



# Fortum Half-year Financial Report

JANUARY-JUNE 2021

 **fortum**  
For a cleaner world

## Contents

Strengthening the balance sheet and accelerating decarbonisation	3
Fortum's President and CEO Markus Rauramo's comments	4
Financial results	5
Financial position and cash flow	8
Segment reviews	9
Capital expenditures, divestments, and investments in shares	19
Operating and regulatory environment	21
Key drivers and risks	25
Outlook	26
Sustainability	27
Legal actions	27
Shares and share capital	31
Group personnel	31
Changes in the Group management	31
Authorisations of the Board	31
Events after the reporting period	32
Further information	32

## Tables to the Half-year Financial Report

Condensed consolidated income statement	33
Condensed consolidated statement of comprehensive income	34
Condensed consolidated balance sheet	35
Condensed consolidated statement of changes in total equity	36
Condensed consolidated cash flow statement	38
Change in financial net debt	40
Capital risk management	40
Key figures	41
Notes to the condensed consolidated interim financial statements	42
Definitions and reconciliations of key figures	71
Market conditions and achieved power prices	76
Fortum's production and sales volumes	77

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

# Strengthening the balance sheet and accelerating decarbonisation

## April-June 2021

- Comparable EBITDA was EUR 348 (512) million
- Comparable operating profit was EUR 35 (203) million
- Operating profit was EUR -840 (539) million, mainly impacted by changes in fair values of non-hedge-accounted derivatives
- Comparable share of profits of associates and joint ventures was EUR 52 (23) million
- Comparable earnings per share were EUR 0.09 (0.17)
- Earnings per share were EUR -0.53 (0.38)
- Cash flow from operating activities totalled EUR 289 (440) million
- S&P and Fitch upgraded rating outlook to “stable”, BBB rating reaffirmed

## January-June 2021

- Comparable EBITDA was EUR 1,827 (1,055) million
- Comparable operating profit was EUR 1,206 (596) million
- Operating profit was EUR 505 (1,142) million, mainly impacted by changes in fair values of non-hedge-accounted derivatives
- Comparable share of profits of associates and joint ventures was EUR 119 (574) million. The comparison period includes Uniper for the fourth quarter of 2019 and first quarter of 2020
- Comparable earnings per share were EUR 1.03 (1.09)
- Earnings per share were EUR 0.70 (1.43)
- Cash flow from operating activities totalled EUR 1,120 (1,002) million
- Financial net debt-to-comparable EBITDA ratio for the last 12 months at 2.4 times, above target level of <2 times
- On 12 March, Fortum signed an agreement to sell its district heating business in the Baltics. The transaction concluded on 2 July. Total consideration of approximately EUR 710 million
- On 30 June, Fortum signed an agreement to sell its 50% ownership in Stockholm Exergi for a total consideration of EUR 2.9 billion. Closing expected before the end of 2021

## Summary of outlook

- The Generation segment's Nordic generation hedges: approximately 75% at EUR 33 per MWh for the remainder of 2021 and approximately 60% at EUR 31 per MWh for 2022
- The Uniper segment's Nordic generation hedges: approximately 90% at EUR 26 per MWh for the remainder of 2021, approximately 85% at EUR 24 per MWh for 2022, and approximately 45% at EUR 22 per MWh for 2023
- Capital expenditure, including maintenance but excluding acquisitions, is expected to be approximately EUR 1,400 million in 2021

## Key figures\*

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Reported</b>						
Sales	17,128	12,330	38,621	13,687	49,015	73,950
Operating profit	-840	539	505	1,142	1,599	962
Share of profit/loss of associates and joint ventures	61	39	140	518	656	279
Net profit	-659	403	651	1,341	1,855	1,165
Net profit (after non-controlling interests)	-473	340	618	1,270	1,823	1,171
Earnings per share, EUR	-0.53	0.38	0.70	1.43	2.05	1.32
Net cash from operating activities	289	440	1,120	1,002	2,555	2,673

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Comparable</b>						
EBITDA	348	512	1,827	1,055	2,434	3,206
Operating profit	35	203	1,206	596	1,344	1,954
Share of profit/loss of associates and joint ventures	52	23	119	574	656	201
Net profit (after non-controlling interests)	79	155	915	968	1,483	1,431
Earnings per share, EUR	0.09	0.17	1.03	1.09	1.67	1.61

EUR million	30 June 2021	31 Dec 2020	LTM
Financial net debt (at period-end)	7,668	7,023	
Adjusted net debt (at period-end)	10,016	9,784	
Financial net debt/comparable EBITDA		2.9	2.4

\* Uniper has been consolidated as a subsidiary from 31 March 2020. Previously, Uniper's contribution to the income statement was recognised in the Share of profit/loss of associates and joint ventures.

## Fortum's President and CEO Markus Rauramo:

"The determined execution of our transformation strategy continued during the spring and summer with active portfolio rotation and decarbonisation. First, we agreed to sell 500 MW of solar power capacity in India, in line with our build-operate-transfer business model, and signed a comprehensive agreement with Actis targeting potential further investments in solar power plants in India. Second, we closed the divestment of our Baltic district heating business for a total consideration of approximately EUR 710 million. And third, we signed an agreement on the sale of our 50% stake in Stockholm Exergi for EUR 2.9 billion. These three successful transactions bring the value of our portfolio rotation over the last eighteen months to a total of EUR 5.2 billion. The efficient implementation of our chosen strategy has strengthened Fortum's balance sheet. Subsequent to the closing of the Baltic district heating and Exergi divestments our leverage, measured as financial net debt-to-comparable EBITDA, will further decrease to well below our target of less than 2 times. Our efforts have not gone unnoticed as both the Standard & Poor's and Fitch rating agencies, have now removed the negative outlook for Fortum and we are very pleased that they revised their long-term ratings to BBB with a stable outlook.

The execution of our decarbonisation strategy is also proceeding well. In July, we agreed to sell our Argayash coal-fired combined heat and power plant in Russia. As we announced earlier this year, the fuel switch of the Chelyabinsk CHP-2 unit from coal to gas means that we now have a clear path to cease the use of coal in our Russia segment by the end of 2022. This leaves the Group's Russian operations with only one coal-fired power plant without a clearly communicated exit path, the Berezovskaya power plant of the Uniper segment. In our Uniper business in Germany, we were successful also in the third round of auctions for the closure of coal-fired power plants. The bid for closure of the Scholven C power plant was accepted, which makes it the third success in the three auctions held so far and Uniper's third coal-fired power plant to be closed ahead of our previously announced, already ambitious schedule. I am also pleased that we have been able to accelerate our decarbonisation in the UK, as we plan to close the first block of the Ratcliffe coal-fired power plant as early as September 2022 and the remaining three units by the end of 2024, all ahead of schedule. This means we have been able to announce the accelerated closure of almost 40% of our coal-fired generation capacity within less than one year.

Due to seasonality, the second and third quarters are normally weaker than the winter quarters and this year was no exception. In addition, the comparable operating profit for the second quarter declined because Uniper's Global Commodities business did not replicate the strong profits from the second quarter of 2020 and Uniper also experienced an intra-year phasing effect, due to the increase in the price for CO<sub>2</sub> emission rights that shifted margins from the second quarter to the second half of 2021. The results of Fortum's Generation segment benefitted from higher power prices and strong performance in physical optimisation, although the effect was dampened by the fairly high hedge levels. All other segments showed improving or stable results. The results of the first half of 2021 was strong thanks to the good results of Uniper and improvements in the Generation and City Solutions segments. With a comparable earnings per share of EUR 1.61 for the last twelve months and a strengthening balance sheet, Fortum is well equipped for the ongoing energy transition.

Fortum's decarbonisation efforts are supported by the EU Commission's 'Fit for 55' legislative package that guides the EU economy towards a 55% reduction in greenhouse gas emissions by 2030 and climate neutrality by 2050. The package is well in line with Fortum's views and includes, among other measures, a tightening of the EU ETS and its expansion to maritime transport as well as ambitious targets for renewable hydrogen use. Carbon pricing will also be broadened to buildings and road transport, something we have long been advocating for. These measures are more challenging to implement than measures targeting large industrial installations, but they are necessary in order to reach the high climate ambitions of the EU, something that cannot be achieved by focusing only on the energy sector.

On 9 August, the IPCC – Intergovernmental Panel on Climate Change published a new report that reinforces the scientific basis of climate change and the human impact on it. It emphasises the urgency of climate action and the necessity for all mitigation and adaptation measures. In Fortum's view, the findings of the report underline the importance of making full use of all CO<sub>2</sub>-free technologies in climate change mitigation."

## Financial results

### Sales by segment

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Generation	575	450	1,251	1,024	2,006	2,233
Russia	182	202	446	519	929	856
City Solutions	256	212	674	554	1,075	1,196
Consumer Solutions	424	237	1,085	661	1,267	1,691
Uniper	15,893	11,365	35,663	11,365	44,514	68,812
Other Operations	36	34	70	68	140	142
Netting of Nord Pool transactions	-137	-54	-359	-137	-317	-540
<i>Eliminations</i>	-101	-115	-208	-366	-598	-441
<b>Total</b>	<b>17,128</b>	<b>12,330</b>	<b>38,621</b>	<b>13,687</b>	<b>49,015</b>	<b>73,950</b>

### Comparable EBITDA by segment

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Generation	243	212	558	485	886	959
Russia	70	74	205	213	394	386
City Solutions	43	32	175	138	239	276
Consumer Solutions	36	35	89	82	153	161
Uniper	-17	184	851	184	856	1,523
Other Operations	-29	-26	-52	-48	-94	-98
<b>Total</b>	<b>348</b>	<b>512</b>	<b>1,827</b>	<b>1,055</b>	<b>2,434</b>	<b>3,206</b>

## Comparable operating profit by segment

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Generation	195	173	464	409	722	778
Russia	37	37	137	135	251	252
City Solutions	-4	-15	82	43	47	87
Consumer Solutions	19	19	55	51	90	94
Uniper	-177	24	534	24	363	873
Other Operations	-36	-34	-66	-65	-129	-130
<b>Total</b>	<b>35</b>	<b>203</b>	<b>1,206</b>	<b>596</b>	<b>1,344</b>	<b>1,954</b>

## Operating profit by segment

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Generation	188	134	505	415	711	802
Russia	8	37	108	136	252	224
City Solutions	-3	-8	82	476	775	382
Consumer Solutions	87	45	147	55	129	221
Uniper	-1,093	295	-279	295	29	-545
Other Operations	-27	36	-58	-235	-298	-121
<b>Total</b>	<b>-840</b>	<b>539</b>	<b>505</b>	<b>1,142</b>	<b>1,599</b>	<b>962</b>

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

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Generation	10	2	5	5	13	13
Russia	29	15	52	27	47	72
City Solutions	1	1	40	37	57	60
Consumer Solutions	-	-	-	-	-	-
Uniper	11	3	22	3	38	58
Other Operations*	1	2	0	503	502	-1
<b>Total</b>	<b>52</b>	<b>23</b>	<b>119</b>	<b>574</b>	<b>656</b>	<b>201</b>

\* The first-quarter 2020 share of profits of associates and joint ventures of Other Operations includes Fortum's share of Uniper's fourth-quarter 2019 and first-quarter 2020 profits.

## Share of profit/loss of associates and joint ventures by segment

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Generation	12	14	20	-24	29	72
Russia	29	15	52	27	47	72
City Solutions	1	1	40	37	57	59
Consumer Solutions	-	-	-	-	-	-
Uniper	18	7	29	7	54	76
Other Operations*	1	2	0	471	470	-1
<b>Total</b>	<b>61</b>	<b>39</b>	<b>140</b>	<b>518</b>	<b>656</b>	<b>279</b>

\* The first-quarter 2020 share of profits of associates and joint ventures of Other Operations includes Fortum's share of Uniper's fourth-quarter 2019 and first-quarter 2020 profits.

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. In the first quarter of 2020, Uniper was consolidated as an associated company into Fortum's income statement. The main reason for the change in cumulative figures and in the comparison to the year 2020 is thus the consolidation of Uniper.

## April-June 2021

Sales were EUR 17,128 (12,330) million.

Comparable operating profit was EUR 35 (203) million, mainly due to the lower results of Uniper's Global Commodities business and an intra-year CO<sub>2</sub> emission rights phasing effect that shifted margins from the second quarter of 2021 to the second half of 2021. The Group results were positively impacted by the higher achieved power price in the Generation segment and the improved results in Uniper's European Generation business.

Operating profit for the period was impacted by EUR -875 (336) million of items affecting comparability, mainly due to changes in fair values of non-hedge-accounted derivatives of EUR -852 (154) million especially in the Uniper segment (Note 4).

Comparable share of profits of associates and joint ventures was EUR 52 (23) million (Note 12).

## January-June 2021

Sales were EUR 38,621 (13,687) million.

Comparable operating profit was EUR 1,206 (596) million, mainly due to the consolidation of Uniper to the income statement. The Generation segment benefitted from the higher achieved power price and the City Solutions segment was supported by the clearly higher heat sales volumes in the first quarter.

Operating profit for the period was impacted by EUR -701 (546) million of items affecting comparability, mainly due to changes in fair values of non-hedge-accounted derivatives of EUR -687 (172) million especially in the Uniper segment. Items affecting comparability also includes the tax-exempt capital gain of EUR 50 million from the divestment of eight small hydropower plants in Sweden (Note 4).

Comparable share of profits of associates and joint ventures was EUR 119 (574) million (Note 12). The comparison period includes the comparable share of profit from Uniper based on Uniper's fourth-quarter 2019 and first-quarter 2020 results.

Finance costs - net amounted to EUR -71 (65) million, i.e. was net finance income. Comparable finance costs - net amounted to EUR -29 (60) million. The change mainly comes from a positive effect of changes in discount rates on Other provisions in the Uniper segment.

Profit before income taxes was EUR 717 (1,595) million. Comparable profit before income taxes was EUR 1,354 (1,110) million.

Income tax expenses for the period totalled EUR 66 (254) million. Comparable income tax expenses were EUR 284 (119) million (Note 8).

Net profit was EUR 651 (1,341) million. Comparable net profit was EUR 915 (968) million after the deduction of adjusted non-controlling interest. Comparable net profit is adjusted for items affecting comparability, adjustments to share of profit of associates and joint ventures, net finance costs, and income tax expenses. The alternative performance measure (APM) 'comparable net profit' was introduced in the first quarter of 2021 to better reflect the underlying profitability (Notes 4.2 and 23).

Earnings per share were EUR 0.70 (1.43) and comparable earnings per share were EUR 1.03 (1.09).

For further details, see Segment reviews.

# Financial position and cash flow

## Cash flow

In January-June 2021, net cash from operating activities increased by EUR 118 million to EUR 1,120 (1,002) million.

Net cash used in investing activities was EUR 1,979 (734) million. Capital expenditure increased by EUR 219 million to EUR 570 (351) million. Acquisition of shares, net of liquid funds, was EUR 205 (1,419) million. Acquisition of shares in the comparison period mainly relates to the acquisition of Uniper shares. Divestment of shares and capital returns of EUR 151 (783) million mainly include the divestments of the 80% stake in the Sørfjord wind park in Norway and eight small hydropower plants in Sweden. Divestment of shares in the comparison period mainly includes the divestment of the Joensuu district heating operations. The change in margin receivables was EUR -1,285 (235) million, following the higher market prices for commodities. The negative change in margin receivables was almost fully netted by the positive change in margin liabilities in the cash flow from financing activities.

Cash flow before financing activities was EUR -859 (268) million.

Proceeds from long-term liabilities were EUR 65 (2,477) million. In March 2020, Fortum drew a term loan of EUR 2,000 million and in May 2020 a bridge loan of EUR 300 million to finance the acquisition of shares in Uniper. The dividend, EUR 995 million, was paid on 7 May 2021. The change in margin liabilities was EUR 1,180 (-194) million, mainly due to the increases in market prices for commodities. The net decrease in liquid funds was EUR 588 (net increase 990) million.

## Assets

At the end of the reporting period, total assets amounted to EUR 87,600 (57,810 at the end of 2020) million. The increase from year-end mainly relates to derivative financial instruments in the Uniper segment resulting from higher market prices for commodities. Liquid funds at the end of the period were EUR 1,703 (2,308 at the end of 2020) million.

## Equity

Equity attributable to owners of the parent company totalled EUR 12,794 (12,953 at the end of 2020) million. The change from the year-end was mainly related to the net profit for the period of EUR 618 million and the positive impact of EUR 189 million from translation differences, offset by the dividend payment of EUR 995 million.

## Financing

At the end of the reporting period, financial net debt was EUR 7,668 (7,023 at the end of 2020) million and adjusted net debt EUR 10,016 (9,784 at the end of 2020) million.

At the end of the reporting period, the Group's liquid funds totalled EUR 1,703 (2,308 at the end of 2020) million. Liquid funds include EUR 443 million related to the Uniper segment. The dividend, EUR 995 million, was paid on 7 May 2021.

In May 2021, Fortum repaid a maturing bond of EUR 500 million. The other short-term interest-bearing debt increased during the first half of the year by EUR 804 million from EUR 750 million to EUR 1,554, million mainly due to the use of commercial paper programmes.

At the end of the reporting period, Fortum had undrawn committed credit facilities amounting to EUR 5,000 million. The undrawn facilities consist of a EUR 1,450 million revolving credit facility maturing in November 2021 (with an option to extend the maturity by one year), a EUR 1,750 million revolving credit facility maturing in June 2023, and Uniper's revolving credit facility of EUR 1,800 million, which matures in September 2025. In addition to the revolving credit facilities, Fortum has EUR 100 million of committed overdraft limits that are valid until further notice.

Financial net debt-to-comparable EBITDA ratio for the last 12 months was 2.4 times (2.9 at the end of 2020), which is above the target level of <2 times.



On 28 June 2021, Fitch revised its long-term rating for Fortum to BBB, with a stable outlook (previously BBB with a negative outlook). The short-term rating is at the level F2. On 5 July 2021, Standard & Poor's revised its long-term rating for Fortum to BBB, with a stable outlook (previously BBB with a negative outlook). The short-term rating is at the level A-2.

On 6 July 2021, Standard & Poor's also revised its long-term rating for Uniper to BBB, with a stable outlook (previously BBB with a negative outlook).

## Segment reviews

### Generation

Generation is responsible for Nordic power generation. The segment comprises CO<sub>2</sub>-free nuclear, hydro, and wind power generation, as well as power portfolio optimisation, trading, market intelligence, thermal power for the capacity reserve, and global nuclear services. The segment does not include the Nordic hydro and nuclear power generation or the trading activities of Uniper. As of 31 March 2020, the segment includes Generation's proportionate share of OKG (Note 3).

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Reported</b>						
Sales	575	450	1,251	1,024	2,006	2,233
- power sales	539	427	1,166	952	1,878	2,092
of which Nordic outright power sales*	402	348	870	774	1,478	1,574
- other sales	36	22	85	72	128	141
Operating profit	188	134	505	415	711	802
Share of profit/loss of associates and joint ventures**	12	14	20	-24	29	72
Capital expenditure and gross investments in shares	35	34	62	68	228	222
Number of employees			1,193		1,143	

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Comparable</b>						
EBITDA	243	212	558	485	886	959
Operating profit	195	173	464	409	722	778
Share of profit/loss of associates and joint ventures**	10	2	5	5	13	13
Return on net assets, %					12.2	13.0
Net assets (at period-end)			6,207	5,957	6,234	

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

\*\* Power plants are often built jointly with other power producers, and owners purchase power at cost. The share of profit/loss is mainly IFRS adjustments (e.g. accounting for nuclear-related assets and liabilities) and depreciations on fair value adjustments from historical acquisitions (Note 18 in the Consolidated Financial Statements 2020).

### Power generation by source

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Hydropower, Nordic	5.5	5.1	12.2	11.5	22.4	23.1
Nuclear power, Nordic	5.4	5.6	11.8	11.9	21.0	20.9
Wind power, Nordic	-	0.1	-	0.3	0.4	0.1
Thermal power, Nordic	-	0.1	-	0.1	0.1	-
<b>Total</b>	<b>10.9</b>	<b>10.8</b>	<b>23.9</b>	<b>23.7</b>	<b>43.9</b>	<b>44.1</b>

## Nordic sales volumes

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Nordic sales volume	12.7	12.5	27.7	27.3	51.4	51.8
of which Nordic outright power sales volume*	10.6	10.4	23.2	22.9	42.5	42.8

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

## Achieved power price

EUR/MWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Generation's Nordic achieved power price*	38.1	33.6	37.6	33.8	34.8	36.9

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

## April-June 2021

The Generation segment's total power generation in the Nordic countries increased slightly, mainly due to higher hydro volumes partly off-set by longer than planned nuclear outages.

The achieved power price in the Generation segment increased by EUR 4.5 per MWh, up 13%. The achieved power price increased due to successful physical optimisation and the higher spot price. While the spot power price increased by 143% in Fortum's power generation areas, the fairly high hedge levels and a hedge price below the level of the spot price dampened the effect on the achieved price.

Comparable operating profit increased by 13%. The increase was due to the higher achieved power price and slightly higher hydro volumes, partly offset by the slightly higher cost level. In the comparison period, comparable operating profit was supported by good hedge levels and hedge prices. Comparable operating profit included EUR 5 (12) million from the consolidation of the Generation segment's proportionate share of OKG (Note 3).

Operating profit was affected by EUR -8 (-39) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 10 (2) million (Notes 3 and 12).

## January-June 2021

The Generation segment's total power generation in the Nordic countries increased slightly, mainly due to higher hydro volumes partly off-set by the sale of a majority share of Fortum's Nordic wind assets.

The achieved power price in the Generation segment increased by EUR 3.8 per MWh, up 11%. The achieved power price increased due to successful physical and financial optimisation and higher spot prices. While the spot power price increased by 133% in Fortum's power generation areas, the fairly high hedge levels and a hedge price below the level of the spot price dampened the effect on the achieved price.

Comparable operating profit increased by 13%. The increase was mainly due to the higher achieved power price. Comparable operating profit included EUR 6 (12) million from the consolidation of the Generation segment's proportionate share of OKG (Note 3) as well as EUR 2 million from the sale of the Sørfjord wind park in January 2021.

Operating profit was affected by EUR 41 (6) million of items affecting comparability, mainly related to the tax-exempt capital gain of EUR 50 million from the divestment of eight small hydropower plants in Sweden and the fair value change of non-hedge-accounted derivatives (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 5 (5) million (Notes 3 and 12).

On 26 March 2021, the Finnish Radiation and Nuclear Safety Authority (STUK) gave Teollisuuden Voima Oyj (TVO) a fuel loading permit for the Olkiluoto 3 (OL3) plant unit. That was the most significant step in the commissioning of the plant unit so far and was in line with the previously announced schedule targeting the commencement of power generation at OL3 in October this year and regular power generation in February 2022. The fuel loading started on 27 March and was completed on 1 April. In June, TVO signed agreements regarding the amendments to the OL3 project's 2018 Global Settlement Agreement with the Areva-Siemens consortium.

In April 2021, Fortum announced its second pilot for the use of batteries as energy storage at hydropower plants at Landaforsen power plant in Sweden. Batteries from plug-in hybrid cars and other batteries, 48 in total and with a combined storage of 1 MWh and capacity of 250 kW, are installed, extending the life of both the hydropower turbines and the batteries themselves.

In June 2021, Fortum and Uniper agreed on long-term cooperation covering external and internal cooperation in nuclear decommissioning services. The goal for the complementary capabilities is to develop a wider customer offering, reach a stronger market position, as well as ensure excellent performance in the Oskarshamn and Barsebäck decommissioning projects in Sweden.

## Russia

*The Russia segment comprises power and heat generation and sales in Russia. The segment also includes Fortum's joint ventures for building and operating approximately 2 GW of renewable power generation and 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. The segment does not include Uniper's Russian subsidiary Unipro.*

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Reported</b>						
Sales	182	202	446	519	929	856
- power sales	161	182	367	444	791	714
- heat sales	20	19	76	74	134	136
- other sales	2	1	3	1	4	6
Operating profit	8	37	108	136	252	224
Share of profit/loss of associates and joint ventures	29	15	52	27	47	72
Capital expenditure and gross investments in shares	30	47	37	51	91	76
Number of employees			2,954		2,935	

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Comparable</b>						
EBITDA	70	74	205	213	394	386
Operating profit	37	37	137	135	251	252
Share of profit/loss of associates and joint ventures	29	15	52	27	47	72
Return on net assets, %					11.1	12.7
Net assets (at period-end)			2,572	2,813	2,431	

## Power generation and heat production for the Russia segment

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Russian power generation	6.1	5.4	14.6	13.8	27.1	27.9
Russian heat production	2.4	2.5	9.9	8.7	16.4	17.6

## Prices for the Russia segment

	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Average capacity price for CCS and other, tRUB/MW/month* **	159	146	170	156	156	164
Average capacity price for CSA, tRUB/MW/month**	1,057	961	1,174	1,064	1,058	1,107
Average capacity price, tRUB/MW/month	524	549	581	611	608	593
Achieved power price for the Russia segment, RUB/MWh	2,015	1,886	1,944	1,842	1,940	1,998
Achieved power price for the Russia segment, EUR/MWh***	22.5	23.3	21.7	24.0	23.4	22.2

\* Including capacity receiving payments under "forced mode status", regulated tariffs, and bilateral agreements.

\*\* Capacity prices paid for the capacity volumes, excluding unplanned outages, repairs, and own consumption.

\*\*\* Translated using the average exchange rate.

## **April-June 2021**

Power generation volumes increased by 13% due to higher consumption following the economic recovery from the Covid-19 pandemic, including higher oil production, and high temperatures in the second quarter of 2021. Heat production volumes decreased by 4% due to warmer weather.

Sales decreased by 10%, or EUR 20 million, mainly due to the weaker Russian rouble. The effect of the change in the Russian rouble exchange rate was EUR -18 million.

Comparable operating profit was unchanged. The effect of the Capacity Supply Agreement (CSA) period ending for the Tyumen combined heat and power plant 1 (CHP) and Chelyabinsk CHP 3, as well as corrections to the CSA prices as a result of lower bond yields, was largely offset by three units entering the four-year period of higher CSA payments as well as higher power prices. The effect of the change in the Russian rouble exchange rate was marginal and amounted to EUR -2 million.

Operating profit was affected by a tax-deductible non-cash impairment of EUR 29 million in connection with the Argayash CHP plant divestment.

Comparable share of profits of associates and joint ventures totalled EUR 29 (15) million, including the share of profits of EUR 15 (17) million from TGC-1, the share of profits of EUR 14 (0) million from the joint ventures for renewables power generation, and the share of profits of the joint ventures for heat distribution of EUR 2 (-2) million. The share of profits for the joint ventures for renewable power generation includes a EUR 12 million gain from the transfer of the Kalmykia wind power park from the Fortum-Rusnano wind investment fund to Fortum's joint venture with the Russian Direct Investment Fund (RDIF) (Notes 3 and 12).

## **January-June 2021**

Power generation volumes increased by 6% due to higher consumption as a result of economic recovery from the Covid-19 pandemic, including higher oil production, and high temperatures in the second quarter of 2021. Heat production volumes increased by 14% due to the colder weather in the first quarter.

Sales decreased by 14%, or EUR 73 million, due to the weaker Russian rouble. The effect of the change in the Russian rouble exchange rate was EUR -75 million.

Comparable operating profit increased by 1%. The EUR 17 million positive effect of the sale of the 116-MW CSA backed solar power project to the Fortum-RDIF joint venture and higher power prices more than offset the effect of the change in the Russian rouble exchange rate, EUR -23 million. The net effect of the changes to CSA payments was slightly negative; the changes derived from three units entering the four-year period of higher CSA payments, the CSA period ending for the Tyumen CHP 1 and Chelyabinsk CHP 3, as well as corrections to the CSA prices as a result of lower bond yields. The Covid-19 pandemic did not have any significant adverse effect on the Russia segment's results for the first two quarters.

Operating profit was affected by a tax-deductible non-cash impairment of EUR 29 million in connection with the Argayash CHP plant divestment.

Comparable share of profits of associates and joint ventures totalled EUR 52 (27) million, including the share of profits of EUR 22 (18) million from TGC-1, the share of profits of EUR 20 (1) million from the joint ventures for renewables power generation, and the share of profits of EUR 9 (7) million of the joint ventures for heat distribution. The share of profits for the joint ventures for renewable power generation includes a EUR 12 million gain from the transfer of the Kalmykia wind power park from the Fortum-Rusnano wind investment fund to the Fortum-RDIF joint venture (Notes 3 and 12).

In June 2021, the Fortum-Rusnano wind investment fund (joint venture, Fortum's ownership 50%) made the investment decision on the construction of wind power parks with a total capacity of 237 MW in the Samara region in Russia.

In June 2021, Fortum signed four new Memorandums of Understanding (MoU) regarding green energy sales in Russia. The MoUs were signed with Novatek, Magnitogorsk Iron and Steel Works, Baker Hughes, and Shell. In July 2021, this was followed by the signing of an agreement with Mosenergosbyt for the supply of wind power to Sberbank's offices in Nizhny Novgorod. The new agreements support Fortum's strategy to partner with industrial and infrastructure customers to help them reduce the emissions of their operations.

In June 2021, the Fortum-Rusnano wind investment fund sold the 200-MW Kalmykia wind parks to the Fortum-RDIF joint venture.

On 8 July 2021, Fortum signed an agreement to sell its Argayash coal-fired CHP to AO JSC Rusatom Smart Utilities. Following the decision to transition to gas at the Chelyabinsk CHP-2 earlier in 2021, this transaction will allow Fortum's Russia division to discontinue its use of coal by the end of 2022 and reduce annual CO<sub>2</sub> emissions by approximately 2 million tonnes. The power plant has only had a minor effect on Fortum's EBITDA. The transaction is expected to be closed in the third quarter of 2021. In connection with the sale of the Argayash CHP plant, Fortum recorded a tax-deductible non-cash impairment of EUR 29 million in its second-quarter results.

## 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, the Baltics, Poland, and India. The segment also includes Fortum's 50% holding in Stockholm Exergi, which is a joint venture and is accounted for using the equity method. The segment does not include the operations of Fortum's subsidiary Uniper.*

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Reported</b>						
Sales	256	212	674	554	1,075	1,196
- heat sales	100	89	346	294	516	569
- power sales	42	20	103	57	121	166
- waste treatment sales*	60	62	122	126	252	249
- other sales**	54	41	103	76	186	213
Operating profit	-3	-8	82	476	775	382
Share of profit/loss of associates and joint ventures	1	1	40	37	57	59
Capital expenditure and gross investments in shares	39	30	86	69	333	350
Number of employees			2,162		2,093	

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Comparable</b>						
EBITDA	43	32	175	138	239	276
Operating profit	-4	-15	82	43	47	87
Share of profit/loss of associates and joint ventures	1	1	40	37	57	60
Return on net assets, %					2.8	4.4
Net assets (at period-end)			2,572	3,628	3,679	

\* Waste treatment sales comprise gate fees and environmental construction services.

\*\* Other sales mainly comprise operation, maintenance, and other services, the sale of recycled products, as well as fuel sales.

## Heat sales by country

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Finland	0.5	0.7	1.7	1.7	2.9	2.9
Poland	0.6	0.5	2.3	1.9	3.4	3.8
Norway	0.3	0.2	1.0	0.8	1.5	1.7
Other countries	0.3	0.5	1.1	1.1	1.9	1.9
<b>Total</b>	<b>1.8</b>	<b>2.0</b>	<b>6.2</b>	<b>5.6</b>	<b>9.6</b>	<b>10.2</b>

## Power sales by country

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Finland	0.2	0.2	0.9	0.5	1.0	1.4
Poland	0.2	0.1	0.4	0.3	0.6	0.7
Other countries	0.4	0.4	0.8	0.8	1.4	1.4
<b>Total</b>	<b>0.8</b>	<b>0.6</b>	<b>2.1</b>	<b>1.5</b>	<b>3.0</b>	<b>3.6</b>

## **April-June 2021**

Heat sales volumes decreased by 10%, mainly due to the different timing of the annual revisions at most of the waste-to-energy plants. The increase in power sales volumes was mainly due to the commissioning of a new solar power plant in India during the first and second quarter of 2021.

Comparable operating profit increased mainly as a result of higher power prices and 33% higher power sales volumes compared to the second quarter of 2020.

Operating profit was affected by EUR 0 (7) million of items affecting comparability.

Comparable share of profits of associates and joint ventures totalled EUR 1 (1) million, EUR -2 (-2) million of which is related to the share of profit of Stockholm Exergi (Notes 3 and 12).

## **January-June 2021**

Heat sales volumes increased by 11%, as temperatures were close to normal during the period, compared to the very warm weather in the first quarter of 2020. The power sales volumes increased significantly, mainly supported by a different production mix in the Finnish heat business in the first quarter and the commissioning of a new solar power plant in India.

Comparable operating profit increased by 91% as a result of higher heat sales volumes in all heating areas, higher power prices, and higher Norwegian heat prices due to the price link between heat and power prices. The results were negatively impacted by structural changes, the most significant of which was the divestment of the Järvenpää district heating business with a EUR 3 million impact.

Operating profit was affected by EUR 0 (433) million of items affecting comparability. In 2020, the items affecting comparability included the tax-exempt capital gain of EUR 431 million from the divestments of the Joensuu district heating businesses (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 40 (37) million, EUR 31 (31) million of which is related to the share of profit of Stockholm Exergi (Notes 3 and 12).

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 will record a tax-exempt capital gain of approximately EUR 250 million in the City Solutions segment's third-quarter 2021 results.

On 17 June 2021, Fortum made the investment decision to expand its lithium-ion battery recycling capacity by building a new state-of-the-art hydrometallurgical plant in Harjavalta, Finland. The investment of approximately EUR 24 million will be a major step in increasing Fortum's hydrometallurgical recycling capacity and enabling the production of sustainable battery chemicals. The new facility will be able to efficiently recover scarce metals from old electric vehicle lithium-ion batteries while also recycling various waste fractions derived throughout the battery supply chain.

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 for the divestment on a debt and cash-free basis, including the effect of deconsolidation of the net debt, is expected to be approximately EUR 280 million, most of which will be recorded during 2021. The parties have also signed a comprehensive agreement targeting potential further investments in solar power plants in India.

On 30 June 2021, Fortum signed an agreement to sell its 50% ownership in the Swedish district heating and cooling company – Stockholm Exergi Holding AB (publ) – to a consortium comprising APG, Alecta, PGGM, Keva, and AXA. The total consideration is SEK 29.5 billion (EUR 2.9 billion) based on a 100% enterprise value of SEK 71.9 billion (EUR 7.1 billion). Fortum expects to record a tax-exempt capital gain of EUR 2.4 billion in the City Solutions segment's results in connection with closing of the transaction. The transaction is subject to customary closing conditions and Fortum expects the closing to take place before the end of 2021. On 31 July 2020, Fortum announced its decision to assess strategic options, including possible divestment, of its 50% holding in Stockholm Exergi.

## 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 2.3 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	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Reported</b>						
Sales	424	237	1,085	661	1,267	1,691
- power sales	353	189	927	540	1,057	1,444
- gas sales	39	26	96	74	139	161
- other sales	32	22	62	47	70	86
Operating profit	87	45	147	55	129	221
Capital expenditure and gross investments in shares	25	13	36	28	57	65
Number of employees			1,131		1,048	

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Comparable</b>						
EBITDA	36	35	89	82	153	161
Operating profit	19	19	55	51	90	94
Net assets (at period-end)			618	543	565	

## Sales volumes

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Electricity	6.4	6.3	17.1	15.8	29.1	30.4
Gas*	1.2	0.9	3.2	2.5	4.9	5.6

\* Not including wholesale volumes.

## Number of customers

Thousands*	30 June 2021	31 Dec 2020
Electricity	2,220	2,280
E-mobility**	60	60
Gas	50	50
<b>Total</b>	<b>2,320</b>	<b>2,390</b>

\* Rounded to the nearest 10,000.

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

## April-June 2021

The electricity sales volumes increased by 2%, mainly due to higher contracted enterprise customer sales. Total sales revenue increased by 79%, driven by higher power prices. The gas sales volumes increased by 33%, mainly due to an increase of enterprise customers in Poland.

Comparable operating profit was stable. Comparable EBITDA increased slightly, mainly driven by higher margins from value-added services, which was the 15<sup>th</sup> consecutive quarter of improvement.

Operating profit was affected by EUR 68 (26) million of items affecting comparability, due to the fair value change of non-hedge-accounted derivatives (Note 3).

## January-June 2021

The electricity sales volumes increased by 8%, mainly due to clearly colder weather in the Nordics in the first quarter of 2021 and increased enterprise customer sales. Total sales revenue increased by 64%, driven by increased

volumes and clearly higher prices in the Nordics compared to the previous year. The gas sales volumes increased by 28%, mainly due to an increase of enterprise customers in Poland. Several new digital services were launched during the first half of 2021, and new enterprise contracts were signed with customers in the energy, food processing, real-estate, and retail industries.

Comparable operating profit increased by 8%, mainly driven by higher margins from value-added services. The higher margins are a result of active development of the service offering and subsequent development of the business.

Operating profit was affected by EUR 92 (4) million of items affecting comparability, due to the fair value change of non-hedge-accounted derivatives (Note 3).

## Uniper

*The Uniper segment comprises Fortum's majority ownership in Uniper, a subsidiary of Fortum. Uniper is a leading 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, which Uniper reports in three businesses – European Generation, Global Commodities, and Russian Power Generation – in its financial statements. Approximately 50% of the power generating capacity is gas-based, 30% coal-based, and 20% hydro- or nuclear-based. The segment includes Uniper's proportionate share of OKG (Note 3).*

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Reported</b>						
Sales	15,893	11,365	35,663	11,365	44,514	68,812
- power sales	5,116	4,938	10,899	4,938	16,994	22,955
of which Nordic outright power sales*	136	143	326	143	373	556
- heat sales	89	58	190	58	191	322
- gas sales	8,997	5,752	20,942	5,752	22,176	37,366
- other sales	1,691	618	3,632	618	5,154	8,168
Operating profit	-1,093	295	-279	295	29	-545
Share of profit/loss of associates and joint ventures	18	7	29	7	54	76
Capital expenditure and gross investments in shares**	184	145	320	145	639	813
Number of employees			11,773		11,751	

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Comparable</b>						
EBITDA	-17	184	851	184	856	1,523
Operating profit	-177	24	534	24	363	873
Share of profit/loss of associated and joint ventures	11	3	22	3	38	58
Net assets (at period-end)			8,233	7,768	7,432	

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

\*\* The 2020 comparison figures were revised in the first quarter of 2021, due to a revision of the lease adjustment following the finalisation of the purchase price allocation for the Uniper acquisition.

## Power generation by source

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Hydropower, Nordics	1.9	2.4	4.3	2.4	6.8	8.7
Nuclear power, Nordics	2.9	2.8	6.5	2.8	7.6	11.3
Hydropower, Central Europe	1.3	1.1	2.3	1.1	3.3	4.5
Thermal power, Central Europe	8.4	5.3	19.1	5.3	22.1	35.9
Thermal power, Russia	9.5	9.4	21.9	9.4	28.5	41.0
<b>Total</b>	<b>24.1</b>	<b>21.1</b>	<b>54.0</b>	<b>21.1</b>	<b>68.3</b>	<b>101.2</b>



## Nordic sales volumes

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Nordic sales volume	4.9	5.3	10.9	5.3	14.6	20.2
of which Nordic outright power sales volume*	4.8	5.2	10.8	5.2	14.4	20.0

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

## Prices for the Uniper segment

	II/2021	II/2020	I-II/2021	I-II/2020*	2020*	LTM
Uniper's Nordic achieved power price, EUR/MWh**	28.5	27.6	30.2	27.6	26.0	27.8
Average capacity price for Uniper CCS and other, tRUB/MW/month*** ****	149	131	159	131	136	150
Average capacity price for Uniper CSA, tRUB/MW/month****	1,280	900	1,236	900	951	1,081
Average capacity price for Uniper, tRUB/MW/month	288	245	270	245	261	270
Achieved power price for Uniper in Russia, RUB/MWh	2,128	1,787	1,872	1,787	1,798	1,910
Achieved power price for Uniper in Russia, EUR/MWh*****	23.8	22.1	20.9	22.1	21.7	21.2

\* Does not include the first quarter of 2020, as Uniper was consolidated as a subsidiary from the second quarter of 2020.

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

\*\*\* Including capacity receiving payments under "forced mode status", regulated tariffs, and bilateral agreements.

\*\*\*\* Capacity prices paid for the capacity volumes, excluding unplanned outages, repairs, and own consumption.

\*\*\*\*\* Translated using the average exchange rate.

## April-June 2021

The Uniper segment's total power generation increased, mainly due to the commissioning of Datteln 4 and the return to commercial operation of the gas-fired Irsching 4 and 5 generating units.

The achieved power price in the Uniper segment increased by EUR 0.9 per MWh, up 3%. The Nordic achieved power price increased due to the clearly higher Swedish spot prices compared to the second quarter of 2020.

Comparable operating profit decreased by EUR 201 million, mainly due to lower results in the Global Commodities business and an intra-year CO<sub>2</sub> emission rights phasing effect that shifted margins from the second quarter of 2021 to the second half of 2021. The European Generation business slightly improved from the previous year with a small price-related effect in nuclear generation compensated by the better hydro and fossil generation. The Global Commodities business was significantly below the previous year due to a positive effect of the realisation of hedges in the coal, freight, and oil business in the second quarter of 2020. The results of the Russian Power Generation business was slightly above the previous year's level with the commissioning of Berezovskaya 3 in May, contributing positively and offsetting the expiry of CSAs for the Shaturskaya and Yaivinskaya power plants. The effect of the change in the Russian rouble exchange rate was EUR -9 million.

Operating profit was affected by EUR -915 (271) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 11 (3) million (Notes 3 and 12).

## January-June 2021

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. In the first quarter of 2020, Uniper was consolidated as an associated company into Fortum's income statement. The main reason for the change in cumulative figures and in the comparison to the year 2020 is thus the consolidation of Uniper.

Power generation volumes were supported by better availability of the thermal fleet and the commissioning of Datteln 4 in the second quarter of 2020 and the return to commercial operation of the gas-fired Irsching 4 and 5 generating units.

Uniper recorded solid results for the first six months of 2021, albeit lower than the very strong performance in the first six months of 2020.

Supported by solid underlying performance, comparable operating profit amounted to EUR 534 (24) million. The effect of the change in the Russian rouble exchange rate was EUR -9 million.

The commissioning of the Datteln 4 coal-fired power plant at the end of May 2020 and the return to regular commercial operation of the Irsching 4 and 5 gas-fired power plant units in the fourth quarter of 2020 positively affected the results of the European Generation Business. In addition, higher revenues from the UK capacity market led to an increase in earnings compared with the prior year. The positive impact was partly offset by an intra-year CO<sub>2</sub> emission right phasing effect that shifted margins from the first half of 2021 to the second half of 2021. In addition, in the fossil business, exceptionally positive margin contributions from the previous year could not be repeated.

The second-quarter results of the Global Commodities business were significantly below the previous year due to a positive effect of the realisation of hedges in the coal, freight, and oil business in the second quarter of 2020. This was partly offset by higher earnings from the international portfolio, which benefitted from unusual weather conditions in North America and from operations in Asia.

The Russian business contributed positively to the comparable operating profit of the Uniper segment. Negative foreign currency effects and the expiry of CSA payments for two units at the Shaturskaya and Jaivinskaya power plants were compensated by the commissioning of the Berezovskaya 3 power plant unit in May 2021 and the associated CSA payments and higher prices and volumes on the electricity market.

Operating profit was affected by EUR -813 (271) million of items affecting comparability, mainly related to EUR -766 (160) million of fair value change of non-hedge-accounted derivatives (Note 3).

Comparable share of profits of associates and joint-ventures totalled EUR 22 (3) million (Notes 3 and 12).

In March 2021, amendments to the Russian Strategic Investment Law were approved. Based on the law, Fortum is allowed to own 100% of Uniper, the majority owner of Unipro PJSC. In July 2021, Fortum withdrew its earlier submitted application for merger control approval from the Russian Federal Antimonopoly Service under the Competition Law to further analyse the requirements of the scope and content of the filing process.

On 1 April 2021, the German Federal Network Agency accepted the bid from the 757-MW Wilhelmshaven power plant as part of the second round of auctions for the closure of hard-coal-fired power plants. Power generation at the plant will end in December 2021, one year earlier than previously announced. Uniper announced plans to establish a German national hub for hydrogen in Wilhelmshaven. The plans include an import terminal for green ammonia, an 'ammonia cracker' for producing green hydrogen, and a 410-MW electrolysis plant, which, in combination with the import terminal, would be capable of supplying around 295,000 metric tonnes or 10% of the demand expected for the whole of Germany in 2030. Uniper is working on a feasibility study and no final investment decision has been made.

On 16 April 2021, Uniper announced it would seek a court ruling on the Dutch coal phase-out law, as it does not provide appropriate compensation for investments made. Uniper also has the ambition to convert the Maasvlakte site into an ecosystem for sustainable energy production.

On 27 April 2021, Fortum's subsidiary Uniper published a stock exchange release ('ad-hoc') with a positive update of its result guidance for 2021. The release published by Uniper can be found on Uniper's website.

On 1 June 2021, the German Federal Network Agency confirmed the essential status of the Heyden 4 hard-coal power plant as a reserve power plant until the end of September 2022.

In July 2021, the German Federal Network Agency accepted the bid from the 345-MW Scholven C power plant as part of the third round of auctions for the closure of hard-coal-fired power plants. The commercial power generation at the plant will end as early as the end of October 2022, slightly earlier than previously announced. This means that Uniper has now been selected in each of the three auctions to date and will take a total of 1,977 MW of hard coal capacity off the market ahead of schedule.

On 4 August 2021, Uniper announced the decisions to accelerate the coal phase-out in the UK by closing one 500-MW unit of the Ratcliffe hard coal-fired power plant as early as the end of September 2022 and the closure of the remaining three units by the end of September 2024 at the latest.

For further information, see Uniper's second-quarter 2021 results published on 11 August 2021.

## Capital expenditures, divestments, and investments in shares

In the second quarter of 2021, capital expenditures and investments in shares totalled EUR 468 (381) million. Capital expenditures were EUR 288 (236) million (Notes 3 and 6).

In January-June 2021, capital expenditures and investments in shares totalled EUR 720 (3,747) million. Capital expenditures were EUR 517 (320) million (Notes 3 and 6).

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

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts/started	Latest announced
<b>City Solutions</b>					
Suomenoja, Finland	Heat pump		20	June 2021	24 Sep 2019
Rajasthan, India	Solar	250		March and May 2021	22 Jun 2021
<b>Uniper</b>					
Berezovskaya 3, Russia	Lignite	754		1 May 2021	6 May 2021
Irsching 6, Germany	Gas	300		Oct 2022	9 Jan 2019
Scholven, Germany	Gas	137	125	IV/2022	6 Feb 2020
Killingholme and Grain, UK	Grid stability			IV/2021 and I/2022	4 Mar 2021
Surgutskaya 1, Russia	Gas	20		I/2022	12 Nov 2019
Surgutskaya 2, Russia	Gas	20		IV/2026	6 Feb 2021
Surgutskaya 3, Russia	Gas	20		IV/2027	1 Jul 2021
Surgutskaya 4, Russia	Gas	20		IV/2025	12 Nov 2019
Surgutskaya 6, Russia	Gas	20		III/2024	12 Nov 2019

## Generation

In January 2021, Fortum announced it had finished the construction of two new wind parks in the Nordics, Kalax in Finland and Sørkjord in Norway. Both are now producing clean energy for the Nordic market. The wind parks are part of the transaction signed in December 2019 with Energy Infrastructure Partners AG (EIP), and Fortum's ownership is 20%.

In February 2021, Fortum completed the sale of eight small hydropower plants in Sweden with an average annual power generation of 0.1 TWh to Downing Renewables & Infrastructure Trust plc and recorded a tax-exempt capital gain of EUR 50 million.

In March 2021, Fortum announced a substantial investment in dam safety in Sweden where an extensive rebuild is planned for the over 100-year-old Forshuvud hydropower plant. Fortum will invest approximately SEK 450 million (approximately EUR 45 million) during 2021-2025. With this investment Fortum wants to guarantee the plant's continued life span as a supplier of renewable electricity and balancing power for more weather-dependent types of power.

## Russia

Together with its joint ventures in Russia, Fortum holds the largest portfolio of wind and solar power parks and projects in Russia, approximately 2 GW. Once operational, the wind and solar parks receive a guaranteed CSA price for a period of 15 years.

In 2017 and 2018, the Fortum-Rusnano wind investment fund (joint venture, Fortum's ownership 50%) won the right to build a total of 1,823 MW of wind capacity in CSA auctions. 600 MW of the wind capacity is operational, 732 MW under construction, and 491 MW under development. During the second half of 2020, the Fortum-Rusnano wind investment fund sold the 50-MW Ulyanovsk 2 and the 300-MW Rostov wind parks to the Fortum-RDIF joint venture. In June 2021, the Fortum-Rusnano wind investment fund additionally sold the 200-MW Kalmykia wind parks to the Fortum-RDIF joint venture.

In 2018 and 2019, Fortum won the right to build a total of 116 MW of solar capacity in CSA auctions. On 2 March 2021, Fortum announced it had decided to construct the solar power plant through the Fortum-RDIF joint venture. 78 MW of the capacity is expected to be commissioned in the fourth quarter of 2021 and the remaining part in the second half of 2022.

The investment decisions related to the solar and wind capacities won by Fortum and the Fortum-Rusnano wind investment fund in the Russian CSA auctions in 2017, 2018, and 2019 are made on a case-by-case basis. Fortum's maximum equity commitment is RUB 15 billion.

On 4 June 2021, the Fortum-Rusnano wind investment fund made an investment decision on the construction of wind power parks with a total capacity of 237 MW in the Samara region in Russia. The investment decision follows the signing of a non-binding wider cooperation agreement between the wind investment fund and the Government of the Samara Region that envisages construction of wind parks with a total capacity of up to 300 MW in the region in 2022–2023. The wind parks in the Samara region are expected to be commissioned in the fourth quarter of 2022.

## City Solutions

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 will record a tax-exempt capital gain of approximately EUR 250 million in the City Solutions segment's third-quarter 2021 results.

On 19 March 2021, Fortum commissioned 150 MW of the 250-MW Rajasthan solar park in India. The remaining 100 MW was commissioned on 3 May 2021.

In June 2021, Fortum made the investment decision to expand its lithium-ion battery recycling capacity by building a new state-of-the-art hydrometallurgical plant in Harjavalta, Finland. The investment, estimated at EUR 24 million, will be a major step in increasing Fortum's hydrometallurgical recycling capacity and enabling the production of sustainable battery chemicals. The plant is expected to be taken into operation in 2023. In March, Fortum's hydrometallurgical battery recycling operations were shortlisted for the EU's Innovation Fund for low-carbon technologies.

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 for the divestment on a debt and cash-free basis, including the effect of deconsolidating of the net debt, is expected to be approximately EUR 280 million, most of which will be recorded during 2021.

On 30 June 2021, Fortum signed an agreement to sell its 50% ownership in the Swedish district heating and cooling company – Stockholm Exergi Holding AB (publ) – to a consortium comprising APG, Alecta, PGGM, Keva, and AXA. The total consideration is SEK 29.5 billion (EUR 2.9 billion) based on a 100% enterprise value of SEK 71.9 billion (EUR 7.1 billion). Fortum expects to record a tax-exempt capital gain of EUR 2.4 billion in the City Solutions segment's results in connection with closing of the transaction. The transaction is subject to customary closing conditions. Fortum expects the closing to take place before the end of 2021. On 31 July 2020, Fortum announced its decision to assess strategic options, including possible divestment, of its 50% holding in Stockholm Exergi.

## Consumer Solutions

In December 2020, Fortum decided to assess strategic options, including possible divestment, of its Consumer Solutions business. Based on initial assessments, this business has been identified as operations that could provide higher growth and value potential with an alternative ownership structure.

### Uniper

In February 2020, Uniper signed an agreement to sell its 58% stake in Schkopau, a lignite-fired power plant in Saxony-Anhalt in eastern Germany, to Saale Energie GmbH, a subsidiary of the Czech energy producer EPH, which owns 42%. The transfer of ownership will take place in October 2021.

### Other Operations

On 1 June 2021, Fortum signed an agreement to sell a majority share of its carbon removal startup Puro.earth to Nasdaq, a multinational financial services company. The partnership will create a shared ownership structure designed to accelerate Puro.earth's global growth and long-term market development. Puro.earth, founded in 2019, has been developed to its current form under Fortum's Valkea Growth Club. Puro.earth is the first marketplace to offer carbon removal from the atmosphere that is verifiable and tradable through an open, online platform. Unlike traditional carbon compensation, Puro.earth allows companies to neutralise their carbon footprint, beyond zero, by helping them source carbon removal to fulfil climate commitments.

## Operating and regulatory environment

### European power markets

In the second quarter of 2021, European power prices continued to rise, driven by strong gas and carbon prices. Even if Nordic power prices benefitted from this development to some extent, continued congestions in both export interconnectors and the internal Nordic grid had a visible impact causing widening price differences towards Continental Europe and between Nordic price areas.

According to preliminary statistics, power consumption in the Nordic countries was 90 (87) TWh during the second quarter of 2021. The higher power demand in the Nordics, compared to the second quarter of 2020, was caused by increased consumption in both the industrial and the non-industrial sectors. Temperatures were at the long-term average and half a degree below the level in the second quarter of 2020. During January-June 2021, power consumption in the Nordic countries was 210 (199) TWh.

In central western Europe (Germany, France, Austria, Switzerland, Belgium, and the Netherlands), the power consumption in the second quarter was 296 (265) TWh, according to preliminary statistics, which is in line with the pre-Covid-19 level power demand. During January-June 2021, power consumption in central western Europe was 653 (620) TWh.

In the long term, electricity is expected to continue to gain a higher share of total energy consumption. The growth rate, however, will largely be determined by the macroeconomic development in Europe and the Nordic countries. The rate of electrification of the industrial, transportation, and heating sectors is a key element determining the longer-term growth in electricity consumption.

At the beginning of the second quarter, the Nordic water reservoirs were at 55 TWh, which is 14 TWh above the long-term average and 3 TWh higher than one year earlier. High hydropower generation and below normal precipitation has led to the normalisation of water reservoirs. At the end of the second quarter of 2021, the reservoirs were at 87 TWh, which is 3 TWh above the long-term average and 6 TWh lower than one year earlier.

In the second quarter of 2021, power prices were at a clearly higher level compared to one year ago. The average system spot price in Nord Pool was EUR 41.9 (5.6) per MWh. The average area price in Finland was EUR 46.3 (22.5) per MWh, in the SE3 area in Sweden (Stockholm) EUR 38.7 (15.1) per MWh, and in the SE2 area in Sweden (Sundsvall) EUR 33.1 (8.2) per MWh. In Germany, the average spot price in the second quarter of 2021 was EUR 60.3 (20.3) per MWh.

In January-June 2021, the average system spot price in Nord Pool was EUR 42.0 (10.5) per MWh. The average area price in Finland was EUR 47.5 (23.2) per MWh, in the SE3 area in Sweden (Stockholm) EUR 42.2 (16.9) per MWh, and in the SE2 area in Sweden (Sundsvall) EUR 35.3 (11.9) per MWh. In Germany, the average spot price during January-June 2021 was EUR 55.0 (23.4) per MWh.

In early August 2021, the Nordic system electricity forward price on Nasdaq Commodities for the remainder of 2021 was around EUR 63 per MWh and for 2022 at around EUR 39 per MWh. The Nordic water reservoirs were at 88 TWh, which is about 9 TWh below the long-term average and 24 TWh lower than one year earlier. The German electricity forward price for the remainder of 2021 was around EUR 98 per MWh and for 2022 around EUR 83 per MWh.

## European commodity markets

In the second quarter of 2021, gas demand in central western Europe was 457 (380) TWh and 1,260 (1,110) TWh in January-June 2021. The central western European gas storage levels increased from 144 TWh at the beginning of the quarter to 233 TWh at the end of the quarter, which is 267 TWh lower than one year ago and 146 TWh lower than the five-year average (2016–2020).

The average gas spot price (TTF) during the second quarter of 2021 was EUR 25.1 (5.4) per MWh and EUR 21.8 (7.6) per MWh during January-June 2021. The 2022 forward price increased from EUR 18.1 per MWh at the beginning of the quarter to EUR 25.5 per MWh at the end of the quarter.

During the second quarter of 2021, the market sentiment for EUAs was strong. The price increased from EUR 42.5 per tonne at the beginning of the quarter to EUR 56.4 per tonne at the end of the quarter, which is EUR 29.4 per tonne higher than one year earlier.

The forward quotation for coal (ICE Rotterdam) for 2022 increased from USD 72.5 per tonne at the beginning of the quarter to USD 87.2 per tonne at the end of the quarter, which is USD 29.4 per tonne above the price one year earlier.

In early August 2021, the TTF forward price for gas for the remainder of 2021 was EUR 45 per MWh and for 2022 EUR 32 per MWh. The forward quotation for EUA's for 2021 was at the level of EUR 56 per tonne. The forward price for coal (ICE Rotterdam) for the remainder of 2021 was USD 143 per tonne.

## Russian power market

Fortum's Russia division operates thermal power plants mainly in the Tyumen and Khanty-Mansiysk area of western Siberia, where industrial production is dominated by the oil and gas industries, and in the Chelyabinsk area of the Urals, which is dominated by the metal industry. Uniper's Russian subsidiary Unipro PJSC operates in the Smolensk, Moscow, Sverdlovsk, and Krasnoyarsk regions, as well as in the Khanty-Mansiysk Autonomous District.

The Russian market is divided into two price zones; Fortum's Russia division operates in the first price zone (European and Urals part of Russia), while Uniper operates in both the first and second price zones.

According to preliminary statistics, Russian power consumption was 248 (232) TWh during the second quarter of 2021. The corresponding figure for the first price zone was 188 (176) TWh and for the second price zone 50 (48) TWh. The increase in consumption was caused by the abnormally hot temperatures in the second quarter of 2021 and economic recovery: the most negative effect of the Covid-19 pandemic and oil production restrictions were observed in May 2020. In January-June 2021, Russian power consumption was 544 (518) TWh. The corresponding figure for the first price zone was 412 (391) TWh and for the second price zone 110 (105) TWh.

In the second quarter of 2021, the average electricity spot price, excluding capacity prices, increased by 13% to RUB 1,315 (1,160) per MWh in the first price zone and decreased by 0.2% to RUB 900 (902) in the second price zone. The spot price in the Urals hub increased by 13% and was RUB 1,156 (1,021) per MWh. In January-June 2021, the average electricity spot price, excluding capacity prices, was RUB 1,337 (1,194) per MWh in the first price zone, RUB 909 (905) in the second price zone, and RUB 1,157 (1,044) per MWh in the Urals hub.

The Russian Government increased the gas price by 3% in July 2021.

In Russia, capacity payments based on CSA contracts are a key driver for earnings growth, as CSA payments are considerably higher than for capacities selected in Competitive Capacity Selection (CCS) auctions. Currently, Fortum's Russia segment's CSA capacity amounts to 1,926 MW, including 70 MW of solar and wind capacity. In

**Fortum Corporation**  
**January-June 2021 Half-year Financial Report**

addition to this, Fortum's joint ventures for renewable power generation have a total of 1,939 MW of wind and solar capacity, 600 MW of which is operational, 848 MW is under construction, and 491 MW is under development. Correspondingly, Uniper's CSA capacity amounts to 1,607 MW.

In addition, thermal power plants are entitled to clearly higher CSA payments starting approximately six years after commissioning (see tables below). In 2021, there was an increase in CSA payments for three units of Fortum's Russia segment's generation fleet and for one unit of Fortum's Uniper segment's generation fleet. After the CSA period ends, the units can receive CCS payments from CCS auctions. See the corresponding changes in the table below:

<b>Fortum's Russia segment's units</b>	<b>CSA starts</b>	<b>Higher CSA starts</b>	<b>CSA ends</b>
Tyumen CHP 1, unit 2	1 Feb 2011	1 Oct 2016	31 Dec 2020
Chelyabinsk CHP 3, unit 3	1 Jun 2011	1 Nov 2016	31 Dec 2020
Nyagan, unit 1	1 Apr 2013	1 Jan 2018	31 Dec 2021
Nyagan, unit 2	1 Dec 2013	1 Aug 2018	31 Dec 2022
Nyagan, unit 3	1 Jan 2015	1 Jan 2021	31 Dec 2025
Chelyabinsk CHP 4, unit 1	1 Dec 2015	1 Jan 2021	31 Dec 2024
Chelyabinsk CHP 4, unit 2	1 Mar 2016	1 Jan 2021	31 Dec 2024
Ulyanovsk*	1 Jan 2018	n/a	30 Nov 2031
Bugulchansk**	Nov 2016 – Mar 2017	n/a	Nov 2030 – Nov 2031
Pleshanovsk**	1 Mar 2017	n/a	30 Nov 2031
Grachevsk**	1 Mar 2017	n/a	30 Nov 2031

\* Wind CSA.

\*\* Solar CSA.

<b>Fortum's Uniper segment's units</b>	<b>CSA starts</b>	<b>Higher CSA starts</b>	<b>CSA ends</b>
Surgutskaya-2 GRES-2, unit 7	1 May 2011	1 May 2017	31 Jul 2021
Surgutskaya-2 GRES-2, unit 8	1 Jun 2011	1 Jun 2017	31 Aug 2021
Shaturskaya GRES, unit 7	1 Oct 2010	1 Oct 2016	31 Dec 2020
Yaivinskaya GRES, unit 5	1 Jan 2011	1 Jan 2017	31 Dec 2020
Berezovskaya GRES, unit 3*	1 Nov 2014	1 Nov 2020	31 Oct 2024
Surgutskaya-2 GRES-2, unit 1**	Mar 2022	n/a	Feb 2038
Surgutskaya-2 GRES-2, unit 2**	Dec 2026	n/a	Nov 2042
Surgutskaya-2 GRES-2, unit 3**	Dec 2027	n/a	Nov 2043
Surgutskaya-2 GRES-2, unit 4**	Dec 2025	n/a	Nov 2041
Surgutskaya-2 GRES-2, unit 6**	Sep 2024	n/a	Aug 2040

\* Started receiving CSA payments from 1 May 2021 when returning to the market after repairs.

\*\* Modernisation CSA 2.

Fortum's Russia segment's generation capacity not receiving CSA payments, totalling 2,953 MW, is allowed to participate in the annual CCS auctions. Uniper's generation capacities allowed to participate in the CCS auction totalled 9,638 MW. The next CCS auction, for the year 2027, is expected to be held in November 2021.

<b>Year</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
CCS auction price, tRUB/MW/month, first price zone*	115	134	168	171	182	193	195
CCS auction price, tRUB/MW/month, second price zone*	191	225	264	267	279	303	299
<b>Fortum's Russia segment</b>							
Selected in CCS auction, MW, first price zone	2,331	2,848	3,451	3,904	3,904	4,351	4,852
<b>Fortum's Uniper segment</b>							
Selected in CCS auction, MW, first price zone	7,190	8,829	8,035	8,035	7,225	6,427	5,617
Selected in CCS auction, MW, second price zone	1,600	1,600	1,600	1,600	2,400	2,400	2,400

\* Excluding inflation.

In June 2018 and 2019, Fortum won the right to build 110 MW and 6 MW of solar capacity in CSA auctions. The power plants will receive a guaranteed CSA price for a period of 15 years, corresponding to approximately RUB 15,000 per MWh and RUB 14,000 per MWh, respectively. 78 MW of the capacity is expected to be commissioned in the fourth quarter of 2021 and the remaining part in the second half of 2022.

In June 2018, the Fortum-Rusnano wind investment fund won the right to build 823 MW of wind capacity in a CSA auction. The wind parks were to be commissioned during 2019-2023 and will receive a guaranteed CSA price corresponding to approximately RUB 7,000-8,000 per MWh for a period of 15 years.

In June 2017, the Fortum-Rusnano wind investment fund won the right to build 1,000 MW of wind capacity in a CSA auction. The wind parks were to be commissioned during 2018-2022 and will receive a guaranteed CSA price corresponding to approximately RUB 7,000-9,000 per MWh for a period of 15 years.

More detailed information about the market fundamentals is included in the tables at the end of the report.

## **Regulatory environment**

### **'Fit for 55' legislative package published**

On 14 July, the European Commission issued the long awaited 'Fit for 55' package that is expected to implement the ambitious climate target of a 55% reduction of greenhouse gas emissions by 2030 with the goal of achieving climate neutrality by 2050, as part of its Green Deal. This wide-encompassing package, including a dozen legislative proposals, is aimed at driving the transformation of European producing and consuming sectors towards net zero emitting activities.

Fortum welcomes the Commission's extensive package as an important implementation step towards the EU's climate neutrality objective and global leadership. We endorse the continued commitment to carbon pricing and the EU Emission Trading System (ETS) as the main instrument of the EU climate policy as well as the proposal to extend the ETS to buildings and road transport, starting with a separate trading scheme for those sectors. The package is well-aligned with Fortum's priorities and strategic aim to drive the transition to a carbon-neutral economy. Going forward, it will be essential to adopt a cost-efficient and technology-neutral approach for the necessary transformation of the European economy.

The publication of the package is followed by a series of consultations with stakeholders and will enter the decision-making process before the European Parliament and the EU Council of Ministers after the summer.

### **Renewed Sustainable Finance Action Plan published**

On 6 July, the European Commission adopted a 'Strategy for financing the transition to a sustainable economy' that sets out the next steps for the EU sustainable finance framework. Along with this communication, the European Commission also issued a legislative proposal on the European Green Bond standard and the final delegated act on the reporting obligation.

The work on the EU taxonomy continues with major forthcoming deliveries, such as the complementary delegated act on climate change focusing on nuclear and gas which were separated from the original taxonomy delegated act published in April 2021. The Commission is expected to issue the draft delegated act in the autumn, building upon the completion of the nuclear environmental assessment by the Commission's Joint Research Center and specific expert committees. The Commission is also expected to publish the delegated act on the remaining environmental objectives, including circular economy, biodiversity, water and marine resources, as well as pollution prevention.

Fortum has consistently called for a thorough, science-based, and technology-neutral EU taxonomy that builds on the complementarity of technologies and their actual contribution to reducing climate change.



## Possible further delay in decision on the final nuclear waste repository in Sweden

The Swedish Government has decided to start a public consultation suggesting a separation of the intermediate nuclear waste storage application from the application of the final waste storage, in order to further postpone a decision on the final waste repository. Because the licensing process of the final repository has been delayed, the intermediate storage in Oskarshamn is becoming full. The nuclear power operators have therefore warned about the risks of major disruptions in the electricity supply already in spring 2024. When the intermediate storage becomes full, nuclear plants will no longer be able to get rid of their spent nuclear fuel and thus run the risk of not being able to further run the reactors. In order to avoid this situation, a Government decision is needed before 31 August 2021, as the continued permission processes are estimated to take about two years.

The intermediate storage and the final repository are connected in a coherent final repository system. For the municipality of Oskarshamn, it has always been important that the intermediate storage does not become a permanent solution. Therefore, the municipality does not approve a decision on increased capacity in the intermediate storage without having a decision for the final repository. The additional costs of the delayed decision for the nuclear owners are an estimated EUR 80 million per year.

## Amendment of the German Climate Protection Act with significantly higher ambition

At the end of June, the German Federal Government passed an update of the Climate Protection Act that aims at reducing its greenhouse gases by at least 65% by 2030 and by 88% by 2040 (compared to 1990 levels). Under this revised Climate Act, Germany should be climate neutral by 2045 instead of 2050 following a ruling of the Federal Constitutional Court in March 2021 that deemed the previous Climate Protection Act of 2019 incompatible with fundamental rights.

Germany is facing the biggest technological shift and transformation in the energy sector since the early industrialisation times. This will require converting a large array of sectors, such as industry, heat, and mobility, into climate-neutral activities within 24 years while preserving international competitiveness and social cohesion.

This will be the main topic for the new Government after federal elections are held in mid-September 2021.

## Key drivers and risks

Fortum's financial results are exposed to a number of financial, operational, strategic, and sustainability-related risks. Fortum is exposed to these risks both directly and indirectly through its subsidiaries, associated companies, and joint ventures. The principal associated companies and joint ventures are TVO, Forsmarks Kraftgrupp AB, Kemijoki Oy, TGC-1, and Stockholm Exergi AB. For more information, please see each respective company's annual report.

On 26 March 2020, Fortum became the majority shareholder of Uniper. However, Uniper remains a separate listed company operating under German law and regulations with its own risk management systems. As per the end of the second quarter 2021, credit risk, market risk, legal risk, financial risk, and asset project risk are the major sources of uncertainty for Uniper's financial performance. For more information about Uniper's risk management systems and risk exposures, please see Uniper's half-year 2021 report and annual report for 2020.

One of the key factors influencing Fortum's business performance is the Nordic electricity wholesale price. In the Nordics, power prices exhibit significant short- and long-term variations on the back of several factors, including but not limited to weather conditions, outage patterns in production and transmission lines, CO<sub>2</sub> emission allowance prices, fuel prices, and the supply-demand balance. Fortum uses hedging in order to limit the exposure to fluctuations in power prices and reports on the hedging levels quarterly (see 'Outlook').

For Fortum's Russian businesses, the key drivers are economic growth, the rouble exchange rate, and the regulation of the power and heat business. A key profitability driver is the received payments based on the CSA contracts and CCS auctions. The main part of Fortum's generation capacity built after 2007 is entitled to CSA payments for approximately 10 years after commissioning and approximately 15 years for renewable generation. The CSA payments are adjusted for, among other factors, the Government bond yield, the rate of return, the consumer price index (CPI), and earnings from the electricity-only (spot) market (done every three and six years after commissioning of a unit). In addition, thermal power plants are entitled to clearly higher CSA payments starting approximately six years after commissioning.

Fortum has cash flows, assets, and liabilities in currencies other than the euro and is therefore exposed to fluctuations in exchange rates. Currency risk arises mainly from physical and financial trading of commodities, existing and new investments, external financing, as well as internal loans and shareholder loans within the Group. The main currency exposures are toward euro/Swedish krona, euro/Russian rouble, and euro/British pound sterling, arising from Fortum's extensive operations in Sweden, Russia, and the United Kingdom.

Fortum and Uniper are committed to a rating of at least BBB flat. After the announced sale of Fortum's 50% stake in Stockholm Exergi and improved market conditions, both Standard & Poor's and Fitch credit rating agencies revised the outlook of Fortum's BBB rating from "negative" to "stable" based on the improved credit metrics. The risk of a downgrade of Fortum's credit rating is therefore lower than at year-end 2020. Subsequently, Standard & Poor's also affirmed Uniper's credit rating at BBB and lifted the outlook to stable. Uniper's previous negative outlook reflected the outlook on the BBB rating of Fortum Group, which serves as a cap for Uniper's S&P rating. A downgrade of the credit rating from the current BBB rating, in particular to below investment-grade level, could affect the access to capital markets, the cost of financing, and business operations. It could also negatively affect liquidity, as it would trigger counterparties', especially in the trading business of Uniper, right to demand increased collateral, which would need to be provided via liquid assets or bank guarantees.

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

During 2020, the Covid-19 pandemic resulted in new and partly unexpected risks as societies and governments across the world implemented drastic measures to contain the spread of the disease. Although the impacts for Fortum have so far been limited, and the situation compared to the end of 2020 has improved, the risks related to a prolonged pandemic cannot be ruled out. The main risk factors include lower commodity prices and decreased demand, credit defaults and delayed payments, project delays, and increased risk of operational incidents or prolonged maintenance as a result of travel restrictions, absence of key personnel, as well as difficulties in obtaining key materials and spare parts. Fortum is closely monitoring the development of the pandemic and its potential impacts.

For further information about Fortum's risks and risk management systems, see Fortum's Annual Report for 2020.

## Outlook

### Hedging

At the end of June 2021, approximately 75% of the Generation segment's estimated Nordic power sales volume was hedged at EUR 33 per MWh for the remainder of 2021 and approximately 60% at EUR 31 per MWh for 2022 (at the end of the first quarter of 2021: 55% at EUR 31 per MWh).

At the end of June 2021, approximately 90% of the Uniper segment's estimated Nordic power sales volume was hedged at EUR 26 per MWh for the remainder of 2021, approximately 85% at EUR 24 per MWh for 2022 (at the end of the first quarter of 2021: 85% at EUR 24 per MWh), and approximately 45% at EUR 22 per MWh for 2023 (at the end of the first quarter of 2021: 35% at EUR 21 per MWh).

The reported hedge ratios are based on the hedges and power generation forecasts of the Generation segment and of the Uniper segment's Nordic generation. The underlying generation assets and definition of hedges differ to some extent and thus are not fully comparable.

The reported hedge ratios may vary significantly, depending on Fortum's and Uniper's actions on the electricity derivatives markets. Hedges are mainly financial contracts, most of them electricity derivatives quoted on Nasdaq Commodities.

## Capital expenditure

Fortum estimates its capital expenditure, including maintenance but excluding acquisitions, to be approximately EUR 1,400 million in 2021, of which the share of maintenance capital expenditure is estimated to be approximately EUR 700 million, well below the level of depreciation.

## Generation

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

## Russia

In February 2021, the Wholesale Market Trading Administrator published data from 2020 regarding the rate of return and the CPI, which are used to calculate the CSA price for 2021. The CSA payments were revised downwards, mainly due to the lower Government bond yield (6.3% for 2021 vs. 7.6% for 2020). In 2021, in the Russia segment, the negative financial effect related to the ending of the CSA period of two production units is expected to exceed the positive effect of three units entering the four-year period of higher CSA payments.

## Uniper

Excluding the potential effects from changes in the power generation mix, a EUR 1 per MWh change in the Uniper segment's power sales price for the outright generation (hydro and nuclear, currently approximately 25 TWh) will result in an approximately EUR 25 million change in the segment's annual comparable operating profit. Uniper also has generation other than hydro and nuclear power, and the sensitivity for that generation is different and is not included in the previously mentioned sensitivity.

On 27 April 2021, Fortum's subsidiary Uniper published a stock exchange release ('ad-hoc') with a positive update of its result guidance for 2021. With regard to Uniper, reference is made to the guidance that the company publishes quarterly.

## Income taxation

In 2021, the comparable effective income tax rate for Fortum is estimated to be in the range of 20-25%.

In June 2018, the Swedish Government decided to lower the Swedish corporate tax in two steps, from 22.0% to 21.4%, effective January 2019, and to 20.6%, effective January 2021.

## Sustainability

As the majority owner of Uniper, Fortum has consolidated Uniper as a subsidiary as of 31 March 2020. Uniper has its own sustainability processes, approach, and standalone interim and annual sustainability reporting.

In this interim report, selected sustainability key performance indicators that include Uniper are disclosed. Indicators following the same calculation principles have been consolidated and are disclosed as one figure. In cases where the

definitions currently differ, only one figure for Fortum, excluding Uniper, is presented. No historical figures have been restated.

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

Based on the above-mentioned priorities, Fortum's sustainability priority areas include:

<b>Climate and resources</b>	<b>Personnel and society</b>	
Climate change and GHG emissions	Employee wellbeing, health and safety	Business ethics and compliance
Emissions to air, land, and water	Corporate governance	Labour rights
Energy efficiency	Human rights	Diversity and equal opportunity
Security of supply	Innovation and digitalisation	Stakeholder engagement
Water use	Economic value creation	Customer rights and satisfaction
Biodiversity		
Circular economy		

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

## Sustainability targets

Fortum updated its climate targets aligned with the goals of the Paris Agreement in December 2020 and is committed to carbon neutrality by 2050 at the latest. The target covers direct CO<sub>2</sub> emissions (Scope 1) and indirect CO<sub>2</sub> emissions (Scope 2 and 3). Fortum's roadmap to reduce emissions in Europe has also been defined. Fortum is committed to at least a 50% CO<sub>2</sub> reduction in emissions (Scope 1 and 2) in its European generation by 2030 (compared to base-year 2019) and to be carbon neutral by 2035 at the latest.

Scope 3 emissions play a significant role in Fortum's total emissions. During 2021, Fortum will develop a target for the reduction of Scope 3 GHG emissions, addressing the indirect emissions from fossil fuel sales to end users.

Fortum has also set a target for biodiversity, addressing the year 2021. Fortum aims at conducting a minimum of 12 major voluntary measures that improve the living conditions of species and strengthen populations, covering all countries where Fortum has hydropower production. The projects focus on threatened species or habitats, in particular, and in 2021 are planned to include restoring aquatic and terrestrial habitats, improving fish migration and migratory fish populations, and combating invasive species.

For Fortum, excellence in safety is the foundation of the company's business and an absolute prerequisite for efficient and interruption-free production. The company's safety target is measured as Total Recordable Injury Frequency (TRIF), for own personnel and contractors, and the ambitious goal is <1.0 by the end of 2025. Fortum's TRIF was 2.3 in 2020. Fortum also has a target for Lost Time Injury Frequency (LTIF): ≤1.2 in 2021.

Development of sustainability targets will continue in 2021, and Fortum aims to align targets also addressing other areas of sustainability in addition to climate, biodiversity, and safety.

During the first quarter of 2021, both Fortum and Uniper became supporters 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 already starting from the financial year 2019.

Fortum has also decided to undertake a review of its lobbying activities and practices during 2021. The review will be published as a part of Fortum's Sustainability Report in 2022, and thereafter on a yearly basis.

In the table below, Fortum reports its sustainability performance with selected key indicators.

## Group sustainability performance 2021

	II/2021	II/2020	I-II/2021	I-II/2020	2020
<b>Climate and resources</b>					
Total CO <sub>2</sub> emissions*, million tonnes	13.9	12.8	34.1***	18.3	48.7
Specific CO <sub>2</sub> emissions from total energy production*, gCO <sub>2</sub> /kWh	294	298	302***	248	287
Asset availability of power generation plants**, %	76.6	-	80.9	-	-
<b>Personnel and society</b>					
Total Recordable Injury Frequency (TRIF), own personnel and contractors*	2.4	1.7	2.0	2.2	2.3
Lost Time Injury Frequency (LTIF), own personnel and contractors*	1.5	1.0	1.3	1.1	1.3
Severe occupational accidents*, no.	1	0	2	0	1
Sickness-related absences, %	3.0****	-	3.2****	-	2.9*****

Fortum consolidated Uniper as a subsidiary into its income statement from the second quarter of 2020. The figures for 2020 do not include Uniper for the first quarter of 2020.

\* 2020 figures include Uniper from the second quarter of 2020.

\*\* The calculation principle changed due to alignment with Uniper. The figure includes power generation from gas- and coal-fired power plants in 2021.

\*\*\* The figure for the first quarter of 2021 has been updated.

\*\*\*\* The figure includes Uniper from the first quarter of 2021.

\*\*\*\*\* The figure does not include Uniper.

Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operating. Fortum received a score of A- in the CDP Climate Change 2020 rating, and Uniper received a score of B. In the MSCI ESG Ratings 2021 assessment, Fortum received a "BBB" rating and Uniper a "BB" rating. Both companies have also participated in the 2020 rating by ISS ESG Corporate Rating, where Fortum received a "Prime B-" rating and Uniper a "Medium C" rating. In addition, Fortum is listed on the Nasdaq Helsinki exchange and is included in the STOXX Global ESG Leaders, OMX Sustainability Finland, ECPI®, Euronext Vigeo Eurozone 120, and Euronext Vigeo Europe 120 indices.

## Climate and resources

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

Fortum Group's power generation is mainly based on natural gas-fired generation and on carbon dioxide-free hydro and nuclear power. Fortum targets to rapidly reduce the share of coal in power generation. A minor share of Fortum's power generation is currently based on solar and wind, and Fortum targets significant growth in the area over the next five years.

Fortum is also a large district heat producer. Heat is mainly produced at natural gas-fired and energy-efficient CHP plants. In addition, Uniper operates a large commodities trading business and has natural gas storage sites, which play an important role in ensuring a secure and flexible gas supply. Fortum wants to enable the energy transition by providing a reliable and affordable supply of low-carbon energy. In the future, the energy system – and Fortum's asset portfolio – will be based on renewable energy, increasingly clean gas (e.g. hydrogen), and nuclear power. In addition, Fortum will continue to offer industrial and infrastructure solutions, e.g., waste-to-energy, grid stability services, as well as energy sales and storage. In January-June 2021, Fortum's direct CO<sub>2</sub> emissions were 34.1 (18.3) Mt. Of the total CO<sub>2</sub> emissions, 13.6 (4.9) Mt were within the EU ETS. The estimate for Fortum's free emission allowances in 2021 is approximately 0.9 (0.9) Mt.

Fortum's total CO <sub>2</sub> emissions* (million tonnes, Mt)	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Total emissions	13.9	12.8	34.1**	18.3	48.7	64.5**
Emissions subject to ETS	5.4	4.4	13.6	4.9	17.5	26.2**
Free emission allowances	-	-	-	-	0.9	-
Emissions not subject to ETS in Europe	0.2	0.2	0.4	0.4	0.7	0.7
Emissions in Russia	8.3	8.2	20.1**	13.0	30.5	37.6**

\* Fortum consolidated Uniper as a subsidiary into its income statement from the second quarter of 2020. The figures for 2020 do not include Uniper for the first quarter of 2020.

\*\* The figure for the first quarter of 2021 has been updated.

In January-June 2021, Fortum's specific CO<sub>2</sub> emissions from total energy production were 302 (248) gCO<sub>2</sub>/kWh.

An uninterrupted and reliable energy supply is critical for society to function. In January-June 2021, the asset availability of Uniper's gas and coal-fired power plants was, on average, 80.9%.

Major EHS incidents are monitored, reported, and investigated, and corrective actions are implemented. In January-June 2021, there were three (12) major EHS incidents in Fortum's operations, excluding Uniper. The major EHS incidents consisted of one fire and two leaks. The major EHS incidents did not have significant environmental impacts. As Uniper's definitions of major EHS incidents vary from the rest of the Fortum Group, Uniper's EHS incidents are currently not included in the reporting.

## 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.

Fortum strives to be a safe workplace for the employees, contractors, and service providers who work for the company. A certified OHSAS 18001 or ISO 45001 safety management system covers 98.1% of Fortum's power and heat production worldwide.

In January-June 2021, Fortum's TRIF for own personnel and contractors was 2.0 (2.2), and the LTIF for own personnel and contractors was 1.3 (1.1). Fortum strives for zero severe occupational accidents. In January-June 2021, there were two (0) severe occupational accidents in the operations, one resulting in a fatality. The fatally injured person was working for a contractor company to reconstruct the guardhouse at Unipro's power plant site in Russia.

Fortum's goal regarding workplace wellbeing activities is to promote the health and occupational safety of employees and the functionality of the work community. In this interim report, Fortum discloses for the first time the consolidated figure for sickness-related absences. In January-June 2021, Fortum's percentage of sickness-related absences was 3.2.

Fortum and Uniper expect their business partners to act responsibly and to comply with the requirements set forth in their respective Codes of Conduct and Supplier Codes of Conduct. Fortum assesses the performance of its business partners with supplier qualification and supplier audits. Uniper applies its own processes for ESG Due Diligence and Know Your Counterparty. Both companies are members of the Bettercoal Initiative and use the Bettercoal tools to improve sustainability in the coal supply chain.

## Legal actions

There were no material changes in the ongoing legal actions during the second quarter of 2021. For further information on legal actions, see Note 20.

## Shares and share capital

### Fortum shares on Nasdaq Helsinki

January-June 2021	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
FORTUM	199,913,296	4,429,892,707	24.39	19.72	22.16	23.26

\* Volume weighted average.

	30 June 2021	30 June 2020
Market capitalisation, EUR million	20.7	16.9
Number of shareholders	204,873	192,230
Finnish State holding, %	50.8	50.8
Nominee registrations and direct foreign shareholders, %	24.9	25.3
Households, %	12.9	12.6
Financial and insurance corporations, %	1.9	2.2
Other Finnish investors, %	9.5	9.2

In addition to Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, Cboe, and Turquoise, and on the OTC market. During the first two quarters of 2021, approximately 69% of Fortum's shares were traded on markets other than Nasdaq Helsinki (source Bloomberg).

On 30 June 2021, Fortum Corporation's share capital was EUR 3,046,185,953 and the total number of registered shares was 888,294,465. Fortum Corporation does not hold any of the company's own shares.

## Group personnel

The operations of the Fortum Group are mainly based in the Nordic countries, Central Europe, Russia, Poland, and the Baltic Rim area. The total number of employees at the end of June 2021 was 20,184 (19,933 at the end of 2020).

At the end of June 2021, the Generation segment had 1,193 (1,143 at the end of 2020) employees, Russia 2,954 (2,935 at the end of 2020), City Solutions 2,162 (2,093 at the end of 2020), Consumer Solutions 1,131 (1,048 at the end of 2020), Uniper 11,773 (11,751 at the end of 2020), and Other Operations 971 (963 at the end of 2020).

## Changes in the Group management

On 31 March 2021, Nebahat Albayrak was appointed Senior Vice President Corporate Affairs, Safety, and Sustainability and a member of Fortum's Executive Management. Ms Albayrak assumed the role on 1 June 2021. She succeeds Arto Rätty, who will retire at the end of October 2021.

On 13 April 2021, Sirpa-Helena Sormunen was appointed as Uniper's new General Counsel and Chief Compliance Officer, and Risto Penttinen was appointed as Uniper's new Executive Vice President, Strategy, Corporate Development and M&A. Nora Steiner-Forsberg was appointed Fortum's General Counsel and a member of Fortum's Executive Management, and Eveliina Dahl was appointed Senior Vice President, People and a member of Fortum's Executive Management. All appointments are effective as of 1 May 2021.

Ms Albayrak, Ms Dahl, and Ms Steiner-Forsberg report to President and CEO Markus Rauramo.

## Authorisations of the Board

Fortum's Annual General Meeting (AGM) 2021 authorised the Board of Directors to decide on the repurchase and disposal of the company's own shares up to 20,000,000 shares, which corresponds to approximately 2.25% of all the shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation. These authorisations cancelled the authorisation resolved by the AGM of 2020 and will be

effective until the next AGM and, in any event, no longer than for a period of 18 months. This authorisation has not been used by 17 August 2021.

In addition, the AGM authorised the Board of Directors to decide on contributions of a maximum of EUR 500,000 for charitable or similar purposes and to decide on the recipients, purposes, and other terms of the contributions. The authorisation will be effective until the next AGM. As of 17 August 2021, EUR 100,000 of this authorisation has been used.

## Events after the reporting period

On 8 July 2021, Fortum signed an agreement to sell its Argayash coal-fired CHP plant to AO JSC Rusatom Smart Utilities. Following the decision earlier in 2021 to transition to gas at the Chelyabinsk CHP-2, this transaction will allow the Russia Division to discontinue its use of coal by the end of 2022 and reduce annual CO<sub>2</sub> emissions by approximately 2 million tonnes. The power plant has only had a minor effect on Fortum's EBITDA. The parties have agreed not to disclose the sales price. The transaction is expected to be closed in the third quarter of 2021.

Espoo, 16 August 2021

Fortum Corporation  
Board of Directors

### Further information:

Investor Relations and Financial Communications: Ingela Ulfves, tel. +358 40 515 1531, Måns Holmberg, tel. +358 44 518 1518, Rauno Tiihonen, tel. +358 10 453 6150, Carlo Beck, tel. +49 172 751 2480, Pirjo Lifländer, tel. +358 40 643 3317, and [investors@fortum.com](mailto:investors@fortum.com)

Media: Pauliina Vuosio, tel. +358 50 453 2383

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

### Financial calendar in 2021

Fortum will publish its January-September Interim Report on 12 November 2021 at approximately 9.00 EET

Uniper will publish its Financial Results January-September 2021 on 5 November 2021

### Distribution:

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

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



Interim Financial Statements are unaudited

## Condensed consolidated income statement

EUR million	Note	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Sales	3	17,128	12,330	38,621	13,687	49,015	73,950
Other income		1,632	2,134	3,297	2,157	4,802	5,942
Materials and services		-15,982	-11,424	-35,473	-12,000	-44,298	-67,771
Employee benefits		-382	-353	-754	-477	-1,195	-1,472
Depreciation and amortisation	3	-313	-309	-621	-459	-1,090	-1,252
Other expenses		-2,048	-2,174	-3,865	-2,312	-5,890	-7,443
<b>Comparable operating profit</b>	3	<b>35</b>	<b>203</b>	<b>1,206</b>	<b>596</b>	<b>1,344</b>	<b>1,954</b>
Items affecting comparability	3, 4	-875	336	-701	546	255	-992
<b>Operating profit</b>	3	<b>-840</b>	<b>539</b>	<b>505</b>	<b>1,142</b>	<b>1,599</b>	<b>962</b>
Share of profit/loss of associates and joint ventures	3, 12	61	39	140	518	656	279
Interest expense		-46	-38	-93	-84	-170	-179
Interest income		42	42	79	48	111	143
Other financial expenses - net		39	-1	84	-28	3	115
Finance costs - net	7	35	3	71	-65	-56	80
<b>Profit before income tax</b>		<b>-743</b>	<b>581</b>	<b>717</b>	<b>1,595</b>	<b>2,199</b>	<b>1,321</b>
Income tax expense	8	84	-178	-66	-254	-344	-156
<b>Net profit</b>		<b>-659</b>	<b>403</b>	<b>651</b>	<b>1,341</b>	<b>1,855</b>	<b>1,165</b>
<b>Attributable to:</b>							
Owners of the parent		-473	340	618	1,270	1,823	1,171
Non-controlling interests		-185	62	33	71	32	-6
		<b>-659</b>	<b>403</b>	<b>651</b>	<b>1,341</b>	<b>1,855</b>	<b>1,165</b>
<b>Earnings per share for profit attributable to the equity owners of the company (EUR per share)</b>							
Basic		-0.53	0.38	0.70	1.43	2.05	1.32

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

EUR million	Note	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Comparable operating profit</b>		<b>35</b>	<b>203</b>	<b>1,206</b>	<b>596</b>	<b>1,344</b>	<b>1,954</b>
Impairment charges and reversals		-31	-1	-32	-1	2	-29
Capital gains and other related items	6	23	69	74	482	765	356
Impact from acquisition accounting		-	-	-	-222	-222	-
Changes in fair values of derivatives hedging future cash flow		-852	154	-687	172	-675	-1,534
Other		-15	115	-55	115	386	215
Items affecting comparability	4	-875	336	-701	546	255	-992
<b>Operating profit</b>		<b>-840</b>	<b>539</b>	<b>505</b>	<b>1,142</b>	<b>1,599</b>	<b>962</b>

See Note 23 Definitions and reconciliations of key figures.

## Condensed consolidated statement of comprehensive income

EUR million	Note	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Net profit</b>		<b>-659</b>	<b>403</b>	<b>651</b>	<b>1,341</b>	<b>1,855</b>	<b>1,165</b>
<b>Other comprehensive income</b>							
<b>Items that may be reclassified to profit or loss in subsequent periods:</b>							
Cash flow hedges							
Fair value gains/losses <sup>1)</sup>		-195	-415	-230	297	-155	-682
Transfers to income statement		0	-10	62	13	45	94
Transfers to inventory/property, plant and equipment		1	-	2	-1	2	5
Deferred taxes		40	88	32	-64	21	117
Net investment hedges							
Fair value gains/losses		-12	-35	-9	17	48	22
Deferred taxes		2	9	2	-1	-8	-5
Exchange differences on translating foreign operations <sup>2)</sup>		95	660	220	-215	-524	-89
Share of other comprehensive income of associates and joint ventures		3	6	10	-251	-250	12
Transfer to income statement due to impact from acquisition accounting	4	-	-	-	222	222	0
Other changes		3	-43	55	-40	-70	25
		<b>-64</b>	<b>259</b>	<b>144</b>	<b>-24</b>	<b>-667</b>	<b>-500</b>
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>							
Remeasurement of investments		2	16	5	16	-28	-38
Actuarial gains/losses on defined benefit plans		45	-113	178	-81	-244	14
Actuarial gains/losses on defined benefit plans in associates and joint ventures		6	-	6	70	67	3
		<b>53</b>	<b>-97</b>	<b>189</b>	<b>5</b>	<b>-205</b>	<b>-21</b>
<b>Other comprehensive income/expense for the period, net of deferred taxes</b>		<b>-11</b>	<b>162</b>	<b>333</b>	<b>-19</b>	<b>-873</b>	<b>-521</b>
<b>Total comprehensive income/expense for the period</b>		<b>-670</b>	<b>565</b>	<b>984</b>	<b>1,322</b>	<b>982</b>	<b>644</b>
<b>Total comprehensive income/expense attributable to:</b>							
Owners of the parent		-491	450	864	1,227	1,052	688
Non-controlling interests		-179	114	120	95	-70	-45
		<b>-670</b>	<b>565</b>	<b>984</b>	<b>1,322</b>	<b>982</b>	<b>644</b>

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

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

## Condensed consolidated balance sheet

EUR million	Note	30 June 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	10	2,369	2,808
Property, plant and equipment and right-of-use assets	11	19,029	19,367
Participations in associates and joint ventures	12	2,429	2,912
Shares in Nuclear Waste Funds	15	3,475	3,445
Other non-current assets		601	479
Deferred tax assets		1,093	1,089
Derivative financial instruments	5	11,834	2,946
Long-term interest-bearing receivables	13	2,472	2,402
<b>Total non-current assets</b>		<b>43,302</b>	<b>35,448</b>
<b>Current assets</b>			
Inventories		2,045	1,396
Derivative financial instruments	5	28,115	7,531
Short-term interest-bearing receivables	13	588	598
Income tax receivables		222	156
Margin receivables	14	2,420	1,132
Trade and other receivables		7,805	8,906
Liquid funds	14	1,703	2,308
<b>Total current assets</b>		<b>42,898</b>	<b>22,027</b>
<b>Assets held for sale</b>	6	<b>1,399</b>	<b>335</b>
<b>Total assets</b>		<b>87,600</b>	<b>57,810</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		3,046	3,046
Share premium		73	73
Retained earnings		9,930	10,149
Other equity components		-256	-316
<b>Total</b>		<b>12,794</b>	<b>12,953</b>
Non-controlling interests		2,477	2,624
<b>Total equity</b>		<b>15,271</b>	<b>15,577</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing liabilities	14	8,445	8,785
Derivative financial instruments	5	10,843	2,657
Deferred tax liabilities		930	952
Nuclear provisions	15	3,809	3,866
Other provisions	16	3,621	3,452
Pension obligations, net	17	1,202	1,520
Other non-current liabilities		352	344
<b>Total non-current liabilities</b>		<b>29,201</b>	<b>21,576</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	14	2,378	1,877
Derivative financial instruments	5	30,016	7,937
Other provisions	16	1,054	780
Margin liabilities	14	1,513	331
Trade and other payables		7,844	9,525
<b>Total current liabilities</b>		<b>42,805</b>	<b>20,451</b>
<b>Liabilities related to assets held for sale</b>	6	<b>322</b>	<b>206</b>
<b>Total liabilities</b>		<b>72,329</b>	<b>42,233</b>
<b>Total equity and liabilities</b>		<b>87,600</b>	<b>57,810</b>

## Condensed 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			
<b>Total equity 1 January 2021</b>		<b>3,046</b>	<b>73</b>	<b>13,097</b>	<b>-2,948</b>	<b>-158</b>	<b>-175</b>	<b>18</b>	<b>12,953</b>	<b>2,624</b>	<b>15,577</b>
IS Net profit				618					618	33	651
Translation differences					186	1	2		189	31	220
Other comprehensive income						-134	174	16	57	56	112
Total comprehensive income for the period				618	186	-133	176	16	864	120	983
Cash dividend				-995					-995	-129	-1,124
Transactions with non-controlling interests				-31					-31	-140	-171
Other				3					3	2	5
<b>BS Total equity 30 June 2021</b>		<b>3,046</b>	<b>73</b>	<b>12,692</b>	<b>-2,762</b>	<b>-292</b>	<b>1</b>	<b>34</b>	<b>12,794</b>	<b>2,477</b>	<b>15,271</b>
<b>Total equity 1 January 2020</b>		<b>3,046</b>	<b>73</b>	<b>12,441</b>	<b>-2,459</b>	<b>-70</b>	<b>60</b>	<b>-108</b>	<b>12,982</b>	<b>252</b>	<b>13,235</b>
IS Net profit				1,270					1,270	71	1,341
Translation differences					-280	1	-1	-	-279	64	-215
Other comprehensive income						245	-50	41	236	-40	196
Total comprehensive income for the period				1,270	-280	246	-50	41	1,227	95	1,322
Cash dividend				-977					-977	-146	-1,123
Changes due to business combinations	6									2,847	2,847
Impact from acquisition accounting	4			-84				84	-	-	-
Transactions with non-controlling interests				-8					-8	-94	-102
Other				6					6	10	15
<b>Total equity 30 June 2020</b>		<b>3,046</b>	<b>73</b>	<b>12,648</b>	<b>-2,738</b>	<b>175</b>	<b>9</b>	<b>17</b>	<b>13,231</b>	<b>2,964</b>	<b>16,195</b>
<b>Total equity 1 January 2020</b>		<b>3,046</b>	<b>73</b>	<b>12,441</b>	<b>-2,459</b>	<b>-70</b>	<b>60</b>	<b>-108</b>	<b>12,982</b>	<b>252</b>	<b>13,235</b>
IS Net profit				1,823					1,823	32	1,855
Translation differences					-490	-1	-3	2	-492	-32	-524
Other comprehensive income						-87	-231	40	-279	-70	-348
Total comprehensive income for the period				1,823	-490	-88	-234	42	1,052	-70	982
Cash dividend				-977					-977	-160	-1,137
Changes due to business combinations	6									2,847	2,847
Impact from acquisition accounting	4			-84				84	-	-	-
Transactions with non-controlling interests				-107					-107	-247	-354
Other				2					2	1	4
<b>BS Total equity 31 December 2020</b>		<b>3,046</b>	<b>73</b>	<b>13,097</b>	<b>-2,948</b>	<b>-158</b>	<b>-175</b>	<b>18</b>	<b>12,953</b>	<b>2,624</b>	<b>15,577</b>

### Translation differences

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

### Impact from acquisition accounting

Consolidation of an associated company results includes recording a share of the associated company's other comprehensive income (OCI). If an associated company is either divested or becomes a subsidiary, IFRS requires that these previously recorded OCI items are reclassified inside equity either via the consolidated income statement or directly to retained earnings, depending on the nature of the OCI item. Reclassification does not have an impact on total equity.

The above resulted in EUR -84 million being reclassified in 2020 from OCI to retained earnings. See Note 4 Comparable operating profit and comparable net profit.

## **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 derivatives, such as futures and forwards, hedging electricity price for future transactions, where hedge accounting is applied. When electricity price is higher (lower) than the hedging price, the impact on equity is negative (positive).

## **Cash dividends**

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. See Note 9 Dividend per share.

## Condensed consolidated cash flow statement

EUR million	Note	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Cash flow from operating activities</b>							
<b>IS Net profit</b>		<b>-659</b>	<b>403</b>	<b>651</b>	<b>1,341</b>	<b>1,855</b>	<b>1,165</b>
<b>Adjustments:</b>							
Income tax expense		-84	178	66	254	344	156
Finance costs - net		-35	-3	-71	65	56	-80
Share of profit/loss of associates and joint ventures	12	-61	-39	-140	-518	-656	-279
Depreciation and amortisation	3	313	309	621	459	1,090	1,252
<b>Operating profit before depreciations (EBITDA)</b>		<b>-527</b>	<b>849</b>	<b>1,126</b>	<b>1,601</b>	<b>2,688</b>	<b>2,213</b>
Items affecting comparability	3, 4	875	-336	701	-546	-255	992
<b>Comparable EBITDA</b>		<b>348</b>	<b>512</b>	<b>1,827</b>	<b>1,055</b>	<b>2,434</b>	<b>3,206</b>
Non-cash and other items		317	180	710	196	293	807
Interest received		24	14	37	17	46	66
Interest paid		-59	-66	-120	-110	-208	-217
Dividends received		57	54	63	54	121	130
Income taxes paid		-196	-107	-290	-190	-267	-367
<b>Funds from operations</b>		<b>491</b>	<b>587</b>	<b>2,227</b>	<b>1,023</b>	<b>2,419</b>	<b>3,624</b>
Change in working capital		-203	-146	-1,107	-21	136	-950
<b>Net cash from operating activities</b>		<b>289</b>	<b>440</b>	<b>1,120</b>	<b>1,002</b>	<b>2,555</b>	<b>2,673</b>
<b>Cash flow from investing activities</b>							
Capital expenditures	3	-277	-241	-570	-351	-1,101	-1,320
Acquisitions of shares	6	-182	-575	-205	-1,419	-1,801	-587
Proceeds from sales of property, plant and equipment		2	7	15	7	16	24
Divestments of shares and capital returns	6	22	259	151	783	1,244	612
Shareholder loans to associated companies and joint ventures	13	-2	-35	-21	-33	-44	-32
Change in margin receivables		-1,301	205	-1,285	235	-552	-2,073
Change in other interest-bearing receivables	13	-45	23	-64	44	98	-10
<b>Net cash from/used in investing activities</b>		<b>-1,785</b>	<b>-358</b>	<b>-1,979</b>	<b>-734</b>	<b>-2,140</b>	<b>-3,385</b>
<b>Cash flow before financing activities</b>		<b>-1,496</b>	<b>82</b>	<b>-859</b>	<b>268</b>	<b>415</b>	<b>-712</b>
<b>Cash flow from financing activities</b>							
Proceeds from long-term liabilities	14	3	368	65	2,477	2,569	156
Payments of long-term liabilities	14	-585	-357	-627	-414	-507	-720
Change in short-term liabilities	14	499	15	794	-29	207	1,029
Dividends paid to the owners of the parent	9	-995	-977	-995	-977	-977	-996
Dividends paid to non-controlling interests		-144	-147	-144	-147	-160	-157
Change in margin liabilities		841	-716	1,180	-194	-623	751
Other financing items		-2	6	-1	4	-3	-8
<b>Net cash from/used in financing activities</b>		<b>-384</b>	<b>-1,810</b>	<b>271</b>	<b>721</b>	<b>505</b>	<b>55</b>
<b>Net increase(+)/decrease(-) in liquid funds</b>		<b>-1,880</b>	<b>-1,727</b>	<b>-588</b>	<b>990</b>	<b>920</b>	<b>-658</b>
<b>Liquid funds at the beginning of the period</b>	14	<b>3,618</b>	<b>4,081</b>	<b>2,308</b>	<b>1,435</b>	<b>1,435</b>	<b>2,403</b>
Foreign exchange differences in liquid funds		1	49	19	-22	-45	-4
<b>Liquid funds at the end of the period <sup>1)</sup></b>	14	<b>1,738</b>	<b>2,403</b>	<b>1,738</b>	<b>2,403</b>	<b>2,308</b>	<b>1,738</b>

1) Includes liquid funds of EUR 35 million relating to assets held for sale at 30 June 2021. See Note 6.3 Assets held for sale.

## Additional cash flow information

### Change in working capital

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Change in interest-free receivables, decrease(+)/increase(-)	1,118	2,011	1,115	2,189	-1,106	-2,180
Change in inventories, decrease(+)/increase(-)	-469	-261	-642	-257	407	22
Change in interest-free liabilities, decrease(-)/increase(+)	-852	-1,896	-1,581	-1,952	835	1,206
<b>CF Total</b>	<b>-203</b>	<b>-146</b>	<b>-1,107</b>	<b>-21</b>	<b>136</b>	<b>-950</b>

### Capital expenditure in cash flow

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Capital expenditure <sup>1)</sup>	288	236	517	320	1,146	1,343
Change in not yet paid investments, decrease(+)/increase(-)	-5	19	69	46	-6	17
Capitalised borrowing costs <sup>1)</sup>	-6	-14	-16	-15	-39	-39
<b>CF Total</b>	<b>277</b>	<b>241</b>	<b>570</b>	<b>351</b>	<b>1,101</b>	<b>1,320</b>

1) 2020 comparatives were revised in I/2021 due to a revision of the lease adjustment following the finalisation of the purchase price allocation for the Uniper acquisition.

### Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 205 million during I-II/2021 (I-II/2020: 1,419). The comparative period included mainly the acquisition of shares in Uniper SE. For additional information, see Note 6.1 Acquisitions.

### Divestment of shares in cash flow

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Proceeds from sales of subsidiaries, net of cash disposed	8	255	136	779	1,156	513
Proceeds from sales and capital returns of associates and joint ventures	6	2	6	2	49	53
Proceeds from sales of other investments	9	2	9	2	40	46
<b>CF Total</b>	<b>22</b>	<b>259</b>	<b>151</b>	<b>783</b>	<b>1,244</b>	<b>612</b>

During I-II/2021 Fortum completed the divestment of the 80% stake in the Sørfjord wind park in Norway and eight small hydropower plants in Sweden. During 2020 Fortum completed the divestment of the district heating business in Järvenpää and Joensuu, Finland, the 80% stake in the Nordic wind portfolio and the 60% stake in the public charging point operator for electrical vehicles in the Nordics. For further information, see Note 6.2 Disposals.

## Change in financial net debt

EUR million	Note	I-II/2021	2020
<b>Financial net debt, beginning of the period</b>		<b>7,023</b>	<b>4,833</b>
Comparable EBITDA		1,827	2,434
Non-cash and other items		710	293
Paid net financial costs and dividends received		-19	-40
Income taxes paid		-290	-267
Change in working capital		-1,107	136
Capital expenditures		-570	-1,101
Acquisitions		-205	-1,801
Divestments and proceeds from sale of property, plant and equipment		166	1,260
Change in interest-bearing receivables		-85	54
Dividends to the owners of the parent		-995	-977
Dividends to non-controlling interests		-144	-160
Other financing activities		-1	-3
Net cash flow		-714	-173
Acquired financial debt		-	2,010
Foreign exchange rate differences and other changes		-69	6
<b>Financial net debt, end of the period</b>	14	<b>7,668</b>	<b>7,023</b>

Excludes financial net debt relating to assets held for sale. See Note 6 Acquisitions, disposals and assets held for sale.

## Capital risk management

In December 2020, in connection with the strategy update, financial targets were set. The long-term financial targets are:

- Financial net debt/comparable EBITDA below 2x
- Hurdle rates for new investments of WACC
  - +100 bps for green investments
  - +200 bps for other investments

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'. In 2020, Comparable EBITDA included contribution from Uniper for the period of 1 April to 31 December 2020 since Uniper was consolidated as a subsidiary from 31 March 2020. Until 31 March 2020, Uniper's contribution to the income statement was recognised in the Share of profit/loss of associates and joint ventures.

Fortum targets to have a solid investment grade rating of at least BBB to maintain its financial strength, preserve financial flexibility, and good access to capital markets for the enlarged Group. Fortum and Uniper will carefully manage their balance sheets going forward, focusing on profitability, optimising of cash flow, and tight prioritising of capital expenditure in the current market and business environment.

Fortum's dividend policy 'is to pay a stable, sustainable, and over time increasing dividend'.



## Financial net debt/comparable EBITDA

EUR million	Note	2020	LTM
<b>+ Interest-bearing liabilities</b>		<b>10,662</b>	<b>10,824</b>
<b>- BS Liquid funds</b>		<b>2,308</b>	<b>1,703</b>
- Non-current securities		98	109
- Collateral arrangement securities		432	436
<b>- Securities in interest-bearing receivables</b>		<b>530</b>	<b>545</b>
- BS Margin receivables		1,132	2,420
+ BS Margin liabilities		331	1,513
<b>+ Net margin liabilities</b>		<b>-801</b>	<b>-907</b>
<b>Financial net debt</b>	14	<b>7,023</b>	<b>7,668</b>
IS Operating profit		1,599	962
+ IS Depreciation and amortisation		1,090	1,252
<b>EBITDA</b>		<b>2,689</b>	<b>2,213</b>
- IS Items affecting comparability		-255	992
<b>Comparable EBITDA</b>		<b>2,434</b>	<b>3,205</b>
<b>Financial net debt/comparable EBITDA</b>		<b>2.9</b>	<b>2.4</b>

See Note 4 Comparable operating profit and comparable net profit for details on items affecting comparability, and Note 14 Interest-bearing net debt.

## Key figures

In the first quarter of 2021, Fortum introduced two new performance measures: comparable net profit and comparable earnings per share. See Note 4 Comparable operating profit and comparable net profit and Note 23 Definitions and reconciliations of key figures. Uniper has been consolidated as a subsidiary from 31 March 2020. Previously Uniper's contribution to the income statement was recognised in the Share of profit/loss of associates and joint ventures.

EUR million or as indicated	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Reported</b>						
IS Sales	17,128	12,330	38,621	13,687	49,015	73,950
IS Operating profit	-840	539	505	1,142	1,599	962
IS Share of profit/loss of associates and joint ventures	61	39	140	518	656	279
IS Net profit	-659	403	651	1,341	1,855	1,165
IS Net profit (after non-controlling interests)	-473	340	618	1,270	1,823	1,171
Earnings per share (basic), EUR	-0.53	0.38	0.70	1.43	2.05	1.32
CF Net cash from operating activities	289	440	1,120	1,002	2,555	2,673
Capital expenditure and gross investments in shares, EUR million	468	381	720	3,747	4,953	1,926
Capital expenditure, EUR million <sup>1)</sup>	288	236	517	320	1,146	1,343
Number of employees			20,184	20,179	19,933	

EUR million or as indicated	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Comparable</b>						
EBITDA	348	512	1,827	1,055	2,434	3,206
IS Operating profit	35	203	1,206	596	1,344	1,954
Share of profit/loss of associates and joint ventures	52	23	119	574	656	201
Net profit (after non-controlling interests)	79	155	915	968	1,483	1,431
Earnings per share (basic), EUR	0.09	0.17	1.03	1.09	1.67	1.61

EUR million	30 June 2021	31 Dec 2020	LTM
Financial net debt, EUR million	7,668	7,023	
Adjusted net debt, EUR million	10,016	9,784	
Financial net debt/comparable EBITDA		2.9	2.4
Equity per share, EUR	14.40	14.58	
Average number of shares, 1,000 shares	888,294	888,294	
Diluted adjusted average number of shares, 1,000 shares	888,294	888,294	
Number of registered shares, 1,000 shares	888,294	888,294	

1) 2020 comparatives were revised in I/2021 due to a revision of the lease adjustment following the finalisation of the purchase price allocation for the Uniper acquisition.

# Notes to the condensed consolidated interim financial statements

## 1. Significant accounting policies

### 1.1 Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The condensed interim financial report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.

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

Part of Fortum's business operations are seasonal, with the comparable operating profit usually being higher for the first and fourth quarter of the year. Columns labelled as 'LTM' or 'last twelve months' present figures for twelve months preceding the reporting date. Fortum consolidated Uniper's income statement from the second quarter of 2020, which is the main reason for the change in quarterly and LTM figures. Uniper was accounted for as an associated company until 31 March 2020.

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

### Impact of Covid-19 on consolidated financial statements

Fortum has considered the potential impact of the Covid-19 pandemic on its business operations, and concluded the overall effect in the consolidated financial statements not to be significant.

During 2020, the Covid-19 pandemic resulted in new and partly unexpected risks as societies and governments across the world implemented drastic measures to contain the spread of the disease. Although the impacts for Fortum have so far been limited, and the situation compared to the end of 2020 has improved, the risks related to a prolonged pandemic cannot be ruled out. The main risk factors include lower commodity prices and decreased demand, credit defaults and delayed payments, project delays and increased risk of operational incidents or prolonged maintenance as a result of travel restrictions, absence of key personnel, as well as difficulties in obtaining key materials and spare parts. Fortum is closely monitoring the development of the pandemic and its potential impacts.

Fortum has assessed whether there are any indications for impairment based on internal and external sources of information, such as the effects of the Covid-19. Fortum does not currently foresee that Covid-19 would have such long-term effects that it would impact the overall values of its non-current assets, such as property, plant and equipment and intangible assets.

### 1.2 Uniper acquisition in 2020

On 8 October 2019, Fortum entered into agreements to acquire all the shares held by funds managed by Elliott Management Corporation and its affiliates ("Elliott") and Knight Vinke Energy Advisors Limited and its affiliates ("Knight Vinke"). Control over Uniper was acquired on 26 March 2020. On 31 March 2020, Fortum consolidated the balance sheet of Uniper. The income statement impact from 26 March 2020 to 31 March 2020 was not material.

Fortum's consolidated stake in Uniper was 73.4% on 31 March 2020, and 76.1% on 31 December 2020. Uniper was accounted for as an associated company until 31 March 2020.

The purchase price accounting for the Uniper acquisition was completed on 31 March 2021. No further fair value adjustments were made to the purchase price allocation presented in the 31 December 2020 financial statements.

In IV/2020 Fortum presented the preliminary purchase price allocation for the Uniper acquisition, which resulted in adjustments to Uniper's 31 March 2020 opening balance sheet. These adjustments led to the restatement of the previous quarters in 2020. Fair value adjustments made to Uniper's 31 March 2020 opening balance sheet mainly related to property, plant and equipment and right-of-use assets, participations in associates and joint ventures, lease liabilities, other provisions, and deferred taxes. Increase in the value of property, plant and equipment resulted in additional depreciation (EUR 7 million in I-II/2021); and increase in the value of the lease liability (due to a lower discount rate) resulted in lower interest cost (EUR 6 million in I-II/2021). The lease adjustment was revised in I/2021 in connection with the finalisation of the purchase price allocation for the Uniper acquisition. Excess of the acquisition value over the fair value of Uniper's net assets (EUR 515 million) is recognised as goodwill. See Note 6.1 Acquisitions.

In connection with the purchase price allocation, Fortum was also required to assess the circumstances giving rise to items recognised in Uniper segment's income statement during the one-year window from the acquisition date. In I/2021, Fortum adjusted impairments (EUR 22 million) and reversals of impairments (EUR 12 million) from Uniper's standalone income statement. These adjustments did not have an impact on Uniper's 31 March 2020 opening balance sheet.

For more information on Uniper acquisition, see Note 1 Significant accounting policies in the 2020 consolidated financial statements.

### 1.3 Alternative performance measures

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

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

Fortum's long-term financial target for capital structure is Financial net debt to comparable EBITDA (see Capital risk management and Note 23 Definitions and reconciliations of key figures).

In the first quarter of 2021, Fortum introduced two new APMs to provide additional financial performance indicators to support meaningful comparison of underlying net profitability between periods.

- Comparable net profit is calculated as comparable operating profit +/- comparable share of profit/loss from associates and joint ventures +/- comparable finance costs – net +/- comparable income tax expense +/- comparable non-controlling interests
- Comparable earnings per share is calculated as comparable net profit divided by average number of shares during the period

See Note 4 Comparable operating profit and comparable net profit and Note 23 Definitions and reconciliations of key figures.

### 1.4 Accounting policies

The same accounting policies that were applied in the preparation of the consolidated financial statements for the year ended 31 December 2020, have been applied in these condensed interim financial statements. New standards, amendments and interpretations effective from 1 January 2021 have not had a material impact on Fortum's consolidated financial statements.

## 1.5 Key exchange rates used in consolidated financial statements

The balance sheet date rate is based on the exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of daily closing rates from the European Central Bank.

Key exchange rates used in consolidated financial statements:

Average rate	Jan-June 2021	Jan-Mar 2021	Jan-Dec 2020	Jan-Sept 2020	Jan-June 2020	Jan-Mar 2020
United Kingdom (GBP)	0.8680	0.8739	0.8897	0.8851	0.8746	0.8623
Norway (NOK)	10.1759	10.2584	10.7228	10.7115	10.7324	10.4652
Poland (PLN)	4.5374	4.5457	4.4430	4.4220	4.4120	4.3241
Russia (RUB)	89.5502	89.6675	82.7248	79.9599	76.6692	73.8205
Sweden (SEK)	10.1308	10.1202	10.4848	10.5582	10.6599	10.6689
United States (USD)	1.2053	1.2048	1.1422	1.1250	1.1020	1.1027

Balance sheet date rate	30 June 2021	31 Mar 2021	31 Dec 2020	30 Sept 2020	30 June 2020	31 Mar 2020	31 Dec 2019
United Kingdom (GBP)	0.8581	0.8521	0.8990	0.9124	0.9124	0.8864	0.8508
Norway (NOK)	10.1717	9.9955	10.4703	11.1008	10.9120	11.5100	9.8638
Poland (PLN)	4.5201	4.6508	4.5597	4.5462	4.4560	4.5506	4.2568
Russia (RUB)	86.7725	88.3175	91.4671	91.7763	79.6300	85.9486	69.9563
Sweden (SEK)	10.1110	10.2383	10.0343	10.5713	10.4948	11.0613	10.4468
United States (USD)	1.1884	1.1725	1.2271	1.1708	1.1198	1.0956	1.1234

## 2. Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

## 3. Segment information

Fortum's reportable segments under IFRS are Generation, Russia, City Solutions, Consumer Solutions and Uniper. Other Operations includes corporate functions, R&D and technology development projects.

Fortum revised its reportable segments following the consolidation of Uniper as a subsidiary on 31 March 2020, and reported Uniper as a separate segment from II/2020. Uniper was accounted for as an associated company until 31 March 2020 with three-month time lag, which meant that Fortum's I/2020 results included Fortum's share of Uniper results from 1 October 2019 to 31 March 2020 reported in Other Operations. See also Note 12 Participations in associated companies and joint ventures.

Further, reporting of both the Uniper segment and the Generation segment were impacted by adjustments for the joint ownership in the Swedish nuclear company, OKG Aktiebolag (OKG AB). Fortum and Uniper are co-owners in the Swedish nuclear company OKG AB. OKG AB is consolidated into Uniper Group as a subsidiary with a 45.5% minority representing Fortum's ownership in OKG AB. Fortum accounted for the shareholding in OKG AB as an associated company until 31 March 2020. On 31 March 2020, OKG AB was consolidated as a subsidiary to Fortum Group. Fortum has adjusted Uniper's standalone income statement and balance sheet numbers in respect of Fortum's shareholding in OKG AB, as well as adjusted operating profit, share of profit/loss in associates and joint ventures and net assets of OKG AB recorded in the Generation segment. Consequently, the Group's subsidiary, OKG AB, is split between the two segments according to ownership.

Quarter

EUR million	Note	Generation <sup>1)</sup>		Russia		City Solutions <sup>1)</sup>		Consumer Solutions		Uniper		Other Operations		Total	
		II/2021	II/2020	II/2021	II/2020	II/2021	II/2020	II/2021	II/2020	II/2021	II/2020	II/2021	II/2020	II/2021	II/2020
<b>Income statement data by segment</b>															
Power sales <sup>1)</sup>		539	427	161	182	42	20	353	189	5,116	4,938	-	-	6,211	5,756
Heat sales		-	-	20	19	100	89	-	-	89	58	-	-	208	166
Gas sales		25	13	-	-	0	-	39	26	8,997	5,752	-	-	9,061	5,792
Waste treatment sales		0	-	-	-	60	62	-	-	-	-	-	-	60	62
Other sales		12	9	2	1	54	41	32	22	1,691	618	36	34	1,826	724
<b>Sales</b>		<b>575</b>	<b>450</b>	<b>182</b>	<b>202</b>	<b>256</b>	<b>212</b>	<b>424</b>	<b>237</b>	<b>15,893</b>	<b>11,365</b>	<b>36</b>	<b>34</b>	<b>17,366</b>	<b>12,500</b>
Internal eliminations		-60	-76	-1	-1	-11	-10	-2	-1	0	-	-28	-27	-101	-115
Netting of Nord Pool transactions <sup>2)</sup>														-137	-54
<b>IS External sales</b>		<b>516</b>	<b>373</b>	<b>181</b>	<b>201</b>	<b>245</b>	<b>202</b>	<b>422</b>	<b>236</b>	<b>15,893</b>	<b>11,365</b>	<b>7</b>	<b>7</b>	<b>17,128</b>	<b>12,330</b>
<b>Comparable EBITDA</b>		<b>243</b>	<b>212</b>	<b>70</b>	<b>74</b>	<b>43</b>	<b>32</b>	<b>36</b>	<b>35</b>	<b>-17</b>	<b>184</b>	<b>-29</b>	<b>-26</b>	<b>348</b>	<b>512</b>
<b>IS Depreciation and amortisation</b>		<b>-48</b>	<b>-39</b>	<b>-33</b>	<b>-38</b>	<b>-47</b>	<b>-47</b>	<b>-17</b>	<b>-16</b>	<b>-161</b>	<b>-161</b>	<b>-7</b>	<b>-9</b>	<b>-313</b>	<b>-309</b>
<b>IS Comparable operating profit</b>		<b>195</b>	<b>173</b>	<b>37</b>	<b>37</b>	<b>-4</b>	<b>-15</b>	<b>19</b>	<b>19</b>	<b>-177</b>	<b>24</b>	<b>-36</b>	<b>-34</b>	<b>35</b>	<b>203</b>
Impairment charges and reversals		-	-	-29	-	-	-	-	-	-2	-1	-	-	-31	-1
Capital gains and other related items	6	0	-	0	1	3	-	0	-	11	-2	9	70	23	69
Impact from acquisition accounting	4	-	-	-	-	-	-	-	-	-	-	0	-	0	-
Changes in fair values of derivatives hedging future cash flow		-8	-39	0	-	-3	7	68	26	-910	160	0	-	-852	154
Other		0	-	-	-	-	-	-	-	-14	115	-	-	-15	115
<b>IS Items affecting comparability</b>	4	<b>-8</b>	<b>-39</b>	<b>-29</b>	<b>1</b>	<b>0</b>	<b>7</b>	<b>68</b>	<b>26</b>	<b>-915</b>	<b>271</b>	<b>9</b>	<b>70</b>	<b>-875</b>	<b>336</b>
<b>IS Operating profit</b>		<b>188</b>	<b>134</b>	<b>8</b>	<b>37</b>	<b>-3</b>	<b>-8</b>	<b>87</b>	<b>45</b>	<b>-1,093</b>	<b>295</b>	<b>-27</b>	<b>36</b>	<b>-840</b>	<b>539</b>
Comparable share of profit/loss of associates and joint ventures	4, 12	10	2	29	15	1	1	-	-	11	3	1	2	52	23
<b>IS Share of profit/loss of associates and joint ventures</b>	12	<b>12</b>	<b>14</b>	<b>29</b>	<b>15</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>61</b>	<b>39</b>
<b>Gross investments / divestments by segment</b>															
Gross investments in shares	6	0	3	18	39	0	-1	-	-	-1	2	162	102	180	145
Capital expenditure		35	31	12	8	39	31	25	13	185	143	7	10	288	236
Gross divestments of shares	6	0	171	0	-	5	-	0	-	6	3	8	81	19	255

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

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

Year-to-date

EUR million	Note	Generation <sup>1)</sup>		Russia		City Solutions <sup>1)</sup>		Consumer Solutions		Uniper		Other Operations		Total	
		I-II/2021	I-II/2020	I-II/2021	I-II/2020	I-II/2021	I-II/2020	I-II/2021	I-II/2020	I-II/2021	I-II/2020	I-II/2021	I-II/2020	I-II/2021	I-II/2020
<b>Income statement data by segment</b>															
Power sales <sup>1)</sup>		1,166	952	367	444	103	57	927	540	10,899	4,938	-	-	13,463	6,930
Heat sales		-	-	76	74	346	294	-	-	190	58	-	-	612	426
Gas sales		62	44	-	-	1	-	96	74	20,942	5,752	-	-	21,100	5,871
Waste treatment sales		0	-	-	-	122	126	-	-	-	-	-	-	122	126
Other sales		23	28	3	1	102	76	62	47	3,632	618	70	68	3,892	838
<b>Sales</b>		<b>1,251</b>	<b>1,024</b>	<b>446</b>	<b>519</b>	<b>674</b>	<b>554</b>	<b>1,085</b>	<b>661</b>	<b>35,663</b>	<b>11,365</b>	<b>70</b>	<b>68</b>	<b>39,189</b>	<b>14,191</b>
Internal eliminations		-123	-273	-2	-1	-23	-32	-5	-6	0	-	-56	-54	-208	-366
Netting of Nord Pool transactions <sup>2)</sup>														-359	-137
<b>IS External sales</b>		<b>1,128</b>	<b>750</b>	<b>444</b>	<b>518</b>	<b>652</b>	<b>522</b>	<b>1,081</b>	<b>655</b>	<b>35,663</b>	<b>11,365</b>	<b>14</b>	<b>14</b>	<b>38,621</b>	<b>13,687</b>
<b>Comparable EBITDA</b>		<b>558</b>	<b>485</b>	<b>205</b>	<b>213</b>	<b>175</b>	<b>138</b>	<b>89</b>	<b>82</b>	<b>851</b>	<b>184</b>	<b>-52</b>	<b>-48</b>	<b>1,827</b>	<b>1,055</b>
<b>IS Depreciation and amortisation</b>		<b>-94</b>	<b>-77</b>	<b>-68</b>	<b>-78</b>	<b>-93</b>	<b>-95</b>	<b>-35</b>	<b>-31</b>	<b>-317</b>	<b>-161</b>	<b>-14</b>	<b>-18</b>	<b>-621</b>	<b>-459</b>
<b>IS Comparable operating profit</b>		<b>464</b>	<b>409</b>	<b>137</b>	<b>135</b>	<b>82</b>	<b>43</b>	<b>55</b>	<b>51</b>	<b>534</b>	<b>24</b>	<b>-66</b>	<b>-65</b>	<b>1,206</b>	<b>596</b>
Impairment charges and reversals		-	-	-29	-	-	-	-	-	-3	-1	-	-	-32	-1
Capital gains and other related items	6	50	-	0	1	4	431	0	-	11	-2	9	53	74	482
Impact from acquisition accounting		-	-	-	-	-	-	-	-	-	-	0	-222	0	-222
Changes in fair values of derivatives															
hedging future cash flow		-9	6	0	-	-4	3	92	4	-766	160	0	-	-687	172
Other		1	-	-	-	-	-	-	-	-56	115	-	-	-55	115
<b>IS Items affecting comparability</b>	4	<b>41</b>	<b>6</b>	<b>-29</b>	<b>1</b>	<b>0</b>	<b>433</b>	<b>92</b>	<b>4</b>	<b>-813</b>	<b>271</b>	<b>9</b>	<b>-170</b>	<b>-701</b>	<b>546</b>
<b>IS Operating profit</b>		<b>505</b>	<b>415</b>	<b>108</b>	<b>136</b>	<b>82</b>	<b>476</b>	<b>147</b>	<b>55</b>	<b>-279</b>	<b>295</b>	<b>-58</b>	<b>-235</b>	<b>505</b>	<b>1,142</b>
Comparable share of profit/loss of associates and joint ventures		5	5	52	27	40	37	-	-	22	3	0	503	119	574
<b>IS Share of profit/loss of associates and joint ventures</b>	12	<b>20</b>	<b>-24</b>	<b>52</b>	<b>27</b>	<b>40</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>7</b>	<b>0</b>	<b>471</b>	<b>140</b>	<b>518</b>
<b>Gross investments / divestments by segment</b>															
Gross investments in shares	6	0	7	18	40	0	6	-	-	2	2	183	3,372	203	3,427
Capital expenditure		62	61	18	11	86	63	36	28	318	143	10	15	517	320
Gross divestments of shares	6	129	171	17	-	5	527	0	-	6	3	8	81	165	782

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

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

Last twelve months

EUR million	Note	Generation <sup>1)</sup>		Russia		City Solutions <sup>1)</sup>		Consumer Solutions		Uniper		Other Operations		Total	
		LTM	2020	LTM	2020	LTM	2020	LTM	2020	LTM	2020	LTM	2020	LTM	2020
<b>Income statement data by segment</b>															
Power sales <sup>1)</sup>		2,092	1,878	714	791	166	121	1,444	1,057	22,955	16,994	0	0	27,373	20,841
Heat sales		-	-	136	134	569	516	-	-	322	191	-	-	1,027	841
Gas sales		102	84	-	-	1	1	161	139	37,366	22,176	-	-	37,629	22,400
Waste treatment sales		0	-	-	-	249	252	-	-	-	-	-	-	249	252
Other sales		39	44	6	4	212	185	86	70	8,168	5,154	142	140	8,652	5,598
<b>Sales</b>		<b>2,233</b>	<b>2,006</b>	<b>856</b>	<b>929</b>	<b>1,196</b>	<b>1,075</b>	<b>1,691</b>	<b>1,267</b>	<b>68,812</b>	<b>44,514</b>	<b>142</b>	<b>140</b>	<b>74,929</b>	<b>49,931</b>
Internal eliminations		-271	-421	-2	-2	-54	-64	-1	-2	0	0	-112	-110	-441	-598
Netting of Nord Pool transactions <sup>2)</sup>														-540	-317
<b>IS External sales</b>		<b>1,963</b>	<b>1,585</b>	<b>853</b>	<b>927</b>	<b>1,141</b>	<b>1,012</b>	<b>1,690</b>	<b>1,264</b>	<b>68,812</b>	<b>44,514</b>	<b>30</b>	<b>30</b>	<b>73,950</b>	<b>49,015</b>
<b>Comparable EBITDA</b>		<b>959</b>	<b>886</b>	<b>386</b>	<b>394</b>	<b>276</b>	<b>239</b>	<b>161</b>	<b>153</b>	<b>1,523</b>	<b>856</b>	<b>-98</b>	<b>-94</b>	<b>3,206</b>	<b>2,434</b>
<b>IS Depreciation and amortisation</b>		<b>-181</b>	<b>-164</b>	<b>-133</b>	<b>-143</b>	<b>-189</b>	<b>-191</b>	<b>-67</b>	<b>-63</b>	<b>-650</b>	<b>-494</b>	<b>-31</b>	<b>-35</b>	<b>-1,252</b>	<b>-1,090</b>
<b>IS Comparable operating profit</b>		<b>778</b>	<b>722</b>	<b>252</b>	<b>251</b>	<b>87</b>	<b>47</b>	<b>94</b>	<b>90</b>	<b>873</b>	<b>363</b>	<b>-130</b>	<b>-129</b>	<b>1,954</b>	<b>1,344</b>
Impairment charges and reversals		2	2	-29	-	-	-	-	-	-2	0	-	-	-29	2
Capital gains and other related items	6	50	0	0	1	296	723	0	0	1	-13	9	53	356	765
Impact from acquisition accounting	4	-	-	0	0	-	-	-	-	-	-	0	-222	0	-222
Changes in fair values of derivatives															
hedging future cash flow		-28	-12	0	0	-2	5	127	39	-1,632	-706	0	-	-1,534	-675
Other		1	0	-	-	-	-	-	-	215	386	-	-	215	386
<b>IS Items affecting comparability</b>	4	<b>24</b>	<b>-11</b>	<b>-29</b>	<b>1</b>	<b>295</b>	<b>728</b>	<b>127</b>	<b>39</b>	<b>-1,418</b>	<b>-333</b>	<b>9</b>	<b>-169</b>	<b>-992</b>	<b>255</b>
<b>IS Operating profit</b>		<b>802</b>	<b>711</b>	<b>224</b>	<b>252</b>	<b>382</b>	<b>775</b>	<b>221</b>	<b>129</b>	<b>-545</b>	<b>29</b>	<b>-121</b>	<b>-298</b>	<b>962</b>	<b>1,599</b>
Comparable share of profit/loss of associates and joint ventures	4, 12	13	13	72	47	60	57	-	-	58	38	-1	502	201	656
<b>IS Share of profit/loss of associates and joint ventures</b>	12	<b>72</b>	<b>29</b>	<b>72</b>	<b>47</b>	<b>59</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>54</b>	<b>-1</b>	<b>470</b>	<b>279</b>	<b>656</b>
<b>Gross investments / divestments by segment</b>															
Gross investments in shares	6	63	70	26	48	108	114	0	0	3	3	383	3,572	583	3,807
Capital expenditure <sup>3)</sup>		159	158	51	43	242	219	65	57	810	635	29	34	1,343	1,146
Gross divestments of shares	6	129	171	17	0	373	895	10	10	72	69	8	81	609	1,226

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

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

3) 2020 comparatives were revised in I/2021 due to a revision of the lease adjustment following the finalisation of the purchase price allocation for the Uniper acquisition.

## Segment assets and liabilities

	Note	Generation		Russia		City Solutions		Consumer Solutions		Uniper		Other Operations		Total	
		30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<b>EUR million</b>															
<b>Non-interest-bearing assets</b>		<b>5,673</b>	<b>5,780</b>	<b>1,978</b>	<b>2,020</b>	<b>2,847</b>	<b>3,512</b>	<b>833</b>	<b>780</b>	<b>20,289</b>	<b>20,646</b>	<b>265</b>	<b>270</b>	<b>31,885</b>	<b>33,009</b>
BS Participations in associates and joint ventures	12	989	961	661	577	57	612	-	-	688	729	35	33	2,429	2,912
Eliminations														-59	-57
<b>Total segment assets</b>		<b>6,662</b>	<b>6,742</b>	<b>2,639</b>	<b>2,597</b>	<b>2,904</b>	<b>4,123</b>	<b>833</b>	<b>780</b>	<b>20,977</b>	<b>21,375</b>	<b>300</b>	<b>303</b>	<b>34,255</b>	<b>35,863</b>
Interest-bearing receivables	13													3,060	3,000
BS Deferred tax assets														1,093	1,089
Other assets														47,488	15,550
BS Liquid funds														1,703	2,308
<b>BS Total assets</b>														<b>87,600</b>	<b>57,810</b>
<b>Segment liabilities</b>		<b>455</b>	<b>508</b>	<b>67</b>	<b>166</b>	<b>332</b>	<b>445</b>	<b>215</b>	<b>215</b>	<b>12,744</b>	<b>13,943</b>	<b>152</b>	<b>167</b>	<b>13,964</b>	<b>15,443</b>
Eliminations														-59	-57
<b>Total segment liabilities</b>														<b>13,905</b>	<b>15,386</b>
BS Deferred tax liabilities														930	952
Other liabilities														46,670	15,233
<b>Total liabilities included in capital employed</b>														<b>61,505</b>	<b>31,570</b>
Interest-bearing liabilities	14													10,824	10,662
BS Total equity														15,271	15,577
<b>BS Total equity and liabilities</b>														<b>87,600</b>	<b>57,810</b>
Number of employees		1,193	1,143	2,954	2,935	2,162	2,093	1,131	1,048	11,773	11,751	971	963	20,184	19,933



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

EUR million	Note	Generation		Russia		City Solutions		Consumer Solutions		Uniper <sup>3)</sup>	
		LTM	31 Dec 2020	LTM	31 Dec 2020	LTM	31 Dec 2020	LTM	31 Dec 2020	LTM	31 Dec 2020
<b>Comparable operating profit</b>		<b>778</b>	<b>722</b>	<b>252</b>	<b>251</b>	<b>87</b>	<b>47</b>	<b>94</b>	<b>90</b>	<b>873</b>	<b>363</b>
Comparable share of profit/loss of associates and joint ventures <sup>1)</sup>	4, 12	13	13	72	47	60	57	-	-	58	38
<b>Comparable operating profit including comparable share of profit/loss of associates and joint ventures</b>		<b>791</b>	<b>735</b>	<b>324</b>	<b>298</b>	<b>147</b>	<b>104</b>	<b>94</b>	<b>90</b>	<b>930</b>	<b>401</b>
Segment assets at the end of the period		6,662	6,742	2,639	2,597	2,904	4,123	833	780	20,977	21,375
Segment liabilities at the end of the period		455	508	67	166	332	445	215	215	12,744	13,943
<b>Comparable net assets</b>		<b>6,207</b>	<b>6,234</b>	<b>2,572</b>	<b>2,431</b>	<b>2,572</b>	<b>3,679</b>	<b>618</b>	<b>565</b>	<b>8,233</b>	<b>7,432</b>
<b>Comparable net assets average<sup>2)</sup></b>		<b>6,091</b>	<b>6,006</b>	<b>2,546</b>	<b>2,693</b>	<b>3,341</b>	<b>3,679</b>	<b>596</b>	<b>569</b>	<b>7,665</b>	<b>N/A</b>
<b>Comparable return on net assets, %</b>		<b>13.0</b>	<b>12.2</b>	<b>12.7</b>	<b>11.1</b>	<b>4.4</b>	<b>2.8</b>	<b>15.8</b>	<b>15.9</b>	<b>12.1</b>	<b>N/A</b>

1) Comparable share of profit/loss of associates and joint ventures for 2020 has been recalculated following the introduction of comparable net profit APM in I/2021.

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

3) The Uniper segment was acquired on 31 March 2020. Comparable net assets average and Comparable return on net assets for the Uniper segment are presented from I/2021 onwards as information for full 12 months is available.

## 4. Comparable operating profit and comparable net profit

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

#### Quarter

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Impact from acquisition accounting		Changes in fair values of derivatives hedging future cash flow		Other		Reported		
	II/2021	II/2020	II/2021	II/2020	II/2021	II/2020	II/2021	II/2020	II/2021	II/2020	II/2021	II/2020	II/2021	II/2020	
Sales	21,033	8,095	-	-	-	-	-	-	-3,905	4,236	-	-	-	17,128	12,330
Other income	2,441	2,213	2	1	-23	-71	-	-	-759	-1	-29	-8	1,632	2,134	
Materials and services	-25,943	-6,968	-	-	-	-	-	-	9,944	-4,388	17	-68	-15,982	-11,424	
Employee benefits	-391	-354	-	-	-	-	-	-	-	-	9	-	-382	-353	
Depreciation and amortisation	-343	-310	30	-	-	-	-	-	-	-	-	-	-313	-309	
Other expenses	2,363	-2,137	-	-	-	2	-	-	-4,427	-	17	-39	-2,048	-2,174	
<b>IS Comparable operating profit</b>			<b>32</b>	<b>1</b>	<b>-23</b>	<b>-69</b>	<b>-</b>	<b>-</b>	<b>852</b>	<b>-154</b>	<b>15</b>	<b>-115</b>	<b>35</b>	<b>203</b>	
IS Items affecting comparability			-31	-1	23	69	-	-	-852	154	-15	115	-875	336	
<b>IS Operating profit</b>	<b>-840</b>	<b>539</b>											<b>-840</b>	<b>539</b>	

## Year-to-date

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Impact from acquisition accounting		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	I-II/2021	I-II/2020	I-II/2021	I-II/2020	I-II/2021	I-II/2020	I-II/2021	I-II/2020	I-II/2021	I-II/2020	I-II/2021	I-II/2020	I-II/2021	I-II/2020
Sales	43,905	9,485	-	-	-	-	-	-	-5,284	4,202	-	-	38,621	13,687
Other income	9,320	2,667	1	1	-74	-502	-	-	-5,920	-1	-31	-8	3,297	2,157
Materials and services	-46,878	-7,559	-	-	-	-	-	-	11,377	-4,373	28	-68	-35,473	-12,000
Employee benefits	-762	-477	-	-	-	-	-	-	-	-	9	-	-754	-477
Depreciation and amortisation	-651	-459	31	-	-	-	-	-	-	-	-	-	-621	-459
Other expenses	-4,428	-2,515	-	-	-	20	-	222	515	-	49	-39	-3,865	-2,312
<b>IS Comparable operating profit</b>			<b>32</b>	<b>1</b>	<b>-74</b>	<b>-482</b>	<b>-</b>	<b>222</b>	<b>687</b>	<b>-172</b>	<b>55</b>	<b>-115</b>	<b>1,206</b>	<b>596</b>
IS Items affecting comparability			-32	-1	74	482	-	-222	-687	172	-55	115	-701	546
<b>IS Operating profit</b>	<b>505</b>	<b>1,142</b>											<b>505</b>	<b>1,142</b>

## Last twelve months

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Impact from acquisition accounting		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	LTM	2020	LTM	2020	LTM	2020	LTM	2020	LTM	2020	LTM	2020	LTM	2020
Sales	76,937	42,517	-	-	-	-	-	-	-2,987	6,499	-	-	73,950	49,015
Other income	17,170	10,517	0	0	-356	-78	-	-	-10,598	-4,679	-275	-252	5,942	4,802
Materials and services	-77,605	-38,286	-	-	-	-	-	-	9,945	-5,805	-112	-208	-67,771	-44,298
Employee benefits	-1,492	-1,206	-	-	-	-	-	-	-	-	20	11	-1,472	-1,195
Depreciation and amortisation	-1,284	-1,092	29	-1	-	-	-	-	-	-	3	3	-1,252	-1,090
Other expenses	-12,764	-10,851	-	-	0	20	-	222	5,174	4,659	148	60	-7,443	-5,890
<b>IS Comparable operating profit</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>-2</b>	<b>-356</b>	<b>-765</b>	<b>-</b>	<b>222</b>	<b>1,534</b>	<b>675</b>	<b>-216</b>	<b>-386</b>	<b>1,954</b>	<b>1,344</b>
IS Items affecting comparability	-	-	-29	2	356	765	-	-222	-1,534	-675	215	386	-992	255
<b>IS Operating profit</b>	<b>962</b>	<b>1,599</b>											<b>962</b>	<b>1,599</b>

## Impairment charges and reversals

Impairment charges and reversals of previously recognised impairments are adjusted from depreciation and amortisation and presented in items affecting comparability. In II/2021 Fortum recorded a tax-deductible non-cash impairment of EUR 29 million in connection with the sale of the Argayash CHP plant in Russia.

## Capital gains and other related items

Capital gains and other related items in I-II/2021 include EUR 50 million gain from the sale of eight small hydropower plants in Sweden (see Note 6.2 Disposals). Capital gains and other related items in 2020 included EUR 72 million gain from the divestment of Fortum Recharge AS; EUR 431 million gain from the divestment of the district heating business in Joensuu, Finland; and EUR 291 million gain from divestment of the district heating business in Järvenpää, Finland (see Note 6.2 Disposals); as well as Uniper acquisition-related costs of EUR 20 million (see Note 6.1 Acquisitions).

## Impact from acquisition accounting

Consolidation of an associated company results includes recording a share of the associated company's other comprehensive income (OCI). If an associated company is either divested or becomes a subsidiary, IFRS requires that these previously recorded OCI items are reclassified inside equity either via the consolidated income statement or

directly to retained earnings, depending on the nature of the OCI item. Reclassification does not have an impact on total equity.

The above reclassification resulted in a one-time, non-cash income statement impact of EUR -222 million on 31 March 2020 when Uniper became Fortum's subsidiary. This amount represented a part of Fortum's share of Uniper's OCI for the time when Uniper was an associated company, with no impact to Fortum's total equity. The amount mainly related to exchange rate differences arising from translation of foreign operations recorded by Uniper. Fortum's share of Uniper's non-recyclable other comprehensive income, EUR -84 million, was reclassified to retained earnings. See Consolidated statement of changes in equity.

## 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.

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 ("contract pricing adjustment"). Adjustments are needed to improve the understanding of the financial performance when comparing results from one period to another.

## Other

Other includes mainly restructuring expenses, adjustments to provisions and reversals of temporary reductions in current assets.

## 4.2 Reconciliation from operating profit to comparable net profit

In the first quarter of 2021, Fortum introduced two new APMs to provide additional financial performance indicators to support meaningful comparison of underlying net profitability between periods, Comparable net profit and Comparable earnings per share.

EUR million	Note	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>IS Operating profit</b>		<b>-840</b>	<b>539</b>	<b>505</b>	<b>1,142</b>	<b>1,599</b>	<b>962</b>
IS Items affecting comparability	4.1	875	-336	701	-546	-255	992
<b>IS Comparable operating profit</b>		<b>35</b>	<b>203</b>	<b>1,206</b>	<b>596</b>	<b>1,344</b>	<b>1,954</b>
IS Share of profit/loss of associates and joint ventures		61	39	140	518	656	279
Adjustments to share of profit/loss of associates and joint ventures	12	-9	-16	-22	56	0	-77
Comparable share of profit/loss of associates and joint ventures		52	23	119	574	656	201
IS Finance costs - net		35	3	71	-65	-56	80
Adjustments to finance costs - net	7	-25	-20	-42	5	-48	-94
Comparable finance costs - net		10	-17	29	-60	-103	-14
<b>Comparable profit before income tax</b>		<b>97</b>	<b>209</b>	<b>1,354</b>	<b>1,110</b>	<b>1,897</b>	<b>2,141</b>
IS Income tax expense		84	-178	-66	-254	-344	-156
Adjustments to income tax expense		-108	136	-218	135	45	-308
Comparable income tax expense		-24	-42	-284	-119	-299	-464
IS Non-controlling interests		185	-62	-33	-71	-32	6
Adjustments to non-controlling interests		-179	51	-122	48	-82	-252
Comparable non-controlling interests		6	-11	-155	-23	-114	-246
<b>Comparable net profit</b>		<b>79</b>	<b>155</b>	<b>915</b>	<b>968</b>	<b>1,483</b>	<b>1,431</b>
<b>Comparable earnings per share, EUR</b>	23	<b>0.09</b>	<b>0.17</b>	<b>1.03</b>	<b>1.09</b>	<b>1.67</b>	<b>1.61</b>

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

Share of profit/loss of associates and joint ventures is adjusted for significant items, similar to adjustments made to arriving at comparable net profit, in those entities that are classified as Fortum's principal associates and joint ventures. For more information on Fortum's principal associates and joint ventures, see Note 18 Participations in associated companies and joint ventures in the 2020 consolidated financial statements. In I/2020 and until 31 March 2020 Uniper was Fortum's associated company.

### Comparable finance costs - net

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

### Comparable income tax expense

Income tax expense is adjusted for tax impacts on items affecting comparability, adjustments to finance costs – net, tax rate changes and other onetime adjustments.

See also Note 23 Definitions and reconciliations of key figures.

## 5. Financial risk management

Fortum continues discussions with Uniper and reviews its risk management systems and policies for the combined Group. See Fortum Group's consolidated financial statements for the year ended 31 December 2020 for current financial risk management objectives and policies.

### Fair value hierarchy information

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

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

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

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

See also accounting policies in the consolidated financial statements 2020, in Note 15 Financial assets and liabilities by fair value hierarchy.

## Financial assets

EUR million	Level 1		Level 2		Level 3		Netting <sup>1)</sup>		Total	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<b>In non-current assets</b>										
Other investments <sup>2)</sup>	80	75	44	43	141	70			265	188
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			34	52			-17	-29	17	23
Non-hedge accounting	3,931	1,030	7,717	1,563	152	138	-145	-24	11,655	2,707
Interest rate and currency derivatives										
Hedge accounting			117	170					117	170
Non-hedge accounting			45	46					45	46
Interest-bearing receivables	109	98			34	17			143	116
<b>Total in non-current assets</b>	<b>4,120</b>	<b>1,203</b>	<b>7,957</b>	<b>1,874</b>	<b>327</b>	<b>225</b>	<b>-162</b>	<b>-53</b>	<b>12,241</b>	<b>3,250</b>
<b>In current assets</b>										
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			110	185			-96	-60	14	125
Non-hedge accounting	11,607	2,851	18,883	5,090	27	6	-2,498	-655	28,019	7,292
Interest rate and currency derivatives										
Hedge accounting			16	26					16	26
Non-hedge accounting			66	89					66	89
Other receivables			39	62					39	62
Interest-bearing receivables	436	432	47	46	4	5			487	483
<b>Total in current assets</b>	<b>12,043</b>	<b>3,283</b>	<b>19,161</b>	<b>5,498</b>	<b>31</b>	<b>11</b>	<b>-2,594</b>	<b>-715</b>	<b>28,641</b>	<b>8,077</b>
<b>Total in assets</b>	<b>16,163</b>	<b>4,486</b>	<b>27,118</b>	<b>7,372</b>	<b>357</b>	<b>237</b>	<b>-2,756</b>	<b>-768</b>	<b>40,882</b>	<b>11,326</b>

1) In Fortum, excluding Uniper, receivables to and liabilities from electricity and other commodity exchanges arising from standard derivative contracts with same delivery period are netted.

2) Other investments mainly include shares in unlisted companies.

## Financial liabilities

EUR million	Level 1		Level 2		Level 3		Netting <sup>1)</sup>		Total	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<b>In non-current liabilities</b>										
Interest-bearing liabilities <sup>2)</sup>			1,865	2,145					1,865	2,145
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			110	106			-17	-29	93	77
Non-hedge accounting	2,806	634	7,827	1,598	187	254	-145	-24	10,675	2,462
Interest rate and currency derivatives										
Hedge accounting			39	56					39	56
Non-hedge accounting			36	63					36	63
<b>Total in non-current liabilities</b>	<b>2,806</b>	<b>634</b>	<b>9,877</b>	<b>3,967</b>	<b>187</b>	<b>254</b>	<b>-162</b>	<b>-53</b>	<b>12,708</b>	<b>4,802</b>
<b>In current liabilities</b>										
Interest-bearing liabilities			436	497					436	497
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			377	304			-96	-60	281	244
Non-hedge accounting	10,924	2,545	21,212	5,612	17	10	-2,498	-655	29,655	7,512
Interest rate and currency derivatives										
Hedge accounting			1	14					1	14
Non-hedge accounting			68	167					68	167
Other payables			1		9				11	
<b>Total in current liabilities</b>	<b>10,924</b>	<b>2,545</b>	<b>22,096</b>	<b>6,594</b>	<b>26</b>	<b>10</b>	<b>-2,594</b>	<b>-715</b>	<b>30,453</b>	<b>8,434</b>
<b>Total in liabilities</b>	<b>13,730</b>	<b>3,179</b>	<b>31,973</b>	<b>10,561</b>	<b>213</b>	<b>264</b>	<b>-2,756</b>	<b>-768</b>	<b>43,160</b>	<b>13,236</b>

1) In Fortum, excluding Uniper, receivables to and liabilities from electricity and other commodity exchanges arising from standard derivative contracts with same delivery period are netted.

2) Fair valued part of bonds when hedge accounting is applied (fair value hedge).

Net fair value amount of interest rate and currency derivatives is EUR 99 million, including assets of EUR 244 million and liabilities of EUR 144 million. Fortum has cash collaterals based on collateral agreements with some counterparties. At the end of June 2021, Fortum had received EUR 97 million from collateral agreements. The received cash was booked as a short-term liability.

Regarding the interest-bearing receivables and liabilities, see Note 13 Interest-bearing receivables, Note 14 Interest-bearing net debt and Note 19 Pledged assets and contingent liabilities.

## Changes in fair value hierarchy Level 3

	1 Jan 2021	Purchases	Sales	Settlements	Gains / losses in income statement	Transfers into level 3	30 June 2021
<b>On balance sheet, net</b>							
Other investments	70	9	-3		13	52	141
Commodity derivatives, fair values	382	16		-1	192		589
Commodity derivative, day-1 gains and losses	-501	-67		-47			-615
Interest-bearing receivables	22	18		-6	3		37
Other payables	0	-9					-9
<b>Total on balance sheet, net</b>	<b>-27</b>	<b>-33</b>	<b>-3</b>	<b>-54</b>	<b>208</b>	<b>52</b>	<b>143</b>

## 6. Acquisitions, disposals and assets held for sale

### 6.1 Acquisitions

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Gross investments in shares in subsidiary companies	154	100	173	3,375	3,646	444
Gross investments in shares in associated companies and joint ventures	19	40	20	43	119	96
Gross investments in other shares	7	5	10	9	42	43
<b>Total</b>	<b>180</b>	<b>145</b>	<b>203</b>	<b>3,427</b>	<b>3,807</b>	<b>583</b>

#### Acquisitions during 2021

During I-II/2021 Fortum invested EUR 18 million (I-II/2020: 25) to the wind investment fund 50/50 owned by Fortum and RUSNANO in Russia.

In June 2021, the Fortum-Rusnano Wind Investment Fund sold the 200-MW Kalmykia wind parks to the Fortum-RDIF joint venture.

#### Uniper acquisition in March 2020

On 8 October 2019, Fortum entered into agreements to acquire all the shares held by funds managed by Elliott Management Corporation and its affiliates ("Elliott") and Knight Vinke Energy Advisors Limited and its affiliates ("Knight Vinke"). The transaction was closed in two tranches. Control over Uniper was acquired on 26 March 2020 upon closing of the first tranche of the agreement, 19.6% of the shares. A liability for the maximum amount of shares in the second tranche, 3.8% of the shares, was recognised on the acquisition date. The second tranche of the agreement was closed on 8 May 2020 with the maximum amount of shares.

At 31 March 2020 Fortum's consolidated stake in Uniper was 73.4%. The total purchase consideration for the combined shareholding was EUR 2.6 billion, which increased Fortum's total investment in Uniper to EUR 6.5 billion.

EUR million	Uniper
Acquisition of shares	2,858
Liquid funds in acquired companies	-1,328
<b>Acquisition of shares in cash flow</b>	<b>1,530</b>
Interest-bearing liabilities in acquired companies	1,414
Other financial net debt in acquired companies	596
<b>Gross investments in shares</b>	<b>3,540</b>

#### Acquisition accounting

The purchase price allocation on the Uniper acquisition was completed on 31 March 2021. Fair value adjustments were mainly made to property, plant and equipment and right-of-use assets, participations in associates and joint ventures, lease liabilities, other provisions, and deferred taxes. Excess of the acquisition value over Uniper's net assets is presented as goodwill. Fortum elected to measure non-controlling interest in Uniper based on the proportionate value of acquired net assets.

Acquired net assets are presented in the following table.

EUR million	31 Mar 2020
<b>ASSETS</b>	
Goodwill	1,779
Other intangible assets	980
Property, plant and equipment and right-of-use assets	9,268
Participations in associates and joint ventures	750
Derivative financial instruments	21,958
Interest-bearing receivables	1,840
Shares in Nuclear Waste Funds	1,602
Margin receivables	413
Trade and other receivables	7,236
Deferred tax and income tax assets	1,021
Inventories	1,565
Liquid funds	1,328
<b>Total assets</b>	<b>49,739</b>
<b>LIABILITIES</b>	
Derivative financial instruments	21,084
Interest-bearing liabilities	1,575
Pension obligations	953
Nuclear provisions	1,758
Other provisions	3,935
Deferred tax and income tax liabilities	348
Margin liabilities	924
Trade and other payables	7,852
<b>Total liabilities</b>	<b>38,428</b>
<b>Net assets on Uniper's balance sheet</b>	<b>11,312</b>
Less goodwill on Uniper's balance sheet <sup>1)</sup>	-1,779
<b>Net assets from Uniper excluding goodwill</b>	<b>9,533</b>
Purchase consideration	2,587
Previously held equity interest	4,613
<b>Acquisition value</b>	<b>7,201</b>
Non-controlling interest on Uniper's balance sheet	-424
Non-controlling interest from Uniper acquisition	-2,423
<b>Total non-controlling interest (NCI)</b>	<b>-2,847</b>
<b>Goodwill</b>	<b>515</b>

1) Goodwill on Uniper's balance sheet is deducted as it is not an identifiable asset of Fortum according to IFRS.

Acquired net assets were based on Uniper's first quarter 2020 financial report published on 7 May 2020. Balance sheet line items have been classified in accordance with Fortum's balance sheet categorisation and, as such, is not fully comparable to Uniper's standalone balance sheet. Further, Fortum and Uniper are both co-owners in the Swedish nuclear company OKG AB. OKG AB is consolidated into Uniper Group as a subsidiary with a 45.5% minority representing Fortum's ownership in OKG AB. Fortum accounted for the shareholding in OKG AB as an associated company until 31 March 2020, and consolidated OKG AB as a subsidiary from 31 March 2020.

Shareholding in Uniper has been acquired in stages as Fortum held 49.99% of Uniper shares prior to the acquisition of control on 26 March 2020. Under IFRS, the previously held associated company interest is fair valued upon gaining control, and any gain or loss from the difference between the balance sheet value and the fair value of the interest is recognised to the consolidated income statement. The fair value of the previously held associated company interest in Uniper was EUR 4,613 million. The fair value was based on Uniper share price at 26 March 2020, slightly adjusted by a premium for significant influence. There are no significant unobservable inputs used in the valuation (market approach corresponding to fair value hierarchy level 2). No gain or loss was recognised from fair valuing the previously held equity interest as the fair value was approximately equal to the carrying amount.

Acquisition-related costs of EUR 20 million are included in items affecting comparability in the 2020 consolidated income statement. See Note 4 Comparable operating profit and comparable net profit.



## Other acquisitions during 2020

During 2020, Fortum invested EUR 25 million to the wind investment fund 50/50 owned by Fortum and RUSNANO in Russia.

During 2020, Fortum's joint venture, the Fortum-Rusnano Wind Investment Fund, sold the 50-MW Ulyanovsk 2 and the 300-MW Rostov wind farms to a new joint venture established with Russian Direct Investment Fund (RDIF) aimed at the operation of renewable power plants in Russia.

## 6.2 Disposals

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Gross divestments of shares in subsidiary companies	8	252	153	779	1,156	530
Gross divestments of shares in associated companies and joint ventures	2	1	3	1	31	33
Gross divestments of other investments	9	2	9	2	40	47
<b>Total</b>	<b>19</b>	<b>255</b>	<b>165</b>	<b>782</b>	<b>1,226</b>	<b>609</b>

### Disposals during 2021

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. 78 MW of the capacity is expected to be commissioned in the fourth quarter of 2021 and the remaining part in the second half of 2022. 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 first quarter 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 Sør fjord wind park, which was still under construction, was closed on 14 May 2020. The transaction on Sør fjord wind park was closed on 20 January 2021.

### Disposals during 2020

On 3 July, Fortum announced it had agreed to sell the district heating business in Järvenpää, Finland for EUR 375 million to a consortium consisting of Vantaa Energy Ltd, Infranode, and Keva. Fortum completed the transaction on 19 August 2020 and recorded a tax-exempt capital gain of EUR 291 million in the City Solutions segment's third-quarter 2020 results.

On 27 April 2020, Fortum signed an agreement to sell 60% of its public charging point operator, Fortum Recharge AS, for electrical vehicles in the Nordics to Infracapital. The transaction closed on 29 May 2020, and Fortum recorded a tax-exempt capital gain of EUR 72 million in Other Operation's second-quarter 2020 results. The cash consideration was EUR 87 million.

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 total consideration on a debt- and cash-free basis was approximately EUR 170 million. The transaction, excluding the Sør fjord wind park, which was still under construction, was closed on 14 May 2020.

In December 2019, Fortum signed an agreement to sell its district heating business in Joensuu, Finland to Savon Voima Oyj. The total consideration on a debt- and cash-free basis was approximately EUR 530 million. The transaction was completed on 10 January 2020, and Fortum recorded a tax-exempt capital gain of EUR 431 million in the City Solutions segment's first quarter 2020 results.

## 6.3 Assets held for sale

Assets held for sale at 30 June 2021 include the 50% ownership in the Swedish district heating and cooling company Stockholm Exergi Holding AB (publ) (City Solutions segment), Pavagada II solar power plant in India (City Solutions segment), the district heating business in the Baltics (City Solutions segment) and Schkopau lignite-fired power plant (Uniper segment). Assets held for sale at 31 December 2020 included Schkopau lignite-fired power plant (Uniper segment) and Sørffjord wind park (Generation segment).

On 30 June 2021, Fortum signed an agreement to sell its 50% ownership in the Swedish district heating and cooling company – Stockholm Exergi Holding AB (publ) – to a consortium comprising APG, Alecta, PGGM, Keva, and AXA. The total consideration is SEK 29.5 billion (EUR 2.9 billion) based on a 100% enterprise value of SEK 71.9 billion (EUR 7.1 billion). Fortum expects to record a tax-exempt capital gain of EUR 2.4 billion in the City Solutions segment's results in connection with closing of the transaction. The transaction is subject to customary closing conditions. Fortum expects closing to take place before the end of 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, is expected to be approximately EUR 280 million, most of which will be recorded during 2021.

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 will record a tax-exempt capital gain of approximately EUR 250 million in the City Solutions segment's third-quarter 2021 results.

In February 2020, Uniper signed an agreement with Saale Energie GmbH, a subsidiary of the Czech company Energetický a průmyslový holding, a. s., on the sale of the interest in the Schkopau lignite-fired power plant in Germany. Uniper is the operator of the power plant and holds a stake of about 58%. Saale Energie holds a stake of around 42% in the Schkopau power plant and will take over Uniper's stake effective 1 October 2021. The proceeds from the sale will be determined when the transaction closes on 1 October 2021, taking into account various purchase price adjustment clauses.

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 Sørffjord wind park, which was still under construction, was closed on 14 May 2020. The transaction on Sørffjord wind park was closed on 20 January 2021.

EUR million	30 June 2021	31 Dec 2020
<b>Assets held for sale</b>		
Intangible assets and property, plant and equipment and right-of-use assets	680	230
Participations in associates and joint ventures	544	-
Deferred tax assets	9	9
Other non-current and current assets	131	96
Liquid funds	35	0
<b>BS Total</b>	<b>1,399</b>	<b>335</b>
<b>Liabilities related to assets held for sale</b>		
Interest-bearing liabilities	149	43
Deferred tax liabilities	34	33
Pension and asset retirement obligations	15	18
Other liabilities and provisions	124	112
<b>BS Total</b>	<b>322</b>	<b>206</b>

## 7. Finance costs - net

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>Interest expense</b>						
Borrowings	-44	-50	-89	-95	-186	-180
Leasing and other interest expenses <sup>1)</sup>	-8	-3	-19	-4	-23	-38
Capitalised borrowing costs <sup>1)</sup>	6	14	16	15	39	39
<b>IS Total</b>	<b>-46</b>	<b>-38</b>	<b>-93</b>	<b>-84</b>	<b>-170</b>	<b>-179</b>
<b>Interest income</b>						
Loan receivables and deposits	35	36	66	42	96	120
Leasing and other interest income <sup>2)</sup>	8	5	14	6	16	23
<b>IS Total</b>	<b>42</b>	<b>42</b>	<b>79</b>	<b>48</b>	<b>111</b>	<b>143</b>
<b>Other financial expenses - net</b>						
Return from nuclear funds, nuclear fund adjustment and unwinding of nuclear provisions	18	6	30	-12	19	61
Fair value changes, impairments and reversals	7	14	11	7	29	34
Unwinding of discounts on other provisions <sup>2)</sup>	10	-20	35	-21	-45	11
Other financial expenses and income	4	-	8	-2	0	10
<b>IS Total</b>	<b>39</b>	<b>-1</b>	<b>84</b>	<b>-28</b>	<b>3</b>	<b>115</b>
<b>IS Finance costs - net</b>	<b>35</b>	<b>3</b>	<b>71</b>	<b>-65</b>	<b>-56</b>	<b>80</b>
<b>EUR million</b>	<b>II/2021</b>	<b>II/2020</b>	<b>I-II/2021</b>	<b>I-II/2020</b>	<b>2020</b>	<b>LTM</b>
<b>IS Finance costs - net</b>	<b>35</b>	<b>3</b>	<b>71</b>	<b>-65</b>	<b>-56</b>	<b>80</b>
<b>Adjustments to finance costs - net</b>						
Return from nuclear funds, nuclear fund adjustment and unwinding of nuclear provisions	-18	-6	-30	12	-19	-61
Fair value changes, impairments and reversals	-7	-14	-11	-7	-29	-34
<b>Comparable finance costs - net</b>	<b>10</b>	<b>-17</b>	<b>29</b>	<b>-60</b>	<b>-103</b>	<b>-14</b>

1) 2020 comparatives were revised in I/2021 due to a revision of the lease adjustment following the finalisation of the purchase price allocation for the Uniper acquisition.

2) In II/2021, part of the other interest income was reclassified in Finance costs -net from Interest income to Other financial expenses -net.

Interest expenses on borrowings in I-II/2021 totalled EUR 89 million (I-II/2020: 95) including interest expenses on loans of EUR 81 million (I-II/2020: 78), and EUR 8 million (I-II/2020: 17) interest cost net from derivatives hedging the loan portfolio. Interest expenses from leases were EUR 18 million (I-II/2020: 4).

Interest income in I-II/2021 of EUR 79 million (I-II/2020: 48) includes EUR 62 million (I-II/2020: 37) interest income from shareholder loan receivables and other loan receivables, and EUR 4 million (I-II/2020: 5) from deposits. Interest income from leases were EUR 9 million (I-II/2020: 5).

Return from Nuclear Funds include interest income from the Finnish Nuclear waste fund and changes in fair values in the Swedish Nuclear waste fund. Unwinding of discount on other provisions relates to pensions and other provisions, where the change between I-II/2021 and I-II/2020 mainly comes from a positive effect of changes in discount rates on Other provisions in the Uniper segment.

## 8. Income taxes

Taxes during I-II/2021 totalled EUR 66 million (I-II/2020: 254). The effective income tax rate according to the income statement was 9.2% (I-II/2020: 15.9%). The comparable effective income tax rate, excluding the impact of the share of profit from associated companies, joint ventures as well as items affecting comparability, tax rate changes and other major one-time income tax effects, was 22.9% (I-II/2020: 22.2%).

Fortum has paid taxes in previous years regarding ongoing tax disputes. The appeal processes are ongoing and based on legal analysis and legal opinions the payments are booked as a receivable, EUR 114 million (31 Dec 2020: 114), included in Income tax receivables. For additional information see Note 20 Legal actions and official proceedings.

## 9. Dividend per share

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.

A dividend for 2019 of EUR 1.10 per share, amounting to a total of EUR 977 million, was decided in the Annual General Meeting on 23 April 2020. The dividend was paid on 5 May 2020.

## 10. Intangible assets

EUR million	30 June 2021	31 Dec 2020
Goodwill	1,014	1,069
Contract-based	524	534
Other	831	1,205
<b>BS Total</b>	<b>2,369</b>	<b>2,808</b>

Change in other intangible assets during 2021 mainly relates to the return of emission allowances.

## 11. Property, plant and equipment, and right-of-use assets

Property, plant and equipment, and right-of-use assets amounted to EUR 19,029 million (31 Dec 2020: 19,367). Changes during 2021 mainly relate to depreciation - partly offset by translation differences and capital expenditures, as well as assets reclassified to held for sale.

## 12. Participations in associates and joint ventures

### 12.1 Participations in associates and joint ventures

#### Changes in participations in associates and joint ventures

EUR million	30 June 2021	31 Dec 2020
<b>Opening balance 1 January</b>	<b>2,912</b>	<b>6,435</b>
Acquisitions	-	750
Investments	20	119
Share of profit of associates and joint ventures	140	656
Dividend income received	-62	-116
Divestments and capital returns	-8	-47
Reclassifications	-62	-4,663
OCI items in associates and joint ventures	18	-183
Translation differences and other adjustments	14	-40
Reclassified to assets held for sale	-544	-
<b>BS Closing balance</b>	<b>2,429</b>	<b>2,912</b>

Reclassifications to assets held for sale mainly relate to Stockholm Exergi AB, for additional information see Note 6.3 Assets held for sale. Acquisitions and reclassifications in 2020 mainly relate to Uniper consolidation at 31 March 2020.

Fortum and Uniper are co-owners in the Swedish nuclear company OKG AB. Fortum accounted for the shareholding in OKG AB as an associated company until 31 March 2020. As of 31 March 2020, OKG AB was consolidated as a subsidiary to Fortum Group.

## 12.2 Share of profit/loss of associates and joint ventures

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Uniper SE	-	-	-	469	469	-
TGC-1	15	17	22	18	24	28
Stockholm Exergi AB	-2	-2	31	31	46	46
Other associates and joint ventures	48	24	87	0	117	204
<b>IS Share of profit/loss of associates and joint ventures</b>	<b>61</b>	<b>39</b>	<b>140</b>	<b>518</b>	<b>656</b>	<b>279</b>

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
<b>IS Share of profit/loss of associates and joint ventures</b>	<b>61</b>	<b>39</b>	<b>140</b>	<b>518</b>	<b>656</b>	<b>279</b>
Adjustments to share of profit/loss of associates and joint ventures	-9	-16	-22	56	0	-77
<b>Comparable share of profit/loss of associates and joint ventures</b>	<b>52</b>	<b>23</b>	<b>119</b>	<b>574</b>	<b>656</b>	<b>201</b>

### Uniper

Fortum previously accounted for Uniper as an associated company with a three-month time lag as Fortum published interim reports before Uniper's financial information was available. As of the first quarter 2020, Fortum revised its financial reporting schedule and reports its quarterly results after Uniper. Fortum's first quarter results therefore included Fortum's share of Uniper's results from 1 October 2019 to 31 March 2020.

Fortum's share of Uniper's IV/2019 profits, EUR 162 million, included a reversal of the adjustment which Fortum already made in IV/2019 related to the impact from the reinstatement of the UK capacity market. Fortum also made a reversal of EUR 389 million (after tax) related to the negative impact of Uniper's IV/2019 impairments.

Fortum's share of Uniper's I/2020 profits, EUR 307 million, included a reversal of EUR 61 million after tax related to the negative impact of Uniper's I/2020 impairments.

In the purchase price allocation for the acquisition of 49.99% of the shares in Uniper, Fortum recorded a fair value adjustment of EUR 613 million (after tax), relating to political and regulatory risks of certain generation and production assets of Uniper. If Uniper reports negative impacts relating to these generation and production assets, Fortum assesses the potential need to use this fair value adjustment to reverse these negative impacts. Fortum has assessed and concluded to use the fair value adjustment to reverse the majority of this negative impact from the impairments reported by Uniper in their IV/2019 and I/2020 results.

The remaining fair value adjustment from the purchase price allocation for the acquisition of 49.99% of the shares in Uniper ceased to exist on 31 March 2020. Following the consolidation of Uniper as a subsidiary, Fortum has prepared a new purchase price allocation. See Note 6.1 Acquisitions.

## 13. Interest-bearing receivables

EUR million	30 June 2021	31 Dec 2020
Interest-bearing receivables	2,871	2,804
Finance lease receivables	190	196
<b>Total</b>	<b>3,060</b>	<b>3,000</b>

EUR million	Carrying amount	Fair value	Carrying amount	Fair value
	30 June 2021	30 June 2021	31 Dec 2020	31 Dec 2020
Long-term loan receivables from associates and joint ventures	1,178	1,237	1,113	1,161
Non-current securities	109	109	98	98
Other long-term interest-bearing receivables	1,010	1,010	1,010	1,010
<b>Total long-term interest-bearing receivables</b>	<b>2,297</b>	<b>2,356</b>	<b>2,221</b>	<b>2,270</b>
Collateral arrangement securities	436	436	432	432
Other short-term interest-bearing receivables	137	137	151	151
<b>Total short-term interest-bearing receivables</b>	<b>574</b>	<b>574</b>	<b>582</b>	<b>582</b>
<b>Total</b>	<b>2,871</b>	<b>2,930</b>	<b>2,804</b>	<b>2,852</b>

Long-term interest-bearing receivables from associated companies and joint ventures, EUR 1,178 million (31 Dec 2020: 1,113), include EUR 993 million from Swedish nuclear companies, Forsmarks Kraftgrupp AB and Ringhals AB (31 Dec 2020: 964), which are mainly funded with shareholder loans, pro rata to each shareholder's ownership.

## 14. Interest-bearing net debt

### Financial net debt and adjusted net debt

EUR million	30 June 2021	31 Dec 2020
<b>+ Interest-bearing liabilities</b>	<b>10,824</b>	<b>10,662</b>
<b>- BS Liquid funds</b>	<b>1,703</b>	<b>2,308</b>
- Non-current securities	109	98
- Collateral arrangement securities	436	432
<b>- Securities in interest-bearing receivables</b>	<b>545</b>	<b>530</b>
- BS Margin receivables	2,420	1,132
+ BS Margin liabilities	1,513	331
<b>+ Net margin liabilities</b>	<b>-907</b>	<b>-801</b>
<b>Financial net debt</b>	<b>7,668</b>	<b>7,023</b>
+ BS Pension obligations	1,202	1,520
+ Other asset retirement obligations	812	821
- BS Share of Finnish and Swedish Nuclear Waste Funds	3,475	3,445
+ BS Nuclear provisions	3,809	3,866
+ Nuclear provisions net of assets in Nuclear Waste Funds	334	421
<b>+ Total provisions net of assets in Nuclear Waste Funds</b>	<b>2,348</b>	<b>2,762</b>
<b>Adjusted net debt</b>	<b>10,016</b>	<b>9,784</b>

Fortum has a collateral arrangement to release cash from the Nordic Power Exchange. This arrangement is presented with equal amounts 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	30 June 2021	31 Dec 2020
Loans	9,790	9,607
Lease liabilities	1,033	1,055
<b>Total</b>	<b>10,824</b>	<b>10,662</b>

## Loans

EUR million	Carrying amount	Fair value	Carrying amount	Fair value
	30 June 2021	30 June 2021	31 Dec 2020	31 Dec 2020
Bonds	3,727	3,956	4,258	4,521
Loans from financial institutions	2,450	2,491	2,576	2,638
Reborrowing from the Finnish State Nuclear Waste Management Fund <sup>1)</sup>	1,165	1,232	1,145	1,210
Other long-term interest-bearing liabilities	457	493	447	488
<b>Total long-term loans <sup>2)</sup></b>	<b>7,800</b>	<b>8,172</b>	<b>8,425</b>	<b>8,857</b>
Collateral arrangement liability	436	436	432	432
Other short-term interest-bearing liabilities	1,554	1,554	750	750
<b>Total short-term loans</b>	<b>1,990</b>	<b>1,990</b>	<b>1,182</b>	<b>1,182</b>
<b>Total</b>	<b>9,790</b>	<b>10,162</b>	<b>9,607</b>	<b>10,039</b>

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

2) Includes current portion of long-term liabilities of EUR 260 million (31 Dec 2020: 534).

In May 2021 Fortum repaid a maturing bond of EUR 500 million. The other short-term interest-bearing debt increased during the first half of the year by EUR 804 million from EUR 750 million to EUR 1,554 million mainly due to the use of commercial paper programmes.

The average interest rate for the portfolio of EUR loans was 0.7% at the balance sheet date (31 Dec 2020: 0.9%). The average interest rate on total loans and derivatives was 1.5% at the balance sheet date (31 Dec 2020: 1.5%). Part of the external loans, EUR 685 million (31 Dec 2020: 634), have been swapped to RUB and the average interest cost for these loans, including cost for hedging the RUB, was 6.4% at the balance sheet date (31 Dec 2020: 6.2%).

## Maturity of loans

EUR million	30 June 2021
2021 <sup>1)</sup>	1,927
2022	3,377
2023	1,116
2024	318
2025	18
2026 and later	3,035
<b>Total</b>	<b>9,790</b>

1) Cash received as collateral based on collateral agreements, amounting to EUR 97 million, has been recognised as a short-term liability.

## Maturity of undiscounted lease liabilities

EUR million	30 June 2021
Due within a year	113
Due after one year and within five years	423
Due after five years	815
<b>Total</b>	<b>1,352</b>

## Liquid funds

EUR million	30 June 2021	31 Dec 2020
Deposits and securities with maturity more than 3 months	326	410
Cash and cash equivalents	1,377	1,898
<b>BS Total</b>	<b>1,703</b>	<b>2,308</b>

Liquid funds totalling EUR 1,464 million (31 Dec 2020: 2,107) are placed with counterparties that have an investment grade credit rating.

At the end of the reporting period, the Group's liquid funds totalled EUR 1,703 million (31 Dec 2020: 2,308). Liquid funds include EUR 443 million held by Uniper segment (31 Dec 2020: 289). Russian subsidiaries held EUR 208 million (31 Dec 2020: 244) of liquid funds in the form of cash and bank deposits.

## Committed credit facilities

At the end of the reporting period, Fortum had undrawn committed credit facilities amounting to EUR 5,000 million. The undrawn facilities consist of a EUR 1,450 million revolving credit facility, maturing in November 2021 (with an option to extend the maturity by one year), a EUR 1,750 million revolving credit facility maturing in June 2023, and Uniper's revolving credit facility of EUR 1,800 million, which matures in September 2025. In addition to the revolving credit facilities, Fortum has EUR 100 million of committed overdraft limits that are valid until further notice.

# 15. Nuclear related assets and liabilities

Fortum owns Loviisa nuclear power plant in Finland, and through the acquisition of Uniper, OKG Aktiebolag (OKG) and Barsebäck Kraft AB (Barsebäck) nuclear power companies in Sweden. Fortum and Uniper are co-owners in the Swedish nuclear company OKG AB. Fortum accounted for the shareholding in OKG AB as an associated company until 31 March 2020. As of 31 March 2020, OKG AB was consolidated as a subsidiary to Fortum Group.

On Fortum's consolidated balance sheet, Share in the Nuclear Waste Fund and the Nuclear provisions relate to Loviisa, OKG and Barsebäck nuclear power plants. 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.

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

## 15.1 Nuclear related assets and liabilities for consolidated nuclear power plants

EUR million	30 June 2021	31 Dec 2020
<b>Carrying values on the balance sheet</b>		
<b>BS Nuclear provisions</b>	3,809	3,866
<b>BS Fortum's share of the Nuclear Waste Funds</b>	3,475	3,445
Fortum's share of the fair value of the net assets in the Nuclear Waste Funds in Finland and Sweden	3,947	3,886
Share of fund not recognised on the balance sheet	472	441



## Nuclear provision and fund accounted for according to IFRS

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

The carrying value of nuclear provisions, calculated according to IAS 37, decreased by EUR 57 million compared to 31 December 2020, totalling EUR 3,809 million at 30 June 2021.

Fortum's share of the Nuclear Waste Funds are from an IFRS perspective overfunded by EUR 472 million, since Fortum's share of the Funds on 30 June 2021 was EUR 3,947 million and the carrying value on the balance sheet was EUR 3,475 million. The Fund on Fortum's balance sheet can at maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, other financial expenses are adjusted positively if the provisions increase more than the Fund, and negatively if the provision decreases below the actual value of the fund.

## Legal liability for Loviisa nuclear power plant

The legal liability on 30 June 2021, decided by the Ministry of Economic Affairs and Employment in November 2020, was EUR 1,208 million.

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

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

According to the Nuclear Energy Act, Fortum is obligated to contribute funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Fortum contributes funds to the Finnish State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in connection with the decision of size of the legal liability. Based on the law, Fortum applied for a periodisation of the fund target, due to a change in the legal liability. The application was approved by the Ministry of Economic Affairs and Employment and the funding target for 2021 was confirmed at EUR 1,168 million in November 2020.

## Borrowing from the State Nuclear Waste Management Fund

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum uses the right to borrow back and has pledged shares in Kemijoki Oy as security for the loans. The loans are renewed annually. See Note 14 Interest-bearing net debt and Note 19 Pledged assets and contingent liabilities.

## OKG and Barsebäck nuclear power plants in Sweden

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). From September 2018, the proposal is prepared by the National Debt Office. 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 September 2019 and was handed in to SSM in the end of III/2019. In December 2020 the Swedish government decided the waste fees and guarantees for 2021 only. A new decision is expected IV/2021 for years 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. For Barsebäck, which have no units in operation, the fee is determined as a fixed fee in SEK per year.

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

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

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

### Nuclear related assets and liabilities relating to associated companies (100%)

	30 June 2021	31 Dec 2020
<b>Carrying values with Fortum assumptions</b>		
Nuclear provisions	3,627	3,674
Share of the Nuclear Waste Fund	3,496	3,406
<b>of which Fortum's net share consolidated with equity method</b>	-42	-59
Fortum's share of the fair value of the net assets in the Nuclear Waste Funds	1,135	880
Receivables from the waste fund that are overfunded (underfunded) from an IFRS perspective	35	14
of which TVO overfunded	77	73

TVO's legal liability, provision and share of the fund are based on same principles as described above for Loviisa nuclear power plant.

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 14 Interest-bearing net debt.

Forsmark's provision and share of the fund are based on same principles as described above for OKG and Barsebäck nuclear power plants.

### Status of TVO's Olkiluoto 3 project 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 EPR (OL3 EPR), currently under construction, 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 concerned the completion of the OL3 EPR project and related disputes, and it entered into force in late March 2018. The supplier consortium companies committed to ensuring that the funds dedicated to the completion of the OL3 EPR 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 completion of the OL3 EPR project. During the period under review, the trust has been replenished in accordance with the terms of the agreement. During the period under review, TVO has according to the comprehensive settlement agreement recognized receivables from the plant supplier which have accumulated as compensation until the end of the period under review. The compensation decreases the historical costs of property, plant, and equipment in the balance sheet.

TVO and the Areva-Siemens consortium negotiated since last summer on the terms of the OL3 EPR project completion. In addition, the Areva companies were preparing a financial solution which would ensure the necessary funding for the companies to complete the OL3 EPR project. The parties reached a consensus in their negotiations regarding the main principles of the OL3 EPR project completion in May 2021, and the agreements regarding the amendments to the OL3 EPR project 2018 Global Settlement Agreement (GSA) were signed on 2 June 2021.

Key matters of the agreement are:

- The Areva companies' trust mechanism, established in the GSA of 2018, is to be replenished with approximately EUR 600 million as of the beginning of January 2021.
- Both parties are to cover their own costs as of July 2021 until end of February 2022.
- In the case that the plant supplier consortium companies would not complete the OL3 EPR project until the end of February 2022, they would pay an additional compensation for delays, depending on the date of completion.

The Radiation and Nuclear Safety Authority (STUK) granted a fuel loading permit for the OL3 EPR plant unit on 26 March 2021, and the fuel loading was completed on 1 April 2021. The fuel loading means that OL3 EPR is now a nuclear power plant in use. STUK states in its permit decision that the OL3 EPR plant unit fulfils the safety requirements set for it, and its safety and emergency preparedness arrangements and measures are sufficient in order to load fuel into the reactor.

According to the information received from the plant supplier on 30 July 2021, the start of electricity production of OL3 will be postponed to November 2021 and the regular electricity production to March 2022 due to extra turbine overhaul and inspection works.

## 16. Other provisions

EUR million	30 June 2021	31 Dec 2020
Supplier- and customer-related	1,398	948
Asset retirement	812	821
Power production-related	632	643
Gas distribution-related	378	378
Environmental remediation and similar	258	261
Personnel-related	220	247
Other	977	933
<b>Total</b>	<b>4,675</b>	<b>4,232</b>
BS Of which current provisions	1,054	780
BS Of which non-current provisions	3,622	3,452

## 17. Pension obligations

Fortum Group has a number of pension schemes in accordance with local conditions and practices in the countries in which it operates, including defined benefit plans where the pension obligation is based on actuarial calculations using assumptions for discount rate, future salary and pension increases, inflation and mortality.

Changes during 2021 mainly relate to changes in discount rates and fair value of plan assets.

### Net defined benefit liability

EUR million	30 June 2021	31 Dec 2020
Present value of defined benefit obligation	4,378	4,636
Fair value of plan assets	3,194	3,117
<b>Net defined benefit liability</b>	<b>1,184</b>	<b>1,518</b>
Of which Germany	1,042	1,350
<b>Presented on the balance sheet as follows:</b>		
BS Pension obligations, net	1,202	1,520
Pension assets in Other non-current assets	18	2

## Discount rates

The following discount rates have been used for the calculation of the present value of the defined benefit obligation:

%	30 June 2021	31 Dec 2020
Germany	1.2	0.8
United Kingdom	2.0	1.5
Finland	0.3	0.3

## 18. Capital and other commitments

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

### Capital commitments

EUR billion	30 June 2021	31 Dec 2020
Property, plant and equipment and intangible assets	0.7	0.8

### Long-term purchase commitments

Fortum has long-term contractual purchase obligations of approximately EUR 81.4 billion at 30 June 2021 (31 Dec 2020: 113.1), of which EUR 8.6 billion is due within one year (31 Dec 2020: 6.3). These contracts are generally take-or-pay in nature and primarily relate to the purchase of natural gas. Price paid for natural gas is normally tied to market reference prices, as dictated by market conditions and the procurement behaviour of wholesale market customers. The conditions of these long-term contracts are reviewed at certain specific intervals (usually every three years) as part of contract negotiations and may thus change accordingly. The decrease in contractual purchase obligations is primarily attributable to the termination of a long-term LNG procurement contract.

### Other commitments

Teollisuuden Voima Oyj (TVO) is building Olkiluoto 3, the nuclear power plant, which is funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. At 30 June 2021, Fortum had EUR 232 million (31 Dec 2020: 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 15 Nuclear related assets and liabilities.

For more information on other commitments, see Note 34 Capital and other commitments of the consolidated financial statements 2020.

## 19. Pledged assets and contingent liabilities

Fortum has issued direct and indirect guarantees and warranties on own behalf and on behalf of associated companies and joint ventures, which may obligate Fortum to make payments on the occurrence of certain events. For the Swedish nuclear companies there are two types of guarantees given. The Financing Amount is given to cover Fortum's share of the uncovered part in the Nuclear Waste Fund, assuming no further production and that no further nuclear waste fees are paid in. The uncovered amount is calculated by the authorities and is based on the difference between the expected costs and the funds to cover these costs at the time of the calculation. The Supplementary Amount constitutes a guarantee for deficits that can arise as a result of unplanned events. For more information see Note 15 Nuclear related assets and liabilities.

Further, Fortum has pledged certain assets for debt and other commitments, both on own behalf and on behalf of others, including EUR 269 million (31 Dec 2020: 269) for shares pledged in Kemijoki Oy as a security for borrowing from the Finnish State Nuclear Waste Management Fund, and EUR 81 million (31 Dec 2020: 105) of real estate mortgages for the liability to the Finnish State Nuclear Waste Management Fund. In addition, Fortum has pledged

EUR 436 million (31 Dec 2020: 495) of securities and cash for trading of electricity, gas and CO<sub>2</sub> emission allowances, and EUR 182 million (31 Dec 2020: 275) of other real estate mortgages.

For more information see Note 35 Pledged assets and contingent liabilities of the consolidated financial statements 2020.

## 20. 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. Through the acquisition of Uniper, the Group is facing wider exposure, in addition to dispute under public law, this in particular includes legal actions and proceedings on contract amendments and price adjustments initiated in response to market upheavals and the changed economic situation in the gas and electricity sectors (also as a consequence of the energy transition) and concerning anticompetitive and fraudulent practices, as well as general commercial contract disputes.

The aforementioned proceedings include several court and arbitration proceedings with major customers and major suppliers, also initiated in some instances by the Group, concerning contract amendments, price adjustments and payment disputes under long-term contracts for electricity, gas and storage capacity, also in response to the altered situation brought about by market upheavals, as well as disputes about reimbursements of costs and contract interpretation. In some of these cases, the validity of the price-adjustment clauses applied, and of the contracts in their entirety is in dispute. Long-term LNG and gas procurement contracts generally include the option for producers and importers to adjust the terms in line with changed market conditions. On this basis, the Group is currently involved in court and arbitration proceedings and continuously conducts extensive negotiations with producers. The possibility of further legal disputes cannot be excluded. Applying the provisions of IAS 37.92, Fortum is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, particularly because such disclosure could prejudice their outcome.

Furthermore, proceedings are pending concerning the clarification of regulatory requirements. Applying the provisions of IAS 37.92, Fortum is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, particularly because such disclosure could prejudice their outcome.

Public-law disputes are pending, in particular, in connection with the operating license for the hard-coal power plant in Datteln and in connection with financial compensation for the effects of the Dutch coal exit on the hard-coal power plant in Maasvlakte (MPP3). Applying the provisions of IAS 37.92, Fortum is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, particularly because such disclosure could prejudice their outcome.

### Tax cases in Belgium

On 16 June 2020, the Court of Appeal of Ghent, Belgium, 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 and disagreed with the Court of Appeal ruling. 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. 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 years 2008-2012 totals EUR 114 million. All taxes have been paid and recognised as income tax receivables. Should the decision from the Court of Appeal of Ghent become final, the possible repayment of the disputed amounts of EUR 114 million would have a positive cash flow effect for Fortum.

## 21. Related party transactions

Related parties are described in more detail in the consolidated financial statements for the year ended 31 December 2020. On 31 March 2020, Uniper SE was reclassified from an associated company to a subsidiary. Transactions with Uniper Group companies are presented until 31 March 2020. In addition, transaction with any Uniper Group's related parties that have become Fortum Group's related parties through the acquisition are disclosed from 31 March 2020.

### Transactions with associates and joint ventures

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Sales	93	81	213	89	201	325
Purchases	273	139	460	240	624	844
Other income	286	-	322	-	89	411
Interest income on loan receivables	7	22	13	24	15	4

### Balances with associates and joint ventures

EUR million	30 June 2021	31 Dec 2020
Long-term interest-bearing loan receivables	1,178	1,113
Trade and other receivables	146	307
Long-term loan payables	308	293
Short-term loan payables	63	-
Trade and other payables	90	340

In addition, Fortum has long-term purchase commitments of approximately EUR 2.0 billion at 30 June 2021 from associates and joint ventures.

### Other transactions with related parties

At the end of 2020 the Finnish State owned 50.76% of Fortum's shares. There has been no change in the number of shares the Finnish State owns in Fortum during 2021.

In June 2021, the Fortum-Rusnano Wind Investment Fund sold the 200-MW Kalmykia wind parks to the Fortum-RDIF joint venture.

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.

During 2020, Fortum's joint venture, the Fortum-Rusnano Wind Investment Fund, sold the 50-MW Ulyanovsk 2 and the 300-MW Rostov wind farms to a new joint venture established with Russian Direct Investment Fund (RDIF) aimed at the operation of renewable power plants in Russia.

## 22. Events after the balance sheet date

On 2 July 2021, Fortum concluded the sale of its district heating business in the Baltics to Partners Group. The total consideration of the sale amounted to approximately EUR 710 million and Fortum will record a tax-exempt capital gain of approximately EUR 250 million in the City Solutions segment's third quarter 2021 results.

On 8 July 2021, Fortum signed an agreement to sell its Argayash coal-fired CHP plant to AO JSC Rusatom Smart utilities. The transaction is expected to be closed in the third quarter of 2021.

## 23. Definitions and reconciliations of key figures

### Alternative performance measures

Business performance	Definition	Reason to use the measure	Reference to reconciliation
Comparable EBITDA	Operating profit + depreciations and amortisations - items affecting comparability	Comparable EBITDA is representing the underlying cash flow generated by the total Group and segments. Used as a component in the capital structure target of Financial net debt to Comparable EBITDA.	Key ratios after cash flow statement
Comparable operating profit	Operating profit - items affecting comparability	Comparable operating profit is used in financial target setting and forecasting, management's follow up of financial performance and allocation of resources in the group's performance management process.	Income statement
Items affecting comparability	Impairment charges and reversals + capital gains and other related items + impact from acquisition accounting + 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 from the capital recycling business model are presented in comparable operating profit because the business results are realised through divesting the shareholding, either partially or totally.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Impact from acquisition accounting	Non-cash accounting impact resulting from reclassifying part of Uniper's other comprehensive income to the income statement when Uniper was consolidated as a subsidiary.	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, which are adjusted from other income or 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

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



Capital structure	Definition	Reason to use the measure	Reconciliation
Financial net debt / comparable EBITDA	<u>Financial net debt</u> Comparable EBITDA	Financial net debt to Comparable EBITDA is Fortum's long-term financial target for capital structure.	Key ratios after cash flow statement
Financial net debt	Interest-bearing liabilities - liquid funds - securities in interest-bearing receivables + net margin liabilities	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 14 Interest-bearing net debt
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 14 Interest-bearing net debt

## Other key figures

### Share based key figures

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

### Other key figures

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

### Definitions for tax figures

Effective income tax rate, %	$\frac{\text{Income tax expense}}{\text{Profit before income tax}} \times 100$
Comparable effective income tax rate, %	$\frac{\text{Income tax expense +/- adjustments to income tax expense}}{\text{Comparable profit before income tax excluding comparable share of profit/loss from associated companies and joint ventures}} \times 100$

## Reconciliations of alternative performance measures

### Comparable EBITDA

EUR million	Note	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
IS Operating profit		-840	539	505	1,142	1,599	962
+ IS Depreciation and amortisation		313	309	621	459	1,090	1,252
EBITDA		-527	849	1,126	1,601	2,688	2,213
- IS Items affecting comparability	4	875	-336	701	-546	-255	992
<b>Comparable EBITDA</b>		<b>348</b>	<b>512</b>	<b>1,827</b>	<b>1,055</b>	<b>2,434</b>	<b>3,206</b>

### Comparable operating profit

EUR million	Note	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
IS Operating profit		-840	539	505	1,142	1,599	962
- IS Items affecting comparability	4	875	-336	701	-546	-255	992
<b>IS Comparable operating profit</b>	4	<b>35</b>	<b>203</b>	<b>1,206</b>	<b>596</b>	<b>1,344</b>	<b>1,954</b>

### Items affecting comparability

EUR million	Note	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Impairment charges and reversals		-31	-1	-32	-1	2	-29
Capital gains and other related items	6	23	69	74	482	765	356
Impact from acquisition accounting		-	-	-	-222	-222	-
Changes in fair values of derivatives hedging future cash flow		-852	154	-687	172	-675	-1,534
Other		-15	115	-55	115	386	215
<b>IS Items affecting comparability</b>	4	<b>-875</b>	<b>336</b>	<b>-701</b>	<b>546</b>	<b>255</b>	<b>-992</b>

### Comparable net profit

EUR million	Note	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
IS Net profit		-659	403	651	1,341	1,855	1,165
- IS Items affecting comparability	4	875	-336	701	-546	-255	992
- Adjustments to share of profit/loss of associates and joint ventures	12	-9	-16	-22	56	0	-77
- Adjustments to finance costs - net	7	-25	-20	-42	5	-48	-94
- Adjustments to income tax expenses		-108	136	-218	135	45	-308
- IS Non-controlling interests		185	-62	-33	-71	-32	6
- Adjustments to non-controlling interests		-179	51	-122	48	-82	-252
<b>Comparable net profit</b>	4	<b>79</b>	<b>155</b>	<b>915</b>	<b>968</b>	<b>1,483</b>	<b>1,431</b>

### Comparable earnings per share

	Note	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Comparable net profit, EUR million	4	79	155	915	968	1,483	1,431
Average number of shares during the period, 1 000 shares		888,294	888,294	888,294	888,294	888,294	888,294
<b>Comparable earnings per share, EUR</b>		<b>0.09</b>	<b>0.17</b>	<b>1.03</b>	<b>1.09</b>	<b>1.67</b>	<b>1.61</b>

## Financial net debt and adjusted net debt

EUR million	Note	30 June 2021	31 Dec 2020
<b>+ Interest-bearing liabilities</b>		10,824	10,662
<b>- BS Liquid funds</b>		1,703	2,308
- Non-current securities		109	98
- Collateral arrangement securities		436	432
<b>- Securities in interest-bearing receivables</b>		545	530
- BS Margin receivables		2,420	1,132
+ BS Margin liabilities		1,513	331
<b>+ Net margin liabilities</b>		-907	-801
<b>Financial net debt</b>	14	<b>7,668</b>	<b>7,023</b>
+ BS Pension obligations		1,202	1,520
+ Other asset retirement obligations		812	821
- BS Share of Finnish and Swedish Nuclear Waste Funds		3,475	3,445
+ BS Nuclear provisions		3,809	3,866
+ Nuclear provisions net of assets in Nuclear Waste Funds		334	421
<b>+ Total provisions net of assets in Nuclear Waste Funds</b>		<b>2,348</b>	<b>2,762</b>
<b>Adjusted net debt</b>		<b>10,016</b>	<b>9,784</b>

See Note 14 Interest-bearing net debt.

## Financial net debt/comparable EBITDA

EUR million	Note	2020	LTM
<b>+ Interest-bearing liabilities</b>		<b>10,662</b>	<b>10,824</b>
<b>- BS Liquid funds</b>		<b>2,308</b>	<b>1,703</b>
- Non-current securities		98	109
- Collateral arrangement securities		432	436
<b>- Securities in interest-bearing receivables</b>		<b>530</b>	<b>545</b>
- BS Margin receivables		1,132	2,420
+ BS Margin liabilities		331	1,513
<b>+ Net margin liabilities</b>		<b>-801</b>	<b>-907</b>
<b>Financial net debt</b>	14	<b>7,023</b>	<b>7,668</b>
IS Operating profit		1,599	962
+ IS Depreciation and amortisation		1,090	1,252
<b>EBITDA</b>		<b>2,689</b>	<b>2,213</b>
- IS Items affecting comparability		-255	992
<b>Comparable EBITDA</b>		<b>2,434</b>	<b>3,205</b>
<b>Financial net debt/comparable EBITDA</b>		<b>2.9</b>	<b>2.4</b>

## Market conditions and achieved power prices

### Power consumption

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Nordic countries	90	87	210	199	383	394
Russia	248	232	544	518	1,033	1,059
Tyumen	21	20	44	45	86	85
Chelyabinsk	9	8	18	17	36	37
Russia Urals area	59	56	128	125	246	249
Russia Siberia area	50	48	110	105	209	214

Average prices	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Spot price for power in Nord Pool power exchange, EUR/MWh	41.9	5.6	42.0	10.5	10.9	26.5
Spot price for power in Finland, EUR/MWh	46.3	22.5	47.5	23.2	28.0	40.0
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	38.7	15.1	42.2	16.9	21.2	33.7
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	33.1	8.2	35.3	11.9	14.4	26.0
Spot price for power in the First Price Zone of Russia, RUB/MWh <sup>1)</sup>	1,315	1,160	1,337	1,194	1,220	1,293
Spot price for power in the Second Price Zone of Russia, RUB/MWh <sup>1)</sup>	900	902	909	905	873	875
Average capacity price for the Russia segment, tRUB/MW/month	524	549	581	611	608	593
Average capacity price for the Uniper segment, tRUB/MW/month	288	245	270	245	261	270
Spot price for power in Germany, EUR/MWh	60.3	20.3	55.0	23.4	30.4	46.1
Average regulated gas price in Urals region, RUB/1000 m <sup>3</sup>	4,016	3,937	4,016	3,937	3,977	4,016
Average capacity price for the Russia segment's CCS, tRUB/MW/month <sup>2) 3)</sup>	159	146	170	156	156	164
Average capacity price for the Russia segment's CSA, tRUB/MW/month <sup>3)</sup>	1,057	961	1,174	1,064	1,058	1,107
Average capacity price for the Uniper segment's CCS, tRUB/MW/month <sup>2) 3)</sup>	149	131	159	131	136	150
Average capacity price for the Uniper segment's CSA, tRUB/MW/month <sup>3)</sup>	1,280	900	1,236	900	951	1,081
Spot price for power (market price), Urals hub, RUB/MWh <sup>1)</sup>	1,156	1,021	1,157	1,044	1,068	1,124
CO <sub>2</sub> , (ETS EUA), EUR/tonne CO <sub>2</sub>	50	21	44	22	25	36
Coal (ICE Rotterdam), USD/tonne	88	43	79	26	50	66
Oil (Brent Crude), USD/bbl	69	33	65	42	43	55

1) Excluding capacity tariff.

2) Including capacity receiving payments under "forced mode status", regulated tariffs, and bilateral agreements.

3) Capacity prices paid for the capacity volumes, excluding unplanned outages, repairs, and own consumption.

### Water reservoirs

TWh	30 June 2021	31 Dec 2020
Nordic water reservoirs level	87	105
Nordic water reservoirs level, long-term average	84	84

### Export/import

TWh (+ = import to, - = export from Nordic area)	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Export / import between Nordic area and Continental Europe + Baltics	-6	-5	-11	-11	-24	-24
Export / import between Nordic area and Russia	2	0	4	1	3	6
Export / import Nordic area, Total	-4	-5	-7	-10	-21	-18

### Power market liberalisation in Russia

%	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Share of power sold at the liberalised price	78	74	79	77	77	78

### Achieved power prices

	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Generation segment's Nordic achieved power price, EUR/MWh	38.1	33.6	37.6	33.8	34.8	36.9
Uniper segment's Nordic achieved power price, EUR/MWh	28.5	27.6	30.2	27.6	26.0	27.8
Russia segment's achieved power price, RUB/MWh	2,015	1,886	1,944	1,842	1,940	1,998
Russia segment's achieved power price, EUR/MWh <sup>1)</sup>	22.5	23.3	21.7	24.0	23.4	22.2
Uniper segment's achieved power price in Russia, RUB/MWh	2,128	1,787	1,872	1,787	1,798	1,910
Uniper segment's achieved power price in Russia, EUR/MWh <sup>1)</sup>	23.8	22.1	20.9	22.1	21.7	21.2

1) Translated using average exchange rate.

## Fortum's production and sales volumes

Uniper sales and production volumes are disclosed from the second quarter of 2020.

### Power generation

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Power generation in Nordics	16.0	16.2	35.4	29.5	59.2	65.1
Power generation in other European countries	10.0	6.7	22.1	7.0	26.7	41.8
Power generation in Russia	15.7	14.8	36.4	23.2	55.6	68.8
Power generation in other countries	0.1	0.1	0.3	0.3	0.6	0.6
<b>Total</b>	<b>41.8</b>	<b>37.8</b>	<b>94.3</b>	<b>60.1</b>	<b>142.1</b>	<b>176.3</b>

### Heat production

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Heat production in Nordics	0.9	1.0	3.1	2.9	5.1	5.3
Heat production in other European countries	2.0	1.9	5.3	3.0	7.1	9.4
Heat production in Russia	2.7	2.7	11.1	8.9	17.4	19.6
<b>Total</b>	<b>5.6</b>	<b>5.6</b>	<b>19.4</b>	<b>14.8</b>	<b>29.6</b>	<b>34.2</b>

### Power generation capacity by segment

MW	30 June 2021	31 Dec 2020
Generation <sup>1)</sup>	8,039	8,163
Russia	4,928	4,928
City Solutions	1,150	988
Uniper <sup>2)</sup>	34,725	36,218
<b>Total</b>	<b>48,842</b>	<b>50,297</b>

1) Including 440 MW of Meri-Pori power plant, which is under reserve capacity agreement during period July 2020 - June 2022.

2) Including 875 MW of Heyden 4 power plant, which is under reserve capacity agreement during period July 2021 - September 2022.

### Heat production capacity by segment

MW	30 June 2021	31 Dec 2020
Russia	8,437	8,437
City Solutions	3,762	4,057
Uniper	6,576	7,017
<b>Total</b>	<b>18,776</b>	<b>19,511</b>

### Power generation by source in the Nordic area

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Hydro and wind power	7.4	7.6	16.5	14.2	29.6	31.9
Nuclear power	8.4	8.4	18.3	14.7	28.6	32.2
Thermal power	0.2	0.3	0.7	0.6	1.0	1.1
<b>Total</b>	<b>16.0</b>	<b>16.2</b>	<b>35.4</b>	<b>29.5</b>	<b>59.2</b>	<b>65.1</b>

### Power generation by source in the Nordic area

%	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Hydro and wind power	47	47	46	48	50	49
Nuclear power	52	52	52	50	48	49
Thermal power	1	2	2	2	2	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Power generation by source in other European countries

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Hydro and wind power	1.3	1.1	2.3	1.1	3.3	4.5
Thermal power	8.7	5.5	19.8	5.9	23.4	37.3
<b>Total</b>	<b>10.0</b>	<b>6.7</b>	<b>22.1</b>	<b>7.0</b>	<b>26.7</b>	<b>41.8</b>

Power generation by source in other European countries

%	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Hydro and wind power	13	17	10	16	12	11
Thermal power	87	83	90	84	88	89
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Power sales

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Power sales in Nordics	942	555	2,229	1,141	2,494	3,582
Power sales in other European countries <sup>1)</sup>	4,687	4,683	9,946	4,739	16,226	21,433
Power sales in Russia	387	390	825	652	1,411	1,584
Power sales in other countries	9	5	14	11	19	22
<b>Total</b>	<b>6,025</b>	<b>5,634</b>	<b>13,014</b>	<b>6,544</b>	<b>20,150</b>	<b>26,620</b>

1) Including commodity trading.

Heat sales

EUR million	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Heat sales in Nordics	56	48	202	158	271	315
Heat sales in other European countries	134	94	328	181	410	557
Heat sales in Russia	22	22	86	77	145	154
<b>Total</b>	<b>211</b>	<b>164</b>	<b>616</b>	<b>415</b>	<b>825</b>	<b>1,026</b>

Power sales by area

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Finland	5.3	5.7	12.1	12.2	23.1	23.0
Sweden	12.1	12.4	27.5	21.7	44.7	50.5
Russia	18.5	19.6	43.6	30.3	68.3	81.6
Norway	2.9	2.9	7.8	7.4	13.8	14.2
Germany <sup>1)</sup>	84.3	104.4	175.2	104.4	338.8	409.6
United Kingdom	2.7	3.2	10.0	3.2	13.0	19.8
Netherlands	1.2	1.8	3.7	1.8	6.3	8.2
Other countries	2.4	0.8	4.8	1.7	8.1	11.2
<b>Total</b>	<b>129.4</b>	<b>150.9</b>	<b>284.8</b>	<b>182.7</b>	<b>516.0</b>	<b>618.1</b>

1) Including commodity trading.

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

Heat sales by area

TWh	II/2021	II/2020	I-II/2021	I-II/2020	2020	LTM
Russia	2.7	2.7	11.0	8.9	17.4	19.5
Finland	0.5	0.7	1.7	1.7	2.9	2.9
Norway	0.3	0.2	1.0	0.8	1.5	1.7
Poland	0.6	0.5	2.3	1.9	3.4	3.8
Germany	0.8	0.7	2.0	0.7	2.4	3.7
Netherlands	0.7	0.6	1.7	0.6	2.3	3.4
Other countries	0.3	0.5	1.1	1.2	1.9	1.8
<b>Total</b>	<b>6.0</b>	<b>6.0</b>	<b>21.0</b>	<b>15.8</b>	<b>31.7</b>	<b>36.9</b>