Equity story of

FORTUM — For a cleaner world

Investor / Analyst material
August 2022
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.
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Fortum in brief

Key figures 2021
Sales EUR ~112 bn
Comparable EBITDA EUR 3.8 bn
Total assets EUR ~150 bn
Personnel 19,140

Main businesses
Sales (€) Volume¹ Capacity
Power 34.3 bn 188 TWh 47.1 GW
Gas 60.0 bn 370 TWh 7.4 bcm
Heat 1.2 bn 33 TWh 16.9 GW

¹) For Power - Power generation, for Gas - Long-term gas supply contracts and for Heat – Heat production
Strong position to drive the energy transition in Europe

- 3rd largest power generator in Europe and Russia
- 3rd largest CO₂-free power generator in Europe
- 3rd largest nuclear generator in Europe
- 4th largest gas storage operator in Europe
Fortum is the third largest CO₂-free power generator in Europe

Source: Company information, Fortum analyses, 2020 figures pro forma.
Fortum incl. Uniper. EPH incl. LEAG
Fortum is well positioned for the energy transition

Third largest CO₂-free power generator in Europe with growing portfolio of wind and solar

Significant provider of flexible hydro and gas-fired power generation

Major provider and trader of gas for Europe’s energy and industrial customers

Versatile portfolio of decarbonisation and environmental solutions

Phase out or exit announced of ~8 GW coal-fired generation by 2030
Fortum’s CO$_2$-free power generation increased by ~60% as Uniper was consolidated as a subsidiary.

Fortum*:
- CO$_2$-free generation 40%
- Gas-fired power generation 47%
- Share of coal-fired generation 13%
- Share of coal of sales revenue below 1%

* based on 2021 reported figures

Fortum actuals 1990-2021.
Fortum is a forerunner in sustainability

Our purpose is to drive the change for a cleaner world. We are securing a fast and reliable transition to a carbon-neutral economy by providing customers and societies with clean energy and sustainable solutions. This way we deliver excellent shareholder value.

3rd largest CO₂-free generator in Europe

CO₂-free power generation, including renewable and nuclear power, was 75 TWh in 2021. 64% of power generation in Europe, and 40% of total power generation was CO₂-free.

Specific CO₂ emissions

Fortum’s specific CO₂ emissions from total energy production in Europe were 231 gCO₂/kWh in 2021, and 312 gCO₂/kWh globally.

Growing in solar and wind

Targeting a multi-gigawatt wind and solar portfolio, which is subject to the build-operate-transfer business model. Targeting an indicative growth capex for EUR 3 billion for 2021-2025, of which 50-55% to renewables.

Signatory of TCFD

Fortum an official signatory of TCFD on March 2021
Fortum's power generation and heat production by source

Fortum’s power generation in 2021

- Total power generation: 188.1 TWh
- Natural gas: 47%
- Nuclear power: 19%
- Hydropower: 19%
- Coal: 13%
- Bio: 1%
- Wind, solar: <1%
- Waste: <1%

Fortum’s heat production in 2021

- Total heat production: 33.4 TWh
- Natural gas: 59%
- Coal: 25%
- Oil: 2%
- Heat pumps, electricity: 3%
- Bio: 4%
- Waste: 7%
Fortum key profitability drivers

Key market drivers:

Power market
- EU coal/nuclear capacity closures
- Growing share of renewables
- Importance of gas-fired generation
- Commodity prices
- Increasing interconnections between Nordics, Continental Europe, and the UK
- Weather conditions
- Increased demand from decarbonisation and electrification

Gas market
- Decreasing gas production in Europe
- More volatile gas demand
- Gas storage value
- Weather conditions

Fortum profitability drivers:

European power generation
- CO2-free generation: prices and volumes, hedging, PPAs
- Gas-fired generation: capturing the merchant upside
- Coal exit path, value from sites

Gas midstream business
- Long-term contracts and sales
- Gas storage, spread, and volatility
- Optimisation business, price volatility

Russia power generation
- Thermal CSAs gradually shifting to CCS scheme, selective modernisation projects
- Renewables capacity with higher CSAs
- Berezovskaya 3 (CSA)

Growth based on strategy

Fortum Group’s indicative EBITDA by business and market exposure

Indicative EBITDA split
- CO2-free power
- Gas-fired generation and other power
- Gas midstream
- Coal-fired generation and trading
- Other

Indicative market exposure
- Outright
- Spread and other
- Regulated
- Semi-regulated /contractual

PPA= Power Purchase Agreement
CSA= Capacity Supply Agreements
CCS= Competitive Capacity Selection (=KOM)

For a cleaner world
Our strategy – Driving the clean energy transition and delivering sustainable financial performance

For a cleaner world

**Transform own operations to carbon neutral**
- Phase out and exit coal
- Transform gas-fired generation towards clean gas

**Strengthen and grow in CO₂-free power generation**
- Supply significant flexible and reliable CO₂-free power generation
- Grow sizeable portfolio of renewables

**Leverage strong position in gas to enable the energy transition**
- Provide security of supply and flexibility in the power system
- Secure supply of gas for heat, power, and industrial processes

**Partner with industrial and infrastructure customers**
- Provide decarbonisation and environmental solutions
- Build on first-mover position in hydrogen

**Value creation targets**
- Carbon neutral as a Group latest by 2050, in line with the Paris Agreement, and in our European generation latest by 2035
- Sustainable financial performance through attractive value from investments, portfolio optimisation, and benchmark operations
- Strong financial position and over time increasing dividend
Measuring success for Fortum

**Climate and environmental targets:**
- Group carbon neutral latest by 2050 (Scope 1, 2, 3)
- European generation carbon neutral latest by 2035 (Scope 1, 2)
- CO₂ emission reduction of at least 50% by 2030 in European generation (Scope 1, 2)
- Scope 3 GHG emissions reduction of at least 35% by 2035 (compared to base-year 2021)
- Biodiversity target: Number of major voluntary measures enhancing biodiversity ≥12 in 2021

**Financial targets:**
- Financial net debt/comparable EBITDA below 2x
- Hurdle rates for new investments
- Rating of at least BBB
- Stable, sustainable, and over time increasing dividend

**Social targets:**
- Safety target: Total recordable incident frequency (TRIF) <1.0 in 2025

**Shareholder value creation:**
- Portfolio optimisation and delivering on investments
- Realising financial benefits from the cooperation with Uniper
Strategic steps going forward

2014-2020
Major transformation
- Active portfolio rotation with focus on assets essential in the energy transition and with good cash flow
- Uniper acquisition
- Focus on aligned strategy
- Flat dividend

2021-2022
Balance sheet focus
- Step up in Group EBITDA
- Secure strong balance sheet
- Rating of at least BBB
- Details of strategy implementation and first investments
- Target to increase dividend

2023-2025
Growth in clean power and gas
- Growth in strategic areas
- Sustainable financial performance with benchmark operations
- Cooperation financial benefits
- Target to increase dividend
Indicative capital expenditure for growth investments in 2021-2025 – renewables and clean gas

- **Renewables**
  - On-shore wind and solar

- **Hydrogen and clean gas**
  - Industrial decarbonisation solutions

- **Environmental and security of supply solutions**
  - Waste-to-Energy, recycling, industrial and TSO services

- **Other**
  - Venturing, innovation, digitalisation

Capital expenditure will depend on market conditions, asset rotation, and balance sheet strength.
Strong commitment to maintain rating of at least BBB

Ambition is to preserve financial flexibility and good access to capital markets.
Fortum will carefully manage its balance sheet going forward focusing on
• Profitability
• Cash flow optimisation
• Capital expenditure prioritisation
• Portfolio optimisation

Long term leverage target:
Financial net debt/comparable EBITDA <2x

<table>
<thead>
<tr>
<th>RATING AGENCY</th>
<th>CREDIT RATING</th>
<th>VALID SINCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor’s</td>
<td>BBB/Outlook Negative</td>
<td>16 May 2022</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>BBB/Outlook Negative</td>
<td>23 June 2022</td>
</tr>
</tbody>
</table>
Return targets for new investments:

WACC+ hurdle rate:
+100 bps for green investments
+200 bps for other investments

The requirement might be higher depending on, e.g., business model and technology and will be evaluated case-by-case.

Group 2022 capital expenditure, including maintenance and excluding acquisitions, is estimated to be EUR 1.5 billion

- Maintenance of EUR ~800 million
- Growth of EUR ~700 million

~EUR 3 bn growth capex for 2021-2025
Capital expenditure will depend on market conditions, asset rotation, and balance sheet strength
Europe committed to be a forerunner in reducing GHG emissions across all sectors

- EU is tightening both its 2030 and 2050 emissions targets
  - Requires emission reductions in all sectors, especially residential & commercial, transport, and industry
- Sector coupling – clean electricity and gas enable other sectors to decarbonise
  - Emissions from some industrial and heavy transport sectors are difficult to abate by electrification
- Successful energy transition must balance
  - Sustainability
  - Affordability
  - Security of supply

Source: European Environment Agency
LULUCF: Land use, land-use change, and forestry
Energy transition will increase demand for electricity and hydrogen

**Electricity consumption in Europe (TWh)**

- 2020: 2,836
- 2030: 4,095
- 2040: 4,827
- 2050: 6,613

**Clean hydrogen consumption in Europe (TWh)**

- 2020: 0.08
- 2030: 0.10
- 2040: 0.40
- 2050: 2,951

**Source:** IHS Markit Net Zero Carbon Europe scenario
Nordic, Baltic, Continental and UK markets are integrating – Interconnection capacity growing to over 13 GW by mid-2024

• Several new interconnectors have started operation, and more are under construction or decided to be built
• New interconnections will increase the Nordic export capacity from the current 11 GW to over 13 GW by summer 2024

Sources:
- Fortum Market Intelligence
- EU’s Connecting Europe Facility
- Energy market transition

Key projects:
1. DK1-DE maximum transmission capacity has been upgraded from 1,780 MW to 2,500 MW in July 2020
2. New 400 MW DK2-DE connection via Kriegers Flak offshore wind area in operation December 2020
3. EU’s Connecting Europe Facility co-financed 3rd EE-LV transmission line, in operation January 2021
4. NO-DE NordLink is in commercial operation at maximum export of 1,444 MW from March 2021
5. NO-UK 1,400 MW North Sea Link (NSL) has been taken to full commercial use in June 2022
6. 1,400 MW Denmark - UK Viking Link is being built to be ready by end-2023
7. DK1-DE capacity to grow by further 1,000 MW to 3,500 MW with a new 400 kV line by Q2/2024
8. 700 MW LT-PL Harmony Link to be built by 2025 as a part of the Baltic synchronisation project
9. 700 MW Hansa PowerBridge DC link between Sweden and Germany by 2026/2027
10. 800 MW 3rd 400 kV line SE1-Fi ready in 2025
11. 700 MW SE3-SE4 east coast parallel line in 2027
12. 800 MW with first measures on SE2-SE3 by 2028
Volatility and uncertainty in the European power market increases the value of flexible assets

- Intermittent renewables
- Nuclear and coal closures
- Increasing role of gas
- Supply-demand balance
- Increased interconnection between Nordics and Continent
- Commodity and CO₂ prices
- Weather conditions
Own transformation – coal exit to reach carbon neutrality by 2035 in European generation

Transform own operations to carbon neutral

Carbon neutral in our European generation by 2035 at the latest

- Current trajectory to reduce CO₂ emissions in our European generation by at least 50%° by 2030
- Exit ~6 GW of coal capacity by end of 2025
- Aim to decarbonise gas-fired power generation and transit to clean gas over time

Carbon neutral as a group by 2050 at the latest in line with the Paris Agreement

- Reduction of the Group’s coal-fired generation capacity by >50% to ~5 GW by the end of 2025
- Over time transform the Russian business portfolio by reducing the fossil exposure

Strengthen and grow in CO₂-free power generation

Leverage strong position in gas to enable the energy transition

Partner with industrial and infrastructure customers

European generation CO₂ net emissions:

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>100%</td>
</tr>
<tr>
<td>2030</td>
<td>-50%</td>
</tr>
<tr>
<td>2035</td>
<td>Carbon neutral</td>
</tr>
</tbody>
</table>

Coal fired capacity in Europe (GW)

° Base year 2019
°° Datteln4 decommissioning as defined in the German coal-exit law.

The strategic review of Fortum’s Polish district heating business was discontinued in March 2022. Fortum will evaluate alternatives for further decarbonisation of these assets. At the end of 2021, Fortum’s coal based capacity in Poland was 0.1 GW.
Half-year Financial Report
January-June 2022

Fortum Corporation
25 August 2022
Markus Rauramo
President and CEO
Russia is waging a full-scale energy war against Europe, trying to sow internal division and lower European solidarity while human suffering continues.

Extreme prices and volatility driven by supply fears, Russian gas curtailments and logistical limitations drive power prices on the continent and in the Nordics.

Governments are discussing ways to soften the impact with price caps, tax rebates or direct subsidies and liquidity support for power intense industries and utilities.

Fortum Group is contributing to security of energy supply and clean energy, with our low carbon, low cost and flexible generation assets.
Uniper’s liquidity crisis also turned into a supply crisis

Fortum’s current situation is the result of events that began last summer:

- Commodity prices start to increase
- Uniper’s collateral needs increase rapidly
- Uniper in liquidity crisis – Fortum provides EUR 8 bn package
- Russia starts war on Ukraine
- Russia starts to reduce gas flows
- Agreement on stabilisation package signed

Collaboration and strategy execution with Uniper on a good track
Uniper’s gas business makes good profits
Fortum Group announces record results for 2021
Uniper asks for government aid to manage its financial crisis

High uncertainty in the operating environment continues
Comprehensive stabilisation package agreed to provide financial relief to Uniper

Support measures from Fortum
- EUR 4 billion shareholder loan
- EUR 4 billion parent guarantees for margin requirements

Support measures from German government

1. Initial equity injection
   - German State takes a 30% equity stake in Uniper SE
   - 0.3

2. Committed funding against convertible instruments
   - 7.7

3. KfW loan
   - 9.0
     - 7.0
     - 2.0

- Cost absorption mechanism (covers 90% of losses)
- Additional financial support (backstop)
- De-risking and structural solution of Long-Term Gas Contracts to be reached by end of 2023

Rationale for Fortum

- Immediate stabilisation of Uniper
- No requirement for additional capital from Fortum to Uniper going forward
- A dilution of Fortum’s stake in Uniper to 56% is the consequence of the substantial losses
- Option to convert shareholder loan to convertible instruments. If option not used, Fortum’s ownership would dilute further
- Rating affirmed for Uniper’s and Fortum’s long-term credit rating
Substantial curtailments of Russian gas imports have caused dire financial difficulties

**H1 Comparable operating profit**

- Including Uniper, Fortum’s result is driven by strong increase in achieved power prices in the Generation segment following the substantial uplift in Nordic power spot prices and strong physical optimisation despite lower generation volumes.

- **Uniper segment’s result** includes substantial intra-year earnings shifts into later quarters (carbon phasing) and EUR -403 million of gas curtailment losses from mid-June until end of June 2022.

**H1 Reported operating profit**

- **Fortum excl. Uniper segment** includes EUR 320 million of impairments related to fixed assets and goodwill for the Russia segment.

- **Uniper segment** impacted by EUR -12,000 (-813) million of Items Affecting Comparability, including EUR 6,500 million anticipated losses from gas curtailments.
Exchange traded futures markets not fit for today - significant consequences

- Fortum follows a prudent hedging approach to reduce price risks and securing predictable future cashflows and earnings
- However; the higher the prices, the higher the margining requirements for existing power forwards - shifting price risk into even more significant cash liquidity risk and counterparty risk
- Fortum uses both exchange traded futures and bilateral agreements when hedging the outright position

The situation on Nasdaq Commodities is challenging for all market participants:

- Possibility to hedge in the market reduces leaving businesses and consumers increasingly exposed to volatility and high prices.
- Energy industry’s visibility, predictability and even ability to invest decrease by oversized collaterals despite highly profitable operations.

The markets need to function also under exceptional circumstances – call for our governments:

- Secure that working capital financing is available for market participants to cover high margining and collateral needs
- Change the EU EMIR-regulation that determines margining requirements
## Priorities ahead for the Group

### Stop the leakage
- Secure further financial flexibility to weather the commodity price storm
- Finalisation of stabilisation agreement with German government and Uniper
  - EU Commission approval
  - EGM of Uniper (expected for Q4)

### Get traction
- Finalisation of controlled exit from Russian market
- Safe and efficient Nordic operations to maintain competitiveness
- Uniper’s turnaround
  - Long-term stable solution to reform the wholesale gas contract architecture
  - Alignment on governance and priorities

### Recalibrate
- Strategy review in light of the changed operating environment
- Give clear direction to Uniper on the joint journey for the short- and midterm

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Half-year Financial Report 2022
Key financials

<table>
<thead>
<tr>
<th>MEUR</th>
<th>II/2022</th>
<th>II/2021</th>
<th>I-II/2022</th>
<th>I-II/2021</th>
<th>2021</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>38,237</td>
<td>17,128</td>
<td>81,860</td>
<td>38,621</td>
<td>112,400</td>
<td>155,639</td>
</tr>
<tr>
<td>Comparable EBITDA</td>
<td>920</td>
<td>348</td>
<td>816</td>
<td>1,827</td>
<td>3,817</td>
<td>2,807</td>
</tr>
<tr>
<td>Comparable operating profit</td>
<td>574</td>
<td>35</td>
<td>136</td>
<td>1,206</td>
<td>2,536</td>
<td>1,466</td>
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<tr>
<td>Comparable share of profits of associates and joint ventures</td>
<td>25</td>
<td>52</td>
<td>51</td>
<td>119</td>
<td>154</td>
<td>86</td>
</tr>
<tr>
<td>Comparable profit before income taxes</td>
<td>1,254</td>
<td>97</td>
<td>976</td>
<td>1,354</td>
<td>2,651</td>
<td>2,274</td>
</tr>
<tr>
<td>Comparable net profit*</td>
<td>885</td>
<td>79</td>
<td>786</td>
<td>915</td>
<td>1,778</td>
<td>1,649</td>
</tr>
<tr>
<td>Comparable EPS</td>
<td>0.99</td>
<td>0.09</td>
<td>0.88</td>
<td>1.03</td>
<td>2.00</td>
<td>1.85</td>
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<tr>
<td>Net cash from operating activities</td>
<td>275</td>
<td>289</td>
<td>-1,254</td>
<td>1,120</td>
<td>4,970</td>
<td>2,596</td>
</tr>
<tr>
<td>Financial net debt / Comp. EBITDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.2</td>
<td>0.8</td>
</tr>
</tbody>
</table>

* Comparable net profit is adjusted for items affecting comparability, adjustments to share of profit of associates and joint ventures, net finance costs, and income tax expenses

H1 comparable OP affected by EUR 403m of Russian gas curtailment losses in Uniper

- In coming quarters, gas curtailment losses will burden Uniper’s segment result and consequently Fortum’s Comparable Operating Profit

Comp. EPS at EUR 0.88 despite negative Q1 result

Solid credit metrics with Financial net debt / Comp. EBITDA at 0.8x

Net cash from operating activities negative due to reversion of Q4 2021 liquidity measures
H1 consolidated figures dominated by Uniper’s gas business

Reconciliation of comparable operating profit (EUR million)

Fortum excl. Uniper

112
-19
-70
1
11

Fortum excl. Uniper slightly up despite structural changes (sale of Baltic district heat et al)

1,206

I-II/2021 Fortum Group

Generation
Russia
City Solutions
Consumer Solutions
Other Operations
Uniper
I-II/2022 Fortum Group

136

Generation
Higher achieved power price with strong physical optimisation but lower volumes

Russia
One-off effect in 2021 and declining CSAs (Nyagan 1)

City Solutions
Structural changes due to divestments and higher fossil fuel and CO₂ prices

Consumer Solutions
Higher margins offset by higher costs

Uniper
Gas business impacted by Russian gas curtailment and higher fuel costs in generation
Reported income statement dominated by changes in fair values with gas curtailment losses of EUR 6.5bn

I-II 2022 Comparable operating profit
- Impairment charges and reversals
- Capital gains and other related items
- Changes in fair values of derivatives hedging future cash flow
- Other

I-II 2022 Operating profit
- Share of profit/loss of associates and joint ventures
- Finance costs - net

I-III 2022 Profit before income tax
- Income tax

I-II 2022 Net profit

Russia related impairment charges
Divestment of Fortum Oslo Varme AS
Includes EUR 175m impairments related to ownership in TGC-1
Includes EUR 6.5bn of anticipated gas curtailment losses and EUR 4.8bn fair values of derivatives
Incl. EUR 1bn impairment of Nord Stream 2 receivable
Tax impact mainly from fair value losses
Balance sheet driven by increased commodity prices

<table>
<thead>
<tr>
<th>MEUR</th>
<th>30-Jun-22</th>
<th>31-Dec-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment and right-of-use assets</td>
<td>18,336</td>
<td>19,049</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>167,800</td>
<td>82,488</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,897</td>
<td>2,167</td>
</tr>
<tr>
<td>Participations in associates and JVs</td>
<td>2,316</td>
<td>2,461</td>
</tr>
<tr>
<td>Shares in Nuclear Waste Funds</td>
<td>3,213</td>
<td>3,515</td>
</tr>
<tr>
<td>Interest-bearing receivables</td>
<td>2,015</td>
<td>3,107</td>
</tr>
<tr>
<td>Inventories</td>
<td>3,983</td>
<td>2,275</td>
</tr>
<tr>
<td>Margin receivables</td>
<td>10,719</td>
<td>9,163</td>
</tr>
<tr>
<td>Other assets including trade receivables</td>
<td>17,132</td>
<td>17,736</td>
</tr>
<tr>
<td>Liquid funds</td>
<td>4,165</td>
<td>7,592</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>92</td>
<td>108</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>231,669</strong></td>
<td><strong>149,661</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MEUR</th>
<th>30-Jun-22</th>
<th>31-Dec-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivative financial instruments</td>
<td>182,065</td>
<td>88,604</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>14,277</td>
<td>17,220</td>
</tr>
<tr>
<td>Nuclear provisions</td>
<td>3,726</td>
<td>3,891</td>
</tr>
<tr>
<td>Other provisions</td>
<td>11,877</td>
<td>6,406</td>
</tr>
<tr>
<td>Pension obligations, net</td>
<td>484</td>
<td>1,190</td>
</tr>
<tr>
<td>Other</td>
<td>1,402</td>
<td>1,224</td>
</tr>
<tr>
<td>Margin liabilities</td>
<td>3,587</td>
<td>985</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>12,939</td>
<td>16,477</td>
</tr>
<tr>
<td>Liabilities related to assets held for sale</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total equity + liabilities</strong></td>
<td><strong>231,669</strong></td>
<td><strong>149,661</strong></td>
</tr>
</tbody>
</table>

- Equity down by EUR 12 bn due to Uniper reported losses and paid Fortum dividend
- Financial derivatives substantially up following the strong increase in commodity prices
- Other provision increase in context of the anticipated gas curtailment losses
- Net of margin receivables and liabilities slightly down despite higher prices due to mitigation measures
- Liquid funds decreased by EUR 3.4 bn following the repayment of debt and dividend payment
Operating cash flow turned negative in H1

<table>
<thead>
<tr>
<th>MEUR</th>
<th>I/II/2022</th>
<th>I/II/2021</th>
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<td>348</td>
<td>816</td>
<td>1,827</td>
<td>3,817</td>
<td>2,807</td>
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<tr>
<td>Non-cash and other items</td>
<td>-1,600</td>
<td>-97</td>
<td>-1,214</td>
<td>181</td>
<td>1,506</td>
<td>112</td>
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<tr>
<td>Paid net financial costs, income taxes and dividends received</td>
<td>-254</td>
<td>-174</td>
<td>-491</td>
<td>-310</td>
<td>-497</td>
<td>-679</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>1,209</td>
<td>212</td>
<td>-365</td>
<td>-578</td>
<td>144</td>
<td>356</td>
</tr>
</tbody>
</table>

**Net cash from operating activities**

- 275
- 289
- 1,254
1,120
4,970
2,596

**Capital expenditures**

- 185
- 277
- 387
- 570
- 1,178
- 994

**Acquisitions of shares**

- 16
- 182
- 28
- 205
- 294
- 117

**Proceeds from sales of property, plant and equipment**

14
2
89
15
20
93

**Divestments of shares and capital returns**

1,011
22
1,017
151
3,863
4,729

**Shareholder loans to associated companies and JVs**

- 24
- 2
2
- 21
- 8
14

**Change in margin receivables**

- 3,266
- 1,301
- 1,543
- 1,285
- 7,964
- 8,222

**Change in other interest-bearing receivables**

- 243
- 45
- 199
- 64
- 166
- 301

**Net cash from/used in investing activities**

- 2,709
- 1,785
- 1,050
- 1,979
- 5,727
- 4,798

**Proceeds from long-term liabilities**

0
3
0
65
3,439
3,374

**Payments of long-term liabilities**

- 2,235
- 585
- 2,536
- 627
- 2,315
- 4,224

**Change in short-term liabilities**

1,693
499
- 95
794
5,364
4,476

**Dividends paid to the owners of the parent**

- 1,013
- 995
- 1,013
- 995
- 995
- 1,013

**Dividends paid to non-controlling interests**

- 24
- 144
24
- 144
- 171
- 51

**Change in margin liabilities**

1,707
841
2,583
1,180
649
2,051

**Other financing items**

- 110
- 2
- 185
- 1
43
- 141

**Net cash from/used in financing activities**

18
- 384
- 1,270
271
6,013
4,472

**Net increase in liquid funds**

- 2,417
- 1,880
- 3,574
- 588
5,256
2,270

---

- Non-cash and other items impacted by CO₂ emission allowances
- Sales proceeds from divestment of Fortum Oslo Varme AS closed in May 2022
- Margin receivables increased due to higher prices
- Financing: repayments of commercial papers
- Margin liabilities increased due to higher prices
Leverage below target, gross debt down (status on 30th of June 2022)

Solid credit metrics

- **S&P Global Ratings**: ‘BBB’ long-term issuer credit rating, Negative outlook
- **Fitch Ratings**: ‘BBB’ long-term issuer credit rating, Negative outlook

**Target ratio:**
Financial net debt / Comp. EBITDA < 2x

**Fortum’s objective:**
Maintain solid investment grade rating of at least BBB to maintain financial strength, preserve financial flexibility, and good access to capital.

- Total loans EUR 13.3 billion (excl. lease)
  - Average interest for Fortum Group loan portfolio including derivatives hedging financial net at 1.3% (2021: 1.3%).
  - Average interest for EUR loans 1.0% (2021: 0.6%)

- Liquid funds of EUR 4.2 billion
- Undrawn credit facilities of EUR 5.5 billion
Outlook

Hedging

**Generation Nordic hedges:**
For rest of 2022: 80% hedged at EUR 38 per MWh
For 2023: 60% hedged at EUR 37 per MWh
(Q1: 55% at EUR 33)

**Uniper Nordic hedges:**
For rest of 2022: 70% hedged at EUR 26 per MWh
For 2023: 55% hedged at EUR 30 per MWh
(Q1: 50% at EUR 31)
For 2024: 25% hedged at EUR 30 per MWh
(Q1: 25% at EUR 30)

On 17 August 2022, Uniper announced that the company expects to record negative earnings for 2022 and in its IFRS net result (EUR -12.3 billion) the company recorded losses approximately EUR 6.5 billion related to anticipation to future impact from gas curtailments based on situation at the end of June 2022. These losses will be presented in Comparable Operating Profit once they have materialised.

The capex guidance for 2022 was cancelled (Previously: estimated annual capital expenditure, including maintenance and excluding acquisitions, of appr. EUR 1,500 million of which maintenance capital expenditure is EUR 800 million)

**Tax guidance for 2022:**
The comparable effective income tax rate for Fortum is estimated to be in the range of 22-25%.

The reported hedge ratios may vary significantly, depending on Fortum’s and Uniper’s actions on the electricity derivatives markets.
Generation: Higher achieved power prices

Q2 2022 vs. Q2 2021

- Comparable operating profit increased by 51% mainly due to:
  - Higher achieved power prices of EUR 52.3 (+EUR 14.2 per MWh)
  - Lower hydropower volumes due to lower inflow and lower reservoir levels at the beginning of the quarter, Nuclear volumes increased slightly due to shorter planned outages compared to the second quarter of 2021
  - The achieved power price was also negatively impacted by significant price difference in Sweden between high system price and lower SE2-area spot price (Sundsvall). Due to low liquidity in SE2-area price products, the hedge ratio in SE2-area was lower than the system price hedge ratios consequently, negatively affected the achieved power price.

H1 2022 vs. H1 2021

- Comparable operating profit increased by 24% mainly due to:
  - Achieved power price increased by EUR 10.3 per MWh, up by 27% following very successful physical optimisation and higher spot prices but also impacted by liquidity in SE2-area price products
  - The Generation segment’s total power generation in the Nordic countries decreased due to lower hydropower volumes.
Nord Pool system price driven to new price record

- Compared to long-term average, Nordic water reservoirs were filling up from -6 TWh to -2 TWh during Q2.
- Spring inflow realised above normal while hydro generation was at normal level in the second quarter of 2022.
- There is currently a clear division with reservoirs being below normal in southern price areas and above normal in northern areas.
- Nord Pool system spot price made fourth consecutive quarterly record, reaching EUR 121 (42) per MWh in Q2 2022. Next year forward price climbed around 200 €/MWh.
- Nordic SYS spot price was driven by high fuel and continental power prices together with low precipitation in Southern Norway and discontinuation of Russian electricity exports to Finland.
- Similarly, the Nordic forward curve is supported by prices in the Continental Europe, recent additions to interconnector capacity and stop in Russian power imports.
- Prices in Continental Europe, in turn, are impacted by high fuel prices and low availability in French nuclear fleet.

Source: Nord Pool, Nasdaq Commodities
Q2 2022 vs. Q2 2021

• Comparable operating profit increased by 54%, or by EUR 20 million. The positive effects from the EUR 12 million change in the Russian rouble exchange rate, improved bad debt collection, lower depreciation following impairments recognised in the first quarter as well as higher power prices were partly offset by the expiry of the CSA period for the Nyagan 1 production unit.

• Power generation volumes increased by 7% mainly due to maintenance work in the second quarter of 2021 partly offset by the divestment of the Argayash coal-fired plant (CHP).

H1 2022 vs. H1 2021

• Comparable operating profit decreased by 14% due to negative effect from the CSA expiry for Nyagan 1, partly offset by higher power prices and lower depreciation following impairments recognised in the first quarter.

• The comparison period includes a EUR 17 million positive effect of the sale of a solar power project to Fortum-RDIF joint venture.
Q2 2022 vs. Q2 2021

- Comparable operating profit decreased by EUR 32 million, due to
  - clearly higher fossil fuel and CO₂ emission allowance prices as well as a change in fuel mix, partly offset by higher power prices and the divestment of the ownership in Fortum Oslo Varme.
  - structural changes from the divestments of the Baltic district heating business and the 500-MW solar plants in Rajasthan and Karnataka in India – also impacting generation volumes.

H1 2022 vs. H1 2021

- Comparable operating profit decreased by EUR 70 million, mainly
  - as a result of clearly higher fossil fuel and CO₂ emission allowance prices as well as lower heat volumes due to warmer weather, partially offset by higher power prices and the divestment of the ownership in Fortum Oslo Varme.
  - Structural changes from the divestments of the Baltic district heating business and 250-MW Pavagada II and the 250-MW Rajasthan solar plants in – also impacting generation volumes.
Consumer Solutions: Challenging market environment

Q2 2022 vs. Q2 2021

• Comparable operating profit increased by 11%, mainly due to improved electricity and gas sales margins.

• In the Nordics, the electricity sales volumes increased by 2%, mainly due to slightly colder weather conditions. In Poland, gas sales volumes decreased by 17%, due to warmer weather and customer contracts ended compared to the second quarter of 2021. Sales increased by 102%, driven by significantly higher electricity and gas prices in the Nordics and Poland.

H1 2022 vs. H1 2021

• Comparable operating profit slightly up on the quarter due to higher electricity and gas sales margins, offset by higher costs.

• Higher temperatures in the Nordics compared to clearly colder weather in the first quarter of 2021 and slightly lower customer base had a negative impact on electricity and gas sales volumes.

• Total sales revenue increased significantly driven by significantly higher electricity and gas prices in all markets.
Uniper: Suffering from gas curtailment losses

Q2 2022 vs. Q2 2021

- Comparable operating profit increased to EUR 263 (-177) million. The result improvement was mainly driven by higher results due to the shift of up to EUR 750 million of earnings from the first quarter into the second quarter result in context of storage optimisation.

- This result shift was partly offset by EUR 403 million of losses from the Russian gas curtailment and by an intra-year CO₂ emission right phasing effect that shifted margins from the second quarter to the fourth quarter of 2022 and significantly lower result in the international business.

H1 2022 vs. H1 2021

- The main driver for the significantly lower result was the substantial curtailment of Russian gas volumes since mid-June, an intra-year CO₂ emission right phasing effect that shifted margins from the first half of 2022 to the fourth quarter of 2022 and that exceptionally strong earnings in the international trading portfolio from last year did not repeat.
Appendices
Most of Western Europe to exit coal by 2030
Timetables largely undisturbed by short term additions of coal into reserves

- Sweden and Austria\(^1\) closed their last coal plants in 2020, Portugal in 2021
- France is committed to a phase out by 2022\(^1\)
- UK to end coal-fired power generation in 2024
- Italy and Ireland have both announced phase-out by 2025, also Hungary aims to close its last plant by then
- Greece recently adjusted their exit year back to 2028
- Netherlands and Finland both have 2029 as regulated phase-out year
- Denmark, Romania\(^1\) and Spain all committed to a 2030 exit, with Spanish operators already underway to close last units by mid-2020s
- Czechia, Slovenia and Croatia plan phase-outs by 2033\(^2\)
- Germany to phase out coal at latest 2038, ideally however already 2030\(^2\)
- Bulgaria has announced a phase out by 2038-2040\(^2\)
- Poland to phase out its coal by 2049

\(^1\) Limited use beyond allowed
\(^2\) As per current government programmes

Sources: Europe Beyond Coal, national sources
Decarbonisation requires other sectors to join

- The EU has agreed to increase the **2030 total emissions reduction target** to 55% vs 1990.
- **EU ETS review** based on the “Fit for 55” package put forward by the EU Commission in July 2021, has entered trilogue negotiations in July 2022.
- **Proposed EU ETS revisions** widen its scope, tighten supply and push for faster decarbonisation:
  - Emissions reduction target increased from 43% to 61% from 2005 level
  - EU ETS scope to expand and include maritime sector
  - Higher LRf (4.2% instead of 2.2%) combined with cap rebasing
  - Free allocation to be gradually phased out
  - Cross Border Adjustment Mechanism (CBAM) proposed
- **Proposed revisions** have been voted on by the key EU bodies. The EU legislative process is ongoing, and revisions are expected to take effect not earlier than late 2022 or 2023.

Abatement cost ranges formed of typical values found in industry analyses. Sources: ICIS, Refinitiv, EU Commission.

**CO₂ abatement cost ranges for different sectors**

**EUA price**

**Coal-to-gas switching range**

**Proposed rebasing**

**Proposed target for 2030**

**Existing emissions cap**

**2008** | **2010** | **2012** | **2014** | **2016** | **2018** | **2020** | **2022** | **2024** | **2026** | **2028** | **2030**
---|---|---|---|---|---|---|---|---|---|---|---
0 | 1,000 | 2,000 | 3,000 | 4,000 | 5,000 | 6,000 | 7,000 | 8,000 | 9,000 | 10,000 | 11,000

**MtCO₂**

**EPR**

**Abatement cost ranges**

**Power** | **Agriculture** | **Industry** | **Buildings** | **Transport**
---|---|---|---|---
0 | 100 | 200 | 300 | 400

**Coal-to-gas switching range**

**EUA price**

**Abatement cost ranges**

**Power** | **Agriculture** | **Industry** | **Buildings** | **Transport**
---|---|---|---|---
0 | 100 | 200 | 300 | 400
Fortum major player in power, gas and heat

### Power generation

**Largest generators in Europe and Russia, 2020**

- EDF
- Rosenergoatom
- Fortum
- RWE
- Gazprom
- Enel
- Inter RAO UES
- Vattenfall
- ENGIE
- En+
- EPH
- NNEGC Energoat.
- Iberdrola
- Sibgenco
- Statkraft
- CEZ
- PGE
- T Plus
- EDP
- ENBW
- EPS
- Verbund
- Axpo
- SSE
- DTEK
- Naturgy
- E.ON
- Lukoil
- DEI

### Gas

**Largest European gas storage operators, 2021**

- STOGIT
- Storengy
- NAM
- Uniper Energy Storage
- Astora
- Hungarian Gas Storage
- TAQA Gas Storage
- RWE Gas Storage
- Nafta
- Gas Storage Poland
- Enagas
- TÉRÉGA
- Depogaz Ploiești
- OMV Gas Storage
- VNG Gasspeicher
- Conexus Baltic Grid
- EWE Gasspeicher
- GSA
- Hexum
- RAG Energy Storage

### Heat production

**Largest global producers, 2020**

- Gazprom
- T Plus
- Sibgenco
- Inter RAO UES
- Veolia
- RusHydro
- En+
- Fortum
- EDF
- Quadra
- KDHC
- TGC-2
- Minskenergo
- Vattenfall
- PGE
- Lukoil
- PGNIG
- Tatenergo
- E.ON
- Kiyvteploenergo
- EPH
- TGC-14
- Ørsted
- CEZ
- Stockholm Exergi
- Helen

Source: Company information, Fortum analyses, 2020 figures pro forma. GSE, figures as of July 2021. Fortum incl. Uniper. EPH incl. LEAG. No data from China.
Wholesale power prices

Source: Nord Pool, Bloomberg Finance LP, ATS, NP "Market Council", Fortum

European and Nordic power markets
Nordic year forwards

Source: Nasdaq Commodities, Bloomberg
German and Nordic forward spread

Spot price
- Continental spot prices have been impacted by the record high commodity prices and low availability of the French nuclear fleet. German Q2 2022 spot realised at EUR 187 per MWh, being slightly above the price of winter quarters Q4-21 (179) and Q1-22 (185).
- Low precipitation and deficit in the water reservoirs in Southern Norway, together with new interconnections from Norway to Germany and to UK, allowed some of the hydro production to price close to the cost of coal fired power generation. Nordic Q1 2022 SYS spot realised again at all time high EUR 121 per MWh.

Forward price
- Early July the German contract for 2023 delivery is trading above EUR 300 per MWh, while corresponding Nordic SYS contract is close to EUR 110 per MWh.
- The German-Nordic spread for 2023 delivery has increased from 84 €/MWh in the beginning of 2022 to the current level of 200 €/MWh.
- German contract is tracking the changes in the short-run marginal costs for gas to power units, reflecting the tighter power balance in the Continental Europe due to decreasing thermal capacity.
- The Nordic contract is balancing between the growing Nordic renewable and nuclear (OL3) supply vs new interconnector capacity.

Source: Nord Pool, Bloomberg
Nordic forward prices and Nordic sys spot averages

Source: Bloomberg
Fortum’s Nordic and Polish generation capacity

<table>
<thead>
<tr>
<th>GENERATION CAPACITY</th>
<th>Fortum</th>
<th>Uniper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydro</td>
<td>6,424</td>
<td>1,772</td>
</tr>
<tr>
<td>Nuclear</td>
<td>4,560</td>
<td>1,737</td>
</tr>
<tr>
<td>CHP</td>
<td>559</td>
<td>-</td>
</tr>
<tr>
<td>Other thermal</td>
<td>1,740</td>
<td>1,175</td>
</tr>
<tr>
<td>Wind</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Generation capacity, MW

- 13,283
- 4,684

Figures 31 December 2021

Associated company TSE’s plant in Naantali is not included in the MWs

- FINLAND
  - Hydro: 1,553 MW
  - Nuclear: 1,487 MW
  - CHP: 375 MW
  - Other thermal: 565 MW
  - Generation capacity: 3,980 MW

- DENMARK, DK1
  - Generation capacity, CHP: 9 MW

- POLAND
  - Generation capacity, CHP: 145 MW

1) The capacity includes the 24 MW CHP assets, which has been divested in Norway in May 2022. Fortum sold its 50% ownership in the district heating company Fortum Oslo Varme AS in Norway.
Fortum’s evolution and historical strategic route

- **1996**: Divestment of electricity distribution business
- **1997**: Divestment of electricity distribution business
- **1998**: Divestment of electricity distribution and heat businesses
- **1999**: Divestment of Grangemouth power plant
- **2000**: Divestment of Gasum shares
- **2001**: Divestment of Nordic Kraft wind power
- **2002**: Restructuring of ownership in Hafslund
- **2003**: Russian wind power JV
- **2004**: Investment in Uniper
- **2005**: Divestment of district heating businesses in Joensuu and Järvenpää
- **2006**: Divestment of district heating business in the Baltics
- **2007**: Majority owner in Uniper
- **2008**: Nordic wind capital recycling (80%)
- **2009**: 0.5 GW solar divestment in India
- **2010**: Divestment of district heating business in the Baltics
- **2011**: Majority owner in Uniper
- **2012**: Nordic wind capital recycling (50%)
- **2013**: 0.5 GW solar divestment in India
- **2014**: Divestment of district heating business in Joensuu and Järvenpää
- **2015**: Divestment of district heating business in the Baltics
- **2016**: Divestment of district heating business in Joensuu and Järvenpää
- **2017**: Divestment of district heating business in the Baltics
- **2018**: Divestment of district heating business in Joensuu and Järvenpää
- **2019**: Divestment of district heating business in the Baltics
- **2020**: Divestment of the 50% share in Fortum Oslo Varme
- **2021**: Divestment of the 50% share in Fortum Oslo Varme
- **2022**: Divestment of the 50% share in Fortum Oslo Varme
Hedging improves stability and predictability – principles based on risk mitigation, (Generation segment)

Realised prices quarterly since 2000

EUR/MWh


Achieved power price
Spot price Fin, Sto, Sun avg (40/40/20)

2009 onwards thermal and import from Russia excluded
Fortum’s dividend policy

Dividend policy:
“Fortum’s dividend policy is to pay a stable, sustainable, and over time increasing dividend.”
For more information, please visit www.fortum.com/investors

Fortum Investor Relations and Financial Communications

Ingrid Ulfves
Vice President, Investor Relations and Financial Communication
+358 (0)40 515 1531
ingela.ulfves@fortum.com

Rauno Tiihonen
Manager
+358 (0)10 453 6150
rauno.tiihonen@fortum.com

Carlo Beck
Manager
+49 172 751 2480
carlo.beck@fortum.com

Nora Hallberg
Manager
+358 (0)40 720 1775
nora.hallberg@fortum.com

Pirjo Lifländer
IR Specialist
+358 (0)40 643 3317
pirjo.liflander@fortum.com

Camilla Nikk
Coordinator
+358 (0)50 516 9484
camilla.nikk@fortum.com

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