

GASUM GROUP
FINANCIAL RESULT
Q2 2021



Gasum

GASUM GROUP Q2 2021 – STRONG GROWTH IN ALL CUSTOMER SEGMENTS

KEY FINANCIAL INDICATORS

€ million	1-6/2021	1-6/2020	Change	2020
Revenue	519.1	302.3	71.7%	664.3
Operating profit	-2.8	17.5		5.7
Operating profit (%)	-0.5%	5.8%		0.9%
Equity ratio (%)	29.5%	39.9%		36.0%
Return on equity (%)	-2.4%	5.6%		-1.8%
Return on investment (%)	3.0%	6.1%		4.6%
Balance sheet total	1,475.3	1,259.3	17.2%	1,362.0
Net interest-bearing debt	649.7	554.3	17.2%	597.6
Gearing ratio (%) excluding the impact of IFRS 16 Leases	103.5%	69.6%		81.1%
Personnel at the end of period	405	376	7.7%	384

KEY FINANCIAL INDICATORS JANUARY 1 TO JUNE 30, 2021

- Group revenue totaled €519.1 million (1-6/2020: €302.3 million)
- Group operating result was €-2.8 million (1-6/2020: €17.5 million)
- Balance sheet total came to €1,475.3 million (30.6.2020: €1,259.3 million)
- The Group's equity ratio was 29.5% (30.6.2020: 39.9%)



GASUM GROUP CEO JOHANNA LAMMINEN COMMENTS ON THE FIRST HALF OF 2021:

"During the second quarter of the year, we progressed to plan with our growth strategy in all key segments: industry, maritime and road transport. The Group's revenue for the first half of 2021 was €519.1 million and other operating income was €153.3 million. A clear growth in volumes in all our segments as well as the trend in the price of gas compared to a year earlier contributed to the increase (71.7%) in Group revenue. Demand for cleaner energy is growing in all customer segments. In industry, our biggest business segment, volumes delivered to our customers were up 25% during the first half of 2021 compared to a year earlier.

During the period under review, demand for renewable wind power energy showed positive growth in industry. We entered into long-term wind power agreements with Kerava Energy and the K Group. Partnerships promote our strategy to deliver cleaner energy to industry. We are working actively with our customers for the goals of sustainable development.

In maritime transport, demand for cleaner fuel solutions continued to increase during the period under review and volumes delivered to customers were up 75% compared to a year earlier. We delivered two test consignments of liquefied biogas to the Finnish Border Guard for their offshore patrol vessel Turva and promoted their aim to transition to low-emission logistics.

Our business segments continued to show strong growth in the Nordics. During the period under review, volumes sold in our transport segment were up by more than 140% compared to a year earlier. On the road transport side, we continued expanding our network of gas filling stations and opened our first new filling station in Norway and two more stations in Finland. We also developed our customer portal for business customers and enable international actors to fill up at our stations. This supports our goal to connect the Nordic and Central European transport gas markets.

The second quarter of the year saw a very sharp rise in gas prices. The rise in prices and strong market reaction was unexpected and we significantly reduced our risks and booked a non-recurring loss, which hit the company's operating profit.

We are aiming for a cumulative reduction of a million tonnes in carbon dioxide emissions to mitigate climate change by increasing the availability of biogas. By 2025, we will bring 4 TWh of biogas to market from our own production and that of our certified European partners. We furthered our sustainability goals by planning the construction of new plants in southern Sweden. These biogas plants would increase biogas production in the Skåne region by 50%."

FOR MORE INFORMATION

PLEASE CONTACT:

Johanna Lamminen,
Chief Executive Officer, Gasum
(Heidi Westerberg, Executive assistant,
heidi.westerberg@gasum.com)
Olga Väisänen,
Vice President, Communications and
Sustainability, Gasum
Phone: +358 40 554 0578,
olga.vaisanen@gasum.com

GASUM IN BRIEF

The energy company Gasum is a Nordic gas sector and energy market expert. We offer cleaner energy and energy market services for industry and for combined heat and power (CHP) production as well as cleaner fuel solutions for road and maritime transport. We help our customers to decrease their own carbon footprint and that of their customers. Together with our partners, we promote development towards a carbon-neutral future on land and sea.

www.gasum.com

OPERATING ENVIRONMENT

Energy market – Industry and power market

The rise in the prices of gas, coal and particularly emission allowances that started in the first half of March gained momentum during the second quarter. The continued cold weather slowed the replenishment of gas stocks during April. At the same time, strong demand, above all from Asia, for liquefied natural gas (LNG) resulted in price rises also in Europe. The price of natural gas delivered to Europe rose to €35/MWh, its highest price in more than 13 years. The price of natural gas was previously at a similar level just before the outbreak of the 2008 global financial crisis. Prices rose a record 83% during the second quarter, from a level of below €19/MWh to €34.85/MWh. The emission allowance price also rose to new record levels, reaching almost €57/t. Likewise, the price of quarterly power contracts in Germany rose to levels north of €82/MWh, their highest level in more than 13 years. The same price trend was also seen in coal and oil.

Power prices also rose sharply at the beginning of the second quarter driven by exceptionally cold and dry weather. The Nordic hydro balance also pushed up spot prices and front future contracts high. The rise in Nordic power prices was given momentum by high power prices in Central Europe, where colder weather, but in particularly the high prices of natural gas, coal and the emission allowance, took prices to higher levels. The spread between power prices in Central Europe and the Nordic countries reached record high levels since the German power price rose more sharply than Nordic power prices because of the greater dependency of local power production on the price of gas and coal.

Emission allowance prices started to rise in the latter part of last year and continued rising also during the second quarter to exceed €56/t in May. Analysts' expectations of a long-term rise to levels above €100/t also attracted speculative investors to the market, and this further boosted the upward price trend. The political climate and the comments of the European Commissioner for Climate Action on the positive effects of a high price level on the transition of energy production towards more eco-friendly alternatives provided further support for the emission allowance price.

Historically low European gas stock levels in the summer pushed up demand for gas as availability remained unchanged. Seasonality in the price of gas has decreased and prices are expected to move upwards despite the summer. The spread between summer and winter prices contracted sharply. The Nordstream 2 gas pipeline construction project has progressed despite challenges and the market expects gas deliveries to start flowing through the pipeline as early as this autumn. This is expected to considerably ease the demand-supply balance.

Nordic power prices fluctuated almost weekly at the end of May and during the summer between windier and wetter weather and drier weather types. At the same time, the Nordic hydro balance had returned towards normal or the long-term mean value. Nordic power production was also slightly supported by continued record high Central European power prices and the high prices of other energy products.

Maritime and road transport

The global economy has grown at a faster rate than earlier expected since the start of the COVID-19 pandemic. The uncertainty surrounding growth continued to have a major impact on shipping and the entire logistics industry, even though the vaccination program has progressed apace around the world. Indicators of a recovery in economic growth showed strong growth compared to the previous year. In June, the International Maritime Organization (IMO) announced practical measures and categories to reduce the carbon intensity of the shipping sector by 40% by 2030 and to halve greenhouse gas emissions by 2050. According to an IMO report, order volumes for LNG vessels are rising sharply. For example, the number of LNG cruise liners will rise from fewer than 10 to more than 30 over the following couple of years. Similarly, the global number of large LNG cargo vessels will rise from fewer than 10 to more than 40 in the next few years.

The strong rise in orders for new gas-fueled heavy-duty vehicles has continued in Finland and a similar trend has continued also in Sweden. Alongside the growing numbers of vehicles, the strong expansion of the filling station network has continued in the Nordics, making it easier to reach stricter transport emission reduction targets. A similar trend can also be seen in Central Europe, where new actors have entered the distribution market. Going forward, heavy-duty road transport will switch rapidly to gas-fueled trucks. Gasum has also begun to work with a number of European fuel distributors to allow holders of partners' cards to use their cards to fill up at Gasum's filling stations.

More than 600 new gas-fueled vehicles, of which more than 50 were vans and trucks, were registered in Finland during the second quarter of 2021. The number of gas-fueled vehicles already totals more than 14,800 in Finland and more than 50,000 in Sweden.

Circular economy – Biowaste and biogas

Utilization of biowaste and biodegradable side streams in biogas production is an effective way of mitigating climate change and promoting the circular economy. The Nordic countries support the development of the biogas sector and create incentives for the channeling of waste and side streams to biogas production as well as for a rapid increase in the use of biogas in transport.

In addition to the plans underway for a sizeable support package to increase biogas production and use in Sweden, the opening up of the household waste management market is also being explored. This would open up the potential for increased processing of biowaste on market terms.

Similarly in Finland, a decision has already been made to include biogas in the distribution obligation of transport fuels and in production support for manure-based biogas, although preparations for the latter have been delayed. In Finland, the entry into force of a new Waste Act opens up the biowaste market also to other than municipal operators. At the same time, increasing obligations for the separate

collection of biowaste will add to the availability of biowaste for biogas production.

Implementation of the REDII requirements will progress during 2021, as will the Sewage Sludge Directive and work on the EU Methane Strategy. Funds from the EU post-Covid-19 Recovery Fund will also be allocated to increase biogas production. These measures will all contribute to increasing biogas production and use in the next few years.

Competition for the feedstock for biogas production is increasing and actors are actively studying the use of different feedstocks such as animal manure and other agricultural side streams. However, their use in biogas production is economically challenging since manure volumes are geographically centralized and the use of manure as a local fertilizer results in a nutrient overload. In Sweden, the growth in manure-based biogas production has been enabled by a special manure gas support scheme. Finland is also currently planning a similar incentive, but its preparation, and thus the launch of projects, has been delayed.

GASUM'S STRATEGY

Gasum's growth strategy is to promote development towards a carbon-neutral future in industry as well as in road and maritime transport together with customers and partners. The company's work has a shared purpose: cleaner energy. Gasum is developing gas distribution logistics, infrastructure and the company's production and procurement portfolios both on land and at sea. The company creates value by developing a low-carbon society and by helping customers to reduce their own carbon footprint as well as that of their customers. Renewal and agile management and leadership are key components of Gasum's strategy.

During the period under review, demand for renewable wind power grew in industry. Gasum entered into long-term wind power agreements with Kerava Energy and the K Group. Partnerships further Gasum's strategy to provide cleaner energy to industry. Gasum will supply K Group with an annual amount of around 50 GWh of power produced by a wind farm under construction in North Ostrobothnia.

Gasum has continued to expand marketing and its filling station network for passenger cars and heavy-duty vehicles in the Nordic countries and opened a gas filling station in Trondheim, Gasum's first in Norway, and two more stations in Finland, in Vantaa and Lieto. The company also developed a customer portal intended for business customers and has enabled international actors to use their international DKV cards to fill up in our filling station network. This supports our goal to connect the Nordic and Central European transport gas markets.

Gasum has also made progress with its sustainability goal to increase biogas production by planning the construction of new plants in southern Sweden. These biogas plants would increase biogas production in the Skåne region by 50% and create value out of biodegradable materials in Sweden's most heavily-farmed region. The new plants would have an annual biogas production capacity of 120 GWh. The biogas plants in Nymölla (Sweden) and Lohja (Finland) came on stream during the period under review.

In maritime transport, Gasum delivered test consignments of liquefied biogas to the Finnish Border Guard from the Turku biogas plant in Finland and from the Risavika liquefaction plant in Norway. Gasum and the Finnish Border Guard will use the test deliveries to ensure the use of biogas delivery logistics and the use of biogas in an offshore patrol vessel.

BUSINESS DEVELOPMENT IN 2021

Revenue during the first half of the year was €519.1 million, up 71.7% on the corresponding figure a year (H1/2020: €302.3 million). The increase in revenue was attributable to significantly increased volumes in all segments - industry, maritime and road transport - as well as to the trend in the sales price of gas in Europe.

The Group's operating result was -€2.8 million (H1/2020: €17.5 million). Return on investment (ROI) was 3.0% (H1/2020: 6.1%). The second quarter of the year saw a very sharp rise in gas prices. Consequently, the company significantly reduced its risks and in June booked a non-recurring loss, which hit the company's operating profit.

BALANCE SHEET AND FINANCIAL POSITION

The Group's balance sheet total at June 30, 2021 came to €1,475.3 million (June 30, 2020: €1,259.3 million). The increase in the balance sheet was mainly attributable to investments in biogas plants and the gas filling station network as well as to the impact of growth in business volumes on the company's derivative positions.

The Group's net interest-bearing debt at the reporting date totaled €649.7 million (H1/2020: €554.3 million), including borrowings from financial institutions and finance lease liabilities. The Group's equity ratio was 29.5% (H1/2020: 39.9%).

SUSTAINABILITY

Sustainability is an integral part of Gasum's growth strategy to promote development towards a carbon neutral future in industry as well as in road and maritime transport.

During the period under review, Gasum committed to the United National Global Compact initiative, which includes ten principles relating to human rights, labor, environment and anti-corruption. In addition, we support UN Sustainable Development goals and have identified those goals where our operations have the greatest impact.

We are committed to action against climate change both through our low-carbon products and by reducing emissions in our own operations. During the period under review, we inaugurated two new biogas plants, which increases the availability of Nordic biogas and promotes our goal of a million tonnes in carbon dioxide emissions reduction by 2025.

We continued the development of our safety culture by promoting safety awareness particularly among subcontractors and providers of transport services. Our efforts on this front received recognition when the Zero Accident Forum raised Gasum to the safest workplace classification level - Approaching the World's Forefront - for 2020. We also mapped the experiences and adaptation of our employees to new digital remote ways of working during the pandemic.

Gasum supports R&D in the gas industry each year by providing grants from the Gasum Gas Fund. During the period under review, six researchers received grants for 2021 totaling €63,000 (2020: €75,000) from the Gas Fund.

FUTURE OUTLOOK

The importance of gas as a low-emission energy source over the longer term will increase further as the Nordic countries transition towards carbon-neutral production. Combating climate change also requires a shift to cleaner solutions in the Nordics.

Liquefied natural gas is the most environmentally friendly fuel in maritime transport and meets all existing and upcoming IMO environmental requirements. In heavy-duty transport, LNG can help to cut greenhouse gas emissions by more than 20% compared to fossil diesel and the lifecycle greenhouse gas emissions of LBG are up to 90% less than those of conventional fuels.

The use of gas and renewable power is projected to grow strongly in the years ahead, particularly in road and maritime transport. Gasum has been preparing for the growth in demand by investing purposefully in the development of the Nordic gas infrastructure for several years already. The expanding gas infrastructure creates a good foundation for the increased production and use of biogas, too. So far, only a fraction of the biogas production potential is in use.

Gasum's investments in the Nordic gas ecosystem and in new businesses facilitate future growth. The capacity to operate more broadly in the energy market strengthens Gasum's position comprehensively as an energy company of the future. The company is involved in a number of different projects and cooperation bodies which are also planning to develop the production of renewable gases, such as synthetic methane and green hydrogen, in the Nordic countries.

GASUM GROUP

Revontulenpuisto 2 C, P.O. BOX 21
FI-02100 Espoo, Finland
Phone. +358 20 44 71
www.gasum.com

CONSOLIDATED STATEMENT OF INCOME

€ million	1-6/2021	1-6/2020	1-12/2020
Revenue	519.1	302.3	664.3
Other operating income	153.3	83.0	107.7
Materials and services	-456.8	-251.9	-542.5
Personnel expenses	-20.8	-17.0	-34.4
Depreciations and amortization	-31.7	-25.0	-56.4
Other operating expenses	-166.5	-74.9	-134.0
Share of result from investments accounted for using the equity method	0.4	1.0	1.0
Operating profit	-2.8	17.5	5.7
Finance items - net	-7.3	-6.4	-14.7
Profit before taxes	-10.1	11.1	-9.0
Taxes	2.0	-2.2	0.0
Profit for the period	-8.1	8.9	-9.0
Profit for the period attributable to:			
Owners of the parent	-8.1	8.9	-9.0
Non-controlling interest	0.0	0.0	0.0

CONSOLIDATED BALANCE SHEET

€ million	30.6.2021	30.6.2020	31.12.2020
ASSETS			
Non-current assets			
Intangible assets	211.9	213.1	213.4
Tangible assets	847.9	818.9	849.5
Equity-accounted investments	12.3	11.1	11.3
Other investments at fair value through the statement of income	0.0	0.0	0.0
Derivative financial instruments	20.3	13.4	11.3
Other non-current assets	0.2	0.2	0.2
Total non-current assets	1,092.6	1,056.8	1,085.7
Current assets			
Inventories	60.8	32.0	55.9
Derivative financial instruments	136.2	43.9	39.6
Trade and other receivables	176.3	108.9	166.1
Current tax assets	1.4	6.0	0.1
Assets held for sale	1.6	3.1	1.6
Cash and cash equivalents	6.3	8.5	13.0
Total current assets	382.7	202.6	276.3
Total assets	1,475.3	1,259.3	1,362.0

CONSOLIDATED BALANCE SHEET

€ million	30.6.2021	30.6.2020	31.12.2020
EQUITY AND LIABILITIES			
Share capital	10.0	10.0	10.0
Reserve for invested unrestricted equity	159.3	158.2	159.7
Fair value reserves	-49.7	-0.2	-0.3
Profit (loss) from previous financial periods	322.8	333.5	332.1
Profit (loss) for the period	-8.1	8.9	-9.0
Translation differences	-1.6	-7.8	-2.4
Total equity attributable to owners of the parent	432.6	502.7	490.1
Non-controlling interest	0.0	0.0	0.0
Total equity	432.6	502.7	490.1
Liabilities			
Non-current liabilities			
Loans	419.4	344.6	344.8
Other non-current liabilities	188.5	192.5	192.1
Derivative financial instruments	22.7	11.8	11.1
Deferred tax liabilities	15.6	34.3	31.0
Provisions	18.8	19.2	19.8
Post-employment benefits	3.5	3.9	3.5
Total non-current liabilities	668.5	606.3	602.3
Current liabilities			
Loans	0.0	0.0	0.0
Derivative financial instruments	181.7	29.2	51.6
Trade and other current liabilities	192.2	120.3	216.9
Current tax liabilities	0.2	0.7	1.0
Total current liabilities	374.2	150.2	269.6
Total liabilities	1,042.7	756.6	871.9
Total equity and liabilities	1,475.3	1,259.3	1,362.0

FORMULAS FOR KEY FINANCIAL INDICATORS

Equity ratio (%) =	100 x	$\frac{\text{Total equity}}{\text{Balance sheet total - Advances received}}$
Return on equity (%) =	100 x	$\frac{\text{Profit for the period (12m rolling)}}{\text{Total equity (average for the period)}}$
Return on investment (%) =	100 x	$\frac{\text{Profit for the period + Finance costs (12m rolling)}}{\text{Total equity + Interest-bearing debt (average for the period)}}$
Net interest-bearing debt =		Interest-bearing debt - Cash and cash equivalents
Gearing ratio (%) =	100 x	$\frac{\text{Interest-bearing debt - Cash and cash equivalents}}{\text{Total equity}}$
Gearing ratio (%) excluding the impact of IFRS 16 Leases =	100 x	$\frac{\text{Interest-bearing debt - IFRS16 leasing debt - Cash and cash equivalents}}{\text{Total equity}}$
Net debt/EBITDA =	100 x	$\frac{\text{Interest-bearing debt - Cash and cash equivalents}}{\text{EBITDA (12m rolling)}}$

GASUM GROUP

Revontulenpuisto 2 C, P.O. Box 21

FI-02100 Espoo, FINLAND

Phone. +358 20 44 71,

www.gasum.com