

REPORT BY
THE BOARD OF DIRECTORS
AND FINANCIAL STATEMENTS

2023
ANNUAL REPORT

Report by the Board of Directors

Gasgrid Finland Oy is a state-owned company that offers its customers safe, reliable, and cost-efficient transmission of gases. The company promotes the carbon-neutral energy and raw material system of the future, by accelerating the growth of the hydrogen economy, and with a customer-oriented view, develops its transmission platform, LNG terminal operations, services and gas market.

Strategy and values

The financial period ended Gasgrid's first strategy period of 2020–2023. In line with the company's vision, by 2035, gases will enable the realisation of a carbon-neutral society, and Gasgrid will provide the platform for it. The strategy was grouped around four themes:

- **Transmission platform of the future:** We develop the company's success factors for the implementation of hydrogen as well as a clean-gas market and sectoral integration.
- **Customer-oriented gas market:** Our target is to be the leading company in the Baltic Sea region in promoting a competitive and customer-oriented gas market and ensuring reliable, safe and cost-efficient gas transmission.

- **Developing operating model:** We are building a strong foundation for a prosperous, adaptable and developing organisation and operating model to implement Vision 2035.
- **Responsible agent of change:** We are building impact, awareness, and partner networks and integrating sustainability into the daily life of our organisation to bring about extensive change.

In its first strategy period, the company established its position as a network operator responsible for the transmission of gases and a recognised integrator of the hydrogen economy. The COVID-19 pandemic and the uncertainty in the energy market caused by Russia's invasion of Ukraine emphasised the importance of measures to increase the security of supply in the implementation of the strategy.

Gasgrid's operations are based on values defined jointly by its personnel.

- **We work together:** As a team, we take care of each other and let everyone be themselves. We are open and fair, and we have a good spirit of cooperation. We are a reliable partner, and we are easy to approach.
- **We build the future:** We are courageous and eager to renew. Our ambition is

to be a pioneer in change. We invest in development and give space to learning. We operate transparently and treat everyone equally.

- **We acknowledge our responsibility:** We understand and know our operating field. We operate responsibly, enable high levels of safety, and are efficient and agile. We are proud of our expertise and high-quality operations. We work in the interests of customers and society.

Markets and customers

As the gas market normalised, natural gas prices levelled off in 2023. Gasgrid's customers reserved a total of 14.4 TWh of transmission capacity in 2023, which was a slight decrease compared to the previous year's reservations. In Gasgrid's pricing model, the price paid by customers depends on the length of purchased capacity reservations in addition to the energy transmitted. As a result of the decrease in natural gas consumption, Gasgrid decided to cancel a significant price reduction that had come into effect in 2022 and raised its transmission prices by an average of 15 per cent. The demand for guarantee of origin services also increased, and in the financial period, Gasgrid granted guarantees of origin to approximately 350 gigawatt hours compared to 200 gigawatt hours in the previous year.

Gasgrid's customers include industrial and energy production companies in different market roles, Finnish distribution system operators, and energy trading operators in Finland, the Baltic countries, and the rest of Europe. Gasgrid continued the interactive development of the operating conditions of the gas market. In 2023, Gasgrid arranged customer and news forums covering current themes related to the operation and development of the gas market, including the situation in the Finnish gas market and key changes to the market model. In addition to active networking, the company systematically monitors the development of customer satisfaction on an annual basis. Gasgrid expanded its customer satisfaction NPS metric to cover the entire network of stakeholders in addition to its current customers. The NPS result in 2023 at 44, was deemed excellent.

Transmission platform and floating LNG terminal

Total gas consumption in Finland in 2023 was 13.4 TWh. Despite the damage to the Balticconnector, Gasgrid maintained 100 per cent security of supply during the financial period.

The damage to the Balticconnector offshore gas interconnection pipeline in October caused an interruption in the gas supply between Finland and the Baltic

countries. Gasgrid initiated measures to repair the pipe underwater and obtain compensation for the damage. The goal is to recommission the pipeline in April 2024. The estimated repair cost at the beginning of 2024 is EUR 35 million, of which Gasgrid's share is half. The expenses are intended to be capitalised under fixed assets in the balance sheet, and no mandatory provision has been entered in the financial statements related to repair expenses.

At the beginning of the financial period, Gasgrid began operating a floating LNG terminal in Inkoo to serve the demand of the regional gas market formed by Finland and the Baltic countries. The terminal business succeeded in its goal of securing Finland's security of supply and the operation of the energy market in the operating environment that has changed due to the decommissioning of the Imatra feed-in point. In addition, the importance of the terminal in securing the gas supply was highlighted after the Balticconnector gas pipeline was damaged. In the first year of operation, 14.4 TWh of gas was fed into the transmission network from the terminal.

Earnings and financial position

The Group's net sales increased with the commercial commissioning of the floating LNG terminal to EUR 133.4 (90.2) million. Profitability also improved, and the operating loss was EUR -4.2 (-11.9) million. The loss for the financial period amounted to EUR -7.4 (-14.5) million.

The cash flow of the Group's operations was EUR -10.5 (29.2) million, and the Group's cash assets on 31 December 2023 were EUR 44.4 (58.3) million.

Financing

The company's solvency remained at a good level throughout the year despite the exceptional business environment. Gasgrid's interest-bearing debts on 31 December 2023 were EUR 100 million, consisting of long-term loans granted by two Nordic banks. The largest of these is a sustainability loan of EUR 80 million, the interest cost of which is partly tied to the realisation of the key indicators of the company's sustainability programme. The financing arrangement also includes the possibility to withdraw additional financing of EUR 40 million and an overdraft facility of EUR 10 million. These arrangements were completely unused on 31 December 2023. In addition, the company has agreed on a EUR 20 million unsecured loan to diversify its funding sources.

On 31 December 2023, the Group had valid interest rate swaps corresponding to EUR 40 million of notional capital. The contracts are classified as non-hedging instruments in the accounts, and in line with the precautionary principle, they are measured at acquisition cost on the balance sheet date.

Investments

The Group's investments in 2023 amounted to EUR 18.4 (57.9) million. The most significant items were the modification work of the floating LNG terminal for winter conditions and the final invoicing of the investment projects regarding the port of Inkoo and the extension of the natural gas transmission network.

In addition to its own investments, Gasgrid carried out network relocation works on behalf of customers. The cost of these investments was passed on to customers, who were charged a total of EUR 5.8 (1.2) million.

Personnel

The average number of employees in the Group continued to grow. It was 62 (54) in 2023. The reason for the increase was to meet the competence needs identified in the strategy in a planned way, and additionally to begin the operations of the floating LNG terminal. Employee turnover was 8.0 per cent (7.4 per cent).

Working at Gasgrid is meaningful and of social relevance. The organisational culture is characterised by openness and

the involvement of everyone in achieving goals by working together. As an employer, Gasgrid provides an effective means for the personnel to succeed in their work and supports professional development. During the financial period, the personnel spent an average of about two working days per person on training. In addition, Gasgrid invests in planned orientation for new employees.

Gasgrid requires high-quality supervisory work and provides fair and equal treatment. The company's achievement of this goal is monitored with a personnel survey twice a year. The average of all of the responses to the latest survey in 2023 was excellent: 4.17 on a scale from 1 to 5, with a response rate of over 72 per cent of all employees. For the first time, Gasgrid also measured the staff's willingness to recommend the company as an employer, achieving a high eNPS figure of 68. The results of the surveys are reviewed together with the staff to find concrete areas for improvement.

Shares and shareholders

Number of shares in the company	shares
Class A shares	50,200,000
Class K shares	2,800,001
Total	53,000,001

The Finnish state directly owns 100 per cent of the company's share capital.

The parent company's shares are divided into two classes.

Class A shares carry one vote at the Annual General Meeting, and class K shares carry ten votes.

	Gasgrid Group		Gasgrid Finland Oy	
	2023	2022	2023	2022
Net sales (EUR million)	133.4	90.2	94.4	90.2
Operating profit (EUR million)	-4.2	-11.87	25.7	3.1
Operating profit (%)	-3.2%	-13.2%	27.2%	3.5%
Return on equity (%)	-2.7%	-5.5%	7.8%	0.9%
Equity ratio (%)	60.5%	56.0%	60.5%	58.4%

In the calculation, the parent company's equity has been adjusted by taking into account 80 per cent of the accumulated depreciation difference.

Corporate governance

The Annual General Meeting was held on 31 March 2023 at the premises of the Ministry of Finance. 100 per cent of the votes conferred by all shares were represented at the meeting. The General Meeting adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the 2022 financial period. The General Meeting decided, in accordance with a proposal by Gasgrid's Board of Directors, that the company would not distribute a dividend for the 2022 financial period.

The General Meeting elected **Lauri Kajanojan** to the company's Board of Directors to replace **Päivi Nerg** and decided on the remuneration of the members of the Board of Directors. The General Meeting also covered the remuneration policy for the administrative bodies and the remuneration report for 2022, the implementation of the company's social responsibility and an overview of the company's risks and risk management.

Gasgrid's Chair of the Board of Directors was **Kai-Petteri Purhonen**, and the members of the Board of Directors were **Jero Ahola**, **Saija Kivinen**, **Asta Sihvonen-Punkka**, **Lauri Kajanoja** (from 31 March 2023) and **Päivi Nerg** (until 30 March 2023).

Gasgrid's Board of Directors has established an Audit Committee. It is chaired by **Saija Kivinen** and its members are **Kai-Petteri Purhonen** and **Lauri Kajanoja**. Oy Tuokko Ltd was elected as the company's auditor. The auditor in charge is **Timo Tuokko**, Authorised Public Accountant. The Audit Committee is also

assisted by internal audit, which reports directly to it and the CEO.

The company's CEO is **Olli Sipilä**. In addition to the CEO, the Management Team included **Petri Dahlström** (CFO, Finance and Support), **Janne Grönlund** (SVP, Transmission Platform), **Esa Hallivuori** (SVP, Transmission Business), **Sara Kärki** (SVP, Hydrogen Development), **Satu Mattila** (CEO, Floating LNG Terminal Finland Oy) and **Virve Wright** (SVP, Communication, Sustainability and Public Relations).

Risk management and internal audit

Gasgrid's Board of Directors approves the risk management policy and monitors the adequacy and functionality of risk management measures. The CEO, with the support of the Management Team, is responsible for ensuring that the company's day-to-day decision-making complies with the risk management policy. The Management Team regularly assesses the risk levels in accordance with the annual schedule for risk management. In addition, this analysis involves assigning responsibility for risks to designated personnel who specify the requisite preventive measures and assume responsibility for taking the measures.

The most critical subareas of Gasgrid's risk assessment are as follows:

- The transition of key customers to alternative energy sources may jeopardise Gasgrid's financial position.
- The unpredictability of the transition rate of the hydrogen economy may make it difficult to implement Gasgrid's strategy.

- The profitability of the commercial operation of the floating LNG terminal is subject to significant uncertainty.
- A physical failure of the transmission network or the floating LNG terminal or a delay in the repair of the Balticconnector transmission network may cause a supply interruption for customers.
- Data communication or information system downtime could jeopardise the functionality of the gas transmission network or disrupt the operations of open markets.

Gasgrid has outsourced its internal audit functions to partners. Internal audit conducts regular audits of the company's various functions in line with the plan approved by the Audit Committee. Internal audit also assesses the sufficiency of risk management and supervision. Internal audit reports its findings to the Audit Committee and the CEO and, as an independent function, it is not involved in the company's operational development projects.

The Group has no ongoing legal action or procedures with the authorities. Gasgrid has actively supported the National Bureau of Investigation in the investigation of the Balticconnector damage.

Sustainability

Sustainability is reflected in all of Gasgrid's operations, and the company develops its sustainability work together with its stakeholders. According to the

reputation survey carried out during the financial period, both personnel and external stakeholders consider Gasgrid to be a very responsibly operating company.

Gasgrid is a safe place to work, and the preventive safety culture can be seen in all our activities. In the 2023 financial period, the company achieved its objective of zero accidents among its own personnel. Suppliers also did not suffer any injuries leading to absences during the year.

Gasgrid has no foreign subsidiaries, and the Group pays all its taxes in compliance with Finnish laws and regulations. In line with our sustainability programme, Gasgrid systematically monitors its tax footprint.

Research, development and innovation

In the financial period, the focus of RDI activities was on Gasgrid's role in the future transmission of clean gases. RDI investments increased in the financial period, and the share of costs in turnover was 1.1 per cent. The costs were mainly aimed at development projects related to the hydrogen transmission infrastructure.

In accordance with its strategy, Gasgrid promoted the development of the national hydrogen network, international infrastructure cooperation, and the hydrogen market in the Baltic Sea region together with other transmission network companies and key industrial players. The year was also the first financial period for the Group's subsidiary, Gasgrid vetyverkot Oy, which focuses solely on accelerating hydrogen development.

During the financial period, all three ongoing international cooperation

projects, Nordic Hydrogen Route, Nordic-Baltic Hydrogen Corridor and Baltic Sea Hydrogen Collector, progressed to the European Commission's list of Projects of Common Interest (PCI). Access to the list indicates the central role of the projects in the implementation of the EU's energy policy and enables the use of additional diverse sources of funding for the implementation of the projects.

At the national level, we continued to work closely with potential customers and local operators to develop regional hydrogen infrastructure projects, for example by launching the Southern Finland industrial hydrogen project.

Events after the financial period

Following the conclusion of the financial period, there have been no major events that could be considered out of the ordinary for the business.

Outlook for 2024

The Group's operating profit is predicted to marginally improve from the current level, but is still projected to deliver a small loss in 2024. The profitability of the natural gas transmission network operation is predicted to improve, but the Group's result will continue to be burdened by the LNG terminal security of supply investments and the development costs of the hydrogen transmission business.

Natural gas consumption is predicted to remain at the level of 2023 in the company's operating area. Gasgrid has received permission to raise its transmission prices for 2024 exceeding the 15 per cent raising ceiling to secure

the uninterrupted transmission of natural gas in exceptional circumstances. The damage to the Balticconnector pipeline is expected to negatively impact the demand for terminal services before the repair work is completed.

During the 2024 financial period, Gasgrid will continue to take measures to accelerate the development programmes in line with its updated strategy. The promotion of projects related to the hydrogen economy, and the ramp-up of the organisation preparing the implementation of the projects, are expected to increase costs considerably in 2024.

Board of Directors' proposal for the use of profit

On 31 December 2023, the parent company's distributable assets amounted to EUR 164,164,713.71, including the profit for the financial period of EUR 2,859,069.57.

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed and EUR 164,164,713.71 be left in unrestricted equity.

Financial statements

CONSOLIDATED INCOME STATEMENT

Gasgrid Group (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
NET SALES	133,365	90,206
Other operating income	805	328
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-38,365	-43,901
Increase (+)/decrease (-) in inventories	-2,451	2,829
External services	151	-857
Change in investments in progress	-2,735	28
	-43,400	-41,902
Personnel expenses		
Salaries and bonuses	-5,873	-4,092
Personnel add-on expenses		
Pension expenses	-1,099	-783
Other personnel expenses	-490	-226
	-7,462	-5,102
Depreciation and impairment		
Planned depreciation	-20,189	-19,346
	-20,189	-19,346
Other operating expenses	-67,355	-36,057

Gasgrid Group (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
OPERATING PROFIT	-4,236	-11,873
Financial income and expenses		
Other interest and financial income	1,533	88
Interest expenses and other financial expenses	-4,627	-726
	-3,094	-638
PROFIT BEFORE APPROPRIATIONS AND TAXES	-7,330	-12,511
Corporation tax	0	0
Change in deferred tax liabilities	-83	-1,944
PROFIT FOR THE PERIOD	-7,413	-14,455

CONSOLIDATED BALANCE SHEET

Gasgrid Group (EUR thousand)	31.12.2023	31.12.2022
ASSETS		
Non-current assets		
Intangible assets		
Intangible rights	11,268	5,833
Other intangible assets	1,974	7,414
	13,241	13,247
Tangible assets		
Land and water areas	2,249	2,528
Buildings and structures	316,318	271,500
Machinery and equipment	33,222	54,938
Other tangible assets	3,889	4,145
Prepayments and acquisitions in progress	7,803	32,136
	363,482	365,246
Total non-current assets	376,723	378,493
Current assets		
Inventories		
Materials and supplies	6,910	3,962
Work in progress	41	102
Other inventories	4,689	5,478
	11,640	9,542
Receivables		
Non-current		
Other receivables	63	63
Current		
Trade receivables	41,397	15,573
Other receivables	5,606	5,890
Accrued income	466	1,547
	47,532	23,072
Cash at bank and in hand	44,446	58,340
Total current assets	103,618	90,954
Assets	480,341	469,447

Gasgrid Group (EUR thousand)	31.12.2023	31.12.2022
Liabilities and shareholders' equity		
Shareholders' equity		
Share capital	10,000	10,000
Other funds		
Invested unrestricted equity fund	131,758	96,758
Retained earnings	156,325	170,780
Loss for the financial period	-7,413	-14,455
Total shareholders' equity	290,669	263,083
Liabilities		
Non-current		
Loans from financial institutions	100,000	100,000
Other liabilities	1,675	2,500
Total non-current	101,675	102,500
Current		
Loans from financial institutions	0	20,000
Trade payables	3,924	32,257
Other liabilities	25,568	10,324
Accruals and deferred income	23,091	5,953
Deferred tax liability	35,414	35,331
Total current	87,997	103,864
Total liabilities	189,672	206,364
Liabilities and shareholders' equity	480,341	469,447

CONSOLIDATED CASH FLOW STATEMENT

Gasgrid Group (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/loss for the financial period	-7,413	-14,455
Adjustments		
Planned depreciation	20,189	19,346
Financial income and expenses	3,094	638
Change in deferred tax liabilities	83	1,944
Corporation tax	0	0
Cash flow before change in working capital	15,953	7,473
Change in working capital		
Increase (-)/decrease (+) in inventories	-2,098	-2,843
Increase (-)/decrease (+) in interest-free receivables	-24,439	4,032
Increase (+)/decrease (-) in interest-free liabilities	3,118	22,623
Operating cash flow before financial items and taxes	-7,467	31,285
Interest paid on operating activities	-4,521	-607
Interest received from operating activities	1,513	45
Taxes paid on operating activities	0	-1,479
CASH FLOW FROM OPERATING ACTIVITIES	-10,475	29,243

Gasgrid Group (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
Cash flow from investments		
Investments in tangible and intangible assets	-18,419	-57,923
CASH FLOW FROM INVESTMENTS	-18,419	-57,923
Cash flow from financing activities		
Increase (+)/decrease (-) in interest-bearing liabilities	-20,000	40,000
Increase in invested unrestricted equity fund	35,000	70,445
Dividend payout	0	-40,000
CASH FLOW FROM FINANCING ACTIVITIES	15,000	70,445
CHANGE IN FINANCIAL ASSETS	-13,894	41,765
Cash and cash equivalents at the beginning of the period	58,340	16,575
Cash and cash equivalents at the end of the period	44,446	58,340

INCOME STATEMENT

Gasgrid Finland Oy (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
NET SALES	94,399	90,206
Other operating income	3,177	448
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-27,030	-38,966
Increase (+)/decrease (-) in inventories	-592	1,051
External services	151	-857
Change in investments in progress	-2,735	28
	-30,205	-38,743
Personnel expenses		
Salaries and bonuses	-4,806	-4,092
Personnel add-on expenses		
Pension expenses	-958	-784
Other personnel expenses	-400	-226
	-6,163	-5,103
Depreciation and impairment		
Planned depreciation	-19,043	-18,045
Other operating expenses	-16,480	-25,647

Gasgrid Finland Oy (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
OPERATING PROFIT	25,685	3,116
Financial income and expenses		
Income from Group companies	13	83
Other interest and financial income	1,323	88
Interest expenses and other financial expenses	-3,818	-724
	-2,482	-554
PROFIT BEFORE APPROPRIATIONS AND TAXES	23,203	2,562
Appropriations		
Increase (-)/decrease (+) in depreciation difference	0	-7,986
Group contribution granted	-20,344	0
Corporation tax	0	0
PROFIT/LOSS FOR THE FINANCIAL PERIOD	2,859	-5,424

BALANCE SHEET

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Assets		
Non-current assets		
Intangible assets		
Intangible rights	8,778	3,210
Other intangible assets	1,974	2,023
	10,752	5,233
Tangible assets		
Land and water areas	2,249	2,232
Buildings and structures	297,330	255,774
Machinery and equipment	18,670	17,246
Other tangible assets	3,889	3,992
Prepayments and acquisitions in progress	3,247	27,765
	325,385	307,010
Investments		
Shares in Group companies	86,350	60,477
	86,350	60,477
Total non-current assets	422,487	372,720

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Current assets		
Inventories		
Materials and supplies	6,910	3,962
Work in progress	41	102
Other inventories	3,942	3,700
	10,893	7,764
Receivables		
Non-current		
Other receivables	63	0
	63	0
Current		
Trade receivables	59,530	15,573
Loan receivables	0	35,373
Other receivables	2,150	1,463
Accrued income	412	1,189
	62,092	53,597
Cash at bank and in hand	24,684	38,580
Total current assets	97,732	99,941
Assets	520,219	472,661

BALANCE SHEET

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Liabilities and shareholders' equity		
Shareholders' equity		
Share capital	10,000	10,000
Other funds		
Invested unrestricted equity fund	131,758	96,758
Retained earnings	29,547	34,971
Profit for the period	2,859	-5,424
Total shareholders' equity	174,165	136,306
Accumulated appropriations		
Depreciation difference	175,979	174,916

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Liabilities		
Non-current		
Loans from financial institutions	100,000	100,000
Other liabilities	1,675	2,500
Total non-current	101,675	102,500
Current		
Loans from financial institutions	0	20,000
Accounts payable to Group companies	0	0
Trade payables	2,872	22,770
Other liabilities	43,048	10,217
Accruals and deferred income	22,479	5,953
Total current	68,400	58,939
Total liabilities	170,075	161,439
Liabilities and shareholders' equity	520,219	472,661

CASH FLOW STATEMENT

Gasgrid Finland Oy (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/loss for the financial period	2,859	-5,424
Adjustments		
Planned depreciation	19,043	18,045
Financial income and expenses	2,482	554
Appropriations	21,407	7,986
Corporation tax	0	0
Cash flow before change in working capital	45,791	21,160
Change in working capital		
Increase (-)/decrease (+) in inventories	-3,129	-1,065
Increase (-)/decrease (+) in interest-free receivables	-43,911	8,448
Increase (+)/decrease (-) in interest-free liabilities	11,185	10,866
Operating cash flow before financial items and taxes	9,937	39,409
Interest paid on operating activities	-3,712	-605
Interest received from operating activities	1,317	45
Increase (-)/decrease (+) in loan receivables	35,373	-18,355
Taxes paid on operating activities	0	-1,479
CASH FLOW FROM OPERATING ACTIVITIES	42,914	19,015

Gasgrid Finland Oy (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
Cash flow from investments		
Investments in tangible and intangible assets	-68,810	-66,364
CASH FLOW FROM INVESTMENTS	-68,810	-66,364
Cash flow from financing activities		
Increase (+)/decrease (-) in interest-bearing liabilities	35,000	70,445
Increase in invested unrestricted equity fund	-3,000	0
Dividend payout	0	-40,000
CASH FLOW FROM FINANCING ACTIVITIES	12,000	70,445
CHANGE IN FINANCIAL ASSETS		
	-13,896	23,096
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents at the end of the period	38,580	15,484
	24,684	38,580

Notes to the financial statements

1. ACCOUNTING POLICIES USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Gasgrid Group consists of the parent company, Gasgrid Finland Oy, and its wholly-owned subsidiaries, Baltic Connector Oy, Floating LNG Terminal Finland Oy and Gasgrid vetiverkot Oy. In addition, the merged subsidiary Baltic Connector Oy has been included in the consolidated financial statements up to the moment of the merger.

Comparability:

The financial statements are comparable with the previous financial statements. Comparative figures for the previous financial statements are presented either as a table or in brackets in the text.

Valuation and deferral principles:

The personnel's mandatory employment-related pensions have been assigned to an employment-related pension company to handle, and there are no new supplementary pension arrangements. A small number of Gasgrid employees have exceptional pension benefits carried over from their previous employers, and the obligations of these benefits were transferred to Gasgrid along with the personnel concerned when the corporate arrangement was executed.

Derivative instruments are presented in the financial statements in accordance with the precautionary principle. Accordingly, these contracts are measured at the lower of cost or market value on the balance sheet date. However, derivatives may be presented as off-balance sheet items if the definition of hedge accounting is met and the hedge accounting is tested for effectiveness.

Receivables denominated in foreign currency, as well as liabilities denominated in foreign currency and other commitments, are converted into euros at the exchange rate on the balance sheet date. If receivables or liabilities or other commitments denominated in foreign currency are contractually or otherwise tied to a certain exchange rate, they can be converted into euros at that exchange rate.

The other key valuation and deferral principles are presented in the notes for the individual items concerned.

Consolidation:

The consolidated financial statements have been prepared using the acquisition-cost method. Intra-Group transactions, and mutual receivables and liabilities are eliminated in the consolidated financial statements. The depreciation difference included in the separate financial statements is divided between shareholders' equity and deferred tax liabilities.

2. NOTES TO THE INCOME STATEMENT

2.1. Net sales

Net sales consist mainly of gas transmission prices, terminal services, imbalance settlement fees, settlements of feed-in charges with other transmission network operators, and onward charges for network transmission work. Gasgrid operates as a payer and remitter of natural gas excise duties, and, for this reason, excise duties are not included in the company's net sales.

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Transmission services	62,413	46,008	62,413	46,008
Terminal fees	39,698	0	0	0
Balancing services	22,749	38,051	22,749	38,051
Onward charges for maintenance work	5,862	1,539	5,794	1,539
Balancing feed-in charges	2,381	4,548	2,381	4,548
Sales to Group companies	0	0	932	0
Other charges	263	60	130	60
	133,365	90,206	94,399	90,206

2.2. Other operating income

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Rental income	265	244	265	244
Grants received	540	84	48	84
Merger profit	0	0	2,864	120
Other income	0	0	0	0
Total	805	328	3,177	448

2.3. Planned depreciation

Fixed assets are recognised on the balance sheet at acquisition cost, less planned depreciation. Planned depreciation is calculated using the straight-line method based on the useful life of the asset. Depreciation is calculated from the month of first use.

	Years
Intangible assets.....	4-5
Computer software	4-5
Other long-term expenses	10-40
Office buildings	19-40
Production buildings	19-52
Other structures	10-40
Steel pipeline	25-65
Plastic pipeline	40
Machinery and equipment.....	4-15
Other tangible assets	10-40

2.4. Auditors' fees

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Audit and other services	44	53	37	45
Total	44	53	37	45

2.5. Financial income and expenses

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Other interest and financial income				
Interest income from Group companies	0	0	13	83
Interest income from others	1,525	88	6	88
Other financial income from others	8	0	1,318	0
Total	1,533	88	1,336	170
Interest expenses and other financial expenses				
Interest expenses to others	-3,679	579	-3,679	579
Other financial expenses to others	-948	146	-139	145
Total	-4,627	726	-3,818	724

2.6. Related-party transactions

The related-party transactions were intra-Group transactions, which were executed on ordinary commercial terms. There were no transactions with related parties outside the Group.

2.7. Personnel and bodies

The Group had an average of 62 (54) employees in the financial period. Salaries and bonuses for Gasgrid's bodies in the 2023 financial period:

EUR 1,000	1.1.-31.12.2023	1.1.-31.12.2022
Board of Directors	96	117
CEO	363	314
Total	459	431

The salaries and bonuses are stated in the table on the cash principle. The Group's remuneration policy does not include supplementary pension or share-based incentive schemes.

3. NOTES TO THE BALANCE SHEET

3.1. Receivables

Other receivables on the consolidated balance sheet, EUR 5,605,770.74 (EUR 5,890,050.97), are mostly VAT receivables.

Intra-Group receivables:

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Loan receivables	0	35,373
	0	35,373

3.2. Non-current assets

Non-current assets are recognised on the balance sheet at acquisition cost, less planned depreciation.

The permanent ones also include the absolute minimum amounts of gas and LNG needed by the natural gas transmission network, and additionally by the floating LNG terminal, so that it is possible to maintain their technical functionality. The shares of pipeline gas and base LNG defined in this way is valued at historical acquisition cost in the financial statements. Conversely, the volume of gas and LNG that varies in the transmission network and LNG terminal for technical and commercial reasons is recognised in the balance sheet under current assets.

EUR 1,000	Gasgrid Group	Gasgrid Finland Oy
Intangible rights		
Acquisition cost, 1 January 2023	11,157	8,453
Increases in the period	1,841	1,245
Decreases in the period	0	0
Acquisition costs transferred in business arrangements	0	6,274
Acquisition cost, 31 December 2023	12,998	15,972
Accumulated depreciation and impairment 1 January	-5,324	-5,243
Depreciation, 1 January to 31 December 2023	-1,703	-1,465
Accumulated depreciation of decreases	0	0
Depreciation transferred in business arrangements	0	-486
Accumulated depreciation and impairment 31 December	-1,730	-7,194
Balance sheet value, 31 December 2023	11,268	8,778
Other intangible assets		
Acquisition cost, 1 January 2023	19,219	13,519
Increases in the period	0	0
Decreases in the period	0	0
Acquisition costs transferred in business arrangements	0	278
Acquisition cost, 31 December 2023	19,219	13,798
Accumulated depreciation and impairment 1 January	-11,805	-11,496
Depreciation, 1 January to 31 December 2023	-422	-327
Transfers between items	-5,018	
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-17,246	-11,824
Balance sheet value, 31 December 2023	1,974	1,974

EUR 1,000	Gasgrid Group	Gasgrid Finland Oy
Land and water areas		
Acquisition cost, 1 January 2023	2,528	2,232
Increases in the period	0	0
Decreases in the period	0	0
Acquisition costs transferred in business arrangements	0	17
Acquisition cost, 31 December 2023	2,528	2,249
Accumulated depreciation and impairment 1 January	0	0
Depreciation, 1 January to 31 December 2023	0	0
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-278	0
Balance sheet value, 31 December 2023	2,249	2,249
Buildings and structures		
Acquisition cost, 1 January 2023	621,834	605,671
Increases in the period	28,760	20,724
Decreases in the period	0	0
Acquisition costs transferred in business arrangements	0	36,998
Acquisition cost, 31 December 2023	650,594	663,393
Accumulated depreciation and impairment 1 January	-350,334	-349,897
Depreciation, 1 January to 31 December 2023	-14,533	-14,238
Accumulated depreciation of decreases	0	0
Depreciation transferred in business arrangements	0	-1,928
Accumulated depreciation and impairment 31 December	-334,276	-366,063
Balance sheet value, 31 December 2023	316,318	297,330

EUR 1,000	Gasgrid Group	Gasgrid Finland Oy
Machinery and equipment		
Acquisition cost, 1 January 2023	153,733	113,984
Increases in the period	12,150	587
Decreases in the period	0	0
Transfers between items	0	4,471
Acquisition cost, 31 December 2023	165,882	119,043
Accumulated depreciation and impairment 1 January	-98,795	-96,738
Depreciation, 1 January to 31 December 2023	-3,286	-2,774
Accumulated depreciation of decreases	0	0
Transfers between items	0	-861
Accumulated depreciation and impairment 31 December	-132,660	-100,373
Balance sheet value, 31 December 2023	33,222	18,670
Other tangible assets		
Acquisition cost, 1 January 2023	9,039	8,841
Increases in the period	0	0
Decreases in the period	0	0
Acquisition costs transferred in business arrangements	0	184
Acquisition cost, 31 December 2023	9,039	9,025
Accumulated depreciation and impairment 1 January	-4,895	-4,850
Depreciation, 1 January to 31 December 2023	-244	-238
Accumulated depreciation of decreases	0	0
Depreciation transferred in business arrangements	0	-48
Accumulated depreciation and impairment 31 December	-5,151	-5,136
Balance sheet value, 31 December 2023	3,889	3,889
Prepayments and acquisitions in progress		
Acquisition cost, 1 January 2023	32,136	27,765
Increases in the period	30,319	18,984
Decreases in the period	-22,055	-20,930
Transfers between items	-32,596	-22,573
Acquisition cost, 31 December 2023	7,803	3,247
Depreciation, 1 January to 31 December 2023	0	0
Balance sheet value, 31 December 2023	7,803	3,247

3.3. Statement of changes in shareholders' equity

Gasgrid Group	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Balance sheet value 1 January	10,000	96,758	156,325	263,083
Capitalisation	0	35,000	0	35,000
Loss for the financial period	0	0	-7,413	-7,413
Balance sheet value 31 December	10,000	131,758	148,911	290,669

Gasgrid Finland Oy	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Balance sheet value 1 January	10,000	96,758	29,547	136,306
Capitalisation	0	35,000	0	35,000
Profit for the period	0	0	2,859	2,859
Balance sheet value 31 December	10,000	131,758	32,406	174,165

The parent company's shares are divided into two classes.

Number of company shares	shares
Class A shares	50,200,000
Class K shares	2,800,001
Total	53,000,001

Class A shares carry one vote at the Annual General Meeting, and class K shares carry ten votes.

3.4. Distributable assets

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Invested unrestricted equity fund	131,758	96,758
Retained earnings	29,547	34,971
Profit/loss for the financial period	2,859	-5,424
Total distributable assets	164,165	126,306

3.5. Non-current liabilities

The company has an unsecured sustainability loan of EUR 80 million due in 2026. The cost paid on the loan is partially linked to the realisation of the targets of Gasgrid's sustainability programme. In addition, long-term liabilities include a three-year bank loan of EUR 20 million due in 2025.

3.6. Current liabilities

Accruals and deferred income:

Gasgrid Group (EUR thousand)	31.12.2023	31.12.2022
Interest expenses	230	124
Personnel expenses	2,321	1,563
Direct taxes	0	0
Debt on operational balance sheet accounts	4,022	0
Excise duties	16,519	4,266
	23,091	5,953

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Interest expenses	230	124
Personnel expenses	1,947	1,563
Direct taxes	0	0
Debt on operational balance sheet accounts	3,784	0
Excise duties	16,519	4,266
	22,479	5,953

Other liabilities:

The other liabilities item in the consolidated balance sheet of EUR 25,567,756.58 (EUR 10,324,008.88), consists mainly of VAT liabilities and imbalance settlement compensation payments.

Liabilities from Group companies:

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Trade payables	0	0
Other liabilities	17,723	0
	17,723	0

Deferred tax liability:

Gasgrid Group (EUR thousand)	31.12.2023	31.12.2022
Deferred tax liability	35,414	35,331
Change in deferred tax liabilities	83	1,944

The amounts of and changes in deferred tax liabilities recognised in the consolidated balance sheet and income statement consist of deferred tax liabilities due to appropriations.

4. OTHER NOTES

4.1. Collateral, contingent liabilities and off-balance-sheet arrangements

With regard to the Balticconnector offshore gas interconnection pipeline, crossing agreements have been made with other cable and gas pipeline operators. The agreements carry a liability for damages in the amount of EUR 258.3 million and a EUR 100 million liability for environmental damage. These liabilities are covered by insurance.

The Balticconnector offshore gas interconnection pipeline was damaged in October 2023, and the current estimate of the repair costs in early 2024 is EUR 35 million, of which Gasgrid's share is half. In addition, the company has initiated measures to obtain compensation for the damage. The expenses are intended to be capitalised under fixed assets in the balance sheet, and no mandatory provision has been entered in the financial statements related to repair expenses.

Nominal values of forthcoming lease payments under existing leases:

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Payable in the year after the financial period	48,086	48,516	479	195
Payable later	370,124	423,501	1,175	688
Total	418,209	472,017	1,655	883

The future rental costs have been calculated by asset type, taking into account the likely duration of the contract, and by evaluating the changing parameters of lease contracts for floating LNG terminal operations, such as the effect of exchange rates. The parent company has given an absolute guarantee in connection with the future lease obligations of Floating LNG Terminal Finland Oy.

4.2. Derivative contracts

The Group's interest-rate swaps are classified as non-hedging instruments in the accounts, and their notional capital on the balance sheet date was EUR 40 million. The market value of these derivative contracts on the balance sheet date was EUR 2,953,448.71 (EUR 4,774,818.31). In line with the precautionary principle, derivatives are measured at acquisition cost and a positive fair value change is not recognised. The interest expenses on derivative contracts are recognised under interest expenses in the income statement.

4.3. Holdings in other companies

Subsidiary	Business ID	Domicile	Group ownership	Shareholders' equity (EUR thousand)	Profit/loss for the financial period (EUR thousand)
Floating LNG Terminal Finland Oy	3285669-8	Espoo	100%	60,099	-7,741
Gasgrid Vetyverkot Oy	3331856-8	Espoo	100%	1,099	-1

Baltic Connector Oy merged with Gasgrid Finland Oy on 30 April 2023.

4.4. Segregation of the accounts of the businesses

The parent company's business is segregated into three parts for the purposes of accounting: the transmission network, centralised data exchange and guarantee of origin units. Income and expenses directly attributable to the businesses, as well as assets and taxes, are recognised directly in the separate financial statements of the business concerned. In addition, joint items are recorded for the different businesses according to the matching principle. The invested unrestricted equity fund of the company is divided between the three business units in proportion to their balance sheet items.

The division between salaries has been corrected in the comparison data for the transmission network and guarantees of origin. The division between equity has also been corrected in the comparison data for the transmission network and centralised data exchange.

Additional information on the separated financial statements:

1. Investments in transmission network fixed assets:

EUR 1,000	2023	2022
Transmission network intangible assets	7,311	1,174
Other intangible assets	0	213
Transmission network tangible assets	60,144	11,480
Prepayments and acquisitions in progress	-24,521	19,705
	42,934	32,572

2. Return on investments in the transmission network:

	2023	2022
	6.1%	0.1%

Gasgrid Finland Oy (EUR thousand)	Transmission network		Centralised data exchange		Guarantee of origin		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Net sales	94,230	90,032	39	114	130	60	94,399	90,206
Other operating income	3,177	448	0	0	0	0	3,177	448
Materials and services	-30,205	-38,743	0	0	0	0	-30,205	-38,743
Materials, supplies and goods	-30,356	-37,915	0	0	0	0	-30,356	-37,915
Purchases during the financial period	-29,764	-38,966	0	0	0	0	-29,764	-38,966
Other purchases during the financial period	-29,764	-38,966	0	0	0	0	-29,764	-38,966
Change in inventories	-592	1,051	0	0	0	0	-592	1,051
External services	151	-857	0	0	0	0	151	-857
Other external services	151	-857	0	0	0	0	151	-857
Personnel expenses	-6,103	-5,103	0	0	-60	-60	-6,163	-5,103
Salaries and bonuses	-4,758	-4,092	0	0	-48	-48	-4,806	-4,092
Personnel add-on expenses	-1,345	-1,010	0	0	-12	-12	-1,358	-1,010
Depreciation and impairment	-18,945	-17,942	-98	-103	0	0	-19,043	-18,045
Planned depreciation	-18,945	-17,942	-98	-103	0	0	-19,043	-18,045
Planned depreciation on network assets	-18,474	-17,295	0	0	0	0	-18,474	-17,295
Planned depreciation on other non-current assets	-471	-647	-98	-103	0	0	-569	-750
Other operating expenses	-16,414	-25,553	-18	-42	-48	-53	-16,480	-25,647
Rent expenses	-1,156	-2,911	0	0	0	0	-1,156	-2,911
Other operating expenses	-15,258	-22,642	-18	-42	-48	-53	-15,324	-22,736
Operating profit (loss)	25,740	3,198	-77	-31	23	-52	25,685	3,116
Financial income and expenses	-2,482	-554	0	0	0	0	-2,482	-554
Return on shares in Group companies	13	83	0	0	0	0	13	83
Other interest and financial income	1,323	88	0	0	0	0	1,323	88
Interest expenses and other financial expenses	-3,818	-724	0	0	0	0	-3,818	-724
Profit (loss) before appropriations and taxes	23,258	2,645	-77	-31	23	-52	23,203	2,562
Appropriations	-20,326	-7,986	0	0	-18	0	-20,344	-7,986
Change in depreciation difference	0	-7,986	0	0	0	0	0	-7,986
Change in depreciation difference on network assets	0	-7,986	0	0	0	0	0	-7,986
Group contribution granted (unpaid)	-20,326	0	0	0	-18	0	-20,344	0
Corporation tax	0	0	0	0	0	0	0	0
Profit (loss) for the financial period	2,932	-5,341	-77	-31	5	-52	2,859	-5,424

Gasgrid Finland Oy (EUR thousand)	Transmission network		Centralised data exchange		Guarantee of origin		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Non-current assets	422,225	372,363	151	249	111	109	422,487	372,720
Intangible assets	10,601	4,984	151	249	0	0	10,752	5,233
Network intangible assets	10,022	3,934	0	0	0	0	10,022	3,934
Other intangible assets	580	1,050	151	249	0	0	731	1,299
Tangible assets	325,274	306,901	0	0	111	109	325,385	307,010
Network tangible assets	322,138	279,244	0	0	0	0	322,138	279,244
Prepayments and acquisitions in progress	3,136	27,657	0	0	111	109	3,247	27,765
Investments	86,350	60,477	0	0	0	0	86,350	60,477
Current assets	97,366	99,597	164	143	202	201	97,732	99,941
Inventories	10,893	7,764	0	0	0	0	10,893	7,764
Receivables	62,144	53,542	11	55	0	0	62,155	53,597
Long-term receivables	63	0	0	0	0	0	63	0
Other receivables	63	0	0	0	0	0	63	0
Short-term receivables	62,081	53,542	11	55	0	0	62,092	53,597
Trade receivables	59,519	15,518	11	55	0	0	59,530	15,573
Accrued income	412	1,189	0	0	0	0	412	1,189
Other receivables	2,150	36,835	0	0	0	0	2,150	36,835
Cash at bank and in hand	24,330	38,291	153	88	202	201	24,684	38,580
Total assets	519,591	471,960	315	392	313	309	520,219	472,661

Gasgrid Finland Oy (EUR thousand)	Transmission network		Centralised data exchange		Guarantee of origin		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Shareholders' equity	173,537	135,605	315	392	313	308	174,165	136,306
Shares, participations or other similar capital	10,000	10,000	0	0	0	0	10,000	10,000
Other funds	130,983	95,983	415	415	360	360	131,758	96,758
Other other funds	130,983	95,983	415	415	360	360	131,758	96,758
Retained earnings	29,622	35,023	-23	8	-52	0	29,547	35,031
Profit (loss) for the financial period	2,932	-5,401	-77	-31	5	-52	2,859	-5,484
Accumulated appropriations	175,979	174,916	0	0	0	0	175,979	174,916
Depreciation difference	175,979	174,916	0	0	0	0	175,979	174,916
On network assets	175,979	174,916	0	0	0	0	175,979	174,916
Liabilities	170,075	161,438	0	0	0	1	170,075	161,439
Long-term liabilities	101,675	122,500	0	0	0	0	101,675	122,500
Long-term interest-bearing liabilities	101,675	122,500	0	0	0	0	101,675	122,500
Other long-term interest-bearing liabilities	101,675	122,500	0	0	0	0	101,675	122,500
Short-term liabilities	68,400	38,938	0	0	0	1	68,400	38,939
Short-term interest-free liabilities	68,400	38,938	0	0	0	1	68,400	38,939
Trade payables	2,872	22,769	0	0	0	1	2,872	22,770
Accruals and deferred income	22,479	5,953	0	0	0	0	22,479	5,953
Liabilities on Group contributions granted	17,344	0	0	0	0	0	17,344	0
Other liabilities to Group companies	379	0	0	0	0	0	379	0
Other liabilities	25,325	10,217	0	0	0	0	25,325	10,217
Total liabilities and shareholders' equity	519,591	471,960	315	392	313	309	520,219	472,661

Auditor's statement

To the General Meeting of
Gasgrid Finland Oy

Audit of financial statements

Opinion

We have audited the financial statements of Gasgrid Finland Oy (3007894-1) for the financial period from 1 January to 31 December 2023. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, and notes to the financial statements, as well as the parent company's balance sheet, income statement, cash flow statement, and notes to the financial statements.

In our opinion, the financial statements, where the parent company's income statement shows a loss of EUR 2,859,069.57, give a true and fair view of the financial position and financial performance of the Group, and the parent company in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for opinion

We have conducted the audit in accordance with good auditing practice in Finland. Our responsibilities under good

auditing practice are further described in the section Auditor's responsibilities in the audit of financial statements. We are independent of the parent company and Group companies in accordance with the ethical requirements that are relevant to our audit of the financial statements in Finland, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the CEO for the financial statements

The Board of Directors and the CEO are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are responsible for assessing the parent

company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The going concern basis of accounting is used unless there is an intention to liquidate the parent company or the Group or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities in the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the parent company's or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves true and fair presentation.
- Obtain a sufficient amount of appropriate audit evidence about financial information concerning the Group's entities or businesses in order to provide an opinion on the consolidated financial statements. We are responsible for guiding, supervising and performing the Group's audit. We are solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting obligations

Other information

The Board of Directors and the CEO are responsible for other information. Other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover other information.

It is our responsibility to read the other information in connection with the audit of the financial statements, and when doing so, to assess whether that information is materially inconsistent with the financial statements or the knowledge obtained in carrying out the audit, or otherwise appears to be materially incorrect. It is also our responsibility to evaluate whether the report of the Board of Directors has been drawn up in accordance with the applicable regulations.

In our opinion, the information in the report of the Board of Directors and the financial statements is consistent and the report of the Board of Directors has been drawn up in accordance with the applicable regulations.

If we conclude, on the basis of the work we have done, that the report of the Board of Directors contains a material misstatement, we must report this fact. We have nothing to report on this matter.

Other opinions based on law

Our obligation is to give an opinion based on the audit we have performed on the matters required by section 13:64 of the Natural Gas Market Act.

The income statements, balance sheets and related additional information of the separated natural gas businesses have been prepared in accordance with the Natural Gas Market Act and the provisions and regulations issued pursuant to it.

Other opinions

We support the adoption of the financial statements. The proposal of the Board of Directors on the use of the loss shown in the balance sheet is in compliance with the Companies Act. We support the discharge from liability for members of the Board of Directors and the CEO for the financial period we audited.

Helsinki, 15 March 2024

Oy Tuokko Ltd
Audit firm

Timo Tuokko
Authorised Public Accountant

Signatures to the financial statements and the report by the Board of Directors

Espoo, 15 March 2024

Kai-Petteri Purhonen
Chair of the Board of Directors

Lauri Kajanoja
Member of the Board of Directors

Asta Sihvonon-Punkka
Member of the Board of Directors

Jero Ahola
Member of the Board of Directors

Saija Kivinen
Member of the Board of Directors

Olli Sipilä
CEO

Auditor's note

Helsinki, 15 March 2024

Oy Tuokko Ltd Audit firm

Timo Tuokko
Authorised Public Accountant



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