GASUM GROUP
FINANCIAL RESULT
Q1 2021

Gasum

GASUM GROUP Q1 2021 – INCREASED DEMAND FOR GAS IN INDUSTRY, MARITIME AND ROAD TRANSPORT

KEY FINANCIAL INDICATORS

€ million	1–3/2021	1–3/2020	Change	2020
Revenue	298.6	177.4	68.4%	664.3
Adjusted operating profit*	-0.4	9.3		33.8
Operating profit	11.0	12.3	-10.1%	5.7
Adjusted operating profit (%)*	-0.1%	5.2%		5.1%
Operating profit (%)	3.7%	6.9%		0.9%
Equity ratio (%)	35.7%	44.1%		36.0%
Adjusted return on equity (%)*	-0.8%	3.6%		2.7%
Adjusted return on investment (%)*	3.1%	6.4%		2.8%
Balance sheet total	1,363.1	1,133.0	20.3%	1,362.0
Net interest-bearing debt	608.0	428.1	42.0%	597.6
Gearing ratio (%) excluding the impact of IFRS 16 Leases	111.8%	76.6%		108.0%
Personnel at the end of the period	388	349	11.2%	384

* Operating profit calculated without unrealised commodity derivatives

KEY FINANCIAL INDICATORS JANUARY 1 TO MARCH 31, 2021

- Group income totaled €325.9 million (Q1/2020: €238.6 million)
- Group operating profit was €11.0 million (Q1/2020: €12.3 million)
- Balance sheet total came to €1,363.1 million (31.3.2020: €1,133.0 million)
- The Group's equity ratio was 35.7% (31.3.2020: 44.1%)

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

"We continued to systematically implement our strategy and grew in all our key segments: industry, maritime and road transport. Regardless of the uncertainties surrounding the COVID-19 pandemic, we were able to ensure business continuity and the progress of our projects.

The Group's revenue was €298.6 million, other operating income was €27.3 million and operating profit was €11.0 million. Revenue development was affected by volumes and clear growth in all our segments as well as the trend in the price of gas compared to a year earlier. Despite the changes taking place in the operating environment, the profitability of our Group's business was at the projected level.

Combating climate change plays a key role in Gasum's Corporate Responsibility Program. Positive development in the demand for cleaner energy in maritime and road transport as well as in industry during the period under review, enabled our customers to significantly reduce emissions and contributed to their goals of transitioning towards low-emission logistics solutions and production processes.

Demand for cleaner fuel solutions in maritime transport continued to grow during the period under review. We entered into an agreement with the City of Vaasa, NLC Ferry Oy and Wärtsilä Finland Oy to supply liquefied natural gas (LNG) to Wasaline, which operates the Vaasa–Umeå ferry route, and for use in Wärtsilä's new Smart Technology Hub. We aim to continue to expand the geographic outreach of our maritime fuel offering and to this end obtained a distribution license for LNG on the French market.

Interest in the use of gas and renewable energy in industry continues to grow. We signed a contract with Nynäs AB, which is connected to the Swedish gas grid, to deliver natural gas to their refinery in Gothenburg. In addition, a shipment of biogas we supplied to Essity's tissue mill in Sweden will reduce the mill's carbon dioxide emissions to almost zero. We signed a 10-year agreement to deliver wind-generated renewable energy to Borealis AB's facility in Sweden. The wind power will be generated by our partner Stena Renewable AB. The wind power will reduce Borealis' direct carbon dioxide emissions at its Stenungsund plant by approximately 10,000 tonnes a year.

We continued to expand our network of gas filling stations serving road transport and opened three new filling stations in the Nordic countries. HKScan's Swedish subcontractor Green L Equipment AB started to use a biogas-fueled truck in its logistics. The new truck helps the company to progress towards its climate targets and to considerably lower its carbon footprint. In Sweden, we worked with MaserFrakt logistics companies in testing the use of liquefied biogas (LBG) in six of their trucks. The tests delivered positive user experiences.

We set new sustainability targets to mitigate climate change and aim to reach cumulative emission reductions of a million tonnes by increasing the availability of biogas. By 2025, we intend to make 4 TWh of biogas available on the market from our own production and that of certified European partners. We also intend to reduce the emissions in LNG and biogas production chains in our own operations and to implement energy efficiency measures. During the period under review, the entry into commercial use of the Lohja biogas plant (40 GWh) in January contributed to our sustainability targets."

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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 combined effect of the cold winter and rapidly decreasing gas stock levels pushed natural gas prices up in early 2021. Prices of LNG delivered to Asia continued rising to their highest levels in six years and even went above €55/MWh. The exceptionally cold weather in Asia in late January changed to warmer than normal conditions and at the same time the gas price fell in Europe. Weather in the Nordic countries remained exceptionally cold, keeping energy prices in the region at a high level throughout almost the whole of January.

Power prices also rose sharply at the beginning of the first quarter, as the weather was cold, dry and with little wind. The weak overall hydro balance pushed spot prices and front future contracts high. The rise in Nordic power prices was given momentum by high power prices in Central Europe, where a colder than normal January meant prices moved to higher levels. The start of the COVID-19 vaccination program brought optimism to the markets even though pandemic restriction measures remained in force.

Emission allowance prices started to rise in the latter part of last year and continued rising to exceed €40/t in February. Since the beginning of March, the high emission allowance price has also pushed up gas and coal prices. Analysts' expectations of a strong long-term rise in the emission allowance price also attracted speculative investors to the market and this further boosted the upward price trend.

The price of gas followed the rising emission allowance price since the start of March in Europe and the Nordic countries. Cooler than normal weather combined with price changes in emissions pushed up the price of gas to a high level compared to the past couple of years. European gas stock levels began to approach low levels, which might increase demand for gas as availability remains unchanged. Prices are expected to move upwards regardless of the approaching summer. At the same time, price seasonality decreased and the difference between summer and winter prices contracted sharply.

Nordic power prices fluctuated almost weekly during the end of February and March between milder and wetter weather and colder and drier weather types. At the same time, the Nordic hydro balance was at a normal level compared to the long-term mean value. At the end of March, the global energy market was affected by the container vessel blocking the Suez Canal, one of the world's busiest seaways, for more than a week. The vessel was freed within a relatively short time and the long term implications were avoided.

Maritime and road transport

The uncertainty surrounding the COVID-19 pandemic continued to have a major impact on shipping and the entire logistics industry even though the vaccination program has got underway around the world. Indicators of a recovery in economic growth showed strong growth compared to the previous year. Pressure on the shipping sector to cut its carbon footprint by 40% by 2030 and to halve greenhouse gas emissions by 2050 has also made shipbuilders respond to the situation. For example, Korean shipbuilder Hyundai Heavy announced that it was seeking to tap the capital markets for almost USD 900 million to fund the conversion of its shipyard to build more eco-friendly vessels. Poten & Partners analyst estimates that delivery volumes of LNG tankers, for example will rise to record levels this year as ship deliveries grow by more than 10% compared to last year. Companies are investing in LNG-powered vessels to meet stricter IMO regulations.

The strong rise in new orders for gas-fueled heavy-duty vehicles (HDVs) that got underway last year has continued this year, especially in Finland, where a government subsidy for HDV purchases became available from last December onwards. A similar trend has continued in Sweden, where a similar government subsidy program significantly increased new orders for gas-fueled HDVs. Alongside the growing numbers of vehicles, the expansion of the network of gas filling stations 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. Long-haul traffic will in future increasingly shift to gas-fueled HDVs.

The continued COVID-19 pandemic coupled with vehicle delivery issues slightly slowed the pace of new gas vehicle registrations in the Nordic countries. More than 330 new gas-fueled vehicles, of which 30 were vans and trucks, were registered in Finland during the first quarter of 2021. The number of gas-fueled vehicles already totals more than 14,200 in Finland and more than 50,000 in Sweden.

Circular economy – Biowaste and biogas

Circular economy promotion plays an important role in biogas production. Utilizing biowaste in biogas production is a way of mitigating climate change. The Nordic countries have put in place several national measures to support the development of the biogas sector and to create incentives for the channeling of waste and side streams to biogas production as well as for rapid increases in the transport use of biogas. In Sweden, plans are underway for a sizeable support package to increase biogas production and use. Similarly in Finland, preparations are being made to include biogas in the distribution obligation of transport fuels and in production support for manure-based biogas.

Implementation of the REDII requirements will progress during 2021 with the reduction of greenhouse gas emissions from renewable energy, the range of feedstocks used in biogas production as well as with implementing the biogas guarantee of origin system. Finland has allocated funds from the EU post-Covid-19 Recovery Fund and from the Just Transition Fund to give up peat and to increase biogas production. These measures will contribute to increasing biogas production and use in the near future.

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. Their use in biogas 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.

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 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 the Gasum strategy.

During the period under review, regardless of the coronavirus pandemic, Gasum has sought to ensure business continuity by safeguarding the health and safety of its employees, energy supply, gas procurement and distribution as well as recycling and waste services. The company has continued to expand its filling station distribution network for passenger cars and heavy-duty vehicles in the Nordic countries. In maritime, Gasum expanded the geographic outreach of its maritime fuel offering transport by acquiring a distribution license for LNG on the French market. Scaling up biogas production has progressed to plan and the Lohja biogas plant entered into commercial use in January. Commercial use of the Nymölla biogas plant will start as planned this year.

In industry, Gasum signed a contract with Nynäs AB, which is connected to the Swedish gas grid, to deliver natural gas to their refinery in Gothenburg. A shipment of biogas Gasum also supplied to Essity's tissue mill in Sweden will reduce the mill's carbon dioxide emissions to almost zero. Gasum signed a 10-year agreement to deliver wind-generated renewable energy to Borealis AB's facility in Sweden. The wind power will be generated by our partner Stena Renewable AB. The wind power will reduce Borealis' direct carbon dioxide emissions at its Stenungsund plant by approximately 10,000 tonnes a year.

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Gasum also updated its sustainability targets and aims to reach cumulative emission reductions of a million tonnes by increasing the availability of biogas. By 2025, the company intends to make 4 TWh of biogas available on the market from its own production and that of certified European partners. The company also intends to reduce the emissions in LNG and biogas production chains in its own operations and to implement energy efficiency measures.

BUSINESS DEVELOPMENT IN 2021

Revenue during the period under review was €298.6 million, up 68.4% on the corresponding figure a year earlier (Q1/2020: €177.4 million). The increase in revenue was attributable to increased volumes in all segments in industry, maritime and road transport as well as to the trend in the sales price of gas in Europe.

The Group's operating profit was €11.0 million (Q1/2020: €12.3 million). Operating profit margin was 3.7%, down 3.2 percentage points compared to the reference period (Q1/2020: 6.9%). Return on investment (ROI) was 4.2% (Q1/2020: 6.7%).

BALANCE SHEET AND FINANCIAL POSITION

The Group's balance sheet total at March 31, 2021 came to €1,363.1 million (31.3.2020: €1,133.0 million). The increase in the balance sheet was mainly attributable to the business acquisitions and investments in biogas plants and the gas filling station network.

The Group's net interest-bearing debt at the reporting date totaled €608.0 million (31.3.2020: €428.1 million), including borrowings from financial institutions and finance lease liabilities. The Group's equity ratio was 35.7% (31.3.2020: 44.1%).

CORPORATE RESPONSIBILITY

The period under review saw us publish our Corporate Responsibility Report 2020, in which we assessed the steps forward achieved in the company's corporate responsibility. The company's responsibility work is steered by its Corporate Responsibility Program and objectives, which cover environmental responsibility, social responsibility and responsible business and governance. We also published the Green Funding Impact Report, which describes how Gasum's funding solutions are linked to climate change mitigation and our Green Funding Framework.

As part of its Corporate Responsibility Program, Gasum is committed to action against climate change. Positive development in the demand for cleaner energy in road and maritime transport as well as in industry during the period under review enabled customers to reduce emissions and took them forward in their ambitions for fossil-free logistics solutions and production processes.

During the period under review, continued to further develop the wellbeing of its personnel and the working culture. The pulse survey measuring employee experience was carried out regularly. In addition, the company took part in the Responsible employer campaign.

FUTURE OUTLOOK

The outlook for global economic development is challenging due to uncertainties surrounding the COVID-19 pandemic. We expect the instability to continue in the energy market and that the pandemic will affect the general economic outlook and result in uncertainty in demand.

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 energy production. Combating climate change also requires a shift to cleaner solutions in the Nordics. LNG 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 fossil fuels.

The use of gas and renewable electricity is projected to grow strongly in the years ahead, particularly in industry and in road and maritime transport. Gasum has prepared 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 other renewable gases, such as synthetic methane and green hydrogen, in the Nordic countries.

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CONSOLIDATED STATEMENT OF INCOME

€ million	1–3/2021	1–3/2020	1–12/2020
Revenue	**298.6**	**177.4**	**664.3**
Other operating income	27.3	61.3	107.7
Materials and services	-264.9	-145.3	-542.5
Personnel expenses	-10.7	-9.0	-34.4
Depreciations and amortization	-15.8	-11.3	-56.4
Other operating expenses	-23.9	-61.3	-134.0
Share of result from investments accounted for using the equity method	0.4	0.5	1.0
Operating profit	**11.0**	**12.3**	**5.7**
Finance items - net	-3.1	-3.5	-14.7
Profit before taxes	**7.9**	**8.7**	**-9.0**
Taxes	-1.6	-1.7	0.0
Profit for the period	**6.3**	**7.0**	**-9.0**
Profit for the period attributable to:			
Owners of the parent	6.3	7.0	-9.0
Non-controlling interest	0.0	0.0	0.0

CONSOLIDATED BALANCE SHEET

€ million	31.3.2021	31.3.2020	31.12.2020
ASSETS			
Non-current assets			
Intangible assets	211.1	206.9	213.4
Tangible assets	850.0	686.1	849.5
Equity-accounted investments	12.3	11.8	11.3
Other investments at fair value through the statement of income	0.0	0.1	0.0
Derivative financial instruments	12.2	17.1	11.3
Other non-current assets	0.2	0.2	0.2
Total non-current assets	**1,085.8**	**922.2**	**1,085.7**
Current assets			
Inventories	53.6	29.1	55.9
Derivative financial instruments	47.8	67.7	39.6
Trade and other receivables	164.5	100.6	166.1
Current tax assets	0.0	10.3	0.1
Assets held for sale	1.6	3.1	1.6
Cash and cash equivalents	9.8	0.0	13.0
Total current assets	**277.3**	**210.7**	**276.3**
Total assets	**1,363.1**	**1,133.0**	**1,362.0**

CONSOLIDATED BALANCE SHEET

€ million	31.3.2021	31.3.2020	31.12.2020
EQUITY AND LIABILITIES			
Share capital	10.0	10.0	10.0
Reserve for invested unrestricted equity	159.2	158.2	159.7
Fair value reserves	-13.3	-0.5	-0.3
Profit (loss) from previous financial periods	321.5	331.7	332.1
Profit (loss) for the period	6.3	7.0	-9.0
Translation differences	-1.3	-7.9	-2.4
Total equity attributable to owners of the parent	**482.3**	**498.6**	**490.1**
Non-controlling interest	0.0	0.0	0.0
Total equity	**482.3**	**498.6**	**490.1**
Liabilities			
Non-current liabilities			
Loans	344.9	229.5	344.8
Other non-current liabilities	191.2	178.7	192.1
Derivative financial instruments	14.3	13.5	11.1
Deferred tax liabilities	25.0	32.5	31.0
Provisions	19.2	10.5	19.8
Post-employment benefits	3.5	3.9	3.5
Total non-current liabilities	**598.1**	**468.6**	**602.3**
Current liabilities			
Loans	0.0	0.0	0.0
Derivative financial instruments	59.9	44.5	51.6
Trade and other current liabilities	222.2	119.9	216.9
Current tax liabilities	0.5	1.4	1.0
Total current liabilities	**282.6**	**165.8**	**269.6**
Total liabilities	**880.7**	**634.4**	**871.9**
Total equity and liabilities	**1,363.1**	**1,133.0**	**1,362.0**

FORMULAS FOR KEY FINANCIAL INDICATORS

Equity ratio (%) =	100 x	Total equity / Balance sheet total - Advances received
Return on equity (%) =	100 x	Profit for the period (12m rolling) / Total equity (average for the period)
Return on investment (%) =	100 x	Profit for the period + Finance costs (12m rolling) / Total equity + Interest-bearing debt (average for the period)
Net interest-bearing debt =		Interest-bearing debt - Cash and cash equivalents
Gearing ratio (%) =	100 x	Interest-bearing debt - Cash and cash equivalents / Total equity
Net debt/EBITDA =	100 x	Interest-bearing debt - Cash and cash equivalents / EBITDA (12m rolling)

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