



Fortum Interim Report

JANUARY-MARCH 2022



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

Operating results down – Fortum prepares for a controlled exit from Russia and takes action to provide security of supply in Europe

January–March 2022

- Comparable EBITDA was EUR -104 (1,479) million due to the negative Uniper result
- Comparable operating profit was EUR -438 (1,171) million due to the negative Uniper result
- Operating profit was EUR -2,416 (1,345) million, mainly impacted by changes in fair values of non-hedge-accounted derivatives and impairments
- Comparable earnings per share were EUR -0.11 (0.94)
- Earnings per share were EUR -2.50 (1.23)
- Impairments of approximately EUR 2.1 billion recorded pre-tax related to the Group's Russian operations including Nord Stream 2
- Cash flow from operating activities totalled EUR -1,529 (831) million due to negative change in working capital in the Uniper segment
- On 22 March, Fortum signed an agreement to sell its 50% ownership in Fortum Oslo Varme AS for approximately EUR 1 billion. Closing expected during the second quarter of 2022.

Summary of outlook

- The Generation segment's Nordic generation hedges: approximately 80% at EUR 35 per MWh for the remainder of 2022, and approximately 55% at EUR 33 per MWh for 2023
- The Uniper segment's Nordic generation hedges: approximately 75% at EUR 26 per MWh for the remainder of 2022, approximately 50% at EUR 31 per MWh for 2023 and approximately 25% at EUR 30 per MWh for 2024*
- Capital expenditure, including maintenance but excluding acquisitions, is expected to be approximately EUR 1,500 million in 2022

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

Key figures

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|---------|---------|
| Reported | | | | |
| Sales | 43,623 | 21,493 | 112,400 | 134,530 |
| Operating profit | -2,416 | 1,345 | -588 | -4,349 |
| Share of profit/loss of associates and joint ventures | -190 | 80 | 192 | -78 |
| Net profit | -2,833 | 1,310 | -114 | -4,256 |
| Net profit (after non-controlling interests) | -2,222 | 1,092 | 739 | -2,575 |
| Earnings per share, EUR | -2.50 | 1.23 | 0.83 | -2.90 |
| Net cash from operating activities | -1,529 | 831 | 4,970 | 2,610 |

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|-------|-------|
| Comparable | | | | |
| EBITDA | -104 | 1,479 | 3,817 | 2,234 |
| Operating profit | -438 | 1,171 | 2,536 | 927 |
| Share of profit/loss of associates and joint ventures | 26 | 67 | 154 | 113 |
| Net profit (after non-controlling interests) | -99 | 837 | 1,778 | 842 |
| Earnings per share, EUR | -0.11 | 0.94 | 2.00 | 0.95 |

| EUR million | 31 Mar 2022 | 31 Dec 2021 | LTM |
|--------------------------------------|----------------|----------------|-----|
| Financial net debt (at period-end) | 2,235 | 789 | |
| Adjusted net debt (at period-end) | 4,454 | 3,227 | |
| Financial net debt/comparable EBITDA | | 0.2 | 1.0 |

Fortum's President and CEO Markus Rauramo:

“After a year of extraordinary and volatile market conditions in 2021, developments in the early part of 2022 have been even more dramatic as a consequence of the Russia-Ukraine war. Together with its allies, the EU has responded in a coordinated and decisive manner to support Ukraine and to isolate Russia with broad sanctions, covering also energy. This has caused an upheaval in all commodity markets, with the European front-month gas prices spiking above 200 euro per megawatt hour over possible supply disruptions. Furthermore, high gas prices have clearly increased both demand and prices of other commodities; including oil, coal and power. With markets, political developments and additional sanctions continuously in flux, this has created unprecedented short term challenges for the entire sector in Europe since the war began, as well as far-reaching implications for the longer-term energy system and transition. The resulting industry crisis mode also significantly affects us at Fortum.

Fortum is managing this extreme market volatility and increased uncertainties on the commodity markets by focusing on cash flow optimisation and securing of sufficient liquidity headroom. At the end of the first quarter, we had almost EUR 6 billion of undrawn committed short-term and long-term financing. We will continue to strive for a solid investment-grade rating of at least BBB to preserve financial flexibility. In March, S&P Global Ratings placed Fortum and Uniper on Negative Credit Watch while Fitch reaffirmed our long-term rating BBB with a stable outlook.

Over the recent months, we have also worked hard to reduce the Group's exposure to Russia and to support the European governments in securing and diversifying alternative energy supplies. In addition to the previously announced investment and financing freeze in our Russian subsidiaries, we have decided to pursue a controlled exit from the Russian market. As the preferred path, this decision includes a potential divestment of Fortum's Russian operations. The divestment process for Uniper's Russian subsidiary Unipro is also expected to be resumed as soon as possible. These processes may take some time to conclude and are subject to regulatory approvals. Irrespectively, we have decided to stop using the Fortum brand in Russia.

It is very clear that there is a need to decrease Europe's dependency on Russian energy and move towards a more independent energy system in Europe. Especially Germany is currently highly dependent on the imports of natural gas and as the country's government has repeatedly stated that withdrawing from Russian gas is not immediately possible. We are working on ways to reduce, replace or transform the use and supply of natural gas both in the short

and mid-term. Uniper is in close consultation with the German government and has already taken a series of actions to secure alternative energy supplies. As one example, Uniper contracted additional capacity to land LNG at the Gate terminal in Rotterdam in The Netherlands. We have also agreed to build and operate a floating LNG import terminal in Wilhelmshaven in Germany for the German government. In Finland, the Finnish Fennovoima's Board of Directors decided to terminate the EPC-contract with the Russian RAOS Project on the Fennovoima Hanhikivi 1 nuclear power project at the end of April due to severe delays and inability to deliver the project. Fortum is an indirect shareholder (6.6%) in the project.

These examples demonstrate that a lot is being done by Europe's sector leaders, all of whom want to help address Europe's current energy crisis and support a more independent energy system for Europe. But none of us can do it on our own. These unprecedented times call for an unprecedented level of cooperation – between country governments, between governments and companies. The energy sector needs transparency, guidance and visibility from political bodies on the desired way forward. Clarity is paramount for the sector to make the substantial investments required and to focus on the most promising solutions. While some challenges are being resolved for the short-term at lightning speed, as outlined above, others will take more time and can't be rushed.

In the first quarter, our comparable operating profit turned into a loss of EUR 438 million. The result was mainly weighed down by a phasing effect in the Uniper segment's gas midstream business due to gas storage optimisation that shifted approximately EUR 750 million of profits into coming quarters of the year. However, despite the first quarter loss, Uniper reiterated its full-year 2022 guidance. This quarter's highlight was the Generation segment's good performance that was mainly driven by higher achieved power price following very successful physical optimisation and higher spot prices. City Solutions' result decreased on higher fuel and CO₂ emission allowance prices, lower heat volumes in Finland as well as on structural changes. Consumer Solutions was slightly down mainly due to a reduction in the number of customers and slightly higher cost. While production was running normally in Russia, the Russia segment's result was impacted by weaker rouble and the ending of CSA payments for one unit while the previous year was positively affected by gains from the sale of a solar power project. In our first quarter results we recorded impairments of approximately EUR 2.1 billion related to the Group's Russian assets.

I can't stress enough that these times are very challenging for the European energy sector – and for Fortum. The urgency to accelerate the transition to CO₂-free and clean energy is clearer than ever before. Our strategy is designed to secure a fast and reliable transition to a carbon neutral economy. We will therefore continue to push forward with this execution. In doing so, I want to thank all our employees for their resilience, unwavering commitment and hard work over the past few months."

Fortum in Russia

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

Exiting operations and investments in Russia

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

Fortum is preparing a controlled exit from the Russian market, with potential divestments of its Russian operations as the preferred path. Fortum's subsidiary Uniper has also been preparing a possible divestment of its separately listed subsidiary Unipro (ownership 83.7%). Due to the circumstances in Russia, the divestment of Unipro has been put on hold for the time being, but will be resumed as soon as possible. These processes might take some time and are subject to regulatory approvals.

Fuel supply and sourcing from Russia

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

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

Uniper's gas business and imports from Russia

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

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

In the event of a limited and short-term curtailment of gas flows from Russia, Uniper is expected to be able to use its flexible assets, including its gas storage facilities, in such a way that offsets the outage. In contrast, significant interruptions of gas flows would jeopardise the stability of the German gas system and would most likely lead to a declaration of emergency by the German Government. Within this legal framework, the national authority "Bundesnetzagentur" would become the "federal load dispatcher", effectively taking control of the system and issuing instructions to market participants on supply and demand to balance the system in a timely manner. Uniper expects that such measures and events would supersede existing contractual arrangements. For further details on this topic, please see Uniper's quarterly statements Q1 2022.

Uniper is fulfilling its contractual obligations under its Russian gas long-term contracts. With regard to the implementation of the ruble decree, Uniper is in close alignment with the German Government and Gazprom. Uniper has been and will continue to be fully compliant with sanctions and will continue to pay for its gas in euros. As of today and depending on the outcome of the ongoing discussions, it is deemed possible that a solution could be found and implemented that would be compliant with European sanctions.

Fortum's operations and assets in Russia

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

In its first-quarter 2022 results, following Russia's attack and the war in Ukraine and the consequential geopolitical tensions, uncertainties and risks, Fortum recorded pre-tax impairments of approximately EUR 2.1 billion related to the company's Russian operations. The impairments include approximately EUR 0.3 billion related to fixed assets and goodwill for Fortum's Russian division and approximately EUR 0.6 billion for fixed assets from Uniper's Russian

subsidiary Unipro. Further, impairments of approximately EUR 0.2 billion are related to Fortum's ownership in PAO TGC-1 and renewables joint ventures. Fortum and Uniper also recorded impairments of approximately 1.0 billion related to Uniper's outstanding loan receivable related to the Nord Stream 2 project company.

Financial results

Sales by segment

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|-----------------------------------|---------------|---------------|----------------|----------------|
| Generation | 710 | 675 | 2,899 | 2,933 |
| Russia | 223 | 264 | 906 | 865 |
| City Solutions | 390 | 418 | 1,302 | 1,275 |
| Consumer Solutions | 1,168 | 661 | 2,622 | 3,129 |
| Uniper | 41,484 | 19,770 | 105,992 | 127,707 |
| Other Operations | 35 | 34 | 138 | 139 |
| Netting of Nord Pool transactions | -448 | -223 | -1,128 | -1,354 |
| <i>Eliminations</i> | 62 | -107 | -331 | -163 |
| Total | 43,623 | 21,493 | 112,400 | 134,530 |

Comparable EBITDA by segment

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--------------------|-------------|--------------|--------------|--------------|
| Generation | 330 | 315 | 1,299 | 1,314 |
| Russia | 92 | 134 | 404 | 361 |
| City Solutions | 90 | 132 | 317 | 275 |
| Consumer Solutions | 54 | 53 | 123 | 124 |
| Uniper | -645 | 868 | 1,789 | 276 |
| Other Operations | -25 | -23 | -114 | -116 |
| Total | -104 | 1,479 | 3,817 | 2,234 |

Comparable operating profit by segment

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--------------------|-------------|--------------|--------------|------------|
| Generation | 282 | 269 | 1,110 | 1,123 |
| Russia | 61 | 100 | 261 | 223 |
| City Solutions | 48 | 86 | 135 | 97 |
| Consumer Solutions | 35 | 36 | 52 | 51 |
| Uniper | -833 | 711 | 1,120 | -424 |
| Other Operations | -32 | -31 | -142 | -143 |
| Total | -438 | 1,171 | 2,536 | 927 |

Operating profit by segment

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--------------------|---------------|--------------|-------------|---------------|
| Generation | 299 | 318 | 1,054 | 1,035 |
| Russia | -234 | 100 | 227 | -107 |
| City Solutions | 36 | 86 | 2,671 | 2,622 |
| Consumer Solutions | 192 | 59 | 495 | 627 |
| Uniper | -2,669 | 813 | -4,901 | -8,384 |
| Other Operations | -39 | -31 | -134 | -142 |
| Total | -2,416 | 1,345 | -588 | -4,349 |

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

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--------------------|-----------|-----------|------------|------------|
| Generation | 3 | -5 | 11 | 18 |
| Russia | 13 | 22 | 62 | 52 |
| City Solutions | 4 | 39 | 42 | 7 |
| Consumer Solutions | - | - | - | - |
| Uniper | 9 | 11 | 39 | 36 |
| Other Operations | -1 | -1 | 0 | -1 |
| Total | 26 | 67 | 154 | 113 |

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

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--------------------|-------------|-----------|------------|------------|
| Generation | -31 | 8 | 36 | -3 |
| Russia | -159 | 22 | 62 | -120 |
| City Solutions | 4 | 39 | 42 | 7 |
| Consumer Solutions | - | - | - | - |
| Uniper | -2 | 11 | 51 | 38 |
| Other Operations | -1 | -1 | 0 | -1 |
| Total | -190 | 80 | 192 | -78 |

January–March 2022

Sales were EUR 43,623 (21,493) million due to record high commodity prices.

Comparable operating profit was EUR -438 (1,171) million. The loss was mainly attributable to the Uniper segment's midstream gas business, in particular gas storage optimisation. Uniper reduced its anticipated gas storage withdrawals in the first quarter, which resulted in an earnings shift of approximately EUR 750 million from the first quarter into the remaining quarters of 2022. However, despite the first-quarter loss, Uniper reiterated its full-year 2022 guidance. The Uniper segment further contributed to the negative result with an intra-year CO₂ emission rights phasing effect that shifted margins from the first quarter to the fourth quarter of the year and by the clearly lower achieved power price in the Nordics. Good performance in Fortum's Generation segment was mainly driven by the higher achieved power price due to successful physical optimisation and higher spot prices.

Operating profit for the period was impacted by EUR -1,978 (174) million of items affecting comparability, the majority of which is related to changes in fair values of non-hedge-accounted derivatives of EUR -1,107 (165) million almost entirely related to the Uniper segment. Items affecting comparability also include EUR 275 million of impairments related to fixed assets and goodwill for the Russia segment, and EUR 555 million of impairments for fixed assets from the Uniper segment's Russian subsidiary Unipro (Note 4 and 13).

Comparable share of profits of associates and joint ventures was EUR 26 (67) million (Note 12). In the first quarter of 2022, the share of profits of associates and joint ventures of EUR -190 million includes EUR 150 million of impairments related to Fortum's ownership in the Russian TGC-1 and EUR 22 million of impairments of the renewables joint ventures in Russia.

Finance costs – net amounted to EUR -956 (36) million. Comparable finance costs - net amounted to EUR 135 (19) million. The change in finance cost - net mainly relates to the EUR 1,003 million impairment of Uniper's financial loan receivable, including accrued interest, for the Nord Stream 2 pipeline project. The receivable was fully written down.

Profit before income taxes was EUR -3,561 (1,460) million. Comparable profit before income taxes was EUR -277 (1,257) million.

Income taxes for the period totalled EUR 728 (tax income) (-150) million. Comparable income taxes were EUR 74 (-260) million (Note 8).

Net profit was EUR -2,833 (1,310) million. Comparable net profit was EUR -99 (837) million after the deduction of adjusted non-controlling interest. Comparable net profit is adjusted for items affecting comparability, adjustments to share of profit of associates and joint ventures, net finance costs, and income tax expenses (Notes 4.2 and 24).

Earnings per share were EUR -2.50 (1.23) and comparable earnings per share were EUR -0.11 (0.94).

For further details, see Segment reviews.

Financial position and cash flow

Cash flow

In January–March, net cash from operating activities decreased by EUR 2,360 million to EUR -1,529 (831) million. The main reason for the negative cash flow was the negative change in working capital in the Uniper segment. Working capital was impacted by payments for CO₂ allowances and gas related operational measures taken to improve liquidity in the fourth quarter of 2021. These measures had a reverse cash flow effect in the first quarter of 2022.

Net cash from investing activities was EUR 1,659 (-194) million. The main effect was related to change in margin receivables that was EUR 1,722 (16) million. Capital expenditure decreased by EUR 91 million to EUR 202 (293) million.

Cash flow before financing activities was EUR 130 (637) million.

Net cash from financing activities was EUR -1,287 (655) million. The net decrease in long-term liabilities was EUR 300 (increase 20) million, while the decrease in short-term liabilities was EUR 1,787 (increase 295) million, mainly related to repayments of commercial papers. The change in margin liabilities was EUR 875 (339) million. The net decrease in liquid funds was EUR -1,158 (increase 1,292) million (Note 15).

Assets

At the end of the first quarter, total assets amounted to EUR 206,425 (149,661 at the end of 2021) million. The increase from December 2021 was mainly related to the higher value of derivative financial instruments in the Uniper segment as a result of higher commodity prices. Liquid funds at the end of the first quarter of 2022 decreased and were EUR 6,419 (7,592 at the end of 2021) million.

Equity

Total equity amounted to EUR 8,762 (13,665 at the end of 2021) million. Equity attributable to owners of the parent company totalled EUR 8,036 (12,131 at the end of 2021) million. The change from December 2021 was mainly related to the net loss for the period of EUR 2,222 million, the EUR -691 million impact from fair valuation of cash flow hedges and the dividend of EUR 1,013 million. The dividend of EUR 1.14 euro per share was paid on 6 April 2022 and was recorded as a liability in the first-quarter interim financial statements.

Financing

Fortum has determinedly executed its strategy and taken measures, mainly divestments of non-core assets and businesses during the past years, to strengthen its balance sheet and secure its rating. With these actions, the Group has successfully lowered its financial net debt-to-comparable EBITDA ratio to a level clearly below the target level of <2 times. At the end of March, the ratio was 1.0 times (0.2).

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

At the end of the first quarter, financial net debt was EUR 2,235 (789 at the end of 2021) million. Adjusted net debt was EUR 4,454 (3,227 at the end of 2021) million.

At the end of the first quarter, the Group's liquid funds totalled EUR 6,419 (7,592 at the end of 2021) million. Liquid funds include EUR 3,897 (2,966 at the end of 2021) million related to the Uniper segment.

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

In the first quarter, Fortum's total interest-bearing loans decreased by EUR 2,306 million to EUR 13,838 million. Current loans, including the EUR 2,866 million current portion of long-term loans, amounted to EUR 7,727 million. Short-term loans decreased by EUR 1,798 million to EUR 4,860 million at the end of March from EUR 6,658 million at the end of 2021. The use of commercial papers decreased by EUR 1,274 million to EUR 1,855 million from EUR 3,129 million at the end of 2021 (Note 15).

In January 2022, Uniper signed a EUR 2,000 million revolving credit facility maturing in April 2022 with the German state-owned KfW Bank and Fortum signed a EUR 3,000 million revolving credit facility maturing in April 2022, with an extension option of three months. In March 2022, Uniper extended the EUR 2,000 million facility to mature in April 2023. Fortum extended the maturity of its EUR 3,000 million revolving credit facility to July 2022. The EUR 1,750 million revolving credit facility maturing in June 2023 and Uniper's revolving credit facility of EUR 1,800 million maturing in September 2025, were both fully in use at the end of March.

At the end of the first quarter, Fortum had undrawn committed credit facilities amounting to EUR 5,800 million. The undrawn facilities include committed revolving facilities of EUR 3,800 million, of which EUR 3,000 million matures in July 2022 and EUR 800 million matures in December 2022 (with a one-year extension option). Uniper's committed revolving credit facility of EUR 2,000 million matures in April 2023. In addition to the revolving credit facilities, Fortum has EUR 100 million committed overdraft limits that are valid until further notice.

On 14 March 2022, S&P Global Ratings (S&P) placed Fortum's and its subsidiary Uniper's long-term BBB ratings on CreditWatch Negative. Since 2018, Fortum and Uniper have had the investment-grade rating of BBB from S&P.

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

Segment reviews

Generation

Generation is responsible for Nordic power generation. The segment comprises CO₂-free nuclear, hydro, and wind power generation, as well as power portfolio optimisation, trading, market intelligence, thermal power for the capacity reserve, and global nuclear services. The segment does not include the Nordic hydro and nuclear power generation or the trading activities of Uniper. As of February 2022, Generation is responsible for Uniper's hydro asset management and dispatch activities in Sweden. The segment includes Generation's proportionate share of OKG (Note 3).

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|-------|-------|
| Reported | | | | |
| Sales | 710 | 675 | 2,899 | 2,933 |
| - power sales | 700 | 627 | 2,690 | 2,763 |
| of which Nordic outright power sales* | 497 | 468 | 1,937 | 1,966 |
| - other sales | 10 | 48 | 209 | 170 |
| Operating profit | 299 | 318 | 1,054 | 1,035 |
| Share of profit/loss of associates and joint ventures** | -31 | 8 | 36 | -3 |
| Capital expenditure and gross investments in shares | 34 | 27 | 175 | 182 |
| Number of employees | 1,262 | 1,130 | 1,116 | |

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|-------|-------|
| Comparable | | | | |
| EBITDA | 330 | 315 | 1,299 | 1,314 |
| Operating profit | 282 | 269 | 1,110 | 1,123 |
| Share of profit/loss of associates and joint ventures** | 3 | -5 | 11 | 18 |
| Return on net assets, % | | | 18.0 | 18.3 |
| Net assets (at period-end) | 6,246 | 6,135 | 6,336 | |

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

** Power plants are often built jointly with other power producers, and owners purchase power at cost. The share of profit/loss is mainly IFRS adjustments (e.g. accounting for nuclear-related assets and liabilities) and depreciations on fair value adjustments from historical acquisitions (Note 18 in the Consolidated Financial Statements 2021).

Power generation by source

| TWh | I/2022 | I/2021 | 2021 | LTM |
|-----------------------|-------------|-------------|-------------|-------------|
| Hydropower, Nordic | 5.4 | 6.7 | 23.3 | 22.0 |
| Nuclear power, Nordic | 6.3 | 6.3 | 23.5 | 23.5 |
| Thermal power, Nordic | - | 0.0 | 0.0 | - |
| Total | 11.7 | 13.0 | 46.8 | 45.5 |

Nordic sales volumes

| TWh | I/2022 | I/2021 | 2021 | LTM |
|--|--------|--------|------|------|
| Nordic sales volume | 13.7 | 15.0 | 54.1 | 52.8 |
| of which Nordic outright power sales volume* | 11.3 | 12.6 | 45.3 | 44.0 |

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

Achieved power price

| EUR/MWh | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|------|------|
| Generation's Nordic achieved power price* | 44.1 | 37.2 | 42.8 | 44.7 |

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

January–March 2022

The Generation segment's total power generation in the Nordic countries decreased due to lower hydropower volumes. This was caused by lower inflow to the segment's power generation areas and lower reservoir levels at the beginning of the quarter. The operational performance for nuclear generation was at the same good level as in 2021. CO₂-free generation accounted for 100% of the total power generation. In March, TVO's third Olkiluoto nuclear power plant unit (OL3) started electricity production to the grid. During the next four-month test period phase, output volumes will be gradually increased.

The achieved power price in the Generation segment increased by EUR 6.9 per MWh, up by 19%. The achieved power price increased mainly due to the very successful physical optimisation and higher spot prices. While the spot power price increased by 81% in the Generation segment's power generation areas, the positive result effect of the higher achieved power price was dampened by the fairly high hedge levels and a hedge price below the level of the spot price. The achieved power price was also negatively impacted by the record-high price difference in Sweden between high system price and low SE2-area spot price (Sundsvall). Due to low liquidity in SE2 area price products, the hedge level in SE2 area was lower than the system price hedges and SE3 (Stockholm) and FI (Finland) area price hedges and consequently, negatively affected the achieved power price.

Comparable operating profit increased by 5%. The increase was mainly related to the higher achieved power price partly offset by lower hydro volumes. Comparable operating profit included EUR 8 (1) million from the consolidation of the Generation segment's proportionate share of OKG (Note 3).

Operating profit was affected by EUR 17 (49) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives (Note 3).

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

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

On 3 March 2022, Fortum announced that it had decided to apply for a new operating licence for both units at the nuclear power plant in Loviisa, Finland, until the end of 2050. If approved, the plant is expected to generate up to 170 terawatt-hours of CO₂-free electricity over the course of the lifetime extension. Investments related to the continuing of operations and lifetime extension will amount to an estimated one billion euros until 2050. On 18 March 2022, Fortum submitted the Loviisa nuclear power plant operating licence application to the Finnish Government. On 12 March 2022, electricity generation of TVO's third Olkiluoto nuclear power plant unit in Finland started. In April, TVO announced that the start of regular electricity generation was postponed from July to September 2022. The total capacity of the plant is 1,600 MW. Once regular electricity production has started, OL3 will produce approximately 14% of Finland's total electricity consumption (Note 16).

Russia

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

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|---------------|---------------|-------------|------------|
| Reported | | | | |
| Sales | 223 | 264 | 906 | 865 |
| - power sales | 177 | 207 | 761 | 732 |
| - heat sales | 43 | 56 | 137 | 123 |
| - other sales | 3 | 1 | 8 | 10 |
| Operating profit | -234 | 100 | 227 | -107 |
| Share of profit/loss of associates and joint ventures | -159 | 22 | 62 | -120 |
| Capital expenditure and gross investments in shares | 11 | 7 | 83 | 87 |
| Number of employees | 2,744 | 2,960 | 2,627 | |
| EUR million | I/2022 | I/2021 | 2021 | LTM |
| Comparable | | | | |
| EBITDA | 92 | 134 | 404 | 361 |
| Operating profit | 61 | 100 | 261 | 223 |
| Share of profit/loss of associates and joint ventures | 13 | 22 | 62 | 52 |
| Return on net assets, % | | | 12.9 | 11.3 |
| Net assets (at period-end) | 1,970 | 2,517 | 2,508 | |

Power generation and heat production for the Russia segment

| TWh | I/2022 | I/2021 | 2021 | LTM |
|--------------------------|--------|--------|------|------|
| Russian power generation | 8.3 | 8.4 | 28.6 | 28.5 |
| Russian heat production | 6.2 | 7.5 | 17.1 | 15.8 |

Prices for the Russia segment

| | I/2022 | I/2021 | 2021 | LTM |
|--|--------|--------|-------|-------|
| Average capacity price for CCS and other, tRUB/MW/month* | | | | |
| ** | 209 | 182 | 170 | 178 |
| Average capacity price for CSA, tRUB/MW/month** | 1,217 | 1,289 | 1,174 | 1,152 |
| Average capacity price, tRUB/MW/month | 536 | 636 | 584 | 559 |
| Achieved power price for the Russia segment, RUB/MWh | 1,913 | 1,892 | 2,018 | 2,027 |
| Achieved power price for the Russia segment, EUR/MWh*** | 19.3 | 21.1 | 23.2 | 22.7 |

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

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

*** Translated using the average exchange rate.

January–March 2022

Power generation volumes decreased by 1%. The negative effect of the divestment of the Argayash coal-fired combined heat and power plant (CHP) in the third quarter of 2021 was partially offset by the higher generation of other power plants following higher electricity demand. Heat production volumes decreased by 17% due to the Argayash CHP plant divestment and warmer weather.

Sales decreased by 16%, or EUR 41 million, due to a weaker Russian rouble, expiry of Capacity Supply Agreement (CSA) payments of the Nyagan 1 production unit, the divestment of the Argayash CHP plant and lower heat sales as a consequence of warmer weather. This impact was partly offset by higher power prices. The effect of the change in the Russian rouble exchange rate was EUR -24 million.

Comparable operating profit decreased by 39%, or EUR 39 million. The negative effect from the CSA expiry for Nyagan 1, the EUR -6 million effect of the change in the Russian rouble exchange rate and the lower heat volumes was partly offset by higher power prices. The comparison period includes a EUR 17 million positive effect of the sale of the 116-MW CSA-backed solar power project to the Fortum-RDIF joint venture.

Comparable share of profits of associates and joint ventures totalled EUR 13 (22) million, including the share of profits of the joint ventures for heat distribution of EUR 8 (7) million, the share of profits of EUR 5 (6) million from the joint ventures for renewables power generation and the share of profits of EUR 0 (8) million from TGC-1 (Notes 3 and 12).

On 18 January 2022, Fortum announced that a 1.3 GW portfolio of wind projects is being transferred to a new joint venture. Due to the current geopolitical circumstances, Fortum is looking into revisiting the structure.

As announced on 3 May 2022, following Russia's attack and the war in Ukraine and the consequential geopolitical tensions, uncertainties and risks, Fortum is recording pre-tax impairments related to the company's Russian operations in its first-quarter 2022 results. The impairments include approximately EUR 0.3 billion related to fixed assets and goodwill for Fortum's Russia segment. Further, impairments also include approximately EUR 0.2 billion related to Fortum's ownership in TGC-1 and renewables joint ventures.

City Solutions

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

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|-------|-------|
| Reported | | | | |
| Sales | 390 | 418 | 1,302 | 1,275 |
| - heat sales | 230 | 247 | 612 | 595 |
| - power sales | 50 | 60 | 205 | 194 |
| - waste treatment sales* | 61 | 62 | 250 | 249 |
| - other sales** | 50 | 49 | 236 | 237 |
| Operating profit | 36 | 86 | 2,671 | 2,622 |
| Share of profit/loss of associates and joint ventures | 4 | 39 | 42 | 7 |
| Capital expenditure and gross investments in shares | 25 | 48 | 162 | 140 |
| Number of employees | 1,751 | 2,094 | 1,766 | |

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|-------|-----|
| Comparable | | | | |
| EBITDA | 90 | 132 | 317 | 275 |
| Operating profit | 48 | 86 | 135 | 97 |
| Share of profit/loss of associates and joint ventures | 4 | 39 | 42 | 7 |
| Return on net assets, % | | | 6.1 | 4.1 |
| Net assets (at period-end) | 1,679 | 3,305 | 2,456 | |

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

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

Heat sales by country

| TWh | I/2022 | I/2021 | 2021 | LTM |
|-----------------|------------|------------|-------------|------------|
| Finland | 1.1 | 1.2 | 3.1 | 3.0 |
| Poland | 1.5 | 1.6 | 3.8 | 3.7 |
| Norway | 0.7 | 0.8 | 1.8 | 1.7 |
| Other countries | 0.1 | 0.8 | 1.3 | 0.6 |
| Total | 3.4 | 4.4 | 10.0 | 9.0 |

Power sales by country

| TWh | I/2022 | I/2021 | 2021 | LTM |
|-----------------|------------|------------|------------|------------|
| Finland | 0.3 | 0.7 | 1.3 | 0.9 |
| Poland | 0.2 | 0.2 | 0.7 | 0.7 |
| Other countries | 0.1 | 0.4 | 1.3 | 1.0 |
| Total | 0.6 | 1.3 | 3.3 | 2.6 |

January–March 2022

Heat sales volumes decreased by 23% due to the divestment of the Baltic district heating business and warmer weather conditions. The power sales volumes decreased by 54%, mainly due to higher fossil fuel and CO₂ emission allowances prices and structural changes following the divestment of the Baltic district heating business.

Comparable operating profit decreased by 44%, mainly as a result of clearly higher fuel and CO₂ emission allowance prices as well as lower heat volumes due to warmer weather, partially offset by higher power prices. Comparable operating profit was negatively affected also by structural changes from the divestments of the Baltic district heating business and 250-MW Pavagada II and the 250-MW Rajasthan solar plants in India.

Operating profit was affected by EUR -12 (-1) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives (Note 3).

Comparable share of profits of associates and joint ventures totalled EUR 4 (39) million. The comparison period includes EUR 34 million of share of profits from Stockholm Exergi. Fortum's 50% ownership was divested in September 2021 (Notes 3 and 12).

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

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

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

On 22 March 2022, Fortum announced that it had signed an agreement to sell its 50% ownership in the district heating company Fortum Oslo Varme AS in Norway to an investor consortium comprising Hafslund Eco, Infranode and HitecVision. The total consideration for Fortum's share is approximately EUR 1 billion on a cash and debt-free basis, and, as part of the transaction, Fortum will deconsolidate a related EUR 210 million loan from the City of Oslo. Fortum expects to record a tax-exempt capital gain of approximately EUR 0.6 billion in the City Solutions segment's results in connection with the closing of the transaction. The transaction is subject to approval by the Oslo City Council (Bystyret), necessary regulatory approvals and fulfilment of the customary closing conditions. The transaction is expected to close during the second quarter of 2022.

Consumer Solutions

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

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|-------|-------|
| Reported | | | | |
| Sales | 1,168 | 661 | 2,622 | 3,129 |
| - power sales | 977 | 574 | 2,253 | 2,656 |
| - gas sales | 136 | 57 | 225 | 304 |
| - other sales | 55 | 31 | 144 | 168 |
| Operating profit | 192 | 59 | 495 | 627 |
| Capital expenditure and gross investments in shares | 16 | 11 | 68 | 72 |
| Number of employees | 1,185 | 1,020 | 1,176 | |

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|----------------------------|--------|--------|-------|-----|
| Comparable | | | | |
| EBITDA | 54 | 53 | 123 | 124 |
| Operating profit | 35 | 36 | 52 | 51 |
| Net assets (at period-end) | 1,001 | 721 | 1,125 | |

Sales volumes

| TWh | I/2022 | I/2021 | 2021 | LTM |
|-------------|--------|--------|------|------|
| Electricity | 9.4 | 10.8 | 31.5 | 30.1 |
| Gas* | 1.7 | 2.0 | 6.0 | 5.7 |

* Not including wholesale volumes.

Number of customers

| Thousands* | 31 Mar 2022 | 31 Dec 2021 |
|--------------|--------------|--------------|
| Electricity | 2,110 | 2,120 |
| E-mobility** | 60 | 70 |
| Gas | 40 | 50 |
| Total | 2,210 | 2,230 |

* Rounded to the nearest 10,000.

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

January–March 2022

The electricity sales volumes decreased by 13%, mainly due to higher temperatures in the Nordics compared to clearly colder weather in the first quarter of 2021 and a slightly lower customer base. Total sales revenue increased by 77%, driven by significantly higher electricity and gas prices in the Nordics and Poland. The gas sales volumes decreased by 15%, as temperatures were higher than normal and the very high prices decreased demand and consumption in Poland.

Despite the challenging market conditions and prevailing uncertainties, Consumer Solutions' competitiveness continued to strengthen. Several digital services were launched such as a digital smart charging service. New enterprise contracts were signed and renewed with customers in the energy, food processing, real-estate, and retail industries.

Comparable operating profit decreased by 3%, mainly due to a reduction in the number of customers and slightly higher costs.

Operating profit was affected by EUR 157 (23) million of items affecting comparability, due to the fair value change of non-hedge-accounted derivatives (Note 3).

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

Uniper

The Uniper segment comprises Fortum's majority ownership in Uniper, a subsidiary of Fortum. Uniper is a leading international energy company with activities in more than 40 countries. Its business is the secure provision of energy and related services. Its main activities include power generation in Europe and Russia as well as global energy trading and optimisation, which Uniper reports in three businesses – European Generation, Global Commodities, and Russian Power Generation – in its financial statements. Approximately 50% of the power generating capacity is gas-based, 25% coal-based, approximately 15% hydro- or nuclear-based, and 10% is other. The segment includes Uniper's proportionate share of OKG (Note 3).

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|---------|---------|
| Reported | | | | |
| Sales* | 41,484 | 19,770 | 105,992 | 127,707 |
| - power sales | 9,615 | 5,784 | 28,365 | 32,197 |
| of which Nordic outright power sales** | 87 | 190 | 644 | 541 |
| - heat sales | 167 | 100 | 437 | 504 |
| - gas sales | 25,565 | 11,945 | 59,577 | 73,198 |
| - other sales | 6,137 | 1,941 | 17,612 | 21,809 |
| Operating profit | -2,669 | 813 | -4,901 | -8,384 |
| Share of profit/loss of associates and joint ventures | -2 | 11 | 51 | 38 |
| Capital expenditure and gross investments in shares* | 82 | 136 | 683 | 629 |
| Number of employees | 11,319 | 11,813 | 11,494 | |

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|-------|------|
| Comparable | | | | |
| EBITDA* | -645 | 868 | 1,789 | 276 |
| Operating profit* | -833 | 711 | 1,120 | -424 |
| Share of profit/loss of associated and joint ventures | 9 | 11 | 39 | 36 |
| Return on net assets, % | | | 16.5 | -6.2 |
| Net assets (at period-end) | 3,662 | 8,240 | 4,971 | |

* Uniper includes effects from its Russian business Unipro: Sales of EUR 283 million (I/2021: 240), Comparable EBITDA of EUR 114 million (I/2021: 76), Comparable operating profit of EUR 87 million (I/2021: 54) and Investments of EUR 9 million (I/2021: 25).

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

Power generation by source

| TWh | I/2022 | I/2021 | 2021 | LTM |
|-------------------------------|-------------|-------------|--------------|--------------|
| Hydropower, Nordics | 2.4 | 2.3 | 8.1 | 8.2 |
| Nuclear power, Nordics | 3.4 | 3.6 | 12.9 | 12.7 |
| Hydropower, Central Europe | 1.1 | 1.0 | 4.9 | 5.0 |
| Thermal power, Central Europe | 11.5 | 10.7 | 40.9 | 41.7 |
| Thermal power, Russia | 14.1 | 12.3 | 43.2 | 45.0 |
| Total | 32.5 | 29.9 | 110.0 | 112.6 |

Nordic sales volumes

| TWh | I/2022 | I/2021 | 2021 | LTM |
|--|--------|--------|------|------|
| Nordic sales volume | 6.2 | 6.0 | 21.4 | 21.6 |
| of which Nordic outright power sales volume* | 5.9 | 6.0 | 21.0 | 20.9 |

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

Prices for the Uniper segment

| | I/2022 | I/2021 | 2021 | LTM |
|--|--------|--------|-------|-------|
| Uniper's Nordic achieved power price, EUR/MWh* | 14.8 | 31.5 | 30.7 | 26.0 |
| Average capacity price for Uniper CCS and other, tRUB/MW/month** *** | 202 | 169 | 160 | 167 |
| Average capacity price for Uniper CSA, tRUB/MW/month*** | 2,245 | 1,163 | 1,488 | 1,702 |
| Average capacity price for Uniper, tRUB/MW/month | 365 | 251 | 293 | 321 |
| Achieved power price for Uniper in Russia, RUB/MWh**** | 1,600 | 1,320 | 1,643 | 1,724 |
| Achieved power price for Uniper in Russia, EUR/MWh**** ***** | 16.1 | 14.7 | 18.9 | 19.3 |

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

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

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

**** Comparable prices changed from previously reported.

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

January–March 2022

Power generation volumes were supported by slightly higher hydro volumes, better availability of the thermal fleet and the return to commercial operation of Berezovskaya 3. In contrast, the coal-fired plant Maasvlakte 3 had lower production due to regulatory restrictions, and nuclear volumes decreased following an outage at Oskarshamn 3.

Comparable operating profit for the Uniper segment amounted to EUR -833 (711) million. The decline in earnings was mainly attributable to the Global Commodities business, particularly gas storage optimisation in the gas midstream business. In view of the current market environment, Uniper reduced its anticipated gas storage withdrawals in the first quarter. This resulted in a EUR 750 million earnings shift from the first quarter to the remaining quarters of 2022. However, despite the first-quarter loss, Uniper reiterated its full-year 2022 guidance. The European Generation business was mainly affected by the sizeable intra-year CO₂ emission rights phasing effect that shifted margins from the first quarter to the fourth quarter of 2022 and by the clearly lower achieved power price in the Nordics.

The result of the European Generation business was significantly below the previous year in particular due to the significant intra-year CO₂ emission rights phasing effect that shifted margins from the first quarter to the fourth quarter 2022. In the Nordics, the low achieved power price due to the large discrepancy between the system price and the specific Swedish area price lead to significantly lower earnings contributions especially for Nordic hydropower. Lower income from the UK capacity market, higher procurement costs for hard coal, and the disposal of the Schkopau power station in the fourth quarter of 2021 also adversely affected the result. Regulated production restrictions (Urgenda) from 2022 onwards affecting the Maasvlakte power plant also contributed negatively.

The result of the Global Commodities business was significantly affected by gas storage optimisation in the gas midstream business. Uniper reduced its anticipated gas storage withdrawals in the first quarter, which resulted in a significant earnings shift from the first quarter to the remaining quarters of 2022. In the comparison period, the business recorded very strong results boosted by successful optimisation of its international portfolio due to unusually cold temperatures.

The comparable operating profit of the Russian Power Generation business (Unipro) was EUR 87 million, clearly above the result of EUR 54 million in the previous year. The commissioning of the Berezovskaya 3 power plant in the second quarter of 2021 and the corresponding attributable CSA payments and higher prices more than offset the expiry of CSA payments for two units at the Surgutskaya power plants and the negative rouble translation effects. For further financial details on Unipro, please see the footnote in the table on page 16.

Operating profit was affected by EUR -1,836 (102) million of items affecting comparability, mainly related to the fair value change of non-hedge-accounted derivatives and impairment charges (Note 3). The Uniper segment's future cash flows are largely hedged with forward sell contracts; however, as hedge accounting is not applied for most of the contracts, unrealised changes in the fair values of these derivative instruments are presented in items affecting comparability.

Comparable share of profits of associates and joint ventures totalled EUR 9 (11) million (Notes 3 and 12).

On 4 January 2022, Fortum announced that to manage any further market volatility and significant commodity price increases, Uniper took precautionary measures to secure additional liquidity and financial flexibility primarily for the winter season. Fortum provided Uniper with intra-group financing, comprising a shareholder loan and parent company

guarantee up to EUR 8 billion on arm's length terms. Uniper drew its existing EUR 1.8 billion revolving credit facility in full, and agreed with the German state-owned KfW-Bank on a revolving credit facility of up to EUR 2 billion. In March 2022, Uniper and KfW Bank agreed to continue the facility at an unchanged amount until April 30, 2023.

On 21 February 2022, Uniper announced that its Board of Management resolved to propose to its Annual General Meeting, taking place on 18 May 2022, a dividend payment of EUR 0.07 per share (2020: EUR 1.37) for the year 2021, corresponding to a total planned dividend of approximately EUR 26 million (2020: EUR 501 million). At the same time, Uniper also provided earnings guidance for 2022.

On 16 March 2022, Uniper announced that, starting from October 2022, it will increase the capacity rights at the Gate terminal B.V. in the Netherlands by 1 billion cubic meters annually for a three-year period.

On 26 April 2022, Uniper published a stock exchange release ('ad-hoc') with a negative profit warning related to its first-quarter 2022 results. The deviation is mainly attributable to the gas midstream business, in particular due to gas storage optimisation. This resulted in a EUR 750 million earnings shift from the first quarter to the remaining quarters of 2022. Despite the deviation in the first-quarter results, Uniper reiterated its full-year result guidance for 2022.

For further information, see Uniper's January–March 2022 results published on 3 May 2022.

Capital expenditures, divestments, and investments in shares

In the first quarter of 2022, capital expenditures and investments in shares totalled EUR 174 (251) million. Capital expenditures were EUR 162 (228) million (Notes 3 and 6).

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

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

*held in reserve by the transmission system operator

Generation

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

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

Russia

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

Fortum's Russian wind and solar portfolio (either in joint venture or direct ownership) comprises 1.2 GW of operational CSA-backed capacities, 0.3 GW of projects under construction and 1.9 GW of projects under development.

The investment decision for the 0.3 GW wind and solar capacities was made in 2021. The capacities under construction include wind parks of 250 MW in the Samara and Volgograd regions in Russia. The commissioning of the wind parks was originally planned to be in the fourth quarter of 2022. However, the timeline for completion is currently unclear. In addition, 38 MW of solar capacities in Kalmykia is planned to be commissioned in the third quarter of 2022.

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

City Solutions

On 22 March 2022, Fortum announced that it had signed an agreement to sell its 50% ownership in the district heating company Fortum Oslo Varme AS in Norway to an investor consortium comprising Hafslund Eco, Infranode and HitecVision. The total consideration for Fortum's share is approximately EUR 1 billion on a cash and debt-free basis, and, as part of the transaction, Fortum will deconsolidate a related EUR 210 million loan from the City of Oslo. The consideration is based on a 100% enterprise value of approximately EUR 2 billion. Fortum expects to record a tax-exempt capital gain of approximately EUR 0.6 billion in the City Solutions segment's results in connection with the closing of the transaction. The transaction is subject to approval by the Oslo City Council (Bystyret), necessary regulatory approvals and fulfilment of the customary closing conditions. The transaction is expected to close during the second quarter of 2022.

Uniper

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

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

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

In July 2021, Uniper announced that it will convert its power plant in Scholven in Germany from coal-fired to gas-fired generation through the construction of a modern combined-cycle gas turbine (CCGT) for the supply of industrial customers in the region with significantly lower CO₂ emissions. This is expected to be ready in the second half of 2022. In the next phase, the Scholven power plant will be converted from gas-fired to eventually fully using green hydrogen by 2030.

Operating and regulatory environment

European power markets

On 24 February 2022, Russia attacked Ukraine. Since then the global economy, commodity and raw material prices have been impacted by various sanctions or by the possibility of sanctions. During the first quarter of 2022, this was reflected in all-time high power prices in several countries. These record-high prices were reached despite a mild and windy winter both in the Nordics and in Continental Europe.

According to preliminary statistics, power consumption in the Nordic countries was 112 TWh (120) TWh during the first quarter of 2022. The lower power demand in the Nordics was mainly caused by milder weather, with temperatures two degrees above the long-term average compared to the first quarter of 2021.

In Central Western Europe (Germany, France, Austria, Switzerland, Belgium, and the Netherlands), power consumption in the first quarter of 2022 was 361 (375) TWh, according to preliminary statistics. Power demand was impacted by the mild winter in Continental Europe.

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

At the beginning of the first quarter of 2022, Nordic water reservoirs were at 73 TWh, which is 11 TWh below the long-term average and 32 TWh lower than in the previous year. The deficit in water reservoirs decreased, owing to below normal hydro power production. At the end of the first quarter, the reservoir levels were at 35 TWh, which is 6 TWh below the long-term average and 20 TWh lower than in the previous year.

In the first quarter of 2022, power prices were at exceptionally high levels. The average system spot price in Nord Pool was EUR 110.0 (42.1) per MWh. The average area price in Finland was EUR 91.8 (48.6) per MWh, in the SE3 area in Sweden (Stockholm) EUR 99.9 (45.7) per MWh. However in the SE2 area in Sweden (Sundsvall) the average area price was EUR 24.8 (37.5) per MWh due to high precipitation and wind production. In Germany, the average spot price in the first quarter of 2022 was EUR 184.6 (49.6) per MWh.

In early May 2022, the Nordic system electricity forward price on Nasdaq Commodities for the remainder of 2022 was around EUR 97 per MWh and for 2023 around EUR 75 per MWh. The Nordic water reservoirs were at 29 TWh, which is about 7 TWh below the long-term average and 19 TWh lower than one year earlier. The German electricity forward price for the remainder of 2022 was around EUR 224 per MWh and for 2023 around EUR 203 per MWh.

European commodity markets

In the first quarter of 2022, gas demand in Central Western Europe was 699 (802) TWh. The Central Western European gas storage levels decreased significantly: from 293 TWh at the beginning of the quarter to 137 TWh at the end of the quarter, which is 14 TWh lower than one year ago and 60 TWh lower than the five-year average (2017–2021).

Continuing tightness in the gas market, combined with the overhanging risk of disruptions in Russian pipeline gas flows to Europe, lifted European gas prices to unprecedented levels amid high volatility. The average gas front month price (TTF) in the first quarter of 2022 was EUR 101 (18) per MWh. The 2023 forward price increased from EUR 41 per MWh at the beginning of the quarter to EUR 72 per MWh at the end of the quarter, which is EUR 55 per MWh higher than one year earlier.

The volatility was high also in the EUA (EU Allowance) market during the first quarter of 2022, despite the rather small price difference between the start and end of the quarter. The price decreased from EUR 81 per tonne at the beginning of the quarter to EUR 77 per tonne at the end of the quarter, after first climbing to EUR 97 per tonne and then dropping to EUR 58 per tonne during the quarter. The EUA market closed the quarter EUR 34 per tonne higher than one year earlier.

Coal prices increased even more than gas prices during the first quarter. The forward quotation for coal (ICE Rotterdam) for 2023 increased from USD 88 per tonne at the beginning of the quarter to USD 190 per tonne at the end of the quarter, which is USD 121 per tonne above the price one year earlier.

In early May 2022, the TTF forward price for gas for the remainder of 2022 was EUR 95 per MWh. The forward quotation for EUAs for 2022 was at the level of EUR 85 per tonne. The forward price for coal (ICE Rotterdam) for the remainder of 2022 was USD 245 per tonne.

Russian power market

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

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

According to preliminary statistics, Russian power consumption was 303 (297) TWh during the first quarter of 2022. The corresponding figure for the first price zone was 229 (224) TWh and for the second price zone 61 (59) TWh. The 2.2% increase in consumption was caused by a 5.5% increase in economic growth.

In the first quarter of 2022, the average electricity spot price, excluding capacity prices, increased by 6.6% to RUB 1,449 (1,360) per MWh in the first price zone and by 19.9% to RUB 1,100 (918) in the second price zone. The spot price in the Urals hub increased by 11% and was RUB 1,284 (1,158) per MWh.

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

In Russia, capacity payments based on Capacity Supply Agreements (CSA) are a key driver of earnings, as CSA payments are considerably higher than for capacities selected in Competitive Capacity Selection (CCS) auctions. Currently, Fortum's Russia segment's CSA capacity amounts to 1,472 MW, including 70 MW of solar and wind capacity. These capacities do not include those related to the joint ventures. Correspondingly, Uniper's CSA capacity amounts to 800 MW.

Thermal power plants are entitled to clearly higher CSA payments starting approximately six years after commissioning. In 2022, there is a decrease in CSA payments for four units of Fortum's Russia segment's generation fleet and for one unit of Fortum's Uniper segment's generation fleet. After the CSA period ends, the units can receive CCS payments from CCS auctions. See the corresponding changes in the table below:

| Fortum's Russia segment's units | CSA start date | Higher CSA starts | CSA expiry date |
|--|-----------------------|--------------------------|------------------------|
| Nyagan, unit 2 | 1 Dec 2013 | 1 Aug 2018 | 31 Dec 2022 |
| Nyagan, unit 3 | 1 Jan 2015 | 1 Jan 2021 | 31 Dec 2025 |
| Chelyabinsk CHP 4, unit 1 | 1 Dec 2015 | 1 Jan 2021 | 31 Dec 2024 |
| Chelyabinsk CHP 4, unit 2 | 1 Mar 2016 | 1 Jan 2021 | 31 Dec 2024 |
| Ulyanovsk* | 1 Jan 2018 | n/a | 30 Nov 2031 |
| Bugulchansk** | Nov 2016 – Mar 2017 | n/a | Nov 2030 – Nov 2031 |
| Pleshanovsk** | 1 Mar 2017 | n/a | 30 Nov 2031 |
| Grachevsk** | 1 Mar 2017 | n/a | 30 Nov 2031 |

* Wind CSA.

** Solar CSA.

| Fortum's Uniper segment's units | CSA start date | Higher CSA starts | CSA expiry date |
|--|-----------------------|--------------------------|------------------------|
| Berezovskaya GRES, unit 3* | 1 Nov 2014 | 1 Nov 2020 | 31 Oct 2024 |
| Surgutskaya-2 GRES-2, unit 1** | Jun 2022 | n/a | Feb 2038 |
| Surgutskaya-2 GRES-2, unit 2** | Dec 2026 | n/a | Nov 2042 |
| Surgutskaya-2 GRES-2, unit 3** | Dec 2027 | n/a | Nov 2043 |
| Surgutskaya-2 GRES-2, unit 4** | Dec 2025 | n/a | Nov 2041 |
| Surgutskaya-2 GRES-2, unit 6** | Sep 2024 | n/a | Aug 2040 |

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

** Modernisation CSA 2.

Fortum's Russia segment's generation capacity not receiving CSA payments, a total of 3,199.7 MW, is allowed to participate in the annual CCS auctions. Uniper's generation capacities allowed to participate in the CCS auction totalled 10,445 MW. The next CCS auction, for the year 2027, is expected to be held in November 2023.

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

* Excluding inflation.

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

Fortum's Russian wind and solar portfolio (either in joint venture or direct ownership) comprises 1.2 GW of operational capacities and 0.3 GW under construction. However, as Fortum has stopped all new investment projects in Russia, the future of 1.9 GW of capacities under development is undecided.

In the June 2017 CSA auction, the Fortum-Rusnano wind investment fund won the right to build 1,000 MW of wind capacity. The wind parks were to be commissioned during 2018–2022 and will receive a guaranteed CSA price corresponding to approximately RUB 7,000–9,000 per MWh for a period of 15 years. In the June 2018 CSA auction, the Fortum-Rusnano wind investment fund won the right to build 823 MW of wind capacity. The wind parks were to be commissioned during 2019–2023 and will receive a guaranteed CSA price corresponding to approximately RUB 7,000–8,000 per MWh for a period of 15 years. The timeline for completion of the 0.8 GW projects originally planned to be commissioned in 2022 and 2023 is currently unclear.

In the June 2018 and 2019 CSA auctions, Fortum won the right to build 110 MW and 6 MW of solar capacity. On 2 March 2021, Fortum announced that Fortum and the Russian Direct Investment Fund (RDIF) will build the 116 MW solar power plant in Kalmykia in southern Russia. The power plants will receive a guaranteed CSA price for a period of 15 years, corresponding to approximately RUB 15,000 per MWh and RUB 14,000 per MWh, respectively. In December 2021, 78 MW of the capacity was commissioned and the remaining part is planned to be commissioned in the third quarter of 2022.

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

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

Regulatory environment

The European Commission plans to reduce energy dependency on Russia

As a response to Russia's attack on Ukraine, the European Commission published the 'REPowerEU' Communication at the beginning of March with the objective to reduce EU demand for Russian gas by two-thirds by the end of the year. To reach the goal, the Commission is proposing to diversify gas supplies while simultaneously reducing the overall fossil fuel dependence. Diversification of gas supplies includes the use of liquefied natural gas (LNG) and higher production of biomethane and renewable hydrogen.

As part of a fast-track adoption process, the Commission issued a gas legislative proposal with the main goal to ensure that gas storage facilities are sufficiently filled by next winter, including a 90% gas storage filling obligation. In mid-May, this proposal will be followed by another proposal to optimise the electricity market design and a concrete plan to phase out Russian fossil fuels.

The European Parliament scrutinises the taxonomy rules on nuclear and natural gas

In mid-March, the Complementary Delegated Act, which sets the criteria for nuclear and gas under the EU taxonomy framework, was officially published by the Commission. This launched a scrutiny period during which both the Council and the European Parliament can reject the Act until mid-July 2022.

Even if parts of the Complementary Delegated Act require further clarification, it lays an important basis for the recognition of nuclear in achieving Europe's objective of carbon neutrality. Thus, Fortum has been advocating in favour of the adoption of the Act. However, debate is still ongoing on the inclusion of nuclear and gas under EU Taxonomy in particular in the European Parliament with the possibility of a veto not to be ruled out.

Swedish electrification strategy published

In February 2022, the Swedish Government presented a national electrification strategy. The strategy aims at presenting a comprehensive view on what is needed in order for the energy sector to grow and provide sufficient power for the electrification of industrial and transport sectors. Electrification is crucial in order to reach Sweden's goal of net zero greenhouse gas emissions by 2045. The strategy consists of 67 different assignments to be finalised during 2022-2024 in order to facilitate faster deployment of infrastructure, to provide for security of supply, to remove obstacles for new power production and to develop the electricity market.

Germany is taking measures to ensure security of supply

In late February, the German Federal Ministry of Economics and Climate Protection suspended the certification process for Nord Stream 2 in the context of the geopolitical situation. Furthermore, sanctions have been issued that do not allow the pipeline to be operated. In the interest of security of supply, the ministry introduced comprehensive measures including a precautionary plan that safeguards oil, gas and coal stocks through mandatory minimum reserves. In addition, the first of three stages of an emergency plan was activated at the end of March in order to prepare for a possible delivery stop. With this, the government continues to monitor the gas markets, but will not intervene for the time being.

Like other countries, Germany is suffering from higher energy prices. Efforts are being made to minimise dependency on Russian energy imports as quickly as possible and to ensure security of supply. In order to meet these challenges, lifetime extensions of coal-fired power plants are being considered and there is increasing support for the expansion of renewable energy. Gas is still seen as a necessary transitional fuel, but it will be procured from new supplier countries. Accordingly, the development of the LNG infrastructure is also supported by the federal government.

Germany accelerates its energy transition with a legislative “Easter package”

In January 2022, the Federal Ministry for Economic Affairs and Climate Action presented the German energy policy path. It was stated that Germany needs to take significant measures to reach targets set out in the Climate Protection Act 2021 and to meet the goal of climate neutrality in 2045. Therefore an “Immediate Climate Action Programme” consisting of two legislative packages (“Easter” and “Summer”) was presented. The recently published “Easter package” consists of a series of proposals, such as the Renewable Energy Sources Act (EEG), the Amendment to the EEG as well as a reform of wind and solar expansion policies. The Easter package should be adopted before the summer.

Finnish climate and energy strategy published

The Finnish Government published the draft national climate and energy strategy and circulated it for comments on 14 April 2022. The strategy is a comprehensive programme of measures by which Finland will achieve the climate neutrality goal by 2035. In addition to the conventional emission reduction measures, the strategy discusses several specific themes: system integration and electrification, hydrogen and electric fuels, the heating system of the future, offshore wind power and evolving nuclear energy. The chapter on hydrogen also serves as a separate national hydrogen strategy and sets targets for the electrolysis capacity: 200 MW by 2025 and at least 1,000 MW by 2030. After the circulation for comments, the strategy will be passed to the parliament.

Appeals on the Finnish river basin management plans proceeding

Following the adoption of the river basin management plans (RBMP) by the Finnish Government in December 2021, Fortum made two appeals in January to the Supreme Administrative Court regarding the lower part of the Oulujoki water body and the Klobbfjärden water body which is the sea area around the Loviisa nuclear power plant. The main

reason for the appeals was the inadequacy in the classification of water bodies. Relevant authorities have submitted their statements during the first half of 2022 and Fortum is preparing its written replies to these statements to be submitted during the second quarter of 2022. Court decisions are expected during 2022.

Government permit granted for the final repository for spent nuclear fuel in Sweden

In January 2022, the Swedish Government made a decision to give the go-ahead to the final repository for spent nuclear fuel in Forsmark in Östhammar municipality and to an encapsulation plant in Oskarshamn. The next step in the licensing process is for the Land and Environment Court to establish conditions for the facilities; a building and operation permit on the interim storage facility is expected in June/July 2022. The Swedish Radiation Safety Authority will also decide on permit conditions under the Swedish Nuclear Activities Act. Construction can start once all licences are in place, after which time, it will take about 10 years to build the spent fuel repository.

Key drivers and risks

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

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

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

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

As a result of the imposition of US sanctions on Nord Stream 2 AG, Uniper and Fortum recorded a full impairment on the book value of the full outstanding receivable as well as the accrued interest towards Nord Stream 2 AG of approximately one billion euros in the first quarter results. Fortum also recorded EUR 275 million of impairments related to fixed assets and goodwill for the Russia segment, and EUR 555 million of impairments for fixed assets from the Uniper segment's Russian subsidiary Unipro. In addition, EUR 150 million impairments related to Fortum's ownership in the Russian TGC-1 and EUR 22 million of impairments on the joint ventures for renewables power generation in Russia were recorded.

A further widening of sanctions against Russia, and possible countermeasures, may impact current or future business relations. The curtailment risk on the physical supply of gas, coal, oil and other fuels from Russia could have follow-on implications, e.g. on the availability of Fortum's power plants and the physical deliveries to customers. In particular, curtailment of Russian gas could have a significant impact on Uniper's gas business. If this was to materialise it may require Uniper to source gas in the market at elevated prices to serve its customers. The German government is currently working on an amendment of the German Energy Security Law which is aimed at providing security for energy companies and their customers in case of a sudden energy emergency also with regards to a potential adjustment of gas prices. In case the curtailment of gas flows would be significant and cause a lack of a balance between gas supply and demand, the German authorities may declare a state of emergency. In this case the regulator (BNetzA), as so called federal load distributor (Bundeslastverteiler), would take control of the system and all market participants would have to act upon instructions of the federal load distributor. Already at the end of March, the early warning level according to the Emergency Gas Plan was declared by Federal Minister of Economics Robert Habeck.

Uniper is actively monitoring the situation and discussing risk mitigation measures with the responsible authorities. In addition, both Fortum and Uniper are committed to ensuring continued compliance with prevailing rules and applicable sanctions laws and are constantly preparing mitigation measures to minimise the impact an escalation would have on Fortum.

Since the Ukraine invasion, owning and operating profitable power and heat generation business in Russia has become challenging. For Fortum's Russian businesses, the key drivers are economic growth, the rouble exchange rate, interest rates (which also impact capacity payments) and the regulation of the power and heat business. Risks relating to these drivers are all partly realising driven by the deterioration of the overall economic and business environment including GDP growth and rising interest rates. The profitability of Fortum's Russian businesses in euro terms has been negatively impacted by the current geopolitical situation, and the risk of further deterioration increases with a prolonged conflict or further escalation. There is an increasing risk of countermeasures aimed at enabling nationalisation of foreign-owned assets in Russia in retaliation for Western sanctions. Such countermeasures could result in loss of control or, in extreme case, expropriation of Fortum's Russian assets. Fortum is preparing for such a scenario by ensuring Russian businesses are able to operate independently and in compliance with applicable laws, regulations and sanctions.

One of the key factors influencing Fortum's business performance is the Nordic electricity wholesale price. In the Nordics, power prices exhibit significant short- and long-term variations on the back of several factors, including but not limited to weather conditions, outage patterns in production and transmission lines, CO₂ emission allowance prices, commodity prices, and the supply-demand balance. The Russian invasion into the Ukraine drove commodity prices to new heights and has further increased volatility. As a result, Fortum's portfolio value increased during the first quarter of 2022, which is generally positive for future earnings. However, the higher value combined with increased price volatility has led to an increase in the commodity price risk. Fortum hedges its exposure to commodity market prices and reports on the hedging levels of its outright power on a quarterly basis (see 'Outlook').

Fortum is exposed to liquidity and refinancing risks primarily through the need to finance the Group's business operations, including margining and collaterals issued for commercial activities. Following the elevated prices and increased volatility since the summer of 2021, the margining requirements from Fortum's hedges concluded via exchanges or under bilateral margining agreements decreased during the first quarter of 2022, but remain at a high level. The sensitivity to market price movement has significantly reduced since year-end 2021 due to expired positions and further mitigating actions taken to reduce the positions exposed to margin calls.

On 14 March, S&P Global Ratings placed Fortum's and Uniper's BBB ratings on Credit Watch Negative. The key risk factors indicated by S&P that could lead to weakening credit metrics and potentially trigger rating downgrades include the heightened risk of disruption to Uniper's natural gas procurements from Russia, the risk of increased working capital swings as a result of commodity price volatility and potential inability to transfer earnings outside of Russia.

In case of a rating downgrade, a lowering of the rating by one-notch is the most likely for both entities; however, a two-notch downgrade cannot be fully excluded. A lowering of credit ratings, in particular to below investment grade level (BB+ or below), would trigger counterparties' rights (mainly in Uniper's Global Commodities business) to demand additional cash or non-cash collateral. In addition, a downgrade could negatively affect access to the capital markets and increase the cost of new financing. Fortum targets to have a solid investment grade rating of at least BBB.

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

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

Outlook

Hedging

At the end of the first quarter of 2022, approximately 80% of the Generation segment's estimated Nordic power sales volume was hedged at EUR 35 per MWh for the remainder of 2022 (at the end of 2021: 75% at EUR 34 per MWh) and approximately 55% at EUR 33 per MWh for 2023 (at the end of 2021: 50% at EUR 31 per MWh).

At the end of the first quarter of 2022, approximately 75% of the Uniper segment's estimated Nordic power sales volume was hedged at EUR 26 per MWh for the remainder of 2022 (at the end of 2021: 80% at EUR 18 per MWh), approximately 50% at EUR 31 per MWh for 2023 (at the end of 2021: 60% at EUR 18 per MWh) and approximately 25% at EUR 30 per MWh for 2024 (at the end of 2021: 20% at EUR 30 per MWh).

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

The reported hedge ratios may vary significantly, depending on Fortum's and Uniper's actions on the electricity derivatives markets. Hedges are mainly financial contracts, most of which are electricity derivatives quoted on Nasdaq Commodities and traded either with Nasdaq Commodities or with bilateral counterparties.

Capital expenditure

Fortum estimates its capital expenditure, including maintenance but excluding acquisitions, to be approximately EUR 1,500 million in 2022, of which the share of maintenance capital expenditure is estimated to be approximately EUR 800 million, well below the level of depreciation.

Generation

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

Uniper

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

With regard to Uniper, reference is made to the guidance that the company publishes quarterly.

Russia

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

Income taxation

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

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

Sustainability

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

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

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

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

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

Sustainability targets

Fortum updated its climate targets aligned with the goals of the Paris Agreement in December 2020 and is committed to carbon neutrality by 2050 at the latest. The target covers direct CO₂ emissions (Scope 1) and indirect CO₂ emissions (Scope 2 and 3). Fortum's roadmap to reduce emissions in Europe has also been defined. Fortum is committed to at least a 50% CO₂ emissions reduction (Scope 1 and 2) in its European generation by 2030 (compared to base year 2019) and to carbon neutrality (Scope 1 and 2) by 2035 at the latest.

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

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

For Fortum, excellence in safety and caring 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 are measured as:

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

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

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

Fortum's minimum goal for completion of the trainings (Safety eLearning and Safety Leadership Programme for Executives) is 85% in 2022.

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

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

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

Group sustainability performance 2022

| | I/2022 | I/2021 | 2021 |
|--|--------|--------|------|
| Climate and resources | | | |
| Total CO ₂ emissions, million tonnes | 20.5 | 20.3 | 68.7 |
| Specific CO ₂ emissions from total energy production, gCO ₂ /kWh | 319 | 307 | 312 |
| Asset availability of power generation plants, % | 85.8 | 85.2 | 80.8 |
| Major environmental incidents*, no. | 1 | 1 | 4 |
| Personnel and society | | | |
| Total Recordable Injury Frequency (TRIF), own personnel and contractors | 2.2 | 1.6 | 2.2 |
| Severity rate per TRI**, own personnel and contractors | 10.2 | - | - |
| Severe occupational accidents, no. | 0 | 1 | 3 |
| Safety eLearning***, % | 0 | - | - |
| Safety Leadership Programme for Executives****, % | 0 | - | - |
| Sickness-related absences, % | 5.3 | 3.5 | 3.6 |

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

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

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

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

Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operating. Fortum received a score of A- in the CDP Climate Change 2021 rating, and Uniper received a score of B. In the MSCI ESG Ratings assessment, Fortum received a "BBB" rating in 2021 and Uniper a "BB" rating in 2022. Both companies have also participated in the ISS ESG Corporate Rating, where Fortum received a "Prime B-" rating and Uniper a "Medium C" rating. In 2022, Fortum was awarded Gold EcoVadis Medal. Uniper has received the same rating in EcoVadis 2021 assessment. In 2022, Fortum has also been rated 62 points out of a maximum 100 points by Moody's ESG Solutions. In addition, Fortum is listed on the Nasdaq Helsinki exchange and is included in the STOXX Global ESG Leaders, OMX Sustainability Finland, and ECPI® indices.

Climate and resources

Fortum's key performance indicators for climate and resources are related to CO₂ emissions, security of supply, biodiversity, and major Environmental, Health and Safety (EHS) incidents. Operational-level activities follow the requirements set forth in the ISO 14001 environmental management standard, and 100% of Fortum's power and heat production worldwide has ISO 14001 certification.

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

Fortum is also a large district heat producer in several cities. Heat is mainly produced at natural gas-fired and energy-efficient combined heat and power (CHP) plants. In addition, Uniper operates a large commodities trading business and has natural gas storage sites, which play an important role in ensuring a secure and flexible gas supply. Fortum wants to enable the energy transition by providing a reliable and affordable supply of low-carbon energy. In the future, the energy system – and Fortum's asset portfolio – will be based on renewable energy, increasingly clean gas (e.g. hydrogen), and nuclear power. In addition, Fortum will continue to offer industrial and infrastructure solutions, e.g., waste-to-energy, grid stability services, as well as energy sales and storage.

In January–March 2022, Fortum's direct CO₂ emissions were 20.5 (20.3) Mt. Of the total CO₂ emissions, 7.9 (8.1) Mt were within the EU and UK emissions trading system (ETS). The estimate for Fortum's free emission allowances in 2022 is approximately 0.3 (0.4) Mt.

| Fortum's total CO₂ emissions* (million tonnes, Mt) | I/2022 | I/2021 | 2021 |
|--|---------------|---------------|-------------|
| Total emissions | 20.5 | 20.3 | 68.7 |
| Emissions subject to ETS | 7.9 | 8.1 | 28.9 |
| Free emission allowances | - | - | 0.4 |
| Emissions not subject to ETS in Europe | 0.2 | 0.2 | 0.7 |
| Emissions in Russia | 12.4 | 11.9 | 39.0 |

In January–March 2022, Fortum's specific CO₂ emissions from total energy production were 319 (307) gCO₂/kWh.

An uninterrupted and reliable energy supply is critical for society to function. In January–March 2022, the asset availability of Fortum's gas-fired and coal-fired power plants was, on average, 85.8 (85.2)%.

In 2022, the definition of major environmental incidents was aligned between Fortum and Uniper. The figure now includes environmental incidents that resulted in causing significant harm to the environment (ground, water, air) and environmental non-compliances with legal or regulatory requirements. In January–March 2022, there was one major environmental incident in Fortum's hydropower operations in Sweden. The environmental incident was related to the breach of minimum discharge, and it did not have significant environmental impacts.

Personnel and society

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

Fortum strives to be a safe workplace for the employees, contractors, and service providers who work for the company. A certified ISO 45001 safety management system covers 99.1% of Fortum's power and heat production worldwide.

In January–March 2022, Fortum's TRIF (Total Recordable Injury Frequency) for own personnel and contractors was 2.2 (1.6). The severity rate per TRI for own personnel and contractors was 10.2, which was below the set target: ≤11 for 2022. Fortum's LTIF (Lost Time Injury Frequency) for own personnel and contractors was 1.2 (1.2). Fortum strives for zero severe occupational accidents. In January–March 2022, there were no (1) severe occupational accidents in the operations.

Fortum's goal regarding workplace wellbeing activities is to promote the health and occupational safety of employees and the functionality of the work community. In January–March 2022, Fortum's percentage of sickness-related absences was 5.3 (3.5).

Fortum and Uniper expect their business partners to act responsibly and to comply with the requirements set forth in their respective Codes of Conduct and Supplier Codes of Conduct. Fortum assesses the performance of its business partners with supplier qualification and supplier audits. In January–March 2022, Fortum, excluding Uniper, conducted two on-site supplier audits in China. Due to the Covid-19 pandemic and travel restrictions, the possibilities to conduct

on-site supplier audits have been very limited. Uniper applies its own processes for ESG Due Diligence and Know Your Counterparty. Both companies are members of the Bettercoal Initiative and use the Bettercoal tools to improve sustainability in the coal supply chain.

Legal actions

There were no material changes in the ongoing legal actions during the first quarter of 2022. For further information on legal actions, see Note 21.

Shares and share capital

Fortum shares on Nasdaq Helsinki

| January–March 2022 | No. of shares traded | Total value EUR | High EUR | Low EUR | Average EUR* | Last EUR |
|--------------------|----------------------|-----------------|----------|---------|--------------|----------|
| FORTUM | 141,926,051 | 2,843,236,505 | 27.18 | 14.14 | 20.02 | 16.53 |

* Volume weighted average.

| | 31 March 2022 | 31 March 2021 |
|--|---------------|---------------|
| Market capitalisation, EUR bn | 14.7 | 20.2 |
| Number of shareholders | 194,586 | 205,540 |
| Finnish State holding, % | 50.8 | 50.8 |
| Nominee registrations and direct foreign shareholders, % | 27.6 | 24.5 |
| Households, % | 11.6 | 13.0 |
| Financial and insurance corporations, % | 1.5 | 2.1 |
| Other Finnish investors, % | 8.5 | 9.6 |

In addition to Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, Cboe and Turquoise, and on the OTC market. In January–March 2022, approximately 72% of Fortum's shares were traded on markets other than Nasdaq Helsinki (source Bloomberg).

On 31 March 2022, Fortum Corporation's share capital was EUR 3,046,185,953 and the total number of registered shares was 888,294,465. Fortum Corporation does not hold any of the company's own shares.

Group personnel

The operations of the Fortum Group are mainly based in the Nordic countries, Central Europe, Russia, United Kingdom, and Poland. The total number of employees at the end of March 2022 was 19,260 (19,140 at the end of 2021).

At the end of March 2022, the Generation segment had 1,262 (1,116 at the end of 2021) employees, Russia 2,744 (2,627 at the end of 2021), City Solutions 1,751 (1,766 at the end of 2021), Consumer Solutions 1,185 (1,176 at the end of 2021), Uniper 11,319 (11,494 at the end of 2021, of which 4,267 in Russia), and Other Operations 999 (961 at the end of 2021).

Annual General Meeting 2022

The Annual General Meeting of Fortum Corporation (AGM) was held at the company headquarters in Espoo, Finland, on 28 March 2022 under special arrangements. The Annual General Meeting adopted the Financial Statements and the Consolidated Financial Statements for the financial period 1 January–31 December 2021 and discharged from

liability for the year 2021 all the persons who had served as members of the Board of Directors and as President and CEO during the year 2021.

The AGM resolved that a dividend of EUR 1.14 per share will be paid for the financial year that ended on 31 December 2021. The record date was 30 March 2022 and the dividend was paid on 6 April 2022.

The AGM resolved to approve the remuneration report for the company's governing bodies for 2021. The resolution is advisory.

The AGM resolved that the annual fee of the Chair, Deputy Chair and other members of the Board of Directors will be changed as follows:

- for the Chair EUR 88,800 per year,
- for the Deputy Chair EUR 63,300 per year,
- for a Member EUR 43,100 per year, and
- for the Chair of the Audit and Risk Committee: EUR 63,300 per year, provided that he/she does not simultaneously act as Chair or Deputy Chair of the Board of Directors.

In addition to the aforementioned annual fee, fixed fees will be paid for the Committee work as follows:

- for a Member of the Audit and Risk Committee EUR 3,000 per year,
- for the Chair of the Nomination and Remuneration Committee EUR 5,000 per year,
- for a Member of the Nomination and Remuneration Committee EUR 2,000 per year,
- for the Chair of any additional Committee established by a Board decision EUR 5,000 per year, and
- for a Member of any additional Committee established by a Board decision EUR 2,000 per year.

The meeting fee payable to a Board member, also for the Committee meetings will be EUR 800 for each meeting, or EUR 1,600 if the member travels to the meeting outside his/her country of residence. When a member participates in the meeting via remote connection, or for the decisions that are confirmed without convening a meeting, the meeting fee will be EUR 800. The travel expenses of Board members are compensated in accordance with the company's travel policy. The annual fee for the Board work of the Board members will be paid in company shares and in cash in such a way that approximately 40 % of the amount of the annual fee will be payable in shares acquired on behalf and in the name of the Board members, and the remainder in cash. The company will pay the costs and the transfer tax related to the purchase of the company shares. The shares will be acquired on behalf and in the name of the Board members within two weeks following the publication of the company's first-quarter 2022 interim report. If share purchases cannot be carried out within the aforementioned schedule due to a reason related to the company or a Board member, the shares will be acquired later, or the annual fee will be paid fully in cash. The meeting fees and the fixed fees for the Committee work will be paid fully in cash.

The AGM resolved that the Board of Directors will consist of nine members. Veli-Matti Reinikkala as Chair, Anja McAlister as Deputy Chair, and Luisa Delgado, Essimari Kairisto, Teppo Paavola, Philipp Rösler, Annette Stube were re-elected as members. Ralf Christian and Kimmo Viertola were elected as new members.

In addition, Deloitte Oy was re-elected as the auditor. The auditor's fee is paid pursuant to an invoice approved by the company.

The AGM 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 per cent 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 authorisations resolved by the AGM 2021 and will be effective until the next Annual General Meeting and in any event no longer than for a period of 18 months.

The AGM authorised the Board of Directors to decide on contributions in the total maximum amount of EUR 500,000 for charitable or similar purposes, and to decide on the recipients, purposes and other terms of the contributions. The authorisation will be effective until the next Annual General Meeting.

Board decisions

At its meeting held after the Annual General Meeting, Fortum's Board of Directors elected, from among its members, to the Nomination and Remuneration Committee Veli-Matti Reinikkala as Chair and Luisa Delgado, Anja McAlister,

and Kimmo Viertola as members. Furthermore, the Board elected to the Audit and Risk Committee Essimari Kairisto as Chair and Teppo Paavola, Philipp Rösler, Annette Stube, and Ralf Christian as members.

Events after the reporting period

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

Dividend payment

The AGM 2022 decided to pay a dividend of EUR 1.14 per share for the financial year that ended 31 December 2021. The record date for the dividend payment was 30 March 2022 and the dividend payment date 6 April 2022.

Espoo, 11 May 2022

Fortum Corporation
Board of Directors

Further information:

Investor Relations and Financial Communications: Ingela Ulfves, tel. +358 40 515 1531, Rauno Tiihonen, tel. +358 10 453 6150, Carlo Beck, tel. +49 172 751 2480, Nora Hallberg, tel. +358 40 720 1775, Pirjo Lifländer, tel. +358 40 643 3317, and investors@fortum.com

Media: Fortum News Desk, tel. +358 40 198 2843

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

Financial calendar in 2022

Fortum will publish its interim reports in 2022:

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

Uniper will publish its interim reports in 2022:

- Financial Results January–June 2022 on 2 August 2022
- Financial Results January–September 2022 on 3 November 2022

Distribution:

Nasdaq Helsinki
Key media
www.fortum.com

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

Interim Financial Statements are unaudited.

Condensed consolidated income statement

| EUR million | Note | I/2022 | I/2021 | 2021 | LTM |
|---|-------|---------------|--------------|--------------|---------------|
| Sales | 3 | 43,623 | 21,493 | 112,400 | 134,530 |
| Other income | | 4,839 | 1,666 | 12,380 | 15,554 |
| Materials and services | | -43,618 | -19,491 | -105,170 | -129,297 |
| Employee benefits | | -360 | -372 | -1,561 | -1,549 |
| Depreciation and amortisation | 3 | -334 | -308 | -1,281 | -1,307 |
| Other expenses | | -4,589 | -1,817 | -14,232 | -17,004 |
| Comparable operating profit | 3 | -438 | 1,171 | 2,536 | 927 |
| Items affecting comparability | 3, 4 | -1,978 | 174 | -3,124 | -5,276 |
| Operating profit | 3 | -2,416 | 1,345 | -588 | -4,349 |
| Share of profit/loss of associates and joint ventures | 3, 12 | -190 | 80 | 192 | -78 |
| Interest expense | | -68 | -47 | -202 | -223 |
| Interest income | | 26 | 37 | 156 | 145 |
| Other financial items - net | | -914 | 46 | 154 | -806 |
| Finance costs - net | 7 | -956 | 36 | 107 | -884 |
| Profit before income tax | | -3,561 | 1,460 | -289 | -5,310 |
| Income tax expense | 8 | 728 | -150 | 175 | 1,054 |
| Net profit | | -2,833 | 1,310 | -114 | -4,256 |
| Attributable to: | | | | | |
| Owners of the parent | | -2,222 | 1,092 | 739 | -2,575 |
| Non-controlling interests | | -610 | 218 | -852 | -1,681 |
| | | -2,833 | 1,310 | -114 | -4,256 |
| Earnings per share for profit attributable to the equity owners of the company (EUR per share) | | | | | |
| Basic | | -2.50 | 1.23 | 0.83 | -2.90 |

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

| EUR million | Note | I/2022 | I/2021 | 2021 | LTM |
|--|------|---------------|--------------|--------------|---------------|
| Comparable operating profit | | -438 | 1,171 | 2,536 | 927 |
| Impairment charges and reversals | | -830 | -1 | -83 | -911 |
| Capital gains and other related items | 3 | 51 | 2,681 | 2,634 | 2,634 |
| Changes in fair values of derivatives hedging future cash flow | | -1,107 | 165 | -5,424 | -6,696 |
| Other | | -44 | -41 | -299 | -302 |
| Items affecting comparability | 3, 4 | -1,978 | 174 | -3,124 | -5,276 |
| Operating profit | | -2,416 | 1,345 | -588 | -4,349 |

See Note 24 Definitions and reconciliations of key figures.

Condensed consolidated statement of comprehensive income

| EUR million | Note | I/2022 | I/2021 | 2021 | LTM |
|---|------|---------------|--------------|-------------|---------------|
| Net profit | | -2,833 | 1,310 | -114 | -4,256 |
| Other comprehensive income | | | | | |
| Items that may be reclassified to profit or loss in subsequent periods: | | | | | |
| Cash flow hedges | | | | | |
| Fair value gains/losses ¹⁾ | | -1,780 | -35 | -1,365 | -3,110 |
| Transfers to income statement | | 598 | 63 | 117 | 653 |
| Transfers to inventory/property, plant and equipment | | 1 | 1 | 1 | 1 |
| Deferred taxes | | 346 | -8 | 265 | 618 |
| Net investment hedges | | | | | |
| Fair value gains/losses | | 19 | 3 | -15 | 1 |
| Deferred taxes | | -5 | 0 | 1 | -5 |
| Exchange differences on translating foreign operations ²⁾ | | -334 | 125 | 322 | -137 |
| Share of other comprehensive income of associates and joint ventures | | 22 | 8 | 8 | 22 |
| Other changes | | - | 52 | 20 | -32 |
| | | -1,134 | 208 | -646 | -1,988 |
| Items that will not be reclassified to profit or loss in subsequent periods: | | | | | |
| Remeasurement of investments | | -15 | 3 | -6 | -24 |
| Actuarial gains/losses on defined benefit plans | | 189 | 133 | 226 | 283 |
| Actuarial gains/losses on defined benefit plans in associates and joint ventures | | 2 | - | 29 | 31 |
| | | 176 | 136 | 250 | 290 |
| Other comprehensive income/expense for the period, net of deferred taxes | | -957 | 343 | -397 | -1,697 |
| Total comprehensive income/expense for the period | | -3,790 | 1,653 | -510 | -5,953 |
| Total comprehensive income/expense attributable to: | | | | | |
| Owners of the parent | | -3,048 | 1,355 | 185 | -4,218 |
| Non-controlling interests | | -742 | 299 | -695 | -1,735 |
| | | -3,790 | 1,653 | -510 | -5,953 |

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

Condensed consolidated balance sheet

| EUR million | Note | 31 Mar 2022 | 31 Dec 2021 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 10 | 1,954 | 2,167 |
| Property, plant and equipment and right-of-use assets | 11 | 17,111 | 19,049 |
| Participations in associates and joint ventures | 12 | 2,225 | 2,461 |
| Shares in Nuclear Waste Funds | 16 | 3,399 | 3,515 |
| Other non-current assets | | 579 | 570 |
| Deferred tax assets | | 3,180 | 2,149 |
| Derivative financial instruments | 5 | 38,217 | 17,096 |
| Long-term interest-bearing receivables | 14 | 1,321 | 2,392 |
| Total non-current assets | | 67,987 | 49,399 |
| Current assets | | | |
| Inventories | | 3,895 | 2,275 |
| Derivative financial instruments | 5 | 105,593 | 65,392 |
| Short-term interest-bearing receivables | 14 | 640 | 715 |
| Income tax receivables | | 170 | 161 |
| Margin receivables | 15 | 7,441 | 9,163 |
| Trade and other receivables | | 13,323 | 14,856 |
| Liquid funds | 15 | 6,419 | 7,592 |
| Total current assets | | 137,482 | 100,155 |
| Assets held for sale | 6 | 956 | 108 |
| Total assets | | 206,425 | 149,661 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | | 3,046 | 3,046 |
| Share premium | | 73 | 73 |
| Retained earnings | | 6,479 | 10,062 |
| Other equity components | | -1,563 | -1,050 |
| Total | | 8,036 | 12,131 |
| Non-controlling interests | | 727 | 1,534 |
| Total equity | | 8,762 | 13,665 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 15 | 7,026 | 8,701 |
| Derivative financial instruments | 5 | 32,853 | 16,657 |
| Deferred tax liabilities | | 679 | 827 |
| Nuclear provisions | 16 | 3,840 | 3,891 |
| Other provisions | 17 | 4,666 | 4,108 |
| Pension obligations, net | 18 | 931 | 1,190 |
| Other non-current liabilities | | 460 | 397 |
| Total non-current liabilities | | 50,455 | 35,771 |
| Current liabilities | | | |
| Interest-bearing liabilities | 15 | 7,849 | 8,519 |
| Derivative financial instruments | 5 | 117,224 | 71,947 |
| Other provisions | 17 | 3,018 | 2,299 |
| Margin liabilities | 15 | 1,864 | 985 |
| Trade and other payables | | 16,892 | 16,477 |
| Total current liabilities | | 146,847 | 100,226 |
| Liabilities related to assets held for sale | 6 | 360 | - |
| Total liabilities | | 197,662 | 135,997 |
| Total equity and liabilities | | 206,425 | 149,661 |

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 | Translation of foreign operations | Cash flow hedges | Other OCI items | OCI items associates and joint ventures | | | |
| Total equity 1 January 2022 | 3,046 | 73 | 12,830 | -2,768 | -1,138 | 34 | 54 | 12,131 | 1,534 | 13,665 |
| IS Net profit | | | -2,222 | | | | | -2,222 | -610 | -2,833 |
| Translation differences | | | | -313 | 5 | 1 | | -307 | -27 | -334 |
| Other comprehensive income | | | | | -691 | 149 | 23 | -519 | -104 | -623 |
| Total comprehensive income for the period | | | -2,222 | -313 | -686 | 150 | 23 | -3,048 | -742 | -3,790 |
| Cash dividend | | | -1,013 | | | | | -1,013 | | -1,013 |
| Transactions with non-controlling interests | | | -37 | | | | | -37 | -66 | -103 |
| Other | | | 3 | | | | | 3 | | 3 |
| BS Total equity 31 March 2022 | 3,046 | 73 | 9,560 | -3,081 | -1,824 | 184 | 77 | 8,036 | 727 | 8,762 |
| Total equity 1 January 2021 | 3,046 | 73 | 13,097 | -2,948 | -158 | -175 | 18 | 12,953 | 2,624 | 15,577 |
| IS Net profit | | | 1,092 | | | | | 1,092 | 218 | 1,310 |
| Translation differences | | | | 93 | 2 | 5 | | 100 | 25 | 125 |
| Other comprehensive income | | | | | 21 | 135 | 7 | 163 | 55 | 218 |
| Total comprehensive income for the period | | | 1,092 | 93 | 23 | 140 | 7 | 1,355 | 299 | 1,653 |
| Transactions with non-controlling interests | | | -9 | | | | | -9 | -17 | -26 |
| Other | | | 5 | | | | | 5 | 3 | 8 |
| BS Total equity 31 March 2021 | 3,046 | 73 | 14,184 | -2,855 | -136 | -35 | 25 | 14,303 | 2,910 | 17,213 |
| Total equity 1 January 2021 | 3,046 | 73 | 13,097 | -2,948 | -158 | -175 | 18 | 12,953 | 2,624 | 15,577 |
| IS Net profit | | | 739 | | | | | 739 | -852 | -114 |
| Translation differences | | | | 180 | 2 | 2 | | 184 | 137 | 322 |
| Other comprehensive income | | | | | -982 | 207 | 37 | -738 | 20 | -718 |
| Total comprehensive income for the period | | | 739 | 180 | -980 | 209 | 37 | 185 | -695 | -510 |
| Cash dividend | | | -995 | | | | | -995 | -171 | -1,166 |
| Transactions with non-controlling interests | | | -15 | | | | | -15 | -221 | -236 |
| Other | | | 3 | | | | | 3 | -3 | 0 |
| BS Total equity 31 December 2021 | 3,046 | 73 | 12,830 | -2,768 | -1,138 | 34 | 54 | 12,131 | 1,534 | 13,665 |

Translation differences

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

Cash flow hedges

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

Cash dividends

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

Condensed consolidated cash flow statement

| EUR million | Note | I/2022 | I/2021 | 2021 | LTM |
|--|------|---------------|--------------|---------------|---------------|
| Cash flow from operating activities | | | | | |
| IS Net profit | | -2,833 | 1,310 | -114 | -4,256 |
| Adjustments: | | | | | |
| Income tax expense | | -728 | 150 | -175 | -1,054 |
| Finance costs - net | | 956 | -36 | -107 | 884 |
| Share of profit/loss of associates and joint ventures | 12 | 190 | -80 | -192 | 78 |
| Depreciation and amortisation | 3 | 334 | 308 | 1,281 | 1,307 |
| Operating profit before depreciations (EBITDA) | | -2,082 | 1,653 | 693 | -3,042 |
| Items affecting comparability | 3, 4 | 1,978 | -174 | 3,124 | 5,276 |
| Comparable EBITDA | | -104 | 1,479 | 3,817 | 2,234 |
| Non-cash and other items ¹⁾ | | 386 | 278 | 1,506 | 1,615 |
| Interest received | | 14 | 13 | 75 | 76 |
| Interest paid | | -95 | -61 | -202 | -237 |
| Dividends received | | 1 | 6 | 124 | 119 |
| Income taxes paid | | -158 | -93 | -493 | -558 |
| Funds from operations ¹⁾ | | 45 | 1,621 | 4,827 | 3,250 |
| Change in working capital ¹⁾ | | -1,574 | -790 | 144 | -640 |
| Net cash from operating activities | | -1,529 | 831 | 4,970 | 2,610 |
| Cash flow from investing activities | | | | | |
| Capital expenditures | 3 | -202 | -293 | -1,178 | -1,087 |
| Acquisitions of shares ²⁾ | 6 | -12 | -22 | -294 | -284 |
| Proceeds from sales of property, plant and equipment | | 75 | 14 | 20 | 81 |
| Divestments of shares and capital returns | 6 | 6 | 129 | 3,863 | 3,740 |
| Shareholder loans to associated companies and joint ventures | 14 | 26 | -19 | -8 | 36 |
| Change in margin receivables | | 1,722 | 16 | -7,964 | -6,258 |
| Change in other interest-bearing receivables | 14 | 44 | -19 | -166 | -103 |
| Net cash from/used in investing activities | | 1,659 | -194 | -5,727 | -3,873 |
| Cash flow before financing activities | | 130 | 637 | -756 | -1,264 |
| Cash flow from financing activities | | | | | |
| Proceeds from long-term liabilities | 15 | 0 | 62 | 3,439 | 3,377 |
| Payments of long-term liabilities | 15 | -300 | -42 | -2,315 | -2,574 |
| Change in short-term liabilities | 15 | -1,787 | 295 | 5,364 | 3,282 |
| Dividends paid to the owners of the parent | 9 | 0 | 0 | -995 | -995 |
| Dividends paid to non-controlling interests | | 0 | 0 | -171 | -171 |
| Change in margin liabilities | | 875 | 339 | 649 | 1,184 |
| Other financing items | | -75 | 1 | 43 | -33 |
| Net cash from/used in financing activities | | -1,287 | 655 | 6,013 | 4,071 |
| Net increase(+)/decrease(-) in liquid funds | | -1,158 | 1,292 | 5,256 | 2,807 |
| Liquid funds at the beginning of the period | 15 | 7,592 | 2,308 | 2,308 | 3,618 |
| Foreign exchange differences in liquid funds | | -15 | 18 | 29 | -4 |
| Liquid funds at the end of the period ³⁾ | 15 | 6,420 | 3,618 | 7,592 | 6,420 |

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

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

3) Includes liquid funds of EUR 1 million relating to assets held for sale at 31 March 2022. See Note 6.3 Assets held for sale.

Additional cash flow information

Change in working capital

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--|---------------|-------------|------------|-------------|
| Change in interest-free receivables, decrease(+)/increase(-) | 1,457 | -3 | -5,892 | -4,432 |
| Change in inventories, decrease(+)/increase(-) ¹⁾ | -1,619 | -83 | -192 | -1,728 |
| Change in interest-free liabilities, decrease(-)/increase(+) | -1,412 | -704 | 6,227 | 5,519 |
| CF Total ¹⁾ | -1,574 | -790 | 144 | -640 |

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

Capital expenditure in cash flow

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|------------|------------|--------------|--------------|
| Capital expenditure | 162 | 228 | 1,116 | 1,050 |
| Change in not yet paid investments, decrease(+)/increase(-) | 42 | 74 | 78 | 45 |
| Capitalised borrowing costs | -2 | -9 | -16 | -8 |
| CF Total | 202 | 293 | 1,178 | 1,087 |

Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 12 million during I/2022 (I/2021: 22). For additional information, see Note 6.1 Acquisitions. From I/2022, acquisition of additional shares in Uniper are presented in cash flow from financing activities to better reflect the requirements of IAS 7 Statement of cash flows. Until IV/2021 acquisition of additional shares in Uniper were presented in cash flow from investing activities. Comparatives have not been restated.

Divestment of shares in cash flow

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--|----------|------------|--------------|--------------|
| Proceeds from sales of subsidiaries, net of cash disposed | 0 | 128 | 932 | 804 |
| Proceeds from sales and capital returns of associates and joint ventures | 0 | 0 | 2,903 | 2,903 |
| Proceeds from sales of other investments | 6 | - | 28 | 34 |
| CF Total | 6 | 129 | 3,863 | 3,740 |

There were no material divestments during I/2022. During 2021, Fortum completed the divestment of the 50% stake in the Swedish district heating and cooling company Stockholm Exergi, the district heating business in the Baltics, the Pavagada II and the Rajasthan solar power plants in India, the 80% stake in the Sørkjord wind park in Norway and eight small hydropower plants in Sweden. For further information, see Note 6.2 Disposals.

Change in financial net debt

| EUR million | Note | I/2022 | 2021 |
|---|------|--------------|--------------|
| Financial net debt, beginning of the period | | 789 | 7,023 |
| Comparable EBITDA | | -104 | 3,817 |
| Non-cash and other items | | 386 | 1,506 |
| Paid net financial costs and dividends received | | -80 | -3 |
| Income taxes paid | | -158 | -493 |
| Change in working capital | | -1,574 | 144 |
| Capital expenditures | | -202 | -1,178 |
| Acquisitions | | -12 | -294 |
| Divestments and proceeds from sale of property, plant and equipment | | 81 | 3,883 |
| Change in interest-bearing receivables | | 70 | -174 |
| Dividends to the owners of the parent | | 0 | -995 |
| Dividends to non-controlling interests | | 0 | -171 |
| Other financing activities | | -75 | 43 |
| Net cash flow ('-' increase in financial net debt) | | -1,668 | 6,084 |
| Foreign exchange rate differences and other changes | | -222 | -150 |
| Financial net debt, end of the period | 15 | 2,235 | 789 |

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

Capital risk management

The long-term financial targets are:

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

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

Fortum targets to have a solid investment grade rating of at least BBB.

In January 2022, S&P Global Ratings affirmed both Fortum's and Uniper's rating of BBB with a stable outlook. Fortum's dividend policy 'is to pay a stable, sustainable, and over time increasing dividend'.

On 14 March 2022, S&P Global Ratings placed Fortum's and Uniper's BBB ratings on Credit Watch Negative. The key risk factors indicated by S&P which could lead to weakening credit metrics and potentially trigger rating downgrades include the heightened risk of disruption to Uniper's natural gas procurements from Russia, the risk of increased working capital swings as a result of commodity price volatility and potential inability to transfer earnings outside of Russia. In case of a rating downgrade, a lowering of the rating by one-notch is the most likely for both entities, however, a two-notch downgrade cannot be fully excluded. A lowering of credit ratings, in particular to below investment grade level (BB+ or below), would trigger counterparties' rights (mainly in Uniper's Global Commodities business) to demand additional cash or non-cash collateral. In addition, a downgrade could negatively affect access to the capital markets and increase the cost of new financing.

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

Financial net debt/comparable EBITDA

| EUR million | Note | 2021 | LTM |
|---|------|---------------|---------------|
| + Interest-bearing liabilities | | 17,220 | 14,875 |
| - BS Liquid funds | | 7,592 | 6,419 |
| - Non-current securities | | 111 | 106 |
| - Collateral arrangement securities | | 549 | 537 |
| - Securities in interest-bearing receivables | | 660 | 643 |
| - BS Margin receivables | | 9,163 | 7,441 |
| + BS Margin liabilities | | 985 | 1,864 |
| +/- Net margin liabilities/receivables | | -8,179 | -5,578 |
| Financial net debt | 15 | 789 | 2,235 |
| IS Operating profit | | -588 | -4,349 |
| + IS Depreciation and amortisation | | 1,281 | 1,307 |
| EBITDA | | 693 | -3,042 |
| - IS Items affecting comparability | | 3,124 | 5,276 |
| Comparable EBITDA | | 3,817 | 2,234 |
| Financial net debt/comparable EBITDA | | 0.2 | 1.0 |

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

Key figures

| EUR million or as indicated | I/2022 | I/2021 | 2021 | LTM |
|---|--------------------|--------------------|-------------|------------|
| Reported | | | | |
| IS Sales | 43,623 | 21,493 | 112,400 | 134,530 |
| IS Operating profit | -2,416 | 1,345 | -588 | -4,349 |
| IS Share of profit/loss of associates and joint ventures | -190 | 80 | 192 | -78 |
| IS Net profit | -2,833 | 1,310 | -114 | -4,256 |
| IS Net profit (after non-controlling interests) | -2,222 | 1,092 | 739 | -2,575 |
| Earnings per share (basic), EUR | -2.50 | 1.23 | 0.83 | -2.90 |
| CF Net cash from operating activities | -1,529 | 831 | 4,970 | 2,610 |
| Capital expenditure and gross investments in shares, EUR million | 174 | 252 | 1,407 | 1,329 |
| Capital expenditure, EUR million | 162 | 228 | 1,116 | 1,050 |
| Number of employees | 19,260 | 20,036 | 19,140 | |
| EUR million or as indicated | I/2022 | I/2021 | 2021 | LTM |
| Comparable | | | | |
| EBITDA | -104 | 1,479 | 3,817 | 2,234 |
| IS Operating profit | -438 | 1,171 | 2,536 | 927 |
| Share of profit/loss of associates and joint ventures | 26 | 67 | 154 | 113 |
| Net profit (after non-controlling interests) | -99 | 837 | 1,778 | 842 |
| Earnings per share (basic), EUR | -0.11 | 0.94 | 2.00 | 0.95 |
| EUR million | 31 Mar 2022 | 31 Dec 2021 | LTM | |
| Financial net debt, EUR million | 2,235 | 789 | | |
| Adjusted net debt, EUR million | 4,454 | 3,227 | | |
| Financial net debt/comparable EBITDA | | 0.2 | | 1.0 |
| Equity per share, EUR | 9.05 | 13.66 | | |
| Average number of shares, 1,000 shares | 888,294 | 888,294 | | |
| Diluted adjusted average number of shares, 1,000 shares | 888,294 | 888,294 | | |
| Number of registered shares, 1,000 shares | 888,294 | 888,294 | | |

Notes to the condensed consolidated interim financial statements

1. Significant accounting policies

1.1 Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The condensed interim financial report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

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

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

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

IS = Income statement

BS = Balance sheet

CF = Cash flow

1.2 Alternative performance measures

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

Fortum uses APMs, such as Comparable operating profit and Comparable EBITDA, in the financial target setting and forecasting, management's follow-up of financial performance of segments and the Group, as well as for the allocation of resources in the Group's performance management process. Items affecting comparability are excluded from Comparable operating profit and Comparable EBITDA and disclosed separately in Fortum's consolidated income statement to support the transparency of underlying business performance when comparing results between periods. See Note 4 Comparable operating profit and comparable net profit and Note 24 Definitions and reconciliations of key figures.

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

1.3 Accounting policies

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

1.4 Key exchange rates used in consolidated financial statements

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

Key exchange rates used in consolidated financial statements:

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

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

2. Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021, except as described below.

Geopolitical uncertainties

On 24 February 2022, Russia started a widespread invasion into Ukraine. Given the uncertainty and risks arising from the geopolitical situation, including imposed sanctions and possible future sanctions and counter sanctions and their consequences, there may be significant impact to the recoverable amounts and economic lives of assets, especially to assets located in or closely related to Russia; as well as on the fair values of derivatives and the related margining requirements in Europe. See also section 'Key drivers and risks'.

The increasing geopolitical tensions could lead to curtailments of physical gas deliveries. The Uniper segment has, amongst others, long-term gas import contracts from Russia. The Uniper segment's long-term gas contracts have been partially fair valued. See Note 5 Financial risk management.

On 14 March 2022, S&P Global Ratings placed Fortum's and Uniper's BBB ratings on credit watch negative. The underlying reasons for the credit watch negative are severe geopolitical tensions and uncertainty following Russia's attack on Ukraine and the risk of possible curtailments of gas supplies from Russia. A lowering of credit ratings would trigger counterparties' rights (mainly in the Uniper segment's Global Commodities business) to demand additional cash or non-cash collateral. See also section 'Capital risk management'.

Due to the sanctions imposed by the Russian Federation, Fortum's Russian subsidiaries are subject to foreign exchange transfer restrictions, which currently limit the transfer of funds, such as potential dividend distributions, into the EU. Accordingly, cash and cash equivalents held by Fortum's Russian subsidiaries in Russia, a total of EUR 242 million, are not available to the other Group companies. The sanctions currently do not, however, restrict Fortum from exercising its voting rights at the general meetings of the Russian subsidiaries (including Uniper's subsidiary Unipro). Hence, Fortum's Russian subsidiaries continue to be classified as subsidiaries at 31 March 2022.

In I/2022, Fortum has assessed the impact of the Russia-Ukraine war and related uncertainties, risks and sanctions to the fair values of its Russian assets and recorded the following impairments:

- Impairments of EUR 1,002 million on non-current Russian assets. See Note 13 Impairment of non-current assets.
- Write-down of EUR 1,003 million financial loan receivable, including accrued interest, related to the Nord Stream 2 pipeline project. See Note 14 Interest-bearing receivables.

In addition, expected credit losses of EUR 86 million were recognised on Russian receivables in I/2022.

The remaining book value of Fortum's Russian assets (net of impairments) was approximately EUR 3.3 billion at 31 March 2022 (31 Dec 2021: 5.5).

3. Segment information

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

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

Quarter

| | | Generation ¹⁾ | | Russia | | City Solutions ¹⁾ | | Consumer Solutions | | Uniper ⁴⁾ | | Other Operations | | Total | |
|--|-------|--------------------------|--------|--------|--------|------------------------------|--------|--------------------|--------|----------------------|--------|------------------|--------|--------|--------|
| EUR million | Note | I/2022 | I/2021 | I/2022 | I/2021 | I/2022 | I/2021 | I/2022 | I/2021 | I/2022 | I/2021 | I/2022 | I/2021 | I/2022 | I/2021 |
| Income statement data by segment | | | | | | | | | | | | | | | |
| Power sales ¹⁾ | | 700 | 627 | 177 | 207 | 50 | 60 | 977 | 574 | 9,615 | 5,784 | - | - | 11,519 | 7,252 |
| Heat sales | | - | - | 43 | 56 | 230 | 247 | - | - | 167 | 100 | - | - | 439 | 403 |
| Gas sales | | - | 37 | - | - | - | 0 | 136 | 57 | 25,565 | 11,945 | - | - | 25,701 | 12,039 |
| Waste treatment sales | | - | 0 | - | - | 61 | 62 | - | - | - | - | - | - | 61 | 62 |
| Other sales | | 10 | 11 | 3 | 1 | 50 | 48 | 55 | 31 | 6,137 | 1,941 | 35 | 34 | 6,289 | 2,067 |
| Sales | | 710 | 675 | 223 | 264 | 390 | 418 | 1,168 | 661 | 41,484 | 19,770 | 35 | 34 | 44,010 | 21,823 |
| Internal eliminations | | 129 | -63 | -1 | -1 | -6 | -12 | -14 | -3 | -20 | 0 | -27 | -28 | 62 | -107 |
| Netting of Nord Pool transactions ²⁾ | | | | | | | | | | | | | | -448 | -223 |
| IS External sales | | 838 | 612 | 222 | 263 | 384 | 406 | 1,154 | 659 | 41,464 | 19,770 | 8 | 6 | 43,623 | 21,493 |
| Comparable EBITDA | | 330 | 315 | 92 | 134 | 90 | 132 | 54 | 53 | -645 | 868 | -25 | -23 | -104 | 1,479 |
| IS Depreciation and amortisation | | -47 | -46 | -31 | -35 | -42 | -46 | -19 | -17 | -188 | -157 | -7 | -7 | -334 | -308 |
| IS Comparable operating profit | | 282 | 269 | 61 | 100 | 48 | 86 | 35 | 36 | -833 | 711 | -32 | -31 | -438 | 1,171 |
| Impairment charges and reversals | | - | - | -275 | - | 0 | - | - | - | -555 | -1 | - | - | -830 | -1 |
| Capital gains and other related items | | 0 | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 0 | 3 | 51 |
| Changes in fair values of derivatives hedging future cash flow | | 17 | -2 | 0 | 0 | -14 | -1 | 157 | 23 | -1,267 | 144 | - | 0 | -1,107 | 165 |
| Other | | 0 | 1 | -21 | - | 1 | - | - | - | -15 | -41 | -10 | - | -44 | -41 |
| IS Items affecting comparability | 4 | 17 | 49 | -296 | 0 | -12 | -1 | 157 | 23 | -1,836 | 102 | -7 | 0 | -1,978 | 174 |
| IS Operating profit | | 299 | 318 | -234 | 100 | 36 | 86 | 192 | 59 | -2,669 | 813 | -39 | -31 | -2,416 | 1,345 |
| Comparable share of profit/loss of associates and joint ventures | 4, 12 | 3 | -5 | 13 | 22 | 4 | 39 | - | - | 9 | 11 | -1 | -1 | 26 | 67 |
| IS Share of profit/loss of associates and joint ventures | 12 | -31 | 8 | -159 | 22 | 4 | 39 | - | - | -2 | 11 | -1 | -1 | -190 | 80 |
| Gross investments / divestments by segment | | | | | | | | | | | | | | | |
| Gross investments in shares ³⁾ | 6 | 0 | 0 | 7 | 0 | 0 | - | - | - | 0 | 3 | 6 | 20 | 12 | 23 |
| Capital expenditure ⁴⁾ | | 34 | 27 | 4 | 6 | 25 | 48 | 16 | 11 | 82 | 133 | 1 | 3 | 162 | 228 |
| Gross divestments of shares | 6 | - | 129 | 0 | 17 | 0 | 0 | 0 | 0 | 6 | 0 | - | 0 | 6 | 146 |

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

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

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

4) Uniper includes effects from Russian operations: Sales EUR 283 million (I/2021: 240), Comparable EBITDA EUR 114 million (I/2021: 76), Comparable operating profit EUR 87 million (I/2021: 54) and Investments EUR 9 million (I/2021: 25).

Last twelve months

| | | Generation ¹⁾ | | Russia | | City Solutions ¹⁾ | | Consumer Solutions | | Uniper ⁴⁾ | | Other Operations | | Total | |
|--|-------|--------------------------|-------|--------|------|------------------------------|-------|--------------------|-------|----------------------|---------|------------------|------|---------|---------|
| EUR million | Note | LTM | 2021 | LTM | 2021 | LTM | 2021 | LTM | 2021 | LTM | 2021 | LTM | 2021 | LTM | 2021 |
| Income statement data by segment | | | | | | | | | | | | | | | |
| Power sales ¹⁾ | | 2,763 | 2,690 | 732 | 761 | 194 | 205 | 2,656 | 2,253 | 32,197 | 28,365 | 0 | 0 | 38,542 | 34,274 |
| Heat sales | | - | - | 123 | 137 | 595 | 612 | - | - | 504 | 437 | - | - | 1,222 | 1,186 |
| Gas sales | | 130 | 167 | - | - | 0 | 1 | 304 | 225 | 73,198 | 59,577 | - | - | 73,632 | 59,970 |
| Waste treatment sales | | 0 | 0 | - | - | 249 | 250 | - | - | - | - | - | - | 249 | 250 |
| Other sales | | 40 | 42 | 10 | 8 | 237 | 235 | 168 | 144 | 21,809 | 17,612 | 139 | 138 | 22,402 | 18,179 |
| Sales | | 2,933 | 2,899 | 865 | 906 | 1,275 | 1,302 | 3,129 | 2,622 | 127,707 | 105,992 | 139 | 138 | 136,047 | 113,860 |
| Internal eliminations | | 49 | -143 | -3 | -3 | -33 | -39 | -25 | -14 | -48 | -29 | -103 | -104 | -163 | -331 |
| Netting of Nord Pool transactions ²⁾ | | | | | | | | | | | | | | -1,354 | -1,128 |
| IS External sales | | 2,982 | 2,756 | 862 | 903 | 1,242 | 1,264 | 3,104 | 2,608 | 127,659 | 105,964 | 36 | 34 | 134,530 | 112,400 |
| Comparable EBITDA | | 1,314 | 1,299 | 361 | 404 | 275 | 317 | 124 | 123 | 276 | 1,789 | -116 | -114 | 2,234 | 3,817 |
| IS Depreciation and amortisation | | -191 | -189 | -139 | -142 | -177 | -182 | -74 | -71 | -700 | -668 | -27 | -28 | -1,307 | -1,281 |
| IS Comparable operating profit | | 1,123 | 1,110 | 223 | 261 | 97 | 135 | 51 | 52 | -424 | 1,120 | -143 | -142 | 927 | 2,536 |
| Impairment charges and reversals | | - | - | -310 | -35 | 0 | - | - | - | -601 | -48 | - | - | -911 | -83 |
| Capital gains and other related items | | 0 | 50 | 0 | 1 | 2,608 | 2,608 | 0 | 0 | 8 | 9 | 16 | 14 | 2,634 | 2,681 |
| Changes in fair values of derivatives hedging future cash flow | | -88 | -107 | 0 | 0 | -85 | -72 | 576 | 443 | -7,100 | -5,688 | 0 | - | -6,696 | -5,424 |
| Other | | 0 | 1 | -21 | - | 1 | - | - | - | -267 | -294 | -15 | -6 | -302 | -299 |
| IS Items affecting comparability | 4 | -88 | -56 | -330 | -34 | 2,524 | 2,536 | 576 | 443 | -7,960 | -6,021 | 1 | 8 | -5,276 | -3,124 |
| IS Operating profit | | 1,035 | 1,054 | -107 | 227 | 2,622 | 2,671 | 627 | 495 | -8,384 | -4,901 | -142 | -134 | -4,349 | -588 |
| Comparable share of profit/loss of associates and joint ventures | 4, 12 | 18 | 11 | 52 | 62 | 7 | 42 | - | - | 36 | 39 | -1 | 0 | 113 | 154 |
| IS Share of profit/loss of associates and joint ventures | 12 | -3 | 36 | -120 | 62 | 7 | 42 | - | - | 38 | 51 | -1 | 0 | -78 | 192 |
| Gross investments / divestments by segment | | | | | | | | | | | | | | | |
| Gross investments in shares ³⁾ | 6 | 7 | 7 | 42 | 36 | 1 | 2 | - | - | 7 | 9 | 223 | 237 | 279 | 290 |
| Capital expenditure ⁴⁾ | | 175 | 168 | 45 | 47 | 138 | 161 | 72 | 68 | 622 | 673 | 13 | 15 | 1,050 | 1,116 |
| Gross divestments of shares | 6 | 0 | 129 | 0 | 18 | 3,870 | 3,870 | 0 | 0 | 93 | 88 | 19 | 19 | 3,982 | 4,122 |

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

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

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

4) Uniper includes effects from Russian operations: Sales EUR 1,053 million (2021: 1,010), Comparable EBITDA EUR 380 million (2021: 342), Comparable operating profit EUR 261 million (2021: 229) and Investments EUR 114 million (2021: 130).

Segment assets and liabilities

| | Note | Generation | | Russia | | City Solutions | | Consumer Solutions | | Uniper ¹⁾ | | Other Operations | | Total | |
|---|------|--------------|--------------|--------------|--------------|----------------|--------------|--------------------|--------------|----------------------|---------------|------------------|-------------|----------------|----------------|
| | | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 |
| EUR million | | | | | | | | | | | | | | | |
| Non-interest-bearing assets | | 5,718 | 6,066 | 1,699 | 1,923 | 1,961 | 2,874 | 1,468 | 1,496 | 26,063 | 26,616 | 261 | 283 | 37,170 | 39,258 |
| BS Participations in associates and joint ventures | 12 | 988 | 1,005 | 458 | 678 | 84 | 74 | - | - | 665 | 671 | 31 | 32 | 2,225 | 2,461 |
| Eliminations | | | | | | | | | | | | | | -354 | -386 |
| Total segment assets | | 6,706 | 7,071 | 2,157 | 2,601 | 2,044 | 2,949 | 1,468 | 1,496 | 26,727 | 27,286 | 292 | 315 | 39,040 | 41,333 |
| Interest-bearing receivables | 14 | | | | | | | | | | | | | 1,961 | 3,107 |
| BS Deferred tax assets | | | | | | | | | | | | | | 3,180 | 2,149 |
| Other assets | | | | | | | | | | | | | | 155,824 | 95,481 |
| BS Liquid funds | | | | | | | | | | | | | | 6,419 | 7,592 |
| BS Total assets | | | | | | | | | | | | | | 206,425 | 149,661 |
| Segment liabilities | | 460 | 735 | 187 | 93 | 365 | 492 | 467 | 371 | 23,065 | 22,315 | 185 | 190 | 24,729 | 24,196 |
| Eliminations | | | | | | | | | | | | | | -354 | -386 |
| Total segment liabilities | | | | | | | | | | | | | | 24,375 | 23,810 |
| BS Deferred tax liabilities | | | | | | | | | | | | | | 679 | 827 |
| Other liabilities | | | | | | | | | | | | | | 157,734 | 94,140 |
| Total liabilities included in capital employed | | | | | | | | | | | | | | 182,788 | 118,777 |
| Interest-bearing liabilities | 15 | | | | | | | | | | | | | 14,875 | 17,220 |
| BS Total equity | | | | | | | | | | | | | | 8,762 | 13,665 |
| BS Total equity and liabilities | | | | | | | | | | | | | | 206,425 | 149,661 |
| Number of employees | | 1,262 | 1,116 | 2,744 | 2,627 | 1,751 | 1,766 | 1,185 | 1,176 | 11,319 | 11,494 | 999 | 961 | 19,260 | 19,140 |

1) Uniper includes effects from Russian operations: Segment assets EUR 1,484 million (31 Dec 2021: 2,241) and segment liabilities EUR 107 million (31 Dec 2021: 116).

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

| EUR million | Note | Generation | | Russia | | City Solutions | | Consumer Solutions | | Uniper | |
|---|-------|--------------|--------------|--------------|--------------|----------------|--------------|--------------------|--------------|--------------|--------------|
| | | LTM | 31 Dec 2021 | LTM | 31 Dec 2021 | LTM | 31 Dec 2021 | LTM | 31 Dec 2021 | LTM | 31 Dec 2021 |
| Comparable operating profit | | 1,123 | 1,110 | 223 | 261 | 97 | 135 | 51 | 52 | -424 | 1,120 |
| Comparable share of profit/loss of associates and joint ventures | 4, 12 | 18 | 11 | 52 | 62 | 7 | 42 | - | - | 36 | 39 |
| Comparable operating profit including comparable share of profit/loss of associates and joint ventures | | 1,141 | 1,121 | 275 | 323 | 104 | 177 | 51 | 52 | -387 | 1,160 |
| Segment assets at the end of the period | | 6,706 | 7,071 | 2,157 | 2,601 | 2,044 | 2,949 | 1,468 | 1,496 | 26,727 | 27,286 |
| Segment liabilities at the end of the period | | 460 | 735 | 187 | 93 | 365 | 492 | 467 | 371 | 23,065 | 22,315 |
| Comparable net assets | | 6,246 | 6,336 | 1,970 | 2,508 | 1,679 | 2,456 | 1,001 | 1,125 | 3,662 | 4,971 |
| Comparable net assets average ¹⁾ | | 6,224 | 6,221 | 2,424 | 2,516 | 2,515 | 2,915 | 833 | 746 | 6,267 | 7,021 |
| Comparable return on net assets, % | | 18.3 | 18.0 | 11.3 | 12.9 | 4.1 | 6.1 | 6.1 | 6.9 | -6.2 | 16.5 |

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 | |
|---------------------------------------|---------------|--------------|----------------------------------|----------|---------------------------------------|------------|--|-------------|-----------|-----------|---------------|--------------|
| | I/2022 | I/2021 | I/2022 | I/2021 | I/2022 | I/2021 | I/2022 | I/2021 | I/2022 | I/2021 | I/2022 | I/2021 |
| Sales | 71,121 | 22,872 | - | - | - | - | -27,497 | -1,379 | - | - | 43,623 | 21,493 |
| Other income | 29,442 | 6,879 | - | 1 | -3 | -51 | -24,514 | -5,161 | -86 | -2 | 4,839 | 1,666 |
| Materials and services | -95,169 | -20,935 | - | - | - | - | 51,556 | 1,433 | -5 | 11 | -43,618 | -19,491 |
| Employee benefits | -373 | -371 | - | - | - | - | - | - | 13 | -1 | -360 | -372 |
| Depreciation and amortisation | -1,164 | -308 | 830 | - | - | - | - | - | - | - | -334 | -308 |
| Other expenses | -6,273 | -6,791 | - | - | - | - | 1,562 | 4,942 | 121 | 32 | -4,589 | -1,817 |
| IS Comparable operating profit | | | 830 | 1 | -3 | -51 | 1,107 | -165 | 44 | 41 | -438 | 1,171 |
| IS Items affecting comparability | | | -830 | -1 | 3 | 51 | -1,107 | 165 | -44 | -41 | -1,978 | 174 |
| IS Operating profit | -2,416 | 1,345 | | | | | | | | | -2,416 | 1,345 |

Last twelve months

| EUR million | Unadjusted | | Impairment charges and reversals | | Capital gains and other related items | | Changes in fair values of derivatives hedging future cash flow | | Other | | Reported | |
|---|---------------|-------------|----------------------------------|-----------|---------------------------------------|---------------|--|--------------|------------|------------|---------------|--------------|
| | LTM | 2021 | LTM | 2021 | LTM | 2021 | LTM | 2021 | LTM | 2021 | LTM | 2021 |
| Sales | 214,467 | 166,218 | - | - | - | - | -79,935 | -53,817 | - | - | 134,530 | 112,400 |
| Other income | 92,772 | 70,209 | -3 | -2 | -2,634 | -2,682 | -74,363 | -55,010 | -220 | -136 | 15,554 | 12,380 |
| Materials and services | -291,749 | -217,515 | - | - | - | - | 162,321 | 112,198 | 132 | 148 | -129,297 | -105,170 |
| Employee benefits | -1,720 | -1,718 | - | - | - | - | - | - | 170 | 156 | -1,549 | -1,561 |
| Depreciation and amortisation | -2,220 | -1,364 | 913 | 83 | - | - | - | - | - | - | -1,307 | -1,281 |
| Other expenses | -15,901 | -16,419 | - | - | 1 | 1 | -1,326 | 2,054 | 220 | 131 | -17,004 | -14,232 |
| IS Comparable operating profit | - | - | 911 | 83 | -2,634 | -2,681 | 6,696 | 5,424 | 302 | 299 | 927 | 2,536 |
| IS Items affecting comparability | - | - | -911 | -83 | 2,634 | 2,681 | -6,696 | -5,424 | -302 | -299 | -5,276 | -3,124 |
| IS Operating profit | -4,349 | -588 | | | | | | | | | -4,349 | -588 |

Impairment charges and reversals

Impairment charges and reversals of previously recognised impairments are adjusted from depreciation and amortisation and presented in items affecting comparability. Impairments in I/2022 include EUR 275 million impairment in the Russia segment, and EUR 555 million impairment in the Uniper segment. See Note 13 Impairment of non-current assets. Impairments in 2021 included EUR 40 million impairment in connection with the sale of the Schkopau lignite power plant in Germany (Uniper segment), and a tax-deductible non-cash impairment of EUR 35 million in connection with the sale of the Argayash CHP plant in Russia (Russia segment).

Capital gains and other related items

Capital gains and other related items in 2021 included EUR 2,350 million gain from the sale of the 50% stake in the Swedish district heating and cooling company, Stockholm Exergi Holding AB, EUR 254 million gain from the sale of the district heating business in the Baltics, and EUR 50 million gain from the sale of eight small hydropower plants in Sweden (see Note 6.2 Disposals).

Changes in fair values of derivatives hedging future cash flow

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

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

Other

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

4.2 Reconciliation from operating profit to comparable net profit

| EUR million | Note | I/2022 | I/2021 | 2021 | LTM |
|--|------|---------------|--------------|--------------|---------------|
| IS Operating profit | | -2,416 | 1,345 | -588 | -4,349 |
| IS Items affecting comparability | 4.1 | 1,978 | -174 | 3,124 | 5,276 |
| IS Comparable operating profit | | -438 | 1,171 | 2,536 | 927 |
| IS Share of profit/loss of associates and joint ventures | | -190 | 80 | 192 | -78 |
| Adjustments to share of profit/loss of associates and joint ventures | 12 | 216 | -13 | -38 | 191 |
| Comparable share of profit/loss of associates and joint ventures | | 26 | 67 | 154 | 113 |
| IS Finance costs - net | | -956 | 36 | 107 | -884 |
| Adjustments to finance costs - net | 7 | 1,090 | -17 | -146 | 961 |
| Comparable finance costs - net | | 135 | 19 | -38 | 77 |
| Comparable profit before income tax | | -277 | 1,257 | 2,651 | 1,116 |
| IS Income tax expense | | 728 | -150 | 175 | 1,054 |
| Adjustments to income tax expense | | -654 | -110 | -780 | -1,325 |
| Comparable income tax expense | | 74 | -260 | -605 | -270 |
| IS Non-controlling interests | | 610 | -218 | 852 | 1,681 |
| Adjustments to non-controlling interests | | -507 | 57 | -1,121 | -1,685 |
| Comparable non-controlling interests | | 104 | -161 | -268 | -4 |
| Comparable net profit | | -99 | 837 | 1,778 | 842 |
| Comparable earnings per share, EUR | 24 | -0.11 | 0.94 | 2.00 | 0.95 |

Comparable share of profit/loss of associates and joint ventures

Share of profit/loss of associates and joint ventures is adjusted for significant items, similar to adjustments made to arriving at comparable net profit, in those entities that are classified as Fortum's principal associates and joint ventures. For more information on Fortum's principal associates and joint ventures, see Note 18 Participations in associated companies and joint ventures in the 2021 consolidated financial statements. In I/2022, the share of profits of associates and joint ventures include EUR 150 million impairments related to Fortum's ownership in the Russian TGC-1 and EUR 22 million of impairments of the renewables joint ventures in Russia. See Note 13 Impairment of non-current assets.

Comparable finance costs - net

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

Comparable income tax expense

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

See also Note 24 Definitions and reconciliations of key figures.

5. Financial risk management

Fortum continues discussions with Uniper and reviews its risk management systems and policies for the combined Group. See Fortum Group's consolidated financial statements for the year ended 31 December 2021 for current financial risk management objectives and policies.

Fair value hierarchy information

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

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

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

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

See also accounting policies in the consolidated financial statements 2021, in Note 15 Financial assets and liabilities by fair value hierarchy.

Financial assets

| EUR million | Level 1 | | Level 2 | | Level 3 | | Netting ¹⁾ | | Total | |
|--|---------------|---------------|---------------|---------------|--------------|-------------|-----------------------|---------------|----------------|---------------|
| | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 |
| In non-current assets | | | | | | | | | | |
| Other investments ²⁾ | 67 | 71 | 43 | 46 | 108 | 99 | | | 218 | 216 |
| Derivative financial instruments | | | | | | | | | | |
| Commodity derivatives | | | | | | | | | | |
| Hedge accounting | | | 1 | 62 | | | | -9 | 1 | 53 |
| Non-hedge accounting | 10,483 | 5,136 | 24,477 | 11,708 | 3,209 | 207 | -32 | -96 | 38,137 | 16,955 |
| Interest rate and currency derivatives | | | | | | | | | | |
| Hedge accounting | | | 40 | 54 | | | | | 40 | 54 |
| Non-hedge accounting | | | 40 | 34 | | | | | 40 | 34 |
| Interest-bearing receivables | 106 | 111 | | | 23 | 36 | | | 128 | 147 |
| Total in non-current assets | 10,656 | 5,318 | 24,600 | 11,904 | 3,340 | 342 | -32 | -105 | 38,563 | 17,460 |
| In current assets | | | | | | | | | | |
| Derivative financial instruments | | | | | | | | | | |
| Commodity derivatives | | | | | | | | | | |
| Hedge accounting | 675 | 50 | 742 | 572 | | | -382 | -207 | 1,035 | 416 |
| Non-hedge accounting | 45,352 | 22,876 | 60,024 | 45,575 | 5,029 | 326 | -6,256 | -4,028 | 104,149 | 64,750 |
| Interest rate and currency derivatives | | | | | | | | | | |
| Hedge accounting | | | 66 | 57 | | | | | 66 | 57 |
| Non-hedge accounting | | | 343 | 170 | | | | | 343 | 170 |
| Other receivables | | | 11 | 13 | | | | | 11 | 13 |
| Interest-bearing receivables | 591 | 596 | | | 4 | 4 | | | 594 | 600 |
| Total in current assets | 46,618 | 23,522 | 61,186 | 46,387 | 5,033 | 330 | -6,638 | -4,235 | 106,199 | 66,006 |
| Total in assets | 57,273 | 28,840 | 85,786 | 58,291 | 8,372 | 672 | -6,670 | -4,340 | 144,762 | 83,465 |

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

2) Other investments mainly include shares in unlisted companies.

Financial liabilities

| EUR million | Level 1 | | Level 2 | | Level 3 | | Netting ¹⁾ | | Total | |
|--|---------------|---------------|----------------|---------------|-------------|-------------|-----------------------|---------------|----------------|---------------|
| | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2022 | 31 Dec 2021 |
| In non-current liabilities | | | | | | | | | | |
| Interest-bearing liabilities ²⁾ | | | 1,483 | 1,669 | | | | | 1,483 | 1,669 |
| Derivative financial instruments | | | | | | | | | | |
| Commodity derivatives | | | | | | | | | | |
| Hedge accounting | | | 5 | 257 | | | | -9 | 5 | 248 |
| Non-hedge accounting | 7,179 | 4,874 | 25,330 | 11,336 | 324 | 259 | -32 | -96 | 32,801 | 16,373 |
| Interest rate and currency derivatives | | | | | | | | | | |
| Hedge accounting | | | 40 | 27 | | | | | 40 | 27 |
| Non-hedge accounting | | | 8 | 8 | | | | | 8 | 8 |
| Total in non-current liabilities | 7,179 | 4,874 | 26,866 | 13,297 | 324 | 259 | -32 | -105 | 34,336 | 18,326 |
| In current liabilities | | | | | | | | | | |
| Interest-bearing liabilities | | | 537 | 549 | | | | | 537 | 549 |
| Derivative financial instruments | | | | | | | | | | |
| Commodity derivatives | | | | | | | | | | |
| Hedge accounting | 2,462 | 420 | 2,873 | 2,721 | | | -382 | -207 | 4,952 | 2,934 |
| Non-hedge accounting | 42,876 | 20,316 | 75,420 | 52,531 | 102 | 86 | -6,256 | -4,028 | 112,142 | 68,905 |
| Interest rate and currency derivatives | | | | | | | | | | |
| Hedge accounting | | | 19 | 4 | | | | | 19 | 4 |
| Non-hedge accounting | | | 112 | 103 | | | | | 112 | 103 |
| Total in current liabilities | 45,338 | 20,736 | 78,961 | 55,908 | 102 | 86 | -6,638 | -4,235 | 117,762 | 72,496 |
| Total in liabilities | 52,517 | 25,610 | 105,827 | 69,205 | 426 | 345 | -6,670 | -4,340 | 152,098 | 90,822 |

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

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

At the end of March 2022, the net fair value of commodity derivatives was EUR -6,485 million, including assets of EUR 143 billion and liabilities of EUR 150 billion (EUR -6,225 million in December 2021, including assets of EUR 82 billion and liabilities of EUR 88 billion). The increase from December 2021 mainly relates to derivative financial instruments in the Uniper segment resulting from increased market prices for commodities.

Net fair value amount of interest rate and currency derivatives was EUR 310 million, including assets of EUR 488 million and liabilities of EUR 178 million. Fortum has cash collaterals based on collateral agreements with some counterparties. At the end of March 2022, Fortum had received EUR 260 million from collateral agreements. The received cash was booked as a short-term liability.

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

Commodity derivatives, fair values of EUR 7.4 billion, have been transferred from level 2 to level 3 in the fair value hierarchy because certain input factors that are necessary to calculate the credit value adjustment according to IFRS 13 became illiquid during I/2022. There were no transfers out of level 3.

Changes in fair value hierarchy Level 3

| | 1 Jan 2022 | Purchases | Sales | Settle-ments | Gains / losses in income statement | Transfers into level 3 | Gains / losses in OCI | 31 Mar 2022 |
|--|------------|-----------|------------|--------------|------------------------------------|------------------------|-----------------------|--------------|
| On balance sheet, net | | | | | | | | |
| Other investments | 99 | 6 | -17 | | 19 | | 1 | 108 |
| Commodity derivatives, fair values | 764 | | 2 | | 245 | 7,378 | | 8,389 |
| Commodity derivative, day-1 gains and losses | -575 | -4 | | | 2 | | | -577 |
| Interest-bearing receivables | 40 | | | -4 | -10 | | | 26 |
| Total on balance sheet, net | 328 | 2 | -15 | -4 | 256 | 7,378 | 1 | 7,946 |

6. Acquisitions, disposals and assets held for sale

6.1 Acquisitions

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--|-----------|-----------|------------|------------|
| Gross investments in shares in subsidiary companies | 3 | 19 | 210 | 195 |
| Gross investments in shares in associated companies and joint ventures | 3 | 1 | 44 | 46 |
| Gross investments in other shares | 6 | 3 | 36 | 38 |
| Total | 12 | 23 | 290 | 279 |

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

6.2 Disposals

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--|----------|------------|--------------|--------------|
| Gross divestments of shares in subsidiary companies | 0 | 146 | 1,196 | 1,051 |
| Gross divestments of shares in associated companies and joint ventures | 0 | 0 | 2,898 | 2,898 |
| Gross divestments of other investments | 6 | - | 28 | 34 |
| Total | 6 | 146 | 4,122 | 3,982 |

Disposals during 2022

There were no material divestments in I/2022.

Disposals during 2021

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

In February 2020, Uniper signed an agreement with Saale Energie GmbH, a subsidiary of the Czech company Energetický a průmyslový holding, a. s., on the sale of the interest in the Schkopau lignite-fired power plant in Germany. Uniper is the operator of the power plant and holds a stake of about 58%. Saale Energie holds a stake of around 42% in the Schkopau power plant and took over Uniper's stake effective 1 October 2021.

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

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

On 2 March 2021, Fortum announced it had decided to construct the largest solar power plant in Russia through a joint venture established with RDIF. In December 2021, 78 MW of the capacity was commissioned and the remaining capacity will be commissioned in the second half of 2022. The power plant is based on capacities won by Fortum in CSA auctions in 2018 and 2019. In March 2021, Fortum sold the CSA-backed solar power project to the joint venture

with RDIF, which had a positive effect of EUR 17 million in the first quarter 2021 comparable operating profit of the Russia segment.

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

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

6.3 Assets held for sale

Assets held for sale at 31 March 2022 include the 50% ownership in the district heating company Fortum Oslo Varme AS in Norway (City Solutions segment), the equity investment in Javelin, UK (Uniper segment), and the Öresundverket power plant in Malmö, Sweden (Uniper segment). Assets held for sale at 31 December 2021 included equity investment in Javelin, UK (Uniper segment), and the Öresundverket power plant in Malmö, Sweden (Uniper segment).

On 22 March 2022, Fortum announced that it had signed an agreement to sell its 50% ownership in the district heating company Fortum Oslo Varme AS in Norway to an investor consortium comprising Hafslund Eco, Infranode and HitecVision. The total consideration for Fortum's share is approximately EUR 1 billion on a cash and debt free basis and as part of the transaction, Fortum will deconsolidate a related EUR 210 million loan from the City of Oslo. Fortum expects to record a tax-exempt capital gain of approximately EUR 0.6 billion in the City Solutions segment's results in connection with closing of the transaction. The closing of the transactions is expected during the second quarter of 2022.

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|---|----------------|----------------|
| Assets held for sale | | |
| Intangible assets and property, plant and equipment and right-of-use assets | 789 | 25 |
| Other non-current and current assets | 166 | 83 |
| Liquid funds | 1 | - |
| BS Total | 956 | 108 |
| Liabilities related to assets held for sale | | |
| Interest-bearing liabilities | 223 | - |
| Deferred tax liabilities | 51 | - |
| Pension and asset retirement obligations | 5 | - |
| Other liabilities and provisions | 80 | - |
| BS Total | 360 | - |

7. Finance costs - net

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--|-------------|------------|-------------|-------------|
| Interest expense | | | | |
| Borrowings | -51 | -45 | -170 | -177 |
| Leasing and other interest expenses | -18 | -11 | -49 | -55 |
| Capitalised borrowing costs | 2 | 9 | 16 | 8 |
| IS Total | -68 | -47 | -202 | -223 |
| Interest income | | | | |
| Loan receivables and deposits | 6 | 31 | 135 | 111 |
| Leasing and other interest income | 19 | 6 | 21 | 34 |
| IS Total | 26 | 37 | 156 | 145 |
| Other financial items - net | | | | |
| Return from nuclear funds, nuclear fund adjustment and unwinding of nuclear provisions | -98 | 12 | 146 | 37 |
| Fair value changes, impairments and reversals | -1,017 | 5 | -1 | -1,022 |
| Unwinding of discounts on other provisions and pension obligations | 93 | 25 | 3 | 71 |
| Other financial expenses and income | 108 | 4 | 5 | 109 |
| IS Total | -914 | 46 | 154 | -806 |
| IS Finance costs - net | -956 | 36 | 107 | -884 |
| EUR million | I/2022 | I/2021 | 2021 | LTM |
| IS Finance costs - net | -956 | 36 | 107 | -884 |
| Adjustments to finance costs - net | | | | |
| Return from nuclear funds, nuclear fund adjustment and unwinding of nuclear provisions | 98 | -12 | -146 | -37 |
| Fair value changes, impairments and other reversals | 992 | -5 | 1 | 998 |
| Comparable finance costs - net | 135 | 19 | -38 | 77 |

Interest expenses on borrowings in I/2022 totalled EUR 51 million (I/2021: 45) including interest expenses on loans of EUR 42 million (I/2021: 41), and EUR 9 million (I/2021: 4) interest cost – net from derivatives hedging the loan portfolio. Interest expenses from leases were EUR 7 million (I/2021: 11) and other interest expenses were EUR 11 million (I/2021: 0).

Interest income in I/2022 of EUR 26 million (I/2021: 37) includes EUR 9 million (I/2021: 29) interest income from shareholder loan receivables and other loan receivables, and EUR -3 million (I/2021: 2) from deposits. Interest income from leases was EUR 3 million (I/2021: 5) and other interest income was EUR 16 million (I/2021: 1).

Return from Nuclear Funds include interest income from the Finnish Nuclear waste fund and changes in fair values in the Swedish Nuclear waste fund. The change between I/2022 and I/2021 in unwinding of discount on other provisions and pension obligations comes mainly from a positive effect of changes in discount rates on other provisions in the Uniper segment.

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

8. Income taxes

Income taxes during I/2022 totalled EUR 728 million (tax income) (I/2021: -150 tax expense). The effective income tax rate according to the income statement was 20.5% (I/2021: 10.3%). The comparable effective income tax rate was 24.5% (I/2021: 21.9%).

Fortum has paid taxes in previous years regarding ongoing tax disputes. The appeal processes are ongoing and based on legal analysis and legal opinions the payments are booked as a receivable, EUR 113 million (31 Dec 2021: 113), included in Income tax receivables. For additional information see Note 21 Legal actions and official proceedings.

9. Dividend per share

A dividend for 2021 of EUR 1.14 per share, amounting to a total of EUR 1,013 million, was decided in the Annual General Meeting on 28 March 2022. The dividend was paid on 6 April 2022 and is recorded as a liability in these interim financial statements in Trade and other payables.

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

10. Intangible assets

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|-----------------|--------------|--------------|
| Goodwill | 816 | 1,021 |
| Contract-based | 502 | 514 |
| Other | 636 | 632 |
| BS Total | 1,954 | 2,167 |

Change in goodwill in I/2022 mainly relates to EUR 124 million impairment charge (see Note 13 Impairment of non-current assets), transfer to assets held for sale, as well as translation differences.

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

Property, plant and equipment, and right-of-use assets amounted to EUR 17,111 million (31 Dec 2021: 19,049). Changes in I/2022 mainly relate to EUR 701 million impairment charge (see Note 13 Impairment of non-current assets), as well as transfer to assets held for sale, depreciation, and translation differences; partly offset by capital expenditures.

12. Participations in associates and joint ventures

12.1 Participations in associates and joint ventures

Changes in participations in associates and joint ventures

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|--|--------------|--------------|
| Opening balance 1 January | 2,461 | 2,912 |
| Investments | 3 | 44 |
| Share of profit of associates and joint ventures | -190 | 192 |
| Dividend income received | -2 | -113 |
| Divestments and capital returns ¹⁾ | 0 | -569 |
| Reclassifications | -5 | -58 |
| OCI items in associates and joint ventures | 23 | 38 |
| Translation differences and other adjustments | -66 | 14 |
| BS Closing balance | 2,225 | 2,461 |

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

In I/2022, the share of profits of associates and joint ventures include EUR 150 million impairments related to Fortum's ownership in the Russian TGC-1 and EUR 22 million of impairments of the renewables joint ventures in Russia. See Note 13 Impairment of non-current assets.

12.2 Share of profit/loss of associates and joint ventures

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|-------------|-----------|------------|------------|
| TGC-1 | -150 | 8 | 33 | -125 |
| Stockholm Exergi AB | - | 34 | 28 | -6 |
| Other associates and joint ventures | -40 | 38 | 131 | 53 |
| IS Share of profit/loss of associates and joint ventures | -190 | 80 | 192 | -78 |

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|-------------|-----------|------------|------------|
| IS Share of profit/loss of associates and joint ventures | -190 | 80 | 192 | -78 |
| Adjustments to share of profit/loss of associates and joint ventures | 216 | -13 | -38 | 191 |
| Comparable share of profit/loss of associates and joint ventures | 26 | 67 | 154 | 113 |

13. Impairment of non-current assets

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

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

For goodwill, other intangible assets, property, plant and equipment, and right-of-use assets, Fortum uses value in use to establish the recoverable amount of CGUs. Value in use is determined by discounting future cash flows expected to be derived from group of assets. In order to reflect the uncertainty related to the Russia-Ukraine geopolitical uncertainties at 31 March 2022, Fortum is using the expected cash flow approach with three different probability-weighted cash flow scenarios prepared by the management: the base scenario with 40% weighting, as well as two

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

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

The recoverable amounts of the Russia (Russia segment) and Unipro (Uniper segment) CGUs were below the respective book values resulting in EUR 447 million impairment charge in the Russia CGU, and EUR 555 million impairment charge in the Unipro CGU in I/2022. Russia CGU's impairment was recognised against goodwill, property, plant and equipment and participations in associates and joint ventures; and Unipro CGU's impairment against property, plant and equipment. The remaining book value of Fortum's Russian assets (net of impairments) was approximately EUR 3.3 billion at 31 March 2022 (31 Dec 2021: 5.5).

14. Interest-bearing receivables

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|------------------------------|--------------|--------------|
| Interest-bearing receivables | 1,828 | 2,971 |
| Finance lease receivables | 133 | 136 |
| Total | 1,961 | 3,107 |

| EUR million | Carrying amount | Fair value | Carrying amount | Fair value |
|---|-----------------|--------------|-----------------|--------------|
| | 31 Mar 2022 | 31 Mar 2022 | 31 Dec 2021 | 31 Dec 2021 |
| Long-term loan receivables from associates and joint ventures | 1,039 | 1,077 | 1,138 | 1,185 |
| Non-current securities | 106 | 106 | 111 | 111 |
| Other long-term interest-bearing receivables | 60 | 59 | 1,024 | 1,024 |
| Total long-term interest-bearing receivables | 1,204 | 1,242 | 2,273 | 2,320 |
| Collateral arrangement securities | 537 | 537 | 549 | 549 |
| Other short-term interest-bearing receivables | 87 | 87 | 149 | 149 |
| Total short-term interest-bearing receivables | 624 | 624 | 698 | 698 |
| Total | 1,828 | 1,865 | 2,971 | 3,018 |

Long-term interest-bearing receivables from associated companies and joint ventures, EUR 1,039 million (31 Dec 2021: 1,138), include EUR 849 million from Swedish nuclear companies, Forsmarks Kraftgrupp AB and Ringhals AB (31 Dec 2021: 955), which are mainly funded with shareholder loans, pro rata to each shareholder's ownership.

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

15. Interest-bearing net debt

Financial net debt and adjusted net debt

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|--|---------------|---------------|
| + Interest-bearing liabilities | 14,875 | 17,220 |
| - BS Liquid funds | 6,419 | 7,592 |
| - Non-current securities | 106 | 111 |
| - Collateral arrangement securities | 537 | 549 |
| - Securities in interest-bearing receivables | 643 | 660 |
| - BS Margin receivables | 7,441 | 9,163 |
| + BS Margin liabilities | 1,864 | 985 |
| +/- Net margin liabilities/receivables | -5,578 | -8,179 |
| Financial net debt | 2,235 | 789 |
| + BS Pension obligations | 931 | 1,190 |
| + Other asset retirement obligations | 848 | 872 |
| - BS Share of Finnish and Swedish Nuclear Waste Funds | 3,399 | 3,515 |
| + BS Nuclear provisions | 3,840 | 3,891 |
| + Nuclear provisions net of assets in Nuclear Waste Funds | 441 | 375 |
| + Total provisions net of assets in Nuclear Waste Funds | 2,219 | 2,438 |
| Adjusted net debt | 4,454 | 3,227 |

Financial net debt increased during the quarter by EUR 1,446 million from EUR 789 million to EUR 2,235 million in March 2022. Liquid funds decreased by EUR 1,173 million from EUR 7,592 million to EUR 6,419 million in March 2022. Net margin receivables decreased by EUR 2,601 million from EUR 8,179 million to EUR 5,578 million in March 2022. Interest-bearing liabilities decreased by EUR 2,345 million from EUR 17,220 million to EUR 14,875 million in March 2022.

Fortum has a collateral arrangement to release cash from the Nordic Power Exchange. This arrangement is presented with equal amounts, EUR 537 million (31 Dec 2021: 549), as a short-term interest-bearing liability and an interest-bearing receivable.

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

Interest-bearing liabilities

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|--------------------------------|---------------|---------------|
| Non-current loans | 6,112 | 7,756 |
| Current loans | 7,727 | 8,389 |
| Total loans | 13,838 | 16,144 |
| Non-current lease liabilities | 914 | 945 |
| Current lease liabilities | 123 | 130 |
| Total lease liabilities | 1,036 | 1,075 |
| Total | 14,875 | 17,220 |

Loans

| EUR million | Carrying amount | Fair value | Carrying amount | Fair value |
|--|-----------------|---------------|-----------------|---------------|
| | 31 Mar 2022 | 31 Mar 2022 | 31 Dec 2021 | 31 Dec 2021 |
| Bonds | 3,669 | 3,659 | 3,705 | 3,919 |
| Loans from financial institutions | 4,179 | 4,215 | 4,183 | 4,222 |
| Reborrowing from the Finnish State Nuclear Waste Management Fund ¹⁾ | 918 | 999 | 1,165 | 1,213 |
| Other long-term interest-bearing liabilities | 213 | 248 | 433 | 463 |
| Total long-term loans ²⁾ | 8,978 | 9,120 | 9,487 | 9,817 |
| Collateral arrangement liability | 537 | 537 | 549 | 549 |
| Other short-term interest-bearing liabilities | 4,323 | 4,323 | 6,109 | 6,109 |
| Total short-term loans | 4,860 | 4,860 | 6,658 | 6,658 |
| Total | 13,838 | 13,981 | 16,144 | 16,475 |

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

2) Includes current portion of long-term liabilities of EUR 2,866 million (31 Dec 2021: 1,731).

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

Current loans, EUR 7,727 million (31 Dec 2021: 8,389), include the current portion of long-term loans, EUR 2,866 million (31 Dec 2021: 1,731), and short-term loans, EUR 4,860 million (31 Dec 2021: 6,658).

Current portion of long-term loans, EUR 2,866 million, consist of EUR 1,000 million bond maturing in September 2022 and EUR 1,000 million bond maturing in February 2023, EUR 450 million term loan maturing in October 2022, and EUR 416 million other loans.

Short-term loans have decreased by EUR 1,798 million, from EUR 6,658 million on 31 December 2021 to EUR 4,860 million on 31 March 2022. The use of commercial paper programmes decreased by EUR 1,274 million to EUR 1,855 million.

The average interest rate for the portfolio of EUR loans was 0.7% at the balance sheet date (31 Dec 2021: 0.6%). The average interest rate on total loans and derivatives was 1.0% at the balance sheet date (31 Dec 2021: 1.3%).

Maturity of loans

| EUR million | 31 Mar 2022 |
|----------------|---------------|
| 2022 | 6,324 |
| 2023 | 3,844 |
| 2024 | 867 |
| 2025 | 18 |
| 2026 | 757 |
| 2027 and later | 2,028 |
| Total | 13,838 |

Loans maturing in 2022 include EUR 1,855 million commercial papers, EUR 1,800 million drawn amount of the revolving credit facility and EUR 1,468 million current portion of long-term loans. Maturities in 2022 also include EUR 829 million loans with no contractual due date.

Maturity of undiscounted lease liabilities

| EUR million | 31 Mar 2022 |
|--|--------------|
| Due within a year | 124 |
| Due after one year and within five years | 433 |
| Due after five years | 762 |
| Total | 1,319 |

Liquid funds

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|--|--------------|--------------|
| Deposits and securities with maturity more than 3 months | 53 | 47 |
| Cash and cash equivalents | 6,366 | 7,545 |
| BS Total | 6,419 | 7,592 |

At the end of the reporting period, the Group's liquid funds totalled EUR 6,419 million (31 Dec 2021: 7,592). Liquid funds include EUR 3,897 million held by the Uniper segment (31 Dec 2021: 2,966). Russian subsidiaries held EUR 242 million (31 Dec 2021: 300) of liquid funds in the form of cash and bank deposits.

Liquid funds totalling EUR 6,046 million (31 Dec 2021: 7,342) are placed with counterparties that have an investment grade credit rating.

Payment transactions with the Russian Federation are subject to general restrictions as of 31 March 2022. Accordingly, cash and cash equivalents held by Fortum's Russian subsidiaries in Russia, a total of EUR 242 million, are not available to the other Group companies.

Committed credit facilities

At the end of the first quarter, Fortum had undrawn committed credit facilities amounting to EUR 5,800 million. The undrawn facilities include committed revolving facilities of EUR 3,800 million, of which EUR 3,000 million matures in July 2022, and EUR 800 million which matures in December 2022 (with an extension option of one year). Uniper's committed revolving credit facility of EUR 2,000 million matures in April 2023. In addition to the revolving credit facilities, Fortum has EUR 100 million committed overdraft limits that are valid until further notice.

The EUR 1,750 million revolving credit facility with maturity in June 2023 and Uniper's revolving credit facility of EUR 1,800 million with maturity in September 2025 were both totally in use in March 2022.

16. Nuclear-related assets and liabilities

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

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

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

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

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|---|-------------|-------------|
| Carrying values on the balance sheet | | |
| BS Nuclear provisions | 3,840 | 3,891 |
| BS Fortum's share of the Nuclear Waste Funds | 3,399 | 3,515 |
| Fortum's share of the fair value of the net assets in the Nuclear Waste Funds in Finland and Sweden | 3,820 | 3,924 |
| Share of fund not recognised on the balance sheet | 421 | 408 |

Nuclear provision and fund accounted for according to IFRS

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

The carrying value of nuclear provisions, calculated according to IAS 37, decreased by EUR 51 million compared to 31 December 2021, totalling EUR 3,840 million at 31 March 2022.

Fortum's share of the Nuclear Waste Funds are from an IFRS perspective overfunded by EUR 421 million, since Fortum's share of the Funds on 31 March 2022 was EUR 3,820 million and the carrying value on the balance sheet was EUR 3,399 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 31 March 2022, decided by the Ministry of Economic Affairs and Employment in December 2021, was EUR 1,148 million.

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

Fortum's share in the Finnish Nuclear Waste Management Fund

According to the Nuclear Energy Act, Fortum is obligated to contribute funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Fortum contributes funds to the Finnish State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in connection with the decision of size of the legal liability. The current funding obligation target decided in December 2021 is EUR 1,148 million.

Borrowing from the State Nuclear Waste Management Fund

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum uses the right to borrow back and has pledged shares in Kemijoki Oy as security for the loans. The loans are renewed annually. See Note 15 Interest-bearing net debt and Note 20 Pledged assets and contingent liabilities.

OKG and Barsebäck nuclear power plants in Sweden

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

Nuclear waste fees and guarantees are normally updated every three years by governmental decision after a proposal from the Swedish Radiation Safety Authority (SSM). From September 2018, the proposal is prepared by the National Debt Office. The proposal is based on cost estimates done by SKB and the license holders. An updated technical plan

for nuclear waste management was decided by SKB in September 2019 and was handed in to SSM in the end of 2019. In December 2020, the Swedish government decided the waste fees and guarantees for year 2021 only, and in January 2022 for 2022-2023. Nuclear waste fees paid by licensees with a unit/units that are still in operation are currently based on future costs with the assumed lifetime of 50 years for each unit of a nuclear power plant. The fee is calculated in relation to the energy delivered and set as an amount of öre (1 öre = SEK 0.01) per kWh delivered. For Barsebäck, which have no units in operation, the fee is determined as a fixed fee in SEK per year.

16.2 Nuclear power plants in associated companies and joint ventures

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

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

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

| | 31 Mar 2022 | 31 Dec 2021 |
|---|-------------|-------------|
| Carrying values with Fortum assumptions | | |
| Nuclear provisions | 4,319 | 4,347 |
| Share of the Nuclear Waste Fund | 3,413 | 3,556 |
| of which Fortum's net share consolidated with equity method | -251 | -215 |
| Fortum's share of the fair value of the net assets in the Nuclear Waste Funds | 1,105 | 1,150 |

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

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum is using the right to reborrow funds through TVO based on its ownership. See more information in Note 15 Interest-bearing net debt.

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

Status of TVO's Olkiluoto 3 project in Finland

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

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

In December 2021, the Radiation and Nuclear Safety Authority (STUK) granted TVO permission for making the reactor critical and conducting low power tests, after which the startup of OL3's reactor took place. On 12 March 2022, the plant unit was connected to the national grid at a power output of 103 megawatts, which is when OL3's electricity production started. On 30 March 2022, STUK granted TVO permission to increase OL3's power level to 60 percent and carry out new power tests at power levels between 30-60 percent. During the upcoming approximately four-month test production phase, the OL3 plant unit's power output will be gradually increased to 1,600 megawatts. The power

output varies considerably during test production. OL3 produces approximately 3-4 terawatt hours of electricity during the test production phase. According to information received from the plant supplier in the end of April, the regular electricity production starts in September 2022, instead of the previously estimated start at the end of July.

17. Other provisions

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|---|--------------|--------------|
| Supplier- and customer-related | 4,435 | 2,893 |
| Asset retirement | 848 | 872 |
| Power production-related | 616 | 653 |
| Gas distribution-related | 343 | 354 |
| Environmental remediation and similar | 249 | 253 |
| Personnel-related | 371 | 368 |
| Other | 823 | 1,013 |
| Total | 7,684 | 6,406 |
| BS Of which current provisions | 3,018 | 2,299 |
| BS Of which non-current provisions | 4,666 | 4,108 |

Additions to supplier-related provisions mainly relate to Uniper segment's electricity sales contracts for which the own-use exemption under IFRS 9 is applied. The provision increased to account for increased electricity prices and the associated higher purchasing costs. Purchases are, however, hedged using derivative financial instruments whose fair value measurement has offsetting effects recognised in items affecting comparability (see Note 4 Comparable operating profit and comparable net profit). Future cash outflows from the utilisation of the provision are offset by cash inflows from the hedges.

18. Pension obligations

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

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

Net defined benefit liability

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|---|-------------|--------------|
| Present value of defined benefit obligation | 3,884 | 4,437 |
| Fair value of plan assets | 3,000 | 3,290 |
| Net defined benefit liability | 886 | 1,146 |
| Of which Germany | 796 | 1,051 |
| Presented on the balance sheet as follows: | | |
| BS Pension obligations, net | 931 | 1,190 |
| Pension assets in Other non-current assets | 46 | 44 |

Discount rates

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

| % | 31 Mar 2022 | 31 Dec 2021 |
|----------------|-------------|-------------|
| Germany | 2.0 | 1.2 |
| United Kingdom | 2.8 | 2.0 |
| Finland | 1.8 | 1.0 |

19. Capital and other commitments

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

Capital commitments

| EUR billion | 31 Mar 2022 | 31 Dec 2021 |
|---|-------------|-------------|
| Property, plant and equipment and intangible assets | 1.0 | 1.0 |

Long-term purchase commitments

Fortum has long-term contractual purchase obligations of approximately EUR 107.8 billion at 31 March 2022 (31 Dec 2021: 88.8), of which EUR 22.9 billion is due within one year (31 Dec 2021: 16.3). These contracts are generally take-or-pay in nature and primarily relate to the purchase of natural gas. Price paid for natural gas is normally tied to market reference prices, as dictated by market conditions and the procurement behaviour of wholesale market customers. The conditions of these long-term contracts are reviewed at certain specific intervals (usually every three years) as part of contract negotiations and may thus change accordingly. The increase in contractual purchase obligations is primarily attributable to price increases in long-term gas contracts.

Other commitments

Teollisuuden Voima Oyj (TVO) built Olkiluoto 3, the nuclear power plant funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. At 31 March 2022, Fortum had EUR 232 million (31 Dec 2021: 232) outstanding receivables regarding Olkiluoto 3, and is additionally committed to providing at maximum EUR 100 million. TVO shareholder loan is classified as participation in joint ventures. For more information, see Note 16 Nuclear-related assets and liabilities.

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

20. Pledged assets and contingent liabilities

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

The guarantee given on behalf of Teollisuuden Voima Oyj to the Finnish State Nuclear Waste Management Fund amounts to EUR 122 million (31 Dec 2021: 122). The guarantee covers the unpaid legal liability due to periodisation, as well as risks for unexpected future costs. For more information, see Note 16 Nuclear-related assets and liabilities.

Further, Fortum has pledged certain assets for debt and other commitments, both on own behalf and on behalf of others, including EUR 269 million (31 Dec 2021: 269) for shares pledged in Kemijoki Oy as a security for borrowing from the Finnish State Nuclear Waste Management Fund, and EUR 81 million (31 Dec 2021: 81) of real estate mortgages for the liability to the Finnish State Nuclear Waste Management Fund.

On 14 March 2022, S&P Global Ratings placed Fortum's and Uniper's BBB ratings on credit watch negative. A lowering of credit ratings, in particular, to below investment grade level would trigger counterparties' rights (mainly in Uniper segment's Global Commodities business) to demand additional cash or non-cash collateral. See also section 'Capital risk management'.

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

21. Legal actions and official proceedings

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

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

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

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

Tax cases in Belgium

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

The additional taxes claimed for 2008 amount to EUR 36 million. Fortum has similar tax cases pending for the years 2009-2012 and expects the remaining years to follow the decisions for 2008. The disputed amount for years 2008-2012 totals EUR 113 million. All taxes have been paid and recognised as income tax receivables. Should the decision from the Court of Appeal of Ghent become final, the possible repayment of the disputed amounts of EUR 113 million would have a positive cash flow effect for Fortum.

22. Related party transactions

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

Transactions with associates, joint ventures and other related parties

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|-------------------------------------|--------|--------|------|-----|
| Sales | 4 | 120 | 230 | 114 |
| Purchases | 259 | 187 | 773 | 845 |
| Other income | 7 | 36 | 342 | 313 |
| Interest income on loan receivables | 5 | 6 | 25 | 24 |

Balances with associates, joint ventures and other related parties

| EUR million | 31 Mar 2022 | 31 Dec 2021 |
|---|-------------|-------------|
| Long-term interest-bearing loan receivables | 1,039 | 1,138 |
| Trade and other receivables | 322 | 110 |
| Long-term loan payables | 229 | 228 |
| Short-term loan payables | 79 | 131 |
| Trade and other payables | 183 | 114 |

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

In addition, Fortum has long-term purchase commitments of approximately EUR 1.9 billion at 31 March 2022 from associates and joint ventures.

Other transactions with related parties

At the end of 2021, the Finnish State owned 50.76% of Fortum's shares. There has been no change in the number of shares the Finnish State owns in Fortum during 2022.

On 18 January 2022, Fortum announced that 1.3 GW portfolio of wind projects is being transferred to a new joint venture. Due to the current geopolitical circumstances, Fortum is looking into revisiting the structure.

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

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

23. Events after the balance sheet date

There have been no material events after the balance sheet date.

24. Definitions and reconciliations of key figures

Alternative performance measures

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

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

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

Other key figures

Share based key figures

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

Other key figures

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

Tax key figures

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

Reconciliations of alternative performance measures

Comparable EBITDA

| EUR million | Note | I/2022 | I/2021 | 2021 | LTM |
|------------------------------------|------|-------------|--------------|--------------|--------------|
| IS Operating profit | | -2,416 | 1,345 | -588 | -4,349 |
| + IS Depreciation and amortisation | | 334 | 308 | 1,281 | 1,307 |
| EBITDA | | -2,082 | 1,653 | 693 | -3,042 |
| - IS Items affecting comparability | 4 | 1,978 | -174 | 3,124 | 5,276 |
| Comparable EBITDA | | -104 | 1,479 | 3,817 | 2,234 |

Comparable operating profit

| EUR million | Note | I/2022 | I/2021 | 2021 | LTM |
|---------------------------------------|------|-------------|--------------|--------------|------------|
| IS Operating profit | | -2,416 | 1,345 | -588 | -4,349 |
| - IS Items affecting comparability | 4 | 1,978 | -174 | 3,124 | 5,276 |
| IS Comparable operating profit | 4 | -438 | 1,171 | 2,536 | 927 |

Items affecting comparability

| EUR million | Note | I/2022 | I/2021 | 2021 | LTM |
|--|------|---------------|------------|---------------|---------------|
| Impairment charges and reversals | | -830 | -1 | -83 | -911 |
| Capital gains and other related items | 6 | 3 | 51 | 2,681 | 2,634 |
| Changes in fair values of derivatives hedging future cash flow | | -1,107 | 165 | -5,424 | -6,696 |
| Other | | -44 | -41 | -299 | -302 |
| IS Items affecting comparability | 4 | -1,978 | 174 | -3,124 | -5,276 |

Comparable net profit

| EUR million | Note | I/2022 | I/2021 | 2021 | LTM |
|--|------|------------|------------|--------------|------------|
| IS Net profit | | -2,833 | 1,310 | -114 | -4,256 |
| - IS Items affecting comparability | 4 | 1,978 | -174 | 3,124 | 5,276 |
| - Adjustments to share of profit/loss of associates and joint ventures | 12 | 216 | -13 | -38 | 191 |
| - Adjustments to finance costs - net | 7 | 1,090 | -17 | -146 | 961 |
| - Adjustments to income tax expenses | | -654 | -110 | -780 | -1,325 |
| - IS Non-controlling interests | | 610 | -218 | 852 | 1,681 |
| - Adjustments to non-controlling interests | | -507 | 57 | -1,121 | -1,685 |
| Comparable net profit | 4 | -99 | 837 | 1,778 | 842 |

Comparable earnings per share

| | Note | I/2022 | I/2021 | 2021 | LTM |
|--|------|--------------|-------------|-------------|-------------|
| Comparable net profit, EUR million | 4 | -99 | 837 | 1,778 | 842 |
| Average number of shares during the period, 1 000 shares | | 888,294 | 888,294 | 888,294 | 888,294 |
| Comparable earnings per share, EUR | | -0.11 | 0.94 | 2.00 | 0.95 |

Financial net debt and adjusted net debt

| EUR million | Note | 31 Mar 2022 | 31 Dec 2021 |
|--|------|---------------|---------------|
| + Interest-bearing liabilities | | 14,875 | 17,220 |
| - BS Liquid funds | | 6,419 | 7,592 |
| - Non-current securities | | 106 | 111 |
| - Collateral arrangement securities | | 537 | 549 |
| - Securities in interest-bearing receivables | | 643 | 660 |
| - BS Margin receivables | | 7,441 | 9,163 |
| + BS Margin liabilities | | 1,864 | 985 |
| +/- Net margin liabilities/receivables | | -5,578 | -8,179 |
| Financial net debt | 15 | 2,235 | 789 |
| + BS Pension obligations | | 931 | 1,190 |
| + Other asset retirement obligations | | 848 | 872 |
| - BS Share of Finnish and Swedish Nuclear Waste Funds | | 3,399 | 3,515 |
| + BS Nuclear provisions | | 3,840 | 3,891 |
| + Nuclear provisions net of assets in Nuclear Waste Funds | | 441 | 375 |
| + Total provisions net of assets in Nuclear Waste Funds | | 2,219 | 2,438 |
| Adjusted net debt | | 4,454 | 3,227 |

See Note 15 Interest-bearing net debt.

Financial net debt/comparable EBITDA

| EUR million | Note | 2021 | LTM |
|---|------|---------------|---------------|
| + Interest-bearing liabilities | | 17,220 | 14,875 |
| - BS Liquid funds | | 7,592 | 6,419 |
| - Non-current securities | | 111 | 106 |
| - Collateral arrangement securities | | 549 | 537 |
| - Securities in interest-bearing receivables | | 660 | 643 |
| - BS Margin receivables | | 9,163 | 7,441 |
| + BS Margin liabilities | | 985 | 1,864 |
| +/- Net margin liabilities/receivables | | -8,179 | -5,578 |
| Financial net debt | 15 | 789 | 2,235 |
| IS Operating profit | | -588 | -4,349 |
| + IS Depreciation and amortisation | | 1,281 | 1,307 |
| EBITDA | | 693 | -3,042 |
| - IS Items affecting comparability | | 3,124 | 5,276 |
| Comparable EBITDA | | 3,817 | 2,234 |
| Financial net debt/comparable EBITDA | | 0.2 | 1.0 |

Market conditions and achieved power prices

Power consumption

| TWh | I/2022 | I/2021 | 2021 | LTM |
|-------------------------------------|--------|--------|-------|-------|
| Nordic countries | 112 | 120 | 404 | 396 |
| Central western Europe | 361 | 376 | 1,359 | 1,344 |
| Central western European gas demand | 699 | 803 | 2,218 | 2,114 |
| Russia | 303 | 297 | 1,090 | 1,096 |
| Tyumen | 25 | 23 | 90 | 92 |
| Chelyabinsk | 10 | 10 | 37 | 37 |
| Russia Urals area | 70 | 69 | 256 | 257 |
| Russia Siberia area | 61 | 59 | 217 | 219 |

| Average prices | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|-------|-------|
| Spot price for power in Nord Pool power exchange, EUR/MWh | 110.0 | 42.1 | 62.3 | 79.0 |
| Spot price for power in Finland, EUR/MWh | 91.8 | 48.6 | 72.3 | 83.0 |
| Spot price for power in Sweden, SE3, Stockholm EUR/MWh | 99.9 | 45.7 | 66.0 | 79.4 |
| Spot price for power in Sweden, SE2, Sundsvall EUR/MWh | 24.8 | 37.5 | 42.6 | 39.4 |
| Spot price for power in the First Price Zone of Russia, RUB/MWh ¹⁾ | 1,449 | 1,360 | 1,405 | 1,427 |
| Spot price for power in the Second Price Zone of Russia, RUB/MWh ¹⁾ | 1,100 | 918 | 935 | 980 |
| Average capacity price for the Russia segment, tRUB/MW/month | 536 | 636 | 584 | 559 |
| Average capacity price for the Uniper segment, tRUB/MW/month | 365 | 251 | 293 | 321 |
| Spot price for power in Germany, EUR/MWh | 184.6 | 49.6 | 96.8 | 130.1 |
| Average regulated gas price in Urals region, RUB/1000 m ³ | 4,137 | 4,016 | 4,077 | 4,107 |
| Average capacity price for the Russia segment's CCS, tRUB/MW/month ^{2) 3)} | 209 | 182 | 170 | 178 |
| Average capacity price for the Russia segment's CSA, tRUB/MW/month ³⁾ | 1,217 | 1,289 | 1,174 | 1,152 |
| Average capacity price for the Uniper segment's CCS, tRUB/MW/month ^{2) 3)} | 202 | 169 | 160 | 167 |
| Average capacity price for the Uniper segment's CSA, tRUB/MW/month ³⁾ | 2,245 | 1,163 | 1,488 | 1,702 |
| Spot price for power (market price), Urals hub, RUB/MWh ¹⁾ | 1,284 | 1,158 | 1,221 | 1,253 |
| CO ₂ , (ETS EUA next Dec), EUR/tonne CO ₂ | 83 | 38 | 54 | 65 |
| Coal (ICE Rotterdam front month), USD/tonne | 222 | 69 | 117 | 155 |
| Oil (Brent front month), USD/bbl | 98 | 61 | 71 | 80 |
| Gas (TTF front month), EUR/MWh | 101 | 19 | 47 | 68 |

¹⁾ Excluding capacity tariff.

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

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

Water reservoirs and gas storage levels

| TWh | 31 Mar 2022 | 31 Dec 2021 |
|--|-------------|-------------|
| Nordic water reservoirs level | 35 | 73 |
| Nordic water reservoirs level, long-term average | 41 | 84 |
| Central western European gas storage levels | 137 | 293 |

Export/import

| TWh (+ = import to, - = export from Nordic area) | I/2022 | I/2021 | 2021 | LTM |
|--|--------|--------|------|-----|
| Export / import between Nordic area and Continental Europe + Baltics | -10 | -5 | -29 | -34 |
| Export / import between Nordic area and Russia | 2 | 2 | 9 | 9 |
| Export / import Nordic area, Total | -8 | -2 | -20 | -26 |

Power market liberalisation in Russia

| % | I/2022 | I/2021 | 2021 | LTM |
|--|--------|--------|------|-----|
| Share of power sold at the liberalised price | 77 | 79 | 79 | 79 |

Achieved power prices

| | I/2022 | I/2021 | 2021 | LTM |
|---|--------|--------|-------|-------|
| Generation segment's Nordic achieved power price, EUR/MWh | 44.1 | 37.2 | 42.8 | 44.7 |
| Uniper segment's Nordic achieved power price, EUR/MWh | 14.8 | 31.5 | 30.7 | 26.0 |
| Russia segment's achieved power price, RUB/MWh | 1,913 | 1,892 | 2,018 | 2,027 |
| Russia segment's achieved power price, EUR/MWh ¹⁾ | 19.3 | 21.1 | 23.2 | 22.7 |
| Uniper segment's achieved power price in Russia, RUB/MWh ²⁾ | 1,600 | 1,320 | 1,643 | 1,724 |
| Uniper segment's achieved power price in Russia, EUR/MWh ^{1) 2)} | 16.1 | 14.7 | 18.9 | 19.3 |

¹⁾ Translated using average exchange rate.

²⁾ Comparable prices changed from previously reported.

Fortum's production and sales volumes

Power generation

| TWh | I/2022 | I/2021 | 2021 | LTM |
|--|-------------|-------------|--------------|--------------|
| Power generation in Nordics | 17.7 | 19.5 | 68.8 | 67.0 |
| Power generation in other European countries | 12.8 | 12.1 | 46.9 | 47.6 |
| Power generation in Russia | 22.4 | 20.7 | 71.9 | 73.6 |
| Power generation in other countries | - | 0.2 | 0.5 | 0.3 |
| Total | 52.9 | 52.5 | 188.1 | 188.4 |

Heat production

| TWh | I/2022 | I/2021 | 2021 | LTM |
|---|-------------|-------------|-------------|-------------|
| Heat production in Nordics | 1.9 | 2.1 | 5.5 | 5.3 |
| Heat production in other European countries | 2.8 | 3.3 | 8.7 | 8.3 |
| Heat production in Russia | 7.0 | 8.4 | 19.1 | 17.7 |
| Total | 11.7 | 13.9 | 33.4 | 31.2 |

Power generation capacity by segment

| MW | 31 Mar 2022 | 31 Dec 2021 |
|--------------------------|---------------|---------------|
| Generation ¹⁾ | 8,041 | 8,041 |
| Russia | 4,672 | 4,672 |
| City Solutions | 559 | 559 |
| Uniper ²⁾ | 33,837 | 33,828 |
| Total | 47,109 | 47,099 |

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

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

Heat production capacity by segment

| MW | 31 Mar 2022 | 31 Dec 2021 |
|----------------|---------------|---------------|
| Russia | 7,613 | 7,613 |
| City Solutions | 3,026 | 3,026 |
| Uniper | 6,197 | 6,232 |
| Total | 16,836 | 16,871 |

Power generation by source in the Nordic area

| TWh | I/2022 | I/2021 | 2021 | LTM |
|----------------------|-------------|-------------|-------------|-------------|
| Hydro and wind power | 7.8 | 9.0 | 31.4 | 30.2 |
| Nuclear power | 9.7 | 9.9 | 36.4 | 36.2 |
| Thermal power | 0.2 | 0.5 | 1.0 | 0.7 |
| Total | 17.7 | 19.5 | 68.8 | 67.0 |

Power generation by source in the Nordic area

| % | I/2022 | I/2021 | 2021 | LTM |
|----------------------|------------|------------|------------|------------|
| Hydro and wind power | 44 | 46 | 46 | 45 |
| Nuclear power | 55 | 51 | 53 | 54 |
| Thermal power | 1 | 3 | 1 | 1 |
| Total | 100 | 100 | 100 | 100 |

Power generation by source in other European countries

| TWh | I/2022 | I/2021 | 2021 | LTM |
|----------------------|-------------|-------------|-------------|-------------|
| Hydro and wind power | 1.1 | 1.0 | 4.9 | 5.0 |
| Thermal power | 11.7 | 11.1 | 42.0 | 42.6 |
| Total | 12.8 | 12.1 | 46.9 | 47.6 |

Power generation by source in other European countries

| % | I/2022 | I/2021 | 2021 | LTM |
|----------------------|------------|------------|------------|------------|
| Hydro and wind power | 8 | 8 | 10 | 10 |
| Thermal power | 92 | 92 | 90 | 90 |
| Total | 100 | 100 | 100 | 100 |

Power sales

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|---|---------------|--------------|---------------|---------------|
| Power sales in Nordics | 1,698 | 1,287 | 5,319 | 5,730 |
| Power sales in other European countries ¹⁾ | 9,020 | 5,259 | 26,005 | 29,767 |
| Power sales in Russia | 453 | 438 | 1,750 | 1,764 |
| Power sales in other countries | 0 | 5 | 24 | 19 |
| Total | 11,171 | 6,989 | 33,098 | 37,280 |

1) Including commodity trading.

Heat sales

| EUR million | I/2022 | I/2021 | 2021 | LTM |
|--|------------|------------|--------------|--------------|
| Heat sales in Nordics | 172 | 146 | 403 | 429 |
| Heat sales in other European countries | 235 | 194 | 660 | 701 |
| Heat sales in Russia | 49 | 64 | 154 | 139 |
| Total | 455 | 405 | 1,217 | 1,267 |

Power sales by area

| TWh | I/2022 | I/2021 | 2021 | LTM |
|-----------------------|--------------|--------------|--------------|--------------|
| Finland | 5.9 | 6.9 | 23.0 | 22.0 |
| Sweden | 14.1 | 15.3 | 53.5 | 52.3 |
| Russia | 26.3 | 25.0 | 84.9 | 86.2 |
| Norway | 3.8 | 4.9 | 13.7 | 12.6 |
| Germany ¹⁾ | 51.4 | 90.9 | 334.9 | 295.4 |
| United Kingdom | 14.4 | 7.4 | 19.5 | 26.5 |
| Netherlands | 5.7 | 2.5 | 22.4 | 25.6 |
| Other countries | 3.0 | 2.4 | 7.6 | 8.2 |
| Total | 124.7 | 155.4 | 559.4 | 528.7 |

1) Including commodity trading.

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

Heat sales by area

| TWh | I/2022 | I/2021 | 2021 | LTM |
|-----------------|-------------|-------------|-------------|-------------|
| Russia | 7.0 | 8.4 | 19.0 | 17.6 |
| Finland | 1.1 | 1.2 | 3.1 | 3.0 |
| Norway | 0.7 | 0.8 | 1.8 | 1.7 |
| Poland | 1.5 | 1.6 | 3.8 | 3.7 |
| Germany | 1.0 | 1.2 | 3.6 | 3.4 |
| Netherlands | 1.4 | 1.0 | 3.2 | 3.6 |
| Other countries | 0.1 | 0.8 | 1.3 | 0.6 |
| Total | 12.8 | 15.0 | 35.9 | 33.7 |