

PROPOSAL BY THE BOARD OF DIRECTORS ON A DIRECTED SHARE ISSUE WITHOUT PAYMENT

The Board of Directors of Fortum proposes that the General Meeting resolve on a directed share issue without payment to Solidium Oy (“**Solidium**”) (the “**Directed Share Issue**”). The maximum number of the new shares to be issued in the Directed Share Issue would be 8,970,000, which corresponds to approximately 1.01 per cent of the current number of shares in Fortum, and which corresponds to approximately 1.00 per cent of all shares in Fortum upon completion of the Directed Share Issue.

Fortum has on 6 September 2022 agreed on a bridge financing arrangement with its majority owner, the Finnish State. With the arrangement, Fortum aims to ensure access to sufficient liquidity resources if power prices and, with it, collateral requirements rose significantly in particular on the Nordic commodities exchange Nasdaq. Fortum published a separate stock exchange release on the arrangement on 6 September 2022. The loan facility, the amount of which is at maximum EUR 2.35 billion within the framework of the financing agreement, is provided by the Finnish state-owned holding company Solidium. The financing was put in place in with the schedule and terms set by the Finnish state. The key terms and conditions of the facility have been described in the above mentioned stock exchange release.

The first tranche of a minimum of EUR 350 million must be drawn on 30 September 2022 at the latest in order for the financing arrangement to remain effective after the end of September 2022. Fortum announced on 26 September 2022 that it had decided to draw down the aforementioned EUR 350 million tranche. Fortum may draw the remaining EUR 2 billion of the facility by 31 March 2023. The term of the liquidity facility is one year and it matures in September 2023.

Pursuant to the bridge financing arrangement, a directed share issue without payment, which entitles Solidium to subscribe up to 8,970,000 new ordinary registered shares in Fortum, was a condition subsequent for the drawdown of the liquidity facility. As a consequence, the shares under control of the Finnish state would increase to 51.26 per cent from the current 50.76 per cent, correspondingly diluting the ownership of the other shareholders.

Russia’s attack on Ukraine and the war Russia started has caused an energy crisis in Europe with significant impacts on Fortum and other energy market participants. Trading volumes on the Nordic power commodities exchange have decreased significantly and Fortum needs to be prepared for great uncertainty on the markets and for a possible need to rapidly commit significant amounts of working capital for collateral requirements required by the EMIR regulatory framework. Alternative financing for the equivalent amount and with more favourable terms than the bridge financing arrangement was not available before the end of September due to Fortum's unresolved strategic matters.

On the date of this proposal on 26 September 2022, Fortum has sufficient liquid funds to meet the current collateral requirements. The Nordic power prices have declined during the recent weeks from the record levels at the end of August 2022 and the market has been less volatile. However, Fortum must remain prepared for continued market turbulence, and drawing the first tranche already in September ensures that Fortum has access to the liquidity facility should the collateral requirements

increase again during the winter. Consequently, there is an especially weighty financial reason for the company, also taking into account the interests of all Fortum's shareholders, as referred to in Chapter 9, Section 4, Subsection 1 of the Finnish Companies Act, to deviate from the pre-emptive subscription rights of the shareholders.