

**FINGRID OYJ**  
**HALF-YEAR REPORT**  
**1 JANUARY – 30 JUNE 2020**

## 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 2019. 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 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

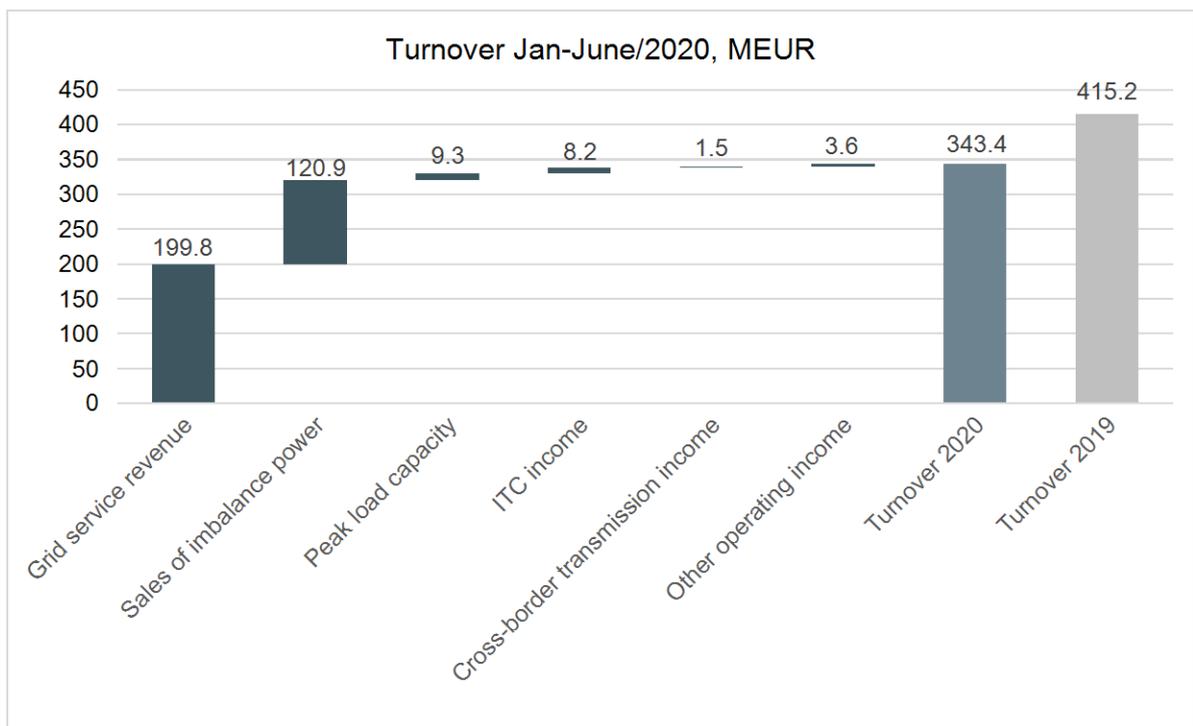
The Group's turnover in January–June was EUR 343.4 (415.2) million. Grid service income declined to EUR 199.8 (209.3) million during the first half of the year due to unseasonably warm weather, which resulted in decreased electricity consumption. Electricity consumption in Finland totalled 41.4 (44.6) terawatt hours in January–June. Imbalance power sales revenue decreased to EUR 120.9 (175.2) million, as a result of the lower imbalance power prices. Cross-border transmission income from the connection between Finland and Russia decreased from the previous year's level, to EUR 1.5 (5.4) million, due to the reduced transmission volume. Other operating income totalled EUR 0.4 (0.6) million.

Costs during January–June totalled EUR 273.0 (326.9) million. Due to the lower imbalance power price, imbalance power costs decreased from the previous year's level, to EUR 106.2 (162.5) million. Loss power costs amounted to EUR 24.5 (25.7) million. At the end of June, approximately 98 (96) per cent of Fingrid's projected loss power procurement for the remainder of 2020 was, in terms of system price, hedged at an average price of EUR 25.4 (27.2) per megawatt hour. In terms of the Finnish area price difference, roughly 100 (100) per cent of loss power procurement was hedged at an average price of EUR 4.6 (5.3) per megawatt hour. The cost of reserves to safeguard the grid's system security increased to EUR 33.4 (26.6) million, as a result of the high prices during the flood season.

Depreciation for the review period totalled EUR 49.0 (48.7) million. Grid maintenance costs grew to EUR 10.6 (7.9) million as a result of increased maintenance expenditure in DC connections and voltage compensation equipment. Personnel costs amounted to EUR 16.3 (16.0) million.

<b>Turnover and other income, MEUR</b>	<b>1-6/20</b>	<b>1-6/19</b>	<b>change %</b>	<b>1-12/19</b>
Grid service income	199.8	209.3	-4.5	385.0
Imbalance power sales	120.9	175.2	-31.0	346.7
Cross-border transmission income	1.5	5.4	-72.4	11.6
Peak load capacity income*	9.3	9.3	-0.1	14.1
ITC income	8.2	6.8	20.6	14.4
Other turnover	3.6	9.1	-60.5	17.4
<b>Turnover total</b>	<b>343.4</b>	<b>415.2</b>	<b>-17.3</b>	<b>789.4</b>
Other operating income	0.4	0.6	-29.8	4.2
<b>Turnover and other income total</b>	<b>343.9</b>	<b>415.9</b>	<b>-17.3</b>	<b>793.6</b>

\* 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.



<b>Costs, MEUR</b>	<b>1-6/20</b>	<b>1-6/19</b>	<b>change %</b>	<b>1-12/19</b>
Purchase of imbalance power	106.2	162.5	-34.6	323.5
Loss power costs	24.5	25.7	-4.4	53.9
Depreciation	49.0	48.7	0.6	97.8
Cost of reserves	33.4	26.6	25.5	55.9
Personnel costs	16.3	16.0	1.8	26.4
Peak load capacity costs*	9.2	9.3	-1.3	13.7
Maintenance costs	10.6	7.9	35.0	21.6
ITC charges	4.7	7.7	-38.6	15.0
Other costs	18.9	22.4	-15.7	43.8
<b>Costs total</b>	<b>273.0</b>	<b>326.9</b>	<b>-16.5</b>	<b>651.6</b>

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<b>Operating profit, excl. the change in the fair value of derivatives</b>	<b>70.9</b>	<b>89.0</b>	<b>-20.3</b>	<b>142.1</b>
<b>Operating profit</b>	<b>55.2</b>	<b>66.8</b>	<b>-17.3</b>	<b>115.5</b>

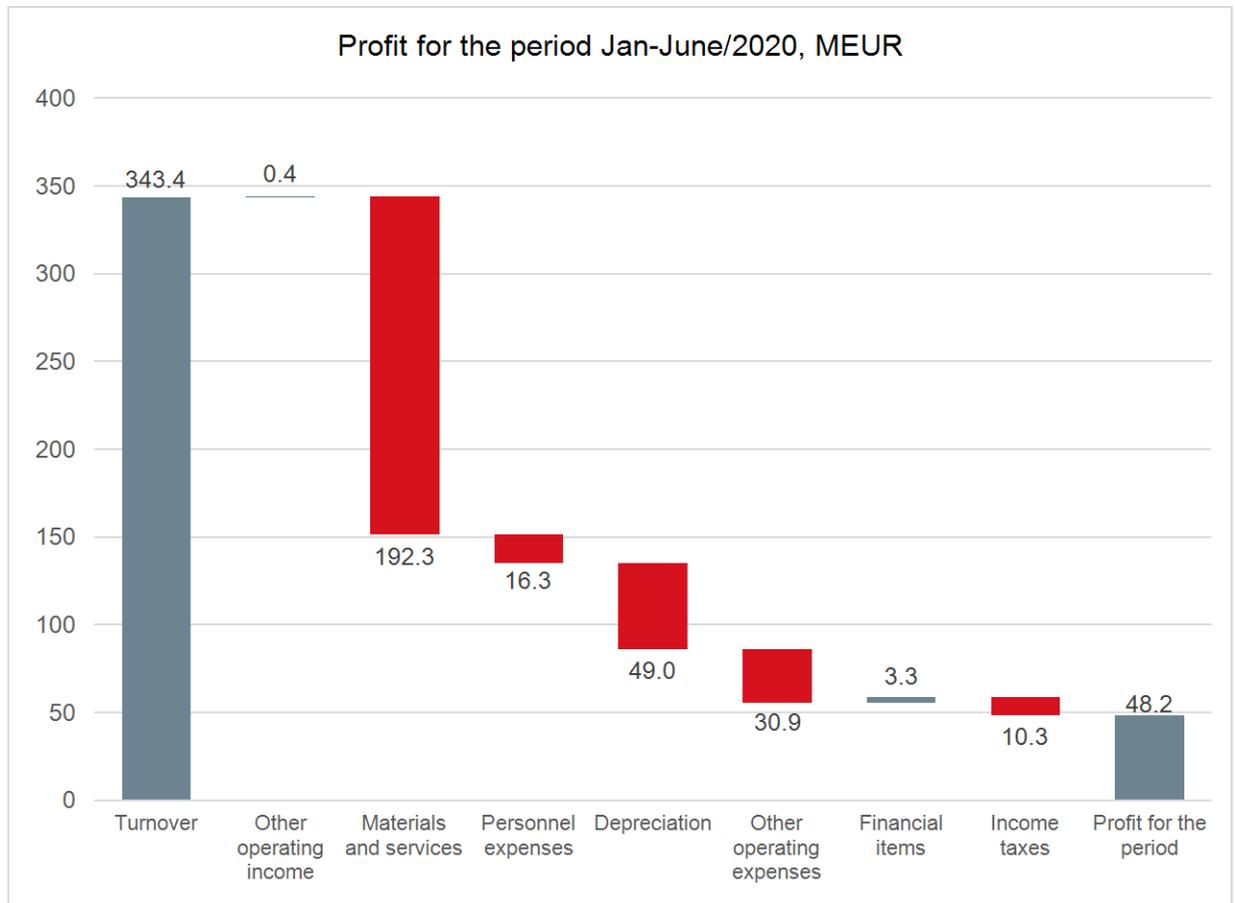
\* Peak load capacity income and costs are related to the securing of sufficient electricity supply during peak consumption hours in compliance with the Finnish Peak Load Capacity Act.

The Group's operating profit for the first six months of the year was EUR 55.2 (66.8) million. Profit before taxes was EUR 58.5 (69.0) million. The differences from the corresponding period of the previous year are mainly explained by the decrease in grid service income and cross-border transmission income (EUR -13.4 million). Profit for the review period amounted to EUR 48.2 (55.9) million and comprehensive income to EUR 49.3 (55.9) million.

Fingrid accrued EUR 62.3 (20.5) million in congestion income during the review period, included as accruals in the item other liabilities in the balance sheet. The congestion income from connections between Finland and Sweden increased to EUR 52.0 (15.0) million. The increase in congestion income resulted from the increased disparity between Finnish and Swedish area prices, due to weather conditions. Fingrid's congestion income from the links between Finland and Estonia amounted to EUR 10.4 (5.5) million. The increase in congestion income between Finland and Estonia was due to Estonia's higher area price.

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.

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>1 Jan - 30 June, 2020</b>	<b>1 Jan - 30 June, 2019</b>	<b>1 Jan - 31 Dec, 2019</b>
	<b>MEUR</b>	<b>MEUR</b>	<b>MEUR</b>
<b>TURNOVER</b>	<b>343.4</b>	<b>415.2</b>	<b>789.4</b>
Other operating income	0.4	0.6	4.2
Materials and services	-192.3	-242.5	-490.9
Personnel expenses	-16.3	-16.0	-26.4
Depreciation	-49.0	-48.7	-97.8
Other operating expenses	-30.9	-41.7	-63.0
<b>OPERATING PROFIT</b>	<b>55.2</b>	<b>66.8</b>	<b>115.5</b>
Finance income	8.9	0.3	0.5
Finance costs	-4.6	1.4	-10.6
Finance income and costs	4.3	1.7	-10.1
Share of profit of associated companies	-1.0	0.5	0.4
<b>PROFIT BEFORE TAXES</b>	<b>58.5</b>	<b>69.0</b>	<b>105.8</b>
Income taxes	-10.3	-13.1	-21.1
<b>PROFIT FOR THE PERIOD</b>	<b>48.2</b>	<b>55.9</b>	<b>84.6</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that may subsequently be transferred to profit or loss</b>			
Transferred to the profit for the period	1.0		0.0
Available-for-sale investments			
Taxes related to other items in total comprehensive income			
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>49.3</b>	<b>55.9</b>	<b>84.7</b>
<b>Profit attributable to:</b>			
Equity holders of parent company	48.2	55.9	84.6
<b>Total comprehensive income attributable to:</b>			
Equity holders of parent company	49.3	55.9	84.7
<b>Earnings per share for profit attributable to the equity holders of the parent company:</b>			
Undiluted and diluted earnings per share, €	14,501	16,808	25,453
Weighted average number of shares, quantity	3,325	3,325	3,325



## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>31 Dec 2019</b>
	<b>MEUR</b>	<b>MEUR</b>	<b>MEUR</b>
<b>NON-CURRENT ASSETS</b>			
Intangible assets:			
Goodwill	87.9	87.9	87.9
Land use rights	100.3	98.0	100.3
Other intangible assets	27.0	7.8	23.5
	<b>215.2</b>	<b>193.8</b>	<b>211.7</b>
Property, plant and equipment:			
Land and water areas	19.6	19.1	19.6
Buildings and structures	237.8	223.7	243.1
Machinery and equipment	539.6	537.3	561.0
Transmission lines	738.2	740.0	757.2
Other property, plant and equipment	0.1	0.1	0.1
Prepayments and purchases in progress	128.1	120.6	62.6
	<b>1,663.4</b>	<b>1,640.9</b>	<b>1,643.6</b>
Right-of-use-assets	31.3	33.8	32.6
Investments in associated companies	2.8	12.4	12.1
Other long-term investments*	9.2		
Derivative instruments	42.2	38.3	28.6
Deferred tax assets	24.7	21.3	22.9
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,988.8</b>	<b>1,940.5</b>	<b>1,951.5</b>
<b>CURRENT ASSETS</b>			
Inventories	13.5	12.7	12.1
Derivative instruments	0.0	3.6	3.8
Trade receivables and other receivables	43.5	35.3	94.9
Other financial assets	86.2	70.6	67.2
Cash in hand and cash equivalents	139.3	26.5	15.6
<b>TOTAL CURRENT ASSETS</b>	<b>282.5</b>	<b>148.7</b>	<b>193.6</b>
<b>TOTAL ASSETS</b>	<b>2,271.2</b>	<b>2,089.2</b>	<b>2,145.1</b>

\*Fingrid's remaining ownership stake in Nord Pool AS is arranged via TSO Holding AS and is recognised now under Other long-term investments.

## CONSOLIDATED BALANCE SHEET

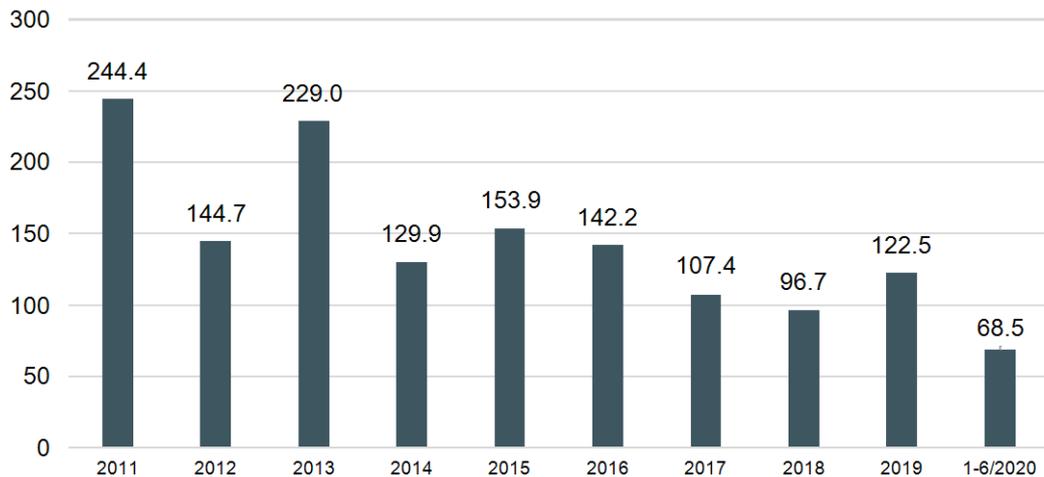
<b>EQUITY AND LIABILITIES</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>31 Dec 2019</b>
	<b>MEUR</b>	<b>MEUR</b>	<b>MEUR</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
Share capital	55.9	55.9	55.9
Share premium account	55.9	55.9	55.9
Translation reserve		-1.1	-1.0
Retained earnings	523.0	597.0	574.9
<b>TOTAL EQUITY</b>	<b>634.8</b>	<b>707.8</b>	<b>685.7</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	109.2	119.0	108.8
Borrowings	1,014.8	867.6	854.1
Provisions	1.4	1.4	1.4
Derivative instruments	17.6	6.8	6.5
Lease liabilities	29.3	31.0	30.5
	<b>1,172.3</b>	<b>1,025.9</b>	<b>1,001.3</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	214.8	231.7	233.0
Derivative instruments	2.6	3.2	0.4
Lease liabilities	2.4	3.0	2.4
Trade payables and other liabilities	244.3	117.7	222.4
	<b>464.1</b>	<b>355.5</b>	<b>458.1</b>
<b>TOTAL LIABILITIES</b>	<b>1,636.4</b>	<b>1,381.4</b>	<b>1,459.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,271.2</b>	<b>2,089.2</b>	<b>2,145.1</b>

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	1-6/2020	1-6/2019	Change	1-12/2019
<b>Carrying amount at beginning of period</b>	<b>1,643.6</b>	<b>1,634.1</b>	<b>9.5</b>	<b>1,634.1</b>
Increases	65.5	52.1	13.3	100.7
Decreases	0.0	0.0	0.0	-4.8
Depreciation and amortisation expense	-45.7	-45.3	-0.4	-86.3
<b>Carrying amount at end of period</b>	<b>1,663.4</b>	<b>1,640.9</b>	<b>22.5</b>	<b>1,643.6</b>

INVESTMENTS, MEUR	1-6/2020	1-6/2019	Change	1-12/2019
<b>Grid investments</b>	<b>60.1</b>	<b>46.2</b>	<b>13.9</b>	<b>103.4</b>
Substations	31.9	29.2	2.7	62.8
Transmission lines	28.2	17.0	11.2	40.6
<b>Gas turbine investments</b>	<b>3.5</b>	<b>1.4</b>	<b>2.1</b>	<b>5.5</b>
<b>Other investments</b>	<b>6.8</b>	<b>11.5</b>	<b>-4.7</b>	<b>18.0</b>
ICT	6.3	10.9	-4.6	17.0
Other	0.5	0.5	-0.1	1.0
<b>Total investments</b>	<b>70.3</b>	<b>59.0</b>	<b>11.3</b>	<b>126.9</b>

Capital expenditure from cash flow total 2011-June/2020, MEUR



COMMITMENTS AND CONTINGENT LIABILITIES, MEUR	30 June 2020	30 June 2019	Change	31 Dec 2019
Pledged cash assets	0.5	0.5	0.0	0.5
Right-of-use agreements for reserve power plants	49.6	58.0	-8.4	53.9
Credit facility commitment fees	1.0	1.1	-0.1	1.0
<b>Total</b>	<b>51.1</b>	<b>59.6</b>	<b>-8.5</b>	<b>55.4</b>
<b>Investment commitments</b>	<b>175.8</b>	<b>90.5</b>	<b>85.3</b>	<b>182.0</b>

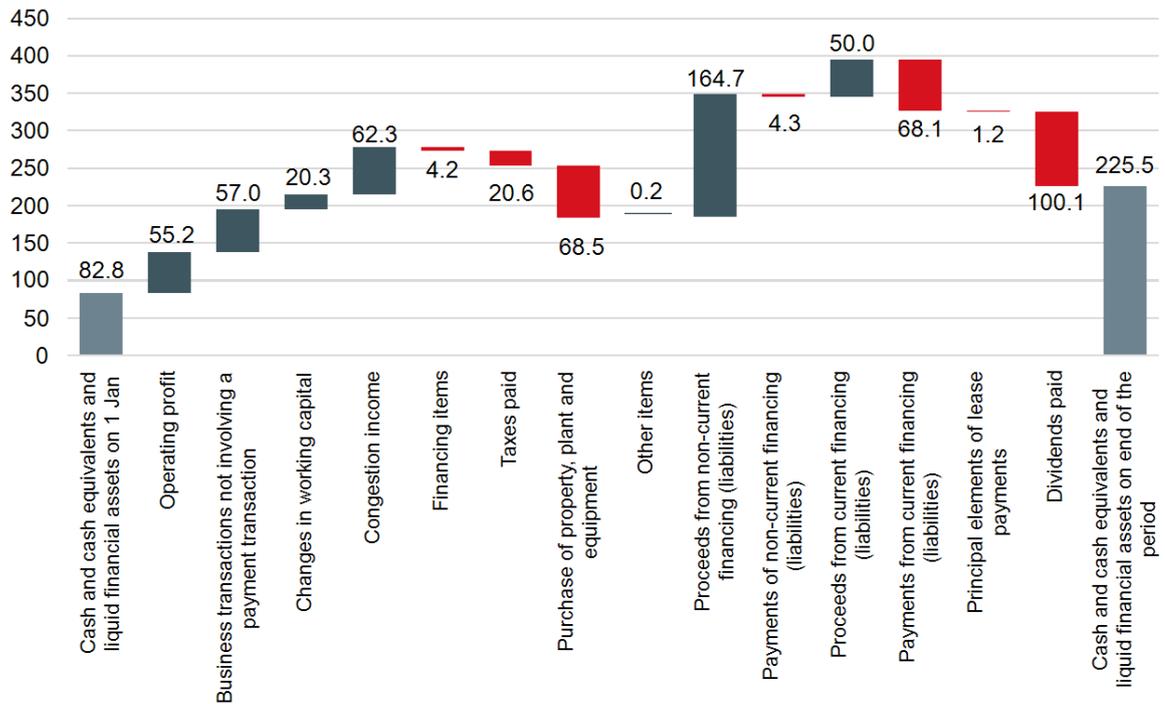
Related parties are presented in the notes to Fingrid's 2019 financial statements. Fingrid's remaining ownership stake in Nord Pool AS is arranged via TSO Holding AS and is recognised now under Other long-term investments. All transactions between Fingrid and related parties take place on market terms. The company has not lent money to the top management, and the company has no transactions with the top management. At the 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	1-6/2020	1-6/2019	Change	1-12/2019
Sales	0.1	0.1	0.0	0.1
Interest income	0.0	0.0	-0.0	0.0
Purchases	1.2	3.0	-1.9	3.2
Trade receivables	0.0	0.0	0.0	3.7
Trade payables	0.1	0.4	-0.3	2.8
Loan receivables	1.1	1.5	-0.4	1.3

<b>CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY, MEUR</b>					
Equity attributable to shareholders of the parent company	Share capital	Share premium account	Translation reserve	Retained earnings	Total equity
<b>Balance on 1 January 2019</b>	<b>55.9</b>	<b>55.9</b>	<b>-1.1</b>	<b>661.7</b>	<b>772.4</b>
<b>Comprehensive income for the review period</b>					
Profit or loss				55.9	55.9
<b>Other comprehensive income</b>					
Translation reserve					0.0
Items related to long-term asset items available for sale					0.0
<b>Total other comprehensive income adjusted by tax effects</b>			<b>0.0</b>		<b>0.0</b>
<b>Total comprehensive income</b>			<b>0.0</b>	<b>55.9</b>	<b>55.9</b>
<b>Transactions with owners</b>					
Dividend relating to 2018				-120.5	-120.5
<b>Balance on 30 June 2019</b>	<b>55.9</b>	<b>55.9</b>	<b>-1.1</b>	<b>597.0</b>	<b>707.8</b>
<b>Comprehensive income for the review period</b>					
Profit or loss				28.7	28.7
<b>Other comprehensive income</b>					
Translation reserve			0.0		0.0
Items related to long-term asset items available for sale					0.0
<b>Total comprehensive income</b>			<b>0.0</b>	<b>28.7</b>	<b>28.8</b>
<b>Transactions with owners</b>					
Dividend relating to 2018				-50.9	-50.9
<b>Balance on 31 December 2019</b>	<b>55.9</b>	<b>55.9</b>	<b>-1.0</b>	<b>574.9</b>	<b>685.7</b>
<b>Balance on 1 January 2020</b>	<b>55.9</b>	<b>55.9</b>	<b>-1.0</b>	<b>574.9</b>	<b>685.7</b>
<b>Comprehensive income for the review period</b>					
Recognition of the translation reserve			1.0		1.0
Profit or loss				48.2	48.2
<b>Other comprehensive income</b>					
Translation reserve					0.0
Items related to long-term asset items available for sale					0.0
<b>Total other comprehensive income adjusted by tax effects</b>			<b>1.0</b>		<b>1.0</b>
<b>Total comprehensive income</b>			<b>1.0</b>	<b>48.2</b>	<b>49.3</b>
<b>Transactions with owners</b>					
Dividend relating to 2019				-100.1	-100.1
<b>Balance on 30 June 2020</b>	<b>55.9</b>	<b>55.9</b>	<b>0.0</b>	<b>523.0</b>	<b>634.8</b>

<b>CONSOLIDATED CASH FLOW STATEMENT</b>	<b>1 Jan - 30 June, 2020 MEUR</b>	<b>1 Jan - 30 June, 2019 MEUR</b>	<b>1 Jan - 31 Dec, 2019 MEUR</b>
<b>Cash flow from operating activities:</b>			
Profit before taxes	58.5	69.0	105.8
Adjustments:			
Business transactions not involving a payment			
Depreciation	49.0	48.7	97.8
Capital gains/losses (-/+) on tangible and intangible		-0.1	-2.7
Other adjustments			-2.2
Share of profit of associated companies	1.0	-0.5	-0.4
Gains/losses from the assets and liabilities recognised in the income statement at fair value	8.0	18.1	21.8
Other business transactions not involving a payment transaction	0.3	4.6	9.8
Finance income and costs	-4.3	-1.7	10.1
Impact from changes in the fair value of the investment	-0.4	0.3	0.3
Changes in working capital:			
Change in trade receivables and other receivables	51.4	64.3	3.9
Change in inventories	-1.4	-0.3	0.3
Change in trade payables and other liabilities	-29.7	-23.5	1.2
Congestion income	62.3	20.5	73.0
Change in provisions			-0.0
Interests paid	-16.7	-16.3	-21.0
Interests received	4.6	2.9	6.4
Taxes paid	-20.6	-29.7	-39.2
<b>Net cash flow from operating activities</b>	<b>162.1</b>	<b>156.2</b>	<b>265.0</b>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment	-58.8	-62.1	-104.8
Purchase of intangible assets	-9.7	-1.5	-17.7
Proceeds from sale of other assets		0.7	0.7
Proceeds from sale of property, plant and equipment			3.1
Payments of financing (liabilities)	0.2	0.8	0.9
Dividends received	8.4	0.9	0.9
Contributions received			0.6
Capitalised interest paid	-0.4	-0.5	-1.0
<b>Net cash flow from investing activities</b>	<b>-60.4</b>	<b>-61.8</b>	<b>-117.3</b>
<b>Cash flow from financing activities:</b>			
Proceeds from non-current financing (liabilities)	164.7	100.0	150.0
Payments of non-current financing (liabilities)	-4.3	-6.3	-46.3
Proceeds from current financing (liabilities)	50.0		
Payments from current financing (liabilities)	-68.1	-54.6	-80.1
Dividends paid	-100.1	-120.5	-171.4
Principal elements of lease payments	-1.2	-1.1	-2.3
<b>Net cash flow from financing activities</b>	<b>41.0</b>	<b>-82.5</b>	<b>-150.1</b>
<b>Change in cash as per the cash flow statement</b>	<b>142.7</b>	<b>11.8</b>	<b>-2.5</b>
<b>Opening cash as per the cash flow statement</b>	<b>82.8</b>	<b>85.3</b>	<b>85.3</b>
<b>Closing cash as per the cash flow statement</b>	<b>225.5</b>	<b>97.1</b>	<b>82.8</b>

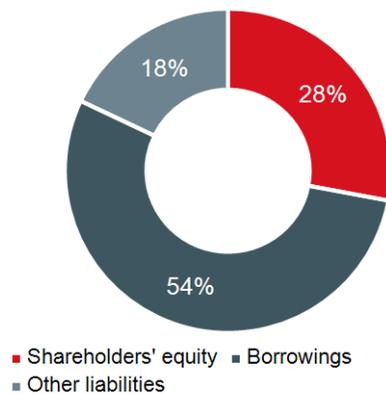
Cash flow for the period Jan-June/2020, MEUR



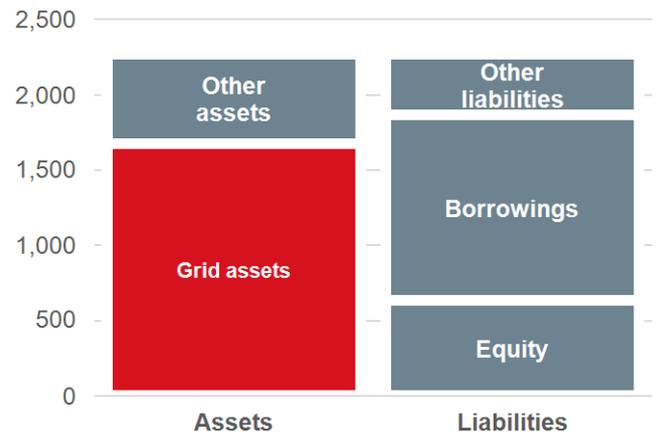
## Financing

Equity and liabilities as shown in the balance sheet are managed by the Group as capital. The principal aim of Fingrid's capital management is to ensure that the Group is capable of continuous operations and can rapidly recover from any exceptional circumstances. Additional key goals include maintaining an optimal capital structure such that the Fingrid Oyj's credit rating remains solid, cost of capital remains reasonable, and the Group can pay dividends to its shareholders.

Capital structure June/2020



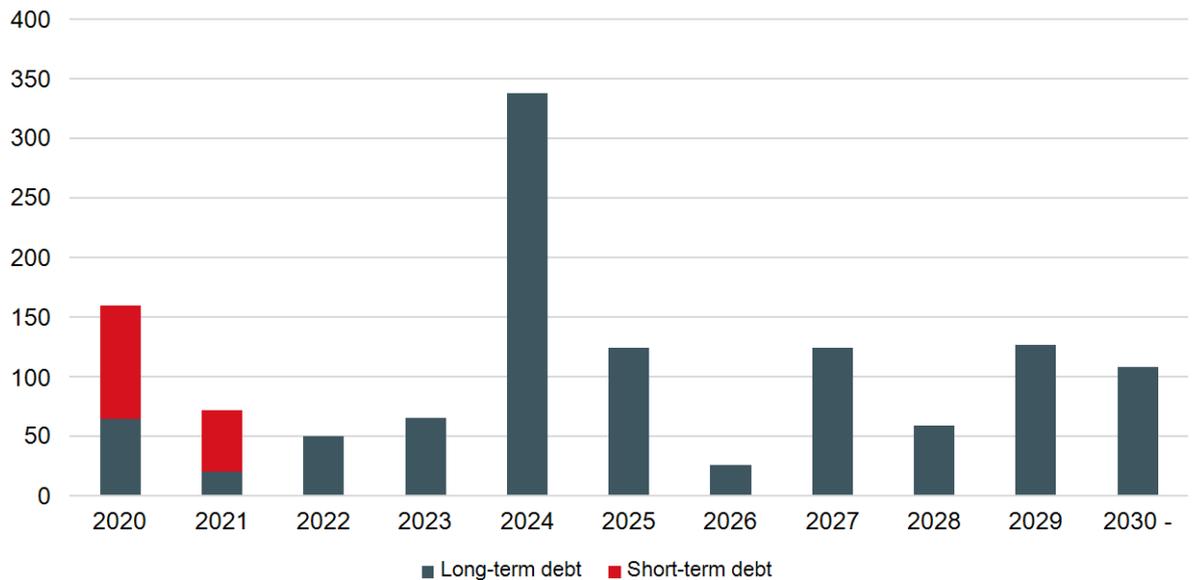
IFRS balance sheet June/2020, MEUR



The Group's net cash flow from operating activities, with net capital expenditure deducted, was EUR 101.7 (94.4) million for the review period. The equity ratio was 28.0 (33.9) 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 consolidated net financial costs between January and June were EUR 4.3 (1.7) million positive, including the positive change of EUR 4.7 million (EUR 9.7 million positive) in the fair value of derivatives. The change in the fair value of financial assets was EUR 0.4 million negative (EUR 0.3 million positive). The Group's finance income increased during the review period, including an EUR 8.4 million dividend attributable to the sale of the Nord Pool shares. The net financial costs included EUR 0.3 million (0.3) in interest expenses on the lease liabilities entered into the balance sheet, due to the introduction of the IFRS 16 standard in 2019.

Debt maturity profile June/2020-2030-, MEUR



Non-current financial liabilities include a total of EUR 31.7 million in lease liabilities in accordance with IFRS 16.

Interest-bearing borrowings totalled EUR 1,261.3 (1,133.3) million, of which non-current borrowings accounted for EUR 1,044.1 (898.6) million and current borrowings for EUR 217.2 (234.6) million. On the reporting date, the liabilities included a total of EUR 31.7 million (34.0) in lease borrowings in accordance with IFRS 16, consisting of EUR 2.4 million (3.0) in short-term liabilities, with a maturity date within one year, and EUR 29.3 million (31.0) in long-term liabilities, with a maturity date after more than a year.

## RECONCILIATION OF DEBT, MEUR

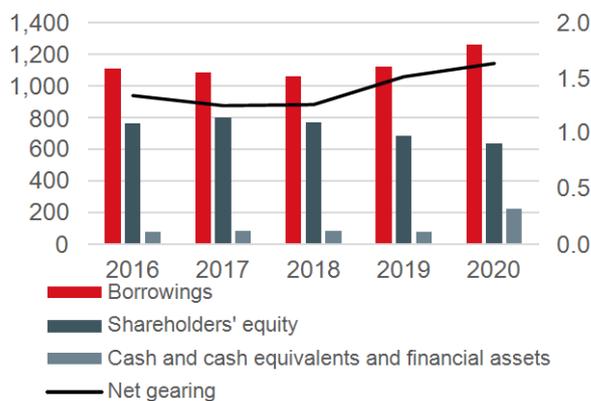
	Borrowings due within one year	Borrowings due after one year	Total
<b>Debt on 1 Jan 2019</b>	<b>288.1</b>	<b>771.5</b>	<b>1,059.6</b>
Cash flow from financing activities	-126.4	150.0	23.6
Exchange rate adjustments	3.6	0.3	3.9
Other changes not involving a payment transaction	2.4	30.5	32.9
Transfer to short-term loans	67.7	-67.7	
<b>Debt on 31 Dec 2019</b>	<b>235.3</b>	<b>884.7</b>	<b>1,120.0</b>
Cash flow from financing activities	-23.6	164.7	141.1
Exchange rate adjustments		0.2	0.2
Other changes not involving a payment transaction		0.1	0.1
Transfer to short-term loans	5.5	-5.5	
<b>Debt on 30 Jun 2020</b>	<b>217.2</b>	<b>1,044.1</b>	<b>1,261.3</b>

<b>RECONCILIATION OF NET DEBT, MEUR</b>	<b>30.6.2020</b>	<b>31.12.2019</b>
Cash in hand and cash equivalents	139.3	15.6
Other financial assets	86.2	67.2
Borrowings - due within one year	217.2	235.3
Borrowings - due after one year	1,044.1	884.7
<b>Net debt</b>	<b>1,035.8</b>	<b>1,037.2</b>

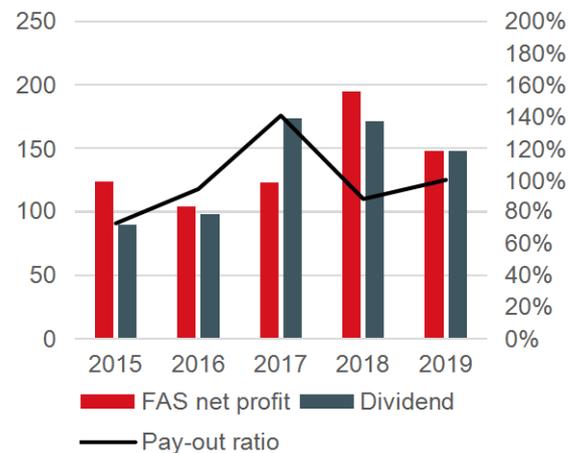
Financial assets recognised at fair value through profit and loss are liquid investments traded on active markets.

The Group's liquidity remained good. Cash assets and financial assets at the end of the review period amounted to EUR 225.5 (96.6) million. The increase was due to the significant growth of the congestion income, included in the cash flow, and new long-term financing arrangements implemented to minimise refinancing risks resulting from the crisis on the money markets during the first half of the year. The Group's liquidity is additionally bolstered by an undrawn revolving credit facility of EUR 300 million and a total of EUR 225 million in uncommitted overdraft facilities consisting of binding and non-binding bilateral arrangements with banks.

Capital MEUR and net gearing 2016-  
June/2020



FAS net profit and dividend  
distribution MEUR 2015-2019



Fingrid's Annual General Meeting held on 20 March 2020 decided that a dividend of a maximum of EUR 58,500.00 for each Series A share and a maximum of EUR 21,450.00 for each Series B share, totalling EUR 148,248,800.00, shall be distributed based on the approved balance sheet for the financial period ending 31 December 2019. The first dividend instalment, totalling EUR 100,100,150.00, was paid on 25 March 2020, in accordance with the Annual General Meeting's decision.

The Board of Directors shall have the right to decide on the payment of the second dividend instalment based on the authorisation granted to the Board after the half-year report has been confirmed and after having assessed the company's solvency, financial position and financial development. The second instalment shall be a maximum of EUR 19,000.00 for each Series

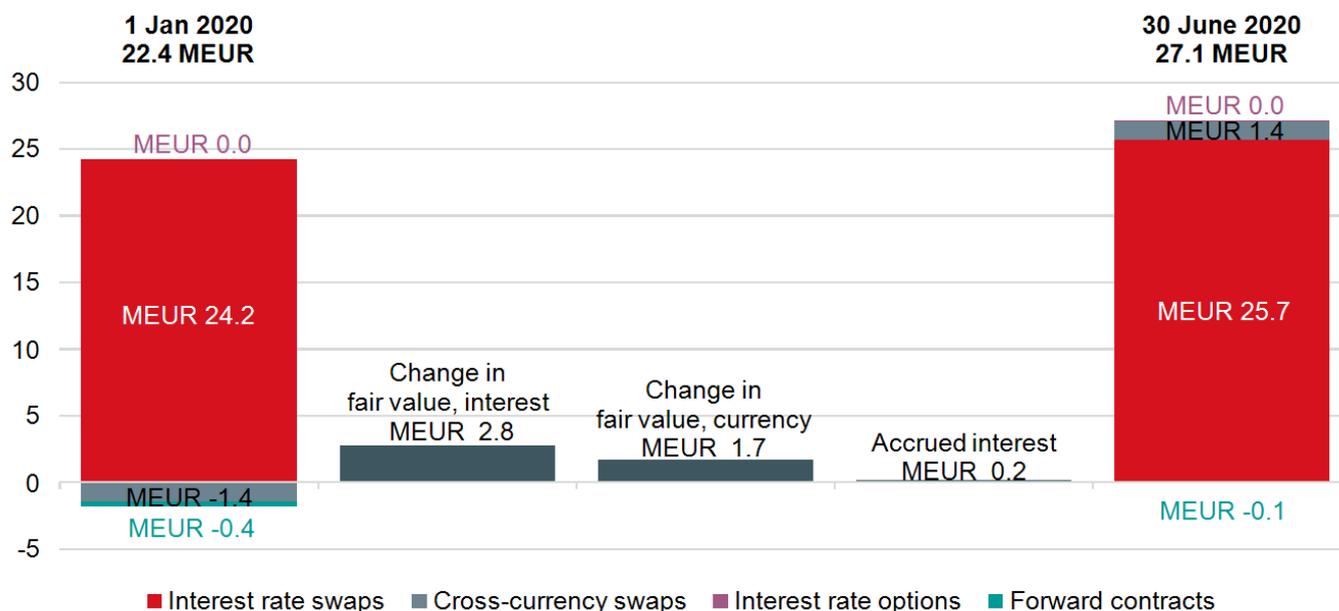
A share and a maximum of EUR 6,950.00 for each Series B share, totalling a maximum of EUR 48,148,650.00.

The net fair value of financial derivatives was EUR 27.1 (24.0) 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 19 (20) million during the next 12 months.

MEUR	30 June 2020				30 June 2019				31 Dec 2019				Hierarchy level
	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	
<b>Interest rate and currency derivatives</b>													
Cross-currency swaps	12.6	-11.2	1.4	56.0	2.9	-6.0	-3.1	36.3	1.5	-2.9	-1.4	12.5	Level 2
Forward contracts		-0.1	-0.1	3.7	0.0	-0.1	-0.1	4.1		-0.4	-0.4	15.9	Level 2
Interest rate swaps	32.3	-6.6	25.7	335.0	31.1	-4.0	27.1	265.0	27.8	-3.6	24.2	265.0	Level 2
Bought interest rate options		0.0	0.0	610.0	0.1		0.1	730.0	0.0		0.0	610.0	Level 2
<b>Total</b>	<b>44.9</b>	<b>-17.8</b>	<b>27.1</b>	<b>1,004.7</b>	<b>34.1</b>	<b>-10.1</b>	<b>24.0</b>	<b>1,035.4</b>	<b>29.3</b>	<b>-6.9</b>	<b>22.4</b>	<b>903.4</b>	
<b>Electricity derivatives</b>													
Electricity future contracts, NASDAQ OMX Commodities	12.0	-12.4	-0.4	4.49	6.4	-0.2	6.3	2.88	8.0	-0.8	7.2	0.71	Level 1
Electricity forward contracts, NASDAQ OMX Commodities	0.3	-2.6	-2.3	0.45	11.2		11.2	1.29	5.7		5.7	3.56	Level 1
<b>Total</b>	<b>12.3</b>	<b>-15.0</b>	<b>-2.7</b>	<b>4.94</b>	<b>17.6</b>	<b>-0.2</b>	<b>17.4</b>	<b>4.18</b>	<b>13.8</b>	<b>-0.8</b>	<b>13.0</b>	<b>4.27</b>	

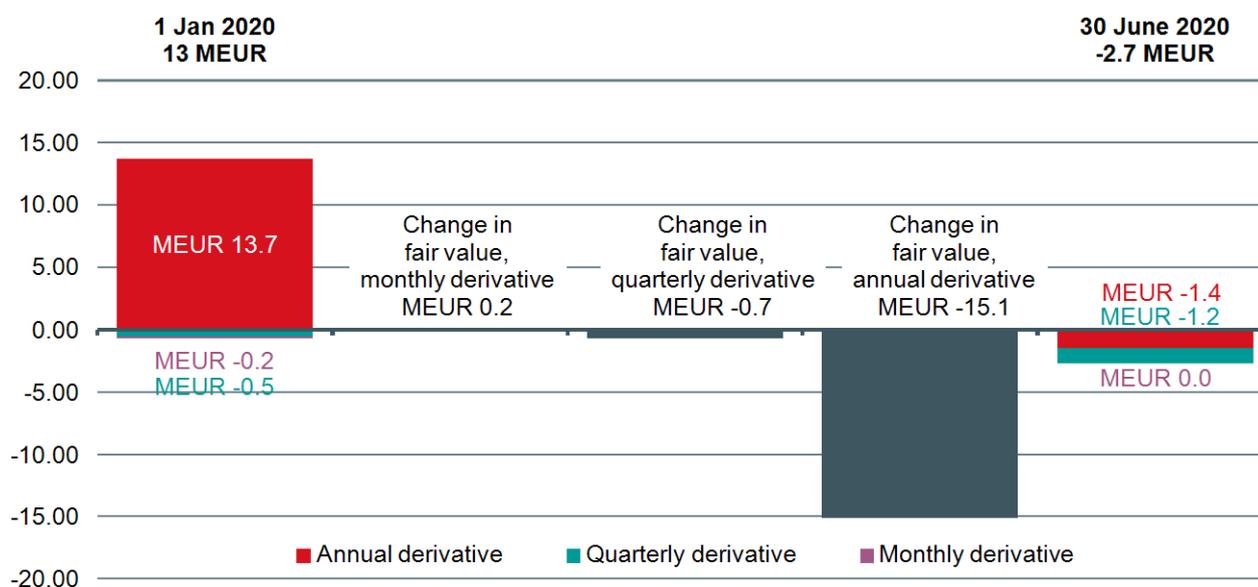
## Change in the value of financial derivatives Jan-June/2020



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 15.7 negative (EUR 22.1 million negative). The volatility in the fair value of electricity futures can be significant. The negative impact on profit was caused by the impact of the decreased spot price of electricity on the fair value of electricity derivatives. 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 8.4 million/EUR -8.4 million on the Group's profit before taxes.

## Change in the value of electricity derivatives Jan-June/2020



## Ensuring transmission capacity

As regards major electricity transmission projects, the Forest Line and the third AC connection to Sweden constitute a part of the electricity network infrastructure that Finland needs to become carbon-neutral.

The Forest Line will substantially increase the North–South transmission capacity necessary for the Finnish electricity system. The roughly 300 kilometres long, 400-kilovolt transmission link is being built in place of or next to the current power lines, running from Petäjävesi through Haapavesi and to Muhos. The work has progressed well, with roughly half of all the transmission line foundations completed. The related modifications to the Petäjävesi and Toivila substations are also underway.

Fingrid is preparing, in co-operation with the Swedish TSO Svenska kraftnät, a new transmission connection from Pyhänselkä at Muhos via Keminmaa to Messaure in Sweden. Due for completion in 2025, the transmission line will even out the price differences between the countries and improve the availability of electricity in Finland. Fingrid's and Svenska kraftnät's joint project has been included in the European Commission's list of Projects of Common Interest (PCI). In March, the Finnish and Swedish energy authorities decided on the cost-sharing principles to be applied to this capex project. The estimated capital expenditure is EUR 250 to 300 million, with Connecting Europe Facility funding to be applied for half of this total investment cost. The funding will be decided on by the EU's Innovation and Networks Executive Agency (INEA).

The transmission line being built in the municipality of Kontiolahti and the city of Joensuu to reinforce the grid in North Karelia is proceeding as planned. Work on the transmission line is currently underway and the project will be completed in the spring of 2022.

A total of 29 substation projects is currently in the implementation stage. Nine out of these will be completed in 2020, 11 in 2021 and the remaining nine substations in 2022. While the new

substation projects are located evenly throughout Finland, the focus is on the Forest Line and Coastal Line connections.

Fingrid decided on several new capital expenditure projects during the review period. Connecting up wind power to the grid has particularly increased the capex needs.

- New wind power plants with a total capacity of roughly 4,000 megawatts are planned in the area between Kristinestad, Vaasa and Seinäjoki. Haapajärvi and the neighbouring municipalities, in central Finland, are planning new wind power projects totalling more than 1,000 megawatts. Fingrid has made investment decisions to build a substation at Pysäysperä in the municipality of Haapajärvi and another substation at Kärppiö in the municipality of Teuva. The total capital expenditure will be roughly EUR 55 million. The investments encompass substations as well as modifications to the surrounding transmission lines necessary for linking the transmission lines with the new substations. The planned commissioning dates for the substations are in the summer of 2022.
- A 400/110-kilovolt substation will be modernised at Tammisto in Vantaa. The investment will improve the system security of electricity supply in the Helsinki region. The Tammisto substation is one of the stations supplying electricity to the capital region and a key node of the grid. The construction work on this project will start in June 2021. The new substation will be commissioned in late 2022.
- The 110-kilovolt Luukkala substation will be modernised in Lappeenranta. The Luukkala substation plays an important role for electricity transmission in the South Karelia and Lappeenranta area: it is the starting point of several grid ring connections and also supplies the city of Lappeenranta as well as local industries with electricity. The project will be completed in the autumn of 2023.
- The Jylkkä substation, located in Kalajoki, will be expanded and fitted out with a third transformer, making the substation Finland's most important connection point for wind power. The project will be completed during 2022.

Fingrid scored top results in ITOMS (The International Transmission Operations & Maintenance Study) and was the only TSO to achieve a Top Performer nomination both in the transmission line and substation maintenance categories in March. ITOMS looks into the effectiveness of maintenance based on criteria such as maintenance costs and disturbance statistics.

Fingrid will carry out aerial photography of all the transmission lines included in the grid during the summer of 2020. This means approximately 12,000 kilometres of power lines, making it the most extensive imaging project of Finland's grid system ever completed. The previously created images cover 2,000 kilometres of grid transmission lines. The aerial photography will bring the documentation of the grid up to date, while also helping to assess the condition of the grid and enable planning of future maintenance work.

## Management of system security

In January–June, Finland's electricity consumption amounted to 41.4 (44.6) terawatt hours. Inter-TSO transmission in the same period amounted to 3.5 (2.2) terawatt hours. The total electricity transmission in Finland was 44.9 (46.8) terawatt hours. Fingrid transmitted a total of

34.3 (34.8) terawatt hours in its grid, representing 76.3 (74.3) per cent of the total electricity transmission in Finland. During this period, the electricity Fingrid transmitted to its customers amounted to 30.7 (32.5) terawatt hours, which represented 74.1 (72.9) per cent of Finland's total consumption.

The electricity consumption in Finland peaked this year on 28 February, rising close to 12,400 megawatts. The peak consumption figure is the lowest this century, a result of the exceptionally mild weather as well as various industrial conflicts and the consequent plant closures. The peak consumption was met with 9,849 megawatts of domestic production and 2,539 megawatts of net imports. The electricity supply was not in jeopardy in the winter of 2019–2020.

Through January to June, the system security of Fingrid's grid system was at a very good level and there were no significant grid disturbances. Finland's electricity system retained its normal functionality in its entirety during the review period, despite the corona pandemic. The exceptionally intensive spring floods increased the prices for the reserves required for balancing consumption and production for several weeks.

From January through June, 9.3 (7.2) terawatt hours of electricity were imported from Sweden to Finland, and 0.1 (0.4) terawatt hours were exported from Finland to Sweden. The transmission capacity between Sweden and Finland was fully available during the review period, except for short maintenance breaks.

In January–June, 3.3 (1.7) terawatt hours of electricity were exported to Estonia. 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, even if EstLink1 was subjected to some planned restrictions during a period of automation testing in March and during annual maintenance in June.

Electricity imports from Russia to Finland between January and June amounted to 1.2 (4.2) terawatt hours of electricity. The reason for the decreased imports was the low price of electricity in the Nordics. Transmission capacity from Russia to Finland was fully available during the review period. The electricity imports from Russia were clearly lower in the first half of 2020 than in the previous review period in 2019. Electricity was exported from Finland to Russia several times over February through June. However, the volumes of electricity transmitted to Russia remained very low. The reason for these exports was the low price of electricity in the Nordics. Major intraday variations in import volumes still persist.

<b>Power system operation</b>	<b>1-6/20</b>	<b>1-6/19</b>
Electricity consumption in Finland, TWh	41.4	44.6
TSO transmission in Finland, TWh	3.5	2.2
Transmission within Finland, TWh	44.9	46.8
Fingrids electricity transmission volume, TWh	34.3	34.8
Fingrid's electricity transmission to customers, TWh	30.7	32.5
Fingrid's loss energy volume, TWh	0.7	0.6
<b>Electricity transmission Finland - Sweden</b>		
Exports to Sweden TWh	0.1	0.4
Imports from Sweden, TWh	9.3	7.2
<b>Electricity transmission Finland - Estonia</b>		
Exports to Estonia, TWh	3.3	1.7
Imports from Estonia, TWh	0.0	0.3
<b>Electricity transmission Finland - Russia</b>		
Imports from Russia, TWh	1.2	4.2

## Electricity market

In January–June, the average Nordic price on the day-ahead market was EUR 10.53 (41.22) per megawatt hour, and the area price for Finland was EUR 23.23 (42.42) per megawatt hour.

Due to constraints on the transmission connections between the countries, total congestion income increased compared to the corresponding period last year. Congestion income between Finland and Sweden in January–June increased to EUR 104.0 (30.0) million. The increase in congestion income resulted from the increased disparity between Finnish and Swedish area prices, due to weather conditions. The mild winter and high water levels resulted in a major decrease in wholesale price of electricity and in Sweden, the price of electricity decreased more than in Finland, as a result of the larger share of hydropower in the Swedish and Norwegian electricity systems. Congestion income between Finland and Estonia grew in January–June to EUR 20.7 (11.0) million. Even in Estonia, the area price decreased due to the mild weather and the lower Nordic prices, but the Estonian prices still persisted higher than the Finnish rates. In accordance with the regulation on congestion income, Fingrid will use the congestion income received for capital expenditure to improve the functioning of the electricity markets.

The availability and reliability of Fingrid's DC connections have been high, except for some short-term disturbances. At the turn of the year, the Estlink 2 connection had a technically challenging malfunction, as a result of which the connection was down for several days in early January. Generally, troubleshooting and fault elimination measures were highly successful, and the connections were quickly made available to the markets again. The countertrade costs resulting from the disturbances that occurred over the review period were low in comparison to the previous year.

Fingrid is currently implementing electricity market development projects to increase the flexibility of the electricity markets and to enable the participation of consumers and the producers of weather-dependent renewables.

The Nordic Balancing Model and the related project to implement a 15-minute imbalance settlement period (ISP) will revamp the Nordic balancing power and reserve power marketplaces, modify the balancing model and adopt the 15-min ISP. Once the ISP is contracted to 15 minutes, the market time unit (MTU) in the electricity markets can be 15 minutes as well, instead of the current one hour. The 15-min ISP and 15-min MTU will have a major impact on the electricity system's imbalance settlement procedures and also on the operations of the market operators. Finland will switch to the 15-min ISP at the same time as the other Nordic countries. One aspect of the new imbalance settlement model is the adoption of a single balance model, where the production, consumption and trade of electricity are all processed in a single balance.

In May, the Steering Group for the Nordic Balancing Model confirmed the Nordic TSOs' joint position on the timing of the implementation of the 15-min ISP in Q2 2023. A derogation period extending to 22 May 2023 has been applied for the adoption of the 15-min ISP in all the Nordic countries. Fingrid sent a request for derogation to the Finnish regulation authority in early June.

In June, the Nordic TSOs communicated their estimation that the timeline for implementing the single balance model ('Single Price Single Position') may be delayed by roughly six months, which would mean a go-live date in Q4-2021.

Competitive trading between the Nordic electricity exchanges started in early June. Once competitive trading has gone live, several electricity market operators approved by the authorities can operate in the day-ahead markets of the 12 Nordic bidding zones. The start of competitive trading will increase the options available to the market operators in acquiring trading services, deepen the integration of European electricity markets and also benefit the Nordic markets. The Nordic countries are the second area in Europe to implement competition between the electricity exchanges.

Fingrid is building a centralised information exchange system for electricity retail markets, Datahub, which is the company's biggest investment in ICT systems. The Datahub will contain data from about 3.7 million electricity metering points. The implementation of the system will proceed in stages, according to specific milestones, in co-operation with the industry players. Some of the distribution system operators (DSOs) and retail sellers still face challenges in implementing the necessary changes in their own customer management and metering data management systems according to the target schedule. The Datahub will go live in February 2022.

<b>Electricity market</b>	<b>1-6/20</b>	<b>1-6/19</b>	<b>1-12/19</b>
Nord Pool system price, average €/MWh	10.53	41.22	38.94
Area price Finland, average €/MWh	23.23	42.42	44.04
Congestion income between Finland and Sweden, €M*	104.0	30.0	131.0
Congestion hours between Finland and Sweden %*	61.9	25.2	40.1
Congestion income between Finland and Estonia, €M*	20.7	11.0	15.0
Congestion hours between Finland and Estonia %*	33.8	13.4	11.8

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

Fingrid used EUR 0.3 (0.5) million for countertrade during the first six months of the year.

<b>Countertrade</b>	<b>1-6/20</b>	<b>1-6/19</b>	<b>1-12/19</b>
Countertrade between Finland and Sweden, €M	0.1	0.1	0.1
Countertrade between Finland and Estonia, €M	0.2	0.4	0.5
Countertrade between Finland's internal connections, €M	0.0	0.1	0.3
Total countertrade, €M	0.3	0.5	0.9

## Personnel

The total number of personnel employed by the Group averaged 390 (383) with an average of 344 (331) in a permanent employment relationship. Personnel costs amounted to EUR 16.3 (16.0) million. Wages and salaries amounted to EUR 14.0 (13.3) million, which equals 4.1 (3.2) per cent of the turnover.

Fingrid is well prepared for exceptional circumstances. The company was able to continue its business operations in a nearly normal manner, despite the exceptional circumstances resulting from the corona pandemic, by resorting heavily to remote work.

Fingrid came in 7th in the mid-sized companies category of the Great Place to Work Finland survey in February. The Great Place to Work Finland award annually recognises organisations with excellent workplace cultures, based on both employees' opinions and an HR assessment. This was already the fifth time Fingrid participated in this survey, coming in tenth place in the previous survey in 2018.

Fingrid continued its traditional participation in the annual Responsible Summer Job competition, the aim of which is to challenge employers to offer young people more high-

quality summer jobs and positive experiences. Despite the corona pandemic, our company employs around forty people in various summer jobs throughout Finland.

## Other matters

On 20 March 2020, Fingrid Oyj's Annual General Meeting approved the financial statements for 2019 and decided on the dividend payment. The first instalment of the dividend, totalling EUR 100,100,150.00, was paid on 25 March 2020. In compliance with the AGM's decision, 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 Sanna Syri and Esko Torsti and, as a new Board member, Hannu Linna.

On 5 December 2019, Fingrid Oyj announced that it had, together with the other owners of Nord Pool Holding AS, entered into a binding agreement to sell 66% of the company's shares to Euronext. The transaction was finalised on 15 January 2020.

## Legal proceedings and proceedings by authorities

An accident took place on a work site in Laukaa, Finland, on 25 August 2017, where an employee of Revilla y Garcia S.L. died after having fallen from a power line tower. A civil court case, as well as proceedings concerning social-security-based damages, have been initiated in Spain for damages 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 does not believe the claim against it is likely to succeed and, in Fingrid's view, the legal proceedings or their outcome are not likely to have a substantial impact on the company's earnings or financial position.

On 30 June 2020, the Market Court received an appeal on the company's decision to exclude a bidder from a competitive tender for 400-MVA transformers in 2022–2025. The company decided to discontinue the tendering process on 14 July 2020. According to the company's view, the discontinued tendering process does not have a substantial impact on the company's financial result or financial position.

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

On 28 July 2020, 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 Board has approved the half-year report and assessed the company's solvency, financial position and financial performance. Based on the Board's authorisation from the AGM, the second instalment of EUR 19,000.00 for each Series A share and EUR 6,950.00 for each Series B share, totalling EUR 48,148,650.00 in dividends, will be paid on 31 July 2020.

In accordance with the earlier earnings guidance, Fingrid Group's profit for the 2020 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to slightly decline from the previous year. The company's own estimates indicate the result according to the regulatory model that governs grid operations to show a deficit for 2020. 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 income, 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 2019 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.