

Interim report January–June 2020

Business highlights, April–June 2020

- Large price declines and changed market conditions, especially for coal-fired power, resulting in large impairment losses
- Investment decision on Hollandse Kust Zuid 1-4 offshore wind farm in the Netherlands
- Investment decision and agreement on future sale of the South Kyle onshore wind farm in Scotland
- Agreement with Svenska Kraftnät on earlier restart of Ringhals 1 for the period 1 July–15 September
- Government decision on national plan for modern environmental requirements for hydro power in Sweden
- Inauguration of Marzahn CHP plant in Berlin
- Decision on reduced electricity network tariffs for 870,000 customers in Sweden starting 1 July

Events after the balance sheet date

- Vattenfall's President and CEO Magnus Hall has decided to leave Vattenfall. The Board of Directors will initiate the recruitment process for a successor

Financial highlights, January–June 2020

- Net sales decreased by 6% (-7% excluding currency effects) to SEK 79,440 million (84,243)
- Underlying operating profit¹ of SEK 12,982 million (13,295)
- Operating profit¹ of SEK 5,287 million (11,038)
- Profit for the period of SEK -1,594 million (7,673)
- Impairment losses of SEK -10,601 million (0) related to assets in operating segment Heat and Wind

Financial highlights, April–June 2020

- Net sales decreased by 10% (-9% excluding currency effects) to SEK 31,280 million (34,691)
- Underlying operating profit¹ of SEK 2,792 million (3,622)
- Operating profit¹ of SEK -7,027 million (2,869)
- Profit for the period of SEK -8,495 million (1,253)
- Impairment losses of SEK -10,599 million (0) related to assets in operating segment Heat and Wind

KEY DATA

| Amounts in SEK million unless indicated otherwise | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|--|-------------------|-------------------|-------------------|-------------------|----------------|----------------|
| Net sales | 79 440 | 84 243 | 31 280 | 34 691 | 166 360 | 161 557 |
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹ | 25 152 | 20 102 | 8 251 | 7 515 | 42 445 | 47 495 |
| Operating profit (EBIT) ¹ | 5 287 | 11 038 | -7 027 | 2 869 | 22 141 | 16 390 |
| Underlying operating profit ¹ | 12 982 | 13 295 | 2 792 | 3 622 | 25 095 | 24 782 |
| Profit for the period | -1 594 | 7 673 | -8 495 | 1 253 | 14 861 | 5 594 |
| Electricity generation, TWh | 57.1 | 66.8 | 24.1 | 30.9 | 130.2 | 120.5 |
| Sales of electricity, TWh ² | 82.1 | 87.8 | 36.7 | 42.4 | 169.4 | 163.7 |
| - of which, customer sales | 59.6 | 62.0 | 26.8 | 29.7 | 119.0 | 116.6 |
| Sales of heat, TWh | 7.9 | 10.3 | 2.5 | 3.1 | 17.1 | 14.7 |
| Sales of gas, TWh | 31.9 | 33.3 | 9.3 | 9.0 | 59.2 | 57.8 |
| Return on capital employed, % ¹ | 6.1 ³ | 7.1 ³ | 6.1 ³ | 7.1 ³ | 8.5 | 6.1 |
| FFO/adjusted net debt, % ¹ | 25.5 ³ | 19.2 ³ | 25.5 ³ | 19.2 ³ | 26.5 | 25.5 |

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.

Difficult market conditions but stable operations

Electricity, gas and heat have been delivered to Vattenfall's customers with a high level of service and without major disruptions, despite the pandemic. Our employees have dealt with the situation in an exemplary way and have adapted their ways of working and routines to ensure safe and reliable operation of our facilities. On the other hand, we are seeing strained market conditions in many respects, especially for fossil-fired power generation. While this is not surprising, it is now resulting in large write-downs. Vattenfall is thus reporting a loss for the second quarter and first half of 2020.

Volatile electricity market

Development of the Nordic electricity market (which has the single-largest impact on Vattenfall's earnings) has been volatile, with large fluctuations. During the first half of the year the system price peaked at around EUR 30/MWh, but fell recently to under EUR 1/MWh – an historically low level. This is mainly explained by large runoff into reservoirs and a high level of wind power generation. Extreme price differences have arisen between price areas in Sweden, partly due to transfer challenges in the transmission grid. After reaching an agreement with Svenska Kraftnät, Ringhals 1 was brought online earlier than planned following its maintenance outage, to stabilise the frequency.

Stable underlying result but impairments

For understandable reasons, fossil-fired power generation is especially exposed in today's challenging market. Germany's parliament has adopted a law calling for the phase-out of coal, which is in line with the international trend and Vattenfall's strategy to phase out fossil fuels. However, a natural consequence of this is that the value of fossil-fired plants is decreasing. The value of Vattenfall's coal-fired power plant in Hamburg, Moorburg, has been written down by SEK 9.1 billion due to low margins and this trend. Falling electricity prices are having a substantial and negative impact on Vattenfall. Assets particularly in Swedish wind power have been written down by SEK 1.5 billion as a result of this. The combined effect of these write-downs is that profit for

the first half of the year and second quarter amounted to SEK -1.6 billion and SEK -8.5 billion, respectively.

In recent years we have seen a positive trend for Vattenfall, and operationally we are showing a relatively stable result for the first half of the year. However, during the second quarter we were affected very negatively by low electricity prices. Underlying operating profit was SEK 13.0 billion for the first half of the year and SEK 2.8 billion for the second quarter. This represents a decrease of SEK 0.3 billion and SEK 0.8 billion, respectively, for the two periods.

Leaving the company in a clear direction

Despite a tumultuous market development in many respects, the future direction is clear. We see continued support for investments in fossil-free energy solutions. Among other measures, during the quarter we took the decision to invest in what will be the world's largest offshore wind farm, Hollandse Kust Zuid 1-4 in the Netherlands (1.5 GW, equivalent to the annual electricity consumption of approximately 2 million households).

After many exciting and inspiring years as CEO of Vattenfall I have decided to step down. It has been an incredibly inspiring journey together with engaged colleagues in the executive team and across the company who have all worked hard to take Vattenfall to its current position. Vattenfall is one of the drivers towards a fossil-free energy future and I will remain fully committed until my successor is in place.



Magnus Hall
President and CEO

Profit for the period

-1.6
SEK billion

First half of 2020

Underlying operating profit

13.0
SEK billion

First half of 2020

FFO/adjusted net debt

25.5%
Last 12 months

Return on capital employed

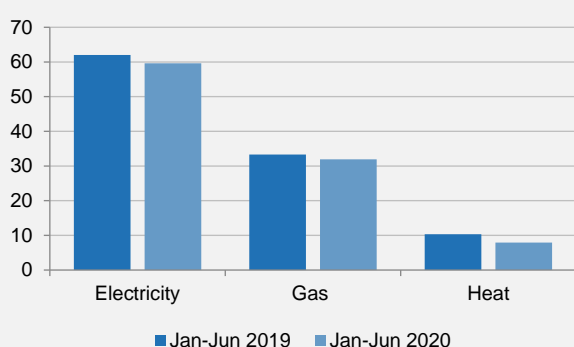
6.1%
Last 12 months

Group overview

Customer sales development

Sales of electricity, excluding sales to Nord Pool Spot and deliveries to minority shareholders, decreased by 2.4 TWh to 59.6 TWh (62.0) as a result of lower volumes in the Nordic countries and in the B2B segment in Germany. Higher sales in the B2B segment in France had a countering effect. Sales of gas decreased by 1.4 TWh to 31.9 TWh (33.3), mainly owing to warmer weather in the Netherlands and Germany. Sales of heat decreased by 2.4 TWh to 7.9 TWh (10.3), which is mainly due to the divestment of the heat operations in Hamburg in September 2019.

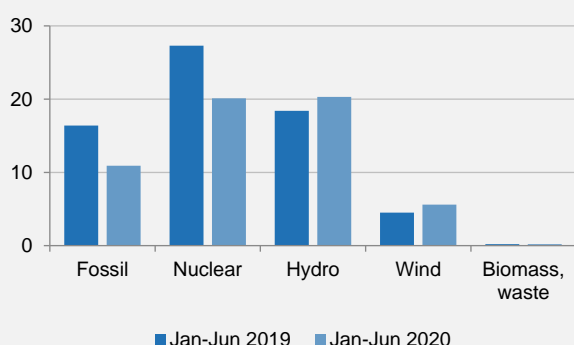
CUSTOMER SALES (TWh)



Generation development

Total electricity generation decreased by 9.7 TWh to 57.1 TWh (66.8) during the first half of 2020. Lower nuclear power (-7.2 TWh) and fossil-based power generation (-5.5 TWh) were partly countered by higher hydro power (+1.9 TWh) and wind power generation (+1.1 TWh).

ELECTRICITY GENERATION (TWh)



Price development

Average Nordic electricity spot prices were 84% lower, at EUR 5.6/MWh (35.6) during the second quarter of 2020 compared with the corresponding period in 2019, mainly owing to a very high hydrological balance. Spot prices in Germany were 43% lower, at EUR 20.3/MWh (35.8), and prices in the Netherlands decreased by 46% to EUR 20.9/MWh (39.1). Electricity prices in Germany and the

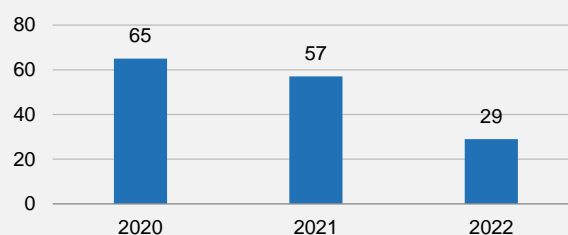
Netherlands were mainly affected by lower fuel prices and warm weather coupled with lower demand. Electricity futures prices for delivery in 2021 and 2022 were 14%–32% lower than during the second quarter of 2019.

Compared with the second quarter of 2019, the average spot price for gas was 59% lower, at EUR 5.3 EUR/MWh (13.0). The spot price for coal was 22% lower, at USD 42.5/t (54.5). The futures price for gas was 35% lower, at EUR 12.3/MWh (18.9), and the futures price for coal was 25% lower, at USD 54.0/t (71.7). The price of CO₂ emission allowances was 17% lower, at EUR 21.2/t (25.5).

AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, FI) AS PER 30 JUNE 2020

| EUR/MWh | 2020 | 2021 | 2022 |
|---------|------|------|------|
| | 33 | 30 | 31 |

VATTENFALL'S ESTIMATED NORDIC HEDGE RATIO (%) AS PER 30 JUNE 2020



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

| Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 |
|--------------|--------------|--------------|--------------|----------------|
| 28 | 32 | 30 | 28 | 32 |

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

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

| Market-quoted | 2021 | 2022 | 2023 | Observed yearly volatility ³ |
|-----------------|---------|-----------|-----------|---|
| Electricity | +/- 951 | +/- 1,261 | +/- 1,436 | 17%-23% |
| Coal | -/+ 77 | -/+ 93 | -/+ 122 | 16%-19% |
| Gas | -/+ 332 | -/+ 587 | -/+ 690 | 17%-23% |
| CO ₂ | -/+ 278 | -/+ 358 | -/+ 412 | 44%-46% |

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

Net sales

Comment January–June: Consolidated net sales decreased by SEK 4.8 billion (including positive currency effects of SEK 0.9 billion). The decrease is mainly attributable to lower electricity prices and lower sales volumes in the Nordic countries and the Netherlands, and lower revenue from the heat operations.

Comment April–June: Consolidated net sales decreased by SEK 3.4 billion (including negative currency effects of SEK 0.2 billion). The decrease is mainly attributable to lower electricity prices and lower sales volumes in the Nordic countries and the Netherlands.

Earnings

Comment January–June: The underlying operating profit decreased by SEK 0.3 billion, which is explained by:

- Lower earnings contribution from the Power Generation operating segment (SEK -1.5 billion), mainly owing to lower achieved prices in the Nordic countries and a decrease in nuclear power generation, which was partly compensated by a higher realised earnings contribution from the trading operations
- Higher earnings contribution from the Customers & Solutions operating segment (SEK +0.9 billion) resulting from a strong sales contribution in Germany and the Netherlands. Lower depreciation in the Netherlands also contributed positively
- Higher earnings contribution from the Distribution operating segment (SEK +0.7 billion) due to lower costs, which were elevated in 2019 as a result of Storm Alfrida
- Other items, net (SEK -0.3 billion)

Items affecting comparability amounted to SEK -7.7 billion (-2.3), of which most pertain to impairment losses in the Heat (SEK -9.1 billion) and Wind (SEK -1.5 billion) operating segments. This was partly countered by unrealised changes in market value for energy derivatives and inventories (SEK 2.7 billion) and the sale of nuclear power production rights in Germany (SEK 1.6 billion). Profit for the period totalled SEK -1.6 billion (7.7) and was affected by, in addition to items affecting comparability, lower net financial items associated with a lower return from the Swedish Nuclear Waste Fund and tax costs arising from SEK 1.2 billion in impairment of deferred tax assets, as well as the additional not recognized deferred tax asset of SEK 2.7 billion during the quarter associated with an impairment loss for the Moorburg power plant.

Comment April–June: The underlying operating profit decreased by SEK 0.8 billion. Negative contributions from the Power Generation (SEK -0.7 billion) and Wind (SEK -0.5 billion) operating segments were countered by a positive contribution from the Customers & Solutions operating segment (SEK +0.3 billion). Items affecting comparability amounted to SEK -9.8 billion (-0.8), of which most pertained to impairment losses in the Heat (SEK -9.1 billion) and Wind (SEK -1.5 billion) operating segments, which were partly countered by unrealised changes in market value for energy derivatives and inventories (SEK 2.3 billion). Profit for the period was SEK -8.5 billion (1.3), where the negative effect of items affecting comparability and higher tax cost resulting from the impairment of deferred tax assets were countered by higher net financial items resulting from a higher return from the Swedish Nuclear Waste Fund.

Cash flow

Comment January–June: Funds from operations (FFO) increased by SEK 0.8 billion, mainly owing to a higher operating profit before depreciation, amortisation and impairment losses (EBITDA). Cash flow from changes in working capital was SEK -9.3 billion. The largest contributing factors were changes related to CO₂ emission allowances (SEK -4.5 billion), the net change in margin calls (SEK -1.0 billion), the net change in operating receivables and operating liabilities resulting from seasonal effects in the Customers & Solutions and Heat operating segments (SEK -0.9 billion), and an increase in inventories (SEK -0.9 billion).

Comment April–June: Funds from operations (FFO) decreased by SEK 1.6 billion, mainly owing to a lower operating profit before depreciation, amortisation and impairment losses (EBITDA) and higher paid tax. Cash flow from changes in working capital was SEK 11.5 billion, which is mainly explained by the net change in margin calls (SEK 7.7 billion) and the net change in operating receivables and operating liabilities resulting from seasonal effects in the Customers & Solutions and Heat operating segments (SEK 5.7 billion). An increase in inventories had a negative effect (SEK -0.5 billion).

Events after the balance sheet date

- Vattenfall's President and CEO Magnus Hall has decided to leave Vattenfall. The Board of Directors will initiate the recruitment process for a successor

KEY FIGURES – GROUP OVERVIEW

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Net sales | 79 440 | 84 243 | 31 280 | 34 691 | 166 360 | 161 557 |
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹ | 25 152 | 20 102 | 8 251 | 7 515 | 42 445 | 47 495 |
| Operating profit (EBIT) ¹ | 5 287 | 11 038 | - 7 027 | 2 869 | 22 141 | 16 390 |
| Underlying operating profit ¹ | 12 982 | 13 295 | 2 792 | 3 622 | 25 095 | 24 782 |
| Items affecting comparability ¹ | - 7 695 | - 2 257 | - 9 819 | - 753 | - 2 954 | - 8 392 |
| Profit for the period | - 1 594 | 7 673 | - 8 495 | 1 253 | 14 861 | 5 594 |
| Funds from operations (FFO) ¹ | 16 656 | 15 845 | 4 420 | 6 057 | 34 949 | 35 760 |
| Cash flow from changes in operating assets and operating liabilities (working capital) | - 9 265 | - 17 725 | 11 504 | 3 028 | - 18 230 | - 9 770 |
| Cash flow from operating activities | 7 391 | - 1 880 | 15 924 | 9 085 | 16 719 | 25 990 |

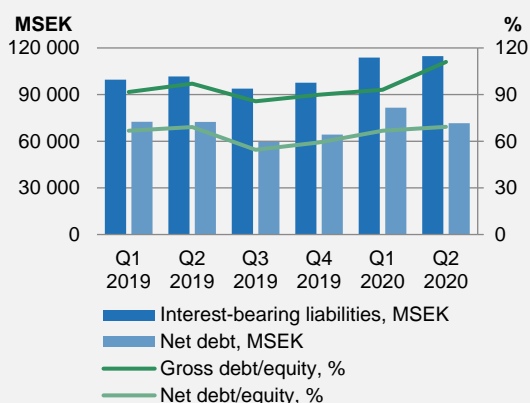
1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

Capital structure

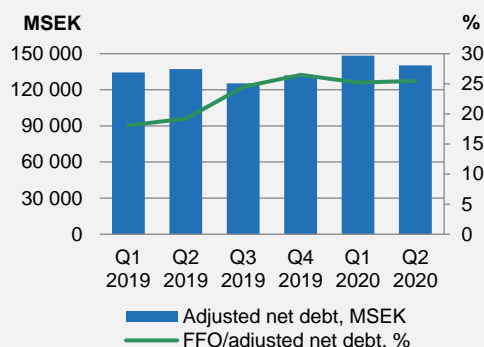
Cash and cash equivalents, and short-term investments increased by SEK 9.4 billion compared with the level at 31 December 2019. Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires on 10 December 2021 and a credit facility of SEK 3.0 billion that expires on 15 June 2021. As per 30 June 2020 available liquid assets and/or committed credit facilities amounted to 39% of net sales. Vattenfall's target is to maintain a level of no less than 10% of consolidated net sales, but at least the equivalent of the next 90 days' maturities.

Net debt and adjusted net debt increased by SEK 7.3 billion and SEK 8.3 billion, respectively, compared with the levels at 31 December 2019. This is mainly attributable to a negative cash flow after investments (SEK 2.3 billion) and paid dividend to owner (SEK 3.6 billion) as well as minority owners (SEK 0.8 billion). In addition, adjusted net debt was affected by increased provisions for nuclear power (SEK 2.4 billion).

NET DEBT



ADJUSTED NET DEBT



Strategic objectives

In 2015 Vattenfall's board of directors decided that Vattenfall's strategic objectives would be 1) Leading towards Sustainable Consumption and 2) Leading towards Sustainable Production, with 3) High Performing Operations and 4) Empowered and Engaged People. Effective 1 January 2016 Vattenfall's board adopted six strategic targets linked to these four strategic objectives. These strategic targets are outlined below. The strategic direction is still the same, but in 2019 a new element was added to reflect the importance of a connected and optimised energy system to enable fossil-free living. The updated strategy is described in more detail in Vattenfall's Annual and Sustainability Report 2019.

| Strategic objectives | Targets for 2020 | Q2 2020 | Full Year 2019 |
|--|--|-----------------|----------------------------|
| Leading towards Sustainable Consumption | 1. Customer engagement, Net Promoter Score relative to peers¹ (NPS relative): +2 | +1 | +1 |
| Leading towards Sustainable Production | 2. Aggregated commissioned new renewables capacity 2016-2020: ≥2,300 MW | 1,322 MW | 1 226 MW |
| | 3. Absolute CO₂ emissions pro rata: ≤21 Mt | 5.9 Mt | 19.3 Mt² |
| High Performing Operations | 4. Return On Capital Employed (ROCE), last 12 months: ≥8% | 6.1% | 8.5% |
| Empowered and Engaged People | 5. Lost Time Injury Frequency (LTIF): ≤1.25 | 1.9 | 2.1 |
| | 6. Employee Engagement Index³: ≥70% | - | 69% |

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

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

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

Operating segments



Customers & Solutions



Power Generation
– Generation



Power Generation
– Markets



Wind



Heat



Distribution

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| <u>Underlying operating profit</u> | | | | | | |
| Customers & Solutions | 1 407 | 507 | 389 | 111 | 1 337 | 2 237 |
| Power Generation | 6 882 | 8 419 | 2 325 | 2 981 | 15 437 | 13 900 |
| - of which, trading | 1 748 | 944 | - 26 | 73 | 1 794 | 2 598 |
| Wind | 2 002 | 1 851 | - 144 | 365 | 4 155 | 4 306 |
| Heat | 589 | 1 087 | - 291 | - 443 | 550 | 52 |
| Distribution | 2 917 | 2 264 | 843 | 997 | 4 998 | 5 651 |
| - of which, Distribution Germany | 468 | 501 | 136 | 140 | 1 132 | 1 099 |
| - of which, Distribution Sweden | 2 449 | 1 752 | 706 | 857 | 3 856 | 4 553 |
| Other¹ | - 750 | - 652 | - 296 | - 291 | - 1 274 | - 1 372 |
| Eliminations | - 65 | - 181 | - 34 | - 98 | - 108 | 8 |
| Underlying operating profit | 12 982 | 13 295 | 2 792 | 3 622 | 25 095 | 24 782 |

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

Customers & Solutions

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

Strong sales development in Germany and continued expansion in charging solutions for electric cars

- Continued good customer growth in France and Germany
- New partnerships and flexible charging solutions for electric cars
- Vattenfall earns high sustainability ranking in new survey



Q1–Q2: Net sales decreased mainly owing to lower prices in the Nordic countries and the Netherlands and to lower volumes in these markets as a result of warmer weather and slightly lower consumption in conjunction with the Covid-19 crisis. This was partly offset by a larger customer base in Germany and higher volumes in the B2B segment in France. Underlying operating profit increased mainly due to a strong sales contribution from Germany and the Netherlands. Lower depreciation in the Netherlands also contributed to the increase.

Q2: Net sales decreased mainly owing to lower prices and volumes in the Nordic countries and the Netherlands. This was partly offset by higher volumes in the B2B segment in France. Underlying operating profit increased mainly as a result of lower depreciation in the Netherlands.

Compared with year-end 2019, the total customer base decreased from 10.2 to 9.9 million contracts. The decrease is mainly related to the divestment of the sales business in the UK, iSupplyEnergy, during the first quarter of 2020. The increase in sales of electricity is mainly related to higher volumes in the B2B segment in France.

In Sweden Vattenfall signed an agreement with electrical technology wholesaler Elektroskandia Sverige AB under which the company will be able to offer its end customers e-vehicle

charging solutions and related payment services. Elektroskandia will sell the hardware, and Vattenfall will be responsible for operation of the charging stations. In the Netherlands, Vattenfall entered into an agreement with the automotive distributor Louwman Group. Customers who buy a Toyota or Lexus hybrid electric or fully electric car will receive a flexible home charger and an InCharge card that can be used at public charging stations.

Also in the Netherlands, Vattenfall has equipped 80 public charging stations with new software that regulates the charging speed for e-vehicles. When the available amount of electricity is high, vehicles are charged at maximum speed, while the charging speed is temporarily reduced if the amount of available electricity drops. This type of flexible solution creates room in the electricity grid to be able to add more intermittent renewable energy sources.

Vattenfall earned a high sustainability ranking in the Sustainable Brand Index, Europe's largest brand study on sustainability. The most remarkable improvement was achieved in the Netherlands, where the Vattenfall brand was launched in 2019 and replaced Nuon. Vattenfall earned an eighth place ranking among all brands in the country and was ranked as the second most sustainable energy company among private customers.

KEY FIGURES – CUSTOMERS & SOLUTIONS

| Amounts in SEK million unless indicated otherwise | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|--------------|--------------|--------------|--------------|----------------|----------------|
| Net sales | 44 514 | 46 088 | 18 234 | 19 401 | 89 859 | 88 285 |
| External net sales | 43 764 | 44 745 | 17 904 | 18 881 | 87 343 | 86 362 |
| Underlying operating profit before depreciation, amortisation and impairment losses | 1 857 | 1 313 | 615 | 530 | 3 021 | 3 565 |
| Underlying operating profit | 1 407 | 507 | 389 | 111 | 1 337 | 2 237 |
| Sales of electricity, TWh | 48.3 | 45.9 | 21.8 | 21.7 | 89.5 | 91.9 |
| - of which, private customers | 13.8 | 14.7 | 5.3 | 5.9 | 28.0 | 27.1 |
| - of which, resellers | 3.9 | 3.4 | 1.7 | 1.8 | 6.5 | 7.0 |
| - of which, business customers | 30.6 | 27.8 | 14.8 | 14.0 | 55.0 | 57.8 |
| Sales of gas, TWh | 29.5 | 30.6 | 8.2 | 8.1 | 54.2 | 53.1 |
| Number of employees, full-time equivalents | 2 948 | 3 172 | 2 948 | 3 172 | 3 150 | |

Power Generation

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

Nuclear power contributing to network stability

- Lower achieved prices and lower nuclear power generation
- Agreement with TSO Svenska Kraftnät on earlier restart of Ringhals 1 for the period 1 July–15 September
- Government decision on national plan for modern environmental requirements for hydro power in Sweden



Q1–Q2: Net sales decreased mainly as a result of lower electricity prices in the Nordic countries driven by a high hydrological balance, which was partly offset by hedging. Net sales were also negatively affected by lower sales of electricity and gas in the B2B segment in Germany, lower internal sales and lower nuclear power generation. Underlying operating profit decreased as a result of lower achieved prices in the Nordic countries and lower nuclear power generation. This was partly compensated by a higher realised trading result.

Nuclear power generation decreased by 7.2 TWh during the first half of 2020, mainly due to the prolonged shutdowns of Ringhals 1 and 3 in conjunction with the yearly revisions and the closure of Ringhals 2. Combined availability for Vattenfall's nuclear power plants was 78.9% (88.4%).

Hydro power generation increased by 1.9 TWh during the first half of the year. Nordic reservoir levels were at 64% of capacity (69%), which is 3 percentage points above the normal level.

Q2: Net sales decreased mainly owing to lower electricity prices in the Nordic countries and lower sales of electricity and gas in the B2B segment in Germany. This was partly offset by hedging. Underlying operating profit decreased mainly as a result of lower achieved prices.

To support stability in the Swedish electricity grid, an agreement was entered into with the Transmission System Operator (TSO) Svenska Kraftnät under which Ringhals 1 is now being operated during the period 1 July–15 September in exchange for approximately SEK 300 million in compensation. Previously it was planned that Ringhals 1 would not be restarted until after the summer due to the prevailing market situation. Ringhals 1 will be operated until year-end 2020, at which time the reactor will be permanently shut down. Separate agreements have also been signed with Svenska Kraftnät to enable down-regulation of capacity at Ringhals during periods of high frequency in the electricity grid and to provide the gas turbine at Forsmark as part of the so-called capacity reserve.

On 25 June the Swedish government announced its decision on the national plan for modern environmental requirements for hydro power. The decision entails that the greatest possible consideration will be given to cap production capacity losses resulting from environmental measures at 1.5 TWh. The regulation capacity and available capacity are to be as high as possible and provide the opportunity to increase the capacity in developed water bodies.

During the second quarter, Vattenfall sold the Finnish maintenance services business to TMV Line Oy. Vattenfall will focus on the Swedish market going forward.

KEY FIGURES – POWER GENERATION

| Amounts in SEK million unless indicated otherwise | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|--------------|--------------|--------------|--------------|----------------|----------------|
| Net sales | 44 411 | 53 096 | 18 167 | 18 617 | 102 378 | 93 693 |
| External net sales | 16 260 | 18 076 | 6 368 | 6 870 | 38 425 | 36 609 |
| Underlying operating profit before depreciation, amortisation and impairment losses | 8 905 | 10 278 | 3 364 | 3 914 | 19 207 | 17 834 |
| Underlying operating profit | 6 882 | 8 419 | 2 325 | 2 981 | 15 437 | 13 900 |
| - of which, realized trading result | 1 748 | 944 | - 26 | 73 | 1 794 | 2 598 |
| Electricity generation, TWh | 40.4 | 45.7 | 17.7 | 21.3 | 89.0 | 83.7 |
| - of which, hydro power | 20.3 | 18.4 | 10.4 | 8.4 | 35.7 | 37.6 |
| - of which, nuclear power | 20.1 | 27.3 | 7.3 | 12.9 | 53.3 | 46.1 |
| Sales of electricity, TWh | 10.1 | 14.9 | 4.5 | 7.4 | 27.0 | 22.2 |
| - of which, resellers | 9.1 | 12.8 | 4.0 | 6.4 | 22.8 | 19.1 |
| - of which, business customers | 1.0 | 2.1 | 0.5 | 1.0 | 4.2 | 3.1 |
| Sales of gas, TWh | 2.4 | 2.7 | 1.1 | 0.9 | 5.0 | 4.7 |
| Number of employees, full-time equivalents | 7 506 | 7 353 | 7 506 | 7 353 | 7 429 | |

Wind

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

Important steps for continued growth in renewables

- Final investment decision for the world's largest offshore wind farm, Hollandse Kust Zuid 1-4, in the Netherlands
- Final investment decision for the South Kyle onshore wind farm in Scotland and agreement on future divestment
- Second quarter earnings negatively impacted by lower wind speeds, lower electricity prices and lower availability
- The value of wind farms in Sweden and Denmark written down by SEK 1.5 billion

Q1–Q2: Net sales and underlying operating profit increased during the first half of 2020 owing to new capacity (mainly the Horns Rev 3 offshore wind farm in Denmark) and higher production from strong winds early in the year. This was partly offset by lower electricity prices.

Q2: Net sales and underlying operating profit decreased compared with the same quarter in 2019 due to lower wind speeds, lower electricity prices and lower availability, mainly in offshore wind. Electricity generation was unchanged as new capacity was offset by lower wind speeds and availability.

Following updated price assumptions, the value of onshore and offshore wind farms in Sweden as well as onshore wind farms in Denmark has been written down by SEK 1.5 billion in total. These wind farms have been in operation for more than 10 years and the original investments were made in a market characterised by higher costs and more immature technology. The write-downs are reported in items affecting comparability.

In June Vattenfall took the final investment decision for construction of what will be the world's largest offshore wind farm, Hollandse Kust Zuid 1-4, in the Netherlands. The wind farm will have installed capacity of 1,500 MW, which is equivalent to the annual electricity consumption of more than two million Dutch households. Vattenfall was awarded the construction permits after winning two tender rounds and has



chosen to combine the two projects for process and cost optimisation. The wind farm is planned to be fully operational in 2023.

At the end of April the final investment decision was also taken to construct the onshore South Kyle Wind Farm (240 MW) in Scotland. Vattenfall has entered into a partnership with renewable infrastructure fund Greencoat UK Wind, which will acquire the wind farm following its completion. Vattenfall will construct the wind farm and manage its operation on behalf of Greencoat for a minimum of 10 years. Vattenfall will also purchase the power for a period of 15 years. South Kyle will be able to power some 170,000 UK homes with renewable electricity per year, saving close to 300,000 tonnes in CO₂ emissions annually.

During the quarter Vattenfall completed construction of the Coevoerden solar park in the Netherlands. The solar park has a capacity of 7 MW and has been sold to the Belgian insurance company Patronale.

In April, installation of solar panels at the Haringvliet hybrid energy park in Haringvliet, the Netherlands, was begun. Haringvliet combines 38 MW of solar energy, 22 MW of onshore wind power and 12 MW of battery capacity. The plant is planned to be operational at year-end 2020.

KEY FIGURES – WIND

| Amounts in SEK million unless indicated otherwise | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|--------------|--------------|--------------|--------------|----------------|----------------|
| Net sales | 6 951 | 6 418 | 2 219 | 2 760 | 13 492 | 14 025 |
| External net sales | 3 552 | 3 012 | 491 | 1 174 | 6 578 | 7 118 |
| Underlying operating profit before depreciation, amortisation and impairment losses | 4 781 | 4 459 | 1 241 | 1 718 | 9 620 | 9 942 |
| Underlying operating profit | 2 002 | 1 851 | - 144 | 365 | 4 155 | 4 306 |
| Electricity generation - wind power TWh | 5.6 | 4.5 | 2.1 | 2.0 | 9.7 | 10.8 |
| Sales of electricity, TWh | 0.6 | 0.7 | 0.2 | 0.3 | 1.3 | 1.2 |
| Number of employees, full-time equivalents | 1 074 | 939 | 1 074 | 939 | 1 000 | |

Heat

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

Large impairment loss for the coal-fired plant Moorburg

- The value of Moorburg written down by SEK 9.1 billion
- Inauguration of Marzahn combined heat and power plant in Berlin
- Agreement on installation of climate-smart district heating network in the UK

Q1–Q2: Net sales and underlying operating profit decreased compared with a year ago, mainly owing to the sale of the district heating operations in Hamburg in September 2019 and the closure of the Hemweg 8 coal-fired power plant in December 2019. These factors affected the comparison for net sales by SEK 3.0 billion and for underlying operating profit by SEK 0.6 billion. Lower clean dark spreads and clean spark spreads also had a negative effect. Compared with year-end 2019, the number of customers increased by 0.7% to 1.8 million households.

Q2: Net sales decreased compared with a year ago, mainly owing to the sale of the district heating operations in Hamburg and the closure of Hemweg 8, which affected the comparison for net sales by SEK 1.1 billion and for underlying operating profit by SEK 0.1 billion. The underlying operating result was higher as a result of higher clean sparks spreads which was partly countered by lower clean dark spreads.

An impairment loss of SEK 9.1 billion has been recognised for Vattenfall's Moorburg coal-fired plant in Hamburg due to a combination of low market prices and reduced opportunities for future hard coal condensing operations related to Germany's phase-out of coal. The impairment loss is reported in items affecting comparability.



During the quarter Vattenfall inaugurated the Marzahn combined heat and power plant in Berlin. The new gas-fired plant is highly efficient, with an efficiency of more than 90%. The plant has installed capacity of 260 MW of electricity and 230 MW of heat. Together with Vattenfall's Klingenberg CHP plant, Marzahn forms the basis for the district heating supply to approximately 450,000 households in the eastern parts of Berlin. The commissioning of Marzahn is expected to reduce CO₂ emissions by 240,000 tonnes per year. Since 2009 Vattenfall has reduced its annual CO₂ emissions in Berlin from 13.3 tonnes to less than 6 million tonnes.

In the UK, Vattenfall signed an agreement with property developer Argent Related on installation of a climate-smart district heating network for some 6,700 new homes and 280,000 square metres of new office, retail and commercial space at the Brent Cross South development in north London. The district heating network is expected to be operational in 2023.

In Amsterdam the northwest and southeast district heating networks have been joined together. In parallel with this, construction is under way of boilers and a hot water storage facility. The project will pave the way for continued growth through connection of up to 290,000 homes by 2040.

KEY FIGURES – HEAT

| Amounts in SEK million unless indicated otherwise | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Net sales | 11 456 | 17 566 | 4 404 | 7 028 | 31 403 | 25 293 |
| External net sales | 7 232 | 9 157 | 2 894 | 3 451 | 15 947 | 14 022 |
| Underlying operating profit before depreciation, amortisation and impairment losses | 2 492 | 2 887 | 677 | 486 | 4 409 | 4 014 |
| Underlying operating profit | 589 | 1 087 | - 291 | - 443 | 550 | 52 |
| Electricity generation - TWh | 11.1 | 16.6 | 4.3 | 7.6 | 31.5 | 26.0 |
| - of which, fossil-based power | 10.9 | 16.4 | 4.2 | 7.5 | 31.1 | 25.6 |
| - of which, biomass, waste | 0.2 | 0.2 | 0.1 | 0.1 | 0.4 | 0.4 |
| Sales of electricity business customers, TWh | 0.6 | 0.5 | 0.3 | 0.3 | 1.2 | 1.3 |
| Sales of heat, TWh | 7.9 | 10.3 | 2.5 | 3.1 | 17.1 | 14.7 |
| Number of employees, full-time equivalents | 3 241 | 3 890 | 3 241 | 3 890 | 3 310 | |

Distribution

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

Lower network tariffs in Sweden and measures to counteract network capacity shortage

- Decision on reduced electricity network tariffs for 870,000 customers connected to the local grid in Sweden, starting 1 July
- R&D project for development of a flexibility market in the Greater Stockholm area
- New technology allows for elimination of the use of greenhouse gas SF6



Q1–Q2: Net sales decreased during the first half of 2020 as higher revenues from the Swedish regional network associated with higher costs from the Transmission System Operator were offset by the effect of lower distributed volumes in local networks and a lower contribution from Germany. Underlying profit increased as a result of lower operating expenses, which were elevated in 2019 by the impact of Storm Alfrida.

Q2: Net sales decreased compared with the same period in 2019, mainly driven by a lower contribution from Germany and the effect of a change in the tariff structure for the Swedish regional network. Underlying operating profit decreased as a result of a lower gross margin in the Swedish regional network and slightly higher operating costs and depreciation.

In October 2019, the Swedish Energy Markets Inspectorate communicated its decision on the revenue frames for the 2020-2023 regulatory period and the weighted average cost of capital (WACC) was set at the low level of 2.16%, compared with 5.85% for the preceding regulatory period. As an adaptation to this, Vattenfall Eldistribution reduced its network tariff for 870,000 private and business customers connected to the local grid by approximately 5%, effective 1 July 2020. The revenue frames for 2020-2023 have been appealed by many electricity distribution companies, including Vattenfall. The new revenue regulation is set in an ordinance, and the electricity distribution companies must prove that the decision is in violation of the law as well as the ordinance. The new ordinance is very detailed, and according to the European Commission it may be in contravention of EU directives. The Swedish legal process is ongoing in the Administrative Court in Linköping. In the course of this process an additional company

was added for comparison, and the regulator thereby reviewed the WACC calculation. The updated WACC is 2.35%, which is the level that will apply if the ordinance remains. Vattenfall's Swedish distribution companies are awaiting the outcome of this process and are balancing the uncertainty with tentative low revenue frames, the need of network investments and stable network tariffs.

To enable an adaptation of available capacity in the electricity grid, Vattenfall is participating in a research project aimed at developing and testing a flexibility market in the Greater Stockholm area. In such a market, electricity consumers could refrain from or reduce their electricity consumption, and electricity producers could adapt their electricity generation. These measures would thereby help prevent shortages of capacity from arising in the electricity grid. The new services are planned to be implemented this coming winter, when electricity use is the highest and the need for flexibility will also be the highest.

In Berlin, Vattenfall's subsidiary Stromnetz Berlin has commissioned a new connection point, a 110 kV substation, to which the Marzahn combined heat and power plant is connected. The Marzahn CHP in Berlin is a key piece of the puzzle in the city's ambition to be climate-neutral by 2050.

To avoid the use of the greenhouse gas sulphur hexafluoride (SF6), a new technology for insulating high voltage circuit breakers is being used where possible. In a power grid station in Siemensstadt, Berlin, new high voltage breakers were installed in early June. These work without SF6 and instead rely on pure air as the insulating gas.

KEY FIGURES – DISTRIBUTION

| Amounts in SEK million unless indicated otherwise | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|--------------|--------------|--------------|--------------|----------------|----------------|
| Net sales | 10 928 | 11 546 | 4 784 | 5 414 | 22 540 | 21 922 |
| External net sales | 8 529 | 9 204 | 3 558 | 4 294 | 17 903 | 17 228 |
| Underlying operating profit before depreciation, amortisation and impairment losses | 4 604 | 3 860 | 1 694 | 1 810 | 8 248 | 8 992 |
| Underlying operating profit | 2 917 | 2 264 | 843 | 997 | 4 998 | 5 651 |
| Number of employees, full-time equivalents | 2 335 | 2 218 | 2 335 | 2 218 | 2 247 | |

Other

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

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

KEY FIGURES – OTHER

| Amounts in SEK million unless indicated otherwise | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Net sales | 2 850 | 2 770 | 1 451 | 1 417 | 5 556 | 5 636 |
| External net sales | 103 | 49 | 65 | 21 | 164 | 218 |
| Underlying operating profit before depreciation, amortisation and impairment losses | - 328 | - 257 | - 86 | - 92 | - 457 | - 528 |
| Underlying operating profit | - 750 | - 652 | - 296 | - 291 | - 1 274 | - 1 372 |
| Number of employees, full-time equivalents | 2 651 | 2 700 | 2 651 | 2 700 | 2 678 | |

Consolidated income statement

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|--|-----------------|--------------------|-----------------|------------------|-------------------|-------------------|
| Net sales | 79 440 | 84 243 | 31 280 | 34 691 | 166 360 | 161 557 |
| Cost of purchases | - 38 002 | - 44 862 | - 13 108 | - 17 142 | - 87 580 | - 80 720 |
| Other external expenses | - 8 862 | - 9 705 | - 5 307 | - 4 904 | - 22 675 | - 21 832 |
| Personnel expenses | - 10 271 | - 10 258 | - 5 131 | - 5 142 | - 20 249 | - 20 262 |
| Other operating incomes and expenses, net | 2 641 | 442 | 486 | 3 | 6 167 | 8 366 |
| Participations in the results of associated companies | 206 | 242 | 31 | 9 | 422 | 386 |
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | 25 152 | 20 102 | 8 251 | 7 515 | 42 445 | 47 495 |
| Depreciation, amortisation and impairments | - 19 865 | - 9 064 | - 15 278 | - 4 646 | - 20 304 | - 31 105 |
| Operating profit (EBIT)¹ | 5 287 | 11 038 | - 7 027 | 2 869 | 22 141 | 16 390 |
| Financial income ^{2,5} | 2 348 | 2 501 | 2 155 | 1 244 | 2 703 | 2 550 |
| Financial expenses ^{3,4,5} | - 4 708 | - 3 188 | - 1 097 | - 1 623 | - 6 522 | - 8 042 |
| Profit before income taxes | 2 927 | 10 351 | - 5 969 | 2 490 | 18 322 | 10 898 |
| Income taxes expense | - 4 521 | - 2 678 | - 2 526 | - 1 237 | - 3 461 | - 5 304 |
| Profit for the period | - 1 594 | 7 673 | - 8 495 | 1 253 | 14 861 | 5 594 |
| Attributable to owner of the Parent Company | - 2 238 | 6 648 ⁶ | - 8 826 | 935 ⁶ | 13 173 | 4 287 |
| Attributable to non-controlling interests | 644 | 1 025 ⁶ | 331 | 318 ⁶ | 1 688 | 1 307 |
| Supplementary information | | | | | | |
| Underlying operating profit before depreciation, amortisation and impairment losses | 22 246 | 22 359 | 7 471 | 8 268 | 43 940 | 43 827 |
| Underlying operating profit | 12 982 | 13 295 | 2 792 | 3 622 | 25 095 | 24 782 |
| Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | - 1 567 | - 1 720 | - 330 | - 956 | - 3 774 | - 3 621 |
| 1) Including items affecting comparability | - 7 695 | - 2 257 | - 9 819 | - 753 | - 2 954 | - 8 392 |
| - of which, capital gains | 215 | 398 | 214 | 5 | 3 538 | 3 355 |
| - of which, capital losses | - 39 | - 15 | - 33 | - 9 | - 25 | - 49 |
| - of which, impairment losses | - 10 601 | — | - 10 599 | — | - 1 459 | - 12 060 |
| - of which, provisions | - 769 | - 526 | - 1 197 | - 526 | - 3 431 | - 3 674 |
| - of which, unrealised changes in the fair value of energy derivatives | 2 989 | - 483 | 2 021 | 387 | - 1 688 | 1 784 |
| - of which, unrealised changes in the fair value of inventories | - 277 | - 909 | 253 | - 227 | - 556 | 76 |
| - of which, restructuring costs | - 95 | - 142 | - 76 | - 41 | - 148 | - 101 |
| - of which, other non-recurring items affecting comparability | 882 | - 580 | - 402 | - 342 | 815 | 2 277 |
| 2) Including return from the Swedish Nuclear Waste Fund | 291 | 2 149 | 1 935 | 1 127 | 2 252 | 394 |
| 3) Including interest components related to pension costs | - 272 | - 444 | - 136 | - 224 | - 871 | - 699 |
| 4) Including discounting effects attributable to provisions | - 1 084 | - 1 116 | - 547 | - 550 | - 2 297 | - 2 265 |
| 5) Items affecting comparability recognised as financial income and expenses, net | — | 2 | — | — | - 1 | - 3 |
| 6) The value has been adjusted compared with information previously published in Vattenfall's financial reports. | | | | | | |

Consolidated statement of comprehensive income

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|-----------------|--------------------|-----------------|--------------------|-------------------|-------------------|
| Profit for the period | - 1 594 | 7 673 | - 8 495 | 1 253 | 14 861 | 5 594 |
| Other comprehensive income | | | | | | |
| Items that will be reclassified to profit or loss when specific conditions are met | | | | | | |
| Cash flow hedges - changes in fair value | - 467 | 304 | - 811 | 2 411 | 181 | - 590 |
| Cash flow hedges - dissolved against income statement | 3 303 | - 2 384 | 1 611 | - 1 277 | - 5 641 | 46 |
| Cash flow hedges - transferred to cost of hedged item | - 53 | - 25 | - 2 | - 8 | - 34 | - 62 |
| Hedging of net investments in foreign operations | 220 | - 1 436 | 2 207 | - 473 | - 1 275 | 381 |
| Translation differences, divested companies | - 4 | — | - 4 | — | - 94 | - 98 |
| Translation differences | - 421 | 3 126 | - 5 434 | 1 079 | 2 728 | - 819 |
| Income taxes related to items that will be reclassified | - 667 | 1 082 | - 959 | - 149 | 2 157 | 408 |
| Total items that will be reclassified to profit or loss when specific conditions are met | 1 911 | 667 | - 3 392 | 1 583 | - 1 978 | - 734 |
| Items that will not be reclassified to profit or loss | | | | | | |
| Remeasurement pertaining to defined benefit obligations | 733 | - 4 105 | - 2 157 | - 4 105 | - 4 577 | 261 |
| Income taxes related to items that will not be reclassified | - 280 | 1 128 | 587 | 1 128 | 1 244 | - 164 |
| Total items that will not be reclassified to profit or loss | 453 | - 2 977 | - 1 570 | - 2 977 | - 3 333 | 97 |
| Total other comprehensive income, net after income taxes | 2 364 | - 2 310 | - 4 962 | - 1 394 | - 5 311 | - 637 |
| Total comprehensive income for the period | 770 | 5 363 | - 13 456 | - 141 | 9 550 | 4 957 |
| Attributable to owner of the Parent Company | 152 | 4 032 ¹ | - 13 225 | - 552 ¹ | 7 757 | 3 877 |
| Attributable to non-controlling interests | 618 | 1 331 ¹ | - 231 | 411 ¹ | 1 793 | 1 080 |

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

Operating segments, Vattenfall Group

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| External net sales | | | | | | |
| Customers & Solutions | 43 764 | 44 745 | 17 904 | 18 881 | 87 343 | 86 362 |
| Power Generation | 16 260 | 18 076 | 6 368 | 6 870 | 38 425 | 36 609 |
| Wind | 3 552 | 3 012 | 491 | 1 174 | 6 578 | 7 118 |
| Heat | 7 232 | 9 157 | 2 894 | 3 451 | 15 947 | 14 022 |
| Distribution | 8 529 | 9 204 | 3 558 | 4 294 | 17 903 | 17 228 |
| - of which, Distribution Germany | 2 639 | 3 291 | 1 206 | 1 816 | 6 498 | 5 846 |
| - of which, Distribution Sweden | 5 830 | 5 856 | 2 320 | 2 453 | 11 288 | 11 262 |
| Other ¹ | 103 | 49 | 65 | 21 | 164 | 218 |
| Total | 79 440 | 84 243 | 31 280 | 34 691 | 166 360 | 161 557 |
| Internal net sales | | | | | | |
| Customers & Solutions | 750 | 1 343 | 330 | 520 | 2 516 | 1 923 |
| Power Generation | 28 151 | 35 020 | 11 799 | 11 747 | 63 953 | 57 084 |
| Wind | 3 399 | 3 406 | 1 728 | 1 586 | 6 914 | 6 907 |
| Heat | 4 224 | 8 409 | 1 510 | 3 577 | 15 456 | 11 271 |
| Distribution | 2 399 | 2 342 | 1 226 | 1 120 | 4 637 | 4 694 |
| - of which, Distribution Germany | 2 125 | 2 109 | 1 058 | 1 005 | 4 156 | 4 172 |
| - of which, Distribution Sweden | 290 | 247 | 178 | 119 | 509 | 552 |
| Other ¹ | 2 747 | 2 721 | 1 386 | 1 396 | 5 392 | 5 418 |
| Eliminations | - 41 670 | - 53 241 | - 17 979 | - 19 946 | - 98 868 | - 87 297 |
| Total | — | — | — | — | — | — |
| Total net sales | | | | | | |
| Customers & Solutions | 44 514 | 46 088 | 18 234 | 19 401 | 89 859 | 88 285 |
| Power Generation | 44 411 | 53 096 | 18 167 | 18 617 | 102 378 | 93 693 |
| Wind | 6 951 | 6 418 | 2 219 | 2 760 | 13 492 | 14 025 |
| Heat | 11 456 | 17 566 | 4 404 | 7 028 | 31 403 | 25 293 |
| Distribution | 10 928 | 11 546 | 4 784 | 5 414 | 22 540 | 21 922 |
| - of which, Distribution Germany | 4 764 | 5 400 | 2 264 | 2 821 | 10 654 | 10 018 |
| - of which, Distribution Sweden | 6 120 | 6 103 | 2 498 | 2 572 | 11 797 | 11 814 |
| Other ¹ | 2 850 | 2 770 | 1 451 | 1 417 | 5 556 | 5 636 |
| Eliminations | - 41 670 | - 53 241 | - 17 979 | - 19 946 | - 98 868 | - 87 297 |
| Total | 79 440 | 84 243 | 31 280 | 34 691 | 166 360 | 161 557 |

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | | | | | | |
| Customers & Solutions | 1 784 | 1 293 | 551 | 500 | 2 976 | 3 467 |
| Power Generation | 11 752 | 7 671 | 4 056 | 3 186 | 13 642 | 17 723 |
| Wind | 4 780 | 4 456 | 1 240 | 1 719 | 9 645 | 9 969 |
| Heat | 2 461 | 2 866 | 663 | 477 | 4 957 | 4 552 |
| Distribution | 4 597 | 3 856 | 1 690 | 1 806 | 8 236 | 8 977 |
| - of which, Distribution Germany | 1 010 | 1 003 | 408 | 394 | 2 175 | 2 182 |
| - of which, Distribution Sweden | 3 570 | 2 827 | 1 272 | 1 404 | 6 018 | 6 761 |
| Other ¹ | - 157 | 141 | 85 | - 75 | 3 097 | 2 799 |
| Eliminations | - 65 | - 181 | - 34 | - 98 | - 108 | 8 |
| Total | 25 152 | 20 102 | 8 251 | 7 515 | 42 445 | 47 495 |
| Underlying operating profit before depreciation, amortisation and impairment losses | | | | | | |
| Customers & Solutions | 1 857 | 1 313 | 615 | 530 | 3 021 | 3 565 |
| Power Generation | 8 905 | 10 278 | 3 364 | 3 914 | 19 207 | 17 834 |
| Wind | 4 781 | 4 459 | 1 241 | 1 718 | 9 620 | 9 942 |
| Heat | 2 492 | 2 887 | 677 | 486 | 4 409 | 4 014 |
| Distribution | 4 604 | 3 860 | 1 694 | 1 810 | 8 248 | 8 992 |
| - of which, Distribution Germany | 1 017 | 1 009 | 412 | 398 | 2 189 | 2 197 |
| - of which, Distribution Sweden | 3 570 | 2 825 | 1 272 | 1 404 | 6 016 | 6 761 |
| Other ¹ | - 328 | - 257 | - 86 | - 92 | - 457 | - 528 |
| Eliminations | - 65 | - 181 | - 34 | - 98 | - 108 | 8 |
| Total | 22 246 | 22 359 | 7 471 | 8 268 | 43 940 | 43 827 |

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Operating profit (EBIT) | | | | | | |
| Customers & Solutions | 1 320 | 487 | 311 | 81 | 1 157 | 1 990 |
| Power Generation | 9 729 | 5 812 | 3 017 | 2 253 | 9 870 | 13 787 |
| Wind | 516 | 1 848 | - 1 630 | 365 | 3 603 | 2 271 |
| Heat | - 8 545 | 1 066 | - 9 405 | - 453 | 354 | - 9 257 |
| Distribution | 2 911 | 2 258 | 840 | 993 | 4 986 | 5 639 |
| - of which, Distribution Germany | 462 | 494 | 133 | 136 | 1 118 | 1 086 |
| - of which, Distribution Sweden | 2 449 | 1 753 | 706 | 857 | 3 858 | 4 554 |
| Other ¹ | - 579 | - 252 | - 126 | - 272 | 2 279 | 1 952 |
| Eliminations | - 65 | - 181 | - 34 | - 98 | - 108 | 8 |
| Operating profit (EBIT) | 5 287 | 11 038 | - 7 027 | 2 869 | 22 141 | 16 390 |
| Operating profit (EBIT) | 5 287 | 11 038 | - 7 027 | 2 869 | 22 141 | 16 390 |
| Financial income and expenses | - 2 360 | - 687 | 1 058 | - 379 | - 3 819 | - 5 492 |
| Profit before tax | 2 927 | 10 351 | - 5 969 | 2 490 | 18 322 | 10 898 |
| Underlying operating profit | | | | | | |
| Customers & Solutions | 1 407 | 507 | 389 | 111 | 1 337 | 2 237 |
| Power Generation | 6 882 | 8 419 | 2 325 | 2 981 | 15 437 | 13 900 |
| Wind | 2 002 | 1 851 | - 144 | 365 | 4 155 | 4 306 |
| Heat | 589 | 1 087 | - 291 | - 443 | 550 | 52 |
| Distribution | 2 917 | 2 264 | 843 | 997 | 4 998 | 5 651 |
| - of which, Distribution Germany | 468 | 501 | 136 | 140 | 1 132 | 1 099 |
| - of which, Distribution Sweden | 2 449 | 1 752 | 706 | 857 | 3 856 | 4 553 |
| Other ¹ | - 750 | - 652 | - 296 | - 291 | - 1 274 | - 1 372 |
| Eliminations | - 65 | - 181 | - 34 | - 98 | - 108 | 8 |
| Underlying operating profit | 12 982 | 13 295 | 2 792 | 3 622 | 25 095 | 24 782 |

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

Consolidated balance sheet

| Amounts in SEK million | 30 Jun 2020 | 30 Jun 2019 | 31 Dec 2019 |
|---|----------------|---------------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets: non-current | 18 660 | 19 027 | 18 735 |
| Property, plant and equipment | 248 387 | 249 779 | 256 700 |
| Participations in associated companies and joint arrangements | 4 656 | 5 449 | 4 827 |
| Other shares and participations | 332 | 343 | 333 |
| Share in the Swedish Nuclear Waste Fund | 46 157 | 44 839 | 45 691 |
| Derivative assets | 10 315 | 11 636 | 7 788 |
| Deferred tax assets | 12 468 | 12 761 | 14 583 |
| Other non-current receivables | 5 599 | 6 060 | 5 537 |
| Total non-current assets | 346 574 | 349 894 | 354 194 |
| Current assets | | | |
| Inventories | 13 917 | 13 471 | 13 353 |
| Intangible assets: current | 147 | 124 | 135 |
| Trade receivables and other receivables | 24 825 | 25 656 | 26 345 |
| Contract assets | 273 | 254 | 188 |
| Advance payments paid | 7 591 | 3 446 | 3 996 |
| Derivative assets | 9 892 | 14 084 | 10 080 |
| Prepaid expenses and accrued income | 6 207 | 7 391 | 7 853 |
| Current tax assets | 703 | 1 584 | 1 163 |
| Short-term investments | 22 821 | 17 330 | 22 551 |
| Cash and cash equivalents | 19 813 | 11 676 | 10 604 |
| Assets held for sale | 320 | 9 122 | 318 |
| Total current assets | 106 509 | 104 138 | 96 586 |
| Total assets | 453 083 | 454 032 | 450 780 |
| Equity and liabilities | | | |
| Equity | | | |
| Attributable to owner of the Parent Company | 90 160 | 90 128 ¹ | 93 631 |
| Attributable to non-controlling interests | 13 223 | 14 687 ¹ | 14 891 |
| Total equity | 103 383 | 104 815 | 108 522 |
| Non-current liabilities | | | |
| Hybrid Capital | 20 242 | 20 272 | 20 164 |
| Other interest-bearing liabilities | 53 873 | 54 299 | 52 405 |
| Pension provisions | 43 174 | 44 560 | 44 026 |
| Other interest-bearing provisions | 105 290 | 95 112 | 102 395 |
| Derivative liabilities | 9 215 | 10 809 | 7 833 |
| Deferred tax liabilities | 16 262 | 14 297 | 14 713 |
| Contract liabilities | 8 620 | 8 163 | 8 462 |
| Other noninterest-bearing liabilities | 2 083 | 2 265 | 2 134 |
| Total non-current liabilities | 258 759 | 249 777 | 252 132 |
| Current liabilities | | | |
| Trade payables and other liabilities | 23 468 | 25 355 | 27 809 |
| Advance payments received | 1 080 | 5 100 | 1 577 |
| Derivative liabilities | 11 349 | 20 161 | 13 701 |
| Accrued expenses and deferred income | 9 859 | 10 873 | 17 098 |
| Current tax liabilities | 1 192 | 1 723 | 1 502 |
| Other interest-bearing liabilities | 40 653 | 27 142 | 25 058 |
| Interest-bearing provisions | 3 330 | 3 871 | 3 371 |
| Liabilities associated with assets held for sale | 10 | 5 215 | 10 |
| Total current liabilities | 90 941 | 99 440 | 90 126 |
| Total equity and liabilities | 453 083 | 454 032 | 450 780 |

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

SUPPLEMENTARY INFORMATION

| Amounts in SEK million | 30 Jun 2020 | 30 Jun 2019 | 31 Dec 2019 |
|---|------------------|------------------|------------------|
| Calculation of capital employed | | | |
| Intangible assets: current and non-current | 18 807 | 19 151 | 18 870 |
| Property, plant and equipment | 248 387 | 249 779 | 256 700 |
| Participations in associated companies and joint arrangements | 4 656 | 5 449 | 4 827 |
| Deferred and current tax assets | 13 171 | 14 345 | 15 746 |
| Non-current noninterest-bearing receivables | 3 866 | 3 668 | 3 758 |
| Contract assets | 273 | 254 | 188 |
| Inventories | 13 917 | 13 471 | 13 353 |
| Trade receivables and other receivables | 24 825 | 25 656 | 26 345 |
| Prepaid expenses and accrued income | 6 207 | 7 391 | 7 853 |
| Unavailable liquidity | 4 260 | 5 768 | 3 859 |
| Other | 572 | 654 | 530 |
| Total assets excl. financial assets | 338 941 | 345 586 | 352 029 |
| Deferred and current tax liabilities | - 17 454 | - 16 020 | - 16 215 |
| Other noninterest-bearing liabilities | - 2 083 | - 2 265 | - 2 134 |
| Contract liabilities | - 8 620 | - 8 163 | - 8 462 |
| Trade payable and other liabilities | - 23 468 | - 25 355 | - 27 809 |
| Accrued expenses and deferred income | - 9 859 | - 10 873 | - 17 098 |
| Other | - 185 | - 58 | - 186 |
| Total noninterest-bearing liabilities | - 61 669 | - 62 734 | - 71 904 |
| Other interest-bearing provisions not related to adjusted net debt ¹ | - 10 631 | - 12 319 | - 11 314 |
| Capital employed² | 266 641 | 270 533 | 268 811 |
| Capital employed, average | 268 587 | 266 463 | 260 190 |
| Calculation of net debt | | | |
| Hybrid Capital | - 20 242 | - 20 272 | - 20 164 |
| Bond issues and liabilities to credit institutions | - 51 914 | - 42 604 | - 38 829 |
| Short-term debt, commercial papers and repo | - 20 225 | - 17 023 | - 17 453 |
| Present value of liabilities pertaining to acquisitions of Group companies | - 28 | - 28 | - 28 |
| Liabilities to associated companies | - 675 | - 726 | - 733 |
| Liabilities to owners of non-controlling interests | - 11 028 | - 10 550 | - 10 647 |
| Other liabilities | - 10 656 | - 10 510 | - 9 773 |
| Total interest-bearing liabilities | - 114 768 | - 101 713 | - 97 627 |
| Cash and cash equivalents | 19 813 | 11 676 | 10 604 |
| Short-term investments | 22 821 | 17 330 | 22 551 |
| Loans to owners of non-controlling interests in foreign Group companies | 521 | 252 | 206 |
| Net debt² | - 71 613 | - 72 455 | - 64 266 |
| Calculation of adjusted gross debt and net debt | | | |
| Total interest-bearing liabilities | - 114 768 | - 101 713 | - 97 627 |
| 50% of Hybrid Capital ³ | 10 121 | 10 136 | 10 082 |
| Present value of pension obligations | - 43 174 | - 44 560 | - 44 026 |
| Provisions for gas and wind operations and other environment-related provisions | - 8 789 | - 8 121 | - 8 571 |
| Provisions for nuclear power (net) ⁴ | - 37 917 | - 30 219 | - 35 521 |
| Margin calls received | 4 806 | 4 212 | 3 706 |
| Liabilities to owners of non-controlling interests due to consortium agreements | 11 028 | 10 550 | 10 647 |
| Adjustment related to assets/liabilities held for sale | — | - 767 | — |
| Adjusted gross debt | - 178 693 | - 160 482 | - 161 310 |
| Reported cash and cash equivalents and short-term investments | 42 634 | 29 006 | 33 155 |
| Unavailable liquidity | - 4 260 | - 5 768 | - 3 859 |
| Adjusted cash and cash equivalents and short-term investments | 38 374 | 23 238 | 29 296 |
| Adjusted net debt² | - 140 319 | - 137 244 | - 132 014 |

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

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

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

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

Consolidated statement of cash flows

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Operating activities | | | | | | |
| Operating profit before depreciation, amortisation and impairment losses | 25 152 | 20 102 | 8 251 | 7 515 | 42 445 | 47 495 |
| Tax paid | - 1 352 | - 454 | - 45 | 227 | - 1 528 | - 2 426 |
| Capital gains/losses, net | - 175 | - 383 | - 181 | 3 | - 3 513 | - 3 305 |
| Interest received | 127 | 155 | 58 | 73 | 329 | 301 |
| Interest paid | - 2 241 | - 2 387 | - 976 | - 958 | - 2 969 | - 2 823 |
| Other, incl. non-cash items | - 4 855 | - 1 188 | - 2 687 | - 803 | 185 | - 3 482 |
| Funds from operations (FFO) | 16 656 | 15 845 | 4 420 | 6 057 | 34 949 | 35 760 |
| Changes in inventories | - 944 | - 654 | - 479 | - 926 | - 196 | - 486 |
| Changes in operating receivables | - 414 | - 2 339 | 11 764 | 5 996 | - 6 294 | - 4 369 |
| Changes in operating liabilities | - 7 239 | - 3 714 | - 7 556 | - 2 798 | 9 171 | 5 646 |
| Margin calls | - 967 | - 11 214 | 7 653 | 1 077 | - 20 733 | - 10 486 |
| Other changes | 299 | 196 | 122 | - 321 | - 178 | - 75 |
| Cash flow from changes in operating assets and operating liabilities | - 9 265 | - 17 725 | 11 504 | 3 028 | - 18 230 | - 9 770 |
| Cash flow from operating activities | 7 391 | - 1 880 | 15 924 | 9 085 | 16 719 | 25 990 |
| Investing activities | | | | | | |
| Acquisitions in Group companies | - 67 | - 771 | - 1 | - 7 | - 754 | - 50 |
| Investments in associated companies and other shares and participations | 84 | 138 | 127 | 16 | 256 | 202 |
| Other investments in non-current assets | - 10 205 | - 11 820 | - 5 713 | - 5 705 | - 26 335 | - 24 720 |
| Total investments | - 10 188 | - 12 453 | - 5 587 | - 5 696 | - 26 833 | - 24 568 |
| Divestments | 620 | 585 | 570 | 16 | 7 452 | 7 487 |
| Cash and cash equivalents in acquired companies | — | 147 | — | — | 148 | 1 |
| Cash and cash equivalents in divested companies | - 83 | — | - 83 | — | - 3 542 | - 3 625 |
| Cash flow from investing activities | - 9 651 | - 11 721 | - 5 100 | - 5 680 | - 22 775 | - 20 705 |
| Cash flow before financing activities | - 2 260 | - 13 601 | 10 824 | 3 405 | - 6 056 | 5 285 |
| Financing activities | | | | | | |
| Changes in short-term investments | - 208 | 6 108 | - 892 | - 2 610 | 559 | - 5 757 |
| Changes in loans to owners of non-controlling interests in foreign Group companies | - 318 | 237 | 13 | 37 | 282 | - 273 |
| Loans raised ¹ | 24 513 | 12 506 | 10 280 | 1 619 | 12 622 | 24 629 |
| Amortisation of debt pertaining to acquisitions of Group companies | — | - 23 | — | - 23 | - 23 | — |
| Amortisation of other debt | - 7 607 | - 7 301 | - 4 747 | - 234 | - 12 001 | - 12 307 |
| Effect of early termination of swaps related to financing activities | — | 221 | — | - 6 | — | - 221 |
| Dividends paid to owners | - 4 462 | - 2 627 | - 4 462 | - 2 627 | - 3 714 | - 5 549 |
| Contribution to/from owners of non-controlling interests | - 468 | - 667 | 3 | - 179 | - 1 138 | - 939 |
| Cash flow from financing activities | 11 450 | 8 454 | 195 | - 4 023 | - 3 413 | - 417 |
| Cash flow for the period | 9 190 | - 5 147 | 11 019 | - 618 | - 9 469 | 4 868 |

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Cash and cash equivalents | | | | | | |
| Cash and cash equivalents at start of period | 10 604 | 17 094 | 8 734 | 12 233 | 17 094 | 11 676 |
| Cash and cash equivalents included in assets held for sale | — | - 355 | 236 | 14 | 2 992 | 3 347 |
| Cash flow for the period | 9 190 | - 5 147 | 11 019 | - 618 | - 9 469 | 4 868 |
| Translation differences | 19 | 84 | - 176 | 47 | - 13 | - 78 |
| Cash and cash equivalents at end of period | 19 813 | 11 676 | 19 813 | 11 676 | 10 604 | 19 813 |

SUPPLEMENTARY INFORMATION

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------|
| Cash flow before financing activities | -2,260 | - 13 601 | 10 824 | 3 405 | - 6 056 | 5 285 |
| Financing activities | | | | | | |
| Effects from terminating swaps related to financing activities | — | 221 | — | - 6 | — | - 221 |
| Dividends paid to owners | - 4 462 | - 2 627 | - 4 462 | - 2 627 | - 3 714 | - 5 549 |
| Contribution to/from owners of non-controlling interests | - 468 | - 667 | 3 | - 179 | - 1 138 | - 939 |
| Cash flow after dividend | - 7 190 | - 16 674 | 6 365 | 593 | - 10 908 | - 1 424 |
| Analysis of change in net debt | | | | | | |
| Net debt at start of period | - 64 266 | - 47 728 | - 81 579 | - 72 537 | - 47 728 | - 72 455 |
| Change accounting principles | — | - 4 609 | — | — | - 4 609 | — |
| Cash flow after dividend | - 7 190 | - 16 674 | 6 365 | 593 | - 10 908 | - 1 424 |
| Changes as a result of valuation at fair value | - 397 | - 292 | 147 | - 48 | - 456 | - 561 |
| Changes in interest-bearing liabilities for leasing | - 463 | - 435 ³ | - 340 | - 202 ³ | - 711 | - 739 |
| Interest-bearing liabilities/short-term investments acquired/divested | 25 | — | 25 | 2 | - 11 | 14 |
| Cash and cash equivalents included in assets held for sale | — | - 355 | 236 | 14 | 2 992 | 3 347 |
| Interest-bearing liabilities associated with assets held for sale | — | - 798 | - 26 | - 6 | - 792 | 6 |
| Translation differences on net debt | 678 | - 1 564 ³ | 3 559 | - 271 | - 2 043 | 199 |
| Net debt at end of period | - 71 613 | - 72 455 | - 71 613 | - 72 455 | - 64 266 | - 71 613 |
| Cash flow from operating activities | 7 391 | - 1 880 | 15 924 | 9 085 | 16 719 | 25 990 |
| Maintenance investments | - 5 599 | - 6 316 | - 3 268 | - 2 360 | - 15 148 | - 14 431 |
| Free cash flow² | 1 792 | - 8 196 | 12 656 | 6 725 | 1 571 | 11 559 |

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

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

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

INVESTMENTS

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Electricity generation | | | | | | |
| Hydro power | 365 | 357 | 206 | 190 | 920 | 928 |
| Nuclear power | 1 026 | 1 189 | 557 | 625 | 2 213 | 2 050 |
| Coal power | 3 | 29 | 3 | 22 | 139 | 113 |
| Gas | 156 | 12 | 28 | 1 | 277 | 421 |
| Wind power and solar PV | 2 342 | 4 075 | 1 742 | 2 594 | 7 501 | 5 768 |
| Biomass, waste | 96 | 48 | 65 | - 31 | 149 | 197 |
| Total electricity generation | 3 988 | 5 710 | 2 601 | 3 401 | 11 199 | 9 477 |
| CHP/heat | | | | | | |
| Fossil-based power | 670 | 1 068 | 476 | 742 | 2 134 | 1 736 |
| Heat networks | 522 | 485 | 410 | 346 | 1 522 | 1 559 |
| Other | 222 | 373 | 121 | 150 | 760 | 609 |
| Total CHP/heat | 1 414 | 1 926 | 1 007 | 1 238 | 4 416 | 3 904 |
| Electricity networks | | | | | | |
| Electricity networks | 3 361 | 2 642 | 1 854 | 1 598 | 7 071 | 7 790 |
| Total electricity networks | 3 361 | 2 642 | 1 854 | 1 598 | 7 071 | 7 790 |
| Purchases of shares, shareholder contributions | - 17 | 633 | - 126 | - 9 | 498 | - 152 |
| Other | 794 | 688 | 440 | 371 | 1 754 | 1 860 |
| Total investments | 9 540 | 11 599 | 5 776 | 6 599 | 24 938 | 22 879 |
| Accrued investments, unpaid invoices (-)/ release of accrued investments (+) | 648 | 854 | - 189 | - 903 | 1 895 | 1 689 |
| Total investments with cash flow effect | 10 188 | 12 453 | 5 587 | 5 696 | 26 833 | 24 568 |

Consolidated statement of changes in equity

| Amounts in SEK million | 30 Jun 2020 | | | 30 Jun 2019 | | | 31 Dec 2019 | | |
|--|---|---|----------------|---|---|----------------|---|---|----------------|
| | Attributable to owner of the Parent Company | Attributable to non-controlling interests | Total equity | Attributable to owner of the Parent Company | Attributable to non-controlling interests | Total equity | Attributable to owner of the Parent Company | Attributable to non-controlling interests | Total equity |
| Balance brought forward | 93 631 | 14 891 | 108 522 | 88 096 | 15 501 | 103 597 | 88 096 | 15 501 | 103 597 |
| Profit for the period | - 2 238 | 644 | - 1 594 | 6 648 ¹ | 1 025 ¹ | 7 673 | 13 173 | 1 688 | 14 861 |
| Cash flow hedges - changes in fair value | - 467 | — | - 467 | 304 | — | 304 | 181 | — | 181 |
| Cash flow hedges - dissolved against income statement | 3 318 | - 15 | 3 303 | - 2 368 | - 16 | - 2 384 | - 5 624 | - 17 | - 5 641 |
| Cash flow hedges - transferred to cost of hedged item | - 53 | — | - 53 | - 25 | — | - 25 | - 34 | — | - 34 |
| Hedging of net investments in foreign operations | 220 | — | 220 | - 1 436 | — | - 1 436 | - 1 275 | — | - 1 275 |
| Translation differences, divested companies | - 4 | — | - 4 | — | — | — | - 94 | — | - 94 |
| Translation differences | - 407 | - 14 | - 421 | 2 807 | 319 | 3 126 | 2 504 | 224 | 2 728 |
| Remeasurement pertaining to defined benefit obligations | 733 | — | 733 | - 4 105 | — | - 4 105 | - 4 443 | - 134 | - 4 577 |
| Income taxes related to other comprehensive income | - 950 | 3 | - 947 | 2 207 | 3 | 2 210 | 3 369 | 32 | 3 401 |
| Total other comprehensive income for the period | 2 390 | - 26 | 2 364 | - 2 616 | 306 | - 2 310 | - 5 416 | 105 | - 5 311 |
| Total comprehensive income for the period | 152 | 618 | 770 | 4 032 | 1 331 | 5 363 | 7 757 | 1 793 | 9 550 |
| Dividends paid to owners | - 3 623 | - 1 583 | - 5 206 | - 2 000 | - 1 478 | - 3 478 | - 2 000 | - 1 714 | - 3 714 |
| Group contributions from(+)to(-) owners of non-controlling interests | — | — | — | — | — | — | — | 30 | 30 |
| Contribution to/from owners of non-controlling interests | — | - 468 | - 468 | — | - 667 | - 667 | — | - 1 138 | - 1 138 |
| Other changes in ownership | — | - 235 | - 235 | — | — | — | — | 197 | 197 |
| Other changes | — | — | — | — | — | — | - 222 | 222 | — |
| Total transactions with equity holders | - 3 623 | - 2 286 | - 5 909 | - 2 000 | - 2 145 | - 4 145 | - 2 222 | - 2 403 | - 4 625 |
| Balance carried forward | 90 160 | 13 223 | 103 383 | 90 128 | 14 687 | 104 815 | 93 631 | 14 891 | 108 522 |
| - Of which, Reserve for hedges | - 973 | 11 | - 962 | - 868 | 23 | - 845 | - 3 147 | 22 | - 3 125 |

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

Key ratios, Vattenfall Group

| In % unless otherwise stated. (x) means times ¹ | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|---|-------------------|---------------------|-------------------|---------------------|-------------------|-------------------|
| Operating margin | 6.7 | 13.1 | - 22.5 | 8.3 | 13.3 | 10.1 |
| Operating margin ² | 16.3 | 15.8 | 8.9 | 10.4 | 15.1 | 15.3 |
| Pre-tax profit margin | 3.7 | 12.3 | - 19.1 | 7.2 | 11.0 | 6.7 |
| Pre-tax profit margin ² | 13.4 | 15.0 | 12.3 | 9.3 | 12.8 | 11.9 |
| Return on equity | 4.4 ³ | 12.0 ^{3,4} | 4.4 ³ | 12.0 ^{3,4} | 14.0 | 4.4 |
| Return on capital employed | 6.1 ³ | 7.1 ³ | 6.1 ³ | 7.1 ³ | 8.5 | 6.1 |
| Return on capital employed ² | 9.2 ³ | 7.5 ³ | 9.2 ³ | 7.5 ³ | 9.6 | 9.2 |
| EBIT interest cover, (x) | 3.2 ³ | 5.1 ³ | 3.2 ³ | 5.1 ³ | 5.3 | 3.2 |
| EBIT interest cover, (x) ² | 4.7 ³ | 5.4 ³ | 4.7 ³ | 5.4 ³ | 6.0 | 4.7 |
| FFO interest cover, (x) | 7.2 ³ | 7.7 ³ | 7.2 ³ | 7.7 ³ | 9.3 | 7.2 |
| FFO interest cover, net (x) | 10.9 ³ | 10.1 ³ | 10.9 ³ | 10.1 ³ | 10.3 | 10.9 |
| Cash flow interest cover after maintenance investments, (x) | 3.3 ³ | 3.8 ³ | 3.3 ³ | 3.8 ³ | 1.5 | 3.3 |
| FFO/gross debt | 31.2 ³ | 25.9 ³ | 31.2 ³ | 25.9 ³ | 35.8 | 31.2 |
| FFO/net debt | 49.9 ³ | 36.4 ³ | 49.9 ³ | 36.4 ³ | 54.4 | 49.9 |
| FFO/adjusted net debt | 25.5 ³ | 19.2 ³ | 25.5 ³ | 19.2 ³ | 26.5 | 25.5 |
| EBITDA/net financial items, (x) | 16.1 | 11.7 | 25.0 | 7.9 | 11.2 | 13.1 |
| EBITDA/net financial items, (x) ² | 14.2 | 13.0 | 22.6 | 8.6 | 11.6 | 12.1 |
| Equity/Total assets | 22.8 | 23.1 | 22.8 | 23.1 | 24.1 | 22.8 |
| Gross debt/equity | 111.0 | 97.0 | 111.0 | 97.0 | 90.0 | 111.0 |
| Net debt/equity | 69.3 | 69.1 | 69.3 | 69.1 | 59.2 | 69.3 |
| Gross debt/gross debt plus equity | 52.6 | 49.2 | 52.6 | 49.2 | 47.4 | 52.6 |
| Net debt/net debt plus equity | 40.9 | 40.9 | 40.9 | 40.9 | 37.2 | 40.9 |
| Net debt/EBITDA, (x) | 1.5 ³ | 2.0 ³ | 1.5 ³ | 2.0 ³ | 1.5 | 1.5 |
| Adjusted net debt/EBITDA, (x) | 3.0 ³ | 3.7 ³ | 3.0 ³ | 3.7 ³ | 3.1 | 3.0 |

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

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

| In % unless otherwise stated. (x) means times ¹ | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 |
|--|------------|------------|------------|------------|-------------------|-------------------|
| Key ratios | | | | | | |
| Return on equity | 4.4 | 14.4 | 14.0 | 16.8 | 12.0 ⁴ | 13.8 ⁴ |
| Return on capital employed ² | 6.1 | 9.4 | 8.5 | 9.2 | 7.1 | 7.1 |
| Return on capital employed ^{2,3} | 9.2 | 9.2 | 9.6 | 8.3 | 7.5 | 7.6 |
| EBIT interest cover, (x) ² | 3.2 | 4.5 | 5.3 | 6.0 | 5.1 | 5.1 |
| EBIT interest cover, (x) ^{2,3} | 4.7 | 4.4 | 6.0 | 5.4 | 5.4 | 5.4 |
| FFO/gross debt ² | 31.2 | 32.8 | 35.8 | 32.7 | 25.9 | 24.4 |
| FFO/net debt ² | 49.9 | 45.8 | 54.4 | 51.5 | 36.4 | 33.5 |
| FFO/adjusted net debt ² | 25.5 | 25.2 | 26.5 | 24.5 | 19.2 | 18.1 |
| Equity/assets ratio | 22.8 | 24.8 | 24.1 | 24.5 | 23.1 | 23.9 |
| Gross debt/equity | 111.0 | 93.1 | 90.0 | 85.7 | 97.0 | 91.7 |
| Net debt/equity | 69.3 | 66.7 | 59.2 | 54.5 | 69.1 | 66.8 |
| Net debt/net debt plus equity | 40.9 | 40.0 | 37.2 | 35.3 | 40.9 | 40.0 |
| Net debt/EBITDA, (x) ² | 1.5 | 1.7 | 1.5 | 1.4 | 2.0 | 2.0 |
| Adjusted net debt/EBITDA, (x) ² | 3.0 | 3.2 | 3.1 | 3.0 | 3.7 | 3.7 |

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

2) Last 12-month values.

3) Based on Underlying operating profit.

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

NOTE 1 | Accounting policies, risks and uncertainties

Accounting policies

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

Risks and uncertainties

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

Other

Significant related-party transactions are described in Note 44 to the consolidated accounts in Vattenfall's 2019 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2019 Annual and Sustainability Report. In addition to the significant contingent liabilities described in Note 40 to the consolidated accounts in Vattenfall's 2019 Annual and Sustainability Report, the Nuclear Power plant Kernkraftwerk Krümmel GmbH & Co. OHG, in which Vattenfall has a shareholding of 50%, sold additional production rights during the first half-year 2020 to the co-shareholder PreussenElektra GmbH. Vattenfall's share of the sales price for the production rights sold in the first half year is SEK 1.6 billion. The price for all production rights sold is subject to a court proceeding initiated by PreussenElektra. Should a lower price be confirmed by the court, a repayment must be made.

NOTE 2 | Exchange rates

KEY EXCHANGE RATES APPLIED IN THE ACCOUNTS OF THE VATTENFALL GROUP

| | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 |
|--------------------------------|-----------------|-----------------|------------------------|------------------------|------------------------|
| Average rate | | | | | |
| EUR | 10.6435 | 10.4782 | 10.6768 | 10.5588 | 10.5572 |
| DKK | 1.4259 | 1.4036 | 1.4315 | 1.4144 | 1.4140 |
| GBP | 12.1951 | 11.9637 | 11.9730 | 12.0557 | 12.0391 |
| USD | 9.6248 | 9.2469 | 9.6726 | 9.3896 | 9.4180 |
| | | | 30 Jun 2020 | 30 Jun 2019 | 31 Dec 2019 |
| Balance sheet date rate | | | | | |
| EUR | | | 10.4948 | 10.5633 | 10.4468 |
| DKK | | | 1.4082 | 1.4153 | 1.3982 |
| GBP | | | 11.5020 | 11.7822 | 12.2788 |
| USD | | | 9.3720 | 9.2823 | 9.2993 |

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

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

The carrying amounts of financial assets do not differ significantly from their fair values. The difference between carrying amounts and fair values for financial liabilities amounts to SEK 6,414 million (31 December 2019: 7,580).

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

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

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

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

FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 30 JUNE 2020

| Amounts in SEK million | Level 1 | Level 2 | Level 3 | Total |
|--|---------------|---------------|------------|---------------|
| Assets | | | | |
| Share in the Swedish Nuclear Waste Fund | 46 157 | — | — | 46 157 |
| Derivative assets | — | 19 785 | 422 | 20 207 |
| Short-term investments, cash equivalents and other shares and participations | 16 208 | 4 098 | — | 20 306 |
| Total assets | 62 365 | 23 883 | 422 | 86 670 |
| Liabilities | | | | |
| Derivative liabilities | — | 20 556 | 8 | 20 564 |
| Total liabilities | — | 20 556 | 8 | 20 564 |

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

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

NOTE 4 | Acquired and divested operations

Divested operations

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

subsidiary of the City of Hamburg. The transaction received approval from the cartel office and was closed in the beginning of May. The consideration received amounts to SEK 514 million.

NOTE 5 | Impairment losses and reversed impairment losses

Accounting policy

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

Impairment losses January-June 2020

During the first half of 2020, the process described above resulted in recognition of SEK 10,601 million in impairment losses, which are

charged against operating profit. Of this amount, SEK 9,100 million pertains to the Moorburg power plant in business area Heat. The impairment loss is attributable to the combination of low market prices and reduced opportunities for future hard coal condensing operations due to Germany's phase-out of coal. In the Wind business area, impairment losses of SEK 1,473 million were recognised in units in Sweden and Denmark. The remaining amount pertains to smaller impairment losses on assets held for sale.

In addition to the above, deferred tax assets in Germany were written down by SEK 1,227 million as poorer market conditions have led to greater uncertainty as to whether these can be utilised, resulting in a higher tax expense during the period. No previously recognised impairment losses have been reversed in the income statement.

NOTE 6 | Effects of COVID-19

Overall effect on operations

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

Expected credit losses

In addition to what is described in Note 1 about risks and uncertainties, Vattenfall has increased its provision for expected credit

losses on trade receivables, as the assessment is that slightly more customers than previously are expected to encounter payment difficulties. The financial effect on the group amounts to SEK 37 million. For a description of the accounting policy for provisions to loss reserves, see Note 23 to the consolidated accounts in Vattenfall's 2019 Annual and Sustainability Report.

The Parent Company Vattenfall AB

Accounting policies

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

January – June 2020

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

- Net sales amounted to SEK 25,223 million (25,713).
- Profit before appropriations and income taxes was SEK 9,663 million (16,437).
- Lower prices on electricity had a negative effect on earnings, unrealized changes in fair value of energy derivatives impacted positively. Dividend received from subsidiaries amounted to SEK 623 million (8,189). Lower financial expenses due to favorable exchange rate effects also impacted earnings positively.

- The balance sheet total was SEK 289,145 million (31 December 2019: 282,662).
- Investments during the period amounted to SEK 408 million (348),
- Cash and cash equivalents, and short-term investments amounted to SEK 38,841 million (31 December 2019: 28,573).
- Dividend paid to the owner of SEK 3,623 million (2,000)

Presentation of Parent Company income statements

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

Risks and uncertainties

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

Other

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

Parent Company income statement

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Full year 2019 | Last 12 months |
|--|-----------------|-----------------|-------------------|-------------------|
| Net sales | 25 223 | 25 713 | 49 807 | 49 317 |
| Cost of purchases | - 12 370 | - 12 957 | - 28 256 | - 27 669 |
| Other external expenses | - 2 307 | - 1 620 | - 3 697 | - 4 384 |
| Personnel expenses | - 1 141 | - 1 148 | - 2 083 | - 2 076 |
| Other operating incomes and expenses, net | 150 | 91 | 160 | 219 |
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | 9 555 | 10 079 | 15 931 | 15 407 |
| Depreciation, amortisation and impairments | - 291 | - 244 | - 525 | - 572 |
| Operating profit (EBIT) | 9 264 | 9 835 | 15 406 | 14 835 |
| Result from participations in subsidiaries | 623 | 8 189 | 8 226 | 660 |
| Result from participations in associated companies | — | — | 1 | 1 |
| Other financial income | 1 314 | 843 | 1 592 | 2 063 |
| Other financial expenses | - 1 538 | - 2 430 | - 4 137 | - 3 245 |
| Profit before appropriations and income taxes | 9 663 | 16 437 | 21 088 | 14 314 |
| Appropriations | 223 | 1 418 | 498 | - 697 |
| Profit before income taxes | 9 886 | 17 855 | 21 586 | 13 617 |
| Income taxes | - 1 981 | - 2 091 | - 2 890 | - 2 780 |
| Profit for the period | 7 905 | 15 764 | 18 696 | 10 837 |

Parent Company balance sheet

| Amounts in SEK million | 30 Jun 2020 | 30 Jun 2019 | 31 Dec 2019 |
|---|----------------|----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets: non-current | 343 | 188 | 333 |
| Property, plant and equipment | 5 374 | 4 857 | 5 273 |
| Shares and participations | 161 030 | 149 879 | 160 465 |
| Deferred tax assets | — | 1 175 | 762 |
| Other non-current receivables | 69 080 | 64 823 | 66 195 |
| Total non-current assets | 235 827 | 220 922 | 233 028 |
| Current assets | | | |
| Inventories | 412 | 310 | 383 |
| Intangible assets: current | 28 | 80 | 168 |
| Current receivables | 13 997 | 17 668 | 20 510 |
| Current tax assets | 40 | — | — |
| Short-term investments | 21 975 | 16 481 | 21 702 |
| Cash and cash equivalents | 16 866 | 11 487 | 6 871 |
| Total current assets | 53 318 | 46 026 | 49 634 |
| Total assets | 289 145 | 266 948 | 282 662 |
| Equity, provisions and liabilities | | | |
| Equity | | | |
| Restricted equity | | | |
| Share capital (131,700,000 shares with a share quota value of SEK 50) | 6 585 | 6 585 | 6 585 |
| Revaluation reserve | 37 989 | 37 989 | 37 989 |
| Other reserves | 1 458 | 1 327 | 1 480 |
| Non-restricted equity | | | |
| Retained earnings | 61 574 | 46 631 | 46 479 |
| Profit for the period | 7 905 | 15 764 | 18 696 |
| Total equity | 115 511 | 108 296 | 111 229 |
| Untaxed reserves | 11 375 | 10 335 | 11 598 |
| Provisions | 5 227 | 5 273 | 5 219 |
| Non-current liabilities | | | |
| Hybrid capital | 20 244 | 20 276 | 20 167 |
| Other interest-bearing liabilities | 40 465 | 43 550 | 40 494 |
| Deferred tax liabilities | 415 | — | — |
| Other noninterest-bearing liabilities | 12 147 | 11 158 | 12 148 |
| Total non-current liabilities | 73 271 | 74 984 | 72 809 |
| Current liabilities | | | |
| Other interest-bearing liabilities | 79 793 | 58 943 | 70 892 |
| Current tax liabilities | 2 | 776 | 249 |
| Other noninterest-bearing liabilities | 3 966 | 8 341 | 10 666 |
| Total current liabilities | 83 761 | 68 060 | 81 807 |
| Total equity, provisions and liabilities | 289 145 | 266 948 | 282 662 |

Definitions and calculations of key ratios

Alternative Performance Measures

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

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

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

CALCULATION OF EBITDA, UNDERLYING EBITDA AND UNDERLYING EBIT

| Amounts in SEK million | Jan-Jun 2020 | Jan-Jun 2019 | Apr-Jun 2020 | Apr-Jun 2019 | Full year 2019 | Last 12 months |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Operating profit (EBIT) | 5 287 | 11 038 | - 7 027 | 2 869 | 22 141 | 16 390 |
| Depreciation, amortisation and impairment losses | - 19 865 | - 9 064 | - 15 278 | - 4 646 | - 20 304 | - 31 105 |
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | 25 152 | 20 102 | 8 251 | 7 515 | 42 445 | 47 495 |
| Items affecting comparability excl. impairment losses and reversed impairment losses | - 2 906 | 2 257 | - 780 | 753 | 1 495 | - 3 668 |
| Underlying operating profit before depreciation, amortisation and impairment losses | 22 246 | 22 359 | 7 471 | 8 268 | 43 940 | 43 827 |
| Operating profit (EBIT) | 5 287 | 11 038 | - 7 027 | 2 869 | 22 141 | 16 390 |
| Items affecting comparability | 7 695 | 2 257 | 9 819 | 753 | 2 954 | 8 392 |
| Underlying operating profit | 12 982 | 13 295 | 2 792 | 3 622 | 25 095 | 24 782 |

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

KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES JULY 2019 – JUNE 2020

| | | | | |
|--|---------|--|---|------|
| Operating margin, % | = 100 x | $\frac{\text{EBIT}}{\text{Net sales}} = \frac{16\,390}{161\,557}$ | = | 10.1 |
| Operating margin excl. items affecting comparability, % | = 100 x | $\frac{\text{Underlying EBIT}}{\text{Net sales}} = \frac{24\,782}{161\,557}$ | = | 15.3 |
| Pre-tax profit margin, % | = 100 x | $\frac{\text{Profit before income taxes}}{\text{Net sales}} = \frac{10\,898}{161\,557}$ | = | 6.7 |
| Pre-tax profit margin excl. items affecting comparability, % | = 100 x | $\frac{\text{Profit before income taxes excl. items affecting comparability}}{\text{Net sales}} = \frac{19\,293}{161\,557}$ | = | 11.9 |
| Return on equity, % | = 100 x | $\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}} = \frac{4\,287}{97\,917}$ | = | 4.4 |
| Return on capital employed, % | = 100 x | $\frac{\text{EBIT}}{\text{Capital employed, average}} = \frac{16\,390}{268\,587}$ | = | 6.1 |
| Return on capital employed excl. items affecting comparability, % | = 100 x | $\frac{\text{Underlying EBIT}}{\text{Capital employed, average}} = \frac{24\,782}{268\,587}$ | = | 9.2 |
| EBIT interest cover, (x) | = | $\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{18\,546}{5\,777}$ | = | 3.2 |
| EBIT interest cover excl. items affecting comparability, (x) | = | $\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{26\,938}{5\,777}$ | = | 4.7 |
| FFO interest cover, (x) | = | $\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{41\,537}{5\,777}$ | = | 7.2 |
| FFO interest cover, net, (x) | = | $\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}} = \frac{39\,381}{3\,621}$ | = | 10.9 |

| | | | | |
|--|---------|---|---|------|
| Cash flow interest cover after maintenance investments, (x) | = | <div> Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs 16 637 </div> <div> Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs 5 078 </div> | = | 3.3 |
| FFO/gross debt, % | = 100 x | <div> FFO 35 760 </div> <div> Interest-bearing liabilities 114 768 </div> | = | 31.2 |
| FFO/net debt, % | = 100 x | <div> FFO 35 760 </div> <div> Net debt 71 613 </div> | = | 49.9 |
| FFO/adjusted net debt, % | = 100 x | <div> FFO 35 760 </div> <div> Adjusted net debt 140 319 </div> | = | 25.5 |
| EBITDA/net financial items, (x) | = | <div> EBITDA 47 495 </div> <div> Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund 3 621 </div> | = | 13.1 |
| EBITDA excl. items affecting comparability/net financial items, (x) | = | <div> EBITDA excl. items affecting comparability 43 827 </div> <div> Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund 3 621 </div> | = | 12.1 |

KEY RATIOS BASED ON THE BALANCE SHEET PER 30 JUNE 2020

| | | | | |
|---|---------|--|---|-------|
| Equity/total assets, % | = 100 x | <div> Equity 103 383 </div> <div> Balance sheet total 453 083 </div> | = | 22.8 |
| Gross debt/equity, % | = 100 x | <div> Interest-bearing liabilities 114 768 </div> <div> Equity 103 383 </div> | = | 111.0 |
| Net debt/equity, % | = 100 x | <div> Net debt 71 613 </div> <div> Equity 103 383 </div> | = | 69.3 |
| Gross debt/gross debt equity, % | = 100 x | <div> Interest-bearing liabilities 114 768 </div> <div> Interest-bearing liabilities + equity 218 151 </div> | = | 52.6 |
| Net debt/net debt plus equity, % | = 100 x | <div> Net debt 71 613 </div> <div> Net debt + equity 174 996 </div> | = | 40.9 |
| Net debt/EBITDA, (x) | = | <div> Net debt 71 613 </div> <div> EBITDA 47 495 </div> | = | 1.5 |
| Adjusted net debt/EBITDA, (x) | = | <div> Adjusted net debt 140 319 </div> <div> EBITDA 47 495 </div> | = | 3.0 |

Interim report signature

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

Solna, 21 July 2020

Lars G. Nordström
Chairman of the Board

Magnus Hall
President and CEO

Mats Granryd

Viktoria Bergman

Ann Carlsson

Håkan Erixon

Tomas Kåberger

Jenny Lahrin

Robert Lönnqvist

Rolf Ohlsson

Jeanette Regin

Fredrik Rystedt

Åsa Söderström Winberg

Financial calendar

Interim report January-September, 27
October 2020

Year-end report 2020, 4 February 2021

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This information is such that Vattenfall AB is obliged to make public in accordance with the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CEST on 21 July 2020. 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.

Review report

Introduction

We have reviewed the condensed interim report for Vattenfall AB (publ) as at 30 June 2020 and for the six month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 20 July 2020

Ernst & Young AB

Staffan Landén
Authorised Public Accountant