

Interim report January–June 2021

Business highlights, April–June 2021

- Agreement on sale of 49.5% of the Hollandse Kust Zuid offshore wind farm
- Approval by Germany's Bundestag of compensation for nuclear plant closures which affected results in the second quarter by SEK 11.1 billion
- Decision by Swedish Parliament on special investment scope for electricity grid investments

Important events after the balance sheet date

- Sale of electricity distribution business Stromnetz Berlin completed on 1 July. The purchase price was EUR 2.1 billion and the transaction will impact the results in the third quarter

Financial highlights, January–June 2021

- Net sales increased by 1% (5% excluding currency effects) to SEK 80,465 million (79,440)
- Underlying operating profit¹ of SEK 17,308 million (12,982)
- Operating profit¹ of SEK 29,595 million (5,287)
- Profit for the period of SEK 23,635 million (-1,594)

Financial highlights, April–June 2021

- Net sales increased by 10% (14% excluding currency effects) to SEK 34,554 million (31,280)
- Underlying operating profit¹ of SEK 5,256 million (2,792)
- Operating profit¹ of SEK 16,210 million (-7,027)
- Profit for the period of SEK 13,212 million (-8,495)

KEY DATA

Amounts in SEK million unless indicated otherwise	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Net sales	80 465	79 440	34 554	31 280	158 847	159 872
Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹	38 271	25 152	20 531	8 251	46 507	59 626
Operating profit (EBIT) ¹	29 595	5 287	16 210	-7 027	15 276	39 584
Underlying EBIT ¹	17 308	12 982	5 256	2 792	25 790	30 116
Profit for the period	23 635	-1 594	13 212	-8 495	7 716	32 945
Electricity generation, TWh	58.8	57.1	26.0	24.1	112.8	114.5
Sales of electricity, TWh ²	85.4	82.1	40.0	36.7	164.1	167.4
- of which, customer sales	60.2	59.6	27.9	26.8	118.2	118.8
Sales of heat, TWh	9.2	7.9	2.7	2.5	13.8	15.1
Sales of gas, TWh	34.4	31.9	10.8	9.3	56.8	59.3
Return on capital employed, % ¹	14.5 ³	6.1 ³	14.5 ³	6.1 ³	5.8	14.5
FFO/adjusted net debt, % ¹	38.1 ³	25.5 ³	38.1 ³	25.5 ³	28.8	38.1

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

A strong result and a development that drives the transition for Vattenfall and our customers

Vattenfall reports a strong result for the first half of the year, with higher contributions from both production and sales of electricity and heat. Strategic agreements have been entered into in which we are working together with partners to drive the energy transition. We can finally also put a number of prioritised legal matters behind us and instead look forward with focus on our core businesses and our customers.

Comparison affected by large one-off items

Profit for the period totalled SEK 23.6 billion for the first half of the year and SEK 13.2 billion for the second quarter. In Germany we have been entitled for some time to compensation for the country's nuclear power phase-out. This has now been approved by Germany's Bundestag, with an earnings impact of SEK 11.1 billion in the second quarter. Payment will be made in the fourth quarter.

Strong performance for operating activities in a market with higher electricity prices

The market is experiencing wide fluctuations, and electricity prices in the Nordic countries have had a strong recovery since last year's historically low levels. Unusually cold weather during the first quarter of the year was followed by low precipitation during the second quarter. On the Continent we are seeing the impact of higher prices for fuel and CO₂ emission allowances. All in all, the impact of the higher electricity prices was positive for Vattenfall during the first half of the year. However, large differences between price areas and the system price in the Nordic countries pressed down the price achieved after hedges, which was especially noticeable during the second quarter.

The operating activities performed well. Underlying operating profit increased by SEK 4.3 billion to SEK 17.3 billion for the first half of the year and by SEK 2.5 billion to SEK 5.3 billion for the second quarter.

Supported by high availability of nuclear power and favourable reservoir

levels, we increased electricity generation despite the closure of Ringhals 1 at the end of 2020. We are also seeing positive development for both the sales and heat businesses. Plus we reported a higher realised profit from trading.

Clear path forward for operations in Berlin

After the close of the second quarter we completed the transaction for the sale of the distribution business in Berlin (Stromnetz Berlin). We also received the positive and final ruling from the Higher Administrative Court in Berlin that the district heating network belongs to Vattenfall after the city made a claim to take over the network. We are now looking forward to continued good cooperation with the City of Berlin to achieve our joint climate targets.

Partnerships support the energy transition of our customers

Achieving our goal of enabling fossil-free living within one generation requires that we cooperate with customers and other partners – also outside of the energy sector. Partnerships therefore have a central role in Vattenfall's strategy. Accordingly, we are now selling 49.5% of the Hollandse Kust Zuid offshore wind farm to BASF. This is the first time a major industrial company is buying a substantial stake in one of our large-scale wind farms. Together we will be able to both reduce emissions in the chemical industry and deliver fossil-free electricity to our customers with a project that contributes to the energy transition. I am truly looking forward to this cooperation, which is unique.



Anna Borg
President and CEO

Profit for the period
First half of 2021
23.6
SEK billion
(-1.6)

Underlying operating profit
First half of 2021
17.3
SEK billion
(13.0)

FFO/adjusted net debt
Last 12 months
38.1%
(25.5)

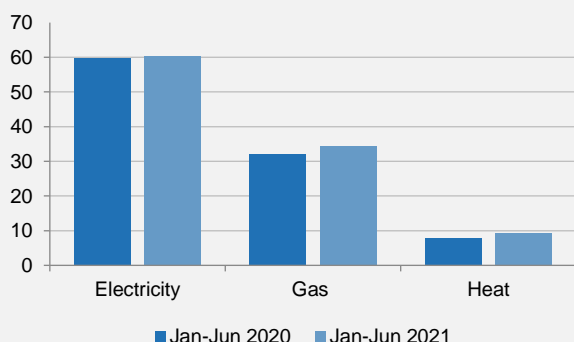
Return on capital employed
Last 12 months
14.5%
(6.1)

Group overview

Customer sales development

Sales of electricity to customers, excluding sales to Nord Pool Spot and deliveries to minority shareholders, increased by 0.6 TWh to 60.2 TWh (59.6), owing to higher volumes in the Nordic countries. Lower sales in the B2B segment in France had a countering effect. Sales of gas increased by 2.5 TWh to 34.4 TWh (31.9), mainly owing to colder weather in the Netherlands and Germany. Sales of heat increased by 1.3 TWh to 9.2 TWh (7.9).

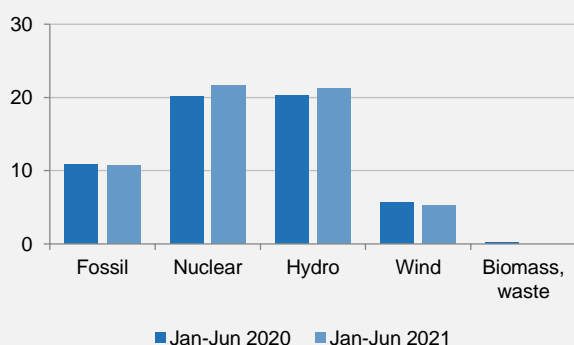
CUSTOMER SALES (TWh)



Generation development

Total electricity generation increased by 1.7 TWh to 58.8 TWh (57.1) during the first half of 2021. Higher nuclear power (+1.5 TWh) and hydro power (+0.9 TWh) generation was countered by lower wind power (-0.4 TWh) and fossil-based (-0.2 TWh) power generation.

ELECTRICITY GENERATION (TWh)



Price development

Average Nordic electricity spot prices were 647% higher, at EUR 41.9/MWh (5.6) during the second quarter of 2021 compared with the corresponding period in 2020, mainly owing to a lower hydrological balance and higher prices for electricity on the Continent, some of which was imported to the Nordic countries. Prices in Germany were 197% higher, at EUR 61.1/MWh (20.3), and prices in the Netherlands increased by 197% to EUR 62.1/MWh (20.9). Electricity prices in Germany and the Netherlands were mainly affected

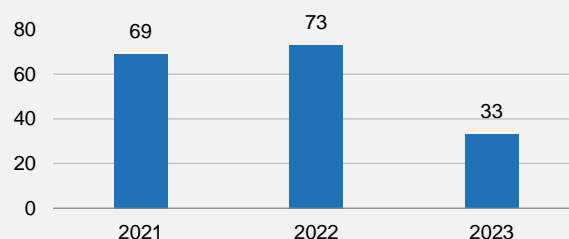
by lower wind speeds and higher prices for fuel and CO₂ emission allowances. Electricity futures prices for delivery in 2022 and 2023 were 5%–51% higher than in the second quarter of 2020.

Compared with the second quarter of 2020, the average spot price for gas was 363% higher, at EUR 24.7/MWh (5.3). The spot price for coal was 111% higher, at USD 89.6/t (42.5). The futures price for gas was 48% higher, at EUR 20.8/MWh (14.0), and the futures price for coal was 30% higher, at USD 78.6/t (60.2). The price of CO₂ emission allowances was 137% higher, at EUR 49.9/t (21.1).

AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, FI) AS PER 30 JUNE 2021

EUR/MWh	2021	2022	2023
	28	28	27

VATTENFALL'S ESTIMATED NORDIC HEDGE RATIO (%) AS PER 30 JUNE 2021



ACHIEVED NORDIC ELECTRICITY PRICES (SE, DK, FI)¹ EUR/MWH

Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020
30	28	27	30	31

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

+/-10% price impact on future profit before tax, SEK million²

Market-quoted	2022	2023	2024	Observed yearly volatility ³
Electricity	+/- 413	+/- 1,556	+/- 1,329	19%-24%
Coal	-/+ 5	-/+ 20	-/+ 11	20%-21%
Gas	-/+ 104	-/+ 860	-/+ 678	15%-24%
CO ₂	-/+ 19	-/+ 430	-/+ 370	40%-42%

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

Net sales

Comment January–June: Consolidated net sales increased by SEK 1.0 billion (including negative currency effects of SEK 2.8 billion). The increase is mainly attributable to higher electricity prices and higher sales volumes in the Nordic countries and Germany. Lower sales in the B2B segment in France had a countering effect.

Comment April–June: Consolidated net sales increased by SEK 3.3 billion (including negative currency effects of SEK 1.0 billion). The increase is mainly attributable to higher electricity prices and higher sales volumes in the Nordic countries.

Earnings

Comment January–June: Underlying operating profit increased by SEK 4.3 billion, which is explained by:

- A higher earnings contribution from the Power Generation operating segment (SEK +3.4 billion), mainly owing to higher prices achieved in the Nordic countries, higher generation from both nuclear and hydro power, and a higher realised trading result in the trading business.
- A higher earnings contribution from the Heat operating segment (SEK +1.0 billion), which is mainly explained by the closure of the Moorburg power plant in 2020 (lower operational costs and depreciations).
- Other items, net (SEK -0.1 billion).

Items affecting comparability amounted to SEK 12.3 billion (-7.7), of which most pertains to compensation for the closure of nuclear power operations in Germany¹ (SEK 12.5 billion) and unrealised change in market value for energy derivatives and inventories (SEK 2.9 billion). An increase in provisions for nuclear power in Sweden and Germany (SEK -2.5 billion) had a countering effect. Profit for the period totalled SEK 23.6 billion (-1.6) and was affected by – in addition to items affecting comparability – higher net financial items resulting from a higher return from the Swedish Nuclear Waste fund and a higher tax cost associated with higher profit before tax.

Comments April–June: Underlying operating profit increased by SEK 2.5 billion, mainly owing to positive contributions from the Power Generation (SEK 1.6 billion), Wind (SEK 0.5 billion) and Heat (SEK 0.5 billion) operating segments. Items affecting comparability amounted to SEK 11.0 billion (-9.8), of which most pertains to compensation for the closure of nuclear power operations in Germany (SEK 11.1 billion) and unrealised

changes in market value for energy derivatives and inventories (SEK 2.6 billion). An increase in provisions for nuclear power in Sweden and Germany (SEK -2.5 billion) had a countering effect.

Profit for the period totalled SEK 13.2 billion (-8.5), where the positive effect of items affecting comparability was countered by a higher tax cost associated with higher profit before tax and lower net financial items resulting from a lower return from the Swedish Nuclear Waste fund.

Cash flow

Comment January–June: Funds from operations (FFO) increased by SEK 4.8 billion, mainly owing to a higher operating profit before depreciation, amortisation and impairment losses (EBITDA). Compensation for the closure of nuclear power operations in Germany is not included in FFO (included as an adjustment of the item "Other, incl. non-cash items"). Cash flow from changes in operating capital amounted to SEK 13.7 billion. The largest contributing factors were changes related to the net change in margin calls (SEK 23.6 billion), CO₂ emission allowances (SEK -1.9 billion), the net change in operating receivables and operating liabilities attributable to seasonable effects in the Customers & Solutions and Heat operating segments (SEK -3.5 billion), and an increase in inventories (SEK -2.9 billion).

Comment April–June: Funds from operations (FFO) increased by SEK 3.0 billion, mainly owing to a higher operating profit before depreciation, amortisation and impairment losses (EBITDA), but with a countering effect from higher paid tax. Cash flow from changes in operating capital amounted to SEK 16.6 billion, which is mainly explained by the net change in margin calls (SEK 18.6 billion) and the net change in operating receivables and operating liabilities attributable to seasonable effects in the Customers & Solutions and Heat operating segments (SEK 1.9 billion). An increase in inventories had a negative effect (SEK -2.5 billion).

Important events after the balance sheet date

- On 1 July 2021 the sale of the electricity distribution company Stromnetz to the City of Berlin was completed. The purchase price was EUR 2.1 billion (SEK 21.2 billion). The capital gain is estimated to EUR 0.6 billion, with earnings impact in the third quarter.

1) See Note 4, Items affecting comparability, page 27

KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Net sales	80 465	79 440	34 554	31 280	158 847	159 872
Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹	38 271	25 152	20 531	8 251	46 507	59 626
Operating profit (EBIT) ¹	29 595	5 287	16 210	- 7 027	15 276	39 584
Underlying operating profit ¹	17 308	12 982	5 256	2 792	25 790	30 116
Items affecting comparability ¹	12 287	- 7 695	10 954	- 9 819	- 10 514	9 468
Profit for the period	23 635	- 1 594	13 212	- 8 495	7 716	32 945
Funds from operations (FFO) ¹	21 425	16 656	7 439	4 420	35 024	39 793
Cash flow from changes in operating assets and operating liabilities (working capital)	13 741	- 9 265	16 602	11 504	6 668	29 674
Cash flow from operating activities	35 166	7 391	24 041	15 924	41 692	69 467

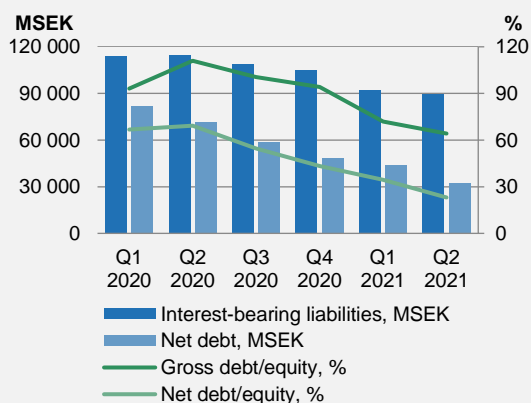
1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

Capital structure

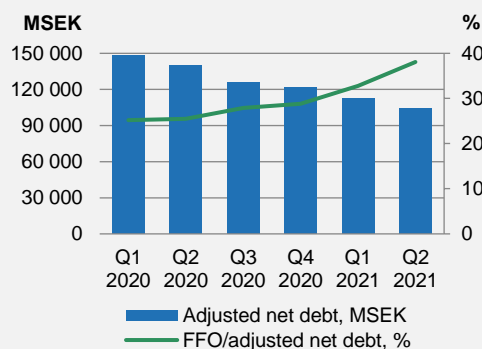
Cash and cash equivalents, and short-term investments increased by SEK 0.7 billion compared with the level at 31 December 2020. Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires in November 2023. As per 30 June 2021 available liquid assets and/or committed credit facilities amounted to 46% of net sales. Vattenfall's target is to maintain a level of no less than 10% of consolidated net sales, but at least the equivalent of the next 90 days' maturities

Net debt and adjusted net debt decreased by SEK 15.8 billion to SEK 32.3 billion and by SEK 17.0 billion to SEK 104.5 billion, respectively, compared with the levels at 31 December 2020. These decreases are mainly attributable to a positive cash flow after investments (SEK 24.4 billion). Higher provisions for nuclear power (net) increased adjusted net debt by SEK 2.2 billion. Paid dividend also impacted net debt (SEK 5.1 billion).

NET DEBT



ADJUSTED NET DEBT



Strategic focus areas and targets for 2025

Strategic focus area	Targets for 2025	Q2 2021	Outcome 2020
Driving decarbonisation with our customers & partners Securing a fossil-free energy supply	1. Customer engagement, absolute Net Promoter Score (NPS) ¹ : +18	-	+7
	2. CO ₂ emissions intensity ² : ≤86 gCO₂e/kWh	87	97
Delivering high-performing operations	3. Funds from operations (FFO)/adjusted net debt: 22%-27%	38.1%	28.8%
	4. Return On Capital Employed (ROCE), last 12 months: ≥8%	14.5%	5.8%
Empowering our people	5. Lost Time Injury Frequency (LTIF) ³ : ≤1.0	1.7	1.8
	6. Employee engagement index ⁴ : ≥75%	-	72%

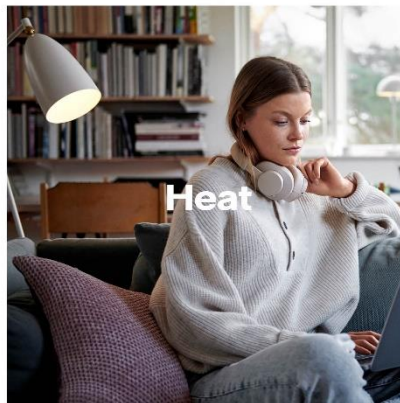
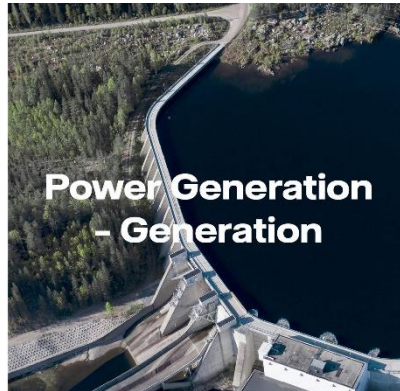
1) Absolute NPS is weighted 80% from Customers & Solutions and 20% from Heat, which corresponds to our customer composition. Reported on an annual basis.

2) Includes CO₂ and other greenhouse gases, such as N₂O and SF₆. 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.

Operating segments



Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Underlying EBIT						
Customers & Solutions	1 892	1 407	675	389	2 146	2 631
Power Generation	10 281	6 882	3 960	2 325	14 670	18 069
- of which, realised trading result	2 767	1 748	768	- 26	2 757	3 776
Wind	2 079	2 002	312	- 144	3 970	4 047
Heat	1 543	589	173	- 291	978	1 932
Distribution	2 453	2 917	658	843	5 325	4 861
- of which, Distribution Germany	665	468	331	136	1 093	1 290
- of which, Distribution Sweden	1 796	2 449	340	706	4 225	3 572
Other ¹	- 786	- 750	- 418	- 296	- 1 290	- 1 326
Eliminations	- 154	- 65	- 104	- 34	- 9	- 98
Underlying operating profit	17 308	12 982	5 256	2 792	25 790	30 116

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.

Strong earnings performance and continued progress in charging solutions

- Continued customer growth in Germany along with low churn and lower temperatures contributed to strong earnings
- E-mobility partnership with Coca-Cola in Germany



Q1–Q2: Net sales increased by 8%. Underlying operating profit increased by 34%, mainly owing to customer growth and lower average temperatures in the Netherlands and Germany. Colder weather in several of our markets had a positive effect on sales of electricity, mainly in the Nordic countries, while it contributed to increased sales of gas in the Netherlands and Germany. Compared with year-end 2020, the total customer base grew by 1.2% to 10.2 million contracts.

Q2: Net sales increased by 14%. Underlying operating profit increased by 74%, mainly owing to lower average temperatures in the Netherlands. Sales of electricity increased due to colder weather in the Nordic countries and the Netherlands, which was offset by lower volumes in the B2B segment in France. Sales of gas increased mainly due to lower temperatures in Germany and the Netherlands.

During the quarter, Vattenfall's e-mobility network Incharge reached the milestone of 25,000 connected charge points across Sweden, the Netherlands, Norway and Germany.

In Germany, Vattenfall partnered with Coca-Cola to enable electrification of the company's car fleet. Vattenfall will install the necessary infrastructure for the company's approximately 2,300 company car drivers, including charging points at workplaces and an offer to install charging stations at employees' homes.

The flexibility market is growing in Sweden, especially regarding a Frequency Containment Reserve – Disturbance (FCR-D). Vattenfall has been a pioneer in this area to enable its customers to support the system and benefit from their flexible assets. Vattenfall's Nordic portfolio now comprises approximately 20 MW plus an additional 40 MW that are contracted and awaiting approval by the Swedish transmission system operator (TSO) Svenska kraftnät.

KEY FIGURES – CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Net sales	48 044	44 514	20 793	18 234	86 298	89 828
External net sales	46 526	43 764	20 070	17 904	84 661	87 423
Underlying EBITDA	2 338	1 857	906	615	3 083	3 564
Underlying EBIT	1 892	1 407	675	389	2 146	2 631
Sales of electricity, TWh	48.7	48.3	22.2	21.8	95.8	96.2
- of which, private customers	14.1	13.8	5.7	5.3	26.3	26.6
- of which, resellers	3.5	3.9	1.8	1.7	8.0	7.6
- of which, business customers	31.1	30.6	14.7	14.8	61.5	62.0
Sales of gas, TWh	33.9	29.5	10.6	8.2	52.1	56.5
Number of employees, full-time equivalents	3 014	2 948	3 014	2 948	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.

Approval of compensation for closure of nuclear power operations in Germany

- Agreement on compensation for the closure of nuclear power in Germany approved by Bundestag
- Application to increase output at Forsmark 1
- Enhanced collaborations in SMR technology

Q1–Q2: Net sales increased by 10%. Underlying operating profit increased by 49% mainly as a result of higher achieved prices in the Nordic region (higher spot price, EUR +25/MWh, offset by a lower average hedging price, EUR -6/MWh), increased hydro (0.9 TWh) and nuclear power (1.5 TWh) generation, and a higher realised trading result.

Combined availability of Vattenfall's nuclear power plants during the first half of 2021 was 91.1% (78.9%). Higher availability and increased production in 2021 and down-regulations in 2020 due to low price levels compensated for lower volume resulting from the closure of Ringhals 1 at year-end.

Nordic reservoir levels were at 71% (64%) of capacity as per 30 June, which is 7 percentage points above the normal level.

Q2: Net sales increased by 13%. Underlying operating profit increased by 70% mainly owing to a higher realised trading result and higher nuclear power generation (2.6 TWh), which was partially offset by lower achieved prices in the Nordic countries (a lower average hedging price of EUR -6/MWh was partly countered by a higher spot price, EUR +26/MWh).

Germany's Bundestag (the lower house of Parliament) approved the agreement to compensate nuclear plant operators for losses incurred due to the country's nuclear phase-out. This affected profit for the second quarter by SEK 11.1 billion. Compensation is expected to be received and effect cash flow during the fourth quarter of 2021. The total compensation amounts to SEK 16.6 billion. Profit was affected by SEK 12.5 billion during first half of 2021 as production rights were sold in the first quarter. Sold



production rights in 2019 and 2020 (SEK 4.1 billion) as well as during the first quarter of 2021 have been deducted in the calculation of the compensation amount, which affected profit for the second quarter.

In connection with annual maintenance of Ringhals 3 in May, a fuel element became loose from its mooring. As a result, the maintenance outage has been extended until the end of August.

In June, Forsmark 1 applied to operate at a higher power level following completion of its annual maintenance in 2022. The new output would be 1,100 MW, entailing a capacity increase of approximately 10%. This increase corresponds to the annual electricity consumption of approximately 200,000 Swedish households.

In May Vattenfall signed an agreement with the Estonian company Fermi Energia to become a minority shareholder in the company. Vattenfall has previously been involved in a R&D-collaboration with the company within Small Modular Reactor (SMR) technology and the prospects for deployment of one or several such reactors in Estonia by 2035. Together with the Swedish nuclear power industry, Vattenfall is also supporting an application from several Swedish universities to establish a national Swedish competence centre for SMR technology.

Construction of a new dam on the Göta Älv river in Lilla Edet was started in April. The current dam that will be replaced has parts that are over 100 years old and a water discharge function that needs to be improved. The new dam is planned to be completed in 2024.

KEY FIGURES – POWER GENERATION

Amounts in SEK million unless indicated otherwise	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Net sales	48 726	44 411	20 445	18 167	90 133	94 448
External net sales	14 668	16 260	6 890	6 368	36 597	35 005
Underlying EBITDA	12 411	8 905	5 027	3 364	18 796	22 302
Underlying EBIT	10 281	6 882	3 960	2 325	14 670	18 069
- of which, realised trading result	2 767	1 748	768	- 26	2 757	3 776
Electricity generation, TWh	42.8	40.4	19.7	17.7	79.0	81.4
- of which, hydro power	21.2	20.3	9.8	10.4	39.7	40.6
- of which, nuclear power	21.6	20.1	9.9	7.3	39.3	40.8
Sales of electricity, TWh	10.5	10.1	5.2	4.5	20.0	20.4
- of which, resellers	10.0	9.1	4.9	4.0	17.9	18.8
- of which, business customers	0.5	1.0	0.3	0.5	2.1	1.6
Sales of gas, TWh	0.5	2.4	0.2	1.1	4.7	2.8
Number of employees, full-time equivalents	7 338	7 506	7 338	7 506	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.

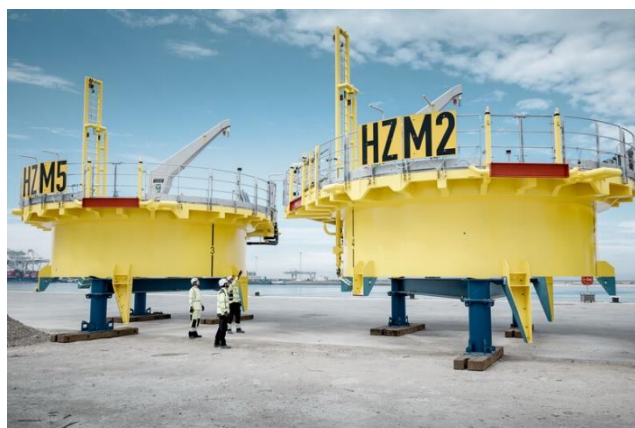
Sale of 49.5% stake in Hollandse Kust Zuid to BASF

- Agreement on sale of 49.5% of the Hollandse Kust Zuid offshore wind farm
- All turbines installed at Kriegers Flak

Q1–Q2: Net sales increased by 2% compared with 2020. Underlying operating profit increased by 4% owing to higher electricity prices and new capacity, mainly from the Princess Ariane onshore wind farm in the Netherlands and the Kriegers Flak offshore wind farm in Denmark. This was partly offset by lower wind speeds. Electricity generation decreased by 8% due to lower wind speeds, which was partly offset by new capacity.

Q2: Net sales increased by 28%. Underlying operating profit increased as a result of higher prices for renewable energy certificates in the UK, higher electricity prices and new capacity, which was partly offset by lower wind speeds. Electricity generation increased by 5% due to new capacity, mainly from the Princess Ariane onshore wind farm in the Netherlands and the Kriegers Flak offshore wind farm in Denmark, which was largely offset by lower wind speeds.

At the end of June Vattenfall signed an agreement with BASF on the sale of 49.5% of Vattenfall's Hollandse Kust Zuid offshore wind farm in the Netherlands. The purchase price for BASF amounts to EUR 0.3 billion, based on the achieved status of the project. Including BASF's contribution to fund the wind farm



construction, BASF's total commitment amounts to approximately EUR 1.6 billion. Closing of the deal is expected in the fourth quarter of 2021, subject to approval by the relevant authorities. Construction has been started, and once fully operational, which is expected in 2023, this will be the world's largest offshore wind farm with installed capacity of 1.5 GW.

On 5 June the last of the total of 72 turbines were installed at the Kriegers Flak offshore wind farm in Denmark. The project is on schedule despite logistic challenges caused by the pandemic. The project is expected to be completed by year-end 2021 and will have capacity of 605 MW, corresponding to the annual electricity consumption of approximately 600,000 Danish households.

Vattenfall continues to make progress in solar energy and onshore wind power. For example, the Haringvliet hybrid park in the Netherlands began commercial electricity generation in mid-June. The project combines 38 MW of solar energy, 22 MW of onshore wind power and 12 MW of battery capacity, corresponding to the annual electricity consumption of 39,000 Dutch households.

KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Net sales	7 056	6 951	2 844	2 219	13 565	13 670
External net sales	2 619	3 552	824	491	6 901	5 968
Underlying EBITDA	4 768	4 781	1 709	1 241	9 426	9 413
Underlying EBIT	2 079	2 002	312	- 144	3 970	4 047
Electricity generation - wind power TWh	5.2	5.6	2.2	2.1	10.8	10.4
Sales of electricity, TWh	0.5	0.6	0.2	0.2	1.2	1.1
Number of employees, full-time equivalents	1 197	1 074	1 197	1 074	1 104	

Heat

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

Higher sales of heat due to lower temperatures and a growing customer base

- Positive earnings impact from closure of Moorburg and higher sales of heat
- Permit and subsidies granted for e-boiler at Diemen CHP plant
- Investigation of opportunities to sell the Magnum gas-fired power plant

Q1–Q2: Net sales increased by 26% compared with a year ago. Underlying operating profit increased by 162% compared with the first half of 2020. The closure of the Moorburg power plant at year-end 2020 had a positive effect on underlying operating profit of SEK 0.8 billion, mainly as a result of 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 1.0% to the equivalent of 1.8 million households.

Q2: Net sales were 34% higher than a year ago. Underlying operating profit increased by 159% compared with the second quarter 2020. The closure of Moorburg had a positive effect on underlying operating profit, by SEK 0.5 billion, mainly owing to lower operating costs and lower depreciation. Sales of heat increased as a result of lower temperatures and a growing customer base, but were partly countered by negative effects of higher fuel prices, which resulted in lower clean spark spreads.

In June Vattenfall was granted a permit and subsidies to build a 150 MW Power-to-Heat boiler at the Diemen combined heat and power (CHP) plant in Amsterdam. The final investment decision is scheduled for mid-2022. The e-boiler is expected to be the



largest in Europe once commissioned in 2024 and will be run exclusively on renewable electricity.

Vattenfall is investigating opportunities to sell its Magnum gas-fired power plant in the Netherlands. The sale is being considered as the heat business is focusing on district heating and assets with a specific role in heat supply.

In May the final investment decision was made to build a system for sustainable district heating and district cooling in the new Sluisbuurt urban neighbourhood development project in Amsterdam. The project is being conducted by Westpoort Warmte, a joint venture company owned by Vattenfall and the City of Amsterdam. The first phase of the project will comprise 400 apartments, 700 student housing units and 6,750 sq. m. of commercial space, with construction start planned for late 2021.

After the end of the quarter, on July 5, the Higher Administrative Court in Berlin finally ruled that the city of Berlin has no right to take over Vattenfall's heat grid in Berlin. This decision puts an end to the legal proceedings that have been ongoing since 2014.

KEY FIGURES – HEAT

Amounts in SEK million unless indicated otherwise	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Net sales	14 470	11 456	5 887	4 404	23 328	26 342
External net sales	7 403	7 232	2 897	2 894	13 538	13 709
Underlying EBITDA	3 006	2 492	909	677	4 462	4 976
Underlying EBIT	1 543	589	173	- 291	978	1 932
Electricity generation - TWh	10.8	11.1	4.1	4.3	23.0	22.7
- of which, fossil-based power	10.7	10.9	4.0	4.2	22.7	22.5
- of which, biomass, waste	0.1	0.2	0.1	0.1	0.3	0.2
Sales of electricity business customers, TWh	0.5	0.6	0.3	0.3	1.2	1.1
Sales of heat, TWh	9.2	7.9	2.7	2.5	13.8	15.1
Number of employees, full-time equivalents	3 182	3 241	3 182	3 241	3 213	

Distribution

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

Decision made by Swedish Parliament on special investment scope for electricity network investments

- Price reductions in the local network contributed to lower gross margin and earnings
- Decision by Swedish Parliament on use of unutilised surplus from preceding regulation period
- Sale of Stromnetz Berlin completed after the end of the quarter



Q1–Q2: Net sales increased by 5% compared with 2020. Underlying operating profit decreased by 16% as a result of lower gross margin in the Swedish operations, mainly due to price reductions in the local network and higher costs for the transmission network as well as an increase in network losses caused by higher electricity prices. This was partly offset by higher distributed volume due to colder weather.

Q2: Net sales increased by 2%. Underlying operating profit decreased by 21% as a result of a lower gross margin in the Swedish operations, mainly due to price reductions in the local network and higher costs for the transmission grid.

Expansion and upgrading of the electricity grid infrastructure are crucial for achievement of the climate targets and continued electrification of society. Vattenfall is participating in the Swedish Energy Commission's work on accelerating electrification of the transport sector and together with a number of other actors has drawn up electrification pledges for several regions to accelerate electrification of goods transports.

In April, Swedish Parliament decided on a special investment scope for electricity grid investments to contribute to investments in expansion of electricity grid capacity. The law applies for electricity network companies that have an unutilised surplus from the preceding regulation period 2012–2015 and took effect on 1 June.

Long lead times and drawn-out permitting processes for building electricity networks continue to pose a major challenge

for the energy transition in Sweden. During the spring the Swedish government decided in favour of the Council on Legislation legislative proposal "Modern permitting processes for electricity networks" ("Moderna tillståndprocesser för elnät"), which entails improvements in several areas. However, considerably more radical measures will be needed in order for the electricity grid to be expanded and strengthened at a pace that society finds acceptable.

As a complement to investments in the electricity grid, Vattenfall is working with flexibility solutions to help alleviate bottlenecks in the electricity grid. During the winter season 2020/2021, the equivalent of 6,800 MWh in energy was purchased from electricity network companies in the EU-funded CoordiNet project that is being conducted in Uppsala, Skåne and Gotland. In this project, electricity consumers and electricity producers in areas with capacity shortages contribute to more efficient use of the grid by – in exchange for compensation – reducing their electricity consumption or ramping up their generation, respectively, to meet demand for capacity.

On 1 July the sale of Stromnetz Berlin, Vattenfall's electricity distribution business in Germany, to the City of Berlin was finalised. The purchase price was EUR 2.1 billion. The sale entails that more than 1,600 employees have obtained a new employer.

KEY FIGURES – DISTRIBUTION

Amounts in SEK million unless indicated otherwise	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Net sales	11 525	10 928	4 900	4 784	21 644	22 241
External net sales	9 198	8 529	3 843	3 558	16 970	17 639
Underlying EBITDA	3 973	4 604	1 340	1 694	8 725	8 094
Underlying EBIT	2 453	2 917	658	843	5 325	4 861
Number of employees, full-time equivalents	2 463	2 335	2 463	2 335	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.

KEY FIGURES – OTHER

Amounts in SEK million unless indicated otherwise	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Net sales	3 029	2 850	1 656	1 451	5 917	6 096
External net sales	51	103	30	65	180	128
Underlying EBITDA	- 358	- 328	- 210	- 86	- 442	- 472
Underlying EBIT	- 786	- 750	- 418	- 296	- 1 290	- 1 326
Number of employees, full-time equivalents	2 763	2 651	2 763	2 651	2 731	

Consolidated income statement

Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Net sales	80 465	79 440	34 554	31 280	158 847	159 872
Cost of purchases	- 34 116	- 38 002	- 12 602	- 13 108	- 76 225	- 72 339
Other external expenses	- 9 940	- 8 862	- 6 917	- 5 307	- 20 732	- 21 810
Personnel expenses	- 10 501	- 10 271	- 5 336	- 5 131	- 19 535	- 19 765
Other operating incomes and expenses, net	12 321	2 641	10 851	486	3 882	13 562
Participations in the results of associated companies	42	206	- 19	31	270	106
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	38 271	25 152	20 531	8 251	46 507	59 626
Depreciation, amortisation and impairments	- 8 676	- 19 865	- 4 321	- 15 278	- 31 231	- 20 042
Operating profit (EBIT)	29 595	5 287	16 210	- 7 027	15 276	39 584
Financial income ³	247	413	208	220	558	392
Financial expenses ^{1,2,3}	- 2 570	- 3 064	- 1 094	- 1 097	- 5 886	- 5 392
Return from the Swedish Nuclear Waste Fund	2 763	291	1 454	1 935	2 058	4 530
Profit before income taxes	30 035	2 927	16 778	- 5 969	12 006	39 114
Income taxes	- 6 400	- 4 521	- 3 566	- 2 526	- 4 290	- 6 169
Profit for the period	23 635	- 1 594	13 212	- 8 495	7 716	32 945
Attributable to owner of the Parent Company	22 877	- 2 238	13 002	- 8 826	6 489	31 604
Attributable to non-controlling interests	758	644	210	331	1 227	1 341
Supplementary information						
Underlying EBITDA ⁴	25 984	22 246	9 577	7 471	44 041	47 779
Underlying EBIT ⁴	17 308	12 982	5 256	2 792	25 790	30 116
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 1 304	- 1 567	- 381	- 330	- 3 163	- 2 900
1) Including interest components related to pension costs	- 218	- 272	- 109	- 136	- 538	- 484
2) Including discounting effects attributable to provisions	- 1 019	- 1 084	- 505	- 547	- 2 165	- 2 100
3) Items affecting comparability recognised as financial income and expenses, net	- 6	—	—	—	- 1	- 7
4) See note 4 for information on items affecting comparability						

Consolidated statement of comprehensive income

Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Profit for the period	23 635	- 1 594	13 212	- 8 495	7 716	32 945
Other comprehensive income						
Items that will be reclassified to profit or loss when specific conditions are met						
Cash flow hedges - changes in fair value	16 362	- 467	13 095	- 811	3 023	19 852
Cash flow hedges - dissolved against income statement	- 3 022	3 303	- 1 960	1 611	4 310	- 2 015
Cash flow hedges - transferred to cost of hedged item	9	- 53	—	- 2	- 43	19
Hedging of net investments in foreign operations	- 572	220	497	2 207	1 808	1 016
Translation differences, divested companies	46	- 4	—	- 4	- 5	45
Remeasurement of financial assets available-for-sale	—	—	—	—	—	—
Impairment of available-for-sale financial assets	—	—	—	—	—	—
Translation differences	1 332	- 421	- 1 327	- 5 434	- 4 084	- 2 331
Income taxes related to items that will be reclassified	- 4 254	- 667	- 3 668	- 959	- 2 587	- 6 174
Total items that will be reclassified to profit or loss when specific conditions are met	9 901	1 911	6 637	- 3 392	2 422	10 412
Items that will not be reclassified to profit or loss						
Remeasurement pertaining to defined benefit obligations	428	733	- 3 437	- 2 157	- 1 505	- 1 810
Income taxes related to items that will not be reclassified	- 5	- 280	1 031	587	392	667
Total items that will not be reclassified to profit or loss	423	453	- 2 406	- 1 570	- 1 113	- 1 143
Total other comprehensive income, net after income taxes	10 324	2 364	4 231	- 4 962	1 309	9 269
Total comprehensive income for the period	33 959	770	17 443	- 13 456	9 025	42 214
Attributable to owner of the Parent Company	33 081	152	17 341	- 13 225	8 260	41 189
Attributable to non-controlling interests	878	618	102	- 231	765	1 025

Operating segments, Vattenfall Group

Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
External net sales						
Customers & Solutions	46 526	43 764	20 070	17 904	84 661	87 423
Power Generation	14 668	16 260	6 890	6 368	36 597	35 005
Wind	2 619	3 552	824	491	6 901	5 968
Heat	7 403	7 232	2 897	2 894	13 538	13 709
Distribution	9 198	8 529	3 843	3 558	16 970	17 639
- of which, Distribution Germany	3 198	2 639	1 559	1 206	5 464	6 023
- of which, Distribution Sweden	5 937	5 830	2 256	2 320	11 377	11 484
Other ¹	51	103	30	65	180	128
Total	80 465	79 440	34 554	31 280	158 847	159 872
Internal net sales						
Customers & Solutions	1 518	750	723	330	1 637	2 405
Power Generation	34 058	28 151	13 555	11 799	53 536	59 443
Wind	4 437	3 399	2 020	1 728	6 664	7 702
Heat	7 067	4 224	2 990	1 510	9 790	12 633
Distribution	2 327	2 399	1 057	1 226	4 674	4 602
- of which, Distribution Germany	2 059	2 125	894	1 058	4 107	4 041
- of which, Distribution Sweden	278	290	170	178	597	585
Other ¹	2 978	2 747	1 626	1 386	5 737	5 968
Eliminations	- 52 385	- 41 670	- 21 971	- 17 979	- 82 038	- 92 753
Total	—	—	—	—	—	—
Total net sales						
Customers & Solutions	48 044	44 514	20 793	18 234	86 298	89 828
Power Generation	48 726	44 411	20 445	18 167	90 133	94 448
Wind	7 056	6 951	2 844	2 219	13 565	13 670
Heat	14 470	11 456	5 887	4 404	23 328	26 342
Distribution	11 525	10 928	4 900	4 784	21 644	22 241
- of which, Distribution Germany	5 257	4 764	2 453	2 264	9 571	10 064
- of which, Distribution Sweden	6 215	6 120	2 426	2 498	11 974	12 069
Other ¹	3 029	2 850	1 656	1 451	5 917	6 096
Eliminations	- 52 385	- 41 670	- 21 971	- 17 979	- 82 038	- 92 753
Total	80 465	79 440	34 554	31 280	158 847	159 872

Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Operating profit before depreciation, amortisation and impairment losses (EBITDA)						
Customers & Solutions	2 338	1 784	906	551	2 832	3 386
Power Generation	24 804	11 752	15 993	4 056	23 144	36 196
Wind	4 768	4 780	1 709	1 240	9 482	9 470
Heat	3 041	2 461	909	663	2 644	3 224
Distribution	3 972	4 597	1 340	1 690	8 713	8 088
- of which, Distribution Germany	1 007	1 010	418	408	2 162	2 159
- of which, Distribution Sweden	2 945	3 570	921	1 272	6 505	5 880
Other ¹	- 498	- 157	- 222	85	- 299	- 640
Eliminations	- 154	- 65	- 104	- 34	- 9	- 98
Total	38 271	25 152	20 531	8 251	46 507	59 626
Underlying EBITDA						
Customers & Solutions	2 338	1 857	906	615	3 083	3 564
Power Generation	12 411	8 905	5 027	3 364	18 796	22 302
Wind	4 768	4 781	1 709	1 241	9 426	9 413
Heat	3 006	2 492	909	677	4 462	4 976
Distribution	3 973	4 604	1 340	1 694	8 725	8 094
- of which, Distribution Germany	1 008	1 017	418	412	2 174	2 165
- of which, Distribution Sweden	2 946	3 570	921	1 272	6 505	5 881
Other ¹	- 358	- 328	- 210	- 86	- 442	- 472
Eliminations	- 154	- 65	- 104	- 34	- 9	- 98
Total	25 984	22 246	9 577	7 471	44 041	47 779

Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Operating profit (EBIT)						
Customers & Solutions	1 892	1 320	675	311	1 882	2 454
Power Generation	22 674	9 729	14 925	3 017	18 984	31 929
Wind	2 079	516	312	- 1 630	2 401	3 964
Heat	1 579	- 8 545	172	- 9 405	- 12 149	- 2 025
Distribution	2 452	2 911	658	840	5 313	4 854
- of which, Distribution Germany	664	462	331	133	1 081	1 283
- of which, Distribution Sweden	1 796	2 449	340	706	4 225	3 572
Other ¹	- 927	- 579	- 428	- 126	- 1 146	- 1 494
Eliminations	- 154	- 65	- 104	- 34	- 9	- 98
Operating profit (EBIT)	29 595	5 287	16 210	- 7 027	15 276	39 584
Operating profit (EBIT)	29 595	5 287	16 210	- 7 027	15 276	39 584
Financial income and expenses	440	- 2 360	568	1 058	- 3 270	- 470
Profit before tax	30 035	2 927	16 778	- 5 969	12 006	39 114
Underlying EBIT						
Customers & Solutions	1 892	1 407	675	389	2 146	2 631
Power Generation	10 281	6 882	3 960	2 325	14 670	18 069
Wind	2 079	2 002	312	- 144	3 970	4 047
Heat	1 543	589	173	- 291	978	1 932
Distribution	2 453	2 917	658	843	5 325	4 861
- of which, Distribution Germany	665	468	331	136	1 093	1 290
- of which, Distribution Sweden	1 796	2 449	340	706	4 225	3 572
Other ¹	- 786	- 750	- 418	- 296	- 1 290	- 1 326
Eliminations	- 154	- 65	- 104	- 34	- 9	- 98
Underlying EBIT	17 308	12 982	5 256	2 792	25 790	30 116

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

Consolidated balance sheet

Amounts in SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Assets			
Non-current assets			
Intangible assets: non-current	16 629	18 660	16 524
Property, plant and equipment	241 617	248 387	249 120
Participations in associated companies and joint arrangements	4 685	4 656	4 347
Other shares and participations	301	332	304
Share in the Swedish Nuclear Waste Fund	51 003	46 157	48 270
Derivative assets	15 780	10 315	9 449
Deferred tax assets	10 338	12 468	13 824
Other non-current receivables	6 534	5 599	5 529
Total non-current assets	346 887	346 574	347 367
Current assets			
Inventories	19 572	13 917	16 828
Intangible assets: current	28	147	192
Trade receivables and other receivables	45 184	24 825	23 812
Contract assets	540	273	416
Advance payments paid	1 111	7 591	1 046
Derivative assets	41 485	9 892	9 962
Prepaid expenses and accrued income	7 083	6 207	6 935
Current tax assets	791	703	280
Short-term investments	36 499	22 821	30 148
Cash and cash equivalents	20 463	19 813	26 074
Assets held for sale	21 795	320	188
Total current assets	194 551	106 509	115 881
Total assets	541 438	453 083	463 248
Equity and liabilities			
Equity			
Attributable to owner of the Parent Company	126 855	90 160	97 724
Attributable to non-controlling interests	13 005	13 223	13 468
Total equity	139 860	103 383	111 192
Non-current liabilities			
Hybrid Capital	19 960	20 242	19 304
Other interest-bearing liabilities	50 917	53 873	49 091
Pension provisions	39 208	43 174	43 824
Other interest-bearing provisions	114 221	105 290	108 665
Derivative liabilities	12 120	9 215	7 924
Deferred tax liabilities	22 154	16 262	17 617
Contract liabilities	7 730	8 620	8 752
Other noninterest-bearing liabilities	1 942	2 083	1 994
Total non-current liabilities	268 252	258 759	257 171
Current liabilities			
Trade payables and other liabilities	32 402	23 468	24 912
Advance payments received	24 751	1 080	5 794
Derivative liabilities	31 321	11 349	8 901
Accrued expenses and deferred income	10 548	9 859	14 558
Current tax liabilities	2 854	1 192	838
Other interest-bearing liabilities	18 857	40 653	36 380
Interest-bearing provisions	3 253	3 330	3 462
Liabilities associated with assets held for sale	9 340	10	40
Total current liabilities	133 326	90 941	94 885
Total equity and liabilities	541 438	453 083	463 248

SUPPLEMENTARY INFORMATION

Amounts in SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Calculation of capital employed			
Intangible assets: current and non-current	16 657	18 807	16 716
Property, plant and equipment	241 617	248 387	249 120
Participations in associated companies and joint arrangements	4 685	4 656	4 347
Deferred and current tax assets	11 129	13 171	14 104
Non-current noninterest-bearing receivables	3 436	3 866	3 853
Contract assets	540	273	416
Inventories	19 572	13 917	16 828
Trade receivables and other receivables	45 184	24 825	23 812
Prepaid expenses and accrued income	7 083	6 207	6 935
Unavailable liquidity	4 252	4 260	5 374
Other	507	572	483
Total assets excl. financial assets	354 662	338 941	341 988
Deferred and current tax liabilities	- 25 008	- 17 454	- 18 455
Other noninterest-bearing liabilities	- 1 942	- 2 083	- 1 994
Contract liabilities	- 7 730	- 8 620	- 8 752
Trade payable and other liabilities	- 32 402	- 23 468	- 24 912
Accrued expenses and deferred income	- 10 548	- 9 859	- 14 558
Other	- 395	- 185	- 232
Total noninterest-bearing liabilities	- 78 025	- 61 669	- 68 903
Other interest-bearing provisions not related to adjusted net debt ¹	- 9 818	- 10 631	- 10 619
Adjustment related to assets/liabilities held for sale	14 036	—	—
Capital employed²	280 855	266 641	262 466
Capital employed, average	273 748	268 587	265 639
Calculation of net debt			
Hybrid Capital	- 19 960	- 20 242	- 19 304
Bond issues and liabilities to credit institutions	- 43 379	- 51 914	- 49 642
Short-term debt, commercial papers and repo	- 4 535	- 20 225	- 13 268
Present value of liabilities pertaining to acquisitions of Group companies	- 1	- 28	- 1
Liabilities to associated companies	- 984	- 675	- 688
Liabilities to owners of non-controlling interests	- 11 014	- 11 028	- 10 931
Other liabilities	- 9 861	- 10 656	- 10 941
Total interest-bearing liabilities	- 89 734	- 114 768	- 104 775
Cash and cash equivalents	20 463	19 813	26 074
Short-term investments	36 499	22 821	30 148
Loans to owners of non-controlling interests in foreign Group companies	444	521	375
Net debt²	- 32 328	- 71 613	- 48 178
Calculation of adjusted gross debt and net debt			
Total interest-bearing liabilities	- 89 734	- 114 768	- 104 775
50% of Hybrid Capital ³	9 980	10 121	9 652
Present value of pension obligations	- 39 208	- 43 174	- 43 824
Provisions for gas and wind operations and other environment-related provisions	- 11 165	- 8 789	- 10 599
Provisions for nuclear power (net) ⁴	- 39 160	- 37 917	- 37 794
Margin calls received	2 923	4 806	4 081
Liabilities to owners of non-controlling interests due to consortium agreements	11 014	11 028	10 931
Adjustment related to assets/liabilities held for sale	- 1 863	—	—
Adjusted gross debt	- 157 213	- 178 693	- 172 328
Reported cash and cash equivalents and short-term investments	56 962	42 634	56 222
Unavailable liquidity	- 4 252	- 4 260	- 5 374
Adjusted cash and cash equivalents and short-term investments	52 710	38 374	50 848
Adjusted net debt²	- 104 503	- 140 319	- 121 480

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	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Operating activities						
Operating profit before depreciation, amortisation and impairment losses	38 271	25 152	20 531	8 251	46 507	59 626
Tax paid	- 1 712	- 1 352	- 632	- 45	- 2 719	- 3 079
Capital gains/losses, net	101	- 175	10	- 181	- 62	214
Interest received	176	127	116	58	183	232
Interest paid	- 2 319	- 2 241	- 1 098	- 976	- 2 808	- 2 886
Other, incl. non-cash items	- 13 092	- 4 855	- 11 488	- 2 687	- 6 077	- 14 314
Funds from operations (FFO)	21 425	16 656	7 439	4 420	35 024	39 793
Changes in inventories	- 2 883	- 944	- 2 462	- 479	- 1 315	- 3 254
Changes in operating receivables	- 9 090	- 414	213	11 764	- 1 344	- 10 020
Changes in operating liabilities	2 300	- 7 239	557	- 7 556	- 3 726	5 813
Margin calls	23 580	- 967	18 640	7 653	12 588	37 135
Other changes	- 166	299	- 346	122	465	—
Cash flow from changes in operating assets and operating liabilities	13 741	- 9 265	16 602	11 504	6 668	29 674
Cash flow from operating activities	35 166	7 391	24 041	15 924	41 692	69 467
Investing activities						
Acquisitions in Group companies	- 3	- 67	—	- 1	- 86	- 22
Investments in associated companies and other shares and participations	83	84	86	127	223	222
Other investments in non-current assets	- 10 781	- 10 205	- 5 391	- 5 713	- 21 484	- 22 060
Total investments	- 10 701	- 10 188	- 5 305	- 5 587	- 21 347	- 21 860
Divestments	- 9	620	41	570	1 237	608
Cash and cash equivalents in acquired companies	—	—	—	—	20	20
Cash and cash equivalents in divested companies	- 15	- 83	—	- 83	- 80	- 12
Cash flow from investing activities	- 10 725	- 9 651	- 5 264	- 5 100	- 20 170	- 21 244
Cash flow before financing activities	24 441	- 2 260	18 777	10 824	21 522	48 223
Financing activities						
Changes in short-term investments	- 6 055	- 208	- 7 594	- 892	- 8 926	- 14 773
Changes in loans to owners of non-controlling interests in foreign Group companies	- 67	- 318	2	13	- 185	66
Loans raised ¹	5 866	24 513	519	10 280	21 471	2 824
Amortisation of debt pertaining to acquisitions of Group companies	—	—	—	—	- 27	- 27
Amortisation of other debt	- 25 712	- 7 607	- 5 487	- 4 747	- 12 156	- 30 261
Redemption of Hybrid Capital	- 2 837	—	- 2 837	—	—	- 2 837
Issue of Hybrid Capital	6 481	—	6 481	—	—	6 481
Dividends paid to owners	- 5 124	- 4 462	- 5 124	- 4 462	- 5 298	- 5 960
Contribution to/from owners of non-controlling interests	- 217	- 468	—	3	- 829	- 578
Cash flow from financing activities	- 27 665	11 450	- 14 040	195	- 5 950	- 45 065
Cash flow for the period	- 3 224	9 190	4 737	11 019	15 572	3 158

Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Cash and cash equivalents						
Cash and cash equivalents at start of period	26 074	10 604	18 170	8 734	10 604	19 813
Cash and cash equivalents included in assets held for sale	- 2 400	—	- 2 400	236	—	- 2 400
Cash flow for the period	- 3 224	9 190	4 737	11 019	15 572	3 158
Translation differences	13	19	- 44	- 176	- 102	- 108
Cash and cash equivalents at end of period	20 463	19 813	20 463	19 813	26 074	20 463

SUPPLEMENTARY INFORMATION

Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Cash flow before financing activities	24 441	- 2 260	18 777	10 824	21 522	48 223
Financing activities						
Dividends paid to owners	- 5 124	- 4 462	- 5 124	- 4 462	- 5 298	- 5 960
Contribution to/from owners of non-controlling interests	- 217	- 468	—	3	- 829	- 578
Cash flow after dividend	19 100	- 7 190	13 653	6 365	15 395	41 685
Analysis of change in net debt						
Net debt at start of period	- 48 178	- 64 266	- 43 865	- 81 579	- 64 266	- 71 613
Cash flow after dividend	19 100	- 7 190	13 653	6 365	15 395	41 685
Changes as a result of valuation at fair value	607	- 397	100	147	- 171	833
Changes in interest-bearing liabilities for leasing	- 608	- 463	- 172	- 340	- 2 837	- 2 982
Interest-bearing liabilities/short-term investments acquired/divested	—	25	—	25	24	- 1
Cash and cash equivalents included in assets held for sale	- 2 400	—	- 2 400	236	—	- 2 400
Interest-bearing liabilities associated with assets held for sale	106	—	106	- 26	—	106
Translation differences on net debt	- 955	678	250	3 559	3 677	2 044
Net debt at end of period	- 32 328	- 71 613	- 32 328	- 71 613	- 48 178	- 32 328
Cash flow from operating activities	35 166	7 391	24 041	15 924	41 692	69 467
Maintenance investments	- 3 689	- 5 599	- 1 412	- 3 268	- 12 539	- 10 629
Free cash flow²	31 477	1 792	22 629	12 656	29 153	58 838

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

INVESTMENTS

Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Electricity generation						
Hydro power	312	365	174	206	920	867
Nuclear power	553	1 026	323	557	1 877	1 404
Coal power	—	3	—	3	22	19
Gas	23	156	19	28	192	59
Wind power and solar PV	6 496	2 342	4 227	1 742	7 709	11 863
Biomass, waste	39	96	3	65	295	238
Total electricity generation	7 423	3 988	4 746	2 601	11 015	14 450
CHP/heat						
Fossil-based power	263	670	199	476	1 261	854
Heat networks	575	522	392	410	1 400	1 453
Other	106	222	83	121	933	817
Total CHP/heat	944	1 414	674	1 007	3 594	3 124
Electricity networks						
Electricity networks	2 886	3 361	1 605	1 854	7 435	6 960
Total electricity networks	2 886	3 361	1 605	1 854	7 435	6 960
Purchases of shares, shareholder contributions	- 80	- 17	- 86	- 126	- 137	- 200
Other	640	794	352	440	1 690	1 536
Total investments	11 813	9 540	7 291	5 776	23 597	25 870
Accrued investments, unpaid invoices (-)/ release of accrued investments (+)	- 1 112	648	- 1 986	- 189	- 2 250	- 4 010
Total investments with cash flow effect	10 701	10 188	5 305	5 587	21 347	21 860

Consolidated statement of changes in equity

Amounts in SEK million	30 Jun 2021			30 Jun 2020			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	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
Balance brought forward	97 724	13 468	111 192	93 631	14 891	108 522	93 631	14 891	108 522
Profit for the period	22 877	758	23 635	- 2 238	644	- 1 594	6 489	1 227	7 716
Cash flow hedges - changes in fair value	16 362	—	16 362	- 467	—	- 467	3 023	—	3 023
Cash flow hedges - dissolved against income statement	- 3 038	16	- 3 022	3 318	- 15	3 303	4 344	- 34	4 310
Cash flow hedges - transferred to cost of hedged item	9	—	9	- 53	—	- 53	- 43	—	- 43
Hedging of net investments in foreign operations	- 572	—	- 572	220	—	220	1 808	—	1 808
Translation differences, divested companies	46	—	46	- 4	—	- 4	- 5	—	- 5
Translation differences	1 225	107	1 332	- 407	- 14	- 421	- 3 684	- 400	- 4 084
Remeasurement pertaining to defined benefit obligations	428	—	428	733	—	733	- 1 465	- 40	- 1 505
Income taxes related to other comprehensive income	- 4 256	- 3	- 4 259	- 950	3	- 947	- 2 207	12	- 2 195
Total other comprehensive income for the period	10 204	120	10 324	2 390	- 26	2 364	1 771	- 462	1 309
Total comprehensive income for the period	33 081	878	33 959	152	618	770	8 260	765	9 025
Dividends paid to owners	- 4 000	- 1 124	- 5 124	- 3 623	- 1 583	- 5 206	- 3 623	- 1 675	- 5 298
Group contributions from(+)/to(-) owners of non-controlling interests	—	—	—	—	—	—	—	- 1	- 1
Contribution to/from owners of non-controlling interests	—	- 217	- 217	—	- 468	- 468	—	- 829	- 829
Other changes in ownership	—	—	—	—	- 235	- 235	—	- 227	- 227
Other changes	50	—	50	—	—	—	- 544	544	—
Total transactions with equity holders	- 3 950	- 1 341	- 5 291	- 3 623	- 2 286	- 5 909	- 4 167	- 2 188	- 6 355
Balance carried forward	126 855	13 005	139 860	90 160	13 223	103 383	97 724	13 468	111 192
- Of which, Reserve for hedges	10 934	8	10 942	- 973	11	- 962	1 970	- 5	1 965

Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times ¹	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Operating margin	36.8	6.7	46.9	- 22.5	9.6	24.8
Operating margin ²	21.5	16.3	15.2	8.9	16.2	18.8
Pre-tax profit margin	37.3	3.7	48.6	- 19.1	7.6	24.5
Pre-tax profit margin ²	22.1	13.4	16.9	12.3	14.2	18.5
Return on equity	30.3 ³	4.4 ³	30.3 ³	4.4 ³	6.7	30.3
Return on capital employed	14.5 ³	6.1 ³	14.5 ³	6.1 ³	5.8	14.5
Return on capital employed ²	11.0 ³	9.2 ³	11.0 ³	9.2 ³	9.7	11.0
EBIT interest cover, (x)	12.1 ³	3.2 ³	12.1 ³	3.2 ³	4.3	12.1
EBIT interest cover, (x) ²	9.3 ³	4.7 ³	9.3 ³	6.1 ³	7.1	9.3
FFO interest cover, (x)	13.1 ³	7.2 ³	13.1 ³	7.2 ³	10.4	13.1
FFO interest cover, net (x)	14.7 ³	10.9 ³	14.7 ³	10.9 ³	12.1	14.7
Cash flow interest cover after maintenance investments, (x)	22.0 ³	3.3 ³	22.0 ³	3.3 ³	10.2	22.0
FFO/gross debt	44.3 ³	31.2 ³	44.3 ³	31.2 ³	33.4	44.3
FFO/net debt	123.1 ³	49.9 ³	123.1 ³	49.9 ³	72.7	123.1
FFO/adjusted net debt	38.1 ³	25.5 ³	38.1 ³	25.5 ³	28.8	38.1
EBITDA/net financial items, (x)	29.3	16.1	53.9	25.0	14.7	20.6
EBITDA/net financial items, (x) ²	19.9	14.2	25.1	22.6	13.9	16.5
Equity/Total assets	25.8	22.8	25.8	22.8	24.0	25.8
Gross debt/equity	64.2	111.0	64.2	111.0	94.2	64.2
Net debt/equity	23.1	69.3	23.1	69.3	43.3	23.1
Gross debt/gross debt plus equity	39.1	52.6	39.1	52.6	48.5	39.1
Net debt/net debt plus equity	18.8	40.9	18.8	40.9	30.2	18.8
Net debt/EBITDA, (x)	0.5 ³	1.5 ³	0.5 ³	1.5 ³	1.0	0.5
Adjusted net debt/EBITDA, (x)	1.8 ³	3.0 ³	1.8 ³	3.0 ³	2.6	1.8

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	Q2	Q1	Q4	Q3	Q2	Q1
	2021	2021	2020	2020	2020	2020
Income statement						
Net sales	34 554	45 911	44 032	35 375	31 280	48 160
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	20 531	17 740	12 121	9 235	8 251	16 900
Underlying EBITDA	9 577	16 408	12 415	9 378	7 471	14 773
Operating profit (EBIT)	16 210	13 385	5 246	4 743	- 7 027	12 313
Underlying EBIT	5 256	12 053	7 987	4 818	2 792	10 187
Profit before income taxes	16 778	13 257	4 553	4 525	- 5 969	8 895
Profit for the period	13 212	10 423	5 727	3 583	- 8 495	6 900
- of which, attributable to owner of the Parent Company	13 002	9 875	5 132	3 595	- 8 826	6 587
- of which, attributable to non-controlling interests	210	548	595	- 12	331	313
Balance sheet						
Capital employed	280 855	271 110	262 466	260 921	266 641	287 567
Net debt	- 32 328	- 43 865	- 48 178	- 58 858	- 71 613	- 81 579
Cash flow						
Funds from operations (FFO)	7 439	13 987	11 368	7 000	4 420	12 235
Cash flow from operating activities	24 041	11 124	14 854	19 447	15 924	- 8 533
Cash flow from investing activities	- 5 264	- 5 460	- 5 070	- 5 449	- 5 100	- 4 552
Cash flow from financing activities	- 14 040	- 13 625	- 3 753	- 13 647	195	11 256
Cash flow for the period	4 737	- 7 961	6 031	351	11 019	- 1 829
Free cash flow	22 629	8 847	10 199	17 161	12 656	- 10 865

In % unless otherwise stated. (x) means times ¹	Q2	Q1	Q4	Q3	Q2	Q1
	2021	2021	2020	2020	2020	2020
Key ratios						
Return on equity	30.3	10.0	6.7	1.5	4.4	14.4
Return on capital employed ²	14.5	5.9	5.8	4.7	6.1	9.4
Return on capital employed ^{2,3}	11.0	9.9	9.7	9.9	9.2	9.2
EBIT interest cover, (x) ²	12.1	5.1	4.3	3.3	3.2	4.5
EBIT interest cover, (x) ^{2,3}	9.3	8.6	7.1	6.8	6.1	4.4
FFO/gross debt ²	44.3	40.0	33.4	32.4	31.2	32.8
FFO/net debt ²	123.1	83.8	72.7	59.8	49.9	45.8
FFO/adjusted net debt ²	38.1	32.8	28.8	27.9	25.5	25.2
Equity/assets ratio	25.8	26.8	24.0	24.0	22.8	24.8
Gross debt/equity	64.2	72.0	94.2	100.6	111.0	93.1
Net debt/equity	23.1	34.4	43.3	54.6	69.3	66.7
Net debt/net debt plus equity	18.8	25.6	30.2	35.3	40.9	40.0
Net debt/EBITDA, (x) ²	0.5	0.9	1.0	1.4	1.5	1.7
Adjusted net debt/EBITDA, (x) ²	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

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 of the Annual and Sustainability Report

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 compared with the description in Vattenfall’s 2020 Annual and Sustainability Report. In addition to what is described in Note 30 to the consolidated accounts in Vattenfall’s 2020 Annual and Sustainability Report, starting with the second quarter of 2021 an additional defined benefit pension plan in Germany is recognised as a provision on the balance sheet. The determining factor for this is changed actuarial assumptions regarding the risk for future deficits. The increased pension provision has been charged against other comprehensive income in the amount of SEK 2.4 billion, net after tax.

NOTE 2 | Exchange rates

KEY EXCHANGE RATES APPLIED IN THE ACCOUNTS OF THE VATTENFALL GROUP

	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020
Average rate					
EUR	10.1312	10.6435	10.1586	10.6768	10.4789
DKK	1.3622	1.4259	1.3660	1.4315	1.4056
GBP	11.6450	12.1951	11.8168	11.9730	11.8334
USD	8.4030	9.6248	8.4870	9.6726	9.1718
			30 Jun 2021	30 Jun 2020	31 Dec 2020
Balance sheet date rate					
EUR			10.1110	10.4948	10.0343
DKK			1.3597	1.4082	1.3485
GBP			11.7837	11.5020	11.1613
USD			8.5081	9.3720	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 5,617 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 (that is, unobservable inputs).

FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 30 JUNE 2021

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Share in the Swedish Nuclear Waste Fund	51 003	—	—	51 003
Derivative assets	—	56 854	411	57 265
Short-term investments, cash equivalents and other shares and participations	31 236	5 813	—	37 049
Total assets	82 239	62 667	411	145 317
Liabilities				
Derivative liabilities	—	43 441	—	43 441
Total liabilities	—	43 441	—	43 441

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
Assets				
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
Total assets	78 170	26 922	500	105 592
Liabilities				
Derivative liabilities	—	16 825	—	16 825
Total liabilities	—	16 825	—	16 825

NOTE 4 | 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, 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

Amounts in SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
1) Including items affecting comparability	12 287	- 7 695	10 954	- 9 819	- 10 514	9 468
- of which, capital gains	41	215	- 7	214	301	127
- of which, capital losses	- 142	- 39	- 3	- 33	- 241	- 344
- of which, impairment losses	—	- 10 601	—	- 10 599	- 12 980	- 2 379
- of which, provisions	- 2 452	- 769	- 2 452	- 1 197	- 3 488	- 5 171
- of which, unrealised changes in the fair value of energy derivatives	2 745	2 989	2 267	2 021	4 753	4 509
- of which, unrealised changes in the fair value of inventories	156	- 277	318	253	476	909
- of which, restructuring costs	—	- 95	—	- 76	- 854	- 759
- of which, other non-recurring items affecting comparability	11 939	882	10 831	- 402	1 519	12 576

Items affecting comparability during the first half of 2021 amounted to SEK 12.3 billion, most of which pertains to result from sale of and compensation for Nuclear production rights in Germany (SEK 12.5 billion), and unrealised changes in market value for energy derivatives and inventories (SEK 2.9 billion). The increase in provisions pertains to the nuclear operations (SEK -2.5 billion). Capital gains and losses pertain mainly to smaller divestments in Business Area Wind (SEK -0.1 billion).

Items affecting comparability during the first half of 2020 amounted to SEK -7.7 billion. Most pertains to impairment losses for coal-fired power in Germany (SEK -10.6 billion) and unrealised changes in market value for energy derivatives and inventories (SEK 2.7 billion). The increase in provisions pertains to the nuclear operations (SEK -0.8 billion). Other items affecting comparability pertain to the sale of nuclear power production rights in Germany (SEK 0.9 billion).

Result from sale of and compensation pertaining to Nuclear production rights in Germany Jan-Jun 2021

Billion SEK	Jan-Mar 2021	Apr-Jun 2021	Total
Sale of 10 TWh production rights in 2021	1.4		1.4
Compensation from the German government		16.6	16.6
Reversal of sold production rights 2019-Q1 2021		-5.5	-5.5
Total	1,4	11.1	12.5

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 – June 2021

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

- Net sales amounted to SEK 20,286 million (25,223).
- Profit before appropriations and income taxes was SEK 1,979 million (9,663).
- The lower operating profit are mainly attributable to unrealized changes in market value for energy derivatives.
- The improved net financial items refers to dividends from group companies, mainly from Vattenfall NV.
- The balance sheet total was SEK 308,693 million (31 December 2020: 305,916).

- Investments during the period amounted to SEK 355 million (408),
- Cash and cash equivalents, and short-term investments amounted to SEK 52,993 million (31 December 2020: 53,043).
- 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	Jan-Jun 2021	Jan-Jun 2020	Full year 2020	Last 12 months
Net sales	20 286	25 223	41 969	37 032
Cost of purchases	- 16 589	- 12 370	- 23 800	- 28 019
Other external expenses	- 2 205	- 2 307	- 4 744	- 4 642
Personnel expenses	- 1 151	- 1 141	- 2 116	- 2 126
Other operating incomes and expenses, net	- 32	150	170	- 12
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	309	9 555	11 479	2 233
Depreciation, amortisation and impairments	- 317	- 291	- 596	- 622
Operating profit (EBIT)	- 8	9 264	10 883	1 611
Result from participations in subsidiaries	2 206	623	408	1 991
Other financial income	978	1 314	2 593	2 257
Other financial expenses	- 1 197	- 1 538	- 2 722	- 2 381
Profit before appropriations and income taxes	1 979	9 663	11 162	3 478
Appropriations	713	223	- 394	96
Profit before income taxes	2 692	9 886	10 768	3 574
Income taxes	- 119	- 1 981	- 2 243	- 381
Profit for the period	2 573	7 905	8 525	3 193

Parent Company balance sheet

Amounts in SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Assets			
Non-current assets			
Intangible assets: non-current	348	343	356
Property, plant and equipment	6 618	5 374	6 618
Shares and participations	161 477	161 030	161 474
Deferred tax assets	1 208	—	313
Other non-current receivables	68 545	69 080	69 078
Total non-current assets	238 196	235 827	237 839
Current assets			
Inventories	335	412	411
Intangible assets: current	4	28	38
Current receivables	17 165	13 997	14 585
Current tax assets	—	40	—
Short-term investments	35 652	21 975	29 301
Cash and cash equivalents	17 341	16 866	23 742
Total current assets	70 497	53 318	68 077
Total assets	308 693	289 145	305 916
Equity, provisions and liabilities			
Equity			
Restricted equity			
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585	6 585
Revaluation reserve	37 989	37 989	37 989
Other reserves	1 349	1 458	1 492
Non-restricted equity			
Retained earnings	66 209	61 574	61 540
Profit for the period	2 573	7 905	8 525
Total equity	114 705	115 511	116 131
Untaxed reserves	12 628	11 375	13 342
Provisions	5 086	5 227	5 138
Non-current liabilities			
Hybrid capital	19 960	20 244	19 305
Other interest-bearing liabilities	36 986	40 465	35 506
Deferred tax liabilities	—	415	—
Other noninterest-bearing liabilities	12 763	12 147	12 762
Total non-current liabilities	69 709	73 271	67 573
Current liabilities			
Other interest-bearing liabilities	97 833	79 793	95 706
Current tax liabilities	183	2	122
Other noninterest-bearing liabilities	8 549	3 966	7 904
Total current liabilities	106 565	83 761	103 732
Total equity, provisions and liabilities	308 693	289 145	305 916

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.

	Definition
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

Other definitions

	Definition
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	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Full year 2020	Last 12 months
Operating profit (EBIT)	29 595	5 287	16 210	- 7 027	15 276	39 584
Depreciation, amortisation and impairment losses	- 8 676	- 19 865	- 4 321	- 15 278	- 31 231	- 20 042
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	38 271	25 152	20 531	8 251	46 507	59 626
Items affecting comparability excl. impairment losses and reversed impairment losses	- 12 287	- 2 906	- 10 954	- 780	- 2 466	- 11 847
Underlying operating profit before depreciation, amortisation and impairment losses	25 984	22 246	9 577	7 471	44 041	47 779
Operating profit (EBIT)	29 595	5 287	16 210	- 7 027	15 276	39 584
Items affecting comparability	- 12 287	7 695	- 10 954	9 819	10 514	- 9 468
Underlying operating profit	17 308	12 982	5 256	2 792	25 790	30 116

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

KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES JULY 2020 – JUNE 2021

Operating margin, %	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{39\,584}{159\,872}$	=	24.8
Operating margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{30\,116}{159\,872}$	=	18.8
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	$\frac{39\,114}{159\,872}$	=	24.5
Pre-tax profit margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Profit before income taxes excl. items affecting comparability}}{\text{Net sales}}$	$\frac{29\,653}{159\,872}$	=	18.5
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{31\,604}{104\,207}$	=	30.3
Return on capital employed, %	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{39\,584}{273\,748}$	=	14.5
Return on capital employed excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{30\,116}{273\,748}$	=	11.0
EBIT interest cover, (x)	=	$\frac{\text{EBIT} + \text{financial income}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{39\,976}{3\,292}$	=	12.1
EBIT interest cover excl. Items affecting comparability, (x)	=	$\frac{\text{Underlying EBIT} + \text{financial income}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{30\,508}{3\,292}$	=	9.3
FFO interest cover, (x)	=	$\frac{\text{FFO} + \text{financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{43\,085}{3\,292}$	=	13.1
FFO interest cover, net, (x)	=	$\frac{\text{FFO} + \text{financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{42\,693}{2\,900}$	=	14.7

Cash flow interest cover after maintenance investments, (x)	=	Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs	<u>61 646</u>	=	22.0
		Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	<u>2 808</u>		
FFO/gross debt, %	= 100 x	<u>FFO</u>	<u>39 793</u>	=	44.3
		Interest-bearing liabilities	<u>89 734</u>		
FFO/net debt, %	= 100 x	<u>FFO</u>	<u>39 793</u>	=	123.1
		Net debt	<u>32 328</u>		
FFO/adjusted net debt, %	= 100 x	<u>FFO</u>	<u>39 793</u>	=	38.1
		Adjusted net debt	<u>104 503</u>		
EBITDA/net financial items, (x)	=	<u>EBITDA</u>	<u>59 626</u>	=	20.6
		Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	<u>2 900</u>		
EBITDA excl. items affecting comparability/net financial items, (x)	=	<u>EBITDA excl. items affecting comparability</u>	<u>47 779</u>	=	16.5
		Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	<u>2 900</u>		

KEY RATIOS BASED ON THE BALANCE SHEET PER 30 JUNE 2021

Equity/total assets, %	= 100 x	<u>Equity</u>	<u>139 860</u>	=	25.8
		Balance sheet total	<u>541 438</u>		
Gross debt/equity, %	= 100 x	<u>Interest-bearing liabilities</u>	<u>89 734</u>	=	64.2
		Equity	<u>139 860</u>		
Net debt/equity, %	= 100 x	<u>Net debt</u>	<u>32 328</u>	=	23.1
		Equity	<u>139 860</u>		
Gross debt/gross debt equity, %	= 100 x	<u>Interest-bearing liabilities</u>	<u>89 734</u>	=	39.1
		Interest-bearing liabilities + equity	<u>229 594</u>		
Net debt/net debt plus equity, %	= 100 x	<u>Net debt</u>	<u>32 328</u>	=	18.8
		Net debt + equity	<u>172 188</u>		
Net debt/EBITDA, (x)	=	<u>Net debt</u>	<u>32 328</u>	=	0.5
		EBITDA	<u>59 626</u>		
Adjusted net debt/EBITDA, (x)	=	<u>Adjusted net debt</u>	<u>104 503</u>	=	1.8
		EBITDA	<u>59 626</u>		

Interim report signature

The Board of Directors and the President certify that this half-year interim report presents a true and fair overview of the Vattenfall Group's and the Parent Company Vattenfall AB's operations, financial position and results of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies belonging to the Group.

Solna, 20 July 2021

Lars G. Nordström
Chairman of the Board

Anna Borg
President and CEO

Mats Granryd

Viktoria Bergman

Ann Carlsson

Håkan Erixon

Tomas Kåberger

Jenny Lahrin

Robert Lönnqvist

Rolf Ohlsson

Jeanette Regin

Fredrik Rystedt

Åsa Söderström Winberg

Financial calendar

Interim report January-September, 28
October 2021

Capital markets day, 20 September 2021

Year-end report 2021, 3 February 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 and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CEST on 20 July 2021. This report has been prepared in both Swedish and English versions. In the event of discrepancies between the two versions, the Swedish version shall govern.

Auditor's report

Vattenfall AB reg. no. 556036-2138

Introduction

We have reviewed the condensed interim financial information (interim report) of Vattenfall AB as of June 30, 2021 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm July 20, 2021

PricewaterhouseCoopers AB

Eva Carlsvi
Auditor-In-Charge
Authorized Public Accountant

Aleksander Lyckow
Authorized Public Accountant