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# Fastställelseintyg

Undertecknad styrelseledamot i Fortum Sverige AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma 2023-04-12 klockan 12.00. Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Solna 2023-04-17

Magnus Nyberg

20230419093542

# Årsredovisning

**för**

# Fortum Sverige AB

556006-8230

Räkenskapsåret

2022

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Styrelsen och verkställande direktören för Fortum Sverige AB, med säte i Stockholm, får härmed avge årsredovisning för räkenskapsåret 2022.

# Förvaltningsberättelse

## Ägarförhållanden

Fortum Sverige AB är ett helägt dotterbolag till Fortum Power AB som ingår i den börsnoterade finska energikoncernen Fortum. Koncernredovisning upprättas av Fortum Oyj, org.nr 1463611-4.

## Information om verksamheten

Fortum Sverige AB producerar elenergi dels i egna vattenkraftverk och dels i vattenkraftverk som ägs av dotter- och intresseföretag. Fortum Sverige AB äger även direkt och genom dotterbolag aktier i Oskarshamns och Forsmarks kärnkraftverk. Fortums andel av energin som produceras i nämnda bolag och kraftverk säljs av Fortum Sverige AB till Nord Pool ASA.

2022 var bolagets andel av vattenkraftproduktionen 12,1 (15,1) TWh, och bolagets andel av kärnkraftsproduktionen 10,2 (10,4) TWh.

I Fortum Sverige AB finns också strategiska verksamhetsfunktioner, intern supportverksamhet i form av försäljning av administrativa tjänster som IT-, HR-, och ekonomitjänster samt fastighetshantering, lokalförsörjning och arbetsplatssupport till övriga bolag i koncernen. I bolaget finns också stabsfunktioner.

Fortum Sverige AB ansvarar också för förvaltning, drift och underhåll samt investeringar både för sina egna vattenkraftverk samt de vattenkraftverk som ägs av dotter- och intressebolag. Dessutom administreras de helägda dotterbolagen och flertalet delägda bolag.

## Resultat och ställning

Nettoomsättningen uppgick 2022 till 14 751 083 tkr jämfört med 11 010 624 tkr 2021. Rörelseresultatet uppgick till 6 804 042 tkr jämfört med föregående år, 4 923 120 tkr.
Bolagets resultat påverkades positivt av högre spotpriser vilket dels beror på väderförhållanden under 2022 samt marknadsläget för råvaror. De positiva effekterna av priset minskades av en hög andel prissäkring samt lägre produktion inom vattenkraften.

Soliditeten uppgick vid årets slut till 13,7 % (51,8 %).

Investeringar i materiella anläggningstillgångar uppgick 2022 till 750 206 (761 576) tkr.

## Väsentliga händelser under räkenskapsåret

Den 24 februari 2022 startade Ryssland en invasion av Ukraina. Som en konsekvens av detta har Förenta Staterna, Storbritannien och Europeiska unionen bland andra infört sanktioner riktade mot Rysslands tillgång till kapital och finansiella marknader, sanktioner från en mängd banker såväl som handel i övrigt. Fortum Sverige AB har inte påverkats negativt av dessa händelser då bolaget inte har några direkta affärsförbindelser med Ryssland. Rysslands sanktioner mot EU och framförallt den europeiska gasmarknaden har dock bidragit till ett högre elpris på den nordiska marknaden.

Företaget tar även en ökad risk för cyberattacker på stort allvar och genomför åtgärder för att skydda personal samt tillgångar. Fortum Sverige AB övervakar situationen noggrant för att säkra kontinuitet i verksamheten.

Den 1 mars överfördes 17 personer från Fortum Sverige AB till Plugsurfing B.V. Övergången gjordes via en verksamhetsöverlåtelse.

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I maj gjordes en intern verksamhetsöverlåtelse av turbin- och generatorserviceverksamheten till bolaget TGS Sweden AB. 51 personer berördes.

I februari tog Fortum Sverige AB över tillgångar och personal från Sydkraft Hydropower AB i enlighet med det verksamhetsavtal som tecknades avseende nordisk optimering inom vattenkraft. Detta gjordes som ett led i samarbetet med Uniper och berörde 165 personer. I december avslutades samarbetet med Uniper i samband med att ägandet övergick till den tyska staten och personal samt tillgångar återfördes. Båda dessa transaktioner utfördes som verksamhetsöverlåtelser.

Den 21 december såldes Fortum Sverige AB inklusive underkoncern internt till holdingbolaget Fortum Power AB.
Under året etablerades 6 stycken aktiebolag ämnade för projekt inom vindkraft.

**Framtida utveckling**
Den marknadsfaktor som främst påverkar lönsamheten för Fortum Sverige AB är grossistpriset på el i Norden. Centrala faktorer för utvecklingen av grossistpriset är balansen mellan tillgång och efterfrågan, bränslepris och pris på utsläppsrätter för koldioxid samt den nordiska vattensituationen. På kort sikt påverkas energisektorn av den geopolitiska situationen, hög inflation, högre räntor samt en volatil råvarumarknad vilket kan påverka efterfrågan. På längre sikt förväntas efterfrågan på elektricitet att fortsätta ta en större del av den totala energikonsumtionen och tillväxttakten bestäms i stort av den makroekonomiska utvecklingen i Europa och framförallt i de nordiska länderna.

I slutet av februari 2023 låg de nordiska vattenmagasinen omkring 2 TWh lägre än det långsiktiga genomsnittet och 4 TWh högre än motsvarande nivå föregående år. I slutet av februari 2023 var marknadspriset för utsläppsrätter cirka 97 EUR per ton koldioxid. Samtidigt låg terminspriserna för el för resten av 2023 på omkring 86 EUR per MWh och för 2024 på omkring 79 EUR per MWh.

De faktorer som främst påverkar bolagets risker är priserna på elektricitet samt produktionsvolymer. Dessa faktorer är beroende av vädret i Norden, den globala råvarumarknaden och tillgängligheten i våra produktionsanläggningar. Den totala påverkan på både efterfrågan och priset på el övervakas fortsatt noga och bolaget har en fortsatt beredskap för olika scenarion avseende dessa parametrar. Bolaget prissäkrar en stor del av sin framtida produktion genom att sälja den på termin till ett fastställt pris. Fortum koncernen, i vilken Fortum Sverige AB ingår, rapporterade i årsredovisningen för 2022 att andelen prissäkrad el för 2023 uppgick till cirka 75% till ett pris av 58 EUR per MWh. För 2024 är motsvarande siffror cirka 45% till ett pris av 42 EUR per MWh.

Bolagets verksamhet kommer även fortsättningsvis att vara fokuserad på säker miljövänlig produktion av el, samt omfatta koncernstrategiska funktioner och koncernsupport.

Fortum-koncernens fortsatta utveckling av förändringshantering, innovationer och riskhantering ger sammantaget förmågan att anpassa bolaget till rådande marknadsförhållanden, samt att etablera nya verksamheter i ett föränderligt företagsklimat.

Säker och tillförlitlig produktion av el är en samhällsviktig funktion. För att säkerställa produktionen har Fortum Sverige AB en strukturerad riskhanteringsprocess som planerar för olika scenarion, till exempel att en stor andel av personalen samtidigt är sjuka. Eventualitetsplaner ("Business Continuity Plans" och "Business Disaster Recovery Plans") finns framtagna för samtliga kritiska funktioner, till exempel drift och underhåll av kraftverk, fysisk och finansiell handel, IT infrastruktur och IT applikationer.

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| Typ av risk | Risker | Riskåtgärd |
|---|---|---|
| Finansiell risk | Elprisrisk | Prissäkring |
| | Volymrisk | Analys och val av motparter |
| | Valutarisk | Valutasäkring |
| | Felaktig fakturering | Interna kontroller |
| | Kreditförluster | Kravprocesser, interna kontroller |
| Operationell risk | Anläggningsrisk | Underhåll och förnyelse |
| | Personalrisk | Försäkringar |
| | Juridisk risk | Intern styrning och kontroll |
| | IT haveri | "Disaster Recovery" planering |
| Strategisk risk | Politisk risk | Aktiv omvärldsbevakning |

**Finansiell riskhantering**
Fortum Sverige AB ingår i Fortum-koncernens policy för finansiell riskhantering och följer de riktlinjer och processer som ska motverka de finansiella riskerna.

**Miljöpåverkan**
Fortum Sverige AB's vattenkraftanläggningar ingår i bolagets miljöledningssystem som är certifierat enligt ISO 14001. Detta säkrar att miljöarbetet ständigt förbättras, att de miljökrav som fastställts för anläggningarna i gällande vattendomar och tillstånd uppfylls samt att rapportering sker på det sätt som föreskrivs till berörda myndigheter.

Miljöarbetet inom vattenkraften präglades av den nationella planen för vattenkraft (NAP). Fortum arbetade intensivt under året med ansökningar för moderna miljövillkor för anläggningarna i Ljungan, Gullspångsälven och nedre Dalälven. Risken att omprövningarna skulle resultera i för stora förluster av produktion och reglerförmåga blev allt mer uppenbar ju längre fram vi kom i processen. Fortum påtalade detta via media, branschföreningen, regionala samverkansprocesserna och remissvar. I samband med regeringsskiftet meddelades att omprövningen för vattenkraften skulle pausas tills det är kartlagt vilka konsekvenser den får för elproduktionen. Denna paus verkställdes av regeringen i början av 2023 genom en ändring i en förordning där tidplanen senarelades med 12 månader. För Fortum innebär det att de första ansökningarna till mark- och miljödomstolen lämnas in senast 1 februari 2024.

Investeringen i en ny fiskodling pågick under året och står färdig i slutet av 2023. I enlighet med villkor i vattendomar för Fortums anläggningar i Gullspångsälven och Klarälven, sätts 175 000 utvandringsfärdig fisk (smolt) årligen ut i Klarälven och Vänern. Den nya anläggningen byggs med landbaserad RAS-teknik (Recirculating Aquaculture System), vilket innebär att verksamheten sker i slutna system där vattnet recirkuleras, vilket ger avsevärd förbättring ur fiskhälsosynpunkt, och även ur miljö- och arbetsmiljösynpunkt. Investeringen blir Sveriges första kompensationsodling med RAS-teknik.

En del av Fortums hållbarhetsarbete är naturvårdsåtgärder på land som främjar biologisk mångfald kring våra vattenkraftverk. Ett exempel är naturvårdsbränning på en ängsmark i närheten av Avestaforsens kraftverk som genomfördes i samarbete med Avesta kommun. Naturvårdsbränning hjälper till att förbättra tillgången på föda för bin, fjärilar och andra insekter. I nedre Dalälven utfördes slåtter, dvs avverkning av högt gräs och små träd. Det är en åtgärd som gör att naturmiljön inte växer igen och att arter som är beroende av den specifika miljön gynnas. I Klarälven sker arbetet i större omfattning med åtta vattenkraftverk och en naturvårdsplan på 115 hektar mark. Under 2022 genomfördes åtgärder såsom slåtter, bekämpning av invasiva arter, skapande av död ved och blottläggande av sandytor. Den åtgärd som omfattade störst areal var så kallad friställning av lövträd genom att ta bort konkurrerande barrträd

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(särskilt gran).

Investeringar i tre fiskvägar har påbörjats vid Väsa kraftverk, Blyberg kraftverk och Spjutmo kraftverk där projekten löper parallellt och byggarbetena sysselsätter ca 70 personer. Den tekniska fiskvägen (slitsrännan) i Spjutmo samt nedströmspassagerna vid alla tre kraftverk ska vara klara och i drift i juli 2023. Arbetet med slitsrännorna vid Blyberg och Väsa beräknas bli klart 2025.

| **Flerårsöversikt** (Tkr) | **2022** | **2021** | **2020** | **2019** | **2018** |
|---|---|---|---|---|---|
| Nettoomsättning | 14 751 083 | 11 010 624 | 8 408 164 | 10 078 339 | 9 782 821 |
| Resultat efter finansiella poster | 5 580 234 | 33 195 531 | - 2 952 487 | 4 392 183 | 3 972 764 |
| Balansomslutning | 53 311 657 | 77 811 843 | 44 910 429 | 46 928 335 | 50 322 251 |
| Eget kapital | 4 000 473 | 37 652 811 | 3 279 995 | 5 403 110 | 8 610 747 |

**Förändringar i eget kapital** (Tkr)

| | **Aktie-kapital** | **Balanserat resultat** | **Årets resultat** | **Totalt** |
|---|---|---|---|---|
| Belopp vid årets ingång | 50 000 | 1 218 832 | 36 383 980 | **37 652 811** |
| Disposition enligt beslut av årsstämman: | | 36 383 980 | -36 383 98 0 | **0** |
| Utdelning | | -37 600 000 | | **-37 600 00 0** |
| Årets resultat | | | 3 947 662 | **3 947 662** |
| **Belopp vid årets utgång** | **50 000** | **2 811** | **3 947 662** | **4 000 473** |

Ej återbetalade villkorade aktieägartillskott uppgår per balansdagen till 8 000 000 000 (8 000 000 000) kronor.

## Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

| | |
|---|---|
| balanserad vinst | 2 811 292 |
| årets vinst | 3 947 662 171 |
| | **3 950 473 463** |
| disponeras så att | |
| till aktieägarna utdelas | 3 900 000 000 |
| i ny räkning överförcs | 50 473 463 |
| | **3 950 473 463** |

Koncernbidrag har, under förutsättning av årsstämmans godkännande, lämnats till **Borgvik Vindkraft AB** med 452 260 kronor, till **Fortum Vindkraft Sverige 3 AB** med 34 966 kronor, till **Fortum Vindkraft Sverige 4 AB** med 2 307 kronor, till **Fortum Vindkraft Sverige 5 AB** med 17 389 kronor, till **Fortum Vindkraft Sverige 6 AB** med 73 405 kronor, till **Fortum Vindkraft Sverige 7 AB** med 967 kronor, till **Fortum Vindkraft Sverige 8 AB** med 967 kronor, till **Fortum Vindkraft Sverige 9 AB** med 967 kronor, till **Fortum Power AB** med 196 000 000 kronor, till **Sävar Vindkraft AB** med 3 257 000 kronor och till **Fortum 1 AB** med 374 000 000 kronor, till **Fortum Fastigheter AB** med 3 000 000 kronor, till **Göta Energi AB** med 43 000 000 kronor, till **Fortum Energy AB** med 15 000 000 kronor.

Koncernbidrag från **Fortum Markets AB** erhållits med 85 000 000 kronor.

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Styrelsen föreslås bemyndigas att besluta om tidpunkt då utdelningen skall betalas.

Utdelning till aktieägaren kommer att - under förutsättning att årsstämman godkänner förslaget - lämnas med 3 900 000 000 kr. Utdelningen kommer att utbetalas under 2023. Soliditeten för bolaget uppgår till 13,7 procent. Efter utdelning om 3 900 000 000 kr skulle bolagets soliditet uppgå till 6,3 procent. Likviditeten i bolaget efter utdelningen bedöms kunna upprätthållas på en betryggande nivå. Styrelsens uppfattning är att den föreslagna utdelningen inte hindrar bolaget från att fullgöra sina förpliktelser på kort och lång sikt, och inte heller hindrar bolaget från att fullgöra erforderliga investeringar. Den föreslagna utdelningen kan därmed försvaras med hänsyn till vad som anförts i ABL 17 kap 3 § 2-3 st (försiktighetsregeln).

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med tilläggsupplysningar.

Årsredovisningen är upprättad i tusental svenska kronor där ej annat anges.

Genom avrundningar av belopp till närmast tusental svenska kronor kan det i vissa fall förekomma att summa totalbelopp inte är exakt lika med summan av alla delbelopp.

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# Resultaträkning
Tkr

| | Not | 2022-01-01 -2022-12-31 | 2021-01-01 -2021-12-31 |
|---|---|---|---|
| **Rörelsens intäkter** | 1 | | |
| Nettoomsättning | 2 | 14 751 083 | 11 010 624 |
| Aktiverat arbete för egen räkning | | 45 306 | 35 642 |
| Övriga rörelseintäkter | 3 | 235 469 | 133 207 |
| | | **15 031 858** | **11 179 473** |
| | | | |
| **Rörelsens kostnader** | 2 | | |
| Kraftkostnader | | -5 309 236 | -3 880 094 |
| Övriga externa kostnader | 4, 5 | -1 175 742 | -1 192 427 |
| Personalkostnader | 6, 7 | -1 128 653 | -545 120 |
| Av- och nedskrivningar av materiella och immateriella anläggningstillgångar | | -614 121 | -637 548 |
| Övriga rörelsekostnader | 8 | -64 | -1 164 |
| | | **-8 227 816** | **-6 256 353** |
| | | | |
| **Rörelseresultat** | | **6 804 042** | **4 923 120** |
| | | | |
| **Resultat från finansiella poster** | | | |
| Resultat från andelar i koncernföretag | 9 | 416 | 431 |
| Resultat från andelar i intresseföretag och gemensamt styrda företag | 10 | -1 526 | 28 684 239 |
| Resultat från övriga värdepapper och fordringar som är anläggningstillgångar | 11 | 18 263 | 11 115 |
| Övriga ränteintäkter och liknande resultatposter | 12 | 145 741 | 78 166 |
| Räntekostnader och liknande resultatposter | 13 | -1 386 702 | -501 541 |
| | | **-1 223 808** | **28 272 410** |
| | | | |
| **Resultat efter finansiella poster** | | **5 580 234** | **33 195 530** |
| | | | |
| Bokslutsdispositioner | 14 | -502 496 | 5 172 075 |
| **Resultat före skatt** | | **5 077 736** | **38 367 607** |
| | | | |
| Skatt på årets resultat | 15 | -1 130 074 | -1 983 627 |
| **Årets resultat** | | **3 947 662** | **36 383 980** |

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# Balansräkning
Tkr

| | Not | 2022-12-31 | 2021-12-31 |
|---|---|---|---|
| **TILLGÅNGAR** | | | |
| **Anläggningstillgångar** | | | |
| ***Immateriella anläggningstillgångar*** | | | |
| Balanserade utgifter för utvecklingsarbeten och liknande arbeten | 16 | 92 589 | 86 911 |
| Goodwill | 17 | 0 | 8 219 |
| | | **92 589** | **95 130** |
| ***Materiella anläggningstillgångar*** | | | |
| Byggnader och mark | 18 | 24 101 495 | 24 237 952 |
| Maskiner och andra tekniska anläggningar | 19 | 6 250 983 | 6 344 702 |
| Inventarier, verktyg och installationer | 20 | 48 407 | 51 173 |
| Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar | 21 | 1 322 868 | 965 218 |
| | | **31 723 753** | **31 599 045** |
| ***Finansiella anläggningstillgångar*** | | | |
| Andelar i koncernföretag | 22, 23 | 1 724 303 | 1 718 777 |
| Fordringar hos koncernföretag | 24 | 4 434 371 | 6 366 671 |
| Andelar i intresseföretag och gemensamt styrda företag | 25, 26 | 926 805 | 931 706 |
| Fordringar hos intresseföretag och gemensamt styrda företag | 27 | 1 885 119 | 61 901 |
| Ägarintresse i övriga företag | 28 | 36 | 36 |
| Andra långfristiga fordringar | | 2 885 | 2 490 |
| | | **8 973 519** | **9 081 581** |
| **Summa anläggningstillgångar** | | **40 789 861** | **40 775 756** |

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# Balansräkning
Tkr

| | Not | 2022-12-31 | 2021-12-31 |
|---|---|---|---|
| **Omsättningstillgångar** | | | |
| ***Kortfristiga fordringar*** | | | |
| Kundfordringar | | 181 534 | 361 215 |
| Fordringar hos koncernföretag | | 12 052 317 | 36 302 956 |
| Fordringar hos intresseföretag och gemensamt styrda företag | | 61 045 | 1 145 |
| Övriga fordringar | | 211 548 | 328 891 |
| Förutbetalda kostnader och upplupna intäkter | 30 | 15 352 | 7 696 |
| | | **12 521 796** | **37 001 903** |
| ***Kassa och bank*** | | 0 | 34 185 |
| **Summa omsättningstillgångar** | | **12 521 796** | **37 036 088** |
| **SUMMA TILLGÅNGAR** | | **53 311 657** | **77 811 844** |

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# Balansräkning
Tkr

| | Not | 2022-12-31 | 2021-12-31 |
|---|---|---|---|
| **EGET KAPITAL OCH SKULDER** | | | |
| **Eget kapital** | 31, 32 | | |
| ***Bundet eget kapital*** | | | |
| Aktiekapital | | 50 000 | 50 000 |
| ***Fritt eget kapital*** | | | |
| Balanserat resultat | | 2 811 | 1 218 832 |
| Årets resultat | | 3 947 662 | 36 383 980 |
| | | **3 950 473** | **37 602 812** |
| **Summa eget kapital** | | **4 000 473** | **37 652 812** |
| **Obeskattade reserver** | 33 | 4 136 494 | 4 183 839 |
| **Avsättningar** | | | |
| Avsättningar för pensioner och liknande förpliktelser | 34 | 5 489 | 5 182 |
| Uppskjuten skatteskuld | 29 | 797 077 | 797 828 |
| Övriga avsättningar | 35 | 917 | 917 |
| **Summa avsättningar** | | **803 483** | **803 927** |
| **Långfristiga skulder** | 36 | | |
| Skulder till koncernföretag | | 38 788 871 | 30 880 000 |
| Övriga skulder | | 73 050 | 69 862 |
| **Summa långfristiga skulder** | | **38 861 921** | **30 949 862** |
| **Kortfristiga skulder** | | | |
| Leverantörsskulder | | 1 982 649 | 762 636 |
| Skulder till koncernföretag | | 2 743 572 | 2 912 950 |
| Skulder till intresseföretag och gemensamt styrda företag | | 213 | 1 183 |
| Aktuell skatteskuld | | 297 822 | 271 333 |
| Övriga skulder | | 11 403 | 5 062 |
| Upplupna kostnader och förutbetalda intäkter | 37 | 473 627 | 268 240 |
| **Summa kortfristiga skulder** | | **5 509 286** | **4 221 404** |
| **SUMMA EGET KAPITAL OCH SKULDER** | | **53 311 657** | **77 811 844** |

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# Kassaflödesanalys

Tkr

| | Not | 2022-01-01 -2022-12-31 | 2021-01-01 -2021-12-31 |
|---|---|---|---|
| **Den löpande verksamheten** | | | |
| Rörelseresultat | 38 | 6 804 041 | 4 923 120 |
| Justeringar för poster som inte ingår i kassaflödet | 39 | 683 836 | 629 835 |
| Erhållen ränta | | 160 837 | 71 297 |
| Erhållen utdelning | | 3 791 | 428 008 |
| Erlagd ränta | | -1 487 497 | -496 568 |
| Betald skatt | | -1 104 336 | -626 864 |
| **Kassaflöde från den löpande verksamheten före förändring av rörelsekapital** | | **5 060 672** | **4 928 828** |
| | | | |
| **Kassaflöde från förändring av rörelsekapitalet** | | | |
| Förändring av kortfristiga fordringar | | 22 856 131 | -33 390 062 |
| Förändring av kortfristiga skulder | | 2 560 604 | 2 499 048 |
| **Kassaflöde från den löpande verksamheten** | | **30 477 407** | **-25 962 186** |
| | | | |
| **Investeringsverksamheten** | | | |
| Förvärv av immateriella anläggningstillgångar | | -34 514 | -95 321 |
| Avyttring av immateriella anläggningstillgångar | | 0 | 25 454 |
| Förvärv av materiella anläggningstillgångar | | -715 692 | -667 256 |
| Avyttring av materiella anläggningstillgångar | | 15 483 | 11 720 |
| Förvärv av finansiella anläggningstillgångar | | -175 921 | -3 817 057 |
| Avyttring av finansiella anläggningstillgångar | | 208 109 | 32 774 202 |
| **Kassaflöde från investeringsverksamheten** | | **-702 535** | **28 231 742** |
| | | | |
| **Finansieringsverksamheten** | | | |
| Erhållna koncernbidrag | | 196 000 | 100 000 |
| Lämnade koncernbidrag | | -317 115 | -335 474 |
| Upptagna lån | | 15 003 188 | 0 |
| Amortering av lån | 40 | -7 091 129 | 9 |
| Utbetald utdelning | | -37 600 000 | -2 000 000 |
| **Kassaflöde från finansieringsverksamheten** | | **-29 809 056** | **-2 235 465** |
| | | | |
| **Årets kassaflöde** | | **-34 184** | **34 091** |
| | | | |
| **Likvida medel** | 41 | | |
| Likvida medel vid årets början | | 34 184 | 93 |
| **Likvida medel vid årets slut** | | **0** | **34 184** |

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# Tilläggsupplysningar

**Allmän information**
**Koncernredovisning**
Med stöd av ÅRL 7 kap § 2 upprättas inte koncernredovisning för Fortum Sverige AB med dotterbolag.

**Uppgift om moderbolag**
Fortum Oyj (org nr 1463611-4) med säte i Esbo är moderbolag i den största koncern som Fortum Sverige AB ingår i, för vilken koncernredovisning upprättas. Koncernredovisning kan erhållas från Fortum Oyj, PB 1, FIN-00048 FORTUM FINLAND.
Fortum Sweden AB (org 556478-9674) är moderbolag i den minsta koncern som Fortum Sverige AB ingår i.

**Hållbarhetsredovisning**
Med stöd av ÅRL 6 kap § 10 3st upprättas inte hållbarhetsredovisning för Fortum Sverige AB.
Hållbarhetsredovisning för Fortum-koncernen upprättas av Fortum Oyj och kan hämtas via https://www.fortum.com/about-us/investors/reports-and-presentations

## Redovisnings- och värderingsprinciper
Årsredovisningen är upprättad i enlighet med Årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning.

Principerna är oförändrade jämfört med föregående år.

Tillgångar, avsättningar och skulder har upptagits till anskaffningsvärden där inget annat anges.

### Intäkter
Försäljning av elenergi redovisas vid leveranstidpunkten exklusive moms och energiskatt. Tilldelade elcertifikat redovisas till marknadsvärde vid produktionstidpunkten. Intäkter för tjänsteuppdrag redovisas i takt med att uppdraget utförs. Övriga intäkter som intjänats intäktsredovisas enligt följande
Hyresintäkter: i den period uthyrningen avser.
Ränteintäkter: i enlighet med effektiv avkastning.
Erhållen utdelning: när rätten att erhålla utdelning bedöms som säker.

**Elcertifikat**
Den 1 januari 2012 trädde lagen (2011:1200) om elcertifikat i kraft. Lagen innebär ett kvotsystem för att främja elproduktion med användning av förnyelsebara energikällor. Producenter av förnyelsebar energi tilldelas elcertifikat i förhållande till produktionen av förnyelsebar energi. Tilldelade elcertifikat för produktion av förnyelsebar el redovisas som nettoomsättning, vilken värderas till marknadsvärdet vid produktionstidpunkten.

**Offentliga bidrag**
Offentliga bidrag intäktsredovisas när företaget har uppfyllt de villkor som är förknippade med bidraget och det föreligger rimlig säkerhet att bidraget kommer att erhållas. Bidrag som företaget erhållit men där alla villkor ännu inte är uppfyllda redovisas som skuld.
Beviljat statligt stöd som är kopplat till COVID-19 redovisas som övrig rörelseintäkt enligt huvudregeln.

Bidrag som erhållits för förvärv av en anläggningstillgång reducerar anläggningstillgångens redovisade anskaffningsvärde. Övriga offentliga bidrag, exklusive elcertifikat, redovisas i posten Övriga rörelseintäkter.

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**Inkomstskatt**
Redovisade inkomstskatter innefattar skatt som skall betalas eller erhållas avseende aktuellt år, justeringar avseende tidigare års aktuella skatt samt uppskjuten skatt.
Värdering av samtliga skatteskulder/-fordringar sker till nominella belopp och görs enligt de skatteregler och skattesatser som är beslutade eller som är aviserade och med stor säkerhet kommer att fastställas.
Skatter redovisas i resultaträkningen utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekt redovisas i eget kapital.

Uppskjuten skatt beräknas enligt balansräkningsmetoden med utgångspunkt i temporära skillnader mellan redovisade och skattemässiga värden på tillgångar och skulder.
Uppskjutna skattefordringar avseende avdragsgilla temporära skillnader och underskottsavdrag redovisas endast i den mån det är sannolikt att dessa kommer att medföra lägre skatteutbetalningar i framtiden.
Obeskattade reserver redovisas inklusive uppskjuten skatteskuld.

**Utdelningar från dotterföretag**
Utdelningar från dotterföretag intäktsredovisas när moderföretagets rätt till utdelning bedöms som säker och beloppet kan beräknas på ett tillförlitligt sätt.

**Koncernbidrag**
Samtliga lämnade och erhållna koncernbidrag redovisas som bokslutsdispositioner.

**Anläggningstillgångar**
Anläggningstillgångar redovisas till anskaffningsvärde minskat med planmässiga avskrivningar och eventuella nedskrivningar. I de fall då skillnaden i förbrukningen av en materiell anläggningstillgångs betydande komponenter bedöms vara väsentlig, delas tillgången upp på dess komponenter.

Utgifter för förbättringar av tillgångens prestanda, utöver ursprunglig nivå, ökar tillgångens redovisade värde. Utgifter för reparation och underhåll redovisas som kostnad.
Anläggningstillgångar skrivs av enligt plan över den förväntade nyttjandeperioden. När avskrivningsbart belopp fastställs beaktas i förekommande fall tillgångens restvärde.
Linjär avskrivningsmetod används för samtliga typer av tillgångar. Följande avskrivningsprocent tillämpas:

| | |
|---|---|
| Immateriella anläggningstillgångar | 20 % |
| Byggnader | 2 % |
| Markanläggningar | 5 % |
| Maskiner och andra tekniska anläggningar | 2-33,3 % |
| Inventarier, verktyg och installationer | 20 % |

**Nedskrivningar**
***Nedskrivningar av immateriella och materiella anläggningstillgångar***
*Allmänna principer*
Löpande under året bedöms om det föreligger en indikation på att en tillgång kan ha minskat i värde. Om en sådan indikation finns beräknas tillgångens återvinningsvärde. Immateriella anläggningstillgångar som inte är färdigställda ska nedskrivningsprövas årligen.

Nedskrivningsprövningen görs per varje enskild tillgång med ett oberoende flöde av inbetalningar. Vid behov behöver tillgångarna grupperas ihop till kassagenererande enheter för att identifiera inbetalningar. Nedskrivningsprövning görs i dessa fall för hela den kassagenerande enheten. En nedskrivning redovisas när en tillgång eller en kassagenererande enhets redovisade värde överstiger återvinningsvärdet.

Nedskrivningen belastar resultaträkningen.

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Nedskrivningar av tillgångar i en kassagenererande enhet fördelas i första hand på goodwill. Därefter görs en proportionell nedskrivning av övriga tillgångar som ingår i enheten.

*Beräkning av återvinningsvärdet*
Återvinningsvärdet utgörs av det högsta av verkligt värde med avdrag för försäljningskostnader och nyttjandevärdet. Vid beräkning av nyttjandevärdet diskonteras framtida kassaflöden med en diskonteringsfaktor som beaktar riskfri ränta och den risk som är förknippad med den specifika tillgången eller den kassagenerande enheten. Beräkningen gör per tillgång eller kassagenererande enhet.

*Återföring av nedskrivningar*
Nedskrivningar på goodwill återförs aldrig. Nedskrivningar på andra icke-finansiella tillgångar återförs om skälen som låg till grund för beräkningen av återvinningsvärdet vid den senaste nedskrivningen har förändrats.

***Nedskrivning av finansiella anläggningstillgångar***
*Allmänna principer*
Per varje balansdag görs en bedömning av om det finns någon indikation på att en eller flera finansiella anläggningstillgångar har minskat i värde. Om en sådan indikation finns beräknas tillgångens återvinningsvärde, se ovan.

*Återföring av nedskrivning*
Nedskrivning av finansiella anläggningstillgångar återförs om de skäl som låg till grund för nedskrivningen har förändrats.

**Leasingavtal**
Samtliga leasingavtal, oavsett om de är finansiella eller operationella, redovisas som operationella. Leasingavgiften kostnadsförs linjärt över leasingperioden.

**Fordringar**
Fordringar med förfallodag mer än 12 månader efter balansdagen redovisas som anläggningstillgångar, övriga som omsättningstillgångar. Fordringar är redovisade till det belopp varmed de beräknas inflyta.

**Fordringar och skulder i utländsk valuta**
Fordringar och skulder i utländsk valuta har omräknats till balansdagens kurs och orealiserade kursvinster och kursförluster ingår i resultatet. Kursvinster (-förluster) på rörelserelaterade fordringar och skulder redovisas under samma resultatpost som den intäkten/kostnaden hänför sig till. Kursdifferenser avseende finansiella tillgångar och skulder redovisas under resultat från finansiella poster.

**Kortfristiga placeringar**
Kortfristiga placeringar värderas i enlighet med Årsredovisningslagen till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet.

**Avsättningar**
Som avsättningar redovisas sådana förpliktelser som är hänförliga till räkenskapsåret eller tidigare räkenskapsår och som på balansdagen är säkra eller sannolika till sin förekomst, men ovissa till belopp eller den tidpunkt då de skall infrias.

Alla pensionsutfästelser som inte övertagits av försäkringsbolag eller på annat sätt säkerställts genom fondering hos extern part skuldförs i balansräkningen.

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**Finansiella instrument**
Företaget ingår derivattransaktioner med syfte att hantera prissäkringar på elmarknaden. Koncernen skyddar sig därmed mot prisförändringar genom att avtala priset. Koncernen tillämpar säkringsredovisning varpå företaget redovisar resultateffekter som uppkommer när säkringen upphör i resultaträkningen. Säkringen upphör när säkringsinstrumentet förfaller, säljs, avvecklas eller löses in. För upplysning om marknadsvärden som redovisas utanför balansräkningen, se not 1.

**Likvida medel**
Likvida medel utgörs av disponibla tillgodohavanden hos banker och andra kreditinstitut och kortfristiga, likvida placeringar som lätt kan omvandlas till ett känt belopp och som är utsatta för en obetydlig risk för värdefluktationer. Sådana placeringar har en löptid på maximalt tre månader.

**Aktieägartillskott**
Aktieägartillskott som en ägare lämnar redovisas som en ökning av andelens redovisade värde. Aktieägartillskott som en ägare erhåller redovisas direkt i fritt eget kapital.

**Eventualförpliktelser**
En eventualförpliktelse är en möjlig förpliktelse till följd av inträffade händelser och vars förekomst endast kommer att bekräftas av att en eller flera osäkra framtida händelser, som inte helt ligger inom företagets kontroll, inträffar eller uteblir, eller en befintlig förpliktelse till följd av inträffade händelser, men som inte redovisas som skuld eller avsättning eftersom det inte är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen eller förpliktelsens storlek inte kan beräknas med tillräcklig tillförlitlighet.

**Eventualtillgångar**
En eventualtillgång är en möjlig tillgång till följd av inträffade händelser och vars förekomst endast kommer att bekräftas av att en eller flera osäkra framtida händelser, som inte helt ligger inom företagets kontroll, inträffar eller uteblir. En eventualtillgång redovisas inte som en tillgång i balansräkningen.

**Kassaflödesanalys**
Kassaflödesanalys upprättas i enlighet med reglerna i K3 kapitel 7.

**Väsentliga uppskattningar och bedömningar**
Upprättande av årsredovisning enligt K3 kräver att företagsledning och styrelse för antaganden om framtiden och andra viktiga källor till osäkerhet i uppskattningar på balansdagen som innebär en betydande risk för väsentlig justering av de redovisade värdena för tillgånger och skulder i framtiden.

*Prövning av nedskrivningsbehov för materiella anläggningstillgångar*
Företaget har betydande värden redovisade i balansräkningen avseende materiella anläggningstillgångar. Tillgångarna och de komponenter som identifierats testas för nedskrivningsbehov i enlighet med de redovisningsprinciper som beskrivs i koncernens Redovisnings- och värderingsprinciper, Not 15-16 Immateriella anläggningstillgångar och Not 17-19 Materiella anläggningstillgångar.

Återvinningsvärden för en kassaflödesgenererande enhet har fastställts genom beräkning av nyttjandevärden.
För dessa beräkningar måste vissa uppskattningar göras avseende framtida kassaflöden och andra adekvata antaganden avseende exempelvis diskonteringsränta samt marknadsinformation i enlighet med den senast beslutade långtidsprognosen.

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*Inkomstskatter och uppskjutna skatter*
Företaget redovisar i sin balansräkning uppskjutna skattefordringar och skulder vilka förväntas bli realiserade i framtida perioder. Vid beräkning av dessa uppskjutna skatter måste vissa antaganden och uppskattningar göras avseende framtida skattekonsekvenser som hänför sig till skillnaden mellan i balansräkningen redovisade tillgångar och skulder och motsvarande skattemässiga värden. Uppskattningarna inkluderar även att skattelagar och skattesatser kommer att vara oförändrade samt att gällande regler för utnyttjande av förlustavdrag inte kommer att ändras.

**Fusioner**
Fusion av helägda aktiebolag redovisas enligt koncernvärdemetoden, vilket innebär att tillgångar och skulder övertas till värden som har sin grund i den förvärvsanalys som upprättades vid det ursprungliga förvärvet av dotterbolaget. Fusionsdifferensen förs direkt till eget kapital.

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# Noter

Tkr

## Not 1 Finansiella instrument

Finansiella instrument ligger utanför balansräkningen. I denna not redovisas det värde till vilket innehavet av finansiella instrument skulle ha värderats till vid tillämpning av marknadsvärdering (verkligt värde), i enlighet med ÅRL 5 kap 27§.

| | 2022-12-31 Volym Gwh | 2022-12-31 Verkligt värde | 2021-12-31 Volym Gwh | 2021-12-31 Verkligt värde |
|---|---|---|---|---|
| Säljderivat | 46 788 | -21 929 832 | 44 039 | -10 708 380 |
| Köpderivat | 14 977 | 5 004 544 | 6 497 | 2 278 721 |
| | **61 765** | **-16 925 288** | **50 536** | **-8 429 660** |

Fortum Sverige AB säkrar sin exponering för elprisrisk, där det svenska priset för fysisk elleverans ofta är uppdelat i två riskkomponenter: systemprisrisk och prisområdesrisk. För var och en av dessa separata riskkomponenter finns specifika derivatkontrakt tillgängliga, som var och en säkrar för den tillhörande riskkomponenten.

## Not 2 Inköp och försäljning mellan koncernföretag

Vid inköp och försäljning mellan koncernföretag tillämpas samma principer för prissättning som vid transaktioner med extern part.

| | 2022 | 2021 |
|---|---|---|
| Andel av årets totala inköp som skett från andra företag i koncernen | 35,00 % | 51,00 % |
| Andel av årets totala försäljning som skett till andra företag i koncernen | 0,00 % | 0,00 % |

## Not 3 Övriga rörelseintäkter

| | 2022 | 2021 |
|---|---|---|
| Försäljning administrativa tjänster | 228 746 | 109 605 |
| Försäkringsersättning | 0 | 367 |
| Återvunna kundförluster | 0 | 14 129 |
| Skogsbruksintäkt | 503 | 7 996 |
| Övrigt | 6 220 | 1 109 |
| | **235 469** | **133 207** |

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## Not 4 Operationell leasingavtal - Leasingtagare

Företaget är leasetagare genom operationella leasingavtal avseende fordon och lokaler. Summan av årets kostnadsförda leasingavgifter avseende operationella leasingavtal uppgår till 54 428 (47 926) tkr. Framtida minimileaseavgifter avseende icke uppsägningsbara operationella leasingavtal förfaller enligt nedan:

| | **2022** | **2021** |
|---|---|---|
| Inom ett år | 38 448 | 40 972 |
| 1 - 5 år | 9 763 | 4 058 |
| | **48 211** | **45 030** |

## Not 5 Ersättningar till revisorer och revisionsföretag

| | **2022** | **2021** |
|---|---|---|
| Revisionsuppdrag, Deloitte AB | 952 | 930 |
| | **952** | **930** |

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter. Allt annat är övriga uppdrag.

## Not 6 Antal anställda, löner andra ersättningar och sociala kostnader

| | **2022** | **2021** |
|---|---|---|
| **Medelantalet anställda** | | |
| Kvinnor | 136 | 136 |
| Män | 349 | 300 |
| | **485** | **436** |
| | | |
| **Löner, ersättningar och sociala kostnader** | | |
| Löner och andra ersättningar till styrelse och VD | 2 981 | 3 091 |
| Löner och andra ersättningar till övriga anställda | 398 654 | 331 804 |
| Pensionskostnader till styrelse och VD | 615 | 163 |
| Pensionskostnader till övriga anställda | 465 416 | 72 437 |
| Övriga sociala kostnader | 240 950 | 123 315 |
| | **1 108 617** | **530 810** |

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| | | |
|---|---|---|
| **Totala löner, ersättningar, sociala kostnader och pensionskostnader** | **1 108 617** | **530 810** |

VD erhöll för år 2022 en ersättning på 2 981 (3 091) tkr varav bonus utgjorde 685 (417) tkr. VD hade tillträde den 19e augusti 2016.

VD ingår i Fortum Long Term Incentive-program. Vissa övriga ledande befattningshavare ingår också i Fortum Long Term Incentive-program. Kostnaden för Fortums Long Term Incentive-program uppgick under 2022 till 5 888 (9 667) tkr. Skulden i balansräkningen avseende Fortums Long Term Incentive-program uppgår till 10 025 (9 778) tkr. Reservering av sociala kostnader för detta har skett. För ytterligare information hänvisas till Fortum Oyj's årsredovisning.

VD har en uppsägningstid om 3 månader vid egen uppsägning. Inga andra ersättningar utgår vid egen uppsägning. Vid uppsägning från bolagets sida är uppsägningstiden 3 månader. Inget avtal om avgångsvederlag finns.

Under året har bolaget valt att byta tryggandeform för sitt pensionsåtagande avseende förmånsbestämda pensioner. Åtagandet försäkras i Alecta istället för tryggande genom pensionsstiftelse. En engångspremie har betalats till Alecta för vilken man sökt gottgörelse från stiftelsen för. Nettoeffekten blev en kostnad på 386 mkr samt sociala avgifter på 93 mkr främst beroende på skillnad i antagande om diskonteringsränta mellan Alecta och PRI.

## Not 7 Fördelning ledande befattningshavare per balansdagen

| | 2022 | 2021 |
|---|---|---|
| **Styrelseledamöter** | | |
| Kvinnor | 2 | 2 |
| Män | 6 | 6 |
| | **8** | **8** |

Alla ledamöter är anställda i bolag inom Fortumkoncernen, erhåller lön för anställning och särskilt styrelsearvode utgår ej.

| | | |
|---|---|---|
| **Verkställande direktör och ledande befattningshavare** | | |
| Kvinnor | 30 % | 36 % |
| Män | 70 % | 64 % |

## Not 8 Övriga rörelsekostnader

| | 2022 | 2021 |
|---|---|---|
| Förlust vid avyttring av materiella anläggningstillgångar | 64 | 163 |
| Övrigt | 0 | 1 001 |
| | **64** | **1 164** |

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## Not 9 Resultat från andelar i koncernföretag

| | 2022 | 2021 |
|---|---|---|
| Erhållen utdelning från Värmlandskraft OKG-delägarna AB | 416 | 431 |
| | **416** | **431** |

Utdelningen avser näringsbetingade aktier.

## Not 10 Resultat från andelar i intresseföretag och gemensamt styrda företag

| | 2022 | 2021 |
|---|---|---|
| Erhållen utdelning från Stockholm Exergi Holding AB | 0 | 425 000 |
| Erhållen utdelning från OKG AB | 3 375 | 2 700 |
| Nedskrivning av aktier i OKG AB | -4 901 | -4 901 |
| Exergi, reavinst | 0 | 28 261 441 |
| | **-1 526** | **28 684 239** |

Utdelningen avser näringsbetingade aktier.

## Not 11 Resultat från övriga värdepapper och fordringar som är anläggningstillgångar

| | 2022 | 2021 |
|---|---|---|
| Räntor på reversfordringar | 18 263 | 11 115 |
| | **18 263** | **11 115** |

## Not 12 Övriga ränteintäkter och liknande resultatposter

| | 2022 | 2021 |
|---|---|---|
| Ränteintäkter | 100 | 0 |
| Ränteintäkter, koncernföretag | 145 576 | 78 124 |
| Övrigt | 65 | 42 |
| | **145 741** | **78 166** |

## Not 13 Räntekostnader och liknande resultatposter

| | 2022 | 2021 |
|---|---|---|
| Räntekostnader | 257 509 | 3 |
| Räntekostnader, koncernföretag | 927 224 | 475 824 |
| Övrigt | 201 970 | 25 714 |
| | **1 386 702** | **501 541** |

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## Not 14 Bokslutsdispositioner

| | 2022 | 2021 |
|---|---|---|
| Överavskrivningar i delägda företag* | -46 960 | 70 394 |
| Överavskrivningar | -385 | -5 363 585 |
| Lämnade koncernbidrag | 634 840 | 317 115 |
| Erhållna koncernbidrag | -85 000 | -196 000 |
| | **502 496** | **-5 172 075** |

*Fortum Sverige AB kan genom regeringsbeslut lämna eller erhålla bidrag i form av extra kraftavgifter till eller från delägda produktionsanläggningar inom kärnkraft, vilka bidrag anses som avdragsgill omkostnad för givaren och skattepliktig intäkt för mottagaren, trots att kvalificerade koncernförhållanden (90%) inte föreligger. Dessa bidrag redovisas som bokslutsdispositioner -46 960 (70 394) tkr och det ackumulerade värdet av dem framgår av noten obeskattade reserver.

## Not 15 Skatt på årets resultat

| | 2022 | 2021 |
|---|---|---|
| Aktuell skatt | -1 145 141 | -829 287 |
| Uppskjuten skatt | 751 | -1 089 055 |
| Aktuell skatt hänförlig till tidigare år | 351 | -676 |
| Tillfällig skattereduktion för anskaffing av M & I 2021 | 13 965 | 0 |
| Justering kärnavfall | 0 | -64 608 |
| **Totalt redovisad skatt** | **-1 130 074** | **-1 983 627** |

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Redovisat resultat före skatt | | 5 077 736 | | 38 053 975 |
| Skattekostnad 20,6 (20,6) % | 20,60 | -1 046 014 | 20,60 | -7 839 119 |
| Skatteeffekt av ej avdragsgilla kostnader | | -84 203 | | -2 248 |
| Skatteeffekt av ej skattepliktiga intäkter | | 21 | | 5 824 116 |
| Nedskrivning OKG | | -1 010 | | -1 010 |
| Utdelning | | 781 | | 88 195 |
| Korrigering från föregående år | | 0 | | -2 918 |
| Uppskjuten skatt 2021 pga tillfällig skattereduktion 2022 | | 0 | | 13 965 |
| Korrigering föregående aktuell skatt | | 351 | | 0 |
| Justering kärnavfall | | 0 | | -64 608 |
| **Redovisad skattekostnad** | **22,26** | **-1 130 074** | **5,21** | **-1 983 627** |

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## Not 16 Balanserade utgifter för utvecklingsarbeten och liknande arbeten

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 187 216 | 145 311 |
| Försäljningar/utrangeringar | -4 678 | -53 415 |
| Omfört från pågående projekt och omklassificering | 34 514 | 95 321 |
| **Utgående ackumulerade anskaffningsvärden** | **217 052** | **187 216** |
| | | |
| Ingående avskrivningar | -100 305 | -108 209 |
| Försäljningar/utrangeringar | 4 678 | 27 961 |
| Årets avskrivningar | -28 836 | -20 057 |
| **Utgående ackumulerade avskrivningar** | **-124 463** | **-100 305** |
| | | |
| **Utgående redovisat värde** | **92 589** | **86 911** |

## Not 17 Goodwill

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 13 698 | 13 698 |
| Försäljningar/utrangeringar | -13 698 | 0 |
| **Utgående ackumulerade anskaffningsvärden** | **0** | **13 698** |
| | | |
| Ingående avskrivningar | -5 479 | -2 740 |
| Försäljningar/utrangeringar | 6 392 | 0 |
| Årets avskrivningar | -913 | -2 740 |
| **Utgående ackumulerade avskrivningar** | **0** | **-5 479** |
| | | |
| **Utgående redovisat värde** | **0** | **8 219** |

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## Not 18 Byggnader och mark

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 29 937 193 | 29 778 047 |
| Försäljningar/utrangeringar | 0 | -923 |
| Omfört från pågående nyanläggningar och omklassificering | 78 926 | 160 069 |
| **Utgående ackumulerade anskaffningsvärden** | **30 016 119** | **29 937 193** |
| | | |
| Ingående avskrivningar | -5 684 869 | -5 449 262 |
| Försäljningar/utrangeringar | 0 | 355 |
| Årets avskrivningar | -215 383 | -235 961 |
| **Utgående ackumulerade avskrivningar** | **-5 900 251** | **-5 684 869** |
| | | |
| Ingående nedskrivningar | -14 373 | -14 373 |
| **Utgående ackumulerade nedskrivningar** | **-14 373** | **-14 373** |
| | | |
| **Utgående redovisat värde** | **24 101 495** | **24 237 952** |

Fortum Sverige AB har räknat in ränta i anskaffningsvärdet för byggnader, vilket uppgår till 81 522 (81 522) tkr.

## Not 19 Maskiner och andra tekniska anläggningar

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 13 767 277 | 13 413 562 |
| Försäljningar/utrangeringar | -15 870 | -1 255 |
| Omfört från pågående nyanläggningar | 261 947 | 354 971 |
| **Utgående ackumulerade anskaffningsvärden** | **14 013 354** | **13 767 277** |
| | | |
| Ingående avskrivningar | -7 414 008 | -7 045 648 |
| Försäljningar/utrangeringar | 5 949 | 568 |
| Årets avskrivningar | -345 744 | -368 929 |
| **Utgående ackumulerade avskrivningar** | **-7 753 804** | **-7 414 008** |
| | | |
| Ingående nedskrivningar | -8 567 | -8 567 |
| **Utgående ackumulerade nedskrivningar** | **-8 567** | **-8 567** |
| | | |
| **Utgående redovisat värde** | **6 250 983** | **6 344 702** |

Fortum Sverige AB har räknat in ränta i anskaffningsvärdet för maskiner, vilket uppgår till 53 253 (53 253) tkr.

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## Not 20 Inventarier, verktyg och installationer

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 262 609 | 262 349 |
| Försäljningar/utrangeringar | -13 070 | -11 826 |
| Omfört från pågående nyanläggningar | 17 169 | 12 086 |
| **Utgående ackumulerade anskaffningsvärden** | **266 708** | **262 609** |
| | | |
| Ingående avskrivningar | -211 436 | -202 953 |
| Försäljningar/utrangeringar | 9 075 | 1 380 |
| Årets avskrivningar | -15 940 | -9 862 |
| **Utgående ackumulerade avskrivningar** | **-218 300** | **-211 436** |
| | | |
| **Utgående redovisat värde** | **48 407** | **51 173** |

## Not 21 Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående balans | 965 218 | 826 089 |
| Under året nedlagda kostnader och betalda förskott | 750 206 | 761 576 |
| Under året aktiverade kostnader | -392 555 | -622 447 |
| | **1 322 868** | **965 218** |

## Not 22 Andelar i koncernföretag

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 1 718 777 | 1 822 677 |
| Förvärv | 526 | 150 |
| Omklassificeringar | 0 | 0 |
| Försäljningar | -50 | 0 |
| Lämnade aktieägartillskott | 5 050 | 0 |
| Nedskrivning | 0 | -104 050 |
| **Utgående ackumulerade anskaffningsvärden** | **1 724 303** | **1 718 777** |
| | | |
| **Utgående redovisat värde** | **1 724 303** | **1 718 777** |

Fortum Sverige AB förvärvade 100% av aktierna (50 tkr i respektive) i företag Fortum Vindkraft Sverige 4 AB, Fortum Vindkraft Sverige 5 AB och Fortum Vindkraft Sverige 6 AB den 2022-06-16.

Fortum Sverige AB förvärvade 100% av aktierna (50 tkr i respektive) i företag Fortum Vindkraft Sverige 7 AB, Fortum Vindkraft Sverige 8 AB och Fortum Vindkraft Sverige 9 AB den 2022-11-14.

Fortum Sverige AB förvärvade 100% av aktierna (50 tkr) i företaget Fortum Grön AB den 2022-12-09, 100% av aktierna (88 tkr) i företaget Fortum Mockfors Kraft AB den 2022-02-08 samt 100% av aktierna

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(88 tkr) i företaget Nya Bullerforsen Kraft AB den 2022-01-27.
Fortum Sverige AB sålde aktierna (50 tkr) i Fortum Power AB 2022-12-01.

## Not 23 Specifikation andelar i koncernföretag

| Namn | Kapital-andel | Rösträtts-andel | Antal andelar | Bokfört värde 2022-12-31 |
|---|---|---|---|---|
| Mellansvensk Kraftgrupp AB | 86,9 | 86,9 | 66 479 | 314 815 |
| Värmlandskraft OKG-delägarna AB | 73,3 | 73,3 | 308 | 91 054 |
| Fortum Produktionsnät AB | 100 | 100 | 1 000 | 100 |
| Uddeholm Kraft AB | 100 | 100 | 1 000 | 120 |
| Brännälven Kraft AB | 67,01 | 67,01 | 26 805 | 243 000 |
| Bullerforsens Kraft AB | 88 | 88 | 264 000 | 1 000 784 |
| Fortum Fastigheter AB | 100 | 100 | 1 000 | 7 500 |
| Oreälvens Kraft AB | 65 | 65 | 325 | 260 |
| Blybergs Kraft AB | 66,67 | 66,67 | 1 000 | 0 |
| Sävar Vindkraft AB | 100 | 100 | 1 000 | 60 944 |
| Fortum Ljunga Kraft i likvidation AB | 100 | 100 | 10 177 625 | 0 |
| Borgvik Vindkraft AB | 100 | 100 | 100 | 2 550 |
| Salviken Solpark AB | 100 | 100 | 100 | 600 |
| Fortum Vindkraft Sverige 3 AB | 100 | 100 | 100 | 550 |
| Fortum Vindkraft Sverige 4 AB | 100 | 100 | 100 | 550 |
| Fortum Vindkraft Sverige 5 AB | 100 | 100 | 100 | 550 |
| Fortum Vindkraft Sverige 6 AB | 100 | 100 | 100 | 550 |
| Fortum Vindkraft Sverige 7 AB | 100 | 100 | 100 | 50 |
| Fortum Vindkraft Sverige 8 AB | 100 | 100 | 100 | 50 |
| Fortum Vindkraft Sverige 9 AB | 100 | 100 | 100 | 50 |
| Fortum Grön AB | 100 | 100 | 100 | 50 |
| Fortum Mockfors Kraft AB | 88 | 88 | 88 | 88 |
| Nya Bullerforsen Kraft AB | 88 | 88 | 88 | 88 |
| | | | | **1 724 303** |

| | Org.nr | Säte |
|---|---|---|
| Mellansvensk Kraftgrupp AB | 556138-9643 | Stockholm |
| Värmlandskraft OKG-delägarna AB | 556018-2379 | Karlstad |
| Fortum Produktionsnät AB | 556717-5061 | Stockholm |
| Uddeholm Kraft AB | 556000-5539 | Karlstad |
| Brännälven Kraft AB | 556017-6678 | Stockholm |
| Bullerforsens Kraft AB | 556036-4514 | Borlänge |
| Fortum Fastigheter AB | 556529-1258 | Stockholm |
| Oreälvens Kraft AB | 556210-1245 | Västerås |
| Blybergs Kraft AB | 556065-7826 | Västerås |
| Sävar Vindkraft AB | 559102-0101 | Orsa |
| Fortum Ljunga Kraft i likvidation AB | 556692-1044 | Älvdalen |
| Borgvik Vindkraft AB | 559313-7440 | Stockholm |
| Salviken Solpark AB | 559313-7432 | Solna |
| Fortum Vindkraft Sverige 3 AB | 559313-7309 | Solna |

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| | | |
|---|---|---|
| Fortum Vindkraft Sverige 4 AB | 559385-1958 | Solna |
| Fortum Vindkraft Sverige 5 AB | 559385-1982 | Solna |
| Fortum Vindkraft Sverige 6 AB | 559385-1974 | Solna |
| Fortum Vindkraft Sverige 7 AB | 559405-7621 | Solna |
| Fortum Vindkraft Sverige 8 AB | 559405-7605 | Solna |
| Fortum Vindkraft Sverige 9 AB | 559405-7613 | Solna |
| Fortum Grön AB | 559411-0453 | Solna |
| Fortum Mockfors Kraft AB | 559364-6010 | Solna |
| Nya Bullerforsen Kraft AB | 559362-7267 | Solna |

## Not 24 Fordringar hos koncernföretag

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 6 366 671 | 6 041 503 |
| Tillkommande fordringar | 173 181 | 4 308 998 |
| Avgående fordringar | -181 945 | -3 888 962 |
| Omklassificeringar * | -1 868 683 | 0 |
| Kärnavfall | -54 853 | -94 868 |
| **Utgående ackumulerade anskaffningsvärden** | **4 434 370** | **6 366 671** |
| **Utgående redovisat värde** | **4 434 370** | **6 366 671** |

*Omklassificering är gjord från koncernföretag till intresseföretag i och med att ägandet av Uniper övergick till den tyska staten.

Lån till delägda dotter- och intressebolag, så kallade delägarlån, anses vara långfristiga då dessa följer de långsiktiga investeringarna i det låntagande bolaget och endast amorteras i takt med avskrivningarna. Endast den del som amorteras klassificeras som kortfristigt lån. Bedömningen är gjord med tanke på avsikten med lånen samt med stöd av K3 4.4.

## Not 25 Andelar i intresseföretag och gemensamt styrda företag

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 1 377 299 | 2 378 101 |
| Försäljningar/utrangeringar | | -1 000 802 |
| **Utgående ackumulerade anskaffningsvärden** | **1 377 299** | **1 377 299** |
| | | |
| Ingående uppskrivningar | 67 598 | 67 598 |
| **Utgående ackumulerade uppskrivningar** | **67 598** | **67 598** |
| | | |
| Ingående nedskrivningar | -513 191 | -508 290 |
| Årets nedskrivningar | -4 901 | -4 901 |
| **Utgående ackumulerade nedskrivningar** | **-518 092** | **-513 191** |
| | | |
| **Utgående redovisat värde** | **926 805** | **931 707** |

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## Not 26 Specifikation andelar i intresseföretag och gemensamt styrda företag

| Namn | Kapital-andel | Rösträtts-andel | Antal andelar | Bokfört värde 2022-12-31 |
|---|---|---|---|---|
| OKG AB | 45,5 | 45,5 | 409 500 | 142 562 |
| Ångefallen Kraft AB | 50 | 50 | 5 000 | 78 112 |
| Tåsans Kraft AB | 40 | 40 | 960 | 81 200 |
| Vattenkraftens Miljöfond AB | 22,67 | 22,67 | 113 350 | 1 134 |
| Stensjön Kraft AB | 50 | 50 | 220 000 | 375 300 |
| Blåsjön Kraft AB | 50 | 50 | 6 000 | 150 068 |
| Väsa Kraft AB | 50 | 50 | 1 000 | 58 518 |
| Horrmundsvalla Kraft AB | 50 | 50 | 1 000 | 39 912 |
| | | | | **926 805** |

| | Org.nr | Säte |
|---|---|---|
| OKG AB | 556063-3728 | Oskarshamn |
| Ångefallen Kraft AB | 556031-3230 | Ånge |
| Tåsans Kraft AB | 556050-6197 | Karlstad |
| Vattenkraftens Miljöfond AB | 559172-3407 | Göteborg |
| Stensjön Kraft AB | 556000-5158 | Stockholm |
| Blåsjön Kraft AB | 556044-9695 | Stockholm |
| Väsa Kraft AB | 556065-7818 | Älvdalen |
| Horrmundsvalla Kraft AB | 556059-4227 | Falun |

I bokfört värde för aktierna i OKG AB ingår koncernmässiga övervärden som en effekt av genomförda fusioner. Kärnkraftsreaktorerna i OKG har begränsad livslängd varför dessa övervärden skrivs ned löpande. Nedskrivningen sker i bolaget enligt samma principer som tillämpades i koncernredovisningen före fusionerna. Nedskrivningar har under 2022 skett med 4 901 (4 901) tkr.

## Not 27 Fordringar hos intresseföretag

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 61 901 | 60 401 |
| Tillkommande fordringar | 188 868 | 1 500 |
| Avgående fordringar | -234 333 | 0 |
| Omklassificeringar * | 1 868 683 | 0 |
| **Utgående ackumulerade anskaffningsvärden** | **1 885 119** | **61 901** |
| **Utgående redovisat värde** | **1 885 119** | **61 901** |

*Omklassificering är gjord från koncernföretag till intresseföretag i och med att ägandet av Uniper övergick till den tyska staten.

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## Not 28 Ägarintresse i övriga företag

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 36 | 36 |
| **Utgående ackumulerade anskaffningsvärden** | **36** | **36** |

## Not 29 Uppskjuten skattefordran/skatteskuld 20,6%

**2022-12-31**

| | Temporär skillnad | Uppskjuten skattefordr 20,6% | Uppskjuten skatteskuld 20,6% | Netto |
|---|---|---|---|---|
| Byggnader och mark | -469 569 | | -96 731 | -96 731 |
| Restvärde maskiner & inventarier | -5 312 400 | | -1 094 354 | -1 094 354 |
| Pensionsskulder | 5 489 | 1 131 | | 1 131 |
| Avsättning OKG/Kärnkraft | 706 551 | 145 549 | | 145 549 |
| Underskottsavdrag | 1 200 625 | 247 329 | | 247 329 |
| | **-3 869 304** | **394 009** | **-1 191 086** | **-797 077** |

**2021-12-31**

| | Temporär skillnad | Uppskjuten skattefordr 20,6% | Uppskjuten skattefordr 20,6% | Netto |
|---|---|---|---|---|
| Byggnader & mark | -557 198 | | -114 783 | -114 783 |
| Restvärde maskiner & inventarier | -5 343 312 | | -1 100 722 | -1 100 722 |
| Pensionsskulder | 5 182 | 1 067 | | 1 067 |
| Elcertifikat | -546 | | -112 | -112 |
| Avsättning OKG/Kärnkraft | 700 984 | 144 403 | | 144 403 |
| Avsättning Mervärdesavtal Forsmark | 53 522 | 11 025 | | 11 025 |
| Tillfällig skattereduktion på investeringar | 67 793 | 13 965 | | 13 965 |
| Underskottsavdrag | 1 200 625 | 247 329 | | 247 329 |
| | **-3 872 950** | **417 790** | **-1 215 617** | **-797 828** |

Uppskjutna skattefordringar och skatteskulder kvittas när det finns en legal rätt att kvitta aktuella skattefordringar mot aktuella skatteskulder och när uppskjutna skatter avser samma skattemyndighet och när skatterna kan betalas med ett nettobelopp.

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## Not 30 Förutbetalda kostnader och upplupna intäkter

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Upplupna energiersättningar | 433 | 2 120 |
| Övriga förutbetalda kostnader | 1 966 | 5 576 |
| Upplupna projektintäkter (POC) | 12 954 | 0 |
| | **15 352** | **7 696** |

Beloppet för upplupna energiersättningar består av elcertifikat med 433 (2120) tkr. Elcertifikat har värderats till marknadsvärde.
På bolagets certifikatkonto fanns vid årets slut 283 328 (508 249) tilldelade elcertifikat.

## Not 31 Disposition av företagets vinst

Till årsstämmans förfogande står följande vinstmedel: 3 950 473 463 kronor.

Styrelsen föreslår att till aktieägare utdelas 3 900 000 000 kronor och
att i ny räkning balanseras 50 473 463 kronor.

## Not 32 Aktiekapital

Bolaget har totalt 10 000 000 (10 000 000) aktier. Kvotvärdet är 5 (5) kr/aktie

## Not 33 Obeskattade reserver

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ackumulerade överavskrivningar | 3 463 | 3 848 |
| Överavskrivningar för delägda bolag | 4 133 031 | 4 179 991 |
| | **4 136 494** | **4 183 839** |

## Not 34 Avsättningar för pensioner och liknande förpliktelser

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Avsatt till pensioner, PRI | 1 904 | 2 087 |
| Avsatt till pensioner, Skandia | 3 585 | 3 095 |
| | **5 489** | **5 182** |

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## Not 35 Övriga avsättningar

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Reservering markkostnad Nykroppa | 425 | 425 |
| Reservering miljöskuld Dejefors | 493 | 493 |
| | **917** | **917** |

Bolaget har reserverat kostnader för utförandet av miljötekniska undersökningar vid Nykroppa järnbruk samt vid Dejefors Bruk.

## Not 36 Långfristiga skulder

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| **Förfallotid senare än 1 år och tidigare än 5 år efter balansdagen** | | |
| Skulder till koncernföretag | 19 972 000 | 7 091 129 |
| | **19 972 000** | **7 091 129** |
| **Förfallotid senare än 5 år efter balansdagen** | | |
| Skulder till koncernföretag | 18 816 871 | 23 788 871 |
| | **18 816 871** | **23 788 871** |

## Not 37 Upplupna kostnader och förutbetalda intäkter

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Upplupna energiersättningar | 214 272 | 144 661 |
| Upplupna löner och semesterskulder | 65 259 | 63 923 |
| Upplupna sociala avgifter | 33 226 | 32 271 |
| Fastighetsskatt | 12 085 | -2 896 |
| Särskild löneskatt pensioner | 49 612 | 1 660 |
| Upplupna energiavgifter | 54 206 | 18 522 |
| Övriga upplupna kostnader | 44 968 | 10 099 |
| | **473 627** | **268 240** |

## Not 38 Räntor och utdelningar

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Erhållen ränta | 164 004 | 89 281 |
| Erhållen utdelning | 3 791 | 428 008 |
| Erlagd ränta | -1 386 702 | -501 541 |
| Uppbokad, ej erhållen ränteintäkt | -3 167 | -17 984 |
| Uppbokad, ej erlagd räntekostnad | -100 794 | 4 973 |
| | **-1 322 868** | **2 737** |

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## Not 39 Justering för poster som inte ingår i kassaflödet

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Avskrivningar | 606 816 | 637 548 |
| Nedskrivning av aktier | -4 901 | -4 901 |
| Övriga avsättningar | 76 182 | -483 247 |
| Utrangeringar | 7 306 | 1 001 |
| Vinst vid försäljning av anläggningstillgångar | 0 | -19 |
| Vinst vid försäljning av immateriella tillgångar | -1 566 | 0 |
| Förändring upplupen ränta | 0 | 13 011 |
| Kärnavfall | 0 | 466 442 |
| | **683 836** | **629 835** |

## Not 40 Amortering av lån

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Amortering av lån till koncernföretag | -7 091 | 0 |
| Övrig förändring av långfristig skuld | 0 | 9 |
| | **-7 091** | **9** |

## Not 41 Likvida medel

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| **Likvida medel** | | |
| Kassa och bank | 0 | 34 184 |
| | **0** | **34 184** |

Bolaget ingår i Fortum koncernens cashpoolsystem. Cashpoolsaldo redovisas ej som likvida medel utan som kortfristiga fordringar på koncernföretag respektive långfristiga skulder till koncernföretag. I posten fordringar hos koncernföretag ingår cashpoolsaldo med 12 005 229 (36 112 348) tkr och i posten skulder till koncernföretag med 0 (0) tkr.

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## Not 42 Ställda säkerheter och ansvarsförbindelser

### Eventualförpliktelser

| | | |
|---|---|---|
| Borgensförbindelser kärnavfallsfonden | 12 901 799 | 7 115 699 |
| Garantiförbindelse PRI/SPP | 620 | 12 647 |
| Andra ansvarsförbindelser | 306 892 | 102 544 |
| Garantiförbindelse övrigt | 0 | 1 891 |
| Borgensförbindelse lån Solidium | 3 892 630 | 0 |
| | **17 101 941** | **7 232 781** |

I samband med den försämrade geopolitiska situationen under 2022, som bland annat påverkade den nordiska marknaden för energi samt koncernens ansträngda likviditet på grund av ökade krav på prissäkring av el, ingick Fortum Oyj den 6 september 2022 ett avtal om en kreditfacilitet med finska staten genom Solidium Oy. Fortum Oyj utnyttjade 350 miljoner EUR av den totala kreditfaciliteten på 2 350 miljoner EUR. Fortum Power and Heat Oy och Fortum Sverige AB gick solidariskt i borgen för det utestående beloppet på 350 miljoner EUR. Per den 17 mars 2023 är lånet helt reglerat och kreditfaciliteten avslutad.

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**Not 43 Väsentliga händelser efter räkenskapsårets utgång**
Inga väsentliga händelser efter räkenskapsårets utgång.

Stockholm 2023-

Toni Kekkinen
Verkställande direktör

Peter Strannegård
Ordförande

Karin Tholén

Per Kenttä

Birgitta Henriksson

Andreas Tiedtke

Bertil Planeskog

Magnus Nyberg

# Revisorspåteckning

Vår revisionsberättelse har lämnats

Deloitte AB

Daniel Wassberg
Auktoriserad revisor

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## Årsredovisning Fortum Sverige AB 2022.pdf

| Name | Method | Signed at |
|---|---|---|
| PER KENTTÄ | BANKID | 2023-03-30 12:10 GMT+02 |
| BERTIL PLANESKOG | BANKID | 2023-03-30 12:09 GMT+02 |
| PETER STRANNEGÅRD | BANKID | 2023-03-30 11:55 GMT+02 |
| KARIN THOLÉN | BANKID | 2023-03-30 11:51 GMT+02 |
| MAGNUS NYBERG | BANKID | 2023-03-30 11:49 GMT+02 |
| DANIEL WASSBERG | BANKID | 2023-04-12 09:19 GMT+02 |
| TONI KEKKINEN | BANKID | 2023-03-31 09:00 GMT+02 |
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Deloitte.

# REVISIONSBERÄTTELSE

**Till bolagsstämman i Fortum Sverige AB**
**organisationsnummer 556006-8230**

## Rapport om årsredovisningen och koncernredovisningen

*Uttalanden*

Vi har utfört en revision av årsredovisningen och koncernredovisningen för Fortum Sverige AB för räkenskapsåret 2022-01-01 - 2022-12-31.

Enligt vår uppfattning har årsredovisningen och koncernredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets och koncernens finansiella ställning per den 31 december 2022 och av dessas finansiella resultat och kassaflöden för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och koncernen.

*Grund för uttalanden*

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

*Styrelsens och verkställande direktörens ansvar*

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen och koncernredovisningen upprättas och att de ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen och koncernredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets och koncernens förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

*Revisorns ansvar*

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen och koncernredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen och koncernredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen och koncernredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.

- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen och koncernredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets och koncernens förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen

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fästa uppmärksamheten på upplysningarna i årsredovisningen och koncernredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen och koncernredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag och en koncern inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen och koncernredovisningen, däribland upplysningarna, och om årsredovisningen och koncernredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

- inhämtar vi tillräckliga och ändamålsenliga revisionsbevis avseende den finansiella informationen för enheterna eller affärsaktiviteterna inom koncernen för att göra ett uttalande avseende koncernredovisningen. Vi ansvarar för styrning, övervakning och utförande av koncernrevisionen. Vi är ensamt ansvariga för våra uttalanden.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

## Rapport om andra krav enligt lagar och andra författningar

*Uttalanden*

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Fortum Sverige AB för räkenskapsåret 2022-01-01 - 2022-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

*Grund för uttalanden*

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

*Styrelsens och verkställande direktörens ansvar*

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets och koncernens verksamhetsart, omfattning och risker ställer på storleken av moderbolagets och koncernens egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets och koncernens ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

*Revisorns ansvar*

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller

- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

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# Deloitte.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Stockholm enligt efterföljande digital signering

Deloitte AB

Daniel Wassberg
Auktoriserad revisor

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**DANIEL WASSBERG**
**Undertecknare**
På uppdrag av: Deloitte AB
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# Financials 2022

FINANCIALS 2022

# Financials 2022 – Reader's guide

This report consists of the operating and financial review and the consolidated financial statements of Fortum Group, including the parent company financial statements. Other parts of Fortum's reporting entity include CEO's business review, corporate governance statement, remuneration report as well as tax footprint, which are published on Fortum's webpage. Sustainability reporting is an integrated part of Fortum's annual reporting and additional information on sustainability operations can be found on Forum's website in sustainability section.

**Operating and financial review**
This section includes description of Fortum's financial performance during 2022. Here you will also find a description of the risk management as well as information on sustainability, including EU taxonomy KPIs, as well as Fortum share performance.

**Consolidated financial statements**
Primary statements include Fortum's consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in total equity and cash flow statement.

**Notes**
The notes to the consolidated financial statements are grouped to six sections based on their nature. Use the note number list on the right side of the notes pages to navigate in the financial statements.

**Key figures**
Key figures consist of financial key figures, share key figures and operational key figures for 2021–2022. The financial key figures derive mainly from the primary statements. Segment key figures include information on segments.

**Parent company financial statements**
Here you can read the parent company financial statements including the primary statements, cash flow and notes to the financial statements.

**Signatures for the operating and financial review and financial statements**
The Board of Directors' and the CEO's signatures of the operating and financial review and financial statements are in this section.

**Auditor's report**
This section includes the audit report issued by Fortum Oyj's auditor, Deloitte Oy.

**Key figures 2013–2022, operational key figures and quarterly financial information**
Look here for financial key figures, share key figures, operational key figures and volume related key figures for 2013–2022 as well as capex and quarterly financial information for the years 2021 and 2022.

**Investor information**
Here you will find information on Fortum's Annual General Meeting, dividend payment, basic share information as well as details of the financial information available to shareholders in 2023.

## Notes

**1–3 Basis of preparation**
These notes describe the basis of preparing the consolidated financial statements and consist of the accounting policies, critical accounting estimates and judgements and information about acquisitions and disposals.

**4–5 Risks**
In the Risks section you will find notes that disclose how Fortum manages financial risks and capital risks.

**6–13 Income statement**
These notes provide supporting information for the income statement.

**14–34 Balance sheet**
These notes provide supporting information for the balance sheet.

**35–37 Off-balance sheet items**
The notes in this section provide information on items that are not included on the balance sheet.

**38–40 Group structure and related parties**
This section includes information on related party transactions, events after balance sheet date and the subsidiaries of Fortum group.

The following symbols show which amounts in the notes reconcile to the items in income statement, balance sheet and cash flow statement.
IS = Income statement
BS = Balance sheet
CF = Cash flow

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FINANCIALS 2022

# Financials 2022


**OPERATING AND FINANCIAL REVIEW**

Financial performance and position ..... 2
Sustainability ..... 18
Risk management ..... 29
Fortum share and shareholders ..... 37

**FINANCIAL STATEMENTS**

**Consolidated financial statements**

Consolidated income statement ..... 40
Consolidated statement of comprehensive income ..... 41
Consolidated balance sheet ..... 42
Consolidated statement of changes in total equity ..... 43
Consolidated cash flow statement ..... 44

**Notes to the consolidated financial statements**

1 Significant accounting policies ..... 46
2 Critical accounting estimates and judgements ..... 49
3 Acquisitions, disposals, assets held for sale and discontinued operations ..... 50
4 Financial risk management ..... 53
5 Capital risk management ..... 58
6 Segment reporting ..... 59
7 Comparable operating profit and comparable net profit ..... 64
8 Other income and other expenses ..... 66
9 Materials and services ..... 66
10 Employee benefits and Board remuneration ..... 67
11 Finance costs – net ..... 70
12 Income tax expense ..... 71
13 Earnings and dividend per share ..... 72
14 Financial assets and liabilities by categories ..... 73
15 Financial assets and liabilities by fair value hierarchy ..... 77
16 Intangible assets ..... 80
17 Property, plant and equipment and right-of-use assets ..... 81
18 Participations in associated companies and joint ventures ..... 83
19 Impairment testing ..... 86
20 Other non-current assets ..... 88
21 Interest-bearing receivables ..... 88
22 Inventories ..... 88
23 Trade and other receivables ..... 89
24 Liquid funds ..... 90
25 Share capital ..... 90
26 Non-controlling interests ..... 91
27 Interest-bearing liabilities ..... 91
28 Income taxes on the balance sheet ..... 94
29 Nuclear-related assets and liabilities ..... 96
30 Other provisions ..... 99
31 Pension obligations ..... 100
32 Other non-current liabilities ..... 103
33 Trade and other payables ..... 103
34 Leases ..... 104
35 Capital and other commitments ..... 105
36 Pledged assets and contingent liabilities ..... 106
37 Legal actions and official proceedings ..... 107
38 Related party transactions ..... 107
39 Events after the balance sheet date ..... 109
40 Group companies by segment ..... 110

**Key figures**

Financial key figures ..... 112
Share key figures ..... 113
Segment key figures ..... 114
Definitions and reconciliations of key figures ..... 116

**Parent company financial statements**

Income statement ..... 123
Balance sheet ..... 123
Cash flow statement ..... 124
Notes ..... 125

**Signatures for the operating and financial review and financial statements ..... 132**

**Auditor's report ..... 133**

**Auditor's assurance report of ESEF financial statements ..... 137**

**Key figures 2013–2022**

Financial key figures ..... 138
Share key figures ..... 141
Segment key figures ..... 142
Capital expenditure ..... 147
Operational key figures ..... 149

**Quarterly financial information ..... 153**

**Investor information ..... 155**

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**



# Financial performance and position

*Weathering through the European energy crisis - a year of decisive actions*

## IFRS restatement relating to discontinued operations

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. Thus, Uniper was deconsolidated at 30 September 2022. Fortum's consolidated income statement and consolidated cash flow statement were modified in 2022 to include discontinued operations. As required by IFRS, comparatives for 2021 were restated. Comparatives for 2020 have not been restated.

Discontinued operations include Fortum's former subsidiary Uniper SE and its consolidated group companies. The Generation segment was restated regarding Fortum's ownership in the Swedish nuclear operator OKG AB as an associated company instead of the earlier proportionate consolidation. Income statement information in this operating and financial review and financial statements include only continuing operations, unless otherwise specified.

See ▸ **Note 1**, ▸ **Note 2** and ▸ **Note 3**.

# Key figures

## Key figures, continuing operations

| EUR million or as indicated | 2022 | 2021 | 2020 | Change 22/21 |
|---|---|---|---|---|
| **Reported** | | | | |
| IS Sales | 8,804 | 6,422 | 49,015 | 37% |
| IS Operating Profit | 1,277 | 4,325 | 1,599 | -70% |
| - of sales % | 14.5 | 67.4 | 3.3 | |
| IS Share of profit of associates and joint ventures | -629 | 168 | 656 | -474% |
| IS Profit before income tax | 455 | 4,332 | 2,199 | -89% |
| - of sales % | 5.2 | 67.5 | 4.5 | |
| IS Net profit | 1,011 | 4,008 | 1,855 | -75% |
| IS Net profit (after non-controlling interests) | 1,011 | 3,985 | 1,823 | -75% |
| IS Earnings per share, EUR | 1.14 | 4.49 | 2.05 | -75% |
| CF Net cash from operating activities | 2,104 | 1,119 | 2,555 | 88% |

| EUR million or as indicated | 2022 | 2021 | 2020 | Change 22/21 |
|---|---|---|---|---|
| **Comparable** | | | | |
| EBITDA | 2,436 | 2,016 | 2,434 | 21% |
| IS Operating profit | 1,871 | 1,429 | 1,344 | 31% |
| Share of profit of associates and joint ventures | -11 | 104 | 656 | -111% |
| Net profit (after non-controlling interests) | 1,550 | 1,091 | 1,483 | 42% |
| Earnings per share, EUR | 1.74 | 1.23 | 1.67 | 41% |

## Key figures, continuing operations excl. Russia

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 Fortum introduced new APMs to provide additional financial information excluding the Russia segment. See also ▸ **Note 1**.

| EUR million or as indicated | 2022 | 2021 | 2020 | Change 22/21 |
|---|---|---|---|---|
| **Comparable** | | | | |
| EBITDA | 2,025 | 1,612 | N/A | 26% |
| Operating profit | 1,611 | 1,167 | N/A | 38% |
| Share of profit of associates and joint ventures | -40 | 42 | N/A | -195% |
| Net profit (after non-controlling interests) | 1,076 | 851 | N/A | 26% |
| Earnings per share, EUR | 1.21 | 0.96 | N/A | 26% |
| **Financial position** | | | | |
| Financial net debt/comparable EBITDA | 0.6 | N/A | N/A | |

## Key figures, total of continuing and discontinued operations

| EUR million or as indicated | 2022 | 2021 | 2020 | Change 22/21 |
|---|---|---|---|---|
| **Reported** | | | | |
| IS Net profit (after non-controlling interests) | -2,416 | 739 | 1,823 | -427% |
| IS Earnings per share, EUR | -2.72 | 0.83 | 2.05 | -428% |
| CF Net cash from operating activities | -8,767 | 4,970 | 2,555 | -276% |
| **Comparable** | | | | |
| Net profit (after non-controlling interests) | -988 | 1,778 | 1,483 | -156% |
| Earnings per share, EUR | -1.11 | 2.00 | 1.67 | -156% |

| EUR million or as indicated | 2022 | 2021 | 2020 | Change 22/21 |
|---|---|---|---|---|
| Shareholders' equity per share, EUR | 8.55 | 13.66 | 14.58 | -37% |
| Financial net debt (at end of period) | 1,084 | 789 | 7,023 | 37% |
| Adjusted net debt (at end of period) | 1,117 | 3,227 | 9,784 | -65% |
| Financial net debt/comparable EBITDA, continuing operations | 0.4 | N/A | N/A | |
| Financial net debt/comparable EBITDA, total | N/A | 0.2 | 2.9 | |
| Return on shareholders' equity, % | -96.2 | -0.8 | 12.9 | |
| Equity-to-assets ratio, % | 33 | 9 | 27 | |

See ▸ **Definitions and reconciliations of key figures.**

The year 2022 started with managing Uniper's liquidity challenges. These were a consequence of nervousness in the gas market - amid rapidly increasing and volatile gas prices resulting in significantly higher margining requirements for Uniper. Within a month, in February, Russia attacked Ukraine, marking the beginning of shock-like effects of the war and a full-blown energy crisis in Europe that drastically changed our operating environment.

At Fortum, we started tackling the issues one by one. Our immediate step was to halt all new activities in Russia; we would not do any new investment projects or provide any financing to our Russian subsidiaries. The decision to pursue a controlled exit from Russia was made in May. The divestment process has progressed and is still ongoing, but any major divestment in the Russian energy sector requires approval by the Russian Government Commission and the President. From a governance point of view, we have separated the management and steering of the Russian operations from the rest of the Group, simultaneously ensuring compliance with applicable laws and regulations, including sanctions. At

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

the end of the year, we recorded additional impairments of approximately EUR 990 million related to our operations in Russia, amounting to a total of EUR 1.7 billion during the year.

The dramatic year also ended our five-year journey with Uniper. The energy crisis escalated during the summer when Russia decided to cut pipeline gas exports to Germany and most of Europe, causing massive losses to gas midstream companies. Particularly Uniper, as Germany's largest importer of Russian gas, was hit severely. Therefore, a long-term solution to rescue Uniper was required and in September Fortum agreed to sell its ownership to the German State. The divestment was completed at the end of December. Fortum's total pre-tax loss from the Uniper investment is slightly below EUR 6 billion. This outcome clearly is not what we wanted or had worked for over the past years, yet it was necessary and it provides a chance for a new beginning for Fortum.

Geopolitical tensions and gas curtailments also caused power prices to soar in the derivatives markets. Fortum's hedged power volumes on the Nasdaq exchange were affected through the unprecedentedly rapidly increasing and historically high power future prices that led to unforeseen margining requirements. This put Fortum's liquidity under pressure. In September, Fortum agreed with the Finnish State on a bridge financing facility of EUR 2.35 billion to be able to manage its liquidity position in case of further power price hikes during the winter period. In November, as a condition for the loan arrangement, Fortum's Extraordinary General Meeting resolved on a directed share issue (1% of outstanding shares) to the Finnish State-owned holding company, Solidium, without payment. We are grateful that the Finnish Government came to our aid. Also elsewhere in Europe EU member states provided energy companies with massive liquidity support to manage their margining requirements.

Despite the tight situation at the end of the summer, we were able to manage our liquidity well. At the end of the year, our financial situation was solid as Uniper repaid its EUR 4 billion shareholder loan and we received the sales proceeds of EUR 0.5 billion from the divestment of our Uniper shares. For 2023, refinancing will be a key priority for us, and we aim to return to the bond markets to rebuild our financial flexibility. Strong financial discipline will be the hallmark of our decisions and actions going forward.

During 2022, we also saw rapid developments in the regulatory environment. EU institutions focused on finalising the extensive 'Fit for 55' legislative package the main effect of which was a revision of the EU's emissions trading system, ETS. It also has an ambition to tackle the energy crisis by, for example, introducing regulation on an emergency intervention to address high energy prices. On the flip side, there is a risk that uncoordinated and very different actions by member states could lead to distortions of competitiveness; Finland, for example, is enacting a national windfall tax, whereas Sweden is implementing the revenue cap in accordance with the EU regulation.

Furthermore, as an immediate reaction to the Russian invasion of Ukraine, the Commission published the 'REPowerEU' plan. It states the EU's intention to phase out its dependency on Russian fossil fuels, outlining a series of measures to deliver on this ambition.

While crisis measures are undoubtedly necessary, it is crucial that these interventions are temporary and separate from the long-term structural reform of the power market design, which has started in the EU. Overall, to secure investments in the energy transition in the longer term, the regulatory environment needs to be clear, predictable and reliable.

As much as we would like to say the storm is over and we will get back to normal, unfortunately the energy crisis is not over yet. For the short-term, uncertainty prevails. Many economists forecast that global growth will slow down in the face of elevated inflation, higher interest rates, reduced investments, and multidimensional disruption effects caused by Russia's invasion of Ukraine. Europe is highly dependent on energy imports and thus high prices and supply constraints are likely to continue. And, due to low liquidity on the derivative markets, we must be prepared for continued volatile and unpredictable commodity markets.

As our operating environment turned upside-down in the past year, over the recent months we have worked hard to realign the company and renew our strategy to the new realities. A strong focus on sustainability is at the heart of our strategy and our purpose – *To power a world where people, businesses and nature thrive together* – is our North Star. Our new financial targets further guide how we look at investments going forward and pursue our business priorities: Delivering reliable clean energy and Drive decarbonisation in industries.

The most recent example of how we aim to implement our new strategy is the Finnish Government's welcome decision to grant a new operating licence for both units at Fortum's Loviisa nuclear power plant until the end of 2050. This helps to fulfil our goal to provide reliable, firm capacity and stability which is crucial for maintaining the increasingly intermittent energy system and enabling the decarbonisation of industries. Continuing production at Loviisa is also an investment in providing the clean power Finland needs to meet its ambitious climate targets.

In our 2022 financial results, the Generation segment's solid performance was the main driver throughout the year. The segment benefitted from the higher power prices in the Nordics and was supported by very good physical optimisation. In the fourth quarter, the segment's comparable operating profit was very strong, though somewhat offset by lower hydro volumes. Based on the solid results of Fortum's continuing operations in 2022, Fortum's Board of Directors is proposing to the Annual General Meeting a dividend of EUR 0.91 per share.

Most importantly, throughout this crisis and turbulence we have been running our power plants reliably and efficiently; providing energy to people and industries when they need it the most. We have also strengthened our customer service capabilities to better help our customers manage the energy crisis.

## Uniper divestment

On 21 December, Fortum concluded the sale of its ownership in Uniper SE to the German State. On 19 December, the final agreements of the stabilisation package were signed between Fortum, the German Government and Uniper. All required approvals for the completion of the stabilisation package, including the State Aid clearances from the European Commission, were obtained.

On 21 September, Fortum, the German Government and Uniper signed an agreement in principle on a long-term solution that allowed the German State to take full control of Uniper. This final Uniper stabilisation framework agreement replaced the initial agreement between the same parties, signed in July 2022. After July, the European energy crisis escalated further and the severity of the situation made it apparent that the previously agreed stabilisation measures were insufficient and difficult to implement. By 21 September, Uniper had accumulated significant negative earnings amounting to billions of euros in gas-related losses, and it had become evident that the company, as privately-owned, was not able to fulfil its role as a critical energy provider of security of supply in Germany.

The Uniper Extraordinary General Meeting (EGM) was held on 19 December. The EGM resolved on the capital increase of Uniper and all newly issued shares were subscribed by the German State for EUR 1.70 per share. After the equity capital increase, the German State acquired all of Fortum's approximately 293 million shares in Uniper SE for EUR 1.70 per share, a total consideration of approximately EUR 0.5 billion. In addition, Uniper repaid the shareholder loan of EUR 4.0 billion granted by Fortum. From the EUR 4.0 billion parent company guarantee facility that Fortum had granted to Uniper, a total of EUR 3.0 billion was released by year-end 2022. The remaining approximately EUR 1.0 billion, with a full German State back-to-back guarantee (indemnity), will be released by the end of June 2023 at the latest.

Further, as part of the signed package, Fortum has a right of first offer in case Uniper intends to divest all or parts of its Swedish hydro and nuclear assets until the end of 2026.

Following the change of control in Uniper to the German State, Fortum's representatives on Uniper's Supervisory Board resigned: Fortum's President and CEO Markus Rauramo, who was the Chair of the Supervisory Board, Fortum's CFO Bernhard Günther, Vice Chair of the Supervisory Board, as well as Fortum's General Counsel Nora Steiner-Forsberg and Head of Fortum's CEO Office Esa Hyvärinen.

In 2017, Fortum became a major shareholder in Uniper with a 46.65% ownership stake and a majority shareholder in 2019, eventually increasing its shareholding in Uniper to approximately 80%.

The total pre-tax loss from the Uniper investment in the legal Fortum entity owning the Uniper shares is slightly below EUR 6 billion, which is the net effect from the investments in Uniper SE shares of

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

approximately EUR 7.2 billion, the sales proceeds of EUR 0.5 billion received, and dividends of approximately EUR 0.9 billion received during Fortum's Uniper ownership.

## Additional information related to Fortum's disclosures on Russia, APMs

Russia's attack war in Ukraine and its decision to use energy as a weapon fundamentally changed the geopolitical situation and operating environment for Fortum. Due to the circumstances, Fortum has consequently limited its disclosure on the Russian operations and operating environment in Russia compared to previous years.

As Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, in the reporting of 2022 Fortum introduced the following new Alternative Performance Measures (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' to provide additional financial performance indicators to support meaningful comparison of financials for Fortum's strategic businesses (**Note 1** and **Definitions and reconciliations of key figures**).

## Solidium's bridge financing loan to Fortum and directed share issue without payment to Solidium

In 2022, the Russian war in Ukraine and Russia's decision to use energy as a weapon escalated to an energy crisis in Europe that also affected the Nordic power market. In August 2022, dramatically increased spot and futures power prices in the Nordics led to unprecedentedly high collateral requirements for utility companies that hedge their power sales on the market. At the end of August, Fortum's collaterals tied up on the Nordic commodities exchange Nasdaq increased to record-high levels of approximately EUR 5 billion. As prices came down, net margin receivables decreased to EUR 2.9 billion at the end of September and were EUR 2.3 billion at the end of December.

In order to ensure sufficient liquidity buffers for potential further collateral requirements in case of rising and volatile power prices, Fortum agreed with its majority owner, the Finnish State, on a EUR 2.35 billion bridge financing loan provided by the State-owned holding company Solidium. The bridge financing, announced on 6 September, was put in place in accordance with the schedule and terms set by the Finnish State. Alternative financing for the equivalent amount and with more favourable terms than the bridge financing was not available on such short notice before the end of September due to the company's unresolved strategic matters.

According to the terms of the arrangement, the first tranche was to be drawn by 30 September 2022 at the latest in order for the loan facility to remain effective thereafter. Therefore, on 26 September, Fortum announced to draw down the first minimum tranche of EUR 350 million. To date, no further drawdowns have been made due to the company's good liquidity position. The liquidity facility matures in September 2023, and the last required tranche may be drawn by 31 March 2023. The plan is to repay the drawn EUR 350 million amount and at the same time cancel the entire EUR 2,350 million bridge loan facility by the end of March 2023.

The bridge loan facility is linked to the six-month Euribor; the margin for the first six months is 10% and for the following six months 12%.

One condition subsequent of the drawdown of the loan, was a directed share issue which entitled Solidium to subscribe up to 8.97 million new ordinary registered shares in Fortum. The directed share issue required approval by Fortum's Extraordinary General Meeting (EGM) with a two-thirds majority of the shares and votes present. On 23 November, an EGM convened and resolved that the new shares, amounting to 1% of Fortum's share capital, were issued without payment after the execution of the share issue. As a consequence, the shares under control of the Finnish State increased from 50.76% to 51.26%, correspondingly diluting the ownership of other shareholders.

The arrangement also contains restrictions regarding management remuneration. The remuneration to be paid to the Board of Directors will not be increased during 2022 and 2023. Members of Fortum's Executive Management team will not be paid short- or long-term incentives under STI and LTI programmes accumulated in 2022 and 2023, and their salaries will not be increased during 2022 or 2023.

The arrangement does not include dividend restrictions.

In 2022, Fortum had sufficient liquid funds to meet current collateral requirements. In the latter part of 2022, the Nordic power prices declined from the record levels at the end of August and the market was less volatile. However, Fortum remained prepared for continued market turbulence, and drawing the first tranche in September ensured that it had access to the loan should the collateral requirements increase again during the winter. As an additional liquidity risk mitigation measure, Fortum has reduced its exposure on the Nasdaq Commodities exchange and increased the share of bilateral agreements.

In the longer term, Fortum calls for necessary regulatory changes to the EU EMIR (European Market Infrastructure Regulation), which sets the legal framework for margining and collateral requirements. The current implementation does not distinguish between requirements for pure financial counterparties and power generators that have lower risks, as they possess the power generation assets and thus the power generation. A review of the EMIR is essential to restore stability and predictability both for energy producers and users and to release power producers from unreasonable collateral requirements.

## Financial results

### Sales by segment

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Generation | 3,655 | 2,869 | 27% |
| City Solutions | 1,282 | 1,302 | -2% |
| Consumer Solutions | 4,578 | 2,622 | 75% |
| Other Operations | 136 | 138 | -1% |
| Netting of Nord Pool transactions [1] | -2,312 | -1,128 | |
| Eliminations | 435 | -284 | |
| **Total continuing operations excl. Russia** | **7,774** | **5,519** | **41%** |
| Russia | 1,031 | 906 | 14% |
| Eliminations | -1 | -2 | |
| **Total continuing operations** | **8,804** | **6,422** | **37%** |

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

### Comparable EBITDA by segment

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Generation | 1,765 | 1,287 | 37% |
| City Solutions | 177 | 317 | -44% |
| Consumer Solutions | 173 | 123 | 41% |
| Other Operations | -90 | -114 | 21% |
| **Total continuing operations excl. Russia** | **2,025** | **1,612** | **26%** |
| Russia | 411 | 404 | 2% |
| **Total continuing operations** | **2,436** | **2,016** | **21%** |

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Comparable operating profit by segment

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Generation | 1,600 | 1,123 | 42% |
| City Solutions | 28 | 135 | -79% |
| Consumer Solutions | 97 | 52 | 87% |
| Other Operations | -115 | -142 | 19% |
| **Total continuing operations excl. Russia** | **1,611** | **1,167** | **38%** |
| Russia | 260 | 261 | 0% |
| IS **Total continuing operations** | **1,871** | **1,429** | **31%** |

## Operating profit by segment

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Generation | 1,403 | 1,066 | 32% |
| City Solutions | 719 | 2,671 | -73% |
| Consumer Solutions | -149 | 495 | -130% |
| Other Operations | -6 | -134 | 96% |
| **Total continuing operations excl. Russia** | **1,967** | **4,098** | **-52%** |
| Russia | -690 | 227 | -404% |
| IS **Total continuing operations** | **1,277** | **4,325** | **-70%** |

## Share of profits of associated companies and joint ventures by segment

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Generation | -194 | 64 | -403% |
| City Solutions | 14 | 42 | -67% |
| Consumer Solutions | - | - | - |
| Other Operations | -6 | 0 | -100% |
| **Total continuing operations excl. Russia** | **-185** | **106** | **-275%** |
| Russia | -443 | 62 | -815% |
| IS **Total continuing operations** | **-629** | **168** | **-474%** |

## Comparable share of profits of associated companies and joint ventures by segment

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Generation | -49 | 0 | -100% |
| City Solutions | 14 | 42 | -67% |
| Consumer Solutions | - | - | - |
| Other Operations | -6 | 0 | -100% |
| **Total continuing operations excl. Russia** | **-40** | **42** | **-195%** |
| Russia | 30 | 62 | -52% |
| **Total continuing operations** | **-11** | **104** | **-111%** |

For further information see ▸ **Note 6**.

Sales were EUR 8,804 (6,422) million driven by record-high power prices.

Comparable operating profit was EUR 1,871 (1,429) million. The main reason for the improvement was the higher achieved power price with strong physical and financial optimisation which, however, was partly offset by lower hydro volumes in the Generation segment.

Operating profit for the period was impacted by EUR -593 (2,897) million of items affecting comparability of which EUR -905 million were impairments related to property, plant and equipment and goodwill for the Russia segment and EUR -393 million were changes in fair values of non-hedge-accounted derivatives. Items affecting comparability also included tax-exempt capital gains of EUR 785 million related to the divestments of the ownership in Fortum Oslo Varme AS, Recharge and Plugsurfing. In the comparison period, items affecting comparability included tax-exempt capital gains of EUR 2,350 million related to divestments of Stockholm Exergi Holding AB, a EUR 254 million gain from the sale of the district heating business in the Baltics and EUR 50 million gain from the sale of eight small hydropower plants in Sweden (▸ **Note 3**, ▸ **Note 7** and ▸ **Note 19**).

Comparable share of profits of associates and joint ventures was EUR -11 (104) million (▸ **Note 18**). The share of profits of associates and joint ventures amounted to EUR -629 million and included EUR -475 million of impairments related to Fortum's ownership in the Russian TGC-1 and joint ventures.

Finance costs– net amounted to EUR -193 (-161) million. The change in finance cost– net relates mainly to foreign exchange gains from rouble receivables and the closing of rouble hedges and fair value changes, impairments and reversals of EUR -303 million recorded in 2022, which include expected credit losses of EUR 117 million related to Russian deposits and receivables, as well as EUR 171 million of write downs of other shares. Comparable finance costs– net amounted to EUR 155 (-127) million. (▸ **Note 11**).

Profit before income taxes was EUR 455 (4,332) million. Profit before taxes was impacted by the impairments related the Russian operations. In addition, items affecting comparability included tax-exempt capital gains of EUR 2,350 million in 2021. Comparable profit before income taxes was EUR 2,014 (1,405) million.

Income taxes for the period totalled EUR 556 (-325) million. Adjustments to income tax expense include EUR 746 million relating to onetime tax impact realised in Ireland mainly due to the Uniper divestment (▸ **Note 7**). Comparable income taxes were EUR -454 (-290) million (▸ **Note 12**).

Net profit was EUR 1,011 (4,008) million. Comparable net profit attributable to the owners of the parent was EUR 1,550 (1,091) million. Comparable net profit is adjusted for items affecting comparability, adjustments to the share of profit of associates and joint ventures, net finance costs, and income tax expenses (▸ **Note 7.2** and ▸ **Definitions and reconciliations of key figures**).

Earnings per share for continuing operations were EUR 1.14 (4.49). Earnings per share for total Fortum, including the effect from discontinued operations, were EUR -2.72 (0.83). Comparable earnings per share for continuing operations were EUR 1.74 (1.23) and comparable earnings per share for total Fortum, including the effect from discontinued operations, were EUR -1.11 (2.00). Comparable earnings per share for continuing operations excluding Russia were EUR 1.21 (0.96) (▸ **Note 7**).

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Financial position and cash flow

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Interest expense | -179 | -154 | -16% |
| Interest income | 87 | 25 | 248% |
| Other financial expenses— net | -101 | -32 | -216% |
| IS **Finance costs— net** | **-193** | **-161** | **-20%** |
| | | | |
| Financial net debt | 1,084 | 789 | -37% |
| Adjusted net debt | 1,117 | 3,227 | 65% |

## Cash flow

In 2022, net cash from operating activities increased by EUR 985 million to EUR 2,104 (1,119) million, mainly due to the improved comparable EBITDA as well as the change in working capital.

Net cash from investing activities, EUR 1,464 (-512) million, was positively impacted in 2022 by the EUR 2,500 (-2,500) million change in the shareholder loans to Uniper. 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 2022. In December 2022, when Fortum sold its ownership in Uniper and the transaction was closed, the EUR 4,000 million shareholder loan was repaid to Fortum. The consideration of EUR 498 million received for the sale of the Uniper shares is presented in the cash flow from discontinued operations.

The change in margin receivables was EUR -1,311 (-1,000) million. Capital expenditure amounted to EUR 534 (470) million. Divestment of shares and capital returns of EUR 1,156 (3,816) million mainly include the divestment of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway. Divestment of shares in the comparison period 2021 mainly include the divestments of the 50% stake in the Swedish district heating and cooling company Stockholm Exergi and the district heating business in the Baltics.

Net cash used in financing activities was EUR -4,686 (1,603) million. The net decrease in interest-bearing liabilities was EUR 3,637 (increase 2,500) million while the change in margin liabilities was EUR 150 (63) million.

The net decrease in liquid funds for continuing operations was EUR 1,119 (increase 2,211) million.

Liquid funds at the beginning of the period, EUR 7,592 million, included liquid funds of EUR 2,966 million held by Uniper. Net decrease in liquid funds for discontinued operations of EUR 2,563 million include the impact from the deconsolidation of Uniper offset by the consideration of EUR 498 million received for the shares in Uniper.

## Assets

At the end of 2022, total assets amounted to EUR 23,642 (149,661) million. The decrease from December 2021 was related to the deconsolidation of Uniper in the third quarter of 2022.

## Equity

Total equity amounted to EUR 7,737 (13,665) million. Equity attributable to owners of the parent company totalled EUR 7,670 (12,131) million. The change from December 2021 was mainly related to the net loss for the year of EUR 2,416 million of the total of continuing and discontinued operations, the EUR -1,189 million impact from the fair valuation of cash flow hedges and the dividend payment of EUR 1,013 million. A dividend of EUR 1.14 euro per share was paid on 6 April 2022.

## Financing

Since the second half of 2021, the very volatile commodity markets with unprecedentedly high prices have required significantly higher collaterals related to power and gas on the commodities exchanges. To manage this price volatility and the high price levels, Fortum took precautionary financing measures to secure its liquidity position and financial flexibility. Despite these liquidity constraints, the Group managed its financial position and ended the year with a strong balance sheet. At the end of 2022, the ratio for financial net debt to comparable EBITDA for continuing operations was 0.4 times. At the end of 2022, the ratio for financial net debt to comparable EBITDA for continuing operations excluding Russia was 0.6 times.

At the end of 2022, financial net debt was EUR 1,084 (789) million and adjusted net debt EUR 1,117 (3,227) million (▸ **Note 27**).

At the end of 2022, the Group's liquid funds totalled EUR 3,919 (7,592) million (▸ **Note 24**).

In January 2022, Fortum signed a EUR 3,000 million revolving credit facility to manage especially Uniper's liquidity situation around the turn of the year. In January, Fortum repaid the drawn amount of EUR 500 million of its EUR 800 million bilateral revolving credit facility.

In March 2022, Fortum extended the maturity of its EUR 3,000 million revolving credit facility to July 2022. Additionally, Fortum repaid EUR 247 million of the nuclear waste fund loans totalling EUR 918 million after the repayment. The dividend, EUR 1,013 million, was paid on 6 April 2022.

In May 2022, in conjunction with the closing of the divestment of Fortum Oslo Varme AS in Norway, Fortum deconsolidated a related EUR 210 million shareholder loan from the City of Oslo.

In June 2022, Fortum signed a new EUR 5,500 million revolving credit facility which consists of a EUR 3,100 million Liquidity revolving credit facility and a EUR 2,400 million Core revolving credit facility. Fortum drew EUR 2,000 million from the Liquidity revolving credit facility. The above-mentioned EUR 3,000 million revolving credit facility was cancelled and the EUR 1,750 million revolving credit facility was repaid and cancelled in June 2022. Fortum also drew the total EUR 800 million amount of its bilateral revolving credit facility. Further, the remaining balance of EUR 450 million of the bridge loan was repaid.

During the third quarter, as spot and future power prices in the Nordics rose dramatically, Fortum's collateral requirements increased to a record-high level and Fortum drew the remaining EUR 1,100 million of the Liquidity revolving credit facility: EUR 600 million in July and EUR 500 million in August. Additionally, the EUR 2,400 million Core revolving credit facility was fully utilised with two drawdowns: EUR 1,000 million in August and EUR 1,400 million in September. Fortum repaid a maturing bond of EUR 1,000 million in September 2022.

In September 2022, in order to have preparedness for even higher collateral requirements, Fortum signed a EUR 2,350 million bridge financing with the Finnish State-owned company Solidium. EUR 350 million of this facility has been drawn.

In November 2022, Fortum repaid EUR 1,400 million part of the Core revolving credit facility and extended the EUR 800 million bilateral revolving credit facility to mature in December 2023. In December 2022, Uniper repaid the shareholder loan of EUR 4,000 million to Fortum. Fortum repaid the remaining EUR 1,000 million of the Core revolving credit facility, EUR 2,000 million of the Liquidity credit facility and the full amount of the EUR 800 million bilateral revolving credit facility.

Fortum's liquidity significantly improved following the sale of Uniper shares and Uniper's repayment of the shareholder loan combined with declining Nordic power prices and release of collaterals. By the end of 2022, Fortum's total interest-bearing liabilities were EUR 7,785 million and liquid funds EUR 3,919 million. At the end of 2022, Fortum's total interest-bearing liabilities excluding Russia were EUR 7,581 million and liquid funds excluding Russia amounted to EUR 3,672 million.

Current loans, including EUR 1,629 million of the current portion of long-term loans, amounted to EUR 4,108 million. Short-term loans, EUR 2,479 million, include EUR 1,100 million of drawdowns from Liquidity revolving credit facility, a EUR 350 million drawdown from the Solidium bridge financing facility, and use of commercial paper programmes of EUR 475 million (▸ **Note 27**).

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

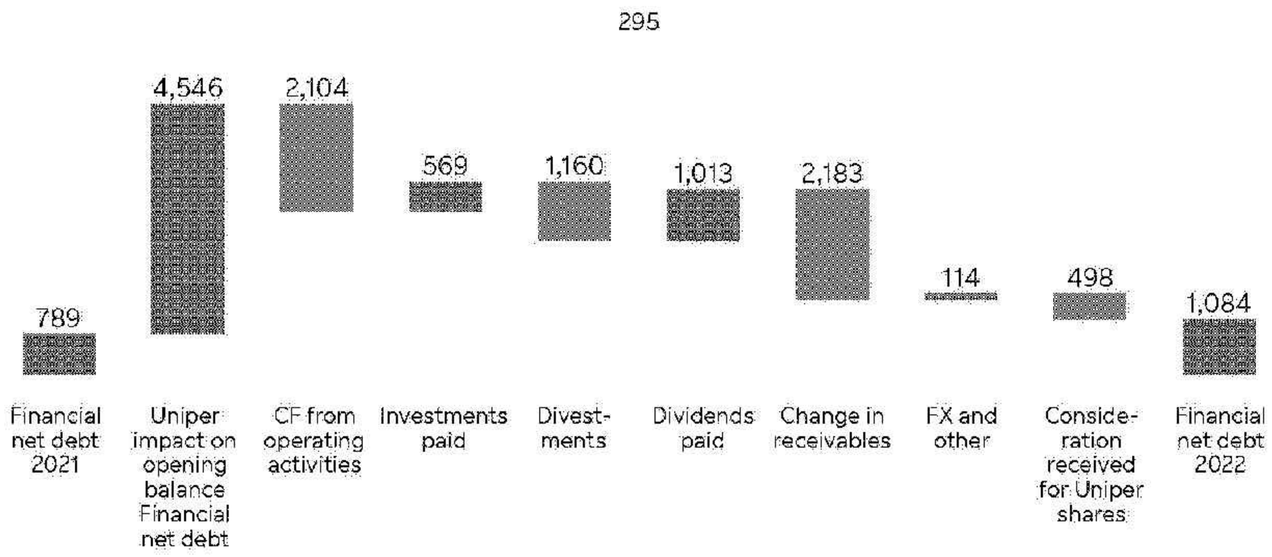
At the end of 2022, Fortum had undrawn committed credit facilities of EUR 7,200 million, including the Liquidity revolving credit facility of EUR 2,000 million (maturity in June 2023 with 6+6 months extension options by Fortum), the Core revolving credit facility of EUR 2,400 million (maturity in June 2025 with 1+1 year extension options by the lenders), the Solidium bridge financing facility of EUR 2,000 million (maturity in September 2023) and the bilateral EUR 800 million revolving credit facility (maturity in December 2023). In addition, Fortum has EUR 100 million committed overdraft limits that are valid until further notice.

On 3 August 2022, S&P Global Ratings (S&P) affirmed Fortum's current BBB long-term credit rating with negative outlook following the announced stabilisation package to provide financial relief to Uniper. On 5 July, due to the Russian gas curtailment, S&P had placed Fortum on CreditWatch Negative.

On 5 August 2022, Fitch Ratings affirmed Fortum's long-term credit rating at BBB with negative outlook on Uniper's stabilisation package. On 23 June 2022, Fitch had changed Fortum's outlook from stable to negative.

Following the completion of the Uniper divestment and the announcement of Fortum's new strategy, the rating agencies are expected to revisit Fortum's ratings.

**Change in financial net debt during 2022, EUR million**




# Operating environment

## European power markets

Year 2022 goes down in history for Russia's brutal attack on Ukraine. As one of the consequences of the war, European energy markets have faced a shock that compares with the oil crisis in the 1970s. Some 25% of European gas supply was lost during the year, leading to a harsh situation that has tested the limits of European energy supply and energy markets. Europe has been able to cope with the loss of the majority of imported Russian pipeline gas, due to reduced energy demand and increased liquefied natural gas (LNG) imports.

According to preliminary statistics, power consumption in the Nordic countries was 385 (402) TWh during 2022.

In Central Western Europe (Germany, France, Austria, Switzerland, Belgium, and the Netherlands), power consumption in 2022 was 1,318 (1,366) TWh, according to preliminary statistics.

At the end of 2022, the Nordic hydro reservoir levels were at 79 TWh, which is 5 TWh below the long-term average and 6 TWh higher than in the previous year.

In 2022, the average system spot price in Nord Pool was EUR 136 (62) per MWh. The average area price in Finland was EUR 154 (72) per MWh, in the SE3 area in Sweden (Stockholm) EUR 129 (66) per MWh, and in the SE2 area in Sweden (Sundsvall) EUR 62 (43) per MWh. In Germany, the average spot price during 2022 was EUR 235 (97) per MWh.

At the end of February 2023, the Nordic system electricity forward price on Nasdaq Commodities for the remainder of 2023 was around EUR 86 per MWh and for 2024 around EUR 79 per MWh. The Nordic hydro reservoirs were at 59 TWh, which is about 2 TWh below the long-term average and 4 TWh higher than one year earlier. The German electricity forward price for the remainder of 2023 was around EUR 149 per MWh and for 2024 around EUR 153 per MWh.

## European commodity markets

In 2022, gas demand in Central Western Europe was 1,867 (2,225) TWh.

The steep reduction in the Russian pipeline gas flows to Europe pushed European gas prices to unprecedented levels amid high volatility. The average gas front-month price (TTF) for full-year 2022 was EUR 133 (48) per MWh. The 2023 forward price increased from EUR 45 per MWh at the beginning of the year to EUR 88 per MWh at the end of the year.

In the EUA (EU Allowance) markets, the price decreased from EUR 85 per tonne at the beginning of the year of 2022 to EUR 84 per tonne at the end of the year. The average EUA price for full-year 2022 was EUR 81 per tonne.

The forward quotation for coal (ICE Rotterdam) for 2023 increased from USD 90 per tonne at the beginning of the year to USD 185 per tonne at the end of the year.

At the end of February 2023, the TTF forward price for gas for the remainder of 2023 was EUR 53 per MWh. The forward quotation for EUAs for 2023 was at the level of EUR 97 per tonne. The forward price for coal (ICE Rotterdam) for the remainder of 2023 was USD 160 per tonne.

### Power consumption

| TWh | 2022 | 2021 | 2020 |
|---|---|---|---|
| Nordic countries | 385 | 402 | 392 |

### Average prices

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Spot price for power in Nord Pool power exchange, EUR/MWh | 135.9 | 62.3 | 10.9 |
| Spot price for power in Finland, EUR/MWh | 154.0 | 72.3 | 28.0 |
| Spot price for power in Sweden, SE3, Stockholm, EUR/MWh | 129.2 | 66.0 | 21.2 |
| Spot price for power in Sweden, SE2, Sundsvall, EUR/MWh | 61.9 | 42.6 | 14.4 |
| Spot price for power in Germany, EUR/MWh | 235.4 | 96.8 | 30.4 |
| $CO_2$, (ETS EUA next Dec), EUR/tonne $CO_2$ | 81 | 54 | 25 |
| Coal (ICE Rotterdam front month), USD/tonne | 279 | 117 | 50 |
| Oil (Brent front month), USD/bbl | 99 | 71 | 43 |
| Gas (TTF front month), EUR/MWh | 133 | 47 | 9 |

### Hydro reservoir

| TWh | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|---|
| Nordic hydro reservoir level | 79 | 73 | 105 |
| Nordic hydro reservoir level, long-term average | 84 | 84 | 84 |

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

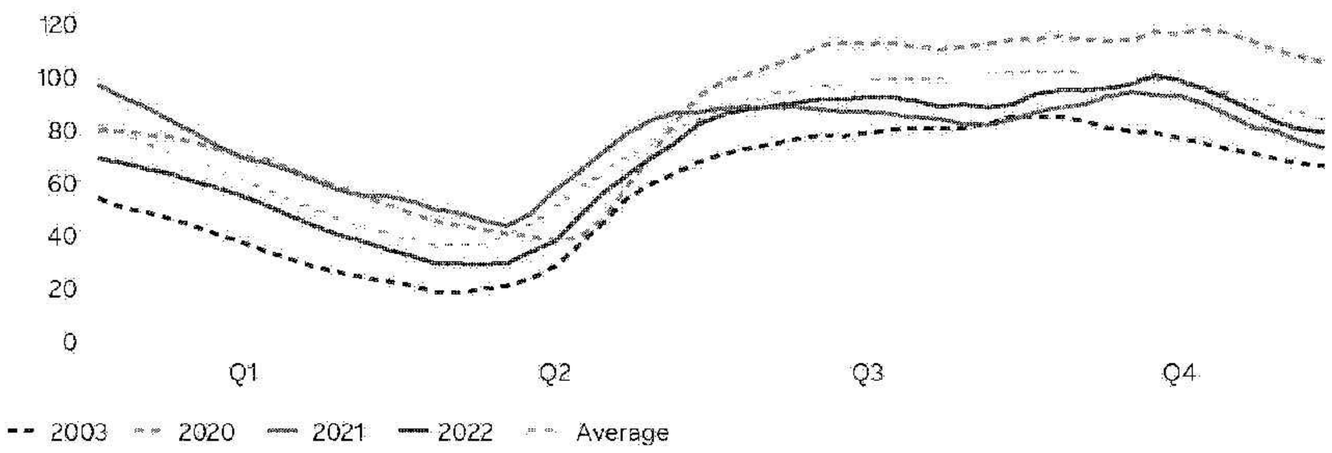
**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

**Nordic water reservoirs, energy content, TWh**




Source: Nord Pool

**Export/import Nordic area**

| TWh (+ = import to, - = export from Nordic area) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Export/import between Nordic area and Continental Europe+Baltics | -35 | -29 | -24 |
| Export/import between Nordic area and Russia | 4 | 9 | 3 |
| Total | -31 | -20 | -21 |

# Regulatory environment

## EU ETS revision finalised

On 18 December, the EU institutions reached a provisional agreement on the revision of the EU emissions trading directive (ETS). The revision will raise the ambition of the ETS and enlarge its scope significantly. The ETS emissions reduction target will be increased from 43% to 62% by 2030 compared to 2005 and the operation of the market stability reserve (MSR), the mechanism to balance the supply-demand of allowances, will be enhanced. The Commission will assess, and by end of 2026, will report on the possibility to include the municipal waste incineration sector in the ETS from 2028 onwards. Starting in 2027, a new emissions trading system (ETS2) will be established for private and public road transport and heating of buildings.

According to analyst assessments of the impact of the agreed reform, ETS will move from oversupply to significant tightness towards the end of the decade and beyond.

The revised ETS directive is largely in line with Fortum's priorities, as Fortum has been calling for an increased ambition, strengthening of the MSR, inclusion of waste incineration to the ETS and enlarging the scope of ETS to heating of buildings.

## EU power market design developing

The review of the European power market design represents the last major legislative file on climate and energy matters to be initiated by the Commission under the von der Leyen term. The consultation with stakeholders was launched with some delay at the end of January 2022 and was closed on 13 February with possible subsequent delay on the issue of the legislative proposal. In the face of a political push for more radical changes in the key market design principles including questioning of the marginal pricing, Fortum has cautioned against solving the current energy crisis through structural and untested changes to the market design and has stressed its preference for an evolutionary rather than a revolutionary approach.

The legislative proposal should be substantiated based on a thorough and robust impact assessment. Fortum recommends that a system needs' analysis be conducted as a way to determine the necessary level of firmness, variability and flexibility.

## EMIR review started

When the energy crisis escalated in the summer of 2022, it also hit the energy commodity derivatives' markets with the risk of a systemic default payment effect on utilities. As a response, the Commission adopted a set of temporary measures to notably extend the range of collaterals and to introduce a circuit breaker mechanism for the power derivatives' exchanges to enable the suspension of trading if/when prices or transactions become too erratic. On 7 December, the Commission issued a revision of the EMIR (European Market Infrastructure Regulation) legislation with the view to improve the regulation by making structural changes to this core EU financial legislation and making some of the temporary measures permanent. Whilst welcome and needed, Fortum sees the revised proposal still insufficiently equipped to protect the power sector from systemic failure risks if a margining crisis similar to the one in August 2022 were to occur again.

## National measures to support electricity consumers and related political discussion

Following the unprecedentedly high retail electricity prices in the summer of 2022, measures to support electricity consumers became a heavy political debate. Governments in Finland and Sweden agreed on several support measures to help consumers manage their electricity bills. The agreed Finnish measures include, e.g., reduced VAT and improvements in social support schemes. Proposals under discussion are temporary lump reimbursement of bills and prolonging of invoice payments. In Sweden, it was decided that Svenska Kraftnät's bottleneck income would be redistributed to compensate households and companies for higher energy bills. There is a growing pressure to lower VAT and electricity tax but the government has not yet made any further decisions. At the same time, electricity retail companies have voluntarily introduced new electricity products and contracts with lower fixed prices.

While Fortum supports addressing the concerns of electricity customers, the company prefers measures that do not distort competition amongst electricity market actors nor favour network owners over retailers or vice-versa. Any kind of a retail price cap would be difficult to implement without extensive government support for retailers. There is no net effect for retail companies from the governmental support measures, but required changes in the billing systems are time-consuming.

## Windfall taxation in Finland for 2023

On 29 December, following a short public consultation process, the Finnish Government presented a draft windfall tax proposal (HE 320/2022 vp). The objective of the proposal is to implement the EU regulation 2022/1854 on revenue cap and solidarity contribution through a temporary national windfall tax on the electricity sector to tax the extraordinary profits generated in the energy crisis and to redistribute the means to consumers to support their high energy bills. While Fortum agrees with the objective of the proposal, the company finds the proposed taxation model problematic in many ways. The model deviates fundamentally from the EU's revenue cap model and is much more stringent compared to the EU regulation as it deviates in scope, tax basis and application time, and hence puts the Finnish electricity sector in a disadvantageous position especially compared to Sweden which will implement the EU revenue cap in line with the EU regulation.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

The tax applies to companies in the electricity sector within electricity generation, wholesale and partly retail sales in Finland. According to the proposal, the tax would be 30% of the companies' net profits generated from the aforementioned electricity operations in Finland exceeding a 10% return on equity in the fiscal year 2023. The Finnish corporate income tax is 20%; consequently, the total nominal tax rate would be 50% on net profits generated in the scope of the defined windfall tax. Based on the Government's latest estimates, it would cumulatively bring in temporary tax revenues of EUR 0.3-0.4 billion from industry participants during 2023. The Finnish Parliament adopted the legislation on temporary windfall tax on 27 February 2023. The tax becomes payable in 2024.

Fortum's electricity generation in Finland accounts for approximately one third of total Finnish electricity generation. Approximately 40% of Fortum's Nordic electricity generation and approximately 30% of its electricity customers are in Finland.

### Revenue cap in Sweden to become effective 1 March 2023

The Swedish Government has presented a legislative proposal to implement the EU revenue cap legislation with effect from 1 March to 30 June 2023, in accordance with the EU regulation. The revenue cap is set at a power price of 180 EUR/MWh, as specified by the EU. Only realised revenues are proposed to be subject to the cap, meaning that hedges and other financial contracts can be subtracted from the realised spot prices. The Swedish Government estimates that the revenue cap will bring in a modest EUR 28 million in additional tax revenue.

### Status of implementing the Swedish Governmental programme on nuclear and hydro

As communicated both in the governmental agreement and declaration, in January the Swedish Government has presented a legislative proposal to remove the barriers for new nuclear in the Swedish Environmental Act. The current legislation limits new nuclear to a maximum of 10 reactors at the three already existing nuclear sites. The new legislation will enable both large-scale nuclear and small modular reactors (SMRs) to be located at new sites. The proposed legislation will become effective on 1 March 2024.

In order to better safeguard existing hydropower plants the Swedish Government has decided to pause the ongoing re-permitting process for one year. The time period will be used to analyse the consequences for the power system and to adjust the re-permitting process to safeguard the value of hydropower and ensure that the total production loss from the re-permitting process stays below 1.5 TWh, as specified in the so-called national plan for hydropower. Fortum owns and operates power plants in several of the rivers that are being handled early in this process. These plants will enter into court processes for updated permits at a later stage due to the time-out and the related production losses may be lower than initially estimated.

## Segment reviews

### Business model

The Fortum Board of Directors resolved on Fortum's new strategy at the beginning of March, 2023, including a new business structure and operating model. The business segments below describe Fortum's organisational structure in 2022 and changes in it during the year.

Fortum's core operation are located in the Nordics and consist of $CO_2$-free power generation, electricity sales, district heating as well as well as smart solutions to improve resource efficiency. Fortum is one of the largest power generators and the largest electricity retailer in the Nordic countries. The company's role is to ensure security of supply and a fast and reliable transition to a carbon-neutral economy by providing customers and societies with clean energy and sustainable solutions.

In 2022, Fortum's organisation consisted of four business divisions: Generation, City Solutions, Consumer Solutions and Russia.

At the end of 2022, Fortum completed the divestment of Uniper to the German State in line with an agreement in principle signed on 21 September 2022. As a consequence of the September agreement, Fortum lost control of Uniper and deconsolidated the business in the third quarter of 2022. The divested businesses included all operations in Fortum's Uniper segment.

At the end of 2022, Fortum employed a diverse team of approximately 7,700 energy-sector professionals.

### Generation

Generation is responsible for Nordic power generation. The segment comprises $CO_2$-free nuclear, hydro and wind power generation, as well as power portfolio optimisation, trading, market intelligence, thermal power and global nuclear services. Due to the deconsolidation of Uniper, OKG is reported as an associated company instead of the earlier proportionate consolidation (▸ **Note 6**).

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| **Reported** | | | |
| Sales | 3,655 | 2,869 | 27% |
| - power sales | 3,600 | 2,660 | 35% |
| of which Nordic outright power sales [1] | 2,461 | 1,937 | 27% |
| - other sales | 55 | 209 | -74% |
| Operating profit | 1,403 | 1,066 | 32% |
| Share of profits of associates and joint ventures [2] | -194 | 64 | -403% |
| Capital expenditure and gross investments in shares | 234 | 175 | 34% |
| Number of employees | 1,155 | 1,116 | 3% |

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| **Comparable** | | | |
| EBITDA | 1,765 | 1,287 | 37% |
| Operating profit | 1,600 | 1,123 | 42% |
| Share of profits of associates and joint ventures [2] | -49 | 0 | -100% |
| Return on net assets, % | 27.0 | 19.0 | 42% |
| Net assets (at period-end) | 5,549 | 5,961 | -7% |

1) The Nordic power sales income and volume includes hydro and nuclear generation, excluding minorities. It does not include thermal generation, minorities, customer business or other purchases.
2) Power plants are often built jointly with other power producers, and owners purchase electricity at cost including interest cost and production taxes. 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**).

The Generation segment's total power generation in the Nordic countries decreased due to lower hydropower volumes. This was caused by lower inflow in the segment's power generation areas and lower hydro reservoir levels during the year. The production volumes for nuclear were stable and remained almost at the same level as in 2021. $CO_2$-free generation accounted for 99% of the total power generation.

The achieved power price in the Generation segment increased by EUR 17.1 per MWh, up by 40%. The achieved power price increased due to the very successful physical and financial optimisation and higher spot prices. While the spot power price increased by 97% in the segment's power generation areas, the positive result effect of the higher achieved power price was dampened by the fairly high hedge levels and a hedge price below the level of the spot price. During most of the year, the achieved power price was also negatively impacted by the significant price difference in Sweden between the high system

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

price and the lower SE2-area spot price (Sundsvall). This situation eased during the fourth quarter. Due to low liquidity on the exchange for the SE2-area price products, the hedge ratio in SE2-area was lower than the system price hedge ratios and, consequently, negatively affected the achieved power price.

Comparable operating profit increased by 42%. The increase was mainly related to the higher achieved power price, partly offset by lower hydro volumes.

Operating profit was affected by EUR -197 (-57) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives (▸ **Note 6**).

Comparable share of profits of associates and joint ventures totalled EUR -49 (0) million, including the share of profits of EUR -36 million from OKG (▸ **Note 6** and ▸ **Note 18**).

On 1 February, Fortum and Uniper launched a joint organisation for the Nordic hydro and physical trading operations. Fortum took responsibility for Uniper's hydropower asset management in Sweden and the physical trading optimisation and dispatch activities in the Nordics. After the decision to fully divest its ownership in Uniper, it was agreed to discontinue all strategic cooperation and to pursue development as two separate companies as of 1 December 2022. In hydropower, the discontinuation of the cooperation meant that some 160 Fortum employees re-joined Uniper in Sweden. In hydrogen, the development portfolio was divided between the two companies. The joint venture with Perstorp, Project Air, continues with Uniper.

On 3 March, Fortum announced its decision to apply for a new operating licence for both units at the nuclear power plant in Loviisa, Finland, until the end of 2050. On 16 February 2023, 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 until 2050. Over the past five years, Fortum has already invested approximately EUR 300 million in refurbishing the Loviisa power plant. The Loviisa power plant is the first nuclear power plant in Finland. The power plant has two units: unit 1 started operating in February 1977, and unit 2 in November 1980.

On 12 March, electricity generation of TVO's third Olkiluoto nuclear power plant unit (OL3) in Finland started. In June, the start of regular electricity generation was postponed from September to December. In October, damages were detected in the feedwater pumps located in OL3's turbine island. On 22 December, TVO announced that the investigation into the damage in Olkiluoto 3's feedwater pumps was mainly completed and the electricity test production continued on 27 December. In January 2023, production was again discontinued for a month for planned inspections of the impellers of the feedwater pumps and the next test production period started in February. According to TVO, regular electricity production is expected to start in April 2023. The total capacity of OL3 is 1,600 MW and once completed, it will produce approximately 14% of Finland's total electricity consumption (▸ **Note 29**).

On 9 June, Fortum announced that it had, together with Gasgrid Finland, signed a Letter of Intent for Finland's first floating LNG terminal vessel FSRU, Exemplar, to be placed at Fortum's Inkoo port. Located on the south coast of Finland, Inkoo provides an optimal deep-water port at close proximity to the pipelines distributing gas mainly to industrial end-users in the Baltic region. Gasgrid Finland is leasing the floating LNG terminal vessel for a duration of 10 years and the capacity is sufficient for the gas needs of both Finland and Estonia. On 28 December, the floating LNG terminal vessel Exemplar arrived to Inkoo. Implemented under the leadership of Gasgrid Finland, the LNG floating terminal project will secure the supply of gas to industry, energy production and households and will safeguard Finland's security of supply from the winter of 2023 onwards. This solution also replaces the earlier Russian gas supplies through the Imatra entry point that were stopped in May.

In the third quarter of 2022, Fortum offered the Meri-Pori coal condensing power plant for peak-load reserve capacity until October 2023. On 16 September, the Finnish Energy Authority announced that Meri-Pori was not chosen to the reserve in the tendering process, so Fortum started preparing it for commercial use to help maintain security of supply in Finland during the ongoing energy crisis. In October, the power plant underwent a thorough annual outage to ensure availability of its full capacity of 560 MW if needed. Deployment of actual electricity generation depends on the situation in the power market, and, since December Meri-Pori has participated in the spot market. The Meri-Pori plant is Finland's last coal-fired condensing plant. It was commissioned in 1994 and has been in the peak-load reserve system between June 2017 and June 2022.

On 17 October, Fortum announced that the company has 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. Ventures in the nuclear industry will most likely involve partnership constellations and the feasibility study will also explore the potential for service business offerings for new projects in Europe and hydrogen for industrial applications. Fortum has also announced the exploration of potential cooperation and collaboration opportunities regarding nuclear with the Finnish energy company Helen, the French Electricité de France (EDF) and the Swedish Kärnfull Next AB. Any potential investment decisions will be made at a later stage.

On 22 November, Fortum signed an agreement with Westinghouse Electric Company for the design, licensing, and supply of a new fuel type for the Loviisa power plant. The new fuel type is based on British Nuclear Fuel Limited's fuel that previously was supplied to the Loviisa power plant in 2001-2007 and used in parallel with the fuel supplied by the Russian TVEL in the early 2000s. Taking the new fuel into use is a multi-year project also requiring regulatory approvals. The fuel agreement with the Russian TVEL is valid until the end of the plant's current operating licences, i.e. 2027 and 2030.

## Power generation by source

| TWh | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Hydropower, Nordic | 19.1 | 23.3 | -18% |
| Nuclear power, Nordic | 23.4 | 23.5 | 0% |
| Thermal power, Nordic | 0.3 | 0.0 | 6515% |
| **Total** | **42.9** | **46.8** | **-8%** |

## Nordic sales volume

| TWh | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Nordic sales volume | 50.9 | 54.1 | -6% |
| of which Nordic power sales volume [1] | 41.1 | 45.3 | -9% |

1) The Nordic power sales income and volume includes hydro and nuclear generation. It does not include thermal generation, minorities, customer business or other purchases.

## Achieved power price

| EUR/MWh | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Generation's Nordic achieved power price [1] | 59.9 | 42.8 | 40% |

1) Generation's Nordic power price includes hydro and nuclear generation. It does not include thermal generation, minorities, customer business or other purchases.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

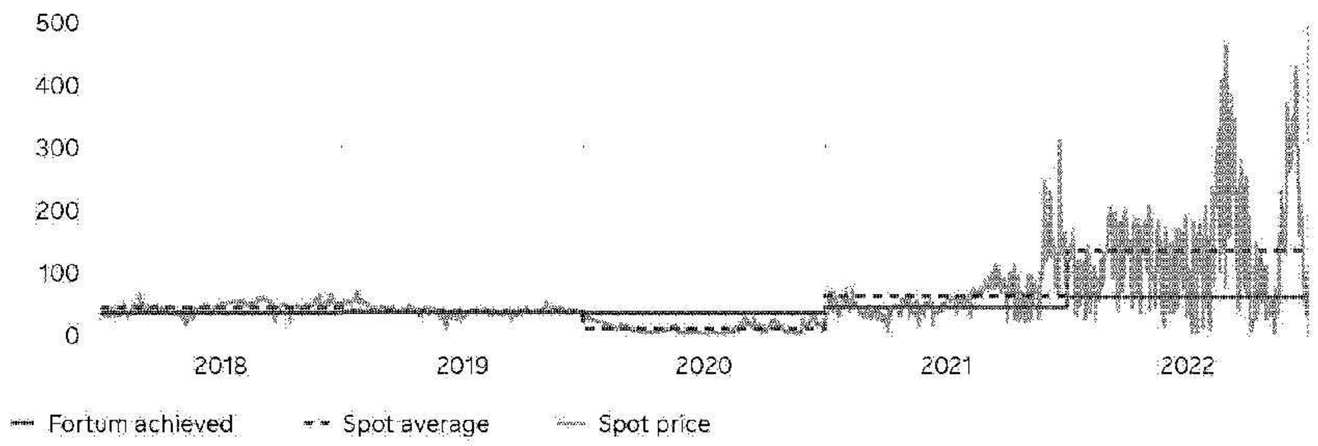
**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

**Nord Pool, power price, 2018–2022, EUR/MWh**




Source: Nord Pool, Fortum

## City Solutions

City Solutions is responsible for sustainable solutions for urban areas. The segment comprises heating, cooling, waste-to-energy, and other circular economy solutions, as well as solar power generation, services and development of new biomass-based businesses. The business operations are located in the Nordics, Poland and India.

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| **Reported** | | | |
| Sales | 1,282 | 1,302 | -2% |
| - heat sales | 505 | 612 | -17% |
| - power sales | 252 | 205 | 23% |
| - waste treatment sales [1] | 237 | 250 | -5% |
| - other sales [2] | 288 | 236 | 22% |
| Operating profit | 719 | 2,671 | -73% |
| Share of profits of associates and joint ventures | 14 | 42 | -67% |
| Capital expenditure and gross investments in shares | 159 | 162 | -2% |
| Number of employees | 1,691 | 1,766 | -4% |

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| **Comparable** | | | |
| EBITDA | 177 | 317 | -44% |
| Operating profit | 28 | 135 | -79% |
| Share of profits of associates and joint ventures | 14 | 42 | -67% |
| Return on net assets, % | 2.3 | 6.1 | -62% |
| Net assets (at period-end) | 1,760 | 2,456 | -28% |

1) Waste treatment sales comprise gate fees and environmental construction services.
2) Other sales comprise mainly operation, maintenance and other services, and the sales of recycled products and fuel sales.

Heat sales volumes decreased by 24%, mainly due to structural changes following the divestment of the Baltic district heating business and the sale of Fortum's 50% ownership in the Norwegian district heating company Fortum Oslo Varme. Warmer weather conditions in all the heating areas also negatively affected the volumes. The power sales volumes decreased by 45%, mainly due to the divestments of the Baltic district heating business and the 250-MW Pavagada II and 250-MW Rajasthan solar plants in India as well as the sale of Fortum's 50% ownership in the Norwegian district heating company Fortum Oslo Varme. The power sales volumes were further impacted by lower power sales in Finland due to higher natural gas and $CO_2$ emission allowance prices that resulted in a change of fuel mix and lower produced power volumes.

Comparable operating profit decreased by 79%, or EUR 107 million, mainly as a result of clearly higher fossil fuel, pellet and $CO_2$ emission allowance prices as well as lower metal prices. The negative effect was partly offset by higher power and district heating sales prices. Comparable operating profit was also negatively affected by structural changes from the divestments of ownership in Fortum Oslo Varme, the Baltic district heating business and the 250-MW Pavagada II and 250-MW Rajasthan solar plants in India, the effects of which were partly offset by the tax-exempt sales gain of EUR 5 million from the divestment of the 250-MW Rajasthan solar plant in India. The profits from the Rajasthan solar park divestment were recognised in comparable operating profit and in two tranches. The first tranche – a tax-exempt sales gain of EUR 11 million – was recorded in 2021 and the second tranche – a tax-exempt sales gain of EUR 5 million – was recorded in 2022.

Operating profit was affected by EUR 690 (2,536) million of items affecting comparability, mainly related to the tax-exempt capital gain of EUR 638 million from the divestment of Fortum Oslo Varme and the fair value change of non-hedge-accounted derivatives. The comparison period includes a capital gain of EUR 2.4 billion from the sale of Stockholm Exergi Holding AB and a EUR 254 million capital gain from the sale of the district heating business in the Baltics (▸ **Note 6**).

Comparable share of profits of associates and joint ventures totalled EUR 14 (42) million. The comparison period includes EUR 28 million of the share of profits from Stockholm Exergi. Fortum's 50% ownership was divested in September 2021 (▸ **Note 6** and ▸ **Note 18**).

On 4 February, Fortum announced that it had won the right from Solar Energy Corporation of India (SECI) to build two solar power plants with a total capacity of 600 MW in Karnataka, India. On 16 March, Fortum participated in another solar auction in India and won the right from Gujarat Urja Vikas Nigam Limited (GUVNL) to build a 200-MW solar plant in Gujarat. These projects are planned to be developed together with a partner and are expected to be commissioned by 2024.

On 3 March, Fortum announced that it decided to discontinue the strategic assessment of its Polish district heating business. Fortum is evaluating alternatives for further decarbonisation of these assets in line with its carbon neutrality target. At the end of 2022, Fortum's coal-based capacity in Poland was 0.5 GW.

On 17 March, Fortum and Microsoft announced the world's largest collaboration to heat homes, services and businesses with sustainable waste heat from the new data centre in the Helsinki metropolitan area in Finland. The concept utilises Fortum's existing district heating infrastructure, the second largest in Finland, for heat capture and distribution. Fortum's district heating infrastructure in this area includes about 900 km of underground pipes that transfer heat to approximately 250,000 users. Once operational, approximately 60% of the area's heating will be generated by climate-friendly waste heat.

On 19 May, Fortum 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; as part of the transaction, Fortum deconsolidated a related EUR 0.2 billion shareholder loan from the City of Oslo. Fortum recorded a tax-exempt capital gain of EUR 638 million in the City Solutions segment's 2022 results.

In July, 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 plant will have an annual processing capacity of 350,000 tonnes of waste. The plant will have a power generation capacity of 45 MWe gross, corresponding to the average annual electricity consumption of approximately 90,000 homes.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Heat sales by country

| TWh | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Finland | 2.8 | 3.1 | -10% |
| Poland | 3.5 | 3.8 | -8% |
| Norway | 0.8 | 1.8 | -56% |
| Other countries | 0.4 | 1.3 | -62% |
| **Total** | **7.6** | **10.0** | **-24%** |

### Power sales by country

| TWh | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Finland | 0.9 | 1.3 | -31% |
| Poland | 0.8 | 0.7 | 14% |
| Other countries | 0.1 | 1.3 | -92% |
| **Total** | **1.8** | **3.3** | **-45%** |

## Consumer Solutions

Consumer Solutions is responsible for the electricity and gas retail businesses in the Nordics, Poland, and Spain, including the customer service and invoicing businesses. Fortum is the largest electricity retail business in the Nordics, with approximately 2.2 million customers across different brands in Finland, Sweden, Norway, Poland and Spain. The business provides electricity as well as related value-added and digital services.

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| **Reported** | | | |
| Sales | 4,578 | 2,622 | 75% |
| - power sales | 4,026 | 2,253 | 79% |
| - gas sales | 392 | 225 | 74% |
| - other sales | 161 | 144 | 12% |
| Operating profit | -149 | 495 | -130% |
| Capital expenditure and gross investments in shares | 71 | 68 | 4% |
| Number of employees | 1,179 | 1,176 | 0% |

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| **Comparable** | | | |
| EBITDA | 173 | 123 | 41% |
| Operating profit | 97 | 52 | 87% |
| Net assets (at period-end) | 1,365 | 1,125 | 21% |

The electricity sales volume decreased by 6%, due to warmer weather in the Nordics compared to the clearly colder temperatures in the first and the fourth quarters of 2021. The gas sales volume decreased by 20% as a consequence of higher than normal temperatures in Poland and the unprecedentedly high gas prices that continued to lower demand and overall energy consumption. The total sales revenue increased by 75%, driven by significantly higher electricity and gas prices in the Nordics and Poland.

Comparable operating profit increased by 87%, mainly due to higher electricity and gas sales margins and positive one-offs from gas storage sales. The positive effect was partly offset by higher costs and lower sales of value-added services. The result in the fourth quarter of 2021 was clearly negative due to higher electricity purchase costs and negative margins.

Customer activity with Fortum's customer service centres remained at a higher level throughout the year. In order to meet the higher customer demand, additional resources were assigned to handle the increased number of contacts. The overall customer satisfaction and recommendation rates continued to improve during the year, ensuring the business' competitiveness.

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

Operating profit was affected by EUR -246 (443) million of items affecting comparability, due to the fair value change of non-hedge-accounted derivatives (▸ **Note 6**).

On 3 March, Fortum announced that it had decided to discontinue the strategic review of the electricity retail business Consumer Solutions and is continuing to develop the business as part of the Group.

### Sales volumes

| TWh | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Electricity | 29.6 | 31.5 | -6% |
| Gas [1] | 4.8 | 6.0 | -20% |

1) Not including wholesale volumes.

### Number of customers

| Thousands [1] | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Electricity | 2,130 | 2,120 | 0% |
| E-mobility [2] | 70 | 70 | 0% |
| Gas | 40 | 50 | -20% |
| **Total** | **2,240** | **2,230** | **0%** |

1) Rounded to the nearest 10,000.
2) Measured as quarterly paying customers.

## Russia

The Russia segment comprises power and heat generation and sales in Russia. The segment includes Fortum's fully owned power plants, its joint ventures for renewable power generation and the joint ventures for power and heat sales, as well as Fortum's more than 29% holding in TGC-1. These joint ventures and the associated company are accounted for using the equity method.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| **Reported** | | | |
| Sales | 1,031 | 906 | 14% |
| - power sales | 856 | 761 | 12% |
| - heat sales | 156 | 137 | 14% |
| - other sales | 19 | 8 | 138% |
| Operating profit | -690 | 227 | -404% |
| Share of profits of associates and joint ventures | -443 | 62 | -815% |
| Capital expenditure and gross investments in shares | 62 | 83 | -25% |
| Number of employees | 2,724 | 2,627 | 4% |

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| **Comparable** | | | |
| EBITDA | 411 | 404 | 2% |
| Operating profit | 260 | 261 | 0% |
| Share of profits of associates and joint ventures | 30 | 62 | -52% |
| Return on net assets, % | 11.3 | 12.9 | -12% |
| Net assets (at period-end) | 1,690 | 2,508 | -33% |

*Following Russia's attack on Ukraine, Fortum decided in May 2022 to exit its Russia operations. A divestment process is ongoing. Due to existing Western sanctions on Russia and Russia's counter-sanctions, the Group's Russian operations are subject to significant foreign exchange transfer restrictions, which limit the access to cash flows and the ability to transfer funds, including potential dividend distributions, out of Russia. Fortum has stopped all new investment projects in Russia and monetary transfers to Russia and is not providing any new financing to its Russian subsidiaries.*

Power generation volumes remained unchanged. Heat production volumes decreased due to the Argayash CHP plant divestment and the warmer weather in Chelyabinsk and Tyumen in the first half of year.

Sales increased by 14% due to the stronger Russian rouble and higher power prices, partly offset by expiry of the CSA payments of the Nyagan 1 production unit and the divestment of the Argayash CHP plant. The effect of the change in the Russian rouble exchange rate was EUR 160 million.

Comparable operating profit was at the level of the previous year. The negative effect from the CSA expiry for Nyagan 1 was partly offset by the EUR 40 million effect of the change in the Russian rouble exchange rate, higher power prices and lower depreciation following impairments recognised in the first quarter. The comparison period includes a EUR 17 million positive effect from the sale of the 116-MW CSA-backed solar power project to the Fortum-RDIF joint venture.

Operating profit was negatively affected by impairments of EUR 905 million related to intangible assets and property, plant and equipment for the Russia segment.

Comparable share of profits of associates and joint ventures totalled EUR 30 (62) million. The share of profits of associates and joint ventures was impacted by impairments of EUR 475 million related to Fortum's ownership in TGC-1 and joint ventures (▸ **Note 6** and ▸ **Note 18**).

On 18 January, Fortum announced that a 1.3 GW portfolio of wind projects was to be transferred to a new joint venture. However, this wind portfolio is now part of the assets and operations that are subject to the ongoing divestment process following Fortum's decision for a controlled exit from Russia as a result of the Russia-Ukraine war. Fortum's ownership interest in the 1.3 GW portfolio is presented in other non-current assets and in interest-bearing liabilities.

On 3 May, following Russia's attack and the war in Ukraine and consequential geopolitical tensions, uncertainties and risks, Fortum announced pre-tax impairments related to the company's Russian operations recorded in its first-quarter 2022 results. On 7 February 2023, Fortum announced it would record further impairments in the fourth quarter of 2022 results. Total Russian (pre-tax) impairments for the year 2022 amount to approximately EUR 1.7 billion.

For further information, see the section '**Fortum in Russia**', ▸ **Note 7** and ▸ **Note 19**.

### Russian power generation and heat production

| TWh | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Russian power generation | 28.6 | 28.6 | 0% |
| Russian heat production | 15.7 | 17.1 | -8% |

## Discontinued operations (Uniper)

| EUR million | 2022 | 2021 | Change 22/21 |
|---|---|---|---|
| Sales | 128,102 | 106,127 | 21% |
| Comparable operating profit | -4,747 | 1,107 | 529% |
| Operating profit | -16,402 | -4,913 | -234% |
| Share of profits of associates and joint ventures | 71 | 23 | 209% |
| Net profit from discontinued operations | -11,302 | -4,121 | -174% |
| Net profit from discontinued operations, attributable to the owners of the parent | -3,428 | -3,246 | -6% |
| Net cash from/used in operating activities | -10,870 | 3,851 | 382% |
| Number of employees | N/A | 11,494 | N/A |

On 21 September 2022, Fortum, the German Government and Uniper signed an agreement in principle according to which Fortum fully divests shares in Uniper SE to the German State and the German State takes full control of Uniper. This resulted in Fortum losing control of Uniper and the deconsolidation of Uniper in the third quarter of 2022. On 21 December, Fortum announced that the company had concluded the sale of its ownership in Uniper SE to the German State. Fortum received the total consideration of the share transaction of approximately EUR 0.5 billion and Uniper repaid the shareholder loan of EUR 4 billion granted by Fortum.

For further information on the transaction, see '**Uniper divestment**' and on the deconsolidation of Uniper, see ▸ **Note 3**.

## Capital expenditures, divestments and investments in shares

| EUR million | 2022 | 2021 |
|---|---|---|
| **Capital expenditure** | | |
| Intangible assets | 88 | 68 |
| Property, plant and equipment | 437 | 375 |
| **Total** | **525** | **443** |
| | | |
| **Gross investments in shares** | | |
| Subsidiaries | 0 | 210 |
| Associated companies and joint ventures | 14 | 39 |
| Other investments | 19 | 31 |
| **Total** | **33** | **281** |

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

In 2022, capital expenditures and investments in shares totalled EUR 558 (724) million. Capital expenditures were EUR 525 (443) million (▸ **Note 3** and ▸ **Note 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 |
|---|---|---|---|---|
| **Generation** | | | | |
| Pjelax-Böle and Kristinestad Norr, Finland | Wind | 380 | | Q2/2024 |

## Generation

On 3 March 2021, Fortum announced a substantial investment in dam safety in Sweden for an extensive rebuild of the over 100-year-old Forshuvud hydropower plant. Fortum is investing more than SEK 450 million (approximately EUR 44 million) during 2021–2025. This investment guarantees safe operation of a power plant as a supplier of renewable electricity and balancing power for more weather-dependent types of power.

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

## City Solutions

In June 2021, Fortum announced the divestment of the 250-MW Pavagada II and the 250-MW Rajasthan solar power plants in India to Actis. The parties also signed an agreement targeting potential further investments in solar power plants in India. The total consideration for the divestment on a cash and debt-free basis, including the effect of deconsolidation of the net debt, amounted to approximately EUR 280 million. The sale of the 250-MW Pavagada II solar plant was concluded in October 2021, the first phase of the Rajasthan divestment in November 2021 and the second phase in May 2022.

On 16 May, Fortum 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 signing of the transaction was announced on 22 March. The total consideration of the sale amounted to approximately EUR 1 billion on a cash and debt-free basis; as part of the transaction, Fortum deconsolidated a related EUR 0.2 billion shareholder loan from the City of Oslo. Fortum recorded a tax-exempt capital gain of EUR 638 million in the City Solutions segment's 2022 results.

In July, 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 per year. The plant will have a power generation capacity of 45 MWe gross, corresponding to the average annual electricity consumption of approximately 90,000 homes.

On 7 December, Fortum announced that the construction work and the gradual deployment tests of the company's new battery material recycling facility in Finland was completed according to plan. In June 2021, Fortum made an investment decision to expand its lithium-ion battery recycling capacity by building a hydrometallurgical plant in Harjavalta. The commercial operations will begin after the commissioning period in the second quarter of 2023. The investment of approximately EUR 27 million will increase Fortum's hydrometallurgical recycling capacity and enable the production of battery chemicals.

## Other Operations

On 1 September, Fortum divested 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 Other Operations' 2022 results.

On 18 August, Fortum closed the sale of its 30% ownership in Recharge AS (Recharge), a public charging point operator (CPO) for electric vehicles, to Infracapital, the infrastructure equity investment arm of M&G Plc. The transaction was originally announced on 10 June. After the transaction, Infracapital owns 100% of Recharge, which is the largest charging network in the Nordic region with more than 4,600 connectors at 830 locations. The transaction price was EUR 85 million and Fortum recorded a tax-exempt capital gain of EUR 77 million in Other Operations' 2022 results.

## Russia

*Due to the ongoing Russia-Ukraine war and the current geopolitical situation, Fortum has stopped all new investment projects in Russia.*

# Research and development

Sustainability is at the core of Fortum's strategy and, alongside Fortum's current businesses, the company is carefully exploring and developing new sources of growth within clean energy solutions.

Fortum's goal is to be at the forefront of energy technology and application development. To accelerate innovation and the commercialisation of new offerings, Fortum is strengthening its in-house innovation and digitalisation efforts and building partnerships with leading global suppliers, technology and service companies, and research institutions. Fortum makes direct and indirect investments in start-ups that have promising new innovations focused on decarbonisation, flexibility, clean gas or accelerate the transition towards a circular economy. Fortum also invests in technologies that support better utilisation of the current asset base and that can create new markets and products for Fortum. The company is continuously looking for emerging clean energy solutions and for solutions that increase resource and system efficiency.

The Group reports its R&D expenditure on a yearly basis. In 2022, Fortum's R&D expenditure was EUR 55 (54) million, or 0.6% (0.8%) of sales.

| | 2022 | 2021 | 2020 | Change 22/21 |
|---|---|---|---|---|
| R&D expenditure, EUR million | 55 | 54 | 56 | 2% |
| R&D expenditure, % of sales | 0.6 | 0.8 | 0.1 | |

# Changes in Group management

As of 1 September, the head of Fortum's Russia division, Alexander Chuvaev, stepped down from his position as member of Fortum's Executive Management team. Mr Chuvaev continues in his position as Head of the Russia division and reports to the President and CEO, Markus Rauramo.

On 16 December, Fortum announced that as part of the company's ongoing strategy process, Bernhard Günther, who has served as CFO since February 2021 and was Fortum's lead in the joint project to explore a potential integration of Uniper into Fortum, asked to step down as CFO. Tiina Tuomela, CFO of Uniper, will return to Fortum and assume the CFO position and become a member of the Executive

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

Management Team latest in the beginning of April 2023. Bernhard Günther will remain CFO and a member of Fortum's Executive Management team until Tiina Tuomela joins.

## Annual General Meeting 2022

On 28 March, the Annual General Meeting of Fortum Corporation (AGM) was held at the company headquarters in Espoo, Finland, under special arrangements. The AGM adopted the Financial Statements and the Consolidated Financial Statements for the financial period 1 January–31 December 2021 and discharged from liability all the persons who had served as members of the Board of Directors and as President and CEO during the year 2021.

The AGM resolved that a dividend of EUR 1.14 per share be paid for the financial year that ended on 31 December 2021. The dividend was paid on 6 April 2022.

Further the AGM approved the Remuneration Report for the company's governing bodies for 2021. The resolution was advisory.

The AGM 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, provided that he/she does not simultaneously act as Chair or Deputy Chair of the Board of Directors.

In addition fixed fees were approved 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 Committee meetings will be EUR 800 for each meeting, or EUR 1,600 if 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 will be 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 will be paid in company shares and in cash in such a way that approximately 40% of the amount of the annual fee will be 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 will be acquired on behalf and in the name of the Board members within two weeks following the publication of the company's first-quarter 2022 interim report. If share purchases cannot be carried out within the aforementioned schedule due to a reason related to the company or a Board member, the shares will be acquired later, or the annual fee will be paid fully in cash. The meeting fees and the fixed fees for the Committee work will be paid fully in cash.

The AGM resolved that the Board of Directors will consist of nine members. Veli-Matti Reinikkala was elected as Chair and Anja McAlister as Deputy Chair. Luisa Delgado, Essimari Kairisto, Teppo Paavola, Philipp Rösler and Annette Stube were re-elected as members. Ralf Christian and Kimmo Viertola were elected as new 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 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 corresponded to approximately 2.25 per cent of all the shares in the company on 28 March 2022. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation. These authorisations cancelled the authorisations resolved by the AGM 2021 and will be effective until the next Annual General Meeting and in any event for no longer than a period of 18 months. This authorisation has not been used by 1 March 2023.

The AGM authorised the Board of Directors to decide on contributions in the total maximum amount of EUR 500,000 for charitable or similar purposes, and to decide on the recipients, purposes and other terms of the contributions. The authorisation will be effective until the next Annual General Meeting. By 1 March 2023, EUR 209,000 of this authorisation has been used.

### Board decisions

At its meeting held after the Annual General Meeting, Fortum's Board of Directors elected, among its members, Veli-Matti Reinikkala as Chair and Luisa Delgado, Anja McAlister, and Kimmo Viertola as members of the Nomination and Remuneration Committee. Furthermore, the Board elected Essimari Kairisto as Chair and Teppo Paavola, Philipp Rösler, Annette Stube, and Ralf Christian as members of the Audit and Risk Committee.

### Shareholders' Nomination Board

On 15 September, Maija Strandberg, Senior Ministerial Adviser, Financial Affairs, Prime Minister's Office, Ownership Steering Department (Chair), Risto Murto, President and CEO, Varma Mutual Pension Insurance Company, Jouko Pölönen, President and CEO, Ilmarinen Mutual Pension Insurance Company, and Veli-Matti Reinikkala, Chair of Fortum's Board of Directors were appointed to Fortum Shareholders' Nomination Board. Elo Mutual Pension Insurance Company did not exercise its right to appoint a representative, and therefore the right was transferred to Ilmarinen Mutual Pension Insurance Company.

## Extraordinary General Meeting 2022

On 23 November, the Extraordinary General Meeting (EGM) of Fortum Corporation was held at the Helsinki House of Culture, Finland.

The EGM resolved in accordance with the proposal of the Board of Directors, on a directed share issue without payment to the Finnish State-owned holding company Solidium Oy. In accordance with the resolution, Solidium was entitled to subscribe up to 8,970,000 new ordinary registered shares in Fortum, which corresponds to approximately 1% of all shares outstanding in Fortum. As a consequence, the shares under control of the State of Finland increased from 50.76% to 51.26%.

On 25 November, the 8,970,000 new shares issued by the company were registered with the Finnish trade register. The total amount of shares outstanding in the company after the registration of the new shares is 897,264,465. The new shares carry full shareholder rights, including the right to dividend, as of the registration date.

## Other major events during the reporting period

On 30 September, Fortum's Board of Directors decided to launch the savings period for year 2023 under its Employee Share Savings (ESS) programme. The ESS programme was established in October 2019 and the Board of Directors decides separately on the annual launch of each individual savings period. The total amount of all savings for the 2023 savings period may not exceed EUR 6 million. Due to the restrictions regarding management incentives put in place by the Finnish State in the Solidium bridge financing facility, Fortum assessed and concluded that Fortum's Executive Management team will not participate in the 2023 savings period of the ESS programme.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

On 29 December, the Finnish Government published its law proposal (HE 320/2022 vp) for a temporary windfall tax in the electricity sector. The law intends to implement EU's Council Regulation 2022/1854 on revenue cap and solidarity contribution as an emergency intervention to address high energy prices. This model deviates from the models proposed in other European countries. The tax applies to companies in the electricity sector within electricity generation, wholesale and partly retail sales in Finland. Pursuant to the law, the tax is 30% of the companies' net profits generated from the above listed electricity operations in Finland exceeding a 10% return on equity in the fiscal year 2023. The temporary windfall tax was approved by the Finnish Parliament on 27 February 2023 and the tax becomes payable in 2024. Fortum has assessed the law's financial impacts on the company's comparable effective income tax rate. For more information, see '**Outlook**'.

# Fortum in Russia

Russia's attack war in Ukraine and its decision to use energy as a weapon fundamentally changed the geopolitical situation and operating environment for energy companies in Europe, increasing and materialising uncertainties and risks for Fortum. Throughout the crisis Fortum has focused on ensuring a secure energy supply to customers and managing the adverse effects of the crisis on the company's stakeholders. The company complies with all applicable laws and regulations, including sanctions, and prepares for various scenarios. Further information on risks is also in the section '**Risk management**'.

## Pursuing a controlled exit from Russia

Soon after the war broke out, Fortum announced that it had stopped all new investment projects in Russia and would not provide any new financing to its Russian subsidiaries. In May, Fortum announced that it is preparing a controlled exit from the Russian market, with potential divestments of its Russian operations as the preferred path. Completing the exit is likely to take additional time, and there still are significant uncertainties – including regulatory approvals – related to the ongoing divestment process.

## Governance of Fortum Russia division

Fortum's Russian operations are functioning on a "stand-alone" basis with e.g. separated IT-systems. Governance has been segregated to support the planned exit phase simultaneously ensuring compliance with applicable laws and regulations, including sanctions. Since spring 2022, there are no parent company representatives on the boards of the Russian subsidiaries and the head of Fortum's Russia division has stepped down from the Fortum Executive Management team. However, he continues to report to the Group CEO.

Due to existing sanctions imposed by Russia, the Group's Russian operations are subject to significant foreign exchange transfer restrictions, which limit the ability to transfer funds including potential dividend distributions, out of Russia.

## Fuel supply and sourcing from Russia

Soon after the war broke out, Fortum started taking measures to secure fuel supplies for its power plants outside of Russia. Fortum no longer buys coal, pellets, biomass, oil or gas from Russia for its power plants. Fortum has also stopped electricity imports from Russia. However, Fortum buys nuclear fuel for its Loviisa nuclear power plant in Finland from the Russian TVEL, as it is not possible to quickly change suppliers due to e.g. the required certification and permitting processes. The current supply contract is valid until the end of the current operating licences in 2027 (Loviisa 1) and 2030 (Loviisa 2). To diversify the company's fuel strategy, improve security of supply and ensure reliable electricity production at the Loviisa power plant, Fortum signed an agreement with Westinghouse Electric Company in November for the design, licensing and supply of a new fuel type for the Loviisa power plant. Taking the new fuel into use is a multi-year project also requiring regulatory approvals.

## Fortum's operations and assets in Russia

Fortum's Russia segment comprises its subsidiary PAO Fortum, including shares in joint ventures and Fortum's shareholding in PAO TGC-1 (ownership of more than 29%). Fortum has seven power plants in Russia, mainly natural gas-fired power plants in the Urals and Western Siberia. Six of the plants produce both electricity and heat for the market, while one plant produces only electricity. At the end of 2022, total power generation capacity amounted to 4.7 gigawatts (GW) and heat production capacity to 7.6 GW. In 2022, PAO Fortum generated 28.6 terawatt-hours (TWh) of electricity and produced 15.7 TWh of heat. Fortum's Russia segment is also active in developing renewable power generation in Russia. The segment's wind and solar portfolio comprises 1.3 GW of operational CSA-backed (Capacity Supply Agreements) capacities.

Fortum has approximately 2,700 employees in Russia.

Total impairment charges in 2022 for the Russia cash-generating unit (CGU) amount to EUR 1,697 million (pre-tax), 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 (› **Note 19**).

# 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 2022, approximately 75% of the Generation segment's estimated Nordic power sales volume was hedged at EUR 58 per MWh for 2023 and approximately 45% at EUR 42 per MWh for 2024.

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 reduced its exposure on the Nasdaq Commodities exchange and increased the share of bilateral agreements.

## Capital expenditure

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

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Generation

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

## Income taxation

In 2023, considering the temporary windfall tax law in Finland, the comparable effective income tax rate for Fortum is estimated to be in the range of 21–24% and excluding the windfall tax in Finland, in the range of 20–22%. In 2024, the comparable effective income tax rate for Fortum is estimated to be in the range of 19–21%. Fortum's comparable effective tax rate is impacted by the weight of the profit in different jurisdictions and differences in standard nominal tax rates in these jurisdictions. The tax rate guidance excludes items affecting comparability.

# Events after the balance sheet date

On 16 February 2023, the Finnish Government granted a new operating license 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 CO2-free electricity. Investments related to the continuation of operations and lifetime extension will amount to an estimated EUR 1 billion until 2050. Over the past five years, Fortum has already invested approximately EUR 300 million in refurbishing the Loviisa power plant. The Loviisa power plant is the first nuclear power plant in Finland. The power plant has two units: unit 1 started operating in February 1977, and unit 2 in November 1980.

At the beginning of March 2023, the Fortum Board of Directors resolved on Fortum's new strategy. Fortum's strategic priorities are to deliver reliable clean energy and drive decarbonisation in industries in the Nordics. The strategy includes new financial and sustainability targets:

- Updated financial guidance to ensure credit rating of at least BBB and optimal financial flexibility for future growth: long-term financial net debt-to-comparable EBITDA of 2.0–2.5 times.
- Disciplined growth in clean energy with capital expenditure of up to EUR 1.5 billion during 2023–2025. Investment hurdles of project WACC + 150–400 basis points will be applied and evaluated against the company's climate and biodiversity targets. Investment decisions will also be evaluated against the company's climate and biodiversity targets.
- Renewed dividend policy with payout ratio of 60–90% of comparable EPS. Fortum's Board of Directors proposes a dividend of EUR 0.91 per share for the year 2022 corresponding to a pay-out of 75% based on comparable EPS for continuing operations of EUR 1.21 (excluding Russian operations).
- Fortum has brought forward its target to reach carbon neutrality to 2030 (Scopes 1, 2, 3) and will exit all coal already by the end of 2027. To reach carbon neutrality, Fortum is committed to setting emission reduction targets based on the climate science (SBTi 1.5°C), assuming Russia exit. To measure progress, mid-point targets have been set for specific emissions at below 20 g CO2/kWh for total energy production and at below 10 g CO2/kWh for power generation by 2028.
- Fortum is also committing 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 local initiatives, especially in hydropower production, and is committed to develop a science-based methodology to assess the company's aquatic impacts during 2023.
- Fortum is already taking steps to reach the environmental targets and examples of these include the Loviisa nuclear plant lifetime extension, increasing the use on hydro power and the ongoing decarbonisation projects in district heating.

At the beginning of March 2023, the Fortum Board of Directors resolved on revising the financial segment reporting to match the new business structure and strategy. As of the beginning of 2023, Fortum will report its financial performance in the following reporting segments:

- The Generation segment will include 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 segment includes the Circular Solutions business unit, Innovation and Venturing activities, enabling functions and corporate management.

Fortum will continue to consolidate and report its Russian operations as a separate segment for the time being; however, Fortum will continue to assess the basis for consolidation in the coming quarters. Fortum is committed to exiting the Russian market and a divestment is being pursued.

Fortum will publish restated quarterly segment financials for 2022 before publication of the first quarter 2023 results on 11 May 2023.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Sustainability

## Sustainability at Fortum

### Introduction

This section covers Fortum's non-financial reporting in accordance with the Finnish Accounting Act 1336/1997, Securities Market Act 746/2012 and Limited Liability Companies Act 624/2006. It also includes disclosures prepared in accordance with the EU Taxonomy Regulation Delegated Act of 6 July 2021 and Complementary Climate Delegated Act of 15 July 2022.

In this report, selected sustainability key performance indicators for continuing operations and continuing operations excluding Russia are disclosed. Comparative figures and information for the year 2021 have been restated to exclude Uniper as discontinued operations. Comparatives for 2020 have not been restated. Selected key performance indicators for discontinued operations are presented in separate tables.

Fortum Group's business model is described in ▸ **Note 6**.

### Material non-financial aspects

Fortum's non-financial reporting includes information on the four mandatory aspects defined in the Finnish Accounting Act. These are: environmental matters, social and personnel matters, respect for human rights, and prevention of corruption and bribery.

Fortum assessed its sustainability priorities in 2021 with a comprehensive materiality analysis, based on internal and external stakeholder surveys, and an extensive desktop review. The desktop review analysed, e.g., regulations, expectations of capital markets, peers' material sustainability topics, media coverage, and connections between the material topics and the UN Sustainable Development Goals (SDGs). In 2022, Fortum updated its materiality analysis based on a new desktop review and new stakeholder data. Based on the materiality analysis, Fortum's sustainability priority areas are:

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

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

### Sustainability targets

The Fortum Board of Directors resolved on Fortum's new strategy at the beginning of March, 2023. As part of this, Fortum's Sustainability targets have now been updated. A summary of Fortum's new strategy and key sustainability targets can be found in ▸ **Note 39** Events after the balance sheet date.

In 2020, as part of the joint strategy with Uniper, Fortum aligned its climate targets with the goals of the Paris Agreement to be committed to carbon neutrality by 2050 at the latest. The target covered direct CO2 emissions (Scope 1) and indirect $CO_2$ emissions (Scope 2 and 3). Fortum's roadmap to reduce emissions in Europe was also defined. Fortum committed to at least a 50% reduction in $CO_2$ emissions (Scope 1 and 2) in its European generation by 2030 (compared to base-year 2019) and to carbon neutrality (Scope 1 and 2) by 2035 at the latest. In December 2021, Fortum also committed to reduce Scope 3 greenhouse gas emissions by 35% by 2035 at the latest (compared to base year 2021).

In 2022, Fortum's $CO_2$-eq emissions, including all Scope 1, 2 and 3, totalled 30.2 million tonnes, compared to 31.7 million tonnes in 2021. Major changes in emissions were due to the divestment in Baltics operations and Argayash power plant in Russia in 2021, as well as emission reduction in Scope 3 emissions related to purchased goods and services and gas sales.

Fortum's direct $CO_2$ emissions (Scope 1) and indirect $CO_2$ emissions (Scope 2) in Europe totalled 2.2 million tonnes, which remained at a same level as in 2021.

In 2022, Fortum's Scope 3 greenhouse gas emissions totalled 13.2 million $CO_2$-eq tonnes, compared to 13.8 million $CO_2$-eq tonnes in 2021.

### Emission reduction targets and performance for continuing operations

Group emission reduction targets set in 2020 and 2021 are part of 2022 reporting and performance against the climate targets are presented in the table below.

| Climate target | Scope | 2022 | 2021 | Base-year | Base-year emissions | Change compared to base year % |
|---|---|---|---|---|---|---|
| Carbon neutrality by 2050 at the latest | Total Scope 1, 2 and 3 emissions, million tonnes $CO_2$-eq | 30.2 | 31.7 | - | - | - |
| At least 50% reduction in $CO_2$ emissions in European generation by 2030 | Scope 1 and 2 emissions in European generation, million tonnes $CO_2$ | 2.2 | 2.2 | 2019 | 2.9 | -24 |
| Reduction of Scope 3 GHG emissions by 35% by 2035 at the latest | Total Scope 3 emissions, million tonnes $CO_2$-eq | 13.2 | 13.8 | 2021 | 13.8 | -4 |

In 2022, Fortum's target was to develop a science-based strategy to measure and enhance the biodiversity impacts of the Group's operations and the new developments. Milestones achieved are described in the chapter 'Water and biodiversity'.

Fortum's safety targets are zero severe occupational accidents, Total Recordable Injury Frequency (TRIF) for own personnel and contractors, <1.0 by the end of 2025, and Severity rate per TRI (number of lost days divided by number of Total Recordable Injuries), for own personnel and contractors, ≤11 in 2022. In 2022, Fortum's target for sickness-related absences was 2.8%.

The new Safety eLearning training for all Fortum employees was launched in the second quarter of 2022, followed by the Safety Leadership Programme 2022 for Executives, launched in the third quarter of 2022. These will be followed by the Management Safety and Security Leadership Programme starting in 2023. Fortum's goal for the completion rate of the trainings – Safety eLearning and Safety Leadership Programme for Executives – was 85% in 2022, which was achieved with a completion rate of 91.2% and 96.3%, respectively.

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

Fortum's Climate Lobbying Review was first published in December 2021 and updated in December 2022. The Review is publicly disclosed on Fortum's website. A summary of the review is also published as a part of Fortum's Sustainability Report. In December 2022, Fortum also published its Lobbying Guidelines.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Group sustainability performance for continuing operations

| | 2022 | 2021 |
|---|---|---|
| **Climate and resources** | | |
| Total GHG emissions, Scope 1-3, million $CO_2$-eq tonnes | 30.2 | 31.7 |
| Total GHG emissions, Scope 1-3, excl. Russia, million $CO_2$-eq tonnes | 10.9 | 11.0 |
| Direct Scope 1 GHG emissions, million $CO_2$-eq tonnes | 17.0 | 17.9 |
| Direct Scope 1 GHG emissions, excl. Russia, million $CO_2$-eq tonnes | 2.2 | 2.2 |
| Indirect location-based Scope 2 GHG emissions, million $CO_2$-eq tonnes | 0.04 | 0.05 |
| Indirect location-based Scope 2 GHG emissions, excl. Russia, million $CO_2$-eq tonnes | 0.03 | 0.05 |
| Scope 3 GHG emissions, million $CO_2$-eq tonnes | 13.2 | 13.8 |
| Scope 3 GHG emissions, excl. Russia, million $CO_2$-eq tonnes | 8.7 | 8.7 |
| Specific $CO_2$ emissions from total energy production, $gCO_2/kWh$ | 184 | 175 |
| Specific $CO_2$ emissions from total energy production, excl. Russia, $gCO_2/kWh$ | 45 | 39 |
| Asset availability of power generation plants, % | 90.3 | 90.3 |
| Major environmental incidents [1], no. | 2 | - |
| **Personnel and society** | | |
| Total Recordable Injury Frequency (TRIF), own personnel and contractors | 2.7 | 3.1 |
| Severity rate per TRI [2], own personnel and contractors | 12.0 | 13.1 |
| Severe occupational accidents, no. | 2 | 2 |
| Safety eLearning [3], % | 91.2 | - |
| Safety Leadership Programme for Executives [4], % | 96.3 | - |
| Sickness-related absences, % | 3.2 | 2.9 |

1) 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.
2) Number of lost days divided by number of Total Recordable Injuries (TRI).
3) Completion rate. Training launched in the second quarter of 2022.
4) Completion rate. Training launched in the third quarter of 2022.

Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operating. Fortum's long-term financial targets until 31 December 2022 were financial net debt/comparable EBITDA below 2x, and two different hurdle rates for new investments (WACC +100 BPS for green investments and WACC +200 BPS for other investments). Fortum's objective is to have a solid investment grade rating of at least BBB to preserve financial flexibility and good access to capital markets. The Fortum Board of Directors resolved on Fortum's new strategy at the beginning of March, 2023. A summary of Fortum's new strategy and key sustainability targets can be found in ▸ **Note 39** Events after the balance sheet date.

Fortum is a significant economic actor in its operating countries. The most significant direct monetary flows of Fortum's operations come from revenue from customers, procurements of goods and services from suppliers, compensation to lenders, dividends to shareholders, growth and maintenance investments, employee wages and salaries, and taxes paid.

Fortum supports social development and wellbeing in its operating countries by, e.g., paying taxes. The tax benefits Fortum produces to society include not only corporate income taxes, but also several other taxes. Fortum's approach to taxation and the principles that steer the tax management are presented in the Fortum's Tax Principles disclosed on Fortum's website. Fortum publishes its tax footprint annually and, as a member of the B Team endorses the B Team's Responsible Tax Principles.

Fortum is included in several sustainability indices and has been assessed by many sustainability ratings. The list is published on Fortum's website. Fortum's sustainability reporting covers functions under Fortum's operational control, including subsidiaries in all its operating countries, unless otherwise stated.

## Sustainability risks and opportunities

Fortum's operations are exposed to risks, which, if materialised, can have adverse effects on the environment and on the safety and security of employees, contractors, and neighbouring societies. Key sustainability risks, including climate-related risks, are reported to Fortum Executive Management and the Audit and Risk Committee as part of the annual review of material risks and uncertainties for Fortum. Fortum's risks are presented in the Risk management section in the Operating and Financial Review.

Climate change and the need for decarbonisation and resource efficiency are changing the energy industry in a profound way, and these changes also create new business opportunities for Fortum. As such, Fortum is well positioned to capture opportunities resulting from the energy transition, aimed at curbing climate change. The energy transition requires not only renewables but increasingly also energy storage and other flexible solutions to provide security of supply and to decarbonise industry, transportation, heating and cooling. Building on our strengths, our future will be driven by $CO_2$-free power generation, sustainably transforming our own operations to become carbon neutral and engaging customers and society to decarbonise.

## Sustainability governance and policies

As sustainability is an integral part of Fortum's strategy, the highest decision making on sustainability and climate-related matters falls within the duties of the members of the Board of Directors, who share joint responsibility in these matters.

Fortum Executive Management decides on the sustainability approach and Group-level sustainability targets that guide annual planning. The Group's performance targets, including sustainability and climate-related targets, are approved by Fortum's Board of Directors. Fortum's line management is responsible for the implementation of Fortum's policies and instructions and for day-to-day sustainability management and improvement plans.

Fortum's short-term incentive (STI) programme, applicable to all employees, includes safety as one element. In the 2022 STI programme, the safety target contains the following elements: severity rate per Total Recordable Injuries (TRI) of own employees and contractors combined, the execution rate of Safety Leadership Training, and the execution rate of safety eLearning.

Fortum's long-term incentive (LTI) programmes includes a climate-related metric. In the 2021–2023 LTI plan, the target is linked to the reduction of Fortum's coal-based power generation capacity in line with Fortum's coal-exit path, with a minimum level requiring exceeding the communicated ambition level. In the 2022–2024 LTI plan is related to the reduction of the absolute $CO_2$ emissions in the European fossil fleet, based on a fossil fleet review addressing the Group's European generation portfolio and a pathway developed to reach Fortum Group's 2030 and 2035 climate targets. Targets of both LTI plans were adjusted in early 2023 due to the divestment of Uniper. In the 2023–2025 LTI plan, the ESG target is linked to emission reduction targets based on the climate science (SBTi 1.5°C) and related to emissions in Europe, and Fortum's reputation index development among key stakeholders. The relative TSR measured against a peer group of European utilities remains as a measure in the plan.

Sustainability management at Fortum is strategy-driven and based on the company's Values, Code of Conduct, Supplier Code of Conduct, sustainability-related policies, and other Group policies and their specifying instructions. The Code of Conduct establishes the basic principles of conduct that everyone must follow. The Code defines how we treat each other, do business, and engage with the world. The Supplier Code of Conduct, based on the ten principles of the UN Global Compact, outlines the requirements for Fortum's suppliers and business partners.

Fortum follows and respects the International Bill of Human Rights, the United Nations Convention on the Rights of the Child, and the core conventions of the International Labour Organisation (ILO). Fortum also recognises in its operations the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Chamber of Commerce's anti-bribery and anti-

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

corruption guidelines, and the Bettercoal initiative's Code on responsible coal mining. Fortum is a participant of the UN Global Compact initiative and the UN Caring for Climate initiative.

### Business ethics

Zero tolerance for corruption and bribery is highlighted in Fortum's Code of Conduct and Supplier Code of Conduct. In addition, separate instructions and guidelines have been created to address various topics, including but not limited to anti-bribery, compliance management, safeguarding company assets, conflict of interest, anti-money laundering, economic sanctions and competition law. Fortum's Board of Directors has approved the company's Code of Conduct and Supplier Code of Conduct.

The Codes of Conduct are regularly reviewed in order to ensure compliance with evolving company and regulatory requirements. The latest revision of Fortum's Code of Conduct and Supplier Code of Conduct took place in 2021.The Code of Conduct online training is mandatory for all employees. In addition, relevant individuals are regularly trained in policies and systems that help to prevent corruption.

Internal and external reporting channels are offered for reporting suspicions of misconduct. The channels are described in the Code of Conduct and accessible on the company's internal and external webpages. Suspected misconduct and measures related to ethical business practices and compliance with regulations are regularly monitored and assessed by Fortum's Audit and Risk Committee.

No new cases of corruption or bribery were confirmed in Fortum's operations in 2022. One case was under investigation at year-end.

## 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.

Fortum's Sustainability Policy and the Minimum Requirements for EHS Management steer environmental management. 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.

### Energy

Fortum's power generation in the Nordic countries is mainly based on $CO_2$-free hydro and nuclear power. A minor share of Fortum's power generation is currently based on solar and wind. Fortum has also generation of district heating and cooling in Finland and in Poland. In Europe, 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 the Russian operations, Fortum has mainly natural gas-fired generation.

In 2022, Fortum's power generation was 72.8 (78.0) TWh and heat and steam production 20.9 (24.9) TWh. 59% of Fortum's total power generation was $CO_2$-free. In Europe, 97% of the power generation was $CO_2$-free. The figures for power and heat generation and capacities also include figures from Fortum's share in associated companies and joint ventures that sell their production to the owners at cost.

Fortum uses various fuels, such as natural gas (69%), uranium (23%), coal and lignite (4%), waste-derived fuels (3%), and biomass fuels (1%), to produce electricity, heat, and steam. Percentage shares are based on the energy content of the fuel.

In 2022, Fortum's coal-based capacity totalled 0.7 GW and generation 1.2 TWh. The share of coal of Fortum's revenues was 3% and the share of fossil fuels of generation-based revenues was 12%.

In 2022, Fortum's coal-based power generation, excluding Russia, was 1.1 TWh. Russia exited coal on 1 November 2022. The share of coal of Fortum's revenues, excluding Russia, was 4% and the share of fossil fuels of generation-based revenues was 6%.

An uninterrupted and reliable energy supply is critical for society to function. With planned preventive maintenance and condition monitoring, Fortum ensures that the power plants operate reliably to produce the electricity and heat customers need.

In 2022, the asset availability of Fortum's gas-fired and coal-fired power plants was, on average, 90.3 (90.3)%. The asset availability of Fortum's power generation includes planned outages in addition to unplanned technical unavailability.

### Climate and greenhouse gas emissions

Fortum has committed to carbon neutrality by 2050 at the latest, in line with the goals of the Paris Agreement. Fortum's priority is to transform its own operations to carbon neutral by continuously strengthening and growing in $CO_2$-free power generation and by decarbonising its carbon-emitting energy production fleet.

In 2022, Fortum's direct $CO_2$ emissions were 16.9 (17.8) Mt. 87% of $CO_2$ emissions originated from Russian power and heat production. Of the total $CO_2$ emissions, 1.6 (1.5) Mt were within the EU and UK emissions trading system (ETS). The estimate for Fortum's free emission allowances in 2022 is approximately 0.2 (0.2) Mt.

| Fortum's direct $CO_2$ emissions, Scope 1 (million tonnes, Mt) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Total emissions | 16.9 | 17.8 | 48.7 |
| Emissions subject to ETS | 1.6 | 1.5 | 17.5 |
| Free emission allowances | 0.2 | 0.2 | 0.9 |
| Emissions not subject to ETS in Europe | 0.5 | 0.7 | 0.7 |
| Emissions in Russia | 14.8 | 15.6 | 30.5 |

Fortum's greenhouse gas emissions are defined and reported according to the Greenhouse Gas (GHG) Protocol guidelines. In 2022, Fortum's direct Scope 1 GHG emissions were 17.0 (17.9) million $CO_2$-eq tonnes, indirect market-based Scope 2 GHG emissions 0.03 (0.04) million $CO_2$-eq tonnes, and indirect location-based Scope 2 GHG emissions 0.04 (0.05) million $CO_2$-eq tonnes.

In 2022, Scope 3 GHG emissions were estimated to be about 13.2 (13.8) million $CO_2$-eq tonnes. The Group's Scope 3 emissions originate from the procurement of fuels, transportation and distribution, electricity retail to customers, use of sold products, purchased goods and services, and from capital goods, i.e., investments.

Fortum's Scope 1 GHG emissions accounted for about 56% of total GHG emissions, Scope 2 GHG emissions accounted for about 0%, and Scope 3 GHG emissions accounted for about 44%.

In 2022, Fortum's specific $CO_2$ emissions from total energy production were 184 (175) $gCO_2/kWh$. Specific $CO_2$ emissions from power generation were 180 $gCO_2/kWh$ and excluding Russia 25.4 $gCO_2/kWh$.

### Major environmental incidents

In 2022, the definition of major environmental incidents was revised. The figure now includes environmental incidents that resulted in significant harm to the environment (ground, water, air) and environmental non-compliances with legal or regulatory requirements. In 2022, there were two major environmental incidents: a breach of minimum discharge at the Untra hydropower plant in Sweden and a landfill water leakage caused by over floating of the pool in Valkeakoski, Recycling and Waste Finland.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Water and biodiversity

Fortum uses large volumes of water in its power plants, district heating networks and other production operations. In most cases, power plants do not consume water – the water is discharged back to the same water system from where it was withdrawn. In 2022, Fortum withdrew a total of 1,760 (1,930) million $m^3$ of water in production operations; 95% of this amount was used as cooling water.

Fortum has carried out voluntary and licence-related biodiversity measures for years to prevent negative impacts and where possible to implement biodiversity measures for improvement, as outlined in its Biodiversity Manual and Action Plan, publicly disclosed on Fortum's website.

At the start of 2022, Fortum committed to developing a science-based strategy to measure impacts on biodiversity and to work towards enhancing biodiversity in its operations and supply chain. The work conducted follows the publicly available principles of the Science Based Targets for Nature (SBTN) framework. Using the internationally recognised Global Biodiversity Score® tool, Fortum has mapped its own and its value chain's dependencies and impacts on biodiversity and ecosystem services to define its biodiversity footprint. The aquatic assessment for hydropower is pending, due to developments in methodology, so it is therefore not currently included in the overall footprint.

Based on the analysis, Fortum's main biodiversity impacts are related to the impacts from its GHG emissions, land use and fuel procurement. Fortum has set targets to reduce its GHG emissions, which will also play a key role in Fortum's efforts to reduce its impacts on biodiversity. Concrete targets and business-specific measures will be proposed in 2023.

# Personnel and society

Fortum's key performance indicators for personnel and society are related to operational and occupational safety and to employee health and wellbeing. In addition Fortum annually measures its reputation and customer satisfaction with the One Fortum Survey.

## Personnel

Fortum places a significant emphasis on an open and trusting corporate culture and highlights systematic, two-way feedback on employee performance and engagement. Diversity and equal opportunity are seen as contributing to competitiveness and innovation.

Fortum's Values and Code of Conduct form the foundation for all daily work. The People Policy and Leadership Principles guide personnel-related matters.

Fortum's operations are mainly based in the Nordic countries, Russia, and Poland. The total number of employees at the end of 2022 was 7,712.

| Group personnel statistics for continuing operations | 2022 | 2021 | 2020 |
|---|---|---|---|
| Number of employees, 31 December | 7,712 | 19,140 | 19,933 |
| Number of employees, 31 December, excl. Uniper | 7,712 | 7,646 | 8,182 |
| Average number of employees | 7,826 | 8,045 | 17,304 |
| Total amount of employee benefits, EUR million | 504 | 496 | 1,195 |
| Departure turnover, % (of permanent employees) | 19.1 | 18.9 | 7.4 |
| Permanent employees, % | 97.2 | 97.6 | 94.8 |
| Full-time employees, % | 98.7 | 98.8 | 98.2 |
| Female employees, % | 31.3 | 31.2 | 27.0 |
| Females in management, % | 31.0 | 29.0 | 27.0 |

## Occupational safety

For Fortum, excellence in safety and caring both about 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 work is steered by the Sustainability Policy, the Minimum Requirements for EHS Management, and more detailed EHS manuals. A certified ISO 45001 safety management system covers 100% of Fortum's power and heat production worldwide.

Fortum's safety targets for 2022 included Uniper and were measured as:

- Zero severe occupational accidents
- Total Recordable Injury Frequency (TRIF), for own personnel and contractors; the ambitious goal is <1.0 by the end of 2025
- Severity rate per TRI (i.e., number of lost days divided by the number of Total Recordable Injuries) for own personnel and contractors: ≤11.

In 2022 Fortum launched the Safety Culture Programme, which once completed will include trainings, webinars and workshops addressing all organisational levels:

- New Safety eLearning training for all Fortum employees, launched in the second quarter of 2022
- Safety Leadership Programme 2022 for Executives, including ten workshops for 132 Fortum Executives, launched in the third quarter of 2022
- Safety Culture Programme will continue with Management Safety and Security Leadership Programme in 2023.

In 2022, Fortum's TRIF (Total Recordable Injury Frequency) for own personnel and contractors was 2.7 (3.1). The severity rate per TRI for own personnel and contractors was 12.0 (13.1), which did not meet the set target. Fortum's LTIF (Lost Time Injury Frequency) for own personnel and contractors was 1.6 (2.2).

Fortum strives for zero severe occupational accidents. In 2022, there were 2 (2) severe occupational accidents in the operations, one of them resulted in fatality. A Fortum employee at a customer's power plant in Rwanda fell from a height of 7 meters when installing barricading around floor grating that had been removed. Corrective actions, including, e.g., improvements in the permit to work process and clarifications in the authorities to issue and follow orders, have been implemented.

## Personnel wellbeing

Fortum's goal regarding workplace wellbeing activities is to promote the health and occupational safety of employees and the functionality of the work community. Employees have access to a wide range of services, from medical check-ups to exercise and coaching programmes that also address stress management and mental wellbeing.

In 2022, the company's efforts concentrated on supporting mental wellbeing in the exceptional conditions of the geopolitical situation and the prolonged Covid-19 pandemic. The wellbeing services highlighted mental wellbeing, resilience, stress and physical health. Managers were supported in leading employees' wellbeing during the challenging period. Examples of measures taken to support mental wellbeing include providing the opportunity for personal online meetings with a mental wellbeing professional. Wellbeing coaching sessions for individuals and teams were widely offered. Also different events and activities were organised to raise awareness of mental wellbeing and the services available. According to an employee survey, 94% of respondents feel that they are managing the mental demands of their own work role.

An inclusive culture where everyone feels safe, included and is treated equally also promotes wellbeing of personnel. In 2022 Inclusive Leadership -trainings were provided for managers to enhance their knowledge and understanding of Diversity, Equity and Inclusion.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

Year 2022 started with a worsened Covid-19 pandemic situation due to new variants and measures such as remote work, face masks, travel restrictions and physical distance were taken to safeguard personnel from the pandemic. When the pandemic situation eased during the spring, a hybrid work model in which the work week is divided between office and remote work days was applied when pandemic situation allowed. Several measures to support hybrid and remote working were continued and improved; examples include wellbeing and ergonomics instructions for hybrid work as well as cloud-based IT solutions and HR processes that support flexible, mobile work arrangements. Both on-site and virtual wellbeing services and events were offered to employees.

In 2022, the pandemic situation began to reflect in sickness-related absences more than in the previous pandemic years; the sickness-related absence rate increased to 3.2 (2.9).

## Society

### Reputation and customer satisfaction

Fortum's performance regarding reputation and customer satisfaction is monitored annually through the One Fortum Survey. In 2022, the combined reputation index of all stakeholder groups based on the One Fortum Survey decreased to 63 points (71), on a scale of 0–100. Fortum's overall reputation weakened among all stakeholder groups, but the declines were mainly driven by stakeholder views in Finland. Depending on the business area, the customer satisfaction index (CSI) varied between 60 and 83 points (58–83), on a scale of 0–100.

In 2022, gas and power prices across Europe reached all-time highs. In the exceptional market situation, Fortum continued to help its customers by expanding its product portfolio, offering tips on saving electricity, encouraging smart consumption and moving consumption away from peak-hours, supporting its customers more actively in managing their invoices, and offering more flexible payment plans.

### Supply chain

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 and supplier audits and a Know Your Counterparty process, which was established in the beginning of 2022. In 2022, Fortum conducted five on-site and one remote supplier audit in China, India and Thailand. The Covid-19 pandemic and local restrictions continued to challenge possibilities to conduct on-site supplier audits. Fortum is a member of the Bettercoal initiative and uses the Bettercoal tools to improve sustainability in the coal supply chain. Fortum supports and participates in the development of 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.

### Human rights

Fortum follows and respects internationally recognised human rights, which are included in the key human rights treaties. Respect for human rights is expressed in Fortum's Code of Conduct and Supplier Code of Conduct. The UN Guiding Principles on Business and Human Rights are taken into account in own operations and in supply chain management. Fortum's approach to human rights due diligence is described in the EU Taxonomy section.

Fortum conducts a human rights assessment for investment projects – especially in new operating areas – and also for new countries where Fortum plans to expand the sales of products and services. In 2022 two new country assessments were made.

### Corporate citizenship

Fortum continued to steer its support to society and cooperation with local communities through its Corporate Social Responsibility (CSR) programme. The programme's focus areas, aligned with the company's strategic targets, are Climate, People, and Material Revolution. Steering of CSR activities is concentrated to a Fortum-wide Steering Group.

In 2022, Fortum continued to support charity organisations in order to help its local communities, and it launched a volunteering program for employees. In addition, Fortum engages in collaboration with universities through different research and development projects. In 2022, Fortum's support for activities promoting the common good totalled EUR 2.3 (1.8) million. In addition, the grants awarded by Fortum and Neste Foundation (earlier Fortum Foundation), not part of Fortum, totalled EUR 783,136 (701,250).

## Discontinued operations (Uniper)

The following tables present selected key performance indicators for discontinued operations:

| | 2022 [1] | 2021 |
|---|---|---|
| **Climate and resources** | | |
| Total GHG emissions, Scope 1-3, million $CO_2$-eq tonnes | 145.8 | 158.1 |
| Direct Scope 1 $CO_2$ emissions, million tonnes | 41.2 | 51.0 |
| Indirect location-based Scope 2 GHG emissions, million $CO_2$-eq tonnes | 0.7 | 0.6 |
| Scope 3 GHG emissions, million $CO_2$-eq tonnes | 89.5 | 106.3 |
| Scope 3 GHG emissions caused by the use of fossil fuels sold both to end-users and resellers, million $CO_2$-eq tonnes | 67.4 | 78.1 |
| Specific $CO_2$ emissions from total energy production, $gCO_2/kWh$ | 454 | 428 |
| Asset availability of power generation plants [2], % | 70.3 | 78.0 |
| Major environmental incidents [3], no. | 0 | - |
| Power generation [4], TWh | - | 110 |
| Heat and steam production [4], TWh | - | 8.4 |
| $CO_2$-free share of total power generation, % | 20.7 | 23.5 |
| Power and heat production covered by a certified ISO 14001 environmental management system worldwide, % | 100 | 100 |
| **Personnel and society** | | |
| Total Recordable Injury Frequency (TRIF), own personnel and contractors | 1.6 | 1.5 |
| Severity rate per TRI [5], own personnel and contractors | 19.9 | 18.7 |
| Severe occupational accidents, no. | 1 | 1 |
| Sickness-related absences, % | 5.0 | 4.1 |
| Number of employees, 30 September/31 December | 11,209 | 11,494 |
| Power and heat production covered by a certified ISO 45001 safety management system worldwide, % | 100 | 100 |

1) The figures are for I-III 2022 as Uniper was deconsolidated at 30 September 2022. The figures for Total GHG, Scope 2 and Scope 3 emissions are for full year 2022 as Scope 2 and 3 emissions have been calculated only for full year 2022.
2) Excluding Unipro, Russia.
3) 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. Uniper did not report the figure in 2021.
4) Data not available for 2022.
5) Number of lost days divided by number of Total Recordable Injuries (TRI).

| Direct $CO_2$ emissions (million tonnes, Mt) | 2022 [1] | 2021 |
|---|---|---|
| Total emissions | 41.2 | 50.9 |
| Emissions subject to ETS | 19.0 | 27.5 |
| Free emission allowances | - | 0.3 |
| Emissions not subject to ETS in Europe | 0.03 | 0.05 |
| Emissions in Russia | 22.1 | 23.4 |

1) The figures are for I-III 2022 as Uniper was deconsolidated at 30 September 2022.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# EU taxonomy

## Introduction

The EU Taxonomy Regulation is a classification system for defining economic activities that can be considered as environmentally sustainable. The regulation provides specific key performance indicators (KPIs) that entities are required to report for their environmentally sustainable economic activities. The EU Taxonomy Regulation establishes six environmental objectives, two of which, the climate change mitigation (CCM) and climate change adaptation (CCA) criteria, were published on 4 June 2021 in the Climate Delegated Act. Inclusion of the Complementary Climate Delegated Act on nuclear and gas energy activities was approved on 5 July 2022. The Commission is expected to adopt the Delegated Act for the other four objectives in 2023.

Fortum's disclosure has been prepared in accordance with the EU Taxonomy Regulation Delegated Act of 6 July 2021 and the Complementary Climate Delegated Act of 15 July 2022. For the financial year ending 31 December 2022, Fortum reports the proportion of Taxonomy aligned activities, Taxonomy eligible (not aligned) activities and Taxonomy non-eligible activities in relation to the three KPIs (Sales, Operating expenses and Capital expenditure) and the plan (Capital expenditure plan) that aims either to expand Fortum's Taxonomy-aligned economic activities or to upgrade Taxonomy-eligible economic activities to render them Taxonomy-aligned within a period of five years. The reporting scope includes continuing operations from Fortum's subsidiaries consolidated to the Group as of 31 December 2022.

## Analysis of economic activities

### Analysis of eligible economic activities

In 2022, Fortum classifies its economic activities to aligned, eligible (not aligned) and non-eligible corresponding to economic activities described in the Climate Delegated Act and Complementary Delegated Act. Eligibility of Fortum's business operations were evaluated according to the descriptions of economic activities listed in Annex I (CCM) and Annex II (CCA) and the related NACE codes (Nomenclature of Economic Activities, European statistical classification of economic activities) provided in these descriptions. The evaluation was performed either at power plant or business unit level, reflecting the nature of the operations.

### Analysis of aligned economic activities

An eligible activity is considered to be aligned if it complies with the technical criteria of contributing substantially to one of the six environmental objectives, if it does not significantly harm the other environmental objectives (do no significant harm, DNSH, criteria), and if it is carried out in compliance with the minimum safeguards (MS) relating to human rights and fundamental labour rights. Fortum assessed climate change mitigation to be the most relevant objective against which the eligibility and alignment of economic activities was evaluated. The compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 and the associated technical screening criteria included in the delegated acts referred to in point (a) of the most material eligible activities were assessed as described below.

### Description of the method used for the substantial contribution criteria, DNSHs and the minimum safeguards

Sustainability management at Fortum is strategy-driven and based on our Values, Code of Conduct, Supplier Code of Conduct, Sustainability Policy, other sustainability-related group policies, as well as their specifying instructions. When analysing substantial contribution and DNSHs criteria, Fortum relies specifically on its Minimum Requirements for EHS Management, Sustainability policy, Biodiversity Manual and Group Risk Policy. Fortum is committed to a high level of environmental and safety management, complies with all regulations, and has license to operate each site. In terms of sales, 100% of Fortum's electricity and heat production operations at the end of 2022 were ISO 14001 environmentally certified.

In order to assess the alignment of its activities, Fortum's relevant business units verified their economic activities' compliance with the substantial contribution and DNSHs criteria under Annex I - climate change mitigation. Substantial contribution criteria are specific to each economic activity and compliance was assessed on a system, facility or installation level, as appropriate. DNSHs criteria can be generic or economic activity specific. Compliance with each DNSHs were assessed on a most material level reflecting the nature of the economic activity.

Fortum has own and co-owned nuclear power plants in Finland and Sweden. The most important task of nuclear power operations is to produce electricity safely, reliably, and competitively, in the short- and long-term, while complying with the principles of nuclear and radiation safety, waste management safety, and nuclear material control. Compliance with all of these requirements are oversighted by national authorities in Finland and Sweden. These authorities are also responsible for national transpositions of EU Directives and regulations. Fortum's own and co-owned existing nuclear power plants have done, or are planning to start, modification of existing nuclear installations for the purposes of lifetime extension. Lifetime extension projects are always subject to national authorities approval and comprehensive environmental and safety assessment.

### DNSH Climate change adaptation

The management of climate-related risks is integrated into Fortum's respective risk management framework and follows the same governance and processes as other material risks and uncertainties. Risks are identified and assessed annually through an enterprise risk management framework. Fortum's taxonomy relevant entities are required to take into account physical climate risks. Entities must also understand their assets' resilience towards different acute and chronic physical climate-related risks within different Intergovernmental Panel on Climate Change (IPCC) climate scenarios, and create adaptation plans for the most material risks. Fortum is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and physical climate-related risks are reported accordingly in Fortum's TCFD report in Sustainability 2022 report. Fortum's climate-related risks are also described in the Risk management section of Financial statements and operating and financial review 2022.

### DNSH Sustainable use and protection of water and marine resources

Fortum manages and uses major water resources in most of its operating countries and is committed to responsible water management. Fortum's responsibility for water use is related not only to volume and availability, but also to water quality and to the aquatic habitat. Consequently, all production sites under Fortum's operational control are included in the annual reporting scope for water use metrics and water stress assessment. Fortum's water management guarantees that the operational sites comply with national regulations and have a license to operate. Fortum also carries out water-related measures locally, where relevant, in order to take into consideration the needs of other water users. Collaboration with local communities, municipalities, authorities, and research institutes is important in the implementation of these measures. Fortum's electricity generation from hydropower in Finland and Sweden are under the control of the water authorities in the frame of the Water Framework Directive (WFD), and national transposition and timeline of WFD is considered in this DNSH review.

### DNSH Transition to a circular economy

Fortum takes into account the life-cycle and resource efficiency of its products and projects. Durability and recyclability of equipment and components are included in procurement processes. Fortum aims for

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

utilisation and recovery of its own by-products and waste. Minimising the amount of waste and the efficient management of end-of life equipment and components is expected from Fortum's operating sites.

In addition to conventional industrial waste, Fortum's fully owned and co-owned nuclear power plants in Finland and Sweden generate radioactive waste. All plants take full financial and safe execution responsibility over radioactive waste originated from the operations and decommissioning; and optimise and develop treatment processes to minimise the amount of waste stored. All low-, intermediate- and high-level radioactive waste are treated and stored on site, or in the special storage site located in the same country where the waste is generated.

### DNSH Pollution prevention and control

Fortum's chemical management ensures compliance with local regulations, existing permits and that operations do not do any significant harm with substances used, covering the substances listed in Annex I Appendix C. Fulfilling the requirements set by Fortum and the legislation in the respective country, proper management of chemicals in the whole chain from purchasing to disposal, minimise risks relating to handling of chemicals, and limit and continuously reduce the use of hazardous chemicals, where possible substituting to less harmful to health and environment, is ensured.

Fortum continuously aims to mitigate its environmental impact by utilising best practices and best available technologies. Minimum Requirements for EHS Management ensure compliance with permit conditions, regular monitoring and reporting of emissions to air, water and ground; and risk mitigation to prevent any cross-media effects.

The nuclear power operations' radioactive discharges to air, water bodies and ground comply with individual license conditions. Both discharges and impacts on environment are strictly monitored by national authorities in their role for national oversight of radiation plants. Spent fuel and radioactive waste is safely and responsibly managed, including an adequate storage capacity.

### DNSH Protection and restoration of biodiversity and ecosystems

Fortum's biodiversity management is an integral part of the environmental management system covering all operations. Biodiversity management, defined in the Biodiversity manual, ensures compliance with biodiversity-related requirements set by local regulations; and that necessary steps are taken whenever feasible to avoid, mitigate, or address potential impacts. The Biodiversity manual requires that special consideration is needed for sites that are close to protected areas and threatened habitats, or where any known population of threatened or protected species might be affected.

### Minimum Safeguards

Fortum's compliance with the Minimum Safeguards is based on Group level human rights due diligence system with relevant policies and processes in place covering the relevant human rights and labor rights. Fortum's commitment to respect human rights and to act with due diligence is in line with the United Nations Guiding Principles on Business and Humans Rights (UNGPs) and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and are included in the Fortum Code of Conduct, Supplier Code of Conduct and Sustainability Policy. Fortum has implemented due diligence processes for taxation, anti-corruption and bribery, as well as fair competition. Requirements for human rights, labour rights as well as for anti-corruption and fair competition are included in our procurement processes. Group level commitment, policies, instructions and guidelines apply to all of Fortum's activities in all operating countries.

## EU taxonomy KPIs for continuing operations

The table below presents the proportions of aligned, eligible (not aligned) and non-eligible activities of sales, operating expenses, and capital expenditure under the Climate Delegated Act, Annex I and Complementary Climate Delegated Act, Annex I for Fortum Group's continuing operations for the financial year ending 31 December 2022.

| EUR million | Sales | | Operating expenses | | Capital expenditure | |
|---|---|---|---|---|---|---|
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | 3,905 | 44% | -129 | 51% | 285 | 51% |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) | 1,185 | 13% | -37 | 15% | 93 | 17% |
| **A. Total Taxonomy-eligible activities** | **5,089** | **58%** | **-166** | **66%** | **378** | **68%** |
| **B. Taxonomy-non-eligible activities** | **3,715** | **42%** | **-86** | **34%** | **175** | **32%** |
| **Total (A+B)** | **8,804** | **100%** | **-252** | **100%** | **553** | **100%** |

## EU taxonomy KPIs for continuing operations excluding Russia

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 financial statements Fortum provides additional KPIs for Russia and continuing operations excluding Russia.

The table below presents EU taxonomy KPIs for Russia.

| EUR million | Sales | | Operating expenses | | Capital expenditure | |
|---|---|---|---|---|---|---|
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | - | 0% | - | 0% | - | 0% |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) | 983 | 95% | -30 | 82% | 51 | 84% |
| **A. Total Taxonomy-eligible activities** | **983** | **95%** | **-30** | **82%** | **51** | **84%** |
| **B. Taxonomy-non-eligible activities** | **48** | **5%** | **-6** | **18%** | **9** | **16%** |
| **Total (A+B)** | **1,031** | **100%** | **-36** | **100%** | **61** | **100%** |

The table below presents EU taxonomy KPIs for continuing operations excluding Russia.

| EUR million | Sales | | Operating expenses | | Capital expenditure | |
|---|---|---|---|---|---|---|
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | 3,905 | 50% | -129 | 60% | 285 | 58% |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) | 201 | 3% | -7 | 3% | 42 | 8% |
| **A. Total Taxonomy-eligible activities** | **4,106** | **53%** | **-136** | **63%** | **327** | **66%** |
| **B. Taxonomy-non-eligible activities** | **3,668** | **47%** | **-79** | **37%** | **166** | **34%** |
| **Total (A+B)** | **7,774** | **100%** | **-215** | **100%** | **493** | **100%** |

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Aligned economic activities (A.1)

In terms of sales, 44%, in terms of operating expenses, 51%, and in terms of capital expenditure, 51%, of Fortum's economic activities are taxonomy aligned (A.1).

The most significant aligned activities are electricity generation from hydropower with an installed capacity of 4.6 GW (35% of total capacity) and electricity generation from nuclear energy in existing installations with an installed capacity of 2.8 GW (21% of total capacity).

Electricity generation from nuclear and hydropower sales KPI includes revenue from co-owned assets that are operated under the Mankala model. In the Mankala model, the co-owned power company sells the produced electricity to its shareholders at cost in proportion to their ownership.

## Eligible (not aligned) economic activities (A.2)

In terms of sales, 13%, in terms of operating expenses, 15%, and in terms of capital expenditure, 17%, of Fortum's economic activities are taxonomy eligible (not aligned) (A.2).

The most significant eligible (not aligned) economic activities are electricity generation and high-efficiency co-generation of heat/cool and power from fossil gaseous fuels (natural gas) with an installed capacity of 4.6 GW (35% of total capacity) in Russia. Fortum has announced that it is preparing for a controlled exit from Russia. Therefore, Fortum has not assessed compliance with DNSH criteria for Russian eligible assets.

The most material eligible activities are reported on separate lines under the topic A.2 Taxonomy-Eligible but not environmentally sustainable activities. The other eligible activities include non-material operations that do not comply with either technical screening or at least one of the DNSHs; or operations for which the compliance with the criteria has not been assessed during 2022. These activities are related, for example, to hydrogen, plastics recycling and operations sold in 2022. The assessments will be finalised during 2023.

## Non-eligible economic activities (B)

Non-eligible economic activity does not correspond to any activity description provided in the Climate Delegated Act or the Complementary Delegated Act. Fortum's non-eligible activities include electricity wholesale (Consumer Solutions segment), electricity and commodities trading, coal-based power and heat generation, engineering services related to non-renewable assets, as well as administrative overheads. In addition, Fortum has economic activities that are currently not covered by the EU Taxonomy, such as waste-to-energy and circular economy activities.

## Sales KPI

| Economic activities | Code | EURm | % of total | CCM | DNSH [3] | MS |
|---|---|---|---|---|---|---|
| **A. Taxonomy-eligible activities** | | | | | | |
| **A.1 Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | |
| Electricity generation from wind power | 4.3 | 0 | 0% | 0% | Yes | Yes |
| Electricity generation from hydropower | 4.5 | 1,607 | 18% | 93% | Yes | Yes |
| District heating/cooling distribution | 4.15 | 102 | 1% | 99% | Yes | Yes |
| Construction and safe operation of new nuclear power plants (T) | 4.27 | 45 | 1% | 100% | Yes | Yes |
| Electricity generation from nuclear energy in existing installations (T) | 4.28 | 2,016 | 23% | 100% | Yes | Yes |
| Material recovery from non-hazardous waste | 5.9 | 83 | 1% | 100% | Yes | Yes |
| Other [1] | | 53 | 1% | 63% | Yes | Yes |
| **A.1 Total** | | **3,905** | **44%** | | | |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)** | | | | | | |
| Manufacture of batteries (E) | 3.4 | 2 | 0% | | | |
| Electricity generation from wind power | 4.3 | 15 | 0% | | | |
| Electricity generation from hydropower | 4.5 | 121 | 1% | | | |
| District heating/cooling distribution | 4.15 | 1 | 0% | | | |
| Electricity generation from fossil gaseous fuels (T) | 4.29 | 287 | 3% | | | |
| High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (T) | 4.30 | 679 | 8% | | | |
| Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system (T) | 4.31 | 1 | 0% | | | |
| Other [2] | | 78 | 1% | | | |
| **A.2 Total** | | **1,185** | **13%** | | | |
| **A. Total Taxonomy-eligible activities** | | **5,089** | **58%** | | | |
| **B. Taxonomy-non-eligible activities** | | **3,715** | **42%** | | | |
| **Total (A+B)** | | **8,804** | **100%** | | | |

1) Includes economic activities 4.24, 4.25.
2) Includes economic activities 3.10, 3.17, 4.1, 4.20, 4.24, 4.25, 5.10, 5.11, 6.15, 8.2.
3) Includes Climate change adaption, Water and marine resources, Circular economy, Pollution, Biodiversity and ecosystems.
(E) = Enabling activity: an activity that contributes to the climate goals by directly enabling other sustainable operations.
(T) = Transitional activity: an activity that supports the transition to a climate-neutral economy and there is no technologically and economically feasible low-carbon alternative.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Operating expenses KPI

| Economic activities | Code | EURm | % of total | CCM | DNSH [3] | MS |
|---|---|---|---|---|---|---|
| **A. Taxonomy-eligible activities** | | | | | | |
| **A.1 Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | |
| Electricity generation from wind power | 4.3 | 0 | 0% | 1% | Yes | Yes |
| Electricity generation from hydropower | 4.5 | -70 | 28% | 99% | Yes | Yes |
| District heating/cooling distribution | 4.15 | -13 | 5% | 91% | Yes | Yes |
| Construction and safe operation of new nuclear power plants (T) | 4.27 | - | 0% | 0% | Yes | Yes |
| Electricity generation from nuclear energy in existing installations (T) | 4.28 | -40 | 16% | 100% | Yes | Yes |
| Material recovery from non-hazardous waste | 5.9 | -4 | 2% | 100% | Yes | Yes |
| Other [1] | | -2 | 1% | 79% | Yes | Yes |
| **A.1 Total** | | **-129** | **51%** | | | |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)** | | | | | | |
| Manufacture of batteries (E) | 3.4 | -1 | 0% | | | |
| Electricity generation from wind power | 4.3 | 0 | 0% | | | |
| Electricity generation from hydropower | 4.5 | -1 | 0% | | | |
| District heating/cooling distribution | 4.15 | -1 | 1% | | | |
| Electricity generation from fossil gaseous fuels (T) | 4.29 | -12 | 5% | | | |
| High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (T) | 4.30 | -18 | 7% | | | |
| Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system (T) | 4.31 | 0 | 0% | | | |
| Other [2] | | -3 | 1% | | | |
| **A.2 Total** | | **-37** | **15%** | | | |
| **A. Total Taxonomy-eligible activities** | | **-166** | **66%** | | | |
| **B. Taxonomy-non-eligible activities** | | **-86** | **34%** | | | |
| **Total (A+B)** | | **-252** | **100%** | | | |

1) Includes economic activities 4.24, 4.25.
2) Includes economic activities 3.10, 3.17, 4.1, 4.20, 4.24, 4.25, 5.10, 5.11, 6.15, 8.2.
3) Includes Climate change adaption, Water and marine resources, Circular economy, Pollution, Biodiversity and ecosystems.
(E) = Enabling activity: an activity that contributes to the climate goals by directly enabling other sustainable operations.
(T) = Transitional activity: an activity that supports the transition to a climate-neutral economy and there is no technologically and economically feasible low-carbon alternative.

## Capital expenditure KPI

| Economic activities | Code | EURm | % of total | CCM | DNSH [3] | MS |
|---|---|---|---|---|---|---|
| **A. Taxonomy-eligible activities** | | | | | | |
| **A.1 Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | |
| Electricity generation from wind power | 4.3 | 101 | 18% | 96% | Yes | Yes |
| Electricity generation from hydropower | 4.5 | 98 | 18% | 99% | Yes | Yes |
| District heating/cooling distribution | 4.15 | 28 | 5% | 54% | Yes | Yes |
| Construction and safe operation of new nuclear power plants (T) | 4.27 | - | 0% | 0% | Yes | Yes |
| Electricity generation from nuclear energy in existing installations (T) | 4.28 | 34 | 6% | 100% | Yes | Yes |
| Material recovery from non-hazardous waste | 5.9 | 5 | 1% | 100% | Yes | Yes |
| Other [1] | | 20 | 4% | 100% | Yes | Yes |
| **A.1 Total** | | **285** | **51%** | | | |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)** | | | | | | |
| Manufacture of batteries (E) | 3.4 | 26 | 5% | | | |
| Electricity generation from wind power | 4.3 | 4 | 1% | | | |
| Electricity generation from hydropower | 4.5 | 0 | 0% | | | |
| District heating/cooling distribution | 4.15 | 23 | 4% | | | |
| Electricity generation from fossil gaseous fuels (T) | 4.29 | 0 | 0% | | | |
| High-efficiency co-generation of heat/cool and power from fossil gaseous fuels (T) | 4.30 | 33 | 6% | | | |
| Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system (T) | 4.31 | - | 0% | | | |
| Other [2] | | 7 | 1% | | | |
| **A.2 Total** | | **93** | **17%** | | | |
| **A. Total Taxonomy-eligible activities** | | **378** | **68%** | | | |
| **B. Taxonomy-non-eligible activities** | | **175** | **32%** | | | |
| **Total (A+B)** | | **553** | **100%** | | | |

1) Includes economic activities 4.24, 4.25.
2) Includes economic activities 3.10, 3.17, 4.1, 4.20, 4.24, 4.25, 5.10, 5.11, 6.15, 8.2.
3) Includes Climate change adaption, Water and marine resources, Circular economy, Pollution, Biodiversity and ecosystems.
(E) = Enabling activity: an activity that contributes to the climate goals by directly enabling other sustainable operations.
(T) = Transitional activity: an activity that supports the transition to a climate-neutral economy and there is no technologically and economically feasible low-carbon alternative.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Transitional activities (Nuclear and Natural gas)

Transitional activity is an activity that supports the transition to a climate-neutral economy and there is no technologically and economically feasible low-carbon alternative. Fortum's transitional activities are mainly concentrating on electricity generation from new or existing nuclear installations and power generation from fossil gaseous fuels (natural gas). Power generation from fossil gaseous fuels mainly relates to Fortum's Russian activities. Fortum does not have non-eligible economic activities related to nuclear or natural gas.

| Nuclear and fossil gas related activities | |
|---|---|
| **Nuclear energy related activities** | |
| 4.26 Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle | No |
| 4.27 Construction and safe operation of new nuclear power plants | Yes |
| 4.28 Electricity generation from nuclear energy in existing installations | Yes |
| **Fossil gas related activities** | |
| 4.29 Electricity generation from fossil gaseous fuels | Yes |
| 4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels | Yes |
| 4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system | Yes |

## Aligned economic activities (A.1)

The table below presents Fortum's aligned economic activities for the financial year ending 31 December 2022 for continuing operations. All of these activities relate to climate change mitigation (CCM) substantial contribution criteria.

| Taxonomy-aligned economic activities (denominator and numerator) | Sales | | | Operating expenses | | | Capital expenditure | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic activities | EURm | % denominator[1] | % numerator[2] | EURm | % denominator[1] | % numerator[2] | EURm | % denominator[1] | % numerator[2] |
| 4.27 Construction and safe operation of new nuclear power plants | 45 | 1% | 1% | - | - | - | - | - | - |
| 4.28 Electricity generation from nuclear energy in existing installations | 2,016 | 23% | 52% | -40 | 16% | 31% | 34 | 6% | 12% |
| Other taxonomy-aligned economic activities | 1,844 | 21% | 47% | -89 | 35% | 69% | 251 | 45% | 88% |
| **Total** | **3,905** | **44%** | **100%** | **-129** | **51%** | **100%** | **285** | **51%** | **100%** |

1) Proportion of taxonomy-aligned economic activity in the denominator of the applicable KPI.
2) Proportion of taxonomy-aligned economic activity in the numerator of the applicable KPI.

## Eligible economic activities (A.2)

The table below presents Fortum's eligible but not taxonomy-aligned economic activities for the financial year ending 31 December 2022 for continuing operations. All of these activities relate to climate change mitigation (CCM) substantial contribution criteria.

| Taxonomy-eligible but not taxonomy-aligned economic activities | Sales | | Operating expenses | | Capital expenditure | |
|---|---|---|---|---|---|---|
| Economic activities | EURm | % of total | EURm | % of total | EURm | % of total |
| 4.29 Electricity generation from fossil gaseous fuels | 287 | 3% | -12 | 5% | 0 | 0% |
| 4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels | 679 | 8% | -18 | 7% | 33 | 6% |
| 4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system | 1 | 0% | 0 | 0% | - | 0% |
| Other taxonomy-eligible but not taxonomy-aligned economic activities | 217 | 2% | -7 | 3% | 60 | 11% |
| **Total** | **1,185** | **13%** | **-37** | **15%** | **93** | **17%** |

## Capital expenditure plan

Capital expenditure plan refers to significant future capital investments approved by management that aim either to expand Fortum's taxonomy-aligned economic activities, or to upgrade taxonomy-eligible economic activities to render them taxonomy-aligned within a period of five years.

Total planned capital expenditure meeting the above definition amounts to EUR 0.7 billion at 31 December 2022 and is expected to be incurred over the next 5 years, with the exception of the Loviisa lifetime extension for which 10 years' capital expenditure is included in the reported capital expenditure plan due to the long-term nature of the investment. Planned capital expenditure includes the Pjelax wind project, Loviisa nuclear power plant lifetime extension and projects increasing production at existing hydro plants, as well as district heating/cooling decarbonisation investments. The majority of the projects included in the capital expenditure plan will be completed during the next four years, but the Loviisa lifetime extension project will continue until 2050.

Operating expenses related to the 2022 capital expenditure plan projects are not material.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Definitions, reconciliations and basis of calculation

## Sales

Sales is based on the sales reported on Fortum's consolidated income statement (▸ **Note 6**). Sales exclude discontinued operations. Breakdown of sales:

| EUR million | A.1 Taxonomy-aligned | Total |
|---|---|---|
| Power sales | 3,654 | 6,947 |
| Heat sales | 148 | 683 |
| Other | 103 | 1,175 |
| Total | 3,905 | 8,804 |

## Operating expenses

Operating expenses consist of direct non-capitalised costs that are necessary to ensure the continued and effective functioning of property, plant and equipment. These expenses include repairs and maintenance, building servicing, short-term rentals and similar costs, as well as other direct expenditures relating to the day-to-day servicing of these assets. Operating expenses exclude discontinued operations. Breakdown of operating expenses:

| EUR million | A.1 Taxonomy-aligned | Total |
|---|---|---|
| Repairs and maintenance | -73 | -146 |
| Short-term rentals and other property costs | -37 | -70 |
| Other | -19 | -35 |
| Total | -129 | -252 |

## Capital expenditure

Capital expenditure consists of additions to property, plant and equipment, intangible assets, right-of-use assets, as well as additions through business combinations. Capital expenditure excludes discontinued operations as information on discontinued operations up to the date of disposal is not readily available. Breakdown of capital expenditure:

| EUR million | Note | A.1 Taxonomy-aligned | Total |
|---|---|---|---|
| Additions to intangible assets | 16 | 2 | 88 |
| Additions to property, plant and equipment | 17 | 278 | 437 |
| Additions to right-of-use assets | 33 | 4 | 28 |
| Total | | 285 | 553 |

## Basis of calculation

The financial data used for calculating the EU taxonomy KPIs has been retrieved from Fortum's financial systems and is based on the same data and Group accounting principles (see notes to the consolidated financial statements for details) as Fortum's consolidated financial statements for the year ending 31 December 2022. The reporting scope includes continuing operations only. Appropriate controls have been implemented to eliminate the risk of double counting. Financial data has been allocated to aligned and eligible economic activities as follows:

- Majority of electricity sales has been allocated to aligned and eligible activities based on production volume. Electricity generation from nuclear and hydropower sales KPIs include revenue from co-owned assets that are operated under the Mankala model. In the Mankala model, the co-owned power company sells the produced electricity to its shareholders at cost in proportion to their ownership.
- Other sales and operating expenses data is available in the source systems at the cost centre-level corresponding to individual sites. These cost centres have been allocated to aligned and eligible economic activities.
- Each significant capital expenditure investment project has been allocated to aligned and eligible economic activities.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Risk management

## Risk management framework and objectives

The Group Risk Policy provides a risk management framework for Fortum, the purpose of which is to support business in managing risks effectively and to ensure compliance with relevant regulations. The Group Risk Policy describes the main features of Fortum's risk management systems which consists of principles, processes and responsibilities for managing risks which, if materialise, may have a material negative impact on Fortum's current or future business operations, reputation, employees, the environment or third parties.

The risk management systems have been designed to support Fortum's Board of Directors, Audit and Risk Committee, Fortum's Executive Management as well as the operative business in fulfilling their duties in relation to risk management. The objectives of the risk management systems are to:

- Support Fortum's Board of Directors and Fortum Executive Management (FEM) in the development of the Group strategy,
- Support business in strategy execution,
- Support business in achieving agreed targets within acceptable risk levels so that Fortum's ability to meet financial commitments is not compromised,
- Ensure the understanding of Fortum's material risks and uncertainties,
- Support the prevention of accidents that can have a severe effect on the health and safety of employees or third parties, and incidents that can have a material impact on Fortum's assets, reputation or the environment.

## Risk management organisation

Fortum's Board of Directors approves the Group Risk Policy, and the President and CEO approves Fortum's risk management instructions including an instruction for enterprise risk management which sets minimum requirements for managing risks in all categories. In addition, there are specific risk instructions covering commodity market risks, counterparty and credit risks and liquidity risks applicable for all of Fortum. Fortum's Divisions and Corporate Functions issue risk manuals and guidelines, as needed, which detail how the Group Risk Policy and relevant risk management instructions are implemented within their organisations.

### Corporate risk policy structure




## Risk Governance

The main principle is that risks are managed at source, meaning that each manager is responsible for managing risks that arise within their business operations. For each risk, risk owners are assigned to ensure that appropriate mitigation actions are taken to respond to the risk.

Fortum's Audit and Risk Committee (ARC) is responsible for monitoring the efficiency of the company's risk management systems, and for annually reviewing the Group Risk Policy and the Group's material risks and uncertainties. Corporate Risk, an independent control function headed by the Chief Risk Officer (CRO) reporting to the CFO, provides instructions, methods and tools which support the business in running an efficient risk management process. Corporate Risk is responsible for assessing and reporting on the maturity of risk management in the organisation and for monitoring and reporting of Fortum's material risk exposures to FEM, the ARC and the Board of Directors.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

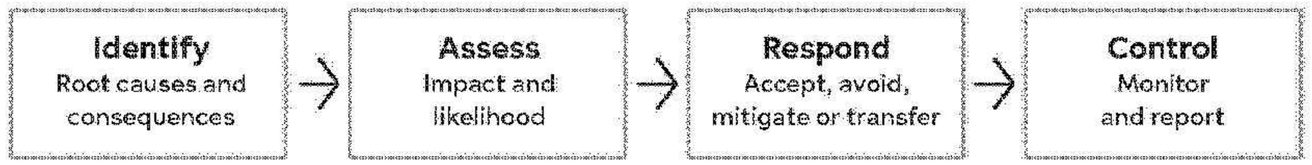
**Investor information**

## Principle of continuous improvement

The risk management framework is developed in accordance with the principle of continuous improvement, aiming at an optimised and continuously developing risk management process. The maturity level of risk management in the organisation is evaluated annually, and Corporate Risk determines goals for the development of risk management based on the results of the assessment.

In accordance with Fortum's values, the importance of risk management is raised by increasing the personnel's risk awareness and highlighting the positive features of risk-aware decision-making. Risk management at Fortum is continuously supporting and improving the application of Fortum's values in decision-making.

## Risk management process




Fortum's risk management process consists of four main sub-processes; identification, assessment, response and control. The risk management process is linked to strategy development, target setting and long-term forecasting and is an integrated part of operational and business management including investment processes and project management.

The risk management process is designed to support effective risk management and to ensure that risks are regularly monitored and followed-up. Identification is regularly carried out according to a structured process which includes analysis of root causes of the risk and consequences if the risk materialises. Risks are assessed in terms of impact and likelihood. Impact is assessed not only in monetary terms in relation to forecasted earnings and / or cash flows, but also in terms of impact to health and safety, the environment and Fortum's reputation, where relevant. Risk responses can be to accept, avoid, mitigate or transfer the risk. Risk control processes and procedures, which include validating, monitoring, aggregating and reporting risks, are designed to ensure compliance with relevant external regulations and recommendations, as well as with internal policies, instructions, manuals and guidelines. This includes controls to ensure that risk exposures remain within approved limits and mandates which are defined for financial risks.

## Risk factors

2022 has been an exceptional year with a number of identified risks fully or partly realising as a result of the escalation of the war in the Ukraine, the most significant of these being the use of energy as a weapon by Russia resulting in the current energy crisis with high commodity prices and potential risk to European security of supply. For Fortum, the impacts have been dramatic.

- The curtailment of Russian pipeline gas supply to Germany caused extreme losses for Uniper when replacement gas was procured at elevated prices in order to cover committed sales to customers. The unprecedented losses in Uniper led to the agreement with the German State to sell our shares in the distressed subsidiary. On 21 December, Fortum announced that it had completed the sale of its ownership in Uniper SE to the German State. The total loss from the Uniper divestment in the legal Fortum entity owning the Uniper shares was slightly below EUR 6 billion. For more information on the agreement and competition of the transaction, please see the "Uniper divestment" section of the "Financial performance and position"
- The Ukraine conflict has impacted the ability of Fortum to operate and own Russian assets. As a result, Fortum is not making any further investments in Russia and does not provide any new financing to its Russian subsidiaries. The company is pursuing a controlled exit from the Russian market with a divestment of its Russian operations as the preferred path.
- The high and volatile commodity prices led to increasing margining requirements toward clearing houses. In order to mitigate the related liquidity risk, Fortum signed a bridge financing arrangement with Solidium, fully owned by the Finnish State, in the third quarter of 2022. With the arrangement, Fortum ensured access to sufficient liquidity resources if Nordic power prices – and, with it, collateral requirements – would have risen significantly again. For more information on the agreement, see 'Solidium's bridge financing loan to Fortum and directed share issue without payment to Solidium' in the "Financial performance and position".

Fortum continues to be exposed to a number of financial, operational, strategic and sustainability-related risks both directly and indirectly through its subsidiaries, associated companies, and joint ventures. The associated companies and joint ventures have their own risk management systems. The principal associated companies and joint ventures are Teollisuuden Voima Oyj, Forsmarks Kraftgrupp AB, OKG AB and Kemijoki Oy. For more information about these indirect risk exposures, please see each respective company's annual report. Fortum is also exposed to physical climate risks and transition risks. The identified physical risks are generally found in the operational risk category, whereas transition risks are generally part of the strategic risk category.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

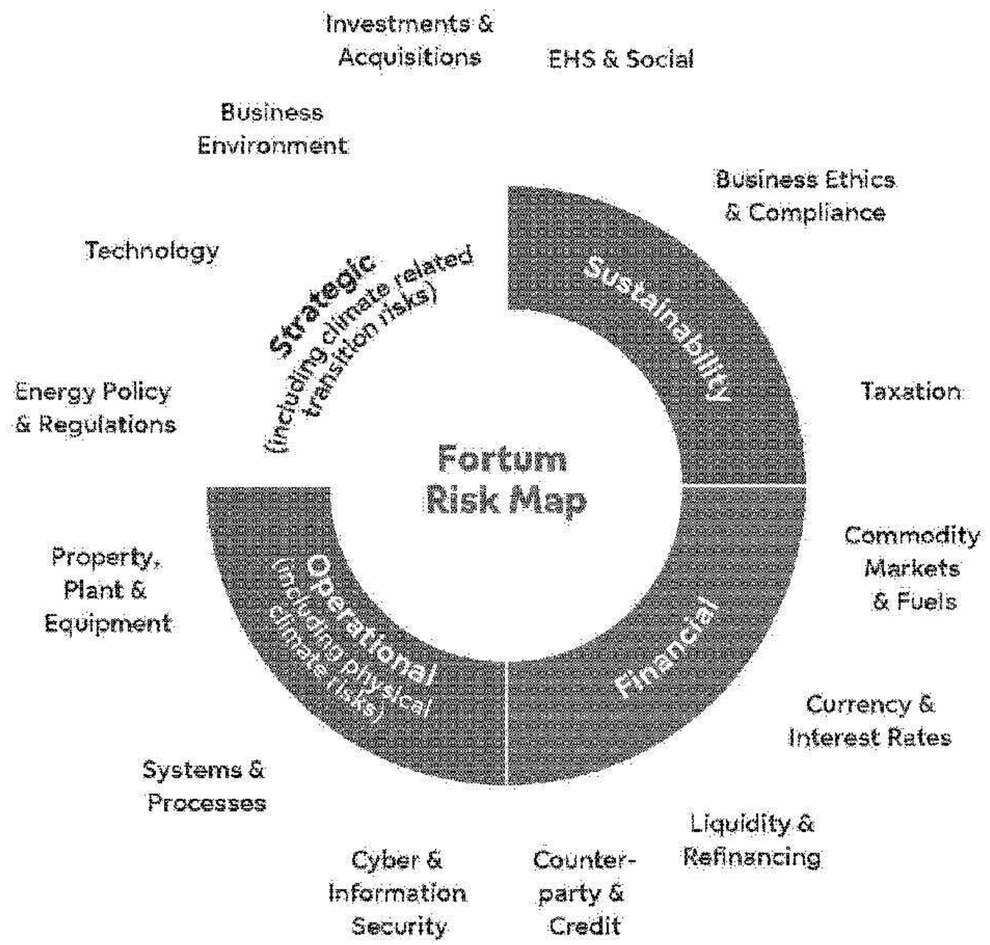
**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**




## Strategic risks

The Fortum Board of Directors resolved on Fortum's new strategy at the beginning of March, 2023, including a new business structure and operating model. A summary of Fortum's new strategy can be found in the section 'Events after the balance sheet date' The main strategic risks are that energy policy, regulation, technology or the business environment develop in ways that have not been foreseen and prepared for. 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.

Risks which could hinder Fortum in executing its strategy are assessed and reported as part of regular strategy reviews.

### Business Environment

Fortum operates in a global business environment, with main operational focus in the Nordic countries, and is therefore exposed to political and other risks which affect the macroeconomic development and consumer behaviour in the markets where Fortum operates.

The current geopolitical situation has raised a risk that the war could escalate outside of the Ukraine. Although unlikely, there is a concrete risk of escalation to our core markets including Finland and Sweden, the consequences of which are difficult to envisage. For example, it would cause an increase in the risk of sabotage or even direct attacks towards Fortum's or national critical energy facilities or infrastructure. In an extreme scenario, this might lead to a situation where the state of Finland or Sweden would call for an emergency act to take control over the energy sector, which would mean that Fortum would lose operational control of its business for an unknown period.

The current geopolitical uncertainty has 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. Fortum continuously monitors how the business environment develops in its operating countries in order to be able to react quickly to market shifts and changes in consumer behaviour.

### Investment and acquisition risks

Fortum is continuously assessing its' business portfolio and evaluates opportunities for acquisitions, investments and divestments. Even if Fortum is able to identify candidates for acquisition, divestment or investment, it may be difficult to complete transactions. Lack of competition and potential restrictions on sale of certain assets by foreign owners or other restrictions may make it difficult to complete divestments or may result in lower than expected value received. Financial constraints, competition for acquisitions or greenfield investments could limit Fortum's ability to grow or could raise the prices and make them less attractive to Fortum.

Fortum is not making any further investments in Russia and existing contracts will not be renewed when they expire. The company is also pursuing a controlled exit from the Russian market with a divestment of its Russian operations as the preferred path. In addition, Fortum does not provide any new financing to its Russian subsidiaries. The divestment process has progressed and is still ongoing, but any major divestment in the Russian energy sector requires an approval by the Russian Government Commission and the President. Completing the exit is therefore likely to take further time and there still are significant uncertainties – including regulatory approvals – related to the ongoing divestment process. If the divestment cannot be finalised or would be severely delayed, it might limit Fortum's access to capital markets, or the transaction may materialise at a lower valuation of the business or, in extreme case, expropriation of Fortum's Russian assets. Due to the increasingly complex operating environment and prolonged uncertainty regarding Fortum's Russian operations, Fortum has recorded total impairment charges in 2022 in the amount of approximately EUR 1.7 billion. The remaining value of the Russian net assets after the impairments totals approximately EUR 1.7 billion.

Risks related to acquisitions, divestments and investments are managed as part of the investment process. The Investment Manual includes requirements for risk identification, assessment and action plans for mitigating identified risks before investment decisions are made. It also sets requirements to follow-up risks in projects. Risks in large projects are mitigated through contract structures and insurance coverage. Partner risk assessments are performed before entering into joint ventures or other material partnership agreements.

### Energy and climate policy and regulation risks

The energy sector is heavily influenced by national and EU-level energy and climate policies and regulations. Fortum's strategy has been developed based on scenarios of the future development of the regulatory environment in both existing and potential new businesses and markets. The overall complexity and possible regulatory changes in the various operating countries pose a risk if Fortum is not able to identify, anticipate and manage those changes efficiently.

Fortum maintains an active dialogue with different bodies and stakeholders involved in the development of laws, policies and regulations in order to manage these risks and to proactively contribute to the

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

development of the energy and climate policy and regulatory framework in line with Fortum's strategic objectives.

### EU and Nordics

Fortum has to manage risks related to both EU regulation and national regulation in the countries where we operate. Key risks related to the future development of energy and climate policies policy and regulatory framework development are listed below.

- The Russian invasion of Ukraine drove commodity prices to new record levels and further increased price volatility. As a consequence, the EU and its member states are taking action with temporary market interventions (e.g. price caps and windfall taxation). If becoming permanent, these market interventions may pose a risk to business performance. In addition, Fortum sees risks related uncoordinated national measures aiming to tackle high energy prices and national security of supply. It is also possible that various short-term crisis measures will impact negatively on the longer-term power market reform which is about to start in the EU early 2023.
- Fortum believes that reaching the established (EU and national) decarbonisation targets requires that all $CO_2$ free energy production technologies are treated equally in legislation, and that there is political acceptance for them. While we see that there is currently a broader acceptance for nuclear, especially in the Nordics, there is still a risk that some technologies are preferred for reasons other than for their $CO_2$ footprint for example in financing schemes, leading to uneven situation between different production forms.
- Growing acceptability issues relating to various energy forms and energy technologies create uncertainty and risks for planned investments. Increasing sustainability requirements, e.g., in the context of upcoming EU Nature Restoration Regulation, could have unforeseen negative consequences for the energy system, in particular for hydro and wind power and power grids. In the context of EU Sustainable Finance Taxonomy, the inclusion of Fortum's core technologies such as hydro and nuclear power in the scope of the regulation is an encouraging signal to ensure access to the capital markets and future investments. However, the regulation is still not finalised and the remaining criteria expected to be published in 2023, might cause further hurdles for aligning Fortum's assets.
- National climate policies or steering mechanisms that exceed or are overlapping the EU climate targets risk diluting the EU emissions trading system (ETS) and creating inefficiencies based on uncoordinated national non- market-based carbon reduction mechanisms. In addition, a lower carbon price may lead to decreased profitability of carbon-free assets.
- National investment schemes and selective support systems for new renewable energy production may lower the profitability of incumbent electricity production and lead to market distortions because of increased grid costs since producers pay a large part of total grid costs. Fortum may suffer also from lower electricity prices since, all else equal, production that otherwise would not be profitable will come online. There is also a risk that the lack of Nordic power grid capacity buildout continues to keep high or even increases price area differences and lowers our earnings and asset values in low price areas.
- Tightening emission standards, restrictions or taxation of waste incineration and increasing tax burden on heating fuels can also negatively impact Fortum's targeted earnings in the future.

The inter-linkage of these issues create uncertainty as changes in policies in one area could undermine the effects of policy changes in other areas.

### Russia

Fortum's business in Russia is exposed to political, economic and social uncertainties and risks resulting from changes in regulation, legislation, economic and social upheaval and other similar factors. Among the more significant risks are those arising from the established and enforced foreign exchange restrictions, which could effectively prevent Fortum from repatriating profits or liquidating assets, and changes in tax regulations or enforcement mechanisms, which could substantially reduce or eliminate any revenues derived from operations and significantly reduce the value of assets related to such operations.

The imposition of any further sanctions may have a direct and indirect impact on the business environment and may negatively affect the operations and value of certain investments in Russia. Fortum actively monitors the situation in order to ensure continued compliance with prevailing rules and applicable sanctions laws.

Energy policy-related risks in Russia are linked to the development of the whole energy sector which to a large extent is regulated. Regulated sectors are inherently exposed to a risk of regulatory changes which could affect Fortum's operations.

For comments on the geopolitical uncertainty due to Russia's invasion on Ukraine, imposed sanctions and possible future sanctions and counter sanctions and their possible impacts on Fortum Group's Russian business and assets, please see ▸ **Note 2**.

### Technology risks

Fortum's strategy may include investing in new or not yet commercially viable technologies, such as hydrogen production, which will support the transition towards a future low-carbon economy as well as developing renewable energy concepts and innovative solutions for its customers. There are risks inherent in investing in new technologies including if and when these will become economically viable and protecting intellectual property rights. Technology risks are managed by assessing and monitoring the viability of new technology throughout the development cycle and selectively developing and investing in projects together with our partners.

### Sustainability risks

Corporate social responsibility and sustainable development are integral parts of Fortum's strategy. Fortum gives balanced consideration to economic, environmental and social responsibility aspects. Changes in laws, regulations and the business environment, including the views of our main stakeholder, can pose a risk if not identified and managed effectively. In order to identify and manage these risks, Fortum endorses a number of international voluntary charters, standards and guidelines in the area of sustainability, conducts stakeholder surveys annually in order to identify the most material issues for our stakeholders, engages with non-governmental organisations and has defined internal policies and instructions on how to conduct business.

### Business ethics and compliance risks

Fortum's operations are subject to laws, rules and regulations set forth by the relevant authorities, exchanges and other regulatory bodies in all markets in which Fortum operates. Fortum aims to comply with all relevant laws, rules and regulations, but the ability to operate in certain countries may be affected by future changes to local laws and regulations.

Since Fortum trades financial instruments, it is exposed to risks arising from the implementation and amendment of financial market regulations and directives, such as the European Market Infrastructure Regulation (EMIR) and the Regulation on Energy Market Integrity and Transparency (REMIT).

Fortum's operations in a variety of jurisdictions expose Fortum to various legal risks. These mainly comprise risks arising from threatened or pending legal proceedings regarding contract and price adjustments in connection with long- term supply or sales contracts, licensing matters, liabilities arising from acquired companies as well as supplier disputes or disputes related to investment agreements.

Fortum systematically identifies, assesses, mitigates and reports compliance risks, including risks related to business ethics, as part of the compliance management and risk management processes. Effective internal controls are a key mitigating activity and have been implemented to prevent the possibilities of unauthorised activities or non-compliance with relevant policies and instructions.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

Furthermore, continuous training and communication play a key role in increasing the awareness and ensuring the understanding of the importance of business ethics and compliance in the organisation. Regular trainings include mandatory e-learnings to ensure coverage throughout the organisation.

Fortum's Code of Conduct and Supplier Code of Conduct stress the importance of business ethics for all employees, contractors and partners. Zero tolerance for corruption and bribery is highlighted in the Code of Conduct and Supplier Code of Conduct. In addition, separate instructions and guidelines have been created to address e.g., anti-bribery, compliance management, safeguarding company assets, conflict of interest, anti-money laundering, economic sanctions and competition law. Regarding economic sanctions, Fortum has, with internal and external experts, developed monitoring to follow applicable sanction regimes (EU, US, UK and UN) and relevant internal controls have been integrated to business processes to ensure compliance. Fortum has procedures for anti-corruption including prevention, oversight, reporting and enforcement based on the requirements prescribed in international legislation. The Supplier Code of Conduct, which is based on the ten principles of the United Nations Global Compact, define sustainability, business ethic, human rights and environmental requirements for suppliers of goods and services.

### Environmental, health and safety and social risks

Operating power and heat generation plants and circular economy services, involves the usage, storage and transportation of fuels and materials, including hazardous waste, which can have adverse effects on the environment and expose personnel, contractors and third parties to safety risks. Assessment of environmental risks and preparedness to operate in exceptional and emergency situations follows legislative requirements as well as the requirements in the environmental management standard (ISO 14001). The same approach, based on the requirements in the operational health and safety standard (ISO 45001), applies to risks related to occupational health and safety and how to operate in emergency situations.

Environmental, health and safety (EHS) risks, as well as social and human rights risks related to the supply chain, are evaluated through counterparty risk assessments, country risk assessments, supplier qualifications as well as internal and external audits.

EHS and social risks are evaluated for all investments. Environmental risks and liabilities in relation to past actions have been assessed and, where necessary, provisions have been made for future remedial costs. Mitigating climate change, adapting to it and driving the transition to a lower-carbon economy is an integral part of Fortum's strategy. Management of climate-related transition and physical risks are discussed in detail under the heading Climate-related risks.

### Tax risk

Tax risk refers to the risk associated with unclarities, errors, failure in controls or disagreements in the interpretation of applicable tax laws and tax authority guidance, changes in operations, long-term profitability or changes in tax laws or fiscal policies in one or multiple countries which could result in increased charges or financial loss. Fortum operates in a number of countries and is therefore exposed to these events in multiple countries. These risks may materialise through a tax authority-initiated process followed by a legal process in one or multiple jurisdictions with a court confirming valid interpretation of local or EU law or tax treaties. In case multiple countries are involved, it may result in a mutual agreement process defining the final stand in the case. A legal process may result in a tax assessment of deductibility, income recognition or applicable tax rate on withholding in a business transaction. Risk may materialise also by a revaluation of tax-related assets, so called deferred tax assets, and liabilities due to changes in operations or tax law. The risks may equally realise through national or EU fiscal policies that are drafted without considering the impacts. Tax burden may be out of the set objective and result in unexpectedly high taxes.

Mitigating actions targeting tax predictability for the business operations in all our operating countries. In order to do so, Fortum has, in line with its commitment to responsible tax management principles, specific published tax principles approved by the Board of Directors and tax governance guidance setting the frame for tax management. As concrete risk mitigation actions, Fortum targets to simplify legal structures, move towards digital solutions in data management and compliance, seek strategic clearance from tax authorities, improve transparency towards stakeholders, participate in developing responsible regulation by contributing to public hearings and clarify accountabilities and responsibilities of duties.

## Financial risks

### Commodity market and fuel risks

Fortum's business is exposed to fluctuations in prices and availability of commodities used in the production, transmission and sale of energy products. The main exposure is toward electricity prices and volumes, prices and volumes of emission allowances, and prices and availability of fuels. Fortum hedges its exposure to commodity market risks in order to improve predictability of future result by reducing volatility in earnings while ensuring cash flow risk is at an acceptable level. For further information on hedge ratios, sensitivities and outstanding derivatives contracts, see ▸ **Note 4**.

#### Electricity price and volume risks

Fortum is exposed to electricity market price movements and volume changes mainly through its power and heat generation.

In the Nordics and Poland, market prices and the amount of profitable production exhibit significant variation due to weather conditions, outage patterns in production and transmission lines, $CO_2$ allowance prices, fuel prices, as well as the amount of electricity demand. Electricity price risks in the Nordics and Poland are mainly hedged by entering electricity and gas derivatives contracts on exchanges such as Nasdaq Commodities, ICE, the European Energy Exchange and TGE (Towarowa Giełda Energii S.A. i.e., Polish commodity exchange) as well as directly with counterparties active in the energy markets. The ability to efficiently implement hedging strategies is dependent on a well-functioning and liquid derivatives market. During 2022, the energy crisis resulted in peaking energy prices and extreme volatility which escalated the trend of decreasing liquidity of especially Nordic electricity derivatives traded on Nasdaq Commodities. Alternatives, including the use of OTC derivative contracts and correlated products are used to mitigate this risk. Hedging strategies are continuously evaluated as electricity and other commodity market prices, the hydrological balance and other relevant parameters change. Hedging of the Generation segment's power sales is performed in EUR on a Nordic level, covering both Finland and Sweden, and the currency component of these hedges in the Swedish entity is currently not hedged.

In Russia, electricity and capacity prices are the main source of market risk. Capacity from newer units is sold under capacity supply agreements where the price is set by the Russian Federation to ensure the return on investments. Capacity from old units has been sold until 2025 via capacity supply auctions which have already been conducted. Electricity price exposure is partly mitigated through regulated fixed-price bilateral agreements, but the majority of electricity sales is exposed to spot price risk. In the short-term, electricity prices and volumes are mainly impacted by changes in industrial demand, gas prices and weather-driven demand changes.

#### Emission and environmental value risks

The EU has an emissions trading scheme in place to reduce the amount of $CO_2$ emissions. In addition to the emissions trading schemes, there are other trading schemes in environmental values in place in Sweden, Norway and Poland. Part of Fortum's power and heat generation is subject to requirements of

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

these schemes. There is currently no trading scheme in Russia for emissions or other environmental values.

The main factors influencing the prices of $CO_2$ emission allowances and other environmental values are political decisions, and the supply and demand balance. Fortum hedges its exposure to these prices and volumes through the use of $CO_2$ derivatives and environmental certificates.

**Fuel prices and volume risks**

Power and heat generation requires use of fuels that are purchased on global or local markets. The main fuels used by Fortum are natural gas, uranium, coal, waste and various biomass-based fuels. The main risk factor for fuels that are traded on global markets, such as coal and natural gas, is the uncertainty in price. Prices are largely affected by demand and supply imbalances that can be caused by, for example, increased demand growth in developing countries, natural disasters or supply curtailments/fuel purchase constraints in countries experiencing political or social unrest. For fuels that are sourced on local or regional markets, such as biofuels, the volume risk in terms of availability of the raw material of appropriate quality is more significant as there may be a limited number of suppliers. The exposure to fuel price risk is mitigated through fixed-price physical delivery contracts as well as derivative contracts. Due to the current geopolitical situation, there is an increasing risk related to especially nuclear fuel imports from Russia. Fortum continues to monitor the situation closely and prepares adapted mitigation measures to minimise the negative impacts to Fortum.

The main fuel source for heat and power generation in Russia is natural gas, which is partially regulated, limiting the price risk exposure. Long-term gas supply contracts are concluded with gas suppliers to ensure gas availability for power plants.

## Liquidity and refinancing risks

Fortum's business is exposed to liquidity and refinancing risks primarily through the need to finance business operations, including margining and collaterals issued for hedging activities. Higher and more volatile commodity prices increase the net margining payments toward clearing houses and clearing banks which are mainly settled in cash. Fortum mitigates this risk by entering into OTC derivatives contracts directly with bilateral counterparties without margining requirements. The exposure to margining requirements is continuously assessed and monitored so that adequate liquidity is available to cover expected future cash collateral required for margining.

Fortum maintains a diversified financing structure in terms of debt maturity profile, debt instruments and geographical markets. Liquidity and refinancing risks are managed through a combination of cash positions and committed credit facility agreements. The credit risk of cash positions has been mitigated by diversifying the deposits to high-credit quality financial institutions and issuers of corporate debt.

At the beginning of August, both S&P Global Ratings and Fitch rating agencies affirmed Fortum's BBB rating with Negative Outlook. Following the announcement in September that Fortum would fully divest Uniper to the German State, the rating agencies commented that the divestment of the Uniper stake was regarded as credit positive for Fortum as it improves the company's financial and risk profile. The rating agencies are expected to update their ratings after the completion of the transaction and now that Fortum has published its new strategy. A lowering of credit ratings, in particular to below investment grade level (BB+ or below) could trigger counterparties' rights to demand additional cash or non-cash collateral. That may affect the access to the capital markets and increase the cost of new financing.

Fortum is targeting to have a solid investment grade rating of at least BBB.

## Currency and interest rate risks

Fortum's debt portfolio consists of interest-bearing liabilities and derivatives on a fixed- and floating-rate basis with differing maturity profiles. Fortum is exposed to cash flow risk from changes in interest rates mainly from interest- bearing liabilities and derivatives on a fixed- and floating rate basis. Fortum manages the interest rate exposure through a duration mandate of the loan portfolio, excluding leasing liabilities and provisions, and a cash flow at risk limit. Fortum uses different types of financing contracts and interest rate derivative contracts to manage the interest rate exposure and evaluates and develops the strategies in order to find an optimal balance between risk and financing cost.

Fortum has cash flows, assets and liabilities in currencies other than EUR and is therefore exposed to fluctuations in exchange rates. Currency exposures are divided into transaction exposures (foreign exchange exposures relating to contracted cash flows and balance sheet items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (foreign exchange exposure that arises when profits and balance sheets in foreign entities are consolidated at the Group level).

The main translation exposure is toward EUR/Russian Rouble (RUB) and EUR/Swedish Krona (SEK) arising from Fortum's extensive operations in Russia and Sweden. Fluctuations of the RUB and SEK against the EUR could have an adverse effect on future results and equity when consolidating and translating results and net assets in Russian and Swedish affiliates into euros. Translation exposures in Fortum are generally not hedged as the majority of these assets are considered to be long-term strategic holdings.

Transaction exposure arises mainly from physical and financial trading of commodities, existing and new investments, external and internal financing and shareholder loans within Fortum. Fortum hedges major transaction exposures on a local level in the reporting currency of each legal entity in order to avoid exchange differences in the profit and loss statement. An exception is the Generation segment's hedging of power sales in Sweden where the currency component is not hedged.

A centralised treasury function coordinates currency risk management and executes external hedges consisting of currency derivative contracts which are matched against the underlying future cash flow according to maturity. Derivatives are used exclusively to hedge existing foreign exchange risks, not for proprietary trading.

## Counterparty and credit risks

Fortum is exposed to counterparty risk whenever there is a contractual arrangement with an external counterparty including customers, suppliers, partners, banks, clearing houses and trading counterparties. Following increasing geopolitical tensions, counterparties of Fortum could become subject to sanctions, which may impact current or future business relations. Fortum actively monitors the situation in order to ensure continued compliance with prevailing rules and applicable sanctions laws.

Credit risk exposures related to hedging arise through physical delivery contracts and financial derivative instruments. These credit risk exposures are volatile and include both the replacement risk and the settlement risk. Exchange-traded derivatives are cleared through central clearing parties (CCPs) or through clearing banks, while OTC derivative contracts are concluded directly with a number of different counterparties including energy wholesalers and retailers, utilities, trading companies, industrial end-users and financial institutions active in the financial and energy markets. In order to mitigate the liquidity risk from increased margining requirements toward CCPs, the share of hedges with OTC counterparties without margining requirements has increased. Consequently, credit exposure from hedges with OTC counterparties has increased. In general, due to Fortum's net short position in Nordic power hedges the credit exposure tends to increase with the value of hedges if Nordic power prices decrease.

Due to the Group's financing needs and management of liquidity, Fortum has counterparty credit exposure toward a number of banks and financial institutions. The majority of the exposure is toward Fortum's key relationship banks, which are highly creditworthy institutions. Fortum also has exposure to the Russian financial sector in terms of deposits by Fortum's Russian subsidiaries with financial institutions in Russia as well as to banks that provide guarantees for suppliers and contracting parties.

Credit risk exposures relating to customers and suppliers are spread across a wide range of industrial counterparties, energy companies, government and municipal entities, utilities, small businesses, housing

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

associations and private individuals over a range of geographic regions. The risk of credit losses in the electricity and heat sales business in Russia is deemed higher than in Fortum's other operating countries.

Fortum has routines and processes to identify, assess and control exposure. Credit checks are performed before entering or renewing commercial obligations and exposure limits are set for larger individual counterparties as well as for counterparty groups. Creditworthiness is monitored through the use of internal and external sources so that mitigating actions can be taken when needed. Mitigating actions include demanding collateral, such as guarantees, managing contract terms and contract length and the use of netting agreements.

## Operational risks

Operational risks are unexpected events which can lead to negative monetary, safety, environmental or reputational impacts as a result of inadequate or failed internal processes, systems or equipment, or from external events.

### People and Process Risks

People risks include an inability to attract and retain the right competences, risks due to the loss of special skills and risks due to errors on the part of employees who have not been sufficiently trained or who are not sufficiently qualified.

In order to reduce people risks, Fortum invests in the development and distribution of skills and succession planning. In addition, the existing compensation system for employees is regularly reviewed and adjusted.

Process risks are mainly caused by design failures or human errors. Mitigation includes digitalisation, process automation, testing and education. Process-related risks are assessed and controls for the most relevant risks are defined and implemented as part of the internal controls framework. IT-system risk management is based on an IT Service Lifecycle Model and related processes and practices have been developed using reference frameworks such as COBIT and ITIL. Business continuity plans are in place for business-critical processes.

### Property, plant and equipment

Operational events at power and heat generation, fuel handling and recycling and waste facilities can lead to environmental and physical damages, business interruption, clean-up costs and third-party liabilities. Property, plant and equipment risks are primarily managed through condition monitoring and maintenance planning. In addition, Fortum's industrial assets are covered by insurance policies for property damage and business interruption risks which mitigates the impact of internal and external events, should they occur.

#### Hydro power

Fortum has a large number of hydro power plants and dams in the Nordics. A dam breach is a serious accident with the threat of significant damage downstream. A long-term programme is in place for improving the surveillance of the condition of dams, and for securing the discharge capacity in extreme flood situations. Third-party liabilities from dam failures are strictly the plant owner's responsibility. Together with other hydro power producers, Fortum has a shared dam liability insurance programme in place that covers Finnish and Swedish dam failure liabilities up to SEK 10,000 million (approximately EUR 1 billion).

#### Nuclear power

Fortum owns and operates the Loviisa nuclear power plant and has minority interests in one Finnish and two Swedish operational nuclear power companies. Fortum also has a minority interest in the terminated Fennovoima project. Any severe accident or nuclear release in nuclear power plants could lead to high costs, environmental damages and third-party liabilities. Both in Finland and Sweden, the assessment and improvement of nuclear safety is a continuous process performed under the supervision of the Radiation and Nuclear Safety Authority of Finland (STUK) and the Swedish Radiation Safety Authority (SSM) in Sweden.

Owners of nuclear facilities in Finland and Sweden have statutory liabilities for damages resulting from accidents occurring in those nuclear facilities and for accidents involving any radioactive substance connected to the operation of those facilities. Third-party liability related to nuclear accidents is strictly under the plant operator's responsibility and must be covered by insurance or other financial cover. In Sweden and Finland, legislation requires that operators of nuclear power plants need to have a liability insurance or other financial cover in the amount equivalent to EUR 1.2 billion per site.

In both Finland and Sweden, the future costs of the final disposal of spent fuel, the management of low and intermediate-level radioactive waste and the decommissioning of the radioactive part of the nuclear power plant are provided for by a state-established fund to which nuclear power plant operators contribute. Contributions to these funds should be sufficient to fully cover expected costs for handling all the produced radioactive waste, but the possibility exists that future costs could exceed currently estimated fund provisions. If this were to occur, Fortum would be responsible for any such excess costs in relation to its share of operations and assets.

The current geopolitical situation has raised a new risk of nuclear fuel shortage in the Loviisa power plant. In order to mitigate this risk, Fortum has signed an agreement with Westinghouse Electric Company to have a parallel supplier for the current Russian supplier of nuclear fuel, but until the new fuels are approved by the Authority and delivered to site, a possibility exists for a limited period of fuel shortage.

#### Asset project risks

Fortum's business activities involve construction, modernisation, maintenance and decommissioning of power plants and other energy industry facilities. There is a risk that construction costs exceed planned costs or that construction delays occur as a result of regulatory or permit issues or failure of key suppliers, being unable to obtain permits. Asset projects also face environmental, health and safety risks. Asset project risks may realise both for Fortum's own assets projects, or projects carried out through joint ventures or associated companies.

Managing asset project risk is an integral part of every project. Project managers are responsible for ensuring that project-related risks which may lead to delays, increased costs, negative impacts to the environment or which could jeopardise the health and safety of personnel and contractors are identified and assessed, and that actions are taken to minimise such risks.

The most significant asset project risk is the Olkiluoto 3 project delay risk. In Finland, Fortum is participating in the country's fifth nuclear power plant unit, Olkiluoto 3 (OL3), through the shareholding in Teollisuuden Voima Oyj (TVO) with an approximately 25% share representing some 400 MW in capacity. Olkiluoto 3 (OL3), currently under test production phase, was procured as a fixed-price turnkey project from a consortium formed by Areva GmbH, Areva NP SAS and Siemens AG. As stipulated in the plant contract, the consortium companies have joint and several liability for the contractual obligations. According to the latest schedule regular electricity production starts earliest in April 2023.

The risk related to the planned completion refers to a situation in which commercial use cannot be launched as planned, which leads to additional costs of electricity for Fortum. During 2022, several risk management measures related to the OL3 project have been executed to improve TVO's readiness to start the regular electricity production the OL3 plant. For more information about these measures, please see TVO's annual report.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Cyber and information security risks

Fortum's business operations and customer-related services are dependent on well-functioning IT, communications and information management systems and processes. Due to the nature of the business, large amounts of data are processed, often in real-time, and used for operating critical infrastructure, including power stations, hedging decisions, serving customers and in internal and external communication and reporting.

Like all operators of critical infrastructure, Fortum is increasingly exposed to cyber security risks, including risks related to information and operational technology systems, digitalisation and privacy. Also, physical attacks against Fortum's assets are possible and can have material impacts. Due to the ongoing war in the Ukraine, the overall probability of cyber and other security risks has increased. Therefore, crisis management rehearsals have been kept to improve business resilience.

The focus in 2022 has been on improving OT cyber security capabilities to be able to improve resilience of the operations and production. There are cyber security instructions and procedures in place which set requirements for managing and mitigating cyber security risks. Security-related regulation is increasing and is therefore being monitored by a special program.

## Climate-related risks

Mitigating climate change, adapting to it and driving the transition to a lower-carbon economy is an integral part of Fortum's strategy. As a result, Fortum has committed to ambitious climate targets.

Management of climate-related risks is integrated into Fortum's risk management framework and follows the same governance and processes as for other material risk and uncertainties. Risks are regularly identified and assessed through a structured process. Risk owners are assigned for managing the risks which are regularly reported and followed-up in various management teams and expert forums. There is a specific review of the key climate-related risks by a group of experts from selected functions. These risks are reported to FEM and the ARC as part of the annual review of material risks and uncertainties for Fortum.

Climate-related risks are divided into two categories in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations: transition risks and physical risks. The identified physical risks are generally found in the operational risk category, whereas transition risks are generally part of the strategic risk category.

See ▸ **Note 2** on how climate-related matters are reflected in Fortum's consolidated financial statements.

### Transition risks

Fortum's strategy is to a large extent built on taking advantage of the opportunities associated with the transition to a low-carbon economy and successfully mitigating the risks. The transition to a low-carbon economy poses a number of strategic and operative risks related to changes in energy and climate policy and regulation, technology development and the business environment in which Fortum operates. Climate change may impact external market conditions which, in turn, can impact Fortum's financial and operative performance. Supply, demand and the prices achieved for Fortum's products can be affected by a wide range of factors including political developments and consumer preferences for low-carbon energy. Additionally, Fortum's brand and reputation can be negatively impacted by changes in stakeholder perception about Fortum's ability to deliver on its strategy.

The key risks related to climate policy and regulation include national climate policies or steering mechanisms that exceed EU targets for greenhouse gas reduction, renewable energy production and energy efficiency. This can lead to overlapping or inefficient mechanisms, such as diluting the EU emissions trading system (ETS), tighter restrictions on incineration and burning of various fuels, and a more regulated electricity market. Fortum favours clear criteria for capacity remuneration in case such mechanisms are implemented. Additionally, increased demand flexibility is needed to cope with the expected increase in intermittent renewable production.

The transition to a low-carbon economy also poses risks if there emerge new, disruptive technologies that create cheap sources of flexibility or storage in the energy market. Additionally, if there is an accelerated decline in the cost of renewable energy, it could decrease the value of existing conventional power and heat generation assets. Fortum continuously monitors technology developments and selectively invests in innovative technologies.

In the context of the EU Sustainable Finance taxonomy, the inclusion of Fortum's core technologies such as hydro and nuclear power in the scope of regulation is an encouraging signal to ensure access to capital markets and future investments. However, the regulation is still not finalised and the remaining criteria expected to be published in 2023 might cause further hurdles for aligning Fortum's assets. Additionally, there is a risk of increasing activity by NGOs which could affect key stakeholder perception. In order to mitigate these risks, Fortum focuses on the sustainability impacts of strategy and business decisions, communicating transparently about strategy implementation to key stakeholders, ensuring a broad base of investors and flexibility in financing.

### Physical risks

Fortum's entities are required to identify and assess their assets' resilience towards different acute and chronic physical climate-related risks within different Intergovernmental Panel on Climate Change (IPCC) climate scenarios and create adaptation plans for the most material risks. For example, climate change scenarios are considered in long-term dam safety investments so that extreme flooding situations can be managed. Fortum is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and physical climate-related risks are reported accordingly in Fortum's TCFD report in Sustainability 2022 report.

Fortum's operations and assets are exposed to external events, the frequency and magnitude of which may increase as a result of climate change. Changes in precipitation, inflows and temperatures and extreme weather events may affect power production as well as bioenergy supply and availability. Intense storms with, for example, flash floods could increase the risk of dam breaches as well as causing local damages and production outages. Warmer weather may also lead to a need for new cooling or process water sources and extreme warm and dry summer periods could result in forest fires which potentially damage assets or lead to grid outages restricting power supply. Fortum adapts its operations to the changing climate and takes it into consideration in production and maintenance planning and in evaluating growth and investment projects.

Climate change may affect the demand and supply of energy products due to changing weather patterns. This could lead to, e.g., lower and more volatile electricity and gas prices which negatively affect the revenues of power generation assets. Warmer weather may also impact the demand for heating to a larger extent than currently expected.

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Fortum share and shareholders

Fortum Corporation's shares have been listed on Nasdaq Helsinki since 18 December 1998. The trading code is FORTUM. Fortum Corporation's shares are in the Finnish book entry system maintained by Euroclear Finland Ltd which also maintains the official share register of Fortum Corporation.

### Share key figures

| EUR | 2022 | 2021 | 2020 |
|---|---|---|---|
| Earnings per share, total Fortum | -2.72 | 0.83 | 2.05 |
| Earnings per share, continuing operations | 1.14 | 4.49 | N/A |
| | | | |
| Comparable earnings per share, total Fortum | 1.11 | 2.00 | 1.67 |
| Comparable earnings per share, continuing operations | 1.74 | 1.23 | N/A |
| Comparable earnings per share, continuing operations excl. Russia | 1.21 | 0.96 | N/A |
| | | | |
| Cash flow per share, total Fortum | -9.86 | 5.60 | 2.88 |
| Cash flow per share, continuing operations | 2.37 | 1.26 | N/A |
| | | | |
| Equity per share | 8.55 | 13.66 | 14.58 |
| | | | |
| Dividend per share | 0.91[1)] | 1.14 | 1.12 |
| Payout ratio, % [2)] | 79.8[1)] | 137.3 | 54.6 |
| Payout ratio excl. Russia, % | 75.0[1)] | N/A | N/A |
| Dividend yield, % | 5.9[1)] | 4.2 | 5.7 |

1) Board of Directors' proposal for the planned Annual General Meeting 13 April 2023.
2) Payout ratio for 2022 is calculated based on earnings per share from continuing operations.

For full set of share key figures, see the section ▸ **Key figures** in the Financial Statements.

## Share price performance and volumes

Fortum's share price has depreciated approximately 6% during the last five years, while Dow Jones European Utility Index has increased 23%. During the same period Nasdaq Helsinki Cap index has increased 19%. During 2022 Fortum's share price depreciated approximately 42%, while Dow Jones European Utility index decreased approximately 11% and Nasdaq Helsinki Cap index decreased approximately 16%.

In 2022, a total of 560.8 million (2021: 351.5) Fortum Corporation shares, totalling EUR 8,500 million, were traded on Nasdaq Helsinki. The highest quotation of Fortum Corporation shares during 2022 was EUR 27.18, the lowest EUR 8.86, and the volume-weighted average EUR 15.18. The closing quotation on the last trading day of the year 2022 was EUR 15.54 (2021: 26.99). Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the year, was EUR 13,943 million (2021: 23,975).

In addition to the Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example at Cboe and Turquoise, and on the OTC market. During 2022, approximately 74% (2021: 70%) of Fortum's shares were traded on markets other than the Nasdaq Helsinki Ltd.

## Share capital

Fortum Corporation has one class of shares. By the end of 2022, a total of 897,264,465 shares (2021: 888,294,465) had been issued. Each share entitles the holder to one vote at the Annual General Meeting. All shares entitle holders to an equal dividend. At the end of 2022 Fortum Corporation's share capital, paid in its entirety and entered in the trade register, was EUR 3,046,185,953.00.

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. 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. The total amount of shares outstanding in the company after the registration of the new shares is 897,264,465. As a consequence, the shares under the control of the State of Finland has increased from 50.76% to 51.26%.

## Shareholders

At the end of 2022 the Finnish State owned 51.26% of the company's shares. The Finnish Parliament has authorised the Government to reduce the Finnish State's holding in Fortum Corporation to no less than 50.1% of the share capital and voting rights.

The proportion of nominee registrations and direct foreign shareholders was 26.8% (2021: 25.8%).

### Shareholders, 31 December 2022

| Shareholders | No. of shares | Holding % |
|---|---|---|
| Finnish State | 459,902,988 | 51.26 |
| Ilmarinen Mutual Pension Insurance Company | 17,662,000 | 1.97 |
| Varma Mutual Pension Insurance Company | 14,565,407 | 1.62 |
| Elo Mutual Pension Insurance Company | 9,042,000 | 1.01 |
| The Finnish Social Insurance Institution | 6,430,896 | 0.72 |
| Kurikan Kaupunki | 6,203,500 | 0.69 |
| The State Pension Fund | 2,700,000 | 0.30 |
| Nordea Fennia Fund | 2,137,603 | 0.24 |
| OP-Finland | 2,095,453 | 0.23 |
| Danske Invest Finnish Equity Fund | 1,813,412 | 0.20 |
| Nordea Pro Finland Fund | 1,550,842 | 0.17 |
| OP-Henkivakuutus Ltd. | 1,535,852 | 0.17 |
| Evli Finland Fund | 1,155,000 | 0.13 |
| Seligson & Co OMX Helsinki 25 Exchange Traded Fund (ETF) | 1,075,206 | 0.12 |
| Nominee registrations and direct foreign ownership | 240,321,127 | 26.78 |
| Other | 129,073,179 | 14.39 |
| **Total** | **897,264,465** | **100.00** |

FINANCIALS 2022

**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

| By shareholder category | % of total amount of shares |
|---|---|
| Finnish shareholders | |
| Corporations | 1.57 |
| Financial and insurance institutions | 2.05 |
| General government | 57.82 |
| Non-profit organisations | 0.98 |
| Households | 10.80 |
| Non-Finnish shareholders | 26.78 |
| Total | 100.00 |

### Breakdown of share ownership, 31 December 2022

| Number of shares owned | No. of shareholders | % of shareholders | No. of shares | % of total amount of shares |
|---|---|---|---|---|
| 1-100 | 85,476 | 44.30 | 3,660,263 | 0.41 |
| 101-500 | 65,228 | 33.80 | 16,639,128 | 1.85 |
| 501-1,000 | 20,642 | 10.70 | 15,190,625 | 1.69 |
| 1,001-10,000 | 20,511 | 10.63 | 52,930,044 | 5.90 |
| 10,001-100,000 | 1,019 | 0.53 | 21,628,248 | 2.41 |
| 100,001-1,000,000 | 66 | 0.03 | 19,143,203 | 2.13 |
| 1,000,001-10,000,000 | 12 | 0.01 | 36,806,781 | 4.10 |
| over 10,000,000 | 3 | 0.00 | 492,130,395 | 54.85 |
| | 192,957 | 100.00 | 658,128,687 | 73.35 |
| In the joint book-entry account and in special accounts on 31 December | | | 596 | 0.00 |
| Nominee registrations | | | 239,135,182 | 26.60 |
| Total | | | 897,264,465 | 100.00 |

## Management shareholding 31 December 2022

At the end of 2022, the President and CEO and other members of the Fortum Executive Management owned a total of 197,210 shares (2021: 224,369) representing approximately 0.02% (2021: 0.03%) of the total shares in the company.

A full description of the shareholdings and interests in long-term incentive schemes of the President and CEO and other members of the Fortum Executive Management is shown in ▸ **Note 10**.

## Authorisations from the Annual General Meeting 2022

In 2022, the Annual General Meeting decided to authorise the Board of Directors to decide on the repurchase and disposal of the company's own shares up to 20,000,000 shares, which corresponded to approximately 2.25% of all the shares in the company on 28 March 2022. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation. These authorisations are effective until the next Annual General Meeting and, in any event, for a period no longer than 18 months. This authorisation has not been used as per 1 March 2023.

## Dividend policy

The dividend policy ensures that shareholders receive a fair remuneration for their entrusted capital, supported by the company's long-term strategy. At the beginning of March 2023, the Fortum Board of Directors resolved on Fortum's new strategy including a new dividend policy. The renewed dividend policy – a payout ratio of 60-90% of comparable EPS – reflects the potential earnings fluctuations of Fortum's power generation portfolio. For additional information, see ▸ **Note 39**. For the year 2022, Fortum's Board of Directors proposes a dividend of EUR 0.91 per share which corresponds to 75% of the Group's comparable EPS of EUR 1.21 from continuing operations excluding impact from the Russian operations. The Board proposes that the dividend is paid in two instalments, in the second and fourth quarter of 2023.

## Dividend distribution proposal

The distributable funds of Fortum Corporation as at 31 December 2022 amounted to EUR 6,291,275,608, including the profit for the financial period 2022 of EUR 1,542,734,239. 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 0.91 per share be paid for the financial year 2022. The dividend will be paid in two instalments.

Based on the number of shares registered as at 1 March 2023, the total amount of dividend would be EUR 816,510,663. 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 0.46 per share would be paid to shareholders who on the record date of the first dividend instalment 17 April 2023 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 24 April 2023.

The second dividend instalment of EUR 0.45 per share would be paid to the shareholders who on the record date of the second dividend instalment 2 October 2023 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 10 October 2023.

The Board of Directors further proposes that the Annual General Meeting be authorised 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.

The Annual General Meeting is planned to take place on 13 April 2023.

FINANCIALS 2022


**Operating and financial review**

Financial performance and position

Sustainability

Risk management

Fortum share and shareholders

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

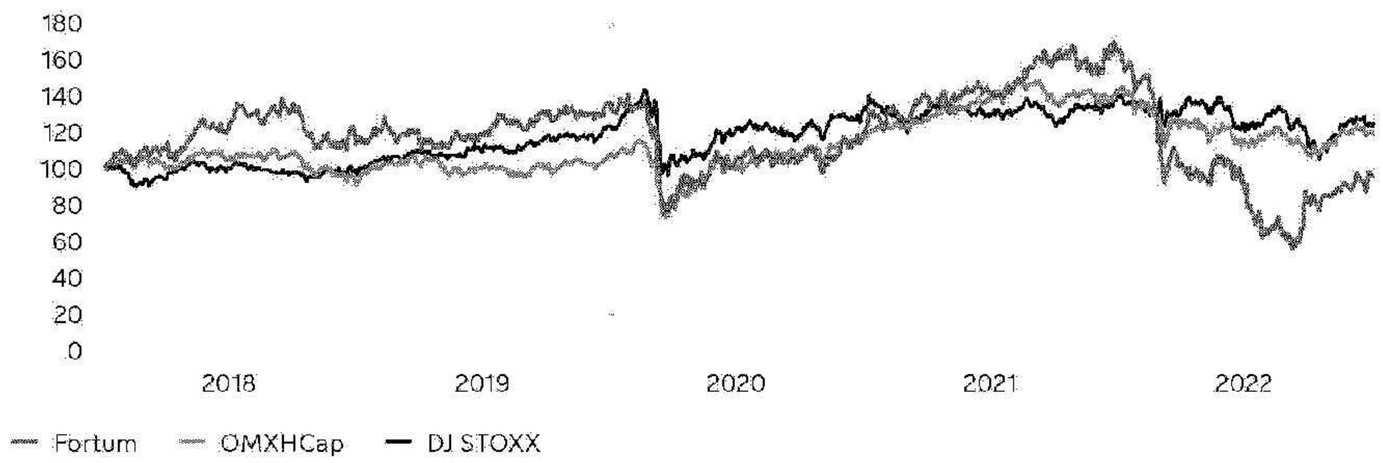
**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

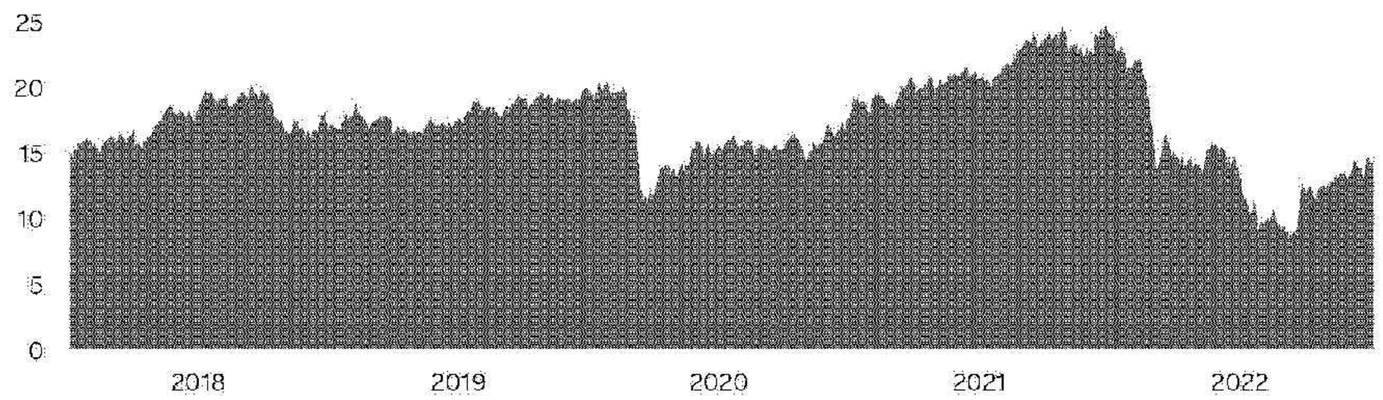
**Quarterly financial information**

**Investor information**

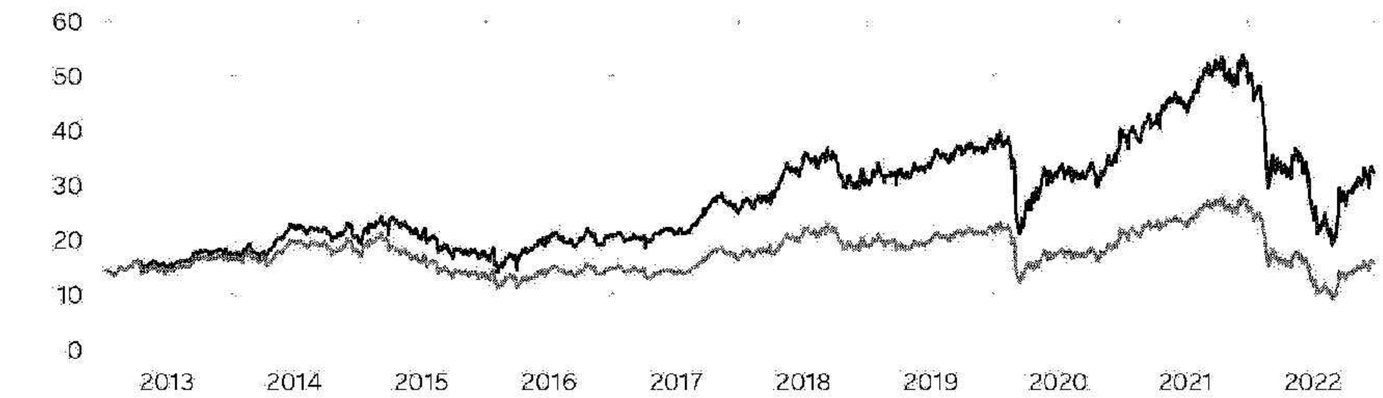

**Share quotations, index 100 = quote on 2 January 2018**




**Market capitalisation, EUR billion**




**Total shareholder return, EUR**



**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

FINANCIAL STATEMENTS

# Consolidated financial statements

Fortum's consolidated income statement and consolidated cash flow statement were modified in 2022 to include Uniper segment as discontinued operations. As required by IFRS, comparatives for 2021 were restated. Consolidated balance sheet at 31 December 2021 included Uniper. For further information, see ▸ **Note 1** Significant accounting policies, ▸ **Note 2** Critical accounting estimates and judgements and ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.

## Consolidated income statement

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| Sales | 6 | 8,804 | 6,422 |
| Other income | 8 | 101 | 91 |
| Materials and services | 9 | -5,350 | -3,419 |
| Employee benefits | 10 | -504 | -496 |
| Depreciation and amortisation | 6, 16, 17 | -566 | -587 |
| Other expenses | 8 | -615 | -582 |
| **Comparable operating profit** | 6 | **1,871** | **1,429** |
| Items affecting comparability | 6, 7 | -593 | 2,897 |
| **Operating profit** | 6 | **1,277** | **4,325** |
| Share of profit of associates and joint ventures | 6, 18 | -629 | 168 |
| Interest expense | | -179 | -154 |
| Interest income | | 87 | 25 |
| Other financial items - net | | -101 | -32 |
| Finance costs - net | 11 | -193 | -161 |
| **Profit before income tax** | | **455** | **4,332** |
| Income tax expense | 12 | 556 | -325 |
| **Net profit for the year from continuing operations** | | **1,011** | **4,008** |
| **Attributable to:** | | | |
| Owners of the parent | | 1,011 | 3,985 |
| Non-controlling interests | | 0 | 23 |
| **Net profit for the year from discontinued operations** | 3 | **-11,302** | **-4,121** |
| **Attributable to:** | | | |
| Owners of the parent | | -3,428 | -3,246 |
| Non-controlling interests | | -7,874 | -875 |
| **Net profit for the year, total Fortum** | | **-10,290** | **-114** |
| **Attributable to:** | | | |
| Owners of the parent | | -2,416 | 739 |
| Non-controlling interests | | -7,874 | -852 |
| **Earnings per share for profit attributable to the equity owners of the company (EUR per share)** | 13 | | |
| Basic, continuing operations | | 1.14 | 4.49 |
| Basic, discontinued operations | | -3.86 | -3.65 |
| Basic, total Fortum | | -2.72 | 0.83 |

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

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| **Comparable operating profit** | | **1,871** | **1,429** |
| Impairment charges and reversals | | -905 | -35 |
| Capital gains and other related items | | 785 | 2,673 |
| Changes in fair values of derivatives hedging future cash flow | | -393 | 264 |
| Other | | -80 | -6 |
| Items affecting comparability | 6, 7 | -593 | 2,897 |
| **Operating profit** | | **1,277** | **4,325** |

See ▸ **Definitions and reconciliations of key figures**

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Consolidated statement of comprehensive income

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| **Net profit for the year, total Fortum** | | **-10,290** | **-114** |
| | | | |
| **Other comprehensive income** | | | |
| | | | |
| **Items that may be reclassified to profit or loss in subsequent periods:** | | | |
| Cash flow hedges | | | |
| Fair value gains/losses | | -2,594 | -1,231 |
| Transfers to income statement | | 1,102 | 119 |
| Transfers to inventory/property, plant and equipment | | 1 | 1 |
| Deferred taxes | | 292 | 223 |
| Net investment hedges | | | |
| Fair value gains/losses | | 37 | -5 |
| Deferred taxes | | -7 | 1 |
| Exchange differences on translating foreign operations | 4.3 | -82 | 97 |
| Share of other comprehensive income of associates and joint ventures | 18 | 41 | 8 |
| Other changes | | - | -13 |
| | | **-1,209** | **-799** |
| **Items that will not be reclassified to profit or loss in subsequent periods:** | | | |
| Remeasurement of investments | | -15 | -7 |
| Actuarial gains/losses on defined benefit plans | 31 | 50 | 22 |
| Actuarial gains/losses on defined benefit plans in associates and joint ventures | | 7 | 30 |
| | | **42** | **45** |
| **Other comprehensive income/expense for the period from continuing operations, net of deferred taxes** | | **-1,168** | **-754** |
| Other comprehensive income/expense for the period from discontinued operations, net of deferred taxes | | 701 | 357 |
| **Total comprehensive income/expense for the period** | | **-10,757** | **-510** |
| | | | |
| **Total comprehensive income/expense for total Fortum attributable to:** | | | |
| Owners of the parent | | -3,337 | 185 |
| Non-controlling interests | | -7,420 | -695 |
| | | **-10,757** | **-510** |

Other comprehensive income (OCI) includes items of income and expense that are recognised in equity and not recognised in the consolidated income statement. They include unrealised items, such as fair value gains and losses on financial instruments hedging future cash flows. These items will be realised in the Consolidated income statement when the underlying hedged items are recognised. OCI also includes gains and losses on fair valuation of other investments, actuarial gains and losses from defined benefit plans, items on comprehensive income in associated companies and translation differences.

Fair valuation of cash flow hedges mainly relates to fair valuation of derivatives, such as futures and forwards, hedging commodity sales price for 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).

Exchange differences on translating foreign operations include translation differences from translation of foreign entities, mainly SEK and RUB.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Consolidated balance sheet

| EUR million | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | 16 | 657 | 2,167 |
| Property, plant and equipment and right-of-use assets | 17 | 7,266 | 19,049 |
| Participations in associates and joint ventures | 18 | 1,249 | 2,461 |
| Shares in Nuclear Waste Funds | 29 | 966 | 3,515 |
| Other non-current assets | 20 | 628 | 570 |
| Deferred tax assets | 28 | 933 | 2,149 |
| Derivative financial instruments | 14, 15 | 343 | 17,096 |
| Long-term interest-bearing receivables | 21 | 624 | 2,392 |
| **Total non-current assets** | | **12,668** | **49,399** |
| **Current assets** | | | |
| Inventories | 22 | 465 | 2,275 |
| Derivative financial instruments | 14, 15 | 1,486 | 65,392 |
| Short-term interest-bearing receivables | 21 | 660 | 715 |
| Income tax receivables | 28 | 71 | 161 |
| Margin receivables | 27 | 2,607 | 9,163 |
| Trade and other receivables | 23 | 1,767 | 14,856 |
| Liquid funds | 24 | 3,919 | 7,592 |
| **Total current assets** | | **10,975** | **100,155** |
| Assets held for sale | 3 | - | 108 |
| **Total assets** | | **23,642** | **149,661** |

| EUR million | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| **EQUITY** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 25 | 3,046 | 3,046 |
| Share premium | | 73 | 73 |
| Retained earnings | | 6,467 | 10,062 |
| Other equity components | | -1,916 | -1,050 |
| **Total** | | **7,670** | **12,131** |
| Non-controlling interests | 26 | 67 | 1,534 |
| **Total equity** | | **7,737** | **13,665** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Interest-bearing liabilities | 27 | 3,658 | 8,701 |
| Derivative financial instruments | 14, 15 | 756 | 16,657 |
| Deferred tax liabilities | 28 | 152 | 827 |
| Nuclear provisions | 29 | 966 | 3,891 |
| Other provisions | 30 | 118 | 4,108 |
| Pension obligations, net | 31 | 13 | 1,190 |
| Other non-current liabilities | 32 | 121 | 397 |
| **Total non-current liabilities** | | **5,784** | **35,771** |
| **Current liabilities** | | | |
| Interest-bearing liabilities | 27 | 4,127 | 8,519 |
| Derivative financial instruments | 14, 15 | 3,973 | 71,947 |
| Other provisions | 30 | 13 | 2,299 |
| Margin liabilities | 27 | 352 | 985 |
| Trade and other payables | 33 | 1,657 | 16,477 |
| **Total current liabilities** | | **10,122** | **100,226** |
| **Total liabilities** | | **15,905** | **135,997** |
| **Total equity and liabilities** | | **23,642** | **149,661** |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Consolidated statement of changes in total equity

| EUR million | Note | Share capital | Share premium | Retained earnings | Other equity components | | | | Owners of the parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained earnings | Translation of foreign operations | Cash flow hedges | Other OCI items | OCI items associates and joint ventures | | | |
| **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 for the year, total Fortum | | | | -2,416 | | | | | -2,416 | -7,874 | -10,290 |
| Translation differences | | | | | -112 | 40 | 1 | -5 | -75 | -6 | -82 |
| Other comprehensive income | | | | 209 | | -1,189 | -146 | 45 | -1,082 | -4 | -1,086 |
| OCI related to discontinued operations | | | | | -152 | 105 | 284 | -1 | 236 | 465 | 701 |
| Total comprehensive income for the year | | | | -2,208 | -264 | -1,044 | 139 | 39 | -3,337 | -7,420 | -10,757 |
| Cash dividend | 13 | | | -1,013 | | | | | -1,013 | -23 | -1,036 |
| Disposal of subsidiary companies | | | | 16 | | | | | 16 | 6,104 | 6,119 |
| Transactions with non-controlling interests | | | | -127 | | | | | -127 | -122 | -249 |
| Other | | | | 1 | | | | | 1 | -6 | -5 |
| **BS Total equity 31 December 2022** | | **3,046** | **73** | **9,499** | **-3,031** | **-2,182** | **172** | **93** | **7,670** | **67** | **7,737** |
| | | | | | | | | | | | |
| **Total equity 1 January 2021** | | **3,046** | **73** | **13,097** | **-2,948** | **-158** | **-175** | **18** | **12,953** | **2,624** | **15,577** |
| IS Net profit for the year, total Fortum | | | | 739 | | | | | 739 | -852 | -114 |
| Translation differences | | | | | 77 | 2 | 2 | | 81 | 16 | 97 |
| Other comprehensive income | | | | | | -887 | 11 | 38 | -838 | -13 | -851 |
| OCI related to discontinued operations | | | | | 103 | -94 | 196 | -1 | 204 | 154 | 357 |
| Total comprehensive income for the year | | | | 739 | 180 | -980 | 209 | 37 | 185 | -695 | -510 |
| Cash dividend | 13 | | | -995 | | | | | -995 | -171 | -1,166 |
| Transactions with non-controlling interests | | | | -15 | | | | | -15 | -221 | -236 |
| Other | | | | 3 | | | | | 3 | -3 | 0 |
| **BS Total equity 31 December 2021** | | **3,046** | **73** | **12,830** | **-2,768** | **-1,138** | **34** | **54** | **12,131** | **1,534** | **13,665** |

## Translation differences

Translation of financial information from subsidiaries in foreign currency is done using the average rate for the income statement and the end rate for the balance sheet. The exchange rate differences arising from translation (mainly related to SEK and RUB) to EUR are recognised in equity.

For information regarding exchange rates used, see ▸ **Note 1** Significant accounting policies. For information about translation exposure see ▸ **Note 4.3** Interest rate risk and currency risk.

## 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 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. See ▸ **Note 13** Earnings and dividend per share.

## Share capital

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. 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. The total amount of shares outstanding in the company after the registration of the new shares is 897,264,465. As a consequence, the shares under the control of the State of Finland has increased from 50.76% to 51.26%.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Consolidated cash flow statement

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| IS **Net profit from continuing operations** | | **1,011** | **4,008** |
| **Adjustments:** | | | |
| Income tax expense | | -556 | 325 |
| Finance costs - net | | 193 | 161 |
| Share of profit/loss of associates and joint ventures | | 629 | -168 |
| Depreciation and amortisation | | 566 | 587 |
| **Operating profit before depreciations (EBITDA)** | | **1,842** | **4,913** |
| Items affecting comparability | | 593 | -2,897 |
| **Comparable EBITDA** | | **2,436** | **2,016** |
| Non-cash and other items | | 153 | -74 |
| Interest received | | 84 | 25 |
| Interest paid | | -201 | -147 |
| Dividends received | | 18 | 72 |
| Income taxes paid | | -167 | -279 |
| **Funds from operations** | | **2,322** | **1,613** |
| Change in working capital | | -219 | -494 |
| **Net cash from operating activities, continuing operations** | | **2,104** | **1,119** |
| | | | |
| **Cash flow from investing activities, continuing operations** | | | |
| Capital expenditures | 16, 17 | -534 | -470 |
| Acquisitions of shares [1] | 3 | -35 | -282 |
| Proceeds from sales of property, plant and equipment | | 4 | 2 |
| Divestments of shares and capital returns | | 1,156 | 3,816 |
| Shareholder loans to associated companies and joint ventures | | 50 | -33 |
| Change in margin receivables | | -1,311 | -1,000 |
| Change in other interest-bearing receivables and other [2] | | 2,134 | -2,545 |
| **Net cash from/used in investing activities, continuing operations** | | **1,464** | **-512** |

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| **Cash flow before financing activities, continuing operations** | | **3,568** | **608** |
| | | | |
| **Cash flow from financing activities, continuing operations** | | | |
| Proceeds from long-term liabilities | | 2,421 | 2,809 |
| Payments of long-term liabilities | | -5,888 | -2,153 |
| Change in short-term liabilities | | -170 | 1,844 |
| Dividends paid to the owners of the parent | 13 | -1,013 | -995 |
| Dividends paid to non-controlling interests | | -19 | -14 |
| Change in margin liabilities | | 150 | 63 |
| Other financing items | | -168 | 50 |
| **Net cash from/used in financing activities, continuing operations** | | **-4,686** | **1,603** |
| | | | |
| **Net increase(+)/decrease(-) in liquid funds, continuing operations** | | **-1,119** | **2,211** |
| | | | |
| **Cash flow from discontinued operations** | | | |
| Net cash from/used in operating activities, discontinued operations | | -10,870 | 3,851 |
| Net cash from/used in investing activities, discontinued operations [3] | | -2,450 | -5,215 |
| Net cash from/used in financing activities, discontinued operations | | 10,757 | 4,409 |
| **Net increase(+)/decrease(-) in liquid funds, discontinued operations** | | **-2,563** | **3,045** |
| | | | |
| **Cash flow, total Fortum** | | | |
| Total net cash from/used in operating activities | | -8,767 | 4,970 |
| Total net cash from/used in investing activities | | -985 | -5,727 |
| Total net cash from/used in financing activities | | 6,070 | 6,013 |
| **Net increase(+)/decrease(-) in liquid, total Fortum** | | **-3,682** | **5,256** |
| | | | |
| **Liquid funds 1 January** | | **7,592** | **2,308** |
| Foreign exchange differences and expected credit loss allowance in liquid funds | | 7 | 29 |
| **Liquid funds 31 December** | 23 | **3,919** | **7,592** |

1) In 2022, acquisition of additional shares in Uniper are presented in cash flow from financing activities to better reflect the requirements of IAS 7 Statement of cash flows. In 2021 acquisition of additional shares in Uniper were presented in cash flow from investing activities. Comparatives have not been restated.
2) 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 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.
3) The consideration received for the Uniper shares, EUR 498 million, is presented in cash flow from discontinued operations in 2022.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Change in financial net debt

| EUR million | Note | Continuing operations [1] 2022 | Fortum total [2] 2021 |
|---|---|---|---|
| **Financial net debt 1 January** | | **789** | **7,023** |
| Uniper's net financial position in Uniper's Annual 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, 1 January | | 4,546 | - |
| Net cash flow: | | | |
| Comparable EBITDA | | 2,436 | 3,817 |
| Non-cash and other items | | 153 | 1,506 |
| Paid net financial costs and dividends received | | -99 | -3 |
| Income taxes paid | | -167 | -493 |
| Change in working capital | | -219 | 144 |
| Capital expenditures | | -534 | -1,178 |
| Acquisitions | | -35 | -294 |
| Divestments and proceeds from sale of property, plant and equipment | | 1,160 | 3,883 |
| Change in interest-bearing receivables | | 2,183 | -174 |
| Dividends to the owners of the parent | | -1,013 | -995 |
| Dividends to non-controlling interests | | -19 | -171 |
| Other financing activities | | -168 | 43 |
| Net cash flow ('-' increase in financial net debt) | | 3,679 | 6,084 |
| Consideration received for Uniper shares | | 498 | - |
| Foreign exchange rate differences and other changes | | -74 | -150 |
| **Financial net debt 31 December** | 27 | **1,084** | **789** |

1) Items included in Net cash flow for 2022 are based on continuing operations.
2) Items included in Net cash flow for 2021 are based on continuing and discontinued operations (total) as the balance sheet has not been restated.

# Additional cash flow information

## Change in working capital

| EUR million | 2022 | 2021 |
|---|---|---|
| Change in interest-free receivables, decrease(+)/increase(-) | -352 | -633 |
| Change in inventories, decrease(+)/increase(-) | -201 | 2 |
| Change in interest-free liabilities, decrease(-)/increase(+) | 335 | 137 |
| CF **Total** | **-219** | **-494** |

## Capital expenditure in cash flow

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| Capital expenditure | 16, 17 | 525 | 443 |
| Change in not yet paid investments, decrease(+)/increase(-) | | 14 | 30 |
| Capitalised borrowing costs | | -5 | -3 |
| CF **Total** | | **534** | **470** |

## Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 35 million during 2022 (2021: 282). For further information see ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations. From 2022, acquisition of additional shares in Uniper are presented in cash flow from financing activities to better reflect the requirements of IAS 7 Statement of cash flows. In 2021 acquisition of additional shares in Uniper were presented in cash flow from investing activities. Comparatives have not been restated.

## Divestment of shares in cash flow

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| Proceeds from sales of subsidiaries, net of cash disposed | 3 | 1,070 | 915 |
| Proceeds from sales and capital returns of associates and joint ventures | 3, 18 | 86 | 2,901 |
| CF **Total** | | **1,156** | **3,816** |

During 2022 Fortum completed the divestment of the e-mobility business Plugsurfing, the 30% stake in the public charging operator Recharge AS and the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway. During 2021, Fortum completed the divestment of the 50% stake in the Swedish district heating and cooling company Stockholm Exergi, the district heating business in the Baltics, the Pavagada II and the Rajasthan solar power plants in India, the 80% stake in the Sørfjord wind park in Norway and eight small hydropower plants in Sweden. For further information, see ▸ **Note 3** Acquisitions and disposals, assets held for sale and discontinued operations.

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.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Notes to the consolidated financial statements

## 1 Significant accounting policies

### 1.1 Basic information

Fortum Corporation (the company) is a Finnish public limited liability company domiciled in Espoo, Finland. Fortum's shares are traded on Nasdaq Helsinki. Fortum is an energy company driving the change for a cleaner world. Our role is to ensure the security of supply and a fast and reliable transition to a carbon-neutral economy by providing customers and societies with clean energy and sustainable solutions. Fortum's core operation are located in the Nordics and consist of $CO_2$-free power generation, electricity sales, district heating as well as recycling and waste solutions.

These financial statements were approved by the Board of Directors on 1 March 2023. The Financial Statements are also published in accordance with the European Single Electronic Format (ESEF) reporting requirement. The audit firm, Deloitte Oy, has provided an independent auditor's reasonable assurance report on Fortum's ESEF Financial Statements in accordance with ISAE 3000 (Revised). The ESEF report is available at https://www.fortum.com/about-us/investors/reports-and-presentations.

### 1.2 Basis of preparation

The consolidated financial statements of Fortum Group for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adopted by the European Union. The notes to the consolidated financial statements also comply with the supplementing requirements of the Finnish accounting and company legislation.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities (including derivative instruments) that are valued at fair value through profit and loss or other comprehensive income.

The figures in the consolidated 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. Unless otherwise indicated, all amounts are presented in millions of euro (EUR million).

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

Fortum's consolidated income statement was modified in 2022 to include discontinued operations disclosure as required by IFRS 5 Non-current assets held for sale and discontinued operations. See ▸ **Note 1.7** Impact of Uniper deconsolidation on consolidated financial statements.

### 1.3 Principles for consolidation

These consolidated financial statements comprise of the parent company, subsidiaries, joint ventures and associated companies.

Fortum Group was formed in 1998 by using the pooling-of-interests method for consolidating Fortum Power and Heat Oy and Fortum Oil and Gas Oy (the latter demerged to Fortum Oil Oy and Fortum Heat and Gas Oy 1 May 2004). In 2005 Fortum Oil Oy (current Neste Oyj) was separated from Fortum by distributing 85% of its shares to Fortum's shareholders and by selling the remaining 15%. This means that the acquisition cost of Fortum Power and Heat Oy and Fortum Heat and Gas Oy has been eliminated against the share capital of the companies. The difference has been entered as a decrease in shareholders' equity.

#### 1.3.1 Subsidiaries

Subsidiaries are defined as companies over which Fortum has control. Control exists when Fortum is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. See ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, subsidiaries' accounting policies have been changed to ensure consistency with the policies the Group has adopted.

Certain subsidiaries and associated companies are not included in the consolidated financial statements on materiality grounds. These companies are accounted for outside the scope of IFRS 9 and measured at cost, with adjustments for any loss allowance.

Fortum Group subsidiaries are disclosed in ▸ **Note 40** Group companies by segment. Group holding % for companies owned via subsidiaries is based on the Fortum Corporation ownership % in the direct subsidiary times the ownership % of the direct subsidiary in the indirect subsidiary / associate / joint venture.

#### 1.3.2 Associates

Associated companies are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's interests in associated companies are accounted for using the equity method of accounting. See ▸ **Note 18** Participations in associated companies and joint ventures.

#### 1.3.3 Joint ventures

Joint ventures are arrangements in which the Group has joint control. Joint ventures are accounted for using the equity method of accounting. See ▸ **Note 18** Participations in associated companies and joint ventures.

#### 1.3.4 Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the equity of the owners of the parent company. Non-controlling interests are generally initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Changes in non-controlling interest due to changes in ownership interest of a subsidiary are accounted for as equity transactions. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. See ▸ **Note 26** Non-controlling interests.

### 1.4 Measures for performance

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.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

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.

Items classified as Items affecting comparability include accounting effects from valuation according to IFRS not arising from the performance of business operations. Such items include fair value changes of financial derivatives hedging future cash flows where hedge accounting is not applied and fair value changes of physical contracts accounted for as derivatives according to IFRS 9, Financial Instruments.

Further, business performance of operations cannot be compared from one period to another without adjusting for one-time items relating to capital gains and other related items, such as transaction costs arising from acquisitions; impacts from acquisition accounting; significant impairments and reversals of impairments as well as other miscellaneous non-operating items, such as restructuring and cost management expenses. Such items are also treated as Items affecting comparability.

According to IFRS 3, Business Combinations, transaction costs related to the acquisitions of subsidiary shares are recognised in the consolidated income statement. Such costs are presented in Capital gains and other within Items affecting comparability.

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 Fortum introduced the following new 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' to provide additional financial performance indicators to support meaningful comparison of financials for Fortum's strategic businesses.

See ▸ **Note 7** Comparable operating profit and comparable net profit. Definitions are presented in the section ▸ **Definitions and reconciliations of key figures.**

Fortum's long-term financial target for capital structure until 31 December 2022 was Financial net debt / comparable EBITDA below 2x. See ▸ **Note 5** Capital risk management.

## 1.5 Foreign currency transactions and translation

### 1.5.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros, which is the company's functional and presentation currency.

### 1.5.2 Transactions and balances

Transactions denominated in foreign currencies are translated using the exchange rate at the date of transaction. Receivables and liabilities denominated in foreign currencies outstanding on the balance sheet date are translated using the balance sheet date exchange rate. Exchange rate differences are recognised in the consolidated income statement. Net exchange differences relating to financing components are recognised in the income consolidated statement, except when deferred to equity as qualifying cash flow hedges. Translation differences on financial assets through other comprehensive income are included in Other equity components in equity.

### 1.5.3 Group companies

Income statement and cash flow statement of subsidiaries, whose functional currencies are not euro, are translated into euro using the average exchange rates; whereas the balance sheets of such subsidiaries are translated into euro using the closing exchange rates on the balance sheet date. On consolidation, exchange rate differences arising from the translation of net investment in foreign entities, as well as borrowings and other currency instruments designated as hedges for such investments, are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate.

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.

### Key exchange rates used in consolidated financial statements

| | Average rate | | Balance sheet date rate | |
|---|---|---|---|---|
| | 2022 | 2021 | 31 Dec 2022 | 31 Dec 2021 |
| United Kingdom (GBP) | 0.8528 | 0.8596 | 0.8869 | 0.8403 |
| Norway (NOK) | 10.1026 | 10.1633 | 10.5138 | 9.9888 |
| Poland (PLN) | 4.6861 | 4.5652 | 4.6808 | 4.5969 |
| Russia (RUB) | 73.6173 | 87.1527 | 77.8998 | 85.3004 |
| Sweden (SEK) | 10.6296 | 10.1465 | 11.1218 | 10.2503 |
| United States (USD) | 1.0530 | 1.1827 | 1.0666 | 1.1326 |

### 1.5.4 Associates and joint ventures

Associates and joint ventures, whose measurement and reporting currencies are not euro, are translated into the Group reporting currency using the same principles as for subsidiaries.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 1.6 Other significant accounting policies

Fortum describes other significant accounting policies in conjunction with the relevant disclosure information. The table below lists significant accounting policies and the financial statement note where they are presented, as well as the relevant IFRS standard.

| Accounting policy | Note | IFRS standard |
|---|---|---|
| Subsidiaries | 3. Acquisitions, disposals, assets held for sale and discontinued operations | IFRS 3, IFRS 10 |
| Assets held for sale | 3. Acquisitions, disposals, assets held for sale and discontinued operations | IFRS 5 |
| Discontinued operations | 3. Acquisitions, disposals, assets held for sale and discontinued operations | IFRS 5 |
| Financial instruments | 4. Financial risk management<br>14. Financial assets and liabilities by categories<br>15. Financial assets and liabilities by fair value hierarchy | IAS 32, IFRS 7, IFRS 9, IFRS 13 |
| Segment reporting | 6. Segment reporting | IFRS 8, IFRS 15 |
| Revenue recognition | 6. Segment reporting<br>23. Trade and other receivables | IFRS 15 |
| Other income | 8. Other income and other expenses | IFRS 15 |
| Research and development costs | 8. Other income and other expenses | IAS 38 |
| Government grants | 8. Other income and other expenses | IAS 20 |
| Share-based payments | 10. Employee benefits and Board remuneration | IFRS 2 |
| Earnings per share | 13. Earnings and dividend per share | IAS 33 |
| Other shares and participations | 14. Financial assets and liabilities by categories<br>20. Other non-current assets | IAS 32, IAS 36, IFRS 9 |
| Fair value measurement | 15. Financial assets and liabilities by fair value hierarchy | IFRS 13 |
| Intangible assets | 16. Intangible assets | IAS 38 |
| Tangible assets | 17. Property, plant and equipment and Right-of-use Assets | IAS 16 |
| Joint arrangements | 18. Participations in associated companies and joint ventures | IFRS 11, IAS 28, IFRS 12 |
| Investments in associates | 18. Participations in associated companies and joint ventures | IAS 28, IFRS 12 |
| Impairment testing | 19. Impairment testing | IAS 36 |
| Inventories | 22. Inventories | IAS 2 |
| Trade receivables | 23. Trade and other receivables | IFRS 9 |
| Liquid funds | 24. Liquid funds | IAS 7 |
| Borrowings | 27. Interest-bearing liabilities | IFRS 9 |
| Income taxes | 28. Income taxes on the balance sheet | IAS 12 |
| Decommissioning obligation | 29. Nuclear related assets and liabilities | IFRIC 5 |
| Provisions | 30. Other provisions | IAS 37 |
| Pensions and similar obligations | 31. Pension obligations | IAS 19 |
| Leases | 34. Leases | IFRS 16 |
| Contingent liabilities | 36. Pledged assets and contingent liabilities | IAS 37 |
| Events after the balance sheet date | 39. Events after the balance sheet date | IAS 1 |

## 1.7 Impact of Uniper deconsolidation on consolidated financial statements

Uniper SE, a German listed company, was acquired in March 2020. Uniper is an international energy company with activities in more than 40 countries. Its business is the secure provision of energy and related services. Its main activities include power generation in Europe and Russia as well as global energy trading and optimisation.

### 1.7.1 Discontinued operations

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. Thus, Uniper was deconsolidated at 30 September 2022. Uniper has been a separate reportable segment in Fortum's consolidated financial statements, which results in Uniper being classified as discontinued operations. The transaction was completed on 21 December 2022. See also ▸ **Note 2** Critical accounting estimates and judgements.

Fortum's consolidated income statement consolidated cash flow statement were modified in 2022 to include discontinued operations disclosure as required by IFRS 5 Non-current assets held for sale and discontinued operations. Comparatives for 2021 were restated and a separate stock exchange release with restated comparatives was issued on 6 October 2022. Discontinued operations include Fortum's former subsidiary Uniper SE and its consolidated group companies.

Income statement information in the following notes to the financial statements include only continuing operations, unless otherwise specified. Uniper was deconsolidated at 30 September 2022, and thus Uniper's balance sheet items are not included on Fortum's 31 December 2022 consolidated balance sheet. Consolidated balance sheet at 31 December 2021 included Uniper.

### 1.7.2 Joint ownership in the Swedish nuclear company OKG AB

Fortum and Uniper are co-owners in the Swedish nuclear company OKG Aktiebolag (OKG AB), with Fortum owning 45.5%. Fortum accounted for the shareholding in OKG AB as a subsidiary from 31 March 2020 to 30 September 2022, with the results of the company being split between the Uniper segment and the Generation segment according to ownership. On deconsolidation of Uniper at 30 September 2022, OKG AB was reclassified as an associated company. The reclassification resulted in the restatement of the Generation segment's 2021 financials.

### 1.7.3 Group impact from Uniper deconsolidation

On deconsolidation of Uniper at 30 September 2022, Fortum recorded EUR 28.0 billion one-time, mainly 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 3.4** Discontinued operations.

## 1.8 New accounting standards, amendments and interpretations

New accounting standards, amendments and interpretations effective from 1 January 2022 did not have a material impact on Fortum's consolidated financial statements.

New accounting standards, amendments and interpretations issued by the balance sheet date and effective from 1 January 2023, or later, are not expected to have a material impact on Fortum's consolidated financial statements.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 2 Critical accounting estimates and judgements

The preparation of IFRS consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities existing at the balance sheet date, as well as the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances based on, for instance, the analysis of energy policy and the regulatory environment. The Russia-Ukraine war has fundamentally changed the geopolitical situation; and given the uncertainty and risks arising from the geopolitical situation, there may be future effects on the consolidated financial statements arising from more volatile global economy and especially commodity markets. These factors can affect the carrying amounts of assets and liabilities, the amount and timing of earnings recognition, as well as cash flows.

The table below lists the areas where management's accounting estimates and judgements are most critical to reported results and financial position; as well as where to find more information on the areas of critical accounting estimate and judgement.

| Critical accounting estimates and judgements | Note |
|---|---|
| Judgement used in determining the valuation of certain financial instruments | 14. Financial assets and liabilities by categories<br>15. Financial assets and liabilities by fair value hierarchy |
| Assumptions used when determining loss of control on disposal of subsidiaries | 2. Critical accounting estimates and judgments<br>3. Acquisitions, disposals, assets held for sale and discontinued operations |
| Assigned values and useful lives determined for intangible assets and property, plant and equipment acquired in a business combination | 16. Intangible assets<br>17. Property, plant and equipment and right-of-use assets |
| Assumptions related to impairment testing of property, plant and equipment and intangible assets as well as associated companies and joint ventures | 16. Intangible assets<br>17. Property, plant and equipment and right-of-use assets<br>18. Participations in associated companies and joint ventures<br>19. Impairment testing |
| Judgement used when assessing the nature of Fortum's interest in its investees, when considering the classification of Fortum's joint arrangements, as well as commitments arising from these arrangements | 18. Participations in associated companies and joint ventures |
| Estimates used for the recognition and measurement of deferred tax assets | 28. Income taxes on the balance sheet<br>37. Legal actions and official proceedings |
| Assumptions made to determine long-term cash flow forecasts of estimated costs for provision related to nuclear production | 29. Nuclear related assets and liabilities |
| Assumptions made when estimating provisions | 30. Other provisions |
| Assumptions used to determine future pension obligations | 31. Pension obligations |
| Assumptions used to determine the lease liability | 34. Leases |

## 2.1 Russia's invasion of Ukraine and macroeconomic environment

Russia's attack on Ukraine in February 2022 has severely impacted Fortum's current and future businesses. The main impacts on Fortum's 2022 financials include the events that led to the divestment of Uniper to the German State for EUR 0.5 billion; the severe liquidity constraints caused by significantly higher collaterals related to power and gas on the commodities exchanges, which required additional financing measures; as well as the overall impact of the war on Fortum's Russian operations.

### 2.1.1 Uniper divestment to the German State

Following the war in Ukraine, particularly the Uniper segment's business and financial risk profiles significantly deteriorated in 2022, mainly due to Russian gas curtailments and commodity price volatility, which significantly increased margining requirements and liquidity needs. In July 2022, Fortum and Uniper reached out to the German Government to agree on a long-term solution for Uniper.

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. This final Uniper agreement in principle replaced the initial agreement between the same parties, signed in July 2022. After July, the European energy crisis escalated further and the severity of the situation made it apparent that the previously agreed stabilisation measures were insufficient and difficult to implement. By 21 September 2022, Uniper had accumulated significant negative earnings amounting to billions of euros in gas-related losses, and it had become evident that the company, as privately-owned, was not able to fulfil its role as a critical energy provider of security of supply in Germany.

The transaction was completed on 21 December 2022. Under the agreement, Uniper issued new ordinary registered shares, which the German State subscribed at a nominal value of EUR 1.70 per share. At completion of the equity capital increase, the German State bought all of Fortum's approximately 293 million shares in Uniper SE for EUR 1.70 per share, i.e. for a total of EUR 0.5 billion; and Uniper repaid the EUR 4 billion shareholder loan. Out of the EUR 4.0 billion parent company guarantee facility that Fortum had granted to Uniper, a total of EUR 3.0 billion was released by year-end 2022. The remaining, approximately EUR 1.0 billion, with a full German State back-to-back guarantee (indemnity), will be released latest at the end of June 2023.

The signing of the agreement in principle with the German Government on 21 September 2022 triggered a control assessment as required by IFRS 10 Consolidated financial statements. Management concluded that Fortum's rights are no longer substantive as it does not have practical ability to use control over Uniper. The loss of control was impacted by the signing of the agreement in principle and the significant financial support to Uniper through the KfW Bank's bridge financing. In the judgement of the management, the overall effect of that financing, combined with the agreement in principle, was such that the German Government was in practice subsequently able to approve or reject the most important decisions in relation to the business of Uniper. Consequently, control was assessed to have been lost and Uniper was deconsolidated at 30 September 2022. In addition, Uniper was presented as discontinued operations in accordance with IFRS 5 Non-current assets held for sale and discontinued operations as management was committed to fully disposing of Uniper SE's shares, and Uniper had been a separate reportable segment and a significant component of Fortum Group. See also ▸ **Note 1** Significant accounting policies.

Deferred tax assets at 31 December 2022 include EUR 706 million recognised in 2022 relating to a one-time tax impact realised in Ireland, which resulted in increased deferred tax assets on tax loss carry forward. The deferred tax asset mainly relates to impacts caused by the Uniper divestment, and the utilisation is subject to future taxable income in Ireland. See ▸ **Note 28** Income taxes on the balance sheet.

### 2.1.2 Liquidity

The energy crisis in Europe has resulted in the very volatile commodity markets with unprecedentedly high prices that have required significantly higher collaterals related to power and gas on the commodities exchanges. In the latter part of 2022, the Nordic power prices declined from the record levels at the end of August and the market was less volatile. However, Fortum remained prepared for continued market turbulence, and has taken precautionary financing measures to secure its liquidity position and financial flexibility. On 6 September 2022 Fortum signed a EUR 2,350 million bridge financing with Finnish State-owned company, Solidium. According to loan terms, in order to keep the facility effective for the one year period, on 26 September 2022, Fortum announced to draw EUR 350 million under this facility. On 21 December 2022, Uniper repaid its EUR 4 billion shareholder loan and Fortum received the sales proceeds of EUR 0.5 billion from the divestment of Uniper shares. At the end of the year, Fortum's financial situation was solid, Fortum Group had undrawn committed credit facilities amounting to EUR 7,200 million, as well as EUR 100 million committed overdraft limits that are valid until further notice. See also ▸ **Note 27** Interest-bearing liabilities.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### 2.1.3 Geopolitical uncertainties and impacts on Russian operations

Due to the sanctions imposed by the Russian Federation, Fortum's Russian subsidiaries are subject to foreign exchange transfer restrictions, which currently limit the transfer of funds, such as potential dividend distributions, into the EU. The sanctions currently do not, however, restrict Fortum from exercising its voting rights at the general meetings of the Russian subsidiaries. Hence, Fortum's Russian subsidiaries continue to be consolidated as subsidiaries at 31 December 2022. However, the cash and cash equivalents held by Fortum's Russia segment in Russia, a total of EUR 247 million, are not available to the other group companies.

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, however there are no decisions and these processes might take some time and are subject to regulatory approvals. See also Risk management section in the Operating and financial review.

Total impairment charges in 2022 for the Russia cash-generating unit (CGU) amount to EUR 1,697 million (pre-tax), 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. The remaining book value of Russia segment's net assets is approximately EUR 1.7 billion at 31 December 2022 (31 Dec 2021: 2.5). The book value is based on the assumption that the controlled exit can be executed, and that other assumptions made by management realise as expected. The carrying amount of the Russia CGU is equal to its recoverable amount, meaning that any detrimental future changes may cause further impairment. See ▸ **Note 19** Impairment testing.

## 2.2 Climate-related matters

Fortum's power generation in the Nordic countries is mainly based on $CO_2$-free hydro and nuclear power. A minor share of Fortum's power generation is currently based on solar and wind. Fortum has also generation of district heating and cooling in Finland and Poland. In Europe, 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 Russia, Fortum has mainly natural gas-fired generation.

Main climate-related risks facing Fortum include transition risks, such as changes in legislation, changes in technology, impact on supply or demand, and reputation; as well as physical risks, such as those arising from extreme weather conditions or changes in long-term weather patterns. For instance, floods will impact the optimal operation of hydro power plants. Fortum is systematically reducing risks related to dam safety through long-term investments to secure the discharge capacity in extreme flood situations.

The impacts of climate change are reflected in the consolidated financial statements generally when specific actions, such as new investments, to transition to $CO_2$-free production or to tackle climate change have been approved; or when climate-related risks have materialised. The impact from climate-related risks to 2022 financial statements has not been material.

The following financial statement items are most relevant when considering the impact of climate-related matters:

- Impairment testing: approved actions towards Fortum's climate risks and targets are reflected in the assumptions used in the impairment testing, as appropriate. See ▸ **Note 19** Impairment testing.
- Property, plant and equipment: economic lives and book values of property, plant and equipment reflect approved actions towards Fortum's climate-related risks and targets. See ▸ **Note 17** Property, plant and equipment.
- Nuclear provisions include future costs for decommissioning nuclear power plants, and the appropriate treatment of spent fuel. See ▸ **Note 29** Nuclear-related assets and liabilities.

For accounting treatment applied to emission allowances, see ▸ **Note 22** Inventories.
Fortum's new climate-related targets are disclosed in ▸ **Note 39** Events after the balance sheet date.

# 3 Acquisitions, disposals, assets held for sale and discontinued operations

## ACCOUNTING POLICIES

### SUBSIDIARIES

Acquisition of subsidiaries are accounted for using the acquisition method. The consideration transferred is measured as the aggregate of acquisition date fair values of assets transferred and liabilities assumed. Identifiable assets acquired and liabilities assumed are measured initially at acquisition date fair values, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. See ▸ **Note 1.3** Principles for consolidation.

### ASSETS HELD FOR SALE

Assets or disposal groups are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset, or the disposal group, must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups, and the sale must be highly probable. These assets, or in the case of disposal groups, assets and liabilities, are presented separately on the consolidated balance sheet and measured at the lower of the carrying amount and fair value less costs to sell. Assets classified as held for sale, or included in a disposal group classified as held for sale, are not depreciated.

### DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale, and that represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the consolidated income statement.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS: ASSUMPTIONS REGARDING LOSS OF CONTROL

Fortum reassesses if it controls its subsidiaries if facts and circumstances indicate that there are changes to the three elements of control: power over the investee, exposure or rights to variable returns, or the ability to use power over to affect the amount of returns. Therefore, the date on which control over a subsidiary is lost may require management judgment. With regards to Uniper deconsolidation, management has used judgment in concluding that the signing of the agreement with the German Government on 21 September 2022 resulted in loss of control. See also ▸ **Note 2** Critical accounting estimates and judgements.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 3.1 Acquisitions

| EUR million | 2022 | 2021 |
|---|---|---|
| Gross investments in shares in subsidiary companies | 0 | 210 |
| Gross investments in shares in associated companies and joint ventures | 14 | 39 |
| Gross investments in other shares | 19 | 31 |
| **Total** | **33** | **281** |

Gross investments in shares during 2022 were EUR 33 million (2021: 281). Acquisition of subsidiary shares in 2021 mainly relate to the acquisition of Uniper shares. From 2022, acquisition of additional shares in Uniper are not included in gross investments in shares. This reflects the change in presentation in the cash flow where the acquisition of additional shares in 2022 are presented in cash flow from financing activities to better reflect the requirements of IAS 7 Statement of cash flows. Until 2021 acquisition of additional shares in Uniper were presented in cash flow from investing activities. Comparatives have not been restated.

## 3.2 Disposals

| EUR million | 2022 | 2021 |
|---|---|---|
| Gross divestments of shares in subsidiary companies | 1,279 | 1,136 |
| Gross divestments of shares in associated companies and joint ventures | 86 | 2,898 |
| **Total** | **1,365** | **4,034** |

### 3.2.1 Disposals of subsidiary companies

**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 total 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. See also ▸ **Note 1** Significant accounting policies, ▸ **Note 2** Critical accounting estimates and judgements and ▸ **Note 3.4** 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' 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 City Solutions segment's 2022 results.

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 City Solutions segment's 2022 results.

**Disposals during 2021**

On 22 June 2021, Fortum announced that it had signed an agreement to divest the 250-MW Pavagada II and the 250-MW Rajasthan solar power plants in India to Actis. The total consideration from the divestment on a debt and cash-free basis, including the effect of deconsolidating of the net debt amounted to approximately EUR 280 million. The sale of Pavagada II was concluded in October 2021 and the first phase of Rajasthan divestment in November 2021. Fortum recorded a tax-exempt sales gain of EUR 11 million in the 2021 comparable operating profit of the City Solutions segment.

On 12 March 2021, Fortum announced that it had signed an agreement to sell its district heating business in the Baltics to Partners Group. On 2 July 2021, Fortum concluded the sale. The total consideration of the sale amounted to approximately EUR 710 million. Fortum recorded a tax-exempt capital gain of EUR 254 million in the City Solutions segment's 2021 results.

On 2 March 2021, Fortum announced it had decided to construct the largest solar power plant in Russia through a joint venture established with RDIF. The power plant is based on capacities won by Fortum in CSA auctions in 2018 and 2019. In March 2021, Fortum sold the CSA-backed solar power project to the joint venture with RDIF, which had a positive effect of EUR 17 million in the 2021 comparable operating profit of the Russia segment.

In December 2020, Fortum decided to sell eight small hydropower plants in Sweden with an average annual power generation of 0.1 TWh to Downing Renewables & Infrastructure Trust plc. The total purchase price on a debt and cash free basis is EUR 64.5 million. The transaction closed on 2 February 2021.

In December 2019, Fortum and Credit Suisse Energy Infrastructure Partners (CSEIP) signed an agreement whereby funds advised by CSEIP acquired an 80% stake in Fortum's Nordic wind portfolio. The transaction, excluding the Sørfjord wind park, which was still under construction, was closed on 14 May 2020. The transaction on Sørfjord wind park was closed on 20 January 2021.

### Divestments of shares in subsidiaries - Impact on financial position

The table below does not include the impact of deconsolidation of Uniper, which is presented separately in ▸ **Note 3.4.3** Deconsolidation effect.

| EUR million | 2022 | 2021 |
|---|---|---|
| Gross divestments of shares in subsidiary companies | 1,279 | 1,136 |
| | | |
| Intangible assets and property, plant and equipment | 797 | 786 |
| Other non-current and current assets | 592 | 75 |
| Liquid funds | 44 | 42 |
| Interest-bearing loans | -206 | -211 |
| Other liabilities and provisions | -816 | -29 |
| **Net assets divested** | **411** | **662** |
| Reclassified to participations in associates and joint ventures | - | 37 |
| **Result from transaction** | **702** | **350** |

### 3.2.2 Other disposals

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' 2022 results.

On 20 September 2021, Fortum concluded the sale of its 50% ownership in the Swedish district heating and cooling company Stockholm Exergi Holding AB (publ) to a consortium of European institutional investors of APG, Alecta, PGGM, Keva, and AXA. The signing of the transaction was announced on 30 June 2021. The total consideration of the sale amounted to SEK 29.5 billion (approximately EUR 2.9

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

billion). Fortum recorded a tax-exempt capital gain of EUR 2,350 million in the City Solutions segment's 2021 results.

## 3.3 Assets held for sale

Assets held for sale at 31 December 2021 included EUR 108 million of Uniper SE's assets held for sale relating to an equity investment in Javelin, UK and the Öresundverket power plant in Malmö, Sweden.

## 3.4 Discontinued operations

Uniper segment has been classified as discontinued operations in 2022. See also ▸ **Note 1** Significant accounting policies and ▸ **Note 2** Critical accounting estimates and judgments. Financial performance and cash flow information for the discontinued operations is presented until 30 September 2022. The transaction was completed on 21 December 2022, and the consideration received for the shares of EUR 498 million is presented in cash flow from discontinued operations in 2022.

### 3.4.1 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. 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 | 2022 | 2021 |
|---|---|---|
| Sales | 128,102 | 106,127 |
| Other income | 22,508 | 12,289 |
| Materials and services | -132,287 | -101,889 |
| Employee benefits | -709 | -1,065 |
| Depreciation and amortisation | -573 | -694 |
| Other expenses | -21,788 | -13,661 |
| **Comparable operating profit** | **-4,747** | **1,107** |
| Deconsolidation effect | 27,966 | - |
| Items affecting comparability | -39,621 | -6,021 |
| **Operating profit** | **-16,402** | **-4,913** |
| Share of profit/loss of associates and joint ventures | 71 | 23 |
| Finance costs - net | -1,052 | 269 |
| **Profit before income tax** | **-17,383** | **-4,621** |
| Income tax expense | 6,081 | 500 |
| **Net profit from discontinued operations** | **-11,302** | **-4,121** |
| **Attributable to:** | | |
| Owners of the parent | -3,428 | -3,246 |
| Non-controlling interests [1)] | -7,874 | -875 |
| | | |
| Earnings per share, discontinued operations, EUR | -3.86 | -3.65 |
| | | |
| Comparable net profit from discontinued operations | -2,538 | 687 |
| Comparable earnings per share, discontinued operations, EUR | -2.86 | 0.77 |

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

### 3.4.2 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 consideration received for the shares of Uniper, EUR 498 million, is presented in net cash from/used in investing activities of the discontinued operations. 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 | 2022 | 2021 |
|---|---|---|
| Net cash from/used in operating activities | -10,870 | 3,851 |
| Net cash from/used in investing activities | -2,450 | -5,215 |
| Net cash from/used in financing activities | 10,757 | 4,409 |
| **Total net decrease/increase in liquid funds** | **-2,563** | **3,045** |

### 3.4.3 Deconsolidation effect

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 |
|---|---|
| Intangible assets | 1,224 |
| Property, plant and equipment and right-of-use assets | 9,638 |
| Participations in associates and joint ventures | 671 |
| Derivative financial instruments, net | -18,017 |
| Deferred taxes, net | 7,595 |
| Margin receivables, net | 8,763 |
| Interest-bearing receivables | 860 |
| Other non-current and current assets | 21,070 |
| Liquid funds | 2,248 |
| Non-controlling interests | 6,237 |
| Interest-bearing liabilities | -20,391 |
| Provisions | -30,281 |
| Pension obligations, net | -516 |
| Nuclear provisions | -2,696 |
| Other liabilities | -13,063 |
| **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.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 4 Financial risk management

Fortum's risk management framework, objectives, organisation and processes as well as a description of strategic, sustainability, financial and operational risks can be found in the Risk management section of the Operating and financial review (OFR).

## 4.1 Commodity market and fuel risks

Fortum's business is exposed to fluctuations in prices and availability of commodities used in the production, transmission and sales of energy products. The main exposure is toward electricity prices and volumes, prices of emissions, and price and availability of fuels. Fortum hedges its exposure to commodity market risks in order to improve the predictability of the future result by reducing volatility in earnings while ensuring cash flow risk is at an acceptable level.

Risk management for commodity hedging activities is based on general standards in the industry and involves the segregation of duties, as well as daily calculation, monitoring and reporting of results, positions and risks. Controls are in place to ensure exposures are kept within approved limits and mandates. Hedging involves the use of derivative financial instruments, as well as fixed-price physical delivery contracts.

### 4.1.1. Sensitivity arising from commodity derivatives according to IFRS 7

Sensitivity analysis shows the sensitivity arising from financial commodity derivatives as defined in IFRS 7.

These derivatives are used for hedging purposes with hedge accounting applied to most hedging strategies. Sensitivities in the table below are calculated based on the electricity position as of 31 December. Positions are actively managed in the day-to-day business operations and therefore the sensitivities vary from time to time. Sensitivity analysis includes only the market risks arising from derivatives i.e. the underlying physical electricity sales and purchases are not included. Sensitivity is calculated with the assumption that electricity forward and futures quotations would change 1 EUR/MWh for the period Fortum has derivatives.

**Sensitivity according to IFRS 7**

| +/- 1 EUR/MWh change in electricity forward and futures quotations, EUR million | Effect | 2022 | 2021 |
|---|---|---|---|
| Effect on profit before income tax | -/+ | 2 | 1 |
| Effect on equity | -/+ | 47 | 57 |

### 4.1.2. Electricity price and volume risk

The exposure to Nordic electricity prices and normal volume fluctuations (e.g. due to weather-driven demand and supply changes) is the largest commodity market risk exposure for Fortum in terms of impact to earnings. The exposure arising from outright power production (hydro and nuclear production assets) is mainly hedged by entering into electricity derivatives contracts on exchanges such as Nasdaq Commodities or the European Energy Exchange, as well as directly with counterparties active in the energy and financial markets. The main objective of hedging is to reduce the effect of electricity price volatility in earnings while ensuring the cash flow risk is at an acceptable level, and to increase the predictability of future results. The Generation segment's hedging strategies cover several years in the short- to medium-term. These hedging strategies are executed within approved mandates and are continuously evaluated as electricity and other commodity market prices, the hydrological balance and other relevant parameters change.

The Generation segment's hedging for power sales is performed in EUR on a Nordic level covering both Finland and Sweden. The currency component of these hedges in the Swedish entity is currently not hedged. Generation segment's sensitivity to the Nordic electricity market price is dependent on the hedge level for a given time period. As per 31 December 2022, approximately 75% of the Generation segment's estimated Nordic power sales volume was hedged for the calendar year 2023 with a price of 58 EUR/MWh and approximately 45% for the calendar year 2024 with a price of 42 EUR/MWh.

In the Russia segment, electricity prices are the main sources of market risk. The electricity price is highly correlated with the gas price. Exposure is partly mitigated through regulated fixed-price bilateral agreements, but the majority of electricity sales is exposed to spot price risk. There are no derivative contracts in the Russia segment.

### 4.1.3 Commodity derivatives

The table below discloses Fortum Group's commodity derivatives for which hedge accounting according to IFRS 9 is applied. The fair values represent the values disclosed on the balance sheet. See also ▸ **Note 14** Financial assets and liabilities by categories for accounting principles and ▸ **Note 15** Financial assets and liabilities by fair value hierarchy for basis of fair value estimations.

**Commodity derivatives subject to hedge accounting 2022**

| | Volume, TWh | | | | Fair value, EUR million | | |
|---|---|---|---|---|---|---|---|
| | Under 1 year | 1–5 years | Over 5 years | Total | Positive | Negative | Net |
| Electricity derivatives | 18 | 27 | 1 | 47 | 1,376 | 4,302 | -2,926 |
| Netting against commodity exchanges [1] | | | | | -546 | -546 | - |
| **Total** | **18** | **27** | **1** | **47** | **830** | **3,756** | **-2,926** |

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

**Commodity derivatives subject to hedge accounting 2021**

| | Volume, TWh | | | | Fair value, EUR million | | |
|---|---|---|---|---|---|---|---|
| | Under 1 year | 1–5 years | Over 5 years | Total | Positive | Negative | Net |
| Electricity derivatives | 25 | 31 | 1 | 57 | 349 | 1,648 | -1,298 |
| Gas derivatives | 30 | - | - | 30 | 335 | 1,750 | -1,415 |
| Netting against commodity exchanges [1] | | | | | -215 | -215 | - |
| **Total** | **55** | **31** | **1** | **87** | **469** | **3,183** | **-2,713** |

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

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Maturity analysis of commodity derivatives

Amounts in the table are fair values.

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| EUR million | Under 1 year | 1-5 years | Over 5 years | Total | Under 1 year | 1-5 years | Over 5 years | Total |
| Commodity derivatives, assets | 1,370 | 194 | 30 | **1,594** | 65,165 | 16,965 | 44 | **82,174** |
| Commodity derivatives, liabilities | 3,919 | 601 | 35 | **4,554** | 71,839 | 16,495 | 126 | **88,460** |

Change in maturity analysis of commodity derivatives' total assets and total liabilities from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022.

## 4.2 Liquidity and refinancing risk

Fortum's business is exposed to liquidity and refinancing risks primarily through the need to finance the Group's business operations including margining and collaterals issued for hedging activities. Trading derivative financial instruments exposes the Group to a liquidity risk associated with having to provide financial collaterals like cash or bank guarantees. A downgrade in rating could trigger counterparties' right to demand additional collateral, which would need to be provided via cash or bank guarantees.

The derivative instruments used by the Group are traded via exchanges and over-the-counter with selected counterparties based on bilateral agreements. Trading through exchanges requires the exchange of cash to cover credit risks (margining payments). Since the second half of 2021, the very volatile commodity markets with unprecedently high prices have required significantly high net margining payments. During the third quarter 2022, as Nordic power prices followed the very high Continental European power and gas prices, Fortum's standalone (excl. Uniper) collateral requirements increased to a record-high level peaking at around EUR 5 billion. Fortum has arranged new financing to meet the demands, for further information see ▸ **Note 24** Liquid funds and ▸ **Note 27** Interest-bearing liabilities. Margin receivables from commodity hedging activities at balance sheet date were EUR 2,607 million (2021: 9,163) and margin liabilities EUR 352 million (2021: 985).

The exposure to margining requirements is continuously assessed and monitored so that adequate liquidity is available to cover expected future cash collateral required for margining.

Liquidity and refinancing risks are managed through a combination of cash positions and committed credit and other guarantee facility agreements with the core banks. The maturity profile of loans is monitored to ensure that there is at all times access to adequate liquidity for investments, loan maturities and margining required for commodity trading and hedging activities.

Fortum's business is capital intensive and it has a diversified loan portfolio. Long-term financing is primarily raised by issuing bonds under Fortum Corporation's Euro Medium Term Note programme (EMTN), as well as through bilateral and syndicated loan facilities from a variety of different financial institutions.

In Fortum, financing is primarily raised on parent company level and funds are distributed internally through various internal financing arrangements.

On 31 December 2022, 89% (2021: 66%) of the Group's total external loans was raised by the parent company Fortum Corporation, and remaining 11% by other subsidiaries (2021: 29% by the Uniper segment and 5% by other subsidiaries).

At the end of 2022, financial net debt was EUR 1,084 million (2021: 789) and adjusted net debt EUR 1,117 million (2021: 3,227).

On 31 December 2022, loan maturities for the coming twelve-month period amounted to EUR 4,108 million (2021: 8,389) which include EUR 1,090 million maturing bonds, EUR 475 million commercial papers, EUR 1,100 million revolving credit facility (6+6 months extension options by Fortum), EUR 350 million Solidium bridge financing and EUR 500 million bilateral loan (8 months extension option by Fortum). Maturities in 2023 also include EUR 592 million loans with no contractual due date.

At the end of the reporting period, the Group's liquid funds totalled EUR 3,919 million (2021: 7,592). Liquid funds include EUR 247 million (2021: 300) relating to Fortum's Russian operations.

### Maturity of loans

| EUR million | 2022 |
|---|---|
| 2023 | 4,108 |
| 2024 | 717 |
| 2025 | 7 |
| 2026 | 730 |
| 2027 | 17 |
| 2028 and later | 2,087 |
| **Total** | **7,666** |

For more information on loans, see ▸ **Note 27** Interest-bearing liabilities.

### Liquid funds, major credit lines and debt programmes 2022

| EUR million | 2022 |
|---|---|
| **Liquid funds** | **3,919** |
| of which in Russia | 247 |

| Committed credit lines | Total facility | Available amount | Drawn amount |
|---|---|---|---|
| Fortum Corporation, EUR 5,500 million syndicated credit facility | 5,500 | 4,400 | 1,100 |
| Fortum Corporation, EUR 800 million bilateral credit facility | 800 | 800 | - |
| Fortum Corporation, EUR 2,350 million Finnish State bridge financing | 2,350 | 2,000 | 350 |
| Fortum Corporation, bilateral overdraft facilities | 100 | 100 | - |
| **Total** [1] | **8,750** | **7,300** | **1,450** |

1) Additionally, Fortum has uncommitted commercial paper programmes in Finland and Sweden and uncommitted EMTN programme. From the commercial paper programmes, EUR 475 million (2021: 3,129) was drawn, and from the EMTN programme EUR 2,690 million (2021: 3,698) bonds were outstanding at the end of the reporting period.

### Liquid funds, major credit lines and debt programmes 2021

| EUR million | 2021 |
|---|---|
| **Liquid funds** | |
| Fortum | 4,626 |
| Uniper segment | 2,966 |
| **Total** | **7,592** |
| of which in Russia | 300 |

| Committed credit lines | Total facility | Available amount | Drawn amount |
|---|---|---|---|
| Fortum Corporation, EUR 1,750 million syndicated credit facility | 1,750 | - | 1,750 |
| Fortum Corporation, EUR 800 million bilateral credit facility | 800 | 300 | 500 |
| Uniper, EUR 1,800 million syndicated credit facility | 1,800 | - | 1,800 |
| Fortum Corporation, bilateral overdraft facilities | 100 | 100 | - |
| **Total** | **4,450** | **400** | **4,050** |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Maturity analysis of interest-bearing loans and derivatives

Interest-bearing loans are non-discounted expected cash flows including future interest payments and amortisations. Interest rate and currency derivatives represent the fair value of the derivatives on the balance sheet. Maturity analysis of commodity derivatives is disclosed separately in the ▸ **Note 4.1.3** Commodity derivatives.

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| EUR million | Under 1 year | 1-5 years | Over 5 years | Total | Under 1 year | 1-5 years | Over 5 years | Total |
| Interest-bearing loans | 4,290 | 1,831 | 2,254 | 8,374 | 8,490 | 5,728 | 2,450 | 16,669 |
| Interest rate and currency derivative liabilities | 54 | 46 | 75 | 175 | 107 | 17 | 19 | 143 |
| Interest rate and currency derivative receivables | -116 | -28 | -92 | -235 | -227 | -87 | -1 | -315 |
| Total | 4,228 | 1,849 | 2,237 | 8,314 | 8,371 | 5,659 | 2,468 | 16,498 |

## 4.3 Interest rate risk and currency risk

### 4.3.1 Interest rate risk

Fortum is exposed to cash flow risk from changes in interest rates mainly from interest-bearing liabilities and derivatives on a fixed- and floating rate basis.

Fortum manages the interest rate exposure through a duration target of the loan portfolio (excluding lease liabilities and provisions), and cash flow at risk limit. Fortum uses different types of financing contracts and interest rate derivative contracts to manage the interest rate exposure, and evaluates and develops the strategies in order to find an optimal balance between risk and financing cost.

On 31 December 2022, the duration of Fortum's loan portfolio (including derivatives) was 1.2 years (2021: 1.7). Approximately 77% (2021: 82%) of the loan portfolio was on a floating rate basis, or fixed rate loans maturing within the next 12-month period. The flow risk, measured as the difference between the base case interest cost estimate and the worst-case scenario estimate for Fortum's loan portfolio for the coming 12 months, was EUR 93 million (2021: 63). The increase of flow risk is mainly driven by increase of new loans, especially floating loans as a response to high collateral demand, and a significant increase in interest rate volatilities at the end of 2022 in several currencies.

The average interest rate for the total loan portfolio, including derivatives in finance costs, was 3.9% at the balance sheet date (2021: 1.3%). The average interest rate of EUR loans was 3.1% (2021: 0.6%).

Fortum uses interest rate derivatives and to large extend applies hedge accounting when hedging the loan portfolio of the Group. There is an ongoing reform of certain floating interest benchmark rates to alternative risk free rates (ARR) due to the IBOR (Interbank Offered Rates) transition. Since EURIBOR (Euro Interbank Offered Rate) is expected to continue as the benchmark rate, as it has been already fully reformed, all hedges are expected to continue to be 100% effective with no impact on finance costs – net. In addition to significant EURIBOR exposure, the Group has interest rate derivatives in SEK and sees that the IBOR transition will not have significant impact on the value and effectiveness of these derivatives. Fortum Group will continue to monitor the development of the IBOR transition.

### 4.3.2 Currency risk

Fortum's policy is to hedge major transaction exposures on a local level in the reporting currency of each legal entity in order to avoid exchange differences in the income statement. An exception is Generation segment's hedging of power sales in Sweden where the currency component is not hedged. Derivatives are used to hedge existing foreign exchange risks, not for proprietary trading. As a result of sanctions against the Russian Federation followed by low liquidity in RUB and crossborder payment restrictions, hedging of RUB position was stopped during first part of 2022 and existing hedges were unwinded.

### Fortum's transaction exposure

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| EUR million | Net Position | Hedge | Open | Net Position | Hedge | Open |
| RUB | 869 | - | 869 | 744 | -744 | 0 |
| SEK | -669 | 679 | 10 | -898 | 901 | 3 |
| PLN | 531 | -529 | 2 | 499 | -498 | 1 |
| NOK | 751 | -745 | 5 | 748 | -746 | 2 |
| USD | -993 | 993 | 0 | -36 | 37 | 1 |
| Other | 4 | - | 4 | 5 | -2 | 3 |
| Total | 492 | 398 | 890 | 1,062 | -1,052 | 11 |

Fortum has cash flows, assets and liabilities in currencies other than EUR and is therefore exposed to fluctuations in exchange rates. Currency exposures are divided into transaction exposures (foreign exchange exposures relating to contracted or estimated cash flows and balance sheet items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (foreign exchange exposure that arises when profits and balance sheets in foreign entities are consolidated).

Transaction exposures arise mainly from physical and financial trading of commodities, existing and new investments, external and internal financing and shareholder loans. Contracted cash flow exposures are hedged to reduce volatility in future cash flows. These hedges normally consist of currency derivative contracts, which are matched against the underlying future cash flow according to maturity. Fortum has currency cash flow hedges both with and without hedge accounting treatment under IFRS. Those currency cash flow hedges for which hedge accounting is not applied are mainly hedging commodity derivatives and create volatility in operating profit. There was no significant ineffectiveness arising from cash flow hedges in 2022.

As of 31 December 2022, the one-day value-at-risk (VAR) with 99% confidence from loans, receivables and derivatives was EUR 28.8 million (2021: 2.4 excluding Uniper) in the income statement and EUR 3.2 million (2021: 1.4 excluding Uniper) in equity. Income statement sensitivity resulted mainly from cash flows in RUB, SEK and NOK, and equity sensitivity mainly from cash flows in CNY, USD and SEK.

Translation exposure position includes net investments in foreign subsidiaries and associated companies. Translation exposures in Fortum are generally not hedged as the majority of these assets are considered to be long-term strategic holdings. In Fortum, this means mainly entities operating in Sweden and Russia, whose base currency is not euro.

Exchange differences arising from the translation of the net investment in foreign entities are taken to equity. The net effect of exchange differences on equity attributable to equity holders mainly from RUB and SEK was EUR -75 million in 2022 (2021: 184). Part of this translation exposure has been hedged and the notional amount of foreign currency hedges were EUR 2,813 million in 2022 (2021: 263). The foreign currency hedge result amounted to EUR 41 million in 2022 (2021: -12). There was no significant ineffectiveness arising from net investment hedges in 2022.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Interest rate and currency derivatives by instrument 2022

| | Notional amount Remaining lifetimes | | | | Fair value | | |
|---|---|---|---|---|---|---|---|
| EUR million | Under 1 year | 1-5 years | Over 5 years | Total | Positive | Negative | Net |
| **Hedge accounting** | | | | | | | |
| Foreign exchange derivatives | 3,056 | 108 | - | 3,163 | 25 | 3 | 22 |
| Interest rate swaps | 740 | 825 | 1,350 | 2,915 | 112 | 120 | -9 |
| Cross currency swaps | - | 76 | - | 76 | 3 | - | 3 |
| **Non-hedge accounting** | | | | | | | |
| Foreign exchange derivatives | 8,445 | 36 | - | 8,481 | 93 | 51 | 42 |
| Interest rate swaps | 18 | 13 | - | 31 | 2 | - | 2 |
| Cross currency swaps | - | 24 | - | 24 | 1 | - | 1 |
| **Total** | **12,259** | **1,081** | **1,350** | **14,690** | **235** | **175** | **61** |
| Of which long-term | | | | | 119 | 121 | -1 |
| Short-term | | | | | 116 | 54 | 62 |

### Interest rate and currency derivatives by instrument 2021

| | Notional amount Remaining lifetimes | | | | Fair value | | |
|---|---|---|---|---|---|---|---|
| EUR million | Under 1 year | 1-5 years | Over 5 years | Total | Positive | Negative | Net |
| **Hedge accounting** | | | | | | | |
| Foreign exchange derivatives | 282 | 136 | - | 417 | 9 | 2 | 7 |
| Interest rate swaps | 1,300 | 1,323 | 1,175 | 3,798 | 71 | 27 | 44 |
| Cross currency swaps | 214 | 47 | - | 261 | 30 | 2 | 28 |
| **Non-hedge accounting** | | | | | | | |
| Foreign exchange derivatives | 15,404 | 1,050 | - | 16,455 | 204 | 111 | 93 |
| Interest rate swaps | - | 34 | - | 34 | 0 | 0 | 0 |
| Cross currency swaps | - | 24 | - | 24 | - | 1 | -1 |
| **Total** | **17,200** | **2,613** | **1,175** | **20,989** | **315** | **143** | **172** |
| Of which long-term | | | | | 88 | 36 | 52 |
| Short-term | | | | | 227 | 107 | 120 |

## 4.4 Credit risk

Fortum is exposed to counterparty risk whenever there is a contractual arrangement with an external counterparty.

Credit risk exposures relating to financial derivative instruments are often volatile and include both the replacement risk and the settlement risk. Exchange-traded derivatives are cleared through central clearing parties (CCPs) or through clearing banks while over-the-counter (OTC) derivative contracts are concluded directly with a number of different counterparties, including energy wholesalers and retailers, utilities, trading companies, energy companies, industrial end-users and financial institutions active in the financial and energy markets. In order to mitigate the liquidity risk from increased margining requirements toward CCPs, the share of hedges with OTC counterparties without margining requirements has increased. Consequently, credit exposure from hedges with OTC counterparties has increased. In general, due to Fortum's net short position in Nordic power hedges credit exposure tends to increase with the value of hedges if Nordic power prices decrease. Currency and interest rate derivative counterparties are limited to investment grade banks and financial institutions. International Swaps and Derivatives Association (ISDA) Master agreements, which include netting clauses and in some cases Credit Support Annex agreements, are in place with most of these counterparties. The majority of commodity derivative counterparties have investment-grade or comparable ratings. Master agreements, such as those published by ISDA and European Federation of Energy Traders (EFET), which include netting clauses, are in place with the majority of the counterparties.

Due to the financing needs and management of liquidity, Fortum has counterparty credit exposure towards a number of banks and financial institutions in the form of deposits and towards corporate issuers of commercial papers, mainly in the Nordic market. The majority of the exposure is towards Fortum's key relationship banks, which are highly creditworthy institutions. Investments in commercial papers were all with investment grade issuers at 31 December 2022. Fortum also has exposure to the Russian financial sector in terms of deposits by Fortum's Russian subsidiary with financial institutions, as well as to banks that provide guarantees for suppliers and contracting parties. There are challenges in assessing the creditworthiness of Russian banks as credit ratings have been removed and in many cases there are no publicly available financial information. The creditworthiness of banks and financial institutions is monitored so that mitigating actions can be taken as ratings or the financial situation changes. In Russia, this means using available information provided by government authorities and credit ratings issued by local credit information agencies.

Credit risk relating to customers, suppliers and trading partners is spread across a wide range of industrial counterparties, energy companies, government and municipal entities, utilities, small businesses, housing associations and private individuals over a range of geographic regions. The majority of exposure is in the form of trade receivables from the sale of electricity, gas and heat in the Nordic market, Poland and Russia. The credit risk in the electricity and heat sales business in Russia is deemed to be higher than in the Nordic and Polish market.

### 4.4.1 Credit quality of major financial assets

Fortum recognises loss allowance for expected credit losses (ECL) on financial assets classified to amortised cost category at each reporting date. The impairment model is applied to financial assets such as trade receivables, deposits, commercial papers, and loan and other interest-bearing receivables. See ▸ **Note 23** Trade and other receivables for details on expected credit losses recognised for trade receivables.

Expected credit loss is calculated on an individual counterparty basis for deposits, commercial papers and loan and other interest-bearing receivables. No impairment loss is recognised on cash in bank accounts since expected credit loss is immaterial due to low risk of default. The risk of default is evaluated at each reporting date based on credit ratings to determine if credit risk has increased significantly. The value of collateral and other measures taken to reduce credit risk (e.g. credit default insurance) is included in the calculation of expected credit losses in the "loss given default" ratio.

A financial asset with an investment-grade rating is assumed to have low credit risk. A change of credit rating from investment to non-investment grade constitutes a significant increase in credit risk. If the credit risk on the financial asset has not increased significantly since the initial recognition, loss allowance equals to 12 month ECL. If the credit risk on the financial asset has increased significantly since initial recognition, loss allowance equals to the lifetime expected credit losses.

Deposits in Russian banks with a total cross carrying amount of EUR 356 million at 31 December 2022 were considered as being exposed to significant increase in credit risk since initial recognition. For these deposits, ECL of EUR 109 million was recognised at 31 December 2022. Significant increase in credit risk in Russian deposits resulted from deterioration of the counterparties' credit worthiness and the consequent increase in probability of default following from geopolitical and economic uncertainty in Russia during 2022. During the first half of the year 2022, the rating agencies first downgraded the Russian banks to the lowest rating categories and then withdrew the ratings. Consequently, the probability of default for the Russian counterparties has been assumed to be the equivalent of the lowest rating category for the purposes of calculating ECL.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

The loss allowance for interest-bearing receivables totalled EUR 117 million on 31 December 2022 (2021: 16). Amounts for interest-bearing receivables including bank deposits and derivative financial instruments recognised as assets are presented by counterparties in the following table.

For derivative financial instruments the counterparty credit risk has been taken into account when determining fair value. The impact of credit risk is measured on a counterparty basis through credit value adjustment (CVA) method applying similar inputs and assumptions to which are used in the measurement of ECL. See also **Note 15** Financial assets and liabilities by fair value hierarchy for basis of fair value estimations.

All counterparties for currency and interest rate derivatives and the majority of counterparties for bank deposits have an external rating from S&P Global Ratings, Fitch and/or Moody's credit agencies, except for Russia. For counterparties rated by more than one rating agency, the lowest rating is used to determine if it is investment grade.

In the commodity derivatives and commercial paper market, there are a number of counterparties not rated by S&P Global Ratings, Fitch or Moody's. For these counterparties, Fortum assigns an internal rating. The internal rating categories that are considered to be comparable to investment grade have similar financial metrics or display historical default rates which correspond to investment grade companies rated by S&P Global Ratings, Fitch or Moody's.

### Credit quality of major financial assets

| | 2022 | | 2021 | |
|---|---|---|---|---|
| EUR million | Carrying amount | of which past due | Carrying amount | of which past due |
| **Receivables with investment grade or comparable rating** | | | | |
| Deposits, commercial papers and cash in bank accounts | 3,602 | - | 7,342 | - |
| Fair values of interest rate and currency derivatives | 235 | - | 315 | - |
| Fair values of commodity derivatives on exchanges | 394 | - | 27,856 | - |
| Fair values of OTC commodity derivatives | 879 | - | 49,886 | - |
| Loan and other interest bearing receivables | - | - | 1,036 | - |
| Lease receivables | - | - | 136 | - |
| **Total receivables with investment grade or comparable rating** | **5,110** | **-** | **86,571** | **-** |
| **Receivables with non-investment grade or comparable rating** | | | | |
| Deposits, commercial papers and cash in bank accounts | 247 | - | 164 | - |
| Fair values of OTC commodity derivatives | 321 | - | 4,433 | - |
| Loan and other interest bearing receivables | 39 | - | 59 | - |
| **Total receivables with non-investment grade or comparable rating** | **607** | **-** | **4,656** | **-** |
| **Other receivables** [1] | | | | |
| Loan receivables from associates and joint ventures | 592 | - | 1,158 | - |
| Restricted cash mainly given as collateral for commodity exchanges | 27 | - | 59 | - |
| Cash in other bank accounts | 70 | - | 87 | - |
| Other receivables | 3 | - | - | - |
| **Total other receivables** | **692** | **-** | **1,304** | **-** |
| **Total** | **6,409** | **-** | **92,531** | **-** |

1) Other receivables include financial assets which have not been divided to investment-grade and non-investment grade or comparable ratings.

Change in credit quality of major financial assets' total assets from 31 December 2022 is mainly due to the deconsolidation of Uniper at 30 September 2022

### 4.4.2 Financial instruments subject to master netting agreements

The following tables present the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset. The column 'net amount' shows the impact on the Group's balance sheet if all netting rights were exercised.

### Netting agreements for financial assets and liabilities 2022

| EUR million | Gross amount | Gross amount netted on the balance sheet [1] | Net amounts presented on the balance sheet | Conditional netting amount (netting agreements) | Financial collateral received /pledged | Net amount |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Interest-rate and currency derivatives | 235 | - | 235 | 124 | 64 | 48 |
| Commodity derivatives | 3,349 | 1,755 | 1,594 | 957 | 5 | 632 |
| Trade receivables | 1,625 | - | 1,625 | - | - | 1,625 |
| **Total** | **5,209** | **1,755** | **3,455** | **1,080** | **69** | **2,305** |
| **EUR million** | | | | | | |
| **Financial liabilities** | | | | | | |
| Interest-rate and currency derivatives | 175 | - | 175 | 124 | 40 | 11 |
| Commodity derivatives | 6,309 | 1,755 | 4,554 | 957 | - | 3,598 |
| Trade payables | 720 | - | 720 | - | - | 720 |
| **Total** | **7,203** | **1,755** | **5,449** | **1,080** | **40** | **4,329** |

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

### Netting agreements for financial assets and liabilities 2021

| EUR million | Gross amount | Gross amount netted on the balance sheet [1] | Net amounts presented on the balance sheet | Conditional netting amount (netting agreements) | Financial collateral received /pledged | Net amount |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Interest-rate and currency derivatives | 315 | - | 315 | 129 | 153 | 33 |
| Commodity derivatives | 87,019 | 4,845 | 82,174 | 56,383 | -1,576 | 27,368 |
| Trade receivables | 12,916 | - | 12,916 | 5,651 | - | 7,265 |
| **Total** | **100,250** | **4,845** | **95,405** | **62,162** | **-1,423** | **34,666** |
| **EUR million** | | | | | | |
| **Financial liabilities** | | | | | | |
| Interest-rate and currency derivatives | 143 | - | 143 | 129 | 5 | 9 |
| Commodity derivatives | 93,306 | 4,845 | 88,460 | 56,383 | 4,293 | 27,785 |
| Trade payables | 12,152 | - | 12,152 | 5,651 | - | 6,501 |
| **Total** | **105,600** | **4,845** | **100,755** | **62,162** | **4,298** | **34,295** |

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

Change in netting agreements for financial assets and liabilities' total assets and total liabilities from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 5 Capital risk management

At the beginning of March 2023, the Fortum Board of Directors resolved on Fortum's new strategy including new financial and sustainability targets as well as dividend policy. The renewed dividend policy – a payout ratio of 60-90% of comparable EPS – reflects the potential earnings fluctuations of Fortum's power generation portfolio. For additional information, see ▸ **Note 39** Events after the balance sheet date. For the year 2022, Fortum's Board of Directors proposes a dividend of EUR 0.91 per share which corresponds to 75% of the Group's comparable EPS of EUR 1.21 from continuing operations excluding impact from the Russian operations. The Board proposes that the dividend is paid in two instalments, in the second and fourth quarter of 2023.

The long-term financial targets until 31 December 2022 were:
- Financial net debt/comparable EBITDA below 2x, defined as Alternative Performance Measure.
- Hurdle rates for new investments based on weighted average cost of capital ("WACC")
  - +100 basis points for green investments
  - +200 basis points for other investments

On 14 March 2022, S&P placed Fortum's and Uniper's BBB ratings on CreditWatch Negative. On 16 May 2022, S&P resolved the CreditWatch and affirmed Fortum's BBB rating with negative outlook. However, Uniper's long-term credit rating was downgraded by one notch from BBB to BBB-, also with negative outlook.

On 17 March 2022, Fitch Ratings affirmed its long-term credit rating for Fortum to BBB with stable outlook.

On 5 July 2022, due to the Russian gas curtailment, S&P again placed Fortum's and Uniper's credit ratings on CreditWatch Negative. On 29 July 2022, following the announcements of the agreement with the German Government on Uniper's stabilisation package, S&P resolved Uniper's CreditWatch Negative by affirming the BBB- rating with negative outlook. Due to the strong governmental support, S&P now considers Uniper a "government-related entity", which enabled Uniper to retain its investment grade rating, despite an overall weaker stand-alone credit quality. The negative outlook of Uniper's rating reflects prevailing uncertainty around gas flows, which in S&P's view may necessitate an increase of the government package and the fact that details of the stabilisation package are still to be approved.

On 3 August 2022, S&P affirmed Fortum's current BBB long-term credit rating with negative outlook. S&P assesses that the support package for Uniper will prevent further incremental costs for Fortum and considers Fortum's financial exposure as capped. According to S&P, the negative outlook reflects Fortum's exposure to Uniper until the European Commission has approved the support package and the longer-term uncertainties about the company's strategy.

On 5 August 2022, Fitch Ratings affirmed Fortum's current long-term credit rating at BBB with negative outlook. According to Fitch, the affirmation mainly reflects the rating agency's view that Fortum is well-shielded from the losses incurred by Fortum's German subsidiary Uniper, following Uniper's stabilisation package that was agreed with the German State.

Following the September announcement that Fortum will fully divest Uniper to the German State, the rating agencies commented that the divestment of the Uniper stake was regarded as credit positive for Fortum, as it will improve the company's financial and risk profile. However, the rating agencies concluded that it was premature to determine the full effect of the Uniper divestment on Fortum's rating. Now that the Uniper divestment has been completed, the rating agencies are expected to update their ratings as Fortum also has published its new strategy.

Fortum's objective is to have a solid investment grade rating of at least BBB to preserve financial flexibility and good access to capital markets.

### Financial net debt/comparable EBITDA ratio

| EUR million | Note | Continuing operations 2022 | Fortum total [1] 2021 |
|---|---|---|---|
| +Interest-bearing liabilities | | 7,785 | 17,220 |
| - BS Liquid funds | | 3,919 | 7,592 |
| - Non-current securities | | - | 111 |
| - Collateral arrangement securities | | 527 | 549 |
| - Securities in interest-bearing receivables | | 527 | 660 |
| - BS Margin receivables | | 2,607 | 9,163 |
| + BS Margin liabilities | | 352 | 985 |
| + Net margin liabilities | | -2,255 | -8,179 |
| **Financial net debt** | 27 | **1,084** | **789** |
| | | | |
| IS Operating profit | | 1,277 | -588 |
| + IS Depreciation and amortisation | | 566 | 1,281 |
| **EBITDA** | | **1,842** | **693** |
| - IS Items affecting comparability | | 593 | 3,124 |
| **Comparable EBITDA** | | **2,436** | **3,817** |
| | | | |
| **Financial net debt/comparable EBITDA** | | **0.4** | **0.2** |

1) 2021 figures based on continuing and discontinued operations (total).

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

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 Fortum introduced new APMs to provide additional financial information excluding Fortum's Russian operations. See also ▸ **Note 1** Significant accounting policies.

| 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** |

See ▸ **Note 7** Comparable operating profit and comparable net profit for details on items affecting comparability, and ▸ **Note 27** Interest-bearing liabilities, including further details of the financing and liquidity status and see ▸ **Definitions and reconciliations of key figures**.

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'.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 6 Segment reporting

## SIGNIFICANT ACCOUNTING POLICIES

### REVENUE RECOGNITION

Fortum's operations comprise the provision of electricity, heating and cooling, gas and waste management services. Revenue streams can be divided into five groups: power sales to wholesale markets, power sales to retail customers, heating sales, gas sales and waste treatment sales.

Revenue is recognised when goods are transferred or services are performed, i.e. when a performance obligation is satisfied and control of the good or service underlying the particular performance obligations is transferred to the customer. Revenue is shown at the price that Fortum expects to be entitled to and it is presented net of rebates, discounts, value-added tax and selective taxes, such as electricity tax. Revenues include effects from physically settled contracts for which own use exemption cannot be used according to IFRS 9, see ▸ **Note 7** Comparable operating profit and comparable net profit. Accounting policies for the different revenue streams are described below.

### POWER SALES TO WHOLESALE MARKETS AND THROUGH BILATERAL CONTRACTS

Physical electricity trades to wholesale markets are made at a spot price and thus there are no variable elements. Electricity sales are recognised on delivery at the price defined in wholesale market. Fortum is also selling power to industrial customers and municipalities through bilateral contracts. These contracts can include fixed price components that are recognised in line with the customer's actual consumption profile, when the nature of the performance obligation is to deliver power instead of standing-ready to deliver power. When Fortum is acting as an agent in electricity trade by granting access to Nord Pool power trading system, Fortum presents the bilateral trades between Fortum and the customer on a net basis and only the service fee is recorded as revenue.

### POWER SALES TO RETAIL CUSTOMERS

Fortum's contracts with consumer and business customers cover electricity sales, while the distribution service is delivered by the transmission company operating the local network. There is only one performance obligation, which is to stand-ready to supply electricity to the customer. The transaction price generally includes both a fixed monthly charge and a variable fee based on the volume of electricity supplied. As Fortum's promise is to stand ready to deliver electricity, the fixed and variable components are recognised based on the fees chargeable from the customer. If automated meter reading is not available, electricity consumption between the last meter reading and the end of the month is estimated.

### HEAT SALES

In many areas the district heating service covers both the distribution and sale of heat. Fortum is usually responsible for delivering the whole service, even when heat is being produced by a third party, and is acting as a principal for heat sales as well. There is only one performance obligation, which is to stand-ready to supply heat to the customer. The fees charged from the customer generally comprise a fixed monthly charge and a variable fee based on the volume of heat supplied. As Fortum's promise is to stand ready to deliver heat, the fixed and variable components are recognised based on the fees chargeable from the customer. In Russia and Poland there are also areas where Fortum operates only the heat production facilities while some third party is responsible for the distribution of heat. In these areas the performance obligation is to supply heat and revenue is recognised based on the volume of heat that Fortum is entitled to charge from the customer.

### GAS SALES

Revenues are generated from sales of gas via traded markets, as well as to retail and industrial customers, and include hedges settled through physical delivery, which are recognised when delivery takes place and control is transferred to the customer. Gas sales include also revenues earned from the transportation of gas. Contracts generally contain one performance obligation for which the entire transaction price is recognised.

For physically settled transactions that are in the scope of IFRS 15 (own-use transactions), revenue is recognised based on contract prices, as these reflect the economic character of the transactions and the contractually agreed consideration amounts. If IFRS 15 provides for a different method, for example when constraint on variable considerations is applicable, contract prices are adjusted accordingly.

Gas contracts can also include fixed price components that are recognised in line with the customer's actual consumption profile, when the nature of the performance obligation is to deliver gas instead of standing-ready to deliver gas.

### WASTE TREATMENT SALES

Majority of revenue from waste management services arises from fees charged for receiving waste from customers (i.e. gate fees). The fee is usually determined based on the volume of waste received, there are no variable elements in pricing. Fortum is required to treat the waste and this performance obligation is satisfied when treatment has been performed. Transportation of the waste forms another performance obligation. Fees for waste treatment and transportation services are separately agreed in the contract and correspond to the price that would be charged for these services separately. Revenue for transportation service is recognised when the service has been provided.

Waste treatment sales include also various types of soil and landfill site projects, which mostly take place at customer sites. Fees charged are invoiced based on payment schedules agreed with the customer. The customer obtains the benefit of the construction work simultaneously when the construction work proceeds, and therefore project revenues are recognised over time. Progress of the construction is best measured either through costs incurred, or the completed area of the construction site.

### NETTING AND INTER-SEGMENT TRANSACTIONS

Generation and City Solution segments sell their electricity production to Nord Pool and Consumer Solutions segment buys its electricity from Nord Pool. For these segments eliminations of sales include eliminations of sales and purchases with Nord Pool that are netted at 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. Intersegment sales, expenses and results for the different business segments are affected by intragroup deliveries, which are eliminated on consolidation. Inter-segment transactions are based on commercial terms.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 6.1 Business structure

Fortum's reportable segments under IFRS are Generation, City Solutions, Consumer Solutions and Russia. Other Operations includes corporate functions, R&D and technology development projects. Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 Fortum introduced new APMs to provide additional financial information excluding the Russia segment. Hence, a new subtotal for continuing operations excluding Russia was introduced in segment information tables. The Uniper segment was classified as discontinued operations in 2022. See also ▸ **Note 1** Significant accounting policies, ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations, and ▸ **Definitions and reconciliations of key figures**.

Fortum and Uniper are co-owners in the Swedish nuclear company OKG Aktiebolag (OKG AB), with Fortum owning 45.5%. Fortum accounted for the shareholding in OKG AB as a subsidiary from 31 March 2020 to 30 September 2022, with the results of the company being split between the Uniper segment and the Generation segment according to ownership. On deconsolidation of Uniper at 30 September 2022, OKG AB was reclassified as an associated company. The reclassification resulted in the restatement of the Generation segment's 2021 financials.

## 6.2 Segment structure

Fortum discloses segment information in a manner consistent with internal reporting to Fortum's Board of Directors and Fortum Executive Management, led by the President and CEO. Fortum segments are based on the type of business operation, combined with one segment based on geographical area. Fortum's reportable segments are the business divisions Generation, City Solutions, Consumer Solutions and Russia.

## 6.3 Definitions for segment information

Fortum's segment information discloses the financial measurements 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. See ▸ **Note 1.4** Measures for performance.

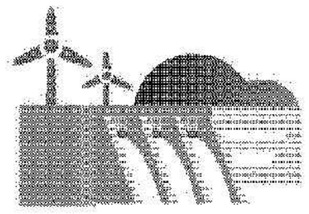
Segment reporting is based on the same accounting policies as Fortum Group.

**Description of reportable segments:**

GROUP

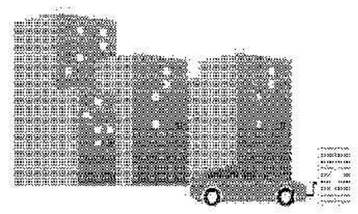
REPORTABLE SEGMENTS

### GENERATION



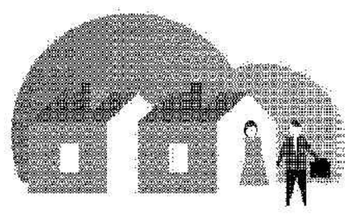
Generation is responsible for Nordic power generation. The segment comprises $CO_2$-free nuclear, hydro, and wind power generation, one coal-condensing plant, as well as power portfolio optimisation, trading, market intelligence, and global nuclear services.

### CITY SOLUTIONS



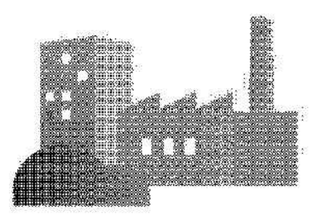
City Solutions is responsible for sustainable solutions for urban areas. The segment comprises heating, cooling, waste-to-energy, and other circular economy solutions, as well as solar power generation, services, and development of new biomass-based businesses. The business operations are located in the Nordics, Poland, and India.

### CONSUMER SOLUTIONS



Consumer Solutions is responsible for the electricity and gas retail businesses in the Nordics, Poland, and Spain, including the customer service and invoicing businesses. Fortum is the largest electricity retail business in the Nordics, with approximately 2.2 million customers across different brands in Finland, Sweden, Norway, Poland, and Spain. The business provides electricity as well as related value-added and digital services.

### RUSSIA [1)]



The Russian operations comprise power and heat generation and sales in Russia. The segment includes fully-owned power plants, joint ventures for renewables and power and heat sales, as well as more than 29% holding in TGC-1.

1) Following Russia's attack on Ukraine in February 2022, Fortum stopped all new investment projects in Russia and financing to its Russian subsidiaries. In May, Fortum decided to pursue a controlled exit from Russia with a divestment as the preferred path. The divestment process is ongoing, will likely take time and is subject to regulatory approvals.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 6.4 Segment information

### Consolidated income statement

| EUR million | Note | Generation [1] 2022 | Generation [1] 2021 | City Solutions [1] 2022 | City Solutions [1] 2021 | Consumer Solutions 2022 | Consumer Solutions 2021 | Other Operations 2022 | Other Operations 2021 | Total continuing operations excl. Russia 2022 | Total continuing operations excl. Russia 2021 | Russia 2022 | Russia 2021 | Total continuing operations 2022 | Total continuing operations 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Power sales [1] | | 3,600 | 2,660 | 252 | 205 | 4,026 | 2,253 | 0 | 0 | 7,878 | 5,118 | 856 | 761 | 8,734 | 5,879 |
| Heat sales | | 0 | 0 | 505 | 612 | 0 | 0 | 0 | 0 | 505 | 612 | 156 | 137 | 661 | 749 |
| Gas sales | | 0 | 167 | 0 | 1 | 392 | 225 | 0 | 0 | 392 | 393 | 0 | 0 | 392 | 393 |
| Waste treatment sales | | 0 | 0 | 237 | 250 | 0 | 0 | 0 | 0 | 237 | 250 | 0 | 0 | 237 | 250 |
| Other sales | | 55 | 42 | 288 | 235 | 161 | 144 | 136 | 138 | 639 | 559 | 19 | 8 | 659 | 567 |
| **Sales** | | **3,655** | **2,869** | **1,282** | **1,302** | **4,578** | **2,622** | **136** | **138** | **9,651** | **6,931** | **1,031** | **906** | **10,682** | **7,837** |
| Internal eliminations | | 645 | -140 | -75 | -29 | -30 | -14 | -106 | -102 | 435 | -285 | 0 | 0 | 434 | -286 |
| Netting of Nord Pool transactions [2] | | | | | | | | | | -2,312 | -1,128 | | | -2,312 | -1,128 |
| IS **External sales** | | **4,299** | **2,729** | **1,207** | **1,273** | **4,549** | **2,608** | **30** | **36** | **7,774** | **5,519** | **1,031** | **906** | **8,804** | **6,422** |
| Comparable EBITDA | | 1,765 | 1,287 | 177 | 317 | 173 | 123 | -90 | -114 | 2,025 | 1,612 | 411 | 404 | 2,436 | 2,016 |
| IS Depreciation and amortisation | | -165 | -164 | -148 | -182 | -75 | -71 | -25 | -28 | -415 | -445 | -151 | -142 | -566 | -587 |
| IS **Comparable operating profit** | | **1,600** | **1,123** | **28** | **135** | **97** | **52** | **-115** | **-142** | **1,611** | **1,167** | **260** | **261** | **1,871** | **1,429** |
| Impairment charges and reversals | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -905 | -35 | -905 | -35 |
| Capital gains and other related items | | 0 | 50 | 643 | 2,608 | 0 | 0 | 142 | 14 | 785 | 2,672 | 0 | 1 | 785 | 2,673 |
| Changes in fair values of derivatives hedging future cash flow | | -177 | -107 | 47 | -72 | -246 | 443 | 0 | 0 | -376 | 264 | -17 | 0 | -393 | 264 |
| Other | | -20 | 0 | 1 | 0 | 0 | 0 | -33 | -6 | -52 | -6 | -28 | 0 | -80 | -6 |
| IS **Items affecting comparability** | 6, 7 | **-197** | **-57** | **690** | **2,536** | **-246** | **443** | **109** | **8** | **356** | **2,931** | **-949** | **-34** | **-593** | **2,897** |
| IS **Operating profit** | | **1,403** | **1,066** | **719** | **2,671** | **-149** | **495** | **-6** | **-134** | **1,967** | **4,098** | **-690** | **227** | **1,277** | **4,325** |
| Comparable share of profit/loss of associates and joint ventures | | -49 | 0 | 14 | 42 | 0 | 0 | -6 | 0 | -40 | 42 | 30 | 62 | -11 | 104 |
| IS Share of profit/loss of associates and joint ventures | 18 | -194 | 64 | 14 | 42 | 0 | 0 | -6 | 0 | -185 | 106 | -443 | 62 | -629 | 168 |

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the average contract price and the realised spot price. Power sales in Fortum 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 whether Fortum is a net seller or net buyer during any particular hour.

### Gross investments / divestments

| EUR million | Note | Generation 2022 | Generation 2021 | City Solutions 2022 | City Solutions 2021 | Consumer Solutions 2022 | Consumer Solutions 2021 | Other Operations 2022 | Other Operations 2021 | Total continuing operations excl. Russia 2022 | Total continuing operations excl. Russia 2021 | Russia 2022 | Russia 2021 | Total continuing operations 2022 | Total continuing operations 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross investments in shares [1] | 3 | 3 | 7 | 4 | 2 | 0 | - | 21 | 237 | 29 | 245 | 4 | 36 | 33 | 281 |
| Capital expenditure | 16, 17 | 231 | 168 | 155 | 161 | 71 | 68 | 10 | 15 | 467 | 396 | 58 | 47 | 525 | 443 |
| Gross divestments of shares | 3 | - | 129 | 1,213 | 3,870 | 0 | 0 | 150 | 19 | 1,363 | 4,017 | 1 | 18 | 1,365 | 4,034 |

1) From I/2022, acquisition of additional shares in Uniper are not included in gross investments in shares. For additional information, see ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Segment assets and liabilities

| EUR million | Note | Generation 2022 | Generation 2021 | City Solutions 2022 | City Solutions 2021 | Consumer Solutions 2022 | Consumer Solutions 2021 | Other Operations 2022 | Other Operations 2021 | Russia 2022 | Russia 2021 | Uniper [1] 2021 | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Non-interest-bearing assets | | 5,347 | 5,545 | 2,128 | 2,874 | 1,801 | 1,496 | 238 | 283 | 1,614 | 1,923 | 27,137 | 11,128 | 39,258 |
| BS Participations in associates and joint ventures | 18 | 937 | 1,032 | 77 | 74 | - | - | 25 | 32 | 211 | 678 | 644 | 1,249 | 2,461 |
| Eliminations | | | | | | | | | | | | | -373 | -386 |
| **Total segment assets** | | **6,283** | **6,577** | **2,204** | **2,949** | **1,801** | **1,496** | **263** | **315** | **1,825** | **2,601** | **27,781** | **12,004** | **41,333** |
| Interest-bearing receivables | 21 | | | | | | | | | | | | 1,284 | 3,107 |
| BS Deferred tax assets | 28 | | | | | | | | | | | | 933 | 2,149 |
| Other assets | | | | | | | | | | | | | 5,502 | 95,481 |
| BS Liquid funds | 24 | | | | | | | | | | | | 3,919 | 7,592 |
| **BS Total assets** | | | | | | | | | | | | | **23,642** | **149,661** |
| **Segment liabilities** | | **734** | **616** | **445** | **492** | **436** | **371** | **199** | **190** | **135** | **93** | **22,435** | **1,949** | **24,196** |
| Eliminations | | | | | | | | | | | | | -373 | -386 |
| **Total segment liabilities** | | | | | | | | | | | | | **1,576** | **23,810** |
| BS Deferred tax liabilities | 28 | | | | | | | | | | | | 152 | 827 |
| Other liabilities | | | | | | | | | | | | | 6,392 | 94,140 |
| **Total liabilities included in capital employed** | | | | | | | | | | | | | **8,120** | **118,777** |
| Interest-bearing liabilities | 27 | | | | | | | | | | | | 7,785 | 17,220 |
| BS Total equity | | | | | | | | | | | | | 7,737 | 13,665 |
| **BS Total equity and liabilities** | | | | | | | | | | | | | **23,642** | **149,661** |

1) As Uniper was deconsolidated at 30 September 2022 Uniper's balance sheet items are not included on Fortum's 31 December 2022 consolidated balance sheet. Consolidated balance sheet at 31 December 2021 included Uniper.

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

| EUR million | Note | Generation 2022 | Generation 2021 | City Solutions 2022 | City Solutions 2021 | Consumer Solutions 2022 | Consumer Solutions 2021 | Russia 2022 | Russia 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Comparable operating profit | | 1,600 | 1,123 | 28 | 135 | 97 | 52 | 260 | 261 |
| Comparable share of profit/loss of associates and joint ventures | 7, 18 | -49 | 0 | 14 | 42 | - | - | 30 | 62 |
| **Comparable operating profit including comparable share of profit of associates and joint ventures** | | **1,551** | **1,123** | **42** | **177** | **97** | **52** | **290** | **323** |
| Segment assets at the end of the year | | 6,283 | 6,577 | 2,204 | 2,949 | 1,801 | 1,496 | 1,825 | 2,601 |
| Segment liabilities at the end of the year | | 734 | 616 | 445 | 492 | 436 | 371 | 135 | 93 |
| **Comparable net assets** | | **5,549** | **5,961** | **1,760** | **2,456** | **1,365** | **1,125** | **1,690** | **2,508** |
| **Comparable net assets average [1]** | | **5,739** | **5,925** | **1,833** | **2,915** | **1,068** | **746** | **2,570** | **2,516** |
| **Comparable return on net assets, %** | | **27.0** | **19.0** | **2.3** | **6.1** | **9.1** | **6.9** | **11.3** | **12.9** |

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

## Employees

| | Generation 2022 | Generation 2021 | City Solutions 2022 | City Solutions 2021 | Consumer Solutions 2022 | Consumer Solutions 2021 | Other Operations 2022 | Other Operations 2021 | Total continuing operations excl. Russia 2022 | Total continuing operations excl. Russia 2021 | Russia 2022 | Russia 2021 | Total continuing operations 2022 | Total continuing operations 2021 | Discontinued operations (Uniper) 2022 | Discontinued operations (Uniper) 2021 | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of employees 31 December | 1,155 | 1,116 | 1,691 | 1,766 | 1,179 | 1,176 | 963 | 961 | 4,988 | 5,019 | 2,724 | 2,627 | 7,712 | 7,646 | N/A | 11,494 | 7,712 | 19,140 |
| Average number of employees | 1,278 | 1,153 | 1,676 | 1,964 | 1,177 | 1,091 | 989 | 976 | 5,120 | 5,183 | 2,706 | 2,862 | 7,826 | 8,045 | 8,723 | 11,751 | 16,549 | 19,796 |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 6.5 Group-wide disclosures

The Group's operating segments operate mainly in the Nordic countries and Russia. The Group's domicile is Finland.

The table below presents sales by geographical area based on customer location. Capital expenditure, assets and personnel are reported where assets and personnel are located. Participations in associates and joint ventures are not presented by location since these companies may have business in several geographical areas.

Due to the large number of customers and the variety of business activities, there is no individual customer whose business volume is material to Fortum's total business volume.

### Sales by geographical area based on customer location

| EUR million | 2022 | 2021 |
|---|---|---|
| Nordics | 6,426 | 4,628 |
| Poland | 1,101 | 649 |
| Russia | 1,031 | 906 |
| Other | 246 | 239 |
| IS Total | 8,804 | 6,422 |

Nordic power production is not presented by country since Nordic power production is mainly sold through Nord Pool.

### Capital expenditure by country

| EUR million | 2022 | 2021 |
|---|---|---|
| Finland | 258 | 160 |
| Sweden | 116 | 103 |
| Norway | 38 | 58 |
| Poland | 44 | 34 |
| Russia | 58 | 47 |
| Other | 12 | 42 |
| Total | 525 | 443 |

### Non-current assets by country

| EUR million | 2022 | 2021 |
|---|---|---|
| Finland | 3,079 | 3,058 |
| Sweden | 3,815 | 6,988 |
| Norway | 407 | 1,198 |
| Poland | 518 | 517 |
| Russia | 1,189 | 4,542 |
| Other and eliminations | 163 | 7,373 |
| Total | 9,173 | 23,677 |

Non-current assets include intangible assets, property, plant and equipment and right-of-use assets as well as participations in associates and joint ventures.

### Number of employees on 31 December by country

| | 2022 | 2021 |
|---|---|---|
| Finland | 2,529 | 2,377 |
| Sweden | 914 | 1,755 |
| Norway | 395 | 606 |
| Poland | 635 | 594 |
| Russia | 2,724 | 6,902 |
| Other | 515 | 6,906 |
| Total | 7,712 | 19,140 |

## 6.6 Other revenue-related disclosures

Fortum anticipates revenues of EUR 29 million (2021: 1,340) from unsatisfied performance obligations. Of this total, EUR 26 million is attributable to 2023 (2021: EUR 453 million to 2022) and EUR 3 million to years after 2023 (2021: EUR 887 million to years after 2022). Change in anticipated revenues from unsatisfied performance obligations from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 7 Comparable operating profit and comparable net profit

## 7.1 Reconciliation of operating profit to comparable operating profit

Fortum uses Alternative performance measures (APMs) in the financial target setting and forecasting, management's follow up of financial performance of segments and the Group as well as allocation of resources in the Group's performance management process. The business performance of the operations cannot be compared from one period to another without adjusting for items affecting comparability and therefore they are excluded from Comparable operating profit and Comparable EBITDA. Definitions are presented in the section ▸ **Definitions and reconciliations of key figures**.

### Reconciliation of operating profit to comparable operating profit 2022

| EUR million | Unadjusted | Impairment charges and reversals | Capital gains and other related items | Changes in fair values of derivatives hedging future cash flow | Other | Reported |
|---|---|---|---|---|---|---|
| Sales | 8,827 | - | - | -23 | - | 8,804 |
| Other income | 734 | - | -785 | 153 | -1 | 101 |
| Materials and services | -5,576 | - | - | 206 | 20 | -5,350 |
| Employee benefits | -504 | - | - | - | - | -504 |
| Depreciation and amortisation | -1,471 | 905 | - | - | - | -566 |
| Other expenses | -734 | - | - | 57 | 61 | -615 |
| IS **Comparable operating profit** | | **905** | **-785** | **393** | **80** | **1,871** |
| IS Items affecting comparability | | -905 | 785 | -393 | -80 | -593 |
| IS **Operating profit** | **1,277** | | | | | **1,277** |

### Reconciliation of operating profit to comparable operating profit 2021

| EUR million | Unadjusted | Impairment charges and reversals | Capital gains and other related items | Changes in fair values of derivatives hedging future cash flow | Other | Reported |
|---|---|---|---|---|---|---|
| Sales | 6,234 | - | - | 188 | - | 6,422 |
| Other income | 2,773 | - | -2,673 | -9 | - | 91 |
| Materials and services | -2,976 | - | - | -443 | - | -3,419 |
| Employee benefits | -496 | - | - | - | - | -496 |
| Depreciation and amortisation | -622 | 35 | - | - | - | -587 |
| Other expenses | -589 | - | 1 | - | 6 | -582 |
| IS **Comparable operating profit** | | **35** | **-2,673** | **-264** | **6** | **1,429** |
| IS Items affecting comparability | | -35 | 2,673 | 264 | -6 | 2,897 |
| IS **Operating profit** | **4,325** | | | | | **4,325** |

### Impairment charges and reversals

Impairment charges and reversals of previously recognised impairments are adjusted from depreciation and amortisation and presented in items affecting comparability. Impairments in 2022 include EUR 905 million impairment in the Russia segment. Impairments were recognised against goodwill, and property, plant and equipment. See ▸ **Note 19** Impairment testing. Impairments in 2021 included a tax-deductible non-cash impairment of EUR 35 million in connection with the sale of the Argayash CHP plant in Russia (Russia segment).

### Capital gains and other related items

Capital gains and other related items include capital gains and transaction costs from acquisitions, which are adjusted from other income and other expenses, respectively.

Capital gains and other related items in 2022 includes 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. Capital gains and other related items in 2021 included EUR 2,350 million gain from the sale of the 50% stake in the Swedish district heating and cooling company, Stockholm Exergi Holding AB, EUR 254 million gain from the sale of the district heating business in the Baltics, and EUR 50 million gain from the sale of eight small hydropower plants in Sweden. See ▸ **Note 3.2** Disposals.

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

Unrealised changes in the fair values of financial derivative instruments hedging future cash flows that do not qualify for hedge accounting and physical contracts that are treated as derivatives are recognised in items affecting comparability. For additional information, see ▸ **Note 14** Financial assets and liabilities by categories.

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.

Adjustments are needed to improve the understanding of the financial performance when comparing results from one period to another.

### Other

Other includes restructuring and cost management expenses, and other miscellaneous non-operating items, which are adjusted mainly from materials and services or other expenses.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 7.2 Reconciliation from operating profit to comparable net profit

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| IS **Operating profit** | | **1,277** | **4,325** |
| IS Items affecting comparability | 6, 7.1 | 593 | -2,897 |
| IS **Comparable operating profit** | | **1,871** | **1,429** |
| IS Share of profit/loss of associates and joint ventures | | -629 | 168 |
| Adjustments to share of profit/loss of associates and joint ventures | 18 | 618 | -65 |
| Comparable share of profit/loss of associates and joint ventures | | -11 | 104 |
| IS Finance costs - net | | -193 | -161 |
| Adjustments to finance costs - net | 11 | 348 | 34 |
| Comparable finance costs - net | | 155 | -127 |
| **Comparable profit before income tax** | | **2,014** | **1,405** |
| IS Income tax expense | | 556 | -325 |
| Adjustments to income tax expense | | -1,010 | 34 |
| Comparable income tax expense | | -454 | -290 |
| IS Non-controlling interests | | 0 | -23 |
| Adjustments to non-controlling interests | | -11 | -1 |
| Comparable non-controlling interests | | -11 | -24 |
| **Comparable net profit from continuing operations** | | **1,550** | **1,091** |
| Comparable net profit from discontinued operations | 3.4 | -2,538 | 687 |
| **Comparable net profit, total Fortum** | | **-988** | **1,778** |
| **Comparable earnings per share, continuing operations, EUR** | 13 | **1.74** | **1.23** |
| **Comparable earnings per share, discontinued operations, EUR** | 3.4 | **-2.86** | **0.77** |
| **Comparable earnings per share, total Fortum, EUR** | 13 | **-1.11** | **2.00** |

### 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. In 2022, the share of profits of associates and joint ventures include EUR 414 million impairments related to Fortum's ownership in the Russian TGC-1 and EUR 62 million of impairments of the renewables joint ventures in Russia. See ▸ **Note 19** Impairment testing.

### 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. In 2022, Finance costs – net include expected credit losses of EUR 117 million on Russian deposits and receivables, as well as EUR 171 million write down of other shares. See ▸ **Note 11** Finance costs – net.

### 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 2022, adjustments to income tax expense include EUR 746 million relating to onetime tax impact realised in Ireland mainly due to the Uniper divestment. See ▸ **Note 28** Deferred income taxes on the balance sheet.

## 7.3 Reconciliation of income statement alternative performance measures excluding Russia

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 Fortum introduced new APMs to provide additional financial information excluding Fortum's Russian operations. See also ▸ **Note 1** Significant accounting policies.

| EUR million | 2022 | 2021 |
|---|---|---|
| Comparable net profit from continuing operations | 1,550 | 1,091 |
| - Comparable operating profit, Russia | 260 | 261 |
| - Comparable share of profit/loss of associates and joint ventures, Russia | 30 | 62 |
| - Comparable finance costs - net, Russia | 324 | -25 |
| - Comparable income tax expense, Russia | -138 | -55 |
| - Comparable non-controlling interests, Russia | -2 | -4 |
| **Comparable net profit from continuing operations excl. Russia** | **1,076** | **851** |
| **Comparable earnings per share from continuing operations excl. Russia, EUR** | **1.21** | **0.96** |

See also ▸ **Definitions and reconciliations of key figures**.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 8 Other income and other expenses

## ACCOUNTING POLICIES

### GOVERNMENT GRANTS

Government grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in the income statement to match with the related costs.

## 8.1 Other income

| EUR million | 2022 | 2021 |
|---|---|---|
| Rental income | 25 | 21 |
| Other | 76 | 70 |
| IS **Total** | **101** | **91** |

## 8.2 Other expenses

| EUR million | 2022 | 2021 |
|---|---|---|
| Operation and maintenance costs | 123 | 128 |
| IT and telecommunication costs | 112 | 108 |
| Property taxes | 54 | 51 |
| Other | 326 | 294 |
| IS **Total** | **615** | **582** |

The major components recorded in other expenses are the external operation and maintenance costs of power and heat plants. Other includes expenses relating to properties and other operative expenses.

### Auditors' fees

| EUR million | 2022 | 2021 |
|---|---|---|
| Audit fees | 2.7 | 2.9 |
| Audit-related assignments | 0.3 | 0.5 |
| Other assignments | - | 0.7 |
| Total | **3.0** | **4.1** |

Deloitte Oy is the appointed auditor until the next Annual General Meeting in 2023.

Audit fees include fees for the audit of the consolidated financial statements, review of interim reports, as well as fees for the audit of Fortum Corporation and its subsidiaries. Audit-related assignments include fees for assurance of sustainability reporting, and other assurance and associated services related to the audit. Other assignments consist of advisory services.

# 9 Materials and services

| EUR million | 2022 | 2021 |
|---|---|---|
| Materials | 4,748 | 2,861 |
| Materials purchased from associated and joint ventures | 421 | 368 |
| External services | 127 | 132 |
| Transmission costs | 53 | 57 |
| IS **Total** | **5,350** | **3,419** |

Materials consists mainly of coal, gas and nuclear fuels.

Materials purchased from associates and joint ventures consist of nuclear and hydropower purchased at production cost (including interest costs and production taxes) and purchased steam. Total materials and services include production taxes of EUR 39 million (2021: 35), including hydro power related property taxes of EUR 13 million (2021: 12). Taxes related to nuclear and hydro production are included in taxes paid through purchases from associates and joint ventures. See ▸ **Note 38** Related party transactions.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 10 Employee benefits and Board remuneration

| EUR million | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 386 | 370 |
| Pensions | | |
| Defined contribution plans | 14 | 42 |
| Defined benefit plans | 10 | 7 |
| Social security costs | 64 | 51 |
| Share-based incentives | 7 | 7 |
| Other employee costs | 22 | 20 |
| IS **Total** | **504** | **496** |

The compensation package for Fortum's employees consists of salaries, fringe benefits, short-term incentives, profit sharing paid to the Personnel Fund (in Finland) and long-term incentives.

For further information on pensions see ▸ **Note 31** Pension obligations.

## 10.1 Short-term incentives

As a main principle, all employees are covered by the programme or alternatively by a business specific or a comparable local variable pay arrangement. Short-term incentive (STI) programmes are designed to support the achievement of the Group's financial and other relevant targets on an annual basis.

The Board of Directors determines the performance criteria and award levels for the Fortum Executive Management. The awards are based on the achievement of Group financial performance, divisional targets and individual targets. The target incentive opportunity is 20% and the maximum incentive opportunity is 40% of the annual base salary. The Board of Directors assesses the performance of the President and CEO and the members of the Fortum Executive Management on a regular basis.

Awards for other employees are based on a combination of Group, divisional, functional and personal or team targets. The targets are set in annual performance discussions held at the beginning of each year. Awards under the STI programme are paid solely in cash.

## 10.2 Long-term incentives

The purpose of long-term incentive programmes is to support the delivery of sustainable long-term performance, align the interests of management with those of shareholders, and support in committing and retaining key individuals.

LTI programme provides participants with the opportunity to earn company shares. Under the LTI programme, and subject to the decision of the Board of Directors, a new LTI plan commences annually. The Board of Directors approves participation of the Fortum Executive Management members in each annually commencing LTI plan. Subject to a decision by the Board of Directors, the President and CEO is authorised to decide on individual participants and potential maximum awards for other participants than the Fortum Executive Management in accordance with the nomination guidelines approved by the Board of Directors. Participation in the LTI plan precludes the individual from being a member in the Fortum Personnel Fund.

Each LTI plan begins with a three-year earnings period, during which participants may earn share rights if the performance criteria set by the Board of Directors are fulfilled. If the minimum performance criteria are not met, no shares will be awarded. If performance is exceptionally good and the targets approved by the Board of Directors are achieved, the combined gross value of all variable compensation cannot exceed 120% of the person's annual salary in any calendar year. After the earnings period has ended and the relevant taxes and other employment-related expenses have been deducted, participants are paid the net balance in the form of shares.

The share awards are not subject to a lock-up period. However, Fortum Executive Management members aggregate ownership of Fortum shares has to be greater than or equal to their annual salary. Those members, whose aggregate ownership of Fortum shares does not yet fulfil the shareholding requirement are required to retain at least 50% of the shares received until the required level of shareholding is met.

The Restricted share programme is supplementing the current LTI programme. The Restricted share programme is following the main terms and conditions of the general LTI programme with the exception that the allocated shares will be delivered after the three-year plan period independent of performance measures, subject to continued employment. The Restricted share programme is designated for special purposes defined by the Board of Directors, such as retention.

The Board of Directors has the right to revise the targets set in the incentive plans, deviate from the payment based on achievement of the set earnings criteria, or to discontinue any ongoing incentive plan.

The share plans under the LTI arrangement are accounted for as partly equity- and partly cash-settled arrangements. The earned reward that the participants receive in shares is accounted for as an equity-settled transaction. For participants receiving cash only, the total arrangement is accounted for as cash-settled transaction. The reward is recognised as an expense during the earnings period with a corresponding increase in the liabilities for transactions settled in cash, and a corresponding increase in equity for the transactions settled in shares. The social charges related to the arrangement payable by the employer are accrued as a liability. The liabilities for share-based plans including social charges at the end of the year 2022 was EUR 12 million (2021: 12), including EUR 10 million (2021: 9) recorded in equity.

At year end 2022, approximately 140 key employees are participants in at least one of the ongoing LTI plans.

### Shares granted

The following table presents changes in the number of share rewards:

| Number of shares | 2022 | 2021 |
|---|---|---|
| 1 January | 1,818,093 | 1,603,146 |
| Granted | 594,400 | 920,517 |
| Settled | -240,867 | -410,830 |
| Expired or forfeited | -775,437 | -294,740 |
| **Outstanding 31 December** | **1,396,189** | **1,818,093** |

Expired or forfeited shares in 2022 include also the impact from the remuneration restrictions of Fortum Executive Management members according the terms of Solidium bridge financing with the Finnish state.

## 10.3 Employee share savings programme

The purpose of Fortum's employee share savings programme is to motivate Fortum employees to invest and retain ownership in the company.

The programme includes annually commencing savings periods during which employees can save a proportion of their salaries and purchase Fortum shares with the accrued savings.

For each savings period participants will, as a gross reward, be granted one matching share for each two purchased savings shares after approximately three years from the beginning of the savings period. The prerequisites for receiving matching shares are that the participant holds the purchased savings shares until the end of the holding period, and that his or her employment has not ended before the end of the holding period.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

Each plan consists of one-year savings period followed by two-year holding period. Shares are purchased with the accumulated savings at the market price quarterly after the release of Fortum's interim reports. The programme is accounted for as an equity-settled transaction, and the cost related to matching shares is recognised as expense during the vesting period.

## 10.4 Fortum Personnel Fund

The Fortum Personnel Fund (for employees in Finland only) has been in operation since 2000. The Board of Directors determines the criteria for the fund's annual profit-sharing bonus. Members of the personnel fund are the permanent and fixed-term employees of the Group.

The profit-sharing received by the fund is distributed equally between the members. Each employee's share is divided into a tied amount and an amount available for withdrawal. It is possible to transfer a maximum of 15% of capital from the tied amount to the amount available for withdrawal each year.

The fund's latest financial year ended at 30 April 2022 and the fund then had a total of 2,553 members (2021: 2,508). At the end of April 2022 Fortum contributed EUR 4.3 million (2021: 0.4) to the personnel fund as an annual profit-sharing bonus based on the financial results of 2021. The combined amount of members' shares in the fund was EUR 20 million (2021: 20).

## 10.5 The President and CEO and the Fortum Executive Management (FEM) remuneration

In the end of 2022 Fortum Executive Management (FEM) consists of eight members, including the President and CEO. The following table presents the total remuneration of the President and CEO and the FEM and takes into account the changes in FEM during the year. The expenses are shown on accrual basis.

On 6 September 2022, Fortum announced that it had agreed with the Finnish State on a bridge financing arrangement. In accordance with the Solidium bridge financing facility with the Finnish State, Fortum Executive Management members will not be paid any short- or long-term incentives that are accumulated in 2022 and 2023.

### Management remuneration

| | 2022 | | 2021 | |
|---|---|---|---|---|
| EUR thousand | Markus Rauramo, President and CEO [3] | Other FEM members [3] | Markus Rauramo, President and CEO [3] | Other FEM members [3] |
| Salaries and fringe benefits | 1,549 | 3,447 | 1,559 | 3,727 |
| Short-term incentives [1] | - | 100 | 423 | 896 |
| Long-term incentives [2] | 816 | 756 | 1,334 | 2,276 |
| Pensions (statutory) | 271 | 591 | 311 | 829 |
| Pensions (voluntary) | 315 | 717 | 315 | 536 |
| Social security expenses | 53 | 221 | 69 | 405 |
| **Total** | **3,004** | **5,831** | **4,011** | **8,670** |

1) Including separate project awards paid to certain FEM members in August 2022.
2) LTI costs for 2022 relate to LTI plans decided before 2022. Costs are accrued over the vesting period. President and CEO's costs for 2021 are updated for the share plan 2019-2021.
3) In addition to the information provided in the above table, compensation for the membership in the Supervisory Board of Uniper SE for the President and CEO Markus Rauramo was EUR 157 thousand (2021:305), and for other FEM members, EUR 157 thousand (2021: 255). In 2022 this compensation is for the period that Uniper has been consolidated as subsidiary.

The annual contribution for the President and CEO Markus Rauramo's pension arrangement is 20% of the annual fixed compensation. The annual fixed compensation consists of base salary and fringe benefits.

The President and CEO's retirement age is determined in accordance with the Finnish Employees' Pension Act. In case his assignment is terminated before the retirement age, the President and CEO is entitled to retain the benefits accrued in the arrangement up to that time.

For the other members of the FEM, the retirement age varies between 63 and 65, or is determined in accordance with the Finnish Employees' Pension Act. According to Group policy, all new supplementary pension arrangements are defined contribution plans. The pension premium for FEM members is 20% of the annual base salary. In the end of 2022, the additional pension arrangements for the President and CEO and other FEM members are defined contribution pension plans and thus no liability has been recognised on the balance sheet.

In the event that Fortum decides to give notice of termination to the President and CEO, he is entitled to the salary for the notice period (6 months) and a severance pay equal to 6 months' salary. For other FEM members, the notice period for both parties is six months, and in case the company terminates the contract, members are usually entitled to the salary for the notice period and a severance pay equal to 6 months' salary.

### Number of shares delivered to the management

The table below shows the number of shares delivered to the President and CEO and other FEM members under the LTI arrangements. FEM members whose aggregate ownership of Fortum shares does not yet fulfil the shareholding requirement are required to retain at least 50% of the shares received until the required level of shareholding is met.

| | 2022 [2] | 2021 [3] |
|---|---|---|
| **FEM members at 31 December 2022** | | |
| Markus Rauramo, CEO | 12,661 | 25,921 |
| Nebahat Albayrak, member of FEM from 1 June 2021 | - | - |
| Eveliina Dahl, member of FEM from 1 May 2021 | 1,127 | N/A |
| Bernhard Günther, member of FEM from 1 February 2021 | - | - |
| Per Langer | 3,102 | 4,555 |
| Simon-Erik Ollus, member of FEM from 29 March 2021 | 1,847 | 3,046 |
| Mikael Rönnblad | 4,112 | 5,985 |
| Nora Steiner-Forsberg, member of FEM from 1 May 2021 | 716 | N/A |
| **Former FEM members** | | |
| Arun Aggarwal, member of FEM until 17 November 2021 | - | 5,304 |
| Alexander Chuvaev, member of FEM until 1 September 2022 [1] | 16,034 | 20,013 |
| Risto Penttinen, member of FEM until 30 April 2021 | - | 4,906 |
| Arto Räty, member of FEM until 31 May 2021 | - | 4,476 |
| Sirpa-Helena Sormunen, member of FEM until 30 April 2021 | - | 4,992 |
| **Total** | **39,599** | **79,198** |

1) Estimated number of shares after local tax and tax-related deductions. Due to local legislation, share rights were paid in cash instead of shares.
2) Share delivery based on share plan 2019-2021.
3) Share delivery based on share plan 2018-2020.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 10.6 Board of Directors and management shareholding

On 31 December 2022, the members of the Board of Directors owned a total of 15,370 shares (2021: 5,000), which corresponds to 0.00% (2021: 0.00%) of the company's shares and voting rights.

### Number of shares held by members of the Board of Directors

| | 2022 | 2021 |
|---|---|---|
| **Board members at 31 December 2022** | | |
| Veli-Matti Reinikkala, Chair | 7,029 | 5,000 |
| Anja McAlister, Deputy Chair | 1,446 | - |
| Ralf Christian | 985 | - |
| Luisa Delgado | 985 | - |
| Essimari Kairisto | 985 | - |
| Teppo Paavola | 985 | - |
| Philipp Rösler | 985 | - |
| Annette Stube | 985 | - |
| Kimmo Viertola | 985 | - |
| **Total** | **15,370** | **5,000** |

The President and CEO and other members of the FEM owned a total of 197,210 shares (2021: 224,369), which corresponds to approximately 0.02% (2021: 0.03%) of the company's shares and voting rights.

### Number of shares held by members of the Fortum Executive Management

| | 2022 | 2021 |
|---|---|---|
| **FEM members at 31 December 2022** | | |
| Markus Rauramo | 112,739 | 99,306 |
| Nebahat Albayrak | 555 | - |
| Eveliina Dahl | 2,554 | 806 |
| Bernhard Günther | 555 | - |
| Per Langer | 52,265 | 48,971 |
| Simon-Erik Ollus | 6,462 | 3,854 |
| Mikael Rönnblad | 20,619 | 16,454 |
| Nora Steiner-Forsberg | 1,461 | 374 |
| **Former FEM members** | | |
| Alexander Chuvaev | N/A | 54,602 |
| **Total** | **197,210** | **224,369** |

## 10.7 Board remuneration

The Board of Directors comprises five to ten members who are elected at the Annual General Meeting for a one-year term of office, which expires at the end of the first Annual General Meeting following the election. The Board of Directors consists of nine members at the end of 2022.

The Annual General meeting confirms the yearly compensation for the Board of Directors. Board members are not offered any long-term incentive benefits or participation in other incentive schemes. There are no pension arrangements for the Board members. Social security costs were not paid in 2022 (2021: 2).

### Fees for the Board of Directors

| EUR thousand | 2022 | 2021 |
|---|---|---|
| **Annual fee for the Board work** | | |
| Chair | 88.8 | 77.2 |
| Deputy Chair | 63.3 | 57.5 |
| Chair of the Audit and Risk Committee [1] | 63.3 | 57.5 |
| Members | 43.1 | 40.4 |
| **Fixed fee for the Committee work** | | |
| Member of the Audit and Risk Committee | 3.0 | N/A |
| Chair of the Nomination and Remuneration Committee | 5.0 | N/A |
| Member of the Nomination and Remuneration Committee | 2.0 | N/A |
| Chair of any additional Committee established by a Board decision | 5.0 | N/A |
| Member of any additional Committee established by a Board decision | 2.0 | N/A |

1) If not simultaneously Chair or Deputy Chair of the Board.

Every member of the Board of Directors receives a fixed annual fee for the Board work and a meeting fee for each meeting attended. The annual fee for the Board work 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 pays the costs and the transfer tax related to the purchase of the company shares.

A new fixed fee for the Committee work was introduced in 2022. A meeting fee of EUR 800 is paid for Board and Committee meetings, 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 will be EUR 800. Fees for the Committee work and the meeting fees are paid fully in cash.

The travel expenses of Board members are compensated in accordance with the company's travel policy.

### Compensation for the Board of Directors

| EUR thousand | 2022 | 2021 |
|---|---|---|
| **Board members at 31 December 2022** | | |
| Veli-Matti Reinikkala, Chair from 28 April 2021 | 181 | 92 |
| Anja McAlister, Deputy Chair from 28 April 2021 | 122 | 65 |
| Ralf Christian, member of the board from 28 March 2022 | 90 | N/A |
| Luisa Delgado, member of the board from 28 April 2021 | 102 | 34 |
| Essimari Kairisto, Chair of the Audit and Risk Committee | 135 | 76 |
| Teppo Paavola | 117 | 58 |
| Philipp Rösler | 101 | 55 |
| Annette Stube | 105 | 57 |
| Kimmo Viertola, member of the board from 28 March 2022 | 86 | N/A |
| **Former Board members** | | |
| Eva Hamilton, member of the board until 28 April 2021 | - | 19 |
| Matti Lievonen, Chair until 28 April 2021 | - | 32 |
| Klaus-Dieter Maubach, member of the board until 28 April 2021 [1] | - | 15 |
| **Total** | **1,039** | **504** |

1) In 2021 in addition to the information provided in the above table, the estimated compensation for the membership in the Supervisory Board of Uniper SE for Klaus-Dieter Maubach was EUR 51 thousand.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 11 Finance costs – net

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| Interest expense | | | |
| Borrowings | | -181 | -154 |
| Leasing and other interest expenses | | -3 | -4 |
| Capitalised borrowing costs | 17 | 5 | 3 |
| IS Total | | -179 | -154 |
| Interest income | | | |
| Loan receivables and deposits | | 58 | 23 |
| Leasing and other interest income | | 29 | 2 |
| IS Total | | 87 | 25 |
| Other financial items - net | | | |
| Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions | 29 | -71 | -35 |
| Fair value changes, impairments and reversals | | -303 | 1 |
| Unwinding of discounts on other provisions and pension obligations | 30, 31 | 7 | 0 |
| Other financial expenses and income | | 266 | 2 |
| IS Total | | -101 | -32 |
| IS Finance costs - net | | -193 | -161 |

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| IS Finance costs - net | | -193 | -161 |
| **Adjustments to finance costs - net** | | | |
| Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions | | 71 | 35 |
| Fair value changes, impairments, reversals and other adjustments [1] | | 276 | -1 |
| **Comparable finance costs - net** | | 155 | -127 |

1) Other adjustments in 2022 include EUR 27 million interest income from tax authorities on refunded tax payment.

See ▸ **Definitions and reconciliations of key figures**.

Interest expenses on borrowings totalled EUR 181 million (2021: 154) including interest expenses on loans of EUR 194 million (2021: 130), and EUR -12 million (2021: 24) interest cost – net from derivatives hedging the loan portfolio.

Interest income, EUR 87 million (2021: 25), includes EUR 44 million (2021: 13) interest income from shareholder loan receivables and other loan receivables, and EUR 14 million (2021: 10) from deposits. Interest income from leases and other interest income EUR 29 million (2021: 2) include EUR 27 million interest income from tax authorities on refunded tax payment. See more information in ▸ **Note 37** Legal actions and official proceedings.

Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions relate to Loviisa nuclear plant. For additional information see ▸ **Note 29** Nuclear-related assets and liabilities.

Fair value changes, impairments and reversals EUR -303 million in 2022 include expected credit losses of EUR -117 million on Russian deposits and receivables, as well as EUR -171 million write down of other shares.

Other financial expenses and income EUR 266 million in 2022 include mainly foreign exchange gains from Russian rouble receivables and closing of Russian rouble hedges.

## Interest rate and currency derivatives in finance costs – net

| EUR million | 2022 | 2021 |
|---|---|---|
| Interest rate and cross currency swaps | | |
| Interest expenses on borrowings | 16 | 16 |
| Exchange rate difference from derivatives | -16 | -12 |
| Rate difference in fair value gains and losses on financial instruments [1] | -65 | -55 |
| **Total fair value change of interest rate derivatives in finance costs - net** | **-65** | **-51** |
| Foreign exchange derivatives | | |
| Interest expenses on borrowings | -4 | -40 |
| Exchange rate difference from derivatives | 217 | -15 |
| Rate difference in fair value gains and losses on financial instruments | -8 | 4 |
| **Total fair value change of currency derivatives in finance costs - net** | **205** | **-51** |
| **Total** | **140** | **-102** |

1) Fair value gains and losses on financial instruments include fair value change of hedging derivatives in fair value hedge relationship to EUR -66 million (2021: -55).

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 12 Income tax expense

## 12.1 Profit before tax by country

| EUR million | 2022 | 2021 |
|---|---|---|
| Finland | 592 | 561 |
| Sweden | 583 | 2,798 |
| Ireland | 754 | 216 |
| Germany | -110 | 95 |
| Russia | -1,437 | -89 |
| Other | 72 | 751 |
| IS Total | 455 | 4,332 |

Profit before tax by country represents the respective countries' part of total profit before tax for Fortum Group according to IFRS, based on the same accounting principles as consolidated financial statements. This means that the respective country profits include such items as for example share of profits from associates and joint ventures, effects of accounting for derivatives under IFRS standards and other group level consolidation adjustments, which are not included in taxable profits in the local subsidiaries.

## 12.2 Major components of income tax expense by country

| EUR million | 2022 | 2021 |
|---|---|---|
| **Current taxes** | | |
| Finland | -206 | -107 |
| Sweden | -120 | -98 |
| Ireland | 11 | -85 |
| Germany | 0 | -11 |
| Russia | -42 | -4 |
| Other | -36 | -48 |
| Total | -392 | -353 |
| **Deferred taxes** | | |
| Finland | 90 | -1 |
| Sweden | -53 | 37 |
| Ireland | 704 | 45 |
| Germany | 0 | -1 |
| Russia | 148 | - |
| Other | 44 | -55 |
| Total | 934 | 26 |
| **Adjustments recognised for current tax of prior periods** | | |
| Finland | 0 | 0 |
| Sweden | 8 | 0 |
| Ireland | 0 | 0 |
| Germany | 0 | 0 |
| Russia | 7 | 0 |
| Other | -1 | 3 |
| Total | 15 | 2 |
| IS Income tax expense | 556 | -325 |

## 12.3 Income tax rate reconciliation

The table below explains the difference between the theoretical enacted tax rate in Finland compared to the tax rate in the consolidated income statement.

| EUR million | 2022 | % | 2021 | % |
|---|---|---|---|---|
| Profit before tax | 455 | | 4,332 | |
| Tax calculated at nominal Finnish tax rate | -91 | 20.0 | -866 | 20.0 |
| Differences in tax rates in other jurisdictions | 48 | -10.6 | -9 | 0.2 |
| Tax rate changes | - | - | 1 | 0.0 |
| Tax exempt capital gains | 117 | -25.7 | 562 | -13.0 |
| Other items impacting comparable tax expense | 668 | -146.7 | - | - |
| Tax exempt income and other non-deductible expenses | -5 | 1.2 | -6 | 0.1 |
| Share of profit of associates and joint ventures | -126 | 27.7 | 31 | -0.7 |
| Taxes related to dividend distributions | - | - | -12 | 0.3 |
| Tax effects of changes in value and non-recognition of deferred taxes | -41 | 8.9 | -30 | 0.7 |
| Other items | -17 | 3.6 | 1 | 0.0 |
| Adjustments recognised for taxes of prior periods | 3 | -0.6 | 3 | -0.1 |
| IS Income tax expense | 556 | -122.1 | -325 | 7.5 |

### Key tax indicators:

- The weighted average applicable income tax rate for 2022 is 9.4% (2021: 20.2%).
- The effective income tax rate in the income statement for 2022 is -122.1% (2021: 7.5%).
- The comparable effective income tax rate for 2022 is 22.4% (2021: 22.2%).

See ▸ **Note 7** Comparable operating profit and comparable net profit and ▸ **Definitions and reconciliations of key figures**.

The major items affecting the effective income tax rate are as follows:

- Tax exempt capital gains decreased the rate by 25.7% (2021: 13.0%). Gains mainly relate to the sale of Fortum Oslo Varme AS in Norway.
- Other items impacting comparable tax expense include other tax exempt or non-deductible items and tax impacts from group internal items. These items decreased the rate by 146.7% (2021: 0.0%). Impact is realised in Ireland leading to creation of deferred tax asset of tax loss carry forward. This tax loss carry forward is a consequence of the disposal of Uniper SE and write down of Russian assets.
- Tax effects of changes in value and non-recognition of deferred taxes during 2022 increased the effective tax rate by 8.9% (2021: 0.7%), mainly due to derecognition of deferred tax assets on tax losses carry forwards in Ireland.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 13 Earnings and dividend per share

## ACCOUNTING POLICIES

**EARNINGS PER SHARE**
Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

**DIVIDENDS**
Dividends proposed by the Board of Directors are not recognised in the financial statements until they have been approved by the company's shareholders at the Annual General Meeting.

## 13.1 Earnings per share

### Earnings per share, basic

| | 2022 | 2021 |
|---|---|---|
| IS Profit attributable to owners of the parent, continuing operations (EUR million) | 1,011 | 3,985 |
| IS Profit attributable to owners of the parent, total Fortum (EUR million) | -2,416 | 739 |
| Weighted average number of shares (thousand) | 889,204 | 888,294 |
| | | |
| Basic earnings per share, continuing operations (EUR ) | 1.14 | 4.49 |
| Basic earnings per share, total Fortum (EUR ) | -2.72 | 0.83 |

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

### Comparable earnings per share

| | 2022 | 2021 |
|---|---|---|
| Comparable net profit, continuing operations (EUR million) | 1,550 | 1,091 |
| Comparable net profit, total Fortum (EUR million) | -988 | 1,778 |
| Weighted average number of shares (thousand) | 889,204 | 888,294 |
| | | |
| Comparable earnings per share, continuing operations (EUR ) | 1.74 | 1.23 |
| Comparable earnings per share, total Fortum (EUR ) | -1.11 | 2.00 |

### Comparable earnings per share, continuing operations excl. Russia

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 Fortum introduced new APMs to provide additional financial information excluding Fortum's Russian operations. See also ▸ **Note 1** Significant accounting policies.

| | 2022 | 2021 |
|---|---|---|
| Comparable net profit from continuing operations excl. Russia (EUR million) | 1,076 | 851 |
| Weighted average number of shares (thousand) | 889,204 | 888,294 |
| | | |
| Comparable earnings per share, continuing operations excl. Russia (EUR ) | 1.21 | 0.96 |

See ▸ **Definitions and reconciliations of key figures**.

## 13.2 Dividend per share

The Board of Directors proposes that a dividend of EUR 0.91 per share be paid for the financial year 2022. The dividend will be paid in two instalments. Based on the number of shares registered as at 1 March 2023, the total amount of dividend would be EUR 817 million. These Financial statements do not reflect this dividend.

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

A dividend for 2020 of EUR 1.12 per share, amounting to a total of EUR 995 million, was decided in the Annual General Meeting on 28 April 2021. The dividend was paid on 7 May 2021.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 14 Financial assets and liabilities by categories

## ACCOUNTING POLICIES

### FINANCIAL ASSETS

Fortum classifies its financial assets in the following categories according to IFRS 9: financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The classification is made at initial recognition and depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for the financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of the principal and interest on the principal amount outstanding (SPPI). This assessment is referred to as the SPPI test and is performed at an instrument level. When the SPPI criteria is not met, financial assets are classified to fair value through profit or loss category.

Financial assets are presented as non-current assets unless they are held for trading, expected to be realised within 12 months at the closing date or they have a maturity of under 12 months at closing date. These are classified as current assets.

### FINANCIAL ASSETS AT AMORTISED COST

Fortum measures financial assets at amortised cost when the financial asset is included in the held-to-collect business model with fixed or determinable payments that are payments of amount outstanding or interest on it. They arise when the Group provides money, goods or services directly to a debtor. Financial assets at amortised cost include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets at amortised cost are subject to impairment using expected credit loss (ECL) model. Gains and losses from derecognition of the asset are recognised in profit and loss.

### FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include financial assets held for trading in the short term, financial assets designated upon initial recognition irrevocably as fair value through profit or loss and financial assets mandatorily recognised at fair value through profit or loss according to IFRS 9. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

### FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Other equity investments designated at fair value through other comprehensive income are not subject to impairment assessment and accumulated reserves are not recycled to profit or loss upon derecognition. Dividends received are recognised in profit and loss.

### DERECOGNITION

Fortum derecognises financial assets when the rights to receive cash flows from the assets have expired or when it has substantially transferred the risks and rewards of the assets outside of the Group.

### IMPAIRMENT

Fortum recognises an allowance for expected credit losses (ECL) according to IFRS 9 for financial assets measured at amortised cost. See further information on ECL in ▸ **Note 4.4.1** Credit quality of major financial assets and in ▸ **Note 23** Trade and other receivables.

Financial assets measured at fair value through profit or loss are not included in ECL assessment as they are already measured at fair value. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

### FINANCIAL LIABILITIES

All financial liabilities are recognised initially at fair value. In the case of loans and borrowings and payables, incurred transaction costs are deducted. In subsequent periods, all financial liabilities, except derivatives and financial liabilities which the Group has at initial recognition irrevocably designated at fair value through profit or loss, are stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised as interest cost over the period of the borrowing using the effective interest rate method.

Derivative financial instruments entered into by the Group, that are not designated as hedging instruments are classified as liabilities at fair value through profit and loss. Amortisation of the effective interest rate and gains and losses of liabilities are recognised in the income statement.

Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments. Borrowings or portion of borrowings being hedged with a fair value hedge are recognised at fair value through profit or loss. Derecognition of financial liabilities takes place when the Group has fulfilled the contractual obligations.

### ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Within the ordinary course of business, the Group routinely enters into sale and purchase transactions for commodities. Contracts that were entered into and continue to be held for the purpose of receipt or delivery of the commodity in accordance with the Group's expected sale, purchase or usage requirements are not within the scope of IFRS 9 ("own use exemption"). Physical contracts to buy or sell a non-financial item, which are fair valued using the fair value option to off-set accounting mismatch, or where own use exemption or hedge accounting cannot be applied are fair valued through the income statement.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Gains and losses resulting from the initial fair value measurement of a derivative ("day one" gains and losses) are eliminated against the corresponding derivative asset or liability, if the initial fair value is determined based on valuation model with input parameters that are unobservable from active markets. For derivatives whose initial fair value is evidenced by a quoted price in an active market for an identical contract or based on a valuation technique that uses only data from observable markets, gains and losses from the initial measurement are accounted for similarly to gains or losses on the subsequent measurement.

The method of recognising the resulting gain or loss on the subsequent measurement depends on whether the derivative is designated as a hedging instrument eligible for hedge accounting, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of highly probable forecast transactions (cash flow hedges); (2) hedges of the fair value of recognised assets or liabilities, or unrecognised firm commitments (fair value hedge); or (3) hedges of net investments in foreign operations.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, whether the hedged item is one or several risk components separately or in aggregation, as well as its risk management objective and strategy for undertaking various hedge transactions. When applying hedge accounting the Group also documents its assessment, of whether the derivatives that are used in hedging transactions are meeting the hedge accounting effectiveness criteria: (1) there is an economic relationship between the hedged item and the hedging instrument, (2) the effect of credit risk does not dominate the value changes that result from that economic relationship; and (3) the hedge ratio of the hedging relationship is the same as applied in the risk management. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective by assessing the prospective capacity of the derivatives in offsetting changes in fair values or cash flows of hedged items. Hedge accounting is discontinued only when the hedging relationship ceases to meet the hedge effectiveness criteria.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

**CASH FLOW HEDGE**
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. Gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit and loss (e.g. when the forecasted sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (e.g. inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. When a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recognised in the income statement when the forecast transaction is ultimately also recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in the income statement.

Fortum hedges its exposure to commodity market risks and applies hedge accounting by risk components. Hedge accounting is applied to Nordic electricity price risk, where the Nordic area priced physical electricity delivery is commonly divided into three risk components: (1) system price risk, (2) electricity price area difference risk (EPAD) and (3) currency risk. For each of these separate risk components there are specific derivative contracts available, which each are being effective hedges for the associated risk components.

In addition, hedge accounting is applied to certain derivative contracts hedging gas price risk. These are physically settled fixed-price forward and futures contracts, for which the own-use exemption cannot be applied (failed own-use contracts), where the contract constitutes an effective hedge of cash flows of the gas volumes to be delivered ("all-in one" hedge).

**FAIR VALUE HEDGE**
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss for the periods until maturity of the hedged item.

**NET INVESTMENT HEDGING IN FOREIGN OPERATIONS**
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

**DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING**
Certain derivative instruments representing economic hedging relationship do not qualify for hedge accounting. Unrealised fair value changes of non-hedge accounted commodity derivatives hedging future cash flow and physical contracts that are accounted for as derivatives within the scope of IFRS 9 are recognised in items affecting comparability in the income statement. Gains and losses on interest rate and currency derivative instruments are recognised in finance costs – net with corresponding hedge items.

Financial assets and liabilities in the tables below are split into categories in accordance with IFRS 9. The categories are further divided into classes which are the basis for valuing a respective asset or liability. Further information can be found in the Notes mentioned in the table.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Financial assets by category 2022

| EUR million | Note | Amortised cost | Fair value through profit or loss | | | Fair value through other comprehensive income | | Lease receivables | Total financial assets |
|---|---|---|---|---|---|---|---|---|---|
| | | | Hedge accounting, fair value hedges | Non-hedge accounting | Other financial assets | Net investment and Cash flow hedges | Other equity investments | | |
| **Financial instruments in non-current assets** | | | | | | | | | |
| Other non-current assets | 20 | 85 | | | 543 | | | | 628 |
| Derivative financial instruments | 4 | | | | | | | | |
| Commodity derivatives | | | | 170 | | 54 | | | 224 |
| Interest rate and currency derivatives | | | 84 | 3 | | 33 | | | 119 |
| Long-term interest-bearing receivables | 21 | 593 | | | 31 | | | | 624 |
| **Total financial instruments in non-current assets** | | **677** | **84** | **174** | **574** | **86** | **-** | **-** | **1,595** |
| **Financial instruments in current assets** | | | | | | | | | |
| Derivative financial instruments | 4 | | | | | | | | |
| Commodity derivatives | | | | 594 | | 776 | | | 1,370 |
| Interest rate and currency derivatives | | | 1 | 92 | | 23 | | | 116 |
| Trade receivables | 23 | 1,625 | | | | | | | 1,625 |
| Other receivables | 23 | 142 | | | | | | | 142 |
| Short-term interest-bearing receivables | 21 | 122 | | | 535 | | | 3 | 660 |
| Liquid funds | 24 | 3,919 | | | | | | | 3,919 |
| **Total financial instruments in current assets** | | **5,808** | **1** | **687** | **535** | **799** | **-** | **3** | **7,832** |
| **Total** | | **6,486** | **84** | **860** | **1,109** | **885** | **-** | **3** | **9,427** |

## Financial assets by category 2021

| EUR million | Note | Amortised cost | Fair value through profit or loss | | | Fair value through other comprehensive income | | Lease receivables | Total financial assets |
|---|---|---|---|---|---|---|---|---|---|
| | | | Hedge accounting, fair value hedges | Non-hedge accounting | Other financial assets | Net investment and Cash flow hedges | Other equity investments | | |
| **Financial instruments in non-current assets** | | | | | | | | | |
| Other non-current assets | 20 | 316 | | | 136 | | 118 | | 570 |
| Derivative financial instruments | 4 | | | | | | | | |
| Commodity derivatives | | | | 16,955 | | 53 | | | 17,009 |
| Interest rate and currency derivatives | | | 49 | 34 | | 5 | | | 88 |
| Long-term interest-bearing receivables | 21 | 2,125 | | | 147 | | | 119 | 2,392 |
| **Total financial instruments in non-current assets** | | **2,441** | **49** | **16,989** | **284** | **58** | **118** | **119** | **20,058** |
| **Financial instruments in current assets** | | | | | | | | | |
| Derivative financial instruments | 4 | | | | | | | | |
| Commodity derivatives | | | | 64,750 | | 416 | | | 65,165 |
| Interest rate and currency derivatives | | | 22 | 170 | | 34 | | | 226 |
| Trade receivables | 23 | 12,916 | | | | | | | 12,916 |
| Other receivables | 23 | 1,927 | | | 13 | | | | 1,940 |
| Short-term interest-bearing receivables | 21 | 145 | | | 553 | | | 17 | 715 |
| Liquid funds | 24 | 7,545 | | | 47 | | | | 7,592 |
| **Total financial instruments in current assets** | | **22,533** | **22** | **64,920** | **613** | **450** | **-** | **17** | **88,555** |
| **Total** | | **24,974** | **71** | **81,909** | **897** | **507** | **118** | **136** | **108,613** |

## Financial liabilities by category 2022

| EUR million | Note | Amortised cost | Fair value through profit or loss | | | Fair value through other comprehensive income | Lease liabilities | Total financial liabilities |
|---|---|---|---|---|---|---|---|---|
| | | | Hedge accounting, fair value hedges | Non-hedge accounting | Other financial liabilities | Net investment and Cash flow hedges | | |
| **Financial instruments in non-current liabilities** | | | | | | | | |
| Interest-bearing liabilities | 27 | 2,978 | 580 [1] | | | | 100 | 3,658 |
| Derivative financial instruments | 4 | | | | | | | |
| Commodity derivatives | | | | 245 | | 390 | | 635 |
| Interest rate and currency derivatives | | | 119 | - | | 2 | | 121 |
| **Total financial instruments in non-current liabilities** | | **2,978** | **699** | **245** | | **392** | **100** | **4,413** |
| **Financial instruments in current liabilities** | | | | | | | | |
| Interest-bearing liabilities | 27 | 3,581 | | | 527 | | 19 | 4,127 |
| Derivative financial instruments | 4 | | | | | | | |
| Commodity derivatives | | | | 553 | | 3,366 | | 3,919 |
| Interest rate and currency derivatives | | | 2 | 51 | | 1 | | 54 |
| Trade payables | 33 | 720 | | | | | | 720 |
| Other liabilities | 33 | 185 | | | | | | 185 |
| **Total financial instruments in current liabilities** | | **4,486** | **2** | **604** | **527** | **3,367** | **19** | **9,005** |
| **Total** | | **7,463** | **701** | **849** | **527** | **3,759** | **119** | **13,419** |

1) Fair valued part of bond in fair value hedge relationship.

## Financial liabilities by category 2021

| EUR million | Note | Amortised cost | Fair value through profit or loss | | | Fair value through other comprehensive income | Lease liabilities | Total financial liabilities |
|---|---|---|---|---|---|---|---|---|
| | | | Hedge accounting, fair value hedges | Non-hedge accounting | Other financial liabilities | Net investment and Cash flow hedges | | |
| **Financial instruments in non-current liabilities** | | | | | | | | |
| Interest-bearing liabilities | 27 | 6,087 | 1,669 [1] | | | | 945 | 8,701 |
| Derivative financial instruments | 4 | | | | | | | |
| Commodity derivatives | | | | 16,373 | | 248 | | 16,621 |
| Interest rate and currency derivatives | | | 9 | 8 | | 18 | | 36 |
| **Total financial instruments in non-current liabilities** | | **6,087** | **1,678** | **16,381** | **-** | **267** | **945** | **25,358** |
| **Financial instruments in current liabilities** | | | | | | | | |
| Interest-bearing liabilities | 27 | 7,840 | | | 549 | | 130 | 8,519 |
| Derivative financial instruments | 4 | | | | | | | |
| Commodity derivatives | | | | 68,905 | | 2,934 | | 71,839 |
| Interest rate and currency derivatives | | | 2 | 103 | | 2 | | 107 |
| Trade payables | 33 | 12,152 | | | | | | 12,152 |
| Other liabilities | 33 | 425 | | | | | | 425 |
| **Total financial instruments in current liabilities** | | **20,417** | **2** | **69,008** | **549** | **2,936** | **130** | **93,043** |
| **Total** | | **26,503** | **1,680** | **85,390** | **549** | **3,202** | **1,075** | **118,400** |

1) Fair valued part of bond in fair value hedge relationship.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 15 Financial assets and liabilities by fair value hierarchy

## ACCOUNTING POLICIES

Fair value measurements are classified using a fair value hierarchy i.e. Level 1, Level 2 and Level 3 that reflects the significance of the inputs used in making the measurements.

### FAIR VALUES UNDER LEVEL 1 MEASUREMENT HIERARCHY

The fair value of financial assets and liabilities classified as Level 1 is based on unadjusted quoted prices in active markets at the closing date. Level 1 consist e.g. commodity derivatives traded in active markets.

### FAIR VALUES UNDER LEVEL 2 MEASUREMENT HIERARCHY

The fair value of financial assets and liabilities classified as Level 2 is based on observable input parameters, which are other than quoted prices.

The fair value of financial instruments traded in active markets in Level 2 is calculated using prices derived from quoted market prices at the closing date. Known calculation techniques, such as estimated discounted cash flows, are used to determine fair value of interest rate and currency financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the closing date. Fair values of options are determined by using option valuation models. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The counterparty credit risk has been taken into account when determining fair value. The credit risk is determined based on a portfolio valuation in a bilateral approach.

The Group bases the calculation on existing market conditions at each closing date. Financial instruments used in Fortum are standardised products that are either cleared via exchanges or widely traded in the market. Credit risk from trading commodity derivatives is mitigated by clearing trades through exchanges or by limiting trades to OTC counterparties considered to be creditworthy, or secured by credit worthy guarantees. Financial derivatives are traded with credit worthy financial institutions with investment grade ratings.

### FAIR VALUES UNDER LEVEL 3 MEASUREMENT HIERARCHY

The fair value of financial assets and liabilities classified as Level 3 is based on unobservable input parameters.

Level 3 consist mainly investments in unlisted shares classified as other investments for which the fair value can't be reliably measured and derivative financial instrument for which the fair value has been determined using valuation techniques with unobservable inputs. The input parameters of Level 3 of the fair value hierarchy for equity investments are specified taking into account economic developments and available industry and corporate data. The counterparty credit risk has been adjusted when determining the fair value.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Financial assets

| | | Level 1 | | Level 2 | | Level 3 | | Netting [2] | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EUR million | Note | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **In non-current assets** | | | | | | | | | | | |
| Other investments [1] | 20 | - | 71 | - | 46 | 543 | 99 | | | 543 | 216 |
| Derivative financial instruments | | | | | | | | | | | |
| Commodity derivatives | 4 | | | | | | | | | | |
| Hedge accounting | | | | 54 | 62 | | | | -9 | 54 | 53 |
| Non-hedge accounting | | 85 | 5,136 | 58 | 11,708 | 57 | 207 | -30 | -96 | 170 | 16,955 |
| Interest rate and currency derivatives | 4 | | | | | | | | | | |
| Hedge accounting | | | | 116 | 54 | | | | | 116 | 54 |
| Non-hedge accounting | | | | 3 | 34 | | | | | 3 | 34 |
| Interest-bearing receivables | | - | 111 | | | 31 | 36 | | | 31 | 147 |
| **Total in non-current assets** | | **85** | **5,318** | **231** | **11,904** | **631** | **342** | **-30** | **-105** | **917** | **17,459** |
| **In current assets** | | | | | | | | | | | |
| Derivative financial instruments | | | | | | | | | | | |
| Commodity derivatives | 4 | | | | | | | | | | |
| Hedge accounting | | 781 | 50 | 542 | 572 | | | -546 | -207 | 777 | 416 |
| Non-hedge accounting | | 1,129 | 22,876 | 252 | 45,575 | 9 | 326 | -796 | -4,028 | 594 | 64,750 |
| Interest rate and currency derivatives | 4 | | | | | | | | | | |
| Hedge accounting | | | | 23 | 57 | | | | | 23 | 57 |
| Non-hedge accounting | | | | 92 | 170 | | | | | 92 | 170 |
| Other receivables | | | | - | 13 | | | | | - | 13 |
| Interest-bearing receivables | | 527 | 596 | | | 7 | 4 | | | 535 | 600 |
| **Total in current assets** | | **2,437** | **23,522** | **909** | **46,387** | **16** | **330** | **-1,342** | **-4,235** | **2,021** | **66,006** |
| **Total** | | **2,522** | **28,840** | **1,140** | **58,291** | **648** | **672** | **-1,372** | **-4,340** | **2,938** | **83,465** |

1) Other investments mainly include shares in unlisted companies.
2) Receivables and liabilities from standard electricity and other commodity derivative contracts against exchanges with same delivery period are netted in Fortum, except Uniper segment included in 31 Dec 2021 balances.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Financial liabilities

| | | Level 1 | | Level 2 | | Level 3 | | Netting [2] | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EUR million | Note | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **In non-current liabilities** | | | | | | | | | | | |
| Interest-bearing liabilities [1] | 27 | | | 580 | 1,669 | | | | | 580 | 1,669 |
| Derivative financial instruments | | | | | | | | | | | |
| Commodity derivatives | 4 | | | | | | | | | | |
| Hedge accounting | | | | 390 | 257 | | | | -9 | 390 | 248 |
| Non-hedge accounting | | 38 | 4,874 | 234 | 11,336 | 4 | 259 | -30 | -96 | 246 | 16,373 |
| Interest rate and currency derivatives | 4 | | | | | | | | | | |
| Hedge accounting | | | | 121 | 27 | | | | | 121 | 27 |
| Non-hedge accounting | | | | - | 8 | | | | | - | 8 |
| **Total in non-current liabilities** | | **38** | **4,874** | **1,324** | **13,298** | **4** | **259** | **-30** | **-105** | **1,336** | **18,326** |
| **In current liabilities** | | | | | | | | | | | |
| Interest-bearing liabilities | 27 | | | 527 | 549 | | | | | 527 | 549 |
| Derivative financial instruments | | | | | | | | | | | |
| Commodity derivatives | 4 | | | | | | | | | | |
| Hedge accounting | | 2,672 | 420 | 1,240 | 2,721 | | | -546 | -207 | 3,366 | 2,934 |
| Non-hedge accounting | | 883 | 20,316 | 465 | 52,531 | 1 | 86 | -796 | -4,028 | 553 | 68,905 |
| Interest rate and currency derivatives | 4 | | | | | | | | | | |
| Hedge accounting | | | | 3 | 4 | | | | | 3 | 4 |
| Non-hedge accounting | | | | 51 | 103 | | | | | 51 | 103 |
| **Total in current liabilities** | | **3,555** | **20,736** | **2,286** | **55,908** | **1** | **86** | **-1,342** | **-4,235** | **4,500** | **72,496** |
| **Total** | | **3,593** | **25,610** | **3,610** | **69,205** | **5** | **345** | **-1,372** | **-4,340** | **5,836** | **90,822** |

1) Fair valued part of bonds when hedge accounting is applied (fair value hedge).
2) Receivables and liabilities from standard electricity and other commodity derivative contracts against exchanges with same delivery period are netted in Fortum, except Uniper segment included in 31 Dec 2021 balances.

At the end of December 2022, the net fair value of commodity derivatives was EUR -2,960 million, including assets of EUR 1,594 million and liabilities of EUR 4,554 million (EUR -6,225 million in December 2021, including assets of EUR 82 billion and liabilities of EUR 88 billion). The change from December 2021 mainly relates to deconsolidation of Uniper at 30 September 2022 which was dampened by impacts from increased commodity market prices affecting the continuing operations.

Net fair value amount of interest rate and currency derivatives was EUR 61 million, including assets EUR 235 million and liabilities EUR 175 million. Fortum has cash collateral agreements with some counterparties. At the end of December 2022 Fortum had received EUR 64 million from collateral agreements. The received cash has been booked as short-term liability.

The increase in other investments in fair value hierarchy level 3 mainly relate to the 1.3 GW portfolio of wind projects in Russia. Uniper's fair valued long-term gas supply contracts accounted for as derivatives, EUR 3,529 million, were transferred from level 2 to level 3 during the reporting period due to changed market situation affecting the inputs used to determine the credit value adjustment. Uniper deconsolidation decreased total level 3 fair values by EUR 1,416 million. There were no other transfers out of level 3. Gains and losses of level 3 items in consolidated income statement are presented mainly in items affecting comparability. See ▸ **Note 7** Comparable operating profit and comparable net profit.

## Changes in fair value hierarchy Level 3

| EUR million | 1 Jan 2022 | Purchases | Sales | Settlements | Gains / losses in income statement | Transfers and additions into level 3 | Gains / losses in OCI | Disposal of subsidiary companies | 31 Dec 2022 |
|---|---|---|---|---|---|---|---|---|---|
| On balance sheet, net | | | | | | | | | |
| Other investments | 99 | 19 | -17 | | -126 | 572 | -2 | -2 | 543 |
| Commodity derivatives, fair values | 765 | | 135 | -104 | -1,903 | 3,529 | -1 | -2,360 | 61 |
| Commodity derivatives, day-1 gains and losses | -575 | 2 | | 24 | -397 | | | 946 | - |
| Interest bearing receivables | 40 | | | -4 | 3 | | | | 39 |
| **Total on balance sheet, net** | **329** | **21** | **118** | **-84** | **-2,423** | **4,101** | **-3** | **-1,416** | **643** |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 16 Intangible assets

## ACCOUNTING POLICIES

Intangible assets, except goodwill, are stated at historical cost less accumulated amortisation and impairment losses; and amortised on a straight-line basis over their expected useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each closing date. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See further information on the impairment testing in ▸ **Note 19** Impairment testing.

### GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets and tested annually for impairment. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures and is tested for impairment as part of the overall balance. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### CONTRACT-BASED INTANGIBLE ASSETS

Majority of contract-based intangible assets are concession rights in Germany, which are valued at amortised costs. Contract-based intangible assets in 2021 related to Uniper.

### RESEARCH AND DEVELOPMENT COSTS

Research and development costs are recognised as expense as incurred and included in other expenses in the consolidated income statement. If development costs are expected to generate future income, they are capitalised as intangible assets and depreciated over the period of the income streams.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS: ASSIGNED VALUES AND USEFUL LIVES IN ACQUISITIONS

In an acquisition acquired intangible and tangible assets are fair valued and their remaining useful lives are determined. Management believes that the assigned values and useful lives, as well as the underlying assumptions, are reasonable. Different assumptions and assigned lives could have a significant impact on the reported amounts.

The Group has significant carrying values in property, plant and equipment, intangible assets and participations in associated companies and joint ventures which are tested for impairment according to the accounting policy. See further information on the impairment testing in ▸ **Note 19** Impairment testing.

| | Goodwill | | Contract-based | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| **EUR million** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| **Cost 1 January** | **1,021** | **1,069** | **1,334** | **1,328** | **1,586** | **1,514** | **3,941** | **3,911** |
| Translation differences and other adjustments | 10 | 22 | -5 | 29 | -96 | 27 | -91 | 78 |
| Capital expenditure | 1 | - | - | - | 125 | 118 | 126 | 119 |
| Disposals | - | - | - | -1 | -71 | -21 | -71 | -21 |
| Disposal of subsidiary companies [1] | -615 | -70 | -1,329 | -22 | -664 | -58 | -2,608 | -150 |
| Reclassifications | - | - | - | - | 48 | 6 | 48 | 6 |
| **Cost 31 December** | **417** | **1,021** | **-** | **1,334** | **929** | **1,586** | **1,346** | **3,941** |
| | | | | | | | | |
| **Accumulated depreciation 1 January** | **-** | **-** | **820** | **794** | **955** | **850** | **1,775** | **1,643** |
| Translation differences and other adjustments | - | - | -6 | 29 | -85 | 16 | -91 | 45 |
| Disposals | - | - | - | -1 | -71 | -20 | -71 | -21 |
| Disposal of subsidiary companies [1] | - | - | -830 | -22 | -447 | -37 | -1,277 | -59 |
| Reclassifications | - | - | - | - | 34 | - | 34 | - |
| Depreciation for the year | - | - | 14 | 20 | 130 | 144 | 144 | 164 |
| Impairment charges [2] | 167 | - | 1 | - | 6 | 2 | 174 | 2 |
| **Accumulated depreciation 31 December** | **167** | **-** | **-** | **820** | **521** | **955** | **689** | **1,775** |
| **BS Carrying amount 31 December** | **250** | **1,021** | **-** | **514** | **408** | **632** | **657** | **2,167** |

1) See ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.
2) See ▸ **Note 19** Impairment testing.

Changes during the year include Uniper until 30 September 2022.

## Goodwill in groups of cash-generating units

Goodwill is allocated to operating segments corresponding to groups of cash-generating units that benefit from the synergies of the acquired goodwill.

| **EUR million** | **2022** | **2021** |
|---|---|---|
| Consumer Solutions | 214 | 223 |
| City Solutions | 36 | 137 |
| Uniper | - | 515 |
| Russia | - | 144 |
| **Total** | **250** | **1,021** |

## Other intangible assets

Other intangible assets include customer contracts, and costs for software products and software licenses.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 17 Property, plant and equipment and right-of-use assets

## ACCOUNTING POLICIES

Property, plant and equipment mainly include power and heat production-related buildings, structures and machinery, waterfall rights, and other buildings and machinery.

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses on the consolidated balance sheet. Historical cost includes expenditure that is directly attributable to the acquisition of an item. Borrowing costs are included in the cost of qualified assets. Additionally, the cost of an item of property, plant and equipment includes the estimated cost of its dismantlement, removal or restoration when there is a contractual obligation towards a third party, or a legal obligation.

Acquired assets on the acquisition of a new subsidiary are stated at their fair values at the date of acquisition.

See ▸ **Note 30** Other provisions for information about asset retirement obligations, ▸ **Note 29** Nuclear-related assets and liabilities, for information about provisions for decommissioning nuclear power plants and ▸ **Note 34** Leases, for information about right-of-use assets.

Land, water areas and waterfall rights are not depreciated since they have indefinite useful lives.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings and structures: 10-50 years
- Machinery and equipment: 3-65 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each closing date. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See further information on the impairment testing in ▸ **Note 19** Impairment testing.

Economic lives and book values of property, plant and equipment reflect approved actions towards Fortum's climate-related targets.

## BORROWING COSTS

Borrowing costs directly attributable to the construction of qualifying assets are added to the cost of those assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

| | Land and waterfall rights | | Buildings and structures | | Machinery, equipment and other | | Advances paid and construction in progress | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **EUR million** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| **Cost 1 January** | **4,371** | **4,436** | **10,574** | **10,400** | **32,996** | **32,285** | **1,172** | **1,602** | **49,113** | **48,723** |
| Translation differences and other adjustments | -275 | -75 | 422 | 145 | 588 | 444 | -166 | 41 | 569 | 554 |
| Acquisition of subsidiary companies | 8 | - | 8 | - | - | - | 6 | - | 21 | - |
| Capital expenditure [1] | 4 | 6 | 13 | 56 | 49 | 232 | 758 | 754 | 824 | 1,046 |
| Additions to right-of-use assets | 6 | 34 | 29 | 41 | 12 | 97 | - | - | 47 | 173 |
| Decreases in right-of-use assets | - | - | -18 | -11 | -12 | -21 | - | - | -30 | -32 |
| Nuclear asset retirement cost | - | - | - | - | -9 | 56 | - | - | -9 | 56 |
| Disposals | -4 | -14 | -35 | -33 | -149 | -337 | -3 | -8 | -190 | -392 |
| Disposal of subsidiary companies [2] | -1,680 | -17 | -7,645 | -257 | -26,086 | -602 | -1,033 | -100 | -36,444 | -975 |
| Reclassifications | - | 2 | 58 | 233 | 135 | 841 | -222 | -1,116 | -28 | -41 |
| **Cost 31 December** | **2,429** | **4,371** | **3,406** | **10,574** | **7,525** | **32,996** | **513** | **1,172** | **13,872** | **49,113** |
| | | | | | | | | | | |
| **Accumulated depreciation 1 January** | **279** | **280** | **6,164** | **5,936** | **23,460** | **22,963** | **162** | **157** | **30,064** | **29,357** |
| Translation differences and other adjustments | -7 | 4 | 199 | 143 | 63 | 180 | -4 | -2 | 252 | 325 |
| Acquisition of subsidiary companies | - | - | 1 | - | - | - | - | - | 1 | - |
| Disposals | - | -10 | -33 | -32 | -100 | -331 | -1 | -1 | -134 | -373 |
| Disposal of subsidiary companies [2] | -275 | -1 | -5,089 | -78 | -20,589 | -269 | -164 | - | -26,116 | -348 |
| Decreases in right-of-use assets | - | - | -5 | -1 | -10 | -12 | - | - | -15 | -13 |
| Depreciation for the year | 11 | 5 | 316 | 180 | 666 | 932 | - | 1 | 994 | 1,117 |
| Impairment charges [3] | 1 | - | 518 | 19 | 1,050 | 15 | 5 | - | 1,574 | 34 |
| Reclassifications | -3 | - | -83 | -3 | 72 | -40 | - | 8 | -14 | -35 |
| **Accumulated depreciation 31 December** | **5** | **279** | **1,989** | **6,164** | **4,612** | **23,460** | **-** | **162** | **6,606** | **30,064** |
| **BS Carrying amount 31 December** | **2,424** | **4,093** | **1,417** | **4,410** | **2,913** | **9,536** | **513** | **1,010** | **7,266** | **19,049** |

1) Includes EUR 51 million (2021: 50) of other asset retirement costs.
2) See ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.
3) See ▸ **Note 19** Impairment testing.

Changes during the year include Uniper until 30 September 2022.

Property, plant and equipment that are subject to restrictions in the form of real estate mortgages amount to EUR 167 million (2021: 81). See ▸ **Note 36** Pledged assets and contingent liabilities.

Borrowing costs of EUR 5 million relating to continuing operations were capitalised in 2022 (2021: 3). The interest rate used for capitalising borrowing costs varied from 2% to 10% (2021: 2%-7%). For constructions financed by the Group, a uniform rate may be used based on interest rates of financial liabilities, including leases.

Property, plant and equipment includes right-of-use assets from leases in which Fortum acts as the lessee. See ▸ **Note 34** Leases.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 18 Participations in associated companies and joint ventures

## ACCOUNTING POLICIES

The Group's interests in associated companies and jointly controlled entities are accounted for using the equity method of accounting. Assets acquired and liabilities assumed in the investment in associates or joint ventures are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

The Group's share of its associates or joint ventures post-acquisition profits or losses after tax, and the expenses related to the adjustments to the fair values of the assets and liabilities assumed are recognised in the income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Group's share of post-acquisition adjustments to associates or joint ventures equity that has not been recognised in the associate's or joint venture's income statement, is recognised directly in Group's shareholder's equity, and against the carrying amount of the investment.

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Material unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture. Material unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates or joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

If more recent information is not available, the share of the profit of certain associated or joint venture companies is included in the consolidated accounts based on the latest available information.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management is required to make significant judgements when assessing the nature of Fortum's interest in its investees and when considering the classification of Fortum's joint arrangements. In the classification, emphasis has been put on decision making, legal structure, financing and risks of the arrangements.

Management judgement is required when testing the carrying amounts for participations in associated companies and joint ventures for impairment. See ▸ **Note 19** Impairment testing for more information.

## 18.1 Principal associated companies and joint ventures

| | Forsmarks Kraftgrupp AB | Kemijoki Oy | OKG AB | TVO Oyj |
|---|---|---|---|---|
| Nature of the relationship | Co-owned nuclear company | Co-owned hydro company | Co-owned nuclear company | Co-owned nuclear company |
| Classification | Associated company | Associated company | Associated company | Joint venture |
| Segment | Generation | Generation | Generation | Generation |
| Domicile | Sweden | Finland | Sweden | Finland |
| Ownership interest, % [1] | 26 | 58 | 46 | 26 |
| Votes, % | 26 | 28 | 46 | 26 |

1) Kemijoki and TVO have different series of shares. The ownership interest varies due to the changes in equity assigned to the different share series. In 2022 there were no changes in the ownership interests in Kemijoki and TVO.

### Shareholdings in power production companies

Power plants are often built jointly with other power producers. Under the consortium agreements, each owner is entitled to electricity in proportion to its share of ownership, or other agreements, and each owner is liable for an equivalent portion of costs. The production companies are not profit making, since the owners purchase electricity at production cost, including interest cost and production taxes. The share of profit of these companies is mainly IFRS adjustments (e.g. accounting for nuclear-related assets and liabilities) and depreciations on fair value adjustments from historical acquisitions since the companies are not profit making under local accounting principles.

Fortum has material shareholdings in such power production companies (mainly nuclear and hydro) that are consolidated using equity method either as associated companies (Forsmarks Kraftgrupp AB, Kemijoki Oy and OKG) or as joint venture (Teollisuuden Voima Oyj (TVO)).

In Sweden, nuclear production company shareholdings are 25.5% ownership of the shares in Forsmarks Kraftgrupp AB and 45.5% ownership of the shares in OKG AB. Excluding non-controlling interests in the subsidiaries, Fortum's participation in the companies are 22.2% and 43.4% respectively, which reflects the share of electricity produced that Fortum can sell further to the market. The minority part of the electricity purchased is invoiced further to each minority owner according to their respective shareholding and treated as pass-through.

In Finland, Fortum has an ownership in power production company TVO that has two series of shares which entitle the shareholders to electricity produced in the different power plants owned by TVO. Shares in series A entitle to electricity produced in nuclear power plants Olkiluoto 1 and 2 and Fortum owns 26.6% of these shares. Series B entitles to electricity in the nuclear power plant currently under test production phase, Olkiluoto 3, and Fortum's ownership in this share series is 25.0%.

See also Associated companies in ▸ **Note 29** Nuclear-related assets and liabilities.

The most significant hydro production company shareholding is 63.8% of the hydro shares and 26.7% of the monetary shares in Kemijoki Oy. Each owner of hydro shares is entitled to the hydropower production in proportion to its hydro shareholding.

### Changes in shareholdings in principal associated companies and joint ventures

Fortum and Uniper are co-owners in the Swedish nuclear company OKG Aktiebolag (OKG AB), with Fortum owning 45.5%. Fortum accounted for the shareholding in OKG AB as a subsidiary from 31 March 2020 to 30 September 2022. On deconsolidation of Uniper at 30 September 2022, OKG AB was reclassified as an associated company.

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path. Therefore, TGC-1 is no longer classified as a principal associated company at 31 December 2022.

On 20 September 2021, Fortum concluded the sale of its 50% ownership in the Swedish district heating and cooling company Stockholm Exergi Holding AB (publ). See also ▸ **Note 3.2.2** Other disposals.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Summarised financial information of the principal associated companies in 2022

| EUR million | Forsmarks Kraftgrupp AB | Kemijoki Oy | OKG AB |
|---|---|---|---|
| **Balance sheet** | **31 Dec 2021** | **31 Dec 2021** | **31 Dec 2021** |
| Non-current assets | 2,393 | 489 | 825 |
| Current assets | 525 | 5 | 184 |
| Non-current liabilities | 2,783 | 289 | 920 |
| Current liabilities | 105 | 154 | 76 |
| Equity | 31 | 52 | 13 |
| Attributable to the owners of the parent | 31 | 52 | 13 |
| Attributable to non-controlling interests | - | - | - |
| | **1 Jan 2021 - 31 Dec 2021** | **1 Jan 2021 - 31 Dec 2021** | **1 Jan 2021 - 31 Dec 2021** |
| **Statement of comprehensive income** | | | |
| Sales | 594 | 50 | 312 |
| Profit or loss | - | 1 | 2 |
| Attributable to the owners of the parent | - | 1 | 2 |
| Attributable to non-controlling interests | - | - | - |
| Total comprehensive income | - | 1 | 2 |
| Attributable to the owners of the parent | - | 1 | 2 |
| Attributable to non-controlling interests | - | - | - |
| **Reconciliation to carrying amount in Fortum Group** | | | |
| Group's interest in the equity of the associate 1 January | 12 | 30 | - |
| Reclassification | -4 | | 6 |
| Change in share of profit and OCI items | | -1 | - |
| **Group's interest in the equity of the associate 31 December** | **8** | **30** | **6** |
| Fair values on acquisitions and different accounting principles [1] | 77 | 148 | -6 |
| **Carrying amount 31 December** | **85** | **178** | **-** |

1) Impact of different accounting principles include mainly IFRS adjustments for nuclear-related assets and liabilities, capitalised borrowing costs and fair value adjustment for the acquired assets and liabilities. Fortum records its share of nuclear-related assets and liabilities in its nuclear associated companies according to equity method. The basis for recognition is similar as for Loviisa power plant, see accounting principles in ▸ **Note 29** Nuclear-related assets and liabilities.
2) The market quotation was impacted by the limited free float of TGC-1 shares in 2021.

## Summarised financial information of the principal associated companies in 2021

| EUR million | Forsmarks Kraftgrupp AB | Kemijoki Oy | TGC-1 |
|---|---|---|---|
| **Balance sheet** | **31 Dec 2020** | **31 Dec 2020** | **30 Sept 2021** |
| Non-current assets | 2,619 | 483 | 1,863 |
| Current assets | 441 | 7 | 273 |
| Non-current liabilities | 2,899 | 323 | 213 |
| Current liabilities | 128 | 116 | 223 |
| Equity | 33 | 52 | 1,700 |
| Attributable to the owners of the parent | 33 | 52 | 1,548 |
| Attributable to non-controlling interests | - | - | 153 |
| | **1 Jan 2020 - 31 Dec 2020** | **1 Jan 2020 - 31 Dec 2020** | **1 Oct 2020 - 30 Sept 2021** |
| **Statement of comprehensive income** | | | |
| Sales | 561 | 53 | 1,136 |
| Profit or loss | -1 | 1 | 104 |
| Attributable to the owners of the parent | -1 | 1 | 103 |
| Attributable to non-controlling interests | - | - | 2 |
| Total comprehensive income | -1 | 1 | 105 |
| Attributable to the owners of the parent | -1 | 1 | 103 |
| Attributable to non-controlling interests | - | - | 2 |
| **Reconciliation to carrying amount in Fortum Group** | | | |
| Group's interest in the equity of the associate 1 January | 12 | 30 | 409 |
| Change in share of profit and OCI items | - | - | 31 |
| Dividends received | - | - | -14 |
| Translation differences and other adjustments | - | - | 39 |
| **Group's interest in the equity of the associate 31 December** | **12** | **30** | **464** |
| Fair values on acquisitions and different accounting principles [1] | 479 | 149 | -8 |
| **Carrying amount 31 December** | **491** | **179** | **456** |
| **Market value of listed shares [2]** | | | **135** |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Summarised financial information of the principal joint ventures

| EUR million | 2022 TVO Oyj | 2021 TVO Oyj |
|---|---|---|
| **Balance sheet** | **31 Dec 2022** | **31 Dec 2021** |
| Non-current assets | 8,308 | 7,946 |
| Current assets | 863 | 716 |
| of which cash and cash equivalents | 353 | 172 |
| Non-current liabilities | 6,517 | 5,967 |
| of which non-current interest-bearing liabilities | 5,223 | 4,599 |
| Current liabilities | 437 | 632 |
| of which current financial liabilities | 259 | 449 |
| Equity | 2,218 | 2,063 |
| Attributable to the shareholders of the company | 2,218 | 2,063 |
| Attributable to non-controlling interests | - | - |
| | **1 Jan 2022 - 31 Dec 2022** | **1 Jan 2021 - 31 Dec 2021** |
| **Statement of comprehensive income** | | |
| Sales | 358 | 299 |
| Depreciation and amortisation | -47 | -44 |
| Interest income | 6 | 5 |
| Interest expense | -81 | -42 |
| Income tax expense or income | 0 | - |
| Profit or loss | -48 | -20 |
| Other comprehensive income | 212 | 44 |
| Total comprehensive income | 164 | 25 |
| Attributable to the shareholders of the company | 164 | 25 |
| **Reconciliation to carrying amount in Fortum Group** | | |
| Group's interest in the equity of the joint venture at 1 January | 523 | 518 |
| Change in share of profit and OCI items | 41 | 5 |
| **Group's interest in the equity of the joint venture 31 December** | **564** | **523** |
| Fair values on acquisitions and different accounting principles [1] | -9 | 3 |
| **Carrying amount 31 December** | **556** | **526** |

1) Impact of different accounting principles include mainly IFRS adjustments for nuclear-related assets and liabilities and capitalised borrowing costs. Fortum records its share of nuclear-related assets and liabilities in its nuclear associated companies according to equity method. The basis for recognition is similar as for Loviisa power plant, see accounting principles in ▸ **Note 29** Nuclear-related assets and liabilities.

## 18.2 Participations in and share of profits from associated companies and joint ventures

### Participations in associated companies and joint ventures on the balance sheet

| EUR million | 2022 | 2021 |
|---|---|---|
| Principal associates | 262 | 1,126 |
| Principal joint ventures | 556 | 526 |
| Other associates | 158 | 309 |
| Other joint ventures | 273 | 500 |
| BS Total | **1,249** | **2,461** |

### Changes in participation during the year

| | 2022 | | 2021 | |
|---|---|---|---|---|
| EUR million | Associated companies | Joint ventures | Associated companies | Joint ventures |
| Opening balance 1 January | 1,435 | 1,026 | 1,508 | 1,404 |
| Investments | 5 | 9 | 6 | 39 |
| Share of profit of associates and joint ventures | -542 | -16 | 104 | 88 |
| Dividend income received | -21 | -16 | -37 | -76 |
| Divestments and capital returns [1] | -15 | -13 | -18 | -551 |
| Disposal of subsidiary companies [2] | -527 | -109 | - | - |
| Reclassifications | 70 | -137 | -152 | 94 |
| OCI items in associates and joint ventures | 1 | 40 | -1 | 39 |
| Translation differences and other adjustments | 14 | 45 | 26 | -12 |
| **Carrying amount at 31 December** | **421** | **828** | **1,435** | **1,026** |

1) Divestments and capital returns in 2021 mainly relate to the sale of Stockholm Exergi AB.
2) See ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.

Changes during the year include Uniper until 30 September 2022. Disposal of subsidiary companies and Reclassifications include EUR -671 million from the deconsolidation of Uniper at 30 September 2022.

During 2022 Fortum received EUR 37 million (2021: 113) in dividends from associates and joint ventures. 2021 included EUR 42 million dividends from Stockholm Exergi.

The share of profits of associates and joint ventures include EUR 414 million impairments related to Fortum's ownership in the Russian TGC-1 and EUR 62 million of impairments of the renewables joint ventures in Russia. See ▸ **Note 19** Impairment testing.

For information about investments and divestments of shares in associated companies and joint ventures, see ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Share of profit of associates and joint ventures

| EUR million | 2022 | 2021 |
|---|---|---|
| **Principal associates** | | |
| Forsmarks Kraftgrupp AB | -78 | 40 |
| Kemijoki Oy | -1 | -1 |
| OKG AB | -99 | 28 |
| **Principal associates, total** | **-178** | **67** |
| **Principal joint ventures** | | |
| TVO Oyj | -13 | -3 |
| **Principal joint ventures, total** | **-13** | **-3** |
| Other associates | -420 | 33 |
| Other joint ventures | -17 | 72 |
| IS **Total** | **-629** | **168** |

There are no unrecognised share of losses of associated companies and joint ventures.

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

| EUR million | 2022 | 2021 |
|---|---|---|
| IS **Share of profit/loss of associates and joint ventures** | **-629** | **168** |
| Adjustments to share of profit/loss of associates and joint ventures | 618 | -65 |
| **Comparable share of profit/loss of associates and joint ventures** | **-11** | **104** |

In 2022, the adjustment to share of profits of associates and joint ventures include EUR 414 million impairments related to Fortum's ownership in the Russian TGC-1 and EUR 62 million of impairments of the renewables joint ventures in Russia. See ▸ **Note 19** Impairment testing.

## 19 Impairment testing

### ACCOUNTING POLICIES

The carrying values of goodwill, other intangible assets, property, plant and equipment, right-of-use assets, and non-financial investments are reviewed regularly for indication of impairment.

Indications of impairment are business-specific and are thus analysed separately by each segment; and include risks, such as changes in electricity and fuel prices, regulatory/political risks relating to energy taxes, price regulations, and limitations to the lifetime of assets.

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.

In addition, goodwill and other intangible assets that have an indefinite useful life, and as such are not subject to amortisation, are tested annually for impairment, even if there is no indication of impairment. Impairment testing is performed and documented annually in connection with the long-term forecasting process.

Annual impairment testing is performed on a cash-generating unit level. Fortum defines cash-generating unit as the smallest group of assets that generate cash flows that are independent of the cash flows generated by other assets.

Goodwill is allocated to groups of cash-generating units that benefit from the synergies of the acquired goodwill.

Fortum uses value in use to establish the recoverable amount of cash-generating units. Value in use is determined by discounting future cash flows expected to be derived from group of assets. The carrying amount of group of cash generating units comprises net operating assets, including goodwill and fair value adjustments arising from acquisitions.

Non-financial assets, other than goodwill, that have been impaired in the past are reviewed for possible reversal of impairment at each reporting date.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS: ASSUMPTIONS RELATED TO IMPAIRMENT TESTING

Impairment testing is forward-looking and requires management to make certain assumptions, as explained below.

The recoverable amounts of cash-generating units are determined by value in use calculations. These calculations are based on estimated discounted future cash flows in local currency from most recent, long-term forecast, and / or long-term assumptions approved by management. Cash flows cover an explicit forecast period of three years for City Solutions CGU and six years for Consumer Solutions CGU. Cash flow projections beyond the explicit forecast period are estimated by extrapolating projections using a steady or declining growth rate.

The period covered by cash flows is related to the useful lives of the assets being reviewed for impairment. The growth rate used to extrapolate the cash flow projections until the end of assets' useful lives is in line with the assumed inflation, taking into consideration market outlook forecast. Cash flows arising from future investments, such as new plants, are excluded; unless projects have been started, in which case the cash outflow needed to complete the started projects is included.

The discount rates reflect current assessments of the time value of money and relevant market risk premiums specific to each cash generating unit, reflecting risks and uncertainties for which the future cashflow estimates have not been adjusted.

Preparation of these cash flow estimates requires management to make assumptions relating to future expectations. Assumptions vary depending on the business the tested assets are in. Approved actions towards Fortum's climate targets are reflected in the assumptions used in the impairment testing.

Key assumptions used in impairment testing are presented below, as well as the basis for determining the value of each assumption. Assumptions are based on internal and external data that are consistent with observable market information, when applicable.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

| Key assumptions | Basis for determining the value for key assumptions |
|---|---|
| Power market development, recycling and waste solutions market development | Historical analysis and prospective forecasting |
| Regulation framework | Current market setup and prospective forecasting |
| Utilisation of power plants and treatment facilities | Past experience, technical assessment and forecasted market development |
| Forecasted maintenance investments | Past experience, technical assessment and planned maintenance work |
| Discount rate | Mostly market based information |

## Impairment testing due to triggering event

On 24 February 2022, Russia started a widespread invasion into Ukraine. As a consequence, the US, the EU and the UK, amongst others, imposed sanctions targeting Russia's ability to access capital and financial markets, sanctioning numerous individuals and banks; as well as trading in general. The war, the resulting sanctions, and the impact on business operations was considered as an impairment indicator, which triggered impairment testing on the Russia cash-generating unit (CGU) at 31 March 2022.

For goodwill, other intangible assets, property, plant and equipment, and right-of-use assets, Fortum uses value in use to establish the recoverable amount of CGUs. Value in use is determined by discounting future cash flows expected to be derived from a group of assets. In order to reflect the uncertainty related to the Russia-Ukraine geopolitical situation at 31 March 2022, Fortum used the expected cash flow approach with three different probability-weighted cash flow scenarios prepared by the management: the base scenario with 40% weighting, as well as two different downside scenarios, each with 30% weighting. Cash flows used for annual impairment testing at the previous year end were based on the most likely scenario. In addition, Fortum updated the discount rate for Russia CGU. Discount rate from 11% to 31% was applied on a reducing scale over the cash flow period, with higher discount rate in the first three years.

The recoverable amount of the Russian associate TCG-1 was based on fair value less costs of disposal using two different probability-weighted scenarios prepared by the management. The scenarios were consistent with external sources of information, the recoverable amount corresponding to fair value hierarchy level 3.

The recoverable amount of the Russia CGU (Russia segment) was below the book value resulting in EUR 445 million impairment charge in I/2022. Impairment was recognised against goodwill, property, plant and equipment and participations in associates and joint ventures.

### Discontinued operations (Uniper)

Impairment testing was also performed on the Unipro CGU at 31 March 2022. Unipro CGU was reclassified as discontinued operations in III/2022. The recoverable amount of the Unipro CGU was below the book value resulting in EUR 555 million impairment charge in I/2022.

## Annual impairment testing

Annual impairment testing was performed as at 31 December 2022.

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, however there are no decisions and these processes might take some time and are subject to regulatory approvals, Fortum continues to classify its Russian operations as continuing. Fortum generally uses value in use to establish the recoverable amount of CGUs. However, in connection with the annual impairment testing as of 31 December 2022, management concluded that due to the increasingly complex operating environment and prolonged uncertainty regarding the future of its Russian operations, fair value less costs of disposal is now more appropriate method to establish the recoverable amount of the Russia CGU. Fair value less costs of disposal for the Russia CGU was determined by an external party and is based on discounted cash flow model using 12.8% to 13.9% discount rate. Management made an additional risk adjustment to account for market restrictions. The valuation method is consistent with external sources of information, the recoverable amount corresponding to fair value hierarchy level 3. Management estimates that value in use method would not give a higher value to the Russia CGU.

The recoverable amount of the Russian associate TGC-1 was based on fair value less costs of disposal using quoted market price, the recoverable amount corresponding to fair value hierarchy level 2.

The recoverable amount of the Russia CGU (Russia segment) was below the book value resulting in EUR 778 million impairment charge in the Russia CGU. Impairments were recognised against property, plant and equipment and participations in associates and joint ventures. Total impairment charges in 2022 for the Russia CGU amount 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. The remaining book value of Russia segment's net assets is approximately EUR 1.7 billion at 31 December 2022 (31 Dec 2021: 2.5). The book value is based on the assumption that the controlled exit can be executed, and that other assumptions made by management realise as expected. The carrying amount of the Russia CGU is equal to its recoverable amount, meaning that any detrimental future changes may cause further impairment.

See also ▸ **Note 2** Critical accounting estimates and judgements.

The table below presents long-term pre-tax discount rates used in impairment testing by cash generating units:

| Discount rate % | 2022 | 2021 |
|---|---|---|
| Consumer Solutions [1] | 7.6-9.8 | 4.5-5.6 |
| City Solutions [1] | 7.4 | 4.8 |
| Russia | 12.8-13.9 | 11.7 |
| Uniper [1] | N/A | 4.6-11.7 |

1) Discount rate depends on location and type of business.

At 31 December 2022, the recoverable amounts of Consumer Solutions and City Solutions CGUs were greater than their carrying values and therefore no impairments were booked.

The Group has considered the sensitivity of key assumptions as part of the impairment testing. When doing this, any consequential effect of the change on the other variables has also been considered. The calculations are most sensitive to changes in estimated future EBITDA levels, and changes in discount rate. Management estimates that no reasonably possible change in the discount rate used, or in future earnings would cause the carrying amount to exceed its recoverable amount in Consumer Solutions or City Solutions cash generating units.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 20 Other non-current assets

| EUR million | 2022 | 2021 |
|---|---|---|
| Other investments | 543 | 254 |
| Interest-free receivables | 85 | 316 |
| BS **Total** | **628** | **570** |

Other investments mainly include certain subsidiaries that are not included in the consolidated financial statements on materiality grounds, accounted for outside the scope of IFRS 9 and measured at cost, as well as shares in unlisted companies. Change in other investments from 31 December 2021 is mainly due to the 1.3 GW portfolio of wind projects in Russia, as well as the deconsolidation of Uniper at 30 September 2022.

Interest-free receivables mainly include prepaid expenses. Change in interest-free receivables from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022.

## 21 Interest-bearing receivables

| EUR million | 2022 | 2021 |
|---|---|---|
| Interest-bearing receivables | 1,281 | 2,971 |
| Finance lease receivables | 3 | 136 |
| **Total** | **1,284** | **3,107** |

| | 2022 | | 2021 | |
|---|---|---|---|---|
| EUR million | Carrying amount | Fair value | Carrying amount | Fair value |
| Long-term loan receivables from associates and joint ventures | 593 | 612 | 1,138 | 1,185 |
| Non-current securities | - | - | 111 | 111 |
| Other long-term interest-bearing receivables | 31 | 31 | 1,024 | 1,024 |
| **Total long-term interest-bearing receivables** | **624** | **643** | **2,273** | **2,320** |
| Collateral arrangement securities | 527 | 527 | 549 | 549 |
| Other short-term interest-bearing receivables | 130 | 130 | 149 | 149 |
| **Total short-term interest-bearing receivables** | **657** | **657** | **698** | **698** |
| **Total** | **1,281** | **1,301** | **2,971** | **3,018** |

Changes in interest-bearing receivables from 31 December 2021 are mainly due to the deconsolidation of Uniper at 30 September 2022.

Long-term interest-bearing receivables include receivables from associated companies and joint ventures of EUR 593 million (2021: 1,138). These receivables include EUR 498 million from Swedish nuclear companies, Forsmarks Kraftgrupp AB and OKG AB (2021: 955 Forsmarks Kraftgrupp AB and Ringhals AB), which are mainly funded with shareholder loans, pro-rata to each shareholder's ownership.

## 22 Inventories

### ACCOUNTING POLICIES

Inventories are stated at the lower of cost and net realisable value being the estimated selling price for the end product, less applicable variable selling expenses and other production costs. Cost is generally determined using the weighted average cost method.

Inventories which are acquired for the purpose of buying and selling commodities in the near future, generating profit from the fluctuation in market price, are stated at fair value less cost to sell.

### EMISSION ALLOWANCES

Inventories include $CO_2$ emission allowances for covering emissions caused by power and heat production. $CO_2$ emission allowances received free of charge are accounted at nominal value. Purchases of $CO_2$ emissions allowances meeting the IFRS 9 "own use"-criteria, are accounted for at contracted purchase price. Purchases of $CO_2$ emission allowances, which have failed to meet the "own use" –criteria, and are thus accounted for as derivatives, are recognised at market price applicable at the time of delivery.

$CO_2$ emission costs are settled by returning the emission allowances. The obligation for $CO_2$ emission costs is presented in Other payables, see ▸ **Note 33** Trade and other payables. To the extent that the Group already holds allowances to cover the emission costs, the obligation is measured at the carrying amount of those allowances. Any shortfall of allowances needed to cover the settlement obligation is valued at the current market value of allowances.

The emission cost is recognised in the consolidated income statement within materials and services.

| EUR million | 2022 | 2021 |
|---|---|---|
| Raw materials and supplies | 298 | 703 |
| Goods purchased for resale | - | 1,247 |
| Emission rights and green certificates | 112 | 168 |
| Other | 55 | 156 |
| BS **Total** | **465** | **2,275** |

Raw materials and supplies mainly consist of fuels consumed in the production process, or in the rendering of services; and include, in particular, coal, uranium and nuclear fuel rods. Goods purchased for resale include gas and coal inventories. Other mainly consists of work in progress and finished goods. Change in inventories from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022.

In 2021, inventories stated at fair value less costs to sell amounted to EUR 74 million and related to Uniper.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 23 Trade and other receivables

## ACCOUNTING POLICIES

Trade receivables include revenue based on an estimate of electricity, gas, heat and cooling already delivered but not yet measured and not yet invoiced.

Impairment losses for trade receivables are calculated according to the expected credit loss (ECL) model. Loss allowances on trade receivables are measured at an amount equal to lifetime expected credit losses.

An allowance is made on the balance sheet for the expected future credit losses and remains on the balance sheet until it is written off as a credit loss or reversed. Allowances may remain on the balance sheet for several years pending the outcome of collection processes and court proceedings. Write-off policies differ by country depending on local legislation and assessment of recovery possibilities. For large trade receivables, ECL is calculated for the individual customer based on the estimated probability of default and expected recovery rate for the customer. These estimates are derived from available market data when possible, or based on the customer's rating. Adjustments are made if there are indications of decreased creditworthiness, e.g. based on payment behaviour. ECL for trade receivables from small customers are calculated on portfolio basis by country and business segment. The credit loss allowances are based on historical analysis of losses when possible, or on average default rates for customers based on externally available information. These rates are adjusted if there are any forward-looking indicators showing changes in expected credit losses. Trade receivables overdue more than 180 days are generally considered to be credit-impaired and allowances are made for the full amount, adjusted for expected recovery rates.

| EUR million | 2022 | 2021 |
|---|---|---|
| Trade receivables | 1,625 | 12,916 |
| Other | 142 | 1,940 |
| **BS Total** | **1,767** | **14,856** |

Other category includes other operating assets, accrued income and prepaid expenses. Change in trade and other receivables from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022.

## Trade receivables

### Ageing analysis of trade receivables

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| EUR million | Gross | Expected credit loss allowance | Expected credit loss rate, % | Gross | Expected credit loss allowance | Expected credit loss rate, % |
| Not past due | 1,541 | 3 | 0 | 12,662 | 14 | 0 |
| Past due 1-30 days | 70 | 3 | 4 | 192 | 5 | 2 |
| Past due 31-90 days | 9 | 2 | 22 | 22 | 9 | 42 |
| Past due 91-180 days | 6 | 3 | 50 | 34 | 16 | 48 |
| Past due more than 181 days | 77 | 67 | 87 | 204 | 154 | 75 |
| **Total** | **1,703** | **78** | **5** | **13,114** | **198** | **2** |

### Changes in expected credit loss allowance

| EUR million | 2022 | 2021 |
|---|---|---|
| 1 January | 198 | 178 |
| Expected credit loss allowance recognised during the year | 78 | 43 |
| Disposal of subsidiary companies | -168 | - |
| Write-offs | -39 | -25 |
| Translation differences and other changes | 9 | 3 |
| **31 December** | **78** | **198** |

Changes during the year include Uniper until 30 September 2022.

### Trade receivables by currency (Gross)

| EUR million | 2022 | 2021 |
|---|---|---|
| EUR | 461 | 9,966 |
| NOK | 456 | 353 |
| SEK | 406 | 346 |
| PLN | 207 | 143 |
| RUB | 163 | 295 |
| USD | 3 | 1,196 |
| GBP | - | 795 |
| Other | 7 | 20 |
| **Total** | **1,703** | **13,114** |

Trade receivables are arising from a large number of customers mainly in EUR, NOK and SEK mitigating the concentration of risk.

For further information regarding credit risk management and credit risks, see ▸ **Counterparty and credit risks** in the Operating and financial review and ▸ **Note 4.4** Credit risk.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 24 Liquid funds

## ACCOUNTING POLICIES

Cash and cash equivalents in Liquid funds include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. Cash and cash equivalents, deposits and commercial papers are measured at amortised cost. Fixed-term securities are measured at fair value through profit or loss.

Drawn amount of bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Trading-related cash collaterals are included in margin receivables and otherwise restricted cash is treated as short-term interest-bearing receivables.

| EUR million | 2022 | 2021 |
|---|---|---|
| Cash at bank and in hand | 2,673 | 3,858 |
| Deposits and securities with maturity under 3 months | 1,098 | 3,687 |
| **Cash and cash equivalents** | **3,771** | **7,545** |
| Deposits and commercial papers with maturity more than 3 months | 147 | - |
| Securities, fixed-term with maturity more than 3 months | - | 47 |
| **Deposits and securities, maturity over 3 months but less than 12 months** | **147** | **47** |
| BS **Total** | **3,919** | **7,592** |

Changes in liquid funds from 31 December 2021 are mainly due to the deconsolidation of Uniper at 30 September 2022.

At the end of the reporting period, the Group's liquid funds totalled EUR 3,919 million (2021: 7,592). Liquid funds include EUR 247 million relating to Fortum's Russian operations (2021: 300). These funds are not available to the other Group companies as payment transactions with the Russian Federation are subject to general restrictions.

Liquid funds totalling EUR 3,600 million (2021: 7,342) are placed with counterparties that have an investment grade credit rating.

At the end of the reporting period, Fortum had undrawn committed credit facilities amounting to EUR 7,200 million. The undrawn facilities consisted of EUR 2,000 million Liquidity revolving credit facility maturing in June 2023 (6+6 months extension options by Fortum), EUR 2,400 million Core revolving credit facility maturing in June 2025 (1+1 year extension options by the lenders), EUR 2,000 million Solidium bridge financing facility maturing in September 2023 and EUR 800 million bilateral revolving credit facility maturing in December 2023. In addition, Fortum has EUR 100 million committed overdraft limits that are valid until further notice.

The EUR 3,000 million revolving credit facility with maturity in July 2022 was cancelled in June 2022 and the EUR 1,750 million revolving credit facility with maturity in June 2023 was repaid and cancelled in June 2022.

For further information regarding credit risk management and credit risks, see ▸ **Note 4.4** Credit risk.

# 25 Share capital

| EUR million | 2022 Number of shares | 2022 Share capital | 2021 Number of shares | 2021 Share capital |
|---|---|---|---|---|
| Registered shares at 1 January | 888,294,465 | 3,046 | 888,294,465 | 3,046 |
| Share issue to Solidium Oy | 8,970,000 | - | - | - |
| **Registered shares at 31 December** | **897,264,465** | **3,046** | **888,294,465** | **3,046** |

Fortum Corporation has one class of shares. By the end of 2022, a total of 897,264,465 shares had been issued. Each share entitles the holder to one vote at the Annual General Meeting. All shares entitle holders to an equal dividend. At the end of 2022 Fortum Corporation's share capital, paid in its entirety and entered in the trade register, was EUR 3,046,185,953.00.

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. 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. The total amount of shares outstanding in the company after the registration of the new shares is 897,264,465. As a consequence, the shares under the control of the State of Finland has increased from 50.76% to 51.26%.

Fortum Corporation's shares are listed on Nasdaq Helsinki. The trading code is FORTUM. Fortum Corporation's shares are in the Finnish book entry system maintained by Euroclear Finland Ltd.

Details on the President and CEO and other members of the Fortum Executive Management Team's shareholdings and interest in the equity incentive schemes is presented in ▸ **Note 10** Employee benefits and Board remuneration.

## 25.1 Authorisations from the Annual General Meeting 2022

In 2022, the Annual General Meeting decided to authorise the Board of Directors to decide on the repurchase and disposal of the company's own shares up to a maximum number of 20,000,000 shares, which corresponded to approximately 2.25% of all the shares in the company on 28 March 2022. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation. These authorisations are effective until the next Annual General Meeting and, in any event, for a period no longer than 18 months. These authorisations had not been used as per 1 March 2023.

## 25.2 Convertible bond loans and bonds with warrants

Fortum Corporation has not issued any convertible bonds or bonds with attached warrants, which would entitle the bearer to subscribe for Fortum shares. The Board of Directors of Fortum Corporation has no unused authorisations from the General Meeting of shareholders to issue convertible bond loans or bonds with warrants or increase the company's share capital.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 26 Non-controlling interests

## Principal non-controlling interests

| EUR million | 2022 | 2021 |
|---|---|---|
| Uniper, Germany | - | 1,318 |
| Fortum Oslo Varme AS Group, Norway | - | 150 |
| Other | 67 | 66 |
| BS **Total** | **67** | **1,534** |

Change in non-controlling interests from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022.

| EUR million | Uniper 2021 |
|---|---|
| Sales | 105,992 |
| Profit for the period | -4,122 |
| | |
| Dividends paid to non-controlling interests | -157 |
| Total cash flows | 2,663 |
| | |
| Current assets | 91,093 |
| Current liabilities | 95,331 |
| **Current net liabilities** | **-4,238** |
| | |
| Non-current assets | 27,683 |
| Non-current liabilities | 25,782 |
| **Non-current net assets** | **1,901** |
| | |
| **Net liabilities** | **-2,337** |
| of which attributable to non-controlling interests | 1,318 |
| | |
| Ownership interests held by non-controlling interests (%) | 22 |

# 27 Interest-bearing liabilities

## Financial net debt and adjusted net debt

| EUR million | 2022 | 2021 |
|---|---|---|
| **+ Interest-bearing liabilities** | **7,785** | **17,220** |
| **- BS Liquid funds** | **3,919** | **7,592** |
| - Non-current securities | - | 111 |
| - Collateral arrangement securities | 527 | 549 |
| **- Securities in interest-bearing receivables** | **527** | **660** |
| - BS Margin receivables | 2,607 | 9,163 |
| + BS Margin liabilities | 352 | 985 |
| **+/- Net margin liabilities/receivables** | **-2,255** | **-8,179** |
| **Financial net debt** | **1,084** | **789** |
| | | |
| + BS Pension obligations | 13 | 1,190 |
| + Other asset retirement obligations | 19 | 872 |
| - BS Share of Finnish and Swedish Nuclear Waste Funds | 966 | 3,515 |
| + BS Nuclear provisions | 966 | 3,891 |
| + Nuclear provisions net of assets in Nuclear Waste Funds | 0 | 375 |
| **+ Total provisions net of assets in Nuclear Waste Funds** | **33** | **2,438** |
| **Adjusted net debt** | **1,117** | **3,227** |

Fortum has a collateral arrangement to release cash from the Nordic Power Exchange. This arrangement is presented with equal amounts, EUR 527 million (2021: 549), as a short-term interest-bearing liability and an interest-bearing receivable.

Underfunded pension obligations and asset retirement obligations, net of share in nuclear waste funds, are included in adjusted net debt.

## Interest-bearing liabilities

| EUR million | 2022 | 2021 |
|---|---|---|
| Non-current loans | 3,558 | 7,756 |
| Current loans | 4,108 | 8,389 |
| **Total loans** | **7,666** | **16,144** |
| Non-current lease liabilities | 100 | 945 |
| Current lease liabilities | 19 | 130 |
| **Total lease liabilities** | **119** | **1,075** |
| **Total** | **7,785** | **17,220** |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

| EUR million | 2022 | 2021 |
|---|---|---|
| Bonds | 1,545 | 2,706 |
| Loans from financial institutions | 980 | 3,715 |
| Reborrowing from the Finnish State Nuclear Waste Management Fund | 918 | 916 |
| Lease liabilities | 100 | 945 |
| Other long-term interest-bearing liabilities | 115 | 419 |
| BS **Total long-term interest-bearing liabilities** | **3,658** | **8,701** |
| Current portion of long-term bonds | 1,090 | 999 |
| Current portion of loans from financial institutions | 539 | 468 |
| Current portion of other long-term interest-bearing liabilities | - | 264 |
| Commercial paper liabilities | 475 | 3,129 |
| Current portion of lease liabilities | 19 | 130 |
| Collateral arrangement liability | 527 | 549 |
| Other short-term interest-bearing liabilities | 1,477 | 2,980 |
| BS **Total short-term interest-bearing liabilities** | **4,127** | **8,519** |
| **Total** | **7,785** | **17,220** |

## Loans

| | | | Repricing | | | | | |
|---|---|---|---|---|---|---|---|---|
| EUR million | Effective interest rate, % | Carrying amount 2022 | Under 1 year | 1-5 years | Over 5 years | Fair value 2022 | Carrying amount 2021 | Fair value 2021 |
| Bonds | 1.8 | 2,634 | 1,088 | 715 | 832 | 2,569 | 3,705 | 3,919 |
| Loans from financial institutions | 4.5 | 1,519 | 1,343 | - | 177 | 1,545 | 4,183 | 4,222 |
| Reborrowing from the Finnish State Nuclear Waste Management Fund [1] | 0.5 | 918 | 918 | - | - | 938 | 1,165 | 1,213 |
| Other long-term loans | 4.6 | 115 | 82 | - | 33 | 126 | 433 | 463 |
| **Total long-term loans** [2] | **2.4** | **5,187** | **3,430** | **715** | **1,042** | **5,178** | **9,487** | **9,817** |
| Collateral arrangement liability | 0.9 | 527 | 527 | - | - | 527 | 549 | 549 |
| Commercial paper liabilities | 2.9 | 475 | 475 | - | - | 475 | 3,129 | 3,129 |
| Other short-term loans | 7.2 | 1,477 | 1,477 | - | - | 1,477 | 2,980 | 2,980 |
| **Total short-term loans** | **5.0** | **2,479** | **2,479** | **-** | **-** | **2,479** | **6,658** | **6,658** |
| **Total** [3] | **3.3** | **7,666** | **5,909** | **715** | **1,042** | **7,657** | **16,144** | **16,475** |

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 loans of EUR 1,629 million (2021: 1,731).
3) The average interest rate on loans and derivatives was 3.9% (2021: 1.3%).

Changes in interest-bearing liabilities from 31 December 2021 are mainly due to the deconsolidation of Uniper at 30 September 2022.

In January 2022, Fortum repaid the drawn amount of EUR 500 million of its EUR 800 million bilateral revolving credit facility. In March 2022, Fortum repaid EUR 247 million of the nuclear waste fund loans totalling EUR 918 million after the repayment.

In June 2022, Fortum drew EUR 800 million of its EUR 800 million bilateral revolving credit facility. Fortum signed a new EUR 5,500 million revolving credit facility which consists of a EUR 3,100 million Liquidity revolving credit facility and a EUR 2,400 million Core revolving credit facility. Fortum drew EUR 2,000 million from the Liquidity revolving credit facility and at the same time repaid and cancelled the EUR 1,750 million revolving credit facility. The remaining balance of the bridge loan, EUR 450 million, was prepaid in June 2022.

In July 2022, Fortum executed the second drawdown of EUR 600 million from the Liquidity revolving credit facility. In August 2022, Fortum drew the remaining EUR 500 million from the Liquidity revolving credit facility and furthermore drew EUR 1,000 million from the Core revolving facility.

In September 2022, Fortum utilised the remaining part, EUR 1,400 million, of the Core revolving credit facility. Fortum repaid a maturing bond of EUR 1,000 million in September 2022. Additionally, Fortum signed a EUR 2,350 million bridge financing facility with Finnish State-owned company Solidium. Fortum drew EUR 350 million from the Solidium bridge financing facility in September 2022.

In November 2022, Fortum repaid EUR 1,400 million part of the Core revolving credit facility and Fortum used the one year extension option of the EUR 800 million bilateral revolving credit facility to mature in December 2023. In December 2022, Uniper repaid the shareholder loan of EUR 4,000 million to Fortum. Fortum repaid the remaining EUR 1,000 million of the Core revolving credit facility, EUR 2,000 million of the Liquidity credit facility and the EUR 800 million bilateral revolving credit facility was fully repaid in December 2022.

Current loans, EUR 4,108 million (2021: 8,389), include the current portion of long-term loans, EUR 1,629 million (2021: 1,731), and short-term loans EUR 2,479 million (2021: 6,658).

Current portion of long-term loans, EUR 1,629 million, consist of maturing bonds and loans from financial institutions. Maturing bonds include EUR 1,000 million bond maturing in February 2023 and EUR 90 million Swedish krona bond maturing in June 2023. Maturing loans from financial institutions include EUR 500 million loan maturing in June 2023 (with 8-month extension option by Fortum).

Short-term loans, EUR 2,479 million, include EUR 1,100 million drawdowns from Liquidity revolving credit facility (with 6+6 months extension options by Fortum), a EUR 350 million drawdown from Solidium bridge financing facility and use of commercial paper programmes of EUR 475 million.

The average interest rate for the portfolio of EUR loans was 3.1% at the balance sheet date (2021: 0.6%). The average interest rate on total loans and derivatives was 3.9% at the balance sheet date (2021: 1.3%).

Interest-bearing liabilities of EUR 7,785 million include EUR 204 million interest-bearing liabilities relating to Fortum's Russian operations, which consists of EUR 199 million loans and EUR 5 million lease liabilities.

For more information, see ▸ **Note 4** Financial risk management, ▸ **Note 34** Leases, ▸ **Note 36** Pledged assets and contingent liabilities and ▸ **Note 38** Related party transactions.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Reconciliation of interest-bearing liabilities

| | | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|---|
| EUR million | 1 Jan 2022 | Divestment of subsidiary companies | Cash flow from financing activities [1] | Non-cash collateral arrangement | Valuation differences/ Change in consolidation | Lease liabilities | 31 Dec 2022 |
| Bonds | 3,705 | | -1,000 | | -71 | | 2,634 |
| Reborrowing from the Finnish State Nuclear Waste Management Fund | 1,165 | | -247 | | | | 918 |
| Financial and other interest-bearing liabilities [2] | 11,274 | -19,723 | 9,672 | -21 | 2,910 | | 4,113 |
| Lease liabilities | 1,075 | -874 | -104 | | | 22 | 119 |
| **Total** | **17,220** | **-20,597** | **8,320** | **-21** | **2,840** | **22** | **7,785** |

| | | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|---|
| EUR million | 1 Jan 2021 | Divestment of subsidiary companies | Cash flow from financing activities | Non-cash collateral arrangement | Valuation differences/ Change in consolidation | Lease liabilities | 31 Dec 2021 |
| Bonds | 4,258 | | -500 | | -52 | | 3,705 |
| Reborrowing from the Finnish State Nuclear Waste Management Fund | 1,145 | | 21 | | | | 1,165 |
| Financial and other interest-bearing liabilities | 4,204 | -202 | 7,120 | 117 | 35 | | 11,274 |
| Lease liabilities | 1,055 | | -152 | | | 173 | 1,075 |
| **Total** | **10,662** | **-202** | **6,488** | **117** | **-17** | **173** | **17,220** |

1) Repayments and borrowings from continuing and discontinued operations.
2) Other interest-bearing liabilities include impact from Uniper deconsolidation as well as Uniper and OKG AB shareholder loans which were previously eliminated in group consolidation.

## Bond issues

| Issued/Maturity | Interest basis | Interest rate, % | Effective interest, % | Currency | Nominal value million | Carrying amount EUR million |
|---|---|---|---|---|---|---|
| Fortum Corporation EUR 8,000 million EMTN Programme [1] | | | | | | |
| 2019/2023 | Fixed | 0.875 | 0.996 | EUR | 1,000 | 998 |
| 2019/2026 | Fixed | 1.625 | 1.638 | EUR | 750 | 715 |
| 2019/2029 | Fixed | 2.125 | 2.247 | EUR | 750 | 735 |
| 2013/2023 | Floating | Stibor 3M+1.13 | | SEK | 1,000 | 90 |
| 2013/2043 | Fixed | 3.500 | 3.719 | EUR | 100 | 97 |
| **Total outstanding carrying amount 31 December 2022** | | | | | | **2,634** |

1) EMTN = Euro Medium Term Note

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 28 Income taxes on the balance sheet

## ACCOUNTING POLICIES

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement, because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided in full, using the balance sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the closing date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are set off against deferred tax liabilities if they relate to income taxes levied by the same taxation authority.

Deferred tax is provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group, and it is probable that the temporary difference will not be reversed in the foreseeable future.

The Group recognises liabilities for anticipated tax dispute issues based on estimates of whether additional taxes will be due. No provision will be recognised in the financial statements if Fortum considers the claims unjustifiable. Therefore, if taxes regarding ongoing tax disputes have to be paid before final court decisions, they are booked as a receivable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS: ASSUMPTIONS AND ESTIMATES REGARDING FUTURE TAX CONSEQUENCES

Fortum has deferred tax assets and liabilities which are expected to be realised through the income statement over the extended periods of time in the future. In calculating the deferred tax items, Fortum is required to make certain assumptions and estimates regarding the future tax consequences attributable to differences between the carrying amounts of assets and liabilities as recorded in the financial statements and their tax basis.

Assumptions made include the expectation that future operating performance for subsidiaries will be consistent with historical levels of operating results, recoverability periods for tax loss carry-forwards will not change, and that existing tax laws and rates will remain unchanged into foreseeable future. Fortum believes that it has prudent assumptions in developing its deferred tax balances.

Fortum continually evaluates the probability of utilising deferred tax assets and considers various factors that, in addition to the actual and planned earnings of the past, take into account medium-term and long-term planning. The basis for recognising deferred tax assets is an estimate by management of the extent to which it is probable that there will be sufficient taxable profit in the foreseeable future against which the unused tax losses, tax credits and deductible temporary differences can be offset.

Assumptions and estimates regarding main uncertain tax positions are supported by external legal counsel or expert opinion.

If the actual final outcome (regarding tax disputes) would differ negatively from management's estimates with 10%, the Group would need to increase the income tax liability by EUR 4 million at 31 December 2022.

## 28.1 Deferred taxes on the balance sheet

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| EUR million | 1 Jan | Change | 31 Dec | 1 Jan | Change | 31 Dec |
| BS Deferred tax assets | 2,149 | -1,215 | 933 | 1,089 | 1,060 | 2,149 |
| BS Deferred tax liabilities | -827 | 676 | -152 | -952 | 125 | -827 |
| **Net deferred taxes** | **1,321** | **-539** | **782** | **138** | **1,184** | **1,321** |

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilised in the relevant jurisdictions. As of 31 December 2022, Fortum has recognised deferred tax assets of EUR 933 million (2021: EUR 2,149 million).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Movement in deferred tax assets and liabilities 2022

| EUR million | Intangible assets | Property, plant and equipment and right-of-use assets | Pension obligations | Provisions | Derivative financial instruments | Tax losses and tax credits carry-forward | Other | Net deferred taxes |
|---|---|---|---|---|---|---|---|---|
| 1 January 2022 | -200 | -1,551 | 268 | 1,658 | 1,476 | 146 | -476 | 1,321 |
| Charged to income statement | -15 | 275 | -16 | 5,869 | 29 | 702 | 215 | 7,061 |
| Charged to other comprehensive income | - | - | -33 | - | 248 | - | - | 215 |
| Exchange rate differences, reclassifications and other changes | 5 | -85 | -144 | -38 | -39 | -9 | 40 | -269 |
| Disposals of subsidiary companies [1] | 156 | 830 | -77 | -7,509 | -1,126 | -89 | 269 | -7,546 |
| **31 December 2022** | **-54** | **-530** | **-3** | **-19** | **589** | **751** | **48** | **782** |

## Movement in deferred tax assets and liabilities 2021

| EUR million | Intangible assets | Property, plant and equipment and right-of-use assets | Pension obligations | Provisions | Derivative financial instruments | Tax losses and tax credits carry-forward | Other | Net deferred taxes |
|---|---|---|---|---|---|---|---|---|
| 1 January 2021 | -241 | -1,228 | 542 | 1,273 | -63 | 168 | -312 | 138 |
| Charged to income statement | 44 | -282 | -156 | 395 | 1,258 | -23 | -161 | 1,076 |
| Charged to other comprehensive income | - | - | -98 | - | 269 | - | 0 | 171 |
| Exchange rate differences, reclassifications and other changes | -2 | -44 | -20 | -10 | 11 | 1 | 0 | -63 |
| Acquisitions and disposals | 0 | 2 | - | 0 | 0 | 0 | -3 | -1 |
| **31 December 2021** | **-200** | **-1,551** | **268** | **1,658** | **1,476** | **146** | **-476** | **1,321** |

1) Disposals of subsidiary companies in 2022 included EUR 7 595 million from the deconsolidation of Uniper as of 30 September 2022. See ▸ Note 3 Acquisitions, disposals, assets held for sale and discontinued operations.

Changes during the year include Uniper until 30 September 2022. Charges to income statement regarding Uniper is presented in the results from discontinued operations. See ▸ **Note 3.4** Discontinued operations.

Net change in deferred taxes from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022. The decrease was partly offset by an increase in deferred tax assets related to derivatives caused by high commodity market prices. The increase in deferred tax assets on tax loss carry forward is mainly in Ireland and caused by the Uniper divestment and Russia related impairments. Fortum has prepared a comprehensive forecast to assess the future profitability of the Irish legal entity holding the loss carried forward, and has relied on this estimate to support the value of the deferred tax asset of EUR 706 million at 31 December 2022.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Expiry of tax losses carried forward and recognised deferred tax assets

| | 2022 | | 2021 | |
|---|---|---|---|---|
| EUR million | Tax losses | Deferred tax asset | Tax losses | Deferred tax asset |
| Tax losses carried forward without expiration date [1] | 5,836 | 749 | 675 | 132 |
| Tax losses carried forward with expiration date | 9 | 2 | 58 | 8 |
| **Total** | **5,844** | **751** | **733** | **139** |

1) Majority relates to Ireland.

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future profits is probable. The increase is mainly in Ireland related to impacts caused by Uniper divestment.

### Unrecognised deferred tax

The amount of temporary differences, tax losses carried forward and tax credits for which no deferred tax asset was recognised due to uncertainty of utilisation:

| EUR million | 2022 | 2021 |
|---|---|---|
| Temporary differences | 280 | 4,910 |
| Tax losses carried forward | 108 | 463 |
| Tax credits | 5 | 3 |
| **Total** | **393** | **5,376** |

The decrease of unrecognised amounts of temporary differences and losses carry forwards is mainly due to the deconsolidation of Uniper at 30 September 2022. The unrecognised temporary differences in 2022 mainly relate to Germany.

Deferred tax liabilities were not recognised on temporary differences of EUR 476 million (2021: 164) relating to investments in subsidiaries as Fortum can control the reversal effect, and it is probable that temporary differences will not be reversed in the foreseeable future. Such temporary differences are mainly related to undistributed taxable profits from Russia.

## 28.2 Income tax receivables

| EUR million | 2022 | 2021 |
|---|---|---|
| Belgium | 36 | 113 |
| Other | 35 | 48 |
| BS **Total** | **71** | **161** |

Income tax receivable in Belgium relates to ongoing tax disputes on income tax assessments for the years 2008–2012. Total amount of these taxes was EUR 113 million, which was booked as a receivable on the consolidated balance sheet on 31 December 2021. On 29 June 2022, the Antwerp court of First Instance, Belgium, ruled in favour of Fortum on the company's income tax assessments in Belgium for the years 2009-2012, and in September 2022, the Belgian tax authorities refunded Fortum the paid taxes amounting to EUR 78 million. The amount for the year 2008, EUR 36 million, continues to be recognised on the balance sheet. See ▸ **Note 37** Legal actions and official proceedings.

Other income tax receivables reflect corporate income taxes paid mainly in relation to the financial year, as well as payments according to received tax audit assessments in relation to previous years.

# 29 Nuclear-related assets and liabilities

## ACCOUNTING POLICIES

Fortum owns Loviisa nuclear power plant in Finland. In Fortum's consolidated balance sheet, Share in the Nuclear Waste Funds and the Nuclear provisions relate to Loviisa nuclear power plant. Comparatives include also Barsebäck Kraftbolag AB and OKG Aktiebolag AB.

Fortum and Uniper are co-owners in the Swedish nuclear company OKG AB, with Fortum owning 45.5%. Fortum accounted for the shareholding in OKG AB as a subsidiary from 31 March 2020 to 30 September 2022. On deconsolidation of Uniper on 30 September 2022, OKG AB was reclassified as an associated company. Uniper's 100% ownership in Barsebäck Kraftbolag AB was also deconsolidated.

Fortum's shares in the Nuclear Waste Funds are accounted for according to IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds which states that the fund assets are measured at the lower of fair value or the value of the related liabilities since Fortum does not have control or joint control over the Nuclear Waste Funds. The Nuclear Waste Funds are managed by governmental authorities. The related provisions are the provision for decommissioning and the provision for disposal of spent fuel.

The fair values of the provisions are calculated according to IAS 37 by discounting the separate future cash flows, which are based on estimated future costs and actions already taken. The initial net present value of the provision for decommissioning (at the time of commissioning the nuclear power plant) has been included in the investment cost and is depreciated over the estimated operating time of the nuclear power plant. Changes in the technical plans etc., which have an impact on the future cash flow of the estimated costs for decommissioning, are accounted for by discounting the additional costs to the current point in time. The increased asset retirement cost due to the increased provision for decommissioning is added to property, plant and equipment and depreciated over the remaining estimated operating time of the nuclear power plant. For power plant units taken from use the increase is recognised immediately in the income statement.

The provision for spent fuel covers the future disposal costs for fuel used until the end of the accounting period. Costs for disposal of spent fuel are expensed during the operating time based on fuel usage. The impact of the possible changes in the estimated future cash flow for related costs is recognised immediately in the income statement based on the accumulated amount of fuel used until the end of the accounting period. The related interest costs due to unwinding of the provision is recognised in other financial items - net.

The interest income and possible fair valuation effects on the Nuclear Waste Funds assets are presented in other financial items - net.

Fortum's actual share of the Nuclear Waste Funds can be higher than the carrying value of the Fund in the balance sheet. The legal nuclear liability should be fully covered by payments and guarantees to the Nuclear Waste Fund in Finland. The same applies in Sweden for the nuclear power plants that are taken out of operation. For Swedish nuclear power plants in operation the nuclear liability should be fully covered at the end of the plants operating lifetimes. The difference between the legal liability and provisions can be material per power plant, as the legal liability in Finland is not discounted while the provisions are and in Sweden the legal liability is based on different assumptions than the provisions.

The annual fees to the Fund are based on changes in the legal liability, the return generated in the Nuclear Waste Fund and incurred costs of taken actions.

Fortum also has minority interests in other nuclear power companies, i.e. Teollisuuden Voima Oyj (TVO) in Finland 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. Accounting policies of the associates regarding nuclear-related assets and liabilities have been changed where necessary to ensure consistency with the policies adopted by the Group.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

**CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS: ASSUMPTIONS MADE WHEN ESTIMATING PROVISIONS RELATED TO NUCLEAR PRODUCTION**

The provision for future obligations for nuclear waste management including decommissioning of Fortum's nuclear power plants and related spent fuel is based on long-term cash flow forecasts of estimated future costs. The main assumptions are technical plans, timing, cost estimates and discount rate. The technical plans, timing and cost estimates are approved by governmental authorities.

Any changes in the assumed discount rate would affect the provision. If the discount rate used would be lowered, the provision would increase. For the power plants where the actual Share of the Nuclear Waste Fund is higher than the provision an increase in provisions would be offset by an increase in the recorded share of Fortum's part of the Nuclear Waste Funds on the balance sheet. The total effect on the income statement would be positive since the decommissioning part of the provision is treated as an asset retirement obligation. This situation will prevail as long as the actual Share of the Nuclear Waste Fund is higher than recognised in the balance sheet and IFRS is limiting the carrying value of the assets to the amount of the provision since Fortum does not have control or joint control over the fund.

Both in Finland and in 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 operated 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.

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

| EUR million | 2022 | 2021 |
|---|---|---|
| **Carrying values on the balance sheet** | | |
| BS Nuclear provisions | 966 | 3,891 |
| BS Fortum's share of the Nuclear Waste Funds | 966 | 3,515 |
| | | |
| Fortum's share of the fair value of the net assets in the Nuclear Waste Funds in Finland and Sweden | 1,148 | 3,924 |
| Share of fund not recognised on the balance sheet | 182 | 408 |

### Nuclear provision and fund accounted according to IFRS

Nuclear provisions include the provision for decommissioning and the provision for disposal of spent fuel. The carrying value of the nuclear provisions, calculated according to IAS 37, decreased by EUR 2,924 million compared to 31 December 2021, totalling EUR 966 million at 31 December 2022. The decrease is mainly due to the deconsolidation of Uniper. Cost estimate and technical plan updates did not have a significant effect on Fortum's financials.

Fortum's share of the Nuclear Waste Funds are from an IFRS perspective overfunded by EUR 182 million, since Fortum's share of the Funds on 31 December 2022 was EUR 1,148 million and the carrying value on the balance sheet was EUR 966 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, the other financial items - net, is 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 2022, decided by the Ministry of Economic Affairs and Employment in December 2022, was EUR 1,197 million.

The legal liability is based on a cost estimate, which is updated every year; and a technical plan, which is updated every three years. The legal liability is determined by assuming that the decommissioning would start at the beginning of the year following the assessment year and discounting is not applied in determining the amount. Finnish nuclear operators submitted updated technical plan and cost estimates to the Ministry of Economic Affairs and Employment in June 2022. The decision on the updated legal liability from the Ministry of Economic Affairs and Employment was received in December 2022.

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

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

### Nuclear provisions

| EUR million | 2022 | 2021 |
|---|---|---|
| 1 January | 3,891 | 3,866 |
| Increase in provisions | 40 | 211 |
| Provision used | -145 | -189 |
| Provision reversed | -16 | - |
| Unwinding of discount | 65 | 65 |
| Exchange rate differences | -173 | -62 |
| Disposal of subsidiary companies [1] | -2,696 | - |
| BS **31 December** | **966** | **3,891** |
| BS Fortum's share in the Nuclear Waste Funds | 966 | 3,515 |

1) See ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.

Changes during the year include Uniper until 30 September 2022.

### 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 yearly. See ▸ **Note 27** Interest-bearing liabilities and ▸ **Note 36** Pledged assets and contingent liabilities.

## 29.2 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 for 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.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

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

| EUR million | 2022 | 2021 |
|---|---|---|
| **Carrying values in TVO with Fortum assumptions** | | |
| Nuclear provisions | 1,620 | 1,713 |
| Share of the State Nuclear Waste Management Fund | 1,157 | 1,159 |
| **Net amount** | **-463** | **-554** |
| **of which Fortum's net share consolidated with equity method** | **-116** | **-139** |
| | | |
| **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 | 1,840 | 1,816 |
| Share in the State Nuclear Waste Management Fund | 1,436 | 1,451 |
| Share of the fund not recognised on the balance sheet | 279 | 292 |

TVO's legal liability, provision and share of the fund are based on the 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 updated technical plan did not have a material impact on Fortum's share in TVO's nuclear related assets and liabilities.

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 2022 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 279 million (of which Fortum's share is EUR 74 million), since TVO's share of the Fund on 31 December 2022 was EUR 1,436 million and the carrying value on the consolidated balance sheet with Fortum assumptions was EUR 1,157 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 27** Interest-bearing liabilities.

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

| EUR million | 2022 | 2021 |
|---|---|---|
| **OKG's and Forsmark's nuclear-related assets and liabilities with Fortum assumptions** [1] | | |
| Nuclear provisions | 4,641 | 2,634 |
| Share in the State Nuclear Waste Management Fund | 3,200 | 2,397 |
| **Net amount** | **-1,441** | **-237** |
| **of which Fortum's net share consolidated with equity method** | **-456** | **-76** |

1) Comparatives do not include OKG AB as it is included in the comparatives of consolidated nuclear power plants. Comparatives include Uniper's minority ownership of Forsmark which is now deconsolidated.

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 December 2020, the Swedish government decided the waste fees and guarantees for year 2021 only, and in January 2022 for 2022-2023. Nuclear waste fees paid by licensees with a unit/units that are still in operation are currently based on future costs with the assumed lifetime of 50 years for each unit of a nuclear power plant. The fee is calculated in relation to the energy delivered and set as an amount of öre (1 öre = SEK 0.01) per kWh delivered.

### Status of TVO's Olkiluoto 3 project

Fortum is participating in the country's fifth nuclear power plant unit, Olkiluoto 3 (OL3), through the shareholding in Teollisuuden Voima Oyj (TVO) with an approximately 25% share representing some 400 MW in capacity. Olkiluoto 3 (OL3), currently under test production phase, was procured as a fixed-price turnkey project from a consortium (Plant Supplier) formed by Areva GmbH, Areva NP SAS and Siemens AG. As stipulated in the plant contract, the consortium companies have joint and several liability for the contractual obligations.

In March 2018, TVO signed a comprehensive settlement agreement with the plant supplier consortium companies Areva NP, Areva GmbH, and Siemens AG as well as with Areva Group parent company Areva SA, a company wholly owned by the French State. The settlement agreement was amended with agreements signed in June 2021. The supplier consortium companies committed to ensuring that the funds dedicated to the completion of the OL3 project will be adequate and will cover all applicable guarantee periods, including setting up a trust mechanism funded by Areva companies to secure the financing of the costs of completing the OL3 project. During the period under review, the fund, which was previously replenished in July 2021, has been used to cover costs incurred to the Areva companies for the completion of the OL3 project in accordance with the settlement agreement.

On 12 March 2022, OL3 was connected to the national grid and electricity production started. The electricity power level was gradually increased to approximately 850 megawatts, until the production tests were interrupted on 26 April 2022 due to the boron pumps unexpectedly switching on. Simultaneously, a leak in the generator's cooling system was observed. Foreign material detached from the steam guide plates was found in the turbine's steam reheater in May 2022, which required repair work. The work was completed on 8 August 2022. TVO communicated on 11 August 2022 that a turbine automation update of approximately two weeks would be carried out. The test production continued on 28 August 2022 with tests at a 60% power level. On 6 September 2022, STUK granted permission to increase OL3's power level to over 60% and from thereon to 100%. According to STUK, the production tests and investigations conducted so far showed that OL3 has worked safely, and that increasing the plant unit's power level can be continued. Tests at an 80% power level were started on 9 September 2022. Tests at full power, approximately 1,600 megawatts, were started on 30 September 2022. Test production was interrupted on 18 October 2022 due to damage detected in the internals of feedwater pumps in OL3's turbine island. Test production continued 27 December 2022 after investigations into the damage were mainly completed.

According to latest information received from the Plant Supplier, OL3's regular electricity production is to start in April 2023. The Plant Supplier is obliged to complete the plant unit in accordance with the plant contract and settlement agreements.

### Nuclear-related guarantees

In addition to nuclear waste fees nuclear power companies provide guarantees for any uncovered liability and unexpected events.

For more information regarding Fortum's guarantees given on behalf of nuclear companies, see ▸ **Note 36** Pledged assets and contingent liabilities.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 30 Other provisions

## ACCOUNTING POLICIES

Provisions are recognised when the Group has a present legal or constructive obligation to a third party as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the reporting date using a discount rate that reflects current market assessment of the time value of money. When risk is not covered in the estimated cash flows, the discount rate also includes the risks specific to the obligation.

Increase in the provision due to the passage of time and changes in provisions due to changes in discount rates are recognised as interest expense in the consolidated income statement. Changes in provisions, except for changes in asset retirement obligations, are recognised in the consolidated income statement.

### ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations for the decommissioning or dismantling of property, plant and equipment are recognised either when there is a contractual obligation towards a third party or a legal obligation. The obligation is generally based on detailed cost estimates validated by external experts.

The asset retirement obligation is recognised as part of the cost of an item of property, plant and equipment when the asset is put in service. Costs are depreciated over the remainder of the asset's useful life. Changes in asset retirement obligations are recognised in property, plant and equipment on the consolidated balance sheet; unless the item of property, plant and equipment has already been fully depreciated when changes are recognised in the consolidated income statement.

### ONEROUS CONTRACT PROVISIONS

An onerous contract provision is recognised for a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Unavoidable costs is the lower of the excess obligation from the performance under the contract, and any potential penalties or compensation arising in the event of non-performance.

### ENVIRONMENTAL PROVISIONS

Environmental provisions are recognised based on the current interpretation of environmental laws and regulations when it is probable that a present obligation has arisen, and the amount of such liability can be reliably estimated. The obligation is generally based on detailed cost estimates validated by external experts.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS: ASSUMPTIONS MADE WHEN ESTIMATING PROVISIONS

Provisions for present obligations require management judgment in determining whether it is probable that an outflow of economic benefits will be required to settle the obligation. Estimation is required in determining the value of the obligation as the amount recognised as a provision is based on the best estimate of unavoidable costs required to settle the obligation at the end of the reporting period. When estimating unavoidable costs, management may be required to consider a range of possible outcomes and their associated probabilities, risks and uncertainties surrounding the events and circumstances, as well as making assumptions of the timing of payment. Estimation is also required in determining the rate used to discount provisions to present value. Changes in estimates of timing or amounts of costs required to settle the obligation may become necessary as time passes and/or more accurate information becomes available.

| EUR million | Supplier- and customer-related | Asset retire-ment | Power produc-tion related | Gas distri-bution-related | Environmental remediation and similar | Personnel-related | Other | Total |
|---|---|---|---|---|---|---|---|---|
| **1 January 2022** | **2,893** | **872** | **653** | **354** | **253** | **368** | **1,013** | **6,406** |
| Increase in provisions | 26,590 | 8 | 12 | 9 | 11 | 61 | 218 | 26,909 |
| Provisions used | -1,647 | -4 | - | -66 | -9 | -94 | -56 | -1,877 |
| Unused provisions reversed | -295 | -50 | - | -66 | -2 | -56 | -139 | -608 |
| Exchange rate differences and other changes | -1 | -1 | - | -1 | -1 | 1 | -94 | -96 |
| Unwinding of discounting | -76 | -36 | -112 | -27 | -24 | -28 | -19 | -322 |
| Disposal of subsidiary companies [1] | -27,465 | -770 | -552 | -203 | -186 | -253 | -852 | -30,281 |
| **31 December 2022** | **-** | **19** | **-** | **-** | **41** | **-** | **70** | **130** |
| BS Of which current provisions | - | - | - | - | - | - | 13 | 13 |
| BS Of which non-current provisions | - | 19 | - | - | 41 | - | 58 | 118 |

1) See ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.

Changes during the year include Uniper until 30 September 2022.

Provisions for supplier- and customer-related obligations in 2021 related to Uniper and included EUR 2.6 billion of onerous contract provisions for procurement of electricity sales contracts for which the own-use exemption under IFRS 9 is applied, and to long-term infrastructure purchase contracts used in the gas storage business.

Provisions for asset retirement obligations consist of obligations for conventional power plants. The majority of the provision is estimated to be used within 5-10 years. In 2021, provisions for asset retirement obligations were mainly related to Uniper and consisted of obligations for conventional and renewable energy power plants, including the conventional plant components in the nuclear power segment; as well as provisions for environmental improvements at gas storage facilities.

Power production-related provisions in 2021 related to Uniper and consisted mainly of provisions from the hydroelectric power business.

Gas distribution-related provisions in 2021 related to Uniper and consisted mainly of onerous contract provisions for gas transportation and regasification.

Environmental provisions mainly include provisions for redevelopment and water protection measures, the rehabilitation of contaminated sites, and other environmental improvement measures. The majority of the provision is estimated to be used within 10-15 years.

Personnel-related provisions in 2021 related to Uniper and mainly included provisions for performance-based compensation components, long-service bonus obligations, in-kind obligations, restructuring and other deferred personnel costs.

Other provisions include a number of individually immaterial items, and in 2021 mainly related to Uniper.

For provisions for decommissioning, and provision for disposal of spent fuel for nuclear production, see ▸ **Note 29** Nuclear-related assets and liabilities.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 31 Pension obligations

## ACCOUNTING POLICIES

The Group companies have various pension schemes in accordance with the local conditions and practices in the countries in which they operate. The schemes are generally funded through various pension vehicles including payments to insurance companies, Group's pension funds and other separate arrangements. The Group has both defined benefit and defined contribution plans.

For defined benefit plans, pension costs are assessed using the projected unit credit method. The cost of providing pensions is charged to the income statement as to spread the service cost over the service lives of employees. Current and past service cost, as well as gains or losses from settlements are reported under personnel costs. The net interest is reported in financial items.

The defined benefit obligation is calculated annually on the balance sheet date and is measured as the present value of the estimated future cash flows using interest rates of high-quality corporate bonds, or similar, that have terms to maturity approximating to the terms of the related pension liability. The plan assets for pensions are valued at market value. The net liability recognised on the balance sheet is the defined benefit obligation at the closing date less the fair value of plan assets.

Any net asset position that might arise from offsetting the present value of the defined benefit obligations against the corresponding fair value of plan assets is recognised taking into account the applicable asset restrictions. Such an asset position is reported in Other non-current assets on the balance sheet.

In the case of a plan amendment, curtailment or settlement (each a "plan event") occurring in a defined benefit plan during an annual reporting period, the current service cost and the net interest on the net liability or asset are remeasured for the remainder of the reporting period after the plan event. The actuarial assumptions applicable as of the date of the plan event are to be used as the basis for such remeasurement. When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in the present value of the defined benefit obligation that relates to past service, or the gain or loss related to a curtailment is recognised immediately in profit or loss. Gains or losses on settlements of defined benefit plans are recognised when the settlement occurs.

Remeasurements of the net defined benefit liability or asset include actuarial gains and losses that may arise especially from differences between estimated and actual variations in underlying assumptions about demographic and financial variables; and, additionally, from developments in these assumptions as of each reporting date. Additionally included is the difference between the actual return on plan assets and the interest income on plan assets contained in the net interest result, as well as any change in the effect of the asset ceiling, excluding amounts already included in net interest. Remeasurement results and related deferred taxes are recognised in full in the period in which they occur and are reported in other comprehensive income.

The Group's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS: ASSUMPTIONS USED TO DETERMINE FUTURE PENSION OBLIGATIONS

The present value of the pension obligations is based on actuarial calculations that use several assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

## Fortum's pension arrangements

### Finland

The statutory pension benefits (as determined in Employee's Pension Act /TyEL) in Finland provide the employees' pension coverage for old age, disability and death of a family provider. The benefits are insured with an insurance company, and determined to be defined contribution plans.

In addition, the Group has historical old-age and survivor pension benefits with the Fortum Pension Fund covering a limited number of people. The Fortum Pension Fund is a closed fund managed by a Board, consisting of both employers' and employees' representatives. The promised benefit is defined in the rules of the Fund, mostly at a maximum of 66% of the salary basis. The salary basis is an average of the ten last years' salaries, which are indexed by a common salary index to the accounting year. After retirement the benefits payable are indexed yearly with the TyEL-index.

The Fund is operating under the regulation from the Financial Supervisory Authority (FSA). The liability has to be fully covered according to the regulations. The national benefit obligation related to the defined benefit plans is calculated so that the promised benefit is fully funded until retirement.

### Pension arrangements related to disposed operations (Uniper)

The comparative period includes Uniper's defined benefit pension arrangements, mostly in Germany and United Kingdom. As Uniper was deconsolidated on 30 September 2022, Fortum does not have any material arrangements in these countries as of 31 December 2022.

### Germany

The majority of active and former employees are covered by occupational benefit plans in addition to the state retirement benefits. The benefits offered under these plans primarily include retirement, disability and survivor benefits. The majority of the reported pension obligation for the active employees arises from the "BAS Plan" and from the "Zukunftssicherung" plan, that have been closed to the new hires since 2008. The only plan open to new hires is a defined contribution-oriented benefit plan, which is based on "units of capital".

Pension plans are funded through designated pension vehicles that are legally distinct from the company. Plan assets are funded in form of "Pensionskassen" and a Group-wide pension fund as well as in the form of a Contractual Trust Arrangement (CTA). Only the "Pensionskassen" vehicles and the pension fund are subject to regulatory provisions in relation to the investment of capital and funding requirements. For the CTA, there are only funding rules stipulated in a corporate agreement.

### United Kingdom

There are three pension plans in the United Kingdom, one defined contribution plan and two defined benefit plans. The defined benefit plans were closed for new hires since 2005 and 2008, respectively. Since the closure of these plans, new hires have been joining the open defined contribution plan.

Plan assets are administered by a trustee which is independent from the group and wholly responsible for the investment of the plan assets.

### Other countries

As of December 2022, there were no material defined benefit pension arrangements in Fortum's other operating countries.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Main risks relating to defined benefit plans

Typical risk factors for defined benefit plans are changes in discount rates, risks related to other actuarial assumptions, as well as investment and volatility risks.

### Change in discount rate

The discount rate used to calculate the defined benefit obligation (according to IFRS) depends on the value of corporate bond yields as at the reporting date. A decrease in yields increases the benefit obligation that is often only partially offset by an increase in the value of fixed income holdings.

### Risk related to other actuarial assumptions

Assumptions for future inflation, salary levels and mortality are used for actuarial calculations. Should the actual outcome differ from these assumptions, the liability may increase.

### Investment and volatility risk

Pension plan assets are allocated to different asset classes based on the statutory legislation or investment strategy of the corresponding pension plan. Depending on the pension plan, underlying investment management plans are updated on a regular basis. If the return of the fund's assets is not enough to cover the raise in liability and benefit payments over the financial year, then, in certain legislations, the employer has to fund the deficit with contributions, unless the fund has sufficient covering.

### Movement in the net defined benefit liability

| | Defined benefit obligation | | Fair value of plan assets | | Net defined benefit asset(-)/liability(+) | |
|---|---|---|---|---|---|---|
| EUR million | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **1 January** | **4,437** | **4,636** | **-3,290** | **-3,117** | **1,146** | **1,519** |
| **Included in consolidated income statement** [1] | | | | | | |
| Current service cost | 49 | 73 | - | - | 50 | 73 |
| Past service cost | 1 | 30 | - | - | 1 | 30 |
| Settlements | -138 | -4 | 2 | 1 | -136 | -3 |
| Net interest | 44 | 43 | -34 | -31 | 10 | 12 |
| | -44 | 142 | -32 | -28 | -76 | 113 |
| **Included in OCI** | | | | | | |
| Remeasurement gains(-)/losses(+) | -1,513 | -297 | 905 | -121 | -608 | -418 |
| Actuarial gains/losses arising from changes in financial assumptions | -1,517 | -279 | - | - | -1,517 | -279 |
| Actuarial gains/losses arising from experience adjustments | 4 | -18 | - | - | 4 | -18 |
| Return on plan assets (excluding amounts included in net interest expense) | - | - | 905 | -122 | 905 | -122 |
| Exchange rate differences and other changes | -22 | 52 | 35 | -50 | 12 | 2 |
| | -1,536 | -245 | 940 | -171 | -596 | -416 |
| **Other** | | | | | | |
| Contributions paid by/to the employer | - | - | 11 | -64 | 11 | -64 |
| Benefits paid | -81 | -95 | 78 | 90 | -2 | -5 |
| Acquisitions of subsidiary companies | 1 | - | 0 | - | 1 | - |
| Disposals of subsidiary companies [2] | -2,511 | - | 2,012 | - | -499 | - |
| Transfer to assets held for sale | - | 0 | - | 0 | - | 0 |
| **31 December** | **267** | **4,437** | **-280** | **-3,290** | **-13** | **1,146** |
| Present value of funded defined obligation | | | | | 263 | 4,405 |
| Fair value of plan assets | | | | | -280 | -3,290 |
| **Funded status** | | | | | **-17** | **1,115** |
| Present value of unfunded obligation [3] | | | | | 4 | 32 |
| Net liability arising from defined benefit obligation | | | | | -13 | 1,146 |
| | | | | | | |
| Pension assets included in other non-current assets on the balance sheet | | | | | 27 | 44 |
| BS Pension obligations on the balance sheet | | | | | 13 | 1,190 |

1) Net interest is presented in financial items in the income statement. The rest of costs related to defined benefit plans are included in staff costs (row defined benefits plans in the staff cost specification in ▸ **Note 10** Employee benefits and Board remuneration) and in 2021 also items affecting comparability. In 2022 part of settlements are netted with defined contribution plans costs in income statement.
2) See ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.
3) The unfunded obligation in 2022 relates to arrangements in Russia and Poland. In 2021 it relates mainly to Germany.

Changes during the year include Uniper until 30 September 2022.

Contributions expected to be paid during 2023 total EUR 5 million.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Fair value of plan assets

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| EUR million | Quoted | Unquoted | Total | Quoted | Unquoted | Total |
| Equity instruments | 88 | 7 | 94 | 1,327 | 8 | 1,335 |
| Debt instruments | 105 | 40 | 145 | 1,025 | 183 | 1,208 |
| Cash and cash equivalents | - | 18 | 18 | - | 104 | 104 |
| Real estate | - | 12 | 12 | - | 234 | 234 |
| Investment funds | - | - | - | 396 | - | 396 |
| Other assets | - | 11 | 11 | 0 | 14 | 14 |
| Total | 193 | 88 | 280 | 2,748 | 543 | 3,290 |

A specification of plan assets has not been available for pension plans financed through an insurance company. In these cases, the fair value of plan assets has been included in other assets.

Derivatives used to hedge the risks have been allocated to the respective asset classes.

The actual return on plan assets totalled EUR -12 million (2021: 145).

## Amounts recognised on the balance sheet by country 2022

| EUR million | Finland | Germany | United Kingdom | Other countries | Total |
|---|---|---|---|---|---|
| Present value of funded obligations | 205 | - | - | 58 | 263 |
| Fair value of plan assets | -225 | - | - | -56 | -280 |
| **Deficit(+)/surplus(-)** | **-19** | **-** | **-** | **2** | **-17** |
| Present value of unfunded obligations | - | - | - | 4 | 4 |
| **Net asset(-)/liability(+) on the balance sheet** | **-19** | **-** | **-** | **6** | **-13** |
| Pension asset included in non-current assets | 21 | - | - | 6 | 27 |
| BS Pension obligations on the balance sheet | 1 | - | - | 12 | 13 |

## Amounts recognised on the balance sheet by country 2021

| EUR million | Finland | Germany | United Kingdom | Other countries | Total |
|---|---|---|---|---|---|
| Present value of funded obligations | 283 | 3,147 | 719 | 256 | 4,405 |
| Fair value of plan assets | -251 | -2,122 | -756 | -161 | -3,290 |
| **Deficit(+)/surplus(-)** | **32** | **1,025** | **-36** | **93** | **1,115** |
| Present value of unfunded obligations | - | 26 | - | 6 | 32 |
| **Net asset(-)/liability(+) on the balance sheet** | **32** | **1,051** | **-36** | **99** | **1,146** |
| Pension asset included in non-current assets | - | 7 | 36 | 1 | 44 |
| BS Pension obligations on the balance sheet | 32 | 1,058 | - | 100 | 1,190 |

## The principal actuarial assumptions used

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| % | Finland | Germany | United Kingdom | Finland | Germany | United Kingdom |
| Discount rate | 3.80 | - | - | 1.00 | 1.20 | 2.00 |
| Future salary increases | 2.70 | - | - | 2.30 | 2.30 | 3.00 |
| Future pension increases | 2.80 | - | - | 2.40 | 1.80 | 3.10 |
| Rate of inflation | 2.60 | - | - | 2.10 | 1.80 | 3.20 |

The discount rate in Finland is based on high quality European corporate bonds with maturity that best reflects the estimated term of the defined benefit pension plans. The discount rate in Germany is based on the returns on high-quality EURO corporate bonds available at the end of the respective reporting period, and take into account the average duration of the respective underlying benefit obligations. The United Kingdom discount rate is based on currency-specific returns on high-quality corporate bonds available at the end of the respective reporting period and takes into account the average duration of the respective underlying obligations.

The discount, inflation, salary growth and pension growth rates, as well as mortality are the key assumptions when calculating defined benefit obligations. Changes in the key actuarial assumptions would lead to the following changes in the present value of the defined benefit obligations:

## Sensitivity of defined benefit obligation to changes in assumptions

| Change in the assumption | Impact to the pension obligation increase(+)/ decrease(-) |
|---|---|
| 0.5% increase in discount rate | -5.9% |
| 0.5% decrease in discount rate | 6.6% |
| 0.5% increase in benefit | 5.9% |
| 0.5% decrease in benefit | -5.4% |
| 0.5% increase in salary growth rate | 0.3% |
| 0.5% decrease in salary growth rate | -0.3% |
| 10% increase in mortality | -3.6% |
| 10% decrease in mortality | 3.6% |

A 10% decrease in mortality would result in higher life expectancy of beneficiaries, depending of the age of each individual beneficiary. At the end of 2022, the life expectancy of a 63-year-old male retiree would increase by approximately one year, if mortality were to decrease by 10%.

The sensitivities indicated are computed based on the same methods and assumptions used to determine the present value of the defined benefit obligations. If one of the actuarial assumptions is changed for the purpose of computing the sensitivity of results to changes in that assumption, all other actuarial assumptions are included in the computation unchanged. Potential correlation effects between the individual actuarial assumptions are not taken into account when computing sensitivities. When considering sensitivities, it must be noted that the change in the present value of the defined benefit obligations resulting from changing multiple actuarial assumptions simultaneously is not necessarily equivalent to the cumulative effect of the individual sensitivities.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Maturity profile of the undiscounted defined benefit obligation on 31 December 2022

| EUR million | Future benefit payments |
|---|---|
| Maturity under 1 year | 14 |
| Maturity between 1 and 5 years | 63 |
| Maturity between 5 and 10 years | 77 |
| Maturity between 10 and 20 years | 139 |
| Maturity between 20 and 30 years | 92 |
| Maturity over 30 years | 48 |

The weighted average duration of defined benefit obligation at 31 December 2022 is 16 years.

## 32 Other non-current liabilities

| EUR million | 2022 | 2021 |
|---|---|---|
| Contract liabilities | - | 95 |
| Connection fees | 70 | 70 |
| Other | 51 | 232 |
| BS Total | 121 | 397 |

Change in other non-current liabilities from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022.

Connection fees include refundable fees paid by the customer when connected to district heating network in Finland. Connection fees were refundable until 2013.

## 33 Trade and other payables

| EUR million | 2022 | 2021 |
|---|---|---|
| Trade payables | 720 | 12,152 |
| Accrued expenses and deferred income | | |
| Accrued personnel expenses | 109 | 256 |
| Accrued interest expenses | 59 | 72 |
| Contract liabilities | 24 | 754 |
| Other accrued expenses and deferred income | 201 | 144 |
| Other liabilities | | |
| Liability to return emission rights [1] | 99 | 1,938 |
| Current tax liability | 261 | 735 |
| Other | 185 | 425 |
| BS Total | 1,657 | 16,477 |

1) For additional information see ▸ **Note 22** Inventories.

Change in trade and other payables from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022.

Contract liabilities comprise mainly of project and waste management services that are invoiced but not delivered at the reporting date.

The management considers that the amount of trade and other payables approximates fair value.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 34 Leases

## ACCOUNTING POLICIES

### LESSEE ACCOUNTING

The Group leases mainly office buildings and land areas. The 2021 comparative also included gas storage facilities related to Uniper. The Group recognises all leases, with the exception of short-term (i.e. lease term less than 12 months) and low value leases as right-of-use assets with a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Right-of-use assets and lease liabilities are initially recognised on the consolidated balance sheet at future fixed lease payments over the lease term. Lease payments are discounted to present value. Right-of-use assets are depreciated on a straight-line basis over the lease term, or the useful life of the leased asset if shorter; and reviewed periodically for indication of impairment.

When the future lease payments are revised due to changes in index-linked considerations or the lease term changes, the right-of-use asset and the corresponding lease liability is remeasured. Any differences arising on reassessments are recognised in the consolidated income statement.

Interest expense on lease liabilities is presented within Interest expense in the consolidated income statement. In the consolidated cash flow statement, the principal portion of the lease payment is presented under Payments of long-term liabilities, and the interest portion as Interest paid under Funds from operations. Variable lease payments, as well as costs for leases not capitalised due to exemptions in the standard, are expensed to consolidated income statement.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS: ESTIMATES TO DETERMINE LEASE LIABILITY

Calculation of the lease liability requires certain assumption based input factors. The main estimates are related to the lease term, the discount rate, as well as the determination whether a contract contains a lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease term is reassessed if underlying circumstances are significantly changing.

Lease payments are discounted to present value using an incremental borrowing rate. The incremental borrowing rate is determined based on reasonable third party financing conditions considering the length of the lease term and the currency of cash flows.

A contract is or contains a lease if the Group has the right to control the use of an identified asset for a period of time in exchange for a consideration. A capacity portion of an asset is an identified asset if it is physically distinct, or if the Group has the right to use substantially all the capacity of the asset during the lease term.

### LESSOR ACCOUNTING

Leases in which the Group acts as the lessor and substantially all the risks and rewards arising from the use of the leased asset are transferred to the lessee are classified as finance leases. Finance lease receivables mainly relate to Russia. The 2021 comparative also included finance lease receivables concerning certain electricity delivery contracts related to Uniper.

In this type of lease, the present value of the minimum lease payments is recorded as a receivable. Interest income from such arrangements is recognised over the lease term, using the effective interest method.

## 34.1 Amounts recognised in consolidated financial statements

### Lessee

| EUR million | 2022 | 2021 |
|---|---|---|
| **In consolidated income statement** | | |
| Depreciation, of which | -21 | -22 |
| Land | -2 | -1 |
| Buildings and structures | -13 | -14 |
| Machinery and equipment | -7 | -7 |
| Interest expense on lease liabilities | -2 | -3 |
| Expense relating to variable lease payments within Other expenses | 0 | -1 |
| Expense relating to low-value asset leases within Other expenses | -1 | -2 |
| Income from subleasing right-of-use assets | 0 | 1 |
| | | |
| **On consolidated balance sheet** | | |
| Additions to right-of-use assets, of which | 47 | 173 |
| Land | 6 | 35 |
| Buildings and structures | 29 | 41 |
| Machinery and equipment | 12 | 97 |
| Acquisition of subsidiary companies, of which | 1 | - |
| Land | 1 | - |
| Disposal of subsidiary companies, of which [1] | -508 | -7 |
| Land | -40 | -6 |
| Buildings and structures | -403 | 0 |
| Machinery and equipment | -64 | 0 |
| Carrying amount of right-of-use assets, of which | 122 | 730 |
| Land | 55 | 93 |
| Buildings and structures | 55 | 536 |
| Machinery and equipment | 12 | 101 |
| Lease liabilities | 119 | 1,075 |
| | | |
| **In consolidated cash flow statement** | | |
| Cash outflow for leases | -22 | -25 |

1) See ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.

### Maturity of undiscounted lease liabilities

| EUR million | 2022 |
|---|---|
| Due within one year | 18 |
| Due after one year and within five years | 53 |
| Due after five years | 57 |
| **Total** | **128** |

Change in leases from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022. See ▸ **Note 4** Financial risk management, ▸ **Note 17** Property, plant and equipment and right-of-use assets, and ▸ **Note 27** Interest-bearing liabilities for more information.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

### Lessor

| EUR million | 2022 | 2021 |
|---|---|---|
| **In consolidated income statement** | | |
| Rental income from operating lease | 19 | 17 |
| | | |
| **On consolidated balance sheet** | | |
| **Lease receivables** | **3** | **136** |
| Current | 3 | 17 |
| Non-current | 0 | 119 |
| | | |
| **Maturity analysis of undiscounted lease payments - Finance leases** | | |
| Due within 1 year | 3 | 26 |
| Due in 1 to 2 years | - | 23 |
| Due in 2 to 3 years | - | 23 |
| Due in 3 to 4 years | - | 23 |
| Due in 4 to 5 years | - | 22 |
| Due in more than 5 years | - | 92 |
| **Total undiscounted lease payments** | **3** | **209** |
| Interest component | 0 | 73 |

# 35 Capital and other commitments

Capital and other commitments are contractual or regulatory obligations that are not recognised as liabilities on the consolidated balance sheet, or disclosed as contingent liabilities. Change in capital and other commitments from 31 December 2021 is mainly due to the deconsolidation of Uniper at 30 September 2022.

## 35.1 Capital commitments

| EUR billion | 2022 | 2021 |
|---|---|---|
| Property, plant and equipment and intangible assets | 0.4 | 1.0 |

Capital commitments at 31 December 2021 included Uniper segment's commitments of EUR 0.5 billion.

## 35.2 Other commitments to associates and joint ventures

Teollisuuden Voima Oyj (TVO) is building 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 end of December 2022, Fortum had EUR 232 million (2021: 232) outstanding receivables regarding Olkiluoto 3, and is additionally committed to providing at maximum EUR 100 million. TVO shareholder loan is classified as participation in joint ventures. For more information, see ▸ **Note 29** Nuclear-related assets and liabilities.

Fortum has formed a joint venture with Green Investment Group to build the South Clyde waste-to-energy plant in Glasgow, Scotland. At 31 December 2022, Fortum had an outstanding commitment of EUR 54 million to the joint venture, which is funded by external loans, share issues and shareholder loans.

## 35.3 Other commitments

In June 2018, the Swedish Government approved the legislation regarding Sweden's national strategy for implementation of the EU's Water Framework Directive. The largest hydro industry companies will create a common hydro-power fund to finance large parts of the environmental actions needed. The fund will have a total financial cap of SEK 10 billion to be paid over a 20-year period, and the largest operators will contribute to the fund proportionately based on their respective market share of hydro-power production. Fortum's share is 31% of the funds' total financing.

On 2 May 2022, Fennovoima announced that it had terminated the contract for the delivery of the nuclear power plant with RAOS Project Oy. At 31 December 2021, Fortum Power and Heat Holding Oy had EUR 69 million commitment to providing financing to Voimaosakeyhtiö SF for its participation in the Fennovoima nuclear power project in Finland.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 36 Pledged assets and contingent liabilities

## ACCOUNTING POLICIES

### PLEDGED ASSETS

Pledged assets are given to a lender as security for a loan, trading or other commitment. If the borrower or trading party is unable to make the agreed payments, the lender can use the pledged assets to mitigate its losses. Pledged assets at Fortum mostly consist of securities and real estate mortgages.

### CONTINGENT LIABILITIES

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence is only confirmed by one or more doubtful future events; or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be reliably estimated.

## 36.1 Pledged assets

### For debt

Fortum has pledged shares in Kemijoki as a security for the reborrowing from the Finnish State Nuclear Waste Management Fund for the Loviisa nuclear power plant part, amounting to EUR 689 million (31 Dec 2021: 876).

Real estate mortgages total EUR 41 million (2021: 41).

### For other commitments

Fortum has pledged real estate mortgages in Pyhäjoki hydro plant as security to the Ministry of Economic Affairs and Employment amounting to EUR 126 million (2021: 81). These are given as a security for the uncovered part of the legal liability and unexpected events relating to future costs for decommissioning and disposal of spent fuel in Loviisa nuclear power plant. According to the Nuclear Energy Act, Fortum is obligated to contribute the funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Any uncovered legal liability relates to periodising of the payments to the fund. The size of the securities given is updated yearly in the second quarter based on the decisions regarding the legal liabilities and the funding target which are determined at the end of the previous year. See ▸ **Note 29** Nuclear-related assets and liabilities.

## 36.2 Contingent liabilities

In relation to divestment of shareholdings, Fortum has entered into indemnification agreements, which cover the customary representations and warranties, as well as environmental damage and tax contingencies. Any obligations that may exist are covered in the first instance by provisions of the companies sold before Fortum itself is required to make any payments. Moreover, the Fortum Group has commitments under which it assumes joint and several liability arising from its interests in non-corporate commercial partnerships and consortia in which it participates.

Fortum's 100% owned subsidiary Fortum Heat and Gas Oy has a contingent liability, based on the Finnish Companies Act's (734/1978) Chapter 14a Paragraph 6, with Neste Oyj following the demerger of Fortum Oil and Gas Oy in 2004.

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 that Fortum had granted to Uniper, a total of EUR 3.0 billion was released by year-end 2022. The remaining, approximately EUR 1.0 billion, with a full German State back-to-back guarantee (indemnity), will be released latest at the end of June 2023.

## 36.3 Guarantees relating to Nuclear operations

With respect to the activities of the Swedish nuclear power plants, the companies of the Swedish nuclear units have issued guarantees for OKG and Forsmark to governmental authorities in accordance with the Swedish law. 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 amounts for the guarantees are normally updated every third year by governmental decision. In addition, the licensees are responsible for all costs related to the disposal of low-level radioactive waste.

Owners of nuclear facilities in Finland and Sweden have statutory liabilities for damages resulting from accidents occurring in those nuclear facilities and for accidents involving any radioactive substance connected to the operation of those facilities. Third-party liability relating to nuclear accidents is strictly under the plant operator's responsibility.

In Finland, as the operator of the Loviisa power plant, Fortum has a statutory liability insurance policy of approximately EUR 1.2 billion.

In Sweden, the operator of a nuclear power plant in operation is required to have a liability insurance or other financial cover in the amount equivalent to EUR 1.2 billion per site.

The necessary insurances for the nuclear power plants have been purchased. Similar insurance policies are in place also for the operators where Fortum has minority interest.

The guarantee given on behalf of Teollisuuden Voima Oyj to the Ministry of Economic Affairs and Employment increased following the fuel loading in Olkiluoto 3, and amounts to EUR 136 million (2021: 122). The guarantee covers the unpaid legal liability due to periodisation as well as risks for unexpected future costs.

For information regarding nuclear-related assets and liabilities see ▸ **Note 29** Nuclear-related assets and liabilities.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 37 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.

## Tax cases

On 29 June 2022, the Antwerp Court of First Instance, Belgium, ruled in favour of Fortum on the company's income tax assessments in Belgium for the years 2009-2012. The decision concerned Fortum's Belgian financing company, Fortum EIF NV, which financed Fortum's Swedish subsidiary, Fortum 1 AB, in the acquisition of Russian operations in 2008, currently operating as PAO Fortum. The Belgian tax authorities argued that Fortum EIF should not benefit from the notional interest deduction regime in Belgium.

In accordance with the court ruling, Belgian tax authorities have in 2022 refunded Fortum the paid taxes amounting to EUR 78 million. These taxes had been recognised on the balance sheet as income tax receivable. The Belgian tax authorities also refunded the related interest amounting to EUR 27 million, which is recognised in the consolidated income statement in 2022.

Considering Fortum's income tax assessment in Belgium for the year 2008, on 16 June 2020, the Court of Appeal of Ghent ruled in favour of Fortum, and in September 2020 the Belgian tax authorities filed an appeal to the Supreme Court. The additional taxes claimed for 2008 amount to EUR 36 million and have been recognised as income tax receivable.

For critical accounting estimates regarding uncertain tax positions, ▸ **Note 28** Income taxes on the balance sheet. See also ▸ **Note 12** Income tax expense.

# 38 Related party transactions

## 38.1 The Finnish State and companies owned by the Finnish State

At the end of 2022, the Finnish State owned 51.26% of the company's shares (2021: 50.76%). 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 is linked to the six-month Euribor; the margin for the first six months is 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 has increased to 51.26%.

The Finnish Parliament has authorised the Government to reduce the Finnish State's holding in Fortum Corporation to no less than 50.1% of the share capital and voting rights.

All transactions between Fortum and other companies owned by the Finnish State are on arm's length basis.

## 38.2 Board of Directors and Fortum Executive Management

The key management personnel of the Fortum Group are the members of Fortum Executive Management and the Board of Directors.

Fortum has not been involved in any material transactions with members of the Board of Directors or Fortum Executive Management. No loans exist to any member of the Board of Directors or Fortum Executive Management at 31 December 2022.

The total compensation (including pension benefits and social costs) for the key management personnel for 2022 was EUR 10 million (2021: 13). See ▸ **Note 10** Employee benefits and Board remuneration for further information on the Board of Directors and Fortum Executive Management remuneration and shareholdings.

## 38.3 Associated companies and joint ventures

In the ordinary course of business, Fortum engages in transactions with associated companies, joint ventures, and other related parties. These transactions are on the same commercial terms as they would be with third parties, except for some associates and joint ventures, as noted below.

Fortum owns shareholdings in associated companies and joint ventures which own hydro and nuclear power plants. Under consortium agreements, each owner is entitled to electricity in proportion to its share of ownership, or based on other agreement. In turn, each owner is liable for an equivalent portion of costs, regardless of output. These associated companies and joint ventures are not profit making since the owners purchase electricity at production cost, including interest costs and production taxes. See ▸ **Note 18** Participations in associated companies and joint ventures.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 38.4 Balances and transactions with related parties

### Transactions with associates, joint ventures and other related parties

| | Associated companies | | Joint ventures | | Other related parties | | Total | |
|---|---|---|---|---|---|---|---|---|
| EUR million | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Sales | 2 | 2 | 72 | 18 | - | - | 74 | 20 |
| Purchases | 284 | 234 | 154 | 146 | - | - | 438 | 379 |
| Other income | - | 1 | 4 | 19 | - | - | 4 | 20 |
| Interest income on loan receivables | 10 | 10 | 2 | 3 | - | - | 12 | 13 |

### Balances with associates, joint ventures and other related parties

| | Associated companies | | Joint ventures | | Other related parties | | Total | |
|---|---|---|---|---|---|---|---|---|
| EUR million | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Receivables** | | | | | | | | |
| Long-term interest-bearing loan receivables | 505 | 1,009 | 88 | 129 | - | - | 593 | 1,138 |
| Trade and other receivables | 12 | 4 | 75 | 70 | - | 36 | 87 | 110 |
| **Liabilities** | | | | | | | | |
| Long-term loan payables | - | - | 229 | 228 | - | - | 229 | 228 |
| Short-term loan payables | - | - | - | 62 | - | 69 | - | 131 |
| Trade and other payables | 3 | 4 | 50 | 32 | - | 78 | 53 | 114 |

Uniper was classified as discontinued operations in 2022, and 2021 income statement comparatives have been restated. This means that Uniper SE's transactions with its related parties are excluded from the above table but balances with its related parties are included in 2021. See also ▸ **Note 1** Significant accounting policies and ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.

Other related parties are entities that are not consolidated on materiality grounds. For more information see ▸ **Note 1** Significant accounting policies.

See also ▸ **Note 29** Nuclear-related assets and liabilities and ▸ **Note 36** Pledged assets and contingent liabilities for details on commitments related to associates and joint ventures.

### Transactions with Russian joint ventures

On 18 January 2022, Fortum announced that 1.3 GW portfolio of wind projects is being transferred to a new joint venture. However, this wind portfolio is now part of the assets and operations that are subject to the ongoing divestment process following Fortum's decision for a controlled exit from Russia as a result of the Russia-Ukraine war. Fortum's ownership interest in the 1.3 GW portfolio is presented in other non-current assets and in interest-bearing liabilities.

In June 2021, the Fortum-Rusnano wind investment fund sold the 200-MW Kalmykia wind parks to the Fortum-Russian Direct Investment Fund (RDIF) joint venture. Fortum recorded a gain of EUR 11 million from the transfer in the share of profits from associates and joint ventures.

On 2 March 2021, Fortum announced it had decided to construct the largest solar power plant in Russia through a joint venture established with RDIF. The power plant is based on capacities won by Fortum in CSA auctions in 2018 and 2019. In March 2021, Fortum sold the CSA-backed solar power project to the joint venture with RDIF.

## 38.5 Pension funds

At 31 December 2022, Fortum has a pension fund in Finland, which is a stand-alone legal entity managing pension assets related to part of the pension coverage in Finland. Following the deconsolidation of Uniper at 30 September 2022, Fortum no longer has pension funds in Germany or the United Kingdom. Fortum's Swedish pension fund was terminated in 2022. In 2022, Fortum had a net income of EUR 11 million from pension funds, including a termination fee for the Swedish pension fund, partly offset by direct contributions paid (2021: 64 expense). See ▸ **Note 31** Pension obligations.

The assets in the pension fund in Finland include Fortum shares representing 0.04% (2021: 0.04%) of the company's outstanding shares. The loan granted by Fortum's Finnish pension fund has been secured by real estate mortgages of EUR 41 million (2021: 41). See ▸ **Note 36** Pledged assets and contingent liabilities.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 39 Events after the balance sheet date

On 16 February 2023, the Finnish Government granted a new operating license 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 until 2050. Over the past five years, Fortum has already invested approximately EUR 300 million in refurbishing the Loviisa power plant. The Loviisa power plant is the first nuclear power plant in Finland. The power plant has two units: unit 1 started operating in February 1977, and unit 2 in November 1980.

At the beginning of March 2023, the Fortum Board of Directors resolved on Fortum's new strategy. Fortum's strategic priorities are to deliver reliable clean energy and drive decarbonisation in industries in the Nordics. The strategy includes new financial and sustainability targets:

- Updated financial guidance to ensure credit rating of at least BBB and optimal financial flexibility for future growth: long-term financial net debt-to-comparable EBITDA of 2.0–2.5 times.
- Disciplined growth in clean energy with capital expenditure of up to EUR 1.5 billion during 2023–2025. Investment hurdles of project WACC + 150–400 basis points will be applied and evaluated against the company's climate and biodiversity targets.
- Renewed dividend policy with payout ratio of 60–90% of comparable EPS. Fortum's Board of Directors proposes a dividend of EUR 0.91 per share for the year 2022 corresponding to a pay-out of 75% based on comparable EPS for continuing operations of EUR 1.21 (excluding Russian operations).
- Fortum has brought forward its target to reach carbon neutrality to 2030 (Scopes 1, 2, 3) and will exit all coal already by the end of 2027. To reach carbon neutrality, Fortum is committed to setting emission reduction targets based on the climate science (SBTi 1.5°C), assuming Russia exit. To measure progress, mid-point targets have been set for specific emissions at below 20 g $CO_2$/kWh for total energy production and at below 10 g $CO_2$/kWh for power generation by 2028.
- Fortum is also committing 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 local initiatives, especially in hydropower production, and is committed to develop a science-based methodology to assess the company's aquatic impacts during 2023.
- Fortum is already taking steps to reach the environmental targets and examples of these include the Loviisa nuclear plant lifetime extension, increasing the use on hydro power and the ongoing decarbonisation projects in district heating.

At the beginning of March 2023, the Fortum Board of Directors resolved on revising the financial segment reporting to match the new business structure and strategy. As of the beginning of 2023, Fortum will report its financial performance in the following reporting segments:

- The Generation segment will include 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 segment includes the Circular Solutions business unit, Innovation and Venturing activities, enabling functions and corporate management.

Fortum will continue to consolidate and report its Russian operations as a separate segment for the time being; however, Fortum will continue to assess the basis for consolidation in the coming quarters. Fortum is committed to exiting the Russian market and a divestment is being pursued.

Fortum will publish restated quarterly segment financials for 2022 before publication of the first quarter 2023 results on 11 May 2023.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 40 Group companies by segment

G = Generation
C = City Solutions
CS = Consumer Solutions
O = Other Operations
R = Russia

1) Shares held by the parent company

Group holding % for companies owned via subsidiaries is based on the Fortum Corporation ownership % in the direct subsidiary times the ownership % of the direct subsidiary in the indirect subsidiary/associate/joint venture as of 31 December 2022.

## Subsidiaries by segment

| Entity Name | Domicile | Segment | Group holding, % |
|---|---|---|---|
| Brändskogen Vindkraft Ab Oy | Finland | G | 100.0 |
| Ekopartnerit Turku Oy | Finland | C | 51.0 |
| EX-KE Oy | Finland | CS | 100.0 |
| Fortum Alku Oy | Finland | O | 100.0 |
| Fortum Asiakaspalvelu Oy | Finland | CS | 100.0 |
| Fortum Assets Oy | Finland | O | 100.0 |
| Fortum Battery Recycling Oy | Finland | C | 100.0 |
| Fortum Bio Oy | Finland | O | 100.0 |
| Fortum Clean Oy | Finland | O | 100.0[1)] |
| Fortum Heat and Gas Oy | Finland | C,O | 100.0[1)] |
| Fortum Kasvu Oy | Finland | O | 100.0 |
| Fortum Markets Oy | Finland | CS | 100.0 |
| Fortum Norm Oy | Finland | O | 100.0[1)] |
| Fortum Power and Heat Holding Oy | Finland | G | 100.0 |
| Fortum Power and Heat Oy | Finland | C,CS,G,O,R | 100.0[1)] |
| Fortum Real Estate Oy | Finland | O | 100.0[1)] |
| Fortum Renewables Oy | Finland | G | 100.0 |
| Fortum RES Oy | Finland | O | 100.0 |
| Fortum TwoGether Oy | Finland | O | 100.0[1)] |
| Fortum Waste Solutions Oy | Finland | C | 100.0[1)] |
| Katajamäen Tuulivoima Oy | Finland | G | 100.0 |
| Koillis-Pohjan Energiantuotanto Oy | Finland | G | 100.0 |
| Lamminnevan Tuulivoima Oy | Finland | G | 100.0 |
| Molpe Vindkraft Ab/Oy | Finland | G | 100.0 |
| Närpes Vindkraft Ab/Oy | Finland | G | 100.0 |
| Oy Pauken Ab | Finland | O | 100.0 |
| Oy Tersil Ab | Finland | O | 100.0 |
| Oy Tertrade Ab | Finland | O | 100.0 |
| Penkkisuon Tuulivoima Oy | Finland | G | 100.0 |
| Pjelax Vindkraft Ab/Oy | Finland | G | 60.0 |
| Poikel Vindkraft Ab/Oy | Finland | G | 100.0 |
| Tecofe Oy | Finland | G | 100.0 |
| TGS Finland Oy | Finland | C | 100.0 |
| Barry Danmark ApS | Denmark | O | 100.0 |
| Fortum Waste Solutions A/S | Denmark | C | 100.0 |
| Fortum CFS Eesti OU | Estonia | O | 100.0 |
| Barry France SAS | France | O | 100.0 |
| Fortum France S.A.S | France | G | 100.0 |
| Fortum Batterie Recycling GmbH | Germany | C | 100.0 |
| Fortum Deutschland SE | Germany | O | 100.0 |
| Fortum Service Deutschland GmbH | Germany | C,G,O | 100.0 |
| MAWAL Energie GmbH | Germany | O | 100.0 |
| SALWAL Energie GmbH | Germany | O | 100.0 |
| TGS Germany GmbH | Germany | C | 100.0 |
| Fortum Insurance Limited | Guernsey | O | 100.0 |
| Fortum India Private Limited | India | C | 100.0[1)] |
| Solar One Energy Private Limited | India | C | 100.0 |
| SolarXL Alpha Energy Private Limited | India | C | 100.0 |
| SolarXL Beta Energy Private Limited | India | C | 100.0 |
| SolarXL Delta Energy Private Limited | India | C | 100.0 |
| SolarXL Gamma Energy Private Limited | India | C | 100.0 |
| SolarXL Zeta Energy Private Limited | India | C | 100.0 |
| PT Fortum Energy Solution | Indonesia | C | 95.0 |
| Fortum eNext Ireland Ltd | Ireland | C | 100.0 |
| Fortum Finance Ireland Designated Activity Company | Ireland | O,C,G | 100.0[1)] |
| Fortum Global Finance Designated Activity Company | Ireland | O | 100.0 |
| Fortum P&H Ireland Limited | Ireland | O | 100.0 |
| Fortum Participation Limited | Ireland | O,C | 100.0 |
| Fortum 2 B.V. | Netherlands | C | 100.0 |
| Fortum 3 B.V. | Netherlands | C | 100.0 |
| Fortum H&C B.V. | Netherlands | C | 100.0 |
| Fortum Holding B.V. | Netherlands | C,CS,G,O,R | 100.0[1)] |
| Fortum Hydro B.V. | Netherlands | O | 100.0 |
| Fortum Power Holding B.V. | Netherlands | O | 100.0 |
| Fortum Russia B.V. | Netherlands | R | 100.0 |
| Fortum SAR B.V. | Netherlands | C | 100.0 |
| Fortum Star B.V. | Netherlands | C | 100.0 |
| PolarSolar B.V. | Netherlands | C | 100.0 |
| Fortum Consumer Solutions AS | Norway | CS | 100.0 |
| Fortum Forvaltning AS | Norway | C,O,G | 100.0 |
| Fortum Hedging AS | Norway | G | 100.0 |
| Fortum Kundesenter AS | Norway | CS | 100.0 |
| Fortum Plastics Recycling Norway AS | Norway | C | 100.0 |
| Fortum Strøm AS | Norway | CS | 100.0 |
| Fortum Waste Solutions Norway AS | Norway | C | 100.0 |
| NorgesEnergi AS | Norway | CS | 100.0 |
| Tellier Service AS | Norway | CS | 100.0 |
| Fortum Marketing and Sales Polska S.A. | Poland | CS | 100.0 |
| Fortum Network Częstochowa Sp. z o.o. | Poland | C | 100.0 |
| Fortum Network Płock Sp. z o.o. | Poland | C | 100.0 |
| Fortum Network Wrocław Sp. z o.o. | Poland | C | 100.0 |
| Fortum Power and Heat Polska Sp. z o.o. | Poland | C,CS | 100.0 |
| Fortum Service Poland Sp. z o.o. | Poland | O | 100.0 |
| Fortum Silesia SA | Poland | C | 100.0 |
| Fortum Sprzedaż Sp. z o.o. | Poland | CS | 100.0 |
| Fortum Wind Energy Joint Stock Company, AO FEW | Russia | R | 98.2 |
| Fortum-New Generation 3 Limited Liability Company | Russia | R | 100.0 |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

| Entity Name | Domicile | Segment | Group holding, % |
|---|---|---|---|
| Fortum-New Generation 5 Limited Liability Company | Russia | R | 98.2 |
| Joint Stock Company Chelyabenergoremont | Russia | R | 100.0 |
| LLC Bugulchanskaya Solar power station | Russia | R | 98.2 |
| PAO Fortum | Russia | R | 98.2 |
| Ural Heat Networks Company Joint Stock Company | Russia | R | 98.2 |
| Ylyanovsk Wind Farm LLC | Russia | R | 98.2 |
| HQ Services Limited | Rwanda | C | 49.0 |
| Escandinava de Electricidad S.L.U | Spain | CS | 100.0 |
| Blybergs Kraftaktiebolag | Sweden | G | 66.7 |
| Borgvik Vindkraft AB | Sweden | G | 100.0 |
| Brännälven Kraft AB | Sweden | G | 67.0 |
| Bullerforsens Kraft Aktiebolag | Sweden | G | 88.0 |
| Energikundservice Sverige AB | Sweden | CS | 100.0 |
| Fortum 1 AB | Sweden | R | 100.0 |
| Fortum Energy AB | Sweden | CS | 100.0 |
| Fortum Fastigheter AB | Sweden | O | 100.0 |
| Fortum Grön AB | Sweden | O | 100.0 |
| Fortum Markets AB | Sweden | CS | 100.0 |
| Fortum Mockfors Kraft AB | Sweden | G | 88.0 |
| Fortum Power AB | Sweden | O | 100.0[1)] |
| Fortum Produktionsnät AB | Sweden | G | 100.0 |
| Fortum Sverige AB | Sweden | C,G,O | 100.0 |
| Fortum Sweden AB | Sweden | C,O | 100.0[1)] |
| Fortum Vindkraft Sverige 3 AB | Sweden | G | 100.0 |
| Fortum Vindkraft Sverige 4 AB | Sweden | G | 100.0 |
| Fortum Vindkraft Sverige 5 AB | Sweden | G | 100.0 |
| Fortum Vindkraft Sverige 6 AB | Sweden | G | 100.0 |
| Fortum Vindkraft Sverige 7 AB | Sweden | G | 100.0 |
| Fortum Vindkraft Sverige 8 AB | Sweden | G | 100.0 |
| Fortum Vindkraft Sverige 9 AB | Sweden | G | 100.0 |
| Fortum Waste Solutions AB | Sweden | C | 100.0 |
| Fortum Waste Solutions Holding AB | Sweden | C | 100.0 |
| Göta Energi AB | Sweden | CS | 100.0 |
| Mellansvensk Kraftgrupp Aktiebolag | Sweden | G | 86.9 |
| Nya Bullerforsen Kraft AB | Sweden | G | 88.0 |
| Oreälvens Kraftaktiebolag | Sweden | G | 65.0 |
| Salviken Solpark AB | Sweden | G | 100.0 |
| Sävar Vindkraft AB | Sweden | G | 100.0 |
| TGS Sweden AB | Sweden | C | 100.0 |
| Uddeholm Kraft Aktiebolag | Sweden | G | 100.0 |
| Värmlandskraft-OKG-delägarna Aktiebolag | Sweden | G | 73.3 |
| Fortum Carlisle Limited | United Kingdom | C | 100.0 |
| Fortum Energy Limited | United Kingdom | O | 100.0 |
| Fortum O&M (UK) Limited | United Kingdom | C | 100.0 |
| Fortum Ratcliffe Limited | United Kingdom | C | 100.0 |
| IVO Energy Limited | United Kingdom | G | 100.0 |
| Valo Ventures I LP Fund | USA | O | 99.0 |

## Associated companies and joint ventures by segment

| Entity Name | Country | Segment | Group holding % |
|---|---|---|---|
| Battery Intelligence Oy | Finland | C | 32.9 |
| Chempolis Oy | Finland | C | 32.9 |
| Kemijoki Oy | Finland | G | 28.2 |
| Posiva Oy | Finland | G | 40.0 |
| Puro.earth Oy | Finland | O | 16.6 |
| Sallila Energia Oy | Finland | O | 46.0 |
| Teollisuuden Voima Oyj | Finland | G | 25.8 |
| Turun Seudun Energiantuotanto Oy | Finland | C | 53.5 |
| Turun Seudun Kaukolämpö Oy | Finland | C | 30.0 |
| Wello Oy | Finland | O | 16.2[1)] |
| Assam Bio Refinery Private Limited | India | C | 40.3 |
| Fortum Charge & Drive India Private Limited | India | C | 63.0 |
| India Sun B.V. | Netherlands | C | 43.8 |
| Nordic Wind B.V. | Netherlands | G | 20.0 |
| Yustek Holding B.V. | Netherlands | R | 50.0 |
| Fortum Nordkraft Vind DA | Norway | G | 50.0 |
| Linnvasselv Kraftlag SA | Norway | G | 50.0 |
| Fortum-New Generation 4 Limited Liability Company | Russia | R | 50.0 |
| TGC1 Territorial Generating Company 1 | Russia | R | 29.99 |
| Ural energy retail LLC | Russia | R | 50.0 |
| Ångefallen Kraft AB | Sweden | G | 50.0 |
| Blåsjön Kraft AB | Sweden | G | 50.0 |
| Forsmarks Kraftgrupp Aktiebolag | Sweden | G | 25.5 |
| Hormmundsvalla Kraftaktiebolag | Sweden | G | 50.0 |
| OKG Aktiebolag | Sweden | G | 45.5 |
| Stensjön Kraft AB | Sweden | G | 50.0 |
| Täsans Kraftaktiebolag | Sweden | G | 40.0 |
| Väsa Kraftaktiebolag | Sweden | G | 50.0 |
| Vattenkraftens Miljöfond Sverige AB | Sweden | G | 22.7 |
| South Clyde Energy Recovery Holdings Limited | United Kingdom | C | 50.0 |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Key figures

## Financial key figures

For information of Alternative Performance Measures used by Fortum, see ▸ **Definitions and reconciliations of key figures** and ▸ **Note 1** Significant accounting policies.

Fortum's consolidated income statement and consolidated cash flow statement were modified in 2022 to include Uniper segment as discontinued operations. As required by IFRS, comparatives for 2021 were restated. Consolidated balance sheet at 31 December 2021 included Uniper. For further information, see ▸ **Note 1** Significant accounting policies, ▸ **Note 2** Critical accounting estimates and judgements and ▸ **Note 3** Acquisitions, disposals, assets held for sale and discontinued operations.

### Key figures, continuing operations

| EUR million or as indicated | 2022 | 2021 | Change 22/21 % |
|---|---|---|---|
| **Income statement** | | | |
| **Reported** | | | |
| Sales | 8,804 | 6,422 | 37 |
| EBITDA | 1,842 | 4,913 | -63 |
| Operating profit | 1,277 | 4,325 | -70 |
| - of sales % | 14.5 | 67.4 | |
| Share of profit/loss of associates and joint ventures | -629 | 168 | -474 |
| Profit before income tax | 455 | 4,332 | -89 |
| - of sales % | 5.2 | 67.5 | |
| Net profit for the year | 1,011 | 4,008 | -75 |
| Net profit for the year attributable to owners of the parent | 1,011 | 3,985 | -75 |
| **Comparable** | | | |
| EBITDA | 2,436 | 2,016 | 21 |
| Operating profit | 1,871 | 1,429 | 31 |
| Share of profit/loss of associates and joint ventures | -11 | 104 | -111 |
| Net profit for the year attributable to owners of the parent | 1,550 | 1,091 | 42 |
| **Cash flow, key ratios and other data** | | | |
| Capital expenditure and gross investments in shares | 558 | 724 | -23 |
| - of sales % | 6.3 | 11.3 | |
| Capital expenditure | 525 | 443 | 19 |
| Net cash from operating activities | 2,104 | 1,119 | 88 |
| Financial net debt/comparable EBITDA | 0.4 | N/A | |
| Research and development expenditure | 55 | 54 | 2 |
| - of sales % | 0.6 | 0.8 | |
| Average number of employees | 7,826 | 8,045 | |

### Continuing operations excl. Russia

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 Fortum introduced new APMs to provide additional financial information excluding Fortum's Russian operations. See also ▸ **Note 1** Significant accounting policies.

| EUR million or as indicated | 2022 | 2021 | Change 22/21 % |
|---|---|---|---|
| **Comparable** | | | |
| EBITDA | 2,025 | 1,612 | 26 |
| Operating profit | 1,611 | 1,167 | 38 |
| Share of profit/loss of associates and joint ventures | -40 | 42 | -195 |
| Net profit for the year attributable to owners of the parent | 1,076 | 851 | 26 |
| Earnings per share, EUR | 1.21 | 0.96 | 26 |
| **Financial position** | | | |
| Financial net debt/comparable EBITDA | 0.6 | N/A | |

### Key figures, total of continuing and discontinued operations

| EUR million or as indicated | 2022 | 2021 | Change 22/21 % |
|---|---|---|---|
| **Income statement** | | | |
| **Reported** | | | |
| Net profit for the year attributable to owners of the parent | -2,416 | 739 | -427 |
| **Comparable** | | | |
| Net profit for the year attributable to owners of the parent | -988 | 1,778 | -156 |
| **Financial position and cash flow** | | | |
| Capital employed | 15,522 | 30,885 | |
| Financial net debt | 1,084 | 789 | 37 |
| Adjusted net debt | 1,117 | 3,227 | -65 |
| Net cash from operating activities | -8,767 | 4,970 | -276 |
| **Key ratios** | | | |
| Return on shareholders' equity, % | -96.2 | -0.8 | |
| Interest coverage | -75.5 | -12.7 | |
| Interest coverage including capitalised borrowing costs | -72.2 | -9.4 | |
| Gearing, % | 14 | 6 | |
| Equity-to-assets ratio, % | 33 | 9 | |
| Financial net debt/comparable EBITDA | N/A | 0.2 | |
| **Other data** | | | |
| Dividends | 817[1)] | 1,013 | -19 |
| Average number of employees | 16,549 | 19,796 | |

1) Board of Directors' proposal for the planned Annual General Meeting on 13 April 2023.

See ▸ **Definitions and reconciliations of key figures.**

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Share key figures

| EUR or as indicated | 2022 | 2021 | Change 22/21 % |
|---|---|---|---|
| **Data per share** | | | |
| Earnings per share, total Fortum | -2.72 | 0.83 | -428 |
| Earnings per share, continuing operations | 1.14 | 4.49 | -75 |
| Earnings per share, discontinued operations | -3.86 | -3.65 | 6 |
| Comparable earnings per share, total Fortum | -1.11 | 2.00 | -156 |
| Comparable earnings per share, continuing operations | 1.74 | 1.23 | 41 |
| Comparable earnings per share, discontinued operations | -2.86 | 0.77 | -471 |
| Comparable earnings per share, continuing operations excl. Russia | 1.21 | 0.96 | 26 |
| Cash flow per share, total Fortum | -9.86 | 5.60 | -276 |
| Cash flow per share, continuing operations | 2.37 | 1.26 | 88 |
| Cash flow per share, discontinued operations | -12.22 | 4.34 | -382 |
| Equity per share | 8.55 | 13.66 | -37 |
| Dividend per share | 0.91[1)] | 1.14 | -20 |
| Payout ratio, % [2)] | 79.8[1)] | 137.3 | |
| Payout ratio excl. Russia, % | 75.0[1)] | N/A | |
| Dividend yield, % | 5.9[1)] | 4.2 | |
| Price/earnings ratio (P/E) [2)] | 13.6 | 32.5 | |
| **Share prices** | | | |
| At the end of the period | 15.54 | 26.99 | |
| Average | 15.18 | 23.65 | |
| Lowest | 8.86 | 19.72 | |
| Highest | 27.18 | 27.96 | |
| **Other data** | | | |
| Market capitalisation at the end of the period, EUR million | 13,943 | 23,975 | |
| Trading volumes [3)] | | | |
| Number of shares, 1,000 shares | 560,775 | 351,450 | |
| In relation to weighted average number of shares, % | 63.1 | 39.6 | |
| Average number of shares, 1,000 shares | 889,204 | 888,294 | |
| Diluted adjusted average number of shares, 1,000 shares | 889,204 | 888,294 | |
| Number of registered shares, 1,000 shares | 897,264 | 888,294 | |

1) Board of Directors' proposal for the planned Annual General Meeting on 13 April 2023.
2) Payout ratio and price/earnings ratio for 2022 is calculated based on earnings per share from continuing operations.
3) Trading volumes in the table represent volumes traded on Nasdaq Helsinki. In addition to the Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example at Boat, Cboe and Turquoise, and on the OTC market as well. During 2022, approximately 74% (2021: 70%) of Fortum's shares were traded on markets other than the Nasdaq Helsinki Ltd.

See **Definitions and reconciliations of key figures**.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Segment key figures

| Sales by segment, EUR million | 2022 | 2021 |
|---|---|---|
| Generation | 3,655 | 2,869 |
| - of which internal | -645 | 140 |
| City Solutions | 1,282 | 1,302 |
| - of which internal | 75 | 29 |
| Consumer Solutions | 4,578 | 2,622 |
| - of which internal | 30 | 14 |
| Other Operations | 136 | 138 |
| - of which internal | 106 | 102 |
| Eliminations and Netting of Nord Pool transactions | -1,877 | -1,413 |
| **Total continuing operations excl. Russia** | **7,774** | **5,519** |
| Russia | 1,031 | 906 |
| Eliminations | -1 | -2 |
| **Total continuing operations** | **8,804** | **6,422** |

| Comparable operating profit by segment, EUR million | 2022 | 2021 |
|---|---|---|
| Generation | 1,600 | 1,123 |
| City Solutions | 28 | 135 |
| Consumer Solutions | 97 | 52 |
| Other Operations | -115 | -142 |
| **Total continuing operations excl. Russia** | **1,611** | **1,167** |
| Russia | 260 | 261 |
| **Comparable operating profit, continuing operations** | **1,871** | **1,429** |
| Impairment charges and reversals | -905 | -35 |
| Capital gains and other related items | 785 | 2,673 |
| Changes in fair values of derivatives hedging future cash flow | -393 | 264 |
| Other | -80 | -6 |
| **Operating profit, continuing operations** | **1,277** | **4,325** |

| Comparable EBITDA by segment, EUR million | 2022 | 2021 |
|---|---|---|
| Generation | 1,765 | 1,287 |
| City Solutions | 177 | 317 |
| Consumer Solutions | 173 | 123 |
| Other Operations | -90 | -114 |
| **Total continuing operations excl. Russia** | **2,025** | **1,612** |
| Russia | 411 | 404 |
| **Total continuing operations** | **2,436** | **2,016** |

| Depreciation and amortisation, EUR million | 2022 | 2021 |
|---|---|---|
| Generation | 165 | 164 |
| City Solutions | 148 | 182 |
| Consumer Solutions | 75 | 71 |
| Other Operations | 25 | 28 |
| **Total continuing operations excl. Russia** | **415** | **445** |
| Russia | 151 | 142 |
| **Total continuing operations** | **566** | **587** |

| Comparable share of profit of associates and joint ventures by segment, EUR million | 2022 | 2021 |
|---|---|---|
| Generation | -49 | 0 |
| City Solutions | 14 | 42 |
| Other Operations | -6 | 0 |
| **Total continuing operations excl. Russia** | **-40** | **42** |
| Russia | 30 | 62 |
| **Total continuing operations** | **-11** | **104** |

| Share of profit of associates and joint ventures by segment, EUR million | 2022 | 2021 |
|---|---|---|
| Generation | -194 | 64 |
| City Solutions | 14 | 42 |
| Other Operations | -6 | 0 |
| **Total continuing operations excl. Russia** | **-185** | **106** |
| Russia | -443 | 62 |
| **Total continuing operations** | **-629** | **168** |

| Capital expenditure by segment, EUR million | 2022 | 2021 |
|---|---|---|
| Generation | 231 | 168 |
| City Solutions | 155 | 161 |
| Consumer Solutions | 71 | 68 |
| Other Operations | 10 | 15 |
| **Total continuing operations excl. Russia** | **467** | **396** |
| Russia | 58 | 47 |
| **Total continuing operations** | **525** | **443** |

| Gross investments in shares by segment, EUR million | 2022 | 2021 |
|---|---|---|
| Generation | 3 | 7 |
| City Solutions | 4 | 2 |
| Consumer Solutions | 0 | - |
| Other Operations | 21 | 237 |
| **Total continuing operations excl. Russia** | **29** | **245** |
| Russia | 4 | 36 |
| **Total continuing operations** | **33** | **281** |

| Gross divestments of shares by segment, EUR million | 2022 | 2021 |
|---|---|---|
| Generation | - | 129 |
| City Solutions | 1,213 | 3,870 |
| Consumer Solutions | 0 | 0 |
| Other Operations | 150 | 19 |
| **Total continuing operations excl. Russia** | **1,363** | **4,017** |
| Russia | 1 | 18 |
| **Total continuing operations** | **1,365** | **4,034** |

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

**Comparable net assets by segment,**

| EUR million | 2022 | 2021 |
|---|---|---|
| Generation | 5,549 | 5,961 |
| City Solutions | 1,760 | 2,456 |
| Consumer Solutions | 1,365 | 1,125 |
| Other Operations | 64 | 125 |
| **Total continuing operations excl. Russia** | **8,737** | **9,668** |
| Russia | 1,690 | 2,508 |
| **Total continuing operations** | **10,427** | **12,176** |

**Comparable return on net assets by segment,**

| % | 2022 | 2021 |
|---|---|---|
| Generation | 27.0 | 19.0 |
| City Solutions | 2.3 | 6.1 |
| Consumer Solutions | 9.1 | 6.9 |
| Russia | 11.3 | 12.9 |

| Average number of employees | 2022 | 2021 |
|---|---|---|
| Generation | 1,278 | 1,153 |
| City Solutions | 1,676 | 1,964 |
| Consumer Solutions | 1,177 | 1,091 |
| Other Operations | 989 | 976 |
| **Total continuing operations excl. Russia** | **5,120** | **5,183** |
| Russia | 2,706 | 2,862 |
| **Total continuing operations** | **7,826** | **8,045** |
| Uniper | 8,723 | 11,751 |
| **Total** | **16,549** | **19,796** |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 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. | Note 5 Capital risk management |
| 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 expenses 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 |
| 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 7 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 onetime adjustments. | Component used in calculating comparable net profit. | Note 7 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 7 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 7 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 7 Comparable operating profit and comparable net profit |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

| Business performance | Definition | Reason to use the measure | Reference to reconciliation |
|---|---|---|---|
| Comparable earnings per share | Comparable net profit / 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 7 Comparable operating profit and comparable net profit |
| Comparable return on net assets, % | Comparable operating profit + comparable share of profit/loss in associates and joint ventures / Comparable net assets average x 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 6 Segment reporting |
| Adjustment for Share of profit/loss in associates and joint ventures | Adjustment for material items affecting comparability. | Share of profit/loss in associates and joint ventures is included in profit component in the comparable return on net assets calculation and the adjustments are done based on similar components as in Items affecting comparability. | Note 6 Segment reporting |
| 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 6 Segment reporting |

| Capital structure | Definition | Reason to use the measure | Reconciliation |
|---|---|---|---|
| Financial net debt / comparable EBITDA | Financial net debt / Comparable EBITDA | Financial net debt to comparable EBITDA is Fortum's long-term financial target for capital structure. | Note 5 Capital risk management |
| 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 27 Interest-bearing liabilities |
| Adjusted net debt | Financial net debt + underfunded pension obligations and asset retirement obligations, net of share in nuclear waste funds | Adjusted net debt is used in the follow-up of the indebtedness of the group. | Note 27 Interest-bearing liabilities |
| Interest-bearing net debt | Interest-bearing liabilities - liquid funds | Until Q1 2020 interest-bearing net debt was used in the follow-up of the indebtedness of the group i.e. capital structure especially as a component in the long-term over-the-cycle financial target of Comparable net debt / EBITDA in the Group. | N/A |
| Return on capital employed (ROCE), % | Profit before taxes + interest and other financial expenses / Capital employed average x 100 | Until Q1 2020 return on capital employed (ROCE) was a long-term over the cycle financial ratio target measuring the profitability and how efficiently invested capital was used. | N/A |
| Capital employed | Total assets - total non-interest bearing liabilities | Capital employed is the book value of the invested capital and it was used as a component when calculating the Return of capital employed in the group. | N/A |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Alternative performance measures excluding Russia

| Business performance | Definition | Reason to use the measure | Reference to reconciliation |
|---|---|---|---|
| Comparable EBITDA from continuing operations excl. Russia | Comparable EBITDA from continuing operations - comparable EBITDA, Russia | Comparable EBITDA from continuing operations excluding Russia is representing the underlying cash flow generated by the total Group, excluding Russian operations. Used as a component in the capital structure target of Financial net debt to Comparable EBITDA excl. Russia. | Definitions and reconciliations of key figures |
| Comparable operating profit from continuing operations excl. Russia | Comparable operating profit - comparable operating profit, Russia | Comparable operating profit from continuing operations excluding Russia is an additional financial performance indicator to support meaningful comparison of financials for Fortum's strategic businesses. | Note 7 Comparable operating profit and comparable net profit |
| Comparable net profit from continuing operations excl. Russia | Comparable net profit from continuing operations - comparable share of profit/loss of associates and joint ventures, Russia, - comparable finance costs - net, Russia, - comparable income tax expense, Russia, - comparable non-controlling interests, Russia. | Comparable net profit from continuing operations excluding Russia is an additional financial performance indicator to support meaningful comparison of financials for Fortum's strategic businesses. | Note 7 Comparable operating profit and comparable net profit |
| Comparable earnings per share from continuing operations excl. Russia | Comparable net profit from continuing operations excl. Russia / Average number of shares during the period | Comparable earnings per share from continuing operations excluding Russia is an additional financial performance indicator to support meaningful comparison of financials for Fortum's strategic businesses. | Note 7 Comparable operating profit and comparable net profit |

| Capital structure | Definition | Reason to use the measure | Reconciliation |
|---|---|---|---|
| Financial net debt/comparable EBITDA excl. Russia | Financial net debt, excl. Russia / 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. | Note 5 Capital risk management |
| 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. | Note 5 Capital risk management |

See ▸ **Note 1.4** Measures for performance and ▸ **Note 7** Comparable operating profit and comparable net profit.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Other key figures

## Share based key figures

| | |
|---|---|
| Earnings per share (EPS) | Profit for the period - non-controlling interests / Average number of shares during the period |
| Cash flow per share | Net cash from operating activities / Average number of shares during the period |
| Equity per share | Shareholders' equity / Number of shares at the end of the period |
| Payout ratio, % | Dividend per share / Earnings per share x 100 |
| Payout ratio excl. Russia, % | Dividend per share / Comparable earnings per share, continuing operations excl. Russia x 100 |
| Dividend yield, % | Dividend per share / Share price at the end of the period x 100 |
| Price/earnings (P/E) ratio | Share price at the end of the period / Earnings per share |
| Average share price | Amount traded in euros during the period / Number of shares traded during the period |
| Market capitalisation | Number of shares at the end of the period x share price at the end of the period |
| Trading volumes | Number of shares traded during the period in relation to the weighted average number of shares during the period |

## Other key figures

| | |
|---|---|
| EBITDA | Operating profit + depreciations and amortisations |
| Funds from operations (FFO) | Net cash from operating activities before change in working capital |
| 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. |
| Return on shareholders' equity (ROE), % | Profit for the year / Total equity average x 100 |
| Gearing, % | Financial net debt / Total equity including non-controlling interests x 100 |
| Equity-to-assets ratio, % | Total equity including non-controlling interests / Total assets x 100 |
| Interest coverage | Operating profit / Net interest expenses |
| Interest coverage including capitalised borrowing costs | Operating profit / Net interest expenses - capitalised borrowing costs |
| Average number of employees | Average of the number of employees at the end of each calendar month during the period and at the end of the previous period |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## Tax key figures

**Effective income tax rate,%**

$$\frac{\text{Income tax expense}}{\text{Profit before income tax}} \times 100$$

**Comparable effective income tax rate, %**

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

**Weighted average applicable income tax rate**

Sum of the proportionately weighted share of profits before taxes of each of the group's operating country multiplied by an applicable nominal tax rate of the respective countries.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Reconciliations of alternative performance measures

## Comparable EBITDA

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| IS Operating profit | | 1,277 | 4,325 |
| + IS Depreciation and amortisation | | 566 | 587 |
| EBITDA | | 1,842 | 4,913 |
| - IS Items affecting comparability | 7 | 593 | -2,897 |
| **Comparable EBITDA** | | **2,436** | **2,016** |

## Comparable operating profit

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| IS Operating profit | | 1,277 | 4,325 |
| - IS Items affecting comparability | 7 | 593 | -2,897 |
| **IS Comparable operating profit** | 7 | **1,871** | **1,429** |

## Items affecting comparability

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| Impairment charges and reversals | | -905 | -35 |
| Capital gains and other related items | 3 | 785 | 2,673 |
| Changes in fair values of derivatives hedging future cash flow | | -393 | 264 |
| Other | | -80 | -6 |
| **IS Items affecting comparability** | 7 | **-593** | **2,897** |

## Comparable net profit

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| IS Net profit | | 1,011 | 4,008 |
| - IS Items affecting comparability | 7 | 593 | -2,897 |
| - Adjustments to share of profit/loss of associates and joint ventures | 18 | 618 | -65 |
| - Adjustments to finance costs - net | 11 | 348 | 34 |
| - Adjustments to income tax expenses | | -1,010 | 34 |
| - IS Non-controlling interests | | 0 | -23 |
| - Adjustments to non-controlling interests | | -11 | -1 |
| **Comparable net profit** | 7 | **1,550** | **1,091** |

## Comparable earnings per share

| | Note | 2022 | 2021 |
|---|---|---|---|
| Comparable net profit from continuing operations, EUR million | 7 | 1,550 | 1,091 |
| Average number of shares during the period, 1 000 shares | | 889,204 | 888,294 |
| **Comparable earnings per share from continuing operations, EUR** | | **1.74** | **1.23** |
| | | | |
| Comparable net profit from discontinued operations, EUR million | 7 | -2,538 | 687 |
| Average number of shares during the period, 1 000 shares | | 889,204 | 888,294 |
| **Comparable earnings per share from discontinued operations, EUR** | | **-2.86** | **0.77** |
| | | | |
| Comparable net profit, total Fortum, EUR million | 7 | -988 | 1,778 |
| Average number of shares during the period, 1 000 shares | | 889,204 | 888,294 |
| **Comparable earnings per share, total Fortum, EUR** | | **-1.11** | **2.00** |

## Financial net debt and adjusted net debt

| EUR million | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| **+ Interest-bearing liabilities** | | **7,785** | **17,220** |
| **- BS Liquid funds** | | **3,919** | **7,592** |
| - Non-current securities | | - | 111 |
| - Collateral arrangement securities | | 527 | 549 |
| **- Securities in interest-bearing receivables** | | **527** | **660** |
| - BS Margin receivables | | 2,607 | 9,163 |
| + BS Margin liabilities | | 352 | 985 |
| **+/- Net margin liabilities/receivables** | | **-2,255** | **-8,179** |
| **Financial net debt** | 27 | **1,084** | **789** |
| | | | |
| + BS Pension obligations | | **13** | **1,190** |
| + Other asset retirement obligations | | 19 | 872 |
| - BS Share of Finnish and Swedish Nuclear Waste Funds | | 966 | 3,515 |
| + BS Nuclear provisions | | 966 | 3,891 |
| + Nuclear provisions net of assets in Nuclear Waste Funds | | 0 | 375 |
| **+ Total provisions net of assets in Nuclear Waste Funds** | | **33** | **2,438** |
| **Adjusted net debt** | | **1,117** | **3,227** |

## Financial net debt/comparable EBITDA

| EUR million | Note | Continuing operations 2022 | Fortum total [1] 2021 |
|---|---|---|---|
| **+ Interest-bearing liabilities** | | **7,785** | **17,220** |
| **- BS Liquid funds** | | **3,919** | **7,592** |
| - Non-current securities | | - | 111 |
| - Collateral arrangement securities | | 527 | 549 |
| **- Securities in interest-bearing receivables** | | **527** | **660** |
| - BS Margin receivables | | 2,607 | 9,163 |
| + BS Margin liabilities | | 352 | 985 |
| **+/- Net margin liabilities/receivables** | | **-2,255** | **-8,179** |
| **Financial net debt** | 27 | **1,084** | **789** |
| | | | |
| IS Operating profit | | 1,277 | -588 |
| + IS Depreciation and amortisation | | 566 | 1,281 |
| **EBITDA** | | **1,842** | **693** |
| - IS Items affecting comparability | | 593 | 3,124 |
| **Comparable EBITDA** | | **2,436** | **3,817** |
| | | | |
| **Financial net debt/comparable EBITDA** | | **0.4** | **0.2** |

1) 2021 figures based on continuing and discontinued operations (total).

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Income statement

Statement of comprehensive income

Balance sheet

Statement of changes in total equity

Cash flow statement

Notes

Key figures

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Reconciliation of alternative performance measures excluding Russia

## Comparable EBITDA from continuing operations excl. Russia

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| Comparable EBITDA from continuing operations | 6 | 2,436 | 2,016 |
| - Comparable EBITDA, Russia | 6 | 411 | 404 |
| **Comparable EBITDA from continuing operations excl. Russia** | 6 | **2,025** | **1,612** |

## Comparable operating profit from continuing operations excl. Russia

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| IS Comparable operating profit from continuing operations | | 1,871 | 1,429 |
| - Comparable operating profit, Russia | 6 | 260 | 261 |
| **Comparable operating profit from continuing operations excl. Russia** | 6 | **1,611** | **1,167** |

## Comparable net profit from continuing operations excl. Russia

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| Comparable net profit from continuing operations | 7 | 1,550 | 1,091 |
| - Comparable operating profit, Russia | | 260 | 261 |
| - Comparable share of profit/loss of associates and joint ventures, Russia | 6 | 30 | 62 |
| - Comparable finance costs - net, Russia | | 324 | -25 |
| - Comparable income tax expense, Russia | | -138 | -55 |
| - Comparable non-controlling interests, Russia | | -2 | -4 |
| **Comparable net profit from continuing operations excl. Russia** | | **1,076** | **851** |

## Comparable earnings per share from continuing operations excl. Russia

| EUR million | Note | 2022 | 2021 |
|---|---|---|---|
| Comparable net profit from continuing operations excluding Russia | | 1,076 | 851 |
| Average number of shares during the period, 1 000 shares | | 889,204 | 888,294 |
| **Comparable earnings per share from continuing operations excl. Russia, EUR** | | **1.21** | **0.96** |

## Financial net debt/comparable EBITDA excl. Russia

| EUR million | Continuing operations 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 | 2022 |
|---|---|
| **Interest-bearing liabilities** | **7,785** |
| - Interest-bearing liabilities, Russia | 204 |
| **Interest-bearing liabilities excl. Russia** | **7,581** |

## Liquid funds excl. Russia

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

# Parent company financial statements, Finnish GAAP (FAS)

## Income statement

| EUR | Note | 2022 | 2021 |
|---|---|---|---|
| Sales | 2 | 150,270,878 | 138,653,366 |
| Other income | 3 | 25,066,880 | 8,154,517 |
| Employee benefits | 4 | -58,824,730 | -54,312,599 |
| Depreciation, amortisation and write-downs | 8 | -10,984,728 | -10,476,708 |
| Other expenses | | -148,946,872 | -123,370,573 |
| **Operating loss** | | **-43,418,572** | **-41,351,995** |
| Financial income and expenses | 6 | 1,629,174,418 | 1,658,966,966 |
| **Profit before appropriations and income tax** | | **1,585,755,846** | **1,617,614,971** |
| Appropriations | | -1,023,551 | -909,896 |
| Group contributions received [1] | | 24,013,000 | 235,685,000 |
| **Profit before income tax** | | **1,608,745,295** | **1,852,390,074** |
| Income tax expense | 7 | -66,011,056 | -36,363,330 |
| **Profit for the year** | | **1,542,734,239** | **1,816,026,744** |

1) Taxable profits transferred from Finnish subsidiaries.

## Balance sheet

| EUR | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | 8 | 29,993,944 | 32,746,447 |
| Property, plant and equipment | 8 | 5,350,975 | 7,404,389 |
| Shares in Group companies | 8 | 14,232,843,131 | 16,176,622,539 |
| Interest-bearing receivables from Group companies | 8 | 12,060,281,161 | 7,050,724,884 |
| Interest-bearing receivables from associated companies | 8 | 1,592,410 | 1,503,943 |
| Other non-current assets | 8 | 209,997 | 161,547 |
| Derivative financial instruments | 13, 14 | 123,889,406 | 59,505,726 |
| Deferred tax assets | | 649,741 | 3,661,428 |
| **Total non-current assets** | | **26,454,810,764** | **23,332,330,902** |
| **Current assets** | | | |
| Other current receivables from Group companies | 9 | 51,234,101 | 377,081,611 |
| Other current receivables from associated companies | | 140,737 | 513,126 |
| Derivative financial instruments | 13, 14 | 145,296,548 | 138,448,001 |
| Other current receivables | 9 | 50,446,974 | 18,236,847 |
| Cash and cash equivalents | | 3,603,509,216 | 4,240,206,975 |
| **Total current assets** | | **3,850,627,576** | **4,774,486,560** |
| **Total assets** | | **30,305,438,341** | **28,106,817,462** |

| EUR | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| **EQUITY** | | | |
| **Shareholders' equity** | 10 | | |
| Share capital | | 3,046,185,953 | 3,046,185,953 |
| Share premium | | 2,821,690,902 | 2,821,690,902 |
| Hedging reserve | | 23,685,963 | -13,279,837 |
| Retained earnings | | 4,748,541,369 | 3,945,170,314 |
| Profit for the year | | 1,542,734,239 | 1,816,026,744 |
| **Total equity** | | **12,182,838,426** | **11,615,794,077** |
| **Accumulated appropriations** | | **1,933,447** | **909,896** |
| **Provisions for liabilities and charges** | | **-** | **343,198** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| External interest-bearing liabilities | 11, 13, 14 | 3,037,907,935 | 6,481,656,534 |
| Interest-bearing liabilities to Group companies | | 10,741,043,062 | 5,567,468,774 |
| Interest-bearing liabilities to associated companies | | 228,962,461 | 227,507,037 |
| Derivative financial instruments | 13, 14 | 130,472,330 | 37,050,594 |
| Other non-current liabilities | | 16,274,932 | 27,589,524 |
| **Total non-current liabilities** | | **14,154,660,720** | **12,341,272,463** |
| **Current liabilities** | | | |
| External interest-bearing liabilities | 11 | 3,558,361,054 | 3,837,837,491 |
| Interest-bearing liabilities to associated companies | | - | 61,701,555 |
| Trade and other payables to Group companies | 12 | 41,408,137 | 34,846,355 |
| Trade and other payables to associated companies | 12 | 1,239,200 | 1,475,327 |
| Derivative financial instruments | 13, 14 | 178,618,112 | 123,639,596 |
| Trade and other payables | 12 | 186,379,244 | 88,997,502 |
| **Total current liabilities** | | **3,966,005,747** | **4,148,497,827** |
| **Total liabilities** | | **18,120,666,468** | **16,489,770,290** |
| **Total equity and liabilities** | | **30,305,438,341** | **28,106,817,462** |

# Cash flow statement

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit for the year | 1,542,734 | 1,816,027 |
| Adjustments: | | |
| Income tax expense | 66,011 | 36,363 |
| Group contributions | -24,013 | -235,685 |
| Finance costs - net | -1,629,174 | -1,658,967 |
| Depreciation, amortisation, write-downs and appropriations | 12,008 | 11,320 |
| **Operating profit before depreciation (EBITDA)** | **-32,434** | **-30,942** |
| | | |
| Non-cash flow items | -395 | -2,975 |
| Interest and other financial income received | 102,767 | 34,307 |
| Interest and other financial expenses paid | -149,150 | -72,118 |
| Dividends received | 2,899,861 | 1,582,270 |
| Group contributions received | 235,685 | 233,438 |
| Realised foreign exchange gains and losses | 386,715 | 127,949 |
| Income taxes paid | -804 | -63,226 |
| **Funds from operations** | **3,442,245** | **1,808,703** |
| | | |
| Other short-term receivables increase(-)/decrease(+) | -883 | 1,664 |
| Other short-term payables increase(+)/decrease(-) | 9,424 | -460 |
| **Change in working capital** | **8,541** | **1,204** |
| | | |
| **Net cash from operating activities** | **3,450,786** | **1,809,907** |
| | | |
| **Cash flow from investing activities** | | |
| Capital expenditures | -7,465 | -12,027 |
| Acquisition of shares and capital contributions in subsidiaries | -2,660,412 | - |
| Acquisition of other shares | -48 | -52 |
| Proceeds from sales of shares | 3,006,437 | 126,504 |
| Proceeds from sales of property, plant and equipment | 53 | 1,415 |
| Change in interest-bearing receivables and other non-current assets | -4,921,996 | -2,129,895 |
| **Net cash used in investing activities** | **-4,583,431** | **-2,014,054** |
| | | |
| **Cash flow before financing activities** | **-1,132,645** | **-204,147** |

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Cash flow from financing activities** | | |
| Proceeds from long-term liabilities | 2,400,059 | 2,674,819 |
| Payment of long-term liabilities | -5,860,140 | -2,095,218 |
| Change in cashpool liabilities | 5,173,574 | 1,232,838 |
| Change in short-term liabilities | -204,716 | 1,915,137 |
| Dividends paid | -1,012,830 | -995,268 |
| **Net cash from financing activities** | **495,947** | **2,732,307** |
| | | |
| **Net increase(+)/decrease(-) in liquid funds** | **-636,698** | **2,528,160** |
| | | |
| **Liquid funds at the beginning of the year** | **4,240,207** | **1,712,047** |
| **Liquid funds at the end of the year** | **3,603,509** | **4,240,207** |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Parent company financial statements

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Notes to the Parent Company Financial Statements, FAS

## 1 Accounting policies and principles

The financial statements of Fortum Oyj for the year ended 31 December 2022 are prepared in accordance with Finnish Accounting Standards (FAS).

### 1.1 Sales

Sales include sales revenue from actual operations and exchange rate differences on trade receivables, less discounts and indirect taxes such as value added tax.

### 1.2 Other income

Other income includes gains on the sales of property, plant and equipment and shareholdings, as well as all other operating income not related to the sales of products or services, such as rents.

### 1.3 Foreign currency items and derivative instruments

Transactions denominated in foreign currencies have been valued using the exchange rate at the date of the transaction. Receivables and liabilities denominated in foreign currencies outstanding on the balance sheet date have been valued using the exchange rate quoted on the balance sheet date. Exchange rate differences have been entered in the financial net in the income statement.

Fortum Oyj enters into derivative contracts mainly for hedging foreign exchange and interest rate exposures in Fortum Group.

Fortum Oyj applies IFRS 9 Financial Instruments standard for derivative instruments and hedge accounting in statutory financial statements. Accounting principles on financial derivatives, see ▸ **Note 4** Financial risk management, ▸ **Note 14** Financial assets and liabilities by categories and ▸ **Note 15** Financial assets and liabilities by fair value hierarchy in the Consolidated financial statements.

### 1.4 Income taxes

Income taxes presented in the income statement consist of accrued taxes for the financial year and tax adjustments for prior years.

### 1.5 Shares in group companies

The balance sheet value of shares in group companies consists of historical costs less write-downs. If the estimated future cash flows generated by a non-current asset are expected to be permanently lower than the carrying amount, an adjustment to the value is made to write-down the difference as an expense. If the basis for the write-down can no longer be justified at the balance sheet date, it is reversed.

### 1.6 Intangible assets and Property, plant and equipment

The balance sheet value of intangible assets and property, plant and equipment consists of historical costs less depreciation and possible write-downs. Intangible assets and Property, plant and equipment are depreciated using straight-line depreciation based on the expected useful life of the asset.

The depreciation is based on the following expected useful lives:

| | |
|---|---|
| Machinery and equipment | 3 – 15 years |
| Intangible assets | 5 – 10 years |

### 1.7 Pension expenses

Statutory pension obligations are covered through a compulsory pension insurance policy or Group's own pension fund. Costs for pension fund are recorded in the income statement based on contributions paid pursuant to the Finnish pension laws and regulations.

### 1.8 Long-term incentive schemes

Costs related to the Fortum long-term incentive plans are accrued over the earnings period and the related liability is booked to the balance sheet.

### 1.9 Provisions

Foreseeable future expenses and losses that have no corresponding revenue to which Fortum is committed or obliged to settle, and whose monetary value can be reasonably assessed, are entered as expenses in the income statement and included as provisions on the balance sheet.

## 2 Sales by market area

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Finland | 72,501 | 66,021 |
| Other countries | 77,770 | 72,632 |
| **Total** | **150,271** | **138,653** |

## 3 Other income

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Rental and other income | 25,067 | 8,155 |
| **Total** | **25,067** | **8,155** |

FINANCIALS 2022

Operating and financial review

Consolidated financial statements

Parent company financial statements

Signatures for the operating and financial review and financial statements

Auditor's report

Auditor's assurance report of ESEF financial statements

Key figures 2013–2022

Quarterly financial information

Investor information

## 4 Employee benefits

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Personnel expenses** | | |
| Wages, salaries and remunerations | 46,185 | 43,226 |
| Indirect employee costs | | |
| Pension costs | 7,906 | 6,822 |
| Other indirect employee costs | 1,593 | 1,549 |
| Other personnel expenses | 3,140 | 2,715 |
| **Total** | **58,824** | **54,313** |

| EUR 1,000 | 2022 Markus Rauramo, President and CEO | 2021 Markus Rauramo, President and CEO |
|---|---|---|
| **Compensation for the President and CEO** | | |
| Salaries and fringe benefits | 1,549 | 1,559 |
| Short-term incentives [1] | - | 423 |
| Long-term incentives [1] [2] | 816 | 1,334 |
| Pensions (statutory) | 271 | 311 |
| Pensions (voluntary) | 315 | 315 |
| Social security expenses | 53 | 69 |
| **Total** | **3,004** | **4,011** |

1) Based on estimated amounts.
2) LTI costs for 2022 relate to LTI plans decided before 2022. Costs are accrued over the vesting period. President and CEO's costs for 2021 are updated for the share plan 2019-2021.

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Compensation for the Board of Directors | 1,039 | 504 |

The compensation above is presented on accrual basis. Paid salaries and remunerations for the President and CEO Markus Rauramo were EUR 2,384 thousand (2021: 2,821).

On 6 September 2022, Fortum announced that it had agreed with the Finnish State on a bridge financing arrangement. In accordance with the Solidium bridge financing facility with the Finnish State, Fortum Executive Management members will not be paid any short- or long-term incentives that are accumulated in 2022 and 2023.

For the President and CEO Markus Rauramo the retirement age is determined in accordance with the Finnish Employees' Pension Act. The pension obligations are covered through insurance company.

Board members are not in an employment relationship or service contract with Fortum, and they are not given the opportunity to participate in Fortum's STI or LTI programme, nor does Fortum have a pension plan that they can opt to take part in. The compensation of the board members is not tied to the sustainability performance of the Group.

See ▸ **Note 10** Employee benefits and Board remuneration and ▸ **Note 31** Pension obligations in the Consolidated financial statements.

| | 2022 | 2021 |
|---|---|---|
| Average number of employees | 410 | 374 |

## 5 Auditor's fees

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Audit fees | 794 | 833 |
| Audit-related assignments | 85 | 99 |
| **Total** | **879** | **932** |

Deloitte Oy is the appointed auditor until the next Annual General Meeting, to be held in 2023. Audit fees include fees for the audit of the consolidated financial statements, review of the interim reports as well as the fees for the audit of Fortum Oyj. Audit-related assignments include fees for assurance of sustainability reporting and other assurance and associated services related to the audit.

## 6 Financial income and expenses

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Dividend income from group companies | 2,899,861 | 1,582,270 |
| Interest and other financial income from group companies | 103,408 | 42,957 |
| Interest and other financial income from associated companies | 9 | 7 |
| Gain on sale of shares to other group companies | 2,902,283 | 98,559 |
| Write-downs of participations in group companies | -4,500,000 | - |
| Interest and other financial income | 1,526 | 3,103 |
| Exchange rate differences | 385,052 | -82 |
| Changes in fair values of derivatives | -685 | 9,686 |
| Interest and other financial expenses to group companies | -40,130 | -2,597 |
| Interest and other financial expenses | -122,150 | -74,937 |
| **Total** | **1,629,174** | **1,658,967** |

| | | |
|---|---|---|
| Interest income | 97,653 | 38,153 |
| Interest expenses | -165,300 | -71,500 |
| **Interest costs - net** | **-67,647** | **-33,347** |

Gain on sales of shares to other group companies of EUR 2,902 million relates to internal restructurings in Swedish subsidiaries.

Due to the divestment of Uniper shares Fortum Oyj wrote down shares in subsidiaries amounting to EUR 4,500 million.

## 7 Income tax expense

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Taxes on regular business operations | 61,208 | -10,774 |
| Taxes on group contributions | 4,803 | 47,137 |
| **Total** | **66,011** | **36,363** |

| | | |
|---|---|---|
| Current taxes for the period | 65,628 | 36,421 |
| Current taxes for prior periods | -61 | -15 |
| Changes in deferred tax | 444 | -43 |
| **Total** | **66,011** | **36,363** |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Parent company financial statements

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# 8 Non-current assets

## Intangible assets

| EUR 1,000 | Total |
|---|---|
| **Cost 1 January 2022** | **68,104** |
| Additions | 17,247 |
| Disposals | -21,195 |
| **Cost 31 December 2022** | **64,156** |
| | |
| **Accumulated depreciation 1 January 2022** | **35,358** |
| Disposals | -10,886 |
| Depreciation for the year | 9,699 |
| **Accumulated depreciation 31 December 2022** | **34,170** |
| | |
| **Carrying amount 31 December 2022** | **29,986** |
| Carrying amount 31 December 2021 | 32,746 |

## Property, plant and equipment

| EUR 1,000 | Machinery and equipment | Advances paid and construction in progress | Total |
|---|---|---|---|
| **Cost 1 January 2022** | **9,890** | **4,806** | **14,696** |
| Additions and transfers between categories | 503 | 2,339 | 2,842 |
| Disposals | -488 | -3,674 | -4,162 |
| **Cost 31 December 2022** | **9,904** | **3,472** | **13,376** |
| | | | |
| **Accumulated depreciation 1 January 2022** | **7,292** | **-** | **7,292** |
| Disposals | -478 | - | -478 |
| Depreciation for the year | 1,211 | - | 1,211 |
| **Accumulated depreciation 31 December 2022** | **8,025** | **-** | **8,025** |
| | | | |
| **Carrying amount 31 December 2022** | **1,879** | **3,472** | **5,351** |
| Carrying amount 31 December 2021 | 2,598 | 4,806 | 7,404 |

## Investments

| EUR 1,000 | Shares in Group companies | Participation in associated companies | Receivables from Group companies | Receivables from associated companies | Other non-current assets | Total |
|---|---|---|---|---|---|---|
| **Cost 1 January 2022** | **17,321,633** | **5,656** | **7,050,725** | **16,780** | **8,144** | **24,402,938** |
| Additions [1] | 2,660,412 | | 5,009,556 | 88 | 48 | 7,670,104 |
| Disposals | -104,191 | | | | | -104,191 |
| **Cost 31 December 2022** | **19,877,853** | **5,656** | **12,060,281** | **16,868** | **8,192** | **31,968,851** |
| | | | | | | |
| **Accumulated write-downs 1 January 2022** | **1,145,010** | **5,656** | **-** | **15,276** | **7,982** | **1,173,925** |
| Impairment charges | 4,500,000 | | | | | 4,500,000 |
| **Accumulated write-downs 31 December 2022** | **5,645,010** | **5,656** | **-** | **15,276** | **7,982** | **5,673,925** |
| | | | | | | |
| **Carrying amount 31 December 2022** | **14,232,843** | **-** | **12,060,281** | **1,592** | **210** | **26,294,927** |
| Carrying amount 31 December 2021 | 16,176,623 | - | 7,050,725 | 1,504 | 162 | 23,229,013 |

1) Additions regarding shares comprise acquisitions of shares and capital contributions and reclassification between other non-current assets and shares in Group companies.

# 9 Other current receivables

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Other current receivables from group companies** | | |
| Trade receivables | 18,862 | 14,435 |
| Group contribution and other receivables | 24,013 | 359,560 |
| Accrued income and prepaid expenses | 8,359 | 3,086 |
| **Total** | **51,234** | **377,082** |
| | | |
| **Other current receivables** | | |
| Trade receivables | 589 | 719 |
| Other receivables | 40,146 | 3,236 |
| Accrued income and prepaid expenses | 9,712 | 14,282 |
| **Total** | **50,447** | **18,237** |

See **Note 4.2** Liquidity and refinancing risk in the Consolidated financial statements.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Parent company financial statements

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 10 Changes in shareholders' equity

| EUR 1,000 | Share capital | Share premium | Hedging reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| **1 January 2022** | **3,046,186** | **2,821,691** | **-13,279** | **5,761,197** | **11,615,794** |
| Cash dividend | | | | -1,012,656 | -1,012,656 |
| Change in hedging reserve | | | 36,966 | | 36,966 |
| Profit for the year | | | | 1,542,734 | 1,542,734 |
| **31 December 2022** | **3,046,186** | **2,821,691** | **23,686** | **6,291,276** | **12,182,838** |
| | | | | | |
| **1 January 2021** | **3,046,186** | **2,821,691** | **-24,202** | **4,940,060** | **10,783,735** |
| Cash dividend | | | | -994,890 | -994,890 |
| Change in hedging reserve | | | 10,923 | | 10,923 |
| Profit for the year | | | | 1,816,027 | 1,816,027 |
| **31 December 2021** | **3,046,186** | **2,821,691** | **-13,279** | **5,761,197** | **11,615,794** |

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Distributable funds** | | |
| Retained earnings 31 December | 6,291,276 | 5,761,197 |
| Hedging reserve | - | -13,280 |
| **Total** | **6,291,276** | **5,747,917** |

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. 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. The total amount of shares outstanding in the company after the registration of the new shares is 897,264,465. As a consequence, the shares under the control of the State of Finland has increased from 50.76% to 51.26%.

## 11 Interest-bearing liabilities

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **External interest-bearing loans** | | |
| Bonds | 1,544,821 | 2,706,115 |
| Loans from financial institutions | 803,703 | 3,086,153 |
| Other long-term interest-bearing loans | 689,384 | 689,389 |
| **Total long-term interest-bearing loans** | **3,037,908** | **6,481,657** |
| | | |
| Current portion of long-term bonds | 1,089,647 | 999,152 |
| Current portion of loans from financial institutions | 516,849 | 462,908 |
| Other short-term interest-bearing loans | 1,951,865 | 2,375,777 |
| **Total short-term interest-bearing loans** | **3,558,361** | **3,837,837** |
| **Total** | **6,596,269** | **10,319,494** |

### Maturity of external interest-bearing loans

| EUR 1,000 | 2022 |
|---|---|
| 2023 | 3,558,361 |
| 2024 | 716,607 |
| 2025 | 6,969 |
| 2026 | 729,891 |
| 2027 | 16,849 |
| 2028 and later | 1,567,592 |
| **Total** | **6,596,269** |

See ▸ **Note 4.2** Liquidity and refinancing risk and ▸ **Note 27** Interest-bearing liabilities in the Consolidated financial statements.

### External interest-bearing loans due after five years [1)]

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Bonds | 734,765 | 845,538 |
| Other long-term loans | 735,813 | 755,596 |
| **Total** | **1,470,578** | **1,601,134** |

1) Excludes loans to Group and associated companies.

### Other interest-bearing loans due after five years

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Interest-bearing loans to associated companies | 228,962 | 227,507 |
| **Total** | **228,962** | **227,507** |

Non-discounted cash flows of interest-bearing loans and their maturities, see ▸ **Note 13** Financial derivatives.

FINANCIALS 2022

Operating and financial review

Consolidated financial statements

Parent company financial statements

Signatures for the operating and financial review and financial statements

Auditor's report

Auditor's assurance report of ESEF financial statements

Key figures 2013–2022

Quarterly financial information

Investor information

## 12 Trade and other payables

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Trade and other payables to group companies** | | |
| Trade payables | 4,828 | 5,273 |
| Deposits from group companies and other liabilities | 29,429 | 29,573 |
| Accruals and deferred income | 7,151 | - |
| **Total** | **41,408** | **34,846** |
| | | |
| **Trade and other payables to associated companies** | | |
| Accruals and deferred income | 1,239 | 1,475 |
| **Total** | **1,239** | **1,475** |
| | | |
| **Trade and other payables** | | |
| Trade payables | 22,014 | 23,098 |
| Other liabilities | 4,193 | 4,443 |
| Accruals and deferred income | 160,172 | 61,456 |
| **Total** | **186,379** | **88,998** |

## 13 Financial derivatives

### Interest rate and currency derivatives by instrument 2022

| | Notional amount Remaining lifetimes | | | | Fair value | | |
|---|---|---|---|---|---|---|---|
| EUR 1,000 | Under 1 year | 1-5 years | Over 5 years | Total | Positive | Negative | Net |
| **Hedge accounting** | | | | | | | |
| Foreign exchange derivatives | 3,323,927 | 215,003 | - | 3,538,930 | 27,455 | 12,494 | 14,961 |
| Interest rate swaps | 739,914 | 825,000 | 1,350,000 | 2,914,914 | 111,748 | 120,462 | -8,714 |
| Cross currency swaps | - | 75,638 | - | 75,638 | 2,616 | - | 2,616 |
| **Non-hedge accounting** | | | | | | | |
| Foreign exchange derivatives | 19,270,706 | 343,403 | - | 19,614,110 | 124,498 | 176,135 | -51,636 |
| Interest rate swaps | 17,983 | 13,487 | - | 31,470 | 1,687 | - | 1,687 |
| Cross currency swaps | - | 23,656 | - | 23,656 | 1,181 | - | 1,181 |
| **Total** | **23,352,530** | **1,496,188** | **1,350,000** | **26,198,717** | **269,186** | **309,090** | **-39,904** |
| Of which long-term | | | | | 123,889 | 130,472 | -6,583 |
| Short-term | | | | | 145,297 | 178,618 | -33,322 |

### Interest rate and currency derivatives by instrument 2021

| | Notional amount Remaining lifetimes | | | | Fair value | | |
|---|---|---|---|---|---|---|---|
| EUR 1,000 | Under 1 year | 1-5 years | Over 5 years | Total | Positive | Negative | Net |
| **Hedge accounting** | | | | | | | |
| Foreign exchange derivatives | 482,534 | 271,364 | - | 753,898 | 10,838 | 10,891 | -52 |
| Interest rate swaps | 1,300,000 | 1,322,558 | 1,175,000 | 3,797,558 | 71,385 | 26,972 | 44,413 |
| Cross currency swaps | 214,384 | 46,957 | - | 261,341 | 29,996 | 1,963 | 28,032 |
| **Non-hedge accounting** | | | | | | | |
| Foreign exchange derivatives | 13,700,810 | 331,925 | - | 14,032,734 | 85,461 | 119,935 | -34,474 |
| Interest rate swaps | - | 34,145 | - | 34,145 | 273 | 93 | 180 |
| Cross currency swaps | - | 23,656 | - | 23,656 | - | 836 | -836 |
| **Total** | **15,697,728** | **2,030,606** | **1,175,000** | **18,903,334** | **197,954** | **160,690** | **37,264** |
| Of which long-term | | | | | 59,506 | 37,051 | 22,455 |
| Short-term | | | | | 138,448 | 123,640 | 14,808 |

### Maturity analysis of interest-bearing loans and derivatives

Interest-bearing loans are non-discounted expected cash flows including future interest payments and amortisations. Interest rate and currency derivatives represent the fair value of the derivatives on the balance sheet.

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| EUR 1,000 | Under 1 year | 1-5 years | Over 5 years | Total | Under 1 year | 1-5 years | Over 5 years | Total |
| Interest-bearing loans | 3,768,717 | 1,812,840 | 2,114,899 | 7,696,457 | 4,006,987 | 5,034,504 | 2,000,842 | 11,042,334 |
| Interest rate and currency derivative liabilities | 178,618 | 55,889 | 74,583 | 309,090 | 123,640 | 18,540 | 18,510 | 160,690 |
| Interest rate and currency derivative receivables | -145,297 | -32,225 | -91,665 | -269,186 | -138,448 | -29,386 | -30,120 | -197,954 |
| **Total** | **3,802,039** | **1,836,504** | **2,097,818** | **7,736,361** | **3,992,179** | **5,023,659** | **1,989,233** | **11,005,070** |

Interest-bearing loans include loans from the State Nuclear Waste Management Fund and Teollisuuden Voima Oyj of EUR 918 million (2021: 1,165). These loans are renewed yearly and the related interest payments are calculated for ten years in the table above.

FINANCIALS 2022

Operating and financial review

Consolidated financial statements

Parent company financial statements

Signatures for the operating and financial review and financial statements

Auditor's report

Auditor's assurance report of ESEF financial statements

Key figures 2013–2022

Quarterly financial information

Investor information

## 14 Derivatives and liabilities by fair value hierarchy

Fair value measurements are classified using a fair value hierarchy, i.e. Level 1, Level 2 and Level 3 that reflects the significance of the inputs used in making the measurements. For further information see accounting principles in Fortum consolidated accounts ▸ **Note 15** Financial assets and liabilities by fair value hierarchy.

### Derivatives at fair value in financial assets

| | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| **EUR 1,000** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| **In non-current assets** | | | | | | | | |
| Derivative financial instruments | | | | | | | | |
| Interest rate and currency derivatives | | | | | | | | |
| Hedge accounting | | | 118,061 | 54,867 | | | 118,061 | 54,867 |
| Non-hedge accounting | | | 5,829 | 4,639 | | | 5,829 | 4,639 |
| **In current assets** | | | | | | | | |
| Derivative financial instruments | | | | | | | | |
| Interest rate and currency derivatives | | | | | | | | |
| Hedge accounting | | | 23,759 | 57,353 | | | 23,759 | 57,353 |
| Non-hedge accounting | | | 121,538 | 81,095 | | | 121,538 | 81,095 |
| **Total** | | | **269,187** | **197,954** | | | **269,187** | **197,954** |

### Derivatives and liabilities at fair value in financial liabilities

| | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| **EUR 1,000** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| **In non-current liabilities** | | | | | | | | |
| Interest-bearing liabilities [1] | | | 580,256 | 1,669,072 | | | 580,256 | 1,669,072 |
| Derivative financial instruments | | | | | | | | |
| Interest rate and currency derivatives | | | | | | | | |
| Hedge accounting | | | 122,810 | 32,085 | | | 122,810 | 32,085 |
| Non-hedge accounting | | | 7,662 | 4,966 | | | 7,662 | 4,966 |
| **In current liabilities** | | | | | | | | |
| Derivative financial instruments | | | | | | | | |
| Interest rate and currency derivatives | | | | | | | | |
| Hedge accounting | | | 10,146 | 7,742 | | | 10,146 | 7,742 |
| Non-hedge accounting | | | 168,472 | 115,898 | | | 168,472 | 115,898 |
| **Total** | | | **889,346** | **1,829,762** | | | **889,346** | **1,829,762** |

1) Fair valued part of bond in the fair value hedge relationship.

Net fair value amount of interest rate and currency derivatives was EUR -40 million (2021: 37), including assets EUR 269 million (2021: 197) and liabilities, EUR 309 million (2021: 161). Fortum Corporation has cash collaterals based on Credit Support Annex agreements with some counterparties. At the end of December 2022 Fortum Corporation had received EUR 64 million (2021: 40) from Credit Support Annex agreements. The received cash has been booked as a short-term interest-bearing liability.

## 15 Contingent liabilities and other commitments

| **EUR 1,000** | **2022** | **2021** |
|---|---|---|
| On own behalf | | |
| Other contingent liabilities | 1,339 | 832 |
| On behalf of group companies | | |
| Guarantees | 1,037,997 | 3,794,749 |
| On behalf of associated companies | | |
| Guarantees | 1,160,536 | 280,610 |
| On behalf of others | | |
| Guarantees | 937,559 | - |
| **Total** | **3,137,431** | **4,076,191** |

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 that Fortum Oyj had granted to Uniper, a total of EUR 3.0 billion was released by year-end 2022. The remaining, approximately EUR 1.0 billion, with a full German State back-to-back guarantee (indemnity), will be released latest at the end of June 2023.

### Operating lease commitments

| **EUR 1,000** | **2022** | **2021** |
|---|---|---|
| Due within one year | 5,946 | 5,727 |
| Due after one year and within five years | 17,979 | 17,294 |
| Due after five years | 0 | 3,010 |
| **Total** | **23,925** | **26,031** |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

Parent company financial statements

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

## 16 Related party transactions

At the end of 2022, the Finnish State owned 51.26% of the company's shares (2021: 50.76%). 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 is linked to the six-month Euribor; the margin for the first six months is 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 has increased to 51.26%.

See also ▸ **Note 38** Related party transactions in the Consolidated financial statements.

### Investments in group companies, associated companies and other holdings

| | | No. of shares units | Holding % |
|---|---|---|---|
| **Investments in group companies** | | | |
| Fortum Waste Solutions Oy | Finland | 3,520,800 | 100.00 |
| Fortum Heat and Gas Oy | Finland | 2,000,000 | 100.00 |
| Fortum Clean Oy | Finland | 100 | 100.00 |
| Fortum Norm Oy | Finland | 250 | 100.00 |
| Fortum Power and Heat Oy | Finland | 91,197,543 | 100.00 |
| Fortum Real Estate Oy | Finland | 2,000,000 | 100.00 |
| Fortum TwoGether Oy | Finland | 100 | 100.00 |
| Fortum Holding B.V. | Netherlands | 61,062 | 100.00 |
| Fortum India Private Ltd | India | 1 | 0.10 |
| Fortum Finance Ireland Designated Activity Company | Ireland | 25,000 | 100.00 |
| Fortum Sweden AB | Sweden | 500,000 | 50.00 |
| Fortum Power AB | Sweden | 100 | 100.00 |
| **Investments in associated companies** | | | |
| Wello Oy | Finland | 1,100,000 | 16.25 |
| **Other holdings** | | | |
| AW-Energy Oy | Finland | 2,854,688 | 3.43 |
| Clic Innovation Oy | Finland | 100 | 3.40 |
| East Office of Finnish Industries Oy | Finland | 1 | 5.88 |
| Green Industry Park Oy | Finland | 19 | 19.00 |
| Prototype Carbon Fund | USA | N/A | |

## 17 Events after the balance sheet date

At the beginning of March 2023, the Fortum Board of Directors resolved on Fortum's new strategy. The strategy includes renewed dividend policy with payout ratio of 60–90% of comparable EPS. Fortum's Board of Directors proposes a dividend of EUR 0.91 per share for the year 2022 corresponding to a pay-out of 75 % based on comparable EPS of EUR 1.21 (excluding Russian operations). See also ▸ **Note 39** Events after the balance sheet date in the Consolidated financial statements.

# Signatures for the operating and financial review and financial statements

Espoo, 1 March 2023

Veli-Matti Reinikkala | Anja McAlister | Philipp Rösler | Teppo Paavola

Essimari Kairisto | Annette Stube | Luisa Delgado | Kimmo Viertola

Ralf Christian | Markus Rauramo
President and CEO

## The auditor's note

Our auditor's report has been issued today.

Espoo, 1 March 2023

Deloitte Oy
Audit Firm

Jukka Vattulainen
Authorised Public Accountant (KHT)

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

Auditor's report

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Auditor's report

(Translation of the Finnish original)

**To the Annual General Meeting of Fortum Oyj**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Fortum Oyj (business identity code 1463611-4) for the year ended 31 December, 2022. The financial statements comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in total equity, consolidated cash flow statement and notes to the consolidated financial statements, including a summary of significant accounting policies, as well as the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU,
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 8 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Discontinued operations – Uniper**<br>Refer to Notes 1, 2 and 3<br><br>• On 21 September 2022, Fortum, the German government and Uniper signed an agreement in principle that allowed the German State to take full control of Uniper and Uniper was deconsolidated. On 21 December 2022, the transaction was completed. The signing of the agreement with the German government on 21 September 2022 triggered a control assessment as required by IFRS 10 Consolidated financial statements. Management concluded that Fortum's rights are no longer substantive as it does not have the practical ability to exercise control over Uniper. Consequently, control was assessed to have been lost and Uniper was deconsolidated at 30 September 2022. Due to this, Uniper was presented as discontinued operations in accordance with IFRS 5 Noncurrent assets held for sale and discontinued operations.<br>• Due to the Uniper sales transaction, Fortum's consolidated income statement was modified in 2022 to include a discontinued operations disclosure as required by IFRS 5 Non-current assets held for sale and discontinued operations. Comparative financial information for 2021 were restated for income statement and cash flow statement, so that on the comparative information for 2021 considers Fortum's continuing operations, without Uniper as a discontinued operation. The consolidated balance sheet at 31 December 2021 included Uniper.<br>• The transaction was completed on 21 December 2022. Under the agreement, Uniper issued new ordinary registered shares, which the German State subscribed at a nominal value of EUR 1.70 per share. At completion of the equity capital increase, the German State bought all of Fortum's approximately 293 million shares in Uniper SE for EUR 1.70 per share, i.e. for a total of EUR 0.5 billion; and Uniper repaid the EUR 4 billion shareholder loan. Out of the EUR 4.0 billion parent company guarantee facility that Fortum had granted to Uniper, a total of EUR 3.0 billion was released by year-end 2022. The remaining, approximately EUR 1.0 billion, with a full German State back-to-back guarantee, will be released latest at the end of June 2023.<br>• Fortum's total loss from the Uniper investment was slightly below EUR 6 billion which is the net effect from the investments in Uniper shares 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. On deconsolidation of Uniper at 30 September 2022, Fortum recorded EUR 28.0 billion one-time, noncash positive effect that is included in 2022 in net loss of EUR -11.3 billion from discontinued operations in the consolidated income statement. 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.<br>• The accounting treatment for discontinued operations is a key audit matter, because the accounting treatment for changes in the group structure and the classification of discontinued operations and businesses for sale in accordance with IFRS 5 involves significant management judgment and the changes have a material impact on the financial statements | Our audit procedures have consisted e.g. the following amongst others:<br><br>• We gain an understanding of the group's accounting principles related to business sales and discontinued operations.<br>• Regarding the sale of Uniper's business operations, we evaluated how management has applied accounting principles and assumptions related to accounting practices in accordance with IFRS 10 Consolidated Financial Statements standard and IFRS 5 Non-current assets held for sale and discontinued operations standard.<br>• Regarding the sales of Uniper's businesses, we tested the sales result determined by management and the effect of the transaction on the income statement and balance sheet in accordance with the related agreements and based on the transactions which occurred.<br>• We evaluated the appropriate presentation of discontinued operations in the financial statements in accordance with the IFRS 5 Non-current assets held for sale and discontinued operations standard. |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

Auditor's report

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Fair value of commodity derivatives and liquidity**<br>Refer to Notes 4, 6, 7, 8, 9, 14, 15, 27 and 38 | |
| • Fortum's business is exposed to fluctuations in prices and availability of commodities used in the production, transmission and sales of energy products. The main exposure is toward electricity and gas prices and volumes, prices and volumes of emission allowances, and prices and availability of fuels relating to Fortum's sales EUR 8,804 million (EUR 6,422 million restated comparative financials) and materials EUR 4,748 million (EUR 2,861 million restated comparative financials). Fortum hedges its exposure to commodity market risks in order to reduce volatility in cash flow and to increase the predictability of future results. The fair values of derivatives and their changes may have a material effect on Fortum's financial statements.<br>• The energy crisis in Europe has resulted in very volatile commodity markets with unprecedentedly high prices that have required significantly higher collaterals related to power and gas on the commodities exchanges. In the latter part of 2022, the Nordic power prices declined from the record levels at the end of August and the market was less volatile. However, Fortum remained prepared for continued market turbulence, and has taken precautionary financing measures to secure its liquidity position and financial flexibility. On 6 September 2022 Fortum signed a EUR 2,350 million bridge financing with the Finnish state-owned company, Solidium. According to loan terms, in order to keep the facility effective for the one-year period, on 30 September 2022, Fortum drew EUR 350 million under this facility. On 21 December 2022, Uniper repaid its EUR 4 billion shareholder loan and Fortum received the sales proceeds of EUR 0.5 billion from the divestment of Uniper shares.<br>• In December 31, 2022, assets related to commodity derivative financial instruments in Fortum's consolidated balance sheet amounts to EUR 1,594 million (EUR 82,174 million including Uniper) and liabilities to EUR 4,554 million (EUR 88,460 million including Uniper). The Margin receivables related to the derivative financial instruments amounted to EUR 2,607 million (EUR 9,163 million including Uniper) and liabilities to EUR 352 million (EUR 985 million including Uniper). Changes in the fair value of derivatives hedging future cash flows in items affecting the comparability in the income statement amount to EUR -393 million (EUR 264 million restated comparative financials) and cash flow hedges in other equity components to EUR -2,182 million (EUR -1,138 million).<br>• Changes in liquid funds in 2022 include EUR 2,248 million from the deconsolidation of Uniper at 30 September 2022. At the end of the reporting period, the Group's liquid funds totalled EUR 3,919 million (7,592 including Uniper). Liquid funds include EUR 247 million relating to Fortum's Russian operations (300 including Uniper). These funds are not available to the other Group companies as payment transactions with the Russian Federation are subject to general restrictions. | • Our audit procedures included the assessment of Fortum's internal controls related to derivative transactions, hedging activities and the determination of fair values.<br>• We have assessed the appropriateness of the valuation models used by Fortum, including the assumptions used in the models. We have validated model input data with observable external information.<br>• We have conducted audit procedures regarding the existence and completeness of open derivative contracts.<br>• We have assessed the appropriateness of accounting application according to the requirements of IFRS 9.<br>• We have assessed the risk scenario prepared by Fortum over further price changes and impact to liquidity requirements for margin calls and Fortum's ability to meet liquidity requirements for the next 12 months.<br>• We have performed audit procedures regarding the existence, completeness, accounting and presentation for the loan and financing agreements and arrangements.<br>• We have assessed the appropriate presentation of derivatives and the liquidity measures in the consolidated financial statements. |

• At the end of the reporting period, Fortum had undrawn committed credit facilities amounting to EUR 7,200 million. The undrawn facilities consisted of EUR 2,000 million Liquidity revolving credit facility maturing in June 2023 (6+6 months extension options by Fortum), EUR 2,400 million Core revolving credit facility maturing in June 2025 (1+1 year extension options by the lenders), EUR 2,000 million Solidium bridge financing facility maturing in September 2023 and EUR 800 million bilateral revolving credit facility maturing in December 2023. In addition, Fortum has EUR 100 million committed overdraft limits that are valid until further notice. The EUR 3,000 million revolving credit facility with maturity in July 2022 was cancelled in June 2022 and the EUR 1,750 million revolving credit facility with maturity in June 2023 was repaid and cancelled in June 2022.
• The fair value of commodity derivatives and liquidity is a key audit matter, as Fortum's business is exposed to liquidity and refinancing risk primarily due to the need to finance the group's business and cover collateral requirements related to hedging activities. Trading in derivatives exposes the group to liquidity risk, when collateral such as money or bank guarantees must be provided for trading.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

Auditor's report

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation of property, plant and equipment and goodwill**<br>Refer to Notes 1, 2, 16, 17 and 19. | |
| • The consolidated balance sheet includes property, plant and equipment amounting to EUR 7,144 million (EUR 18,319 million including Uniper) and goodwill amounting to EUR 250 million (EUR 1,021 million including Uniper). The changes in the consolidated balance sheet from the prior year relates mostly due to the de-consolidation of Uniper, and Fortum's EUR 1,697 million impairments to property, plant and equipment and goodwill for Russia operations during 2022.<br>• At the end of each reporting period management has to assess whether there is any indication that assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is subject to an annual impairment test.<br>• The main assumptions used in the valuation of energy and heat production property, plant and equipment and goodwill relate to the estimated future operating cash flows and the discount rates that are used in calculating the present value.<br>• The potential indicators for impairment are among other things changes in electricity and fuel prices, regulatory/political risk relating to energy taxes, price regulations and limitations to the lifetime of production assets, coupled with changes in anticipated impacts arising from climate change. Furthermore, the geopolitical situation may have and have had further negative impacts to the valuation of Fortum's Russia operations.<br>• The assumptions used in the valuation of the balances in question require substantial management judgment, and thus this is a key audit matter. | • We have evaluated the process of how management has assessed the indicators for potential impairment. We have performed audit procedures on impairment models relating to material cash generating units.<br>• We have obtained entity's impairment testing documentation for goodwill and energy production assets and tested and evaluated the rationale of key assumptions applied by management on a sample basis, including commodity price forecasts, profit and cash flow forecasts, terminal values, foreign exchange rates and the selection of discount rates.<br>• We have compared, that the forecasts used in the impairment testing calculations are based on forecasts approved by management.<br>• We challenged management's assumptions and judgments with reference to historical data and, where applicable, external benchmarks.<br>• We assessed the models used in the impairment testing and carried out our testing for the sensitivity calculations.<br>• We have assessed management's assessment of climate change impact to Fortum's business and how this has been taken into account in determining the cashflows used in impairment testing.<br>• We assessed the adequacy of related disclosures in the financial statements |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Shares in Nuclear Waste Funds and Nuclear provisions**<br>Refer to Notes 2 and 29. | |
| • Fortum's balance sheet includes Nuclear related provisions amounting to EUR 966 million (EUR 3,891 million including Uniper) and Fortum's share of the Nuclear Waste Management Fund amounting to EUR 966 million (EUR 3,515 million including Uniper).<br>• Fortum's nuclear related provisions and the related part of the Nuclear Waste Management Fund are both presented separately in the balance sheet as disclosed in note 29.<br>• Fortum's share in the Nuclear Waste Management Funds is accounted for according to IFRIC 5 which states that the fund assets are measured at the lower of fair value or the value of the related liabilities.<br>• Due to complexity and materiality, the accounting treatment for nuclear decommissioning is complex and requires application of special accounting practice and management judgment when forming estimates for the basis of accounting such as technical plans, timing, cost estimates and discount rate. | • We have assessed Fortum's accounting manual and principles for Nuclear Decommissioning Accounting, whether they are in line with IFRS accounting principles.<br>• We have assessed the assumptions and judgments made and adopted by management in the accounting for the nuclear waste provisions and share in nuclear waste management fund which have been based on current legislation and submitted by authorities.<br>• We assessed the adequacy of related disclosures in the financial statements. |

## Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

## Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

Auditor's report

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# Other Reporting Requirements

## Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 16.3.2006, and our appointment represents a total period of uninterrupted engagement of 17 years.

## Other Information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the Operating and Financial Review and the information included in the Financials, but does not include the financial statements and our auditor's report thereon. We have obtained the Operating and Financial Review prior to the date of this auditor's report, and the Financials is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to Operating and Financial Review, our responsibility also includes considering whether the Operating and Financial Review has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the Operating and Financial Review is consistent with the information in the financial statements and the Operating and Financial Review has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown on the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Espoo, 1 March 2023

Deloitte Oy
Audit Firm

Jukka Vattulainen
Authorised Public Accountant (KHT)

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

Auditor's assurance report of ESEF financial statements

**Key figures 2013–2022**

**Quarterly financial information**

**Investor information**

# Auditor's assurance report of ESEF financial statements

(Translation of the Finnish Original)

## Independent auditor's report on the ESEF consolidated financial statements of Fortum Oyj

**To the Board of Directors of Fortum Oyj**

We have performed a reasonable assurance engagement on whether the iXBRL tagging of the consolidated financial statements in the ESEF consolidated financial statements (FORTUMOYJ-2022-12-31-fi.zip) of Fortum Oyj (1463611-4) for the financial year 1 January – 31 December 2022 has been prepared in accordance with the requirements of Article 4 of Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the report of the Board of Directors and financial statements (ESEF financial statements) that comply with the requirements of ESEF RTS. This responsibility includes:

- preparation of ESEF financial statements in XHTML format in accordance with Article 3 of ESEF RTS
- tagging the consolidated financial statements in the ESEF financial statements with iXBRL tags in accordance with Article 4 of ESEF RTS, and
- ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance with the requirements of ESEF RTS.

### Auditor's Independence and Quality Control

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The auditor applies International Standard on Quality Management 1 and, accordingly, an audit firm shall design, implement, and maintain a system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### Auditor's Responsibilities

In accordance with the engagement letter, we express an opinion on whether the tagging of the consolidated financial statements in the ESEF financial statements has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS. We conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the consolidated financial statements in the ESEF financial statements has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS, and
- whether the consolidated financial statements, including disclosures and identifying information, are marked up using the XBRL mark-up language in accordance with Article 4 of ESEF RTS
- whether the ESEF financial statements are consistent with the audited financial statements.

The nature, timing and extent of the procedures selected depend on the auditor's judgment. This includes the assessment of risk of material departures from the requirements set out in ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the tagging of the consolidated financial statements in the ESEF financial statements (FORTUMOYJ-2022-12-31.zip) of Fortum Oyj for the financial year 1 January – 31 December 2022 has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS.

Our audit opinion on the consolidated financial statements of Fortum Oyj for the financial year 1 January – 31 December 2022 has been expressed in our auditor's report dated 1 March 2023. In this report, we do not express an audit opinion or any other assurance conclusion on the consolidated financial statements.

Espoo, 1 March 2023

Deloitte Oy
Audit Firm

Jukka Vattulainen
Authorised Public Accountant (KHT)

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

# Key figures 2013–2022

## Financial key figures

### Comparability of information presented in tables

Fortum announced the sale of Swedish Distribution business in March 2015. After the divestment of the Swedish Distribution business Fortum has no electricity distribution operations and therefore Distribution segment was treated as discontinued operations in 2015, with restatement of year 2014, according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Fortum adopted IFRS 16 on 1 January 2019, and IFRS 9 and IFRS 15 on 1 January 2018. Fortum applied the transition relief for not restating the comparatives of 2018 and 2017, respectively.

Fortum consolidated Uniper into its balance sheet as of 31 March 2020 and, from 1 April 2020, consolidated Uniper's results into its income statement. In 2019 and in the first quarter of 2020, Uniper was consolidated as an associated company into Fortum's income statement.

Following the consolidation of Uniper, Fortum's business profile changed and the previous long-term financial targets did not appropriately reflect the Group's new business profile. In May 2020, Fortum's Board of Directors consequently decided to remove the financial targets (return on capital employed of at least 10% and comparable net debt-to-EBITDA of around 2.5x) as of the first quarter of 2020. In December 2020 in connection with the strategy update, Fortum updated its long-term financial target to be Financial net debt/comparable EBITDA below 2x. For more information, see ▸ **Note 5** Capital risk management.

In 2021, Fortum introduced two new Alternative Performance Measures (APM) to provide additional financial performance indicators to support meaningful comparison of underlying net profitability between periods: Comparable net profit, and Comparable earnings per share. Comparable net profit is shown after non-controlling interest and adjusted for items affecting comparability, as well as adjustments to share of profit of associates and joint ventures, net finance costs, income tax expenses, and non-controlling interest. Comparable earnings per share is calculated from comparable net profit. For more information, see ▸ **Definitions and reconciliations of key figures** and ▸ **Note 7** Comparable operating profit and comparable net profit.

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. Thus, Uniper was deconsolidated at 30 September 2022. Uniper has been a separate reportable segment in Fortum's consolidated financial statements, which results in Uniper being classified as discontinued operations. Fortum's consolidated income statement and consolidated cash flow statement were modified in 2022 to include Uniper segment as discontinued operations. As required by IFRS, comparatives for 2021 were restated. Consolidated balance sheet at 31 December 2021 included Uniper.

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 Fortum introduced new APMs to provide additional financial information excluding Fortum's Russian operations.

For information of Alternative Performance Measures used by Fortum, see ▸ **Definitions and reconciliations of key figures** and ▸ **Note 1** Significant accounting policies.

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

| EUR million or as indicated | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 22/21 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income statement, continuing operations** | | | | | | | | | | | |
| **Reported** | | | | | | | | | | | |
| Sales | 5,309 | 4,088 | 3,459 | 3,632 | 4,520 | 5,242 | 5,447 | 49,015 | 6,422 | 8,804 | 37 |
| EBITDA | 2,129 | 1,673 | 196 | 1,006 | 1,623 | 1,674 | 1,693 | 2,688 | 4,913 | 1,842 | -63 |
| Operating profit | 1,508 | 1,296 | -150 | 633 | 1,158 | 1,138 | 1,118 | 1,599 | 4,325 | 1,277 | -70 |
| *- of sales %* | *28.4* | *31.7* | *-4.3* | *17.4* | *25.6* | *21.7* | *20.5* | *3.3* | *67.4* | *14.5* | |
| Share of profit/loss of associates and joint ventures | 178 | 146 | 20 | 131 | 148 | 38 | 744 | 656 | 168 | -629 | -474 |
| Profit before income tax | 1,398 | 1,232 | -305 | 595 | 1,111 | 1,040 | 1,728 | 2,199 | 4,332 | 455 | -89 |
| *- of sales %* | *26.3* | *30.1* | *-8.8* | *16.4* | *24.6* | *19.8* | *31.7* | *4.5* | *67.5* | *5.2* | |
| Net profit for the year | 1,212 | 1,089 | -228 | 504 | 882 | 858 | 1,507 | 1,855 | 4,008 | 1,011 | -75 |
| Net profit for the year attributable to owners of the parent | 1,204 | 1,081 | -231 | 496 | 866 | 843 | 1,482 | 1,823 | 3,985 | 1,011 | -75 |
| **Comparable** | | | | | | | | | | | |
| EBITDA | 1,975 | 1,457 | 1,102 | 1,015 | 1,275 | 1,523 | 1,766 | 2,434 | 2,016 | 2,436 | 21 |
| Operating profit | 1,403 | 1,085 | 808 | 644 | 811 | 987 | 1,191 | 1,344 | 1,429 | 1,871 | 31 |
| Share of profit/loss of associates and joint ventures | | | | | | | | 656 | 104 | -11 | -111 |
| Net profit for the year attributable to owners of the parent | | | | | | | | 1,483 | 1,091 | 1,550 | 42 |
| **Income statement, continuing operations excl. Russia** | | | | | | | | | | | |
| **Comparable** | | | | | | | | | | | |
| EBITDA | | | | | | | | | 1,612 | 2,025 | 26 |
| Operating profit | | | | | | | | | 1,167 | 1,611 | 38 |
| Net profit for the year attributable to owners of the parent | | | | | | | | | 851 | 1,076 | 26 |
| **Income statement, total of continuing and discontinued operations** | | | | | | | | | | | |
| **Reported** | | | | | | | | | | | |
| Net profit for the year attributable to owners of the parent | 1,204 | 3,154 | 4,138 | 496 | 866 | 843 | 1,482 | 1,823 | 739 | -2,416 | -427 |
| **Comparable** | | | | | | | | | | | |
| Net profit for the year attributable to owners of the parent | | | | | | | | 1,483 | 1,778 | -988 | -156 |

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

| EUR million or as indicated | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 22/21 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial position and cash flow** | | | | | | | | | | | |
| Capital employed | 19,183 | 17,918 | 19,870 | 18,649 | 18,172 | 18,170 | 19,929 | 26,239 | 30,885 | 15,522 | -50 |
| Financial net debt | | | | | | | 4,833 | 7,023 | 789 | 1,084 | 37 |
| Adjusted net debt | | | | | | | 4,978 | 9,784 | 3,227 | 1,117 | -65 |
| Interest-bearing net debt | 7,793 | 4,217 | -2,195 | -48 | 988 | 5,509 | 5,260 | N/A | N/A | N/A | |
| Interest-bearing net debt without Exergi financing | 6,658 | 3,664 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| Capital expenditure and gross investments in shares, continuing operations | 1,020 | 695 | 625 | 1,435 | 1,815 | 4,672 | 819 | 4,953 | 724 | 558 | -23 |
| *- of sales %* | *19.2* | *17.0* | *18.1* | *39.5* | *40.2* | *89.1* | *15.0* | *10.1* | *11.3* | *6.3* | |
| Capital expenditure, continuing operations | 1,005 | 626 | 582 | 591 | 690 | 584 | 713 | 1,146 | 443 | 525 | 19 |
| Net cash from operating activities, total Fortum | 1,548 | 1,762 | 1,381 | 621 | 993 | 804 | 1,575 | 2,555 | 4,970 | -8,767 | -276 |
| Net cash from operating activities, continuing operations | | 1,406 | 1,228 | | | | | | 1,119 | 2,104 | 88 |
| **Key ratios, total of continuing and discontinued operations, or as indicated** | | | | | | | | | | | |
| Return on capital employed, % | 9.0 | 19.5 | 22.7 | 4.0 | 7.1 | 6.7 | 10.0 | N/A | N/A | N/A | |
| Return on shareholders' equity, % | 12.0 | 30.0 | 33.4 | 3.7 | 6.6 | 6.8 | 11.9 | 12.9 | -0.8 | -96.2 | |
| Interest coverage | 6.7 | 19.9 | 27.6 | 4.6 | 8.7 | 10.0 | 8.0 | 27.3 | -12.7 | -75.5 | |
| Interest coverage including capitalised borrowing costs | 5.3 | 15.7 | 21.5 | 4.1 | 7.8 | 9.2 | 7.5 | 18.6 | -9.4 | -72.2 | |
| Funds from operations/interest-bearing net debt, % | 18.8 | 42.9 | -59.7 | -1,503.4 | 83.9 | 26.8 | 32.2 | N/A | N/A | N/A | |
| Funds from operations/interest-bearing net debt without Exergi financing, % | 22.1 | 49.3 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| Gearing, % | 77 | 39 | -16 | 0 | 7 | 46 | 40 | 45 | 6 | 14 | |
| Financial net debt/comparable EBITDA, total Fortum | | | | | | | | 2.9 | 0.2 | N/A | |
| Financial net debt/comparable EBITDA, continuing operations | | | | | | | | | N/A | 0.4 | |
| Financial net debt/comparable EBITDA, continuing operations excl. Russia | | | | | | | | | N/A | 0.6 | |
| Comparable net debt/EBITDA | 3.9 | 2.3 | -1.7 | 0.0 | 0.8 | 3.6 | 3.0 | N/A | N/A | N/A | |
| Comparable net debt/EBITDA without Exergi financing | 3.4 | 2.0 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| Equity-to-assets ratio, % | 43 | 51 | 61 | 62 | 61 | 54 | 57 | 27 | 9 | 33 | |
| **Other data** | | | | | | | | | | | |
| Dividends | 977 | 1,155 | 977 | 977 | 977 | 977 | 977 | 995 | 1,013 | 817[1)] | -19 |
| Research and development expenditure, continuing operations | 49 | 41 | 47 | 52 | 53 | 56 | 67 | 56 | 54 | 55 | 2 |
| *- of sales %* | *0.9* | *1.0* | *1.4* | *1.4* | *1.2* | *1.1* | *1.1* | *0.1* | *0.8* | *0.6* | |
| Average number of employees, total Fortum | 9,532 | 8,821 | 8,193 | 7,994 | 8,507 | 8,767 | 8,248 | 17,304 | 19,796 | 16,549 | |
| Average number of employees, continuing operations | | 8,329 | 8,009 | | | | | | 8,045 | 7,826 | |

1) Board of Directors' proposal for the planned Annual General Meeting on 13 April 2023.

See ▸ **Definitions and reconciliations of key figures**.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

# Share key figures

| EUR or as indicated | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 22/21 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Data per share** | | | | | | | | | | | |
| Earnings per share, total Fortum | 1.36 | 3.55 | 4.66 | 0.56 | 0.98 | 0.95 | 1.67 | 2.05 | 0.83 | -2.72 | -428 |
| Earnings per share, continuing operations | | 1.22 | -0.26 | | | | | | 4.49 | 1.14 | -75 |
| Earnings per share, discontinued operations | | 2.33 | 4.92 | | | | | | -3.65 | -3.86 | 6 |
| Comparable earnings per share, total Fortum | | | | | | | | 1.67 | 2.00 | -1.11 | -156 |
| Comparable earnings per share, continuing operations | | | | | | | | | 1.23 | 1.74 | 41 |
| Comparable earnings per share, discontinued operations | | | | | | | | | 0.77 | -2.86 | -471 |
| Comparable earnings per share, continuing operations excl. Russia | | | | | | | | | 0.96 | 1.21 | 26 |
| Cash flow per share, total Fortum | 1.74 | 1.98 | 1.55 | 0.70 | 1.12 | 0.91 | 2.27 | 2.88 | 5.60 | -9.86 | -276 |
| Cash flow per share, continuing operations | | 1.38 | 1.38 | | | | | | 1.26 | 2.37 | 88 |
| Cash flow per share, discontinued operations | | 0.60 | 0.17 | | | | | | 4.34 | -12.22 | -382 |
| Equity per share | 11.28 | 12.23 | 15.53 | 15.15 | 14.69 | 13.33 | 14.61 | 14.58 | 13.66 | 8.55 | -37 |
| Dividend per share | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.12 | 1.14 | 0.91 [1] | -20 |
| Extra dividend | | 0.20 | - | - | - | | | | | | |
| Payout ratio, % [2] | 80.9 | 36.6 | 23.6 | 196.4 | 112.2 | 115.8 | 65.9 | 54.6 | 137.3 | 79.8 [1] | |
| Payout ratio excl. Russia, % | | | | | | | | | | 75.0 [1] | |
| Dividend yield, % | 6.6 | 7.2 | 7.9 | 7.5 | 6.7 | 5.8 | 5.0 | 5.7 | 4.2 | 5.9 [1] | |
| Price/earnings ratio (P/E) [2] | 12.2 | 5.1 | 3.0 | 26.1 | 16.8 | 20.1 | 13.2 | 9.6 | 32.5 | 13.6 | |
| **Share prices** | | | | | | | | | | | |
| At the end of the period | 16.63 | 17.97 | 13.92 | 14.57 | 16.50 | 19.10 | 22.00 | 19.70 | 26.99 | 15.54 | |
| Average | 15.11 | 17.89 | 16.29 | 13.56 | 15.28 | 19.10 | 20.06 | 17.20 | 23.65 | 15.18 | |
| Lowest | 13.10 | 15.13 | 12.92 | 10.99 | 12.69 | 16.43 | 18.09 | 12.25 | 19.72 | 8.86 | |
| Highest | 18.18 | 20.32 | 21.59 | 15.74 | 18.94 | 22.91 | 22.50 | 23.46 | 27.96 | 27.18 | |
| **Other data** | | | | | | | | | | | |
| Market capitalisation at the end of the period, EUR million | 14,774 | 15,964 | 12,366 | 12,944 | 14,658 | 16,966 | 19,542 | 17,499 | 23,975 | 13,943 | |
| Trading volumes [3] | | | | | | | | | | | |
| Number of shares, 1,000 shares | 465,004 | 454,796 | 541,858 | 611,572 | 582,873 | 474,705 | 372,272 | 647,869 | 351,450 | 560,775 | |
| In relation to weighted average number of shares, % | 52.3 | 51.2 | 61.0 | 68.8 | 65.6 | 53.4 | 41.9 | 72.9 | 39.6 | 63.1 | |
| Average number of shares, 1,000 shares | 888,367 | 888,367 | 888,367 | 888,367 | 888,367 | 888,312 | 888,294 | 888,294 | 888,294 | 889,204 | |
| Diluted adjusted average number of shares, 1,000 shares | 888,367 | 888,367 | 888,367 | 888,367 | 888,367 | 888,312 | 888,294 | 888,294 | 888,294 | 889,204 | |
| Number of registered shares, 1,000 shares | 888,367 | 888,367 | 888,367 | 888,367 | 888,367 | 888,294 | 888,294 | 888,294 | 888,294 | 897,264 | |

1) Board of Directors' proposal for the planned Annual General Meeting on 13 April 2023.
2) Payout ratio and price/earnings ratio for 2022 is calculated based on earnings per share from continuing operations.
3) Trading volumes in the table represent volumes traded on Nasdaq Helsinki. In addition to the Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example at Boat, Cboe and Turquoise, and on the OTC market as well. In 2022, approximately 74% (2021: 70%) of Fortum's shares were traded on markets other than the Nasdaq Helsinki Ltd.

See **Definitions and reconciliations of key figures.**

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

# Segment key figures

Fortum has applied new IFRS 10 Consolidated financial statements and IFRS 11 Joint arrangements from 1 January 2014. The effect of applying the new standards to Fortum Group financial information relates to Stockholm Exergi AB (publ) (previously AB Fortum Värme samägt med Stockholm Stad), that is treated as a joint venture and thus consolidated with equity method from 1 January 2014 onwards. Before the change the company was consolidated as a subsidiary with 50% minority interest.

Fortum announced the sale of Swedish Distribution business in March 2015. After the divestment of the Swedish Distribution business Fortum does not have any distribution operations and therefore Distribution segment has been treated as discontinued operations in 2015 with restatement of year 2014, according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Fortum reorganised its operating structure as of 1 April 2016. The business divisions are: Generation (mainly the former Power and Technology); City Solutions (mainly the former Heat, Electricity Sales and Solutions) and Russia. Because of the minor financial impact, the comparable segment information for 2015 was not restated.

As of 1 March 2017, the City Solutions division was divided into two divisions: City Solutions and Consumer Solutions, both reported as separate reporting segments. Fortum has restated its 2016 comparison segment reporting figures in accordance with the new organisation structure.

In November 2018, Fortum announced that the solar and wind businesses were reorganised and the wind operations became a business area within the Generation segment and the solar operations within the City Solutions segment. Previously these were included in Other Operations. The Russian wind and solar operations continue as a part of the Russia segment. Fortum has restated its 2018 comparative segment reporting figures in accordance with the new organisation structure.

In 2019, Fortum classified certain assets as held for sale. These assets and the related liabilities are included in segment assets and liabilities at 31 December 2019.

Following the consolidation of Uniper as a subsidiary on 31 March 2020, Fortum revised its reportable segments and reports Uniper as a separate segment. Until 31 March 2020 Fortum's share of Uniper's associated company results is presented in Other operations.

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. Thus, Uniper was deconsolidated at 30 September 2022. Uniper has been a separate reportable segment in Fortum's consolidated financial statements, which results in Uniper being classified as discontinued operations. Fortum's consolidated income statement and consolidated cash flow statement were modified in 2022 to include Uniper segment as discontinued operations. As required by IFRS, comparatives for 2021 were restated. Consolidated balance sheet at 31 December 2021 included Uniper.

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 Fortum introduced new APMs to provide additional financial information excluding the Russia segment. Hence, a new subtotal for continuing operations excluding Russia was introduced in segment information tables.

See more information in ▸ **Note 6** Segment reporting.

| Sales by segment, EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 2,252 | 2,156 | 1,722 | 1,657 | 1,677 | 1,842 | 2,141 | 2,006 | 2,869 | 3,655 |
| - of which internal | 69 | 85 | 83 | 15 | 15 | -2 | 259 | 421 | 140 | -645 |
| Russia | 1,119 | 1,055 | 893 | 896 | 1,101 | 1,069 | 1,071 | 929 | | |
| - of which internal | - | - | - | - | - | - | - | 2 | | |
| City Solutions | 1,516 | 1,332 | 1,187 | 782 | 1,015 | 1,110 | 1,200 | 1,075 | 1,302 | 1,282 |
| - of which internal | 87 | 34 | -13 | 1 | 19 | 37 | 45 | 64 | 29 | 75 |
| Consumer Solutions | | | | 668 | 1,097 | 1,759 | 1,835 | 1,267 | 2,622 | 4,578 |
| - of which internal | | | | 2 | 3 | 11 | -3 | 2 | 14 | 30 |
| Uniper | | | | | | | | 44,514 | | |
| - of which internal | | | | | | | | 0 | | |
| Other Operations | 63 | 58 | 114 | 92 | 102 | 103 | 115 | 140 | 138 | 136 |
| - of which internal | 54 | 44 | 75 | 61 | 67 | 79 | 86 | 110 | 102 | 106 |
| Distribution | 1,064 | | | | | | | | | |
| - of which internal | 19 | | | | | | | | | |
| Eliminations and Netting of Nord Pool transactions | -706 | -513 | -458 | -463 | -470 | -641 | -916 | -916 | -1,413 | -1,877 |
| **Total continuing operations excl. Russia** | | | | | | | | | 5,519 | 7,774 |
| Russia | | | | | | | | | 906 | 1,031 |
| Eliminations | | | | | | | | | -2 | -1 |
| **Total continuing operations** | **5,309** | **4,088** | **3,459** | **3,632** | **4,520** | **5,242** | **5,447** | **49,015** | **6,422** | **8,804** |
| Discontinued operations | | 751 | 274 | | | | | | 106,127 | 128,102 |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

| Comparable operating profit by segment, EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 859 | 877 | 561 | 417 | 478 | 628 | 794 | 722 | 1,123 | 1,600 |
| Russia | 156 | 161 | 201 | 191 | 296 | 271 | 316 | 251 | | |
| City Solutions | 109 | 104 | 108 | 64 | 98 | 135 | 120 | 47 | 135 | 28 |
| Consumer Solutions | | | | 48 | 41 | 53 | 79 | 90 | 52 | 97 |
| Uniper | | | | | | | | 363 | | |
| Other Operations | -54 | -57 | -63 | -77 | -102 | -99 | -118 | -129 | -142 | -115 |
| Distribution | 332 | | | | | | | | | |
| **Total continuing operations excl. Russia** | | | | | | | | | **1,167** | **1,611** |
| Russia | | | | | | | | | 261 | 260 |
| **Comparable operating profit, continuing operations** | **1,403** | **1,085** | **808** | **644** | **811** | **987** | **1,191** | **1,344** | **1,429** | **1,871** |
| Impairment charges and reversals | | | -918 | 27 | 6 | -4 | -8 | 2 | -35 | -905 |
| Capital gains and other related items | 61 | 305 | 22 | 38 | 326 | 102 | 7 | 765 | 2,673 | 785 |
| Impact from acquisition accounting | | | | | | | | -222 | - | - |
| Changes in fair values of derivatives hedging future cash flow | | | | -65 | 14 | 98 | -72 | -675 | 264 | -393 |
| Nuclear fund adjustment [1] | | | | -11 | 1 | -45 | | | | |
| Other | | | | | | | | 386 | -6 | -80 |
| Other items affecting comparability [2] | 45 | -94 | -62 | | | | | | | |
| **Operating profit, continuing operations** | **1,508** | **1,296** | **-150** | **633** | **1,158** | **1,138** | **1,118** | **1,599** | **4,325** | **1,277** |
| Discontinued operations | | 2,132 | 4,395 | | | | | | -4,913 | -16,402 |

1) In 2020, Nuclear fund adjustment was reclassified from Items affecting comparability to Other financial items - net. Comparatives for 2019 have been reclassified accordingly.
2) Other items affecting comparability comprise Changes in fair values of derivatives hedging future cash flow and Nuclear fund adjustment.

| Comparable EBITDA by segment, EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 1,007 | 998 | 680 | 527 | 603 | 763 | 939 | 886 | 1,287 | 1,765 |
| Russia | 258 | 304 | 267 | 312 | 438 | 417 | 469 | 394 | | |
| City Solutions | 211 | 204 | 209 | 186 | 262 | 310 | 308 | 239 | 317 | 177 |
| Consumer Solutions | | | | 55 | 57 | 110 | 141 | 153 | 123 | 173 |
| Uniper | | | | | | | | 856 | | |
| Other Operations | -49 | -49 | -53 | -64 | -83 | -78 | -91 | -94 | -114 | -90 |
| Distribution | 548 | | | | | | | | | |
| **Total continuing operations excl. Russia** | | | | | | | | | **1,612** | **2,025** |
| Russia | | | | | | | | | 404 | 411 |
| **Total continuing operations** | **1,975** | **1,457** | **1,102** | **1,015** | **1,275** | **1,523** | **1,766** | **2,434** | **2,016** | **2,436** |

| Depreciation and amortisation, EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 148 | 121 | 118 | 110 | 125 | 135 | 145 | 164 | 164 | 165 |
| Russia | 150 | 147 | 117 | 123 | 142 | 147 | 153 | 143 | | |
| City Solutions | 102 | 100 | 101 | 121 | 163 | 175 | 188 | 191 | 182 | 148 |
| Consumer Solutions | | | | 7 | 16 | 57 | 62 | 63 | 71 | 75 |
| Uniper | | | | | | | | 494 | | |
| Other Operations | 5 | 8 | 10 | 13 | 18 | 22 | 28 | 35 | 28 | 25 |
| Distribution | 216 | | | | | | | | | |
| **Total continuing operations excl. Russia** | | | | | | | | | **445** | **415** |
| Russia | | | | | | | | | 142 | 151 |
| **Total continuing operations** | **621** | **377** | **346** | **373** | **464** | **536** | **575** | **1,090** | **587** | **566** |
| Discontinued operations | | 150 | 50 | | | | | | 694 | 573 |

| Comparable share of profit of associates and joint ventures by segment, EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | | | | | | | | 13 | 0 | -49 |
| Russia | | | | | | | | 47 | | |
| City Solutions | | | | | | | | 57 | 42 | 14 |
| Uniper | | | | | | | | 38 | | |
| Other Operations | | | | | | | | 502 | 0 | -6 |
| Distribution | | | | | | | | | | |
| **Total continuing operations excl. Russia** | | | | | | | | | **42** | **-40** |
| Russia | | | | | | | | | 62 | 30 |
| **Total continuing operations** | | | | | | | | **656** | **104** | **-11** |

Comparable share of profit/loss of associates and joint ventures for 2020 has been recalculated following the introduction of comparable net profit APM in 2021.

| Share of profit of associates and joint ventures by segment, EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 4 | -14 | -111 | -34 | -1 | -72 | 10 | 29 | 64 | -194 |
| Russia | 46 | 35 | 32 | 38 | 31 | 36 | 59 | 47 | | |
| City Solutions | 91 | 88 | 59 | 76 | 80 | 74 | 37 | 57 | 42 | 14 |
| Uniper | | | | | | | | 54 | | |
| Other Operations | 32 | 37 | 40 | 51 | 38 | 0 | 638 | 470 | 0 | -6 |
| Distribution | 4 | | | | | | | | | |
| **Total continuing operations excl. Russia** | | | | | | | | | **106** | **-185** |
| Russia | | | | | | | | | 62 | -443 |
| **Total continuing operations** | **178** | **146** | **20** | **131** | **148** | **38** | **744** | **656** | **168** | **-629** |
| Discontinued operations | | 3 | - | | | | | | 23 | 71 |

| Capital expenditure by segment, EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 179 | 197 | 187 | 196 | 174 | 248 | 247 | 158 | 168 | 231 |
| Russia | 435 | 340 | 285 | 201 | 152 | 54 | 67 | 43 | | |
| City Solutions | 123 | 86 | 105 | 109 | 170 | 209 | 314 | 219 | 161 | 155 |
| Consumer Solutions | | | | 3 | 7 | 47 | 55 | 57 | 68 | 71 |
| Uniper | | | | | | | | 635 | | |
| Other Operations | 12 | 3 | 6 | 83 | 187 | 26 | 30 | 34 | 15 | 10 |
| Distribution | 255 | | | | | | | | | |
| **Total continuing operations excl. Russia** | | | | | | | | | **396** | **467** |
| Russia | | | | | | | | | 47 | 58 |
| **Total continuing operations** | **1,005** | **626** | **582** | **591** | **690** | **584** | **713** | **1,146** | **443** | **525** |

| Gross investments in shares by segment, EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 2 | 2 | 16 | 7 | 90 | 14 | 13 | 70 | 7 | 3 |
| Russia | 0 | 27 | 0 | 0 | 125 | 63 | 66 | 48 | | |
| City Solutions | 11 | 37 | 23 | 698 | 386 | 33 | 9 | 114 | 2 | 4 |
| Consumer Solutions | | | | 117 | 486 | 0 | - | 0 | - | 0 |
| Uniper | | | | | | | | 3 | | |
| Other Operations | 2 | 4 | 4 | 22 | 39 | 3,977 | 18 | 3,572 | 237 | 21 |
| Distribution | 0 | | | | | | | | | |
| **Total continuing operations excl. Russia** | | | | | | | | | **245** | **29** |
| Russia | | | | | | | | | 36 | 4 |
| **Total continuing operations** | **15** | **69** | **43** | **844** | **1,125** | **4,088** | **106** | **3,807** | **281** | **33** |

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

| Gross divestments of shares by segment, EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 79 | 67 | 0 | 0 | 0 | 160 | 12 | 171 | 129 | - |
| Russia | - | 0 | 0 | 127 | 0 | 0 | - | 0 | | |
| City Solutions | 11 | 446 | 27 | 33 | 0 | 147 | 2 | 895 | 3,870 | 1,213 |
| Consumer Solutions | | | | 1 | 55 | 0 | - | 10 | 0 | 0 |
| Uniper | | | | | | | | 69 | | |
| Other Operations | - | 2 | - | 0 | 687 | 0 | 16 | 81 | 19 | 150 |
| Distribution | 52 | | | | | | | | | |
| **Total continuing operations excl. Russia** | | | | | | | | | **4,017** | **1,363** |
| Russia | | | | | | | | | 18 | 1 |
| **Total continuing operations** | **142** | **515** | **27** | **161** | **742** | **306** | **30** | **1,226** | **4,034** | **1,365** |

| Comparable net assets by segment, EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | | | 5,931 | 5,815 | 5,672 | 6,485 | 6,019 | 6,234 | 5,961 | 5,549 |
| Russia | | | 2,561 | 3,284 | 3,161 | 2,789 | 3,212 | 2,431 | | |
| City Solutions | | | 2,182 | 2,873 | 3,728 | 3,794 | 3,945 | 3,679 | 2,456 | 1,760 |
| Consumer Solutions | | | | 154 | 638 | 648 | 637 | 565 | 1,125 | 1,365 |
| Uniper | | | | | | | | 7,432 | | |
| Other Operations | | | 258 | 514 | 276 | 4,023 | 4,400 | 136 | 125 | 64 |
| **Total continuing operations excl. Russia** | | | | | | | | | **9,668** | **8,737** |
| Russia | | | | | | | | | 2,508 | 1,690 |
| **Total continuing operations** | | | **10,932** | **12,641** | **13,474** | **17,739** | **18,214** | **20,477** | **12,176** | **10,427** |

Fortum is disclosing Comparable net assets instead of Net assets from 2016 onwards. Net assets until 2015 are disclosed below.

| Net assets by segment, EUR million | 2013 | 2014 | 2015 [1] |
|---|---|---|---|
| Generation | 6,355 | 6,001 | 5,913 |
| City Solutions | 2,295 | 2,112 | 2,170 |
| Russia | 3,846 | 2,597 | 2,561 |
| Other Operations | 295 | 496 | 291 |
| Distribution | 3,745 | | |
| **Total continuing operations** | **16,537** | **11,206** | **10,934** |
| Net assets related to discontinued operations | | 2,615 | |
| **Total** | | **13,820** | **10,934** |

| Comparable return on net assets by segment, % | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 13.8 | 14.2 | 9.5 | 6.9 | 8.4 | 10.8 | 13.3 | 12.2 | 19.0 | 27.0 |
| City Solutions | 8.7 | 8.7 | 7.9 | 5.9 | 5.5 | 5.5 | 4.6 | 2.8 | 6.1 | 2.3 |
| Consumer Solutions | | | | 44.3 | 11.7 | 7.8 | 13.3 | 15.9 | 6.9 | 9.1 |
| Russia | 5.2 | 5.6 | 8.2 | 8.0 | 10.1 | 10.3 | 12.3 | 11.1 | 12.9 | 11.3 |
| Uniper [1] | | | | | | | | N/A | 16.5 | N/A |
| Distribution [2] | 8.8 | 9.3 | | | | | | | | |

1) Fortum consolidated Uniper into its balance sheet as of 31 March 2020 and, from the second quarter of 2020, consolidated Uniper's results into its income statement. Comparable return on net assets for the Uniper segment is presented for 2021.
2) Classified as discontinued operations from 2014 onwards.

| Return on net assets by segment, % | 2013 | 2014 | 2015 [1] |
|---|---|---|---|
| Generation | 14.5 | 13.6 | -8.5 |
| City Solutions | 9.7 | 19.1 | 7.7 |
| Russia | 5.2 | 5.6 | 8.3 |
| Distribution [2] | 9.3 | 73.6 | |

1) Fortum is disclosing Comparable net assets instead of Net assets from 2016 onwards.
2) Classified as discontinued operations from 2014 onwards.

| Average number of employees | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 1,900 | 1,685 | 1,389 | 1,064 | 1,036 | 1,107 | 1,122 | 1,163 | 1,153 | 1,278 |
| Russia | 4,245 | 4,196 | 4,180 | 3,814 | 3,710 | 3,378 | 2,942 | 2,969 | | |
| City Solutions | 2,051 | 1,913 | 1,458 | 1,529 | 1,807 | 1,994 | 1,979 | 2,051 | 1,964 | 1,676 |
| Consumer Solutions | | | | 877 | 1,180 | 1,473 | 1,379 | 1,216 | 1,091 | 1,177 |
| Uniper[1)] | | | | | | | | 8,945 | | |
| Other Operations | 550 | 536 | 983 | 711 | 774 | 814 | 825 | 959 | 976 | 989 |
| Distribution | 786 | | | | | | | | | |
| **Total continuing operations excl. Russia** | | | | | | | | | **5,183** | **5,120** |
| Russia | | | | | | | | | 2,862 | 2,706 |
| **Total continuing operations [1)]** | **9,532** | **8,329** | **8,009** | **7,994** | **8,507** | **8,767** | **8,248** | **17,304** | **8,045** | **7,826** |
| Discontinued operations | | 492 | | | | | | | 11,751 | 8,723 |

1) 2020 comparative figure was revised to reflect the consolidation of Uniper from 31 March 2020.

FINANCIALS 2022


**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

FINANCIALS 2022

Operating and financial review

Consolidated financial statements

Parent company financial statements

Signatures for the operating and financial review and financial statements

Auditor's report

Auditor's assurance report of ESEF financial statements

Key figures 2013–2022

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

Quarterly financial information

Investor information

# Capital expenditure

## Capital expenditure by type and segment [1)]

| | Finland | | Sweden | | Norway | | Russia | | Poland | | Other countries | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EUR million | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Generation** | | | | | | | | | | | | | | |
| Hydropower | 14 | 20 | 82 | 83 | | | | | | | | | 96 | 104 |
| Nuclear power | 34 | 31 | | | | | | | | | | | 34 | 31 |
| Renewable-based electricity, wind | 100 | 29 | 1 | | | | | | | | | | 100 | 29 |
| Other | 1 | 3 | | 1 | | | | | | | | | 1 | 4 |
| **Total** | **148** | **83** | **83** | **85** | | | | | | | | | **231** | **168** |
| **City Solutions** | | | | | | | | | | | | | | |
| Fossil-based heat | 2 | 1 | | | | | | | 8 | 4 | | | 9 | 5 |
| Fossil-based electricity | | | | | | | | | 1 | 6 | | | 1 | 6 |
| Renewable, of which | 40 | 28 | 12 | 7 | 9 | 21 | | | | | 9 | 38 | 69 | 94 |
| waste | 16 | 14 | 12 | 7 | | 5 | | | | | 7 | 6 | 34 | 32 |
| biofuels | | | | | 1 | 2 | | | | | | | 1 | 3 |
| solar | | | | | | | | | | | 2 | 32 | 2 | 32 |
| other | 24 | 14 | | | 8 | 13 | | | | | | | 32 | 28 |
| District heat network | 10 | 9 | | | 3 | 13 | | | 21 | 12 | | 2 | 34 | 36 |
| Other | 32 | 14 | 6 | 4 | | | | | 2 | 2 | 3 | | 42 | 19 |
| **Total** | **83** | **53** | **17** | **11** | **12** | **34** | | | **31** | **24** | **11** | **40** | **155** | **161** |
| **Consumer Solutions** | | | | | | | | | | | | | | |
| Other | 19 | 11 | 14 | 6 | 26 | 25 | | | 12 | 9 | | 1 | 71 | 52 |
| **Total** | **19** | **11** | **14** | **6** | **26** | **25** | | | **12** | **9** | | **1** | **71** | **52** |
| **Other** | | | | | | | | | | | | | | |
| Other | 8 | 13 | 2 | 1 | | | | | | | | 1 | 10 | 15 |
| **Total** | **8** | **13** | **2** | **1** | | | | | | | | **1** | **10** | **15** |
| **Total continuing operations excl. Russia** | **258** | **160** | **116** | **103** | **38** | **58** | | | **44** | **34** | **12** | **42** | **467** | **396** |
| **Of which investments in $CO_2$ free production** | **171** | **95** | **83** | **83** | **9** | **16** | | | | | **2** | **32** | **265** | **226** |
| **Russia** | | | | | | | | | | | | | | |
| Fossil-based electricity | | | | | | | 30 | 33 | | | | | 30 | 33 |
| Fossil-based heat | | | | | | | | | | | | | | |
| District heat network | | | | | | | 16 | 12 | | | | | 16 | 12 |
| Renewable-based electricity, wind | | | | | | | 2 | | | | | | 2 | |
| Other | | | | | | | 11 | 2 | | | | | 11 | 2 |
| **Total** | | | | | | | **58** | **47** | | | | | **58** | **47** |
| **Total continuing operations** | **258** | **160** | **116** | **103** | **38** | **58** | **58** | **47** | **44** | **34** | **12** | **42** | **525** | **443** |
| **Of which investments in $CO_2$ free production** | **171** | **95** | **83** | **83** | **9** | **16** | **2** | | | | **2** | **32** | **266** | **227** |

1) Includes capital expenditure to both intangible assets and property, plant and equipment.

Fortum is pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path, and in 2022 Fortum introduced new APMs to provide additional financial information excluding the Russia segment. Hence, a new subtotal for continuing operations excluding Russia was introduced in segment information tables.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

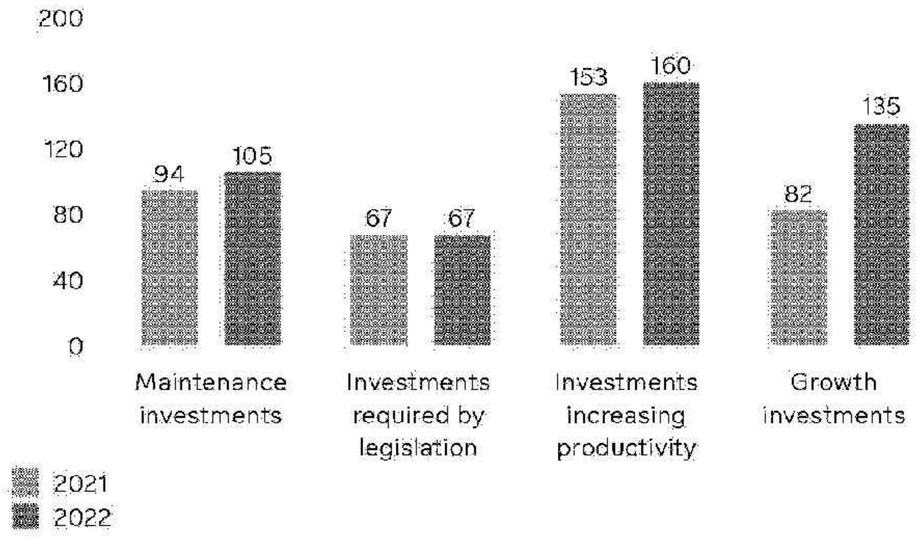
Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

**Fortum classifies investments in four main categories, EUR million**




### Generation

Fortum invested EUR 100 million (2021: 29) into wind power production in the Nordics. The majority of this was related to the Pjelax-Böle and Kristinestad Norr wind farms in Finland. In Finland, Fortum also invested EUR 34 million (2021: 31) into the Loviisa nuclear power plant. Fortum additionally invested EUR 93 million (2021: 100) into hydro production, mainly maintenance, legislation and productivity investments. Investments in $CO_2$ free production were EUR 230 million (2021: 164).

### City Solutions

The largest investment project in 2022 was EUR 22 million to the Harjavalta battery recycling plant in Finland. Maintenance, legislation and productivity investments totalled EUR 122 million (2021: 123). This amount consists mainly of investments in district heat networks and plants as well as the maintenance of existing CHP plants and measures defined by legal requirements. Investments in $CO_2$ free production were EUR 35 million (2021: 63).

### Consumer Solutions

Investments in Consumer Solutions totalled EUR 71 million (2021: 52). The amount consists mainly of sales commissions for customer acquisition that are capitalised and new product development costs.

### Other

Investments in Other segment were EUR 10 million (2021: 15). They consisted mainly of IT investments.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

# Operational key figures

Note: Operational key figures are unaudited

## Comparability of information presented in tables

Uniper sales and production volumes are disclosed from 1 April 2020 until 31 December 2020.

### Production

**Fortum's total power and heat production in Nordics, continuing operations**

| TWh | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Power generation | | | | | | | 45.5 | 59.2 | 47.9 | 43.5 |
| Heat production | | | | | | | 6.3 | 5.1 | 5.5 | 4.1 |

Fortum is disclosing total power and heat production in Nordics instead of EU and Norway from 2019 onwards. Power and heat production in EU and Norway until 2018 are disclosed below.

**Fortum's total power and heat production in EU and Norway**

| TWh | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 [1] |
|---|---|---|---|---|---|---|
| Power generation | 47.4 | 50.1 | 50.2 | 47.5 | 46.6 | 44.7 |
| Heat production | 10.4 | 8.2 | 6.4 | 7.1 | 8.6 | 9.4 |

1) Fortum is disclosing total power and heat production in Nordics instead of EU and Norway from 2019 onwards.

**Fortum's total power and heat production in other European countries, continuing operations**

| TWh | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 [1] | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Power generation | | | | | | | 1.3 | 26.7 | 1.1 | 0.8 |
| Heat production | | | | | | | 2.8 | 7.1 | 2.3 | 1.2 |

1) Disclosed from 2019 onwards.

**Fortum's total power and heat production in Russia, continuing operations**

| TWh | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Power generation | 20.0 | 23.3 | 25.7 | 25.5 | 26.3 | 29.6 | 29.3 | 55.6 | 28.6 | 28.6 |
| Heat production | 24.2 | 26.4 | 25.8 | 20.7 | 20.0 | 20.4 | 17.3 | 17.4 | 17.1 | 15.7 |

**Fortum's power generation by source, total in the Nordic area, continuing operations**

| TWh | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Hydro and wind power | 18.1 | 22.4 | 25.1 | 20.8 | 20.9 | 19.4 | 20.7 | 29.6 | 23.3 | 19.1 |
| Nuclear power | 23.7 | 23.8 | 22.7 | 24.1 | 23.0 | 22.8 | 23.5 | 28.6 | 23.5 | 23.4 |
| Thermal power | 3.4 | 1.8 | 1.0 | 1.4 | 1.6 | 1.3 | 1.4 | 1.0 | 1.0 | 0.9 |
| **Total** | **45.2** | **48.0** | **48.8** | **46.2** | **45.4** | **43.5** | **45.5** | **59.2** | **47.9** | **43.5** |

**Fortum's power generation by source, total in the Nordic area, continuing operations**

| % | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Hydro and wind power | 40 | 46 | 51 | 45 | 46 | 45 | 45 | 50 | 49 | 44 |
| Nuclear power | 52 | 50 | 47 | 52 | 51 | 52 | 52 | 48 | 49 | 54 |
| Thermal power | 8 | 4 | 2 | 3 | 3 | 3 | 3 | 2 | 2 | 2 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** |

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

**Fortum's power generation by source, total in other European countries, continuing operations**

| TWh | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 [1] | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Hydro and wind power | | | | | | | - | 3.3 | - | - |
| Thermal power | | | | | | | 1.3 | 23.4 | 1.1 | 0.8 |
| **Total** | | | | | | | **1.3** | **26.7** | **1.1** | **0.8** |

1) Disclosed from 2019 onwards.

**Fortum's power generation by source, total in other European countries, continuing operations**

| % | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 [1] | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Hydro and wind power | | | | | | | - | 12 | - | - |
| Thermal power | | | | | | | 100 | 88 | 100 | 100 |
| **Total** | | | | | | | **100** | **100** | **100** | **100** |

1) Disclosed from 2019 onwards.

**Power generation capacity by segment, continuing operations**

| MW | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 9,475 | 9,063 | 8,046 | 8,039 | 7,862 | 7,867 | 8,220 | 8,163 | 8,041 | 8,041 |
| Russia | 4,250 | 4,758 | 4,903 | 4,482 | 4,794 | 4,912 | 4,928 | 4,928 | | |
| City Solutions | 793 | 803 | 743 | 760 | 775 | 788 | 1,082 | 988 | 559 | 535 |
| Uniper | | | | | | | - | 36,218 | | |
| Other Operations | | | | 53 | 292 | 157 | - | - | - | - |
| **Total excl. Russia** [1] | | | | | | | | | **8,600** | **8,576** |
| Russia [1] | | | | | | | | | 4,672 | 4,672 |
| **Total** | **14,518** | **14,624** | **13,692** | **13,334** | **13,722** | **13,724** | **14,230** | **50,297** | **13,272** | **13,248** |

1) From 2021 onwards.

**Heat production capacity by segment, continuing operations**

| MW | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 250 | - | - | - | - | - | - | - | - | - |
| Russia | 13,466 | 13,466 | 12,696 | 9,920 | 10,094 | 10,229 | 8,437 | 8,437 | | |
| City Solutions | 4,317 | 3,936 | 3,915 | 3,818 | 4,671 | 4,780 | 4,812 | 4,057 | 3,026 | 2,135 |
| Uniper | | | | | | | - | 7,017 | | |
| **Total excl. Russia** [1] | | | | | | | | | **3,026** | **2,135** |
| Russia [1] | | | | | | | | | 7,613 | 7,613 |
| **Total** | **18,033** | **17,402** | **16,611** | **13,738** | **14,765** | **15,009** | **13,249** | **19,511** | **10,639** | **9,748** |

1) From 2021 onwards.

| Fortum's power generation capacity by type and area, continuing operations | Finland | | Sweden | | Poland | | Other | | Total excl. Russia | | Russia | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MW | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Hydropower | 1,553 | 1,553 | 3,100 | 3,100 | - | - | - | - | 4,653 | 4,653 | - | - | 4,653 | 4,653 |
| Nuclear power | 1,487 | 1,487 | 1,336 | 1,336 | - | - | - | - | 2,823 | 2,823 | - | - | 2,823 | 2,823 |
| Combined heat and power | 375 | 375 | 6 | 6 | 145 | 145 | 9 | 33 | 535 | 559 | 3,241 | 3,241 | 3,776 | 3,800 |
| Condensing power | 565 | 565 | - | - | - | - | - | - | 565 | 565 | 1,361 | 1,361 | 1,926 | 1,926 |
| Wind power | - | - | - | - | - | - | - | - | - | - | 35 | 35 | 35 | 35 |
| Solar power | - | - | - | - | - | - | - | - | - | - | 35 | 35 | 35 | 35 |
| **Total** | **3,980** | **3,980** | **4,442** | **4,442** | **145** | **145** | **9** | **33** | **8,576** | **8,600** | **4,672** | **4,672** | **13,248** | **13,272** |

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

| Fortum's heat production capacity by area, continuing operations | Finland | | Norway | | Poland | | Other | | Total excl. Russia | | Russia | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MW | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Heat | 1,440 | 1,440 | - | 888 | 619 | 622 | 76 | 76 | 2,135 | 3,026 | 7,613 | 7,613 | 9,748 | 10,639 |

## Sales

| Fortum's total power and heat sales in Nordics, continuing operations<br>EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Power sales | | | | | | | 2,877 | 2,494 | 3,602 | 5,444 |
| Heat sales | | | | | | | 390 | 271 | 403 | 325 |

Fortum is disclosing total power and heat sales in Nordics instead of EU and Norway from 2019 onwards. Power and heat production in EU and Norway until 2018 are disclosed below.

| Fortum's total power and heat sales in EU and Norway,<br>EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 [1] |
|---|---|---|---|---|---|---|
| Power sales | 2,462 | 2,344 | 1,921 | 1,893 | 2,244 | 2,922 |
| Heat sales | 538 | 468 | 423 | 449 | 524 | 615 |

1) Fortum is disclosing total power and heat sales in Nordics instead of EU and Norway from 2019 onwards.

| Fortum's total power and heat sales in other European countries, continuing operations<br>EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 [1] | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Power sales | | | | | | | 130 | 16,226 | 325 | 643 |
| Heat sales | | | | | | | 228 | 410 | 240 | 202 |

1) Disclosed from 2019 onwards.

| Fortum's total power and heat sales in Russia, continuing operations<br>EUR million | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Power sales | 822 | 758 | 661 | 691 | 837 | 872 | 924 | 1,411 | 761 | 856 |
| Heat sales | 290 | 285 | 228 | 199 | 258 | 193 | 145 | 145 | 137 | 156 |

| Fortum's total power sales by area, continuing operations<br>TWh | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Finland | 23.4 | 21.6 | 22.3 | 22.8 | 22.5 | 23.1 | 23.1 | 23.1 | 23.0 | 21.5 |
| Sweden | 23.3 | 28.2 | 29.8 | 28.8 | 30.8 | 29.7 | 31.5 | 44.7 | 32.1 | 27.3 |
| Russia | 25.6 | 26.5 | 29.4 | 29.5 | 30.5 | 34.1 | 33.8 | 68.3 | | |
| Norway | | | | 1.5 | 7.2 | 15.3 | 15.0 | 13.8 | 13.7 | 11.3 |
| Germany | | | | | | | - | 338.8 | | |
| United Kingdom | | | | | | | - | 13.0 | | |
| Netherlands | | | | | | | - | 6.3 | | |
| Other countries | 4.3 | 3.8 | 2.8 | 2.1 | 2.9 | 1.8 | 2.5 | 8.1 | 4.2 | 4.5 |
| **Total excl. Russia** [1] | | | | | | | | | **73.0** | **64.7** |
| Russia [1] | | | | | | | | | 32.5 | 32.0 |
| **Total** | **76.6** | **80.1** | **84.3** | **84.7** | **93.9** | **104.0** | **105.8** | **516.0** | **105.5** | **96.7** |

1) From 2021 onwards.

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

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Financial key figures

Share key figures

Segment key figures

Capital expenditure

Operational key figures

**Quarterly financial information**

**Investor information**

**Fortum's total heat sales by area, continuing operations**

| TWh | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Russia | 24.1 | 26.0 | 25.4 | 20.7 | 19.8 | 20.7 | 16.9 | 17.4 | | |
| Finland | 5.5 | 3.2 | 3.1 | 3.6 | 3.9 | 3.8 | 3.8 | 2.9 | 3.1 | 2.8 |
| Norway | | | | | | | 1.7 | 1.5 | 1.8 | 0.8 |
| Poland | 4.1 | 3.4 | 3.4 | 3.6 | 3.7 | 3.5 | 3.3 | 3.4 | 3.8 | 3.5 |
| Germany | | | | | | | - | 2.4 | | |
| United Kingdom | | | | | | | - | 0.0 | | |
| Netherlands | | | | | | | - | 2.3 | | |
| Other countries | 3.1 | 2.8 | 1.2 | 1.5 | 2.5 | 3.5 | 2.0 | 1.9 | 1.3 | 0.4 |
| **Total excl. Russia** [1] | | | | | | | | | **10.0** | **7.6** |
| Russia [1] | | | | | | | | | 17.0 | 15.6 |
| **Total** | **36.8** | **35.4** | **33.2** | **29.4** | **29.9** | **31.5** | **27.6** | **31.7** | **27.0** | **23.2** |

1) From 2021 onwards.

**Volume of distributed electricity in distribution networks,**

| TWh | 2013 | 2014 | 2015 |
|---|---|---|---|
| Finland | 9.5 | 2.8 | |
| Sweden | 14.1 | 13.7 | 6.4 |
| Norway | 2.5 | 1.1 | |
| Estonia | | | |
| **Total** | **26.1** | **17.6** | **6.4** |

FINANCIALS 2022

Operating and financial review

Consolidated financial statements

Parent company financial statements

Signatures for the operating and financial review and financial statements

Auditor's report

Auditor's assurance report of ESEF financial statements

Key figures 2013–2022

Quarterly financial information

Investor information

# Quarterly financial information

Note: Quarterly financial information is unaudited.

## Selected data based on quarterly consolidated income statement

| EUR million | I/2021 | II/2021 | III/2021 | IV/2021 | 2021 | I/2022 | II/2022 | III/2022 | IV/2022 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Reported** | | | | | | | | | | |
| IS Sales | 1,721 | 1,233 | 1,296 | 2,171 | 6,422 | 2,162 | 1,754 | 2,152 | 2,736 | 8,804 |
| IS Operating profit | 530 | 248 | 3,000 | 547 | 4,325 | 246 | 767 | 917 | -653 | 1,277 |
| IS Share of profit/loss of associates and joint ventures | 80 | 59 | 7 | 21 | 168 | -215 | -81 | -37 | -295 | -629 |
| IS Finance costs - net | -42 | -47 | -46 | -26 | -161 | 59 | 499 | -141 | -610 | -193 |
| IS Profit before income tax | 568 | 261 | 2,961 | 542 | 4,332 | 90 | 1,187 | 737 | -1,559 | 455 |
| IS Income tax expense | -91 | -47 | -73 | -114 | -325 | -104 | -150 | -138 | 947 | 556 |
| IS Net profit | 477 | 214 | 2,888 | 428 | 4,008 | -14 | 1,037 | 600 | -611 | 1,011 |
| IS Non-controlling interests | 15 | 0 | -4 | 11 | 23 | 7 | -2 | -1 | -4 | 0 |
| IS Profit for the period, owners of the parent | 462 | 214 | 2,892 | 417 | 3,985 | -21 | 1,039 | 601 | -608 | 1,011 |
| IS Net profit (after non-controlling interests) | 462 | 214 | 2,892 | 417 | 3,985 | -21 | 1,039 | 601 | -608 | 1,011 |
| Earnings per share (basic), EUR | 0.52 | 0.24 | 3.26 | 0.47 | 4.49 | -0.02 | 1.17 | 0.67 | -0.68 | 1.14 |
| **Comparable** | | | | | | | | | | |
| EBITDA | 603 | 354 | 386 | 673 | 2,016 | 527 | 453 | 561 | 895 | 2,436 |
| IS Operating profit | 459 | 207 | 243 | 519 | 1,429 | 388 | 318 | 421 | 744 | 1,871 |
| Share of profit/loss of associates and joint ventures | 61 | 42 | 5 | -4 | 104 | 21 | 12 | 9 | -53 | -11 |
| Net profit (after non-controlling interests) | 403 | 156 | 171 | 361 | 1,091 | 375 | 683 | 276 | 216 | 1,550 |
| Earnings per share (basic), EUR | 0.44 | 0.19 | 0.19 | 0.41 | 1.23 | 0.42 | 0.77 | 0.31 | 0.24 | 1.74 |

## Quarterly sales by segment

| EUR million | I/2021 | II/2021 | III/2021 | IV/2021 | 2021 | I/2022 | II/2022 | III/2022 | IV/2022 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation [1] | 669 | 571 | 676 | 953 | 2,869 | 701 | 715 | 894 | 1,344 | 3,655 |
| City Solutions [1] | 418 | 256 | 201 | 427 | 1,302 | 390 | 229 | 254 | 409 | 1,282 |
| Consumer Solutions | 661 | 424 | 485 | 1,052 | 2,622 | 1,168 | 856 | 1,094 | 1,460 | 4,578 |
| Other Operations [1] | 34 | 36 | 33 | 35 | 138 | 35 | 34 | 34 | 32 | 136 |
| Netting of Nord Pool transactions [2] | -223 | -137 | -229 | -540 | -1,128 | -448 | -379 | -568 | -917 | -2,312 |
| Eliminations | -102 | -98 | -63 | -22 | -285 | 94 | 81 | 181 | 79 | 435 |
| **Total continuing operations excl. Russia** | **1,458** | **1,052** | **1,104** | **1,906** | **5,519** | **1,940** | **1,537** | **1,890** | **2,407** | **7,774** |
| Russia | 264 | 182 | 193 | 267 | 906 | 223 | 218 | 262 | 329 | 1,031 |
| Eliminations | -1 | 0 | 0 | -1 | -2 | -1 | 0 | 0 | 0 | -1 |
| IS **Total continuing operations** | **1,721** | **1,233** | **1,296** | **2,171** | **6,422** | **2,162** | **1,754** | **2,152** | **2,736** | **8,804** |

1) Sales, both internal and external, includes effects from realised hedging contracts. Effect on sales can be negative or positive depending on the average contract price and realised spot price.
2) Sales and purchases with Nord Pool Spot is 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.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

Quarterly financial information

**Investor information**

## Quarterly comparable operating profit by segments

| EUR million | I/2021 | II/2021 | III/2021 | IV/2021 | 2021 | I/2022 | II/2022 | III/2022 | IV/2022 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Generation | 268 | 190 | 237 | 428 | 1,123 | 275 | 300 | 375 | 650 | 1,600 |
| City Solutions | 86 | -4 | -21 | 73 | 135 | 48 | -36 | -16 | 32 | 28 |
| Consumer Solutions | 36 | 19 | 13 | -17 | 52 | 35 | 21 | 17 | 25 | 97 |
| Other Operations | -31 | -36 | -31 | -44 | -142 | -32 | -24 | -22 | -37 | -115 |
| **Total continuing operations excl. Russia** | **359** | **170** | **198** | **440** | **1,167** | **326** | **262** | **354** | **669** | **1,611** |
| Russia | 100 | 37 | 45 | 80 | 261 | 61 | 57 | 67 | 75 | 260 |
| IS **Comparable operating profit, continuing operations** | 459 | 207 | 243 | 519 | 1,429 | 388 | 318 | 421 | 744 | 1,871 |
| Impairment charges and reversals | - | -29 | -1 | -5 | -35 | -275 | -46 | -35 | -550 | -905 |
| Capital gains and other related items | 50 | 12 | 2,612 | -1 | 2,673 | 3 | 640 | 138 | 5 | 785 |
| Changes in fair values of derivatives hedging future cash flow | 21 | 58 | 146 | 40 | 264 | 160 | -141 | 396 | -808 | -393 |
| Other | - | - | - | -6 | -6 | -29 | -3 | -3 | -45 | -80 |
| IS **Operating profit, continuing operations** | **530** | **248** | **3,000** | **547** | **4,325** | **246** | **767** | **917** | **-653** | **1,277** |

The first and last quarters of the year are usually the strongest quarters for power and heat businesses.

FINANCIALS 2022

**Operating and financial review**

**Consolidated financial statements**

**Parent company financial statements**

**Signatures for the operating and financial review and financial statements**

**Auditor's report**

**Auditor's assurance report of ESEF financial statements**

**Key figures 2013–2022**

**Quarterly financial information**

Investor information

# Investor information

Fortum's Investor Relations activities cover equity and fixed-income markets to ensure full and fair valuation of the company's shares, access to funding sources and stable bond pricing.

The key task of Investor Relations is to provide correct, adequate and up-to-date information regularly and equally to all market participants. By doing this, Investor Relations aims to minimise the investor's risk and reduce the share's volatility. All financial and investor communications and activities at Fortum are coordinated by the IR function.

Fortum's investor website ▸ **www.fortum.com/investors** provides information about Fortum's financial targets and performance, business environment, strategy, risks, outlook and share. All financial reports, presentations, webcasts are also available on the site.

## Annual General Meeting 2023

The Annual General Meeting 2023 of Fortum Corporation will be held on Thursday, 13 April 2023, starting at 14.00 EEST.

## Payment of dividends

The Board of Directors proposes to the Annual General Meeting that Fortum Corporation pays a dividend of EUR 0.91 per share for 2022, totalling approximately EUR 817 million based on the registered shares as of 1 March 2023. The possible dividend-related dates planned for 2023 are:

- ex-dividend date of the first dividend instalment: 14 April 2023
- record date of the first dividend instalment: 17 April 2023
- payment date of the first dividend instalment: 24 April 2023
- ex-dividend date of the second dividend instalment: 29 September 2023
- record date of the second dividend instalment: 2 October 2023
- payment date of the second dividend instalment: 10 October 2023

## Financial information in 2023

Fortum will publish three interim reports in 2023:

- January–March Interim Report on 11 May
- January–June Half-year Financial Report on 4 August, and
- January–September Interim Report on 2 November.

The reports are published at approximately 9:00 EET in Finnish and English, and are available on Fortum's website at ▸ **www.fortum.com/investors**.

## Fortum share basics

Listed on Nasdaq Helsinki
Trading ticker: FORTUM
Number of shares, 1 March 2023: 897,264,465
Sector: Utilities

## Silent period

The company voluntarily applies a "silent period" before announcing earnings, during which time it will not comment on the company's business prospect for the current or previous, non-disclosed quarter. The silent period starts 30 days prior to the date of the earnings announcement.

## Fortum's activities in capital markets during 2022

In 2022, Fortum had approximately 680 investor meetings and conference calls and met some 195 professional equity investors individually or in group meetings. Due to COVID-19 pandemic the meetings were mainly arranged virtually. IR also maintained regular contact with equity research analysts at investment banks and brokerage firms.

