Fortum Interim Report

JANUARY-SEPTEMBER 2021

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For a cleaner world

Contents

Tables to the Interim Report

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

Strong performance in an exceptional commodity market

July–September 2021

- Comparable EBITDA was EUR 574 (132) million
- Comparable operating profit was EUR 260 (-179) million
- Operating profit was EUR -3,105 (-1) million, mainly impacted by changes in fair values of non-hedge-accounted derivatives partly offset by capital gains from divestments
- Comparable share of profits of associates and joint ventures was EUR 9 (19) million
- Comparable earnings per share were EUR 0.19 (-0.10)
- Earnings per share were EUR -0.82 (0.19)
- Cash flow from operating activities totalled EUR 2,274 (790) million

January–September 2021

- Comparable EBITDA was EUR 2,401 (1,187) million
- Comparable operating profit was EUR 1,466 (416) million
- Operating profit was EUR -2,600 (1,141) million, mainly impacted by changes in fair values of non-hedge-accounted derivatives partly offset by capital gains from divestments
- Comparable share of profits of associates and joint ventures was EUR 127 (593) million. The comparison period includes Uniper for the fourth quarter of 2019 and first quarter of 2020
- Comparable earnings per share were EUR 1.22 (0.99)
- Earnings per share were EUR -0.12 (1.62)
- Cash flow from operating activities totalled EUR 3,394 (1,792) million
- Financial net debt-to-comparable EBITDA ratio for the last 12 months at 0.6 times, clearly below the target level of <2 times
- On 2 July, Fortum concluded the sale of its district heating business in the Baltics. Total consideration of approximately EUR 710 million
- On 20 September, Fortum concluded the sale of its 50% ownership in Stockholm Exergi for a total consideration of EUR 2.9 billion
- S&P and Fitch upgraded rating outlook to “stable”, BBB rating reaffirmed

Summary of outlook

- The Generation segment’s Nordic generation hedges: approximately 75% at EUR 34 per MWh for the remainder of 2021, approximately 65% at EUR 32 per MWh for 2022, and approximately 40% at EUR 31 per MWh for 2023
- The Uniper segment’s Nordic generation hedges: approximately 85% at EUR 25 per MWh for the remainder of 2021, approximately 85% at EUR 22 per MWh for 2022, and approximately 55% at EUR 21 per MWh for 2023
- Capital expenditure, including maintenance but excluding acquisitions, is expected to be approximately EUR 1,400 million in 2021

Key figures*

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Reported						
Sales	23,700	14,049	62,322	27,736	49,015	83,601
Operating profit	-3,105	-1	-2,600	1,141	1,599	-2,142
Share of profit/loss of associates and joint ventures	11	25	152	543	656	265
Net profit	-1,768	103	-1,117	1,444	1,855	-706
Net profit (after non-controlling interests)	-721	174	-103	1,443	1,823	276
Earnings per share, EUR	-0.82	0.19	-0.12	1.62	2.05	0.31
Net cash from operating activities	2,274	790	3,394	1,792	2,555	4,157

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Comparable						
EBITDA	574	132	2,401	1,187	2,434	3,648
Operating profit	260	-179	1,466	416	1,344	2,394
Share of profit/loss of associates and joint ventures	9	19	127	593	656	190
Net profit (after non-controlling interests)	170	-93	1,086	874	1,483	1,695
Earnings per share, EUR	0.19	-0.10	1.22	0.99	1.67	1.90

EUR million	30 Sept 2021	31 Dec 2020	LTM
Financial net debt (at period-end)	2,126	7,023	
Adjusted net debt (at period-end)	4,419	9,784	
Financial net debt/comparable EBITDA		2.9	0.6

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

Fortum’s President and CEO Markus Rauramo:

“Our operating environment in the third quarter has been marked by exceptional market dynamics and extreme commodity price movements. At the end of September, the forward price for 2022 delivery of natural gas in Europe (TTF hub) was 270% higher compared to a year ago. The factors behind the development are manyfold – ranging from the strong economic recovery which has boosted energy consumption globally, to the cold weather in the first half of the year in Europe, Western Russia and Asia, which left gas storages depleted. At the same time Europe’s domestic gas production is dwindling, LNG cargos are finding more lucrative destinations on other continents and one-off events have to an extent limited also pipeline imports. The increased gas prices reflect a tight supply-demand balance for the winter, but forward prices indicate gradually normalising conditions thereafter.

The Continental and UK power prices have mirrored the high commodity prices, mainly the gas price. At the same time, spot power prices have also increased considerably in the Nordics following high prices in Continental Europe, very low hydro reservoir levels and below normal wind power production.

Overall we can be satisfied by the resilience of our Group in the third quarter. Our Uniper segment’s gas midstream business recorded a significant earnings improvement that prompted Uniper to update its guidance for full-year 2021. Considering the exceptional liquidity and funding requirements due to the turbulent market and high prices, Uniper fared well as part of our large and financially solid Group.

The main drivers of the clear increase in the comparable operating profit of the Generation segment were the higher power prices and higher volumes although the effect was somewhat offset by the fairly high hedge levels. The Russia segment's earnings grew due to the economy recovery and strong commodity markets. In City Solutions, almost all business areas improved, while Consumer Solutions' earnings decreased following as a result of intensified competition in the Nordic market.

We have made good progress in our strategy execution and have delivered on our deleveraging. During the reporting period, we completed the divestment of our Baltic district heating business for a total consideration of approximately EUR 710 million, followed by the closing of the sale of our 50% ownership in Stockholm Exergi Holding AB for approximately EUR 2.9 billion. These brought our financial net debt-to-comparable EBITDA to 0.6 times, significantly below our set target level of <2 times.

Our position as the largest renewable energy power producer in Russia strengthened further as the Fortum-Rusnano wind investment fund was awarded remuneration for new wind power generation in the recent wind CSA (Capacity Supply Agreement) auction, further expanding our wind and solar power portfolio in Russia further to 3.4 GW.

We have also continued the decarbonisation of our portfolio with the handover of Fortum Russia's Argayash coal-fired combined heat and power plant (CHP) and Uniper's Schkopau power plant to their new owners. With Schkopau, the Group's lignite chapter in Germany came to an end.

In recent weeks, all eyes have been on Glasgow. The parties of the UNFCCC have been convening for their 26th conference to discuss the global mitigation efforts on climate change and the increasing expectations on climate ambition, financing, and finalising the rules of the Paris Agreement. While the EU is committed to reaching climate neutrality by 2050 in line with the Paris ambition, the high energy prices in Europe have understandably sparked a lot of public discussion. This debate should not result in interventions that slow down decarbonisation or complicate the negotiations on the execution of the EU's Fit for 55 package. For the industry making investments to reach the climate targets, it is crucial to get clarity of the regulatory framework going forward.

Climate neutrality requires a fast and controlled phase-out of CO_2-intensive energy sources and a rapid increase of CO_2-free power generation to decarbonise also other sectors. In order to achieve this in Europe, the existing carbon-free generation should remain online and the permitting processes for new renewable investments should become faster. The price surge and market volatility experienced this fall have also highlighted how important natural gas is for the energy transition and how crucial it is to maintain security of supply and affordability of energy during the transition. Alongside renewable energy sources, the role of gas and nuclear power in the energy transition is central in our Group strategy.

From this perspective, we consider it crucial that both nuclear and gas be included in the scope of the EU sustainable finance taxonomy. All CO_2-free technologies should be treated equally, in line with the scientific analysis of the Commission research centre (JRC), while natural gas should be given a transitionary role. Nuclear power is a clean, safe, and competitive source of energy in climate change mitigation. In Finland, it contributes today to one third of the Finnish generation mix and will presumably grow further. We are currently assessing the lifetime extension of our Loviisa Nuclear Power plant and see nuclear being a crucial solution for decarbonisation and an enabler for a carbon-neutral world."

Financial results

Sales by segment

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Generation	684	441	1,935	1,465	2,006	2,476
Russia	193	172	639	691	929	877
City Solutions	201	184	876	738	1,075	1,213
Consumer Solutions	485	235	1,570	896	1,267	1,941
Uniper	22,411	13,159	58,074	24,524	44,514	78,064
Other Operations	33	34	103	102	140	141
Netting of Nord Pool transactions	-229	-74	-588	-212	-317	-693
Eliminations	-79	-102	-287	-468	-598	-417
Total	**23,700**	**14,049**	**62,322**	**27,736**	**49,015**	**83,601**

Comparable EBITDA by segment

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Generation	291	181	849	666	886	1,069
Russia	81	73	285	286	394	394
City Solutions	22	10	197	148	239	288
Consumer Solutions	31	33	120	116	153	158
Uniper	175	-147	1,026	37	856	1,845
Other Operations	-25	-19	-78	-66	-94	-105
Total	**574**	**132**	**2,401**	**1,187**	**2,434**	**3,648**

Comparable operating profit by segment

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Generation	245	136	709	545	722	887
Russia	45	40	182	175	251	257
City Solutions	-21	-36	62	6	47	103
Consumer Solutions	13	18	68	69	90	89
Uniper	9	-310	543	-286	363	1,192
Other Operations	-31	-27	-98	-92	-129	-134
Total	**260**	**-179**	**1,466**	**416**	**1,344**	**2,394**

Operating profit by segment

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Generation	179	136	684	551	711	844
Russia	44	40	152	176	252	228
City Solutions	2,575	255	2,658	731	775	2,701
Consumer Solutions	235	26	382	81	129	430
Uniper	-6,114	-432	-6,393	-137	29	-6,227
Other Operations	-25	-27	-83	-262	-298	-119
Total	**-3,105**	**-1**	**-2,600**	**1,141**	**1,599**	**-2,142**

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

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Generation	-2	4	3	8	13	8
Russia	5	5	57	31	47	72
City Solutions	-1	1	39	38	57	57
Consumer Solutions	-	-	-	-	-	-
Uniper	7	11	29	13	38	55
Other Operations*	0	0	0	503	502	-2
Total	**9**	**19**	**127**	**593**	**656**	**190**

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

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

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Generation	0	7	20	-17	29	66
Russia	5	5	57	31	47	72
City Solutions	-1	1	39	38	57	57
Consumer Solutions	-	-	-	-	-	-
Uniper	8	12	37	20	54	72
Other Operations*	0	0	0	471	470	-2
Total	**11**	**25**	**152**	**543**	**656**	**265**

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

Fortum consolidated Uniper into its balance sheet as of 31 March 2020 and, from the second quarter of 2020, consolidated Uniper's results into its income statement. In the first quarter of 2020, Uniper was consolidated as an associated company into Fortum's income statement. The main reason for the change in cumulative figures and in the comparison to the year 2020 is thus the consolidation of Uniper.

July–September 2021

Sales were EUR 23,700 (14,049) million.

Comparable operating profit was EUR 260 (-179) million. The majority of the improvement came from the significant earnings increase in our Uniper segment following rising commodity prices, especially in the gas midstream business. Partly offset by an intra-year CO_2 emission phasing effect that shifted margins from the third quarter of 2021 to the fourth quarter of 2021. The Group results were also positively impacted by the higher achieved power price and higher nuclear and hydro volumes in the Generation segment.

Operating profit for the period was impacted by EUR -3,365 (178) million of items affecting comparability, the majority of which were changes in fair values of non-hedge-accounted derivatives of EUR -5,871 (-242) million mainly in the Uniper segment. Items affecting comparability also included the tax-exempt capital gains of EUR 2,612 million mainly from the divestment of the 50% ownership in Stockholm Exergi Holding AB and the divestment of the Baltic district heating operations (Note 4).

Comparable share of profits of associates and joint ventures was EUR 9 (19) million (Note 12).

January–September 2021

Sales were EUR 62,322 (27,736) million.

Comparable operating profit was EUR 1,466 (416) million, mainly due to the consolidation of Uniper to the income statement. The Generation segment benefitted from the higher achieved power price.

Operating profit for the period was impacted by EUR -4,066 (724) million of items affecting comparability, mainly due to changes in fair values of non-hedge-accounted derivatives of EUR -6,558 (-70) million almost entirely related to the Uniper segment. Items affecting comparability also includes the tax-exempt capital gains of EUR 2,686 million mainly from the divestment of the 50% ownership in Stockholm Exergi Holding AB, the divestment of the Baltic district heating operations, as well as eight small hydropower plants in Sweden (Note 4).

Comparable share of profits of associates and joint ventures was EUR 127 (593) million (Note 12). The comparison period includes the comparable share of profit from Uniper based on Uniper's fourth-quarter 2019 and first-quarter 2020 results.

Finance costs - net amounted to EUR -31 (38) million, i.e. was net finance income. Comparable finance costs - net amounted to EUR -4 (81) million. The change mainly relates to the positive effect of changes in discount rates on Other provisions in the Uniper segment.

Profit before income taxes was EUR -2,417 (1,646) million. Comparable profit before income taxes was EUR 1,597 (928) million.

Income taxes for the period totalled EUR 1,300 (tax income) (-202 tax expense) million. Comparable income tax expenses were EUR -352 (-84) million (Note 8).

Net profit was EUR -1,117 (1,444) million. Comparable net profit was EUR 1,086 (874) million after the deduction of adjusted non-controlling interest. Comparable net profit is adjusted for items affecting comparability, adjustments to share of profit of associates and joint ventures, net finance costs, and income tax expenses. The alternative performance measure (APM) 'comparable net profit' was introduced in the first quarter of 2021 to better reflect the underlying profitability (Notes 4.2 and 23).

Earnings per share were EUR -0.12 (1.62) and comparable earnings per share were EUR 1.22 (0.99).

For further details, see Segment reviews.

Financial position and cash flow

Cash flow

In January–September 2021, net cash from operating activities increased by EUR 1,602 million to EUR 3,394 (1,792) million. The change in working capital was impacted by operational liquidity measures in the Uniper segment.

Net cash used in investing activities was EUR 2,718 (1,047) million. Capital expenditure increased by EUR 167 million to EUR 849 (682) million. Acquisition of shares, net of liquid funds, was EUR 270 (1,643) million. Acquisition of shares mainly relates to the acquisition of Uniper shares. Divestment of shares and capital returns of EUR 3,748 (1,223) million mainly include the divestments of the 50% ownership in the Swedish district heating and cooling company Stockholm Exergi and the district heating business in the Baltics. Divestment of shares in the comparison period mainly includes the divestment of the Joensuu and Järvenpää district heating operations. The change in margin receivables was EUR -5,241 (14) million, following the higher market prices for commodities.

The negative change of EUR 5,241 (14) in margin receivables in net cash used on investing activities was partly offset by the positive change of EUR 2,358 (-430) million in margin liabilities in the cash flow from financing activities.

Cash flow before financing activities was EUR 676 (745) million.

Net cash from financing activities was EUR 3,230 (346) million. The increase in long-term liabilities was EUR 142 (2,475) million, and the increase in short-term liabilities was EUR 2,570 (decrease of 111) million. The increase in short-term liabilities during 2021 was mainly due to the use of commercial paper programmes. In March 2020, Fortum drew a term loan of EUR 2,000 million and in May 2020 a bridge loan of EUR 300 million to finance the acquisition of shares in Uniper. The dividend, EUR 995 million, was paid on 7 May 2021. The change in margin liabilities was EUR 2,358 (-430) million, mainly due to the increases in market prices for commodities. The net increase in liquid funds was EUR 3,906 (1,092) million (Note 14).

Assets

At the end of the reporting period, total assets amounted to EUR 164,425 (57,810 at the end of 2020) million. The increase from year-end mainly relates to derivative financial instruments in the Uniper segment resulting from higher market prices for commodities. Liquid funds at the end of the period were EUR 6,236 (2,308 at the end of 2020) million.

Equity

Equity attributable to owners of the parent company totalled EUR 11,772 (12,953 at the end of 2020) million. The change from the year-end was mainly related to the net profit for the period of EUR -103 million and the dividend payment of EUR 995 million.

Financing

Fortum has determinedly executed its strategy and has taken measures, mainly the 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 September the ratio for the last twelve months was 0.6 times (2.9 times) at the end of 2020).

By the end of the reporting period, financial net debt decreased by EUR 4,897 million to EUR 2,126 (7,023 at the end of 2020) million. Adjusted net debt was EUR 4,419 (9,784 at the end of 2020) million.

At the end of the reporting period, the Group's liquid funds totalled EUR 6,236 (2,308 at the end of 2020) million. Liquid funds include EUR 1,797 million related to the Uniper segment.

In May 2021, Fortum repaid a maturing bond of EUR 500 million.

In the third quarter, Fortum's total interest-bearing loans, majority of which was short-term, increased by EUR 1,868 million to EUR 11,658 million. Current loans amounted to EUR 6,619 million. Higher commodity prices resulting in higher margin requirements increased the short-term loans by EUR 1,821 million from EUR 1,990 million at the end of June to EUR 3,811 million at the end of September. These short-term liquidity needs were mainly covered by commercial paper programmes. The use of commercial papers increased by EUR 1,156 million from EUR 1,078 million at the end of June to EUR 2,234 million. In October 2021, EUR 1,321 million of the EUR 2,170 million commercial papers maturing in 2021 was rolled over to 2022. Further, Uniper drew a new EUR 400 million short-term loan during the quarter (Note 14).

At the end of the third quarter, the portion of current loans in the long-term loans increased to EUR 2,808 million following changes of certain loans from long-term to short-term. Part of the EUR 2,000 million term loan originally maturing in October 2022 will be repaid in December 2021 and thereby EUR 1,550 million has been reclassified to short-term as of 30 September 2021. In addition, a EUR 1,000 million bond will mature in September 2022 and has now been classified as short-term.

At the end of September, Fortum had undrawn committed credit facilities amounting to EUR 3,689 million. The undrawn facilities consisted of a EUR 1,350 million revolving credit facility (maturity in November 2021). In July 2021, EUR 100 million of this facility was cancelled, and the remaining EUR 1,350 million was cancelled in October 2021. Further, the credit facilities consisted of a EUR 1,750 million revolving credit facility (maturity in June 2023) and Uniper's revolving credit facility of EUR 1,800 million (maturity in September 2025). This facility is linked to the Uniper Euro Commercial Paper programme and has a total cap of EUR 1,800 million, i.e. the total amount of outstanding commercial papers, EUR 1,311 million at the end of September, reduces the possibility to draw the funds from the revolving credit facility. In addition to the revolving credit facilities, Fortum has EUR 100 million of committed overdraft limits that are valid until further notice (Note 14).

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

In September 2021, S&P Global Ratings reaffirmed Uniper's BBB rating and stable outlook. In July 2021, Standard & Poor's also revised its long-term rating for Uniper to BBB, with a stable outlook (previously BBB with a negative outlook).

Segment reviews

Generation

Generation is responsible for Nordic power generation. The segment comprises CO_2-free nuclear, hydro, and wind power generation, as well as power portfolio optimisation, trading, market intelligence, thermal power for the capacity reserve, and global nuclear services. The segment does not include the Nordic hydro and nuclear power generation or the trading activities of Uniper. As of 31 March 2020, the segment includes Generation's proportionate share of OKG (Note 3).

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Reported						
Sales	684	441	1,935	1,465	2,006	2,476
- power sales	647	421	1,813	1,372	1,878	2,318
of which Nordic outright power sales*	442	318	1,313	1,092	1,478	1,699
- other sales	37	20	122	92	128	158
Operating profit	179	136	684	551	711	844
Share of profit/loss of associates and joint ventures**	0	7	20	-17	29	66
Capital expenditure and gross investments in shares	37	46	99	113	228	214
Number of employees			1,186		1,143	

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Comparable						
EBITDA	291	181	849	666	886	1,069
Operating profit	245	136	709	545	722	887
Share of profit/loss of associates and joint ventures**	-2	4	3	8	13	8
Return on net assets, %					12.2	14.6
Net assets (at period-end)			6,195	5,921	6,234	

* The Nordic outright power sales includes hydro and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.
** Power plants are often built jointly with other power producers, and owners purchase power at cost. The share of profit/loss is mainly IFRS adjustments (e.g. accounting for nuclear-related assets and liabilities) and depreciations on fair value adjustments from historical acquisitions (Note 18 in the Consolidated Financial Statements 2020).

Power generation by source

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Hydropower, Nordic	5.0	4.5	17.2	16.0	22.4	23.6
Nuclear power, Nordic	5.5	4.3	17.2	16.2	21.0	22.0
Wind power, Nordic	-	0.0	-	0.3	0.4	0.1
Thermal power, Nordic	-	-	-	0.1	0.1	-
Total	**10.5**	**8.8**	**34.4**	**32.6**	**43.9**	**45.7**

Nordic sales volumes

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Nordic sales volume	12.2	10.7	39.9	38.0	51.4	53.3
of which Nordic outright power sales volume*	10.1	8.6	33.3	31.5	42.5	44.3

* 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	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Generation's Nordic achieved power price*	43.7	37.1	39.5	34.7	34.8	38.4

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

July–September 2021

The Generation segment's total power generation in the Nordic countries increased due to higher nuclear and hydro volumes. The nuclear volume increase came from a shorter length of the planned annual maintenance outages. The outages at the nuclear power plants proceeded mainly according to plan. The availability for nuclear generation continued at a good level.

The achieved power price in the Generation segment increased by EUR 6.6 per MWh, up 18%. The achieved power price increased both due to the higher spot price and successful physical optimisation. While the spot power price increased by 164% in Fortum's power generation areas, the fairly high hedge levels and a hedge price below the level of the spot price dampened the effect on the achieved price. The achieved power price was impacted also by the timing of outages.

Comparable operating profit increased clearly, and was up by 80%. The increase was due to the higher achieved power price and higher nuclear and hydro volumes. Comparable operating profit included EUR 8 (11) million from the consolidation of the Generation segment's proportionate share of OKG (Note 3).

Operating profit was affected by EUR -66 (0) 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 -2 (4) million (Notes 3 and 12).

January–September 2021

The Generation segment's total power generation in the Nordic countries increased, mainly due to higher hydro and nuclear volumes, partly offset by the sale of a majority share of Fortum's Nordic wind assets. The CO_2-free generation accounted for 100% of the total power generation.

The achieved power price in the Generation segment increased by EUR 4.8 per MWh, up 14%. The achieved power price increased due to successful physical and financial optimisation and higher spot prices. While the spot power price increased by 146% in Fortum's power generation areas, the fairly high hedge levels and a hedge price below the level of the spot price dampened the effect on the achieved price.

Comparable operating profit increased by 30%. The increase was mainly due to the higher achieved power price and higher nuclear and hydro volumes. Comparable operating profit included EUR 14 (23) million from the consolidation of the Generation segment's proportionate share of OKG (Note 3).

Operating profit was affected by EUR -25 (6) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives. It also included the tax-exempt capital gain of EUR 50 million from the divestment of eight small hydropower plants in Sweden (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 3 (8) million (Notes 3 and 12).

In March 2021, the Finnish Radiation and Nuclear Safety Authority (STUK) gave Teollisuuden Voima Oyj (TVO) a fuel loading permit for the Olkiluoto 3 (OL3) plant unit. The fuel loading was completed in April. In June, TVO signed agreements regarding the amendments to the OL3 project's 2018 Global Settlement Agreement with the Areva-

Siemens consortium. In August, the plant supplier Areva-Siemens consortium informed that the start of electricity production of OL3 will be postponed to February 2022 (earlier target: November 2021) and the regular electricity production to June 2022 (earlier target: March 2022).

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

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

In September 2021, Fortum submitted its Environmental Impact Assessment (EIA) Report to Finland's Ministry of Economic Affairs and Employment (MEAE). The report contains an assessment of the environmental impacts of the potential lifetime extension of the Loviisa nuclear power plant in Finland or, alternatively, the decommissioning of it, as well as the environmental impacts of the final disposal facility for low- and intermediate-level waste. The EIA has been prepared in line with the Environmental Impact Assessment Procedure Act and Decree, and the preparation has taken into consideration the EIA programme-related statement issued in December 2020 by the Ministry of Economic Affairs and Employment as the coordinating authority.

Russia

The Russia segment comprises power and heat generation and sales in Russia. The segment includes Fortum's fully owned power plants and its joint ventures for building and operating approximately 3.4 GW of renewable power generation and for power and heat sales, as well as Fortum's more than 29% holding in TGC-1. These joint ventures and the associated company are accounted for using the equity method. The segment does not include Uniper's Russian subsidiary Unipro.

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Reported						
Sales	193	172	639	691	929	877
- power sales	175	159	543	603	791	731
- heat sales	16	12	92	86	134	140
- other sales	1	1	4	2	4	6
Operating profit	44	40	152	176	252	228
Share of profit/loss of associates and joint ventures	5	5	57	31	47	72
Capital expenditure and gross investments in shares	24	21	60	72	91	79
Number of employees			2,667		2,935	

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Comparable						
EBITDA	81	73	285	286	394	394
Operating profit	45	40	182	175	251	257
Share of profit/loss of associates and joint ventures	5	5	57	31	47	72
Return on net assets, %					11.1	13.2
Net assets (at period-end)			2,551	2,398	2,431	

Power generation and heat production for the Russia segment

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Russian power generation	6.4	5.9	21.0	19.8	27.1	28.3
Russian heat production	1.7	1.6	11.6	10.3	16.4	17.7

Prices for the Russia segment

	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Average capacity price for CCS and other, tRUB/MW/month* **	161	147	167	153	156	167
Average capacity price for CSA, tRUB/MW/month**	1,079	970	1,143	1,033	1,058	1,139
Average capacity price, tRUB/MW/month	531	555	564	592	608	587
Achieved power price for the Russia segment, RUB/MWh	2,064	2,059	1,980	1,901	1,940	2,000
Achieved power price for the Russia segment, EUR/MWh***	23.9	23.1	22.4	23.8	23.4	22.4

* 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.

July–September 2021

Power generation volumes increased by 8% due to higher consumption supported by the economic recovery in 2021. Heat production volumes increased by 6% due to the earlier start of the heating season at Chelyabinsk and Tyumen.

Sales increased by 12%, or EUR 21 million, due to higher power prices and volumes following the economic recovery. The effect of the change in the Russian rouble exchange rate was EUR 6 million.

Comparable operating profit increased by 13%, or EUR 5 million, due to higher power prices. The net effect of the changes to CSA payments was slightly negative; the changes derived from three units entering the four-year period of higher CSA payments, the CSA period ending for the Tyumen CHP 1 and Chelyabinsk CHP 3, as well as corrections to the CSA prices as a result of lower bond yields. The effect of the change in the Russian rouble exchange rate was EUR 4 million. The sale of Argayash coal-fired CHP only had a minor effect on comparable operating profit.

Comparable share of profits of associates and joint ventures totalled EUR 5 (5) million, including the share of profits of EUR 11 (8) million from TGC-1, the share of profits of EUR 2 (4) million from the joint ventures for renewables power generation, and the share of profits of the joint ventures for heat distribution of EUR -9 (-7) million. (Notes 3 and 12).

January–September 2021

Power generation volumes increased by 6% due to higher consumption as a result of the economic recovery in 2021. Heat production volumes increased by 13% due to colder weather in the Chelyabinsk and Tyumen areas.

Sales decreased by 8%, or EUR 52 million, due to the weaker Russian rouble during the first half of 2021. This impact was partly offset by higher power prices and volumes. The effect of the change in the Russian rouble exchange rate was EUR -69 million.

Comparable operating profit increased by 4%, or EUR 7 million. The EUR 17 million positive effect of the sale of the 116-MW CSA-backed solar power project to the Fortum-RDIF joint venture and higher power prices more than offset the effect of the change in the Russian rouble exchange rate, EUR -19 million. The net effect of the changes to CSA payments was slightly negative; the changes derived from three units entering the four-year period of higher CSA payments, the CSA period ending for Tyumen CHP 1 and Chelyabinsk CHP 3, as well as corrections to the CSA prices as a result of lower bond yields. The sale of the Argayash coal-fired CHP plant only had a minor effect on comparable operating profit.

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

Comparable share of profits of associates and joint ventures totalled EUR 57 (31) million, including the share of profits of EUR 34 (26) million from TGC-1 and the share of profits of EUR 23 (5) million from the joint ventures for renewables power generation (Notes 3 and 12). The share of profits for the joint ventures for renewables power generation includes a EUR 12 million gain from the transfer of the Kalmykia wind power park from the Fortum-Rusnano wind investment fund to the Fortum-RDIF joint venture (Notes 6).

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

In the second quarter 2021, Fortum signed four new Memorandums of Understanding (MoU) regarding renewable energy sales in Russia with Novatek, Magnitogorsk Iron and Steel Works, Baker Hughes, and Shell. In the third quarter, further MoU's were signed with Electroshield Samara and Sberbank for the supply of wind power in the Samara region. In July 2021, an agreement was signed with Mosenergosbyt for the supply of wind power to Sberbank's offices in Nizhny Novgorod. The new agreements support Fortum's strategy to partner with industrial and infrastructure customers to help them reduce own emissions.

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

In July 2021, Fortum signed an agreement to sell its Argayash coal-fired CHP plant to AO JSC Rusatom Smart Utilities. In September, the transaction was concluded. Following the decision earlier in 2021 to transition to gas at Chelyabinsk CHP-2, this transaction will allow Fortum's Russia division to discontinue its use of coal by the end of 2022 and reduce annual CO_2 emissions by approximately 2 million tonnes.

In September 2021, Fortum announced that the Fortum-Rusnano wind investment fund was awarded annual CSA (Capacity Supply Agreement) remuneration for 15 years in the range of RUB 16.9–23.8 billion (inflation adjusted) for new wind power generation in the latest Russian renewables' auction. This corresponds to wind capacity of approximately 430–530 MW per annum (a total of 1.3–1.6 GW) to be commissioned during years 2025–2027. The number of GWs ultimately to be constructed is subject to separate investment decisions. The average nominal price is expected to be in the range RUB 2,600–4,200 per MWh (inflation adjusted) during the CSA period. These numbers do not include additional potential revenues for bilateral green energy sales, where Fortum and its joint ventures are the market leader in Russia.

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 has also included Fortum's 50% holding in Stockholm Exergi, which was a joint venture accounted for using the equity method and which was divested in September 2021. The segment does not include the operations of Fortum's subsidiary Uniper.

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Reported						
Sales	201	184	876	738	1,075	1,213
- heat sales	58	58	404	352	516	569
- power sales	24	22	127	79	121	169
- waste treatment sales*	58	57	180	183	252	249
- other sales**	61	47	164	124	186	226
Operating profit	2,575	255	2,658	731	775	2,701
Share of profit/loss of associates and joint ventures	-1	1	39	38	57	57
Capital expenditure and gross investments in shares	34	148	120	217	333	236
Number of employees			1,775		2,093	

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Comparable						
EBITDA	22	10	197	148	239	288
Operating profit	-21	-36	62	6	47	103
Share of profit/loss of associates and joint ventures	-1	1	39	38	57	57
Return on net assets, %					2.8	5.1
Net assets (at period-end)			2,561	3,520	3,679	

* Waste treatment sales comprise gate fees and environmental construction services.
** Other sales mainly comprise operation, maintenance, and other services, the sale of recycled products, as well as fuel sales.

Heat sales by country

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Finland	0.3	0.3	2.1	2.1	2.9	2.9
Poland	0.2	0.2	2.5	2.2	3.4	3.7
Norway	0.1	0.1	1.2	1.0	1.5	1.7
Other countries	0.1	0.2	1.2	1.3	1.9	1.8
Total	**0.8**	**0.9**	**7.0**	**6.6**	**9.6**	**10.0**

Power sales by country

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Finland	0.1	0.1	0.9	0.6	1.0	1.3
Poland	0.1	0.1	0.5	0.4	0.6	0.7
Other countries	0.3	0.3	1.2	1.0	1.4	1.6
Total	**0.5**	**0.6**	**2.6**	**2.1**	**3.0**	**3.5**

July–September 2021

Heat sales volumes decreased by 11%, mainly as a consequence of the divestment of the Baltic district heating business. The decline in power sales volumes was for the most part also related to the Baltic divestment.

Comparable operating profit was negative, but following higher power prices improved clearly compared to the previous year. Almost all business areas improved from the previous year, especially in the areas of waste and metals recycling business. There was a slight positive result effect of the structural changes from the divestment of the district heating business in the Baltics, as the result of the heating and cooling business typically is negative during the third quarter.

Operating profit was affected by EUR 2,596 (292) million of items affecting comparability, mainly consisting of the tax-exempt capital gains of EUR 2,350 million from the sale of the 50% ownership in Stockholm Exergi Holding AB and EUR 254 million from the sale of the district heating business in the Baltics.

Comparable share of profits of associates and joint ventures totalled EUR -1 (1) million as a net effect of a positive share of profit from Turun Seudun Energiantuotanto, offset by a negative share of profit of Stockholm Exergi (Notes 3 and 12).

January–September 2021

Heat sales volumes increased by 6% as temperatures were close to normal during the first quarter of the year, compared to the very warm weather in the first quarter of 2020. The power sales volumes increased significantly, mainly supported by a different production mix in the Finnish heat business in the first quarter and the commissioning of a new solar power plant in India.

Comparable operating profit increased 10-fold as a result of higher heat sales volumes in all heating areas, higher power prices, and higher Norwegian heat prices due to the price link between heat and power prices.

Operating profit was affected by EUR 2,596 (725) million of items affecting comparability, mainly related to the tax-exempt capital gains of EUR 2,350 million from the sale of the 50% ownership in Stockholm Exergi Holding AB and EUR 254 million from the sale of the district heating business in the Baltics. In 2020, the items affecting comparability included the tax-exempt capital gains of EUR 431 million and EUR 291 million from the divestments of the Joensuu and Järvenpää district heating businesses, respectively (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 39 (38) million, EUR 28 (29) million of which is related to the share of profit of Stockholm Exergi (Notes 3 and 12).

In 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.

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

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 total consideration for the divestment on a debt- and cash-free basis, including the effect of deconsolidation of the net debt, is expected to be approximately EUR 280 million, most of which will be recorded during 2021. The parties also signed a comprehensive agreement targeting potential further investments in solar power plants in India. On 7 October, the sale of the 250-MW Pavagada II solar plant was concluded.

In September 2021, Fortum concluded the sale of its 50% ownership in the Swedish district heating and cooling company Stockholm Exergi to a consortium comprising APG, Alecta, PGGM, Keva, and AXA. The total consideration of the sale amounted to SEK 29.5 billion (approximately EUR 2.9 billion).

Consumer Solutions

Consumer Solutions is responsible for the electricity and gas retail businesses in the Nordics, Poland, and Spain, including the customer service and invoicing businesses. Fortum is the largest electricity retail business in the Nordics, with approximately 2.3 million customers across different brands in Finland, Sweden, Norway, Poland, and Spain. The business provides electricity, as well as related value-added and digital services.

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Reported						
Sales	485	235	1,570	896	1,267	1,941
- power sales	406	187	1,333	727	1,057	1,664
- gas sales	38	22	134	96	139	177
- other sales	40	26	103	73	70	100
Operating profit	235	26	382	81	129	430
Capital expenditure and gross investments in shares	13	15	49	43	57	63
Number of employees			1,120		1,048	

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Comparable						
EBITDA	31	33	120	116	153	158
Operating profit	13	18	68	69	90	89
Net assets (at period-end)			701	533	565	

Sales volumes

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Electricity	5.5	5.2	22.7	21.0	29.1	30.8
Gas*	1.0	0.8	4.2	3.3	4.9	5.8

* Not including wholesale volumes.

Number of customers

Thousands*	30 Sept 2021	31 Dec 2020
Electricity	2,170	2,280
E-mobility**	60	60
Gas	50	50
Total	**2,270**	**2,390**

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

July–September 2021

The electricity sales volumes increased by 6% mainly due to higher contracted enterprise customer sales. Driven by higher power prices, total sales revenue increased by 106%. The gas sales volumes increased by 25% mainly due to an increase in enterprise customers in Poland.

The challenging market environment combined with tough competition in the Nordic market resulted in a reduction in the number of electricity customers during the third quarter.

Comparable operating profit decreased by 28%, due to negative customer development, some negative impacts of the rapidly increasing electricity market prices, and higher depreciations, which offset the positive impact from value-added services with higher margins and lower fixed costs.

Operating profit was affected by EUR 222 (8) million of items affecting comparability, due to the fair value change of non-hedge-accounted derivatives (Note 3).

January–September 2021

The electricity sales volumes increased by 8%, mainly due to clearly colder weather in the Nordics at the beginning of the year and increased enterprise customer sales. Total sales revenue increased by 75% driven by increased volumes and clearly higher prices in the Nordics. The gas sales volumes increased by 27%, mainly due to an increase in enterprise customers in Poland. Several new digital services were launched in January-September, and new enterprise contracts were signed with customers in the energy, food processing, real estate, and retail industries.

Comparable operating profit decreased by 1%, mainly driven by the lower number of customers and some negative impacts of the rapidly increasing electricity market prices during the third quarter. This was partially offset by increased unit margins, coming from of active development and improvement of the service offerings.

Operating profit was affected by EUR 314 (12) million of items affecting comparability, due to the fair value change of non-hedge-accounted derivatives (Note 3).

Uniper

The Uniper segment comprises Fortum's majority ownership in Uniper, a subsidiary of Fortum. Uniper is a leading international energy company with activities in more than 40 countries. Its business is the secure provision of energy and related services. Its main activities include power generation in Europe and Russia as well as global energy trading and optimisation, which Uniper reports in three businesses – European Generation, Global Commodities, and Russian Power Generation – in its financial statements. Approximately 50% of the power generating capacity is gas-based, 30% coal-based, and 20% hydro- or nuclear-based. The segment includes Uniper's proportionate share of OKG (Note 3).

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Reported						
Sales	22,411	13,159	58,074	24,524	44,514	78,064
- power sales	6,522	5,489	17,421	10,427	16,994	23,988
of which Nordic outright power sales*	100	84	426	227	373	572
- heat sales	96	52	285	110	191	366
- gas sales	12,593	6,996	33,534	12,748	22,176	42,962
- other sales	3,201	622	6,833	1,239	5,154	10,748
Operating profit	-6,114	-432	-6,393	-137	29	-6,227
Share of profit/loss of associates and joint ventures	8	12	37	20	54	72
Capital expenditure and gross investments in shares**	178	233	498	377	639	759
Number of employees			11,754		11,751	

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Comparable						
EBITDA	175	-147	1,026	37	856	1,845
Operating profit	9	-310	543	-286	363	1,192
Share of profit/loss of associated and joint ventures	7	11	29	13	38	55
Net assets (at period-end)			6,229	6,653	7,432	

* The Nordic outright power sales includes hydro and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.
** The 2020 comparison figures were revised in the first quarter of 2021, due to a revision of the lease adjustment following the finalisation of the purchase price allocation for the Uniper acquisition.

Power generation by source

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Hydropower, Nordics	1.2	1.9	5.4	4.3	6.8	7.9
Nuclear power, Nordics	2.7	1.9	9.2	4.7	7.6	12.1
Hydropower, Central Europe	1.5	1.2	3.8	2.3	3.3	4.8
Thermal power, Central Europe	9.4	8.0	28.4	13.4	22.1	37.1
Thermal power, Russia	9.5	8.5	31.3	17.9	28.5	41.9
Total	**24.2**	**21.6**	**78.2**	**42.7**	**68.3**	**103.8**

Nordic sales volumes

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Nordic sales volume	3.9	3.9	14.9	9.2	14.6	20.3
of which Nordic outright power sales volume*	3.8	3.9	14.6	9.0	14.4	20.0

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

Prices for the Uniper segment

	III/2021	III/2020	I-III/2021	I-III/2020*	2020*	LTM
Uniper's Nordic achieved power price, EUR/MWh**	26.0	21.9	29.1	25.2	26.0	28.6
Average capacity price for Uniper CCS and other, tRUB/MW/month*** ****	151	131	156	131	136	154
Average capacity price for Uniper CSA, tRUB/MW/month****	1,488	899	1,324	900	951	1,235
Average capacity price for Uniper, tRUB/MW/month	302	245	282	245	261	284
Achieved power price for Uniper in Russia, RUB/MWh*****	2,072	1,768	1,670	1,595	1,554	1,632
Achieved power price for Uniper in Russia, EUR/MWh***** ******	24.0	19.8	18.9	20.0	18.8	18.3

* Does not include the first quarter of 2020, as Uniper was consolidated as a subsidiary from the second quarter of 2020.
** Uniper's Nordic achieved power price includes hydro and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.
*** Including capacity receiving payments under "forced mode status", regulated tariffs, and bilateral agreements.
**** Capacity prices paid for the capacity volumes, excluding unplanned outages, repairs, and own consumption.
***** Comparable prices changed from previously reported.
****** Translated using the average exchange rate.

July–September

The Uniper segment's total power generation increased, mainly due to higher nuclear and thermal production. Especially the thermal generation in the United Kingdom and in Germany exceeded the level in the third quarter of 2020, whereas the Dutch capacity was not fully available for the entire third quarter. In Sweden, the hydro volumes declined following reduced precipitation and inflows compared to the extraordinary high volumes in the previous year. The Swedish nuclear volumes gained from improved availability.

The Nordic achieved power price in the Uniper segment increased by EUR 4.1 per MWh, up 19% due to the clearly higher Swedish spot prices compared to the third quarter of 2020.

Comparable operating profit increased significantly, by EUR 319 million, mainly due to higher results in the gas midstream business more than offsetting an intra-year CO_2 emission phasing effect that shifted margins from the third quarter to the fourth quarter of 2021.

The Global Commodities business' result was significantly above the level of the previous year as the gas midstream business was able to benefit from volatile and rising commodity prices.

The European Generation business improved its result, due to higher capacity prices in the UK as well as higher generation with new capacity online in Germany. The result contribution of Datteln 4 more than offset a lower result in the Dutch steam business burdened by the impact of outages.

The results of the Russian Power Generation business were slightly above the previous year´s level, with the commissioning of Berezovskaya 3 and higher prices and volumes on the electricity market contributing positively and offsetting the expiry of CSAs for the Shaturskaya, Surgutskaya, and Yayvinskaya power plants. The effect of the change in the Russian rouble exchange rate was EUR 2 million.

Operating profit was affected by EUR -6,122 (-121) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives (Note 3). Uniper segment's future cash flows are largely hedged with forward sell contracts, however as hedge accounting is not applied, unrealized changes in the fair values of these derivative instruments are presented in items affecting comparability.

Comparable share of profits of associates and joint ventures totalled EUR 7 (11) million (Notes 3 and 12).

January–September 2021

Fortum consolidated Uniper into its balance sheet as of 31 March 2020 and, from the second quarter of 2020, consolidated Uniper's results into its income statement. In the first quarter of 2020, Uniper was consolidated as an associated company into Fortum's income statement, presented in Other segment. The main reason for the change in cumulative figures and in comparison to the year 2020 is thus the consolidation of Uniper.

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

Supported by very solid performance, comparable operating profit amounted to EUR 543 (-286) million. In the first quarter of 2020, Uniper was consolidated as an associated company. The effect of the change in the Russian rouble exchange rate was EUR -8 million.

The commissioning of the Datteln 4 coal-fired power plant at the end of May 2020 and the return to regular commercial operation of the Irsching 4 and 5 gas-fired power plant units in the fourth quarter of 2020 positively affected the results of the European Generation Business. In addition, higher revenues from the UK capacity market led to an increase in earnings compared with the previous year. The positive impact was partly offset by a lower result in the Dutch steam business due to outages and an intra-year CO_2 emission right phasing effect that shifted margins from the first nine months of 2021 to the fourth quarter of 2021. In addition, in the fossil business, the exceptionally positive margin contributions from the previous year could not be repeated.

In the first quarter of 2021, the Global Commodities business benefitted from higher contributions from the international portfolio, driven by the unusual weather conditions in North America and from operations in Asia. Furthermore, the gas business also performed well, benefitting from volatile and rising commodity prices.

The Russian business contributed positively to the comparable operating profit of the Uniper segment. Negative foreign currency effects and the expiry of CSA payments for four units at the Shaturskaya, Surgutskaya, and Yayvinskaya power plants were more than offset by CSA payments from the commissioning of the Berezovskaya 3 power plant unit in May 2021, as well as higher prices and volumes on the electricity market.

Operating profit was affected by EUR -6,936 (150) million of items affecting comparability, mainly related to EUR -6,783 (-89) million of fair value change of non-hedge-accounted derivatives (Note 3). Uniper segment's future cash flows are largely hedged with forward sell contracts, however as hedge accounting is not applied, unrealized changes in the fair values of these derivative instruments are presented in items affecting comparability.

Comparable share of profits of associates and joint ventures totalled EUR 29 (13) million (Notes 3 and 12).

In March 2021, amendments to the Russian Strategic Investment Law were approved. Based on the law, Fortum is allowed to own 100% of Uniper, the majority owner of Unipro PJSC.

In April 2021, the German Federal Network Agency accepted the bid from the 757-MW Wilhelmshaven power plant as part of the second round of auctions for the closure of hard-coal-fired power plants. Power generation at the plant will end in December 2021, one year earlier than previously announced. Uniper announced plans to establish a German national hub for hydrogen in Wilhelmshaven. The plans include an import terminal for green ammonia, an 'ammonia cracker' for producing green hydrogen, and a 410-MW electrolysis plant in combination with the import terminal. Uniper is working on a feasibility study and no final investment decision has been made.

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

In April 2021, Uniper published a stock exchange release ('ad-hoc') with a positive update of its result guidance for 2021.

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

In July 2021, the German Federal Network Agency accepted the bid from the 345-MW Scholven C power plant as part of the third round of auctions for the closure of hard-coal-fired power plants. The commercial power generation at the plant will end as early as the end of October 2022, slightly earlier than previously announced.

In August 2021, the Higher Administrative Court of North Rhine-Westphalia (OVG) declared in three parallel proceedings that the City of Datteln's 2014 development plan for the Datteln 4 hard-coal-fired power plant as invalid at the request of the City of Waltrop, BUND NRW, and four private individuals. Specifically, the OVG held that the City of Datteln's development plan is based on a deficient regional plan. The court did not admit an appeal. Uniper is a joined party to the proceedings as the permit owner and thus has the right to appeal. In October 2021, Uniper filed complaints against the non-admission of the appeal in relation to the judgements. The City of Datteln, as the direct defendant in the proceedings, has also filed non-admission complaints.

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

In September 2021, Fortum and Uniper announced its cooperation to offer nuclear decommissioning and dismantling services for nuclear companies. See further details in the Generation segment.

For further information, see Uniper's third-quarter 2021 results published on 5 November 2021.

Capital expenditures, divestments, and investments in shares

In the third quarter of 2021, capital expenditures and investments in shares totalled EUR 331 (582) million. Capital expenditures were EUR 264 (355) million (Notes 3 and 6).

In January–September 2021, capital expenditures and investments in shares totalled EUR 1,051 (4,329) million. Capital expenditures were EUR 781 (675) 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
City Solutions					
Suomenoja, Finland	Heat pump		20	June 2021	24 Sep 2019
Rajasthan, India	Solar	250		March and May 2021	22 Jun 2021
Uniper					
Berezovskaya 3, Russia	Lignite	754		1 May 2021	6 May 2021
Irsching 6, Germany	Gas	300		Oct 2022	9 Jan 2019
Scholven, Germany	Gas	137	125	IV/2022	6 Feb 2020
Killingholme and Grain, UK	Grid stability			IV/2021 and I/2022	4 Mar 2021
Surgutskaya 1, Russia	Gas	20		I/2022	12 Nov 2019
Surgutskaya 2, Russia	Gas	20		IV/2026	6 Feb 2021
Surgutskaya 3, Russia	Gas	20		IV/2027	1 Jul 2021
Surgutskaya 4, Russia	Gas	20		IV/2025	12 Nov 2019
Surgutskaya 6, Russia	Gas	20		III/2024	12 Nov 2019

Generation

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

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

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

Russia

Together with its joint ventures in Russia, Fortum holds the largest portfolio of wind and solar power parks and projects in Russia, approximately 3.4 GW. Once operational, the wind and solar parks receive a guaranteed CSA price for a period of 15 years.

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

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

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

In July 2021, Fortum signed an agreement to sell its Argayash coal-fired CHP plant to AO JSC Rusatom Smart Utilities. Following the decision earlier in 2021 to transition to gas at Chelyabinsk CHP-2, this transaction will allow the Russia Division to discontinue its use of coal by the end of 2022 and reduce annual CO_2 emissions by approximately 2 million tonnes. In September, the transaction was concluded.

In September 2021 Fortum announced that the Fortum-Rusnano wind investment fund was awarded annual CSA (Capacity Supply Agreement) remuneration in the range of RUB 16.9–23.8 billion (inflation adjusted) for new wind power generation in the latest Russian renewables' auction. This corresponds to wind capacity of approximately 430–530 MW per annum (a total of 1.3–1.6 GW); to be commissioned during years 2025–2027. The number of gigawatts ultimately to be constructed is subject to separate investment decisions. The average nominal price is expected to be in the range of RUB 2,600–4,200 per MWh (inflation adjusted) during the 15-year CSA period from commissioning. These numbers do not include additional potential revenues for bilateral green energy sales, where Fortum and its joint ventures are the market leader in Russia.

The investment decisions related to the solar and wind capacities won by Fortum and the Fortum-Rusnano wind investment fund in the Russian CSA auctions in 2017, 2018, 2019, and 2021 are made on a case-by-case basis. Fortum's maximum equity commitment is RUB 15 billion.

City Solutions

In 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.

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

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

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 total consideration for the divestment on a debt- and cash-free basis, including the effect of deconsolidation of the net debt, is expected to be approximately EUR 280 million, most of which will be recorded during 2021. On 7 October 2021, the transaction to divest the 250-MW Pavagada II solar plant was concluded.

In 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 comprising 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.

Consumer Solutions

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

Uniper

In February 2020, Uniper signed an agreement to sell its 58% stake in Schkopau, a lignite-fired power plant in Saxony-Anhalt in eastern Germany, to Saale Energie GmbH, a subsidiary of the Czech energy producer EPH, which owns 42%. The transfer of ownership took place on 1 October 2021.

Operating and regulatory environment

European power markets

In the third quarter of 2021, European power prices saw an exceptional increase, driven especially by European gas prices. This, together with low precipitation and wind production, had a clear positive impact on the Nordic power prices. The price increases in the Nordics, however, were not in proportion to the increases seen in Continental Europe. Congestion in export interconnectors and the internal Nordic grid continued to cause a widening price difference between Continental Europe and Nordic price areas.

According to preliminary statistics, power consumption in the Nordic countries was 83 (81) TWh during the third quarter of 2021. The higher power demand in the Nordics, compared to the third quarter of 2020, was caused by increased consumption both in industrial and non-industrial sectors. Temperatures were half a degree above the long-term average and at the same level as in the third quarter of 2020. During January–September 2021, power consumption in the Nordic countries was 293 (280) TWh.

In central western Europe (Germany, France, Austria, Switzerland, Belgium, and the Netherlands), power consumption in the third quarter was 305 (303) TWh according to preliminary statistics, which is some 3% below the pre-Covid-19 level of power demand. During January–September 2021, power consumption in central western Europe was 998 (959) TWh.

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

At the beginning of the third quarter, the Nordic water reservoirs were at 87 TWh, which is 3 TWh above the long-term average and 6 TWh lower than one year earlier. Low precipitation during the summer has led to a significant deficit in water reservoirs. At the end of the third quarter of 2021, the reservoirs were at 83 TWh, which is 18 TWh below the long-term average and 31 TWh lower than one year earlier.

In the third quarter of 2021, power prices were at a clearly higher level compared to one year ago. The average system spot price in Nord Pool was EUR 68 (9) per MWh. The average area price in Finland was EUR 79 (33) per MWh, in the SE3 area in Sweden (Stockholm) EUR 71 (25) per MWh, and in the SE2 area in Sweden (Sundsvall) EUR 55 (19) per MWh. In Germany, the average spot price in the third quarter of 2021 was EUR 97 (36) per MWh.

In January–September 2021, the average system spot price in Nord Pool was EUR 51 (10) per MWh. The average area price in Finland was EUR 58 (26) per MWh, in the SE3 area in Sweden (Stockholm) EUR 52 (20) per MWh, and in the SE2 area in Sweden (Sundsvall) EUR 42 (14) per MWh. In Germany, the average spot price during January–September 2021 was EUR 69 (28) per MWh.

In early November 2021, the Nordic system electricity forward price on Nasdaq Commodities for the remainder of 2021 was around EUR 60 per MWh and for 2022 at around EUR 35 per MWh. The Nordic water reservoirs were at 93 TWh, which is about 8 TWh below the long-term average and 21 TWh lower than one year earlier. The German electricity forward price for the remainder of 2021 was around EUR 160 per MWh and for 2022 around EUR 115 per MWh.

European commodity markets

In the third quarter of 2021, gas demand in central western Europe was 305 (347) TWh and 1633 (1508) TWh in January–September 2021. The central western European gas storage levels increased from 233 TWh at the beginning of the quarter to 413 TWh at the end of the quarter, which is 152 TWh lower than one year ago and 129 TWh lower than the five-year average (2016–2020).

Tightness in the gas market has lifted European gas prices to unprecedented levels. The average gas spot price (TTF) during the third quarter of 2021 was EUR 48 (8) per MWh and EUR 31 (8) per MWh during January–September 2021. The 2022 forward price increased from EUR 26 per MWh at the beginning of the quarter to EUR 54 per MWh at the end of the quarter, which is EUR 39 per MWh higher than one year earlier.

During the third quarter of 2021, the EUA market saw rather modest gains. The price increased from EUR 57 per tonne at the beginning of the quarter to EUR 62 per tonne at the end of the quarter, which is EUR 35 per tonne higher than one year earlier.

Similarly to the gas market, there have also been strong increases in coal prices. The forward quotation for coal (ICE Rotterdam) for 2022 increased from USD 87 per tonne at the beginning of the quarter to USD 157 per tonne at the end of the quarter, which is USD 94 per tonne above the price one year earlier.

In early November 2021, the TTF forward price for gas for the remainder of 2021 was EUR 75 per MWh and for 2022 EUR 50 per MWh. The forward quotation for EUA's for 2021 was at the level of EUR 60 per tonne. The forward price for coal (ICE Rotterdam) for the remainder of 2021 was USD 140 per tonne.

Russian power market

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

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

According to preliminary statistics, Russian power consumption was 248 (233) TWh during the third quarter of 2021. The corresponding figure for the first price zone was 191 (178) TWh and for the second price zone 49 (47) TWh. The increase in consumption resulted from abnormally warm temperatures in the third quarter of 2021 and the economic recovery. In January–September 2021, Russian power consumption was 792 (748) TWh. The corresponding figure for the first price zone was 603 (567) TWh and for the second price zone 158 (153) TWh.

In the third quarter of 2021, the average electricity spot price, excluding capacity prices, increased by 19% to RUB 1,541 (1,295) per MWh in the first price zone and by 7% to RUB 914 (856) in the second price zone. The spot price in the Urals hub increased by 18 % and was RUB 1,304 (1,109) per MWh. In January–September 2021, the average electricity spot price, excluding capacity prices, was RUB 1,405 (1,226) per MWh in the first price zone, RUB 911 (888) in the second price zone, and RUB 1,206 (1,066) per MWh in the Urals hub.

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

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

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

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

* Wind CSA.
** Solar CSA.

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

* Started receiving CSA payments from 1 May 2021 when returning to the market after repairs.
** Modernisation CSA 2.

Fortum's Russia segment's generation capacity not receiving CSA payments, totalling 2,697 MW, is allowed to participate in the annual CCS auctions. Uniper's generation capacities allowed to participate in the CCS auction totalled 10,445 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.

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

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

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

In September 2021, Fortum announced that the Fortum-Rusnano wind investment fund was awarded annual CSA (Capacity Supply Agreement) remuneration in the range of RUB 16.9–23.8 billion for new wind power generation in the latest Russian renewables' auction. This corresponds to wind capacity of approximately 430–530 MW per annum (a total of 1.3–1.6 GW); to be commissioned during years 2025–2027. The number of gigawatts ultimately to be constructed is subject to separate investment decisions. The projects will be covered by CSAs for a period of 15 years from commissioning. The average nominal price is expected to be in the range RUB 2,600–4,200 per MWh during the CSA period. The estimated prices are inflation adjusted. These numbers do not include additional potential revenues for bilateral green energy sales, where Fortum and its joint ventures are the market leader in Russia.

In addition to this, Fortum's joint ventures for renewable power generation have a total of 3,339 MW of wind and solar capacity, 670 MW of which is operational, 778 MW is under construction, and 1,891 MW is under development. Correspondingly, Uniper's CSA capacity amounts to 800 MW.

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

Regulatory environment

Status of nuclear and gas under the EU taxonomy still unclear

The status of nuclear and gas in the context of the EU sustainable finance taxonomy is still pending. Despite the conclusions by the Commission's Joint Research Centre that nuclear does not pose more harm than other technologies covered under the EU taxonomy, there has been limited progress in the preparation of the complementary delegated act to address the sustainability criteria of both nuclear and gas. According to the latest information from the Commission, they aim to issue the act by the end of the year. This topic is dividing the views of the member states and it is likely that there will not be clarification until Germany has formed a new government, expected by Christmas.

Fortum continues to advocate for a science-based and technology-neutral EU taxonomy and has called the European Commission to swiftly table the complementary delegated act.

'Fit for 55' negotiations expected to proceed in 2022

EU institutions have started to process the legislative files of the 'Fit for 55' package that was published in July. The actual negotiations in the Council are expected to start during the first half of 2022. In the European Parliament, the legislative work on the files has started by allocating the files between political parties.

The most controversial and political files will be the carbon border adjustment, energy taxation and the new Emission Trading System (ETS) for transport and heating of buildings. The ongoing public debate on energy prices may also impact the approval of the 'Fit for 55' package.

Fortum supports the Commission's EU 'Fit for 55' package that is largely in line with our priorities, in particular regarding EU ETS and carbon pricing. However, on selected topics in the package, it is crucial to take a more cost-efficient and technology-neutral approach. New incentives - like carbon contracts for difference (CCfD) - should be discussed in the context of the EU ETS in order to facilitate hydrogen economy development.

Fortum calls for a swift adoption of the 'Fit for 55' legislation in order to increase predictability for investments and the energy market.

Norwegian Government stays committed to carbon capture and storage

Norway's parliamentary elections held in September shifted political power from the conservatives to the left-wing parties and in October the new Labour (AP) and Centre Party (SP) Government took office.

The new Government programme has a strong focus on developing new green industries, such as carbon capture and storage (CCS), hydrogen, offshore wind and batteries, while securing a fair green transition. CCS is considered an important tool both for reaching Norway's climate targets and transitioning away from its dependence on fossil fuels. The Government is committed to continue the work to finance Fortum Oslo Varme's CCS project. Clarification concerning the EU and national financing of Fortum's CCS project are expected towards the end of this year.

Finnish Government's budget decisions

In September, the Finnish Government agreed on the state budget for 2022, including decisions on additional measures to reach the national 2035 carbon neutrality target. The Government's decisions include several positive elements for the energy industry, in particular for district heating, waste management, and incineration. The electricity tax for data centres, heat pumps, and electricity boilers connected to the district heating network will be decreased to the EU minimum level from 2022 (subject to EU notification). The tax base for the waste tax will be broadened from 2023. From 2022, the recycling industry will apply the same (lower) electricity tax category as other industrial activities.

Fortum welcomes the Government's tax decisions, as they further incentivise electrification and the decarbonisation of district heating. Policy actions on waste management and incineration contribute positively to Fortum's recycling and waste solutions business.

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

In August 2021, the Swedish Government decided to extract the interim storage decision from SKB's (Svensk Kärnbränslehantering AB) comprehensive final repository system application. Only the permission for increased storage at the interim storage facility was approved. In line with the licensing process, the case is now to be decided by the Swedish Land and Environmental Court, and a decision on the interim storage facility is expected in June/July 2022. The Government decision made in August creates uncertainty with regards to the process to have a legally enforced permit for the interim storage facility in place by the end of 2023, when maximum capacity under the currently license will be reached. If a legally enforced permit is not in force by the end of 2023, nuclear operators will not be able to store more spent fuel, and therefore the risk for electricity supply disruptions still remains in the spring of 2024.

The Swedish Government has commented in the media that it aims to make a decision on the final repository for spent fuel within a few months, however, the actual timing of such a decision still remains open. SKB's additional annual cost estimate for delay of the programme would be allocated to, and shared by the nuclear operators, in due course. This would impact Fortum's provision for spent fuel and nuclear waste going forward. Any cash flow impact from revised annual waste fund fees would likely affect the nuclear plant owners starting from January 2024. Due to the uncertainty related to the revision of the time plan, the impact on Fortum's provisions and cash flows cannot be estimated at this point of time.

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. As per the end of the third-quarter 2021, credit risk, market risk, legal risk, financial risk, and asset project risk are the major sources of uncertainty for Uniper's financial performance. During the third quarter the key commodity prices Uniper is exposed to significantly increased, with the short- to mid-term gas future prices reaching unprecedented levels. Although this development is positive for Uniper's earnings, the cash flow risks have increased as especially the margining requirements from Uniper's hedges have grown, and the risk of further margin calls has increased in light of elevated market volatility. For more information about Uniper's risk management systems and risk exposures, please see Uniper's third-quarter 2021 report and annual report for 2020.

One of the key factors influencing Fortum's business performance is the Nordic electricity wholesale price. In the Nordics, power prices exhibit significant short- and long-term variations on the back of several factors, including but not limited to weather conditions, outage patterns in production and transmission lines, CO_2 emission allowance prices, fuel prices, and the supply-demand balance. Fortum uses hedging in order to limit the exposure to fluctuations in power prices and reports on the hedging levels quarterly (see 'Outlook').

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

Fortum 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. As a result of the recent increase in commodity prices, the cash-flow risk related to margin calls on the Group's hedges has increased. In the third quarter, mitigating actions were taken to increase liquidity and reduce the positions exposed to margin calls.

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

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

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

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

Outlook

Hedging

At the end of September 2021, approximately 75% of the Generation segment's estimated Nordic power sales volume was hedged at EUR 34 per MWh for the remainder of 2021, approximately 65% at EUR 32 per MWh for 2022 (at the end of the second quarter of 2021: 75% at EUR 33 per MWh), and approximately 40% at EUR 31 per MWh for 2023.

At the end of September, approximately 85% of the Uniper segment's estimated Nordic power sales volume was hedged at EUR 25 per MWh for the remainder of 2021, approximately 85% at EUR 22 per MWh for 2022 (at the end of the second quarter of 2021: 85% at EUR 24 per MWh), and approximately 55% at EUR 21 per MWh for 2023 (at the end of the second quarter of 2021: 45% at EUR 22 per MWh).

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 them electricity derivatives quoted on Nasdaq Commodities.

Capital expenditure

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

Generation

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

Russia

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

Uniper

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

On 21 October 2021, Fortum's subsidiary Uniper published a stock exchange release ('ad-hoc') with a positive update of its result guidance for 2021. With regard to Uniper, reference is made to the guidance that the company publishes quarterly.

Income taxation

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

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

Sustainability

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

In this interim report, selected sustainability key performance indicators that include Uniper are disclosed. Indicators following the same calculation principles have been consolidated and are disclosed as one figure. In cases where the definitions currently differ, only one figure for Fortum, excluding Uniper, is presented. No historical figures have been restated.

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

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

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

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

Sustainability targets

Fortum updated its climate targets aligned with the goals of the Paris Agreement in December 2020 and is committed to carbon neutrality by 2050 at the latest. The target covers direct CO_2 emissions (Scope 1) and indirect CO_2 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 CO_2 emissions (Scope 1 and 2) in its European generation by 2030 (compared to base-year 2019) and to carbon neutrality by 2035 at the latest.

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

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

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

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

During the first quarter of 2021, both Fortum and Uniper became supporters of the Task Force on Climate-related Financial Disclosures (TCFD). Fortum has a long-standing focus on mitigating climate change and adopted the reporting recommendations of the TCFD already starting from the financial year 2019.

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

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

Group sustainability performance 2021

	III/2021	III/2020	I-III/2021	I-III/2020	2020
Climate and resources					
Total CO_2 emissions*, million tonnes	15.3	12.9	49.4***	31.2	48.7
Specific CO_2 emissions from total energy production*, gCO_2/kWh	339	319	313***	273	287
Asset availability of power generation plants**, %	76.3	-	79.7	-	-
Personnel and society					
Total Recordable Injury Frequency (TRIF), own personnel and contractors*	2.6	2.4	2.2	2.2	2.3
Lost Time Injury Frequency (LTIF), own personnel and contractors*	1.9	1.4	1.5	1.2	1.3
Severe occupational accidents*, no.	0	1	2	1	1
Sickness-related absences, %	3.6***	-	3.4***	-	2.9****

Fortum consolidated Uniper as a subsidiary into its income statement from the second quarter of 2020. The figures for 2020 do not include Uniper for the first quarter of 2020.
* 2020 figures include Uniper from the second quarter of 2020.
** The calculation principle changed due to alignment with Uniper. The figure includes power generation from gas- and coal-fired power plants in 2021.
*** The figure includes Uniper from the first quarter of 2021.
**** The figure does not include Uniper.

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

Climate and resources

Fortum's key performance indicators for climate and resources are related to CO_2 emissions, security of supply, biodiversity, and major Environmental, Health, and Safety (EHS) incidents. Operational-level activities follow the requirements set forth in the ISO 14001 environmental management standard, and 100% of Fortum's power and heat production worldwide has ISO 14001 certification.

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

Fortum is also a large district heat producer. Heat is mainly produced at natural gas-fired and energy-efficient CHP plants. In addition, Uniper operates a large commodities trading business and has natural gas storage sites, which play an important role in ensuring a secure and flexible gas supply. Fortum wants to enable the energy transition by providing a reliable and affordable supply of low-carbon energy. In the future, the energy system – and Fortum's asset portfolio – will be based on renewable energy, increasingly on clean gas (e.g. hydrogen), and on 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–September 2021, Fortum's direct CO_2 emissions were 49.4 (31.2) Mt. Of the total CO_2 emissions, 20.8 (10.4) Mt were within the EU ETS. The estimate for Fortum's free emission allowances in 2021 is approximately 0.4 (0.9) Mt.

Fortum's total CO_2 emissions* (million tonnes, Mt)	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Total emissions	15.3	12.9	49.4	31.2	48.7	66.9
Emissions subject to ETS	7.2	5.5	20.8	10.4	17.5	27.9
Free emission allowances	-	-	-	-	0.9	-
Emissions not subject to ETS in Europe	0.2	0.2	0.5	0.5	0.7	0.7
Emissions in Russia	8.0	7.3	28.1	20.3	30.5	38.3

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

In January–September 2021, Fortum's specific CO_2 emissions from total energy production were 313 (273) gCO_2/kWh.

An uninterrupted and reliable energy supply is critical for society to function. In January–September 2021, the asset availability of Fortum's gas- and coal-fired power plants was, on average, 79.7%.

Major EHS incidents are monitored, reported, and investigated, and corrective actions are implemented. In January–September 2021, there were five (13) major EHS incidents in Fortum's operations, excluding Uniper. The major EHS incidents consisted of two fires, two leaks, and one environmental non-compliance. The major EHS incidents did not have significant environmental impacts. As Uniper's definitions of major EHS incidents vary from the rest of the Fortum Group, Uniper's EHS incidents are currently not included in the reporting.

Personnel and society

Fortum's key performance indicators for personnel and society are related to operational and occupational safety and to employee health and wellbeing.

Fortum strives to be a safe workplace for the employees, contractors, and service providers who work for the company. A certified OHSAS 18001 or ISO 45001 safety management system covers 99.4% of Fortum's power and heat production worldwide.

In January–September 2021, Fortum's TRIF for own personnel and contractors was 2.2 (2.2), and the LTIF for own personnel and contractors was 1.5 (1.2). Fortum strives for zero severe occupational accidents. In January–September 2021, there were two (1) severe occupational accidents in the operations, one resulting in a fatality. The fatally injured person was working for a contractor company to reconstruct the guardhouse at Unipro's power plant site in Russia.

Fortum's goal regarding workplace wellbeing activities is to promote the health and occupational safety of employees and the functionality of the work community. In this interim report, Fortum discloses for the first time the consolidated figure for sickness-related absences. In January–September 2021, Fortum's percentage of sickness-related absences was 3.4.

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

Legal actions

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

Shares and share capital

Fortum shares on Nasdaq Helsinki

January–September 2021	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
FORTUM	271,926,714	6,220,983,220	27.09	19.72	22.87	26.29

* Volume weighted average.

	30 September 2021	30 September 2020
Market capitalisation, EUR million	23.4	15.3
Number of shareholders	203,901	197,125
Finnish State holding, %	50.8	50.8
Nominee registrations and direct foreign shareholders, %	25.2	24.6
Households, %	12.6	12.9
Financial and insurance corporations, %	2.0	2.2
Other Finnish investors, %	9.5	9.6

In addition to Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, Cboe, and Turquoise, and on the OTC market. During January–September 2021, approximately 70% of Fortum's shares were traded on markets other than Nasdaq Helsinki (source Bloomberg).

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

Group personnel

The operations of the Fortum Group are mainly based in the Nordic countries, Central Europe, Russia, United Kingdom, and Poland. The total number of employees at the end of September 2021 was 19,452 (19,933 at the end of 2020).

At the end of September 2021, the Generation segment had 1,186 (1,143 at the end of 2020) employees, Russia 2,667 (2,935 at the end of 2020), City Solutions 1,775 (2,093 at the end of 2020), Consumer Solutions 1,120 (1,048 at the end of 2020), Uniper 11,754 (11,751 at the end of 2020), and Other Operations 950 (963 at the end of 2020).

Changes in Group management

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

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

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

Authorisations of the Board

Fortum's Annual General Meeting (AGM) 2021 authorised the Board of Directors to decide on the repurchase and disposal of the company's own shares up to 20,000,000 shares, which corresponds to approximately 2.25% of all the shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation. These authorisations cancelled the authorisation resolved by the AGM of 2020 and will be effective until the next AGM and, in any event, no longer than for a period of 18 months. This authorisation has not been used, as of 12 November 2021.

In addition, the AGM authorised the Board of Directors to decide on contributions of a maximum of EUR 500,000 for charitable or similar purposes and to decide on the recipients, purposes, and other terms of the contributions. The authorisation will be effective until the next AGM. As of 12 November 2021, EUR 100,000 of this authorisation has been used.

Other major events during the third quarter of 2021

On 30 September 2021, Fortum’s Board of Directors decided to launch the savings period for year 2022 under its Employee Share Savings (ESS) programme. The ESS programme was established in October 2019; the Board of Directors decides separately on the annual launch of each individual savings period. The total amount of all savings for the 2022 savings period may not exceed EUR 6 million.

On 6 September 2021, Mr Kimmo Viertola, Director General, Prime Minister's Office, Ownership steering department (Chairman), Mr Jouko Pölönen, President and CEO, Ilmarinen Mutual Pension Insurance Company, and Mr Risto Murto, President and CEO, Varma Mutual Pension Insurance Company were appointed to Fortum’s Shareholders Nomination Board. In addition, Veli-Matti Reinikkala, the Chairman of Fortum's Board of Directors is a member of the Shareholders Nomination Board.

Events after the reporting period

On 7 October, Fortum’s subsidiary Uniper announced its plans to fundamentally restructure its Engineering business. Under the plans, Uniper’s engineering competencies will in the future be focused on operating Uniper’s own assets and on growth of decarbonisation and green customer solutions. The service business in the conventional sector will be discontinued and limited to engineering services for nuclear asset decommissioning. The implementation of the plans will involve organisational changes, headcount reduction, and divestment of individual business activities. The Engineering business has approximately 1,100 employees mainly located in Germany and the United Kingdom.

Espoo, 11 November 2021

Fortum Corporation
Board of Directors

Further information:

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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 Corporation’s Financial Statements Bulletin for the year 2021 will be published on 3 March 2022 at approximately 9.00 EET.

Fortum will publish three interim reports in 2022:

- January–March on 12 May 2022 at approximately 9.00 EEST
- January–June on 12 August 2022 at approximately 9.00 EEST
- January–September 10 November 2022 at approximately 9.00 EET

Fortum's Financial Statements and Operating and Financial Review for 2021 will be published during week 10 at the latest.

Uniper will publish its 2021 Annual Report on 23 February 2022.

Uniper will publish its interim reports in 2022:

- Financial Results January–March 2022 on 3 May 2022
- Financial Results January–June 2022 on 2 August 2022
- Financial Results January–September 2022 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	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Sales	3	23,700	14,049	62,322	27,736	49,015	83,601
Other income		3,643	1,386	6,941	3,542	4,802	8,200
Materials and services		-21,694	-13,170	-57,168	-25,171	-44,298	-76,295
Employee benefits		-356	-337	-1,110	-814	-1,195	-1,491
Depreciation and amortisation	3	-314	-311	-935	-770	-1,090	-1,255
Other expenses		-4,719	-1,795	-8,584	-4,107	-5,890	-10,367
Comparable operating profit	3	**260**	**-179**	**1,466**	**416**	**1,344**	**2,394**
Items affecting comparability	3, 4	-3,365	178	-4,066	724	255	-4,536
Operating profit	3	**-3,105**	**-1**	**-2,600**	**1,141**	**1,599**	**-2,142**
Share of profit/loss of associates and joint ventures	3, 12	11	25	152	543	656	265
Interest expense		-52	-47	-145	-131	-170	-184
Interest income		37	33	116	80	111	148
Other financial expenses - net		-25	42	60	14	3	49
Finance costs - net	7	-40	27	31	-38	-56	13
Profit before income tax		**-3,134**	**51**	**-2,417**	**1,646**	**2,199**	**-1,863**
Income tax expense	8	1,366	51	1,300	-202	-344	1,158
Net profit		**-1,768**	**103**	**-1,117**	**1,444**	**1,855**	**-706**
Attributable to:							
Owners of the parent		-721	174	-103	1,443	1,823	276
Non-controlling interests		-1,047	-71	-1,014	1	32	-982
		-1,768	**103**	**-1,117**	**1,444**	**1,855**	**-706**
Earnings per share for profit attributable to the equity owners of the company (EUR per share)							
Basic		-0.82	0.19	-0.12	1.62	2.05	0.31

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

EUR million	Note	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Comparable operating profit		**260**	**-179**	**1,466**	**416**	**1,344**	**2,394**
Impairment charges and reversals		-46	-1	-78	-3	2	-73
Capital gains and other related items	6	2,612	299	2,686	781	765	2,670
Impact from acquisition accounting		-	-	-	-222	-222	-
Changes in fair values of derivatives hedging future cash flow		-5,871	-242	-6,558	-70	-675	-7,163
Other		-61	123	-116	238	386	31
Items affecting comparability	4	-3,365	178	-4,066	724	255	-4,536
Operating profit		**-3,105**	**-1**	**-2,600**	**1,141**	**1,599**	**-2,142**

See Note 23 Definitions and reconciliations of key figures.

Condensed consolidated statement of comprehensive income

EUR million	Note	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Net profit		**-1,768**	**103**	**-1,117**	**1,444**	**1,855**	**-706**
Other comprehensive income							
Items that may be reclassified to profit or loss in subsequent periods:							
Cash flow hedges							
Fair value gains/losses [1]		-535	-184	-765	113	-155	-1,033
Transfers to income statement		27	-7	89	6	45	128
Transfers to inventory/property, plant and equipment		1	2	3	1	2	4
Deferred taxes		102	38	135	-26	21	181
Net investment hedges							-
Fair value gains/losses		-8	35	-17	51	48	-20
Deferred taxes		1	-7	3	-8	-8	4
Exchange differences on translating foreign operations [2]		70	-623	290	-838	-524	603
Share of other comprehensive income of associates and joint ventures		-5	-12	5	-263	-250	18
Transfer to income statement due to impact from acquisition accounting	4		-	-	222	222	-
Other changes		28	-22	83	-62	-70	75
		-318	**-779**	**-175**	**-803**	**-667**	**-39**
Items that will not be reclassified to profit or loss in subsequent periods:							
Remeasurement of investments		2	-	7	16	-28	-37
Actuarial gains/losses on defined benefit plans		36	-145	214	-226	-244	196
Actuarial gains/losses on defined benefit plans in associates and joint ventures		24	-1	30	69	67	27
		62	**-146**	**251**	**-141**	**-205**	**186**
Other comprehensive income/expense for the period, net of deferred taxes		**-257**	**-925**	**76**	**-943**	**-873**	**146**
Total comprehensive income/expense for the period		**-2,025**	**-822**	**-1,041**	**501**	**982**	**-560**
Total comprehensive income/expense attributable to:							
Owners of the parent		-1,084	-619	-220	608	1,052	224
Non-controlling interests		-941	-203	-821	-107	-70	-783
		-2,025	**-822**	**-1,041**	**501**	**982**	**-560**

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

Condensed consolidated balance sheet

EUR million	Note	30 Sept 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	10	2,209	2,808
Property, plant and equipment and right-of-use assets	11	19,052	19,367
Participations in associates and joint ventures	12	2,443	2,912
Shares in Nuclear Waste Funds	15	3,452	3,445
Other non-current assets		662	479
Deferred tax assets		2,793	1,089
Derivative financial instruments	5	35,850	2,946
Long-term interest-bearing receivables	13	2,440	2,402
Total non-current assets		**68,901**	**35,448**
Current assets			
Inventories		2,842	1,396
Derivative financial instruments	5	69,351	7,531
Short-term interest-bearing receivables	13	644	598
Income tax receivables		204	156
Margin receivables	14	6,452	1,132
Trade and other receivables		9,421	8,906
Liquid funds	14	6,236	2,308
Total current assets		**95,149**	**22,027**
Assets held for sale	6	**374**	**335**
Total assets		**164,425**	**57,810**
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,046	3,046
Share premium		73	73
Retained earnings		9,263	10,149
Other equity components		-610	-316
Total		**11,772**	**12,953**
Non-controlling interests		1,420	2,624
Total equity		**13,192**	**15,577**
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	14	5,921	8,785
Derivative financial instruments	5	35,395	2,657
Deferred tax liabilities		977	952
Nuclear provisions	15	3,769	3,866
Other provisions	16	3,644	3,452
Pension obligations, net	17	1,161	1,520
Other non-current liabilities		379	344
Total non-current liabilities		**51,246**	**21,576**
Current liabilities			
Interest-bearing liabilities	14	6,754	1,877
Derivative financial instruments	5	76,847	7,937
Other provisions	16	2,304	780
Margin liabilities	14	2,728	331
Trade and other payables		11,062	9,525
Total current liabilities		**99,695**	**20,451**
Liabilities related to assets held for sale	6	**292**	**206**
Total liabilities		**151,233**	**42,233**
Total equity and liabilities		**164,425**	**57,810**

Condensed consolidated statement of changes in total equity

				Retained earnings		Other equity components					
EUR million	**Note**	**Share capital**	**Share premium**	**Retained earnings**	**Translation of foreign operations**	**Cash flow hedges**	**Other OCI items**	**OCI items associates and joint ventures**	**Owners of the parent**	**Non-controlling interests**	**Total equity**
Total equity 1 January 2021		**3,046**	**73**	**13,097**	**-2,948**	**-158**	**-175**	**18**	**12,953**	**2,624**	**15,577**
IS Net profit				-103					-103	-1,014	-1,117
Translation differences					177	1	3		182	108	290
Other comprehensive income						-539	205	34	-299	85	-214
Total comprehensive income for the period				-103	177	-537	209	34	-220	-821	-1,041
Cash dividend				-995					-995	-145	-1,139
Transactions with non-controlling interests				27					27	-239	-213
Other				7					7	0	8
BS Total equity 30 September 2021		**3,046**	**73**	**12,034**	**-2,771**	**-696**	**34**	**52**	**11,772**	**1,420**	**13,192**
Total equity 1 January 2020		**3,046**	**73**	**12,441**	**-2,459**	**-70**	**60**	**-108**	**12,982**	**252**	**13,235**
IS Net profit				1,443					1,443	1	1,444
Translation differences					-793	2	-1	1	-791	-46	-838
Other comprehensive income						94	-167	29	-44	-62	-105
Total comprehensive income for the period				1,443	-793	96	-168	30	608	-107	501
Cash dividend				-977					-977	-145	-1,122
Changes due to business combinations	6								-	2,847	2,847
Impact from acquisition accounting	4			-84				84	-		-
Transactions with non-controlling interests				-88					-88	-249	-337
Other				8					8	20	28
BS Total equity 30 September 2020		**3,046**	**73**	**12,743**	**-3,252**	**26**	**-108**	**6**	**12,534**	**2,617**	**15,152**
Total equity 1 January 2020		**3,046**	**73**	**12,441**	**-2,459**	**-70**	**60**	**-108**	**12,982**	**252**	**13,235**
IS Net profit				1,823					1,823	32	1,855
Translation differences					-490	-1	-3	2	-492	-32	-524
Other comprehensive income						-87	-231	40	-279	-70	-349
Total comprehensive income for the period				1,823	-490	-88	-235	42	1,052	-70	982
Cash dividend				-977					-977	-160	-1,137
Changes due to business combinations	6									2,847	2,847
Impact from acquisition accounting	4			-84				84	-		-
Transactions with non-controlling interests				-107					-107	-247	-354
Other				2					2	1	4
BS Total equity 31 December 2020		**3,046**	**73**	**13,097**	**-2,948**	**-158**	**-175**	**18**	**12,953**	**2,624**	**15,577**

Translation differences

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

Impact from acquisition accounting

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

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

Cash flow hedges

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

Cash dividends

A dividend for 2020 of EUR 1.12 per share, amounting to a total of EUR 995 million, was decided in the Annual General Meeting on 28 April 2021. The dividend was paid on 7 May 2021. See Note 9 Dividend per share.

Condensed consolidated cash flow statement

EUR million	Note	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Cash flow from operating activities							
IS **Net profit**		**-1,768**	**103**	**-1,117**	**1,444**	**1,855**	**-706**
Adjustments:							
Income tax expense		-1,366	-51	-1,300	202	344	-1,158
Finance costs - net		40	-27	-31	38	56	-13
Share of profit/loss of associates and joint ventures	12	-11	-25	-152	-543	-656	-265
Depreciation and amortisation	3	314	311	935	770	1,090	1,255
Operating profit before depreciations (EBITDA)		**-2,791**	**310**	**-1,665**	**1,911**	**2,688**	**-888**
Items affecting comparability	3, 4	3,365	-178	4,066	-724	-255	4,536
Comparable EBITDA		**574**	**132**	**2,401**	**1,187**	**2,434**	**3,648**
Non-cash and other items [1]		533	178	914	374	293	833
Interest received		11	15	48	32	46	62
Interest paid		-43	-47	-163	-157	-208	-214
Dividends received		38	38	101	92	121	130
Income taxes paid		-39	-44	-328	-234	-267	-361
Funds from operations [1]		**1,074**	**271**	**2,972**	**1,294**	**2,419**	**4,098**
Change in working capital [1]		1,200	519	422	499	136	59
Net cash from operating activities		**2,274**	**790**	**3,394**	**1,792**	**2,555**	**4,157**
Cash flow from investing activities							
Capital expenditures	3	-278	-331	-849	-682	-1,101	-1,267
Acquisitions of shares	6	-66	-225	-270	-1,643	-1,801	-428
Proceeds from sales of property, plant and equipment		2	4	18	11	16	23
Divestments of shares and capital returns	6	3,597	440	3,748	1,223	1,244	3,769
Shareholder loans to associated companies and joint ventures	13	-2	-7	-23	-40	-44	-27
Change in margin receivables		-3,956	-221	-5,241	14	-552	-5,807
Change in other interest-bearing receivables	13	-37	27	-101	72	98	-74
Net cash from/used in investing activities		**-739**	**-313**	**-2,718**	**-1,047**	**-2,140**	**-3,811**
Cash flow before financing activities		**1,535**	**477**	**676**	**745**	**415**	**346**
Cash flow from financing activities							
Proceeds from long-term liabilities	14	77	-2	142	2,475	2,569	235
Payments of long-term liabilities	14	-69	-53	-696	-467	-507	-736
Change in short-term liabilities	14	1,776	-82	2,570	-111	207	2,887
Dividends paid to the owners of the parent	9	0	0	-995	-977	-977	-995
Dividends paid to non-controlling interests		-1	0	-145	-147	-160	-158
Change in margin liabilities		1,178	-236	2,358	-430	-623	2,164
Other financing items		-3	-2	-3	2	-3	-8
Net cash from/used in financing activities		**2,959**	**-375**	**3,230**	**346**	**505**	**3,389**
Net increase(+)/decrease(-) in liquid funds		**4,494**	**102**	**3,906**	**1,092**	**920**	**3,734**
Liquid funds at the beginning of the period	14	**1,738**	**2,403**	**2,308**	**1,435**	**1,435**	**2,474**
Foreign exchange differences in liquid funds		7	-33	27	-54	-45	35
Liquid funds at the end of the period [2]	14	**6,240**	**2,474**	**6,240**	**2,474**	**2,308**	**6,240**

1) 2021 comparatives were revised in III/2021 due to alignment in presentation with Uniper.
2) Includes liquid funds of EUR 5 million relating to assets held for sale at 30 September 2021. See Note 6.3 Assets held for sale.

Additional cash flow information

Change in working capital

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Change in interest-free receivables, decrease(+)/increase(-)	-1,571	-1,483	-456	705	-1,106	-2,268
Change in inventories, decrease(+)/increase(-) [1)]	-582	262	-1,056	5	407	-654
Change in interest-free liabilities, decrease(-)/increase(+) [1)]	3,354	1,741	1,934	-212	835	2,981
CF Total [1)]	**1,200**	**519**	**422**	**499**	**136**	**59**

1) 2021 comparatives were revised in III/2021 due to alignment in presentation with Uniper.

Capital expenditure in cash flow

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Capital expenditure [1)]	264	355	781	675	1,146	1,252
Change in not yet paid investments, decrease(+)/increase(-)	15	-9	84	38	-6	40
Capitalised borrowing costs [1)]	-1	-16	-16	-31	-39	-24
CF Total	**278**	**331**	**849**	**682**	**1,101**	**1,267**

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

Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 270 million during I-III/2021 (I-III/2020: 1,643). Acquisition of shares mainly relates to the acquisition of Uniper shares. For additional information, see Note 6.1 Acquisitions.

Divestment of shares in cash flow

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Proceeds from sales of subsidiaries, net of cash disposed	693	368	829	1,146	1,156	839
Proceeds from sales and capital returns of associates and joint ventures	2,895	47	2,901	49	49	2,901
Proceeds from sales of other investments	9	26	18	28	40	30
CF Total	**3,597**	**440**	**3,748**	**1,223**	**1,244**	**3,769**

During I-III/2021 Fortum completed the divestment of the 50% stake in the Swedish district heating and cooling company Stockholm Exergi, district heating business in the Baltics, 80% stake in the Sørfjord wind park in Norway and eight small hydropower plants in Sweden. During 2020 Fortum completed the divestment of the district heating business in Järvenpää and Joensuu, Finland, the 80% stake in the Nordic wind portfolio and the 60% stake in the public charging point operator for electrical vehicles in the Nordics. For further information, see Note 6.2 Disposals.

Change in financial net debt

EUR million	Note	I-III/2021	2020
Financial net debt, beginning of the period		**7,023**	**4,833**
Comparable EBITDA		2,401	2,434
Non-cash and other items		914	293
Paid net financial costs and dividends received		-14	-40
Income taxes paid		-328	-267
Change in working capital		422	136
Capital expenditures		-849	-1,101
Acquisitions		-270	-1,801
Divestments and proceeds from sale of property, plant and equipment		3,766	1,260
Change in interest-bearing receivables		-124	54
Dividends to the owners of the parent		-995	-977
Dividends to non-controlling interests		-145	-160
Other financing activities		-3	-3
Net cash flow ('-' increase in financial net debt)		4,774	-173
Acquired financial debt		-	2,010
Foreign exchange rate differences and other changes		-123	6
Financial net debt, end of the period	14	**2,126**	**7,023**

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

Capital risk management

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

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

Comparable EBITDA is defined as an alternative performance measure and used as a component in the capital structure target 'Financial net debt-to-Comparable EBITDA'. In 2020, Comparable EBITDA included contribution from Uniper for the period of 1 April to 31 December 2020 since Uniper was consolidated as a subsidiary from 31 March 2020. Until 31 March 2020, Uniper's contribution to the income statement was recognised in the Share of profit/loss of associates and joint ventures.

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

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

Financial net debt/comparable EBITDA

EUR million	Note	2020	LTM
+ Interest-bearing liabilities		**10,662**	**12,676**
- BS Liquid funds		**2,308**	**6,236**
- Non-current securities		98	107
- Collateral arrangement securities		432	484
- Securities in interest-bearing receivables		**530**	**591**
- BS Margin receivables		1,132	6,452
+ BS Margin liabilities		331	2,728
+/- Net margin liabilities/receivables		**-801**	**-3,724**
Financial net debt	14	**7,023**	**2,126**
IS Operating profit		1,599	-2,142
+ IS Depreciation and amortisation		1,090	1,255
EBITDA		**2,689**	**-888**
- IS Items affecting comparability		-255	4,536
Comparable EBITDA		**2,434**	**3,648**
Financial net debt/comparable EBITDA		**2.9**	**0.6**

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

Key figures

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

EUR million or as indicated	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Reported						
IS Sales	23,700	14,049	62,322	27,736	49,015	83,601
IS Operating profit	-3,105	-1	-2,600	1,141	1,599	-2,142
IS Share of profit/loss of associates and joint ventures	11	25	152	543	656	265
IS Net profit	-1,768	103	-1,117	1,444	1,855	-706
IS Net profit (after non-controlling interests)	-721	174	-103	1,443	1,823	276
Earnings per share (basic), EUR	-0.82	0.19	-0.12	1.62	2.05	0.31
CF Net cash from operating activities	2,274	790	3,394	1,792	2,555	4,157
Capital expenditure and gross investments in shares, EUR million	331	582	1,051	4,329	4,953	1,674
Capital expenditure, EUR million [1)]	264	355	781	675	1,146	1,252
Number of employees			19,452	19,983	19,933	

EUR million or as indicated	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Comparable						
EBITDA	574	132	2,401	1,187	2,434	3,648
IS Operating profit	260	-179	1,466	416	1,344	2,394
Share of profit/loss of associates and joint ventures	9	19	127	593	656	190
Net profit (after non-controlling interests)	170	-93	1,086	874	1,483	1,695
Earnings per share (basic), EUR	0.19	-0.10	1.22	0.99	1.67	1.90

EUR million	30 Sept 2021	31 Dec 2020	LTM
Financial net debt, EUR million	2,126	7,023	
Adjusted net debt, EUR million	4,419	9,784	
Financial net debt/comparable EBITDA		2.9	0.6
Equity per share, EUR	13.25	14.58	
Average number of shares, 1,000 shares	888,294	888,294	
Diluted adjusted average number of shares, 1,000 shares	888,294	888,294	
Number of registered shares, 1,000 shares	888,294	888,294	

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

Notes to the condensed consolidated interim financial statements

1. Significant accounting policies

1.1 Basis of preparation

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

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

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

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

IS = Income statement
BS = Balance sheet
CF = Cash flow

Impact of Covid-19 on consolidated financial statements

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

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

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

1.2 Uniper acquisition in 2020

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

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

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

In IV/2020 Fortum presented the preliminary purchase price allocation for the Uniper acquisition, which resulted in adjustments to Uniper's 31 March 2020 opening balance sheet. These adjustments led to the restatement of the previous quarters in 2020. Fair value adjustments made to Uniper's 31 March 2020 opening balance sheet mainly related to property, plant and equipment and right-of-use assets, participations in associates and joint ventures, lease liabilities, other provisions, and deferred taxes. Increase in the value of property, plant and equipment resulted in additional depreciation (EUR 13 million in I-III/2021); and increase in the value of the lease liability (due to a lower discount rate) resulted in lower interest cost (EUR 9 million in I-III/2021). The lease adjustment was revised in I/2021 in connection with the finalisation of the purchase price allocation for the Uniper acquisition. Excess of the acquisition value over the fair value of Uniper's net assets (EUR 515 million) is recognised as goodwill. See Note 6.1 Acquisitions.

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

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

1.3 Alternative performance measures

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

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

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

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

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

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

1.4 Accounting policies

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

1.5 Key exchange rates used in consolidated financial statements

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

Key exchange rates used in consolidated financial statements:

Average rate	Jan-Sept 2021	Jan-June 2021	Jan-Mar 2021	Jan-Dec 2020	Jan-Sept 2020	Jan-June 2020	Jan-Mar 2020
United Kingdom (GBP)	0.8636	0.8680	0.8739	0.8897	0.8851	0.8746	0.8623
Norway (NOK)	10.2280	10.1759	10.2584	10.7228	10.7115	10.7324	10.4652
Poland (PLN)	4.5473	4.5374	4.5457	4.4430	4.4220	4.4120	4.3241
Russia (RUB)	88.5335	89.5502	89.6675	82.7248	79.9599	76.6692	73.8205
Sweden (SEK)	10.1528	10.1308	10.1202	10.4848	10.5582	10.6599	10.6689
United States (USD)	1.1962	1.2053	1.2048	1.1422	1.1250	1.1020	1.1027

Balance sheet date rate	30 Sept 2021	30 June 2021	31 Mar 2021	31 Dec 2020	30 Sept 2020	30 June 2020	31 Mar 2020
United Kingdom (GBP)	0.8605	0.8581	0.8521	0.8990	0.9124	0.9124	0.8864
Norway (NOK)	10.1650	10.1717	9.9955	10.4703	11.1008	10.9120	11.5100
Poland (PLN)	4.6197	4.5201	4.6508	4.5597	4.5462	4.4560	4.5506
Russia (RUB)	84.3391	86.7725	88.3175	91.4671	91.7763	79.6300	85.9486
Sweden (SEK)	10.1683	10.1110	10.2383	10.0343	10.5713	10.4948	11.0613
United States (USD)	1.1579	1.1884	1.1725	1.2271	1.1708	1.1198	1.0956

2. Critical accounting estimates and judgements

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

3. Segment information

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

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

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

Quarter

EUR million	Note	Generation[1)] III/2021	Generation[1)] III/2020	Russia III/2021	Russia III/2020	City Solutions[1)] III/2021	City Solutions[1)] III/2020	Consumer Solutions III/2021	Consumer Solutions III/2020	Uniper III/2021	Uniper III/2020	Other Operations III/2021	Other Operations III/2020	Total III/2021	Total III/2020
Income statement data by segment															
Power sales [1)]		647	421	175	159	24	22	406	187	6,522	5,489	-	0	7,774	6,277
Heat sales		-	-	16	12	58	58	-	-	96	52	-	-	170	123
Gas sales		28	11	-	-	-	0	38	22	12,593	6,996	-	-	12,659	7,030
Waste treatment sales		0	-	-	-	58	57	-	-	-	-	-	-	58	57
Other sales		9	9	1	1	61	47	40	26	3,201	622	33	34	3,346	739
Sales		**684**	**441**	**193**	**172**	**201**	**184**	**485**	**235**	**22,411**	**13,159**	**33**	**34**	**24,008**	**14,225**
Internal eliminations		-35	-61	0	0	-5	-13	-1	-1	-13	0	-24	-27	-79	-102
Netting of Nord Pool transactions [2)]														-229	-74
IS External sales		649	380	193	172	196	172	484	234	22,398	13,159	9	7	23,700	14,049
								-							
Comparable EBITDA		**291**	**181**	**81**	**73**	**22**	**10**	**31**	**33**	**175**	**-147**	**-25**	**-19**	**574**	**132**
IS Depreciation and amortisation		-46	-44	-36	-33	-43	-47	-18	-15	-166	-163	-6	-8	-314	-311
IS **Comparable operating profit**		**245**	**136**	**45**	**40**	**-21**	**-36**	**13**	**18**	**9**	**-310**	**-31**	**-27**	**260**	**-179**
Impairment charges and reversals		-	-	-1	-	-	-	-	-	-45	-1	-	-	-46	-1
Capital gains and other related items	6	0	0	0	0	2,605	292	0	0	1	6	6	0	2,612	299
Impact from acquisition accounting	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair values of derivatives hedging future cash flow		-66	0	0	0	-9	-1	222	8	-6,017	-249	0	-	-5,871	-242
Other		0	-	-	-	-	-	-	-	-61	123	-	-	-61	123
IS Items affecting comparability	4	-66	0	0	0	2,596	292	222	8	-6,122	-121	6	0	-3,365	178
IS **Operating profit**		**179**	**136**	**44**	**40**	**2,575**	**255**	**235**	**26**	**-6,114**	**-432**	**-25**	**-27**	**-3,105**	**-1**
Comparable share of profit/loss of associates and joint ventures	4, 12	-2	4	5	5	-1	1	-	-	7	11	0	0	9	19
IS Share of profit/loss of associates and joint ventures	12	0	7	5	5	-1	1	-	-	8	12	0	0	11	25
Gross investments / divestments by segment															
Gross investments in shares	6	2	0	16	9	2	106	0	-	3	-1	44	114	67	227
Capital expenditure [3)]		35	46	8	13	32	42	13	15	176	234	1	6	264	355
Gross divestments of shares	6	0	0	0	0	3,578	368	0	0	8	53	11	-	3,597	420

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the difference between average contract price and realised spot price. Power sales contains realised result from commodity derivatives, which have not had hedge accounting status under IFRS 9, but have been considered operatively as hedges.
2) Sales and purchases with Nord Pool Spot are netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.
3) 2020 comparatives were revised in I/2021 due to a revision of the lease adjustment following the finalisation of the purchase price allocation for the Uniper acquisition.

Year-to-date

		Generation[1]		Russia		City Solutions[1]		Consumer Solutions		Uniper		Other Operations		Total	
EUR million	Note	I-III/2021	I-III/2020	I-III/2021	I-III/2020	I-III/2021	I-III/2020	I-III/2021	I-III/2020	I-III/2021	I-III/2020	I-III/2021	I-III/2020	I-III/2021	I-III/2020
Income statement data by segment															
Power sales [1]		1,813	1,372	543	603	127	79	1,333	727	17,421	10,427	-	0	21,237	13,208
Heat sales		-	-	92	86	404	352	-	-	285	110	-	-	782	548
Gas sales		90	55	-	-	1	0	134	96	33,534	12,748	-	-	33,759	12,900
Waste treatment sales		0	-	-	-	180	183	-	-	-	-	-	-	180	183
Other sales		32	37	4	2	163	123	103	73	6,833	1,239	103	102	7,238	1,577
Sales		**1,935**	**1,465**	**639**	**691**	**876**	**738**	**1,570**	**896**	**58,074**	**24,524**	**103**	**102**	**63,197**	**28,416**
Internal eliminations		-158	-335	-2	-1	-28	-44	-6	-8	-13	0	-80	-80	-287	-468
Netting of Nord Pool transactions [2]														-588	-212
IS External sales		1,777	1,130	637	690	848	694	1,564	889	58,061	24,524	23	22	62,322	27,736
Comparable EBITDA		**849**	**666**	**285**	**286**	**197**	**148**	**120**	**116**	**1,026**	**37**	**-78**	**-66**	**2,401**	**1,187**
IS Depreciation and amortisation		-140	-121	-104	-111	-136	-142	-52	-47	-483	-324	-20	-26	-935	-770
IS **Comparable operating profit**		**709**	**545**	**182**	**175**	**62**	**6**	**68**	**69**	**543**	**-286**	**-98**	**-92**	**1,466**	**416**
Impairment charges and reversals		-	-	-30	-	-	-	-	-	-48	-3	-	-	-78	-3
Capital gains and other related items	6	50	0	1	1	2,609	723	0	0	12	4	15	53	2,686	781
Impact from acquisition accounting		-	-	-	-	-	-	-	-	-	-	-	-222	-	-222
Changes in fair values of derivatives hedging future cash flow		-76	6	0	0	-13	2	314	12	-6,783	-89	0	-	-6,558	-70
Other		1	-	-	-	-	-	-	-	-117	238	-	-	-116	238
IS Items affecting comparability	4	-25	6	-29	1	2,596	725	314	12	-6,936	150	15	-170	-4,066	724
IS **Operating profit**		**684**	**551**	**152**	**176**	**2,658**	**731**	**382**	**81**	**-6,393**	**-137**	**-83**	**-262**	**-2,600**	**1,141**
Comparable share of profit/loss of associates and joint ventures		3	8	57	31	39	38	-	-	29	13	0	503	127	593
IS Share of profit/loss of associates and joint ventures	12	20	-17	57	31	39	38	-	-	37	20	0	471	152	543
Gross investments / divestments by segment															
Gross investments in shares	6	3	7	34	49	2	112	0	0	4	0	227	3,486	270	3,654
Capital expenditure [3]		97	106	26	23	119	105	49	43	494	377	11	21	781	675
Gross divestments of shares	6	129	171	17	0	3,583	895	0	0	14	56	19	81	3,762	1,202

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the difference between average contract price and realised spot price. Power sales contains realised result from commodity derivatives, which have not had hedge accounting status under IFRS 9, but have been considered operatively as hedges.
2) Sales and purchases with Nord Pool Spot are netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.
3) 2020 comparatives were revised in I/2021 due to a revision of the lease adjustment following the finalisation of the purchase price allocation for the Uniper acquisition.

Last twelve months

		Generation[1]		Russia		City Solutions[1]		Consumer Solutions		Uniper		Other Operations		Total	
EUR million	**Note**	**LTM**	**2020**	**LTM**	**2020**	**LTM**	**2020**	**LTM**	**2020**	**LTM**	**2020**	**LTM**	**2020**	**LTM**	**2020**
Income statement data by segment															
Power sales [1]		2,318	1,878	731	791	169	121	1,664	1,057	23,988	16,994	0	0	28,870	20,841
Heat sales		-	-	140	134	569	516	-	-	366	191	-	-	1,075	841
Gas sales		119	84	-	-	1	1	177	139	42,962	22,176	-	-	43,259	22,400
Waste treatment sales		0	-	-	-	249	252	-	-	-	-	-	-	249	252
Other sales		39	44	6	4	225	185	100	70	10,748	5,154	141	140	11,259	5,598
Sales		**2,476**	**2,006**	**877**	**929**	**1,213**	**1,075**	**1,941**	**1,267**	**78,064**	**44,514**	**141**	**140**	**84,712**	**49,931**
Internal eliminations		-244	-421	-3	-2	-47	-64	-1	-2	-13	0	-110	-110	-417	-598
Netting of Nord Pool transactions [2]														-693	-317
IS External sales		2,232	1,585	874	927	1,165	1,012	1,940	1,264	78,051	44,514	31	30	83,601	49,015
Comparable EBITDA		**1,069**	**886**	**394**	**394**	**288**	**239**	**158**	**153**	**1,845**	**856**	**-105**	**-94**	**3,648**	**2,434**
IS Depreciation and amortisation		-183	-164	-136	-143	-185	-191	-69	-63	-653	-494	-29	-35	-1,255	-1,090
IS **Comparable operating profit**		**887**	**722**	**257**	**251**	**103**	**47**	**89**	**90**	**1,192**	**363**	**-134**	**-129**	**2,394**	**1,344**
Impairment charges and reversals		2	2	-30	-	-	-	-	-	-45	0	-	-	-73	2
Capital gains and other related items	6	49	0	1	1	2,609	723	0	0	-5	-13	15	53	2,670	765
Impact from acquisition accounting	4	-	-	-	-	-	-	-	-	-	-	-	-222	-	-222
Changes in fair values of derivatives hedging future cash flow		-94	-12	0	0	-10	5	341	39	-7,400	-706	0	-	-7,163	-675
Other		1	0	-	-	-	-	-	-	30	386	-	-	31	386
IS Items affecting comparability	4	-42	-11	-29	1	2,599	728	341	39	-7,419	-333	15	-169	-4,536	255
IS **Operating profit**		**844**	**711**	**228**	**252**	**2,701**	**775**	**430**	**129**	**-6,227**	**29**	**-119**	**-298**	**-2,142**	**1,599**
Comparable share of profit/loss of associates and joint ventures	4, 12	8	13	72	47	57	57	-	-	55	38	-2	502	190	656
IS Share of profit/loss of associates and joint ventures	12	66	29	72	47	57	57	-	-	72	54	-2	470	265	656
Gross investments / divestments by segment															
Gross investments in shares	6	66	70	33	48	4	114	0	0	8	3	312	3,572	422	3,807
Capital expenditure [3]		148	158	46	43	233	219	63	57	752	635	24	34	1,252	1,146
Gross divestments of shares	6	129	171	17	0	3,583	895	10	10	27	69	19	81	3,786	1,226

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the difference between average contract price and realised spot price. Power sales contains realised result from commodity derivatives, which have not had hedge accounting status under IFRS 9, but have been considered operatively as hedges.
2) Sales and purchases with Nord Pool Spot are netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.
3) 2020 comparatives were revised in I/2021 due to a revision of the lease adjustment following the finalisation of the purchase price allocation for the Uniper acquisition.

Segment assets and liabilities

EUR million	Note	Generation 30 Sept 2021	Generation 31 Dec 2020	Russia 30 Sept 2021	Russia 31 Dec 2020	City Solutions 30 Sept 2021	City Solutions 31 Dec 2020	Consumer Solutions 30 Sept 2021	Consumer Solutions 31 Dec 2020	Uniper 30 Sept 2021	Uniper 31 Dec 2020	Other Operations 30 Sept 2021	Other Operations 31 Dec 2020	Total 30 Sept 2021	Total 31 Dec 2020
Non-interest-bearing assets		**5,698**	**5,780**	**1,942**	**2,020**	**2,827**	**3,512**	**929**	**780**	**22,633**	**20,646**	**267**	**270**	**34,296**	**33,009**
BS Participations in associates and joint ventures	12	988	961	684	577	61	612	-	-	678	729	31	33	2,443	2,912
Eliminations														-138	-57
Total segment assets		**6,687**	**6,742**	**2,626**	**2,597**	**2,888**	**4,123**	**929**	**780**	**23,311**	**21,375**	**297**	**303**	**36,600**	**35,863**
Interest-bearing receivables	13													3,084	3,000
BS Deferred tax assets														2,793	1,089
Other assets														115,712	15,550
BS Liquid funds														6,236	2,308
BS Total assets														**164,425**	**57,810**
Segment liabilities		**492**	**508**	**75**	**166**	**327**	**445**	**228**	**215**	**17,082**	**13,943**	**155**	**167**	**18,359**	**15,443**
Eliminations														-138	-57
Total segment liabilities														**18,221**	**15,386**
BS Deferred tax liabilities														977	952
Other liabilities														119,359	15,233
Total liabilities included in capital employed														**138,557**	**31,570**
Interest-bearing liabilities	14													12,676	10,662
BS Total equity														13,192	15,577
BS Total equity and liabilities														**164,425**	**57,810**
Number of employees		1,186	1,143	2,667	2,935	1,775	2,093	1,120	1,048	11,754	11,751	950	963	19,452	19,933

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

		Generation		Russia		City Solutions		Consumer Solutions		Uniper [3]	
EUR million	Note	LTM	31 Dec 2020	LTM	31 Dec 2020	LTM	31 Dec 2020	LTM	31 Dec 2020	LTM	31 Dec 2020
Comparable operating profit		**887**	**722**	**257**	**251**	**103**	**47**	**89**	**90**	**1,192**	**363**
Comparable share of profit/loss of associates and joint ventures [1]	4, 12	8	13	72	47	57	57	-	-	55	38
Comparable operating profit including comparable share of profit/loss of associates and joint ventures		**895**	**735**	**329**	**298**	**160**	**104**	**89**	**90**	**1,246**	**401**
Segment assets at the end of the period		6,687	6,742	2,626	2,597	2,888	4,123	929	780	23,311	21,375
Segment liabilities at the end of the period		492	508	75	166	327	445	228	215	17,082	13,943
Comparable net assets		**6,195**	**6,234**	**2,551**	**2,431**	**2,561**	**3,679**	**701**	**565**	**6,229**	**7,432**
Comparable net assets average [2]		**6,138**	**6,006**	**2,494**	**2,693**	**3,127**	**3,679**	**628**	**569**	**7,357**	**N/A**
Comparable return on net assets, %		**14.6**	**12.2**	**13.2**	**11.1**	**5.1**	**2.8**	**14.2**	**15.9**	**16.9**	**N/A**

1) Comparable share of profit/loss of associates and joint ventures for 2020 has been recalculated following the introduction of comparable net profit APM in I/2021.
2) Average net assets are calculated using the opening balance of the financial year and each quarter's closing value.
3) Fortum consolidated Uniper into its balance sheet as of 31 March 2020 and, from the second quarter of 2020, consolidated Uniper's results into its income statement. Comparable net assets average and Comparable return on net assets for the Uniper segment are presented from I/2021 onwards as information for full 12 months is available.

4. Comparable operating profit and comparable net profit

4.1 Reconciliation of operating profit to comparable operating profit

Quarter

	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Impact from acquisition accounting		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
EUR million	III/2021	III/2020	III/2021	III/2020	III/2021	III/2020	III/2021	III/2020	III/2021	III/2020	III/2021	III/2020	III/2021	III/2020
Sales	33,265	11,620	-	-	-	-	-	-	-9,564	2,430	-	-	23,700	14,049
Other income	20,929	1,749	0	1	-2,612	-299	-	-	-14,645	-	-27	-66	3,643	1,386
Materials and services	-50,488	-10,887	-	-	-	-	-	-	28,763	-2,188	31	-96	-21,694	-13,170
Employee benefits	-354	-349	-	-	-	-	-	-	-	-	-2	12	-356	-337
Depreciation and amortisation	-359	-311	45	0	-	-	-	-	-	-	-	-	-314	-311
Other expenses	-6,096	-1,822	-	-	-	-	-	-	1,317	-	60	27	-4,719	-1,795
IS **Comparable operating profit**	**-**	**-**	**46**	**1**	**-2,612**	**-299**	**-**	**-**	**5,871**	**242**	**61**	**-123**	**260**	**-179**
IS Items affecting comparability	-	-	-46	-1	2,612	299	-	-	-5,871	-242	-61	123	-3,365	178
IS **Operating profit**	**-3,105**	**-1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-3,105**	**-1**

Year-to-date

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Impact from acquisition accounting		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	I-III/2021	I-III/2020	I-III/2021	I-III/2020	I-III/2021	I-III/2020	I-III/2021	I-III/2020	I-III/2021	I-III/2020	I-III/2021	I-III/2020	I-III/2021	I-III/2020
Sales	77,170	21,105	-	-	-	-	-	-	-14,848	6,632	-	-	62,322	27,736
Other income	30,249	4,416	2	3	-2,686	-801	-	-	-20,566	-1	-58	-74	6,941	3,542
Materials and services	-97,366	-18,446	-	-	-	-	-	-	40,140	-6,561	59	-164	-57,168	-25,171
Employee benefits	-1,117	-826	-	-	-	-	-	-	-	-	7	12	-1,110	-814
Depreciation and amortisation	-1,011	-770	76	0	-	-	-	-	-	-	-	-	-935	-770
Other expenses	-10,525	-4,337	-	-	-	20	-	222	1,832	-	109	-12	-8,584	-4,107
IS **Comparable operating profit**	**-**	**-**	**78**	**3**	**-2,686**	**-781**	**-**	**222**	**6,558**	**70**	**116**	**-238**	**1,466**	**416**
IS Items affecting comparability	-	-	-78	-3	2,686	781	-	-222	-6,558	-70	-116	238	-4,066	724
IS **Operating profit**	**-2,600**	**1,141**											**-2,600**	**1,141**

Last twelve months

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Impact from acquisition accounting		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	LTM	2020	LTM	2020	LTM	2020	LTM	2020	LTM	2020	LTM	2020	LTM	2020
Sales	98,582	42,517	-	-	-	-	-	-	-14,981	6,499	-	-	83,601	49,015
Other income	36,350	10,517	-1	0	-2,670	-784	-	-	-25,244	-4,679	-236	-252	8,200	4,802
Materials and services	-117,207	-38,286	-	-	-	-	-	-	40,896	-5,805	15	-208	-76,295	-44,298
Employee benefits	-1,497	-1,206	-	-	-	-	-	-	-	-	6	11	-1,491	-1,195
Depreciation and amortisation	-1,333	-1,092	75	-1	-	-	-	-	-	-	3	3	-1,255	-1,090
Other expenses	-17,038	-10,851	-	-	0	20	-	222	6,491	4,659	181	60	-10,367	-5,890
IS **Comparable operating profit**	**-**	**-**	**73**	**-2**	**-2,670**	**-765**	**-**	**222**	**7,163**	**675**	**-31**	**-386**	**2,394**	**1,344**
IS Items affecting comparability	-	-	-73	2	2,670	765	-	-222	-7,163	-675	31	386	-4,536	255
IS **Operating profit**	**-2,142**	**1,599**											**-2,142**	**1,599**

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-III/2021 include EUR 45 million impairment in the Uniper segment, and a tax-deductible non-cash impairment of EUR 29 million in connection with the sale of the Argayash CHP plant in Russia.

Capital gains and other related items

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

Impact from acquisition accounting

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

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

Changes in fair values of derivatives hedging future cash flow

Unrealised changes in the fair values of financial derivative instruments hedging future cash flows that do not qualify for hedge accounting, and physical contracts that are treated as derivatives, are recognised in items affecting comparability.

Impacts from settlement of physical contracts that have been treated as derivatives are adjusted to sales and materials and services to reflect the contract pricing as opposed to market pricing ("contract pricing adjustment"). Adjustments are needed to improve the understanding of the financial performance when comparing results from one period to another.

Other

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

4.2 Reconciliation from operating profit to comparable net profit

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

EUR million	Note	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
IS **Operating profit**		**-3,105**	**-1**	**-2,600**	**1,141**	**1,599**	**-2,142**
IS Items affecting comparability	4.1	3,365	-178	4,066	-724	-255	4,536
IS **Comparable operating profit**		**260**	**-179**	**1,466**	**416**	**1,344**	**2,394**
IS Share of profit/loss of associates and joint ventures		11	25	152	543	656	265
Adjustments to share of profit/loss of associates and joint ventures	12	-3	-6	-25	50	0	-74
Comparable share of profit/loss of associates and joint ventures		9	19	127	593	656	190
IS Finance costs - net		-40	27	31	-38	-56	13
Adjustments to finance costs - net	7	14	-49	-27	-44	-48	-31
Comparable finance costs - net		-26	-22	4	-81	-103	-19
Comparable profit before income tax		**243**	**-182**	**1,597**	**928**	**1,897**	**2,566**
IS Income tax expense		1,366	51	1,300	-202	-344	1,158
Adjustments to income tax expense		-1,434	-17	-1,652	118	45	-1,725
Comparable income tax expense		-68	35	-352	-84	-299	-567
IS Non-controlling interests		1,047	71	1,014	-1	-32	982
Adjustments to non-controlling interests		-1,051	-16	-1,173	31	-82	-1,286
Comparable non-controlling interests		-5	55	-159	30	-114	-304
Comparable net profit		**170**	**-93**	**1,086**	**874**	**1,483**	**1,695**
Comparable earnings per share, EUR	23	**0.19**	**-0.10**	**1.22**	**0.99**	**1.67**	**1.90**

Comparable share of profit/loss of associates and joint ventures

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

Comparable finance costs - net

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

Comparable income tax expense

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

See also Note 23 Definitions and reconciliations of key figures.

5. Financial risk management

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

Fair value hierarchy information

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

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

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

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

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

Financial assets

	Level 1		Level 2		Level 3		Netting [1]		Total	
EUR million	**30 Sept 2021**	**31 Dec 2020**	**30 Sept 2021**	**31 Dec 2020**	**30 Sept 2021**	**31 Dec 2020**	**30 Sept 2021**	**31 Dec 2020**	**30 Sept 2021**	**31 Dec 2020**
In non-current assets										
Other investments [2]	81	75	44	43	177	70			302	188
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			47	52			-21	-29	26	23
Non-hedge accounting	9,173	1,030	26,755	1,563	276	138	-468	-24	35,736	2,707
Interest rate and currency derivatives										
Hedge accounting			59	170					59	170
Non-hedge accounting			29	46					29	46
Interest-bearing receivables	107	98			36	17			143	116
Total in non-current assets	**9,361**	**1,203**	**26,934**	**1,874**	**489**	**225**	**-489**	**-53**	**36,295**	**3,250**
In current assets										
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			164	185			-134	-60	30	125
Non-hedge accounting	27,986	2,851	46,163	5,090	32	6	-5,030	-655	69,152	7,292
Interest rate and currency derivatives										
Hedge accounting			56	26					56	26
Non-hedge accounting			114	89					114	89
Other receivables			27	62					27	62
Interest-bearing receivables	484	432	45	46	4	5			533	483
Total in current assets	**28,470**	**3,283**	**46,569**	**5,498**	**36**	**11**	**-5,164**	**-715**	**69,911**	**8,077**
Total in assets	**37,831**	**4,486**	**73,503**	**7,372**	**525**	**237**	**-5,653**	**-768**	**106,206**	**11,326**

1) In Fortum, excluding Uniper, receivables to and liabilities from electricity and other commodity exchanges arising from standard derivative contracts with same delivery period are netted.
2) Other investments mainly include shares in unlisted companies.

Financial liabilities

	Level 1		Level 2		Level 3		Netting [1]		Total	
EUR million	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020
In non-current liabilities										
Interest-bearing liabilities [2]			1,858	2,145					1,858	2,145
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			284	106			-21	-29	263	77
Non-hedge accounting	8,179	634	27,214	1,598	159	254	-468	-24	35,084	2,462
Interest rate and currency derivatives										
Hedge accounting			32	56					32	56
Non-hedge accounting			16	63					16	63
Total in non-current liabilities	**8,179**	**634**	**29,404**	**3,967**	**159**	**254**	**-489**	**-53**	**37,253**	**4,802**
In current liabilities										
Interest-bearing liabilities			484	497					484	497
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			781	304			-134	-60	646	244
Non-hedge accounting	26,144	2,545	54,916	5,612	45	10	-5,030	-655	76,076	7,512
Interest rate and currency derivatives										
Hedge accounting			9	14					9	14
Non-hedge accounting			72	167					72	167
Other payables			28		15				43	
Total in current liabilities	**26,144**	**2,545**	**56,290**	**6,594**	**60**	**10**	**-5,164**	**-715**	**77,331**	**8,434**
Total in liabilities	**34,323**	**3,179**	**85,694**	**10,561**	**219**	**264**	**-5,653**	**-768**	**114,583**	**13,236**

1) In Fortum, excluding Uniper, receivables to and liabilities from electricity and other commodity exchanges arising from standard derivative contracts with same delivery period are netted.
2) Fair valued part of bonds when hedge accounting is applied (fair value hedge).

At the end of September, the net fair value of commodity derivatives is EUR -7,126 million, including asset of EUR 105 billion and liabilities of EUR 112 billion (EUR -149 million in December 2020, including asset of EUR 10 billion and liabilities of EUR 10 billion). The increase from year-end mainly relates to derivative financial instruments in the Uniper segment resulting from higher market prices for commodities.

Net fair value amount of interest rate and currency derivatives is EUR 129 million, including assets of EUR 258 million and liabilities of EUR 130 million. Fortum has cash collaterals based on collateral agreements with some counterparties. At the end of September 2021, Fortum had received EUR 125 million from collateral agreements. The received cash was booked as a short-term liability.

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

Changes in fair value hierarchy Level 3

	1 Jan 2021	Purchases	Sales	Settlements	Gains / losses in income statement	Transfers into level 3	Gains / losses in OCI	30 Sept 2021
On balance sheet, net								
Other investments	70	18	-10		44	52	2	176
Commodity derivatives, fair values	382	122		-1	217			720
Commodity derivative, day-1 gains and losses	-501	-67			-47			-615
Interest-bearing receivables	22	19		-6	4			39
Other payables	0	-15						-15
Total on balance sheet, net	**-27**	**77**	**-10**	**-7**	**218**	**52**	**2**	**305**

6. Acquisitions, disposals and assets held for sale

6.1 Acquisitions

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Gross investments in shares in subsidiary companies	38	199	211	3,574	3,646	283
Gross investments in shares in associated companies and joint ventures	18	10	39	53	119	105
Gross investments in other shares	10	18	20	27	42	35
Total	**67**	**227**	**270**	**3,654**	**3,807**	**422**

Acquisitions during 2021

Gross investments in shares during I-III/2021 were EUR 270 million (I-III/2020: 3,654). Acquisition of subsidiary shares mainly relate to the acquisition of Uniper shares. During I-III/2021 Fortum invested EUR 34 million (I-III/2020: 45) in wind partnerships in Russia.

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

Uniper acquisition in March 2020

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

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

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

Acquisition accounting

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

Acquired net assets are presented in the following table.

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

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

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

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

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

Other acquisitions during 2020

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

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

6.2 Disposals

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Gross divestments of shares in subsidiary companies	693	368	847	1,146	1,156	857
Gross divestments of shares in associated companies and joint ventures	2,894	27	2,897	28	31	2,900
Gross divestments of other investments	9	26	18	28	40	30
Total	**3,597**	**420**	**3,762**	**1,202**	**1,226**	**3,786**

Disposals during 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 signing of the transaction was announced on 30 June 2021. The total consideration of the sale amounted to SEK 29.5 billion (approximately EUR 2.9 billion based on the current currency rate). 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. 78 MW of the capacity is expected to be commissioned in the fourth quarter of 2021 and the remaining part in the second half of 2022. The power plant is based on capacities won by Fortum in CSA auctions in 2018 and 2019. In March 2021, Fortum sold the CSA-backed solar power project to the joint venture with RDIF, which had a positive effect of EUR 17 million in the first quarter 2021 comparable operating profit of the Russia segment.

In December 2020, Fortum decided to sell eight small hydropower plants in Sweden with an average annual power generation of 0.1 TWh to Downing Renewables & Infrastructure Trust plc. The total purchase price on a debt and cash free basis is EUR 64.5 million. The transaction closed on 2 February 2021.

In December 2019, Fortum and Credit Suisse Energy Infrastructure Partners (CSEIP) signed an agreement whereby funds advised by CSEIP acquired an 80% stake in Fortum's Nordic wind portfolio. The transaction, excluding the Sørfjord wind park, which was still under construction, was closed on 14 May 2020. The transaction on Sørfjord wind park was closed on 20 January 2021.

Disposals during 2020

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

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

In December 2019, Fortum and Credit Suisse Energy Infrastructure Partners (CSEIP) signed an agreement whereby funds advised by CSEIP acquired an 80% stake in Fortum's Nordic wind portfolio. The total consideration on a debt- and cash-free basis was approximately EUR 170 million. The transaction, excluding the Sørfjord wind park, which was still under construction, was closed on 14 May 2020.

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

6.3 Assets held for sale

Assets held for sale at 30 September 2021 include Pavagada II solar power plant in India (City Solutions segment) and Schkopau lignite-fired power plant (Uniper segment). Assets held for sale at 31 December 2020 included Schkopau lignite-fired power plant (Uniper segment) and Sørfjord wind park (Generation segment).

On 22 June 2021, Fortum announced that it had signed an agreement to divest the 250-MW Pavagada II and the 250-MW Rajasthan solar power plants in India to Actis. The total consideration from the divestment on a debt and cash-free basis, including the effect of deconsolidating of the net debt, is expected to be approximately EUR 280 million, most of which will be recorded during 2021. The sale of Pavagada II was concluded on 7 October 2021.

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.

In December 2019, Fortum and Credit Suisse Energy Infrastructure Partners (CSEIP) signed an agreement whereby funds advised by CSEIP acquired an 80% stake in Fortum's Nordic wind portfolio. The transaction, excluding the Sørfjord wind park, which was still under construction, was closed on 14 May 2020. The transaction on Sørfjord wind park was closed on 20 January 2021.

EUR million	30 Sept 2021	31 Dec 2020
Assets held for sale		
Intangible assets and property, plant and equipment and right-of-use assets	257	230
Deferred tax assets	2	9
Other non-current and current assets	111	96
Liquid funds	5	0
BS Total	**374**	**335**
Liabilities related to assets held for sale		
Interest-bearing liabilities	151	43
Deferred tax liabilities	10	33
Pension and asset retirement obligations	17	18
Other liabilities and provisions	114	112
BS Total	**292**	**206**

7. Finance costs - net

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Interest expense						
Borrowings	-37	-48	-127	-143	-186	-169
Leasing and other interest expenses [1]	-16	-15	-35	-19	-23	-38
Capitalised borrowing costs [1]	1	16	16	31	39	24
IS Total	**-52**	**-47**	**-145**	**-131**	**-170**	**-184**
Interest income						
Loan receivables and deposits	33	27	99	69	96	126
Leasing and other interest income [2]	4	5	18	12	16	22
IS Total	**37**	**33**	**116**	**80**	**111**	**148**
Other financial expenses - net						
Return from nuclear funds, nuclear fund adjustment and unwinding of nuclear provisions	-9	37	22	25	19	15
Fair value changes, impairments and reversals	-6	12	6	18	29	17
Unwinding of discounts on other provisions [2]	-12	-11	23	-32	-45	11
Other financial expenses and income	1	4	9	2	0	7
IS Total	**-25**	**42**	**60**	**14**	**3**	**49**
IS Finance costs - net	**-40**	**27**	**31**	**-38**	**-56**	**13**

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
IS Finance costs - net	**-40**	**27**	**31**	**-38**	**-56**	**13**
Adjustments to finance costs - net						
Return from nuclear funds, nuclear fund adjustment and unwinding of nuclear provisions	9	-37	-22	-25	-19	-15
Fair value changes, impairments and reversals	6	-12	-6	-18	-29	-17
Comparable finance costs - net	**-26**	**-22**	**4**	**-81**	**-103**	**-18**

1) 2020 comparatives were revised in I/2021 due to a revision of the lease adjustment following the finalisation of the purchase price allocation for the Uniper acquisition.
2) In II/2021, part of the other interest income was reclassified in Finance costs -net from Interest income to Other financial expenses - net.

Interest expenses on borrowings in I-III/2021 totalled EUR 127 million (I-III/2020: 143) including interest expenses on loans of EUR 111 million (I-III/2020: 121), and EUR 15 million (I-III/2020: 22) interest cost net from derivatives hedging the loan portfolio. Interest expenses from leases were EUR 25 million (I-III/2020: 18) and other interest expenses were EUR 10 million (I-III/2020: 1).

Interest income in I-III/2021 of EUR 116 million (I-III/2020: 80) includes EUR 95 million (I-III/2020: 63) interest income from shareholder loan receivables and other loan receivables, and EUR 4 million (I-III/2020: 6) from deposits. Interest income from leases were EUR 14 million (I-III/2020: 9) and other interest income was EUR 4 million (I-III/2020: 2).

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

8. Income taxes

Income taxes during I-III/2021 totalled EUR 1,300 million (tax income) (I-III/2020: -202 tax expense). The effective income tax rate according to the income statement was 53.8% (I-III/2020: 12.3%). The comparable effective income tax rate, excluding the impact of the share of profit from associated companies, joint ventures as well as items affecting comparability, tax rate changes and other major one-time income tax effects, was 23.8% (I-III/2020: 25.2%).

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

9. Dividend per share

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

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

10. Intangible assets

EUR million	30 Sept 2021	31 Dec 2020
Goodwill	1,018	1,069
Contract-based	519	534
Other	672	1,205
BS Total	**2,209**	**2,808**

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

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

Property, plant and equipment, and right-of-use assets amounted to EUR 19,052 million (31 Dec 2020: 19,367). Changes during 2021 mainly relate to depreciation - partly offset by capital expenditures and translation differences, as well as divestments and assets reclassified to held for sale.

12. Participations in associates and joint ventures

12.1 Participations in associates and joint ventures

Changes in participations in associates and joint ventures

EUR million	30 Sept 2021	31 Dec 2020
Opening balance 1 January	**2,912**	**6,435**
Acquisitions	-	750
Investments	39	119
Share of profit of associates and joint ventures	152	656
Dividend income received	-92	-116
Divestments and capital returns	-571	-47
Reclassifications	-62	-4,663
OCI items in associates and joint ventures	36	-183
Translation differences and other adjustments	29	-40
BS Closing balance	**2,443**	**2,912**

Divestments and capital returns mainly related to the sale of Stockholm Exergi AB, for additional information see Note 6.2 Disposals. Acquisitions and reclassifications in 2020 mainly relate to Uniper consolidation at 31 March 2020.

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

12.2 Share of profit/loss of associates and joint ventures

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Uniper SE	-	-	-	469	469	-
TGC-1	11	8	34	26	24	32
Stockholm Exergi AB	-4	-1	28	29	46	45
Other associates and joint ventures	4	18	90	18	117	189
IS Share of profit/loss of associates and joint ventures	**11**	**25**	**152**	**543**	**656**	**265**

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
IS Share of profit/loss of associates and joint ventures	**11**	**25**	**152**	**543**	**656**	**265**
Adjustments to share of profit/loss of associates and joint ventures	-3	-6	-25	50	0	-74
Comparable share of profit/loss of associates and joint ventures	**9**	**19**	**127**	**593**	**656**	**190**

Uniper

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

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

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

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

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

13. Interest-bearing receivables

EUR million	30 Sept 2021	31 Dec 2020
Interest-bearing receivables	2,898	2,804
Finance lease receivables	186	196
Total	**3,084**	**3,000**

EUR million	Carrying amount 30 Sept 2021	Fair value 30 Sept 2021	Carrying amount 31 Dec 2020	Fair value 31 Dec 2020
Long-term loan receivables from associates and joint ventures	1,155	1,212	1,113	1,161
Non-current securities	107	107	98	98
Other long-term interest-bearing receivables	1,006	1,006	1,010	1,010
Total long-term interest-bearing receivables	**2,268**	**2,325**	**2,221**	**2,270**
Collateral arrangement securities	484	484	432	432
Other short-term interest-bearing receivables	146	146	151	151
Total short-term interest-bearing receivables	**630**	**630**	**582**	**582**
Total	**2,898**	**2,955**	**2,804**	**2,852**

Long-term interest-bearing receivables from associated companies and joint ventures, EUR 1,155 million (31 Dec 2020: 1,113), include EUR 976 million from Swedish nuclear companies, Forsmarks Kraftgrupp AB and Ringhals AB (31 Dec 2020: 964), which are mainly funded with shareholder loans, pro rata to each shareholder's ownership.

14. Interest-bearing net debt

Financial net debt and adjusted net debt

EUR million	30 Sept 2021	31 Dec 2020
+ Interest-bearing liabilities	**12,676**	**10,662**
- BS Liquid funds	**6,236**	**2,308**
- Non-current securities	107	98
- Collateral arrangement securities	484	432
- Securities in interest-bearing receivables	**591**	**530**
- BS Margin receivables	6,452	1,132
+ BS Margin liabilities	2,728	331
+/- Net margin liabilities/receivables	**-3,724**	**-801**
Financial net debt	**2,126**	**7,023**
+ BS Pension obligations	**1,161**	**1,520**
+ Other asset retirement obligations	816	821
- BS Share of Finnish and Swedish Nuclear Waste Funds	3,452	3,445
+ BS Nuclear provisions	3,769	3,866
+ Nuclear provisions net of assets in Nuclear Waste Funds	317	421
+ Total provisions net of assets in Nuclear Waste Funds	**2,294**	**2,762**
Adjusted net debt	**4,419**	**9,784**

Financial net debt decreased by EUR 5,542 million from EUR 7,668 million on 30 June 2021, impacted by the net cash from operations and the completion of the divestments of the Baltic district heating operations as well as Stockholm Exergi. Liquid funds increased by EUR 4,533 million from EUR 1,703 million on 30 June 2021. The higher commodity prices lead to higher margin requirements and the net margin receivables therefore increased by EUR 2,817 million from EUR 907 million on 30 June 2021. Interest-bearing liabilities increased by EUR 1,852 million from EUR 10,824 million on 30 June 2021.

Fortum has a collateral arrangement to release cash from the Nordic Power Exchange. This arrangement is presented with equal amounts as a short-term interest-bearing liability and an interest-bearing receivable.

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

Interest-bearing liabilities

EUR million	30 Sept 2021	31 Dec 2020
Non-current loans	5,039	7,891
Current loans	6,619	1,716
Total loans	**11,658**	**9,607**
Non-current lease liabilities	882	894
Current lease liabilities	136	161
Total Lease liabilities	**1,018**	**1,055**
Total	**12,676**	**10,662**

Loans

EUR million	Carrying amount 30 Sept 2021	Fair value 30 Sept 2021	Carrying amount 31 Dec 2020	Fair value 31 Dec 2020
Bonds	3,721	3,934	4,258	4,521
Loans from financial institutions	2,532	2,567	2,576	2,638
Reborrowing from the Finnish State Nuclear Waste Management Fund [1)]	1,165	1,230	1,145	1,210
Other long-term interest-bearing liabilities	430	477	447	488
Total long-term loans [2)]	**7,847**	**8,208**	**8,425**	**8,857**
Collateral arrangement liability	484	484	432	432
Other short-term interest-bearing liabilities	3,327	3,327	750	750
Total short-term loans	**3,811**	**3,811**	**1,182**	**1,182**
Total	**11,658**	**12,019**	**9,607**	**10,039**

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 2,808 million (31 Dec 2020: 534).

In May 2021 Fortum repaid a maturing bond of EUR 500 million.

Current loans EUR 6,619 million (31 Dec 2020: 1,716) include current portion of long-term loans EUR 2,808 million (31 Dec 2020: 534) and short-term loans EUR 3,811 million (31 Dec 2020: 1,182).

Current portion of long-term loans EUR 2,808 million consist of bonds EUR 1,000 million maturing in September 2022, other loans EUR 258 million and term loan EUR 1,550 million. The term loan is part of the EUR 2,000 million loan originally maturing in October 2022 of which EUR 1,550 million will be repaid in December 2021 and has thereby been reclassified as of 30 September 2021 to short-term.

Short-term loans have increased by EUR 1,821 million, from EUR 1,990 million on 30 June 2021 to EUR 3,811 million on 30 September 2021. The increase is mainly due to the use of commercial paper programmes, which increased by EUR 1,156 million to EUR 2,234 million on 30 September 2021. Additionally Uniper drew a new EUR 400 million short-term loan during the quarter.

The average interest rate for the portfolio of EUR loans was 0.7% at the balance sheet date (31 Dec 2020: 0.9%). The average interest rate on total loans and derivatives was 1.3% at the balance sheet date (31 Dec 2020: 1.5%). Part of the external loans, EUR 716 million (31 Dec 2020: 634), have been swapped to RUB and the average interest cost for these loans, including cost for hedging the RUB, was 6.7% at the balance sheet date (31 Dec 2020: 6.2%).

Maturity of loans

EUR million	30 Sept 2021
2021	4,598
2022	2,496
2023	1,195
2024	318
2025	18
2026 and later	3,034
Total	**11,658**

Loans maturing in 2021 have increased with EUR 2,671 million from EUR 1,927 million on 30 June 2021 to EUR 4,598 million. 2021 maturities include commercial papers EUR 2,170 million of which EUR 1,321 million has been rolled-over in October 2021 to 2022. Maturities in 2021 also include loans EUR 661 million with no contractual due date.

Maturity of undiscounted lease liabilities

EUR million	30 Sept 2021
Due within a year	76
Due after one year and within five years	435
Due after five years	803
Total	**1,315**

Liquid funds

EUR million	30 Sept 2021	31 Dec 2020
Deposits and securities with maturity more than 3 months	222	410
Cash and cash equivalents	6,013	1,898
BS **Total**	**6,236**	**2,308**

Liquid funds totalling EUR 6,077 million (31 Dec 2020: 2,107) are placed with counterparties that have an investment grade credit rating.

At the end of the reporting period, the Group’s liquid funds totalled EUR 6,236 million (31 Dec 2020: 2,308). Liquid funds include EUR 1,797 million held by Uniper segment (31 Dec 2020: 289). Russian subsidiaries held EUR 319 million (31 Dec 2020: 244) of liquid funds in the form of cash and bank deposits.

Committed credit facilities

At the end of the reporting period, Fortum had undrawn committed credit facilities amounting to EUR 3,689 million. At the end of September 2021, the undrawn facilities consisted of a EUR 1,350 million revolving credit facility (maturity in November 2021). In July 2021, EUR 100 million of this facility was cancelled and the remaining EUR 1,350 million was cancelled in October 2021. Further, the credit facilities consisted of a EUR 1,750 million revolving credit facility (maturity in June 2023) and Uniper’s revolving credit facility of EUR 1,800 million (maturity in September 2025). This facility is linked to Uniper Euro Commercial Paper programme and has a total cap of EUR 1,800 million, i.e. the total amount of outstanding commercial papers, EUR 1,311 million at the end of September, reduces the possibility to draw the funds from the revolving credit facility.

In addition to the revolving credit facilities, Fortum has EUR 100 million of committed overdraft limits that are valid until further notice.

15. Nuclear related assets and liabilities

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

On Fortum's consolidated balance sheet, Share in the Nuclear Waste Fund and the Nuclear provisions relate to Loviisa, OKG and Barsebäck nuclear power plants. Fortum also has minority interests in other nuclear power companies, i.e. Teollisuuden Voima Oyj (TVO) in Finland and Forsmarks Kraftgrupp AB (Forsmark) in Sweden. The minority shareholdings are classified as associated companies and joint ventures and are consolidated with equity method. Both the Finnish and the Swedish companies are non-profit making, i.e. electricity production is invoiced to the owners at cost according to local GAAP.

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

15.1 Nuclear related assets and liabilities for consolidated nuclear power plants

EUR million	30 Sept 2021	31 Dec 2020
Carrying values on the balance sheet		
BS Nuclear provisions	3,769	3,866
BS Fortum's share of the Nuclear Waste Funds	3,452	3,445
Fortum's share of the fair value of the net assets in the Nuclear Waste Funds in Finland and Sweden	3,930	3,886
Share of fund not recognised on the balance sheet	478	441

Nuclear provision and fund accounted for according to IFRS

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

The carrying value of nuclear provisions, calculated according to IAS 37, decreased by EUR 97 million compared to 31 December 2020, totalling EUR 3,769 million at 30 September 2021.

Fortum's share of the Nuclear Waste Funds are from an IFRS perspective overfunded by EUR 478 million, since Fortum's share of the Funds on 30 September 2021 was EUR 3,930 million and the carrying value on the balance sheet was EUR 3,452 million. The Fund on Fortum's balance sheet can at maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, other financial expenses are adjusted positively if the provisions increase more than the Fund, and negatively if the provision decreases below the actual value of the fund.

Legal liability for Loviisa nuclear power plant

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

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

Fortum's share in the Finnish Nuclear Waste Management Fund

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

Borrowing from the State Nuclear Waste Management Fund

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

OKG and Barsebäck nuclear power plants in Sweden

In Sweden, Svensk Kärnbränslehantering AB (SKB), a company owned by the nuclear operators, takes care of all nuclear waste management related activities on behalf of nuclear operators. SKB receives its funding from the Swedish Nuclear Waste Fund, which in turn is financed by the nuclear operators.

Nuclear waste fees and guarantees are normally updated every three years by governmental decision after a proposal from the Swedish Radiation Safety Authority (SSM). From September 2018, the proposal is prepared by the National Debt Office. The proposal is based on cost estimates done by SKB and the license holders. An updated technical plan for nuclear waste management was decided by SKB in September 2019 and was handed in to SSM in the end of III/2019. In December 2020 the Swedish government decided the waste fees and guarantees for 2021 only. A new decision is expected IV/2021 for years 2022-2023. Nuclear waste fees paid by licensees with a unit/units that are still in operation are currently based on future costs with the assumed lifetime of 50 years for each unit of a nuclear power plant. The fee is calculated in relation to the energy delivered and set as an amount of öre (1 öre = SEK 0.01) per kWh delivered. For Barsebäck, which have no units in operation, the fee is determined as a fixed fee in SEK per year.

15.2 Nuclear power plants in associated companies and joint ventures

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

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

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

	30 Sept 2021	31 Dec 2020
Carrying values with Fortum assumptions		
Nuclear provisions	3,591	3,674
Share of the Nuclear Waste Fund	3,505	3,406
of which Fortum's net share consolidated with equity method	-27	-59
Fortum's share of the fair value of the net assets in the Nuclear Waste Funds	1,137	880
Receivables from the waste fund that are overfunded (underfunded) from an IFRS perspective	49	14
of which TVO overfunded	77	73

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

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum is using the right to reborrow funds through TVO based on its ownership. See more information in Note 14 Interest-bearing net debt.

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

Status of TVO's Olkiluoto 3 project in Finland

Fortum is participating in the country's fifth nuclear power plant unit, Olkiluoto 3 (OL3), through the shareholding in Teollisuuden Voima Oyj (TVO) with an approximately 25% share representing some 400 MW in capacity. Olkiluoto 3 EPR (OL3 EPR), currently under construction, was procured as a fixed-price turnkey project from a consortium (Plant Supplier) formed by Areva GmbH, Areva NP SAS and Siemens AG. As stipulated in the plant contract, the consortium companies have joint and several liability for the contractual obligations.

In March 2018, TVO signed a comprehensive settlement agreement with the plant supplier consortium companies Areva NP, Areva GmbH, and Siemens AG as well as with Areva Group parent company Areva SA, a company wholly owned by the French State. The settlement agreement concerned the completion of the OL3 EPR project and related disputes, and it entered into force in late March 2018. The supplier consortium companies committed to ensuring that the funds dedicated to the completion of the OL3 EPR project will be adequate and will cover all applicable guarantee periods, including setting up a trust mechanism funded by Areva companies to secure the financing of the costs of completing the OL3 EPR project. During the period under review, replenishing the trust was finished according to the terms of the 2018 Global Settlement Agreement (GSA), but it was replenished according to the amendment agreement which entered into force in July 2021.

TVO and the Areva−Siemens consortium negotiated since summer 2020 on the terms of the OL3 EPR project completion. In addition, the Areva companies were preparing a financial solution which ensure the necessary funding for the companies to complete the OL3 EPR project. The parties reached a consensus in their negotiations regarding the main principles of the OL3 EPR project completion in May 2021, and the agreements regarding the amendments to the OL3 EPR project 2018 Global Settlement Agreement (GSA) were signed in June 2021. Certain conditions had to be fulfilled in order for the agreements to enter into force, and all conditions were fulfilled on July 13, 2021.

Key matters of the agreement were:

- The Areva companies' trust mechanism, established in the GSA of 2018 was replenished in July with EUR 432.3 million
- Both parties are to cover their own costs as of July 2021 until end of February 2022.
- In the case that the plant supplier consortium companies would not complete the OL3 EPR project until the end of February 2022, they would pay an additional compensation for delays, depending on the date of completion.
- In connection with the agreement entering into force, the plant supplier paid EUR 206.9 million of the EUR 400.0 million delay compensation as agreed in the GSA 2018.

The Radiation and Nuclear Safety Authority (STUK) granted a fuel loading permit for the OL3 EPR plant unit in March 2021, and the fuel loading was completed in April 2021. The completion of fuel loading meant that OL3 EPR is now a nuclear power plant in use. Due to extended turbine overhaul and inspection works, the plant unit will be connected to the national grid in February 2022, and regular electricity production starts in June 2022 according to the updated schedule received from the plant supplier Areva−Siemens consortium in August 2021.

Before the startup of the reactor, the plant supplier is inspecting a deviation observed in the fuel.

16. Other provisions

EUR million	30 Sept 2021	31 Dec 2020
Supplier- and customer-related	2,725	948
Asset retirement	816	821
Power production-related	640	643
Gas distribution-related	335	378
Environmental remediation and similar	251	261
Personnel-related	223	247
Other	957	933
Total	**5,947**	**4,232**
BS Of which current provisions	2,304	780
BS Of which non-current provisions	3,644	3,452

17. Pension obligations

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

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

Net defined benefit liability

EUR million	30 Sept 2021	31 Dec 2020
Present value of defined benefit obligation	4,306	4,636
Fair value of plan assets	3,171	3,117
Net defined benefit liability	**1,135**	**1,518**
Of which Germany	1,008	1,350
Presented on the balance sheet as follows:		
BS Pension obligations, net	1,161	1,520
Pension assets in Other non-current assets	26	2

Discount rates

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

%	30 Sept 2021	31 Dec 2020
Germany	1.3	0.8
United Kingdom	2.1	1.5
Finland	0.3	0.3

18. Capital and other commitments

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

Capital commitments

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

Long-term purchase commitments

Fortum has long-term contractual purchase obligations of approximately EUR 92.5 billion at 30 September 2021 (31 Dec 2020: 113.1), of which EUR 13.9 billion is due within one year (31 Dec 2020: 6.3). These contracts are generally take-or-pay in nature and primarily relate to the purchase of natural gas. Price paid for natural gas is normally tied to market reference prices, as dictated by market conditions and the procurement behaviour of wholesale market customers. The conditions of these long-term contracts are reviewed at certain specific intervals (usually every three years) as part of contract negotiations and may thus change accordingly. The decrease in contractual purchase obligations is primarily attributable to the termination of a long-term LNG procurement contract.

Other commitments

Teollisuuden Voima Oyj (TVO) is building Olkiluoto 3, the nuclear power plant, which is funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. At 30 September 2021, Fortum had EUR 232 million (31 Dec 2020: 232) outstanding receivables regarding Olkiluoto 3, and is additionally committed to providing at maximum EUR 100 million. TVO shareholder loan is classified as participation in joint ventures. For more information, see Note 15 Nuclear related assets and liabilities.

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

19. Pledged assets and contingent liabilities

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

Further, Fortum has pledged certain assets for debt and other commitments, both on own behalf and on behalf of others, including EUR 269 million (31 Dec 2020: 269) for shares pledged in Kemijoki Oy as a security for borrowing from the Finnish State Nuclear Waste Management Fund, and EUR 81 million (31 Dec 2020: 105) of real estate mortgages for the liability to the Finnish State Nuclear Waste Management Fund. In addition, Fortum has pledged EUR 497 million (31 Dec 2020: 495) of securities and cash for trading of electricity, gas and CO_2 emission allowances, and EUR 185 million (31 Dec 2020: 275) of other real estate mortgages.

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

20. Legal actions and official proceedings

Various routine court actions, arbitration proceedings, tax and regulatory investigations and proceedings are currently pending against entities of the Group, and further actions or proceedings may be instituted or asserted in the future. Through the acquisition of Uniper, the Group is facing wider exposure, in addition to dispute under public law, this in particular includes legal actions and proceedings on contract amendments and price adjustments initiated in response to market upheavals and the changed economic situation in the gas and electricity sectors (also as a consequence of the energy transition) and concerning anticompetitive and fraudulent practices, as well as general commercial contract disputes.

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

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

Public-law disputes are pending, in particular, in connection with the operating license for the hard-coal power plant in Datteln, Germany, and in connection with financial compensation for the effects of the Dutch coal exit on the hard-coal power plant in Maasvlakte (MPP3). With regards to Datteln, the Higher Administrative Court of North Rhine-Westphalia (OVG) declared the project based development plan invalid. Proceedings to appeal this decision have been initiated. Applying the provisions of IAS 37.92, Fortum is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, particularly because such disclosure could prejudice their outcome.

Tax cases in Belgium

On 16 June 2020, the Court of Appeal of Ghent, Belgium, ruled in favour of Fortum on Fortum's income tax assessments in Belgium for the year 2008. The decision concerns Fortum's Belgian financing company, Fortum EIF NV, which granted internal financing to a Swedish group company for financing of an acquisition in Russia. The Belgian tax authorities argued that Fortum EIF should not benefit from the notional interest deduction regime in Belgium and disagreed with the Court of Appeal ruling. In September 2020, the Belgian tax authorities filed an appeal to the Supreme Court.

The additional taxes claimed for 2008 amount to EUR 36 million. Fortum has similar tax cases pending for the years 2009-2012 and expects the remaining years to follow the decisions for 2008. The disputed amount for years 2008-2012 totals EUR 114 million. All taxes have been paid and recognised as income tax receivables. Should the decision from the Court of Appeal of Ghent become final, the possible repayment of the disputed amounts of EUR 114 million would have a positive cash flow effect for Fortum.

21. Related party transactions

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

Transactions with associates and joint ventures

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Sales	9	66	222	153	201	270
Purchases	163	128	623	358	624	889
Other income	1	40	323	60	89	352
Interest income on loan receivables	7	6	20	10	15	25

Balances with associates and joint ventures

EUR million	30 Sept 2021	31 Dec 2020
Long-term interest-bearing loan receivables	1,155	1,113
Trade and other receivables	84	307
Long-term loan payables	226	293
Short-term loan payables	151	84
Trade and other payables	91	256

In addition, Fortum has long-term purchase commitments of approximately EUR 1.9 billion at 30 September 2021 from associates and joint ventures.

Other transactions with related parties

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

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

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

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

22. Events after the balance sheet date

On 7 October 2021, Fortum's subsidiary Uniper announced plans to fundamentally restructure its engineering business, which has approximately 1,100 employees mainly located in Germany and the United Kingdom. The implementation of the plans will involve organisational changes, headcount reduction, and divestment of individual business activities.

23. Definitions and reconciliations of key figures

Alternative performance measures

Business performance	Definition	Reason to use the measure	Reference to reconciliation
Comparable EBITDA	Operating profit + depreciations and amortisations - items affecting comparability	Comparable EBITDA is representing the underlying cash flow generated by the total Group and segments. Used as a component in the capital structure target of Financial net debt to Comparable EBITDA.	Key ratios after cash flow statement
Comparable operating profit	Operating profit - items affecting comparability	Comparable operating profit is used in financial target setting and forecasting, management's follow up of financial performance and allocation of resources in the group's performance management process.	Income statement
Items affecting comparability	Impairment charges and reversals + capital gains and other related items + impact from acquisition accounting + changes in fair values of derivatives hedging future cash flow + other	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Impairment charges and reversals	Impairment charges and related provisions (mainly dismantling), as well as the reversal of previously recorded impairment charges. Impairment charges are adjusted from depreciation and amortisation, and reversals from other income.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Capital gains and other related items	Capital gains and transaction costs from acquisitions, which are adjusted from other income and other expenses respectively. Profits from the capital recycling business model are presented in comparable operating profit because the business results are realised through divesting the shareholding, either partially or totally.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Impact from acquisition accounting	Non-cash accounting impact resulting from reclassifying part of Uniper's other comprehensive income to the income statement when Uniper was consolidated as a subsidiary.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Changes in fair values of derivatives hedging future cash flow	Effects from financial derivatives hedging future cash-flows where hedge accounting is not applied or own use exemption cannot be used according to IFRS 9, which are adjusted from other income or to sales and materials and services respectively when calculating Fortum's alternative performance measures.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement

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

Capital structure	Definition	Reason to use the measure	Reconciliation
Financial net debt / comparable EBITDA	Financial net debt / 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 14 Interest-bearing net debt
Adjusted net debt	Financial net debt + underfunded pension obligations and asset retirement obligations, net of share in nuclear waste funds	Adjusted net debt is used in the follow-up of the indebtedness of the group.	Note 14 Interest-bearing net debt

Other key figures

Share based key figures

Earnings per share (EPS)

$$\frac{\text{Profit for the period - non-controlling interests}}{\text{Average number of shares during the period}}$$

Comparable earnings per share

$$\frac{\text{Comparable net profit}}{\text{Average number of shares during the period}}$$

Equity per share

$$\frac{\text{Shareholder's equity}}{\text{Number of shares at the end of the period}}$$

Other key figures

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

Definitions for tax figures

Effective income tax rate, %

$$\frac{\text{Income tax expense}}{\text{Profit before income tax}} \times 100$$

Comparable effective income tax rate, %

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

Reconciliations of alternative performance measures

Comparable EBITDA

EUR million	Note	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
IS Operating profit		-3,105	-1	-2,600	1,141	1,599	-2,142
+ IS Depreciation and amortisation		314	311	935	770	1,090	1,255
EBITDA		-2,791	310	-1,665	1,911	2,688	-888
- IS Items affecting comparability	4	3,365	-178	4,066	-724	-255	4,536
Comparable EBITDA		**574**	**132**	**2,401**	**1,187**	**2,434**	**3,648**

Comparable operating profit

EUR million	Note	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
IS Operating profit		-3,105	-1	-2,600	1,141	1,599	-2,142
- IS Items affecting comparability	4	3,365	-178	4,066	-724	-255	4,536
IS **Comparable operating profit**	4	**260**	**-179**	**1,466**	**416**	**1,344**	**2,394**

Items affecting comparability

EUR million	Note	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Impairment charges and reversals		-46	-1	-78	-3	2	-73
Capital gains and other related items	6	2,612	299	2,686	781	765	2,670
Impact from acquisition accounting		-	-	-	-222	-222	-
Changes in fair values of derivatives hedging future cash flow		-5,871	-242	-6,558	-70	-675	-7,163
Other		-61	123	-116	238	386	31
IS **Items affecting comparability**	4	**-3,365**	**178**	**-4,066**	**724**	**255**	**-4,536**

Comparable net profit

EUR million	Note	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
IS Net profit		-1,768	103	-1,117	1,444	1,855	-706
- IS Items affecting comparability	4	3,365	-178	4,066	-724	-255	4,536
- Adjustments to share of profit/loss of associates and joint ventures	12	-3	-6	-25	50	0	-74
- Adjustments to finance costs - net	7	14	-49	-27	-44	-48	-31
- Adjustments to income tax expenses		-1,434	-17	-1,652	118	45	-1,725
- IS Non-controlling interests		1,047	71	1,014	-1	-32	982
- Adjustments to non-controlling interests		-1,051	-16	-1,173	31	-82	-1,286
Comparable net profit	4	**170**	**-93**	**1,086**	**874**	**1,483**	**1,695**

Comparable earnings per share

	Note	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Comparable net profit, EUR million	4	170	-93	1,086	874	1,483	1,695
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		**0.19**	**-0.10**	**1.22**	**0.99**	**1.67**	**1.90**

Financial net debt and adjusted net debt

EUR million	Note	30 Sept 2021	31 Dec 2020
+ Interest-bearing liabilities		**12,676**	**10,662**
- BS Liquid funds		**6,236**	**2,308**
- Non-current securities		107	98
- Collateral arrangement securities		484	432
- Securities in interest-bearing receivables		**591**	**530**
- BS Margin receivables		6,452	1,132
+ BS Margin liabilities		2,728	331
+/- Net margin liabilities/receivables		**-3,724**	**-801**
Financial net debt	14	**2,126**	**7,023**
+ BS Pension obligations		**1,161**	**1,520**
+ Other asset retirement obligations		816	821
- BS Share of Finnish and Swedish Nuclear Waste Funds		3,452	3,445
+ BS Nuclear provisions		3,769	3,866
+ Nuclear provisions net of assets in Nuclear Waste Funds		317	421
+ Total provisions net of assets in Nuclear Waste Funds		**2,294**	**2,762**
Adjusted net debt		**4,419**	**9,784**

See Note 14 Interest-bearing net debt.

Financial net debt/comparable EBITDA

EUR million	Note	2020	LTM
+ Interest-bearing liabilities		**10,662**	**12,676**
- BS Liquid funds		**2,308**	**6,236**
- Non-current securities		98	107
- Collateral arrangement securities		432	484
- Securities in interest-bearing receivables		**530**	**591**
- BS Margin receivables		1,132	6,452
+ BS Margin liabilities		331	2,728
+/- Net margin liabilities/receivables		**-801**	**-3,724**
Financial net debt	14	**7,023**	**2,126**
IS Operating profit		1,599	-2,142
+ IS Depreciation and amortisation		1,090	1,255
EBITDA		**2,689**	**-888**
- IS Items affecting comparability		-255	4,536
Comparable EBITDA		**2,434**	**3,648**
Financial net debt/comparable EBITDA		**2.9**	**0.6**

Market conditions and achieved power prices

Power consumption

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Nordic countries	83	81	293	279	383	397
Central western Europe	305	303	998	959	1,316	1,355
Central western European gas demand	305	346	1,567	1,447	2,111	2,231
Russia	248	233	792	750	1,033	1,075
Tyumen	21	19	65	64	86	87
Chelyabinsk	9	8	27	26	36	37
Russia Urals area	59	55	187	180	246	253
Russia Siberia area	49	47	158	152	209	215

Average prices	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Spot price for power in Nord Pool power exchange, EUR/MWh	68.3	8.9	50.9	10.0	10.9	41.5
Spot price for power in Finland, EUR/MWh	78.6	32.8	58.0	26.4	28.0	51.6
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	71.1	25.3	51.9	19.7	21.2	45.3
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	54.9	18.6	41.9	14.1	14.4	35.2
Spot price for power in the First Price Zone of Russia, RUB/MWh [1]	1,541	1,295	1,405	1,226	1,220	1,355
Spot price for power in the Second Price Zone of Russia, RUB/MWh [1]	914	856	911	888	873	889
Average capacity price for the Russia segment, tRUB/MW/month	531	555	564	592	608	587
Average capacity price for the Uniper segment, tRUB/MW/month	302	245	282	245	261	284
Spot price for power in Germany, EUR/MWh	97.1	36.1	69.2	27.7	30.4	61.5
Average regulated gas price in Urals region, RUB/1000 m^3	4,137	4,016	4,056	3,964	3,977	4,046
Average capacity price for the Russia segment's CCS, tRUB/MW/month [2] [3]	161	147	167	153	156	167
Average capacity price for the Russia segment's CSA, tRUB/MW/month [3]	1,079	970	1,143	1,033	1,058	1,139
Average capacity price for the Uniper segment's CCS, tRUB/MW/month [2] [3]	151	131	156	131	136	154
Average capacity price for the Uniper segment's CSA, tRUB/MW/month [3]	1,488	899	1,324	900	951	1,235
Spot price for power (market price), Urals hub, RUB/MWh [1]	1,304	1,109	1,206	1,066	1,068	1,173
CO_2, (ETS EUA), EUR/tonne CO_2	57	27	48	24	25	43
Coal (ICE Rotterdam), USD/tonne	148	51	102	48	50	91
Oil (Brent Crude), USD/bbl	73	43	42	43	43	62
Spot price for gas (TTF), EUR/MWh	48	8	31	8	9	27

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 Sept 2021	31 Dec 2020
Nordic water reservoirs level	83	105
Nordic water reservoirs level, long-term average	101	84
Central western European gas storage levels	413	439

Export/import

TWh (+ = import to, - = export from Nordic area)	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Export / import between Nordic area and Continental Europe + Baltics	-7	-6	-18	-18	-24	-24
Export / import between Nordic area and Russia	2	1	6	2	3	7
Export / import Nordic area, Total	-5	-5	-12	-16	-21	-17

Power market liberalisation in Russia

%	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Share of power sold at the liberalised price	78	76	79	77	77	79

Achieved power prices

	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Generation segment's Nordic achieved power price, EUR/MWh	43.7	37.1	39.5	34.7	34.8	38.4
Uniper segment's Nordic achieved power price, EUR/MWh	26.0	21.9	29.1	25.2	26.0	28.6
Russia segment's achieved power price, RUB/MWh	2,064	2,059	1,980	1,901	1,940	2,000
Russia segment's achieved power price, EUR/MWh [1]	23.9	23.1	22.4	23.8	23.4	22.4
Uniper segment's achieved power price in Russia, RUB/MWh [2]	2,072	1,768	1,670	1,595	1,554	1,632
Uniper segment's achieved power price in Russia, EUR/MWh [1] [2]	24.0	19.8	18.9	20.0	18.8	18.3

1) Translated using average exchange rate.
2) Comparable prices changed from previously reported.

Fortum's production and sales volumes

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

Power generation

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Power generation in Nordics	14.5	12.8	49.9	42.2	59.2	66.9
Power generation in other European countries	11.0	9.5	33.0	16.6	26.7	43.2
Power generation in Russia	15.8	14.5	52.3	37.7	55.6	70.2
Power generation in other countries	0.1	0.1	0.4	0.4	0.6	0.6
Total	**41.4**	**36.9**	**135.7**	**97.0**	**142.1**	**180.8**

Heat production

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Heat production in Nordics	0.6	0.6	3.6	3.5	5.1	5.3
Heat production in other European countries	1.5	1.6	6.8	4.6	7.1	9.3
Heat production in Russia	1.8	1.8	12.9	10.7	17.4	19.6
Total	**4.0**	**4.0**	**23.4**	**18.8**	**29.6**	**34.2**

Power generation capacity by segment

MW	30 Sept 2021	31 Dec 2020
Generation [1)]	8,040	8,163
Russia	4,672	4,928
City Solutions	1,059	988
Uniper [2)]	34,725	36,218
Total	**48,496**	**50,297**

1) Including 440 MW of Meri-Pori power plant, which is under reserve capacity agreement during period July 2020 - June 2022.
2) Including 875 MW of Heyden 4 power plant, which is under reserve capacity agreement during period July 2021 - September 2022.

Heat production capacity by segment

MW	30 Sept 2021	31 Dec 2020
Russia	7,613	8,437
City Solutions	3,026	4,057
Uniper	6,561	7,017
Total	**17,201**	**19,511**

Power generation by source in the Nordic area

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Hydro and wind power	6.2	6.4	22.7	20.6	29.6	31.7
Nuclear power	8.1	6.2	26.4	20.9	28.6	34.0
Thermal power	0.2	0.1	0.9	0.7	1.0	1.2
Total	**14.5**	**12.8**	**49.9**	**42.2**	**59.2**	**66.9**

Power generation by source in the Nordic area

%	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Hydro and wind power	43	50	45	49	50	47
Nuclear power	56	49	53	50	48	51
Thermal power	1	1	2	2	2	2
Total	**100**	**100**	**100**	**100**	**100**	**100**

Power generation by source in other European countries

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Hydro and wind power	1.5	1.2	3.8	2.3	3.3	4.8
Thermal power	9.5	8.3	29.3	14.2	23.4	38.4
Total	**11.0**	**9.5**	**33.0**	**16.6**	**26.7**	**43.2**

Power generation by source in other European countries

%	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Hydro and wind power	14	13	11	14	12	11
Thermal power	86	87	89	86	88	89
Total	**100**	**100**	**100**	**100**	**100**	**100**

Power sales

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Power sales in Nordics	1,128	552	3,357	1,692	2,494	4,160
Power sales in other European countries [1)]	5,969	5,236	15,914	9,975	16,226	22,166
Power sales in Russia	423	352	1,248	1,004	1,411	1,655
Power sales in other countries	8	4	22	15	19	26
Total	**7,528**	**6,144**	**20,542**	**12,686**	**20,150**	**28,006**

1) Including commodity trading.

Heat sales

EUR million	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Heat sales in Nordics	38	31	240	188	271	323
Heat sales in other European countries	119	77	447	258	410	599
Heat sales in Russia	17	14	103	91	145	158
Total	**175**	**121**	**790**	**537**	**825**	**1,079**

Power sales by area

TWh	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Finland	4.7	4.8	16.8	17.0	23.1	23.0
Sweden	11.1	9.8	38.6	31.5	44.7	51.8
Russia	17.9	16.5	61.5	46.8	68.3	83.0
Norway	2.2	2.4	10.0	9.8	13.8	14.0
Germany [1)]	87.4	110.6	262.6	215.0	338.8	386.4
United Kingdom	3.6	4.0	13.6	7.2	13.0	19.4
Netherlands	1.7	2.2	5.4	4.0	6.3	7.7
Other countries	2.9	4.2	7.7	6.0	8.1	9.8
Total	**131.5**	**154.6**	**416.2**	**337.2**	**516.0**	**595.0**

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	III/2021	III/2020	I-III/2021	I-III/2020	2020	LTM
Russia	1.8	1.8	12.9	10.6	17.4	19.7
Finland	0.3	0.3	2.1	2.1	2.9	2.9
Norway	0.1	0.1	1.2	1.0	1.5	1.7
Poland	0.2	0.2	2.5	2.2	3.4	3.7
Germany	0.7	0.7	2.8	1.4	2.4	3.8
Netherlands	0.6	0.7	2.4	1.3	2.3	3.4
Other countries	0.1	0.3	1.2	1.3	1.9	1.8
Total	**4.0**	**4.1**	**25.0**	**19.9**	**31.7**	**36.8**