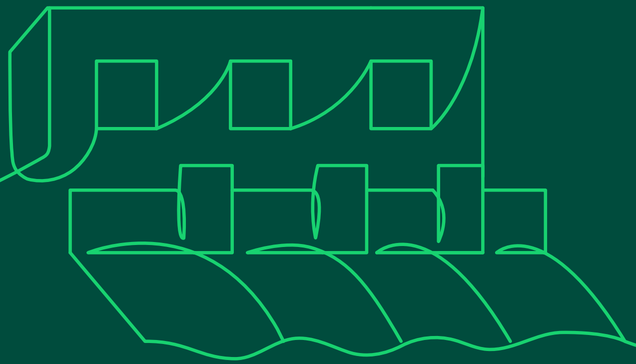
Interim Report January-March 2023

Fortum Corporation

11 May 2023



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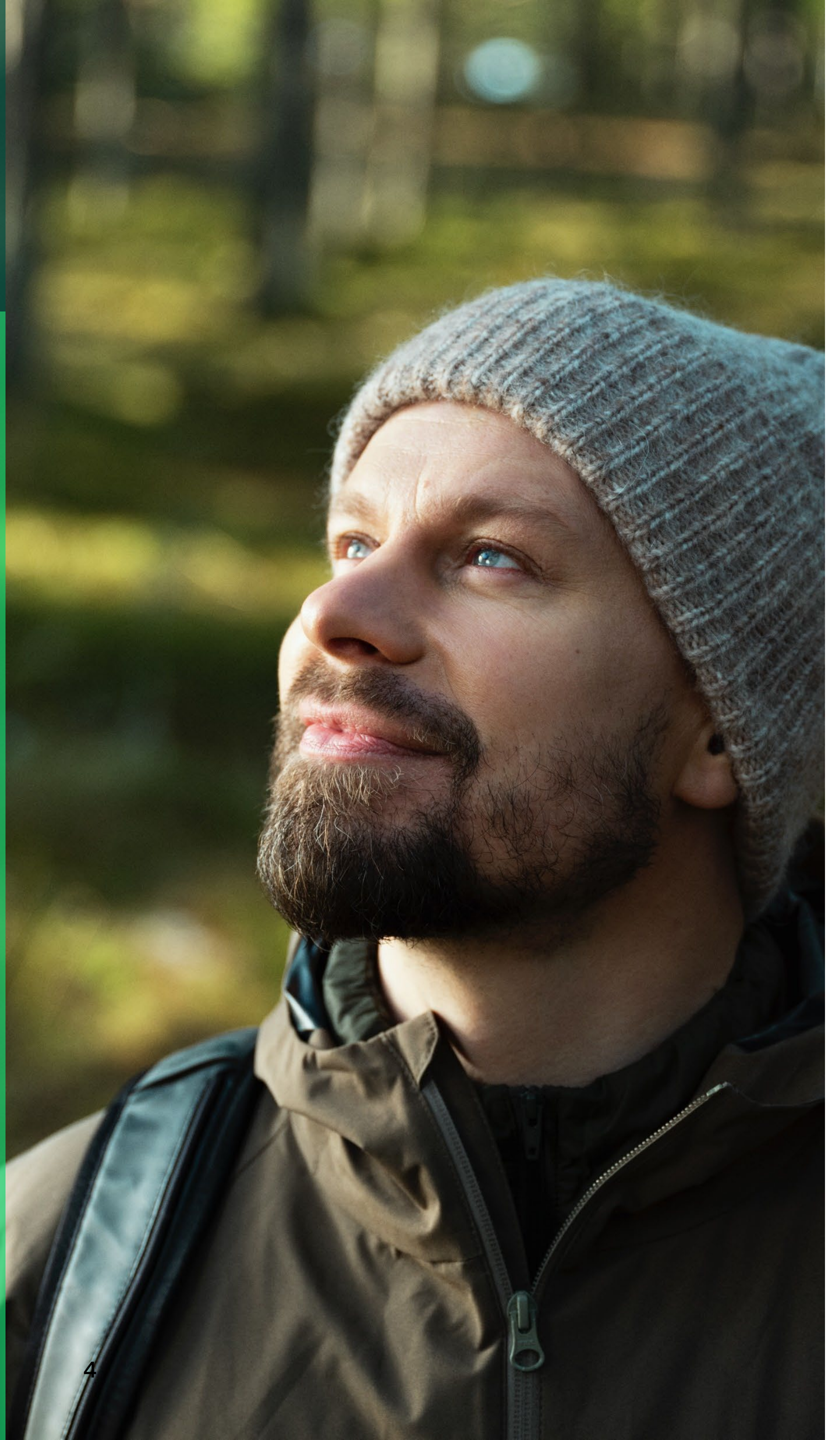
Markus Rauramo

President and CEO

Unlawful seizure of assets brings Fortum's chapter in Russia to an end

- Latest escalation of the war that Russia started
- De facto seizure of assets under guise of new presidential decree
  - PAO Fortum (Fortum JSC) put "under temporary asset management" by Russian authorities
  - Russian Federation caused the dismissal of PAO Fortum's CEO and deprived Fortum of its shareholder rights
  - Fortum prepares to defend its shareholder rights
- Financial impact in Q2 2023
  - Russian segment to be deconsolidated and reported as discontinued operations
  - Impairments of EUR 1.7 bn and RUB translation effects of EUR 1.9 bn
  - Fortum's financial situation remains solid
- Over the years Fortum's total investment in Russia is approximately EUR 6 bn
  - The net cash loss totals approximately EUR 2 billion
  - Most modern and efficient fleet in the market
  - Under Fortum's ownership, the power plants have been well-operated, well-maintained and Fortum has ensured secure energy supply to its customers



Fortum is moving forward and renewing – Strong start for clean power generation in Q1

- 'Power to renew' strategy including financial and environmental targets announced in March 2023
  - The renewed Fortum is built on strong earnings power, clean power generation at scale, and very low specific emissions.
- Strategic focus on the Nordic market:
  - Deliver clean energy reliably
  - Drive decarbonisation in industries
  - Transform and develop
- Solid results in Q1 2023 support strategy implementation

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Execution of our new strategy off to a good start

Deliver reliable clean energy

Ensuring long term productivity and security of supply

- New operating license for Loviisa nuclear power plant until 2050 (170 TWh of CO_2 free power)
- Ongoing rebuild of Forshuvud hydropower plant in Sweden
- Commissioning of TVO's third Olkiluoto nuclear power plant unit

Drive decarbonisation in industries

Partnering with strategic customers and developing projects to enable growth

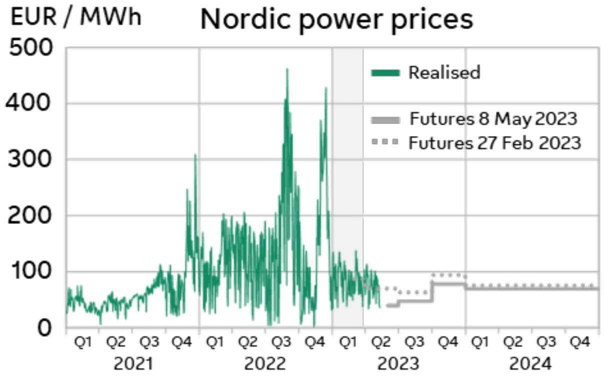
- Nuclear feasibility study on SMRs and conventional nuclear with various industrials
- Pre-feasibility study with Finnish Metsä Group on processing of wood-derived carbon dioxide
- Building a strong pipeline of LTCs and PPA agreements

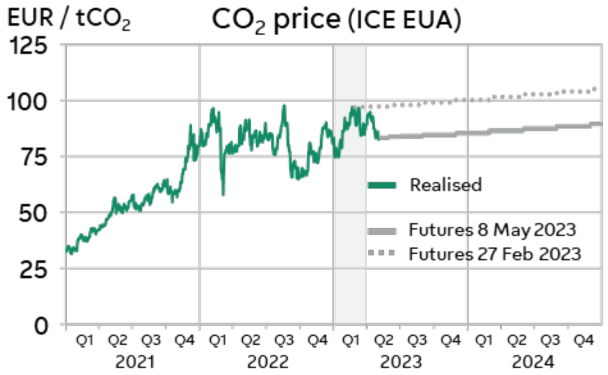
Transform and develop

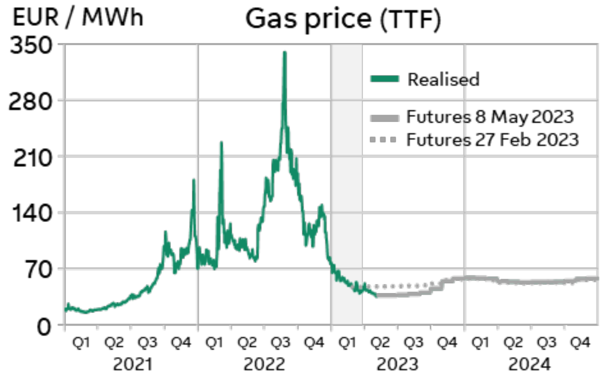
Restructure organisation to fit for purpose

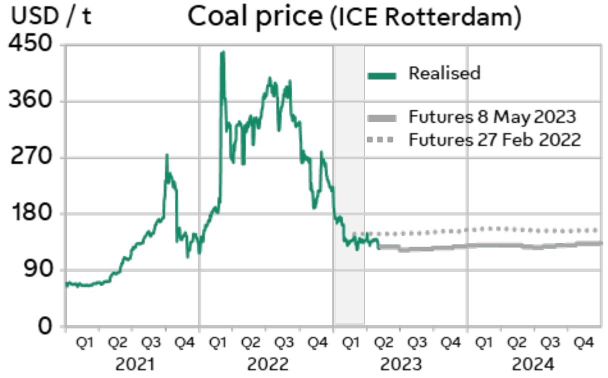
- New Fortum Leadership Team
- Transformation into a more customer-oriented company
- Stronger emphasis on the one-company mindset, value creation and performance management
- Efficiency improvement
- Manage and reduce business risk

Energy prices remain elevated, but down from 2022 peaks









Source: Refinitiv, Bloomberg
Daily market prices 8 May 2023; 2023-2024 future quotations

Gas and Continental power drive Nordic power prices

- Gas prices plummeted on a newly found delicate balance of LNG-dominated supply and reduced demand.
- Comfortable gas storage levels (~55% at end-Q1) are adding confidence to Europe's security of supply in the near-term.
- Nordic power prices softened on lower natural gas and Continental power prices. Very mild weather, lower demand and higher hydrology in the Nordics put downward pressure on the prices.

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Strong performance driven by clean power generation

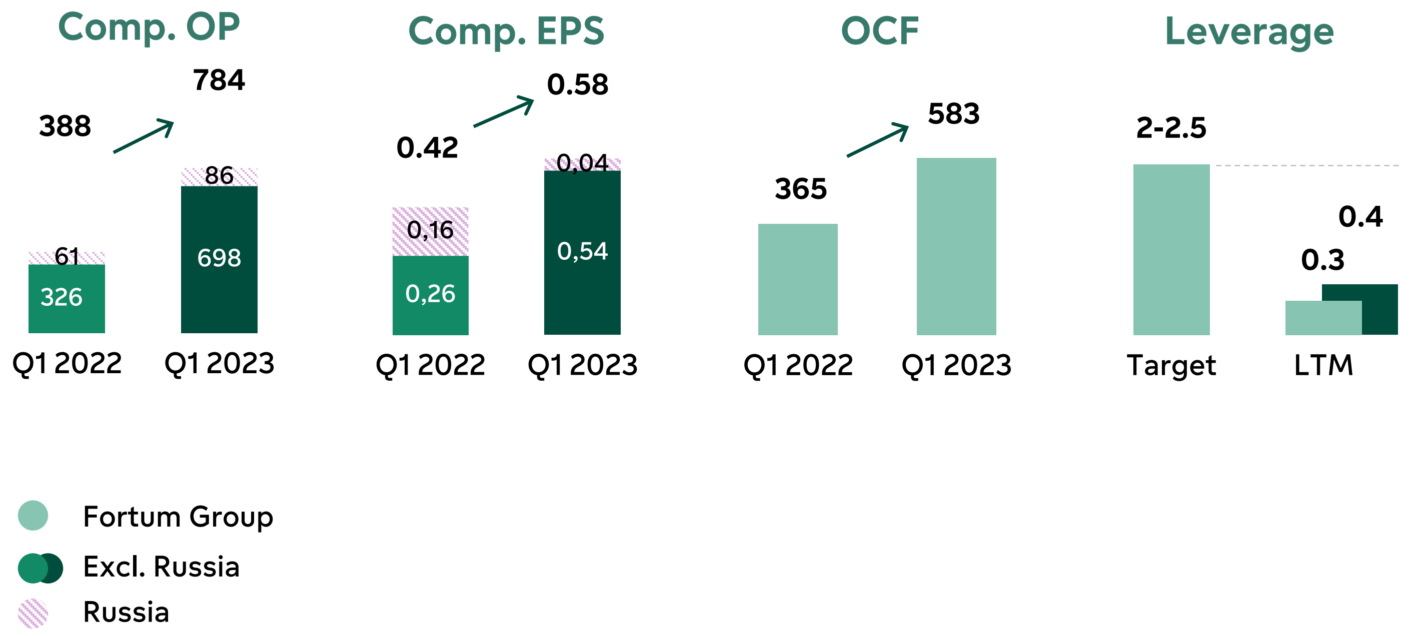
Q1/2023

First quarter earnings dominated by clean power generation. The higher achieved power price translates into substantially higher earnings in the Generation segment

Strong operating cash flow

Leverage at a very low and healthy level

Key financial indicators for continuing operations



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Tiina Tuomela

CFO

Strong start for the year
– Key financials for continuing operations

MEUR	I/2023	I/2022	I/2023 (excl. Russia)	I/2022 (excl. Russia)	LTM	2022	LTM (excl. Russia)	2022 (excl. Russia)
Sales	2,552	2,162	N/A	N/A	9,194	8,804	N/A	N/A
Comparable EBITDA	891	527	781	435	2,800	2,436	2,371	2,025
Comparable operating profit	784	388	698	326	2,267	1,871	1,982	1,611
Comparable profit before income taxes	659	485	N/A	N/A	2,188	2,014	N/A	N/A
Comparable net profit	517	375	483	228	1,692	1,550	1,331	1,076
Comparable EPS	0.58	0.42	0.54	0.26	1.90	1.74	1.49	1.21
Net cash from operating activities	583	365	N/A	N/A	2,322	2,104	N/A	N/A
Financial net debt / Comp. EBITDA	N/A	N/A	N/A	N/A	0.3	0.4	0.4	0.6

Significant impact of clean power generation

- Comparable Operating Profit and EPS improved
- Solid credit metrics with Financial net debt / Comp. EBITDA at 0.4x
- Strong net cash from operating activities

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Q1/2023

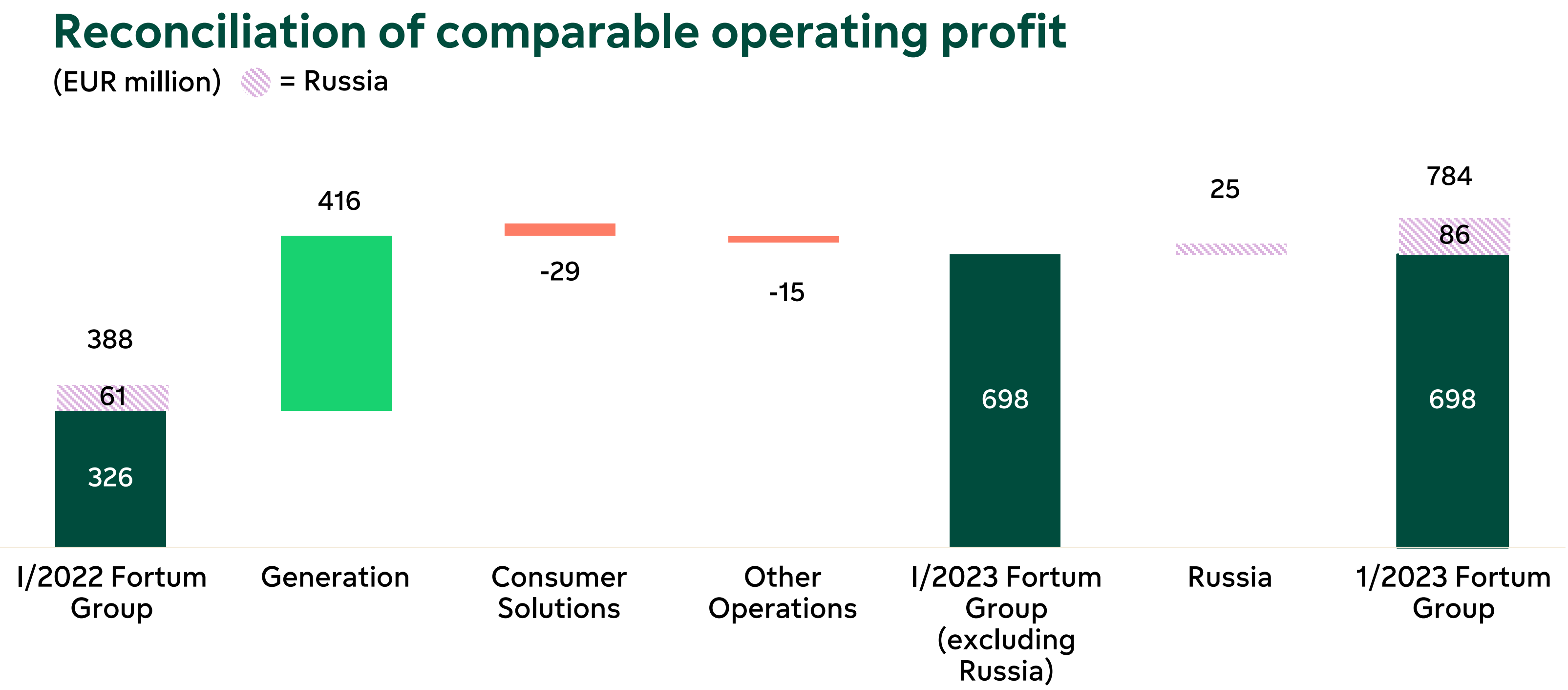
Generation

The higher achieved power price, supported by higher hedge price, strengthened earnings

Consumer Solutions

Earnings down significantly due to customer outflow from certain hedged customer contracts in volatile market conditions

Strong results and operational performance in the Generation segment



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Solid financial position

- Balance sheet as per 31 March 2023 – including Russia

MEUR	31-Mar-23	31-Dec-22
Property, plant and equipment and right-of-use assets	7,170	7,266
Derivative financial instruments	1,633	1,829
Interest-bearing receivables	1,321	1,284
Intangible assets	629	657
Participations in associates and JVs	1,265	1,249
Shares in Nuclear Waste Funds	983	966
Inventories	439	465
Margin receivables	1,314	2,607
Other assets including trade receivables	2,851	3,400
Liquid funds	3,729	3,919
Total assets	**21,334**	**23,642**

MEUR	31-Mar-23	31-Dec-22
Total equity	9,793	7,737
Derivative financial instruments	2,487	4,729
Interest-bearing liabilities	6,167	7,785
Nuclear provisions	983	966
Other provisions	106	118
Pension obligations, net	12	13
Other	538	285
Margin liabilities	218	352
Trade and other payables	1,030	1,657
Total equity + liabilities	**21,334**	**23,642**

- IFRS equity up quarter-on-quarter impacted by hedging effect
- Lower gross debt due to repayments due to improved cash flow
- Lower net margin receivables (EUR 1.1 bn) due to lower forward prices and delivered Q1 products
- Solid liquid funds

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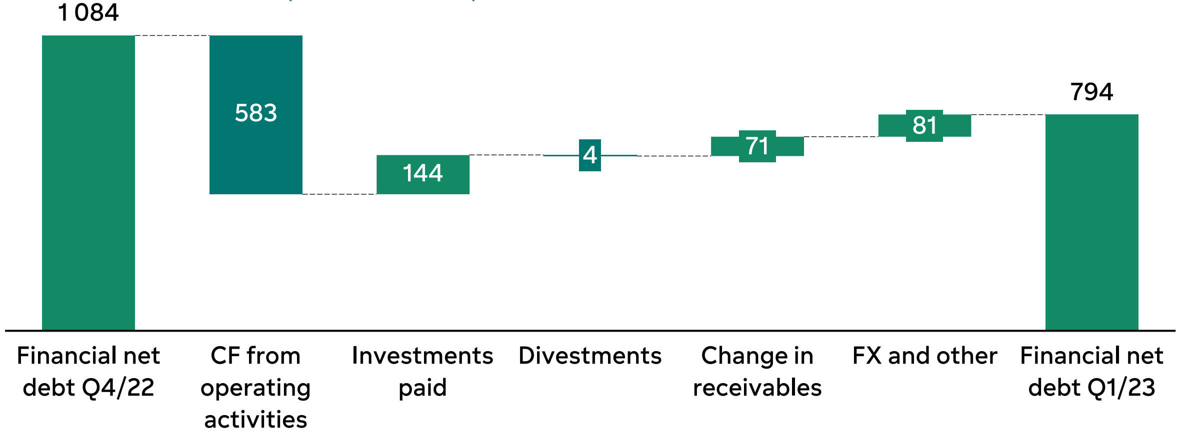
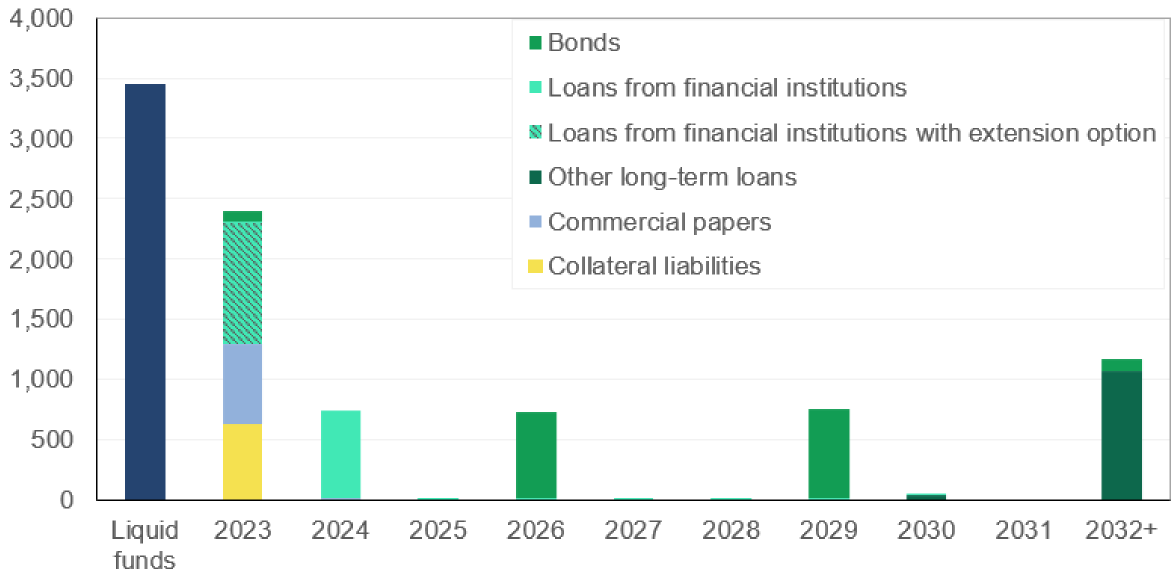
Leverage at very low level, net and gross debt down

Financial net debt (incl. Russia)



Contractual maturities, as per 31 March 2023, (excl. Russia)



Solid credit metrics

S&P Global Ratings 'BBB' long-term issuer credit rating, Stable outlook

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

Fortum's objective:

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

As per 31 March 2023:

Total loans of EUR 5.9 bn excl. Russia and lease

- Average interest rate for Fortum Group loan portfolio incl. derivatives hedging financial net at 3.9% (2022: 3.7%).
- Average interest for euro-loans at 3.2% (2022: 3.1%)

Liquid funds of EUR 3.4 bn excl. Russia

- Undrawn credit facilities of EUR 5.9 billion

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Outlook

Generation segment Nordic hedges:

For the remainder of 2023: 70% at EUR 50 /MWh

For 2024: 45% hedged at EUR 43 /MWh
(at the end of 2022: 45% at EUR 42 /MWh)

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 20-23% for 2023, (excluding Finnish windfall tax 19-21%), and 19-21% for 2024.

Russian deconsolidation in Q2 2023:

Russian operations to be discontinued in Q2 2023

Impairments of EUR 1.7 bn and translation effects of EUR 1.9 bn

ILLUSTRATIVE balance sheet of Russian deconsolidation effects

EUR billion	Published 31-Mar-23	Russian impact	Translation difference	Illustrative 31-Mar-23
Other assets	17.6	-1.8	0	15.8
Liquid funds	3.7	-0.3	0	3.4
Total assets	**21.3**	**-2.0**	**0**	**19.3**

EUR billion	31-Mar-23	Russian impact	Translation difference	Illustrative 31-Mar-23
Share capital	3.0	0	0	3.0
Share premium	0.1	0	0	0.1
Retained earnings and other equity components	6.6	-1.7	0	4.9
Retained earnings	10.1	-1.7	-1.9	6.4
Translation of foreign operations and other equity components	-3.5	0	1.9	-1.5
Equity attributable to owners of the parent	9.7	-1.7	0	8.0
Non-controlling interest	0.1	-0	0	0
Total equity	**9.8**	**-1.7**	**0**	**8.1**
Interest-bearing liabilities	6.2	-0.2	0	6.0
Other liabilities	5.4	-0.2	0	5.2
Total equity + liabilities	**21.3**	**-2.0**	**0**	**19.3**

Liquid funds

RUB/EUR FX translation difference (EUR -1.9 bn) has no impact on Group's total equity – separate line item inside equity, included in net profit from discontinued operations

Russian impairment (EUR -1.7 bn) affecting equity, included in net profit from discontinued operations

Group equity at EUR 8.1 bn

Interest bearing debt

After deconsolidation:

Financial net debt-to-Comp EBITDA:

0.4x

Financial net debt:

EUR 0.9 bn

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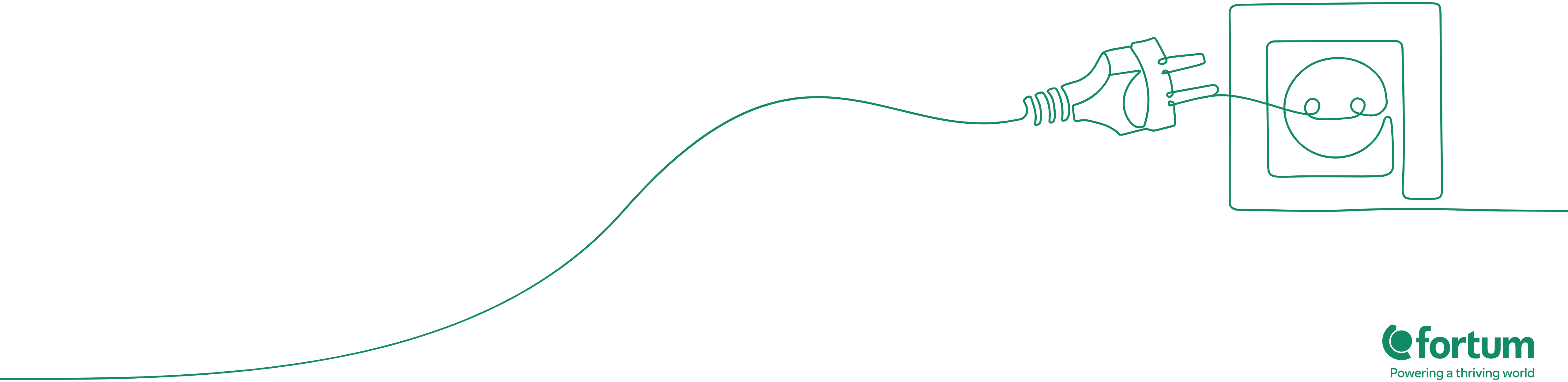
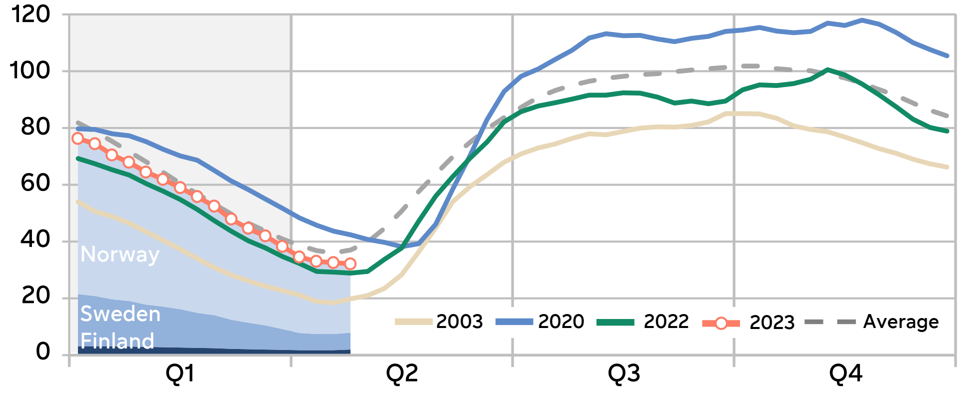
Q & A

Appendix

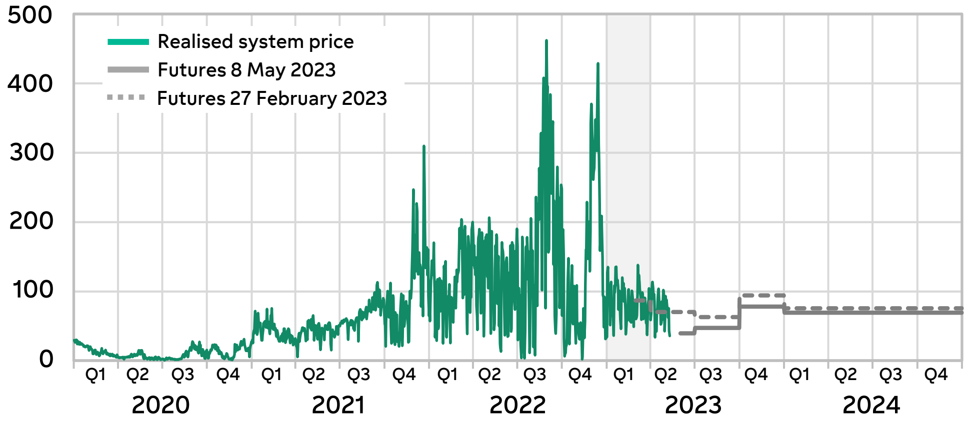


Nord Pool system price declined on mild weather and lower gas prices

Hydro reservoirs Reservoir content (TWh)



Power price EUR/MWh



Source: Nord Pool, Nasdaq Commodities

- Compared to the long-term average, Nordic hydro reservoir levels increased from -5 TWh to -3 TWh (rel. normal) during Q1. Both inflow and the hydro generation were somewhat below normal in Q1.
- Mild temperatures in January and February, in combination with high, capacity driven, wind power output in Q1 were contributing to below normal hydropower generation.
- Nordic SYS spot price dropped to a lower price level in January. The average price came down compared to the previous quarter realising at 85 (110) €/MWh in Q1 2023 (Q1 2022).
- Nordic SYS spot price was mainly influenced by the decline in Continental European power price, reduced Nordic demand (mild temperatures + electricity savings) and the declining Nordic hydrological deficit.
- The rest of 2023 futures price dropped from 99 to 70 €/MWh during Q1.
- The calendar year 2024 futures price dropped from 83 to 67 €/MWh during Q1.

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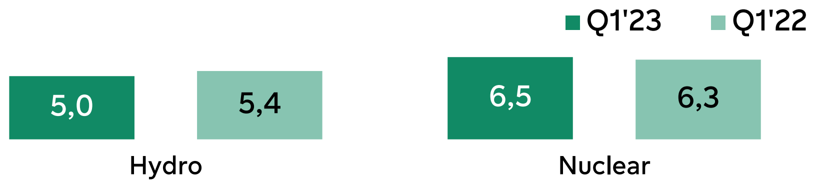
Generation: Higher achieved power price

Q1 2023 vs. Q1 2022

- Comparable operating profit more than doubled
- Total power generation in the Nordic countries remained on the same level as in Q1 2022.
- The achieved power price increased by EUR 41.1 per MWh, up by 93%, and was EUR 85.2 per MWh, mainly due to the higher hedge price.
- Hydro generation decreased slightly due to lower hydro reservoir levels compared to the previous year.
- Nuclear volumes were somewhat higher supported by the test generation of TVO's third Olkiluoto power plant unit (OL3).

Volumes (TWh)



MEUR	I/2023	I/2022 restated	2022 restated	LTM
Sales	1,429	985	4,465	4,908
Comparable EBITDA	767	374	1,876	2,268
Comparable operating profit	723	307	1,629	2,044
Comparable net assets	7,042	6,849	6,597	
Comparable RONA %			23.2	29.8
Gross investments	90	50	316	357

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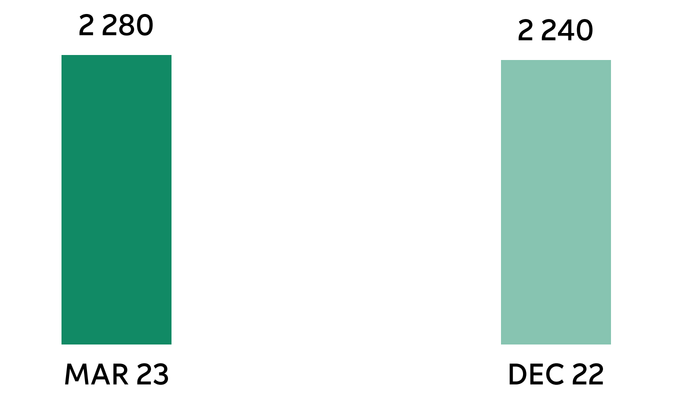
Consumer Solutions: Earnings significantly down

Q1 2023 vs. Q1 2022

- Comparable operating profit decreased by EUR 29 million and was EUR 6 million mainly due to lower sales margins.
  - Losses due to customer outflow in certain hedged contracts in very volatile and high-price market conditions.
  - Price cap for end-users implemented in Poland.
- The electricity sales volume increased by 4% and the gas sales volume in Poland decreased by 6%.
- High electricity and gas prices continued to lower demand as consumers actively reduced overall electricity consumption and shifted to targeted consumption off peak-hours.

Number of customers (‘000)



MEUR	I/2023	I/2022 restated	2022 restated	LTM
Sales	1,384	1,168	4,578	4,794
Comparable EBITDA	24	54	173	143
Comparable operating profit	6	35	97	69
Comparable net assets	892	1,001	1,365	
Gross investments	20	16	71	75

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