

GASUM GROUP
FINANCIAL RESULT
Q1 2022



Gasum

GASUM GROUP Q1 2022 – ENERGY MARKET UNCERTAINTY AFFECTED THE COMPANY'S RESULT

KEY FINANCIAL INDICATORS

€ million	1-3/2022	1-3/2021	Change	2021
Revenue	758.0	298.6	154%	1,571.0
Adjusted operating profit*	6.6	-0.4		-84.4
Operating profit	-11.3	-6.2		-238.5
Adjusted operating profit (%)*	0.9%	-0.1%		-5.4%
Operating profit (%)	-1.5%	-2.1%		-15.2%
Equity ratio (%)	18.0%	35.7%	50%	18.0%
Adjusted return on equity (%)*	-23.5%	4.3%		-28.4%
Return on equity (%)*	-53.0%	-1.7%		-55.1%
Adjusted return on investment (%)*	-6.2%	2.8%		-8.5%
Return on investment (%)	-20.8%	-0.8%		-21.4%
Balance sheet total	2,348.2	1,363.1	72%	2,420.7
Net interest-bearing debt	409.2	608.0	-32.7%	473.1
Gearing ratio (%)	97.3%	126.0%		109.1%
Gearing ratio (%) excluding the impact of IFRS 16 leases	50.3%	83.6%		61.4%
Personnel at the end of period	361	388	-7.0%	356

* Calculated without unrealized gains and losses from derivatives relating to operative business.

KEY FINANCIAL INDICATORS JANUARY 1 TO MARCH 31, 2022

- Revenue totalled €758.0 million (Q1/2021: €298.6 million)
- Comparable operating profit -€11.3 million (Q1/2021: -€6.2 million)
- Balance sheet total came to €2,348.2 million (31.3.2021: €1,363.1 million)
- Equity ratio was 18.0% (31.3.2021: 35.7%)
- Gasum Board of Directors appointed Mika Wiljanen as Gasum CEO effective from 1 March 2022



Mika Wiljanen
CEO, Gasum group

GASUM GROUP CEO MIKA WILJANEN COMMENTS ON THE FIRST QUARTER OF 2022:

“Our performance during the first quarter was reasonable, despite the uncertainty caused by Russia’s war against Ukraine and the overall volatility of the market. Gasum has been monitoring closely the development of the war in Ukraine and its impacts on the energy sector. The geopolitical situation has affected gas prices, and fluctuations have continued during the first quarter of 2022.

The Group’s revenue was €758.0 million, operating profit was -€11.3 million and adjusted operating profit was €6.6 million. Despite the changes taking place in the operating environment, the profitability of our Group’s business reached the projected level.

Gas imports from Russia to Europe have continued, but the geopolitical situation and related sanctions imposed, as well as any additional sanctions and countersanctions and their consequences, result in uncertainty over the company’s operations, demand for gas and gas deliveries. The Russian supplier of natural gas has demanded payments for gas to be made in rubles and stated that it may restrict supply if the contractual amendments are not accepted. Contractual obligations in the event of the discontinuation of deliveries of natural gas and liquefied natural gas could be significant. The company is mitigating the risk of supply cuts by exploring alternative supply methods, for example.

We are monitoring the situation actively and maintaining an active dialogue with relevant national authorities and stakeholders to ensure compliance with EU policies as well as any legislation and regulations that come into force, including sanctions. To prepare for the situation and any changes, Gasum is working on mitigating measures.

We have made good progress towards reaching our sustainability targets and continue to help our customers to improve their emission targets-based performance by reducing their carbon footprint. Despite the challenging market situation in our operating environment, we progressed in the first quarter with our key segments – Industry, Maritime and Traffic.

In the industry business, this period saw us conclude a long-term wind-generated renewable power agreement with Renewable Power Capital (RPC). Essity’s tissue mill in Sweden started to produce tissue paper on a large scale without fossil CO₂ emissions, having switched over to LBG for all deliveries. We entered a supply agreement for LNG and LBG with sugar company Sucros Oy during the period. In addition, we agreed on a comprehensive energy market services partnership with Yara Suomi, in which we will be responsible for Yara’s 24/7 operations on the power market, including electricity procurement and sales, energy balance management, metering and distribution system operator (DSO) services.

In our maritime business, we continue focusing on developing environmentally friendly products. There is growing interest in the shipping industry in an environmentally friendly fuel that is regarded as a competitive advantage when moving towards stricter emission reduction targets.

In the traffic business, we continued expanding our network of gas filling stations by opening two new stations in Hämeenlinna and Kotka. During the first quarter, biogas-fuelled delivery trucks were taken into use by Onninen, part of K Group, for its logistics. Gas-fuelled vehicles play a key role in reducing transport emissions.

We are scaling up our biogas production, and by 2025 Gasum intends to make 4 TWh of biogas available on the market from its own production and that of certified European partners. The company is developing the biogas plant production network in the Nordics.

We will continue to focus strongly on continuously improving our business development despite the challenging circumstances. I would like to thank our customers for their confidence in Gasum and our employees for their successful work during these challenging times in Q1 2022.”

FOR FURTHER INFORMATION

PLEASE CONTACT:

Mika Wiljanen,
Chief Executive Officer, Gasum

Heidi Westerberg, Executive Assistant
Phone: +358 50 576 0951,
heidi.westerberg@gasum.com

Olga Väisänen,
Vice President, Communications
and Responsibility, Gasum
Phone: +358 40 55 40 578,
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 expert 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 developments towards a carbon-neutral future on land and at sea.

www.gasum.com

OPERATING ENVIRONMENT

Energy market – Industry and power

Nordic electricity prices continued to decrease from the December price peaks as weather forecasts continued to be warm and rainy. However, fast-changing wind power generation kept most Nordic power prices relatively high due to seasonal demand and strong demand from the Central European market. The Finnish area price settled very close to system price levels, mainly because the new Finnish nuclear power reactor Olkiluoto 3 started operations. The emission allowance price also reached record-high levels, trading at €97/t, supporting European power prices in particular.

The gas market had started the year with pricing hovering between €70/MWh and €105/MWh. This calmer period changed dramatically in late February. When Russia invaded Ukraine on February 24, prices of all energy futures hiked. Fears of a complete stop in the supply of Russian energy products to European markets drove gas prices above €340/MWh in March. Additionally, Central European power prices skyrocketed to new highs of over €550/MWh. Energy prices remained extremely volatile throughout March.

European gas inventories remained at low levels and the fear of an embargo on Russian gas drove European companies to secure gas supplies from elsewhere, mainly in the form of LNG. The amount of LNG cargoes arriving at European LNG terminals was at record-high levels throughout Q1. Prices increased as European companies were forced to outbid the rest of the world to attract LNG vessels to European ports. Gas prices ended the quarter at around €125/MWh, which is lower than the peak price but still extremely high historically.

Road and Maritime

Inflation pressure has started to impact the global economy. Central banks have indicated a change to interest rate policies, and the first rate hikes in Europe are also likely in this year. Inflation pressure has impacted in global energy prices and the logistics industry is seeing costs increase. Supply chain problems have also continued as China has tried to curb domestic COVID-19 cases through strict 'zero-infection' policies. Delivery times of new LNG trucks have been extended significantly due to shortages of key components.

The maritime industry has continued to receive positive news concerning the cleaner fuel sector as several companies have announced orders for new LNG vessels. The new expanded Emission Trading Scheme (ETS) for the maritime industry has clearly had a positive impact on the order books for new LNG vessels. The extension will include all emissions from ships calling at an EU port for voyages within the EU as well as 50% of the emissions from voyages starting or ending outside of the EU as well as emissions that occur when ships are at berth in EU ports. Under the proposal, the EU ETS would cover around two thirds of maritime transport emissions — 90 million tonnes CO₂ — and provide a price

signal to incentivize improvements in energy efficiency and low-carbon solutions and reduce the price gap between alternative fuels and traditional maritime fuels.

Circular economy – Biowaste and biogas

An efficient way of curbing climate change is to use biowaste and biodegradable side streams in biogas production. Biogas production promotes the circular economy in the form of energy and through recycling nutrients from raw materials for uses such as fertilizers. The Nordic countries support and incentivize growth in the production and use of biogas. New actors have entered the sector, and the current geopolitical situation has resulted in a surge in energy and fertilizer prices and, consequently, increased competition for biogas raw materials.

In spring 2022, the Swedish Government outlined a framework of measures to support the production and use of biogas that will promote further growth in biogas use. Gasum is planning to increase biogas production in Sweden through several new biogas plant projects. Raw materials used in this context would mainly comprise animal-based side streams, such as manure.

In Finland, the inclusion of biogas in the distribution obligation of transport fuels, effective from the beginning of January 2022, provides an incentive for the increased use of biogas in transport and will speed up the phasing out of fossil fuels in road transport as efficiently as possible. The inclusion of biogas in the distribution obligation also seeks to boost economic growth and job creation.

The distribution obligation has resulted in a tax on the transport use of biogas, equal to the energy component of the tax on natural gas, i.e. around €10/MWh. For other (heating and work machinery) uses biogas is tax free, provided that sustainability targets set in the Renewable Energy Directive are met. The tax changes have caused a deluge of, for example, sustainability scheme applications, and the tax authorities have had to specify their guidelines further on several occasions during early 2022. Amendments made to the taxation of electricity do not take account of applying a lower tax bracket on electricity used in biogas production, as is the case in other production of transport fuels. Increases in biogas production have come to the fore particularly in Finland's energy policy, where efforts to phase out Russian natural gas have been stepped up due to the current geopolitical situation. Correspondingly, the fertilizer industry, which uses natural gas as a raw material, is facing a new situation with a global surge in fertilizer prices as well as availability challenges. This change promotes the use of recycled nutrients created in biogas production. All in all, increasing biogas production is at the core of energy policy and enjoying a fair wind in many European countries.

BUSINESS DEVELOPMENT

The Gasum Group's revenue for the first quarter totalled €758.0 million, up 154% on the corresponding period a year earlier (Q1/2021: €298.6 million). The increase in revenue was affected mainly by the high market price.

The Group's operating profit was €-11.3 million (Q1/2021: €-6.2 million) and the adjusted operating profit without unrealized gains and losses from commodity derivatives was 6.6 million (Q1/2021: -0.4 million). High gas prices resulted in a negative market value for hedge derivatives hedging future cash flows and prices, which had a decreasing effect on the company's result and equity.

BALANCE SHEET AND FINANCIAL POSITION

The Group's balance sheet total was €2,348.2 million on March 31, 2022 (March 31, 2021: €1,363.1 million). The Group's net interest-bearing debt at the reporting date totalled €409.2 million (March 31, 2021: €608.0 million), including borrowings from financial institutions as well as finance lease liabilities.

The Group's equity ratio was 18.0% (Q1/2021: 35.7%). The reduction in equity ratio resulted primarily from the increase in working capital items and fair values of derivative contracts on the balance sheet. Gearing was at 97.3% (March 31, 2021: 126.0%). To strengthen its financial position and prepare for near-term consequences from the general market situation and uncertainty, Gasum extended the €210 million short-term loan maturing in March to June 2022.

STRATEGY

The first quarter of 2022 was characterized by uncertainty in European energy markets. Gasum continued the implementation of its strategy by taking steps together with customers and partners in industry and in road and maritime transport.

Gasum is developing gas distribution logistics, infrastructure and its production and procurement portfolios on land and at sea by acting as a one-stop-shop partner for its customers in the energy market. Gasum aims to create value by developing a low-carbon society and helping its customers to reduce their own carbon footprint as well as that of their customers. Renewal and agile management and leadership are also key components of the Gasum strategy.

During the period under review, regardless of current uncertainty and 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.

In the industry business, Essity's tissue mill in Sweden started to produce tissue paper on a large scale without fossil CO₂ emissions, having switched over to LBG for all deliveries. This step towards a carbon-neutral future was achieved by replacing natural gas with biogas at their Edet Bruk production facility in Lilla Edet, Sweden. The transition from natural gas to biogas will reduce fossil CO₂ emissions by around 9,000 tonnes annually.

Gasum and Finnish sugar company Sucros Oy entered into an LNG and LBG supply agreement, effective from autumn 2022. Gasum is already receiving wastewater sludge and bio sludge from Sucros's subsidiary Suomen Sokeri for use as raw materials in Gasum's biogas plants.

Gasum and the Finnish fertilizer producer Yara Suomi agreed on a comprehensive energy market services partnership, in which Gasum will be responsible for Yara's 24/7 operations in the power market, including electricity procurement and sales, energy balance management, metering and distribution system operator (DSO) services. The partnership began on February 1, 2022.

In addition, Gasum signed a 10-year PPA agreement to deliver wind-generated renewable energy to Renewable Power Capital (RPC) from the Rustari wind farm in the Southern Ostrobothnian region of Finland, which will contain 8 turbines with a rated power of 44 megawatts. The estimated annual production capacity of the wind farm is 160 GWh, which is equivalent to the annual electricity consumption of about 32,000 households.

In the maritime transport business, Gasum is focusing on developing environmentally friendly products. In shipping, interest has grown in an environmentally friendly fuel that is regarded as a competitive advantage when moving towards stricter emission reduction targets.

In the road transport business, the company has continued to expand its market share and filling station distribution network for passenger cars and heavy-duty vehicles in the Nordic countries by opening gas filling stations in Hämeenlinna and Kotka. Onninen, part of K Group, started to use more biogas-fuelled trucks in its logistics. The new trucks will help the company to progress towards its climate targets and to considerably lower its carbon footprint.

The scale-up of biogas production has progressed as planned, and by 2025 Gasum intends to make 4 TWh of biogas available on the market from its own production and that of certified European partners. At the same time, the company is aiming for a cumulative reduction of one million tonnes in carbon dioxide emissions to curb climate change by increasing the availability of biogas. The company is developing the biogas plant production network in the Nordics. This includes biogas plant projects in Götene and Borlänge, the planned Skåne biogas project in Sweden and the development of the Turku biogas plant in Finland to increase the efficiency of odor management.

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. The company's sustainability work is steered by its Sustainability Program and objectives, which cover environmental responsibility, social responsibility and responsible business and governance.

Gasum is committed to action against climate change. During the reporting period, demand for low-carbon solutions continued to grow. Gasum supplied LNG and biogas to help customers in industrial production processes as well as in maritime and road transport logistics solutions to meet their emission standards. Gasum also continued to build the portfolio of renewable wind power to support

customers with cleaner energy solutions and contribute to the growth of wind energy.

Gasum is investing in developing the production of other renewable gases, such as synthetic methane, in the Nordic countries. Gasum and its partners are exploring in collaboration the decarbonization market and applications for the emission-free production of hydrogen and carbon. Gasum is also involved in a research project studying hydrogen and carbon value chains in green electrification.

The development of Gasum's safety and security culture continued through the promotion of safety and security awareness among employees and contractors. The company continued its Safety Alert communication by sharing with stakeholders lessons learned from incidents or close calls relating to Gasum products, equipment or workflows. During the reporting period, there were no occupational injuries recorded for Gasum employees or contractors. Health and safety measures to prevent the spread of COVID-19 infections were continued in accordance with national recommendations.

More information about Gasum's sustainability can be found in the Corporate Responsibility Report and annual responsibility highlights.

FUTURE OUTLOOK

In the energy markets, the start of 2022 has been challenging due to increased geopolitical risks and high price fluctuations in the markets. Gasum has closely monitored the development of geopolitical tensions and the war in Ukraine and made preparations by analyzing alternative scenarios and developing the capability to react, e.g., to changes in energy markets. We expect continued uncertainty in the energy market.

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

Gasum's investments in the Nordic gas ecosystem and in new business functions 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 that are also planning to develop the production of other 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	1-3/2022	1-3/2021	1-12/2021
Revenue	758.0	298.6	1,571.0
Other operating income	166.3	50.1	383.7
Materials and services	-631.1	-264.9	-1,377.3
Personnel expenses	-8.7	-10.7	-39.3
Depreciations and amortization	-20.2	-15.8	-68.8
Other operating expenses	-275.9	-63.9	-706.9
Share of result from investments accounted for using the equity method	0.2	0.3	-0.9
Operating result	-11.3	-6.3	-238.5
Finance income and expenses	-4.8	-2.4	-17.3
Result before taxes	-16.1	-8.6	-255.8
Taxes	3.2	1.6	1.1
Result for the period	-12.9	-7.0	-254.6
Result for the period attributable to:			
Owners of the parent	-12.9	-7.0	-254.6
Non-controlling interest	0.0	0.0	0.0

CONSOLIDATED BALANCE SHEET

€ million	31.3.2022	31.3.2021	31.12.2021
ASSETS			
Non-current assets			
Intangible assets	191.4	211.1	192.8
Property, plant and equipment	682.1	850.0	691.9
Equity-accounted investments	11.0	12.3	11.0
Derivative financial instruments	58.1	12.2	37.5
Deferred tax assets	1.6	0.0	2.3
Other non-current assets	0.2	0.2	0.2
Total non-current assets	944.4	1,085.8	935.8
Current assets			
Inventories	248.8	53.6	247.5
Derivative financial instruments	329.6	47.8	233.3
Trade and other receivables	484.3	164.4	616.8
Current tax assets	-2.2	0.0	0.0
Assets held for sales	0.0	1.6	0.0
Cash and cash equivalents	343.3	9.8	387.4
Total current assets	1,403.8	277.3	1,484.9
TOTAL ASSETS	2,348.2	1,363.1	2,420.7

CONSOLIDATED BALANCE SHEET

€ million	31.3.2022	31.3.2021	31.12.2021
EQUITY AND LIABILITIES			
Share capital	10.0	10.0	10.0
Reserve for invested unrestricted equity	159.9	159.2	159.7
Capital loan	199.0		199.0
Retained earnings	65.2	321.4	321.2
Result for the period	-12.9	-7.0	-254.6
Translation differences	-0.6	-1.3	-1.6
Total equity attributable to owners of the parent	420.6	482.3	433.7
Non-controlling interest	0.0	0.0	0.0
TOTAL EQUITY	420.6	482.3	433.7
LIABILITIES			
Non-current liabilities			
Loans	344.7	344.9	445.7
Non-current lease liabilities	167.2	191.2	170.0
Derivative financial instruments	55.0	14.3	50.9
Deferred tax liabilities	0.0	25.0	7.1
Provisions	11.7	19.2	27.3
Post-employment benefits	5.6	3.5	5.6
Total non-current liabilities	584.2	598.1	706.5
Current liabilities			
Loans	210.0	0.0	207.9
Derivative financial instruments	511.9	59.9	383.4
Trade and other payables	618.9	222.2	684.8
Current income tax liabilities	2.6	0.5	4.4
Total current liabilities	1,343.4	282.6	1,280.5
TOTAL LIABILITIES	1,927.5	880.8	1,987.0
TOTAL EQUITY AND LIABILITIES	2,348.2	1,363.1	2,420.7

FORMULAS FOR KEY FINANCIAL INDICATORS

Equity ratio (%) =	100 x	$\frac{\text{Total equity}}{\text{Balance sheet total - Advances received}}$
Return on equity (%) =	100 x	$\frac{\text{Result for the period (rolling 12 months)}}{\text{Total equity (average for the period)}}$
Return on investment (%) =	100 x	$\frac{\text{Result for the period} + \text{Finance expenses (rolling 12 months)}}{\text{Total equity} + \text{Interest-bearing debt (average for the period)}}$
Net interest-bearing debt =		Interest-bearing debt - Cash and cash equivalents
Gearing ratio (%) =	100 x	$\frac{\text{Interest-bearing debt} - \text{Cash and cash equivalents}}{\text{Total equity}}$
Net debt/EBITDA =	100 x	$\frac{\text{Interest-bearing debt} - \text{Cash and cash equivalents}}{\text{EBITDA (rolling 12 months)}}$

GASUM GROUP

Revontulenpuisto 2 C, P.O. Box 21

FI-02100 Espoo, FINLAND

Phone. +358 20 44 71,

www.gasum.com