# Interim Report II/2020

January – June

## E.ON Group Financial Highlights

| First half<br>€ in millions | 2020 | 2019 | +/- % |
|---|---|---|---|
| Sales[1] | 30,503 | 16,014 | +90 |
| Adjusted EBITDA[1, 2] | 3,656 | 2,710 | +35 |
| Adjusted EBIT[1, 2] | 2,162 | 1,717 | +26 |
| Net income/Net loss | 546 | 542 | +1 |
| Net income/Net loss attributable to shareholders of E.ON SE | 359 | 385 | -7 |
| Adjusted net income[1, 2] | 933 | 885 | +5 |
| Investments[1] | 1,422 | 1,319 | +8 |
| Cash provided by operating activities[1] | 1,279 | 496 | +158 |
| Cash provided by operating activities before interest and taxes[1] | 1,521 | 1,464 | +4 |
| Economic net debt (June 30 and December 31)[1] | 43,056 | 38,903 | +11 |
| Employees (June 30 and December 31)[1] | 78,023 | 78,948 | -1 |
| Earnings per share[3, 4] (€) | 0.14 | 0.18 | -22 |
| Adjusted net income per share[1, 3, 4] (€) | 0.36 | 0.41 | -12 |
| Shares outstanding (weighted average; in millions) | 2,607 | 2,167 | +20 |

[1]Includes until September 18, 2019, the discontinued operations in the Renewables segment (see Note 5 to the Condensed Consolidated Interim Financial Statements).
[2]Adjusted for non-operating effects.
[3]Based on shares outstanding (weighted average).
[4]Attributable to shareholders of E.ON SE.

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# Interim Group Management Report

## January – June 2020

- First-half adjusted EBIT significantly above prior-year figure due to innogy takeover
- Forecast range for adjusted EBIT and adjusted net income revised to €3.6 to €3.8 billion and €1.5 to €1.7 billion, respectively, due to COVID-19 pandemic
- Merger squeeze-out of innogy's remaining minority shareholders completed; final steps initiated to fulfill European Commission's conditions

# Corporate Profile

## Business Model

E.ON is an investor-owned energy company with approximately 78,000 employees led by corporate headquarters in Essen. The Group has two operating segments: Energy Networks and Customer Solutions. Non-strategic operations are reported under Non-Core Business. In the prior year the Group also had a Renewables segment (see commentary below).

### 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, Slovenia, Slovakia, and Turkey). This segment's main tasks include operating its power and gas networks safely and reliably, carrying out any necessary maintenance and repairs, and expanding its power and gas networks, which frequently involves adding customer connections.

### 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, 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, Romania, and Poland. Businesses that provide innovative solutions (like E.ON Business Solutions and the eMobility business) are also part of this segment.

### Renewables

This segment consisted of onshore wind, offshore wind, and solar farms. E.ON planned, built, operated, and managed renewable generation assets. Their output was marketed in several ways: in conjunction with renewable incentive programs, under long-term electricity supply agreements with key customers, and directly to the wholesale market. Substantially all of the operations in this segment were classified as discontinued operations effective June 30, 2018, and deconsolidated effective September 18, 2019. Certain business operations of e.disnatur in Germany and Poland as well as a 20-percent stake in Rampion offshore wind farm in the United Kingdom were not transferred to RWE and were reassigned to other segments (see "Special Events in the Reporting Period" below).

### 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

### Changes in Segment Reporting

The innogy takeover successfully closed in 2019. Effective January 1, 2020, innogy's operations are no longer managed and disclosed as a separate segment but rather integrated into Energy Networks, Customer Solutions, and Corporate Functions/Other. innogy's network businesses were assigned to Energy Networks. Its power and gas sales along with new customer solutions (such as eMobility services) are reported at Customer Solutions. Corporate Functions/Other includes innogy's corporate functions and internal services. After substantially all of the Renewables segment was transferred to RWE, its remaining businesses are reported at Energy Networks in Germany, Customer Solutions in the United Kingdom, and Corporate Functions/Other. Customer Solutions' Germany unit now includes the heating business formerly disclosed at its Other unit. In addition, three E.ON Business Solutions companies were transferred from Customer Solutions' Other unit to its United Kingdom unit. Where necessary, the prior-year figures were adjusted accordingly.

### Merger Squeeze-out of innogy's Remaining Minority Shareholders Concluded

On March 4, 2020, the Extraordinary General Meeting of innogy SE adopted a resolution to transfer the remaining minority shareholders' innogy stock. The merger squeeze-out adopted at the meeting took effect when the transfer resolution and merger were entered into the Commercial Register on June 2, 2020. In early June cash compensation totaling €2.4 billion was paid to minority shareholders. In addition, minority shareholders' -€0.2 billion stake in innogy SE was subtracted from Group equity and the shareholders' ratio was adjusted. The resulting difference of €2.6 billion was offset against retained earnings of E.ON SE shareholders.

At the conclusion of the squeeze-out, the originally €5 billion acquisition financing, which was reduced to €1.75 billion in August 2018, was cancelled.

### Corporate Bonds Issued

In the first half of 2020 E.ON issued various corporate bonds totaling €5 billion. The high level of investor demand enabled E.ON to secure favorable interest terms across all maturities (month of issuance in parenthesis):

- €750 million bond maturing in December 2023 with a coupon of 0 percent (January)
- €1 billion green bond maturing in September 2027 with a coupon of 0.375 percent (January)
- €500 million bond maturing in December 2030 with a coupon of 0.75 percent (January)
- €750 million bond maturing in October 2025 with a coupon of 1 percent (April)
- €1 billion bond maturing in April 2023 with a coupon of 0.375 percent (May)
- €500 million bond maturing in February 2028 with a coupon of 0.75 percent (May)
- €500 million green bond maturing in August 2031 with a coupon of 0.875 percent (May).

### Sale of Heating Electricity Business

One of the European Commission's conditions for the transfer of business operations with RWE was the sale of E.ON Energie Deutschland's heating electricity business in Germany. The portfolio of contracts consists of all special contracts with customers supplied with heating electricity and, if such customers also procure household electricity for which there is a separate meter at the same premises, the corresponding household electricity contract. In preparation for the sale, the portfolio of contracts was separated into two newly founded companies, E.ON Heizstrom Nord GmbH ("EHN") and E.ON Heizstrom Süd GmbH ("EHS"). Pursuant to IFRS 5, due to the obligation to sell these operations, E.ON reclassified the heating electricity business as a disposal group effective September 30, 2019. The sale of EHN and EHS closed on April 28, 2020.

### Agreement on Strategic Partnership with Kraken Technologies

In March 2020 E.ON reached a contractual agreement on a strategic partnership with Kraken Technologies, an affiliate of Octopus Energy. The strategic partnership, E.ON Next, uses Kraken Technologies' technology platform and will transform E.ON UK's business with residential and small and medium enterprise customers.

E.ON and Kraken Technologies will further improve the platform in order to offer outstanding customer service founded on the principles of customer orientation, simplicity, transparency, and cost-efficiency. npower's customers will be migrated to the new platform in the first phase, E.ON UK's customers in the second phase.

### Nord Stream Stake Transferred to Contractual Trust Arrangement ("CTA")

E.ON Beteiligungen GmbH held all of the shares of PEG Infrastruktur AG ("PEGI") and thus an indirect, 15.5-percent stake in Nord Stream AG. Nord Stream AG, a project company founded in 2005, owns and operates two offshore gas pipelines, each with a length of 1,224 kilometers, that transport natural gas from Russia to Germany. In a contract dated December 18, 2019, E.ON Beteiligungen GmbH sold all of its PEGI shares and thus its indirect stake in Nord Stream AG to E.ON Pension Trust e.V. ("EPT") with effect and for the account of the trust assets of MEON Pensions GmbH & Co. KG ("MEON"). The shares were transferred at the end of 2019. The purchase price of €1.1 billion was paid at the start of 2020.

### Sale of Real Estate Assets

Fully consolidated E.ON Group companies E.ON NA Capital, Inc. and E.ON RE Investments LLC have undertaken to sell real estate assets in the amount of roughly $248 million to E.ON Pension Trust, which is not fully consolidated, in the second and third quarters of 2020. The payments will be made primarily in the third quarter of 2020.

### Operations during the COVID-19 Pandemic

E.ON's top priorities during the COVID-19 pandemic remain a secure energy supply and the safety of employees and customers. E.ON's power, gas, and heat networks, which secure the energy supply in large parts of Europe, continue to run stably, even under these difficult conditions. E.ON was able to draw on previously prepared pandemic and crisis plans, which it implemented accordingly. This has made it possible to maintain all key functions. The most important measures included strict adherence to hygiene and social-distancing rules as well as the isolation of particularly sensitive work areas, such as network control centers. In addition, technicians who do field work on the network have special equipment to minimize the risk of infection. In many parts of the company, E.ON made arrangements for a large proportion of employees to work from home, enabling the provision of customer service as well.

In many European countries, the restrictions in public life and the economy have generally been relaxed. E.ON too has taken steps to enable many of its employees to return to their jobs responsibly. It is also continuously analyzing the risk situation resulting from the COVID-19 pandemic and, if necessary, will decide whether to further relax or tighten restrictions. In addition, E.ON announced reduced work schedules, particularly in the United Kingdom, and availed itself of related governmental support, which for the E.ON Group is, on balance, negligible.

Other impacts of the COVID-19 pandemic for E.ON's business are described in the Business Report, in the updated Forecast Report, the updated Risks and Chances Report, and the Business Segments, as well as Note 3 to the Condensed Consolidated Interim Financial Statements.

# Business Report

## Industry Environment

### Macroeconomic Environment

The COVID-19 pandemic significantly impeded the global economy in the first half of 2020. The steps taken by governments around the world to slow the spread of the virus were a major reason for the sharp decline in economic activity. According to Eurostat figures, first-quarter real GDP in the European Union fell by 3.2 percent relative to the previous quarter. Preliminary estimates indicate a further significant decline of 11.9 percent in the second quarter.

### Energy Policy Environment

Since the coalition agreement was signed in March 2018, the German federal government has moved forward with the following energy and climate policies:

Germany intends for renewables to meet 65 percent of its gross electricity demand by 2030. To meet this target, the federal government has held auctions for more than 12,000 MW of renewables capacity (solar, onshore wind, offshore wind as well as solar and wind) since March 2018. Due to legal difficulties relating to the approval of projects, the auctions for onshore wind have largely been undersubscribed. The long-standing policy debate about setbacks (the minimum distance between a wind farm and residential areas) was resolved in June 2020; the 52 GW cap on solar power capacity was lifted as well.

The core element of the climate action program adopted by the German federal government at the end of 2019 is the pricing of carbon emissions in the building and transport sector through the introduction of a national carbon pricing system as a supplement to the EU Emissions Trading Scheme ("ETS"). The Fuel Emissions Trading Act (German abbreviation: "BEHG") introduces carbon pricing, which starts at €25 per metric ton of carbon dioxide in 2021 and is to be gradually increased to €55 per metric ton by 2025; after this year it will be merged into the ETS. Under the Renewable Energy Sources Ordinance (German abbreviation: "EEV"), much of the proceeds from the BEHG will be used to reduce the EEG levy. Through the use of BEHG proceeds and general budget funds, the EEG levy is to be limited to 6.5 cents per kWh in 2021 and 6 cents per kWh in 2022.

The Coal Exit Act (German abbreviation: "KAusG") was passed shortly before the summer legislative break. It provides for the gradual phaseout of coal-fired power generation in Germany by 2038. Legislators agreed on higher compensation for operators of coal-fired power plants than was foreseen in the first draft of the act in January. A coal-replacement bonus is intended to promote the conversion of newer power plants in particular to gas (combined heat and power). The legislative package provides incentives for the use of hydrogen and biomass as well. It also includes the Structural Strengthening Act, which is intended to create opportunities for the coal regions affected by the phaseout.

In addition, in June 2020 the German federal government adopted its long-awaited national hydrogen strategy, which aims to develop a market for hydrogen produced, in particular, from renewable sources. Its purposes are to help Germany achieve its climate targets and to promote investment in technologies suitable for export. It provides roughly €7 billion in funding to establish up to 5 GW of electrolysis capacity by 2030. In early July the European Commission presented its hydrogen strategy, which has similar objectives for Europe. Initially, both strategies aim primarily to expand hydrogen production capacity and the use of hydrogen in industrial applications.

The global COVID-19 pandemic has had a major impact on German policy as well. To mitigate the economic downturn, in early June the German government adopted a €130 billion economic stimulus package for 2020 and 2021. It reduces the value-added tax in the second half of 2020 and allocates a large part of its funds to energy, climate protection, and green mobility. Beginning in 2021, €11 billion alone will be used to stabilize the EEG levy. The federal rebate for the purchase of an electric vehicle was doubled, and an additional €2.5 billion is earmarked to support the expansion of charging infrastructure. In addition, the EU adopted a €750 billion economic recovery package for Europe. The majority will be disbursed as nonrepayable grants.

## Earnings Situation

### Business Performance

E.ON's operating business delivered a solid performance in the first half of 2020. Sales and earnings were higher due to the innogy takeover. By contrast, the COVID-19 pandemic's economic repercussions had an adverse impact on E.ON's operations. Sales rose by €14.5 billion year on year to €30.5 billion. Half-year adjusted EBIT in E.ON's core businesses of €1,921 million was 31 percent above the prior-year figure of €1,472 million. Adjusted EBIT for the E.ON Group rose by 26 percent, from €1,717 million to €2,162 million. Adjusted net income of €933 million was 5 percent above the prior-year figure of €885 million.

These figures' development in the first half of 2020 mainly reflects the inclusion of innogy operations, which were not contained in the prior year. The transfer of substantially all of the renewables business to RWE was a countervailing factor.

### Sales

E.ON's first-half sales of €30.5 billion were almost double the prior-year figure.

Energy Networks' sales of €8.8 billion surpassed the prior-year figure by €4.3 billion. This is principally attributable to the inclusion of innogy operations, particularly in Germany (+€3.9 billion).

Customer Solutions' sales rose by €12.7 billion to about €24.5 billion. This increase likewise resulted mainly from the inclusion of innogy, in particular in Germany (+€7.1 billion), the United Kingdom (+€3.6 billion), and the Netherlands/Belgium (+€1.5 billion).

Substantially all of the Renewables segment was transferred to RWE in September 2019. Its operations that remain at E.ON are disclosed in other segments (see page 6). Effective 2020 the Renewables segment therefore no longer exists.

Sales at Non-Core Business increased significantly year on year, in particular because PreussenElektra benefitted from higher sales prices as well as increased sales volume at Brokdorf nuclear power station. This was partially offset by the decline in sales resulting from the transfer of stakes in power stations to RWE in September 2019.

Sales recorded at Corporate Functions/Other of €0.7 billion were €0.4 billion above the prior-year figure. The increase is mainly attributable to services performed for innogy companies (such as IT, commodity procurement, and so forth).

### Sales[1,2]

| | Second quarter | | | First half | | |
|---|---|---|---|---|---|---|
| € in millions | 2020 | 2019 | +/- % | 2020 | 2019 | +/- % |
| Energy Networks | 4,075 | 2,042 | +100 | 8,787 | 4,506 | +95 |
| Customer Solutions | 10,171 | 4,983 | +104 | 24,526 | 11,824 | +107 |
| Renewables | – | 296 | – | – | 694 | – |
| Non-Core Business | 310 | 233 | +33 | 696 | 565 | +23 |
| Corporate Functions/Other | 340 | 143 | +138 | 668 | 278 | +140 |
| Consolidation | -2,058 | -810 | – | -4,174 | -1,853 | – |
| **E.ON Group** | **12,838** | **6,887** | **+86** | **30,503** | **16,014** | **+90** |

[1]Includes the discontinued operations in the Renewables segment until September 18, 2019. Sales from continuing operations amounted to €15.7 billion in the first six months of 2019.
[2]Includes effects resulting from failed-own-use contracts; prior-year figures were adjusted accordingly.

### Other Line Items from the Consolidated Statements of Income

Own work capitalized of €230 million was 61 percent above the prior-year figure of €143 million. The increase is mainly attributable to the inclusion of innogy. Own work capitalized consisted predominantly of completed IT projects.

First-half other operating income totaled €5,031 million (prior year: €1,255 million). Income from currency-translation effects of €1,780 million and income from derivative financial instruments of €1,993 million were considerably above the prior-year figures (€506 million and €365 million, respectively). 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 €186 million (prior year: €36 million).

Costs of materials of €23,102 million were substantially above the prior-year level of €11,845 million. The increase is primarily attributable to the innogy acquisition.

Personnel costs of €2,841 million were €1,517 million above the figure from the first half of 2019 (€1,324 million), mainly because of the innogy takeover.

Depreciation charges rose from €805 million to €1,806 million. This mainly reflects the inclusion of innogy. In addition, PreussenElektra recorded higher depreciation charges on capitalized dismantling costs.

Other operating expenses increased by 192 percent, from €2,328 million to €6,804 million, chiefly because expenditures relating to derivative financial instruments rose by €1,950 million to €2,771 million. Expenditures relating to currency-translation effects were also higher, increasing by €1,106 million to €1,599 million.

Income from companies accounted for under the equity method of €219 million was at the prior-year level (€217 million). The prior-year figure does not include income from innogy's equity interests. The absence of equity income from the stake in Nord Stream, which was transferred to the CTA at the end of 2019, was a countervailing factor (see page 7).

### Adjusted EBIT

For the purpose of internal management control and as the most important indicator of businesses' long-term earnings power, E.ON uses earnings before interest and taxes that have been adjusted to exclude non-operating effects ("adjusted EBIT"). This figure includes the operating earnings of the discontinued operations in the Renewables segment prior to their deconsolidation on September 18, 2019.

### Adjusted EBIT

| | Second quarter | | | First half | | |
|---|---|---|---|---|---|---|
| € in millions | 2020[1] | 2019 | +/- % | 2020 | 2019 | +/- % |
| Energy Networks | 610 | 418 | +46 | 1,652 | 1,048 | +58 |
| Customer Solutions | 152 | 27 | +463 | 457 | 252 | +81 |
| Renewables | – | 58 | – | – | 256 | – |
| Corporate Functions/Other | -101 | -43 | – | -186 | -89 | – |
| Consolidation | -3 | 1 | – | -2 | 5 | – |
| **Adjusted EBIT from core business** | **658** | **461** | **+43** | **1,921** | **1,472** | **+31** |
| Non-Core Business | 58 | 81 | -28 | 241 | 245 | -2 |
| **E.ON Group adjusted EBIT** | **716** | **542** | **+32** | **2,162** | **1,717** | **+26** |

[1]Includes effects from retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5 to the Condensed Consolidated Interim Financial Statements); the previous quarter was adjusted accordingly.

The core business's first-half adjusted EBIT rose significantly—by €449 million—year on year.

Energy Networks' adjusted EBIT was €604 million above the prior-year level. The inclusion of innogy's operations in Germany was the principal reason. A lower regulated return in Sweden and a decline in sales in Germany due to weather factors and COVID-19 were the primary countervailing factors.

Adjusted EBIT at Customer Solutions rose by €205 million year on year. The inclusion of innogy businesses, particularly in Germany and the Netherlands/Belgium, contributed to the increase. In addition, an improved gross margin in Romania and significant cost savings at the previous E.ON business in the United Kingdom resulted in an increase in adjusted EBIT. These items were partially offset primarily by the negative earnings of innogy's U.K. operations and innogy's business with new customer solutions at the Other unit as well as weather-related effects at the previous E.ON sales business in Germany and the United Kingdom. In addition, the repercussions of COVID-19 had an adverse impact on earnings, primarily in the United Kingdom.

Substantially all of the Renewables segment was transferred to RWE in September 2019. Its operations that remain at E.ON are disclosed in other segments (see page 6). Effective 2020 the Renewables segment therefore no longer exists.

On balance, the E.ON Group's adjusted EBIT was €445 million above the prior-year figure. The increase resulted primarily from the aforementioned items in the core business. Non-Core Business's earnings were at the prior-year level. An increase in adjusted EBIT at PreussenElektra was more than offset by a significant decline in equity earnings from Enerjisa Üretim in Turkey.

## Reconciliation to Adjusted Earnings Metrics

Like net income, EBIT (earnings before interest and taxes) is affected by non-operating items, such as the marking to market of derivatives. 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), which consists of the interest expense/income resulting from non-operating effects. Non-operating interest expenses also include effects from the resolution of the difference between the nominal and fair value of innogy bonds.

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 roughly €0.4 billion and corresponding earnings per share of €0.14. In the prior-year period E.ON recorded net income of €0.4 billion and earnings per share of €0.18.

Pursuant to IFRS 5, income/loss from discontinued operations, net, is reported separately in the Consolidated Statements of Income. In the first half of 2020, this item includes 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. The prior-year figure includes the earnings from the discontinued operations at Renewables, which were deconsolidated effective September 18, 2019.

E.ON had a tax expense on continuing operations of €682 million compared with €245 million in the prior-year period. The tax rate on net income from continuing operations increased from 42 percent to 53 percent. The main reason for the high tax rate in the period under review was a one-off item related to the current revaluation of deferred tax assets, which was partially offset by taxes for prior years.

Financial results rose by €0.1 billion year on year, mainly because of a reduction in adverse items relating to the valuation of non-current provisions relative to the prior-year period and income related to prior years. The inclusion of innogy and the marking to market of securities held for trading purposes, which is disclosed in non-operating earnings, had a countervailing effect. Financial results also include a positive effect of €166 million resulting from the resolution of the difference between the nominal and fair value of innogy bonds.

Net book gains were significantly higher than in the prior-year period, principally because of the disposal of substantial parts of the heating electricity business in Germany (see page 7).

Restructuring expenses were significantly higher than in the 2019 reporting period and in 2020 consisted primarily of expenditures in conjunction with the integration of innogy.

At June 30, 2020, the marking to market of derivatives resulted in a negative effect of €70 million (prior year: -€337 million). Negative items resulted primarily from hedging against price fluctuations, in particular at Corporate Functions/Other (because commodity procurement for innogy companies is recorded there) in the current year and at Customer Solutions in the prior year.

Items resulting from the subsequent valuation of hidden reserves and liabilities as part of the preliminary purchase-price allocation and newly recorded items resulting from the valuation of innogy's financial assets are disclosed separately. The latter will be balanced out in subsequent reporting periods.

The increase in other operating earnings is partially attributable to realized earnings from hedging transactions for certain currency risks.

## Adjusted EBIT[1]

| | Second quarter | | First half | |
|---|---|---|---|---|
| € in millions | 2020[1] | 2019 | 2020 | 2019 |
| Net income/loss | 644 | 55 | 546 | 542 |
| *Attributable to shareholders of E.ON SE* | *596* | *-2* | *359* | *385* |
| *Attributable to non-controlling interests* | *48* | *57* | *187* | *157* |
| Income/Loss from discontinued operations, net | -26 | -37 | 63 | -209 |
| **Income/Loss from continuing operations** | **618** | **18** | **609** | **333** |
| Income taxes | 484 | 96 | 682 | 245 |
| Financial results | -165 | 134 | 277 | 393 |
| **Income/Loss from continuing operations before financial results and income taxes** | **937** | **248** | **1,568** | **971** |
| Income/Loss from equity investments | 68 | 40 | 55 | 42 |
| **EBIT** | **1,005** | **288** | **1,623** | **1,013** |
| **Non-operating adjustments** | **-289** | **192** | **539** | **438** |
| *Net book gains (-)/losses (+)* | *-154* | *-7* | *-159* | *-19* |
| *Restructuring expenses* | *212* | *52* | *305* | *90* |
| *Effects from derivative financial instruments* | *-520* | *126* | *70* | *337* |
| *Impairments (+)/Reversals (-)* | *16* | *–* | *16* | *–* |
| *Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction* | *142* | *–* | *335* | *–* |
| *Other non-operating earnings* | *15* | *21* | *-28* | *30* |
| Reclassified businesses of Renewables[2] (adjusted EBIT) | – | 62 | – | 266 |
| **Adjusted EBIT** | **716** | **542** | **2,162** | **1,717** |
| Impairments (+)/Reversals (-) | 2 | 1 | 3 | 5 |
| Scheduled depreciation and amortization | 753 | 403 | 1,491 | 802 |
| Reclassified businesses of Renewables[2] (scheduled depreciation and amortization, impairment charges and reversals) | – | 93 | – | 186 |
| **Adjusted EBITDA** | **1,471** | **1,039** | **3,656** | **2,710** |

[1]Includes effects from retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5 to the Condensed Consolidated Interim Financial Statements); the previous quarter was adjusted accordingly.
[2]Deconsolidated effective September 18, 2019.

**Reconciliation to Adjusted Net Income**
Adjusted net income of €933 million was 5 percent above the prior-year figure of €885 million. Besides the above-described effects in the reconciliation to adjusted EBIT, this reconciliation includes following items:

Non-operating interest income/expenses rose by €0.4 billion year on year. The prior-year figure primarily reflects items from the valuation of non-current provisions. The current-year figure includes, in particular, amounts from the resolution of the difference between the nominal and fair value of innogy bonds as well as income related to prior years. This was partially offset by valuation effects on securities held for trading purposes.

The tax rate on continuing operations of 25 percent was unchanged from the prior year. The increase in operating earnings before taxes likewise led to a higher tax expense on continuing operations.

Non-controlling interests' share of operating earnings rose significantly year on year, principally because of the innogy takeover.

### Adjusted Net Income

| | Second quarter | | First half | |
|---|---|---|---|---|
| € in millions | 2020[1] | 2019 | 2020 | 2019 |
| **Income/Loss from continuing operations before financial results and income taxes** | **937** | **248** | **1,568** | **971** |
| Income/Loss from equity investments | 68 | 40 | 55 | 42 |
| **EBIT** | **1,005** | **288** | **1,623** | **1,013** |
| Non-operating adjustments | -289 | 192 | 539 | 438 |
| Reclassified businesses of Renewables[2] (adjusted EBIT) | – | 62 | – | 266 |
| **Adjusted EBIT** | **716** | **542** | **2,162** | **1,717** |
| Net interest income/loss | 97 | -174 | -332 | -435 |
| Non-operating interest expense (+)/income (-) | -344 | 62 | -227 | 190 |
| Reclassified businesses of Renewables[2] (operating interest expense) | – | -45 | – | -90 |
| **Operating earnings before taxes** | **469** | **385** | **1,603** | **1,382** |
| Taxes on operating earnings | -118 | -93 | -401 | -302 |
| Operating earnings attributable to non-controlling interests | -89 | -49 | -269 | -135 |
| Reclassified businesses of Renewables[2] (taxes and minority interests on operating earnings) | – | -8 | – | -60 |
| **Adjusted net income** | **262** | **235** | **933** | **885** |

[1]Includes effects from retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5 to the Condensed Consolidated Interim Financial Statements); the previous quarter was adjusted accordingly.
[2]Deconsolidated as of September 18, 2019.

## Financial Situation

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

### Financial Position

Compared with the figure recorded at year-end 2019 (€38.9 billion), E.ON's economic net debt rose by €4.2 billion to €43.1 billion.

The increase in financial liabilities to €31.8 billion relative to year-end 2019 is mainly attributable to E.ON SE's issuance of €5 billion in bonds (see page 7). The issuance proceeds were used in part to finance the squeeze-out of innogy SE's minority shareholders and to repay, on schedule, bonds that had matured (innogy SE: €750 million; E.ON International Finance B.V.: €1.4 billion).

E.ON's net financial position increased by €3.4 billion relative to year-end 2019. E.ON SE's dividend payout, investment expenditures, and cash compensation for innogy SE's minority shareholders as part of the squeeze-out were partially offset by positive operating cash flow and the sales proceeds from the transfer of the (indirect) stake in Nord Stream AG to the CTA (see page 7).

In addition, economic net debt was adversely affected primarily by the reduction in actuarial interest rates, which led to an increase in defined benefit obligations, and by a reduction in plan assets (see Note 11 to the Condensed Consolidated Interim Financial Statemtents).

## Economic Net Debt

| € in millions | June 30, 2020 | Dec. 31, 2019[1] |
|---|---|---|
| Liquid funds | 3,342 | 3,602 |
| Non-current securities | 2,079 | 2,353 |
| Financial liabilities[2] | -31,833 | -28,955 |
| FX hedging adjustment | 165 | 167 |
| **Net financial position** | **-26,247** | **-22,833** |
| Provisions for pensions | -7,972 | -7,201 |
| Asset-retirement obligations[3] | -8,837 | -8,869 |
| **Economic net debt** | **-43,056** | **-38,903** |

[1]Certain adjustments to the preliminary accounting of the innogy acquisition are disclosed retroactively to the acquisition date. The prior-year figures were adjusted accordingly.
[2]Bonds issued by innogy are recorded at their nominal value. The figure shown in the Consolidated Balance Sheets is €2.3 billion higher (year-end 2019: €2.5 billion higher).
[3]This figure is not the same as the asset-retirement obligations shown in the Consolidated Balance Sheets (€10,532 million at June 30, 2020; €10,571 million at December 31, 2019). This is because economic net debt is calculated in part based on the actual amount of E.ON's obligations.

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 six months of 2020, cash-effective investments in the core business were slightly below the prior-year level. Factoring out the Renewables segment's prior-year investments and the subsequent adjustments to the purchase price in conjunction with the innogy transaction (see commentary below), there would have been a significant increase in investments, as there was at Non-Core Business. The E.ON Group invested about €1.8 billion in property, plant, and equipment and intangible assets (prior year: €1.2 billion). Share investments totaled -€0.4 billion versus €0.1 billion in the prior year.

## Investments

| First half<br>€ in millions | 2020 | 2019 | +/- % |
|---|---|---|---|
| Energy Networks | 1,298 | 644 | +102 |
| Customer Solutions | 333 | 342 | -3 |
| Renewables | – | 291 | – |
| Corporate Functions/Other | -365 | 37 | – |
| Consolidation | -2 | 1 | – |
| **Investments in core business** | **1,264** | **1,315** | **-4** |
| Non-Core Business | 158 | 4 | – |
| **E.ON Group investments** | **1,422** | **1,319** | **+8** |

Energy Networks' investments doubled year on year to €1,298 million. Investments in Germany rose significantly, primarily because of the inclusion of innogy operations. New connections also contributed to the increase. Investments in new connections and maintenance were made in Sweden as well. Investments in East-Central Europe/Turkey were also above the prior-year level. The inclusion of innogy's operations in Hungary and Poland was one of the factors.

Customer Solutions invested €9 million less than in the prior-year period. Investments in Sweden declined considerably year on year owing to the absence of expenditures for a project that had reached completion. Investments in the United Kingdom were significantly lower as well. By contrast, the inclusion of innogy's operations in Germany, the Netherlands/Belgium, and Poland resulted in higher investments.

After the transfer of substantially all of the Renewables segment to RWE in September 2019 and its remaining operations to other E.ON segments, effective 2020 the Renewables segment therefore no longer exists.

The current-year figure recorded at Corporate Functions/Other principally reflects subsequent purchase-price reductions in conjunction with the innogy acquisition. These payments for E.ON's account reduce cash-effective investments.

Investments at Non-Core Business were €154 million above the prior-year level. PreussenElektra's acquisition of residual power output rights led to significantly higher investments.

### Cash Flow

Cash provided by operating activities of continuing and discontinued operations before interest and taxes of €1.5 billion was at the prior-year level. Energy Networks recorded an increase of €1 billion year on year thanks to positive working capital effects at the previous E.ON network business and the inclusion of innogy's network operations for the first time.

Customer Solutions' first-half operating cash flow was seasonally low and, at -€0.4 billion, was below the prior-year level. It was adversely affected by negative working capital effects at the previous E.ON sales business and by the inclusion of innogy's sales operations for the first time.

The absence of Renewables' €0.4 billion contribution was another factor. Costs for corporate functions were higher relative to the prior-year period due to the inclusion of innogy for the first time. This had an adverse impact of €0.2 billion. Cash provided by operating activities of continuing and discontinued operations rose by €0.8 billion because of lower tax payments (+€0.8 billion), whereas higher interest payments on innogy's debt had a negative impact of €0.1 billion.

### Cash Flow[1]

| First half<br>€ in millions | 2020 | 2019 |
|---|---|---|
| Cash provided by (used for) operating activities (operating cash flow) | 1,279 | 496 |
| Operating cash flow before interest and taxes[2] | 1,521 | 1,464 |
| Cash provided by (used for) investing activities | -600 | -1,708 |
| Cash provided by (used for) financing activities | -1,308 | -1,403 |

[1]From continuing and discontinued operations.
[2]Excludes the innogy business in the Czech Republic reclassified in accordance with IFRS 5.

Cash provided by investing activities of continuing and discontinued operations totaled -€0.6 billion versus -€1.7 billion in the prior-year period. The main reasons were the payment received in the first quarter of 2020 for the indirect stake in Nord Stream AG that was transferred to the CTA in 2019 and the sale of substantial parts of the heating electricity business in Germany. Higher cash-effective investments constituted the primary countervailing factor (see page 14).

Cash provided by financing activities of continuing and discontinued operations of -€1.3 billion was €0.1 billion above the prior-year figure of -€1.4 billion. Significant cash inflow from the issuance of bonds was offset in part by the repayment of outstanding bonds, payments in conjunction with the compensation of innogy SE's remaining minority shareholders, and E.ON SE's higher dividend payout relative to the prior year.

## Asset Situation

Total assets and liabilities of €96.2 billion were about €2 billion, or 2 percent, below the figure at year-end 2019. Non-current assets declined by €1.3 billion to €74.7 billion. This is mainly attributable to the current valuation of deferred tax assets at June 30, 2020, and a reduction in financial assets, particularly companies accounted for using the equity method and non-current securities.

Current assets declined by 3 percent, from €22.2 billion to €21.5 billion. A decline in other operating assets was the main factor. A reduction in liquid funds was another.

Equity attributable to E.ON SE shareholders was about €4.7 billion at June 30, 2020. Equity attributable to non-controlling interests was roughly €4 billion. The equity ratio (including non-controlling interests) at June 30, 2020, was 9 percent, which is 4 percentage points lower than at year-end 2019. This change mainly reflects the merger squeeze-out of innogy SE's remaining minority shareholders. In early June cash compensation totaling €2.4 billion was paid to minority shareholders. In addition, minority shareholders' -€0.2 billion stake in innogy SE was subtracted from Group equity and the shareholders' ratio was adjusted. The resulting difference of €2.6 billion was offset against retained earnings of E.ON SE shareholders. Equity was also reduced by the dividend payout totaling €1.5 billion, the remeasurement of pension obligations, and other items not affecting net income recorded under other comprehensive income.

Non-current debt rose by €4.6 billion, or 8 percent, chiefly because of the issuance of €5 billion in new bonds and an increase in pension obligations.

Current debt of €23.9 billion was 8 percent above the figure at year-end 2019, due principally to the repayment of bonds that had been issued by innogy SE (€750 million) and E.ON International Finance B.V. (€1.4 billion) and a decline in operating liabilities.

**Consolidated Assets, Liabilities, and Equity**

| € in millions | June 30, 2020 | % | Dec. 31, 2019[1] | % |
|---|---|---|---|---|
| Non-current assets | 74,695 | 78 | 75,984 | 77 |
| Current assets | 21,538 | 22 | 22,205 | 23 |
| **Total assets** | **96,233** | **100** | **98,189** | **100** |
| Equity | 8,718 | 9 | 13,243 | 13 |
| Non-current liabilities | 63,604 | 66 | 59,011 | 60 |
| Current liabilities | 23,911 | 25 | 25,935 | 27 |
| **Total equity and liabilities** | **96,233** | **100** | **98,189** | **100** |

[1]Certain adjustments to the preliminary accounting of the innogy acquisition must be presented retroactively to the acquisition date. The prior-year figures were adjusted accordingly.

## Employees

At June 30, 2020, the E.ON Group had 78,023 employees worldwide, nearly unchanged from year-end 2019. E.ON also had 2,104 apprentices and 239 board members and managing directors worldwide. As of the same date, 51 percent (39,904) of all employees were working outside Germany.

**Employees[1]**

| Headcount | June 30, 2019 | Dec. 31, 2018 | +/- % |
|---|---|---|---|
| Energy Networks | 39,414 | 38,814 | +2 |
| Customer Solutions | 32,594 | 33,038 | -1 |
| Corporate Functions/Other[2] | 4,149 | 5,218 | -20 |
| **Core business** | **76,157** | **77,070** | **-1** |
| Non-Core Business | 1,866 | 1,878 | -1 |
| **E.ON Group** | **78,023** | **78,948** | **-1** |

[1]Does not include board members, managing directors, or apprentices.
[2]Includes E.ON Digital Technology.

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 reintegration of IT functions, and structural effects. The expiration of temporary employment contracts was among the countervailing factors.

The decline in the number of employees at Customer Solutions mainly reflects restructuring projects, principally in the United Kingdom.

The number of employees at Corporate Functions/Other declined significantly owing to the transfer of employees to other segments (in part because of the separation of innogy SE into subcompanies and the restructuring of IT functions) and to the sale of innogy's shared service center in Poland.

# Forecast Report

## Anticipated Earnings and Financial Situation

### Macroeconomic Situation

The global spread of COVID-19 has been very dynamic. Forecasts on future economic development are therefore subject to considerable uncertainty. The extent of economic contraction and recovery will depend crucially on the duration and effectiveness of the containment measures and the success of the measures to mitigate the negative impact on income and employment. Against this background, the European Central Bank's baseline scenario currently forecasts that the euro zone's annual real GDP will decline by 8.7 percent in 2020. It expects a recovery in 2021 (+5.2 percent) and 2022 (+3.3 percent).

### Forecast Earnings Performance

E.ON operates critical infrastructure and supplies roughly 50 million customers. A secure energy supply in Europe is therefore a top priority. E.ON's business model is based in particular on the Energy Networks segment, whose regulated earnings account for the predominant share of the Group's earnings. Yet the COVID-19 pandemic poses business risks for E.ON's businesses as well. Among these risks are lower passthrough at Energy Networks (which, however, largely result only in a deferral of income to subsequent periods) and lower sales volume at Customer Solutions (in particular to industrial customers). Customer Solutions' sales-volume risks also pose price risks resulting from resell obligations. There continues to be a general risk of higher credit losses. A special crisis team at E.ON is continually monitoring and analyzing the various risks in conjunction with COVID-19 and reporting them to the Management Board. Some business risks, particularly declining network passthrough, have taken shape to a degree that makes it possible to revise the 2020 forecast for the E.ON Group and for Energy Networks. This is based on the assumption that the COVID-19 pandemic does not worsen again, for example through another far-reaching lockdown in E.ON's markets.

The Management Board now expects the E.ON Group's 2020 adjusted EBIT to be between €3.6 and €3.8 billion (previously €3.9 and €4.1 billion). It anticipates 2020 adjusted net income of between €1.5 and €1.7 billion (previously €1.7 and €1.9 billion), or €0.58 to €0.65 per share (previously €0.65 to €0.73 per share). Earnings per share are based on an average of around 2,607 million shares outstanding. The Management Board continues to expect that the E.ON Group will achieve a cash-conversion rate of roughly 95 percent on average for the 2020 to 2022 financial years (without factoring in expenditures for the decommissioning of nuclear power stations).

The forecast by segment:

E.ON expects Energy Networks' 2020 adjusted EBIT to be significantly higher than in the prior year due to the takeover of innogy's network business in Germany, Poland, Hungary, and Croatia. The network business in Germany will continue to benefit from investments in its regulated asset base. The new regulatory period in Sweden will have a negative impact on earnings, as will lower network passthrough, especially in Germany. The adverse earnings implications, however, are largely temporary, because the effects of the reduction in passthrough will generally be offset by regulatory mechanisms in subsequent years. Energy Networks' revised forecast for 2020 foresees adjusted EBIT of €3.1 to €3.3 billion (previously €3.3 to €3.5 billion).

E.ON anticipates that Customer Solutions' adjusted EBIT will be significantly above the prior-year level. The inclusion, for the first time, of innogy's customer solutions business—which has operations primarily in Germany, the United Kingdom, the Netherlands, Belgium, Hungary, and Poland—for the entire year will have a positive impact on earnings at this segment as well. The interventions of the U.K. Competition and Markets Authority, unseasonably warm weather, and the resulting decline in sales volume—principally in Germany, the Netherlands, Belgium, the United Kingdom, and Sweden—will adversely affect earnings. In addition, the COVID-19 pandemic will influence Customer Solutions' business. In particular, it will have an adverse impact on earnings on sales to industrial and commercial customers and on new and innovative customer solutions. Owing to the decline in sales volume, already contracted amounts have been resold at a lower price. E.ON continues to expect Customer Solutions' adjusted EBIT to be €0.4 to €0.6 billion (already revised in the first quarter of 2020 from previously €0.5 to €0.7 billion).

The forecast for Corporate Functions/Other's adjusted EBIT is unchanged at roughly -€0.4 billion, which is significantly below the prior-year figure, primarily because of the inclusion of innogy's corporate functions. By contrast, cost savings and synergy effects from combining E.ON and innogy's corporate functions will have a positive impact.

E.ON continues to expect Non-Core Business's adjusted EBIT to be €0.3 to €0.5 billion, which is slightly above the prior-year level. PreussenElektra's earnings will reflect, in particular, rising sales prices. This positive development will be partially counteracted by expenditures for residual power output rights.

#### Anticipated Development of Cash-effective Investments

Cash-effective investments in 2020 at the Energy Networks and Customer Solutions segments now total about €4.2 billion (previously €4.1 billion). Customer Solutions' investments of €0.8 billion will be slightly lower than forecast in the 2019 Annual Report. At the same time, Energy Networks' investment will increase by €0.2 billion relative to the forecast in the 2019 Annual Report and will now total €3.4 billion, in particular owing to higher investments in Germany. Non-Core Business's planned investments are unchanged at €0.2 billion. Corporate Functions/Other's anticipated investments will decline to -€0.3 billion (previously €0.2 billion) owing to subsequent purchase-price reductions in conjunction with the innogy acquisition. These payments for E.ON's account reduce cash-effective investments. Consequently, the E.ON Group's planned investments now stand at €4.2 billion (previously €4.5 billion).

#### Forecast Performance of Other Key Figures

The Forecast Report contained in the 2019 Annual Report presents our forecast for other key figures for the 2020 financial year. There are no material changes to these disclosures.

## Risks and Chances Report

The Combined Group Management Report contained in the 2019 Annual Report describes in detail our management system for assessing risks and chances and the measures we take to limit risks.

Likewise, the innogy operations that E.ON acquired have a comprehensive framework for managing risks and chances that is adequate, effective, and audited. For E.ON's purposes, this framework will initially remain in place unchanged.

### Risks and Chances, Assessment of the Risk Situation

The E.ON Group's overall risk profile remains at the level of year-end 2019 with the exception of the following COVID-19 risk scenario. At the end of the first half of 2020, the overall risk situation of the E.ON Group's operating business had deteriorated relative to year-end 2019 owing to the COVID-19 pandemic. However, the overall risk situation had improved relative to the first quarter of 2020. Currently, observers generally predict a slow economic recovery without a renewed worsening of the COVID-19 pandemic, for example through another far-reaching lockdown in E.ON's markets. The main risk factors in the sales business are volume and price effects as well as credit losses. The network business could also experience a decline in sales volume and credit losses which result in lower earnings. The difference with the network business is that volume-driven declines in sales will largely be recovered in the subsequent years. PreussenElektra's business could be adversely affected by the introduction of a ban or a limitation of work contracts due to COVID-19.

In sum, from today's perspective no risk positions can be identified that could threaten the existence of E.ON SE, the E.ON Group, or individual segments.

## 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 and gas passthrough in Germany rose significantly owing to the inclusion of innogy operations. Gas passthrough of the previous E.ON network business was at the prior-year level, whereas its power passthrough declined slightly, in part because of COVID-19.

## Energy Passthrough

| Billion kWh | Germany 2020 | Germany 2019 | Sweden 2020 | Sweden 2019 | East-Central Europe/ Turkey 2020 | East-Central Europe/ Turkey 2019 | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|---|---|
| **Second quarter** | | | | | | | | |
| Power | 49.5 | 24.1 | 7.8 | 7.8 | 13.8 | 9.1 | 71.1 | 41.0 |
| Line loss, station use, etc. | 1.5 | 0.8 | 0.2 | 0.3 | 1.0 | 0.7 | 2.7 | 1.8 |
| Gas | 28.6 | 15.7 | – | – | 6.5 | 6.9 | 35.1 | 22.6 |
| **First half** | | | | | | | | |
| Power | 113.1 | 52.0 | 18.0 | 18.5 | 30.9 | 19.1 | 162.0 | 89.6 |
| Line loss, station use, etc. | 3.5 | 1.9 | 0.5 | 0.6 | 2.0 | 1.4 | 6.0 | 3.9 |
| Gas | 92.2 | 48.2 | – | – | 25.5 | 25.8 | 117.7 | 74.0 |

Power passthrough in Sweden declined slightly (by 0.5 billion kWh) owing to mild weather and the economic repercussions of COVID-19.

East-Central Europe/Turkey's power and gas passthrough at the previous E.ON network business was at the prior-year level. The inclusion of innogy's network business in Hungary and Poland led to a significant increase in this unit's total power passthrough.

### Sales and Adjusted EBIT

Energy Networks' first-half sales and adjusted EBIT were significantly above the prior-year level, in particular due to the inclusion of innogy operations.

Sales and adjusted EBIT in Germany were €7.1 billion and €1.1 billion, respectively. As described above, the year-on-year increase is principally attributable to the inclusion of innogy operations. By contrast, adjusted EBIT of the previous E.ON network business declined owing in part to mild weather and COVID-19.

First-half sales and adjusted EBIT in Sweden were significantly below the prior-year level. Lower network fees in conjunction with the start of the new regulatory period for power along with a reduction in passthrough were the primary reasons for the decline in sales and earnings.

Sales and adjusted EBIT in East-Central Europe/Turkey rose significantly, likewise because of the innogy takeover. The previous E.ON operations' sales and earnings were at the prior-year level.

## Energy Networks

| € in millions | Germany 2020 | Germany 2019 | Sweden 2020 | Sweden 2019 | East-Central Europe/ Turkey 2020 | East-Central Europe/ Turkey 2019 | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|---|---|
| **Second quarter** | | | | | | | | |
| Sales | 3,306 | 1,444 | 209 | 235 | 560 | 363 | 4,075 | 2,042 |
| Adjusted EBITDA[1] | 747 | 356 | 127 | 156 | 206 | 156 | 1,080 | 668 |
| Adjusted EBIT[1] | 396 | 201 | 89 | 119 | 125 | 98 | 610 | 418 |
| **First half** | | | | | | | | |
| Sales | 7,052 | 3,179 | 444 | 512 | 1,291 | 815 | 8,787 | 4,506 |
| Adjusted EBITDA | 1,841 | 863 | 263 | 340 | 481 | 350 | 2,585 | 1,553 |
| Adjusted EBIT | 1,145 | 552 | 186 | 262 | 321 | 234 | 1,652 | 1,048 |

[1]Including effects from retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5 to the Condensed Consolidated Interim Financial Statements); the first quarter 2020 was adjusted accordingly.

## Customer Solutions

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

### Power Sales[1]

| | Germany | | United Kingdom | | Netherlands/ Belgium | | Other[2] | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| Billion kWh | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| **Second quarter** | | | | | | | | | | |
| Residential and SME | 7.1 | 4.2 | 4.9 | 3.4 | 1.7 | – | 6.8 | 5.2 | 20.5 | 12.8 |
| I&C | 7.6 | 2.6 | 7.3 | 2.9 | 1.3 | – | 6.5 | 6.4 | 22.7 | 11.9 |
| Sales partners | 21.2 | – | – | – | – | – | 0.4 | 0.2 | 21.6 | 0.2 |
| **Customer groups** | **35.9** | **6.8** | **12.2** | **6.3** | **3.0** | **–** | **13.7** | **11.8** | **64.8** | **24.9** |
| Wholesale market | 16.6 | 3.2 | 0.3 | 0.1 | 1.7 | – | 3.5 | 1.9 | 22.1 | 5.2 |
| **Total** | **52.5** | **10.0** | **12.5** | **6.4** | **4.7** | **–** | **17.2** | **13.7** | **86.9** | **30.1** |
| **First half** | | | | | | | | | | |
| Residential and SME | 17.5 | 8.8 | 11.6 | 8.2 | 3.8 | – | 15.5 | 11.9 | 48.4 | 28.9 |
| I&C | 15.7 | 5.9 | 16.9 | 6.0 | 3.1 | – | 14.8 | 13.1 | 50.5 | 25.0 |
| Sales partners | 41.1 | – | – | – | – | – | 1.2 | 0.4 | 42.3 | 0.4 |
| **Customer groups** | **74.3** | **14.7** | **28.5** | **14.2** | **6.9** | **–** | **31.5** | **25.4** | **141.2** | **54.3** |
| Wholesale market | 23.8 | 6.4 | 0.5 | 0.3 | 2.9 | – | 5.7 | 4.4 | 32.9 | 11.1 |
| **Total** | **98.1** | **21.1** | **29.0** | **14.5** | **9.8** | **–** | **37.2** | **29.8** | **174.1** | **65.4** |

[1]The definition of E.ON and innogy's customer groups was harmonized and the prior-year figures adjusted accordingly.
[2]Excludes E.ON Business Solutions.

### Gas Sales[1]

| | Germany | | United Kingdom | | Netherlands/ Belgium | | Other[2] | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| Billion kWh | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| **Second quarter** | | | | | | | | | | |
| Residential and SME | 6.6 | 3.1 | 7.3 | 4.8 | 3.5 | – | 3.8 | 3.4 | 21.2 | 11.3 |
| I&C | 5.3 | 2.4 | 3.2 | 1.9 | 8.8 | – | 4.0 | 5.2 | 21.3 | 9.5 |
| Sales partners | 15.3 | – | – | – | – | – | 0.5 | 0.4 | 15.8 | 0.4 |
| **Customer groups** | **27.2** | **5.5** | **10.5** | **6.7** | **12.3** | **–** | **8.3** | **9.0** | **58.3** | **21.2** |
| Wholesale market | 7.9 | 2.7 | – | – | 5.9 | – | 1.1 | 1.1 | 14.9 | 3.8 |
| **Total** | **35.1** | **8.2** | **10.5** | **6.7** | **18.2** | **–** | **9.4** | **10.1** | **73.2** | **25.0** |
| **First half** | | | | | | | | | | |
| Residential and SME | 24.0 | 10.6 | 28.3 | 18.4 | 15.0 | – | 17.2 | 16.8 | 84.5 | 45.8 |
| I&C | 14.7 | 7.6 | 9.2 | 4.4 | 17.4 | – | 11.2 | 12.4 | 52.5 | 24.4 |
| Sales partners | 42.2 | – | – | – | – | – | 0.8 | 0.8 | 43.0 | 0.8 |
| **Customer groups** | **80.9** | **18.2** | **37.5** | **22.8** | **32.4** | **–** | **29.2** | **30.0** | **180.0** | **71.0** |
| Wholesale market | 21.3 | 4.9 | – | – | 10.7 | – | 2.6 | 2.4 | 34.6 | 7.3 |
| **Total** | **102.2** | **23.1** | **37.5** | **22.8** | **43.1** | **–** | **31.8** | **32.4** | **214.6** | **78.3** |

[1]The definition of E.ON and innogy's customer groups was harmonized and the prior-year figures adjusted accordingly.
[2]Excludes E.ON Business Solutions.

**Power and Gas Sales Volume**

This segment's first-half power sales increased by 108.7 billion kWh. Its gas sales rose by 136.3 billion kWh. The inclusion of innogy operations was the main reason.

The sales business in Germany increased its first-half power sales to 98.1 billion kWh owing to the inclusion of innogy operations. On balance, the previous E.ON sales business in Germany sold more power as well. Power sales to residential and small and medium enterprise ("SME") customers were below the prior-year level due to the sale of the heating electricity business. Power sales to industrial and commercial ("I&C") customers declined year on year, primarily because of changes in the customer portfolio and the repercussions of COVID-19. Power sales to the wholesale market were above the prior-year level, primarily owing to reselling caused by the coronavirus and to the optimization of the procurement portfolio. Gas sales of 102.2 billion kWh were considerably above the prior-year level, principally because of the inclusion of innogy operations. The previous E.ON business's gas sales to residential and SME customers were at the prior-year level, whereas its gas sales to I&C customers decreased owing to changes in the customer portfolio and weather factors. The optimization of the procurement portfolio led to a significant increase in gas sales to the wholesale market.

First-half power sales in the United Kingdom doubled owing to the inclusion of innogy operations. The previous E.ON business's sales to residential and SME customers and I&C customers declined, primarily because of COVID-19. Gas sales in the United Kingdom rose significantly as well (+64 percent), primarily because of innogy operations. COVID-19's repercussions led to lower gas sales at the previous E.ON U.K. business. In addition, warmer weather throughout the first half of the year had an adverse impact on gas sales volume to residential and SME customers.

First-half power and gas sales in the Netherlands/Belgium totaled 9.8 billion kWh and 43.1 billion kWh, respectively.

Power sales at the Other unit (Sweden, Hungary, the Czech Republic, Romania, Italy, and Poland) rose by 7.4 billion kWh owing to the inclusion of innogy operations in Hungary and Poland. Power sales at the previous E.ON business declined. Power sales to residential and SME customers were below the prior-year level, particularly in Italy. The impact of COVID-19 in the Czech Republic, Hungary, and Italy along with lower customer numbers in Romania were the principal reasons for the decline in power sales to I&C customers. By contrast, power sales to the wholesale market rose, primarily because of an increase in reselling in the Czech Republic and Italy. This was partially offset by a decline in wholesale market sales in Hungary and Sweden.

Other's gas sales were 0.6 billion kWh lower. The inclusion of innogy operations in Hungary and Poland had a positive impact, whereas gas sales at the previous E.ON business declined. Gas sales to residential and SME customers were at the prior-year level. Gas sales to I&C customers decreased, principally because of a decline in customer numbers in Romania, the sale of the LPG business in Sweden in the second quarter of 2019, and deteriorated market conditions in Italy due to COVID-19. Gas sales to the wholesale market declined primarily in Sweden and Romania.

**Sales and Adjusted EBIT**

Customer Solutions' first-half sales of €24.5 billion were more than twice as high as in the prior year. Adjusted EBIT rose by €201 million.

The increase in sales in Germany is primarily attributable to the inclusion of innogy operations and to higher sales volume on the wholesale market and the passthrough of cost components at the previous E.ON business. Adjusted EBIT was significantly higher due to the inclusion of innogy operations. The decline in the previous E.ON business's adjusted EBIT was mainly caused by weather factors.

### Customer Solutions

| € in millions | Germany | | United Kingdom | | Netherlands/ Belgium | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| **Second quarter** | | | | | | | | | | |
| Sales | 5,037 | 1,729 | 2,782 | 1,601 | 542 | – | 1,810 | 1,653 | 10,171 | 4,983 |
| Adjusted EBITDA[1] | 134 | 52 | 87 | 46 | 16 | – | 47 | 20 | 284 | 118 |
| Adjusted EBIT[1] | 104 | 33 | 56 | 14 | -2 | – | -6 | -20 | 152 | 27 |
| **First half** | | | | | | | | | | |
| Sales | 11,188 | 3,996 | 7,356 | 3,757 | 1,489 | – | 4,493 | 4,070 | 24,526 | 11,823 |
| Adjusted EBITDA | 339 | 144 | 109 | 138 | 90 | – | 178 | 145 | 716 | 427 |
| Adjusted EBIT | 280 | 106 | 43 | 76 | 57 | – | 77 | 70 | 457 | 252 |

[1]Including effects from retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5 to the Condensed Consolidated Interim Financial Statements); the first quarter 2020 was adjusted accordingly.

Sales in the United Kingdom were considerably above the prior-year level due to the inclusion of innogy operations. Sales declined at the previous E.ON business, primarily owing to weather factors and lower consumption resulting from COVID-19. Adjusted EBIT was significantly lower than in the prior-year period. This is attributable to the aforementioned decline in sales at the previous E.ON business and the inclusion of innogy operations. However, cost savings at the previous E.ON business had a positive impact.

Sales and adjusted EBIT in the Netherlands/Belgium were €1,489 million and €57 million, respectively.

Other's sales rose by €423 million, principally because of the inclusion of innogy operations. By contrast, sales at the previous E.ON operations declined. Lower sales volume in Italy and Sweden and lower prices in Italy and Hungary were the primary reasons. In addition, E.ON Business Solutions' sales were lower due to the expiration of contracts relating to embedded energy generation. Adjusted EBIT increased by €7 million to €77 million, mainly because of a margin-driven increase in earnings in Romania and the contribution from innogy operations in Poland. This was partially offset by the inclusion of innogy's business with new customer solutions.

## 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 1.2 billion kWh below the prior-year level. The year-on-year decline is primarily attributable to the transfer of minority stakes in Gundremmingen und Emsland nuclear power stations to RWE. This was partially offset by higher output at Brokdorf nuclear power station, at which a planned overhaul was conducted in the second quarter of 2019.

### Power Generation

| Billion kWh | PreussenElektra 2020 | 2019 |
|---|---|---|
| **Second quarter** | | |
| Owned generation | 6.5 | 6.1 |
| Purchases | 0.4 | 0.7 |
| *Jointly owned power plants* | *–* | *0.1* |
| *Third parties* | *0.4* | *0.6* |
| **Total** | **6.9** | **6.8** |
| Station use, line loss, etc. | -0.1 | -0.1 |
| **Power sales** | **6.8** | **6.7** |
| **First half** | | |
| Owned generation | 14.1 | 14.5 |
| Purchases | 0.6 | 1.4 |
| *Jointly owned power plants* | *–* | *0.5* |
| *Third parties* | *0.6* | *0.9* |
| **Total** | **14.7** | **15.9** |
| Station use, line loss, etc. | -0.1 | -0.1 |
| **Power sales** | **14.6** | **15.8** |

### Sales and Adjusted EBIT

Sales at Non-Core Business of €696 million were €131 million above the prior-year figure. Adjusted EBIT decreased by €4 million to €241 million.

PreussenElektra's sales rose considerably year on year, mainly because of higher sales prices and Brokdorf's higher sales volume. The absence of sales due to the transfer of minority stakes in Gundremmingen und Emsland was a countervailing factor.

Adjusted EBIT was at the prior-year level. PreussenElektra's adjusted EBIT rose significantly, principally because of higher sales prices and Brokdorf's higher sales volume; these factors were partially offset by higher expenditures for residual power output rights. By contrast, equity earnings on E.ON's stake in Enerjisa Üretim declined significantly. Operating improvements were more than offset by currency-translation effects resulting from the weakening of the Turkish lira and by impairment charges.

### Non-Core Business

| € in millions | PreussenElektra 2020 | PreussenElektra 2019 | Generation Turkey 2020 | Generation Turkey 2019 | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|
| **Second quarter** | | | | | | |
| Sales | 310 | 233 | – | – | 310 | 233 |
| Adjusted EBITDA | 189 | 99 | -9 | 34 | 180 | 133 |
| Adjusted EBIT | 67 | 47 | -9 | 34 | 58 | 81 |
| **First half** | | | | | | |
| Sales | 696 | 565 | – | – | 696 | 565 |
| Adjusted EBITDA | 461 | 283 | 19 | 63 | 480 | 346 |
| Adjusted EBIT | 222 | 182 | 19 | 63 | 241 | 245 |

# Condensed Consolidated Interim Financial Statements

## E.ON SE and Subsidiaries Consolidated Statements of Income

| € in millions | Note | Second quarter 2020[1] | Second quarter 2019 | First half 2020 | First half 2019 |
|---|---|---|---|---|---|
| Sales including electricity and energy taxes | | 13,450 | 6,888 | 31,970 | 16,051 |
| Electricity and energy taxes | | -612 | -166 | -1,467 | -400 |
| **Sales[2]** | (13) | **12,838** | **6,722** | **30,503** | **15,651** |
| Changes in inventories (finished goods and work in progress) | | 59 | 9 | 138 | 7 |
| Own work capitalized | | 114 | 76 | 230 | 143 |
| Other operating incomes[2] | | 696 | 489 | 5,031 | 1,255 |
| Cost of materials[2] | | -9,599 | -5,112 | -23,102 | -11,845 |
| Personnel costs | | -1,476 | -660 | -2,841 | -1,324 |
| Depreciation, amortization and impairment charges | | -920 | -405 | -1,806 | -805 |
| Other operating expenses[2] | | -855 | -968 | -6,804 | -2,328 |
| Income from companies accounted for under the equity method | (8) | 80 | 97 | 219 | 217 |
| **Income from continuing operations before financial results and income taxes** | | **937** | **248** | **1,568** | **971** |
| Financial results | | 165 | -134 | -277 | -393 |
| *Income/Loss from equity investments* | | *68* | *40* | *55* | *42* |
| *Income from other securities, interest and similar income* | *(6)* | *343* | *117* | *422* | *218* |
| *Interest and similar expenses* | | *-246* | *-291* | *-754* | *-653* |
| Income taxes[3] | | -484 | -96 | -682 | -245 |
| **Income from continuing operations** | | **618** | **18** | **609** | **333** |
| Income/Loss from discontinued operations, net | (5) | 26 | 37 | -63 | 209 |
| **Net income** | | **644** | **55** | **546** | **542** |
| *Attributable to shareholders of E.ON SE* | | *596* | *-2* | *359* | *385* |
| *Attributable to non-controlling interests* | | *48* | *57* | *187* | *157* |
| in € | | | | | |
| **Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted[4]** | (7) | | | | |
| from continuing operations | | 0.22 | -0.01 | 0.16 | 0.09 |
| from discontinued operations | | 0.01 | 0.01 | -0.02 | 0.09 |
| **from net income** | | **0.23** | **0.00** | **0.14** | **0.18** |
| Weighted-average number of shares outstanding (in millions) | | 2,607 | 2,167 | 2,607 | 2,167 |

[1]including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5); the previous quarter was adjusted accordingly
[2]Failed-own-use contracts are included due to the change in accounting method. The prior year was adjusted accordingly.
[3]The tax rate on income from continuing operations increased from 42 percent to 53 percent. The main reason for the high tax rate in the period under review was a one-off item related to the current revaluation of deferred tax assets, which was partially offset by taxes for prior years.
[4]Based on weighted-average number of shares outstanding.

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

| € in millions | Second quarter 2020[1] | Second quarter 2019 | First half 2020 | First half 2019 |
|---|---|---|---|---|
| **Net income** | **644** | **55** | **546** | **542** |
| Remeasurements of defined benefit plans | -1,849 | -579 | -694 | -851 |
| Remeasurements of defined benefit plans of companies accounted for under the equity method | 3 | – | 2 | 1 |
| Income taxes | 357 | 49 | 161 | 81 |
| **Items that will not be reclassified subsequently to the income statement** | **-1,489** | **-530** | **-531** | **-769** |
| Cash flow hedges | -122 | -183 | -219 | -355 |
| *Unrealized changes—hedging reserve* | *-134* | *-191* | *-203* | *-368* |
| *Unrealized changes—reserve for hedging costs* | *-33* | *-18* | *-44* | *-17* |
| *Reclassification adjustments recognized in income* | *45* | *26* | *28* | *30* |
| Fair value measurement of financial instruments | 68 | 6 | 13 | 16 |
| *Unrealized changes* | *68* | *12* | *14* | *33* |
| *Reclassification adjustments recognized in income* | – | *-6* | *-1* | *-17* |
| Currency–translation adjustments | 260 | 46 | -230 | -92 |
| *Unrealized changes—hedging reserve/other* | *257* | *40* | *-223* | *-96* |
| *Unrealized changes—reserve for hedging costs* | *3* | *6* | *-7* | *4* |
| *Reclassification adjustments recognized in income* | – | – | – | – |
| Companies accounted for under the equity method | -53 | -39 | -193 | -105 |
| *Unrealized changes* | *-53* | *-39* | *-193* | *-105* |
| *Reclassification adjustments recognized in income* | – | – | – | – |
| Income taxes | -18 | 4 | -21 | 17 |
| **Items that might be reclassified subsequently to the income statement** | **135** | **-166** | **-650** | **-519** |
| **Total income and expenses recognized directly in equity** | **-1,354** | **-696** | **-1,181** | **-1,288** |
| **Total recognized income and expenses (total comprehensive income)** | **-710** | **-641** | **-635** | **-746** |
| *Attributable to shareholders of E.ON SE* | *-668* | *-633* | *-767* | *-843* |
| *Continuing operations* | *-681* | *-618* | *-548* | *-1,023* |
| *Discontinued operations* | *13* | *-15* | *-219* | *180* |
| *Attributable to non-controlling interests* | *-42* | *-8* | *132* | *97* |

[1]including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5); the previous quarter was adjusted accordingly

## E.ON SE and Subsidiaries Consolidated Balance Sheets

| € in millions | Note | June 30, 2020 | Dec. 31, 2019[1] |
|---|---|---|---|
| **Assets** | | | |
| Goodwill[2] | | 17,506 | 17,579 |
| Intangible assets | | 4,019 | 4,138 |
| Right-of-use assets | | 2,569 | 2,582 |
| Property, plant and equipment | | 35,566 | 35,832 |
| Companies accounted for under the equity method | (8) | 4,961 | 5,232 |
| Other financial assets | (8) | 3,796 | 4,083 |
| *Equity investments* | | *1,717* | *1,730* |
| *Non-current securities* | | *2,079* | *2,353* |
| Financial receivables and other financial assets | | 666 | 699 |
| Operating receivables and other operating assets | | 3,818 | 3,593 |
| Deferred tax assets | | 1,716 | 2,212 |
| Income tax assets | | 78 | 34 |
| **Non-current assets** | | **74,695** | **75,984** |
| Inventories | | 1,348 | 1,252 |
| Financial receivables and other financial assets | | 587 | 490 |
| Trade receivables and other operating assets | | 14,016 | 14,402 |
| Income tax assets | | 1,128 | 1,377 |
| Liquid funds | | 3,342 | 3,602 |
| *Securities and fixed-term deposits* | | *982* | *1,197* |
| *Restricted cash and cash equivalents* | | *1,126* | *511* |
| *Cash and cash equivalents* | | *1,234* | *1,894* |
| Assets held for sale | (5) | 1,117 | 1,082 |
| **Current assets** | | **21,538** | **22,205** |
| **Total assets** | | **96,233** | **98,189** |
| **Equity and Liabilities** | | | |
| Capital stock | | 2,641 | 2,641 |
| Additional paid-in capital | | 13,368 | 13,368 |
| Retained earnings | | -5,613 | -1,888 |
| Accumulated Other Comprehensive Income[3] | | -4,555 | -3,910 |
| Treasury shares | (9) | -1,126 | -1,126 |
| **Equity attributable to shareholders of E.ON SE** | | **4,715** | **9,085** |
| Non-controlling interests (before reclassification) | | 5,532 | 5,641 |
| Reclassification related to put options | | -1,529 | -1,483 |
| **Non-controlling interests** | | **4,003** | **4,158** |
| **Equity** | | **8,718** | **13,243** |
| Financial liabilities | | 31,382 | 27,572 |
| Operating liabilities | | 8,177 | 7,939 |
| Income tax liabilities | | 291 | 293 |
| Provisions for pensions and similar obligations | (11) | 7,972 | 7,201 |
| Miscellaneous provisions | | 13,259 | 13,468 |
| Deferred tax liabilities | | 2,523 | 2,538 |
| **Non-current liabilities** | | **63,604** | **59,011** |
| Financial liabilities | | 2,789 | 3,840 |
| Trade payables and other operating liabilities | | 15,491 | 16,687 |
| Income tax liabilities | | 789 | 787 |
| Miscellaneous provisions | | 4,421 | 4,019 |
| Liabilities associated with assets held for sale | (5) | 421 | 602 |
| **Current liabilities** | | **23,911** | **25,935** |
| **Total equity and liabilities** | | **96,233** | **98,189** |

[1]Certain adjustments to the preliminary accounting for the innogy acquisition must be presented retroactively to the acquisition date. The prior-year figures were adjusted accordingly.
[2]Includes the preliminary differential amount from the innogy purchase price allocation.
[3] Thereof relating to discontinued operations (June 30, 2020): -€113 million.

## E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

| First half<br>€ in millions | 2020 | 2019 |
|---|---|---|
| **Net income** | **546** | **542** |
| Income/Loss from discontinued operations, net | 63 | -209 |
| Depreciation, amortization and impairment of intangible assets and of property, plant and equipment | 1,806 | 805 |
| Changes in provisions | 541 | 95 |
| Changes in deferred taxes | 679 | 62 |
| Other non-cash income and expenses | -60 | 50 |
| Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months) | -161 | -39 |
| Changes in operating assets and liabilities and in income taxes | -2,111 | -1,157 |
| **Cash provided by (used for) operating activities of continuing operations** | **1,303** | **149** |
| Cash provided by (used for) operating activities of discontinued operations | -24 | 347 |
| **Cash provided by (used for) operating activities (operating cash flow)** | **1,279** | **496** |
| Proceeds from disposal of | 1,519 | 64 |
| *Intangible assets and property, plant and equipment* | *176* | *17* |
| *Equity investments* | *1,343* | *47* |
| Purchases of investments in | -1,422 | -1,028 |
| *Intangible assets and property, plant and equipment* | *-1,800* | *-969* |
| *Equity investments*[1] | *378* | *-59* |
| Changes in securities, financial receivables and fixed-term deposits | -71 | -248 |
| Changes in restricted cash and cash equivalents | -622 | -252 |
| **Cash provided by (used for) investing activities of continuing operations** | **-596** | **-1,464** |
| Cash provided by (used for) investing activities of discontinued operations | -4 | -244 |
| **Cash provided by (used for) investing activities** | **-600** | **-1,708** |
| Payments received/made from changes in capital[2] | -2,366 | 36 |
| Cash dividends paid to shareholders of E.ON SE | -1,199 | -932 |
| Cash dividends paid to non-controlling interests | -295 | -167 |
| Changes in financial liabilities | 2,550 | -288 |
| **Cash provided by (used for) financing activities of continuing operations** | **-1,310** | **-1,351** |
| Cash provided by (used for) financing activities of discontinued operations | 2 | -52 |
| **Cash provided by (used for) financing activities** | **-1,308** | **-1,403** |
| **Net increase/decrease in cash and cash equivalents** | **-629** | **-2,615** |
| Effect of foreign exchange rates on cash and cash equivalents | -1 | -4 |
| Cash and cash equivalents at the beginning of the year[3] | 1,902 | 3,924 |
| Cash and cash equivalents of discontinued operations at the beginning of the period | 14 | 66 |
| **Cash and cash equivalents at the end of the period** | **1,286** | **1,371** |
| **Less: Cash and cash equivalents of discontinued operations at the end of the period** | **-46** | **-129** |
| **Cash and cash equivalents of continuing operations at the end of the period**[4] | **1,240** | **1,242** |

[1]Including the settlement payment received from the transfer of business activities with RWE (see Note 5). These payments reduce the investments.
[2]The decrease is primarily due to the merger-related squeeze-out of the remaining minority shareholders of innogy. No material netting has taken place in either of the years presented here.
[3]Cash and cash equivalents of continuing operations at the beginning of the period also include €4 million attributable to the sales operations in Hungary that were reclassified as a disposal group in the third quarter of 2019, and €4 million attributable to the sales operations in Germany Heat that were reclassified as a disposal group in the fourth quarter of 2019.
[4]Cash and cash equivalents of continuing operations at the balance sheet date also include €8 million attributable to the sales operations of TraveNetz GmbH that were reclassified as a disposal group.

### Statement of Changes in Equity

| | | | | 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 December 31, 2018** | **2,201** | **9,862** | **-2,461** | **-1,775** | **10** | **39** | **-978** | **-14** |
| IFRS 16 adjustment | – | – | 1 | – | – | – | – | – |
| **Balance as of January 1, 2019** | **2,201** | **9,862** | **-2,460** | **-1,775** | **10** | **39** | **-978** | **-14** |
| Change in scope of consolidation | | | | 1 | | | | |
| Capital increase | | | | | | | | |
| Dividends | | | -932 | | | | | |
| Share additions/reductions | | | 12 | | | | | |
| Net additions/disposals from reclassification related to put options | | | | | | | | |
| Total comprehensive income | | | -326 | -151 | 4 | 22 | -374 | -17 |
| *Net income/loss* | | | *385* | | | | | |
| *Other comprehensive income* | | | *-711* | *-151* | *4* | *22* | *-374* | *-17* |
| *Remeasurements of defined benefit plans* | | | *-711* | | | | | |
| *Changes in accumulated other comprehensive income* | | | | *-151* | *4* | *22* | *-374* | *-17* |
| **Balance as of June 30, 2019** | **2,201** | **9,862** | **-3,706** | **-1,925** | **14** | **61** | **-1,352** | **-31** |
| **Balance as of January 1, 2020[1]** | **2,641** | **13,368** | **-1,888** | **-2,518** | **11** | **33** | **-1,418** | **-17** |
| Change in scope of consolidation | | | -12 | | | -1 | 1 | |
| Capital increase | | | | | | | | |
| Dividends | | | -1,199 | | | | | |
| Share additions/reductions | | | -2,393 | | | | | |
| Net additions/disposals from reclassification related to put options | | | | | | | | |
| Total comprehensive income | | | -121 | -397 | -7 | 1 | -199 | -44 |
| *Net income/loss* | | | *359* | | | | | |
| *Other comprehensive income* | | | *-480* | *-397* | *-7* | *1* | *-199* | *-44* |
| *Remeasurements of defined benefit plans* | | | *-480* | | | | | |
| *Changes in accumulated other comprehensive income* | | | | *-397* | *-7* | *1* | *-199* | *-44* |
| **Balance as of June 30, 2020** | **2,641** | **13,368** | **-5,613** | **-2,915** | **4** | **33** | **-1,616** | **-61** |

[1]Certain adjustments to the preliminary accounting for the innogy acquisition must be presented retroactively to the acquisition date. The prior-year figures were adjusted accordingly.

| Treasury shares | Equity attributable to shareholders of E.ON SE | Non-controlling interests (before reclassification) | Reclassification related to put options | Non-controlling interests | Total |
|---|---|---|---|---|---|
| **-1,126** | **5,758** | **3,190** | **-430** | **2,760** | **8,518** |
| – | 1 | 1 | – | 1 | 2 |
| **-1,126** | **5,759** | **3,191** | **-430** | **2,761** | **8,520** |
| | 1 | | | 0 | 1 |
| | | 15 | | 15 | 15 |
| | -932 | -208 | | -208 | -1,140 |
| | 12 | -12 | | -12 | 0 |
| | | | -21 | -21 | -21 |
| | -842 | 98 | | 98 | -744 |
| | *385* | *157* | | *157* | *542* |
| | *-1,227* | *-59* | | *-59* | *-1,286* |
| | *-711* | *-57* | | *-57* | *-768* |
| | *-516* | *-2* | | *-2* | *-518* |
| **-1,126** | **3,998** | **3,084** | **-451** | **2,633** | **6,631** |
| **-1,126** | **9,086** | **5,641** | **-1,483** | **4,158** | **13,244** |
| | -12 | 3 | | 3 | -9 |
| | | | | | 0 |
| | -1,199 | -311 | | -311 | -1,510 |
| | -2,393 | 67 | | 67 | -2,326 |
| | | | -46 | -46 | -46 |
| | -767 | 132 | | 132 | -635 |
| | *359* | *187* | | *187* | *546* |
| | *-1,126* | *-55* | | *-55* | *-1,181* |
| | *-480* | *-51* | | *-51* | *-531* |
| | *-646* | *-4* | | *-4* | *-650* |
| **-1,126** | **4,715** | **5,532** | **-1,529** | **4,003** | **8,718** |

## (1) Summary of Significant Accounting Policies

The Interim Report for the six months ended June 30, 2020, 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 2019 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, 2019, which provide the basis for this Interim Report, contains further information, including information about E.ON's risk management system.

## (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, 2020:

- Amendments to IAS 1 and IAS 8, "Definition of Material"
- Amendments to IFRS 3, "Definition of a Business"
- Amendments to references to the Conceptual Framework for Financial Reporting
- Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform"

## (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. In principle, in addition to volume and price effects, a slightly increased risk provision for contingent losses on receivables can also be observed in the sales business. The energy network sector also suffered volume losses, which led to a decline in earnings. However, in the energy network sector, the declines in revenue owing to changes in volume in subsequent years will be largely offset. Overall, the COVID-19 pandemic did not generate a triggering event for the E.ON Group to test goodwill for impairment.

Overall, after taking countermeasures into account, the E.ON Group's earnings were negatively impacted by the COVID-19 pandemic in the low triple-digit million euro range in the first half of 2020. These effects are mainly attributable to the U.K. sales business and the German network business. They are mainly reflected in lower revenues and increased other operating expenses.

## (4) Scope of Consolidation

The number of consolidated companies is as follows:

### Scope of Consolidation

| | Domestic | Foreign | Total |
|---|---|---|---|
| **Consolidated companies as of December 31, 2019** | **174** | **203** | **377** |
| Additions | 4 | 6 | 10 |
| Disposals/Mergers | 4 | 6 | 10 |
| **Consolidated companies as of June 30, 2020** | **174** | **203** | **377** |

As of June 30, 2020, 92 companies were accounted for under the equity method (December 31, 2019: 93) and one company was presented pro rata as a joint operation (December 31, 2019: 1).

## (5) Acquisitions, Disposals and Discontinued Operations

### Transfer of Business Activities with RWE

In March 2018, E.ON had concluded an agreement with RWE to acquire the network and sales business of innogy. Within this framework, the 76.8-percent stake in innogy SE held by RWE was transferred from RWE to E.ON following approval by the antitrust authorities. The entire Renewables and Gas Storage business of innogy as well as the 37.9-percent stake that innogy holds in Austrian energy supplier KELAG will remain within the RWE Group. The acquisition was concluded through a comprehensive transfer of business activities following the approval of the EU Commission and the competent antitrust authorities on September 18, 2019. The approval was granted subject to conditions, including the sale of various business activities of E.ON and innogy. These include innogy's electricity and gas customer business in the Czech Republic and disposals in E.ON's electricity customer business in Hungary. For Germany, the conditions primarily related to significant parts of E.ON's heating customer business and to the construction and operation of individual electric vehicle charging stations on motorways. Until the disposals are completed, these business activities were or will be continued in compliance with antitrust requirements.

As consideration for innogy's network and sales business, RWE was granted a 16.7-percent shareholding in E.ON SE by way of a 20-percent capital increase against contribution in kind from existing authorized capital. RWE has notified E.ON that it has reduced its shareholding to 15 percent

E.ON had also transferred to RWE most of its Renewables business and the minority interests held by E.ON subsidiary Preussen-Elektra in the Lippe-Ems GmbH and Gundremmingen GmbH nuclear power plants operated by RWE. The parts of the Renewables business to be transferred to RWE have been presented as discontinued operations since June 30, 2018. The minority interests included in the Non-Core Business segment and related liabilities were classified as a disposal group from June 30, 2018. The transfer was executed with retroactive economic effect as of January 1, 2018, and was completed in September 2019, resulting in deconsolidation. Certain business activities of the former Renewables segment of e.disnatur in Germany and Poland and a 20-percent shareholding in the Rampion offshore wind farm in the U.K. remained with the E.ON Group.

On March 12, 2018, E.ON had made an offer to the remaining shareholders of innogy SE to acquire all registered no-par value shares of innogy SE in a voluntary public takeover offer. Subsequently, a further 9.41 percent of innogy shares were tendered for a total consideration of €37.59 per share. This figure included the €0.24 per share increase in the consideration paid in connection with the agreed dividend payment for 2018 as well as the €0.59 share price compensation resulting from the issue of equity instruments to RWE and the increase in the price of E.ON shares from the date of the agreement until its execution.

The E.ON Group and the innogy Group had already established a variety of business relationships prior to the acquisition. These include a bond issued by innogy SE and subscribed by E.ON SE. E.ON also acquired RWE's existing intragroup loan receivable from innogy. All of the business relationships between the E.ON Group and the innogy Group were eliminated as part of the consolidation measures in E.ON's consolidated financial statements.

The purchase price allocation is provisional, in particular due to the determination of the value of the consideration paid, the final determination of the fair value of the net assets of innogy's network and sales business, and the allocation of the goodwill to the cash-generating units. Consequently, changes to the allocation of the purchase price to the individual assets and liabilities may still arise during the adjustment period of up to twelve months from the date of first-time consolidation granted under IFRS.

The provisional calculations of the fair values of the acquired assets and liabilities as of September 18, 2019, and their adjustments through June 30, 2020, are as follows:

## Acquired Net Assets at Fair Value

| € in millions | September 18, 2019 adjustments included until Dec. 31, 2019 | Adjustments | September 18, 2019 adjustments included until June 30, 2020 |
|---|---|---|---|
| Concessions, commercial property rights, licenses, and similar rights | 371 | – | 371 |
| Customer relationships and similar items | 1,987 | – | 1,987 |
| Advance payments | 6 | – | 6 |
| Right-of-use assets | 2,128 | -441 | 1,687 |
| Property, plant, and equipment | 17,524 | – | 17,524 |
| Companies accounted for under the equity method | 2,548 | – | 2,548 |
| Other financial assets | 1,097 | – | 1,097 |
| Financial receivables and other financial assets | 205 | – | 205 |
| Operating receivables and other operating assets | 2,068 | – | 2,068 |
| Deferred tax assets | 1,343 | – | 1,343 |
| **Non-current assets** | **29,277** | **-441** | **28,836** |
| Inventories | 613 | – | 613 |
| Receivables and other assets | 713 | – | 713 |
| Trade receivables and other operating assets | 8,270 | 15 | 8,285 |
| Liquid funds | 2,394 | – | 2,394 |
| **Current assets** | **11,990** | **15** | **12,005** |
| Financial liabilities | 17,949 | -388 | 17,561 |
| Operating liabilities | 3,618 | – | 3,618 |
| Provisions for pensions and similar obligations | 4,384 | – | 4,384 |
| Miscellaneous provisions | 769 | – | 769 |
| Deferred tax liabilities | 1,388 | – | 1,388 |
| **Non-current liabilities** | **28,108** | **-388** | **27,720** |
| Financial liabilities | 1,848 | -498 | 1,350 |
| Trade payables and other operating liabilities | 8,890 | – | 8,890 |
| Miscellaneous provisions | 1,658 | – | 1,658 |
| **Current liabilities** | **12,396** | **-498** | **11,898** |
| **Total equity and liabilities** | **763** | **460** | **1,223** |

The largest change in terms of amount resulted from the fact that the loan receivable from RWE to innogy SE, which was acquired by E.ON, is no longer reported separately as in the 2019 Annual Report, but instead is presented as part of net assets. This is reflected in the sharp decline in current financial liabilities. The change in rights of use is the result of the retrospective adjustment to the underlying interest rate for selected leases. This is connected with corresponding adjustments, in particular to depreciation and interest expenses. Retrospective adjustments between write-downs to historical carrying amounts and recognized undisclosed accruals are due to more recent findings on the remaining useful lives of acquired fixed assets in the network area.

E.ON and RWE entered into an agreement on a compensatory payment by RWE to E.ON in the amount of €1.5 billion as part of the acquisition and the comprehensive transfer of assets and business activities. This payment was offset against E.ON's payment obligations and indemnification assets with respect to RWE as part of a shortened payment procedure. In some cases, partial payments have already been made. Cash in the amount of €275 million was also acquired.

By the acquisition date, E.ON had also acquired an additional 3.79 percent of innogy shares on the market. The extraordinary general shareholders meeting of innogy SE in Essen on March 4, 2020, finally approved the exclusion of the minority shareholders of innogy SE. With the entry in the commercial register on June 2, 2020, the squeeze-out under German merger law in the course of the acquisition of innogy by E.ON ends. The fixed cash settlement was paid out shortly afterwards. A court-appointed expert auditor has confirmed in accordance with the requirements of German stock corporation law that the fixed cash compensation of €42.82 per share is appropriate.

The difference in the consideration transferred is due to subsequent purchase price adjustments. The provisionally identified goodwill results primarily from the strategic reorientation of the customer business and the energy networks as well as the expected synergies from the integration of innogy SE into the Group. E.ON has not made the assumption that the provisional goodwill will be deductible for tax purposes.

As of June 30, 2020, E.ON is continuing to provide collateral in the amount of €1,743.5 million (2019: €3,011.3 million) for the former Group companies transferred to RWE which will be repaid or assumed by RWE Group companies in the short term.

## Goodwill

| € in millions | September 18, 2019 adjustments included until Dec. 31, 2019 | Adjustments | September 18, 2019 adjustments included until June 30, 2020 |
|---|---|---|---|
| **Consideration transferred** | **13,660** | **-396** | **13,264** |
| Fair value of shares in innogy SE that were previously acquired and held on the market | 949 | – | 949 |
| **Amount to be allocated as part of the purchase price allocation** | **14,609** | **-396** | **14,213** |
| Fair value of the negative net assets acquired[1] | -3,475 | 242 | -3,233 |
| Non-controlling shares | 2,330 | 141 | 2,471 |
| Deferred tax liabilities | 2,010 | – | 2,010 |
| **Goodwill** | **15,474** | **-13** | **15,461** |

[1]Including the acquisition of an intragroup loan receivable from RWE to innogy SE, which was still reported separately at the end of 2019.

### innogy in the Czech Republic

The EU's approval of the acquisition of RWE's shares in innogy was granted subject to conditions, including the sale of various business activities of E.ON and innogy. Because innogy's electricity and gas customer business in the Czech Republic, which is to be disposed of, consists of four subsidiaries acquired exclusively for resale, they are presented as discontinued operations in the E.ON Group effective September 30, 2019. The disposal is expected in the second half of 2020 (see Note 14).

The expenses and income attributable to this were reported separately on the face of the Group's income statement under income/loss from discontinued operations, net. The relevant assets and liabilities were reported in a separate line on the balance sheet. The cash flows of the parts to be transferred are also reported separately in the cash flow statement.

All intragroup receivables, payables, expenses and income between the disposal companies and the remaining E.ON Group companies were eliminated. For deliveries, goods and services that were previously intragroup in nature, but which after the deconsolidation will be continued either between the companies to be transferred or with third parties, the elimination entries required for the consolidation of income and expenses were allocated entirely to the discontinued operation.

No material impairment loss or reversal of impairment loss was identified in the course of the valuation pursuant to IFRS 5.18 immediately prior to the reclassification of all assets and liabilities of the discontinued operation. In addition, no impairment loss was recognized from the comparison of the entire carrying amount of the discontinued operation and its fair value less costs to sell as of June 30, 2020.

In the first half of 2020, E.ON generated revenues of €49 million, no material interest income, interest expenses of €6 million, other income of €95 million, and other expenses of €47 million with the fully consolidated companies to be transferred.

The following table shows the main items of the income statement of the discontinued operation (after allocation of elimination entries):

**Income Statement–
Customer Solutions—Czech Republic innogy (Summary)**

| First half<br>€ in millions | 2020 |
|---|---|
| Sales | 612 |
| Other income | 30 |
| Other expense | -567 |
| **Income/Loss from discontinued operations before income taxes** | **75** |
| Income taxes | -9 |
| **Income/Loss from discontinued operations, net** | **66** |

The following table shows major balance sheet line items for the discontinued operation:

**Major Balance Sheet Line Items—Customer Solutions—
Czech Republic innogy (Summary)**

| € in millions | June 30, 2020 | Dec. 31, 2019 |
|---|---|---|
| Intangible assets and goodwill | 299 | 314 |
| Property, plant and equipment | 135 | 140 |
| Miscellaneous assets | 203 | 212 |
| **Assets held for sale** | **637** | **666** |
| Liabilities | -278 | -419 |
| Provisions | -2 | -7 |
| **Liabilities associated with assets held for sale** | **-280** | **-426** |

The preceding figures do not include receivables from or liabilities to the E.ON Group.

## Disposal of Real Estate Assets

E.ON NA Capital, Inc. and E.ON RE Investments LLC, fully consolidated companies in the E.ON Group, have pledged to sell real estate assets totaling about US$ 248 million to E.ON Pension Trust, which is not fully consolidated, in the second and third quarters of 2020. Most of the payments will be made in the third quarter of 2020.

## Disposal of the Heating Electricity Business

A condition imposed by the EU Commission for the transfer of business activities with RWE included the sale of the German heating electricity business of E.ON Energie Deutschland ("EDG"). The sold heating electricity business includes all special contracts for the supply of heating electricity to customers and all special contracts between EDG and heating electricity customers that purchase heating and general electricity via separate meters. In anticipation of the disposal, the heating electricity business was spun off into two newly founded companies, E.ON Heizstrom Nord GmbH ("EHN") and E.ON Heizstrom Süd GmbH ("EHS"). Because of the obligation to dispose of these activities, E.ON has already reported its heating electricity business as a disposal group pursuant to IFRS 5 with effect from September 30, 2019. The contract documents were signed on March 3, 2020, and the sale of EHN and EHS was completed on April 28, 2020.

# (6) Financial Results

The following table provides details of financial results:

### Financial Results

| € in millions | Second quarter 2020[1] | Second quarter 2019 | First half 2020 | First half 2019 |
|---|---|---|---|---|
| Income/Loss from companies in which equity investments are held | 71 | 40 | 59 | 45 |
| Impairment charges/reversals on other financial assets | -3 | – | -4 | -3 |
| **Income/Loss from equity investments** | **68** | **40** | **55** | **42** |
| Income/Loss from securities, interest and similar income | 343 | 117 | 422 | 218 |
| Interest and similar expenses | -246 | -291 | -754 | -653 |
| **Net interest income/loss** | **97** | **-174** | **-332** | **-435** |
| **Financial results** | **165** | **-134** | **-277** | **-393** |

[1] including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5); the previous quarter was adjusted accordingly

The increase in the financial result by €116 million is mainly due to the lower valuation effects of non-current provisions compared with the previous year and income related to prior years. The inclusion of innogy and the valuation effects of securities held for trading shown in the non-operating result had a counteracting effect. The financial results also include a positive effect from the reversal of valuation differences between the nominal and the fair value of the bonds of innogy in the amount of €166 million.

## (7) Earnings per Share

The computation of earnings per share is shown below:

### Earnings per Share

| | Second quarter | | First half | |
|---|---|---|---|---|
| € in millions | 2020[1] | 2019 | 2020 | 2019 |
| Income/Loss from continuing operations | 618 | 18 | 609 | 333 |
| Less: Non-controlling interests | -48 | -47 | -184 | -131 |
| **Income/Loss from continuing operations (attributable to shareholders of E.ON SE)** | **570** | **-29** | **425** | **202** |
| Income/Loss from discontinued operations, net | 26 | 37 | -63 | 209 |
| Less: Non-controlling interests | – | -10 | -3 | -26 |
| **Income/Loss from discontinued operations, net (attributable to shareholders of E.ON SE)** | **26** | **27** | **-66** | **183** |
| **Net income/loss attributable to shareholders of E.ON SE** | **596** | **-2** | **359** | **385** |
| in € | | | | |
| **Earnings per share (attributable to shareholders of E.ON SE)** | | | | |
| from continuing operations | 0.22 | -0.01 | 0.16 | 0.09 |
| from discontinued operations | 0.01 | 0.01 | -0.02 | 0.09 |
| **from net income/loss** | **0.23** | **-0.00** | **0.14** | **0.18** |
| Weighted-average number of shares outstanding (in millions) | 2,607 | 2,167 | 2,607 | 2,167 |

[1]including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5); the previous quarter was adjusted accordingly

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.

The increase in the weighted-average number of shares outstanding resulted primarily from the capital increase carried out in September 2019. As a result, E.ON increased the share capital from €2,201,099,000 to €2,641,318,800, primarily through the utilization of its authorized capital via the issue of 440,219,800 new, registered ordinary shares against a contribution in kind.

## (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, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| € 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 | 4,961 | 3,210 | 1,751 | 5,232 | 3,280 | 1,952 |
| Equity investments | 1,717 | 621 | 158 | 1,730 | 556 | 155 |
| Non-current securities | 2,079 | – | – | 2,353 | – | – |
| **Total** | **8,757** | **3,831** | **1,909** | **9,315** | **3,836** | **2,107** |

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

The net income of €219 million from companies accounted for under the equity method (first six months of 2019: €217 million) includes no impairments. The prior-year figure does not include any earnings from innogy interests. Conversely, the earnings from the interest in Nord Stream will not be included this year, as this interest was included in the CTA at the end of 2019 (see page 7).

## (9) Treasury Shares

Pursuant to a resolution by the Annual Shareholders Meeting of May 28, 2020, the Company is 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 treasury shares without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of June 30, 2020, was 2,607,369,233 (December 31, 2019: 2,607,369,233).

As of June 30, 2020, E.ON SE held a total of 33,949,567 treasury shares (December 31, 2019: 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).

## (10) Dividends

At the Annual Shareholders Meeting on May 28, 2020, the shareholders voted to distribute a dividend of €0.46 (2019: €0.43) for each dividend-paying ordinary share in the second quarter of 2020, which corresponds to a total dividend amount of €1,199 million (2019: €932 million).

## (11) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations increased by €771 million over year-end 2019. This was due to a decrease in the discount rates used in the E.ON Group and to additions resulting from pension expenses for the period, which increased the present value of the defined benefit obligations. The pension payments made in the first half of the year and currency effects almost completely offset the above-mentioned increase in the present value of the defined benefit obligations. Plan assets were also reduced by pension payments made and currency effects.

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, 2020 | Dec. 31, 2019 |
|---|---|---|
| Germany | 1.20 | 1.30 |
| United Kingdom | 1.60 | 2.00 |

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, 2020 | Dec. 31, 2019 |
|---|---|---|
| Present value of all defined benefit obligations | 28,771 | 28,754 |
| Fair value of plan assets | 20,917 | 21,634 |
| **Net defined benefit liability** | **7,854** | **7,120** |
| *Presented as operating receivables* | *-118* | *-81* |
| *Presented as provisions for pensions and similar obligations* | *7,972* | *7,201* |

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 | 2020 | 2019 | 2020 | 2019 |
| Employer service cost | 86 | 32 | 170 | 62 |
| Past service cost | 8 | 5 | 34 | 14 |
| Gains (-) and losses (+) on settlements | -7 | – | -7 | – |
| Net interest on the net defined benefit liability/asset | 24 | 15 | 47 | 30 |
| **Total** | **111** | **52** | **244** | **106** |

## (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, 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 | 420 | 62 | – | 358 |
| Derivatives | 3,619 | 93 | 3,142 | 384 |
| Securities and fixed-term deposits | 3,061 | 2,582 | 479 | – |
| Other financial receivables and financial assets | 140 | – | – | 140 |
| **Liabilities** | | | | |
| Derivatives | 5,616 | 143 | 5,163 | 310 |

### Carrying Amounts of Financial Instruments as of December 31, 2019

| € 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 | 455 | 66 | – | 389 |
| Derivatives | 3,285 | 50 | 2,823 | 412 |
| Securities and fixed-term deposits | 3,550 | 3,030 | 520 | – |
| Other financial receivables and financial assets | 140 | – | – | 140 |
| **Liabilities** | | | | |
| Derivatives | 4,989 | 90 | 4,572 | 327 |

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 commercial paper, 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, 2020, financial liabilities include bonds with a fair value of €31,807 million (December 31, 2019: €29,935 million). The carrying amount of the bonds as of June 30, 2020, is €29,232 million (December 31, 2019: €27,059 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, 2019. There were no reclassifications between these two fair value hierarchy levels in the first six months of 2020. 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**

| € in millions | Dec. 31, 2019 | Purchases (including additions) | Sales (including disposals) | Settlements | Gains/Losses in income statement | Transfers into Level 3 | Transfers out of Level 3 | Gains/Losses in OCI | June 30, 2020 |
|---|---|---|---|---|---|---|---|---|---|
| Equity investments | 389 | 10 | -46 | – | 5 | – | – | – | 358 |
| Derivative financial instruments | 85 | – | – | -4 | -7 | – | – | – | 74 |
| **Total** | **474** | **10** | **-46** | **-4** | **-2** | **0** | **0** | **0** | **432** |

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 decrease in fair value of €52 million or an increase of €64 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 decrease in the market value in the amount of €27 million or an increase in the amount of €13 million.

### Credit Risk

To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies or evidence of profit-and-loss-pooling 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. Risk-management collateral was accepted in the amount of €1,501 million as of June 30, 2020 (December 31, 2019: €1,481 million). 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, 2020, 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. The Renewables segment was still included in the previous year.

Since January 1, 2020, the activities of innogy are no longer directed and presented as an independent segment, but instead integrated into the business areas Energy Networks, Customer Solutions and Group Management/Other. The innogy network businesses were transferred to the Energy Networks division. The sale of electricity and gas as well as new customer solutions at innogy, such as services related to electromobility, are reported under Customer Solutions. The Netherlands/Belgium segment is now reported separately there. The Corporate Management/ Other area comprises the holding functions and internal service providers of innogy. The businesses in the Renewables segment remaining after the transfer of material components to RWE are reported under Energy Networks Germany, Customer Solutions United Kingdom and Corporate Management/Other. The Customer Solutions Germany segment now also includes the heating business previously reported under Customer Solutions Other. In addition, three E.ON Business Solutions companies were transferred from Customer Solutions Other to the Customer Solutions United Kingdom segment. 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, Slovenia, 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, Romania, Poland and innovative solutions (such as E.ON Business Solutions and Electromobility).

## Renewables

The Renewables segment combined the Group's activities for the production of wind power plants (onshore and offshore) as well as solar farms.

In connection with the innogy takeover, substantially all of the Renewables segment was transferred to RWE. Since June 30, 2018, the transferred business has been reported as a discontinued operation in E.ON's consolidated financial statements in accordance with IFRS 5 and deconsolidated as of September 18, 2019. The activities remaining with E.ON were transferred to other segments (see accompanying notes).

For internal management purposes, these activities will continue to be fully included in the relevant key performance indicators. The presentation of key performance indicators and revenue in segment reporting in the previous year therefore also includes the components attributable to discontinued operations in the Renewables business. Reconciliations of these figures to the information in the E.ON Group's consolidated income statement and consolidated statement of cash flows are provided on page 44 and 45.

## 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.

## Financial Information by Business Segment[1]

| First half € in millions | Energy Networks | | | | | | Customer Solutions | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Germany | | Sweden | | ECE/Turkey | | Germany | | United Kingdom | | Netherlands/ Belgium | | Other | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| External sales | 4,956 | 2,434 | 441 | 509 | 665 | 331 | 10,605 | 3,923 | 7,354 | 3,906 | 1,444 | – | 4,252 | 3,937 |
| Intersegment sales | 2,096 | 745 | 3 | 3 | 626 | 484 | 583 | 73 | 2 | -149 | 45 | – | 241 | 133 |
| **Sales** | **7,052** | **3,179** | **444** | **512** | **1,291** | **815** | **11,188** | **3,996** | **7,356** | **3,757** | **1,489** | **–** | **4,493** | **4,070** |
| **Depreciation and amortization[2]** | **-696** | **-311** | **-77** | **-78** | **-160** | **-116** | **-59** | **-38** | **-66** | **-62** | **-33** | **–** | **-101** | **-75** |
| **Adjusted EBIT** | **1,145** | **552** | **186** | **262** | **321** | **234** | **280** | **106** | **43** | **76** | **57** | **–** | **77** | **70** |
| *Equity-method earnings[3]* | *119* | *32* | *–* | *–* | *67* | *53* | *1* | *2* | *–* | *–* | *2* | *–* | *4* | *4* |
| **Operating cash flow before interest and taxes** | **1,316** | **295** | **296** | **323** | **449** | **403** | **-485** | **-131** | **86** | **46** | **-74** | **–** | **159** | **160** |
| **Investments** | **873** | **347** | **161** | **136** | **264** | **161** | **103** | **42** | **52** | **100** | **19** | **–** | **159** | **200** |

[1]Because of the changes in our 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.
[4]Because of subsequent purchase price adjustments by RWE the segment Corporate Functions/Other shows negative investments.
[5]Operating business including the divisions in the Renewables segment reclassified as discontinued operations in accordance with IFRS 5 and deconsolidated as of September 18, 2019.

The following table shows the reconciliation of the revenues reported in segment reporting to the revenues in the income statement:

## Reconciliation of Sales

| First half € in millions | E.ON Group | | Reclassified businesses at Renewables[1] | | E.ON Group (continuing operations) | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| **Sales** | **30,503** | **16,014** | **–** | **-363** | **30,503** | **15,651** |

[1]Deconsolidated as of September 18, 2019.

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

| First half € in millions | 2020 | 2019 |
|---|---|---|
| **Operating cash flow before interest and taxes** | **1,521** | **1,464** |
| Interest payments | -404 | -388 |
| Tax payments | 186 | -580 |
| Reclassified innogy business in the Czech Republic (operating cash flow) | -24 | – |
| **Operating cash flow** | **1,279** | **496** |
| Reclassified businesses at Renewables[1] | – | -347 |
| Reclassified innogy business in the Czech Republic | 24 | – |
| **Operating cash flow from continuing operations** | **1,303** | **149** |

[1]Deconsolidated as of September 18, 2019.

| Renewables[5] | | Non-Core Business: PreussenElektra | | Non-Core Business: Generation Turkey | | Corporate Functions/ Other[4] | | Consolidation | | E.ON Group[5] | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| – | 399 | 696 | 565 | – | – | 91 | 10 | -1 | – | 30,503 | 16,014 |
| – | 295 | – | – | – | – | 577 | 268 | -4,173 | -1,852 | 0 | 0 |
| **–** | **694** | **696** | **565** | **–** | **–** | **668** | **278** | **-4,174** | **-1,852** | **30,503** | **16,014** |
| **–** | **-185** | **-239** | **-101** | **–** | **–** | **-64** | **-26** | **1** | **-1** | **-1,494** | **-993** |
| **–** | **256** | **222** | **182** | **19** | **63** | **-186** | **-89** | **-2** | **5** | **2,162** | **1,717** |
| – | *58* | *27* | *28* | *19* | *63* | *11* | *35* | – | – | *250* | *275* |
| **–** | **391** | **251** | **158** | **–** | **–** | **-474** | **-181** | **-3** | **–** | **1,521** | **1,464** |
| **–** | **291** | **158** | **4** | **–** | **–** | **-365** | **37** | **-2** | **1** | **1,422** | **1,319** |

The following table shows the reconciliation of the investments shown in segment reporting to the investments of continuing operations. The latter correspond to payments for investments reported in the Consolidated Statements of Cash Flows.

**Reconciliation of Investments**

| First half<br>€ in millions | 2020 | 2019 |
|---|---|---|
| **Investments** | **1,422** | **1,319** |
| Reclassified businesses at Renewables[1] | – | -291 |
| **Investments from continuing operations** | **1,422** | **1,028** |

[1]Deconsolidated as of September 18, 2019.

## 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. The change in recognition results in improved presentation of sustainable earnings power. In addition, negative effects that are to be initially recognized from the subsequent measurement of hidden reserves and charges in connection with the preliminary 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.

In addition, earnings from discontinued operations in the Renewables segment that were deconsolidated as of September 18, 2019, adjusted for non-operating effects, were also included here. Pursuant to IFRS 5, equity carried forward from investments in discontinued operations is to be terminated. However, this was continued within the framework of internal management and was then also included in adjusted EBIT. As with the treatment of the effects of the equity carried forward, depreciation in discontinued operations, which is generally to be deferred in accordance with IFRS 5, was continued and carried forward in adjusted EBIT.

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

**Reconciliation of Income before Financial Results and Income Taxes**

| | Second quarter | | First half | |
|---|---|---|---|---|
| € in millions | 2020[1] | 2019 | 2020 | 2019 |
| **Income/Loss from continuing operations before financial results and income taxes** | **937** | **248** | **1,568** | **971** |
| Income/Loss from equity investments | 68 | 40 | 55 | 42 |
| **EBIT** | **1,005** | **288** | **1,623** | **1,013** |
| **Non-operating adjustments** | **-289** | **192** | **539** | **438** |
| *Net book gains/losses* | *-154* | *-7* | *-159* | *-19* |
| *Restructuring/cost-management expenses* | *212* | *52* | *305* | *90* |
| *Effects from market valuation derivatives* | *-520* | *126* | *70* | *337* |
| *Impairments (+)/Reversals (-)* | *16* | – | *16* | – |
| *Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction* | *142* | – | *335* | – |
| *Other non-operating earnings* | *15* | *21* | *-28* | *30* |
| Reclassified businesses of Renewables[2] (adjusted EBIT) | – | 62 | – | 266 |
| **Adjusted EBIT** | **716** | **542** | **2,162** | **1,717** |
| Impairments (+)/Reversals (-) | 2 | 1 | 3 | 5 |
| Scheduled depreciation and amortization | 753 | 403 | 1,491 | 802 |
| Reclassified businesses of Renewables[2] (scheduled depreciation and amortization, impairments and reversals) | – | 93 | – | 186 |
| **Adjusted EBITDA** | **1,471** | **1,039** | **3,656** | **2,710** |

[1]including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5); the previous quarter was adjusted accordingly
[2]Deconsolidated as of September 18, 2019.

Page 13 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.

## (14) Subsequent Events

### Conditions Imposed by the EU Commission Arising from the innogy Takeover: Agreements Signed for the Disposal of Businesses in Hungary and the Czech Republic

As part of the acquisition of innogy, the EU Commission has, among other things, imposed conditions requiring the disposal of certain E.ON and innogy businesses in Eastern Europe.

To meet these conditions, on July 6, 2020 E.ON signed an agreement with Audax Renovables on the disposal of E.ON Energiakereskedelmi Kft. ("EKER"), E.ON's non-regulated commercial electricity retail business in Hungary.

In addition, E.ON and the MVM Group signed an agreement on July 10, 2020, to sell innogy Česká republika a.s. and thereby the entire Czech electricity and gas business of innogy in the retail segment.

Both transactions are subject to the approval of the European Commission. The transactions are expected to be completed by the end of 2020.

These agreements are the final elements of the conditions to be fulfilled by E.ON in connection with the antitrust approval of the innogy acquisition. In this context, E.ON has already sold its heating electricity business in Germany and has withdrawn from operating individual charging stations for electric vehicles on German motorways.

Because of the obligation to dispose of these activities, E.ON had already reported innogy's Czech power and gas customer business as a discontinued operation and EKER's Hungarian power customer business as a disposal group pursuant to IFRS 5 as of September 30, 2019. No additional impairment loss was recognized from the comparison of the carrying amounts of these discontinued operations and the fair values less costs to sell as of the balance sheet date.

### Letter of Intent to Acquire Shares in VSE Holding Signed

At the end of July, E.ON and the Ministry of Economy of the Slovak Republic signed a letter of intent which, among other things, stipulates that the Slovak Republic waives its right to acquire 49 percent of the shares in VSE Holding (VSE) and that E.ON may acquire this stake. VSE's shares are expected to be transferred to E.ON in the third quarter of 2020.

# 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 10, 2020

The Board of Management

Teyssen Birnbaum

König Spieker Wildberger

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 flows statement, statement of changes in equity and selected explanatory notes—and the interim group management report of E.ON SE for the period from January 1 to June 30, 2020, which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (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 moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures 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 express an audit opinion.

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 all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, August 11, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Markus Dittmann | Aissata Touré |
| Wirtschaftsprüfer | Wirtschaftsprüferin |
| (German Public Auditor) | (German Public Auditor) |

# Financial Calendar

| | |
|---|---|
| November 11, 2020 | Quarterly Statement: January – September 2020 |
| March 24, 2021 | Release of the 2020 Annual Report |
| May 11, 2021 | Quarterly Statement: January – March 2021 |
| May 19, 2021 | 2021 Annual Shareholders Meeting |
| August 11, 2021 | Half-Year Financial Report: January – June 2021 |
| November 10, 2021 | Quarterly Statement: January – September 2021 |

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**Only the German version of this Interim Report is legally binding.**

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