

## FINGRID GROUP – MANAGEMENT’S REVIEW 1 JANUARY - 31 MARCH 2021

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

The information presented in the Management’s Review relates to the Fingrid Group’s performance in January-March 2021 and the corresponding period of 2020, unless otherwise indicated. The figures presented here have been drawn up in accordance with 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 temperatures from January through March matched long-term averages. Increased cross-border transmission of electricity from Russia and higher consumption due to lengthy cold spells increased the company’s turnover and result as compared to the corresponding period in 2020.
- Turnover during the period under review amounted to EUR 277.9 (199.6) million and operating profit, excluding the change in the fair value of derivatives, amounted to EUR 85.6 (65.2) million.
- The company’s profitability and liquidity remained at a good level.

### **Review by the President & CEO: “Grid vision paves the way for grid investments worth EUR 2 billion during this decade”**

The weather conditions during the first quarter were normal. Long spells of below-zero temperatures increased the of electricity consumption, and also the hydrological situation throughout the Nordic countries has returned closer to normal from last year’s exceptionally high level. The consumption of electricity increased during the period under review compared to the corresponding period last year, which was marked by exceptionally warm weather. As a result, the company’s turnover and result improved compared to the previous review period. Turnover growth came from the volume, as our grid service fees will remain unchanged from 2020 to 2021.

The increased consumption of electricity, coupled with transmission restrictions, resulted in significant area price disparities in the Nordic countries. The imports from Sweden to Finland were high and often reached the maximum level during daytime. This caused major price differences between Finland and particularly northern Sweden. The price differences resulted in significant congestion income for Fingrid, which will be used for future investments to improve the operation of the markets. Electricity imports from Russia increased due to the higher electricity prices in Finland, generating more cross-border transmission income.

We are building transmission lines and substations at dozens of sites. Based on our long-term grid vision, we estimate that the main grid will require at least EUR 2 billion in grid investments during this decade to cover the tremendous increase in capex needed for electricity consumption and production, to enable the ongoing electrification of Finland. Along with this, we will develop the electricity market and our grid operations to meet future needs.

## Key figures

€M	1-3/21	1-3/20	change %	1-12/20
Turnover	<b>277.9</b>	199.6	39.2	682.5
Operating profit*	<b>85.6</b>	65.2	31.3	115.4
Profit before taxes	<b>70.7</b>	38.9	81.8	113.3
Profit for the period	<b>56.6</b>	32.9	72.3	94.0
Capital expenditure, gross	<b>36.6</b>	30.6	19.6	169.7
Net cash flow from operations**	<b>112.3</b>	68.5	64.0	139.9
Interest-bearing net debt	<b>940.4</b>	1,066.4	-11.8	1,049.0
Balance sheet total	<b>2,274.6</b>	2,133.2	6.6	2,306.8
Equity ratio %	<b>30.3</b>	29.0		27.4

\* Operating profit excluding the change in the fair value of derivatives

\*\* Net cash flow from operations, after capital expenditure

- Operating profit excluding the change in the fair value of derivatives was EUR 85.6 (65.2) million. The improvement in operating profit was attributable to the increase in grid service income and cross-border transmission income.
- Congestion income from cross-border transmission connections amounted to EUR 25.6 (24.6) million. This income will be fully used in the next few years for investments aimed at improving the transmission connections to prevent any congestion.
- Net cash flow from operations has gained in strength, mainly thanks to a better financial result.

## Main business events

- During January–March, the system security of Fingrid's main grid was at a very high level and there were no significant grid disturbances affecting the electricity market.
- In January–March, electricity consumption in Finland totalled 24.7 (23.2) terawatt hours. In the same period, Fingrid transmitted a total of 19.4 (18.4) terawatt hours in its grid, representing 73.7 (73.9) per cent of the total electricity transmission in Finland. During this period, the electricity Fingrid transmitted to its customers amounted to 17.8 (16.6) terawatt hours, which represents 71.9 (71.6) 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.
- 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 vision 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.
- Fingrid is currently building 36 power system substations and 580 kilometres of transmission lines. An investment decision was made on the construction of the Valkeus substation in Northern Ostrobothnia to promote wind power investments. The total costs of the substation, due for completion in 2023, are estimated at roughly EUR 30 million.
- Fingrid's operations continued according to plan, despite the coronavirus pandemic.

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23.4.2021, at 11:00 a.m  
EET

- 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.

## Events after the review period

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.

**The company has not changed its earnings guidance from what was stated in the Financial Statements Bulletin on 5 March 2021.**

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

Fingrid delivers. Responsibly.

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