

# Year-End Report 2021

## Business highlights, January–December 2021

- Higher electricity prices, but Vattenfall's achieved prices in the Nordic countries at the same level as last year
- Agreement with the German state regarding compensation for closure of nuclear power affected the results by SEK 11.1 billion in the second quarter
- Agreement on sale of 49.5% of offshore wind farm Hollandse Kust Zuid in the Netherlands
- Sale of Stromnetz Berlin completed on July 1. The purchase price totalled EUR 2.1 billion
- Inauguration of Scandinavia's largest wind farm, Kriegers Flak in Denmark, and final investment decision for the Vesterhav Syd and Nord wind farms
- Green light for expanding final repository of short-lived radioactive waste as well as in January 2022 also for construction of a final repository for spent nuclear fuel
- Tightening of emission-reduction targets to comply with the 1.5-degree target and net-zero emissions by 2040
- First fossil-free steel from HYBRIT and new collaboration with Shell, LanzaTech, and SAS for the development of sustainable aviation fuel

## Financial highlights, January–December 2021

- Net sales increased by 13% (16% excluding currency effects) to SEK 180,119 million (158,847)
- Underlying operating profit<sup>1</sup> of SEK 31,181 million (25,790)
- Operating profit<sup>1</sup> of SEK 60,271 million (15,276)
- Profit for the period of SEK 48,013 million (7,716)
- The Board of Directors proposes a dividend of SEK 23,414 million

## Financial highlights, October–December 2021

- Net sales increased by 44% (46% excluding currency effects) to SEK 63,529 million (44,032)
- Underlying operating profit<sup>1</sup> of SEK 9,092 million (7,987)
- Operating profit<sup>1</sup> of SEK 7,750 million (5,246)
- Profit for the period of SEK 6,101 million (5,727)

## KEY DATA

Amounts in SEK million unless indicated otherwise	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
Net sales	180 119	158 847	63 529	44 032
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	75 790	46 507	10 226	12 121
Operating profit (EBIT) <sup>1</sup>	60 271	15 276	7 750	5 246
Underlying EBIT <sup>1</sup>	31 181	25 790	9 092	7 987
Profit for the period	48 013	7 716	6 101	5 727
Electricity generation, TWh	111.3	112.8	30.5	30.5
Sales of electricity, TWh <sup>2</sup>	168.9	164.1	45.6	44.0
- of which, customer sales	120.5	118.2	32.1	31.7
Sales of heat, TWh	15.6	13.8	5.1	4.5
Sales of gas, TWh	57.1	56.8	17.3	18.9
Return on capital employed, % <sup>1</sup>	22.2	5.8	22.2 <sup>3</sup>	5.8 <sup>3</sup>
FFO/adjusted net debt, % <sup>1</sup>	171.2	28.8	171.2 <sup>3</sup>	28.8 <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.

## CEO's comment

# Strong result and strategic progress for Vattenfall in 2021

Vattenfall's 2021 results is strong, mainly owing to compensation for the closure of German nuclear power and the divestment of the distribution operations in Berlin. The earnings impact from higher electricity prices has been limited since we hedge our generation and achieved prices were at the same level as last year in the Nordic region. Fossil-based generation decreased markedly at the same time as nuclear, hydro and wind power made higher contributions. We increased sales of electricity, heat, and gas and reached milestones across a number of projects that are driving the energy transition forward.

### Volatility in Europe's electricity markets

Electricity prices have risen significantly across all of our markets during the year, and the average price for 2021 was five times higher than the previous year in the Nordics and three times higher on the Continent. The fact that Vattenfall's achieved price in the Nordic countries remained unchanged compared to 2020 was primarily a result of the price hedges we have in place to balance risks as well as the impact of price area differences in Sweden. In the fourth quarter, electricity prices continued to reach record levels while volatility was at historic highs. On the Continent, rising prices for gas and CO<sub>2</sub> emission allowances had the greatest impact. This also affected electricity prices across the Nordic countries, but cold and dry weather were also major contributors. The market situation affected many customers, especially those who did not have fixed electricity price agreements. When our customers are in contact with us we aim to offer them tailored solutions regarding electricity contract, consumption and payments.

### Major result impact from one-off effects

Profit for the year 2021 amounted to SEK 48.0 billion for the full year and SEK 6.1 billion for the quarter. Compensation for the closure of German nuclear power and the sale of Stromnetz Berlin bolstered the results for the year by SEK 12.5 billion and SEK 8.4 billion, respectively. The market situation had a major temporary impact on our adjusted net debt, which declined significantly as a result of received margin calls. Taking into consideration these results with large one-off effects, the Board of Directors proposes a dividend of SEK 23.4 billion. This will allow us to retain financial stability as reflected in the balance sheet and Vattenfall will continue to invest in the energy transition.

Our operations developed very well. The underlying operating profit rose by SEK 5.4 billion to SEK 31.2 billion. Wind power nearly doubled its contribution thanks to increased capacity in Denmark and the Netherlands as well as

higher electricity prices in the UK and on the Continent. Our pumped storage power plants in Germany also made a significant contribution.

### New climate target an important step

An important step for Vattenfall for the year was our new emissions target, which complies with the 1.5-degree scenario set out in the Paris Agreement. To reach this target, we will need to expand our renewable electricity generation and phase out fossil fuels in our heat business. During the year, we opened the biggest offshore wind farm in Scandinavia, Kriegers Flak in Denmark, and in Sweden the first heat was delivered from the biofuel plant Carpe Futurum in Uppsala. We are dedicated to establishing more partnerships, like our sale of a 49.5% share of the offshore wind farm Hollandse Kust Zuid to BASF. By partnering with customers in respect of both ownership and production of new renewable capacity, we share risks and release resources for more investments.

### In-depth climate partnerships

For Vattenfall, 2021 was also a year in which we engaged in in-depth relationships to help the climate. We attended the climate meeting COP26 where we launched the First Movers Coalition. This means that we, along with 32 other companies, have committed ourselves to increasing demand for new technology with high potential to reduce the world's CO<sub>2</sub> emissions. We have also entered into multiple partnerships to pave the way for the energy transition. One example of this is our latest collaboration with Shell, LanzaTech, and SAS to develop sustainable aviation fuel. Another milestone, in July 2021, was the production of the first fossil-free steel within our partnership HYBRIT and subsequent delivery by SSAB to Volvo Group.

I would like to thank everyone who contributed to making 2021 such a strong year for Vattenfall. I look forward to the new year with confidence. In spite of an uncertain and volatile market, the road ahead is clear for Vattenfall. Together with my colleagues, I am looking forward to continuing our journey towards a fossil free life.



*Anna Borg*  
**Anna Borg**  
President and CEO

**Profit for the period**  
Full year 2021  
**48.0**  
SEK billion

(7.7)

**Underlying operating profit**  
Full year 2021  
**31.2**  
SEK billion

(25.8)

**FFO/adjusted net debt**  
Full year 2021  
**171.2%**  
(28.8)

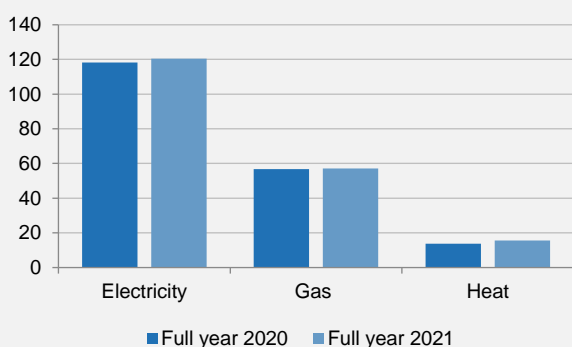
**Return on capital employed**  
Full year 2021  
**22.2%**  
(5.8)

# Group overview

## Customer sales development

Sales of electricity, excluding sales to Nord Pool Spot and deliveries to minority shareholders, increased by 2.3 TWh to 120.5 TWh (118.2), mainly owing to higher volumes in the Nordic countries and in Germany. Lower sales in the B2B segment in France had a countering effect. Sales of gas increased by 0.3 TWh to 57.1 TWh (56.8) primarily as a result of colder weather in the Netherlands and in Germany. Sales of heat increased by 1.8 TWh to 15.6 TWh (13.8).

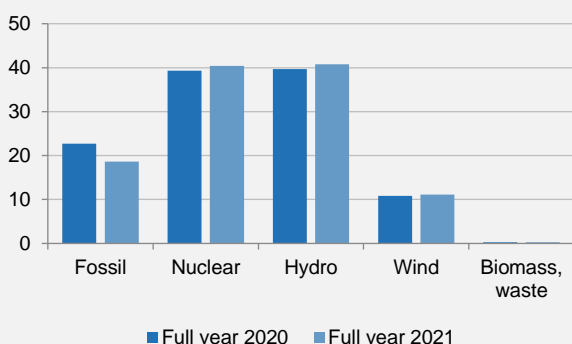
### CUSTOMER SALES (TWh)



## Generation development

Total electricity generation decreased by 1.5 TWh to 111.3 TWh (112.8) in 2021. Lower fossil-based (-4.1 TWh) power generation and higher hydro (+1.1 TWh), nuclear (+1.0 TWh) and wind power (+0.3 TWh) generation.

### ELECTRICITY GENERATION (TWh)



## Price development

Average Nordic electricity spot prices were 599% higher, at EUR 96.2/MWh (13.8) during the fourth quarter of 2021 compared to the same period in 2020, mainly owing to a lower hydrological balance, cold weather, and higher electricity prices on the Continent. Spot prices in Germany were 362% higher, at EUR 178.9/MWh (38.8), and prices in the Netherlands increased by 365% to EUR 196.0/MWh (42.2). Prices in Germany and the Netherlands were mainly affected by higher fuel prices and higher prices for CO<sub>2</sub> emission allowances as well as lower wind speeds and

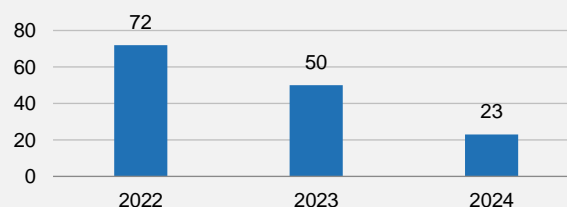
reduced availability of nuclear power in France. Electricity futures prices for delivery in 2022 and 2023 were 38%–264% higher than during the fourth quarter of 2020.

Compared with the fourth quarter of 2020 the average spot price for gas was 551% higher, at EUR 94.7/MWh (14.5). The spot price for coal was 195% higher, at USD 174.0/t (59.1). The futures price 2022 for gas was 336% higher, at EUR 63.7/MWh (14.6), and the futures price 2022 for coal was 96% higher, at USD 122.1/t (62.2). The price of CO<sub>2</sub> emission allowances was 148% higher, at EUR 68.3/t (27.5).

### AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, FI) AS PER 30 DECEMBER 2021, EUR/MWh

EUR/MWh	2022	2023	2024
	29	28	28

### VATTENFALL'S ESTIMATED NORDIC HEDGE RATIO (SE, DK, FI) AS PER 30 DECEMBER 2021 (%)



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

Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
31	31	35	31

### SENSITIVITY ANALYSIS – CONTINENTAL PORTFOLIO (DE, NL, UK)<sup>2</sup>

+/-10% price impact on future profit before tax, SEK million<sup>3</sup>

Market-quoted	2022	2023	2024	Observed yearly volatility <sup>4</sup>
Electricity	+/- 1,270	+/- 977	+/- 555	24%-53%
Coal	-/+ 43	-/+ 42	-/+ 27	39%-51%
Gas	-/+ 455	-/+ 1,681	-/+ 964	21%-64%
CO <sub>2</sub>	-/+ 78	-/+ 561	-/+ 503	42%-43%

- 1) Achieved prices from the spot market and hedges. Includes Nordic hydro, nuclear and wind power generation
- 2) Vattenfall's continental portfolio is mainly exposed to clean spark spreads. Vattenfall hedges these production margins, which in turn affects reported sensitivity figures for electricity, gas and CO<sub>2</sub> emission allowances
- 3) The denotation +/- entails that a higher price affects operating profit favourably, and -/+ vice versa
- 4) 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 increased by SEK 21.3 billion, including negative currency effects of SEK 4.2 billion). The increase is mainly attributable to higher electricity prices and higher sales volumes in the Nordic countries and Germany.

**October–December:** Consolidated net sales increased by SEK 19.5 billion, including negative currency effects of SEK 0.8 billion. The increase is primarily attributable to higher electricity prices in customer sales.

## Earnings

**January–December:** The underlying operating profit increased by SEK 5.4 billion, which is explained by:

- Higher earnings contributions from the Power Generation operating segment (SEK 4.7 billion) primarily as a result of increased nuclear and hydro power generation, higher contributions from pumped storage in Germany thanks to favourable prices and higher realised earnings contribution from the trading business
- Higher earnings contributions from the Wind operating segment (SEK +3.9 billion) mainly owing to higher electricity prices in the UK and on the Continent, as well as new capacity, which was offset in part by lower wind speeds
- Lower earnings contributions from the Distribution operating segment (SEK -2.2 billion) mainly due to the sale of Stromnetz Berlin as well as lower gross margin in the Swedish operation
- Lower earnings contributions from the Heat operating segment (SEK -1.3 billion) attributable to higher prices for gas and CO<sub>2</sub> emission allowances, which led to lower clean spark spreads
- Other items, net (SEK 0.4 billion)

Items affecting comparability amounted to SEK 29.1 billion (-10.5), of which most pertains to compensation for the closure of nuclear power operations in Germany (SEK 12.5 billion), changes in market value for energy derivatives and inventories (SEK 10.0 billion), and the capital gain from the sale of Stromnetz Berlin (SEK 8.4 billion). Profit for the period totalled SEK 48.0 billion (7.7) and was affected by – in addition to items affecting comparability – a higher tax cost and higher net financial items resulting from a higher return from the Swedish Nuclear Waste Fund.

**October–December:** Underlying operating profit increased by SEK 1.1 billion. The Wind operating segment contributed positively (SEK 3.0 billion) mainly owing to higher electricity prices and new capacity. The Power Generation operating segment also contributed positively (SEK 1.0 billion), mainly owing to higher achieved prices in the Nordic countries. The Heat and Distribution operating segments contributed negatively (SEK -1.8 billion and SEK -1.0 billion, respectively). Items affecting comparability amounted to SEK -1.3 billion (-2.7), of which most pertains to changes in market value for energy derivatives and inventories (SEK -2.3 billion) and provisions (SEK -1.3 billion) primarily related to nuclear power. Reversed impairment losses (SEK 1.9 billion) had a countering effect. Profit for the period was SEK 6.1 billion (5.7) and was affected by a higher operating profit (EBIT) and higher tax cost.

## Cash flow

**January–December:** Funds from operations (FFO) increased by SEK 11.1 billion primarily as a result of higher underlying operating profit before depreciation, amortisation and impairment losses (EBITDA). Cash flow from changes in working capital amounted to SEK 54.0 billion. The largest contributing factors were changes related to the net change in margin calls received (SEK 88.0 billion), an increase in inventories (SEK -23.1 billion), an increase in operating receivables in the Customers & Solutions operating segment (SEK -4.4 bn) and CO<sub>2</sub> emission allowances (SEK -3.4 billion).

**October–December:** Funds from operations (FFO) increased by SEK 7.2 billion primarily because compensation for the closure of nuclear power operations in Germany was included in the FFO in the fourth quarter. Cash flow from changes in working capital amounted to SEK -14.5 billion, which is mainly explained by an increase in inventories (SEK -19.1 billion) and net changes in margin calls received (SEK 9.2 billion).

## Events after the balance sheet date

- On 27 January 2022, the Swedish government decided to permit a final repository for spent nuclear fuel at Forsmark.

## KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
Net sales	180 119	158 847	63 529	44 032
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	75 790	46 507	10 226	12 121
Operating profit (EBIT) <sup>1</sup>	60 271	15 276	7 750	5 246
Underlying operating profit <sup>1</sup>	31 181	25 790	9 092	7 987
Items affecting comparability <sup>1</sup>	29 090	- 10 514	- 1 342	- 2 741
Profit for the period	48 013	7 716	6 101	5 727
Funds from operations (FFO) <sup>1</sup>	46 096	35 024	18 616	11 368
Cash flow from changes in operating assets and operating liabilities (working capital)	54 036	6 668	- 14 486	3 486
Cash flow from operating activities	100 132	41 692	4 130	14 854

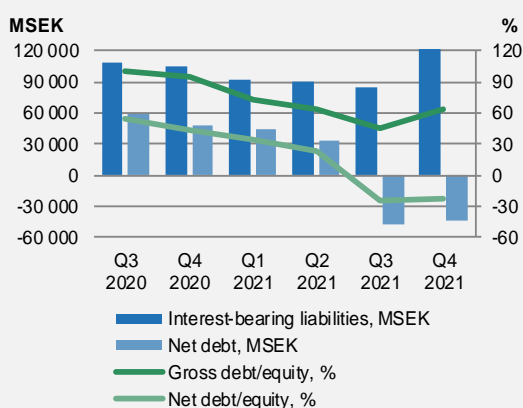
1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

## Capital structure

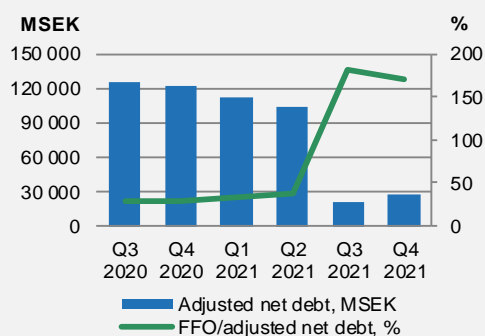
Cash and short-term investments increased by SEK 114.7 billion compared with the level at 31 December 2020. Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires in November 2023. As per 31 December 2021 available liquid assets and/or committed credit facilities amounted to 104.3% 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 decreased by SEK 92.9 billion to a net asset of SEK 44.7 billion and adjusted net debt decreased by SEK 94.6 to SEK 26.9 billion compared to 31 December 2020. These reductions are mainly attributable to a positive cash flow after investments (SEK 94.2 billion), which is largely explained by the change in working capital (SEK 54.0 billion). Significantly increased electricity and gas prices resulted in higher margin calls received but also an increased credit risk for Vattenfall. The adjusted net debt was also affected by reduced pension provisions (SEK 3.5 billion) and higher provisions for nuclear power (SEK 2.4 billion). Currency effects increased net debt by SEK 1.2 billion. The key ratio FFO/adjusted net debt increased to 171.2%, which is mainly due to the effects of the net change in margin calls received.

### NET DEBT



### ADJUSTED NET DEBT



## Strategic objectives and targets for 2025

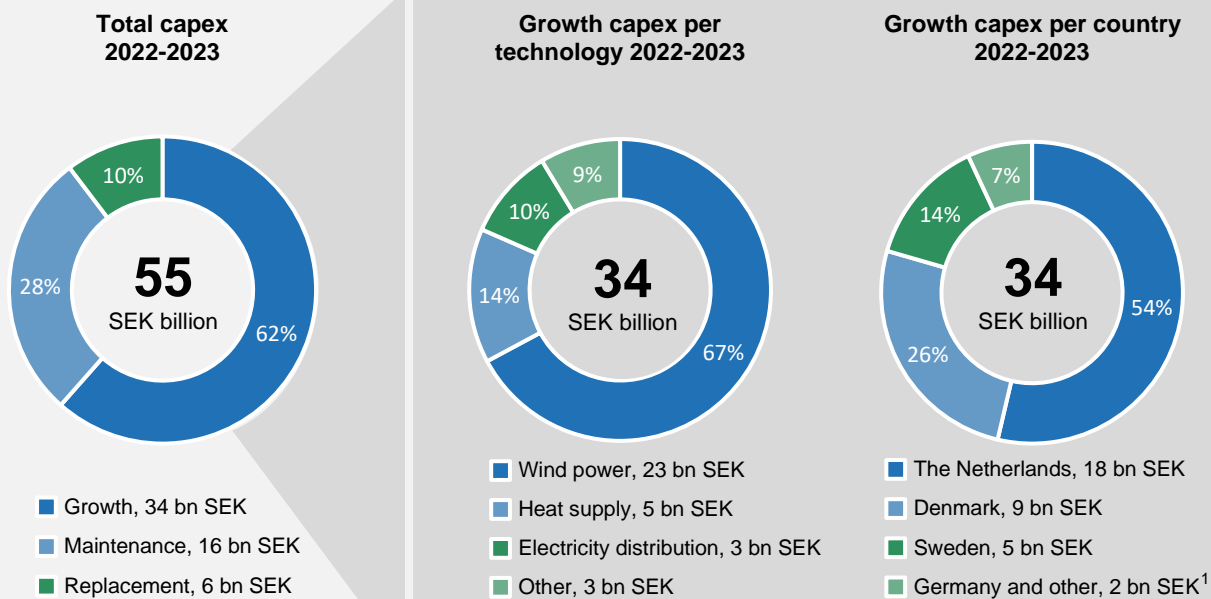
Strategic focus area	Targets for 2025	Outcome 2021	Outcome 2020
<b>Driving decarbonisation with our customers &amp; partners</b>	1. Customer engagement, absolute Net Promoter Score (NPS) <sup>1</sup> : <b>+18</b>	<b>+10</b>	<b>+7</b>
<b>Securing a fossil-free energy supply</b>	2. CO <sub>2</sub> emissions intensity <sup>2</sup> : <b>≤86 gCO<sub>2</sub>e/kWh</b>	<b>79</b>	<b>97</b>
<b>Delivering high-performing operations</b>	3. Funds from operations (FFO)/adjusted net debt: <b>22%–27%</b>	<b>171.2%</b>	<b>28.8%</b>
	4. Return On Capital Employed (ROCE), last 12 months: <b>≥8%</b>	<b>22.2%</b>	<b>5.8%</b>
<b>Empowering our people</b>	5. Lost Time Injury Frequency (LTIF) <sup>3</sup> : <b>≤1.0</b>	<b>1.7</b>	<b>1.8</b>
	6. Employee Engagement Index <sup>4</sup> : <b>≥75%</b>	<b>75%</b>	<b>74%</b> <sup>5</sup>

- 1) Absolute NPS is weighted 80% from Customers & Solutions and 20% from Heat, which corresponds to our customer composition. Reported on an annual basis
- 2) Includes CO<sub>2</sub> and other greenhouse gases, such as N<sub>2</sub>O and SF<sub>6</sub>. Consolidated value. The target for 2025 is to be on track to achieving the 1.5°C target by 2030, in accordance with SBT
- 3) Rolling 12-month values. LTIF (Lost Time Injury Frequency) is expressed in terms of the number of lost time work injuries per 1 million hours worked. The metric pertains only to Vattenfall employees
- 4) Documentation for measurement of target achievement is derived from the results of an employee survey, which is conducted on an annual basis
- 5) The value has been adjusted compared with previously published information due to change in methodology.

## Investment plan 2022-2023

Vattenfall has decided on an investment plan for 2022-2023 of net SEK 55 billion. Gross investments amount to SEK 77 billion and the difference is attributable to partnership for the wind power project Hollandse Kust Zuid 1-4, assumptions for partnership for the Norfolk projects, as well as assumptions related to income derived from divestment of certain onshore wind and solar projects, which are being developed for sale. The amounts stated below refer to net investments.

Growth investments total SEK 34 billion with the largest share, SEK 23 billion, corresponding to 67%, planned to be invested in wind power. Vattenfall will also invest in electricity grids and expansion of district heating operations. Other growth investments include charging infrastructure, solar and battery projects, heating and energy solutions, and the HYBRIT project .



<sup>1</sup> Germany (SEK 3 billion) and other (SEK -0.7 billion). Other countries mainly relate to France and the UK, negative value owing to expected income from partnerships and from projects developed for sale.

# Operating segments



Amounts in SEK million	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
<b><u>Underlying EBIT</u></b>				
<b>Customers &amp; Solutions</b>	2 349	2 146	104	387
<b>Power Generation</b>	19 334	14 670	4 935	3 938
- of which, realised trading result	3 633	2 757	- 473	631
<b>Wind</b>	7 866	3 970	4 676	1 716
<b>Heat</b>	- 343	978	- 981	784
<b>Distribution</b>	3 152	5 325	459	1 454
- of which, Distribution Germany	666	1 093	—	268
- of which, Distribution Sweden	2 516	4 225	484	1 177
<b>Other<sup>1</sup></b>	- 1 189	- 1 290	- 275	- 397
<b>Eliminations</b>	12	- 9	174	105
<b>Underlying operating profit</b>	<b>31 181</b>	<b>25 790</b>	<b>9 092</b>	<b>7 987</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.

### Increased customer base and continued expansion in e-vehicle charging solutions

- The total customer base grew to 10.5 million contracts
- New heating pump launched as alternative to gas-fired boilers
- Continued expansion of public charging network for electric vehicles



**Full year:** Net sales increased by 23% compared to 2020. Underlying operating profit increased by 9%, mainly owing to customer growth and lower average temperatures in the Netherlands and Germany. Several of our markets had colder weather during the first half of the year. This had a positive effect on sales of electricity, mainly in the Nordic countries, while it contributed to higher sales of gas in the Netherlands and Germany. Compared with year-end 2020, the total customer base grew by 3.7% to 10.5 million contracts.

**Q4:** Net sales increased by 50%, mainly owing to higher electricity prices in the Nordic countries. Underlying operating profit decreased by 73% compared to 2020, mainly due to higher sourcing costs resulting from higher electricity prices and periods with cold weather in the Nordics. Sales of electricity increased as a result of colder weather in the Nordic countries, which was countered by lower volumes in the B2B segment in France.

Vattenfall has launched a heat pump system to replace gas-fired boilers in single-family homes. The heat pump is an innovative high temperature heat pump, which avoids large direct investments in changing the heat delivery system (radiators) and large-scale insulation, thereby reducing the cost to move to a gas-free heating system. The first heat pumps are expected

to be delivered to customers in the Netherlands in mid-2022; and the solution will later be introduced to other markets with comparable needs and demands.

In the Netherlands, Vattenfall has also started a large-scale smart rollout of an EV-charging infrastructure, the first of its kind in Europe. Suitable locations for charging stations were selected in partnership with 68 municipalities and by means of a data-driven model. By 2024 Vattenfall will have installed a total of 8,000 charging points in the provinces of North Brabant and Limburg.

In Germany, Vattenfall is continuing its expansion with public charging solutions for electric vehicles. In collaboration with the German pet store chain Das Futterhaus, Vattenfall will install 170 charging points for high-powered charging at close to 70 locations in Germany. Vattenfall will be responsible for planning, construction, and operation of the charging stations.

Vattenfall has launched a new app in Germany called Naturate. The app is used to calculate the user's carbon footprint from travelling, shopping, and heating. Users are given advice on how to reduce their carbon footprint and have the chance to compensate for any remaining emissions.

### KEY FIGURES – CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
Net sales	106 560	86 298	35 822	23 931
External net sales	102 300	84 661	34 109	23 470
Underlying EBITDA	3 230	3 083	317	611
Underlying EBIT	2 349	2 146	104	387
Sales of electricity, TWh	96.1	95.8	25.5	25.7
- of which, private customers	26.8	26.3	7.5	7.3
- of which, resellers	7.9	8.0	2.6	2.6
- of which, business customers	61.4	61.5	15.4	15.8
Sales of gas, TWh	56.0	52.1	16.9	17.6
Number of employees, full-time equivalents	3 213	2 971	3 213	2 971



## 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. The result from hedging of the Group's net exposure in electricity and fuel is reported in this segment.

### Higher electricity prices and increased generation volumes

- Generation record at Forsmark nuclear power plant
- Fourth quarter earnings affected by higher achieved prices in the Nordic countries
- Green light from the Swedish government to expand the final repository for short-lived radioactive waste and to permit a final repository for spent nuclear fuel
- New partnership with Cargill and Windpark Hanze lowering CO<sub>2</sub> emissions in the Netherlands

**Full-year:** Net sales increased by 40%. Underlying operating profit increased by 32%, mainly owing to higher hydro (1.1 TWh) and nuclear (1.0 TWh) power generation, increased contribution from pumped hydro storage operations in Germany given favourable prices as well as higher realised trading result. The achieved price in the Nordic countries were at the same level as in 2020 (EUR 31/MWh), partly affected by large price differences between electricity areas in Sweden. A lower average hedging price was countered by a higher spot price following the recent sharp rise in electricity prices.

The combined availability of Vattenfall's nuclear power plants during the period January–December 2021 was 84.8% (76.4%). Higher availability and higher generation in 2021 compensated for the lower volume attributable to the closure of Ringhals 1 on 31 December 2020. The nuclear power plant Forsmark reached record levels of generation in 2021 with a 25.5 TWh delivered volume.

At the end of the fourth quarter, Nordic reservoir levels were at 65% (82%) of capacity, which is 6 percentage points above the normal level.



**Q4:** Net sales increased by 112%. Underlying operating profit increased by 25%, mainly owing to higher achieved price in the Nordic countries. A higher average spot price was partly offset by a lower hedging price. A lower realised trading result had a countering effect. High market volatility has also affected Vattenfall's credit risk exposure, which is handled within the company's risk management framework.

Through the Markets Business Area and a 15-year supply agreement, Vattenfall will purchase the generated electricity from 78 MW of a new onshore wind farm that is being built by Windpark Hanze in the Netherlands. The global food corporation Cargill, in turn, will purchase 2.9 TWh from Vattenfall through a 10-year corporate power purchase agreement, which will cover more than 90% of Cargill's electricity consumption in the Netherlands. The wind farm is scheduled to be commissioned in 2023 and is estimated to reduce carbon emissions by 350,000 tonnes per year.

The Swedish government has approved the application from the Swedish Nuclear Fuel and Waste Management Company (SKB) to expand the final repository for short-lived radioactive waste (SFR) in Forsmark. The facility needs to expand to make room for demolition waste from the Swedish nuclear power plants. After the end of the fourth quarter the Swedish government also decided to permit a final repository for spent nuclear fuel at Forsmark.

### KEY FIGURES – POWER GENERATION

Amounts in SEK million unless indicated otherwise	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
Net sales	126 318	90 133	52 649	24 825
External net sales	40 312	36 597	16 962	9 571
Underlying EBITDA	23 714	18 796	6 073	4 997
Underlying EBIT	19 334	14 670	4 935	3 938
- of which, realised trading result	3 633	2 757	- 473	631
Electricity generation, TWh	81.2	79.0	21.5	21.2
- of which, hydro power	40.8	39.7	10.3	10.4
- of which, nuclear power	40.4	39.3	11.2	10.8
Sales of electricity, TWh	22.2	20.0	5.9	5.3
- of which, resellers	17.5	17.9	2.0	4.7
- of which, business customers	4.7	2.1	3.9	0.6
Sales of gas, TWh	1.1	4.7	0.4	1.3
Number of employees, full-time equivalents	7 260	7 474	7 260	7 474

## 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.

### Earnings lifted by higher electricity prices and new capacity

- Final investment decision for Vesterhav Syd and Nord offshore wind farms in Denmark
- Planning consent granted for the offshore wind farm Norfolk Boreas in the UK



**Full year:** Net sales increased by 54% compared to 2020. Underlying operating profit increased by 98% as a result of higher electricity prices, especially in the UK, and new capacity mainly attributable to the Princess Ariane onshore wind farm in the Netherlands and the Kriegers Flak offshore wind farm in Denmark. Earnings were also affected positively by divestment of onshore wind farms like Grönhult in Sweden and part of Princess Ariane in the Netherlands. Lower wind speeds and lower offshore availability due to increased maintenance work had a negative impact compared to the previous year. Electricity generation increased by 3% as a result of higher generation from new capacity, which was countered in part by lower generation from existing assets.

**Q4:** Net sales increased by 159%. Underlying operating profit increased by 172% owing to higher electricity prices and new capacity, which were partly offset by lower wind speeds. Electricity generation increased by 26% as a result of new capacity, mainly from the Princess Ariane onshore wind farm in the Netherlands and the Kriegers Flak offshore wind farm in Denmark, which was partly offset by lower wind speeds, especially in the Netherlands

In December, Vattenfall made the final investment decision for the Vesterhav Syd and Nord offshore wind farms in Denmark. The wind farms are slated for completion in 2023 and will have a combined capacity of 344 MW, corresponding to the annual electricity consumption of 350,000 Danish households. The total investment amounts to EUR 769 million and this is Vattenfall's third-largest project in offshore wind in Denmark, having previously completed the wind farms Kriegers Flak and Horns Rev 3.

The UK government has awarded planning consent for Vattenfall's offshore wind farm Norfolk Boreas. The wind farm is expected to begin generating electricity in the mid-2020s and to have a capacity of 1.8 GW, corresponding to the annual electricity consumption of 2 million British households.

In the Netherlands, the insurance company a.s.r. will purchase a portion of Vattenfall's onshore wind farm Princess Ariane. This means that a.s.r. will own 32 of 82 turbines, which corresponds to a capacity of 118 MW. Vattenfall will remain responsible for maintaining the turbines and will purchase the generated electricity.

In October, Vattenfall completed a transaction to sell eight of its wind and solar power assets to European Energy. The assets are situated in Denmark, Germany, the Netherlands, and the United Kingdom, and have a total capacity of 85.8 MW. They include already commissioned plants as well as solar power projects in development. The sale enables Vattenfall to optimise its onshore fleet by reducing the range of turbine models and it provides for greater technological standardisation. Vattenfall will continue to grow in onshore wind power and currently has in excess of 1 GW under construction.

Vattenfall is also expanding in solar power and batteries. In the Netherlands, the solar farm Kooypunt (13 MW) started supplying electricity; and Vattenfall was awarded a tender for a solar farm of 17 MW in Almere to be built without government subsidies. Construction has also started on a battery with a 20 MW (46 MWh) capacity at the onshore wind farm Ray in the United Kingdom.

### KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
Net sales	20 872	13 565	10 256	3 959
External net sales	7 791	6 901	4 150	2 047
Underlying EBITDA	13 451	9 426	6 118	2 982
Underlying EBIT	7 866	3 970	4 676	1 716
Electricity generation - wind power TWh	11.1	10.8	3.9	3.1
Sales of electricity, TWh	1.0	1.2	0.4	0.4
Number of employees, full-time equivalents	1 279	1 104	1 279	1 104

## Heat

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

### Lower clean spark spreads

- Earnings negatively affected by lower clean spark spreads for operations in Berlin
- New partnerships for increased integration of district heating
- Connection of district heating networks in Amsterdam completed

**Full year:** Net sales increased by 49% compared with 2020. Underlying operating profit decreased by 135% compared with 2020 mainly owing to higher gas and CO<sub>2</sub> prices which led to lower clean spark spreads largely affecting the heat operations in Berlin. The end of commercial operation of the Moorburg power plant in December 2020 had a positive effect on underlying operating profit by SEK 1.1 billion, mainly driven by lower operating costs and lower depreciation. Sales of heat increased as a result of lower temperatures and a growing customer base, which also had a positive effect. Compared with year-end 2020, the number of customers increased by 2.0% to the equivalent of 1.8 million households.

**Q4:** Net sales increased by 108% compared with the fourth quarter of 2020. Underlying operating profit decreased by 225% compared with the same period a year ago, owing to higher gas and CO<sub>2</sub> prices, which led to lower clean spark spreads mainly affecting the heat operations in Berlin. This was partly countered by lower operating costs and lower depreciation, largely associated with the end of commercial operation of Moorburg in December 2020.

In Sweden, Vattenfall entered into new partnerships that will facilitate the integration of district heating. Vattenfall has expanded its partnership with AstaReal by signing an energy contract for reclaiming excess heat from algae cultivation. It is estimated that the heating needs for 2,500 new apartments in Gustavsberg will be met through this partnership. Vattenfall has



also signed contracts with Oxelö Energi to connect the district heating network in Oxelösund to Vattenfall's combined heat-and-power plant in Nyköping. The new biofuel-based district heating supply is estimated to be brought online in 2025 once the waste-heat supply from SSAB ends.

An auxiliary heat plant with a heat-buffer opened in October as the final link in the Amsterdam South Connection project. The project links the district heating in the south-eastern and north-western parts of Amsterdam and provides opportunities for connecting more sustainable district heating. In turn, this represents a major step towards the goal of connecting up to 290,000 homes to district heating by 2040.

Vattenfall continues to develop innovative heating solutions that contribute to higher energy efficiency and lower CO<sub>2</sub> emissions. In the Dutch city of Nijmegen, Vattenfall and BPD (Bouwfonds Property Development) have signed a contract to build a local storage solution for heating and cooling combined with district heating. In 2024, approximately 300 newly built homes will be supplied with heat, hot water, and cooling. A new heat pump system has been entered into service on a separate heating network in north-eastern Berlin. This system has the capacity to reclaim excess heat from heat production and has the potential to save 5,000 MWh in heat from the burning of natural gas, which represents the consumption of about 220 single-family homes.

### KEY FIGURES – HEAT

Amounts in SEK million unless indicated otherwise	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
Net sales	34 759	23 328	15 119	7 279
External net sales	14 655	13 538	4 819	4 165
Underlying EBITDA	2 590	4 462	- 237	1 581
Underlying EBIT	- 343	978	- 981	784
Electricity generation - TWh	19.0	23.0	5.1	6.2
- of which, fossil-based power	18.6	22.7	5.0	6.1
- of which, biomass, waste	0.3	0.3	0.1	0.1
Sales of electricity business customers, TWh	1.2	1.2	0.3	0.3
Sales of heat, TWh	15.6	13.8	5.1	4.5
Number of employees, full-time equivalents	3 126	3 213	3 126	3 213

## Distribution

The Distribution Business Area comprises Vattenfall's electricity distribution operations in Sweden as well as operations in the UK focused on owning and operating new networks

### Lower earnings as a result of price reductions and higher costs for the transmission network

- The Administrative Court of Appeal in Jönköping has granted leave to appeal in proceeding related to the revenue frames for 2020–2023 for the distribution system operators
- Markets for flexibility reduce capacity shortages on the electricity grid during the winter season
- High inflow of connection requests and continued large investments in the electricity grid

**Full-year:** Net sales decreased by 20%, and underlying operating profit decreased by 41% compared to 2020. The sale of Stromnetz Berlin on 1 July 2021 affected the net sales comparison by SEK 4.8 billion and the underlying operating profit negatively by SEK 0.6 billion. In addition, underlying operating profit was affected by a lower gross margin in the Swedish operations, mainly owing to price reductions in the local grid, higher costs for the transmission network as well as an increase in network losses caused by higher electricity prices. This was partly countered by higher distributed volume in connection with colder weather.

**Q4:** Net sales decreased by 43% compared to 2020, and underlying operating profit decreased by 68%. The sale of Stromnetz Berlin affected the net sales comparison by SEK 2.4 billion and underlying operating profit negatively by SEK 0.3 billion. In addition, the underlying operating profit was affected by a lower gross margin in the Swedish operations, mainly owing to higher costs for the transmission network, an increase in network losses caused by higher electricity prices and price reductions in the local grid. This was partly offset by higher distributed volume as a result of colder weather.

In the spring of 2021, the Linköping Administrative Court of Appeal announced the verdict about the 2020-2023 revenue frames for the distribution system operators. The Swedish Energy Markets Inspectorate (Energimarknadsinspektionen) appealed the decision, and at the end of November the Jönköping Administrative Court of Appeal accepted the 120 cases for review.



There has been a continued high inflow of connection requests to the electricity grid, and Vattenfall has invested extensively in both regional and local grids. In total, SEK 4.9 billion was invested in Sweden in 2021. The need for major investments in the electricity grid also means that there is an increased need for continued recruitment. As part of a long-term investment in competence and to broaden its skill base, Vattenfall has started a programme for newly graduated academics.

Protracted licensing processes for building electricity grids continue to present a major challenge for the energy transition in Sweden. As the electricity grid is developed and strengthened, Vattenfall is working on various solutions to contribute to reducing capacity shortages across the grid. There is a local market for output flexibility in Uppsala within the framework of the EU-funded project CoordiNet where 18 local flexible resources and 400 houses contribute to a more efficient energy system. A corresponding market is available in the Stockholm region, sthlmflex, where 2,100 electricity users and suppliers are participating with, among other things, electric vehicle chargers, and heating of housing and major properties.

The electrification of the transport sector continues and the electricity grid is a central prerequisite for the needed charging infrastructure. To enable accelerated connections to the electricity grid, Vattenfall has started a research and development project called FlexConnect in Riksgränsen. The project will test and evaluate flexible connection technology for electric vehicle fast chargers when the electricity grid does not have sufficient capacity available.

## KEY FIGURES – DISTRIBUTION

Amounts in SEK million unless indicated otherwise	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
Net sales	17 262	21 644	3 429	5 982
External net sales	14 643	16 970	3 306	4 736
Underlying EBITDA	5 913	8 725	1 102	2 328
Underlying EBIT	3 152	5 325	459	1 454
Number of employees, full-time equivalents	1 165	2 366	1 165	2 366

## 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 2021</b>	<b>Full year 2020</b>	<b>Oct-Dec 2021</b>	<b>Oct-Dec 2020</b>
Net sales	6 169	5 917	1 714	1 662
External net sales	418	180	183	43
Underlying EBITDA	- 326	- 442	- 95	- 189
Underlying EBIT	- 1 189	- 1 290	- 275	- 397
Number of employees, full-time equivalents	2 792	2 731	2 792	2 731

# Consolidated income statement

Amounts in SEK million	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
Net sales	180 119	158 847	63 529	44 032
Cost of purchases	- 87 474	- 76 225	- 43 072	- 20 243
Other external expenses	- 18 450	- 20 732	- 5 064	- 8 107
Personnel expenses	- 19 801	- 19 535	- 4 993	- 4 787
Other operating income and expenses, net	21 454	3 882	- 159	1 078
Participations in the results of associated companies	- 58	270	- 15	148
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>75 790</b>	<b>46 507</b>	<b>10 226</b>	<b>12 121</b>
Depreciation, amortisation and impairments	- 15 519	- 31 231	- 2 476	- 6 875
<b>Operating profit (EBIT)</b>	<b>60 271</b>	<b>15 276</b>	<b>7 750</b>	<b>5 246</b>
Financial income <sup>3</sup>	783	558	110	76
Financial expenses <sup>1,2,3</sup>	- 5 906	- 5 886	- 1 599	- 1 402
Return from the Swedish Nuclear Waste Fund	4 225	2 058	895	633
<b>Profit before income taxes</b>	<b>59 373</b>	<b>12 006</b>	<b>7 156</b>	<b>4 553</b>
Income taxes	- 11 360	- 4 290	- 1 055	1 174
<b>Profit for the period</b>	<b>48 013</b>	<b>7 716</b>	<b>6 101</b>	<b>5 727</b>
Attributable to owner of the Parent Company	46 828	6 489	5 774	5 132
Attributable to non-controlling interests	1 185	1 227	327	595
<b>Supplementary information</b>				
Underlying EBITDA <sup>4</sup>	48 584	44 041	13 452	12 415
Underlying EBIT <sup>4</sup>	31 181	25 790	9 092	7 987
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 3 090	- 3 163	- 983	- 773
1) Including interest components related to pension costs	- 439	- 538	- 110	- 132
2) Including discounting effects attributable to provisions	- 2 033	- 2 165	- 506	- 553
3) Items affecting comparability recognised as financial income and expenses, net	- 6	- 1	—	- 1
4) See note 5 for information on items affecting comparability				

# Consolidated statement of comprehensive income

Amounts in SEK million	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
<b>Profit for the period</b>	<b>48 013</b>	<b>7 716</b>	<b>6 101</b>	<b>5 727</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	82 259	3 023	20 435	3 287
Cash flow hedges - dissolved against income statement	- 31 553	4 310	- 22 878	267
Cash flow hedges - transferred to cost of hedged item	16	- 43	5	12
Hedging of net investments in foreign operations	- 1 414	1 808	- 437	1 864
Translation differences, divested companies	697	- 5	8	—
Translation differences	3 218	- 4 084	1 348	- 4 251
Income taxes related to items that will be reclassified	- 15 420	- 2 587	927	- 1 676
<b>Total items that will be reclassified to profit or loss when specific conditions are met</b>	<b>37 803</b>	<b>2 422</b>	<b>- 592</b>	<b>- 497</b>
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement pertaining to defined benefit obligations	- 670	- 1 505	- 1 096	- 2 224
Income taxes related to items that will not be reclassified	226	392	231	667
<b>Total items that will not be reclassified to profit or loss</b>	<b>- 444</b>	<b>- 1 113</b>	<b>- 865</b>	<b>- 1 557</b>
<b>Total other comprehensive income, net after income taxes</b>	<b>37 359</b>	<b>1 309</b>	<b>- 1 457</b>	<b>- 2 054</b>
<b>Total comprehensive income for the period</b>	<b>85 372</b>	<b>9 025</b>	<b>4 644</b>	<b>3 673</b>
Attributable to owner of the Parent Company	83 915	8 260	4 188	3 563
Attributable to non-controlling interests	1 457	765	456	110

# Operating segments, Vattenfall Group

Amounts in SEK million	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
<b>External net sales</b>				
Customers & Solutions	102 300	84 661	34 109	23 470
Power Generation	40 312	36 597	16 962	9 571
Wind	7 791	6 901	4 150	2 047
Heat	14 655	13 538	4 819	4 165
Distribution	14 643	16 970	3 306	4 736
- of which, Distribution Germany	3 203	5 464	1	1 339
- of which, Distribution Sweden	11 310	11 377	3 269	3 358
Other <sup>1</sup>	418	180	183	43
<b>Total</b>	<b>180 119</b>	<b>158 847</b>	<b>63 529</b>	<b>44 032</b>
<b>Internal net sales</b>				
Customers & Solutions	4 260	1 637	1 713	461
Power Generation	86 006	53 536	35 687	15 254
Wind	13 081	6 664	6 106	1 912
Heat	20 104	9 790	10 300	3 114
Distribution	2 619	4 674	123	1 246
- of which, Distribution Germany	2 061	4 107	1	1 110
- of which, Distribution Sweden	586	597	137	142
Other <sup>1</sup>	5 751	5 737	1 531	1 619
Eliminations	- 131 821	- 82 038	- 55 460	- 23 606
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total net sales</b>				
Customers & Solutions	106 560	86 298	35 822	23 931
Power Generation	126 318	90 133	52 649	24 825
Wind	20 872	13 565	10 256	3 959
Heat	34 759	23 328	15 119	7 279
Distribution	17 262	21 644	3 429	5 982
- of which, Distribution Germany	5 264	9 571	2	2 449
- of which, Distribution Sweden	11 896	11 974	3 406	3 500
Other <sup>1</sup>	6 169	5 917	1 714	1 662
Eliminations	- 131 821	- 82 038	- 55 460	- 23 606
<b>Total</b>	<b>180 119</b>	<b>158 847</b>	<b>63 529</b>	<b>44 032</b>



Amounts in SEK million	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
<b><u>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</u></b>				
Customers & Solutions	3 241	2 832	318	456
Power Generation	42 053	23 144	2 607	6 580
Wind	13 534	9 482	6 126	3 045
Heat	2 842	2 644	- 12	- 187
Distribution	5 911	8 713	1 101	2 326
- of which, Distribution Germany	1 008	2 162	—	539
- of which, Distribution Sweden	4 873	6 505	1 109	1 766
Other <sup>1</sup>	8 197	- 299	- 88	- 204
Eliminations	12	- 9	174	105
<b>Total</b>	<b>75 790</b>	<b>46 507</b>	<b>10 226</b>	<b>12 121</b>
<b><u>Underlying EBITDA</u></b>				
Customers & Solutions	3 230	3 083	317	611
Power Generation	23 714	18 796	6 073	4 997
Wind	13 451	9 426	6 118	2 982
Heat	2 590	4 462	- 237	1 581
Distribution	5 913	8 725	1 102	2 328
- of which, Distribution Germany	1 009	2 174	—	542
- of which, Distribution Sweden	4 874	6 505	1 110	1 766
Other <sup>1</sup>	- 326	- 442	- 95	- 189
Eliminations	12	- 9	174	105
<b>Total</b>	<b>48 584</b>	<b>44 041</b>	<b>13 452</b>	<b>12 415</b>
Amounts in SEK million	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
<b><u>Operating profit (EBIT)</u></b>				
Customers & Solutions	2 446	1 882	191	231
Power Generation	39 502	18 984	3 299	5 490
Wind	7 919	2 401	4 654	1 639
Heat	- 91	- 12 149	- 756	- 3 257
Distribution	3 150	5 313	458	1 452
- of which, Distribution Germany	665	1 081	—	266
- of which, Distribution Sweden	2 515	4 225	483	1 177
Other <sup>1</sup>	7 333	- 1 146	- 270	- 414
Eliminations	12	- 9	174	105
<b>Operating profit (EBIT)</b>	<b>60 271</b>	<b>15 276</b>	<b>7 750</b>	<b>5 246</b>
Operating profit (EBIT)	60 271	15 276	7 750	5 246
Financial net	- 898	- 3 270	- 594	- 693
<b>Profit before tax</b>	<b>59 373</b>	<b>12 006</b>	<b>7 156</b>	<b>4 553</b>
<b><u>Underlying EBIT</u></b>				
Customers & Solutions	2 349	2 146	104	387
Power Generation	19 334	14 670	4 935	3 938
Wind	7 866	3 970	4 676	1 716
Heat	- 343	978	- 981	784
Distribution	3 152	5 325	459	1 454
- of which, Distribution Germany	666	1 093	—	268
- of which, Distribution Sweden	2 516	4 225	484	1 177
Other <sup>1</sup>	- 1 189	- 1 290	- 275	- 397
Eliminations	12	- 9	174	105
<b>Underlying EBIT</b>	<b>31 181</b>	<b>25 790</b>	<b>9 092</b>	<b>7 987</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 2021	31 Dec 2020
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets: non-current	17 070	16 524
Property, plant and equipment	252 828	249 120
Participations in associated companies and joint arrangements	6 110	4 347
Other shares and participations	313	304
Share in the Swedish Nuclear Waste Fund	52 772	48 270
Derivative assets	35 240	9 449
Deferred tax assets	8 905	13 824
Other non-current receivables	6 118	5 529
<b>Total non-current assets</b>	<b>379 356</b>	<b>347 367</b>
<b>Current assets</b>		
Inventories	41 539	16 828
Intangible assets: current	4 861	192
Trade receivables and other receivables	41 219	23 812
Contract assets	375	416
Advance payments paid	8 362	1 046
Derivative assets	120 645	9 962
Prepaid expenses and accrued income	12 402	6 935
Current tax assets	2 717	280
Short-term investments	102 706	30 148
Cash and cash equivalents	68 176	26 074
Assets held for sale	—	188
<b>Total current assets</b>	<b>403 002</b>	<b>115 881</b>
<b>Total assets</b>	<b>782 358</b>	<b>463 248</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Attributable to owner of the Parent Company	180 710	97 724
Attributable to non-controlling interests	16 472	13 468
<b>Total equity</b>	<b>197 182</b>	<b>111 192</b>
<b>Non-current liabilities</b>		
Hybrid Capital	20 421	19 304
Other interest-bearing liabilities	50 839	49 091
Pension provisions	40 328	43 824
Other interest-bearing provisions	116 637	108 665
Derivative liabilities	30 307	7 924
Deferred tax liabilities	33 913	17 617
Contract liabilities	8 635	8 752
Other noninterest-bearing liabilities	2 018	1 994
<b>Total non-current liabilities</b>	<b>303 098</b>	<b>257 171</b>
<b>Current liabilities</b>		
Trade payables and other liabilities	39 241	24 912
Advance payments received	62 790	5 794
Derivative liabilities	99 511	8 901
Accrued expenses and deferred income	18 460	14 558
Current tax liabilities	2 418	838
Other interest-bearing liabilities	55 148	36 380
Interest-bearing provisions	4 510	3 462
Liabilities associated with assets held for sale	—	40
<b>Total current liabilities</b>	<b>282 078</b>	<b>94 885</b>
<b>Total equity and liabilities</b>	<b>782 358</b>	<b>463 248</b>

## SUPPLEMENTARY INFORMATION

Amounts in SEK million	31 Dec 2021	31 Dec 2020
<b>Calculation of capital employed</b>		
Intangible assets: current and non-current	21 931	16 716
Property, plant and equipment	252 828	249 120
Participations in associated companies and joint arrangements	6 110	4 347
Deferred and current tax assets	11 622	14 104
Non-current noninterest-bearing receivables	3 563	3 853
Contract assets	375	416
Inventories	41 539	16 828
Trade receivables and other receivables	41 219	23 812
Prepaid expenses and accrued income	12 402	6 935
Unavailable liquidity	3 446	5 374
Other	643	483
<b>Total assets excl. financial assets</b>	<b>395 678</b>	<b>341 988</b>
Deferred and current tax liabilities	- 36 331	- 18 455
Other noninterest-bearing liabilities	- 2 018	- 1 994
Contract liabilities	- 8 635	- 8 752
Trade payable and other liabilities	- 39 241	- 24 912
Accrued expenses and deferred income	- 18 460	- 14 558
Other	- 899	- 232
<b>Total noninterest-bearing liabilities</b>	<b>- 105 584</b>	<b>- 68 903</b>
Other interest-bearing provisions not related to adjusted net debt <sup>1</sup>	- 9 213	- 10 619
<b>Capital employed<sup>2</sup></b>	<b>280 881</b>	<b>262 466</b>
<b>Capital employed, average</b>	<b>271 674</b>	<b>265 639</b>
<b>Calculation of net debt</b>		
Hybrid Capital	- 20 421	- 19 304
Bond issues and liabilities to credit institutions	- 37 732	- 49 642
Short-term debt, commercial papers and repo	- 46 189	- 13 268
Liabilities to associated companies	- 1 452	- 688
Liabilities to owners of non-controlling interests	- 10 747	- 10 931
Other liabilities	- 9 867	- 10 942
<b>Total interest-bearing liabilities</b>	<b>- 126 408</b>	<b>- 104 775</b>
Cash and cash equivalents	68 176	26 074
Short-term investments	102 706	30 148
Loans to owners of non-controlling interests in foreign Group companies	229	375
<b>Net debt<sup>2</sup></b>	<b>44 703</b>	<b>- 48 178</b>
<b>Calculation of adjusted gross debt and net debt</b>		
Total interest-bearing liabilities	- 126 408	- 104 775
50% of Hybrid Capital <sup>3</sup>	10 211	9 652
Present value of pension obligations	- 40 328	- 43 824
Provisions for gas and wind operations and other environment-related provisions	- 11 687	- 10 599
Provisions for nuclear power (net) <sup>4</sup>	- 40 233	- 37 794
Margin calls received	3 340	4 081
Liabilities to owners of non-controlling interests due to consortium agreements	10 747	10 931
<b>Adjusted gross debt</b>	<b>- 194 359</b>	<b>- 172 328</b>
Reported cash and cash equivalents and short-term investments	170 882	56 222
Unavailable liquidity	- 3 446	- 5 374
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>167 436</b>	<b>50 848</b>
<b>Adjusted net debt<sup>2</sup></b>	<b>- 26 923</b>	<b>- 121 480</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 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
<b>Operating activities</b>				
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	75 790	46 507	10 226	12 121
Tax paid	- 6 725	- 2 719	- 4 005	- 420
Capital gains/losses, net	- 8 760	- 62	- 124	102
Interest received	523	183	170	72
Interest paid	- 3 226	- 2 808	- 655	- 420
Other, incl. non-cash items	- 11 506	- 6 077	13 004	- 87
<b>Funds from operations (FFO)</b>	<b>46 096</b>	<b>35 024</b>	<b>18 616</b>	<b>11 368</b>
Changes in inventories	- 23 067	- 1 315	- 19 112	- 2 584
Changes in operating receivables	- 31 816	- 1 344	- 20 261	- 6 094
Changes in operating liabilities	25 491	- 3 726	18 091	2 742
Margin calls	88 036	12 588	9 166	9 238
Other changes	- 4 608	465	- 2 370	184
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>54 036</b>	<b>6 668</b>	<b>- 14 486</b>	<b>3 486</b>
<b>Cash flow from operating activities</b>	<b>100 132</b>	<b>41 692</b>	<b>4 130</b>	<b>14 854</b>
<b>Investing activities</b>				
Acquisitions in Group companies	- 122	- 86	- 67	- 19
Investments in associated companies and other shares and participations	- 278	223	- 101	78
Other investments in non-current assets	- 25 157	- 21 484	- 7 585	- 5 710
<b>Total investments</b>	<b>- 25 557</b>	<b>- 21 347</b>	<b>- 7 753</b>	<b>- 5 651</b>
Divestments	22 060	1 237	330	557
Changes in short-term investments <sup>1</sup>	- 71 351	- 8 926	- 38 228	- 2 659
Cash and cash equivalents in acquired companies	8	20	8	20
Cash and cash equivalents in divested companies	- 2 481	- 80	- 47	4
<b>Cash flow from investing activities</b>	<b>- 77 321</b>	<b>- 29 096</b>	<b>- 45 690</b>	<b>- 7 729</b>
<b>Cash flow before financing activities</b>	<b>22 811</b>	<b>12 596</b>	<b>- 41 560</b>	<b>7 125</b>
<b>Financing activities</b>				
Changes in loans to owners of non-controlling interests in foreign Group companies	153	- 185	101	57
Loans raised <sup>2</sup>	51 150	21 471	44 615	545
Amortisation of debt pertaining to acquisitions of Group companies	—	- 27	—	—
Amortisation of other debt	- 35 870	- 12 156	- 3 738	- 1 057
Divestment of shares in Group companies to owners of non-controlling interests	4 025	—	9	—
Redemption of Hybrid Capital	- 2 941	—	—	—
Issue of Hybrid Capital	6 481	—	—	—
Dividends paid to owners	- 5 190	- 5 298	- 1	- 275
Contribution to/from owners of non-controlling interests	1 185	- 829	869	- 364
<b>Cash flow from financing activities</b>	<b>18 993</b>	<b>2 976</b>	<b>41 855</b>	<b>- 1 094</b>
<b>Cash flow for the period</b>	<b>41 804</b>	<b>15 572</b>	<b>295</b>	<b>6 031</b>

Amounts in SEK million	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
<b>Cash and cash equivalents</b>				
Cash and cash equivalents at start of period	26 074	10 604	67 644	20 180
Cash flow for the period	41 804	15 572	295	6 031
Translation differences	298	- 102	237	- 137
<b>Cash and cash equivalents at end of period</b>	<b>68 176</b>	<b>26 074</b>	<b>68 176</b>	<b>26 074</b>

## SUPPLEMENTARY INFORMATION

Amounts in SEK million	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
<b>Cash flow before financing activities</b>	<b>22 811</b>	<b>12 596</b>	<b>- 41 560</b>	<b>7 125</b>
Changes in short-term investments	71 351	8 926	38 228	2 659
<b>Financing activities</b>				
Divestment of shares in Group companies to owners of non-controlling interests	4 025	—	9	—
Dividends paid to owners	- 5 190	- 5 298	- 1	- 275
Contribution to/from owners of non-controlling interests	1 185	- 829	869	- 364
<b>Cash flow after dividend</b>	<b>94 182</b>	<b>15 395</b>	<b>- 2 455</b>	<b>9 145</b>
<b>Analysis of change in net debt</b>				
Net debt at start of period	- 48 178	- 64 266	47 348	- 58 858
Cash flow after dividend	94 182	15 395	- 2 455	9 145
Changes as a result of valuation at fair value	660	- 171	- 143	141
Changes in interest-bearing liabilities for leasing	- 1 442	- 2 837	- 444	- 1 712
Interest-bearing liabilities/short-term investments acquired/divested	- 13	24	- 10	—
Translation differences on net debt	- 506	3 677	407	3 106
<b>Net debt at end of period</b>	<b>44 703</b>	<b>- 48 178</b>	<b>44 703</b>	<b>- 48 178</b>
Cash flow from operating activities	100 132	41 692	4 130	14 854
Maintenance/replacement investments	- 11 012	- 12 539	- 3 796	- 4 655
<b>Free cash flow<sup>3</sup></b>	<b>89 120</b>	<b>29 153</b>	<b>334</b>	<b>10 199</b>

1) Change from Financing activities to Investing activities

2) Short-term borrowings in which the duration is three months or shorter are reported net

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

## INVESTMENTS

Amounts in SEK million	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
<b>Electricity generation</b>				
Hydro power	795	920	314	349
Nuclear power	1 263	1 877	420	499
Coal power	—	22	—	15
Gas	64	192	20	33
Wind power and solar PV	11 157	7 709	1 975	2 568
Biomass, waste	73	295	3	71
<b>Total electricity generation</b>	<b>13 352</b>	<b>11 015</b>	<b>2 732</b>	<b>3 535</b>
<b>CHP/heat</b>				
Fossil-based power	1 053	1 261	537	396
Heat networks	1 511	1 400	610	598
Other	483	933	322	418
<b>Total CHP/heat</b>	<b>3 047</b>	<b>3 594</b>	<b>1 469</b>	<b>1 412</b>
<b>Electricity networks</b>				
Electricity networks	5 758	7 435	1 919	2 511
<b>Total electricity networks</b>	<b>5 758</b>	<b>7 435</b>	<b>1 919</b>	<b>2 511</b>
Purchases of shares, shareholder contributions	400	- 137	168	- 59
Other	1 557	1 690	573	512
<b>Total investments</b>	<b>24 114</b>	<b>23 597</b>	<b>6 861</b>	<b>7 911</b>
Accrued investments, unpaid invoices (-)/ release of accrued investments (+)	1 443	- 2 250	892	- 2 260
<b>Total investments with cash flow effect</b>	<b>25 557</b>	<b>21 347</b>	<b>7 753</b>	<b>5 651</b>

# Consolidated statement of changes in equity

Amounts in SEK million	31 Dec 2021			31 Dec 2020		
	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>97 724</b>	<b>13 468</b>	<b>111 192</b>	<b>93 631</b>	<b>14 891</b>	<b>108 522</b>
<b>Profit for the period</b>	<b>46 828</b>	<b>1 185</b>	<b>48 013</b>	<b>6 489</b>	<b>1 227</b>	<b>7 716</b>
Cash flow hedges - changes in fair value	82 259	—	82 259	3 023	—	3 023
Cash flow hedges - dissolved against income statement	- 31 569	16	- 31 553	4 344	- 34	4 310
Cash flow hedges - transferred to cost of hedged item	16	—	16	- 43	—	- 43
Hedging of net investments in foreign operations	- 1 414	—	- 1 414	1 808	—	1 808
Translation differences, divested companies	697	—	697	- 5	—	- 5
Translation differences	2 983	235	3 218	- 3 684	- 400	- 4 084
Remeasurement pertaining to defined benefit obligations	- 700	30	- 670	- 1 465	- 40	- 1 505
Income taxes related to other comprehensive income	- 15 185	- 9	- 15 194	- 2 207	12	- 2 195
<b>Total other comprehensive income for the period</b>	<b>37 087</b>	<b>272</b>	<b>37 359</b>	<b>1 771</b>	<b>- 462</b>	<b>1 309</b>
<b>Total comprehensive income for the period</b>	<b>83 915</b>	<b>1 457</b>	<b>85 372</b>	<b>8 260</b>	<b>765</b>	<b>9 025</b>
Dividends paid to owners	- 4 000	- 1 190	- 5 190	- 3 623	- 1 675	- 5 298
Group contributions from(+)/to(-) owners of non-controlling interests	—	51	51	—	- 1	- 1
Changes in ownership in Group companies on divestments of shares to owners of non-controlling interests	2 538	1 508	4 046	—	—	—
Contribution to/from owners of non-controlling interests	—	1 185	1 185	—	- 829	- 829
Changes as a result of changed ownership	—	—	—	—	- 227	- 227
Other changes	533	- 7	526	- 544	544	—
<b>Total transactions with equity holders</b>	<b>- 929</b>	<b>1 547</b>	<b>618</b>	<b>- 4 167</b>	<b>- 2 188</b>	<b>- 6 355</b>
<b>Balance carried forward</b>	<b>180 710</b>	<b>16 472</b>	<b>197 182</b>	<b>97 724</b>	<b>13 468</b>	<b>111 192</b>
- Of which, Reserve for hedges	36 968	8	36 976	1 970	- 5	1 965

# Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times <sup>1</sup>	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
Operating margin	33.5	9.6	12.2	11.9
Operating margin <sup>2</sup>	17.3	16.2	14.3	18.1
Pre-tax profit margin	33.0	7.6	11.3	10.3
Pre-tax profit margin <sup>2</sup>	16.8	14.2	13.4	16.6
Return on equity	36.9	6.7	36.9 <sup>3</sup>	6.7 <sup>3</sup>
Return on capital employed	22.2	5.8	22.2 <sup>3</sup>	5.8 <sup>3</sup>
Return on capital employed <sup>2</sup>	11.5	9.7	11.5 <sup>3</sup>	9.7 <sup>3</sup>
EBIT interest cover, (x)	16.2	4.3	16.2 <sup>3</sup>	4.3 <sup>3</sup>
EBIT interest cover, (x) <sup>2</sup>	8.5	7.1	8.5 <sup>3</sup>	7.1 <sup>3</sup>
FFO interest cover, (x)	13.3	10.4	13.3 <sup>3</sup>	10.4 <sup>3</sup>
FFO interest cover, net, (x)	15.9	12.1	15.9 <sup>3</sup>	12.1 <sup>3</sup>
Cash flow interest cover after maintenance investments, (x)	27.9	10.2	27.9 <sup>3</sup>	10.2 <sup>3</sup>
FFO/gross debt	36.5	33.4	36.5 <sup>3</sup>	33.4 <sup>3</sup>
FFO/net debt	- 103.1	72.7	- 103.1 <sup>3</sup>	72.7 <sup>3</sup>
FFO/adjusted net debt	171.2	28.8	171.2 <sup>3</sup>	28.8 <sup>3</sup>
EBITDA/net financial items, (x)	24.5	14.7	10.4	15.7
EBITDA/net financial items, (x) <sup>2</sup>	15.7	13.9	13.7	16.1
Equity/Total assets	25.2	24.0	25.2	24.0
Gross debt/equity	64.1	94.2	64.1	94.2
Net debt/equity	- 22.7	43.3	- 22.7	43.3
Gross debt/gross debt plus equity	39.1	48.5	39.1	48.5
Net debt/net debt plus equity	- 29.3	30.2	- 29.3	30.2
Net debt/EBITDA, (x)	- 0.6	1.0	- 0.6 <sup>3</sup>	1.0 <sup>3</sup>
Adjusted net debt/EBITDA, (x)	0.4	2.6	0.4 <sup>3</sup>	2.6 <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 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
<b>Income statement</b>								
Net sales	63 529	36 125	34 554	45 911	44 032	35 375	31 280	48 160
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	10 226	27 293	20 531	17 740	12 121	9 235	8 251	16 900
Underlying EBITDA	13 452	9 149	9 577	16 408	12 415	9 378	7 471	14 773
Operating profit (EBIT)	7 750	22 926	16 210	13 385	5 246	4 743	- 7 027	12 313
Underlying EBIT	9 092	4 782	5 256	12 053	7 987	4 818	2 792	10 187
Profit before income taxes	7 156	567	16 778	13 257	4 553	4 525	- 5 969	8 895
Profit for the period	6 101	18 277	13 212	10 423	5 727	3 583	- 8 495	6 900
- of which, attributable to owner of the Parent Company	5 774	18 178	13 002	9 875	5 132	3 595	- 8 826	6 587
- of which, attributable to non-controlling interests	327	99	210	548	595	- 12	331	313
<b>Balance sheet</b>								
Capital employed	280 881	255 184	280 855	271 110	262 466	260 921	266 641	287 567
Net debt	44 703	47 348	- 32 328	- 43 865	- 48 178	- 58 858	- 71 613	- 81 579
<b>Cash flow</b>								
Funds from operations (FFO)	18 616	6 054	7 439	13 987	11 368	7 000	4 420	12 235
Cash flow from operating activities	4 130	60 836	24 041	11 124	14 854	19 447	15 924	- 8 533
Cash flow from investing activities	- 45 690	- 14 851	- 12 858	- 3 921	- 7 729	- 11 507	- 5 991	- 3 867
Cash flow from financing activities	41 855	- 1 252	- 6 446	- 15 164	- 1 094	- 7 588	1 087	10 572
<b>Cash flow for the period</b>	<b>295</b>	<b>44 733</b>	<b>4 737</b>	<b>- 7 961</b>	<b>6 031</b>	<b>352</b>	<b>11 020</b>	<b>- 1 828</b>
<b>Free cash flow</b>	<b>334</b>	<b>57 309</b>	<b>22 629</b>	<b>8 847</b>	<b>10 199</b>	<b>17 161</b>	<b>12 656</b>	<b>- 10 865</b>

In % unless otherwise stated. (x) means times <sup>1</sup>	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
<b>Key ratios</b>								
Return on equity <sup>1</sup>	36.9	40.2	30.3	10.0	6.7	1.5	4.4	14.4
Return on capital employed <sup>2</sup>	22.2	22.4	14.5	5.9	5.8	4.7	6.1	9.4
Return on capital employed <sup>2,3</sup>	11.5	11.7	11.0	9.9	9.7	9.9	9.2	9.2
EBIT interest cover, (x) <sup>2</sup>	16.2	16.6	12.1	5.1	4.3	3.3	3.2	4.5
EBIT interest cover, (x) <sup>2,3</sup>	8.5	8.7	9.3	8.6	7.1	6.8	6.1	4.4
FFO/gross debt <sup>2</sup>	36.5	46.0	44.3	40.0	33.4	32.4	31.2	32.8
FFO/net debt <sup>2</sup>	- 103.1	- 82.0	123.1	83.8	72.7	59.8	49.9	45.8
FFO/adjusted net debt <sup>2</sup>	171.2	182.7	38.1	32.8	28.8	27.9	25.5	25.2
Equity/Total assets	25.2	27.8	25.8	26.8	24.0	24.0	22.8	24.8
Gross debt/equity	64.1	44.2	64.2	72.0	94.2	100.6	111.0	93.1
Net debt/equity	- 22.7	- 24.8	23.1	34.4	43.3	54.6	69.3	66.7
Net debt/net debt plus equity	- 29.3	- 32.9	18.8	25.6	30.2	35.3	40.9	40.0
Net debt/EBITDA, (x) <sup>2</sup>	- 0.6	- 0.6	0.5	0.9	1.0	1.4	1.5	1.7
Adjusted net debt/EBITDA, (x) <sup>2</sup>	0.4	0.3	1.8	2.4	2.6	2.9	3.0	3.2

- 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.

## 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 2020 Annual and Sustainability Report in Note 3 to the consolidated accounts, Accounting policies. Amended IFRSs endorsed by the EU for application in the 2021 financial year have no significant effect on Vattenfall’s financial statements.

### Risks and uncertainties

A historical high price volatility for electricity and fuels in 2021 has led to increased credit risks. For a description of risks, uncertainties and risk

management, please refer to Vattenfall’s 2020 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 2021, no other material changes have taken place since the publication.

### Other

Significant related-party transactions are described in Note 44 to the consolidated accounts in Vattenfall’s 2020 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

## NOTE 2 | Exchange rates

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

	Full year 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
<b>Average rate</b>				
EUR	10.1469	10.4789	10.1604	10.2871
DKK	1.3644	1.4056	1.3662	1.3820
GBP	11.7820	11.8334	11.9631	11.3916
USD	8.5687	9.1718	8.8543	8.6406
			<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>Balance sheet date rate</b>				
EUR			10.2503	10.0343
DKK			1.3784	1.3485
GBP			12.1987	11.1613
USD			9.0502	8.1773

## 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 6.784 million (31 December 2020: 8.509).

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 2021

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Share in the Swedish Nuclear Waste Fund	52 772	—	—	52 772
Derivative assets	—	154 744	1 141	155 885
Short-term investments, cash equivalents and other shares and participations	116 013	11 404	—	127 417
<b>Total assets</b>	<b>168 785</b>	<b>166 148</b>	<b>1 141</b>	<b>336 074</b>
<b>Liabilities</b>				
Derivative liabilities	—	129 818	—	129 818
<b>Total liabilities</b>	<b>—</b>	<b>129 818</b>	<b>—</b>	<b>129 818</b>

### 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>

## NOTE 4 | Acquired and divested operations

### Acquired operations

On 1 July 2021 Vattenfall acquired the remaining shares in Enwell AB, and as a result, as from that date the company has changed over from being reported as an associated company to being reported as a subsidiary. The total purchase price for all of the shares was SEK 130 million, and the value of total assets acquired is SEK 328 million, of which SEK 179 million consists of intangible non-current assets.

### Divested operations

On 1 July 2021 the sale of the electricity distribution company Stromnetz to the City of Berlin was completed. The consideration received amounts to SEK 21 248 million and the capital gain to SEK 8 414 million. In addition to this a number small companies within business area Wind have been sold during the period, total consideration received amounts to SEK 130 million and the capital gain to SEK 34 million.

## NOTE 5 | Items affecting comparability

Items affecting comparability include capital gains and capital losses from sale of 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, changes in the fair value of energy derivatives, which according to IFRS 9 cannot be recognised using hedge accounting and changes in the fair value of inventories.

Amounts in SEK million	Full year	Full year	Oct-Dec	Oct-Dec
	2021	2020	2021	2020
1) Including items affecting comparability	29 090	- 10 514	- 1 342	- 2 741
- of which, capital gains	8 960	301	156	86
- of which, capital losses	- 199	- 241	- 32	- 184
- of which, impairment losses	- 38	- 12 980	- 38	- 2 447
- of which, reversed impairment losses	1 922	—	1 922	—
- of which, provisions	- 3 785	- 3 488	- 1 332	- 2 803
- of which, changes in the fair value of energy derivatives	8 715	4 753	- 1 822	1 967
- of which, changes in the fair value of inventories	1 313	476	- 488	418
- of which, restructuring costs	—	- 854	—	- 709
- of which, other non-recurring items affecting comparability	12 202	1 519	292	931

Items affecting comparability during January-December 2021 amounted to SEK 29.1 billion, most of which pertains to compensation for closure of nuclear power in Germany and sales of related production rights (SEK 12.5 billion, reported in other non-recurring items affecting comparability), and changes in market value for energy derivatives and inventories (SEK 10.0 billion). The increase in provisions pertains to the nuclear operations (SEK -3.8 billion). Capital gains pertains mainly to the sale of Stromnetz Berlin (SEK 8.4 billion).

Items affecting comparability during January-December 2020 amounted to SEK -10.5 billion. Most pertains to impairment losses (SEK -13.0 billion) where coal-fired power in Germany accounts for the major part and unrealised changes in market value for energy derivatives and inventories (SEK 5.2 billion). The increase in provisions pertains to the nuclear operations (SEK -3.5 billion). Other items affecting comparability pertain to the sale of nuclear power production rights in Germany (SEK 2.8 billion).

## NOTE 6 | 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 2020 Annual and Sustainability Report.

### Impairment losses and reversed impairment losses 2021

During the period impairment losses of SEK 38 million have been charged against operating profit of which SEK 30 million pertains to participations within BA Wind.

Previously recognised impairment losses of SEK 1,922 million mainly pertaining to hydro assets in Germany have been reversed in the income statement.

# 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 2020 Annual and Sustainability Report, Note 3 to the Parent Company accounts, Accounting policies. New accounting policies applicable from 1 January 2021 has had no significant effect on the Parent Company's financial statements.

## January – December 2021

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

- Net sales amounted to SEK 40,045 million (41,969).
- Profit before appropriations and income taxes was SEK -4,219 million (10,786).
- Lower operating profit are attributable to changes in market value for energy derivatives.
- Dividend received from subsidiaries amounted to SEK 2,231 million (408), mainly from Vattenfall B.V.
- Lower financial income due to exchange rate effects impacted earnings negatively.
- The balance sheet total was SEK 468,482 million (305,916).

- Investments during the period amounted to SEK 7,303 million (11,917), whereof 5,417 pertains to group internal asset transactions.
- Cash and cash equivalents, and short-term investments amounted to SEK 145,743 million (53,043).
- The equity has been adjusted with SEK -900 million per January 1<sup>st</sup> of 2020 due to nuclear related commitments previously not accounted for. Profit before appropriations and income taxes 2020 has been adjusted with SEK -376 million for the same reason.
- Dividend paid to the owner of SEK 4,000 million (3,623).

## 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 2020 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2020 Annual and Sustainability Report.

# Parent Company income statement

Amounts in SEK million	Full year 2021	Full year 2020
Net sales	40 045	41 969
Cost of purchases	- 37 035	- 23 929 <sup>1</sup>
Other external expenses	- 5 250	- 4 966 <sup>1</sup>
Personnel expenses	- 2 247	- 2 116
Other operating incomes and expenses, net	- 52	170
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>- 4 539</b>	<b>11 128 <sup>1</sup></b>
Depreciation, amortisation and impairments	- 629	- 596
<b>Operating profit (EBIT)</b>	<b>- 5 168</b>	<b>10 532 <sup>1</sup></b>
Result from participations in subsidiaries	2 231	408
Result from participations in associated companies	1	—
Other financial income	1 537	2 593
Other financial expenses	- 2 820	- 2 747 <sup>1</sup>
<b>Profit before appropriations and income taxes</b>	<b>- 4 219</b>	<b>10 786 <sup>1</sup></b>
Appropriations	5 086	- 394
<b>Profit before income taxes</b>	<b>867</b>	<b>10 392 <sup>1</sup></b>
Income taxes	445	- 2 243
<b>Profit for the period</b>	<b>1 312</b>	<b>8 149 <sup>1</sup></b>

<sup>1</sup> The period has been adjusted according to IAS 8, please refer to the comments on the Parent company income statement and balance sheet for additional information

# Parent Company balance sheet

Amounts in SEK million	31 Dec 2021	31 Dec 2020
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets: non-current	330	356
Property, plant and equipment	7 003	6 618
Shares and participations	166 802	161 474
Deferred tax assets	2 272	313
Other non-current receivables	71 123	69 078
<b>Total non-current assets</b>	<b>247 530</b>	<b>237 839</b>
<b>Current assets</b>		
Inventories	342	411
Intangible assets: current	9	38
Current receivables	73 157	14 585
Current tax assets	1 701	—
Short-term investments	101 877	29 301
Cash and cash equivalents	43 866	23 742
<b>Total current assets</b>	<b>220 952</b>	<b>68 077</b>
<b>Total assets</b>	<b>468 482</b>	<b>305 916</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	1 370	1 492
Non-restricted equity		
Retained earnings	64 911	60 640 <sup>1</sup>
Profit for the period	1 312	8 149 <sup>1</sup>
<b>Total equity</b>	<b>112 167</b>	<b>114 855</b>
<b>Untaxed reserves</b>	<b>7 168</b>	<b>13 342</b>
<b>Provisions</b>	<b>5 621</b>	<b>5 376</b>
<b>Non-current liabilities</b>		
Hybrid capital	20 421	19 305
Other interest-bearing liabilities	39 475	36 544 <sup>1</sup>
Other noninterest-bearing liabilities	12 869	12 762
<b>Total non-current liabilities</b>	<b>72 765</b>	<b>68 611</b>
<b>Current liabilities</b>		
Other interest-bearing liabilities	252 315	95 706
Current tax liabilities	—	122
Other noninterest-bearing liabilities	18 446	7 904
<b>Total current liabilities</b>	<b>270 761</b>	<b>103 732</b>
<b>Total equity, provisions and liabilities</b>	<b>468 482</b>	<b>305 916</b>

<sup>1</sup> The period has been adjusted according to IAS 8, please refer to the comments on the Parent company income statement and balance sheet for additional information

# 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 2021	Full year 2020	Oct-Dec 2021	Oct-Dec 2020
Operating profit (EBIT)	60 271	15 276	7 750	5 246
Depreciation, amortisation and impairment losses	- 15 519	- 31 231	- 2 476	- 6 875
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>75 790</b>	<b>46 507</b>	<b>10 226</b>	<b>12 121</b>
Items affecting comparability excl. impairment losses and reversed impairment losses	- 27 206	- 2 466	3 226	294
<b>Underlying operating profit before depreciation, amortisation and impairment losses</b>	<b>48 584</b>	<b>44 041</b>	<b>13 452</b>	<b>12 415</b>
Operating profit (EBIT)	60 271	15 276	7 750	5 246
Items affecting comparability	- 29 090	10 514	1 342	2 741
<b>Underlying operating profit</b>	<b>31 181</b>	<b>25 790</b>	<b>9 092</b>	<b>7 987</b>



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

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**KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES JANUARY 2021– DECEMBER 2021**

<b>Operating margin, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{60\,271}{180\,119}$	=	33.5
<b>Operating margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{31\,181}{180\,119}$	=	17.3
<b>Pre-tax profit margin, %</b>	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	$\frac{59\,373}{180\,119}$	=	33.0
<b>Pre-tax profit margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Profit before income taxes excl. items affecting comparability}}{\text{Net sales}}$	$\frac{30\,289}{180\,119}$	=	16.8
<b>Return on equity, %</b>	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{46\,828}{126\,811}$	=	36.9
<b>Return on capital employed, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{60\,271}{271\,674}$	=	22.2
<b>Return on capital employed excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{31\,181}{271\,674}$	=	11.5
<b>EBIT interest cover, (x)</b>	=	$\frac{\text{EBIT} + \text{financial income}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{61\,054}{3\,873}$	=	15.8
<b>EBIT interest cover excl. Items affecting comparability, (x)</b>	=	$\frac{\text{Underlying EBIT} + \text{financial income}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{31\,964}{3\,873}$	=	8.3
<b>FFO interest cover, (x)</b>	=	$\frac{\text{FFO} + \text{financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{49\,969}{3\,873}$	=	12.9
<b>FFO interest cover, net, (x)</b>	=	$\frac{\text{FFO} + \text{financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{49\,186}{3\,090}$	=	15.9

<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>92 554</u>	=	27.0
		Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	<u>3 434</u>		
<b>FFO/gross debt, %</b>	= 100 x	<u>FFO</u>	<u>46 096</u>	=	36.5
		Interest-bearing liabilities	<u>126 408</u>		
<b>FFO/net debt, %</b>	= 100 x	<u>FFO</u>	<u>46 096</u>	=	-103.1
		Net debt	<u>-44 703</u>		
<b>FFO/adjusted net debt, %</b>	= 100 x	<u>FFO</u>	<u>46 096</u>	=	171.2
		Adjusted net debt	<u>26 922</u>		
<b>EBITDA/net financial items, (x)</b>	=	<u>EBITDA</u>	<u>75 790</u>	=	24.5
		Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	<u>3 090</u>		
<b>EBITDA excl. items affecting comparability/net financial items, (x)</b>	=	<u>EBITDA excl. items affecting comparability</u>	<u>48 584</u>	=	15.7
		Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	<u>3 090</u>		

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#### KEY RATIOS BASED ON THE BALANCE SHEET PER 31 DECEMBER 2021

<b>Equity/total assets, %</b>	= 100 x	<u>Equity</u>	<u>197 182</u>	=	25.2
		Balance sheet total	<u>782 358</u>		
<b>Gross debt/equity, %</b>	= 100 x	<u>Interest-bearing liabilities</u>	<u>126 408</u>	=	64.1
		Equity	<u>197 182</u>		
<b>Net debt/equity, %</b>	= 100 x	<u>Net debt</u>	<u>-44 703</u>	=	-22.7
		Equity	<u>197 182</u>		
<b>Gross debt/gross debt equity, %</b>	= 100 x	<u>Interest-bearing liabilities</u>	<u>126 408</u>	=	39.1
		Interest-bearing liabilities + equity	<u>323 590</u>		
<b>Net debt/net debt plus equity, %</b>	= 100 x	<u>Net debt</u>	<u>-44 703</u>	=	-29.3
		Net debt + equity	<u>152 479</u>		
<b>Net debt/EBITDA, (x)</b>	=	<u>Net debt</u>	<u>-44 703</u>	=	-0.6
		EBITDA	<u>75 790</u>		
<b>Adjusted net debt/EBITDA, (x)</b>	=	<u>Adjusted net debt</u>	<u>26 922</u>	=	0.4
		EBITDA	<u>75 790</u>		

**Dividend**

In accordance with Vattenfall's dividend policy, the Board of Directors proposes a dividend of SEK 23,414 million.

**Annual General Meeting**

The Annual General Meeting will be held on 28 April 2022. 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 2022.

**Year-end report signature**

Solna, 3 February 2022

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 2022

Interim report January-March, 29 April 2022

Interim report January-June, 22 July 2022

Interim report January-September, 27 October 2022

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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 3 February 2022. 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.