



Equity story of

FORTUM – Powering a thriving world

Investor / Analyst material

March 2023

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.

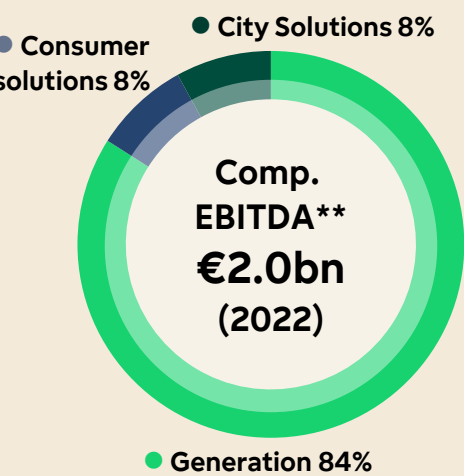
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Fortum is well positioned as a Nordic clean energy provider

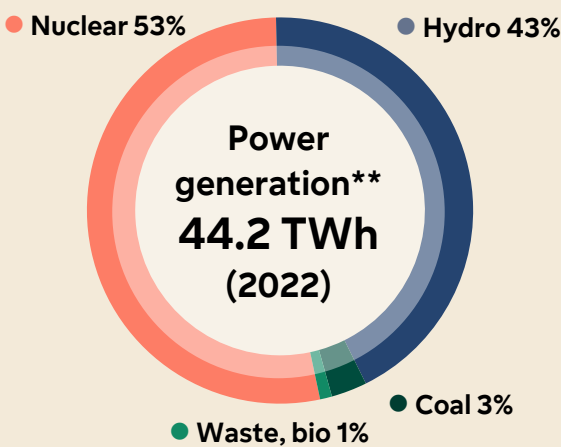
Earnings dominated by clean generation



Key figures** (2022)		
Sales	€ bn	7.8
Comp. Op	€ bn	1.6
Total assets	€ bn	~22
Personnel		4,988

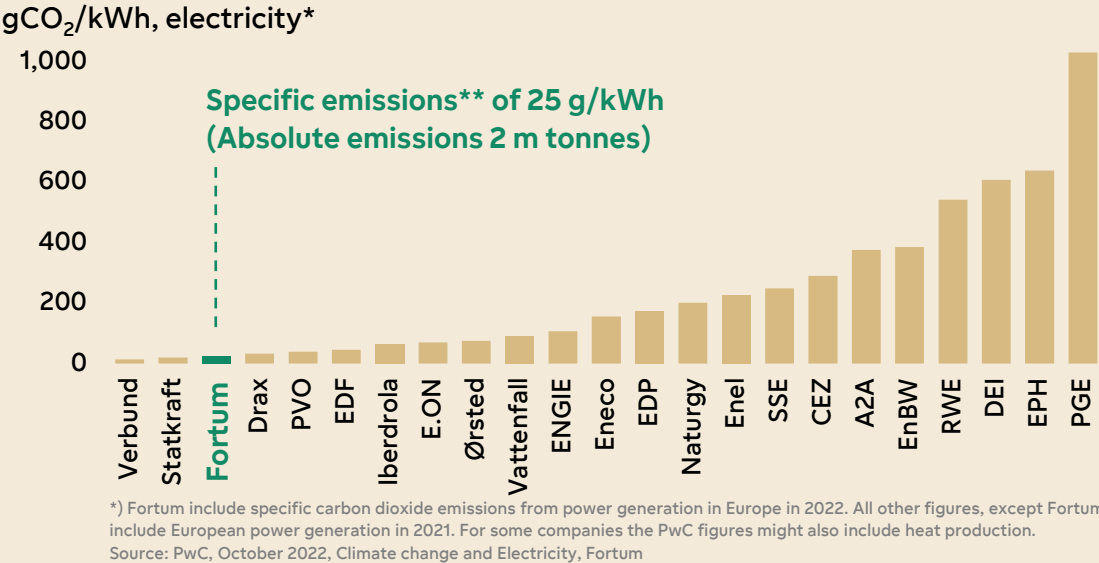
**) Russia excluded

Clean power generation



Generation capacity**, MW		8,576
Hydro		4,653
Nuclear		2,823
Condensing		565
CHP		535

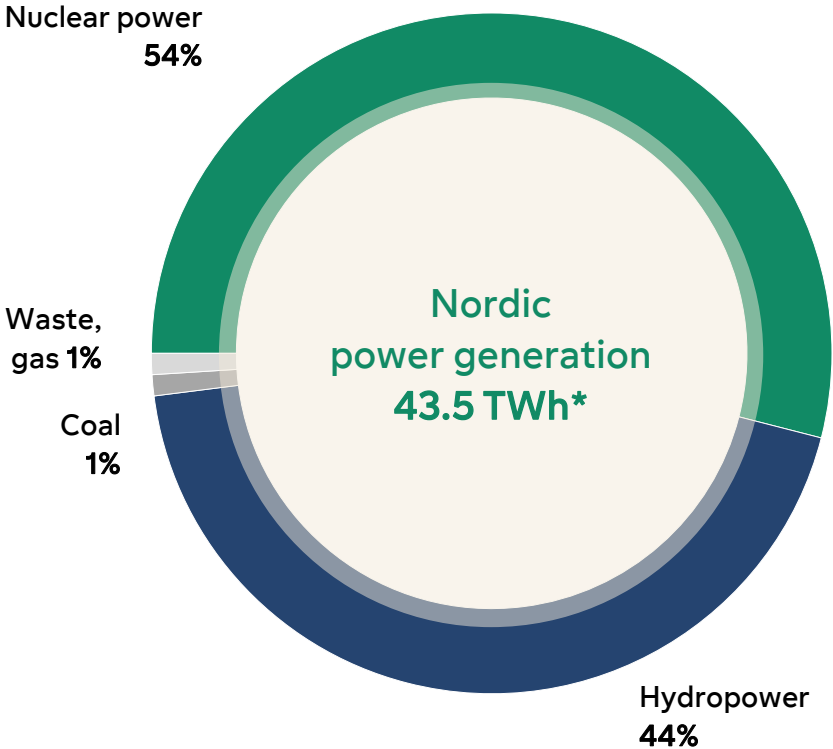
Sustainability is part of our DNA



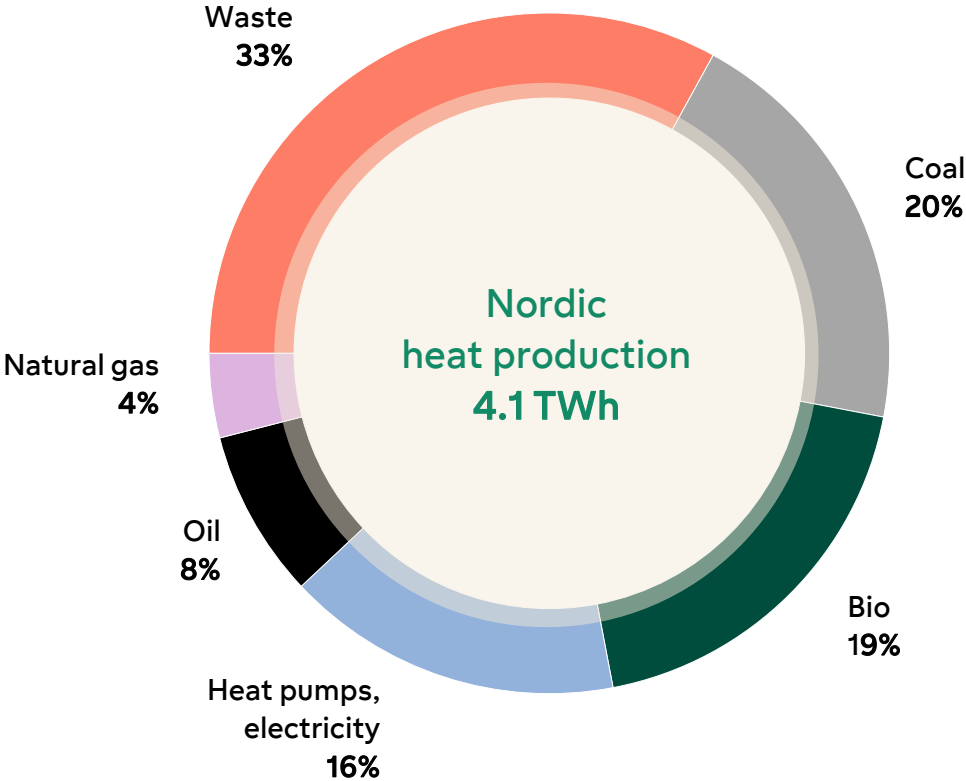


Fortum’s Nordic power generation and heat production by source

Fortum’s Nordic power generation in 2022



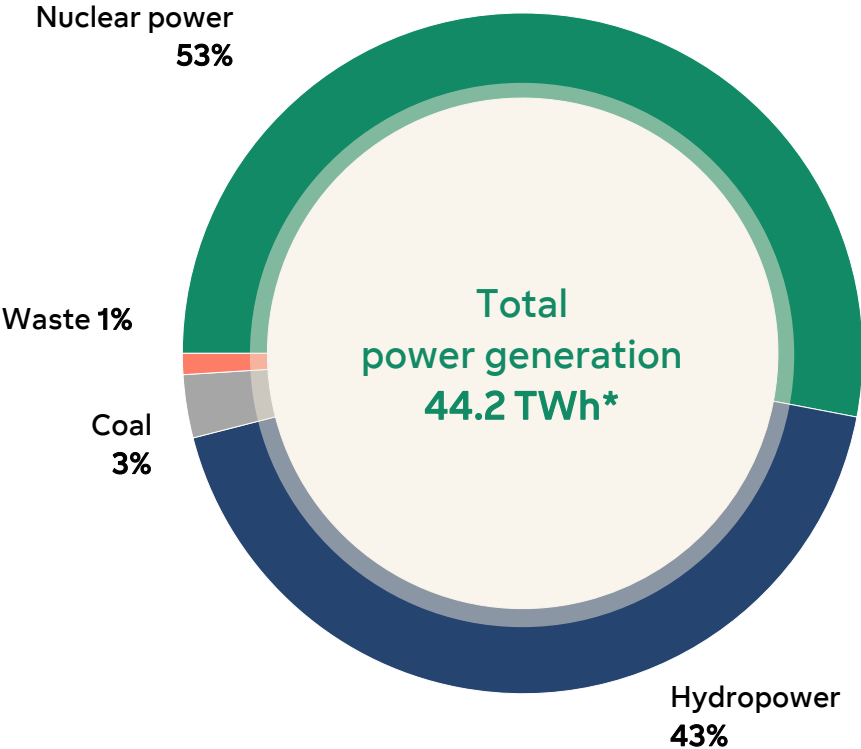
Fortum’s Nordic heat production in 2022



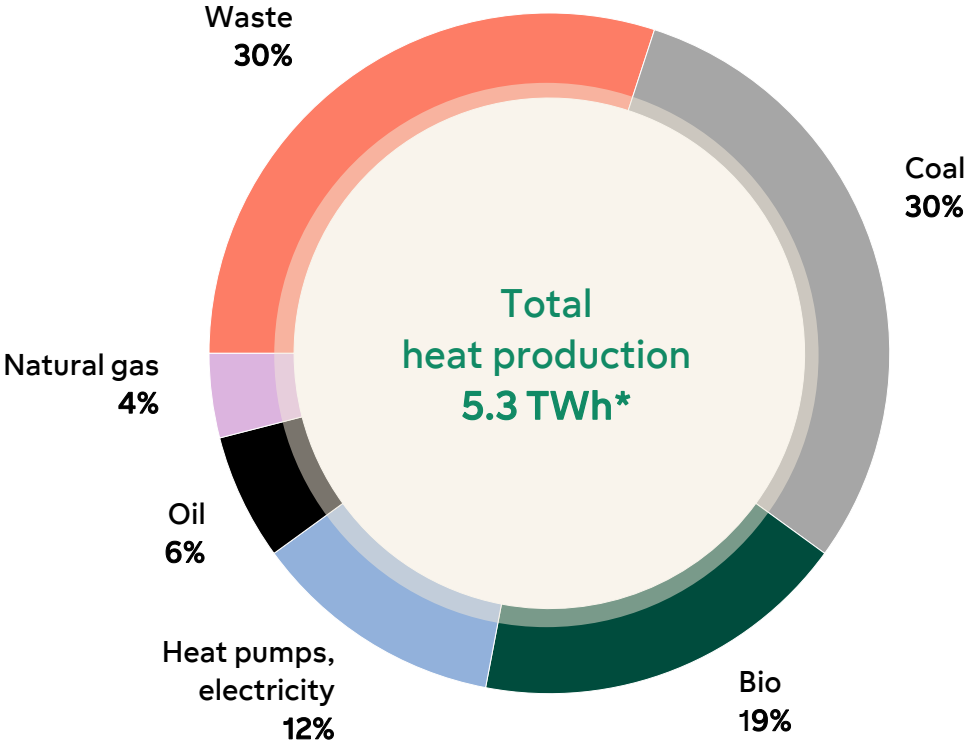
*For continuing operations

Fortum's power generation and heat production by source

Fortum's power generation in 2022

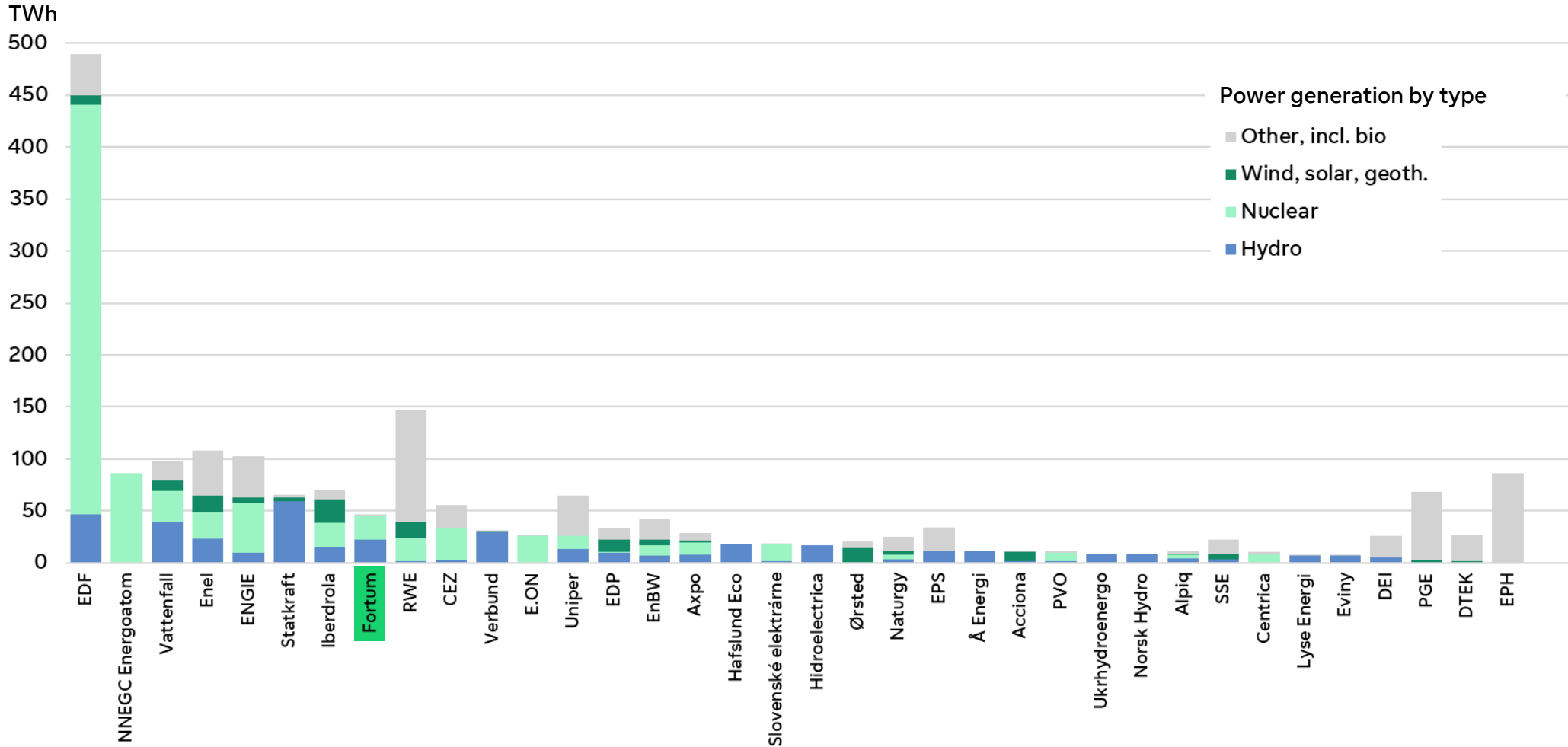


Fortum's heat production in 2022



*For continuing operations

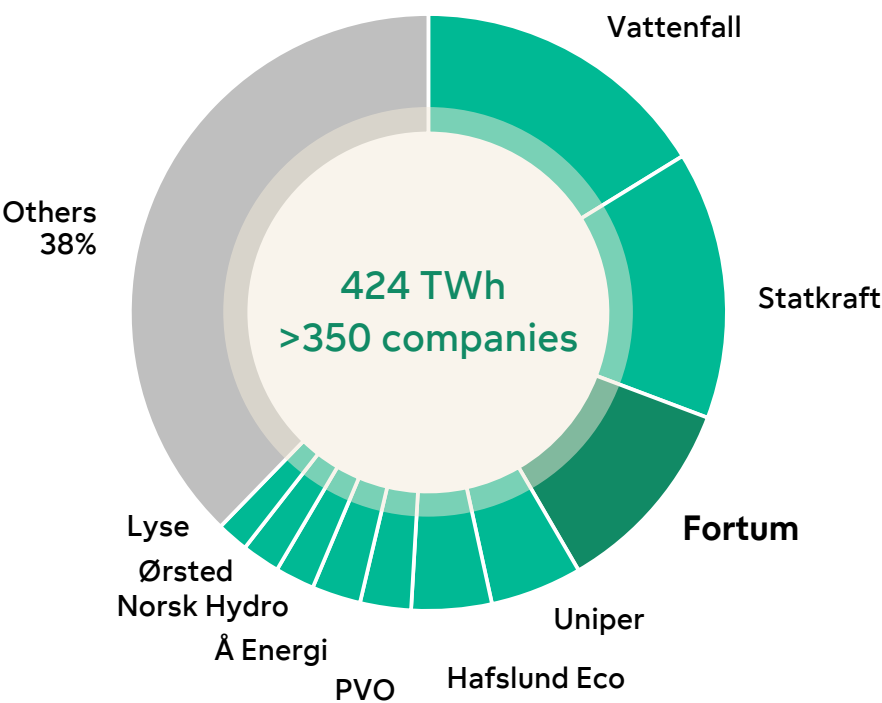
Largest CO₂ free generators in Europe



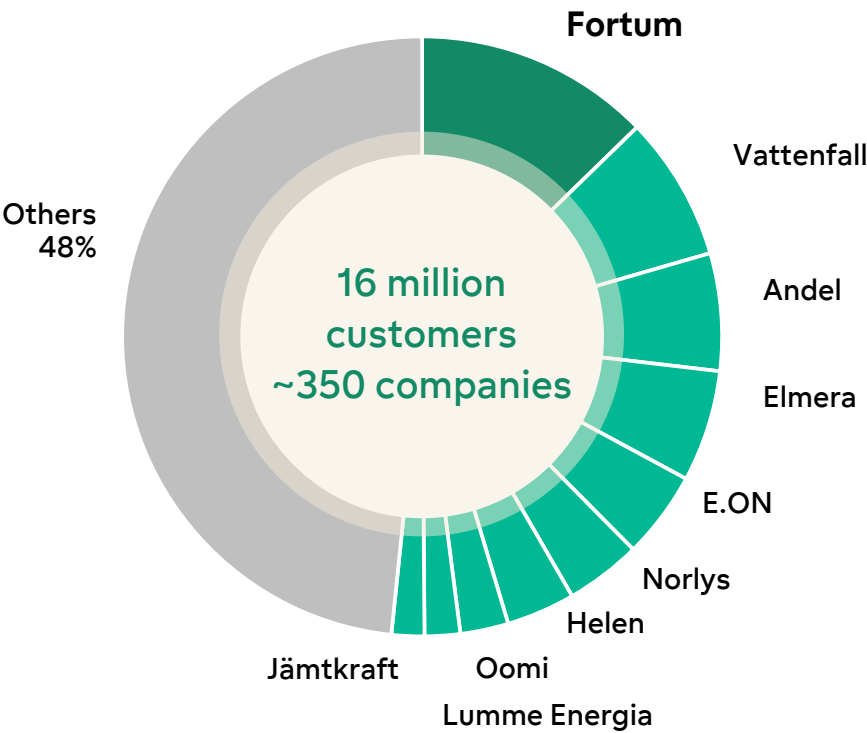
Source: Company information, Fortum analyses, 2021 figures pro forma.
* Fortum continuing operations. EPH incl. LEAG. Eviny former BKK. Å Energi is formed from Agder and Glitre.

Fortum a leading player in a highly fragmented Nordic power market

Power generation



Electricity retail



Source: Fortum, company data, shares of the largest actors, pro forma 2021 figures. Fortum continuing operations. Å Energi is formed from Ågder and Glitre. Elmera is former Fjordkraft. Andel and Norlys incl. also gas customers.

Our purpose is

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

STRATEGIC PRIORITIES

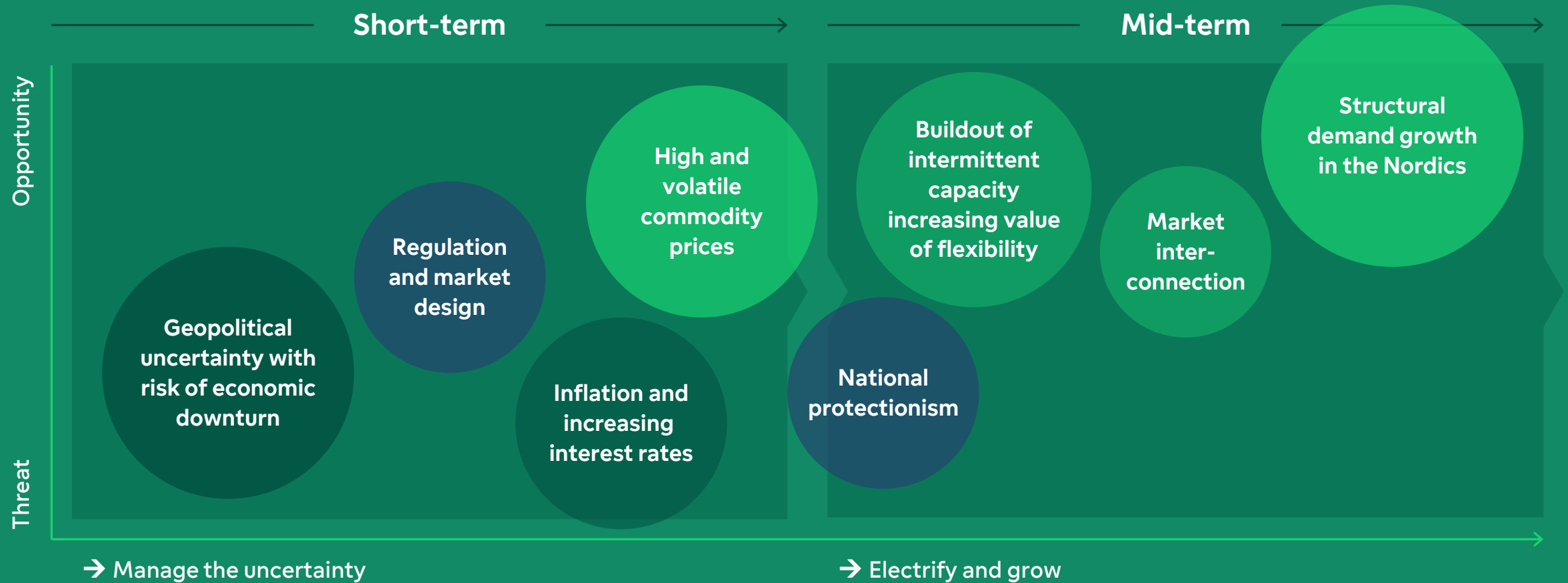
**Deliver reliable
clean energy**

**Drive
decarbonisation
in industries**

**Transform
and develop**

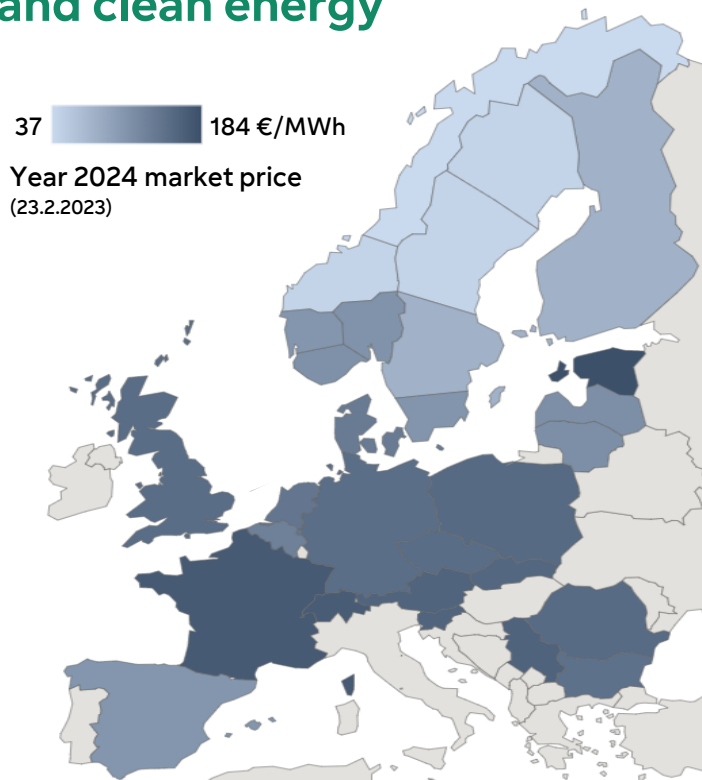
We help societies to reach carbon neutrality and our customers to grow and decarbonise their processes in a reliable and profitable way, in balance with nature.

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

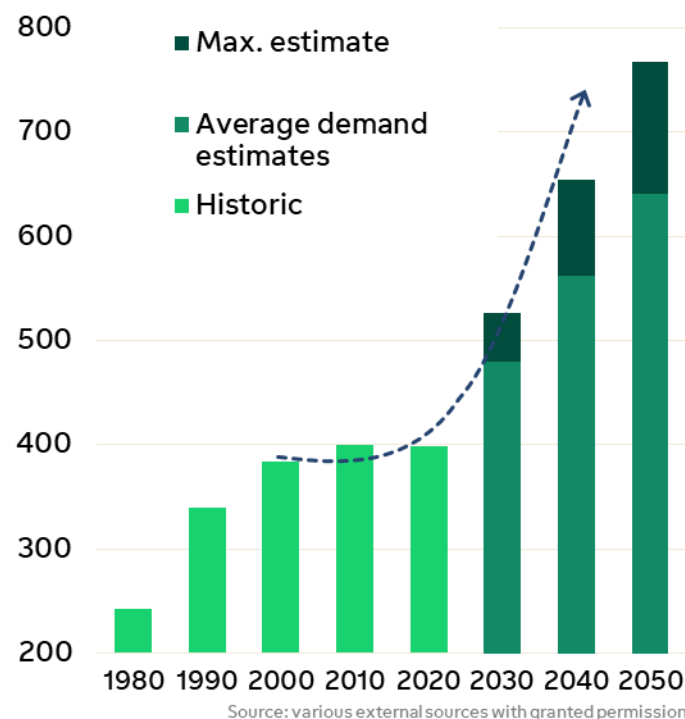


Nordic power market with clean power and competitive prices to accelerate demand for Nordic clean energy

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



Nordic power demand driven by decarbonisation and electrification



Energy-intensive industrials need significant amount of clean power

Examples of publicly disclosed potential projects, not Fortum assigned



Green steel production using hydrogen

northvolt

Battery production



Data centers: Google, Microsoft and Amazon



Green fuels: Liquid Wind, Maersk

How our strategy translates into shareholder value creation

VALUE CREATION

STRATEGIC PRIORITIES

Deliver reliable
clean energy

Drive decarbonisation
in industries

Transform and
develop

CLIMATE AND ENVIRONMENTAL TARGETS

Carbon neutrality

→ Best-in-class operations

→ Selective growth

→ Improved competitiveness

→ Tighter climate targets



Hydro
Nuclear



Consumer business
Heating and cooling



Explore H2
Explore SMR



Renewables



Improve efficiency
De-risking



Carbon-neutrality
ESG central to decision making

Deliver reliable clean energy in the Nordics – the base for success

Best-in-class operations

Develop our best-in-class operations for efficiency, flexibility and optimisation

- Excel in operational efficiency and ensure high availability and load factors
- Run fleet cost efficiently
- Secure and increase flexibility of our assets
- Invest in productivity and lifetime extensions to develop and maintain scale
- Maintain high level of physical and financial optimisation
- Safety is the license to operate

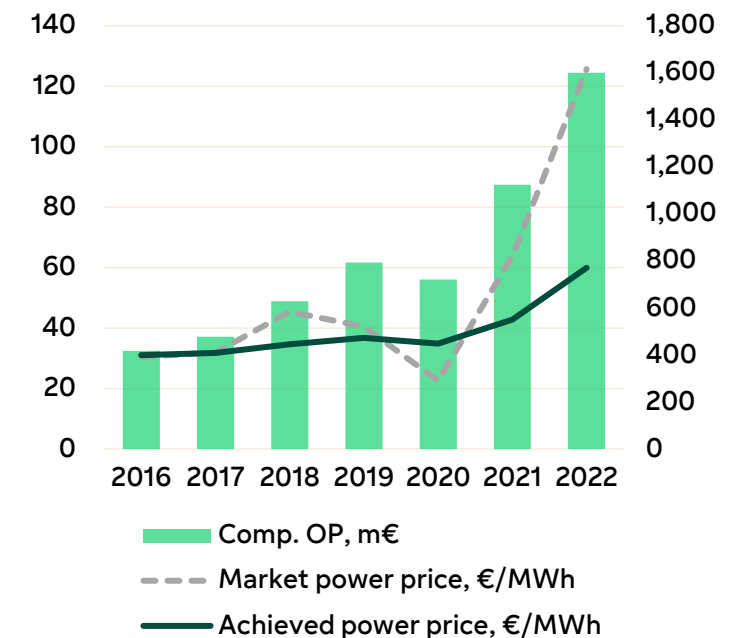
Continue to decarbonise and modernise operations

- Continue decarbonisation of heating and cooling in Finland and in Poland to reduce emissions and ensure competitiveness

Strong capability to optimise

~45 TWh

outright hydro and nuclear portfolio
in volatile environment



Drive decarbonisation in industries

Disciplined capital allocation with profitable projects

Selective growth

Partner with strategic customers

- Focus on electricity intensive industries
- Offer long-term contracts to enable industrial decarbonisation

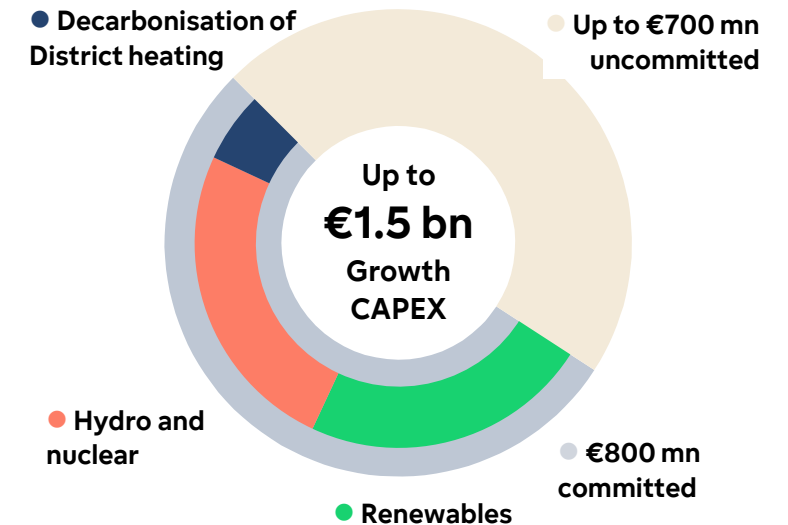
Develop and build new clean power in the Nordics

- Develop strong pipeline for selective growth in renewables through PPAs and LTCs with customers
- Assess growth options for CO₂-free power
- Explore business opportunities in nuclear (SMR) with customers and partner

Drive the development of clean hydrogen in the Nordics

- Explore hydrogen and provide clean power for hydrogen production
- Develop pipeline and explore investment opportunities in clean hydrogen production with customers and partners
- Actively participate to shape the Nordic hydrogen ecosystem

Disciplined growth capex 2023-2025



Committed clean energy solutions in Finland:

- Loviisa nuclear power plant lifetime extension
- Pjelaž wind farm
- Waste heat usage from Microsoft data centres

Transform and develop to ensure value creation

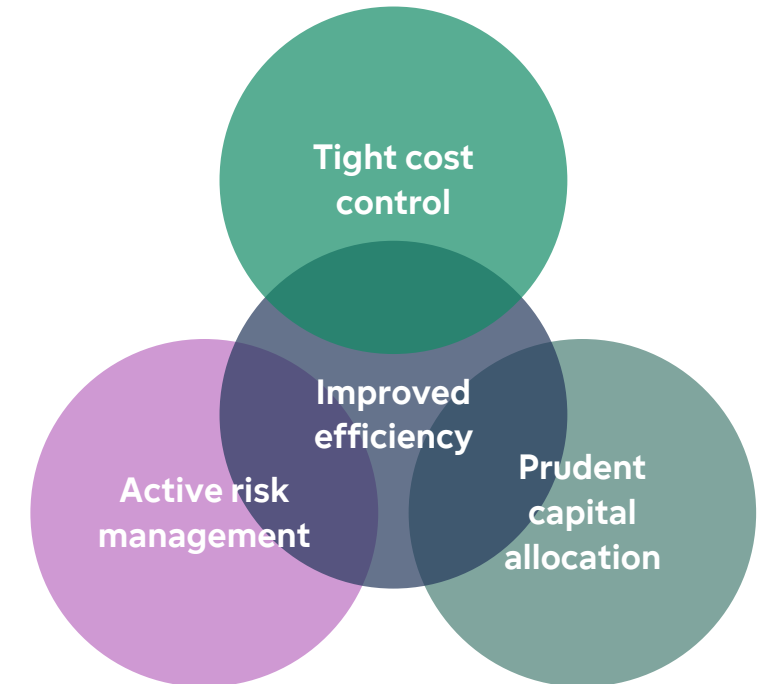
Improved competitiveness

Improve efficiency

- Recalibrate cost base - shrink to fit new business structure
- Prudent capital allocation

Manage and reduce business risk

- Reduce merchant exposure by partnering with customers in strategic projects and long-term contracts for power on both existing and new generation
- Actively balance between market, counterparty and liquidity risks
- Drive development of regulation and market design



Aiming to become leader in sustainability with tight targets

Tighter climate targets

Carbon neutrality by 2030
(Scope 1, 2, 3)

Previous target: for the Group by 2050

Coal exit by end of 2027

Previous target: by the end of 2035/38

Commitment to SBTi 1.5°C
climate target*

Previous target: N/A

Specific emission target of below
10g/kWh by 2028 (power)

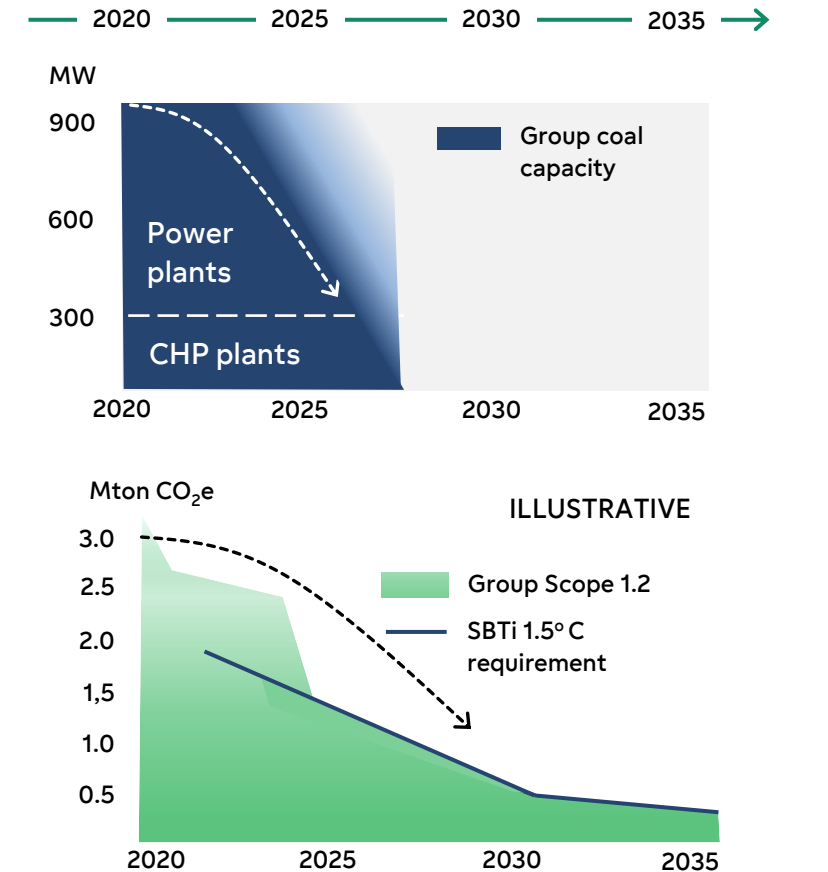
Specific emission target of below
20g/kWh by 2028 (total)

Previous target: N/A

Ambitious biodiversity commitment:
Previous target: N/A

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

Carbon neutrality



*Note: SBTi commitment assumes full exit from Russia

Financial targets to create shareholder value

Strong financial foundation

Solid financials

Strong investment grade rating of at least BBB

Financial net debt-to-Comp EBITDA of 2-2.5 times

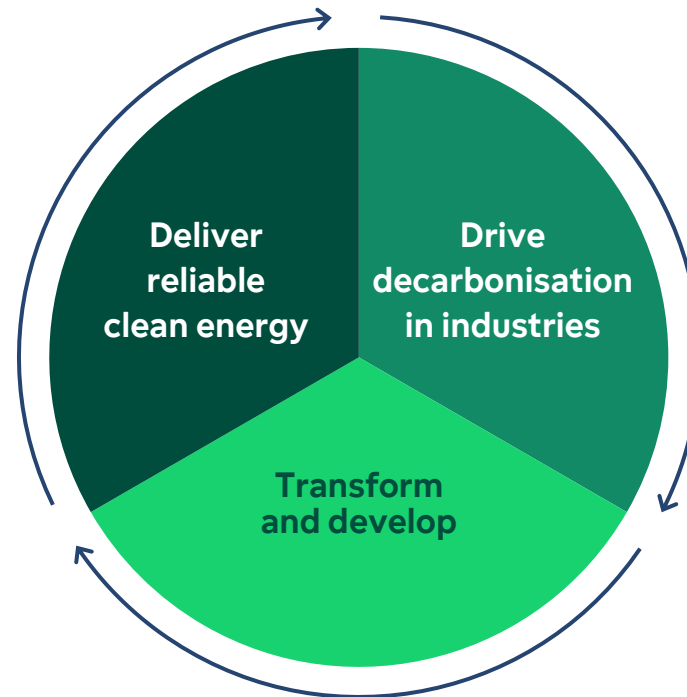
Dividend policy

Payout ratio of 60-90% of Comparable EPS

Dividend proposal of 0.91 for 2022

Payments in two annual instalments (Q2 and Q4)

Clear framework for value creation



Financial discipline

Selective capital allocation with profitable growth

For the years 2023-2025:

Total CAPEX of €2.4 bn of which

- €0.9 bn maintenance
- Up to €1.5 bn growth

Investment hurdles of project WACC + 150–400 bps

Sustainability targets

Environmental targets

Social targets

- Safety targets (TRIF < 1)

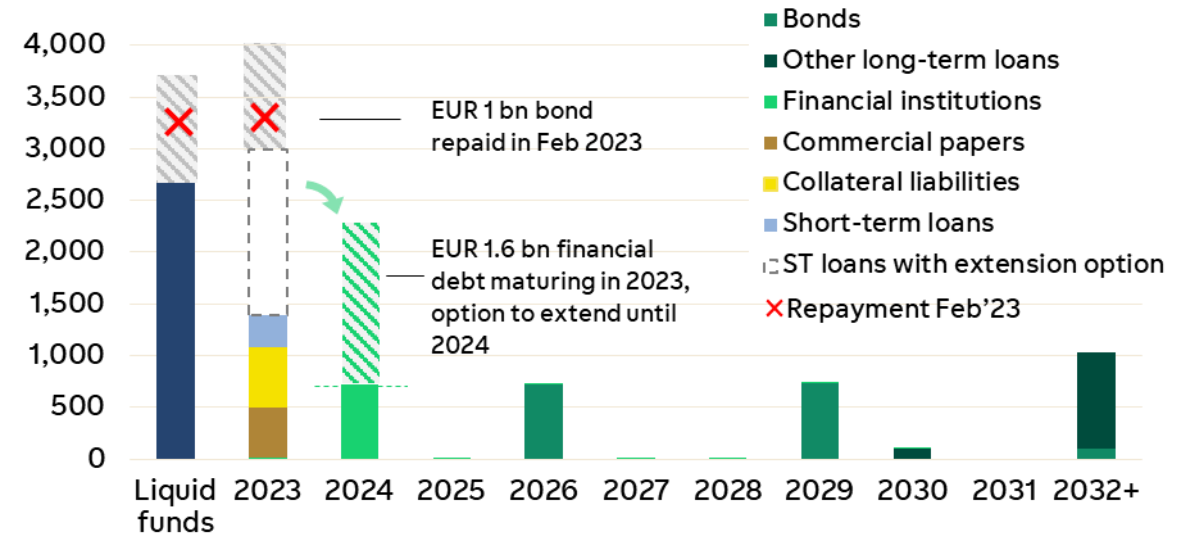
Commitment to maintain credit rating of at least BBB – ambition to make a strong return to bond markets

Fortum's short term priority is to improve and maintain its financial flexibility to support strategy execution:

- Strong liquidity position of EUR 3.7 bn and committed RCF's of EUR 7.2 bn
- Strengthened balance sheet, financial net debt of EUR 1.1 bn, leverage of 0.6 times
- Clearly lower gross debt with option to extend EUR 1.6 bn of debt portfolio
- Aim to refinance current debt during 2023 and return to the European bond market
- Improved ESG profile supports possibilities for sustainable financing, carbon neutral latest by 2030

Note: all figures are excluding Russia

Maturity profile, as per 31 December 2022



Long-term leverage:
Financial net debt-to-Comp EBITDA of 2.0-2.5 times

Rating Agency	Credit Rating	Valid since
Standard & Poor's	BBB, Outlook Negative	3 Aug 2022
Fitch Ratings	BBB, Outlook Negative	23 Jun 2022

Phased strategy execution to manage the uncertainty

Short-term

‘Manage the uncertainty’

Optimise the operation of the generation portfolio and manage the business risk

Focus on earnings and cash flow

Refinance debt portfolio and **return to bond markets**

Disciplined capital allocation

Dividend according to policy

Mid-term

‘Electrify and grow’

Grow in clean energy and partner with industrial customers

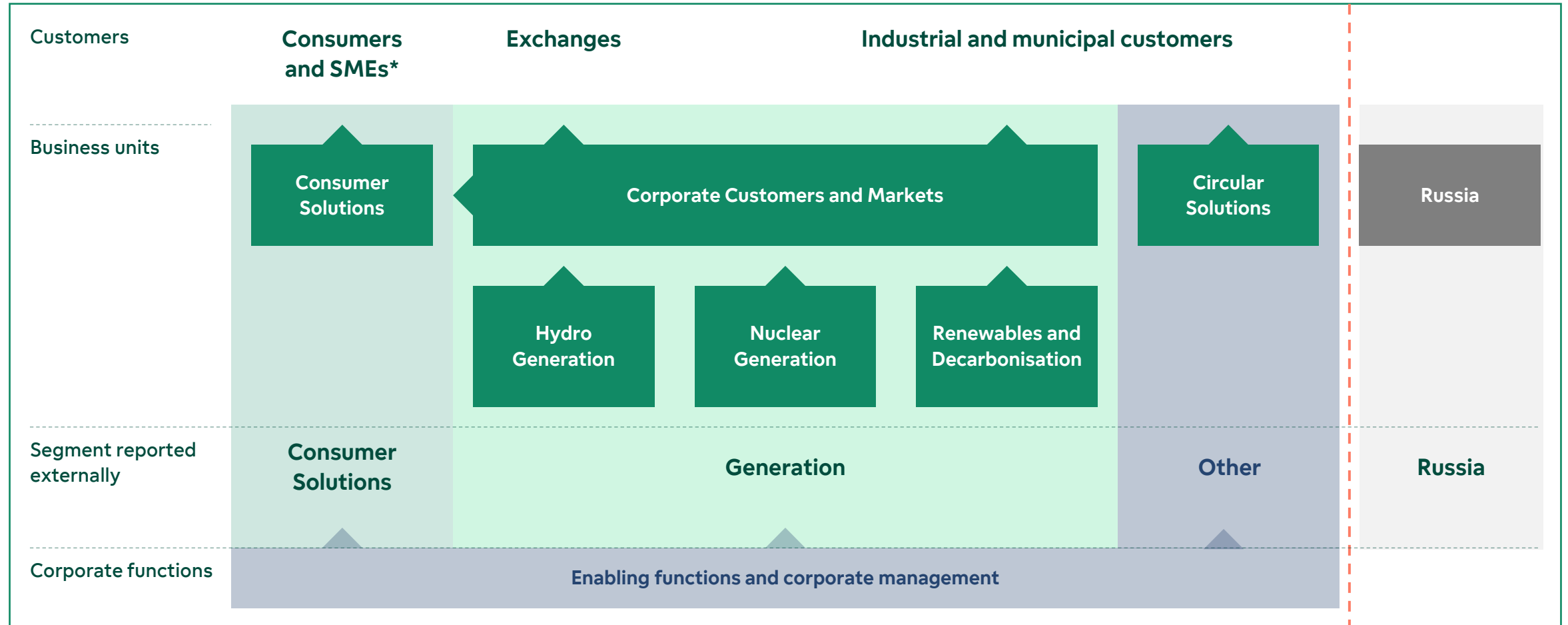
Capital allocation with attractive returns

De-risked generation portfolio

Decarbonised operations

Dividend according to policy

Fortum's new business structure and operating model



* SMEs=small- and medium-size enterprises

New Fortum Leadership Team



President and CEO
Markus Rauramo



Consumer Solutions
Mikael Rönnblad



**Corporate Customers
and Markets**
Simon-Erik Ollus



**Renewables and
Decarbonisation**
Peter Strannegård



Hydro Generation
Mikael Lemström



Nuclear Generation
Petra Lundström



CFO
Tiina Tuomela



**Sustainability and
Corporate Relations**
Nebahat Albayrak



**People and
Procurement**
Eveliina Dahl



Legal
Nora
Steiner-Forsberg



Transformation and IT
Bernhard Günther

Fortum has what it takes to drive the transition

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



**We have a competitive
Nordic generation portfolio**

**A leader in ESG to enable
decarbonisation**



**We have a CO₂ free
generation fleet**

**Prudent capital allocation
with selective growth**



**We have regained our
financial position**

Financial Statements 2022

Providing secure supplies amid the European energy crisis

Russia's energy war against Europe hit Fortum substantially, resulting in the inevitable divestment of Uniper and the announced exit from Russia

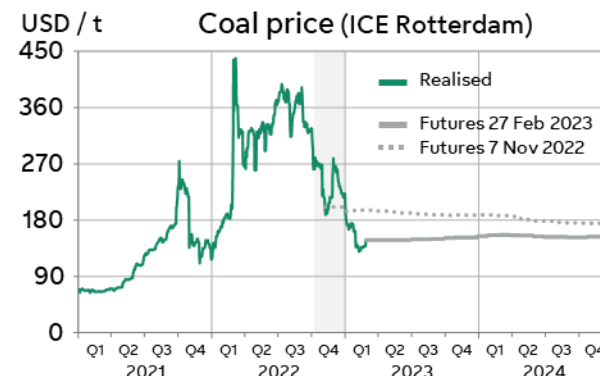
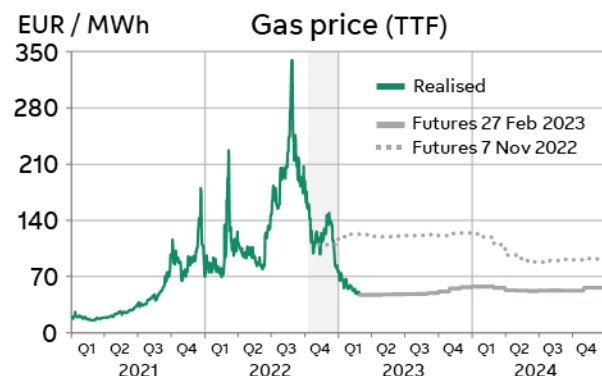
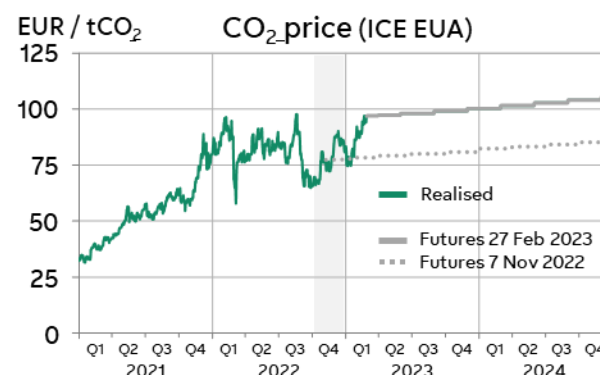
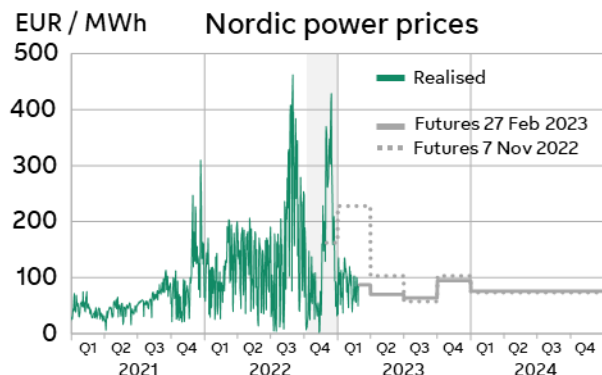
In contrast the relevance of Fortum's operations considerably increased

- ✓ Fortum is contributing to security of energy supply providing **reliable clean energy**, with low-cost generation assets and high availability
- ✓ Fortum has the right skills and capabilities to deliver **CO₂-free power at scale**

Fortum's business is fully stabilised, delivering robust underlying standalone results despite several billion euro reported losses

- ✓ We secured our **financial position; reduced gross debt and built liquidity buffer**

Turbulent year in commodity markets



Source: Refinitiv, Bloomberg
Daily market prices 27 February 2023; 2023-2024 future quotations

Gas and Continental power drive Nordic prices

- Gas prices plummeted on very high LNG supply, energy savings measures and warm weather – but still substantially above historic average.
- Comfortable gas storage levels (~80% by end-2022) eased fears of Europe running out of gas during the winter and pressured forward prices lower.
- Strong price movements in Continental European gas and power prices have continued to be the main driver for Nordic price development in both spot and futures markets.

Well functioning physical power market is base for derivative market

Market interventions

EU Regulation

- EU electricity market design
- Electricity market interventions – introduction of a temporary €180/MWh revenue cap for inframarginal technologies and demand reduction requirements for electricity.

Nordic measures

- Finland: 30% windfall tax on electricity sector for 2023; Temporary compensation of electricity costs to end-consumers
- Sweden: €180/MWh revenue cap on inframarginal technologies for four months; Redistribution of TSO bottleneck income to consumers

Commission starts the process on EU electricity market design

- Focus is now shifting from short-term energy crisis measures to long-term market design development
- Evolution rather than revolution of the current market design
- Marginal pricing complemented by an investment framework
- PPAs as an outcome of a market-based process
- System needs' assessment to flag up missing capacity

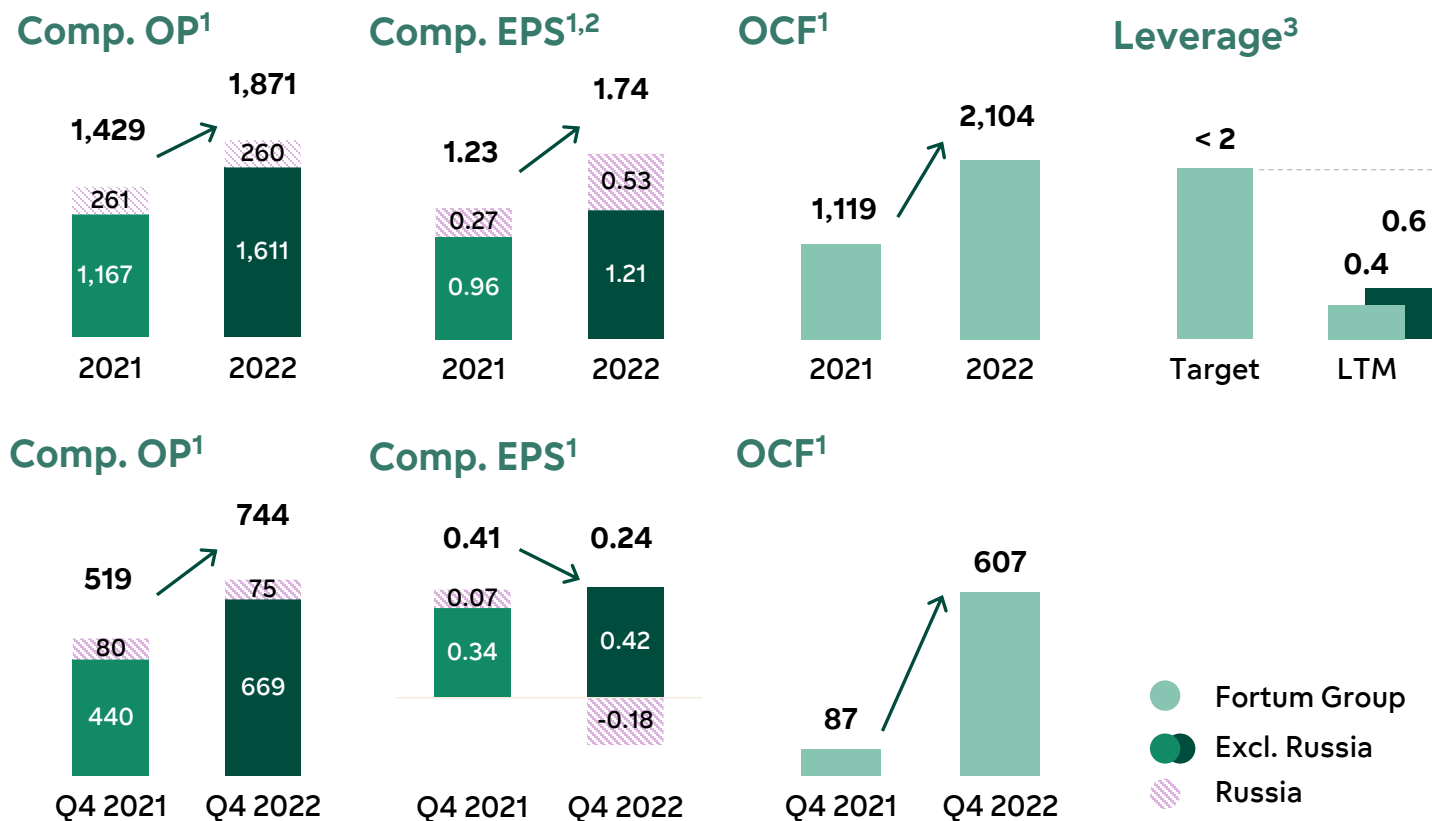
Clean power generation drives strong financial performance, continuing operations

2022

Prevailing extraordinary market fundamentals and strong performance in the Generation segment

Strong result in Generation as low wind and low precipitation kept the Nordic spot prices at high level

Fortum's Board of Directors is proposing to the AGM 2023 a dividend of 0.91 EUR/share for the year 2022



1. Fortum Group excluding Uniper, comparison figures restated

2. Comp. net financial result includes foreign exchange gains from rouble receivables and the closing of rouble hedges

3. Note: Financial net debt/comparable EBITDA for continuing operations

Key financials, continuing operations

MEUR	IV/2022	IV/2021 restated	IV/2022 (excl. Russia)	IV/2021 restated (excl. Russia)	2022	2021 restated	2022 (excl. Russia)	2021 restated (excl. Russia)
Sales	2,736	2,171	N/A	N/A	8,804	6,422	N/A	N/A
Comparable EBITDA	895	673	774	555	2,436	2,016	2,025	1,612
Comparable operating profit	744	519	669	440	1,871	1,429	1,611	1,167
Comparable profit before income taxes	282	484	N/A	N/A	2,014	1,405	N/A	N/A
Comparable net profit*	216	361	370	302	1,550	1,091	1,076	851
Comparable EPS	0.24	0.41	0.42	0.34	1.74	1.23	1.21	0.96
Net cash from operating activities	607	87	N/A	N/A	2,104	1,119	N/A	N/A
Financial net debt / Comp. EBITDA**	N/A	N/A	N/A	N/A	0.4	0.2	0.6	N/A

* 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

** Financial net debt/comparable EBITDA shows for 2021 total operations while for 2022 continuing operations

Strong operational performance driven by clean power generation

- Higher price levels and achieved prices translate into substantially higher earnings
- Comp. EPS excl. Russia improved
- Solid credit metrics with Financial net debt / Comp. EBITDA at 0.6x (excl. Russia)
- Strong net cash from operating activities

Strong operational performance

FY

Generation

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

City Solutions

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

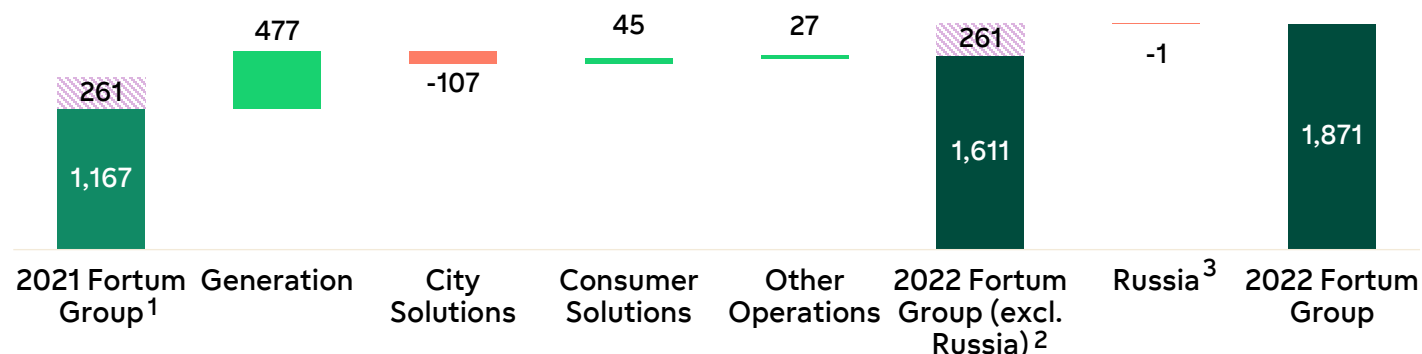
Consumer Solutions

Higher margins offset by higher costs, weak Q4 2021 results

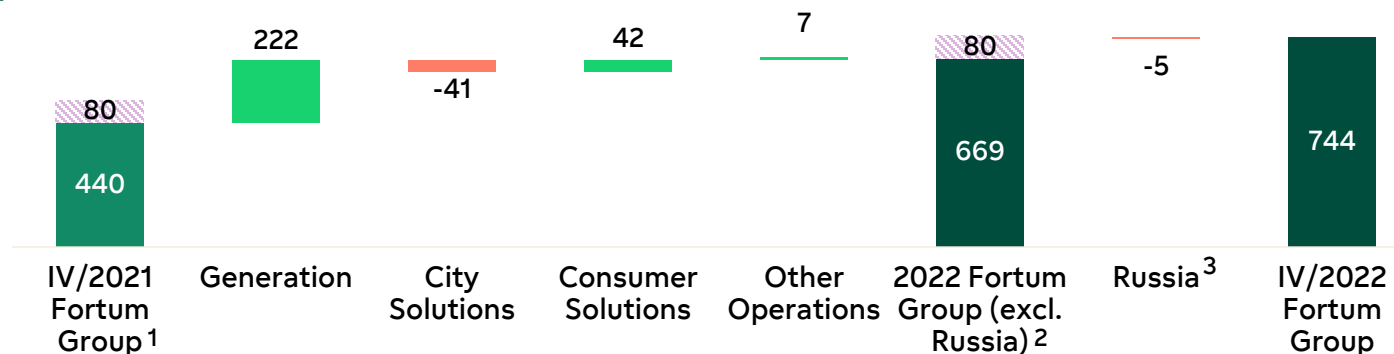
Reconciliation of comparable operating profit¹

(EUR million)

FY 2022



Q4 2022



1. Continuing operations, based on restated figures for 2021

2. Fortum Group excluding Russia

3. Russia segment

Reported income statement for continuing operations dominated by impairment and capital gains

FY 2022 Comparable operating profit, continuing operations

- Impairment charges and reversals
- Capital gains and other related items
- Changes in fair values of derivatives hedging future cash flow
- Other

Items affecting comparability

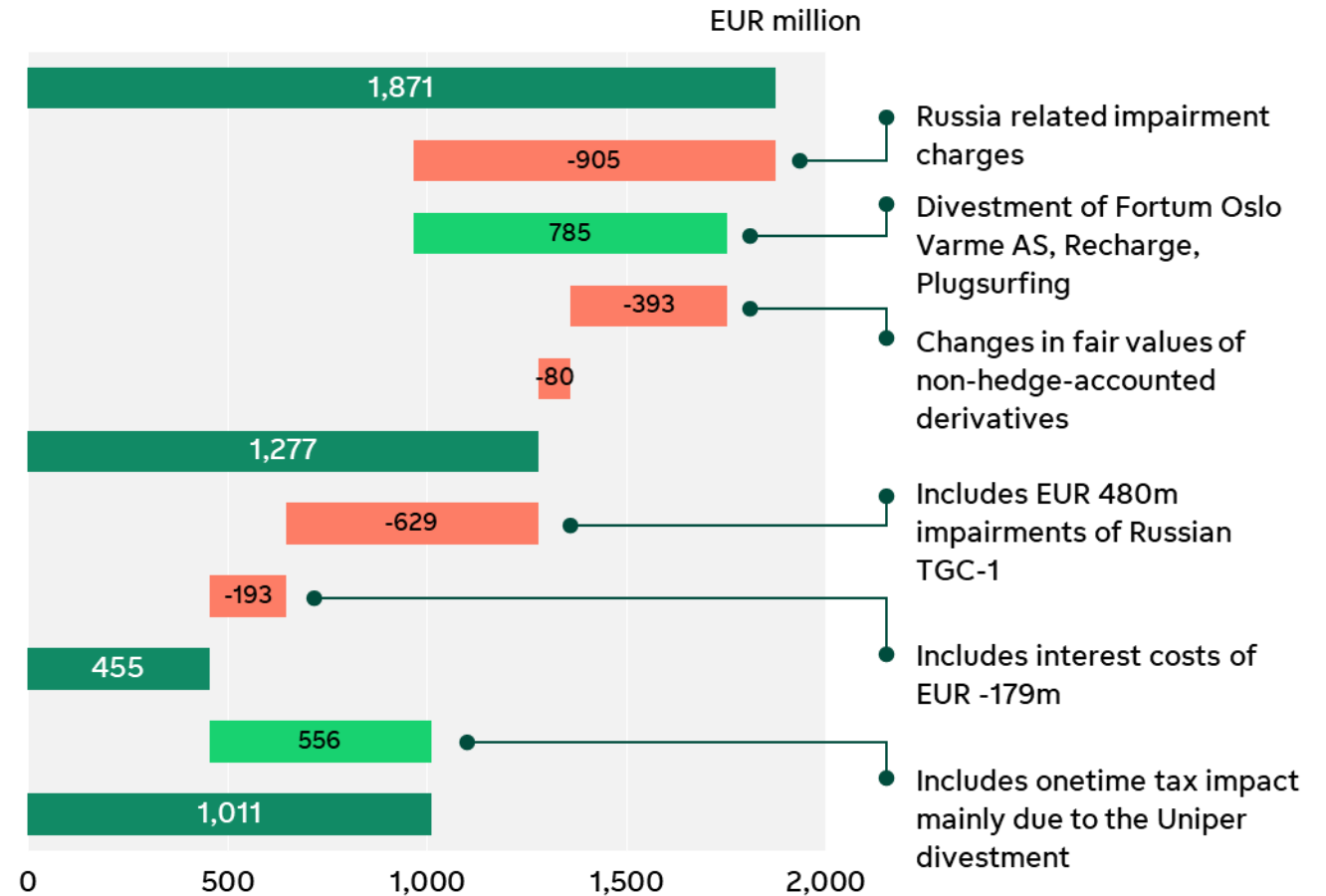
FY 2022 Operating profit, continuing operations

- Share of profit/loss of associates and joint ventures
- Finance costs - net

FY 2022 Profit before income tax, continuing operations

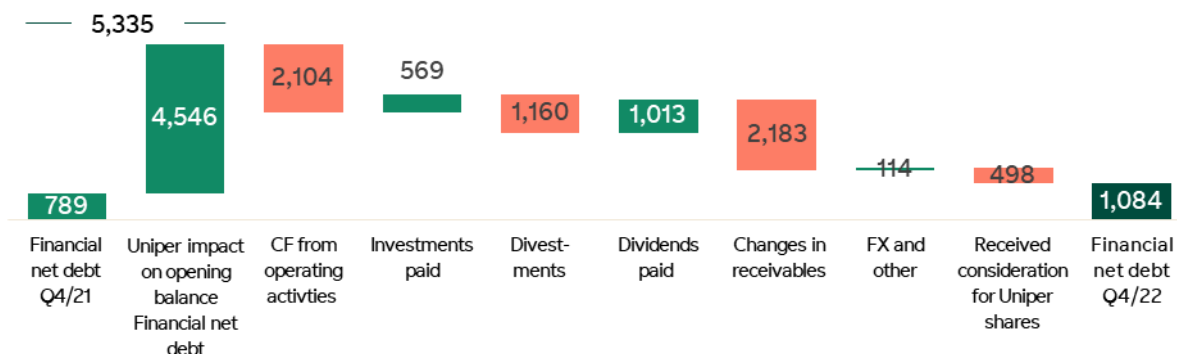
- Income tax

FY 2022 Net profit, continuing operations

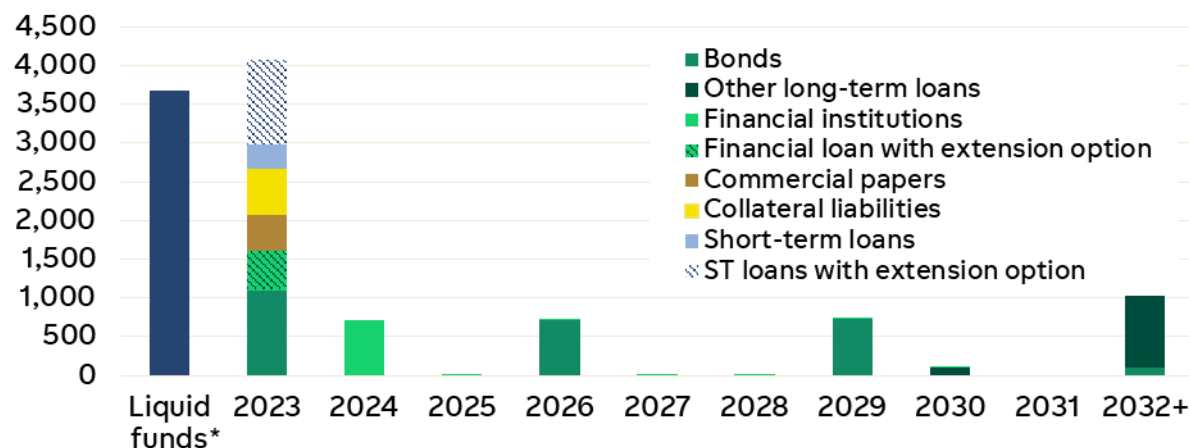


Leverage decreasing significantly, gross debt down

Financial net debt



Contractual maturities, as per 31 December 2022



* Liquid funds (excluding Russia)

Solid credit metrics



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



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

Fortum's objective:

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

As per 31 December 2022:

Total loans EUR 7.5 bn excl. Russia and lease

- Average interest for Fortum Group loan portfolio including derivatives hedging financial net at 3.7% (2021: 1.6%).
- Average interest for EUR loans 3.1% (2021: 0.8%)

Liquid funds of EUR 3.7 bn excl. Russia

- Undrawn credit facilities of EUR 7.2 billion

Outlook

Generation segment Nordic hedges:

For 2023: 75% hedged at EUR 58 per MWh
(Q3: 65% at EUR 49)

For 2024: 45% hedged at EUR 42 per MWh
(Q3: 40% at EUR 38)

Capital expenditure guidance (excluding Russia):

The capex for 2023 is expected to be EUR 700 million, including appr. EUR 300 million of maintenance, excluding potential acquisitions

Tax guidance for 2023-2024:

Comparable effective income tax rate for Fortum's continuing operations is estimated to be in the range of 21-24% for 2023, (excluding Finnish windfall tax 20-22%), and 19-21% for 2024.

Balance sheet FY 2022

MEUR	31-Dec-22	30-Sep-22
Property, plant and equipment and right-of-use assets	7,266	8,252
Derivative financial instruments	1,829	3,845
Interest-bearing receivables	1,284	5,389
Intangible assets	657	654
Participations in associates and JVs	1,249	1,586
Shares in Nuclear Waste Funds	966	957
Inventories	465	307
Margin receivables	2,607	3,694
Other assets including trade receivables	3,400	2,899
Liquid funds	3,919	3,638
Assets held for sale	-	498
Total assets	23,642	31,719

MEUR	31-Dec-22	30-Sep-22
Total equity	7,737	6,543
Derivative financial instruments	4,729	8,658
Interest-bearing liabilities	7,785	12,987
Nuclear provisions	966	957
Other provisions	131	113
Pension obligations, net	13	20
Other	272	653
Margin liabilities	352	748
Trade and other payables	1,657	1,040
Total equity + liabilities	23,642	31,719

IFRS Equity up quarter-on-quarter due to hedging effect

Substantial decrease in interest bearing receivables due to received share holder loan) and decrease in gross debt due to cash received used to pay debt down

Lower net margin receivables and liabilities due to Q4 products went to delivery and lower forward prices

Solid liquid funds position

Generation: Higher achieved power prices

Q4 2022 vs. Q4 2021

Comparable operating profit solid

- Total power generation in the Nordic countries decreased due to lower hydropower volumes caused by lower inflow and lower hydro reservoir levels compared to the previous year.
- Nuclear volumes were also somewhat lower due to slightly longer nuclear maintenance outages, however, the effect was partly offset by TVO's third Olkiluoto power plant unit (OL3) and Meri-Pori coal condensing plant.
- Achieved power price increased by 55% and was EUR 80.5 MWh due to good physical optimisation, higher spot prices and a higher hedge price

2022 vs. FY 2021

Comparable operating profit at a good level

- Total power generation in the Nordic countries decreased due to lower hydropower volumes. This was caused by lower inflow in the segment's power generation areas and lower hydro reservoir levels during the year.
- Achieved power price increased by 40% to 59.9 MWh due to the very successful physical and financial optimisation and higher spot prices.

Volumes (TWh)



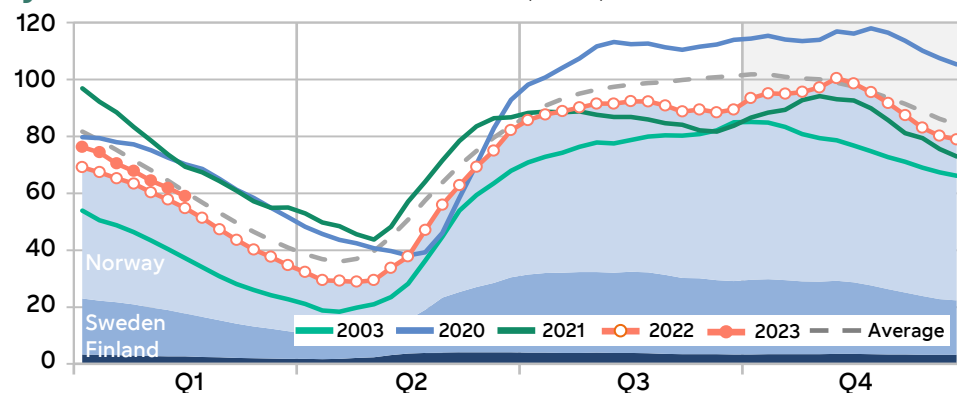
FY Volumes (TWh)



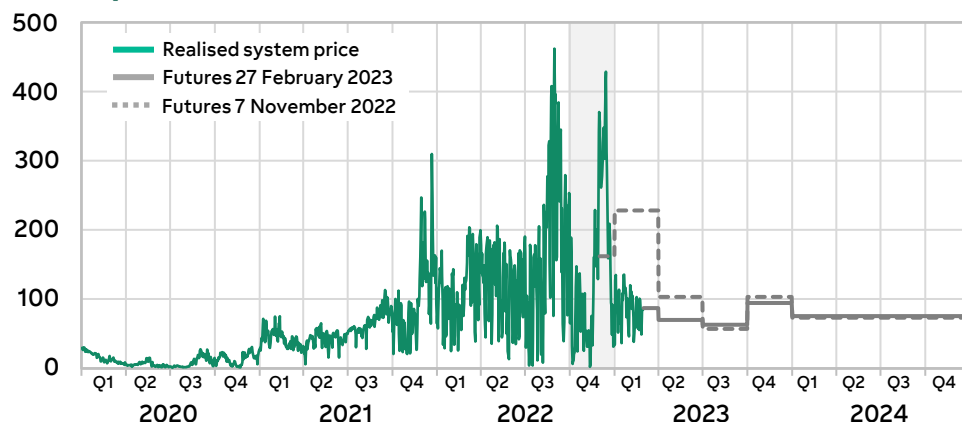
MEUR	IV/ 2022	IV/ 2021 restated	2022	2021 restated
Sales	1,344	953	3,655	2,869
Comparable EBITDA	692	470	1,765	1,287
Comparable operating profit	650	428	1,600	1,123
Comparable net assets			5,549	5,961
Comparable RONA %			27.0	19.0
Gross investment	80	76	234	175

Nord Pool system price driven to new price record

Hydro reservoirs Reservoir content (TWh)



Power price EUR/MWh



- Compared to the long-term average, Nordic hydro reservoirs increased from -12 TWh to -5 TWh during Q4.
- Inflow realised slightly above normal, while hydro generation was below normal in Q4.
- Rainy autumn brought Norwegian hydro reservoir deficit closer to normal level.
- Nordic SYS spot price continued to be volatile in Q4. The average price came down compared to previous record-high level in Q3 realising at €/MWh 136 (96) in Q4 2022 (Q4 2021). The 2023 futures price dropped from 180 to 120 €/MWh during Q4.
- Nordic SYS spot price was strongly influenced by the decline in Continental European power price. Successful energy saving measures, mild winter and high LNG imports brought down European gas and power prices.
- Further, above normal autumn rains in southern Norway, increasing the reservoir levels, contributed to lower Nordic system price.

Source: Nord Pool, Nasdaq Commodities

City Solutions: Structural changes and lower volumes

Q4 2022 vs. Q4 2021

Comparable operating profit decreased by 56%

- Heat sales volumes decreased by 27%
- Power sales volumes decreased by 14%
- Comparable operating profit decreased mainly as a result of higher fuel, and CO₂ emission allowance prices as well as lower metal prices partly offset by higher power and heat prices.

FY 2022 vs. FY 2021

Comparable operating profit decreased by 79%

- Heat sales volumes decreased by 24%
- Power sales volumes decreased by 45%
- Comparable operating profit decreased mainly as a result of clearly higher fossil fuel, pellet and CO₂ emission allowance prices as well as lower metal prices. The negative effect was partly offset by higher power and district heating sales prices. Comparable operating profit also negatively effected by structural changes, i.e. divestments.

Financial Statements 2022

Volumes (TWh)



FY Volumes (TWh)



MEUR	IV/ 2022	IV/ 2021	2022	2021
Sales	409	427	1,282	1,302
Comparable EBITDA	69	119	177	317
Comparable operating profit	32	73	28	135
Comparable net assets			1,760	2,456
Comparable RONA %			2.3	6.1
Gross investment	51	42	159	162

Consumer Solutions: Profitability improved

Q4 2022 vs. Q4 2021

- Comparable operating profit increased by EUR 42 million and amounted to EUR 25 million. In Q4 2021, the result was clearly negative at EUR -17 million due to higher electricity purchase costs and negative margins.
- The electricity sales volume decreased by 7% and the gas sales volumes in Poland decreased by 28%.
- Unprecedentedly high electricity and gas prices continued to lower demand. Total sales revenue increased by 39%, driven by significantly higher electricity and gas prices in the Nordics and Poland.

FY 2022 vs. FY 2021

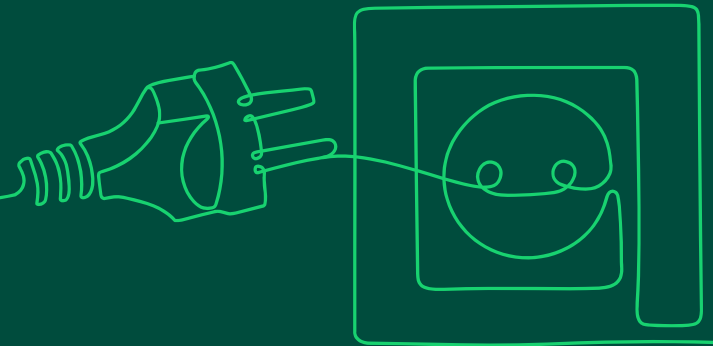
- Comparable operating profit increased by 87%, mainly due to higher electricity and gas sales margins and positive one-offs from gas storage sales.
- The total sales revenue increased by 75%, driven by significantly higher electricity and gas prices in the Nordics and Poland.

Number of customers ('000)

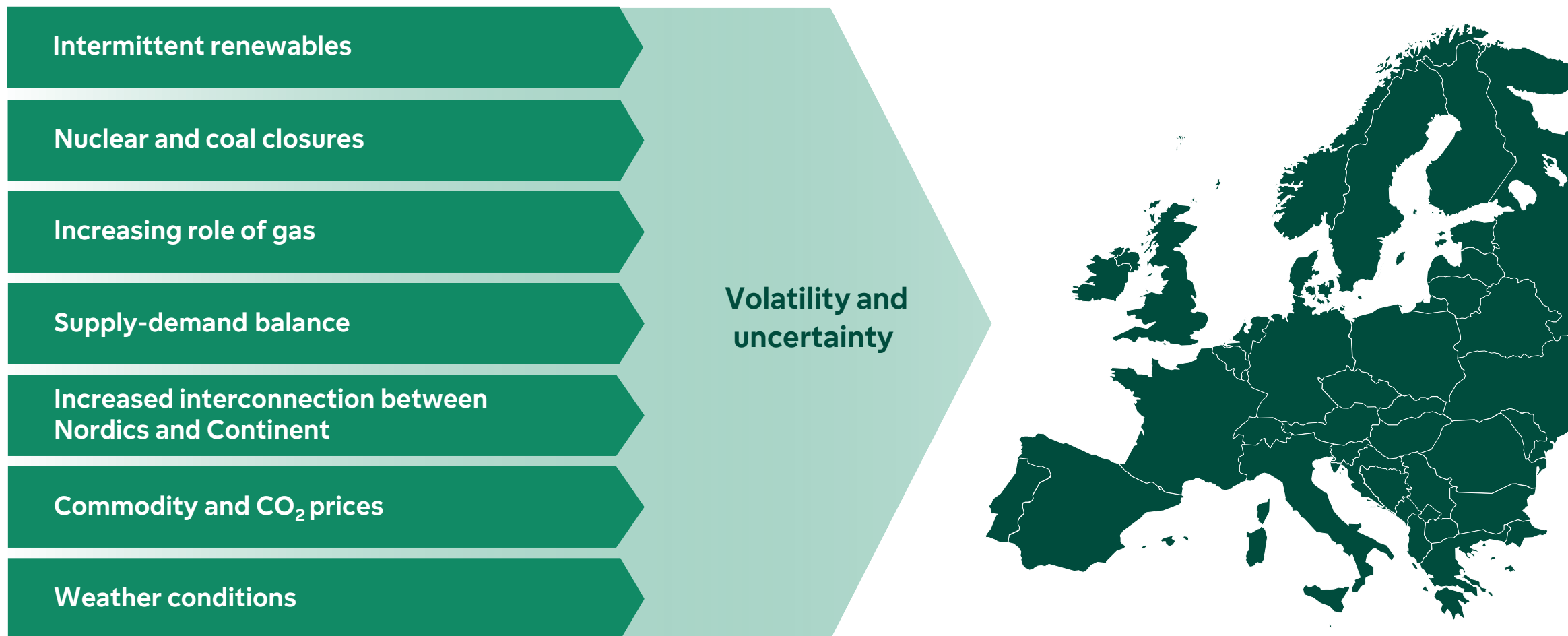


MEUR	IV/ 2022	IV/ 2021	2022	2021
Sales	1,460	1,052	4,578	2,622
Comparable EBITDA	43	3	173	123
Comparable operating profit	25	-17	97	52
Comparable net assets			1,365	1,125
Gross investment	20	19	71	68

Appendices



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

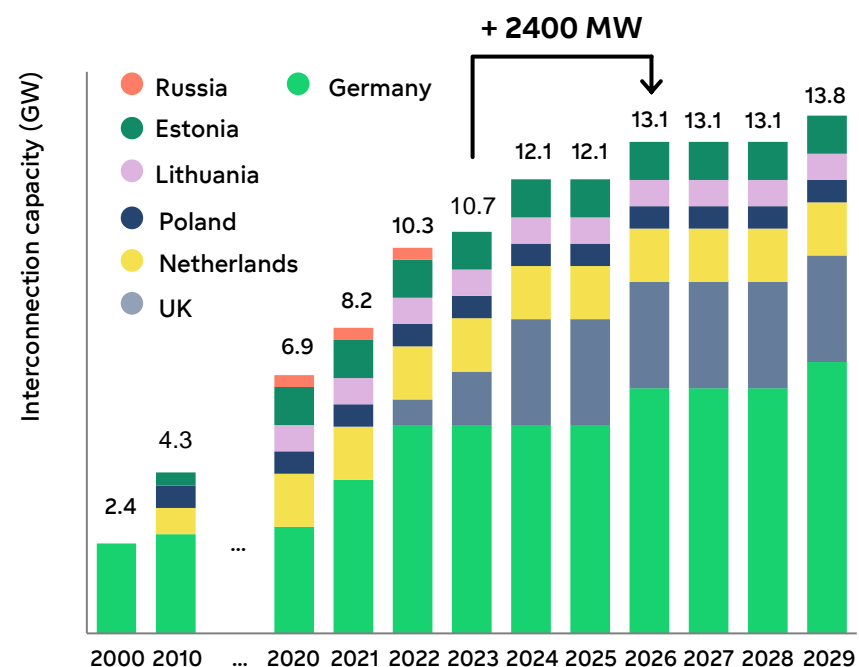


Nordic, Baltic, Continental and UK markets are integrating

– Interconnection capacity growing to over 13 GW by spring 2025

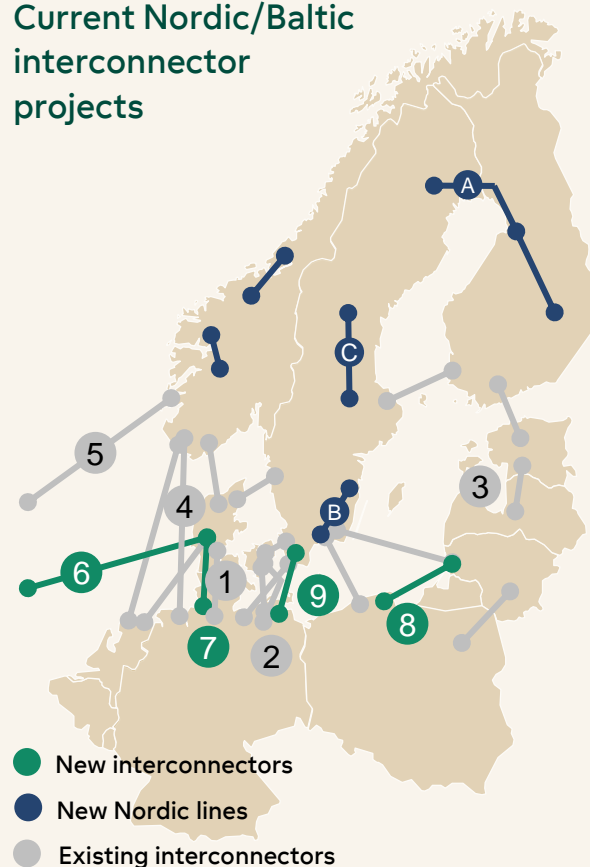
Several **new interconnectors** have started operation, and more are under construction or decided to be built

New interconnections will increase the **Nordic export capacity** from the current 10.7 GW to over 13 GW by spring 2025



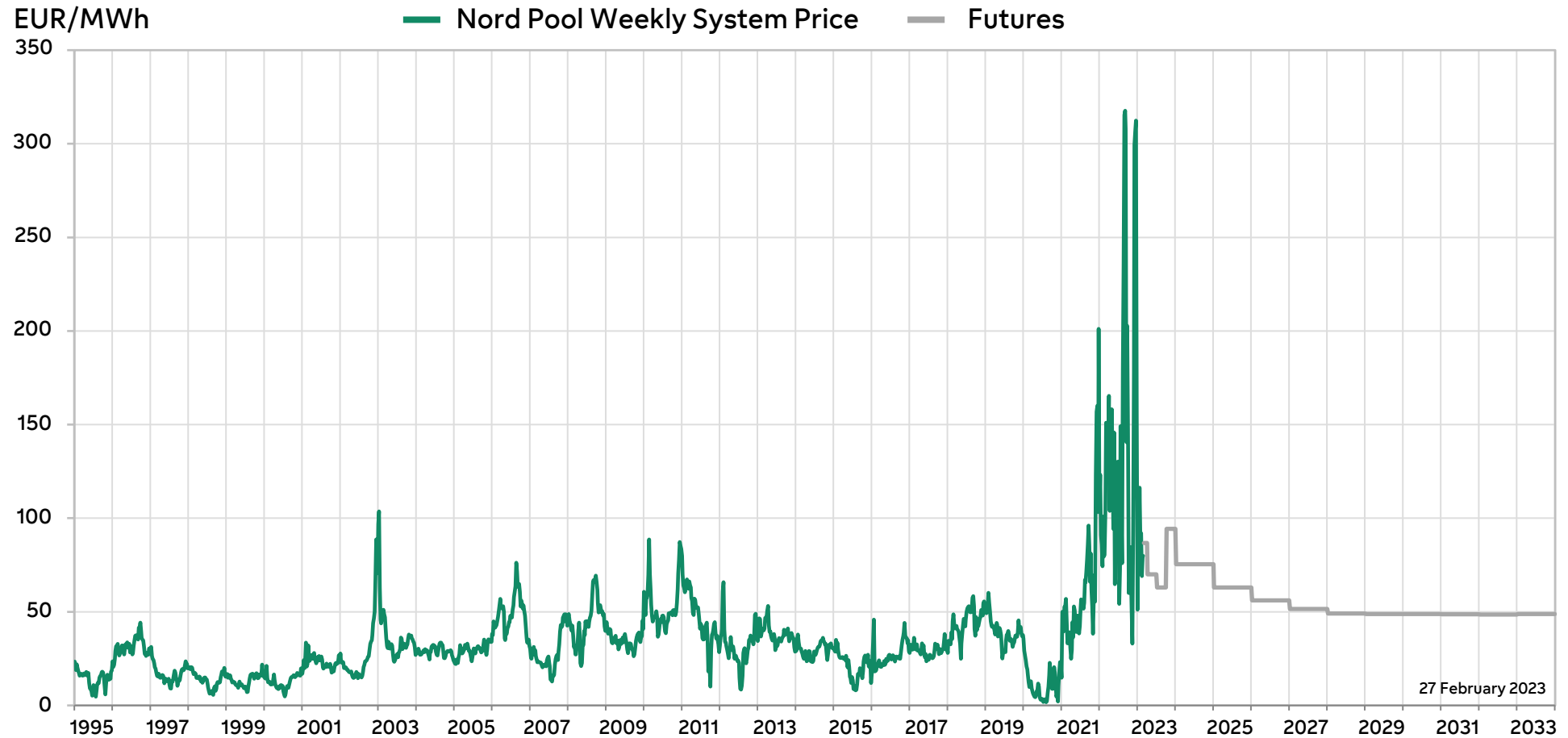
Years in the chart above refer to a snapshot of 1st of January each year.
Source: Fortum Market Intelligence

Current Nordic/Baltic interconnector projects



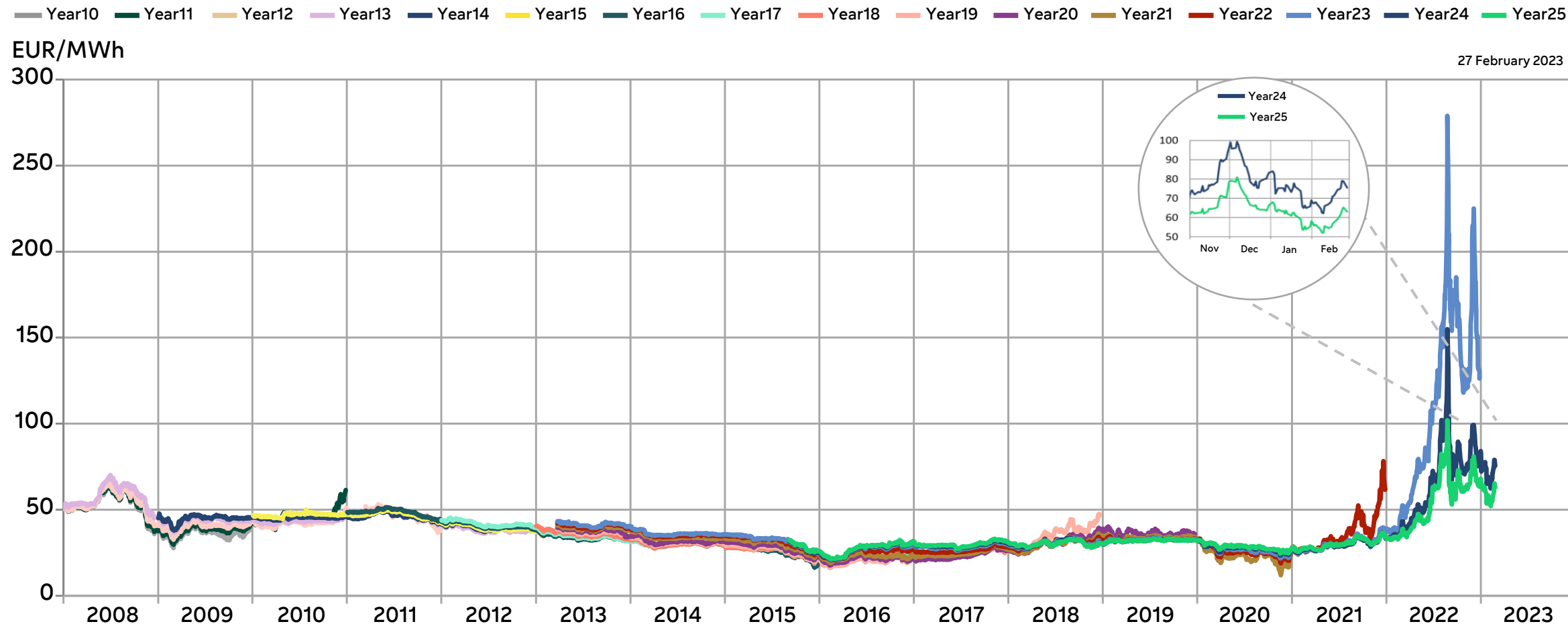
- 1 DK1-DE maximum transmission capacity has been upgraded from 1,780 MW to 2,500 MW in **July 2020**
- 2 New 400 MW DK2-DE connection via Kriegers Flak offshore wind area in operation **December 2020**
- 3 EU's Connecting Europe Facility co-financed 3rd EE-LV transmission line, in operation **January 2021**
- 4 NO-DE NordLink is in commercial operation at maximum export of 1,444 MW from **March 2021**
- 5 NO-UK North Sea Link (NSL) at maximum 1,449 MW 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 **Q1/2025**
- 8 700 MW LT-PL Harmony Link to be built by **2028** as a part of the Baltic synchronisation project
- 9 700 MW Hansa PowerBridge DC link between Sweden and Germany by **2028/2029**
- A 800 MW 3rd 400 kV line SE1-FI ready in **2025**
- B 700 MW SE3-SE4 east coast parallel line in **2028**
- C 800 MW with first measures on SE2-SE3 by **2028**

Wholesale power price



Source: Nord Pool, Nasdaq Commodities

Nordic year forwards



Source: Nasdaq Commodities, Bloomberg

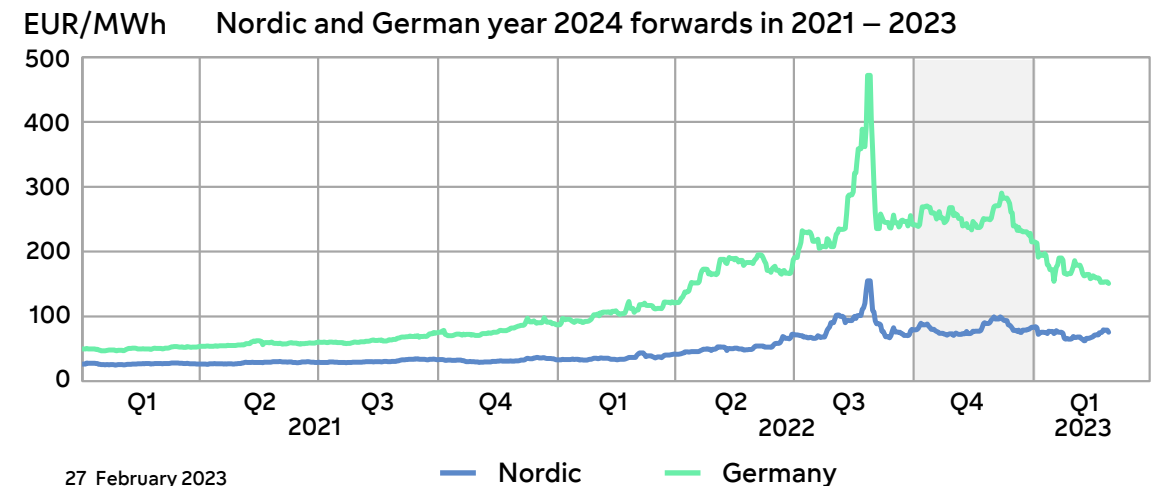
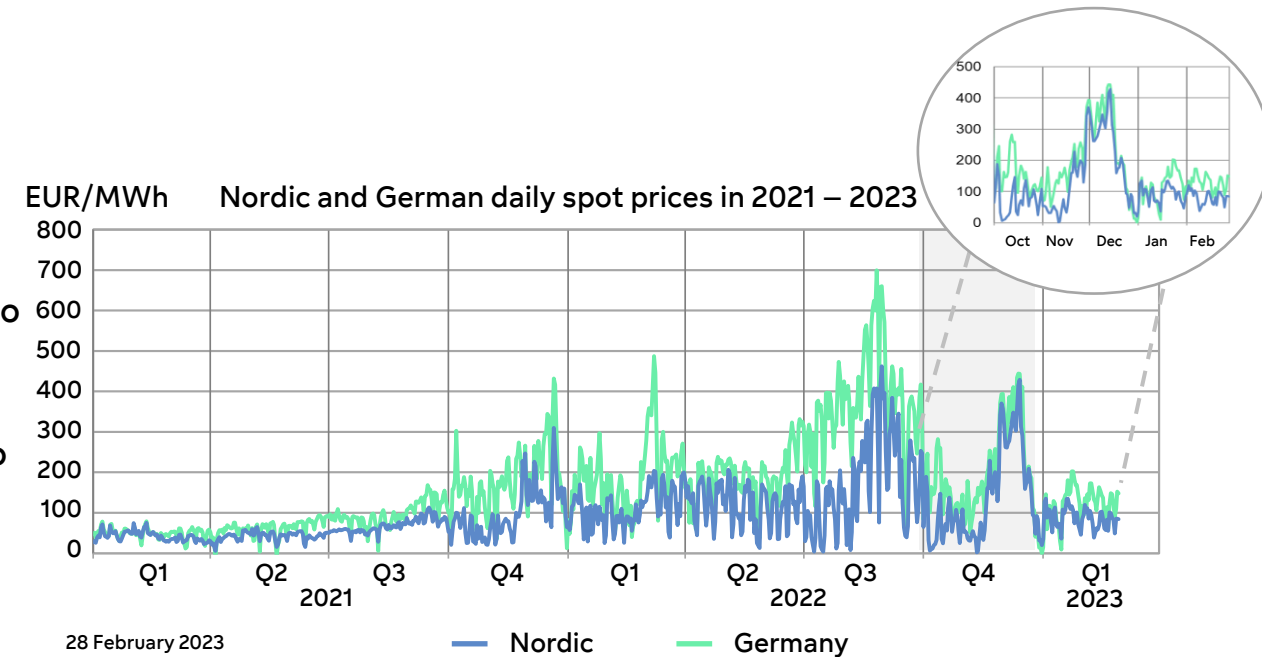
German and Nordic forward spread

Spot price

- Continental spot prices have eased following gas on very high LNG supply, energy savings measures and warm weather.
- German Q4 2022 spot realised at EUR 193 per MWh, dropping almost to half of previous quarter Q3-22 (376).
- Nordic spot price has followed German price with a spread. Improving hydrological balance and growing wind production have contributed to easing spot prices. Nordic Q4 2022 SYS realised at EUR 136 per MWh.

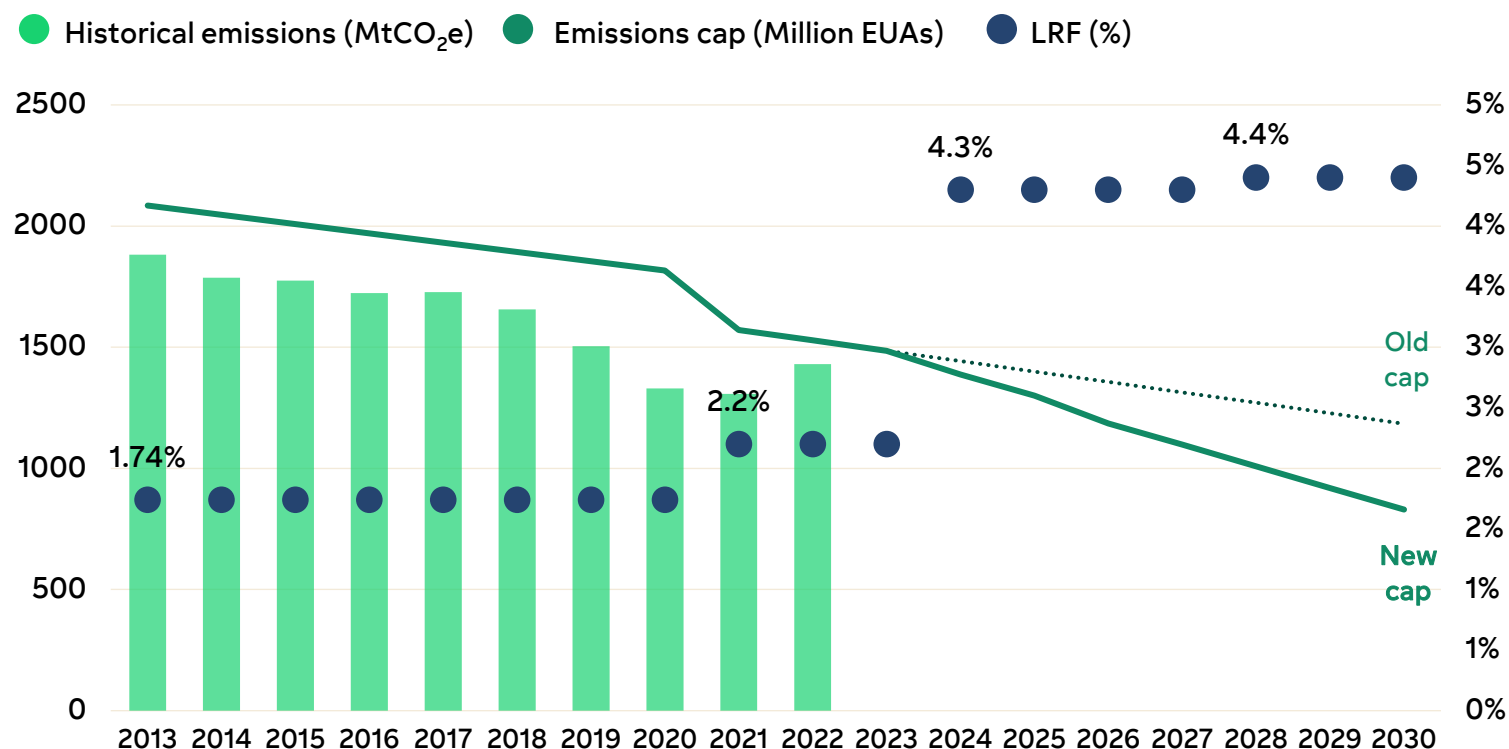
Forward price

- In late February the German contract for 2024 delivery is trading close to EUR 155 per MWh, while corresponding Nordic SYS contract is close to EUR 80 per MWh.
- The German-Nordic spread for 2024 delivery has increased from 54 €/MWh in the beginning of 2022 to the current level of 75 €/MWh, having peaked at close to 500 €/MWh in August.
- 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.



Growing role of the EU ETS in the European decarbonisation

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



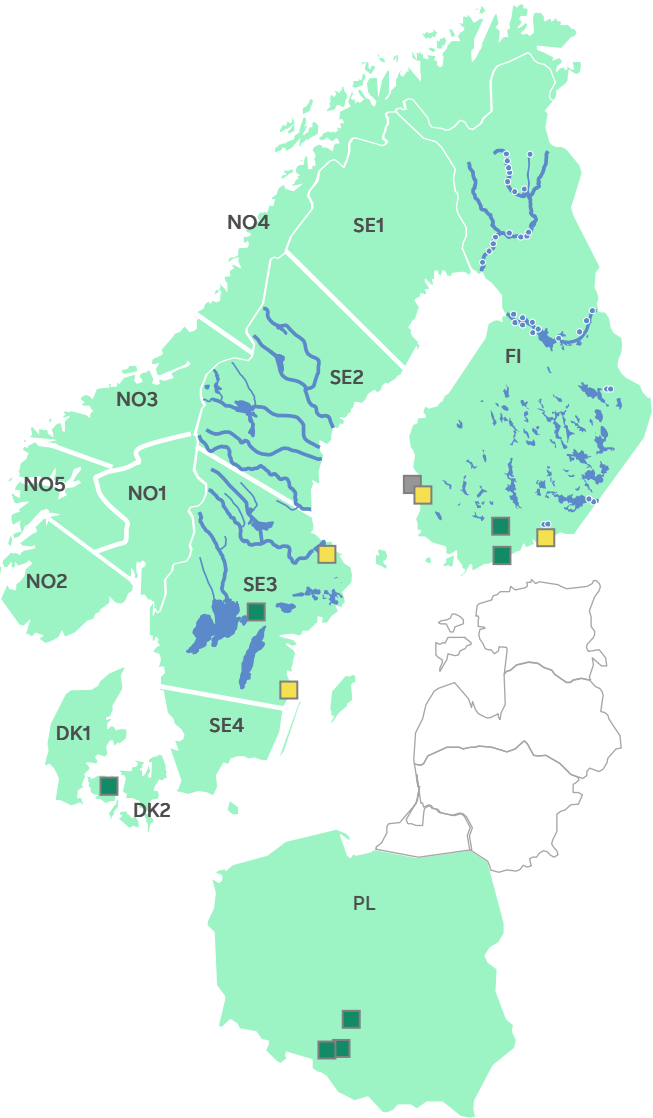
EU ETS reform powers through despite the energy crisis: On December 18, 2022, the provisional agreement on the EU ETS review was reached, following an arduous road from the European Commission's "Fit for 55" proposal in July 2021 and the Parliament and Council's counter-proposals to several rounds of trilogue negotiations between the three EU bodies.

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

Fortum's Nordic and Polish generation capacity

GENERATION CAPACITY	MW
Hydro	4,653
Nuclear	2,823
CHP	535
Other thermal	565
Wind	-
Generation capacity, MW	8,576

Figures 31 December 2022



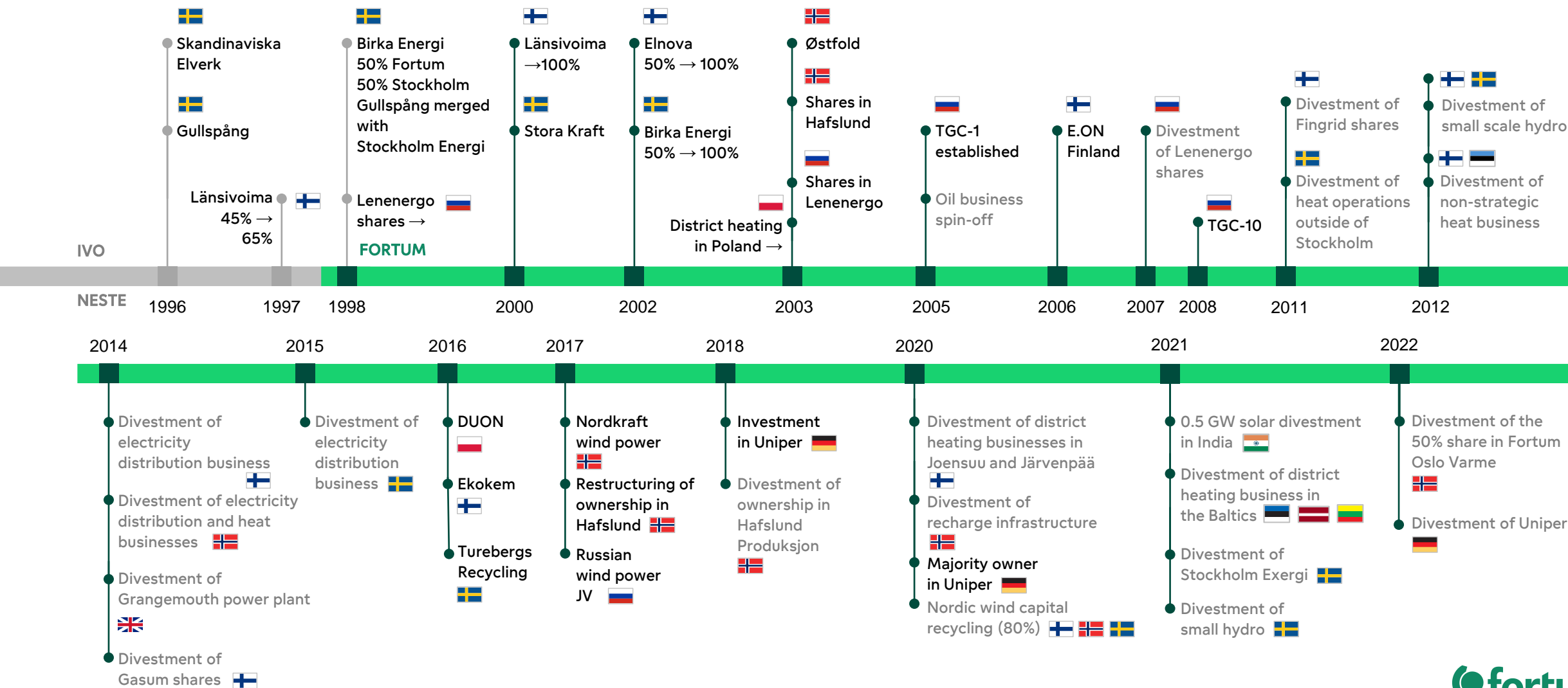
SWEDEN, by price area	MW
SE2, Hydro	1,542
SE3, Hydro	1,558
SE3, Nuclear	1,336
SE3, CHP	6
Generation capacity	4,442

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

DENMARK, DK1	MW
Generation capacity, CHP	9

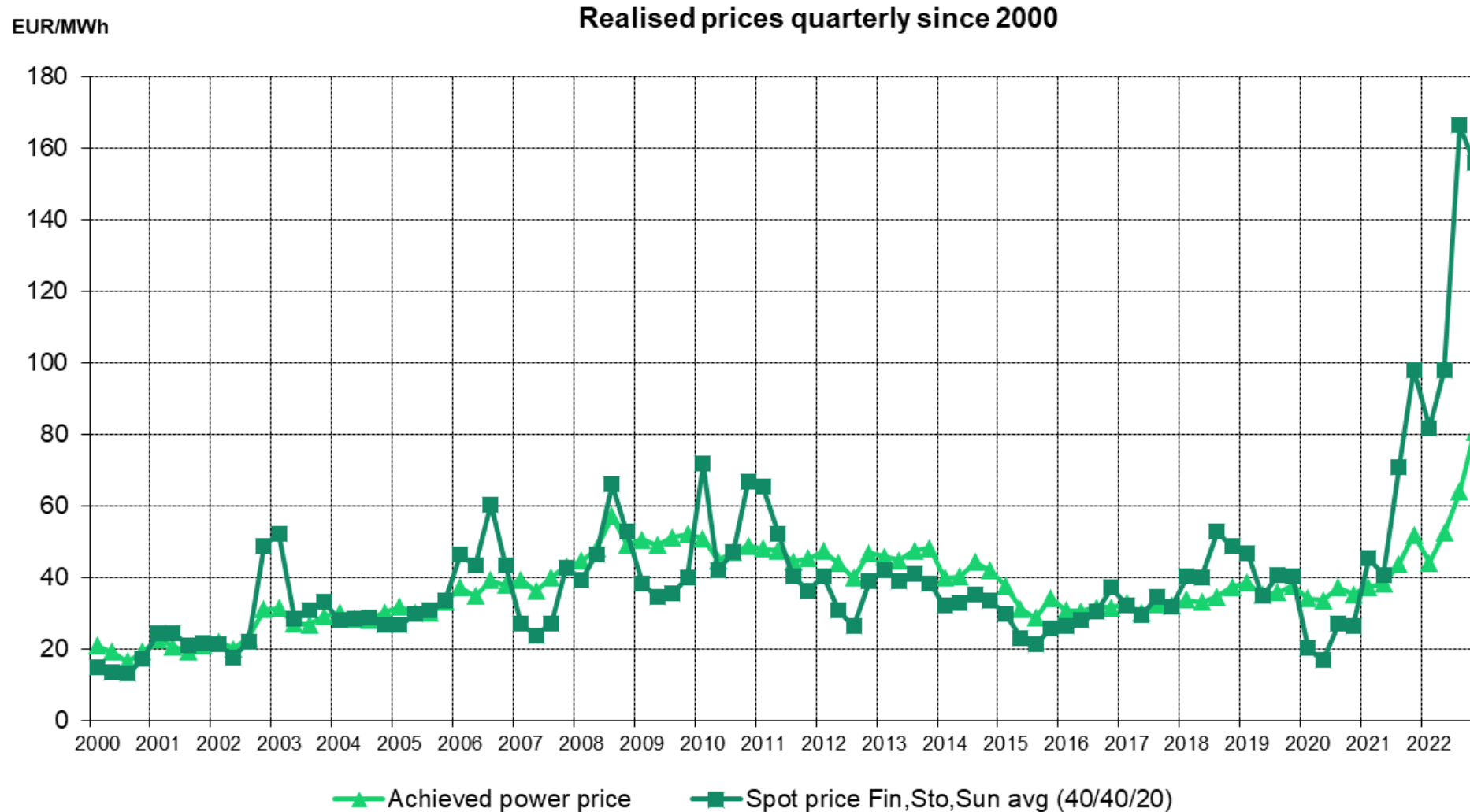
POLAND	MW
Generation capacity, CHP	145

Fortum's evolution and historical strategic route



Hedging improves stability and predictability

– principles based on risk mitigation, (Generation segment)



2009 onwards thermal and import from Russia excluded

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Fortum Investor Relations and Financial Communications

Next events:

Fortum's Annual General Meeting 2023 is planned to be held on 13 April 2023

The ex-dividend dates: 14 April 2023 and 29 September 2023

The dividend payment dates: 24 April 2023 and 10 October 2023

January-March Interim Report 2023 on 11 May 2023

January-June Half-Year Report 2023 on 4 August 2023

January-September Interim Report 2023 on 2 November 2023

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