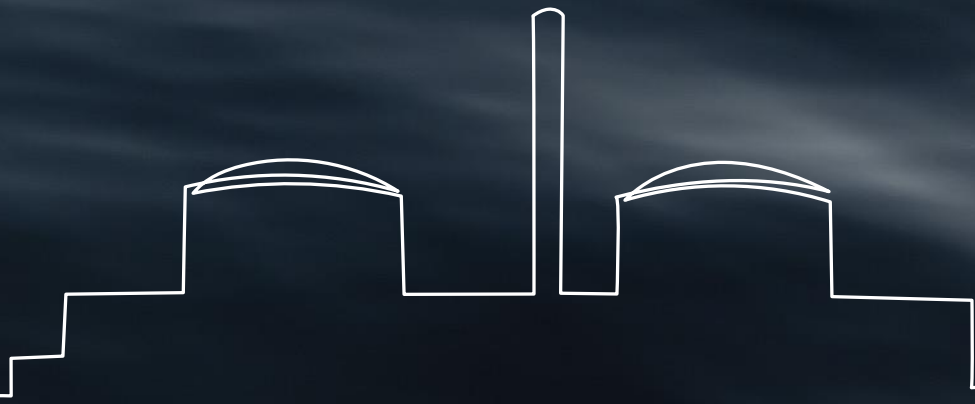


Equity story of

FORTUM – Powering a thriving world

Investor / Analyst material

March 2024



Disclaimer

This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Fortum shares.

Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

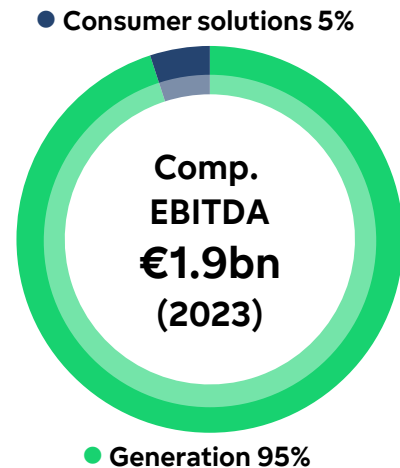
Any references to the future represent the management's current best understanding. However, the final outcome may differ from them.

Content

Fortum and power market	4 – 18
Financial Statements 2023	19 – 33
Appendices	34 – 43
Nuclear spent fuel and services	44 – 45
Fortum's evolution and strategic route	46
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IR contacts	48

Fortum is well positioned as a Nordic clean energy provider

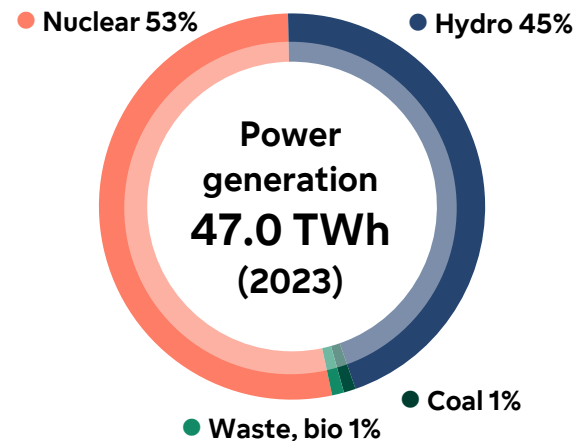
Earnings dominated by clean generation



Key figures (2023)

Sales	€ bn	6.7
Comp. Op	€ bn	1.5
Comp. EPS	€/share	1.28
Total assets	€ bn	19
Personnel		5,225

Clean power generation

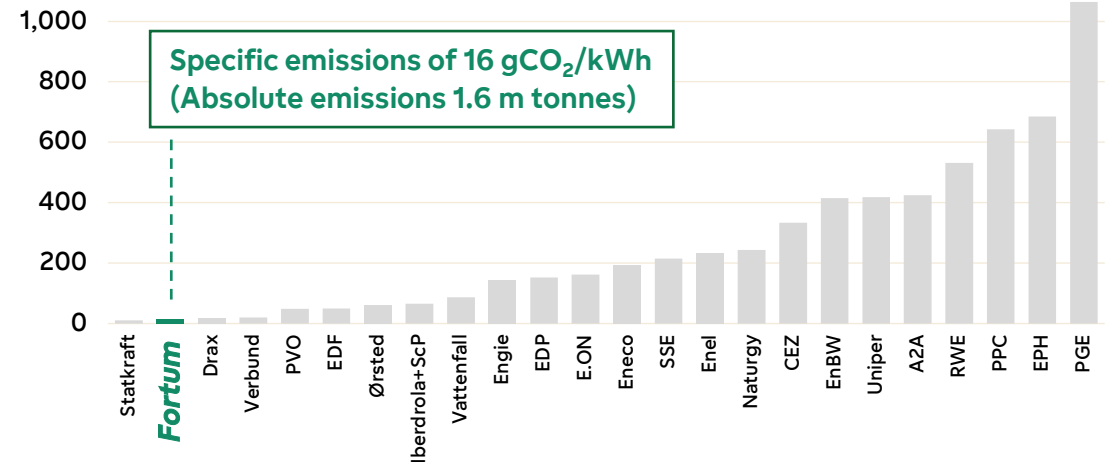


Generation capacity, MW

	9,248
Hydro	4,669
Nuclear	3,234
Wind	245
Condensing	565
CHP	535

Sustainability is part of our DNA

gCO₂/kWh, electricity*



*) Fortum include specific carbon dioxide emissions from power generation in Europe in 2023. All other figures, except Fortum, include European power generation in 2022. For some companies the PwC figures might also include heat production.
Source: PwC, December 2023, Climate change and Electricity, Fortum



Our purpose is
**TO POWER A WORLD WHERE PEOPLE,
BUSINESSES AND NATURE THRIVE TOGETHER.**

STRATEGIC PRIORITIES

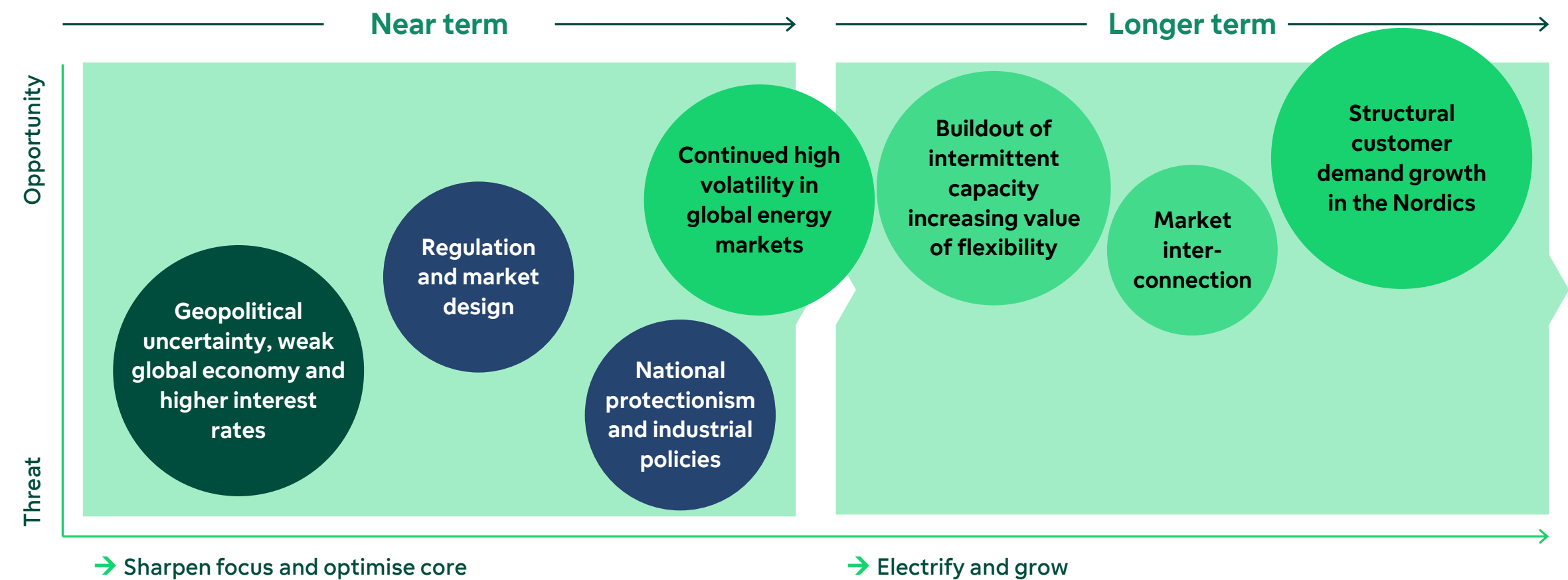
Deliver reliable
clean energy

Drive
decarbonisation
in industries

Transform
and develop

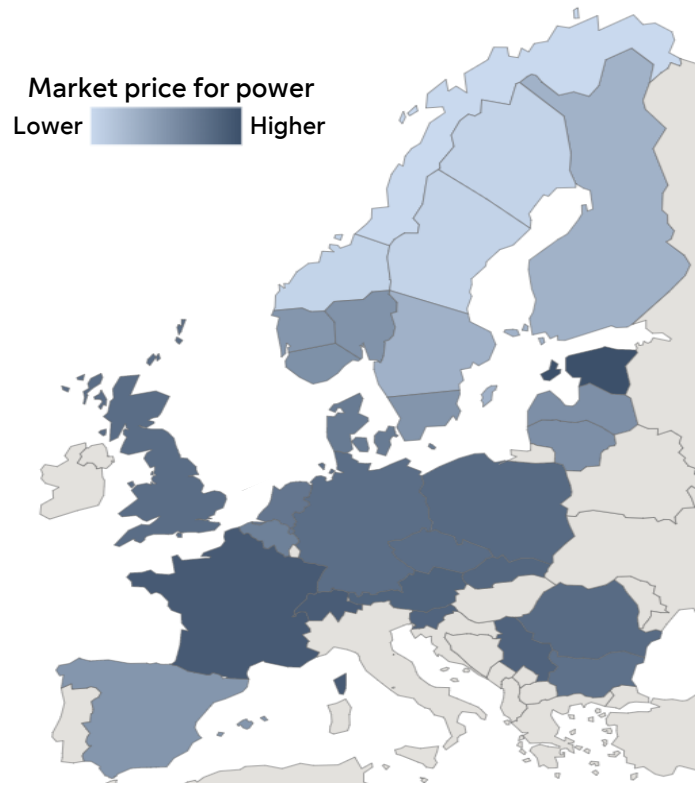
We help societies to reach carbon neutrality and our customers to grow and decarbonise their processes in a reliable and profitable way, in balance with nature.

The ongoing sector disruption has increased uncertainty in the short term but provides opportunities going forward

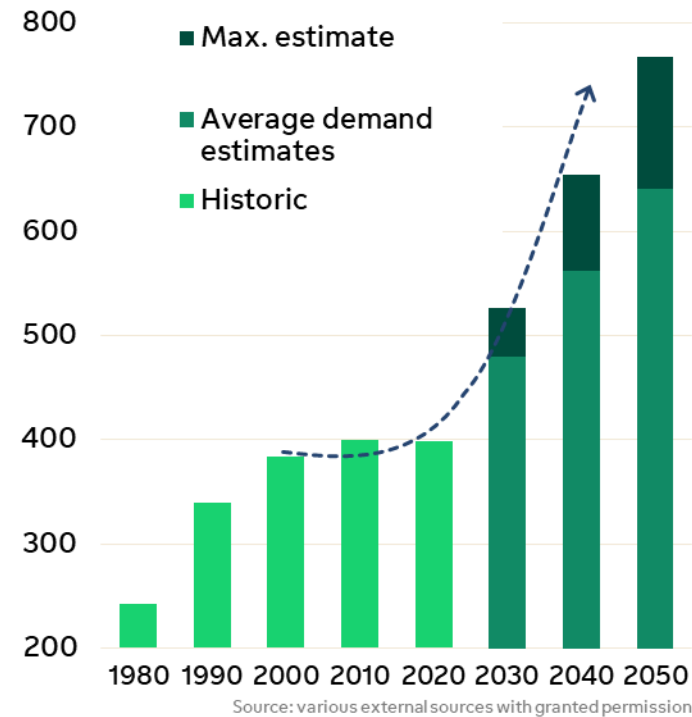


Nordic power market with clean power and competitive prices to accelerate demand

The Nordic region is a source for extremely competitive and clean energy

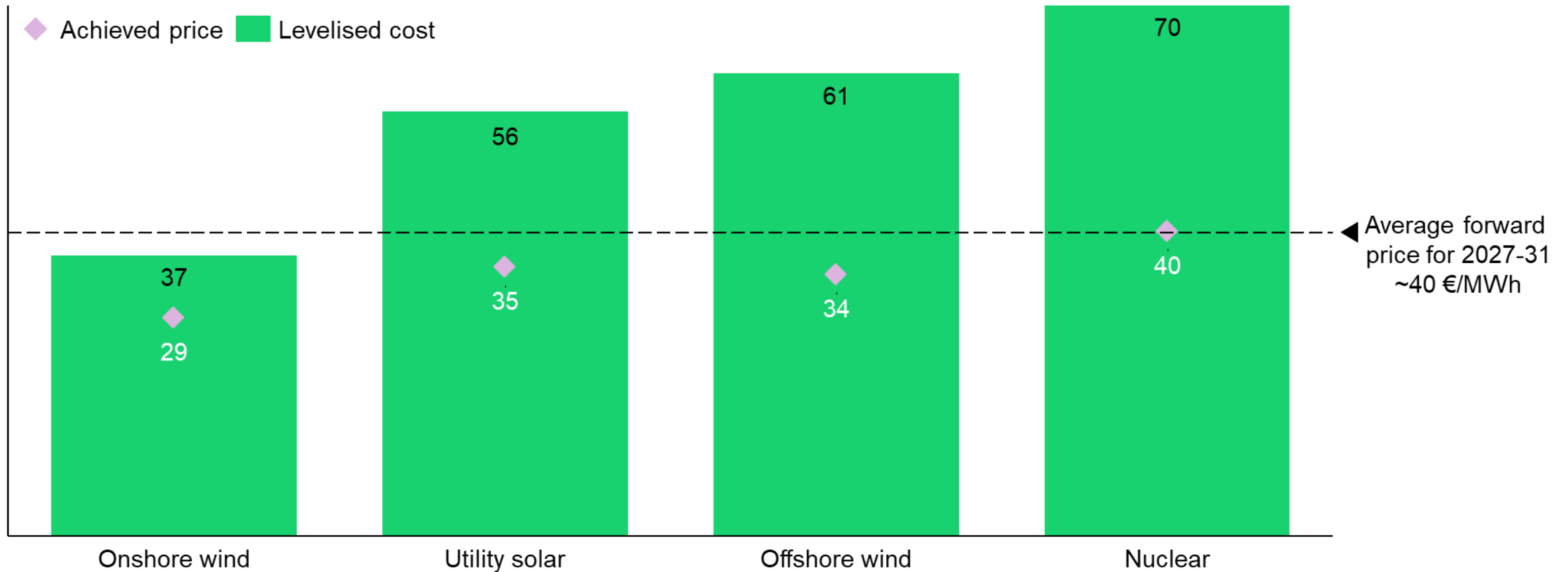


Nordic power demand driven by decarbonisation and electrification



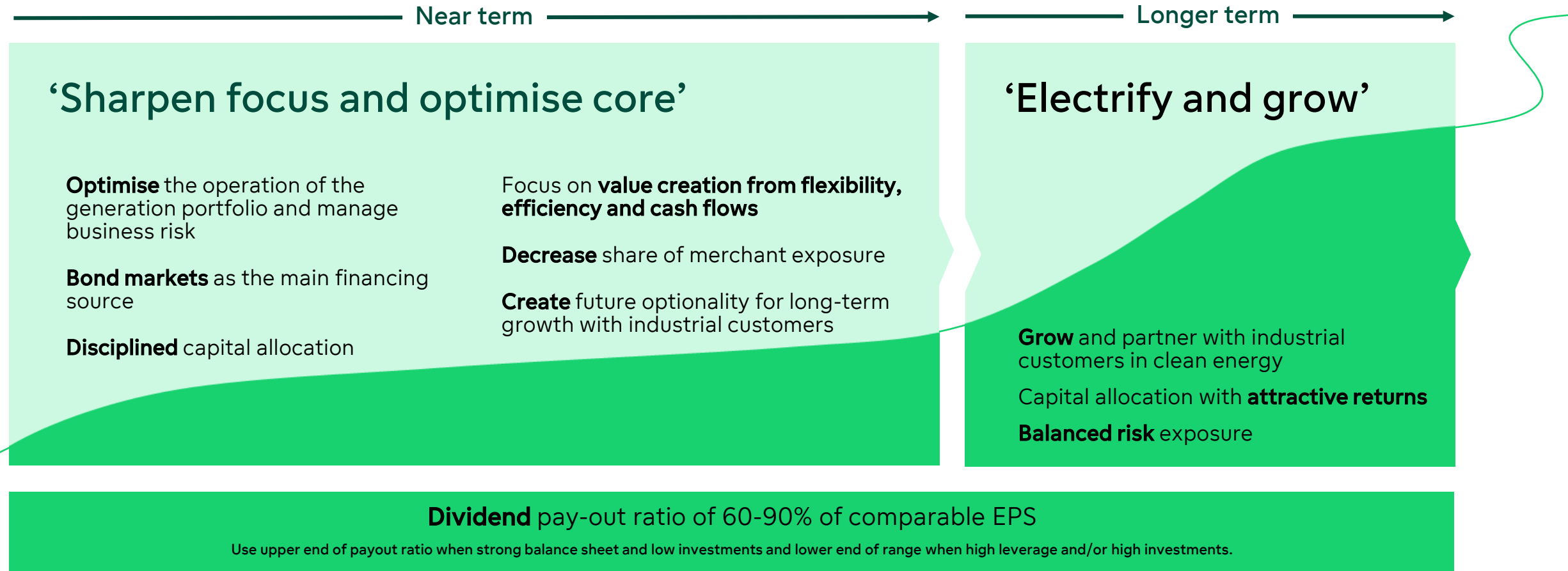
Market prices are too low to attract new investments

EUR/MWh



Source: NVE, Kostnader for kraftproduksjon, accessed 29.1.2024. Default parameters used, including a 6% WACC. Forward prices from 26.1.2024 close for Nordic system price. Onshore wind and solar achieved prices calculated by assuming the year 2023 profile realisation in Finland, while offshore wind profile discount assumed to be half of onshore wind. Nuclear assumed to run on baseload profile. Costs do not include imbalance charges. Figures are indicative and for schematic purposes only.

Navigate the uncertainty with phased strategy execution



Our business portfolio

FORTUM CORE

Strengthen and selectively grow areas of core competence, while capitalising volatile markets.



Hydro



Nuclear



Flexibility and optimisation



Customer business



Heating and Cooling

DEMAND-DRIVEN RENEWABLES

Prepare ready-to-build pipeline to serve customer demand growth with long-term contracts.



Onshore wind



Solar

EXPLORE

Future-shaping by studying, validating, and developing future opportunities.



Clean hydrogen



Innovation & Venturing

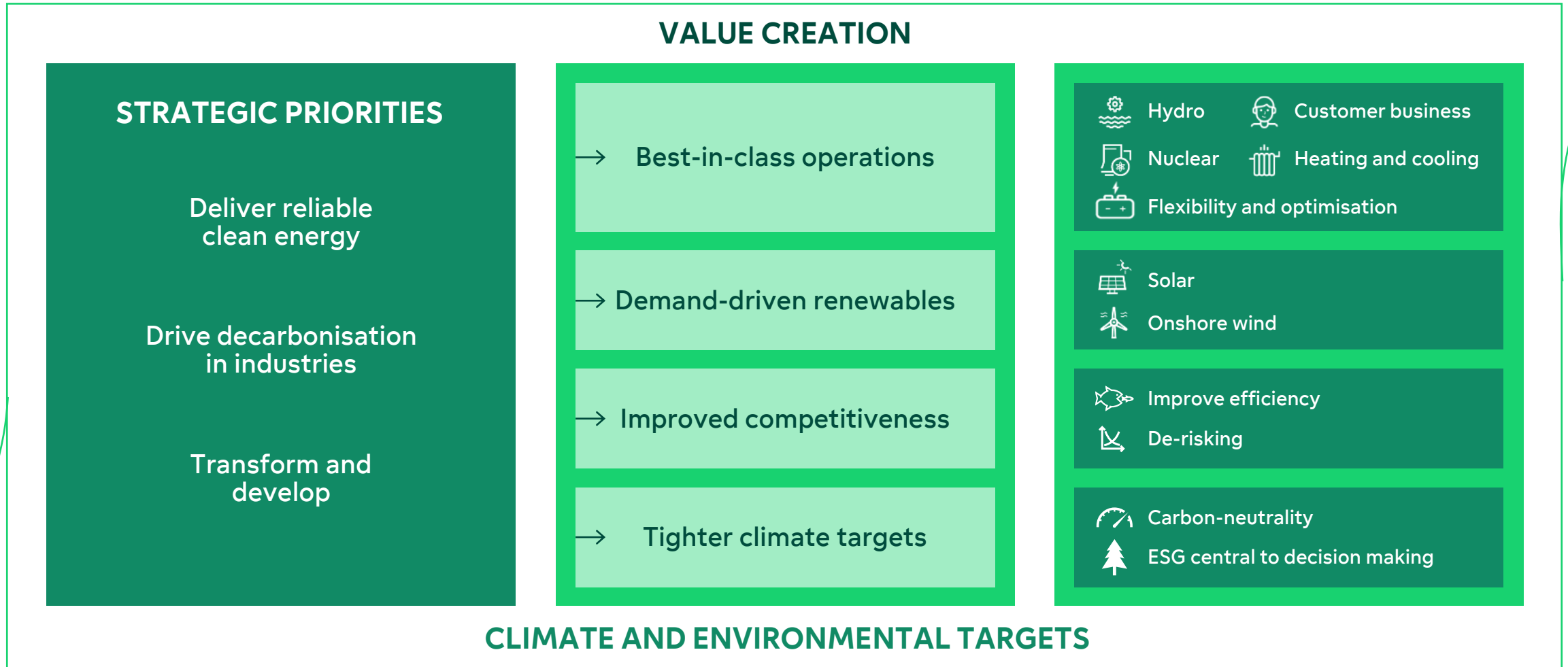
NON-CORE

Businesses not in the core of the strategy. Strategic review.

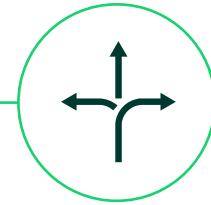


Circular Solutions

How our strategy translates into shareholder value creation



Strategic targets to capture long-term opportunities, mitigate business and market risks



STRATEGIC TARGET	Strengthen Nordic leadership	Ensure value creation from flexibility	Stabilise income streams	Demand-driven renewables
Rationale	Focus on core competence	Capitalising on volatile markets	Lower cost of capital	Serve customer demand
Description	Build on existing leadership positions	Grow in flexible assets and related capabilities	Improve predictability of cash flows with customer centricity	Develop growth options
Key Performance Indicators	Fleet availability > 90% for nuclear > 95% for hydro	Optimisation premium 6-8 €/MWh	Hedged share of rolling 10-year outright generation volume > 20% by end of 2026	Ready-to-build pipeline for solar and onshore wind > 800 MW by end of 2026

Our generation fleet benefits and is remunerated from flexibility and environmental values

Components of the optimisation premium in Fortum's achieved power price from outright generation:

1. Hydropower flexibility

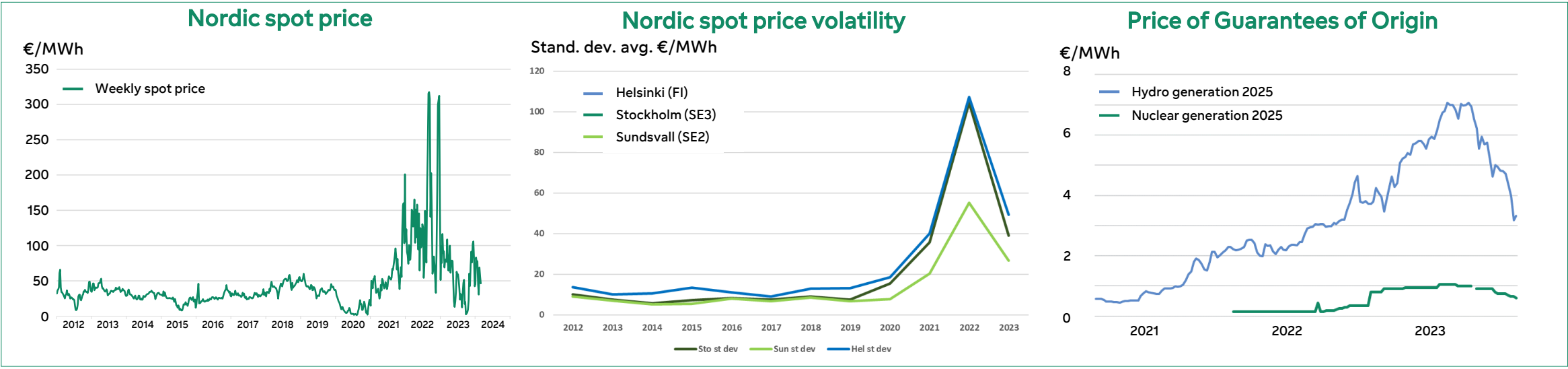
- Hourly/daily/weekly/seasonal optimisation capability
- Ancillary services: rapid intra-day agility in changed situations

2. Environmental values

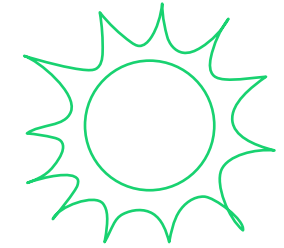
- Guarantees of Origin (Europe) as part of the sold power
- Elcertificates (Sweden)

OPTIMISATION PREMIUM

6–8 €/MWh^{*)}



Disciplined capital allocation and focus on cash flow



Disciplined capital expenditure

Total EUR 1.7 billion (excl. acquisitions) for 2024-2026

- Growth up to € 800 million
- Annual maintenance of € 300 million
- Investment hurdles: project WACC + 150-400 bps

Efficiency improvement and cash flow

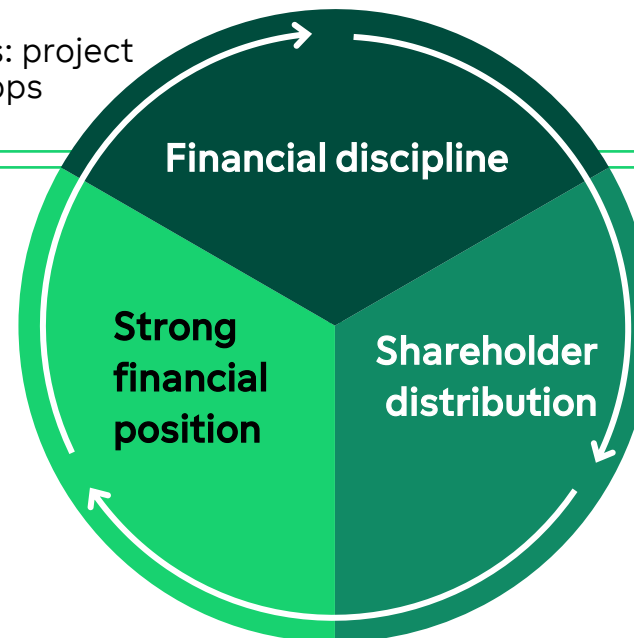
Fixed cost reduction

- € 100 million
- Gradually by end of 2025

Balance sheet and liquidity

Objective: credit rating of at least BBB

- Maximum Net debt-to-Comparable EBITDA of 2.0-2.5 times
- Maintain sufficient liquidity position to manage margining requirements in various price scenarios



Dividend policy

Payout ratio of 60-90% of Comparable EPS

- Apply upper end of range of pay-out ratio when strong balance sheet and low investments
- Apply lower end of range when high leverage and/or high investments
- Proposal for 2023 of € 1.15 per share (90%)

Aiming to become leader in sustainability with ambitious sustainability targets

Ambitious climate targets

- Carbon neutrality by 2030 (Scope 1, 2, 3)
Coal exit by end of 2027
- Commitment to SBTi 1.5°C climate target
- Specific emission target of below 10g/kWh by 2028 (power)
- Specific emission target of below 20g/kWh by 2028 (total)

Ambitious biodiversity targets and commitments

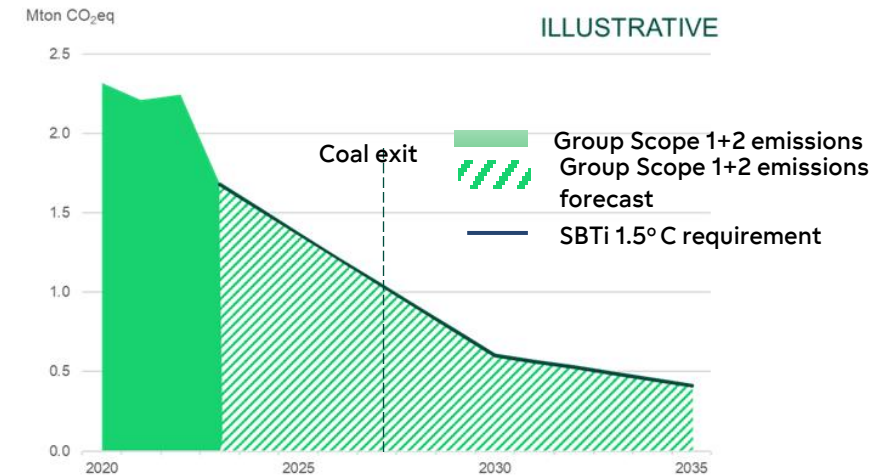
- **No net loss of biodiversity** from direct operations 2030 onwards (excluding all aquatic impacts).
- **50% reduction** in dynamic terrestrial impacts in upstream Scope 3 by 2030 vs. 2021.
- Commitment to continue local initiatives and to participate in the development of science based methodology to assess the aquatic impacts of hydropower.

Carbon neutrality

— 2020 — 2025 — 2030 — 2035 →

2050

Group coal capacity:
0.7 GW in power generation and
0.6 GW in heat production in 2023



Fortum has what it takes to drive the transition



**Best-in-class operations
with sustainable earnings**

We have a competitive
Nordic generation portfolio



**A leader in ESG to enable
decarbonisation**

We have a CO₂ free
generation fleet



**Prudent capital allocation
with selective growth**

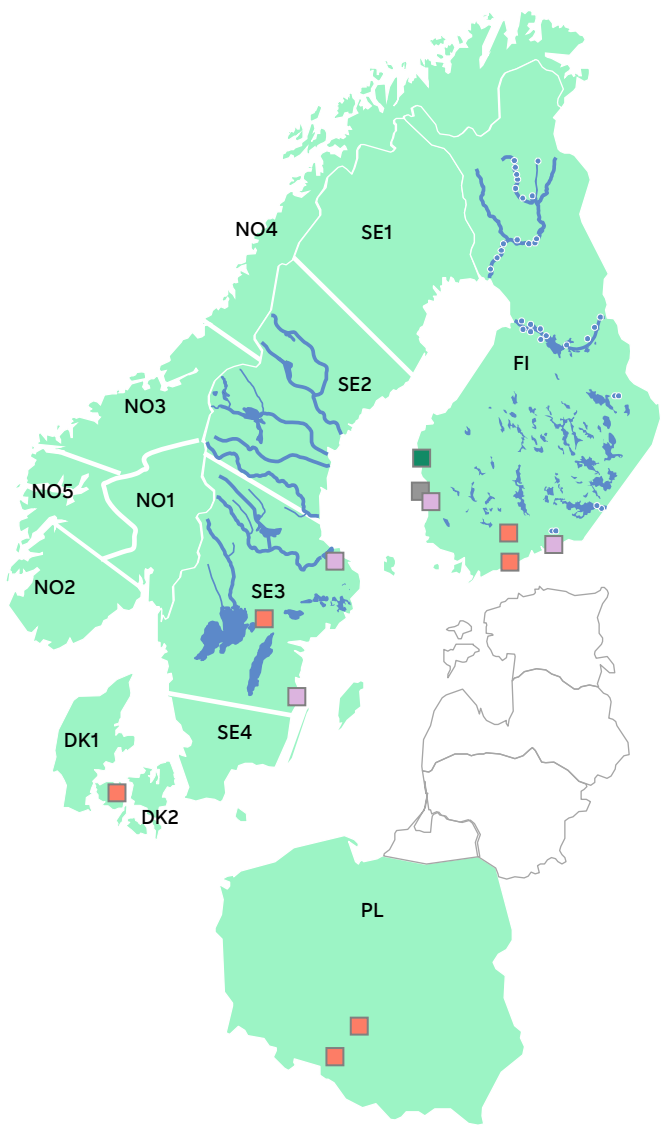
We have regained our
financial position

Power generation capacity of Fortum

GENERATION CAPACITY	MW
Hydro	4,669
Nuclear	3,234
Wind	245
CHP	535
Other thermal	565

Generation capacity, MW
Figures 31 December 2023

9,248



SWEDEN, by price area	MW
SE2, Hydro	1,542
SE3, Hydro	1,558
SE3, Nuclear	1,342
SE3, CHP	6
Generation capacity	4,448

FINLAND	MW
Hydro	1,569
Nuclear	1,892
Wind	245
CHP	375
Other thermal	565
Generation capacity	4,646

DENMARK, DK1	MW
Generation capacity, CHP	9

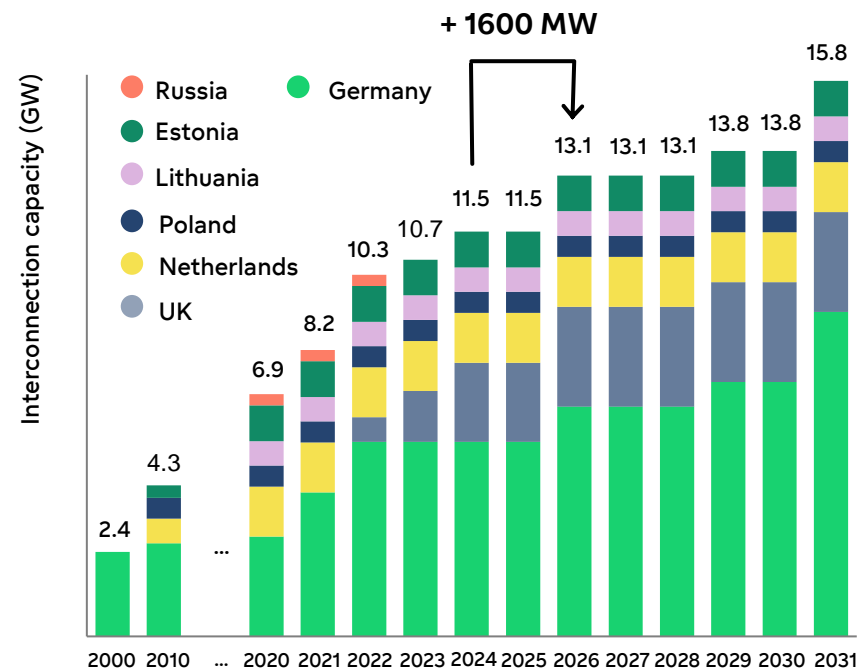
POLAND	MW
Generation capacity, CHP	145

Nordic, Baltic, Continental and UK markets are integrating

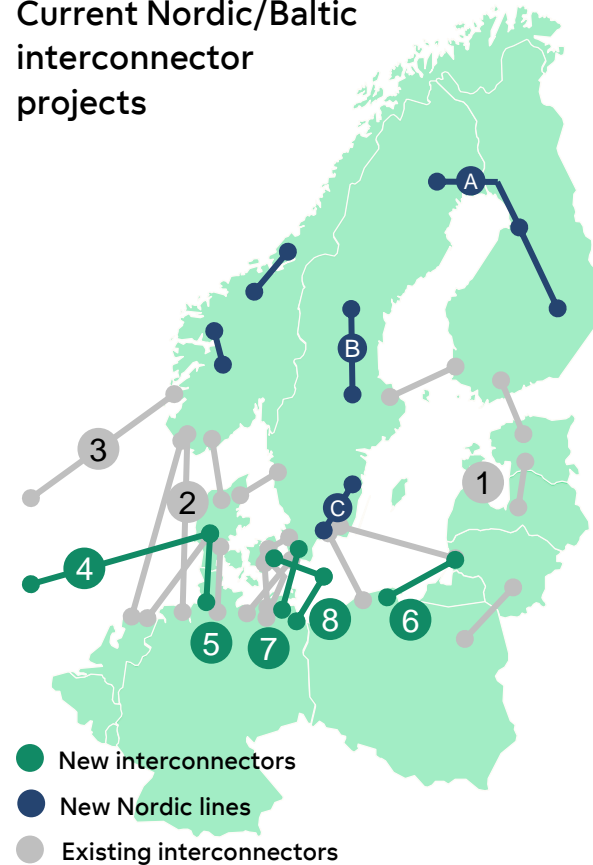
– Interconnection capacity growing to over 13 GW by spring 2025

Several **new interconnectors** have started operation, and more are under construction or planned to be built

The **Nordic export capacity** has grown to 11.5 GW at the beginning of 2024, and will further increase to over 13 GW by spring 2025



Current Nordic/Baltic interconnector projects



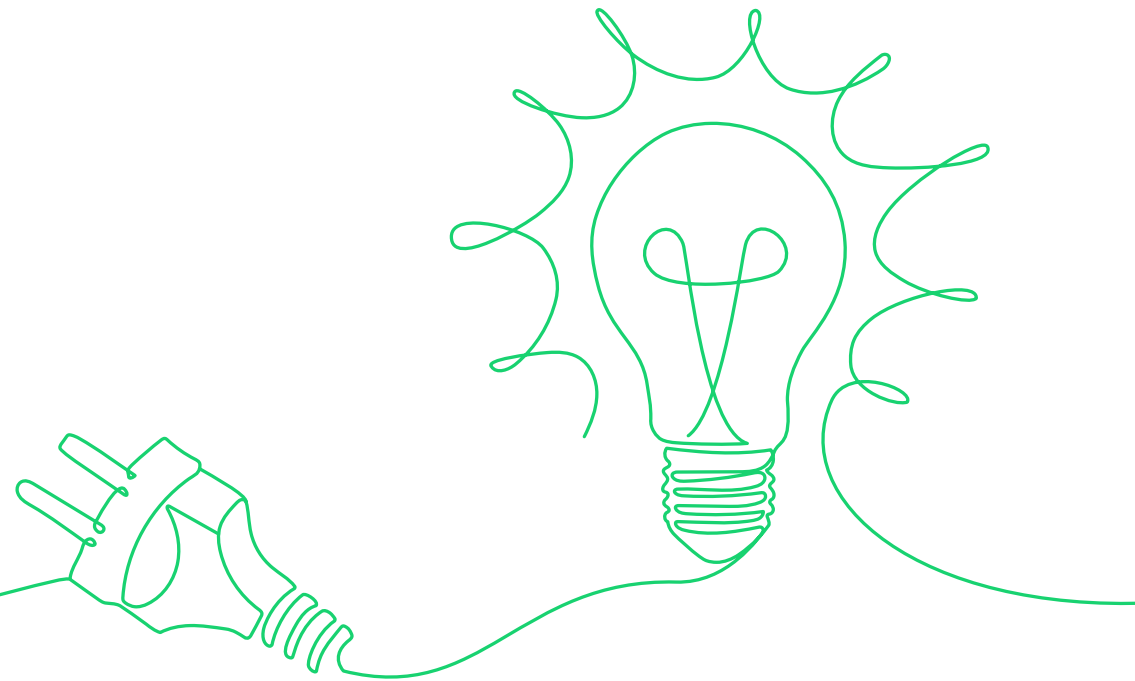
- 1 EU's Connecting Europe Facility co-financed 3rd EE-LV transmission line, in operation **January 2021**
 - 2 NO-DE NordLink is in commercial operation at maximum export of 1,444 MW from **March 2021**
 - 3 NO-UK North Sea Link (NSL) at maximum 1,449 MW has been taken to full commercial use in **June 2022**
 - 4 DK1-UK Viking Link has started operation at 800 MW at the **end of 2023**, reaching full 1400 MW during **2025**
 - 5 DK1-DE capacity to grow by further 1,000 MW to 3,500 MW with a new 400 kV line by **Q1/2025**
 - 6 700 MW LT-PL Harmony Link planned to be built by **2028**, but a land-based alternative now studied as well
 - 7 700 MW Hansa PowerBridge DC link between Sweden and Germany by **2028/2029**
 - 8 Danish Bornholm Energy Island project includes a 2,000 MW grid connection to Germany by **end-2030**
- Legend:
- A 800 MW 3rd 400 kV SE1-FI Aurora Line ready in **2025**
 - B 800 MW with first measures by **2028** as part of the SE2-SE3 NordSyd reinforcement programme
 - C 700 MW SE3-SE4 east coast parallel line in **2029**

Financial Statements 2023

Fortum Corporation
7 February 2024

Financial highlights 2023

- Volatile market environment
- Strong financial position and solid financial performance
- Return to bond market - balanced maturity profile
- Lost control of Russia business - segment deconsolidated
- 98% of power generation CO₂-free - specific emissions for power at 16 g/kWh
- New strategy, operating model and business structure as well as leadership team and organisation
- The Board proposes a dividend of 1.15 €/share for 2023



2023

Operating profit

The Generation segment improved, but Group's comparable operating profit was weighted down by the lower results in the Consumer Solutions and Other Operations segments.

Cash flow

Cash flow down in Q4, but full-year on good level on par with 2022.

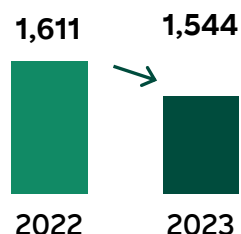
Leverage

Improved slightly from previous year's level to 0.5 times.

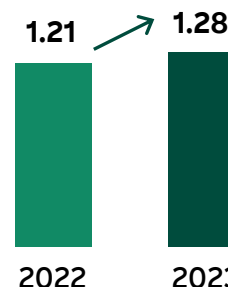
Solid financial performance in 2023

Key financial indicators for continuing operations

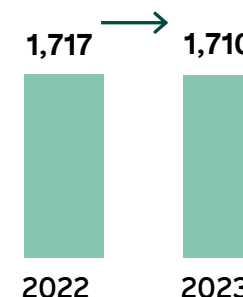
Comp. OP



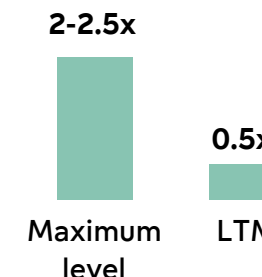
Comp. EPS



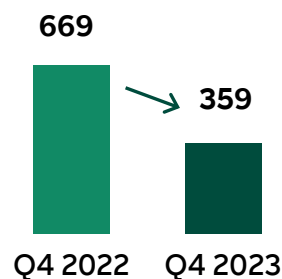
OCF



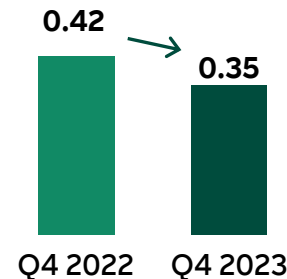
Leverage



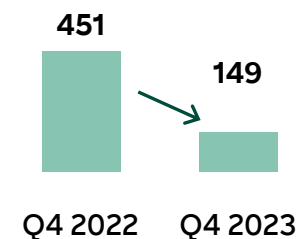
Comp. OP



Comp. EPS



OCF



Strategy execution in 2023

Deliver reliable clean energy

Ensuring long term productivity and security of supply

- Best-in-class operations
 - Lifetime extension of Loviisa NPP
 - Commercial operation of Olkiluoto 3
 - Upgrade of hydro power plants
- Develop and build new clean power
 - Pjelaž wind farm to be commissioned in Q2 2024
- Progress in coal exit in own operations
 - Espoo Clean Heat programme
- Reinforcing the position as a clean energy provider
 - Acquisition of Swedish Telge Energi
- 98% of power generation CO₂-free - specific emissions for power at 16 g/kWh

Drive decarbonisation in industries

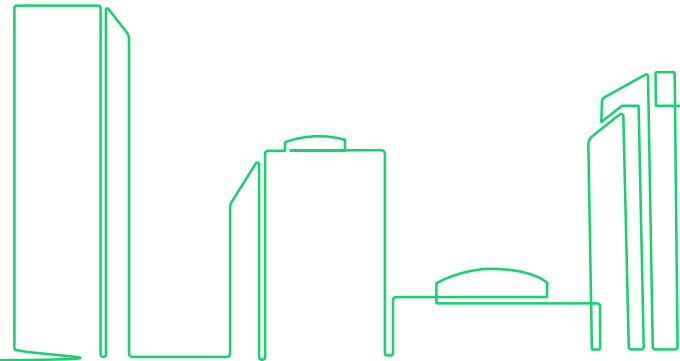
Partnering with strategic customers and developing projects to enable growth

- Nuclear feasibility study on SMRs and conventional nuclear with various suppliers and industrials
- Power LTC and PPA pipeline for outright portfolio

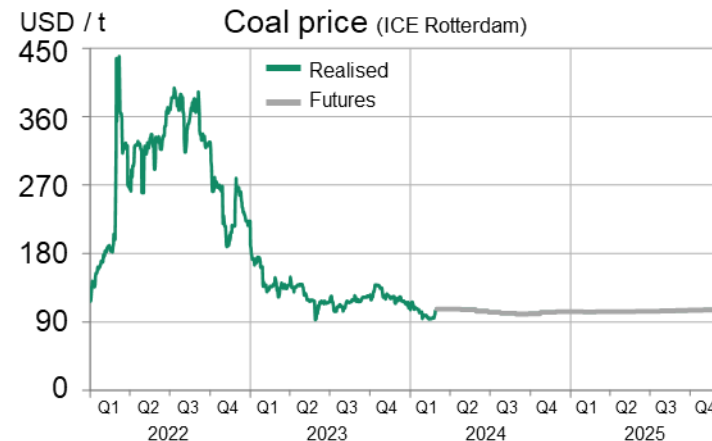
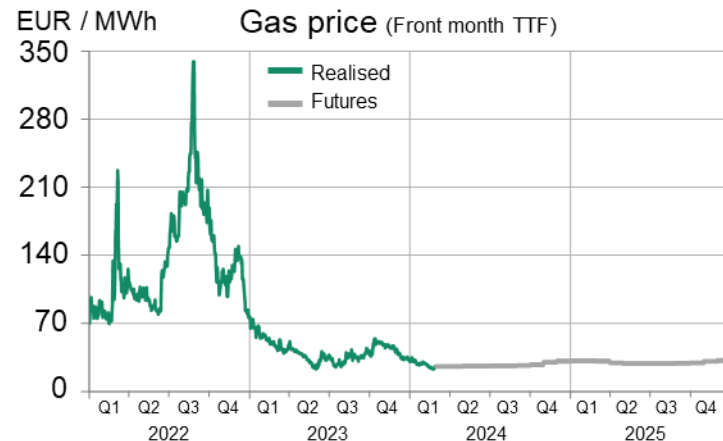
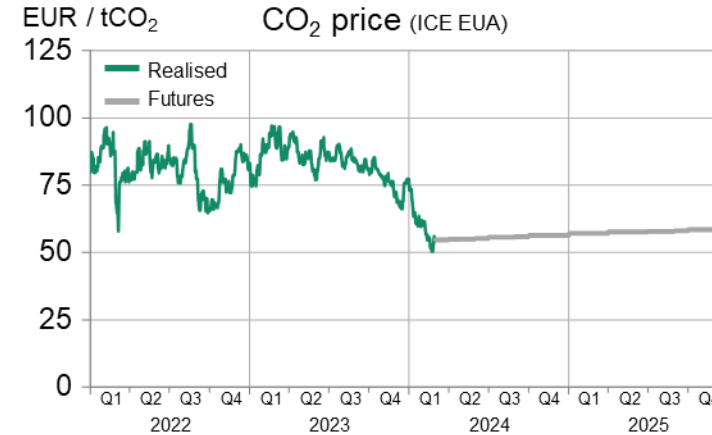
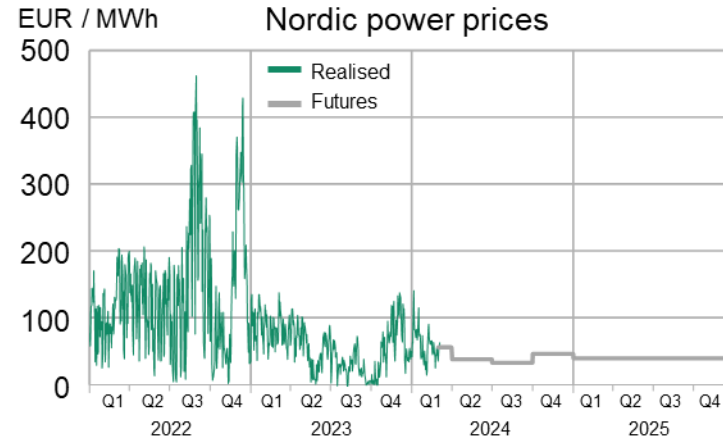
Transform and develop

Restructuring organisation to fit the current structure

- New business structure, operating model, leadership team and organisation
- Strategic review of Circular Solutions businesses
- Efficiency improvement programme
- Managing and reducing business risks



Energy commodities driving power prices



Source: Refinitiv, Bloomberg

Daily market prices 1 March 2024; 2024-2025 future quotations

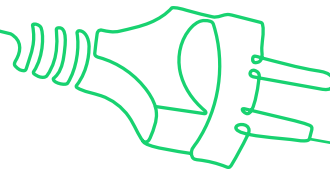
Slightly lower result but stable cash flow for the year 2023

– Key financials

MEUR	IV/2023	IV/2022	2023	2022
Sales	1,858	2,407	6,711	7,774
Comparable EBITDA	459	774	1,903	2,025
Comparable operating profit	359	669	1,544	1,611
Comparable net profit	317	370	1,150	1,076
Comparable EPS	0.35	0.42	1.28	1.21
Net cash from operating activities	149	451	1,710	1,717
Financial net debt / Comp. EBITDA			0.5	0.6

Higher hedge price reflected in the cumulative result

- Strong comparable operating profit at EUR 1,544 m
- Comparable EPS improved to EUR 1.28
- Excellent credit metrics with Financial net debt to Comparable EBITDA at 0.5 times
- Net cash from operating activities, on par with the comparison period at EUR 1,710 m



Q4/2023

Generation

Earnings down due to lower achieved power price, lower power production on condensing power and higher costs related to co-owned production companies

Consumer Solutions

Negatively impacted by lower electricity sales margins and regulated electricity price cap in Poland

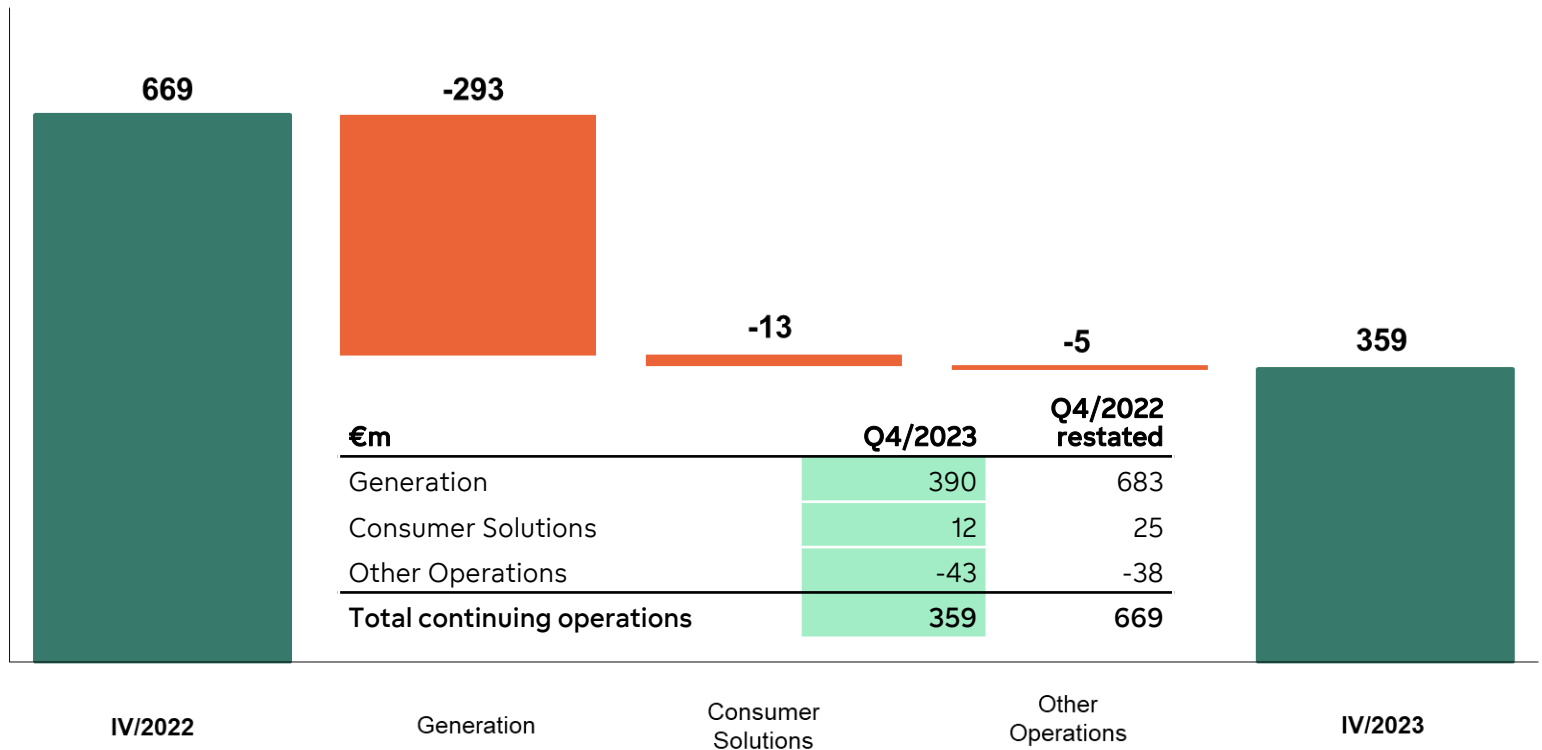
Other Operations

Declined due to development costs for the new operating model and higher costs in enabling functions

Result impacted mainly by lower achieved power price

Comparable operating profit

(EUR million)



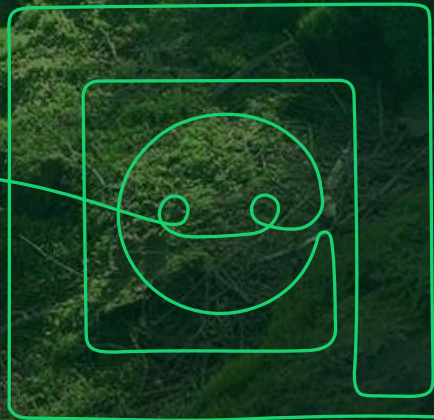
2023

Generation

Higher hedge price and good physical optimisation supported by high price volatility. All-time high earnings and achieved power price.

Consumer Solutions

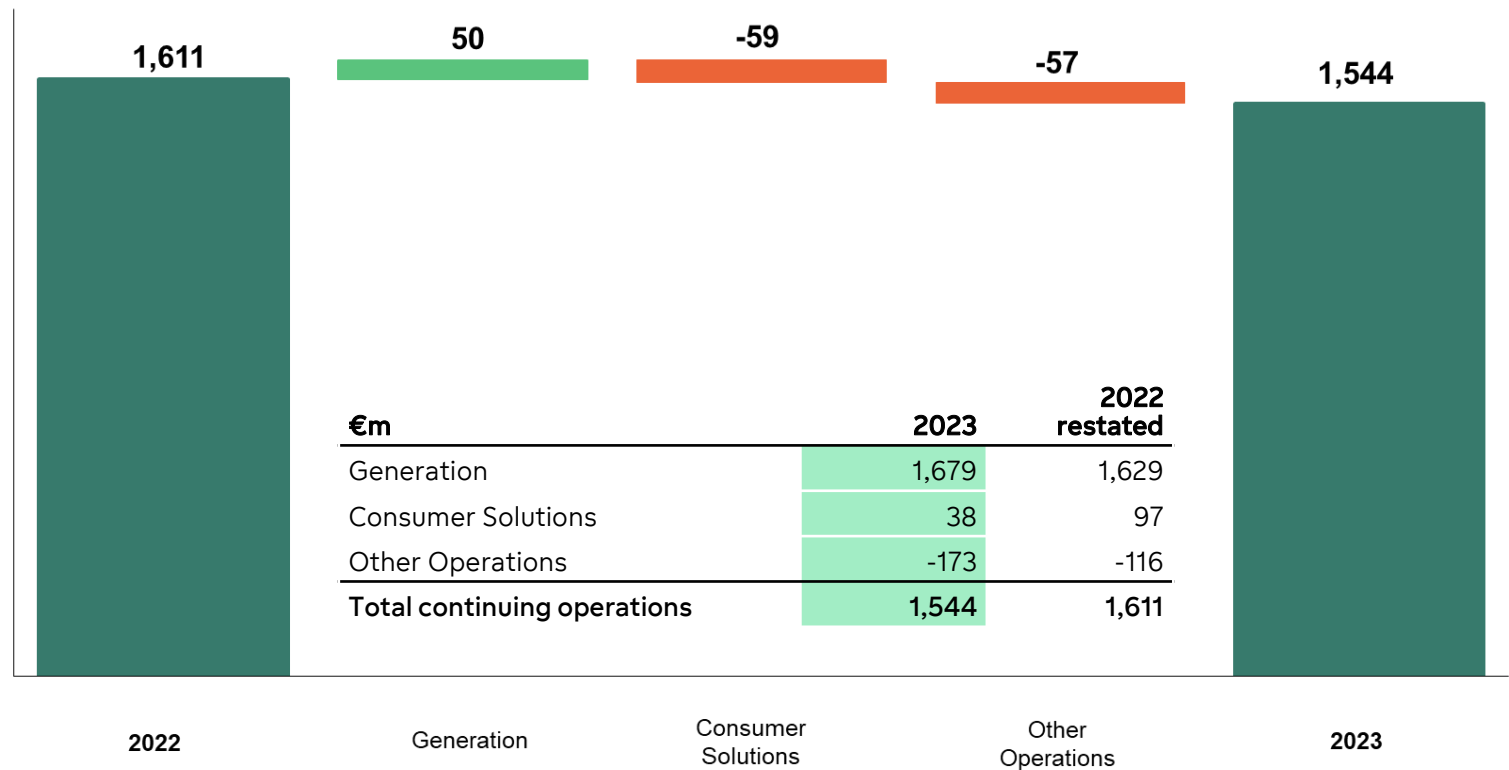
Decreased mainly due to lower sales margins partly offset by higher gas sales margins and lower fixed costs.



Generation segment the key earnings driver in 2023

Comparable operating profit

(EUR million)



Efficiency improvements and disciplined capital expenditure to enhance earnings, cash flow and competitiveness

Fixed cost reduction

€ 100 m

gradually materialising,
full effect at end of 2025

- Actions include strategic prioritisation, assessment of resources and turnaround of underperforming and loss-making businesses

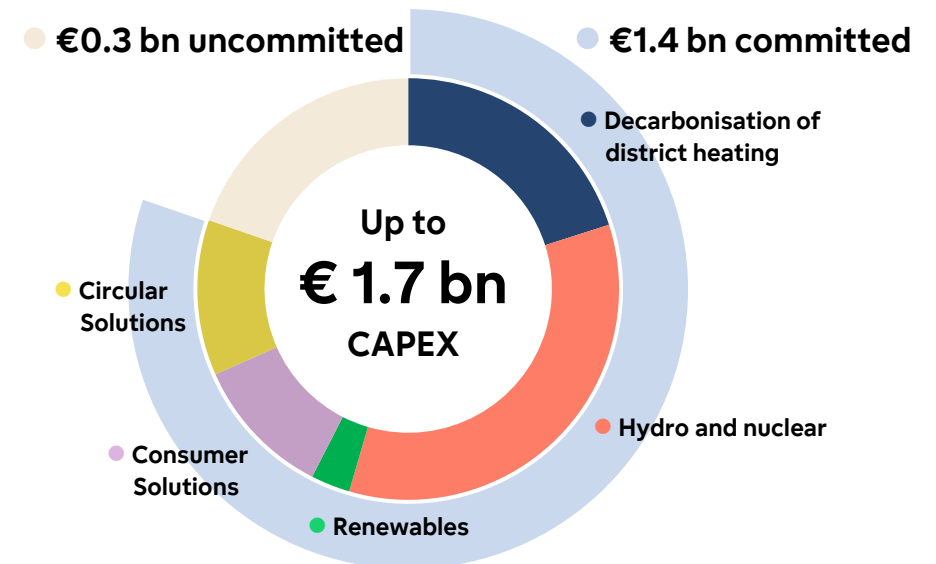
Capital expenditure

€ 1,700 m

for 2024-2026
including maintenance

- Pjelaix commissioning Q2 2024, 245 MW in use, total 380 MW
- Loviisa nuclear power plant lifetime extension total € 1 bn until 2050
- Decarbonisation investments of Espoo district heating appr. € 300 mn

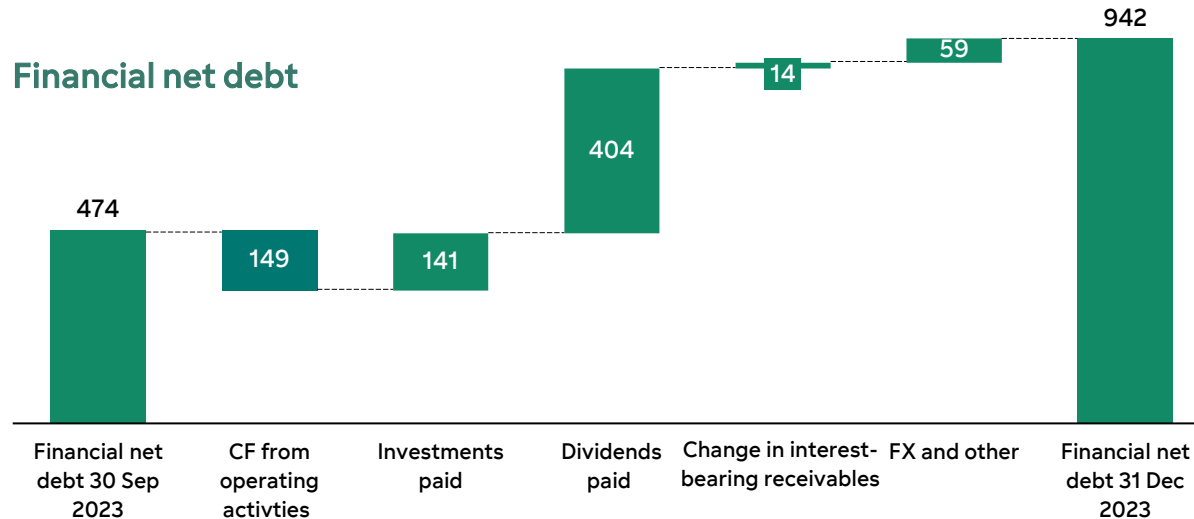
Capex 2024-2026



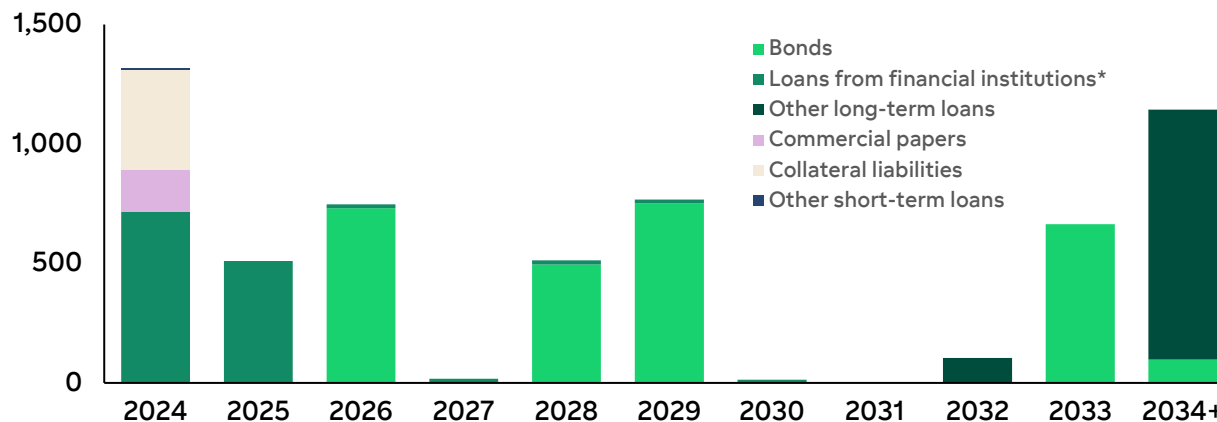
Committed clean energy solutions in Finland:

- Loviisa nuclear power plant lifetime extension
- Pjelaix wind farm
- Espoo Clean Heat programme including waste heat usage from data centres

Balanced maturity profile and strong liquidity position



Loan maturities as per 31 December 2023



Solid credit metrics

S&P Global Ratings

'BBB' long-term issuer credit rating, Stable outlook

Fitch Ratings

'BBB' long-term issuer credit rating, Stable outlook

Fortum's objective:

Maintain solid investment grade rating of at least BBB to maintain financial strength, preserve financial flexibility and good access to capital.

As per 31 Dec 2023:

Total loans of € 5.8 bn excl. lease

- Average interest rate for Fortum Group loan portfolio incl. derivatives hedging financial net at 4.3%

Liquidity reserves of € 7.5 bn

- Liquid funds of € 4.2 bn with average interest rate of 3.9%
- Undrawn credit facilities of € 3.3 billion

Outlook

Generation's Nordic outright hedges:

- For 2024: 70% hedged at € 47/MWh
(Previously reported 65% at € 47/MWh)
- For 2025: 40% hedged at € 43/MWh
(Previously reported 30% at € 43/MWh)
- 10-year rolling (2024-2033): 15% hedged

Tax guidance for 2024-2026:

Comparable effective income tax rate is estimated to be 18-20%

Capital expenditure guidance:

2024: Capital expenditure, including maintenance capex, (excluding potential acquisitions) is expected to be ~€ 550 million

Annual maintenance capital expenditure is expected to be ~€ 300 million

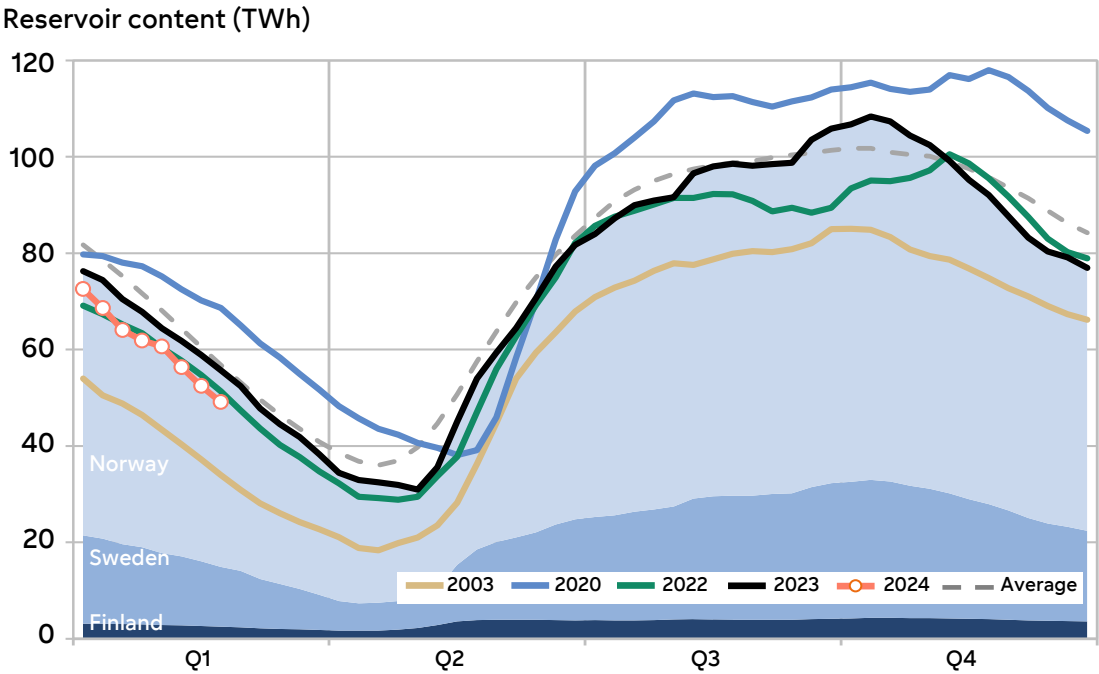
2024-2026: Total capital expenditure can be up to € 1,700 million

Cost reduction:

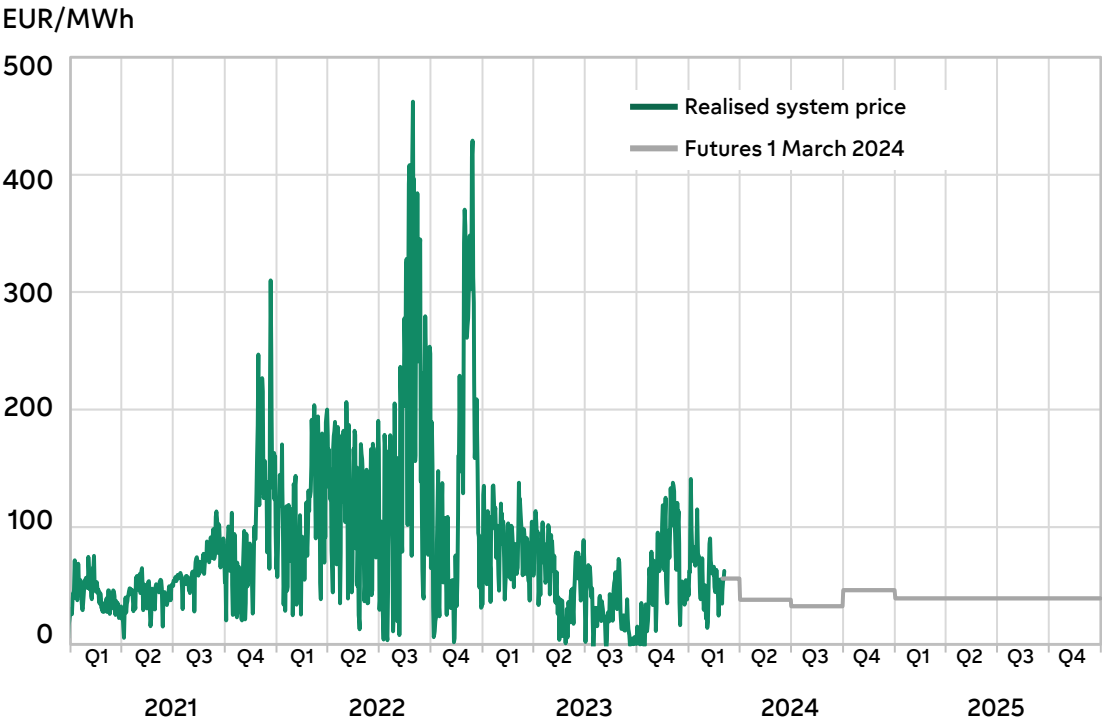
Fortum targets to gradually reduce its annual fixed costs by € 100 million until end of 2025

Nordic hydro reservoirs and wholesale power price

Hydro reservoirs



Power price



Source: Nord Pool, Nasdaq Commodities

GENERATION:

All time high achieved power price at 63.1 per MWh

Q4/2023 vs. Q4/2022

- Comparable operating profit down by 43%
- Mainly due to the lower achieved power price, lower power production on condensing power as well as higher costs related to co-owned production companies, partly offset by higher hydro and nuclear volumes and lower depreciations (lifetime extension of Loviisa NPP)

2023 vs. 2022

- The 3% improvement in earnings derived from the higher achieved power price, higher hydro volumes and lower depreciations (lifetime extension of Loviisa NPP), partly offset by lower generation of condensing power as well as higher costs related to co-owned production companies.
- All time high achieved power price at 63.1 per MWh mainly due to the higher hedge price, the effect of which was partly offset by lower result from physical optimisation.

IV/2023 Volumes, TWh



2023 Volumes, TWh



MEUR	IV/2023	IV/2022	2023	2022
Sales	1,339	1,617	4,420	4,465
Comparable EBITDA	452	743	1,874	1,876
Comparable operating profit	390	683	1,679	1,629
Comparable net assets			7,263	6,597
Comparable RONA %			24.2	23.2
Gross investments	112	106	454	316

CONSUMER SOLUTIONS: Result more than halved

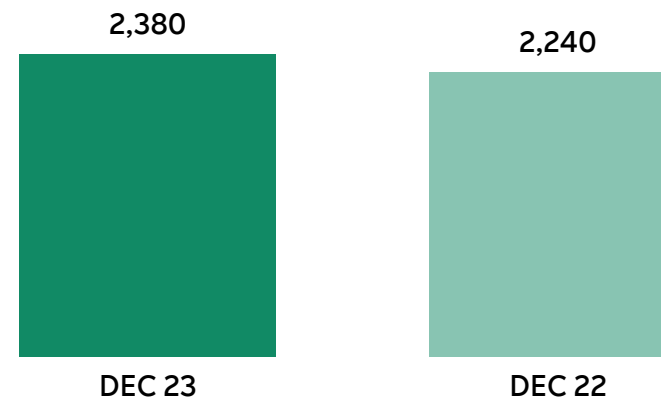
Q4/2023 vs. Q4/2022

- Earnings more than halved by EUR 13 million to EUR 12 million, mainly due to lower electricity sales margins and regulated electricity price cap for the year 2023 set for end users by the Polish Government.
- The negative impact was partly offset by higher sales margins of value-added services and lower fixed costs.
- The decrease in electricity sales margins was mainly due to customers migrating to lower margin spot products

2023 vs 2022

- Comparable operating profit decreased by EUR 59 million and was EUR 38 million
- Mainly due to lower sales margins, partly offset by higher gas sales margins and lower fixed costs.

Number of customers ('000)



MEUR	IV/2023	IV/2022	2023	2022
Sales	1,069	1,460	3,766	4,578
Comparable EBITDA	30	43	108	173
Comparable operating profit	12	25	38	97
Comparable net assets			838	1,365
Comparable RONA %			4.5	9.1
Gross investments	22	20	103	71

OTHER OPERATIONS:

Result decreased significantly

Q4/2023 vs. Q4/2022

- Comparable operating profit decreased by EUR 5 million to EUR -43 million.
- Mainly due to development costs for the new operating model and higher costs in enabling functions, the negative effect of which was partly offset by improved performance of the Circular Solutions business, especially in the Sustainable materials business.

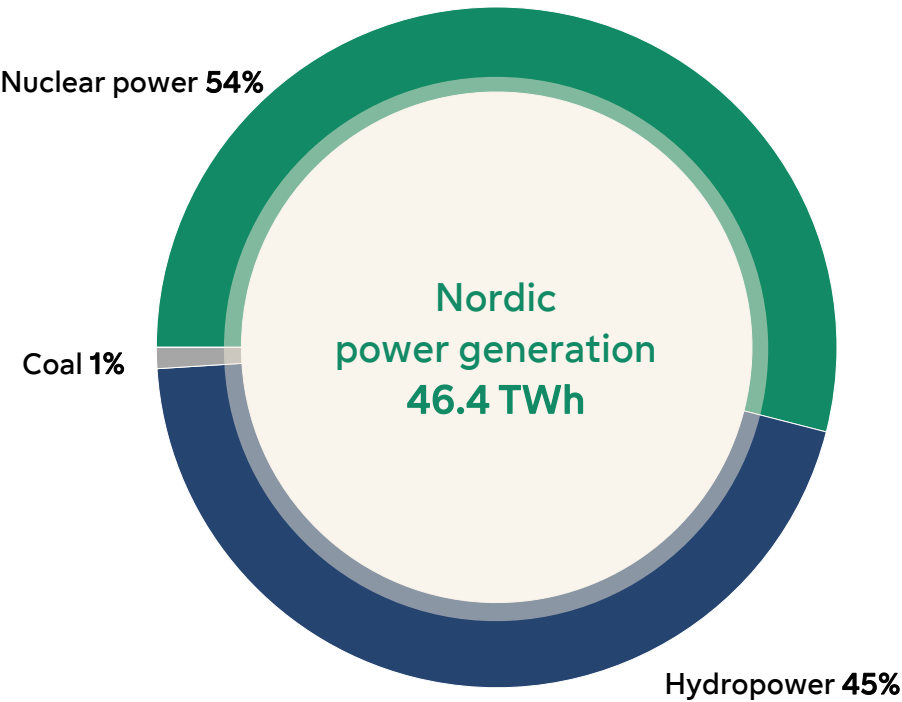
2023 vs. 2022

- Earnings down by EUR 57 million to EUR -173 million
- Mainly due to lower results in the recycling and waste and battery businesses, including higher costs largely arising from the expansion of the battery recycling business, write-downs of certain IT projects, development costs for the new operating model and higher costs in enabling functions.

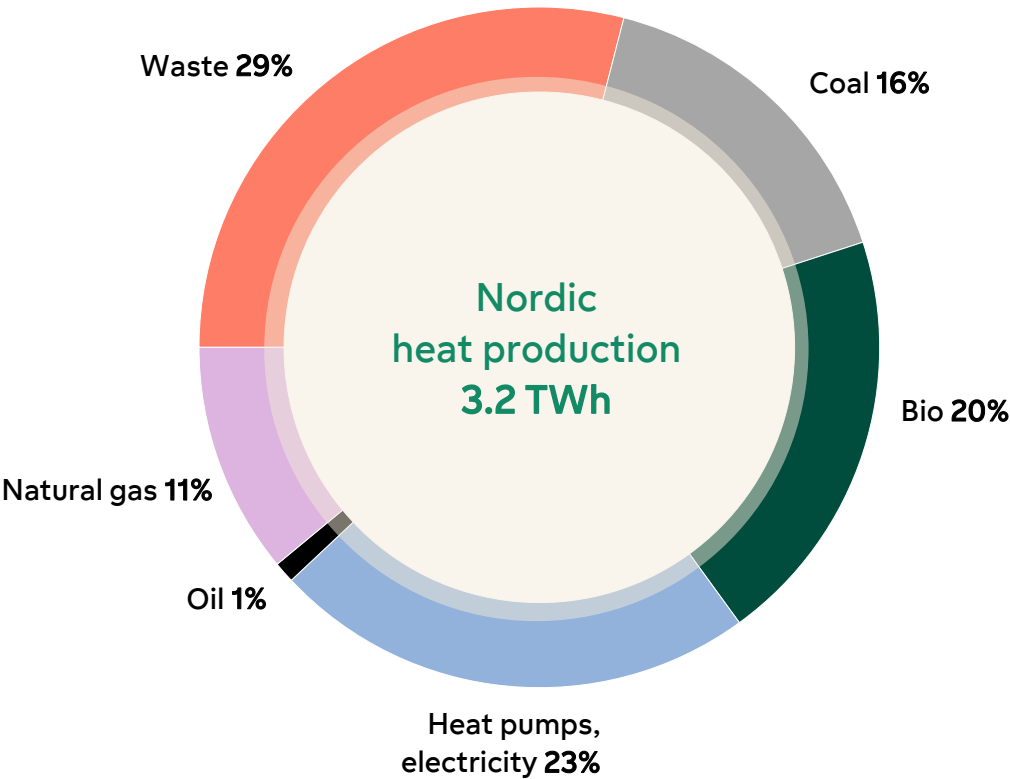
MEUR	IV/2023	IV/2022	2023	2022
Sales	147	161	548	589
Comparable EBITDA	-23	-12	-80	-23
Comparable operating profit	-43	-38	-173	-116
Gross investments	35	33	107	111

Fortum's Nordic power generation and heat production by source

Fortum's Nordic power generation in 2023

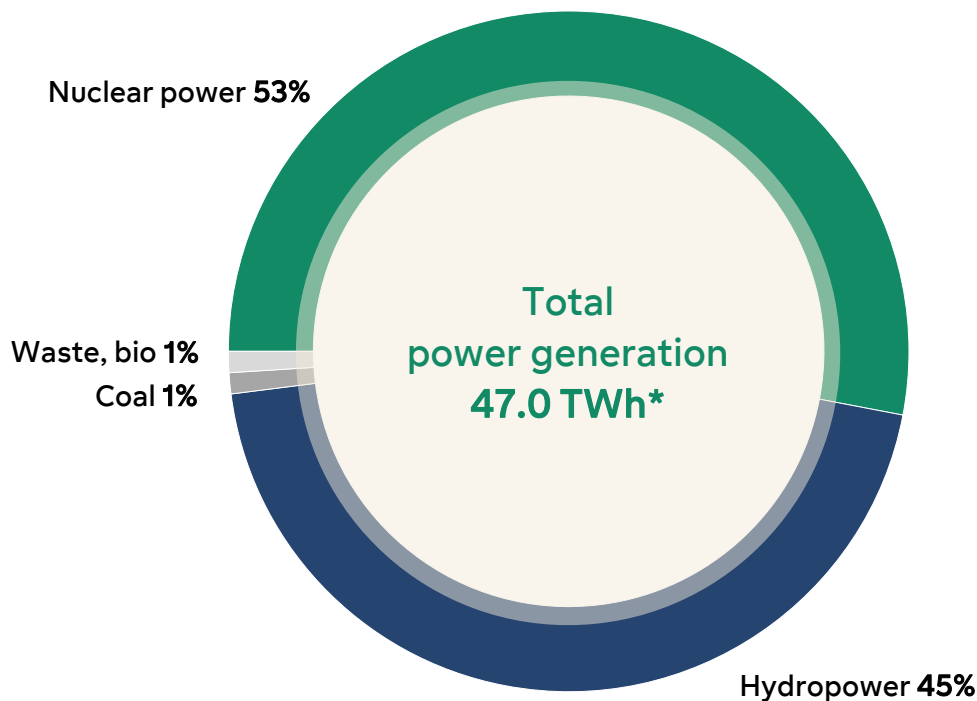


Fortum's Nordic heat production in 2023

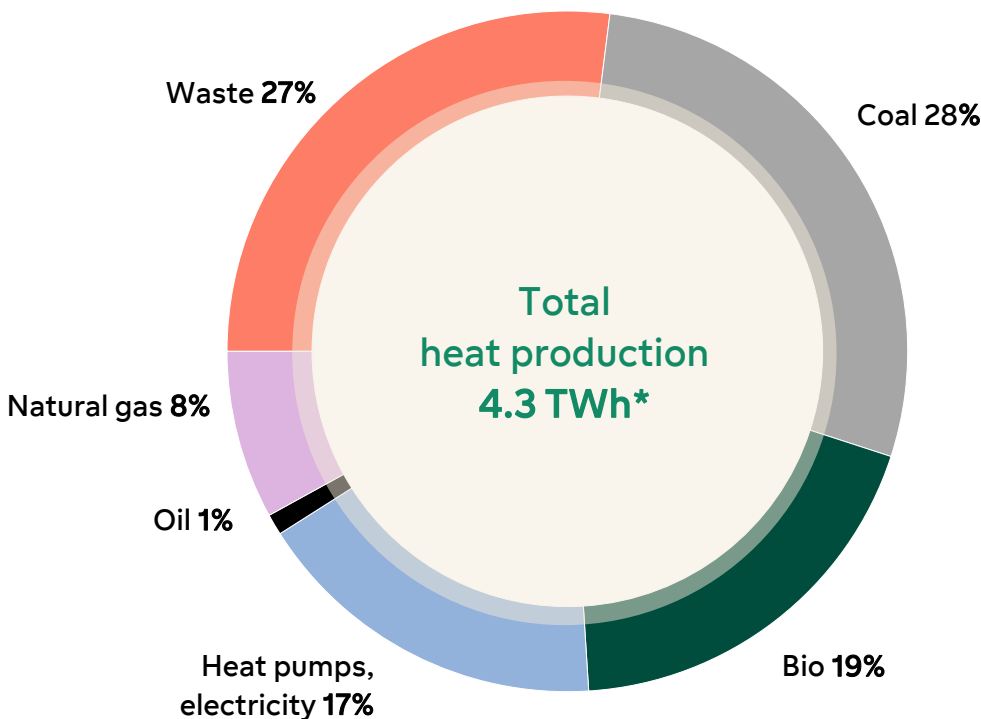


Fortum's power generation and heat production by source

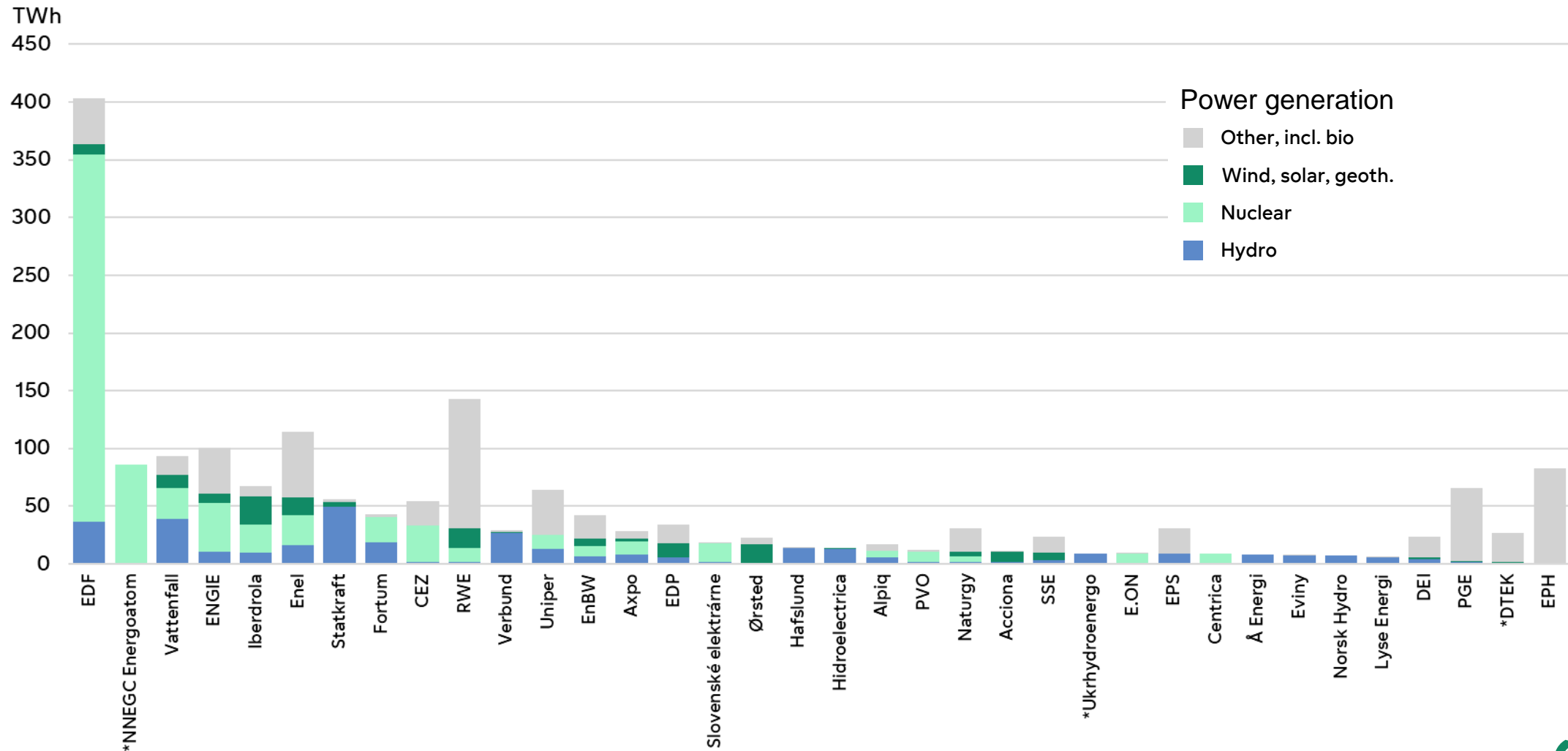
Fortum's power generation in 2023



Fortum's heat production in 2023



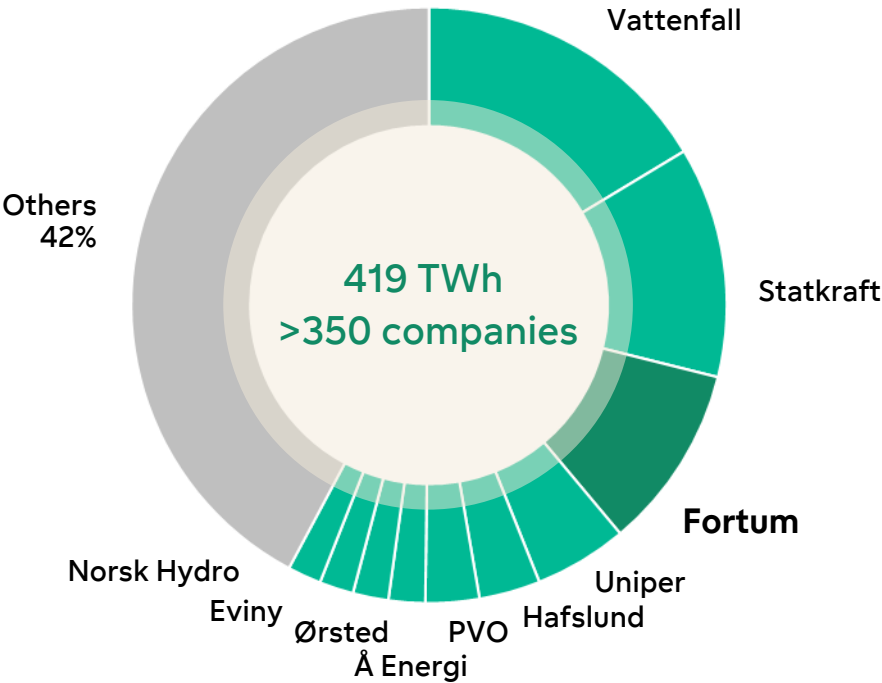
Largest CO₂ free generators in Europe



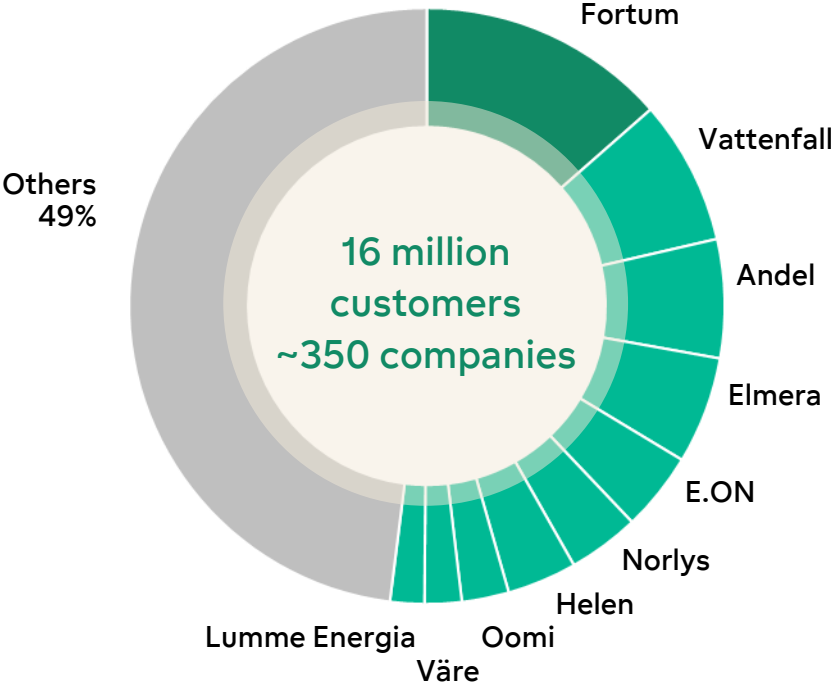
Source: Company information, Fortum analyses, 2022 figures pro forma. *2021 figures for Ukrainian companies.

Fortum a leading player in a highly fragmented Nordic power market

Power generation

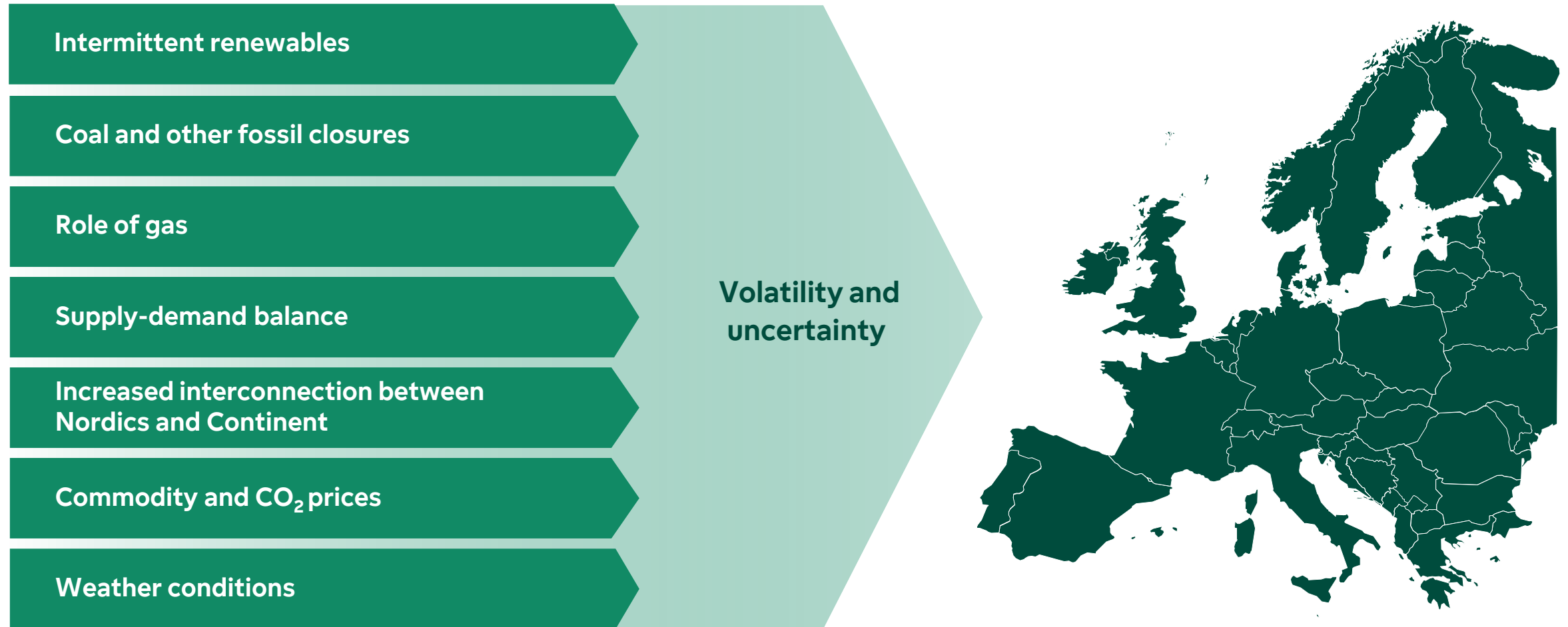


Electricity retail

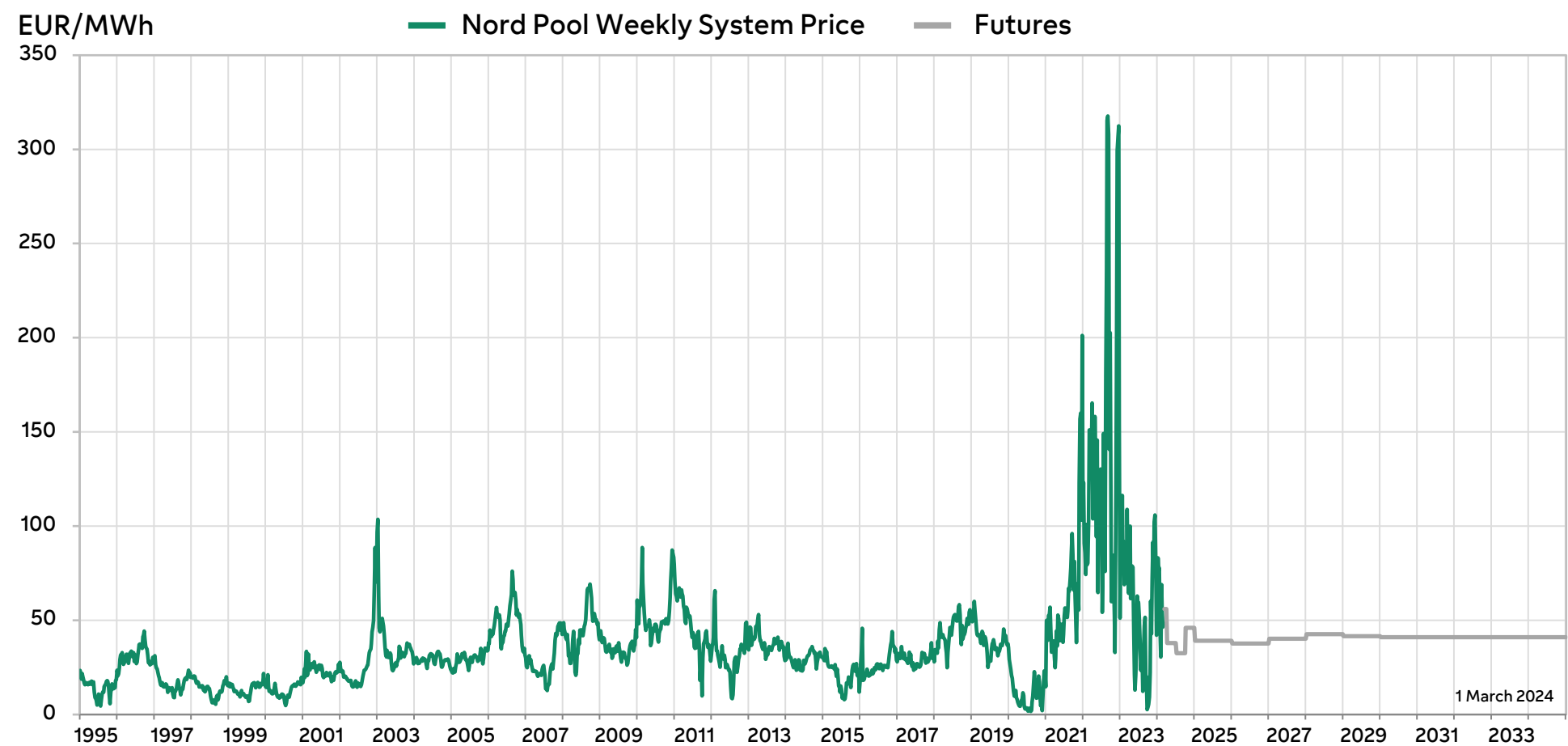


Source: Fortum, company data, shares of the largest actors, pro forma 2022 figures. Fortum continuing operations, incl. Telge. Å Energi is formed from Agder and Glitre. Elmera is former Fjordkraft. Väre includes Kymenlaakson Sähkö. Andel and Norlys incl. also gas customers.

Volatility and uncertainty in the European power market increases the value of flexible assets

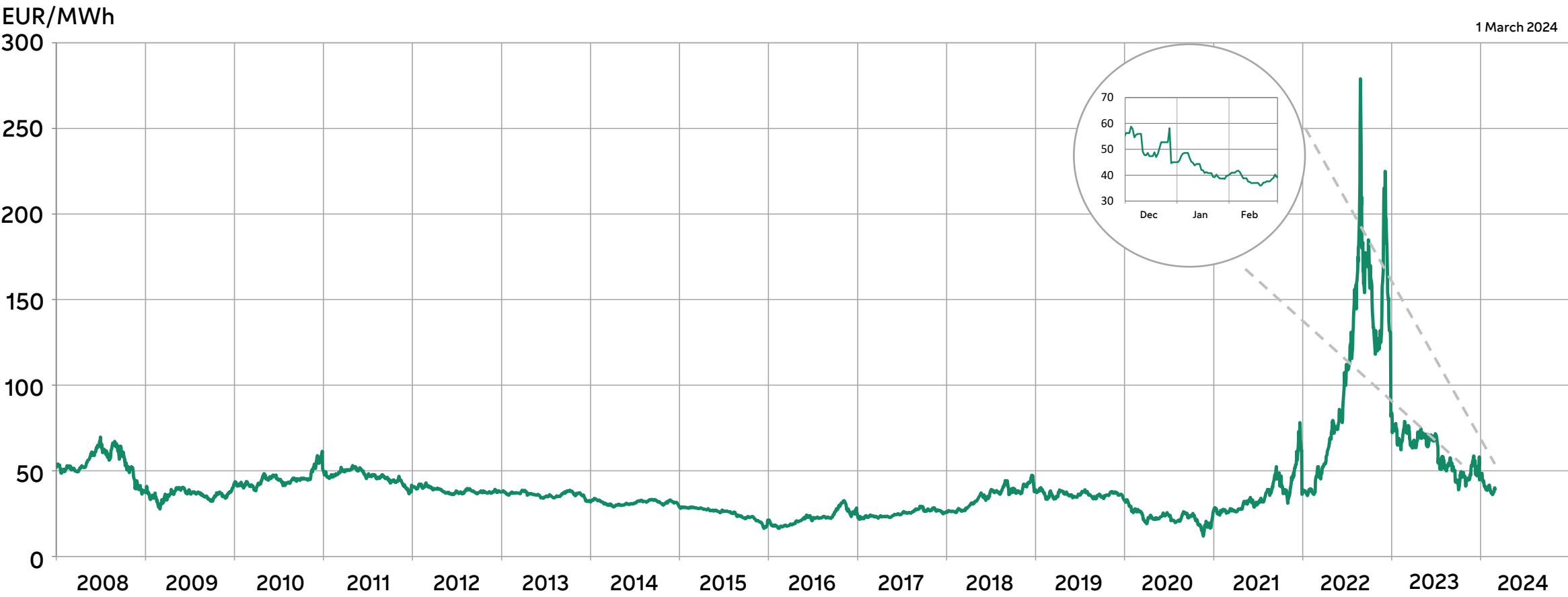


Wholesale power price



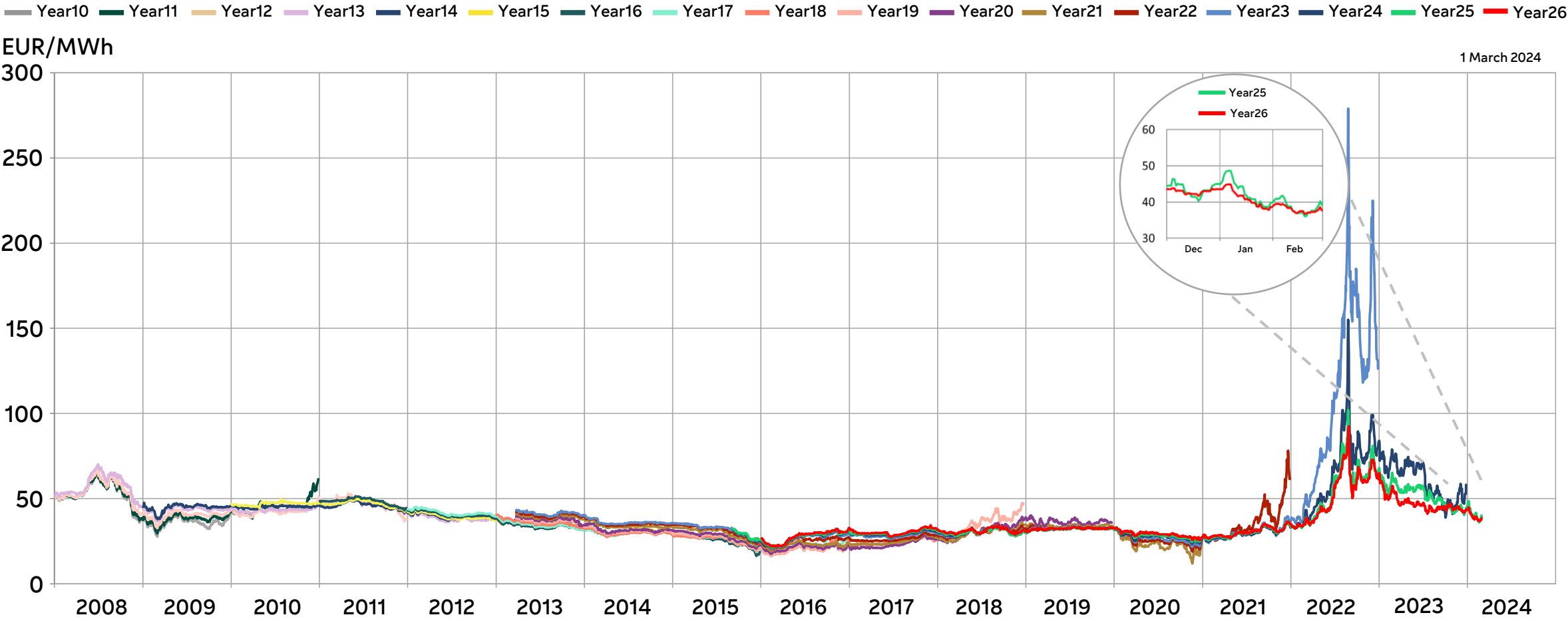
Source: Nord Pool, Nasdaq Commodities

Nordic generic front year future



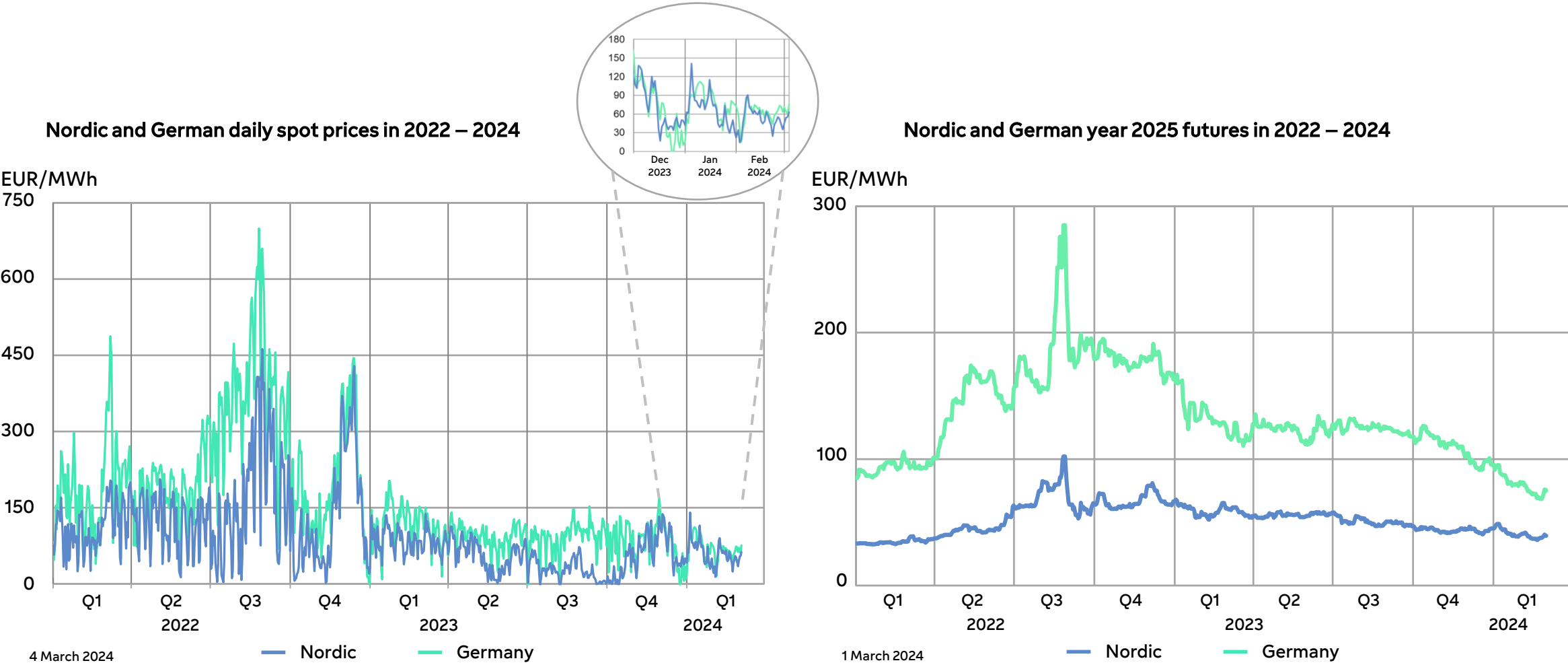
Source: Nasdaq Commodities, Refinitiv

Nordic year futures



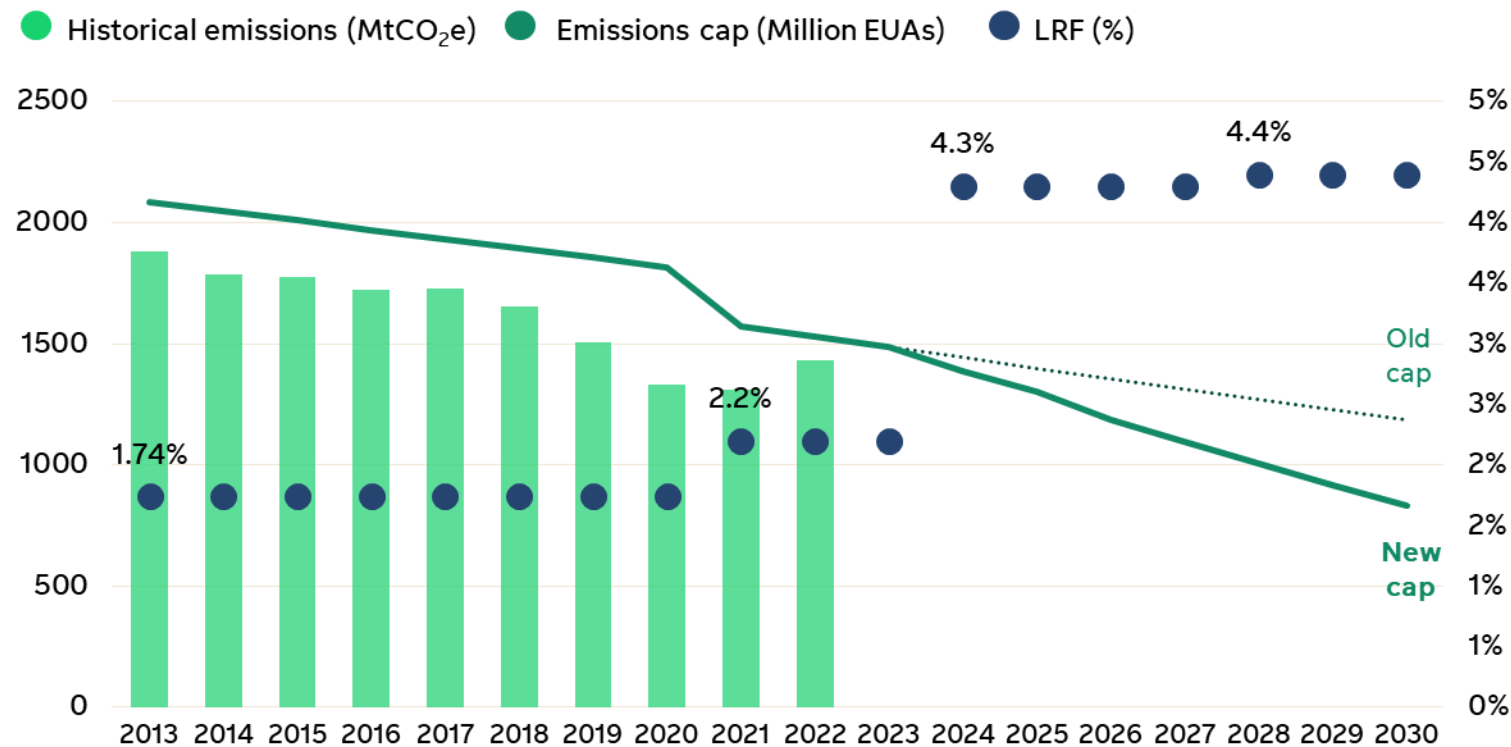
Source: Nasdaq Commodities, Refinitiv

German and Nordic futures spread



Growing role of the EU ETS in the European decarbonisation

EU ETS design is undergoing a reform to keep up with Europe’s climate ambitions



EU ETS reform complete: In April 2023, the EU ETS review files known as “Fit for 55” were adopted by the EU Parliament and approved by the EU Council, making the arduous legislation process complete.

Making EU ETS fit for more ambitious climate targets: The 2030 emissions reduction target (compared to 2005) has been increased from 43% to 62%. The linear reduction factor (LRF) tightening the emissions cap is increased from the current 2.2% to 4.3% in 2024 and 4.4% in 2028. Higher LRF is combined with the cap rebasing: -90mt in 2024 and -27mt in 2027. The EU ETS will also expand its scope to the maritime transport and gradually phase out free allowances in parallel with the introduction of the carbon border adjustment mechanism (CBAM).

Fortum nuclear services

- covering the entire nuclear power plant lifecycle

Strong in-house
nuclear engineering

Nuclear operator experience
based on proven solutions

Projects delivered to a
global customer base

Proactive and strong
co-operation in international
nuclear forums



Newbuild, licensing and commissioning

- Licensing and safety design capabilities
- Engineering services for newbuild
- Plant design
- Small modular reactor (SMRs) consulting



Operating and maintenance

- Operational support
- Maintenance and outage optimisation
- Engineering for upgrade and plant modernisation projects, e.g. automation and process renewal



Plant safety and process simulations

- Deterministic Safety Analysis
- Safety guidelines and analysis
- Probabilistic risk assessment
- Radiation safety analyses



Plant modernisation, lifetime management

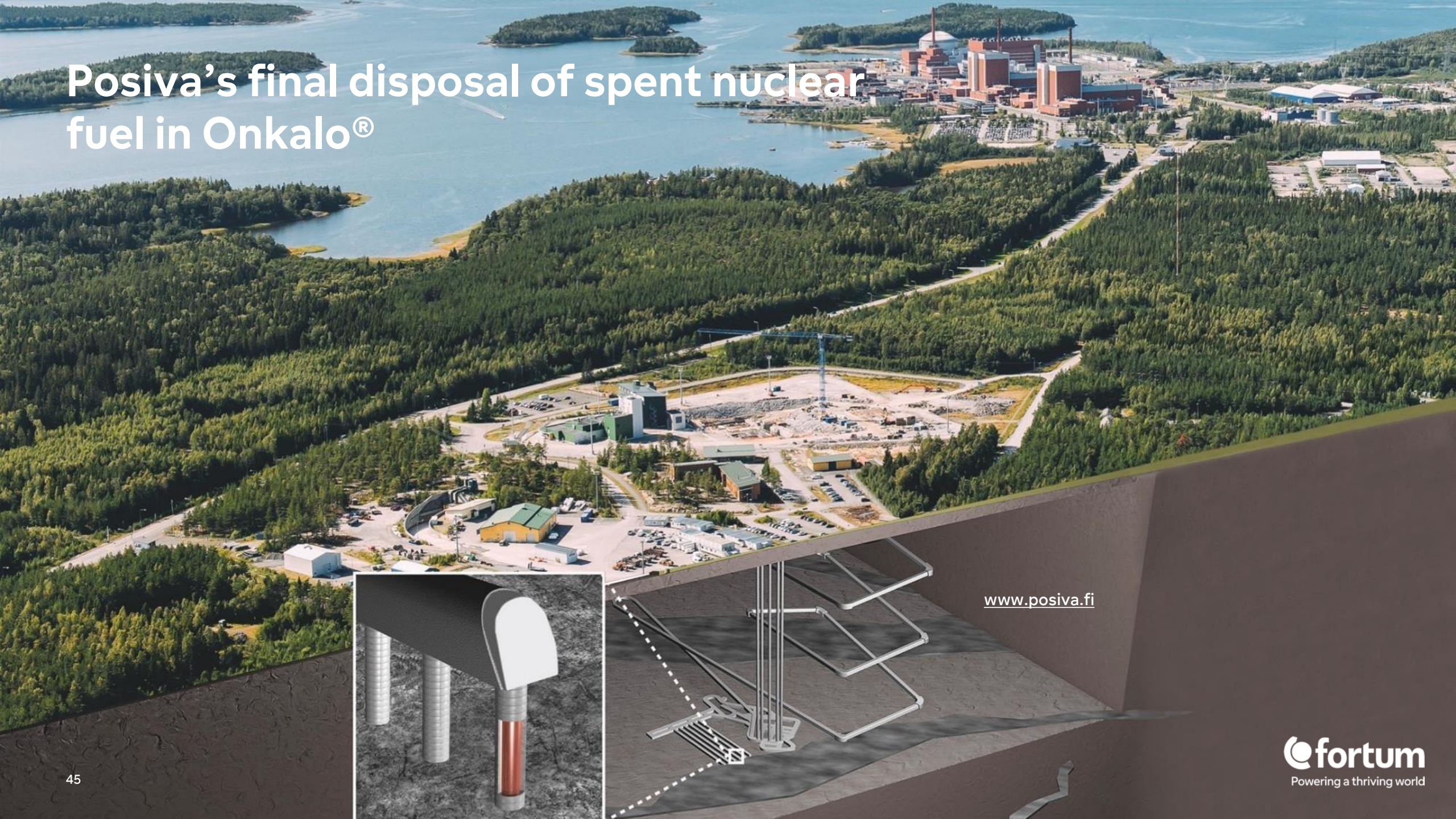
- Dynamic simulation to define technical requirements for new equipment
- Process and instrumentation and control design verification and testing
- Virtual commissioning



Waste management, decommissioning

- NURES® radioactive liquid purification
- Nuclear waste treatment, storage and disposal
- Expertise in final disposal of radioactive waste
- Extensive nuclear decommissioning services

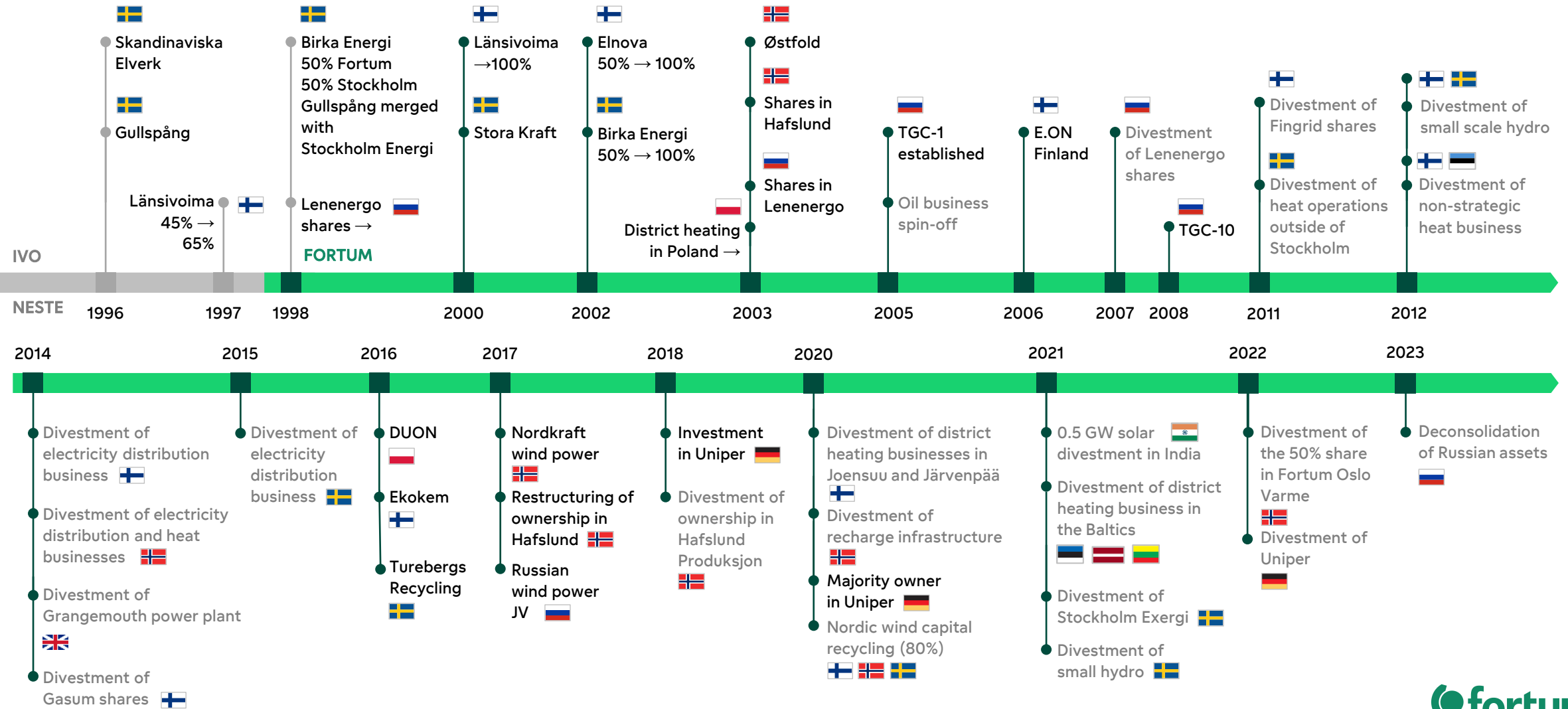
Posiva's final disposal of spent nuclear fuel in Onkalo®



www.posiva.fi

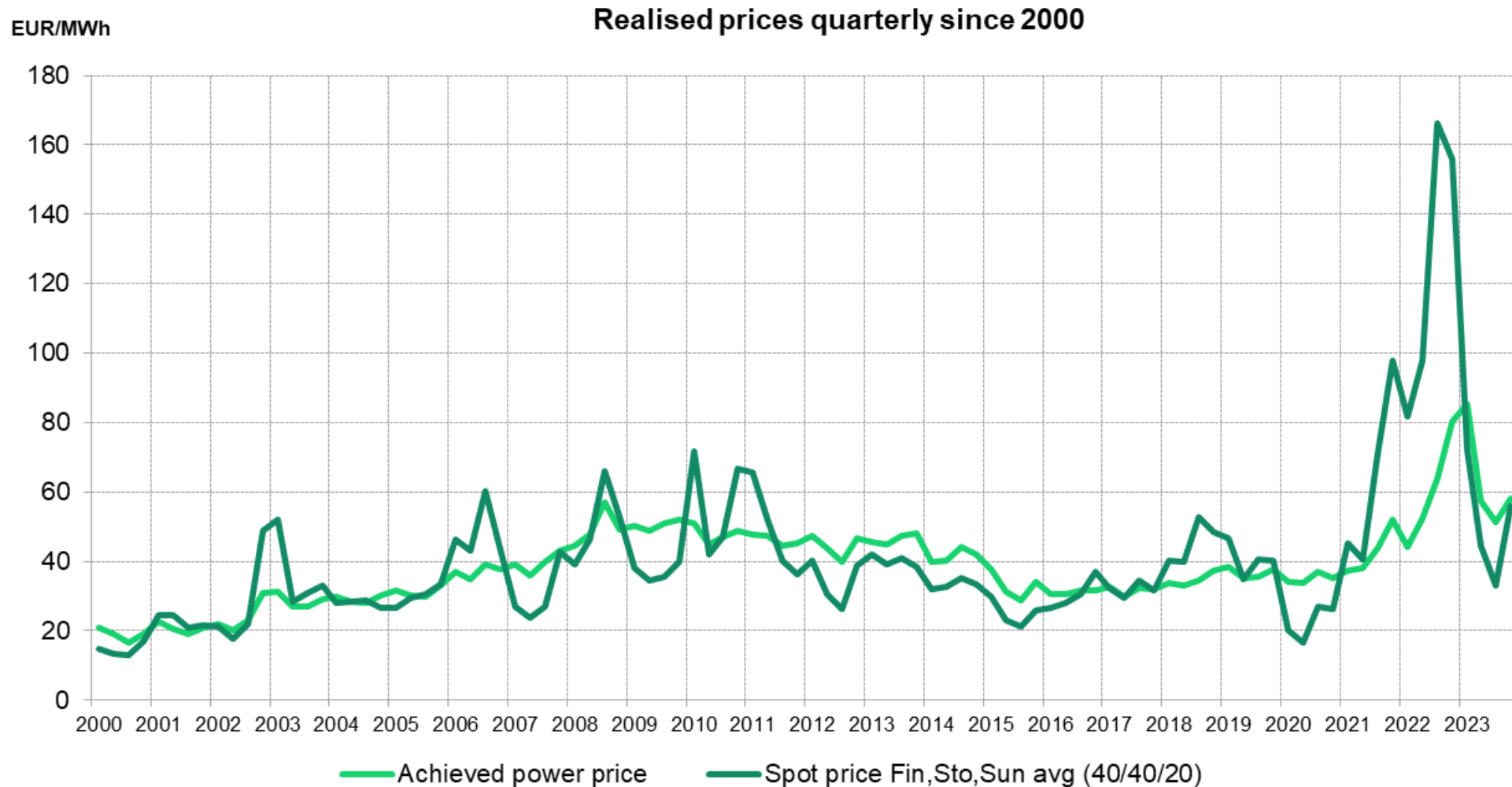


Fortum's evolution and strategic route



Hedging improves stability and predictability

- principles based on risk mitigation, (Outright generation)



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Fortum Investor Relations and Financial Communications

Next events:

Fortum's Annual General Meeting 2024 on 25 March 2024
The ex-dividend dates: 26 March 2024 and 1 October 2024
The dividend payment dates: 5 April 2024 and 9 October 2024
January-March Interim Report 2024 on 30 April 2024
January-June Half-year Report 2024 on 15 August 2024
January-September Interim Report 2024 on 29 October 2024

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