

Belgian Court of Appeal rules in favour of Fortum on income tax case for the year 2008

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The Court of Appeal of Ghent, Belgium, has today ruled in favour of Fortum on Fortum's income tax assessments in Belgium for the year 2008.

The decision concerns Fortum's Belgian financing company, Fortum EIF NV, which granted internal financing to a Swedish group company for financing of an acquisition in Russia. The Belgian tax authorities argued that Fortum EIF should not benefit from the notional interest deduction regime in Belgium. Fortum finds the tax authorities' interpretation to be inconsistent with the local regulation and has appealed the decisions.

In January 2016, Fortum received a favourable decision from the Court of Appeal of Antwerp in the case. According to the decision of the Court of Appeal, Fortum EIF NV was established in order to manage business related financing risks. The tax authority disagreed with the decision and appealed to the Supreme Court (Hof van Cassatie) in March 2016. In April 2019, the Advocate General at the Supreme Court issued his opinion, which was in favour of Fortum. In May 2019, the Supreme Court, however, annulled the decision of the Court of Appeal of Antwerp and referred the case back to the Court of Appeal of Ghent for full retrial.

The additional taxes claimed for 2008 amount to EUR 36 million. Fortum has similar tax cases pending for the years 2009-2012 and expects the remaining years to follow the decisions for 2008. The disputed amount for all years 2008-2012 totals EUR 113 million. All taxes have been paid and booked as income tax receivables.

The Belgian tax authority may appeal the decision by the Court of Appeal to the Supreme Court. Should the decision become final, the possible repayment of the disputed amounts of EUR 113 million would have a positive cash flow effect for Fortum.

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Fortum

Fortum is a European energy company with activities in more than 40 countries. We provide our customers with electricity, gas, heating and cooling as well as smart solutions to improve resource efficiency. We want to engage our customers and society to join the change for a cleaner world. Together with our subsidiary Uniper, we are the third largest producer of CO2-free electricity in Europe.

With approximately 19,000 professionals and a combined balance sheet of approximately EUR 69 billion, we have the scale, competence and resources to grow and to drive the energy transition forward. Fortum's share is listed on Nasdaq Helsinki and Uniper's share on the Frankfurt Stock Exchange. www.fortum.com