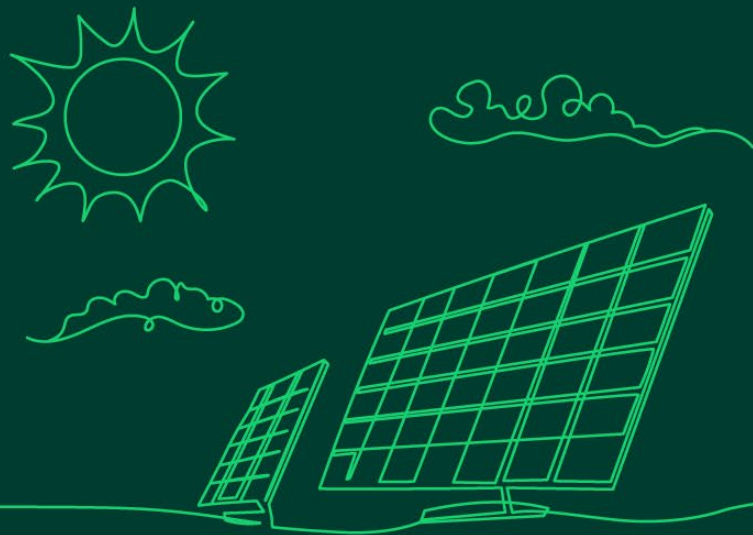


# Fortum Half-year Financial Report

JANUARY-JUNE 2023



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Financial results discussed in this Half-year Financial Report comprise the continuing operations of the Fortum Group. As a result of the Presidential decree (No. 302) issued by Russia on 25 April 2023 and the seizure of Fortum's Russian assets, the company lost control of its Russian operations. Consequently, the Russia segment is deconsolidated and reclassified as discontinued operations in the second quarter of 2023. Comparative information for the first quarter of 2023 and for 2022 has been restated following the reclassification of the Russia segment as discontinued operations. The Uniper segment is included in the comparison figures for 2022 as it was deconsolidated and reclassified as discontinued operations in September 2022. See further details in Notes 1,2 and 6.

Figures in brackets refer to the comparison period, i.e. the same period last year, unless otherwise stated.

# Good performance in Nordic power generation supported the second quarter – building new Fortum is on the way

## April–June 2023, continuing operations

- Comparable EBITDA was EUR 344 (362) million.
- Comparable operating profit was EUR 262 (262) million.
- Operating profit was EUR 267 (760) million. In the comparison period, items affecting comparability included tax-exempt capital gains of EUR 638 million.
- Comparable earnings per share were EUR 0.16 (0.22). Comparable EPS were impacted by lower profits of associates, mainly caused by the effects of Swedish nuclear waste-related provisions in co-owned nuclear companies.
- Earnings per share were EUR 0.42 (0.73).
- Cash flow from operating activities totalled EUR 657 (449) million.
- In April, the Russian authorities seized control of Fortum's assets in Russia, Fortum lost control and deconsolidated and reported these operations as discontinued operations.
- Fortum fully wrote down its Russian assets and recorded impairments of EUR 1.7 billion (equity impact) and deconsolidation-related negative cumulative foreign exchange translation differences of EUR 1.9 billion (no equity impact).
- On 17 May, Fortum successfully issued five- and ten-year bonds with a total nominal amount of EUR 1.15 billion.
- On 7 June, Fortum agreed to acquire the entire shareholding in the Swedish electricity solutions provider Telge Energi AB on a cash and debt-free basis for approximately SEK 450 million (EUR 39 million).
- On 21 June, Fortum announced it will invest approximately EUR 225 million in waste heat projects in Espoo and Kirkkonummi in Finland.

## January–June 2023, continuing operations

- Comparable EBITDA was EUR 1,125 (797) million.
- Comparable operating profit was EUR 960 (588) million.
- Operating profit was EUR 1,036 (1,240) million, mainly impacted by fair value changes in non-hedge-accounted derivatives. In the comparison period, items affecting comparability included tax-exempt capital gains of EUR 638 million.
- Comparable earnings per share were EUR 0.70 (0.48).
- Earnings per share were EUR 1.02 (1.04).
- Cash flow from operating activities totalled EUR 1,132 (901) million.
- Financial net debt was EUR 0.7 billion and the financial net debt-to-comparable EBITDA ratio was at 0.3 times for the last twelve months.
- In March, the Group's new strategy and new financial and environmental targets were published. A renewed Group operating model, business structure and a revised Fortum Leadership Team became effective at the end of March.

## Summary of outlook

- The Generation segment's Nordic outright generation hedges: approximately 70% hedged at EUR 49 per MWh for the remainder of 2023, and approximately 50% at EUR 46 per MWh for 2024.
- Capital expenditure, including maintenance but excluding acquisitions, is expected to be approximately EUR 700 million in 2023.

## Key figures, continuing operations

EUR million or as indicated	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Reported</b>						
Sales	1,368	1,537	3,632	3,476	7,774	7,930
Operating profit	267	760	1,036	1,240	1,967	1,762
Share of profit/loss of associates and joint ventures	-42	-57	-20	-113	-185	-93
Net profit	374	643	916	931	2,084	2,068
Net profit (after non-controlling interests)	376	645	916	922	2,080	2,074
Earnings per share, EUR	0.42	0.73	1.02	1.04	2.34	2.32
Net cash from operating activities	657	449	1,132	901	1,717	1,948

EUR million or as indicated	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Comparable</b>						
EBITDA	344	362	1,125	797	2,025	2,353
Operating profit	262	262	960	588	1,611	1,982
Share of profit/loss of associates and joint ventures	-42	9	-32	18	-40	-91
Net profit (after non-controlling interests)	147	199	629	427	1,076	1,279
Earnings per share, EUR	0.16	0.22	0.70	0.48	1.21	1.43

EUR million or as indicated	31 Dec 2022	LTM
<b>Financial position</b>		
Financial net debt (at period-end)	1,084	745
Financial net debt, at period-end, excl. Russia	1,127	N/A
Financial net debt/comparable EBITDA, excl. Russia	0.6	0.3

## Key figures, total of continuing and discontinued operations

Fortum's condensed consolidated income statement and consolidated cash flow statement include the Russia segment as discontinued operations in the first quarter of 2023 and in 2022, and the Uniper segment as discontinued operations in 2022. Comparative information for the first quarter of 2023 and all quarters of 2022 has been restated following the classification of the Russia segment as discontinued operations in the second quarter of 2023. See further details in Note 1.

EUR million or as indicated	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Reported</b>						
Net profit (after non-controlling interests)	-3,232	-5,686	-2,667	-7,908	-2,416	2,825
Earnings per share, EUR	-3.60	-6.40	-2.97	-8.90	-2.72	3.16
Net cash from operating activities	658	275	1,241	-1,254	-8,767	-6,271
<b>Comparable</b>						
Net profit (after non-controlling interests)	147	885	665	786	-988	-1,109
Earnings per share, EUR	0.16	1.00	0.74	0.88	-1.11	-1.24

## Fortum's President and CEO Markus Rauramo:

“Energy prices have decreased significantly since the peaks of last summer and autumn, but the price decline in the second quarter of 2023 was not as sharp as earlier in the year. However, price volatility of gas and electricity will continue with increasing share of intermittent generation in the system and the occasionally re-emerging concerns over security of energy supply. The reduced gas supply from Norway supported prices early in the summer, but low demand and stable supply from other sources ensured strong gas storage injections and pressed gas prices lower. Continental and Nordic power prices declined on seasonality, subdued demand, lower fossil fuel costs and higher renewable power generation. In May, the Nordic spot prices were even more under pressure than the Continental power prices due to spring floods and increased supply. A sideways development in the power futures serves as a reminder of security of energy supply concerns.

After a seasonally very strong winter quarter with high prices, we continued our good performance in Nordic power generation in the second quarter of 2023. Supported especially by high power prices, the Generation segment was again able to improve its profits from the past year. However, unfortunately the Consumer Solutions segment had a rather poor quarter mainly due to the continued churn with customer outflow from certain hedged power contracts. In April–June, the Group's comparable operating profit was on par with the comparison period at EUR 262 million.

During the quarter, we saw yet again another point of escalation in Russia. In April, the Russian authorities unlawfully seized Fortum's assets in Russia, and we lost control of our Russian operations. Consequently, the Russia segment is deconsolidated and reported as discontinued operations. We have fully written down the Russian assets and recorded impairments of EUR 1.7 billion and deconsolidation-related negative cumulated foreign exchange translation differences of EUR 1.9 billion. As Russia's actions are a crude violation of the international investment protection treaties and deprive Fortum of its shareholder rights, we have sent notices of dispute to the Russian Federation and will seek compensation through arbitration, in particular for the value of our shares in PAO Fortum and our investments in Russia.

Our new strategy was launched in March and we have taken several determined steps to implement it. Our focus continues to be on ensuring the uninterrupted supply of power to our customers and the societies around us. In this context, we were pleased to see the start of commercial operations of TVO's third Olkiluoto nuclear power plant unit in Finland, as this strongly supports security of supply and our strategic priorities to deliver energy reliably. In June, we announced our investments of approximately EUR 225 million in waste heat projects within the Espoo Clean Heat programme, which supports decarbonisation and the building of sustainable waste heat solutions. This is part of a unique collaboration project with Microsoft to capture the excess heat from new data centres. Our aim is to produce coal-free district heat in Finland, already in 2025 and to be carbon-neutral before 2030. Further, our agreement to buy Telge Energi, one of the 10 largest electricity solutions providers in Sweden, is a good fit with our business and increases our retail customer base. We expect to be able to finalise the transaction during the third quarter. We continue to drive decarbonisation of industries and signed new cooperation agreements with both Korea Hydro & Nuclear Power (KHNP) and Westinghouse Electric Company as part of our feasibility study framework to explore prerequisites for the development and deployment of new nuclear in Finland and Sweden. And finally, we announced a joint FEED study with SSAB to explore the possibilities of producing hydrogen-reduced fossil-free sponge iron in Raahe, Finland. Any possible investment decisions on these nuclear and hydrogen projects will be made at a later stage.

According to our plan, we successfully returned to the fixed income market in May with the issuance of two bonds totalling EUR 1.15 billion. Overall, I am very satisfied with our financial position – it is very strong thanks to our good profit performance and cash flow. At the end of June, our leverage was at 0.3 times, and we had undrawn credit facilities and liquid funds of more than four billion euros each. This lays an excellent foundation for developing our operations going forward.

Today, as part of the continuous review of our business portfolio for value creation and new growth, we announced the initiation of a strategic review of our Circular Solutions business. This is a logical next step as we in connection with the launch of the new strategy said that this is not in the core of our business.

In the coming months, we look forward to continuing our strategy execution, focusing on reliable, clean energy production and industrial decarbonisation in the Nordics. The policy proposals of the new Finnish Government – appointed in June – very well support the clean energy transition. I am pleased that Finland aims to be a leader in clean energy e.g. by promoting the build-out of new nuclear, by strengthening the operating conditions for hydropower

and by streamlining the permitting of new solar and wind power as well as becoming a key player in the hydrogen economy.

In order to ensure competitiveness in the years to come, we highlight transformation and development in our new strategy. Our Fortum Renew programme includes two tasks: building an efficient and fit-for purpose operating model and developing our culture and leadership to support strategy execution. During the second quarter, the senior leadership appointments were made and the next level appointments are ongoing. We aim to have the entire new organisation fully operational during the fourth quarter of 2023.”

## Changes in the reporting structure

Fortum reorganised its operating structure at the end of March 2023. The target of the new organisation is successful implementation of the company’s new vision and strategy. The new organisation consists of the following business units: Corporate Customers and Markets, Nuclear Generation, Hydro Generation, Renewables and Decarbonisation, Consumer Solutions, and Circular Solutions.

Fortum revised its financial segment reporting to reflect the new business structure and strategy. As of the first quarter of 2023, Fortum reports its financial performance in the following reportable segments:

- The Generation segment includes the Corporate Customers and Markets, Nuclear Generation, Hydro Generation, and Renewables and Decarbonisation business units.
- The Consumer Solutions segment includes the Consumer Solutions business unit.
- The Other Operations segment includes the Circular Solutions business unit, innovation and venturing activities, enabling functions and corporate management.

On 17 April, Fortum published restated segment information for the year 2022 for the new reportable segments.

Following the Presidential decree (No. 302), dated 25 April 2023, the Russian authorities seized control of Fortum’s assets in Russia. Based on the control assessment, Fortum lost control of its Russian operations and the Russia segment is consequently deconsolidated and reported as discontinued operations in the second quarter of 2023. On 11 May, to reflect the deconsolidation of the Russian operations, Fortum published the restated comparative consolidated income statement, consolidated statement of other comprehensive income, consolidated cash flow statement and certain quarterly key ratios for the year 2022 and for the first quarter of 2023. The consolidated balance sheet was not restated.

Following the signing of the agreement in principle with the German Government to divest Uniper, Uniper was deconsolidated and reclassified as discontinued operations in the third quarter of 2022. The transaction was completed in December 2022.

The financial results discussed in this Half-year Financial Report relate to the continuing operations of Fortum Group.

## Fortum’s strategy

At the beginning of March 2023, the Fortum Board of Directors resolved on Fortum’s new strategy. Fortum’s strategic priorities are to deliver reliable clean energy and drive decarbonisation in industries in the Nordics.

The strategy includes new financial and sustainability targets:

- Updated financial guidance to ensure a credit rating of at least BBB and optimal financial flexibility for future growth with long-term financial net debt-to-comparable EBITDA of 2.0–2.5 times.
- Disciplined growth in clean energy with capital expenditure of up to EUR 1.5 billion during 2023–2025. Investment hurdles of project WACC + 150–400 basis points will be applied and evaluated against the company’s climate and biodiversity targets.

- Renewed dividend policy with payout ratio of 60–90% of comparable EPS. Fortum’s 2023 Annual General Meeting approved a dividend of EUR 0.91 per share for the year 2022 corresponding to a pay-out of 75% based on comparable EPS for continuing operations of EUR 1.21.
- Tightened environmental and decarbonisation ambitions with updated targets to reach carbon neutrality already by 2030, exit coal by the end of 2027, target for specific emissions and commitment to SBTi (1.5°C) and biodiversity targets.

To enable the strategy execution and manage the current market uncertainty, Fortum will apply phasing of the key priorities. To ensure solid performance, the initial focus will be on optimising the best-in-class operations, with a focus on earnings and cash flow as well as the return to the fixed income markets for the refinancing of the Group's debt portfolio. This requires a selective and disciplined approach and a balance between capital expenditure, balance sheet and dividends. Simultaneously, Fortum will build capabilities for future growth by exploring opportunities and developing project pipelines together with industrial customers.

## Financial results

### Sales by segment

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Generation	805	839	2,234	1,825	4,465	4,874
Consumer Solutions	750	856	2,134	2,024	4,578	4,689
Other Operations	127	136	262	273	589	578
Netting of Nord Pool transactions	-211	-379	-659	-827	-2,312	-2,144
<i>Eliminations</i>	-103	84	-339	181	454	-67
<b>Total continuing operations</b>	<b>1,368</b>	<b>1,537</b>	<b>3,632</b>	<b>3,476</b>	<b>7,774</b>	<b>7,930</b>

### Comparable EBITDA by segment

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Generation	348	343	1,115	717	1,876	2,274
Consumer Solutions	27	40	51	94	173	130
Other Operations	-31	-21	-41	-14	-23	-50
<b>Total continuing operations</b>	<b>344</b>	<b>362</b>	<b>1,125</b>	<b>797</b>	<b>2,025</b>	<b>2,353</b>

### Comparable operating profit by segment

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Generation	304	282	1,027	589	1,629	2,066
Consumer Solutions	10	21	16	56	97	58
Other Operations	-52	-42	-83	-57	-116	-142
<b>Total continuing operations</b>	<b>262</b>	<b>262</b>	<b>960</b>	<b>588</b>	<b>1,611</b>	<b>1,982</b>

### Operating profit by segment

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Generation	367	585	1,416	897	2,128	2,648
Consumer Solutions	-48	221	-297	413	-149	-859
Other Operations	-52	-46	-83	-69	-13	-26
<b>Total continuing operations</b>	<b>267</b>	<b>760</b>	<b>1,036</b>	<b>1,240</b>	<b>1,967</b>	<b>1,762</b>

## April–June 2023

Sales decreased to EUR 1,368 (1,537) million, mainly due to lower electricity prices.

Comparable operating profit was on the same level as in the comparison period and amounted to EUR 262 (262) million. Earnings increased in the Generation segment due to the higher achieved power price; the effect of which was offset by lower earnings in the Consumer Solutions segment and the Other Operations segment.

Operating profit for the period was impacted by EUR 5 (498) million of items affecting comparability. In the comparison period, items affecting comparability included tax-exempt capital gains of EUR 638 million from the divestment of Fortum Oslo Varme and EUR -141 million related to changes in fair values of non-hedge-accounted derivatives.

Comparable share of profits of associates and joint ventures was EUR -42 (9) million, impacted by lower profits of associates, mainly caused by inflation adjustments in Swedish nuclear waste-related provisions in co-owned nuclear companies (Note 7).

Comparable earnings per share were EUR 0.16 (0.22).

## January–June 2023

Sales increased to EUR 3,632 (3,476) million, mainly due to higher electricity prices.

Comparable operating profit was EUR 960 (588) million. The result improvement was clearly driven by the higher achieved power price in the Generation segment, however, with a negative effect from lower earnings in the Consumer Solution segment.

Operating profit for the period was impacted by EUR 76 (652) million of items affecting comparability, mainly related to changes in fair values of non-hedge-accounted derivatives. In the comparison period 2022, items affecting comparability also included tax-exempt capital gains of EUR 638 million for the divestment of Fortum Oslo Varme (Note 4).

Comparable share of profits of associates and joint ventures was EUR -32 (18) million (Note 7). The share of profits of associates and joint ventures amounted to EUR -20 (-113) million, including effects from nuclear waste-related provisions and nuclear waste funds in co-owned nuclear companies of EUR -26 (-123) million.

Finance costs – net amounted to EUR -145 (-96) million. Finance costs – net includes interest expenses on borrowings of EUR 163 (64) million and interest income on loan receivables and deposits of EUR 60 million (11). In January–June 2023, the interest expenses, fees and other financial expenses relating to the bridge financing loan provided by the Finnish state-owned holding company Solidium was EUR 56 (49 in 2022) million. Comparable finance costs – net amounted to EUR -115 (-52) million (Note 8).

Income taxes for the period totalled EUR 45 million (-102) million. In January–June 2023, income taxes included EUR 242 million relating to a one-time positive tax impact mainly recognised in Ireland and in the Netherlands, due to the impairment of the Russian assets. The comparable effective income tax rate, including the temporary windfall tax in Finland, according to the income statement, was 22.0% (21.1%) (Note 9).

Net profit was EUR 916 (931) million and comparable net profit was EUR 629 (427) million. Comparable net profit is adjusted for items affecting comparability, adjustments to the share of profit of associates and joint ventures, finance costs – net, income tax expenses and non-controlling interests (Note 4.2).

Earnings per share for continuing operations were EUR 1.02 (1.04). Comparable earnings per share for continuing operations were EUR 0.70 (0.48) (Note 4).

For further details, see 'Segment reviews'.



## Financial position and cash flow

### Cash flow

In January–June, net cash from operating activities increased by EUR 231 million to EUR 1,132 (901) million, mainly due to the improved comparable EBITDA and positive change in working capital, the positive effect of which was partly offset by higher paid income taxes.

Net cash from investing activities, EUR 1,304 (-2,518) million, was positively impacted by the clear decrease in margin receivables of EUR 1,539 (increase 1,833) million. Capital expenditure amounted to EUR 300 (177) million. Divestment of shares and capital returns in the comparison period of 2022, EUR 1,004 million, mainly include the divestment of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway. The comparison period also includes EUR 1,500 million payment of Fortum's shareholder loan to Uniper. In December 2022, when Fortum sold its ownership in Uniper and the transaction was closed, Uniper repaid the entire shareholder loan of EUR 4,000 million to Fortum. The consideration of EUR 498 million received from the sale of the Uniper shares is presented in the cash flow from discontinued operations in 2022.

Net cash used in financing activities was EUR -1,947 (-1,785) million. The net repayments in interest-bearing liabilities were EUR 1,441 (1,138) million, while the change in margin liabilities was EUR -107 (553) million. The first dividend payment of EUR 413 million was paid on 24 April 2023 (1,013). The second instalment will be paid in the fourth quarter.

Liquid funds increased by EUR 489 (decrease 3,402) million.

Cash flow from discontinued operations in 2023 include Russia-related cash flows from the first quarter of 2023 netted with liquid funds of EUR 284 million lost through the seizure of the Russian assets.

Liquid funds at the beginning of the period, EUR 3,919 million, included liquid funds of EUR 247 million held by the Russia segment.

For further information, see the 'Financing' section below.

### Assets

At the end of the second quarter of 2023, total assets amounted to EUR 18,930 (23,642 at the end of 2022) million. The change from December 2022 was mainly related to the deconsolidation of the Russian assets during the second quarter of 2023 as well as lower fair values of derivative financial instruments and reduced margin receivables. At the end of the second quarter, net margin receivables amounted to EUR 826 (2,255 at the end of 2022) million.

### Equity

Total equity amounted to EUR 7,740 (7,737 at the end of 2022) million. Equity attributable to owners of the parent company totalled EUR 7,682 (7,670 at the end of 2022) million. The equity was negatively impacted by the net loss for the period of EUR 2,667 million and the dividend of EUR 817 million approved by the Annual General Meeting in April 2023. The net loss for the period includes the full write-down of the Russian assets of EUR 1.7 billion, and EUR 1.9 billion negative cumulative translation differences previously recognised in equity. These cumulative translation differences were recycled from equity to the income statement, due to the deconsolidation according to IFRS, and did not impact total equity. The equity was positively impacted by the fair valuation of cash flow hedges of EUR 1,663 million.

A dividend for 2022 of EUR 0.91 per share, amounting to a total of EUR 817 million, was approved by the Annual General Meeting on 13 April 2023. The first dividend instalment of EUR 0.46 per share was paid on 24 April 2023, totalling EUR 413 million. The second dividend instalment of EUR 0.45, amounting to a total of EUR 404 million, is recorded as a liability and included in 'Trade and other payables' on the balance sheet at 30 June 2023 and will be paid on 10 October 2023.

## Financing

During the first half of 2023, commodity prices have trended down and the extreme volatility has reduced. Due to declining prices and the consequent release of cash collaterals in combination with the financing measures taken during 2023, the Group's financial position is very solid. At the end of June, the ratio for financial net debt to comparable EBITDA for continuing operations was very low, at 0.3 times for the last twelve months.

At the end of the second quarter of 2023, financial net debt was EUR 745 (1,084 at the end of 2022) million. Fortum's total interest-bearing liabilities were EUR 6,077 (7,785 at the end of 2022) million and liquid funds amounted to EUR 4,156 (3,919 at the end of 2022) million. The first dividend instalment, EUR 413 million, was paid on 24 April 2023.

During the first quarter, Fortum repaid the drawn amount EUR 600 million of its Liquidity revolving credit facility and a EUR 1,000 million maturing bond. In March, Fortum repaid the drawn amount of EUR 350 million and cancelled the entire EUR 2,350 million Finnish State bridge loan facility.

In May, Fortum successfully returned to the fixed income markets by issuing a dual-tranche bond with a five-year tranche of EUR 500 million carrying a fixed coupon of 4% and a ten-year tranche of EUR 650 million carrying a fixed coupon of 4.5%. Consequently, Fortum repaid the final drawn amount of EUR 500 million of its Liquidity revolving credit facility in May and the SEK 1,000 million bond in June.

In June, Fortum cancelled EUR 2,100 million of the total EUR 3,100 million Liquidity revolving credit facility and the six-month extension option was used for the remaining facility of EUR 1,000 million with new maturity in December 2023. Fortum still has an extension option for another six months. Fortum renewed its maturing drawn bullet loan of EUR 500 million to a new maturity date in February 2025. At the end of June, the remaining parent company guarantee facility of approximately EUR 1 billion granted to Uniper was released.

Current loans, including EUR 16 million of the current portion of long-term loans, amounted to EUR 851 million. Short-term loans, EUR 835 million, include EUR 514 million of collateral arrangements and use of commercial paper programmes of EUR 319 million (Note 13).

The nuclear waste fund loans amounted to EUR 951 million (Note 13).

At the end of the second quarter, Fortum had undrawn committed credit facilities of EUR 4,200 million, including the Liquidity revolving credit facility of EUR 1,000 million (maturity in December 2023 with a six-month extension option by Fortum), the Core revolving credit facility of EUR 2,400 million (maturity in June 2025 with a maximum two-year extension option by the lenders) and the bilateral EUR 800 million revolving credit facility (maturity in June 2025 with a one-year extension option by the lender). In addition, Fortum has EUR 100 million committed overdraft limits that are valid until further notice.

On 9 March, S&P Global Ratings affirmed Fortum's current BBB long-term credit rating and revised the outlook from negative to stable.

On 21 March, Fitch Ratings affirmed Fortum's long-term credit rating at BBB and revised the outlook from negative to stable.

## Segment reviews

### Generation

Generation is responsible for power generation mainly in the Nordics. The segment comprises CO<sub>2</sub>-free hydro, nuclear, wind and solar power generation, as well as district heating and cooling, and decarbonisation of heat production assets. The Generation segment is responsible for hedging and value creation in both physical and financial power markets and is a customer interface for industrial and municipal customers to drive decarbonisation of industries and provide clean energy at scale. Furthermore, the business develops capabilities and projects in renewables, nuclear and clean hydrogen.

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Reported</b>						
Sales	805	839	2,234	1,825	4,465	4,874
- power sales	703	720	1,947	1,441	3,802	4,308
of which Nordic outright power sales*	578	520	1,523	1,017	2,461	2,967
- heat sales	88	89	260	324	499	435
- other sales	14	31	27	59	163	131
Operating profit	367	585	1,416	897	2,128	2,648
Share of profit/loss of associates and joint ventures**	-42	-57	-19	-111	-178	-86
Capital expenditure and gross investments in shares	135	59	226	109	316	433
Number of employees			1,784		1,660	

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Comparable</b>						
EBITDA	348	343	1,115	717	1,876	2,274
Operating profit	304	282	1,027	589	1,629	2,066
Share of profit/loss of associates and joint ventures**	-41	10	-31	19	-34	-84
Return on net assets, %					23.2	29.4
Net assets (at period-end)			6,876	6,671	6,597	

\* Nordic outright power sales includes hydro and nuclear generation. It does not include CHP and condensing power generation, minorities, customer business, or other purchases.

\*\* Power plants are often built jointly with other power producers, and owners purchase power at cost. The share of profit/loss is mainly IFRS adjustments (e.g. accounting for nuclear-related assets and liabilities) and depreciations on fair value adjustments from historical acquisitions (Note 18 in the Consolidated Financial Statements 2022).

### Power generation by source

TWh	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Hydropower, Nordic	4.6	4.7	9.6	10.1	19.1	18.6
Nuclear power, Nordic	5.8	5.6	12.3	11.8	23.4	23.9
CHP and condensing power*	0.1	0.2	0.6	0.6	1.5	1.5
<b>Total</b>	<b>10.5</b>	<b>10.5</b>	<b>22.4</b>	<b>22.6</b>	<b>44.1</b>	<b>44.0</b>

\* CHP and condensing power generation in Finland, Poland and Norway. Norwegian district heating company Fortum Oslo Varme is included in the comparison figures for 2022. The 50% ownership in Fortum Oslo Varme was divested in the second quarter of 2022.

## Sales volumes

TWh	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Power sales volume, Nordic	12.8	12.1	26.8	26.1	51.7	52.4
of which Nordic outright power sales volume*	10.1	9.9	21.1	21.2	41.1	41.0
Power sales volume, Other	0.1	0.7	0.3	1.5	3.1	1.9
Heat sales volume, Nordic	0.4	0.6	1.2	2.1	3.1	2.2
Heat sales volume, Other	0.5	0.5	2.0	2.0	3.5	3.5

\* The Nordic outright power sales volume includes hydro and nuclear generation. It does not include CHP and condensing power generation, minorities, customer business, or other purchases.

## Achieved power price

EUR/MWh	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Generation's Nordic achieved power price*	57.5	52.3	72.0	47.9	59.9	72.4

\* Generation's Nordic achieved power price includes hydro and nuclear generation. It does not include CHP and condensing power generation, minorities, customer business, or other purchases.

## April–June 2023

The Generation segment's total power generation remained on the same level as in the second quarter of 2022. The nuclear volumes increased somewhat as a consequence of electricity generation from TVO's third Olkiluoto power plant unit (OL3), the effect of which was partly offset by longer planned outages at OKG's third Oskarshamn nuclear power plant unit. Hydro volumes decreased slightly compared to the second quarter of 2022.

The achieved power price increased by EUR 5.2 per MWh, up by 10%, and was EUR 57.5 per MWh. The reason for the increase in the achieved power price was the higher hedge price. Physical optimisation result decreased due to lower volatility and to the seasonal spring floods. While the spot power price decreased by 55% in the Generation segment's power generation areas, the negative result effect from the lower spot price on the achieved power price was more than off-set by the fairly high hedge levels and a higher hedge price compared to the spot price. The spot price more than halved and declined to 44.5 EUR/MWh compared to 97.9 EUR/MWh in the second quarter in 2022. The SE2-area (Sundsvall) price difference had no impact on the achieved power price.

Comparable operating profit increased by 8% and was impacted mainly by the higher achieved power price and lower depreciations due to the lifetime extension of the Loviisa nuclear power plant (Note 3). The result of the district heating business was positively impacted by higher heat and electricity prices; the effect of which was offset by the impact of structural changes in the second quarter of 2022 due to the divestment of 50% of the Norwegian district heating company Fortum Oslo Varme and a tax-exempt sales gain of EUR 5 million from the divestment of the 250-MW Rajasthan solar plant in India (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR -41 (10) million, impacted by lower profits of associates mainly caused by inflation adjustments in Swedish nuclear waste-related provisions in co-owned nuclear companies (Notes 3 and 7).

## January–June 2023

The Generation segment's total power generation decreased slightly compared to January–June 2022. Nuclear generation increased due to electricity generation from TVO's third Olkiluoto power plant unit OL3, the effect of which was partly offset by longer planned outages at OKG's third Oskarshamn nuclear power plant unit. Hydro generation decreased mainly due to lower hydro reservoir levels in the first quarter of 2023 compared to the previous year. The segment's overall operational performance and load factor for nuclear generation remained at a good level. CO<sub>2</sub>-free generation accounted for 98% of total power generation.

The achieved power price increased by EUR 24.1 per MWh, up by 50%, and was EUR 72.0 per MWh. The main reason for the increase in the achieved power price was the higher hedge price. Physical optimisation result remained on a high level but was somewhat lower than in the comparison period in 2022 and in the previous quarters. While the spot power price decreased by 35% in the Generation segment's power generation areas, the negative result effect from the lower spot price on the achieved power price was more than offset by the fairly high hedge levels and a higher hedge price compared to the spot price. Hedging clearly dampened the negative impact of the SE2-area price difference compared to the corresponding period in 2022.

The 74% improvement in the comparable operating profit was derived from the higher achieved power price and lower depreciations due to the lifetime extension of the Loviisa nuclear power plant in the power generation business, the effect of which was partly offset by lower nuclear volumes due to longer planned outages (Note 3). The result of the district heating business was positively impacted by higher electricity and heat prices, the effect of which was offset by higher fuel and CO<sub>2</sub> emission allowance prices. The comparison period in 2022 also includes approximately EUR 36 million from the Norwegian district heating operations that were divested in the second quarter of 2022 (Note 3).

Operating profit was affected by EUR 390 (307) million of items affecting comparability, related to the fair value change of non-hedge-accounted derivatives. The comparison period also included the capital gain of EUR 638 million from the divestment of Fortum Oslo Varme (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR -31 (19) million (Notes 3 and 7).

On 16 February, the Finnish Government granted a new operating licence for both units at Fortum's Loviisa nuclear power plant until the end of 2050. Over the course of the new licence period, the plant is expected to generate up to 170 terawatt hours of CO<sub>2</sub>-free electricity. Investments related to the continuation of operations and lifetime extension will amount to an estimated EUR 1 billion until 2050. Over the past five years, Fortum has already invested approximately EUR 300 million in refurbishing the Loviisa power plant. The Loviisa power plant is the first nuclear power plant in Finland.

On 30 March, Fortum received the licence from the Finnish Government to operate the final disposal facility for low- and intermediate-level radioactive waste until the end of 2090. The final disposal facility is located 110 metres underground in the Loviisa power plant area and has been in operation since 1998. The spent fuel generated at the Loviisa power plant will be deposited in Posiva's final disposal facility for spent nuclear fuel, jointly owned by Fortum and Teollisuuden Voima (TVO).

On 16 April, after a test generation phase, regular electricity generation of TVO's third Olkiluoto nuclear power plant unit (OL3) in Finland started and the commercial operation of the plant began on 1 May. The total capacity of OL3 is approximately 1,600 MW (Fortum's share is approximately 400 MW), and it will produce approximately 14% of Finland's total electricity consumption (Note 14). In 2023, Fortum's annual share of OL3 regular electricity generation is expected to be approximately 2 TWh.

In October 2022, Fortum started a two-year feasibility study to explore prerequisites for new nuclear in Finland and Sweden. Fortum will examine commercial, technological and societal, including political, legal and regulatory, conditions both for small modular reactors (SMRs) and conventional large reactors. Potential ventures in the nuclear industry will most likely involve partnership constellations, and the feasibility study will also explore the potential for service business offerings for new projects in Europe and hydrogen for industrial applications. The feasibility study is an example of Fortum's strategic priorities to drive decarbonisation in industries and an example of how the company works to find solutions for strategic customers to reduce their carbon footprint. In late 2022 and during 2023, Fortum has announced the exploration of potential cooperation and collaboration opportunities regarding nuclear with the Finnish energy company Helen, the French Electricité de France (EDF), the Swedish Kärnfull Next AB, the British Rolls-Royce SMR, Finland-based stainless steel company Outokumpu, the Korea Hydro & Nuclear Power Co. (KHNP) and the American Westinghouse Electric Company. Any potential investment decisions will be made at a later stage.

On 5 June, Fortum and the steel company SSAB announced the launch of a joint commercial feasibility study and technical Front End Engineering Design (FEED) study to explore the possibilities of producing hydrogen-reduced fossil-free sponge iron in Raahe, Finland. Fortum will study the technical and commercial feasibility of a hydrogen production plant with a maximum capacity of 700 MW. The study will also cover such questions as partnering and financial structures, as well as operations and safety. An environmental impact assessment process related to the production of hydrogen will also be launched during the study. The study is estimated to be completed in the first quarter of 2024 and its results will be used as a basis for possible investment decisions at a later stage.

On 15 June, Fortum announced the start of the design of a small-scale hydrogen pilot plant in Loviisa, Finland, piloted for industrial customer use.

On 20 June, Fortum announced it will start to develop an 80-MW industrial-scale solar power project in Virolahti. The project is Fortum's first solar power development project in Finland. In line with its strategy, Fortum is exploring possibilities for growth in solar power in the Nordic countries. The development phase in Finland typically takes about 1-2 years followed by an application for a building permit and a possible investment decision. On an industrial scale, the construction phase would take about a year.

On 21 June, Fortum announced it had decided to invest approximately EUR 225 million during 2023-2027 in projects within the Espoo Clean Heat programme to drive decarbonisation and build sustainable waste heat solutions in the Helsinki metropolitan area. Fortum's district heat in Finland will be produced coal-free already in 2025 and be carbon-neutral before 2030. A significant part of the programme's targets can be achieved by utilising waste heat from Microsoft's planned large-scale data centres that will be built in Espoo and Kirkkonummi. (See further information in the 'Capital expenditures' section.)

## Consumer Solutions

Consumer Solutions is responsible for offering energy solutions to consumers including small- and medium-sized enterprises predominantly in the Nordics and Poland. Fortum is the largest energy solutions provider across different brands in the Nordics, with over two million customers. The business provides electricity, as well as related value-added and digital services, mainly to retail customers.

EUR million	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
<b>Reported</b>						
Sales	750	856	2,134	2,024	4,578	4,689
- power sales	637	747	1,835	1,724	4,026	4,137
- gas sales	88	73	241	209	392	423
- other sales	25	37	59	91	161	129
Operating profit	-48	221	-297	413	-149	-859
Capital expenditure and gross investments in shares	20	17	40	32	71	78
Number of employees			1,216		1,179	

EUR million	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
<b>Comparable</b>						
EBITDA	27	40	51	94	173	130
Operating profit	10	21	16	56	97	58
Return on net assets, %					9.1	6.1
Net assets (at period-end)			604	809	1,365	

## Sales volumes

TWh	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Electricity	6.8	6.5	16.6	15.9	29.6	30.3
Gas*	1.1	1.0	2.7	2.7	4.8	4.7

\* Not including wholesale volumes.

## Number of customers

Thousands*	30 Jun 2023	31 Dec 2022
Electricity	2,170	2,130
E-mobility**	60	70
Gas	40	40
<b>Total</b>	<b>2,270</b>	<b>2,240</b>

\* Rounded to the nearest 10,000.

\*\* Measured as average monthly paying customers for the quarter.

## April–June 2023

The electricity sales volume increased by 5%, and the gas sales volume in Poland increased by 10%. In the second quarter, customers' active adaption of their consumption and lower electricity prices continued to shift consumer demand towards spot priced electricity contracts in the Nordics. Total sales revenue decreased by 12%, due to lower electricity and gas prices in the Nordics and Poland.

Comparable operating profit halved and was EUR 10 million, mainly due to lower electricity sales margins, the impact of which was somewhat offset by higher gas sales margins. As in the first quarter of 2023, the decrease in electricity sales margins was mainly a result of losses due to customer outflow in certain hedged customer contracts in volatile and high-price market conditions. The comparable operating profit was also negatively impacted by the regulated price cap set for end-users in 2023 by the Polish Government.

## January–June 2023

The electricity sales volume increased by 4%, while the gas sales volume in Poland remained stable during the first half of the year. High electricity and gas prices, especially during the first quarter, continued to lower demand as consumers actively reduced overall electricity consumption and actively targeted consumption to off-peak hours. Total sales revenue increased by 5%, driven by higher electricity and gas prices in the Nordics and Poland.

Comparable operating profit decreased by EUR 40 million and was EUR 16 million, mainly due to lower sales margins, increased costs and lower sales of value-added services, the negative effect of which was partly offset by the higher gas sales margins. The decrease in electricity sales margins was mainly the result of losses due to customer outflow in certain hedged customer contracts in very volatile and high-price market conditions. The comparable operating profit was also negatively impacted by the regulated price cap set for end-users in 2023 by the Polish Government.

Despite the negative result impact, the number of customers increased by approximately 30,000 in January-June compared to the end of 2022. Overall customer satisfaction and recommendation rates continued to improve. In the third quarter of 2022, the number of customers was at its lowest level.

To help support its customers in managing the exceptional market situation of unprecedentedly high and volatile power prices, Fortum continued to expand its product portfolio to meet its customers' needs. Fortum continues to offer advice on electricity conservation and encourages smart consumption, such as shifting consumption away from peak-hours to support the energy system. Fortum also offers support to customers on how to more actively manage invoices and provides flexible payment plans.

On 7 June, Fortum announced that the company had agreed to acquire the entire shareholding in the Swedish electricity solutions provider Telge Energi AB on a cash and debt-free basis for approximately SEK 450 million (EUR 39 million) from Telge AB. On 19 June, the municipal government and the local government council of the Södertälje municipality approved the transaction. It is still subject to clearance by the European Commission. The closing of the transaction is expected during the third quarter of 2023.

## Other Operations

*The Other Operations segment includes the Circular Solutions business, which is responsible for operating, maintaining and developing Fortum's recycling and waste assets, as well as turbine and generator services and biobased solutions. The Other Operations segment also comprises innovation and venturing activities, enabling functions and corporate management.*

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Reported</b>						
Sales	127	136	262	273	589	578
- power sales	2	5	5	8	24	21
- heat sales	5	5	15	15	28	28
- waste treatment sales	50	46	103	97	219	225
- other sales	69	81	139	153	318	305
Operating profit	-52	-46	-83	-69	-13	-26
Share of profit/loss of associates and joint ventures	-1	0	-1	-1	-7	-7
Capital expenditure and gross investments in shares	28	36	51	51	111	111
Number of employees			2,321		2,149	

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Comparable</b>						
EBITDA	-31	-21	-41	-14	-23	-50
Operating profit	-52	-42	-83	-57	-116	-142
Share of profit/loss of associates and joint ventures	-1	0	-1	-1	-7	-7

### April–June 2023

Comparable operating profit decreased by EUR 10 million and amounted to EUR -52 million. The comparison period included one-time positive impacts from changes in pension fund arrangements in Sweden affecting the Group's enabling functions.

### January–June 2023

Comparable operating profit decreased by EUR 26 million and amounted to EUR -83 million, mainly due to structural changes in the Circular Solutions business. The comparison period also included one-time positive impacts from changes in pension fund arrangements in Sweden affecting the Group's enabling functions, as well as unexpected outages at the Danish incineration facility in Nyborg in the first quarter of 2023.

### Discontinued operations (Russia and Uniper)

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Sales	-	36,741	287	78,483	129,126	50,931
Comparable operating profit	-	313	86	-452	-4,487	-3,949
Operating profit	-3,608	-9,900	-3,521	-12,797	-17,091	-7,816
Net profit from discontinued operations	-3,608	-7,999	-3,582	-11,120	-12,374	-4,836
Net profit from discontinued operations, attributable to the owners of the parent	-3,608	-6,331	-3,583	-8,830	-4,496	751
Net cash from/used in operating activities	-	-174	109	-2,155	-10,484	-8,220

On 25 April, Fortum's subsidiary PAO Fortum (Fortum JSC) was put under asset management based on a Russian Presidential decree which introduced a "temporary" asset management to assets owned by certain foreign entities in Russia. On 26 April, PAO Fortum announced that this caused to replace the company's CEO, and the Russian State Property Management, Rosimushchestvo, seized control of Fortum's assets in Russia and deprived Fortum of its shareholder rights. Fortum no longer has control of its Russian operations and the Russia segment was deconsolidated in the second quarter of 2023. Further, Fortum recorded impairments of EUR 1.7 billion (full book value) and deconsolidation-related negative cumulated foreign exchange translation differences of EUR 1.9 billion.

The impairments of EUR 1.7 billion negatively impacted the Group equity. However, the negative cumulative translation differences of EUR 1.9 billion were only reclassified within equity and recycled through the income statement as required by IFRS, having no impact on equity.

In order to protect its legal position and shareholder interests, Fortum will seek compensation through arbitration, in particular for the value of its shares in PAO Fortum and its investments in Russia, and has sent notices of dispute due to the Russian Federation's violations of its investment treaty obligations under the Bilateral Investment Treaties that the Russian Federation has concluded with the Netherlands and Sweden. These notices of dispute are the first step required in arbitration proceedings, which are expected to be initiated in early 2024.

The Uniper segment is included in the comparison figures for 2022, as it was deconsolidated and reclassified as discontinued operations in September 2022 following the signing of the agreement in principle with the German Government to divest Uniper. The transaction was completed in December 2022.

For further information, see Notes 1, 2, 6 and 11.



## Capital expenditures, divestments and investments in shares

In the second quarter of 2023, capital expenditures and investments in shares totalled EUR 183 (109) million. Capital expenditures were EUR 178 (99) million (Notes 3 and 6).

In January–June 2023, capital expenditures and investments in shares totalled EUR 317 (190) million. Capital expenditures were EUR 300 (175) million (Notes 3 and 6).

Fortum expects to start, or has started, power and heat production capacity of new power plants and expects to upgrade its existing plants as follows:

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts/started	Latest announced
<b>Generation</b>					
Pjelax-Böle and Kristinestad Norr, Finland	Wind	380		II/2024	22 Dec 2021
Loviisa, Finland	Nuclear	Lifetime extension			16 Feb 2023
Espoo and Kirkkonummi, Finland	Waste heat utilisation		360	IV/2025	21 Jun 2023

### Generation

On 3 March 2021, Fortum announced a substantial investment in dam safety in Sweden for an extensive rebuild of the over 100-year-old Forshuvud hydropower plant. Fortum is investing more than SEK 450 million (approximately EUR 38 million) during 2021–2025. This investment guarantees safe operation of the power plant as a supplier of renewable electricity and balancing power for more weather-dependent types of power.

On 22 December 2021, Fortum announced an investment decision to construct the 380-MW Pjelax-Böle and Kristinestad Norr wind parks in Närpes and Kristinestad in Finland in partnership with the Finnish energy company Helen Ltd. Construction started in January 2022, and the wind parks are expected to be fully operational in the second quarter of 2024 at the latest. The construction project is progressing according to plan. Fortum has a 60% majority and Helen a 40% minority ownership in the project, and Fortum will consolidate the investment on its balance sheet. The total capital expenditure of the project is approximately EUR 360 million, of which Fortum's share is approximately EUR 216 million.

On 16 February, the Finnish Government granted a new operating licence for both units at Fortum's Loviisa nuclear power plant until the end of 2050. Over the course of the new licence period, the plant is expected to generate up to 170 terawatt hours of CO<sub>2</sub>-free electricity. Investments related to the continuation of operations and lifetime extension will amount to an estimated EUR 1 billion until 2050. Over the past five years, Fortum has already invested approximately EUR 300 million in refurbishing the Loviisa power plant. The Loviisa power plant is the first nuclear power plant in Finland. The power plant has two units: unit 1 started operating in February 1977, and unit 2 in November 1980.

On 21 June, Fortum announced it had decided to invest approximately EUR 225 million during 2023-2027 in projects within the Espoo Clean Heat programme to drive decarbonisation and build sustainable waste heat solutions in the Helsinki metropolitan area. Fortum's district heat in Finland will be produced coal-free already in 2025 and carbon-neutrally before 2030. A significant part of the programme's targets can be achieved by utilising waste heat from Microsoft's planned large-scale data centres that will be built in Espoo and Kirkkonummi. The waste heat cooperation between Fortum and Microsoft was announced in March 2022. The investment includes building heat pump plants on the Espoo and Kirkkonummi sites for waste heat recovery and approximately 15 km of new or upgraded district heating main pipeline. Of the project's total investment of EUR 225 million, approximately EUR 170 million is allocated to the years 2023-2025. Of the EUR 170 million, EUR 90 million is classified as growth capital expenditure and already included in the Group's committed growth capital expenditure of EUR 800 million for the years 2023-2025.

Construction of Fortum’s sustainable heat solutions on the two sites will begin in the fourth quarter of 2023 and the heat production with air-to-water heat pumps and electrical boilers is expected to start by the end of 2025. The district heat production capacity is expected to be approximately 180 MW per site, producing a total of approximately 1.4 TWh annually by utilising Microsoft Kirkkonummi and Espoo data centres’ waste heat, air-to-water heat pumps and electrical boilers.

## Consumer Solutions

On 7 June, Fortum announced that the company had agreed to acquire the entire shareholding in the Swedish electricity solutions provider Telge Energi AB on a cash and debt-free basis for approximately SEK 450 million (EUR 39 million) from Telge AB. The acquisition supports Fortum’s strategic priorities and further strengthens its leading position in providing clean electricity solutions to consumer and enterprise customers in the Nordics. Telge Energi is among the 10 largest clean electricity retailers in Sweden with a portfolio of approximately 150,000 customer contracts. In 2022, Telge Energi delivered 1.8 TWh of electricity, the total of which was clean energy, with an EBITDA of SEK 23 million (approximately EUR 2 million). Telge AB is owned by the Södertälje municipality, and on 19 June, the municipal government and the local government council of the Södertälje municipality approved the transaction. It is still subject to clearance by the European Commission. The closing of the transaction is expected during the third quarter of 2023.

## Other Operations

In July 2022, Fortum and GIG (Green Investment Group, a specialist green investor within Macquarie Asset Management) agreed to invest in a new waste-to-energy plant in Glasgow, Scotland, through a 50/50 joint venture. When fully commissioned, the South Clyde Waste-to-Energy plant will have an annual processing capacity of 350,000 tonnes of waste. The plant will have a power generation gross capacity of 45 MWe, corresponding to the average annual electricity consumption of approximately 90,000 homes.

In December 2022, Fortum announced that the construction work and the gradual deployment tests of the company’s new battery material recycling facility in Finland were completed according to plan. In June 2021, Fortum made an investment decision to expand its lithium-ion battery recycling capacity by building a hydrometallurgical plant in Harjavalta. The investment of approximately EUR 30 million increased Fortum’s hydrometallurgical recycling capacity and enabled the production of battery chemicals. On 27 April 2023, Fortum announced that the hydrometallurgical battery recycling facility had started commercial operations.

# Operating and regulatory environment

## European power markets

After the mild winter, the continuing high LNG imports and reduced energy demand have driven European energy prices lower in the second quarter of 2023. Although the Nordic weather was rather supportive with below-normal precipitation and wind output, the Nordic spot prices declined significantly during the second quarter, due to seasonality along with the Continental European power prices and increased supply. During the second quarter, there were several days with negative prices, due to strong renewables output combined with low demand. The second-quarter price development of Nordic power futures, however, was rather flat.

According to preliminary statistics, power consumption in the Nordic countries was 85 (89) TWh during the second quarter. Power demand was clearly below the five-year average, due to continuous price-induced demand reduction across various demand segments.

In Central Western Europe (Germany, France, Austria, Switzerland, Belgium and the Netherlands), power consumption in the second quarter was 293 (307) TWh, according to preliminary statistics. Power demand in Continental Europe was below the five-year average, also affected by energy conservation measures.

At the beginning of the second quarter, the Nordic hydro reservoirs were at 38 TWh, which is 3 TWh below the long-term average and 3 TWh higher than in the previous year. Both hydro inflow and hydro generation were close to normal levels. At the end of the quarter, reservoir levels were at 82 TWh, which is 2 TWh below the long-term average and equal to the level of the previous year.

In the second quarter, power prices continued to decline after retreating from last year's high levels. The average system spot price in Nord Pool was EUR 55.8 (121.1) per MWh. The average area price in Finland was EUR 43.3 (117.5) per MWh. In Sweden, in the SE3 area (Stockholm) the average area price was EUR 46.7 (99.9) per MWh and in the SE2 area (Sundsvall) the price was EUR 42.3 (51.9) per MWh. In Germany, the average spot price in the second quarter was EUR 92.3 (187.0) per MWh.

In early August, the Nordic system electricity forward price on Nasdaq Commodities for the remainder of 2023 was around EUR 53 per MWh and for 2024 around EUR 58 per MWh. The Nordic water reservoirs were at 90 TWh, which is about 3 TWh below the long-term average and 1 TWh higher than one year earlier. The German electricity forward price for the remainder of 2023 was around EUR 104 per MWh and for 2024 around EUR 138 per MWh.

## European commodity markets

In the second quarter, gas demand in Central Western Europe was 334 (369) TWh. The Central Western European gas storage levels increased from 346 TWh at the beginning of the quarter to 481 TWh at the end of the quarter, which is 127 TWh higher than one year ago and 111 TWh higher than the five-year average (2018–2022).

The average gas front-month price (TTF) in the second quarter was EUR 35 (101) per MWh. The 2024 forward price decreased from EUR 57 per MWh at the beginning of the quarter to EUR 53 per MWh at the end of the quarter, which is EUR 15 per MWh lower than one year earlier.

The EUA (EU Allowance) price decreased from EUR 92 per tonne at the beginning of the second quarter to EUR 89 per tonne at the end of the quarter, which is EUR 1 per tonne lower than one year earlier.

The forward quotation for coal (ICE Rotterdam) for 2024 decreased from USD 143 per tonne at the beginning of the quarter to USD 123 per tonne at the end of the quarter, which is USD 85 per tonne below the price one year earlier.

In early August, the TTF forward price for gas for the remainder of 2023 was EUR 37 per MWh. The forward quotation for EUAs for 2023 was at the level of EUR 87 per tonne. The forward price for coal (ICE Rotterdam) for the remainder of 2023 was USD 110 per tonne.

## Regulatory environment

### Status of EU's electricity market design proposal

The market design proposal aimed at counter-balancing the volatility of the short-term markets with more predictable and long-term de-risking contracts has been one of the latest core legislative texts issued by the current EU Commission. In mid-July, the relevant Committee in the European Parliament adopted a position that did not include the most controversial issue – the revenue cap on infra-marginal technologies. The power industry, including Fortum, has been concerned that this measure embedded in the legislative proposal would undermine the energy transition and hinder investments. In contrast, the Council's discussions have stalled over the extent to which direct price support schemes could apply to the existing contracts. Fortum wants to ensure that a large array of technology-neutral long-term instruments (Contract for Difference, PPAs, CRMs, etc) is made available to support investments needed to drive industrial decarbonisation in the Nordics whilst preserving well-functioning and liquid physical power and financial markets.

### EU hydrogen regulation shaping up

Important legislation for green hydrogen production, consumption and infrastructure development are close to being finalised on the EU level. In autumn 2023, the formal adoption of the revision of the EU's Renewable Energy Directive (RED III) is expected. The adoption of RED III, which sets the production criteria and targets for usage in industry and transport for renewable hydrogen, was delayed due to disputes between the Member States; and a final compromise was reached in June, making it possible to exclude existing ammonia plants from the calculation for the hydrogen target for industry in specific cases.

The Delegated Acts specifying the rules for renewable hydrogen production and the methodology for GHG emissions savings were officially adopted in June. The adoption signals an end to a lengthy and highly political process of setting up detailed rules for when producers can define their hydrogen as renewable. Nordic bidding zones fall under different

exemption rules based on the renewables share and carbon intensity in the electricity mix. The Nordics will therefore enjoy an exemption from the additionality rule, and in the case of Northern Sweden, also from the temporality rule.

To support investments in renewable hydrogen production within and outside the EU, the Commission established the Hydrogen Bank in March. The first auction pilot of EUR 800 million on renewable hydrogen production will be launched in autumn 2023.

EU's legislative framework for low-carbon hydrogen is currently under negotiations. The Hydrogen and Decarbonised Gas Market Package, originally proposed in December 2021, determines a definition of low-carbon hydrogen, i.e. when it is derived from non-renewable sources and produces at least 70% less GHG emissions compared to fossil gas. The Commission is set to issue a specific methodology for assessing the emissions savings; however, the timetable for the delegated act is still being negotiated.

### **Nature restoration regulation proceeding**

In June 2022, the EU Commission published a proposal for a Nature Restoration Regulation. It is a key element of the EU Biodiversity Strategy, which Fortum has supported. The proposal combines an overarching restoration objective for the long-term recovery of nature in the EU's land and sea areas with binding restoration targets for specific habitats and species. These measures should cover at least 20% of the EU's land and sea areas by 2030 and, ultimately, all ecosystems in need of restoration by 2050. There is also an objective to restore at least 25,000 km of rivers into free flowing in the EU.

The EU countries will be obliged to submit National Restoration Plans to the Commission, showing how they will deliver on the targets. They will also be required to monitor and report on their progress.

On 1 June, the Council of the EU adopted its general approach, and, on 23 July, the European Parliament adopted its negotiation position, after which the text will be finalised the trialogues between the EU institutions.

Fortum sees that even though progress has been made on certain topics during the negotiations in the Council and the Parliament, there is still a strong need to take existing renewable energy production better into account in the regulation.

### **New Finnish Government giving strong support for energy transition**

On 20 June, the new Finnish Government was appointed. The Government programme targets Finland to become a leader in clean energy. The programme aims to strengthen Finland's competitiveness and attractiveness as a target for green investments by doubling its production of clean electricity with a strong focus on industrial decarbonisation. A number of policy measures have been planned in order to improve the operating environment for nuclear, hydro, wind, solar and hydrogen. In particular, these aim to streamline the permitting of building clean energy, which is a key factor in improving Finland's competitiveness. The programme includes plans to develop a cost-effective capacity mechanism (e.g. auction) that will always support a sufficient amount of available electricity.

### **Swedish proposal for a national capacity market mechanism**

In December 2022, the Swedish Government assigned the national TSO Svenska Kraftnät to propose a design of capacity mechanisms. The purpose of the mechanism is to replace the power reserve and ensure resource adequacy after 16 March 2025, in accordance with Sweden's recently adopted reliability standard, and drive investments in new capacity to meet the Government's electrification targets of at least 300 TWh by 2045.

On 3 April, Svenska Kraftnät released a high-level report outlining the fundamentals of a national capacity market in order to secure investments in both existing and new capacity. The proposal includes a market-wide and centrally auctioned reliability option, which is a financial incentive to provide available capacity when demand is high.

The Swedish Government will now assess how to proceed with the report. According to a preliminary timeline, a first round of capacity auctions could take place in approximately four years and a first delivery could take place in about eight years.

The introduction of a capacity mechanism requires approval from the European Commission.

There are several details that need to be analysed further. However, the proposed framework is in line with the position that Fortum has advocated for and highlighted in the company's report 'A Nordic Power Market Fit for Net Zero'.

## Key drivers and risks

Fortum's financial results are exposed to a number of financial, operational, strategic and sustainability-related risks. Fortum is exposed to these risks both directly and indirectly through its subsidiaries, associated companies and joint ventures. The principal associated companies and joint ventures are Teollisuuden Voima Oyj, Forsmarks Kraftgrupp AB, OKG AB and Kemijoki Oy. For more information, please see Fortum's Financials 2022.

Russia's attack on Ukraine in February 2022 has severely impacted Fortum's current and future businesses. A number of geopolitical risks that negatively impact Fortum's businesses have realised, while other risks remain on an elevated level as a result of the war. Due to the Presidential decree (No. 302) of 25 April 2023, the Russian authorities seized control of Fortum's Russian assets in April. Following the lost control, Fortum deconsolidated the Russia segment and recorded an impairment of the remaining EUR 1.7 billion book value of the Russian assets and deconsolidation-related negative cumulative foreign exchange translation differences of EUR 1.9 billion in the second quarter of 2023. In July 2023, Fortum sent notices of dispute in order to protect its legal position and shareholder interests as a result of the Russian Federation's violations of its investment treaty obligations under the Bilateral Investment Treaties that the Russian Federation has concluded with the Netherlands and Sweden. These notices of dispute are the first step required in arbitration proceedings, which are expected to be initiated in early 2024. Fortum will be seeking compensation through arbitration, in particular for the value of its shares in PAO Fortum and its investments in Russia. A further escalation of the war and hostile actions by the Russian Federation against foreign companies could have severe implications, such as an increased risk of sabotage or direct attacks on, for example, energy infrastructure in Fortum's operating countries.

The sanctions are the result of the Russian Federation's war and hostile actions and the unpredictable nature of these sanctions adds further significant risk for Fortum. The EU, US and UK are implementing a broad range of sanctions towards Russia, targeting, for example, the financial and energy sectors, and various companies operating in Russia. Despite having lost control of its Russian business, the sanction risk remains for Fortum.

One of the key factors influencing business performance is the Nordic electricity wholesale price. In the Nordics, power prices exhibit significant short- and long-term variations on the back of several factors, including, but not limited to, weather conditions, outage patterns in production and transmission lines, CO<sub>2</sub> emission allowance prices, commodity prices and the supply-demand balance. The Russian invasion of Ukraine drove commodity prices to new record levels and further increased price volatility. Compared to year-end 2022, commodity prices have decreased and price volatility has somewhat reduced during the first half of 2023. The continued lack of supply of Russian pipeline gas and other fuels from Russia to Europe may continue to impact Nordic power prices and its volatility, especially in case of a cold winter or disturbances to other sources of power or gas supply. As a consequence, the EU and its member states have taken action with temporary market interventions.

The higher electricity prices combined with increased volatility has led to a higher commodity market risk. An economic downturn, lower commodity prices, warm weather or wet hydrology could lead to significantly lower Nordic power prices, which would negatively impact earnings from Fortum's outright power production. Fortum hedges its exposure to commodity market prices and reports on the hedging levels and hedged prices of its outright power on a quarterly basis. For more information, please see 'Outlook' in this Interim Report.

Fortum is exposed to liquidity and refinancing risks primarily through the need to finance its business operations, including margining and collaterals issued for commercial activities. Higher and more volatile commodity prices increase the net margining payments toward clearing houses and clearing banks, mainly settled in cash. Fortum mitigates this risk by entering into OTC derivatives contracts directly with bilateral counterparties without margining requirements. Consequently, credit exposure from hedges with OTC counterparties has increased. In general, due to Fortum's net short position in Nordic power hedges, the credit exposure tends to increase with the value of hedges if Nordic power prices decrease.

In March 2023, both S&P Global Ratings and Fitch rating agencies affirmed Fortum's BBB rating and revised the outlook to stable. A lowering of the credit ratings, in particular to below investment-grade level (BB+ or below), could trigger counterparties' rights to demand additional cash or non-cash collateral. Fortum targets to have a solid

investment-grade rating of at least BBB and continues to constantly monitor all ratings-related developments and to regularly exchange information with the rating agencies.

Fortum's business activities include energy generation, storage, distribution, and control of operations, as well as the construction, modernisation, maintenance and decommissioning of power plants or other energy-related industrial facilities. Any unwanted operational event (which could be caused by, e.g., technical failure, human or process error, natural disaster, sabotage, failure of key suppliers, or terrorist attack) can endanger personal safety or lead to environmental or physical damage, business interruptions, project delays and possible third-party liability. The associated costs can be high, especially in Fortum's largest units and projects.

Mitigating climate change, adapting to it and driving the transition to a lower-carbon economy is an integral part of Fortum's strategy. The revised strategy contains tightened sustainability and decarbonisation ambitions with updated targets to reach carbon neutrality already by 2030, coal exit by the end of 2027, target for specific emissions, and commitment to SBTi (1.5°C) and biodiversity targets. Fortum's climate-related risks are divided into two categories, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations: transition risks and physical risks. The transition to a low-carbon economy poses a number of strategic and operative risks related to changes in energy and climate policy and regulation, technology development and the business environment in which Fortum operates. Related to physical risks, Fortum identifies and assesses its assets' resilience towards different acute and chronic physical climate-related risks within different Intergovernmental Panel on Climate Change (IPCC) climate scenarios and creates adaptation plans for the most material risks. Fortum is a supporter of the TCFD, and physical climate-related risks are reported accordingly in Fortum's TCFD report in the Sustainability 2022 report.

For further information about Fortum's risks and risk management systems, see Fortum's Financials 2022.

## Outlook

In the near term, the ongoing disruption of the energy sector is impacted by geopolitical tensions, the general negative economic outlook with high inflation and interest rates, tightening regulations and volatile commodity markets. In addition, in the short-term, price elasticity to counter high electricity prices has an impact on power consumption.

In the long-term, electricity is expected to continue to gain a significantly higher share of total energy consumption. The electricity demand growth rate will largely be determined by classic drivers, such as macroeconomic and demographic development, but also increasingly by decarbonisation of energy-intensive industrial, transport and heating sectors through direct electrification and green hydrogen.

## Hedging

At the end of the second quarter of 2023, approximately 70% of the Generation segment's estimated Nordic outright power sales volume was hedged at EUR 49 per MWh for the remainder of 2023 and approximately 50% at EUR 46 per MWh for 2024 (at the end of the first quarter of 2023: 45% at EUR 43 per MWh).

The reported hedge ratios are based on the hedges and power generation forecasts of the Generation segment.

The reported hedge ratios may vary significantly, depending on Fortum's actions on the electricity derivatives markets. Hedges are mainly financial contracts, most of which are electricity derivatives quoted on Nasdaq Commodities and traded either on Nasdaq Commodities or with bilateral counterparties. As an additional liquidity risk mitigation measure, Fortum has mainly been hedging with bilateral agreements, and the exposure on the Nasdaq Commodities exchange has been clearly lower during the past year.

In the second quarter of 2023, Fortum increased its trading on the Nasdaq Commodities exchange; however, the majority of the trades remained in bilateral agreements due to limited demand from counterparties on Nasdaq Commodities.

## Capital expenditure

Fortum estimates its capital expenditure, including maintenance but excluding acquisitions, to be approximately EUR 700 million in 2023, of which the share of maintenance capital expenditure is estimated to be approximately EUR 300 million, below the level of depreciation.

## Generation

The Generation segment's achieved Nordic power price typically depends on factors such as hedge ratios, hedge prices, spot prices, availability and utilisation of Fortum's flexible generation portfolio, as well as currency fluctuations. Excluding the potential effects from changes in the power generation mix (currently approximately 45 TWh), a EUR 1 per MWh change in the Generation segment's achieved Nordic power price will result in an approximately EUR 45 million change in the segment's annual comparable operating profit. The achieved power price also includes the results of optimisation of Fortum's hydro and nuclear generation, as well as operations in the physical and financial commodity markets.

## Income taxation

In 2023, considering the effect of the deconsolidation and related impairments of the Russian assets and the temporary windfall tax law in Finland, the comparable effective income tax rate for Fortum is estimated to be in the range of 20–23%, and excluding the windfall tax in Finland, in the range of 19–21%. In 2024, the comparable effective income tax rate for Fortum is estimated to be in the range of 19–21%. Fortum's comparable effective tax rate is impacted by the weight of the profit in different jurisdictions and differences in standard nominal tax rates in these jurisdictions. The tax rate guidance excludes items affecting comparability.

## Sustainability

In this interim report, sustainability key performance indicators are presented for continuing operations. Comparative information for I/2023 and I-IV/2022 has been restated following the classification of the Russia segment as discontinued operations in II/2023.

Fortum highlights the importance of decarbonisation and climate change mitigation, while at the same time the necessity to secure reliable and affordable energy for all. Fortum also gives balanced consideration in its operations to the promotion of energy efficiency and a circular economy, as well as its impacts on personnel and societies.

Based on a materiality analysis, Fortum's sustainability priority areas are:

Climate and resources	Personnel and society	Governance
Biodiversity	Corporate citizenship	Business ethics and compliance
Circular economy and waste management	Diversity, equity and inclusion	Corporate governance
Climate change and GHG emissions	Fair and attractive employer	Customer rights and satisfaction
Emissions to air, land and water	Health, safety and wellbeing	Innovation and digitalisation
Energy efficiency	Human rights and supply chains	Shared value creation
Secure and affordable energy supply	Just transition	
Water use and optimisation	Stakeholder engagement	

Fortum's sustainability performance is monitored and disclosed in interim and annual reporting. Fortum publishes an annual Sustainability Report with more extensive information on Fortum's sustainability performance.

## Sustainability targets

Fortum's position as a leading Nordic clean energy company is now complemented by considerably enhanced environmental targets with the aim to be a leader in sustainability. Fortum has brought forward its target to reach carbon neutrality (Scopes 1, 2, 3) by several decades to 2030 and will exit all coal generation by the end of 2027.

Fortum also commits to set emission reduction targets based on climate science (SBTi 1.5°C). To measure the progress, mid-point targets have also been set for specific emissions at below 20 g CO<sub>2</sub>/kWh for total energy production and below 10 g CO<sub>2</sub>/kWh for power generation by 2028.

Further, Fortum has also committed to an ambitious biodiversity target to have no net loss of biodiversity (excluding any aquatic impacts) from existing and new operations (Scopes 1, 2) from 2030 onwards. In addition, the company will reduce its negative dynamic terrestrial impacts in upstream Scope 3 by 50% by 2030 (base-year 2021). Fortum will continue to implement local initiatives, especially in hydropower production, and is committed to developing a science-based methodology during 2023 to assess the company's aquatic impacts.

For Fortum, excellence in safety and caring about both its own employees and contractors is the foundation of the company's business and an absolute prerequisite for efficient and interruption-free production.

Fortum's safety targets for 2023 are:

- Total Recordable Injury Frequency (TRIF), for own personnel and contractors, <1.0 by the end of 2030,
- No severe or fatal injuries,
- 95% execution rate for the Management Safety and Security Leadership Programme, and
- 60% execution rate for Safety improvement plans.

Fortum participates in the 'Energy for a Just Transition' collaboration, facilitated by BSR in partnership with The B Team, aiming to bring together committed energy, utilities, and related companies and critical stakeholders to help the energy industry to better plan for and implement a just, fair and inclusive transition.

Fortum is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). Fortum has a long-standing focus on mitigating climate change and adopted the reporting recommendations of the TCFD starting from the financial year 2019.

Fortum's Climate Lobbying Review is publicly disclosed on Fortum's website together with the company's Lobbying Guidelines.

## Group sustainability performance for continuing operations

	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Climate and resources</b>						
Total CO <sub>2</sub> emissions, million tonnes	0.3	0.4	0.9	1.0	2.1	2.0
Specific CO <sub>2</sub> emissions from total energy production, gCO <sub>2</sub> /kWh	24	32	37	41	45	43
Specific CO <sub>2</sub> emissions from power generation, gCO <sub>2</sub> /kWh	12	16	18	18	25	26
Major environmental incidents*, no	0	1	0	2	2	0
<b>Personnel and society</b>						
Total Recordable Injury Frequency (TRIF), own personnel and contractors	4.9	4.6	5.3	4.4	4.0	4.5
Lost Time Injury Frequency (LTIF), own personnel and contractors	3.2	3.5	4.3	3.0	2.3	3.3
Severe occupational accidents, no	0	0	0	0	2	2
Safety improvement plan**, %	9.5	-	9.5	-	-	9.5
Safety and Security Leadership training***, %	27	-	62	-	-	62
Sickness-related absences, %	2.8	3.1	3.1	3.5	3.4	3.2

\* Number of environmental incidents that resulted in significant harm to the environment (ground, water, air) or an environmental non-compliance with legal or regulatory requirements.

\*\* Completion rate. Overall results of the business units' and functions' development plans combined. Majority of the plans are targeted to be completed by the year-end 2023.

\*\*\* Completion rate. Training started in March 2023.

Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operating. Fortum received a score of "B" in the CDP Climate Change 2022 rating and "A-" in the CDP Supplier Engagement rating. In the MSCI ESG Ratings assessment, Fortum received a



“BBB” rating in 2021. Fortum also participated in the ISS ESG Corporate Rating in 2022, where Fortum received a “Prime B-” rating. In 2022, Fortum was awarded Gold EcoVadis Medal. In 2022, Fortum was rated 62 points out of a maximum 100 points by Moody’s ESG Solutions. In addition, Fortum is listed on the Nasdaq Helsinki exchange and is included in the STOXX Global ESG Leaders, OMX Sustainability Finland and ECPI® indices. Fortum has been certified as a Nasdaq ESG Transparency Partner.

## Climate and resources

Fortum’s key performance indicators for climate and resources are related to CO<sub>2</sub> emissions, security of supply, and major environmental incidents. Operational-level activities follow the requirements set forth in the ISO 14001 environmental management standard, and 100% of Fortum’s power and heat production worldwide has ISO 14001 certification.

Fortum’s power generation in the Nordic countries is mainly based on CO<sub>2</sub>-free hydro and nuclear power. Fortum also has power generation based on solar and wind with partners. Fortum has generation of district heating and cooling in Finland and in Poland. Heat is mainly produced at energy-efficient combined heat and power (CHP) plants. In addition, Fortum offers industrial and infrastructure solutions, e.g., waste-to-energy, as well as energy sales.

In January–June, Fortum’s direct CO<sub>2</sub> emissions were 0.9 (1.0) Mt. Of the total CO<sub>2</sub> emissions, 0.7 (0.7) Mt were within the EU emissions trading system (ETS). The estimate for Fortum’s free emission allowances in 2023 is approximately 0.2 (0.2) Mt.

In January–June, Fortum’s power generation was 22.5 TWh. Of Fortum’s total power generation, 97% was CO<sub>2</sub>-free. Fortum’s coal-based capacity totalled 0.7 GW at the end of June, and generation 0.4 TWh in January–June. The share of coal of Fortum’s revenues was 3% and the share of fossil fuels of Fortum’s generation-based revenues was 5%. The share of fossil fuels of Fortum’s revenues was 12%. This includes fossil-based generation and gas trading.

<b>Fortum’s direct CO<sub>2</sub> emissions (million tonnes, Mt, continuing operations)</b>	<b>II/2023</b>	<b>II/2022</b>	<b>I-II/2023</b>	<b>I-II/2022</b>	<b>2022</b>	<b>LTM</b>
Total emissions*	0.3	0.4	0.9	1.0	2.1	2.0
Emissions subject to ETS	0.2	0.2	0.7	0.7	1.6	1.4
Free emission allowances	-	-	-	-	0.2	-
Emissions not subject to ETS in Europe	0.1	0.1	0.2	0.3	0.5	0.5

\* The total emissions comparison figure for 2022 has been restated and is excluding Russia.

In January–June, Fortum’s specific CO<sub>2</sub> emissions from total energy production were 37 (41) gCO<sub>2</sub>/kWh. Specific CO<sub>2</sub> emissions from power generation were 18 (18) gCO<sub>2</sub>/kWh.

Major environmental incidents are monitored, reported and investigated, and corrective actions are implemented. Major environmental incidents are environmental incidents that resulted in causing significant harm to the environment (ground, water, air) or environmental non-compliances with legal or regulatory requirements. In January–June 2023, there were no (2) major environmental incidents.

## Personnel and society

Fortum’s key performance indicators for personnel and society are related to occupational safety and to employee health and wellbeing.

Fortum strives to be a safe workplace for the employees, contractors and service providers who work for the company. A certified ISO 45001 safety management system covers 100% of Fortum’s power and heat production worldwide.

In January–June 2023, Fortum’s TRIF (Total Recordable Injury Frequency) for own personnel and contractors was 5.3 (4.4). Fortum’s LTIF (Lost Time Injury Frequency) for own personnel and contractors was 4.3 (3.0). Fortum strives for zero severe occupational accidents. In January–June 2023, there were no (0) severe occupational accidents in the operations.

The 2023 safety targets include participation in the Management Safety and Security Leadership Programme as well as identification and completion of key safety actions to improve safety culture. In January–June 2023, the completion rate of planned Management Safety and Security Leadership trainings and Safety improvement plan was 62% and 9.5%, respectively.

Fortum’s goal regarding workplace wellbeing activities is to promote the health and occupational safety of employees and the functionality of the work community. The sickness-related absences target for year 2023 is 3.0%. In January–June 2023, Fortum’s percentage of sickness-related absences was 3.1 (3.5).

Fortum’s approach to human rights due diligence is based on the UN Guiding Principles on Business and Human Rights and follows the six steps outlined in the OECD Guidelines for Multinational Enterprises. Human rights due diligence is an ongoing process where risks and impacts are assessed continuously as part of various processes. Fortum’s approach to human rights and the due diligence process is disclosed on Fortum’s website.

Fortum expects its business partners to act responsibly and to comply with the requirements set forth in the Code of Conduct and Supplier Code of Conduct. Fortum assesses the performance of its business partners with supplier qualification, with supplier audits and with a Know Your Counterparty process. In January–June 2023, Fortum conducted three on-site supplier audits in China. Fortum is a member of the Bettercoal initiative and uses the Bettercoal tools to improve sustainability in the coal supply chain. Fortum supports and participates in the development of Solar Stewardship Initiative (SSI) together with other industry actors and organisations. Through the SSI, the sector is striving to establish the mechanisms to increase the traceability and sustainability of solar products, components, and raw materials.

Fortum participates in the ‘Energy for a Just Transition’ collaboration to identify and address the impacts of a green energy transition on people and communities.

## Legal actions

There were no major developments in the ongoing legal actions during the second quarter of 2023. For further information on legal actions, see Note 17.

## Shares and share capital

### Fortum shares on Nasdaq Helsinki

January–June 2023	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
FORTUM	219,199,935	3,013,376,419	16.18	11.83	13.75	12.27

\* Volume weighted average.

	30 June 2023	30 June 2022
Market capitalisation, EUR billion	11.0	12.7
Number of shareholders	207,999	192,915
Finnish State holding, %	51.3	50.8
Nominee registrations and direct foreign shareholders, %	24.4	27.1
Households, %	11.9	11.5
Financial and insurance corporations, %	2.2	2.0
Other Finnish investors, %	10.3	8.7

In addition to Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, Cboe and Turquoise, and on the OTC market. In the second quarter, approximately 80% of Fortum’s shares were traded on markets other than Nasdaq Helsinki (source Bloomberg).

On 30 June, Fortum Corporation’s share capital was EUR 3,046,185,953 and the total number of registered shares was 897,264,465. Fortum Corporation does not hold any of the company’s own shares.

## Group personnel

Fortum's operations are mainly based in the Nordic countries. The total number of employees at the end of June 2023 was 5,321 (at the end of 2022: 4,988).

At the end of June, the Generation segment had 1,784 (at the end of 2022: 1,660) employees, the Consumer Solutions segment 1,216 (at the end of 2022: 1,179), Other Operations segment 2,321 (at the end of 2022: 2,149).

## Authorisations of the Board

Fortum's Annual General Meeting (AGM) 2023 authorised the Board of Directors to decide on the repurchase and disposal of the company's own shares up to 20,000,000 shares, which corresponds to approximately 2.25% of all the shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation. These authorisations cancelled the authorisation resolved by the AGM of 2022 and will be effective until the next AGM and, in any event, no longer than for a period of 18 months. This authorisation has not been used as of 4 August 2023.

In addition, the AGM authorised the Board of Directors to decide on contributions of a maximum of EUR 500,000 for charitable or similar purposes. In addition, in the total maximum amount of EUR 1,000,000 for incidental emergency relief or similar purposes as needed, and to decide on the recipients, purposes and other terms of the contributions. The authorisation will be effective until the next AGM. This authorisation has not been used as of 4 August 2023.

## Other major events during the second quarter of 2023

On 2 May, Fortum announced that the company's newly appointed Board of Directors had reassessed the implementation of the remuneration restrictions set forth last autumn in the Solidium bridge financing arrangement. The reason for the reassessment was that the 2023 Annual General Meeting rejected the advisory decision on the Remuneration Report for 2022. The new Board decided that in the long-term share incentive plans, the results of all years will be measured, but no shares can be earned in 2022 and 2023. Thus, the maximum number of shares that the Fortum Leadership Team (FLT) members can earn will be cut to 1/3 or 2/3. This leads to an outcome of 9% of the pre-restriction maximum in the 2020-2022 plan, with delivery scheduled for the spring of 2024. The same principle applies to all other share plans that are ongoing during 2022 and/or 2023. Simultaneously, Fortum's Leadership Team informed the Board that they voluntarily waived the shares scheduled for delivery in spring 2024, i.e. the 2020-2022 and 2021-2023 plans.

## Events after the balance sheet date

On 4 August 2023, Fortum announced that the company had decided to assess strategic options, including potential divestments of its Circular Solutions businesses, as a result of the continuous review of its business portfolio. In March 2023 when Fortum launched its new strategy it was communicated that the Circular Solutions businesses are not in the core of the strategy. The Circular Solutions businesses are responsible for operating, maintaining and developing Fortum's recycling and waste assets as well as turbine and generator services and biobased solutions. In 2022, these business operations employed approximately 1,300 people mainly located in the Nordics (Finland, Sweden and Denmark) and its comparable EBITDA was approximately EUR 70 million. At the end of 2022, the net assets of the Circular Solutions businesses were approximately EUR 700 million. Fortum expects the strategic assessment to take approximately one year.

## Dividend payment

The Annual General Meeting 2023 decided to pay a dividend of EUR 0.91 per share for the financial year that ended 31 December 2022. The dividend will be paid in two instalments.

The record date for the first dividend instalment of EUR 0.46 per share was 17 April 2023, and the dividend was paid on 24 April 2023.

The record date for the second dividend instalment of EUR 0.45 per share will be 2 October 2023, and the dividend will be paid on 10 October 2023.

The Annual General Meeting 2023 authorised the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second dividend instalment, should the rules of Euroclear Finland Oy or statutes applicable to the Finnish book-entry system be amended or should other rules binding upon the Company so require.

Espoo, 3 August 2023

Fortum Corporation  
Board of Directors

**Further information:**

Investor Relations and Financial Communications: Ingela Ulfves, tel. +358 40 515 1531, Rauno Tiihonen, tel. +358 10 453 6150, Nora Hallberg, tel. +358 40 720 1775, Pirjo Lifländer, tel. +358 40 643 3317, and [investors@fortum.com](mailto:investors@fortum.com)

Media: Fortum News Desk, tel. +358 40 198 2843

The condensed Interim Report has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The interim financials have not been audited.

**Financial calendar in 2023**

Fortum's January–September Interim Report will be published on 2 November 2023.

**Distribution:**

Nasdaq Helsinki  
Key media  
[www.fortum.com](http://www.fortum.com)

More information, including detailed quarterly information, is available at [www.fortum.com/investors](http://www.fortum.com/investors)

Interim Financial Statements are unaudited.

## Condensed consolidated income statement

Fortum's condensed consolidated income statement and consolidated cash flow statement include the Russia segment as discontinued operations in I/2023 and 2022, and the Uniper segment as discontinued operations in 2022. Comparative information for I/2023 and I-IV/2022 has been restated following the classification of the Russia segment as discontinued operations in II/2023. For further information, see Note 1 Significant accounting policies, Note 2 Critical accounting estimates and judgements and Note 6 Acquisitions, disposals and discontinued operations.

EUR million	Note	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Sales	3	1,368	1,537	3,632	3,476	7,774	7,930
Other income		5	24	13	43	74	45
Materials and services		-790	-958	-2,037	-2,251	-4,853	-4,638
Employee benefits		-102	-105	-211	-217	-432	-425
Depreciation and amortisation	3	-82	-100	-165	-209	-415	-371
Other expenses		-137	-136	-273	-253	-538	-558
<b>Comparable operating profit</b>	<b>3</b>	<b>262</b>	<b>262</b>	<b>960</b>	<b>588</b>	<b>1,611</b>	<b>1,982</b>
Items affecting comparability	3, 4	5	498	76	652	356	-220
<b>Operating profit</b>	<b>3</b>	<b>267</b>	<b>760</b>	<b>1,036</b>	<b>1,240</b>	<b>1,967</b>	<b>1,762</b>
Share of profit/loss of associates and joint ventures	3, 7	-42	-57	-20	-113	-185	-93
Interest expense		-65	-31	-155	-64	-200	-292
Interest income		41	8	67	12	75	130
Other financial items - net		-26	-31	-57	-45	-93	-104
Finance costs - net	8	-50	-54	-145	-96	-218	-266
<b>Profit before income tax</b>		<b>175</b>	<b>650</b>	<b>871</b>	<b>1,033</b>	<b>1,564</b>	<b>1,402</b>
Income tax expense	9	199	-7	45	-102	520	666
<b>Net profit from continuing operations</b>		<b>374</b>	<b>643</b>	<b>916</b>	<b>931</b>	<b>2,084</b>	<b>2,068</b>
<b>Attributable to:</b>							
Owners of the parent		376	645	916	922	2,080	2,074
Non-controlling interests		-3	-2	0	9	4	-6
<b>Net profit from discontinued operations</b>	<b>6.3</b>	<b>-3,608</b>	<b>-7,999</b>	<b>-3,582</b>	<b>-11,120</b>	<b>-12,374</b>	<b>-4,836</b>
<b>Attributable to:</b>							
Owners of the parent	6.3	-3,608	-6,331	-3,583	-8,830	-4,496	751
Non-controlling interests	6.3	0	-1,668	1	-2,290	-7,878	-5,587
<b>Net profit, total Fortum</b>		<b>-3,234</b>	<b>-7,356</b>	<b>-2,666</b>	<b>-10,189</b>	<b>-10,290</b>	<b>-2,768</b>
<b>Attributable to:</b>							
Owners of the parent		-3,232	-5,686	-2,667	-7,908	-2,416	2,825
Non-controlling interests		-3	-1,670	1	-2,281	-7,874	-5,593
<b>Earnings per share for profit attributable to the equity owners of the company (EUR per share)</b>							
Basic, continuing operations		0.42	0.73	1.02	1.04	2.34	2.32
Basic, discontinued operations		-4.02	-7.13	-3.99	-9.94	-5.07	0.84
Basic, total Fortum		-3.60	-6.40	-2.97	-8.90	-2.72	3.16

As Fortum currently has no dilutive instruments outstanding, diluted earnings per share is the same as basic earnings per share.

EUR million	Note	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Comparable operating profit</b>		<b>262</b>	<b>262</b>	<b>960</b>	<b>588</b>	<b>1,611</b>	<b>1,982</b>
Impairment charges and reversals		-	0	-	0	0	0
Capital gains and other related items		0	639	1	642	785	144
Changes in fair values of derivatives hedging future cash flow		5	-141	67	19	-376	-328
Other		0	-	8	-8	-52	-36
Items affecting comparability	3, 4	5	498	76	652	356	-220
<b>Operating profit</b>		<b>267</b>	<b>760</b>	<b>1,036</b>	<b>1,240</b>	<b>1,967</b>	<b>1,762</b>

See Note 20 Definitions and reconciliations of key figures.

## Condensed consolidated statement of comprehensive income

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Net profit, total Fortum</b>	<b>-3,234</b>	<b>-7,356</b>	<b>-2,666</b>	<b>-10,189</b>	<b>-10,290</b>	<b>-2,768</b>
<b>Other comprehensive income</b>						
<b>Items that may be reclassified to profit or loss in subsequent periods:</b>						
Cash flow hedges						
Fair value gains/losses <sup>1)</sup>	104	-2,828	2,068	-3,814	-2,601	3,280
Transfers to income statement	27	161	32	941	1,102	193
Transfers to inventory/property, plant and equipment	-2	0	-3	0	0	-3
Deferred taxes	-35	531	-435	573	294	-715
Net investment hedges						
Fair value gains/losses	-27	14	-9	4	21	8
Deferred taxes	5	-3	2	-1	-4	-1
Exchange differences on translating foreign operations <sup>2)</sup>	5	-160	-33	-189	-312	-157
Share of other comprehensive income of associates and joint ventures	1	21	-1	37	41	3
	<b>78</b>	<b>-2,264</b>	<b>1,620</b>	<b>-2,448</b>	<b>-1,461</b>	<b>2,608</b>
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>						
Remeasurement of investments	-	0	-	0	-15	-15
Actuarial gains/losses on defined benefit plans	-	28	0	28	49	22
Actuarial gains/losses on defined benefit plans in associates and joint ventures	-	0	-	0	7	7
	<b>-</b>	<b>28</b>	<b>0</b>	<b>28</b>	<b>41</b>	<b>14</b>
<b>Other comprehensive income/expense for the period from continuing operations, net of deferred taxes</b>	<b>78</b>	<b>-2,236</b>	<b>1,620</b>	<b>-2,421</b>	<b>-1,419</b>	<b>2,621</b>
Recycling of FX including net investment hedges related to Russia <sup>3)</sup>	1,940	-	1,940	-	-	1,940
Other comprehensive income/expense for the period from discontinued operations, net of deferred taxes	-13	2,442	-69	1,669	952	-785
<b>Total comprehensive income/expense for the period</b>	<b>-1,229</b>	<b>-7,151</b>	<b>824</b>	<b>-10,941</b>	<b>-10,757</b>	<b>1,008</b>
<b>Total comprehensive income/expense for total Fortum attributable to:</b>						
Owners of the parent	-1,230	-5,976	826	-9,024	-3,337	6,513
Non-controlling interests	2	-1,175	-1	-1,917	-7,420	-5,504
	<b>-1,229</b>	<b>-7,151</b>	<b>824</b>	<b>-10,941</b>	<b>-10,757</b>	<b>1,008</b>

1) Fair valuation of cash flow hedges mainly relates to fair valuation of derivatives, such as futures and forwards, hedging commodity price for future transactions, where hedge accounting is applied. When commodity price is higher (lower) than the hedging price, the impact on equity is negative (positive).

2) Translation differences from translation of foreign entities, mainly SEK and NOK.

3) The deconsolidation of Russian operations in II/2023 resulted in the recycling of EUR 1.9 billion negative cumulative translation differences (FX) from equity to the income statement. The recycling did not have any impact on total equity.

## Condensed consolidated balance sheet

EUR million	Note	30 Jun 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		606	657
Property, plant and equipment and right-of-use assets		6,226	7,266
Participations in associates and joint ventures		1,027	1,249
Share in the State Nuclear Waste Management Fund	14	988	966
Other non-current assets		195	628
Deferred tax assets		990	933
Derivative financial instruments	5	318	343
Long-term interest-bearing receivables	12	556	624
<b>Total non-current assets</b>		<b>10,905</b>	<b>12,668</b>
<b>Current assets</b>			
Inventories		322	465
Derivative financial instruments	5	1,071	1,486
Short-term interest-bearing receivables	12	477	660
Income tax receivables		77	71
Margin receivables	13	1,071	2,607
Trade and other receivables		851	1,767
Liquid funds	13	4,156	3,919
<b>Total current assets</b>		<b>8,025</b>	<b>10,975</b>
<b>Total assets</b>		<b>18,930</b>	<b>23,642</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		3,046	3,046
Share premium		73	73
Retained earnings		4,946	6,467
Other equity components		-383	-1,916
<b>Total</b>		<b>7,682</b>	<b>7,670</b>
Non-controlling interests		58	67
<b>Total equity</b>		<b>7,740</b>	<b>7,737</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing liabilities	13	5,208	3,658
Derivative financial instruments	5	399	756
Deferred tax liabilities		384	152
Nuclear provisions	14	988	966
Other provisions		104	118
Pension obligations, net		9	13
Other non-current liabilities		119	121
<b>Total non-current liabilities</b>		<b>7,211</b>	<b>5,784</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	13	870	4,127
Derivative financial instruments	5	1,672	3,973
Other provisions		0	13
Margin liabilities	13	245	352
Trade and other payables		1,193	1,657
<b>Total current liabilities</b>		<b>3,979</b>	<b>10,122</b>
<b>Total liabilities</b>		<b>11,190</b>	<b>15,905</b>
<b>Total equity and liabilities</b>		<b>18,930</b>	<b>23,642</b>

## Condensed consolidated statement of changes in total equity

EUR million	Share capital	Share premium	Retained earnings			Other equity components				Owners of the parent	Non-controlling interests	Total equity
			Retained earnings	Recycling of FX related to Russia <sup>1)</sup>	Translation of foreign operations	Cash flow hedges	Other OCI items <sup>1)</sup>	OCI items associated and joint ventures				
<b>Total equity 1 January 2023</b>	<b>3,046</b>	<b>73</b>	<b>9,499</b>	<b>-1,877</b>	<b>-989</b>	<b>-2,182</b>	<b>7</b>	<b>93</b>	<b>7,670</b>	<b>67</b>	<b>7,737</b>	
IS Net profit, total Fortum			-727	-1,940					-2,667	1	-2,666	
Translation differences					-83	54	0	-3	-33	-1	-33	
Translation differences, recycled to Income statement				1,940					1,940		1,940	
Other comprehensive income						1,663	-8	-1	1,653	-	1,653	
OCI related to discontinued operations				-63		-9	0	5	-68	-2	-69	
Total comprehensive income for the period			-727	-63	-83	1,707	-9	0	826	-1	824	
Cash dividend			-817						-817	-	-817	
Disposal of subsidiary companies									-	-22	-22	
Transactions with non-controlling interests									-	15	15	
Other			1						1	0	1	
<b>BS Total equity 30 June 2023</b>	<b>3,046</b>	<b>73</b>	<b>7,958</b>	<b>-1,940</b>	<b>-1,072</b>	<b>-475</b>	<b>-2</b>	<b>94</b>	<b>7,682</b>	<b>58</b>	<b>7,740</b>	
<b>Total equity 1 January 2022</b>	<b>3,046</b>	<b>73</b>	<b>12,830</b>		<b>-2,768</b>	<b>-1,138</b>	<b>34</b>	<b>54</b>	<b>12,131</b>	<b>1,534</b>	<b>13,665</b>	
IS Net profit, total Fortum			-7,908						-7,908	-2,281	-10,189	
Translation differences					-205	22	2	-2	-183	-6	-189	
Other comprehensive income			-63			-2,281	81	37	-2,226	-5	-2,232	
OCI related to discontinued operations					1,196	-255	355	-3	1,294	375	1,669	
Total comprehensive income for the period			-7,972		991	-2,514	439	32	-9,024	-1,917	-10,941	
Cash dividend			-1,013						-1,013	-24	-1,036	
Disposal of subsidiary companies			15						15	-136	-121	
Transactions with non-controlling interests			-127						-127	-121	-248	
Other			-2						-2	-6	-7	
<b>BS Total equity 30 June 2022</b>	<b>3,046</b>	<b>73</b>	<b>3,731</b>		<b>-1,777</b>	<b>-3,652</b>	<b>472</b>	<b>86</b>	<b>1,980</b>	<b>-668</b>	<b>1,311</b>	
<b>Total equity 1 January 2022</b>	<b>3,046</b>	<b>73</b>	<b>12,830</b>		<b>-2,768</b>	<b>-1,138</b>	<b>34</b>	<b>54</b>	<b>12,131</b>	<b>1,534</b>	<b>13,665</b>	
IS Net profit, total Fortum			-2,416						-2,416	-7,874	-10,290	
Translation differences					-340	40	1	-4	-304	-9	-312	
Other comprehensive income			209			-1,196	-160	44	-1,102	-4	-1,107	
OCI related to discontinued operations					76	112	298	-1	485	468	953	
Total comprehensive income for the period			-2,208		-264	-1,044	139	39	-3,337	-7,420	-10,757	
Cash dividend			-1,013						-1,013	-23	-1,036	
Disposal of subsidiary companies			16						16	6,104	6,119	
Transactions with non-controlling interests			-127						-127	-122	-249	
Other			1						1	-6	-5	
<b>BS Total equity 31 December 2022</b>	<b>3,046</b>	<b>73</b>	<b>9,499</b>		<b>-3,031</b>	<b>-2,182</b>	<b>172</b>	<b>93</b>	<b>7,670</b>	<b>67</b>	<b>7,737</b>	

1) Recycling of FX related to Russia includes cumulative translation differences from foreign operations and related net investment hedges from Russian operations, which were previously shown as part of Other OCI items.

### Translation differences

Translation of financial information from subsidiaries in foreign currency is done using the average rate for the income statement and the end rate for the balance sheet. The exchange rate differences arising from translation (mainly related to RUB, SEK and NOK) to EUR are recognised in equity. The remaining translation differences in translation of foreign operations relates mainly to SEK and NOK. For information regarding exchange rates used, see Note 1.5 Key exchange rates used in consolidated financial statements.

The deconsolidation of Russian operations in II/2023 resulted in the recycling of EUR 1.9 billion negative cumulative translation differences from translation of foreign operations from equity to the income statement. The recycling did not have any impact on total equity. The cumulative translation differences are due to the significant weakening of the Russian rouble since the acquisition of the Russian operations in 2008.



## **Cash flow hedges**

The impact on equity attributable to owners of the parent from fair valuation of cash flow hedges mainly relates to fair valuation of commodity derivatives, such as futures and forwards, hedging commodity sales price of future transactions, where hedge accounting is applied. When commodity market price is higher (lower) than the hedging price, the impact on equity is negative (positive).

## **Cash dividends**

A dividend for 2022 of EUR 0.91 per share, amounting to a total of EUR 817 million, was decided in the Annual General Meeting on 13 April 2023. The dividend is paid in two instalments. The first dividend instalment of EUR 0.46 per share was paid on 24 April 2023, amounting to a total of EUR 413 million. The second dividend instalment of EUR 0.45, amounting to a total of EUR 404 million, is recorded as a liability and included in 'Trade and other payables' on the balance sheet at 30 June 2023 and will be paid on 10 October 2023.

## Condensed consolidated cash flow statement

EUR million	Note	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Cash flow from operating activities</b>							
<b>IS Net profit from continuing operations</b>		<b>374</b>	<b>643</b>	<b>916</b>	<b>931</b>	<b>2,084</b>	<b>2,068</b>
<b>Adjustments:</b>							
Income tax expense		-199	7	-45	102	-520	-666
Finance costs - net		50	54	145	96	218	266
Share of profit/loss of associates and joint ventures	7	42	57	20	113	185	93
Depreciation and amortisation	3	82	100	165	209	415	371
<b>Operating profit before depreciations (EBITDA)</b>		<b>349</b>	<b>860</b>	<b>1,201</b>	<b>1,449</b>	<b>2,381</b>	<b>2,133</b>
Items affecting comparability	3, 4	-5	-498	-76	-652	-356	220
<b>Comparable EBITDA</b>		<b>344</b>	<b>362</b>	<b>1,125</b>	<b>797</b>	<b>2,025</b>	<b>2,353</b>
Non-cash and other items		-74	-10	-2	8	157	147
Interest received		40	-1	65	0	99	164
Interest paid		-50	-24	-138	-80	-213	-272
Dividends received		3	7	7	7	14	13
Income taxes paid		-76	-56	-362	-187	-164	-339
<b>Funds from operations</b>		<b>187</b>	<b>278</b>	<b>695</b>	<b>545</b>	<b>1,918</b>	<b>2,067</b>
Change in working capital		470	171	437	355	-200	-119
<b>Net cash from operating activities, continuing operations</b>		<b>657</b>	<b>449</b>	<b>1,132</b>	<b>901</b>	<b>1,717</b>	<b>1,948</b>
<b>Cash flow from investing activities, continuing operations</b>							
Capital expenditures	3	-187	-90	-300	-177	-479	-602
Acquisitions of shares	6	-5	-10	-17	-16	-29	-30
Proceeds from sales of property, plant and equipment		2	0	2	1	3	4
Divestments of shares and capital returns	6	0	1,004	4	1,004	1,156	156
Shareholder loans to associated companies and joint ventures	12	44	-22	37	3	49	82
Change in margin receivables		247	-1,638	1,539	-1,833	-1,311	2,062
Change in other interest-bearing receivables and other <sup>1)</sup>	12	105	5	39	-1,501	2,429	3,968
<b>Net cash from/used in investing activities, continuing operations</b>		<b>206</b>	<b>-751</b>	<b>1,304</b>	<b>-2,518</b>	<b>1,818</b>	<b>5,640</b>
<b>Cash flow before financing activities, continuing operations</b>		<b>864</b>	<b>-302</b>	<b>2,435</b>	<b>-1,617</b>	<b>3,536</b>	<b>7,588</b>
<b>Cash flow from financing activities, continuing operations</b>							
Proceeds from long-term liabilities	13	1,673	0	1,747	0	2,421	4,168
Payments of long-term liabilities	13	-598	-2,206	-1,602	-2,465	-5,885	-5,023
Change in short-term liabilities	13	-867	1,903	-1,586	1,327	-170	-3,083
Dividends paid to the owners of the parent	10	-413	-1,013	-413	-1,013	-1,013	-413
Dividends paid to non-controlling interests		0	-19	0	-19	-19	0
Change in margin liabilities		26	324	-107	553	150	-509
Other financing items		15	-98	15	-168	-168	14
<b>Net cash from/used in financing activities, continuing operations</b>		<b>-163</b>	<b>-1,110</b>	<b>-1,947</b>	<b>-1,785</b>	<b>-4,684</b>	<b>-4,846</b>
<b>Net increase(+)/decrease(-) in liquid funds, continuing operations</b>		<b>701</b>	<b>-1,412</b>	<b>489</b>	<b>-3,402</b>	<b>-1,148</b>	<b>2,742</b>
<b>Cash flow from discontinued operations</b>							
Net cash from/used in operating activities, discontinued operations		-	-174	109	-2,155	-10,484	-8,220
Net cash from/used in investing activities, discontinued operations <sup>2)</sup>		-284	-1,866	-333	1,549	-2,789	-4,671
Net cash from/used in financing activities, discontinued operations		-	1,035	21	434	10,739	10,327
<b>Net increase(+)/decrease(-) in liquid funds, discontinued operations</b>	6.3	<b>-284</b>	<b>-1,005</b>	<b>-202</b>	<b>-173</b>	<b>-2,534</b>	<b>-2,563</b>
<b>Cash flow, total Fortum</b>							
Total net cash from/used in operating activities		658	275	1,241	-1,254	-8,767	-6,271
Total net cash from/used in investing activities		-98	-2,617	971	-969	-970	969
Total net cash from/used in financing activities		-143	-74	-1,926	-1,351	6,055	5,481
<b>Net increase(+)/decrease(-) in liquid funds, total Fortum</b>		<b>417</b>	<b>-2,417</b>	<b>286</b>	<b>-3,574</b>	<b>-3,682</b>	<b>179</b>
<b>Liquid funds at the beginning of the period</b>	13	<b>3,729</b>	<b>6,420</b>	<b>3,919</b>	<b>7,592</b>	<b>7,592</b>	<b>4,165</b>
Foreign exchange differences and expected credit loss allowance in liquid funds		10	162	-49	147	7	-189
<b>Liquid funds at the end of the period</b>	13	<b>4,156</b>	<b>4,165</b>	<b>4,156</b>	<b>4,165</b>	<b>3,919</b>	<b>4,156</b>

- 1) In 2021 Fortum granted Uniper a shareholder loan of EUR 4,000 million of which EUR 2,500 million was drawn in 2021 and EUR 1,500 million in I/2022. In December 2022, as part of the closing of the Uniper transaction, the EUR 4,000 million shareholder loan was fully repaid to Fortum.
- 2) Cash flow from investing activities for discontinued operations in 2023 includes Russia related cash flows from I/2023 netted with liquid funds of EUR 284 million lost through the seizure of the Russian assets. The consideration received for the Uniper shares, EUR 498 million, is presented in cash flow from discontinued operations in 2022.

## Additional cash flow information

### Non-cash and other items

Non-cash and other items EUR -2 million in I-II/2023 (I-II/2022: 8) mainly relate to realised foreign exchange gains and losses EUR 138 million (I-II/2022: 105), change in liability to return emission rights EUR -56 million (I-II/2022: 0) and paid commitment fee for Solidium bridge loan facility EUR -39 million (I-II/2022: 0).

### Change in working capital

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Change in interest-free receivables, decrease(+)/increase(-)	426	195	742	543	-352	-153
Change in inventories, decrease(+)/increase(-)	76	-30	105	-7	-182	-70
Change in interest-free liabilities, decrease(-)/increase(+)	-32	6	-410	-181	334	105
<b>CF Total</b>	<b>470</b>	<b>171</b>	<b>437</b>	<b>355</b>	<b>-200</b>	<b>-119</b>

### Capital expenditure in cash flow

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Capital expenditure	178	99	300	175	467	591
Change in not yet paid investments, decrease(+)/increase(-)	14	-8	9	3	16	22
Capitalised borrowing costs	-5	-1	-9	-1	-4	-12
<b>CF Total</b>	<b>187</b>	<b>90</b>	<b>300</b>	<b>177</b>	<b>479</b>	<b>602</b>

### Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 17 million during I-II/2023 (I-II/2022: 16).

### Divestment of shares in cash flow

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Proceeds from sales of subsidiaries, net of cash disposed	0	1,004	0	1,004	1,070	67
Proceeds from sales and capital returns of associates and joint ventures	0	1	0	1	86	86
Proceeds from sales of other investments	0	0	3	0	0	3
<b>CF Total</b>	<b>0</b>	<b>1,004</b>	<b>4</b>	<b>1,004</b>	<b>1,156</b>	<b>156</b>

There were no material divestments during I-II/2023. During 2022, Fortum completed the divestment of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway, the e-mobility business Plugsurfing and the 30% stake in the public charging operator Recharge AS. For further information, see Note 6.2 Disposals.

On 21 December 2022 Fortum completed the divestment of Uniper. The consideration of the share transaction of EUR 498 million is presented in the cash flow from discontinued operations.

## Change in financial net debt

EUR million	Note	I-II/2023	2022 restated
<b>Financial net debt, beginning of the period</b>		<b>1,084</b>	<b>789</b>
Uniper's net financial position in Uniper's Interim financial report		-	1,969
Internal shareholder loans to Uniper and OKG		-	2,764
Reversal of purchase price allocation		-	-187
Uniper impact total on Financial net debt, beginning of the period		-	4,546
<b>Financial net debt excl. Uniper, beginning of the period</b>		<b>1,084</b>	<b>5,335</b>
Russia impact on Financial net debt, beginning of the period		43	296
<b>Financial net debt excl. Russia and Uniper, beginning of the period</b>		<b>1,127</b>	<b>5,631</b>
Net cash flow:			
Comparable EBITDA		1,125	2,025
Non-cash and other items		-2	157
Paid net financial costs and dividends received		-67	-100
Income taxes paid		-362	-164
Change in working capital		437	-200
Capital expenditures		-300	-479
Acquisitions		-17	-29
Divestments and proceeds from sale of property, plant and equipment		6	1,159
Change in interest-bearing receivables		76	2,478
Dividends to the owners of the parent		-413	-1,013
Dividends to non-controlling interests		0	-19
Other financing activities		15	-168
Net cash flow, continuing operations ('-' increase in financial net debt)		498	3,647
Consideration received for Uniper shares		-	498
Foreign exchange rate differences and other changes <sup>1)</sup>		116	-359
<b>Financial net debt excl. Russia, end of the period</b>	13	<b>745</b>	<b>1,127</b>

1) The comparison period 2022 includes EUR 210 million deconsolidated debt from the divestment of Fortum Oslo Varme in II/2022.

## Capital risk management

Fortum's long-term financial targets are:

- Long-term financial net debt-to-comparable EBITDA of 2.0–2.5 times
- Disciplined growth in clean energy with capital expenditure of up to EUR 1.5 billion during 2023–2025
- Investment hurdles of project WACC + 150–400 basis points
- Dividend policy with payout ratio of 60–90% of comparable EPS

Comparable EBITDA is defined as an alternative performance measure and used as a component in the capital structure target 'Financial net debt-to-Comparable EBITDA'.

On 9 March 2023, S&P Global Ratings (S&P) affirmed Fortum's current long-term credit rating at BBB, and revised the outlook from negative to stable. According to S&P the stable outlook reflects the rating agency's assumption that Fortum's cash flow from power generation will remain significant, but volatile in 2023 and 2024, with electricity prices above historical levels. The rating agency assesses that Fortum has a strong position in the Nordics with an already very low emission profile that supports the business risk profile. It believes that the price risk over time will be reduced by driving decarbonisation of industrial customers and by signing various long-term power supply agreements. In addition, S&P assesses that Fortum's financial risk position is strong with a headroom that provides good financial flexibility due to very low leverage and good liquidity.

On 21 March 2023, Fitch Ratings (Fitch) affirmed Fortum's current long-term credit rating at BBB and has revised the outlook from negative to stable. According to Fitch, the change in outlook mainly reflects the positive impact of the

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Uniper exit for Fortum's credit profile and the company's commitment to maintain an adequate capital structure with high scrutiny in capex allocation prioritising profitability over growth. Fitch assesses that the company is well positioned to benefit from the strong fundamentals for clean power generation.

Fortum remains committed to maintain a credit rating of at least BBB to preserve financial flexibility and good access to capital markets.

**Financial net debt/comparable EBITDA**

EUR million	Note	Continuing operations	
		2022	LTM
<b>+ Interest-bearing liabilities</b>		<b>7,785</b>	<b>6,077</b>
- <b>BS</b> Liquid funds		3,919	4,156
- <b>Collateral arrangement</b>		527	350
- <b>BS</b> Margin receivables		2,607	1,071
+ <b>BS</b> Margin liabilities		352	245
<b>+/- Net margin liabilities/receivables</b>		<b>-2,255</b>	<b>-826</b>
<b>Financial net debt</b>	13	<b>1,084</b>	<b>745</b>
- Interest bearing liabilities, Russia		204	-
+ Liquid funds, Russia		247	-
<b>Financial net debt, excluding Russia</b>		<b>1,127</b>	<b>-</b>
<b>IS</b> Operating profit		1,967	1,762
+ <b>IS</b> Depreciation and amortisation		415	371
<b>EBITDA</b>		<b>2,381</b>	<b>2,133</b>
- <b>IS</b> Items affecting comparability		-356	220
<b>Comparable EBITDA from continuing operations</b>		<b>2,025</b>	<b>2,353</b>
Comparable EBITDA Russia		411	-
<b>Comparable EBITDA (as presented in the consolidated financial statements 2022)</b>		<b>2,436</b>	<b>-</b>
<b>Financial net debt/comparable EBITDA, excl. Russia</b>		<b>0.6</b>	<b>0.3</b>
<b>Financial net debt/comparable EBITDA (as presented in the consolidated financial statements 2022)</b>		<b>0.4</b>	<b>-</b>

## Key figures

### Continuing operations

EUR million or as indicated	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Reported</b>						
IS Sales	1,368	1,537	3,632	3,476	7,774	7,930
IS Operating profit	267	760	1,036	1,240	1,967	1,762
IS Share of profit/loss of associates and joint ventures	-42	-57	-20	-113	-185	-93
IS Net profit	374	643	916	931	2,084	2,068
IS Net profit (after non-controlling interests)	376	645	916	922	2,080	2,074
Earnings per share (basic), EUR	0.42	0.73	1.02	1.04	2.34	2.32
CF Net cash from operating activities	657	449	1,132	901	1,717	1,948
Capital expenditure and gross investments in shares	183	109	317	190	496	622
Capital expenditure	178	99	300	175	467	591

EUR million or as indicated	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Comparable</b>						
EBITDA	344	362	1,125	797	2,025	2,353
IS Operating profit	262	262	960	588	1,611	1,982
Share of profit/loss of associates and joint ventures	-42	9	-32	18	-40	-91
Net profit (after non-controlling interests)	147	199	629	427	1,076	1,279
Earnings per share (basic), EUR	0.16	0.22	0.70	0.48	1.21	1.43

### Continuing and discontinued operations (total)

Fortum's condensed consolidated income statement and consolidated cash flow statement include the Russia segment as discontinued operations in I/2023 and 2022, and the Uniper segment as discontinued operations in 2022. Comparative information for I/2023 and I-IV/2022 has been restated following the classification of the Russia segment as discontinued operations in II/2023. For further information, see Note 1 Significant accounting policies, Note 2 Critical accounting estimates and judgements and Note 6 Acquisitions, disposals and discontinued operations.

EUR million or as indicated	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>Reported</b>						
Net profit (after non-controlling interests)	-3,232	-5,686	-2,667	-7,908	-2,416	2,825
Earnings per share, EUR	-3.60	-6.40	-2.97	-8.90	-2.72	3.16
Net cash from operating activities	658	275	1,241	-1,254	-8,767	-6,271
Number of employees			5,321		7,712	
<b>Comparable</b>						
Net profit (after non-controlling interests)	147	885	665	786	-988	-1,109
Earnings per share, EUR	0.16	1.00	0.74	0.88	-1.11	-1.24

EUR million or as indicated	LTM	2022
<b>Financial position</b>		
Financial net debt, at period-end	745	1,084
Financial net debt, at period-end, excl. Russia	N/A	1,127
Financial net debt/comparable EBITDA excl. Russia	0.3	0.6
Financial net debt/comparable EBITDA (as presented in the consolidated financial statements 2022)	N/A	0.4

EUR or as indicated	30 Jun 2023	31 Dec 2022
Equity per share, EUR	8.56	8.55
Average number of shares, 1,000 shares	897,264	889,204
Diluted adjusted average number of shares, 1,000 shares	897,264	889,204
Number of registered shares, 1,000 shares	897,264	897,264

# Notes to the condensed consolidated interim financial statements

## 1. Significant accounting policies

### 1.1 Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The condensed interim financial report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022.

The figures in the consolidated interim financial statements have been rounded and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Part of Fortum's business operations are seasonal, with the comparable operating profit usually being higher for the first and fourth quarter of the year. Columns labelled as 'LTM' or 'last twelve months' present figures for twelve months preceding the reporting date.

The following symbols show which amounts in the notes reconcile to the items in the income statement, balance sheet and cash flow statement:

IS = Income statement  
BS = Balance sheet  
CF = Cash flow

### 1.2 Changes in reporting

#### Reportable segments

In March 2023, Fortum announced the reorganisation of its business structure. From I/2023, the business units are classified into the following reportable segments under IFRS: the Generation segment, the Consumer Solutions segment, and the Other segment. Segment comparatives for 2022 were restated and a separate stock exchange release with restated comparatives was issued on 17 April 2023. See also Note 3 Segment information.

#### Discontinued operations

##### Russia

Control over Fortum's Russian operations was lost on 25 April 2023 following the Russian Presidential decree No. 302, which enables the authorities to introduce temporary asset management to assets owned by certain foreign entities in Russia, and the subsequent nomination of the new external CEO to PAO Fortum. Consequently, in II/2023 Fortum's Russia segment was deconsolidated, and classified as discontinued operations as required by IFRS 5 Non-current assets held for sale and discontinued operations. Fortum has not had access to financial or non-financial information from the Russia segment since the first quarter 2023 reporting, and therefore information for the deconsolidation is based on the 31 March 2023 balance sheet.

Comparatives for I/2023 and 2022 were restated and a separate stock exchange release with restated comparatives was issued on 11 May 2023. See also Note 2 Critical accounting estimates and judgements and Note 6.3 Discontinued operations.

The deconsolidation in II/2023 resulted in EUR 3.6 billion one-time, non-cash negative effect. The amount consists of the full write-down of the Russian assets of EUR 1.7 billion, and EUR 1.9 billion negative cumulative translation differences previously recognised in equity. These cumulative translation differences are recycled from equity to profit and loss on deconsolidation according to IFRS. The recycling did not have any impact on total equity.

### Uniper in 2022

Discontinued operations in I-III/2022 also include Fortum's former subsidiary Uniper SE and its consolidated group companies. Fortum lost control of Uniper on the signing of the agreement in principle to sell the shares in Uniper SE to the German State on 21 September 2022 and Uniper was deconsolidated at 30 September 2022. The transaction was completed on 21 December 2022.

On deconsolidation of Uniper at 30 September 2022, Fortum recorded EUR 28.0 billion one-time, non-cash positive effect. The amount consists of the net effect from the deconsolidation of Uniper's assets, liabilities and non-controlling interest, and the book value of Uniper-related goodwill and other fair value adjustments made on acquisition; as well as certain items previously recognised in other comprehensive income, mainly foreign exchange differences, that are reclassified to profit and loss on disposal. See also Note 6.3 Discontinued operations.

## 1.3 Alternative performance measures

According to the ESMA Guidelines on Alternative Performance Measures, an Alternative Performance Measure (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Fortum uses APMs, such as Comparable operating profit and Comparable EBITDA, in the financial target setting and forecasting, management's follow-up of financial performance of segments and the Group, as well as for the allocation of resources in the Group's performance management process. Items affecting comparability are excluded from Comparable operating profit and Comparable EBITDA and disclosed separately in Fortum's consolidated income statement to support the transparency of underlying business performance when comparing results between periods.

Fortum's long-term financial target for capital structure is Financial net debt to comparable EBITDA (see Capital risk management and Note 20 Definitions and reconciliations of key figures).

To provide additional financial performance indicators to support meaningful comparison of financials for Fortum's strategic businesses, Fortum introduced in IV/2022 the following APMs: 'Comparable EBITDA from continuing operations excl. Russia', 'Comparable operating profit from continuing operations excl. Russia', 'Comparable net profit from continuing operations excl. Russia', 'Comparable earnings per share from continuing operations excl. Russia', and 'Financial net debt/comparable EBITDA excl. Russia'. Following the deconsolidation of Russia in II/2023, these APMs, with the exception of 'Financial net debt/comparable EBITDA excl. Russia', are no longer presented.

See Note 4 Comparable operating profit and comparable net profit and Note 20 Definitions and reconciliations of key figures.

## 1.4 Accounting policies

The same accounting policies that were applied in the preparation of the consolidated financial statements for the year ended 31 December 2022, have been applied in these condensed interim financial statements. New standards, amendments and interpretations effective from 1 January 2023 have not had a material impact on Fortum's consolidated financial statements.



## 1.5 Key exchange rates used in consolidated financial statements

The balance sheet date rate is based on the exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of daily closing rates from the European Central Bank. The European Central Bank stopped publishing rouble (RUB) rates from 2 March 2022. From 2 March 2022, the daily spot rate at 17:15 EET from the market has been used. RUB rate is no longer presented from II/2023 due to the deconsolidation of the Russia segment.

Key exchange rates used in consolidated financial statements:

<b>Average rate</b>	<b>Jan-Jun 2023</b>	<b>Jan-Mar 2023</b>	<b>Jan-Dec 2022</b>	<b>Jan-Sep 2022</b>	<b>Jan-Jun 2022</b>	<b>Jan-Mar 2022</b>
Norway (NOK)	11.3195	10.9901	10.1026	10.0070	9.9817	9.9247
Poland (PLN)	4.6244	4.7081	4.6861	4.6724	4.6354	4.6230
Russia (RUB)	N/A	78.5649	73.6173	76.6455	85.0393	99.1783
Sweden (SEK)	11.3329	11.2030	10.6296	10.5274	10.4796	10.4807

<b>Balance sheet date rate</b>	<b>30 Jun 2023</b>	<b>31 Mar 2023</b>	<b>31 Dec 2022</b>	<b>30 Sep 2022</b>	<b>30 Jun 2022</b>	<b>31 Mar 2022</b>
Norway (NOK)	11.7040	11.3940	10.5138	10.5838	10.3485	9.7110
Poland (PLN)	4.4388	4.6700	4.6808	4.8483	4.6904	4.6531
Russia (RUB)	N/A	84.3190	77.8998	59.3288	56.4004	91.5833
Sweden (SEK)	11.8055	11.2805	11.1218	10.8993	10.7300	10.3370

## 2. Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

### Geopolitical uncertainties and impacts on Russian operations

On 25 April 2023, Fortum's subsidiary PAO Fortum (Fortum JSC) was put under asset management in accordance with a Russian Presidential decree No. 302 which introduced a 'temporary' asset management to assets owned by certain foreign entities in Russia. On 26 April 2023, this caused the forced replacement of the company's CEO and the Russian authorities seized control of Fortum's assets in Russia.

The decree and the subsequent forced nomination of the external CEO to PAO Fortum triggered a control assessment as required by IFRS 10 Consolidated financial statements. Based on the assessment, Fortum's rights are no longer substantive as it does not have practical ability to use control over its Russian operations, and that the Russian State is in practice able to approve or reject the most important decisions in relation to these operations. Consequently, control was lost on 25 April 2023 and the Russia segment is deconsolidated in II/2023. See also Note 6.3 Discontinued operations.

## 3. Segment information

In March 2023, Fortum announced the reorganisation of its business structure. From the first quarter of 2023, the new business units are: Hydro Generation, Nuclear Generation, Renewables and Decarbonisation, Corporate Customers and Markets, Consumer Solutions and Circular Solutions.

The business units are classified into the following reportable segments under IFRS:

- The Generation segment includes the Hydro Generation, Nuclear Generation, Corporate Customers and Markets, and Renewables and Decarbonisation business units.
- The Consumer Solutions segment includes the Consumer Solutions business unit.
- The Other Operations segment includes the Circular Solutions business unit, Innovation and Venturing activities, enabling functions and corporate management.

Segment comparatives for 2022 were restated and a separate stock exchange release with restated comparatives was issued on 17 April 2023.

Russia segment is classified as discontinued operations in II/2023. Comparatives for I/2023 and 2022 were restated and a separate stock exchange release with restated comparatives was issued on 11 May 2023. See also Note 1 Significant accounting policies and Note 6.3 Discontinued operations.

### Quarter

EUR million	Note	Generation <sup>1)</sup>		Consumer Solutions		Other Operations		Total continuing operations	
		II/2023	II/2022 restated	II/2023	II/2022	II/2023	II/2022 restated	II/2023	II/2022 restated
<b>Income statement data by segment</b>									
Power sales <sup>1)</sup>		703	720	637	747	2	5	1,343	1,472
Heat sales		88	89	-	-	5	5	93	93
Gas sales		-	-	88	73	-	-	88	73
Waste treatment sales		2	3	-	-	50	46	52	50
Other sales		12	27	25	37	69	81	107	144
<b>Sales</b>		<b>805</b>	<b>839</b>	<b>750</b>	<b>856</b>	<b>127</b>	<b>136</b>	<b>1,682</b>	<b>1,832</b>
Internal eliminations		-74	119	-5	-12	-25	-23	-103	84
Netting of Nord Pool transactions <sup>2)</sup>								-211	-379
<b>IS External sales</b>		<b>731</b>	<b>958</b>	<b>746</b>	<b>844</b>	<b>102</b>	<b>113</b>	<b>1,368</b>	<b>1,537</b>
									-
<b>Comparable EBITDA</b>		<b>348</b>	<b>343</b>	<b>27</b>	<b>40</b>	<b>-31</b>	<b>-21</b>	<b>344</b>	<b>362</b>
<b>IS Depreciation and amortisation</b>		<b>-44</b>	<b>-60</b>	<b>-17</b>	<b>-19</b>	<b>-21</b>	<b>-21</b>	<b>-82</b>	<b>-100</b>
<b>IS Comparable operating profit</b>		<b>304</b>	<b>282</b>	<b>10</b>	<b>21</b>	<b>-52</b>	<b>-42</b>	<b>262</b>	<b>262</b>
Impairment charges and reversals		-	-	-	-	-	0	-	0
Capital gains and other related items		0	644	0	0	0	-5	0	639
Changes in fair values of derivatives hedging future cash flow		63	-341	-58	200	-	-	5	-141
Other		0	-	-	-	-	-	0	-
<b>IS Items affecting comparability</b>	4	<b>63</b>	<b>303</b>	<b>-58</b>	<b>200</b>	<b>0</b>	<b>-5</b>	<b>5</b>	<b>498</b>
<b>IS Operating profit</b>		<b>367</b>	<b>585</b>	<b>-48</b>	<b>221</b>	<b>-52</b>	<b>-46</b>	<b>267</b>	<b>760</b>
Comparable share of profit/loss of associates and joint ventures	4, 7	-41	10	-	-	-1	0	-42	9
<b>IS Share of profit/loss of associates and joint ventures</b>	7	<b>-42</b>	<b>-57</b>	<b>-</b>	<b>-</b>	<b>-1</b>	<b>0</b>	<b>-42</b>	<b>-57</b>
<b>Gross investments / divestments by segment</b>									
Gross investments in shares	6	0	0	-	-	5	9	5	10
Capital expenditure		135	59	20	17	24	27	178	99
Gross divestments of shares	6	0	1,208	0	0	0	1	0	1,209

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the difference between average contract price and realised spot price. Power sales contains realised result from commodity derivatives, which have not had hedge accounting status under IFRS 9, but have been considered operatively as hedges.

2) Sales and purchases with Nord Pool Spot are netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

Year-to-date

EUR million	Note	Generation <sup>1)</sup>		Consumer Solutions		Other Operations		Total continuing operations	
		I-II/2023	I-II/2022 restated	I-II/2023	I-II/2022	I-II/2023	I-II/2022 restated	I-II/2023	I-II/2022 restated
<b>Income statement data by segment</b>									
Power sales <sup>1)</sup>		1,947	1,441	1,835	1,724	5	8	3,787	3,174
Heat sales		260	324	-	-	15	15	274	339
Gas sales		-	-	241	209	-	-	241	209
Waste treatment sales		4	14	-	-	103	97	108	111
Other sales		23	45	59	91	139	153	221	289
<b>Sales</b>		<b>2,234</b>	<b>1,825</b>	<b>2,134</b>	<b>2,024</b>	<b>262</b>	<b>273</b>	<b>4,631</b>	<b>4,122</b>
Internal eliminations		-285	248	-3	-19	-51	-47	-339	181
Netting of Nord Pool transactions <sup>2)</sup>								-659	-827
<b>IS External sales</b>		<b>1,949</b>	<b>2,073</b>	<b>2,131</b>	<b>2,005</b>	<b>211</b>	<b>225</b>	<b>3,632</b>	<b>3,476</b>
<b>Comparable EBITDA</b>		<b>1,115</b>	<b>717</b>	<b>51</b>	<b>94</b>	<b>-41</b>	<b>-14</b>	<b>1,125</b>	<b>797</b>
<b>IS Depreciation and amortisation</b>		<b>-88</b>	<b>-127</b>	<b>-35</b>	<b>-38</b>	<b>-42</b>	<b>-43</b>	<b>-165</b>	<b>-209</b>
<b>IS Comparable operating profit</b>		<b>1,027</b>	<b>589</b>	<b>16</b>	<b>56</b>	<b>-83</b>	<b>-57</b>	<b>960</b>	<b>588</b>
Impairment charges and reversals		-	-	-	-	-	0	-	0
Capital gains and other related items		1	644	0	0	0	-2	1	642
Changes in fair values of derivatives hedging future cash flow		381	-338	-314	357	-	-	67	19
Other		8	1	-	-	-	-10	8	-8
<b>IS Items affecting comparability</b>	4	<b>390</b>	<b>307</b>	<b>-314</b>	<b>357</b>	<b>0</b>	<b>-12</b>	<b>76</b>	<b>652</b>
<b>IS Operating profit</b>		<b>1,416</b>	<b>897</b>	<b>-297</b>	<b>413</b>	<b>-83</b>	<b>-69</b>	<b>1,036</b>	<b>1,240</b>
Comparable share of profit/loss of associates and joint ventures	4, 7	-31	19	-	-	-1	-1	-32	18
<b>IS Share of profit/loss of associates and joint ventures</b>	7	<b>-19</b>	<b>-111</b>	<b>-</b>	<b>-</b>	<b>-1</b>	<b>-1</b>	<b>-20</b>	<b>-113</b>
<b>Gross investments / divestments by segment</b>									
Gross investments in shares	6	4	0	-	-	13	15	17	15
Capital expenditure		222	109	40	32	38	37	300	175
Gross divestments of shares	6	0	1,208	0	0	3	1	3	1,209

- 1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the difference between average contract price and realised spot price. Power sales contains realised result from commodity derivatives, which have not had hedge accounting status under IFRS 9, but have been considered operatively as hedges.
- 2) Sales and purchases with Nord Pool Spot are netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

## Last twelve months

EUR million	Note	Generation <sup>1)</sup>		Consumer Solutions		Other Operations		Total for continuing operations	
		LTM	2022 restated	LTM	2022	LTM	2022 restated	LTM	2022 restated
<b>Income statement data by segment</b>									
Power sales <sup>1)</sup>		4,308	3,802	4,137	4,026	21	24	8,466	7,852
Heat sales		435	499	-	-	28	28	463	527
Gas sales		-	-	423	392	-	-	423	392
Waste treatment sales		9	19	-	-	225	219	234	238
Other sales		122	144	129	161	305	318	555	623
<b>Sales</b>		<b>4,874</b>	<b>4,465</b>	<b>4,689</b>	<b>4,578</b>	<b>578</b>	<b>589</b>	<b>10,141</b>	<b>9,632</b>
Internal eliminations		52	585	-14	-30	-105	-101	-67	454
Netting of Nord Pool transactions <sup>2)</sup>								-2,144	-2,312
<b>IS External sales</b>		<b>4,926</b>	<b>5,049</b>	<b>4,675</b>	<b>4,549</b>	<b>474</b>	<b>488</b>	<b>7,930</b>	<b>7,774</b>
<b>Comparable EBITDA</b>		<b>2,274</b>	<b>1,876</b>	<b>130</b>	<b>173</b>	<b>-50</b>	<b>-23</b>	<b>2,353</b>	<b>2,025</b>
<b>IS Depreciation and amortisation</b>		<b>-208</b>	<b>-247</b>	<b>-72</b>	<b>-75</b>	<b>-91</b>	<b>-92</b>	<b>-371</b>	<b>-415</b>
<b>IS Comparable operating profit</b>		<b>2,066</b>	<b>1,629</b>	<b>58</b>	<b>97</b>	<b>-142</b>	<b>-116</b>	<b>1,982</b>	<b>1,611</b>
Impairment charges and reversals		-	-	-	-	0	0	0	0
Capital gains and other related items		5	648	0	0	139	137	144	785
Changes in fair values of derivatives hedging future cash flow		589	-130	-917	-246	-	-	-328	-376
Other		-12	-19	-	-	-24	-33	-36	-52
<b>IS Items affecting comparability</b>	4	<b>582</b>	<b>499</b>	<b>-917</b>	<b>-246</b>	<b>115</b>	<b>103</b>	<b>-220</b>	<b>356</b>
<b>IS Operating profit</b>		<b>2,648</b>	<b>2,128</b>	<b>-859</b>	<b>-149</b>	<b>-26</b>	<b>-13</b>	<b>1,762</b>	<b>1,967</b>
Comparable share of profit/loss of associates and joint ventures	4, 7	-84	-34	-	-	-7	-7	-91	-40
<b>IS Share of profit/loss of associates and joint ventures</b>	7	<b>-86</b>	<b>-178</b>	<b>-</b>	<b>-</b>	<b>-7</b>	<b>-7</b>	<b>-93</b>	<b>-185</b>
<b>Gross investments / divestments by segment</b>									
Gross investments in shares	6	6	2	0	0	24	26	30	29
Capital expenditure		427	314	78	71	87	85	591	467
Gross divestments of shares	6	5	1,212	0	0	155	152	159	1,365

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the difference between average contract price and realised spot price. Power sales contains realised result from commodity derivatives, which have not had hedge accounting status under IFRS 9, but have been considered operatively as hedges.

2) Sales and purchases with Nord Pool Spot are netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

## Segment assets and liabilities

EUR million	Note	Generation		Consumer Solutions		Other Operations		Total	Russia	Total
		30 Jun 2023	31 Dec 2022 restated	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022 restated	30 Jun 2023	31 Dec 2022	31 Dec 2022
Non-interest-bearing assets		6,271	6,599	908	1,801	1,059	1,073	8,237	1,614	11,087
BS Participations in associates and joint ventures	7	974	987	-	-	53	51	1,027	211	1,249
Eliminations								-68		-332
<b>Total segment assets</b>		<b>7,245</b>	<b>7,585</b>	<b>908</b>	<b>1,801</b>	<b>1,112</b>	<b>1,124</b>	<b>9,196</b>	<b>1,825</b>	<b>12,004</b>
Interest-bearing receivables	12							1,033		1,284
BS Deferred tax assets								990		933
Other assets								3,555		5,502
BS Liquid funds								4,156		3,919
<b>BS Total assets</b>								<b>18,930</b>		<b>23,642</b>
<b>Segment liabilities</b>		<b>369</b>	<b>988</b>	<b>303</b>	<b>436</b>	<b>294</b>	<b>350</b>	<b>966</b>	<b>134</b>	<b>1,908</b>
Eliminations								-68		-332
<b>Total segment liabilities</b>								<b>898</b>		<b>1,576</b>
BS Deferred tax liabilities								384		152
Other liabilities								3,831		6,392
<b>Total liabilities included in capital employed</b>								<b>5,113</b>		<b>8,120</b>
Interest-bearing liabilities	13							6,077		7,785
BS Total equity								7,740		7,737
<b>BS Total equity and liabilities</b>								<b>18,930</b>		<b>23,642</b>
Number of employees		1,784	1,660	1,216	1,179	2,321	2,149	5,321	2,724	7,712

## Comparable operating profit including comparable share of profits of associates and joint ventures and Comparable return on net assets

EUR million	Note	Generation		Consumer Solutions	
		LTM	31 Dec 2022 restated	LTM	31 Dec 2022
<b>Comparable operating profit</b>		<b>2,066</b>	<b>1,629</b>	<b>58</b>	<b>97</b>
Comparable share of profit/loss of associates and joint ventures	4, 7	-84	-34	-	-
<b>Comparable operating profit including comparable share of profit/loss of associates and joint ventures</b>		<b>1,982</b>	<b>1,595</b>	<b>58</b>	<b>97</b>
Segment assets at the end of the period		7,245	7,585	908	1,801
Segment liabilities at the end of the period		369	988	303	436
<b>Comparable net assets</b>		<b>6,876</b>	<b>6,597</b>	<b>604</b>	<b>1,365</b>
<b>Comparable net assets average <sup>1)</sup></b>		<b>6,747</b>	<b>6,873</b>	<b>942</b>	<b>1,068</b>
<b>Comparable return on net assets, %</b>		<b>29.4</b>	<b>23.2</b>	<b>6.1</b>	<b>9.1</b>

1) Average net assets are calculated using the opening balance of the financial year and each quarter's closing value.

## 4. Comparable operating profit and comparable net profit

### 4.1 Reconciliation of operating profit to comparable operating profit

#### Quarter

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	II/2022		II/2022		II/2022		II/2022		II/2022		II/2022	
	II/2023	restated	II/2023	restated	II/2023	restated	II/2023	restated	II/2023	restated	II/2023	restated
Sales	1,368	1,587	-	-	-	-	0	-50	-	-	1,368	1,537
Other income	68	271	-	-	0	-639	-63	392	-	-	5	24
Materials and services	-751	-1,035	-	-	-	-	-39	77	0	-	-790	-958
Employee benefits	-102	-105	-	-	-	-	-	-	-	-	-102	-105
Depreciation and amortisation	-82	-100	-	0	-	-	-	-	-	-	-82	-100
Other expenses	-235	142	-	-	-	-	97	-277	-	-	-137	-136
<b>IS Comparable operating profit</b>			-	0	0	-639	-5	141	0	-	262	262
IS Items affecting comparability			-	0	0	639	5	-141	0	-	5	498
<b>IS Operating profit</b>	<b>267</b>	<b>760</b>									<b>267</b>	<b>760</b>

#### Year-to-date

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	I-II/2022		I-II/2022		I-II/2022		I-II/2022		I-II/2022		I-II/2022	
	I-II/2023	restated	I-II/2023	restated	I-II/2023	restated	I-II/2023	restated	I-II/2023	restated	I-II/2023	restated
Sales	3,631	3,528	-	-	-	-	2	-52	-	-	3,632	3,476
Other income	396	296	-	-	-1	-642	-382	390	-	-1	13	43
Materials and services	-1,941	-2,193	-	-	-	-	-87	-58	-8	-	-2,037	-2,251
Employee benefits	-211	-217	-	-	-	-	-	-	-	-	-211	-217
Depreciation and amortisation	-165	-209	-	0	-	-	-	-	-	-	-165	-209
Other expenses	-674	36	-	-	-	-	401	-299	-	10	-273	-253
<b>IS Comparable operating profit</b>			-	0	-1	-642	-67	-19	-8	8	960	588
IS Items affecting comparability			-	0	1	642	67	19	8	-8	76	652
<b>IS Operating profit</b>	<b>1,036</b>	<b>1,240</b>									<b>1,036</b>	<b>1,240</b>

## Last twelve months

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	
Sales	7,899	7,797	-	-	-	-	30	-23	-	-	7,930	7,774
Other income	808	707	-	-	-144	-785	-619	153	-	-1	45	74
Materials and services	-4,827	-5,079	-	-	-	-	177	206	12	20	-4,638	-4,853
Employee benefits	-425	-432	-	-	-	-	-	-	-	-	-425	-432
Depreciation and amortisation	-371	-415	0	0	-	-	-	-	-	-	-371	-415
Other expenses	-1,322	-612	-	-	-	-	740	40	24	33	-558	-538
<b>IS Comparable operating profit</b>			<b>0</b>	<b>0</b>	<b>-144</b>	<b>-785</b>	<b>328</b>	<b>376</b>	<b>36</b>	<b>52</b>	<b>1,982</b>	<b>1,611</b>
<b>IS Items affecting comparability</b>			<b>0</b>	<b>0</b>	<b>144</b>	<b>785</b>	<b>-328</b>	<b>-376</b>	<b>-36</b>	<b>-52</b>	<b>-220</b>	<b>356</b>
<b>IS Operating profit</b>	<b>1,762</b>	<b>1,967</b>									<b>1,762</b>	<b>1,967</b>

## Impairment charges and reversals

Impairment charges are adjusted from depreciation and amortisation and presented in items affecting comparability. Comparative information for I/2023 and I-IV/2022 has been restated following the classification of Russia segment as discontinued operations in II/2023. See Note 6.3 Discontinued operations.

## Capital gains and other related items

Capital gains and other related items in 2022 included EUR 638 million gain from the sale of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway, EUR 77 million gain from the sale of the 30% ownership in the public charging point operator for electric vehicles Recharge AS, as well as EUR 61 million gain from the sale of the e-mobility business Plugsurfing (see Note 6.2 Disposals).

## Changes in fair values of derivatives hedging future cash flow

Fair value changes of derivatives to which hedge accounting is not applied and which hedge future cash flows are adjusted from other income and other expenses and presented in items affecting comparability. Impacts from settlement of physical contracts that have been treated as derivatives are adjusted to sales and materials and services to reflect the contract pricing as opposed to market pricing.

## 4.2 Reconciliation from operating profit to comparable net profit

EUR million	Note	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>IS Operating profit</b>		<b>267</b>	<b>760</b>	<b>1,036</b>	<b>1,240</b>	<b>1,967</b>	<b>1,762</b>
IS Items affecting comparability	4.1	-5	-498	-76	-652	-356	220
<b>IS Comparable operating profit</b>		<b>262</b>	<b>262</b>	<b>960</b>	<b>588</b>	<b>1,611</b>	<b>1,982</b>
IS Share of profit/loss of associates and joint ventures		-42	-57	-20	-113	-185	-93
Adjustments to share of profit/loss of associates and joint ventures	7	0	66	-12	130	145	2
Comparable share of profit/loss of associates and joint ventures		-42	9	-32	18	-40	-91
IS Finance costs - net		-50	-54	-145	-96	-218	-266
Adjustments to finance costs - net	8	20	35	30	44	48	33
Comparable finance costs - net		-30	-19	-115	-52	-170	-233
<b>Comparable profit before income tax</b>		<b>190</b>	<b>252</b>	<b>813</b>	<b>554</b>	<b>1,400</b>	<b>1,659</b>
IS Income tax expense		199	-7	45	-102	520	666
Adjustments to income tax expense		-245	-44	-231	-12	-836	-1,054
Comparable income tax expense		-46	-51	-186	-113	-316	-388
IS Non-controlling interests		3	2	0	-9	-4	6
Adjustments to non-controlling interests		0	-4	2	-5	-5	2
Comparable non-controlling interests		3	-2	2	-14	-9	7
<b>Comparable net profit from continuing operations</b>		<b>147</b>	<b>199</b>	<b>629</b>	<b>427</b>	<b>1,076</b>	<b>1,279</b>
Comparable net profit from discontinued operations	6.3	-	686	34	359	-2,064	-2,389
<b>Comparable net profit, total Fortum</b>		<b>147</b>	<b>885</b>	<b>665</b>	<b>786</b>	<b>-988</b>	<b>-1,109</b>
<b>Comparable earnings per share, continuing operations EUR</b>	20	<b>0.16</b>	<b>0.22</b>	<b>0.70</b>	<b>0.48</b>	<b>1.21</b>	<b>1.43</b>
<b>Comparable earnings per share, discontinued operations EUR</b>	20	-	<b>0.77</b>	<b>0.04</b>	<b>0.40</b>	<b>-2.32</b>	<b>-2.67</b>
<b>Comparable earnings per share, total Fortum, EUR</b>	20	<b>0.16</b>	<b>1.00</b>	<b>0.74</b>	<b>0.88</b>	<b>-1.11</b>	<b>-1.24</b>

### Comparable share of profit/loss of associates and joint ventures

Share of profit/loss of associates and joint ventures is adjusted for significant items, similar to adjustments made to arriving at comparable net profit.

### Comparable finance costs - net

Finance costs – net are adjusted for e.g. nuclear-related items recognised in other financial items - net, fair value changes on financial items, as well as impairment charges and reversals of previously recorded impairment charges on financial items.

### Comparable income tax expense

Income tax expense is adjusted for tax impacts on items affecting comparability, adjustments to finance costs – net, tax rate changes and other onetime adjustments. In I-II/2023, adjustments to income tax expense included EUR 242 million relating to onetime tax impact mainly recognised in Ireland and in the Netherlands, due to the impairment of the Russian assets. In 2022, adjustments to income tax expense included EUR 746 million relating to onetime tax impact realised in Ireland mainly due to the Uniper divestment.

See also Note 20 Definitions and reconciliations of key figures.



## 5. Financial risk management

See Fortum Group's consolidated financial statements for the year ended 31 December 2022 for current financial risk management objectives and policies.

### Fair value hierarchy information

Financial instruments that are measured in the balance sheet at fair value are presented according to following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs).

See also accounting policies in the consolidated financial statements 2022, in Note 15 Financial assets and liabilities by fair value hierarchy.

### Financial assets

EUR million	Level 1		Level 2		Level 3		Netting <sup>1)</sup>		Total	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
<b>In non-current assets</b>										
Other investments <sup>2)</sup>					116	543			116	543
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			100	54					100	54
Non-hedge accounting	44	85	37	58	15	57	-11	-30	85	170
Interest rate and currency derivatives										
Hedge accounting			128	116					128	116
Non-hedge accounting			5	3					5	3
Interest-bearing receivables						31			-	31
<b>Total in non-current assets</b>	<b>44</b>	<b>85</b>	<b>271</b>	<b>231</b>	<b>131</b>	<b>631</b>	<b>-11</b>	<b>-30</b>	<b>435</b>	<b>917</b>
<b>In current assets</b>										
Derivative financial instruments										
Commodity derivatives										
Hedge accounting	337	781	485	542			-156	-546	666	777
Non-hedge accounting	426	1,129	118	252	5	9	-281	-796	268	594
Interest rate and currency derivatives										
Hedge accounting			14	23					14	23
Non-hedge accounting			123	92					123	92
Interest-bearing receivables <sup>3)</sup>	350	527				7			350	535
<b>Total in current assets</b>	<b>1,113</b>	<b>2,437</b>	<b>740</b>	<b>909</b>	<b>5</b>	<b>16</b>	<b>-437</b>	<b>-1,342</b>	<b>1,421</b>	<b>2,021</b>
<b>Total in assets</b>	<b>1,157</b>	<b>2,522</b>	<b>1,011</b>	<b>1,140</b>	<b>136</b>	<b>648</b>	<b>-448</b>	<b>-1,372</b>	<b>1,856</b>	<b>2,938</b>

1) Receivables and liabilities from electricity and other commodity standard derivative contracts against exchanges with same delivery period are netted.

2) Other investments includes shares in unlisted companies. The comparison period 31 December 2022 also includes 1.3 GW portfolio of wind projects located in Russia.

3) Interest-bearing receivables, Level 1, include collateral arrangement covering margin requirement. See also Note 12 Interest-bearing receivables and Note 13 Interest-bearing net debt.

## Financial liabilities

EUR million	Level 1		Level 2		Level 3		Netting <sup>1)</sup>		Total	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
<b>In non-current liabilities</b>										
Interest-bearing liabilities <sup>2)</sup>			363	580					363	580
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			131	390					131	390
Non-hedge accounting	37	38	88	234	10	4	-11	-30	125	246
Interest rate and currency derivatives										
Hedge accounting			143	121					143	121
Non-hedge accounting			0	0					0	0
<b>Total in non-current liabilities</b>	<b>37</b>	<b>38</b>	<b>725</b>	<b>1,324</b>	<b>10</b>	<b>4</b>	<b>-11</b>	<b>-30</b>	<b>762</b>	<b>1,336</b>
<b>In current liabilities</b>										
Interest-bearing liabilities			447	527					447	527
Derivative financial instruments										
Commodity derivatives										
Hedge accounting	1,133	2,672	379	1,240			-156	-546	1,357	3,366
Non-hedge accounting	412	883	119	465	0	1	-281	-796	250	553
Interest rate and currency derivatives										
Hedge accounting			5	3					5	3
Non-hedge accounting			60	51					60	51
<b>Total in current liabilities</b>	<b>1,545</b>	<b>3,555</b>	<b>1,010</b>	<b>2,286</b>	<b>0</b>	<b>1</b>	<b>-437</b>	<b>-1,342</b>	<b>2,119</b>	<b>4,500</b>
<b>Total in liabilities</b>	<b>1,582</b>	<b>3,593</b>	<b>1,736</b>	<b>3,610</b>	<b>11</b>	<b>5</b>	<b>-448</b>	<b>-1,372</b>	<b>2,881</b>	<b>5,836</b>

- 1) Receivables and liabilities from standard electricity and other commodity derivative contracts against exchanges with same delivery period are netted.  
2) Fair valued part of bonds when hedge accounting is applied (fair value hedge).

At the end of June 2023, the net fair value of commodity derivatives was EUR -744 million, including assets of EUR 1,119 million and liabilities of EUR 1,863 million (EUR -2,960 million in December 2022, including assets of EUR 1,594 million and liabilities of EUR 4,554 million). The change from December 2022 mainly relates to impacts from decreased commodity market prices.

Net fair value amount of interest rate and currency derivatives was EUR 62 million, including assets of EUR 270 million and liabilities of EUR 208 million. Fortum has cash collaterals based on collateral agreements with some counterparties. At the end of June 2023, Fortum had received EUR 67 million from collateral agreements. Cash received is recognised as liquid funds and short-term liability.

Regarding derivative financial instruments, see Note 4 Comparable operating profit and comparable net profit. Regarding interest-bearing receivables and liabilities, see Note 12 Interest-bearing receivables, Note 13 Interest-bearing net debt and Note 16 Pledged assets and contingent liabilities.

There were no transfers in or out of level 3. Gains and losses of level 3 items in consolidated income statement are presented mainly in items affecting comparability. See note 4 Comparable operating profit and comparable net profit.

## Changes in fair value hierarchy Level 3

	1 Jan 2023	Purchases	Settlements	Gains / losses in income statement	Deconsolidation of subsidiary companies <sup>1)</sup>	30 Jun 2023
<b>On balance sheet, net</b>						
Other investments	543	11	-5	-34	-404	111
Commodity derivatives, fair values	61			-47		14
Interest-bearing receivables	39		-4	-6	-29	-
<b>Total on balance sheet, net</b>	<b>643</b>	<b>11</b>	<b>-9</b>	<b>-87</b>	<b>-433</b>	<b>125</b>

- 1) Deconsolidation of Russian operations in II/2023. See note 6.3 Discontinued operations.

## 6. Acquisitions, disposals and discontinued operations

### 6.1 Acquisitions

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Gross investments in shares in subsidiary companies	0	0	0	0	0	0
Gross investments in shares in associated companies and joint ventures	2	4	6	4	10	13
Gross investments in other shares	3	6	11	11	19	18
<b>Total</b>	<b>5</b>	<b>10</b>	<b>17</b>	<b>15</b>	<b>29</b>	<b>30</b>

There were no material acquisitions in I-II/2023.

### 6.2 Disposals

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Gross divestments of shares in subsidiary companies	0	1,209	0	1,209	1,279	70
Gross divestments of shares in associated companies and joint ventures	0	0	0	0	86	86
Gross divestments of other investments	0	0	3	0	0	3
<b>Total</b>	<b>0</b>	<b>1,209</b>	<b>3</b>	<b>1,209</b>	<b>1,365</b>	<b>159</b>

#### Disposals during 2023

There were no material disposals in I-II/2023.

#### Disposals during 2022

On 21 September 2022, Fortum, the German government and Uniper signed an agreement in principle allowing the German State to take full control of Uniper and Uniper was deconsolidated. On 21 December 2022, the transaction was completed and Fortum received the consideration of the share transaction of EUR 498 million and Uniper repaid the EUR 4 billion shareholder loan. The consideration received for the shares is presented in the cash flow from discontinued operations in IV/2022. See also Note 6.3 Discontinued operations.

On 1 September 2022, Fortum announced that it had concluded the sale of its e-mobility business Plugsurfing to Fleetcor Technologies, Inc., a leading global business payments company. The transaction price was approximately EUR 75 million on a cash and debt free basis and Fortum recorded a tax-exempt capital gain of EUR 61 million in the Other Operations' third quarter 2022 results.

On 18 August 2022, Fortum concluded the sale of its 30% ownership in Recharge AS, a public charging point operator for electric vehicles, to Infracapital, the infrastructure equity investment arm of M&G Plc. The transaction price was approximately EUR 85 million. Fortum recorded a tax-exempt capital gain of EUR 77 million in Other Operations' third quarter 2022 results.

On 19 May 2022, Fortum announced that it had concluded the sale of its 50% ownership in the district heating company Fortum Oslo Varme AS in Norway to a consortium of institutional investors of Hafslund Eco, Infranode and HitecVision. The total consideration of the sale amounted to approximately EUR 1 billion on a cash- and debt-free basis; and as part of the transaction, Fortum deconsolidated a related EUR 210 million shareholder loan from the City of Oslo. Fortum recorded a tax-exempt capital gain of EUR 638 million in the Generation segment's second quarter 2022 results. In 2022, Fortum Oslo Varme AS was part of the City Solutions segment (see Note 3 Segment information).

In May 2022, the second phase of the Rajasthan divestment was concluded and a tax-exempt sales gain of EUR 5 million was recorded in comparable operating profit in Generation (previously City Solutions) segment's second quarter 2022 results.

## 6.3 Discontinued operations

The Russia segment is classified as discontinued operations in II/2023, and the Uniper segment was classified as discontinued operations in III/2022. See also Note 1 Significant accounting policies. Financial performance and cash flow information for the discontinued operations is presented until 31 March 2023 for the Russia segment, and until 30 September 2022 for the Uniper segment.

### Financial performance

The result from discontinued operations is disclosed on one line on the face of the consolidated income statement. The following table presents breakdown of income statement information for discontinued operations. Discontinued operations include the Russia segment in I/2023 and I-IV/2022; as well as the Uniper segment in I-III/2022. The effects of eliminations from internal sales and purchases have been included in the discontinued operations. The net financial costs are based on the historical financial costs in the separate companies.

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Sales	-	36,741	287	78,483	129,126	50,931
Other income	-	6,947	6	11,773	22,535	10,767
Materials and services	-	-36,283	-148	-78,663	-132,778	-54,262
Employee benefits	-	-270	-20	-517	-781	-284
Depreciation and amortisation	-	-246	-23	-471	-724	-276
Other expenses	-	-6,577	-15	-11,056	-21,865	-10,825
<b>Comparable operating profit</b>	-	<b>313</b>	<b>86</b>	<b>-452</b>	<b>-4,487</b>	<b>-3,949</b>
Deconsolidation effect	-3,608	-	-3,608	-	27,966	24,358
Items affecting comparability	-	-10,213	0	-12,345	-40,570	-28,225
<b>Operating profit</b>	<b>-3,608</b>	<b>-9,900</b>	<b>-3,521</b>	<b>-12,797</b>	<b>-17,091</b>	<b>-7,816</b>
Share of profit/loss of associates and joint ventures	-	8	26	-126	-372	-220
Finance costs - net	-	583	-88	-330	-1,028	-787
<b>Profit before income tax</b>	<b>-3,608</b>	<b>-9,309</b>	<b>-3,584</b>	<b>-13,253</b>	<b>-18,491</b>	<b>-8,822</b>
Income tax expense	-	1,310	2	2,133	6,117	3,986
<b>Net profit from discontinued operations</b>	<b>-3,608</b>	<b>-7,999</b>	<b>-3,582</b>	<b>-11,120</b>	<b>-12,374</b>	<b>-4,836</b>
<b>Attributable to:</b>						
Owners of the parent	-3,608	-6,331	-3,583	-8,830	-4,496	751
Non-controlling interests <sup>1)</sup>	-	-1,668	1	-2,290	-7,878	-5,587
Earnings per share, discontinued operations, EUR	-4.02	-7.13	-3.99	-9.94	-5.07	0.84
Comparable net profit from discontinued operations	-	686	34	359	-2,064	-2,389
Comparable earnings per share, discontinued operations, EUR	-	0.77	0.04	0.40	-2.32	-2.67

1) Non-controlling interest is not calculated on the Deconsolidation effect as the deconsolidation effect is calculated based on Fortum's share of Russia's and Uniper's net assets.

### Impact from the deconsolidation of Russia and Uniper

#### Russia

The deconsolidation of Russian operations in II/2023 resulted in EUR 3.6 billion one-time, non-cash negative effect. The amount consists of the full write-down of the Russian assets of EUR 1.7 billion, and EUR 1.9 billion negative cumulative translation differences previously recognised in equity. These cumulative translation differences are recycled from equity to profit and loss on deconsolidation according to IFRS. The recycling did not have any impact on total equity.

Fortum has not had access to financial or non-financial information from the Russia segment since the first quarter 2023 reporting, and therefore information for the deconsolidation is based on the 31 March 2023 balance sheet.

EUR million	31 Mar 2023
Intangible assets	18
Property, plant and equipment and right-of-use assets	896
Participations in associates and joint ventures	221
Interest-bearing receivables	33
Other non-current and current assets	594
Liquid funds	284
Non-controlling interests	-22
Interest-bearing liabilities	-178
Other liabilities	-161
<b>Net assets deconsolidated</b>	<b>1,685</b>
Items recycled to Income statement	-1,922
<b>Deconsolidation effect (negative)</b>	<b>-3,608</b>

## Uniper

On deconsolidation of Uniper at 30 September 2022, Fortum recorded EUR 28.0 billion one-time, mainly non-cash positive effect that is included in 2022 in net profit from discontinued operations in the consolidated income statement. The amount consists of the net effect from the consideration received for the shares, EUR 498 million; Uniper's negative net assets divested resulting in a positive impact to the deconsolidation effect of EUR 26 658 million; as well as certain items previously recognised in other comprehensive income, EUR 810 million, mainly foreign exchange differences, that are reclassified to Income statement on disposal.

EUR million	30 Sep 2022
<b>Net assets divested</b>	<b>-26,658</b>
Consideration received for the shares	498
Items recycled to Income statement	810
<b>Deconsolidation effect</b>	<b>27,966</b>

Fortum's total pre-tax loss from the Uniper investment was slightly below EUR 6 billion which is the net effect from the investments in Uniper shares during 2018-2022 of approximately EUR 7.2 billion, the sales proceeds of EUR 0.5 billion received and dividends of approximately EUR 0.9 billion received during the Uniper ownership.

## Cash flow information

In the cash flow statement, the net cash flows attributable to the operating, investing and financing activities of the discontinued operations are disclosed separately. The table below shows the Russia segment in I/2023 and I-IV/2022; as well as the Uniper segment in I-III/2022.

The Russian operations were deconsolidated due to loss of control as opposed to sale (see Note 2 Critical accounting estimates and judgements), i.e. no consideration has been received for the Russian operations. Cash flow from investing activities for discontinued operations in 2023 includes Russia related cash flows from I/2023 netted with liquid funds of EUR 284 million lost through the seizure of the Russian assets.

The consideration received for the shares of Uniper, EUR 498 million, is presented in net cash from/used in investing activities of the discontinued operations in 2022. Net cash from/used in investing activities in 2022 is presented net of liquid funds due to the deconsolidation of Uniper. Liquid funds of Uniper were EUR 2,248 million at 30 September 2022.

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Net cash from/used in operating activities	-	-174	109	-2,155	-10,484	-8,220
Net cash from/used in investing activities	-284	-1,866	-333	1,549	-2,789	-4,671
Net cash from/used in financing activities	-	1,035	21	434	10,739	10,327
<b>Total net decrease/increase in liquid funds</b>	<b>-284</b>	<b>-1,005</b>	<b>-202</b>	<b>-173</b>	<b>-2,534</b>	<b>-2,563</b>

## 7. Share of profit/loss of associates and joint ventures

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Principal associates						
Forsmark Kraftgrupp AB	-10	-29	0	-54	-78	-24
Kemijoki Oy	-	4	-1	4	-1	-6
OKG AB	-33	-34	-19	-61	-99	-57
Principal joint ventures						
TVO Oyj	-1	-4	-7	-8	-13	-12
Other associates	-	-	-1	-1	-6	-6
Other joint ventures	2	6	7	8	13	12
<b>IS Share of profit/loss of associates and joint ventures</b>	<b>-42</b>	<b>-57</b>	<b>-20</b>	<b>-113</b>	<b>-185</b>	<b>-93</b>

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>IS Share of profit/loss of associates and joint ventures</b>	<b>-42</b>	<b>-57</b>	<b>-20</b>	<b>-113</b>	<b>-185</b>	<b>-93</b>
Adjustments to share of profit/loss of associates and joint ventures	0	66	-12	130	145	2
<b>Comparable share of profit/loss of associates and joint ventures</b>	<b>-42</b>	<b>9</b>	<b>-32</b>	<b>18</b>	<b>-40</b>	<b>-91</b>

## 8. Finance costs – net

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Interest expense						
Borrowings	-69	-31	-163	-64	-202	-301
Leasing and other interest expenses	-1	-1	-1	-1	-2	-2
Capitalised borrowing costs	5	1	9	1	4	12
<b>IS Total</b>	<b>-65</b>	<b>-31</b>	<b>-155</b>	<b>-64</b>	<b>-200</b>	<b>-292</b>
Interest income						
Loan receivables and deposits	35	7	60	11	46	94
Leasing and other interest income	6	1	7	1	30	36
<b>IS Total</b>	<b>41</b>	<b>8</b>	<b>67</b>	<b>12</b>	<b>75</b>	<b>130</b>
Other financial items - net						
Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions	-23	-32	-31	-46	-71	-56
Fair value changes, impairments and reversals	3	-3	1	2	-3	-4
Unwinding of discounts on other provisions and pension obligations	-1	0	-1	0	10	10
Other financial expenses and income	-5	4	-26	0	-29	-55
<b>IS Total</b>	<b>-26</b>	<b>-31</b>	<b>-57</b>	<b>-45</b>	<b>-93</b>	<b>-104</b>
<b>IS Finance costs - net</b>	<b>-50</b>	<b>-54</b>	<b>-145</b>	<b>-96</b>	<b>-218</b>	<b>-266</b>

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
<b>IS Finance costs - net</b>	<b>-50</b>	<b>-54</b>	<b>-145</b>	<b>-96</b>	<b>-218</b>	<b>-266</b>
Adjustments to finance costs - net						
Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions	23	32	31	46	71	56
Fair value changes, impairments, reversals and other adjustments	-3	3	-1	-2	-23	-23
<b>Comparable finance costs - net</b>	<b>-30</b>	<b>-19</b>	<b>-115</b>	<b>-52</b>	<b>-170</b>	<b>-233</b>

Interest expenses on borrowings in I-II/2023 totalled EUR 163 million (I-II/2022: 64), including interest expenses on loans of EUR 141 million (I-II/2022: 65), and EUR 22 million (I-II/2022: -1) interest cost – net from derivatives hedging the loan portfolio. Interest expenses on loans includes EUR 41 million (I-IV/2022: 26) relating to the Finnish State bridge financing recognised in I/2023.

Interest income on loan receivables and deposits, EUR 60 million (I-II/2022: 11) in I-II/2023, includes EUR 50 million (I-II/2022: -1) from deposits and cash, and EUR 10 million (I-II/2022: 12) interest income from shareholder loan receivables and other loan receivables.

Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions relate to the Loviisa nuclear power plant.

Other financial expenses and income, EUR 26 million (I-II/2022: 0) in I-II/2023, includes EUR 5 million foreign exchange losses, and EUR 21 million costs relating to financing arrangements of which EUR 15 million (I-IV/2022: 23) related to the Finnish State bridge financing.

## 9. Income taxes

Income taxes during I-II/2023 totalled EUR 45 million (I-II/2022: -102). In I-II/2023, income taxes included EUR 242 million relating to onetime positive tax impact mainly recognised in Ireland and in the Netherlands, due to the impairment of the Russian assets. The effective income tax rate according to the income statement was -5.1% (I-II/2022: 9.8%). The comparable effective income tax rate was 22.0% (I-II/2022: 21.1%). The comparable effective tax rate excluding Finnish windfall tax was 21.6%.

## 10. Dividend per share

A dividend for 2022 of EUR 0.91 per share, amounting to a total of EUR 817 million, was decided in the Annual General Meeting on 13 April 2023. The dividend is paid in two instalments. The first dividend instalment of EUR 0.46 per share was paid on 24 April 2023, amounting to a total of EUR 413 million. The second dividend instalment of EUR 0.45, amounting to a total of EUR 404 million, is recorded as a liability and included in 'Trade and other payables' on the balance sheet at 30 June 2023 and will be paid on 10 October 2023.

A dividend for 2021 of EUR 1.14 per share, amounting to a total of EUR 1,013 million, was decided in the Annual General Meeting on 28 March 2022. The dividend was paid on 6 April 2022.

## 11. Impairment of non-current assets

The carrying values of goodwill, other intangible assets, property, plant and equipment, right-of-use assets, participations in associates and joint ventures, and non-financial investments are reviewed regularly for indication of impairment. Impairment testing is performed if there is an indication of impairment; and the asset is written down to its recoverable amount if its carrying amount is greater than the estimated recoverable amount. See Note 19 Impairment testing in the 2022 consolidated financial statements for further information on the accounting policy and assumptions related to impairment testing.

Following the loss of control over Russian operations on 25 April 2023, the Russian assets were fully written down in Fortum's II/2023 financials resulting in an impairment charge of EUR 1.7 billion. The impairment charge is included in the results of discontinued operations.

Russian assets were tested for impairment as of 31 December 2022. Fair value less costs of disposal for the Russia CGU was determined by an external party based on discounted cash flow model. Management made an additional risk adjustment to account for market restrictions and the valuation method was consistent with external sources of information.

Total impairment charges in 2022 for the Russia CGU amounted to EUR 1,697 million, including EUR 905 million impairment of intangible assets and property, plant and equipment, EUR 475 million impairment of participations in associates and joint ventures, EUR 145 million expected credit losses on Russian deposits and receivables, as well as EUR 171 million write down of other shares. In Fortum's II/2023 financials, these impairment charges are included in the results of discontinued operations for 2022.

As of 31 March 2023, there were no material changes in the circumstances compared to the situation as of 31 December 2022. The book value of the Russia segment was approximately EUR 1.7 billion at 31 March 2023 (31 Dec 2022: 1.7).

## 12. Interest-bearing receivables

EUR million	30 Jun 2023	31 Dec 2022
Interest-bearing receivables	1,033	1,281
Finance lease receivables	-	3
<b>Total</b>	<b>1,033</b>	<b>1,284</b>

EUR million	30 Jun 2023		31 Dec 2022	
	Carrying amount	Fair value <sup>1)</sup>	Carrying amount	Fair value
Long-term loan receivables from associates and joint ventures	556	567	593	612
Other long-term interest-bearing receivables	-	-	31	31
<b>Total long-term interest-bearing receivables</b>	<b>556</b>	<b>567</b>	<b>624</b>	<b>643</b>
Collateral arrangement	350	350	527	527
Other short-term interest-bearing receivables	127	127	130	130
<b>Total short-term interest-bearing receivables</b>	<b>477</b>	<b>477</b>	<b>657</b>	<b>657</b>
<b>Total</b>	<b>1,033</b>	<b>1,044</b>	<b>1,281</b>	<b>1,301</b>

1) Fair values do not include accrued interest.

Changes in interest-bearing receivables from 31 December 2022 include EUR 33 million from the deconsolidation of Russian operations in II/2023. See Note 6.3 Discontinued operations.

Long-term interest-bearing receivables from associated companies and joint ventures, EUR 556 million (31 Dec 2022: 593), include EUR 462 million from Swedish nuclear companies, Forsmarks Kraftgrupp AB and OKG AB (31 Dec 2022: 498), which are mainly funded with shareholder loans, pro rata to each shareholder's ownership.

Other short-term interest-bearing receivables includes the collateral for default fund. In II/2023 the cash collateral in Nasdaq default fund, EUR 97 million, was replaced by securities included in Fortum's collateral arrangement to the Nordic Power Exchange. See Note 13 Interest-bearing net debt.

## 13. Interest-bearing net debt

### Financial net debt

EUR million	30 Jun 2023	31 Dec 2022
+ Interest-bearing liabilities	6,077	7,785
- BS Liquid funds	4,156	3,919
- Collateral arrangement	350	527
- BS Margin receivables	1,071	2,607
+ BS Margin liabilities	245	352
<b>+/- Net margin liabilities/receivables</b>	<b>-826</b>	<b>-2,255</b>
<b>Financial net debt</b>	<b>745</b>	<b>1,084</b>



Interest-bearing liabilities of EUR 6,077 million includes Fortum's collateral arrangement to the Nordic Power Exchange totalling EUR 447 million (31 Dec 2022: 527). Equalling amount is included in short-term interest-bearing receivables of which collateral relating to margin requirement EUR 350 million (31 Dec 2022: 527) is netted from the Financial net debt in the Collateral arrangement row. However the collateral for default fund EUR 97 million is not netted from the Financial net debt. See Note 12 Interest-bearing receivables.

## Interest-bearing liabilities

EUR million	30 Jun 2023	31 Dec 2022
Non-current loans	5,113	3,558
Current loans	851	4,108
<b>Total loans</b>	<b>5,964</b>	<b>7,666</b>
Non-current lease liabilities	95	100
Current lease liabilities	18	19
<b>Total lease liabilities</b>	<b>113</b>	<b>119</b>
<b>Total</b>	<b>6,077</b>	<b>7,785</b>

## Loans

EUR million	Carrying amount	Fair value <sup>3)</sup>	Carrying amount	Fair value
	30 Jun 2023	30 Jun 2023	31 Dec 2022	31 Dec 2022
Bonds	2,691	2,621	2,634	2,569
Loans from financial institutions	1,306	1,318	1,519	1,545
Reborrowing from the Finnish State Nuclear Waste Management Fund <sup>1)</sup>	951	948	918	938
Other long-term interest-bearing liabilities	181	179	115	126
<b>Total long-term loans <sup>2)</sup></b>	<b>5,129</b>	<b>5,066</b>	<b>5,187</b>	<b>5,178</b>
Collateral arrangement liability	447	447	527	527
Other short-term interest-bearing liabilities	388	388	1,952	1,952
<b>Total short-term loans</b>	<b>835</b>	<b>835</b>	<b>2,479</b>	<b>2,479</b>
<b>Total</b>	<b>5,964</b>	<b>5,901</b>	<b>7,666</b>	<b>7,657</b>

1) The reborrowing from the Finnish State Nuclear Waste Management Fund includes the part relating to Loviisa nuclear power plant as well as borrowing done through TVO.

2) Includes current portion of long-term liabilities of EUR 16 million (31 Dec 2022: 1,629).

3) Fair values do not include accrued interest.

Changes in interest-bearing liabilities from 31 December 2022 include EUR 178 million from the deconsolidation of Russian operations in II/2023. See Note 6.3 Discontinued operations.

In January 2023, Fortum repaid the drawn amount EUR 600 million of its Liquidity revolving credit facility. In February 2023, EUR 1,000 million maturing bond was repaid. In March 2023, Fortum repaid the drawn amount of EUR 350 million and cancelled the entire EUR 2,350 million Finnish State bridge loan facility. Nuclear waste fund loans are in total EUR 951 million after the drawdown of EUR 33 million.

In May 2023, Fortum issued a dual-tranche bond with a five-year tranche of EUR 500 million and a ten-year tranche of EUR 650 million. Fortum repaid the final drawn amount of EUR 500 million of its Liquidity revolving credit facility in May 2023 and the SEK 1,000 million bond in June 2023.

In June 2023, Fortum cancelled EUR 2,100 million of the total EUR 3,100 million Liquidity revolving credit facility and six months extension option was used for the remaining facility of EUR 1,000 million with new maturity in December 2023 with 6 months extension option by Fortum.

In June 2023, Fortum renewed its maturing drawn bullet loan of EUR 500 million with a new maturity date in February 2025. Undrawn bilateral revolving credit facility of EUR 800 million maturing in December 2023 was renewed with new maturity date in June 2025 with a one year extension option by the lender.

Current loans, EUR 851 million (31 Dec 2022: 4,108), include the current portion of long-term loans, EUR 16 million (31 Dec 2022: 1,629), and short-term loans EUR 835 million (31 Dec 2022: 2,479).

Short-term loans, EUR 835 million, include EUR 514 million collateral arrangements and use of commercial paper programmes of EUR 319 million.

The average interest rate for the portfolio of EUR loans was 3.8% at the balance sheet date (31 Dec 2022: 3.1%). The average interest rate on total loans and derivatives was 4.5% at the balance sheet date (31 Dec 2022, excluding Russia: 3.7%).

### Maturity of loans

EUR million	30 Jun 2023
2023	810
2024	747
2025	506
2026	733
2027	16
2028 and later	3,152
<b>Total</b>	<b>5,964</b>

Maturities in 2023 include EUR 514 million loans with no contractual due date.

### Maturity of undiscounted lease liabilities

EUR million	30 Jun 2023
Due within a year	18
Due after one year and within five years	53
Due after five years	57
<b>Total</b>	<b>128</b>

### Liquid funds

EUR million	30 Jun 2023	31 Dec 2022
Deposits and securities with maturity more than 3 months	0	147
Cash and cash equivalents	4,156	3,771
<b>BS Total</b>	<b>4,156</b>	<b>3,919</b>

Changes in liquid funds from 31 December 2022 include EUR 284 million from the deconsolidation of Russian operations in II/2023. See Note 6.3 Discontinued operations.

At the end of the reporting period, the Group's liquid funds totalled EUR 4,156 million (31 Dec 2022: 3,919), and of these funds EUR 4,127 million (31 Dec 2022: 3,600) are placed with counterparties that have an investment grade credit rating.

### Committed credit facilities

At the end of the reporting period, Fortum had undrawn committed credit facilities of EUR 4,200 million, including the Liquidity revolving credit facility of EUR 1,000 million (maturity in December 2023 with 6 months extension option by Fortum), the Core revolving credit facility of EUR 2,400 million (maturity in June 2025 with max. 2 years extension option by the lenders) and the EUR 800 million bilateral revolving credit facility (maturity in June 2025 with 1 year extension option by the lender). In addition, Fortum has EUR 100 million committed overdraft limits that are valid until further notice.

## 14. Nuclear-related assets and liabilities

Fortum owns Loviisa nuclear power plant in Finland. On Fortum's consolidated balance sheet, Share in the State Nuclear Waste Management Fund and the Nuclear provisions relate to Loviisa nuclear power plant.

Fortum also has minority interests in nuclear power companies, i.e. Teollisuuden Voima Oyj (TVO) in Finland and OKG Aktiebolag (OKG) and Forsmarks Kraftgrupp AB (Forsmark) in Sweden. The minority shareholdings are classified as associated companies and joint ventures and are consolidated with equity method. Both the Finnish and the Swedish companies are non-profit making, i.e. electricity production is invoiced to the owners at cost according to local GAAP.

In Finland and Sweden nuclear operators are legally obligated for the decommissioning of the plants and the disposal of spent fuel (nuclear waste management). In both countries, the nuclear operators are obligated to secure the funding of nuclear waste management by paying to government managed nuclear waste funds. The nuclear operators also have to give securities to guarantee that sufficient funds exist to cover future expenses of decommissioning of the power plant and the disposal of spent fuel.

## 14.1 Nuclear-related assets and liabilities for consolidated nuclear power plants

EUR million	30 Jun 2023	31 Dec 2022
<b>Carrying values on the balance sheet</b>		
<b>BS</b> Nuclear provisions	988	966
<b>BS</b> Fortum's share in the State Nuclear Waste Management Fund	988	966
Fortum's share of the fair value of the net assets in the State Nuclear Waste Management Fund	1,197	1,148
Share of fund not recognised on the balance sheet	209	182

### Nuclear provision and fund accounted for according to IFRS

Nuclear provisions include the provision for the decommissioning and the provision for the disposal of spent fuel. Provisions are based on the total cost estimate in which future costs are discounted to net present value.

The carrying value of nuclear provisions, calculated according to IAS 37, increased by EUR 21 million compared to 31 December 2022, totalling EUR 988 million at 30 June 2023.

Fortum's share of the State Nuclear Waste Management Fund is from an IFRS perspective overfunded by EUR 209 million, since Fortum's share of the Fund on 30 June 2023 was EUR 1,197 million and the carrying value on the balance sheet was EUR 988 million. The Fund on Fortum's balance sheet can at maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, other financial items are adjusted positively if the provisions increase more than the Fund, and negatively if the provision decreases below the actual value of the Fund.

### Legal liability for Loviisa nuclear power plant

The legal liability on 30 June 2023, decided by the Ministry of Economic Affairs and Employment in December 2022, was EUR 1,197 million.

The legal liability is based on a cost estimate, which is updated every year; and a technical plan, which is updated every three years. The legal liability is determined by assuming that the decommissioning would start at the beginning of the year following the assessment year and discounting is not applied in determining the amount.

### Fortum's share in the Finnish Nuclear Waste Management Fund

According to the Nuclear Energy Act, Fortum is obligated to contribute funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Fortum contributes funds to the Finnish State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in connection with the decision of size of the legal liability. The current funding obligation target decided in December 2022 is EUR 1,197 million.

### Borrowing from the State Nuclear Waste Management Fund

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the Fund according to certain rules. Fortum uses the right to borrow back and has pledged shares in Kemijoki Oy as security for the loans. The loans are renewed annually. See Note 13 Interest-bearing net debt and Note 16 Pledged assets and contingent liabilities.

## 14.2 Nuclear power plants in associated companies and joint ventures

OKG, Forsmark and TVO are non-profit making companies, i.e. electricity production is invoiced to the owners at cost. Invoiced cost is accounted according to local GAAP. In addition to the invoiced electricity production cost, Fortum makes IFRS adjustments to comply with Fortum's accounting principles. These adjustments include also Fortum's share of the companies' nuclear waste funds and nuclear provisions.

The tables below present the 100% figures relating to nuclear funds and provisions for the companies as well as Fortum's net share.

### TVO's total nuclear-related assets and liabilities (100%)

EUR million	30 Jun 2023	31 Dec 2022
<b>Carrying values in TVO with Fortum assumptions</b>		
Nuclear provisions	1,553	1,620
Share of the State Nuclear Waste Management Fund	1,144	1,157
<b>Net amount</b>	<b>-408</b>	<b>-463</b>
<b>of which Fortum's net share consolidated with equity method</b>	<b>-102</b>	<b>-116</b>
<b>TVO's legal liability and actual share of the State Nuclear Waste Management Fund</b>		
Liability for nuclear waste management according to the Nuclear Energy Act	1,840	1,840
Share in the State Nuclear Waste Management Fund	1,458	1,436
Share of the fund not recognised on the balance sheet	313	279

TVO's legal liability, provision and share of the fund are based on same principles as described above for Loviisa nuclear power plant. The liabilities and shares in the Fund are calculated and recorded separately for OL1/OL2 plant units and OL3 plant unit, as the corresponding total cost estimates are prepared separately.

The difference between TVO's share in the State Nuclear Waste Management Fund and the carrying value of the TVO's share in the Fund is due to IFRIC 5, which requires that the carrying amount of the share in the State Nuclear Waste Management Fund is the lower of fair value or the value of the related liability. On 30 June 2023, the OL1/OL2 plant units' share in the Fund is higher than the provision according to IFRS. The OL3 plant unit's share in the Fund is on the other hand lower than the provision according to IFRS. TVO's share of the Finnish State Nuclear Waste Management Fund is from an IFRS perspective overfunded by EUR 313 million (of which Fortum's share is EUR 83 million), since TVO's share of the Fund on 30 June 2023 was EUR 1,458 million and the carrying value on the consolidated balance sheet with Fortum assumptions was EUR 1,144 million.

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum is using the right to reborrow funds through TVO based on its ownership. See more information in Note 13 Interest-bearing net debt.

### OKG's and Forsmark's total nuclear-related assets and liabilities (100%)

EUR million	30 Jun 2023	31 Dec 2022
<b>OKG's and Forsmark's nuclear-related assets and liabilities with Fortum assumptions</b>		
Nuclear provisions	4,744	4,641
Share in the State Nuclear Waste Management Fund	3,117	3,200
<b>Net amount</b>	<b>-1,627</b>	<b>-1,441</b>
<b>of which Fortum's net share consolidated with equity method</b>	<b>-512</b>	<b>-456</b>

In Sweden, Svensk Kärnbränslehantering AB (SKB), a company owned by the nuclear operators, takes care of all nuclear waste management-related activities on behalf of nuclear operators. SKB receives its funding from the Swedish Nuclear Waste Fund, which in turn is financed by the nuclear operators.

Nuclear waste fees and guarantees are normally updated every three years by governmental decision after a proposal from the Swedish Radiation Safety Authority (SSM). The proposal is based on cost estimates done by SKB and the license holders. An updated technical plan for nuclear waste management was decided by SKB in December 2022. In January 2022, the Swedish government decided the waste fees and guarantees for 2022-2023. Nuclear waste fees paid by licensees with a unit/units that are still in operation are currently based on future costs with the assumed lifetime of 50 years for each unit of a nuclear power plant. The fee is calculated in relation to the energy delivered.

## TVO's Olkiluoto 3

Fortum is participating in the country's fifth nuclear power plant unit, Olkiluoto 3 (OL3), through the shareholding in Teollisuuden Voima Oyj (TVO) with an approximately 25% share representing some 400 MW in capacity. OL3 is a nuclear power plant unit procured as a fixed-price turnkey project from a consortium (Plant Supplier) formed by Areva GmbH, Areva NP SAS and Siemens AG. As stipulated in the Plant Contract, the consortium companies have joint and several liability for the contractual obligations also during the warranty period that started in April 2023. Test operation for OL3 concluded on 16 April, when regular electricity production at the plant unit started.

TVO confirmed the provisional takeover of the plant unit for the warranty period which started on 18 April 2023. On 20 April, TVO submitted the Provisional Takeover Certificate to the plant supplier. The final takeover of the plant unit will take place after the conclusion of the two-year warranty period. Even after this, the plant supplier's liabilities under the warranty will remain in force up to a maximum of eight years to a certain extent.

Commercial operation for OL3 started on 1 May 2023; among other things, this meant that the capitalisation of project costs was stopped and amortisation was started. The charging of the variable and fixed fees for the commercial operation of OL3 was also started on 1 May 2023. The shareholders' right to electricity generated by OL3 and their liability for the annual costs incurred from electricity generation are determined in accordance with TVO's Articles of Association.

## 15. Capital and other commitments

Capital and other commitments are contractual or regulatory obligations that are not recognised as liabilities on the balance sheet, or disclosed as contingent liabilities.

### Capital commitments

At 30 June 2023, Fortum had EUR 228 million (31 Dec 2022: 441) capital commitments for the acquisition of property, plant and equipment and intangible assets.

### Other commitments

Teollisuuden Voima Oyj (TVO) built Olkiluoto 3, the nuclear power plant funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. At 30 June 2023, Fortum had EUR 232 million (31 Dec 2022: 232) outstanding receivables regarding Olkiluoto 3, and is additionally committed to providing at maximum EUR 100 million. TVO shareholder loan is classified as participation in joint ventures. For more information, see Note 14 Nuclear-related assets and liabilities.

For more information on other commitments, see Note 35 Capital and other commitments of the consolidated financial statements 2022.

## 16. Pledged assets and contingent liabilities

Fortum has issued direct and indirect guarantees and warranties on own behalf and on behalf of associated companies and joint ventures, which may obligate Fortum to make payments on the occurrence of certain events. For the Swedish nuclear companies there are two types of guarantees given. The Financing Amount is given to cover Fortum's share of the uncovered part in the Nuclear Waste Fund, assuming no further production and that no further nuclear waste fees are paid in. The uncovered amount is calculated by the authorities and is based on the difference between the expected costs and the funds to cover these costs at the time of the calculation. The Supplementary Amount constitutes a guarantee for deficits that can arise as a result of unplanned events.

The guarantee given on behalf of Teollisuuden Voima Oyj to the Ministry of Economic Affairs and Employment amounts to EUR 142 million (31 Dec 2022: 136). The guarantee covers the unpaid legal liability due to periodisation, as well as risks for unexpected future costs. For more information, see Note 14 Nuclear-related assets and liabilities.

Further, Fortum has pledged shares in Kemijoki Oy as a security for the reborrowing from the Finnish State Nuclear Waste Management Fund for the Loviisa nuclear power plant part, amounting to EUR 718 million (31 Dec 2022: 689). Fortum has also pledged real estate mortgages in Pyhäjoki hydro plant as security for the uncovered part of the legal nuclear liability to the Ministry of Economic Affairs and Employment amounting to EUR 122 million (31 Dec 2022: 126).

The remaining parent company guarantee facility that Fortum had granted to Uniper, approximately EUR 1.0 billion, was released at the end of June 2023.

In 2021 Fortum signed an EUR 8 billion credit facility agreement with Uniper comprising tranches for both a shareholder loan and a parent company guarantee. The shareholder loan, EUR 4 billion, was repaid on 21 December 2022 on completion of the transaction to sell Uniper to the German State. Out of the EUR 4.0 billion parent company guarantee facility, a total of EUR 3.0 billion was released by year-end 2022.

For more information, see Note 36 Pledged assets and contingent liabilities of the consolidated financial statements 2022.

## 17. Legal actions and official proceedings

Various routine court actions, arbitration proceedings, tax and regulatory investigations and proceedings are currently pending against entities of the Group, and further actions or proceedings may be instituted or asserted in the future. For more information, see Note 37 Legal actions and official proceedings of the consolidated financial statements 2022.

### Environmental liability litigation in Sweden

Fortum is party to an ongoing environmental liability litigation in Sweden concerning barrels of mercury placed in the Baltic Sea outside Sundsvall during the 1950s and 1960s. On 2 June 2023, the Court of Appeal, contrary to the Land and Environment Court, ruled that Fortum shall compensate a third party for the costs of related environmental survey. Fortum has requested for a leave to appeal to the Supreme Court. Fortum has not at any time had any involvement in producing mercury, or placing the mercury waste in the sea. At the time, a company called Stockholms superfosfat fabriks was operating the industrial activities. In 1985, these industrial activities, including all rights and obligations thereof, were transferred from Stockholms superfosfat fabriks AB to the third party. In 1995, Stockholms superfosfat fabriks AB was sold to an external party, only then ending up in the Fortum Group (and name changed to Fortum Ljunga Kraft AB).

The current litigation is concerning the liability for the environmental investigation into the extent of required environmental measures. The County Administrative Board has in parallel an ongoing errand on the environmental liability for the barrels. In this process, the County Administrative Board will first make a decision on which company shall carry out the environmental investigations and only thereafter it may decide on the liability for the environmental measures. At this point in time, it is not possible to estimate either the cost of the full environmental investigations, or the cost of potential environmental measures required.

### Fennovoima's Hanhikivi nuclear power plant project

RAOS Project Oy and JSC Rusatom Energy International and Fennovoima Oy are engaged in International Chamber of Commerce (ICC) arbitration proceedings regarding Fennovoima's EPC Contract for the Hanhikivi nuclear power plant project. RAOS Project Oy has requested also Fortum and certain other parties to be joined in these proceedings. Fortum disputes the existence of any contractual relation, obligation, or arbitration agreement between Fortum and RAOS Project Oy. Therefore, Fortum is of the opinion that an arbitral tribunal has no jurisdiction to decide any claims against Fortum. On 30 May 2023, Fortum was informed that the Secretary General of the International Court of Arbitration of the ICC decided that, instead of referring the issues to the ICC Court for its decision, the arbitral tribunal (to be constituted) will decide any question of jurisdiction. As Fortum is not a party to the agreement under dispute, it considers the request to be completely unfounded and strongly opposes it.

## 18. Related party transactions

Related parties are described in more detail in the consolidated financial statements for the year ended 31 December 2022.

### Transactions with associates and joint ventures

EUR million	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Sales	3	11	5	13	74	66
Purchases	144	37	273	226	438	485
Other income	-4	-	-3	-	4	1
Interest income on loan receivables	2	1	5	6	12	11

### Balances with associates and joint ventures

EUR million	30 Jun 2023	31 Dec 2022
Long-term interest-bearing loan receivables	556	593
Trade and other receivables	20	87
Long-term loan payables	232	229
Trade and other payables	48	53

### Other transactions with related parties

At the end of 2022, the Finnish State owned 51.26% of Fortum's shares. There has been no change in the number of shares the Finnish State owns in Fortum during 2023.

On 6 September 2022, Fortum announced that it had agreed with the Finnish State on a EUR 2.35 billion bridge financing arrangement. On 26 September 2022, Fortum announced to draw the first tranche of the liquidity facility, EUR 350 million. The bridge loan facility was linked to the six-month Euribor; the margin for the first six months was 10% and for the following six months 12%. As a condition in the agreement following the first draw down, the Finnish State-owned holding company, Solidium Oy, was entitled to subscribe 8,970,000 new ordinary registered shares in Fortum in a directed share issue, without payment. The share issue to Solidium Oy was resolved in the Extraordinary General Meeting on 23 November 2022 and the new shares were registered with the Finnish trade register on 25 November 2022. The new shares carry full shareholder rights, including the right to dividend, as of the registration date. As a consequence, the proportion of shares under the control of the State of Finland increased to 51.26%. In March 2023, Fortum repaid EUR 350 million of the Solidium bridge loan and cancelled the entire EUR 2,350 million bridge loan facility. Total interest expenses and fees relating to the bridge loan facility amounting to EUR 105 million (I-II/2023: 56 and I-IV/2022: 49) were recognised in Finance costs - net.

## 19. Events after the balance sheet date

There have been no material events after the balance sheet date.

## 20. Definitions and reconciliations of key figures

### Alternative performance measures

Business performance	Definition	Reason to use the measure	Reference to reconciliation
Comparable EBITDA	Operating profit + depreciations and amortisations - items affecting comparability	Comparable EBITDA is representing the underlying cash flow generated by the total Group and segments. Used as a component in the capital structure target of Financial net debt to Comparable EBITDA.	Key ratios after cash flow statement
Comparable operating profit	Operating profit - items affecting comparability	Comparable operating profit is used in financial target setting and forecasting, management's follow up of financial performance and allocation of resources in the group's performance management process.	Income statement
Items affecting comparability	Impairment charges and reversals + capital gains and other related items + changes in fair values of derivatives hedging future cash flow + other	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Impairment charges and reversals	Impairment charges and related provisions (mainly dismantling), as well as the reversal of previously recorded impairment charges. Impairment charges are adjusted from depreciation and amortisation, and reversals from other income.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Capital gains and other related items	Capital gains and transaction costs from acquisitions, which are adjusted from other income and other expenses respectively. Profits are reported in comparable operating profit, if this reflects the business model.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Changes in fair values of derivatives hedging future cash flow	Effects from financial derivatives hedging future cash flows where hedge accounting is not applied or own use exemption cannot be used according to IFRS 9 and are adjusted from other income or expense to sales and materials and services respectively when calculating Fortum's alternative performance measures.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Other	Restructuring and cost management expenses, and other miscellaneous non-operating items, which are adjusted mainly from materials and services or other expenses.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement



<b>Business performance</b>	<b>Definition</b>	<b>Reason to use the measure</b>	<b>Reference to reconciliation</b>
Comparable share of profit/loss of associates and joint ventures	Share of profit/loss of associates and joint ventures +/- significant adjustments for share of profit /loss in associates and joint ventures.	Component used in calculating comparable net profit and comparable return on net assets.	Note 4 Comparable operating profit and comparable net profit
Comparable finance costs – net	Finance costs – net +/- return from nuclear funds, nuclear fund adjustment and unwinding of nuclear provisions +/- fair value changes on financial items +/- impairment charges and reversals of previously recorded impairment charges on financial items and other one-time adjustments.	Component used in calculating comparable net profit.	Note 4 Comparable operating profit and comparable net profit
Comparable profit before income tax	Comparable operating profit +/- comparable share of profit/loss of associates and joint ventures +/- comparable finance costs – net.	Subtotal in comparable net profit calculation.	Note 4 Comparable operating profit and comparable net profit
Comparable income tax expense	Income tax expense excluding taxes on items affecting comparability, adjustments to finance costs – net, tax rate changes and other onetime adjustments.	Component used in calculating comparable net profit.	Note 4 Comparable operating profit and comparable net profit
Comparable net profit	Comparable operating profit +/- comparable share of profit/loss of associates and joint ventures +/- comparable finance costs - net +/- comparable income tax expense +/- comparable non-controlling interests.	Comparable net profit is used to provide additional financial performance indicators to support meaningful comparison of underlying net profitability between periods.	Note 4 Comparable operating profit and comparable net profit
Comparable earnings per share	$\frac{\text{Comparable net profit}}{\text{Average number of shares during the period}}$	Comparable earnings per share is used to provide additional financial performance indicators to support meaningful comparison of underlying net profitability between periods.	Note 4 Comparable operating profit and comparable net profit
Comparable return on net assets, %	$\frac{\text{Comparable operating profit} + \text{comparable share of profit /loss of associates and joint ventures}}{\text{Comparable net assets average}} \times 100$	Comparable return on net assets is used in financial target setting and forecasting, management's follow up of financial performance and allocation of resources in the group's performance management process.	Note 3 Segment information
Comparable net assets	Non-interest-bearing assets - non-interest-bearing liabilities - provisions (non-interest-bearing assets and liabilities do not include finance-related items, tax and deferred tax and assets and liabilities from fair valuations of derivatives used for hedging future cash flows).	Comparable net assets is a component in Comparable return on net assets calculation where return on capital allocated directly to the businesses is measured.	Note 3 Segment information

Capital structure	Definition	Reason to use the measure	Reference to reconciliation
Financial net debt / comparable EBITDA	$\frac{\text{Financial net debt}}{\text{Comparable EBITDA}}$	Financial net debt to Comparable EBITDA is Fortum's long-term financial target for capital structure.	Key ratios after cash flow statement
Financial net debt	Interest-bearing liabilities - liquid funds - securities in interest-bearing receivables +/- net margin liabilities/receivables	Financial net debt is used in the follow-up of the indebtedness of the group and it is a component in the capital structure target of Financial net debt to Comparable EBITDA.	Note 13 Interest-bearing net debt

## Alternative performance measures excluding Russia

Capital structure	Definition	Reason to use the measure	Reference to reconciliation
Financial net debt/comparable EBITDA excl. Russia	$\frac{\text{Financial net debt excl. Russia}}{\text{Comparable EBITDA from continuing operations excl. Russia}}$	Financial net debt/comparable EBITDA excluding Russia is an additional financial performance indicator to support meaningful comparison of the capital structure for Fortum's strategic businesses.	Key ratios after cash flow statement
Financial net debt excl. Russia	Financial net debt - Interest-bearing liabilities, Russia + Liquid funds, Russia	Financial net debt excluding Russia is an additional financial performance indicator to support meaningful comparison in the follow-up of the indebtedness of the group and it is a component in the calculation of Financial net debt to Comparable EBITDA excluding Russia.	Key ratios after cash flow statement

## Other key figures

### Share based key figures

Earnings per share (EPS)	$\frac{\text{Profit for the period - non-controlling interests}}{\text{Average number of shares during the period}}$
Equity per share	$\frac{\text{Shareholder's equity}}{\text{Number of shares at the end of the period}}$

### Other key figures

Capital expenditure	Capitalised investments in property, plant and equipment and intangible assets including maintenance, productivity, growth and investments required by legislation including borrowing costs capitalised during the construction period. Maintenance investments expand the lifetime of an existing asset, maintain usage/availability and/or maintains reliability. Productivity investments improve productivity in an existing asset. Growth investments' purpose is to build new assets and/or to increase customer base within existing businesses. Legislation investments are done at certain point of time due to legal requirements.
Gross investments in shares	Investments in subsidiary shares, shares in associated companies and joint ventures and other investments. Investments in subsidiary shares are net of liquid funds and grossed with interest-bearing liabilities and other items included in financial net debt in the acquired company.

Last twelve months (LTM)

Twelve months preceding the reporting date.

### Tax key figures

Effective income tax rate, %  $\frac{\text{Income tax expense}}{\text{Profit before income tax}} \times 100$

Comparable effective income tax rate, %  $\frac{\text{Comparable income tax}}{\text{Comparable profit before income tax excluding comparable share of profit/loss of associated companies and joint ventures}} \times 100$

## Reconciliations of alternative performance measures

### Comparable EBITDA

EUR million	Note	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
IS Operating profit		267	760	1,036	1,240	1,967	1,762
+ IS Depreciation and amortisation		82	100	165	209	415	371
EBITDA		349	860	1,201	1,449	2,381	2,133
- IS Items affecting comparability	4	-5	-498	-76	-652	-356	220
<b>Comparable EBITDA</b>		<b>344</b>	<b>362</b>	<b>1,125</b>	<b>797</b>	<b>2,025</b>	<b>2,353</b>

### Comparable operating profit

EUR million	Note	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
IS Operating profit		267	760	1,036	1,240	1,967	1,762
- IS Items affecting comparability	4	-5	-498	-76	-652	-356	220
<b>IS Comparable operating profit</b>	4	<b>262</b>	<b>262</b>	<b>960</b>	<b>588</b>	<b>1,611</b>	<b>1,982</b>

### Items affecting comparability

EUR million	Note	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Impairment charges and reversals		-	0	-	0	0	0
Capital gains and other related items		0	639	1	642	785	144
Changes in fair values of derivatives hedging future cash flow		5	-141	67	19	-376	-328
Other		0	-	8	-8	-52	-36
<b>IS Items affecting comparability</b>	4	<b>5</b>	<b>498</b>	<b>76</b>	<b>652</b>	<b>356</b>	<b>-220</b>

### Comparable net profit

EUR million	Note	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
IS Net profit		374	643	916	931	2,084	2,068
- IS Items affecting comparability	4	-5	-498	-76	-652	-356	220
- Adjustments to share of profit/loss of associates and joint ventures	7	0	66	-12	130	145	2
- Adjustments to finance costs - net	8	20	35	30	44	48	33
- Adjustments to income tax expenses		-245	-44	-231	-12	-836	-1,054
- IS Non-controlling interests		3	2	0	-9	-4	6
- Adjustments to non-controlling interests		0	-4	2	-5	-5	2
<b>Comparable net profit from continuing operations</b>	4	<b>147</b>	<b>199</b>	<b>629</b>	<b>427</b>	<b>1,076</b>	<b>1,279</b>
Comparable net profit from discontinued operations	6.3	-	686	34	359	-2,064	-2,389
<b>Comparable net profit, total Fortum</b>		<b>147</b>	<b>885</b>	<b>665</b>	<b>786</b>	<b>-988</b>	<b>-1,109</b>

## Comparable earnings per share

	Note	II/2023	II/2022 restated	I-II/2023	I-II/2022 restated	2022 restated	LTM
Comparable net profit from continuing operations, EUR million	4	147	199	629	427	1,076	1,279
Average number of shares during the period, 1 000 shares		897,264	888,294	897,264	888,294	889,204	893,652
<b>Comparable earnings per share from continuing operations, EUR</b>		<b>0.16</b>	<b>0.22</b>	<b>0.70</b>	<b>0.48</b>	<b>1.21</b>	<b>1.43</b>
Comparable net profit from discontinued operations, EUR million	4	-	686	34	359	-2,064	-2,389
Average number of shares during the period, 1 000 shares		897,264	888,294	897,264	888,294	889,204	893,652
<b>Comparable earnings per share from discontinued operations, EUR</b>		<b>-</b>	<b>0.77</b>	<b>0.04</b>	<b>0.40</b>	<b>-2.32</b>	<b>-2.67</b>
Comparable net profit, total Fortum, EUR million	4	147	885	665	786	-988	-1,109
Average number of shares during the period, 1 000 shares		897,264	888,294	897,264	888,294	889,204	893,652
<b>Comparable earnings per share, total Fortum, EUR</b>		<b>0.16</b>	<b>1.00</b>	<b>0.74</b>	<b>0.88</b>	<b>-1.11</b>	<b>-1.24</b>

## Financial net debt

EUR million	Note	30 Jun 2023	31 Dec 2022
<b>+ Interest-bearing liabilities</b>		<b>6,077</b>	<b>7,785</b>
- BS Liquid funds		4,156	3,919
- Collateral arrangement		350	527
- BS Margin receivables		1,071	2,607
+ BS Margin liabilities		245	352
<b>+/- Net margin liabilities/receivables</b>		<b>-826</b>	<b>-2,255</b>
<b>Financial net debt</b>	13	<b>745</b>	<b>1,084</b>

## Financial net debt/comparable EBITDA

EUR million	Note	2022	Continuing operations LTM
<b>+ Interest-bearing liabilities</b>		<b>7,785</b>	<b>6,077</b>
- BS Liquid funds		3,919	4,156
- Collateral arrangement		527	350
- BS Margin receivables		2,607	1,071
+ BS Margin liabilities		352	245
<b>+/- Net margin liabilities/receivables</b>		<b>-2,255</b>	<b>-826</b>
<b>Financial net debt</b>	13	<b>1,084</b>	<b>745</b>
- Interest bearing liabilities, Russia		204	-
+ Liquid funds, Russia		247	-
<b>Financial net debt, excluding Russia</b>		<b>1,127</b>	<b>-</b>
IS Operating profit		1,967	1,762
+ IS Depreciation and amortisation		415	371
<b>EBITDA</b>		<b>2,381</b>	<b>2,133</b>
- IS Items affecting comparability		-356	220
<b>Comparable EBITDA from continuing operations</b>		<b>2,025</b>	<b>2,353</b>
Comparable EBITDA Russia		411	-
<b>Comparable EBITDA (as presented in the consolidated financial statements 2022)</b>		<b>2,436</b>	<b>-</b>
<b>Financial net debt/comparable EBITDA, excl. Russia</b>		<b>0.6</b>	<b>0.3</b>
<b>Financial net debt/comparable EBITDA (as presented in the consolidated financial statements 2022)</b>		<b>0.4</b>	<b>-</b>

## Reconciliations of alternative performance measures excluding Russia

### Financial net debt/comparable EBITDA excl. Russia

EUR million	2022
<b>Financial net debt</b>	<b>1,084</b>
- Interest-bearing liabilities, Russia	204
+ Liquid funds, Russia	247
<b>Financial net debt excl. Russia</b>	<b>1,127</b>
<b>Comparable EBITDA from continuing operations excl. Russia</b>	<b>2,025</b>
<b>Financial net debt/comparable EBITDA excl. Russia</b>	<b>0.6</b>

### Interest-bearing liabilities excl. Russia

EUR million	31 Dec 2022
<b>Interest-bearing liabilities</b>	<b>7,785</b>
- Interest-bearing liabilities, Russia	204
<b>Interest-bearing liabilities excl. Russia</b>	<b>7,581</b>

### Liquid funds excl. Russia

EUR million	31 Dec 2022
<b>Liquid funds</b>	<b>3,919</b>
- Liquid funds, Russia	247
<b>Liquid funds excl. Russia</b>	<b>3,672</b>

## Market conditions and achieved power prices

### Power consumption

TWh	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Nordic countries	85	89	194	202	386	379

### Average prices

	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Spot price for power in Nord Pool power exchange, EUR/MWh	55.8	121.1	70.4	115.6	135.9	113.5
Spot price for power in Finland, EUR/MWh	43.3	117.5	60.4	104.7	154.0	132.0
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	46.7	101.2	61.3	100.6	129.2	109.8
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	42.3	51.9	47.8	38.4	61.9	66.6
Spot price for power in Germany, EUR/MWh	92.3	187.0	104.0	185.8	235.4	194.9
CO <sub>2</sub> , (ETS EUA next Dec), EUR/tonne CO <sub>2</sub>	89	84	89	84	81	84
Coal (ICE Rotterdam front month), USD/tonne	117	311	131	266	279	211
Oil (Brent front month), USD/bbl	78	112	80	105	99	87
Gas (TTF front month), EUR/MWh	35	101	44	101	133	105

### Hydro reservoir

TWh	30 Jun 2023	30 Jun 2022	31 Dec 2022
Nordic hydro reservoir level	82	82	79
Nordic hydro reservoir level, long-term average	84	84	84

### Export/import

TWh (+ = import to, - = export from Nordic area)	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Export / import between Nordic area and Continental Europe + Baltics	-11	-7	-21	-18	-35	-37
Export / import between Nordic area and Russia	0	1	0	4	4	0
Export / import Nordic area, Total	-11	-6	-21	-14	-31	-37

### Achieved power prices

EUR/MWh	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Generation segment's Nordic achieved power price	57.5	52.3	72.0	47.9	59.9	72.4

## Fortum's production and sales volumes

### Power generation

TWh	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Nordic countries	10.4	10.4	22.2	22.2	43.5	43.4
Other European countries	0.1	0.1	0.3	0.4	0.8	0.7
<b>Total continuing operations</b>	<b>10.6</b>	<b>10.5</b>	<b>22.5</b>	<b>22.6</b>	<b>44.2</b>	<b>44.1</b>

### Heat production

TWh	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Nordic countries	0.5	0.8	1.7	2.7	4.1	3.1
Other European countries	0.2	0.2	0.6	0.7	1.2	1.1
<b>Total continuing operations</b>	<b>0.7</b>	<b>0.9</b>	<b>2.4</b>	<b>3.4</b>	<b>5.3</b>	<b>4.3</b>

### Power generation capacity by segment

MW	30 Jun 2023	31 Dec 2022 restated
Generation	8,956	8,551
Other Operations	25	25
<b>Total continuing operations</b>	<b>8,981</b>	<b>8,576</b>

### Heat production capacity by segment

MW	30 Jun 2023	31 Dec 2022 restated
Generation	2,022	1,964
Other Operations	171	171
<b>Total continuing operations</b>	<b>2,193</b>	<b>2,135</b>

### Power generation by source in the Nordic area

TWh	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Hydro power	4.6	4.7	9.6	10.1	19.1	18.6
Nuclear power	5.8	5.6	12.3	11.8	23.4	23.9
CHP and condensing power	0.1	0.1	0.3	0.3	0.9	0.9
<b>Total continuing operations</b>	<b>10.4</b>	<b>10.4</b>	<b>22.2</b>	<b>22.2</b>	<b>43.5</b>	<b>43.4</b>

### Power generation by source in the Nordic area

%	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Hydro power	44	45	43	45	44	43
Nuclear power	56	54	55	53	54	55
CHP and condensing power	1	1	1	1	2	2
<b>Total continuing operations</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>



### Power generation by source in other European countries

TWh	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
CHP	0.1	0.1	0.3	0.4	0.8	0.7

### Power sales

EUR million	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Nordic countries	833	1,052	2,378	2,267	5,444	5,555
Other European countries	219	151	461	310	643	793
Other countries	1	0	1	0	3	4
<b>Total continuing operations</b>	<b>1,053</b>	<b>1,203</b>	<b>2,839</b>	<b>2,577</b>	<b>6,090</b>	<b>6,352</b>

### Heat sales

EUR million	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Nordic countries	35	57	111	229	325	207
Other European countries	58	36	164	110	202	256
<b>Total continuing operations</b>	<b>93</b>	<b>93</b>	<b>274</b>	<b>339</b>	<b>527</b>	<b>463</b>

### Power sales by area

TWh	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Finland	5.9	5.4	11.8	11.3	21.5	22.0
Sweden	5.4	6.3	12.3	14.2	27.3	25.4
Norway	2.4	2.4	6.2	6.2	11.3	11.4
Other countries	1.5	1.1	2.9	2.3	4.5	5.2
<b>Total continuing operations</b>	<b>15.1</b>	<b>15.2</b>	<b>33.2</b>	<b>33.9</b>	<b>64.7</b>	<b>64.0</b>

Nord Pool transactions are calculated as a net amount of hourly sales and purchases at the Group level.

### Heat sales by area

TWh	II/2023	II/2022	I-II/2023	I-II/2022	2022	LTM
Finland	0.5	0.5	1.4	1.6	2.8	2.7
Norway	-	0.1	-	0.8	0.8	-
Poland	0.5	0.5	2.0	2.0	3.5	3.5
Other countries	0.1	0.1	0.2	0.2	0.4	0.4
<b>Total continuing operations</b>	<b>1.0</b>	<b>1.3</b>	<b>3.6</b>	<b>4.7</b>	<b>7.6</b>	<b>6.5</b>