

GASUM GROUP
FINANCIAL RESULT
Q4 2023



Gasum

Gasum Group financial result Q4 and full year 2023

Gradual stabilization of the gas market turned into a stronger recovery towards the end of the year

After a slower start during the first half of the year we experienced a stronger market recovery during the second half of 2023. Despite the Balticconnector rupture Gasum served its pipeline gas customers successfully by importing LNG to the Inkoo floating terminal during the last quarter of the year. The year as a whole has been somewhat challenging, but the strengthened market has created a positive outlook for 2024.

January–December 2023 (1–12 2022):

- The Group's revenue decreased by 44.0 percent to EUR 1,456.9 (EUR 2,601.8) million due to lower gas market prices.
- Operating profit (EBIT) was EUR 45.1 (EUR 149.9) million. Adjusted operating profit (EBIT) was EUR -3.8 (EUR 37.1) million
- Balance sheet total came to EUR 1,637.9 (EUR 1,947.3) million
- Equity ratio was 35.6 (28.3) percent
- Sales volumes decreased by 20 percent compared to 2022 mainly due to lower pipeline natural gas volumes and were 12.5 (15.6) TWh.

Key financial indicators

EUR million	2023	2022
Revenue*)	1,456.9	2,601.8
Adjusted operating profit**	-3.8	37.1
Operating profit	45.1	149.9
Adjusted operating profit (%) **	-0.3%	1.4%
Operating profit (%)	3.1%	5.8%
Equity ratio (%)	35.6%	28.3%
Adjusted return on equity (%) ***	-1.6%	6.8%
Return on equity (%) *	5.4%	25.3%
Adjusted return on investment (%) ***	-2.7%	2.4%
Return on investment (%) *	1.9%	12.0%
Balance sheet total	1,637.9	1,947.3
Net interest-bearing debt	215.1	309.4
Gearing ratio (%)	37.3%	57.0%
Gearing ratio (%) excluding the impact of IFRS 16 leases	11.3%	25.5%
Personnel at the end of period	338	321

*) The figures for the comparison period have been adjusted to correspond the reclassification of electricity hedges under other operating income.

**) Calculated without unrealized gains and losses from derivatives relating to operative business and non-recurring items. Comparison figures have been adjusted to follow the same principle. In 2023, adjusted items include unrealized gain/loss in hedge derivatives of EUR 36.3 million, increase of inventory values to net realisable value of EUR 14.2 million, legal costs related to arbitration of EUR 1.6 million. In 2022 items affecting comparability and were adjusted include unrealized gain/loss in hedge derivatives of EUR 157.8 million, reduction of inventory values to net realisable value of EUR 25.0 million, impairment charge of goodwill related to Skangas acquisition of EUR 11.0 million, legal costs related to arbitration of EUR 7.8 million and writedown of fixed assets of EUR 0.8 million for Suomenoja plant closure.

Gasum Group CEO Mika Wiljanen:

“The year started with a gradual stabilization of the gas market, with volumes still on the lower side after the record high prices of 2022. During the second half of 2023, however, we experienced a turnaround and a ramping up of demand, especially in the maritime segment, which turned into a stronger recovery towards the end of the year. Throughout the year Gasum’s result has been burdened by costs that have been incurred during the energy crisis.

Adjusted operating result for financial year 2023 was EUR 3.8 million negative (2022: EUR 37.1 million) and adjusted operating profit margin -0.3% (2022: 1.4%). Despite the somewhat weaker than expected financial result, the company was able to improve gearing, gearing rate being 37.3% at the end of the year 2023 (December 31, 22: 57.0%) positioning the company stronger for year 2024.

2023 was the first full year of implementing the renewed strategy which we launched in the autumn of 2022. During the year we saw the main structures of our next new biogas plant go up in Götene, where production is expected to start at the end of 2024. We also continued planning the second large greenfield plant project in Borlänge, which reached final investment decision early January 2024. Once operational, each of the new large-scale plants will produce yearly 133 gigawatt hours (GWh) of biogas.

During the year we started expansion and improvement work on three of our existing biogas plants. These projects will result in a combined increase of 60 GWh of biogas per year once completed in 2024. Additionally, we expanded our biogas portfolio with an acquisition of the majority ownership of a biogas upgrading company in the city of Helsingborg, Sweden. We’ve also been successful at increasing Biogas sourcing in accordance with our strategy.

In the power business, we have made headway in, for example, starting the expansion of the power business to the Swedish market and sourcing new fuel flex customers. Power trading volumes also improved significantly on the previous year.

In May 2023 Gasum cancelled the long-term natural gas supply contract it had had with Gazprom Export. Natural gas supplies through the pipeline had already been discontinued since May 2022 and Gasum had been in arbitration proceedings with Gazprom concerning the agreement.

Positive development despite challenging environment in fourth quarter

The last quarter of 2023 started with the rupture of the Balticconnector pipeline under the Baltic Sea. The only route to deliver gas to our customers has been to ship it as liquefied natural gas (LNG) to the Inkoo floating terminal (FSRU, floating storage and regasification unit) for regasification and feeding to the Finnish gas pipeline network. During 2023 we made three LNG deliveries to Inkoo for a total of over two terawatt hours of energy. I’m very pleased with our ability to pivot once more in the face of an unsuspected challenge and would like to thank Gasum’s staff for their exceptional work.

We closed the year by signing a long-term offtake agreement with Nordic Power-to-Gas developer Nordic Ren-Gas whereby Gasum will buy all of the synthetic e-methane produced by Nordic Ren-Gas at its Tampere Power-to-Gas plant from 2026 onwards and distribute it to our customers. The e-methane is produced using Finnish wind power and biogenic carbon dioxide captured from a local power plant.

During the fourth quarter we also internally launched Gasum’s new values – respect, sustainability and positive energy. The values were created together with the entire staff of Gasum via surveys and workshops held throughout the year. We also generated an accompanying Gasum Compass – a set of principles that help us live our values every day.

After the turbulence of 2022 we’ve seen the gradual healing of the energy market at the start of 2023 turn into a stronger recovery during the second half of the year. On the whole the year has been somewhat challenging but as the market strengthens further, Gasum is set to start the year 2024 on a solid footing.”

Operating environment

Energy market – Industry and power

The start of the year saw energy prices drop significantly from the previous year's levels. Volumes started recovering slowly as confidence returned to the market after the roller coaster of 2022 ended. Affordable gas prices drove many customers to switch back to gas from more polluting alternatives.

While the first half of 2023 was marked with slow and steady recovery, the second half of the year saw a more significant ramping up of demand despite continuing weakened industrial activity globally due to increasing interest rates and inflation pressure. Pipeline natural gas volumes remained modest in the third quarter but the price environment drove a significant improvement in LNG demand especially in the maritime segment.

During the fourth quarter of the year industrial activity in Europe remained weak spurred by inflation pressure. The earlier expectations of central banks to start easing the interest rates was postponed as inflation figures remained higher on both sides of the Atlantic. Tight monetary policy both in Europe and in North America continued to impact investment decisions.

Uncertainty surrounding global economic growth coupled with turbulence linked to the war in Ukraine dampened the mood. Additional turbulence caused in the Middle East, both in the Gaza strip between Israel and the terrorist organization Hamas and in the Strait of Hormuz by Houthi rebels, increased the risks of a downturn related to economic growth.

Gas prices in Europe moved up to 55 EUR/MWh by mid-October but started to drift lower since. The European benchmark price TTF stayed below 45 EUR/MWh for most of the fourth quarter as gas storages were close to record high filling levels and LNG supplies were readily available to compensate for the lost supply from Russia. Asian LNG demand continued to be lower than originally expected.

In December European gas prices traded below 30 EUR/MWh, which was not necessarily expected for the current winter heating season. Gas prices didn't react much in Europe even to the few colder days in December as the European gas market was well supplied with LNG through the new FSRUs.

It was a slightly different story for the Finnish gas market. The Balticconnector pipeline running under the Baltic Sea connecting Finland and Estonia was cut off on 8 October. The gas supplies in Finland have since relied fully on LNG deliveries, mostly through the floating storage and regasification unit (FSRU) in Inkoo. Local transmission system operator (TSO) Gasgrid estimates that the pipeline will be repaired in April 2024.

This event led to a situation, where Finnish gas supplies had to be rearranged and the tendering process of six new LNG cargo delivery slots were arranged by the FSRU company. Finnish gas prices reacted heavily and local prices traded over 20 EUR/MWh higher than European or Baltic gas prices. On a few isolated days the Finnish gas prices moved even above 80 EUR/MWh.

The situation was different in the Baltic countries as gas prices have been closely following the European benchmark price around 30 EUR/MWh. This is because some of the gas stored into the Incukalna underground gas storage in Latvia were originally targeted to be delivered to Finland. In this new situation that gas needed to be delivered to the already well supplied Baltic market.

Nordic power prices started to move above 40 EUR/MWh in the beginning of the fourth quarter. The hydro balance in the Nordics was still good, but the upcoming winter started to have an impact on the price levels. Nordic power prices moved to over 100 EUR/MWh in mid-November.

There were some occasional jumps in the prices during some individual days in November, where prices first traded almost at 300 EUR/MWh in Finland and then a few days later traded at -200 EUR/MWh level. This one individual negative day was due to an error by an international trading company inputting incorrect offers into the market.

Volatility in the Finnish power market continued during the beginning of December when on 4 December spot power prices jumped to 890 EUR/MWh for one trading day. At the same time the Nordic power prices remained

stable at around 100 EUR/MWh. This was due to a combination of cold weather, low wind and congestion in the power grid transport capacity.

Emission allowance prices continued to trade towards lower levels as economic activity was impacting the demand of emission allowances. The price level dropped from 90 EUR/ton in mid-October to below 70 EUR/ton in mid-December. The EUA price made a small rally towards the year end and ended the year at around 80 EUR/ton levels.

Road and maritime

In the heavy-duty vehicle segment the number of gas-powered trucks in the Nordic market has continued on a steadily increasing path. The long-term development is expected to continue as biogas use is seen as a cost-effective way to decarbonize logistics already today.

We have again seen some problems in the supply chain that have caused delays in deliveries of new trucks. This hasn't slowed down new orders of LNG-powered trucks as the current challenges are expected to be short-term.

The maritime industry has continued to pick up significantly with the lower price levels of LNG. The price differential between marine gasoil (MGO) and LNG has continued to shift the demand towards the more environmentally friendly choice, namely LNG.

This has continued to impact the growth of the LNG-powered vessels market very positively. LNG was the cheaper alternative of the two fuel options also during the fourth quarter. The number of LNG-powered vessels has continued to increase significantly as has the orderbook for new vessels. We have also seen the demand for liquified biogas (LBG, bio-LNG) increase in the maritime sector as the industry is looking to clean-up shipping even further.

Biogas and circular economy

The surrounding geopolitical situation and diminishing gas supplies from Russia have resulted in increased interest in locally produced biogas on the EU level. The target of the REPowerEU program is a more than tenfold increase in EU's biomethane production to 35 bcm per year by 2030. To reach the target, investments of approximately EUR 83 billion are needed in around 5,000 new production installations to be operational at the end of 2029.

In Finland, government support of biogas has been relatively mild. Expectations are being set on the hydrogen economy. In Sweden, on the other hand, biogas is being strongly promoted, but recent ambiguities regarding taxation have caused challenges.

Gasum continues on a growth path in biogas production as well as procurement and proceeds with new investments in Sweden, expands existing plants in Finland and explores possible opportunities in Norway.

During the fourth quarter of the year Gasum continued execution of three expansions of existing biogas plants in Finland and Sweden. The project at the Vehmaa plant in Finland was completed in December and full commissioning is done in January 2024. The Oulu plant expansion project in Finland entered into site construction phase. Site activities at the Örebro plant will start in spring 2024. These projects will together increase Gasum's biogas output by 60 gigawatt hours (GWh) per year and the total investment of all three projects is 27 million euros.

The execution of the greenfield project in Götene continues as planned. The supplier of anaerobic digestion, Lundsby AS, has completed the erection of main tanks and storage pits together with technical buildings. Biogas upgrading and liquefaction will be delivered on site in spring 2024 by the supplier Wärtsilä. First feeding in Götene is expected to happen at the end of the summer 2024 and commercial operation will start by the end of the year. Gasum nominated a plant manager for the plant as a first member of the personnel.

Gasum continues planning other similar manure feedstock-based projects in southern Sweden. Many Swedish competitors are also active in manure-rich areas and the competition to secure the feedstock volumes and use of biofertilizers in the area is fierce. Preparation of the greenfield biogas plant in Borlänge has continued to the completion of the basic engineering and the final investment decision was made at the start of 2024.

Biogas demand in Sweden is clearly shifting towards liquefied biomethane instead of compressed. Due to this development Gasum has, during 2023, started investigating the possibility to liquefy the compressed gas in a central location.

Co-operation on digestate processing and commercializing in Finland continued as planned with joint venture Kiertoravinne Oy. The cooperation was expanded to Gasum's Oulu and Kuopio plants at the end of the year.

Sustainability

In 2023 Gasum's sustainability work was governed by a sustainability program focusing on six key themes: safety and security, climate change, access to cleaner energy, people, circular economy and responsible business. Gasum has started to prepare for the requirements of the Corporate Sustainability Reporting Directive (CSRD), which will apply to the company in 2025. A Sustainability Program update is planned for the year 2024 in accordance with the results of CSRD compliant double materiality assessment conducted in 2023.

Due to a quieter market in the first half of the year and taxation issues in Sweden, sales of biogas did not develop as projected and were on the same level as 2022 at 1.7 TWh. The green field large scale biogas plant project in Götene and several other improvement projects at existing plants proceeded well as did procurement activities, Gasum is, therefore, well positioned to increase sales for 2024.

In 2023 Gasum increased the share of renewable volumes (incl. biogas and power) to 25% (21% in 2022). The company managed nearly one million tons of waste streams as feedstock for biogas production and produced 920,000 tons of nutrients and fertilizers.

Energy efficiency progressed with 30 activities implemented during the year. Gasum continues to use 100% renewable energy in all operations. All biogas reactor tanks of Gasum's Finnish biogas plants were recorded with a special infrared camera (FLIR) that detects possible methane emissions.

For people-related targets we reached our goal on absences with a rate of 1.7 (target < 2). The Pulse survey continued as a way to measure employee experience. Response rate improved to 69% (63% in 2022). Development discussions were held with 97% of employees (target 100%).

In terms of safety and security our target is zero harm to people and to the environment. Target was not achieved as there were 4 lost time injuries (LTI) for own employees and contractors (2 in 2022). The total injury frequency rate (TRIF) was 16.6 (5.3 in 2022). All incidents were thoroughly investigated to prevent similar accidents from occurring in the future. A strong focus on safety continues. The number of performed safety walks increased by 34% year-on-year. Gasum's operations in Finland received the best occupational safety level rating of the Zero Accident Forum. There were no environmental breaches.

Regarding responsible business Gasum's target is zero unplanned interruptions to customers. This target was reached with a delivery performance rate of 99.9%. Code of Conduct e-learning participation rate improved well to 93% (88% in 2022). We established an Ethics, compliance and risk network.

Financial performance

The Gasum Group's revenue for the period under review totaled EUR 1,456.9 million, decrease of 44 % compared to the previous year (2022: EUR 2,601.8 million). Decrease in the revenue was result of steep decline in gas market prices during 2023. Average TTF (ICIS HEREN DA/WE) price in 2023 was 40.68 EUR/Mwh, while comparable average TTF price in corresponding period 2022 was 120.46 EUR/Mwh.

The Group's operating result was EUR 45.1 million positive (2022: EUR 149.9 million) and operating result margin was 3.1 % (2022: 5.8%). Gasum's financial result was impacted by decline in gas market prices but more significantly, the costs resulting from the need to reorganize the entire supply chain for pipeline-delivered natural gas and risk mitigation activities that were implemented as a response to the surrounding geopolitical situation and changes in energy market.

The Group's adjusted operating profit was EUR -3.8 million (2022: 37.1 million). Items affecting comparability and were adjusted include unrealized profit in operative hedge derivatives of EUR 36.3 million, change of inventory values to net realizable value of EUR 14.2 million, legal costs related to ongoing claims of EUR 1.6 million. In 2023,

Group's result was also positively influenced by recognised biogas production subsidies in Sweden from years 2022-2023, totalling EUR 12.5 million in other operating income.

Cash flow and financing

The Group's balance sheet totalled EUR 1,637.9 million (December 31, 2022: EUR 1,947.3 million) on December 31, 2023. Decrease in balance sheet was mainly due to decrease in gas prices which resulted in lower market values of hedging derivatives. In 2023 Gasum derecognized EUR 158 million under current assets and current liabilities related to natural gas contract with Gazprom Export. More information of the arbitration and derecognized items is provided in Legal proceedings and Claims.

During 2023, Gasum continued investments in all its' businesses. The Gasum Group's capital expenditure before government grants in 2023 was EUR 62.7 million (2022: EUR 37.5 million). Capital expenditure was especially related to the construction of new biogas plants and the expansion of existing plants as well as expansion of the Nordic filling station network. Gasum recognised EUR 2.6 million investment support against capital expenditure during the financial year (2022: EUR 20.7 million).

Equity at end of 2023 was at EUR 577.0 million, an increase of 6,3% % from EUR 543.1 million on December 31, 2022. The Group's equity ratio was 35.6 % (December 31, 2022: 28.3%). Gasum has a capital loan of EUR 200 million from Governia Oy. The capital loan was given in 2021 to strengthen the financial position and provide support for consequences from the general energy market situation and uncertainty.

At end of December 2023, cash and cash equivalents including short-term deposits amounted to EUR 278.9 (December 31, 2022: 206.2) million. Unused committed credit facilities were at EUR 220 million. The Group's net interest-bearing debt at the reporting date totalled EUR 215.1 million (December 31, 2022: EUR 309.4 million), including borrowings from financial institutions as well as finance lease liabilities. Decrease of 30.5 % in net interest-bearing debt is result from a decrease in net working capital. Gearing at end of December 2023 was at 37.3% (December 31, 2022: 57.0%).

Risks and geopolitical uncertainty

The tensions between Europe and Russia have continued to increase since the Russian attack on Ukraine in February 2022, which has affected Gasum's business environment and operations. The company does not have operations or assets in Russia.

The extraordinary turbulence in the energy market during 2022 decreased in 2023, although volatility and price level has remained higher compared to pre-war time. The commodity price risks, derivative risks and liquidity risks remain in close monitoring and Gasum has continued to develop the capability to react to possible challenges in the energy markets.

Gasum always complies with applicable sanctions and restrictions and is continuously monitoring geopolitical risk development as well as conducting active dialogue with the relevant national authorities and stakeholders regarding the situation. Gasum has a long-term LNG sourcing contract with Gazprom Export, which includes take-or-pay clauses for minimum quantities. Although the majority of the LNG directly sourced by Gasum is coming from outside of Russia, for example, sanctions or other measures against Russian gas sector, or countermeasures by Russia could have an impact on Gasum's operating environment, the surrounding markets and the company's LNG supply chain and related result. The EU has recently enabled member countries to effectively ban Russian shipments of LNG. Gasum has prepared for the possible supply cuts e.g. through alternative supply sources.

Finnish officials have indicated the relations between Finland and Russia have deteriorated and this imposes an increased threat on Finnish critical infrastructure. Gasum has taken measures to further improve the safety of its assets and personnel.

The geopolitical tensions increasing around the world as well as the upcoming elections in many countries may imply risks in the general operating environment for Gasum through for example shifts in international and national climate targets or changing supply chains for gas.

Legal proceedings and claims

The Energy Authority's appeal to the Supreme Administrative Court

In spring 2019, the company appealed to the Market Court on a decision made by the Finnish Energy Authority on 26 February 2019 on the application of the unbundling rules concerning the calculated unbundling of natural gas operations and on a decision relating to the same set of matters made by the Energy Authority on 15 March 2019 on corrective measures to the company's unbundling calculations regarding the financial statements for 1 January to 31 December 2018. On 17 July 2020 the Energy Authority submitted to the Market Court that the court impose on Gasum a penalty fee for non-compliance with the unbundling provisions of the Natural Gas Market Act in conjunction with the demerger concerning the natural gas transmission network operations. The Energy Authority proposed that the amount of penalty fee be EUR 79.7 million. On 30 April 2021 the Energy Authority supplemented its penalty fee submission with its response and secondarily proposed a penalty fee of the same size on the basis of Gasum's conduct that has continued for years in consecutive financial statements, involving either intentional or negligent breach of or non-compliance with provisions of the Natural Gas Market Act on unbundling of activities in case of the eventuality that the unbundling provisions of the Natural Gas Market Act would not be applicable to the demerger of Gasum. According to the Energy Authority, the continued conduct first took place at least in the 2017 financial statements and the 2016 comparative figures included in them and continued until the 2019 financial statements.

By a ruling given on 7 November 2022, the Market Court reversed, following Gasum's appeal, the decisions issued by the Energy Authority concerning Gasum's financial statements. In addition, the Market Court dismissed the Energy Authority's proposal concerning the penalty fee. The Energy Authority has appealed the Market Court's ruling to the Supreme Administrative Court. The Energy Authority requested in its appeal that the Supreme Administrative Court refer the matter to the Court of Justice of the European Union (CJEU) for a preliminary ruling relating to the interpretation of the Natural Gas Market Directive underlying the unbundling provisions of the Natural Gas Market Act. Based on current understanding the decision by the Supreme Administrative Court is expected during the first quarter of 2024.

The Energy Authority has, in addition, issued decisions on 28 January 2022 and 16 June 2022 concerning the company's unbundled 2020 financial statements. The company has appealed against the decisions made by the Energy Authority to the Market Court and submitted that the Market Court postpone the consideration of the matters until the Supreme Administrative Court has ruled on the above-described appeal matters as well as on the Energy Authority's the penalty fee submission. No related accounting provisions have been made.

Arbitration proceedings against Venator P&A Finland OY

In spring 2020, the Gasum subsidiary Gasum LNG Oy filed arbitration proceedings against Venator P&A Finland Oy for failure by Venator to comply with its obligation to purchase the minimum quantity of gas under a natural gas supply agreement. The arbitration procedure resulted in a decision in favor of Gasum LNG Oy in August 2021.

Venator terminated the natural gas supply agreement as of 1 September 2022, whereby all remaining amounts under the agreement fell due. Venator has not paid its outstanding invoice despite of Gasum LNG Oy's several reminders. In early November 2022, Gasum LNG Oy filed arbitration proceedings against Venator to be able to enforce the outstanding payment. On 14 May 2023, Venator Materials PLC, and 23 affiliated companies filed petitions in the United States seeking relief under chapter 11 of the United States Bankruptcy Code. The arbitration was under stay for the duration of said chapter 11 proceedings and resumed unaffected in October 2023. In its counterclaim, Venator has made requests related to the due dates of the outstanding payments as well as adjustment of the compensation. A decision is expected during fall 2024.

The company has recognized an amount of EUR 32.7 million as a receivable under operating revenue during previous financial periods. Due to the circumstances, Gasum has recognized a credit loss provision (ECL) according to IFRS 9.

Company's appeal to Vaasa Administrative Court on administrative enforcement decision of 30 September 2021 made by Centre for Economic Development, Transport and the Environment for Southwest Finland and appeal against the amended environmental permit

By its administrative enforcement decision of 30 September 2021, the Centre for Economic Development, Transport and the Environment for Southwest Finland has considered that Gasum's Turku biogas plant has not, regardless of

requests, taken sufficient measures to eliminate odor nuisance from the activities. Gasum appealed against the decision to Vaasa Administrative Court on 28 October 2021. To reinforce the first main obligation included in the decision, the Centre has imposed a periodic notice of a conditional fine with its basic component amounting to EUR 200,000 and its additional component to EUR 100,000. To reinforce six (of a total of twelve) other main obligations included in the decision, a separate fixed notice of a conditional fine amounting to EUR 50,000 per obligation has also been imposed. Because the administrative enforcement decision is enforceable, Gasum has, regardless of its appeal, performed all measures in compliance with the Centre's administrative enforcement decision by the due dates set for the measures in the enforcement decision. The appeal process regarding the administrative enforcement decision is currently pending in Vaasa Administrative Court, and the court decision is expected during spring 2024.

In addition, the Regional State Administrative Agency of Southern Finland has in spring 2022 issued an amended environmental permit decision for the Turku biogas plant. The amended environmental permit decision has not become legally valid yet due to objections filed against the decision by local residents, and therefore the new requirements of the environmental permit have not been implemented yet. The appeal process regarding the amended environmental permit is currently pending in Vaasa Administrative Court, and the court decision is expected during spring 2024.

Possible further measures and processes on these matters cannot be ruled out.

Gasum cancelled its pipeline natural gas supply contract with Gazprom Export

Gasum has had a long-term pipeline natural gas supply contract with Russian Gazprom Export. In April 2022, Gazprom Export presented Gasum with a demand that the payments agreed in the supply contract should be paid in rubles instead of euros. In addition, the companies had a significant disagreement regarding certain other demands made based on the contract. Due to these reasons, Gasum referred the matter to arbitration in accordance with the supply contract. In November 2022, the arbitral tribunal issued an award in the matter and ordered Gasum and Gazprom Export to continue their bilateral contract negotiations to resolve the situation. The parties were not able to resolve the situation within the period defined by the arbitral tribunal and therefore, Gasum has cancelled the long-term natural gas supply contract with Gazprom Export on 22 May 2023. Gasum has in January 2023 filed with the Svea Court of Appeal a challenge concerning parts of the arbitral award received in the arbitration based on competition law grounds.

Due to the proceedings in the Svea Court of Appeal and further cancellation of the supply contract on 22 May 2023, Gasum has in the second quarter of 2023 derecognised the asset related to the prepayment of non-taken gas from financial year 2021 and reclassified the liability as contingent liability amounting to EUR 158.0 million.

Gasum has also derecognised the prepayment of EUR 13.3 million under inventory related to non-taken gas from financial year 2020 and recognised it as financial receivable from Gazprom Export. Based on legal assessment, Gasum sees that the company is entitled to restitution of the prepayment. Balance sheet values on 31 December 2023 include EUR 144.8 million trade payables and other provisions for gas deliveries and supply contract related other costs from 2021–2022. Gasum has taken preliminary actions to set off the financial receivable of EUR 13.3 million from the aforementioned trade payables and other provisions. The liabilities set out in the arbitral award accrue interest, totaling EUR 11.2 million on 31 December 2023.

Swedish Tax Agency imposing excise duty and tax surcharges on Gasum AB for the period January 2021 – June 2022

The Swedish Tax Agency performed a tax audit of Gasum AB during 2023 regarding the period 1 January 2021 – 30 June 2022. Based on the findings made in the tax audit, the Swedish Tax Agency issued a partial decision on 21 December 2023 obligating Gasum AB to pay MSEK 31.2 in excise duty and MSEK 4.7 in tax surcharges, mainly concerning energy and carbon dioxide tax deductions made by Gasum AB on gas imported from Belgium and Norway to Sweden as liquefied biogas. The liquefied gas in question had been purchased and sold as biogas based on biogas purchase and supply agreements, and in accordance with valid mass balancing principles in the Renewable Energy Directive and Gas Market Directive as well as ISCC standards. Gasum disagrees with the Swedish Tax Agency's decision and is assessing available options to rectify the Swedish Tax Agency's decision. Gasum has disclosed a contingent liability regarding the Tax Agency's decision.

Additionally, the Swedish Tax Agency has in a proposal for decision indicated that it will impose MSEK 37.5 in excise duty and MSEK 5.6 in tax surcharges on Gasum AB for biogas deliveries made during the above-mentioned period that the company failed to declare due to an administrative error, but which were tax-exempt at the time of delivery. Following a ruling from the European Court of Justice the right to tax-exemption for biogas has from 7 March 2023 not been granted by the Swedish Tax Agency on formal grounds. Gasum has indicated that it finds the Swedish Tax Agency's assessment to impose taxes and tax surcharges on Gasum to be legally questionable and incorrect and is assessing available options.

Events after reporting period

At the beginning of January 2024 Gasum made a final investment decision on a new large scale biogas plant to be built in Borlänge, Sweden. The size of the investment is EUR 62 million and the project has been granted a subsidy of EUR 15 million from the Swedish Environmental Protection Agency's Klimatklivet investment program.

Construction of the plant will begin during spring 2024. The plant will use a feedstock mixture of regionally sourced organic household waste and manure and produce 133 gigawatt hours (GWh) worth of liquefied biogas (LBG) per year from 2026 onwards. In addition, the plant will produce 250,000 tons of high quality environmentally friendly fertilizers and process a total amount of 270,000 tons of feedstock per year. Household waste will be collected and processed by Gasum's local partner Borlänge Energi, and manure will be sourced from farmers in the Borlänge area.

The Borlänge plant is the second plant in a series of five large-scale biogas plants Gasum plans to construct in Sweden. The projects are part of Gasum's strategy to invest in Nordic biogas availability. Gasum's goal is to bring seven terawatt hours (7 TWh) of renewable gas yearly to the market by 2027.

Future outlook

Volumes are expected to develop positively during 2024. However, there are factors and events still creating uncertainties for the energy market.

The brutal war Russia started against Ukraine continues in 2024 with no resolution in sight yet. The extraordinary turbulence in the energy markets caused by the war seems to be over, at least for the time being. The global geopolitical situation grew even more complicated during 2023 with war erupting in the Middle East after terrorist attacks on Israel in October. There is a growing risk of escalation in the region. The ramifications of both these wars for the coming years are unclear.

The rupture and resulting shutdown of the Balticconnector pipeline between Finland and Estonia causes further uncertainty in the Finnish energy market. Gas procurement arrangements for 2024 are dependent on when the pipeline is repaired and back in use.

The future of LNG and LBG (Bio-LNG) looks promising. Demand is expected to be positively impacted by the maritime sector EU emissions regulation starting in 2024 as well as the steadily growing numbers of gas-powered trucks in the heavy traffic sector in the long term.

Gasum's result continues to be burdened by costs that have resulted from adverse impacts of the market turmoil and adjusting operations to the changed energy landscape in 2022. According to our current understanding, these costs will continue to affect Gasum's result still in the first quarter of 2024.

The implementation of Gasum's strategy continues in 2024, while the company is also managing the impacts of energy crises. The first of five new large biogas plants in Sweden in Götene will be finished during the year and on-site work on the second one in Borlänge will begin. Expansions and improvements to existing biogas plants are proceeding as planned and procurement agreements of renewable gas are increasing.

Consolidated statement of income

EUR million	1.1.-31.12.2023	1.1.-31.12.2022
Revenue*	1,456.9	2,601.8
Other operating income*	192.1	643.2
Materials and services*	-1,226.1	-2,224.9
Personnel expenses	-34.9	-35.5
Depreciation, amortization and impairment	-76.8	-92.9
Other operating expenses*	-267.2	-742.6
Share of profit/loss from investments accounted for using the equity method	1.1	0.8
Operating profit	45.1	149.9
Finance income and expenses	-25.3	-8.7
Result before taxes	19.8	141.2
Taxes	10.4	-17.9
Result for the period	30.2	123.3
Result for the period attributable to:		
Owners of the parent	29.7	123.3
Non-controlling interest	0.5	0.0

*The figures for the comparison period have been adjusted to correspond the reclassification of electricity hedges under other operating income and under other operating expenses.

Consolidated statement of comprehensive income

EUR million	1.1.-31.12.2023	1.1.-31.12.2022
Result for the period	30.2	123,3
Other items in comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations	0.3	0.8
Taxes related to items that will not be reclassified to profit or loss	-0.1	-0.2
Total	0.2	0.6
Items that may be reclassified subsequently to profit or loss		
Translation differences	0.1	-14.7
Total	0.1	-14.7
Total comprehensive result for the period	30.4	109.2
Total comprehensive income for the period attributable to:		
Owners of the parent	29.9	109.2
Non-controlling interest	0.5	0.0

Consolidated balance sheet

EUR million	31.12.2023	31.12.2022
ASSETS		
Non-current assets		
Intangible assets	161.7	169.0
Property, plant and equipment	627.0	621.5
Equity-accounted investments	12.6	11.6
Derivative financial instruments	41.4	133.7
Deferred tax assets	17.0	0.0
Other non-current assets	0.3	0.3
Total non-current assets	860.0	936.1
Current assets		
Inventories	137.4	257.9
Derivative financial instruments	88.7	186.7
Trade and other receivables	267.9	354.6
Current tax assets	4.7	5.9
Cash and cash equivalents	278.9	206.2
Total current assets	777.8	1,011.2
TOTAL ASSETS	1,637.9	1,947.3

Consolidated balance sheet

EUR million	31.12.2023	31.12.2022
EQUITY AND LIABILITIES		
Share capital	10.0	10.0
Reserve for invested unrestricted equity	159.7	159.7
Capital loan	200.0	200.0
Retained earnings	192.4	66.3
Result for the period	29.7	123.3
Translation differences	-16.2	-16.3
Total equity attributable to owners of the parent	575.5	543.0
Non-controlling interest	1.5	0.0
TOTAL EQUITY	577.0	543.1
LIABILITIES		
Non-current liabilities		
Loans	344.0	344.5
Non-current lease liabilities	137.2	139.4
Derivative financial instruments	28.3	104.1
Deferred tax liabilities	13.9	11.5
Provisions	12.7	11.9
Post-employment benefits	3.6	4.4
Total non-current liabilities	539.7	615.8
Current liabilities		
Derivative financial instruments	66.3	211.9
Trade and other payables	439.1	563.1
Current income tax liabilities	14.2	13.5
Provisions	1.6	0.0
Total current liabilities	521.1	788.5
TOTAL LIABILITIES	1,060.8	1,404.3
TOTAL EQUITY AND LIABILITIES	1,637.9	1,947.3

Formulas for key financial indicators

Equity ratio (%) =	100 x	$\frac{\text{Total equity}}{\text{Balance sheet total - Advances received}}$
Return on equity (%) =	100 x	$\frac{\text{Result for the period}}{\text{Total equity (average for the period)}}$
Adjusted return on equity (%) =	100 x	$\frac{\text{Result for the period} - \text{unrealized derivatives} * 80\% - \text{NRI} * 80\%}{\text{Total equity (average for the period)}}$
Return on investment (%) =	100 x	$\frac{\text{Profit before tax}}{\text{Total equity + Interest-bearing debt (average for the period)}}$
Adjusted return on investment (%) =	100 x	$\frac{\text{Profit before tax} - \text{unrealized derivatives} - \text{NRI}}{\text{Total equity + interest-bearing debt (average for the period)}}$
Net interest-bearing debt =		Interest-bearing debt - Cash and cash equivalents
Gearing ratio (%) =	100 x	$\frac{\text{Interest-bearing debt} - \text{Cash and cash equivalents}}{\text{Total equity}}$
Gearing ratio (%) excluding the impact of IFRS16 Leases =	100 x	$\frac{\text{Interest-bearing debt} - \text{IFRS16 leasing debt} - \text{Cash and cash equivalents}}{\text{Total equity}}$

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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.

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