

Fingrid Group – Management’s Review 1 January–30 September 2024

Fingrid follows a six-month reporting period in compliance with the Securities Markets Act and publishes Management’s Reviews for the first three and nine months of the year; the Management’s Reviews contain key information illustrating the company’s financial and other development.

The information presented in the Management’s Review relates to Fingrid Group’s performance in January–September 2024 and the corresponding period of 2023, unless otherwise indicated. The figures presented here have been drawn up in accordance with the International Financial Reporting Standards (IFRS). The Management’s Review is not an interim report in accordance with the IAS 34 standard. The figures are unaudited.

- The transmission reliability rate of Fingrid’s grid was high, at 99.99930 (99.99996) per cent. Electricity consumption in Finland grew to 60.5 (56.7) terawatt hours in January–September. The electricity consumed in Finland was clean, with an emission factor of 31 (35) gCO₂/kWh.
- The company’s investments were higher than in the previous year. The company estimates that the gross capital expenditure in 2024–2027 will amount to roughly EUR 2 billion, EUR 747 million of which is committed.
- The need for new connections to the main grid for electricity is high, and the number of connection enquiries continued to grow. 1139 (1126) MW in renewable production capacity was connected to the main grid.
- Turnover for January–September was significantly higher than in the previous year. The balance service’s share of the company’s turnover was 54 (58) per cent. Grid investments and expansion of the operations as well as the weather-dependency of the power system have increased the company’s costs.
- Grid service fees were waved in January, February and June. This and growing costs were compensated by recognising EUR 351.4 (259.6) million in congestion income in the company’s result.
- Operating profit, excluding the change in the fair value of derivatives linked to operational activities, was EUR 167.8 (112.7) million. The allowed profit rose due to the higher interest rate level and extensive investment programme. The aim of the company is to achieve the allowed return. Profit before taxes was EUR 139.1 (-101.2) million. The company’s financial position remained strong.

FINGRID OYJ

www.fingrid.fi

30.10.2024

Key figures

€M	1-9/24	1-9/23	change %	1-12/23
Turnover	961.6	806.1	19.3	1 193.2
Operating result*	167.8	112.7	48.8	186.1
Earnings before taxes *	161.4	111.8	44.3	186.0
Result for the period	111.4	-80.8	237.9	1.2
Net cash flow from operations	111.2	196.7	-43.5	219.3
Accumulated congestion income	209.7	221.1	-5.2	317.0
Capital expenditure, gross	345.2	208.4	65.6	322.0
Interest-bearing net debt	898.6	459.6	95.5	535.2

* Excluding the change in the fair value of derivatives

Review by the President & CEO: Strong development of the grid continues – ensuring a sufficient electricity supply calls for joint measures.

“Finland continues to advance at the forefront of the energy transition in Europe. Investments particularly in clean energy generation, the electrification of heating and data centres are progressing rapidly. Enquiries concerning connecting electricity generation and consumption to the grid have continued to grow, and at the same time, 1139 MW of new production has been connected to the grid. Electricity consumption increased 8 percent in the first nine months of 2024 compared to the same period last year.

During the review period, Finland had the lowest average monthly area price of electricity among European countries in July and August. In September, periods of power plant maintenance and faults, limited cross-border transmission capacity due to grid maintenance and construction work and low wind power production caused an increase in the price level and price spikes.

There is still a substantial need to reinforce the main grid. The longer-term prospects for the development of electricity production and consumption are unchanged. Some consumption projects have progressed slower than expected. This has also negatively affected the forecasted growth of wind and solar power.

Strong development of the electricity grid continued, and capital expenditure costs were higher than in the previous year. The Aurora Line transmission link project between northern Finland and Sweden is progressing, and Fingrid published a market announcement concerning the new cross-border connection, which will be commissioned on 1 January 2026. Alongside the investments, we aim to further increase the main grid's utilisation rate through various solutions. We have presented, for instance, a revision of the grid's connection pricing and the introduction of flexible connections.

Fingrid has worked in close co-operation with several stakeholders to prepare a proposal on the development of eastern Finland's electricity grid. There is room for new electricity production and consumption projects in eastern Finland's grid, and we are also prepared to develop the main grid in co-operation with regional electricity distribution network companies and operators as customer needs become more concrete.

Fingrid published a forecast of the adequacy of electricity in Finland in winter 2024–2025. The situation appears stable, assuming that major production plant failures are avoided and cross-border connections function normally. In the event of a disturbance, there is little extra flexibility available. Fingrid therefore considers the working group appointed by the Ministry of Economic Affairs and Employment to explore ways to promote security of supply and flexibility of the electricity market to be important. Finland needs a

FINGRID OYJ

www.fingrid.fi

30.10.2024

cost-effective, targeted capacity mechanism to support the adequacy of electricity and to mitigate possible extreme spikes in electricity prices.

At the end of the review period, we announced that we will raise grid service fees at the start of 2025. The reason for the increase is investments in the main grid to meet customers' needs and the growing costs of managing the electricity system."

Main business events

- The total electricity transmission in Finland in January–September was 60.5 (56.7) terawatt hours. During this period, the electricity Fingrid transmitted to its customers amounted to 48.3 (44.3) terawatt hours, which represents 79.9 (78.1) per cent of Finland's total consumption. Fingrid transmitted in its grid a total of 83.5 (83.5) per cent of the total electricity transmission in Finland.
- By the end of September this year, 1139 (1126) MW of renewable production capacity had been connected to the main grid, 1048 (805) MW of which was wind power and 91 (321) MW solar power. The total capacity of the electricity production connection enquiries during the review period grew. In total, Fingrid has received approximately 400 GW of requests to connect to the main grid for electricity production, approximately 60 GW for electricity consumption, and approximately 20 GW for electricity storage.
- Fingrid announced that it will raise grid service fees by an average of 8% as of 1 January 2025. The increase is necessitated by investments in the main grid and the growing costs of managing the electricity system.
- During the review period, system security remained at a high level, despite brief disturbances, more connections and extensive construction work. The transmission reliability rate decreased slightly from the previous peak year due to a few isolated faults, such as the fall of an old transmission line pylon in Loimaa, a busbar fault at a substation in Joensuu, and a fault in the transmission line between Hämeenlinna and Kangasala. Cross-border transmission connections have been constricted, as the EstLink 2 connection was out of service from 26 January until 4 September 2024 due to a failure, and the capacity of the connection between Finland and northern Sweden has been limited due to grid maintenance and construction in both Finland and Sweden.
- The occupational safety accident frequency over a 12-month period was 7 (7), while the target for 2024 was set at below 5. Fingrid aims for zero accidents in its operations.
- As an operator critical to security of supply, Fingrid at the beginning of September participated in the Finnish Defence Forces' local defence exercise, which focused on protecting critical infrastructure from a cyber-security perspective. Such exercises are an important part of the company's preparedness and a means for testing out guidelines and procedures in practice.
- Fingrid published a forecast of the adequacy of electricity in Finland in winter 2024–2025. The situation appears stable, assuming that major production plant failures are avoided and cross-border connections function normally. In the event of a disturbance, there is little extra flexibility available. If production and imports are not enough to cover consumption, there is a risk of a power shortage. Fingrid therefore considers the working group appointed by the Ministry of Economic Affairs and Employment to explore ways to promote security of supply and flexibility of the electricity market to be important. Finland needs a cost-effective, targeted capacity mechanism to support the adequacy of electricity and to mitigate possible extreme spikes in electricity prices.
- Fingrid increased its revolving credit facility agreement tied to the company's sustainability goals from EUR 300 million to EUR 500 million. The increase will strengthen Fingrid's long-term liquidity as operations expand and the weather dependence of electricity production and the investment needs of the main grid grow.

FINGRID OYJ

www.fingrid.fi

30.10.2024

Legal proceedings and proceedings by authorities

The EU Agency for the Cooperation of Energy Regulators (ACER), on 14 September 2022, made a decision on long-term price risk hedging opportunities between Finland and Sweden. In its decision, ACER requested that the Finnish and Swedish TSOs ensure the availability of other long-term cross-zonal hedging products and develop the necessary arrangements for providing hedging products. Fingrid filed an appeal against the decision to ACER's Board of Appeal on 14 November 2022. The Board of Appeal issued its resolution on the appeal on 24 October 2023, where it confirmed ACER's original decision. Fingrid submitted to the Energy Authority on 22 December 2023 its proposal for improving the price risk hedging opportunities between Finland and Sweden. The Energy Authority approved Fingrid's proposal on 18 June 2024. The Energy Authority has asked Fingrid to provide further clarification concerning the implementation of the arrangement by 18 December 2024 in order to support the operations of the electricity wholesale markets. The further clarification does not entail a separate approval process.

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

On 20 December 2023, Fingrid Datahub Oy filed a proposal with the Energy Authority to change the model concerning Fingrid Datahub Oy's financial regulation for the regulatory period 2024–2027 and simultaneously proposed that the regulatory model be developed further.

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

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

FINGRID OYJ

www.fingrid.fi

30.10.2024

of the grid, allowing the hundreds of billions in green transition investments in Finland to be implemented as planned.

On 15 February 2024, Fingrid appealed to the Market Court against the decision given by the Energy Authority on 11 January 2024 on the scope of the national transmission system operator's systems responsibility regarding the grid connection of the OL3 nuclear power plant. Teollisuuden Voima Oyj ("TVO") lodged a request for an investigation with the Energy Authority on 25 May 2022 related to the claims by TVO that Fingrid has neglected its obligation to develop the main grid as stated in the Finnish Electricity Market Act and/or other applicable legislation, and that, as a result, it has placed unlawful restrictions on connecting the Olkiluoto 3 nuclear power plant to the grid, and that Fingrid is in breach of its administrative obligations linked to carrying out its public administrative task. The Energy Authority stated in its decision of 11 January 2024 that Fingrid fulfilled its development, connection and transmission obligations in accordance with the Electricity Market Act. The Energy Authority also deemed the 1300 MW power limit specified in Fingrid's connection terms to be justified and did not find Fingrid to have restricted Olkiluoto 3's access to the grid. In its decision, the Energy Authority sees, however, that Olkiluoto 3's system protection scheme falls under Fingrid's responsibility based on a transmission system operator's system protection scheme as intended by legislation and that Fingrid is in breach of Article 9 of the Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation and its obligation in line with Section 10, Subsection 1 of the Act on the Control of the Electricity and Natural Gas Market (2013/590) to bring the determination principles for fees it applies before the Energy Authority for approval prior to their implementation. On 30 April 2024, Fingrid submitted, as per its obligation to the Energy Authority, the determination principles for fees to said authority. The processing of the determination principles by the Energy Authority is pending. In Fingrid's view, the system protection scheme to be implemented exclusively for OL 3 that enables the use of OL 3 above the 1300 MW power limit should not be included in the system responsibility assigned to Fingrid. Fingrid also considers that, on the aforementioned grounds, the costs arising from system protection scheme are TVO's responsibility, and should not be compensated by Finland's electricity consumers and covered by grid service fees.

The company has not changed its earnings guidance from what is stated in the Financial Statements Bulletin of 27 February 2024.

Further information:

Asta Sihvonen-Punkka, President & CEO
+358 30 395 5235 or +358 50 573 9053

Jukka Metsälä, Chief Financial Officer
+358 30 395 5213 or +358 40 563 3756

Fingrid is Finland's transmission system operator. We secure reliable electricity for our customers and society, and shape the clean, market-oriented power system of the future.

Fingrid delivers. Responsibly.

www.fingrid.fi