Interim Report

January – June **II/2021**

E.ON Group at a Glance

Core operating business significantly above previous year

Forecast for the current year **increased** owing to **agreement on output rights** for nuclear power stations

Medium-term targets, synergies, and **dividend policy** affirmed

E.ON's ecological power-line pathway management supports United Nations Environment Program

Business Performance

Sales

1H 2021	€33,040 million
1H 2020	€30,503 million

+8%

Economic net debt

June 30, 2021	€40,866 million
Dec. 31, 2020	€40,736 million

±0%

Adjusted EBITDA

1H 2021	€4,768 million
1H 2020	€3,679 million

+30%

Investments

1H 2021	€1,908 million
1H 2020	€1,422 million

+34%

Adjusted EBIT

1H 2021	€3,163 million
1H 2020	€2,185 million

+45%

Cash provided by operating activities before interest and taxes

1H 2021	€2,171 million
1H 2020	€1,521 million

+43%

Adjusted net income

1H 2021	€1,765 million (€0.68)[1]
1H 2020	€950 million (€0.36)[1]

+86%

Cash provided by operating activities

1H 2021	€1,205 million
1H 2020	€1,303 million

-8%

[1]Adjusted net income per share.

Contents

Interim Group Management Report

January – June 2021

Corporate Profile

Business Model

E.ON is an investor-owned energy company with approximately 73,000 employees led by Corporate Functions in Essen. The Group has two operating segments: Energy Networks and Customer Solutions. Non-strategic operations are reported under Non-Core Business.

Corporate Functions

Corporate Functions' main task is to lead the E.ON Group. This involves charting E.ON's strategic course and managing and funding its existing business portfolio. Corporate Functions' tasks include optimizing E.ON's overall business across countries and markets from a financial, strategic, and risk perspective and conducting stakeholder management.

Energy Networks

This segment consists of E.ON's power and gas distribution networks and related activities. It is subdivided into three regional markets: Germany, Sweden, and East-Central Europe/Turkey (which consists of the Czech Republic, Hungary, Romania, Poland, Croatia, Slovakia, and the stake in Enerjisa Enerji in Turkey, which is accounted for using the equity method). This segment's main tasks include operating its power and gas networks safely and reliably, carrying out all necessary maintenance and repairs, and expanding its power and gas networks, which frequently involves adding customer connections and the connection of renewable energy generation assets.

Customer Solutions

This segment serves as the platform for working with E.ON's customers to actively shape Europe's energy transition. This includes supplying customers in Europe (excluding Turkey) with power, gas, and heat as well as with products and services that enhance their energy efficiency and autonomy and provide other benefits. E.ON's activities are tailored to the individual needs of customers across all categories: residential, small and medium-sized enterprises, large commercial and industrial, sales partners, and public entities. E.ON's main presence in this business is in Germany, the United Kingdom, the Netherlands, Belgium, Sweden, Italy, the Czech Republic, Hungary, Croatia, Romania, Poland, and Slovakia. Businesses that provide innovative solutions (like E.ON Business Solutions and the eMobility business) are also part of this segment.

Non-Core Business

This segment consists of the E.ON Group's non-strategic activities. This applies to the operation and dismantling of nuclear power stations in Germany (which is managed by the PreussenElektra unit) and the generation business in Turkey.

Special Events in the Reporting Period

E.ON Supports United Nations' "Decade for Ecosystem Restoration"

E.ON is the world's first energy company to support the United Nations Environment Program ("UNEP") in restoring ecosystems in the interest of climate protection and biodiversity. E.ON, Europe's largest operator of electricity distribution networks, will create valuable biotopes under 13,000 kilometers of high-voltage lines in forested areas. E.ON is a partner in UNEP, which commemorated World Environment Day on June 5 by proclaiming this decade to be the "Decade for Ecosystem Restoration."

E.ON has many years of experience in the ecological management of power-line pathways and already manages 8,000 hectares of such pathways in an environmentally friendly way. The Group now intends to draw on this experience across Europe. E.ON is convinced that healthy and stable ecosystems play an important role in the fight against climate change because they store large amounts of carbon dioxide. This is why E.ON is investing a double-digit million sum in the preservation of ecosystems and is committed to adopting ecological pathway management for overhead power lines in forested areas Group-wide by 2026.

E.ON Presents Green Bond Framework Aligned with the EU Taxonomy and Issues First Bond under It

On March 1, 2021, E.ON became Europe's first corporate issuer to present a Green Bond Framework that is in full compliance with the EU Taxonomy's criteria for sustainable economic activities and with the draft Delegated Acts. In late March E.ON successfully marketed a €750 million Green Bond under the new framework. The bond matures in October 2032 and has a coupon of 0.6 percent. Issuance took place in early April 2021.

In addition, in mid-January E.ON issued a €600 million corporate bond that matures in December 2028 and has a coupon of 0.1 percent.

Nuclear Power/Residual Power Output Rights

In the first half of 2021, 10.7 TWh of residual power output rights were acquired from the company that operates Krümmel nuclear power plant ("NPP") and 3.7 TWh of residual power output rights were acquired from the company that operates Brunsbüttel NPP; these rights were transferred to Grohnde, Isar II, and Brokdorf NPPs, which are operated by PreussenElektra GmbH. This and other planned procurements will ensure that these NPPs can operate until the end of their legally mandated operating lives.

The parliamentary legislative procedure was completed for the conclusion of the agreement on the implementation of the accelerated nuclear phaseout after 2011 between the German federal government and the country's NPP operators, and the corresponding public-law agreement was signed on March 25, 2021. Its provisions include, in particular, that E.ON/Preussen-Elektra GmbH may dispose of the residual power output rights corresponding to its ownership stake in Krümmel and Brunsbüttel NPPs, which are jointly owned, without payment; that is, it may use these rights, which total 47.8 TWh, for output at its own NPPs (see pages 12 and 24). After final approval by the Bundes-rat on June 25, 2021, the law and the contract are to enter into force on October 31, 2021.

Disposal of Stake in Rampion Renewables Ltd

In 2019 E.ON UK plc sold roughly 60 percent of its stake in Rampion Renewables Ltd, which has a roughly 50-percent stake in U.K. wind farm operator Rampion Offshore Wind Ltd, to RWE Renewables UK Ltd, an RWE Group company. On December 29, 2020, an agreement was signed with RWE AG and RWE Renewables UK Ltd under which E.ON UK plc would transfer its remaining 40-percent stake to RWE Renewables UK Ltd. In view of this agreement, E.ON has disclosed its stake in Rampion Renewables Ltd as an asset held for sale since December 31, 2020. The stake was transferred on April 1, 2021. The parties agreed not to disclose the purchase price, which was received at year-end 2020.

Supplementary Agreements to enviaM's Consortium Agreement

Through subsidiaries, E.ON SE has a roughly 59-percent stake in enviaM AG. The other main shareholders are two municipal companies whose aggregate stake totals around 37 percent. From 2002 onward, a consortium agreement gave these municipal shareholders a put option that could be exercised in whole or in part. Pursuant to IAS 32, E.ON SE recorded this put option as a liability in its Consolidated Financial Statements. In March 2021, a supplementary agreement to the consortium agree-ment was concluded that stipulates the put option's cancellation. The put option had been recorded as a liability in the amount of €1.8 billion. Effective March 31, 2021, it no longer existed. Accordingly, equity increased by €1.8 billion. Of this amount, €0.7 billion is attributable to shareholders of E.ON SE.

Changes in Segment Reporting

Operations in Croatia and at VSEH in Slovakia consist of net-work as well as sales businesses. All of these operations were previously reported at Energy Networks' East-Central Europe/ Turkey unit. E.ON's segment reporting was adjusted effective January 1, 2021. Power and gas sales operations as well as the new customer solutions business in Croatia and at VSEH are now reported at Customer Solutions' Other unit. Their network businesses continue to be reported at Energy Networks' East-Central Europe/Turkey unit. In addition, heating businesses in Poland are now reported at Customer Solutions' Other unit and no longer at its Germany unit. The prior-year figures were adjusted accordingly.

Business Report

Industry Environment

Macroeconomic Environment

Amid the Covid-19 pandemic, global economic development varies considerably by sector and region. Although demand for goods is rising again in the second year of the pandemic, the situation in the services sector remains difficult. Despite high infection rates and tight restrictions, there were no severe limita-tions on international supply chains or extensive border closures in the first months of 2021. This favored positive developments in industry and goods trade. Consequently, there was less macro-economic contraction relative to the situation at the start of 2020. Nevertheless, the development of national economies is likely to remain uneven. It will depend on a number of factors, including the implementation of vaccination programs, additional health protection measures, and fiscal stimulus by the govern-ments in the respective countries.

Although the German economy grew slightly at the end of 2020, it contracted somewhat in the first quarter of 2021, only to increase again slightly in the second quarter. Experts expect the economy to recover further in the second half of the year as the pandemic is contained and restrictions are relaxed further. More economic activity and thus more value added could therefore propel stronger growth in the remainder of 2021. The German Council of Economic Experts expects the country's gross domestic product to grow by 3.1 percent this year. However, a renewed increase in the number of infections could delay the economic recovery, for example if industry were affected by plant closures.

Energy Policy Environment

The EU Climate Law was officially adopted on June 28, 2021, when it was affirmed by the European Council. This enshrines in law the target of reducing emissions by a net 55 percent by 2030 relative to 1990. Europe is thus the first continent to transpose its commitment to climate neutrality by 2050 into a binding regulation. The climate-neutrality targets apply to the EU as a whole and not to individual member states.

Subsequently, the European Commission presented its "Fit for 55" package of legislative proposals on July 14. It is intended to accelerate emission reductions and contains a whole series of related measures, which include a revision of the EU Emissions Trading Scheme ("ETS") and its extension to the aviation sector. In addition, a new, separate ETS will be created for the buildings and transport sectors. The proportion of renewables is also to increase further. Stricter emission standards for passenger cars and light commercial vehicles are also planned, which will effectively mean a phaseout of internal combustion engines from 2035 onward. To prevent rising carbon prices from placing an undue financial burden on consumers, all EU countries will have access to a Social Climate Fund financed with the revenues from carbon pricing. The package also includes a revision of the regulations for land use and forestry. All measures are designed to reduce greenhouse-gas ("GHG") emissions across the board. Over the long term, the package is expected to unleash a wave of investment in climate-protection technologies.

E.ON welcomes the European Commission's increased focus on climate protection. The revision of energy and climate legislation will help the EU meet its commitments under the Paris Climate Agreement. At the same time, it has the potential to trigger profound change in all areas of the economy and society. A more ambitious approach to renewables, energy efficiency, and charging infrastructure as well as stricter standards for the car industry along with support mechanisms will offer growth opportunities that fit with E.ON's business model. Overall, however, this transformation also poses challenges, as initial reactions from the market environment made clear. In the months ahead, EU institutions and member states will discuss the design of the package of measures.

In response to a ruling by the German Federal Constitutional Court on March 24, 2021 (published on April 29, 2021), in which the justices declared the Climate Protection Act of 2019 (German abbreviation: "KSG 2019") partially unconstitutional, the German federal government and parliament adopted amendments to key aspects of the KSG 2019. The purpose of the amendments is for Germany to achieve climate-neutrality faster than previously planned. For example, the climate neutrality target was set at 2045 and the GHG reduction target for 2030 was raised to 65 percent (see graphic). At the same time, separate targets for 2030 were set for each of the individual sectors. Non-sector-specific carbon reduction targets were set for 2031 to 2040. Other amendments included targets for the federal government's investment and procurement projects so that they too help reduce GHG emissions

Climate Protection Act: Roadmap to Climate Neutrality

Germany's anticipated net carbon reductions relative to 1990 in percent

2030	2035	2040	2045
-65%	-77%	-88%	-100%

Sources: BDEW, UBA, Climate Protection Act 2021
(the federal government's draft legislation dated May 12, 2021)

The KSG is a sort of voluntary commitment by the state to work toward certain targets. Consequently, the framework conditions must subsequently be put in place for these targets to be achieved. Along with the KSG, the German federal government therefore also adopted a climate package. One of its purposes is to raise carbon prices (although no specific figure or date was stipulated); another is to accelerate renewables expansion as well as the ramp-up of hydrogen. Although an Immediate Action Program for 2022 with a budget of €8 billion was also launched, it has no practical relevance because the next federal government will determine actual spending levels.

In the first half of 2021 lawmakers also amended various sections of the Energy Industry Act (German abbreviation: "EnWG"). These relate to aspects of energy infrastructure and power generation, but also to customer-related solutions and thus the relationship between energy suppliers and consumers.

For example, energy providers will be subject to additional information and transparency requirements. In the future, contracts will have to be in text form across all sales channels. This eliminates the possibility of concluding contracts verbally or by telephone. However, it also creates new legal uncertainties for online contracts.

The main aspects relating to electricity networks include the remuneration of network investments, increased transparency obligations for the publication of network data, and the reimbursement of redispatch costs. Redispatch involves network operators modifying the power fed into the network by power plants with the aim of avoiding regional overloads in the network. In the future, distribution network operators will also be able to remotely control smaller generators, such as cogeneration plants and solar installations.

In mid-July the German Federal Network Agency (German acronym: "BNetzA") launched the consultation process for setting the return on investment ("ROI") for the fourth regulatory period in Germany (2023 to 2027 for gas, 2024 to 2028 for electricity). The BNetzA's consultation draft initially did not specify an ROI, but spoke instead of a minimum ROI of 4.59 percent for new assets. This figure is significantly lower than the ROI for electricity and gas in the current regulatory period, which is 6.91 percent for new assets (capitalized from 2006 onward). E.ON will participate in the consultation process, which runs until August 25. The financial conditions of the respective regulatory period are important for network operators, as they affect the investments that will be made in network expansion in the years ahead, especially in distribution networks, which form the backbone of the energy transition. The ROI parameters are expected to be finalized in the fall. To ensure the financing of the energy networks needed for the energy transition, Germany's regulatory scheme must be competitive internationally. In terms of ROI, Germany's market risk premium is low by European standards.

The Münster Higher Administrative Court's ruling of March 4, 2021, temporarily suspended the market declaration and thus the rollout of smart meters. As part of the amended EnWG, amendments were therefore also made to the Metering Point Operation Act (German abbreviation: "MsbG"). The amendments are an important step for the energy industry to regain legal certainty with regard to the rollout and to accelerate the digitization of the energy transition.

Also worth mentioning with regard to power generation are larger tenders in 2022 for onshore wind and solar as well as the extension of the self-supply privilege under the Renewable Energy Act (German abbreviation: "EEG") to facilities with a capacity of up to 30 kW (formerly: up to 10 kW).

Furthermore, the amended EnWG has implications for the ongoing development of the use of hydrogen ("H_2"). The legislation focused on initial regulations for H_2 infrastructure. These regulations initially foresee a regulatory and financial separation of natural gas and H_2 networks. A regulation passed simultaneously will exempt green hydrogen (that is, H_2 produced with renewable electricity) from the EEG levy in the future. This—along with subsidies—is intended to spur the expansion of hydrogen. However, this regulation is subject to the provisions of European law.

Earnings Situation

- **Customer Solutions' sales higher** due to sharp rise in commodity prices in conjunction with the **recognition** of **derivative transactions** and the inclusion of **VSEH**, which was acquired in August 2020
- **Adjusted EBIT** and **adjusted net income significantly above** the **prior-year level,** primarily because of **weather factors** and the **agreement** on **output rights** for nuclear power stations

Business Performance

In the first half of 2021, E.ON's operating business delivered a positive performance. Sales rose by €2.5 billion year on year to €33 billion. First-half adjusted EBIT in E.ON's core businesses of €2,446 million was 26 percent above the prior-year figure of €1,944 million. Adjusted EBIT for the E.ON Group rose by 45 percent, from €2,185 million to €3,163 million. Adjusted net income of €1,765 million was 86 percent above the prior-year figure of €950 million.

The factors affecting the development of key figures in the first half of 2021 included cooler weather relative to the prior year. Weather conditions are a decisive factor for the level of energy consumption, especially for residential and smaller business customers, and are subject to seasonal fluctuations. Another reason for the positive performance of key figures was that the Covid-19 pandemic's economic repercussions, which had a negative effect on E.ON's operations in the first half of 2020, had no tangible negative effect in the first half of 2021. In addition, cost savings in the U.K. sales business had a positive impact on earnings; the conclusion of the public law agreement of March 25, 2021, between the German federal government and the country's nuclear power plant operators had a positive effect at PreussenElektra.

Sales

Sales in the first half of 2021 rose by 8 percent year on year to €33 billion.

Energy Networks' sales increased by €0.4 billion relative to the prior year to €9.1 billion. Customer Solutions' sales rose by €1.7 billion to €26.3 billion. This increase likewise relates to failed own-use transactions amid rising prices on commodity markets (+€1.3 billion). Corresponding expenditures relating to failed own-use transactions are recorded under other operating expenses. The effects of failed own-use have no economic significance. Higher consumption due to comparatively cooler weather and the passthrough of increased cost components led to higher sales, particularly in Germany and the United Kingdom. The positive sales performance in the Netherlands/Belgium was attributable in part to higher consumption due to weather and Covid-19 factors. By contrast, a change in the customer portfolio in Germany led to a volume-driven decline in sales.

As in the prior year, sales at Non-Core Business totaled €0.7 billion. Sales recorded at Corporate Functions/Other of €4.8 billion were €4.1 billion above the prior-year figure. The increase is mainly attributable to the central commodity procurement units (in particular, E.ON Energy Markets, which began operating in October 2020, as well as innogy Commodity Markets) reported in this segment.

Sales

€ in millions	Second quarter 2021	2020	+/- %	First half 2021	2020	+/- %
Energy Networks	4,284	4,040	6	9,064	8,708	4
Customer Solutions	11,427	10,199	12	26,263	24,592	7
Non-Core Business	333	310	7	710	696	2
Corporate Functions/Other	2,153	340	533	4,798	668	618
Consolidation	-3,559	-2,051	-74	-7,795	-4,161	-87
E.ON Group	**14,638**	**12,838**	**14**	**33,040**	**30,503**	**8**

Other Line Items from the Consolidated Statements of Income
Own work capitalized of €292 million was 27 percent above the prior-year figure of €230 million. Own work capitalized consisted predominantly of completed IT projects as well as own work capitalized in the networks business.

First-half other operating income totaled €9,590 million (prior year: €5,001 million). Income from derivative financial instruments of €7,906 million was considerably above the prior-year figure (€2,913 million), principally because of higher commodity prices: it includes income from the fair value measurement of unsettled commodity derivatives as well as income from changes in the fair value of commodity derivatives settled physically in the reporting period (failed own-use transactions). The latter is offset by countervailing items disclosed in costs of materials. Disclosure in the Consolidated Statements of Income is pursuant to IFRS 9 on failed own-use contracts. Income from currency-translation effects of €384 million was €476 million lower than in the prior year. Corresponding amounts resulting from currency-translation effects and derivative financial instruments are recorded under other operating expenses. The sale of equity interests and securities resulted in income of €172 million (prior year: €209 million).

Costs of materials of €27,394 million were significantly above the prior-year figure of €23,383 million. The sharp increase (+€3,325 million) relates mainly to price developments on commodity markets. In this regard, E.ON created provisions for contingent losses and recognized failed own-use transactions. Countervailing changes are recorded in other operating income. The remainder of the increase is principally attributed to Customer Solutions. The predominant reason is the inclusion of the sales business of VSEH, which was acquired in August 2020, leading to an expense in the amount of €0.3 billion.

Personnel costs of €2,866 million were slightly—€25 million—above the prior-year figure of €2,841 million. The change is mainly attributable to salary adjustments and restructuring measures. A decline in the number of a employees was a countervailing factor.

Depreciation charges rose from €1,806 million in the prior-year period to €1,927 million. The change mainly reflects higher scheduled depreciation charges at PreussenElektra.

Other operating expenses increased by 8 percent year on year, from €6,745 million to €7,267 million, chiefly because expenditures relating to derivative financial instruments rose by €870 million to €4,714 million. The increase is principally attributable to higher commodity prices: alongside negative changes in fair value of unsettled commodity derivatives, E.ON recorded expenditures relating to commodity derivatives that were physically settled in the reporting period. Countervailing effects to the latter expenditures are recorded in sales. Disclosure in the Consolidated Statements of Income is pursuant to IFRS 9 on failed own-use contracts. Expenditures relating to currency-translation effects increased by €118 million to €642 million.

Income from companies accounted for under the equity method of €233 million was slightly above the prior-year level (€219 million). The absence of income from the stake in the Rampion wind farm, which was sold to RWE, was more than offset by higher equity earnings at Energy Networks.

Adjusted EBIT

€ in millions	Second quarter 2021	Second quarter 2020[1]	Second quarter +/- %	First half 2021	First half 2020[1]	First half +/- %
Energy Networks	723	609	19	1,777	1,652	8
Customer Solutions	231	165	40	838	480	75
Corporate Functions/Other	-53	-101	48	-162	-186	13
Consolidation	-5	-2	-150	-7	-2	-250
Adjusted EBIT from core business	**896**	**671**	**34**	**2,446**	**1,944**	**26**
Non-Core Business	612	58	955	717	241	198
E.ON Group adjusted EBIT	**1,508**	**729**	**107**	**3,163**	**2,185**	**45**

[1]Includes the effects of retrospective changes in conjunction with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020.

Adjusted EBIT

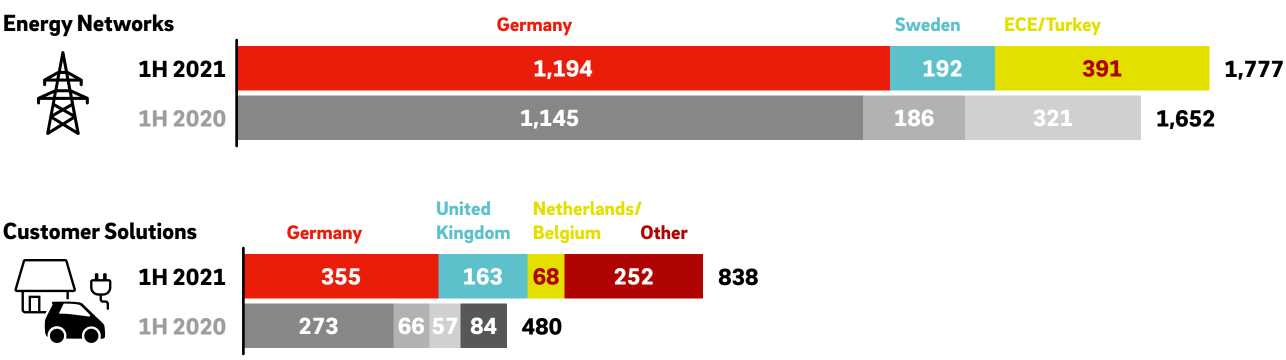
The core business's adjusted EBIT rose from €1,944 million to €2,446 million, a significant increase of €502 million.

Energy Networks recorded adjusted EBIT of €1,777 million, 8 percent more than in the prior-year period. Adjusted EBIT in the regional markets (Germany, Sweden, and East-Central Europe/Turkey) improved primarily due to the aforementioned positive volume effects resulting from cooler weather and to the impact of the Covid-19 pandemic in the first half of 2020. The network business in East-Central Europe/Turkey posted the highest increase (22 percent), which was mainly attributable to the inclusion of VSEH in Slovakia.

Adjusted EBIT at Customer Solutions rose by 75 percent year on year to €838 million. The reasons were likewise higher sales volume due to cooler weather and Covid-19 effects as well as operating improvements in nearly all E.ON markets. In the United Kingdom, cost savings from the ongoing restructuring program also had a positive impact on adjusted EBIT. This development was partially offset by the streamlining of the customer portfolio.

The positive performance of adjusted EBIT in E.ON's core business was accompanied by higher adjusted EBIT at Non-Core Business, which increased by 198 percent to €717 million. The increase is mainly attributable to PreussenElektra and, following the Bundesrat's approval on June 25, 2021, the implementation of the public law agreement of March 25, 2021, between the German federal government and the country's nuclear power plant operators. In this context, previous purchases of residual power will be refunded. This resulted in a positive effect of roughly €0.5 billion. As a result, the E.ON Group's adjusted EBIT was about €1 billion above the prior-year figure.

Adjusted EBIT from Core Business (€ in millions)



Reconciliation to Adjusted Earnings Metrics

Like net income, EBIT (earnings before interest and taxes) is affected by non-operating items. Adjusted EBIT has been adjusted to exclude non-operating effects. The adjustments include net book gains, certain restructuring expenses, impairment charges and reversals, the marking to market of derivatives, the subsequent valuation of hidden reserves and liabilities identified as part of the purchase-price calculation and allocation for the innogy transaction, and other non-operating earnings.

Derived from adjusted EBIT, adjusted net income is an earnings figure after interest income, income taxes, and non-controlling interests that likewise has been adjusted to exclude non-operating effects. The adjustments include the aforementioned items as well as interest expense/income not affecting net income (after taxes and non-controlling interests). Non-operating interest expense/income also includes effects from the resolution of the difference between the nominal and fair value of innogy bonds at the time of the acquisition in 2019.

The disclosures in the Consolidated Statements of Income are reconciled to the adjusted earnings metrics below.

Reconciliation to Adjusted EBIT

E.ON recorded net income attributable to shareholders of E.ON SE of €2.5 billion and corresponding earnings per share of €0.98. In the prior-year period E.ON recorded net income of €0.2 billion and earnings per share of €0.06.

Pursuant to IFRS 5, income/loss from discontinued operations, net, is reported separately in the Consolidated Statements of Income. In the prior year this item included negative effects from the subsequent adjustment of certain components of the purchase price in conjunction with the innogy acquisition and positive earnings from innogy's sales business in the Czech Republic, which was divested in October 2020.

E.ON's tax expense on continuing operations rose from €649 million to €721 million. The tax rate in the first half of 2021 was 21 percent. Among other factors, the utilization of

Reconciliation to Adjusted EBIT

	Second quarter		First half	
€ in millions	2021	2020[1, 2]	2021	2020[1, 2]
Net income/loss	1,753	639	2,772	327
Attributable to shareholders of E.ON SE	*1,747*	*599*	*2,548*	*161*
Attributable to non-controlling interests	*6*	*40*	*224*	*166*
Income/Loss from discontinued operations, net	–	-26	–	63
Income/Loss from continuing operations	**1,753**	**613**	**2,772**	**390**
Income taxes	381	471	721	649
Financial results	147	-165	295	277
Income/Loss from continuing operations before financial results and income taxes	**2,281**	**919**	**3,788**	**1,316**
Income/Loss from equity investments	53	68	66	55
EBIT	**2,334**	**987**	**3,854**	**1,371**
Non-operating adjustments	**-826**	**-258**	**-691**	**814**
Net book gains (-)/losses (+)	*-58*	*-154*	*-59*	*-159*
Restructuring expenses	*92*	*212*	*176*	*305*
Effects from derivative financial instruments	*-1,164*	*-487*	*-1,201*	*351*
Impairments (+)/Reversals (-)	*36*	*16*	*12*	*16*
Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction	*167*	*155*	*355*	*330*
Other non-operating earnings	*101*	*–*	*26*	*-29*
Adjusted EBIT	**1,508**	**729**	**3,163**	**2,185**
Impairments (+)/Reversals (-)	8	2	8	3
Scheduled depreciation and amortization	807	753	1,597	1,491
Adjusted EBITDA	**2,323**	**1,484**	**4,768**	**3,679**

[1]Includes the effects of retrospective changes in conjunction with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020.
[2]The prior-year figure was adjusted owing to intraperiod additions to provisions for contingent losses on pending transactions (cost of materials: -€281 million; income taxes: +€39 million).

tax losses had a positive effect on the tax rate in the reporting period. The main reason for the higher tax rate in the prior-year period was a one-off item related to the revaluation of deferred tax assets, which was partially offset by taxes for prior years.

Financial results were at the prior-year level. Income for previous years recorded in 2020 did not recur. This was offset by valuation effects on securities recognized at fair value, which are recorded in non-operating earnings. Non-operating interest income also includes positive effects of €148 million resulting from the change between the nominal interest rate and the effective interest rate of the innogy bonds adjusted due to the purchase-price allocation.

Restructuring expenses were lower than in the 2020 reporting period and, as in the prior year, consisted primarily of expenditures in conjunction with the innogy integration and the restructuring of the U.K. sales business.

Effects from derivative financial instruments rose by €1,552 million to €1,201 million. The sharp increase in commodity prices led to a significant positive change in the fair value of commodity derivatives.

Net book gains were lower than the prior-year figure. The main factor in the current year was the transfer of the remaining stake in Rampion wind farm to RWE.

Items resulting from the subsequent valuation of hidden reserves and liabilities as part of the purchase-price allocation are disclosed separately.

Reconciliation to Adjusted Net Income
Adjusted net income of €1,765 million was 86 percent above the prior-year figure of €950 million. Besides the above-described effects in the reconciliation to adjusted EBIT, this reconciliation includes following items:

Non-operating interest income/expenses declined by €92 million year on year, principally because of the non-recurrence of income from previous years recorded in 2020. This was partially offset by valuation effects on securities recorded at fair value on the balance-sheet date. In addition, this item includes, as in the prior-year period, income from the resolution of the difference between the nominal and fair value of innogy bonds.

The tax rate on operating earnings of continuing operations decreased from 25 percent in the prior-year period to 23 percent, in part because of the utilization of tax losses, which lowered the tax rate.

Non-controlling interests' share of operating earnings rose from €270 million to €288 million. This is mainly attributable to the inclusion of VSEH.

Reconciliation to Adjusted Net Income

	Second quarter		First half	
€ in millions	2021	2020[1, 2]	2021	2020[1, 2]
Income/Loss from continuing operations before financial results and income taxes	**2,281**	**919**	**3,788**	**1,316**
Income/Loss from equity investments	53	68	66	55
EBIT	**2,334**	**987**	**3,854**	**1,371**
Non-operating adjustments	-826	-258	-691	814
Adjusted EBIT	**1,508**	**729**	**3,163**	**2,185**
Net interest income/loss	-200	97	-361	-332
Non-operating interest expense (+)/income (-)	-36	-344	-135	-227
Operating earnings before taxes	**1,272**	**482**	**2,667**	**1,626**
Taxes on operating earnings	-265	-120	-614	-406
Operating earnings attributable to non-controlling interests	-51	-90	-288	-270
Adjusted net income	**956**	**272**	**1,765**	**950**

[1]Includes the effects of retrospective changes in conjunction with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020.
[2]The prior-year figure was adjusted owing to intraperiod additions to provisions for contingent losses on pending transactions (cost of materials: -€281 million; income taxes: +€39 million).

Financial Situation

- **Economic net debt** almost **unchanged** from year-end 2020
- **Provisions for pensions significantly lower** due to higher actuarial discount rates
- **Operating cash flow down year on year** due to higher interest and tax payments
- **Investments in Energy Networks** and **Customer Solutions** at the **prior-year level**

E.ON presents its financial condition using, among other financial measures, economic net debt and operating cash flow.

Financial Position

Economic net debt rose slightly by €0.2 billion relative to year-end 2020 (€40.7 billion) to €40.9 billion.

E.ON's net financial position decreased by €1.9 billion compared with year-end 2020, from -€24 billion to -€25.9 billion. E.ON SE's dividend payment and investment expenditures were partially offset by positive operating cash flow.

Financial liabilities of €31.4 billion include E.ON SE's two issuances of bonds in the current year totaling €1.4 billion as well as the repayment of a €0.75 billion euro-denominated bond and a €0.7 billion sterling-denominated bond. The increase is mainly attributable to adverse currency-translation effects on bonds denominated in foreign currencies. These effects were largely offset in E.ON's net financial position by positive effects from foreign-currency hedging.

Actuarial Discount Rates Higher

	Germany	United Kingdom
June 30, 2021	1.1%	1.9%
Dec. 31, 2020	0.8%	1.4%

In addition, economic net debt was positively affected by an increase in actuarial discount rates for pensions, which led to a reduction in defined benefit obligations, and by the return on plan assets (see Note 11 to the Consolidated Financial Statements).

Economic Net Debt

€ in millions	June 30, 2021	Dec. 31, 2020
Liquid funds	3,523	4,795
Non-current securities	1,790	1,887
Financial liabilities[1]	-31,399	-30,720
FX hedging adjustment	216	82
Net financial position	**-25,870**	**-23,956**
Provisions for pensions	-6,400	-8,088
Asset-retirement obligations[2]	-8,596	-8,692
Economic net debt	**-40,866**	**-40,736**

[1]Bonds issued by innogy are recorded at their nominal value. The figure shown in the Consolidated Balance Sheets is €2 billion higher (year-end 2020: €2.1 billion higher).
[2]This figure is not the same as the asset-retirement obligations shown in the Consolidated Balance Sheets (€10,025 million at June 30, 2021; €10,194 million at December 31, 2020). This is because economic net debt is calculated in part based on the actual amount of E.ON's obligations.

Ratings

	Long-term	Outlook	Short-term
S&P	**BBB**	**Stable**	**A-2**
Moody's	**Baa2**	**Stable**	**P-2**

E.ON's creditworthiness has been assessed by Standard & Poor's ("S&P") and Moody's with long-term ratings of BBB and Baa2, respectively. The outlook for both ratings is stable. Both S&P and Moody's anticipated that, over the near and medium term, E.ON will be able to maintain a debt ratio commensurate with these ratings. S&P's and Moody's short-term ratings are unchanged at A-2 and P-2, respectively.

Investments

In the first half of 2021 the E.ON Group's cash-effective investments of €1.9 billion surpassed the prior-year level of €1.4 billion. The E.ON Group invested about €1.7 billion in property, plant, and equipment and intangible assets (prior year: €1.8 billion). Share investments totaled about €0.2 billion versus -€0.4 billion in the prior year.

Investments

First half € in millions	2021	2020	+/- %
Energy Networks	1,320	1,299	2
Customer Solutions	306	332	-8
Corporate Functions/Other	133	-365	136
Consolidation	1	-2	150
Investments in core business	**1,760**	**1,264**	**39**
Non-Core Business	148	158	-6
E.ON Group investments	**1,908**	**1,422**	**34**

Energy Networks' investments of €1.3 billion, which were at the prior-year level, went principally toward expanding and modernizing its network infrastructure. Customer Solutions' investments declined by 8 percent year on year to €0.3 billion. In Sweden in particular, investments were below the prior-year level due to the completion of the Högbytorp project. In addition, the prior-year figure included expenditures for the acquisition of Coromatic, a leading supplier of critical building infrastructure. By contrast, E.ON Business Solutions' investments in projects relating to distributed energy production were higher than in the prior-year.

Investments recorded at Corporate Functions/Other of €133 million are principally attributable to subsequent purchase-price payments in conjunction with the innogy acquisition.

Cash Flow

Cash provided by operating activities of continuing operations before interest and taxes of €2.2 billion was significantly above the prior-year level of €1.5 billion. The increase mainly reflects a €0.6 billion improvement at Customer Solutions. Cash flow increased in particular at this segment's sales business in Germany owing to improved cash-effective earnings as well as working-capital effects. Operating cash flow before interest and taxes at Energy Networks, Non-Core Business, and Corporate Functions/Other was at the prior-year level.

Cash provided by operating activities of continuing operations was adversely affected by interest and tax payments.

Cash Flow[1]

First half € in millions	2021	2020
Cash provided by (used for) operating activities (operating cash flow)	1,205	1,303
Operating cash flow before interest and taxes	2,171	1,521
Cash provided by (used for) investing activities	-1,424	-596
Cash provided by (used for) financing activities	-912	-1,310

[1]From continuing operations.

Cash provided by investing activities of continuing operations totaled -€1.4 billion versus -€0.6 billion in the prior-year period. In the first quarter of the prior year E.ON received the payment for the indirect stake in Nord Stream AG that had been transferred to the CTA in 2019. In addition, prior-year cash flow benefited from a subsequent purchase-price payment by RWE for the innogy acquisition and from the sale of the heating electricity business. By contrast, changes in restricted cash and cash equivalents had a positive impact on cash provided by investing activities.

Cash provided by financing activities of continuing operations of -€0.9 billion was €0.4 billion above the prior-year figure of -€1.3 billion. Compensation payments made to innogy's remaining minority shareholders in the prior-year period did not recur. By contrast, net cash inflow from changes in financial liabilities was significantly lower year on year.

Asset Situation

Total assets and liabilities of €100.1 billion were about €4.8 billion, or 5 percent, above the figure at year-end 2020. Non-current assets rose by €1.5 billion to €77 billion. This is mainly attributable to an increase in receivables on derivative financial instruments.

Current assets increased by 16 percent, from €19.9 billion to €23.2 billion. This likewise resulted from the increase in receivables on derivative financial instruments. A reduction in liquid funds was a countervailing factor.

Equity attributable to E.ON SE shareholders was about €9.3 billion at June 30, 2021. Equity attributable to non-controlling interests was roughly €5.2 billion. The equity ratio (including non-controlling interests) at June 30, 2021, was 14 percent, which is 5 percentage points higher than at year-end 2020. Positive net income in the first half of 2021 was the primary factor. Equity was also increased by the remeasurement of pension obligations and other items not affecting net income recorded under other comprehensive income. The dividend payout totaling €1.6 billion was a countervailing factor.

Non-current debt rose by €0.9 billion, or 2 percent, chiefly because of the development of non-current bonds and other operating liabilities. This was partially offset by a reduction in pension obligations, which resulted from an increase in the actuarial discount rates used by the E.ON Group, and by a positive return on plan assets.

Current debt of €23 billion was 6 percent below the figure at year-end 2020, due principally to the cancellation of the put option for enviaM AG and the development of current bonds. An increase in liabilities relating to derivative financial instruments was a countervailing factor.

Consolidated Assets, Liabilities, and Equity

€ in millions	June 30, 2021	%	Dec. 31, 2020[1]	%
Non-current assets	76,990	77	75,484	79
Current assets	23,150	23	19,901	21
Total assets	**100,140**	**100**	**95,385**	**100**
Equity	14,461	14	9,055	9
Non-current liabilities	62,693	63	61,761	65
Current liabilities	22,986	23	24,569	26
Total equity and liabilities	**100,140**	**100**	**95,385**	**100**

[1]Certain adjustments to the preliminary accounting treatment of the innogy acquisition must be presented retroactively to the date of the acquisition.

Employees: Core Workforce

At June 30, 2021, the E.ON Group employed a core workforce of 73,072 full-time equivalents ("FTE") worldwide. E.ON also had 1,899 FTE apprentices and 563 FTE interns and work-study students worldwide. E.ON's core workforce therefore declined by 2 percent relative to year-end 2020. About 52 percent of the core workforce works outside Germany.

Core Workforce[1]

FTE	June 30, 2021	Dec. 31, 2020	+/- %
Energy Networks	39,608	39,066	+1.4
Customer Solutions	28,093	30,192	-7.0
Corporate Functions/Other	3,587	3,791	-5.4
Core workforce Core business	**71,288**	**73,048**	**-2.4**
Non-Core Business	1,783	1,818	-1.9
Core workforce E.ON Group	**73,072**	**74,866**	**-2.4**

[1]Core workforce does not include apprentices and work-study students/interns. Full-time equivalents ("FTE") are reported, not people. Rounding differences are possible.

Energy Networks' headcount increased owing to the filling of vacancies to expand the business (in Germany, predominantly with apprentices who had successfully completed their training), the fulfillment of regulatory requirements, and knowledge-transfer programs.

The decline in Customer Solutions' core workforce mainly reflects restructuring projects, principally in the United Kingdom and Germany, as well as the sale of operations in Belgium.

The decline in the number of employees at Corporate Functions/Other resulted predominantly from voluntary terminations in conjunction with the innogy integration.

Risks and Chances Report

The Combined Group Management Report contained in the 2020 Annual Report describes in detail E.ON's management system for assessing risks and chances and the measures it takes to limit risks.

Risks and Chances

In the normal course of business, E.ON is subject to a number of risks that are inseparably linked to the operation of its businesses. The resulting risks and chances are described in detail in the 2020 Combined Group Management Report. The E.ON Group's risk and chance position described there remained essentially unchanged at the end of the first half of 2021. There are notable changes in legal and regulatory risks and opportunities. They relate in part to the legal implementation of the formal agreement between the responsible federal ministries and the operators of nuclear power plants on compensation for investments in lifetime extension and the pricing of residual electricity output rights and the factoring of these matters into E.ON's current planning. They also result from the Swedish parliament's decision regarding the possibility of transferring revenues from previous regulatory periods to future regulatory periods.

Assessment of the Risk Situation

From today's perspective, E.ON does not perceive any risks that could threaten the existence of E.ON SE, the E.ON Group, or individual segments.

Forecast Report

- **Forecast for adjusted EBIT increased** for the E.ON Group and Non-Core Business by around **€600 million** for the **current year** due to the **agreement** between the **German federal government** and the **operators of nuclear power plants** on residual power output rights

- **Medium-term targets, synergies,** and **dividend policy** affirmed

	2020	Forecast May 2021	Adjusted forecast August 2021
Adjusted EBITDA (€ in billions)	6.9	7.2 to 7.4	7.6 to 7.8
Adjusted EBIT (€ in billions)	3.8	3.8 to 4.0	4.4 to 4.6
Adjusted net income (€ in billions)	1.6	1.7 to 1.9	2.2 to 2.4
Adjusted net income per share (€)[1]	0.63	0.65 to 0.73	0.84 to 0.92
Cash-conversion rate (%)[2]	91	100[3]	100[3]
Cash-effective investments (€ in billions)	4.2	4.9	~4.9
Dividend per share (€)	0.47	up to 5% growth	up to 5% growth

1 Based on roughly 2,607 million shares outstanding.
2 Excludes expenditures for decommissioning nuclear power stations.
3 Average for the 2021 to 2023 financial years.

Business Segments

Energy Networks

Below we report important non-financial key figures for this segment; namely, power and gas passthrough.

Power and Gas Passthrough

First-half power passthrough in Germany of 115.6 billion kWh was slightly above the prior-year figure. This was due to below-average wind generation in the first six months of 2021, which resulted in more electricity being transmitted to downstream network operators. The recovery of the economy from the effects of the Covid-19 pandemic was reflected in both electricity and gas passthrough, particularly in the second quarter of 2021. This effect led to a significant increase of 15.1 billion kWh in gas passthrough in Germany in particular. The slightly cooler weather was also a positive factor.

Power passthrough in Sweden rose by about 1 billion kWh owing to weather factors.

East-Central Europe/Turkey's power and gas passthrough was higher in all regions relative to the prior-year period, due in part to cooler weather and positive economic development in the first half of 2021.

Energy Passthrough

	Germany		Sweden		East-Central Europe/ Turkey		Total	
Billion kWh	2021	2020	2021	2020	2021	2020	2021	2020
Second quarter								
Power	55.8	49.4	8.0	7.8	16.5	13.7	80.3	70.9
Line loss, station use, etc.	2.1	2.4	0.2	0.2	0.7	1.4	3.0	4.0
Gas	38.6	28.6	–	–	8.3	6.6	46.9	35.2
First half								
Power	115.6	113.1	19.0	18.0	35.1	30.8	169.7	161.9
Line loss, station use, etc.	3.7	3.5	0.6	0.5	2.0	2.0	6.3	6.0
Gas	107.3	92.2	–	–	28.3	25.6	135.6	117.8

Sales and Adjusted EBIT

Energy Networks' first-half sales of €9.1 billion were significantly above the prior-year level. Its first-half adjusted EBIT increased as well, from €1.7 billion to €1.8 billion.

Sales and adjusted EBIT in Germany were €7.2 billion and €1.2 billion, respectively (prior year: €7.1 billion and €1.1 billion, respectively). The improvement in sales and adjusted EBIT is primarily attributable to cooler weather and the non-recurrence of adverse effects resulting from the Covid-19 pandemic recorded in 2020.

Sales in Sweden rose from €0.4 billion in the prior-year period to €0.5 billion, mainly because of cooler weather and an increase in the number of network connections. Adjusted EBIT of €0.2 billion was at the prior-year level.

Sales (€1.4 billion) as well as adjusted EBIT (€0.4 billion) in East-Central Europe/Turkey were higher, chiefly because of higher passthrough. The inclusion of VSEH's network business in Slovakia also had a positive impact on sales and adjusted EBIT.

Customer Solutions

Below we report important non-financial key figures for this segment; namely, power and gas sales volume.

Power and Gas Sales Volume

This segment's first-half power sales declined by about 34 billion kWh to 153.1 billion kWh, whereas its gas sales rose by about 6 billion kWh to 230.7 billion kWh.

The sales business in Germany's power sales declined to 73.8 billion kWh (prior year: 98.1 billion kWh). Portfolio streamlining among sales partners was the primary factor. The optimization of the procurement portfolio for sales to the

Energy Networks

€ in millions	Germany 2021	Germany 2020	Sweden 2021	Sweden 2020	East-Central Europe/ Turkey 2021	East-Central Europe/ Turkey 2020	Total 2021	Total 2020
Second quarter								
Sales	3,438	3,306	224	209	622	525	4,284	4,040
Adjusted EBITDA[1]	828	747	129	127	249	205	1,206	1,079
Adjusted EBIT[1]	471	396	88	89	164	124	723	609
First half								
Sales	7,193	7,052	487	444	1,384	1,212	9,064	8,708
Adjusted EBITDA	1,899	1,841	276	263	562	481	2,737	2,585
Adjusted EBIT	1,194	1,145	192	186	391	321	1,777	1,652

[1]Including effects of retroactive changes relating to adjustments to the preliminary accounting treatment of the innogy acquisition; the second quarter of 2020 was adjusted accordingly.

wholesale market also led to lower sales. By contrast, power sales to residential and small and medium-sized enterprise ("SME") customers were at the prior-year level, since a reduction in sales volume resulting from the disposal of the heating electricity business in April 2020 was partially offset by new customers. The sales business in Germany's gas sales of 97.4 billion kWh were above the prior-year figure of 91.5 billion kWh. Sales volume rose in all customer groups, primarily because of weather factors. Only sales volume to sales partners was lower due to changes in the customer portfolio.

First-half power and gas sales in the United Kingdom declined to 30.7 billion kWh and 48.6 billion kWh, respectively (prior year: 42.3 billion kWh and 58.3 billion kWh, respectively). The same customer segments recorded the most significant reductions in sales volume for both power and gas. Sales volume to industrial and commercial ("I&C") customers declined owing in particular to Covid-19 effects and a reduction in the customer portfolio. Sales volume to the wholesale market declined as well because the amount resold due to Covid-19 was lower than in the prior year.

First-half power and gas sales in the Netherlands/Belgium totaled 10 billion kWh and 47.4 billion kWh, respectively (prior year: 9.8 billion kWh and 43.1 billion kWh, respectively). While electricity sales volume was at the prior-year level, gas sales volume to the wholesale market and to residential and SME customers increased because of weather factors. The sale of the customer business in Belgium had a counteracting effect. The decline in sales volume to I&C customers is mainly attributable to lower customer numbers.

Power sales of 38.6 billion kWh at the Other unit (Sweden, Hungary, Croatia, the Czech Republic, Romania, Italy, Poland, and Slovakia) were slightly above the prior-year figure of 37.5 billion kWh. Cooler weather had a positive effect on sales to residential and SME customers, particularly in Sweden. Sales volume to this customer segment increased in Hungary, Romania, and the Czech Republic, owing partly to higher residential electricity demand. Portfolio streamlining in Romania and Italy led to a decline in sales volume to I&C customers. The disposal of EKER had a negative impact on I&C electricity sales in Hungary. In Sweden, by contrast, sales volumes increased due to the acquisition of an I&C customer. Sales volume to the wholesale market declined in some countries, in Italy due in part to deteriorated market conditions as a result of Covid-19 and in the Czech Republic due mainly to the fact that more power was resold in the prior year.

Other's gas sales rose to 37.3 billion kWh (prior year: 32.3 billion kWh), mainly because of higher sales to residential and SME customers. The reasons varied. More gas was sold in the Czech Republic because of weather factors. Higher consumption and the acquisition of new customer groups led to higher gas sales in particular in Hungary and Romania. Sales volume to the wholesale market increased above all in Italy.

Power Sales

Billion kWh	Germany 2021	Germany 2020	United Kingdom 2021	United Kingdom 2020	Netherlands/ Belgium 2021	Netherlands/ Belgium 2020	Other[1] 2021	Other[1] 2020	Total 2021	Total 2020
Second quarter										
Residential and SME	7.4	7.2	4.7	4.8	1.2	1.8	7.8	6.9	21.2	20.8
I&C	5.0	7.7	2.8	8.0	1.1	1.3	5.8	6.6	14.7	23.6
Sales partners	13.4	27.0	0.7	0.5	–	–	1.7	0.9	15.8	28.4
Customer groups	**25.8**	**42.0**	**8.2**	**13.3**	**2.3**	**3.1**	**15.3**	**14.4**	**51.6**	**72.8**
Wholesale market	12.0	16.3	2.8	6.5	2.2	1.6	2.1	3.4	19.1	27.8
Total	**37.6**	**58.2**	**11.0**	**19.8**	**4.5**	**4.7**	**17.3**	**17.9**	**70.0**	**100.3**
First half										
Residential and SME	17.2	17.5	11.4	11.5	3.4	3.9	17.4	15.8	49.5	48.8
I&C	14.3	15.7	10.6	16.9	2.5	3.1	12.8	14.9	40.2	50.6
Sales partners	25.4	41.1	1.4	1.1	–	–	3.4	1.2	30.1	43.4
Customer groups	**56.9**	**74.4**	**23.4**	**29.5**	**5.9**	**7.0**	**33.6**	**31.9**	**119.7**	**142.8**
Wholesale market	16.9	23.8	7.3	12.8	4.1	2.8	5.1	5.5	33.4	45.2
Total	**73.8**	**98.1**	**30.7**	**42.3**	**10.0**	**9.8**	**38.6**	**37.5**	**153.1**	**187.7**

[1]Excludes E.ON Business Solutions.

Gas Sales

Billion kWh	Germany 2021	Germany 2020	United Kingdom 2021	United Kingdom 2020	Netherlands/ Belgium 2021	Netherlands/ Belgium 2020	Other[1] 2021	Other[1] 2020	Total 2021	Total 2020
Second quarter										
Residential and SME	8.2	6.6	8.3	7.4	4.4	3.5	5.0	3.8	25.9	21.3
I&C	4.2	5.2	3.3	6.0	5.8	8.8	4.4	4.3	17.8	24.3
Sales partners	9.2	15.1	1.3	1.0	–	–	0.3	0.2	10.8	16.3
Customer groups	**21.6**	**26.9**	**12.9**	**14.3**	**10.2**	**12.3**	**9.7**	**8.3**	**54.5**	**61.9**
Wholesale market	29.5	8.6	1.4	7.6	4.9	5.9	1.7	1.3	37.5	23.4
Total	**51.1**	**35.5**	**14.3**	**21.9**	**15.1**	**18.2**	**11.5**	**9.6**	**92.0**	**85.3**
First half										
Residential and SME	27.6	24.0	29.0	28.4	17.3	15.0	21.1	17.5	95.0	84.9
I&C	15.7	14.7	6.3	9.3	13.6	17.4	11.7	11.5	47.2	52.9
Sales partners	21.6	30.6	4.5	3.8	–	–	0.6	0.6	26.7	35.0
Customer groups	**64.9**	**69.3**	**39.8**	**41.4**	**30.9**	**32.4**	**33.4**	**29.6**	**168.9**	**172.8**
Wholesale market	32.5	22.2	8.8	16.9	16.5	10.7	3.9	2.7	61.8	52.5
Total	**97.4**	**91.5**	**48.6**	**58.3**	**47.4**	**43.1**	**37.3**	**32.3**	**230.7**	**225.3**

[1]Excludes E.ON Business Solutions.

Sales and Adjusted EBIT

Customer Solutions' first-half sales increased by 7 percent to €26.3 billion. Adjusted EBIT rose by 75 percent to €838 million.

Sales in Germany increased by 4 percent to €11,616 million. This is mainly attributable to the physical settlement of commodity derivatives (failed own-use transactions pursuant to IFRS 9, which are recorded under non-operating earnings). Volume-driven reductions in sales resulting from changes in the customer portfolio were partially offset by higher consumption due to comparatively cooler weather and positive effects from timely price adjustments. Adjusted EBIT rose as well, by 30 percent to €355 million. Cooler weather and positive effects from timely price adjustments were the main factors here too.

Sales in the United Kingdom increased by 5 percent to €7,755 million, adjusted EBIT by 149 percent to €163 million. Adjusted EBIT improved significantly mainly due to higher sales volume resulting from cooler weather and Covid-19 effects. Cost savings from the ongoing restructuring program also had a positive impact on earnings. This was partially offset by the streamlining of the customer portfolio.

Sales in the Netherlands/Belgium rose by 13 percent to €1,676 million, adjusted EBIT by 19 percent to €68 million. The improvement in sales and adjusted EBIT is attributable in part to higher consumption resulting from weather and Covid-19 effects.

Customer Solutions

	Germany		United Kingdom		Netherlands/ Belgium		Other		Total	
€ in millions	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Second quarter										
Sales	5,137	5,025	3,414	2,782	630	542	2,246	1,850	11,427	10,199
Adjusted EBITDA[1]	123	131	110	100	15	16	123	50	371	297
Adjusted EBIT[1]	91	102	79	68	-2	-2	63	-3	231	165
First half										
Sales	11,616	11,154	7,755	7,356	1,676	1,489	5,216	4,593	26,263	24,592
Adjusted EBITDA	419	330	221	132	100	90	370	187	1,110	739
Adjusted EBIT	355	273	163	66	68	57	252	84	838	480

[1]Including effects of retroactive changes relating to adjustments to the preliminary accounting treatment of the innogy acquisition; the second quarter of 2020 was adjusted accordingly.

Other's sales rose by 14 percent to €5,216 million. The reasons included the inclusion of VSEH's sales business along with weather and Covid-19 effects in a number of countries. Sweden benefited from growth in electromobility and infrastructure-related energy solutions, Italy from a larger customer base. By contrast, sales in Hungary declined, owing in part to lower prices and sales volume. Adjusted EBIT tripled to €252 million. The reasons included higher sales volume resulting from weather and Covid-19 effects (in Sweden and elsewhere) and the expansion of sales activities (in Italy and elsewhere).

Non-Core Business

Below we report important non-financial key figures for this segment; namely, power generation and power procurement.

PreussenElektra's Power Generation

First-half power procured (owned generation and purchases) was about 0.9 billion kWh above the prior-year figure. The year-on-year increase is mainly attributable to a shorter planned outage at Grohnde nuclear power plant ("NPP") and higher output at Brokdorf NPP.

Power Generation

Billion kWh	PreussenElektra 2021	PreussenElektra 2020
Second quarter		
Owned generation	7.5	6.5
Purchases	0.3	0.4
Jointly owned power plants	–	–
Third parties	*0.3*	*0.4*
Total	**7.8**	**6.9**
Station use, line loss, etc.	–	-0.1
Power sales	**7.8**	**6.8**
First half		
Owned generation	15.0	14.1
Purchases	0.6	0.6
Jointly owned power plants	–	–
Third parties	*0.6*	*0.6*
Total	**15.6**	**14.7**
Station use, line loss, etc.	–	-0.1
Power sales	**15.6**	**14.6**

Sales and Adjusted EBIT

Sales at Non-Core Business of €710 million were €14 million above the prior-year figure. Adjusted EBIT rose by €476 million to €717 million.

PreussenElektra's sales rose slightly year on year, mainly because of higher sales prices and higher sales volume. This was partially offset by the implementation, following the Bundesrat's approval on June 25, 2021, of the public law agreement of March 25, 2021, between the German federal government and the country's NPP operators, which will result in previous purchases of residual power being refunded. A portion of the resulting repayments will be passed through to the minority shareholders of E.ON's jointly owned NPPs.

The year-on-year improvement in PreussenElektra's adjusted EBIT is attributable in part to higher sales prices and higher sales volume but mainly to the aforementioned implementation of the public law agreement between the German federal government and NPP operators. In this context, previous purchases of residual power will be refunded. This resulted in a positive effect of roughly €0.5 billion.

Equity earnings on E.ON's stake in Enerjisa Üretim also surpassed the prior-year figure, primarily because of operating improvements, which were partially offset by currency-translation effects resulting from the weakening of the Turkish lira.

Non-Core Business

€ in millions	PreussenElektra 2021	PreussenElektra 2020	Generation Turkey 2021	Generation Turkey 2020	Total 2021	Total 2020
Second quarter						
Sales	333	310	–	–	333	310
Adjusted EBITDA	770	189	7	-9	777	180
Adjusted EBIT	605	67	7	-9	612	58
First half						
Sales	710	696	–	–	710	696
Adjusted EBITDA	1,017	461	23	19	1,040	480
Adjusted EBIT	694	222	23	19	717	241

Condensed Consolidated Interim Financial Statements

E.ON SE and Subsidiaries Consolidated Statements of Income

€ in millions	Note	Second quarter 2021	Second quarter 2020[1]	First half 2021	First half 2020[1]
Sales including electricity and energy taxes		15,121	13,450	34,637	31,970
Electricity and energy taxes		-483	-612	-1,597	-1,467
Sales	(13)	**14,638**	**12,838**	**33,040**	**30,503**
Changes in inventories (finished goods and work in progress)		54	59	87	138
Own work capitalized		179	114	292	230
Other operating incomes		6,584	678	9,590	5,001
Cost of materials[2]		-12,812	-9,633	-27,394	-23,383
Personnel costs		-1,422	-1,476	-2,866	-2,841
Depreciation, amortization and impairment charges		-969	-920	-1,927	-1,806
Other operating expenses		-4,092	-821	-7,267	-6,745
Thereof: Impairments of financial assets		*-85*	*-15*	*-187*	*-117*
Income from companies accounted for under the equity method	(8)	121	80	233	219
Income from continuing operations before financial results and income taxes		**2,281**	**919**	**3,788**	**1,316**
Financial results		-147	165	-295	-277
Income/Loss from equity investments		*53*	*68*	*66*	*55*
Income from other securities, interest and similar income	(6)	*210*	*343*	*354*	*422*
Interest and similar expenses		*-410*	*-246*	*-715*	*-754*
Income taxes[2]		-381	-471	-721	-649
Income from continuing operations		**1,753**	**613**	**2,772**	**390**
Income/Loss from discontinued operations, net	(5)	–	26	–	-63
Net income		**1,753**	**639**	**2,772**	**327**
Attributable to shareholders of E.ON SE		*1,747*	*599*	*2,548*	*161*
Attributable to non-controlling interests		*6*	*40*	*224*	*166*
in €					
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted[3]	(7)				
from continuing operations		0.67	0.22	0.98	0.09
from discontinued operations		0.00	0.01	–	-0.03
from net income		**0.67**	**0.23**	**0.98**	**0.06**
Weighted-average number of shares outstanding (in millions)		2,607	2,607	2,607	2,607

[1]Including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020.
[2]Prior-year figures were adjusted retrospectively owing to a change in intraperiod additions to provisions for contingent losses on pending transactions (cost of materials: -€281 million; income taxes: +€39 million).
[3]Based on weighted-average number of shares outstanding.

E.ON SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses

	Second quarter		First half	
€ in millions	2021	2020[1]	2021	2020[1]
Net income	**1,753**	**639**	**2,772**	**327**
Remeasurements of defined benefit plans	244	-1,849	1,980	-694
Remeasurements of defined benefit plans of companies accounted for under the equity method	–	3	-3	2
Income taxes	54	357	-92	161
Items that will not be reclassified subsequently to the income statement	**298**	**-1,489**	**1,885**	**-531**
Cash flow hedges	190	-122	491	-219
Unrealized changes—hedging reserve	*20*	*-134*	*416*	*-203*
Unrealized changes—reserve for hedging costs	*21*	*-33*	*25*	*-44*
Reclassification adjustments recognized in income	*149*	*45*	*50*	*28*
Fair value measurement of financial instruments	5	68	-29	13
Unrealized changes	*5*	*68*	*-29*	*14*
Reclassification adjustments recognized in income	–	–	–	*-1*
Currency-translation adjustments	184	259	110	-231
Unrealized changes—hedging reserve/other	*181*	*256*	*109*	*-224*
Unrealized changes—reserve for hedging costs	*1*	*3*	*-1*	*-7*
Reclassification adjustments recognized in income	*2*	–	*2*	–
Companies accounted for under the equity method	-48	-53	-50	-193
Unrealized changes	*-31*	*-53*	*-33*	*-193*
Reclassification adjustments recognized in income	*-17*	–	*-17*	–
Income taxes	-14	-21	23	-22
Items that might be reclassified subsequently to the income statement	**317**	**131**	**545**	**-652**
Total income and expenses recognized directly in equity (other comprehensive income)	**615**	**-1,358**	**2,430**	**-1,183**
Total recognized income and expenses (total comprehensive income)	**2,368**	**-719**	**5,202**	**-856**
Attributable to shareholders of E.ON SE	*2,364*	*-668*	*4,853*	*-966*
Continuing operations	*2,364*	*-681*	*4,853*	*-747*
Discontinued operations	–	*13*	–	*-219*
Attributable to non-controlling interests	*4*	*-51*	*349*	*110*

[1]Including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020.

E.ON SE and Subsidiaries Consolidated Balance Sheets

€ in millions	Note	June 30, 2021	Dec. 31, 2020[1]
Assets			
Goodwill[2]		17,890	17,827
Intangible assets		3,618	3,855
Right-of-use assets		2,546	2,543
Property, plant and equipment		37,000	36,923
Companies accounted for under the equity method	(8)	4,164	4,383
Other financial assets	(8)	3,747	3,770
Equity investments		*1,957*	*1,883*
Non-current securities		*1,790*	*1,887*
Financial receivables and other financial assets		668	622
Operating receivables and other operating assets		5,458	3,244
Deferred tax assets		1,898	2,283
Income tax assets		1	34
Non-current assets		**76,990**	**75,484**
Inventories		1,118	1,131
Financial receivables and other financial assets		573	445
Trade receivables and other operating assets		16,053	11,525
Income tax assets		1,058	1,003
Liquid funds		3,523	4,795
Securities and fixed-term deposits		*1,196*	*1,111*
Restricted cash and cash equivalents		*787*	*1,016*
Cash and cash equivalents		*1,540*	*2,668*
Assets held for sale	(5)	825	1,002
Current assets		**23,150**	**19,901**
Total assets		**100,140**	**95,385**
Equity and Liabilities			
Capital stock		2,641	2,641
Additional paid-in capital		13,368	13,368
Retained earnings		-1,479	-5,257
Accumulated other comprehensive income		-4,146	-4,701
Treasury shares	(9)	-1,126	-1,126
Equity attributable to shareholders of E.ON SE		**9,258**	**4,925**
Non-controlling interests (before reclassification)		5,863	5,696
Reclassification related to IAS 32		-660	-1,566
Non-controlling interests		**5,203**	**4,130**
Equity		**14,461**	**9,055**
Financial liabilities		30,863	29,423
Operating liabilities		8,398	7,599
Income tax liabilities		245	362
Provisions for pensions and similar obligations	(11)	6,400	8,088
Miscellaneous provisions		13,731	13,296
Deferred tax liabilities		3,056	2,993
Non-current liabilities		**62,693**	**61,761**
Financial liabilities		2,558	3,418
Trade payables and other operating liabilities		14,999	16,215
Income tax liabilities		891	847
Miscellaneous provisions		4,330	3,904
Liabilities associated with assets held for sale	(5)	208	185
Current liabilities		**22,986**	**24,569**
Total equity and liabilities		**100,140**	**95,385**

[1]Including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020.
[2]Includes the preliminary differential amount from the VSEH purchase-price allocation.

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

First half € in millions	2021	2020
Net income[1]	**2,772**	**327**
Income/Loss from discontinued operations, net	–	63
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	1,927	1,806
Changes in provisions[1]	1,026	823
Changes in deferred taxes[1]	367	641
Other non-cash income and expenses	6	-87
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-115	-161
Changes in operating assets and liabilities and in income taxes	-4,778	-2,109
Cash provided by (used for) operating activities of continuing operations	**1,205**	**1,303**
Cash provided by (used for) operating activities of discontinued operations	–	-24
Cash provided by (used for) operating activities (operating cash flow)	**1,205**	**1,279**
Proceeds from disposal of	308	1,519
Intangible assets and property, plant and equipment	*137*	*176*
Equity investments	*171*	*1,343*
Purchases of investments in	-1,908	-1,422
Intangible assets and property, plant and equipment	*-1,746*	*-1,800*
Equity investments	*-162*	*378*
Changes in securities, financial receivables and fixed-term deposits	-73	-71
Changes in restricted cash and cash equivalents	249	-622
Cash provided by (used for) investing activities of continuing operations	**-1,424**	**-596**
Cash provided by (used for) investing activities of discontinued operations	–	-4
Cash provided by (used for) investing activities	**-1,424**	**-600**
Payments received/made from changes in capital	41	-2,366
Cash dividends paid to shareholders of E.ON SE	-1,225	-1,199
Cash dividends paid to non-controlling interests	-276	-295
Changes in financial liabilities	548	2,550
Cash provided by (used for) financing activities of continuing operations	**-912**	**-1,310**
Cash provided by (used for) financing activities of discontinued operations	–	2
Cash provided by (used for) financing activities	**-912**	**-1,308**
Net increase/decrease in cash and cash equivalents	**-1,131**	**-629**
Effect of foreign exchange rates on cash and cash equivalents	19	1
Cash and cash equivalents at the beginning of the year[3]	2,668	1,902
Cash and cash equivalents of discontinued operations at the beginning of the period	–	14
Cash and cash equivalents at the end of the period	**1,556**	**1,288**
Less: Cash and cash equivalents of discontinued operations at the end of the period	**–**	**-46**
Cash and cash equivalents of continuing operations at the end of the period[2, 4]	**1,556**	**1,242**

[1]Prior-year figures were adjusted retrospectively owing to a change in intraperiod additions to provisions for contingent losses on pending transactions (cost of materials: -€281 million; income taxes: +€39 million).
[2]Cash and cash equivalents of continuing operations at the end of the period also include €16 million attributable to the network operations of Hungary innogy that were reclassified as a disposal group.
[3]Cash and cash equivalents of continuing operations at the beginning of the period of the prior year also include €4 million attributable to the sales operations in Hungary that were reclassified as a disposal group and €4 million attributable to the sales operations of the heating electricity business in Germany which was divested in the second quarter.
[4]Cash and cash equivalents of continuing operations at the end of the period of the prior year also include €8 million attributable to Trave Netz GmbH reclassified as a disposal group.

Statement of Changes in Equity[1]

				Changes in accumulated other comprehensive income				
				Currency translation adjustments		Fair value measure-ment of financial instruments	Cash flow hedges	
€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Hedging reserve/ other	Reserve for hedging costs		Hedging reserve	Reserve for hedging costs
Balance as of January 1, 2020	**2,641**	**13,368**	**-1,927**	**-2,465**	**11**	**33**	**-1,418**	**-18**
Change in scope of consolidation			-13			-1	1	
Capital increase								
Dividends			-1,199					
Share additions/reductions			-2,393					
Net additions/disposals from reclassification related to IAS 32								
Total comprehensive income			-319	-398	-7	1	-199	-44
Net income/loss			*161*					
Other comprehensive income			*-480*	*-398*	*-7*	*1*	*-199*	*-44*
Remeasurements of defined benefit plans			*-480*					
Changes in accumulated other comprehensive income				*-398*	*-7*	*1*	*-199*	*-44*
Balance as of June 30, 2020	**2,641**	**13,368**	**-5,851**	**-2,863**	**4**	**33**	**-1,616**	**-62**
Balance as of January 1, 2021	**2,641**	**13,368**	**-5,257**	**-2,969**	**10**	**67**	**-1,749**	**-60**
Change in scope of consolidation			718	-5		1	4	
Capital increase								
Dividends			-1,225					
Share additions/reductions			-13					
Net additions/disposals from reclassification related to IAS 32								
Total comprehensive income			4,298	50	-1	-19	500	25
Net income/loss			*2,548*					
Other comprehensive income			*1,750*	*50*	*-1*	*-19*	*500*	*25*
Remeasurements of defined benefit plans			*1,750*					
Changes in accumulated other comprehensive income				*50*	*-1*	*-19*	*500*	*25*
Balance as of June 30, 2021	**2,641**	**13,368**	**-1,479**	**-2,924**	**9**	**49**	**-1,245**	**-35**

[1]Adjusted prior-year figures.

	Treasury shares	Equity attributable to shareholders of E.ON SE	Non-controlling interests (before reclassification)	Reclassification related to IAS 32	Non-controlling interests	Total
	-1,126	**9,099**	**5,632**	**-1,483**	**4,149**	**13,248**
		-13	3		3	-10
		-1,199	-311		-311	-1,510
		-2,393	67		67	-2,326
				-46	-46	-46
		-966	110		110	-856
		161	*166*		*166*	*327*
		-1,127	*-56*		*-56*	*-1,183*
		-480	*-51*		*-51*	*-531*
		-647	*-5*		*-5*	*-652*
	-1,126	**4,528**	**5,501**	**-1,529**	**3,972**	**8,500**
	-1,126	**4,925**	**5,696**	**-1,566**	**4,130**	**9,055**
		718	94		94	812
		-1,225	-325		-325	-1,550
		-13	49		49	36
				906	906	906
		4,853	349		349	5,202
		2,548	*224*		*224*	*2,772*
		2,305	*125*		*125*	*2,430*
		1,750	*135*		*135*	*1,885*
		555	*-10*		*-10*	*545*
	-1,126	**9,258**	**5,863**	**-660**	**5,203**	**14,461**

(1) Summary of Significant Accounting Policies

The Interim Report for the six months ended June 30, 2021, has been prepared in accordance with those International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee interpretations ("IFRS IC") effective and adopted for use in the European Union ("EU"). In accordance with Section 115 of the German Securities Trading Act, it comprises interim financial statements and an interim management report.

With the exception of the changes described in Note 2, this Interim Report was prepared using the accounting, valuation and consolidation policies used in the Consolidated Financial Statements for the 2020 financial year.

Estimates and judgments may affect the amount of assets and liabilities reported in the balance sheet, the information on contingent assets and liabilities on the balance sheet date and the income and expenses recognized during the reporting period. Due to the unpredictable global consequences of the Covid-19 pandemic, these estimates and judgments are subject to increased uncertainty. The actual amounts may differ from the estimates and judgments made; changes may have a material impact on the interim financial statements. When the estimates and judgments were updated on the reporting date, all available information on expected economic developments and country-specific government measures was taken into account. However, since the Covid-19 pandemic is continuously evolving, it is difficult to predict its duration and the extent of its impact on assets, liabilities, earnings and cash flows. A quantitative assessment of the impact of the Covid-19 pandemic at the E.ON Group based on available knowledge and best information available is presented in Note 3.

This Interim Report prepared in accordance with IAS 34 is condensed compared with the scope applied to the Consolidated Financial Statements for the full year. E.ON's Consolidated Financial Statements for the year ended December 31, 2020, which provide the basis for this Interim Report, contain further information, including information about E.ON's risk management system.

Additional notes to the financial statements can be found in the Interim Management Report.

(2) New Standards and Interpretations

The following new standards and interpretations to be applied do not have a material impact on E.ON's Consolidated Financial Statements as of June 30, 2021:

- Amendments to IFRS 16, "Covid-19-Related Rent Concessions (Amendment to IFRS 16)"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, "Interest Rate Benchmark Reform – Phase II"
- Amendments to IFRS 4, "Extension of the Temporary Exemption from Applying IFRS 9"

(3) Impact of the Covid-19 Pandemic

The consequences of the Covid-19 pandemic impacted E.ON's businesses in the first half of this year. However, the economic consequences of the Covid-19 pandemic, which had a negative impact on E.ON's activities in the first half of 2020, did not, for the most part, continue to apply during the first six months of 2021. At the same time, it should be noted that economic impacts of varying magnitude continued to be felt in individual regions and segments.

The slightly increased risk provisions for contingent receivables established in the previous year were retained in part. Overall, the Covid-19 pandemic did not generate a triggering event for the E.ON Group to test goodwill for impairment.

(4) Scope of Consolidation

The number of consolidated companies is as follows:

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of December 31, 2020	**171**	**191**	**362**
Additions	1	1	2
Disposals/Mergers	5	25	30
Consolidated companies as of June 30, 2020	**167**	**167**	**334**

As of June 30, 2021, 54 domestic companies and 12 foreign companies were accounted for under the equity method (December 31, 2020: 54 domestic and 13 foreign) and one company was presented pro rata as a joint operation (December 31, 2020: 1).

(5) Acquisitions, Disposals and Discontinued Operations

Reorganization of the Hungary Business

At the beginning of October 2019, E.ON acquired the 27-percent stake held by EnBW in ELMŰ Nyrt. ("ELMŰ") and ÉMÁSZ Nyrt. ("ÉMÁSZ"). A framework agreement was subsequently signed between E.ON, MVM Magyar Villamos Művek Zrt. (a shareholder of ELMŰ and ÉMÁSZ) ("MVM") and Opus Global Nyrt. ("Opus"). Under this agreement, E.ON will be able to create a balanced and optimized portfolio in Hungary, which will also facilitate the rapid integration of innogy's Hungary activities.

The agreement is expected to be fully implemented by the end of 2021, after approval by the competent authorities. Subsequently, MVM holds 100 percent of the ÉMÁSZ distribution network operator ÉMÁSZ Hálózati Kft. ("ÉMÁSZ DSO") and a 25-percent stake in E.ON Hungária (including the acquired innogy holding companies ELMŰ and ÉMÁSZ). E.ON has already recognized the ÉMÁSZ distribution network operator business as a disposal group in accordance with IFRS 5 as of December 31, 2020. The contract documents were signed on April 22, 2021. As of June 30, 2021, assets of €0.3 billion (December 31, 2020: €0.2 billion) and liabilities of €0.1 billion (December 31, 2020: €0.1 billion) were reported in the disposal group.

In addition, Opus Energy Kft. will acquire E.ON's current subsidiary E.ON Tiszántúli Áramhálózati Zrt. ("E.ON ETI"). The business of E.ON ETI was already reported as a disposal group in accordance with IFRS 5 as of December 31, 2019. The contract documents were signed on March 30, 2021. As of June 30, 2021, assets, primarily property, plant and equipment and other assets, totaled €0.3 billion (December 31, 2020: €0.3 billion) and liabilities, primarily payables and provisions, totaled €0.1 billion (December 31, 2020: €0.1 billion).

Consortium Agreement with RheinEnergie

On June 29, 2021, Westenergie AG, a fully consolidated subsidiary of the E.ON Group, entered into a new consortium agreement with RheinEnergie AG. This agreement will enable E.ON to exert significant influence on the further development of the energy supply in one of Germany's fastest-growing economic regions and to benefit from growth and synergies in the Rhineland. According to current plans, Westenergie and RheinEnergie will merge shareholdings in individual municipal utilities into rhenag Rheinische Energie Aktiengesellschaft (rhenag), a subsidiary that is also fully consolidated in the E.ON Group. As part of this transaction, disproportionate contributions of the regional participations of both parties will be made to rhenag. rhenag will continue to be fully consolidated by Westenergie.

Westenergie and RheinEnergie have also agreed to continue to optimize their operational cooperation with regard to plant management, leases and service agreements. The implementation of the steps planned in the consortium agreement is subject to the approval of the antitrust authorities and the Cologne district government. This transaction is scheduled to close on January 1, 2022.

Within the framework of the cooperative arrangement, it is also planned that Westenergie will transfer an additional 20 percent of the shares of Stadtwerke Duisburg, which is included in the consolidated financial statements as an associated company, to RheinEnergie, which will increase its share in RheinEnergie from 20 to up to 24.9 percent. The shareholding in Stadtwerke Duisburg is allocated to the Energy Networks Germany segment; from the second quarter of 2021, this shareholding will be presented as an asset held for sale in accordance with IFRS 5. There is no effect on net income as a result of the reclassification.

Sale of the Swedish Biogas Business

E.ON Energilösningar AB concluded an agreement with the subsidiary St1 Sverige AB of the energy company St1 Nordic Oy for the sale of 100 percent of the shares in E.ON Biofor Sverige AB. E.ON Biofor Sverige employs 35 biogas experts and is geographically located in the urban areas of southern Sweden and Stockholm. The holding in E.ON Biofor Sverige AB was allocated to the segment Customer Solutions Other. The transaction was completed upon satisfaction of customary closing conditions and regulatory approval on June 30, 2021. The parties agreed not to disclose the purchase price.

Acquisition of Shares in VSE Holding

E.ON completed the acquisition of 49 percent of the shares in Východoslovenská energetika Holding s.a. (VSEH), based in Košice, Slovakia, from RWE on August 21, 2020. VSEH consists of various business segments, of which the electricity distribution segment accounts for the largest share. With this transaction, E.ON broadened its business portfolio in the areas of energy networks and customer solutions in Slovakia. E.ON has a controlling influence within the meaning of IFRS 10 due to its extensive decision-making powers over the business activities of VSEH, so that VSEH and its subsidiaries were fully consolidated in the E.ON consolidated financial statements and an acquisition was required to be accounted for in accordance with IFRS 3.

The consideration transferred for the acquisition of shares amounted to €739 million. The purchase price to be paid to RWE was not cash-effective, but was offset against a receivable still outstanding from the completed acquisition of the innogy shares. The purchase price to be paid included a compensation payment for the waiver of preemptive rights of the Slovak state. The transaction therefore had no material impact on cash flows from investing activities. Acquisition costs of €2 million incurred for this purpose were recognized in the income statement under other operating expenses. The costs were mainly incurred for consulting services.

Compared to the status of the acquired assets and liabilities at fair value at acquisition and the preliminary amount to be allocated as part of the purchase price allocation as of December 31, 2020, as presented in the 2020 Annual Report, there have been no significant changes as of June 30, 2021. However, the purchase price allocation is still preliminary. Consequently, changes to the allocation of the purchase price to the individual assets and liabilities may still be made within the allowed adjustment period of up to twelve months after acquisition.

Sale of the Belgian Distribution Business

Dutch energy company Essent NV and Belgian energy company Luminus signed an agreement in February 2021 to sell Essent's Belgian commodity supply business. Essent currently supplies more than 500,000 electricity and gas customers in Belgium. Essent is a wholly-owned subsidiary of E.ON SE, Luminus is a 68.6-percent subsidiary of EdF S.A., and the remaining stake is held by municipalities and regional bodies.

The E.ON Group's Belgian sales business, which was allocated to the segment Customer Solutions Netherlands/Belgium, was reported in the balance sheet immediately in the first quarter of 2021 as a disposal group in accordance with IFRS 5. After the transaction was completed on May 3, 2021, the Belgian sales business was deconsolidated in the second quarter of 2021. The contracting parties have agreed not to disclose the amount of the purchase price.

(6) Financial Results

The following table provides details of financial results:

Financial Results

€ in millions	Second quarter 2021	Second quarter 2020	First half 2021	First half 2020
Income/Loss from companies in which equity investments are held	53	71	66	59
Impairment charges/reversals on other financial assets	–	-3	–	-4
Income/Loss from equity investments	**53**	**68**	**66**	**55**
Income/Loss from securities, interest and similar income	210	343	354	422
Interest and similar expenses	-410	-246	-715	-754
Net interest income/loss	**-200**	**97**	**-361**	**-332**
Financial results	**-147**	**165**	**-295**	**-277**

The financial result remains at the level of the prior year. Income for previous years recorded in 2020 did not recur. This was offset by valuation effects on securities recognized at fair value, which are recorded in non-operating earnings. For the presentation of partial effects in non-operating earnings, see page 14 in the Interim Management Report.

(7) Earnings per Share

The computation of earnings per share is shown below:

Earnings per Share

€ in millions	Second quarter 2021	Second quarter 2020[1]	First half 2021	First half 2020[1]
Income/Loss from continuing operations	1,753	613	2,772	390
Less: Non-controlling interests	-6	-40	-224	-163
Income/Loss from continuing operations (attributable to shareholders of E.ON SE)	**1,747**	**573**	**2,548**	**227**
Income/Loss from discontinued operations, net	–	26	–	-63
Less: Non-controlling interests	–	–	–	-3
Income/Loss from discontinued operations, net (attributable to shareholders of E.ON SE)	**–**	**26**	**–**	**-66**
Net income/loss attributable to shareholders of E.ON SE	**1,747**	**599**	**2,548**	**161**
in €				
Earnings per share (attributable to shareholders of E.ON SE)				
from continuing operations	0.67	0.22	0.98	0.09
from discontinued operations	–	0.01	–	-0.03
from net income/loss	**0.67**	**0.23**	**0.98**	**0.06**
Weighted-average number of shares outstanding (in millions)	2,607	2,607	2,607	2,607

[1] Including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020.

The computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

(8) Companies Accounted for under the Equity Method and Other Financial Assets

The following table shows the structure of financial assets:

Companies Accounted for under the Equity Method and Other Financial Assets

	June 30, 2021			December 31, 2020		
€ in millions	E.ON Group	Associates[1]	Joint ventures[1]	E.ON Group	Associates[1]	Joint ventures[1]
Companies accounted for under the equity method	4,164	2,567	1,598	4,383	2,651	1,732
Equity investments	1,957	710	190	1,883	698	181
Non-current securities	1,790	–	–	1,887	–	–
Total	**7,911**	**3,277**	**1,788**	**8,153**	**3,349**	**1,913**

[1]The associates and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

As in the first half of 2020, the net income of €233 million from companies accounted for under the equity method includes no impairments. The earnings from the Rampion wind farm, which was sold to RWE, was more than offset by higher earnings from holdings in the area of energy networks.

(9) Treasury Shares

Pursuant to a resolution by the Annual Shareholders Meeting of May 28, 2020, the Management Board will be authorized to acquire treasury shares until May 27, 2025. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a et seq. AktG, may at no time exceed 10 percent of the Company's share capital. The Management Board was authorized at the aforementioned Annual Shareholders Meeting to cancel acquired shares without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of June 30, 2021, was 2,607,369,233 (December 31, 2020: 2,607,369,233).

As of June 30, 2021, E.ON SE held a total of 33,949,567 treasury shares (December 31, 2020: 33,949,567) with a Group carrying amount of €1,126 million (equivalent to 1.29 percent or €33,949,567 of the share capital).

The Company has further been authorized by the Annual Shareholders Meeting of May 28, 2020, to buy shares using derivatives (put or call options, or a combination of both). When derivatives in the form of put or call options, or a combination of both, are used to acquire shares, the option transactions must be conducted with a financial institution or a company operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or para. 7 of the German Banking Act (KWG) or at market terms on the stock exchange. No shares were acquired in the reporting period using this purchase model.

(10) Dividends

Based on the resolution adopted by the Annual Shareholders Meeting on May 19, 2021, a dividend of €0.47 (2020: €0.46) for each eligible dividend-paying ordinary share was paid in the second quarter of 2021, which corresponds to a total dividend amount of €1,225 million (2020: €1,199 million).

(11) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations decreased by €1,688 million over year-end 2020. This was primarily due to actuarial gains resulting from an increase in the discount rates used in the E.ON Group and the positive development of the value of plan assets. The allocation of net periodic pension expenses partially offset this effect.

The following discount rates were applied for the computation of provisions for pensions and similar obligations in Germany and in the United Kingdom:

Discount Rates

Percentages	June 30, 2021	Dec. 31, 2020
Germany	1.10	0.80
United Kingdom	1.90	1.40

The IAS 19 discount rates for the EUR and GBP currency areas are determined on the basis of the uniform interest rate method. The full yield curve is used to determine the present value of the defined benefit obligation, and the IAS 19 discount rate disclosed is determined retrospectively as the discount rate that leads to the identical present value of the defined benefit obligation when applied uniformly. The yield curve used was previously derived on the basis of an internal E.ON procedure from currency-specific yields on high-quality corporate bonds determined as of the balance sheet date. As of the reporting date on June 30, 2021, the “RATE:Link” interest rate curve from provider Willis Towers Watson was used for the first time to determine the discount rates for the EUR and GBP currency areas. As of June 30, 2021, the adjustment will reduce the discount rate in Germany by 10 basis points compared to the previous method and result in a corresponding actuarial loss of €382 million. The adjustment has no effect on the discount rate applicable to the UK as of the reporting date.

The net defined benefit liability, which is equal to the difference between the present value of the defined benefit obligations and the fair value of plan assets, is determined as shown in the following table:

Net Defined Benefit Liability

€ in millions	June 30, 2021	Dec. 31, 2020
Present value of all defined benefit obligations	29,006	30,415
Fair value of plan assets	22,871	22,421
Net defined benefit liability	**6,135**	**7,994**
Presented as operating receivables	*-265*	*-94*
Presented as provisions for pensions and similar obligations	*6,400*	*8,088*

The net periodic pension cost for defined benefit plans included in the provisions for pensions and similar obligations and in operating receivables breaks down as shown in the following table:

Net Periodic Pension Cost for Defined Benefit Plans

	Second quarter		First half	
€ in millions	2021	2020	2021	2020
Employer service cost	96	86	190	170
Past service cost	1	8	6	34
Gains (-) and losses (+) on settlements	–	-7	–	-7
Net interest on the net defined benefit liability/asset	16	24	32	47
Total	**113**	**111**	**228**	**244**

(12) Additional Disclosures on Financial Instruments

Measurement of Financial Instruments

The value of financial instruments is determined on the basis of fair value measurement. The fair value of derivative financial instruments is sensitive to movements in underlying market rates and other relevant variables. The Company assesses and monitors the fair value of derivative instruments on a periodic basis. The fair value to be determined for each derivative financial instrument is the price at which one party can sell to a third party the rights and/or obligations embodied in that derivative. Fair values of derivatives are determined using customary market valuation methods, taking into account the market data available on the measurement date and including a credit risk premium. The counterparty credit risk is recognized in the form of a credit value adjustment.

Derivative financial instruments are covered by market netting agreements. Master netting agreements based on those developed by the International Swaps and Derivatives Association (ISDA), and supplemented by appropriate schedules, are in place with banks. Commodity transactions are generally governed by master agreements developed by the European Federation of Energy Traders (EFET). The aforementioned netting agreements are taken into account when determining the fair values of the financial instruments. Portfolio-based credit risks are also used in the calculations.

The fair values of individual assets are determined using published exchange or market prices at the time of acquisition in the case of marketable securities, fixed-term deposits and equity investments, and are adjusted to current market prices as of the reporting dates. If exchange or market prices are unavailable for consideration, fair values are determined using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. In such cases, E.ON determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital. Estimated cash flows are consistent with the internal mid-term planning data for the next three years, followed by two additional years of cash flow projections, which are extrapolated until the end of an asset's useful life using a growth rate based on industry and internal projections. The discount rate reflects the specific risks inherent in the activities.

Presentation of Financial Instruments

The following table shows the carrying amounts of the financial assets and financial liabilities that are measured at fair value, classified by measurement source:

Carrying Amounts of Financial Instruments as of June 30, 2021

€ in millions	Carrying amounts within the scope of IFRS 7	Determined using market prices (Level 1)	Derived from active market prices (Level 2)	Determined using valuation techniques (Level 3)
Assets				
Equity investments	497	100	2	395
Derivatives[1]	7,772	121	7,497	154
Securities and fixed-term deposits	2,986	2,497	489	–
Other financial receivables and financial assets	123	–	–	123
Liabilities				
Derivatives[1]	6,226	100	5,961	165

[1]Derivatives are included in the balance sheet item Trade receivables and other operating assets or Trade payables and other operating liabilities.

Carrying Amounts of Financial Instruments as of December 31, 2020

€ in millions	Carrying amounts within the scope of IFRS 7	Determined using market prices (Level 1)	Derived from active market prices (Level 2)	Determined using valuation techniques (Level 3)
Assets				
Equity investments	501	73	–	428
Derivatives[1]	3,277	102	3,045	130
Securities and fixed-term deposits	2,998	2,261	737	–
Other financial receivables and financial assets	123	–	–	123
Liabilities				
Derivatives[1]	4,297	86	4,096	115

[1]Derivatives are included in the balance sheet item Trade receivables and other operating assets or Trade payables and other operating liabilities.

The carrying amounts of cash and cash equivalents and of trade receivables are considered generally reasonable estimates of fair value because of their short maturity. Similarly, the carrying amounts of borrowings under revolving short-term credit facilities and trade payables are used as the fair value due to the short maturities of these items. As of June 30, 2021, financial liabilities include bonds with a fair value of €30,616 million (December 31, 2020: €30,963 million). The carrying amount of the bonds as of June 30, 2021, is €29,157 million (December 31, 2020: €29,019 million). The fair value of the remaining financial instruments largely corresponds to the carrying amount. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels. The proportion of fair values measured at Level 1 to those measured at Level 2 has not changed materially compared with December 31, 2020. There were no reclassifications between these two fair value hierarchy levels in the first six months of 2021. The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation

						Transfers			
€ in millions	Dec. 31, 2020	Purchases (including additions)	Sales (including disposals)	Settle-ments	Gains/ Losses in income statement	into Level 3	out of Level 3	Gains/ Losses in OCI	June 30, 2021
Equity investments	428	19	-29	–	-23	–	–	–	395
Derivative financial instruments	15	–	–	10	-36	–	–	–	-11
Total	**443**	**19**	**-29**	**10**	**-59**	**–**	**–**	**–**	**384**

The inputs of hierarchy level 3 for equity investments are determined taking into account economic developments and available industry and company data. A hypothetical 10-percent increase or decrease in the significant internal valuation parameters as of the balance sheet date would lead to a theoretical increase in fair value of €33 million or a decrease of €39 million.

Certain long-term energy contracts are measured using valuation models based on internal fundamental data if market prices are not available. A hypothetical 10-percent increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical increase or decrease in the market value in the amount of €±7 million.

Credit Risk

To the extent possible, collateral is negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies, letters of comfort or evidence of profit and loss transfer agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Derivative transactions are generally executed on the basis of standard agreements that allow for the netting of all open transactions with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Limits are imposed on the credit and liquidity risk resulting from bilateral margining agreements. As of June 30, 2021, exchange-traded forward and option contracts, as well as exchange-traded emissions-related derivatives, bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

(13) Segment Reporting

Segment Information

Led by its Group Management in Essen, Germany, the E.ON Group comprises the seven reporting segments described below, as well as a segment for its Non-Core Business and Corporate Functions/Other, all of which are reported here in accordance with IFRS 8. The combined segments, which are not separately reportable, in the East-Central Europe/Turkey Energy Networks business and the Customer Solutions Other business are of subordinate importance and have similar economic characteristics with respect to customer structure, products and distribution channels.

Changes were made to segment reporting in 2021. Activities in Croatia and the Slovakian entity VSEH consist of both network and sales business. This was previously included in full in the Energy Networks East-Central Europe/Turkey segment. Segment reporting was adjusted as of January 1, 2021. The electricity and gas sales activities and the new Customer Solutions activities in Croatia and VSEH are now reported in the Customer Solutions Other segment. The corresponding network business continues to be reported in the Energy Networks East-Central Europe/Turkey segment. In addition, the Polish heating companies are now included in the Customer Solutions Other segment and no longer under Customer Solutions Germany. The prior-year figures were adjusted accordingly, where necessary.

Energy Networks

Germany
This segment combines the electricity and gas distribution networks and all related activities in Germany.

Sweden
This segment comprises the electricity networks business in Sweden.

East-Central Europe/Turkey
This segment combines the distribution network activities in the Czech Republic, Hungary, Romania, Poland, Croatia, Slovakia and Turkey.

Customer Solutions

Germany
This segment consists of activities that supply our customers in Germany with electricity, gas and heating and the distribution of specific products and services in areas for improving energy efficiency and energy independence as well as the heating business.

United Kingdom
The segment presents sales activities and customer solutions in the U.K.

Netherlands/Belgium
The segment includes the distribution of electricity and gas as well as Customer Solutions in the Netherlands and Belgium.

Other
This segment combines sales activities and the corresponding Customer Solutions in Sweden, Italy, the Czech Republic, Hungary, Croatia, Romania, Poland, Slovakia and innovative solutions (such as E.ON Business Solutions and Electromobility).

Non-Core Business

Held in the Non-Core Business segment are the non-strategic activities of the E.ON Group. This includes the operation and decommissioning of German nuclear power plants, which are managed by the PreussenElektra operating unit, and the electricity generation business in Turkey.

Corporate Functions/Other

Corporate Functions/Other contains E.ON SE itself and the interests held directly by E.ON SE. The main task of Corporate Functions is to manage the E.ON Group. This includes the strategic development of the Group and the management and financing of the existing business portfolio. It also includes the E.ON Group's internal service providers. This also includes E.ON Energy Markets, which began operations in October 2020 as the Group's new central commodity procurement unit.

Financial Information by Business Segment[1]

	Energy Networks						Customer Solutions							
	Germany		Sweden		ECE/Turkey		Germany		United Kingdom		Netherlands/ Belgium		Other	
First quarter € in millions	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External sales	5,190	4,956	485	441	693	585	10,491	10,571	7,753	7,354	1,467	1,444	4,945	4,366
Intersegment sales	2,003	2,096	2	3	691	627	1,125	583	2	2	209	45	271	227
Sales	**7,193**	**7,052**	**487**	**444**	**1,384**	**1,212**	**11,616**	**11,154**	**7,755**	**7,356**	**1,676**	**1,489**	**5,216**	**4,593**
Depreciation and amortization[2]	**-705**	**-696**	**-84**	**-77**	**-171**	**-160**	**-64**	**-57**	**-58**	**-66**	**-32**	**-33**	**-118**	**-103**
Adjusted EBIT	**1,194**	**1,145**	**192**	**186**	**391**	**321**	**355**	**273**	**163**	**66**	**68**	**57**	**252**	**84**
Equity-method earnings[3]	*128*	*119*	–	–	*72*	*66*	*2*	*2*	–	–	*4*	*2*	*4*	*3*
Operating cash flow before interest and taxes	**1,169**	**1,316**	**297**	**296**	**570**	**454**	**-34**	**-496**	**-7**	**86**	**-104**	**-74**	**416**	**165**
Investments	**836**	**873**	**177**	**161**	**307**	**265**	**98**	**98**	**32**	**52**	**18**	**19**	**158**	**163**

[1]Because of changes in segment reporting, the prior-year figure was adjusted accordingly.
[2]Adjusted for non-operating effects.
[3]Under IFRS, impairment charges on companies accounted for using the equity method and impairment charges on other financial assets (and any reversals of such charges) are included in income/loss from companies accounted for using the equity method and financial results, respectively. These income effects are not part of adjusted EBIT.

The following table shows the reconciliation of operating cash flow before interest and taxes to operating cash flow from continuing operations:

Reconciliation of Operating Cash Flow[1]

First half € in millions	2021	2020
Operating cash flow before interest and taxes	**2,171**	**1,521**
Interest payments	-500	-404
Tax payments	-466	186
Operating cash flow	**1,205**	**1,303**

[1]Operating cash flow from continuing operations.

Non-Core Business									
PreussenElektra		Generation Turkey		Corporate Functions/Other		Consolidation		E.ON Group	
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
186	696	–	–	1,831	91	-1	-1	33,040	30,503
524	–	–	–	2,967	577	-7,794	-4,160	0	0
710	**696**	**–**	**–**	**4,798**	**668**	**-7,795**	**-4,161**	**33,040**	**30,503**
-323	**-239**	**–**	**–**	**-50**	**-64**	**–**	**1**	**-1,605**	**-1,494**
694	**222**	**23**	**19**	**-162**	**-186**	**-7**	**-2**	**3,163**	**2,185**
26	*27*	*23*	*19*	*–*	*11*	*-1*	*1*	*258*	*250*
287	**251**	**32**	**–**	**-455**	**-474**	**–**	**-3**	**2,171**	**1,521**
148	**158**	**–**	**–**	**133**	**-365**	**1**	**-2**	**1,908**	**1,422**

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes ("EBIT") adjusted to exclude non-operating effects, is the most important key figure used at E.ON for purposes of internal management control and as an indicator of our businesses' sustainable earnings power.

The E.ON Management Board is convinced that adjusted EBIT is the most suitable key figure for assessing operating performance because it presents our businesses' operating earnings independently of non-operating factors, interest, and taxes.

Unadjusted EBIT represents the Group's income/loss reported in accordance with IFRS before financial results and income taxes, taking into account the net income/expense from equity investments. To improve its meaningfulness as an indicator of the sustainable earnings power of the E.ON Group's business, unadjusted EBIT is adjusted for certain non-operating effects.

Operating earnings also include income from investment subsidies for which liabilities are recognized.

The non-operating earnings effects for which EBIT is adjusted include, in particular, non-operating interest expense/income, income and expenses from the marking to market of derivative financial instruments used for hedging and, where material, book gains/losses, certain restructuring expenses, impairment charges and reversals recognized in the context of impairment tests on non-current assets, on equity investments in affiliated or associated companies and on goodwill, and other contributions to non-operating earnings. In addition, effects from the valuation of certain provisions on the balance sheet date are disclosed in non-operating earnings. In addition, negative effects that are to be initially recognized from the subsequent measurement of hidden reserves and charges in connection with the innogy purchase price allocation and newly recognized effects from the measurement of financial assets in the innogy segment are included separately. These effects will be balanced out in subsequent periods.

The following table shows the reconciliation of income before financial results and income taxes to adjusted EBIT and adjusted EBITDA, respectively:

Page 14 of the Interim Group Management Report provides a more detailed explanation of the reconciliation of adjusted EBIT to the net income/loss reported in the Consolidated Financial Statements.

Reconciliation of Income before Financial Results and Income Taxes

	Second quarter		First half	
€ in millions	2021	2020[1]	2021	2020[1]
Income/Loss from continuing operations before financial results and income taxes	**2,281**	**919**	**3,788**	**1,316**
Income/Loss from equity investments	53	68	66	55
EBIT	**2,334**	**987**	**3,854**	**1,371**
Non-operating adjustments	**-826**	**-258**	**-691**	**814**
Net book gains/losses	*-58*	*-154*	*-59*	*-159*
Restructuring/Cost-management expenses	*92*	*212*	*176*	*305*
Effects from market valuation derivatives	*-1,164*	*-487*	*-1,201*	*351*
Impairments (+)/Reversals (-)	*36*	*16*	*12*	*16*
Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction[1]	*167*	*155*	*355*	*330*
Other non-operating earnings	*101*		*26*	*-29*
Adjusted EBIT	**1,508**	**729**	**3,163**	**2,185**
Impairments (+)/Reversals (-)	8	2	8	3
Scheduled depreciation and amortization	807	753	1,597	1,491
Adjusted EBITDA	**2,323**	**1,484**	**4,768**	**3,679**

[1]IIncluding the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020.

(14) Subsequent Events

Severe Weather in Germany

In mid-July, parts of Germany were affected by flooding and outages in the electricity and gas networks following severe storms. The outages were mainly caused by damage to the local infrastructure. At E.ON, the Westnetz service area was particularly impacted. E.ON worked with a large number of staff and with technical support from other Group companies to successfully restore service in the area and remediate the damage. Overall, the effects of the storm resulted in estimated costs in the mid-double-digit million euro range.

Responsibility Statement

To the best of our knowledge, and in accordance with applicable reporting principles for interim financial reporting, the Condensed Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Essen, Germany, August 9, 2021

The Board of Management

Birnbaum

König

Lammers

Ossadnik

Spieker

To E.ON SE, Essen

We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, income statement, statement of recognized income and expenses, condensed cash flow statement, statement of changes in equity and selected explanatory notes – together with the interim group management report of the E.ON SE for the period from January 1 to June 30, 2021 that are part of the half year financial report according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We performed our review of the condensed consolidated interim financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf, August 10, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Holger Kneisel Wirtschaftsprüfer (German Public Auditor)	Gereon Lurweg Wirtschaftsprüfer (German Public Auditor)

Financial Calendar

November 10, 2021	**Quarterly Statement: January – September 2021**
November 23, 2021	**Capital Markets Day**
March 16, 2022	**Release of the 2021 Annual Report**
May 11, 2022	**Quarterly Statement: January – March 2022**
May 12, 2022	**2022 Annual Shareholders Meeting**
August 10, 2022	**Half-Year Financial Report: January – June 2022**
November 9, 2022	**Quarterly Statement: January – September 2022**

Further information

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