

Fortum Interim Report

JANUARY-SEPTEMBER 2023



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Financial results discussed in this third-quarter interim report comprise the continuing operations of the Fortum Group. As a result of the Presidential decree (No. 302) issued by Russia on 25 April 2023 and the seizure of Fortum’s Russian assets, the company lost control of its Russian operations. Consequently, the Russia segment was deconsolidated and reclassified as discontinued operations in the second quarter of 2023. Comparative information for the first quarter of 2023 and for 2022 was restated following the reclassification of the Russia segment as discontinued operations. The Uniper segment is included in the comparison figures for 2022, as it was deconsolidated and reclassified as discontinued operations in September 2022. For further details, see Notes 1, 2 and 6.

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

Resilient performance amid lower Nordic power prices – good hedging resulted in solid achieved power price

July–September 2023, continuing operations

- Comparable EBITDA was EUR 318 (454) million.
- Comparable operating profit was EUR 226 (354) million.
- Operating profit was EUR 251 (901) million. In the comparison period, items affecting comparability included fair value changes in non-hedge-accounted derivatives of EUR 409 million and tax-exempt capital gains of EUR 138 million.
- Comparable earnings per share were EUR 0.23 (0.31).
- Earnings per share were EUR 0.21 (0.82).
- Cash flow from operating activities totalled EUR 429 (366) million.

January–September 2023, continuing operations

- Comparable EBITDA was EUR 1,443 (1,251) million.
- Comparable operating profit was EUR 1,186 (942) million.
- Operating profit was EUR 1,286 (2,141) million, mainly impacted by fair value changes in non-hedge-accounted derivatives. In the comparison period, items affecting comparability included tax-exempt capital gains of EUR 780 million.
- Comparable earnings per share were EUR 0.93 (0.79).
- Earnings per share were EUR 1.23 (1.86).
- Cash flow from operating activities totalled EUR 1,561 (1,266) million.
- Financial net debt was EUR 474 million and the financial net debt-to-comparable EBITDA ratio was at 0.2 times for the last twelve months.
- In March, the Group's new strategy and new financial and environmental targets were published. A renewed Group operating model, business structure and a revised Fortum Leadership Team became effective at the end of March.
- In April, the Russian authorities seized control of Fortum's assets in Russia, Fortum lost control and deconsolidated and reported these operations as discontinued operations.
- In the second quarter, the Russian assets were fully written down and impairments of EUR 1.7 billion (equity impact) and deconsolidation-related negative cumulative foreign exchange translation differences of EUR 1.9 billion (no equity impact) were recorded.
- On 17 May, Fortum successfully issued five- and ten-year bonds with a total nominal amount of EUR 1.15 billion.
- On 7 June, Fortum agreed to acquire the entire shareholding in the Swedish electricity solutions provider Telge Energi AB on a cash and debt-free basis for approximately SEK 450 million (EUR 39 million). On 31 August, the transaction was completed.
- On 21 June, Fortum announced that it will invest approximately EUR 225 million in waste heat projects in Espoo and Kirkkonummi in Finland.
- On 29 September, Fortum announced that it will invest over SEK 700 million (over EUR 60 million) during 2023-2030 to modernise Untra, one of Sweden's oldest hydropower plants.

Summary of outlook

- The Generation segment's Nordic outright generation hedges: approximately 75% hedged at EUR 50 per MWh for the remainder of 2023, approximately 65% at EUR 47 per MWh for 2024, and approximately 30% at EUR 43 per MWh for 2025.
- UPDATE: Capital expenditure, including maintenance but excluding acquisitions, is expected to be approximately EUR 650 million in 2023 (earlier EUR 700 million) and approximately EUR 550 million in 2024. Fortum also revises its outlook for capital expenditure for the years 2023–2025 and expects it to be up to 1 billion (earlier up to EUR 1.5 billion).
- UPDATE: Fortum revises the estimated optimisation margin included in the achieved power price to be in the range of EUR 6–8 per MWh (earlier EUR 1–3 per MWh).
- UPDATE: Fortum revises the estimate for comparable effective income tax rate to be in the range of 18–20% for 2023 (previously 20–23%) and for 2024 to be in the range of 18–20% (previously 19–21%).
- Fortum is initiating an efficiency programme with the target to lower its annual fixed cost base by EUR 100 million gradually until end of 2025.

Key figures, continuing operations

EUR million or as indicated	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Reported						
Sales	1,220	1,890	4,853	5,367	7,774	7,260
Operating profit	251	901	1,286	2,141	1,967	1,112
Share of profit/loss of associates and joint ventures	-9	-14	-30	-126	-185	-89
Net profit	187	726	1,102	1,657	2,084	1,529
Net profit (after non-controlling interests)	188	727	1,104	1,649	2,080	1,534
Earnings per share, EUR	0.21	0.82	1.23	1.86	2.34	1.71
Net cash from operating activities	429	366	1,561	1,266	1,717	2,012

EUR million or as indicated	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Comparable						
EBITDA	318	454	1,443	1,251	2,025	2,218
Operating profit	226	354	1,186	942	1,611	1,855
Share of profit/loss of associates and joint ventures	9	10	-24	28	-40	-92
Net profit (after non-controlling interests)	204	279	833	706	1,076	1,203
Earnings per share, EUR	0.23	0.31	0.93	0.79	1.21	1.34

EUR million or as indicated	31 Dec 2022	LTM
Financial position		
Financial net debt (at period-end)	1,084	474
Financial net debt, at period-end, excl. Russia	1,127	N/A
Financial net debt/comparable EBITDA excl. Russia	0.6	0.2

Key figures, total of continuing and discontinued operations

Fortum's condensed consolidated income statement and consolidated cash flow statement include the Russia segment as discontinued operations in the first quarter of 2023 and in 2022, and the Uniper segment as discontinued operations in 2022. Comparative information for the first quarter of 2023 and all quarters of 2022 was restated following the classification of the Russia segment as discontinued operations in the second quarter of 2023. For further details, see Note 1.

EUR million or as indicated	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Reported						
Net profit (after non-controlling interests)	188	6,099	-2,479	-1,809	-2,416	-3,087
Earnings per share, EUR	0.21	6.86	-2.76	-2.04	-2.72	-3.45
Net cash from operating activities	429	-8,120	1,670	-9,374	-8,767	2,278
Comparable						
Net profit (after non-controlling interests)	204	-1,990	867	-1,204	-988	1,083
Earnings per share, EUR	0.23	-2.24	0.97	-1.36	-1.11	1.21

Fortum's President and CEO Markus Rauramo:

"The continued high level of LNG imports, comforting gas storage levels and reduced energy demand have pushed European energy prices lower during the most recent two quarters this year. Precipitation was high in the Nordics during the third quarter, resulting in rapidly increasing inflow and hydro reservoir levels. In combination with increased capacity, as a result of the commissioning of Olkiluoto 3 and significant growth in installed wind capacity, this put pressure on and notably lowered the Nordic spot prices during the quarter. In the third quarter, power prices were volatile due to the higher share of wind supply, unexpected limitations in power supply and new concerns regarding security of supply ahead of the winter.

The lower Nordic spot power price is reflected in our third-quarter results; however, thanks to our prudent hedging and successful physical optimisation, we performed with resilience, and our achieved power price was at a solid level. The main reason for the result decline in our Generation segment was the lower achieved power price compared to one year ago, although this was partly offset by higher hydro volumes. The result development in the Consumer Solutions and Other Operations segments continued to weaken. In January-June, our overall Group performance was very strong, but signs of frail, softening markets and demand started to occur in the third quarter.

One of our strategy's cornerstones is to deliver clean energy, and our focus now is to constantly optimise and ensure that our existing generation fleet stays competitive. In the third quarter, our operational efficiency ensured high availability and good load factors despite the annual outages at our nuclear power plant in Loviisa. We also announced the modernisation of our hydropower plant Untra, one of Sweden's oldest hydropower plants, an investment of approximately EUR 60 million during 2023-2030. At the beginning of October, we also signed a fixed-price 13-year PPA agreement with the Norwegian Hydro Energi AS, which supports decarbonisation of industries while at the same time contributes to the stabilisation of our outright power portfolio.

Overall, geopolitical tensions are again on the rise and global economic growth is expected to be lacklustre; inflation is still high and elevated interest rates are not supporting investments at the moment. Our two-phased strategy responds well to this situation, and right now our focus is to manage the prevailing uncertainty. To succeed in this challenging environment going forward, we must transform and develop. Compared to a year ago, Fortum is a different and much smaller company. Therefore, we need to adjust to fit the new structure and purpose and are now launching an efficiency improvement programme with the target to lower annual fixed costs by EUR 100 million gradually until the end of 2025. We are also addressing turnaround actions for underperforming businesses as well as the rescope of our focus areas. To reach the target, it is unfortunately expected that actions will also include personnel reductions. To reflect the softer power demand and postponed investment appetite by industrials, we are lowering our growth capital expenditure guidance both on an annual level and also for growth, from up to EUR 1.5 billion to up to EUR 1 billion for the years 2023-2025.

Strong financial discipline is also of high strategic importance to us and continues to be the hallmark of our decisions and actions. Considering the current weaker market situation, we are very satisfied that we have managed to stabilise our financial position faster than expected. At the end of September, our leverage was very low at 0.2 times and we continue to have sufficient liquidity and credit line buffers. I am also pleased to say that we have started preparations for the Green Finance Framework.

Fortum welcomes the recent agreement on the European electricity market design legislation. The draft legislation, which was driven by the energy crisis last year, aims to respond to concerns relating to price volatility and to provide instruments that help to make the energy market more stable and predictable.

Despite the short-term uncertainty resulting from postponed investments and low visibility into demand growth, we maintain determined to drive decarbonisation together with our customers. The Nordics – and especially Fortum – are in a unique position in this clean energy transition as we are one of the few providers of CO₂-free power at scale.”

Changes in the reporting structure

Fortum reorganised its operating structure at the end of March 2023. The target of the new organisation is the successful implementation of the company’s new vision and strategy. The new organisation consists of the following business units: Corporate Customers and Markets, Nuclear Generation, Hydro Generation, Renewables and Decarbonisation, Consumer Solutions, and Circular Solutions.

Fortum revised its financial segment reporting to reflect the new business structure and strategy. As of the first quarter of 2023, Fortum reports its financial performance in the following reportable segments:

- The Generation segment includes the Corporate Customers and Markets, Nuclear Generation, Hydro Generation, and Renewables and Decarbonisation business units.
- The Consumer Solutions segment includes the Consumer Solutions business unit.
- The Other Operations segment includes the Circular Solutions business unit, innovation and venturing activities, enabling functions and corporate management.

On 17 April, Fortum published restated segment information for the year 2022 for the new reportable segments.

Following the Presidential decree (No. 302), dated 25 April 2023, the Russian authorities seized control of Fortum’s assets in Russia. Based on the control assessment, Fortum lost control of its Russian operations and the Russia segment was consequently deconsolidated and reported as discontinued operations in the second quarter of 2023. On 11 May, to reflect the deconsolidation of the Russian operations, Fortum published the restated comparative consolidated income statement, consolidated statement of other comprehensive income, consolidated cash flow statement and certain quarterly key ratios for the year 2022 and for the first quarter of 2023. The consolidated balance sheet was not restated.

Following the signing of the agreement in principle with the German Government to divest Uniper, Uniper was deconsolidated and reclassified as discontinued operations in the third quarter of 2022. The transaction was completed in December 2022.

The financial results discussed in this Interim Report relate to the continuing operations of Fortum Group.

Fortum’s strategy

At the beginning of March 2023, Fortum’s Board of Directors resolved on Fortum’s new strategy. Fortum’s strategic priorities are to deliver reliable clean energy and drive decarbonisation in industries in the Nordics.

The strategy includes new financial and sustainability targets:

- Updated financial guidance to ensure a credit rating of at least BBB and optimal financial flexibility for future growth with long-term financial net debt-to-comparable EBITDA of 2.0–2.5 times.
- UPDATE: Disciplined growth in clean energy with revised capital expenditure of up to EUR 1.0 billion during 2023–2025 (previously up to EUR 1.5 billion). Investment hurdles of project WACC + 150–400 basis points will be applied and evaluated against the company’s climate and biodiversity targets.
- Renewed dividend policy with a payout ratio of 60–90% of comparable EPS. Fortum’s 2023 Annual General Meeting approved a dividend of EUR 0.91 per share for the year 2022, corresponding to a pay out of 75% based on comparable EPS for continuing operations of EUR 1.21.

- Tightened environmental and decarbonisation ambitions with updated targets to reach carbon neutrality already by 2030, exit coal by the end of 2027, target for specific emissions, and commitment to SBTi (1.5°C) and biodiversity targets.

To enable the strategy execution and manage the current market uncertainty, Fortum will apply phasing of the key priorities. To ensure solid performance, the initial focus will be on optimising the best-in-class operations, with a focus on earnings and cash flow as well as the return to the fixed income markets for the refinancing of the Group's debt portfolio. This requires a selective and disciplined approach and a balance between capital expenditure, balance sheet and dividends. Simultaneously, Fortum will build capabilities for future growth by exploring opportunities and developing project pipelines together with industrial customers.

Financial results

Sales by segment

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Generation	847	1,023	3,081	2,848	4,465	4,698
Consumer Solutions	563	1,094	2,697	3,118	4,578	4,157
Other Operations	138	155	401	428	589	562
Netting of Nord Pool transactions	-239	-568	-898	-1,394	-2,312	-1,815
<i>Eliminations</i>	-89	186	-428	367	454	-342
Total continuing operations	1,220	1,890	4,853	5,367	7,774	7,260

Comparable EBITDA by segment

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Generation	307	415	1,422	1,132	1,876	2,165
Consumer Solutions	27	36	78	130	173	122
Other Operations	-16	3	-57	-11	-23	-69
Total continuing operations	318	454	1,443	1,251	2,025	2,218

Comparable operating profit by segment

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Generation	262	357	1,289	946	1,629	1,971
Consumer Solutions	10	17	27	73	97	51
Other Operations	-46	-20	-130	-77	-116	-168
Total continuing operations	226	354	1,186	942	1,611	1,855

Operating profit by segment

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Generation	273	424	1,689	1,320	2,128	2,497
Consumer Solutions	23	359	-274	772	-149	-1,195
Other Operations	-45	118	-129	49	-13	-190
Total continuing operations	251	901	1,286	2,141	1,967	1,112

July–September 2023

Sales decreased to EUR 1,220 (1,890) million, mainly due to lower electricity prices.

Comparable operating profit decreased to EUR 226 (354) million. The Generation segment results decreased to EUR 262 (357) million, mainly due the lower achieved power price partly offset by higher hydro volumes. The Consumer Solutions earnings were lower, mainly due to customers migrating to lower margin spot products especially in Sweden and Norway.

Operating profit for the period was impacted by EUR 25 (547) million of items affecting comparability. In the comparison period, items affecting comparability included tax-exempt capital gains of EUR 138 million from the divestments of the Recharge and Plugsurfing businesses and EUR 409 million related to changes in fair values of non-hedge-accounted derivatives.

Comparable share of profits of associates and joint ventures was EUR 9 (10) million (Note 7).

Comparable earnings per share were EUR 0.23 (0.31).

January–September 2023

Sales decreased to EUR 4,853 (5,367) million, mainly due to lower electricity prices.

Comparable operating profit was EUR 1,186 (942) million. The result improvement was clearly driven by the higher achieved power price in the Generation segment, albeit with a negative effect from lower earnings in the Consumer Solution segment.

Operating profit for the period was impacted by EUR 101 (1,199) million of items affecting comparability, mainly related to changes in fair values of non-hedge-accounted derivatives. In the comparison period 2022, items affecting comparability also included tax-exempt capital gains of EUR 638 million for the divestment of Fortum Oslo Varme and EUR 138 million from the divestments of the Recharge and Plugsurfing businesses and EUR 428 million related to changes in fair values of non-hedge-accounted derivatives (Note 4).

Comparable share of profits of associates and joint ventures was EUR -24 (28) million (Note 7). The share of profits of associates and joint ventures amounted to EUR -30 (-126) million, including effects from nuclear waste-related provisions and nuclear waste funds in co-owned nuclear companies of EUR -39 (-137) million.

Finance costs – net amounted to EUR -162 (-100) million. Finance costs – net includes interest expenses on borrowings of EUR 230 (111) million and interest income on loan receivables and deposits of EUR 106 (19) million. In January–September 2023, the interest expenses relating to the bridge financing loan provided by the Finnish state-owned holding company Solidium were EUR 41 (26 in 2022) million. Comparable finance costs – net amounted to EUR -130 (-61) million (Note 8).

Income taxes for the period totalled EUR 7 (-257 tax expense) million. In January–September 2023, income taxes included EUR 224 million relating to the one-time positive tax impacts, mainly recognised in Ireland and in the Netherlands, due to the impairment of the Russian assets. The comparable effective income tax rate was 19.1% (21.4%) (Note 9).

Net profit was EUR 1,104 (1,649) million and comparable net profit was EUR 833 (706) million. Comparable net profit is adjusted for items affecting comparability, adjustments to the share of profit of associates and joint ventures, finance costs – net, income tax expenses and non-controlling interests (Note 4.2).

Earnings per share for continuing operations were EUR 1.23 (1.86). Comparable earnings per share for continuing operations were EUR 0.93 (0.79) (Note 4).

For further details, see ‘Segment reviews’.

Financial position and cash flow

Cash flow

In January–September, net cash from operating activities increased by EUR 295 million to EUR 1,561 (1,266) million, mainly due to the improved comparable EBITDA and positive change in working capital, the positive effect of which was partly offset by higher paid income taxes.

Net cash from investing activities, EUR 1,491 (-3,075) million, was positively impacted by the significant decrease in margin receivables of EUR 1,937 (increase 2,401) million. Capital expenditure amounted to EUR 446 (302) million. Divestment of shares and capital returns in the comparison period of 2022, EUR 1,156 million, mainly include the divestment of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway. The comparison period also includes the EUR 1,500 million payment to Uniper from Fortum's granted shareholder loan. In December 2022, when Fortum sold its ownership in Uniper and the transaction was closed, Uniper repaid the entire shareholder loan of EUR 4,000 million to Fortum. The consideration of EUR 498 million received from the sale of the Uniper shares is presented in the cash flow from discontinued operations in 2022.

Net cash used in financing activities was EUR -2,178 (852) million. The net repayments in interest-bearing liabilities were EUR 1,539 (net proceeds 1,505) million, while the change in margin liabilities was EUR -239 (546) million. The first instalment of the dividend of EUR 413 million was paid on 24 April 2023 (1,013). The second instalment was paid on 10 October 2023, impacting the fourth quarter 2023 cash flow.

Liquid funds increased by EUR 875 (decrease 956) million.

Cash flow from discontinued operations in 2023 include Russia-related cash flows from the first quarter of 2023 netted with liquid funds of EUR 284 million lost through the seizure of the Russian assets.

Liquid funds at the beginning of the period, EUR 3,919 million, included liquid funds of EUR 247 million held by the Russia segment.

For further details, see the 'Financing' section below.

Assets

At the end of the third quarter of 2023, total assets amounted to EUR 18,842 (23,642 at the end of 2022) million. The change from December 2022 was mainly related to the deconsolidation of the Russian assets during the second quarter of 2023 and lower fair values of derivative financial instruments as well as reduced margin receivables. At the end of the third quarter, net margin receivables amounted to EUR 559 (2,255 at the end of 2022) million.

Equity

Total equity amounted to EUR 8,501 (7,737 at the end of 2022) million. Equity attributable to owners of the parent company totalled EUR 8,444 (7,670 at the end of 2022) million. The equity was negatively impacted by the net loss for the period of EUR 2,479 million and the dividend of EUR 817 million approved by the Annual General Meeting in April 2023. In addition to the profit from continuing operations for the period, the net loss for the period includes the full write-down of the Russian assets of EUR 1.7 billion, and EUR 1.9 billion negative cumulative translation differences previously recognised in equity. These cumulative translation differences were recycled from equity to the income statement, due to the deconsolidation according to IFRS, and did not impact total equity. The equity was positively impacted by the fair valuation of cash flow hedges of EUR 2,224 million.

A dividend for 2022 of EUR 0.91 per share, amounting to a total of EUR 817 million, was approved by the Annual General Meeting on 13 April 2023. The first dividend instalment of EUR 0.46 per share, totalling EUR 413 million, was paid on 24 April 2023. The second dividend instalment of EUR 0.45, amounting to a total of EUR 404 million, is recorded as a liability and included in 'Trade and other payables' on the balance sheet at 30 September 2023. The second instalment was paid on 10 October 2023.

Financing

In January–September 2023, commodity prices trended down and the extreme volatility decreased. Due to the declining prices and the consequent release of cash collaterals in combination with the financing measures taken during 2023, the Group's financial position is very solid. At the end of September, the ratio for financial net debt to comparable EBITDA for continuing operations was very low, at 0.2 times for the last twelve months.

At the end of the third quarter of 2023, financial net debt was EUR 474 (1,084 at the end of 2022) million. Fortum's total interest-bearing liabilities were EUR 5,918 (7,785 at the end of 2022) million and liquid funds amounted to EUR 4,552 (3,919 at the end of 2022) million. The first dividend instalment, EUR 413 million, was paid on 24 April 2023.

During the first quarter, Fortum repaid the drawn amount EUR 600 million of its Liquidity revolving credit facility and a EUR 1,000 million maturing bond. In March, Fortum repaid the drawn amount of EUR 350 million and cancelled the entire EUR 2,350 million Finnish State bridge loan facility.

In May, Fortum successfully returned to the fixed income markets by issuing a dual-tranche bond with a five-year tranche of EUR 500 million carrying a fixed coupon of 4% and a ten-year tranche of EUR 650 million carrying a fixed coupon of 4.5%. Consequently, Fortum repaid the final drawn amount of EUR 500 million of its Liquidity revolving credit facility in May and the SEK 1,000 million bond in June.

In June, Fortum cancelled EUR 2,100 million of the total EUR 3,100 million Liquidity revolving credit facility, and the six-month extension option was used for the remaining facility of EUR 1,000 million with new maturity in December 2023. Fortum renewed its maturing drawn bullet loan of EUR 500 million to a new maturity date in February 2025. At the end of June, the remaining parent company guarantee facility of approximately EUR 1 billion granted to Uniper was released.

During the third quarter of 2023, the long-term loans and credit facilities remained unchanged.

Current loans, including EUR 717 million of the current portion of long-term loans, amounted to EUR 1,398 million. Short-term loans, EUR 681 million, include EUR 425 million of collateral arrangements and use of commercial paper programmes of EUR 255 million (Note 13).

The nuclear waste fund loans amounted to EUR 951 million (Note 13).

At the end of the third quarter 2023, Fortum had undrawn committed credit facilities of EUR 4,200 million, including the Liquidity revolving credit facility of EUR 1,000 million (maturity in December 2023 with a six-month extension option by Fortum), the Core revolving credit facility of EUR 2,400 million (maturity in June 2025 with a maximum two-year extension option by the lenders) and the bilateral EUR 800 million revolving credit facility (maturity in June 2025 with a one-year extension option by the lender). In addition, Fortum has EUR 100 million committed overdraft limits that are valid until further notice.

On 9 March, S&P Global Ratings affirmed Fortum's current BBB long-term credit rating and revised the outlook from negative to stable.

On 21 March, Fitch Ratings affirmed Fortum's long-term credit rating at BBB and revised the outlook from negative to stable.

Segment reviews

Generation

Generation is responsible for power generation mainly in the Nordics. The segment comprises CO₂-free hydro, nuclear, wind and solar power generation, as well as district heating and cooling, and decarbonisation of heat production assets. The Generation segment is responsible for hedging and value creation in both physical and financial power markets and is a customer interface for industrial and municipal customers to drive decarbonisation of industries and provide clean energy at scale. Furthermore, the business develops capabilities and projects in renewables, nuclear and clean hydrogen.

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Reported						
Sales	847	1,023	3,081	2,848	4,465	4,698
- power sales	778	913	2,725	2,355	3,802	4,173
of which Nordic outright power sales*	549	596	2,071	1,613	2,461	2,919
- heat sales	59	51	318	375	499	443
- other sales	10	59	37	118	163	82
Operating profit	273	424	1,689	1,320	2,128	2,497
Share of profit/loss of associates and joint ventures**	-11	-9	-30	-120	-178	-89
Capital expenditure and gross investments in shares	116	101	342	210	316	448
Number of employees			1,791		1,660	

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Comparable						
EBITDA	307	415	1,422	1,132	1,876	2,165
Operating profit	262	357	1,289	946	1,629	1,971
Share of profit/loss of associates and joint ventures**	7	15	-24	34	-34	-92
Return on net assets, %					23.2	27.6
Net assets (at period-end)			7,016	6,547	6,597	

* Nordic outright power sales includes hydro and nuclear generation. It does not include CHP and condensing power 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 2022).

Power generation by source

TWh	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Hydropower, Nordic	5.4	4.2	15.0	14.3	19.1	19.8
Nuclear power, Nordic	5.6	5.5	17.9	17.3	23.4	24.0
CHP and condensing power*	0.1	0.2	0.7	0.8	1.5	1.4
Total	11.2	9.9	33.6	32.4	44.1	45.3

* CHP and condensing power generation in Finland, Poland and Norway. Norwegian district heating company Fortum Oslo Varme is included in the comparison figures for 2022. The 50% ownership in Fortum Oslo Varme was divested in the second quarter of 2022.

Sales volumes

TWh	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Power sales volume, Nordic	16.8	11.2	43.6	37.4	51.7	57.9
of which Nordic outright power sales volume*	10.7	9.3	31.9	30.5	41.1	42.4
Power sales volume, Other	0.0	0.8	0.4	2.3	3.1	1.2
Heat sales volume, Nordic	0.2	0.3	1.4	2.4	3.1	2.1
Heat sales volume, Other	0.2	0.3	2.2	2.3	3.5	3.4

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

Achieved power price

EUR/MWh	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Generation's Nordic achieved power price*	51.2	63.9	65.0	52.8	59.9	68.9

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

July–September 2023

The Generation segment's total power generation increased in the third quarter of 2023. Hydro generation volumes increased by 29% due to higher hydro reservoir levels following record-high water inflow compared to the previous year. Nuclear volumes increased slightly compared to the previous year due to shorter planned annual outages in the nuclear fleet and the commercial operation of TVO's third Olkiluoto power plant unit (OL3), the effect of which was partly offset by certain unavailabilities and downregulation. Power and heat generation of CHP and condensing power was lower due to warmer weather in September.

The achieved power price decreased by EUR 12.7 per MWh, down by 20%, and was EUR 51.2 per MWh. The reason for the decrease in the achieved power price was the lower spot price and lower physical optimisation result, which were partly offset by a higher hedge price. The result of physical optimisation was exceptionally high in 2022 mainly due to extremely high volatility and higher power prices during the comparison period in 2022. While the spot power price decreased by 80% in the Generation segment's power generation areas, the negative result effect from the lower spot price on the achieved power price was offset by the fairly high hedge levels and a higher hedge price compared to the spot price. The spot price declined to 33 EUR/MWh compared to 166.2 EUR/MWh in the third quarter in 2022.

Comparable operating profit decreased by 27% impacted mainly by the lower achieved power price partly offset by higher hydro volumes and lower depreciations due to the lifetime extension of the Loviisa nuclear power plant (Note 3). The result of the district heating business was negatively impacted by lower electricity prices and higher fixed costs, which was partly offset by increased heat prices and lower fuel costs.

Operating profit was affected by EUR 11 (67) million of items affecting comparability, related to the fair value change of non-hedge-accounted derivatives (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 7 (15) million (Notes 3 and 7).

January–September 2023

The Generation segment's total power generation increased compared to January–September 2022. Nuclear generation increased due to electricity generation from TVO's third Olkiluoto power plant unit OL3, the effect of which was partly offset by planned annual outages. Hydro generation increased mainly due to record-high water inflow in the third quarter. The segment's overall operational performance and load factor for nuclear generation remained at a good level. CO₂-free generation accounted for 98% of total power generation. Power and heat generation of CHP and condensing power was lower due warmer weather in September and in the first quarter of 2023 and structural changes following the divestment of the 50% ownership in district heating company Fortum Oslo Värme AS in Norway in 2022.

The achieved power price increased by EUR 12.2 per MWh, up by 23 %, and was EUR 65.0 per MWh. The main reason for the increase in the achieved power price was the higher hedge price, the effect of which was partly offset by the lower physical optimisation result. The physical optimisation result remained at a high level but was somewhat lower than in the comparison period in 2022 and in the previous quarters. While the spot power price decreased by 57% in the Generation segment's power generation areas, the negative result effect from the lower spot price on the achieved power price was more than offset by the fairly high hedge levels and a higher hedge price. The SE2-area (Sundsvall) price difference to the system price had no impact on the achieved power price.

The 36% improvement in the comparable operating profit was derived from the higher achieved power price, higher hydro volumes and lower depreciations due to the lifetime extension of the Loviisa nuclear power plant in the power generation business (Note 3). The result of the district heating business was positively impacted by higher electricity and heat prices and the use of recently commissioned electric boiler heat production capacities in Espoo, Finland, partly replacing fossil fuel production used earlier, the effect of which was partly offset by higher fuel and CO₂ emission allowance prices. The comparison period in 2022 also includes approximately EUR 36 million from the Norwegian district heating operations that were divested in the second quarter of 2022 and tax-exempt sales gain of EUR 5 million from the divestment of the 250-MW Rajasthan solar plant in India (Note 3).

Operating profit was affected by EUR 400 (374) million of items affecting comparability, related to the fair value change of non-hedge-accounted derivatives. In the comparison period 2022, items affecting comparability included tax-exempt capital gains of EUR 638 million for the divestment of Fortum Oslo Varme and EUR -271 million related to changes in fair values of non-hedge-accounted derivatives. (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR -24 (34) million (Notes 3 and 7), partly impacted by inflation adjustments in Swedish nuclear waste-related provisions in co-owned nuclear companies.

On 16 February, the Finnish Government granted a new operating licence for both units at Fortum's Loviisa nuclear power plant until the end of 2050. Over the course of the new licence period, the plant is expected to generate up to 170 terawatt hours of CO₂-free electricity. Investments related to the continuation of operations and lifetime extension will amount to an estimated EUR 1 billion during the time period 2023-2050. Over the past five years, Fortum has already invested approximately EUR 300 million in refurbishing the Loviisa power plant. The Loviisa power plant is the first nuclear power plant in Finland.

On 30 March, Fortum received the licence from the Finnish Government to operate the final disposal facility for low- and intermediate-level radioactive waste until the end of 2090. The facility, operational since 1998, is located 110 metres underground on the Loviisa nuclear power plant site. The spent fuel generated at the Loviisa power plant will eventually be deposited in Posiva's final disposal facility for spent nuclear fuel, jointly owned by Fortum and Teollisuuden Voima (TVO).

On 16 April, after a test generation phase, regular electricity generation of TVO's third Olkiluoto nuclear power plant unit (OL3) in Finland started and the commercial operation of the plant began on 1 May. The total capacity of OL3 is approximately 1,600 MW (Fortum's share is approximately 400 MW), and it will produce approximately 14% of Finland's total electricity consumption (Note 14). In 2023, Fortum's annual share of OL3 regular electricity generation is expected to be approximately 2 TWh. On 10 October, TVO announced that the company had initiated an environmental impact assessment procedure (EIA) concerning the possible operating licence extension and potential power upgrading of the Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) plant units. At the moment, the plant units are licensed until 2038.

In October 2022, Fortum started a two-year feasibility study to explore prerequisites for new nuclear in Finland and Sweden. Fortum will examine commercial, technological and societal, including political, legal and regulatory, conditions both for small modular reactors (SMRs) and conventional large reactors. Potential ventures in the nuclear industry will most likely involve partnership constellations, and the feasibility study will also explore the potential for service business offerings for new projects in Europe and hydrogen for industrial applications. The feasibility study is an example of Fortum's strategic priorities to drive decarbonisation in industries and how the company works to find solutions for strategic customers to reduce their carbon footprint. In late 2022 and during 2023, Fortum has announced the exploration of potential cooperation and collaboration opportunities regarding nuclear with the Finnish energy company Helen, the French Electricité de France (EDF), the Swedish Kärnfull Next AB, the British Rolls-Royce SMR, the Finland-based stainless steel company Outokumpu, the Korea Hydro & Nuclear Power Co. (KHNP) and the American Westinghouse Electric Company. Any potential investment decisions will be made at a later stage.

On 5 June, Fortum and the steel company SSAB announced the launch of a joint commercial feasibility study and technical Front End Engineering Design (FEED) study to explore the possibilities of producing hydrogen-reduced fossil-free sponge iron in Raahe, Finland. In October, SSAB and Fortum have jointly concluded that it is not possible to find a commercial arrangement that would work for both parties given the existing preconditions and the FEED study has consequently been concluded.

On 15 June, Fortum announced the start of the design of a small-scale hydrogen pilot plant in Loviisa, Finland, piloted for industrial customer use.

On 20 June, Fortum announced that it is starting to develop an 80 MW industrial-scale solar power project in Virolahti. The project is Fortum's first solar power development project in Finland. On 25 August, the company announced it is investigating the possibility of a 90 MW solar park also in Havdhem, in southern Gotland. In line with its strategy, Fortum is exploring possibilities for growth in renewable power in the Nordics. The permit processes for a solar park in Finland and Sweden will take 1-3 years, and after a possible investment decision the construction is expected to take about a year.

On 21 June, Fortum announced that it had decided to invest approximately EUR 225 million during 2023-2027 in projects within the Espoo Clean Heat programme to drive decarbonisation and build sustainable waste heat solutions in the Helsinki metropolitan area. Fortum's district heat in Finland will be produced coal-free already in 2025 and carbon-neutral before 2030. A significant part of the programme's targets can be achieved by utilising waste heat from Microsoft's planned large-scale data centres that will be built in Espoo and Kirkkonummi. For further details, see the 'Capital expenditures' section.

On 29 September, Fortum announced that it will invest over SEK 700 million (over EUR 60 million) during 2023-2030 to modernise Untra, one of Sweden's oldest hydropower plants. The renovation will involve the replacement of three turbine units and a significant restructuring of the power plant, all aimed to ensuring Untra's ability to contribute to providing flexibility to the power system and to supplying fossil-free electricity to Sweden. For further details, see the 'Capital expenditures' section.

Consumer Solutions

Consumer Solutions is responsible for offering energy solutions to consumers including small- and medium-sized enterprises predominantly in the Nordics and Poland. Fortum is the largest energy solutions provider across different brands in the Nordics, with over two million customers. The business provides electricity, as well as related value-added and digital services, mainly to retail customers.

EUR million	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Reported						
Sales	563	1,094	2,697	3,118	4,578	4,157
- power sales	462	981	2,296	2,705	4,026	3,617
- gas sales	68	79	308	288	392	412
- other sales	33	34	92	126	161	127
Operating profit	23	359	-274	772	-149	-1,195
Capital expenditure and gross investments in shares	41	18	81	51	71	102
Number of employees			1,315		1,179	

EUR million	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Comparable						
EBITDA	27	36	78	130	173	122
Operating profit	10	17	27	73	97	51
Return on net assets, %					9.1	5.8
Net assets (at period-end)			537	1,039	1,365	

Sales volumes

TWh	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Electricity	6.2	5.5	22.8	21.4	29.6	31.0
Gas	1.0	0.8	3.6	3.5	4.8	4.9

Number of customers

Thousands*	30 Sep 2023	31 Dec 2022
Electricity	2,320	2,130
E-mobility**	60	70
Gas	40	40
Total	2,420	2,240

* Rounded to the nearest 10,000.

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

July–September 2023

The electricity sales volume increased by 13%, and the gas sales volume in Poland increased by 22%. As in the previous quarters of 2023, customers' active adaption of their consumption and lower electricity prices continued to shift consumer demand towards spot-priced electricity contracts in the Nordics in the third quarter. Total sales revenue decreased by 49%, due to lower electricity and gas prices in the Nordics and Poland.

Comparable operating profit decreased to EUR 10 million, mainly due to lower electricity sales margins, the impact of which was somewhat offset by higher gas sales. The decrease in electricity sales margins was mainly due to customers migrating to lower margin spot products especially in Sweden and Norway. Comparable operating profit also continued to be negatively impacted by the regulated price cap set for end users in 2023 by the Polish Government.

The customer base for electricity contracts increased by approximately 150,000 customers due to the completion of the acquisition and inclusion of Telge Energi AB on 31 August.

January–September 2023

The electricity sales volume increased by 6% and the gas sales volume in Poland increased by 3% in January–September 2023. Decreasing electricity and gas prices normalised consumption patterns during the second and third quarter, and consumers less actively targeted consumption to off-peak hours. Total sales revenue decreased by 14%, mainly from significantly lower electricity and gas prices in the Nordics and Poland in the third quarter.

Comparable operating profit decreased by EUR 46 million and was EUR 27 million, mainly due to lower sales margins, increased costs and lower sales of value-added services, the negative effect of which was partly offset by higher gas sales margins. The lower electricity sales margins were mainly the result of losses due to customer outflow in certain hedged customer contracts in very volatile and high-price market conditions especially during the first half of the year. The comparable operating profit was also negatively impacted by the regulated Polish price cap set for end users in 2023 by the Polish Government.

Compared to the end of 2022, the number of customers increased by approximately 180,000 in January–September, mainly due to the acquisition of Telge Energi AB.

To help support its customers in managing the exceptional market situation of unprecedentedly high and volatile power prices, Fortum continued to develop its product portfolio to meet its customers' needs. Fortum continues to offer advice on electricity conservation and encourages smart consumption, such as shifting consumption away from peak-hours to support the energy system. Fortum also offers support to customers on how to more actively manage invoices and provides flexible payment plans.

On 31 August, Fortum completed the acquisition of the Swedish electricity solutions provider Telge Energi AB from Telge AB. The total consideration for the entire shareholding in Telge Energi on a cash and debt-free basis was approximately SEK 450 million (EUR 39 million). The transaction was originally announced on 7 June.

Other Operations

The Other Operations segment includes the Circular Solutions business, which is responsible for operating, maintaining and developing Fortum's recycling and waste assets, as well as turbine and generator services and biobased solutions. The Other Operations segment also comprises innovation and venturing activities, enabling functions and corporate management.

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Reported						
Sales	138	155	401	428	589	562
- power sales	2	10	7	18	24	13
- heat sales	4	3	18	18	28	28
- waste treatment sales	60	61	163	158	219	224
- other sales	73	81	212	233	318	297
Operating profit	-45	118	-129	49	-13	-190
Share of profit/loss of associates and joint ventures	2	-5	1	-7	-7	0
Capital expenditure and gross investments in shares	21	27	72	78	111	105
Number of employees			2,287		2,149	

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Comparable						
EBITDA	-16	3	-57	-11	-23	-69
Operating profit	-46	-20	-130	-77	-116	-168
Share of profit/loss of associates and joint ventures	2	-5	1	-7	-7	0

July–September 2023

Comparable operating profit decreased by EUR 26 million and amounted to EUR -46 million, mainly due to lower results in Circular Solutions, especially the Recycling & Waste business, write-downs of certain IT projects, development costs for the new operating model and higher costs in enabling functions.

January–September 2023

Comparable operating profit decreased by EUR 53 million and amounted to EUR -130 million, mainly due to the higher costs in the Circular Solutions business largely arising from the expansion of the battery recycling business, write-downs of certain IT projects, development costs for the new operating model and higher costs in enabling functions. The comparable operating profit was also negatively impacted by unexpected outages at the Danish incineration facility in Nyborg in the first quarter of 2023. The comparison period included structural changes in the Circular Solutions business and one-time positive impacts from changes in pension fund arrangements in Sweden affecting the Group's enabling functions.

On 4 August 2023, Fortum announced that the company had decided to assess strategic options, including potential divestments of its Circular Solutions businesses, as a result of the continuous review of its business portfolio. In March 2023 when Fortum launched its new strategy, it was communicated that the Circular Solutions businesses are not in the core of the strategy. The Circular Solutions businesses are responsible for operating, maintaining and developing Fortum's recycling and waste assets, as well as turbine and generator services and biobased solutions. For further details, see the 'Capital expenditures' section.

Discontinued operations (Russia and Uniper)

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Sales	-	50,315	287	128,798	129,126	616
Comparable operating profit	-	-4,110	86	-4,562	-4,487	162
Operating profit	-	-3,815	-3,521	-16,612	-17,091	-4,000
Net profit from discontinued operations	-	-216	-3,582	-11,336	-12,374	-4,620
Net profit from discontinued operations, attributable to the owners of the parent	-	5,372	-3,583	-3,458	-4,496	-4,621
Net cash from/used in operating activities	-	-8,485	109	-10,640	-10,484	266

On 25 April, Fortum’s subsidiary PAO Fortum (Fortum JSC) was put under asset management based on a Russian Presidential decree that introduced a “temporary” asset management to assets owned by certain foreign entities in Russia. On 26 April, PAO Fortum announced that this caused a replacement of the company’s CEO, and the Russian State Property Management, Rosimushchestvo, seized control of Fortum’s assets in Russia and deprived Fortum of its shareholder rights. Fortum no longer has control of its Russian operations and the Russia segment was deconsolidated in the second quarter of 2023. Further, Fortum recorded impairments of EUR 1.7 billion (full book value) and deconsolidation-related negative cumulated foreign exchange translation differences of EUR 1.9 billion.

The impairments of EUR 1.7 billion negatively impacted the Group equity. However, the negative cumulative translation differences of EUR 1.9 billion were only reclassified within equity and recycled through the income statement as required by IFRS, having no impact on equity.

In order to protect its legal position and shareholder interests, Fortum will seek compensation through arbitration, in particular for the value of its shares in PAO Fortum and its investments in Russia, and has sent notices of dispute due to the Russian Federation’s violations of its investment treaty obligations under the Bilateral Investment Treaties that the Russian Federation has concluded with the Netherlands and Sweden. These notices of dispute are the first step required in arbitration proceedings, which are expected to be initiated in early 2024.

The Uniper segment is included in the comparison figures for 2022, as it was deconsolidated and reclassified as discontinued operations in September 2022 following the signing of the agreement in principle with the German Government to divest Uniper. The transaction was completed in December 2022.

For further details, see Notes 1, 2, 6 and 11.

Capital expenditures, divestments and investments in shares

In the third quarter of 2023, capital expenditures and investments in shares totalled EUR 179 (146) million. Capital expenditures were EUR 153 (139) million (Notes 3 and 6).

In January–September 2023, capital expenditures and investments in shares totalled EUR 496 (336) million. Capital expenditures were EUR 453 (314) million (Notes 3 and 6).

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

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts/started	Latest announced
Generation					
Pjelax-Böle and Kristinestad Norr, Finland	Wind	380		II/2024	12 Oct 2023
Loviisa, Finland	Nuclear	Lifetime extension			16 Feb 2023
Espoo and Kirkkonummi, Finland	Waste heat utilisation		360	IV/2025	21 Jun 2023
Untra, Sweden	Hydro	48			29 Sep 2023

Generation

On 3 March 2021, Fortum announced a substantial investment in dam safety in Sweden for an extensive rebuild of the over 100-year-old Forshuvud hydropower plant. Fortum is investing approximately SEK 650 million (approximately EUR 57 million) during 2021–2025. This investment guarantees safe operation of the power plant as a supplier of renewable electricity and balancing power for more weather-dependent types of power.

On 22 December 2021, Fortum announced an investment decision to construct the 380-MW Pjelax-Böle and Kristinestad Norr wind farm in Närpes and Kristinestad in Finland in partnership with the Finnish energy company Helen Ltd. Construction started in January 2022, and the wind farm is expected to be fully operational in the second quarter of 2024 at the latest. The construction project is progressing according to plan, and the testing of power generation at the wind farm started in October 2023. Fortum has a 60% majority and Helen a 40% minority ownership in the project; Fortum will consolidate the investment on its balance sheet. The total capital expenditure of the project is approximately EUR 360 million, of which Fortum's share is approximately EUR 216 million.

On 16 February, the Finnish Government granted a new operating licence for both units at Fortum's Loviisa nuclear power plant until the end of 2050. Over the course of the new licence period, the plant is expected to generate up to 170 terawatt hours of CO₂-free electricity. Investments related to the continuation of operations and lifetime extension will amount to an estimated EUR 1 billion during the time period 2023-2050. Over the past five years, Fortum has already invested approximately EUR 300 million in refurbishing the Loviisa power plant. The Loviisa power plant is the first nuclear power plant in Finland. The power plant has two units: unit 1 started operating in February 1977, and unit 2 in November 1980.

On 21 June, Fortum announced that it had decided to invest approximately EUR 225 million during 2023-2027 in projects within the Espoo Clean Heat programme to drive decarbonisation and build sustainable waste heat solutions in the Helsinki metropolitan area. Fortum's district heat in Finland will be coal-free already in 2025 and carbon-neutral before 2030. In March 2022, Fortum and Microsoft announced cooperation on waste heat. A significant part of the programme's targets can be achieved by utilising waste heat from Microsoft's planned large-scale data centres that will be built in Espoo and Kirkkonummi. The investment includes building heat pump plants on the Espoo and Kirkkonummi sites for waste heat recovery and approximately 15 km of new or upgraded district heating main pipeline. Of the project's total investment of EUR 225 million, approximately EUR 170 million is allocated to the years 2023-2025. Of the EUR 170 million, EUR 90 million is classified as growth capital expenditure and already included in the Group's committed growth capital expenditure of EUR 800 million for the years 2023-2025. Construction of Fortum's sustainable heat solutions on the Kirkkonummi site began in September 2023. Heat production with air-to-water heat pumps and electric boilers at the sites in Kirkkonummi and Espoo is expected to start in the heating season of 2025-2026. The district heat production capacity is expected to be approximately 180 MW per site, producing a total of approximately 1.4 TWh annually by utilising Microsoft Kirkkonummi and Espoo data centres' waste heat, air-to-water heat pumps and electric boilers.

On 29 September, Fortum announced that it will invest over SEK 700 million (over EUR 60 million) during 2023-2030 to modernise Untra, one of Sweden's oldest hydropower plants. After the modernisation, the power plant will have an output of 48 MW. The renovation will involve the replacement of three turbine units and a significant restructuring of the power plant, all aimed to ensure Untra's ability to provide flexibility to the power system and to supply fossil-free

electricity to Sweden. With the advanced turbine technology, the annual electricity production will increase from 270 GWh to approximately 300 GWh. Of the total investment, approximately half is classified as growth capital expenditure. Approximately EUR 15 million of the investment is already included in Fortum's committed growth capital expenditure of EUR 800 million for the years 2023-2025.

Consumer Solutions

On 7 June, Fortum announced that the company had agreed to acquire the entire shareholding in the Swedish electricity solutions provider Telge Energi AB on a cash and debt-free basis for approximately SEK 450 million (EUR 39 million) from Telge AB. The acquisition supports Fortum's strategic priorities and further strengthens its leading position in providing clean electricity solutions to consumer and enterprise customers in the Nordics. Telge Energi is among the 10 largest clean electricity retailers in Sweden, with a portfolio of approximately 150,000 customer contracts. In 2022, Telge Energi delivered 1.8 TWh of electricity, the total of which was clean energy, with an EBITDA of SEK 23 million (approximately EUR 2 million). The transaction required approvals from the municipal government and the local government council of Södertälje, as well as clearance by the European Commission. The transaction was completed on 31 August 2023.

Other Operations

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

In June 2021, Fortum made an investment decision to expand its lithium-ion battery recycling capacity by building a hydrometallurgical plant in Harjavalta. The investment of approximately EUR 30 million increased Fortum's hydrometallurgical recycling capacity and enabled the production of battery chemicals. In December 2022, Fortum announced that the construction work and the gradual deployment tests of the company's new battery material recycling facility in Finland were completed according to plan. On 27 April 2023, Fortum announced that the hydrometallurgical battery recycling facility had started commercial operations.

On 4 August 2023, Fortum announced that the company had decided to assess strategic options, including potential divestments of its Circular Solutions businesses, as a result of the continuous review of its business portfolio. In March 2023 when Fortum launched its new strategy, it was communicated that the Circular Solutions businesses are not in the core of the strategy. The Circular Solutions businesses are responsible for operating, maintaining and developing Fortum's recycling and waste assets, as well as turbine and generator services and biobased solutions. In 2022, these business operations employed approximately 1,300 people mainly located in the Nordics (Finland, Sweden and Denmark), and its comparable EBITDA was approximately EUR 70 million, however, has during this year declined from that level. At the end of 2022, the net assets of the Circular Solutions businesses were approximately EUR 700 million. Fortum expects the strategic assessment to take approximately one year.

Operating and regulatory environment

European power markets

After a mild winter, the continuing high level of LNG imports and reduced energy demand reduced European energy prices in the second and third quarters of 2023. In addition, precipitation was high in the Nordics during the third quarter, resulting in rapidly increasing inflow and hydro reservoir levels. Combined with increased capacity, owing to the commissioning of TVO's third nuclear power unit Olkiluoto 3 and significant growth in installed wind capacity, Nordic spot prices declined notably during the quarter.

According to preliminary statistics, power consumption in the Nordic countries was 79 (82) TWh during the third quarter of 2023. Power demand was clearly below the five-year average, due to continuous electricity savings in the industrial sector and warm weather at the end of the third quarter.

In Central Western Europe (Germany, France, Austria, Switzerland, Belgium and the Netherlands), power consumption was 293 (305) TWh in the third quarter of 2023, according to preliminary statistics. Power demand in Continental Europe continued to be clearly below the five-year average, affected by energy conservation measures.

At the beginning of the third quarter of 2023, the Nordic hydro reservoirs were at 82 TWh, which is 2 TWh below the long-term average and at the level of the previous year. Inflow was at a record high level while hydro generation was closer to normal levels, especially during August and September. At the end of the quarter, reservoir levels were at 106 TWh, which is 5 TWh above the long-term average and 16 TWh higher than in the previous year.

In the third quarter, power prices continued to decline, except for in Finland. The average system spot price at Nord Pool was EUR 28 (176) per MWh. The average area price in Finland was EUR 44 (220) per MWh. In Sweden, the average area price in the SE3 area (Stockholm) was EUR 28 (168) per MWh, and the price in the SE2 area (Sundsvall) was EUR 21 (55) per MWh. In Germany, the average spot price in the second quarter was EUR 91 (376) per MWh.

In late October, the Nordic system electricity forward price on Nasdaq Commodities for the remainder of 2023 was around EUR 59 per MWh and for 2024 around EUR 47 per MWh. The Nordic water reservoirs were at 107 TWh, which is about 6 TWh above the long-term average and 12 TWh higher than one year earlier. The German electricity forward price for the remainder of 2023 was around EUR 105 per MWh and for 2024 around EUR 125 per MWh.

European commodity markets

In the third quarter of 2023, gas demand in Central Western Europe was 249 (269) TWh. The Central Western European gas storage levels increased from 480 TWh at the beginning of the quarter to 607 TWh at the end of the quarter, which is 42 TWh higher than one year ago and 70 TWh higher than the five-year average (2018–2022). Gas storages were filled to above 90% as of late August, two months ahead of the EU-wide mandatory target of 90% by November 1.

The average gas front-month price (TTF) in the third quarter of 2023 was EUR 34 (205) per MWh. The 2024 forward price decreased from EUR 53 per MWh at the beginning of the quarter to EUR 47 per MWh at the end of the quarter, which is EUR 72 per MWh lower than one year earlier.

The EUA (EU Allowance) price decreased from EUR 89 per tonne at the beginning of the third quarter of 2023 to EUR 82 per tonne at the end of the quarter, which is EUR 15 per tonne higher than one year earlier.

The forward quotation for coal (ICE Rotterdam) for 2024 increased from USD 123 per tonne at the beginning of the third quarter of 2023 to USD 130 per tonne at the end of the quarter, which is USD 124 per tonne below the price one year earlier.

In late October, the TTF forward price for gas for the remainder of 2023 was EUR 53 per MWh. The forward quotation for EUAs for 2023 was at the level of EUR 79 per tonne. The forward price for coal (ICE Rotterdam) for the remainder of 2023 was USD 127 per tonne.

Regulatory environment

Council reaches an agreement on the European market design file

On 17 October, the Energy Council reached an agreement on the European market design (EMD) legislation. The aim of the revised market design is to accelerate decarbonisation, secure access to electricity for European households and industry to respond to concerns relating to price volatility, and to provide instruments that helps to make the energy market more stable and predictable. Fortum welcomes these developments as necessary to longer term attract investments into Europe's accelerating decarbonisation. The legislation is still subject to the trilogues negotiation, after which it will be transposed to national legislation during 2024.

National Capacity Remuneration Mechanisms (CRM) are being investigated in Finland and Sweden

Both the Finnish and Swedish governments are in the process of investigating what additional measures are needed to ensure capacity adequacy and security of electricity supply amidst industrial decarbonisation.

In Finland, the aim is to develop a cost-effective capacity mechanism or similar instrument to ensure the reliable supply of electricity. A government proposal is expected during 2024. In Sweden, the government is investigating various options to tackle the increasing challenges relating to capacity adequacy created by a combination of foreseen increasing demand and weather-dependent electricity supply. Concrete proposals are expected during 2024. Decarbonisation of our industries through electrification will over time require investments in stable and flexible power supply in addition to variable renewable generation to maintain a reliable, resilient and affordable power supply.

European Hydrogen Bank operational in November

In October, an important piece of EU hydrogen regulation was finalised when the revised Renewables Energy Directive was adopted. Renewable fuels of non-biological origin (RFNBO) have been explicitly incorporated into the industry and transport sector targets of the Renewable Energy Directive including sector specific targets for RFNBO by 2030. This is highly supportive of Fortum's strategic priorities to deliver clean energy and drive decarbonisation in industries.

To promote the production and uptake of RFNBOs within the EU, the Commission will launch a competitive bidding mechanism under the Innovation Fund to support domestic renewable hydrogen production exclusively within the European Economic Area. The pilot auction, the European Hydrogen Bank, worth of EUR 800 million is scheduled for November 2023 – February 2024. Funding is secured for up to a decade of operation as a fixed premium EUR/kg of RFNBO hydrogen. The pilot auction has a predefined ceiling price of 4.5 EUR/kg and requires hydrogen project developers to submit letters of intent for power purchase agreements with renewable electricity suppliers.

The Hydrogen Bank incentivises European industries to decarbonise their production via hydrogen generated exclusively in the EU using renewable electricity. The subsequent competitive biddings may also consider low-carbon hydrogen (from nuclear); however, the EU's legislative framework for low-carbon hydrogen is still pending.

Swedish nuclear waste fund financing

The national Debt Office in Sweden has presented its proposal for nuclear waste fund fees for the period 2024-2026. In December 2023, the government will decide on the new fees. According to the proposal, the fee for the Oskarshamn nuclear power plant will increase by 33% from 4.9 to 6.5 EUR/produced MWh and for Forsmark nuclear power plant by 50% from 2.6 to 3.9 EUR/produced MWh. The waste fund fees have an impact on Fortum's cash flow.

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 Teollisuuden Voima Oyj, Forsmarks Kraftgrupp AB, OKG AB and Kemijoki Oy. For more information, see Fortum's Financials 2022.

The global landscape has experienced a further escalation of conflict and increasing geopolitical uncertainty. Several regional and territorial disputes have worsened, increasing instability and insecurity in energy-producing regions, potentially disrupting energy supply chains and raising concerns about energy security.

A further escalation of the Russian war in Ukraine and hostile actions by the Russian Federation against foreign companies could have severe implications, such as an increased risk of sabotage or direct attacks on, for example, energy infrastructure in Fortum's operating countries. Sanctions are one result of this and the unpredictable nature of these sanctions adds further significant risk for Fortum. The EU, US and UK are implementing a broad range of sanctions towards Russia, targeting, for example, the financial and energy sectors, and various companies operating in Russia. Despite having lost control of the Russian business, the sanction risk remains for Fortum.

Russia's attack on Ukraine in February 2022 severely impacted Fortum's businesses. A number of geopolitical risks that negatively impact Fortum have realised, while other risks remain on an elevated level as a result of the ongoing war. In May 2022, Fortum resolved to exit all of its Russia operations and business relationships. Following the unlawful seizure by the Russian authorities and loss of control this year, the Russian assets were fully written down, deconsolidated and discontinued. Fortum has sent notices of dispute in order to protect its legal position and shareholder interests. These notices of dispute are the first step required in arbitration proceedings, which are expected to be initiated in early 2024.

One of the key factors influencing business performance is the Nordic electricity wholesale price. In the Nordics, power prices exhibit significant short- and long-term variations on the back of several factors, including, but not limited to, weather conditions, outage patterns in production and transmission lines, CO₂ emission allowance prices, commodity prices and the supply-demand balance. The increased geopolitical uncertainty and fragile market balance, the continued lack of supply of Russian pipeline gas and other fuels, and fears of escalation of other conflicts may impact power and other commodity prices and volatility, especially in case of a cold winter or disturbances to other sources of power or gas supply. In general, price volatility is expected to continue also with the increasing share of intermittent generation and the occasionally re-emerging concerns over security of energy supply. This also increases the risk of further political market interventions going forward.

The general market sentiment has led to a higher commodity market risk. An economic downturn, lower commodity prices, warm weather or wet hydrology could lead to significantly lower Nordic power prices, which would negatively impact earnings from Fortum's outright power production. Fortum hedges its exposure to commodity market prices and reports on the hedging levels and hedged prices of its outright power on a quarterly basis. For further details, see the 'Outlook' section.

Fortum is exposed to liquidity and refinancing risks primarily through the need to finance its business operations, including margining and collaterals issued for commercial activities. Higher and more volatile commodity prices increase the net margining payments toward clearinghouses and clearing banks, which are mainly settled in cash. Fortum mitigates this risk by entering into OTC derivatives contracts directly with bilateral counterparties without margining requirements. Consequently, credit exposure from hedges with OTC counterparties has increased. Due to Fortum's net short position in Nordic power hedges, the credit exposure would increase in line with the value of hedges if Nordic power prices decrease.

In March 2023, both S&P Global Ratings and Fitch rating agencies affirmed Fortum's BBB rating and revised the outlook to stable. A lowering of the credit ratings, in particular to below investment-grade level (BB+ or below), could trigger counterparties' rights to demand additional cash or non-cash collateral. Fortum targets to have a solid investment-grade rating of at least BBB and continues to constantly monitor all ratings-related developments and to regularly exchange information with the rating agencies.

Fortum's business activities include energy generation, storage, distribution, and control of operations, as well as the construction, modernisation, maintenance and decommissioning of power plants or other energy-related industrial facilities. Any unwanted operational event (which could be caused by, e.g., technical failure, human or process error, natural disaster, 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 Fortum's largest units and projects.

Mitigating climate change, adapting to it and driving the transition to a lower-carbon economy is an integral part of Fortum's strategy. The new strategy, launched in March 2023, includes tightened sustainability and decarbonisation ambitions. Fortum's climate-related risks are divided into two categories, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations: transition risks and physical risks. The transition to a low-carbon economy poses a number of strategic and operative risks related to changes in energy and climate policy and regulation, technology development and the business environment in which Fortum operates. Related to physical risks, Fortum identifies and assesses its assets' resilience towards different acute and chronic physical climate-related risks within different Intergovernmental Panel on Climate Change (IPCC) climate scenarios and creates adaptation plans for the most material risks. Fortum is a supporter of the TCFD, and physical climate-related risks are reported accordingly in Fortum's TCFD report in the Sustainability 2022 report.

For further information about Fortum's risks and risk management systems, see Fortum's Financials 2022.

Outlook

In the near term, the ongoing disruption of the energy sector is impacted by geopolitical tensions, the general negative economic outlook with high inflation and interest rates, tightening regulations and volatile commodity markets. In addition, in the short-term, price elasticity to counter high electricity prices has an impact on power consumption.

In the long-term, electricity is expected to continue to gain a significantly higher share of total energy consumption. The electricity demand growth rate will largely be determined by classic drivers, such as macroeconomic and

demographic development, but also increasingly by decarbonisation of energy-intensive industrial, transport and heating sectors through direct electrification and green hydrogen.

Hedging

At the end of September 2023, approximately 75% of the Generation segment's estimated Nordic outright power sales volume was hedged at EUR 50 per MWh for the remainder of 2023, approximately 65% at EUR 47 per MWh for 2024 (hedges at the end of the second quarter of 2023: 50% at EUR 46 per MWh), and approximately 30% at EUR 43 per MWh for 2025.

The reported hedge ratios are based on the hedges and power generation forecasts of the Generation segment.

The reported hedge ratios may vary significantly, depending on Fortum's actions on the electricity derivatives markets. Hedges are mainly financial contracts, most of which are electricity derivatives quoted on Nasdaq Commodities and traded either on Nasdaq Commodities or with bilateral counterparties. As an additional liquidity risk mitigation measure, Fortum has mainly been hedging with bilateral agreements, and the exposure on the Nasdaq Commodities exchange has been clearly lower during the past year.

In the third quarter of 2023, Fortum continued to utilise dual channels for its hedging: trading on the Nasdaq Commodities exchange depending on the market liquidity and financial optimisation complemented with bilateral arrangements. The majority of the trades still remained in bilateral contracts.

Capital expenditure

Fortum updates its estimation on capital expenditure, including maintenance but excluding acquisitions, to be approximately EUR 650 million in 2023, of which the share of maintenance capital expenditure is estimated to be approximately EUR 300 million, below the level of depreciation. Earlier the estimate on capital expenditure was EUR 700 million in 2023. In 2024, the capital expenditure, including maintenance but excluding acquisitions, is estimated to be approximately EUR 550 million, of which the share of maintenance capital expenditure is estimated to be approximately EUR 300 million, below the level of depreciation.

Fortum also revises the growth capital expenditure to be up to EUR 1 billion for the years 2023-2025 (earlier up to EUR 1.5 billion).

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. Historically, the optimisation margin included in the achieved power price has been in the range of EUR 1-3 per MWh. Due to the increased price volatility, Fortum updates the estimated optimisation margin and expects it to be in the range of EUR 6-8 per MWh, depending on the overall market conditions, level of volatility and electricity prices.

Income taxation

Fortum updates the estimate for comparable effective income tax rate to be in the range of 18–20% for 2023 (previously 20–23%) and for 2024 to be in the range of 18–20% (previously 19-21%). Fortum does not expect any effect from the windfall tax for 2023. Fortum's comparable effective tax rate is impacted by the weight of the profit in different jurisdictions and differences in standard nominal tax rates in these jurisdictions. The tax rate guidance excludes items affecting comparability.

Sustainability

In this interim report, sustainability key performance indicators are presented for continuing operations. Comparative information for I/2023 and I-IV/2022 has been restated following the classification of the Russia segment as discontinued operations in II/2023.

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 a materiality analysis, Fortum’s sustainability priority areas are:

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

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

Sustainability targets

Fortum’s position as a leading Nordic clean energy company is complemented by considerably enhanced environmental targets with the aim to be a leader in sustainability. Fortum has brought forward its target to reach carbon neutrality (Scopes 1, 2, 3) by several decades to 2030 and will exit all coal generation by the end of 2027. Fortum also commits to set emission reduction targets based on climate science (SBTi 1.5°C). To measure the progress, mid-point targets have also been set for specific emissions at below 20 g CO₂/kWh for total energy production and below 10 g CO₂/kWh for power generation by 2028.

Further, Fortum has also committed to an ambitious biodiversity target to have no net loss of biodiversity (excluding any aquatic impacts) from existing and new operations (Scopes 1, 2) from 2030 onwards. In addition, the company will reduce its negative dynamic terrestrial impacts in upstream Scope 3 by 50% by 2030 (base-year 2021). Fortum will continue to implement local initiatives, especially in hydropower production, and is committed to developing a science-based methodology during 2023 to assess the company’s aquatic impacts.

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

Fortum’s safety targets for 2023 are:

- Total Recordable Injury Frequency (TRIF), for own personnel and contractors, <1.0 by the end of 2030,
- No severe or fatal injuries,
- 95% execution rate for the Management Safety and Security Leadership Programme, and
- 60% execution rate for Safety improvement plans.

Fortum participates in the ‘Energy for a Just Transition’ collaboration, facilitated by BSR in partnership with The B Team, aiming to bring together committed energy, utilities, and related companies and critical stakeholders to help the energy industry to better plan for and implement a just, fair and inclusive transition.

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

Fortum’s Climate Lobbying Review is publicly disclosed on Fortum’s website together with the company’s Lobbying Guidelines.

Group sustainability performance for continuing operations

	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Climate and resources						
Total CO ₂ emissions, million tonnes	0.2	0.3	1.1	1.3	2.1	2.0
Specific CO ₂ emissions from total energy production, gCO ₂ /kWh	22	29	33	38	45	41
Specific CO ₂ emissions from power generation, gCO ₂ /kWh	15	19	17	18	25	24
Major environmental incidents*, no.	2	0	2	2	2	2
Personnel and society						
Total Recordable Injury Frequency (TRIF), own personnel and contractors	5.1	5.3	5.3	4.6	4.0	4.5
Lost Time Injury Frequency (LTIF), own personnel and contractors	4.2	3.1	4.3	2.5	2.3	3.6
Severe occupational accidents, no.	0	2	0	2	2	0
Safety improvement plan**, %	2.8	-	9.7	-	-	9.7
Safety and Security Leadership training***, %	13	-	75	-	-	75
Sickness-related absences****, %	2.8	3.1	3.1	3.5	3.4	3.2

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

** Plans combined. Majority of the plans are targeted to be completed by year-end 2023.

*** Completion rate. Training started in March 2023.

**** Due to reporting schedule, figures are unchanged from January–June 2023 Interim Report.

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 “B” in the CDP Climate Change 2022 rating and “A-” in the CDP Supplier Engagement rating. In the MSCI ESG Ratings assessment, Fortum received a “BBB” rating in 2022. Fortum also participated in the ISS ESG Corporate Rating in 2023 and received a “Prime B-” rating. In 2023, Fortum was awarded Gold EcoVadis Medal. In 2022, Fortum was rated 62 points out of a maximum 100 points by Moody’s ESG Solutions. In addition, Fortum is listed on the Nasdaq Helsinki exchange and is included in the OMX Sustainability Finland and ECPI® indices. Fortum has been certified as a Nasdaq ESG Transparency Partner.

Climate and resources

Fortum’s key performance indicators for climate and resources are related to CO₂ emissions, security of supply, and major environmental 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’s power generation in the Nordic countries is mainly based on CO₂-free hydro and nuclear power. Fortum also has solar and wind power generation with partners. Fortum has district heating and cooling generation in Finland and in Poland. Heat is mainly produced at energy-efficient combined heat and power (CHP) plants. In addition, Fortum offers industrial and infrastructure solutions, e.g., waste-to-energy, as well as energy sales.

In January–September, Fortum’s direct CO₂ emissions were 1.1 (1.3) Mt. Of the total CO₂ emissions, 0.8 (0.9) Mt were within the EU emissions trading system (ETS). The estimate for Fortum’s free emission allowances in 2023 is approximately 0.2 (0.2) Mt.

In January–September, Fortum’s power generation was 33.7 TWh. Of Fortum’s total power generation, 98% was CO₂-free. Fortum’s coal-based capacity totalled 0.7 GW at the end of September, and generation 0.5 TWh in January–September. The share of coal of Fortum’s revenues was 3% and the share of fossil fuels of Fortum’s generation-based revenues was 4%. The share of fossil fuels of Fortum’s revenues was 11%. This includes fossil-based generation and gas trading.

Fortum’s direct CO₂ emissions (million tonnes, Mt, continuing operations)

	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Total emissions*	0.2	0.3	1.1	1.3	2.1	2.0
Emissions subject to ETS	0.1	0.2	0.8	0.9	1.6	1.5
Free emission allowances	-	-	-	-	0.2	-
Emissions not subject to ETS in Europe	0.1	0.1	0.3	0.4	0.5	0.5

* The total emissions comparison figure for 2022 has been restated and is excluding Russia.

In January–September, Fortum’s specific CO₂ emissions from total energy production were 33 (38) gCO₂/kWh. Specific CO₂ emissions from power generation were 17 (18) gCO₂/kWh.

Major environmental incidents are monitored, reported and investigated, and corrective actions are implemented. Major environmental incidents are environmental incidents that resulted in significant harm to the environment (ground, water, air) or environmental non-compliances with legal or regulatory requirements. In January–September 2023, there were 2 (2) major environmental incidents.

Personnel and society

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

Fortum strives to be a safe workplace for the employees, contractors and service providers who work for the company. A certified ISO 45001 safety management system covers 100% of Fortum’s power and heat production worldwide.

In January–September 2023, Fortum’s TRIF (Total Recordable Injury Frequency) for own personnel and contractors was 5.3 (4.6). Fortum’s LTIF (Lost Time Injury Frequency) for own personnel and contractors was 4.3 (2.5). Fortum strives for zero severe occupational accidents. In January–September 2023, there were no (0) severe occupational accidents in the operations.

The 2023 safety targets include participation in the Management Safety and Security Leadership Programme, as well as identification and completion of key safety actions to improve safety culture. In January–September 2023, the completion rate of planned Management Safety and Security Leadership trainings and Safety improvement plan was 75% and 9.7%, respectively.

Fortum’s goal regarding workplace wellbeing activities is to promote the health and occupational safety of employees and the functionality of the work community. The sickness-related absences target for year 2023 is 3.0%. In January–June 2023, Fortum’s percentage of sickness-related absences was 3.1 (3.5). Due to the reporting schedule, the January–September sickness absence rate was not available.

Fortum’s approach to human rights due diligence is based on the UN Guiding Principles on Business and Human Rights and follows the six steps outlined in the OECD Guidelines for Multinational Enterprises. Human rights due diligence is an ongoing process where risks and impacts are assessed continuously as part of various processes. Fortum’s approach to human rights and the due diligence process is disclosed on Fortum’s website.

Fortum expects its business partners to act responsibly and to comply with the requirements set forth in the Code of Conduct and Supplier Code of Conduct. Fortum assesses the performance of its business partners with supplier qualification, with supplier audits and with a Know Your Counterparty process. In January–September 2023, Fortum conducted six on-site supplier audits in China. Fortum is a member of the Bettercoal initiative and uses the Bettercoal tools to improve sustainability in the coal supply chain. Fortum supports and participates in the development of the Solar Stewardship Initiative (SSI) together with other industry actors and organisations. Through the SSI, the sector is striving to establish the mechanisms to increase the traceability and sustainability of solar products, components and raw materials.

Fortum participates in the ‘Energy for a Just Transition’ collaboration to identify and address the impacts of a green energy transition on people and communities.

Legal actions

There were no major developments in the ongoing legal actions during the third quarter of 2023. For further information on legal actions, see Note 17.

Shares and share capital

Fortum shares on Nasdaq Helsinki

January–September 2023	No. of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
FORTUM	309,369,455	4,101,787,913	16.18	10.90	13.26	11.00

* Volume weighted average.

	30 September 2023	30 September 2022
Market capitalisation, EUR billion	9.9	12.2
Number of shareholders	216,280	191,423
Finnish State holding, %	51.3	50.8
Nominee registrations and direct foreign shareholders, %	23.1	27.3
Households, %	12.8	11.0
Financial and insurance corporations, %	2.3	2.1
Other Finnish investors, %	10.6	8.9

In addition to Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, Cboe and Turquoise, and on the OTC market. In January-September, approximately 79% of Fortum's shares were traded on markets other than Nasdaq Helsinki (source Bloomberg).

On 30 September 2023, Fortum Corporation's share capital was EUR 3,046,185,953 and the total number of registered shares was 897,264,465. Fortum Corporation does not hold any of the company's own shares.

Group personnel

Fortum's operations are mainly based in the Nordic countries. The total number of employees at the end of September 2023 was 5,393 (at the end of 2022: 4,988).

At the end of September, the Generation segment had 1,791 (at the end of 2022: 1,660) employees, the Consumer Solutions segment 1,315 (at the end of 2022: 1,179), and the Other Operations segment 2,287 (at the end of 2022: 2,149).

Remuneration and share-based incentive plan for 2023-2025

In March 2023, Fortum's Board of Directors approved the company's new strategy, operating model and Fortum Leadership Team (FLT). The Board also decided to commence the 2023-2025 long-term incentive (LTI) plan and resolved on the maximum share allocations for the President and CEO and other FLT members. Additionally, the President and CEO was authorised to decide on the LTI participants below the FLT level and their maximum share allocations in accordance with the nomination guideline approved by the Board.

In 2023, due to the reorganisation of Fortum operating structure, businesses and enabling functions, the timeline for the LTI allocations deviated from the normal annual timeline. The first phase was completed at the end of August, and the allocation process is expected to be finalised by the end of November.

The maximum number of shares granted (gross) to the President and CEO is 110,000. Due to the management remuneration restrictions in the Solidium bridge financing facility from 2022, the maximum share allocation is pro-rated and amounts to 73,370 shares for the President and CEO. Respectively, the maximum number of shares granted (gross) to the other FLT members is 232,000 shares and the pro-rated number is 154,744 shares. The total number of shares granted in the 2023-2025 LTI plan will be available once all nominations are completed.

The outcome of the 2023–2025 LTI plan shall be confirmed in spring 2026.

More information about share-based incentive plans, including the Remuneration reports, can be found on Fortum's website at www.fortum.com/governance.

Authorisations of the Board

Fortum's Annual General Meeting (AGM) 2023 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 2022 and will be effective until the next AGM and, in any event, no longer than for a period of 18 months. These authorisations have not been used as of 1 November 2023.

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. In addition, in the total maximum amount of EUR 1,000,000 for incidental emergency relief or similar purposes as needed, and to decide on the recipients, purposes and other terms of the contributions. The authorisation will be effective until the next AGM. This authorisation has not been used as of 1 November 2023.

Other major events during the third quarter of 2023

On 1 September 2023, Minna Pajumaa, Senior Ministerial Adviser, Financial Affairs, Prime Minister's Office, Ownership Steering Department (Chair), Jouko Pölonen, President and CEO, Ilmarinen Mutual Pension Insurance Company, Risto Murto, President and CEO, Varma Mutual Pension Insurance Company, and Mikael Silvennoinen, Chair of Fortum's Board of Directors, were appointed to Fortum Shareholders' Nomination Board. The Nomination Board will forward its proposals for the 2024 Annual General Meeting to the Board of Directors by 31 January 2024.

Events after the balance sheet date

On 30 October, Fortum announced that the company and the National Emergency Supply Agency, Huoltovarmuuskeskus (NESA) have signed an agreement under which NESA reserves the production of the Meri-Pori coal condensing power plant for severe disruptions and emergencies to guarantee security of supply in the electricity system in Finland. The agreement period is 1 March 2024 until 31 December 2026. Over the coming winter months, the Meri-Pori power plant will operate on a commercial basis, to support security of supply in the Nordic power market.

On 2 November, Fortum announced that the company is initiating an efficiency programme to manage uncertainty, improve profitability and secure cash flows. At the same time, the company announced to update guidance for capital expenditure 2023-2025. Fortum's operating environment and the general economic sentiment have further weakened after the summer. Uncertainty has increased, visibility has reduced and industrial investments are postponed while inflation and interest rates continue to be high. Fortum targets to reduce its annual fixed costs by EUR 100 million gradually until the end of 2025. The reduction of EUR 100 million corresponds to some 10% of the Group's fixed costs for the year 2022. The efficiency programme also includes strategic prioritisation and assessment of allocated resources as well as turnaround actions for underperforming businesses. To reach the target, it is expected that actions will also include personnel reductions.

Dividend payment

The Annual General Meeting 2023 resolved to pay a dividend of EUR 0.91 per share for the financial year that ended 31 December 2022. The dividend was paid in two instalments.

The record date for the first dividend instalment of EUR 0.46 per share was 17 April 2023, and the dividend was paid on 24 April 2023.

The record date for the second dividend instalment of EUR 0.45 per share was 2 October 2023, and the dividend was paid on 10 October 2023.

Espoo, 1 November 2023

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 2024

Fortum's Financial Statements Bulletin for the year 2023 will be published on 7 February 2024 at approx. 9.00 EET. Fortum's Financial Statements and Operating and Financial Review for 2023 will be published during week 7 at the latest.

Fortum will publish three interim reports in 2024:

- January-March on 30 April 2024 at approx. 9.00 EEST
- January-June on 15 August 2024 at approx. 9.00 EEST
- January-September on 29 October 2024 at approx. 9.00 EET

Fortum's Annual General Meeting 2024 is planned to be held on 25 March 2024. The Board of Directors will summon the Annual General Meeting and publish the dates related to possible dividend at a later date.

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

Fortum's condensed consolidated income statement and consolidated cash flow statement include the Russia segment as discontinued operations in I/2023 and 2022, and the Uniper segment as discontinued operations in 2022. Comparative information for I/2023 and I-IV/2022 was restated following the classification of the Russia segment as discontinued operations in II/2023. For further information, see Note 1 Significant accounting policies, Note 2 Critical accounting estimates and judgements and Note 6 Acquisitions, disposals and discontinued operations.

EUR million	Note	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Sales	3	1,220	1,890	4,853	5,367	7,774	7,260
Other income		8	13	22	55	74	41
Materials and services		-665	-1,234	-2,702	-3,485	-4,853	-4,070
Employee benefits		-105	-101	-316	-319	-432	-429
Depreciation and amortisation	3	-92	-100	-258	-309	-415	-363
Other expenses		-141	-114	-414	-368	-538	-585
Comparable operating profit	3	226	354	1,186	942	1,611	1,855
Items affecting comparability	3, 4	25	547	101	1,199	356	-742
Operating profit	3	251	901	1,286	2,141	1,967	1,112
Share of profit/loss of associates and joint ventures	3, 7	-9	-14	-30	-126	-185	-89
Interest expense		-62	-47	-217	-111	-200	-307
Interest income		48	36	115	48	75	142
Other financial items - net		-3	8	-60	-37	-93	-115
Finance costs - net	8	-17	-3	-162	-100	-218	-280
Profit before income tax		224	882	1,095	1,914	1,564	744
Income tax expense	9	-38	-156	7	-257	520	785
Net profit from continuing operations		187	726	1,102	1,657	2,084	1,529
Attributable to:							
Owners of the parent		188	727	1,104	1,649	2,080	1,534
Non-controlling interests		-1	-1	-1	8	4	-5
Net profit from discontinued operations	6.3	-	-216	-3,582	-11,336	-12,374	-4,620
Attributable to:							
Owners of the parent	6.3	-	5,372	-3,583	-3,458	-4,496	-4,621
Non-controlling interests	6.3	-	-5,589	1	-7,878	-7,878	1
Net profit, total Fortum		187	510	-2,480	-9,679	-10,290	-3,091
Attributable to:							
Owners of the parent		188	6,099	-2,479	-1,809	-2,416	-3,087
Non-controlling interests		-1	-5,590	0	-7,870	-7,874	-4
Earnings per share for profit attributable to the equity owners of the company (EUR per share)							
Basic, continuing operations		0.21	0.82	1.23	1.86	2.34	1.71
Basic, discontinued operations		-	6.05	-3.99	-3.89	-5.07	-5.16
Basic, total Fortum		0.21	6.86	-2.76	-2.04	-2.72	-3.45

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

EUR million	Note	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Comparable operating profit		226	354	1,186	942	1,611	1,855
Impairment charges and reversals		-	0	-	0	0	0
Capital gains and other related items		1	138	2	780	785	6
Changes in fair values of derivatives hedging future cash flow		24	409	91	428	-376	-713
Other		0	-	8	-8	-52	-35
Items affecting comparability	3, 4	25	547	101	1,199	356	-742
Operating profit		251	901	1,286	2,141	1,967	1,112

See Note 20 Definitions and reconciliations of key figures.

Condensed consolidated statement of comprehensive income

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Net profit, total Fortum	187	510	-2,480	-9,679	-10,290	-3,091
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Cash flow hedges						
Fair value gains/losses ¹⁾	694	-1,407	2,762	-5,221	-2,601	5,381
Transfers to income statement	6	40	38	982	1,102	159
Transfers to inventory/property, plant and equipment	0	0	-3	0	0	-3
Deferred taxes	-138	273	-573	847	294	-1,126
Net investment hedges						
Fair value gains/losses	-6	0	-15	4	21	2
Deferred taxes	1	0	3	-1	-4	0
Exchange differences on translating foreign operations ²⁾	14	-70	-20	-259	-312	-73
Share of other comprehensive income of associates and joint ventures	3	4	2	41	41	2
	574	-1,159	2,194	-3,607	-1,461	4,341
Items that will not be reclassified to profit or loss in subsequent periods:						
Remeasurement of investments	1	-7	1	-7	-15	-7
Actuarial gains/losses on defined benefit plans	-2	-4	-2	24	49	24
Actuarial gains/losses on defined benefit plans in associates and joint ventures	-	0	-	0	7	7
	-1	-11	-1	17	41	23
Other comprehensive income/expense for the period from continuing operations, net of deferred taxes	574	-1,170	2,194	-3,591	-1,419	4,365
Recycling of FX including net investment hedges related to Russia ³⁾	-	-	1,940	-	-	1,940
Other comprehensive income/expense for the period from discontinued operations, net of deferred taxes	-	-352	-69	1,317	952	-434
Total comprehensive income/expense for the period	761	-1,012	1,585	-11,952	-10,757	2,781
Total comprehensive income/expense for total Fortum attributable to:						
Owners of the parent	761	4,483	1,587	-4,541	-3,337	2,791
Non-controlling interests	-1	-5,494	-2	-7,412	-7,420	-10
	761	-1,012	1,585	-11,952	-10,757	2,781

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

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

3) The deconsolidation of Russian operations in II/2023 resulted in the recycling of EUR 1.9 billion negative cumulative translation differences (FX) from equity to the income statement. The recycling did not have any impact on total equity.

Condensed consolidated balance sheet

EUR million	Note	30 Sep 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets		643	657
Property, plant and equipment and right-of-use assets		6,366	7,266
Participations in associates and joint ventures		1,021	1,249
Share in the State Nuclear Waste Management Fund	14	1,023	966
Other non-current assets		200	628
Deferred tax assets		987	933
Derivative financial instruments	5	265	343
Long-term interest-bearing receivables	12	574	624
Total non-current assets		11,079	12,668
Current assets			
Inventories		322	465
Derivative financial instruments	5	918	1,486
Short-term interest-bearing receivables	12	389	660
Income tax receivables		79	71
Margin receivables	13	672	2,607
Trade and other receivables		831	1,767
Liquid funds	13	4,552	3,919
Total current assets		7,762	10,975
Total assets		18,842	23,642
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,046	3,046
Share premium		73	73
Retained earnings		5,167	6,467
Other equity components		158	-1,916
Total		8,444	7,670
Non-controlling interests		57	67
Total equity		8,501	7,737
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	13	4,502	3,658
Derivative financial instruments	5	304	756
Deferred tax liabilities		554	152
Nuclear provisions	14	1,023	966
Other provisions		103	118
Pension obligations, net		11	13
Other non-current liabilities		119	121
Total non-current liabilities		6,615	5,784
Current liabilities			
Interest-bearing liabilities	13	1,417	4,127
Derivative financial instruments	5	946	3,973
Other provisions		1	13
Margin liabilities	13	113	352
Trade and other payables		1,250	1,657
Total current liabilities		3,726	10,122
Total liabilities		10,340	15,905
Total equity and liabilities		18,842	23,642

Condensed consolidated statement of changes in total equity

EUR million	Share capital	Share premium	Retained earnings			Other equity components			Owners of the parent	Non-controlling interests	Total equity
			Retained earnings	Recycling of FX related to Russia ¹⁾	Translation of foreign operations	Cash flow hedges	Other OCI items ¹⁾	OCI items associates and joint ventures			
Total equity 1 January 2023	3,046	73	9,499	-1,877	-989	-2,182	7	93	7,670	67	7,737
IS Net profit, total Fortum			-539	-1,940					-2,479	0	-2,480
Translation differences					-50	33	0	-2	-19	0	-20
Translation differences, recycled to Income statement				1,940					1,940		1,940
Other comprehensive income						2,224	-13	2	2,213	-	2,213
OCI related to discontinued operations				-63		-9	0	5	-68	-2	-69
Total comprehensive income for the period			-539	-63	-50	2,248	-13	5	1,587	-2	1,585
Cash dividend			-817						-817	0	-817
Disposal of subsidiary companies									-	-22	-22
Transactions with non-controlling interests									-	15	15
Other			3						3	0	3
BS Total equity 30 September 2023	3,046	73	8,147	-1,940	-1,039	66	-6	98	8,444	57	8,501
Total equity 1 January 2022	3,046	73	12,830		-2,768	-1,138	34	54	12,131	1,534	13,665
IS Net profit, total Fortum			-1,809						-1,809	-7,870	-9,679
Translation differences					-276	29	0	-3	-249	-10	-259
Other comprehensive income			208			-3,383	-190	39	-3,326	-5	-3,332
OCI related to discontinued operations					467	82	298	-3	843	474	1,317
Total comprehensive income for the period			-1,601		191	-3,271	108	33	-4,541	-7,412	-11,952
Cash dividend			-1,013						-1,013	-23	-1,036
Disposal of subsidiary companies			16						16	6,104	6,120
Transactions with non-controlling interests			-127						-127	-121	-248
Other			0						0	-6	-6
BS Total equity 30 September 2022	3,046	73	10,105		-2,577	-4,409	141	87	6,466	77	6,543
Total equity 1 January 2022	3,046	73	12,830		-2,768	-1,138	34	54	12,131	1,534	13,665
IS Net profit, total Fortum			-2,416						-2,416	-7,874	-10,290
Translation differences					-340	40	1	-4	-304	-9	-312
Other comprehensive income			209			-1,196	-160	44	-1,102	-4	-1,107
OCI related to discontinued operations					76	112	298	-1	485	468	953
Total comprehensive income for the period			-2,208		-264	-1,044	139	39	-3,337	-7,420	-10,757
Cash dividend			-1,013						-1,013	-23	-1,036
Disposal of subsidiary companies			16						16	6,104	6,119
Transactions with non-controlling interests			-127						-127	-122	-249
Other			1						1	-6	-5
BS Total equity 31 December 2022	3,046	73	9,499		-3,031	-2,182	172	93	7,670	67	7,737

1) Recycling of FX related to Russia includes cumulative translation differences from foreign operations and related net investment hedges from Russian operations, which were previously shown as part of Other OCI items.

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, SEK and NOK) to EUR are recognised in equity. The remaining translation differences in translation of foreign operations relates mainly to SEK and NOK. For information regarding exchange rates used, see Note 1.5 Key exchange rates used in consolidated financial statements.

The deconsolidation of Russian operations in II/2023 resulted in the recycling of EUR 1.9 billion negative cumulative translation differences from translation of foreign operations from equity to the income statement. The recycling did not have any impact on total equity. The cumulative translation differences are due to the significant weakening of the Russian rouble since the acquisition of the Russian operations in 2008.

Cash flow hedges

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

Cash dividends

A dividend for 2022 of EUR 0.91 per share, amounting to a total of EUR 817 million, was decided in the Annual General Meeting on 13 April 2023. The dividend is paid in two instalments. The first dividend instalment of EUR 0.46 per share was paid on 24 April 2023, amounting to a total of EUR 413 million. The second dividend instalment of EUR 0.45, amounting to a total of EUR 404 million, is recorded as a liability and included in 'Trade and other payables' on the balance sheet at 30 September 2023 and was paid on 10 October 2023.

Condensed consolidated cash flow statement

EUR million	Note	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Cash flow from operating activities							
IS Net profit from continuing operations		187	726	1,102	1,657	2,084	1,529
Adjustments:							
Income tax expense		38	156	-7	257	-520	-785
Finance costs - net		17	3	162	100	218	280
Share of profit/loss of associates and joint ventures	7	9	14	30	126	185	89
Depreciation and amortisation	3	92	100	258	309	415	363
Operating profit before depreciations (EBITDA)		343	1,000	1,544	2,449	2,381	1,475
Items affecting comparability	3, 4	-25	-547	-101	-1,199	-356	742
Comparable EBITDA		318	454	1,443	1,251	2,025	2,218
Non-cash and other items		106	70	104	78	157	183
Interest received		45	39	109	38	99	171
Interest paid		-46	-85	-185	-165	-213	-233
Dividends received		3	0	10	8	14	17
Income taxes paid		-51	70	-413	-117	-164	-459
Funds from operations		375	548	1,070	1,093	1,918	1,895
Change in working capital		54	-182	491	174	-200	117
Net cash from operating activities, continuing operations		429	366	1,561	1,266	1,717	2,012
Cash flow from investing activities, continuing operations							
Capital expenditures	3	-146	-125	-446	-302	-479	-623
Acquisitions of shares	6	-26	-7	-42	-23	-29	-49
Proceeds from sales of property, plant and equipment		0	1	2	2	3	4
Divestments of shares and capital returns	6	1	151	5	1,156	1,156	5
Shareholder loans to associated companies and joint ventures	12	-58	39	-21	43	49	-15
Change in margin receivables		398	-568	1,937	-2,401	-1,311	3,027
Change in other interest-bearing receivables and other ¹⁾	12	19	-49	57	-1,550	2,429	4,036
Net cash from/used in investing activities, continuing operations		188	-557	1,491	-3,075	1,818	6,385
Cash flow before financing activities, continuing operations		617	-191	3,052	-1,809	3,536	8,397
Cash flow from financing activities, continuing operations							
Proceeds from long-term liabilities	13	0	2,421	1,747	2,421	2,421	1,747
Payments of long-term liabilities	13	-6	-1,006	-1,608	-3,471	-5,885	-4,023
Change in short-term liabilities	13	-92	1,228	-1,678	2,555	-170	-4,403
Dividends paid to the owners of the parent	10	0	0	-413	-1,013	-1,013	-413
Dividends paid to non-controlling interests		0	0	0	-19	-19	0
Change in margin liabilities		-132	-6	-239	546	150	-635
Other financing items		0	0	15	-168	-168	14
Net cash from/used in financing activities, continuing operations		-231	2,637	-2,178	852	-4,684	-7,713
Net increase(+)/decrease(-) in liquid funds, continuing operations		386	2,445	875	-956	-1,148	683
Cash flow from discontinued operations							
Net cash from/used in operating activities, discontinued operations		-	-8,485	109	-10,640	-10,484	266
Net cash from/used in investing activities, discontinued operations ²⁾		-	-4,710	-333	-3,161	-2,789	39
Net cash from/used in financing activities, discontinued operations		-	10,251	21	10,685	10,739	75
Net increase(+)/decrease(-) in liquid funds, discontinued operations	6.3	-	-2,944	-202	-3,117	-2,534	381
Cash flow, total Fortum							
Total net cash from/used in operating activities		429	-8,120	1,670	-9,374	-8,767	2,278
Total net cash from/used in investing activities		188	-5,267	1,148	-6,236	-970	6,414
Total net cash from/used in financing activities		-231	12,888	-2,146	11,537	6,055	-7,628
Net increase(+)/decrease(-) in liquid funds, total Fortum		386	-499	672	-4,073	-3,682	1,064
Liquid funds at the beginning of the period	13	4,156	4,165	3,919	7,592	7,592	3,638
Foreign exchange differences and expected credit loss allowance in liquid funds		10	-29	-39	118	7	-150
Liquid funds at the end of the period	13	4,552	3,638	4,552	3,638	3,919	4,552

- 1) In 2021 Fortum granted Uniper a shareholder loan of EUR 4,000 million of which EUR 2,500 million was drawn in 2021 and EUR 1,500 million in I/2022. In December 2022, as part of the closing of the Uniper transaction, the EUR 4,000 million shareholder loan was fully repaid to Fortum.
- 2) Cash flow from investing activities for discontinued operations in 2023 includes Russia related cash flows from I/2023 netted with liquid funds of EUR 284 million lost through the seizure of the Russian assets. The consideration received for the Uniper shares, EUR 498 million, is presented in cash flow from discontinued operations in 2022.

Additional cash flow information

Non-cash and other items

Non-cash and other items EUR 104 million in I-III/2023 (I-III/2022: 78) mainly relate to realised foreign exchange gains and losses EUR 188 million (I-III/2022: 187), change in liability to return emission rights EUR -48 million (I-III/2022: 11) and paid commitment fee for Solidium bridge loan facility EUR -39 million (I-III/2022: 0).

Change in working capital

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Change in interest-free receivables, decrease(+)/increase(-)	35	-122	777	421	-352	4
Change in inventories, decrease(+)/increase(-)	4	-8	110	-14	-182	-58
Change in interest-free liabilities, decrease(-)/increase(+)	14	-52	-395	-233	334	172
CF Total	54	-182	491	174	-200	117

Capital expenditure in cash flow

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Capital expenditure	153	139	453	314	467	606
Change in not yet paid investments, decrease(+)/increase(-)	-1	-13	8	-9	16	34
Capitalised borrowing costs	-6	-1	-15	-3	-4	-17
CF Total	146	125	446	302	479	623

Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 42 million during I-III/2023 (I-III/2022: 23). In III/2023 Fortum acquired the Swedish electricity solutions provider Telge Energi AB. For further information, see Note 6.1 Acquisitions.

Divestment of shares in cash flow

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Proceeds from sales of subsidiaries, net of cash disposed	1	65	1	1,069	1,070	2
Proceeds from sales and capital returns of associates and joint ventures	0	86	0	86	86	0
Proceeds from sales of other investments	0	0	3	1	0	3
CF Total	1	151	5	1,156	1,156	5

There were no material divestments during I-III/2023. During 2022, Fortum completed the divestment of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway, the e-mobility business Plugsurfing and the 30% stake in the public charging operator Recharge AS. For further information, see Note 6.2 Disposals.

On 21 December 2022 Fortum completed the divestment of Uniper. The consideration of the share transaction of EUR 498 million is presented in the cash flow from discontinued operations.

Change in financial net debt

EUR million	Note	I-III/2023	2022 restated
Financial net debt, beginning of the period		1,084	789
Uniper's net financial position in Uniper's Interim financial report		-	1,969
Internal shareholder loans to Uniper and OKG		-	2,764
Reversal of purchase price allocation		-	-187
Uniper impact total on Financial net debt, beginning of the period		-	4,546
Financial net debt excl. Uniper, beginning of the period		1,084	5,335
Russia impact on Financial net debt, beginning of the period		43	296
Financial net debt excl. Russia and Uniper, beginning of the period		1,127	5,631
Net cash flow:			
Comparable EBITDA		1,443	2,025
Non-cash and other items		104	157
Paid net financial costs and dividends received		-65	-100
Income taxes paid		-413	-164
Change in working capital		491	-200
Capital expenditures		-446	-479
Acquisitions		-42	-29
Divestments and proceeds from sale of property, plant and equipment		7	1,159
Change in interest-bearing receivables		36	2,478
Dividends to the owners of the parent		-413	-1,013
Dividends to non-controlling interests		0	-19
Other financing activities		15	-168
Net cash flow, continuing operations ('-' increase in financial net debt)		717	3,647
Consideration received for Uniper shares		-	498
Foreign exchange rate differences and other changes ¹⁾		63	-359
Financial net debt excl. Russia, end of the period	13	474	1,127

1) The comparison period 2022 includes EUR 210 million deconsolidated debt from the divestment of Fortum Oslo Varme in II/2022.

Capital risk management

Fortum's long-term financial targets are:

- Long-term financial net debt-to-comparable EBITDA of 2.0–2.5 times
- Disciplined growth in clean energy with capital expenditure of up to EUR 1.5 billion during 2023–2025
- Investment hurdles of project WACC + 150–400 basis points
- Dividend policy with payout ratio of 60–90% of comparable EPS

Comparable EBITDA is defined as an alternative performance measure and used as a component in the capital structure target 'Financial net debt-to-Comparable EBITDA'.

On 9 March 2023, S&P Global Ratings (S&P) affirmed Fortum's current long-term credit rating at BBB, and revised the outlook from negative to stable. According to S&P the stable outlook reflects the rating agency's assumption that Fortum's cash flow from power generation will remain significant, but volatile in 2023 and 2024, with electricity prices above historical levels. The rating agency assesses that Fortum has a strong position in the Nordics with an already very low emission profile that supports the business risk profile. It believes that the price risk over time will be reduced by driving decarbonisation of industrial customers and by signing various long-term power supply agreements. In addition, S&P assesses that Fortum's financial risk position is strong with a headroom that provides good financial flexibility due to very low leverage and good liquidity.

On 21 March 2023, Fitch Ratings (Fitch) affirmed Fortum's current long-term credit rating at BBB and has revised the outlook from negative to stable. According to Fitch, the change in outlook mainly reflects the positive impact of the

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Uniper exit for Fortum's credit profile and the company's commitment to maintain an adequate capital structure with high scrutiny in capex allocation prioritising profitability overgrowth. Fitch assesses that the company is well positioned to benefit from the strong fundamentals for clean power generation.

Fortum remains committed to maintain a credit rating of at least BBB to preserve financial flexibility and good access to capital markets.

Financial net debt/comparable EBITDA

EUR million	Note	Continuing operations	
		2022	LTM
+ Interest-bearing liabilities		7,785	5,918
- BS Liquid funds		3,919	4,552
- Collateral arrangement		527	333
- BS Margin receivables		2,607	672
+ BS Margin liabilities		352	113
+/- Net margin liabilities/receivables		-2,255	-559
Financial net debt	13	1,084	474
- Interest bearing liabilities, Russia		204	-
+ Liquid funds, Russia		247	-
Financial net debt, excluding Russia		1,127	-
IS Operating profit		1,967	1,112
+ IS Depreciation and amortisation		415	363
EBITDA		2,381	1,475
- IS Items affecting comparability		-356	742
Comparable EBITDA from continuing operations		2,025	2,218
Comparable EBITDA Russia		411	-
Comparable EBITDA (as presented in the consolidated financial statements 2022)		2,436	-
Financial net debt/comparable EBITDA, excl. Russia		0.6	0.2
Financial net debt/comparable EBITDA (as presented in the consolidated financial statements 2022)		0.4	-

Key figures

Continuing operations

EUR million or as indicated	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Reported						
IS Sales	1,220	1,890	4,853	5,367	7,774	7,260
IS Operating profit	251	901	1,286	2,141	1,967	1,112
IS Share of profit/loss of associates and joint ventures	-9	-14	-30	-126	-185	-89
IS Net profit	187	726	1,102	1,657	2,084	1,529
IS Net profit (after non-controlling interests)	188	727	1,104	1,649	2,080	1,534
Earnings per share (basic), EUR	0.21	0.82	1.23	1.86	2.34	1.71
CF Net cash from operating activities	429	366	1,561	1,266	1,717	2,012
Capital expenditure and gross investments in shares	179	146	495	336	496	655
Capital expenditure	153	139	453	314	467	606

EUR million or as indicated	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Comparable						
EBITDA	318	454	1,443	1,251	2,025	2,218
IS Operating profit	226	354	1,186	942	1,611	1,855
Share of profit/loss of associates and joint ventures	9	10	-24	28	-40	-92
Net profit (after non-controlling interests)	204	279	833	706	1,076	1,203
Earnings per share (basic), EUR	0.23	0.31	0.93	0.79	1.21	1.34

Continuing and discontinued operations (total)

Fortum's condensed consolidated income statement and consolidated cash flow statement include the Russia segment as discontinued operations in I/2023 and 2022, and the Uniper segment as discontinued operations in 2022. Comparative information for I/2023 and I-IV/2022 was restated following the classification of the Russia segment as discontinued operations in II/2023. For further information, see Note 1 Significant accounting policies, Note 2 Critical accounting estimates and judgements and Note 6 Acquisitions, disposals and discontinued operations.

EUR million or as indicated	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Reported						
Net profit (after non-controlling interests)	188	6,099	-2,479	-1,809	-2,416	-3,087
Earnings per share, EUR	0.21	6.86	-2.76	-2.04	-2.72	-3.45
Net cash from operating activities	429	-8,120	1,670	-9,374	-8,767	2,278
Number of employees			5,393		7,712	
Comparable						
Net profit (after non-controlling interests)	204	-1,990	867	-1,204	-988	1,083
Earnings per share, EUR	0.23	-2.24	0.97	-1.36	-1.11	1.21

EUR million or as indicated	LTM	2022
Financial position		
Financial net debt, at period-end	474	1,084
Financial net debt, at period-end, excl. Russia	N/A	1,127
Financial net debt/comparable EBITDA excl. Russia	0.2	0.6
Financial net debt/comparable EBITDA (as presented in the consolidated financial statements 2022)	N/A	0.4

EUR or as indicated	30 Sep 2023	31 Dec 2022
Equity per share, EUR	9.41	8.55
Average number of shares, 1,000 shares	897,264	889,204
Diluted adjusted average number of shares, 1,000 shares	897,264	889,204
Number of registered shares, 1,000 shares	897,264	897,264

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 2022.

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

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

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

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

1.2 Changes in reporting

Reportable segments

In March 2023, Fortum announced the reorganisation of its business structure. From 1/2023, the business units are classified into the following reportable segments under IFRS: the Generation segment, the Consumer Solutions segment, and the Other Operations segment. Segment comparatives for 2022 were restated and a separate stock exchange release with restated comparatives was issued on 17 April 2023. See also Note 3 Segment information.

Discontinued operations

Russia

Control over Fortum's Russian operations was lost on 25 April 2023 following the Russian Presidential decree No. 302, which enables the authorities to introduce temporary asset management to assets owned by certain foreign entities in Russia, and the subsequent nomination of the new external CEO to PAO Fortum. Consequently, in 11/2023 Fortum's Russia segment was deconsolidated, and classified as discontinued operations as required by IFRS 5 Non-current assets held for sale and discontinued operations. Fortum has not had access to financial or non-financial information from the Russia segment since the first quarter 2023 reporting, and therefore information for the deconsolidation is based on the 31 March 2023 balance sheet.

Comparatives for I/2023 and 2022 were restated and a separate stock exchange release with restated comparatives was issued on 11 May 2023. See also Note 2 Critical accounting estimates and judgements and Note 6.3 Discontinued operations.

The deconsolidation in II/2023 resulted in EUR 3.6 billion one-time, non-cash negative effect. The amount consists of the full write-down of the Russian assets of EUR 1.7 billion, and EUR 1.9 billion negative cumulative translation differences previously recognised in equity. These cumulative translation differences are recycled from equity to profit and loss on deconsolidation according to IFRS. The recycling did not have any impact on total equity.

Uniper in 2022

Discontinued operations in I-III/2022 also include Fortum's former subsidiary Uniper SE and its consolidated group companies. Fortum lost control of Uniper on the signing of the agreement in principle to sell the shares in Uniper SE to the German State on 21 September 2022 and Uniper was deconsolidated at 30 September 2022. The transaction was completed on 21 December 2022.

On deconsolidation of Uniper at 30 September 2022, Fortum recorded EUR 28.0 billion one-time, non-cash positive effect. The amount consists of the net effect from the deconsolidation of Uniper's assets, liabilities and non-controlling interest, and the book value of Uniper-related goodwill and other fair value adjustments made on acquisition; as well as certain items previously recognised in other comprehensive income, mainly foreign exchange differences, that are reclassified to profit and loss on disposal. See also Note 6.3 Discontinued operations.

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 20 Definitions and reconciliations of key figures).

To provide additional financial performance indicators to support meaningful comparison of financials for Fortum's strategic businesses, Fortum introduced in IV/2022 the following APMs: 'Comparable EBITDA from continuing operations excl. Russia', 'Comparable operating profit from continuing operations excl. Russia', 'Comparable net profit from continuing operations excl. Russia', 'Comparable earnings per share from continuing operations excl. Russia', and 'Financial net debt/comparable EBITDA excl. Russia'. Following the deconsolidation of Russia in II/2023, these APMs, with the exception of 'Financial net debt/comparable EBITDA excl. Russia', are no longer presented.

See Note 4 Comparable operating profit and comparable net profit and Note 20 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 2022, have been applied in these condensed interim financial statements. New standards, amendments and interpretations effective from 1 January 2023 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. The European Central Bank stopped publishing rouble (RUB) rates from 2 March 2022. From 2 March 2022, the daily spot rate at 17:15 EET from the market has been used. RUB rate is no longer presented from II/2023 due to the deconsolidation of the Russia segment.

Key exchange rates used in consolidated financial statements:

	Jan-Sep 2023	Jan-Jun 2023	Jan-Mar 2023	Jan-Dec 2022	Jan-Sep 2022	Jan-Jun 2022	Jan-Mar 2022
Average rate							
Norway (NOK)	11.3483	11.3195	10.9901	10.1026	10.0070	9.9817	9.9247
Poland (PLN)	4.5820	4.6244	4.7081	4.6861	4.6724	4.6354	4.6230
Russia (RUB)	N/A	N/A	78.5649	73.6173	76.6455	85.0393	99.1783
Sweden (SEK)	11.4789	11.3329	11.2030	10.6296	10.5274	10.4796	10.4807
	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
Balance sheet date rate							
Norway (NOK)	11.2535	11.7040	11.3940	10.5138	10.5838	10.3485	9.7110
Poland (PLN)	4.6283	4.4388	4.6700	4.6808	4.8483	4.6904	4.6531
Russia (RUB)	N/A	N/A	84.3190	77.8998	59.3288	56.4004	91.5833
Sweden (SEK)	11.5325	11.8055	11.2805	11.1218	10.8993	10.7300	10.3370

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 2022.

Geopolitical uncertainties and impacts on Russian operations

On 25 April 2023, Fortum's subsidiary PAO Fortum (Fortum JSC) was put under asset management in accordance with a Russian Presidential decree No. 302 which introduced a 'temporary' asset management to assets owned by certain foreign entities in Russia. On 26 April 2023, this caused the forced replacement of the company's CEO and the Russian authorities seized control of Fortum's assets in Russia.

The decree and the subsequent forced nomination of the external CEO to PAO Fortum triggered a control assessment as required by IFRS 10 Consolidated financial statements. Based on the assessment, Fortum's rights are no longer substantive as it does not have practical ability to use control over its Russian operations, and that the Russian State is in practice able to approve or reject the most important decisions in relation to these operations. Consequently, control was lost on 25 April 2023 and the Russia segment was deconsolidated in II/2023. See also Note 6.3 Discontinued operations.

3. Segment information

In March 2023, Fortum announced the reorganisation of its business structure. From the first quarter of 2023, the new business units are: Hydro Generation, Nuclear Generation, Renewables and Decarbonisation, Corporate Customers and Markets, Consumer Solutions and Circular Solutions.

The business units are classified into the following reportable segments under IFRS:

- The Generation segment includes the Hydro Generation, Nuclear Generation, Corporate Customers and Markets, and Renewables and Decarbonisation business units.
- The Consumer Solutions segment includes the Consumer Solutions business unit.
- The Other Operations segment includes the Circular Solutions business unit, Innovation and Venturing activities, enabling functions and corporate management.

Segment comparatives for 2022 were restated and a separate stock exchange release with restated comparatives was issued on 17 April 2023.

Russia segment was classified as discontinued operations in II/2023. Comparatives for I/2023 and 2022 were restated and a separate stock exchange release with restated comparatives was issued on 11 May 2023. See also Note 1 Significant accounting policies and Note 6.3 Discontinued operations.

Quarter

EUR million	Note	Generation ¹⁾		Consumer Solutions		Other Operations		Total continuing operations	
		III/2023	III/2022 restated	III/2023	III/2022	III/2023	III/2022 restated	III/2023	III/2022 restated
Income statement data by segment									
Power sales ¹⁾		778	913	462	981	2	10	1,242	1,904
Heat sales		59	51	-	-	4	3	62	54
Gas sales		-	-	68	79	-	-	68	79
Waste treatment sales		1	2	-	-	60	61	61	63
Other sales		9	57	33	34	73	81	116	172
Sales		847	1,023	563	1,094	138	155	1,548	2,272
Internal eliminations		-51	220	-14	-8	-24	-26	-89	186
Netting of Nord Pool transactions ²⁾								-239	-568
IS External sales		796	1,243	549	1,086	114	128	1,220	1,890
Comparable EBITDA		307	415	27	36	-16	3	318	454
IS Depreciation and amortisation		-45	-58	-17	-19	-31	-23	-92	-100
IS Comparable operating profit		262	357	10	17	-46	-20	226	354
Impairment charges and reversals		-	-	-	-	-	0	-	0
Capital gains and other related items		0	0	0	0	1	138	1	138
Changes in fair values of derivatives hedging future cash flow		11	67	13	342	0	-	24	409
Other		0	-	-	-	0	-	0	-
IS Items affecting comparability	4	11	67	13	342	1	138	25	547
IS Operating profit		273	424	23	359	-45	118	251	901
Comparable share of profit/loss of associates and joint ventures	4, 7	7	15	-	-	2	-5	9	10
IS Share of profit/loss of associates and joint ventures	7	-11	-9	-	-	2	-5	-9	-14
Gross investments / divestments by segment									
Gross investments in shares	6	0	2	23	-	3	5	26	7
Capital expenditure		116	99	19	18	18	22	153	139
Gross divestments of shares	6	0	0	0	0	1	152	1	152

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

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

Year-to-date

EUR million	Note	Generation ¹⁾		Consumer Solutions		Other Operations		Total continuing operations	
		I-III/2023	I-III/2022 restated	I-III/2023	I-III/2022	I-III/2023	I-III/2022 restated	I-III/2023	I-III/2022 restated
Income statement data by segment									
Power sales ¹⁾		2,725	2,355	2,296	2,705	7	18	5,029	5,078
Heat sales		318	375	-	-	18	18	337	393
Gas sales		-	-	308	288	-	-	308	288
Waste treatment sales		5	16	-	-	163	158	168	175
Other sales		32	102	92	126	212	233	337	460
Sales		3,081	2,848	2,697	3,118	401	428	6,179	6,394
Internal eliminations		-336	468	-17	-27	-75	-74	-428	367
Netting of Nord Pool transactions ²⁾								-898	-1,394
IS External sales		2,745	3,316	2,680	3,091	326	354	4,853	5,367
Comparable EBITDA		1,422	1,132	78	130	-57	-11	1,443	1,251
IS Depreciation and amortisation		-133	-186	-52	-57	-73	-66	-258	-309
IS Comparable operating profit		1,289	946	27	73	-130	-77	1,186	942
Impairment charges and reversals		-	-	-	-	-	0	-	0
Capital gains and other related items		1	644	0	0	1	136	2	780
Changes in fair values of derivatives hedging future cash flow		391	-271	-301	699	0	-	91	428
Other		8	1	-	-	0	-10	8	-8
IS Items affecting comparability	4	400	374	-301	699	1	126	101	1,199
IS Operating profit		1,689	1,320	-274	772	-129	49	1,286	2,141
Comparable share of profit/loss of associates and joint ventures	4, 7	-24	34	-	-	1	-7	-24	28
IS Share of profit/loss of associates and joint ventures	7	-30	-120	-	-	1	-7	-30	-126
Gross investments / divestments by segment									
Gross investments in shares	6	4	2	23	-	16	20	43	22
Capital expenditure		338	207	58	51	56	58	453	314
Gross divestments of shares	6	0	1,208	0	0	4	152	4	1,360

- 1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the difference between average contract price and realised spot price. Power sales contains realised result from commodity derivatives, which have not had hedge accounting status under IFRS 9, but have been considered operatively as hedges.
- 2) Sales and purchases with Nord Pool Spot are netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

Last twelve months

EUR million	Note	Generation ¹⁾		Consumer Solutions		Other Operations		Total for continuing operations	
		LTM	2022 restated	LTM	2022	LTM	2022 restated	LTM	2022 restated
Income statement data by segment									
Power sales ¹⁾		4,173	3,802	3,617	4,026	13	24	7,803	7,852
Heat sales		443	499	-	-	28	28	471	527
Gas sales		-	-	412	392	-	-	412	392
Waste treatment sales		8	19	-	-	224	219	231	238
Other sales		75	144	127	161	297	318	499	623
Sales		4,698	4,465	4,157	4,578	562	589	9,417	9,632
Internal eliminations		-220	585	-20	-30	-102	-101	-342	454
Netting of Nord Pool transactions ²⁾								-1,815	-2,312
IS External sales		4,478	5,049	4,137	4,549	460	488	7,260	7,774
Comparable EBITDA		2,165	1,876	122	173	-69	-23	2,218	2,025
IS Depreciation and amortisation		-194	-247	-70	-75	-99	-92	-363	-415
IS Comparable operating profit		1,971	1,629	51	97	-168	-116	1,855	1,611
Impairment charges and reversals		-	-	-	-	0	0	0	0
Capital gains and other related items		5	648	0	0	1	137	6	785
Changes in fair values of derivatives hedging future cash flow		532	-130	-1,246	-246	0	-	-713	-376
Other		-12	-19	-	-	-23	-33	-35	-52
IS Items affecting comparability	4	525	499	-1,246	-246	-22	103	-742	356
IS Operating profit		2,497	2,128	-1,195	-149	-190	-13	1,112	1,967
Comparable share of profit/loss of associates and joint ventures	4, 7	-92	-34	-	-	0	-7	-92	-40
IS Share of profit/loss of associates and joint ventures	7	-89	-178	-	-	0	-7	-89	-185
Gross investments / divestments by segment									
Gross investments in shares	6	4	2	23	0	22	26	49	29
Capital expenditure		444	314	79	71	83	85	606	467
Gross divestments of shares	6	5	1,212	0	0	4	152	8	1,365

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.

Segment assets and liabilities

EUR million	Note	Generation		Consumer Solutions		Other Operations		Total	Russia	Total
		30 Sep 2023	31 Dec 2022 restated	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022 restated			
Non-interest-bearing assets		6,459	6,599	895	1,801	1,069	1,073	8,424	1,614	11,087
BS Participations in associates and joint ventures	7	964	987	-	-	57	51	1,021	211	1,249
Eliminations								-97		-332
Total segment assets		7,424	7,585	895	1,801	1,126	1,124	9,348	1,825	12,004
Interest-bearing receivables	12							963		1,284
BS Deferred tax assets								987		933
Other assets								2,991		5,502
BS Liquid funds								4,552		3,919
BS Total assets								18,842		23,642
Segment liabilities		408	988	358	436	282	350	1,048	134	1,908
Eliminations								-97		-332
Total segment liabilities								951		1,576
BS Deferred tax liabilities								554		152
Other liabilities								2,917		6,392
Total liabilities included in capital employed								4,422		8,120
Interest-bearing liabilities	13							5,918		7,785
BS Total equity								8,501		7,737
BS Total equity and liabilities								18,842		23,642
Number of employees		1,791	1,660	1,315	1,179	2,287	2,149	5,393	2,724	7,712

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

EUR million	Note	Generation		Consumer Solutions	
		LTM	31 Dec 2022 restated	LTM	31 Dec 2022
Comparable operating profit		1,971	1,629	51	97
Comparable share of profit/loss of associates and joint ventures	4, 7	-92	-34	-	-
Comparable operating profit including comparable share of profit/loss of associates and joint ventures		1,879	1,595	51	97
Segment assets at the end of the period		7,424	7,585	895	1,801
Segment liabilities at the end of the period		408	988	358	436
Comparable net assets		7,016	6,597	537	1,365
Comparable net assets average ¹⁾		6,816	6,873	887	1,068
Comparable return on net assets, %		27.6	23.2	5.8	9.1

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

4. Comparable operating profit and comparable net profit

4.1 Reconciliation of operating profit to comparable operating profit

Quarter

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	III/2023	III/2022	III/2023	III/2022	III/2023	III/2022	III/2023	III/2022	III/2023	III/2022	III/2023	III/2022
Sales	1,223	1,862	-	-	-	-	-3	28	-	-	1,220	1,890
Other income	18	246	-	-	-1	-138	-8	-95	0	-	8	13
Materials and services	-626	-1,172	-	-	-	-	-39	-61	0	-	-665	-1,234
Employee benefits	-105	-101	-	-	-	-	-	-	-	-	-105	-101
Depreciation and amortisation	-92	-100	-	0	-	-	-	-	-	-	-92	-100
Other expenses	-166	166	-	-	-	-	26	-281	-	-	-141	-114
IS Comparable operating profit			-	0	-1	-138	-24	-409	0	-	226	354
IS Items affecting comparability			-	0	1	138	24	409	0	-	25	547
IS Operating profit	251	901									251	901

Year-to-date

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	I-III/2023	I-III/2022	I-III/2023	I-III/2022	I-III/2023	I-III/2022	I-III/2023	I-III/2022	I-III/2023	I-III/2022	I-III/2023	I-III/2022
Sales	4,854	5,390	-	-	-	-	-1	-24	-	-	4,853	5,367
Other income	414	542	-	-	-2	-780	-390	295	0	-1	22	55
Materials and services	-2,568	-3,366	-	-	-	-	-126	-119	-8	-	-2,702	-3,485
Employee benefits	-316	-319	-	-	-	-	-	-	-	-	-316	-319
Depreciation and amortisation	-258	-309	-	0	-	-	-	-	-	-	-258	-309
Other expenses	-840	202	-	-	-	-	427	-580	-	10	-414	-368
IS Comparable operating profit			-	0	-2	-780	-91	-428	-8	8	1,186	942
IS Items affecting comparability			-	0	2	780	91	428	8	-8	101	1,199
IS Operating profit	1,286	2,141									1,286	2,141

Last twelve months

EUR million	Unadjusted		Impairment charges and reversals		Capital gains and other related items		Changes in fair values of derivatives hedging future cash flow		Other		Reported	
	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	2022 LTM restated	
Sales	7,261	7,797	-	-	-	-	0	-23	-	-	7,260	7,774
Other income	579	707	-	-	-6	-785	-532	153	0	-1	41	74
Materials and services	-4,281	-5,079	-	-	-	-	199	206	12	20	-4,070	-4,853
Employee benefits	-429	-432	-	-	-	-	-	-	-	-	-429	-432
Depreciation and amortisation	-363	-415	0	0	-	-	-	-	-	-	-363	-415
Other expenses	-1,655	-612	-	-	-	-	1,046	40	24	33	-585	-538
IS Comparable operating profit			0	0	-6	-785	713	376	35	52	1,855	1,611
IS Items affecting comparability			0	0	6	785	-713	-376	-35	-52	-742	356
IS Operating profit	1,112	1,967									1,112	1,967

Impairment charges and reversals

Impairment charges are adjusted from depreciation and amortisation and presented in items affecting comparability. Comparative information for I/2023 and I-IV/2022 was restated following the classification of Russia segment as discontinued operations in II/2023. See Note 6.3 Discontinued operations.

Capital gains and other related items

Capital gains and other related items in 2022 included EUR 638 million gain from the sale of the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway, EUR 77 million gain from the sale of the 30% ownership in the public charging point operator for electric vehicles Recharge AS, as well as EUR 61 million gain from the sale of the e-mobility business Plugsurfing (see Note 6.2 Disposals).

Changes in fair values of derivatives hedging future cash flow

Fair value changes of derivatives to which hedge accounting is not applied and which hedge future cash flows are adjusted from other income and other expenses and presented 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.

4.2 Reconciliation from operating profit to comparable net profit

EUR million	Note	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
IS Operating profit		251	901	1,286	2,141	1,967	1,112
IS Items affecting comparability	4.1	-25	-547	-101	-1,199	-356	742
IS Comparable operating profit		226	354	1,186	942	1,611	1,855
IS Share of profit/loss of associates and joint ventures		-9	-14	-30	-126	-185	-89
Adjustments to share of profit/loss of associates and joint ventures	7	18	24	6	154	145	-3
Comparable share of profit/loss of associates and joint ventures		9	10	-24	28	-40	-92
IS Finance costs - net		-17	-3	-162	-100	-218	-280
Adjustments to finance costs - net	8	2	-6	32	39	48	41
Comparable finance costs - net		-15	-9	-130	-61	-170	-238
Comparable profit before income tax		219	354	1,032	908	1,400	1,524
IS Income tax expense		-38	-156	7	-257	520	785
Adjustments to income tax expense		22	81	-209	69	-836	-1,113
Comparable income tax expense		-16	-75	-202	-188	-316	-329
IS Non-controlling interests		1	1	1	-8	-4	5
Adjustments to non-controlling interests		-1	-1	1	-6	-5	2
Comparable non-controlling interests		0	0	2	-14	-9	8
Comparable net profit from continuing operations		204	279	833	706	1,076	1,203
Comparable net profit from discontinued operations	6.3	-	-2,269	34	-1,910	-2,064	-120
Comparable net profit, total Fortum		204	-1,990	867	-1,204	-988	1,083
Comparable earnings per share, continuing operations EUR	20	0.23	0.31	0.93	0.79	1.21	1.34
Comparable earnings per share, discontinued operations EUR	20	-	-2.55	0.04	-2.15	-2.32	-0.13
Comparable earnings per share, total Fortum, EUR	20	0.23	-2.24	0.97	-1.36	-1.11	1.21

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.

Comparable finance costs - net

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

Comparable income tax expense

Income tax expense is adjusted for tax impacts on items affecting comparability, adjustments to finance costs – net, tax rate changes and other onetime adjustments. In I-III/2023, adjustments to income tax expense included EUR 224 million relating to one-time tax impacts mainly recognised in Ireland and in the Netherlands, due to the impairment of the Russian assets. In 2022, adjustments to income tax expense included EUR 746 million relating to onetime tax impact realised in Ireland mainly due to the Uniper divestment.

See also Note 20 Definitions and reconciliations of key figures.

5. Financial risk management

See Fortum Group's consolidated financial statements for the year ended 31 December 2022 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 2022, in Note 15 Financial assets and liabilities by fair value hierarchy.

Financial assets

EUR million	Level 1		Level 2		Level 3		Netting ¹⁾		Total	
	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022
In non-current assets										
Other investments ²⁾					119	543			119	543
Derivative financial instruments										
Commodity derivatives										
Hedge accounting			96	54					96	54
Non-hedge accounting	34	85	19	58	6	57	-6	-30	52	170
Interest rate and currency derivatives										
Hedge accounting			113	116					113	116
Non-hedge accounting			4	3					4	3
Interest-bearing receivables						31			-	31
Total in non-current assets	34	85	231	231	124	631	-6	-30	384	917
In current assets										
Derivative financial instruments										
Commodity derivatives										
Hedge accounting	207	781	537	542			-94	-546	650	777
Non-hedge accounting	303	1,129	121	252	0	9	-225	-796	200	594
Interest rate and currency derivatives										
Hedge accounting			14	23					14	23
Non-hedge accounting			53	92					53	92
Interest-bearing receivables ³⁾	333	527				7			333	535
Total in current assets	843	2,437	726	909	0	16	-319	-1,342	1,251	2,021
Total in assets	877	2,522	957	1,140	125	648	-324	-1,372	1,635	2,938

1) Receivables and liabilities from electricity and other commodity standard derivative contracts against exchanges with same delivery period are netted.

2) Other investments includes shares in unlisted companies. The comparison period 31 December 2022 also includes 1.3 GW portfolio of wind projects located in Russia.

3) Interest-bearing receivables, Level 1, include collateral arrangement covering margin requirement. See also Note 12 Interest-bearing receivables and Note 13 Interest-bearing net debt.

Financial liabilities

EUR million	Level 1		Level 2		Level 3		Netting ¹⁾		Total	
	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022
In non-current liabilities										
Interest-bearing liabilities ²⁾			945	580					945	580
Derivative financial instruments										
Commodity derivatives										
Hedge accounting	15		76	390					92	390
Non-hedge accounting	10	38	50	234	19	4	-6	-30	74	246
Interest rate and currency derivatives										
Hedge accounting			138	121					138	121
Non-hedge accounting			1	0					1	0
Total in non-current liabilities	25	38	1,210	1,324	19	4	-6	-30	1,249	1,336
In current liabilities										
Interest-bearing liabilities			382	527					382	527
Derivative financial instruments										
Commodity derivatives										
Hedge accounting	709	2,672	138	1,240			-94	-546	753	3,366
Non-hedge accounting	260	883	62	465	6	1	-225	-796	103	553
Interest rate and currency derivatives										
Hedge accounting			6	3					6	3
Non-hedge accounting			84	51					84	51
Total in current liabilities	969	3,555	672	2,286	6	1	-319	-1,342	1,328	4,500
Total in liabilities	994	3,593	1,881	3,610	25	5	-324	-1,372	2,577	5,836

1) Receivables and liabilities from standard electricity and other commodity derivative contracts against exchanges 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 2023, the net fair value of commodity derivatives was EUR -22 million, including assets of EUR 999 million and liabilities of EUR 1,021 million (EUR -2,960 million in December 2022, including assets of EUR 1,594 million and liabilities of EUR 4,554 million). The change from December 2022 mainly relates to impacts from decreased commodity market prices.

Net fair value amount of interest rate and currency derivatives was EUR -45 million, including assets of EUR 184 million and liabilities of EUR 228 million. Fortum has cash collaterals based on collateral agreements with some counterparties. At the end of September 2023, Fortum had received EUR 43 million from collateral agreements. Cash received is recognised as liquid funds and short-term liability.

Regarding derivative financial instruments, see Note 4 Comparable operating profit and comparable net profit. Regarding interest-bearing receivables and liabilities, see Note 12 Interest-bearing receivables, Note 13 Interest-bearing net debt and Note 16 Pledged assets and contingent liabilities.

There were no transfers in or out of level 3. Gains and losses of level 3 items in consolidated income statement are presented mainly in items affecting comparability. See note 4 Comparable operating profit and comparable net profit.

Changes in fair value hierarchy Level 3

	1 Jan 2023	Purchases	Settlements	Gains / losses in income statement	Deconsolidation of subsidiary companies ¹⁾	30 Sep 2023
On balance sheet, net						
Other investments	543	11		-31	-404	119
Commodity derivatives, fair values	61			-75		-20
Interest-bearing receivables	39			-4	-29	0
Total on balance sheet, net	643	11	-9	-112	-433	100

1) Deconsolidation of Russian operations in II/2023. See note 6.3 Discontinued operations.

6. Acquisitions, disposals and discontinued operations

6.1 Acquisitions

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Gross investments in shares in subsidiary companies	23	0	23	0	0	22
Gross investments in shares in associated companies and joint ventures	3	3	9	7	10	12
Gross investments in other shares	1	4	11	16	19	14
Total	26	7	43	22	29	49

On 31 August 2023, Fortum acquired the Swedish electricity solutions provider Telge Energi AB from Telge AB. The total consideration for the entire shareholding in Telge Energi on a cash and debt-free basis was approximately SEK 450 million (EUR 39 million). The preliminary purchase price, net of cash acquired and other adjustments was EUR 23 million. Telge Energi AB is included in the Consumer Solutions segment.

6.2 Disposals

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Gross divestments of shares in subsidiary companies	1	66	1	1,274	1,279	5
Gross divestments of shares in associated companies and joint ventures	-	86	0	86	86	0
Gross divestments of other investments	0	0	3	0	0	3
Total	1	152	4	1,360	1,365	8

Disposals during 2023

There were no material disposals in I-III/2023.

Disposals during 2022

On 21 September 2022, Fortum, the German government and Uniper signed an agreement in principle allowing the German State to take full control of Uniper and Uniper was deconsolidated. On 21 December 2022, the transaction was completed and Fortum received the consideration of the share transaction of EUR 498 million and Uniper repaid the EUR 4 billion shareholder loan. The consideration received for the shares is presented in the cash flow from discontinued operations in IV/2022. See also Note 6.3 Discontinued operations.

On 1 September 2022, Fortum announced that it had concluded the sale of its e-mobility business Plugsurfing to Fleetcor Technologies, Inc., a leading global business payments company. The transaction price was approximately EUR 75 million on a cash and debt free basis and Fortum recorded a tax-exempt capital gain of EUR 61 million in the Other Operations' third quarter 2022 results.

On 18 August 2022, Fortum concluded the sale of its 30% ownership in Recharge AS, a public charging point operator for electric vehicles, to Infracapital, the infrastructure equity investment arm of M&G Plc. The transaction price was approximately EUR 85 million. Fortum recorded a tax-exempt capital gain of EUR 77 million in Other Operations' third quarter 2022 results.

On 19 May 2022, Fortum announced that it had concluded the sale of its 50% ownership in the district heating company Fortum Oslo Varme AS in Norway to a consortium of institutional investors of Hafslund Eco, Infranode and HitecVision. The total consideration of the sale amounted to approximately EUR 1 billion on a cash- and debt-free basis; and as part of the transaction, Fortum deconsolidated a related EUR 210 million shareholder loan from the City of Oslo. Fortum recorded a tax-exempt capital gain of EUR 638 million in the Generation segment's second quarter 2022 results. In 2022, Fortum Oslo Varme AS was part of the City Solutions segment (see Note 3 Segment information).

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

6.3 Discontinued operations

The Russia segment was classified as discontinued operations in II/2023, and the Uniper segment was classified as discontinued operations in III/2022. See also Note 1 Significant accounting policies. Financial performance and cash flow information for the discontinued operations is presented until 31 March 2023 for the Russia segment, and until 30 September 2022 for the Uniper segment.

Financial performance

The result from discontinued operations is disclosed on one line on the face of the consolidated income statement. The following table presents breakdown of income statement information for discontinued operations. Discontinued operations include the Russia segment in I/2023 and I-IV/2022; as well as the Uniper segment in I-III/2022. The effects of eliminations from internal sales and purchases have been included in the discontinued operations. The net financial costs are based on the historical financial costs in the separate companies.

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Sales	-	50,315	287	128,798	129,126	616
Other income	-	10,752	6	22,525	22,535	15
Materials and services	-	-53,953	-148	-132,616	-132,778	-310
Employee benefits	-	-242	-20	-759	-781	-42
Depreciation and amortisation	-	-207	-23	-679	-724	-68
Other expenses	-	-10,775	-15	-21,831	-21,865	-50
Comparable operating profit	-	-4,110	86	-4,562	-4,487	162
Deconsolidation effect	-	27,966	-3,608	27,966	27,966	-3,608
Items affecting comparability	-	-27,671	0	-40,016	-40,570	-554
Operating profit	-	-3,815	-3,521	-16,612	-17,091	-4,000
Share of profit/loss of associates and joint ventures	-	-10	26	-136	-372	-210
Finance costs - net	-	-206	-88	-536	-1,028	-581
Profit before income tax	-	-4,031	-3,584	-17,283	-18,491	-4,792
Income tax expense	-	3,814	2	5,947	6,117	172
Net profit from discontinued operations	-	-216	-3,582	-11,336	-12,374	-4,620
Attributable to:						
Owners of the parent	-	5,372	-3,583	-3,458	-4,496	-4,621
Non-controlling interests ¹⁾	-	-5,589	1	-7,878	-7,878	1
Earnings per share, discontinued operations, EUR	-	6.05	-3.99	-3.89	-5.07	-5.16
Comparable net profit from discontinued operations	-	-2,269	34	-1,910	-2,064	-120
Comparable earnings per share, discontinued operations, EUR	-	-2.55	0.04	-2.15	-2.32	-0.13

1) Non-controlling interest is not calculated on the Deconsolidation effect as the deconsolidation effect is calculated based on Fortum's share of Russia's and Uniper's net assets.

Impact from the deconsolidation of Russia and Uniper

Russia

The deconsolidation of Russian operations in II/2023 resulted in EUR 3.6 billion one-time, non-cash negative effect. The amount consists of the full write-down of the Russian assets of EUR 1.7 billion, and EUR 1.9 billion negative cumulative translation differences previously recognised in equity. These cumulative translation differences are recycled from equity to profit and loss on deconsolidation according to IFRS. The recycling did not have any impact on total equity.

Fortum has not had access to financial or non-financial information from the Russia segment since the first quarter 2023 reporting, and therefore information for the deconsolidation is based on the 31 March 2023 balance sheet.

EUR million	31 Mar 2023
Intangible assets	18
Property, plant and equipment and right-of-use assets	896
Participations in associates and joint ventures	221
Interest-bearing receivables	33
Other non-current and current assets	594
Liquid funds	284
Non-controlling interests	-22
Interest-bearing liabilities	-178
Other liabilities	-161
Net assets deconsolidated	1,685
Items recycled to Income statement	-1,922
Deconsolidation effect (negative)	-3,608

Uniper

On deconsolidation of Uniper at 30 September 2022, Fortum recorded EUR 28.0 billion one-time, mainly non-cash positive effect that is included in 2022 in net profit from discontinued operations in the consolidated income statement. The amount consists of the net effect from the consideration received for the shares, EUR 498 million; Uniper's negative net assets divested resulting in a positive impact to the deconsolidation effect of EUR 26 658 million; as well as certain items previously recognised in other comprehensive income, EUR 810 million, mainly foreign exchange differences, that are reclassified to Income statement on disposal.

EUR million	30 Sep 2022
Net assets divested	-26,658
Consideration received for the shares	498
Items recycled to Income statement	810
Deconsolidation effect	27,966

Fortum's total pre-tax loss from the Uniper investment was slightly below EUR 6 billion which is the net effect from the investments in Uniper shares during 2018-2022 of approximately EUR 7.2 billion, the sales proceeds of EUR 0.5 billion received and dividends of approximately EUR 0.9 billion received during the Uniper ownership.

Cash flow information

In the cash flow statement, the net cash flows attributable to the operating, investing and financing activities of the discontinued operations are disclosed separately. The table below shows the Russia segment in I/2023 and I-IV/2022; as well as the Uniper segment in I-III/2022.

The Russian operations were deconsolidated due to loss of control as opposed to sale (see Note 2 Critical accounting estimates and judgements), i.e. no consideration has been received for the Russian operations. Cash flow from investing activities for discontinued operations in 2023 includes Russia related cash flows from I/2023 netted with liquid funds of EUR 284 million lost through the seizure of the Russian assets.

The consideration received for the shares of Uniper, EUR 498 million, is presented in net cash from/used in investing activities of the discontinued operations in 2022. Net cash from/used in investing activities in 2022 is presented net of liquid funds due to the deconsolidation of Uniper. Liquid funds of Uniper were EUR 2,248 million at 30 September 2022.

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Net cash from/used in operating activities	-	-8,485	109	-10,640	-10,484	266
Net cash from/used in investing activities	-	-4,710	-333	-3,161	-2,789	39
Net cash from/used in financing activities	-	10,251	21	10,685	10,739	75
Total net decrease/increase in liquid funds	-	-2,944	-202	-3,117	-2,534	381

7. Share of profit/loss of associates and joint ventures

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Principal associates						
Forsmark Kraftgrupp AB	-10	-9	-10	-63	-78	-25
Kemijoki Oy	0	0	-1	3	-1	-5
OKG AB	-6	-3	-25	-64	-99	-60
Principal joint ventures						
TVO Oyj	3	-2	-4	-10	-13	-7
Other associates	2	-5	1	-6	-6	1
Other joint ventures	2	5	8	13	13	8
IS Share of profit/loss of associates and joint ventures	-9	-14	-30	-126	-185	-89

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
IS Share of profit/loss of associates and joint ventures	-9	-14	-30	-126	-185	-89
Adjustments to share of profit/loss of associates and joint ventures	18	24	6	154	145	-3
Comparable share of profit/loss of associates and joint ventures	9	10	-24	28	-40	-92

8. Finance costs – net

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Interest expense						
Borrowings	-68	-47	-230	-111	-202	-321
Leasing and other interest expenses	-1	-1	-2	-2	-2	-2
Capitalised borrowing costs	6	1	15	3	4	17
IS Total	-62	-47	-217	-111	-200	-307
Interest income						
Loan receivables and deposits	46	8	106	19	46	132
Leasing and other interest income	2	27	10	29	30	11
IS Total	48	36	115	48	75	142
Other financial items - net						
Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions	1	-21	-30	-67	-71	-34
Fair value changes, impairments and reversals	-3	0	-2	2	-3	-7
Unwinding of discounts on other provisions and pension obligations	0	0	-1	-1	10	10
Other financial expenses and income	-1	28	-27	28	-29	-84
IS Total	-3	8	-60	-37	-93	-115
IS Finance costs - net	-17	-3	-162	-100	-218	-280

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
IS Finance costs - net	-17	-3	-162	-100	-218	-280
Adjustments to finance costs - net						
Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions	-1	21	30	67	71	34
Fair value changes, impairments, reversals and other adjustments	3	-26	2	-28	-23	7
Comparable finance costs - net	-15	-9	-130	-61	-170	-238

Interest expenses on borrowings in I-III/2023 totalled EUR 230 million (I-III/2022: 111), including interest expenses on loans of EUR 197 million (I-III/2022: 108), and EUR 33 million (I-III/2022: 4) interest cost – net from derivatives hedging the loan portfolio. Interest expenses on loans includes EUR 41 million (I-IV/2022: 26) relating to the Finnish State bridge financing recognised in I/2023.

Interest income on loan receivables and deposits, EUR 106 million (I-III/2022: 19) in I-III/2023, includes EUR 91 million (I-III/2022: 0) from deposits and cash, and EUR 15 million (I-III/2022: 19) interest income from shareholder loan receivables and other loan receivables.

Return from nuclear fund, nuclear fund adjustment and unwinding of nuclear provisions relate to the Loviisa nuclear power plant.

Other financial expenses and income, EUR 27 million (financial expenses) (I-III/2022: 28 financial income) in I-III/2023, includes EUR 24 million costs relating to financing arrangements of which EUR 15 million (I-IV/2022: 23) related to the Finnish State bridge financing.

9. Income taxes

Income taxes during I-III/2023 totalled EUR 7 million (tax income) (I-III/2022: -257 tax expense). In I-III/2023, income taxes included EUR 224 million relating to one-time positive tax impacts mainly recognised in Ireland and in the Netherlands, due to the impairment of the Russian assets. The effective income tax rate according to the income statement was -0.7% (I-III/2022: 13.4%). The comparable effective income tax rate was 19.1% (I-III/2022: 21.4%).

10. Dividend per share

A dividend for 2022 of EUR 0.91 per share, amounting to a total of EUR 817 million, was decided in the Annual General Meeting on 13 April 2023. The dividend is paid in two instalments. The first dividend instalment of EUR 0.46 per share was paid on 24 April 2023, amounting to a total of EUR 413 million. The second dividend instalment of EUR 0.45, amounting to a total of EUR 404 million, is recorded as a liability and included in 'Trade and other payables' on the balance sheet at 30 September 2023 and was paid on 10 October 2023.

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

11. Impairment of non-current assets

The carrying values of goodwill, other intangible assets, property, plant and equipment, right-of-use assets, participations in associates and joint ventures, and non-financial investments are reviewed regularly for indication of impairment. Impairment testing is performed if there is an indication of impairment; and the asset is written down to its recoverable amount if its carrying amount is greater than the estimated recoverable amount. See Note 19 Impairment testing in the 2022 consolidated financial statements for further information on the accounting policy and assumptions related to impairment testing.

Following the loss of control over Russian operations on 25 April 2023, the Russian assets were fully written down in Fortum's II/2023 financials, resulting in an impairment charge of EUR 1.7 billion. The impairment charge is included in the results of discontinued operations.

Russian assets were tested for impairment as of 31 December 2022. Fair value less costs of disposal for the Russia CGU was determined by an external party based on discounted cash flow model. Management made an additional risk adjustment to account for market restrictions and the valuation method was consistent with external sources of information.

Total impairment charges in 2022 for the Russia CGU amounted to EUR 1,697 million, including EUR 905 million impairment of intangible assets and property, plant and equipment, EUR 475 million impairment of participations in associates and joint ventures, EUR 145 million expected credit losses on Russian deposits and receivables, as well as EUR 171 million write down of other shares. In Fortum's I-III/2023 financials, these impairment charges are included in the results of discontinued operations for 2022.

As of 31 March 2023, there were no material changes in the circumstances compared to the situation as of 31 December 2022. The book value of the Russia segment was approximately EUR 1.7 billion at 31 March 2023 (31 Dec 2022: 1.7).

12. Interest-bearing receivables

EUR million	30 Sep 2023	31 Dec 2022
Interest-bearing receivables	963	1,281
Finance lease receivables	-	3
Total	963	1,284

EUR million	Carrying amount		Fair value ¹⁾	
	30 Sep 2023	30 Sep 2023	31 Dec 2022	31 Dec 2022
Long-term loan receivables from associates and joint ventures	574	586	593	612
Other long-term interest-bearing receivables	0	0	31	31
Total long-term interest-bearing receivables	574	586	624	643
Collateral arrangement	333	333	527	527
Other short-term interest-bearing receivables	56	56	130	130
Total short-term interest-bearing receivables	389	389	657	657
Total	963	975	1,281	1,301

1) Fair values do not include accrued interest.

Changes in interest-bearing receivables from 31 December 2022 include EUR 33 million from the deconsolidation of Russian operations in II/2023. See Note 6.3 Discontinued operations.

Long-term interest-bearing receivables from associated companies and joint ventures, EUR 574 million (31 Dec 2022: 593), include EUR 476 million from Swedish nuclear companies, Forsmarks Kraftgrupp AB and OKG AB (31 Dec 2022: 498), which are mainly funded with shareholder loans, pro rata to each shareholder's ownership.

Other short-term interest-bearing receivables include EUR 49 million collateral for default fund. In II/2023 the cash collateral in Nasdaq default fund was replaced by securities included in Fortum's collateral arrangement to the Nordic Power Exchange. See Note 13 Interest-bearing net debt.

13. Interest-bearing net debt

Financial net debt

EUR million	30 Sep 2023	31 Dec 2022
+ Interest-bearing liabilities	5,918	7,785
- BS Liquid funds	4,552	3,919
- Collateral arrangement	333	527
- BS Margin receivables	672	2,607
+ BS Margin liabilities	113	352
+/- Net margin liabilities/receivables	-559	-2,255
Financial net debt	474	1,084

Interest-bearing liabilities of EUR 5,918 million includes Fortum's collateral arrangement to the Nordic Power Exchange totalling EUR 382 million (31 Dec 2022: 527). Equalling amount is included in short-term interest-bearing receivables of which collateral relating to margin requirement EUR 333 million (31 Dec 2022: 527) is netted from the Financial net debt in the Collateral arrangement row. However the collateral for default fund EUR 49 million is not netted from the Financial net debt. See Note 12 Interest-bearing receivables.

Interest-bearing liabilities

EUR million	30 Sep 2023	31 Dec 2022
Non-current loans	4,409	3,558
Current loans	1,398	4,108
Total loans	5,806	7,666
Non-current lease liabilities	93	100
Current lease liabilities	19	19
Total lease liabilities	112	119
Total	5,918	7,785

Loans

EUR million	Carrying amount	Fair value ³⁾	Carrying amount	Fair value
	30 Sep 2023	30 Sep 2023	31 Dec 2022	31 Dec 2022
Bonds	2,683	2,586	2,634	2,569
Loans from financial institutions	1,310	1,320	1,519	1,545
Reborrowing from the Finnish State Nuclear Waste Management Fund ¹⁾	951	949	918	938
Other long-term interest-bearing liabilities	182	184	115	126
Total long-term loans ²⁾	5,125	5,038	5,187	5,178
Collateral arrangement liability	382	382	527	527
Other short-term interest-bearing liabilities	299	299	1,952	1,952
Total short-term loans	681	681	2,479	2,479
Total	5,806	5,719	7,666	7,657

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 717 million (31 Dec 2022: 1,629).

3) Fair values do not include accrued interest.

Changes in interest-bearing liabilities from 31 December 2022 include EUR 178 million from the deconsolidation of Russian operations in II/2023. See Note 6.3 Discontinued operations.

In January 2023, Fortum repaid the drawn amount EUR 600 million of its Liquidity revolving credit facility. In February 2023, EUR 1,000 million maturing bond was repaid. In March 2023, Fortum repaid the drawn amount of EUR 350 million and cancelled the entire EUR 2,350 million Finnish State bridge loan facility. Nuclear waste fund loans are in total EUR 951 million after the drawdown of EUR 33 million.

In May 2023, Fortum issued a dual-tranche bond with a five-year tranche of EUR 500 million and a ten-year tranche of EUR 650 million. Fortum repaid the final drawn amount of EUR 500 million of its Liquidity revolving credit facility in May 2023 and the SEK 1,000 million bond in June 2023.

In June 2023, Fortum cancelled EUR 2,100 million of the total EUR 3,100 million Liquidity revolving credit facility and six months extension option was used for the remaining facility of EUR 1,000 million with new maturity in December 2023 with 6 months extension option by Fortum.

In June 2023, Fortum renewed its maturing drawn bullet loan of EUR 500 million with a new maturity date in February 2025. Undrawn bilateral revolving credit facility of EUR 800 million maturing in December 2023 was renewed with new maturity date in June 2025 with a one-year extension option by the lender.

During the third quarter of 2023 the long-term loans and credit facilities have remained unchanged.

Current loans, EUR 1,398 million (31 Dec 2022: 4,108), include the current portion of long-term loans EUR 717 million (31 Dec 2022: 1,629) and short-term loans EUR 681 million (31 Dec 2022: 2,479).

Short-term loans, EUR 681 million, include EUR 425 million collateral arrangements and use of commercial paper programmes of EUR 255 million.

The average interest rate for the portfolio of EUR loans was 4.0% at the balance sheet date (31 Dec 2022: 3.1%). The average interest rate on total loans and derivatives was 4.3% at the balance sheet date (31 Dec 2022, excluding Russia: 3.7%).

Maturity of loans

EUR million	30 Sep 2023
2023	567
2024	838
2025	507
2026	737
2027	17
2028 and later	3,141
Total	5,806

Maturities in 2023 include EUR 425 million loans with no contractual due date.

Maturity of undiscounted lease liabilities

EUR million	30 Sep 2023
Due within a year	19
Due after one year and within five years	52
Due after five years	55
Total	126

Liquid funds

EUR million	30 Sep 2023	31 Dec 2022
Deposits and securities with maturity more than 3 months	-	147
Cash and cash equivalents	4,552	3,771
BS Total	4,552	3,919

Changes in liquid funds from 31 December 2022 include EUR 284 million from the deconsolidation of Russian operations in II/2023. See Note 6.3 Discontinued operations.

At the end of the reporting period, the Group's liquid funds totalled EUR 4,552 million (31 Dec 2022: 3,919), and of these funds EUR 4,516 million (31 Dec 2022: 3,600) are placed with counterparties that have an investment grade credit rating.

The average interest rate for the liquid funds was 3.8% at the balance sheet date (31 Dec 2022: 1.7%).

Committed credit facilities

At the end of the reporting period, Fortum had undrawn committed credit facilities of EUR 4,200 million, including the Liquidity revolving credit facility of EUR 1,000 million (maturity in December 2023 with 6 months extension option by Fortum), the Core revolving credit facility of EUR 2,400 million (maturity in June 2025 with max. 2 years extension option by the lenders) and the EUR 800 million bilateral revolving credit facility (maturity in June 2025 with 1 year extension option by the lender). In addition, Fortum has EUR 100 million committed overdraft limits that are valid until further notice.

14. Nuclear-related assets and liabilities

Fortum owns Loviisa nuclear power plant in Finland. On Fortum's consolidated balance sheet, Share in the State Nuclear Waste Management Fund and the Nuclear provisions relate to Loviisa nuclear power plant.

Fortum also has minority interests in nuclear power companies, i.e. Teollisuuden Voima Oyj (TVO) in Finland and OKG Aktiebolag (OKG) 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.

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

EUR million	30 Sep 2023	31 Dec 2022
Carrying values on the balance sheet		
BS Nuclear provisions	1,023	966
BS Fortum's share in the State Nuclear Waste Management Fund	1,023	966
Fortum's share of the fair value of the net assets in the State Nuclear Waste Management Fund	1,197	1,148
Share of fund not recognised on the balance sheet	174	182

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, increased by EUR 56 million compared to 31 December 2022, totalling EUR 1,023 million at 30 September 2023.

Fortum's share of the State Nuclear Waste Management Fund is from an IFRS perspective overfunded by EUR 174 million, since Fortum's share of the Fund on 30 September 2023 was EUR 1,197 million and the carrying value on the balance sheet was EUR 1,023 million. The Fund on Fortum's balance sheet can at maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, other financial items are adjusted positively if the provisions increase more than the Fund, and negatively if the provision decreases below the actual value of the Fund.

Legal liability for Loviisa nuclear power plant

The legal liability on 30 September 2023, decided by the Ministry of Economic Affairs and Employment in December 2022, was EUR 1,197 million.

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

Fortum's share in the Finnish Nuclear Waste Management Fund

According to the Nuclear Energy Act, Fortum is obligated to contribute funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Fortum contributes funds to the Finnish State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in connection with the decision of size of the legal liability. The current funding obligation target decided in December 2022 is EUR 1,197 million.

Borrowing from the State Nuclear Waste Management Fund

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the Fund according to certain rules. Fortum uses the right to borrow back and has pledged shares in Kemijoki Oy as security for the loans. The loans are renewed annually. See Note 13 Interest-bearing net debt and Note 16 Pledged assets and contingent liabilities.

14.2 Nuclear power plants in associated companies and joint ventures

OKG, Forsmark and TVO are non-profit making companies, i.e. electricity production is invoiced to the owners at cost. Invoiced cost is accounted 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.

TVO's total nuclear-related assets and liabilities (100%)

EUR million	30 Sep 2023	31 Dec 2022
Carrying values in TVO with Fortum assumptions		
Nuclear provisions	1,554	1,620
Share of the State Nuclear Waste Management Fund	1,151	1,157
Net amount	-403	-463
of which Fortum's net share consolidated with equity method	-101	-116
TVO's legal liability and actual share of the State Nuclear Waste Management Fund		
Liability for nuclear waste management according to the Nuclear Energy Act	1,840	1,840
Share in the State Nuclear Waste Management Fund	1,458	1,436
Share of the fund not recognised on the balance sheet	306	279

TVO's legal liability, provision and share of the fund are based on same principles as described above for Loviisa nuclear power plant. The liabilities and shares in the Fund are calculated and recorded separately for OL1/OL2 plant units and OL3 plant unit, as the corresponding total cost estimates are prepared separately.

The difference between TVO's share in the State Nuclear Waste Management Fund and the carrying value of the TVO's share in the Fund is due to IFRIC 5, which requires that the carrying amount of the share in the State Nuclear Waste Management Fund is the lower of fair value or the value of the related liability. On 30 September 2023, the OL1/OL2 plant units' share in the Fund is higher than the provision according to IFRS. The OL3 plant unit's share in the Fund is on the other hand lower than the provision according to IFRS. TVO's share of the Finnish State Nuclear Waste Management Fund is from an IFRS perspective overfunded by EUR 306 million (of which Fortum's share is EUR 82 million), since TVO's share of the Fund on 30 September 2023 was EUR 1,458 million and the carrying value on the consolidated balance sheet with Fortum assumptions was EUR 1,151 million.

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum is using the right to reborrow funds through TVO based on its ownership. See more information in Note 13 Interest-bearing net debt.

OKG's and Forsmark's total nuclear-related assets and liabilities (100%)

EUR million	30 Sep 2023	31 Dec 2022
OKG's and Forsmark's nuclear-related assets and liabilities with Fortum assumptions		
Nuclear provisions	4,882	4,641
Share in the State Nuclear Waste Management Fund	3,174	3,200
Net amount	-1,708	-1,441
of which Fortum's net share consolidated with equity method	-536	-456

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

Nuclear waste fees and guarantees are normally updated every three years by governmental decision after a proposal from the Swedish Radiation Safety Authority (SSM). The proposal is based on cost estimates done by SKB and the license holders. An updated technical plan for nuclear waste management was decided by SKB in December 2022. In January 2022, the Swedish government decided the waste fees and guarantees for 2022-2023. Nuclear waste fees paid by licensees with a unit/units that are still in operation are currently based on future costs with the assumed lifetime of 50 years for each unit of a nuclear power plant. The fee is calculated in relation to the energy delivered.

TVO's Olkiluoto 3

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. OL3 is a nuclear power plant unit procured as a fixed-price turnkey project from a consortium (Plant Supplier) formed by Areva GmbH, Areva NP SAS and Siemens AG.

Electricity generation at OL3 has continued without interruption following the provisional takeover in April 2023 and the start of commercial operation in May 2023. For the time being, the grid operator Fingrid Oyj has limited OL3's production to a maximum of 1,570 MW.

15. 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

At 30 September 2023, Fortum had EUR 222 million (31 Dec 2022: 441) capital commitments for the acquisition of property, plant and equipment and intangible assets.

Other commitments

Teollisuuden Voima Oyj (TVO) built Olkiluoto 3, the nuclear power plant funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. At 30 September 2023, Fortum had EUR 232 million (31 Dec 2022: 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 14 Nuclear-related assets and liabilities.

For more information on other commitments, see Note 35 Capital and other commitments of the consolidated financial statements 2022.

16. Pledged assets and contingent liabilities

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

The guarantee given on behalf of Teollisuuden Voima Oyj to the Ministry of Economic Affairs and Employment amounts to EUR 142 million (31 Dec 2022: 136). The guarantee covers the unpaid legal liability due to periodisation, as well as risks for unexpected future costs. For more information, see Note 14 Nuclear-related assets and liabilities.

Further, Fortum has pledged shares in Kemijoki Oy as a security for the reborrowing from the Finnish State Nuclear Waste Management Fund for the Loviisa nuclear power plant part, amounting to EUR 718 million (31 Dec 2022: 689). Fortum has also pledged real estate mortgages in Pyhäjoki hydro plant as security for the uncovered part of the legal nuclear liability to the Ministry of Economic Affairs and Employment amounting to EUR 122 million (31 Dec 2022: 126).

The remaining parent company guarantee facility that Fortum had granted to Uniper, approximately EUR 1.0 billion, was released at the end of June 2023.

In 2021 Fortum signed an EUR 8 billion credit facility agreement with Uniper comprising tranches for both a shareholder loan and a parent company guarantee. The shareholder loan, EUR 4 billion, was repaid on 21 December 2022 on completion of the transaction to sell Uniper to the German State. Out of the EUR 4.0 billion parent company guarantee facility, a total of EUR 3.0 billion was released by year-end 2022.

For more information, see Note 36 Pledged assets and contingent liabilities of the consolidated financial statements 2022.

17. 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. For more information, see Note 37 Legal actions and official proceedings of the consolidated financial statements 2022.

Environmental liability litigation in Sweden

Fortum is party to an ongoing environmental liability litigation in Sweden concerning barrels of mercury placed in the Baltic Sea outside Sundsvall during the 1950s and 1960s. On 2 June 2023, the Court of Appeal, contrary to the Land and Environment Court, ruled that Fortum shall compensate a third party for the costs of related environmental survey. Fortum has requested for a leave to appeal to the Supreme Court. Fortum has not at any time had any involvement in producing mercury, or placing the mercury waste in the sea. At the time, a company called Stockholms superfosfat fabriks was operating the industrial activities. In 1985, these industrial activities, including all rights and obligations thereof, were transferred from Stockholms superfosfat fabriks AB to the third party. In 1995, Stockholms superfosfat fabriks AB was sold to an external party, only then ending up in the Fortum Group (and name changed to Fortum Ljunga Kraft AB).

The current litigation is concerning the liability for the environmental investigation into the extent of required environmental measures. The County Administrative Board has in parallel an ongoing errand on the environmental liability for the barrels. In this process, the County Administrative Board will first make a decision on which company shall carry out the environmental investigations and only thereafter it may decide on the liability for the environmental measures. At this point in time, it is not possible to estimate either the cost of the full environmental investigations, or the cost of potential environmental measures required.

Fennovoima's Hanhikivi nuclear power plant project

RAOS Project Oy and JSC Rusatom Energy International and Fennovoima Oy are engaged in International Chamber of Commerce (ICC) arbitration proceedings regarding Fennovoima's EPC Contract for the Hanhikivi nuclear power plant project. RAOS Project Oy has requested also Fortum and certain other parties to be joined in these proceedings. Fortum disputes the existence of any contractual relation, obligation, or arbitration agreement between Fortum and RAOS Project Oy. Therefore, Fortum is of the opinion that an arbitral tribunal has no jurisdiction to decide any claims against Fortum. As Fortum is not a party to the agreement under dispute, it considers the request to be completely unfounded and strongly opposes it.

18. Related party transactions

Related parties are described in more detail in the consolidated financial statements for the year ended 31 December 2022.

Transactions with associates and joint ventures

EUR million	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Sales	2	38	7	51	74	30
Purchases	145	102	418	328	438	528
Other income	-	2	-3	2	4	-1
Interest income on loan receivables	3	3	8	9	12	11

Balances with associates and joint ventures

EUR million	30 Sep 2023	31 Dec 2022
Long-term interest-bearing loan receivables	574	593
Trade and other receivables	20	87
Long-term loan payables	232	229
Trade and other payables	48	53

Other transactions with related parties

At the end of 2022, the Finnish State owned 51.26% of Fortum's shares. There has been no change in the number of shares the Finnish State owns in Fortum during 2023.

On 6 September 2022, Fortum announced that it had agreed with the Finnish State on a EUR 2.35 billion bridge financing arrangement. On 26 September 2022, Fortum announced to draw the first tranche of the liquidity facility, EUR 350 million. The bridge loan facility was linked to the six-month Euribor; the margin for the first six months was 10% and for the following six months 12%. As a condition in the agreement following the first draw down, the Finnish State-owned holding company, Solidium Oy, was entitled to subscribe 8,970,000 new ordinary registered shares in Fortum in a directed share issue, without payment. The share issue to Solidium Oy was resolved in the Extraordinary General Meeting on 23 November 2022 and the new shares were registered with the Finnish trade register on 25 November 2022. The new shares carry full shareholder rights, including the right to dividend, as of the registration date. As a consequence, the proportion of shares under the control of the State of Finland increased to 51.26%. In March 2023, Fortum repaid EUR 350 million of the Solidium bridge loan and cancelled the entire EUR 2,350 million bridge loan facility. Total interest expenses and fees relating to the bridge loan facility amounting to EUR 105 million (I-III/2023: 56 and I-IV/2022: 49) were recognised in Finance costs - net.

19. Events after the balance sheet date

On 2 November, Fortum announced that the company is initiating an efficiency programme to manage uncertainty, improve profitability and secure cash flows. At the same time, the company announced to update guidance for capital expenditure 2023-2025. Fortum's operating environment and the general economic sentiment have further weakened after the summer. Uncertainty has increased, visibility has reduced and industrial investments are postponed while inflation and interest rates continue to be high. Fortum targets to reduce its annual fixed costs by EUR 100 million gradually until the end of 2025. The reduction of EUR 100 million corresponds to some 10% of the Group's fixed costs for the year 2022. The efficiency programme also includes strategic prioritisation and assessment of allocated resources as well as turnaround actions for underperforming businesses. To reach the target, it is expected that actions will also include personnel reductions.

20. Definitions and reconciliations of key figures

Alternative performance measures

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

Business performance	Definition	Reason to use the measure	Reference to reconciliation
Comparable share of profit/loss of associates and joint ventures	Share of profit/loss of associates and joint ventures +/- significant adjustments for share of profit /loss in 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 and other one-time adjustments.	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 earnings per share	$\frac{\text{Comparable net profit}}{\text{Average number of shares during the period}}$	Comparable earnings per share is used to provide additional financial performance indicators to support meaningful comparison of underlying net profitability between periods.	Note 4 Comparable operating profit and comparable net profit
Comparable return on net assets, %	$\frac{\text{Comparable operating profit} + \text{comparable share of profit /loss of associates and joint ventures}}{\text{Comparable net assets average}} \times 100$ process.	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	Reference to reconciliation
Financial net debt / comparable EBITDA	$\frac{\text{Financial net debt}}{\text{Comparable EBITDA}}$	Financial net debt to Comparable EBITDA is Fortum's long-term financial target for capital structure.	Key ratios after cash flow statement
Financial net debt	Interest-bearing liabilities - liquid funds - securities in interest-bearing receivables +/- net margin liabilities/receivables	Financial net debt is used in the follow-up of the indebtedness of the group and it is a component in the capital structure target of Financial net debt to Comparable EBITDA.	Note 13 Interest-bearing net debt

Alternative performance measures excluding Russia

Capital structure	Definition	Reason to use the measure	Reference to reconciliation
Financial net debt/comparable EBITDA excl. Russia	$\frac{\text{Financial net debt excl. Russia}}{\text{Comparable EBITDA from continuing operations excl. Russia}}$	Financial net debt/comparable EBITDA excluding Russia is an additional financial performance indicator to support meaningful comparison of the capital structure for Fortum's strategic businesses.	Key ratios after cash flow statement
Financial net debt excl. Russia	Financial net debt - Interest-bearing liabilities, Russia + Liquid funds, Russia	Financial net debt excluding Russia is an additional financial performance indicator to support meaningful comparison in the follow-up of the indebtedness of the group and it is a component in the calculation of Financial net debt to Comparable EBITDA excluding Russia.	Key ratios after cash flow statement

Other key figures

Share based key figures

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

Other key figures

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

Last twelve months (LTM)

Twelve months preceding the reporting date.

Tax key figures

Effective income tax rate, % $\frac{\text{Income tax expense}}{\text{Profit before income tax}} \times 100$

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

Reconciliations of alternative performance measures

Comparable EBITDA

EUR million	Note	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
IS Operating profit		251	901	1,286	2,141	1,967	1,112
+ IS Depreciation and amortisation		92	100	258	309	415	363
EBITDA		343	1,000	1,544	2,449	2,381	1,475
- IS Items affecting comparability	4	-25	-547	-101	-1,199	-356	742
Comparable EBITDA		318	454	1,443	1,251	2,025	2,218

Comparable operating profit

EUR million	Note	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
IS Operating profit		251	901	1,286	2,141	1,967	1,112
- IS Items affecting comparability	4	-25	-547	-101	-1,199	-356	742
IS Comparable operating profit	4	226	354	1,186	942	1,611	1,855

Items affecting comparability

EUR million	Note	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Impairment charges and reversals		-	0	-	0	0	0
Capital gains and other related items		1	138	2	780	785	6
Changes in fair values of derivatives hedging future cash flow		24	409	91	428	-376	-713
Other		0	-	8	-8	-52	-35
IS Items affecting comparability	4	25	547	101	1,199	356	-742

Comparable net profit

EUR million	Note	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
IS Net profit		187	726	1,102	1,657	2,084	1,529
- IS Items affecting comparability	4	-25	-547	-101	-1,199	-356	742
- Adjustments to share of profit/loss of associates and joint ventures	7	18	24	6	154	145	-3
- Adjustments to finance costs - net	8	2	-6	32	39	48	41
- Adjustments to income tax expenses		22	81	-209	69	-836	-1,113
- IS Non-controlling interests		1	1	1	-8	-4	5
- Adjustments to non-controlling interests		-1	-1	1	-6	-5	2
Comparable net profit from continuing operations	4	204	279	833	706	1,076	1,203
Comparable net profit from discontinued operations	6.3	-	-2,269	34	-1,910	-2,064	-120
Comparable net profit, total Fortum		204	-1,990	867	-1,204	-988	1,083

Comparable earnings per share

	Note	III/2023	III/2022 restated	I-III/2023	I-III/2022 restated	2022 restated	LTM
Comparable net profit from continuing operations, EUR million	4	204	279	833	706	1,076	1,203
Average number of shares during the period, 1 000 shares		897,264	888,294	897,264	888,294	889,204	895,913
Comparable earnings per share from continuing operations, EUR		0.23	0.31	0.93	0.79	1.21	1.34
Comparable net profit from discontinued operations, EUR million	4	-	-2,269	34	-1,910	-2,064	-120
Average number of shares during the period, 1 000 shares		897,264	888,294	897,264	888,294	889,204	895,913
Comparable earnings per share from discontinued operations, EUR		-	-2.55	0.04	-2.15	-2.32	-0.13
Comparable net profit, total Fortum, EUR million	4	204	-1,990	867	-1,204	-988	1,083
Average number of shares during the period, 1 000 shares		897,264	888,294	897,264	888,294	889,204	895,913
Comparable earnings per share, total Fortum, EUR		0.23	-2.24	0.97	-1.36	-1.11	1.21

Financial net debt

EUR million	Note	30 Sep 2023	31 Dec 2022
+ Interest-bearing liabilities		5,918	7,785
- BS Liquid funds		4,552	3,919
- Collateral arrangement		333	527
- BS Margin receivables		672	2,607
+ BS Margin liabilities		113	352
+/- Net margin liabilities/receivables		-559	-2,255
Financial net debt	13	474	1,084

Financial net debt/comparable EBITDA

EUR million	Note	2022	Continuing operations LTM
+ Interest-bearing liabilities		7,785	5,918
- BS Liquid funds		3,919	4,552
- Collateral arrangement		527	333
- BS Margin receivables		2,607	672
+ BS Margin liabilities		352	113
+/- Net margin liabilities/receivables		-2,255	-559
Financial net debt	13	1,084	474
- Interest bearing liabilities, Russia		204	-
+ Liquid funds, Russia		247	-
Financial net debt, excluding Russia		1,127	-
IS Operating profit		1,967	1,112
+ IS Depreciation and amortisation		415	363
EBITDA		2,381	1,475
- IS Items affecting comparability		-356	742
Comparable EBITDA from continuing operations		2,025	2,218
Comparable EBITDA Russia		411	-
Comparable EBITDA (as presented in the consolidated financial statements 2022)		2,436	-
Financial net debt/comparable EBITDA, excl. Russia		0.6	0.2
Financial net debt/comparable EBITDA (as presented in the consolidated financial statements 2022)		0.4	-

Reconciliations of alternative performance measures excluding Russia

Financial net debt/comparable EBITDA excl. Russia

EUR million	2022
Financial net debt	1,084
- Interest-bearing liabilities, Russia	204
+ Liquid funds, Russia	247
Financial net debt excl. Russia	1,127
Comparable EBITDA from continuing operations excl. Russia	2,025
Financial net debt/comparable EBITDA excl. Russia	0.6

Interest-bearing liabilities excl. Russia

EUR million	31 Dec 2022
Interest-bearing liabilities	7,785
- Interest-bearing liabilities, Russia	204
Interest-bearing liabilities excl. Russia	7,581

Liquid funds excl. Russia

EUR million	31 Dec 2022
Liquid funds	3,919
- Liquid funds, Russia	247
Liquid funds excl. Russia	3,672

Market conditions and achieved power prices

Power consumption

TWh	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Nordic countries	79	82	274	284	386	376

Average prices

	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Spot price for power in Nord Pool power exchange, EUR/MWh	27.8	176.0	56.0	136.0	135.9	76.1
Spot price for power in Finland, EUR/MWh	44.2	220.3	54.9	143.7	154.0	87.7
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	28.0	168.0	50.1	123.3	129.2	74.5
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	20.5	54.5	38.6	43.8	61.9	58.1
Spot price for power in Germany, EUR/MWh	90.8	375.8	99.5	249.8	235.4	123.1
CO ₂ , (ETS EUA next Dec), EUR/tonne CO ₂	86	80	88	82	81	86
Coal (ICE Rotterdam front month), USD/tonne	117	347	126	293	279	153
Oil (Brent front month), USD/bbl	86	98	82	102	99	84
Gas (TTF front month), EUR/MWh	34	205	41	137	133	61

Hydro reservoir

TWh	30 Sep 2023	30 Sep 2022	31 Dec 2022
Nordic hydro reservoir level	106	89	79
Nordic hydro reservoir level, long-term average	101	101	84

Export/import

TWh (+ = import to, - = export from Nordic area)	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Export / import between Nordic area and Continental Europe + Baltics	-13	-8	-34	-27	-35	-42
Export / import between Nordic area and Russia	0	0	0	4	4	0
Export / import Nordic area, Total	-13	-8	-34	-23	-31	-42

Achieved power prices

EUR/MWh	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Generation segment's Nordic achieved power price	51.2	63.9	65.0	52.8	59.9	68.9

Fortum's production and sales volumes

Power generation

TWh	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Nordic countries	11.1	9.7	33.3	32.0	43.5	44.8
Other European countries	0.0	0.2	0.4	0.5	0.8	0.6
Total continuing operations	11.2	9.9	33.7	32.5	44.2	45.4

Heat production

TWh	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Nordic countries	0.4	0.4	2.1	3.1	4.1	3.1
Other European countries	0.1	0.1	0.7	0.8	1.2	1.1
Total continuing operations	0.4	0.5	2.8	3.9	5.3	4.2

Power generation capacity by segment

MW	30 Sep 2023	31 Dec 2022 restated
Generation	8,978	8,551
Other Operations	25	25
Total continuing operations	9,003	8,576

Heat production capacity by segment

MW	30 Sep 2023	31 Dec 2022 restated
Generation	2,022	1,964
Other Operations	171	171
Total continuing operations	2,193	2,135

Power generation by source in the Nordic area

TWh	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Hydro power	5.4	4.2	15.0	14.3	19.1	19.8
Nuclear power	5.6	5.5	17.9	17.3	23.4	24.0
CHP and condensing power	0.1	0.0	0.4	0.4	0.9	1.0
Total continuing operations	11.1	9.7	33.3	32.0	43.5	44.8

Power generation by source in the Nordic area

%	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Hydro power	48	43	45	45	44	44
Nuclear power	51	57	54	54	54	54
CHP and condensing power	1	0	1	1	2	2
Total continuing operations	100	100	100	100	100	100

Power generation by source in other European countries

TWh	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
CHP	0.0	0.2	0.4	0.5	0.8	0.6

Power sales

EUR million	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Nordic countries	725	1,349	3,103	3,616	5,444	4,931
Other European countries	213	194	674	504	643	813
Other countries	0	2	1	2	3	2
Total continuing operations	938	1,545	3,778	4,122	6,090	5,746

Heat sales

EUR million	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Nordic countries	25	27	135	257	325	204
Other European countries	38	26	201	136	202	268
Total continuing operations	62	54	337	393	527	471

Power sales by area

TWh	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Finland	5.3	4.6	17.1	15.9	21.5	22.7
Sweden	6.7	6.3	19.0	20.5	27.3	25.8
Norway	2.8	1.9	9.0	8.1	11.3	12.2
Other countries	1.5	1.1	4.5	3.4	4.5	5.6
Total continuing operations	16.3	14.0	49.5	47.9	64.7	66.3

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

Heat sales by area

TWh	III/2023	III/2022	I-III/2023	I-III/2022	2022	LTM
Finland	0.3	0.3	1.7	1.9	2.8	2.6
Norway	-	-	-	0.8	0.8	-
Poland	0.2	0.3	2.2	2.3	3.5	3.4
Other countries	0.1	0.1	0.3	0.3	0.4	0.4
Total continuing operations	0.5	0.7	4.1	5.4	7.6	6.4