

# Year-End Report 2020

## Business highlights, January–December 2020

- Mild weather and high level of precipitation contributed to unusually high hydrological balance, putting pressure on Nordic electricity prices
- Permanent closure of Ringhals 1 on 31 December
- Important progress in offshore wind investment projects, including investment decision for Hollandse Kust Zuid 1–4 in the Netherlands
- Commissioning of Princess Ariane wind farm in the Netherlands
- Continued high demand for new connections to both regional and local electricity grids
- Vattenfall offers State of Berlin to buy all of the shares in electricity network company Stromnetz Berlin
- Support for closure of Moorburg power plant in Hamburg and recognition of large impairment losses for the plant
- Inauguration of pilot plant for HYBRIT, a partnership project for fossil-free steel production
- Anna Borg took over as new President and CEO on 1 November

## Financial highlights, January–December 2020

- Net sales decreased by 5% (-4% excluding currency effects) to SEK 158,847 million (166,360)
- Underlying operating profit<sup>1</sup> of SEK 25,790 million (25,095)
- Operating profit<sup>1</sup> of SEK 15,276 million (22,141)
- Profit for the period of SEK 7,716 million (14,861)
- The Board of Directors proposes a dividend of SEK 4,000 million, corresponding to 62% of profit for the year attributable to the owner of the Parent Company

## Financial highlights, October–December 2020

- Net sales decreased by 5% (-2% excluding currency effects) to SEK 44,032 million (46,179)
- Underlying operating profit<sup>1</sup> of SEK 7,987 million (8,207)
- Operating profit<sup>1</sup> of SEK 5,246 million (2,427)
- Profit for the period of SEK 5,727 million (488)

## KEY DATA

Amounts in SEK million unless indicated otherwise	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
Net sales	158 847	166 360	44 032	46 179
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	46 507	42 445	12 121	8 844
Operating profit (EBIT) <sup>1</sup>	15 276	22 141	5 246	2 427
Underlying operating profit <sup>1</sup>	25 790	25 095	7 987	8 207
Profit for the period	7 716	14 861	5 727	488
Electricity generation, TWh	112.8	130.2	30.5	34.7
Sales of electricity, TWh <sup>2</sup>	164.1	169.4	44.0	42.9
- of which, customer sales	118.2	119.0	31.7	29.8
Sales of heat, TWh	13.8	17.1	4.5	5.1
Sales of gas, TWh	56.8	59.2	18.9	19.7
Return on capital employed, % <sup>1</sup>	5.8	8.5	5.8 <sup>3</sup>	8.5 <sup>3</sup>
FFO/adjusted net debt, % <sup>1</sup>	28.8	26.5	28.8 <sup>3</sup>	26.5 <sup>3</sup>

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

2) Sales of electricity also include sales to Nord Pool Spot and deliveries to minority shareholders.

3) Last 12-month values.

# Resilience and progress during a challenging year

**Vattenfall's performance in 2020 shows that we are a resilient company. Despite a year with record-low electricity prices, lower power generation and lower sales of electricity, gas and heat, we are reporting a stable underlying operating profit. However, large impairment losses associated with the decreased value of coal-fired power impacted net profit. The fact that coal is being forced out by fossil-free energy is in line with Vattenfall's strategy.**

## **An extreme and unusual year – for several reasons other than the pandemic**

Owing to good preparedness and outstanding efforts by our employees, the impact of the pandemic on Vattenfall's business has been limited. Operation of our facilities has been stable and safe whilst deliveries to customers have continued with a sustained high level of service. We are making progress in our investment projects and partnerships, where we are also benefiting from increased electrification in society. The Nordic electricity market, which is crucial for Vattenfall, had a dramatic year for other reasons than the pandemic. Mild weather and a high level of precipitation resulted in large inflows to reservoirs. This translated to historically low electricity prices and extreme differences between price areas in Sweden.

## **Vattenfall impacted by costs of the energy transition**

The decreased value of coal-fired power is a natural development, but it also had a strongly negative impact on Vattenfall's financial results in 2020. Net profit for the year was SEK 7.7 billion and was weighed down by impairment losses mainly related to the Moorburg coal-fired power plant in Hamburg. In Germany, the Parliament passed a law calling for the phase-out of coal-fired power by 2038 at the latest. At the end of the year our bid to handle the phase-out of Moorburg was accepted, and since year-end we are no longer generating coal-fired power from the plant.

## **A diversified business and balanced risk-taking stabilised the underlying operating profit**

Vattenfall's generation volume in 2020 was considerably lower compared with the preceding year. This is due above all to the situation for Swedish

nuclear power, where we are phasing out older reactors, performed more maintenance and periodically cut back on production when prices were at their lowest. At year-end we closed Ringhals 1 according to plan and are now focusing on long-term and safe operation of our five remaining reactors.

In addition to lower power generation, sales of electricity, gas and heat were also lower. Despite this and the record low electricity prices, we report a stable underlying operating profit of SEK 25.8 billion. Several factors have contributed to Vattenfall's resilience. We are a diversified company, both geographically and with respect to our different business areas. Our hedging has served us well in a declining market. And we have drawn benefit from our market knowledge in the trading operations, where we reported a strong result for the year. To deliver an underlying result in line with last year despite low prices and the ongoing pandemic is a testament to the strength, stability and delivery capacity of Vattenfall. The Board of Directors proposes a dividend of SEK 4 billion.

## **Vattenfall's strategic direction continues**

I took office as CEO of Vattenfall on November 1st. I feel secure in that the strategic direction that we at Vattenfall have set – to enable fossil-free living within one generation – is right. This is not our sustainability strategy, it is our business strategy. And it is sustainable. It is in line with this direction that we will find and create the business models of tomorrow. We now report the outcome of our strategic targets for 2020 and continue to work towards the new targets for 2025. I look forward to working together with my colleagues on continuing to build a company that is profitable, sustainable and future-oriented.



**Anna Borg**  
President and CEO

Profit for the period

**7.7**  
SEK billion

Full year 2020

Underlying operating profit

**25.8**  
SEK billion

Full year 2020

FFO/adjusted net debt

**28.8%**  
Full year 2020

Return on capital employed

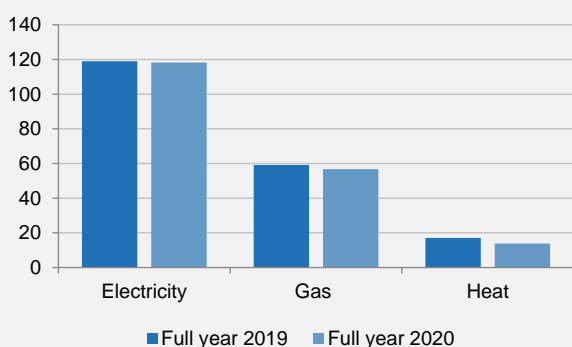
**5.8%**  
Full year 2020

# Group overview

## Customer sales development

Sales of electricity, excluding sales to Nord Pool Spot and deliveries to minority shareholders, decreased by 0.8 TWh to 118.2 TWh (119.0), mainly owing to lower volumes in the Nordic countries and Germany. Higher sales in the B2B segment in France had a countering effect. Sales of gas decreased by 2.4 TWh to 56.8 TWh (59.2) as a result of warmer weather in the Netherlands. Sales of heat decreased by 3.3 TWh to 13.8 TWh (17.1).

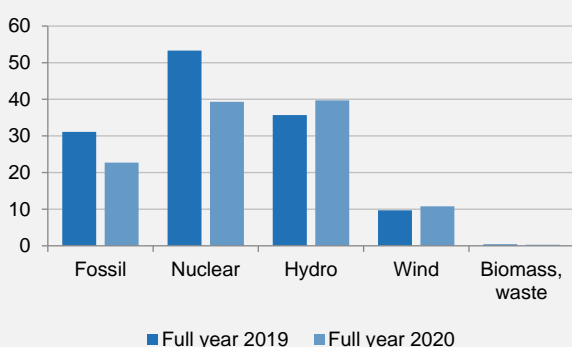
### CUSTOMER SALES (TWh)



## Generation development

Total electricity generation decreased by 17.4 TWh to 112.8 TWh (130.2) in 2020. Lower nuclear power (-14.0 TWh) and fossil-based (-8.4 TWh) power generation was countered by higher hydro power (+4.0 TWh) and wind power (+1.1 TWh) generation.

### ELECTRICITY GENERATION (TWh)



## Price development

Average Nordic electricity spot prices were 65% lower, at EUR 13.6/MWh (38.7) during the fourth quarter of 2020 compared with the corresponding period in 2019, mainly owing to a stronger hydrological balance. Spot prices in Germany were 6% higher, at EUR 38.9/MWh (36.6), and prices in the Netherlands increased by 7% to EUR 42.2/MWh (39.3). Prices in Germany and the Netherlands were mainly affected by higher fuel prices and higher prices for CO<sub>2</sub> emission allowances. Electricity futures prices for delivery in

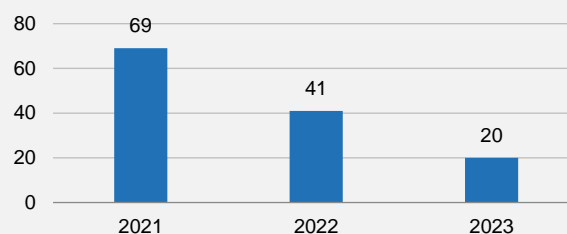
2021 and 2022 were 8%–45% lower than during the fourth quarter of 2019.

Compared with the fourth quarter of 2019 the average spot price for gas was 16% higher, at EUR 14.6/MWh (12.6). The spot price for coal was 5% higher, at USD 59.1/t (56.3). The futures price 2021 for gas was 20% lower, at EUR 14.0/MWh (17.5), and the futures price 2021 for coal was 11% lower, at USD 60.5/t (67.7). The price of CO<sub>2</sub> emission allowances was 11% higher, at EUR 27.6/t (24.9).

### AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, FI) AS PER 30 DECEMBER 2020, EUR/MWh

EUR/MWh	2021	2022	2023
	28	29	26

### VATTENFALL'S ESTIMATED NORDIC HEDGE RATIO (SE, DK, FI) AS PER 30 DECEMBER 2020 (%)



### ACHIEVED NORDIC ELECTRICITY PRICES (SE, DK, FI)<sup>1</sup> EUR/MWh

Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
31	32	31	33

### SENSITIVITY ANALYSIS – CONTINENTAL PORTFOLIO (DE, NL, UK)

+/-10% price impact on future profit before tax, SEK million<sup>2</sup>

Market-quoted	2021	2022	2023	Observed yearly volatility <sup>3</sup>
Electricity	+/- 352	+/- 454	+/- 1,439	19%-27%
Coal	-/+ 43	-/+ 22	-/+ 7	17%-21%
Gas	-/+ 133	-/+ 156	-/+ 720	18%-28%
CO <sub>2</sub>	-/+ 60	-/+ 72	-/+ 318	48%-50%

- 1) Achieved prices from the spot market and hedges. Includes Nordic hydro, nuclear and wind power generation
- 2) The denotation +/- entails that a higher price affects operating profit favourably, and +/- vice versa
- 3) Observed yearly volatility for daily price movements for each commodity, based on forward contracts. Volatility normally decreases the further ahead in time the contracts pertain to.

## Net sales

**January–December:** Consolidated net sales decreased by SEK 7.5 billion, including negative currency effects of SEK 0.9 billion). The decrease is mainly attributable to lower electricity prices and lower sales volumes in the Nordic countries, the Netherlands and Germany, and lower revenue from the heat operations.

**October–December:** Consolidated net sales decreased by SEK 2.1 billion, including negative currency effects of SEK 1.0 billion. The decrease is mainly attributable to lower sales volumes in the Nordic countries and the Netherlands.

## Earnings

**January–December:** The underlying operating profit increased by SEK 0.7 billion, which is explained by:

- A higher earnings contribution from the Customers & Solutions operating segment (SEK 0.8 billion), mainly owing to lower depreciation in the Netherlands
- A higher earnings contribution from the Heat operating segment (SEK 0.4 billion), owing to lower maintenance costs and lower depreciation
- A lower earnings contribution from the Power Generation operating segment (SEK -0.8 billion), owing to lower achieved prices in the Nordic countries and lower nuclear power generation, which was partly compensated by higher realised earnings from the trading operations and higher hydro power generation
- Other items, net (SEK 0.2 billion)

Items affecting comparability amounted to SEK -10.5 billion (-3.0), of which most pertain to impairment losses in the Heat (SEK -11.3 billion) and Wind (SEK -1.6 billion) operating segments, which were partly countered by unrealised changes in market value for energy derivatives and inventories (SEK 5.2 billion) and the sale of nuclear power production rights in Germany (SEK 2.8 billion). Profit for the period totalled SEK 7.7 billion (14.9) and was affected by, in addition to items affecting comparability, higher net financial items resulting from lower interest for provisions and a higher tax cost.

**October–December:** Underlying operating profit decreased by SEK 0.2 billion. Negative contributions from the Customers & Solutions (SEK -0.4 billion) and Power Generation (SEK -0.2

billion) operating segments were offset by a positive contribution from the Heat operating segment (SEK +0.6 billion). Items affecting comparability amounted to SEK -2.7 billion (-5.8), of which provisions (SEK -2.8 billion) pertain mainly to nuclear power and costs for phasing out coal-fired generation, and impairment losses (SEK -2.4 billion) pertain mainly to the Heat operating segment. Unrealised changes in market value for energy derivatives and inventories (SEK 2.4 billion) had a countering effect. Profit for the period was SEK 5.7 billion (0.5) and was affected by a higher operating profit (EBIT), higher net financial items resulting from a higher return from the Swedish Nuclear Waste Fund (SEK 1.3 billion), and lower income taxes due to measurement of previously written down deferred tax assets.

## Cash flow

**January–December:** Funds from operations (FFO) increased by SEK 0.1 billion. A higher underlying operating profit before depreciation, amortisation and impairment losses (EBITDA) was countered by higher paid tax (the comparison is affected by a tax refund in Germany in 2019). Cash flow from changes in working capital amounted to SEK 6.7 billion. The largest contributing factors were the net change in margin calls (SEK 12.6 billion), an increase in inventories (SEK -1.6 billion), and changes related to CO<sub>2</sub> emission allowances, which had a negative cash flow effect (SEK -3.7 billion).

**October–December:** Funds from operations (FFO) decreased by SEK 0.2 billion, mainly owing to the lower underlying operating profit before depreciation, amortisation and impairment losses (EBITDA) and a lower net of interest received and paid, which was countered by lower paid tax. Cash flow from changes in working capital amounted to SEK 3.5 billion, which is mainly explained by the net change in margin calls (SEK 9.2 billion). This was countered by a net change in operating receivables and operating liabilities attributable to seasonal effects in the Customers & Solutions and Heat operating segments (SEK -3.5 billion) and an increase in inventories (SEK -2.8 billion).

## KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
Net sales	158 847	166 360	44 032	46 179
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	46 507	42 445	12 121	8 844
Operating profit (EBIT) <sup>1</sup>	15 276	22 141	5 246	2 427
Underlying operating profit <sup>1</sup>	25 790	25 095	7 987	8 207
Items affecting comparability <sup>1</sup>	- 10 514	- 2 954	- 2 741	- 5 780
Profit for the period	7 716	14 861	5 727	488
Funds from operations (FFO) <sup>1</sup>	35 024	34 949	11 368	11 520
Cash flow from changes in operating assets and operating liabilities (working capital)	6 668	- 18 230	3 486	- 6 530
Cash flow from operating activities	41 692	16 719	14 854	4 990

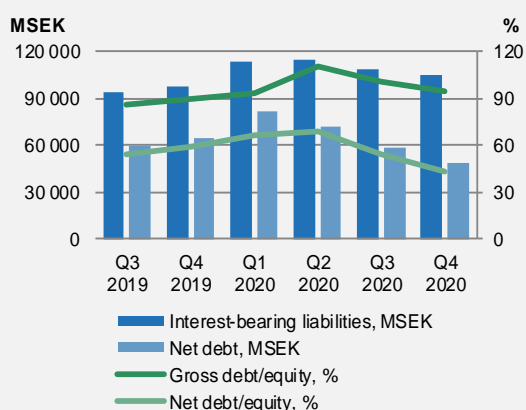
1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

## Capital structure

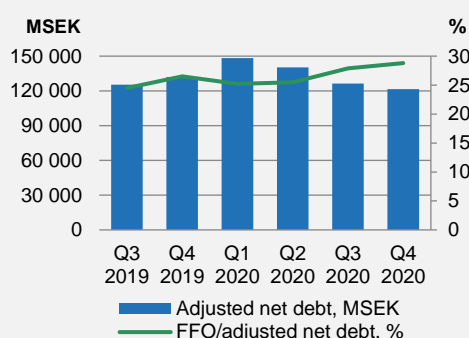
Cash and cash equivalents, and short-term investments increased by SEK 23.1 billion compared with the level at 31 December 2019. Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires in November 2023 and a credit facility of SEK 3.0 billion that expires in January 2022. As per 31 December 2020 available liquid assets and/or committed credit facilities amounted to 46.5% of net sales. Vattenfall's target is to maintain a level of no less than 10% of consolidated net sales, but at least the equivalent of the next 90 days' maturities.

Net debt and adjusted net debt decreased by SEK 16.1 billion and SEK 10.5 billion, respectively, compared with the levels at 31 December 2019. These reductions are mainly attributable to a positive cash flow after investments (SEK 21.5 billion) and positive currency effects (SEK 3.7 billion), which were partly countered by payment of a dividend to the owner (SEK 3.6 billion) and to minority owners (SEK 1.7 billion). In addition, adjusted net debt was affected by higher provisions for nuclear power, net (SEK 2.3 billion) and higher provisions for the phase-out of coal-fired power generation (SEK 1.4 billion).

### NET DEBT



### ADJUSTED NET DEBT



## Strategic objectives and targets for 2020

Strategic objectives	Targets for 2020	Outcome 2020	Outcome 2019
Leading towards sustainable consumption	1. Customer engagement, Net Promoter Score relative to peers <sup>1</sup> (NPS relative): <b>+2</b>	<b>+2</b>	<b>+1</b>
Leading towards sustainable production	2. Aggregated commissioned new renewables capacity 2016-2020: <b>≥2,300 MW</b>	<b>1,560 MW</b>	<b>1,226 MW</b>
	3. Absolute CO <sub>2</sub> emissions pro rata: <b>≤21 Mt</b>	<b>12.1 Mt<sup>2</sup></b>	<b>19.3 Mt<sup>3</sup></b>
High performing operations	4. Return On Capital Employed (ROCE), last 12 months: <b>≥8%</b>	<b>5.8%</b>	<b>8.5%</b>
Empowered and engaged people	5. Lost Time Injury Frequency (LTIF): <b>≤1.25</b>	<b>1.7</b>	<b>2.1</b>
	6. Employee Engagement Index <sup>4</sup> : <b>≥70%</b>	<b>72%</b>	<b>69%</b>

1) The target is a positive NPS in absolute terms and +2 compared to Vattenfall's peer competitors and was set to be achieved by 2020

2) Preliminary value. The final value will be presented in the Annual and Sustainability Report.

3) The outcome includes the divested heat operations in Hamburg, where emissions amounted to 1.1 Mt during the period January-September 2019

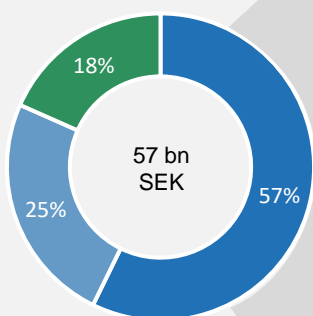
4) Documentation for measurement of target achievement is derived from the results of an employee survey, which is conducted on an annual basis

## Investment plan 2021-2022

Vattenfall has decided on an investment plan for 2021–2022 of SEK 57 billion, net. Gross investments amount to SEK 78 billion, where the difference is attributable to assumptions for partnerships for the Hollandse Kust Zuid 1–4 wind power project and the Norfolk project, and an assumption for revenue from sales of projects developed for sale. The amounts stated below pertain to net investments.

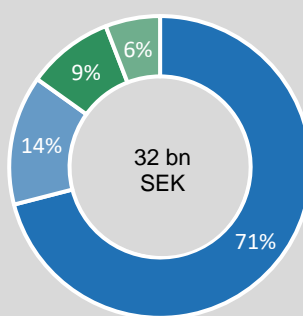
Growth investments amount to SEK 32 billion, where the largest share, SEK 23 billion – or 71% – is planned to be invested in wind power. Vattenfall will also invest in the electricity grid and in the expansion of district heating operations. Other growth investments include charging infrastructure, solar and battery projects, decentralised energy solutions and the HYBRIT project.

**Total capex  
2021-2022**



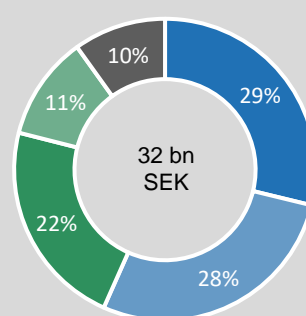
- Growth, 32 bn SEK
- Maintenance, 14 bn SEK
- Replacement, 10 bn SEK

**Growth capex per  
technology 2021-2022**



- Wind power, 23 bn SEK
- Electricity distribution, 4 bn SEK
- Heat supply, 3 bn SEK
- Other, 2 bn SEK

**Growth capex per country  
2021-2022**



- Netherlands, 9 bn SEK
- Denmark, 9 bn SEK
- UK, 7 bn SEK
- Sweden, 4 bn SEK
- Germany, 3 bn SEK

# Operating segments



Customers & Solutions



Power Generation  
– Generation



Power Generation  
– Markets



Wind



Heat



Distribution

Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
<b><u>Underlying operating profit</u></b>				
<b>Customers &amp; Solutions</b>	2 146	1 337	387	744
<b>Power Generation</b>	14 670	15 437	3 938	4 186
- of which, trading	2 757	1 794	631	1 015
<b>Wind</b>	3 970	4 155	1 716	1 680
<b>Heat</b>	978	550	784	232
<b>Distribution</b>	5 325	4 998	1 454	1 544
- of which, Distribution Germany	1 093	1 132	268	281
- of which, Distribution Sweden	4 225	3 856	1 177	1 265
<b>Other<sup>1</sup></b>	- 1 290	- 1 274	- 397	- 279
<b>Eliminations</b>	- 9	- 108	105	100
<b>Underlying operating profit</b>	<b>25 790</b>	<b>25 095</b>	<b>7 987</b>	<b>8 207</b>

1) "Other" pertains mainly to all Staff functions, including Treasury and Shared Service Centres.

## Customers & Solutions

The Customers & Solutions Business Area is responsible for sales of electricity, gas and energy services in all of Vattenfall's markets.

### Continued strong sales development in Germany and France

- Agreement with Microsoft on supply of renewable electricity to data centers
- Transfer of retail business in the UK to EDF
- Increased customer base in Germany and more than 100,000 retail contracts in France

**Full year:** Net sales decreased mainly owing to lower electricity prices in the Nordic countries and the Netherlands and to lower volumes in these markets as a result of slightly lower demand. This was partly offset by higher volumes in the B2B segment in France and a larger customer base in Germany. Underlying operating profit increased mainly as a result of lower depreciation in the Netherlands.

**Q4:** Net sales decreased mainly owing to lower prices and volumes in the Nordic countries and the Netherlands. This was partly countered by higher volumes in the B2B segment in France. Underlying operating profit decreased mainly owing to a lower contribution from sales in the Netherlands due to warmer weather and higher selling costs in Germany. This was partly countered by lower depreciation in the Netherlands.

The total customer base was stable and amounted to 10.1 million contracts at year-end 2020. In the UK, the sale of the retail business iSupply was completed, and all customers have now been transferred to EDF. A decreased customer base in



the Netherlands was offset by a larger customer base in Germany and France.

Two years after Vattenfall's entry to the French retail market, the customer base now exceeds 100,000 contracts. Growth has been achieved organically through the offer of CO<sub>2</sub>-neutral and renewable electricity. The business complements Vattenfall's B2B sales, which have been conducted in the country for the past 20 years.

Vattenfall entered into an agreement with Microsoft to deliver electricity from hydro and wind power to Microsoft's new data centers in Sweden starting in November 2021. The solution ensures delivery of 100% renewable electricity, and smart meters will allow measuring of consumption in real time. This will contribute to greater transparency and a better understanding of energy use and its climate impact. The solution was previously tested in a pilot project at Vattenfall's and Microsoft's respective headquarters in Sweden.

## KEY FIGURES – CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
Net sales	86 298	89 859	23 931	25 773
External net sales	84 661	87 343	23 470	25 078
Underlying operating profit before depreciation, amortisation and impairment losses	3 083	3 021	611	1 180
Underlying operating profit	2 146	1 337	387	744
Sales of electricity, TWh	95.8	89.5	25.7	22.9
- of which, private customers	26.3	28.0	7.3	7.9
- of which, resellers	8.0	6.5	2.6	1.8
- of which, business customers	61.5	55.0	15.8	13.2
Sales of gas, TWh	52.1	54.2	17.6	18.1
Number of employees, full-time equivalents	2 971	3 150	2 971	3 150



## Power Generation

Power Generation comprises the Generation and Markets Business Areas. The segment includes Vattenfall's hydro and nuclear power operations, maintenance services business, and optimisation and trading operations including certain large business customers.

### Earnings impact from record-low electricity prices and lower nuclear power generation

- Permanent closure of Ringhals 1 on 31 December
- Increase in available hydro power capacity by more than 600 MW during the period 2016–2020
- New balancing agreement for wind power

**Full year:** Net sales decreased mainly as a result of lower electricity prices in the Nordic countries resulting from a high hydrological balance, which was partly countered by hedging. In addition, net sales were negatively affected by lower sales of electricity and gas in the B2B segment in Germany, lower internal sales and lower nuclear power generation. Underlying operating profit decreased as a result of lower achieved prices in the Nordic countries and lower nuclear power generation, which was partly compensated by a higher realised trading result and higher hydro power generation.

Nuclear power generation decreased by 14.0 TWh mainly due to the closure of Ringhals 2, the prolonged outages for yearly inspections and output reductions in response to lower price levels. Combined availability for Vattenfall's nuclear power plants for the full year 2020 was 76.4% (87.8%). The decrease is mainly attributable to longer maintenance work and outages than in 2019 at Ringhals 1 and 3.

Hydro power generation increased by 4.0 TWh. At year-end, Nordic reservoir levels were at 82% (60%) of capacity, which is 25 percentage points above the normal level.

**Q4:** Net sales decreased mainly as a result of lower electricity prices in the Nordic countries, which were partly offset by hedging. Underlying operating profit decreased mainly as a result of lower achieved prices, lower nuclear power generation and a lower realised trading result.



After nearly 45 years of service, the Ringhals 1 nuclear power reactor was shut down on 31 December. Over its lifetime Ringhals 1 delivered 220 terawatt hours of electricity. In the next step, the nuclear fuel will be removed from the reactor, after which the plant will be prepared for dismantling, which will begin on a large scale during the second half of 2022.

In mid-December the Swedish Radiation Safety Authority announced its approval of implementation of independent core cooling systems at the Ringhals and Forsmark nuclear power plants. The systems will ensure that water can be pumped in to cool the reactor cores for 72 hours in the event of a failure of the other safety systems.

During the period 2016–2020, available capacity of Vattenfall's hydro power increased by over 600 MW. This is the result of a combination of measures that have reduced technical limitations, boosted installed capacity and shortened periods of unavailability due to maintenance.

In Sweden Vattenfall signed agreements for power balancing and market access for the Markbygden II (253 MW) wind farm, which is owned by the Swiss collective asset manager Energy Infrastructure Partners AG (EIP) and the German turbine manufacturer Enercon.

### KEY FIGURES – POWER GENERATION

Amounts in SEK million unless indicated otherwise	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
Net sales	90 133	102 378	24 825	27 678
External net sales	36 597	38 425	9 571	10 230
Underlying operating profit before depreciation, amortisation and impairment losses	18 796	19 207	4 997	5 148
Underlying operating profit	14 670	15 437	3 938	4 186
- of which, realised trading result	2 757	1 794	631 <sup>1</sup>	1 015
Electricity generation, TWh	79.0	89.0	21.2	23.6
- of which, hydro power	39.7	35.7	10.4	9.8
- of which, nuclear power	39.3	53.3	10.8	13.8
Sales of electricity, TWh	20.0	27.0	5.3	6.2
- of which, resellers	17.9	22.8	4.7	5.1
- of which, business customers	2.1	4.2	0.6	1.1
Sales of gas, TWh	4.7	5.0	1.3	1.6
Number of employees, full-time equivalents	7 474	7 429	7 474	7 429

1) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

## Wind

The Wind Business Area is responsible for development, construction and operation of Vattenfall's wind farms as well as large-scale and decentralised solar power and batteries.

### Expansion in renewables but dampened earnings as result of lower prices and more maintenance

- Permits granted for construction of the Vesterhav Syd and Nord offshore wind farms
- Commissioning of Moerdijk onshore wind farm in the Netherlands
- Investment decision for solar park in Germany and power purchase agreement signed with Bosch



**Full year:** Net sales were unchanged compared with 2019. New capacity made a positive contribution and came mainly from the Horns Rev 3 offshore wind farm in Denmark and Princess Ariane onshore wind farm in the Netherlands. This was largely countered by lower electricity prices and lower availability for offshore wind power owing to increased maintenance work. This also resulted in higher costs for maintenance, which contributed to a lower underlying operating profit. Electricity generation increased as a result of new capacity and higher wind speeds early in the year. Total investments in 2020 amounted to SEK 7.7 billion, and during the year the investment decision was made for the Hollandse Kust Zuid 1–4 offshore wind farm in the Netherlands.

**Q4:** Net sales were unchanged compared with the corresponding period in 2019. New capacity (Princess Ariane) made a positive contribution. This was countered by lower availability of offshore wind and lower electricity prices. Underlying operating profit increased as a result of lower depreciation.

In December the Danish Energy Agency gave permission for construction work to begin on the Vesterhav Syd and Nord offshore wind farms (350 MW) off Denmark's west coast. The decision is affirmation that the project is in compliance with legislation regarding the environment and consideration for neighbours. The wind farms are expected to be fully operational in 2024, with generation corresponding to the annual electricity consumption of 380,000 Danish households.

In December the Moerdijk onshore wind farm in the Netherlands was commissioned. The wind farm comprises seven turbines with total capacity of 25 MW.

The final investment decision was taken for the Kogel-Leizen solar park in Germany. The facility will have a capacity of 28 MW and will be commissioned during the first half of 2021. A 12-year power purchase agreement was signed with Bosch for the equivalent of one-third of the solar park's expected electricity generation.

### KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
Net sales	13 565	13 492	3 959	3 990
External net sales	6 901	6 578	2 047	1 899
Underlying operating profit before depreciation, amortisation and impairment losses	9 426	9 620	2 982	3 120
Underlying operating profit	3 970	4 155	1 716	1 680
Electricity generation - wind power TWh	10.8	9.7	3.1	2.9
Sales of electricity, TWh	1.2	1.3	0.4	0.4
Number of employees, full-time equivalents	1 104	1 000	1 104	1 000

## Heat

The Heat Business Area comprises Vattenfall's heat business (district heating and decentral solutions) and gas- and coal-fired condensing plants.

### Improved underlying profit but large impairment losses

- Support for closure of the Moorburg power plant in Hamburg and additional impairment losses for the plant
- Progress in investment projects in Berlin and Uppsala supporting the energy transition
- Lower margins for gas- and coal-fired power generation

**Full year:** Net sales decreased and underlying operating profit increased compared with 2019. The sale of the district heating operations in Hamburg and the closure of the Hemweg 8 power plant had a negative effect on the net sales comparison by SEK 4.1 billion and on the underlying operating profit comparison by SEK 0.3 billion. Lower clean dark- and clean spark spreads also had a negative effect on net sales. Underlying operating profit increased mainly as a result of lower maintenance costs and lower depreciation. Compared with year-end 2019, the number of customers increased by 1.6% to 1.8 million households.

**Q4:** Net sales decreased and underlying operating profit increased compared with 2019. The closure of Hemweg 8 had a positive effect on the net sales comparison by SEK 0.4 billion and on the underlying operating profit comparison by SEK 0.1 billion. Net sales were also affected by lower clean dark- and clean spark spreads and lower sales of heat in Germany and Sweden due to warmer weather. Underlying operating profit increased as a result of lower maintenance costs and lower depreciation.

In December the German Federal Network Agency (Bundesnetzagentur) decided to award Vattenfall compensation for the complete phase-out of the Moorburg coal-fired power plant in Hamburg. No coal-fired power has been generated by the plant since year-end and an impairment loss of SEK 2.4 billion has been recognised in the fourth quarter, which is reported in items affecting comparability. The total impairment loss for the plant in 2020 amounts to SEK 11.3 billion, and



provisions for the closure had an additional impact on earnings of SEK 1.8 billion. Provided that the German regional transmission system operators do not consider Moorburg to be system-relevant for grid stability, the formal ban on coal-fired power generation will take effect by 1 July 2021 at the latest.

In Berlin the gas-fired boiler at Reuter West was put in operation in December, with capacity of 120 MW. In addition, one of Europe's largest heat storage facilities will be built at the site with water volume of 52,000 m<sup>3</sup>. The heat storage facility will add flexibility and reliability to the district heating network in Berlin while optimising the production portfolio.

Construction of a new biofuel-fired heat plant in Uppsala (Carpe Futurum) has continued with a strong safety record of 500,000 work hours without any serious incidents. The project accounts for roughly half of the SEK 3.5 billion that Vattenfall is investing in heat operations in Uppsala and is expected to result in a reduction of CO<sub>2</sub> emissions by 150,000 tonnes per year. The new plant is planned to be commissioned during the first half of 2022.

In October Vattenfall signed a Memorandum of Understanding with the Norwegian company Aker Carbon Capture to evaluate future development of bio-CCS plants. The agreement supports Vattenfall's ambitions to achieve negative carbon emissions through investment in a large-scale commercial bio-CCS plant at one of Vattenfall's Swedish district heating plants by 2030 at the latest.

### KEY FIGURES – HEAT

Amounts in SEK million unless indicated otherwise	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
Net sales	23 328	31 403	7 279	8 158
External net sales	13 538	15 947	4 165	4 188
Underlying operating profit before depreciation, amortisation and impairment losses	4 462	4 409	1 581	1 280
Underlying operating profit	978	550	784	232
Electricity generation - TWh	23.0	31.5	6.2	8.2
- of which, fossil-based power	22.7	31.1	6.1	8.1
- of which, biomass, waste	0.3	0.4	0.1	0.1
Sales of electricity business customers, TWh	1.2	1.2	0.3	0.3
Sales of heat, TWh	13.8	17.1	4.5	5.1
Number of employees, full-time equivalents	3 213	3 310	3 213	3 310

## Distribution

The Distribution Business Area comprises Vattenfall's electricity distribution operations in Sweden, Germany (Berlin) and the UK.

### High demand for electricity grid connections in Sweden

- Continued high demand for new connections to both the regional and local grids
- Development of regional capacity flexibility market through Sthlmflex project
- Commissioning of Sweden's largest battery storage facility in Uppsala

**Full year:** Net sales decreased due to lower distributed volumes in Swedish local grids and a lower contribution from Germany. Underlying operating profit increased as a result of lower operating expenses, which were elevated in 2019 by the impact of Storm Alfrida.

**Q4:** Net sales were unchanged compared with 2019. Underlying operating profit decreased as a result of a lower gross margin in the Swedish regional grids.

The electricity grid's central role in enabling the energy transition and electrification can be seen clearly in the continued high demand for new connections to the grid. Connection queries at both the regional and local levels are growing and pertain to everything from large wind farms and solar parks to private customers interested in generating their own electricity from solar panel systems. In parallel with this, the electricity grid needs to enable the transformation brought about by major industrial customers when their processes are electrified. A number of areas are experiencing capacity bottlenecks, and the situation in the greater Stockholm and Mälardal area is especially strained. Vattenfall is continuing its extensive work on upgrading and strengthening the electricity grid, and is working in parallel on developing new, innovative solutions that can contribute to reducing capacity shortages in the grid.

In the new Sthlmflex project Vattenfall – together with the TSO Svenska Kraftnät and the regional distribution network operator Ellevio – is developing a capacity flexibility market. Flexible electricity users can help reduce capacity bottlenecks in the electricity grid in Stockholm, and the aim of the market is to enable electricity distribution companies to buy flexibility services such as storage, generation or consumption reductions, which together contribute to a more efficient and dynamic energy system.



In Uppsala, Vattenfall's unregulated business, Network Solutions, is participating in an innovation project together with Uppsala Municipality in which Sweden's largest battery storage park, with a capacity of 5 MW, was recently put into operation. The permitting processes for building electricity grids are lengthy, and battery storage can help relieve the burden on the grid during capacity shortages in the interim until the grid can be expanded.

In early December the Swedish government presented a new memorandum calling for a special investment scope for electricity network companies. The proposal aims to increase the scope for investments in the electricity grid by enabling electricity grid companies to use unutilised revenue frames from the preceding regulation period. The proposal is currently out on circulation and is expected to take effect on 1 May 2021. Parallel with this, the legal process on revenue frames in Sweden continues. In October 2019 the Swedish Energy Markets Inspectorate communicated its decision on the revenue frames for the 2020–2023 regulatory period, and the weighted average cost of capital (WACC) was set at the low level of 2.16%, compared with 5.85% for the preceding regulatory period. The revenue frames for 2020–2023 have been appealed by many electricity distribution companies, including Vattenfall. The new revenue regulation is set in an ordinance, and the electricity distribution companies must prove that the decision is in violation of law as well as the ordinance. The new ordinance is very detailed, and according to the European Commission it may be in contravention of EU directives. The Swedish legal process is ongoing in the Administrative Court in Linköping and a judicial ruling is expected in early 2021. In the course of this process an additional company was added for comparison, and the regulator thereby reviewed the WACC calculation. The updated WACC is 2.35%, which is the level that will apply if the ordinance remains.

### KEY FIGURES – DISTRIBUTION

Amounts in SEK million unless indicated otherwise	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
Net sales	21 644	22 540	5 982	5 938
External net sales	16 970	17 903	4 736	4 719
Underlying operating profit before depreciation, amortisation and impairment losses	8 725	8 248	2 328	2 402
Underlying operating profit	5 325	4 998	1 454	1 544
Number of employees, full-time equivalents	2 366	2 247	2 366	2 247

## Other

*Other pertains mainly to all Staff functions, including Treasury and Shared Service Centres.*

Net sales consist primarily of revenues attributable to Vattenfall's service organisations such as Shared Services, IT and Vattenfall Insurance.

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### KEY FIGURES – OTHER

<b>Amounts in SEK million unless indicated otherwise</b>	<b>Full year 2020</b>	<b>Full year 2019</b>	<b>Oct-Dec 2020</b>	<b>Oct-Dec 2019</b>
Net sales	5 917	5 556	1 662	1 460
External net sales	180	164	43	65
Underlying operating profit before depreciation, amortisation and impairment losses	- 442	- 457	- 189	- 65
Underlying operating profit	- 1 290	- 1 274	- 397	- 279
Number of employees, full-time equivalents	2 731	2 678	2 731	2 678

# Consolidated income statement

Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
Net sales	158 847	166 360	44 032	46 179
Cost of purchases	- 76 225	- 87 580	- 20 243	- 24 789
Other external expenses	- 20 732	- 22 675	- 8 107	- 8 528
Personnel expenses	- 19 535	- 20 249	- 4 787	- 5 265
Other operating income and expenses, net	3 882	6 167	1 078	1 078
Participations in the results of associated companies	270	422	148	169
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>46 507</b>	<b>42 445</b>	<b>12 121</b>	<b>8 844</b>
Depreciation, amortisation and impairments	- 31 231	- 20 304	- 6 875	- 6 417
<b>Operating profit (EBIT)<sup>1</sup></b>	<b>15 276</b>	<b>22 141</b>	<b>5 246</b>	<b>2 427</b>
Financial income <sup>4</sup>	558	451	76	- 2
Financial expenses <sup>2,3,4</sup>	- 5 886	- 6 522	- 1 402	- 1 595
Return from the Swedish Nuclear Waste Fund	2 058	2 252	633	- 657
<b>Profit before income taxes</b>	<b>12 006</b>	<b>18 322</b>	<b>4 553</b>	<b>173</b>
Income taxes	- 4 290	- 3 461	1 174	315
<b>Profit for the period</b>	<b>7 716</b>	<b>14 861</b>	<b>5 727</b>	<b>488</b>
Attributable to owner of the Parent Company	6 489	13 173	5 132	151
Attributable to non-controlling interests	1 227	1 688	595	337
<b>Supplementary information</b>				
Underlying operating profit before depreciation, amortisation and impairment losses	44 041	43 940	12 415	13 165
Underlying operating profit	25 790	25 095	7 987	8 207
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 3 163	- 3 774	- 773	- 1 021
1) Including items affecting comparability	- 10 514	- 2 954	- 2 741	- 5 780
- of which, capital gains	301	3 538	86	49
- of which, capital losses	- 241	- 25	- 184	- 7
- of which, impairment losses	- 12 980	- 1 459	- 2 447	- 1 459
- of which, provisions	- 3 488	- 3 431	- 2 803	- 2 901
- of which, unrealised changes in the fair value of energy derivatives	4 753	- 1 688	1 967	- 1 789
- of which, unrealised changes in the fair value of inventories	476	- 556	418	125
- of which, restructuring costs	- 854	- 148	- 709	- 19
- of which, other non-recurring items affecting comparability	1 519	815	931	221
2) Including interest components related to pension costs	- 538	- 871	- 132	- 207
3) Including discounting effects attributable to provisions	- 2 165	- 2 297	- 553	- 576
4) Items affecting comparability recognised as financial income and expenses, net	- 1	- 1	- 1	—

# Consolidated statement of comprehensive income

Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
<b>Profit for the period</b>	<b>7 716</b>	<b>14 861</b>	<b>5 727</b>	<b>488</b>
<b>Other comprehensive income</b>				
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>				
Cash flow hedges - changes in fair value	3 023	181	3 287	- 858
Cash flow hedges - dissolved against income statement	4 310	- 5 641	267	- 2 267
Cash flow hedges - transferred to cost of hedged item	- 43	- 34	12	- 8
Hedging of net investments in foreign operations	1 808	- 1 275	1 864	682
Translation differences, divested companies	- 5	- 94	—	- 18
Translation differences	- 4 084	2 728	- 4 251	- 1 865
Income taxes related to items that will be reclassified	- 2 587	2 157	- 1 676	901
<b>Total items that will be reclassified to profit or loss when specific conditions are met</b>	<b>2 422</b>	<b>- 1 978</b>	<b>- 497</b>	<b>- 3 433</b>
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement pertaining to defined benefit obligations	- 1 505	- 4 577	- 2 224	3 301
Income taxes related to items that will not be reclassified	392	1 244	667	- 913
<b>Total items that will not be reclassified to profit or loss</b>	<b>- 1 113</b>	<b>- 3 333</b>	<b>- 1 557</b>	<b>2 388</b>
<b>Total other comprehensive income, net after income taxes</b>	<b>1 309</b>	<b>- 5 311</b>	<b>- 2 054</b>	<b>- 1 045</b>
<b>Total comprehensive income for the period</b>	<b>9 025</b>	<b>9 550</b>	<b>3 673</b>	<b>- 557</b>
Attributable to owner of the Parent Company	8 260	7 757	3 563	- 532
Attributable to non-controlling interests	765	1 793	110	- 25

# Operating segments, Vattenfall Group

Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
<b>External net sales</b>				
Customers & Solutions	84 661	87 343	23 470	25 078
Power Generation	36 597	38 425	9 571	10 230
Wind	6 901	6 578	2 047	1 899
Heat	13 538	15 947	4 165	4 188
Distribution	16 970	17 903	4 736	4 719
- of which, Distribution Germany	5 464	6 498	1 339	1 599
- of which, Distribution Sweden	11 377	11 288	3 358	3 086
Other <sup>1</sup>	180	164	43	65
<b>Total</b>	<b>158 847</b>	<b>166 360</b>	<b>44 032</b>	<b>46 179</b>
<b>Internal net sales</b>				
Customers & Solutions	1 637	2 516	461	695
Power Generation	53 536	63 953	15 254	17 448
Wind	6 664	6 914	1 912	2 091
Heat	9 790	15 456	3 114	3 970
Distribution	4 674	4 637	1 246	1 219
- of which, Distribution Germany	4 107	4 156	1 110	1 078
- of which, Distribution Sweden	597	509	142	147
Other <sup>1</sup>	5 737	5 392	1 619	1 395
Eliminations	- 82 038	- 98 868	- 23 606	- 26 818
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total net sales</b>				
Customers & Solutions	86 298	89 859	23 931	25 773
Power Generation	90 133	102 378	24 825	27 678
Wind	13 565	13 492	3 959	3 990
Heat	23 328	31 403	7 279	8 158
Distribution	21 644	22 540	5 982	5 938
- of which, Distribution Germany	9 571	10 654	2 449	2 677
- of which, Distribution Sweden	11 974	11 797	3 500	3 233
Other <sup>1</sup>	5 917	5 556	1 662	1 460
Eliminations	- 82 038	- 98 868	- 23 606	- 26 818
<b>Total</b>	<b>158 847</b>	<b>166 360</b>	<b>44 032</b>	<b>46 179</b>



Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
<b><u>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</u></b>				
Customers & Solutions	2 832	2 976	456	1 158
Power Generation	23 144	13 642	6 580	220
Wind	9 482	9 645	3 045	3 148
Heat	2 644	4 957	- 187	1 839
Distribution	8 713	8 236	2 326	2 397
- of which, Distribution Germany	2 162	2 175	539	562
- of which, Distribution Sweden	6 505	6 018	1 766	1 827
Other <sup>1</sup>	- 299	3 097	- 204	- 18
Eliminations	- 9	- 108	105	100
<b>Total</b>	<b>46 507</b>	<b>42 445</b>	<b>12 121</b>	<b>8 844</b>
<b><u>Underlying operating profit before depreciation, amortisation and impairment losses</u></b>				
Customers & Solutions	3 083	3 021	611	1 180
Power Generation	18 796	19 207	4 997	5 148
Wind	9 426	9 620	2 982	3 120
Heat	4 462	4 409	1 581	1 280
Distribution	8 725	8 248	2 328	2 402
- of which, Distribution Germany	2 174	2 189	542	567
- of which, Distribution Sweden	6 505	6 016	1 766	1 827
Other <sup>1</sup>	- 442	- 457	- 189	- 65
Eliminations	- 9	- 108	105	100
<b>Total</b>	<b>44 041</b>	<b>43 940</b>	<b>12 415</b>	<b>13 165</b>
Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
<b><u>Operating profit (EBIT)</u></b>				
Customers & Solutions	1 882	1 157	231	588
Power Generation	18 984	9 870	5 490	- 746
Wind	2 401	3 603	1 639	1 132
Heat	- 12 149	354	- 3 257	46
Distribution	5 313	4 986	1 452	1 540
- of which, Distribution Germany	1 081	1 118	266	277
- of which, Distribution Sweden	4 225	3 858	1 177	1 265
Other <sup>1</sup>	- 1 146	2 279	- 414	- 233
Eliminations	- 9	- 108	105	100
<b>Operating profit (EBIT)</b>	<b>15 276</b>	<b>22 141</b>	<b>5 246</b>	<b>2 427</b>
Operating profit (EBIT)	15 276	22 141	5 246	2 427
Financial net	- 3 270	- 3 819	- 693	- 2 254
<b>Profit before tax</b>	<b>12 006</b>	<b>18 322</b>	<b>4 553</b>	<b>173</b>
<b><u>Underlying operating profit</u></b>				
Customers & Solutions	2 146	1 337	387	744
Power Generation	14 670	15 437	3 938	4 186
Wind	3 970	4 155	1 716	1 680
Heat	978	550	784	232
Distribution	5 325	4 998	1 454	1 544
- of which, Distribution Germany	1 093	1 132	268	281
- of which, Distribution Sweden	4 225	3 856	1 177	1 265
Other <sup>1</sup>	- 1 290	- 1 274	- 397	- 279
Eliminations	- 9	- 108	105	100
<b>Underlying operating profit</b>	<b>25 790</b>	<b>25 095</b>	<b>7 987</b>	<b>8 207</b>

1) "Other" pertains mainly to all Staff functions, including Treasury, Shared Service Centres and material capital gains and -losses.

# Consolidated balance sheet

Amounts in SEK million	31 Dec 2020	31 Dec 2019
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets: non-current	16 524	18 735
Property, plant and equipment	249 120	256 700
Participations in associated companies and joint arrangements	4 347	4 827
Other shares and participations	304	333
Share in the Swedish Nuclear Waste Fund	48 270	45 691
Derivative assets	9 449	7 788
Deferred tax assets	13 824	14 583
Other non-current receivables	5 529	5 537
<b>Total non-current assets</b>	<b>347 367</b>	<b>354 194</b>
<b>Current assets</b>		
Inventories	16 828	13 353
Intangible assets: current	192	135
Trade receivables and other receivables	23 812	26 345
Contract assets	416	188
Advance payments paid	1 046	3 996
Derivative assets	9 962	10 080
Prepaid expenses and accrued income	6 935	7 853
Current tax assets	280	1 163
Short-term investments	30 148	22 551
Cash and cash equivalents	26 074	10 604
Assets held for sale	188	318
<b>Total current assets</b>	<b>115 881</b>	<b>96 586</b>
<b>Total assets</b>	<b>463 248</b>	<b>450 780</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Attributable to owner of the Parent Company	97 724	93 631
Attributable to non-controlling interests	13 468	14 891
<b>Total equity</b>	<b>111 192</b>	<b>108 522</b>
<b>Non-current liabilities</b>		
Hybrid Capital	19 304	20 164
Other interest-bearing liabilities	49 091	52 405
Pension provisions	43 824	44 026
Other interest-bearing provisions	108 665	102 395
Derivative liabilities	7 924	7 833
Deferred tax liabilities	17 617	14 713
Contract liabilities	8 752	8 462
Other noninterest-bearing liabilities	1 994	2 134
<b>Total non-current liabilities</b>	<b>257 171</b>	<b>252 132</b>
<b>Current liabilities</b>		
Trade payables and other liabilities	24 912	27 809
Advance payments received	5 794	1 577
Derivative liabilities	8 901	13 701
Accrued expenses and deferred income	14 558	17 098
Current tax liabilities	838	1 502
Other interest-bearing liabilities	36 380	25 058
Interest-bearing provisions	3 462	3 371
Liabilities associated with assets held for sale	40	10
<b>Total current liabilities</b>	<b>94 885</b>	<b>90 126</b>
<b>Total equity and liabilities</b>	<b>463 248</b>	<b>450 780</b>

## SUPPLEMENTARY INFORMATION

Amounts in SEK million	31 Dec 2020	31 Dec 2019
<b>Calculation of capital employed</b>		
Intangible assets: current and non-current	16 716	18 870
Property, plant and equipment	249 120	256 700
Participations in associated companies and joint arrangements	4 347	4 827
Deferred and current tax assets	14 104	15 746
Non-current noninterest-bearing receivables	3 853	3 758
Contract assets	416	188
Inventories	16 828	13 353
Trade receivables and other receivables	23 812	26 345
Prepaid expenses and accrued income	6 935	7 853
Unavailable liquidity	5 374	3 859
Other	483	530
<b>Total assets excl. financial assets</b>	<b>341 988</b>	<b>352 029</b>
Deferred and current tax liabilities	- 18 455	- 16 215
Other noninterest-bearing liabilities	- 1 994	- 2 134
Contract liabilities	- 8 752	- 8 462
Trade payable and other liabilities	- 24 912	- 27 809
Accrued expenses and deferred income	- 14 558	- 17 098
Other	- 232	- 186
<b>Total noninterest-bearing liabilities</b>	<b>- 68 903</b>	<b>- 71 904</b>
Other interest-bearing provisions not related to adjusted net debt <sup>1</sup>	- 10 619	- 11 314
<b>Capital employed<sup>2</sup></b>	<b>262 466</b>	<b>268 811</b>
<b>Capital employed, average</b>	<b>265 639</b>	<b>260 190</b>
<b>Calculation of net debt</b>		
Hybrid Capital	- 19 304	- 20 164
Bond issues and liabilities to credit institutions	- 49 642	- 38 829
Short-term debt, commercial papers and repo	- 13 268	- 17 453
Present value of liabilities pertaining to acquisitions of Group companies	- 1	- 28
Liabilities to associated companies	- 688	- 733
Liabilities to owners of non-controlling interests	- 10 931	- 10 647
Other liabilities	- 10 941	- 9 773
<b>Total interest-bearing liabilities</b>	<b>- 104 775</b>	<b>- 97 627</b>
Cash and cash equivalents	26 074	10 604
Short-term investments	30 148	22 551
Loans to owners of non-controlling interests in foreign Group companies	375	206
<b>Net debt<sup>2</sup></b>	<b>- 48 178</b>	<b>- 64 266</b>
<b>Calculation of adjusted gross debt and net debt</b>		
Total interest-bearing liabilities	- 104 775	- 97 627
50% of Hybrid Capital <sup>3</sup>	9 652	10 082
Present value of pension obligations	- 43 824	- 44 026
Provisions for gas and wind operations and other environment-related provisions	- 10 599	- 8 571
Provisions for nuclear power (net) <sup>4</sup>	- 37 794	- 35 521
Margin calls received	4 081	3 706
Liabilities to owners of non-controlling interests due to consortium agreements	10 931	10 647
<b>Adjusted gross debt</b>	<b>- 172 328</b>	<b>- 161 310</b>
Reported cash and cash equivalents and short-term investments	56 222	33 155
Unavailable liquidity	- 5 374	- 3 859
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>50 848</b>	<b>29 296</b>
<b>Adjusted net debt<sup>2</sup></b>	<b>- 121 480</b>	<b>- 132 014</b>

1) Includes personnel-related provisions for non-pension purposes, provisions for tax and legal disputes and certain other provisions.

2) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

3) 50% of Hybrid Capital is treated as equity by the rating agencies, which thereby reduces adjusted net debt.

4) The calculation is based on Vattenfall's share of ownership in the respective nuclear power plants, less Vattenfall's share in the Swedish Nuclear Waste Fund and liabilities to associated companies. Vattenfall has the following ownership interests in the respective plants: Forsmark 66%, Ringhals 70.4%, Brokdorf 20%, Brunsbüttel 66.7%, Krümmel 50% and Stade 33.3%. (According to a special agreement, Vattenfall is responsible for 100% of the provisions for Ringhals.)

# Consolidated statement of cash flows

Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
<b>Operating activities</b>				
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	46 507	42 445	12 121	8 844
Tax paid	- 2 719	- 1 528	- 420	- 522
Capital gains/losses, net	- 62	- 3 513	102	- 41
Interest received	183	329	72	156
Interest paid	- 2 808	- 2 969	- 420	- 252
Other, incl. non-cash items	- 6 077	185	- 87	3 335
<b>Funds from operations (FFO)</b>	<b>35 024</b>	<b>34 949</b>	<b>11 368</b>	<b>11 520</b>
Changes in inventories	- 1 315	- 196	- 2 584	- 219
Changes in operating receivables	- 1 344	- 6 294	- 6 094	- 8 159
Changes in operating liabilities	- 3 726	9 171	2 742	9 662
Margin calls	12 588	- 20 733	9 238	- 7 900
Other changes	465	- 178	184	86
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>6 668</b>	<b>- 18 230</b>	<b>3 486</b>	<b>- 6 530</b>
<b>Cash flow from operating activities</b>	<b>41 692</b>	<b>16 719</b>	<b>14 854</b>	<b>4 990</b>
<b>Investing activities</b>				
Acquisitions in Group companies	- 86	- 754	- 19	- 2
Investments in associated companies and other shares and participations	223	256	78	20
Other investments in non-current assets	- 21 484	- 26 335	- 5 710	- 9 810
<b>Total investments</b>	<b>- 21 347</b>	<b>- 26 833</b>	<b>- 5 651</b>	<b>- 9 792</b>
Divestments	1 237	7 452	557	150
Cash and cash equivalents in acquired companies	20	148	20	1
Cash and cash equivalents in divested companies	- 80	- 3 542	4	84
<b>Cash flow from investing activities</b>	<b>- 20 170</b>	<b>- 22 775</b>	<b>- 5 070</b>	<b>- 9 557</b>
<b>Cash flow before financing activities</b>	<b>21 522</b>	<b>- 6 056</b>	<b>9 784</b>	<b>- 4 567</b>
<b>Financing activities</b>				
Changes in short-term investments	- 8 926	559	- 2 659	- 1 913
Changes in loans to owners of non-controlling interests in foreign Group companies	- 185	282	57	33
Loans raised <sup>1</sup>	21 471	12 622	545	3 373
Amortisation of debt pertaining to acquisitions of Group companies	- 27	- 23	—	—
Amortisation of other debt	- 12 156	- 12 001	- 1 057	2 072
Effect of early termination of swaps related to financing activities	—	—	—	- 258
Dividends paid to owners	- 5 298	- 3 714	- 275	- 266
Contribution to/from owners of non-controlling interests	- 829	- 1 138	- 364	- 466
<b>Cash flow from financing activities</b>	<b>- 5 950</b>	<b>- 3 413</b>	<b>- 3 753</b>	<b>2 575</b>
<b>Cash flow for the period</b>	<b>15 572</b>	<b>- 9 469</b>	<b>6 031</b>	<b>- 1 992</b>
Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
<b>Cash and cash equivalents</b>				
Cash and cash equivalents at start of period	10 604	17 094	20 180	12 773
Cash and cash equivalents included in assets held for sale	—	2 992	—	—
Cash flow for the period	15 572	- 9 469	6 031	- 1 992
Translation differences	- 102	- 13	- 137	- 177
<b>Cash and cash equivalents at end of period</b>	<b>26 074</b>	<b>10 604</b>	<b>26 074</b>	<b>10 604</b>

## SUPPLEMENTARY INFORMATION

Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
<b>Cash flow before financing activities</b>	<b>21 522</b>	<b>- 6 056</b>	<b>9 784</b>	<b>- 4 567</b>
<b>Financing activities</b>				
Effects from terminating swaps related to financing activities	—	—	—	- 258
Dividends paid to owners	- 5 298	- 3 714	- 275	- 266
Contribution to/from owners of non-controlling interests	- 829	- 1 138	- 364	- 466
<b>Cash flow after dividend</b>	<b>15 395</b>	<b>- 10 908</b>	<b>9 145</b>	<b>- 5 557</b>
<b>Analysis of change in net debt</b>				
Net debt at start of period	- 64 266	- 47 728	- 58 858	- 59 648
Change accounting principles	—	- 4 609	—	—
Cash flow after dividend	15 395	- 10 908	9 145	- 5 557
Changes as a result of valuation at fair value	- 171	- 456	141	416
Changes in interest-bearing liabilities for leasing	- 2 837	- 711	- 1 712	- 177
Interest-bearing liabilities/short-term investments acquired/divested	24	- 11	—	- 9
Cash and cash equivalents included in assets held for sale	—	2 992	—	—
Interest-bearing liabilities associated with assets held for sale	—	- 792	—	2
Translation differences on net debt	3 677	- 2 043	3 106	707
<b>Net debt at end of period</b>	<b>- 48 178</b>	<b>- 64 266</b>	<b>- 48 178</b>	<b>- 64 266</b>
Cash flow from operating activities	41 692	16 719	14 854	4 990
Maintenance/replacement investments	- 12 539	- 15 148	- 4 655	- 6 161
<b>Free cash flow<sup>2</sup></b>	<b>29 153</b>	<b>1 571</b>	<b>10 199</b>	<b>- 1 171</b>

- 1) Short-term borrowings in which the duration is three months or shorter are reported net.  
2) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

## INVESTMENTS

Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
<b>Electricity generation</b>				
Hydro power	920	920	349	352
Nuclear power	1 877	2 213	499	583
Coal power	22	139	15	77
Gas	192	277	33	110
Wind power and solar PV	7 709	7 501	2 568	1 972
Biomass, waste	295	149	71	58
<b>Total electricity generation</b>	<b>11 015</b>	<b>11 199</b>	<b>3 535</b>	<b>3 152</b>
<b>CHP/heat</b>				
Fossil-based power	1 261	2 134	396	659
Heat networks	1 400	1 522	598	643
Other	933	760	418	293
<b>Total CHP/heat</b>	<b>3 594</b>	<b>4 416</b>	<b>1 412</b>	<b>1 595</b>
<b>Electricity networks</b>				
Electricity networks	7 435	7 071	2 511	2 939
<b>Total electricity networks</b>	<b>7 435</b>	<b>7 071</b>	<b>2 511</b>	<b>2 939</b>
Purchases of shares, shareholder contributions	- 137	498	- 59	- 18
Other	1 690	1 754	512	796
<b>Total investments</b>	<b>23 597</b>	<b>24 938</b>	<b>7 911</b>	<b>8 464</b>
Accrued investments, unpaid invoices (-)/ release of accrued investments (+)	- 2 250	1 895	- 2 260	1 328
<b>Total investments with cash flow effect</b>	<b>21 347</b>	<b>26 833</b>	<b>5 651</b>	<b>9 792</b>

# Consolidated statement of changes in equity

Amounts in SEK million	31 Dec 2020			31 Dec 2019		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
<b>Balance brought forward</b>	<b>93 631</b>	<b>14 891</b>	<b>108 522</b>	<b>88 096</b>	<b>15 501</b>	<b>103 597</b>
<b>Profit for the period</b>	<b>6 489</b>	<b>1 227</b>	<b>7 716</b>	<b>13 173</b>	<b>1 688</b>	<b>14 861</b>
Cash flow hedges - changes in fair value	3 023	—	3 023	181	—	181
Cash flow hedges - dissolved against income statement	4 344	- 34	4 310	- 5 624	- 17	- 5 641
Cash flow hedges - transferred to cost of hedged item	- 43	—	- 43	- 34	—	- 34
Hedging of net investments in foreign operations	1 808	—	1 808	- 1 275	—	- 1 275
Translation differences, divested companies	- 5	—	- 5	- 94	—	- 94
Translation differences	- 3 684	- 400	- 4 084	2 504	224	2 728
Remeasurement pertaining to defined benefit obligations	- 1 465	- 40	- 1 505	- 4 443	- 134	- 4 577
Income taxes related to other comprehensive income	- 2 207	12	- 2 195	3 369	32	3 401
<b>Total other comprehensive income for the period</b>	<b>1 771</b>	<b>- 462</b>	<b>1 309</b>	<b>- 5 416</b>	<b>105</b>	<b>- 5 311</b>
<b>Total comprehensive income for the period</b>	<b>8 260</b>	<b>765</b>	<b>9 025</b>	<b>7 757</b>	<b>1 793</b>	<b>9 550</b>
Dividends paid to owners	- 3 623	- 1 675	- 5 298	- 2 000	- 1 714	- 3 714
Group contributions from(+)/to(-) owners of non-controlling interests	—	- 1	- 1	—	30	30
Contribution to/from owners of non-controlling interests	—	- 829	- 829	—	- 1 138	- 1 138
Changes as a result of changed ownership	—	- 227	- 227	—	197	197
Other changes	- 544	544	—	- 222	222	—
<b>Total transactions with equity holders</b>	<b>- 4 167</b>	<b>- 2 188</b>	<b>- 6 355</b>	<b>- 2 222</b>	<b>- 2 403</b>	<b>- 4 625</b>
<b>Balance carried forward</b>	<b>97 724</b>	<b>13 468</b>	<b>111 192</b>	<b>93 631</b>	<b>14 891</b>	<b>108 522</b>
- Of which, Reserve for hedges	1 970	- 5	1 965	- 3 147	22	- 3 125

# Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times <sup>1</sup>	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
Operating margin	9.6	13.3	11.9	5.3
Operating margin <sup>2</sup>	16.2	15.1	18.1	17.8
Pre-tax profit margin	7.6	11.0	10.3	0.4
Pre-tax profit margin <sup>2</sup>	14.2	12.8	16.6	12.9
Return on equity	6.7	14.0	6.7 <sup>3</sup>	14.0 <sup>3</sup>
Return on capital employed	5.8	8.5	5.8 <sup>3</sup>	8.5 <sup>3</sup>
Return on capital employed <sup>2</sup>	9.7	9.6	9.7 <sup>3</sup>	9.6 <sup>3</sup>
EBIT interest cover, (x)	4.3	5.3	4.3 <sup>3</sup>	5.3 <sup>3</sup>
EBIT interest cover, (x) <sup>2</sup>	7.1	6.0	7.1 <sup>3</sup>	6.0 <sup>3</sup>
FFO interest cover, (x)	10.4	9.3	10.4 <sup>3</sup>	9.3 <sup>3</sup>
FFO interest cover, net, (x)	12.1	10.3	12.1 <sup>3</sup>	10.3 <sup>3</sup>
Cash flow interest cover after maintenance investments, (x)	10.2	1.5	10.2 <sup>3</sup>	1.5 <sup>3</sup>
FFO/gross debt	33.4	35.8	33.4 <sup>3</sup>	35.8 <sup>3</sup>
FFO/net debt	72.7	54.4	72.7 <sup>3</sup>	54.4 <sup>3</sup>
FFO/adjusted net debt	28.8	26.5	28.8 <sup>3</sup>	26.5 <sup>3</sup>
EBITDA/net financial items, (x)	14.7	11.2	15.7	8.7
EBITDA/net financial items, (x) <sup>2</sup>	13.9	11.6	16.1	12.9
Equity/Total assets	24.0	24.1	24.0	24.1
Gross debt/equity	94.2	90.0	94.2	90.0
Net debt/equity	43.3	59.2	43.3	59.2
Gross debt/gross debt plus equity	48.5	47.4	48.5	47.4
Net debt/net debt plus equity	30.2	37.2	30.2	37.2
Net debt/EBITDA, (x)	1.0	1.5	1.0 <sup>3</sup>	1.5 <sup>3</sup>
Adjusted net debt/EBITDA, (x)	2.6	3.1	2.6 <sup>3</sup>	3.1 <sup>3</sup>

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

2) Based on Underlying operating profit.

3) Last 12-month values.



# Quarterly information, Vattenfall Group

Amounts in SEK million	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Income statement</b>								
Net sales	44 032	35 375	31 280	48 160	46 179	35 938	34 691	49 552
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	12 121	9 235	8 251	16 900	8 844	13 499	7 515	12 587
Underlying Operating profit before depreciation, amortisation and impairment losses	12 415	9 378	7 471	14 773	13 165	8 416	8 268	14 092
Operating profit (EBIT)	5 246	4 743	- 7 027	12 313	2 427	8 677	2 869	8 168
Underlying operating profit	7 987	4 818	2 792	10 187	8 207	3 594	3 622	9 673
Profit before income taxes	4 553	1 134	- 5 969	8 895	173	7 798	2 490	7 861
Profit for the period	5 727	3 583	- 8 495	6 900	488	6 700	1 253	6 420
- of which, attributable to owner of the Parent Company	5 132	3 595	- 8 826	6 587	151	6 375	935 <sup>1</sup>	5 713 <sup>1</sup>
- of which, attributable to non-controlling interests	595	- 12	331	313	337	325	318 <sup>1</sup>	707 <sup>1</sup>
<b>Balance sheet</b>								
Non-current assets	347 367	349 258	346 574	365 151	354 194	354 122	349 931	343 569
Short-term investments	30 148	29 041	22 821	22 972	22 551	21 156	17 330	14 555
Cash and cash equivalents	26 074	20 180	19 813	8 734	10 604	12 773	11 676	12 233
Other current assets	59 659	51 176	63 875	95 437	63 431	58 339	75 095	84 164
<b>Total assets</b>	<b>463 248</b>	<b>449 655</b>	<b>453 083</b>	<b>492 294</b>	<b>450 780</b>	<b>446 390</b>	<b>454 032</b>	<b>454 521</b>
Equity	111 192	107 862	103 383	122 277	108 522	109 461	104 815	108 613
- of which, attributable to owner of the Parent Company	97 724	94 705	90 160	107 008	93 631	94 385	90 128 <sup>1</sup>	92 680 <sup>1</sup>
- of which, attributable to non-controlling interests	13 468	13 157	13 223	15 269	14 891	15 076	14 687 <sup>1</sup>	15 933 <sup>1</sup>
Hybrid Capital	19 304	20 182	20 242	21 098	20 164	20 622	20 272	20 096
Other interest-bearing liabilities	85 471	88 347	94 526	92 747	77 463	73 199	81 441	79 513
Pension provisions	43 824	43 246	43 174	42 660	44 026	48 321	44 560	40 037
Other interest-bearing provisions	112 127	108 193	108 620	107 183	105 766	98 952	98 983	98 076
Contract liabilities	8 752	8 800	8 620	8 589	8 462	8 391	8 163	7 819
Deferred tax liabilities	17 617	16 359	16 262	16 971	14 713	14 406	14 297	14 725
Other noninterest-bearing liabilities	64 961	56 666	58 256	80 769	71 664	73 038	81 501	85 642
<b>Total equity and liabilities</b>	<b>463 248</b>	<b>449 655</b>	<b>453 083</b>	<b>492 294</b>	<b>450 780</b>	<b>446 390</b>	<b>454 032</b>	<b>454 521</b>
Capital employed	262 466	260 921	266 641	287 567	268 811	265 390	270 533	270 536
Net debt	- 48 178	- 58 858	- 71 613	- 81 579	- 64 266	- 59 648	- 72 455	- 72 539
<b>Cash flow</b>								
Funds from operations (FFO)	11 368	7 000	4 420	12 235	11 520	7 583	6 057	9 789
Cash flow from changes in operating assets and operating liabilities	3 486	12 447	11 504	- 20 768	- 6 530	6 026	3 028	- 20 754
Cash flow from operating activities	14 854	19 447	15 924	- 8 533	4 990	13 609	9 085	- 10 965
Cash flow from investing activities	- 5 070	- 5 449	- 5 100	- 4 552	- 9 557	- 1 497	- 5 680	- 6 041
Cash flow before financing activities	9 784	13 998	10 824	- 13 085	- 4 567	12 112	3 405	- 17 006
Changes in short-term investments	- 2 659	- 6 059	- 892	684	- 1 913	- 3 636	- 2 610	8 718
Loans raised/Amortisation of debt, net, etc.	- 819	- 7 027	5 549	10 572	4 754	- 9 984	1 214	3 759
Dividends paid to owners	- 275	- 561	- 4 462	—	- 266	- 822	- 2 627	—
Cash flow from financing activities	- 3 753	- 13 647	195	11 256	2 575	- 14 442	- 4 023	12 477
<b>Cash flow for the period</b>	<b>6 031</b>	<b>351</b>	<b>11 019</b>	<b>- 1 829</b>	<b>- 1 992</b>	<b>- 2 330</b>	<b>- 618</b>	<b>- 4 529</b>
<b>Free cash flow</b>	<b>10 199</b>	<b>17 161</b>	<b>12 656</b>	<b>- 10 865</b>	<b>- 1 171</b>	<b>10 940</b>	<b>6 725</b>	<b>- 14 921</b>

1) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

In % unless otherwise stated. (x) means times <sup>1</sup>	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Key ratios</b>								
Return on equity <sup>1</sup>	6.7	1.5	4.4	14.4	14.0	16.8	12.0 <sup>4</sup>	13.8 <sup>4</sup>
Return on capital employed <sup>2</sup>	5.8	4.7	6.1	9.4	8.5	9.2	7.1	7.1
Return on capital employed <sup>2,3</sup>	9.7	9.9	9.2	9.2	9.6	8.3	7.5	7.6
EBIT interest cover, (x) <sup>2</sup>	4.3	3.3	4.1	5.7	5.3	6.0	5.1	5.1
EBIT interest cover, (x) <sup>2,3</sup>	7.1	6.8	6.1	5.6	6.0	5.4	5.4	5.4
FFO/gross debt <sup>2</sup>	33.4	32.4	31.2	32.8	35.8	32.7	25.9	24.4
FFO/net debt <sup>2</sup>	72.7	59.8	49.9	45.8	54.4	51.5	36.4	33.5
FFO/adjusted net debt <sup>2</sup>	28.8	27.9	25.5	25.2	26.5	24.5	19.2	18.1
Equity/assets ratio	24.0	24.0	22.8	24.8	24.1	24.5	23.1	23.9
Gross debt/equity	94.2	100.6	111.0	93.1	90.0	85.7	97.0	91.7
Net debt/equity	43.3	54.6	69.3	66.7	59.2	54.5	69.1	66.8
Net debt/net debt plus equity	30.2	35.3	40.9	40.0	37.2	35.3	40.9	40.0
Net debt/EBITDA, (x) <sup>2</sup>	1.0	1.4	1.5	1.7	1.5	1.4	2.0	2.0
Adjusted net debt/EBITDA, (x) <sup>2</sup>	2.6	2.9	3.0	3.2	3.1	3.0	3.7	3.7

- 1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.
- 2) Last 12-month values.
- 3) Based on Underlying operating profit.
- 4) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

## NOTE 1 | Accounting policies, risks and uncertainties

### Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 – “Interim Financial Reporting”, and the Swedish Annual Accounts Act. The accounting policies and calculation methods applied in this interim report are the same as those described in Vattenfall’s 2019 Annual and Sustainability Report in Note 3 to the consolidated accounts, Accounting policies. Amended IFRSs endorsed by the EU for application in the 2020 financial year have no significant effect on Vattenfall’s financial statements.

### Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall’s 2019 Annual and Sustainability Report, pages 62-71. Apart from the information provided under “Business highlights” in this report and under “Business highlights” in previously published interim reports in 2020, no other material changes have taken place since the publication. Furthermore, the group assesses that materialized risks following Covid-19 are still in line with Vattenfall’s risk assessments for the Annual and Sustainability Report 2019. However, the probability of

downside events has significantly increased compared to the pre-Covid-19 world

### Other

Significant related-party transactions are described in Note 44 to the consolidated accounts in Vattenfall’s 2019 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties since the publication. In addition to the significant contingent liabilities described in Note 40 to the consolidated accounts in Vattenfall’s 2019 Annual and Sustainability Report, the Nuclear Power plant Kernkraftwerk Krümmel GmbH & Co. OHG, in which Vattenfall has a shareholding of 50%, sold additional production rights to the co-shareholder PreussenElektra GmbH. Vattenfall’s share of the sales price for the production rights sold during 2020 is SEK 2.8 billion. Early January 2021 additional production rights has been sold where Vattenfall’s share of the sales price is SEK 1.4 billion, including this, Vattenfall’s accumulated share is SEK 5.5 billion. The price for all production rights sold is subject to a court proceeding initiated by PreussenElektra. Should a lower price be confirmed by the court, a repayment must be made.

## NOTE 2 | Exchange rates

### KEY EXCHANGE RATES APPLIED IN THE ACCOUNTS OF THE VATTENFALL GROUP

	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
<b>Average rate</b>				
EUR	10.4789	10.5572	10.2871	10.5980
DKK	1.4056	1.4140	1.3820	1.4188
GBP	11.8334	12.0391	11.3916	12.2887
USD	9.1718	9.4180	8.6406	9.5800
			<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
<b>Balance sheet date rate</b>				
EUR			10.0343	10.4468
DKK			1.3485	1.3982
GBP			11.1613	12.2788
USD			8.1773	9.2993

## NOTE 3 | Financial instruments by measurement category and related effects on income

For assets and liabilities with a remaining maturity less than three months (e.g., cash and bank balances, trade receivables and other receivables and trade payables and other payables), fair value is considered to be equal to the carrying amount. For other shares and participations the fair value is approximated by using cost.

The carrying amounts of financial assets do not differ significantly from their fair values. The difference between carrying amounts and fair values for financial liabilities amounts to SEK 8,509 million (31 December 2019: 7,580).

Financial instruments that are measured at fair value on the balance sheet are described below according to the fair value hierarchy (levels), which in IFRS 13 is defined as:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). In Level 2 Vattenfall reports mainly commodity derivatives, currency-forward contracts and interest rate swaps.

**Level 3:** Inputs for the asset or liability that are not based on observable market data.

### FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 DECEMBER 2020

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Share in the Swedish Nuclear Waste Fund	48 270	—	—	48 270
Derivative assets	—	18 911	500	19 411
Short-term investments, cash equivalents and other shares and participations	29 900	8 011	—	37 911
<b>Total assets</b>	<b>78 170</b>	<b>26 922</b>	<b>500</b>	<b>105 592</b>
<b>Liabilities</b>				
Derivative liabilities	—	16 825	—	16 825
<b>Total liabilities</b>	<b>—</b>	<b>16 825</b>	<b>—</b>	<b>16 825</b>

### FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 DECEMBER 2019

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Share in the Swedish Nuclear Waste Fund	45 691	—	—	45 691
Derivative assets	—	17 490	377	17 867
Short-term investments, cash equivalents and other shares and participations	15 870	8 430	—	24 300
<b>Total assets</b>	<b>61 561</b>	<b>25 920</b>	<b>377</b>	<b>87 858</b>
<b>Liabilities</b>				
Derivative liabilities	—	21 514	20	21 534
<b>Total liabilities</b>	<b>—</b>	<b>21 514</b>	<b>20</b>	<b>21 534</b>

## NOTE 4 | Acquired and divested operations

### Divested operations

On 20<sup>th</sup> of February 2020, Vattenfall signed an agreement to sell its 55% shareholding in the waste incineration plant Müllverwertung Rugenberger Damm GmbH (MVR), to the co-shareholder Stadtreinigung Hamburg, a

subsidiary of the City of Hamburg. The transaction received approval from the cartel office and was closed in the beginning of May. The consideration received amounts to SEK 506 million and the capital gain to SEK 207 million.

## NOTE 5 | Impairment losses and reversed impairment losses

### Accounting policy

Assessments are made on a regular basis throughout the year for any indication that an asset may have decreased in value. If any such indication is identified, the asset's recoverable amount is estimated, and an impairment test is performed. For a description of the principles for such calculations, please refer to Note 9 to the consolidated accounts in Vattenfall's 2019 Annual and Sustainability Report. During 2020 a change has been implemented relating to cash generating units within business area Wind whereby cash generating units now consists of onshore respective offshore wind power plants in the respective countries where Vattenfall operates within the business area.

### Impairment losses 2020

During the period impairment losses of SEK 12,980 million have been charged against operating profit. Of this amount, SEK 11,337 million pertains to the Moorburg power plant in business area Heat. In business area Wind, impairment losses of SEK 1,609 million were recognised in units in Sweden, Denmark and UK. The remaining amount pertains to smaller impairments.

In addition to the above, deferred tax assets in Germany were written down by SEK 401 million as poorer market conditions have led to greater uncertainty as to whether these can be utilised, resulting in a higher tax expense during the period.

No previously recognised impairment losses have been reversed in the income statement.

## NOTE 6 | Effects of COVID-19

### Overall effect on operations

Fundamentally the impact of the general societal shutdown on Vattenfall's operations is not significant. Vattenfall has not utilised government support for short-term work and employee furloughs in any market. All plants have continued to deliver according to plan.

### Expected credit losses

In addition to what is described in Note 1 about risks and uncertainties, Vattenfall has in earlier reports 2020 increased its provision for expected credit losses, as the assessment was that slightly more customers than

previously were expected to encounter payment difficulties. The financial effect on the group amounted in Q3 to SEK 50 million. This provision has now been released as no general increase in customers having payment difficulties was observed. For a description of the accounting policy for provisions to loss reserves, see Note 23 to the consolidated accounts in Vattenfall's 2019 Annual and Sustainability Report.

# The Parent Company Vattenfall AB

## Accounting policies

The Parent Company Vattenfall AB's accounts are prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 – Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The accounting policies used in this interim report are the same as those described in Vattenfall's 2019 Annual and Sustainability Report, Note 3 to the Parent Company accounts, Accounting policies. New accounting policies applicable from 1 January 2020 has had no significant effect on the Parent Company's financial statements.

## January – December 2020

A condensed income statement and balance sheet for the Parent Company are presented below.

- Net sales amounted to SEK 41,969 million (49,807).
- Profit before appropriations and income taxes was SEK 11,162 million (21,088).
- Lower prices on electricity had a negative effect on earnings, unrealized changes in fair value of energy derivatives impacted positively. Dividend received from subsidiaries amounted to SEK 703 million (8,226). Lower financial expenses due to exchange rate effects impacted earnings positively.
- The balance sheet total was SEK 305,916 million (31 December 2019: 282,662).

- Investments during the period amounted to SEK 3,006 million (11,917), Whereof SEK 526 million of this year's amount pertains to group internal asset transactions and SEK 776 million pertains to group internal share transactions, SEK 10,500 of last year's amount pertains to group internal share transactions.
- Cash and cash equivalents, and short-term investments amounted to SEK 53,043 million (31 December 2019: 28,573).
- Dividend paid to the owner of SEK 3,623 million (2,000)

## Presentation of Parent Company income statements

See Note 1 to the consolidated accounts, Accounting policies, risks and uncertainties.

## Risks and uncertainties

See Note 1 to the consolidated accounts, Accounting policies, risks and uncertainties.

## Other

Significant related-party transactions are described in Note 44 to the consolidated accounts, Related party disclosures, in Vattenfall's 2019 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2019 Annual and Sustainability Report.

# Parent Company income statement

Amounts in SEK million	Full year 2020	Full year 2019
Net sales	41 969	49 807
Cost of purchases	- 23 800	- 28 256
Other external expenses	- 4 744	- 3 697
Personnel expenses	- 2 116	- 2 083
Other operating incomes and expenses, net	170	160
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>11 479</b>	<b>15 931</b>
Depreciation, amortisation and impairments	- 596	- 525
<b>Operating profit (EBIT)</b>	<b>10 883</b>	<b>15 406</b>
Result from participations in subsidiaries	408	8 226
Result from participations in associated companies	—	1
Other financial income	2 593	1 592
Other financial expenses	- 2 722	- 4 137
<b>Profit before appropriations and income taxes</b>	<b>11 162</b>	<b>21 088</b>
Appropriations	- 394	498
<b>Profit before income taxes</b>	<b>10 768</b>	<b>21 586</b>
Income taxes	- 2 243	- 2 890
<b>Profit for the period</b>	<b>8 525</b>	<b>18 696</b>

# Parent Company balance sheet

Amounts in SEK million	31 Dec 2020	31 Dec 2019
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets: non-current	356	333
Property, plant and equipment	6 618	5 273
Shares and participations	161 474	160 465
Deferred tax assets	313	762
Other non-current receivables	69 078	66 195
<b>Total non-current assets</b>	<b>237 839</b>	<b>233 028</b>
<b>Current assets</b>		
Inventories	411	383
Intangible assets: current	38	168
Current receivables	14 585	20 510
Short-term investments	29 301	21 702
Cash and cash equivalents	23 742	6 871
<b>Total current assets</b>	<b>68 077</b>	<b>49 634</b>
<b>Total assets</b>	<b>305 916</b>	<b>282 662</b>
<b>Equity, provisions and liabilities</b>		
<b>Equity</b>		
Restricted equity		
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585
Revaluation reserve	37 989	37 989
Other reserves	1 492	1 480
Non-restricted equity		
Retained earnings	61 540	46 479
Profit for the period	8 525	18 696
<b>Total equity</b>	<b>116 131</b>	<b>111 229</b>
<b>Untaxed reserves</b>	<b>13 342</b>	<b>11 598</b>
<b>Provisions</b>	<b>5 138</b>	<b>5 219</b>
<b>Non-current liabilities</b>		
Hybrid capital	19 305	20 167
Other interest-bearing liabilities	35 506	40 494
Other noninterest-bearing liabilities	12 762	12 148
<b>Total non-current liabilities</b>	<b>67 573</b>	<b>72 809</b>
<b>Current liabilities</b>		
Other interest-bearing liabilities	95 706	70 892
Current tax liabilities	122	249
Other noninterest-bearing liabilities	7 904	10 666
<b>Total current liabilities</b>	<b>103 732</b>	<b>81 807</b>
<b>Total equity, provisions and liabilities</b>	<b>305 916</b>	<b>282 662</b>



# Definitions and calculations of key ratios

## Alternative Performance Measures

In order to ensure a fair presentation of the Group's operations, the Vattenfall Group uses a number of Alternative Performance Measures that are not defined in IFRS or in the Swedish Annual Accounts Act. The Alternative Performance Measures that Vattenfall uses are described

below, including their definitions and how they are calculated. The Alternative Performance Measures used are unchanged compared with earlier periods.

	<b>Definition</b>
EBIT:	Operating profit (Earnings Before Interest and Tax)
EBITDA:	Operating profit before depreciation, amortisation and impairment losses (Earnings Before Interest, Tax, Depreciation and Amortisation)
Items affecting comparability:	Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses and other material items that are of an infrequent nature. Also included here are, for trading activities, unrealised changes in the fair value of energy derivatives, which according to IFRS 9 cannot be recognised using hedge accounting and unrealised changes in the fair value of inventories. See Consolidated income statement for a specification of items affecting comparability.
Underlying EBITDA:	Underlying operating profit before depreciation, amortisation and impairment losses. This measure is intended to provide a better view on the operating result by excluding items affecting comparability that are of an infrequent nature, while also excluding non-cash depreciation and amortisation.
Underlying operating profit:	Operating profit (EBIT) excluding items affecting comparability. This measure is intended to provide a better view on the operating result by excluding items affecting comparability that are of an infrequent nature.
FFO:	Funds From Operations, see Consolidated statement of cash flow
Free cash flow:	Cash flow from operating activities less maintenance investments
Interest-bearing liabilities	See Consolidated balance sheet - Supplementary Information
Net debt:	See Consolidated balance sheet - Supplementary Information
Adjusted net debt:	See Consolidated balance sheet - Supplementary Information
Capital employed:	Total assets less financial assets, noninterest-bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt. see Consolidated balance sheet - Supplementary Information
<b>Other definitions</b>	<b>Definition</b>
Hybrid Capital:	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments.
LTIF:	Lost Time Injury Frequency (LTIF) is expressed in terms of the number of lost time work injuries (per 1 million hours worked), i.e., work-related accidents resulting in absence longer than one day, and accidents resulting in fatality.

## CALCULATION OF EBITDA, UNDERLYING EBITDA AND UNDERLYING EBIT

Amounts in SEK million	Full year 2020	Full year 2019	Oct-Dec 2020	Oct-Dec 2019
Operating profit (EBIT)	15 276	22 141	5 246	2 427
Depreciation, amortisation and impairment losses	- 31 231	- 20 304	- 6 875	- 6 417
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>46 507</b>	<b>42 445</b>	<b>12 121</b>	<b>8 844</b>
Items affecting comparability excl. impairment losses and reversed impairment losses	- 2 466	1 495	294	4 321
<b>Underlying operating profit before depreciation, amortisation and impairment losses</b>	<b>44 041</b>	<b>43 940</b>	<b>12 415</b>	<b>13 165</b>
Operating profit (EBIT)	15 276	22 141	5 246	2 427
Items affecting comparability	10 514	2 954	2 741	5 780
<b>Underlying operating profit</b>	<b>25 790</b>	<b>25 095</b>	<b>7 987</b>	<b>8 207</b>

The key ratios are presented as percentages (%) or times (x).

**KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES JANUARY 2020– DECEMBER 2020**

<b>Operating margin, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{15\,276}{158\,847}$	=	9.6
<b>Operating margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{25\,790}{158\,847}$	=	16.2
<b>Pre-tax profit margin, %</b>	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	$\frac{12\,006}{158\,847}$	=	7.6
<b>Pre-tax profit margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Profit before income taxes excl. items affecting comparability}}{\text{Net sales}}$	$\frac{22\,521}{158\,847}$	=	14.2
<b>Return on equity, %</b>	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{6\,489}{97\,556}$	=	6.7
<b>Return on capital employed, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{15\,276}{265\,639}$	=	5.8
<b>Return on capital employed excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{25\,790}{265\,639}$	=	9.7
<b>EBIT interest cover, (x)</b>	=	$\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{15\,834}{3\,721}$	=	4.3
<b>EBIT interest cover excl. items affecting comparability, (x)</b>	=	$\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{26\,348}{3\,721}$	=	7.1
<b>FFO interest cover, (x)</b>	=	$\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{38\,745}{3\,721}$	=	10.4
<b>FFO interest cover, net, (x)</b>	=	$\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{38\,187}{3\,163}$	=	12.1

<b>Cash flow interest cover after maintenance investments, (x)</b>	=	Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs	<u>32 336</u>	=	10.2
		Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	<u>3 183</u>		
<b>FFO/gross debt, %</b>	= 100 x	<u>FFO</u>	<u>35 024</u>	=	33.4
		Interest-bearing liabilities	104 775		
<b>FFO/net debt, %</b>	= 100 x	<u>FFO</u>	<u>35 024</u>	=	72.7
		Net debt	48 178		
<b>FFO/adjusted net debt, %</b>	= 100 x	<u>FFO</u>	<u>35 024</u>	=	28.8
		Adjusted net debt	121 480		
<b>EBITDA/net financial items, (x)</b>	=	<u>EBITDA</u>	<u>46 507</u>	=	14.7
		Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	3 163		
<b>EBITDA excl. items affecting comparability/net financial items, (x)</b>	=	<u>EBITDA excl. items affecting comparability</u>	<u>44 041</u>	=	13.9
		Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	3 163		

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#### KEY RATIOS BASED ON THE BALANCE SHEET PER 31 DECEMBER 2020

<b>Equity/total assets, %</b>	= 100 x	<u>Equity</u>	<u>111 192</u>	=	24.0
		Balance sheet total	463 248		
<b>Gross debt/equity, %</b>	= 100 x	<u>Interest-bearing liabilities</u>	<u>104 775</u>	=	94.2
		Equity	111 192		
<b>Net debt/equity, %</b>	= 100 x	<u>Net debt</u>	<u>48 178</u>	=	43.3
		Equity	111 192		
<b>Gross debt/gross debt equity, %</b>	= 100 x	<u>Interest-bearing liabilities</u>	<u>104 775</u>	=	48.5
		Interest-bearing liabilities + equity	215 967		
<b>Net debt/net debt plus equity, %</b>	= 100 x	<u>Net debt</u>	<u>48 178</u>	=	30.2
		Net debt + equity	159 370		
<b>Net debt/EBITDA, (x)</b>	=	<u>Net debt</u>	<u>48 178</u>	=	1.0
		EBITDA	46 507		
<b>Adjusted net debt/EBITDA, (x)</b>	=	<u>Adjusted net debt</u>	<u>121 480</u>	=	2.6
		EBITDA	46 507		

### **Dividend**

In accordance with Vattenfall's dividend policy, the Board of Directors proposes a dividend of SEK 4,000 million, corresponding to 62% of profit for the year attributable to owners of the Parent Company.

### **Annual General Meeting**

The Annual General Meeting will be held on 28 April 2021, in Solna. The Annual General Meeting is open to the general public. The Annual Report (in both Swedish and English versions) is expected to be published on [www.vattenfall.se](http://www.vattenfall.se) and [www.vattenfall.com](http://www.vattenfall.com), respectively, on 29 March 2021.

### **Year-end report signature**

Solna, 3 February 2021

Vattenfall AB (publ) The Board of Directors

This year-end report has not been reviewed by the company's auditor.

### **Financial calendar**

Annual General Meeting, 28 April 2021

Interim report January-March, 29 April 2021

Interim report January-June, 20 July 2021

Interim report January-September, 28 October 2021

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This information is such that Vattenfall AB is obliged to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CET on 4 February 2021. This report has been prepared in both Swedish and English versions. In the event of discrepancies between the two versions, the Swedish version shall govern.