GASUM GROUP FINANCIAL RESULT **Q4 2020**

Gasum

DEVELOPMENT OF THE NORDIC GAS MARKET CONTINUED

KEY FINANCIAL INDICATORS JANUARY 1 TO DECEMBER 31, 2020

- Group income totaled €772.0 million (December 31, 2019: €988.7 million)
- Group adjusted operating profit was €33.8 million (2019: €28.9 million)
- Balance sheet total came to €1,362.0 million (December 31, 2019: €1,163.2 million)
- The Group's solvency remained strong in the reporting period, with the equity ratio being 36.0% (December 31, 2019: 44.6%)

GASUM GROUP CEO JOHANNA LAMMINEN COMMENTS ON 2020:

"Despite the exceptional circumstances, we succeeded in advancing our strategy as planned, which required hard work in an increasingly competitive market. The importance of gas as an energy source over the longer term will increase further in industry and maritime transport in particular, as the Nordic countries are taking steps towards carbon-neutral societies. Regardless of the uncertainties caused by the COVID-19 pandemic, we were able to ensure business continuity and progress in our projects. The impacts of the pandemic were reflected in our business operations in particular as start-ups of our new plants being pushed back and our new customer projects being delayed as well as in the growth targets set by us. I would like to thank our employees, customers and partners for well-functioning and flexible cooperation in an operating environment that has been challenging for all of us.

In total, the Group's gross income in the financial year were €772.0 million, of which other operating income €107.7 million, including among others realized and unrealized commodity derivatives results. The Gasum Group's revenue for the period under review totaled €664.3 million, down 28.2% on the corresponding period a year earlier. The decline in revenue was caused primarily by the European trend in the sales price of gas.

In maritime transport, demand for cleaner fuel solutions and interest in gas-powered heavy-duty vehicles continued to grow in 2020. As part of our strategy execution, we closed the acquisition of Linde AG's LNG and Biogas business and Nauticor's Marine Bunkering business. The transaction expanded our supply of gas solutions in the Nordics particularly in maritime transport and heavy-duty road transport while also expanding our gas filling station network.

The year also saw us continue the expansion of the Nordic gas filling station network serving heavy-duty vehicles (HDVs) and opened eight new filling stations in the Nordic countries. The number of gas-powered HDVs increased by more than 400 new vehicles in the Nordics during the year. Companies upgrading their fleets included Posti Freight Services in Finland with its ten new biogas-fueled trucks and Bring Åkeri in Sweden with its six new biogas trucks.

Gas is also attracting interest among forerunners in maritime transport, and we are continuously developing our fuel offering and services to meet the maritime sector's needs. To provide our shipping customers with a flexible service across an even more extensive geographical area, we entered into partnership with Pavilion Energy. The partnership enables us to provide customers with liquefied natural gas (LNG) in the Singapore region and in Northern Europe. We also started regular deliveries of a fuel blend containing renewable liquefied biogas (LBG) to our maritime transport customer Preem in Sweden.

In line with our strategy, we also improved access to renewable energy and acquired a biogas plant in Skövde and made an investment decision concerning the construction of an industrial-scale biogas plant in Götene, Sweden. In Finland, the commercial use of the expanded Turku biogas plant - also Finland's first plant producing LBG - began, and at the end and at the end of the year we took into use a transfer station for biowaste in Vantaa. We also entered into our first long-term Power Purchase Agreement (PPA) with ABO Wind Oy on the output of a wind farm located in North Ostrobothnia, Finland.

There is growing industry interest in the use of gas in the Nordic countries. We delivered LBG to the cleantech company Forchem and entered into an LNG supply contract with the Norwegian reinforced steel company Celsa Armeringstål.

We also entered into a portfolio management cooperation agreement with the Finnish energy company Keravan Energia and expanded our role in the Nordic power market by becoming a member of the Nordic power exchange of Nasdaq OMX."

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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 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 development towards a carbon-neutral future on land and at sea.

www.gasum.com

OPERATING ENVIRONMENT

Energy market – Industry and power market

The combined effect of a warm winter and high gas stock levels pushed natural gas prices down in early 2020. From early March onwards, gas prices were affected by reduced demand due to the global spread of the COVID-19 pandemic. Exceptionally low price levels were seen in the global energy market, and the North American oil index WTI turned negative for the first time in history. In the middle of the summer, gas prices plunged into a record-low level below €5/MWh, and at the same time LNG shipments from North America came to an almost total halt, affecting the restoration of balance in the European gas market. Gas prices climbed from August onwards, and the autumn saw major fluctuations in gas price levels caused by uncertainty relating to demand.

In Q4 of 2020, natural gas prices rose as cold weather affected the market in Northeast Asia in particular. At the end of the year, the prices of LNG delivered to Asia were pushed to six-year highs exceeding €40/MWh, as the spike in demand for gas caused by cold weather coincided with lower LNG delivery volumes and local nuclear power production problems. LNG cargoes were diverted from European destinations to Northeast Asia, as European gas prices were falling behind the pace of increase seen in Asian prices.

Power prices also dropped considerably at the beginning of Q1, as the weather was exceptionally mild, rainy and windy. The Nordic hydro balance rose to a very high level and pushed spot prices and front futures contracts very low. The downward effect on power prices was strengthened by the COVID-19 pandemic, although the decrease in Nordic electricity consumption was relatively small. In the summer, power prices remained at a low level, but the Finnish and Swedish area prices settled at higher levels due to the continuation of the nuclear power plant maintenance season. Mid-August saw a strong upswing in the prices of power futures due to drier weather conditions combined with emission allowance prices moving to higher levels.

Nordic power prices were very volatile during Q4. A very mild and wet October–November drove power prices to levels that are very low for the Nordic winter period. At the same time, the Nordic hydro balance was at record-high levels compared with the long-term average. December saw the situation change as weather forecasts quickly turned colder and drier, resulting in the hydro balance starting to normalize rapidly. By mid-December, power prices had rocketed up, supported by higher emission allowance prices and prolonged dry weather conditions. Uncertainty relating to economic recovery has still remained very high.

Road and maritime transport

The COVID-19 pandemic has continued to have a major impact on shipping and the entire logistics industry, even though China has already shown year-on-year growth in economic activity despite the pandemic. S&P Global Platts expects the global LNG demand to grow by 3% during 2021, as Asian demand in particular is more than offsetting a possible decline in Europe. The situation is improving gradually and the sentiment on the LNG market is optimistic, as more and more maritime logistics companies are taking steps towards cleaner fuel solutions. Companies are investing in LNG-powered vessels to meet the stricter requirements set by IMO regulations. Gasum also made maritime history by conducting the first ever ship-to-ship LNG-LBG blend bunkering to a cargo vessel. This demonstrates that the maritime industry is committed to the increased uptake of renewable fuel solutions and working towards the decarbonation of cargo transport at sea.

New orders for gas-fueled heavy-duty vehicles (HDVs) have also increased substantially especially in Finland as a government subsidy for HDV purchases became available from December onwards. This follows the same pattern as in Sweden where a similar government subsidy program significantly increased new orders of gas-powered HDVs. The delays that were still seen in gas-fueled fleet delivery times during Q3 have ended, and deliveries are currently taking place in the normal timeframe. Alongside the growing numbers of vehicles, the expansion of the network of gas filling stations has also continued in the Nordics, making it easier to reach the stricter transport emission reduction targets. A similar trend can also be seen in Central Europe, indicating an increasing shift in long-haul traffic to gas-powered HDVs.

The COVID-19 pandemic slightly slowed the pace of new gas vehicle registrations in the Nordic countries. Around 3,200 new gas-fueled vehicles were registered in Finland and more than 1,200 in Sweden during 2020. The number of gas-fueled vehicles already totals almost 14,000 in Finland and more than 50,000 in Sweden.

Circular economy – Waste 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.

Implemented during 2021, the EU Renewable Energy Directive (RED II) will set new targets for greenhouse gas emission reductions from renewable energy as well as for the range of feedstocks used in biogas production. RED II will result in the introduction of an EU-wide Guarantee of Origin (GO) scheme for biogas, facilitating the cross-border transmission of biogas. The GO scheme for biogas still requires measures to ensure its functioning as well as the inclusion of not only origin information but also of other aspects relating to biogas, such as eligibility for emission allowance trading and national taxation.

The methane strategy presented by the EU in October as well as the measures prepared for its implementation will have a positive impact on biogas production, delivery and use. At the same time, the EU wants to promote the use of recycled nutrients and has for that purpose introduced a regulation on fertilizing products that facilitates the fertilizer use of digestate created in biogas production. The regulation makes it possible for digestate to be eligible for fertilizer status, which allows the use of the CE marking as well as EU-wide use of the product.

GASUM'S STRATEGY

There is a shared purpose for Gasum's work: cleaner energy. Gasum's growth strategy is to promote development towards a carbon-neutral future in selected segments, industry as well as road and maritime transport together with customers and partners. The company expands the gas market and creates new innovations and services for the selected segments. Gasum creates value by developing a low-carbon society and helping its customers to reduce their own carbon footprint as well as that of their customers. The company's carefully considered growth strategy is managed through the selected focus areas. Renewal and agile management and leadership are key components of the Gasum strategy. The importance of gases as an energy source over the longer term will increase further in industry and transport in particular, as the Nordic countries are moving towards carbon-neutral energy production.

In 2020, Gasum continued the development of the Nordic gas market as planned. The mobility restrictions during the pandemic have caused Gasum to push back with bringing new plants into use, and at the same time there have been delays in projects of the company's new customers, which in turn has impacted the start-up of Gasum's deliveries. The company has sought to ensure business continuity by ensuring the health and safety of its employees, energy supply, gas sourcing and distribution as well as recycling and waste services.

As part of its strategy execution, Gasum closed the acquisition of Linde AG's LNG and Biogas business and Nauticor's Marine Bunkering business. The transaction expanded Gasum's supply of gas solutions in the Nordics particularly in maritime transport and heavy-duty road transport while also considerably expanding the company's gas filling station network. Gasum also continued the expansion of the Nordic gas filling station network serving heavy-duty vehicles and opened eight new filling stations in the Nordic countries during the year.

Gasum is continuously developing the supply of fuels and services in response to the growing needs of maritime transport. To provide its shipping customers with a flexible service across an even more extensive geographical area, Gasum entered into partnership with Pavilion Energy Singapore. The partnership enables Gasum to provide customers with liquefied natural gas (LNG) flexibly in Singapore and Northern Europe. The company also started regular deliveries of a fuel blend containing renewable liquefied biogas (LBG) to maritime transport customer Preem in Sweden.

Improving access to renewable energy in the Nordic countries is a significant element of the Gasum strategy. The company seeks to increase the supply of biogas by building new production facilities and expanding sourcing from other actors' production plants. Gasum improved access to renewable energy and acquired a biogas plant in Skövde, Sweden, from Torran Gas Holding AB. Gasum also made an investment decision concerning the construction of an industrial-scale biogas plant in Götene, Sweden. In Finland, the commercial use of the expanded Turku biogas plant began and a transfer station for biowaste was taken into use in Vantaa. The biowaste transfer station enables a biowaste recycling chain for actors in the Helsinki Metropolitan Area. Gasum now has nine biogas plants in Finland and six in Sweden. The commercial use of the Lohja biogas plant in Finland began in January 2021, and the Nymölla biogas plant in Sweden will enter commercial production during 2021. In addition, Gasum is planning the construction of biogas plants in Borlänge and Kalmar in Sweden and Oulu in Finland.

Gasum also entered into its first long-term Power Purchase Agreement (PPA) with ABO Wind Oy on the output of a wind farm located in North Ostrobothnia, Finland. The annual total of renewable wind power sourced by the company will be around 100 GWh.

BUSINESS DEVELOPMENT IN 2020

In total, the Group's gross income in the financial year were €772.0 million, of which other operating income €107.7 million, including among others realized and unrealized commodity derivatives results (2019: €988.7 million). The Gasum Group's revenue for the period under review totaled €664.3 million, down 28.2% on the corresponding period a year earlier (2019: €925.8 million). The decline in revenue was caused primarily by the European trend in the sales price of gas.

BALANCE SHEET AND FINANCIAL POSITION

The Group's adjusted operating profit was €33.8 million (2019: €28.9 million) and operating profit €5.7 million (2019: €50.9 million). The adjusted operating profit margin was 5.1% (2019: 3.1%) and operating profit margin 0.9% (2019: 5.5%). Adjusted return on investment (Adjusted ROI) was 2.8% (2019: 2.6%) and return on investment (ROI) was 0.6% (2019: 4.6%). The operating profit compared to adjusted operating profit included net amount of €28.1 million in unrealized commodity derivative losses in 2020 and net amount of €22.0 million in unrealized commodity derivative gains in 2019. The Group did not apply hedge accounting in these according to IFRS 9.

The Group's balance sheet total at December 31, 2020 came to €1,362.0 million (balance sheet total for continuing operations at December 31, 2019: €1,163.2 million). The main factors behind the balance sheet increase were the business acquisitions and the investments in biogas plants and the gas filling station network.

The Group's net interest-bearing debt at the reporting date totaled €597.6 million (December 31, 2019: €426.3 million), including borrowings from financial institutions as well as finance lease liabilities. The Group's solvency remained strong in the reporting period, with the equity ratio being 36.0% (December 31, 2019: 44.6%).

CORPORATE RESPONSIBILITY

The period under review saw the continuation of the development of Gasum's safety and security culture through the launch of monthly safety and security themes to promote safety and security awareness among personnel. Online safety and security training targeted at contractors was also developed. In 2020, the total recordable injury frequency (TRIF) decreased by 71% year on year.

As part of its Corporate Responsibility Program, Gasum is committed to action against climate change by reducing emissions from its own operations. During the year under review, the company implemented energy efficiency measures and achieved significant energy savings through measures including investing in raw gas upgrading and process optimization at its biogas plants. During the reporting period, Gasum advanced developments including the gas reliquefaction investment to increase energy use efficiency at the Pori LNG terminal in Finland.

In Q4 of 2020, the quality, environmental, energy, and occupational health and safety management systems of the Gasum Integrated Management System (IMS) were audited. The main focus in management system development has been on the implementation of the updated Code of Conduct and the business continuity plan.

RISK FACTORS AFFECTING FINANCIAL PERFORMANCE

Gasum operates in the energy sector and its financial performance entails financial, economic, operational, strategic and political risks. The price and demand of gas and associated products are the most important factors affecting the company's financial performance. In the long term, the economic environment and prices of alternative fuels affect demand for and, consequently, prices of natural gas, biogas and liquefied natural gas (LNG). In the short term, gas prices are affected above all by the weather, prices of alternative fuels and the associated seasonal fluctuations. Besides economic factors, the demand for gas is also affected by energy policies as well as environmental and climate targets.

Energy policy aims as well as customers' need to switch to cleaner fuels are steadily increasing interest in gas and boosting its demand as an industrial, maritime transport and road transport fuel. Compared to other similar fuels, the lower carbon dioxide emissions from natural gas as well as the availability of gas-related technologies are contributing to the growing demand for gas solutions.

Gasum aims to expand the Nordic gas market. This brings strategic risks relating to the operating environment, technology and customers. The political risk mainly relates to changes in EU and national legislation, energy support and, in particular, taxation. The company prepares for these risks relating to its operating environment by actively monitoring related developments. In addition, Gasum seeks to continuously draw attention to the company's viewpoints as regards the impacts of proposed amendments to regulation or taxation.

Safety plays an important role in the company's road and maritime transport, where the company is exposed to operational risks. We transport, deliver, process, handle and store products such as gas, biowaste and recycled nutrients. Our logistics service providers are responsible of all of the company's transport by land. Gasum minimizes risks by maintaining logistics safety through continuous assessment and monitoring. Employee, driver and subcontractor safety is an important factor mitigating operational risks.

As regards the Group's financial risks, the Group Treasury administers the interest rate, foreign currency, credit and liquidity risks. The Portfolio Management & Trading unit administers the Group's price and commodity risks.

Gasum's general risk management framework is described in the Gasum Group's Enterprise Risk Management Policy adopted by the Gasum Board of Directors. The main goal of the Enterprise Risk Management Policy is to help Gasum's businesses, management and employees to safeguard the company's disturbance-free operations and support the implementation of the company's growth strategy. Each business unit and Group function is responsible for identifying, assessing and managing its own unit-specific risks.

FUTURE OUTLOOK

The outlook of global economic development is challenging due to the COVID-19 pandemic. We expect the uncertainties to continue in the energy market and demand to be weakened further by the pandemic.

The importance of gas as an energy source over the longer term will increase further as the Nordic countries are moving towards carbon-neutral energy production. The use of gas is projected to grow strongly in the years ahead, particularly in industry and 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 business functions facilitate growth in the future. The capacity to operate more broadly in the energy market strengthens Gasum's position comprehensively as an energy company of the future. Going forward, gas as a low-emission fuel together with renewable electricity will gain a bigger role, as action against climate change requires a transition to cleaner solutions.

GASUM GROUP

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CONSOLIDATED STATEMENT OF INCOME

€ thousand	1.1.–31.12.2020	1.1.–31.12.2019
CONTINUING OPERATIONS		
Revenue	**664,313**	**925,823**
Other operating income*	107,657	62,919
Materials and services	-542,505	-805,176
Personnel expenses	-34,388	-34,137
Depreciation, amortization and impairment	-56,384	-46,101
Other operating expenses*	-133,973	-53,638
Share of profit/loss of investments accounted for using the equity method	964	1,203
Operating profit	**5,682**	**50,893**
Finance income	26,883	13,257
Finance expenses	-41,515	-29,027
Finance items – net	-14,633	-15,770
Profit/Loss before taxes	**-8,950**	**35,123**
Current income tax expense	-3,196	-5,673
Change in deferred taxes	-3,178	-4,196
Profit/Loss for the period from continuing operations	**-8,968**	**25,254**
Profi/Loss for the period from discontinued operations		69,911
Profit/Loss for the period	**-8,968**	**95,165**
Profit/Loss for the period attributable to:		
Owners of the parent	-8,973	95,163
Non-controlling interest	5	1

* Other operating income and other operating expenses included net amount of €28.1 million in unrealized commodity derivative losses in 2020 and net amount of €22.0 million in unrealized commodity derivative gains in 2019. The Group did not apply hedge accounting in these according to IFRS 9. Below table represents a reconciliation of these impacts to adjusted operating profit.

€ thousand	1.1.–31.12.2020	1.1.–31.12.2019
Operating profit	5,682	50,893
Unrealized commodity derivatives in other operating income	23,177	23,410
Unrealized commodity derivatives in other operating expenses	-51,323	-1,393
Net impact	-28,146	22,017
Adjusted operating profit	33,828	28,876

CONSOLIDATED BALANCE SHEET

€ thousand	31.12.2020	31.12.2019
ASSETS		
Non-current assets		
Intangible assets	213,412	208,510
Property, plant and equipment	849,521	696,994
Equity-accounted investments	11,266	11,652
Other investments at fair value through profit or loss	50	56
Derivative financial instruments	11,277	5,556
Other non-current assets	207	1,542
Total non-current assets	**1,085,733**	**924,309**
Current assets		
Inventories	55,859	39,203
Derivative financial instruments	39,595	34,351
Trade and other receivables	166,105	153,133
Current tax assets	135	826
Assets held for sale and discontinued operations	1,561	494,656
Cash and cash equivalents	13,038	1,852
Total current assets	**276,293**	**724,021**
Total assets	**1,362,026**	**1,648,330**

CONSOLIDATED BALANCE SHEET

€ thousand	31.12.2020	31.12.2019
EQUITY AND LIABILITIES		
Share capital	10,000	178,279
Reserve for invested unrestricted equity	159,739	26,280
Fair value reserve	-338	6,660
Profit (loss) from previous financial periods	332,098	435,302
Profit (loss) for the period	-8,973	95,163
Translation differences	-2,406	-4,784
Total equity attributable to owners of the parent	**490,120**	**736,900**
Non-controlling interest	24	19
Equity	**490,144**	**736,919**
Liabilities		
Non-current liabilities		
Loans	344,833	229,411
Other non-current liabilities	192,090	186,005
Derivative financial instruments	11,115	2,298
Deferred tax liabilities	31,009	30,685
Provisions	19,817	10,463
Post-employment benefits	3,457	3,917
Total non-current liabilities	**602,321**	**462,778**
Current liabilities		
Loans	0	0
Derivative financial instruments	51,641	13,610
Trade and other payables	216,905	162,094
Current income tax liabilities	1,015	322
Liabilities associated with assets held for sale and discontinued operations		272,607
Total current liabilities	**269,561**	**448,633**
Total liabilities	**871,882**	**911,412**
Total equity and liabilities	**1,362,026**	**1,648,330**

FORMULAS FOR KEY FINANCIAL INDICATORS

$$\text{Equity ratio (\%)} = 100 \times \frac{\text{Total equity}}{\text{Balance sheet total - Advances received}}$$

$$\text{Return on equity (\%)} = 100 \times \frac{\text{Profit for the period (12m rolling)}}{\text{Total equity (average for the period)}}$$

$$\text{Return on investment (\%)} = 100 \times \frac{\text{Profit for the period + Finance costs (12m rolling)}}{\text{Total equity + Interest-bearing debt (average for the period)}}$$

$$\text{Net interest-bearing debt} = \text{Interest-bearing debt - Cash and cash equivalents}$$

$$\text{Gearing ratio (\%)} = 100 \times \frac{\text{Interest-bearing debt - Cash and cash equivalents}}{\text{Total equity}}$$

$$\text{Net debt/EBITDA} = 100 \times \frac{\text{Interest-bearing debt - Cash and cash equivalents}}{\text{EBITDA (12m rolling)}}$$

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