Six-Monthly Financial Report

January to June 2021

Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	01/01–30/06/2021	01/01–30/06/2020	Change in %	01/01–31/12/2020
External revenue [1]	12,654.7	9,802.5	29.1	19,694.3
Adjusted EBITDA	1,479.4	1,586.6	-6.8	2,781.2
Share of adjusted EBITDA accounted for by Smart Infrastructure for Customers in € million/in % [1]	208.0/14.1	137.3/8.7	51.5/–	335.0/12.0
Share of adjusted EBITDA accounted for by System Critical Infrastructure in € million/in %	661.5/44.7	744.9/46.9	-11.2/–	1,346.6/48.4
Share of adjusted EBITDA accounted for by Sustainable Generation Infrastructure in € million/in % [1]	726.8/49.1	819.3/51.6	-11.3/–	1,277.8/45.9
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %	-116.9/-7.9	-114.9/-7.2	-1.7/–	-178.2/-6.3
EBITDA	1,167.2	1,359.1	-14.1	2,663.3
Adjusted EBIT	731.7	943.8	-22.5	1,391.5
EBIT	-523.9	627.2	–	1,102.7
Adjusted Group net profit [2]	594.3	370.2	60.5	682.8
Group net profit/loss [2]	-162.8	184.2	–	596.1
Earnings per share from Group net profit/loss (€) [2]	-0.60	0.68	–	2.20
Retained cash flow	835.7	1,090.8	-23.4	1,638.5
Net cash investment	860.6	590.3	45.8	1,826.9

in € million	30/06/2021	31/12/2020	Change in %	
Net debt	11,847.7	14,406.5	-17.8	

Non-financial performance indicators [3]

	01/01–30/06/2021	01/01–30/06/2020	Change in %	01/01–31/12/2020
Customers and society goal dimension				
EnBW/Yello Customer Satisfaction Index	127/161	120/159	5.8/1.3	132/159
SAIDI (electricity) in min./year	8	7	14.3	15
Employees goal dimension				
LTIF for companies controlled by the Group [4]/LTIF overall [5]	1.7/2.5	1.9/3.1	-10.5/-19.4	2.1/3.6

Employees [6, 7]

	30/06/2021	30/06/2020	Change in %	31/12/2020
Employees	24,894	23,685	5.1	24,655
Full-time equivalents [8]	23,369	22,184	5.3	23,078

1 The figures for the previous year have been restated.
2 In relation to the profit/loss attributable to the shareholders of EnBW AG.
3 The values for the key performance indicators Reputation Index, People Engagement Index (PEI), "Installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE in %" and CO_2 intensity will be exclusively collected at the end of the year.
4 Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered except for companies in the area of waste management as well as external agency workers and contractors).
5 Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered except for external agency workers and contractors (except ITOs)).
6 Number of employees excluding apprentices/trainees and inactive employees.
7 The number of employees for the ITOs (ONTRAS Gastransport GmbH, terranets bw GmbH and TransnetBW GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2020 is carried forward.
8 Converted into full-time equivalents.

Q2 2021 at a glance

- Adjusted EBITDA of €1,479.4 million slightly below level in previous year
- High level of investment in expansion of renewable energies and electromobility
- Extraordinary negative effects totaling €1.25 billion, especially due to impairment losses on the power plants
- Earnings forecast for whole of 2021 remains unchanged

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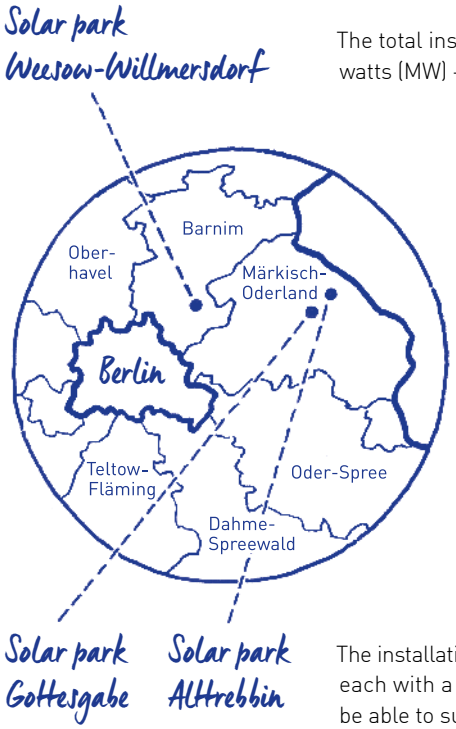
Solar parks without state funding at EnBW: Sunny times for photovoltaics

Solar energy has become the next kind of renewable energy that can be economically viable even without EEG funding. This is mostly thanks to reduced costs and improvements in efficiency. EnBW is currently realizing a solar cluster in Brandenburg consisting of three major projects that don't need government subsidies. In other words, solar parks that are commercially viable.

Did you know that every day 15,000 times more energy reaches the Earth from the sun than people consume around the world? Around one fifth of the electricity generated from renewable energies in Germany comes from PV power plants. And solar energy actually accounted for 9.3% of the total electricity generated in Germany in 2020 with 50.6 billion kilowatt hours (kWh) – about as much electricity as a major city such as Berlin with its around 3.7 million inhabitants consumes in almost four years.



The total installed photovoltaic capacity in Germany at the end of 2020 was around 53,000 megawatts (MW) – accounting for 24% of all power plant capacity available in Germany. The total capacity is distributed across around two million power plants, of which three quarters are roof-mounted systems and one quarter are open-field power plants. Photovoltaic power offers huge benefits for the climate: This climate-friendly solar electricity saved almost 30 million t CO_2 in Germany in 2020, which would otherwise have been released into the atmosphere through the use of fossil fuels.

Alongside onshore and offshore wind power, photovoltaics forms a third pillar of EnBW's expansion strategy on its path towards a climate-neutral future. EnBW had a total of 153 MW of PV capacity connected to the grid at the end of 2019 and this figure had risen to 342 MW by the end of 2020. And the rate of expansion is increasing: EnBW aims to have 1,200 MW of PV capacity connected by 2025.

Around 1,000 MW is already part of a concrete project pipeline today. A solar cluster consisting of three major projects is currently being developed in Brandenburg. One of them, the Weesow-Willmersdorf solar park with a total capacity of 187 MW, is already in operation. It is the largest solar park in Germany to date with 465,000 solar modules.

The installation work at the other two major projects in Brandenburg "Gottesgabe" and "Alttrebbin" – each with a planned capacity of around 150 MW – has also recently begun. The solar cluster will be able to supply environmentally friendly electricity to around 140,000 households on aggregate in the future – which corresponds to about 70% of the households in the districts of Barnim and

Märkisch-Oderland in Brandenburg. These three major photovoltaic projects will save around 325,000 t CO_2 per year. Significant improvements in efficiency and cost reductions in the production of solar modules of up to 90% over the last few years mean that some solar parks like EnBW's three major projects in Brandenburg can now also be realized without state funding. Solar power generated in solar parks that don't need state funding does not burden consumers through EEG cost allocations.

The more powerful the solar modules become and the lower the procurement costs per watt of output, the lower the cost of each kilowatt hour of electricity generated. "At our first solar park project in Leibertingen back in 2009, we were installing modules with an output of 90 W/m². Today, the modules already have an output of more than 200 W/m²," explains Thorsten Jörß, Head of Photovoltaic Project Development at EnBW. And advances are still being made: Some manufacturers are already carrying out research into modules with an output of around 300 W/m². Since 2017, EnBW has been participating in a research project at the University of Stuttgart for the inexpensive production of non-toxic silicon solar cells with a high level of efficiency.

"We can help to substantially push forward the Energiewende by expanding solar energy," says Jörß. However, it would require annual growth in solar energy of at least 10,000 MW across Germany to achieve the German government's aim of generating 65 percent of its total power from renewable energies by 2030. At the same time, it is not always possible to do without EEG cost allocations as solar projects that don't need state funding can only be developed as larger solar parks in good locations that have low grid connection costs. "To achieve our climate targets, it is politically expedient and also important to continue to provide EEG funding," explains Jörß.

One forward-looking solution that seeks to find a compromise between economic viability and the need for funding is already being pursued by EnBW in its "combi-project": EnBW is currently constructing a PV project with a capacity of 28 MW in Maßbach in Bavaria, 10 MW of which requires funding while the rest is economically viable without EEG subsidies – a good solution for pushing forward the expansion of solar energy.

There is still a potentially huge amount of suitable land available for open-field photovoltaic power plants in Germany. A study carried out on behalf of the Federal Ministry of Transport and Digital Infrastructure estimates that there is around 3,200 km² of land available that is free of restrictions for the expansion of open-field PV. Based on the current state of technology, these sites have the potential to supply at least 230,000 MW of energy.

Solar electricity modules: more efficient and less expensive

The power output from PV modules was still around 90 W/m² in 2009. It is now more than 200 W/m². At the same time, costs have also fallen by approximately 90% over the last ten years.

Interim Group management report

Business activity and strategy

Business activity

Our company is transforming itself from an integrated energy supply company into a sustainable and innovative infrastructure partner, also outside of the energy sector. **Sustainability** is an important element of our business model and acts as a compass for our strategic alignment.

Our roots lie in **Baden-Württemberg,** where we are positioned as a market leader. The EnBW Group also includes various subsidiaries that are active across the whole of **Germany** and in **selected markets abroad.** We are pushing forward the **expansion of renewable energies** through Valeco, the French project developer and operator of wind farms and solar parks. We are also represented by our subsidiaries Connected Wind Services (CWS) in Denmark and EnBW Sverige in Sweden. In Turkey, we work together in the renewable energies sector with our partner Borusan. Our activities in Great Britain, Taiwan and the USA round off our strategy for selective internationalization. The companies Energiedienst (ED) in Switzerland and Pražská energetika (PRE) in the Czech Republic, in which EnBW has held participating interests for many years, also have a strong focus on renewable energies. We are the **market leader for quick charging** in Germany and are now also expanding onto the Austrian market with SMATRICS EnBW. We were able to further expand our portfolio in the **broadband business** across Germany through the acquisition of the telecommunications company Plusnet. Our subsidiary NetCom BW has its main focus in this sector in Baden-Württemberg.

Since the beginning of 2021, we have combined our activities in **three new strategic business fields:** The **"Smart Infrastructure for Customers"** business field encompasses the sale of electricity and gas, energy industry services and energy solutions, electromobility, telecommunications and broadband, and static storage systems in conjunction with photovoltaics. Important aspects of this business field include the expansion of the quick-charging infrastructure to promote electromobility and of the infrastructure for the telecommunications and broadband business. The transmission and distribution grids for electricity and gas and the associated services make up the **"System Critical Infrastructure"** business field. Our grid subsidiaries will

Allocation of responsibilities at Board of Management level (as of 01/06/2021)

Dr. Frank Mastiaux CEO	Thomas Kusterer Finance	Colette Rückert-Hennen Human Resources	Dr. Georg Stamatelopoulos Sustainable Generation Infrastructure	Dirk Güsewell System Critical Infrastructure
› Corporate development, strategy and energy economy › Transformation (Next Level), IT, Digital Office and information security › Sales, marketing and operations › Corporate security › Sustainability › Communications and political affairs › Decentralized energy services	› Accounting and tax › Controlling and risk management/ICS › Risk management for trading › Digital finance and transformation › Finance, M&A and Investor Relations › Purchasing › Equity investment management › Performance in growth	› HR strategy and transformation › Law, auditing, compliance and regulatory management › HR business development and solutions › Boards and shareholder relationships › Occupational medicine and health management › Facility and mobility management	› Generation operations › Generation portfolio development › Coordination generation infrastructure › Trading › Research and development › Occupational safety, crisis management and environmental protection	› DSO[1] electricity/gas › TSO[2] electricity/gas › Gas value chain › Business field development and coordination › Innovation management › Critical infrastructure › Telecommunications

www.enbw.com/board-of-management

1 Distribution System Operator.
2 Transmission System Operator.

expand the transmission grids into an important cornerstone of our earnings alongside the distribution grids, and upgrade the electricity distribution grids so that they are ready to meet the requirements of the future. The **"Sustainable Generation Infrastructure"** business field encompasses renewable and conventional generation and trading. We aim to increase the total generation capacity of our onshore and offshore wind power plants to 4.0 GW by 2025 and the portfolio of photovoltaic projects to 1.2 GW. The gas business will be developed and expanded in parallel with the gradual phasing out of CO_2-intensive generation by 2035.

There was a new **allocation of responsibilities at Board of Management level as of 1 June 2021.** The previous remit of "technology" headed by Dr. Hans-Josef Zimmer, who has now retired, was expanded to include further tasks and split into two new remits. The "Sustainable Generation Infrastructure" remit will be headed by Dr. Georg Stamatelopoulos and the "System Critical Infrastructure" remit by Dirk Güsewell. This reallocation of responsibilities reflects, in particular, the strategic goal of achieving significant growth over the coming years in both existing and new energy and infrastructure markets. Furthermore, the area of "sustainability" has now been directly assigned to the Chief Executive Officer as part of this reallocation of responsibilities.

The Chief Executive Officer, Dr. Frank Mastiaux, already announced at the end of June that he will not be seeking a further term of office after the end of his second term in September 2022.

Detailed information on our business model can be found in the Integrated Annual Report 2020 from p. 26 onwards.

Strategy

Under the motto "Making and shaping the infrastructure world of tomorrow," our **EnBW 2025 strategy** will increasingly place the company's focus onto the infrastructure aspects of existing business fields. Furthermore, we will use our core expertise to exploit new growth opportunities above and beyond the energy sector. We are transforming ourselves into a **sustainable and innovative infrastructure provider** for our customers and other stakeholders.

The central goal of the EnBW 2025 strategy is to **increase adjusted EBITDA** to €3.2 billion. The aim is for all three strategic business fields to make a significant contribution to this increase in earnings.

We are planning to **invest around €12 billion in total** between 2021 and 2025. The main focus of this investment will be the expansion of the grids, especially the SuedLink and ULTRANET projects of our grid subsidiary TransnetBW which are of key importance for the future energy supply in Germany, the expansion of renewable energies, such as the planned realization of the EnBW He Dreiht offshore wind farm, and the further development of Smart Infrastructure for Customers, for example, in the areas of broadband, telecommunications and electromobility. In accordance with the EnBW 2025 growth strategy, 80% of our overall investment will be accounted for by growth projects. We will use sustainability criteria as the benchmark for our future decisions and investments to align our growth even more resolutely than before towards sustainability.

Sustainability is an integral component of our corporate strategy and a key principle behind the current and future business activities that are part of our EnBW 2025 strategy. Since 2013, our long-term business success has been oriented – in accordance with our understanding of sustainability – around economic, ecological and social goals. We launched a comprehensive **sustainability program** in October 2020 that comprises 25 measures across these three dimensions. As an integrated energy supply company with its own comprehensive generation portfolio, we can make an important contribution to safeguarding the livelihoods of future generations. We have thus set ourselves the ambitious aim of achieving **climate neutrality** by 2035 across the entire company with respect to our own emissions (Scope 1 and 2). An important milestone in this context will be halving our CO_2 emissions by 2030, based on the reference year of 2018. To this end, we will reduce our coal-based generation capacity of 4.6 GW (reference year of 2018) by around 2.5 GW. Coal-based energy generation will be fully phased out by 2035. This will be accompanied by the further development of the gas business.

A detailed presentation of the EnBW Group strategy can be found in the Integrated Annual Report 2020 from p. 34 onwards.

In dialog with our stakeholders

Shares and capital market

The two major shareholders of EnBW AG, the Federal State of Baden-Württemberg (indirectly via NECKARPRI-Beteiligungsgesellschaft mbH) and OEW Energie-Beteiligungs GmbH, each hold 46.75% of the share capital in the company.

The overall shareholder structure as of 30 June 2021 breaks down as follows:

Shareholders of EnBW

Shares in %[1]	
OEW Energie-Beteiligungs GmbH	46.75
NECKARPRI-Beteiligungsgesellschaft mbH	46.75
Badische Energieaktionärs-Vereinigung	2.45
Gemeindeelektrizitätsverband Schwarzwald-Donau	0.97
Neckar-Elektrizitätsverband	0.63
EnBW Energie Baden-Württemberg AG	2.08
Other shareholders	0.39

1 The figures do not add up to 100% due to rounding differences.

The shareholder structure of EnBW AG remains very stable. There are very limited trading volumes in the shares as a result. According to Xetra, the stock market price stood at €77.80 on 30 June 2021.

We engage in continuous and open dialog with capital market participants in order to ensure that investors, analysts and rating agencies maintain their trust in the company.

Due to the ongoing coronavirus pandemic, this year's ordinary Annual General Meeting on 5 May 2021 was once again held as a virtual event.

The annual Investor Update in April was also held in virtual form. In the course of this non-deal roadshow, we held discussions with around 30 investors from Germany, France, Great Britain and the Netherlands.

The virtual Group Bankers' Day was held at the beginning of June and was attended by around 90 participants from 35 different institutions (www.enbw.com/groupbankersday). After specialist presentations by the Chief Financial Officer Thomas Kusterer, Chief Human Resources Officer Colette Rückert-Hennen and Head of Sales, Marketing and Operations Timo Sillober, the participants had the opportunity to hold discussions as part of a networking carousel.

As part of the publication of the Six-Monthly Financial Report on 29 July 2021, the Chief Financial Officer will present the figures to investors and analysts and answer their questions during a telephone conference. The EnBW Factbook 2021 will be published in October.

Society

Our commitment to addressing the concerns and interests of society focuses on the target groups of end customers, business partners and local authorities within our primary business sphere of influence in Baden-Württemberg. Support for superordinate social issues is concentrated on the **core areas** of popular sport, education, social issues, the environment and art and culture.

The EnBW **"Making it happen bus"** entered a new round in 2021. The four winning projects have been selected and will be implemented in the summer in compliance with comprehensive hygiene rules due to the coronavirus pandemic. The projects include a wheelchair swing and a "social fence." In the center of Bruchsal, donors can hang non-perishable food and other consumables on the fence so that they can be collected by anyone in need. You can find out all about the projects at www.enbw.com/macherbus.

We continue to support our employees as part of the **"Let's Volunteer" initiative** by selecting two employees who volunteer in their free time in a draw every month and donating €1,000 each to their charitable organizations.

Netze BW has been requesting that customers submit their electricity meter readings electronically rather than by post since 2018. The postage saved will once again be donated to numerous charitable organizations in the respective communities in 2021.

We have been offering a multi-stage **career integration program** to refugees and migrants since 2016, in which 48 people are currently serving a technical apprenticeship. Ten apprentices completed their training in the fields of industrial mechanics, electronics and plant mechanics in spring 2021 and were awarded with mostly permanent contracts. We will continue this program over the next few years – both as a social initiative and also increasingly as an additional tool for recruiting young talent. The new training course starting in September currently has nine participants.

Selected activities in dialog with our stakeholders

Stakeholder	Opportunity for dialog	Main themes	Further information
Shareholders/ capital market	Financial reports	Financial and non-financial performance of the company	www.enbw.com/financial-publications
	Virtual Annual General Meeting	Dialog with shareholders	http://hv.enbw.com
	Virtual Group Bankers' Day	Information on the business strategy and current market environment	www.enbw.com/groupbankersday
	Discussions with analysts and investors	Corporate development and positioning on capital market	www.enbw.com/conferencecall www.enbw.com/investor-update
Society	Stöckach Ideas Room	Continued intensive dialog with citizens and in the digital creative workshop, virtual participation lounge and plenary session #7 at IBA'27	www.der-neue-stoeckach.de www.iba27.de/plenum-7-die-produktive-stadtregion
	Events held by Junge Stiftung	Networking meeting of Junge Stiftung and Energy Reporters, Energy Campus: invitation to enter the idea competition "Energy and Environment – My Idea for Tomorrow"	www.energie-klimaschutz.de/junge-stiftung
	EnBW start-up grants and Innovation Challenge	Supporting entrepreneurs and young start-ups in the further development of their idea through to viable business models ready for investment	www.enbw.com/gruenderstipendium www.enbw.com/innovationchallenge
	Greentech Festival in Berlin	Participation in the "Energy for good" panel talk	www.greentechfestival.com
	German Innovation Prize	Award for future-oriented innovations promoting a sustainable innovation culture	www.der-deutsche-innovationspreis.de www.enbw.com/deutscher-innovationspreis
Local authorities/ public utilities	Test Laboratory	Format for local authorities to test and develop product ideas with us at an early stage	
	Dialog platforms with public utilities	Dialog on current energy themes at the company leadership meeting and Energy Team Baden-Württemberg	www.energie-team.org
Customers	Dialog and discussion with customers	Test customer panel, digital round table for specialist partners, energy efficiency and climate protection networks, online meetings on specialist themes, etc.	
	School competition "Climate heroes wanted"	The competition is being sponsored jointly with a local authority and is looking for explanatory videos produced by students on the theme of supplying heating via contracting.	
	Customer blog, social media channels, newsletters, campaigns, podcasts and explanatory videos	Latest information on products, offers, services and the corporate culture	www.enbw.com/blog www.enbw.com/hypernetz www.yello.de
Suppliers/ business partners	Dialog on handling coal and gas procurement responsibly	Virtual trip to Colombia, intensifying contact with the main coal producers in Russia through virtual dialog, dialog within the Bettercoal initiative	page 9 f. www.enbw.com/coal-procurement www.bettercoal.org
	Discussions and cooperation with suppliers	Central access to selected information and self-service access via the supplier portal	www.enbw.com/supplier-portal
Employees and applicants	Employee communication	Two virtual "EnBW now" events, social Intranet, Yammer, BestWork: employees shaping the working world after the coronavirus in agile projects	
	Diversity campaigns	Diversity Day 2021, Girls' Day, "Lunch & Learn" week to mark International Women's Day	
	Social engagement of employees	Support via the "Let's Volunteer" initiative and four new winning projects in the "Making it happen" bus campaign	page 6 www.enbw.com/macherbus
	Opportunities for dialog with potential employees	Company trips, virtual power plant tours, company contact fairs such as TalKIT, konaktiva, target group-specific recruitment campaigns, etc.	www.enbw.com/career Instagram channel "EnBW Careers"
Politics/media	Discussion events held by the Energy & Climate Protection Foundation	Urban Digital Talks: Artificial intelligence – real challenges, two debate evenings on climate protection and sustainability	www.energie-klimaschutz.de
	Events and opportunities for dialog on energy policy themes	Events held by the EnBW Energy and Business Club (EWC), discussion format and exchange of ideas with politicians from the German Bundestag, state parliament and EU	
	Active and transparent communication via the media	EnBW Newsroom, major articles in daily newspapers and magazines such as Handelsblatt or Süddeutsche Zeitung and via social channels, press conference for the annual results	www.enbw.com
Environmental initiatives/ associations	Biodiversity: funding program "Stimuli for Diversity"	Application phase 2021 concluded, funding projects are being selected	page 28 www.enbw.com/biodiversity
	Tree donations for two reforestation campaigns	Donation of 1,850 trees in cooperation with the German Forest Protection Association	page 28
	Assessment of reform options for the EU ETS	Study commissioned by EnBW on the revision of the European emissions trading system and charges for CO_2 emissions	www.frontier-economics.com/media/4706/reforming-the-eu-ets.pdf
	Podcast on the future of energy	"Carbon footprint of digitalization" with accompanying events and guest contributions from various actors	www.energie-klimaschutz.de

Research, development and innovation

Research and development

The goal of our **research and development** is to identify technological trends at an early stage, assess their economic potential and build up expertise together with the business units. For this purpose, we carry out joint pilot and demonstration projects with partners or customers directly at the site of their subsequent application. This ensures that successful research projects deliver innovations for our company.

Hydrogen from renewable energies: In the H2MARE project, a consortium of industry and research partners headed by Siemens Energy, in which EnBW is also participating, is carrying out research into the production of green hydrogen directly in offshore wind power plants. H2MARE was selected to receive funding from the Federal Ministry of Education and Research in March 2021. We want to use this project to develop the skills we will need to also construct and operate hydrogen plants at wind power plant sites in the future. The main aim is to gain experience in the electrolysis of salty seawater and H2 logistics at sea, although regulatory and economic aspects are also important.

E-mobility in rural areas: Our subsidiary Netze BW is analyzing what impact the charging of e-cars can have on rural electricity grids in the "E-Mobility-Chaussee" grid laboratory. For the first time, the charging output is being dynamically managed using measurement values taken from the electricity grid in real time. During standard operation, no thresholds were exceeded at any time even when at peak times six of the eight vehicles were being charged at the same time. In a special stress test it was shown, however, that in certain circumstances even charging this small number of vehicles simultaneously can push the low-voltage grid to the limits defined by law for supply quality and also stretch the capacities of our operating equipment.

Smart charging at home: At times, especially in the evening, there can be a high demand placed on the electricity grid if lots of vehicles are charged simultaneously. By using a smart management system, the charging output of the customer's own charging infrastructure can be reduced at peak times. The system is being further developed in the "Smart Home Charging" measurement laboratory at Netze BW by combining a smart meter system with a control box and then tested at various sites under real conditions. The results from tests that have already been completed at two sites have shown that smart load management systems can make an important contribution to smoothing out peaks in the load placed on the electricity grid. The project participants did not feel that their e-mobility had been restricted by the targeted management of the charging processes. These findings are important so that the rapidly increasing number of e-vehicles can be optimally integrated into the existing electricity grid.

Innovation

Networking, transformation and security were the main areas of focus for **EnBW Innovation** in the last few months. It intensified its networking activities both inside and outside of EnBW. The result: a great willingness to cooperate, interdepartmental collaboration in the Group and a regular exchange of ideas and information – above all with research and development and the Digital Office. To improve its networking outside of the company, the innovation department organized its first **Innovation Challenge** in April 2021. Numerous entrepreneurs entered the competition and presented their ideas. The winners were the teams from priwatt, Zählerfreunde and ChargeCube. We will be supporting these projects in future with our expertise and financial resources, because we believe that they have huge potential and fit precisely with our corporate goals.

We are also continuing to push forward the transformation and growth of our innovation department. Our portfolio review process identified **six key themes:** Smart Grid, Digital Energy Management & Trading, Connected Home, Mobility, Urban Infrastructure and Telecommunications & Data Solutions.

The infrastructure providers **BEN Fleet Services** and **ChargeHere** have made the transition to the Company Builder. ChargeHere provides charging infrastructure that can transform any parking space into an e-charging station. Our innovation project **Parconomy** was founded as a spin-off with a minority shareholding. Parconomy works with cities and local authorities to transform parking management and thus reduce the environmental pollution caused by cars in cities. An open, digital roaming platform is used to digitally manage access to parking spaces in Germany, and possibly across Europe in the future, and enables cashless payment for their use. We also added new incubation projects to our portfolio in the first half of 2021. The team from **dataway** provides networked mobility solutions to address the problems faced by haulage companies and make parking management easier for HGV drivers.

Our innovation strategy also includes investments in promising external start-ups. In June, we acquired the majority shareholding in **DZ-4** – the market leader for the leasing of solar power plants and battery storage systems – by way of a capital increase. This has allowed us to strengthen our position on the German photovoltaic and storage market and to offer our customers holistic energy management solutions.

We recently started working with our partner **dataguard** to provide more security for the company. The data security provider is supplying us with our own data protection platform so that we can guarantee the protection of our employees and our data to an even better degree in future.

Procurement

Efficient and sustainable procurement processes

Our purchasing department views itself as a **partner for generating added value within the Group.** Its goal is to ensure the supply of materials and services at the best possible quality/cost ratio and thus strengthen the competitiveness of the company. We place great emphasis on the efficient design of our procurement processes for achieving cost-effective purchasing results, as well as on sustainable procurement, taking into account the requirements of national laws, EU law and the Group's internal guidelines. In addition, a key focus is placed on those initiatives in our 25-point sustainability program that are relevant for procurement. In order to manage the procurement processes, a system using various different performance indicators is used. It continually delivers a realistic picture of the current situation in purchasing and enables a comparison of the target and actual situation, as well as the prompt implementation of control measures.

A large number of suppliers and service providers play an important role in our efforts to achieve a leading position on the energy market. **Supplier management** promotes successful cooperation with our suppliers because it makes the performance of the suppliers transparent and also makes continuous optimization in partnership possible. The careful selection of our business partners is a part of our risk management system and supports the observance of legal regulations and internally defined quality standards. Especially with regard to the selective internationalization of the business, central purchasing at EnBW AG is also developing an integrated **supply chain management system** in close cooperation with the business and functional units.

Sustainable procurement begins with the careful selection of business partners. Central purchasing at EnBW AG uses a standardized **prequalification process** for this purpose. Suppliers are required to provide a self-assessment via our supplier portal on whether they have sustainable measures in place in the areas of environmental management, occupational health and safety, the respect for human rights, the fight against corruption, data protection and quality management. This self-assessment was completed by almost 90% of our suppliers by the middle of 2021 (measured by procurement volume).

The **coronavirus pandemic** continues to have a significant impact worldwide on supply and demand along the supply chain. This results in some cases in legal and economic consequences that make having an effective supplier management system crucial. As an energy company and operator of critical infrastructure we are acutely aware of the responsibility we have – not only during this crisis. In order to assess the impact the coronavirus pandemic will have in the future, we work with various, in some cases extreme, scenarios. Purchasing uses these to identify critical operating resources and to largely exclude supply risks due to our multiple supplier strategy and strategic stockpiling for the majority of these critical operating resources. We anticipate that any potential delays to supply will continue to have only a minor impact even in the future.

Respecting human rights and protecting the environment are key pillars of our corporate culture. In cooperation with our business partners, we aim to improve the situation with respect to sustainability across the entire supply chain. We are thus planning to make our procurement process more sustainable in the future – especially with consideration to social and ecological aspects. As part of a **sustainable procurement project,** a Supplier Code of Conduct (SCoC) was developed in 2020. It will be introduced in 2021 as a shared set of values and an important criterion for the selection and development of our suppliers. All of our suppliers must fulfill binding minimum requirements with respect to sustainability as part of the prequalification process by 1 January 2023 at the latest. In addition, we analyze and evaluate sustainability risks and sustainability potential in the procurement markets and at our suppliers and, where necessary, agree measures to improve sustainability with our suppliers and evaluate their effectiveness together. We will be able to identify and reduce social and ecological risks in this way. Alongside the careful selection of suppliers and targeted supplier development activities, the deliberate procurement of sustainable products and services has also become an increasingly important aspect of sustainability in our supply chain. Our goal is to develop resilient and durable supply chains that supply products and services that fulfill all requirements with respect to human rights and environmental due diligence according to national and international standards. Long-term relationships with our suppliers, communication and cooperation are particularly important to us in this context.

Responsible raw materials procurement in the coal sector

Responsible raw materials procurement, especially in the coal sector, is extremely important to EnBW. In the first half of 2021, Russia was by far the most important coal export country for Western Europe. The coal producers in Colombia, South Africa and the USA were able to secure higher prices for their coal in other markets. This development is also reflected in the volumes of coal delivered to the EnBW power plants.

Origin of coal supplies to EnBW power plants

in million t	01/01–30/06/2021	01/01–30/06/2020	Change in %
Russia	1.57	0.64	145.31
USA	0.18	0.12	50.00
Colombia	0.01	–	–
Total	**1.76**	**0.76**	**131.45**

The significant **increase in coal deliveries** was due to a greater need for coal as a result of lower electricity production from wind energy, the recovery in demand compared to the second quarter of 2020, which had been heavily impacted by the coronavirus pandemic, and the increased competitiveness of coal in relative terms when compared with gas.

In accordance with the Guiding Principles on Business and Human Rights of the United Nations, we strive to procure coal responsibly. The **EnBW coal supplier portfolio** acts as the basis for our activities and it is updated on an annual basis.

The sustainability performance of our current and potential coal suppliers is examined and evaluated on the basis of the **EnBW rules of conduct** governing the responsible procurement of hard coal and other raw materials (www.enbw.com/verhaltenskodex). We determine any future action based on the supplier evaluations. Furthermore, we pay close attention to the latest studies from competitors and international initiatives, as well as specific information and contributions from civil society organizations.

We have been a member of the corporate initiative **Bettercoal** since July 2020 (www.bettercoal.org). The independent audits carried out by Bettercoal also flow into our process for auditing business partners. We are active in the Bettercoal Russian and Colombian working groups because our main deliveries of coal come from these countries. In addition, we use Bettercoal as a platform for exchanging information with our producers and with other stakeholders from civil society, as well as with experts on individual countries and human rights.

Our rules of conduct in combination with internal implementation guidelines act as the foundation for our business activities. In the sustainability clause that is part of all of our contracts with coal producers, we obligate our business partners to observe these rules of conduct. In addition to regular auditing of the sustainability performance of coal suppliers, a multi-stage auditing process will come into force in the event of suspected breaches of the rules, which can lead to the termination of the business relationship or exclusion from our procurement process. When new contracts are due to be concluded, the results of the analyses in the sustainability index are regularly presented to an internal **committee for the responsible procurement of hard coal and other raw materials** (AVB) with participation from all relevant specialist areas. If any deviations from the minimum standards are identified for existing supply contracts, corrective measures are initially developed in cooperation with the producers and their implementation is monitored. This committee met twice in the first half of 2021. The meetings mainly focused on two topics: an analysis of the sustainability performance of potential Russian and South African coal producers and the further development of business partner auditing processes by the sustainability, compliance and credit risk departments.

We also continued our **dialog with non-governmental organizations in Russia** in the first half of 2021. The main focus was placed on the increasingly difficult situation in Russia with respect to civil society, especially the limited opportunities for NGOs to enter into open dialog with the government or other stakeholders on politically sensitive subjects or to report on them.

Our **dialog with stakeholders in Colombia was also a focal point and we have taken additional measures in this area.** The Bettercoal Colombia working group organized a virtual visit to Colombia in April and May. This visit included video calls with NGOs, union representatives, government representatives and coal producers. The main themes were the current situation in the Cesar coal mining region in Colombia, where the coal producer Prodeco has announced that it will be handing back its coal mining licenses to the Colombian government, and the question of how Bettercoal can further support the peace process via the coal producers.

Responsible raw materials procurement in the gas sector

In order to achieve our target of climate neutrality by 2035, we are working intensively on switching over our power plants initially from coal to more climate-friendly gas (fuel switch) and then to climate-neutral gas such as biogas or hydrogen in the long term. Natural gas plays an important role as a transition technology – either in the form of liquefied natural gas (LNG) or grid-based natural gas. Against this background, we concentrated in the first half of 2021 on the task of transferring our due diligence measures for the responsible procurement of coal over to the procurement of natural gas. Our initial focus was the adaptation of our business partner auditing processes for the procurement of gas. In addition, the AVB is currently being expanded to include relevant specialist areas within the company that deal with the area of gas procurement. We aim to gradually transfer and adapt the measures we have taken to ensure due diligence in our coal procurement over to the area of gas procurement by the end of 2021.

General conditions

Cross-segment framework conditions

Coronavirus pandemic

As in the previous year, the coronavirus pandemic also dominated the political agenda in the first half of 2021. Following renewed lockdowns due to higher incidence rates at the beginning of the year, it was possible to reduce the 7-day incidence rate to under ten cases per 100,000 inhabitants in June and reopen in some areas again thanks to the observance of safety measures, the increasing coronavirus vaccination rate and seasonal effects. In part, the emergency aid programs and stimulus measures to combat the threat of an economic crisis were linked at a European and national level with the goal of supporting investment in the green transformation of the economy and of accelerating structural change (e.g., the environmental bonus offered by the German government for the purchase of electric cars and plug-in hybrids).

Climate protection

The decision issued by the German Federal Constitutional Court (BVG) on climate change on 24 March 2021 meant that climate protection was once again pushed to the top of the political agenda, with politicians now under even greater pressure to take action. The court found that the annual emission levels allowed until 2030 are incompatible with fundamental rights insofar as they lack sufficient specifications for further emission reductions from 2031 onwards.

Climate targets have been based up to now on percentage reductions compared to a reference year and do not take into account the accumulated emissions over time. The German government has so far refused to define a greenhouse gas budget as the key metric for the successful achievement of the Paris climate targets. In its reasons given for the judgment, the BVG used the emissions budget calculated by the German Advisory Council on the Environment as a basis and this could lead to a change in thinking.

We announced at an early stage that we actively support the Paris Agreement and defined a residual emissions budget together with a reduction path that conforms to the Paris Agreement according to the definition published by the German Advisory Council on the Environment.

In response to public pressure following the decision issued by the BVG, the German government has quickly announced a revision of the Federal Climate Change Act, which was agreed in parliament before the summer break. The revised act tightens the national reduction target for 2030 to –65%, sets a new reduction target of –88% for 2040 and pulls forward the target for net greenhouse gas neutrality to 2045. The aim is to achieve negative emissions by 2050. The new target for 2030 will require tightening of the annual allowable residual sector emissions up to 2030 in parallel.

The targets for the energy industry sector have been tightened by the greatest amount: The energy industry must now reduce its CO_2 emissions based on the reference year of 1990 by 77% (previously: 62%). The fact that the energy industry would have to deliver by far the highest reductions up to 2030 was to be expected as it has lower CO_2 avoidance costs. However, this leaves the energy sector facing some difficult decisions. In particular, there is the phasing out of coal power, which will need to be accelerated due to these resolutions and will make a significantly faster expansion of renewable energies necessary. Although the targets have been tightened considerably in some cases, the German government has still not defined emissions budgets as key metrics in the amendment to the law.

EU Green Deal

The EU Commission has presented its EU Green Deal. The accompanying climate law incorporates the stricter emissions reduction target of at least 55% by 2030 based on the reference year of 1990. The emissions target and the target of achieving climate neutrality across the continent by 2050 have received broad support from the majority of the EU member states. After the European Council and European Parliament had reached agreement on the climate law, which will come into force after the conclusion of a few final formalities, the main focus in the first half of 2021 was the development of specific implementation measures by the European Commission. The first comprehensive legislative package was presented in the middle of July.

In particular, the revision of the Emissions Trading Directive and Effort Sharing Regulation, the proposals to introduce comparable trading schemes for transport and heating at an EU level and the revision of the directive to promote renewable energies are of central importance for our company. The expected proposals for the reform of the Emissions Trading Directive appear to largely correspond to the position held by EnBW. However, the proposals for the reform of the Renewable Energy Directive, such as the planned criteria for determining whether the production of green hydrogen can be deemed renewable, will be subject to fierce debate. The revision of financing instruments and capital market guidelines, as well as guidelines and measures to decarbonize the gas and transport sector, are currently under discussion or in preparation, as is a revision of the framework for state aid.

We welcome the Green Deal agenda and the tightening of the European 2030 climate target to at least –55%. It is anticipated that the associated amendments to the regulations will support our own transformation agenda. In particular, we welcome the ambitious redesign of the emissions trading system: Clear price signals and the establishment of a minimum price for CO_2 emissions will make it easier to integrate renewable energies into the market and safeguard investment.

Smart Infrastructure for Customers segment

Following relatively low **electricity consumption** at the beginning of the year due to renewed restrictions caused by the coronavirus pandemic, electricity consumption once again returned to an average level. In May, electricity consumption had increased by 10.4% and was, as expected, significantly higher than in the same month of the previous year. Growth of this magnitude was due to the fact that the second quarter of 2020 saw the sharpest fall in consumption due to the coronavirus pandemic – electricity consumption fell by 10.8% in May 2020.

Despite the coronavirus pandemic, the **home electricity storage market** grew by 59% in the first half of 2020 compared to the previous year. Further growth is also being seen in 2021. Based on the first quarter, analysts (EUPD Research) expect growth of 42% in 2021 compared to the previous year, which represents an additional 150,000 battery storage systems. We are one of the leading providers of home photovoltaics storage systems via our subsidiary SENEC and are thus participating in this growth.

There was even stronger growth in the **new registration of electric cars.** The Federal Motor Transport Authority registered 26,786 electric cars in May 2021, which was 380% more battery electric vehicles than in the same month of the previous year. The share of the total number of new registrations accounted for by purely electric vehicles increased to 11.6%. A similarly high proportion of the overall market is accounted for by plug-in hybrid vehicles. There were 27,222 newly registered hybrid vehicles in May, which was an increase of 303% compared to May 2020. These growth rates were mainly due to the higher environmental bonus for car purchases that has been available over the last year and the wider selection of electric car models. To ensure there is sufficient charging infrastructure to handle this growth, EnBW mobility+ already operates the largest quick-charging network in Germany and also enables drivers to charge their vehicles across large areas of Europe using the mobility+ app.

The coronavirus pandemic has increased awareness for the huge importance the Internet has for the economy and social life. However, **comprehensively expanding the broadband infrastructure** is currently not economically viable in many regions. For this reason, the subsidies that had up to now only been available to fund "white areas" (bandwidth ≤ 30 Mbit/s) have been expanded: Funding will now also be available for "gray areas" in the future. This means that funding will be provided between 2021 and 2023 for areas with a bandwidth of ≤ 100 Mbit/s (download) and from 1 January 2023 for areas with a bandwidth ≤ 200 Mbit/s (symmetrical), and thus effectively for all private customer connections that are not gigabit-ready. Alongside the existing funding programs from the federal and state governments, additional funds totaling €12 billion will be made available in future for the expansion of the fiber-optic infrastructure. In order to benefit from this transformation to a gigabit-ready infrastructure, Plusnet is now investing for the first time in the expansion of broadband across Germany, while NetCom BW will continue to focus on Baden-Württemberg.

System Critical Infrastructure segment

The public consultation for the **Network Development Plan Electricity** from the four transmission grid operators was held in the first quarter. NDP 2035 will be confirmed and finalized by the Federal Network Agency in the second half of the year. The second draft takes into account the phasing out of nuclear power by the end of 2022 and the planned phase-out of coal-fired power generation by 2038 at the latest. The share of gross energy consumption accounted for by renewable energies will increase in the scenarios being considered to between 70% and 74% by 2035. The installed capacity of renewable energies (primarily wind power and PV) required for this growth will be 233 to 261 GW.

Our transmission grid operator TransnetBW is participating in two major projects that will be key for transmitting wind energy from the north of Germany to the centers of consumption in the south in the future. Citizens were invited in March to participate in digital public consultations on the direct current transmission line between North Rhine-Westphalia and Philippsburg, which is being realized with Amprion as part of the **ULTRANET** project. Those citizens affected by the project have the opportunity to engage in direct dialog with TransnetBW. Following the consultations, the preferred route will be submitted to the Federal Network Agency for the planning approval process. In the **SuedLink** project, two direct current transmission lines from Schleswig-Holstein to Bavaria and Baden-Württemberg are being realized in cooperation with TenneT. As of June, all sections of the power line are in the planning approval process. In the next stage, the Federal Network Agency will hold the formal public consultation process and a decision will then be made about the final route for the power lines.

The transmission system operators published the final **Network Development Plan Gas (NDP Gas)** at the end of May. They plan to invest €7.8 billion in a safe gas supply in Germany that is fit for the future. A key focus will be the expansion of the grid in the south of Germany (e.g., for gas power plants in Baden-Württemberg). The hydrogen start grid that was included in the draft version is no longer included in the final NDP 2020–2030. The Federal Network Agency advocates the strict separation of the gas and hydrogen grids. In addition, it believes that ad hoc reviews of individual projects by the regulatory authorities are preferable to a multi-year NDP process. This would support the quick development of a hydrogen infrastructure. With respect to the planned hydrogen infrastructure, it has been acknowledged, however, that pipelines needed for the transmission of hydrogen can be removed from the natural gas grid and then reinforced as necessary.

In the second half of the year, the Federal Network Agency will decide on the future rate of return on equity for **grid investments.** In order to continue to operate profitably as a network operator against the expectation of lower rates of return, improvements in efficiency will become increasingly important. The grid companies in our Group are thus focusing on digitalization in many areas. The cooperation between TransnetBW, Netze BW, the smart charging platform operator Jedlix and the

balancing energy provider Next Kraftwerke combines home charging stations, a charging management platform and a grid management system to create a customer-friendly control system for the grid. Electric vehicle batteries will be used to provide inexpensive balancing energy and to avoid measures to reinforce the grids. Another example is the automation of the power line and mast control systems for the high-voltage grid operated by Netze BW. Recordings and images taken by drones and satellites in combination with artificial intelligence significantly reduce the work involved in carrying out inspections.

Sustainable Generation Infrastructure segment

Renewable Energies

Germany

The proportion of total electricity generation accounted for by renewable energies fell in the first half of 2021 in comparison to the previous year due to less favorable wind conditions, and stood at around 43% (7 percentage points lower than in the first half of 2020).

Onshore wind

In the first half of the year, new onshore wind farms with a capacity of around 0.8 GW were placed into operation. In the first auctions held this year, the capacities available in the auction were once again not fully covered by the bids made by project developers. It was noticeable, however, that there was a slight upward trend compared to the previous auction. The German government has agreed to increase the capacities available in the auctions next year by 1.1 GW to 4 GW per year.

Offshore wind

After significantly fewer offshore wind farms were added last year, there were no new offshore wind farms placed into operation in the first half of 2021. In February this year, the Federal Network Agency announced the first auction in its so-called "transition model" that will be held in September 2021. It comprises about 1 GW of potential new capacity, including 658 MW in the North Sea and 300 MW in the Baltic Sea.

Photovoltaics

The growth in the capacities of photovoltaic power plants was around 2.4 GW in the first half of the year. The auctions for PV open-field power plants were significantly oversubscribed, which reflected the sustained high level of interest in this technology by project developers. The German government has agreed to increase the auction capacities for 2022 by 4.1 GW to 6 GW per year, which indicates that there will be much more dynamic growth in this area over the next few years.

France

We are active on the French market through our subsidiary Valeco – a project developer and operator in the renewable energies sector. We continue to expect dynamic growth in France, both in the wind power and photovoltaic sectors. The framework conditions in France guarantee continued and reliable funding for renewable energies.

Great Britain

An auction for the issuing of offshore wind rights was held by the Crown Estate at the turn of the year 2020/2021 in Great Britain. We had our bid for two sites with a total potential capacity of 3 GW – which was submitted together with our project partner bp – accepted in this auction and the sites will be developed in the coming years.

Sweden

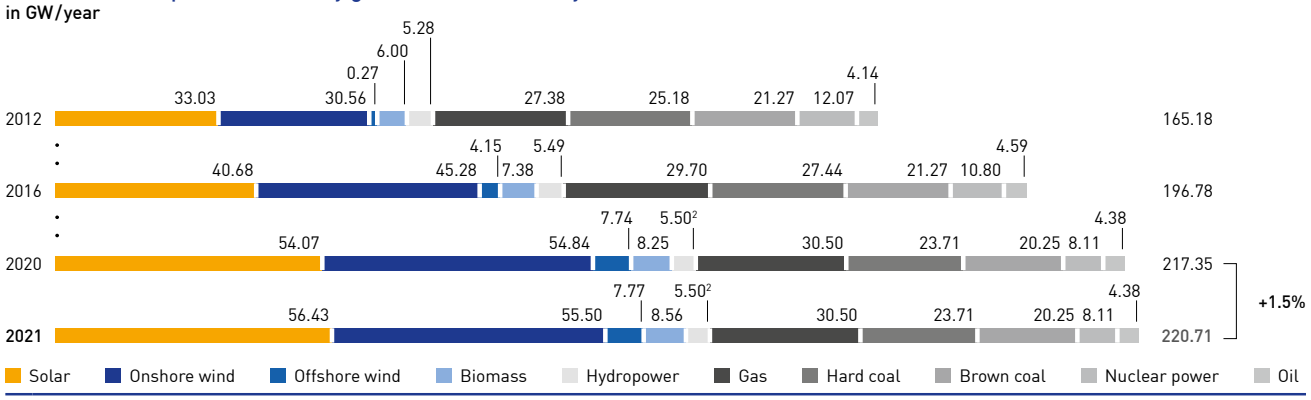
Sweden offers favorable conditions and a competitive environment for renewable energies. In particular, onshore wind plays an important role on the Swedish generation market. Photovoltaics are also becoming increasingly important. We have been continuously expanding our wind power portfolio in Sweden over the last year by entering into partnerships in the project development phase. A new wind farm with a capacity of 12.6 MW will be placed into operation in 2021 and the already secured project pipeline of around 245 MW will be expanded further.

Turkey

At the beginning of 2021, we added two onshore wind farms to the wind power portfolio of our joint venture in Turkey with our partner Borusan. Wind power plants with a total capacity of 665 MW are currently in operation or under construction. In addition, the joint venture operates a hydropower plant (50 MW) and two solar parks (9 MW).

The new funding mechanism for renewable energies came into force on 1 July 2021 and will be valid until the end of 2025. Feed-in remuneration for new projects will no longer be calculated in US dollars as previously, but rather directly in Turkish Lira. Turkey continues to have large untapped potential with respect to renewable energies, primarily in the areas of onshore wind and photovoltaics.

Installed net output for electricity generation in Germany[1]



1 The figures for the previous year have been restated.
2 Correction to the value for hydropower from 4.86 GW to 5.50 GW by EnBW.
Source: Fraunhofer ISE (www.energy-charts.de) | As of 30/06/2021

Market and fuel prices

Electricity wholesale market

In the first half of 2021, the average spot market price of €55/MWh was more than €30/MWh higher than the level in the previous year. The average price on the forward market was also significantly higher than the average price in the previous year. This increase in prices was mainly due to higher prices for gas, coal and CO_2 allowances.

The future development of electricity prices will depend on the development of fuel and CO_2 prices and the trends in the electricity generation mix. An important factor here will be the future development of energy and climate policies both at home and abroad.

Development of prices for electricity (EPEX), base load product

in €/MWh	Average H1 2021	Average H1 2020
Spot	54.95	23.42
Rolling front year price	57.84	39.22

Gas market

In the first half of 2021, prices on the gas market were considerably higher than the prices in the same period of the previous year. Prices have tended to rise further, especially since March 2021. One reason for this development was the considerably colder winter 2020/2021 in northeast Asia and the significantly higher demand for LNG as a result. On the other hand, the fact that fewer ships carrying LNG arrived in Europe meant that the gas storage facilities there were emptied to a greater extend despite the warmer winter in the region. The cold weather in April and May led to further use of the available stocks and a 6-year low in the storage levels. The increased Chinese demand for gas from April has also strengthened the trend for higher gas prices. The increase in the price of oil and CO_2 allowances also contributed to higher gas prices in Europe.

Due to low storage feed-in volumes at the moment, it is expected that the gas storage levels in Europe will be relatively low by the end of the summer. This could keep gas prices high over the summer. Deliveries from the Nord Stream 2 pipeline could offset this effect to some extent. However, there is still uncertainty with respect to the completion and certification of this project and the associated regulatory risks.

Development of prices for natural gas on the TTF (Dutch wholesale market)

in €/MWh	Average H1 2021	Average H1 2020
Spot	21.86	7.56
Rolling front year price	18.84	13.36

Oil market

Oil prices were significantly higher in the first half of 2021 compared to the same period of the previous year and in June they exceeded the pre-coronavirus level from the beginning of 2020. The reasons for this development were production cuts by the OPEC+ group and the hope among market participants of a jump in global demand for oil, triggered by the successful vaccination campaigns and the sharp fall in infection rates in many countries. Even setbacks in the form of a new wave of infections in March and the expectation of a return to the Iran nuclear deal with an associated rescinding of US sanctions against the Iranian oil sector were not sufficient to stabilize prices in the long run.

Due to active market management by OPEC+ and the expected sharp upturn in global demand in the second half of the year, undersupply is still expected by most market observers including the IEA, even if Iranian oil exports start to rise. This will result in global stocks falling below the average level for the years 2015 to 2019 and a disproportionate shortfall in supply on the market.

Development of prices on the oil markets

in US$/bbl	Average H1 2021	Average H1 2020
Crude oil (Brent) front month (daily quotes)	65.23	42.10
Crude oil (Brent), rolling front year price (daily quotes)	60.55	45.91

Coal market

Coal prices generally experienced sideways movement up to the end of March. After prices initially fell, they recovered again due to a cold March with an associated increase in European gas and German electricity prices. This led to high physical consumption in northwest Europe. Due to production problems in Indonesia, South Africa, Colombia and the USA, increased demand in Asia and also parts of Europe was met by moderate supply. This resulted in a sharp increase in prices, especially on the spot market and the short end of the forward price curve.

It is not possible to predict at the moment whether the shortfall on the physical coal market will soon come to an end. The demand for coal in Asia falls most sharply in the summer months due to seasonal effects. However, demand typically recovers again at the end of the third quarter. This market expectation is also reflected by the falling prices along the forward market curve. Market developments in China and the European energy price complex will remain decisive.

Development of prices on the coal markets

in US$/t	Average H1 2021	Average H1 2020
Coal – API #2 rolling front year price	73.83	56.65
Coal – API #2 spot market price	78.71	45.83

CO_2 allowances

In the first half of 2021, prices rose continuously to around €52/t CO_2 and were significantly higher than those in the same period of the previous year. This market trend was caused by higher emissions from the increased use of fossil fuels for the generation of electricity, higher fuel switch costs and the recovery of industrial production. Demand for EUA certificates was also strengthened by speculation that EUA prices will increase further in the medium to long term due to shortfalls in 2022/2023 and the expectation of tighter climate targets for 2030. As a result of additional reductions in supply imposed by the market stability reserve (MSR) and the tightening of the climate targets for 2030, further price increases are expected.

The fourth trading phase of the EU Emissions Trading System (EU ETS) started on 1 January 2021 and the use of CERs (Certified Emission Reductions) is no longer permitted. It was still possible to exchange CERs for EUA certificates up to 30 April 2021.

Development of prices for emission allowances/daily quotes

in €/t CO_2	Average H1 2021	Average H1 2020
EUA – rolling front year price	43.96	22.05

Nuclear power

Germany has decided to phase out nuclear power by 2022. Four power plants are currently already being dismantled: Obrigheim since 2008, Neckarwestheim I and Philippsburg 1 since 2017. We received the decommissioning and dismantling approval for Philippsburg 2 in December 2019 and it was thus also possible to begin dismantling this power plant in 2020.

Neckarwestheim II is permitted to continue producing electricity up to the end of 2022. An application for the dismantling of this power plant has been submitted and the dismantling process will begin after it has been fully shut down. The power plant will make an important contribution to the security of supply and grid stability until then. Although we are already planning the decommissioning and dismantling of this power plant block, the operation of GKN II in accordance with the highest standards of safety still remains our number one priority. Therefore, we are continuing to invest in its safety: The annual inspection in June 2021 with its comprehensive program of measures is one example of this investment.

The EnBW Group

Finance and strategy goal dimensions

Changes to the segment reporting

As part of the EnBW 2025 strategy, EnBW has been divided into three new segments since the beginning of 2021 that focus on infrastructure.

"Sales" activities have become the new segment "Smart Infrastructure for Customers" and the "Grids" segment has become the "System Critical Infrastructure" segment. Finally, the "Sustainable Generation Infrastructure" segment has been formed from the previous "Renewable Energies" and "Generation and Trading" segments. The figures for the previous year have been restated in accordance with the new segment reporting.

Results of operations

Electricity sales slightly higher than level in previous year, significant increase in gas sales

Electricity sales volume (without System Critical Infrastructure)

in billions of kWh	Smart Infrastructure for Customers		Sustainable Generation Infrastructure		Total (without System Critical Infrastructure)		Change in %
	01/01–30/06/2021	01/01–30/06/2020	01/01–30/06/2021	01/01–30/06/2020	01/01–30/06/2021	01/01–30/06/2020	
Retail and commercial customers (B2C)	7.5	7.4	0.0	0.0	7.5	7.4	1.4
Business and industrial customers (B2B)	11.1	9.4	0.0	0.0	11.1	9.4	18.1
Trade	0.1	0.5	38.3	35.8	38.4	36.3	5.8
Total	**18.7**	**17.3**	**38.3**	**35.8**	**57.0**	**53.1**	**7.3**

Electricity sales increased in the first half of 2021 in comparison to the same period of the previous year. In a persistently challenging competitive environment, electricity sales to retail and commercial customers (B2C) remained at the same level as in the previous year. In contrast, sales to business and industrial customers (B2B) increased considerably. Sales in the trading sector were above the level in the previous year. However, the effect of trading activities on the earnings potential of our company is limited.

Gas sales volume (without System Critical Infrastructure)

in billions of kWh [1]	Smart Infrastructure for Customers		Sustainable Generation Infrastructure		Total (without System Critical Infrastructure)		Change in %
	01/01–30/06/2021	01/01–30/06/2020	01/01–30/06/2021	01/01–30/06/2020	01/01–30/06/2021	01/01–30/06/2020	
Retail and commercial customers (B2C)	11.3	9.5	0.0	0.0	11.3	9.5	18.9
Business and industrial customers (B2B)	140.0	88.1	0.0	0.0	140.0	88.1	58.9
Trade	0.3	0.3	102.1	68.4	102.4	68.7	49.1
Total	**151.6**	**97.9**	**102.1**	**68.4**	**253.7**	**166.3**	**52.6**

1 The figures for the previous year have been restated.

In the first half of 2021, there was a substantial increase in gas sales in comparison to the same period of the previous year. Adjusted for the effects of changes in the consolidated companies, the increase in gas sales was 24.0%. Due to a change in the classification of business activities, there was a shift between the Smart Infrastructure for Customers and Sustainable Generation Infrastructure segments. The figures for the previous year have been restated accordingly. Gas sales in business with retail and commercial customers (B2C) increased in comparison to the same period of the previous year due to the weather conditions and despite the persistently challenging competitive environment. The increase in sales to business and industrial customers (B2B) in comparison to the same period of the previous year was due to the purchase of Gas-Union by VNG and an increase in sales by our sales teams. There was also a significant increase in trading activities. However, the effect of trading activities on the earnings potential of our company is limited.

External sales higher than previous year

External revenue by segment

in € million [1]	01/01–30/06/2021	01/01–30/06/2020	Change in %	01/01–31/12/2020
Smart Infrastructure for Customers [2]	6,420.1	4,777.3	34.4	9,964.9
System Critical Infrastructure	1,893.3	1,704.1	11.1	3,657.5
Sustainable Generation Infrastructure [2]	4,336.9	3,316.7	30.8	6,063.8
Other/Consolidation	4.4	4.4	0.0	8.1
Total	**12,654.7**	**9,802.5**	**29.1**	**19,694.3**

1 After deduction of electricity and energy taxes.
2 The figures for the previous year have been restated.

Adjusted for the effects of the changes in the consolidated companies, external revenue increased by 23.0% or €2,362.4 million in comparison to the previous year. Due to a change in the classification of business activities, there was a shift between the Smart Infrastructure for Customers and Sustainable Generation Infrastructure segments. The figures for the previous year have been restated accordingly.

Smart Infrastructure for Customers: Sales in the Smart Infrastructure for Customers segment increased significantly in the first half of 2021 in comparison to the same period of the previous year. Adjusted for the effects of the changes in the consolidated companies, revenue increased by 22.8% or €1,190.1 million in comparison to the previous year. This was primarily due to higher electricity and gas sales.

System Critical Infrastructure: Revenue in the System Critical Infrastructure segment in the reporting period was higher than the figure in the previous year, which was mainly due to higher revenue from the use of the girds as a result of the weather conditions. The acquisition of Gas-Union Transport also had a positive impact on revenue. Adjusted for this effect of the changes in the consolidated companies, revenue increased by 8.7% or €152.1 million in comparison to the previous year.

Sustainable Generation Infrastructure: Revenue in the Sustainable Generation Infrastructure segment increased in comparison to the same period of the previous year, mainly due to increased gas trading activities. However, the effect of trading activities on the earnings potential of our company is limited. This was offset to some extent by lower revenues from our offshore and onshore winds farms, which generated less electricity due to the weather conditions.

Material developments in the income statement

The increase in revenue of €2,852.2 million in comparison to the figure in the previous year to €12,654.7 million was primarily attributable to changes in the group of consolidated companies and higher sales volumes in the electricity and gas sectors. The cost of materials was €3,008.6 million higher than the figure in the previous year and corresponded to the increase in revenues. The restatement of the figures for the previous year relates to the offsetting method for revenues and cost of materials with no effect on the result of the Group. Impairments increased by €959.2 million compared to the value in the previous year. This was mainly attributable to impairment losses on conventional power plants and to a smaller extent on offshore wind farms. The investment result in the reporting period stood at €58.6 million, which was €45.8 million lower than the figure of €104.4 million in the previous year. This decrease was primarily due to the revaluation of the shares in EnBW Albatros in the same period of the previous year. EnBW Albatros is no longer accounted for using the equity method but has instead been fully consolidated since the beginning of 2020. The financial result improved in the reporting period in comparison to the same period of the previous year by €512.2 million to €156.1 million (previous year: €-356.1 million). The primary reason for this development was a significantly higher result from the market valuation of securities. The result in the same period of the previous year reflected the uncertainties on the global securities markets caused by the coronavirus pandemic. Overall, earnings before tax (EBT) totaled €-309.2 million in the first six months of the 2021 financial year, compared with €375.5 million in the same period of the previous year.

Earnings

The Group net profit/loss attributable to the shareholders of EnBW AG fell from €184.2 million in the same period of the previous year by €347.0 million to €-162.8 million in the reporting period. Earnings per share amounted to €-0.60 in the reporting period compared to €0.68 in the previous year.

Adjusted earnings and non-operating result

The sum of the adjusted earnings figures and non-operating figures gives the figures on the income statement. The non-operating result includes effects that either cannot be predicted or cannot be directly influenced by EnBW and as such are not relevant to the ongoing management of the company. The effects are presented in the section "Non-operating EBITDA." The business activities relevant to the ongoing management of the company are of particular importance for internal management and for the external communication of the current and future earnings potential of EnBW. We use the adjusted EBITDA – earnings before the investment and financial results, income taxes and amortization, adjusted for non-operating effects – as the key reporting indicator for disclosing this information.

Adjusted EBITDA by segment

in € million	01/01–30/06/2021	01/01–30/06/2020	Change in %	01/01–31/12/2020
Smart Infrastructure for Customers [1]	208.0	137.3	51.5	335.0
System Critical Infrastructure	661.5	744.9	-11.2	1,346.6
Sustainable Generation Infrastructure [1]	726.8	819.3	-11.3	1,277.8
Other/Consolidation	-116.9	-114.9	-1.7	-178.2
Total	**1,479.4**	**1,586.6**	**-6.8**	**2,781.2**

1 The figures for the previous year have been restated.

Share of adjusted EBITDA accounted for by the segments

in %	01/01–30/06/2021	01/01–30/06/2020	01/01–31/12/2020
Smart Infrastructure for Customers [1]	14.1	8.7	12.0
System Critical Infrastructure	44.7	46.9	48.4
Sustainable Generation Infrastructure [1]	49.1	51.6	45.9
Other/Consolidation	-7.9	-7.2	-6.3
Total	**100.0**	**100.0**	**100.0**

1 The figures for the previous year have been restated.

The adjusted EBITDA for the EnBW Group fell slightly in the first half of 2021 compared to the same period of the previous year. Adjusted for the effects of changes in the consolidated companies, the adjusted EBITDA of the EnBW Group decreased by 5.2%.

Smart Infrastructure for Customers: The adjusted EBITDA in the Smart Infrastructure for Customers segment increased in the first half of 2021 by 51.5% in comparison to the same period of the previous year. Adjusted for the effects of changes in the consolidated companies, the adjusted EBITDA increased by 96.8%. The reasons for this increase in earnings were higher earnings in the commodity business at all of our sales companies and the positive earnings performance of our subsidiary SENEC.

System Critical Infrastructure: The adjusted EBITDA in the System Critical Infrastructure segment decreased in the reporting period by 11.2% in comparison to the same period of the previous year. Adjusted for the effects of the changes in the consolidated companies, the decrease was 11.8%. This fall in earnings was attributable to higher personnel expenses, which were mainly due to the necessary expansion of the grids, and an increase in the expenses for balancing energy. Higher revenue from the use of the grids could not fully compensate for this rise in expenses.

Sustainable Generation Infrastructure: The adjusted EBITDA in the Sustainable Generation Infrastructure segment fell by 11.3% in the first half of 2021 compared to the level in the previous year.

Adjusted EBITDA Sustainable Generation Infrastructure

in € million	01/01–30/06/2021	01/01–30/06/2020	Change in %
Renewable Energies	382.1	425.8	-10.3
Thermal Generation and Trading [1]	344.7	393.5	-12.4
Sustainable Generation Infrastructure	**726.8**	**819.3**	**-11.3**

1 The figures for the previous year have been restated.

In the area of Renewable Energies, the adjusted EBITDA fell by 10.3%. This fall was primarily attributable to poorer wind conditions – both in comparison to the same period of the previous year and the long-term average. The adjusted EBITDA in the area of Thermal Generation and Trading fell by 12.4%. The earnings in this area were impacted by temporary negative valuation effects.

Non-operating EBITDA

in € million	01/01–30/06/2021	01/01–30/06/2020	Change in %
Income/expenses relating to nuclear power	27.8	14.6	90.4
Result from disposals	-4.8	-4.0	20.0
Reversals of/additions to the provisions for onerous contracts relating to electricity procurement agreements	-301.4	0.0	–
Restructuring	-14.2	-12.1	17.4
Valuation effects	0.0	-159.1	-100.0
Other non-operating result	-19.6	-66.9	-70.7
Non-operating EBITDA	**-312.2**	**-227.5**	**37.2**

The fall in non-operating EBITDA was mainly due to expenses related to additions to the provisions for onerous contracts for electricity procurement agreements. The main reasons for these additions were lowered expectations for future cash flows against the background of increasingly tighter requirements with respect to climate protection and the fact that EnBW was compelled to revise its expectations with respect to the energy industry conditions as a result, as well as to medium and long-term price trends in the relevant procurement and sales markets.

In the previous year, the non-operating EBITDA was mainly negatively impacted by the write-down on the inventories in gas storage facilities in accordance with IFRS 9 and extraordinary other tax expenses.

Group net profit/loss

in € million	01/01–30/06/2021			01/01–30/06/2020		
	Total	Non-operating	Adjusted	Total	Non-operating	Adjusted
EBITDA	**1,167.2**	**-312.2**	**1,479.4**	**1,359.1**	**-227.5**	**1,586.6**
Amortization and depreciation	-1,691.1	-943.4	-747.7	-731.9	-89.1	-642.8
EBIT	**-523.9**	**-1,255.6**	**731.7**	**627.2**	**-316.6**	**943.8**
Investment result	58.6	-8.7	67.3	104.4	54.9	49.5
Financial result	156.1	6.3	149.8	-356.1	-18.0	-338.1
EBT	**-309.2**	**-1,258.0**	**948.8**	**375.5**	**-279.7**	**655.2**
Income tax	136.5	364.5	-228.0	-118.2	54.1	-172.3
Group net profit/loss	**-172.7**	**-893.5**	**720.8**	**257.3**	**-225.6**	**482.9**
of which profit/loss shares attributable to non-controlling interests	(-9.9)	(-136.4)	(126.5)	(73.1)	(-39.6)	(112.7)
of which profit/loss shares attributable to the shareholders of EnBW AG	(-162.8)	(-757.1)	(594.3)	(184.2)	(-186.0)	(370.2)

The fall in Group net profit in the reporting period in comparison to the same period of the previous year is mainly due to impairment losses in the area of conventional generation totaling €0.7 billion. To a lesser extent, impairment losses of €0.2 billion were also recognized on the offshore wind farms. Please refer to the section "Non-operating EBITDA" for more information on the reasons for these impairment losses.

In contrast, there was a significant improvement in the financial result. The reason for this development was income from the market valuation of securities, compared to high expenses from the market valuations in the previous year. Please refer to the section "Material developments in the income statement" for further information on this subject.

Financial position

Financing

Alongside the internal financing capability and our own funds, we have the following financing instruments at our disposal to cover the financing needs for the operating business (as of 30 June 2021):

- Debt Issuance Program (DIP), via which bonds are issued: €4.7 billion of €7.0 billion has been drawn
- Subordinated bonds: €2.5 billion
- Commercial paper (CP) program: €2.0 billion undrawn
- Sustainability-linked syndicated credit facility: €1.5 billion undrawn, with a term until the end of June 2026 after successfully utilizing the first annual extension option after the first year. There is another extension option after the second full year until the end of June 2027 at the latest.
- Contractually committed bilateral credit lines: €0.1 billion of €1.2 billion drawn
- Project financing and loans from the European Investment Bank (EIB)
- In addition, subsidiaries have other financing activities in the form of bank loans and promissory notes.

Established issuer on the debt capital market

We have sufficient and flexible access to the capital market at all times. The EnBW bonds continue to have a well-balanced maturity profile. As part of our financing strategy, we constantly assess capital market trends with regard to the current interest rate environment and to any potentially favorable refinancing opportunities.

We issued two corporate bonds in the middle of February 2021, each with a volume of €500 million. The bond with a term of seven years has a coupon of 0.125%. The bond with a term of twelve years has a coupon of 0.500%. Due to high demand, we were able to issue the bonds at attractive conditions. We repaid a subordinated bond with a volume of €1 billion that was issued on 18 March 2014 on the first call date of 2 April 2021.

In July 2021, the Climate Bonds Standard Board confirmed the post-issuance certification of the green subordinated bond with a volume of €500 million that was issued on 22 June 2020. The proceeds of the green bond were used entirely to refinance the acquisition of Valeco, our French developer of wind farms and solar parks.

As was already the case when the bonds were issued, both the sustainability rating agency ISS ESG and the Climate Bonds Initiative (CBI) have verified the use of funds in accordance with high standards.

In June 2021, a consortium of 18 banks agreed to the one year extension of our sustainability-linked syndicated credit line with a volume of €1.5 billion. The new term for the syndicated credit line ends on 24 June 2026. The financing costs are tied to the sustainability performance of EnBW. The borrowing costs reduce or increase according to the degree to which the targets for selected non-financial key performance indicators, which reflect both environmental and social criteria, are achieved:

- CO_2 intensity
- Share of the generation capacity accounted for by renewable energies
- SAIDI (electricity)

Rating and rating trends

We aim to hold solid investment-grade ratings. EnBW currently has the following issuer ratings:

- Moody's: Baa1/stable
- Standard & Poor's (S&P): A-/stable

We have decided to concentrate in future on the two large rating-agencies Moody's and S&P. We ended our rating by the agency Fitch on 22 March 2021.

The rating agency Moody's downgraded its credit rating for EnBW AG from A3 to Baa1 on 18 May 2021. The outlook for the rating is stable. Despite the fact that EnBW exceeded its earnings target set out in the EnBW 2020 strategy in the 2020 financial year, Moody's analysts believe that the company's financial profile will not meet the requirements for an A3 rating over the next few years. The agency had already downgraded the rating outlook from stable to negative in 2019. This followed the announcement of the acquisitions of Valeco and Plusnet, as well as of the planned growth investment as part of the EnBW 2025 strategy and the associated rise in the level of debt.

In contrast, the rating agency S&P confirmed its A- rating for EnBW AG with a stable outlook on 2 June 2021. S&P believes that EnBW is well positioned within the European energy transition and has a business portfolio that is proving resilient to economic downturns.

EnBW continues to have one of the strongest credit ratings among integrated energy supply companies in Europe with an A- rating from S&P and a Baa1 rating from Moody's. These ratings are in line with EnBW's objective of maintaining solid investment-grade ratings. It is not possible to finance all of the growth investment set out in the EnBW 2025 strategy exclusively via the company's internal financing capability. For this reason, EnBW is managing its financial profile from 2021 onwards using the key performance indicator debt repayment potential, which describes the retained cash flow in relation to net debt. A target level of 12% should enable the company to exploit growth opportunities while maintaining the creditworthiness of the company at the same time. This target level is reviewed on a regular basis to guarantee a solid investment-grade rating.

Net debt

Net debt

in € million	30/06/2021	31/12/2020	Change in %
Cash and cash equivalents available to the operating business	-2,853.0	-959.0	–
Current financial assets available to the operating business	-650.3	-463.8	40.2
Long-term securities available to the operating business	-2.7	-2.1	28.6
Bonds	7,151.5	7,161.9	-0.1
Liabilities to banks	1,878.7	1,771.9	6.0
Other financial liabilities	775.4	679.5	14.1
Lease liabilities	857.7	886.4	-3.2
Valuation effects from interest-induced hedging transactions	-43.0	-51.6	-16.7
Restatement of 50 % of the nominal amount of the subordinated bonds [1]	-1,246.3	-1,746.3	-28.6
Other	-47.3	-45.0	5.1
Net financial debt	**5,820.7**	**7,231.9**	**-19.5**
Provisions for pensions and similar obligations [2]	7,648.0	8,338.5	-8.3
Provisions relating to nuclear power	5,174.8	5,415.3	-4.4
Receivables relating to nuclear obligations	-368.0	-358.9	2.5
Net pension and nuclear obligations	**12,454.8**	**13,394.9**	**-7.0**
Long-term securities and loans to cover the pension and nuclear obligations [3]	-5,760.7	-5,318.2	8.3
Cash and cash equivalents to cover the pension and nuclear obligations	-293.8	-293.7	0.0
Current financial assets to cover the pension and nuclear obligations	-77.7	-276.9	-71.9
Surplus cover from benefit entitlements	-268.8	-307.6	-12.6
Other	-26.8	-23.9	12.1
Dedicated financial assets	**-6,427.8**	**-6,220.3**	**3.3**
Net debt relating to pension and nuclear obligations	**6,027.0**	**7,174.6**	**-16.0**
Net debt	**11,847.7**	**14,406.5**	**-17.8**

1 The structural characteristics of our subordinated bonds meet the criteria for half of the subordinated bonds to be classified as equity, and half as debt, by the rating agencies Moody's and Standard & Poor's.
2 Less the market value of the plan assets (excluding the surplus cover from benefit entitlements) of €951.1 million (31/12/2020: €949.9 million).
3 Includes equity investments held as financial assets.

As of 30 June 2021, net debt fell by €2,558.8 million compared to the figure posted at the end of 2020. This decrease was primarily due to a reduction in collateral and the receipt of EEG payments.

As of 30 June 2021, the balance on the EEG bank account stood at €701.2 million (31 December 2020: €-629.3 million). The increase in the interest rate for pension provisions also positively impacted net debt.

Investment analysis

Net cash investment

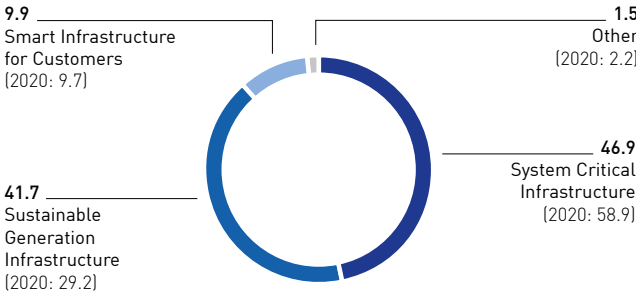
in € million [1]	01/01–30/06/2021	01/01–30/06/2020	Change in %	01/01–31/12/2020
Investments in growth projects [2]	786.3	605.3	29.9	1,704.8
Investments in existing projects	292.3	196.4	48.8	820.9
Total investments	**1,078.6**	**801.7**	**34.5**	**2,525.7**
Divestitures [3]	-9.9	-30.6	-67.6	-33.1
Participation models	-129.1	-9.7	–	-283.7
Disposals of long-term loans	-0.6	-1.4	-57.1	-20.0
Other disposals and subsidies	-78.4	-169.7	-53.8	-362.0
Total divestitures	**-218.0**	**-211.4**	**3.1**	**-698.8**
Net (cash) investment	**860.6**	**590.3**	**45.8**	**1,826.9**

1 Excluding investments held as financial assets.
2 Does not include cash and cash equivalents acquired with the acquisition of fully consolidated companies. These amounted to €0.0 million in the reporting period (01/01/2020–30/06/2020: €0.0 million, 01/01/2020–31/12/2020: €16.8 million).
3 Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies. These amounted to €0.0 million in the reporting period (01/01/2020–30/06/2020: €0.0 million, 01/01/2020–31/12/2020: €39.9 million).

Investment by the EnBW Group in the first half of 2021 of €1,078.6 million was higher than the level in the previous year (€801.7 million). This was due primarily to our successful bid for offshore wind rights for the construction of offshore wind farms in Great Britain. Around 72.9% of overall gross investment was attributable to growth projects; the proportion of investment in existing facilities stood at 27.1%.

Investment by segment

in %



Investment in the **Smart Infrastructure for Customers** segment of €106.9 million was significantly higher than the level in the same period of the previous year (€77.5 million), which was mainly a result of a higher level of investment in the area of electromobility.

Investment in the **System Critical Infrastructure** segment of €505.4 million was higher than the level in the previous year of €472.4 million. In both half years, it was primarily attributable to the expansion of the transmission grids by our subsidiaries TransnetBW, terranets bw and ONTRAS Gastransport. In addition, our grid companies invested in the expansion and increasingly in the renewal of the distribution grid, as well as in the expansion of the grid infrastructure for the benefit of electromobility.

There was investment of €449.5 million in the **Sustainable Generation Infrastructure** segment, which was significantly higher than the level in the same period of the previous year (€234.2 million). €388.4 million of this investment was in the area of Renewable Energies, compared to €207.1 million in the same period of the previous year. This increase was mainly attributable to the offshore wind sector due to our successful participation in the auction in Great Britain. Investment in Thermal Generation and Trading stood at €61.1 million and was thus higher than the level in the same period of the previous year (€27.1 million). This was mainly due to the construction of the gas turbine power plant in Marbach am Neckar.

Investments in Sustainable Generation Infrastructure

in %	01/01–30/06/2021	01/01–30/06/2020
Renewable Energies	36.0	25.8
Thermal Generation and Trading	5.7	3.4
Sustainable Generation Infrastructure	**41.7**	**29.2**

Other investments of €16.8 million were at the same level as in the same period of the previous year (€17.6 million).

Divestitures increased slightly compared to the figure in the previous year from €211.4 million to €218.0 million. An important element in the reporting period was the sale of shares in a portfolio of onshore wind farms as part of our participation model, while the divestitures in the same period of the previous year mainly involved the transfer of the high-voltage grid to the City of Stuttgart.

Liquidity analysis

Condensed cash flow statement

in € million	01/01–30/06/2021	01/01–30/06/2020	Change in %	01/01–31/12/2020
Cash flow from operating activities	3,149.9	15.2	–	1,158.1
Cash flow from investing activities	-1,032.8	99.3	–	-1,978.5
Cash flow from financing activities	-257.9	841.1	–	681.9
Net change in cash and cash equivalents	**1,859.2**	**955.6**	**94.6**	**-138.5**
Change in cash and cash equivalents due to changes in the consolidated companies	23.0	32.6	-29.4	38.7
Net foreign exchange difference	12.0	-0.8	–	-11.4
Change in cash and cash equivalents due to risk provisions	-0.1	0.0	–	0.1
Change in cash and cash equivalents	**1,894.1**	**987.4**	**91.8**	**-111.1**

The significant increase in cash flow from operating activities in comparison to the same period of the previous year was caused primarily by an inflow of cash in the net current assets related to the reporting date. This was mainly attributable to a reduction in collateral due to current fluctuations on the market and the sharp fall in the net balance of trade receivables and payables in comparison to the previous year resulting from the payments to settle the EEG bank account.

Cash flow from investing activities returned a high outflow of cash in the reporting period. This was mainly due to the successful bid for offshore wind rights for the construction of offshore wind farms in Great Britain and increased net investment as part of the portfolio management of securities and financial investments.

There was a cash outflow in the cash flow from financing activities in the reporting period, compared to a high cash inflow in the previous year. The cash inflow in the previous year was mostly attributable to the issuing of a green subordinated bond and a corporate bond, while the cash outflow in the reporting period was primarily due to dividends and interest paid.

The solvency of the EnBW Group was ensured at all times in the first half of 2021 thanks to the company's internal financing capability and the external sources available for financing. The company's future solvency is secured by its solid financial position and results of operations.

Retained cash flow

in € million	01/01–30/06/2021	01/01–30/06/2020	Change in %	01/01–31/12/2020
EBITDA	**1,167.2**	**1,359.1**	**-14.1**	**2,663.3**
Changes in provisions	36.5	-286.5	-112.7	-553.3
Non-cash-relevant expenses/income	-19.0	172.9	-111.0	-26.1
Income tax paid	-79.2	-61.3	29.2	-207.8
Interest and dividends received	163.9	116.8	40.3	264.5
Interest paid for financing activities	-195.5	-132.7	47.3	-236.1
Dedicated financial assets contribution	49.0	31.2	57.1	123.1
Funds from operations (FFO)	**1,122.9**	**1,199.5**	**-6.4**	**2,027.6**
Dividends paid	-287.2	-108.7	–	-389.1
Retained cash flow[1]	**835.7**	**1,090.8**	**-23.4**	**1,638.5**

1 Adjusted for the effects from the reimbursement of the nuclear fuel rod tax of €120.0 million, the adjusted retained cash flow stood at €1,210.8 million in the previous year (01/01–30/06/2020). There is no adjustment in the reporting year.

Funds from operations (FFO) were slightly lower than the level in the same period of the previous year due to lower EBITDA and higher interest and taxes paid. This was offset to some extent by a larger positive dedicated financial assets contribution.

Retained cash flow fell in the first half of 2021 compared to the same period of the previous year also as a result of a higher dividend payment. It is an expression of the internal financing capability of EnBW and reflects the funds that are available to the company for investment – after all stakeholder claims have been settled – without the need to raise additional debt.

Net assets

Condensed balance sheet

in € million	30/06/2021	31/12/2020	Change in %
Non-current assets	33,638.9	33,284.7	1.1
Current assets	16,566.6	12,645.3	31.0
Assets held for sale	5.0	35.0	-85.7
Assets	**50,210.5**	**45,965.0**	**9.2**
Equity	8,135.5	7,768.8	4.7
Non-current liabilities	26,696.7	26,447.2	0.9
Current liabilities	15,378.3	11,744.7	30.9
Liabilities directly associated with assets classified as held for sale	0.0	4.3	–
Equity and liabilities	**50,210.5**	**45,965.0**	**9.2**

As of 30 June 2021, total assets were 9.2% higher than the level at the end of the previous year. Non-current assets increased by €354.2 million, which was mainly due to the increase in derivatives. The increase in derivatives also led to an increase in current assets of €3,921.3 million. This was also contributed to by a rise in cash and cash equivalents.

Equity increased by €366.7 million as of 30 June 2021. The main reason for this development was a decrease in negative other comprehensive income due to an increase in the discount rate for the pension provisions from 0.75% at the end of 2020 to 1.15% as of 30 June 2021. As a result of the rise in total assets, the equity ratio fell slightly from 16.9% at the end of 2020 to 16.2% on the reporting date. Non-current liabilities increased slightly by €249.5 million, which was mainly due to the increase in derivatives. This was offset to some extent by the fall in pension provisions as a result of the increase in the discount rate. Current liabilities increased significantly by €3,633.6 million compared to the level at the end of the previous year. This development was also primarily attributable to the increase in derivatives.

Related parties

Relationships with related parties (entities and individuals) have not changed significantly in comparison to the reporting date of 31 December 2020.

Customers and society goal dimension

We report on the non-financial goal dimensions of EnBW in the areas of customers and society, the environment and employees at the six-month stage on the basis of the key non-financial performance indicators presented in the Group management report 2020 (Integrated Annual Report 2020 from p. 76 onwards). Exceptions are the Reputation Index in the customers and society goal dimension, the key performance indicators of "installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE" as well as the CO_2-intensity in the environment goal dimension, and the People Engagement Index (PEI) in the employees goal dimension. The values for these key indicators are exclusively collected at the end of the year.

Customer proximity

Customer Satisfaction Index

Our customers are the central focus of our philosophy and actions. The new energy world offers us great opportunities that we want to exploit. We aim to build long-term customer relationships by offering an intelligent combination of products and services, developing new product worlds, communicating transparently and delivering the highest-quality service possible. This will be achieved based on high customer satisfaction, which is measured in accordance with the requirements of the EnBW Group standard for market research and surveys. The Customer Satisfaction Indices for EnBW and Yello are compiled from customer surveys carried out by an external provider.

Key performance indicator

	01/01–30/06/2021	01/01–30/06/2020	Change in %	01/01–31/12/2020
Customer Satisfaction Index for EnBW/Yello	127/161	120/159	5.8/1.3	132/159

The key performance indicator Customer Satisfaction Index at EnBW achieved a value of 127 in the first half of 2021. This means that the satisfaction of the retail customers of EnBW was at a good level. A good level is reached when half of those surveyed indicate that overall they are particularly satisfied with EnBW. This is the case from 114 points upwards. A very good level of satisfaction is achieved from 136 points upwards.

In comparison to the level achieved in the first half of 2020 (120 points), the Customer Satisfaction Index improved by 5.8%. At 127 points, it currently lies within the target range of 127–139 points for the whole of 2021, although below the level achieved for the whole of 2020 (132 points). We assume that, among other things, the pricing measures we introduced in the first half of 2021 have contributed to this development. In the second half of the year, we anticipate that the extraordinary effects triggered by these measures will ease and the Customer Satisfaction Index will start to rise again. To improve customer satisfaction, we have also expanded our range of new sustainable products and user-friendly digital services.

The slightly positive trend with respect to the overall customer satisfaction of Yello customers continued in the first half of the year. It was thus possible to exceed the level achieved in the previous year and the current value even lies at the upper end of the target range defined for the whole year. This development can be attributed to the continuous expansion of the product portfolio towards sustainability and the high level of satisfaction with our service and with the value for money of our products.

Selected activities

Green electricity has now become the standard in the product portfolio of EnBW and Yello. This corresponds to our goal "Extend climate-friendly product portfolio" in the 25-point sustainability program introduced in autumn 2020. Yello has been exclusively offering green electricity tariffs to new customers for over a year now. The share of the total customer base accounted for by green electricity is now more than 40%. Since the beginning of the year, it has also been simple for existing customers to switch to the green electricity option. The EnBW brand is also continuously expanding the share of its business accounted for by green electricity. In the retail customer segment, new customers have been exclusively offered green electricity tariffs since June 2021. 35% of the existing retail customers for electricity are already being supplied with green electricity. In the first half of 2021, EnBW and Yello saved a total of 240,000 t CO_2 (this figure also takes compensation measures into account).

We are a leading company in the area of **electromobility** and a committed driver of a sustainable mobility transition. As a full-service provider together with our subsidiaries, we cover the complete spectrum of services from the generation of electricity from renewable energy sources through to the installation and expansion of electromobility, as well as from the supply of electricity and the operation of a comprehensive charging infrastructure through to digital services for the consumer.

In the **expansion of the charging infrastructure,** we are focusing on quick charging with capacities of up to 300 kW using 100% green electricity at all our charging points. We are building and operating quick-charging stations everywhere where drivers of e-cars can ideally integrate charging into their everyday lives: in the retail trade (in cooperation with renowned retailers), in urban areas and along long-distance routes. On average, we place one new quick-charging station into operation every workday. Currently, we already operate the largest quick-charging network in Germany. Alongside smaller sites with two to four quick-charging points, we are also installing large HyperHubs with solar roofing and eight or more quick-charging points. For example, in May we announced the construction of Europe's largest public quick-charging park at the Kamen motorway junction. This charging park will have 52 quick-charging points each with a capacity of up to 300 kW, as well as a solar roof, and will be placed into operation this year. Other HyperHubs will also be constructed by the end of the year.

In our role as an **electromobility provider,** we now offer our customers access to more than 190,000 charging points in nine European countries via the EnBW HyperNetwork. We added three additional countries – Belgium, Luxembourg and Liechtenstein – to the existing six in our charging network for drivers of e-vehicles at the end of June 2021. The EnBW mobility+ app or charging card can be used to find available charging points nearby and for easy and contactless charging and payment. This service received more awards from various market experts in the first half of 2021, including being ranked as the winner in comparisons of charging networks and e-mobility apps.

On 1 January 2021, we combined our operational and strategic activities in the area of e-mobility within one independent company – **EnBW mobility+.** The new company is a wholly owned subsidiary and is responsible for the operation of the charging infrastructure and also for all of the products and services related to electromobility that we offer to customers.

Our subsidiary **SENEC** is one of the top 3 providers on the German market for home storage systems for solar power plants. SENEC specializes in equipping customers so that they are able to meet their own energy needs with solar electricity. Our customers can achieve full independence with complete solutions including solar modules, electricity storage systems and cloud and e-mobility solutions (Wallbox and Cloud to go). Not least due to the expansion of electromobility, the ability to generate your own solar electricity is becoming increasingly important.

The SENEC.Wallbox pro enables customers to optimize charging and smart charging their vehicles with solar electricity, while the SENEC.App enables users to easily monitor their own energy ecosystem at all times. The mobility service "Cloud to go" allows users to also charge their vehicles on the move using their own solar electricity. The economic viability of a PV system is based on the feed-in remuneration that is paid over a period of 20 years. From 2021, solar pioneers for whom this funding period has expired will now no longer receive any remuneration for the solar energy they generate. The SENEC System Check provides customers with options for how these types of systems can still be operated profitably. This includes increasing your own consumption or utilizing alternative options for selling the electricity. The SENEC.PionierCloud can increase the profitability of these systems by allowing customers to access green electricity at an attractive price and to receive more money for the electricity they feed into the grid in the form of a pioneer bonus.

In the area of **contracting,** we provide industry, the real estate sector and public clients with a sustainable and efficient energy infrastructure directly at the customer's site. We create customized energy concepts to provide energy while saving on CO_2 emissions at the same time. For example, we have been completely restructuring the cold, heat, steam and electricity supply systems for a company in the beverage industry since March 2021. Our energy management system, certified according to DIN EN ISO 50001, is used to manage more than 200 contracting systems to ensure their energy-saving operation and their optimization via a process of continuous improvement.

Our company views itself as an experienced and powerful partner for local authorities and public utilities. We have invested in many local authority companies across the whole of Baden-Württemberg and play an active role in networks for the exchange of information between our participating interests and other public utilities. By developing customer-specific products and services, we help numerous local authorities and public utilities in, for example, the area of education and training. In the **"Digital School"** sector, we help local authorities to upgrade their schools to the latest technological standards and provide them with the necessary infrastructure to enable digital learning for all of their students. Based on the experience we gained from our long-standing involvement with 116 schools in Stuttgart, we are currently trialing our services in the town of Munderkingen.

To rigorously push forward the Energiewende, we secured additional projects for the construction of **PV open-field sites** in Niederwangen, Sigmaringen, Illmensee and Schwaigern with a total capacity of more than 10 MW_p in the first half of 2021.

The **"EnBW connects"** participation model started in July 2019. In the model, more than 550 local authorities in Baden-Württemberg can directly hold shares in the EnBW subsidiary Netze BW according to a predefined formula. In the first year, 116 local authorities acquired shares in the newly founded holding company. EnBW was able to secure a further 98 local authorities in the second round. As of 1 July 2021, a total of 214 local authorities have now indirectly invested in Netze BW. This corresponds to a shareholding of around 14%. The close relationship between Netze BW and the cities and municipalities of Baden-Württemberg will be further intensified through "EnBW connects."

In the area of **telecommunications,** we have been pushing forward the expansion of the fiber-optic network during the first half of the year. This is being carried out by our subsidiaries with a regional focus: NetCom BW is concentrating on Baden-Württemberg and neighboring Bavaria, while Plusnet is focusing on the other federal states. NetCom BW is financing this expansion itself and also with the aid of funding. The same is true for Plusnet, which has been involved in expanding the fiber-optic network, especially on industrial estates, for the first time. We will increasingly invest in our own fiber-optic networks in the future and thus further strengthen our position on the fiber-optic market.

The German government passed the IT Security Act 2.0 this year. Customer demand for effective solutions will thus increase both in the critical infrastructure and non-critical infrastructure sectors. The **Full Kritis Service (Full Critical Infrastructure Service – FKS)** is continuously expanding its cybersecurity services for public utilities, local authorities, industry and healthcare customers. The cooperation between the Baden-Wuerttemberg Ministry of the Interior, the Baden-Wuerttemberg State Bureau of Investigation and EnBW has already paid off. One result is the introduction of a degree course focusing on cybersecurity in close cooperation with the Baden-Wuerttemberg Cooperative State University (DHBW) in Heilbronn.

We have also been able to make huge advances with **barrier systems** for the security of public spaces and successfully completed two projects in Karlsruhe. In addition, we have improved access management in the city of Baden-Baden by providing retrofitting kits for bollards and completing other projects in the B2B and B2G sectors.

The **district development** department has been developing very promisingly and we have received numerous new contracts. The project to develop the "new Stöckach" has also been developing very positively. Around 800 apartments with a total of around 60,000 m^2 of living space will be constructed on the Stöckach site in the east of Stuttgart that is being developed as a joint project with the corporate infrastructure department. As the supplier, the district development department will be responsible for the general planning of the technical infrastructure in the district with the aim of also operating this infrastructure in the future. In addition, the district development department is focusing on innovative themes at the site such as implementing e-charging and parking solutions. The participation of citizens will play a central role in the project, which has also been continued intensively during the coronavirus pandemic in the form of various digital events.

Supply reliability

SAIDI

Key performance indicator

	01/01–30/06/2021	01/01–30/06/2020	Change in %	01/01–31/12/2020
SAIDI (electricity) in min./year [1]	8	7	14.3	15

1 SAIDI includes all unscheduled interruptions to supply that last more than three minutes for the end consumer.

The reliability of the energy supply is given a high priority by our grid operators. All unscheduled interruptions to supply are recorded using the key performance indicator SAIDI (System Average Interruption Duration Index). In the first half of 2021, SAIDI increased slightly in comparison to the same period of the previous year. However, the current half-year figure is still at the lower end of the target range for the whole year of 15 to 20 minutes per end consumer.

Environment goal dimension

As a large energy company, we share responsibility for our environment and climate protection. Supplying our customers with energy causes emissions, above all through the operation of power plants, and uses natural resources and space. Environmental and climate protection form an integral part of our corporate strategy.

The long-term success of an energy supply company's activities hinges on acceptance by society. We strive to achieve a credible balance between respecting the environment and achieving corporate, political and social goals, and underpin this commitment with a diverse range of activities.

For this reason, we launched a comprehensive sustainability program in autumn 2020 that comprises 25 measures across the three dimensions of economy, ecology and social goals. This 25-point sustainability program covers all areas of the Group from higher level management processes and core operating processes through to supporting processes in the business and functional units.

The **installed output from renewable energies** at the EnBW Group stood at 4.9 GW at the end of 2020. Alongside hydropower, this included 976 MW of offshore wind power, 951 MW of onshore wind power and 342 MW_p of photovoltaics. Another wind farm was placed into operation in Sweden in July 2021. Alongside France, Sweden is the second foreign market in Europe in which we are planning to achieve further growth in the area of onshore wind energy over the next few years. In Germany, it is still proving difficult to expand our onshore portfolio due to the lack of approved sites and the increasingly complex approval processes. Besides onshore and offshore wind power, photovoltaics is now a third pillar of our expansion strategy on the path towards a climate-neutral future. We aim to expand the installed output in this area to 1,200 MW_p by 2025. A solar cluster consisting of three major projects is currently being developed in Brandenburg. The Weesow-Willmersdorf solar park with a total capacity of 187 MW_p is already in operation. In the immediate vicinity, the major projects Gottesgabe and Alttrebbin – each with a capacity of 150 MW_p – are currently under construction. Large photovoltaic projects can now be operated profitably even without state funding due to their size, the sharp reduction in prices for solar modules and synergy effects. Solar power generated in solar parks that don't need state funding does not burden consumers through EEG cost allocations.

One component of our 25-point sustainability program is **climate-friendly internal mobility.** EnBW operated 4,118 vehicles at the end of 2020 – of which around 3,000 were passenger cars; of these almost a third were electric. These figures also include electric cars from the New Mobility employee program, which is still offering attractive models to employees at special leasing conditions. 730 employees were using an electric car by the end of 2020 and over 230 more cars were ordered by employees between January and June 2021. Since the start of 2021, the corporate mobility department at EnBW AG now only purchases electric vehicles for the vehicle pool. In combination with a gradual reduction in the size of our vehicle pool, this measure will result in fewer emissions. Since December 2020, we have also only offered hybrid or fully electric vehicles to employees as personal company cars.

Due to the environmental regulations that are valid in certain locations, emergency power plants that use petroleum-based fuels are not permitted everywhere or can only be utilized subject to additional technical requirements, such as in water conservation areas. As part of a funded project, the company ED Netze is thus planning to deploy innovative H2-PowerPacs as emission-free hydrogen emergency power plants that use fuel cell technology. During the project that will run from the beginning of 2022 until the first quarter of 2024, the company will develop a static power plant for the Donaueschingen transformer station and a mobile power plant for the site in Blumberg, and then place them into operation. These aggregates with an output of up to 125 kVA have a modular design and can be transported on a trailer and connected to the grid in the event of a disruption to supply. They can also be installed as static power plants to provide the power for communication and control technology at transformer stations. These power plants are operated with emission-free green hydrogen produced in the region.

Intact forests help to protect the climate. This is why we have participated in two reforestation campaigns in cooperation with the German Forest Protection Association in the first half of 2021 by making **tree donations.** We handed over 850 trees – mainly red and sessile oaks and Douglas firs – to the municipality of Ilsfeld. These were trees that were personally sponsored by employees in the finance department. In addition, 1,000 trees donated by us were planted in the city forest in Herrenberg.

Netze BW and the nationwide Blühende Landschaft (Flowering Landscape) Network have been systematically sprucing up existing green areas from an ecological perspective since 2020. They plan to turn ten transformer stations per year into vibrant **"buzzing transformer stations"** that are attractive for insects. In the first half of 2021, insect-friendly flowering meadows were already sown at two transformer stations to help promote biodiversity at our power plant sites.

The EnBW funding program **"Stimuli for Diversity"** has been successfully supporting social engagement in Baden-Württemberg for the protection of amphibians since 2011 and the protection of reptiles since 2016. The funding program was launched by EnBW together with the Baden-Württemberg State Institute for the Environment, Measurements and Nature Conservation (LUBW) and is part of the project "The economy and business for nature," which is a component of the state initiative "Active for biological diversity" that was initiated by the state government of Baden-Württemberg. The application period for the 2021 funding year ended in May 2021. Numerous well-founded and interesting project applications were received once again. The winning projects will be selected by a specialist jury in July 2021. The selected projects will then be funded by us and realized between October and December 2021.

Employees goal dimension

Selected activities

Our new **HR strategy** 2025 "People as the main focus" supports the implementation of the EnBW 2025 corporate strategy. Digitalization requires a willingness to change, technological expertise and modern working practices. Our managers should not just place expectations on their employees but also support them and lead their teams with conviction into a more complex world. Our newly designed HR policy will support employees in this process of change, for example by developing new forms for cooperation and for further training and education. In addition, we value the potential offered by the internationality and diversity of our employees.

One example in the key theme of "people-centered transformation" in our HR strategy is the cross-departmental initiative **"BestWork."** In cooperation with representatives from the works councils and with the intense participation of our employees, we have developed a comprehensive concept for flexible and virtual working for the period after the end of the coronavirus pandemic. This concept is currently being piloted in practice in the first areas of the company within the framework of the restrictions imposed due to the coronavirus pandemic. The project is placing a special focus on rules for mobile working, especially working from home, that take account of the best interests of employees and designing modern working worlds in the office that fulfill the needs of a more flexible and hybrid way of working. In addition, the initiative is dealing with, for example, the question of how working practices will change the culture of cooperation and leadership. In the first stage, the aim of the initiative is to develop new regulations for working from home and for other mobile forms of working.

Another focus of our HR strategy is professional **further training and education.** In the first half of 2021, we moved into two new further training and education centers in Karlsruhe and Biberach. Another center in Tuttlingen was opened in July. These offer employees the ideal environment for experiencing modern technologies through exploratory learning such as augmented or virtual reality and the use of drones. We have further expanded the contents of the grid technology training qualification program for electrical engineering trainees that was introduced in 2016 by Netze BW; it is now possible for the trainees to obtain a certificate from the Chamber of Commerce (IHK). A similar program has also been introduced for the gas/water divisions. Alongside the systematic and sector-specific practical qualification of trainees, this program can also be used for training lateral entrants in these sectors. The IHK-certified training course "Infrastructure Technician for Fiber-Optic Technology" that was developed under the leadership of Netze BW in 2019 is now being used at a national association level as a prototype for a modular qualification program for the expansion of broadband. The value added chain for fiber-optic technology – starting from the exchange and running through to the household junction box – forms the framework for the modular further training concept in fiber-optic technology. It can be completed in the qualification stages planning, construction and operation and is run by Netze BW for internal and external customers.

The Employers' Association for Electricity Power Plants in Baden-Württemberg and the labor union ver.di reached a **collective bargaining agreement** after intensive negotiations on 16 March 2021 that has a term of 24 months from 1 March 2021 until 28 February 2023. In accordance with the agreement, remuneration increased by 2.1% on 1 March 2021 and will increase by a further 1.6% on 1 May 2022. A one-off tax-free payment has also been agreed based on the pay scale groupings. Higher pay grades will receive €350 and lower grades €700, while trainees will receive €200. Remuneration for trainees has also been increased again.

EnBW developed very positively from an economic perspective in the 2020 financial year and achieved the targets defined in the EnBW 2020 strategy almost in full and in many cases exceeded them or reached them ahead of plan. Against this background, it was decided that employees at the Group companies that have corresponding company agreements would receive a **profit sharing bonus** for 2020, which corresponds to 100% of one month's salary.

Performance indicators for employees

Employees [1, 2]

	30/06/2021	31/12/2020	Change in %
Smart Infrastructure for Customers	4,801	4,826	-0.5
System Critical Infrastructure	10,115	9,935	1.8
Sustainable Generation Infrastructure	7,078	7,072	0.1
Other	2,900	2,822	2.8
Total	**24,894**	**24,655**	**1.0**
Number of full-time equivalents [3]	23,369	23,078	1.3

1 Number of employees excluding apprentices/trainees and inactive employees.
2 The number of employees for the ITOs (ONTRAS Gastransport GmbH, terranets bw GmbH and TransnetBW GmbH) is only updated at the end of the year; for intervals of less than a year, the number of employees from 31/12/2020 is carried forward.
3 Converted into full-time equivalents.

As of 30 June 2021, the EnBW Group had 24,894 employees, which was 239 more than at the end of 2020. This increase was primarily due to taking on new employees in strategic growth fields. The digitalization and transformation processes and restructuring within the Group increased the number of employees in the Other segment. In the System Critical Infrastructure segment, the increase in the number of employees was due to the rising importance of the regulated business. The fall in the number of employees in the Smart Infrastructure for Customers segment was primarily due to the deconsolidation of two investments and restructuring within the Group, although these effects were offset to some extent by the recruitment of additional personnel for the expansion of broadband and the increased demand for energy and storage solutions.

Occupational safety

LTIF

Key performance indicator

	01/01–30/06/2021	01/01–30/06/2020	Change in %	01/01–31/12/2020
LTIF for companies controlled by the Group [1, 2, 3]	1.7	1.9	-10.5	2.1
LTIF overall [1, 2]	2.5	3.1	-19.4	3.6

1 LTIF indicates how many LTI occurred per one million working hours performed.
2 Variations in the group of consolidated companies (all companies with more than 100 employees, excluding agency workers and contractors, are generally considered).
3 Except for companies in the area of waste management.

The key performance indicator LTIF (Lost Time Injury Frequency) for companies controlled by the Group once again fell noticeably in the first six months of 2021 in comparison to the same period of the previous year. This development is also in line with the target for the whole year. There was unfortunately a fatal accident at Netze BW in June 2021. The average days of absence per accident at 21.1 were at the same level as in the previous year (21.9). The LTIF overall – including our subsidiaries in the area of waste management – also fell significantly in the reporting period. The average days of absence per accident stood at 18.1 days, after 22.1 days in the previous year.

Due to the coronavirus pandemic, we were unable to hold any in-person training courses on occupational safety in the first half of 2021. Only those training courses – especially for emergency responders – that were possible and sensible in virtual form were held. We are closely following the further development of the pandemic and will take any decisions, especially with respect to the autumn/winter period, on this basis. This also applies to the planned implementation of our "BestWork" initiative in the autumn (p. 28).

We have been able to come through the third wave of the coronavirus pandemic since the beginning of 2021 relatively unscathed. Measures to protect our own and third-party employees have been rigorously implemented, especially in the operating areas. Where there were major inspections involving numerous external workers, such as those in Stuttgart Münster or Neckarwestheim, comprehensive safety concepts were used that included rapid tests, hygiene concepts and similar measures. The security of supply was continuously maintained both at the power plants and also at our grid companies. On-site employee presence at EnBW's large administrative sites remains at less than 10% of the available capacities. In view of the pleasing drop in the incidence rates across Germany, an occupancy rate of up to 25% under the existing AHA+L rules (social distancing, hygiene, community masks + ventilation) has been valid for a transitional period since 1 July. The canteens are also open again. We have implemented the necessary procurement of coronavirus self-tests and their use by employees as required by the German government without any problems. We will continue to offer self-tests to employees on a voluntary basis and this has been received positively so far. Since 8 June 2021, our company doctors have also been giving coronavirus vaccines to employees. Appointments for the vaccine have been issued pragmatically and in close cooperation with the works council. We were able to administer around 2,700 first and, where required, second vaccinations to EnBW employees and their relatives by the end of June 2021 using the BioNTech or Johnson & Johnson vaccines. The vaccination campaign, especially the second vaccinations that are required for the BioNTech vaccine to give complete protection, continued in July 2021.

Forecast

In the following forecast we take a look at the expected development of EnBW in the current financial year. It should be noted that the present conditions – such as the further development of the coronavirus pandemic – increase the level of uncertainty with which predictions about the future development of the company can be made.

Adjusted EBITDA and the share of the adjusted EBITDA accounted for by the segments

Development in 2021 (adjusted EBITDA and the share of adjusted EBITDA accounted for by the segments) compared to the previous year

	Earnings performance (adjusted EBITDA) compared to the previous year		Development of the share of adjusted EBITDA for the EnBW Group accounted for by the segments	
	2021	2020	2021	2020
Smart Infrastructure for Customers	€300 to €375 million	€335.0 million	10% to 15%	12.0%
System Critical Infrastructure	€1,300 to €1,400 million	€1,346.6 million	40% to 50%	48.4%
Sustainable Generation Infrastructure	€1,375 to €1,475 million	€1,277.7 million	45% to 55%	45.9%
Other/Consolidation		€-178.2 million		-6.3%
Total	**€2,825 to €2,975 million**	**€2,781.2 million**		**100.0%**

The earnings forecast for the entire Group and the individual segments for the whole 2021 financial year remains unchanged from that given in the 2020 Group management report, despite the lower earnings in the first half of the year compared to the same period of the previous year.

The adjusted EBITDA of the **Smart Infrastructure for Customers** segment will reach about the same level in 2021 as in the previous year. We expect stable earnings in a challenging market environment – even against the backdrop of the ongoing coronavirus pandemic. We thus anticipate a stable or slightly increasing share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA of the **System Critical Infrastructure** segment will reach the same level in 2021 as in the 2020 financial year. Revenue from the use of the grids is expected to increase slightly in comparison to the previous year, despite the ongoing coronavirus pandemic, as a result of returns on increased investment activity in projects that are included in the Network Development Plan Electricity and Network Development Plan Gas. We expect a stable or slightly decreasing share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA of the **Sustainable Generation Infrastructure** segment will increase significantly in 2021. The further expansion of power plants for the utilization of renewable energies will have a positive impact on the earnings performance. The forecasts for wind yields and thus for the volume of electricity generated are based on the long-term average. Wind yields in the first half of 2021 were below the level in the previous year and below the planned yields due to poorer wind conditions. In contrast, we expect a consistently good trading performance in 2021 and higher earnings from our thermal generation plants than planned. The share of the adjusted EBITDA for the Group accounted for by this segment should reach at least the level in the previous year.

The adjusted EBITDA for the **EnBW Group** will increase further in 2021 and be between €2.825 billion and €2.975 billion.

Expected trends in non-financial key performance indicators

After the end of the first half of 2021, there are no significant changes to the non-financial performance indicators compared to the expectations formulated for the 2021 financial year in the Integrated Annual Report 2020 (Integrated Annual Report 2020, p. 98 f.).

Opportunities and risks

In comparison to the report issued at the end of 2020 and the Quarterly Statement January to March 2021, the opportunities and risks faced by the EnBW Group developed positively by the middle of 2021, not least due to the economic recovery as a result of the improving situation with respect to the coronavirus pandemic. No risks currently exist that might jeopardize the EnBW Group as a going concern. Using the report on risks in the 2020 Group management report as a basis, only the material opportunities or risks that have significantly changed, arisen or ceased to exist in the reporting period are described in this Six-Monthly Financial Report January to June 2021. A detailed presentation of the opportunity and risk position can be found in the Integrated Annual Report 2020 from p. 100 onwards.

Cross-segment opportunities and risks

Market prices of financial investments: The financial investments managed through the asset management system are subject to risks that arise from price losses and other losses in value as a result of the volatile financial market environment. The financial market continued to recover in the first half of 2021 even to the extent that the German stock market reached an all-time high. However, we are still closely monitoring the impact of the coronavirus pandemic on the market. To improve the opportunity/risk ratio of the portfolio, greater focus is currently being given to sustainability criteria in our investments. For the market prices of financial investments, we currently identify a lower level of risk than opportunity due to the continued positive developments on the stock markets. This could have a negative impact in the low three-digit million euro range or a positive impact in the mid three-digit million euro range on net debt in 2021 and thus an impact on the key performance indicator debt repayment potential.

Discount rate applied to pension provisions: There is a general opportunity and risk associated with any change in the discount rate applied to the pension provisions because the present value of the pension provisions falls when the discount rate increases and increases when the discount rate falls. As of the reporting date of 30 June 2021, the discount rate was 1.15%, which was up 0.40 percentage points on the rate at the end of 2020 (0.75%). Against the background of the expected development of interest rates in future, we currently identify an increased level of opportunity and a low level of risk. We anticipate that the future development of interest rates could have a negative impact in the high double-digit million euro range or a positive impact in the high three-digit million euro range on the development of net debt in 2021 and thus an impact on the key performance indicator debt repayment potential.

Margins/liquidity requirements: Higher prices for electricity and CO_2 allowances and increasing volatility on the commodity markets have resulted in higher margin requirements. The further utilization of liquidity cannot be excluded in this context. In general, there is also a risk of additional liquidity requirements if the rating agencies downgrade the credit rating of EnBW. As part of liquidity management in the area of trading, we continuously optimize the transparency of management processes for cash and cash equivalents and the accuracy of our forecasts for funds required at short notice. The risk can be covered by existing credit lines. We currently identify an increasing potential for opportunities, which were already realized to some extent in the first half of the year. These effects could have a positive impact in the mid three-digit to four-digit million euro range on the development of net debt in 2021 and thus an impact on the key performance indicator debt repayment potential, as well as an indirect impact on the key performance indicator ROCE via capital employed.

Effects of the pandemic on certain business areas: The coronavirus pandemic has had various effects on the opportunity and risk position in the individual business areas. However, the risks faced by the company have now reduced.

In B2B sales, there is an increased risk due to the sale of insufficient quantities of electricity at lower prices. Possible payment defaults due to impending insolvencies are being closely monitored. We still currently identify a slightly increased level of risk in this area. This effect could have a negative impact in the low double-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT.

In the grids sector, there may be lower revenue from the use of the grids depending on the future development of the pandemic, the economy as a whole and any reduced load on the grid as a result. We currently identify a balanced level of opportunity and risk in this area. This could have a negative impact in the mid to high single-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT.

Smart Infrastructure for Customers segment

Competitive environment: There is a risk that the continued tense competitive situation for all EnBW brands in the electricity, gas and energy solutions business could have a negative effect on the customer base, sales volumes and price levels. There is still a high willingness among customers to switch suppliers and the pressure on prices remains. In contrast, there is also an opportunity for targeted customer acquisitions using new, attractive products. We currently identify a balanced level of opportunity and risk in this area. This could have a negative or positive impact in the low double-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT.

System Critical Infrastructure segment

Year-end balance on the EEG bank account: The EEG bank account is a separately managed bank account in accordance with section 5 of the German Compensation Mechanism Ordinance (AusglMechV) and is kept separate from other areas of activity. In accordance with AusglMechV, a deficit or surplus on the account balance can have a temporary positive or negative effect on the calculation of the net debt of EnBW, respectively. As of the reporting date of 30 June 2021, there was a surplus of €701.2 million on the EEG bank account of our subsidiary TransnetBW (reporting date of 31 December 2020: €-629.3 million). Another settlement payment from the German government will be made to the EEG account on 11 October 2021. We currently identify an increased level of opportunity in this area. We expect the EEG account to develop positively throughout 2021 and have a positive bank balance at the end of the year in the high three-digit to low four-digit million euro range. This will have a positive impact on net debt.

Sustainable Generation Infrastructure segment

Impairment losses and impending losses on onerous contracts: As a result of changes to the conditions in the energy industry, there is a general risk that impairment losses on power plants and the formation of provisions for impending losses on onerous contracts for long-term electricity procurement agreements could have a negative impact on earnings. It was already necessary to recognize an impairment loss on the power plants and increase the provisions for onerous contracts in the first half of 2021 due to tighter requirements with respect to climate protection and stricter climate legislation. We anticipate further impairment losses on the offshore wind farms due to the fact that they will have fewer and fewer operating years with EEG funding in the future.

Fluctuations in energy yield in the North Sea and Baltic Sea: There is a general opportunity or risk for wind power plants due to fluctuations in the energy yield. As our wind farm portfolio continues to grow, the variation in the level of opportunity and risk will naturally increase. Further findings on the development of wind conditions are currently being examined to identify the possible negative effects of these risks. The fluctuations in yield could have a negative impact in the mid double-digit to low three-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT.

Power plant optimization: Following the conclusion of the hedging of generation activities, the Trading business unit will manage the further deployment of the power plants. This is being carried out as part of power plant optimization on the forward market, through the sale of system services and through placements on the spot and intraday trading platforms. However, regulatory interventions continue to have a strong influence. We currently identify an increased level of opportunity that is dependent on the development of market prices. In particular, fluctuating revenues from system services and volatility on the forward and spot markets could have a negative effect in the low double-digit million euro range or a positive effect in the mid double-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT.

Eliminated risks

- In comparison to the Annual Report 2020, the risks posed by the pandemic for the area of trading have now fallen below the materiality threshold for reporting purposes.
- The risk associated with the reorganization and return transport of reprocessing waste from France that was previously reported as part of the risk "Dismantling of nuclear power plants" has decreased significantly following the conclusion of an agreement with the contractual partner in France. The risk "Dismantling of nuclear power plants" has thus been reduced by the risk associated with the return of waste. The range of the possible impact that the remaining risk may have remains unchanged from that reported at the end of 2020.

Six-monthly consolidated financial statements

Income statement

in € million	01/04–30/06/2021	01/04–30/06/2020	01/01–30/06/2021	01/01–30/06/2020
Revenue including electricity and energy taxes [1]	5,951.6	4,333.5	12,939.5	10,061.3
Electricity and energy taxes	-124.1	-110.2	-284.8	-258.8
Revenue [1]	**5,827.5**	**4,223.3**	**12,654.7**	**9,802.5**
Changes in inventories	4.5	21.1	34.4	41.8
Other own work capitalized	56.4	51.8	92.8	89.0
Other operating income	474.5	161.6	685.3	709.3
Cost of materials [1]	-4,815.3	-2,949.8	-10,136.2	-7,127.6
Personnel expenses	-614.0	-536.8	-1,180.9	-1,037.4
Impairment losses [2]	3.5	-14.3	-6.7	-28.4
Other operating expenses	-580.2	-366.3	-976.2	-1,090.1
EBITDA	**356.9**	**590.6**	**1,167.2**	**1,359.1**
Amortization and depreciation	-1,322.1	-412.8	-1,691.1	-731.9
Earnings before interest and taxes (EBIT)	**-965.2**	**177.8**	**-523.9**	**627.2**
Investment result	30.1	36.3	58.6	104.4
of which net profit/loss from entities accounted for using the equity method	(3.3)	(10.9)	(21.7)	(14.8)
of which other profit/loss from investments	(26.8)	(25.4)	(36.9)	(89.6)
Financial result	101.1	108.2	156.1	-356.1
of which finance income	(186.4)	(84.5)	(375.8)	(186.1)
of which finance costs	(-85.3)	(23.7)	(-219.7)	(-542.2)
Earnings before tax (EBT)	**-834.0**	**322.3**	**-309.2**	**375.5**
Income tax	266.6	-79.3	136.5	-118.2
Group net profit/loss	**-567.4**	**243.0**	**-172.7**	**257.3**
of which profit/loss shares attributable to non-controlling interests	(-83.5)	(48.5)	(-9.9)	(73.1)
of which profit/loss shares attributable to the shareholders of EnBW AG	(-483.9)	(194.5)	(-162.8)	(184.2)
EnBW AG shares outstanding (million), weighted average	**270.855**	**270.855**	**270.855**	**270.855**
Earnings per share from Group net profit/loss (€) [3]	**-1.79**	**0.72**	**-0.60**	**0.68**

1 The figures for the previous year have been restated.
2 According to IFRS 9.
3 Diluted and basic; in relation to profit/loss attributable to the shareholders of EnBW AG.

Statement of comprehensive income

in € million	01/04–30/06/2021	01/04–30/06/2020	01/01–30/06/2021	01/01–30/06/2020
Group net profit/loss	**-567.4**	**243.0**	**-172.7**	**257.3**
Revaluation of pensions and similar obligations	13.0	-44.1	679.8	-103.9
Entities accounted for using the equity method	0.0	-0.3	0.9	-0.6
Income taxes on other comprehensive income	-1.1	14.6	-198.9	29.6
Total of other comprehensive income and expenses without future reclassifications impacting earnings	**11.9**	**-29.8**	**481.8**	**-74.9**
Currency translation differences	27.7	16.5	33.5	-60.3
Cash flow hedge	221.9	-23.4	292.2	-103.7
Financial assets at fair value in equity	11.5	38.7	-10.0	-12.4
Entities accounted for using the equity method	-0.1	0.6	-0.4	-3.0
Income taxes on other comprehensive income	-69.6	-1.8	-82.1	34.1
Total of other comprehensive income and expenses with future reclassifications impacting earnings	**191.4**	**30.6**	**233.2**	**-145.3**
Total other comprehensive income	**203.3**	**0.8**	**715.0**	**-220.2**
Total comprehensive income	**-364.1**	**243.8**	**542.3**	**37.1**
of which profit/loss shares attributable to non-controlling interests	(-55.1)	(56.1)	(24.1)	(47.5)
of which profit/loss shares attributable to the shareholders of EnBW AG	(-309.0)	(187.7)	(518.2)	(-10.4)

Balance sheet

in € million	30/06/2021	31/12/2020
Assets		
Non-current assets		
Intangible assets	3,414.0	3,498.5
Property, plant and equipment	19,382.0	19,990.9
Entities accounted for using the equity method	983.4	968.9
Other financial assets	6,544.3	6,185.2
Trade receivables	340.6	331.7
Other non-current assets	1,669.4	964.8
Deferred taxes	1,305.2	1,344.7
	33,638.9	**33,284.7**
Current assets		
Inventories	999.0	1,151.1
Financial assets	739.3	759.5
Trade receivables	3,811.9	4,836.7
Other current assets	7,869.6	4,645.3
Cash and cash equivalents	3,146.8	1,252.7
	16,566.6	**12,645.3**
Assets held for sale	5.0	35.0
	16,571.6	**12,680.3**
	50,210.5	**45,965.0**
Equity and liabilities		
Equity		
Shares of the shareholders of EnBW AG		
Subscribed capital	708.1	708.1
Capital reserve	774.2	774.2
Revenue reserves	5,217.0	5,629.7
Treasury shares	-204.1	-204.1
Other comprehensive income	-2,319.3	-3,000.3
	4,175.9	**3,907.6**
Non-controlling interests	3,959.6	3,861.2
	8,135.5	**7,768.8**
Non-current liabilities		
Provisions	14,160.4	14,803.4
Deferred taxes	931.6	916.0
Financial liabilities	8,286.1	8,120.1
Other liabilities and subsidies	3,318.6	2,607.7
	26,696.7	**26,447.2**
Current liabilities		
Provisions	1,328.3	1,479.6
Financial liabilities	1,519.5	1,493.1
Trade payables	3,866.4	4,053.1
Other liabilities and subsidies	8,664.1	4,718.9
	15,378.3	**11,744.7**
Liabilities directly associated with assets classified as held for sale	0.0	4.3
	15,378.3	**11,749.0**
	50,210.5	**45,965.0**

Cash flow statement

in € million	01/01–30/06/2021	01/01–30/06/2020
1. Operating activities		
Group net profit/loss	-172.8	257.3
Income tax	-136.3	118.2
Investment and financial result	-214.8	251.7
Amortization and depreciation	1,691.1	731.9
EBITDA	1,167.2	1,359.1
Changes in provisions	36.5	-286.5
Result from disposals of assets	4.2	4.0
Other non-cash-relevant expenses/income	-23.2	168.9
Change in assets and liabilities from operating activities	2,044.4	-1,169.0
Inventories	(157.6)	(-102.1)
Net balance of trade receivables and payables	(783.9)	(-870.1)
Net balance of other assets and liabilities	(1,102.9)	(-196.8)
Income tax paid	-79.2	-61.3
Cash flow from operating activities	**3,149.9**	**15.2**
2. Investing activities		
Capital expenditure on intangible assets and property, plant and equipment	-760.7	-681.3
Disposals of intangible assets and property, plant and equipment	45.4	126.2
Cash received from subsidies for construction costs and investments	33.0	43.5
Acquisition of subsidiaries, entities accounted for using the equity method and interests in joint operations [1]	-265.6	-33.6
Sale of subsidiaries, entities accounted for using the equity method and interests in joint operations	0.8	0.3
Change in securities and financial investments	-249.6	527.4
Interest received	91.9	63.5
Dividends received	72.0	53.3
Cash flow from investing activities	**-1,032.8**	**99.3**
3. Financing activities		
Interest paid	-195.5	-132.7
Dividends paid	-287.2	-108.7
Cash received for changes in ownership interest without loss of control	127.3	1.8
Increase in financial liabilities	2,052.3	2,616.8
Repayment of financial liabilities	-1,857.6	-1,471.2
Repayment portion of the lease liabilities	-102.0	-66.4
Cash received from capital increase of non-controlling interests	6.5	42.4
Cash paid for capital decrease of non-controlling interests	-1.7	-40.9
Cash flow from financing activities	**-257.9**	**841.1**
Net change in cash and cash equivalents	**1,859.2**	**955.6**
Change in cash and cash equivalents due to changes in the consolidated companies	23.0	32.6
Net foreign exchange difference	12.0	-0.8
Change in cash and cash equivalents due to risk provisions	-0.1	0.0
Change in cash and cash equivalents	**1,894.1**	**987.4**
Cash and cash equivalents at the beginning of the period	1,252.7	1,363.8
Cash and cash equivalents at the end of the period	**3,146.8**	**2,351.2**

1 Includes payments related to bids for offshore wind rights. These will only lead to a change in the consolidated companies in the second half of 2021.

Statement of changes in equity

in € million				Other comprehensive income							
	Subscribed capital and capital reserve	Revenue reserves	Treasury shares	Revaluation of pensions and similar obligations	Currency translation differences	Cash flow hedge	Financial assets at fair value in equity	Entities accounted for using the equity method	Shares of the shareholders of EnBW AG	Non-controlling interests	Total
As of 01/01/2020	**1,482.3**	**5,234.5**	**-204.1**	**-2,503.5**	**8.5**	**-81.6**	**13.0**	**-2.0**	**3,947.1**	**3,498.0**	**7,445.1**
Total other comprehensive income				-72.6	-47.0	-62.6	-8.8	-3.6	-194.6	-25.6	-220.2
Group net profit		184.2							184.2	73.1	257.3
Total comprehensive income	**0.0**	**184.2**	**0.0**	**-72.6**	**-47.0**	**-62.6**	**-8.8**	**-3.6**	**-10.4**	**47.5**	**37.1**
Dividends									0.0	-128.4	-128.4
Other changes [1]									0.0	266.3	266.3
As of 30/06/2020	**1,482.3**	**5,418.7**	**-204.1**	**-2,576.1**	**-38.5**	**-144.2**	**4.2**	**-5.6**	**3,936.7**	**3,683.4**	**7,620.1**
As of 01/01/2021	**1,482.3**	**5,629.7**	**-204.1**	**-2,922.9**	**-23.7**	**-78.5**	**29.5**	**-4.7**	**3,907.6**	**3,861.2**	**7,768.8**
Total other comprehensive income				476.5	28.0	181.0	-5.0	0.5	681.0	34.0	715.0
Group net loss		-162.8							-162.8	-9.9	-172.7
Total comprehensive income	**0.0**	**-162.8**		**476.5**	**28.0**	**181.0**	**-5.0**	**0.5**	**518.2**	**24.1**	**542.3**
Dividends		-270.9							-270.9	-35.3	-306.2
Other changes [1]		21.0							21.0	109.6	130.6
As of 30/06/2021	**1,482.3**	**5,217.0**	**-204.1**	**-2,446.4**	**4.3**	**102.5**	**24.5**	**-4.2**	**4,175.9**	**3,959.6**	**8,135.5**

1 Of which changes in revenue reserves due to changes in ownership interest in subsidiaries without loss of control of €21.0 million (previous year: €0.0 million).
Of which changes in non-controlling interests due to changes in ownership interest in subsidiaries without loss of control of €93.3 million (previous year: €0.0 million).

Notes and explanations

General principles

The six-monthly financial statements of the EnBW Group are prepared according to the International Financial Reporting Standards (IFRS), the adoption of which is mandatory in the EU as of the reporting date. In addition, the related interpretations (IFRIC/SIC) are observed. Standards and interpretations that have not yet come into force have not been adopted.

The accounting policies applied for the six-monthly consolidated financial statements as of 30 June 2021, as well as the evaluation methods and input parameters for measuring fair value, are the same as those used for the consolidated financial statements as of 31 December 2020, with the exception of the new policies described below.

In accordance with IAS 34, the form of reporting chosen for the presentation of the consolidated financial statements of EnBW AG as of 30 June 2021 was shortened in comparison with that used for the consolidated financial statements as of 31 December 2020.

In addition to the income statement, the statement of comprehensive income, balance sheet, condensed cash flow statement and statement of changes in equity for the EnBW Group are presented separately. Rounding differences may occur due to the methods used to carry out the calculations.

Changes in accounting policies

First-time adoption of amended accounting standards

The International Accounting Standards Board (IASB) and the IFRS Interpretation Committee (IFRS IC) have adopted the following new standards and amendments to existing standards whose application is mandatory as of the 2021 financial year:

- Amendments to IFRS 4 (2020) "Extension of the Temporary Exemption from Applying IFRS 9"
- IFRS 16 (2020) "Covid-19-Related Rent Concessions"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – "Interest Rate Benchmark Reform – Phase 2" (2020)

These new rules have no material impact on the EnBW consolidated financial statements.

Effects of new accounting standards that are not yet mandatory

The IASB and IFRS IC have already published the following standards and interpretations whose adoption, however, is not yet mandatory for the 2021 financial year and whose application is expected to have no material impact on the EnBW consolidated financial statements. Their application in the future is subject to their endorsement by the EU into European law.

- Amendments to IAS 1 (2020) "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 (2021) "Disclosure of Accounting Policies"
- Amendments to IAS 8 (2021) "Definition of Accounting Estimates"
- Amendments to IAS 12 (2021) "Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"
- Amendments to IAS 16 (2020) "Property, Plant and Equipment"
- Amendments to IAS 37 (2020) "Provisions, Contingent Liabilities and Contingent Assets"
- Amendments to IFRS 3 (2020) "Reference to the Conceptual Framework"
- Amendments to IFRS 10 and IAS 28 (2014) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 16 (2021) "Covid-19-Related Rent Concessions beyond 30 June 2021"
- IFRS 17 (2020) "Insurance Contracts" and Amendments to IFRS 17 (2020)
- Collective standard for the amendment of various IFRS (2020) "Improvements to the IFRS Cycle 2018–2020"

Exercise of judgment and estimates when applying accounting policies

The legislative requirements with respect to climate protection have also tightened further following the decision issued by the German Federal Constitutional Court (BVG) on climate change on 24 March 2021 and the presentation of the EU Green Deal by the EU Commission. In the second quarter, EnBW thus revised its expectations with respect to energy industry conditions and the medium and long-term price trends in the relevant procurement and sales markets. This had an impact on the valuation of the power plants and increased the impending losses on onerous contracts for long-term electricity procurement agreements. Please refer to the section "Amortization and depreciation" for more detailed information.

In addition, the increase in the interest rate for pension provisions from 0.75% at the end of 2020 to 1.15% as of 30 June 2021 reduced the value of the pension provisions.

Consolidated companies

All subsidiaries under the control of the Group are included in the consolidated financial statements in accordance with the full consolidation method. The equity method is used when there is a joint arrangement in the form of a joint venture or a significant influence may be exercised over the business policy of the associate, but the entity does not qualify as a subsidiary. Joint arrangements that are classified as joint operations are reported based on the proportion of the assets, liabilities, income and expenses that are attributable to the parent company in compliance with the respective applicable IFRS.

There are no reciprocal shareholdings in the EnBW Group as defined by section 19 (1) German Companies Act (AktG).

The consolidated companies are as follows:

Type of consolidation			
Number of companies	**30/06/2021**	**31/12/2020**	**30/06/2020**
Fully consolidated companies	226	217	209
Entities accounted for using the equity method	23	22	22
Joint operations	3	3	3

Changes in the shareholdings in fully consolidated companies 2021

Sale of interest in WindInvest GmbH & Co. KG

EnBW sold 49.9% of its shareholding in WindInvest GmbH & Co. KG, Stuttgart, to Akunalux S.à r.l., Luxembourg, on 31 March 2021. Our shareholding in WindInvest GmbH & Co. KG fell to 50.1% as a result of this transaction. WindInvest GmbH & Co. KG will continue to be included as a fully consolidated company in the consolidated financial statements of EnBW. The proceeds from the disposal of the shares were €127.3 million and were paid to EnBW in cash and cash equivalents. Transaction costs of €3.1 million were incurred. The value transferred to the non-controlling interest was €93.2 million. The difference of €20.2 million between the disposal proceeds (after transaction costs and taxes) and the value transferred to the non-controlling interest was recognized in equity under revenue reserves.

in € million	**2021**
Consideration received (less transaction costs and taxes)	113.4
Non-controlling interests held by shareholders	93.2
Non-operating amount recognized under revenue reserves	20.2

Revenue

Alongside revenue from contracts with customers, there is other revenue from ordinary business activities. This is how it breaks down:

in € million [1]	01/01–30/06/2021	01/01–30/06/2020
Revenue from contracts with customers	12,486.2	9,659.6
Other revenue	168.5	142.9
Total	**12,654.7**	**9,802.5**

1 The figures for the previous year have been restated.

The restatement of the figures for the previous year relates to a negligible offsetting between revenues and cost of materials with no effect on the result of the Group.

The change in revenue is explained in more detail in the section "The EnBW Group" and mainly relates to revenue from contracts with customers.

The following tables break down the revenue according to region and products.

External revenue by region

01/01–30/06/2021 in € million	Smart Infrastructure for Customers	System Critical Infrastructure	Sustainable Generation Infrastructure	Other/ Consolidation	Total
Revenue from contracts with customers by region	6,418.4	1,726.5	4,336.9	4.4	12,486.2
Germany	(5,683.2)	(1,643.9)	(2,487.2)	(4.4)	(9,818.7)
European currency zone excluding Germany	(65.0)	(1.9)	(1,777.2)	(0.0)	(1,844.1)
Rest of Europe	(669.7)	(80.7)	(72.5)	(0.0)	(822.9)
Rest of world	(0.5)	(0.0)	(0.0)	(0.0)	(0.5)
Other revenue	1.7	166.8	0.0	0.0	168.5
Total	**6,420.1**	**1,893.3**	**4,336.9**	**4.4**	**12,654.7**

External revenue by region

01/01–30/06/2020 in € million [1]	Smart Infrastructure for Customers	System Critical Infrastructure	Sustainable Generation Infrastructure	Other/ Consolidation	Total
Revenue from contracts with customers by region	4,775.3	1,563.2	3,316.7	4.4	9,659.6
Germany	(4,147.1)	(1,478.7)	(2,434.8)	(4.4)	(8,065.0)
European currency zone excluding Germany	(41.4)	(2.0)	(759.3)	(0.0)	(802.7)
Rest of Europe	(586.5)	(82.5)	(122.6)	(0.0)	(791.6)
Rest of world	(0.3)	(0.0)	(0.0)	(0.0)	(0.3)
Other revenue	2.0	140.9	0.0	0.0	142.9
Total	**4,777.3**	**1,704.1**	**3,316.7**	**4.4**	**9,802.5**

1 The figures for the previous year have been restated.

External revenue by product

01/01–30/06/2021 in € million	Smart Infra-structure for Customers	System Critical Infrastructure	Sustainable Generation Infrastructure	Other/ Consolidation	Total
Revenue from contracts with customers by product	6,418.4	1,726.5	4,336.9	4.4	12,486.2
Electricity	(2,747.6)	(1,105.5)	(2,303.4)	(0.0)	(6,156.5)
Gas	(3,348.7)	(354.6)	(1,790.4)	(0.0)	(5,493.7)
Energy and environmental services/other	(322.1)	(266.4)	(243.1)	(4.4)	(836.0)
Other revenue	1.7	166.8	0.0	0.0	168.5
Total	**6,420.1**	**1,893.3**	**4,336.9**	**4.4**	**12,654.7**

External revenue by product

01/01–30/06/2020 in € million [1]	Smart Infra-structure for Customers	System Critical Infrastructure	Sustainable Generation Infrastructure	Other/ Consolidation	Total
Revenue from contracts with customers by product	4,775.3	1,563.2	3,316.7	4.4	9,659.6
Electricity	(2,547.2)	(1,010.6)	(1,972.7)	(0.0)	(5,530.5)
Gas	(1,971.7)	(307.6)	(1,089.0)	(0.0)	(3,368.3)
Energy and environmental services/other	(256.4)	(245.0)	(255.0)	(4.4)	(760.8)
Other revenue	2.0	140.9	0.0	0.0	142.9
Total	**4,777.3**	**1,704.1**	**3,316.7**	**4.4**	**9,802.5**

1 The figures for the previous year have been restated.

Revenues mainly arise from goods supplied or services that are rendered over a particular time period.

Amortization and depreciation

in € million	01/01–30/06/2021	01/01–30/06/2020
Amortization of intangible assets	183.4	78.9
Depreciation of property, plant and equipment	1,425.3	587.4
Depreciation of investment properties	0.2	0.2
Depreciation of right-of-use assets from leases	83.1	65.8
Reversals of investment cost subsidies	-0.9	-0.4
Total	**1,691.1**	**731.9**

The impairment losses on intangible assets and property, plant and equipment were €943.4 million (previous year: €89.1 million), of which €92.2 million (previous year: €0.1 million) were on intangible assets and €851.1 million (previous year: €89.1 million) on property, plant and equipment.

In the current financial year, the impairment losses were mainly recognized on conventional power plants in the Sustainable Generation Infrastructure segment. The recoverable amount is around €-0.3 billion. It was necessary to reduce our medium and long-term expectations for future cash flows in the area of conventional generation due to tighter requirements with respect to climate protection and stricter climate legislation. This resulted in impairment losses of €0.6 billion.

In the Sustainable Generation Infrastructure segment, impairment losses totaling €0.2 billion were also recognized on offshore wind farms. Alongside a change in the expected market conditions, these impairments were also necessary due to new findings with respect to offshore wind conditions and the fact that the power plants will have fewer and fewer operating years with EEG funding in the future. The recoverable amounts are around €3.4 billion.

In addition, it was necessary to recognize an impairment loss of €0.1 billion on a recoverable amount of €0.3 billion for a gas power plant in the Sustainable Generation Infrastructure segment. This impairment was also due to changes in market conditions.

All of the recoverable amounts were calculated on the basis of the fair value less costs to sell and correspond to Level 3 of the IFRS 13 fair value hierarchy. Using business valuation models, the fair value is derived from the cash flow planning, based on, among other things, the medium-term planning approved by the Board of Management and valid as of the date of the impairment test as well as long-term market expectations beyond the detailed planning horizon. These plans are based on past experience and on estimates concerning future market development.

The discount rates used for the valuations were between 4.9% and 5.9% for the conventional power plants and between 3.0% and 5.4% for the offshore wind farms.

In the previous year, the impairments mainly comprised impairment losses on a gas grid in the System Critical Infrastructure segment. The recoverable amount was calculated on the basis of the fair value less costs to sell and corresponded to Level 3 of the IFRS 13 fair value hierarchy. Using a business valuation model, the fair value was derived on the basis of expected future cash flows. The Incentive Regulation Ordinance and the current grid user charge notices for the relevant grid were the most important basis for cash flow planning in the grids sector. The impairment loss was necessary mainly due to an amended grid user charge notice. The fair value calculated for the gas grid was around €0.3 billion. The discount rates used in the valuation were 2.6% and 3.3%.

Assets held for sale

The decrease in assets held for sale mainly relates to property, plant and equipment, especially gas distribution plants, that had to be relinquished in accordance with a court judgment.

Dividends

On 5 May 2021, the Annual General Meeting of EnBW AG approved the proposal by the Board of Management and the Supervisory Board to distribute a dividend of €1.00 per share for the 2020 financial year. Dividends of €270.9 million were paid to shareholders on 10 May 2021. In the previous year, a dividend of €0.70 per share was distributed for the 2019 financial year. This corresponded to a dividend payment of €189.6 million.

Contingent liabilities and other financial commitments

Compared to 31 December 2020, contingent liabilities and other financial commitments increased by €1,332.7 million to €31,516.2 million. This increase was mainly due to a rise in purchase obligations in the gas sector.

Notes relating to fair value

The fair value of financial assets and financial liabilities is determined by reference to quoted market prices, insofar as the financial instruments are traded on an active market, or by using recognized valuation methods such as the discounted cash flow method. Where the parameters used in the valuation techniques are not supported by observable market data, assumptions need to be made that can affect the fair value of financial assets and financial liabilities.

The fair value and carrying amounts of the financial assets and financial liabilities under the individual balance sheet items are shown below.

Carrying amounts and fair value of financial instruments

in € million	30/06/2021			31/12/2020		
	Fair value	Not in scope of IFRS 7	Carrying amount	Fair value	Not in scope of IFRS 7	Carrying amount
Financial assets	6,661.9	621.7	7,283.6	6,286.4	658.3	6,944.7
Measured at fair value through profit or loss	(3,922.8)		(3,922.8)	(3,872.7)		(3,872.7)
Measured at fair value in equity	(2,111.7)		(2,111.7)	(1,860.8)		(1,860.8)
Measured at amortised cost	(627.4)		(627.4)	(552.9)		(552.9)
Trade receivables	4,152.5		4,152.5	5,168.4		5,168.4
Other assets	8,172.8	1,366.2	9,539.0	4,361.8	1,248.3	5,610.1
Measured at fair value through profit or loss	(6,940.0)		(6,940.0)	(3,695.3)		(3,695.3)
Measured at amortised cost	(1,026.4)		(1,026.4)	(534.7)		(534.7)
Derivatives designated as hedging instruments	(177.7)		(177.7)	(102.8)		(102.8)
Lease receivables	(28.7)		(28.7)	(29.0)		(29.0)
Cash and cash equivalents	3,146.8		3,146.8	1,252.7		1,252.7
Assets held for sale [1]	2.5	2.5	5.0		35.0	35.0
Total	**22,136.5**	**1,990.4**	**24,126.9**	**17,069.3**	**1,941.6**	**19,010.9**
Financial liabilities [2]	10,756.2		9,805.6	10,770.0		9,613.2
Trade payables	1,026.2	2,840.2	3,866.4	1,070.4	2,982.7	4,053.1
Other liabilities and subsidies	9,825.8	2,156.9	11,982.7	5,188.5	2,138.1	7,326.6
Held for trading	(6,745.9)		(6,745.9)	(3,440.8)		(3,440.8)
Measured at amortised cost	(2,087.2)		(2,087.2)	(712.9)		(712.9)
Derivatives designated as hedging instruments	(135.0)		(135.0)	(148.4)		(148.4)
Lease liabilities	(857.7)		(857.7)	(886.4)		(886.4)
Liabilities directly associated with assets classified as held for sale					4.3	4.3
Total	**21,608.2**	**4,997.1**	**25,654.7**	**17,028.9**	**5,125.1**	**20,997.2**

1 This refers to a non-recurring measurement of the fair value due to the application of IFRS 5.
2 The fair value of bonds and liabilities to banks must be allocated to hierarchical level 1 (30/06/2021: €7,747.7 million, 30/12/2020: €7,952.6 million) and hierarchical level 2 (30/06/2021: €3,008.5 million, 30/12/2020: €2,817.4 million), respectively.

The individual levels of the valuation hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Methods for which all input parameters that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Methods that use input parameters which have a material impact on the recorded fair value and which are not based on observable market data

At the end of each reporting period it is determined whether there is any reason to reclassify between the levels of the valuation hierarchy. A reclassification is carried out if the valuation method for measuring fair value is changed and the input factors with significance for the valuation will result in allocation to a different level. Due to the fact that prices quoted by brokers are used, securities with a fair value of €14.9 million (31 December 2020: €8.8 million) were reclassified from Level 1 to Level 2 and securities with a fair value of €8.7 million (31 December 2020: €19.1 million) were reclassified from Level 2 to Level 1 in the six-monthly financial statements.

Counterparty default risk is taken into account when measuring the fair value of derivative financial instruments. Default risk with respect to an individual counterparty is calculated on the basis of the net risk position. For information on the valuation method and the input parameters used, please refer to the explanations in the section "Financial assets" in the extended version of the Integrated Annual Report 2020 on p. 150.

Hierarchy of input data

in € million	30/06/2021			31/12/2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets	3,150.9	1,037.9	1,845.7	3,062.4	1,016.8	1,654.3
Measured at fair value through profit or loss	(1,408.7)	(668.4)	(1,845.7)	(1,560.7)	(657.7)	(1,654.3)
Measured at fair value in equity	(1,742.2)	(369.5)		(1,501.7)	(359.1)	
Other assets	14.4	7,103.3		2.6	3,795.5	
Measured at fair value through profit or loss	(0.1)	(6,939.9)		(0.8)	(3,694.5)	
Derivatives designated as hedging instruments	(14.3)	(163.4)		(1.8)	(101.0)	
Assets held for sale [1]			2.5			
Total	**3,165.3**	**8,141.2**	**1,848.2**	**3,065.0**	**4,812.3**	**1,654.3**
Other liabilities and subsidies		6,880.9		0.5	3,588.7	
Held for trading		(6,745.9)		(0.5)	(3,440.3)	
Derivatives designated as hedging instruments		(135.0)			(148.4)	
Total	**-0.0**	**6,880.9**	**0.0**	**0.5**	**3,588.7**	**0.0**

1 This refers to a non-recurring measurement of the fair value due to the application of IFRS 5.

The following table shows the development of the financial instruments to be accounted for at fair value in accordance with Level 3:

in € million	As of 01/01/2021	Changes in consolidated companies, currency adjustments, other	Changes recognized through profit or loss	Changes recognized in equity	Additions	Disposals	As of 30/06/2021
Financial assets	1,654.3	1.3	114.7	0.5	99.6	-24.7	1,845.7

The changes recognized through profit or loss of €114.7 million (previous year: €-76.4 million) were recognized in the financial result. In the first six months of the year, gains from Level 3 financial instruments were recognized in the investment result and financial result in the amount of €49.1 million (previous year: €19.3 million), of which €49.1 million (previous year: €19.9 million) is accounted for by financial instruments still held on the reporting date.

The premises used to determine the price risks associated with the financial instruments measured at fair value in accordance with Level 3 were 1% for investments in real estate and infrastructure funds (31 December 2020 restated: 1%) and 10% for other financial investments (31 December 2020: 10%). In the risk scenario in question, the net profit/loss for the year would improve by €88.1 million (31 December 2020 restated: €78.4 million). A decrease of the same amount would have an opposite effect.

In the context of our energy trading activities, EnBW enters into energy trading contracts for the purpose of price risk management, optimization of power plants, load equalization and optimization of margins. Trading for own account is only permitted within narrow, clearly defined boundaries. The price risks mostly arise from the procurement and sale of electricity, the procurement of coal, gas and oil as fuels, and the procurement of emission allowances. Furthermore, EnBW is exposed to price risks from speculative items entered into in own-account trading. The price risks are hedged using appropriate financial instruments on the basis of continuously monitored forecasts of market prices.

The hedging instruments used in the first half of the year were forwards, futures, swaps and options. The sensitivity of the measurement of derivatives to the price of electricity, coal, oil, gas and emission allowances is analyzed below. The analysis was made assuming that all other parameters remain unchanged. It includes only derivatives whose changes in market value affect equity or the net profit/loss for the year. These are derivatives that are accounted for as stand-alone derivatives as well as derivatives used as hedging instruments in cash flow hedges.

For all commodities, typical volatilities were determined and rounded on the basis of the front year. These volatilities give the percentage rate by which the market price is shifted on the evaluation date. For all commodities, the resulting changes in market prices are multiplied by the sensitivities and aggregated for each commodity.

The analysis does not include any derivatives that are intended for the purpose of receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements (own use), and hence are not required to be accounted for in accordance with IFRS 9. Our generation and distribution positions are not included in the analysis either.

The sensitivities presented below therefore do not represent the actual economic risks to which the EnBW Group is exposed but rather serve solely to satisfy the disclosure requirements of IFRS 7.

The information presented in the table shows only the effects of the price risks on the six-monthly net profit/loss and on equity. A change in price of the same amount in the other direction would have an opposite, positive effect.

Price risks

in € million			30/06/2021	31/12/2020
Electricity	-25 % (previous year: -25 %)	Profit for the year	-62.4	-62.0
	+25 % (previous year: +25 %)	Equity	-195.9	-161.9
Coal	-20 % (previous year: -20 %)	Profit for the year	-31.9	-17.0
	-20 % (previous year: -20 %)	Equity	-82.1	-67.0
Oil	-20 % (previous year: -30 %)	Profit for the year	-2.2	-4.4
	-20 % (previous year: -30 %)	Equity	0.0	-2.2
Gas	-25 % (previous year: -25 %)	Profit for the year	-48.6	-31.5
	-25 % (previous year: -25 %)	Equity	0.0	0.0
Emission allowances	-40 % (previous year: -50 %)	Profit for the year	-72.4	-89.7
	-40 % (previous year: -50 %)	Equity	-621.2	-103.3

EnBW has investments in shares, share-based investment funds, fixed-income securities and investments in privateequity companies that pose price risks for the company, which include, among other things, the currency risk. When selecting securities, the company always attaches particular importance to high marketability and a good credit rating. As of the reporting date of 30 June 2021, shares, share-based investment funds, fixed-income securities and investments in private equity companies totaling €5,890.9 million (31 December 2020: €5,607.5 million) were exposed to market risk.

The effects of price risks from shares, share-based investment funds, interest-bearing securities and investments in private equity companies (real estate, infrastructure and private equity funds) on the six-monthly net profit/loss and on equity are analyzed below. For information on the assumptions made in the analysis, please refer to the explanations in the section "Accounting for financial instruments" in the extended version of the Integrated Annual Report 2020 on page 209. The premises on which the sensitivity analysis is based are 10% for shares, share-based investment funds and investments in private equity funds (31 December 2020: 10%) and 1% for investments in real estate and infrastructure funds (31 December 2020: 1%).

In the risk scenario in question, the six-monthly net profit/loss would improve by €164.4 million (31 December 2020: €151.3 million). The hypothetical change in profit/loss for the year is primarily due to shares, share-based investment funds and investments in private equity companies. In the risk scenario in question, the equity would increase by €21.1 million (31 December 2020: €18.6 million). Of the hypothetical change in equity, €21.1 million (31 December 2020: €18.6 million) is accounted for by fixed-income securities. The information presented shows only the effects on the six-monthly net profit/loss and on equity in the case of an increase in the values of shares, share-based investment funds, interest-bearing securities and investments in private equity companies. A reduction of the same amount would have the opposite effect.

Segment reporting

01/01–30/06/2021

in € million	Smart Infrastructure for Customers	System Critical Infrastructure	Sustainable Generation Infrastructure	Other/ Consolidation	Total
External revenue	6,420.1	1,893.3	4,336.9	4.4	12,654.7
Internal revenue	528.6	743.0	2,089.5	-3,361.1	0.0
Total revenue	6,948.7	2,636.3	6,426.4	-3,356.7	12,654.7
Adjusted EBITDA	208.0	661.5	726.8	-116.9	1,479.4
EBITDA	179.3	626.3	395.8	-34.2	1,167.2
Adjusted EBIT	130.1	373.7	369.6	-141.7	731.7
EBIT	101.4	338.5	-904.8	-59.0	-523.9
Scheduled amortization and depreciation	-77.9	-287.8	-357.2	-24.8	-747.7
Impairment losses	0.0	0.0	-943.4	0.0	-943.4
Capital employed as of 30/06/2021	1,630.7	10,590.0	8,601.9	512.3	21,334.9

01/01–30/06/2020

in € million [1]	Smart Infrastructure for Customers	System Critical Infrastructure	Sustainable Generation Infrastructure	Other/ Consolidation	Total
External revenue	4,777.3	1,704.1	3,316.7	4.4	9,802.5
Internal revenue	338.5	692.7	1,522.7	-2,553.9	0.0
Total revenue	5,115.8	2,396.8	4,839.4	-2,549.5	9,802.5
Adjusted EBITDA	137.3	744.9	819.3	-114.9	1,586.6
EBITDA	55.6	712.7	630.2	-39.4	1,359.1
Adjusted EBIT	65.0	483.2	531.5	-135.9	943.8
EBIT	-16.7	361.9	342.4	-60.4	627.2
Scheduled amortization and depreciation	-72.3	-261.7	-287.8	-21.0	-642.8
Impairment losses	0.0	-89.1	0.0	0.0	-89.1
Capital employed as of 31/12/2020	1,621.3	11,549.8	10,328.1	525.8	24,025.0

1 The figures for the previous year have been restated.

Adjusted EBITDA is one of the key internal performance indicators. Adjusted EBITDA is an earnings ratio before the investment and financial results, income taxes and amortization, adjusted for non-operating effects, which accurately reflects the development of results of operations. In the management report, the performance of the segments is explained with the aid of adjusted EBITDA.

Adjusted EBITDA can be reconciled to earnings before taxes (EBT) as follows:

in € million	01/01–30/06/2021	01/01–30/06/2020
Adjusted EBITDA	1,479.4	1,586.6
Non-operating EBITDA	-312.2	-227.5
EBITDA	**1,167.2**	**1,359.1**
Amortization and depreciation	-1,691.1	-731.9
Earnings before interest and taxes (EBIT)	**-523.9**	**627.2**
Investment result	58.6	104.4
Financial result	156.1	-356.1
Earnings before tax (EBT)	**-309.2**	**375.5**

Due to a change in the classification of business activities, there was a shift in the earnings figures between the Sustainable Generation Infrastructure and Smart Infrastructure for Customers segments. With respect to capital employed, the method for allocating deferred taxes within the segments was also updated. In addition, we adapted our segment reporting to the EnBW 2025 strategy, starting with the Quarterly Statement January to March 2021. This is explained in more detail in the management report (p. 16). The figures for the comparative periods have been restated accordingly in each case.

Sales of electricity and gas, energy industry services and energy solutions and activities in the area of energy supply and energy saving contracting, telecommunications and electromobility are summarized in the Smart Infrastructure for Customers segment.

The System Critical Infrastructure segment encompasses the value-added stages of transmission and distribution of electricity and gas. In addition, the expansion of the HVDC connections in the transmission grid, the provision of grid-related services and the supply of water is reported in the System Critical Infrastructure segment.

The Sustainable Generation Infrastructure segment comprises the areas of Renewable Energies and Thermal Generation and Trading. Renewable Energies includes project development, project planning and the construction and operation of power plants based on renewable energies. Thermal Generation and Trading encompasses conventional electricity generation, the trading of gas and electricity, the provision of system services and the operation of reserve power plants for the transmission grids. In addition, the gas midstream business with storage, the dismantling of power plants, district heating and waste management/ environmental services are reported here.

All activities that cannot be attributed to the separately presented activities of the segments are disclosed together with eliminations between the segments under "Other/Consolidation."

Segment reporting is based on internal reporting.

The segment figures have been determined in accordance with the accounting policies used in the consolidated financial statements. Internal revenue shows the level of sales between Group companies. Sales between the segments were made at market prices.

Others significant events in the reporting period

EnBW issued two corporate bonds in February 2021, each with a volume of €500 million. The bond with a term of seven years has a coupon of 0.125%. The bond with a term of twelve years has a coupon of 0.500%. In addition, EnBW exercised the call option on the subordinated bond from 2014 with a volume of €1 billion and repaid it at its principal amount plus interest accrued at the earliest possible date in April 2021.

Certification following auditor's review

To EnBW Energie Baden-Württemberg AG, Karlsruhe

We have reviewed the interim condensed consolidated financial statements of EnBW Energie Baden-Württemberg AG, Karlsruhe, comprising the income statement, statement of comprehensive income, balance sheet, condensed cash flow statement, statement of changes in equity and selected explanatory notes, together with the interim Group management report for the period from 1 January to 30 June 2021, which are part of the six-monthly financial report pursuant to section 115 German Securities Trading Act (WpHG). The preparation of the interim condensed consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) on interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim Group management reports is the responsibility of the company's legal representatives. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim Group management report based on our review.

We conducted our review of the interim condensed consolidated 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). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS on 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 applicable provisions of the WpHG. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance obtainable from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS on 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 WpHG applicable to interim Group management reports.

Stuttgart, 28 July 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert
German Public Auditor

Prof. Dr. Kuhn
German Public Auditor

Declaration of the legal representatives

We assure to the best of our knowledge that, in accordance with the accounting principles applicable for six-monthly financial reporting, the six-monthly consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the interim Group management report gives a true and fair view of the business development including the result and situation of the Group and also describes the significant opportunities and risks relating to the anticipated development of the Group in the remaining financial year.

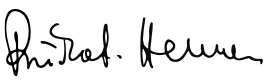
Karlsruhe, 28 July 2021

EnBW Energie Baden-Württemberg AG

Dr. Mastiaux

Güsewell

Kusterer



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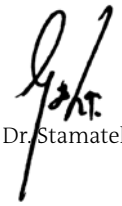

Dr. Stamatelopoulos

Important notes

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Forward-looking statements
This report contains forward-looking statements which are based on current assumptions, plans, estimates and forecasts made by the management of EnBW. Forward-looking statements of this kind are therefore only valid at the time they were first published. Forward-looking statements are indicated by the context, but may also be identified by the use of the words "can," "will," "should," "plans," "intends," "expects," "thinks," "estimates," "forecasts," "potential," "continued" and similar expressions. By nature, forward-looking statements are subject to risks and uncertainties that cannot be controlled or accurately predicted by EnBW. Actual events, future results, the financial position, development or performance of EnBW and the companies of the EnBW Group may thus diverge considerably from the forward-looking statements made in this report. Therefore, it cannot be guaranteed nor can any liability otherwise be assumed that these forward-looking statements will prove complete, correct or precise, or that expected and forecast results will actually occur in the future.

No obligation to update the information
EnBW assumes no obligation of any kind to update the information contained in this report or to adjust or otherwise update forward-looking statements to future events or developments. This Six-Monthly Financial Report can also be downloaded from the Internet in German or English. In cases of doubt, the German version shall be authoritative.

Financial calendar

29 July 2021
Publication of the Six-Monthly Financial Report January to June 2021

12 November 2021
Publication of the Quarterly Statement January to September 2021

23 March 2022
Publication of the Integrated Annual Report 2021

5 May 2022
Annual General Meeting 2022

13 May 2022
Publication of the Quarterly Statement January to March 2022

12 August 2022
Publication of the Six-Monthly Financial Report January to June 2022

11 November 2022
Publication of the Quarterly Statement January to September 2022

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