

Year-End Report 2023

Business highlights, January–December 2023

- Lower electricity prices both in the Nordics and on the Continent as well as reduced price area differences compared to 2022
- Divestment of Berlin heat business to the State of Berlin
- Divestment of Norfolk Offshore Wind Zone
- Memorandum of understanding between Vattenfall and BASF regarding a partnership for the German offshore wind projects Nordlicht I and II
- Inauguration of the Hollandse Kust Zuid offshore wind farm in the Netherlands and the onshore wind farm South Kyle in the UK
- Vattenfall's goal of net-zero emissions by 2040 has been approved by the Science Based Targets initiative
- The Swedish Energy Market Inspectorate has decided on the model and WACC for the revenue frames for electricity grid operators for the period of 2024-2027

Financial highlights, January–December 2023

- Net sales increased by 21% (14% excluding currency effects) to SEK 290,168 million (239,644)
- Underlying operating profit¹ of SEK 20,005 million (35,075)
- Operating profit¹ of SEK 16,991 million (12,645)
- Profit for the period of SEK 10,395 million (21)
- The Board of Directors proposes a dividend of SEK 4,000 million

Financial highlights, October–December 2023

- Net sales decreased by 7% (-10% excluding currency effects) to SEK 73,292 million (78,819)
- Underlying operating profit¹ of SEK 4,455 million (12,527)
- Operating profit¹ of SEK 6,061 million (-24,062)
- Profit for the period of SEK 5,657 million (-16,959)

KEY DATA

Amounts in SEK million unless indicated otherwise	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	290 168	239 644	73 292	78 819
Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹	39 685	30 513	9 912	-18 509
Operating profit (EBIT) ¹	16 991	12 645	6 061	-24 062
Underlying EBIT ¹	20 005	35 075 ⁴	4 455	12 527 ⁴
Profit for the period	10 395	21	5 657	-16 959
Electricity generation, TWh	100.9	108.9	29.0	28.3
Sales of electricity, TWh ²	168.0	165.3	46.0	43.4
- of which, customer sales	125.9	111.4	33.9	29.8
Sales of heat, TWh	13.5	14.1	4.5	4.7
Sales of gas, TWh	44.5	47.3	14.0	14.1
Return on capital employed, % ¹	5.3	4.2	5.3 ³	4.2 ³
FFO/adjusted net debt, % ¹	21.5	55.0	21.5 ³	55.0 ³

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.

4) The value has been adjusted compared with information previously published in Vattenfall's financial reports, see note 1 Accounting policies, risks and uncertainties.

CEO's comment

Strategic divestments strengthen Vattenfall's preparedness for the future

Electricity prices dropped significantly during 2023, which had a major impact on Vattenfall's earnings. Through strategic divestments of the heating operations in Berlin and our wind power projects off the coast of Norfolk in the UK, we are strengthening our preparedness for future investments. This is made possible by a solid balance sheet and includes the expansion of both fossil-free electricity generation and electricity grids.

Significantly lower electricity prices in Europe compared to 2022

The electricity price was on average 60% lower in Vattenfall's markets during 2023. Prices in the Nordics have been influenced by more precipitation and warmer weather. In continental Europe, prices have fallen sharply as a result of lower gas and coal prices. Europe's gas stocks have been well-filled and, in addition, the availability of French nuclear power has improved compared to 2022.

Improved profit for the period, but lower electricity prices and volumes contributed to reduced underlying operating profit

The profit for the period for the full year 2023 increased to SEK 10.4 billion (0.0). Last year's result was strongly negatively affected by temporary effects from realisation and valuation of electricity and fuel contracts. Vattenfall continues to have a strong financial position and the key ratio FFO/adjusted net debt amounted to 21.5%. Adjusted for margin calls, the key ratio was 25.6%. The Board of Directors proposes a dividend of SEK 4 billion for 2023.

The underlying operating profit decreased by SEK 15.1 billion to SEK 20.0 billion. We see an improved result from both the heat and the customer operations, where it is gratifying to see that more and more customers are choosing Vattenfall and our fossil-free electricity contracts. However, the result was negatively affected by lower electricity prices, lower volumes from hydro power and lower availability for nuclear power. Vattenfall partly hedges the electricity generation and here we have seen a positive contribution from our Nordic price hedges, which contributed to a higher achieved electricity price in the Nordics. However, this was offset by a negative contribution from price hedges on the Continent, as these have not been as effective as in the Nordics.

Divestments ensure continued progress in the energy transition

After a strategic review, Vattenfall has decided to sell the heat operations in Berlin to the state of Berlin. We have thereby ensured that the heat business will continue to be run responsibly with a focus on reduced carbon dioxide emissions. The purchase price amounts to EUR 1.6 billion. Vattenfall will continue to be an important player in the German

energy transition. In addition to a sales business with more than 5 million private customers and sales to large business customers we also have electricity generation and trading operations in the country. We also have important projects such as the wind farms Nordlicht 1 and 2 where we have signed a letter of intent for cooperation with BASF.

Vattenfall has also entered into an agreement for the sale of our wind power projects off the coast of Norfolk in the UK. The divestment increases Vattenfall's opportunities to invest in fossil-free projects that better suit our overall portfolio and risk appetite, while securing the future of the projects. The purchase price amounts to GBP 1.0 billion and, as a result of the sale, previous impairments and provisions are reversed.

Continued high rate of investment

The energy transition brings great investment opportunities and Vattenfall's investment plan for the next two years amounts to a total of SEK 65 billion (net), of which SEK 41 billion is dedicated to growth investments. Significant investments are planned in fossil-free electricity generation, the electricity grid and charging infrastructure for electric vehicles. Major projects include the completion of the Vesterhav offshore wind farm in Denmark and the construction of the onshore Bruzaholm wind farm in Sweden.

It is gratifying that at the end of the year the government launched a roadmap for new nuclear power in Sweden and has now appointed a national coordinator. Clarifying the conditions for new nuclear power from a political perspective is crucial so that Vattenfall and other actors can continue the work to ensure that this energy source contributes further to Sweden's future energy supply.

In 2024, we will continue on the path towards fossil freedom for our customers, in our operations and for our suppliers and partners. We will do this by focusing on financial stability and prioritising profitable business opportunities.



Anna Borg

Anna Borg
President and CEO

Profit for the period

Full year 2023

10.4

SEK billion

(0.0)

Underlying operating profit

Full year 2023

20.0

SEK billion

(35.1)

FFO/adjusted net debt

Full year 2023

21.5%

(55.0)

Return on capital employed

Full year 2023

5.3%

(4.2)

Group overview

Vattenfall generates electricity and heat from a portfolio of energy sources, such as hydro power, nuclear power, wind power, and some fossil fuels. We sell electricity, gas, and heat to private customers and businesses primarily in northern Europe. Vattenfall continuously hedges its future electricity generation through sales in the forward and futures markets.

Market development

The electricity market in 2023 has been characterised by lower electricity prices in both the Nordics and on the Continent. Increased precipitation, higher temperatures and more wind drove down Nordic prices. Continental prices were largely influenced by well-filled gas stocks, high generation from renewable energy sources and increased nuclear power generation in France. The lower average electricity prices had a negative impact on Vattenfall's results. However, decreased differences between the electricity price areas together with price hedges increased Vattenfall's achieved price in the Nordics.

ELECTRICITY SPOT PRICES

The average spot price in the Nordics has decreased in 2023 compared to the corresponding period in 2022. This is primarily explained by the combination of more precipitation, warmer weather and lower electricity prices on the Continent.

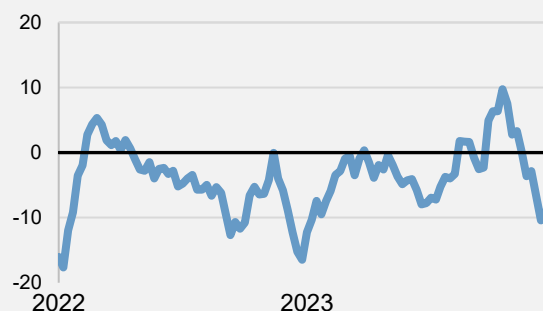
EUR/MWh	Jan-Dec		Oct-Dec			
	2023	2022	2023	2022		
Nordics	56.5	135.9	-58%	57.6	135.6	-57%
Germany	95.2	235.5	-60%	82.2	192.8	-57%
Netherlands	95.8	241.9	-60%	85.9	198.0	-57%

NORDIC HYDROLOGY

Hydrological balance is a measure of the expected amount of energy that is stored in the form of snow, water reservoirs and groundwater in relation to normal circumstances. Historically, electricity prices in the Nordics have had a negative correlation with the hydrological balance because the available hydropower capacity usually determines which type of energy is used. Electricity prices in the northern parts of the Nordics are still linked to the hydrological balance, while the correlation to the system price and price development in the southern parts has weakened, especially during the turbulent period of 2022.

At the end of 2023, the hydrological balance in the Nordic region was below normal, mainly as a result of lower precipitation and inflows.

NORDIC HYDROLOGICAL BALANCE (TWh)

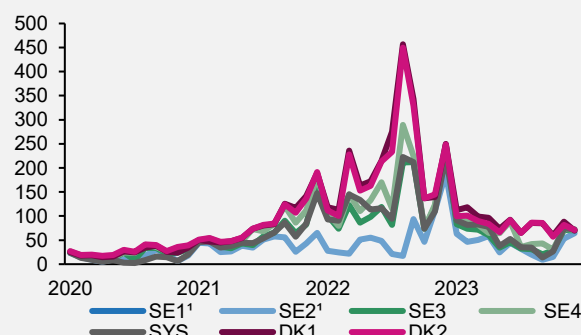


The fill rate in Vattenfall's water reservoir amounted to 56% (59%), which is 1 percentage point below the normal level.

NORDIC PRICE AREA DIFFERENCES

The electricity market in the Nordics is divided into different price areas. In Sweden, there are four price areas and Vattenfall's hydropower assets are mainly in SE1 and SE2, while the nuclear power assets are in SE3. Vattenfall also has wind power assets, most of which are located in SE4. In Denmark, there are two price areas, and Vattenfall has wind power assets in both areas, DK1 and DK2. The Nordic system price (SYS) is a reference price for all price areas and is calculated by the electricity exchange Nord Pool.

SPOT PRICES PER PRICE AREA AND SYSTEM PRICE (EUR/MWh)



¹Difference between SE1 and SE2 is invisible due to high correlation

The price area differences have been lower in 2023 compared to 2022, but are from a historical perspective still at elevated levels. During 2022, price area differences rose in Sweden due to increased export demand combined with limitations in the transmission grid.

INDICATIVE NORDIC HEDGE PRICES AND VOLUME HEDGE RATIO (SE, DK, FI) AS PER 31 DECEMBER 2023

Vattenfall's price hedging strategy is primarily focused on the Nordic generation assets because the primary risk exposure is linked to base production of nuclear power and hydro power. The degree of hedging is highest for the next few years and decreases thereafter.

	2024	2025	2026
EUR/MWh	46	50	44
Hedge ratio (%)	53	41	8

ACHIEVED NORDIC ELECTRICITY PRICES (SE, DK, FI)¹

The achieved price is the average price that Vattenfall received for its electricity production during the period and is impacted by the hedge ratio and hedge price (see above), the spot price and effects from price area differentials.

	Jan-Dec		Okt-Dec	
	2023	2022	2023	2022
EUR/MWh	37	27	42	55

Vattenfall's achieved price in the Nordics has increased on an annual basis as a result of price hedges and a decline in the differences between electricity price areas.

FUEL PRICES

The prices of gas, coal, and CO₂ emission allowances affect mainly Vattenfall's heat operations on the Continent. Gas prices also affect activities within the business segment Customers & Solutions, which is responsible for customer sales of gas.

	Jan-Dec		Okt-Dec	
	2023	2022 Change	2023	2022 Change
Gas (EUR/MWh)	40.7	123.4 -67%	40.7	96.3 -58%
Coal (USD/t)	128.5	291.9 -56%	125.1	237.6 -47%
CO ₂ (EUR/t)	83.4	80.8 3%	76.1	77.1 -1%

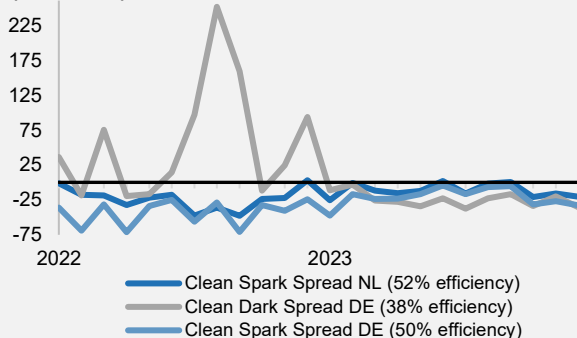
The price of gas and coal has decreased significantly in 2023 driven by well-filled gas stocks. The price of emission allowances for carbon dioxide has increased during 2023.

¹ Achieved prices from the spot market and hedges. Includes Nordic hydro, nuclear and wind power generation

PRICE MARGINS

The clean spark spread is the margin between the electricity price and the cost of gas and emissions allowances used for its generation. These spreads affect Vattenfall's heat business in Germany and the Netherlands where the fossil fired combined heat-and-power (CHP) plants and condensing plants are located. Vattenfall hedges these spreads in part.

CLEAN SPARK SPREAD AND CLEAN DARK SPREAD (EUR/MWh)

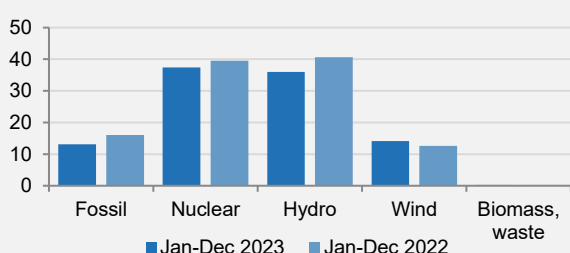


The clean spark spreads was higher during 2023 compared to 2022 as a result of lower gas prices. The price margin for coal-fired generation is at a lower level compared to 2022, when the reduced supply of gas contributed to increased margins for coal-fired generation.

Generation development

Total electricity generation decreased by 8.0 TWh to 100.9 TWh (108.9) during 2023. This was primarily driven by lower generation from hydro power (-4.4 TWh) and nuclear power (-2.2 TWh). Generation from nuclear power decreased mainly due to the delayed restart of Ringhals 4 and lower availability of Forsmark 2. Generation from fossil-based power decreased (-3.0 TWh) as a result of the sale of the Magnum gas-fired power plant in the Netherlands. Generation from wind power increased (+1.6 TWh) as a result of new capacity, mainly from the offshore wind farm Hollandse Kust Zuid.

ELECTRICITY GENERATION (TWh)



AVAILABILITY

The availability of a generation asset is calculated based on the proportion of the planned generation time without unforeseen technical problems or interruptions for maintenance. Given that the production of electricity for nuclear power is plannable and the production of electricity for wind power is dependent on wind speeds, different methods are used for nuclear power and wind power. Hence the two numbers for the two generation technologies are not comparable.

	Jan-Dec 2023	Jan-Dec 2022
Nuclear	80.5%	83.6%
Wind - offshore	94.8%	95.5%
Wind – onshore	95.0%	95.3%

The availability of Vattenfall's nuclear power in 2023 decreased as a result of the delayed restart of Ringhals 4 and lower availability from Forsmark 2. The availability of wind power was at a similar level.

INSTALLED WIND CAPACITY (MW)

New installed wind power capacity in the last 12 months amounted to 950 MW and is mainly attributable to Hollandse Kust Zuid (760 MW of 1,520 MW), South Kyle (202 MW of 240 MW), Vesterhav (25,2 MW of 344 MW).

	31 Dec 2023	31 Dec 2022
Onshore wind	1,968	1,798
Offshore wind	3,387	2,602
Total	5,355	4,400

Sales development

Electricity sales, excluding sales to Nord Pool Spot and deliveries to minority owners, increased by 14.5 TWh to 125.9 TWh (111.4). Gas sales decreased by 2.8 TWh to 44.5 TWh (47.3) as a result of fewer customers and lower average consumption. Heat sales decreased by 0.6 TWh to 13.5 TWh (14.1) as a result of warmer weather and continued energy-saving measures by customers.

	Jan-Dec		Oct-Dec			
	2023	2022	Change	2023	2022	Change
Sales of electricity to customers, TWh	125.9	111.4	13%	33.9	29.8	14%
Sales of gas, TWh	44.5	47.3	-6%	14.0	14.1	-1%
Sales of heat, TWh	13.5	14.1	-4%	4.5	4.7	-4%

TEMPERATURE EFFECTS

Temperature effects impact sales volume in the operating segments Customers & Solutions and Heat. Lower temperatures usually mean higher demand for heating (including gas) and electricity. In the Nordic countries, this mainly affects sales of electricity and heat. In Germany and the Netherlands, gas remains the primary source of heat, which means that low temperatures increase demand for gas in addition to increased sales of heat.

TEMPERATURE DEVIATION FROM NORMAL LEVELS (°C)

	Jan-Dec		Oct-Dec	
	2023	2022	2023	2022
Nordics	0.2	0.7	-1.6	0.7
Netherlands	1.3	1.2	1.7	1.2
Germany	1.4	1.3	1.9	1.6

During 2023, the temperature in Vattenfall's markets was higher on average compared to the normal temperature, which has had a negative effect on sales.

Net sales

January–December: Consolidated net sales increased by SEK 50.5 billion (including positive currency effects of SEK 16.8 billion). The increase is mainly attributable to higher prices in customer sales and to some extent increased volumes in the business segment in France.

October–December: Consolidated net sales decreased by SEK 5.5 billion (including positive currency effects of SEK 2.5 billion). The decrease is mainly explained by lower prices within customer sales, which was partially offset by higher volumes.

Earnings

January–December: The underlying operating profit decreased by SEK 15.1 billion, which is explained by:

- Lower profit contribution from the Power Generation operating segment (SEK -11.3 billion) mainly as a result of a negative effect of price hedging on the Continent, lower electricity prices in the Nordics and lower production volumes. This was partially offset by a positive effect of Nordic price hedging.
- Lower profit contribution from the Wind operating segment (SEK -9.9 billion) driven by lower electricity prices. Higher personnel costs, maintenance costs and depreciation mostly related to new assets had an additional negative impact.
- Lower profit contribution from the Distribution operating segment (SEK -0.5 billion), which is explained by a temporary reduction in the electricity grid fee during the period 1 July–31 December 2023 as well as by higher personnel costs, maintenance costs and depreciation as a result of growth.
- Higher profit contribution from the Heat operating segment (SEK +6.8 billion) mainly as a result of price adjustments for heat in Berlin and the Netherlands, which compensate for the higher fuel costs in 2022.
- Slightly higher profit contribution from the operating segment Customer & Solutions (+0.2 billion SEK) as a result of an increased number of electricity customers in Germany, more business customers in the Netherlands as well as increased customer sales in France.
- Other items, net (SEK -0.3 billion).

Return on capital employed based on underlying operating profit amounted to 6.3% (11.7%). Items affecting comparability amounted to SEK -3.0 billion, the majority of which refers to impairments, reversed impairments, market value changes for energy derivatives and changes in provisions relating primarily to nuclear power operations. See note 4 for further information.

The period's result amounted to SEK 10.4 billion (0.0) and was negatively affected by items affecting comparability. Higher return from the Nuclear Waste Fund had an offsetting effect. The result for 2022 was strongly negatively affected by market value changes for energy derivatives and inventories.

October–December: The underlying operating profit fell by SEK 8.1 billion. The operating segments Power Generation (SEK -5.8 billion), Wind (SEK -2.3 billion) and Customer & Solutions (SEK -1.3 billion) contributed negatively. This was somewhat offset by a positive contribution from Heat (SEK +1.7 billion). Items affecting comparability during the fourth quarter of 2023 amounted to SEK 1.6 billion, the majority of which refers to impairments, reversed impairments and market value changes for energy derivatives. The period's result amounted to SEK 5.7 billion (-17.0) and was largely impacted by items affecting comparability. Lower tax and a higher financial net as a result of higher returns from the Nuclear Waste Fund had a positive impact.

Cash flow

January–December: Funds from operations (FFO) fell by SEK 12.1 billion primarily due to lower underlying operating profit before depreciation and impairments (EBITDA). The cash flow from changes in working capital amounted to SEK -54.7 billion. The biggest contributing factor was the net received and paid margin calls (SEK -74.1 billion). This was partly offset by reduced working capital in the segments Power Generation (SEK +6.3 billion) and Customers & Solutions (SEK +3.6 billion) as well as in treasury operations (SEK +5.1 billion). In addition, the working capital was affected by the reduction in inventory (SEK +2.1 billion).

October–December: Funds from operations (FFO) fell by SEK 6.4 billion primarily due to lower underlying operating profit before depreciation and impairments (EBITDA), which was partially offset by lower tax paid. The cash flow from changes in working capital amounted to SEK -23.3 billion. The biggest contributing factor was the net received and paid margin calls (SEK -13.4 billion). In addition, the working capital was affected by the net increase in operating receivables and operating liabilities within the segments Customers & Solutions (SEK -8.4 billion) and Power Generation (SEK -3.7 billion).

KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	290 168	239 644	73 292	78 819
Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹	39 685	30 513	9 912	- 18 509
Operating profit (EBIT) ¹	16 991	12 645	6 061	- 24 062
Underlying operating profit ¹	20 005	35 075 ²	4 455	12 527 ²
Items affecting comparability ¹	- 3 014	- 22 430 ²	1 606	- 36 589 ²
Profit for the period	10 395	21	5 657	- 16 959
Funds from operations (FFO) ¹	30 058	42 194	8 190	14 597
Cash flow from changes in operating assets and operating liabilities (working capital)	- 54 682	- 41 040	- 23 266	- 122 457
Cash flow from operating activities	- 24 624	1 154	- 15 076	- 107 860

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

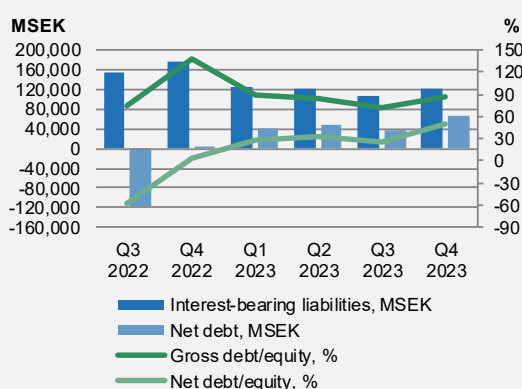
2) The value has been adjusted compared with information previously published in Vattenfall's financial reports, see note 1 Accounting policies, risks and uncertainties.

Capital structure

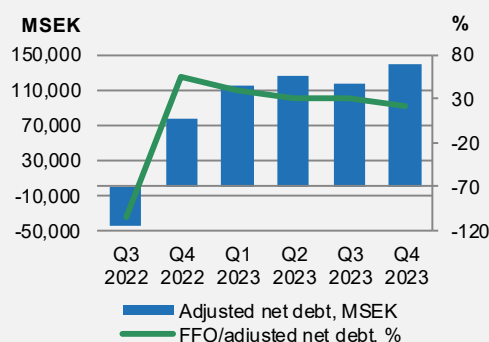
Cash, bank and similar assets and short-term investments fell by SEK 120.1 billion compared to 31 December 2022. Confirmed credit facilities consist of a Revolving Credit Facility of EUR 2.0 billion with a maturity date of November 2025, and a Committed Credit Facility of EUR 1.0 billion with a maturity date of 8 December 2024. As per 31 December 2023, available liquid assets and/or committed credit facilities amounted to 27.6% of net sales. Vattenfall's target is to maintain a level of no less than 10% of the Group's net sales, but at least the equivalent of the next 90 days' maturities.

Net debt increased by SEK 64.6 billion to SEK 68.4 billion and adjusted net debt increased by SEK 62.8 billion to SEK 139.5 billion compared to 31 December 2022. This is mainly derived from negative cash flow after investments (SEK 63.9 billion). The adjusted net debt was also affected by higher provisions for future decommissioning of wind power (SEK 3.9 billion) and higher pension provisions (SEK 0.3 billion) which was offset by lower provisions for nuclear power (SEK 7.9 billion).

NET DEBT



ADJUSTED NET DEBT



Strategic objectives and targets for 2025

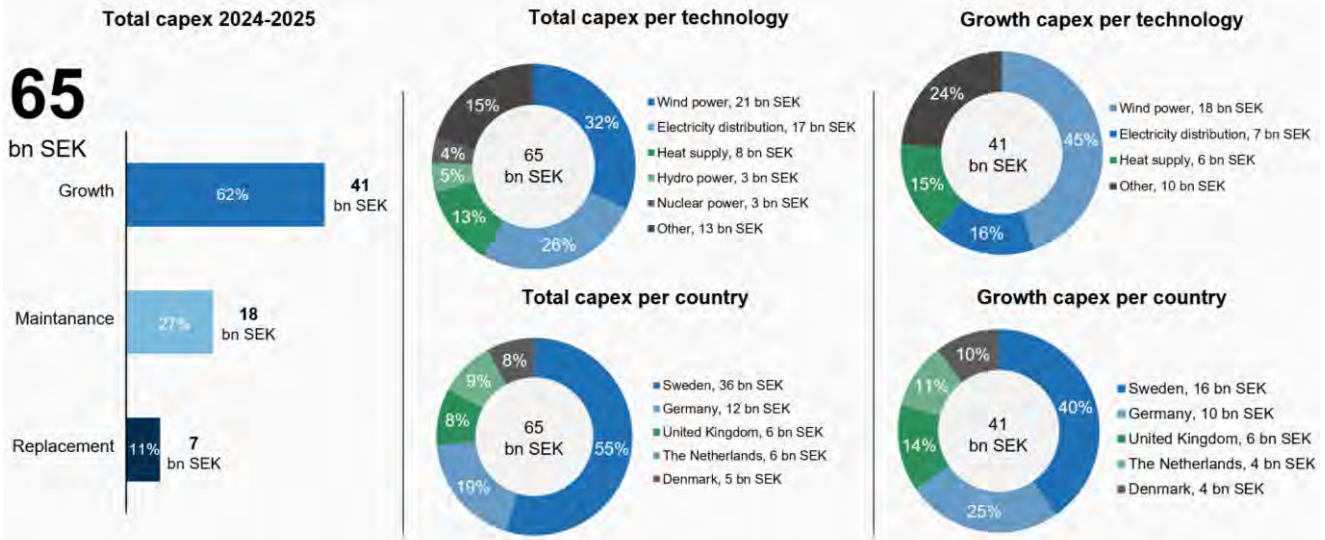
Strategic focus area	Targets for 2025	Outcome 2023	Outcome 2022
Driving decarbonisation with our customers & partners	1. Customer engagement, absolute Net Promoter Score (NPS) ¹ : +18	+11	+16
Securing a fossil-free energy supply	2. CO ₂ emissions intensity ² : ≤86 gCO₂e/kWh	71	78
Delivering high-performing operations	3. Funds from operations (FFO)/adjusted net debt ³ : 22%–27% 4. Return On Capital Employed (ROCE) ⁴ , last 12 months: ≥8%	21.5% 5.3%	55.0% 4.2%
Empowering our people	5. Lost Time Injury Frequency (LTIF) ⁵ : ≤1.0 6. Employee Engagement Index ⁶ : ≥75%	1.5 80%	1.1 80%

- 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, as well as indirect emissions from electricity and heat use (scope 2). Consolidated value where CO₂ is primarily related to the operating segment Heat. The target for 2025 is to be on track to achieving the 1.5° C target by 2030, according to SBT
- 3) Rolling 12-months values. Received margin calls had a significant impact on the outcome for the full year 2022. Adjusted for margin calls the 2023 FFO/AND amounted to 25.6%
- 4) Rolling 12-month values. Market value changes for energy derivatives, changes in inventories and provisions had a significant impact on the full 2022 financial year. The Return on capital employed based on underlying operating profit amounted to 6.3%
- 5) 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
- 6) Documentation for measurement of target achievement is derived from the results of an employee survey, which is conducted on an annual basis.

Investment plan 2024-2025

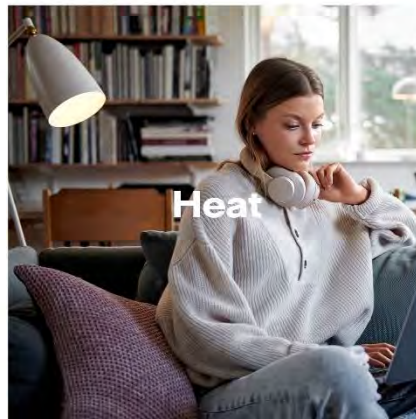
Total planned net investments¹ for 2024 and 2025 amount to SEK 65 billion. Gross investments amount to SEK 77 billion and the difference is due to partnerships for e.g. Nordlicht I wind power project, as well as assumption of income from the divestment of certain onshore solar and wind power projects developed for sale, such as Windplan Blauw. The amounts stated below refer to net investments.

Growth investments total SEK 41 billion with the largest share, SEK 18 billion corresponding to 45%, planned to be invested in new wind power. Vattenfall will also invest in the expansion of the electricity grid and district heating system. Other growth investments include charging infrastructure, solar and battery projects as well as heating and energy solutions.



¹ Investment plan excludes investments in Heat Berlin, which is to be divested to the State of Berlin during 2024

Operating segments



Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Underlying EBIT				
Customers & Solutions	7 566	7 413	1 463	2 721
Power Generation	3 075	14 332 ²	66	5 840 ²
- of which, realised trading result	3 429	- 1 360	- 839	- 1 746
Wind	6 544	16 479	2 248	4 521
Heat	3 228	- 3 578	773	- 877
Distribution	1 526	2 070	62	657
Other ¹	- 1 925	- 1 590	- 308	- 479
Eliminations	- 9	- 51	151	144
Underlying operating profit	20 005	35 075	4 455	12 527

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

2) The value has been adjusted compared with information previously published in Vattenfall's financial reports, see note 1 Accounting policies, risks and uncertainties.

Customers & Solutions

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

Increased electricity sales as more customers choose Vattenfall

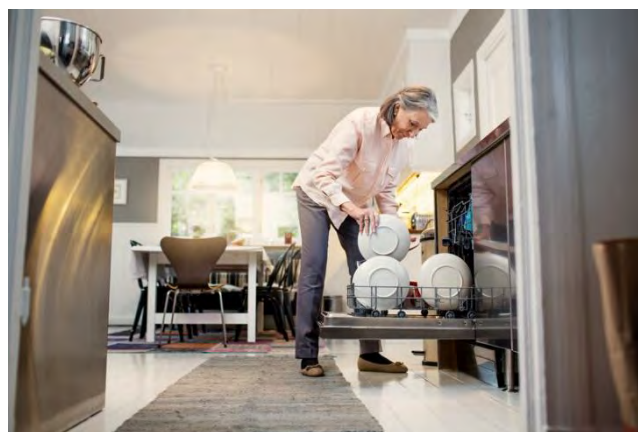
- Continued expansion of charging networks for electric vehicles with agreements signed in both Germany and Sweden
- Partnership with Kia in the Netherlands to provide Kia customers with sustainable energy solutions and alleviate grid congestion
- Acquisition of Meiners Elektrotechnik in Germany which expands Vattenfall's installation capacity for heat pumps

Full year: Net sales increased by 18% compared to 2022. Underlying operating profit increased, mainly due to a growing customer base in Germany, an increase in business customers in the Netherlands and higher sales to retail customers in France. Compared to year-end 2022, the customer base increased by 5% to 11.4 million contracts.

Electricity sales increased by 21% compared to 2022, primarily attributable to higher sold volumes due to an increased customer base in Germany and higher volumes to retail customers in France. Gas sales decreased by 5% due to a lower customer base and decreased average consumption per customer.

Q4: Net sales decreased by 6%. Underlying operating profit decreased compared to the fourth quarter 2022, mainly driven by lower wholesale market prices. Electricity sales increased following higher volumes sold to retail customers in France. Sales of gas slightly increased due to an increased customer base in Germany, this was however partly offset by a shrinking customer base and warmer weather in the Netherlands.

Vattenfall continues to expand its charging networks for electric vehicles. In Germany, Vattenfall has signed framework agreements with real estate companies Berlinovo and Defama to build public fast charging infrastructure. For Berlinovo, Vattenfall will build 100 fast charging points at their residential and commercial properties nationwide. For Defama, Vattenfall



will install public fast-charging stations on 14 of their commercial properties. In Sweden, Vattenfall signed a three-year agreement with Stora Enso to build 200 charging stations at offices and facilities.

In December, Vattenfall entered into a partnership with Kia in the Netherlands. With this partnership, Vattenfall offers Kia customers sustainable energy solutions that contribute to reduced grid congestion. Vattenfall will offer Kia customers energy saving products and attractive offers on solar panels that enable customers to produce and consume their own energy.

Vattenfall acquires Meiners Elektrotechnik in Glückstadt, Germany, thus expanding its installation capacity of heat pumps. The company has 80 employees and focuses on the installation of e.g. heat pumps and solar systems for houses.

Vattenfall entered into a new partnership with Renewi in order to make its gas mix more sustainable. Vattenfall will purchase more than 7.5 million m³ of green gas annually from Renewi. The green gas, which is made from food waste, is added to the Dutch gas network. There it mixes with the natural gas making the gas mix more sustainable and thus enabling Vattenfall's customers to reduce CO₂ emissions when heating their homes. This is a step for the Netherlands towards reaching the CO₂ reduction targets.

KEY FIGURES – CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	216 339	183 151	55 819	59 593
External net sales	207 303	174 026	53 705	56 723
Underlying EBITDA	8 778	8 393	1 795	2 992
Underlying EBIT	7 566	7 413	1 463	2 721
Sales of electricity, TWh	113.5	93.5	30.9	24.8
- of which, private customers	27.6	27.1	7.8	6.9
- of which, resellers	36.3	20.7	9.7	6.5
- of which, business customers	49.6	45.7	13.4	11.4
Sales of gas, TWh	44.1	46.4	13.9	13.7
Number of employees, full-time equivalents	3 641	3 289	3 641	3 289

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.

Negative earnings development driven by continental hedges, lower prices and lower volumes

- Expanded partnership with Air Liquide for delivery of renewable electricity from Vattenfall's offshore wind farm Hollandse Kust Zuid
- Vattenfall's hydro pump storage-project in Leutenberg is on EU's list of important infrastructure projects
- The Swedish government launches a roadmap for new nuclear power in Sweden

Full-year: Net sales increased by 1%. Underlying operating profit decreased significantly mainly attributed to a negative price effect from continental hedges, lower prices in the Nordics as well as lower production volumes. Vattenfall's Nordic hedges had an offsetting effect and resulted in higher achieved prices in the Nordics. Lower production volumes from hydro power as well as a decrease in nuclear availability mainly due to a delayed restart of Ringhals 4 and an outage at Forsmark 2, that had an additional negative impact. A higher realised trading result had a countering effect.

Q4: Net sales decreased by 25%. Underlying operating profit decreased significantly mainly due to lower prices in the Nordics and a negative effect from continental hedges, which have not been as effective as in the Nordics. This was partly offset by higher realised trading result and a higher availability mainly from nuclear.

Vattenfall and Air Liquide expanded their partnership through a 15-year power purchase agreement (PPA). Starting in 2026, Vattenfall will supply 115 MW of fossil-free electricity to Air Liquide from its offshore wind farm Hollandse Kust Zuid in the Netherlands. The PPA increases Air Liquide's overall renewable



power supply in Benelux further decarbonising the European industry. This is the second PPA of this magnitude in Benelux.

Vattenfall's initiative to build a 500 MW greenfield hydro pump-storage facility in Leutenberg, Germany, has earned a spot on EU's list of Projects of Common Interest (PCIs). This enables faster and more cost-effective permit processes and allows EU subsidiaries for the project. PCIs are key infrastructure projects that aim to help the EU achieve its energy and climate goals.

On behalf of the Swedish TSO, Vattenfall is responsible to build a new 400 kV substation outside of Jokkmokk. The new station will play a central role in increasing transmission capacity and transit flows in the regional electricity network. Vattenfall is responsible for the land contract, station building, installing switchgear and control equipment, testing and commissioning.

In November, the Swedish government launched a roadmap for new nuclear power with the aim of clarifying the government's vision for new nuclear and giving it long-term conditions. The roadmap includes appointing a coordinator, clarifying the state's responsibility and enabling increased capacity.

KEY FIGURES – POWER GENERATION

Amounts in SEK million unless indicated otherwise	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	207 510	205 788	50 984	68 431
External net sales	37 760	28 193	8 169	10 777
Underlying EBITDA	8 331	19 383 ¹	1 366	7 170 ¹
Underlying EBIT	3 075	14 332 ¹	66	5 840 ¹
- of which, realised trading result	3 429	- 1 360	- 839	- 1 746
Electricity generation, TWh	73.5	80.1	21.0	19.8
- of which, hydro power	36.1	40.5	10.3	10.5
- of which, nuclear power	37.4	39.6	10.7	9.3
Sales of electricity, TWh	11.3	15.6	2.7	4.5
- of which, resellers	9.4	13.8	2.3	4.0
- of which, business customers	1.9	1.8	0.4	0.5
Sales of gas, TWh	0.4	0.9	0.1	0.4
Number of employees, full-time equivalents	7 474	7 219	7 474	7 219

1) The value has been adjusted compared with information previously published in Vattenfall's financial reports, see note 1 Accounting policies, risks and uncertainties.

Wind

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

Lower earnings following decreased spot prices

- Vattenfall sells Norfolk Offshore Wind Zone
- Memorandum of understanding signed between Vattenfall and BASF to partner on German offshore wind farms Nordlicht 1 and 2
- Several new investment decisions, including projects in solar, onshore wind, and a battery system co-located with a wind farm

Full year: Net sales decreased by 13% compared to 2022. Underlying operating profit decreased by 60% mainly due to lower electricity prices. Higher personnel costs, maintenance costs and depreciation mostly related to new assets had an additional negative impact. Positive effects came from the newly inaugurated offshore wind farm Hollandse Kust Zuid that also accounts for the majority of the increased electricity generation which increased by 12%.

Q4: Net sales decreased by 24%. Underlying operating profit decreased by 50% mainly as a result of lower electricity prices. Positive effects came from higher subsidies and traded certificates. Electricity generation increased by 17% compared with the fourth quarter 2022 driven by Hollandse Kust Zuid.

Vattenfall signed an agreement with RWE to divest the Norfolk Offshore Wind Zone in December. The purchase price amounts to GBP 1.0 billion. The Zone consists of three fully consented wind projects – Boreas, Vanguard West and Vanguard East – and is located off the east coast of England. It is one of the largest offshore wind developments in the world, with a total capacity of 4.2 GW, equal to the electricity consumption of 4 million British households. The sale ensures the continued development of the projects.

Vattenfall and BASF have signed a Memorandum of Understanding to partner on the Nordlicht 1 and 2 offshore wind projects. The partnership involves BASF acquiring 49 percent of Vattenfall's shares in the projects. The wind farms will have a total capacity of 1.6 GW, corresponding to the electricity



consumption of 1.6 million German households. Vattenfall will use its share of the fossil-free electricity to supply its German customers, while BASF will use their share for its production sites across Europe. The wind farms are expected to be fully operational in 2028.

All 41 wind turbines at Denmark's Vesterhav South and North offshore wind farms were installed in November. Vesterhav South delivered its first power to the shore shortly after that and Vesterhav North is expected to be connected to the grid in 2024. The combined installed capacity will be 344 MW corresponding to the annual electricity consumption of more than 350,000 Danish households.

Vattenfall took an investment decision to start building an onshore wind farm in Velinga, in southern Sweden. The wind farm will have a capacity of 67 MW and is expected to be commissioned in the beginning of 2026.

Three solar farms with a collective capacity of 91 MW have received investment decisions: Bloesemlaan (22 MW) in the Netherlands, as well as Silberstedt (23 MW) and Nauen (46 MW) in Germany. The German projects will be built without subsidies and marketed directly via long-term power purchase agreements (PPAs) to Vattenfall's large customers.

In December, Vattenfall took an investment decision to construct a 38 MW battery system co-located with the Bruzaholm wind farm. The wind farm and the battery system is planned to be commissioned in the second half of 2025.

KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise

	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	25 373	29 109	6 101	7 987
External net sales	8 537	4 308	1 280	1 095
Underlying EBITDA	13 602	22 508	4 120	6 097
Underlying EBIT	6 544	16 479	2 248	4 521
Electricity generation - wind power TWh ¹	13.8	12.2	4.7	3.6
Sales of electricity, TWh	0.9	1.2	0.3	0.3
Number of employees, full-time equivalents	1 708	1 521	1 708	1 521

1) Including electricity generation from solar power

Heat

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

Sale of Berlin heat business to the State of Berlin

- Vattenfall sells its Berlin heat business to the State of Berlin
- New heat supply contract signed in Amsterdam
- Continued progress on Vattenfall's district heating project near Edinburgh

Full year: Net sales decreased by 27% compared with 2022. The underlying operating profit increased mainly as a result of price adjustments for heating in Berlin and the Netherlands, which compensate for the higher fuel costs in 2022. In addition an updated contract and pricing strategy in Berlin affected the result positively. This was somewhat offset by a lower underlying operating profit in Sweden largely driven by higher bio fuel prices. Sales of heat decreased mainly in Berlin as a result of customers' energy conservation measures and warmer weather. The sale of the gas-fired power plant Magnum led to lower electricity generation. However, improved spreads following lower prices for gas lead to an overall positive impact on the underlying operating profit. The number of customers amounted to 2.1 million households which corresponds to an increase of 2.6% compared to the end of 2022

Q4: Net sales decreased by 35% compared with the fourth quarter of 2022 primarily due to lower electricity prices and decreased electricity generation following the Magnum sale. The underlying operating profit improved largely driven by lower fuel costs following lower gas prices, which resulted in higher spreads for the Berlin heat business. The heat price adjustments compensate for the higher fuel costs in 2022 and the updated contract strategy had an additional positive impact. Sales of heat decreased slightly as a result of customer's energy conservation measures.

Vattenfall has finalised the strategic review of the heat business in Berlin and decided to sell the entire operations to the State of



Berlin. The expected purchase price amounts to EUR 1.6 billion. The new owner will make substantial investments in the coming years, in order to generate 40 percent of the district heating from renewable energy sources by 2030 and to achieve climate neutrality. With the sale, around 1,700 employees of Vattenfall's employees will move to the new owner. The transaction is expected to be closed in the second quarter of 2024. In addition, the State has been granted an option to purchase Vattenfall's shares in GASAG AG, independent of the sale of the heat business.

In December 2023, Vattenfall signed a district heating and cooling supply contract in Amsterdam for the North area of Elzenhagen Zuid as part of a project to develop the area into a green urban neighbourhood. This will be part of the Westpoort Warmte district heating network, which is a joint venture between Vattenfall and the municipality of Amsterdam. The project enables the storage, distribution and supply of district heating and cooling. In total, 935 apartments and 5 commercial spaces are included in the project. The contract will last for 30 years and energy delivery is planned to start in the first quarter 2027.

Construction on Vattenfall's district heating network near Edinburgh, UK, is progressing. First customers will be connected in summer 2024, and when fully complete, the heat network will be able to provide up to 3,000 homes, schools and retail buildings with low carbon heat.

KEY FIGURES – HEAT

Amounts in SEK million unless indicated otherwise	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	44 202	60 505	11 718	18 039
External net sales	25 844	20 933	7 536	6 835
Underlying EBITDA	6 380	- 641	1 581	- 122
Underlying EBIT	3 228	- 3 578	773	- 877
Electricity generation - TWh	13.6	16.6	3.3	4.9
- of which, fossil-based power	13.3	16.3	3.2	4.8
- of which, biomass, waste	0.3	0.3	0.1	0.1
Sales of electricity business customers, TWh	0.2	1.1	—	0.2
Sales of heat, TWh	13.5	14.1	4.5	4.7
Number of employees, full-time equivalents	3 227	3 188	3 227	3 188

Distribution

The Distribution Business Area comprises Vattenfall's electricity distribution operations in Sweden and the UK as well as the unregulated offering Power-as-a-Service

Planned increase in investment rate in local and regional networks

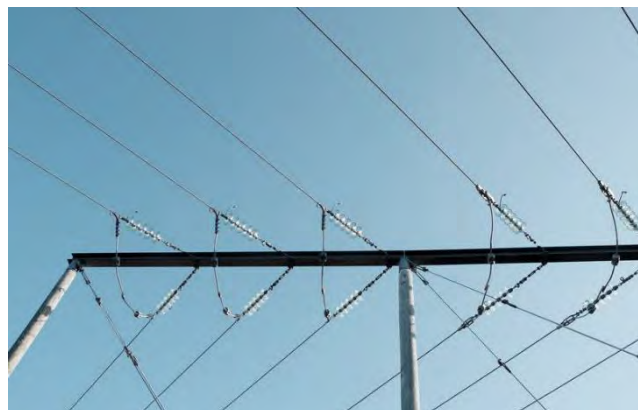
- The temporary reduction of the electricity network charge ended from 1 January 2024
- Swedish Energy Market Inspectorate has decided on the model and WACC for the revenue frames for electricity grid operators for the period of 2024-2027
- Vattenfall is participating in a research project to evaluate how vehicle-to-grid technology can enhance electricity grid stability

Full-year: Net sales decreased by 11% compared with 2022. The underlying operating profit decreased by 26%, due to a temporary reduction of the electricity grid tariff during 1st July – 31st December 2023, as well as higher personnel costs, maintenance costs and depreciation as a result of growth. This was counteracted by extraordinary high costs for the transmission network during 2022.

Q4: Net sales decreased by 21% compared with 2022. The underlying operating profit decreased significantly, due to a temporary reduction of the electricity grid tariff during 1st July – 31st December 2023, as well as higher personnel costs, maintenance costs and depreciation as a result of growth. This was partly counteracted by lower costs for the transmission network.

To meet the increased demand from society and customers, Vattenfall plans to increase investments in the local and regional grids. The investments will increase from SEK 6.4 billion in 2023 to a planned average investment level of SEK 8-10 billion up to year 2030. Vattenfall is thus continuing its expansion and reinforcement of the electricity grid to connect new electricity generation and enable increased electrification of industrial processes and transport. In addition, many facilities are reaching the end of their technical lifetime and need to be modernised to ensure a robust quality of supply.

In December, the Swedish Energy Market Inspectorate decided on the model for electricity grid operators' revenue frames for the regulatory period of 2024-2027. The model is based on a



capacity preservation approach and applies a calculated long-term interest rate (WACC), set at 4.53% (real before tax for the period).

A new framework agreement has been signed for technical consulting services worth up to SEK 2.7 billion over a 5-year period. The purpose of the agreement is to secure needed expertise to manage the expansion of the electricity network at the expected pace. Close to 40 suppliers have been contracted, which will cover the majority of Vattenfall Eldistribution's needs for consulting services in Sweden.

Vattenfall is participating in a pilot project to evaluate how vehicle-to-grid technology, which involves transferring power from electric car batteries to the grid, can enhance the grid. This can contribute to a stable balance between production and consumption or mending capacity shortages. The research project is a collaboration among Göteborg Energi, Svenska kraftnät, electric car and charging suppliers and Chalmers University of Technology, among others.

On 1 January 2024, Vattenfall put into effect an increased electricity grid tariff for private and business customers connected to the local network. On average, the tariff was increased by 12%, compared to the price level applied on 1 January 2023, which corresponds to an increase of approximately SEK 110 per month for house customers and SEK 20 for apartment customers. The regional network tariffs were also adjusted from the beginning of the year to better reflect the expected costs of the overlying network and the capital costs for the next regulatory period.

KEY FIGURES – DISTRIBUTION

Amounts in SEK million unless indicated otherwise

	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	11 139	12 497	2 733	3 471
External net sales	10 445	11 733	2 559	3 272
Underlying EBITDA	4 290	4 622	783	1 324
Underlying EBIT	1 526	2 070	62	657
Number of employees, full-time equivalents	1 606	1 340	1 606	1 340

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	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	9 957	8 530	2 745	2 372
External net sales	279	451	43	117
Underlying EBITDA	- 1 032	- 693	- 81	- 238
Underlying EBIT	- 1 925	- 1 590	- 308	- 479
Number of employees, full-time equivalents	3 339	3 081	3 339	3 081

Consolidated income statement

Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	290 168	239 644	73 292	78 819
Cost of purchases	- 207 113	- 167 013	- 53 699	- 84 211
Other external expenses	- 21 675	- 20 908	- 3 921	- 6 442
Personnel expenses	- 22 899	- 20 557	- 6 133	- 5 415
Other operating income and expenses, net	1 215	- 790	427	- 1 293
Participations in the results of associated companies	- 11	137	- 54	33
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	39 685	30 513	9 912	- 18 509
Depreciation, amortisation and impairments	- 22 694	- 17 868	- 3 851	- 5 553
Operating profit (EBIT)	16 991	12 645	6 061	- 24 062
Financial income ³	3 589	854	1 183	245
Financial expenses ^{1,2,3}	- 8 746	- 7 978	- 1 783	- 1 837
Return from the Swedish Nuclear Waste Fund	4 388	- 5 608	2 947	935
Profit before income taxes	16 222	- 87	8 408	- 24 719
Income taxes	- 5 827	108	- 2 751	7 760
Profit for the period	10 395	21	5 657	- 16 959
Attributable to owner of the Parent Company	8 646	- 1 102	4 740	- 17 605
Attributable to non-controlling interests	1 749	1 123	917	646
Supplementary information				
Underlying EBITDA ⁴	40 340	53 521 ⁵	9 715	17 367 ⁵
Underlying EBIT ⁴	20 005	35 075 ⁵	4 455	12 527 ⁵
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 3 024	- 5 115	- 109	- 1 082
1) Including interest components related to pension costs	- 1 096	- 578	- 273	- 147
2) Including discounting effects attributable to provisions	- 2 133	- 2 009	- 491	- 510
3) Items affecting comparability recognised as financial income and expenses, net	—	6	—	—
4) See note 4 for information on items affecting comparability				
5) The value has been adjusted compared with information previously published in Vattenfall's financial reports.				

Consolidated statement of comprehensive income

Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Profit for the period	10 395	21	5 657	- 16 959
Other comprehensive income				
Items that will be reclassified to profit or loss when specific conditions are met				
Cash flow hedges - changes in fair value	- 10 776	14 478	- 10 507	- 58 369
Cash flow hedges - dissolved against income statement	14 218	- 106 390	4 901	- 29 991
Cash flow hedges - transferred to cost of hedged item	- 24	- 16	- 5	- 20
Hedging of net investments in foreign operations	115	- 2 777	1 669	- 764
Translation differences, divested companies	- 114	—	- 28	—
Translation differences	- 59	14 684	- 6 066	4 452
Income taxes related to items that will be reclassified	- 2 596	25 498	- 2 758	29 125
Total items that will be reclassified to profit or loss when specific conditions are met	764	- 54 523	- 12 794	- 55 567
Items that will not be reclassified to profit or loss				
Remeasurement pertaining to defined benefit obligations	- 3 591	13 178	- 4 156	- 3 379
Income taxes related to items that will not be reclassified	732	- 3 582	821	993
Total items that will not be reclassified to profit or loss	- 2 859	9 596	- 3 335	- 2 386
Total other comprehensive income, net after income taxes	- 2 095	- 44 927	- 16 129	- 57 953
Total comprehensive income for the period	8 300	- 44 906	- 10 471	- 74 912
Attributable to owner of the Parent Company	6 898	- 47 227	- 10 450	- 76 057
Attributable to non-controlling interests	1 402	2 321	- 21	1 145

Operating segments, Vattenfall Group

Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
External net sales				
Customers & Solutions	207 303	174 026	53 705	56 723
Power Generation	37 760	28 193	8 169	10 777
Wind	8 537	4 308	1 280	1 095
Heat	25 844	20 933	7 536	6 835
Distribution	10 445	11 733	2 559	3 272
Other ¹	279	451	43	117
Total	290 168	239 644	73 292	78 819
Internal net sales				
Customers & Solutions	9 036	9 125	2 114	2 870
Power Generation	169 750	177 595	42 815	57 654
Wind	16 836	24 801	4 821	6 892
Heat	18 358	39 572	4 182	11 204
Distribution	694	764	174	199
Other ¹	9 678	8 079	2 702	2 255
Eliminations	- 224 352	- 259 936	- 56 808	- 81 074
Total	—	—	—	—
Total net sales				
Customers & Solutions	216 339	183 151	55 819	59 593
Power Generation	207 510	205 788	50 984	68 431
Wind	25 373	29 109	6 101	7 987
Heat	44 202	60 505	11 718	18 039
Distribution	11 139	12 497	2 733	3 471
Other ¹	9 957	8 530	2 745	2 372
Eliminations	- 224 352	- 259 936	- 56 808	- 81 074
Total	290 168	239 644	73 292	78 819

Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
<u>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</u>				
Customers & Solutions	8 783	8 396	1 799	2 992
Power Generation	7 714	- 2 903	0	- 28 649
Wind	13 321	22 554	5 582	6 120
Heat	6 328	- 1 515	1 551	- 203
Distribution	4 294	4 637	787	1 330
Other ¹	- 746	- 605	42	- 243
Eliminations	- 9	- 51	151	144
Total	39 685	30 513	9 912	- 18 509
<u>Underlying EBITDA</u>				
Customers & Solutions	8 778	8 393	1 795	2 992
Power Generation	8 331	19 383 ²	1 366	7 170 ²
Wind	13 602	22 508	4 120	6 097
Heat	6 380	- 641	1 581	- 122
Distribution	4 290	4 622	783	1 324
Other ¹	- 1 032	- 693	- 81	- 238
Eliminations	- 9	- 51	151	144
Total	40 340	53 521	9 715	17 367

Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
<u>Operating profit (EBIT)</u>				
Customers & Solutions	7 571	7 416	1 466	2 721
Power Generation	2 457	- 7 949	- 1 299	- 29 974
Wind	6 646	16 436	7 861	4 455
Heat	434	- 3 790	- 1 999	- 1 587
Distribution	1 530	2 086	66	662
Other ¹	- 1 638	- 1 503	- 185	- 483
Eliminations	- 9	- 51	151	144
Operating profit (EBIT)	16 991	12 645	6 061	- 24 062
Operating profit (EBIT)	16 991	12 645	6 061	- 24 062
Financial net	- 769	- 12 732	2 347	- 657
Profit before tax	16 222	- 87	8 408	- 24 719
<u>Underlying EBIT</u>				
Customers & Solutions	7 566	7 413	1 463	2 721
Power Generation	3 075	14 332 ²	66	5 840 ²
Wind	6 544	16 479	2 248	4 521
Heat	3 228	- 3 578	773	- 877
Distribution	1 526	2 070	62	657
Other ¹	- 1 925	- 1 590	- 308	- 479
Eliminations	- 9	- 51	151	144
Underlying EBIT	20 005	35 075	4 455	12 527

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

2) The value has been adjusted compared with information previously published in Vattenfall's financial reports, see note 1 Accounting policies, risks and uncertainties.

Consolidated balance sheet

Amounts in SEK million	31 Dec 2023	31 Dec 2022
Assets		
Non-current assets		
Intangible assets: non-current	18 378	18 347
Property, plant and equipment	263 031	276 901
Participations in associated companies and joint arrangements	4 140	7 094
Other shares and participations	330	324
Share in the Swedish Nuclear Waste Fund	52 144	47 517
Derivative assets	7 774	31 187
Deferred tax assets	12 242	16 133
Contract assets	13	51
Other non-current receivables	4 631	3 411
Total non-current assets	362 683	400 965
Current assets		
Inventories	18 602	20 969
Intangible assets: current	6 205	3 043
Trade receivables and other receivables	44 884	54 016
Contract assets	106	175
Advance payments paid	18 836	20 199
Derivative assets	24 177	89 692
Prepaid expenses and accrued income	17 284	20 775
Current tax assets	2 281	160
Short-term investments	24 588	65 846
Cash and cash equivalents	27 682	106 540
Assets held for sale	41 263	9 947
Total current assets	225 908	391 362
Total assets	588 591	792 327
Equity and liabilities		
Equity		
Attributable to owner of the Parent Company	113 466	110 473
Attributable to non-controlling interests	25 963	18 464
Total equity	139 429	128 937
Non-current liabilities		
Hybrid Capital	20 987	17 760
Other interest-bearing liabilities	57 746	78 848
Pension provisions	28 092	27 812
Other interest-bearing provisions	125 023	128 239
Derivative liabilities	14 906	45 337
Deferred tax liabilities	13 353	13 648
Contract liabilities	9 924	8 936
Other noninterest-bearing liabilities	1 824	2 108
Total non-current liabilities	271 855	322 688
Current liabilities		
Trade payables and other liabilities	39 041	48 797
Contract liabilities	727	873
Advance payments received	2 449	26 692
Derivative liabilities	49 017	151 657
Accrued expenses and deferred income	22 855	23 105
Current tax liabilities	1 798	1 201
Hybrid Capital	—	4 171
Other interest-bearing liabilities	42 376	75 986
Interest-bearing provisions	3 059	4 382
Liabilities associated with assets held for sale	15 985	3 838
Total current liabilities	177 307	340 702
Total equity and liabilities	588 591	792 327

SUPPLEMENTARY INFORMATION

Amounts in SEK million	31 Dec 2023	31 Dec 2022
Calculation of capital employed		
Intangible assets: current and non-current	24 583	21 390
Property, plant and equipment	263 031	276 901
Participations in associated companies and joint arrangements	4 140	7 094
Deferred and current tax assets	14 523	16 293
Non-current noninterest-bearing receivables	639	811
Contract assets	119	226
Inventories	18 602	20 969
Trade receivables and other receivables	44 884	54 016
Prepaid expenses and accrued income	17 284	20 775
Unavailable liquidity	5 446	2 996
Other	1 183	805
Total assets excl. financial assets	394 434	422 276
Deferred and current tax liabilities	- 15 151	- 14 849
Other noninterest-bearing liabilities	- 1 824	- 2 108
Contract liabilities	- 10 651	- 9 809
Trade payable and other liabilities	- 39 041	- 48 797
Accrued expenses and deferred income	- 22 855	- 23 105
Other	- 1 297	- 1 562
Total noninterest-bearing liabilities	- 90 819	- 100 230
Other interest-bearing provisions not related to adjusted net debt ¹	- 6 852	- 10 114
Adjustment related to assets/liabilities held for sale	25 278	6 109
Capital employed²	322 041	318 041
Capital employed, average	320 041	299 461
Calculation of net debt		
Hybrid Capital	- 20 987	- 21 931
Bond issues and liabilities to credit institutions	- 61 956	- 63 937
Short-term debt, commercial papers and repo	- 20 071	- 71 017
Liabilities to associated companies	- 718	- 930
Liabilities to owners of non-controlling interests	- 10 065	- 9 667
Other liabilities	- 7 312	- 9 283
Total interest-bearing liabilities	- 121 109	- 176 765
Cash and cash equivalents	27 682	106 540
Short-term investments	24 588	65 846
Loans to owners of non-controlling interests in foreign Group companies	415	521
Net debt²	- 68 424	- 3 858
Calculation of adjusted gross debt and net debt		
Total interest-bearing liabilities	- 121 109	- 176 765
50% of Hybrid Capital ³	10 494	10 966
Present value of pension obligations	- 28 092	- 27 812
Provisions for gas and wind operations and other environment-related provisions	- 15 404	- 11 454
Provisions for nuclear power (net) ⁴	- 46 011	- 53 930
Margin calls received	287	2 142
Liabilities to owners of non-controlling interests due to consortium agreements	10 065	9 667
Adjustment related to assets/liabilities held for sale	3 429	1 031
Adjusted gross debt	- 186 342	- 246 155
Reported cash and cash equivalents and short-term investments	52 270	172 386
Unavailable liquidity	- 5 446	- 2 996
Adjusted cash and cash equivalents and short-term investments	46 824	169 390
Adjusted net debt²	- 139 518	- 76 765

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 relating to funding of decommissioning obligations in Stade and Brokdorf. 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 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Operating activities				
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	39 685	30 513	9 912	- 18 509
Tax paid	- 4 696	- 4 360	- 489	- 1 622
Capital gains/losses, net	- 56	- 189	119	- 79
Interest received	3 517	897	1 483	388
Interest paid	- 4 768	- 3 811	- 1 729	- 978
Other, incl. non-cash items	- 3 624	19 144	- 1 106	35 397
Funds from operations (FFO)	30 058	42 194	8 190	14 597
Changes in inventories	2 065	20 146	- 1 298	53
Changes in operating receivables	2 755	- 11 196	- 17 730	- 20 724
Changes in operating liabilities	12 559	12 004	8 238	24 805
Margin calls	- 74 127	- 63 128	- 13 443	- 130 172
Other changes	2 066	1 134	967	3 581
Cash flow from changes in operating assets and operating liabilities	- 54 682	- 41 040	- 23 266	- 122 457
Cash flow from operating activities	- 24 624	1 154	- 15 076	- 107 860
Investing activities				
Acquisitions in Group companies	- 1 206	528	- 49	701
Investments in associated companies and other shares and participations	- 151	- 238	- 20	- 165
Other investments in non-current assets	- 40 983	- 24 914	- 10 397	- 7 852
Total investments	- 42 340	- 24 624	- 10 466	- 7 316
Divestments	3 060	751	450	458
Changes in short-term investments	43 430	42 877	- 164	31 864
Cash flow from investing activities	4 150	19 004	- 10 180	25 006
Cash flow before financing activities	- 20 474	20 158	- 25 256	- 82 854
Financing activities				
Changes in loans to owners of non-controlling interests in foreign Group companies	107	- 260	80	101
Loans raised ¹	12 654	97 400	12 610	42 650
Amortisation of other debt ¹	- 70 413	- 53 997	5 000	- 22 366
Divestment of shares in Group companies to owners of non-controlling interests	698	—	- 4	—
Redemption of Hybrid Capital	- 4 331	—	—	—
Issue of Hybrid Capital	3 215	—	—	—
Dividends paid to owners	- 4 428	- 25 360	- 184	- 1 169
Contribution to owners of non-controlling interests	- 84	- 1 791	- 84	- 868
Contribution from owners of non-controlling interests	5 951	3 697	- 226	1 488
Cash flow from financing activities	- 56 631	19 689	17 192	19 836
Cash flow for the period	- 77 105	39 847	- 8 064	- 63 018
Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Cash and cash equivalents				
Cash and cash equivalents at start of period	106 540	68 176	43 202	173 367
Cash and cash equivalents included in assets held for sale	- 2 614	- 4 307	- 6 921	- 4 307
Cash flow for the period	- 77 105	39 847	- 8 064	- 63 018
Translation differences	861	2 824	- 535	498
Cash and cash equivalents at end of period	27 682	106 540	27 682	106 540

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

SUPPLEMENTARY INFORMATION

Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Cash flow before financing activities	- 20 474	20 158	- 25 256	- 82 854
Change in margin calls from Treasury operations	2 444	- 521	1 030	738
Changes in short-term investments	- 43 430	- 42 877	164	- 31 864
Financing activities				
Divestment of shares in Group companies to owners of non-controlling interests	698	—	- 4	—
Dividends paid to owners	- 4 428	- 25 360	- 184	- 1 169
Contribution to/from owners of non-controlling interests	5 867	1 906	- 310	620
Cash flow after dividend	- 59 323	- 46 694	- 24 560	- 114 529
Analysis of change in net debt				
Net debt at start of period	- 3 858	44 703	- 38 245	116 008
Cash flow after dividend	- 59 323	- 46 694	- 24 560	- 114 529
Changes as a result of valuation at fair value	- 16	2 225	- 325	- 270
Changes in interest-bearing liabilities for leasing	- 1 254	- 1 318	- 325	- 266
Interest-bearing liabilities/short-term investments acquired/divested	—	—	2	—
Changes in liabilities pertaining to acquisitions of Group companies, discounting effects	- 344	—	- 6	—
Cash and cash equivalents included in assets held for sale	- 2 614	- 4 307	- 6 921	- 4 307
Interest-bearing liabilities associated with assets held for sale	45	—	45	—
Translation differences on net debt	- 1 060	1 533	1 911	- 494
Net debt at end of period	- 68 424	- 3 858	- 68 424	- 3 858
Cash flow from operating activities	- 24 624	1 154	- 15 076	- 107 860
Maintenance/replacement investments	- 18 498	- 12 280	- 5 969	- 5 563
Free cash flow¹	- 43 122	- 11 126	- 21 045	- 113 423

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

INVESTMENTS

Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Electricity generation				
Hydro power	883	785	332	333
Nuclear power	1 747	1 687	484	523
Gas	144	255	99	55
Wind power and solar PV	19 782	16 341	4 383	5 783
Biomass, waste	25	38	13	27
Total electricity generation	22 581	19 106	5 311	6 721
CHP/heat				
Fossil-based power	1 104	1 013	515	445
Heat networks	1 688	1 471	563	640
Other	693	183	359	132
Total CHP/heat	3 485	2 667	1 437	1 217
Electricity networks				
Electricity networks	6 861	5 525	2 679	2 380
Total electricity networks	6 861	5 525	2 679	2 380
Purchases of shares, shareholder contributions	1 438	653	72	407
Other	2 728	1 830	1 100	475
Total investments	37 093	29 781	10 599	11 200
Accrued investments (-)/release of accrued investments (+)	5 328	- 4 214	- 129	- 2 941
Cash and cash equivalents in acquired companies	- 81	- 943	- 4	- 943
Total investments with cash flow effect	42 340	24 624	10 466	7 316

Consolidated statement of changes in equity

Amounts in SEK million	31 Dec 2023			31 Dec 2022		
	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	110 473	18 464	128 937	180 710	16 472	197 182
Profit for the period	8 646	1 749	10 395	- 1 102	1 123	21
Cash flow hedges - changes in fair value	- 10 776	—	- 10 776	14 478	—	14 478
Cash flow hedges - dissolved against income statement	14 218	—	14 218	- 106 390	—	- 106 390
Cash flow hedges - transferred to cost of hedged item	- 24	—	- 24	- 16	—	- 16
Hedging of net investments in foreign operations	115	—	115	- 2 777	—	- 2 777
Translation differences, divested companies	- 114	—	- 114	—	—	—
Translation differences	184	- 243	- 59	13 741	943	14 684
Remeasurement pertaining to defined benefit obligations	- 3 460	- 131	- 3 591	12 857	321	13 178
Income taxes related to other comprehensive income	- 1 891	27	- 1 864	21 982	- 66	21 916
Total other comprehensive income for the period	- 1 748	- 347	- 2 095	- 46 125	1 198	- 44 927
Total comprehensive income for the period	6 898	1 402	8 300	- 47 227	2 321	- 44 906
Dividends paid to owners	- 4 000	- 428	- 4 428	- 23 414	- 1 946	- 25 360
Group contributions from(+)/to(-) owners of non-controlling interests	—	1	1	—	- 131	- 131
Changes in ownership in Group companies on divestments of shares to owners of non-controlling interests	33	658	691	118	—	118
Contribution to/from owners of non-controlling interests	—	5 867	5 867	—	1 906	1 906
Other changes in ownership	—	—	—	—	2	2
Other changes	62	- 1	61	286	- 160	126
Total transactions with equity holders	- 3 905	6 097	2 192	- 23 010	- 329	- 23 339
Balance carried forward	113 466	25 963	139 429	110 473	18 464	128 937
- Of which, Reserve for hedges	- 29 188	8	- 29 180	- 30 034	8	- 30 026

Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times ¹	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Operating margin	5.9	5.3	8.3	- 30.5
Operating margin ²	6.9	14.6 ⁴	6.1	15.9 ⁴
Pre-tax profit margin	5.6	- 0.0	11.5	- 31.4
Pre-tax profit margin ²	6.6	9.3 ⁴	9.3	15.1 ⁴
Return on equity ³	5.9	- 0.7	5.9	- 0.7
Return on capital employed ³	5.3	4.2	5.3	4.2
Return on capital employed ^{2,3}	6.3	11.7 ⁴	6.3	11.7 ⁴
EBIT interest cover (x) ³	3.1	2.3	3.1	2.3
EBIT interest cover (x) ^{2,3}	3.6	6.0 ⁴	3.6	6.0 ⁴
FFO interest cover (x) ³	5.5	8.1	5.5	8.1
FFO interest cover, net (x) ³	10.9	9.2	10.9	9.2
Cash flow interest cover after maintenance investments (x) ³	- 6.8	- 1.1	- 6.8	- 1.1
FFO/gross debt ³	24.8	23.9	24.8	23.9
FFO/net debt ³	43.9	1,093.7	43.9	1,093.7
FFO/adjusted net debt ³	21.5	55.0	21.5	55.0
EBITDA/net financial items, (x)	13.1	6.0	90.9	- 17.1
EBITDA/net financial items, (x) ²	13.3	10.5 ⁴	89.1	16.1 ⁴
Equity/Total assets	23.7	16.3	23.7	16.3
Gross debt/equity	86.9	137.1	86.9	137.1
Net debt/equity	49.1	3.0	49.1	3.0
Gross debt/gross debt plus equity	46.5	57.8	46.5	57.8
Net debt/net debt plus equity	32.9	2.9	32.9	2.9
Net debt/EBITDA (x) ³	1.7	0.1	1.7	0.1
Adjusted net debt/EBITDA (x) ³	3.5	2.5	3.5	2.5

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.

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

Quarterly information, Vattenfall Group

Amounts in SEK million	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Income statement								
Net sales	73 292	58 337	61 750	96 788	78 819	53 076	48 170	59 579
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	9 912	2 641	5 833	21 300	- 18 509	16 386	15 386	17 249
Underlying EBITDA	9 715	6 149	9 977	14 513	17 367 ⁴	10 820	11 364 ⁴	13 970
Operating profit (EBIT)	6 061	- 2 611	- 2 791	16 332	- 24 062	12 192	11 730	12 783
Underlying EBIT	4 455	946	5 057	9 545	12 527 ⁴	6 232	6 811 ⁴	9 504
Profit before income taxes	8 408	- 3 208	- 4 916	15 938	- 24 719	9 728	6 469	8 433
Profit for the period	5 657	- 2 186	- 4 895	11 818	- 16 959	6 684	4 231	6 064
- of which, attributable to owner of the Parent Company	4 740	- 2 147	- 5 130	11 182	- 17 605	6 242	4 478	5 782
- of which, attributable to non-controlling interests	917	- 39	235	636	646	442	- 247	282
Balance sheet								
Capital employed	322 041	312 929	333 018	320 313	318 041	258 447	289 959	276 749
Net debt	- 68 424	- 38 245	- 48 368	- 41 055	- 3 858	116 008	29 321	37 611
Cash flow								
Funds from operations (FFO)	8 190	4 919	5 162	11 787	14 597	7 305	11 911	8 382
Cash flow from operating activities	- 15 076	15 571	7 079	- 32 197	- 107 860	90 385	21 687	- 3 058
Cash flow from investing activities	- 10 180	- 5 585	- 6 921	26 835	25 006	- 37 201	12 523	18 676
Cash flow from financing activities	17 192	- 11 654	- 9 980	- 52 189	19 836	29 229	- 43 145	13 768
Cash flow for the period	- 8 064	- 1 668	- 9 822	- 57 551	- 63 018	82 413	- 8 935	29 386
Free cash flow	- 21 045	11 836	2 589	- 36 502	- 113 423	87 786	20 026	- 5 514

In % unless otherwise stated. (x) means times ¹	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Key ratios								
Return on equity	5.9	- 9.3	- 3.5	2.9	- 0.7	14.8	23.5	31.0
Return on capital employed ²	5.3	- 4.6	0.5	5.4	4.2	17.3	19.3	21.8
Return on capital employed ^{2,3}	6.3	9.8	10.7	11.8	11.7 ⁴	12.1 ⁴	10.4 ⁴	9.7 ⁴
EBIT interest cover, (x) ²	3.1	- 1.6	0.5	2.6	2.3	7.9	10.3	14.9
EBIT interest cover, (x) ^{2,3}	3.6	4.6	4.9	5.4	6.0 ⁴	5.5 ⁴	5.6 ⁴	6.7 ⁴
FFO/gross debt ²	24.8	34.2	32.1	36.5	23.9	30.0	36.3	28.8
FFO/net debt ²	43.9	95.3	80.3	111.1	1,093.7	- 39.8	- 153.4	- 107.7
FFO/adjusted net debt ²	21.5	30.9	30.6	39.6	55.0	n.a ⁵	103.0	120.5
Equity/Total assets	23.7	24.7	21.7	20.2	16.3	18.5	20.6	24.4
Gross debt/equity	86.9	71.0	84.3	88.2	137.1	75.3	65.6	66.7
Net debt/equity	49.1	25.5	33.7	29.0	3.0	- 56.8	- 15.5	- 17.9
Net debt/net debt plus equity	32.9	20.3	25.2	22.5	2.9	- 131.4	- 18.4	- 21.8
Net debt/EBITDA, (x) ²	1.7	3.4	1.9	1.2	0.1	- 2.0	- 0.4	- 0.5
Adjusted net debt/EBITDA, (x) ²	3.5	10.5	5.1	3.3	2.5	- 0.7	0.6	0.4

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

2) Last 12-month values.

3) Based on Underlying operating profit.

4) The value has been adjusted compared with information previously published in Vattenfall's financial reports, see note 1 Accounting policies, risks and uncertainties.

5) The adjusted net debt decreased to a net asset mainly due to increased margin calls received.

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 2022 Annual and Sustainability Report in Note 3 to the consolidated accounts, Accounting policies. Amended IFRSs endorsed by the EU for application in the 2023 financial year have no significant effect on Vattenfall's financial statements.

Important estimations and assessments

For a description of important estimates and assessments, refer to Vattenfall's Annual and Sustainability Report 2022 in the group's Note 3, Accounting principles.

Inflation and interest rates are parameters with a significant effect on provisions, in particular provisions related to nuclear power operations, in the financial statements. The macroeconomic development affects these parameters and in turn the outcome of Vattenfall's reported nuclear power provisions in Sweden. During the year, Vattenfall examined alternative approaches for determining the discount rate to better reflect management's best judgment of how the effects of changes in inflation and interest rates should be reflected in the financial statements. The new approach has been established during fourth quarter resulting in an applied discount rate of 2,80% (2%). This has had a significant impact on the nuclear power provisions in Sweden.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2022 Annual and Sustainability Report, pages 82-92.

Developments in the energy markets affect all of Vattenfall's various operations. Both commodity price levels and associated volatility have fallen considerably from last year's highs. Prices had continued to fall in the first quarter of 2023 but have been relatively stable since then. Margining arrangements such as Credit Support Annex supplements continue to challenge the liquidity position of many companies. Due to the fall in commodity prices relative to 2022, Vattenfall is reporting a cash outflow from both the repayment of margins received and the payment of margin on open contracts. Inflation rates have fallen significantly since the first quarter of 2023 although interest rates are still higher now than at the start of the year.

Presentation of financial statements

In the interim reports for 2023 the following amendments in the presentation were made compared to Vattenfall's 2022 Annual and Sustainability Report:

In the income statement, changes in nuclear provisions from new cost assessments are no longer classified as items affecting comparability and therefor included in underlying operating profit. Effects from changes in inflation and discount rates are classified as items affecting comparability.

Other

Significant related-party transactions are described in Note 44 to the consolidated accounts in Vattenfall's 2022 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties since the publication.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

NOTE 2 | Exchange rates

KEY EXCHANGE RATES APPLIED IN THE ACCOUNTS OF THE VATTENFALL GROUP

	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Average rate				
EUR	11.4563	10.6258	11.4717	10.9642
DKK	1.5377	1.4283	1.5383	1.4740
GBP	13.1692	12.4463	13.2199	12.5461
USD	10.5945	10.0881	10.6307	10.7856

31 Dec
2023

31 Dec
2022

Balance sheet date rate

EUR	11.0960	11.1218
DKK	1.4888	1.4956
GBP	12.7680	12.5397
USD	10.0416	10.4273

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 244 million (31 December 2022: 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. The amounts shown as level 3 contracts contain financial liabilities related to earn-out schemes. The probability weighted average of multiple scenarios as well as the time value of money are considered when determining the earn-out liabilities.

FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 DECEMBER 2023

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Share in the Swedish Nuclear Waste Fund	52 144	—	—	52 144
Derivative assets	—	31 951	—	31 951
Short-term investments, cash equivalents and other shares and participations	19 464	6 550	—	26 014
Total assets	71 608	38 501	—	110 109
Liabilities				
Derivative liabilities	—	63 923	—	63 923
Other financial liabilities	—	—	333	333
Total liabilities	—	63 923	333	64 256

FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 DECEMBER 2022

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Share in the Swedish Nuclear Waste Fund	47 517	—	—	47 517
Derivative assets	—	120 879 ¹	—	120 879
Short-term investments, cash equivalents and other shares and participations	74 826	9 029	—	83 855
Total assets	122 343	129 908	—	252 251
Liabilities				
Derivative liabilities	—	196 994	—	196 994
Total liabilities	—	196 994	—	196 994

1) Contains values previously reported as level 3.

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, 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 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Items affecting comparability	- 3 014	- 22 430 ¹	1 606	- 36 589 ¹
- of which, capital gains	240	312	33	108
- of which, capital losses	- 184	- 122	- 152	- 28
- of which, impairment losses	- 6 520	- 90	- 2 752	- 89
- of which, reversed impairment losses	4 161	668	4 161	- 624
- of which, provisions	1 243	- 2 968 ¹	3 301	- 940 ¹
- of which, changes in the fair value of energy derivatives	- 1 594	- 17 709	- 2 979	- 30 914
- of which, changes in the fair value of inventories	- 662	- 2 406	- 317	- 3 988
- of which, other non-recurring items affecting comparability	302	- 115	311	- 114

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

Items affecting comparability during January-December 2023 amounted to SEK -3.0 billion, which mainly relates to impairment losses, reversed impairment losses, changes in the fair value of energy derivatives and changes in provisions. For details on impairment losses and reversed impairment losses see note 6.

Items affecting comparability during January-December 2022 amounted to SEK -22.4 billion, most of which pertains to changes in market value for energy derivatives and inventories (SEK -20.1 billion). The increase in provisions pertains mainly to the nuclear operations.

NOTE 5 | Acquisitions and divestments

Acquired operations

On 4 January, Vattenfall acquired 100% of the shares in Bristol Heat Networks Ltd. (United Kingdom). Vattenfall's ambition is to expand the existing heat network in Bristol, serving the local community with reliable, low-carbon heat. The total purchase price for the shares was GBP 21 million, equal to the fair value of total net assets acquired.

On 9 June Vattenfall acquired 100% of the shares in Solizer Deutschland GmbH, a solar developer situated in Hamburg, Germany. The company holds project rights for the construction and operation of solar parks in Germany, which will support Vattenfall's growth ambition in the solar area. The acquisition price consisted of a fixed amount of EUR 63.3 million which was paid at acquisition. In addition, a consideration estimated to EUR 29.5 million could become due as a result of an earn-out scheme depending on the progress of the projects. The potential earn-out is recognized as a liability. The total acquisition price equaled the fair value of total net assets acquired.

In addition, a number of minor companies have been acquired during the period.

Divested operations

On 31 January, Vattenfall finalized the divestment of the gas-fired power plant Magnum in the Netherlands to RWE. On 1 March the sale of the company Vattenfall Heizkraftwerk Moorburg GmbH to Hamburger Energiewerke (HENW) was completed. Total capital gain for these transactions amounted to SEK 184 million.

In addition, a number of minor companies have been divested during the period.

Assets held for sale

On 19 December Vattenfall and the State of Berlin signed a Sales Purchase Agreement regarding divestment of the Heat Berlin business. The divestment is expected to be finalised during the second quarter 2024.

On 21 December Vattenfall signed an agreement with RWE to divest the Norfolk Offshore Wind Zone. The divestment is expected to be finalised during the first quarter 2024.

Assets and liabilities attributable to Heat Berlin and Norfolk Offshore Wind Zone have been classified as Assets held for sale in the fourth quarter. Total Assets held for sale amounts to SEK 41.3 billion, of which SEK 32.1 billion refers to Heat Berlin and SEK 9.2 billion refers to the Norfolk Offshore Wind Zone. Total Liabilities attributable to assets held for sale amounts to SEK 16.0 billion, of which SEK 15.0 billion refers to the Heat Berlin and SEK 1.0 billion refers to the Norfolk Offshore Wind Zone.

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. The principles for impairment test are described in Note 9 to the consolidated accounts in Vattenfall's 2022 Annual and Sustainability Report.

Impairment losses and reversed impairment losses 2023

The impairment reported in the second quarter 2023 amounting to SEK 3.8 billion related to assets in offshore wind in the Norfolk Offshore Wind Zone has been reversed in the fourth quarter. The reversal is based upon expected selling price from the agreement with RWE to divest the Norfolk Offshore Wind Zone.

Divesting Heat Berlin decreases the future cash flows in Germany significantly whereby an impairment of related deferred tax assets has been recorded amounting to SEK 6.8 billion. The majority, SEK 4.2 billion, has been recorded directly in equity just as the underlying balance sheet items. The remaining impairment of SEK 2.6 billion has been recorded as a tax cost in the consolidated income statement.

In addition, impairments amounting to SEK 2.7 billion related to business area Heat has been recorded in the fourth quarter.

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 2022 Annual and Sustainability Report, Note 3 to the Parent Company accounts, Accounting policies. None of the amendments to the existing accounting standards applicable from 1 January 2023 had a material impact on the Parent Company's financial statements.

January – December 2023

Year in brief

- Net sales amounted to SEK 46,579 million (40,078). The increase in net sales is mainly explained by lower spot prices on the energy market resulting in less negative settlement results from financial hedging positions in comparison to prior year.
- Profit before appropriations and income taxes amounted to SEK 48,404 million (-24,317). The improved result refers to positive unrealised changes in market value for energy derivatives for future energy production. These unrealised value changes are classified as Cost of purchases related to production in the income statement.
- The net effect of earnings from subsidiary amounts to SEK 2,103 million and is attributable to shareholding in Vattenfall Vindkraft AB, thereof SEK 13,000 million refers to received dividend and SEK - 11,000 million to impairment.
- The financial net has been affected by higher interest rates both regarding deposits and lending. In addition to the interest rate development, the financial net has also been affected by a weakened Swedish krona.
- The balance sheet total was SEK 312,275 million (435,557). The most important explanation for the change is that the need for liquidity has decreased as a result of the comparatively less volatile electricity market in 2023.
- Investments during the period amounted to SEK 1,729 million (1,772), thereof SEK 752 million refers group internal transactions.
- In the fourth quarter the acquisition value of the shares in Vattenfall GmbH has been adjusted down with SEK 197 million. The adjustment relates to prior merger proceedings in Germany.

- Cash and cash equivalents and short-term investments amounted to SEK 48,920 million (132,911). The reduction is mainly explained by that cash readiness has decreased as volatility in the electricity market has decreased during 2023.
- Dividend paid to the owner of SEK 4,000 million (23,414).
- In accordance with a decision taken in an extraordinary general meeting on 22 December 2022, registered by the Swedish Companies Registration Office on 20 March 2023, a bonus issue amounting to SEK 39,275 million was made. The bonus issue was performed without issue of new shares followed by a reduction of share capital with the corresponding amount without withdrawal of shares. The net effect is reduced restricted equity by SEK 39,275 million and increased unrestricted equity with the same amount.
- Long-term and short-term interest-bearing liabilities have decreased since the need for liquidity has decreased as a result of more stable prices on the electricity market during 2023.
- Short-term non-interest-bearing liabilities has decreased as the unrealised value changes on the energy derivatives has gone from being negative in 2022 to becoming positive in 2023.

Risks and uncertainties

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

Important estimations and assessment

As described in the corresponding Vattenfall group section, inflation and interest rates are parameters with a significant effect on provisions, in particular provisions related to nuclear power operations. A new approach has been established during the fourth quarter resulting in an applied discount rate of 2,80% (2%) which has had a significant impact also on Vattenfall AB's nuclear power provisions.

Other

Significant related-party transactions are described in Note 44 to the consolidated accounts, Related party disclosures, in Vattenfall's 2022 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2022 Annual and Sustainability Report.

Parent Company income statement

Amounts in SEK million	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	46 579	40 078	13 172	16 032
Cost of purchases related to production	12 664	- 67 495	- 2 708	16 489
Other external expenses	- 5 934	- 5 194	- 1 636	- 1 402
Personnel expenses	- 3 176	- 2 999	- 744	- 630
Other operating incomes	295	452	109	95
Other operating expenses	- 265	- 444	- 102	- 104
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	50 163	- 35 602	8 091	30 480
Depreciation, amortisation and impairments	- 749	- 688	- 199	- 183
Operating profit (EBIT)	49 414	- 36 290	7 892	30 297
Result from participations in subsidiaries	2 103	15 972	—	200
Result from participations in associated companies	1	- 61	—	—
Other financial income	4 115	1 702	1 231	500
Other financial expenses	- 7 229	- 5 640	- 489	- 1 232
Profit before appropriations and income taxes	48 404	- 24 317	8 634	29 765
Appropriations	- 4 222	6 839	- 3 562	1 999
Profit before income taxes	44 182	- 17 478	5 072	31 764
Income taxes	- 8 218	6 357	- 585	- 6 463
Profit for the period	35 964	- 11 121	4 487	25 301

Parent Company balance sheet

Amounts in SEK million	31 Dec 2023	31 Dec 2022
Assets		
Non-current assets		
Intangible assets: non-current	358	278
Property, plant and equipment	7 215	7 110
Shares and participations	157 310	167 754
Deferred tax assets	1 873	8 992
Other non-current , group	70 694	68 367
Other non-current	3 453	3 836
Total non-current assets	240 903	256 337
Current assets		
Inventories	513	355
Intangible assets: current	—	17
Current receivables, group	10 991	11 947
Current receivables	10 948	33 847
Current tax assets	—	143
Short-term investments	23 762	65 029
Cash and cash equivalents	25 158	67 882
Total current assets	71 372	179 220
Total assets	312 275	435 557
Equity, provisions and liabilities		
Equity		
<u>Restricted equity</u>		
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585
Revaluation reserve	—	37 989
Other reserves ¹	152	1 286
<u>Non-restricted equity</u>		
Retained earnings	66 895	42 894
Profit for the period	35 964	- 11 121
Total equity	109 596	77 633
Untaxed reserves	4 823	2 328
Provisions	6 446	6 360
Non-current liabilities		
Hybrid capital	20 987	17 760
Other interest-bearing liabilities, group	232	222
Other interest-bearing liabilities	45 175	71 504
Other noninterest-bearing liabilities	4 175	8 919
Total non-current liabilities	70 569	98 405
Current liabilities		
Hybrid capital	—	4 171
Other interest-bearing liabilities, group	55 571	117 406
Other interest-bearing liabilities	41 684	75 722
Current tax liabilities	144	—
Other noninterest-bearing liabilities, group	14 731	15 838
Other noninterest-bearing liabilities	8 711	37 694
Total current liabilities	120 841	250 831
Total equity, provisions and liabilities	312 275	435 557

1) Other reserves consist of Fund for development expenditures

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	Full year 2023	Full year 2022	Oct-Dec 2023	Oct-Dec 2022
Operating profit (EBIT)	16 991	12 645	6 061	- 24 062
Depreciation, amortisation and impairment losses	- 22 694	- 17 868	- 3 851	- 5 553
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	39 685	30 513	9 912	- 18 509
Items affecting comparability excl. impairment losses and reversed impairment losses	655	23 008 ¹	- 197	35 876 ¹
Underlying operating profit before depreciation, amortisation and impairment losses	40 340	53 521	9 715	17 367
Operating profit (EBIT)	16 991	12 645	6 061	- 24 062
Items affecting comparability	3 014	22 430 ¹	- 1 606	36 589 ¹
Underlying operating profit	20 005	35 075	4 455	12 527

1) The value has been adjusted compared with information previously published in Vattenfall's financial reports, see note 1 Accounting policies, risks and uncertainties.

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

KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES JANUARY 2023– DECEMBER 2023

Operating margin, %	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{16\,991}{290\,168}$	=	5.9
Operating margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{20\,005}{290\,168}$	=	6.9
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	$\frac{16\,222}{290\,168}$	=	5.6
Pre-tax profit margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Profit before income taxes excl. items affecting comparability}}{\text{Net sales}}$	$\frac{19\,236}{290\,168}$	=	6.6
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{8\,646}{147\,470}$	=	5.9
Return on capital employed, %	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{16\,991}{320\,041}$	=	5.3
Return on capital employed excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{20\,005}{320\,041}$	=	6.3
EBIT interest cover, (x)	=	$\frac{\text{EBIT} + \text{financial income}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{20\,580}{6\,613}$	=	3.1
EBIT interest cover excl. Items affecting comparability, (x)	=	$\frac{\text{Underlying EBIT} + \text{financial income}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{23\,594}{6\,613}$	=	3.6
FFO interest cover, (x)	=	$\frac{\text{FFO} + \text{financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{36\,671}{6\,613}$	=	5.5
FFO interest cover, net, (x)	=	$\frac{\text{FFO} + \text{financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{33\,082}{3\,024}$	=	10.9

Cash flow interest cover after maintenance investments, (x)	=	$\frac{\text{Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs}}{\text{Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs}}$	$\frac{-37\,605}{5\,517} =$	-6.8
FFO/gross debt, %	= 100 x	$\frac{\text{FFO}}{\text{Interest-bearing liabilities}}$	$\frac{30\,058}{121\,109} =$	24.8
FFO/net debt, %	= 100 x	$\frac{\text{FFO}}{\text{Net debt}}$	$\frac{30\,058}{68\,424} =$	43.9
FFO/adjusted net debt, %	= 100 x	$\frac{\text{FFO}}{\text{Adjusted net debt}}$	$\frac{30\,058}{139\,517} =$	21.5
EBITDA/net financial items, (x)	=	$\frac{\text{EBITDA}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{39\,685}{3\,024} =$	13.1
EBITDA excl. items affecting comparability/net financial items, (x)	=	$\frac{\text{EBITDA excl. items affecting comparability}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{40\,340}{3\,024} =$	13.3

KEY RATIOS BASED ON THE BALANCE SHEET PER 31 DECEMBER 2023

Equity/total assets, %	= 100 x	$\frac{\text{Equity}}{\text{Balance sheet total}}$	$\frac{139\,429}{588\,591} =$	23.7
Gross debt/equity, %	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Equity}}$	$\frac{121\,109}{139\,429} =$	86.9
Net debt/equity, %	= 100 x	$\frac{\text{Net debt}}{\text{Equity}}$	$\frac{68\,424}{139\,429} =$	49.1
Gross debt/gross debt equity, %	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Interest-bearing liabilities + equity}}$	$\frac{121\,109}{260\,538} =$	46.5
Net debt/net debt plus equity, %	= 100 x	$\frac{\text{Net debt}}{\text{Net debt + equity}}$	$\frac{68\,424}{207\,853} =$	32.9
Net debt/EBITDA, (x)	=	$\frac{\text{Net debt}}{\text{EBITDA}}$	$\frac{68\,424}{39\,685} =$	1.7
Adjusted net debt/EBITDA, (x)	=	$\frac{\text{Adjusted net debt}}{\text{EBITDA}}$	$\frac{139\,517}{39\,685} =$	3.5

Dividend

In accordance with Vattenfall's dividend policy, the Board of Directors proposes a dividend of SEK 4,000 million.

Annual General Meeting

The Annual General Meeting will be held on 29 April 2024. 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 and www.vattenfall.com, respectively, on 28 March 2024.

Year-end report signature

Solna, 6 February 2024

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, 29 April 2024

Interim report January-March, 30 April 2024

Interim report January-June, 19 July 2024

Interim report January-September, 31 October 2024

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The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CET on 6 February 2024. 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.