

Fortum Finance Ireland Designated Activity Company

**Directors' Report and Financial Statements
For the Financial Year Ended 31 December 2022**

Company Registration Number 518160

Fortum Finance Ireland Designated Activity Company

REPORTS AND FINANCIAL STATEMENTS

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DIRECTORS AND OTHER INFORMATION

Directors	John Turner Reijo Salo Jennifer Teeling-Lynch Teija Majava Marit Mustonen Marko Jacobson Brian Cooney
Secretary	Rachel Murphy (appointed 09/01/2023)
Company Number	518160
Registered Office	Shannon Airport House Shannon Industrial Estate Shannon Co. Clare Ireland V14 E370
Auditor	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Charlotte Quay Limerick Ireland
Bankers	Danske Bank 3 Harbourmaster Place IFSC Dublin 1 Ireland Nordea Bank Finland Plc Aleksanterinkatu 36 B Helsinki FI-00020 Nordea Finland
Solicitor	Mason Hayes & Curran South Bank House Barrow Street Dublin 4 Ireland

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of Fortum Finance Ireland Designated Activity Company (the "Company") for the financial year ended 31 December 2022.

Principal activity and business review

The principal activity of the Company is to provide finance and treasury functions to Group companies. The Company was incorporated and is domiciled in Ireland. The Company has a foreign Branch located in Belgium and the Netherlands, the principal activity of the Branches is also to provide finance and treasury functions to Group companies. Fortum Oyj (the "Group"), the ultimate parent, has its core operations located in the Nordics and activities consist of CO₂-free power generation, electricity sales, district heating as well as recycling and waste solutions. Fortum Oyj's shares are listed on Nasdaq Helsinki.

Major business events of 2022

- On 4th January 2022, the Company entered into a Cross Border Merger with its subsidiary Fortum Finance BV. The principal activity of Fortum Finance BV was also to provide finance and treasury functions to Group companies. Fortum Finance BV had a loan portfolio of €4.9BN with associated interest income, which included loans to the Group's Russian subsidiaries of €886M. The merger process was in planning from 2019 and was granted in 2022. The result of the merger is that Fortum Finance Ireland DAC is the surviving company with a branch registered in the Netherlands.
- During 2022, Russia started a widespread invasion into Ukraine and as a result the Fortum Group made the decision to divest Uniper SE and exit from Russia. This had many indirect consequences to the Company as the Company has previously advanced loans for 1) the funding of the initial Uniper acquisition 2) the funding of the Group Russian holding companies and 3) directly to the Group's Russian subsidiaries. Due to the significant loss made on the Uniper divestment and the impairment of the Group's Russian assets the Company has made a significant bad debt provision against these loans totalling €5.9BN. See note 12 for further details.
- During 2022, the Company entered into new capital loans to Group companies in the amount of €4.1BN. The main terms of the capital loans is that they are interest bearing and repayable at the decision of the borrower, however they have no specific repayment date but are repayable. Capital loans due to their nature command higher interest rates. Due to the terms of the loan agreement, the loans are accounted for in Capital and Reserves section of the Statement of Financial Position according to FRS102. The directors consider these to be trading assets commercially and full repayment is expected.
- The remainder of the Company's loan portfolio is spread geographically across the Group, with loans denominated predominately in Euro, with smaller amounts in SEK and PLN. The loan portfolio has performed well and is overall profitable. This interest income increased significantly due to the merger and the issue of new loans at higher interest rates which is in line with the market. The profit for the financial year excluding the non-performing loans interest and provisions, share write downs and Russian loan related income would have been in excess of €200M.

The directors acknowledge the performance of the Company for the financial year and aside from the bad debt provisions on non-performing loans noted above, are satisfied with the financial position at the financial year end. The directors consider it appropriate that the going concern basis be adopted in the preparation of the financial statements.

Future developments

The directors have reviewed the activities of the Company with the intention of further developing its current continuing operations by expanding the current loan portfolio and exploring other Group financing opportunities.

DIRECTORS' REPORT (continued)

Risk assessment

The directors have undertaken a comprehensive assessment of the key risks facing the Company. The key risks identified and the related controls over these risks are as follows:

Liquidity risk

The objective of the Company is to ensure it can meet its financial obligations as and when they fall due. At 31 December 2022 loans were receivable from Group companies. The Company has sufficient cash and cash equivalents to meet all current and non-current financial obligations and as such the Company's liquidity risk is considered to be low.

Credit risk

The Company's principal financial assets are cash and cash equivalents and loans to Group. The Group, from which amounts are due, and the banks holding deposits have strong credit ratings. These represent the Company's maximum exposure to credit risk in relation to financial assets. The recoverability of these assets and counterparty credit ratings are regularly reviewed by the directors.

Investment risk

The Company has investments in subsidiaries and loans to Group companies included in financial assets which carry a risk of impairment. The carrying value of these assets are regularly reviewed by the directors for evidence of impairment.

Interest rate risk

The Company's loans to and from other Group companies are subject to market determined interest rates as set out in loan agreements. This is regularly reviewed by the directors.

Foreign exchange risk

The Company's transactional foreign exchange exposure arises from expenditure denominated in foreign currencies. As each material commitment is made, the risk in relation to currency fluctuations is assessed by the directors and regularly reviewed.

Political risk

The Company has loans to and from other Group companies which are located in countries in Europe and Russia. Political conflict and war can affect the operations of companies, their asset values and their ability to repay loans directly and indirectly. The geographic split of the loan portfolio, and where those borrowers generate their value is regularly reviewed by the directors and aside from the Russian and Uniper/German related loans – the risk is considered to be low.

Significant events since the financial year end

The company has material loans receivable from PAO Fortum of €932M, the Group's Russian subsidiary and also from Fortum 1 AB of €1BN, (with a recoverable value of €520M at 31st December 2022), the Group's intermediate parent company of the Russian subsidiary. As publicly announced during 2022, Fortum was planning a controlled exit from Russia which would see the subsidiaries sold and the loans repaid. On 25th April 2023, the Russian president announced a decree which enables the authorities to introduce temporary asset management to assets owned by certain foreign entities in Russia, which they enforced on Fortum's Russian subsidiaries the next day. While Fortum still has the right to continue with the sale of the Russian subsidiaries, due to the uncertainty and the lack of control, there exists a material uncertainty as to the full recoverability of the loans, with first assessments of the additional non-recoverable amounts being approximately €1.3BN.

The directors confirm that these conditions did not exist at the balance sheet date and as such in line with FRS102, section 32, consider these events as non-adjusting events after the end of the financial year end. The directors continue to closely monitor the situation and an impairment review is currently being carried out on a monthly basis. The Company with the support of the Group will continue to seek repayment from PAO Fortum and pursue all legal options in that pursuit.

There have been no other significant events since the year end.

DIRECTORS' REPORT (continued)

Appropriateness of the going concern assumption

Management has taken measures to ensure the sufficiency of Company's liquidity and equity and a support letter has been received from Fortum Oyj that is valid until 31 December 2024. This letter states that Fortum Oyj will provide financial and equity support to the Company by rearranging its debt and equity financing to allow the company to meet its financial obligations as they fall due as well as to ensure sufficient equity position of the company.

Results and dividends

The loss for the financial year amounted to €5,102,947,485 (2021: Profit €230,546,574). Interim dividends of €Nil were paid during 2022 (2021: €Nil) and the directors do not recommend payment of any final dividend. During 2022, the Company issued an interest bearing capital loan to another Group company of €4,141,370,573. The loan having a repayment date to be specified by the borrower, is deemed a capital loan, and as such is recorded against the retained profit and loss account under FRS 102. While there is no specific repayment date, the Company considers this loan fully recoverable based on the terms on the agreement and the borrower's ability to make repayments in the future.

Research and development

The Company is not currently involved in any research and development projects.

Political donations

The Company made no political donations during the financial year (2021: €Nil).

Directors and secretary

The directors, who served throughout the financial year, except as noted below, were as follows:

John Turner	Marit Mustonen
Reijo Salo	Marko Jacobson
Jennifer Teeling-Lynch	Teija Majava (app. 14/03/2022)
Brian Cooney (app. 27/07/2022)	Eija Jokinen (res. 28/02/2022)
Andrew Ryan (res. 14/03/2022)	

Directors' and secretary's interests in shares

The directors who served the Company during the financial year together had no beneficial interests in the shares of the Company as 100% of the shares are held by Fortum Oyj. The interests held by the directors of the Company, including their families or nominees, in the share capital of the parent company, Fortum Oyj, were as follows:

	Ordinary shares of €3.40 each at 31 December 2022	Ordinary shares of €3.40 each at 1 January 2022 (or date of appointment, if later)
John Turner	3,025	2,025
Reijo Salo	12,300	11,056
Marko Jacobson	44,018	42,468
Jennifer Teeling-Lynch	-	-
Marit Mustonen	451	149
Teija Majava	-	-
Brian Cooney	-	-
Eija Jokinen	112	112
Andrew Ryan	-	-

Other than as stated above, none of the directors, secretary or their families had any interest in the share capital of the Company or of any Group company at 31 December 2022 or 1 January 2022.

DIRECTORS' REPORT (continued)

Accounting Records

The measures taken by the directors to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, regarding adequate accounting records, are the implementation of necessary policies and procedures for recording transactions, the employment of competent personnel with the appropriate expertise and the provision of adequate resources to the financial function. The accounting records are maintained at the Company's offices in Shannon Airport House, Shannon Industrial Estate, Shannon, Co. Clare, V14 E370.

Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have prepared the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("relevant financial reporting framework").

Under company law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departure from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Compliance Statement

The directors, in accordance with Section 225(2)(a) of the Companies Act 2014 (the "Act"), acknowledge their responsibility for securing the Company's compliance with its "relevant obligations". "Relevant obligations", in the context of the Company, are the Company's obligations under:

- (a) the Act, where a breach of the obligations would be a category 1 or category 2 offence;
- (b) the Act, where a breach of the obligation would be a serious Market Abuse or Prospectus offence; and
- (c) tax law.

DIRECTORS' REPORT (continued)

Section 225(2)(b) of the Companies Act 2014 requires the directors to include a statement in the directors' report confirming the assurance measures as stated in Subsection 3 of the Act have been completed or, if not completed, to specify the reasons. The three measures to be addressed, as specified by Subsection 3 are:

- (a) the drawing up of a "compliance policy statement" setting out the Company's policies (that, in the directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations;
- (b) the putting in place of appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the Company's relevant obligations; and
- (c) the conducting of a review during the financial year of any arrangements or structures referred to in (b) above that have been put in place.

The Directors confirm that the measures set out above have been completed.

Statement on relevant audit information

In the case of each of the persons who are directors at the time this report is approved in accordance with Section 330 of Companies Act 2014:

- (a) so far as each director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and
- (b) each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Audit Committee

The Board of Directors have considered Section 167 of the Companies Act 2014 and have decided not to establish an audit committee on the basis that an audit committee exists at Group level. The Group audit committee completes reviews of each component of the Group and on this basis the directors have deemed it adequate that the Group audit committee acts on their behalf.

Auditor

The auditor Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, have indicated their willingness to continue in office in accordance with the provisions of Section 383(2) of the Companies Act 2014.

Approved by the board of directors and signed on its behalf by


Jennifer Teeling-Lynch

Director

Date: 28/09/2023



Teija Majava

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTUM FINANCE IRELAND DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion on the financial statements of Fortum Finance Ireland Designated Activity Company ("the company")

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2022 and of the loss for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Changes in Equity;
- the Statement of Financial Position; and
- the related notes 1 to 22, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTUM FINANCE IRELAND DESIGNATED ACTIVITY COMPANY

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FORTUM FINANCE IRELAND DESIGNATED ACTIVITY COMPANY**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Cathal Treacy
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Charlotte Quay, Limerick

29 September 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 €	2021 €
Revenue	3	445,674,431	185,524,301
Operating expenses	4	(6,045,074,105)	(61,692,723)
Other operating loss	5	<u>(130,857,720)</u>	<u>(230,349)</u>
Operating (loss)/profit		(5,730,257,394)	123,601,229
Income from shares in group companies	6	350,000,000	120,000,000
Impairment of shares in subsidiaries	12	<u>(413,350,010)</u>	<u>-</u>
		<u>(63,350,010)</u>	<u>120,000,000</u>
(Loss)/profit on ordinary activities before taxation	7	(5,793,607,404)	243,601,229
Tax on (loss)/profit from ordinary activities	10	690,659,919	(13,054,655)
(Loss)/profit for the financial year after taxation attributable to the equity shareholders of the company		<u>(5,102,947,485)</u>	<u>230,546,574</u>

The accompanying notes to the financial statements on pages 14 to 26 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Capital contribution account	Share premium	Merger reserves	Capital Loans	Retained profit and loss	Total
	€	€	€	€	€	€	€
Balance at 31 December 2020	992,557	9,823,000,000	899,032,443	-	-	443,237,363	11,166,262,363
Total comprehensive income	-	-	-	-	-	230,546,574	230,546,574
Balance at 31 December 2021	<u>992,557</u>	<u>9,823,000,000</u>	<u>899,032,443</u>	<u>-</u>	<u>-</u>	<u>673,783,937</u>	<u>11,396,808,937</u>
Merger of Fortum Finance B.V. 17	-	-	-	4,504,000	-	(24,529,613)	(20,025,613)
Capital loans granted 17	-	-	-	-	(4,141,370,573)	-	(4,141,370,573)
Total comprehensive loss	-	-	-	-	-	(5,102,947,485)	(5,102,947,485)
Balance at 31 December 2022	<u>992,557</u>	<u>9,823,000,000</u>	<u>899,032,443</u>	<u>4,504,000</u>	<u>(4,141,370,573)</u>	<u>(4,453,693,161)</u>	<u>2,132,465,266</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	2022 €	2021 €
Fixed assets			
Fixed assets	11	2,144	4,077
Financial assets	12	7,920,697,842	13,018,191,329
Total Fixed assets		<u>7,920,699,986</u>	<u>13,018,195,406</u>
Current assets			
Debtors	13	2,073,949,515	4,526,790,934
Deferred tax asset	14	711,290,388	2,291
Cash at bank		297,734	62,866
		<u>2,785,537,637</u>	<u>4,526,856,091</u>
Creditors: amounts falling due within one financial	15	<u>(794,037,035)</u>	<u>(468,242,560)</u>
Net current assets		<u>1,991,500,602</u>	<u>4,058,613,531</u>
Total assets less current liabilities		9,912,200,588	17,076,808,937
Creditors: amounts falling after more than one financial year	16	(7,779,735,322)	(5,680,000,000)
		<u>2,132,465,266</u>	<u>11,396,808,937</u>
Capital and reserves			
Called-up share capital	17	992,557	992,557
Share premium	17	899,032,443	899,032,443
Capital contribution	17	9,823,000,000	9,823,000,000
Merger reserves	17	4,504,000	-
Capital Loans	17	(4,141,370,573)	-
Retained profit and loss	17	(4,453,693,161)	673,783,937
Equity shareholders' funds		<u>2,132,465,266</u>	<u>11,396,808,937</u>

The accompanying notes to the financial statements on pages 14 to 26 form an integral part of these financial statements.

Approved by the board of directors and signed on its behalf by:


Jennifer Teeling-Lynch
Director


Teija Majava
Director

Date: 28/09/2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. General Information

These financial statements comprising the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 22 constitute the individual financial statements of Fortum Finance Ireland Designated Activity Company for the financial year ended 31 December 2022.

The nature of the Company's operations and its principal activities are set out in the Directors' Report on pages 3 to 7.

The Company has its registered office at Shannon Airport House, Shannon Industrial Estate, Shannon, Co. Clare, Ireland. The Company's registration number is 518160.

Currency

The financial statements have been presented in Euro (€) which is also the functional currency of the Company.

2. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention modified to include certain items at fair value. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued by the Financial Reporting Council.

The company has chosen to apply Section 11 and 12 of FRS102 in full in respect of financial instruments.

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company is a member of a group where the parent, Fortum Oyj prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss). As the Company is part of this consolidation, the Company is a qualifying entity and has taken advantage of the below available disclosure exemptions for qualifying entities.

- (i) Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present statement of cash flows.
- (ii) Exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 providing the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- (iii) Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.

Going Concern

The financial statements have been prepared under the going concern basis.

Revenue

Revenue comprises interest income and any related finance charges received on amounts advanced to Group companies and bank deposit income. Loans are subject to loan agreement contracts between both parties which denote a fixed principal loan amount. Interest is recognised in the Statement of Comprehensive Income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Accounting Policies (continued)

Dividends

Dividend paid

Final dividends to the Company's equity shareholders are recognised as a liability of the Company when approved by the Company's shareholders. Interim dividends are recognised when paid.

Dividend received

Dividends are recognised when the Company's right to receive payment is established and are recognised separately in the Statement of Comprehensive Income.

Taxation and deferred taxation

Income tax expense for the financial year comprises current and deferred tax recognised in the financial year. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognised where appropriate and measured on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial year and that are expected to apply to the reversal of the timing difference.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the Statement of Financial Position date. All differences are taken to the Statement of Comprehensive Income.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are recognised in the Statement of Financial Position and are depreciated over their useful lives with the corresponding lease or hire purchase obligation being recognised as a liability. The interest element of the finance lease rentals are charged to the Statement of Comprehensive Income over the period of the lease and represent a constant periodic rate of interest on the balance of capital repayments outstanding. Leases are classified as finance leases whenever they transfer substantially all the risks and rewards of ownership to the Company.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Accounting Policies (continued)

Share capital of the Company

Ordinary share capital

The ordinary share capital of the Company is presented as equity.

Capital Contributions

Capital contributions are cash contributions received unconditionally from the parent company and are presented as equity. The capital contributions are included in the calculation of distributable reserves.

Accounting for Mergers

Merger Reserve

The difference, if any, between the carrying value of shares in subsidiaries, being the carrying value held by the Company in the merging company, and the nominal value of the share capital and share premium in the merging company shall be shown as a movement on other reserves – Merger Reserves.

All other balances

Any existing balances on the balance sheet, including retained earnings are combined with the Company's at the book value on the effective date of the merger. Subsequent measurement of any balances are then recorded in line with the Company's accounting policies.

Investments

Investment in subsidiary undertakings

The Company's investment in a subsidiary is carried at historical cost less accumulated impairment losses.

Investment in joint ventures

The Company's investment in joint ventures is carried at historical cost less accumulated impairment losses.

Tangible fixed assets

Tangible fixed assets are measured at initial recognition at its cost. After initial recognition, tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Tangible fixed assets are depreciated using straight line depreciation based on the expected useful life of the asset. The depreciation is based on the following expected useful lives:

Plant & Machinery	10 - 25 years
Fixtures & Fittings	3 - 5 years

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than twelve months are not cash and cash equivalents and are presented as current asset investments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Accounting Policies (continued)

Capital Loans

Capital loans are interest bearing loans having a repayment date to be specified by the borrower, and where the repayments are made at the borrower's discretion. These loan balances along with interest payments and loan repayments are recorded at transaction value in the Capital and Reserves section of the Statement of Financial Position under Capital Loans. Subsequent measurement is stated at fair value through retained earnings.

Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including unlisted investments, loans (other than capital loans), trade debtors and cash. If there is objective evidence of impairment, impairment losses are recognised in the Statement of Comprehensive Income in that financial year.

Financial instruments

The company has chosen to apply Section 11 and 12 of FRS102 in full in respect of financial instruments. Financial instruments include all loans and borrowings, other than capital loans, and foreign exchange contracts on foreign currency balances. All loans, other than capital loans, are presented as amounts due from group companies in financial assets, except for loan maturing in the next 12 months which are presented in Debtors. All borrowings are presented as amount owed to group companies in Creditors: amounts falling due after more than one financial year and Creditor: amounts falling due within one financial year. Financial instruments are initially recorded at fair value which is the cost. Subsequently, loans and borrowings, other than capital loans, are measured using the effective interest method and other financial instruments are stated at fair view through the Statement of Comprehensive Income. Income of financial instruments is recognised in line with the accounting policy on Revenue.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Impairment and Recoverability of investment in subsidiaries and amounts due from Group companies included in financial assets (Estimation and Judgement)

At each reporting date, financial assets, being amounts due from Group companies and investments in subsidiaries which had a carrying value of €7,747,029,747 at the financial year end (2021: €13,018,191,329), are assessed as to whether there is objective evidence of impairment. In assessing impairment, for amounts due from Group companies the Company continually reviews the loan portfolio and the management accounts of the borrowing entity for evidence of recoverability and/or impairment and for investment in subsidiaries the subsidiary financial statements and current management accounts are assessed for evidence of recoverability and/or impairment. At the time of granting the loans, the credit ratings of borrowers are analysed and then further reviewed at each reporting date.

During the financial year the Company reviewed its investment in financial assets. As part of the review, Management have reviewed the financial information of the subsidiaries and other group companies and made a judgement as to whether the carrying value held by the Company was impaired. Management judgments concluded that there was no evidence of impairment at the financial year end other than those already reflected in these financial statements. See Note 12 for more detail on provisions and impairments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

2. Accounting Policies (continued)

Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Corporation and other taxes (Estimation and Judgement)

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management have made estimations of the forecast profits of the future years based on the current business performance, their knowledge of the business and the future Group financing needs. Management has then made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset and recognised a deferred tax asset on that basis. The carrying value of deferred tax assets in respect of losses carried forward is €710,053,225 at the financial year end (2021: €nil).

3. Revenue

	2022	2021
	€	€
Interest income receivable from Group companies	444,811,908	185,043,750
Management/Service fee income from Group companies	157,000	126,380
Service fee income from Group companies	705,523	354,171
	<u>445,674,431</u>	<u>185,524,301</u>

The analysis of revenue by geographical area is as follows:

	2022	2021
	€	€
The Netherlands	7,544,110	38,248,023
Germany	124,809,300	82,465,166
Russia	118,246,321	-
Sweden	91,020,161	30,400,530
Ireland	25,538,669	22,847,818
Belgium	26,586,828	-
Poland	23,835,031	3,984,712
Finland	15,706,146	354,171
Norway	11,897,764	7,124,312
Great Britain	490,101	99,569
	<u>445,674,431</u>	<u>185,524,301</u>

4. Operating expenses

	2022	2021
	€	€
Interest expense payable to Group companies	64,892,885	41,959,768
Provision for bad and doubtful debts from Group companies	5,966,961,000	-
Wages and salaries	1,188,908	903,172
Amortisation charges	8,694,974	17,961,859
Administration expenses	3,336,337	867,923
	<u>6,045,074,105</u>	<u>61,692,723</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

5. Other operating loss

	2022	2021
	€	€
Unrealised foreign exchange (loss)/gain	(109,475,511)	16,625,162
Realised foreign exchange loss	(21,382,209)	(16,855,511)
	<u>(130,857,720)</u>	<u>(230,349)</u>

6. Income from shares in Group companies

	2022	2021
	€	€
Dividend income from Group companies	350,000,000	120,000,000
	<u>350,000,000</u>	<u>120,000,000</u>

7. (Loss)/profit on ordinary activities before taxation

	2022	2021
	€	€
The (loss)/profit on ordinary activities before taxation is stated after charging:		
Directors' remuneration - aggregate emoluments paid to or receivable by directors in respect of qualifying services <i>(see note 9)</i>	246,980	201,007
The auditors' remuneration for the financial year was as follows:		
Audit of individual Company accounts	33,294	9,790
Other assurance services	-	-
Tax advisory services	-	-
Other non-audit services	-	-
	<u>33,294</u>	<u>9,790</u>

Other than those shown in the table above, any further disclosures required in respect of directors' remuneration under Sections 305 and 306 of the Companies Act 2014 are €nil for both the current and prior financial year. The audit of group transactions in the Company falls within the scope of the Group auditors Deloitte Oy, and the Company is not recharged a fee.

8. Wages and salaries

The average number of persons employed by the Company during the period analysed by category, was as follows:

	2022	2021
	No.	No.
The average number of persons employed by the Company during the period analysed by category, was as follows:		
Management	4	4
Accounting and administration	6	6
	<u>10</u>	<u>10</u>

Three of the employees are employed by the Company's Belgian Branch and the remaining employees, are employed directly by the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

8. Wages and salaries (continued)

	2022	2021
	€	€
The aggregate payroll costs for the financial year were as follows:		
Wages and salaries	934,402	651,722
Employer pension costs	51,828	46,196
Social insurance costs	162,298	135,154
Other compensation costs	40,381	70,100
	<u>1,188,909</u>	<u>903,172</u>
Capitalised employee costs during the financial year amounted to:	<u>-</u>	<u>-</u>

Other compensation costs include housing allowances, employee related insurance premiums, fringe benefits and employer safety association fees.

9. Directors' Remuneration

	2022	2021
	€	€
Aggregate emoluments paid to or receivable by directors in respect of qualifying services	<u>246,980</u>	<u>201,007</u>
Aggregate amount of money or value of other assets including shares, but excluding share options, paid to or receivable by the directors under long term incentive schemes in respect of qualifying services	<u>27,861</u>	<u>41,101</u>

Aggregate contributions paid, treated as paid, or payable during the financial year to a retirement benefit scheme in respect of qualifying services of directors:

	2022	2022	2021	2021
	Number of	€	Number of	€
	Directors		Directors	
- Defined contributions schemes	1	4,684	1	4,147
- Defined benefit schemes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2022	2021
	€	€
Compensation paid, or payable, or other termination payments, in respect of loss of office to directors of the company in		
- Office of director of the Company	-	-
- Other offices	<u>-</u>	<u>-</u>
Amounts paid or payable to past directors of the Company or its holding undertaking:		
- For retirement benefits in relation to services as directors	<u>-</u>	<u>-</u>
- For other retirement benefits	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

9. Directors' Remuneration (continued)

	2022	2021
	€	€
Compensation paid or payable for loss of office or other termination benefits:		
- Office of director	-	-
- Other offices	-	-
	<u>-</u>	<u>-</u>

10. Tax on (loss)/profit from ordinary activities

	2022	2021
	€	€
(a) Analysis of tax (credit)/charge in the financial year		
Corporation tax charge	19,308,090	13,413,371
Corporation tax (credit) in respect of prior years	(175,800)	(358,745)
Deferred tax (credit)/charge	<u>(709,792,209)</u>	<u>29</u>
	<u>(690,659,919)</u>	<u>13,054,655</u>
(b) Factors affecting tax charge for the financial year		
(Loss)/profit on ordinary activities before tax	(5,793,607,404)	243,601,229
(Loss)/profit on ordinary activities multiplied by 12.5% corporation tax rate	(724,200,926)	30,450,154
<i>Effects of:</i>		
Expenses not deductible for tax purposes	51,025,286	26,585
Franked investment income	(43,750,000)	(15,000,000)
Corporation tax (credit) in respect of prior years	(175,800)	(358,745)
Group loss relief	-	(2,860,973)
Withholding Tax Suffered	2,413,544	359,984
Over provision of current year tax liability	-	7,294
Disallowed foreign tax credits	12,015,116	-
Overseas tax charge of the Company's Belgium Branch	5,422,981	430,356
Overseas tax charge of the Company's Dutch Branch	6,589,880	-
	<u>(690,659,919)</u>	<u>13,054,655</u>
Current (credit)/charge for the financial year		

While the Company made an overall taxable loss during 2022, the corporation tax charge for 2022 represents the tax charge payable by the Company's branches in Belgium and Netherlands to those respective tax authorities for the branch's standalone profits.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

11. Fixed assets

	Fixtures & Fittings	Total
Cost	€	€
As at 1 January 2022	46,975	46,975
Additions	849	849
Disposals	-	-
As at 31 December 2022	<u>47,824</u>	<u>47,824</u>
Depreciation		
As at 1 January 2022	(42,898)	(42,898)
Charge for financial year	(2,782)	(2,782)
Disposals	-	-
As at 31 December 2022	<u>(45,680)</u>	<u>(45,680)</u>
Net Book Value		
As at 31 December 2021	<u>4,077</u>	<u>4,077</u>
As at 31 December 2022	<u>2,144</u>	<u>2,144</u>

Depreciation is applicable at the following rates:

Fixtures & Fittings 3 – 5 years

12. Financial assets

	Amounts due from Group companies	Investment in subsidiaries	Total
Cost		€	€
As at 1 January 2022	8,729,320,319	4,288,871,010	13,018,191,329
Additions	4,825,393,477	-	4,825,393,477
Loans maturing within 12 months	(1,432,223,652)	-	(1,432,223,652)
Repayments	(2,956,501,049)	-	(2,956,501,049)
Foreign exchange revaluations	(174,061,695)	-	(174,061,695)
Merger of Fortum Finance B.V	4,895,706,442	(3,875,496,000)	1,020,210,442
Provision for bad and doubtful debts	(5,966,961,000)	-	(5,966,961,000)
Impairments	-	(413,350,010)	(413,350,010)
As at 31 December 2022	<u>7,920,672,842</u>	<u>25,000</u>	<u>7,920,697,842</u>

The following are the details of the subsidiaries of the Company in accordance with Section 314 of the Companies Act 2014:

Company	Registered Office	% Owned	Principal Activity
Fortum P&H Ireland Limited	Shannon Airport House, Shannon Industrial Estate, Shannon, Co. Clare,	100%	Holding Company
Fortum Global Finance DAC	Shannon Airport House, Shannon Industrial Estate, Shannon, Co. Clare,	100%	Financing Company

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

12. Financial assets (continued)

On 4th January 2022, the Company entered into a Cross Border Merger with its subsidiary Fortum Finance B.V., resulting in the Company then having a Branch in the Netherlands reducing the investment in subsidiaries value by €3.8BN as it was no longer a subsidiary. Additionally, Fortum Finance B.V. had a loan portfolio of amounts due from Group companies of €4.8BN which was transferred to the Company upon the merger.

The Company carried out a review on its investment in other subsidiaries and concluded that an impairment in the carrying value of Fortum P&H Ireland Limited of €413M was required. There was no further evidence of impairment on the remaining subsidiaries' value.

The Directors performed an assessment of the carrying values of Amounts due from Group companies and considered it appropriate to record a bad debt provision against amounts due from Fortum P&H Ireland Limited of €830M and from Fortum Deutschland SE of €4.656BN and from Fortum 1 AB of €480M.

Subsequent events affecting the carrying value of financial assets:

Included in Amounts due from Group Companies is amounts due from PAO Fortum of €932M (of which €252M was included in Amount due from Group Companies in Debtors, See Note 13.) which was advance as a working capital loan and from Fortum 1 AB of €520M which were advanced for the purpose of investing on PAO Fortum. Due to events after the financial year end, as noted in the Directors Report and Note 21, there now exists an uncertainty as to the full recoverability of these loans, with first assessments of the impairment amount being approximately €1.3BN.

The directors confirm that these conditions did not exist at the balance sheet date and as such in line with FRS102, section 32, consider these events a non-adjusting events after the end of the financial year end.

13. Debtors

	2022	2021
	€	€
Amounts due from Group companies	1,774,222,861	4,402,190,055
Prepayments and accrued income	146,319,332	1,140,562
Corporation tax receivable	54,678,389	115,462,423
Foreign exchange contracts	98,704,880	7,997,894
VAT recoverable	24,053	-
	<u>2,073,949,515</u>	<u>4,526,790,934</u>

See Note 11 for information on recoverability regarding amounts due from PAO Fortum.

Amounts due from Group companies also include amounts held in the Group cash pool account with Nordea Bank Finland Plc and Danske Bank 2022: €Nil (2021: €39,334,561) and loan interest receivable which has been recognised in accordance with the relevant loan agreements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

14. Deferred tax

	2022	2021
	€	€
Deferred tax asset	711,290,388	2,291
	<u>711,290,388</u>	<u>2,291</u>
Deferred tax consists of the following deferred tax assets:		
Tax loss carry forward	710,053,225	-
Accelerated capital allowances	1,823	2,291
Derivative financial assets	1,235,340	-
	<u>711,290,388</u>	<u>2,291</u>

Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset and recognised a deferred tax asset on that basis that it is more likely than not that the deferred tax asset will reverse. It is expected that the deferred tax asset will full reverse in the next 15-20 years. The tax loss carry forwards do not have an expiry date.

The net deferred tax asset expected to reverse in 2023 is €1,235,808. This primarily relates to the reversal of timing differences on derivative financial assets and capital allowances. Based on the future forecast it is expected that the deferred tax asset relating to tax loss carry forward will reverse from 2024 onwards. There are no unused tax credits.

15. Creditors: amounts falling due within one financial year

	2022	2021
	€	€
Accruals	1,360,098	217,281
Foreign exchange contracts	23,540,631	14,244,991
Trade creditors	213,517	69,117
Amounts owed to Group companies	764,104,757	453,703,711
Corporation tax	4,707,736	-
PAYE/PRSI payable	54,633	-
VAT payable	55,663	7,460
	<u>794,037,035</u>	<u>468,242,560</u>

The directors consider that the carrying amount of all creditors is approximately their fair value. Amounts owed to Group companies includes interest payable which has been recognised based on market rates and in accordance with the relevant loan agreements. Amounts due to Group companies also include amounts held in the Group cash pool account with Nordea Bank Finland Plc and Danske Bank 2022: €253,951,887 (2021: €Nil). This interest is payable biannually. Taxation amounts are payable in line with statutory requirements.

16. Creditors: amounts falling due after more than one financial year

	2022	2021
	€	€
Amounts owed to Group companies	7,779,735,322	5,680,000,000
	<u>7,779,735,322</u>	<u>5,680,000,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

17. Called up share capital and reserves

	2022	2021
	€	€
<i>Authorised capital</i>		
1,000,000 ordinary shares of €1 each	1,000,000	1,000,000
<i>Issued and paid up capital</i>		
992,557 ordinary shares of €1 each	992,557	992,557
Presented as follows:		
Called up share capital as equity	992,557	992,557
Called up share capital as liability	-	-

The Company's other reserves are as follows:

The profit and loss account represents cumulative gains or losses recognised in the profit and loss account, net of dividends paid and other adjustments.

During 2022, the Company issued an interest bearing capital loan to another Group company of €4,141,370,573. The loan having a repayment date to be specified by the borrower, is deemed a capital loan, and as such is recorded against the retained profit and loss account under FRS 102. While there is no specific repayment date, the Company considers this loan fully recoverable based on the terms on the agreement and the borrower's ability to make repayments in the future.

The share premiums includes any premiums received on the issue of share capital.

The capital contribution represents a capital contribution received in cash from the Company's parent. This capital contribution is unconditional, irrevocable and non-repayable and in respect of which no consideration is to be paid by the Company or received by its parent. The capital contributions are included in the calculation of distributable reserves.

On 4th January 2022, the Company entered into a Cross Border Merger with its subsidiary Fortum Finance B.V., resulting in the Company then having a Branch in the Netherlands. This created a merger reserve of €4,504,000 as the value of the share capital and premiums in Fortum Finance BV was higher than the value held in the Company as Investment in subsidiaries.

18. Capital commitments

The Company has no capital commitments at the financial year end.

19. Operating leases

	2022	2021
	€	€
At 31 December 2022 the Company had total future minimum lease payments under non-cancellable operating leases:		
Within one financial year	6,816	29,835
Within two to five financial years	6,816	-
Greater than five financial years	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. Related party transactions and controlling party

The Company, as a wholly owned subsidiary, has taken advantage of the exemption under Financial Reporting Standard 102 not to disclose the transactions with other wholly owned Group companies.

Revenue in the form of Interest income was received from a joint venture company Fortum Glasgow of €140,853 (2021: Nil) of which €Nil remained outstanding at 31 December 2022 (2021: €Nil)

The Company incurred professional fees in the amount of €15,508 (2021: €17,112) during the financial year to Canyon Corporate and Trust Solutions Limited of which €3,428 remained payable as at 31 December 2022 (2021: €Nil). Andrew Ryan was a director of the Company and of Canyon Corporate and Trust Solutions Limited at the same time during the financial year.

The Company is a wholly owned subsidiary of Fortum Oyj, a company incorporated in Finland.

The smallest and largest groups of companies into which the results of the Company are consolidated are the accounts of Fortum Oyj. The financial statements of Fortum Oyj can be obtained from Fortum Corporation, Keilalahdentie 2-4, 02150 Espoo, Finland.

21. Events after the end of the financial year

The company has material loans receivable from PAO Fortum of €932M, the Group's Russian subsidiary and also from Fortum 1 AB of €1BN, (with a recoverable value of €520M at 31st December 2022), the Group's intermediate parent company of the Russian subsidiary. As publicly announced during 2022, Fortum was planning a controlled exit from Russia which would see the subsidiaries sold and the loans repaid. On 25th April 2023, the Russian president announced a decree which enables the authorities to introduce temporary asset management to assets owned by certain foreign entities in Russia, which they enforced on Fortum's Russian subsidiaries the next day. While Fortum still has the right to continue with the sale of the Russian subsidiaries, due to the uncertainty and the lack of control, there exists a material uncertainty as to the full recoverability of the loans, with first assessments of the non-recoverable amounts being approximately €1.3BN.

The directors confirm that these conditions did not exist at the balance sheet date and as such in line with FRS102, section 32, consider these events as non-adjusting events after the end of the financial year end. The directors continue to closely monitor the situation and an impairment review is currently being carried out on a monthly basis. The Company with the support of the Group will continue to seek repayment from PAO Fortum and pursue all legal options in that pursuit.

There have been no other significant events since the financial year end.

22. Approval of financial statements

The board of directors approved these financial statements and authorised them for issue on 28th September 2023.