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	99.3	109.2	102.9
Borrowings	1,001.4	1,014.8	1,003.9
Provisions	1.4	1.4	1.4
Derivative instruments	2.5	17.6	17.7
Lease liabilities	28.6	29.3	28.9
	1,133.0	**1,172.3**	**1,154.8**
CURRENT LIABILITIES			
Borrowings	100.6	214.8	139.8
Derivative instruments	0.0	2.6	3.6
Lease liabilities	2.4	2.4	2.3
Trade payables and other liabilities	390.1	244.3	373.9
	493.1	**464.1**	**519.6**
TOTAL LIABILITIES	**1,626.1**	**1,636.4**	**1,674.4**
TOTAL EQUITY AND LIABILITIES	**2,243.9**	**2,271.2**	**2,306.8**

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

CHANGES IN PROPERTY, PLANT AND EQUIPMENT, MEUR	1-6/2021	1-6/2020	Change	1-12/2020
Carrying amount at beginning of period	**1,702.7**	**1,643.6**	**59.1**	**1,643.6**
Increases	75.0	65.5	9.5	153.1
Decreases	-0.2	0.0	-0.2	-1.3
Depreciation and amortisation expense	-46.6	-45.7	-0.9	-92.7
Carrying amount at end of period	**1,730.8**	**1,663.4**	**67.5**	**1,702.7**

INVESTMENTS, MEUR	1-6/2021	1-6/2020	Change	1-12/2020
Grid investments	**69.7**	**60.1**	**9.7**	**137.3**
Substations	41.1	31.9	9.2	83.9
Transmission lines	28.6	28.2	0.4	53.4
Gas turbine investments	**0.9**	**3.5**	**-2.5**	**9.6**
Other investments	**15.4**	**6.8**	**8.6**	**22.8**
ICT	14.2	6.3	8.0	21.1
Other	1.1	0.5	0.6	1.7
Total investments	**86.0**	**70.3**	**15.7**	**169.7**



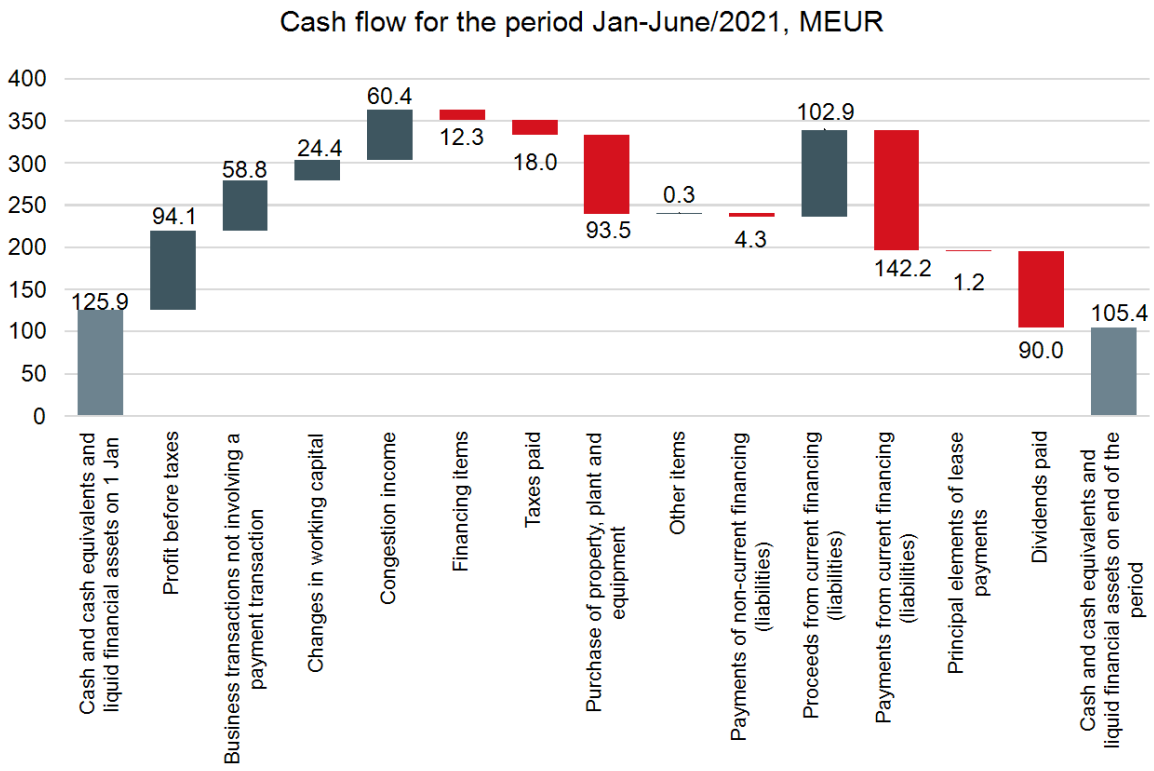
COMMITMENTS AND CONTINGENT LIABILITIES, MEUR	30 June 2021	30 June 2020	Change	31 Dec 2020
Pledged cash assets	0.5	0.5	0.0	0.5
Right-of-use agreements for reserve power plants	40.8	49.6	-8.8	48.7
Credit facility commitment fees	0.7	1.0	-0.4	0.2
Total	**42.0**	**51.1**	**-9.1**	**49.4**
Investment commitments	**153.7**	**175.8**	**-22.1**	**200.1**

Related parties are presented in the notes to Fingrid's 2020 financial statements. All transactions between Fingrid and related parties take place on arm's length basis terms. The company has not lent money to the top management, and the company has no transactions with the top management. At the end of the reporting period, the Republic of Finland owned 53.1 per cent of the company's shares. In accordance with the Finnish Parliament's authorisation the state's ownership in Fingrid Oyj is limited at minimum to is 50.1 per cent of the company's shares and votes.

TRANSACTIONS WITH ASSOCIATED COMPANIES, MEUR	1-6/2021	1-6/2020	Change	1-12/2020
Sales	0.0	0.1	-0.0	0.1
Interest income	0.0	0.0	-0.0	0.0
Purchases	1.1	1.2	-0.1	2.2
Trade receivables	2.4	0.0	2.4	5.3
Trade payables		0.1	-0.1	2.0
Loan receivables	0.8	1.1	-0.4	0.9

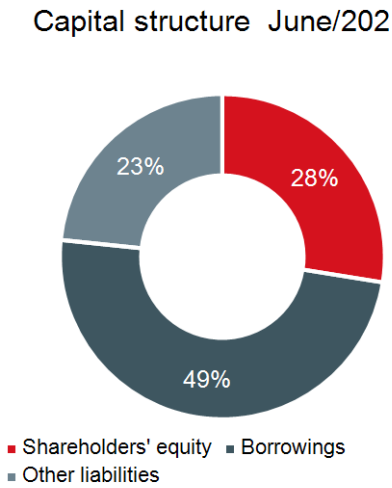
CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY, MEUR					
Equity attributable to shareholders of the parent company	Share capital	Share premium account	Translation reserve	Retained earnings	Total equity
Balance on 1 January 2020	**55.9**	**55.9**	**-1.0**	**574.9**	**685.7**
Comprehensive income for the review period					
Profit or loss				48.2	48.2
Other comprehensive income					
Translation reserve					0.0
Items related to long-term asset items available for sale					0.0
Total other comprehensive income adjusted by tax effects			**0.0**		**0.0**
Total comprehensive income			**0.0**	**48.2**	**48.2**
Transactions with owners					
Dividend relating to 2019				-100.1	-100.1
Balance on 30 June 2020	**55.9**	**55.9**	**-1.0**	**523.0**	**633.8**
Comprehensive income for the review period					
Profit or loss				45.8	45.8
Other comprehensive income					
Translation reserve			1.0		1.0
Items related to long-term asset items available for sale					0.0
Total other comprehensive income adjusted by tax effects			**1.0**		**1.0**
Total comprehensive income			**1.0**	**45.8**	**46.8**
Transactions with owners					
Dividend relating to 2019				-48.1	-48.1
Balance on 31 December 2020	**55.9**	**55.9**	**0.0**	**520.6**	**632.4**
Balance on 1 January 2021	**55.9**	**55.9**	**0.0**	**520.6**	**632.4**
Comprehensive income for the review period					
Profit or loss				75.3	75.3
Other comprehensive income					
Translation reserve					0.0
Items related to long-term asset items available for sale					0.0
Total comprehensive income			**0.0**	**75.3**	**75.3**
Transactions with owners					
Dividend relating to 2020				-90.0	-90.0
Balance on 30 June 2021	**55.9**	**55.9**	**0.0**	**505.9**	**617.8**

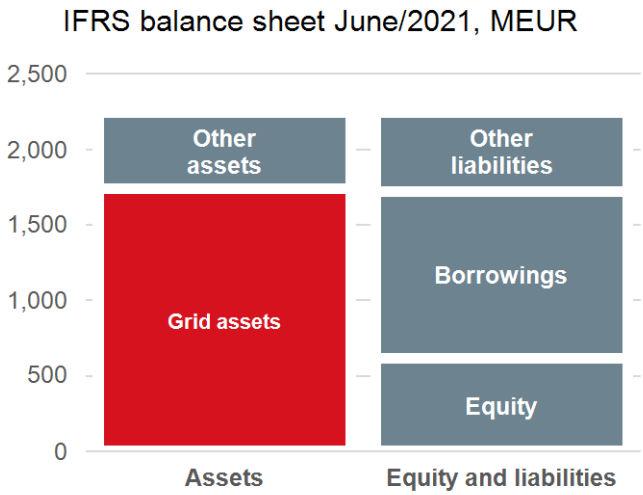
CONSOLIDATED CASH FLOW STATEMENT	1 Jan - 30 June, 2021 MEUR	1 Jan - 30 June, 2020 MEUR	1 Jan - 31 Dec, 2020 MEUR
Cash flow from operating activities:			
Profit before taxes	94.1	58.5	113.3
Adjustments:			
Business transactions not involving a payment transaction:			
Depreciation	49.3	49.0	98.5
Capital gains/losses (-/+) on tangible and intangible asset sales	0.2		0.5
Share of profit of associated companies	-0.1	1.0	1.1
Gains/losses from the assets and liabilities recognised in the income statement at fair value	-5.7	8.0	-10.2
Other business transactions not involving a payment transaction	3.2	0.3	9.2
Finance income and costs	12.1	-4.3	4.0
Impact from changes in the fair value of the investment	-0.1	-0.4	0.0
Changes in working capital:			
Change in trade receivables and other receivables	56.8	51.4	-14.4
Change in inventories	-0.1	-1.4	-1.6
Change in trade payables and other liabilities	-32.3	-29.7	-4.6
Congestion income	60.4	62.3	146.7
Change in provisions			-0.0
Interests paid	-16.0	-16.7	-22.0
Interests received	4.8	4.6	9.3
Taxes paid	-18.0	-20.6	-40.7
Net cash flow from operating activities	208.6	162.1	289.1
Cash flow from investing activities:			
Purchase of property, plant and equipment	-73.9	-58.8	-134.5
Purchase of intangible assets	-19.5	-9.7	-23.5
Proceeds from sale of property, plant and equipment	0.1		0.8
Payments of financing (liabilities)	0.2	0.2	0.4
Dividends received		8.4	9.2
Capitalised interest paid	-1.1	-0.4	-1.6
Net cash flow from investing activities	-94.3	-60.4	-149.2
Cash flow from financing activities:			
Proceeds from non-current financing (liabilities)		164.7	164.7
Payments of non-current financing (liabilities)	-4.3	-4.3	-67.7
Proceeds from current financing (liabilities)	102.9	50.0	50.0
Payments from current financing (liabilities)	-142.2	-68.1	-93.2
Dividends paid	-90.0	-100.1	-148.2
Principal elements of lease payments	-1.2	-1.2	-2.4
Net cash flow from financing activities	-134.7	41.0	-96.8
Change in cash as per the cash flow statement	**-20.5**	**142.7**	**43.1**
Opening cash as per the cash flow statement	**125.9**	**82.8**	**82.8**
Closing cash as per the cash flow statement	**105.4**	**225.5**	**125.9**



Financing

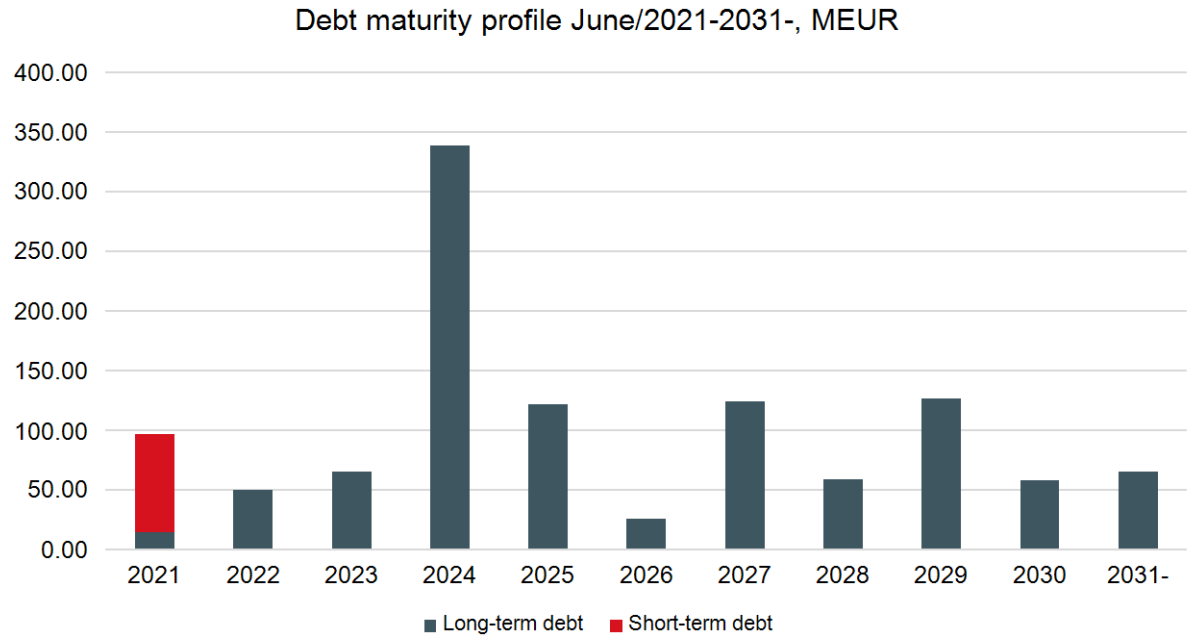
Equity and liabilities as shown in the balance sheet are managed by the Group as capital. The principal aim of Fingrid's capital management and grid asset management is to ensure uninterrupted operations and value retention as well as rapid recovery from any exceptional circumstances. The company must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





The Group's net cash flow from operations, with net capital expenditure deducted, was EUR114.3 (101.7) million during the review period. The equity ratio was 27.5 (28.0) per cent at the end of the review period. The impact of the IFRS 16 standard reduced the share of equity by 0.4 percentage points.

The Group's net financial costs from January through June were EUR 12.1 million (4.3 million positive), including a negative change of EUR 6.7 (EUR 4.7 million negative) million in the fair value of derivatives. The change in the fair value of financial assets was EUR 0.1 million negative (EUR 0.4 million negative). The net financial costs included EUR 0.3 (0.3) million in interest expenses on the lease liabilities entered into the balance sheet, due to the introduction of the IRFS 16 standard in 2019.



Non-current financial liabilities include a total of EUR 31.0 million in lease liabilities in accordance with IFRS 16.

Interest-bearing borrowings totalled EUR 1,132.9 (1,261.3) million, of which non-current borrowings accounted for EUR 1,029.9 (1,044.1) million and current borrowings for EUR 103.0 (217.2) million. On the reporting date, the borrowings included a total of EUR 31.0 (31.7) million in lease liabilities in accordance with IFRS 16, consisting of EUR 2.4 (2.4) million in short-term liabilities maturing within one year, and EUR 28.6 million (29.3) in long-term liabilities maturing after more than a year.

RECONCILIATION OF DEBT, MEUR	Borrowings due within one year	Borrowings due after one year	Total
Debt on 1 Jan 2020	**235.3**	**884.7**	**1,120.0**
Cash flow from financing activities	-110.8	164.7	53.8
Exchange rate adjustments		2.5	2.5
Other changes not involving a payment transaction	-0.0	-1.4	-1.4
Transfer to short-term loans	17.7	-17.7	
Debt on 31 Dec 2020	**142.1**	**1,032.8**	**1,174.9**
Cash flow from financing activities	-39.3	-4.3	-43.5
Exchange rate adjustments		1.7	1.7
Other changes not involving a payment transaction	0.1	-0.3	-0.2
Debt on 30 Jun 2021	**103.0**	**1,029.9**	**1,132.9**

RECONCILIATION OF NET DEBT, MEUR	30.6.2021	31.12.2020
Cash in hand and cash equivalents	10.0	45.6
Other financial assets	95.4	80.2
Borrowings - due within one year	103.0	142.1
Borrowings - due after one year	1,029.9	1,032.8
Net debt	**1,027.5**	**1,049.0**

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

The Group’s liquidity remained good. Cash assets and financial assets at the end of the review period amounted to EUR 105.4 (225.5) million. The Group additionally has an undrawn committed revolving credit facility of EUR 300 million and a total of EUR 125 million in uncommitted financing arrangements with banks to secure liquidity. Of the overdraft limits to secure liquidity, EUR 12.7 million were in use on the reporting date.

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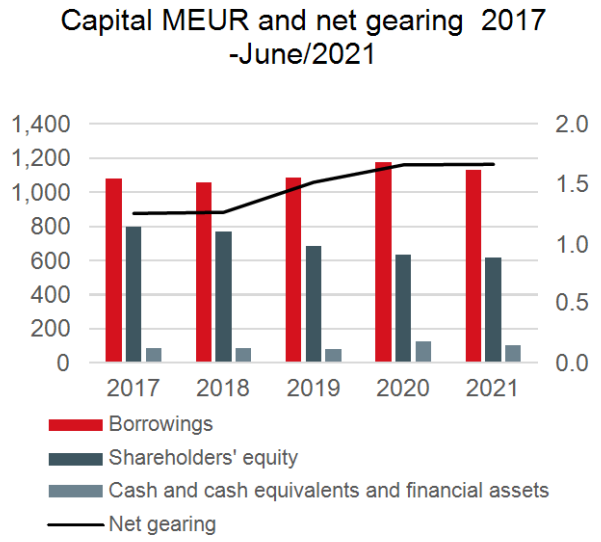
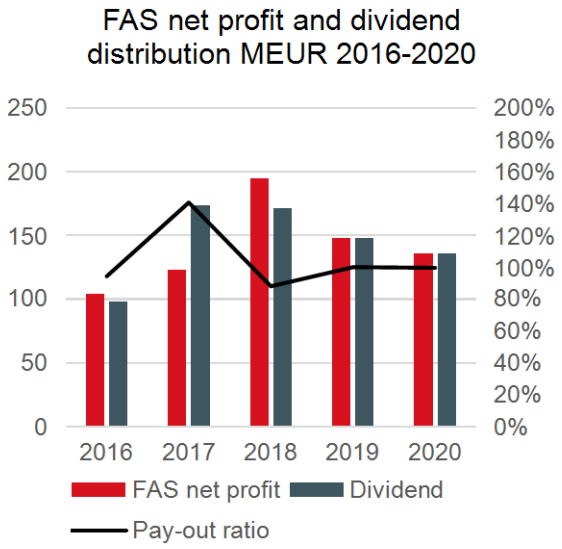




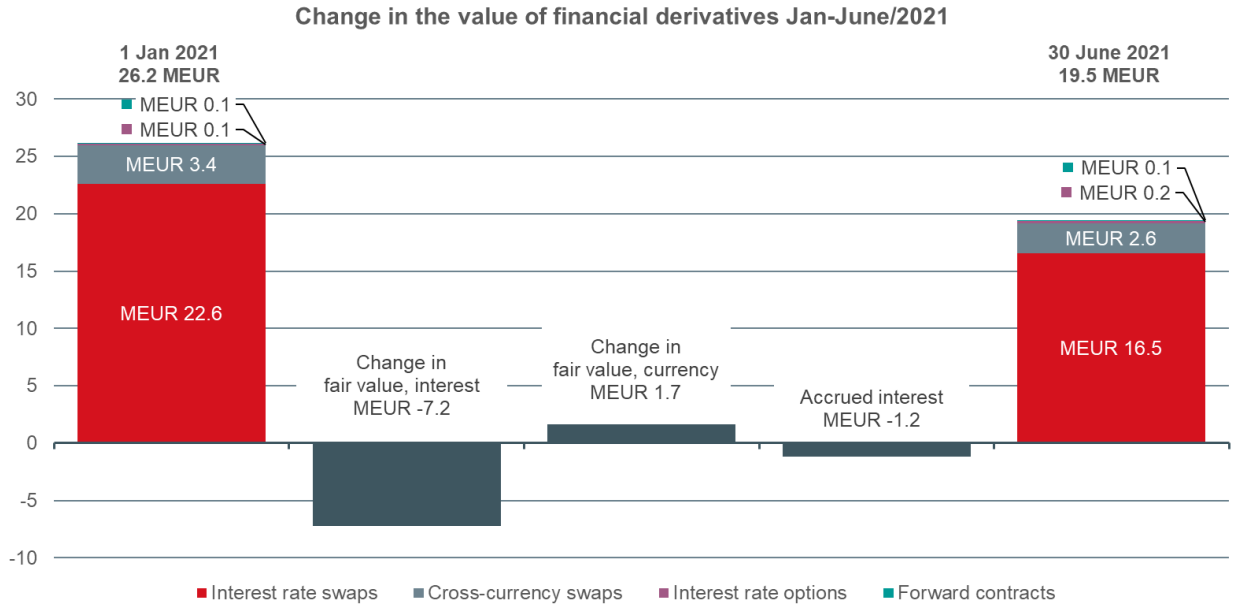
Fingrid's Annual General Meeting, held on 7 April 2021, resolved to distribute, based on the approved balance sheet for the financial period ending 31 December 2020, a dividend of maximum EUR 53,500.00 for each Series A share, and a maximum of EUR 19,600.00 for each Series B share, totalling a maximum of EUR 135,614,200.00. The first dividend instalment, totalling EUR 89,980,000.00, was paid on 12 April 2021, in accordance with the Annual General Meeting's resolution.

The Board of Directors has the right to decide on the payment of the second dividend instalment based on the authorisation it receives from the Annual General Meeting after the half-year report has been confirmed and after it has assessed the company's solvency, financial position and financial development. The second dividend instalment shall be a maximum of EUR 18,000.00 for each Series A share and a maximum of EUR 6,600.00 for each Series B share, totalling a maximum of EUR 45,634,200.00.

The net fair value of financial derivatives was EUR 19.5 (27.1) million. The Group's foreign exchange and commodity price risks are mainly hedged. Changes in the market value of the underlying assets of the derivatives may affect the Group's earnings.

The sensitivity of the loan portfolio to interest rate risk is measured by using a Cash Flow at Risk (CFaR) type of model. According to the model, there is a 95% (99%) probability that Fingrid's interest expenditure will amount to no more than EUR 16 (17) million during the next 12 months.

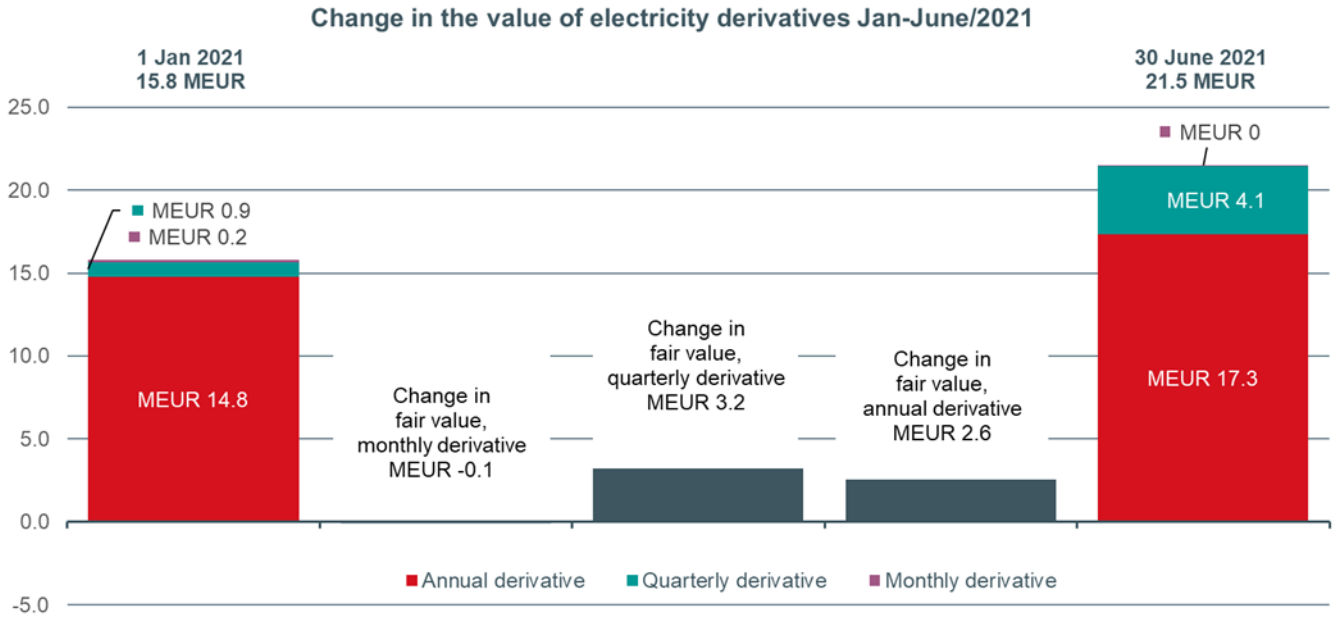
MEUR	30 June 2021				30 June 2020				31 Dec 2020				Hierarchy level
Interest rate and currency derivatives	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	
Cross-currency swaps	4.1	-1.5	2.6	56.0	12.6	-11.2	1.4	56.0	13.3	-9.9	3.4	56.0	Level 2
Forward contracts	0.1		0.1	4.2		-0.1	-0.1	3.7	0.1	0.0	0.1	4.0	Level 2
Interest rate swaps	16.5		16.5	305.0	32.3	-6.6	25.7	335.0	28.3	-5.7	22.6	305.0	Level 2
Bought interest rate options	0.2		0.2	590.0		0.0	0.0	610.0	0.1		0.1	860.0	Level 2
Total	**21.0**	**-1.5**	**19.5**	**955.2**	**44.9**	**-17.8**	**27.1**	**1,004.7**	**41.8**	**-15.6**	**26.2**	**1,225.0**	
Electricity derivatives	Fair value pos.	Fair value neg.	Net fair value	Volume TWh	Fair value pos.	Fair value neg.	Net fair value	Volume TWh	Fair value pos.	Fair value neg.	Net fair value	Volume TWh	
Electricity future contracts. NASDAQ OMX Commodities					12.0	-12.4	-0.4	4.49					Level 1
Electricity forward contracts, NASDAQ OMX Commodities	22.1	-0.6	21.5	5.79	0.3	-2.6	-2.3	0.45	21.7	-5.9	15.8	5.51	Level 1
Total	**22.1**	**-0.6**	**21.5**	**5.79**	**12.3**	**-15.0**	**-2.7**	**4.94**	**21.7**	**-5.9**	**15.8**	**5.51**	



The purpose of Fingrid's loss power price hedging is to reduce the effect of volatility in market prices on the loss power procurement costs and to give adequate predictability in order to keep the pressures to change grid service fees moderate. The change in the fair value of the electricity derivatives used for hedging the price of Fingrid's loss power purchases recognised in the operating profit was EUR 5.7 positive (EUR 15.7 million negative). The volatility in the fair value of electricity futures can be significant. The positive impact on profit was caused by

the impact of the increase in the spot price of electricity on the fair value of electricity derivatives. Fingrid holds its bought derivatives to maturity.

The fair value sensitivity of electricity derivatives to changes in the price of electricity is measured as the difference a 10 per cent fluctuation in market price would have on outstanding electricity futures on the reporting date. An increase/decrease of 10 per cent in the market price of electricity would have an impact of EUR 13.0 million/EUR -13.0 million on the Group's profit before taxes.



Customers

According to a study completed in spring 2021, Finland's main grid offers the second-lowest prices for electricity transmission in Europe. The European Network of Transmission System Operators for Electricity (ENTSO-E) compared electricity transmission in 36 countries. Nineteen of the countries are EU/EEA countries comparable with Finland, with large geographic areas and main grids operating at various voltages. The cheapest of these are Slovenia, Finland and Norway.

In April 2021, the research company T-Media asked Fingrid's customers to rate the company's activities. An overall reputation score was calculated from the ratings given in eight areas. The results show that Fingrid has an excellent reputation among its customers: the company's reputation score was 4.04 (on a scale of 1 to 5). T-Media's reputation model shows that an organisation's reputation has a major impact on the support it receives from stakeholders to drive matters forward. Fingrid's score for stakeholder support was 4.07.

Close co-operation with customers continued, despite the coronavirus situation. Electronic devices were used to maintain contact and hold a number of customer events. Enquiries concerning wind power connection already surpassed the 100,000-megawatt limit. Fingrid has

developed the processing of the enquiries and built information systems to help base connections and network planning on a common situational picture. The company's goal is to also offer customers use of the situational picture by the end of 2021 to better account for the current and future connection capacity of the grid when planning their own projects. The company has made the implementation of grid investments smoother in many ways by taking its customers' needs into account.

Main grid

In the first half of the year, Fingrid published a vision of the long-term development needs and solutions of the main grid. This grid vision is based on scenarios of the future electricity production and consumption structure. The report indicates that, in order for Finland to reach its carbon neutrality target, grid investments amounting to billions of euros will be necessary over the next ten years.

As regards major transmission projects, the Forest Line and Lake Line, as well as the Aurora Line connection to Sweden, constitute a significant part of the electricity network infrastructure that Finland needs to become carbon neutral. Fingrid has more than 530 kilometres of transmission lines and 37 substations currently under construction.

The Forest Line will substantially increase the north–south transmission capacity necessary for the Finnish electricity system. The roughly 300-kilometre-long, 400-kilovolt transmission link is being built in place of or next to the current power lines, running from Petäjävesi through Haapavesi and further up to Muhos. Of the construction work, the foundation work for the connection is close to being finalised. Assembly of the transmission line towers and work on the conductors have progressed according to their original schedule, and the Forest Line will be completed in its entirety in autumn 2022.

The planned reinforcement of the Lake Line from Oulu to Lappeenranta has reached the environmental impact assessment phase. The transmission line is more than 290 kilometres long. The new 400/110 kilovolt transmission line is being planned primarily alongside the current transmission lines. In the northernmost section of the connection, the old transmission line will be replaced. Based on the plans, construction work on the Lake Line will begin in winter 2023/2024, and the transmission link is due for completion in 2026.

In co-operation with Svenska kraftnät, Fingrid is planning a new transmission connection from Messaure in northern Sweden to Pyhänselkä, south of Oulu. The estimated cost of the approximately 380-kilometre-long connection line, called the Aurora Line, is EUR 250 million, and it is expected to be completed in 2025. The transmission line will even out the electricity price differences between the countries and improve the availability of electricity in Finland.

Early in the year, Fingrid and Svenska kraftnät agreed to continue using the Fenno-Skan 1 connection until 2040.

Fingrid is modernising the old electricity transmission network and substations in North Karelia. The project involves the modernisation of 112 kilometres of 110 kV power lines in total. The project includes modernisation of two substations and in addition one entirely new substation will be built. So far, the Kontiolahti substation and the Kontiolahti–Uimaharju section of the transmission line have been completed. The Kontiolahti–Palojärvi section of the transmission line and the Palojärvi substation are still under construction. Construction work is also in progress in the Muhos–Vaala and Imatra–Varkaus sections of the transmission line.

Fingrid has several substation projects under construction in order to transmit the rapidly the growing wind power production for consumption. In connection with the Forest Line transmission line, construction on the Petäjävesi, Pysäysperä and Toivila substations and the Hoikansalmi and Pihlajaranta series capacitor stations is under way.

In addition to those mentioned above, the Pyhänselkä, Kärppiö, Tammisto, Jylkkä, Kellarijänkä and Kangasala substations are under construction in various parts of Finland. The reason behind building new substations and the need for expansion is largely the increased wind power production and enabling its transmission from production to consumption.

Fingrid decided on several new capital expenditure projects during the review period. Wind power connections in particular have increased the need for investments.

- An investment decision was made on the construction of the Valkeus substation in Northern Ostrobothnia to promote wind power investments. The project is due for completion in 2023.
- The Imatra–Huutokoski transmission line, which secures electricity transmission in South Savo and South Karelia, is being modernised. The original 110 kV transmission line, which was taken into use in 1934, has reached the end of its service life. The new power line will guarantee Fingrid's electricity transmission reliability in South Savo and reinforce the main grid's transmission capability in different operational situations in South Karelia. A new transmission line spanning 130 kilometres will be built, and the project will be completed during 2023.
- Fingrid is expanding the Alajärvi substation in South Ostrobothnia. Electricity generated by wind power can be transmitted for consumption once Fingrid expands and modernises substation equipment at the Alajärvi substation, which is important in terms of wind power projects. The intention is to connect close to 2,000 megawatts of new production capacity to the station in the coming years. The construction work in the substation contract will mainly be carried out by the end of 2021. Electrical equipment installations will take place in 2022.
- The Virkkala substation in Lohja is being modernised using a new, climate-friendly, SF_6-free gas technology. The project is part of Fingrid's decision to systematically eliminate SF_6 dielectric gas at its substations and to transition to using environmentally friendly dielectric gas in new sites.
- Several new wind power projects are currently under way south of Kristiinankaupunki. In April, Fingrid made an investment decision concerning the Arkkukallio substation to be built in the municipality of Isojoki. Of the wind power projects to be connected to Arkkukallio's 400/110 kV substation, the plan is to connect some 500 MW to the substation by the end of 2024, and roughly 800 MW by the end of 2028. Due to the large number of connections, the Arkkukallio station will be built as a larger substation with two 400 MVA main transformers.
- Fingrid is expanding the Tuovila substation near Vaasa to meet the area's growing electricity production and consumption. The underlying reason for the investment is the area's growing wind power production and the battery material plant that is planned for Vaasa. Major changes in electricity production and consumption demand reinforcing the grid and improving its system security. The expanded substation will be commissioned sometime in 2023.

As the outcome of the company's technical innovation work, Fingrid will significantly increase the electricity transmission capacity between northern and southern Finland through dynamic shunt compensation. The additional transmission capacity of hundreds of megawatts will be achieved quickly, cost effectively and in an environmentally friendly manner. The solution will benefit all of Finland, as it will enable the electricity generated in northern Finland to be transmitted for consumption in the south, while also ensuring that Finland remains a wholesale electricity price area.

In May, Fingrid ranked second in an international asset management survey that assesses the tactical level of TSOs' asset management. The International Transmission Asset Management Study (ITAMS) has now been carried out six times, and Fingrid has received a top ranking each time.

Power system operations

In January-June Finland's electricity consumption during the period amounted to 43.9 (41.7) terawatt hours. Inter-TSO transmission in the same period amounted to 3.4 (3.5) terawatt hours. The total electricity transmission in Finland was 47.3 (45.2) terawatt hours. Fingrid transmitted a total of 36.0 (34.3) terawatt hours in its grid, representing 76.2 (75.8) per cent of the total electricity transmission in Finland. During this period, the electricity Fingrid transmitted to its customers amounted to 32.6 (30.7) terawatt hours, which represented 74.2 (73.5) per cent of Finland's total consumption.

Peak demand was reached on 18 February 2021, when the hourly average load reached 14,267 megawatts between 9 and 10 am. During this hour, the average power generation in Finland amounted to 11,191 megawatts and the remaining 3,076 megawatts of the average load was imported from Sweden, Russia and Estonia. The electricity supply was not in jeopardy during the peak consumption hour.

In January–June, the system security of Fingrid's grid system was at a very good level and there were no significant grid disturbances. The grid's transmission reliability rate during the review period was 99.99999 (99.99992) per cent.

From January-June, 7.8 (9.3) terawatt hours of electricity were imported from Sweden to Finland, and 0.4 (0.1) terawatt hours were exported from Finland to Sweden. Transmission capacity between the countries was partly limited for brief periods during the review period due to project and maintenance work on the Swedish side.

Electricity exports to Estonia in January-June were high, as in the previous year, amounting to 3.0 (3.3) terawatt hours. Only very small amounts of electricity were imported from Estonia to Finland during the review period. The transmission capacity between the two countries functioned reliably, although there were some planned restrictions on EstLink1 in June in connection with annual maintenance.

Between January-June, 4.4 (1.2) terawatt hours of electricity was imported from Russia to Finland. Electricity imports from Russia have increased in 2021 compared to last year, due to the higher electricity prices in the Nordics. Export capacity to Russia was restricted from May until the beginning of June due to restoration work carried out on the Russian side. Import capacity was fully available. Electricity was not exported from Finland to Russia during the review period.

Power system operation	1-6/21	1-6/20
Electricity consumption in Finland, TWh	43.9	41.7
TSO transmission in Finland, TWh	3.4	3.5
Transmission within Finland, TWh	47.3	45.2
Fingrids electrity transmission volume, TWh	36.0	34.3
Fingrid's electricity transmission to customers, TWh	32.6	30.7
Fingrid's loss energy volume, TWh	0.7	0.7
Electricity transmission Finland - Sweden		
Exports to Sweden TWh	0.4	0.1
Imports from Sweden, TWh	7.8	9.3
Electricity transmission Finland - Estonia		
Exports to Estonia, TWh	3.0	3.3
Imports from Estonia, TWh	0.1	0.0
Electricity transmission Finland - Russia		
Imports from Russia, TWh	4.4	1.2

Electricity market

The past winter was average in terms of weather. Long spells of below-zero temperatures increased electricity consumption, and also the hydrological situation throughout the Nordic countries has returned closer to normal from last year's exceptionally high level. The increased electricity consumption, coupled with transmission restrictions, resulted in significant area price disparities in the Nordic countries. There has been a high level of electricity imports from Sweden to Finland, often reaching the maximum level during daytime, in turn causing major price differences between Finland and particularly northern Sweden. In January-June, the average Nordic price on the day-ahead market was EUR 42.03 (10.53) per megawatt hour, and the area price for Finland was EUR 47.45 (23.23) per megawatt hour.

The availability and reliability of the DC connections between neighbouring countries have also been high, except for a few disturbances. In the first half of the year, the Fenno–Skan 1 connection experienced a technically challenging fault that caused several longer disturbances. Disturbance-clearing and fault elimination measures were highly successful, and the connections were quickly restored and made available to the market.

In the electricity market, concerns have been raised about the extensive transmission restrictions in the Swedish grid since the end of March; the restrictions also affect electricity transmission between Finland and Sweden. The restrictions have concerned electricity transmission between Finland's and central Sweden's SE3 bidding area, which is served by two DC connections – Fenno-Skan 1 and 2 – with a total capacity of 1,200 megawatts. The extent of the restrictions has varied, and the restrictions have prevented, either fully or partly, the export of electricity from Finland to the SE3 bidding area. Electricity exports from Finland to Sweden have been low in recent years, with electricity typically imported from Sweden to Finland. Restricting electricity export opportunities, however, weakens the competitive position of Finnish electricity producers on the common European electricity market.

Due to constraints on the transmission connections between the countries, total congestion income in the review period is at a high level, similar to the corresponding period last year. Congestion income between Finland and Sweden in January-June totalled EUR 96.2 (104.0) million. Congestion income between Finland and Estonia in January-June totalled EUR 24.6 (20.7) million. Fingrid's share of the congestion income is 50 per cent. In accordance with the regulation on congestion income, Fingrid will allocate the congestion income received for capital expenditure to improve the functioning of the electricity markets.

Ongoing development projects in the electricity market are related to the change in the structure of electricity production due to the energy transformation and to making this change possible, as well as to the implementation of European legislation. Fingrid is involved in both Nordic and European projects to reform the reserve markets and the method of calculating transmission capacity and to prepare for the electricity market's transition from the current one-hour trading and balance settlement period to a 15-minute period. The projects have mainly been progressing on schedule, despite their demanding nature. Co-ordinating between the Nordic TSOs, Fingrid applied for a derogation period extending to 22 May 2023 for the adoption of the 15-min imbalance settlement period (ISP), and the Energy Authority granted the derogation.

Preparations to adopt a centralised information exchange system for electricity retail markets, i.e. the Datahub, moved forward. The first production test run was successfully carried out from 9–24 June 2021 in close co-operation with the industry. During the test run, the introduction of the Datahub was practiced, and real production events that take place in the market were simulated. The Datahub will go live in February 2022.

Electricity market	**1-6/21**	**1-6/20**	**1-12/20**
Nord Pool system price, average €/MWh	42.03	10.53	10.93
Area price Finland, average €/MWh	47.45	23.23	28.02
Congestion income between Finland and Sweden, €M*	96.2	104.0	245.4
Congestion hours between Finland and Sweden %*	50.7	61.9	62.8
Congestion income between Finland and Estonia, €M*	24.6	20.7	48.1
Congestion hours between Finland and Estonia %*	27.0	33.8	32.9

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

Fingrid used EUR 1.6 (0.3) million for countertrade during the first six months of the year.

Countertrade	1-6/21	1-6/20	1-12/20
Countertrade between Finland and Sweden, €M	0.3	0.1	0.1
Countertrade between Finland and Estonia, €M	0.1	0.2	0.2
Countertrade between Finland's internal connections, €M	1.3	0.0	0.4
Total countertrade, €M	1.6	0.3	0.7

Personnel

The total number of personnel employed by the Group averaged 432 (390) with an average of 370 (344) in a permanent employment relationship. Personnel costs amounted to EUR 17.0 (16.3) million. Wages and salaries amounted to EUR 14.4 (14.0) million, which equals 3.1 (4.1) per cent of the turnover.

As a consequence of the coronavirus pandemic, the company has focussed on interaction between personnel and management. The President & CEO has, for example, held reviews for personnel at regular intervals throughout the pandemic. In spring, the company launched strategy work that personnel actively took part in, commenting on the changes taking place in the operating environment and on stakeholders' expectations, as well as on how they affect each person's work.

Fingrid was chosen as the most responsible employer in Finland for the second time. The company ranked first also in 2020. The Most Responsible Employer was announced at the end of May in connection with Oikotie's Responsible Employer study. As in previous years, Fingrid is part of the Responsible Summer Job campaign, which challenges employers to offer young people successful summer job experiences of good quality. This year, the company is employing altogether 54 people in various summer jobs throughout Finland.

Other matters

On 7 April 2021, Fingrid Oyj's Annual General Meeting approved the financial statements for 2020 and decided on the dividend payment. The first instalment of the dividend, totalling EUR 89,980,000.00, was paid on 12 April 2021. Juhani Järvi continues as Chair of the Board of Directors, and Päivi Nerg continues as Vice Chair of the Board. The other Board members are Hannu Linna, Sanna Syri and Esko Torsti.

Legal proceedings and proceedings by authorities

An accident took place on a worksite in Laukaa, Finland, on 25 August 2017, where an employee of Revilla y Garcia S.L. died after having fallen from a transmission line tower. The plaintiff has dropped its previous claims related to the work accident against Fingrid (the client linked with the accident), the main contractor Technolines S.R.L. filial i Finland, and its sub-contractor Revilla y Garcia S.L.

FINGRID OYJ
www.fingrid.fi

27.7.2021, at 12 Noon
EET

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

On 27 July 2021, the Board of Directors decided, in compliance with the authorisation granted by the AGM, that the second instalment of dividends shall be paid after the half-year report has been approved and the Board has assessed the company's solvency, financial position and financial performance. Based on the authorisation received by the Board, the second dividend instalmment of EUR 18,000.00 for each Series A share and EUR 6,600.00 for each Series B share, totalling EUR 45,634,200.00 in dividends, will be paid on 30 July 2021.

Fingrid Group's profit for the 2021 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to clearly improve on the previous year. The main reasons for the improvement in the result are the positive impacts of the colder months early in the year compared to the same period last year and the growth in cross-border transmission volumes on transmission income.

The company's own calculations indicate that the result according to the regulatory model that governs transmission grid operations will show a surplus for 2021, which will compensate for last year's deficit. The company's debt service capacity is expected to remain stable.

Results forecasts for the financial year are complicated especially by the uncertainty related to grid service revenue, ITC income and cross-border transmission income, and to reserve and loss power costs. The income and costs are dependent on the outside temperatures, wind conditions, rainfall and changes in the hydrological conditions in the Nordic countries. These have an impact on the electricity production and consumption and consequently on the transmission and prices of electricity in Finland and in the surrounding areas.

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The consolidated financial statements are drawn up in accordance with the IFRS in a situation where the company management needs to make estimates and assumptions which have an impact on the amounts of assets, liabilities, income and expenses recorded and conditional items presented. These estimates and assumptions are based on historical experience and other justified assumptions which are believed to be reasonable under the conditions which constitute the foundation for the estimates of the items recognised in the financial statements. The actual amounts may differ from these estimates. In the financial statements, estimates have been used, for example, when specifying the economic lives of tangible and intangible asset items, and in conjunction with deferred taxes and provisions. Critical estimates and judgements by management are described in greater detail by topic in the notes to Fingrid's 2020 financial statements. Certain statements in this report are forward-looking and are based on the current views of the company's management. Due to their nature, they contain some risks and uncertainties and are subject to general changes in the economy and the business sector.

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

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