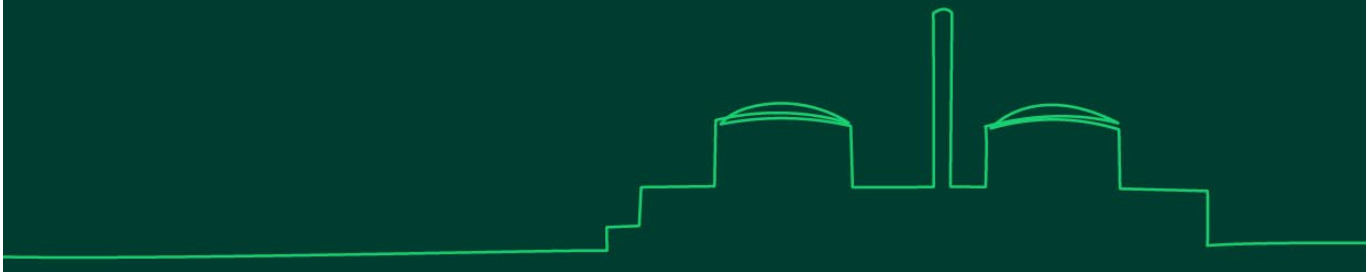
Fortum Financial Statements Bulletin

JANUARY-DECEMBER 2023



Powering a thriving world

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Financial results discussed in this Financial Statements Bulletin 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 was deconsolidated and reclassified as discontinued operations in the second quarter of 2023. Comparative information for the first quarter of 2023 and for 2022 was 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. For further details, see Notes 1, 2 and 6.

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

A year of transformation and stabilising business operations - good quarterly performance with elevated power prices from cold spells in the Nordics

October–December 2023, continuing operations

- Comparable EBITDA was EUR 459 (774) million.
- Comparable operating profit was EUR 359 (669) million.
- Operating profit was EUR 376 (-174) million. In the comparison period, items affecting comparability included fair value changes in non-hedge-accounted derivatives of EUR -804 million.
- Comparable earnings per share were EUR 0.35 (0.42).
- Earnings per share were EUR 0.45 (0.48).
- Cash flow from operating activities totalled EUR 149 (451) million.

January–December 2023, continuing operations

- Comparable EBITDA was EUR 1,903 (2,025) million.
- Comparable operating profit was EUR 1,544 (1,611) million.
- Operating profit was EUR 1,662 (1,967) 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 785 million.
- Comparable earnings per share were EUR 1.28 (1.21).
- Earnings per share were EUR 1.68 (2.34).
- Cash flow from operating activities totalled EUR 1,710 (1,717) million.
- Financial net debt was EUR 942 million and the financial net debt-to-comparable EBITDA ratio was at 0.5 times.
- 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.
- In the second quarter, the Russian authorities seized control of Fortum's assets in Russia, Fortum lost control of and deconsolidated and reported these operations as discontinued operations. The Russian assets were fully written down and 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) were recorded.
- 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 31 August, the transaction was completed.
- On 21 June, Fortum announced that it will invest approximately EUR 225 million in waste heat projects in Espoo and Kirkkonummi in Finland.
- Fortum's Board of Directors proposes a dividend of EUR 1.15 (0.91) per share and that the dividend will be paid in two instalments.

Summary of outlook

- The Generation segment's Nordic outright generation hedges: approximately 70% at EUR 47 per MWh for 2024, and approximately 40% at EUR 43 per MWh for 2025.
- Capital expenditure, including maintenance but excluding acquisitions, is expected to be approximately EUR 550 million in 2024 and the annual maintenance capital expenditure is expected to be EUR 300 million. For the 2024-2026 period, Fortum's capital expenditure is expected to be approximately EUR 1.7 billion (excluding acquisition) of which growth capital expenditure is expected to be EUR 800 million and annual maintenance capital expenditure EUR 300 million.

Key figures, continuing operations

EUR million or as indicated	IV/2023	IV/2022 restated	2023	2022 restated
Reported				
Sales	1,858	2,407	6,711	7,774
Operating profit	376	-174	1,662	1,967
Share of profit/loss of associates and joint ventures	89	-59	59	-185
Net profit	413	427	1,515	2,084
Net profit (after non-controlling interests)	410	431	1,514	2,080
Earnings per share, EUR	0.45	0.48	1.68	2.34
Net cash from operating activities	149	451	1,710	1,717

EUR million or as indicated	IV/2023	IV/2022 restated	2023	2022 restated
Comparable				
EBITDA	459	774	1,903	2,025
Operating profit	359	669	1,544	1,611
Share of profit/loss of associates and joint ventures	31	-68	7	-40
Net profit (after non-controlling interests)	317	370	1,150	1,076
Earnings per share, EUR	0.35	0.42	1.28	1.21

EUR million or as indicated	31 Dec 2023	31 Dec 2022
Financial position		
Financial net debt (at period-end)	942	1,084
Financial net debt, at period-end, excl. Russia	N/A	1,127
Financial net debt/comparable EBITDA excl. Russia	0.5	0.6

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 was restated following the classification of the Russia segment as discontinued operations in the second quarter of 2023. For further details, see Note 1.

EUR million or as indicated	IV/2023	IV/2022 restated	2023	2022 restated
Reported				
Net profit (after non-controlling interests)	410	-608	-2,069	-2,416
Earnings per share, EUR	0.45	-0.68	-2.31	-2.72
Net cash from operating activities	149	607	1,819	-8,767
Comparable				
Net profit (after non-controlling interests)	317	216	1,184	-988
Earnings per share, EUR	0.35	0.25	1.32	-1.11

Fortum's President and CEO Markus Rauramo:

"Year 2023 was characterised by a downward trend for gas and power prices in Europe. In the autumn, the Nordic weather realised milder than normal, however, turned cold and dry in the fourth quarter. The cold breeze, together with below-normal wind conditions, led to a rapidly decreasing water reservoir balance; consequently Nordic spot prices recovered by the end of the year from the lower levels seen in the previous quarter.

In our 2023 financial results, the Generation segment's strong performance was the key earnings driver throughout the year. The segment benefitted from high power prices in the Nordics and good physical optimisation supported by high price volatility, posting an all-time high comparable operating profit of EUR 1,679 million and an achieved power price of 63.1 euro per MWh for the full year. In the fourth quarter, the Generation segment's comparable operating profit declined due to the lower achieved power price, lower power production of condensing power generation, lower results in the renewables and decarbonisation businesses and higher costs related to co-owned production companies. This was partly offset by higher power generation volumes and lower depreciations in the Loviisa nuclear power plant.

During 2023, we successfully regained our financial strength, driven by solid earnings and cash flow. At the end of the year, our leverage was at 0.5 times, and we had undrawn credit facilities and liquid funds of EUR 7.5 billion. In May, we successfully returned to the fixed income market by issuing two bonds totalling EUR 1.15 billion. To finance future potential investments in clean energy, we prepared the Green Finance Framework, which was published in January 2024.

Based on the strong Group results in 2023, Fortum's Board of Directors is proposing to the Annual General Meeting a dividend of EUR 1.15 per share, corresponding to a 90% payout of comparable EPS.

Overall, after a period of unprecedented turbulence, 2023 was a year of stabilising and transforming our operations. In March, we announced our new strategy and purpose with a Nordic focus along with new financial and environmental targets.

One of our strategic priorities is to deliver reliable and clean energy. To ensure long-term productivity and security of supply, we announced several projects in 2023 that enhance our best-in-class operations, such as the Loviisa nuclear power plant lifetime extension until 2050 and upgrades of the hydropower plants, for example Untra in Sweden. A hugely important event was the start of commercial power generation of the Olkiluoto 3 nuclear power unit, of which Fortum owns 25%. The construction of our Pjelax 380-MW wind farm, which is Finland's third largest, progressed on time and within budget. Testing of power generation has started, and the wind farm will be commissioned in the second quarter of 2024. The acquisition of Telge Energi, one of the 10 largest clean energy providers in Sweden, is a very good fit with our consumer business, and it increases our consumer and enterprise customer base by 150,000. During the winter months, Finland's last coal-fired condensing plant, Meri-Pori, has operated on a commercial basis to support security of supply in the Nordic power market, but it will be transferred to production reserve for emergency situations in March 2024.

Our second strategic priority is to drive decarbonisation in industries. Our aim is to offer clean and stable power supply for our customers' decarbonisation needs and to actively develop projects to enable growth longer term to build new clean energy production in partnership with strategic customers. In the scope of our nuclear feasibility study, we have partnered up and are exploring potential cooperation opportunities with both technology suppliers as well as energy customers. The support for nuclear power in Finland and Sweden is at a record high at the moment, and we are engaging with both governments to discuss how the conditions for potential new nuclear could be improved. During the year, we made a 225-million-euro investment decision related to the Espoo Clean Heat programme and began the groundworks of the heat pump plant in Kirkkonummi. As part of a unique collaboration project with Microsoft, we will capture sustainable waste heat from their new data centres for use in our district heating. We also saw progress in our strategic target to build a strong power purchase agreement (PPA) portfolio by signing power supply contracts with various industrial customers; these contracts support decarbonisation of industries while also lowering risks and contributing to stabilisation of earnings and cash flow from our outright power generation.

With our third strategic priority to transform and develop, we launched a new operating model and business structure, appointed a new leadership team, completed a reorganisation and set up new core governance processes. We are continuing to develop our culture and leadership to enable efficient strategy execution. As Fortum is a much smaller company than it was a year ago, we need to adjust to fit the new structure and purpose; therefore, we launched an efficiency improvement programme with the target to gradually lower annual fixed costs by EUR 100 million until the end of 2025. To reach the target, actions unfortunately also include personnel reductions. We are also addressing turnaround actions for underperforming businesses as well as a rescoping of our focus areas.

Geopolitical tensions remained high during the year and, unfortunately, Russia's attack on Ukraine and the full-blown war continued. In the second quarter, we closed the books on our operations in Russia for good. Due to the Russian authorities' unlawful seizure of our assets in Russia, we lost control of our operations, impaired them in full and deconsolidated the Russia segment. 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 Russia and the consequent arbitration proceedings are expected to be initiated in early 2024.

In the second half of 2023, uncertainty in Fortum's operating environment increased further. Economic softness is widespread, with elevated inflation and interest rates that dampen the investment sentiment across all sectors. One decisive factor for investments is abundant subsidies available for non-economic decarbonisation projects, which seems to steer investments outside Finland and the Nordics. As economic weakness is forecasted to continue in 2024, we will navigate the uncertainty through our phased strategy execution. In the near term, we will sharpen our focus and ensure optimisation of existing operations, especially our generation portfolio, as well as manage business risks. At the same time, we are building preparedness for the electrification and growth phase longer term. As one of the largest energy companies in the Nordics, we are in a unique position. The Nordic power market as well as our power generation are already almost fully decarbonised and clean with hardly any fossil production to be replaced. Together with our customers, we are preparing for the growth phase and are ready to pave the way for decarbonisation of other industries as well once demand picks up again.

The developments in the Nordic power market following the winter of 2022-23 crisis show that high price volatility and even extreme price peaks have become the new normal. The main reason is the increasing share of intermittent wind power and lower share of firm and flexible capacity in the Nordic energy system. While the market works as it was designed to, the volatility was extreme as the spot price was negative during 11 days in 2023 and reached a daily average of up to 900 euros per megawatt hour on the harshest cold spell day in January 2024. An expectation of future rare price peaks, however, will not be a sufficient incentive for merchant investments in new firm or flexible capacity. On the contrary, induced fears could deter investments into electrification for decarbonisation. It is evident that additional measures, such as capacity mechanisms or other investment incentives, are needed to ensure security of electricity supply and to encourage investments into industrial decarbonisation.

Finally, I would like to thank all our employees for their commitment and hard work during the year and our customers and all other stakeholders for their continued trust in us to deliver our purpose to power a world where people, businesses and nature thrive together."

Changes in the reporting structure

Fortum reorganised its operating structure at the end of March 2023. The target of the new organisation is the 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 was 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 report relate to the continuing operations of Fortum Group.

Fortum's strategy

At the beginning of February 2024, the Fortum Board of Directors resolved on clarifications to Fortum's strategy, see 'Events after the balance sheet date' section and a separate Stock Exchange Release.

At the beginning of March 2023, Fortum's 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 financial and environmental targets were as follows:

- 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 revised capital expenditure of up to EUR 1.0 billion during 2023–2025 (revised on 2 November 2023 from up to EUR 1.5 billion). Investment hurdles of project WACC + 150–400 basis points will be applied and evaluated against the company's climate and biodiversity targets.

- Dividend policy with a payout ratio of 60–90% of comparable EPS.

- 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.

On 2 November 2023, Fortum initiated an efficiency programme to manage uncertainty in the operating environment, to improve profitability and secure cash flows. With the efficiency programme, Fortum targets to reduce its annual fixed costs by EUR 100 million gradually until the end of 2025. The reduction of EUR 100 million corresponds to some 10% of the Group's fixed costs for the year 2022. The efficiency programme includes strategic prioritisation and assessment of allocated resources as well as turnaround actions for underperforming businesses. Reaching the programme's targets is expected to require personnel reductions.

Financial results

Sales by segment

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Generation	1,339	1,617	4,420	4,465
Consumer Solutions	1,069	1,460	3,766	4,578
Other Operations	147	161	548	589
Netting of Nord Pool transactions	-612	-917	-1,510	-2,312
Eliminations	-85	87	-514	454
Total continuing operations	**1,858**	**2,407**	**6,711**	**7,774**

Comparable EBITDA by segment

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Generation	452	743	1,874	1,876
Consumer Solutions	30	43	108	173
Other Operations	-23	-12	-80	-23
Total continuing operations	**459**	**774**	**1,903**	**2,025**

Comparable operating profit by segment

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Generation	390	683	1,679	1,629
Consumer Solutions	12	25	38	97
Other Operations	-43	-38	-173	-116
Total continuing operations	**359**	**669**	**1,544**	**1,611**

Operating profit by segment

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Generation	370	808	2,058	2,128
Consumer Solutions	59	-921	-215	-149
Other Operations	-52	-61	-181	-13
Total continuing operations	**376**	**-174**	**1,662**	**1,967**

October–December 2023

Sales decreased to EUR 1,858 (2,407) million, mainly due to lower electricity prices.

Comparable operating profit decreased to EUR 359 (669) million. The Generation segment results decreased to EUR 390 (683) million, mainly due to the lower achieved power price, lower power production on condensing power as well as higher costs related to co-owned production companies. The result for the Consumer Solutions segment declined, mainly due to lower electricity sales margins and regulated electricity price cap for the year 2023 set for end users by the Polish Government.

Operating profit for the period was impacted by EUR 18 (-843) million of items affecting comparability. In the comparison period, items affecting comparability included EUR -804 million related to changes in fair values of non-hedge-accounted derivatives.

Comparable share of profits of associates and joint ventures was EUR 31 (-68) million (Note 7).

Comparable earnings per share were EUR 0.35 (0.42).

January−December 2023

Sales decreased to EUR 6,711 (7,774) million, mainly due to lower electricity prices.

Comparable operating profit was EUR 1,544 (1,611) million. The earnings improvement of the Generation segment was offset by the negative effects from the lower results in the Consumer Solutions and Other Operations segments.

Operating profit for the period was impacted by EUR 118 (356) 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 included tax-exempt capital gains of EUR 638 million for the divestment of Fortum Oslo Varme, EUR

138 million from the divestments of the Recharge and Plugsurfing businesses and EUR -376 million related to changes in fair values of non-hedge-accounted derivatives (Note 4).

Comparable share of profits of associates and joint ventures was EUR 7 (-40) million (Note 7). The share of profits of associates and joint ventures amounted to EUR 59 (-185) million, including effects from nuclear waste-related provisions and nuclear waste funds in co-owned nuclear companies of EUR 50 (-191) million.

Finance costs – net amounted to EUR -138 (-218) million. Finance costs – net includes interest expenses on borrowings of EUR 286 (202) million and interest income on loan receivables and deposits of EUR 153 (46) million. In 2023, the interest expenses relating to the bridge financing loan provided by the Finnish state-owned holding company Solidium were EUR 41 (26) million. Comparable finance costs – net amounted to EUR -137 (-170) million (Note 8).

Income taxes for the period totalled EUR -69 tax expense (520 tax income) million. In 2023, income taxes included EUR 225 million relating to the one-time positive tax impacts, mainly recognised in Ireland and in the Netherlands, due to the impairment of the Russian assets. In 2022, the income tax expense included EUR 746 million relating to a one-time tax impact realised in Ireland, mainly due to the Uniper divestment. The comparable effective income tax rate was 19.1% (21.9%) (Note 9).

Net profit was EUR 1,515 (2,084) million and comparable net profit was EUR 1,150 (1,076) 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 1.68 (2.34). Comparable earnings per share for continuing operations were EUR 1.28 (1.21) (Note 4).

For further details, see ‘Segment reviews’.

Financial position and cash flow

Cash flow

Net cash from operating activities was impacted by the strong comparable EBITDA and positive change in working capital, partly offset by higher paid income taxes. Net cash from operating activities, EUR 1,710 million, remained on the same level as in the comparison year.

Net cash from investing activities, EUR 1,433 (1,818) million, was positively impacted by the significant decrease in margin receivables of EUR 2,024 (increase 1,311) million. Capital expenditure amounted to EUR 576 (479) million. Divestment of shares and capital returns in the 2022 comparison period, EUR 1,156 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 the EUR 1,500 million payment to Uniper from Fortum’s granted shareholder loan. 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 -2,640 (-4,684) million. The net repayments in interest-bearing liabilities were EUR 1,622 (3,634) million, while the change in margin liabilities was EUR -221 (150) million. The first dividend instalment of EUR 413 million was paid on 24 April 2023 (1,013) and the second instalment of EUR 404 million was paid on 10 October 2023.

Liquid funds increased by EUR 503 (decrease 1,148) 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 details, see the ‘Financing’ section below.

Assets

At the end of 2023, total assets amounted to EUR 18,739 (23,642) million. The change from December 2022 was mainly related to the deconsolidation of the Russian assets during the second quarter of 2023, lower fair values of derivative financial instruments, and reduced margin receivables. At the end of 2023, net margin receivables amounted to EUR 459 (2,255) million.

Equity

Total equity amounted to EUR 8,499 (7,737) million. Equity attributable to owners of the parent company totalled EUR 8,438 (7,670) million. Equity was negatively impacted by the net loss for the year of EUR -2,069 million and the dividend of EUR 817 million approved by the Annual General Meeting in April 2023. In addition to the profit from continuing operations for the year, the net loss for the year 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. Equity was positively impacted by the fair valuation of cash flow hedges of EUR 1,860 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, totalling EUR 413 million, was paid on 24 April 2023. The second dividend instalment of EUR 0.45, amounting to a total of EUR 404 million, was paid on 10 October 2023.

Financing

In 2023, commodity prices trended down and the extreme volatility decreased. Due to the 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 December, the ratio for financial net-debt-to comparable EBITDA for continuing operations was very low, at 0.5 times.

At the end of 2023, financial net debt was EUR 942 (1,084) million. Fortum’s total interest-bearing liabilities were EUR 5,909 (7,785) million and liquid funds amounted to EUR 4,183 (3,919) million. The first dividend instalment, EUR 413 million, was paid on 24 April 2023 and the second instalment, EUR 404 million, on 10 October 2023.

During the first quarter of 2023, 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 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.

In December, the Liquidity revolving credit facility of EUR 1,000 million matured, as Fortum did not use the six-month extension option. Additionally, a one-year borrowers’ extension option was agreed on for the EUR 500 million bullet loan.

Current loans, including EUR 717 million of the current portion of long-term loans, amounted to EUR 1,316 million. Short-term loans, EUR 599 million, include EUR 418 million of collateral arrangements and use of commercial paper programmes of EUR 174 million (Note 13).

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

At the end of 2023, Fortum had undrawn committed credit facilities of EUR 3,200 million, including 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_2-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 both in 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 and nuclear and explores clean hydrogen.

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Reported				
Sales	1,339	1,617	4,420	4,465
- power sales	1,164	1,447	3,889	3,802
of which Nordic outright power sales*	728	848	2,799	2,461
- heat sales	162	125	481	499
- other sales	13	45	50	163
Operating profit	370	808	2,058	2,128
Share of profit/loss of associates and joint ventures**	89	-59	59	-178
Capital expenditure and gross investments in shares	112	106	454	316
Number of employees			1,758	1,660

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Comparable				
EBITDA	452	743	1,874	1,876
Operating profit	390	683	1,679	1,629
Share of profit/loss of associates and joint ventures**	31	-68	7	-34
Return on net assets, %			24.2	23.2
Net assets (at period-end)			7,263	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	IV/2023	IV/2022 restated	2023	2022 restated
Hydropower, Nordic	6.0	4.8	20.9	19.1
Nuclear power, Nordic	6.9	6.1	24.8	23.4
Wind power, Nordic	0.1	-	0.1	-
CHP and condensing power*	0.3	0.7	1.0	1.5
Total	**13.3**	**11.7**	**46.8**	**44.1**

* 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	IV/2023	IV/2022 restated	2023	2022 restated
Power sales volume, Nordic	19.0	14.4	62.6	51.7
of which Nordic outright power sales volume*	12.5	10.5	44.4	41.1
Power sales volume, Other	0.2	0.8	0.6	3.1
Heat sales volume, Nordic	0.8	0.7	2.1	3.1
Heat sales volume, Other	1.2	1.2	3.4	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	IV/2023	IV/2022	2023	2022
Generation's Nordic achieved power price*	58.1	80.5	63.1	59.9

* 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.

October–December 2023

The Generation segment's total power generation increased in the fourth quarter of 2023. Hydro generation volumes increased clearly by 25% due to higher water inflow compared to the previous year. Nuclear volumes increased by 13% compared to the previous year due to the commercial operation of TVO's third Olkiluoto power plant unit (OL3). Power and heat generation of CHP and condensing power was lower due to warmer weather in October 2023.

The achieved power price decreased by EUR 22.4 per MWh, clearly down by 28%, and was EUR 58.1 per MWh. The reason for the decrease in the achieved power price was mainly the lower spot price and lower physical optimisation result, the effects of which were partly offset by a higher hedge price. The optimisation premium continued to be at a good level, however physical optimisation was exceptionally high in 2022 due to extremely high volatility and higher power prices during the comparison period in 2022. While the spot power price decreased by 64% in the Generation segment's power generation areas, the negative result effect from the lower spot price on the achieved power price was partly offset by the fairly high hedge levels and a higher hedge price compared to the spot price. The spot power price declined to 55.8 EUR/MWh compared to 155.8 EUR/MWh in the fourth quarter in 2022.

Comparable operating profit decreased by 43% impacted mainly by the lower achieved power price, lower condensing power generation (Meri-Pori) as well as higher costs related to co-owned production companies, partly offset by higher hydro and nuclear volumes and lower depreciations due to the lifetime extension of the Loviisa nuclear power plant (Note 3). The renewables and decarbonisation businesses were loss-making in the fourth quarter. The result of the district heating business was negatively impacted by clearly lower power prices and higher fixed costs.

Operating profit was affected by EUR -21 (125) million of items affecting comparability, related to the fair value change of non-hedge-accounted derivatives (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 31 (-68) million (Notes 3 and 7).

January−December 2023

The Generation segment's total power generation increased compared to 2022. Nuclear generation increased due to commissioning and power generation of TVO's third Olkiluoto power plant unit OL3. Hydro generation increased, mainly due to higher water inflow compared to the second half of 2022. The segment's overall operational performance and load factor for nuclear generation remained at a good level. CO_2-free generation accounted for 98% of total power generation. Power and heat generation of CHP and condensing power declined due to warmer weather during the year. Structural changes following the divestment of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway in 2022 also had a negative impact.

The achieved power price increased by EUR 3.2 per MWh, up by 5%, and was all time high at EUR 63.1 per MWh. The main reason for the increase in the achieved power price was the higher hedge price, the effect of which was partly offset by the lower result from physical optimisation. In 2022 the physical optimisation was exceptionally high mainly due to extremely high volatility and higher power prices. While the spot power price decreased by 59% 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 the higher hedge price.

The 3% improvement in the comparable operating profit derived from the higher achieved power price, higher hydro volumes and lower depreciations due to the lifetime extension of the Loviisa nuclear power plant (Note 3). This was partly offset by lower generation of condensing power (Meri-Pori) as well as higher costs related to co-owned production companies. The renewables and decarbonisation businesses were clearly loss-making. The result of the district heating business was negatively impacted by lower power prices, higher fuel costs and higher fixed costs. The comparison period of 2022 also included approximately EUR 36 million from the divested Norwegian district heating operations and a tax-exempt sales gain of EUR 9 million from the divestment of the 250-MW Rajasthan solar plant in India (Note 3).

Operating profit was affected by EUR 380 (499) million of items affecting comparability, related to the fair value change of non-hedge-accounted derivatives. In 2022, items affecting comparability included tax-exempt capital gains of EUR 638 million for the divestment of Fortum Oslo Varme and EUR -130 million related to changes in fair values of non-hedge-accounted derivatives. (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 7 (-34) million (Notes 3 and 7), impacted by inflation adjustments in Swedish nuclear waste-related provisions in co-owned nuclear companies.

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. On 21 December, Fortum submitted a statement to the Ministry of Economic Affairs and Employment on the procurement arrangements of fresh nuclear fuel, as stipulated by the new operating license. Over the course of the new licence period, the plant is expected to generate up to 170 terawatt hours of CO_2-free electricity. Investments related to the continuation of operations and lifetime extension will amount to an estimated EUR 1 billion during 2023-2050. Over the past five years, Fortum has already invested approximately EUR 200 million in refurbishing the Loviisa power plant. In November 2022, Fortum and Westinghouse Electric Company signed an agreement for the design and supply of a new fuel type for the Loviisa power plant. In addition to Westinghouse, Fortum is exploring the capabilities of an alternative western fuel supplier to develop a compatible fuel type for the Loviisa nuclear power plant to secure the fuel supply.

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 facility, operational since 1998, is located 110 metres underground on the Loviisa nuclear power plant site. The spent fuel generated at the Loviisa power plant will eventually 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 was approximately 2.6 TWh. On 10 October, TVO announced that the company had initiated an environmental impact assessment (EIA) procedure concerning the possible operating licence extension and potential power uprating of the Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) plant units. At the moment, the plant units are licensed until 2038.

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. The feasibility study will also explore the potential for service business offerings for new projects in Europe and hydrogen for industrial applications. Potential ventures in the nuclear industry will most likely involve partnership constellations. In late 2022 and during 2023, Fortum announced the exploration of potential cooperation 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, the Finland-based stainless steel company Outokumpu, the Korea Hydro & Nuclear Power Co. (KHNP), the American Westinghouse Electric Company and the Swedish Studsvik. Any potential investment decisions would 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. In October, SSAB and Fortum jointly concluded that it was not possible to find a commercial arrangement that would work for both parties given the existing preconditions. The FEED study was consequently concluded.

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 that it is starting to develop an 80-MW industrial-scale solar power project in Virolahti. The project is Fortum's first solar power development project in Finland. On 25 August, the company announced it is investigating the possibility of a 90-MW solar park in Havdhem, in southern Gotland. In line with its strategy, Fortum is exploring possibilities for growth in renewable power in the Nordics. The permit processes for a solar park in Finland and Sweden take 1-3 years; after a possible investment decision, the construction is expected to take about a year.

On 21 June, Fortum announced that 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. The total capital expenditure of the Espoo Clean Heat programme amounts to approximately EUR 300 million. During 2023, EUR 31 million of these investments materialised. For further details, see the ‘Capital expenditures’ section.

On 29 September, Fortum announced that it will invest over SEK 700 million (over EUR 60 million) during 2023-2030 to modernise Untra, one of Sweden's oldest hydropower plants. For further details, see the ‘Capital expenditures’ section.

On 5 October, Fortum announced that it had signed a 13-year fixed price Power Purchase Agreement (PPA) with the Norwegian aluminium and renewable energy company Hydro Energi AS for the delivery of 0.44 TWh of electricity per annum in Sweden. The power is sourced from Fortum’s electricity portfolio in the SE2 (Sundsvall) price area in central Sweden. The contract period is 2024-2036.

On 30 October, Fortum announced that it had signed an agreement with Finland’s National Emergency Supply Agency, Huoltovarmuuskeskus (NESA) under which NESA reserves the production of the Meri-Pori coal condensing power plant for severe disruptions and emergencies to guarantee security of supply in the electricity system in Finland. The agreement period is from 1 March 2024 until 31 December 2026. Over the coming winter months, the Meri-Pori power plant will operate on a commercial basis to support security of supply in the Nordic power market.

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	IV/2023	IV/2022	2023	2022
Reported				
Sales	1,069	1,460	3,766	4,578
- power sales	922	1,321	3,219	4,026
- gas sales	114	104	422	392
- other sales	33	35	125	161
Operating profit	59	-921	-215	-149
Capital expenditure and gross investments in shares	22	20	103	71
Number of employees			1,281	1,179

EUR million	IV/2023	IV/2022	2023	2022
Comparable				
EBITDA	30	43	108	173
Operating profit	12	25	38	97
Return on net assets, %			4.5	9.1
Net assets (at period-end)			838	1,365

Sales volumes

TWh	IV/2023	IV/2022	2023	2022
Electricity	10.3	8.2	33.0	29.6
Gas	1.6	1.3	5.2	4.8

Number of customers

Thousands*	31 Dec 2023	31 Dec 2022
Electricity	2,290	2,130
E-mobility**	60	70
Gas	40	40
Total	**2,380**	**2,240**

* Rounded to the nearest 10,000.
** Measured as average monthly paying customers for the quarter.

October–December 2023

The electricity sales volume increased by 26%, and the gas sales volume increased by 23%. Higher volumes were driven by colder weather and the acquisition of Telge Energi AB. Total sales revenue decreased by 27% due to lower electricity and gas prices in the Nordics and Poland.

Comparable operating profit more than halved by EUR 13 million to EUR 12 million, mainly due to lower electricity sales margins and the regulated electricity price cap for 2023 set for end users by the Polish Government. The negative impact was partly offset by higher sales margins of value-added services and lower fixed costs. The decrease in electricity sales margins was mainly due to customers migrating to lower margin spot products.

January–December 2023

The electricity sales volume increased by 11% and the gas sales volume in Poland increased by 8% in 2023. As electricity and gas prices declined, consumption patterns normalised during the third and fourth quarter, and consumers less actively targeted consumption to off-peak hours. Total sales revenue decreased by 18%, mainly due to lower average electricity and gas prices in Nordics and Poland.

Comparable operating profit decreased by EUR 59 million and was EUR 38 million, mainly due to lower sales margins partly offset by higher gas sales margins and lower fixed costs. The lower electricity sales margins were mainly the result of losses due to customer outflow in certain hedged customer contracts in very volatile and high-price market conditions, especially during the first half of the year. The regulated Polish power price cap for 2023 set for end users by the Polish Government also had a negative impact on comparable operating profit.

Compared to the end of 2022, the number of customers increased by approximately 140,000, mainly due to the acquisition of Telge Energi AB.

Especially during the first half of the year, Fortum continued to develop its product portfolio to meet its customers' needs and to help support them in managing the exceptional market situation of unprecedentedly high and volatile power prices. 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 31 August, Fortum completed the acquisition of the Swedish electricity solutions provider Telge Energi AB from Telge AB. The total consideration for the entire shareholding in Telge Energi on a cash and debt-free basis was approximately SEK 450 million (EUR 39 million). The transaction was originally announced on 7 June.

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	IV/2023	IV/2022 restated	2023	2022 restated
Reported				
Sales	147	161	548	589
- power sales	2	6	9	24
- heat sales	13	10	31	28
- waste treatment sales	63	61	226	219
- other sales	69	85	281	318
Operating profit	-52	-61	-181	-13
Share of profit/loss of associates and joint ventures	-1	0	0	-7
Capital expenditure and gross investments in shares	35	33	107	111
Number of employees			2,186	2,149

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Comparable				
EBITDA	-23	-12	-80	-23
Operating profit	-43	-38	-173	-116
Share of profit/loss of associates and joint ventures	-1	0	0	-7

October–December 2023

Comparable operating profit decreased by EUR 5 million and amounted to EUR -43 million, mainly due to development costs for the new operating model and higher costs in enabling functions, the negative effect of which was partly offset by improved performance of the Circular Solutions business, especially in the Sustainable materials business.

January–December 2023

Comparable operating profit decreased by EUR 57 million and amounted to EUR -173 million, mainly due to lower results in the recycling and waste and battery businesses, including higher costs largely arising from the expansion of the battery recycling business, write-downs of certain IT projects, development costs for the new operating model and higher costs in enabling functions. The comparison period included structural changes in the Circular Solutions business and one-time positive impacts from changes in pension fund arrangements in Sweden affecting the Group's enabling functions.

On 4 August, 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. For further details, see the 'Capital expenditures' section.

Discontinued operations (Russia and Uniper)

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Sales	-	329	287	129,126
Comparable operating profit	-	75	86	-4,487
Operating profit	-	-479	-3,521	-17,091
Net profit from discontinued operations	-	-1,038	-3,582	-12,374
Net profit from discontinued operations, attributable to the owners of the parent	-	-1,038	-3,583	-4,496
Net cash from/used in operating activities	-	156	109	-10,484

On 25 April, Fortum's subsidiary PAO Fortum (Fortum JSC) was put under asset management based on a Russian Presidential decree that introduced a "temporary" asset management to assets owned by certain foreign entities in Russia. On 26 April, PAO Fortum announced that this caused a replacement of 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 details, see Notes 1, 2, 6 and 11.

Capital expenditures, divestments and investments in shares

In the fourth quarter of 2023, capital expenditures and investments in shares totalled EUR 169 (159) million. Capital expenditures were EUR 159 (153) million (Notes 3 and 6).

In 2023, capital expenditures and investments in shares totalled EUR 664 (496) million. Capital expenditures were EUR 611 (467) 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
Generation					
Pjelax-Böle and Kristinestad Norr, Finland	Wind	380		II/2024	12 Oct 2023
Loviisa, Finland	Nuclear	Lifetime extension			16 Feb 2023
Espoo and Kirkkonummi, Finland	Waste heat utilisation		360	IV/2025	21 Jun 2023
Untra, Sweden	Hydro	6			29 Sep 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 approximately SEK 650 million (approximately EUR 59 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 farm in Närpes and Kristinestad in Finland in partnership with the Finnish energy company Helen Ltd. Construction started in January 2022, and the wind farm is expected to be fully operational in the second quarter of 2024 at the latest. The construction project is progressing according to plan, and the testing of power generation at the wind farm started in October 2023. Fortum has a 60% majority and Helen a 40% minority ownership in the project; Fortum consolidates 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_2-free electricity. Investments related to the continuation of operations and lifetime extension will amount to an estimated EUR 1 billion during 2023-2050. Over the past five years, Fortum has already invested approximately EUR 200 million in refurbishing the Loviisa power plant. The Loviisa power plant is the first nuclear power plant in Finland and has two units: unit 1 started operating in February 1977, and unit 2 in November 1980.

On 21 June, Fortum announced that 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. The total capital expenditure of the Espoo Clean Heat programme amounts to approximately EUR 300 million. During 2023, EUR 31 million of these investments materialised. Fortum's district heat in Finland will be coal-free already in 2025 and carbon-neutral before 2030. In March 2022, Fortum and Microsoft announced cooperation on waste heat. 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 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. Construction of Fortum's sustainable heat solutions on the Kirkkonummi site began in September 2023. Heat production with air-to-water heat pumps and electric boilers at the sites in Kirkkonummi and Espoo is expected to start in the heating season of 2025-2026. 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 electric boilers.

On 29 September, Fortum announced that it will invest over SEK 700 million (over EUR 60 million) during 2023-2030 to modernise Untra, one of Sweden's oldest hydropower plants. After the modernisation, the power plant will have an output of 48 MW. The renovation will involve the replacement of three turbine units and a significant restructuring of the power plant, all aimed to ensure Untra's ability to provide flexibility to the power system and to supply fossil-free electricity to Sweden. With the advanced turbine technology, the annual electricity production will increase from 270 GWh to approximately 300 GWh. Of the total investment, approximately half is classified as growth capital expenditure. Approximately EUR 15 million of the investment is already included in Fortum's committed growth capital expenditure of EUR 800 million for the years 2023-2025.

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). The transaction, which required approvals from the municipal government and the local government council of Södertälje, as well as clearance by the European Commission, was completed on 31 August 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 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. 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. On 27 April 2023, Fortum announced that the hydrometallurgical battery recycling facility had started commercial operations.

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 2023, these business operations employed approximately 1,200 people mainly in the Nordics (Finland, Sweden and Denmark), and its comparable EBITDA was approximately EUR 40 million. At the end of 2023, the net assets of the Circular Solutions businesses were approximately EUR 750 million. Fortum expects the strategic assessment to take approximately one year.

Operating and regulatory environment

European power markets

In Continental Europe, autumn was milder than normal, which helped the gas and power markets to continue on the downward development that characterised the whole year 2023. In the Nordics, however, the weather turned cold and dry in the fourth quarter. This, together with below normal wind conditions, led to a rapidly decreasing reservoir balance; Nordic spot prices consequently recovered by the end of the year from the lower levels seen in the previous quarter.

According to preliminary statistics, power consumption in the Nordic countries was 113 (103) TWh during the fourth quarter of 2023. Power demand was clearly above the five-year average, due to cold weather and continuing recovery of the Nordic power demand. In 2023, power consumption in the Nordics was 386 (386) TWh.

In Central Western Europe (Germany, France, Austria, Switzerland, Belgium and the Netherlands), power consumption in the fourth quarter of 2023 was 335 (329) TWh, according to preliminary statistics. In 2023, power consumption in Central Western Europe was 1,272 (1,322) TWh. Power demand in Continental Europe continued to be clearly below the five-year average, affected by energy conservation measures and mild winter quarters.

At the beginning of the fourth quarter of 2023, the Nordic hydro reservoirs were at 106 TWh, which was 5 TWh above the long-term average and 17 TWh above the level of the previous year. Inflow was clearly below normal and hydro generation was above the normal level, especially during October and November. At the end of 2023, the reservoir levels were at 77 TWh, which is 7 TWh below the long-term average and 2 TWh lower than in the previous year.

During the fourth quarter of 2023, power prices recovered significantly throughout the Nordics on a quarter-to-quarter basis but remained clearly below the corresponding price levels compared to one year earlier. The average system spot price at Nord Pool was EUR 58 (136) per MWh. The average area price in Finland was EUR 61 (185) per MWh. In Sweden, the average area price in the SE3 area (Stockholm) was EUR 56 (147) per MWh, and the price in the SE2 area (Sundsvall) was EUR 44 (116) per MWh. In Germany, the average spot price in the fourth quarter was EUR 82 (193) per MWh.

For 2023, the average system spot price in Nord Pool was EUR 56 (136) per MWh. The average area price in Finland was EUR 56 (154) per MWh, in the SE3 area in Sweden (Stockholm) EUR 52 (129) per MWh, and in the SE2 area in Sweden (Sundsvall) EUR 40 (62) per MWh. In Germany, the average spot price during 2023 was EUR 95 (235) per MWh.

In early February, the Nordic system electricity forward price on Nasdaq Commodities for the remainder of 2024 was around EUR 45 per MWh and for 2025 around EUR 41 per MWh. The Nordic water reservoirs were at 63 TWh, which is about 9 TWh below the long-term average and 5 TWh lower than one year earlier. The German electricity forward price for the remainder of 2024 was around EUR 74 per MWh and for 2025 around EUR 81 per MWh.

European commodity markets

Gas demand in Central Western Europe was 512 (524) TWh in the fourth quarter and 1,715 (1,867) TWh in full-year 2023. The Central Western European gas storage levels decreased from 607 TWh at the beginning of the quarter to 559 TWh at the end of the quarter, which is 27 TWh higher than one year ago and 101 TWh higher than the five-year average (2018–2022).

The average gas front-month price (TTF) in the fourth quarter of 2023 was EUR 43 (124) per MWh. The average gas front-month price (TTF) for full-year 2023 was EUR 41 (133) per MWh. The 2024 forward price decreased from EUR 46 per MWh at the beginning of the fourth quarter to EUR 34 per MWh at the end of the year. At the beginning of 2023, the TTF forward price for 2024 delivery was at EUR 78 per MWh.

The EUA (EU Allowance) price decreased from EUR 81 per tonne at the beginning of the fourth quarter of 2023 to EUR 80 per tonne at the end of the year. The average EUA price for full-year 2023 was EUR 85 per tonne.

The forward quotation for coal (ICE Rotterdam) for 2024 decreased from USD 126 per tonne at the beginning of the fourth quarter of 2023 to USD 98 per tonne at the end of the year. At the beginning of 2023, the forward quotation for coal (ICE Rotterdam) for 2024 delivery was at EUR 173 per tonne.

In early February, the TTF forward price for gas for the remainder of 2024 was EUR 31 per MWh. The forward quotation for EUAs for 2024 was at the level of EUR 63 per tonne. The forward price for coal (ICE Rotterdam) for the remainder of 2024 was USD 95 per tonne.

Regulatory environment

EU institutions reached an agreement on the revised EU electricity market design

On 13 December 2023, the European Council and the Parliament reached a final agreement on the European market design legislation at a record speed of nine months of negotiations. The revised market design framework is putting forth a large array of de-risking instruments ranging from state-backed power purchase agreements, two-way contracts for difference (CfD) or equivalent, capacity remuneration mechanisms (CRMs) to other forms of support including targeted investment aid to counter-balance the volatility of energy prices. Fortum welcomes the revised framework which is expected to facilitate clean energy investments needed for the energy transition whilst providing more predictable prices to electricity consumers.

The majority of the provisions contained in this regulation will be applicable six months after its entry into force.

Agreement reached on the decarbonised gas market package

In December 2023, the European Parliament and the Council reached a final agreement on the hydrogen and decarbonised gas market package which establishes internal market rules and enables conditions for renewable and natural gas, including hydrogen.

A general definition for low-carbon hydrogen is introduced, but the detailed methodology for calculating the emission reduction will not be presented until 2025. Until this secondary legislation is available, labelling or certifying low-carbon hydrogen, in particular based on nuclear power, will not be possible, and public funding instruments will not be available for projects producing low-carbon hydrogen, thus leaving mainly renewable fuels of non-biogenic origin (RFNBO) eligible for public funding.

The official endorsement of the regulation is expected in March 2024, and it will enter into force six months after the official publication.

Nature restoration regulation trilogues finalised

In November 2023, the European Parliament and Council reached a provisional political agreement on the EU nature restoration regulation. The regulation 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. EU countries will be obliged to submit National Restoration Plans to the Commission on how they will deliver on the targets.

The impacts of the regulation on Fortum's hydropower assets will depend on the national implementation.

Swedish nuclear waste fund fees to be recalculated

On 21 December 2023, the Swedish Government decided on the nuclear waste fund fees for a one-year period covering 2024 instead of the earlier three-year period.

Swedish roadmap for new nuclear investments published

On 16 November 2023, the Swedish Government published its roadmap for new nuclear. The aim is to promote investments to provide long-term predictability especially through credit guarantees totalling EUR 35 billion and a long-term risk-sharing model between the Swedish state and companies. According to the roadmap, new nuclear capacity equivalent to two large-scale reactors (totalling 2,500 MW) shall be commissioned by 2035 and new capacity equivalent to ten reactors by 2045. A specific nuclear coordinator from the energy industry has been appointed to identify needed actions and to summon all relevant stakeholders.

Key drivers and risks

Fortum's operations 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, see Fortum's Financials 2022.

Fortum's new strategy, launched in March 2023, has been developed partly in order to reduce the Group's business risks. With Fortum's core business consisting mainly of outright generation assets in the Nordics, the Nordic power price exposure remains the single largest key driver and financial risk for Fortum. It is a key priority for Fortum to successfully mitigate this market risk, including managing the related credit and liquidity risks from hedging this exposure.

The main strategic risks are that the business and/or regulatory environment develop in ways that have not been foreseen and prepared for. The current geopolitical uncertainty continues to pose material operational and business risks for Fortum as the owner and operator of power and heat generation in the Nordics and Poland. Future energy market, regulation and climate scenarios as well as scenarios for how the current geopolitical situation develops, including the impact of these to Fortum's existing and potential new businesses, are regularly updated and used in the development of the strategy.

Sustainability-related risks including exposure to climate change, continue to be a focus area for Fortum and we are well-positioned to take advantage of opportunities in the green transition with our existing portfolio of largely CO_2-free assets.

Business operating environment

Fortum operates in a global business environment, with a main operational focus in the Nordics, and is therefore exposed to political and other risks that affect the macroeconomic development and consumer behaviour in Fortum's markets.

The global landscape has experienced a further escalation of conflict and increasing geopolitical uncertainty. Several regional and territorial disputes have worsened, increasing instability and insecurity in energy-producing regions, potentially disrupting energy supply chains and raising concerns about energy security. Russia's attack on Ukraine in February 2022 severely impacted Fortum's businesses. A number of geopolitical risks have realised, while other risks remain on an elevated level as a result of the ongoing war. Following the unlawful seizure by the Russian authorities and loss of control of the Russian operations in spring 2023, the Russian assets were fully written down, deconsolidated and discontinued. Fortum has sent notices of dispute to the Russian Federation in order to protect its legal position and shareholder interests. These notices of dispute are the first step required in arbitration proceedings planned to be initiated in early 2024. A further escalation of the war may increase the risk of hostile actions by the Russian Federation against foreign companies. This could have severe implications, such as an increased risk of sabotage including direct physical or cyber-attacks on, for example, energy infrastructure in Fortum's operating countries.

The current geopolitical uncertainty has also intensified the trend of nationalistic policies and protectionism, which may lead to further trade restrictions or sanctions – which, in turn, could affect demand for Fortum's products and services, production capabilities, asset values and access to financing. The EU, US and UK have implemented a broad range of sanctions towards Russia, the scope of which may be further increased. The unpredictable nature of sanctions remains a risk for Fortum, despite having lost control of the Russian business.

Regulatory environment

The energy sector is heavily influenced by national and EU-level energy and climate policies and regulations. The overall complexity and possible regulatory changes in Fortum's operating countries pose risk and create opportunities for the generation and consumer businesses. Fortum analyses and assesses a number of future market and regulation scenarios, including the impact of these on different generation forms and technologies, as part of its strategy. Fortum maintains an active dialogue with different policymakers and legislators involved in the development of laws, policies and regulations in order to manage these risks and to proactively contribute to the development of the energy and climate policy and regulatory framework in line with Fortum's strategic objectives.

Nordic power price exposure and related risks

The earnings capability and profitability of Fortum's outright power generation, such as hydro, nuclear and wind power generation, are primarily exposed to fluctuations in the Nordic power prices. 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_2 emission allowance prices, commodity prices, energy mix and the supply-demand balance. 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. The increased geopolitical uncertainty and fears of escalation of other conflicts may impact power and other commodity prices and volatility, especially in case of disturbances to other sources of power or gas supply. In general, price volatility is expected to continue also with the increasing share of intermittent generation and the occasionally re-emerging concerns over security of energy supply. This also increases the risk of further political market interventions going forward. Fortum hedges its exposure to commodity market prices in order to improve predictability of future results by reducing volatility in earnings while ensuring that there is sufficient cash flow and liquidity to cover financial commitments.

Fortum's liquidity and refinancing risks are primarily related to the need to finance its business operations, including margining payments and collaterals issued to enable hedging of commodity market risk exposures. Higher and more volatile commodity prices increase the net margining payments toward clearing houses and clearing banks. Fortum mitigates this risk by entering into over-the-counter (OTC) derivatives contracts directly with bilateral counterparties without margining requirements. Consequently, credit exposure from hedges with OTC counterparties has increased. Due to Fortum's net short position in Nordic power hedges, the credit exposure would increase in line with the value of hedges if Nordic power prices decrease. Trading OTC also exposes the Group to liquidity risk in case of a counterparty default. A default could trigger a termination payment in cases where the net market value of the bilateral contracts is positive for the counterparty.

Fortum targets to maintain a solid investment grade-rating of at least BBB. 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. In March 2023, both S&P Global Ratings and Fitch rating agencies affirmed Fortum's BBB rating and revised the outlook to stable. Fortum continues to constantly monitor all rating-related developments and to regularly exchange information with the rating agencies. In 2023, a new risk management framework was developed to manage credit, liquidity and market risks holistically and to support in maintaining our rating under different market scenarios.

Operational Risks

Fortum's business activities include energy generation, storage 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.

Climate change

Fortum believes that the growing awareness and concern about climate change will increase the demand for low-carbon and resource- and energy-efficient energy products and services. The company is leveraging its know-how in CO_2-free hydro, nuclear, wind and solar power by offering its customers low-carbon energy solutions. The electrification of energy-intensive industry, services and transportation is likely to increase the consumption of low-carbon electricity in particular. The development of the hydrogen economy, and especially clean hydrogen produced with CO_2-free power, will offer business opportunities for Fortum.

Driving the transition to a lower-carbon economy is therefore an integral part of Fortum's strategy. Fortum's strategy includes ambitious sustainability and decarbonisation ambitions. However, 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.

Fortum's operations are exposed to the physical risks caused by climate change, including changes in weather patterns that could alter energy production volumes and energy demand. Fluctuating precipitation, flooding and extreme temperatures may affect, e.g., hydropower generation, dam safety, availability of cooling water, and the price and availability of biofuels. Hydrological conditions, precipitation, temperatures, and wind conditions also affect the short-term electricity price in the Nordic power market. In addition to climate change mitigation, we also aim to adapt our operations, and we take climate change into consideration in, among other things, the assessment of growth projects and investments as well as in operation and maintenance planning. 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.

For further information about Fortum's risks and risk management systems, see Fortum's Financial Statements for 2022 and Financial Statements for 2023, which will be published in week 7 at the latest.

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 2023, approximately 70% of the Generation segment's estimated Nordic power sales volume was hedged at EUR 47 per MWh for 2024 (at the end of the third quarter of 2023: 65% at EUR 47 per MWh) and approximately 40% at EUR 43 per MWh for 2025 (at the end of the third quarter of 2023: 30% at EUR 43 per MWh).

At the end of 2023, for the rolling 10-year period of 2024-2033, approximately 15% of the Generation segment's estimated Nordic power sales volume was hedged. These hedges relate to Fortum's new strategic target of a hedged share of rolling 10-year outright generation volume more than 20% by end of 2026.

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 fourth quarter of 2023, Fortum continued to utilise dual channels for its hedging: both trading on the Nasdaq Commodities exchange, depending on the market liquidity and financial optimisation, as well as with bilateral arrangements. The majority of the trades still remained in bilateral contracts.

Capital expenditure

Fortum estimates its capital expenditure, including maintenance but excluding acquisitions, to be approximately EUR 550 million in 2024, of which the share of maintenance capital expenditure is estimated to be approximately EUR 300 million, below the level of depreciation. For 2024-2026, Fortum's capital expenditure is expected to be approximately EUR 1.7 billion (excluding acquisitions), of which growth capital expenditure is expected to be EUR 800 million and annual maintenance capital expenditure EUR 300 million. Of the growth capital expenditure of EUR 800 million, EUR 300 million is uncommitted.

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. Historically, the optimisation margin included in the achieved power price has been in the range of EUR 1-3 per MWh. Due to the increased price volatility, Fortum updated in the third quarter of 2023 the estimated optimisation margin and expects it to be in the range of EUR 6-8 per MWh, depending on the overall market conditions, level of volatility and electricity prices.

Income taxation

The comparable effective income tax rate for Fortum is estimated to be in the range of 18-20% for 2024-2026. 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 financial statements bulletin, 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.

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 complemented by considerably enhanced environmental targets with the aim to be a leader in sustainability. Fortum has set a target to reach carbon neutrality (Scopes 1, 2, 3) by 2030 and will exit all coal-based 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_2/kWh for total energy production and below 10 g CO_2/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 participate in the development of a science-based methodology to assess the aquatic impacts of hydropower.

Emission reduction targets and performance for continuing operations

Group emission reduction targets set in 2023 are part of 2023 reporting, and performance against the climate targets are presented in the table below.

Climate target	Indicator	2023	Base year 2022, restated	Change compared to base year, %
Carbon neutrality by 2030 at the latest	Total Scope 1, 2 and 3 emissions, million tonnes CO_2-eq	14.4	11.8	22
Exit all coal generation by the end of 2027	Coal-based capacity, GW	1.3	1.4	-
	Coal-based power generation capacity, GW	0.7	0.7	-
	Coal-based heat production capacity, GW	0.6	0.6	-
	Coal-based power and heat production, TWh	1.9	2.9	-34
	Coal-based power generation, TWh	0.6	1.2	-50
	Coal-based heat production, TWh	1.2	1.7	-29
	Coal share of Fortum's revenues, %	3	4	-25
Specific emissions of below 20 g CO_2/kWh for total energy production by 2028	Specific emissions for total energy production, g CO_2/kWh	32	45	-29
Specific emissions of below 10 g CO_2/kWh for power generation by 2028	Specific emissions for power generation, g CO_2/kWh	16	25	-36

In 2023, Fortum's CO_2-eq emissions, including all Scope 1, 2 and 3, totalled 14.4 million tonnes, compared to 11.8 million tonnes in 2022. Major changes in emissions were due to the increase of indirect Scope 3 emissions related to electricity retail to customers and to the decrease of direct Scope 1 emissions.

Fortum's direct CO_2 emissions (Scope 1) and indirect CO_2 emissions (Scope 2) totalled 1.7 million tonnes, which decreased by 23% compared to 2022. In 2023, Fortum's Scope 3 greenhouse gas emissions totalled 12.7 million CO_2-eq tonnes, compared to 9.5 million CO_2-eq tonnes in 2022, i.e. increasing 34%.

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.

In 2023, Fortum participated in the 'Energy for a Just Transition' collaboration, facilitated by BSR in partnership with The B Team, aiming to bring together committed energy utilities, related companies and critical stakeholders to help the energy industry to better plan and implement a just, fair and inclusive transition.

Fortum has a long-standing focus on mitigating climate change and has adopted the reporting recommendations of the Task Force on Climate-related Financial Disclosures (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

	IV/2023	IV/2022 restated	2023	2022 restated
Climate and resources				
Direct CO_2 emissions, million tonnes	0.4	0.8	1.6	2.1
Specific CO_2 emissions from total energy production, gCO_2/kWh	30	64	32	45
Specific CO_2 emissions from power generation, gCO_2/kWh	12	45	16	25
Major environmental incidents*, no.	0	0	2	2
Personnel and society				
Total Recordable Injury Frequency (TRIF), own personnel and contractors, injuries per million working hours	4.4	2.2	5.0	4.0
Lost Time Injury Frequency (LTIF), own personnel and contractors, injuries per million working hours	2.8	1.7	3.9	2.3
Severe occupational accidents, no.	0	0	0	2
Safety improvement plan**, %	68.3	-	78	-
Management Safety and Security Leadership Programme**, %	25	-	100	-
Sickness-related absences, %	3.5	3.5	3.1	3.4

* 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.

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 2023, Fortum received a rating of "A" (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment. Fortum also participated in the ISS ESG Corporate Rating in 2023 and received a "Prime B-" rating. In 2023, 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 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_2 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_2-free hydro and nuclear power. Fortum also has solar and wind power generation with partners. Fortum has district heating and cooling generation 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 2023, Fortum's direct CO_2 emissions were 1.6 (2.1) Mt. Of the total CO_2 emissions, 1.1 (1.6) 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 2023, Fortum's power generation was 47.0 TWh. Of Fortum's total power generation, 98% was CO_2-free. Fortum's coal-based power generation capacity totalled 0.7 GW at the end of December, and generation 0.6 TWh in 2023. Fortum's coal-based heat production capacity totalled 0.6 GW at the end of December, and production 1.2 TWh in 2023. The share of coal of Fortum's revenues was 3% (4%). The share of fossil fuels of Fortum's revenues was 11%, including fossil-based production and gas trading. The share of fossil fuels of Fortum's production-based revenues was 5% (6%).

Fortum's direct CO_2 emissions (million tonnes, Mt, continuing operations)	IV/2023	IV/2022	2023	2022
Total emissions*	0.4	0.8	1.6	2.1
Emissions subject to ETS	0.3	0.7	1.1	1.6
Free emission allowances	-	-	0.2	0.2
Emissions not subject to ETS in Europe	0.1	0.1	0.5	0.5

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

In 2023, Fortum's specific CO_2 emissions from total energy production were 32 (45) gCO_2/kWh. Specific CO_2 emissions from power generation were 16 (25) gCO_2/kWh.

Major environmental incidents are monitored, reported and investigated, and corrective actions are implemented. Major environmental incidents are environmental incidents that resulted in significant harm to the environment (ground, water, air) or environmental non-compliances with legal or regulatory requirements. In 2023, there were 2 (2) major environmental incidents: low water flow due to low water level in the fish-holding tanks caused the death of salmon and broodstock salmon in the hydropower plants in Ljusnefors and in Forshaga, Sweden. Both incidents have been investigated following Fortum's investigation procedure and corrective actions have been determined.

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 2023, Fortum's TRIF (Total Recordable Injury Frequency) for own personnel and contractors was 5.0 (4.0). Fortum's LTIF (Lost Time Injury Frequency) for own personnel and contractors was 3.9 (2.3). Fortum strives for zero severe occupational accidents. In 2023, there were no (2) severe occupational accidents in the operations.

The 2023 safety targets included participation in the Management Safety and Security Leadership Programme, as well as identification and completion of key safety actions to improve safety culture. In 2023, the completion rates of planned Management Safety and Security Leadership trainings and Safety improvement plan were 100% and 78%, 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 2023, Fortum's percentage of sickness-related absences was 3.1 (3.4).

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 2023, Fortum conducted seven 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. In 2023, Fortum continued to support and participate in the development of the 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.

In 2023, Fortum participated 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 fourth quarter of 2023. For further information on legal actions, see Note 17.

Shares and share capital

Fortum shares on Nasdaq Helsinki

January–December 2023	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
FORTUM	412,321,576	5,337,056,247	16.18	10.25	12.94	13.06

* Volume weighted average.

	31 December 2023	31 December 2022
Market capitalisation, EUR billion	11.7	13.9
Number of shareholders	218,160	192,968
Finnish State holding, %	51.3	51.3
Nominee registrations and direct foreign shareholders, %	22.9	26.8
Households, %	12.8	10.8
Financial and insurance corporations, %	2.4	2.1
Other Finnish investors, %	10.6	9.1

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 2023, approximately 78% of Fortum's shares were traded on markets other than Nasdaq Helsinki (source Bloomberg).

On 31 December 2023, 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 2023 was 5,225 (4,988).

At the end of 2023, the Generation segment had 1,758 (1,660) employees, the Consumer Solutions segment 1,281 (1,179), and the Other Operations segment 2,186 (2,149).

Changes in Group management

On 2 March, Fortum announced a reorganisation of the Group's operating model to drive the execution of the Group's new strategy. The new business structure and revised Fortum Leadership Team (earlier Fortum Executive Management) became effective at the end of March.

Fortum Leadership Team as per 31 March 2023:

- Markus Rauramo, President and CEO
- Mikael Lemström, Executive Vice President, Hydro Generation
- Petra Lundström, Executive Vice President, Nuclear Generation
- Peter Strannegård, Executive Vice President, Renewables and Decarbonisation
- Simon-Erik Ollus, Executive Vice President, Corporate Customers and Markets

- Mikael Rönnblad, Executive Vice President, Consumer Solutions
- Tiina Tuomela, CFO
- Nebahat Albayrak, Executive Vice President, Sustainability and Corporate Relations
- Eveliina Dahl, Executive Vice President, People and Procurement
- Nora Steiner-Forsberg, Executive Vice President, Legal, General Counsel
- Bernhard Günther, Chief Transformation Officer (CTO), Transformation and IT

Remuneration and share-based incentive plan for 2023-2025

In March 2023, Fortum's Board of Directors approved the company's new strategy, operating model and Fortum Leadership Team (FLT). The Board also decided to commence the 2023-2025 long-term incentive (LTI) plan and resolved on the maximum share allocations for the President and CEO and other FLT members. Additionally, the President and CEO was authorised to decide on the LTI participants below the FLT level and their maximum share allocations in accordance with the nomination guideline approved by the Board.

In 2023, due to the reorganisation of Fortum operating structure, businesses and enabling functions, the timeline for the LTI allocations deviated from the normal annual timeline. The first phase was completed at the end of August, and the allocation process was finalised by the end of November.

The maximum number of shares granted (gross) to the President and CEO is 110,000. Due to the management remuneration restrictions in the Solidium bridge financing facility from 2022, the maximum share allocation is pro-rated and amounts to 73,370 shares for the President and CEO. Respectively, the maximum number of shares granted (gross) to the other FLT members is 232,000 shares and the pro-rated number is 154,744 shares. The total number of shares granted in the 2023-2025 LTI plan will be available once all nominations are completed.

The outcome of the 2023–2025 LTI plan shall be confirmed in spring 2026.

More information about share-based incentive plans, including the Renumeration reports, can be found on Fortum's website at www.fortum.com/governance.

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 2.23% 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. These authorisations have not been used as of 6 February 2024.

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. As of 6 February 2024, EUR 18,000 of the authorisation for charitable or similar purposes and EUR 200,000 for incidental emergency relief have been used.

Annual General Meeting 2023

On 13 April, the 2023 Annual General Meeting of Fortum Corporation was held at Messukeskus in Helsinki, Finland. The Annual General Meeting adopted the Financial Statements and the Consolidated Financial Statements for the financial period 1 January–31 December 2022 and resolved to discharge from liability for the financial year 2022 all the persons who had served as members of the Board of Directors and as President and CEO during the year 2022.

The AGM resolved that a dividend of EUR 0.91 per share will be distributed for the financial year that ended on 31 December 2022 and that the dividend will be paid in two instalments. The first dividend instalment of EUR 0.46 per share was paid to the shareholders on 24 April 2023. The second dividend instalment of EUR 0.45 per share was paid on 10 October 2023.

The Annual General Meeting resolved to reject the remuneration report for the Company's governing bodies for 2022. The resolution made was advisory. After the Annual General Meeting, the Board of Directors reassessed the implementation of the remuneration restrictions set forth in the Bridge financing arrangement with the Finnish State last autumn and decided on the long-term share incentive plans that the results of all years will be measured, but no shares can be earned in 2022 and 2023. Fortum supplemented the 2022 remuneration report and published the update for the report on the company's website on 4 May 2023.

The Annual General Meeting approved the annual fees for the Chair, Deputy Chair and other members of the Board of Directors as follows:

- for the Chair EUR 88,800 per year,
- for the Deputy Chair EUR 63,300 per year,
- for a Member EUR 43,100 per year, and
- for the Chair of the Audit and Risk Committee: EUR 63,300 per year in case he/she does not simultaneously act as Chair or Deputy Chair of the Board of Directors.

In addition, fixed fees will be paid for the Committee work as follows:

- for a Member of the Audit and Risk Committee EUR 3,000 per year,
- for the Chair of the Nomination and Remuneration Committee EUR 5,000 per year,
- for a Member of the Nomination and Remuneration Committee EUR 2,000 per year,
- for the Chair of any additional Committee established by a Board decision EUR 5,000 per year, and
- for a Member of any additional Committee established by a Board decision EUR 2,000 per year.

The meeting fee payable to a Board member, also for the Committee meetings, is EUR 800 for each meeting, or EUR 1,600 in case the member travels to the meeting outside his/her country of residence. When a member participates in the meeting via remote connection, or for the decisions that are confirmed without convening a meeting, the meeting fee is EUR 800. The travel expenses of Board members are compensated in accordance with the company's travel policy. The annual fee for the Board work of the Board members is paid in company shares and in cash in such a way that approximately 40% of the amount of the annual fee is payable in shares acquired on behalf and in the name of the Board members, and the remainder in cash. The company will pay the costs and the transfer tax related to the purchase of the company shares. The shares were be acquired on behalf and in the name of the Board members following the publication of the company's first-quarter 2023 Interim Report.

The AGM resolved that the Board of Directors will consist of ten members, and the following persons were elected to the Board of Directors for a term ending at the end of the Annual General Meeting 2024: Mikael Silvennoinen as Chair, Essimari Kairisto as Deputy Chair, and Ralf Christian, Luisa Delgado, Jonas Gustavsson, Marita Niemelä, Teppo Paavola, Maija Strandberg, Johan Söderström and Vesa-Pekka Takala as members.

In addition, Deloitte Oy was re-elected as the auditor. The auditor's fee is paid pursuant to an invoice approved by the company.

The AGM resolved on amendments to Articles 12, 15 and 16 of the Company's Articles of Association.

The AGM 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 2.23 per cent 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 will be effective until the next Annual General Meeting and, in any event, no longer than for a period of 18 months.

The AGM resolved to authorise the Board of Directors to decide on contributions of a total maximum amount of EUR 500,000 for charitable or similar purposes, and, in addition, to a 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 authorisations will be effective until the next Annual General Meeting.

Other major events during the fourth quarter of 2023

On 10 November, Fortum's Board of Directors decided to launch the savings period for the year 2024 under its Employee Share Savings (ESS) programme. The terms and conditions of the savings programme are the same as in previous programmes. The total amount of all savings for the 2024 savings period may not exceed EUR 6 million.

On 20 December, the Board of Directors decided to commence the 2024–2026 long-term incentive (LTI) plan for key employees and executives. The 2024–2026 LTI plan is part of Fortum's ongoing LTI programme and follows the same principles as the previous plan. The performance measures for the LTI plan support the execution of Fortum's strategic priorities to deliver clean energy reliably, drive decarbonisation in industries and to transform and develop. The measures are also in line with the company's ambitious environmental targets. The relative Total Shareholder Return (TSR) is measured relative to the peer group comprising selected European utility companies. The other performance measures are based on the increase in the share of long-term customer power purchasing agreements (PPA) as part of hedging, and the ESG measures are based on the development of a pipeline of renewable energy for future optionality, and emission reduction targets aligned with SBTi. The rewards related to the 2024–2026 LTI plan will be paid in the spring 2027, assuming that the performance targets are achieved. The 2024–2026 LTI plan will comprise a maximum amount of approximately 110 participants, including the members of the Fortum Leadership Team. The Board of Directors also decided to commence the 2024–2026 restricted share (RS) plan as a supplement to the LTI programme and reserve shares that potentially will be delivered in the spring 2027. The maximum number of shares of the plan that may be delivered as a reward is expected to be approximately 1,100,000 shares for the 2024–2026 LTI plan and 110,000 shares for the 2024–2026 RS plan.

Events after the balance sheet date

On 22 January 2024, Fortum announced that the company has established a Green Finance Framework to further integrate the company's sustainability ambitions into its financing. The Green Finance Framework allows Fortum to raise capital via green bonds and loans (Green Debt) to refinance and finance renewable energy and energy efficiency projects, and/or nuclear power projects. Fortum will always inform at issuance if it intends to finance any nuclear power generation projects with the proceeds of a given Green Debt instrument. Projects financed by Green Debt may include fixed assets, capital expenditures and/or operational expenditures (including R&D expenditures).

On 26 January 2024, Fortum announced that as part of the efficiency programme launched in November 2023, Fortum's Consumer Solutions business unit and the IT unit are conducting change negotiations on possible redundancies. In total, the negotiations concern some 1,080 employees in Finland, Sweden, Norway, and the IT unit in Poland. According to a preliminary estimate, change negotiations could result in the redundancies of a maximum of 130 job positions.

At the beginning of February 2024, the Fortum Board of Directors resolved on clarifications to Fortum's strategy. As the operating environment shows increased uncertainty, reduced visibility and postponement of industrial investments, the company has specified its business portfolio, clarified capital allocation and set new strategic targets with measurable key performance indicators (KPIs). Fortum's renewed strategy, launched in March 2023, with focus on the Nordics remains unchanged, as well as its strategic priorities to 'deliver reliable clean energy', 'drive decarbonisation in industries', and 'transform and develop'. The company's financial and environmental targets are also unaltered.

The financial and environmental targets are as follows:

- To ensure the current rating of BBB, Financial net debt-to-Comparable EBITDA can be a maximum of 2.0-2.5 times.
- For the period of 2024-2026, Fortum's capital expenditure is expected to be approximately EUR 1.7 billion (excluding acquisition) of which growth capital expenditure is expected to be EUR 800 million and annual maintenance capital expenditure EUR 300 million.
- To ensure required returns for any potential new investments, Fortum continues to be selective and applies earlier set investment criteria; project based WACC + 150-400 investment hurdles depending on technology or investment project, as well as environmental targets.

- Fortum's dividend policy - a payout ratio of 60-90% of comparable EPS - remains unchanged. The payout ratio will be used so that the upper end of the range of the pay-out ratio is applied in situations with a strong balance sheet and low investments, while the lower end of the range would be applied with high leverage and/or significant investments and high capital expenditure.

- 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.

Please see a separate Stock Exchange Release published on 7 February 2024.

Dividend distribution proposal

The distributable funds of Fortum Corporation as at 31 December 2023 amounted to EUR 7,397,637,631, including the profit for the financial period 2023 of EUR 1,922,872,686. The Company's liquidity is good, and the dividend proposed by the Board of Directors will not compromise the Company's liquidity.

The Board of Directors proposes that a dividend of EUR 1.15 per share be paid for the financial year 2023. The dividend will be paid in two instalments.

Based on the number of shares registered as at 6 February 2024, the total amount of dividend would be EUR 1,031,854,135. The Board of Directors proposes that the remaining part of the distributable funds be retained in the shareholders' equity.

The first dividend instalment of EUR 0.58 per share would be paid to shareholders who on the record date of the first dividend instalment 27 March 2024 are recorded in the Company's shareholders' register held by Euroclear Finland Oy. The Board of Directors proposes that the first dividend instalment be paid on 5 April 2024.

The second dividend instalment of EUR 0.57 per share would be paid to the shareholders who on the record date of the second dividend instalment 2 October 2024 are recorded in the Company's shareholders' register held by Euroclear Finland Oy. The Board of Directors proposes that the second dividend instalment be paid on 9 October 2024.

The Board of Directors further proposes that the General Meeting authorise 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.

Annual General Meeting 2024

Fortum's Annual General Meeting 2024 is planned to be held on 25 March 2024, and the possible dividend-related dates are:

- The ex-dividend date of the first dividend instalment: 26 March 2024
- The record date of the first dividend instalment: 27 March 2024
- The payment date of the first dividend instalment: 5 April 2024

- The ex-dividend date of the second dividend instalment: 1 October 2024
- The record date of the second dividend instalment: 2 October 2024
- The payment date of the second dividend instalment: 9 October 2024

Espoo, 6 February 2024

Fortum Corporation
Board of Directors

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The Board of Directors has approved Fortum's 2023 Financial Statements and Fortum's auditors have issued their unqualified Audit Report for 2023 on 6 February 2024. The Financial Statements Bulletin has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The Financial Statements Bulletin is unaudited.

Financial calendar in 2024

Fortum's Financial Statements and Operating and Financial Review for 2023 will be published during week 7 at the latest.

Fortum will publish three interim reports in 2024:

- January-March on 30 April 2024 at approx. 9.00 EEST
- January-June on 15 August 2024 at approx. 9.00 EEST
- January-September on 29 October 2024 at approx. 9.00 EET

Fortum's Annual General Meeting 2024 is planned to be held on 25 March 2024. The Board of Directors will summon the Annual General Meeting and publish the dates related to possible dividend at a later date.

Distribution:

Nasdaq Helsinki
Key media
www.fortum.com

More information, including detailed quarterly information, is available at www.fortum.com/investors

The Financial Statements Bulletin is 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 was 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	IV/2023	IV/2022 restated	2023	2022 restated
Sales	3	1,858	2,407	6,711	7,774
Other income		10	19	32	74
Materials and services		-1,106	-1,368	-3,808	-4,853
Employee benefits		-120	-113	-436	-432
Depreciation and amortisation	3	-101	-106	-359	-415
Other expenses		-182	-171	-595	-538
Comparable operating profit	3	**359**	**669**	**1,544**	**1,611**
Items affecting comparability	3, 4	18	-843	118	356
Operating profit	3	**376**	**-174**	**1,662**	**1,967**
Share of profit/loss of associates and joint ventures	3, 7	89	-59	59	-185
Interest expense		-52	-90	-269	-200
Interest income		50	27	165	75
Other financial items - net		25	-55	-34	-93
Finance costs - net	8	24	-118	-138	-218
Profit before income tax		**488**	**-351**	**1,583**	**1,564**
Income tax expense	9	-76	777	-69	520
Net profit from continuing operations		**413**	**427**	**1,515**	**2,084**
Attributable to:					
Owners of the parent		410	431	1,514	2,080
Non-controlling interests		3	-4	1	4
Net profit from discontinued operations	6.3	**-**	**-1,038**	**-3,582**	**-12,374**
Attributable to:					
Owners of the parent	6.3	-	-1,038	-3,583	-4,496
Non-controlling interests	6.3	-	0	1	-7,878
Net profit, total Fortum		**413**	**-611**	**-2,067**	**-10,290**
Attributable to:					
Owners of the parent		410	-608	-2,069	-2,416
Non-controlling interests		3	-4	2	-7,874
Earnings per share for profit attributable to the equity owners of the company (EUR per share)					
Basic, continuing operations		0.45	0.48	1.68	2.34
Basic, discontinued operations		-	-1.17	-3.99	-5.07
Basic, total Fortum		0.45	-0.68	-2.31	-2.72

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

EUR million	Note	IV/2023	IV/2022 restated	2023	2022 restated
Comparable operating profit		**359**	**669**	**1,544**	**1,611**
Impairment charges and reversals		-	0	-	0
Capital gains and other related items		2	5	4	785
Changes in fair values of derivatives hedging future cash flow		21	-804	111	-376
Other		-5	-44	3	-52
Items affecting comparability	3, 4	18	-843	118	356
Operating profit		**376**	**-174**	**1,662**	**1,967**

See Note 20 Definitions and reconciliations of key figures.

Condensed consolidated statement of comprehensive income

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Net profit, total Fortum	**413**	**-611**	**-2,067**	**-10,290**
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges				
Fair value gains/losses [1)]	-576	2,619	2,185	-2,601
Transfers to income statement	112	121	150	1,102
Transfers to inventory/property, plant and equipment	0	0	-3	0
Deferred taxes	100	-553	-473	294
Net investment hedges				
Fair value gains/losses	-1	17	-16	21
Deferred taxes	0	-3	3	-4
Exchange differences on translating foreign operations [2)]	-23	-54	-43	-312
Share of other comprehensive income of associates and joint ventures	-19	0	-17	41
	-407	**2,147**	**1,788**	**-1,461**
Items that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement of investments	0	-8	1	-15
Actuarial gains/losses on defined benefit plans	-7	25	-9	49
Actuarial gains/losses on defined benefit plans in associates and joint ventures	-3	7	-3	7
	-10	**24**	**-11**	**41**
Other comprehensive income/expense from continuing operations, net of deferred taxes	**-417**	**2,171**	**1,777**	**-1,419**
Recycling of translation differences including net investment hedges related to Russia [3)]	-	-	1,940	-
Other comprehensive income/expense from discontinued operations, net of deferred taxes	-	-365	-69	953
Total comprehensive income/expense	**-4**	**1,195**	**1,581**	**-10,757**
Total comprehensive income/expense for total Fortum attributable to:				
Owners of the parent	-7	1,203	1,580	-3,337
Non-controlling interests	3	-8	1	-7,420
	-4	**1,195**	**1,581**	**-10,757**

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

Condensed consolidated balance sheet

EUR million	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets		643	657
Property, plant and equipment and right-of-use assets		6,612	7,266
Participations in associates and joint ventures		1,059	1,249
Share in the State Nuclear Waste Management Fund	14	1,058	966
Other non-current assets		201	628
Deferred tax assets		958	933
Derivative financial instruments	5	216	343
Long-term interest-bearing receivables	12	644	624
Total non-current assets		**11,392**	**12,668**
Current assets			
Inventories		452	465
Derivative financial instruments	5	389	1,486
Short-term interest-bearing receivables	12	389	660
Income tax receivables		59	71
Margin receivables	13	590	2,607
Trade and other receivables		1,286	1,767
Liquid funds	13	4,183	3,919
Total current assets		**7,347**	**10,975**
Total assets		**18,739**	**23,642**
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,046	3,046
Share premium		73	73
Retained earnings		5,592	6,467
Other equity components		-273	-1,916
Total		**8,438**	**7,670**
Non-controlling interests		60	67
Total equity		**8,499**	**7,737**
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	13	4,573	3,658
Derivative financial instruments	5	216	756
Deferred tax liabilities		428	152
Nuclear provisions	14	1,058	966
Other provisions		125	118
Pension obligations, net		10	13
Other non-current liabilities		122	121
Total non-current liabilities		**6,532**	**5,784**
Current liabilities			
Interest-bearing liabilities	13	1,337	4,127
Derivative financial instruments	5	1,057	3,973
Other provisions		2	13
Margin liabilities	13	131	352
Trade and other payables		1,181	1,657
Total current liabilities		**3,708**	**10,122**
Total liabilities		**10,240**	**15,905**
Total equity and liabilities		**18,739**	**23,642**

Condensed consolidated statement of changes in total equity

			Retained earnings		Other equity components					
EUR million	**Share capital**	**Share premium**	**Retained earnings**	**Translation of foreign operations**	**Cash flow hedges**	**Other OCI items**	**OCI items associates and joint ventures**	**Owners of the parent**	**Non-controlling interests**	**Total equity**
Total equity 1 January 2023	**3,046**	**73**	**9,499**	**-3,031**	**-2,182**	**172**	**93**	**7,670**	**67**	**7,737**
IS Net profit, total Fortum [1]			-2,069					-2,069	2	-2,067
Translation differences				-36	-6	0	0	-43	0	-43
Translation differences, recycled to Income statement				2,106		-166		1,940	-	1,940
Other comprehensive income					1,860	-21	-19	1,820	0	1,820
OCI related to discontinued operations				-63	-9	0	5	-68	-2	-69
Total comprehensive income for the period			-2,069	2,006	1,844	-186	-14	1,580	1	1,581
Cash dividend			-817					-817	0	-817
Deconsolidation of subsidiary companies								-	-22	-22
Transactions with non-controlling interests								-	15	15
Other			5					5	0	5
BS Total equity 31 December 2023	**3,046**	**73**	**6,618**	**-1,026**	**-337**	**-14**	**79**	**8,438**	**60**	**8,499**
Total equity 1 January 2022	**3,046**	**73**	**12,830**	**-2,768**	**-1,138**	**34**	**54**	**12,131**	**1,534**	**13,665**
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
Deconsolidation of subsidiary companies			16					16	6,104	6,119
Transactions with non-controlling interests			-127					-127	-122	-249
Other			1					1	-6	-5
BS Total equity 31 December 2022	**3,046**	**73**	**9,499**	**-3,031**	**-2,182**	**172**	**93**	**7,670**	**67**	**7,737**

1) Of which EUR -1,940 million is related to the recycling of the negative cumulative translation differences and related net investment hedges from Russian operations, to the income statement.

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 to EUR are recognised in equity (related to continuing operations, mainly SEK, NOK and PLN).

For information regarding exchange rates used, see Note 1.5 Key exchange rates used in consolidated financial statements.

Equity impact from recycling of cumulative translation difference and related hedges relating to Russia

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.

EUR million	Retained earnings	Translation of foreign operations	Other OCI items	Owners of the parent
Impact included in Net profit for the year	-1,940			-1,940
Impact to other equity items		2,106	-166	1,940
Total equity impact	**-1,940**	**2,106**	**-166**	**-**

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 was 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 was paid on 10 October 2023, amounting to a total of EUR 404 million.

Condensed consolidated cash flow statement

EUR million	Note	IV/2023	IV/2022 restated	2023	2022 restated
Cash flow from operating activities					
IS **Net profit from continuing operations**		**413**	**427**	**1,515**	**2,084**
Adjustments:					
Income tax expense		76	-777	69	-520
Finance costs - net		-24	118	138	218
Share of profit/loss of associates and joint ventures	7	-89	59	-59	185
Depreciation and amortisation	3	101	105	359	415
Operating profit before depreciations (EBITDA)		**477**	**-69**	**2,021**	**2,381**
Items affecting comparability	3, 4	-18	843	-118	-356
Comparable EBITDA		**459**	**774**	**1,903**	**2,025**
Non-cash and other items		25	79	129	157
Interest received		44	61	153	99
Interest paid		-44	-49	-228	-213
Dividends received		6	6	16	14
Income taxes paid		-41	-47	-454	-164
Funds from operations		**449**	**825**	**1,519**	**1,918**
Change in working capital		-300	-374	191	-200
Net cash from operating activities, continuing operations		**149**	**451**	**1,710**	**1,717**
Cash flow from investing activities, continuing operations					
Capital expenditures	3	-130	-177	-576	-479
Acquisitions of shares	6	-10	-6	-53	-29
Proceeds from sales of property, plant and equipment		10	1	12	3
Divestments of shares and capital returns	6	0	0	5	1,156
Shareholder loans to associated companies and joint ventures	12	-9	6	-30	49
Change in margin receivables		87	1,090	2,024	-1,311
Change in other interest-bearing receivables and other [1)]	12	-5	3,979	52	2,429
Net cash from/used in investing activities, continuing operations		**-58**	**4,894**	**1,433**	**1,818**
Cash flow before financing activities, continuing operations		**91**	**5,344**	**3,143**	**3,536**
Cash flow from financing activities, continuing operations					
Proceeds from long-term liabilities	13	8	0	1,755	2,421
Payments of long-term liabilities	13	-12	-2,414	-1,620	-5,885
Change in short-term liabilities	13	-78	-2,725	-1,757	-170
Dividends paid to the owners of the parent	10	-404	0	-817	-1,013
Dividends paid to non-controlling interests		0	0	0	-19
Change in margin liabilities		18	-396	-221	150
Other financing items		5	0	19	-168
Net cash from/used in financing activities, continuing operations		**-463**	**-5,536**	**-2,640**	**-4,684**
Net increase(+)/decrease(-) in liquid funds, continuing operations		**-372**	**-191**	**503**	**-1,148**
Cash flow from discontinued operations					
Net cash from/used in operating activities, discontinued operations		-	156	109	-10,484
Net cash from/used in investing activities, discontinued operations [2)]		-	372	-333	-2,789
Net cash from/used in financing activities, discontinued operations		-	54	21	10,739
Net increase(+)/decrease(-) in liquid funds, discontinued operations	6.3	**-**	**583**	**-202**	**-2,534**
Cash flow, total Fortum					
Total net cash from/used in operating activities		149	607	1,819	-8,767
Total net cash from/used in investing activities		-58	5,266	1,095	-970
Total net cash from/used in financing activities		-463	-5,482	-2,614	6,055
Net increase(+)/decrease(-) in liquid funds, total Fortum		**-372**	**392**	**301**	**-3,682**
Liquid funds at the beginning of the period	13	**4,552**	**3,638**	**3,919**	**7,592**
Foreign exchange differences and expected credit loss allowance in liquid funds		2	-111	-36	7
Liquid funds at the end of the period	13	**4,183**	**3,919**	**4,183**	**3,919**

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 129 million in 2023 (2022: 157) mainly relate to realised foreign exchange gains and losses EUR 186 million (2022: 208), change in liability to return emission rights EUR -32 million (2022: 57) and paid commitment fee for Solidium bridge loan facility EUR -39 million (2022: 0).

Change in working capital

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Change in interest-free receivables, decrease(+)/increase(-)	-429	-773	348	-352
Change in inventories, decrease(+)/increase(-)	-124	-168	-14	-182
Change in interest-free liabilities, decrease(-)/increase(+)	252	567	-143	334
CF Total	**-300**	**-374**	**191**	**-200**

Capital expenditure in cash flow

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Capital expenditure	159	153	611	467
Change in not yet paid investments, decrease(+)/increase(-)	-24	26	-16	16
Capitalised borrowing costs	-5	-2	-20	-4
CF Total	**130**	**177**	**576**	**479**

Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 53 million during 2023 (2022: 29). In III/2023 Fortum acquired the Swedish electricity solutions provider Telge Energi AB. For further information, see Note 6.1 Acquisitions.

Divestment of shares in cash flow

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Proceeds from sales of subsidiaries, net of cash disposed	0	1	1	1,070
Proceeds from sales and capital returns of associates and joint ventures	0	-1	0	86
Proceeds from sales of other investments	0	0	3	0
CF Total	**0**	**0**	**5**	**1,156**

There were no material divestments during 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	2023	2022 restated
Financial net debt, beginning of the period		**1,084**	**789**
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
Financial net debt excl. Uniper, beginning of the period		**1,084**	**5,335**
Russia impact on Financial net debt, beginning of the period		43	296
Financial net debt excl. Russia and Uniper, beginning of the period		**1,127**	**5,631**
Net cash flow:			
Comparable EBITDA		1,903	2,025
Non-cash and other items		129	157
Paid net financial costs and dividends received		-59	-100
Income taxes paid		-454	-164
Change in working capital		191	-200
Capital expenditures		-576	-479
Acquisitions		-53	-29
Divestments and proceeds from sale of property, plant and equipment		17	1,159
Change in interest-bearing receivables		22	2,478
Dividends to the owners of the parent		-817	-1,013
Dividends to non-controlling interests		0	-19
Other financing activities		19	-168
Net cash flow, continuing operations ('-' increase in financial net debt)		322	3,647
Consideration received for Uniper shares		-	498
Foreign exchange rate differences and other changes [1)]		137	-359
Financial net debt excl. Russia, end of the period	13	**942**	**1,127**

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

Capital risk management

At the beginning of February 2024, the Fortum Board of Directors resolved on clarifications to Fortum's strategy, see Note 19 Events after the balance sheet date.

Fortum's long-term financial targets before these clarifications were:

- 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 billion during 2023–2025 (revised on 2 November 2023 from up to EUR 1.5 billion)
- Investment hurdles of project WACC + 150–400 basis points
- Dividend policy with payout ratio of 60–90% of comparable EPS

On 2 November 2023, Fortum initiated an efficiency programme targeting to reduce annual fixed costs by EUR 100 million gradually until the end of 2025.

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 revised the outlook from negative to stable. According to Fitch, the change in outlook mainly reflects the positive impact of the 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	2022	Continuing operations 2023
+ Interest-bearing liabilities		**7,785**	**5,909**
- BS Liquid funds		**3,919**	**4,183**
- Collateral arrangement		**527**	**325**
- BS Margin receivables		2,607	590
+ BS Margin liabilities		352	131
+/- Net margin liabilities/receivables		**-2,255**	**-459**
Financial net debt	13	**1,084**	**942**
- Interest bearing liabilities, Russia		204	-
+ Liquid funds, Russia		247	-
Financial net debt, excluding Russia		**1,127**	**-**
IS Operating profit		1,967	1,662
+ IS Depreciation and amortisation		415	359
EBITDA		**2,381**	**2,021**
- IS Items affecting comparability		-356	-118
Comparable EBITDA from continuing operations		**2,025**	**1,903**
Comparable EBITDA Russia		411	-
Comparable EBITDA (as presented in the consolidated financial statements 2022)		**2,436**	**-**
Financial net debt/comparable EBITDA, excl. Russia		**0.6**	**0.5**
Financial net debt/comparable EBITDA (as presented in the consolidated financial statements 2022)		**0.4**	**-**

Key figures

Continuing operations

EUR million or as indicated	IV/2023	IV/2022 restated	2023	2022 restated
Reported				
IS Sales	1,858	2,407	6,711	7,774
IS Operating profit	376	-174	1,662	1,967
IS Share of profit/loss of associates and joint ventures	89	-59	59	-185
IS Net profit	413	427	1,515	2,084
IS Net profit (after non-controlling interests)	410	431	1,514	2,080
Earnings per share (basic), EUR	0.45	0.48	1.68	2.34
CF Net cash from operating activities	149	451	1,710	1,717
Capital expenditure and gross investments in shares	169	159	664	496
Capital expenditure	159	153	611	467

EUR million or as indicated	IV/2023	IV/2022 restated	2023	2022 restated
Comparable				
EBITDA	459	774	1,903	2,025
IS Operating profit	359	669	1,544	1,611
Share of profit/loss of associates and joint ventures	31	-68	7	-40
Net profit (after non-controlling interests)	317	370	1,150	1,076
Earnings per share (basic), EUR	0.35	0.42	1.28	1.21

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 was 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	IV/2023	IV/2022 restated	2023	2022 restated
Reported				
Net profit (after non-controlling interests)	410	-608	-2,069	-2,416
Earnings per share, EUR	0.45	-0.68	-2.31	-2.72
Net cash from operating activities	149	607	1,819	-8,767
Number of employees			5,225	7,712
Comparable				
Net profit (after non-controlling interests)	317	216	1,184	-988
Earnings per share, EUR	0.35	0.25	1.32	-1.11

EUR million or as indicated	2023	2022
Financial position		
Financial net debt, at period-end	942	1,084
Financial net debt, at period-end, excl. Russia	N/A	1,127
Financial net debt/comparable EBITDA excl. Russia	0.5	0.6
Financial net debt/comparable EBITDA (as presented in the consolidated financial statements 2022)	N/A	0.4

EUR or as indicated	31 Dec 2023	31 Dec 2022
Equity per share, EUR	9.40	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.

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 Operations 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:

Average rate	Jan-Dec 2023	Jan-Sep 2023	Jan-Jun 2023	Jan-Mar 2023	Jan-Dec 2022	Jan-Sep 2022	Jan-Jun 2022	Jan-Mar 2022
Norway (NOK)	11.4248	11.3483	11.3195	10.9901	10.1026	10.0070	9.9817	9.9247
Poland (PLN)	4.5420	4.5820	4.6244	4.7081	4.6861	4.6724	4.6354	4.6230
Russia (RUB)	N/A	N/A	N/A	78.5649	73.6173	76.6455	85.0393	99.1783
Sweden (SEK)	11.4788	11.4789	11.3329	11.2030	10.6296	10.5274	10.4796	10.4807

Balance sheet date rate	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
Norway (NOK)	11.2405	11.2535	11.7040	11.3940	10.5138	10.5838	10.3485	9.7110
Poland (PLN)	4.3395	4.6283	4.4388	4.6700	4.6808	4.8483	4.6904	4.6531
Russia (RUB)	N/A	N/A	N/A	84.3190	77.8998	59.3288	56.4004	91.5833
Sweden (SEK)	11.0960	11.5325	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 was 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 was 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

		Generation [1]		Consumer Solutions		Other Operations		Total continuing operations	
EUR million	**Note**	**IV/2023**	**IV/2022 restated**	**IV/2023**	**IV/2022**	**IV/2023**	**IV/2022 restated**	**IV/2023**	**IV/2022 restated**
Income statement data by segment									
Power sales [1]		1,164	1,447	922	1,321	2	6	2,088	2,774
Heat sales		162	125	-	-	13	10	175	134
Gas sales		-	-	114	104	-	-	114	104
Waste treatment sales		2	3	-	-	63	61	65	63
Other sales		11	42	33	35	69	85	113	162
Sales		**1,339**	**1,617**	**1,069**	**1,460**	**147**	**161**	**2,555**	**3,238**
Internal eliminations		-58	116	-3	-2	-24	-27	-85	87
Netting of Nord Pool transactions [2]								-612	-917
IS External sales		1,281	1,733	1,066	1,458	123	134	1,858	2,407
Comparable EBITDA		**452**	**743**	**30**	**43**	**-23**	**-12**	**459**	**774**
IS Depreciation and amortisation		-62	-61	-18	-19	-20	-26	-101	-106
IS **Comparable operating profit**		**390**	**683**	**12**	**25**	**-43**	**-38**	**359**	**669**
Impairment charges and reversals		-	-	-	-	-	0	-	0
Capital gains and other related items		1	4	1	0	0	1	2	5
Changes in fair values of derivatives hedging future cash flow		-25	141	46	-945	0	-	21	-804
Other		4	-20	-	-	-9	-24	-5	-44
IS Items affecting comparability	4	-21	125	47	-945	-9	-23	18	-843
IS **Operating profit**		**370**	**808**	**59**	**-921**	**-52**	**-61**	**376**	**-174**
Comparable share of profit/loss of associates and joint ventures	4, 7	31	-68	-	-	-1	0	31	-68
IS Share of profit/loss of associates and joint ventures	7	89	-59	-	-	-1	0	89	-59
Gross investments / divestments by segment									
Gross investments in shares	6	1	0	-1	0	10	6	10	6
Capital expenditure		112	106	22	20	25	26	159	153
Gross divestments of shares	6	0	4	0	0	0	0	0	4

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 [1)] 2023	Generation [1)] 2022 restated	Consumer Solutions 2023	Consumer Solutions 2022	Other Operations 2023	Other Operations 2022 restated	Total continuing operations 2023	Total continuing operations 2022 restated
Income statement data by segment									
Power sales [1)]		3,889	3,802	3,219	4,026	9	24	7,117	7,852
Heat sales		481	499	-	-	31	28	512	527
Gas sales		-	-	422	392	-	-	422	392
Waste treatment sales		7	19	-	-	226	219	234	238
Other sales		43	144	125	161	281	318	450	623
Sales		**4,420**	**4,465**	**3,766**	**4,578**	**548**	**589**	**8,734**	**9,632**
Internal eliminations		-394	585	-20	-30	-99	-101	-514	454
Netting of Nord Pool transactions [2)]								-1,510	-2,312
IS External sales		4,026	5,049	3,745	4,549	449	488	6,711	7,774
Comparable EBITDA		**1,874**	**1,876**	**108**	**173**	**-80**	**-23**	**1,903**	**2,025**
IS Depreciation and amortisation		-195	-247	-70	-75	-93	-92	-359	-415
IS **Comparable operating profit**		**1,679**	**1,629**	**38**	**97**	**-173**	**-116**	**1,544**	**1,611**
Impairment charges and reversals		-	-	-	-	-	0	-	0
Capital gains and other related items		2	648	1	0	1	137	4	785
Changes in fair values of derivatives hedging future cash flow		366	-130	-254	-246	-	-	111	-376
Other		12	-19	-	-	-9	-33	3	-52
IS Items affecting comparability	4	380	499	-253	-246	-8	103	118	356
IS **Operating profit**		**2,058**	**2,128**	**-215**	**-149**	**-181**	**-13**	**1,662**	**1,967**
Comparable share of profit/loss of associates and joint ventures	4, 7	7	-34	-	-	0	-7	7	-40
IS Share of profit/loss of associates and joint ventures	7	59	-178	-	-	0	-7	59	-185
Gross investments / divestments by segment									
Gross investments in shares	6	5	2	22	0	26	26	53	29
Capital expenditure		450	314	81	71	81	85	611	467
Gross divestments of shares	6	0	1,212	0	0	4	152	4	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

		Generation		Consumer Solutions		Other Operations		Total	Russia	Total
EUR million	**Note**	**31 Dec 2023**	**31 Dec 2022 restated**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022 restated**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2022**
Non-interest-bearing assets		6,864	6,599	1,311	1,801	1,094	1,073	9,269	1,614	11,087
BS Participations in associates and joint ventures	7	1,000	987	-	-	59	51	1,059	211	1,249
Eliminations								-105		-332
Total segment assets		**7,864**	**7,585**	**1,311**	**1,801**	**1,153**	**1,124**	**10,223**	**1,825**	**12,004**
Interest-bearing receivables	12							1,033		1,284
BS Deferred tax assets								958		933
Other assets								2,342		5,502
BS Liquid funds								4,183		3,919
BS Total assets								**18,739**		**23,642**
Segment liabilities		**601**	**988**	**472**	**436**	**313**	**350**	**1,387**	**134**	**1,908**
Eliminations								-105		-332
Total segment liabilities								**1,282**		**1,576**
BS Deferred tax liabilities								428		152
Other liabilities								2,621		6,392
Total liabilities included in capital employed								**4,331**		**8,120**
Interest-bearing liabilities	13							5,909		7,785
BS Total equity								8,499		7,737
BS Total equity and liabilities								**18,739**		**23,642**
Number of employees		1,758	1,660	1,281	1,179	2,186	2,149	5,225	2,724	7,712

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

		Generation		Consumer Solutions	
EUR million	**Note**	**31 Dec 2023**	**31 Dec 2022 restated**	**31 Dec 2023**	**31 Dec 2022**
Comparable operating profit		**1,679**	**1,629**	**38**	**97**
Comparable share of profit/loss of associates and joint ventures	4, 7	7	-34	-	-
Comparable operating profit including comparable share of profit/loss of associates and joint ventures		**1,686**	**1,595**	**38**	**97**
Segment assets at the end of the period		7,864	7,585	1,311	1,801
Segment liabilities at the end of the period		601	988	472	436
Comparable net assets		**7,263**	**6,597**	**838**	**1,365**
Comparable net assets average [1)]		**6,959**	**6,873**	**847**	**1,068**
Comparable return on net assets, %		**24.2**	**23.2**	**4.5**	**9.1**

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

	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
EUR million	IV/2023	IV/2022 restated	IV/2023	IV/2022 restated	IV/2023	IV/2022 restated	IV/2023	IV/2022 restated	IV/2023	IV/2022 restated	IV/2023	IV/2022 restated
Sales	1,862	2,407	-	-	-	-	-4	1	-	-	1,858	2,407
Other income	-17	166	-	-	-2	-5	29	-142	-	-	10	19
Materials and services	-1,039	-1,713	-	-	-	-	-64	325	-4	20	-1,106	-1,368
Employee benefits	-120	-113	-	-	-	-	-	-	-	-	-120	-113
Depreciation and amortisation	-101	-106	-	0	-	-	-	-	-	-	-101	-106
Other expenses	-209	-815	-	-	0	-	18	620	9	24	-182	-171
IS **Comparable operating profit**			**-**	**0**	**-2**	**-5**	**-21**	**804**	**5**	**44**	**359**	**669**
IS Items affecting comparability			-	0	2	5	21	-804	-5	-44	18	-843
IS **Operating profit**	**376**	**-174**									**376**	**-174**

Year-to-date

	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
EUR million	2023	2022 restated	2023	2022 restated	2023	2022 restated	2023	2022 restated	2023	2022 restated	2023	2022 restated
Sales	6,716	7,797	-	-	-	-	-5	-23	-	-	6,711	7,774
Other income	397	707	-	-	-4	-785	-361	153	0	-1	32	74
Materials and services	-3,606	-5,079	-	-	-	-	-190	206	-12	20	-3,808	-4,853
Employee benefits	-436	-432	-	-	-	-	-	-	-	-	-436	-432
Depreciation and amortisation	-359	-415	-	0	-	-	-	-	-	-	-359	-415
Other expenses	-1,049	-612	-	-	0	-	444	40	9	33	-595	-538
IS **Comparable operating profit**			**-**	**0**	**-4**	**-785**	**-111**	**376**	**-3**	**52**	**1,544**	**1,611**
IS Items affecting comparability			-	0	4	785	111	-376	3	-52	118	356
IS **Operating profit**	**1,662**	**1,967**									**1,662**	**1,967**

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 was 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	IV/2023	IV/2022 restated	2023	2022 restated
IS Operating profit		**376**	**-174**	**1,662**	**1,967**
IS Items affecting comparability	4.1	-18	843	-118	-356
IS Comparable operating profit		**359**	**669**	**1,544**	**1,611**
IS Share of profit/loss of associates and joint ventures		89	-59	59	-185
Adjustments to share of profit/loss of associates and joint ventures	7	-58	-9	-52	145
Comparable share of profit/loss of associates and joint ventures		31	-68	7	-40
IS Finance costs - net		24	-118	-138	-218
Adjustments to finance costs - net	8	-30	9	2	48
Comparable finance costs - net		-7	-108	-137	-170
Comparable profit before income tax		**383**	**492**	**1,415**	**1,400**
IS Income tax expense		-76	777	-69	520
Adjustments to income tax expense		8	-905	-201	-836
Comparable income tax expense		-67	-127	-269	-316
IS Non-controlling interests		-3	4	-1	-4
Adjustments to non-controlling interests		4	1	5	-5
Comparable non-controlling interests		2	5	4	-9
Comparable net profit from continuing operations		**317**	**370**	**1,150**	**1,076**
Comparable net profit from discontinued operations	6.3	-	-154	34	-2,064
Comparable net profit, total Fortum		**317**	**216**	**1,184**	**-988**
Comparable earnings per share, continuing operations EUR	20	**0.35**	**0.42**	**1.28**	**1.21**
Comparable earnings per share, discontinued operations EUR	20	**-**	**-0.17**	**0.04**	**-2.32**
Comparable earnings per share, total Fortum, EUR	20	**0.35**	**0.25**	**1.32**	**-1.11**

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 2023, adjustments to income tax expense included EUR 225 million relating to one-time tax impacts 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

	Level 1		Level 2		Level 3		Netting [1]		Total	
EUR million	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
In non-current assets										
Other investments [2]					123	543			123	543
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			59	54					59	54
Non-hedge accounting	10	85	14	58	20	57	-1	-30	42	170
Interest rate and currency derivatives										
Hedge accounting			113	116					113	116
Non-hedge accounting			2	3					2	3
Interest-bearing receivables						31			-	31
Total in non-current assets	**10**	**85**	**188**	**231**	**143**	**631**	**-1**	**-30**	**339**	**917**
In current assets										
Derivative financial instruments										
Commodity derivatives										
Hedge accounting	200	781	160	542			-110	-546	251	777
Non-hedge accounting	408	1,129	33	252	4	9	-320	-796	124	594
Interest rate and currency derivatives										
Hedge accounting			7	23					7	23
Non-hedge accounting			7	92					7	92
Interest-bearing receivables [3]	325	527				7			325	535
Total in current assets	**933**	**2,437**	**206**	**909**	**4**	**16**	**-430**	**-1,342**	**714**	**2,021**
Total in assets	**943**	**2,522**	**394**	**1,140**	**147**	**648**	**-431**	**-1,372**	**1,053**	**2,938**

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 31 Dec 2023	Level 1 31 Dec 2022	Level 2 31 Dec 2023	Level 2 31 Dec 2022	Level 3 31 Dec 2023	Level 3 31 Dec 2022	Netting [1] 31 Dec 2023	Netting [1] 31 Dec 2022	Total 31 Dec 2023	Total 31 Dec 2022
In non-current liabilities										
Interest-bearing liabilities [2]			973	580					973	580
Derivative financial instruments										
Commodity derivatives										
Hedge accounting	14		58	390					73	390
Non-hedge accounting	11	38	30	234	9	4	-1	-30	49	246
Interest rate and currency derivatives										
Hedge accounting			93	121					93	121
Non-hedge accounting			2	0					2	0
Total in non-current liabilities	**26**	**38**	**1,156**	**1,324**	**9**	**4**	**-1**	**-30**	**1,189**	**1,336**
In current liabilities										
Interest-bearing liabilities			376	527					376	527
Derivative financial instruments										
Commodity derivatives										
Hedge accounting	606	2,672	264	1,240			-110	-546	761	3,366
Non-hedge accounting	238	883	138	465	2	1	-320	-796	58	553
Interest rate and currency derivatives										
Hedge accounting			6	3					6	3
Non-hedge accounting			232	51					232	51
Total in current liabilities	**844**	**3,555**	**1,016**	**2,286**	**2**	**1**	**-430**	**-1,342**	**1,432**	**4,500**
Total in liabilities	**870**	**3,593**	**2,172**	**3,610**	**11**	**5**	**-431**	**-1,372**	**2,621**	**5,836**

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 December 2023, the net fair value of commodity derivatives was EUR -464 million, including assets of EUR 476 million and liabilities of EUR 940 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 and maturity of contracts.

Net fair value amount of interest rate and currency derivatives was EUR -204 million, including assets of EUR 129 million and liabilities of EUR 333 million. Fortum has cash collaterals based on collateral agreements with some counterparties. At the end of December 2023, Fortum had received EUR 42 million and paid EUR 176 million from foreign exchange and interest rate derivatives under Credit Support Annex agreements.

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	Sales and disposals	Settlements	Gains / losses in income statement	Decon-solidation of subsidiary companies [1]	31 Dec 2023
On balance sheet, net							
Other investments	543	17	-4		-29	-404	123
Commodity derivatives, fair values	61			-8	-40		13
Interest-bearing receivables	39			-4	-5	-29	0
Total on balance sheet, net	**643**	**17**	**-4**	**-12**	**-74**	**-433**	**137**

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	IV/2023	IV/2022 restated	2023	2022 restated
Gross investments in shares in subsidiary companies	-1	0	22	0
Gross investments in shares in associated companies and joint ventures	3	3	12	10
Gross investments in other shares	8	3	19	19
Total	**10**	**6**	**53**	**29**

On 31 August 2023, Fortum acquired the Swedish electricity solutions provider Telge Energi AB from Telge AB. The total consideration for the entire shareholding in Telge Energi on a cash and debt-free basis was approximately SEK 450 million (EUR 39 million). The purchase price, net of cash acquired and other adjustments, was EUR 22 million. Telge Energi AB is included in the Consumer Solutions segment.

6.2 Disposals

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Gross divestments of shares in subsidiary companies	0	4	1	1,279
Gross divestments of shares in associated companies and joint ventures	-	0	0	86
Gross divestments of other investments	0	0	3	0
Total	**0**	**4**	**4**	**1,365**

Disposals during 2023

There were no material disposals in 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 was 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	IV/2023	IV/2022 restated	2023	2022 restated
Sales	-	329	287	129,126
Other income	-	10	6	22,535
Materials and services	-	-162	-148	-132,778
Employee benefits	-	-22	-20	-781
Depreciation and amortisation	-	-45	-23	-724
Other expenses	-	-35	-15	-21,865
Comparable operating profit	**-**	**75**	**86**	**-4,487**
Deconsolidation effect	-	27,966	-3,608	27,966
Items affecting comparability	-	-28,520	0	-40,570
Operating profit	**-**	**-479**	**-3,521**	**-17,091**
Share of profit/loss of associates and joint ventures	-	-236	26	-372
Finance costs - net	-	-492	-88	-1,028
Profit before income tax	**-**	**-1,208**	**-3,584**	**-18,491**
Income tax expense	-	170	2	6,117
Net profit from discontinued operations	**-**	**-1,038**	**-3,582**	**-12,374**
Attributable to:				
Owners of the parent	-	-1,038	-3,583	-4,496
Non-controlling interests [1)]	-	0	1	-7,878
Earnings per share, discontinued operations, EUR	-	-1.17	-3.99	-5.07
Comparable net profit from discontinued operations	-	-154	34	-2,064
Comparable earnings per share, discontinued operations, EUR	-	-0.17	0.04	-2.32

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
Net assets deconsolidated	**1,685**
Items recycled to Income statement	-1,922
Deconsolidation effect (negative)	**-3,608**

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
Net assets divested	**-26,658**
Consideration received for the shares	498
Items recycled to Income statement	810
Deconsolidation effect	**27,966**

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	IV/2023	IV/2022 restated	2023	2022 restated
Net cash from/used in operating activities	-	156	109	-10,484
Net cash from/used in investing activities	-	372	-333	-2,789
Net cash from/used in financing activities	-	54	21	10,739
Total net decrease/increase in liquid funds	**-**	**583**	**-202**	**-2,534**

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

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Principal associates				
Forsmark Kraftgrupp AB	27	-15	17	-78
Kemijoki Oy	0	-5	-1	-1
OKG AB	32	-35	7	-99
Principal joint ventures				
TVO Oyj	29	-3	25	-13
Other associates	0	0	1	-6
Other joint ventures	1	0	9	13
IS **Share of profit/loss of associates and joint ventures**	**89**	**-59**	**59**	**-185**

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
IS **Share of profit/loss of associates and joint ventures**	**89**	**-59**	**59**	**-185**
Adjustments to share of profit/loss of associates and joint ventures	-58	-9	-52	145
Comparable share of profit/loss of associates and joint ventures	**31**	**-68**	**7**	**-40**

Share of profits from associated companies and joint ventures increased mainly due to the improved nuclear fund returns and updates for the nuclear decommissioning costs mainly due to inflation in Sweden.

8. Finance costs – net

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
Interest expense				
Borrowings	-56	-91	-286	-202
Leasing and other interest expenses	-1	-1	-2	-2
Capitalised borrowing costs	5	2	20	4
IS **Total**	**-52**	**-90**	**-269**	**-200**
Interest income				
Loan receivables and deposits	48	26	153	46
Leasing and other interest income	3	1	12	30
IS **Total**	**50**	**27**	**165**	**75**
Other financial items - net				
Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions	31	-4	1	-71
Fair value changes, impairments and reversals	-1	-5	-3	-3
Unwinding of discounts on other provisions and pension obligations	1	11	0	10
Other financial expenses and income	-6	-57	-33	-29
IS **Total**	**25**	**-55**	**-34**	**-93**
IS **Finance costs - net**	**24**	**-118**	**-138**	**-218**

EUR million	IV/2023	IV/2022 restated	2023	2022 restated
IS **Finance costs - net**	**24**	**-118**	**-138**	**-218**
Adjustments to finance costs - net				
Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions	-31	4	-1	71
Fair value changes, impairments, reversals and other adjustments	1	5	3	-23
Comparable finance costs - net	**-7**	**-108**	**-137**	**-170**

Interest expenses on borrowings in 2023 totalled EUR 286 million (2022: 202), including interest expenses on loans of EUR 246 million (2022: 187), and EUR 40 million (2022: 15) interest cost – net from derivatives hedging the loan portfolio. Interest expenses on loans includes EUR 41 million (2022: 26) relating to the Finnish State bridge financing recognised in I/2023.

Interest income on loan receivables and deposits, EUR 153 million (2022: 46) in 2023, includes EUR 133 million (2022: 2) from deposits and cash, and EUR 21 million (2022: 44) 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. Unwinding of nuclear provisions was EUR -63 million in 2023 (2022: -39).

Other financial expenses and income, EUR 33 million in 2023 (2022: 29), include EUR 26 million costs relating to financing arrangements of which EUR 15 million (2022: 23) related to the Finnish State bridge financing.

9. Income taxes

Income taxes during 2023 totalled EUR -69 million (tax expense) (2022: 520 tax income). In 2023, income taxes included EUR 225 million relating to one-time positive tax impacts mainly recognised in Ireland and in the Netherlands, due to the impairment of the Russian assets. In 2022, income tax expense included EUR 746 million relating to onetime tax impact realised in Ireland mainly due to the Uniper divestment. The effective income tax rate according to the income statement was 4.3% (2022: -33.3%). The comparable effective income tax rate was 19.1% (2022: 21.9%). Fortum's comparable effective tax rate is impacted by the weight of the taxable result in different jurisdictions and differences in standard nominal tax rates in these jurisdictions.

10. Dividend per share

The Board of Directors proposes that a dividend of EUR 1.15 per share be paid for the financial year 2023. The dividend will be paid in two instalments. Based on the number of shares registered as at 6 February 2024, the total amount of dividend would be EUR 1,032 million. These Financial statements do not reflect this dividend

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 was 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 was paid on 10 October 2023, amounting to a total of EUR 404 million.

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.

No impairments were recognised based on the annual impairment testing in the fourth quarter 2023.

In Fortum's II/2023 financials the loss of control over Russian operations on 25 April 2023 resulted to a full write down of the Russian assets, EUR 1.7 billion. The impairment charge is included in the results of discontinued operations.

Total impairment charges in 2022 for the Russia CGU based on impairment testing in December 2022 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 2023 financials, these impairment charges are included in the results of discontinued operations for 2022.

12. Interest-bearing receivables

EUR million	31 Dec 2023	31 Dec 2022
Interest-bearing receivables	1,033	1,281
Finance lease receivables	-	3
Total	**1,033**	**1,284**

EUR million	Carrying amount 31 Dec 2023	Fair value [1)] 31 Dec 2023	Carrying amount 31 Dec 2022	Fair value 31 Dec 2022
Long-term loan receivables from associates and joint ventures	644	670	593	612
Other long-term interest-bearing receivables	0	-	31	31
Total long-term interest-bearing receivables	**644**	**670**	**624**	**643**
Collateral arrangement	325	325	527	527
Other short-term interest-bearing receivables	64	64	130	130
Total short-term interest-bearing receivables	**389**	**389**	**657**	**657**
Total	**1,033**	**1,059**	**1,281**	**1,301**

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 644 million (31 Dec 2022: 593), include EUR 546 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 include EUR 51 million collateral for default fund. In II/2023 the cash collateral in Nasdaq default fund 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	31 Dec 2023	31 Dec 2022
+ Interest-bearing liabilities	**5,909**	**7,785**
- BS Liquid funds	**4,183**	**3,919**
- Collateral arrangement	**325**	**527**
- BS Margin receivables	590	2,607
+ BS Margin liabilities	131	352
+/- Net margin liabilities/receivables	**-459**	**-2,255**
Financial net debt	**942**	**1,084**

Interest-bearing liabilities of EUR 5,909 million includes Fortum's collateral arrangement to the Nordic Power Exchange totalling EUR 376 million (31 Dec 2022: 527). Equalling amount is included in short-term interest-bearing receivables of which collateral relating to margin requirement, EUR 325 million (31 Dec 2022: 527), is netted from the Financial net debt in the Collateral arrangement row. However the collateral for default fund, EUR 51 million, is not netted from the Financial net debt. See Note 12 Interest-bearing receivables.

Financial net debt excluding Russia at 31 December 2022 was EUR 1,127 million.

Interest-bearing liabilities

EUR million	31 Dec 2023	31 Dec 2022
Non-current loans	4,475	3,558
Current loans	1,316	4,108
Total loans	**5,791**	**7,666**
Non-current lease liabilities	97	100
Current lease liabilities	21	19
Total lease liabilities	**118**	**119**
Total	**5,909**	**7,785**

Loans

EUR million	Carrying amount 31 Dec 2023	Fair value [3] 31 Dec 2023	Carrying amount 31 Dec 2022	Fair value 31 Dec 2022
Bonds	2,736	2,729	2,634	2,569
Loans from financial institutions	1,306	1,314	1,519	1,545
Reborrowing from the Finnish State Nuclear Waste Management Fund [1]	951	952	918	938
Other long-term interest-bearing liabilities	200	199	115	126
Total long-term loans [2]	**5,192**	**5,194**	**5,187**	**5,178**
Collateral arrangement liability	376	376	527	527
Other short-term interest-bearing liabilities	224	224	1,952	1,952
Total short-term loans	**599**	**599**	**2,479**	**2,479**
Total	**5,791**	**5,793**	**7,666**	**7,657**

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 717 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 the six-month extension option was used for the remaining facility of EUR 1,000 million with new maturity in December 2023 with a six-month 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.

In December 2023, the Liquidity revolving credit facility of EUR 1,000 million matured, as Fortum did not use the six-month extension option. Additionally, for the EUR 500 million bullet loan a one-year borrowers' extension option was agreed.

Current loans, EUR 1,316 million (31 Dec 2022: 4,108), include the current portion of long-term loans EUR 717 million (31 Dec 2022: 1,629) and short-term loans EUR 599 million (31 Dec 2022: 2,479).

Short-term loans, EUR 599 million, include EUR 418 million collateral arrangements and use of commercial paper programmes of EUR 174 million.

The average interest rate for the portfolio of EUR loans was 4.0% at the balance sheet date (31 Dec 2022: 3.1%). The average interest rate on total loans and derivatives was 4.3% at the balance sheet date (31 Dec 2022, excluding Russia: 3.7%).

Maturity of loans

EUR million	31 Dec 2023
2024	1,316
2025	509
2026	747
2027	17
2028	520
2029 and later	2,682
Total	**5,791**

Maturities in 2024 include EUR 418 million loans with no contractual due date.

Maturity of undiscounted lease liabilities

EUR million	31 Dec 2023
Due within a year	21
Due after one year and within five years	55
Due after five years	56
Total	**131**

Liquid funds

EUR million	31 Dec 2023	31 Dec 2022
Deposits and securities with maturity more than 3 months	-	147
Cash and cash equivalents	4,183	3,771
BS Total	**4,183**	**3,919**

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 4,183 million (31 Dec 2022: 3,919), and of these funds EUR 4,122 million (31 Dec 2022: 3,600) are placed with counterparties that have an investment grade credit rating.

The average interest rate for the liquid funds was 3.9% at the balance sheet date (31 Dec 2022: 1.7%).

Committed credit facilities

At the end of the reporting period, Fortum had undrawn committed credit facilities of EUR 3,200 million, including 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	31 Dec 2023	31 Dec 2022
Carrying values on the balance sheet		
BS Nuclear provisions	1,058	966
BS Fortum's share in the State Nuclear Waste Management Fund	1,058	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	139	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 92 million compared to 31 December 2022, totalling EUR 1,058 million at 31 December 2023. The change is mainly due to the Loviisa lifetime extension and updates in Posiva’s project budget.

Fortum's share of the State Nuclear Waste Management Fund is from an IFRS perspective overfunded by EUR 139 million, since Fortum's share of the Fund on 31 December 2023 was EUR 1,197 million and the carrying value on the balance sheet was EUR 1,058 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 31 December 2023, decided by the Ministry of Economic Affairs and Employment in December 2023, was EUR 1,253 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 2023 is EUR 1,253 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	31 Dec 2023	31 Dec 2022
Carrying values in TVO with Fortum assumptions		
Nuclear provisions	1,614	1,620
Share of the State Nuclear Waste Management Fund	1,199	1,157
Net amount	**-415**	**-463**
of which Fortum's net share consolidated with equity method	**-104**	**-116**
TVO's legal liability and actual share of the State Nuclear Waste Management Fund		
Liability for nuclear waste management according to the Nuclear Energy Act	1,918	1,840
Share in the State Nuclear Waste Management Fund	1,458	1,436
Share of the fund not recognised on the balance sheet	259	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 31 December 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 259 million (of which Fortum's share is EUR 69 million), since TVO's share of the Fund on 31 December 2023 was EUR 1,458 million and the carrying value on the consolidated balance sheet with Fortum assumptions was EUR 1,199 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	31 Dec 2023	31 Dec 2022
OKG's and Forsmark's nuclear-related assets and liabilities with Fortum assumptions		
Nuclear provisions	5,001	4,641
Share in the State Nuclear Waste Management Fund	3,506	3,200
Net amount	**-1,495**	**-1,441**
of which Fortum's net share consolidated with equity method	**-472**	**-456**

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. In December 2023, the Swedish Government decided on nuclear waste fees and guarantees in accordance with the proposal from the National Debt Office, but for the year 2024 only. 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.

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 31 December 2023, Fortum had EUR 292 million (31 Dec 2022: 441) capital commitments for the acquisition of property, plant and equipment and intangible assets. The decrease in capital commitments is mainly due to the deconsolidation of Fortum’s Russian operations.

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 31 December 2023, Fortum had EUR 232 million (31 Dec 2022: 232) outstanding receivables regarding Olkiluoto 3 and was until 31 December 2023 committed to providing at maximum EUR 100 million additional funding. 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 Pyhäkoski 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).

Pledges assets include securities of EUR 325 million (31 Dec 2022: 527) to the Nordic Power Exchange (Nasdaq Commodites), margin receivables of EUR 590 million (31 Dec 2022: 2,607) and restricted cash of EUR 13 million (31 Dec 2022: 27). Margin receivables of EUR 590 million consist of cash collaterals for trading in commodities exchanges, as well as foreign exchange and interest rate derivatives under Credit Support Annex agreements.

Pledged assets on behalf of others consist of restricted cash of EUR 51 million (31 Dec 2022: 96) posted as collateral toward Nasdaq Clearing AB covering Fortum’s required contribution to the Commodity Market Default Fund (default fund). The default fund is a mutualised fund whereby all participants on the Nordic power exchange (Nasdaq Commodities) post collateral in relation to their exposure on the market in order to cover potential defaults by members which may cause losses exceeding the members' own collateral.

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 a related environmental investigation. 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. 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	IV/2023	IV/2022 restated	2023	2022 restated
Sales	5	33	12	74
Purchases	185	110	602	438
Other income	-	2	-3	4
Interest income on loan receivables	2	3	10	12

Balances with associates and joint ventures

EUR million	31 Dec 2023	31 Dec 2022
Long-term interest-bearing loan receivables	644	593
Trade and other receivables	30	87
Long-and short-term loan payables	239	229
Trade and other payables	72	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 30 October 2023, Fortum announced that an agreement have been signed with the National Emergency Supply Agency (NESA). Under this agreement, NESA reserves the production of the Meri-Pori power plant for severe disruption and emergencies to guarantee security of supply in the electricity system in Finland. The agreement period is 1 March 2024 until 31 December 2026.

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 (2023: 56 and 2022: 49) were recognised in Finance costs - net.

19. Events after the balance sheet date

On 26 January 2024, Fortum announced that as part of the efficiency programme launched in November 2023, Fortum's Consumer Solutions business unit and the IT unit are conducting change negotiations on possible redundancies. In total, the negotiations concern some 1,080 employees in Finland, Sweden, Norway, and the IT unit in Poland. According to a preliminary estimate, change negotiations could result in the redundancies of a maximum of 130 job positions.

At the beginning of February 2024, the Fortum Board of Directors resolved on clarifications to Fortum's strategy. As the operating environment shows increased uncertainty, reduced visibility and postponement of industrial investments, the company has specified its business portfolio, clarified capital allocation and set new strategic targets with measurable key performance indicators (KPIs). Fortum's renewed strategy, launched in March 2023, with focus on the Nordics remains unchanged, as well as its strategic priorities to 'deliver reliable clean energy', 'drive decarbonisation in industries', and 'transform and develop'. The company's financial and environmental targets are also unaltered.

The financial and environmental targets are as follows:

- To ensure the current rating of BBB, Financial net debt-to-Comparable EBITDA can be a maximum of 2.0-2.5 times.
- For the period of 2024-2026, Fortum's capital expenditure is expected to be approximately EUR 1.7 billion (excluding acquisition) of which growth capital expenditure is expected to be EUR 800 million and annual maintenance capital expenditure EUR 300 million.
- To ensure required returns for any potential new investments, Fortum continues to be selective and applies earlier set investment criteria; project based WACC + 150-400 investment hurdles depending on technology or investment project, as well as environmental targets.
- Fortum's dividend policy - a payout ratio of 60-90% of comparable EPS - remains unchanged. The payout ratio will be used so that the upper end of the range of the pay-out ratio is applied in situations with a strong balance sheet and low investments, while the lower end of the range would be applied with high leverage and/or significant investments and high capital expenditure.
- 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.

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

Business performance	Definition	Reason to use the measure	Reference to reconciliation
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, %	$\frac{\text{Comparable operating profit + comparable share of profit /loss of associates and joint ventures}}{\text{Comparable net assets average}} \times 100$	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.

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	IV/2023	IV/2022 restated	2023	2022 restated
IS Operating profit		376	-174	1,662	1,967
+ IS Depreciation and amortisation		101	106	359	415
EBITDA		477	-69	2,021	2,381
- IS Items affecting comparability	4	-18	843	-118	-356
Comparable EBITDA		**459**	**774**	**1,903**	**2,025**

Comparable operating profit

EUR million	Note	IV/2023	IV/2022 restated	2023	2022 restated
IS Operating profit		376	-174	1,662	1,967
- IS Items affecting comparability	4	-18	843	-118	-356
IS Comparable operating profit	4	**359**	**669**	**1,544**	**1,611**

Items affecting comparability

EUR million	Note	IV/2023	IV/2022 restated	2023	2022 restated
Impairment charges and reversals		-	0	-	0
Capital gains and other related items		2	5	4	785
Changes in fair values of derivatives hedging future cash flow		21	-804	111	-376
Other		-5	-44	3	-52
IS Items affecting comparability	4	**18**	**-843**	**118**	**356**

Comparable net profit

EUR million	Note	IV/2023	IV/2022 restated	2023	2022 restated
IS Net profit		413	427	1,515	2,084
- IS Items affecting comparability	4	-18	843	-118	-356
- Adjustments to share of profit/loss of associates and joint ventures	7	-58	-9	-52	145
- Adjustments to finance costs - net	8	-30	9	2	48
- Adjustments to income tax expenses		8	-905	-201	-836
- IS Non-controlling interests		-3	4	-1	-4
- Adjustments to non-controlling interests		4	1	5	-5
Comparable net profit from continuing operations	4	**317**	**370**	**1,150**	**1,076**
Comparable net profit from discontinued operations	6.3	-	-154	34	-2,064
Comparable net profit, total Fortum		**317**	**216**	**1,184**	**-988**

Comparable earnings per share

	Note	IV/2023	IV/2022 restated	2023	2022 restated
Comparable net profit from continuing operations, EUR million	4	317	370	1,150	1,076
Average number of shares during the period, 1,000 shares		897,264	892,811	897,264	889,204
Comparable earnings per share from continuing operations, EUR		**0.35**	**0.42**	**1.28**	**1.21**
Comparable net profit from discontinued operations, EUR million	4	-	-154	34	-2,064
Average number of shares during the period, 1,000 shares		897,264	892,811	897,264	889,204
Comparable earnings per share from discontinued operations, EUR		**-**	**-0.17**	**0.04**	**-2.32**
Comparable net profit, total Fortum, EUR million	4	317	216	1,184	-988
Average number of shares during the period, 1,000 shares		897,264	892,811	897,264	889,204
Comparable earnings per share, total Fortum, EUR		**0.35**	**0.25**	**1.32**	**-1.11**

Financial net debt

EUR million	Note	31 Dec 2023	31 Dec 2022
+ Interest-bearing liabilities		**5,909**	**7,785**
- BS Liquid funds		**4,183**	**3,919**
- Collateral arrangement		**325**	**527**
- BS Margin receivables		590	2,607
+ BS Margin liabilities		131	352
+/- Net margin liabilities/receivables		**-459**	**-2,255**
Financial net debt	13	**942**	**1,084**

Financial net debt/comparable EBITDA

EUR million	Note	2022	Continuing operations 2023
+ Interest-bearing liabilities		**7,785**	**5,909**
- BS Liquid funds		**3,919**	**4,183**
- Collateral arrangement		**527**	**325**
- BS Margin receivables		2,607	590
+ BS Margin liabilities		352	131
+/- Net margin liabilities/receivables		**-2,255**	**-459**
Financial net debt	13	**1,084**	**942**
- Interest bearing liabilities, Russia		204	-
+ Liquid funds, Russia		247	-
Financial net debt, excluding Russia		**1,127**	**-**
IS Operating profit		1,967	1,662
+ IS Depreciation and amortisation		415	359
EBITDA		**2,381**	**2,021**
- IS Items affecting comparability		-356	-118
Comparable EBITDA from continuing operations		**2,025**	**1,903**
Comparable EBITDA Russia		411	-
Comparable EBITDA (as presented in the consolidated financial statements 2022)		**2,436**	**-**
Financial net debt/comparable EBITDA, excl. Russia		**0.6**	**0.5**
Financial net debt/comparable EBITDA (as presented in the consolidated financial statements 2022)		**0.4**	**-**

Reconciliations of alternative performance measures excluding Russia

Financial net debt/comparable EBITDA excl. Russia

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

Interest-bearing liabilities excl. Russia

EUR million	31 Dec 2022
Interest-bearing liabilities	**7,785**
- Interest-bearing liabilities, Russia	204
Interest-bearing liabilities excl. Russia	**7,581**

Liquid funds excl. Russia

EUR million	31 Dec 2022
Liquid funds	**3,919**
- Liquid funds, Russia	247
Liquid funds excl. Russia	**3,672**

Market conditions and achieved power prices

Power consumption

TWh	IV/2023	IV/2022	2023	2022
Nordic countries	113	103	386	386

Average prices

	IV/2023	IV/2022	2023	2022
Spot price for power in Nord Pool power exchange, EUR/MWh	57.6	135.6	56.4	135.9
Spot price for power in Finland, EUR/MWh	61.1	184.8	56.5	154.0
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	56.5	146.7	51.7	129.2
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	44.0	115.7	40.0	61.9
Spot price for power in Germany, EUR/MWh	82.3	192.8	95.2	235.4
CO_2, (ETS EUA next Dec), EUR/tonne CO_2	77	78	85	81
Coal (ICE Rotterdam front month), USD/tonne	119	234	125	279
Oil (Brent front month), USD/bbl	83	89	82	99
Gas (TTF front month), EUR/MWh	43	124	41	133

Hydro reservoir

TWh	31 Dec 2023	31 Dec 2022
Nordic hydro reservoir level	77	79
Nordic hydro reservoir level, long-term average	84	84

Export/import

TWh (+ = import to, - = export from Nordic area)	IV/2023	IV/2022	2023	2022
Export / import between Nordic area and Continental Europe + Baltics	-6	-8	-41	-35
Export / import between Nordic area and Russia	0	0	0	4
Export / import Nordic area, Total	**-6**	**-8**	**-41**	**-31**

Achieved power prices

EUR/MWh	IV/2023	IV/2022	2023	2022
Generation segment's Nordic achieved power price	58.1	80.5	63.1	59.9

Fortum's production and sales volumes

Power generation

TWh	IV/2023	IV/2022	2023	2022
Nordic countries	13.1	11.5	46.4	43.5
Other European countries	0.2	0.2	0.6	0.8
Total continuing operations	**13.3**	**11.7**	**47.0**	**44.2**

Heat production

TWh	IV/2023	IV/2022	2023	2022
Nordic countries	1.1	1.0	3.2	4.1
Other European countries	0.4	0.4	1.1	1.2
Total continuing operations	**1.5**	**1.4**	**4.3**	**5.3**

Power generation capacity by segment

MW	31 Dec 2023	31 Dec 2022 restated
Generation	9,223	8,551
Other Operations	25	25
Total continuing operations	**9,248**	**8,576**

Heat production capacity by segment

MW	31 Dec 2023	31 Dec 2022 restated
Generation	2,022	1,964
Other Operations	171	171
Total continuing operations	**2,193**	**2,135**

Power generation by source in the Nordic area

TWh	IV/2023	IV/2022	2023	2022
Hydropower	6.0	4.8	20.9	19.1
Nuclear power	6.9	6.1	24.8	23.4
Wind power	0.1	-	0.1	-
CHP and condensing power	0.1	0.6	0.5	0.9
Total continuing operations	**13.1**	**11.5**	**46.4**	**43.5**

Power generation by source in the Nordic area

%	IV/2023	IV/2022	2023	2022
Hydropower	46	42	45	44
Nuclear power	53	53	54	54
Wind power	1	-	0	-
CHP and condensing power	1	5	1	2
Total continuing operations	**100**	**100**	**100**	**100**

Power generation by source in other European countries

TWh	IV/2023	IV/2022	2023	2022
CHP	0.2	0.2	0.6	0.8

Power sales

EUR million	IV/2023	IV/2022	2023	2022
Nordic countries	1,209	1,800	4,311	5,444
Other European countries	206	167	879	643
Other countries	1	1	2	3
Total continuing operations	**1,415**	**1,968**	**5,193**	**6,090**

Heat sales

EUR million	IV/2023	IV/2022	2023	2022
Nordic countries	72	68	208	325
Other European countries	103	66	304	202
Total continuing operations	**175**	**134**	**512**	**527**

Power sales by area

TWh	IV/2023	IV/2022	2023	2022
Finland	6.6	5.6	23.6	21.5
Sweden	8.1	6.8	27.1	27.3
Norway	3.8	3.2	12.8	11.3
Other countries	1.5	1.1	6.0	4.5
Total continuing operations	**20.0**	**16.8**	**69.5**	**64.7**

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

Heat sales by area

TWh	IV/2023	IV/2022	2023	2022
Finland	0.9	0.9	2.6	2.8
Norway	-	-	-	0.8
Poland	1.2	1.2	3.4	3.5
Other countries	0.1	0.1	0.4	0.4
Total continuing operations	**2.3**	**2.2**	**6.4**	**7.6**