

GASUM GROUP
FINANCIAL RESULT
Q3 2024



Gasum

Gasum Group financial result Q3 2024

Positive volume development continued in the maritime and traffic segments

January–September 2024 (January–September 2023):

- Sales volumes increased by 42 percent compared to January–September 2023 mainly due to higher natural gas volumes and were 13.0 (9.2) TWh.
- The Group's revenue decreased by 3.0 percent to EUR 994.6 (1,025.7) million due to decline in gas market prices.
- Operating profit (EBIT) was EUR 1.1 (-5.4) million. Adjusted operating profit (EBIT) was EUR 26.6 (-24.8) million
- Balance sheet total came to EUR 1,478.9 (1,506.2) million
- Equity ratio was 37.3 (34.8) percent

Key financial indicators

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Revenue	281.6	280.6	994.6	1,025.7	1,456.9
Adjusted operating profit*	-9.0	-4.5	26.6	-24.8	-3.8
Operating profit	-14.2	21.0	1.1	-5.4	45.1
Adjusted operating profit (%)*	-3.2%	-1.6%	2.7%	-2.4%	-0.3%
Operating profit (%)	-5.0%	7.5%	0.1%	-0.5%	3.1%
Equity ratio (%)			37.3%	34.8%	35.6%
Return on equity (%)**			-6.3%	-5.0%	5.4%
Return on investment (%)**			-3.0%	-2.4%	1.9%
Balance sheet total			1,478.9	1,506.2	1,637.9
Net interest-bearing debt			257.6	201.9	215.1
Gearing ratio (%)			47.2%	38.9%	37.3%
Gearing ratio (%) excluding the impact of IFRS 16 leases			20.4%	9.3%	11.3%
Personnel at the end of period (FTE)			349	333	331

* Calculated without unrealized gains and losses from derivatives relating to operative business and non-recurring items

** The calculation formula of the key figure has been adjusted as of Q1 / 2024. In the new formula, annualized figures are used to calculate the key figure. Key figures for the comparison periods have also been recalculated to reflect the new calculation formula

Adjusted items

Non-recurring items and unrealized gains and losses from derivatives relating to operative business

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Unrealized operative hedge derivatives	11.2	25.9	-18.5	16.7	36.3
Non-recurring items	-16.4	-0.3	-7.1	2.7	12.6
Change of inventory values to net realisable value	0.4	-0.2	10.3	3.9	14.2
Costs related to ongoing claims	-0.5	-0.1	-1.1	-1.2	-1.6
Change in ECL provision	-16.1		-16.1		
Other	-0.2		-0.2		
Total	-5.2	25.5	-25.6	19.4	48.9

Gasum Group CEO Mika Wiljanen comments on the third quarter of 2024:

"In the maritime and traffic segments volumes continued to grow steadily when compared to the third quarter of 2023 although the growth in the maritime segment has slowed down somewhat from the first half of 2024. In the industry segment volumes were more or less on the same level as the previous year.

The adjusted operating result for the third quarter of 2024 was EUR -9.0 million (Q3 2023: EUR -4.5 million) and the adjusted operating profit margin for Q3 2024 was -3.2% (Q3 2023: -1.6%). The adjusted operating result for the cumulative period of Q1-Q3 2024 was EUR 26.6 million (Q1-Q3 2023: EUR -24.8 million) and the adjusted operating profit margin 2.7% (Q1-Q3 2023: -2.4%). Equity ratio at end of September 2024 was 37.3% (September 30, 2023: 34.8%). Q3 2024 Operating profit was negatively impacted by change in Venator receivable related ECL (expected credit loss) provision, impact on operating profit EUR -16.1 million (see further information under section Financial performance and Legal proceedings and claims.).

In July Gasum ceased all imports of LNG from Russia in accordance with the EU sanctions approved in June. This has resulted in the need to reorganize LNG supply, which has burdened profitability. Nevertheless, we have been able to supply our customers with LNG without any delays or interruptions.

Implementation of the Gasum strategy continued throughout the third quarter of the year. While biogas sourcing and production has progressed as expected, sales are somewhat delayed due to development of the renewable market. All in all, delivery volumes exceeded 2023 figures of the same period but are lower than planned.

In the power business the expansion to the Swedish market is also proceeding. On the energy market the focus remains mainly on security of supply and price as the economy in Europe is still recovering. In the current economic climate companies are not keen on taking voluntary actions to reduce emissions but would rather wait for regulatory measures to come into effect.

Despite the delay in driving our strategy forwards in the market, Gasum has been active in building the infrastructure that will eventually enable the planned growth in the biogas market.

At our plant project site in Götene, main building works have been finished and the start-up of the digestion process was carried out during the third quarter. The plant uses mainly manure as feedstock and first test batches were already delivered to the plant in September. Commercial production is set to start during the first quarter of 2025. Ground works at the second plant in Borlänge proceeded as planned as did work at existing plants designed to increase efficiency and biogas production.

In the maritime segment we can see signs of an increase in the demand for biogas as the enforcement of the FuelEU Maritime regulation approaches from the start of 2025. During the third quarter of 2024 we signed an agreement to bunker Hapag-Lloyd's container vessels with a total amount of 20,000 mt of liquefied biogas during 2025–2026 in accordance with Hapag-Lloyd's winning ZEMBA tender. ZEMBA is a buyers' group with the mission to accelerate commercial deployment of zero-emission shipping solutions.

During the period Gasum also made a supply agreement with Equinor to provide the platform supply vessel Island Crusader with liquefied biogas on an ongoing basis. This supply agreement is part of Equinor's goal to become a net-zero emissions energy company by 2050.

We also ended natural gas sales at Finnish gas filling stations from the start of September. This means that Gasum's filling stations in Finland will only sell biogas from now on. Almost all of Gasum's filling station customers in Finland have already been choosing biogas for a couple of years now, as the price has been competitive compared to natural gas. Today, the availability of biogas is secure, so that it is no longer necessary to keep natural gas as a back-up alternative at stations."

Future outlook

Volumes for the full year are expected to be on a relatively high level in the maritime and traffic customer segments when compared with 2023 figures. Volumes in the industry segment are expected to be more modest and are likely to remain on the same level as in 2023.

The new maritime sector EU emissions regulation FuelEU Maritime, which is entering into force in 2025, is likely to increase interest in biogas towards the turn of the year. Gasum is building a FuelEU Maritime compliance pooling service, which is expected to attract more interest and boost biogas sales in the new year.

On 26 July the new EU sanction against Russia pertaining to LNG imports came into force. This means that Gasum no longer imports LNG from Russia and needs to source the portion of its LNG portfolio that previously came from Russia through other sources. Gasum has been able to source the needed volumes from other countries and expects no risk to availability, although the new sourcing arrangements pose a burden on profitability.

At the Götene biogas plant project site, the construction works have mostly been finalized and seeding of the reactors has been carried out. Commercial production is expected to start at the turn of the year adding around 120 GWh to Gasum's own biogas portfolio once running on full capacity. Work at the Borlänge plant project site is expected to proceed on schedule with start of commercial production projected for 2026.

Gasum continues to develop the e-methane market with negotiations both at the supply side as well as with potential customers interested in pioneering the use of synthetic methane in transportation.

During the start of the fourth quarter Gasum has introduced a completely new multi-market optimization service for the power market that is expected to boost interest in Gasum's power market offering. Work on expanding the power business into the Swedish market continues into 2025.

Operational review

Gasum's operations are divided into three customer segments: industry, maritime and traffic. In addition, production and sourcing of renewable gases is looked at as an area of strategic importance.

Industry

The price level of natural gas in Europe has been fairly stable during the period. For the period, volumes of both LNG and biogas in the industry segment were on the same level as in previous years. Volumes are expected to grow assuming the competitiveness of natural gas compared to alternative fuels.

Interest towards using biogas in different industrial processes is increasing as it is an efficient way to reduce value chain emissions for the end customers.

The outlook for power-related services is positive as the market is developing. Gasum's power offering serves both power users and producers, providing full delivery and access to both physical and financial power markets. The demand for multi-market optimization services in the power market is increasing as the volatility continues to increase overall.

Maritime

The market in general has a positive outlook as new LNG-powered vessels are constantly entering into service. The maritime industry is gradually increasing emission reductions with the FuelEU Maritime regulations around the corner. This is expected to increase demand for Gasum's liquefied biogas (LBG).

In the third quarter, there were some challenges in the maritime bunkering demand, partly resulting from the new sanctions against Russia, but also because new vessel launches from shipyards were delayed.

Traffic

The strong growth in the traffic segment continued year-on-year. Registrations of gas-run trucks are increasing in Finland, Sweden and Norway area, where Gasum is the leading operator in the traffic segment. Approximately 10% of new trucks registered in the market are gas trucks. The filling station network is growing and Gasum surpassed the landmark of 50 liquefied gas stations during the third quarter of 2024.

In October, after the reporting period, the European Commission issued a decision whereby the Swedish taxation issue regarding biogas can be resolved. Gasum now awaits the implementation of the decision by the authorities. The overall outlook in the traffic segment is positive and volumes for the whole of 2024 are projected to develop well. In the coming years, volumes are also expected to increase.

Production and sourcing of renewable gases

Gasum's strategic projects to increase its own biogas production proceeded well. At the Götene project site, seeding of the reactors started as planned in August. In Borlänge, groundworks were started during the summer.

Expansion projects at existing biogas plants in Finland at Vehmaa, Oulu, Turku & Riihimäki are proceeding. Digestate treatment and ammonia water production will be implemented in both Oulu and Riihimäki plants during the second half of 2024 and going into 2025. In Sweden, the Örebro expansion is still awaiting the final decision on the environmental permit.

Gasum has several biomethane sourcing agreements with European producers under negotiations. Changes to the EU-level as well as national regulations and subsidy schemes continue to cause fluctuations in the European biomethane market. However, biomethane availability has continued to improve in 2024.

The implementation of an EU Database for Guarantee of Origin and Proof of Sustainability is expected to be implemented during the last quarter of the year, which will ease the cross-border transfer of biomethane within the EU.

Sustainability

During the third quarter Gasum continued preparatory actions ahead of the start of sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD). Gasum has conducted a double materiality assessment which is being validated by a third party during the second half of 2024.

During the period Gasum also carried out audits of the ISO systems (quality, environment, occupational health & safety and energy). Audits were conducted with an external auditor and found to be in accordance with the requirements of the management system standards.

Financial performance

Gasum Group's revenue during Q3 2024 period was EUR 281.6 million, 0.4 % higher than the revenue of EUR 280.6 million in Q3 2023. Cumulative revenue from Q1-Q3 2024 period was EUR 994.6 million, 3.0 % lower than the revenue of EUR 1,025.7 million in Q1-Q3 2023. The decrease in revenue was attributable to lower gas prices.

Volumes in Q3 2024 continued developing positively. Total volumes increased 30.2 % in Q3 from comparison period being 3.8 TWh (Q3 2023: 2.9 TWh). Total volumes in Q1-Q3 2024 period was 13.0 TWh (Q1-Q3 2023: 9.2 TWh), increase to comparison period 42.1 %. Positive volume development continued in Maritime and Traffic segments. Adjusted operating profit in Q3 2024 was EUR -9.0 million (Q3 2023: EUR -4.5 million) and operating profit for Q3 2024 was EUR -14.2 (Q3 2023: EUR 21.0) million. Adjusted operating profit in Q1-Q3 2024 was EUR 26.6 million (Q1-Q3 2023: EUR -24.8 million) and operating profit for Q1-Q3 2024 was EUR 1.1 (Q1-Q3 2023: EUR -5.4) million.

Q3 2024 operative result was impacted by expected inventory loss of around EUR 5 million, where the corresponding profit was realized through realized natural gas inventory hedges in earlier periods during H1 2024. Gasum does not apply hedge accounting for its hedge derivatives and therefore there can be timing differences between the result from underlying business and the impact of realized gain or loss of hedge derivatives.

In Q3 2024 Gasum's operating profit was negatively impacted by increase in ECL (expected credit loss) provision, impact on operating profit EUR 16.1 million loss. Change in ECL provision was consequence of Venator P&A Finland Oy filing for bankruptcy (see further details under Legal Claims). Gasum has a legally enforceable receivable from Venator P&A Finland Oy amounting to EUR 40.0 million. Due to ongoing bankruptcy proceeding and relevant available information, Gasum has evaluated the value of open receivable under the IFRS and recognized an expected credit loss reservation amounting to EUR 36.5 million. Despite the increase in ECL provision, Gasum is taking all necessary actions to secure its receivable in the bankruptcy proceedings. Items affecting comparability and which are excluded from adjusted figures have been listed in the table *key financial indicators* presented on the first page.

Net profit for Q1-Q3 2024 was EUR -26.5 million (Q1-Q3 2023: EUR -20.1 million).

Cash flow and financing

The Group's balance sheet totaled at the end of September 2024 EUR 1,478.9 million (September 30, 2023: EUR 1,506.2 million).

Net interest-bearing debt, including borrowings from financial institutions and lease liabilities, increased by 27.6% to EUR 257.6 million (September 30, 2023: EUR 201.9 million). Increase in net interest-bearing debt is mainly result of ongoing investment programs especially in biogas production. At end of September 2024, cash and cash equivalents including short-term deposits amounted to EUR 231.8 (September 30, 2023: 295.5) million and unused committed credit facilities to EUR 220 million. Gasum has financial covenants in its loan agreements for gearing and minimum available liquidity.

Equity at end of September 2024 was at EUR 546.2 million, increase of 5.2% from EUR 519.3 million in September 2023. Gearing at end of Q3 2024 was at 47.2% (September 30, 2023: 38.9%) and equity ratio at 37.3% (September 30, 2023: 34.8%).

Risks and geopolitical uncertainty

The energy market and prices remain volatile and prices reactive to changes in the global energy supply chains. 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's most important strategic risks relate to the demand of its main products, such as biomethane, liquefied natural gas (LNG) and renewable power. The need for LNG and renewable energy is affected by the economic environment, energy regulation, and the availability and relative price level of other energy solutions. After the newest European sanctions on Russian LNG, Gasum has focused efforts on the operational risks relating, in particular, to the supply chain and supply security.

As the leading producer of biomethane in the Nordics, Gasum is exposed to various risks. The regulation of biomethane is still developing, which creates uncertainty for the processes and business models developed around it. There is also increasing competition for feedstock for renewable energy production, which may affect the production cost of biomethane and future investments. Furthermore, Gasum has an ambitious investment plan into biomethane production, and the investment projects are subject to risks in project execution, rising construction prices and counterparty risks.

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 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 risks are described in the Legal proceedings and Claims section.

Ownership structure

Gasum Ltd is fully (100%) owned by the State of Finland. Prior to 1 October 2024, part of the shares were held indirectly through the state-owned Gasonia Oy. On 1 October 2024, the remaining shares held by Gasonia Oy were transferred to the State of Finland, and thereafter all shares in Gasum Ltd have been held directly by the State of Finland. The change does not affect Gasum's operations or ultimate ownership.

Legal proceedings and claims

The report includes ongoing and potential legal proceedings and claims significant for the company. The company is reporting changes in relation to the financial statement for 2023 and financial result H1/2024. To the extent changes are not reported, the financial statement for 2023 and financial result H1/2024 applies.

Arbitration proceedings against Venator P&A Finland Oy

In early November 2022, Gasum's subsidiary Gasum LNG Oy filed arbitration proceedings against Venator P&A Finland Oy for failure to pay amounts due after termination of a natural gas supply agreement. The arbitration procedure resulted in a decision in favor of Gasum LNG Oy in late September 2024. On 15 October 2024, Venator was declared bankrupt. Gasum LNG Oy is taking all necessary actions to secure its receivable in the bankruptcy proceedings. Gasum has booked ECL (expected credit loss) provision according to IFRS. See further details under Financial performance.

Events after reporting period

In October 2024 the European Commission made the decision that the Swedish tax exemption scheme for non-food-based biogas is in line with EU state aid rules and biogas can be sold in Sweden without an energy and CO₂ tax.

The Commission had approved the tax exemption scheme already in 2020, but the Commission's decision was annulled by the General Court in 2022 following a complaint. The General Court concluded that the Commission should have opened a formal investigation procedure to assess whether the tax exemptions combined with support from other member states led to the overcompensation of biogas producers.

Following the General Court's judgment, the Commission opened an in-depth investigation in January 2024 to re-examine the tax exemption scheme. The Commission's investigation confirmed that the Swedish tax exemption scheme complies with EU State aid rules, and that there was no evidence that the tax exemption, combined with support from other member states, led to the overcompensation of biogas producers.

Gasum now awaits the implementation of the decision by the Swedish government and tax authorities.

Consolidated statement of income

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Revenue	281.6	280.6	994.6	1,025.7	1,456.9
Other operating income*	11.0	13.1	92.8	97.5	127.6
Materials and services	-243.6	-217.7	-857.0	-862.1	-1,226.1
Personnel expenses	-8.5	-8.2	-27.0	-27.3	-34.9
Depreciation, amortization and impairment	-14.6	-20.0	-43.7	-59.7	-76.8
Other operating expenses*	-52.2	-53.1	-142.2	-197.1	-238.9
Unrealized gains and losses of hedge derivative instruments*	11.2	25.9	-18.5	16.7	36.3
Share of profit/loss from investments accounted for using the equity method	0.8	0.5	2.0	0.9	1.1
Operating profit	-14.2	21.0	1.1	-5.4	45.1
Finance income and expenses	-11.1	-8.2	-24.6	-13.2	-25.3
Result before taxes	-25.3	12.9	-23.5	-18.6	19.8
Taxes	-2.6	-1.5	-3.0	-1.5	10.4
Result for the period	-28.0	11.3	-26.5	-20.1	30.2
Result for the period attributable to:					
Owners of the parent	-28.1	11.0	-26.9	-20.4	29.7
Non-controlling interest	0.2	0.3	0.3	0.3	0.5

* Figures for the comparison period have been adjusted to correspond to the reclassification of gains and losses from unrealized derivative instruments.

Consolidated balance sheet

EUR million	30.9.2024	30.9.2023	31.12.2023
ASSETS			
Non-current assets			
Intangible assets	154.7	160.6	161.7
Property, plant and equipment	654.4	617.7	627.0
Equity-accounted investments	13.8	12.4	12.6
Derivative financial instruments	51.0	36.7	41.4
Deferred tax assets	17.3	0.0	17.0
Other non-current assets	0.2	0.2	0.2
Total non-current assets	891.5	827.6	860.0
Current assets			
Inventories	141.7	122.8	137.4
Derivative financial instruments	29.9	53.4	88.7
Trade and other receivables	170.6	199.6	267.8
Current tax assets	13.1	7.3	4.7
Assets held for sale	0.3	0.0	0.3
Cash and cash equivalents	231.8	295.5	278.9
Total current assets	587.3	678.6	777.8
TOTAL ASSETS	1,478.9	1,506.2	1,637.9

Consolidated balance sheet

EUR million	30.9.2024	30.9.2023	31.12.2023
EQUITY AND LIABILITIES			
Share capital	10.0	10.0	10.0
Reserve for invested unrestricted equity	159.7	159.7	159.7
Capital loan	200.0	200.0	200.0
Retained earnings	222.0	192.2	192.4
Result for the period	-26.9	-20.4	29.7
Translation differences	-19.6	-23.4	-16.2
Total equity attributable to owners of the parent	545.3	518.1	575.5
Non-controlling interest	0.9	1.2	1.5
TOTAL EQUITY	546.2	519.3	577.0
LIABILITIES			
Non-current liabilities			
Loans	343.2	343.8	344.0
Non-current lease liabilities	136.0	139.3	137.2
Derivative financial instruments	40.6	20.9	28.3
Deferred tax liabilities	16.4	8.2	13.9
Provisions	12.7	11.9	12.7
Post-employment benefits	3.6	4.4	3.6
Total non-current liabilities	552.5	528.4	539.7
Current liabilities			
Derivative financial instruments	28.2	49.1	66.3
Trade and other payables	350.9	395.4	440.7
Current income tax liabilities	1.1	13.9	14.1
Total current liabilities	380.2	458.4	521.1
TOTAL LIABILITIES	932.7	986.8	1,060.8
TOTAL EQUITY AND LIABILITIES	1,478.9	1,506.2	1,637.9

Accounting principles

Gasum has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2023 except for the accounting policy change related to financial instruments. (see below)

The figures in the interim report have been rounded and consequently the sum of individual figures may deviate from the sum presented.

Accounting Policy Change

Financial instruments

Derivative financial instruments to which hedge accounting is not applied are classified as financial items at fair value through profit or loss, and gains and losses from their fair value movements are, for hedge derivatives, recorded in profit and loss statement under section *Unrealised gains and losses of hedge derivatives*, separate from other operating income and expenses.

Accounting treatment of derivative financial instruments in balance sheet has remained unchanged. At the reporting date, instruments with a positive fair value have been recognized in the balance sheet as assets and instruments with a negative fair value as liabilities. Items which mature in more than 12 months are recorded in non-current receivables and liabilities and those which mature earlier in current receivables and liabilities.

Formulas for key financial indicators

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

*Annualized by dividing the figure by the number of months in the reporting period and multiplying by the number of months in the full financial year

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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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