Half-year Report

2026

1 Jan–30 Jun 2026

Työllisyysrahasto
Sysselsättningsfonden | Employment Fund

HALF-YEAR REPORT 1 JAN–30 JUN 2026

Employment Fund's half-year in brief

The result for the first half of the year showed a surplus: higher unemployment insurance contributions increased revenue, and the savings measures included in the Government Programme further reduced the financing contributions paid by the Fund.

We provided EUR 1,160 (1,410) million to finance a range of different benefits such as unemployment and pension security.

The proportion of customers satisfied or very satisfied with the unemployment insurance contribution service (CSAT) amounted to 83% (86%) during the first half of the year.

The personnel experience improved in all areas, and eNPS reached +4.3 (-7.4).

Financial development

Employment Fund (the 'Fund') complies with the International Financial Reporting Standards (IFRS) adopted by the European Union.

The amount of unemployment insurance contributions collected by the Fund was substantially higher than in the comparison period. This was because the unemployment insurance contributions for 2026 were increased as proposed by Employment Fund.

The financing contributions paid by the Fund to benefit recipients were substantially lower than in 2025 even though unemployment was higher than in the comparison period. The impacts of the measures set out in the Government Programme still manifested themselves in a decrease in expenditure on earnings-related unemployment security and in the expenditure on pension security accrued during the period of earnings-related unemployment security.

Despite a high unemployment rate, the Fund's half-year result (change in net position) exceeded preliminary estimates and showed a surplus. This was due to higher unemployment insurance contribution income and lower earnings-related security expenses.

KEY FIGURES (the figures are in EUR million)

Change in net position	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Unemployment insurance contributions and other income	1,245	956	1,907
Financing contributions paid and administrative expenses	-1,160	-1,410	-2,668
Net financial income	8	20	32
Change in net position	**93**	**-435**	**-729**

Net position	30 Jun 2026	30 Jun 2025	31 Dec 2025
Investment assets and cash and cash equivalents	664	1,067	857
Accruals of unemployment insurance contributions	506	323	299
Receivables and fixed assets	172	140	56
Short-term and long-term loans	630	599	599
Unemployment insurance contribution and other liabilities	77	92	69
Net position	**636**	**838**	**543**

Key figures	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Unemployment insurance contribution % (total)*	1.81%	1.20%	1.21%
Change in total payroll %**	2.9%	2.1%	2.1%
Unemployment rate (average)	11.1%	9.9%	9.7%
Return on investments	1.3%	1.6%	2.9%

*Employer's average unemployment insurance contribution % and employee's unemployment insurance contribution %, total.

**Change in cumulative payroll during the reporting period compared to corresponding payroll in the same period in the previous year. Calculated on the basis of the wages and salaries on which the unemployment insurance contribution is paid.

Managing Director's review

In the first half of the year, the Finnish economy showed signs of recovery, economic growth picked up and consumer confidence improved. However, at the same time, unemployment increased. There have also been further changes in the structure of the unemployment: the number of recipients of earnings-related daily allowance has decreased while at the same time, the number of recipients of labour market subsidy (from 1 May 2026: general social security benefit) has increased compared to 2025. Continuation of the war in Ukraine, together with instability and military strikes in the Middle East, remain a source of uncertainty in the global economy.

THE FUND'S RESULTS AND LIQUIDITY IMPROVED

The Fund posted a surplus for the first half of the year, a result of higher income and lower expenses. Unemployment insurance contributions were increased by 0.6 percentage points for 2026 from a historically low level after two years of substantial decreases. The measure boosted the Fund's income. The spending cuts set out in the Government Programme reduced earnings-related unemployment security expenses. As a result, the Fund's financing expenses were lower than in previous years even though unemployment increased.

In April, we submitted a preliminary estimate of the level of unemployment insurance contributions for 2027 to the Ministry of Social Affairs and Health. According to our estimate, the total amount of unemployment insurance contributions could be kept unchanged or increased by a maximum of 0.3 percentage points.

The liquidity of Employment Fund remained good throughout the first half of the year. To strengthen our long-term liquidity, we extended and increased our revolving credit facilities in May.

LEGISLATIVE PROJECTS PROGRESSED AND THE WORKING GROUP COMPLETED ITS REPORT

The projects to change the legislation pertaining to Employment Fund continued during the first half of the year. They included the reform of the Act on the Financing of Unemployment Benefits, combination insurance and shortening of the lay-off notice period. The working group also reviewed the mechanisms reducing cyclical fluctuations in the Finnish economy and such matters as the role of Employment Fund in cyclical policy.

The legislation on combination insurance, which made progress during the first half of the year, will slightly expand Employment Fund's financial responsibilities. However, the practical impacts of the new legislation will not be felt until 2029.

Legislation on the shortening of the lay-off notice period was approved by Parliament in January. Shortening of the lay-off notice period is expected to increase the expenses of Employment Fund, and the estimates vary from negligible sums to up to EUR 40 million.

Following the abolition of the training compensation scheme, we paid the last training compensations, totalling about EUR 16 million, in early 2026.

The report of the tripartite working group appointed in autumn 2025 confirmed that the business cycle buffer of Employment Fund functions appropriately and ensures the stability of unemployment security funding in changing economic situations. According to the working group, there is no need to make any significant changes to the system. The term of the working group ended in April 2026.

PROGRESSING TOWARDS STRATEGIC GOALS EFFICIENTLY AND IN A CUSTOMER-ORIENTED MANNER

During the first half of 2026, we continued to implement Employment Fund's strategy and closely monitored its progress using a set of indicators. Providing customer-oriented services for the digital age in a reliable and high-quality manner, and boosting productivity and efficiency are our strategic goals.

We continued to update our unemployment insurance contribution services, the aim of which is to ensure a smoother customer experience and efficient services. The reforms are supported by the strengthened IT capabilities introduced last year, which create a sustainable basis for the long-term development of our services.

We paid the last adult education allowances during the first half of the year. Shutdown of systems will continue until the end of 2026. In April, we published a summary of the adult education benefits, which provides an overview of the implementation, use and impacts of the benefits from the early 2000s until the abolition of the scheme.

LOOKING AT THE FUTURE

We have made progress towards our goals and updated and developed our services during the first half of the year. Cooperation with our stakeholders has run smoothly. We have launched new partnerships and successfully continued existing stakeholder work. The fact that satisfaction among the Fund's personnel has improved and customer satisfaction has remained high also shows that the year 2026 has got off to a good start. All this would not have been possible without our employees and thus, I would like to thank all of them for their excellent work.

KARO NUKARINEN
Managing Director

Operations and services

OPERATING ENVIRONMENT

In June 2026, the European Central Bank raised its key interest rates for the first time in almost three years as the energy shock caused by the crisis in the Middle East pushed inflation higher in early summer.

According to forecasts, Finland's economic growth accelerated during the first months of 2026 but the positive outlook was overshadowed by high unemployment and geopolitical instability. The weak labour market situation reduced the number of vacancies and slowed down employment growth: the unemployment rate continued to grow and reached historically high levels in early 2026, averaging 11.1%. The impacts of the measures weakening unemployment security set out in the Government Programme were again reflected in the financing contributions paid by Employment Fund.

UNEMPLOYMENT INSURANCE CONTRIBUTIONS, OTHER INCOME AND FINANCING CONTRIBUTIONS PAID

Unemployment insurance contributions account for about 1.8% of the total payroll in 2026 (about 1.2% in 2025). The increase in contributions from 2025 was prompted by the forecast decrease in the business cycle buffer, higher-than-expected unemployment rate, and the outlook for the economy and employment.

In 2026, employer's unemployment insurance contribution is 0.31% of total payroll up to EUR 2,509,500, and 1.23% of the part exceeding this amount. Employee's contribution is 0.89% of wages in 2026.

During the first half of 2026, we collected a total of EUR 912 (574) million in unemployment insurance contributions. Employers accounted for EUR 428 (267) million and employees for EUR 483 (307) million of this total. The liability components and transition security contributions paid by employers, and the deductions specified in the Employment Contracts Act totalled EUR 15 (15) million. Government payments totalled EUR 274 (322) million and payments by municipalities EUR 44 (45) million. We collected a total of EUR 1,245 (956) million in contributions in the period 1 January–30 June 2026.

Between 1 January and 30 June 2026, we provided a total of EUR 788 (970) million to finance the unemployment security paid by unemployment funds. This sum included the government and municipal contributions. A total of EUR 470 (603) million of this total was financed with the Fund's unemployment insurance contributions. A total of EUR 318 (366) million of this amount is financed by government and municipalities. Even though unemployment increased, the Fund's expenses decreased as changes in the structure of the unemployment reduced the number of earnings-related benefit recipients.

Moreover, the impacts of the phased earnings-related daily allowance were greater than in the comparison period as long-term unemployment increased. This reduced the average daily amount of earnings-related allowance. Phasing of the earnings-related allowance is primarily reflected in the decrease in Employment Fund's financing contributions. The Fund's expenses were also reduced by the lay-off allowance as the number of recipients of this benefit was substantially lower than before.

We paid a total of EUR 72 (47) million to Kela as the Fund's share of basic income security for employees who are not members of unemployment funds. We paid a total of EUR 16 (18) million as the Fund's share of pay security to the Ministry of Economic Affairs and Employment.

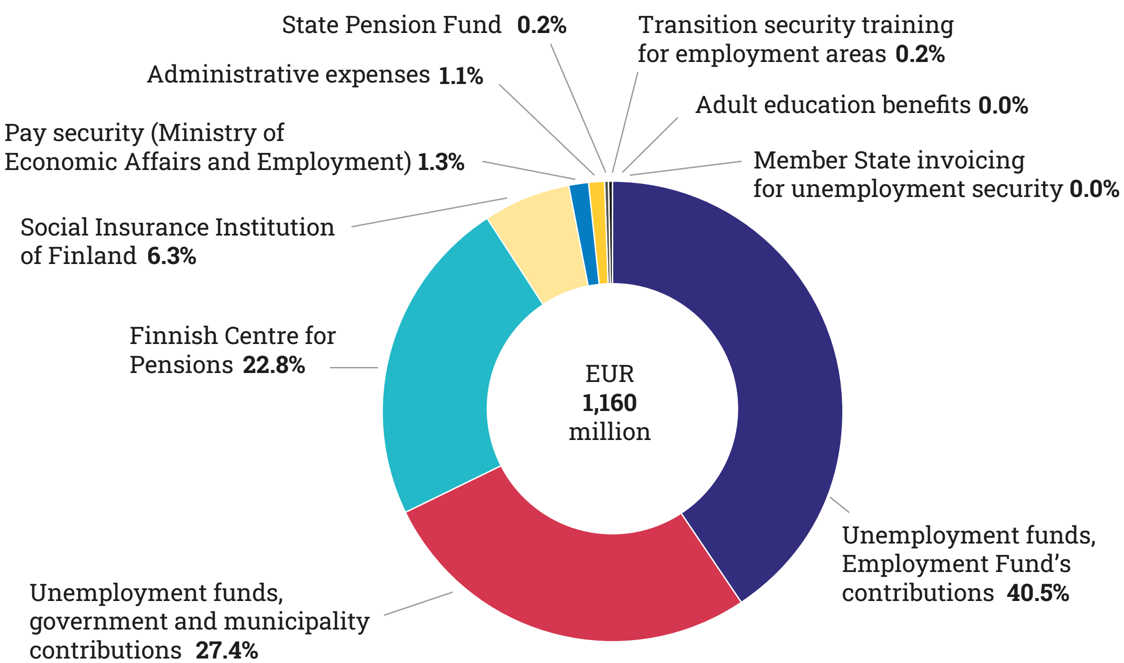
We paid EUR 264 (300) million to the Finnish Centre for Pensions and EUR 3 (5) million to the State Pension Fund for the pension security accrued during unemployment.

We paid EUR 3 (1) million in transition security training costs to the employment areas and EUR 10 (8) million in transition security allowances to unemployment funds and Kela (the transition security allowance paid to unemployment funds is included in the Fund's share of the financing of unemployment funds referred to above).

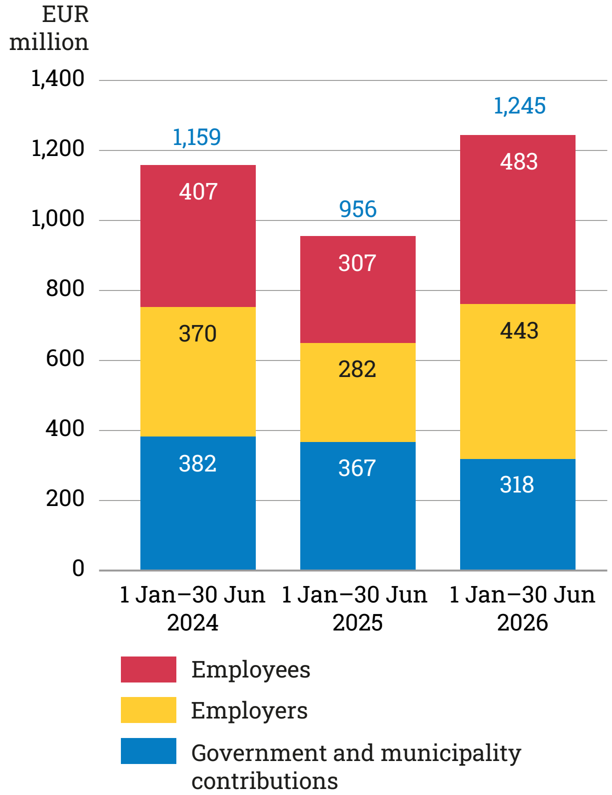
Adult education allowance expenses totalled EUR 0.4 (54) million. Because of the abolition of the adult education benefits, allowances could only be granted to wage and salary earners and full-time entrepreneurs whose studies and eligibility for the benefits had started on 31 July 2024 at the latest. The abolition transition period ended on 31 December 2025.

During the first half of 2026, we paid a total of EUR 1,160 (1,410) million in financing contributions (including the Fund's administrative expenses).

Financing contributions paid 1 Jan–30 Jun 2026



Contributions collected



TRANSITION SECURITY CONTRIBUTION FOR EMPLOYERS DISMISSING EMPLOYEES

The employer is obliged to pay the transition security contribution if it has dismissed an employee aged 55 or over for production-related or financial reasons and the employee had been employed by the employer in question for at least five years. The contribution does not apply to the smallest employers as the total payroll subject to the employer's unemployment insurance contribution must exceed an annually reviewed minimum amount, which was about EUR 2.5 million in 2025. The transition security contribution is calculated from the payroll of the year preceding the year of the dismissal. Transition security contributions are used to finance the transition security training and allowance of the dismissed employees.

In the first half of 2026, a total of 2,528 (2,699) new transition security cases were initiated in Employment Fund. We imposed a transition security contribution on the employer in 1,945 (1,433) cases. We recorded EUR 10.2 (11.5) million in transition security contributions between 1 January and 30 June 2026.

Transition security expenses totalled EUR 12.5 million during the first half of 2026. Transition security expenses comprise transition security training expenses EUR 2.9 million and transition security allowance EUR 9.6 million. Transition security training corresponds to a maximum of two months' pay and the transition security allowance to an average of one month's pay. This means that about 15% of the individuals eligible for transition security have used transition security training.

EMPLOYER'S LIABILITY COMPONENT

Rising unemployment and changes in the age limits of the right to additional days of unemployment security have led to an increase in the number of liability component cases. Liability component cases are usually initiated in the Fund about two years from the dismissal of the employee.

In the first half of 2026, we received 3,126 (2,386) new liability component cases. We imposed a liability component on the employer in 310 (107) cases. We recorded EUR 4.4 (3.4) million in liability components between 1 January and 30 June 2026.

The right to additional days of unemployment security will be abolished after a transition period. The employer's obligation to pay to Employment Fund an unemployment security liability component for employees it has dismissed or laid off will also be abolished in the same connection. Processing of the liability components will end by the year 2035.

RECONCILIATION UNDER THE EMPLOYMENT CONTRACTS ACT

An employer that has laid off an employee or ended an employee's employment contract on non-justifiable grounds is liable to pay a compensation to the employee. A total of 75% of the compensation is deducted from the earnings-related unemployment benefits paid to the employee after the employment relationship has ended when compensation is paid for salary losses due to unemployment. The employer pays the deduction to Employment Fund. There were no changes in the number of disputes arising from the termination of employment. We issued a total of 347 (381) opinions and comments on agreements in the first half of 2026.

SUPERVISION OF UNEMPLOYMENT INSURANCE CONTRIBUTIONS

We monitor employers' compliance with their obligation to pay unemployment insurance contributions to ensure that we collect the unemployment insurance contributions in correct amounts and on the basis of actual wage payments. In the supervision, we examine the earnings payment data reported by the employer to the Incomes Register and compare this data with other information on the wages and salaries paid by the employer. We check the accuracy of the earnings payment data in cooperation with the employer and, if necessary, order the employer to pay the missing unemployment insurance contribution.

We investigated 331 (506) cases for supervision during the first half of 2026. Based on the supervision, we ordered additional payments totalling EUR 131,331 (EUR 128,010) and paid refunds amounting to EUR 1,233 (EUR 5,751).

TRAINING COMPENSATION

The act abolishing the training compensation scheme entered into force on 1 January 2026. No further training compensation will be granted for training completed on or after 1 January 2026. Abolition of the training compensation has been one of the measures introduced by the Finnish Government to cut spending.

The purpose of the training compensation has been to provide the employer with more opportunities to organise training for its employees so that they can develop their vocational competence. Employers in the public and third sectors such as municipalities, wellbeing services counties, parishes, universities, universities of applied sciences, associations and foundations, have been eligible for training compensation.

Employers were able to apply for training compensation for 2025 until the end of January 2026. During the first half of 2026, we paid about EUR 15.5 (14.1) million in training compensation to employers for training days in 2025.

ADULT EDUCATION BENEFITS

Abolition of the adult education benefits has progressed as planned and is now in its final stages. Abolition of the scheme has been one of the measures introduced by the Finnish Government to cut spending. The act abolishing the Act on Adult Education Benefits entered into force on 1 June 2024. During the transition period, which lasted until 31 December 2025, adult education allowance could only be granted if the studies and the allowance period had started on 31 July 2024 at the latest. Under certain conditions, applications could be submitted until 31 March 2026 on a retroactive basis.

Between 1 January and 31 March 2026, we received 3,294 payment applications and 134 extension applications for allowance right. A total of 90% (2,971) of the payment applications were received in January when the applications for the allowance payments for December 2025 were submitted. In February and March, only 323 payment applications were received.

The shutdown of the system progressed as planned. In the first half of the year 2026, the focus was on archiving benefit data. We have also produced the final official reports and made preparations for the dismantling of system integrations and the closure of systems and servers. The remaining shutdown work will be carried out in a controlled manner by the benefit specialists who have moved to other tasks in the Fund.

CUSTOMER SERVICE

CSAT score (proportion of satisfied and very satisfied respondents) for our unemployment insurance contribution service was 83% (86%) in the first half of the year. Our telephone service was the service channel posting the best results: in this channel, 87% (92%) of the respondents were satisfied with the service they received. CSAT of the online service improved substantially (from 32% to 46%) but it is still lower than the score for the other channels and thus lowers the overall customer satisfaction score. The key goal of the ongoing online service reform project is to enhance the customer experience.

The right to submit applications for adult education allowance ended on 31 March 2026. After this date we closed our telephone service and changed the online service to view mode so that customers could still view the decisions they had received. In the same connection, we closed the aikuiskoulutustuki.fi website and published instructions for the customers who have not yet received any decision on their appeals or recovery case. The online service was permanently closed down on 1 June 2026.

Personnel

On average, Employment Fund employed 117 (134) persons during the first half of the year. In June, the Fund had 117 (133) employees of whom 109 (127) were in permanent and 8 (6) in fixed-term employment relationships.

CHANGES IN THE MANAGEMENT GROUP AND ADMINISTRATION

There were changes in the composition of Employment Fund's Management Group and Supervisory Board during the first half of 2026. Karo Nukarinen started as the Managing Director of Employment Fund on 1 January 2026. Before that, he served as the Fund's Chief Financial Officer. The Fund's Board of Directors appointed Henri Pohjanen as the new Chief Financial Officer at its March meeting. Pohjanen started in his position on 31 March 2026.

The Ministry of Social Affairs and Health appointed the following persons to the Fund's Supervisory Board during the first half of the year:

- Ari Korhonen (Association of Finnish Cities and Municipalities) and Hanne Lehtovuori (Suomen Osuuskauppojen Keskuskunta SOK) started as new members on 26 March 2026 when Nina Brask (wellbeing services county of Kymenlaakso) and Matti Mettälä (Kesko Oyj) left the Supervisory Board.
- Riitta Raatikainen (wellbeing services county of North Savo) started as a new member on 21 May 2026, replacing Maria Kaisa Aula (wellbeing services county of Central Finland).

PERSONNEL EXPERIENCE IMPROVED DURING THE FIRST HALF OF 2026

During the first half of the year, we restructured personnel surveys and discussions into an entity within which they support each other and evolve throughout the year. At the same time, we developed the way in which their results are compiled and analysed so that personnel data can be used more systematically in management decision-making and in supporting supervisory work.

The organisational level results of the pulse survey that we carried out in spring improved in all areas, and the eNPS reached +4.3 (-7.4), which was 11.7 points higher compared to the previous score. The results highlight the support and sense of togetherness in the work community, the experience of meaningful work, strong competence and professional pride as strengths. The respondents also felt that work management has developed in a positive direction.

The results are also supported by the overall picture formed in the wellbeing discussions, on the basis of which the situation in the Fund is stable. A number of development themes have been identified in the discussions in the field of tools, cognitive load and the management of multi-roles and prioritisation. Follow-up measures have been agreed for these issues, and we will monitor progress in this area on a regular basis.

STRATEGIC PARTNERSHIP SUPPORTS THE DEVELOPMENT OF THE ORGANISATION

During the first half of the year, we strengthened the role of HR and communications professionals as strategic partners of the service areas by introducing a new operating model in which each service area has its own HR and communications partners. At the same time, we developed our communications practices and competence with the aim of boosting dialogue, harmonising practices and supporting smooth cooperation throughout the organisation. We have promoted the practical implementation of the management principles updated in 2025 in supervisor workshops. Development measures support uniform operating methods, smooth everyday processes and the achievement of our strategic goals.

DIVERSITY, EQUITY AND INCLUSION

Equality and diversity themes are reflected in our activities, and we actively promote an open, safe and equal work community. We updated our diversity, equity and inclusion plan for 2026–2027 during the spring. We also provided training for all Fund employees to strengthen understanding of the themes and the way in which they are present in our daily work. We prepared for the national transposition of the EU Pay Transparency Directive by developing the description of our pay system and by examining job descriptions and job evaluations.

PROVISION OF ADULT EDUCATION BENEFITS ENDED

Abolition of the adult education benefits had a major impact on the operations and human resources of the benefit service and the service areas supporting it. The last employment relationships terminated on the basis of the abolition of adult education benefits ended during the first half of 2026. Some of the employees who were dismissed as a result of the closure of the benefit service were transferred to other tasks in the Fund during the transition period 2024–2026.

Risk management

Risk management is an essential part of Employment Fund's internal control. It aims to strengthen risk awareness in decision-making and to support the achievement of the Fund's strategic and operational objectives.

Risk management produces high-quality and systematic information on the risks and threats facing the Fund and provides recommendations for measures to prevent and manage them.

Each Fund employee is responsible for identifying and reporting risks. We report potential risks and deviations without delay in accordance with the agreed procedures. The Head of Risk Management steers and supports the business units in risk assessment, produces the overall picture of the situation and reports on the situation to the Fund's management, Audit Committee and the Board of Directors.

We systematically monitor and assess the risks affecting our operating environment, strategy and operations as well as economic and financial risks. Comprehensive risk management is a key part of our activities.

We continued to develop our information security and cyber security practices during the review period. We prepare for digital threats with systematic assessment and threat modelling as well as cyber threat exercises, which strengthens the capacity of the organisation to prevent and manage risks facing information systems and the Fund's environment. We have developed a strategic risk reporting model to provide more support for the management process.

LIQUIDITY RISK MANAGEMENT

We safeguard the Fund's financial sustainability through proactive planning and the capacity to respond to changes. We manage economic risks by using a variety of different forecasting methods and, if necessary, by adjusting the level of unemployment insurance contributions. The Fund's liquidity is supported by a statutory business cycle buffer, low-risk investment strategy and good borrowing capacity.

The management of financial risks is based on existing principles, which we follow on a consistent basis. More detailed descriptions of these principles are presented in the latest financial statements. The key financial risks during the review period are described in the notes to the financial statements. No significant new risks or deviations from the previous risk level have emerged during the period.

To strengthen our long-term liquidity, we concluded revolving credit facilities with four banks in May. The facilities, totalling EUR 800 million, are available as needed. The new facilities will be available for five years, with two one-year extension options. They replaced the previous revolving credit facilities of EUR 600 million, which would have expired in March 2027. The purpose of the measure is to ensure the financing of unemployment security in all situations, including a sudden economic downturn.

> To strengthen our long-term liquidity, we concluded revolving credit facilities with four banks in May. The facilities total EUR 800 million.

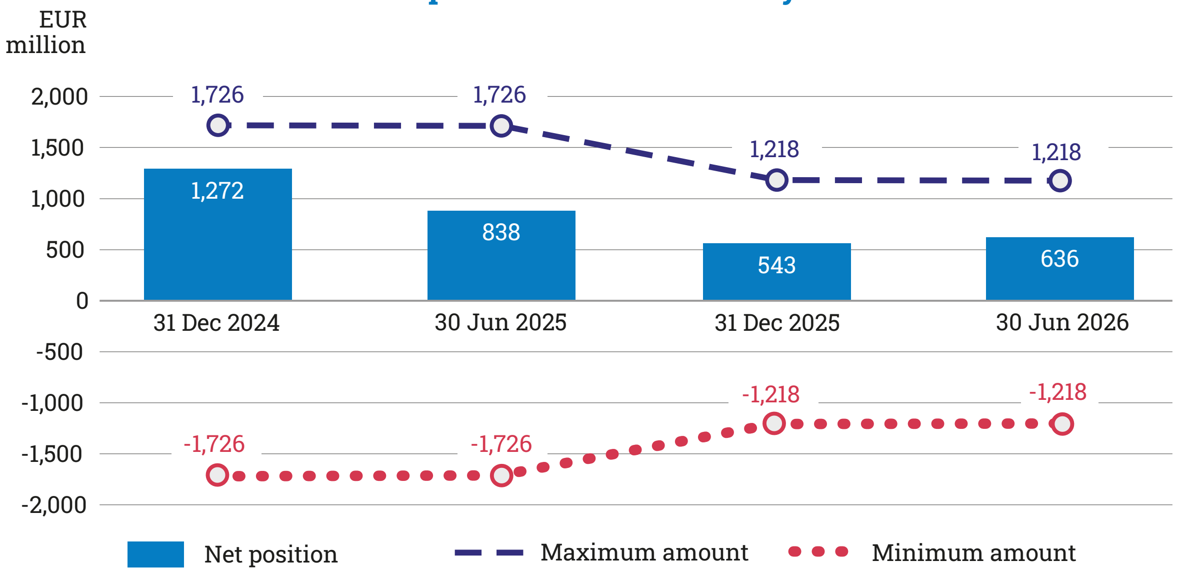
Finance

BUSINESS CYCLE BUFFER AND CHANGE IN NET POSITION

Employment Fund maintains a statutory business cycle buffer to ensure liquidity and balance out changes in unemployment insurance contributions. The business cycle buffer accrues on the basis of the difference between Employment Fund's assets and liabilities. When the unemployment insurance contributions are set, the forecast for the maximum amount of assets or liabilities in the buffer may not exceed expenses corresponding to an unemployment rate of six percentage points. Under the law, to secure a steady growth in payments, the business cycle buffer may exceed the maximum amount of assets in two years during the three-year review period, as forecast, when the unemployment insurance contributions are determined. In that case, however, unemployment insurance contributions may not be set higher than in the previous year.

The maximum amount of the business cycle buffer is calculated on the basis of the figures in the annual financial statements. The maximum statutory business cycle buffer was EUR 1,218 million on 30 June 2026 (EUR 1,726 million on 30 June 2025).

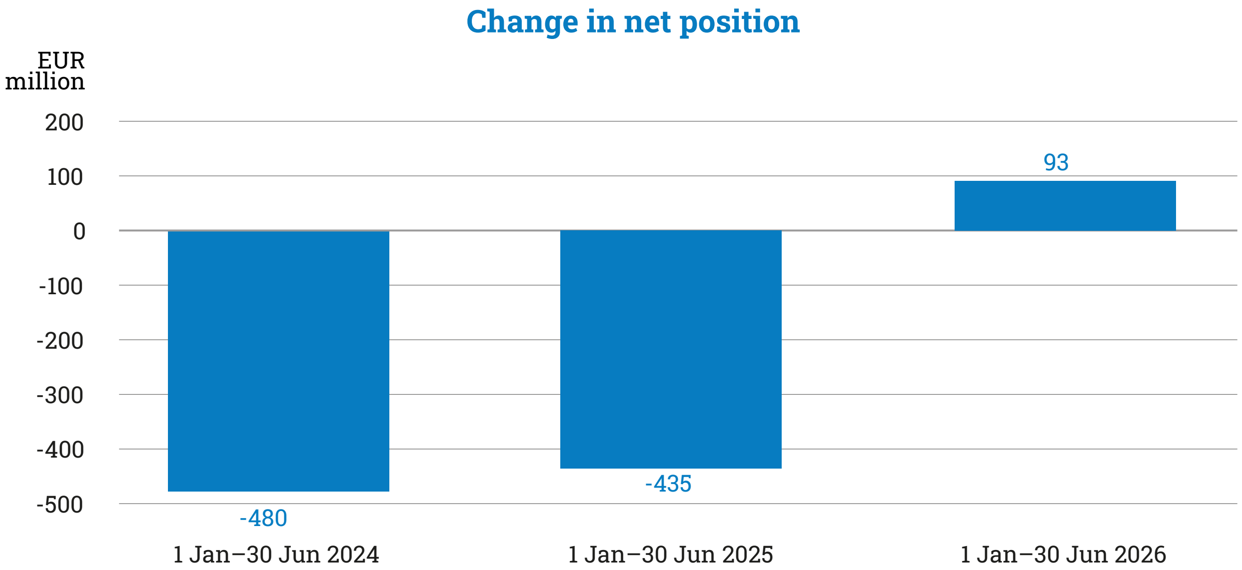
Development of the business cycle buffer



Change in the Fund's net position was EUR 93 (-435) million in the first half of 2026. The amount of net position was EUR 636 million on 30 June 2026 (EUR 838 million on 31 December 2025).

In the payment estimate submitted to the Ministry of Social Affairs and Health in April 2026, we estimated that the change in Employment Fund's net position would be positive to the amount of about EUR 60 million in 2026 which would mean a positive net position of about EUR 600 million at the end of 2026.

When preparing the half-year financial statements, we estimated that the change in Employment Fund's net position would be positive to the amount of about EUR 330 million in 2026, which would mean a positive net position of about EUR 880 million at the end of 2026.



LIQUIDITY AND DEBT FINANCING

Under the investment and debt financing principles approved by Employment Fund's Supervisory Board, the Fund must have liquid assets, assets that can be easily liquidated and/or committed credit facilities that cover the expected needs of three months.

Liquidity is no longer measured by the ratio of fixed-income investments of less than one year to one month's expenses. The new indicator gives a better description of the instruments that are quickly available for managing liquidity.

For liquidity purposes, the Fund also has a EUR 300 million commercial paper programme (31 Dec 2025: EUR 300 million). The Fund also has EUR 800 million in committed revolving credit facilities (RCF) with four banks (31 Dec 2025: EUR 600 million). A total of EUR 270 million of the commercial paper programme remained unused on 30 June 2026 (31 Dec 2025: EUR 300 million). The revolving credit facilities remained unused at the end of 2025 and during the first half of 2026. On 30 June 2026, Employment Fund had a bond of EUR 600 million issued in 2020, which is due on 16 June 2027.

The credit rating agency S&P Global Ratings has given Employment Fund a credit rating of AA+ (negative outlook)/A-1+. S&P Global Ratings has given the same rating to the State of Finland. The outlook for the Fund's credit rating changed from stable to negative in spring 2026. In the same connection, S&P changed the outlook for the State of Finland to negative.

> We estimate that the change in Employment Fund's net position would be about EUR 330 million positive in 2026, which would mean a positive net position of about EUR 880 million at the end of 2026.

Investment activities

Employment Fund carries out investment activities to the extent necessary to manage the timing differences in the cash flows generated by its income and expenses, and for liquidity management purposes.

On 30 June 2026, Employment Fund's investment and financial assets totalled EUR 664 million (EUR 857 million on 31 December 2025). Investment markets grew during the first half of 2026.

The market grew during the early months of 2026 but the upward trend was interrupted by the conflict between Iran, the United States and Israel in March. As a result, the values of investments fell substantially in both the equity and bond markets. Once the situation had calmed down, the markets quickly recovered, and April and May were characterised by strong returns in the capital asset categories.

Long-term government bond rates decreased during the first half of the year but the trend was temporarily reversed by the crisis in the Middle East in March. In summer, interest rates fell again to levels close to those at the beginning of the year. Short-term interest rates rose as a result of the crisis and were still higher at the end of the review period than at the start of the year. Overall, the return on fixed-income investments was positive, and corporate loans were the best-performing asset class within fixed-income investments. The return in the stock market on the weighted benchmark index was about 12%.

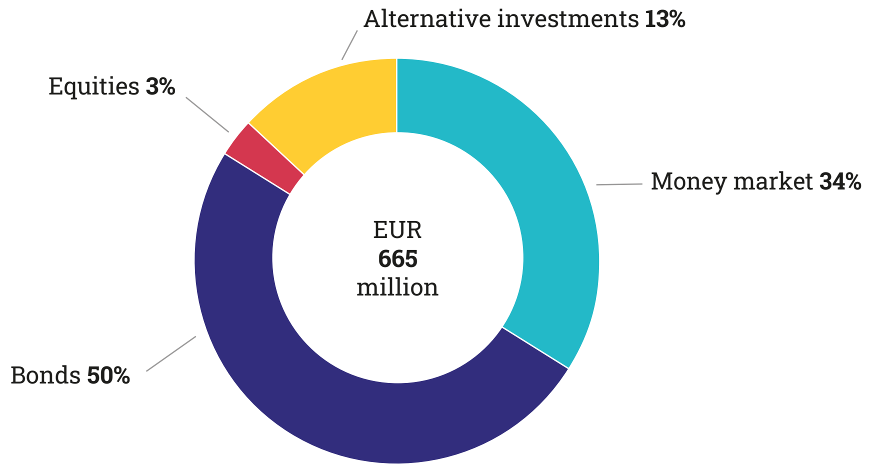
In alternative investments, there was strong growth during the first half of 2026 in such areas as forest, private equity and private credit funds. In real estate funds, residential and commercial properties were still at the bottom of the business cycle, while at the same time, there were signs of a cautious recovery in renewable energy.

One of the key goals of Employment Fund's investment activities is to support the performance of the Fund's statutory duties and to ensure sufficient liquidity to finance the expenses for which Employment Fund is responsible. The Fund's Board of Directors determines the goal for our investments in the annually approved investment plan and decides on the allocation of investment funds across different asset classes. We prepare the investment plan in accordance with the investment and debt financing principles approved by the Supervisory Board.

We actively invested our assets in money market instruments, bonds, equities and alternative investments. Depending on the asset class, the Fund made direct investments or invested its assets through funds. At the end of the review period, EUR 227 million (EUR 309 million on 31 December 2025) of the Fund's assets were invested in money market instruments, EUR 332 million (EUR 441 million on 31 December 2025) in bonds, EUR 21 million (EUR 28 million on 31 December 2025) in equities, and EUR 86 million (EUR 87 million on 31 December 2025) in alternative investments.

In the period January–June 2026, we achieved a return of 1.3% (1.6%) on invested assets. The return was in line with the expected return specified in our investment plan, which is 2.9% (3.2%) for 2026. The return was also in line with the reference return of our investment operations, which is set at 1.2% (1.6%).

Asset allocation 30 June 2026



Events after the review period

No major changes have occurred in Employment Fund's financial position after the end of the review period.

Helsinki 25 August 2026
Employment Fund
Board of Directors

Half-year Report financial statements

STATEMENT OF CHANGES IN NET POSITION

The figures are in EUR thousand.

Change in net position	Note	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Contributions collected				
Unemployment insurance contributions and other income	1	1,244,550	955,934	1,906,921
Unemployment insurance contributions and other income		**1,244,550**	**955,934**	**1,906,921**
Financing contributions paid				
Financing contributions paid	2	-1,146,534	-1,393,766	-2,636,731
Administrative expenses	3	-13,004	-16,601	-31,421
Financing contributions paid and administrative expenses		**-1,159,539**	**-1,410,367**	**-2,668,152**
Net fair value gains on investments	4	9,396	20,457	33,148
Financing costs		-1,415	-707	-1,328
Change in net position		**92,992**	**-434,683**	**-729,412**

STATEMENT OF NET POSITION

The figures are in EUR thousand.

Assets	Note	30 Jun 2026	30 Jun 2025	31 Dec 2025
Non-current assets				
Property, plant and equipment		2,051	2,581	2,335
Intangible assets		0	181	0
Total non-current assets		**2,051**	**2,763**	**2,335**
Current assets				
Unemployment insurance contribution receivables		2,208	1,861	1,732
Accruals of unemployment insurance contributions		506,302	322,615	298,783
Other receivables		167,555	134,941	51,562
Investment assets	5	581,653	951,983	741,492
Cash and cash equivalents		82,418	115,212	115,776
Total current assets		**1,340,136**	**1,526,611**	**1,209,345**
Total assets		**1,342,186**	**1,529,374**	**1,211,680**

Net position and liabilities	Note	30 Jun 2026	30 Jun 2025	31 Dec 2025
Net position				
For previous periods		542,922	1,272,334	1,272,334
For the period		92,992	-434,683	-729,412
Total net position		**635,915**	**837,652**	**542,922**
Non-current liabilities				
Bonds		0	599,291	599,398
Total non-current liabilities		**0**	**599,291**	**599,398**
Current liabilities				
Commercial papers		29,917	0	0
Bonds		599,584	0	0
Unemployment insurance contribution liabilities		601	310	445
Other liabilities		76,170	92,121	68,914
Total current liabilities		**706,272**	**92,431**	**69,359**
Total liabilities		**706,272**	**691,722**	**668,758**
Total net position and liabilities		**1,342,186**	**1,529,374**	**1,211,680**

STATEMENT OF CASH FLOWS

The figures are in EUR thousand.

Cash flows	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Unemployment insurance contributions collected	1,052,508	963,600	1,975,107
Benefits paid	-1,290,458	-1,425,000	-2,657,683
Interest paid/received	-1,337	1,785	3,129
Net cash flow from ordinary operations	**-239,288**	**-459,615**	**-679,447**
Cash flows from investments			
Investments in financial instruments	-289,039	-526,235	-901,865
Sales of investment instruments and realised income	464,866	982,524	1,578,550
Net cash flow from investments	**175,827**	**456,289**	**676,685**
Loans withdrawn and repaid	30,103	0	0
Net cash flow from financing activities	**30,103**	**0**	**0**
Net increase/decrease in cash and cash equivalents	-33,358	-3,326	-2,762
Cash and cash equivalents at the beginning of the financial period	115,776	118,538	118,538
Cash and cash equivalents at the end of the financial period	**82,418**	**115,212**	**115,776**

Notes to the Half-year Report

ACCOUNTING PRINCIPLES USED TO PREPARE THE HALF-YEAR REPORT

The Half-year Report of Employment Fund has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The accounting principles and calculation methods used in the previous annual financial statements have been adhered to in the Half-year Report.

The data published in the Half-year Report has not been audited.

1 UNEMPLOYMENT INSURANCE CONTRIBUTIONS

The figures are in EUR thousand.

Unemployment insurance contributions by contribution type	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Employer’s unemployment insurance contributions			
Employer’s unemployment insurance contributions	427,620	266,367	569,701
Training compensation reimbursements	-15,534	-14,103	-14,576
Training compensation settlements paid by the Ministry of Finance	15,534	14,103	14,576
Employer’s unemployment insurance contributions, co-owners	515	313	653
Total	**428,135**	**266,680**	**570,354**
Employee’s unemployment insurance contributions			
Employee’s unemployment insurance contributions	482,715	305,855	605,549
Employee’s unemployment insurance contributions, co-owners	649	470	979
Total	**483,363**	**306,325**	**606,528**
Collection fee income			
Interest on overdue employer contributions	30	10	194
Interest on overdue employee contributions	-9	245	450
Collection fee income	165	310	274
Total	**186**	**566**	**918**
Employer’s liability components and transition security contributions			
Liability components	2,975	2,665	5,687
Transition security contributions	10,172	11,514	20,771
Accruals	1,394	699	1,966
Total	**14,541**	**14,877**	**28,424**

Unemployment insurance contributions by contribution type	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Deductions under the Employment Contracts Act (ECA)			
Deductions and lay-off income under ECA	394	438	850
Settlement to the Ministry of Social Affairs and Health	0	0	-453
Total	**394**	**438**	**398**
Contributions from the Ministry of Social Affairs and Health and municipalities			
Earnings-related unemployment allowance Ministry of Social Affairs and Health	274,347	319,987	602,396
Earnings-related unemployment allowance municipalities	43,703	45,152	95,076
Job alternation compensation	-1	1,148	1,150
Equalisation payment for the previous year	0	0	610
Adult education benefits	-118	760	1,067
Total	**317,931**	**367,047**	**700,299**
Total unemployment insurance contributions	**1,244,550**	**955,934**	**1,906,921**

2 FINANCING CONTRIBUTIONS PAID

The figures are in EUR thousand.

Financing contributions	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Employment Fund contributions paid to unemployment funds			
Other earnings-related unemployment allowance	-254,257	-342,898	-637,010
Additional days of allowance	-54,329	-56,593	-114,462
Transition security allowance	-9,394	-7,756	-13,297
Lay-off allowance	-147,177	-190,173	-287,166
Job alternation compensation	1	-1,507	-1,507
Compensation for administrative expenses	-4,475	-4,323	-8,646
Equalisation payment for the previous year	0	0	-777
Total	**-469,630**	**-603,250**	**-1,062,866**
Government and municipal contributions paid to unemployment funds			
Other earnings-related unemployment allowance	-311,411	-358,441	-684,319
Job alternation compensation	1	-1,148	-1,150
Unemployment allowance/entrepreneurs	-3,023	-3,307	-6,370
Compensation for administrative expenses	-3,615	-3,391	-6,782
Equalisation payment for the previous year	0	0	-610
Total	**-318,049**	**-366,287**	**-699,231**
Finnish Centre for Pensions			
Equalisation payment for the previous year	39,755	-2,243	-1,868
Payment for the current financial period	-304,000	-298,168	-656,635
Total	**-264,245**	**-300,411**	**-658,503**
State Pension Fund			
Equalisation payment for the previous year	1,299	-342	-342
Payment for the current financial period	-4,114	-4,176	-9,329
Total	**-2,814**	**-4,519**	**-9,672**

Financing contributions	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Social Insurance Institution of Finland (Kela)			
Equalisation payment for the previous year	0	0	-1
Basic income security, additional component, employment programme additional benefit	-72,500	-47,000	-94,000
Kela transition security allowance	-175	-250	-263
Total	**-72,675**	**-47,250**	**-94,263**
Adult education benefits			
Scholarships for qualified employees	0	-59	-60
Adult education allowance	-405	-53,591	-76,964
Collection expenses for benefits	-1	-2	-3
Total	**-406**	**-53,652**	**-77,027**
Ministry of Economic Affairs and Employment			
Equalisation payment for the previous year	0	11	11
Payment for the current financial period	-15,551	-17,641	-29,923
Keha transition security training	0	0	106
Total	**-15,551**	**-17,630**	**-29,806**
Employment areas			
Transition security training	-2,894	-674	-5,204
Total	**-2,894**	**-674**	**-5,204**
Member State invoicing for unemployment security			
Invoiced by Member States	-293	-127	-214
Invoiced by the Fund	23	35	55
Total	**-270**	**-92**	**-159**
Total financing contributions paid	**-1,146,534**	**-1,393,766**	**-2,636,731**

3 ADMINISTRATIVE EXPENSES

The figures are in EUR thousand.

Administrative expenses by expense type	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Personnel expenses			
Salaries, bonuses and benefits	-4,259	-5,133	-9,854
Pension expenses – defined contribution plans	-735	-927	-1,766
Social security contributions	-111	-154	-280
Total	**-5,105**	**-6,213**	**-11,900**
Other administrative expenses			
IT expenses	-5,999	-7,639	-14,773
Purchases of services	-1,046	-1,427	-2,225
Other personnel expenses	-342	-409	-748
Expenses for office premises	-64	-154	-263
Statutory audit	-1	-8	-111
Other administrative expenses	-244	-229	-434
Amortisation	-202	-521	-968
Total	**-7,899**	**-10,388**	**-19,521**
Total administrative expenses	**-13,004**	**-16,601**	**-31,421**

Number of personnel	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Average number of employees	117	134	130
Number of personnel at the end of the period	**117**	**133**	**124**
Permanent employees	109	127	120
Fixed-term employees	8	6	4

Management salaries and bonuses paid	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Management Group (excl. Managing Director)	-205	-364	-734
Managing Director	-131	-114	-202
Board of Directors and Supervisory Board	-85	-85	-168
Pension expenses – defined contribution plans	-73	-100	-175
Total	**-494**	**-662**	**-1,280**

4 NET FAIR VALUE GAINS ON INVESTMENTS

The figures are in EUR thousand.

Types of income and expenses	1 Jan–30 Jun 2026	1 Jan–30 Jun 2025	1 Jan–31 Dec 2025
Dividend income	1,954	1,929	2,143
Gains on disposals	9,359	16,083	21,211
Other income	520	824	1,578
Net interest income	5,090	11,006	19,254
Net foreign exchange gains and losses	-25	-34	-69
Net change in value	-6,046	-5,070	-4,726
Losses on disposals	-1,351	-4,116	-5,945
Other expenses	-104	-166	-297
Total net gains on investments	**9,396**	**20,457**	**33,148**

5 INVESTMENT ASSETS

Investments in financial assets have been designated as financial assets at fair value through profit and loss, and they are measured at fair value. Measurement of these assets is primarily based on quoted prices or valuations based on available market data. Financial instruments carried at fair value have been divided into three hierarchy levels based on whether they are traded in active markets and to what extent the inputs are based on observable market data as follows:

Level 1 The valuation is based on quoted prices in active markets for identical financial assets and liabilities.

Level 2 The inputs used in valuations are also based, either directly or indirectly, on using valuation techniques on observable inputs other than those on Level 1.

Level 3 The valuation is based on information other than observable market data.

Investments by financial instrument class divided into fair value hierarchy levels

No reclassifications were made between hierarchy levels in the period January–June. The figures are in EUR thousand.

Financial instrument classes, 30 Jun 2026	Level 1	Level 2	Level 3	Total
Government and municipal bonds	113,704	0	0	113,704
Bank bonds	101,598	0	0	101,598
Corporate bonds	101,009	0	0	101,009
Investments in funds and equities	122,380	0	0	122,380
Mezzanine funds	0	0	186	186
Deposits	0	32,280	0	32,280
Certificates of deposit	0	0	0	0
Municipal papers	0	0	0	0
Commercial papers	0	24,886	0	24,886
Alternative investments	0	0	85,610	85,610
Total	**438,691**	**57,166**	**85,796**	**581,653**

Financial instrument classes, 31 Dec 2025	Level 1	Level 2	Level 3	Total
Government and municipal bonds	173,356	0	0	173,356
Bank bonds	127,225	0	0	127,225
Corporate bonds	124,702	0	0	124,702
Investments in funds and equities	140,298	0	0	140,298
Mezzanine funds	0	0	179	179
Deposits	0	46,246	0	46,246
Certificates of deposit	0	0	0	0
Municipal papers	0	0	0	0
Commercial papers	0	42,236	0	42,236
Alternative investments	0	0	87,250	87,250
Total	**565,581**	**88,482**	**87,429**	**741,492**

Changes in level 3 financial assets measured at fair value. The figures are in EUR thousand.

Financial instrument classes	1 Jan 2026	Unrealised profit/loss	Realised profit/loss	Purchases	Sales	30 Jun 2026
Mezzanine funds	179	12	0	0	-5	186
Alternative investments	87,250	-396	-254	210	-1,200	85,610
Total	**87,429**	**-384**	**-254**	**210**	**-1,205**	**85,796**

Financial instrument classes	1 Jan 2025	Unrealised profit/loss	Realised profit/loss	Purchases	Sales	31 Dec 2025
Mezzanine funds	199	-20	0	0	0	179
Alternative investments	103,157	-1,085	420	0	-15,242	87,250
Total	**103,356**	**-1,105**	**420**	**0**	**-15,242**	**87,429**

6 LIABILITIES AND RECEIVABLES NOT RECOGNISED IN THE STATEMENT OF NET POSITION

The figures are in EUR thousand.

Investment commitments	30 Jun 2026	30 Jun 2025	31 Dec 2025
Committed capital	2,250	2,250	2,250
Realised	-2,170	-2,169	-2,169
Total investment commitments	**81**	**81**	**81**

Investment funds acquire call investments based on the financing needs of the investment fund.
The commitments have no maturity date.

FINANCIAL RISK FACTORS

Market risk

The main market risk factor for Employment Fund's investments and liabilities is the interest rate risk. The Fund's investment portfolio is dominated by fixed-income investments (bonds and money market investments).

Employment Fund may make investments directly, or indirectly through investment funds. At the end of the review period, 36% (31 Dec 2025: 28%) of the investments were indirect.

On 30 June 2026 and 31 December 2025, the market risks for the investments were as follows:

Investment item, 30 Jun 2026	Risk, per cent	Capital, EUR thousand	Risk, EUR thousand
Bank deposits	0.50%	83,730	419
Money market	1.00%	142,858	1,429
Central government and general government bonds	4.00%	113,704	4,548
Bank bonds	4.50%	117,402	5,283
Corporate bonds	5.00%	101,009	5,050
Equities	25.00%	20,883	5,221
Alternative investments	10.00%	85,797	8,580
Total risk	**4.59%**	**665,383**	**30,530**

Investment item, 31 Dec 2025	Risk, per cent	Capital, EUR thousand	Risk, EUR thousand
Bank deposits	0.50%	123,680	618
Money market	1.00%	185,028	1,850
Central government and general government bonds	4.00%	173,356	6,934
Bank bonds	4.50%	137,944	6,207
Corporate bonds	5.00%	129,656	6,483
Equities	25.00%	28,291	7,073
Alternative investments	10.00%	87,428	8,743
Total risk	**4.38%**	**865,383**	**37,908**

Total risk was 4.59% (31 Dec 2025: 4.38%) of the Fund's assets and 1.02% (31 Dec 2025: 1.99%) of the Fund's budget for 2026. The risk posed by the investment portfolio is moderate due to its conservative structure and moderately low risk level of the securities in the portfolio.

All money market investments carry variable interest rates (31 Dec 2025: 100%). Of the bonds, 11% were at variable rates (31 Dec 2025: 11%). Variable-rate investments expose the Fund to a cash flow interest rate risk, while investments at fixed rates expose the Fund to a fair value interest rate risk.

If, on 30 June 2026, the Euribor rates and interest rate curve (swap rates) had been 0.5 percentage points higher while all other variables remained constant, the change in net position would have been EUR 3.4 million (31 Dec 2025: - EUR 5.1 million) lower. Respectively, if on 30 June 2026, the Euribor rates and interest rate curve (swap rates) had been 0.5 percentage points lower, the total change in net position would have been EUR 3.4 million (31 Dec 2025: EUR 5.1 million) higher.

Credit risk
The credit risk of the investments is managed by issuer credit limits. Limits for each issuer are determined by taking account of the absolute size, economic position and future outlook of the issuer. The Fund continuously monitors the credit standing and future outlook of the issuers, and when changes occur, the limits are either increased or decreased. The Fund mainly invests in banks in the Nordic countries that have high credit ratings, states with strong credit ratings (Finland, Germany, the Netherlands, Belgium, France, Austria and Sweden), companies mainly in Finland and some in Sweden and municipalities. Cash and cash equivalents are only held at banks with high credit ratings.

The spread duration of the credit risk included in the investments at the end of the review period was 1.51 years (31 Dec 2025: 1.71 years). The average credit rating of the investment portfolio is evaluated on S&P Global Ratings rating scale, which is based on historical probabilities of credit losses. The investment portfolio credit rating is estimated to be about BBB+ on 30 June 2026 (31 Dec 2025: BBB+).

The amounts of Employment Fund's unemployment insurance contribution receivables, liability component receivables, and interest receivables are included in the credit risk. The most important factor in the realisation of this credit risk is related to cases in which customers become insolvent (due to bankruptcy, corporate restructuring or debt restructuring).

During the first half of 2026, the number of bankruptcies and corporate restructurings investigated by Employment Fund for supervision decreased by about 28% compared to the same period in the previous year. Employment Fund supervised its receivables with a value of about EUR 1.1 million during the first half of 2026.

The share of payments overdue and not received in 2026 was very low on 30 June 2026 0.31% (0.30%), and in general, Employment Fund's collection process is extremely efficient.

Liquidity risk

To ensure liquidity, the Fund must have liquid assets, assets that can be easily liquidated and/or committed credit facilities that cover the expected needs of three months. When liquidity falls to risk limits, short-term loans are used to cover temporary payment deficits. For this purpose, the Fund has a EUR 300 million commercial paper programme (31 December 2025: EUR 300 million). The Fund also has EUR 800 million in committed revolving credit facilities (RCF) with four banks (31 Dec 2025: EUR 600 million). A total of EUR 30 million of the commercial paper programme had been used by 30 June 2026 (EUR 0 million). None of the revolving credit facilities were used during the first half of 2026 and they remained unused on 30 June 2026 (EUR 0 million). The commercial paper programme and the revolving credit facilities remained unused at the end of 2025.

The figures are in EUR million.

Unused committed revolving credit facilities	**30 Jun 2026**	**30 Jun 2025**	**31 Dec 2025**
RCF due in more than one year	800	600	600
Total	**800**	**600**	**600**

Unused uncommitted revolving credit facilities	**30 Jun 2026**	**30 Jun 2025**	**31 Dec 2025**
Commercial paper programme	270	300	300
Total	**270**	**300**	**300**

Employment Fund has also secured its liquidity through debt financing during 2026. In its financing, the Fund has relied on capital markets. The Fund's credit arrangements in place at the end of the review period are described in the table below. The Fund has the following issuer credit ratings as confirmed by S&P Global Ratings (30 June 2026):

- Long-term credit rating AA+, negative outlook
- Short-term credit rating A1+, negative outlook

At the end of the review period, EUR 600 million in bonds (31 Dec 2025: EUR 600 million) and EUR 30 million in commercial papers (31 Dec 2025: EUR 0 million) were in use. No short-term bank loans were in use on 30 June 2026 (31 Dec 2025: EUR 0 million).

The fixed interest rate periods for loans in the statement of net position were as presented in the table.

Loans, 30 Jun 2026	Nominal value EUR million	Fixed interest rate period in years	Interest rate	Due date	Credit rating
Bond 2027	600	0.96	0.01%	16 June 2027	AA+
Commercial paper	30	0.10	2.38%	7 August 2026	
Total	**630**	**0.92**			

Loans, 31 Dec 2025	Nominal value EUR million	Fixed interest rate period in years	Interest rate	Due date	Credit rating
Bond 2027	600	1.46	0.01%	16 June 2027	AA+
Total	**600**	**1.46**			

Maturity of financial liabilities

The following tables show Employment Fund's financial liabilities by group based on the maturities of outstanding contracts.
The figures are in EUR thousand.

Financial liabilities, 30 June 2026	Less than 6 months	6–12 months	1–3 years	4–7 years	Total cash flow based on contracts	Book value, assets(-)/ liabilities
Accounts payable	2,712	0	0	0	2,712	2,712
Loans	30,000	600,060	0	0	630,060	629,501
Liabilities associated with right-of-use assets	270	266	1,036	762	2,334	2,211
Total	**32,982**	**600,326**	**1,036**	**762**	**635,107**	**634,425**

Financial liabilities, 31 Dec 2025	Less than 6 months	6–12 months	1–3 years	4–7 years	Total cash flow based on contracts	Book value, assets(-)/ liabilities
Accounts payable	4,662	0	0	0	4,662	4,662
Loans	60	0	600,060	0	600,120	599,398
Liabilities associated with right-of-use assets	274	270	1,056	1,030	2,631	2,536
Total	**4,996**	**270**	**601,116**	**1,030**	**607,412**	**606,596**

Työllisyysrahasto

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