



Fortum Half-year Financial Report

JANUARY-JUNE 2022



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Contents

Second quarter dominated by Russian gas curtailments – European energy crisis deepens	3
Fortum’s President and CEO Markus Rauramo’s comments	4
Financial results	6
Financial position and cash flow	8
Segment reviews	10
Capital expenditures, divestments, and investments in shares	22
Operating and regulatory environment	24
Key drivers and risks	29
Fortum in Russia	31
Outlook	33
Sustainability	34
Legal actions	34
Shares and share capital	38
Group personnel	38
Authorisations of the Board	38
Events after the reporting period	40
Further information	40

Tables to the Interim Report

Condensed consolidated income statement	41
Condensed consolidated statement of comprehensive income	42
Condensed consolidated balance sheet	43
Condensed consolidated statement of changes in total equity	44
Condensed consolidated cash flow statement	46
Change in financial net debt	48
Capital risk management	48
Key figures	49
Notes to the condensed consolidated interim financial statements	50
Definitions and reconciliations of key figures	80
Market conditions and achieved power prices	85
Fortum’s production and sales volumes	86

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

Second quarter dominated by Russian gas curtailments – European energy crisis deepens

April–June 2022

- Comparable EBITDA was EUR 920 (348) million
- Comparable operating profit was EUR 574 (35) million
- Operating profit was EUR -9,141 (-840) million, mainly impacted by changes in fair values of non-hedge-accounted derivatives and provisions for long-term gas contracts negatively impacted by Russian gas curtailments in the Uniper segment
- Comparable earnings per share were EUR 0.99 (0.09)
- Earnings per share were EUR -6.40 (-0.53)
- Cash flow from operating activities totalled EUR 275 (289) million
- On 19 May, Fortum closed the sale of its 50% ownership in Fortum Oslo Varme AS for approximately EUR 1 billion. The agreement was signed on 22 March 2022.
- On 22 July, Fortum, Fortum's subsidiary Uniper and the German Government agreed on a comprehensive stabilisation package to provide financial relief to Uniper.

January–June 2022

- Comparable EBITDA was EUR 816 (1,827) million due to the negative Uniper result
- Comparable operating profit was EUR 136 (1,206) million due to the negative Uniper result
- Operating profit was EUR -11,557 (505) million, mainly impacted by changes in fair values of non-hedge-accounted derivatives and provisions for long-term gas contracts negatively impacted by Russian gas curtailments in the Uniper segment
- Comparable earnings per share were EUR 0.88 (1.03)
- Earnings per share were EUR -8.90 (0.70)
- Impairments of approximately EUR 2.3 billion recorded pre-tax related to the Group's Russian operations including Nord Stream 2
- Cash flow from operating activities totalled EUR -1,254 (1,120) million due to negative change in working capital in the Uniper segment

Summary of outlook

- The Generation segment's Nordic generation hedges: approximately 80% at EUR 38 per MWh for the remainder of 2022, and approximately 60% at EUR 37 per MWh for 2023
- The Uniper segment's Nordic generation hedges: approximately 70% at EUR 26 per MWh for the remainder of 2022, approximately 55% at EUR 30 per MWh for 2023 and approximately 25% at EUR 30 per MWh for 2024*
- CANCELLATION of capital expenditure guidance: Fortum removes its guidance on capital expenditure for 2022 for the time being and will come back with an update in due course
- Uniper's anticipated losses from the gas curtailments will be recorded in Fortum's comparable operating profit, mainly affecting the third-quarter result

* As of the first quarter of 2022, Uniper has changed the reporting on its hedges. See Uniper's quarterly statement Q1 2022 materials for further details.

Key figures

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Reported						
Sales	38,237	17,128	81,860	38,621	112,400	155,639
Operating profit	-9,141	-840	-11,557	505	-588	-12,650
Share of profit/loss of associates and joint ventures	-49	61	-239	140	192	-188
Net profit	-7,356	-659	-10,189	651	-114	-10,953
Net profit (after non-controlling interests)	-5,686	-473	-7,908	618	739	-7,788
Earnings per share, EUR	-6.40	-0.53	-8.90	0.70	0.83	-8.77
Net cash from operating activities	275	289	-1,254	1,120	4,970	2,596

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Comparable						
EBITDA	920	348	816	1,827	3,817	2,807
Operating profit	574	35	136	1,206	2,536	1,466
Share of profit/loss of associates and joint ventures	25	52	51	119	154	86
Net profit (after non-controlling interests)	885	79	786	915	1,778	1,649
Earnings per share, EUR	0.99	0.09	0.88	1.03	2.00	1.85

EUR million	30 Jun 2022	31 Dec 2021	LTM
Financial net debt (at period-end)	2,353	789	
Adjusted net debt (at period-end)	4,188	3,227	
Financial net debt/comparable EBITDA		0.2	0.8

Fortum's President and CEO Markus Rauramo:

“During the second quarter of 2022, Russia escalated its brutal war against Ukraine and launched an outright energy war against the EU. Due to Russia's gas curtailments, fears for security of supply and affordability of energy on the continent increased substantially. As a result, European gas and power prices rose dramatically and reached record-high levels in volatile markets.

The supply shortfalls of Russian gas and surging gas prices caused dire financial difficulties for our subsidiary Uniper, Germany's largest importer of natural gas. To fulfil its contractual obligations, Uniper has to source replacement volumes of the curtailed Russian gas in the market at significantly higher prices compared to its delivery contracts and has not been allowed to pass the additional cost on to the customers. Swift actions were required during the summer as Uniper's losses were accelerating and amounted to double digit millions per day, which resulted in immediate, substantial liquidity needs. These losses are now reflected in our result on a multi-billion scale, partly as materialised losses and partly as impairments and provisions that will materialise as losses in coming quarters.

On 22 July, after in-depth and constructive negotiations, we were able to announce the stabilisation package agreed between Fortum, Uniper and the German Government – with the support of the Finnish Government – to provide financial relief to Uniper. According to the agreement, the German state is providing EUR 15 billion of equity and liquidity for the stabilisation of Uniper. As a result of the capital measures, the German state will take a 30% stake in Uniper and Fortum's ownership will consequently be diluted from 80% to 56%. Fortum will, however, remain the largest shareholder of Uniper.

Let me emphasise that for us at Fortum, three things were – and remain – crucially important in agreeing on the stabilisation package for Uniper: First, to stabilise Uniper. This has been achieved by the German Government taking a stake plus providing additional substantial liquidity. Second, to avoid further capital injections from Fortum – or the Finnish taxpayers – beyond the EUR 8 billion in loans and parent company guarantees to Uniper that were announced in January. In consideration of its liquidity support, Fortum now has the option to convert its existing EUR 4 billion

shareholder loan to a hybrid instrument before its maturity. And third, to find a long-term sustainable structural solution for Uniper's gas business, together with the German Government. This is also part of the agreement and is a major step in ensuring that Uniper, and consequently also the Fortum Group, will return to a stable footing.

For the upcoming weeks and months, our focus is on agreeing with the German Government on how to finalise and execute the details of this stabilisation package, and to obtain all required regulatory approvals, including from the European Commission.

The announcement of Uniper's stabilisation package was also positively noted by the rating agencies. S&P Global Ratings removed the status of CreditWatch Negative and affirmed Fortum's and Uniper's long-term credit ratings of BBB and BBB-, respectively, with negative outlook. Due to the strong governmental support, S&P now considers Uniper a "government-related entity" which enabled Uniper to retain its investment-grade rating, despite an overall weaker stand-alone credit quality. The negative outlook reflects prevailing uncertainty surrounding gas flows and the fact that details of the stabilisation package are still to be defined and approved. In addition, Fitch also affirmed Fortum's long-term rating of BBB with negative outlook.

It's important to note that the current situation in the European commodity markets does not only reflect the developments of a single past quarter, but is the result of events that began already last summer. At that time, Europe was coming out of Covid restrictions, economies were recovering fast and commodity prices started to rise quickly. At the turn of the year, the high prices and increasing margin requirements caused liquidity constraints for Uniper. During the summer, the Russian gas curtailments have been the root cause for the record-high prices and supply concerns.

Similar effects are reflected in the Nordic market as well. Geopolitical tensions and its impacts on the European energy market have significantly raised the spot and forward prices for power in the Nordics, leading to increased collateral requirements and liquidity needs for utility companies. One can even argue that exchange traded futures markets are currently dysfunctional – they are driven by price and an unfit regulatory framework for these extraordinary circumstances - making the situation challenging for power producers and consumers alike. As a utility company we are currently managing the situation, but if the prices continue to rise, there will be a point where we have to increase our liquidity reserves. Therefore, I urge our Nordic governments to ensure that the regulation does not create undue burdens for companies providing energy to the markets and that financing is available for market participants to cover high margining and collateral needs in the short term and in the longer term to push for changes in the EU EMIR-regulation which set the legal framework for margining requirements. This is important because well-functioning futures market is a source for stability and predictability that both energy producers and users need.

In the second quarter, our comparable operating profit was EUR 574 million, which shows that the underlying power business is healthy. However, the Group recorded a net loss of EUR 7.4 billion as it was heavily affected by items affecting comparability deriving from fair value changes of derivatives in Uniper's gas and power businesses and provisions on the Russian gas curtailment losses from mid-June onwards. The situation is not expected to ease until the beginning of October when the German Government will implement a levy on all gas customers to cover 90% of the replacement costs for gas procurement.

On a Fortum stand-alone basis, the quarter's highlight was once again the Generation segment's good performance. It was mainly driven by higher achieved power prices following record-high physical optimisation results and higher spot prices. City Solutions' result was burdened by higher fuel and CO₂ emission allowance prices, changes in fuel mix as well as structural changes. Consumer Solutions' earnings were supported by improved electricity and gas sales margins. The Russia segment's result was impacted by a stronger rouble and higher prices and volumes, partly offset by the expiry of CSA payments.

As we announced in May, we are still pursuing a controlled exit from the Russian market with a potential divestment of the operations as the preferred path. We are currently assessing the possible implications of the new decree in Russia. As we have noted earlier, these processes may take time to conclude, and in the energy sector this has typically meant an approval from the Government Commission in Russia.

In summary: As a European energy provider, we are faced with a completely new reality compared to only six months ago. The high uncertainty in our operating environment is expected to continue. From our pan-European vantage point, the energy crisis with supply constraints and high prices in Europe is deep – and will most likely intensify towards the winter. This crisis has created unprecedented short-term challenges, as we have experienced with Uniper. It also has far-reaching implications for the longer-term energy system and energy transition. It has brought a new urgency to energy-supply diversification and has shone a harsh spotlight on affordability. In addition to making a turnaround of Uniper and improving the competitiveness of Fortum, we will look at our strategy to take all the new

realities into account. We will find a solution that ensures we can fulfil this role – for the energy transition and for long-term security of supply in Europe.”

Financial results

Sales by segment

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Generation	722	575	1,432	1,251	2,899	3,080
Russia	218	182	441	446	906	901
City Solutions	229	256	619	674	1,302	1,247
Consumer Solutions	856	424	2,024	1,085	2,622	3,561
Uniper	36,487	15,893	77,971	35,663	105,992	148,301
Other Operations	34	36	69	70	138	137
Netting of Nord Pool transactions	-379	-137	-827	-359	-1,128	-1,596
<i>Eliminations</i>	69	-101	131	-208	-331	8
Total	38,237	17,128	81,860	38,621	112,400	155,639

Comparable EBITDA by segment

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Generation	340	243	670	558	1,299	1,411
Russia	91	70	183	205	404	382
City Solutions	0	43	90	175	317	231
Consumer Solutions	40	36	94	89	123	128
Uniper	468	-17	-177	851	1,789	761
Other Operations	-19	-29	-44	-52	-114	-106
Total	920	348	816	1,827	3,817	2,807

Comparable operating profit by segment

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Generation	294	195	576	464	1,110	1,221
Russia	57	37	118	137	261	242
City Solutions	-36	-4	12	82	135	65
Consumer Solutions	21	19	56	55	52	53
Uniper	263	-177	-570	534	1,120	16
Other Operations	-24	-36	-55	-66	-142	-131
Total	574	35	136	1,206	2,536	1,466

Operating profit by segment

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Generation	-8	188	291	505	1,054	839
Russia	8	8	-227	108	227	-107
City Solutions	563	-3	599	82	2,671	3,188
Consumer Solutions	221	87	413	147	495	761
Uniper	-9,901	-1,093	-12,571	-279	-4,901	-17,192
Other Operations	-23	-27	-62	-58	-134	-138
Total	-9,141	-840	-11,557	505	-588	-12,650

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

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Generation	9	10	12	5	11	17
Russia	3	29	15	52	62	26
City Solutions	3	1	7	40	42	10
Consumer Solutions	-	-	-	-	-	-
Uniper	9	11	17	22	39	35
Other Operations	0	1	-1	0	0	-1
Total	25	52	51	119	154	86

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

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Generation	-27	12	-58	20	36	-41
Russia	-24	29	-183	52	62	-173
City Solutions	3	1	7	40	42	10
Consumer Solutions	-	-	-	-	-	-
Uniper	-2	18	-4	29	51	19
Other Operations	0	1	-1	0	0	-1
Total	-49	61	-239	140	192	-188

April–June 2022

Sales were EUR 38,237 (17,128) million.

Comparable operating profit was EUR 574 (35) million. The improvement was mainly driven by higher results in Uniper's Global Commodities business due to the shift of EUR 750 million of earnings from the first quarter to the second quarter. This result shift was partly offset by EUR 403 million of losses from the Russian gas curtailment, an intra-year CO₂ emission rights phasing effect that shifted margins from the second quarter of 2022 to the fourth quarter of 2022, and a significantly lower result in the international business. Earnings increased in the Generation segment due to the higher achieved power price.

Operating profit for the period was impacted by EUR -9,715 (-875) million of items affecting comparability, mainly deriving from changes in fair values of non-hedge-accounted derivatives and provisions for long-term gas contracts negatively impacted by Russian gas curtailments of EUR -10,242 (-852) million especially in the Uniper segment (Note 4). The anticipated losses from gas curtailments of EUR 6.5 billion have been recognised as items affecting comparability. The amount includes reduced fair values of gas purchase contracts (derivatives) as well as a EUR 2.4 billion provision for long-term gas contracts negatively impacted by the Russian gas curtailments. The long-term gas contract provision reflects the risk of increased purchase (replacement) cost to substitute the potentially curtailed Russian gas supplies in the future (Note 5 and 17).

Comparable share of profits of associates and joint ventures was EUR 25 (52) million (Note 12).

January–June 2022

Sales were EUR 81,860 (38,621) million due to record-high commodity prices.

Comparable operating profit was EUR 136 (1,206) million. The main reason for the significantly lower result was EUR 403 million of losses in the Uniper segment from the Russian gas curtailment, an intra-year CO₂ emission rights phasing effect that shifted margins from the first half of 2022 to the fourth quarter of 2022. In the previous year, the Uniper segment recorded strong earnings in its international business. Fortum's Generation segment improved its result due to the higher achieved power price following record-high physical optimisation and higher spot prices.

Operating profit for the period was impacted by EUR -11,693 (-701) million of items affecting comparability, the majority of which is related to changes in fair values of non-hedge-accounted derivatives and provisions for long-term

gas contracts negatively impacted by Russian gas curtailments of EUR -11,349 (-687) million almost entirely related to the Uniper segment. The anticipated losses from gas curtailments of EUR 6.5 billion have been recognised as items affecting comparability. The amount includes reduced fair values of gas purchase contracts (derivatives) as well as a EUR 2.4 billion provision for long-term gas contracts negatively impacted by Russian gas curtailments. The provisions for long-term gas contracts reflect the risk of increased purchase (replacement) cost to substitute the potentially curtailed Russian gas supplies in the future (Note 5 and 17). Items affecting comparability also include EUR 320 million of impairments related to fixed assets and goodwill for the Russia segment and EUR 656 million of impairments for fixed assets from the Uniper segment's Russian subsidiary Unipro. The stronger Russian rouble rate increased impairments by EUR 147 million compared to the first quarter of 2022 (Note 4 and 13).

Comparable share of profits of associates and joint ventures was EUR 51 (119) million (Note 12). In the first half of 2022, the share of profits of associates and joint ventures amounted to EUR -239 million and includes EUR 175 million of impairments related to Fortum's ownership in the Russian TGC-1 and EUR 26 million of impairments of the renewables joint ventures in Russia. The increase in impairments compared to the first quarter of 2022 is due to the strengthening of the Russian rouble rate.

Finance costs - net amounted to EUR -426 (71) million. Comparable finance costs - net amounted to EUR 790 (29) million. The change in finance cost - net mainly relates to the EUR 1,003 million impairment of Uniper's financial loan receivable, including accrued interest, for the Nord Stream 2 pipeline project, partly offset by foreign exchange gains from rouble receivables and the closing of rouble hedges. The Nord Stream 2 receivable was fully written down in the first quarter.

Profit before income taxes was EUR -12,220 (717) million. Comparable profit before income taxes was EUR 976 (1,354) million.

Income taxes for the period totalled EUR 2,031 (tax income) (-66) million. Comparable income taxes were EUR -215 (-284) million (Note 8).

Net profit was EUR -10,189 (651) million. Comparable net profit was EUR 786 (915) 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 (Notes 4.2 and 24).

Earnings per share were EUR -8.90 (0.70) and comparable earnings per share were EUR 0.88 (1.03).

For further details, see Segment reviews.

Financial position and cash flow

Cash flow

In January–June, net cash from operating activities decreased by EUR 2,374 million and turned negative by EUR -1,254 (1,120) million. The main reason for the negative cash flow was the increase in working capital in the Uniper segment. Working capital was impacted by payments for CO₂ allowances and gas-related operational measures taken to improve liquidity in the fourth quarter of 2021. These measures had a reverse cash flow effect in the first half of 2022. In addition, following the gas curtailment, Uniper has procured replacement volumes at high market prices, which also has increased working capital.

Net cash from investing activities was EUR -1,050 (-1,979) million. Capital expenditure decreased by EUR 183 million to EUR 387 (570) million. Divestment of shares and capital returns of EUR 1,017 (151) million mainly include the divestment of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway. In addition, Fortum deconsolidated a related EUR 0.2 billion loan from the City of Oslo. Divestment of shares in the comparison period mainly includes the divestments of the 80% stake in the Sørkjord wind park in Norway and eight small hydropower plants in Sweden. The change in margin receivables was EUR -1,543 (-1,285) million.

Cash flow before financing activities was EUR -2,305 (-859) million.

Net cash from financing activities was EUR -1,270 (271) million. The net decrease in long-term liabilities was EUR 2,536 (562) million, while the decrease in short-term liabilities was EUR 95 (increase 794) million, mainly related to

repayments of commercial papers. The change in margin liabilities was EUR 2,583 (1,180) million. The net decrease in liquid funds was EUR 3,574 (588) million (Note 15).

Assets

At the end of the second quarter, total assets amounted to EUR 231,669 (149,661 at the end of 2021) million. The increase from December 2021 was mainly related to the higher value of derivative financial instruments in the Uniper segment as a result of higher commodity prices.

Equity

Total equity amounted to EUR 1,311 (13,665 at the end of 2021) million. Equity attributable to owners of the parent company totalled EUR 1,980 (12,131 at the end of 2021) million. The change from December 2021 was mainly related to the net loss for the period of EUR 7,908 million, the EUR -2,537 million impact from the fair valuation of cash flow hedges and the dividend of EUR 1,013 million marginally offset by the positive impact from translation differences of EUR 1,021 million. The dividend of EUR 1.14 euro per share was paid on 6 April 2022.

Financing

Since the second half of 2021, the very volatile commodity markets with unprecedentedly high prices have resulted in significantly high margining requirements for European energy market participants. To manage this volatility and the high price levels, the Group has taken precautionary financing measures to secure its liquidity position and financial flexibility.

Fortum has determinedly executed its strategy and taken measures, mainly divestments of non-core assets and businesses during the past years, to strengthen its balance sheet and secure its rating. With these actions, the Group has successfully lowered its financial net debt-to-comparable EBITDA ratio to a level clearly below the target level of <2 times. At the end of June, the ratio was 0.8 times (0.2 at the end of 2021).

At the end of the reporting period, financial net debt was EUR 2,353 (789 at the end of 2021) million. Adjusted net debt was EUR 4,188 (3,227 at the end of 2021) million.

At the end of the reporting period, the Group's liquid funds totalled EUR 4,165 (7,592 at the end of 2021) million. Liquid funds include EUR 3,072 (2,966 at the end of 2021) million related to the Uniper segment. The dividend, EUR 1,013 million, was paid on 6 April 2022.

In January 2022, Uniper signed a EUR 2,000 million revolving credit facility (maturity in April 2022) with the German state-owned KfW Bank and Fortum signed a EUR 3,000 million revolving credit facility (maturity in April 2022 with an extension option of 3 months) to manage the liquidity situation around the turn of the year. Fortum repaid the drawn amount of EUR 500 million of its EUR 800 million bilateral revolving credit facility (maturity in December 2022 with an extension option of 1 year by Fortum).

In March 2022, Uniper extended its EUR 2,000 million facility to mature in April 2023. Fortum extended the maturity of its EUR 3,000 million revolving credit facility to July 2022. Additionally, Fortum repaid EUR 247 million of the nuclear waste fund loans totalling EUR 918 million after the repayment.

In June 2022, Fortum signed a new EUR 5,500 million revolving credit facility which consists of a EUR 3,100 million Liquidity revolving credit facility (maturity in June 2023 with extension options for 6+6 months by Fortum) and a EUR 2,400 million Core revolving credit facility (maturity in June 2025 with 1+1 year extension options by the lenders). Fortum drew EUR 2,000 million from the Liquidity revolving credit facility. The above-mentioned EUR 3,000 million revolving credit facility (maturity in July 2022) was cancelled and a EUR 1,750 million revolving credit facility (maturity in June 2023) was repaid and cancelled in June 2022. Fortum also drew EUR 800 million of its EUR 800 million bilateral revolving credit facility (maturity in December 2022 with an extension option of 1 year by Fortum). Further, Fortum prepaid the remaining balance of EUR 450 million of its bridge loan.

By the end of the reporting period, Fortum's total interest-bearing loans decreased by EUR 2,889 million to EUR 13,255 million. Current loans, including the EUR 3,015 million current portion of long-term loans, amounted to EUR 7,727 million. Short-term loans decreased by EUR 1,945 million to EUR 4,713 million at the end of June (EUR 6,658 million at the end of 2021). Uniper's revolving credit facility of EUR 1,800 million was reclassified from short-term to

long-term loans to reflect its contractual maturity in 2025. The use of commercial papers decreased by EUR 2,483 million to EUR 646 million from EUR 3,129 million at the end of 2021 (Note 15).

At the end of the reporting period, Fortum Group had undrawn committed credit facilities amounting to EUR 5,500 million. These include committed credit facilities of EUR 3,500 million: EUR 1,100 million of the Liquidity revolving credit facility and the EUR 2,400 million Core revolving credit facility, and the Uniper committed revolving credit facility of EUR 2,000 million. In addition, Fortum had EUR 100 million committed overdraft limits that are valid until further notice. The bilateral revolving credit facility of EUR 800 million and Uniper's revolving credit facility of EUR 1,800 million (maturity in September 2025) were fully drawn.

For further details on Uniper's financing details, please see 'Events after the reporting period' on page 39.

On 14 March 2022, S&P Global Ratings (S&P) placed Fortum's and Uniper's BBB long-term credit ratings on CreditWatch Negative. On 16 May 2022, S&P resolved the CreditWatch and affirmed Fortum's BBB rating with negative outlook. However, Uniper's long-term credit rating was downgraded by one notch from BBB to BBB- also with negative outlook.

On 17 March 2022, Fitch Ratings (Fitch) affirmed its long-term credit rating for Fortum to BBB with stable outlook.

Segment reviews

Generation

Generation is responsible for Nordic power generation. The segment comprises CO₂-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 February 2022, Generation is responsible for Uniper's hydro asset management and dispatch activities in Sweden. The segment includes Generation's proportionate share of OKG (Note 3).

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Reported						
Sales	722	575	1,432	1,251	2,899	3,080
- power sales	709	539	1,409	1,166	2,690	2,933
of which Nordic outright power sales*	520	402	1,017	870	1,937	2,084
- other sales	13	36	23	85	209	147
Operating profit	-8	188	291	505	1,054	839
Share of profit/loss of associates and joint ventures**	-27	12	-58	20	36	-41
Capital expenditure and gross investments in shares	42	35	75	62	175	188
Number of employees			1,344		1,116	

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Comparable						
EBITDA	340	243	670	558	1,299	1,411
Operating profit	294	195	576	464	1,110	1,221
Share of profit/loss of associates and joint ventures**	9	10	12	5	11	17
Return on net assets, %					18.0	19.9
Net assets (at period-end)			6,110	6,207	6,336	

* 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 2021).

Power generation by source

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Hydropower, Nordic	4.7	5.5	10.1	12.2	23.3	21.2
Nuclear power, Nordic	5.6	5.4	11.8	11.8	23.5	23.6
Thermal power, Nordic	-	-	-	-	0.0	0.0
Total	10.3	10.9	21.9	23.9	46.8	44.8

Nordic sales volumes

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Nordic sales volume	12.0	12.7	25.7	27.7	54.1	52.1
of which Nordic outright power sales volume*	9.9	10.6	21.2	23.2	45.3	43.4

* 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/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Generation's Nordic achieved power price*	52.3	38.1	47.9	37.6	42.8	48.1

* 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 2022

The Generation segment's total power generation in the Nordic countries decreased due to lower hydro volumes caused by lower inflow. Nuclear volumes increased slightly due to shorter planned outages compared to the second quarter of 2021. The segment's overall operational performance and load factor for nuclear generation were at a good level. CO₂-free generation accounted for 100% of the total power generation.

The achieved power price in the Generation segment increased by EUR 14.2 per MWh, up by 37%. The achieved power price increased mainly due to record-high physical optimisation and higher spot prices. While the spot power price increased by 141% in the Generation segment's power generation areas, the positive result effect of the higher achieved power price was dampened by the fairly high hedge levels and a hedge price below the level of the spot price. The achieved power price was also negatively impacted by the high price difference in Sweden between the high system price and the low SE2-area spot price (Sundsvall). Due to low liquidity in the SE2-area price products, the hedge ratio in the SE2-area was lower than the system price hedge ratio and, consequently, negatively affected the achieved power price.

The higher achieved power price boosted comparable operating profit, which increased by 51%. The increase was also supported by slightly lower costs; however, the result improvement was partly offset by lower hydro volumes. Comparable operating profit included EUR -7 (5) million from the consolidation of the Generation segment's proportionate share of OKG (Note 3).

Operating profit was affected by EUR -302 (-8) 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 9 (10) million (Notes 3 and 12).

January–June 2022

The Generation segment's total power generation in the Nordic countries decreased due to lower hydropower volumes. This was caused by lower inflow to the segment's power generation areas and lower reservoir levels during the first half of the year. The operational performance and production volumes for nuclear generation were solid and at the same good level as in the first half of 2021.

The achieved power price in the Generation segment increased by EUR 10.3 per MWh, up by 27%. The achieved power price increased mainly due to the very successful physical optimisation and higher spot prices. While the spot power price increased by 109% in the Generation segment's power generation areas, the positive result effect of the

higher achieved power price was dampened by the fairly high hedge levels and a hedge price below the level of the spot price. The achieved power price was also negatively impacted by the significant price difference in Sweden between the high system price and the lower SE2-area spot price (Sundsvall). Due to low liquidity in the SE2-area price products, the hedge ratio in SE2-area was lower than the system price hedge ratios and, consequently, negatively affected the achieved power price.

Comparable operating profit increased by 24%. The increase was mainly related to the higher achieved power price and slightly lower costs, partly offset by lower hydro volumes. Comparable operating profit included EUR 1 (6) million from the consolidation of the Generation segment's proportionate share of OKG (Note 3).

Operating profit was affected by EUR -285 (41) 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 12 (5) million (Notes 3 and 12).

On 1 February 2022, the Fortum and Uniper joint organisation for the Nordic hydro and physical trading operations was launched as part of three strategic cooperation areas. Fortum took responsibility for Uniper's hydropower asset management in Sweden as well as physical trading optimisation and dispatch activities in the Nordics. The ownership of Uniper's hydropower assets stays with Uniper. The new organisation manages the third largest CO₂-free power portfolio in Europe and consists of some 400 employees.

On 3 March 2022, Fortum announced that it had decided to apply for a new operating licence for both units at the nuclear power plant in Loviisa, Finland, until the end of 2050. If approved, the plant is expected to generate up to 170 terawatt-hours of CO₂-free electricity over the course of the lifetime extension. Investments related to the continuing of operations and lifetime extension will amount to an estimated one billion euros until 2050. On 18 March 2022, Fortum submitted the Loviisa nuclear power plant operating licence application to the Finnish Government.

On 12 March 2022, electricity generation of TVO's third Olkiluoto nuclear power plant unit (OL3) in Finland started. The total capacity of the plant is 1,600 MW. In June 2022, TVO announced that the start of regular electricity generation was postponed from September to December 2022. Once regular electricity production starts, OL3 will produce approximately 14% of Finland's total electricity consumption (Note 16).

On 9 June 2022, Fortum announced that it along with Gasgrid Finland had signed a Letter of Intent on placing Finland's first floating LNG terminal vessel, Exemplar, at Fortum's Inkoo port. Located on the southern coast of Finland, Inkoo provides an optimal deep-water port at close proximity to the pipelines distributing the gas mainly to industrial end-users in the Baltic region. This project supports Finland's self-sufficiency of gas. Gasgrid Finland is leasing a floating LNG terminal vessel for a duration of ten years and aims to have the terminal available already next winter. The vessel's capacity is sufficient for the gas needs of both Finland and Estonia. Russian gas supplies through the Imatra entry point were stopped in May 2022.

Russia

The Russia segment comprises power and heat generation and sales in Russia. The segment includes Fortum's fully owned power plants, its joint ventures for renewable power generation and joint ventures for power and heat sales, as well as Fortum's more than 29% holding in TGC-1. These joint ventures and the associated company are accounted for using the equity method. The segment does not include Uniper's Russian subsidiary Unipro.

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Reported						
Sales	218	182	441	446	906	901
- power sales	192	161	369	367	761	763
- heat sales	25	20	67	76	137	128
- other sales	1	2	4	3	8	9
Operating profit	8	8	-227	108	227	-107
Share of profit/loss of associates and joint ventures	-24	29	-183	52	62	-173
Capital expenditure and gross investments in shares	2	30	13	37	83	59
Number of employees			2,579		2,627	

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Comparable						
EBITDA	91	70	183	205	404	382
Operating profit	57	37	118	137	261	242
Share of profit/loss of associates and joint ventures	3	29	15	52	62	26
Return on net assets, %					12.9	10.3
Net assets (at period-end)			3,352	2,572	2,508	

Power generation and heat production for the Russia segment

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Russian power generation	6.5	6.1	14.7	14.6	28.6	28.8
Russian heat production	2.1	2.4	8.3	9.9	17.1	15.5

Prices for the Russia segment

	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Average capacity price for CCS and other, tRUB/MW/month* **	184	159	197	170	170	184
Average capacity price for CSA, tRUB/MW/month**	1,002	1,057	1,110	1,174	1,174	1,146
Average capacity price, tRUB/MW/month	454	524	496	581	584	542
Achieved power price for the Russia segment, RUB/MWh	1,900	2,015	1,908	1,944	2,018	2,001
Achieved power price for the Russia segment, EUR/MWh***	26.4	22.5	22.4	21.7	23.2	23.5

* 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 2022

Power generation volumes increased by 7%. The main reason was related to maintenance work at the Nyagan plant and other power plants in the second quarter of 2021, partly offset by the divestment of the Argayash coal-fired combined heat and power plant (CHP) in the third quarter of 2021. Heat production volumes decreased by 13% due to structural changes, i.e. the divestment of the Argayash (CHP) plant.

Sales increased by 20%, or by EUR 36 million, mainly due to the stronger Russian rouble, the effect of which was partly offset by expiry of Capacity Supply Agreement (CSA) payments of the Nyagan 1 production unit and the divestment of the Argayash CHP plant. The effect of the change in the Russian rouble exchange rate was EUR 46 million.

Comparable operating profit increased by 54%, or EUR 20 million. The positive effects from the EUR 12 million change in the Russian rouble exchange rate, improved bad debt collection, lower depreciation following impairments recognised in the first quarter, as well as higher power prices were partly offset by the expiry of the CSA period for the Nyagan 1 production unit.

Due to the change in the Russian rouble exchange rate, impairments related to Fortum's Russia segment as recognised in the first-quarter 2022 results were adjusted by EUR -46 million.

Comparable share of profits of associates and joint ventures totalled EUR 3 (29) million, including the share of profits of EUR 0 (15) million from TGC-1, EUR 1 (14) million from the joint ventures for renewables power generation, and EUR -1 (2) million from the joint ventures for heat distribution. (Notes 3 and 12).

January–June 2022

Power generation volumes increased by 1%. The positive effect of the higher generation was due to maintenance at the Nyagan plant and other power plants in the second quarter of 2021 partly offset by the divestment of the Argayash CHP plant in the third quarter of 2021. Heat production volumes decreased by 16% due to the Argayash CHP plant divestment and warmer weather.

Sales decreased by 1%, or EUR 5 million, due to expiry of the CSA payments of the Nyagan 1 production unit and the divestment of the Argayash CHP plant. This negative impact was partly offset by higher power prices and the stronger Russian rouble. The effect of the change in the Russian rouble exchange rate was EUR 22 million.

Comparable operating profit decreased by 14%, or EUR 19 million. The negative effect from the CSA expiry for Nyagan 1 was partly offset by the EUR 6 million effect of the change in the Russian rouble, higher power prices and lower depreciation following impairments recognised in the first quarter. The comparison period includes a EUR 17 million positive effect from the sale of the 116-MW CSA-backed solar power project to the Fortum-RDIF joint venture.

Comparable share of profits of associates and joint ventures totalled EUR 15 (52) million, including the share of profits of EUR 6 (9) million from the joint ventures for heat distribution, EUR 6 (20) million from the joint ventures for renewables power generation and EUR 0 (22) million from TGC-1 (Notes 3 and 12).

On 18 January 2022, Fortum announced that a 1.3 GW portfolio of wind projects is being transferred to a new joint venture. Due to the current geopolitical circumstances and preparation for a controlled exit in Russia, as announced in May 2022, Fortum is looking into revisiting the structure. Fortum's ownership interest in the 1.3-GW wind portfolio is presented in Other non-current assets.

On 3 May 2022, following Russia's attack and the war in Ukraine and the consequential geopolitical tensions, uncertainties and risks, Fortum announced pre-tax impairments related to the company's Russian operations recorded in its first-quarter 2022 results. The impairments include approximately EUR 320 million related to fixed assets and goodwill for Fortum's Russia segment. Further, impairments also include approximately EUR 201 million related to Fortum's ownership in TGC-1 and renewables joint ventures.

City Solutions

City Solutions is responsible for sustainable solutions for urban areas. The segment comprises heating, cooling, waste-to-energy, and other circular economy solutions, as well as solar power generation, services, and development of new biomass-based businesses. The business operations are located in the Nordics, Poland, and India. The segment does not include the operations of Fortum's subsidiary Uniper.

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Reported						
Sales	229	256	619	674	1,302	1,247
- heat sales	87	100	316	346	612	582
- power sales	31	42	80	103	205	182
- waste treatment sales*	49	60	111	122	250	238
- other sales**	62	54	112	103	236	245
Operating profit	563	-3	599	82	2,671	3,188
Share of profit/loss of associates and joint ventures	3	1	7	40	42	10
Capital expenditure and gross investments in shares	38	39	63	86	162	139
Number of employees			1,607		1,766	

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Comparable						
EBITDA	0	43	90	175	317	231
Operating profit	-36	-4	12	82	135	65
Share of profit/loss of associates and joint ventures	3	1	7	40	42	10
Return on net assets, %					6.1	3.4
Net assets (at period-end)			1,614	2,572	2,456	

* 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/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Finland	0.5	0.5	1.6	1.7	3.1	2.9
Poland	0.5	0.6	2.0	2.3	3.8	3.6
Norway	0.1	0.3	0.8	1.0	1.8	1.5
Other countries	0.1	0.3	0.2	1.1	1.3	0.4
Total	1.3	1.8	4.7	6.2	10.0	8.5

Power sales by country

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Finland	0.1	0.2	0.4	0.9	1.3	0.9
Poland	0.1	0.2	0.4	0.4	0.7	0.7
Other countries	0.0	0.4	0.1	0.8	1.3	0.5
Total	0.3	0.8	0.9	2.1	3.3	2.1

April–June 2022

Heat sales volumes decreased by 28% and power sales volumes decreased by 63%, mainly as a consequence of the divestments of the Baltic district heating business and the sale of Fortum's 50% ownership in the Norwegian district heating company Fortum Oslo Varme.

Comparable operating profit decreased by EUR 32 million, mainly as a result of clearly higher fossil fuel and CO₂ emission allowance prices as well as a change in fuel mix, partly offset by higher power prices and the divestment of the ownership in Fortum Oslo Varme. District heating price increases have been announced, however, and became effective in July. The comparable operating profit was also negatively affected by the timing of planned outages and decreasing metal prices related to the recycling and waste solutions business. Comparable operating profit was further negatively affected by structural changes from the divestments of the Baltic district heating business and the 500-MW solar plants in Rajasthan and Karnataka in India. In addition, the second-quarter comparable operating profit included a tax-exempt sales gain of EUR 5 million from the divestment of 250-MW Rajasthan solar plant in India.

Operating profit was affected by EUR 599 (0) million of items affecting comparability, mainly related to the tax-exempt capital gain of EUR 638 million from the divestment of Fortum Oslo Varme (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 3 (1) million. The comparison period includes EUR -2 million of share of profits from Stockholm Exergi. Fortum's 50% ownership was divested in September 2021 (Notes 3 and 12).

January–June 2022

Heat sales volumes decreased by 24%, mainly due to the divestment of the Baltic district heating business, the sale of Fortum's 50% ownership in the Norwegian district heating company Fortum Oslo Varme and warmer weather conditions in all heating areas. The power sales volumes decreased by 57%, mainly due to structural changes following the divestment of the Baltic district heating business, and the 0.5 TWh lower power sales in Finland due to higher delivery and procurement costs of fossil fuels and high CO₂ emission allowance prices.

Comparable operating profit decreased by 85%, or EUR 70 million, mainly as a result of clearly higher fossil fuel and CO₂ emission allowance prices as well as lower heat volumes due to warmer weather, partially offset by higher power prices and the divestment of the ownership in Fortum Oslo Varme. Comparable operating profit was negatively affected also by structural changes from the divestments of the Baltic district heating business and the 250-MW Pavagada II and 250-MW Rajasthan solar plants in India, partly offset by the tax-exempt sales gain of EUR 5 million from the divestment of the 250-MW Rajasthan solar plant in India. The profits from Rajasthan solar park divestment are recognised in comparable operating profit and in two tranches. The first tranche, in the fourth quarter of 2021, a tax-exempt sales gain of EUR 11 million was recorded.

Operating profit was affected by EUR 587 (0) million of items affecting comparability, mainly related to the tax-exempt capital gain of EUR 638 million from the divestment of Fortum Oslo Varme (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 7 (40) million. The comparison period includes EUR 31 million of share of profits from Stockholm Exergi. Fortum's 50% ownership was divested in September 2021 (Notes 3 and 12).

On 4 February 2022, Fortum announced that it had won the right from Solar Energy Corporation of India (SECI) to build two solar power plants with a total capacity of 600 MW in Karnataka, India. On 16 March 2022, Fortum participated in another solar auction in India and won the right from Gujarat Urja Vikas Nigam Limited (GUVNL) to build a 200-MW solar plant in Gujarat. These projects are planned to be developed together with a partner and are expected to be commissioned by 2024.

On 3 March 2022, Fortum announced that it decided to discontinue the strategic assessment of its Polish district heating business and will continue to develop the business as part of the Group. Fortum will evaluate alternatives for further decarbonisation of these assets in line with its target to be carbon neutral in its European power and heat generation by 2035. At the end of 2021, Fortum's coal-based capacity in Poland was 0.1 GW.

On 17 March 2022, Fortum and Microsoft announced the world's largest collaboration to heat homes, services and businesses with sustainable waste heat from the new data centre in the Helsinki metropolitan area in Finland. The concept utilises Fortum's existing district heating infrastructure in Espoo, the second largest in Finland, for heat capture and distribution. Fortum's district heating infrastructure in this area includes about 900 km of underground pipes that transfer heat to approximately 250,000 users. Once operational, approximately 60% of the area's heating will be generated by climate-friendly waste heat.

On 19 May 2022, Fortum concluded the sale of its 50% ownership in the district heating company Fortum Oslo Varme AS in Norway to a consortium of institutional investors of Hafslund Eco, Infranode and HitecVision. The total

consideration of the sale amounted to approximately EUR 1 billion on a cash and debt-free basis and as part of the transaction, Fortum deconsolidated a related EUR 0.2 billion loan from the City of Oslo. The loan was recognised as liabilities related to assets held for sale in Fortum's first-quarter interim report of 2022. Fortum recorded a tax-exempt capital gain of EUR 638 million in the City Solutions segment's second-quarter 2022 results.

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

Consumer Solutions

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

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Reported						
Sales	856	424	2,024	1,085	2,622	3,561
- power sales	747	353	1,724	927	2,253	3,050
- gas sales	73	39	209	96	225	338
- other sales	37	32	91	62	144	173
Operating profit	221	87	413	147	495	761
Capital expenditure and gross investments in shares	17	25	32	36	68	64
Number of employees			1,172		1,176	

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Comparable						
EBITDA	40	36	94	89	123	128
Operating profit	21	19	56	55	52	53
Net assets (at period-end)			809	618	1,125	

Sales volumes

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Electricity	6.5	6.4	15.9	17.1	31.5	30.2
Gas*	1.0	1.2	2.7	3.2	6.0	5.4

* Not including wholesale volumes.

Number of customers

Thousands*	30 Jun 2022	31 Dec 2021
Electricity	2,090	2,120
E-mobility**	70	70
Gas	40	50
Total	2,190	2,230

* Rounded to the nearest 10,000.

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

April–June 2022

The electricity sales volumes increased by 2%, mainly due to slightly colder weather conditions. In Poland, the gas sales volumes decreased by 17%, due to warmer weather and the customer contracts ended compared to the second quarter of 2021. Sales increased by 102%, driven by significantly higher electricity and gas prices in the Nordics and Poland.

Comparable operating profit increased by 11%, mainly due to improved electricity and gas sales margins in Poland and in the Nordics.

Operating profit was affected by EUR 200 (68) million of items affecting comparability, due to the fair value change of non-hedge-accounted derivatives (Note 3).

January–June 2022

The electricity sales volumes decreased by 7%, mainly due to higher temperatures in the Nordics compared to clearly colder weather in the first quarter of 2021 and a slightly lower customer base. The gas sales volumes decreased by 16%, as temperatures were higher than normal and the unprecedentedly high prices lowered demand and consumption in Poland. Sales increased by 87%, driven by significantly higher electricity and gas prices in the Nordics and Poland.

Comparable operating profit increased by 2%, mainly due to higher electricity and gas sales margins, offset by higher costs.

The number of contacts to Fortum customer service centres continued to remain at a high level also during the second quarter of 2022. Additional resources were assigned to handle the increased number of contacts. However, the overall service levels as well as customer satisfaction and recommendation rates continued to improve, thus strengthening the business' competitiveness.

Operating profit was affected by EUR 357 (92) million of items affecting comparability, due to the fair value change of non-hedge-accounted derivatives (Note 3).

On 3 March 2022, Fortum announced that it had decided to discontinue the strategic review of the electricity retail business Consumer Solutions and continues to develop the business as part of the Group.

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, 25% coal-based, approximately 15% hydro- or nuclear-based, and 10% is other. The segment includes Uniper's proportionate share of OKG (Note 3).

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Reported						
Sales*	36,487	15,893	77,971	35,663	105,992	148,301
- power sales	7,431	5,116	17,047	10,899	28,365	34,512
of which Nordic outright power sales**	128	136	216	326	644	534
- heat sales	152	89	319	190	437	567
- gas sales	22,524	8,997	48,089	20,942	59,577	86,725
- other sales	6,380	1,691	12,517	3,632	17,612	26,497
Operating profit	-9,901	-1,093	-12,571	-279	-4,901	-17,192
Share of profit/loss of associates and joint ventures	-2	18	-4	29	51	19
Capital expenditure and gross investments in shares*	150	184	232	320	683	595
Number of employees			11,249		11,494	

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Comparable						
EBITDA*	468	-17	-177	851	1,789	761
Operating profit*	263	-177	-570	534	1,120	16
Share of profit/loss of associated and joint ventures	9	11	17	22	39	35
Return on net assets, %					16.5	1.0
Net assets (at period-end)			1,173	8,233	4,971	

* Uniper includes effects from Russian operations for the second quarter of 2022: Sales EUR 322 million (II/2021: 230), Comparable EBITDA EUR 134 million (II/2021: 83), Comparable operating profit EUR 104 million (II/2021: 56) and Investments EUR 13 million (II/2021: 46), and for the first half of 2022: Sales EUR 605 million (I-II/2021: 470), Comparable EBITDA EUR 248 million (I-II/2021: 160), Comparable operating profit EUR 191 million (I-II/2021: 110) and Investments EUR 22 million (I-II/2021: 71)

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

Power generation by source

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Hydropower, Nordics	2.1	1.9	4.5	4.3	8.1	8.3
Nuclear power, Nordics	2.6	2.9	6.0	6.5	12.9	12.4
Hydropower, Central Europe	1.2	1.3	2.3	2.3	4.9	4.9
Thermal power, Central Europe	7.5	8.4	19.0	19.1	40.9	40.8
Thermal power, Russia	11.5	9.5	25.6	21.9	43.2	46.9
Total	24.9	24.1	57.4	54.0	110.0	113.4

Nordic sales volumes

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Nordic sales volume	5.1	4.9	11.3	10.9	21.4	21.8
of which Nordic outright power sales volume*	4.9	4.8	10.8	10.8	21.0	21.0

* 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/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Uniper's Nordic achieved power price, EUR/MWh*	26.3	28.5	20.0	30.2	30.7	25.5
Average capacity price for Uniper CCS and other, tRUB/MW/month** ***	176	149	189	159	160	174
Average capacity price for Uniper CSA, tRUB/MW/month***	1,833	1,280	2,040	1,236	1,488	1,887
Average capacity price for Uniper, tRUB/MW/month	305	288	335	270	293	325
Achieved power price for Uniper in Russia, RUB/MWh****	1,820	1,781	1,694	1,514	1,643	1,734
Achieved power price for Uniper in Russia, EUR/MWh**** *****	25.3	19.9	19.9	16.9	18.9	20.4

* 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.

**** Comparable prices changed from previously reported.

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

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.

April–June 2022

Power generation volumes were mainly supported by higher generation in Russia.

Comparable operating profit increased to EUR 263 (-177) million. The result improvement was mainly driven by higher results in Uniper's Global Commodities business due to the shift of up to EUR 750 million of earnings from the first quarter into the second-quarter result. This result shift was partly offset by EUR 403 million of losses from the Russian gas curtailment and by an intra-year CO₂ emission rights phasing effect that shifted margins from the second quarter to the fourth quarter of 2022 and a significantly lower result in the international business.

The result of the European Generation business decreased due to a significant intra-year CO₂ emission rights phasing effect that shifted margins from the second quarter to the fourth quarter of 2022, lower results for Nordic hydropower due to the high price difference in Sweden between the high system price and the low SE2-area spot price (Sundsvall) and regulated production restrictions (Urgenda) from 2022 onwards affecting the results of the Maasvlakte power plant in the Netherlands.

The results of the Russian Power Generation business increased mainly due to better earnings contribution from the Berezovskaya 3 power plant and higher prices and improved volumes. The positive result impacts more than offset the expiry of CSA's for the Surgutskaya power plants. The effect of the change in the Russian rouble exchange rate was EUR 19 million.

Operating profit was affected by EUR -10,164 (-915) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives (Note 3). The anticipated losses from gas curtailments of EUR 6.5 billion have been recognised as items affecting comparability. The amount includes reduced fair values of gas purchase contracts (derivatives) as well as a EUR 2.4 billion provision for long-term gas contracts negatively impacted by Russian gas curtailments. The provisions for long-term gas contracts reflect the risk of increased purchase (replacement) cost to substitute the potentially curtailed Russian gas supplies in the future (Note 5 and 17).

Comparable share of profits of associates and joint ventures totalled EUR 9 (11) million (Note 12).

January–June 2022

Power generation volumes were mainly supported by higher generation in Russia.

The main driver for the significantly lower result was the substantial curtailment of Russian gas volumes since mid-June, an intra-year CO₂ emission rights phasing effect that shifted margins from the first half of 2022 to the fourth

quarter of 2022 and the fact that the exceptionally strong earnings recorded in the international trading portfolio last year did not repeat themselves.

Comparable operating profit declined significantly and amounted to EUR -570 (534) million due to the clearly lower result in both the European Generation and the International businesses. In the previous year, the International business recorded strong earnings. The Russian Power Generation business improved its results.

The result of the European Generation business was negatively affected by an intra-year CO₂ emission rights phasing effect that shifted margins from the first half of 2022 to the fourth quarter of 2022, lower results for Nordic hydropower due to the high price difference in Sweden between the high system price and the low SE2-area spot price (Sundsvall) and regulated production restrictions (Urgenda) from 2022 onwards affecting the results of the Maasvlakte power plant in the Netherlands. In addition, the European fossil generation declined, mainly due to structural changes arising from the divestment of the Schkopau lignite power plant in the third quarter of 2021 and higher delivery and procurement costs of coal following the diversification of the coal supply.

The result of the Global Commodities business was significantly below the result in the previous year. The main reason for the significantly lower result was EUR 403 million of losses from the Russian gas curtailment, as Uniper has procured replacement volumes at high market prices. In the previous year, the result was positively impacted by optimisation of the international portfolio due to volatile markets during the winter.

The result of the Russian Power Generation business improved, mainly due to commissioning of the Berezovskaya 3 power plant in 2021 and attributable CSA payments, higher electricity prices, volumes and regulatory effects. The positive effect more than offset the expiry of CSA payments for two units at the Surgutskaya power plants. The effect of the change in the Russian rouble exchange rate was EUR 10 million.

Operating profit was affected by EUR -12,000 (-813) million of items affecting comparability, mainly related to EUR -14,395 (-755) million of fair value change of derivatives where Uniper does not apply hedge accounting (Note 3). The Uniper segment's future cash flows are largely hedged with forward sell contracts; however, as hedge accounting is not applied for most of the contracts, unrealised changes in the fair values of these derivative instruments are presented in items affecting comparability. The anticipated losses from gas curtailments of EUR 6.5 billion have been recognised as items affecting comparability. The amount includes reduced fair values of gas purchase contracts (derivatives) as well as a EUR 2.4 billion provision for long-term gas contracts negatively impacted by Russian gas curtailments. The long-term gas contracts provision reflects the risk of increased purchase (replacement) cost to substitute the potentially curtailed Russian gas supplies in the future (Note 5 and 17). Impairment charges in the Uniper segment of EUR -320 million (-29) mainly relate to the Russian Power Generation business.

Comparable share of profits of associates and joint ventures totalled EUR 17 (22) million (Note 12).

On 4 January 2022, Fortum announced that to manage any further market volatility and significant commodity price increases, Fortum's subsidiary Uniper has taken precautionary measures to secure additional liquidity and financial flexibility primarily for the winter season. Fortum provided Uniper with intra-group financing, comprising a shareholder loan and parent company guarantee up to EUR 8 billion on arm's length terms. Uniper has drawn the company's existing EUR 1.8 billion revolving credit facility in full, and Uniper agreed with the German state-owned KfW-Bank on a short-term revolving credit facility of up to EUR 2 billion.

On 21 February 2022, Uniper announced that Uniper's Board of Management resolved to propose to its Annual General Meeting, taking place on 18 May 2022, a dividend payment for the financial year 2021 of EUR 0.07 per share (2020: EUR 1.37) corresponding to a total planned dividend of approximately EUR 26 million (2020: EUR 501 million). In the same ad hoc release, Uniper also provided earnings guidance for 2022. For further information, see Uniper's January–March 2022 results published on 3 May 2022.

On 16 March, Uniper announced that, starting 1 October 2022, Uniper will increase its capacity rights at the Gate terminal by 1 billion cubic meters per year for a period of three years.

On 26 April, Uniper published an announcement that Uniper expected a significant earnings decline for the first three months of fiscal year 2022. The earnings outlook for the full fiscal year 2022 remained unchanged.

On 29 June, Uniper withdrew its outlook for the financial year 2022 and announced that it was in talks with the German Government for financial support following the curtailment of Russia's gas supply.

For further information, see Uniper’s January–June 2022 results, published on 17 August 2022.

Going concern risk due to geopolitical uncertainties particularly concerning the Uniper segment

On 22 July 2022, the German Government, Uniper and Fortum agreed on a stabilisation package to provide financial relief to Uniper. The stabilisation measures are subject to conditions including regulatory approvals; especially the state-aid approval from the European Commission and the approval of Uniper’s General Meeting. Fortum believes that it is highly probable that these conditions will be met. However, as fulfilment of the conditions described above is not entirely under the control of Uniper or Fortum, a material uncertainty about the going concern assumption exists in the Uniper segment. See Note 2 Critical accounting estimates and judgements.

Capital expenditures, divestments, and investments in shares

In the second quarter of 2022, capital expenditures and investments in shares totalled EUR 261 (468) million. Capital expenditures were EUR 250 (288) million (Notes 3 and 6).

In January–June 2022, capital expenditures and investments in shares totalled EUR 435 (720) million. Capital expenditures were EUR 412 (517) million (Notes 3 and 6).

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

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts/started	Latest announced
Generation					
Pjelax-Böle and Kristinestad Norr, Finland	Wind	380		II/2024	22 Dec 2021
Uniper					
Irsching 6, Germany*	Gas	300		I/2023	3 May 2022
Scholven, Germany	Gas	137	125	IV/2022	6 Feb 2020
Killingholme and Grain, UK	Grid stability			II/2022 and III/2022	3 May 2022

*held in reserve by the transmission system operator

Generation

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

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

Russia

Due to the current geopolitical situation, the ongoing Russia-Ukraine war and consequent supply chain constraints, Fortum is monitoring and assessing potential delays and the ability to complete ongoing projects. Fortum has stopped all new investment projects in Russia.

Fortum's Russian wind and solar portfolio (either in joint venture or direct ownership) comprises 1.3 GW of operational CSA-backed capacities, 0.3 GW of projects under construction and 1.9 GW of projects under development.

The solar capacities of 38 MW in Kalmykia were commissioned in the beginning of July 2022. The investment decision for the solar capacities was made in 2020.

The capacities under construction include wind parks of 250 MW in the Samara and Volgograd regions in Russia. The investment decision for the wind parks was made in 2021. The commissioning of the wind parks was originally planned to be in the fourth quarter of 2022. However, the timeline for completion is currently unclear.

The future of the 1.9 GW of wind capacities under development is undecided. As Fortum has stopped all new investment projects in Russia, these projects are not proceeding.

City Solutions

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

On 16 May 2022, Fortum concluded the sale of its 50% ownership in the district heating company Fortum Oslo Varme AS in Norway to a consortium of institutional investors of Hafslund Eco, Infranode and HitecVision. The signing of the transaction was announced on 22 March 2022. The total consideration of the sale amounted to approximately EUR 1 billion on a cash and debt-free basis, and as part of the transaction, Fortum deconsolidated a related EUR 0.2 billion loan from the City of Oslo. The loan was recognised as liabilities related to assets held for sale in Fortum's first-quarter interim report of 2022. Fortum records a tax-exempt capital gain of EUR 638 million in the City Solutions segment's second-quarter 2022 results.

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

Uniper

In order to drive a reliable energy transition and in line with the Group strategy, Uniper actively supports transmission system operators (TSO) to balance the power grid and ensure security of supply by providing grid services in Germany.

In January 2019, Uniper announced that it will construct a new gas-fired power plant, Irsching 6 (300 MW), which will be available only for the TSO. It is expected to be commissioned in the first quarter of 2023.

In January 2020, Uniper announced it was awarded four six-year contracts to deliver innovative grid stability services in Killingholme and Grain in the UK. Power generation at the Killingholme plant started in the second quarter of 2022 and is expected to start at the Grain plant during the third quarter of 2022.

In July 2021, Uniper announced that it will convert its Scholven power plant in Germany from coal-fired to gas-fired generation through the construction of a modern combined-cycle gas turbine (CCGT) for the supply of industrial customers in the region with significantly lower CO₂ emissions. This is expected to be ready in the second half of

2022. In the next phase, the Scholven power plant will be converted from gas-fired to eventually fully using green hydrogen by 2030.

On 5 May 2022, Uniper announced that the company has been chosen to build and operate Germany's first LNG terminal in Wilhelmshaven. Uniper will invest around EUR 65 million in the project. In addition, a letter of intent was signed by all contracting parties in the project for the purchase of two floating storage and regasification units (FSRU). Uniper had optioned both FSRUs on the market for the German Government. The plan is to have the terminal in use in the winter 2022-2023. Through the project, Uniper is supporting the German Government in its plans to diversify its supply sources of natural gas in order to decrease its dependence on natural gas supplied from Russia. Germany plans to develop a green energy hub in Wilhelmshaven. Uniper is supporting this initiative with its Green Wilhelmshaven project.

Other Operations

On 10 June 2022, Fortum announced that the company had sold its 30% ownership in Recharge AS (Recharge), a public charging point operator (CPO) for electric vehicles, to Infracapital, the infrastructure equity investment arm of M&G Plc. Upon completion, Infracapital will own 100% of Recharge, which is the largest charging network in the Nordic region with more than 4,600 connectors at 830 locations. The transaction closed 18 August 2022, and Fortum will record a tax-exempt capital gain of approximately EUR 75 million in Other Operations' third-quarter 2022 results. The transaction price was approximately EUR 80 million.

Operating and regulatory environment

European power markets

Following Russia's attack on Ukraine, the global economy and commodity and raw material prices have been shaken by various sanctions and possible counter-measures. During the first half of 2022, this has been reflected in all-time high gas and power prices in several countries. The full impact of current situation has been experienced in Continental Europe, where the low level of nuclear production has further elevated very high energy prices. The impact has been increasingly visible in the Nordic price areas as well. Besides the strong exports to the high-priced Continent and UK, the full stop of Russian electricity imports to Finland, the delay in the commissioning of TVO's third Olkiluoto nuclear power plant and the below normal precipitation have all contributed to higher Nordic power prices.

According to preliminary statistics, power consumption in the Nordic countries was 88 (90) TWh during the second quarter of 2022. The power demand was well in line with the five-year average, while temperatures were close to climate-adjusted normal. During January–June 2022, power consumption in the Nordic countries was 200 (210) TWh.

In Central Western Europe (Germany, France, Austria, Switzerland, Belgium, and the Netherlands), power consumption in the second quarter of 2022 was 305 (317) TWh, according to preliminary statistics. During January–June 2022, power consumption in Central Western Europe was 676 (693) TWh. Power demand in Continental Europe was somewhat below the five-year average, impacted by the mild winter and demand flexibility due to the high price level.

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

At the beginning of the second quarter of 2022, Nordic water reservoirs were at 35 TWh, which is 6 TWh below the long-term average and 20 TWh lower than in the previous year. Spring inflow was above normal, while hydro generation was at a normal level. At the end of the second quarter, the reservoir levels were at 82 TWh, which is 2 TWh below the long-term average and 5 TWh lower than in the previous year.

In the second quarter of 2022, power prices remained at exceptionally high levels. The average system spot price in Nord Pool was EUR 121.1 (41.9) per MWh. The average area price in Finland was EUR 117.5 (46.3) per MWh, in the SE3 area in Sweden (Stockholm) EUR 101.2 (38.7) per MWh. In the SE2 area in Sweden (Sundsvall), the average

area price was at a lower level at EUR 51.9 (33.1) per MWh due to increased wind production and high spring inflow levels. In Germany, the average spot price in the first quarter of 2022 was EUR 187.0 (60.3) per MWh.

In January–June 2022, the average system spot price in Nord Pool was EUR 115.6 (42.0) per MWh. The average area price in Finland was EUR 104.7 (47.5) per MWh, in the SE3 area in Sweden (Stockholm) EUR 100.6 (42.2) per MWh, and in the SE2 area in Sweden (Sundsvall) EUR 38.4 (35.3) per MWh. In Germany, the average spot price during January–June 2022 was EUR 185.8 (55.0) per MWh.

In mid-August 2022, the Nordic system electricity forward price on Nasdaq Commodities for the remainder of 2022 was around EUR 240 per MWh and for 2023 around EUR 170 per MWh. The Nordic water reservoirs were at 92 TWh, which is about 6 TWh below the long-term average and 5 TWh higher than one year earlier. The German electricity forward price for the remainder of 2022 was around EUR 520 per MWh and for 2023 around EUR 530 per MWh.

European commodity markets

In the second quarter of 2022, gas demand in Central Western Europe was 369 (453) TWh. The Central Western European gas storage levels increased significantly: from 138 TWh at the beginning of the quarter to 354 TWh at the end of the quarter, which is 116 TWh higher than one year ago and only 3 TWh lower than the five-year average (2017–2021).

Continuing tightness in the gas market, combined with the overhanging risk of further disruptions in Russian pipeline gas flows to Europe, kept European gas prices at unprecedented levels amid high volatility. The average gas front month price (TTF) in the second quarter of 2022 was EUR 101 (25) per MWh. The 2023 forward price increased from EUR 72 per MWh at the beginning of the quarter to EUR 107 per MWh at the end of the quarter, which is EUR 87 per MWh higher than one year earlier.

In the EUA (EU Allowance) markets, the price increased from EUR 76 per tonne at the beginning of the second quarter to EUR 90 per tonne at the end of the quarter, which is EUR 34 per tonne higher than one year earlier.

The forward quotation for coal (ICE Rotterdam) for 2023 increased from USD 190 per tonne at the beginning of the quarter to USD 252 per tonne at the end of the quarter, which is USD 174 per tonne above the price one year earlier.

In mid-August 2022, the TTF forward price for gas for the remainder of 2022 was EUR 230 per MWh. The forward quotation for EUAs for 2022 was at the level of EUR 95 per tonne. The forward price for coal (ICE Rotterdam) for the remainder of 2022 was USD 360 per tonne.

Russian power market

Fortum's Russia segment 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 253 (248) TWh during the second quarter of 2022. The corresponding figure for the first price zone was 192 (188) TWh and for the second price zone 52 (50) TWh. The 2.2% increase in consumption was caused by growth in oil production and colder weather during the spring.

In January–June 2022, Russian power consumption was 556 (544) TWh. The corresponding figure for the first price zone was 421 (412) TWh and for the second price zone 113 (110) TWh.

In the second quarter of 2022, the average electricity spot price, excluding capacity prices, increased by 3% to RUB 1,354 (1,315) per MWh in the first price zone and by 23% to RUB 1,108 (900) in the second price zone. The spot price in the Urals hub increased by 6.9% and was RUB 1,236 (1,156) per MWh. In January–June 2022, the average electricity spot price, excluding capacity prices, was RUB 1,402 (1,337) per MWh in the first price zone, RUB 1,104 (909) in the second price zone, and RUB 1,260 (1,157) per MWh in the Urals hub.

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

In Russia, capacity payments based on Capacity Supply Agreements (CSA) are a key driver of earnings, 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 1,472 MW, including 70 MW of solar and wind capacity. These capacities do not include those related to the joint ventures. Correspondingly, Uniper's CSA capacity amounts to 800 MW.

Thermal power plants are entitled to clearly higher CSA payments starting approximately six years after commissioning. In 2022, there is a decrease in CSA payments for four 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:

Fortum's Russia segment's units	CSA start date	Higher CSA starts	CSA expiry date
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.

Fortum's Uniper segment's units	CSA start date	Higher CSA starts	CSA expiry date
Berezovskaya GRES, unit 3*	1 Nov 2014	1 Nov 2020	31 Oct 2024
Surgutskaya-2 GRES-2, unit 1**	Jun 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, a total of 3,199.7 MW, is allowed to participate in the annual CCS auctions. Uniper's generation capacities allowed to participate in the CCS auction totalled 10,465 MW. The next CCS auction, for the year 2027, is expected to be held in November 2023.

Year	2020	2021	2022	2023	2024	2025	2026
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
Fortum's Russia segment							
Selected in CCS auction, MW, first price zone	2,331	2,848	3,451	3,904	3,904	4,351	4,852
Fortum's Uniper segment							
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.

Due to the current geopolitical situation, the ongoing Russia-Ukraine war and consequent supply chain constraints, Fortum is monitoring and assessing potential delays and the ability to complete ongoing projects. Fortum has stopped all new investment projects in Russia.

Fortum's Russian wind and solar portfolio (either in joint venture or direct ownership) comprises 1.3 GW of operational capacities and 0.3 GW under construction. However, as Fortum has stopped all new investment projects in Russia, the future of 1.9 GW of capacities under development is undecided.

In the June 2017 CSA auction, the Fortum-Rusnano wind investment fund won the right to build 1,000 MW of wind capacity. 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. In the June 2018 CSA auction, the Fortum-Rusnano wind investment fund won the right to build 823 MW of wind capacity. 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. The timeline for completion of the 0.8 GW projects originally planned to be commissioned in 2022 and 2023 is currently unclear.

In the June 2018 and 2019 CSA auctions, Fortum won the right to build 110 MW and 6 MW of solar capacity. On 2 March 2021, Fortum announced that Fortum and the Russian Direct Investment Fund (RDIF) will build the 116-MW solar power plant in Kalmykia in southern Russia. 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. In December 2021, 78 MW of the capacity was commissioned and the remaining part of 38 MW was commissioned in the beginning of July 2022.

Fortum holds the right of CSA-backed capacities corresponding to approximately 1.4 GW of new wind projects awarded in a wind auction held in September 2021 and which were originally planned to be commissioned in 2025–2027. As Fortum has stopped all new investment projects in Russia, these projects are not proceeding.

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

Regulatory environment

Taxonomy criteria for nuclear power and gas approved

In early July 2022, the European Parliament approved the Complementary Delegated Act (CDA) which establishes strict criteria for the inclusion of nuclear and gas under the EU Taxonomy. The debate leading up to the final vote remained extensive and the motion to object the Act was rejected with a vote that was ultimately less tight than predicted. As the Council did not object the CDA either, it was officially approved on 15 July 2022 and will apply from 1 January 2023. It will help guide investors' decision in taxonomy-aligned activities as a way to channel investment towards technologies that are supporting the Paris Agreement.

Fortum has welcomed the adoption of the CDA, as it positively acknowledges the role of nuclear in reaching Finland's 2035 climate neutrality target and the EU's objective to become climate neutral by 2050.

The European Commission published a detailed plan to phase out Russian fossil fuels

In late May 2022, the European Commission published a package of largely non-binding measures aimed at ending the EU's dependency on Russian fossil fuels. The package, named REPowerEU Plan, intends to reduce energy demand, boost renewable energy production and diversify energy supplies from third countries. The Commission estimates that an additional investment of EUR 210 billion by 2027 is needed for the execution of the plan.

The REPowerEU plan was issued alongside with a Market's Communication that lists possible short-term interventions to tackle high energy prices and addresses the necessary adaptations to the future power market design. Commission President von der Leyen has prompted more visibility to this issue by committing to issue proposals on power market design at the next European Council to be held in October 2022.

On 26 July 2022, with the outlook of substantially reduced gas volumes from Russia, the EU countries approved a voluntary and temporary 15% gas demand reduction target based on the EU Commission's "Save Gas for Safe Winter" package. The aim is to ensure that there is enough gas to get through the next heating season. If the savings doesn't materialise on a voluntary basis, or if there is a supply shortage risk, the Commission can initiate an EU alert with a binding gas consumption reduction target. Based on the new EU gas storage legislation, all gas storages should be 80% full by November 2022 to ensure secure gas supplies until next spring.

Rules on producing green hydrogen about to be finalised

In early June 2022, the European Commission published two long-awaited Delegated Acts clarifying the rules for green hydrogen production. The rules aimed at transportation are supposed to be extended to all other sectors under the current revision of the Renewable Energy Directive.

Notwithstanding some noticeable improvements, including a grandfathering clause for projects coming into operation before the end of 2026, the draft Delegated Acts propose overly complex and strict criteria for producing green hydrogen that may severely restrict the quantity and affordability of this clean gas. In particular, the obligation to locate RES plants and electrolysis in the same bidding zone poses acute problems for countries with several bidding zones such as Sweden.

A final fine tuning should take place between the European Parliament and the Council ahead of adoption by the European Commission after the summer.

German Government takes action to counter potential gas supply shortage

Russia's attack on Ukraine as well as economic sanctions against Russia and countermeasures by Russia represent an unprecedented and tense geopolitical environment which in turn holds many implications for the energy industry and its customers. Fortum is particularly affected in the area of natural gas trading due to significant reductions of deliveries from Russia, which has a particular impact on the stake in Fortum's subsidiary Uniper in Germany and the neighbouring countries involved. To address this most severe situation, the German Federal Government has implemented several important measures whilst at the same time accelerating the deployment of renewable energy:

- The Energy Security Act has been updated to allow time-limited price adjustment between importers and customers in case the Federal Network Agency (BNetzA) declares a significant gas shortage.
- Stewardship or expropriation over critical infrastructure companies by the German States is also made possible.
- Diversification of natural gas is enabled through the construction of infrastructure projects, like LNG terminals whilst planning processes are improved with permit standards reduced to the minimum required by the EU.
- In case of a gas shortage, the Federal Network Agency (BNetzA) can take over in order to ration energy and prioritise who will be supplied.
- Natural gas usage for industry and heating is prioritized, with the possibility of coal-fired power generation to cover the rationing of gas-fired power plants in case of emergency.

Western sanctions on Russia and Russia's counter sanctions

By the end of the second quarter of 2022, the EU has adopted and implemented six sanction packages, including a wide range of measures to limit Russia's ability to pay for the war and targeting Russian banks and financial institutions, individuals, business, state-owned enterprises and energy, among other things. As part of the 5th and 6th sanction packages, the EU decided to stop importing coal from Russia from 10 August 2022 onwards and to ban imports of oil transported by sea by 5 December 2022. The appetite to impose further energy sanctions has decreased after difficult negotiations on oil sanctions, and the focus has shifted from new sanction packages to managing the situation with significantly reduced gas volumes from Russia.

Russia has also implemented countermeasures. Through presidential decrees the Russian Federation has made it illegal to follow Western sanctions. It has restricted payments from Russia especially to so-called 'unfriendly countries' (a list published by the Russian Federation covering also EU countries, including Finland). Only rouble payments in specific situations have been possible from Russia and escrow account concepts have been introduced ("C"-accounts). Entities and companies of the so-called 'unfriendly countries' are also restricted from selling their shareholding and assets or are subject to government approvals and potentially to requiring a permit from the Russian President.

Positive outlook for nuclear, but concerns for hydro in Sweden

In June 2022, the Swedish Government invited political parties to start negotiating a new energy deal (Energy Agreement 2.0) after the general elections to be held in September 2022. The government also presented several new measures regarding specific energy sources, in particular nuclear. They welcome safe extensions of existing nuclear sites and have assigned the Authority for Radiation Security to examine regulatory changes and other

possible actions needed to utilise existing and new nuclear energy sources. The assignment also includes developing policies and proposals for new regulations for reactor technologies such as small modular reactors (SMR).

As part of the process, the government also plans to assign the Energy Authority and the Swedish TSO to monitor and analyse efforts to provide hydropower actors with modern environmental criteria. The objective of Fortum is to secure positive market conditions for hydro in the context of the planned political Energy Agreement, as well as in the ongoing process to renew environmental permits for the hydropower fleet in line with the national prioritisation plan.

Land and Environment Court granted permit for increased interim storage in Clab

On 22 June 2022, the Land and Environment Court announced that Svensk Kärnbränslehantering AB (SKB) was granted a permit to increase the amount of spent fuel in the interim storage facility Clab in Oskarshamn from 8000 tonnes to 11000 tonnes. The permit may be implemented even if there is an appeal to higher courts. In addition to customary environmental permit conditions, the permit also requires SKB to investigate and present an enhanced cooling system for the storage pools. This permit is an important milestone to enable storage of additional spent fuel beyond December 2023, and thereby to ensure uninterrupted operation of the Swedish nuclear power plants.

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 and TGC-1. For more information, please see each respective company's annual report.

Fortum is the majority shareholder of Uniper. However, Uniper remains a separate listed company operating under German law and regulations and with its own risk management systems. For more information about Uniper's risk management systems and risk exposures, please see Uniper's quarterly statement for January-June 2022 and Annual report for 2021.

Russia's attack on Ukraine on 24 February 2022 has severely impacted Fortum's and Uniper's current and future businesses. Fortum has announced that no further investments will be made in Russia and that existing contracts will not be renewed when they expire. The company is also pursuing a controlled exit from the Russian market with potential divestments of its Russian operations as the preferred path. Fortum's subsidiary Uniper is also assessing possible divestment of its separately listed subsidiary Unipro (ownership 83.7%). These processes might take some time and are subject to regulatory approvals. However, the likelihood of a number of existing geopolitical risks that could negatively impact Fortum's current business has increased, and in some cases risks have been fully or partly realised.

The unpredictable nature of sanctions and possible countermeasures by Russia pose a significant risk for Fortum. The EU, US and UK have already implemented a number of sanctions towards Russia, targeting, among other things, the financial and energy sectors. The sanctions imposed so far restrict the possibility to make cross-border payments from Fortum's and Uniper's Russian units, which may affect repatriation of future dividends from the Russian operations, Group internal loan repayments and interest rate payments.

A further widening of sanctions against Russia, and possible countermeasures, may impact current or future business relations. Continued curtailment on the physical supply of gas, coal, oil and other fuels from Russia could have follow-on implications, e.g. on the availability of Fortum's power plants and the physical deliveries to customers. Since 14 June 2022, gas flow from Russia to Germany has been significantly reduced by varying degrees. As a consequence, Uniper needs to serve its customers at the historically agreed prices and buy gas from the market at the current significantly higher prices, which leads to a significant loss every day. Continuation of this situation is a major individual risk for Uniper; follow-on implications, e.g. on the availability of Uniper's gas fired power plants, the physical gas deliveries to Uniper's customers and potentially Uniper's ability to meet planned storage injections cannot be excluded.

The German Government made amendments to the German Energy Security Act, which is aimed at providing security for energy companies and their customers in case of a sudden energy emergency also with regards to a potential adjustment of gas prices. If the curtailment of gas flows would be significant and cause a lack of a balance between gas supply and demand, the German authorities may declare a state of emergency. In this case the regulator

(BNetzA), as a so-called federal load distributor (Bundeslastverteiler), would take control of the system and all market participants would have to act upon instructions of the federal load distributor. Despite the current situation the Act has not been activated yet.

On 22 July, Fortum, Uniper and the German Government announced a stabilisation package for Uniper. As part of this package the German Government informed that it intends to introduce a general mechanism via a levy for all gas importers to pass through 90% of the replacement costs for missing Russian gas volumes as of 1 October 2022, in order to limit the continuing financial losses from the supply cuts. The agreement also foresees that the German Government stands ready to provide further support if Uniper's accumulated net operating losses due to continuing gas curtailments exceed an agreed total amount of EUR 7 billion. Uniper is in the process to significantly reduce the remaining risks from 2024 onwards by adjusting its gas portfolio on the supply and sales side over time. Earlier this year, Fortum granted significant financial support comprising a shareholder loan and parent company guarantees of EUR 8 billion to Uniper. In consideration of its liquidity support, Fortum will now have the option to convert its existing loan of EUR 4 billion against a portion of a maximum 70% of the mandatory convertible instruments subscribed by the German State. As a consequence of the agreed measures, Fortum's current stake of approximately 80% in Uniper will be diluted to 56% on the initial equity injection, at which point Fortum will remain Uniper's majority shareholder. Fortum's parent company guarantee of EUR 4 billion will remain in place. In the sequence of repayment, the KfW loans rank senior to Fortum's loan. Linked to the agreed stabilisation package there is no requirements for additional capital from Fortum to Uniper. The stabilisation measures are subject to conditions including regulatory approvals, especially the state-aid approval from the European Commission and the approval of Uniper's General Meeting. Fortum believes that it is highly probable that these conditions will be met. However, as fulfilment of the conditions described above is not entirely under the control of Uniper or Fortum, a material uncertainty about the going concern assumption exists in the Uniper segment (Note 2).

Since the Ukraine invasion, owning and operating a profitable power and heat generation business in Russia has become challenging. For Fortum's Russian businesses, the key drivers are economic growth, the rouble exchange rate, interest rates (which also impact capacity payments) and the regulation of the power and heat business. Risks relating to these drivers are all partly realising, driven by the deterioration of the overall economic and business environment including GDP growth and rising interest rates. The profitability of Fortum's Russian businesses in euro terms has not been negatively impacted by the current geopolitical situation. There is an increasing risk of countermeasures aimed at enabling nationalisation of foreign-owned assets in Russia in retaliation for Western sanctions. Such countermeasures could result in loss of control or a risk of delay in divestment of the Russian business, or it may negatively impact the value of the Russian business in the sales process or, in the extreme case, expropriation of Fortum's Russian assets. Fortum is preparing for such a scenario by ensuring Russian businesses are able to operate independently and in compliance with applicable laws, regulations and sanctions.

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, CO₂ emission allowance prices, commodity prices, and the supply-demand balance. The Russian invasion into the Ukraine drove commodity prices to new heights and has further increased volatility. As a result, Fortum's portfolio value increased during the first half of 2022, which is generally positive for future earnings. However, the higher value combined with increased price volatility has led to an increase in the commodity price risk. An economic downturn or wet hydrology could lead to significantly lower Nordic power prices, which would negatively impact earning from Fortum's outright power production. Fortum hedges its exposure to commodity market prices and reports on the hedging levels of its outright power on a quarterly basis (see 'Outlook').

Fortum is exposed to liquidity and refinancing risks primarily through the need to finance the Group's business operations, including margining and collaterals issued for commercial activities. Following the elevated prices, increased volatility and regulatory framework, the margining requirements from Fortum's hedges concluded via exchanges has increased despite transferring significant volumes toward non-margining bilateral counterparties.

On 29 July, S&P affirmed Uniper's BBB- rating on Negative Outlook and, on 3 August, Fortum's BBB rating also on negative outlook. The negative outlook of Uniper's rating reflects prevailing uncertainty around gas flows, which in S&P's view may necessitate an increase of the government package, and the fact that details of the stabilisation package are still to be approved. A potential downgrade could be triggered if the support of the German Government can be noted to be insufficient to protect Uniper from market conditions or cannot be implemented sufficiently. In case of a rating downgrade, a lowering of the rating by one-notch is the most likely for both entities; however, a two-notch downgrade cannot be fully excluded. A lowering of credit ratings, in particular to below investment-grade level (BB+ or below), would trigger counterparties' rights (mainly in Uniper's Global Commodities business) to demand additional cash or non-cash collateral. In addition, a downgrade could negatively affect access to the capital markets and

increase the cost of new financing. Fortum targets to have a solid investment grade rating of at least BBB. Fortum and Uniper continue to constantly monitor all rating-related developments and have regular exchanges with the rating agencies.

Fortum's business activities include energy generation, storage, distribution, and control of operations, as well as the construction, modernisation, maintenance and decommissioning of power plants or other energy 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.

For further information about Fortum's risks and risk management systems, see Fortum's Financial Statements for 2021.

Fortum in Russia

Fortum is closely monitoring the developments caused by the Russia-Ukraine war, which has fundamentally changed the geopolitical situation through increased and materialised uncertainties and risks in the operating environment. The company is complying with all applicable laws and regulations, including sanctions, and preparing for various scenarios. Fortum and Uniper are in continuous discussions with the Finnish and German Governments about what can be done to secure the energy supply and how the dependence on Russian energy imports will be reduced. Further information on risks is also in the section 'Key drivers and risks' of the interim report.

Exiting operations and investments in Russia

As announced in early March, Fortum stopped all new investment projects in Russia and is not providing any new financing to its Russian subsidiaries. Likewise, Uniper is not making any new investments in Russia. Due to existing sanctions imposed by Russia, the Group's Russian operations are subject to significant foreign exchange transfer restrictions, which limits the ability to transfer funds including potential dividend distributions, out of Russia.

In May, Fortum also announced that it is preparing a controlled exit from the Russian market, with potential divestments of its Russian operations as the preferred path. Fortum's subsidiary Uniper is also assessing possible divestment of its separately listed subsidiary Unipro (ownership 83.7%). These processes might take some time and are subject to regulatory approvals. Fortum is currently assessing the possible implications of the new decree in Russia that restricts investors in so-called 'unfriendly countries' from divesting shares in key energy projects.

Fuel supply and sourcing from Russia

In order to secure fuel supplies for its power plants, Fortum and Uniper have taken various measures. In Finland, Fortum does not buy coal, pellets, biomass, oil or gas from Russia for its power plants. However, Fortum buys nuclear fuel for its Loviisa nuclear power plant in Finland from Russian TVEL (part of Rosatom) and it is not possible to quickly change suppliers, e.g. due to required certification and permitting processes. The current supply contract is valid until the end of current operating licences in 2027 (Loviisa 1) and 2030 (Loviisa 2). At the beginning of March, Fortum announced its decision on a lifetime extension of the Loviisa nuclear power plant. As part of the application for the operating licence, new tendering processes including nuclear fuel, will be initiated according to Fortum's procurement procedures. Uniper is actively working to replace coal procurement from Russia. Uniper has not concluded any new contracts for Russian coal since the start of the war and will terminate existing contracts by the end of August 2022.

In April, Fortum stopped its small-scale commercial electricity import from Russia to Finland via the 110-kV Svetogorsk-Imatra line. The commissioning and ongoing ramp-up of the Olkiluoto 3 nuclear power plant will reduce overall dependence on imported electricity to Finland. Olkiluoto is operated by TVO (Teollisuuden Voima Oyj) in which Fortum has a minority interest of 26%. Fuel for Olkiluoto is sourced from Western suppliers.

In May, Russian gas supplies through the Imatra entry point to Finland were stopped. In June 2022, Gasgrid Finland and Fortum announced that the companies had signed a Letter of Intent on placing Finland's first floating LNG terminal vessel, Exemplar, at Fortum's Inkoo port. Gasgrid Finland is leasing a floating LNG terminal vessel for a

duration of ten years and aims to have the terminal available already next winter to supply gas for both Finland and Estonia.

Uniper's gas business and imports from Russia

Fortum's subsidiary Uniper is among the largest importers of natural gas to Europe and plays an essential role in providing security of supply especially in Germany. Uniper's gas midstream business comprises a portfolio of around 370 TWh of long-term gas supply contracts. Of these, about 200 TWh originate from Russia. In 2021, Germany imported just under 90 bcm of natural gas and approximately 55% of that amount came from Russia.

Uniper will not enter into any new long-term supply contracts for natural gas with its counterparty Gazprom in Russia. Gas imports from Russia to Central Europe cannot be easily replaced at present, but Uniper is working to diversify natural gas imports, with the goal to move to clean gases over time. In the short term, Uniper is increasing LNG imports to Europe and is now involved in the building and operating of a new LNG import terminal project in Wilhelmshaven, Germany. Fortum and Uniper are in continuous discussions with the respective European governments on how the companies can support the securing of the energy supply to their European customers.

In order to be able to make payments for Russian gas in accordance with Decree No. 172 of the Russian President, under which Russia unilaterally changed the options for payment for Russian natural gas, Uniper opened a euro bank account – a so-called Special K Account – at Gazprombank Russia. When payment is due, Uniper transfers the agreed euro invoice amount for gas received to the euro account at Gazprom bank. Uniper believes this measure fulfils its contractual obligations to Gazprom. The first of these payments was made at the end of May 2022. Uniper is thus acting in compliance with the sanctions and can continue to ensure timely contractual performance. Uniper consulted closely with the German Government regarding this procedure.

Since mid-June, Gazprom curtailed gas supplies to Uniper to only approximately 20-40% of the daily gas volume ordered. On 23 June, the Federal Ministry for Economic Affairs and Climate Action (BMWK) declared the second level of the gas emergency plan, the alert stage, following coordination within the federal government. Consequently, Uniper needs to sell gas at historically agreed prices while it has to procure gas replacement volumes from the market at current significantly higher spot prices to fulfil its sales contracts and ensure security of supply.

On 22 July, Fortum, its subsidiary Uniper and the German Government agreed on a comprehensive stabilisation package to provide financial relief to Uniper.

For further details on this topic, please see Uniper's interim report for January-June 2022, Fortum's stock exchange releases on 7 and 22 July 2022 as well as Events after the balance sheet date section of Fortum's January-June half-year report.

Fortum's operations and assets in Russia

Fortum and Uniper have 12 power plants in Russia. Fortum's Russia segment comprises its subsidiary PAO Fortum including shares in joint ventures and its shareholding in PAO TGC-1 (ownership of approx. 29%). Uniper's Russia business is operated through its subsidiary Unipro. The Group has a combined power generation capacity of 15.5 gigawatts (GW) and heat production capacity of 10.2 GW. In 2021, the Group generated 71.9 terawatt-hours (TWh) of electricity and produced 19.1 TWh of heat in Russia. Together with its joint venture partners, Fortum has built over 1 GW of wind and solar power in Russia. The Group has approximately 7,000 employees in Russia.

In its first-quarter 2022 results, following Russia's attack and the war in Ukraine and the consequential geopolitical tensions, uncertainties and risks, Fortum recorded pre-tax impairments of approximately EUR 2.1 billion related to the company's Russian operations. The impairments include approximately EUR 0.3 billion related to fixed assets and goodwill for Fortum's Russian division and approximately EUR 0.6 billion for fixed assets from Uniper's Russian subsidiary Unipro. Further, impairments of approximately EUR 0.2 billion are related to Fortum's ownership in PAO TGC-1 and renewables joint ventures. Fortum and Uniper also recorded impairments of approximately 1.0 billion related to Uniper's outstanding loan receivable related to the Nord Stream 2 project company. Compared to the first quarter of 2022, the impairments have increased due to the stronger Russian rouble rate and amounted to EUR 2.3 billion at the end of the reporting period.

Outlook

Hedging

At the end of June 2022, approximately 80% of the Generation segment's estimated Nordic power sales volume was hedged at EUR 38 per MWh for the remainder of 2022 and approximately 60% at EUR 37 per MWh for 2023 (at the end of first quarter of 2022: 55% at EUR 33 per MWh).

At the end of June 2022, approximately 70% of the Uniper segment's estimated Nordic power sales volume was hedged at EUR 26 per MWh for the remainder of 2022, approximately 55% at EUR 30 per MWh for 2023 (at the end of first quarter of 2022: 50% at EUR 31 per MWh) and approximately 25% at EUR 30 per MWh for 2024.

The reported hedge ratios are based on the hedges and power generation forecasts of the Generation segment and the forecasts 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 which are electricity derivatives quoted on Nasdaq Commodities and traded either with Nasdaq Commodities or with bilateral counterparties.

Capital expenditure

Fortum has cancelled its guidance on capital expenditure for 2022 for the time being and will come back with an update in due course. Before, Fortum expected its capital expenditure in 2022, including maintenance but excluding acquisitions, to be approximately EUR 1,500 million, of which the share of maintenance capital expenditure is estimated to be approximately EUR 800 million.

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.

Uniper

On 29 June, Uniper withdrew its outlook for 2022 with regard to adjusted EBIT and adjusted net income due to the Russian gas supply restrictions.

Since mid-June 2022, gas flow from Russia to Germany has been significantly reduced by varying degrees. Fortum's subsidiary Uniper substitutes the curtailed volumes to fulfil its gas sales contracts based on the level of supply curtailment. Due to the uncertainty of the future price difference (i.e. the purchase price) and supplied volumes, the yet unrealised part of the relationship of sales and purchase volumes is classified as non-operating for the time-being.

On 17 August, Uniper announced in its first-half 2022 financial report that in its IFRS net result (EUR -12.3 billion) the company recorded anticipated losses of approximately EUR 6.5 billion as fair valuation of future impact from gas curtailments based on the situation at the end of June 2022. Uniper consequently will record these losses in its adjusted EBIT once these materialise, the main part of which are expected in the third quarter of 2022 before the cost pass-through mechanism becomes effective. Fortum has recognised Uniper's anticipated losses as items affecting comparability, and these will be recorded in Fortum's comparable operating profit in the upcoming quarters.

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 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; the sensitivity for that generation is different and is not included in the previously mentioned sensitivity.

Russia

In the Russia segment, the financial effect of the CSAs is expected to be negative in 2022 compared to 2021, due to the impact of the expiry of the CSA period of the Nyagan 1 generation unit, partly offset by a higher bond yield.

Income taxation

In 2022, the comparable effective income tax rate (excluding items affecting comparability) for Fortum is estimated to be in the range of 22-25%. Following the consolidation of Uniper, the weight of the profit in different jurisdictions has resulted in an upward trend in the lower end of the range of the tax rate guidance currently driven by the higher nominal tax rates in the Group's major operating countries.

Possible impacts, if any, of a global minimum tax as stated in the proposed EU directive from 20 December 2021 are not taken into account in this guidance.

Sustainability

In this interim report, selected sustainability key performance indicators that include Uniper are disclosed.

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 are:

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

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 CO₂ emissions (Scope 1) and indirect CO₂ 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% reduction in CO₂ emissions (Scope 1 and 2) in its European generation by 2030 (compared to base-year 2019) and to be carbon neutral (Scope 1 and 2) by 2035 at the latest.

Scope 3 emissions play a significant role in Fortum's total emissions. In December 2021, Fortum committed to reduce Scope 3 greenhouse gas emissions by 35% by 2035 at the latest (compared to base-year 2021).

In 2022, Fortum's target is to develop a science-based strategy to measure and enhance the biodiversity impacts of the Group's operations and the new developments.

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

- Zero severe occupational accidents
- Total Recordable Injury Frequency (TRIF), for own personnel and contractors; the ambitious goal is <1.0 by the end of 2025
- Severity rate per TRI (i.e. number of lost days divided by number of Total Recordable Injuries), for own personnel and contractors: ≤11 in 2022

Fortum employees are committed to get involved and to become an active part of creating a new joint safety culture. For that purpose, in 2022 Fortum launched the Safety Culture Programme, which includes trainings, webinars and workshops for all organisational levels:

- New Safety eLearning training for all Fortum employees, launched in the second quarter of 2022
- Safety Leadership Programme 2022 for Executives, including ten workshops for about 250 Fortum Executives in Espoo and Düsseldorf, to be launched in the third quarter of 2022
- Middle-management training in 2023

Fortum set the goal for completion of the trainings (Safety eLearning and Safety Leadership Programme for Executives) at the level of 85% in 2022.

Both Fortum and Uniper are 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 starting from the financial year 2019.

Fortum's Climate Lobbying Review was published in December 2021, and it is publicly disclosed on Fortum's website. A summary of the review was also published as a part of Fortum's Sustainability 2021 report.

The table below shows Fortum's sustainability performance with selected key indicators.

Group sustainability performance 2022

	II/2022	II/2021	I–II/2022	I–II/2021	2021
Climate and resources					
Total CO ₂ emissions, million tonnes	15.1	13.9	35.6	34.1	68.7
Specific CO ₂ emissions from total energy production, gCO ₂ /kWh	331	294	324	302	312
Asset availability of power generation plants, %	73.1	76.6	80.0	80.9	80.8
Major environmental incidents*, no.	1	1	2	2	4
Personnel and society					
Total Recordable Injury Frequency (TRIF), own personnel and contractors	2.1	2.4	2.1	2.0	2.2
Severity rate per TRI**, own personnel and contractors	17.0	-	14.4	-	-
Severe occupational accidents, no.	1	1	1	2	3
Safety eLearning***, %	57	-	57	-	-
Safety Leadership Programme for Executives****, %	0	-	0	-	-
Sickness-related absences, %	3.5	3.0	4.4	3.3	3.6

* Number of environmental incidents that resulted in significant harm to the environment (ground, water, air) or an environmental non-compliance with legal or regulatory requirements. The figures for 2021 exclude Uniper.

** Number of lost days divided by number of Total Recordable Injuries (TRI).

*** Completion rate. The figure excludes Uniper. Training launched in the second quarter of 2022.

**** Completion rate. Training to be launched in the third quarter of 2022.

Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operating. Fortum received a score of "A"- in the CDP Climate Change 2021 rating, and Uniper received a score of "B". In the MSCI ESG Ratings assessment, Fortum received a "BBB" rating in 2021, and Uniper received the same rating in 2022. Both companies have also participated in the ISS ESG Corporate Rating, where Fortum received a "Prime B-" rating and Uniper a "Medium C" rating. In 2022, Fortum was awarded Gold EcoVadis Medal. Uniper has received the same rating in the EcoVadis 2021 assessment. In 2022, Fortum has

also been rated 62 points out of a maximum 100 points by Moody's ESG Solutions. In addition, Fortum is listed on the Nasdaq Helsinki exchange and is included in the STOXX Global ESG Leaders, OMX Sustainability Finland, and ECPI® indices.

Climate and resources

Fortum's key performance indicators for climate and resources are related to CO₂ 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, but Fortum targets significant growth in this area over the next five years.

Fortum is also a large district heat producer in several cities. Heat is mainly produced at natural gas-fired and energy-efficient combined heat and power (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 2022, Fortum's direct CO₂ emissions were 35.6 (34.1) Mt. Of the total CO₂ emissions, 12.5 (13.6) Mt were within the EU and the UK emissions trading system (ETS). The estimate for Fortum's free emission allowances in 2022 is approximately 0.3 (0.4) Mt.

Fortum's total CO₂ emissions* (million tonnes, Mt)	II/2022	II/2021	I–II/2022	I–II/2021	2021	LTM
Total emissions	15.1	13.9	35.6	34.1	68.7	70.2
Emissions subject to ETS	4.7	5.4	12.5	13.6	28.9	27.8
Free emission allowances	-	-	-	-	0.4	-
Emissions not subject to ETS in Europe	0.1	0.2	0.3	0.4	0.7	0.7
Emissions in Russia	10.4	8.3	22.8	20.1	39.0	41.7

In January–June 2022, Fortum's specific CO₂ emissions from total energy production were 324 (302) gCO₂/kWh.

An uninterrupted and reliable energy supply is critical for society to function. In January–June 2022, the asset availability of Fortum's gas-fired and coal-fired power plants was, on average, 80.0 (80.9)%.

In 2022, the definition of major environmental incidents was aligned between Fortum and Uniper. The figure now includes environmental incidents that resulted in causing significant harm to the environment (ground, water, air) and environmental non-compliances with legal or regulatory requirements. In January–June 2022, there were two major environmental incidents, which occurred in Fortum's hydropower operations in Sweden, and in the Recycling & Waste operations in Finland.

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 ISO 45001 safety management system covers 100% of Fortum's power and heat production worldwide.

In January–June 2022, Fortum's TRIF (Total Recordable Injury Frequency) for own personnel and contractors was 2.1 (2.0). The severity rate per TRI for own personnel and contractors was 14.4, which was over the set target: ≤11 for

2022. Fortum's LTIF (Lost Time Injury Frequency) for own personnel and contractors was 1.4 (1.3). Fortum strives for zero severe occupational accidents. In January–June 2022, there was one (two) severe occupational accident in the operations, which resulted in fatality. An employee at Unipro's power plant in Russia was lifting a portable drainage pump from a sewer well when he slipped and fell into an open chamber of firewater.

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 January–June 2022, Fortum's percentage of sickness-related absences was 4.4 (3.3).

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. In January–June 2022, Fortum, excluding Uniper, conducted four on-site supplier audits in China and India. Due to the Covid-19 pandemic and travel restrictions, the possibilities to conduct on-site supplier audits continue to be limited. 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

Tax cases in Belgium

On 29 June 2022, the Antwerp Court of First Instance, Belgium, ruled in favour of Fortum on the company's income tax assessments in Belgium for the years 2009–2012. The decision concerned Fortum's Belgian financing company Fortum EIF NV which financed Fortum's Swedish subsidiary Fortum 1 AB in the acquisition of Russian operations in 2008, currently operating as PAO Fortum. The Belgian tax authorities argued that Fortum EIF should not benefit from the notional interest deduction regime in Belgium.

According to the ruling, Fortum was granted a tax refund of paid taxes amounting to EUR 78 million. These taxes have been recognised as an income tax receivable. The compensatory interest amounts to approximately EUR 26 million at the end of June 2022 and will be recognised as income once the appeal period has ended. The Belgian tax authorities have until 15 September 2022 officially file an appeal but have confirmed that they do not intend to appeal the decision of the Antwerp Court of First Instance.

Considering Fortum's income tax assessment in Belgium for the year 2008, on 16 June 2020, the Court of Appeal of Ghent ruled in favour of Fortum and in September 2020 the Belgian tax authorities filed an appeal to the Supreme Court. The additional taxes claimed for 2008 amount to EUR 36 million and have been recognised as an income tax receivable. For further information on legal actions, see Note 21.

Shares and share capital

Fortum shares on Nasdaq Helsinki

January–June 2022	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
FORTUM	253,357,432	4,649,452,239	27.18	13.73	18.38	14.32

* Volume weighted average.

	30 June 2022	30 June 2021
Market capitalisation, EUR bn	12.7	20.7
Number of shareholders	192,915	204,873
Finnish State holding, %	50.8	50.8
Nominee registrations and direct foreign shareholders, %	27.1	24.9
Households, %	11.5	12.9
Financial and insurance corporations, %	2.0	1.9
Other Finnish investors, %	8.7	9.5

In addition to Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, Cboe and Turquoise, and on the OTC market. In January–June 2022, approximately 75% of Fortum's shares were traded on markets other than Nasdaq Helsinki (source Bloomberg).

On 30 June 2022, 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, United Kingdom, and Poland. The total number of employees at the end of June 2022 was 18,961 (19,140 at the end of 2021).

At the end of June 2022, the Generation segment had 1,344 (1,116 at the end of 2021) employees, Russia 2,579 (2,627 at the end of 2021), City Solutions 1,607 (1,766 at the end of 2021), Consumer Solutions 1,172 (1,176 at the end of 2021), Uniper 11,249 (11,494 at the end of 2021, of which 4,267 in Russia), and Other Operations 1,010 (961 at the end of 2021).

Authorisations of the Board

Fortum's Annual General Meeting (AGM) 2022 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 2021 and will be effective until the next AGM and, in any event, no longer than for a period of 18 months. This authorisation has not been used as of 24 August 2022.

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 24 August 2022, EUR 77,000 of this authorisation has been used.

Events after the reporting period

The Russian war against Ukraine and the Russian Government's decision to use energy as a weapon has upended energy markets. As Germany's biggest importer of gas, Uniper has been hit hardest by the Russian gas curtailment and as a result is under extreme financial pressure. Since mid-June 2022, Uniper has received only a fraction (from 20% to 40%) of the contracted gas volumes from Russia and has had to source the replacement gas volumes in the market at significantly higher prices to fulfil its obligations towards its customers.

On 5 July, due to the Russian gas curtailment, S&P again placed Fortum's and Uniper's credit ratings on CreditWatch Negative.

On 8 July, Uniper announced that the company has filed for government support under the newly adopted German energy legislation. On 22 July, Fortum, its subsidiary Uniper and the German Government agreed on a comprehensive stabilisation package to provide financial relief to Uniper.

The stabilisation package includes three main components:

- The German State will take a 30% equity stake in Uniper SE by subscribing approximately 157 million new ordinary registered shares at a nominal value of EUR 1.70 per share against a cash consideration of approximately EUR 267 million;
- The German Government has committed to make available further capital of up to EUR 7.7 billion against issuance of mandatory convertible instruments, as and if needed, to address potential losses;
- The German state-owned KfW bank will provide Uniper with an additional EUR 7 billion in liquidity support through an increase of its existing credit facility from the current EUR 2 billion to EUR 9 billion.

The German Government informed that they intend to introduce a cost absorption mechanism that covers 90% of the losses resulting from higher costs for gas replacement volumes caused by Russian gas curtailments from 1 October 2022. The German Government stands ready to provide further support if Uniper's accumulated net operating losses due to continuing gas curtailments exceed an agreed total amount of EUR 7 billion. Such support, if required, is intended to be implemented in a manner that avoids further economic dilution of Uniper's shareholders.

As a consequence of the above agreed measures, Fortum's current stake of approximately 80% in Uniper will be diluted to 56% on the initial equity injection.

Earlier this year, Fortum granted significant financial support comprising a shareholder loan and parent company guarantees of EUR 8 billion to Uniper. In consideration of its liquidity support, Fortum has the option to convert its existing loan of EUR 4 billion against a portion of a maximum 70% of the mandatory convertible instruments subscribed by the German State to consequently retain its position as the majority shareholder. Fortum's parent company guarantee of EUR 4 billion will remain in place. In the sequence of repayment, the KfW loans rank senior to Fortum's loan.

The stabilisation package is subject to certain conditions, such as the withdrawal of the lawsuit by Uniper against The Netherlands under the Energy Charter Treaty (ECT), no dividend payments by Uniper and restrictions on the remuneration of Uniper's Board of Management whilst the stabilisation measures are in place. In addition, the German Government will have adequate representation on Uniper's Supervisory Board.

The stabilisation package requires all applicable regulatory approvals, in particular by the European Commission, the confirmation of the investment-grade rating of Uniper by S&P as well as approval by a Uniper Extraordinary General Meeting.

On 25 July, Uniper drew the existing KfW credit facility of EUR 2,000 million.

On 29 July, following the announcements of the agreement with the German Government on Uniper's stabilisation package, S&P resolved Uniper's CreditWatch Negative by affirming the BBB- rating with negative outlook. Due to the strong governmental support, S&P now considers Uniper a "government-related entity" which enabled Uniper to retain its investment-grade rating, despite an overall weaker stand-alone credit quality. The negative outlook reflects prevailing uncertainty surrounding gas flows and the fact that details of the stabilisation package are still to be defined and approved.

On 3 August, S&P affirmed Fortum's current BBB long-term credit rating with negative outlook. S&P assesses that the support package for Uniper will prevent further incremental costs for Fortum and considers Fortum's financial exposure as capped. According to S&P, the negative outlook reflects Fortum's exposure to Uniper until the European Commission has approved the support package and the longer-term uncertainties about the company's strategy.

On 5 August, Fitch affirmed Fortum's current long-term credit rating at BBB with negative outlook. According to Fitch, the affirmation mainly reflects the rating agency's view that Fortum is well-shielded from the losses incurred by Fortum's German subsidiary Uniper, following Uniper's stabilisation package that was agreed with the German State.

On 8 August, Uniper drew an additional EUR 2,000 million of its KfW credit facility.

On 15 August, the KfW credit facility for Uniper was increased to EUR 9,000 million, of which Uniper had drawn EUR 5,000 million in mid August.

On 18 August, Fortum concluded the sale of its 30% ownership in Recharge AS, a public charging point operator for electric vehicles, to Infracapital, the infrastructure equity investment arm of M&G Plc. The transaction price was approximately EUR 80 million. Fortum will record a tax-exempt capital gain of approximately EUR 75 million in Other Operations' third-quarter 2022 results.

Espoo, 24 August 2022

Fortum Corporation
Board of Directors

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

Financial calendar in 2022

- Fortum will publish its January–September Interim Report on 10 November 2022 at approximately 9.00 EET
- Uniper will publish its January–September results on 3 November 2022

Distribution:

Nasdaq Helsinki
Key media
www.fortum.com

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

Interim Financial Statements are unaudited.

Condensed consolidated income statement

EUR million	Note	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Sales	3	38,237	17,128	81,860	38,621	112,400	155,639
Other income		6,966	1,632	11,805	3,297	12,380	20,888
Materials and services		-37,204	-15,982	-80,822	-35,473	-105,170	-150,519
Employee benefits		-375	-382	-735	-754	-1,561	-1,542
Depreciation and amortisation	3	-346	-313	-680	-621	-1,281	-1,341
Other expenses		-6,703	-2,048	-11,293	-3,865	-14,232	-21,660
Comparable operating profit	3	574	35	136	1,206	2,536	1,466
Items affecting comparability	3, 4	-9,715	-875	-11,693	-701	-3,124	-14,116
Operating profit	3	-9,141	-840	-11,557	505	-588	-12,650
Share of profit/loss of associates and joint ventures	3, 12	-49	61	-239	140	192	-188
Interest expense		-14	-46	-82	-93	-202	-192
Interest income		19	42	45	79	156	122
Other financial items - net		524	39	-389	84	154	-320
Finance costs - net	7	529	35	-426	71	107	-390
Profit before income tax		-8,659	-743	-12,220	717	-289	-13,226
Income tax expense	8	1,303	84	2,031	-66	175	2,273
Net profit		-7,356	-659	-10,189	651	-114	-10,953
Attributable to:							
Owners of the parent		-5,686	-473	-7,908	618	739	-7,788
Non-controlling interests		-1,670	-185	-2,281	33	-852	-3,166
		-7,356	-659	-10,189	651	-114	-10,953
Earnings per share for profit attributable to the equity owners of the company (EUR per share)							
Basic		-6.40	-0.53	-8.90	0.70	0.83	-8.77

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

EUR million	Note	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Comparable operating profit		574	35	136	1,206	2,536	1,466
Impairment charges and reversals		-147	-31	-976	-32	-83	-1,027
Capital gains and other related items		640	23	643	74	2,681	3,251
Changes in fair values of derivatives hedging future cash flow		-10,242	-852	-11,349	-687	-5,424	-16,086
Other		34	-15	-10	-55	-299	-254
Items affecting comparability	3, 4	-9,715	-875	-11,693	-701	-3,124	-14,116
Operating profit		-9,141	-840	-11,557	505	-588	-12,650

See Note 24 Definitions and reconciliations of key figures.

Condensed consolidated statement of comprehensive income

EUR million	Note	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Net profit		-7,356	-659	-10,189	651	-114	-10,953
Other comprehensive income							
Items that may be reclassified to profit or loss in subsequent periods:							
Cash flow hedges							
Fair value gains/losses ¹⁾		-2,775	-195	-4,555	-230	-1,365	-5,690
Transfers to income statement		637	0	1,235	62	117	1,290
Transfers to inventory/property, plant and equipment		1	1	2	2	1	2
Deferred taxes		360	40	706	32	265	939
Net investment hedges							
Fair value gains/losses		-3	-12	16	-9	-15	10
Deferred taxes		2	2	-3	2	1	-4
Exchange differences on translating foreign operations ²⁾		1,696	95	1,362	220	322	1,463
Share of other comprehensive income of associates and joint ventures		13	3	35	10	8	32
Other changes		0	3	0	55	20	-35
		-69	-64	-1,203	144	-646	-1,993
Items that will not be reclassified to profit or loss in subsequent periods:							
Remeasurement of investments		-5	2	-20	5	-6	-31
Actuarial gains/losses on defined benefit plans		279	45	469	178	226	517
Actuarial gains/losses on defined benefit plans in associates and joint ventures		0	6	2	6	29	25
		275	53	451	189	250	512
Other comprehensive income/expense for the period, net of deferred taxes		205	-11	-752	333	-397	-1,481
Total comprehensive income/expense for the period		-7,151	-670	-10,941	984	-510	-12,434
Total comprehensive income/expense attributable to:							
Owners of the parent		-5,976	-491	-9,024	864	185	-9,703
Non-controlling interests		-1,175	-179	-1,917	120	-695	-2,732
		-7,151	-670	-10,941	984	-510	-12,434

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

Condensed consolidated balance sheet

EUR million	Note	30 Jun 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	10	1,897	2,167
Property, plant and equipment and right-of-use assets	11	18,336	19,049
Participations in associates and joint ventures	12	2,316	2,461
Shares in Nuclear Waste Funds	16	3,213	3,515
Other non-current assets		1,209	570
Deferred tax assets		4,886	2,149
Derivative financial instruments	5	60,127	17,096
Long-term interest-bearing receivables	14	1,327	2,392
Total non-current assets		93,313	49,399
Current assets			
Inventories		3,983	2,275
Derivative financial instruments	5	107,673	65,392
Short-term interest-bearing receivables	14	687	715
Income tax receivables		256	161
Margin receivables	15	10,719	9,163
Trade and other receivables		10,781	14,856
Liquid funds	15	4,165	7,592
Total current assets		138,265	100,155
Assets held for sale	6	92	108
Total assets		231,669	149,661
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,046	3,046
Share premium		73	73
Retained earnings		1,954	10,062
Other equity components		-3,093	-1,050
Total		1,980	12,131
Non-controlling interests		-668	1,534
Total equity		1,311	13,665
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	15	6,427	8,701
Derivative financial instruments	5	59,284	16,657
Deferred tax liabilities		926	827
Nuclear provisions	16	3,726	3,891
Other provisions	17	5,193	4,108
Pension obligations, net	18	484	1,190
Other non-current liabilities		476	397
Total non-current liabilities		76,516	35,771
Current liabilities			
Interest-bearing liabilities	15	7,849	8,519
Derivative financial instruments	5	122,781	71,947
Other provisions	17	6,684	2,299
Margin liabilities	15	3,587	985
Trade and other payables		12,939	16,477
Total current liabilities		153,841	100,226
Total liabilities		230,358	135,997
Total equity and liabilities		231,669	149,661

Condensed consolidated statement of changes in total equity

EUR million	Share capital	Share premium	Retained earnings		Other equity components			Owners of the controlling parent	Non-controlling interests	Total equity
			Retained earnings	Translation of foreign operations	Cash flow hedges	Other OCI items	OCI items associates and joint ventures			
Total equity 1 January 2022	3,046	73	12,830	-2,768	-1,138	34	54	12,131	1,534	13,665
IS Net profit			-7,908					-7,908	-2,281	-10,189
Translation differences				991	23	11	-5	1,021	341	1,361
Other comprehensive income			-63		-2,537	427	36	-2,136	23	-2,113
Total comprehensive income for the period			-7,972	991	-2,514	439	32	-9,024	-1,917	-10,941
Cash dividend			-1,013					-1,013	-24	-1,036
Changes due to business combinations			15					15	-136	-121
Transactions with non-controlling interests			-127					-127	-121	-248
Other			-2					-2	-6	-7
BS Total equity 30 June 2022	3,046	73	3,731	-1,777	-3,652	472	86	1,980	-668	1,311
Total equity 1 January 2021	3,046	73	13,097	-2,948	-158	-175	18	12,953	2,624	15,577
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
BS Total equity 30 June 2021	3,046	73	12,692	-2,762	-292	1	34	12,794	2,477	15,271
Total equity 1 January 2021	3,046	73	13,097	-2,948	-158	-175	18	12,953	2,624	15,577
IS Net profit			739					739	-852	-114
Translation differences				180	2	2		184	137	322
Other comprehensive income					-982	207	37	-738	20	-718
Total comprehensive income for the period			739	180	-980	209	37	185	-695	-510
Cash dividend			-995					-995	-171	-1,166
Transactions with non-controlling interests			-15					-15	-221	-236
Other			3					3	-3	0
BS Total equity 31 December 2021	3,046	73	12,830	-2,768	-1,138	34	54	12,131	1,534	13,665

Translation differences

Translation of financial information from subsidiaries in foreign currency is done using the average rate for the income statement and the end rate for the balance sheet. The exchange rate differences arising from translation (mainly related to RUB and SEK) to EUR are recognised in equity. For information regarding exchange rates used, see Note 1.4 Key exchange rates used in consolidated financial statements.

Cash flow hedges

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

Cash dividends

A dividend for 2021 of EUR 1.14 per share, amounting to a total of EUR 1,013 million, was decided in the Annual General Meeting on 28 March 2022. The dividend was paid on 6 April 2022. See Note 9 Dividend per share.

Condensed consolidated cash flow statement

EUR million	Note	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Cash flow from operating activities							
IS Net profit		-7,356	-659	-10,189	651	-114	-10,953
Adjustments:							
Income tax expense		-1,303	-84	-2,031	66	-175	-2,273
Finance costs - net		-529	-35	426	-71	-107	390
Share of profit/loss of associates and joint ventures	12	49	-61	239	-140	-192	188
Depreciation and amortisation	3	346	313	680	621	1,281	1,340
Operating profit before depreciations (EBITDA)		-8,794	-527	-10,876	1,126	693	-11,309
Items affecting comparability	3, 4	9,715	875	11,693	701	3,124	14,116
Comparable EBITDA		920	348	816	1,827	3,817	2,807
Non-cash and other items ¹⁾		-1,600	-97	-1,214	181	1,506	112
Interest received		18	24	33	37	75	70
Interest paid		-63	-59	-159	-120	-202	-241
Dividends received		10	57	11	63	124	72
Income taxes paid		-219	-196	-377	-290	-493	-581
Funds from operations ¹⁾		-934	77	-889	1,698	4,827	2,240
Change in working capital ¹⁾		1,209	212	-365	-578	144	356
Net cash from operating activities		275	289	-1,254	1,120	4,970	2,596
Cash flow from investing activities							
Capital expenditures	3	-185	-277	-387	-570	-1,178	-994
Acquisitions of shares ²⁾	6	-16	-182	-28	-205	-294	-117
Proceeds from sales of property, plant and equipment		14	2	89	15	20	93
Divestments of shares and capital returns	6	1,011	22	1,017	151	3,863	4,729
Shareholder loans to associated companies and joint ventures	14	-24	-2	2	-21	-8	14
Change in margin receivables		-3,266	-1,301	-1,543	-1,285	-7,964	-8,222
Change in other interest-bearing receivables and other	14	-243	-45	-199	-64	-166	-301
Net cash from/used in investing activities		-2,709	-1,785	-1,050	-1,979	-5,727	-4,798
Cash flow before financing activities							
		-2,434	-1,496	-2,305	-859	-756	-2,202
Cash flow from financing activities							
Proceeds from long-term liabilities	15	0	3	0	65	3,439	3,374
Payments of long-term liabilities	15	-2,235	-585	-2,536	-627	-2,315	-4,224
Change in short-term liabilities	15	1,693	499	-95	794	5,364	4,476
Dividends paid to the owners of the parent	9	-1,013	-995	-1,013	-995	-995	-1,013
Dividends paid to non-controlling interests		-24	-144	-24	-144	-171	-51
Change in margin liabilities		1,707	841	2,583	1,180	649	2,051
Other financing items		-110	-2	-185	-1	43	-141
Net cash from/used in financing activities		18	-384	-1,270	271	6,013	4,472
Net increase(+)/decrease(-) in liquid funds							
		-2,417	-1,880	-3,574	-588	5,256	2,270
Liquid funds at the beginning of the period							
	15	6,420	3,618	7,592	2,308	2,308	1,738
Foreign exchange differences in liquid funds		162	1	147	19	29	157
Liquid funds at the end of the period	15	4,165	1,738	4,165	1,738	7,592	4,165

1) In IV/2021, CO₂ emission allowances included in Intangible assets were reclassified to Inventories. The change is also reflected in Change in working capital and Non-cash and other items. Comparatives have been reclassified accordingly.

2) From I/2022, acquisition of additional shares in Uniper are presented in cash flow from financing activities to better reflect the requirements of IAS 7 Statement of cash flows. Until IV/2021 acquisition of additional shares in Uniper were presented in cash flow from investing activities. Comparatives have not been restated.

Additional cash flow information

Change in working capital

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Change in interest-free receivables, decrease(+)/increase(-)	2,653	1,118	4,110	1,115	-5,892	-2,897
Change in inventories, decrease(+)/increase(-) ¹⁾	376	-191	-1,243	-275	-192	-1,161
Change in interest-free liabilities, decrease(-)/increase(+)	-1,820	-715	-3,232	-1,419	6,227	4,414
CF Total ¹⁾	1,209	212	-365	-578	144	356

1) In IV/2021, CO₂ emission allowances included in Intangible assets were reclassified to Inventories. The change is also reflected in Change in working capital and Non-cash and other items. Comparatives have been reclassified accordingly.

Capital expenditure in cash flow

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Capital expenditure	250	288	412	517	1,116	1,011
Change in not yet paid investments, decrease(+)/increase(-)	-64	-5	-22	69	78	-13
Capitalised borrowing costs	-2	-6	-3	-16	-16	-4
CF Total	185	277	387	570	1,178	994

Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 28 million during I-II/2022 (I-II/2021: 205). For additional information, see Note 6.1 Acquisitions. From I/2022, acquisition of additional shares in Uniper are presented in cash flow from financing activities to better reflect the requirements of IAS 7 Statement of cash flows. Until IV/2021 acquisition of additional shares in Uniper were presented in cash flow from investing activities. Comparatives have not been restated.

Divestment of shares in cash flow

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Proceeds from sales of subsidiaries, net of cash disposed	1,004	8	1,004	136	932	1,800
Proceeds from sales and capital returns of associates and joint ventures	1	6	2	6	2,903	2,899
Proceeds from sales of other investments	6	9	12	9	28	31
CF Total	1,011	22	1,017	151	3,863	4,729

During I-II/2022, Fortum completed the divestment of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway. During 2021, Fortum completed the divestment of the 50% stake in the Swedish district heating and cooling company Stockholm Exergi, the district heating business in the Baltics, the Pavagada II and the Rajasthan solar power plants in India, the 80% stake in the Sørkjord wind park in Norway and eight small hydropower plants in Sweden. For further information, see Note 6.2 Disposals.

Change in financial net debt

EUR million	Note	I-II/2022	2021
Financial net debt, beginning of the period		789	7,023
Comparable EBITDA		816	3,817
Non-cash and other items		-1,214	1,506
Paid net financial costs and dividends received		-115	-3
Income taxes paid		-377	-493
Change in working capital		-365	144
Capital expenditures		-387	-1,178
Acquisitions		-28	-294
Divestments and proceeds from sale of property, plant and equipment		1,106	3,883
Change in interest-bearing receivables		-198	-174
Dividends to the owners of the parent		-1,013	-995
Dividends to non-controlling interests		-24	-171
Other financing activities		-185	43
Net cash flow ('-' increase in financial net debt)		-1,983	6,084
Foreign exchange rate differences and other changes		-419	-150
Financial net debt, end of the period	15	2,353	789

Capital risk management

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'.

On 14 March 2022, S&P placed Fortum's and Uniper's BBB ratings on CreditWatch Negative. On 16 May 2022, S&P resolved the CreditWatch and affirmed Fortum's BBB rating with negative outlook. However, Uniper's long-term credit rating was downgraded by one notch from BBB to BBB-, also with negative outlook.

On 17 March 2022, Fitch Ratings affirmed its long-term credit rating for Fortum to BBB with stable outlook.

On 5 July 2022, due to the Russian gas curtailment, S&P again placed Fortum's and Uniper's credit ratings on CreditWatch Negative. On 29 July 2022, following the announcements of the agreement with the German government on Uniper's stabilisation package, S&P resolved Uniper's CreditWatch Negative by affirming the BBB- rating with negative outlook. Due to the strong governmental support, S&P now considers Uniper a "government-related entity", which enabled Uniper to retain its investment grade rating, despite an overall weaker stand-alone credit quality. The negative outlook of Uniper's rating reflects prevailing uncertainty around gas flows, which in S&P's view may necessitate an increase of the government package and the fact that details of the stabilisation package are still to be approved.

On 3 August 2022, S&P affirmed Fortum's current BBB long-term credit rating with negative outlook. S&P assesses that the support package for Uniper will prevent further incremental costs for Fortum and considers Fortum's financial exposure as capped. According to S&P, the negative outlook reflects Fortum's exposure to Uniper until the European Commission has approved the support package and the longer-term uncertainties about the company's strategy.

On 5 August 2022, Fitch Ratings affirmed Fortum's current long-term credit rating at BBB with negative outlook. According to Fitch, the affirmation mainly reflects the rating agency's view that Fortum is well-shielded from the losses incurred by Fortum's German subsidiary Uniper, following Uniper's stabilisation package that was agreed with the German State.

See Note 23 Events after the balance sheet date for details on the Uniper stabilisation package.

Fortum's objective is to have a solid investment grade rating of at least BBB to preserve financial flexibility and good access to capital markets.

Financial net debt/comparable EBITDA

EUR million	Note	2021	LTM
+ Interest-bearing liabilities		17,220	14,277
- BS Liquid funds		7,592	4,165
- Non-current securities		111	95
- Collateral arrangement securities		549	532
- Securities in interest-bearing receivables		660	627
- BS Margin receivables		9,163	10,719
+ BS Margin liabilities		985	3,587
+/- Net margin liabilities/receivables		-8,179	-7,132
Financial net debt	15	789	2,353
IS Operating profit		-588	-12,650
+ IS Depreciation and amortisation		1,281	1,341
EBITDA		693	-11,309
- IS Items affecting comparability		3,124	14,116
Comparable EBITDA		3,817	2,807
Financial net debt/comparable EBITDA		0.2	0.8

See Note 4 Comparable operating profit and comparable net profit for details on items affecting comparability, and Note 15 Interest-bearing net debt, including further details of the financing and liquidity status.

Key figures

EUR million or as indicated	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Reported						
IS Sales	38,237	17,128	81,860	38,621	112,400	155,639
IS Operating profit	-9,141	-840	-11,557	505	-588	-12,650
IS Share of profit/loss of associates and joint ventures	-49	61	-239	140	192	-188
IS Net profit	-7,356	-659	-10,189	651	-114	-10,953
IS Net profit (after non-controlling interests)	-5,686	-473	-7,908	618	739	-7,788
Earnings per share (basic), EUR	-6.40	-0.53	-8.90	0.70	0.83	-8.77
CF Net cash from operating activities	275	289	-1,254	1,120	4,970	2,596
Capital expenditure and gross investments in shares, EUR million	261	468	435	720	1,407	1,122
Capital expenditure, EUR million	250	288	412	517	1,116	1,011
Number of employees			18,961	20,184	19,140	

EUR million or as indicated	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Comparable						
EBITDA	920	348	816	1,827	3,817	2,807
IS Operating profit	574	35	136	1,206	2,536	1,466
Share of profit/loss of associates and joint ventures	25	52	51	119	154	86
Net profit (after non-controlling interests)	885	79	786	915	1,778	1,649
Earnings per share (basic), EUR	0.99	0.09	0.88	1.03	2.00	1.85

EUR million	30 Jun 2022	31 Dec 2021	LTM
Financial net debt, EUR million	2,353	789	
Adjusted net debt, EUR million	4,188	3,227	
Financial net debt/comparable EBITDA		0.2	0.8
Equity per share, EUR	2.23	13.66	
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	

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 2021.

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

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

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

IS = Income statement

BS = Balance sheet

CF = Cash flow

1.2 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. See Note 4 Comparable operating profit and comparable net profit and Note 24 Definitions and reconciliations of key figures.

Fortum's long-term financial target for capital structure is Financial net debt to comparable EBITDA (see Capital risk management and Note 24 Definitions and reconciliations of key figures).

1.3 Accounting policies

The same accounting policies that were applied in the preparation of the consolidated financial statements for the year ended 31 December 2021, have been applied in these condensed interim financial statements. New standards, amendments and interpretations effective from 1 January 2022 have not had a material impact on Fortum's consolidated financial statements.

1.4 Key exchange rates used in consolidated financial statements

The balance sheet date rate is based on the exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of daily closing rates from the European Central Bank. The European Central Bank stopped publishing rouble (RUB) rates from 2 March 2022. From 2 March 2022, the daily spot rate at 17:15 EET from the market has been used.

Key exchange rates used in consolidated financial statements:

Average rate	Jan-June 2022	Jan-Mar 2022	Jan-Dec 2021	Jan-Sept 2021	Jan-June 2021	Jan-Mar 2021
United Kingdom (GBP)	0.8424	0.8364	0.8596	0.8636	0.8680	0.8739
Norway (NOK)	9.9817	9.9247	10.1633	10.2280	10.1759	10.2584
Poland (PLN)	4.6354	4.6230	4.5652	4.5473	4.5374	4.5457
Russia (RUB)	85.0393	99.1783	87.1527	88.5335	89.5502	89.6675
Sweden (SEK)	10.4796	10.4807	10.1465	10.1528	10.1308	10.1202
United States (USD)	1.0934	1.1217	1.1827	1.1962	1.2053	1.2048

Balance sheet date rate	30 June 2022	31 Mar 2022	31 Dec 2021	30 Sept 2021	30 June 2021	31 Mar 2021
United Kingdom (GBP)	0.8582	0.8460	0.8403	0.8605	0.8581	0.8521
Norway (NOK)	10.3485	9.7110	9.9888	10.1650	10.1717	9.9955
Poland (PLN)	4.6904	4.6531	4.5969	4.6197	4.5201	4.6508
Russia (RUB)	56.4004	91.5833	85.3004	84.3391	86.7725	88.3175
Sweden (SEK)	10.7300	10.3370	10.2503	10.1683	10.1110	10.2383
United States (USD)	1.0387	1.1101	1.1326	1.1579	1.1884	1.1725

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 2021. However, the Russia-Ukraine war has fundamentally changed the geopolitical situation; and given the uncertainty and risks arising from the geopolitical situation, there may be future effects on the consolidated financial statements arising from more volatile global economy and especially commodity markets. In addition, the Russian gas supplier, Gazprom's, future behaviour as a supplier will continue to influence the measurement of the items mentioned below. These factors can affect the carrying amounts of assets and liabilities, the amount and timing of earnings recognition, as well as cash flows.

Gas curtailment and stabilisation package

Since mid-June 2022, the Uniper segment has received only a fraction of the contracted gas volumes from Russia and has had to source replacement volumes in the market at significantly higher prices. Due to the curtailments of gas supply, related fair valued long-term gas contracts were not valued based on the contractually agreed volumes. Instead, weighted scenarios with different duration and level of gas curtailments as well as market prices were used in the valuation. Compensation under the German Energy Security Act (EnSiG) was not included in the valuation of fair valued contracts. See Note 5 Financial risk management.

These scenarios were also used in the calculation of the onerous contract provision for long-term gas contracts that reflects procurement of replacement volumes at significantly higher prices than the contracted sales price. The compensation under Energy Security Act (EnSig) was included in the measurement of the provision, as the compensation was considered sufficiently probable as of 30 June 2022. See Note 17 Other provisions.

Fortum has EUR 515 million goodwill on the balance sheet relating to the Uniper acquisition in 2020. The goodwill is allocated to the total Uniper Group and attributable to expected synergies. On 22 July 2022, Fortum, its subsidiary Uniper and the German government agreed on a comprehensive stabilisation package to provide financial relief to Uniper. See Note 23 Events after the balance sheet date. The Uniper stabilisation package includes key principles, which may have an impact on Fortum's ability to achieve the anticipated synergies. As the term sheet was signed after

the reporting date in July 2022 and the final terms are still to be finalised, Uniper goodwill has not been tested for impairment as of 30 June 2022. Impairment testing on the goodwill will be performed when the detailed terms and conditions of the stabilisation package are finalised and Fortum's ability to achieve the anticipated synergies can be assessed.

Going concern risk due to geopolitical uncertainties particularly concerning the Uniper segment

Following the war in Ukraine, particularly Uniper segment's business and financial risk profiles have significantly deteriorated in the first half of 2022, mainly due to Russian gas curtailments and commodity price volatility, which have significantly increased margining requirements and liquidity needs. If gas curtailments continue longer and/or increase in volume, this could trigger significant losses and liquidity problems. These risks could lead to downgrade of Uniper credit rating to below investment grade, which would further strain Uniper's liquidity situation.

On 22 July 2022, the German government, Uniper and Fortum agreed on a package of measures to stabilise Uniper financially. The stabilisation measures are subject to conditions, including regulatory approvals; especially the state-aid approval from the European Commission and the approval of Uniper's General Meeting. See further information on the stabilisation package in Note 23 Events after the balance sheet date.

Fortum believes that it is highly probable that these conditions will be met and Uniper is consolidated based on the going concern assumption. However, as fulfilment of the conditions described above are not entirely under the control of Uniper or Fortum, a material uncertainty about the going concern assumption exists in the Uniper segment. The material uncertainty about going concern relates mostly to the Uniper segment, but realisation of the risks would have significant impacts also at Fortum Group level.

Geopolitical uncertainties and impacts on Russian operations

In I/2022, Fortum recorded the following impairments due to the Russia-Ukraine war:

- Impairments of EUR 1,002 million on non-current Russian assets. Due to the strengthened rouble rate the impairment increased to EUR 1,177 million in II/2022. See Note 13 Impairment of non-current assets.
- Write-down of EUR 1,003 million financial loan receivable, including accrued interest, related to the Nord Stream 2 pipeline project. See Note 14 Interest-bearing receivables.

In addition, expected credit losses of EUR 76 million were recognised on Russian receivables in I-II/2022.

The remaining book value of Fortum's Russian assets (net of impairments) was approximately EUR 5.5 billion at 30 June 2022 (31 Mar 2022: 3.3; 31 Dec 2021: 5.5). The increase in book value from I/2022 is due to the strengthened rouble rate.

Due to the sanctions imposed by the Russian Federation, Fortum's Russian subsidiaries are subject to foreign exchange transfer restrictions, which currently limit the transfer of funds, such as potential dividend distributions, into the EU. Accordingly, cash and cash equivalents held by Fortum's Russian subsidiaries in Russia, a total of EUR 364 million, are not available to the other Group companies. The sanctions currently do not, however, restrict Fortum from exercising its voting rights at the general meetings of the Russian subsidiaries (including Uniper's subsidiary Unipro). Hence, Fortum's Russian subsidiaries continue to be classified as subsidiaries at 30 June 2022.

See also section 'Key drivers and risks'.

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.

The Swedish nuclear subsidiary, OKG Aktiebolag (OKG AB), is split between the Generation segment and the Uniper segment according to ownership.

Quarter

EUR million	Note	Generation ¹⁾		Russia		City Solutions ¹⁾		Consumer Solutions		Uniper ⁴⁾		Other Operations		Total	
		II/2022	II/2021	II/2022	II/2021	II/2022	II/2021	II/2022	II/2021	II/2022	II/2021	II/2022	II/2021	II/2022	II/2021
Income statement data by segment															
Power sales ¹⁾		709	539	192	161	31	42	747	353	7,431	5,116	-	-	9,110	6,211
Heat sales		-	-	25	20	87	100	-	-	152	89	-	-	264	208
Gas sales		-	25	-	-	-	0	73	39	22,524	8,997	-	-	22,597	9,061
Waste treatment sales		-	0	-	-	49	60	-	-	-	-	-	-	49	60
Other sales		13	12	1	2	62	54	37	32	6,380	1,691	34	36	6,526	1,826
Sales		722	575	218	182	229	256	856	424	36,487	15,893	34	36	38,546	17,366
Internal eliminations		125	-60	0	-1	-9	-11	-7	-2	-14	0	-26	-28	69	-101
Netting of Nord Pool transactions ²⁾														-379	-137
IS External sales		847	516	217	181	220	245	849	422	36,473	15,893	9	7	38,237	17,128
Comparable EBITDA		340	243	91	70	0	43	40	36	468	-17	-19	-29	920	348
IS Depreciation and amortisation		-47	-48	-34	-33	-36	-47	-19	-17	-206	-161	-5	-7	-346	-313
IS Comparable operating profit		294	195	57	37	-36	-4	21	19	263	-177	-24	-36	574	35
Impairment charges and reversals		-	-	-46	-29	0	-	-	-	-101	-2	-	-	-147	-31
Capital gains and other related items		0	0	0	0	639	3	0	0	0	11	1	9	640	23
Changes in fair values of derivatives															
hedging future cash flow		-302	-8	0	0	-39	-3	200	68	-10,101	-910	-	0	-10,242	-852
Other		0	0	-3	-	-	-	-	-	37	-14	-	-	34	-15
IS Items affecting comparability	4	-302	-8	-49	-29	599	0	200	68	-10,164	-915	1	9	-9,715	-875
IS Operating profit		-8	188	8	8	563	-3	221	87	-9,901	-1,093	-23	-27	-9,141	-840
Comparable share of profit/loss of associates and joint ventures	4, 12	9	10	3	29	3	1	-	-	9	11	0	1	25	52
IS Share of profit/loss of associates and joint ventures	12	-27	12	-24	29	3	1	-	-	-2	18	0	1	-49	61
Gross investments / divestments by segment															
Gross investments in shares ³⁾	6	0	0	-3	18	0	0	-	-	4	-1	9	162	11	180
Capital expenditure		42	35	5	12	38	39	17	25	145	185	4	7	250	288
Gross divestments of shares	6	-	0	0	0	1,209	5	0	0	6	6	0	8	1,215	19

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) From I/2022, acquisition of additional shares in Uniper are not included in gross investments in shares. For additional information, see Note 6.1 Acquisitions.

4) Uniper includes effects from Russian operations: Sales EUR 322 million (II/2021: 230), Comparable EBITDA EUR 134 million (II/2021: 83), Comparable operating profit EUR 104 million (II/2021: 56) and Investments EUR 13 million (II/2021: 46).

Year-to-date

EUR million	Note	Generation ¹⁾		Russia		City Solutions ¹⁾		Consumer Solutions		Uniper ⁴⁾		Other Operations		Total	
		I-II/2022	I-II/2021	I-II/2022	I-II/2021	I-II/2022	I-II/2021	I-II/2022	I-II/2021	I-II/2022	I-II/2021	I-II/2022	I-II/2021	I-II/2022	I-II/2021
Income statement data by segment															
Power sales ¹⁾		1,409	1,166	369	367	80	103	1,724	927	17,047	10,899	-	-	20,629	13,463
Heat sales		-	-	67	76	316	346	-	-	319	190	-	-	703	612
Gas sales		-	62	-	-	-	1	209	96	48,089	20,942	-	-	48,298	21,100
Waste treatment sales		-	0	-	-	111	122	-	-	-	-	-	-	111	122
Other sales		23	23	4	3	112	102	91	62	12,517	3,632	69	70	12,815	3,892
Sales		1,432	1,251	441	446	619	674	2,024	1,085	77,971	35,663	69	70	82,556	39,189
Internal eliminations		254	-123	-2	-2	-15	-23	-21	-5	-34	0	-52	-56	131	-208
Netting of Nord Pool transactions ²⁾														-827	-359
IS External sales		1,686	1,128	439	444	604	652	2,003	1,081	77,938	35,663	17	14	81,860	38,621
Comparable EBITDA		670	558	183	205	90	175	94	89	-177	851	-44	-52	816	1,827
IS Depreciation and amortisation		-94	-94	-65	-68	-77	-93	-38	-35	-394	-317	-12	-14	-680	-621
IS Comparable operating profit		576	464	118	137	12	82	56	55	-570	534	-55	-66	136	1,206
Impairment charges and reversals		-	-	-320	-29	0	-	-	-	-656	-3	-	-	-976	-32
Capital gains and other related items		0	50	0	0	639	4	0	0	1	11	3	9	643	74
Changes in fair values of derivatives hedging future cash flow		-285	-9	0	0	-53	-4	357	92	-11,368	-766	-	0	-11,349	-687
Other		-	1	-24	-	1	-	-	-	22	-56	-10	-	-10	-55
IS Items affecting comparability	4	-285	41	-345	-29	587	0	357	92	-12,000	-813	-6	9	-11,693	-701
IS Operating profit		291	505	-227	108	599	82	413	147	-12,571	-279	-62	-58	-11,557	505
Comparable share of profit/loss of associates and joint ventures	4, 12	12	5	15	52	7	40	-	-	17	22	-1	0	51	119
IS Share of profit/loss of associates and joint ventures	12	-58	20	-183	52	7	40	-	-	-4	29	-1	0	-239	140
Gross investments / divestments by segment															
Gross investments in shares ³⁾	6	0	0	3	18	0	0	-	-	5	2	15	183	23	203
Capital expenditure		75	62	9	18	63	86	32	36	227	318	5	10	412	517
Gross divestments of shares	6	-	129	0	17	1,209	5	0	0	12	6	0	8	1,220	165

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) From I/2022, acquisition of additional shares in Uniper are not included in gross investments in shares. For additional information, see Note 6.1 Acquisitions.

4) Uniper includes effects from Russian operations: Sales EUR 605 million (I-II/2021: 470), Comparable EBITDA EUR 248 million (I-II/2021: 160), Comparable operating profit EUR 191 million (I-II/2021: 110) and Investments EUR 22 million (I-II/2021: 71).

Last twelve months

EUR million	Note	Generation ¹⁾		Russia		City Solutions ¹⁾		Consumer Solutions		Uniper ⁴⁾		Other Operations		Total	
		LTM	2021	LTM	2021	LTM	2021	LTM	2021	LTM	2021	LTM	2021	LTM	2021
Income statement data by segment															
Power sales ¹⁾		2,933	2,690	763	761	182	205	3,050	2,253	34,512	28,365	0	0	41,441	34,274
Heat sales		-	-	128	137	582	612	-	-	567	437	-	-	1,278	1,186
Gas sales		105	167	-	-	-	1	338	225	86,725	59,577	-	-	87,168	59,970
Waste treatment sales		0	0	-	-	238	250	-	-	-	-	-	-	238	250
Other sales		41	42	9	8	245	235	173	144	26,497	17,612	137	138	27,102	18,179
Sales		3,080	2,899	901	906	1,247	1,302	3,561	2,622	148,301	105,992	137	138	157,227	113,860
Internal eliminations		234	-143	-3	-3	-31	-39	-30	-14	-62	-29	-100	-104	8	-331
Netting of Nord Pool transactions ²⁾														-1,596	-1,128
IS External sales		3,314	2,756	898	903	1,216	1,264	3,531	2,608	148,239	105,964	37	34	155,639	112,400
Comparable EBITDA		1,411	1,299	382	404	231	317	128	123	761	1,789	-106	-114	2,807	3,817
IS Depreciation and amortisation		-189	-189	-140	-142	-166	-182	-75	-71	-745	-668	-25	-28	-1,341	-1,281
IS Comparable operating profit		1,221	1,110	242	261	65	135	53	52	16	1,120	-131	-142	1,466	2,536
Impairment charges and reversals		-	-	-326	-35	0	-	-	-	-701	-48	-	-	-1,027	-83
Capital gains and other related items		0	50	1	1	3,244	2,608	0	0	-2	9	9	14	3,251	2,681
Changes in fair values of derivatives hedging future cash flow		-382	-107	0	0	-121	-72	708	443	-16,290	-5,688	0	-	-16,086	-5,424
Other		0	1	-24	-	1	-	-	-	-216	-294	-15	-6	-254	-299
IS Items affecting comparability	4	-382	-56	-350	-34	3,123	2,536	708	443	-17,208	-6,021	-7	8	-14,116	-3,124
IS Operating profit		839	1,054	-107	227	3,188	2,671	761	495	-17,192	-4,901	-138	-134	-12,650	-588
Comparable share of profit/loss of associates and joint ventures	4, 12	17	11	26	62	10	42	-	-	35	39	-1	0	86	154
IS Share of profit/loss of associates and joint ventures	12	-41	36	-173	62	10	42	-	-	19	51	-1	0	-188	192
Gross investments / divestments by segment															
Gross investments in shares ³⁾	6	7	7	21	36	2	2	-	-	12	9	69	237	110	290
Capital expenditure		182	168	38	47	137	161	64	68	583	673	10	15	1,011	1,116
Gross divestments of shares	6	0	129	0	18	5,073	3,870	0	0	94	88	11	19	5,178	4,122

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) From 1/2022, acquisition of additional shares in Uniper are not included in gross investments in shares. For additional information, see Note 6.1 Acquisitions.

4) Uniper includes effects from Russian operations: Sales EUR 1,145 million (2021: 1,010), Comparable EBITDA EUR 431 million (2021: 342), Comparable operating profit EUR 310 million (2021: 229) and Investments EUR 81 million (2021: 130).

Segment assets and liabilities

EUR million	Note	Generation		Russia		City Solutions		Consumer Solutions		Uniper ¹⁾		Other Operations		Total	
		30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Non-interest-bearing assets		5,651	6,066	2,850	1,923	1,896	2,874	1,156	1,496	24,655	26,616	274	283	36,481	39,258
BS Participations in associates and joint ventures	12	972	1,005	592	678	70	74	-	-	647	671	35	32	2,316	2,461
Eliminations														-348	-386
Total segment assets		6,623	7,071	3,441	2,601	1,966	2,949	1,156	1,496	25,302	27,286	309	315	38,449	41,333
Interest-bearing receivables	14													2,015	3,107
BS Deferred tax assets														4,886	2,149
Other assets														182,154	95,481
BS Liquid funds														4,165	7,592
BS Total assets														231,669	149,661
Segment liabilities		513	735	89	93	352	492	347	371	24,129	22,315	150	190	25,579	24,196
Eliminations														-348	-386
Total segment liabilities														25,231	23,810
BS Deferred tax liabilities														926	827
Other liabilities														189,924	94,140
Total liabilities included in capital employed														216,081	118,777
Interest-bearing liabilities	15													14,277	17,220
BS Total equity														1,311	13,665
BS Total equity and liabilities														231,669	149,661
Number of employees		1,344	1,116	2,579	2,627	1,607	1,766	1,172	1,176	11,249	11,494	1,010	961	18,961	19,140

1) Uniper includes effects from Russian operations: Segment assets EUR 2,361 million (31 Dec 2021: 2,241) and segment liabilities EUR 166 million (31 Dec 2021: 116).

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	
		LTM	31 Dec 2021	LTM	31 Dec 2021	LTM	31 Dec 2021	LTM	31 Dec 2021	LTM	31 Dec 2021
Comparable operating profit		1,221	1,110	242	261	65	135	53	52	16	1,120
Comparable share of profit/loss of associates and joint ventures	4, 12	17	11	26	62	10	42	-	-	35	39
Comparable operating profit including comparable share of profit/loss of associates and joint ventures		1,239	1,121	268	323	75	177	53	52	51	1,160
Segment assets at the end of the period		6,623	7,071	3,441	2,601	1,966	2,949	1,156	1,496	25,302	27,286
Segment liabilities at the end of the period		513	735	89	93	352	492	347	371	24,129	22,315
Comparable net assets		6,110	6,336	3,352	2,508	1,614	2,456	809	1,125	1,173	4,971
Comparable net assets average ¹⁾		6,219	6,221	2,591	2,516	2,177	2,915	851	746	4,854	7,021
Comparable return on net assets, %		19.9	18.0	10.3	12.9	3.4	6.1	6.2	6.9	1.0	16.5

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

Going concern risk due to geopolitical uncertainties particularly concerning the Uniper segment

On 22 July 2022, the German Government, Uniper and Fortum agreed on a stabilisation package to provide financial relief to Uniper. The stabilisation measures are subject to conditions including regulatory approvals; especially the state-aid approval from the European Commission and the approval of Uniper's General Meeting. Fortum believes that it is highly probable that these conditions will be met. However, as fulfilment of the conditions described above are not entirely under the control of Uniper or Fortum, a material uncertainty about the going concern assumption exists in the Uniper segment. See Note 2 Critical accounting estimates and judgements.

4. Comparable operating profit and comparable net profit

4.1 Reconciliation of operating profit to comparable operating profit

Quarter

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	II/2022	II/2021	II/2022	II/2021	II/2022	II/2021	II/2022	II/2021	II/2022	II/2021	II/2022	II/2021
Sales	45,835	21,033	-	-	-	-	-7,599	-3,905	-	-	38,237	17,128
Other income	21,828	2,441	0	2	-640	-23	-14,220	-759	-2	-29	6,966	1,632
Materials and services	-65,153	-25,943	-	-	-	-	28,019	9,944	-70	17	-37,204	-15,982
Employee benefits	-370	-391	-	-	-	-	-	-	-4	9	-375	-382
Depreciation and amortisation	-493	-343	147	30	-	-	-	-	-	-	-346	-313
Other expenses	-10,788	2,363	-	-	-	-	4,042	-4,427	43	17	-6,703	-2,048
IS Comparable operating profit			147	32	-640	-23	10,242	852	-34	15	574	35
IS Items affecting comparability			-147	-31	640	23	-10,242	-852	34	-15	-9,715	-875
IS Operating profit	-9,141	-840									-9,141	-840

Year-to-date

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	I-II/2022	I-II/2021	I-II/2022	I-II/2021	I-II/2022	I-II/2021	I-II/2022	I-II/2021	I-II/2022	I-II/2021	I-II/2022	I-II/2021
Sales	116,955	43,905	-	-	-	-	-35,095	-5,284	-	-	81,860	38,621
Other income	51,270	9,320	0	1	-643	-74	-38,734	-5,920	-88	-31	11,805	3,297
Materials and services	-160,321	-46,878	-	-	-	-	79,575	11,377	-75	28	-80,822	-35,473
Employee benefits	-744	-762	-	-	-	-	-	-	9	9	-735	-754
Depreciation and amortisation	-1,657	-651	976	31	-	-	-	-	-	-	-680	-621
Other expenses	-17,060	-4,428	-	-	-	-	5,604	515	164	49	-11,293	-3,865
IS Comparable operating profit			976	32	-643	-74	11,349	687	10	55	136	1,206
IS Items affecting comparability			-976	-32	643	74	-11,349	-687	-10	-55	-11,693	-701
IS Operating profit	-11,557	505									-11,557	505

Last twelve months

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	LTM	2021	LTM	2021	LTM	2021	LTM	2021	LTM	2021	LTM	2021
Sales	239,268	166,218	-	-	-	-	-83,629	-53,817	-	-	155,639	112,400
Other income	112,159	70,209	-3	-2	-3,251	-2,682	-87,824	-55,010	-193	-136	20,888	12,380
Materials and services	-330,958	-217,515	-	-	-	-	180,396	112,198	45	148	-150,519	-105,170
Employee benefits	-1,699	-1,718	-	-	-	-	-	-	156	156	-1,542	-1,561
Depreciation and amortisation	-2,369	-1,364	1,029	83	-	-	-	-	-	-	-1,341	-1,281
Other expenses	-29,051	-16,419	-	-	1	1	7,143	2,054	246	131	-21,660	-14,232
IS Comparable operating profit			1,027	83	-3,251	-2,681	16,086	5,424	254	299	1,466	2,536
IS Items affecting comparability			-1,027	-83	3,251	2,681	-16,086	-5,424	-254	-299	-14,116	-3,124
IS Operating profit	-12,650	-588									-12,650	-588

Impairment charges and reversals

Impairment charges and reversals of previously recognised impairments are adjusted from depreciation and amortisation and presented in items affecting comparability. Impairments in I-II/2022 include EUR 320 million impairment in the Russia segment, and EUR 656 million impairment in the Uniper segment. The increase in impairments of EUR 147 million compared to I/2022 comes from the strengthened rouble rate. See Note 13 Impairment of non-current assets. Impairments in 2021 included EUR 40 million impairment in connection with the sale of the Schkopau lignite power plant in Germany (Uniper segment), and a tax-deductible non-cash impairment of EUR 35 million in connection with the sale of the Argayash CHP plant in Russia (Russia segment).

Capital gains and other related items

Capital gains and other related items in I-II/2022 includes EUR 638 million gain from the sale of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway. Capital gains and other related items in 2021 included EUR 2,350 million gain from the sale of the 50% stake in the Swedish district heating and cooling company, Stockholm Exergi Holding AB, EUR 254 million gain from the sale of the district heating business in the Baltics, and EUR 50 million gain from the sale of eight small hydropower plants in Sweden (see Note 6.2 Disposals).

Changes in fair values of derivatives hedging future cash flow

The anticipated losses from gas curtailments of approximately EUR 6.5 billion have been recognised as items affecting comparability in changes in fair value of derivatives hedging future cash flow. The amount includes reduced fair values of gas purchase contracts (derivatives) as well as an onerous contract provision amounting to approximately EUR 2.4 billion. The onerous contract provision reflects the risk of increased purchase (replacement) cost to substitute the curtailed Russian gas supplies in the future. See Note 5 Financial risk management and Note 17 Other provisions.

Due to the uncertainty of future prices and volumes supplied, the anticipated losses are classified as items affecting comparability. The effects will be reported within comparable operating profit on physical delivery and the realisation of the difference between purchase and sales prices, which is mainly expected to occur in the third quarter of 2022. Final impact on comparable operating profit depends on the level of market prices and gas curtailments.

Changes in fair value of derivatives hedging future cash flows include other mark-to-market changes amounting to approximately EUR 4.8 billion in I-II/2022, which consist of:

- 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.
- Provision for electricity sales contracts. See Note 17 Other provisions.

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 certain provisions and reversals of temporary reductions in current assets.

4.2 Reconciliation from operating profit to comparable net profit

EUR million	Note	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
IS Operating profit		-9,141	-840	-11,557	505	-588	-12,650
IS Items affecting comparability	4.1	9,715	875	11,693	701	3,124	14,116
IS Comparable operating profit		574	35	136	1,206	2,536	1,466
IS Share of profit/loss of associates and joint ventures		-49	61	-239	140	192	-188
Adjustments to share of profit/loss of associates and joint ventures	12	73	-9	290	-22	-38	273
Comparable share of profit/loss of associates and joint ventures		25	52	51	119	154	86
IS Finance costs - net		529	35	-426	71	107	-390
Adjustments to finance costs - net	7	126	-25	1,216	-42	-146	1,112
Comparable finance costs - net		655	10	790	29	-38	722
Comparable profit before income tax		1,254	97	976	1,354	2,651	2,274
IS Income tax expense		1,303	84	2,031	-66	175	2,273
Adjustments to income tax expense		-1,593	-108	-2,247	-218	-780	-2,809
Comparable income tax expense		-290	-24	-215	-284	-605	-536
IS Non-controlling interests		1,670	185	2,281	-33	852	3,166
Adjustments to non-controlling interests		-1,749	-179	-2,256	-122	-1,121	-3,255
Comparable non-controlling interests		-79	6	25	-155	-268	-89
Comparable net profit		885	79	786	915	1,778	1,649
Comparable earnings per share, EUR	24	0.99	0.09	0.88	1.03	2.00	1.85

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 2021 consolidated financial statements. In I-II/2022, the share of profits of associates and joint ventures include EUR 175 million impairments related to Fortum’s ownership in the Russian TGC-1 and EUR 26 million of impairments of the renewables joint ventures in Russia. The increase of impairments of EUR 29 million compared to I/2022 comes from the strengthened rouble rate. See Note 13 Impairment of non-current assets.

Comparable finance costs - net

Finance costs – net are adjusted for e.g. nuclear-related items recognised in other financial items - net, fair value changes on financial items, as well as impairment charges and reversals of previously recorded impairment charges on financial items. In I-II/2022, the amount includes EUR 1,003 million impairment of a financial loan receivable, including accrued interest, related to the Nord Stream 2 pipeline project.

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 24 Definitions and reconciliations of key figures.

5. Financial risk management

Fortum continues discussions with Uniper and reviews its risk management systems and policies. See Fortum Group's consolidated financial statements for the year ended 31 December 2021 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 2021, in Note 15 Financial assets and liabilities by fair value hierarchy.

Financial assets

EUR million	Level 1		Level 2		Level 3		Netting ¹⁾		Total	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
In non-current assets										
Other investments ²⁾	65	71	48	46	689	99			803	216
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			1	62				-9	1	53
Non-hedge accounting	19,672	5,136	36,054	11,708	4,326	207	-76	-96	59,976	16,955
Interest rate and currency derivatives										
Hedge accounting			75	54					75	54
Non-hedge accounting			75	34					75	34
Interest-bearing receivables	95	111			43	36			138	147
Total in non-current assets	19,832	5,318	36,253	11,904	5,059	342	-76	-105	61,068	17,460
In current assets										
Derivative financial instruments										
Commodity derivatives										
Hedge accounting	970	50	515	572			-575	-207	910	416
Non-hedge accounting	49,805	22,876	63,085	45,575	105	326	-6,943	-4,028	106,052	64,750
Interest rate and currency derivatives										
Hedge accounting			52	57					52	57
Non-hedge accounting			659	170					659	170
Other receivables			11	13					11	13
Interest-bearing receivables	580	596			6	4			586	600
Total in current assets	51,354	23,522	64,322	46,387	111	330	-7,518	-4,235	108,270	66,006
Total in assets	71,186	28,840	100,576	58,291	5,170	672	-7,594	-4,340	169,338	83,465

1) Receivables and liabilities from electricity and other commodity standard derivative contracts against exchanges with same delivery period are netted in Fortum, except in Uniper-segment.

2) Other investments mainly include shares in unlisted companies.

Financial liabilities

EUR million	Level 1		Level 2		Level 3		Netting ¹⁾		Total	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
In non-current liabilities										
Interest-bearing liabilities ²⁾			1,413	1,669					1,413	1,669
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			12	257				-9	12	248
Non-hedge accounting	15,778	4,874	43,065	11,336	413	259	-76	-96	59,180	16,373
Interest rate and currency derivatives										
Hedge accounting			74	27					74	27
Non-hedge accounting			19	8					19	8
Total in non-current liabilities	15,778	4,874	44,581	13,297	413	259	-76	-105	60,697	18,326
In current liabilities										
Interest-bearing liabilities			532	549					532	549
Derivative financial instruments										
Commodity derivatives										
Hedge accounting	4,304	420	3,142	2,721			-575	-207	6,871	2,934
Non-hedge accounting	47,933	20,316	74,438	52,531	112	86	-6,943	-4,028	115,541	68,905
Interest rate and currency derivatives										
Hedge accounting			31	4					31	4
Non-hedge accounting			339	103					339	103
Total in current liabilities	52,237	20,736	78,482	55,908	112	86	-7,518	-4,235	123,313	72,496
Total in liabilities	68,015	25,610	123,063	69,205	525	345	-7,594	-4,340	184,010	90,822

1) Receivables and liabilities from standard electricity and other commodity derivative contracts against exchanges with same delivery period are netted in Fortum, except in Uniper-segment.

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

At the end of June 2022, the net fair value of commodity derivatives was EUR -14,663 million, including assets of EUR 167 billion and liabilities of EUR 182 billion (EUR -6,225 million in December 2021, including assets of EUR 82 billion and liabilities of EUR 88 billion). The increase from December 2021 mainly relates to derivative financial instruments in the Uniper segment resulting from increased market prices for commodities. The volume of certain long-term gas supply contracts measured at fair value was decreased, due to gas curtailments through the Nord Stream 1 pipeline. Volume used in fair value calculations is based on weighted average volume from various scenarios, instead of contractually agreed volumes.

Net fair value amount of interest rate and currency derivatives was EUR 399 million, including assets of EUR 861 million and liabilities of EUR 462 million. Fortum has cash collaterals based on collateral agreements with some counterparties. At the end of June 2022, Fortum had received EUR 353 million from collateral agreements. The received cash was booked as a short-term liability.

Regarding derivative financial instruments, see Note 4 Comparable operating profit and comparable net profit and Note 17 Other provisions. Regarding the interest-bearing receivables and liabilities, see Note 14 Interest-bearing receivables, Note 15 Interest-bearing net debt and Note 20 Pledged assets and contingent liabilities.

The increase in Other investments mainly relate to the 1.3 GW portfolio of wind projects in Russia. Fair valued long-term gas supply contracts accounted for as derivatives, EUR 3.5 billion, have been transferred from level 2 to level 3 during the reporting period due to changed market situation affecting the inputs used to determine the credit value adjustment. There were no transfers out of level 3.

Changes in fair value hierarchy Level 3

	1 Jan 2022	Purchases	Sales	Settle-ments	Gains / losses in income statement	Transfers and additions into level 3	30 Jun 2022
On balance sheet, net							
Other investments	99	12	-17		23	572	689
Commodity derivatives, fair values	764		63	-106	178	3,529	4,428
Commodity derivative, day-1 gains and losses	-575	2		24	29		-520
Interest-bearing receivables	40			-6	15		49
Total on balance sheet, net	328	14	46	-88	245	4,101	4,646

6. Acquisitions, disposals and assets held for sale

6.1 Acquisitions

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Gross investments in shares in subsidiary companies	-3	154	0	173	210	38
Gross investments in shares in associated companies and joint ventures	3	19	6	20	44	31
Gross investments in other shares	11	7	16	10	36	42
Total	11	180	23	203	290	110

There were no material acquisitions in I-II/2022. Acquisition of subsidiary shares in 2021 mainly relate to the acquisition of Uniper shares. From I/2022, acquisition of additional shares in Uniper are not included in gross investments in shares. This reflects the change in presentation in the cash flow where the acquisition of additional shares are from I/2022 presented in cash flow from financing activities to better reflect the requirements of IAS 7 Statement of cash flows. Until IV/2021 acquisition of additional shares in Uniper were presented in cash flow from investing activities. Comparatives have not been restated.

6.2 Disposals

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Gross divestments of shares in subsidiary companies	1,209	8	1,209	153	1,196	2,251
Gross divestments of shares in associated companies and joint ventures	0	2	0	3	2,898	2,895
Gross divestments of other investments	6	9	12	9	28	31
Total	1,215	19	1,220	165	4,122	5,178

Disposals during 2022

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

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

Disposals during 2021

On 22 June 2021, Fortum announced that it had signed an agreement to divest the 250-MW Pavagada II and the 250-MW Rajasthan solar power plants in India to Actis. The total consideration from the divestment on a debt and cash-free basis, including the effect of deconsolidating of the net debt amounted to approximately EUR 280 million. The sale of Pavagada II was concluded in October 2021 and the first phase of Rajasthan divestment in November 2021. Fortum recorded a tax-exempt sales gain of EUR 11 million in the fourth quarter 2021 comparable operating profit of the City Solutions segment.

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 took over Uniper's stake effective 1 October 2021.

On 20 September 2021, Fortum concluded the sale of its 50% ownership in the Swedish district heating and cooling company Stockholm Exergi Holding AB (publ) to a consortium of European institutional investors of APG, Alecta, PGGM, Keva, and AXA. The total consideration of the sale amounted to SEK 29.5 billion (approximately EUR 2.9 billion). Fortum recorded a tax-exempt capital gain of EUR 2,350 million in the City Solutions segment's third quarter 2021 results.

On 12 March 2021, Fortum announced that it had signed an agreement to sell its district heating business in the Baltics to Partners Group. On 2 July 2021, Fortum concluded the sale. The total consideration of the sale amounted to approximately EUR 710 million. Fortum recorded a tax-exempt capital gain of EUR 254 million in the City Solutions segment's third quarter 2021 results.

On 2 March 2021, Fortum announced it had decided to construct the largest solar power plant in Russia through a joint venture established with RDIF. In December 2021, 78 MW of the capacity was commissioned and the remaining capacity will be commissioned 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 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.

6.3 Assets held for sale

Assets held for sale at 30 June 2022 and 31 December 2021 include the equity investment in Javelin, UK (Uniper segment), and the Öresundverket power plant in Malmö, Sweden (Uniper segment).

EUR million	30 Jun 2022	31 Dec 2021
Assets held for sale		
Intangible assets and property, plant and equipment and right-of-use assets	24	25
Other non-current and current assets	68	83
BS Total	92	108

7. Finance costs - net

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Interest expense						
Borrowings	3	-44	-48	-89	-170	-129
Leasing and other interest expenses	-19	-8	-37	-19	-49	-66
Capitalised borrowing costs	2	6	3	16	16	4
IS Total	-14	-46	-82	-93	-202	-192
Interest income						
Loan receivables and deposits	10	35	16	66	135	86
Leasing and other interest income	9	8	29	14	21	35
IS Total	19	42	45	79	156	122
Other financial items - net						
Return from nuclear funds, nuclear fund adjustment and unwinding of nuclear provisions	-98	18	-196	30	146	-80
Fair value changes, impairments and reversals	-45	7	-1,062	11	-1	-1,074
Unwinding of discounts on other provisions and pension obligations	131	10	224	35	3	192
Other financial expenses and income	537	4	645	8	5	641
IS Total	524	39	-389	84	154	-320
IS Finance costs - net	529	35	-426	71	107	-390
EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
IS Finance costs - net	529	35	-426	71	107	-390
Adjustments to finance costs - net						
Return from nuclear funds, nuclear fund adjustment and unwinding of nuclear provisions	98	-18	196	-30	-146	80
Fair value changes, impairments and other reversals	28	-7	1,020	-11	1	1,032
Comparable finance costs - net	655	10	790	29	-38	722

Interest expenses on borrowings in I-II/2022 totalled EUR 48 million (I-II/2021: 89) including interest expenses on loans of EUR 59 million (I-II/2021: 81), and EUR -11 million (I-II/2021: 8) interest cost – net from derivatives hedging the loan portfolio. Interest expenses from leases were EUR 14 million (I-II/2021: 18) and other interest expenses were EUR 23 million (I-II/2021: 1).

Interest income in I-II/2022 of EUR 45 million (I-II/2021: 79) includes EUR 20 million (I-II/2021: 62) interest income from shareholder loan receivables and other loan receivables, and EUR -4 million (I-II/2021: 4) from deposits. Interest income from leases was EUR 8 million (I-II/2021: 9) and other interest income was EUR 21 million (I-II/2021: 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. The change between I-II/2022 and I-II/2021 in unwinding of discount on other provisions and pension obligations comes mainly from a positive effect of changes in discount rates on other provisions in the Uniper segment.

Fair value changes, impairments and reversals in I-II/2022 include EUR 1,003 million write down of financial loan receivable, including accrued interest, related to the Nord Stream 2 pipeline project.

Other financial expenses and income EUR 645 million in I-II/2022 include mainly foreign exchange gains from Russian rouble receivables and closing of Russian rouble hedges.

8. Income taxes

Income taxes during I-II/2022 totalled EUR 2,031 million (tax income) (I-II/2021: 66 tax expense). The effective income tax rate according to the income statement was 16.6% (I-II/2021: 9.2%). The comparable effective income tax rate was 23.2% (I-II/2021: 22.9%).

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 113 million (31 Dec 2021: 113), included in Income tax receivables. For additional information, see Note 21 Legal actions and official proceedings.

9. Dividend per share

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

A dividend for 2020 of EUR 1.12 per share, amounting to a total of EUR 995 million, was decided in the Annual General Meeting on 28 April 2021. The dividend was paid on 7 May 2021.

10. Intangible assets

EUR million	30 Jun 2022	31 Dec 2021
Goodwill	768	1,021
Contract-based	498	514
Other	632	632
BS Total	1,897	2,167

Change in goodwill in I-II/2022 mainly relates to EUR 145 million impairment charge (see Note 13 Impairment of non-current assets), divestments, as well as translation differences. For Uniper goodwill see Note 2 Critical accounting estimates and judgements.

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

Property, plant and equipment, and right-of-use assets amounted to EUR 18,336 million (31 Dec 2021: 19,049). Changes in I-II/2022 mainly relate to EUR 826 million impairment charge (see Note 13 Impairment of non-current assets), translation differences, divestments, as well as depreciation; partly offset by capital expenditures.

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 Jun 2022	31 Dec 2021
Opening balance 1 January	2,461	2,912
Investments	6	44
Share of profit of associates and joint ventures	-239	192
Dividend income received	-11	-113
Divestments and capital returns ¹⁾	-12	-569
Reclassifications	-120	-58
OCI items in associates and joint ventures	31	38
Translation differences and other adjustments	198	14
BS Closing balance	2,316	2,461

1) Divestments and capital returns in 2021 mainly related to the sale of Stockholm Exergi AB, for additional information see Note 6.2 Disposals.

In I-II/2022, the share of profits of associates and joint ventures include EUR 175 million impairments related to Fortum's ownership in the Russian TGC-1 and EUR 26 million of impairments of the renewables joint ventures in Russia. See Note 13 Impairment of non-current assets.

12.2 Share of profit/loss of associates and joint ventures

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
TGC-1	-25	15	-175	22	33	-164
Stockholm Exergi AB	-	-2	-	31	28	-3
Other associates and joint ventures	-24	48	-64	87	131	-20
IS Share of profit/loss of associates and joint ventures	-49	61	-239	140	192	-188

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
IS Share of profit/loss of associates and joint ventures	-49	61	-239	140	192	-188
Adjustments to share of profit/loss of associates and joint ventures	73	-9	290	-22	-38	273
Comparable share of profit/loss of associates and joint ventures	25	52	51	119	154	86

13. Impairment of non-current assets

The carrying values of goodwill, other intangible assets, property, plant and equipment, right-of-use assets, participations in associates and joint ventures, and non-financial investments are reviewed regularly for indication of impairment. Impairment testing is performed if there is an indication of impairment; and the asset is written down to its recoverable amount if its carrying amount is greater than the estimated recoverable amount. See Note 19 Impairment testing in the 2021 consolidated financial statements for further information on the accounting policy and assumptions related to impairment testing.

On 24 February 2022, Russia started a widespread invasion into Ukraine. As a consequence, the US, the EU and the UK, amongst others, imposed sanctions targeting Russia's ability to access capital and financial markets, sanctioning numerous individuals and banks; as well as trading in general. The war, the resulting sanctions, and the impact on trading was considered as an impairment indicator, which triggered impairment testing on the Russia and the Unipro cash-generating units (CGU) at 31 March 2022.

For goodwill, other intangible assets, property, plant and equipment, and right-of-use assets, Fortum uses value in use to establish the recoverable amount of CGUs. Value in use is determined by discounting future cash flows expected to be derived from group of assets. In order to reflect the uncertainty related to the Russia-Ukraine geopolitical uncertainties at 31 March 2022, Fortum used the expected cash flow approach with three different probability-

weighted cash flow scenarios prepared by the management: the base scenario with 40% weighting, as well as two different downside scenarios, each with 30% weighting. Cash flows used for annual impairment testing at the previous year end were based on the most likely scenario. In addition, Fortum updated the discount rate for Russia CGUs. Discount rate from 11% to 31% is applied on a reducing scale over the cash flow period, with higher discount rate in the first three years (31 Dec 2021: 11.7%).

The recoverable amount of the Russian associate TCG-1 was based on fair value less costs of disposal using two different probability-weighted scenarios prepared by the management. The scenarios were consistent with external sources of information, the recoverable amount corresponding to fair value hierarchy level 3.

The recoverable amounts of the Russia (Russia segment) and Unipro (Uniper segment) CGUs were below the respective book values resulting in EUR 447 million impairment charge in the Russia CGU, and EUR 555 million impairment charge in the Unipro CGU in I/2022. In I-II/2022, due to the strengthened rouble rate, the impairment charges were EUR 521 million and EUR 656 million, respectively. Russia CGU's impairment was recognised against goodwill, property, plant and equipment and participations in associates and joint ventures; and Unipro CGU's impairment against property, plant and equipment. The remaining book value of Fortum's Russian assets (net of impairments) was approximately EUR 5.5 billion at 30 June 2022 (31 Mar 2022: 3.3; 31 Dec 2021: 5.5). The increase in book value from I/2022 is due to the strengthened rouble rate.

14. Interest-bearing receivables

EUR million	30 Jun 2022	31 Dec 2021
Interest-bearing receivables	1,847	2,971
Finance lease receivables	167	136
Total	2,015	3,107

EUR million	Carrying amount	Fair value	Carrying amount	Fair value
	30 Jun 2022	30 Jun 2022	31 Dec 2021	31 Dec 2021
Long-term loan receivables from associates and joint ventures	1,030	1,047	1,138	1,185
Non-current securities	95	95	111	111
Other long-term interest-bearing receivables	88	88	1,024	1,024
Total long-term interest-bearing receivables	1,213	1,230	2,273	2,320
Collateral arrangement securities	532	532	549	549
Other short-term interest-bearing receivables	103	103	149	149
Total short-term interest-bearing receivables	635	635	698	698
Total	1,847	1,865	2,971	3,018

Long-term interest-bearing receivables from associated companies and joint ventures, EUR 1,030 million (31 Dec 2021: 1,138), include EUR 842 million from Swedish nuclear companies, Forsmarks Kraftgrupp AB and Ringhals AB (31 Dec 2021: 955), which are mainly funded with shareholder loans, pro rata to each shareholder's ownership.

The decrease in Other long-term interest-bearing receivables from 31 December 2021 is mainly due to EUR 1,003 million write down of a financial loan receivable, including accrued interest, related to the Nord Stream 2 pipeline project.

15. Interest-bearing net debt

Financial net debt and adjusted net debt

EUR million	30 Jun 2022	31 Dec 2021
+ Interest-bearing liabilities	14,277	17,220
- BS Liquid funds	4,165	7,592
- Non-current securities	95	111
- Collateral arrangement securities	532	549
- Securities in interest-bearing receivables	627	660
- BS Margin receivables	10,719	9,163
+ BS Margin liabilities	3,587	985
+/- Net margin liabilities/receivables	-7,132	-8,179
Financial net debt	2,353	789
+ BS Pension obligations	484	1,190
+ Other asset retirement obligations	838	872
- BS Share of Finnish and Swedish Nuclear Waste Funds	3,213	3,515
+ BS Nuclear provisions	3,726	3,891
+ Nuclear provisions net of assets in Nuclear Waste Funds	513	375
+ Total provisions net of assets in Nuclear Waste Funds	1,835	2,438
Adjusted net debt	4,188	3,227

Financial net debt increased during the quarter by EUR 118 million from EUR 2,235 million on 31 March 2022 to EUR 2,353 million on 30 June 2022. Liquid funds decreased by EUR 2,254 million from EUR 6,419 million on 31 March 2022 to EUR 4,165 million on 30 June 2022. Net margin receivables increased by EUR 1,554 million from EUR 5,578 million on 31 March 2022 to EUR 7,132 million on 30 June 2022. Interest-bearing liabilities decreased by EUR 598 million from EUR 14,875 million on 31 March 2022 to EUR 14,277 million on 30 June 2022.

Fortum has a collateral arrangement to release cash from the Nordic Power Exchange. This arrangement is presented with equal amounts, EUR 532 million (31 Dec 2021: 549), as a short-term interest-bearing liability and an interest-bearing receivable.

Underfunded pension obligations and asset retirement obligations, net of share in nuclear waste funds, are included in adjusted net debt.

Interest-bearing liabilities

EUR million	30 Jun 2022	31 Dec 2021
Non-current loans	5,527	7,756
Current loans	7,727	8,389
Total loans	13,255	16,144
Non-current lease liabilities	900	945
Current lease liabilities	122	130
Total lease liabilities	1,022	1,075
Total	14,277	17,220

Loans

EUR million	Carrying amount	Fair value	Carrying amount	Fair value
	30 Jun 2022	30 Jun 2022	31 Dec 2021	31 Dec 2021
Bonds	3,646	3,501	3,705	3,919
Loans from financial institutions	3,764	3,793	4,183	4,222
Reborrowing from the Finnish State Nuclear Waste Management Fund ¹⁾	918	958	1,165	1,213
Other long-term interest-bearing liabilities	214	214	433	463
Total long-term loans ²⁾	8,542	8,466	9,487	9,817
Collateral arrangement liability	532	532	549	549
Other short-term interest-bearing liabilities	4,181	4,181	6,109	6,109
Total short-term loans	4,713	4,713	6,658	6,658
Total	13,255	13,179	16,144	16,475

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

2) Includes current portion of long-term liabilities of EUR 3,015 million (31 Dec 2021: 1,731).

In January 2022, Fortum repaid the drawn amount of EUR 500 million of its EUR 800 million bilateral revolving credit facility. In March 2022, Fortum repaid EUR 247 million of the nuclear waste fund loans totalling EUR 918 million after the repayment.

In June 2022, Fortum drew EUR 800 million of its EUR 800 million bilateral revolving credit facility (maturing in December 2022 with extension option of one year by Fortum). Fortum signed a new EUR 5,500 million revolving credit facility which consists of a EUR 3,100 million Liquidity revolving credit facility (maturing in June 2023 with 6+6 months extension options by Fortum) and a EUR 2,400 million Core revolving credit facility (maturing in June 2025 with 1+1 year extension options by the lenders). Fortum drew EUR 2,000 million from the Liquidity revolving credit facility and at the same time repaid and cancelled the EUR 1,750 million revolving credit facility (with maturity in June 2023). The remaining balance of the bridge loan, EUR 450 million, was prepaid in June 2022.

Current loans, EUR 7,727 million (31 Dec 2021: 8,389), include the current portion of long-term loans, EUR 3,015 million (31 Dec 2021: 1,731), and short-term loans EUR 4,713 million (31 Dec 2021: 6,658).

Current portion of long-term loans, EUR 3,015 million, consist of maturing bonds and loans from financial institutions. Maturing bonds include EUR 1,000 million bond maturing in September 2022, EUR 1,000 million bond maturing in February 2023 and EUR 93 million Swedish krona bond maturing in June 2023. Maturing loans from financial institutions include EUR 500 million loan maturing in June 2023 (with 8-month extension option by Fortum) and EUR 400 million Uniper loan maturing in March 2023.

Short-term loans have decreased by EUR 1,945 million, from EUR 6,658 million on 31 December 2021 to EUR 4,713 million on 30 June 2022. Uniper revolving credit facility, EUR 1,800 million, has been reclassified from short-term loans to long-term loans according to its contractual maturity in 2025. The use of commercial paper programmes decreased by EUR 2,483 million to EUR 646 million. Short-term loans include EUR 2,800 million drawn revolving credit facilities.

The average interest rate for the portfolio of EUR loans was 1.0% at the balance sheet date (31 Dec 2021: 0.6%). The average interest rate on total loans and derivatives was 1.3% at the balance sheet date (31 Dec 2021: 1.3%).

Maturity of loans

EUR million	30 Jun 2022
2022	3,736
2023	4,074
2024	863
2025	1,815
2026	747
2027 and later	2,020
Total	13,255

Loans maturing in 2022 include EUR 1,000 million bond, EUR 646 million commercial papers and EUR 800 million drawn amount of the revolving credit facility. Maturities in 2022 also include EUR 930 million loans with no contractual due date.

Maturity of undiscounted lease liabilities

EUR million	30 Jun 2022
Due within a year	110
Due after one year and within five years	437
Due after five years	767
Total	1,314

Liquid funds

EUR million	30 Jun 2022	31 Dec 2021
Deposits and securities with maturity more than 3 months	48	47
Cash and cash equivalents	4,117	7,545
BS Total	4,165	7,592

At the end of the reporting period, the Group's liquid funds totalled EUR 4,165 million (31 Dec 2021: 7,592). Liquid funds include EUR 3,072 million held by the Uniper segment (31 Dec 2021: 2,966). Russian subsidiaries held EUR 364 million (31 Dec 2021: 300) of liquid funds in the form of cash and bank deposits.

Liquid funds totalling EUR 3,691 million (31 Dec 2021: 7,342) are placed with counterparties that have an investment grade credit rating.

Payment transactions with the Russian Federation are subject to general restrictions. Accordingly, cash and cash equivalents held by Fortum's Russian subsidiaries in Russia, a total of EUR 364 million, are not available to the other Group companies.

Committed credit facilities

At the end of the reporting period, Fortum Group had undrawn committed credit facilities amounting to EUR 5,500 million. The undrawn facilities include committed credit facilities of EUR 3,500 million, of which Liquidity revolving credit facility, EUR 1,100 million, matures in June 2023 (6+6 months extension options by Fortum), and Core revolving credit facility, EUR 2,400 million, matures in June 2025 (1+1 year extension options by the lenders). Uniper committed revolving credit facility of EUR 2,000 million matures in April 2023. In addition, Fortum has EUR 100 million committed overdraft limits that are valid until further notice.

The bilateral revolving credit facility of EUR 800 million with maturity in December 2022 (with an extension option of one year by Fortum) and Uniper's revolving credit facility of EUR 1,800 million with maturity in September 2025 were both totally in use in June 2022. The EUR 3,000 million revolving credit facility with maturity in July 2022 was cancelled and the EUR 1,750 million revolving credit facility with maturity in June 2023 was repaid and cancelled in June 2022.

16. Nuclear-related assets and liabilities

Fortum owns Loviisa nuclear power plant in Finland, OKG Aktiebolag (OKG) and Barsebäck Kraft AB (Barsebäck) nuclear power companies in Sweden.

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.

16.1 Nuclear-related assets and liabilities for consolidated nuclear power plants

EUR million	30 Jun 2022	31 Dec 2021
Carrying values on the balance sheet		
BS Nuclear provisions	3,726	3,891
BS Fortum's share of the Nuclear Waste Funds	3,213	3,515
Fortum's share of the fair value of the net assets in the Nuclear Waste Funds in Finland and Sweden	3,446	3,924
Share of fund not recognised on the balance sheet	233	408

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.

Finnish nuclear operators have submitted updated technical plan and cost estimates to the Ministry of Economic Affairs and Employment in June 2022. The provision on 30 June 2022 reflects the updated technical plan and cost estimates while the legal liability will be decided by the end of the year.

The carrying value of nuclear provisions, calculated according to IAS 37, decreased by EUR 165 million compared to 31 December 2021, totalling EUR 3,726 million at 30 June 2022.

Fortum's share of the Nuclear Waste Funds are from an IFRS perspective overfunded by EUR 233 million, since Fortum's share of the Funds on 30 June 2022 was EUR 3,446 million and the carrying value on the balance sheet was EUR 3,213 million. The Fund on Fortum's balance sheet can at maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, other financial items are adjusted positively if the provisions increase more than the Fund, and negatively if the provision decreases below the actual value of the fund.

The updated technical plan and cost estimates did not have a significant effect on Fortum's financials.

Legal liability for Loviisa nuclear power plant

The legal liability on 30 June 2022, decided by the Ministry of Economic Affairs and Employment in December 2021, was EUR 1,148 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. Based on the updated technical plan, which was sent to the Ministry of Economic Affairs and Employment in June, costs for nuclear waste management are expected to increase.

Fortum's share in the Finnish Nuclear Waste Management Fund

According to the Nuclear Energy Act, Fortum is obligated to contribute funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Fortum contributes funds to the Finnish State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in

connection with the decision of size of the legal liability. The current funding obligation target decided in December 2021 is EUR 1,148 million.

Borrowing from the State Nuclear Waste Management Fund

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum uses the right to borrow back and has pledged shares in Kemijoki Oy as security for the loans. The loans are renewed annually. See Note 15 Interest-bearing net debt and Note 20 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 2019. In December 2020, the Swedish government decided the waste fees and guarantees for year 2021 only, and in January 2022 for 2022-2023. Nuclear waste fees paid by licensees with a unit/units that are still in operation are currently based on future costs with the assumed lifetime of 50 years for each unit of a nuclear power plant. The fee is calculated in relation to the energy delivered and set as an amount of öre (1 öre = SEK 0.01) per kWh delivered. For Barsebäck, which have no units in operation, the fee is determined as a fixed fee in SEK per year.

16.2 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 Jun 2022	31 Dec 2021
Carrying values with Fortum assumptions		
Nuclear provisions	4,120	4,347
Share of the Nuclear Waste Fund	3,196	3,556
of which Fortum's net share consolidated with equity method	-264	-215
Fortum's share of the fair value of the net assets in the Nuclear Waste Funds	1,039	1,150

TVO's legal liability, provision and share of the fund are based on same principles as described above for Loviisa nuclear power plant. The updated technical plan had a small impact on Fortum's share in TVO's nuclear related assets and liabilities.

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 15 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 (OL3), currently under test production phase, was procured as a fixed-price turnkey project from a consortium (Plant Supplier) formed by Areva GmbH, Areva NP SAS and Siemens AG. As stipulated in the plant contract, the consortium companies have joint and several liability for the contractual obligations.

In March 2018, TVO signed a comprehensive settlement agreement with the plant supplier consortium companies Areva NP, Areva GmbH, and Siemens AG as well as with Areva Group parent company Areva SA, a company wholly owned by the French State. The settlement agreement was amended with agreements signed in June 2021. The supplier consortium companies committed to ensuring that the funds dedicated to the completion of the OL3 project will be adequate and will cover all applicable guarantee periods, including setting up a trust mechanism funded by Areva companies to secure the financing of the costs of completing the OL3 project. During the period under review, the fund, which was previously replenished in July 2021, has been used to cover costs incurred to the Areva companies for the completion of the OL3 project in accordance with the settlement agreement.

In December 2021, the Radiation and Nuclear Safety Authority (STUK) granted TVO permission for making the reactor critical and conducting low power tests, after which the startup of OL3's reactor took place. On 12 March 2022, the plant unit was connected to the national grid and electricity production started. The electricity power level was gradually increased to approximately 850 megawatts, until the production tests were interrupted on 26 April 2022 due to the boron pumps unexpectedly turning on. Simultaneously, a leak in the generator's cooling system was observed. Foreign material detached from the steam guide plates was found in the turbine's steam reheater in May 2022, which required inspection and repair work. The plant unit's test production programme and electricity production continued after the completion of this repair work on 8 August 2022. According to information received from the plant supplier in June 2022, OL3's regular electricity production is to start in December 2022, instead of the previously announced start in September.

17. Other provisions

EUR million	30 Jun 2022	31 Dec 2021
Supplier- and customer-related	8,845	2,893
Asset retirement	838	872
Power production-related	569	653
Gas distribution-related	265	354
Environmental remediation and similar	239	253
Personnel-related	285	368
Other	836	1,013
Total	11,877	6,406
BS Of which current provisions	5,177	2,299
BS Of which non-current provisions	6,700	4,108

Additions to supplier-related provisions mainly relate to the onerous contract provision for electricity contracts in Uniper segment for which the own-use exemption under IFRS 9 is applied; as well as onerous contract provision for long-term gas contracts in Uniper segment. Changes in these provisions are recognised in items affecting comparability (see Note 4 Comparable operating profit and comparable net profit).

The provision for electricity sales contracts increased to account for increased electricity prices and the associated higher purchasing costs. Purchases are, however, hedged using derivative financial instruments whose fair value measurement has offsetting effects recognised in items affecting comparability. Future cash outflows from the utilisation of the provision are offset by cash inflows from the hedges.

Since mid-June 2022, the Uniper segment has received only a fraction of the contracted gas volumes from Russia and has had to source the replacement volumes in the market at significantly higher prices. In II/2022, EUR 2.4 billion current provision was recognised for the gas portfolio to account for the impact of the Russian gas curtailments. The provision is based on a weighted average of different scenarios for alternative gas curtailment volumes, curtailment

periods and price assumptions for the purchase of substitution volumes; as well as the assumption that compensation will be received under the German Energy Security Act for the added cost of procuring substitution volumes.

18. 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 2022 mainly relate to changes in discount rates and fair value of plan assets.

Net defined benefit liability

EUR million	30 Jun 2022	31 Dec 2021
Present value of defined benefit obligation	2,925	4,437
Fair value of plan assets	2,514	3,290
Net defined benefit liability	411	1,146
Of which Germany	440	1,051
Presented on the balance sheet as follows:		
BS Pension obligations, net	484	1,190
Pension assets in Other non-current assets	73	44

Discount rates

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

%	30 Jun 2022	31 Dec 2021
Germany	3.4	1.2
United Kingdom	4.1	2.0
Finland	3.3	1.0

19. 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 Jun 2022	31 Dec 2021
Property, plant and equipment and intangible assets	1.3	1.0

Long-term purchase commitments

Fortum has long-term contractual purchase obligations of approximately EUR 112.6 billion at 30 June 2022 (31 Dec 2021: 88.8), of which EUR 27.4 billion is due within one year (31 Dec 2021: 16.3). 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. 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 increase in contractual purchase obligations is primarily attributable to price increases in long-term gas contracts.

Other commitments

Teollisuuden Voima Oyj (TVO) built Olkiluoto 3, the nuclear power plant funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. At 30 June 2022, Fortum

had EUR 232 million (31 Dec 2021: 232) outstanding receivables regarding Olkiluoto 3, and is additionally committed to providing at maximum EUR 100 million. TVO shareholder loan is classified as participation in joint ventures. For more information, see Note 16 Nuclear-related assets and liabilities.

For more information on other commitments, see Note 35 Capital and other commitments of the consolidated financial statements 2021.

20. Pledged assets and contingent liabilities

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

The guarantee given on behalf of Teollisuuden Voima Oyj to the Finnish State Nuclear Waste Management Fund amounts to EUR 136 million (31 Dec 2021: 122). The guarantee covers the unpaid legal liability due to periodisation, as well as risks for unexpected future costs. For more information, see Note 16 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 2021: 269) for shares pledged in Kemijoki Oy as a security for borrowing from the Finnish State Nuclear Waste Management Fund, and EUR 126 million (31 Dec 2021: 81) of real estate mortgages for the liability to the Finnish State Nuclear Waste Management Fund.

On 14 March 2022, S&P placed Fortum's and Uniper's BBB ratings on CreditWatch Negative. On 16 May 2022, S&P resolved the CreditWatch and affirmed Fortum's BBB rating with negative outlook. However, Uniper's long-term credit rating was downgraded by one notch from BBB to BBB-, also with negative outlook. On 5 July 2022, S&P again placed Fortum's and Uniper's credit ratings on CreditWatch Negative. On 29 July 2022, following the announcements of the agreement with the German government on Uniper's stabilisation package, S&P resolved Uniper's CreditWatch Negative by affirming the BBB- rating with negative outlook. On 3 August 2022, S&P affirmed Fortum's current long-term rating of BBB with negative outlook. A lowering of credit ratings, in particular, to below investment grade level would trigger counterparties' rights (mainly in Uniper segment's Global Commodities business) to demand additional cash or non-cash collateral. See also section 'Capital risk management'.

For more information, see Note 36 Pledged assets and contingent liabilities of the consolidated financial statements 2021.

21. 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. In addition to disputes 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 and price adjustments in long-term supply contracts and procurement options for electricity and gas, as well as long-term contracts for storage capacity in response to the altered situation brought about by market upheavals, and also reimbursements of costs. 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 and the planning basis for the hard-coal power plant in Datteln, Germany. 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 29 June 2022, the Antwerp Court of First Instance, Belgium, ruled in favour of Fortum on the company's income tax assessments in Belgium for the years 2009-2012. The decision concerned Fortum's Belgian financing company, Fortum EIF NV, which financed Fortum's Swedish subsidiary, Fortum 1 AB, in the acquisition of Russian operations in 2008, currently operating as PAO Fortum. The Belgian tax authorities argued that Fortum EIF should not benefit from the notional interest deduction regime in Belgium.

According to the ruling, Fortum was granted a tax refund of paid taxes amounting to EUR 78 million. These taxes have been recognised as income tax receivable. The compensatory interest amounts to approximately EUR 26 million at the end of June 2022, and will be recognised as income once the appeal period has ended. The Belgian tax authorities may officially file an appeal until 15 September 2022 at the latest but have confirmed that they do not intend to appeal the decision of the Antwerp Court of First Instance.

Considering Fortum's income tax assessment in Belgium for the year 2008, on 16 June 2020, the Court of Appeal of Ghent ruled in favour of Fortum, and in September 2020 the Belgian tax authorities filed an appeal to the Supreme Court. The additional taxes claimed for 2008 amount to EUR 36 million and have been recognised as income tax receivable.

22. Related party transactions

Related parties are described in more detail in the consolidated financial statements for the year ended 31 December 2021.

Transactions with associates, joint ventures and other related parties

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Sales	13	93	20	213	230	37
Purchases	301	273	419	460	773	732
Other income	11	286	11	322	342	31
Interest income on loan receivables	10	7	13	13	25	25

Balances with associates, joint ventures and other related parties

EUR million	30 Jun 2022	31 Dec 2021
Long-term interest-bearing loan receivables	1,030	1,138
Trade and other receivables	127	110
Long-term loan payables	229	228
Short-term loan payables	59	131
Trade and other payables	144	114

Other related parties are entities that are not consolidated on materiality grounds. For more information, see Note 1 Significant accounting policies of the consolidated financial statements 2021.

In addition, Fortum has long-term purchase commitments of approximately EUR 1.9 billion at 30 June 2022 from associates and joint ventures.

Other transactions with related parties

At the end of 2021, 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 2022.

On 18 January 2022, Fortum announced that 1.3 GW portfolio of wind projects is being transferred to a new joint venture. Due to the current geopolitical circumstances and preparation for controlled exit in Russia as announced in May 2022, Fortum is looking into revisiting the structure. Fortum's ownership interest in the 1.3 GW portfolio is presented in Other non-current assets.

In June 2021, the Fortum-Rusnano wind investment fund sold the 200-MW Kalmykia wind parks to the Fortum-Russian Direct Investment Fund (RDIF) joint venture. Fortum recorded a gain of EUR 11 million from the transfer in the share of profits from associates and joint ventures.

On 2 March 2021, Fortum announced it had decided to construct the largest solar power plant in Russia through a joint venture established with RDIF. The power plant is based on capacities won by Fortum in CSA auctions in 2018 and 2019. In March 2021, Fortum sold the CSA-backed solar power project to the joint venture with RDIF.

23. Events after the balance sheet date

The Russian war against Ukraine and the Russian Government's decision to use energy as a weapon has upended energy markets. As Germany's biggest importer of gas, Uniper has been hit hardest by the Russian gas curtailment and as a result is under extreme financial pressure. Since mid-June 2022, Uniper has received only a fraction (from 40% to 20%) of the contracted gas volumes from Russia and has had to source the replacement gas volumes in the market at significantly higher prices to fulfil its obligations towards its customers.

On 5 July 2022, due to the Russian gas curtailment, S&P again placed Fortum's and Uniper's credit ratings on CreditWatch Negative.

On 8 July 2022, Uniper announced that the company has filed for government support under the newly adopted German energy legislation. On 22 July 2022, Fortum, its subsidiary Uniper and the German Government agreed on a comprehensive stabilisation package to provide financial relief to Uniper.

The stabilisation package includes three main components:

- The German State will take a 30% equity stake in Uniper SE by subscribing approximately 157 million new ordinary registered shares at nominal value of EUR 1.70 per share against cash consideration of approximately EUR 267 million;
- The German Government has committed to make available further capital of up to EUR 7.7 billion against issuance of mandatory convertible instruments, as and if needed, to address potential losses;
- The German state-owned KfW bank will provide Uniper with an additional EUR 7 billion in liquidity support through an increase of its existing credit facility from the current EUR 2 billion to EUR 9 billion.

The German Government informed that they intend to introduce a cost absorption mechanism that covers 90% of the losses resulting from higher costs for gas replacement volumes caused by Russian gas curtailments from 1 October 2022. The German Government stands ready to provide further support if Uniper's accumulated net operating losses due to continuing gas curtailments exceed an agreed total amount of EUR 7 billion. Such support, if required, is intended to be implemented in a manner that avoids further economic dilution of Uniper's shareholders.

As a consequence of the above agreed measures, Fortum's current stake of approximately 80% in Uniper will be diluted to 56% on the initial equity injection.

Earlier this year, Fortum granted significant financial support comprising shareholder loan and parent company guarantees of EUR 8 billion to Uniper. In consideration of its liquidity support, Fortum will now have the option to convert its existing loan of EUR 4 billion against a portion of maximum 70% of the mandatory convertible instruments subscribed by the German State. Fortum is consequently in a position to retain its position as the majority shareholder. Fortum's parent company guarantee of EUR 4 billion will remain in place. In the sequence of repayment, the KfW loans rank senior to Fortum's loan.

The stabilisation package is subject to certain conditions, such as the withdrawal of the lawsuit by Uniper against The Netherlands under the Energy Charter Treaty (ECT), no dividend payments by Uniper and restrictions on the remuneration of Uniper's Board of Management whilst the stabilisation measures are in place. In addition, the German Government will have adequate representation on Uniper's Supervisory Board.

The stabilisation package requires all applicable regulatory approvals, in particular by the European Commission, the confirmation of the investment grade rating of Uniper by S&P as well as approval by a Uniper Extraordinary General Meeting.

On 25 July 2022, Uniper drew the existing KfW credit facility of EUR 2,000 million.

On 29 July 2022, following the announcements of the agreement with the German Government on Uniper's stabilisation package, S&P resolved Uniper's CreditWatch Negative by affirming the BBB- rating with negative outlook. Due to the strong governmental support, S&P now considers Uniper a "government-related entity" which enabled Uniper to retain its investment grade rating, despite an overall weaker stand-alone credit quality. The negative outlook reflects prevailing uncertainty surrounding gas flows and that details of the stabilisation package are still to be defined and approved.

On 3 August 2022, S&P affirmed Fortum's current BBB long-term credit rating with negative outlook. S&P assesses that the support package for Uniper will prevent further incremental costs for Fortum and considers Fortum's financial exposure as capped. According to S&P, the negative outlook reflects Fortum's exposure to Uniper until the European Commission has approved the support package and the longer-term uncertainties about the company's strategy.

On 5 August 2022, Fitch Ratings affirmed Fortum's current long-term credit rating at BBB with negative outlook. According to Fitch, the affirmation mainly reflects the rating agency's view that Fortum is well-shielded from the losses incurred by Fortum's German subsidiary Uniper, following Uniper's stabilisation package that was agreed with the German State.

On 8 August 2022, Uniper drew an additional EUR 2,000 million of its KfW credit facility.

On 15 August 2022, the KfW credit facility for Uniper was increased to EUR 9,000 million of which Uniper had drawn EUR 5,000 million in mid-August 2022.

On 18 August 2022, Fortum concluded the sale of its 30% ownership in Recharge AS, a public charging point operator for electric vehicles, to Infracapital, the infrastructure equity investment arm of M&G Plc. The transaction price was approximately EUR 80 million. Fortum will record a tax-exempt capital gain of EUR 75 million in Other Operations' third quarter 2022 results.

24. Definitions and reconciliations of key figures

Alternative performance measures

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

Business performance	Definition	Reason to use the measure	Reference to reconciliation
Comparable share of profit/loss of associates and joint ventures	Share of profit/loss of associates and joint ventures +/- significant adjustments for share of profit /loss in 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
Adjustment for Share of profit/loss in associates and joint ventures	Adjustment for material items affecting comparability	Share of profit/loss in associates and joint ventures is included in profit component in the comparable return on net assets calculation and the adjustments are done based on similar components as in Items affecting comparability.	Note 3 Segment information
Comparable net assets	Non-interest-bearing assets - non-interest-bearing liabilities - provisions (non-interest-bearing assets and liabilities do not include finance-related items, tax and deferred tax and assets and liabilities from fair valuations of derivatives used for hedging future cash flows).	Comparable net assets is a component in Comparable return on net assets calculation where return on capital allocated directly to the businesses is measured.	Note 3 Segment information

Capital structure	Definition	Reason to use the measure	Reference to reconciliation
Financial net debt / comparable EBITDA	$\frac{\text{Financial net debt}}{\text{Comparable EBITDA}}$	Financial net debt to Comparable EBITDA is Fortum's long-term financial target for capital structure.	Key ratios after cash flow statement
Financial net debt	Interest-bearing liabilities - liquid funds - securities in interest-bearing receivables +/- net margin liabilities/receivables	Financial net debt is used in the follow-up of the indebtedness of the group and it is a component in the capital structure target of Financial net debt to Comparable EBITDA.	Note 15 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 15 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.

Tax key figures

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

Reconciliations of alternative performance measures

Comparable EBITDA

EUR million	Note	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
IS Operating profit		-9,141	-840	-11,557	505	-588	-12,650
+ IS Depreciation and amortisation		346	313	680	621	1,281	1,341
EBITDA		-8,794	-527	-10,876	1,126	693	-11,309
- IS Items affecting comparability	4	9,715	875	11,693	701	3,124	14,116
Comparable EBITDA		920	348	816	1,827	3,817	2,807

Comparable operating profit

EUR million	Note	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
IS Operating profit		-9,141	-840	-11,557	505	-588	-12,650
- IS Items affecting comparability	4	9,715	875	11,693	701	3,124	14,116
IS Comparable operating profit	4	574	35	136	1,206	2,536	1,466

Items affecting comparability

EUR million	Note	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Impairment charges and reversals		-147	-31	-976	-32	-83	-1,027
Capital gains and other related items	6	640	23	643	74	2,681	3,251
Changes in fair values of derivatives hedging future cash flow		-10,242	-852	-11,349	-687	-5,424	-16,086
Other		34	-15	-10	-55	-299	-254
IS Items affecting comparability	4	-9,715	-875	-11,693	-701	-3,124	-14,116

Comparable net profit

EUR million	Note	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
IS Net profit		-7,356	-659	-10,189	651	-114	-10,953
- IS Items affecting comparability	4	9,715	875	11,693	701	3,124	14,116
- Adjustments to share of profit/loss of associates and joint ventures	12	73	-9	290	-22	-38	273
- Adjustments to finance costs - net	7	126	-25	1,216	-42	-146	1,112
- Adjustments to income tax expenses		-1,593	-108	-2,247	-218	-780	-2,809
- IS Non-controlling interests		1,670	185	2,281	-33	852	3,166
- Adjustments to non-controlling interests		-1,749	-179	-2,256	-122	-1,121	-3,255
Comparable net profit	4	885	79	786	915	1,778	1,649

Comparable earnings per share

	Note	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Comparable net profit, EUR million	4	885	79	786	915	1,778	1,649
Average number of shares during the period, 1 000 shares		888,294	888,294	888,294	888,294	888,294	888,294
Comparable earnings per share, EUR		0.99	0.09	0.88	1.03	2.00	1.85

Financial net debt and adjusted net debt

EUR million	Note	30 Jun 2022	31 Dec 2021
+ Interest-bearing liabilities		14,277	17,220
- BS Liquid funds		4,165	7,592
- Non-current securities		95	111
- Collateral arrangement securities		532	549
- Securities in interest-bearing receivables		627	660
- BS Margin receivables		10,719	9,163
+ BS Margin liabilities		3,587	985
+/- Net margin liabilities/receivables		-7,132	-8,179
Financial net debt	15	2,353	789
+ BS Pension obligations		484	1,190
+ Other asset retirement obligations		838	872
- BS Share of Finnish and Swedish Nuclear Waste Funds		3,213	3,515
+ BS Nuclear provisions		3,726	3,891
+ Nuclear provisions net of assets in Nuclear Waste Funds		513	375
+ Total provisions net of assets in Nuclear Waste Funds		1,835	2,438
Adjusted net debt		4,188	3,227

See Note 15 Interest-bearing net debt.

Financial net debt/comparable EBITDA

EUR million	Note	2021	LTM
+ Interest-bearing liabilities		17,220	14,277
- BS Liquid funds		7,592	4,165
- Non-current securities		111	95
- Collateral arrangement securities		549	532
- Securities in interest-bearing receivables		660	627
- BS Margin receivables		9,163	10,719
+ BS Margin liabilities		985	3,587
+/- Net margin liabilities/receivables		-8,179	-7,132
Financial net debt	15	789	2,353
IS Operating profit		-588	-12,650
+ IS Depreciation and amortisation		1,281	1,341
EBITDA		693	-11,309
- IS Items affecting comparability		3,124	14,116
Comparable EBITDA		3,817	2,807
Financial net debt/comparable EBITDA		0.2	0.8

Market conditions and achieved power prices

Power consumption

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Nordic countries	88	90	200	210	404	394
Central western Europe	305	317	676	693	1,359	1,342
Central western European gas demand	369	453	1,062	1,247	2,196	2,011
Russia	253	248	556	544	1,090	1,102
Tyumen	21	21	46	44	90	92
Chelyabinsk	9	9	18	18	37	37
Russia Urals area	60	59	131	128	256	259
Russia Siberia area	52	50	113	110	217	220

Average prices	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Spot price for power in Nord Pool power exchange, EUR/MWh	121.1	41.9	115.6	42.0	62.3	98.8
Spot price for power in Finland, EUR/MWh	117.5	46.3	104.7	47.5	72.3	100.7
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	101.2	38.7	100.6	42.2	66.0	94.9
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	51.9	33.1	38.4	35.3	42.6	44.1
Spot price for power in the First Price Zone of Russia, RUB/MWh ¹⁾	1,354	1,315	1,402	1,337	1,405	1,437
Spot price for power in the Second Price Zone of Russia, RUB/MWh ¹⁾	1,108	900	1,104	909	935	1,032
Average capacity price for the Russia segment, tRUB/MW/month	454	524	496	581	584	542
Average capacity price for the Uniper segment, tRUB/MW/month	305	288	335	270	293	325
Spot price for power in Germany, EUR/MWh	187.0	60.3	185.8	55.0	96.8	161.7
Average regulated gas price in Urals region, RUB/1000 m ³	4,137	4,016	4,137	4,016	4,077	4,137
Average capacity price for the Russia segment's CCS, tRUB/MW/month ^{2) 3)}	184	159	197	170	170	184
Average capacity price for the Russia segment's CSA, tRUB/MW/month ³⁾	1,002	1,057	1,110	1,174	1,174	1,146
Average capacity price for the Uniper segment's CCS, tRUB/MW/month ^{2) 3)}	176	149	189	159	160	174
Average capacity price for the Uniper segment's CSA, tRUB/MW/month ³⁾	1,833	1,280	2,040	1,236	1,488	1,887
Spot price for power (market price), Urals hub, RUB/MWh ¹⁾	1,236	1,156	1,260	1,157	1,221	1,273
CO ₂ , (ETS EUA next Dec), EUR/tonne CO ₂	84	50	84	44	54	73
Coal (ICE Rotterdam front month), USD/tonne	311	88	222	79	117	209
Oil (Brent front month), USD/bbl	112	69	105	65	71	90
Gas (TTF front month), EUR/MWh	101	25	101	22	47	87

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 and gas storage levels

TWh	30 Jun 2022	31 Dec 2021
Nordic water reservoirs level	82	73
Nordic water reservoirs level, long-term average	84	84
Central western European gas storage levels	354	296

Export/import

TWh (+ = import to, - = export from Nordic area)	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Export / import between Nordic area and Continental Europe + Baltics	-7	-6	-18	-11	-29	-36
Export / import between Nordic area and Russia	1	2	4	4	9	9
Export / import Nordic area, Total	-6	-4	-14	-7	-20	-27

Power market liberalisation in Russia

%	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Share of power sold at the liberalised price	79	78	78	79	79	79

Achieved power prices

	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Generation segment's Nordic achieved power price, EUR/MWh	52.3	38.1	47.9	37.6	42.8	48.1
Uniper segment's Nordic achieved power price, EUR/MWh	26.3	28.5	20.0	30.2	30.7	25.5
Russia segment's achieved power price, RUB/MWh	1,900	2,015	1,908	1,944	2,018	2,001
Russia segment's achieved power price, EUR/MWh ¹⁾	26.4	22.5	22.4	21.7	23.2	23.5
Uniper segment's achieved power price in Russia, RUB/MWh ²⁾	1,820	1,781	1,694	1,514	1,643	1,734
Uniper segment's achieved power price in Russia, EUR/MWh ^{1) 2)}	25.3	19.9	19.9	16.9	18.9	20.4

1) Translated using average exchange rate.

2) Comparable prices changed from previously reported.

Fortum's production and sales volumes

Power generation

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Power generation in Nordics	15.1	16.0	32.8	35.4	68.8	66.2
Power generation in other European countries	8.9	10.0	21.7	22.1	46.9	46.5
Power generation in Russia	17.9	15.7	40.3	36.4	71.9	75.7
Power generation in other countries	-	0.1	-	0.3	0.5	0.2
Total	41.9	41.8	94.8	94.3	188.1	188.6

Heat production

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Heat production in Nordics	0.8	0.9	2.7	3.1	5.5	5.2
Heat production in other European countries	1.0	2.0	3.8	5.3	8.7	7.2
Heat production in Russia	2.4	2.7	9.4	11.1	19.1	17.4
Total	4.1	5.6	15.9	19.4	33.4	29.8

Power generation capacity by segment

MW	30 Jun 2022	31 Dec 2021
Generation	8,041	8,041
Russia	4,672	4,672
City Solutions	535	559
Uniper ¹⁾	33,855	33,828
Total	47,102	47,099

1) 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 Jun 2022	31 Dec 2021
Russia	7,613	7,613
City Solutions	2,085	3,026
Uniper	6,227	6,232
Total	15,925	16,871

Power generation by source in the Nordic area

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Hydro and wind power	6.8	7.4	14.6	16.5	31.4	29.6
Nuclear power	8.2	8.4	17.9	18.3	36.4	36.0
Thermal power	0.1	0.2	0.3	0.7	1.0	0.6
Total	15.1	16.0	32.8	35.4	68.8	66.2

Power generation by source in the Nordic area

%	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Hydro and wind power	45	47	45	46	46	45
Nuclear power	54	52	55	52	53	54
Thermal power	1	1	1	2	1	1
Total	100	100	100	100	100	100

Power generation by source in other European countries

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Hydro and wind power	1.2	1.3	2.3	2.3	4.9	4.9
Thermal power	7.7	8.7	19.4	19.8	42.0	41.6
Total	8.9	10.0	21.7	22.1	46.9	46.5

Power generation by source in other European countries

%	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Hydro and wind power	14	13	11	10	10	11
Thermal power	86	87	89	90	90	89
Total	100	100	100	100	100	100

Power sales

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Power sales in Nordics	1,544	942	3,242	2,229	5,319	6,332
Power sales in other European countries ¹⁾	6,782	4,687	15,802	9,946	26,005	31,861
Power sales in Russia	509	387	962	825	1,750	1,886
Power sales in other countries	0	9	0	14	24	10
Total	8,835	6,025	20,006	13,014	33,098	40,090

1) Including commodity trading.

Heat sales

EUR million	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Heat sales in Nordics	57	56	229	202	403	430
Heat sales in other European countries	184	134	419	328	660	751
Heat sales in Russia	28	22	77	86	154	145
Total	270	211	725	616	1,217	1,326

Power sales by area

TWh	II/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Finland	5.4	5.3	11.3	12.1	23.0	22.1
Sweden	11.4	12.1	25.5	27.5	53.5	51.6
Russia	19.9	18.5	46.2	43.6	84.9	87.5
Norway	2.4	2.9	6.2	7.8	13.7	12.1
Germany ¹⁾	43.5	84.3	94.9	175.2	334.9	254.7
United Kingdom	9.5	2.7	23.9	10.0	19.5	33.4
Netherlands	4.8	1.2	10.5	3.7	22.4	29.2
Other countries	3.0	2.4	6.0	4.8	7.6	8.8
Total	99.9	129.4	224.6	284.8	559.4	499.2

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/2022	II/2021	I-II/2022	I-II/2021	2021	LTM
Russia	2.4	2.7	9.4	11.0	19.0	17.3
Finland	0.5	0.5	1.6	1.7	3.1	3.0
Norway	0.1	0.3	0.8	1.0	1.8	1.5
Poland	0.5	0.6	2.0	2.3	3.8	3.6
Germany	0.6	0.8	1.6	2.0	3.6	3.2
Netherlands	0.3	0.7	1.7	1.7	3.2	3.1
Other countries	0.1	0.3	0.2	1.1	1.3	0.4
Total	4.5	6.0	17.3	21.0	35.9	32.2